



# MINISTRY OF INDUSTRY, INVESTMENT AND COMMERCE



HON. ANTHONY HYLTON, MP  
MINISTER

## ANNUAL PERFORMANCE REPORT 2012 - 2013



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## HONOURABLE MINISTER'S MESSAGE



The Ministry of Industry, Investment and Commerce (MIIC) takes pleasure in tabling its Annual Performance Report in the Houses of Parliament. This report, covering the Financial Year 2012/2013, highlights the achievements and challenges for the MIIC and its portfolio agencies. My team is committed to advancing all areas of the portfolio as we go for growth in 2013/2014. It is my belief that the work relating to policies, strategies, legislation and regulations, carried out by the Ministry during 2012/2013 has laid the foundation for a number of projects and programmes that have been identified and targeted, to commence or be accelerated as the case may be.

The IMF's *Global Economic Outlook* for 2013 projects that global growth will strengthen gradually, averaging 3.5%. The pending crises in the Euro Zone and the United States have been largely averted by decisive action and Jamaica's two largest trading partners, the United States and Europe, are now poised for gradual growth. Local manufacturers, service providers and exporters should therefore ensure that they retool and obtain the necessary certifications so that they can capitalize on the opportunities in these markets.

An essential area of emphasis is the empowerment of small business and to that end my Ministry has put considerable effort, involving wide-ranging stakeholder consultation, into the development of a Micro, Small and Medium Enterprise (MSME) and Entrepreneurship Policy. It constitutes a cohesive and comprehensive policy/strategy approach to enhancing that MSME sector and ensuring that MSMEs fulfill their entrepreneurial potential as vital contributors to employment, hard currency earning, sustained economic growth and social development.

Another key targeted growth area on which the Ministry will focus is the Creative Industries. Specifically, there will be emphasis on developing the local Animation Sector as well as capitalizing on the brilliant performance of our Jamaican athletes in the London 2012 Summer Olympics and the showcasing of Brand Jamaica at the United States of America's Super Bowl 2013.

Through the National Competitiveness Council (NCC) the Ministry will step up its efforts to create an enabling business environment and improve the country's ranking on key performance indices such as the Doing Business Report and the Logistics Performance Index. To attract investments in the Information Communications and Technology sector, Factories Corporation of Jamaica has been mandated to develop office space using the public private partnership model.

Enhancing trade and economic growth is a priority for this administration and MIIC's flagship project will be the development of a Global Logistics Hub, facilitating Jamaica becoming the fourth node in the global logistics chain along with Rotterdam, Dubai and Singapore. A taskforce to manage the process in a joined-up Government mode has been established and various key stakeholders have participated in a strategic retreat on the way forward. Efforts continue to apprise local and international investors of this investment opportunity which is a game-changer for the Jamaican economy.

The Hub is a global asset and it is incumbent on Jamaica to move speedily and decisively in order to capitalize on this major opportunity, which is wholly consistent with our National Vision 2030 Plan, to make Jamaica *the place of choice to live, work, raise families and do business*.

## **INTRODUCTION AND OVERVIEW**

### **Purpose of the Report**

The Annual Performance Report of the Ministry of Industry, Investment and Commerce (MIIC) is a comprehensive document detailing the work of the Ministry and its portfolio agencies and departments. It affords timely information to Parliament and the public on the performance of the Ministry and its agencies for Financial Year 2012/2013 (April 1, 2012 through March 31, 2103). Projections for some areas of focus for Financial Year 2013/2014 are also presented; to give an indication of the primary activities to be undertaken; to facilitate stakeholder awareness and ongoing collaboration; and as a basis for analysis and tracking of developments to allow for adjustments/corrective actions as necessary.

### **Background to the Ministry**

The Ministry was established in September 2007, with all major business-related subject areas being grouped under its portfolio. Hence the MIIC is generally regarded as the “Business Ministry”.

MIIC exists to facilitate the creation, expansion and regulation of businesses to ensure economic growth and development, with fair competition and consumer protection being central tenets of its policy framework.

MIIC is a typical “Policy Ministry” with a strong emphasis on the development of policy and oversight of policy implementation through legislation and administrative mechanisms. The Hon. G. Anthony Hylton, MP, leads the Ministry and is responsible for the strategic policy direction of the Ministry and its agencies. He is supported by Minister of State, Hon. Sharon Ffolkes Abrahams, MP. The Permanent Secretary (Acting), Mrs. Beverley Rose-Forbes, is responsible for the administrative management of the Ministry, and provides policy advisory support to both ministers.

Implementation of policies, projects and programmes is executed largely by the portfolio agencies and external departments of the Ministry.

The head office of the Ministry is located at 4 St. Lucia Avenue, Kingston 5, Jamaica. The main telephone number is (876) 968-7116, and the website address is: [www.miic.gov.jm](http://www.miic.gov.jm)

### **Vision**

The vision of the Ministry is:

Innovative and Internationally Competitive Enterprises by 2021.



## **Mission**

The mission of the Ministry is to:

- Increase domestic and foreign investments
- Be a driver of innovation, entrepreneurship and job creation
- Promote and protect Jamaican brands, consumers and businesses
- Create an enabling environment to increase earnings from exports.

## **Mandate**

- To spearhead Jamaica's readiness for investments, business expansion and operations within a networked world in order to increase competitiveness and expand productive employment.
- Promote and facilitate the development of industry and the micro, small and medium-sized enterprise (MSME) sector, including improved access to credit, training and business development support.
- Facilitate, promote and diversify the export of goods and services.
- Contribute to economic growth by broadening the country's industrial base in a manner that lays emphasis on the use of local resources.
- Provide scientific and technical support to existing industries to enhance their performance in increasingly competitive domestic and international markets.
- Promote a culture of entrepreneurship and innovation, particularly among MSMEs.
- Liaise with the business community to ensure effective management of Jamaica's rights and obligations under CARICOM and other Trade Regimes.
- Promote the development of the services sector.

- Implement Jamaica's trade remedy laws in a fair, transparent and expeditious manner.
- Provide an efficient service for the regulation and registration of businesses, as well as cooperatives and friendly societies.
- Monitor and regulate the commercial sector.
- Promote fair competition and encourage ethical business practices.
- Manage the National Quality Infrastructure through the promotion of standardization, metrology, certification and accreditation systems.
- Ensure product reliability and consumer safety through technical regulations.
- Ensure the wholesomeness of products entering commerce
- Protect and promote the rights of consumers
- Protect and promote Intellectual Property Rights (IPRs)

## **Functions**

- Provide a policy framework to guide the operations of agencies.
- Influence policies of other ministries intersect with the policies of this Ministry.
- Set policy and programme priorities, allocate financial resources to agencies accordingly and appoint Boards of Directors to oversee agencies.
- Provide strategic direction to agencies as necessary.
- Monitor the performance of subject areas and agencies.
- Form new agencies as required to address aspects of the portfolio and close agencies no longer required .

- Collaborate/interface at a high level with other ministries and agencies in a “joined-up government” mode to achieve portfolio objectives which span more than one ministry
- Pilot the promulgation and amendment of legislation and regulation which guide the operations of the agencies and portfolio subject areas
- Resolve difficult issues relating to agencies and subject areas
- Resolve policy conflicts in the portfolio (or with other ministries).

### **Subjects**

Agro-Business  
 Anti-Dumping  
 Building Inspection  
 Commercial Business  
 Commodity Supplies  
 Companies Act  
 Consumer Affairs  
 Co-operatives and Friendly Societies  
 Dumping and Subsidies  
 Designs Act  
 Distributive Trade  
 Factory Construction  
 Fair Competition Act  
 Food Storage/Prevention of Infestation  
 Free Zone Development  
 Hire Purchase  
 Import and Export Licensing  
 Industrial Apprenticeship  
 Industrial Development  
 Investment Promotion  
 Manufacturing  
 Marketing and Advertising  
 Merchandise Marks  
 Metrication  
 Patents  
 Registration of Business Names Act  
 MSME Development



Standards  
Trade Act  
Trade Marks  
Weight and Measures.

### **Internal Divisions**

Commerce  
Communications  
Corporate Services  
Internal Audit  
Finance and Accounts  
Industry  
Investment  
Legal  
Logistics Hub Project Unit  
Policy, Planning, Projects and Research  
Technology

### **External Agencies/Departments**

Anti-Dumping and Subsidies Commission (ADSC)  
Bureau of Standards Jamaica (BSJ)  
Companies Office of Jamaica (COJ)  
Consumer Affairs Commission (CAC)  
Department of Cooperatives and Friendly Societies (DCFS)  
Factories Corporation of Jamaica (FCJ)  
Fair Trading Commission (FTC)  
Food Storage and Prevention of Infestation Division (FSPID)  
Jamaica Business Development Corporation (JBDC)  
Jamaica Commodity Trading Company (JCTC)  
Jamaica Intellectual Property Office (JIPO)  
Jamaica International Financial Services Authority (JIFSA)  
Jamaica National Agency for Accreditation (JANAAC)  
Jamaica Promotions Corporation (JPC)  
Kingston Free Zone (KFZ)  
Montego Bay Free Zone (MBFZ)  
Micro Investment Development Agency (MIDA)  
Self Start Fund (SSF)  
Trade Board Limited (TBL)

## **Strategic Priorities for Financial Year 2012/2013**

1. Job Creation
2. Business Facilitation
3. Protection of consumers and businesses
4. Enhancing trade with CARICOM and other trading partners
5. Creating a Climate of Investor Confidence.

## **Highlights of Performance/Achievements for Financial Year 2012/2013**

### **MSME and Entrepreneurship Policy:**

The draft Policy and a supporting Cabinet Submission were finalized, pending approval by Cabinet.

### **Motor Vehicle Import Policy (MVIP):**

Consultations continued over the year with all major stakeholders in the motor vehicle industry as well as in Government to seek solutions to model year discrepancies affecting used vehicles already in the island.

### **Cement Monitoring**

Over the past year there has been very close monitoring of the cement industry through meetings with importers and the producer to resolve issues of their market share and concerns about the financial stability of the producer. One importer has since opted to buy locally from the producer with its own brand to be in 2013, so reducing the number of importers to two (2). This development should result in less importation. There was continued requirement for licensing of cement imports to facilitate tracking of cement industry activity.

### **Legislation:**

- Work is underway on the following four (4) pieces of legislation:
  1. Trade Marks Bill and Rules – to be tabled in Parliament
  2. Patent and Designs Bill – drafting instructions submitted to CPC
  3. Revision of Insolvency Law – Cabinet Submission to be sent to Cabinet office
  4. Secured Transactions Bill – submitted to Legislation Committee; approval granted subject to further clarification.

### **National ISO Quality Management System Certification Project:**

- The Ministry is well advanced towards becoming either ISO 9001: 2008 certified or self-declared with respect to its Quality Management System (QMS). The ISO Quality Management system places the customer at the centre of the organization and is therefore significant from a competitiveness perspective. In light of the progress made,

the Ministry is now transitioning to the implementation of a National ISO Quality Management System Certification Programme (or National ISO-QMS-CP for short).

A major national and strategic intervention for the promotion of ISO 9001-2008 quality management system certification across both public and private sectors, is in train. For the public sector, the goal is to have all government agencies ISO certified or self-declared within three (3) to four (4). In respect of the private sector, certification is intended to enable businesses – especially those that manufacture and compete with imports or hat export - to become more internationally competitive.

A Project Team for managing the delivering some of the related training and technical assistance, is in place.

### **Trade:**

The Trade Unit was established during Financial Year 2012/2013 as the Ministry deepened its commitment to use trade policy as a tool for economic development. During the year, the Unit undertook research and provided recommendations on product-specific issues, horizontal trade measures as well as negotiating positions and their implications for the industrial and commercial sectors in Jamaica.

During 2012/2013 the Unit established a rolling register of the trade issues relevant to MIIC under the several trade agreements, arrangements and negotiating fora to which Jamaica is party. The Unit monitors these issues and provides technical support in advancing MIIC positions.

An important structural development for the Unit was the establishment of the Trade Enforcement Advisory Mechanism (TEAM) in August 2012. TEAM is chaired by the Hon. Minister and is a working group of senior trade enforcement experts drawn from various Ministries, Departments and Agencies (MDAs). The mandate of the expert group is to ensure that Jamaica has a timely, appropriate and, perhaps most importantly, a coordinated approach to trade enforcement issues. The MIIC Trade Unit provides the technical and administrative support to the working group. The first meeting of TEAM resulted in a Rules of Origin query under the Revised Treaty of Chaguaramas and several issues are now being examined by specialist agencies, which are members of TEAM, for specific and appropriate enforcement action.

The Unit also acts as the technical secretariat for the International Policy Working Group (IPWG) of the Logistics Hub Task Force. The IPWG is chaired by the Ministry of Foreign Affairs and Foreign Trade and has been mandated to ensure that Jamaica's international policy obligations and opportunities at the multilateral, regional and bilateral levels are closely aligned with Jamaica's trade and economic objectives under the Logistics Hub Initiative.

Another development to deepen the consultative process on technical trade issues falling under the MIIC portfolio was the establishment of a Rules of Origin Task Force to examine the draft text of the rules of origin schedule under the proposed CARICOM/Canada Trade and Development Agreement. The Task Force completed a preliminary review during the Financial Year and the ongoing work of the Task Force in these negotiations and on other rules of origin related issues will be handed over to the Trade Board Ltd. in Financial Year 2013/2014, under a more permanent Rules of Origin Committee to be managed by that portfolio agency of MIIC.

### **Strategic Investments:**

The current investment thrust is guided by the Government's growth strategy, centred around the Global Logistics Hub Initiative; establishment of an International Financial Centre; further development and diversification of the tourism product to include medical tourism; expansion of the ICT sector, particularly with respect to business process outsourcing (BPO); increasing copyright revenues in the creative industries; the development of agro-parks; and energy diversification. These areas have been prioritized based on their potential economic benefits as well as the existing pipeline of opportunities that are expected to provide significant foreign direct investment (FDI) to Jamaica over the short to medium term.

With respect to the plan to develop Jamaica as the fourth major global Logistics Hub, the Government plans to capitalize on the opportunities arising from the expansion of the Panama Canal by 2015, by leveraging Jamaica's advantageous geographic positioning and expanding the country's already existing maritime and aviation capacities. A Logistics Task Force was established in September 2012 to coordinate improvements to the logistics capabilities and business environment of the country. This body is comprised of representatives of the Planning Institute of Jamaica and all the implementing agencies under the MIIC and the Ministry of Transport, Works and Transport (MTWH) and its scope of work includes development of feasibility studies and a high level master plan as well as outreach activities to obtain stakeholder support for the Project.

The Government's focus on logistics is expected to yield significant FDI inflows over the next three (3) to five (5) years and beyond. In the early stages of this effort, the Government is fast tracking the divestment of key infrastructural components such as the Norman Manley International Airport, and the dredging of the Kingston Harbour.

In addition to improving existing infrastructure, the Logistics Hub Initiative comprises an initial six (6) major development projects:

1. Dredging of Kingston Harbour Channel
2. Port facility expansion at Gordon Cay and Fort Augusta
3. Development of commodity port and storage facility at Cow Bay in Yallahs, St. Thomas
4. Establishment of a dry dock facility at Jackson Bay, Clarendon
5. Vernamfield air cargo and passenger facility
6. Caymanas Economic Zone (CEZ)

For the CEZ, infrastructural work is expected to begin by mid-2013. The CEZ is being conceptualized as a special economic zone focusing on a cluster of operations including Distribution, Manufacturing, Agro-Processing and Creative Industries. It is expected that FDI flows from logistics and manufacturing firms will commence in the next 12-24 months. The Factories Corporation of Jamaica (FCJ), which is spearheading the CEZ, has estimated that this first phase of development represents an investment opportunity of J\$2.6 Billion (land cost included).

Requests for Proposals (RFPs) for the initial build-out of the CEZ and the Naggo Head Technology Park were undertaken by the FCJ. RFPs were received and entities have been shortlisted. A last round of deliberations and evaluations is being undertaken for a final decision to be made.

The MIIC has made Ministerial visits to China, Singapore, the Netherlands, Panama, Kuwait and the United Arab Emirates (UAE) in relation to the Logistics Hub Project, and several memoranda of understanding are now being pursued arising from these missions. It is anticipated that significant flows of investments should be realized over the medium term. Key outcomes from these visits include:

- The Government of the Netherlands expressed interest and willingness to continue discussions with the goal of formalizing a memorandum of understanding to government-to-government relationship
- A cooperation agreement was signed with Panama in several areas related to the Logistics Hub Initiative

- Mindray, one of the largest electro-medical equipment manufacturers in China, signed a joint Statement of Intent with the GOJ. The joint Statement of Intent outlines a framework for partnership in logistics and distribution, manufacturing, equipment maintenance and repair, contact centre operations, and event management
- A major Logistics Investment Forum is planned for China at mid-year
- Commitment from the Government of China through the MIIC to assist with a feasibility study on the Global Logistics Hub
- Strong expression of interest from the Brazilian Embassy on behalf of the Brazilian Government and private sector
- Expression of support from the Singaporean Government and an indication of its willingness to offer specific assistance in the form of logistics training and infrastructure planning, under the Singapore Cooperation Programme, given the expertise and experience of Singapore in the development of its logistics industry
- Jamaica-Kuwait Bilateral Investment Treaty to establish the parameters to guide investments into Jamaica; signed on April 1, 2013
- Better understanding of sea and air connectivity as part of the development of the Logistics Hub
- Awareness of the Jamaica Logistics Hub initiative and potential partnerships.

MIIC is also spearheading the effort to establish Jamaica as a Global International Financial Centre (IFC) in order to attract major corporations to establish their group head offices in Jamaica. This is being done through its agency the Jamaica International Financial Services Authority (JIFSA). The sectors that figure heavily in this initiative include knowledge processing outsourcing entities and accounting/financial/legal services.

Additionally, thirteen (13) double taxation treaties are already in place while legislation related to partnership, holding companies and trusts is being revamped.

As a result of these efforts, one (1) major corporation has already registered to establish operations in Jamaica, and three (3) other companies in the real estate sector have indicated interest.

Significant investments continue in tourism are expected to generate over US\$200M in capital expenditure (CAPEX) over the next two (2) years.

In January 2013 a memorandum of understanding was signed with American Global MD by to invest in the development of a five star hospital/medical facility offering high quality health-care to patients from North America and the wider Caribbean, as part of a strategy of promoting Jamaica as one of the global health and wellness tourism centres. The project is to be implemented in three (3) phases, will create approximately eight hundred and seventy five (875) jobs and will have a total estimated capital expenditure of US\$175 - 200 M.

The Business Process Outsourcing (BPO) sector continues to be a significant provider of jobs and is expected to contribute over ten thousand (10,000) jobs in the next three (3) years. Recent wins in the BPO sector have seen the establishment of Hinduja Global and Sutherland Global and the pending entry of Convergys, who are all significant players in the industry.

Most investment projects will be pursued under Public Private Sector Partnership (PPP) Agreements, in which, substantively, joint-venture partners are expected to provide the required capital. Based on fiscal constraints, the government, for the most part, will bring to the investment table assets in kind, including land, and provide the necessary administrative, tax and trading arrangements to facilitate construction and operations.

### ***Internal ICT Systems***

**Website:** Information on the portfolio subjects relating to the work of the Ministry, its Agencies and Departments have been readily available at <http://www.miic.gov.jm>.

**E-mail:** The Ministry utilizes a functional hosted *.gov.jm* e-mail service which is available to staff on a 24 hour-a-day basis. Apart from the MS Outlook desktop application, staff has Outlook web access from any browser.

**Internet:** Reliable wired Internet access is provided through a dedicated high speed connection and through mobile 4G USB devices.



**Cable TV:** Visual aid provided in customer service areas. Staff kept abreast of current events.

**Social Networking:** Presence on Facebook and Twitter.

**Infrastructure:** ICT facilities which enhanced the functionality of the staff include:

- Configuration of Systems to accommodate the introduction of the Central Treasury Management System (CTMS)
- Centralized UPS
- Servers
- Teleconferencing
- IP PBX
- Financial Management System (FINMAN)
- Electronic Security System
- Mobile Telephone Closed User Group (CUG)
- Mobile Computing
- Facilities for the ISO Unit and the Global Logistics Hub Secretariat.

**Outreach Activities**

- Expo Jamaica 2012
- Civil Service Expo.

## STRATEGIC PRIORITIES FOR FY 2013-2014

The strategic focus of the Ministry of Industry, Investment and Commerce (MIIC) will continue to be on modernizing industry, stimulating investment, and facilitating and monitoring commerce. This strategic thrust takes into account the impact on the domestic business environment by globalization and trade liberalization.

### **1. Improving the Business Environment**

*Paying Taxes, Starting a Business, Registering Property, Enforcing Contracts and Trading Across Borders:*

- The Ministry of Industry, Investment and Commerce (MIIC) will continue to champion and work in a “joined-up government” mode with other key ministries and agencies to support the implementation of strategies to improve the business environment, especially in areas such as *Paying Taxes, Starting a Business, Registering Property, Enforcing Contracts and Trading Across Borders*.

*Single Electronic Window:*

The MIIC will play a key support roll in the rollout of the institutional, legal and regulatory reform needed to improve the conduct of business in the import-export and production process, particularly as it relates to the implementation of the Port Community System.

### **2. Key Legislation**

1. Copyright (Amendment) Bill
2. Patents and Industrial Designs Bill
3. Trade Marks (Amendment) Bill
4. Secured Transaction Act
5. Insolvency Act.

### **3. Increasing Access to Finance**

*Venture Capital Window:*

- The Ministry will be collaborating with the DBJ, the PIOJ, MOFP, and other key stakeholders in the development of a venture capital window.

### **4. MSME & Entrepreneurship**

*MSME & Entrepreneurship Policy:*

It is anticipated that a Green Paper will be tabled in the House of Parliament during the first quarter of the 2013/2014 Financial Year.

*MIIC-Trade Association Alliance Initiative:*

The Ministry will continue its partnership with the various trade associations including the Jamaica Manufacturers' Association (JMA) and the MSME Alliance, to promote support for goods and services produced by local MSMEs.

The abovementioned priorities are summarized into five (5) main areas:

1. Job Creation
2. Improving the Business Environment
3. Promoting Entrepreneurship and Developing and Expanding the MSME Sector
4. Defending Market Share and Increasing Exports
5. Development of Infrastructure.

These priority strategies will seek to:

1. Reduce unemployment
2. Improve the business environment
3. Build capacity and inculcate a culture of entrepreneurship and innovation within MSMEs
4. Increase exports
5. Defend consumer and businesses interests.

### **Anticipated Outcomes**

Expected outcomes from the priority initiatives include:

- Increased number of formal MSMEs utilizing ICT to improve business sophistication and overall efficiency
- Increased loans to MSMEs at lower interest rates
- Increased number of genuinely entrepreneurial MSMEs
- Improvements in Jamaica's global business rankings
- Improved competitiveness
- Increased employment
- Increased economic activity
- Reduction in complaints from businesses and consumers.

## **Projections for Financial Year 2013/2014**

- Approval from Cabinet for the MSME and Entrepreneurship Policy to be tabled in Parliament as Green and White Papers
- Oversee implementation of the MSME and Entrepreneurship Policy
- Revise Motor Vehicle Import Policy (MVIP) in a holistic way to address, inter alia, importation of damaged vehicles, model year discrepancies for used vehicles
- Promulgate the following legislation:
  1. Copyright (Amendment) Bill
  2. Passage of Insolvency Act
  3. Patents and Industrial Designs Bill
  4. Trade Marks (Amendment) Bill
  5. Security Interest in Personal Property Act.
- Continue work of the National Competitiveness Council (NCC) and monitor progress made with respect to areas of weakness identified in the “Doing Business Report” (Paying Taxes, Trading Across Borders, etc.); joined-up Government approach to be maintained
- Collaborate with the Development Bank of Jamaica (DBJ), Planning Institute of Jamaica (PIOJ), Ministry of Finance, and other key stakeholders, in the development of a Venture Capital window.

## ANTI-DUMPING AND SUBSIDIES COMMISSION

The Anti-dumping and Subsidies Commission (ADSC) is a portfolio agency of the Ministry of Industry, Investment and Commerce (MIIC). The Commission is mandated to assist Jamaican industries and their advisors, as well as importers and exporters, to appreciate and use international trade remedy disciplines (Anti-dumping, Subsidies Countervail and Safeguards) to defend their places in the market. Since April 2012, the Commission has accomplished the following:

- Under its primary legislation: the Customs Duties (Dumping and Subsidies) Act of 1999 (CDDSA), the Commission implements Jamaica's commitments under the World Trade Organization (WTO) Agreements: to investigate cases of dumping and improper subsidisation of imported goods and make determinations as to the application of anti-dumping or countervailing duties to remedy resulting injury to domestic industry. In this respect the Commission remains in dialogue with several industries providing expert guidance and support related to the filing of cases.
- In pursuit of its primary mandate of effective enforcement of the trade remedy the Commission must increase the knowledge of trade remedies in the domestic marketplace. Over the review period, the ADSC developed and delivered programmes to:
  - Educate private sector businesses, associations and the general public on trade remedies and the roles of the Commission, producers, importers, exporters and others under the regime
  - Educate public sector colleagues on all aspects of the trade remedies, use and implementation of the regime, including the enforcement, judicial review and dispute settlement regimes which are necessary for a comprehensive, useful regime.
- **Technical Advice and Reports:** Researched, studied and assessed specific imports. Provided technical advice on trade remedies and related matters to industry representatives, Ministry of Industry Investment and Commerce, Ministry of Foreign Affairs and Foreign Trade, other government agencies, CARICOM, the WTO; and the media. These matters include Subsidisation of Energy Products and Agri-business within CARICOM; Trade with USA Rum Subsidies Case involving the British Virgin Islands (BVI) and Puerto Rico; Revision of Jamaica's Trade Policy; and consultations within the context of the Trade Enforcement Advisory Mechanism (TEAM).
- **Legislative Amendments:** ADSC has in place WTO compliant rules for trade remedies as set out in the Customs Duties (Dumping and Subsidies) Act 1999 (CDDSA) and the Safeguard Act 2001 and Regulations. Drafting instructions to amend the CDDSA have been compiled to improve and clarify these rules and

sent to the Office of the Chief Parliamentary Counsel (CPC). Efforts to have the Draft Bill completed will continue.

- **Semi-Annual Report to WTO:** In accordance with WTO obligations, the Commission, on January 4, 2013 submitted its annual report for the period July to December 2012. The report notified the Committees on Antidumping Practices and on Subsidies and Countervailing Measures that no measures were applied for the period.
- **Training:** New Commissioners appointed June 1, 2012, are engaged in a series of training workshops conducted by the ADSC; the Agency was represented at a WTO Workshop on Trade Negotiations in Barbados in October 2012. Also, selected members of staff have been pursuing WTO e-training. On October 26, 2012, the Commission presented a lecture to UWI, Mona graduate students on "Dispute Settlement – Understanding the WTO". The presentation was well received
- **Litigation:** The Commission is defending the judicial review of its Final Determination in the matter of dumping of cement originating in or exported from the United States of America.
- **Dispute Settlement:** The Executive Director, with the approval of the Commissioners and Ministry, was appointed by the WTO Director General to serve on a third Dispute Settlement Panel in the matter of the European Union v. China. On February 11, 2013, the Executive Director was also nominated to serve on a fourth Dispute Resolution Panel – DS440.
- **Implementation Issues:** The Commission has been afforded the opportunity to participate with the WTO, Rules Committee, Implementation Working Group on developing compliant processes by submission of a scholarly paper regarding its practices as a small developing country authority, in 2013.

### Challenges

- Human Resource constraints; a small technical team which also manages administrative matters
- Steep learning curve for assimilating trade remedies material
- Funding constraints.

### Budget Allocation

Financial Year 2012/2013 - \$37,860,000

Financial Year 2013/2014 - \$38,999,000.



**ADSC staff members during a training session**



# **BUREAU OF STANDARDS**

## **EXECUTIVE OVERVIEW**

The Bureau of Standards Jamaica (BSJ) performs consumer protection, trade facilitation and business support roles relating to standardization, metrology and conformity assessment. This report presents information on the performance of the organization during the 2012/2013 Financial Year vis-à-vis the objectives and targets that were established in the Operational Plan and Budget for 2012/2013.

During the reporting period, the BSJ continued to implement initiatives to ensure health, safety and fair trade; facilitate trade and business development; enhance organizational efficiency and effectiveness; promote and demonstrate the value of standardization, metrology, conformity assessment and quality; and promote energy efficiency and responsible environmental practices. Specifically, the BSJ initiated a new approach to enforcing compliance in the processed food sector with the publication of the names of compliant companies and their products in the print media. The effect of the publication was an increase in the number of companies that met the registration requirements.

Recognizing the critical importance of MSMEs to Jamaica's economic development, the BSJ continued to collaborate with JAMPRO and the Jamaica Business Development Corporation (JBDC) to provide them with a 50% discount on selected services valued at over \$600,000. In addition, support in the area of human capacity building is being provided to the MSMEs under Memoranda of Understanding (MOUs) with the Jamaica Manufacturers' Association and JBDC.

A significant initiative during the period was the commencement of an Information Technology (IT) Project with the objective of upgrading the IT infrastructure to enhance organizational efficiency and effectiveness and provide more timely, reliable and easily accessible information to the public. Project deliverables during the period included the development and operationalization of four (4) intelligent database application systems (with a management portal for querying, timely reporting and tracking of data) the equipping of the BSJ's Inspectors with mobile data devices (iPads) for use in the field and the uploading of all client forms to the website.

Other areas of significant achievement during the period included: high levels of compliance of goods inspected at the ports of entry and in the domestic marketplace and high levels of accuracy of weighing and measuring devices. The organization is still constrained by the number of compliance inspectors monitoring imports and the domestic market.

Twenty five (25) standards (17 for products and 8 for services) were published during the period with another twenty eight (28) awaiting Ministerial approval.

An application for the accreditation of eleven (11) tests in the chemistry laboratory was submitted in November 2012 to JANAAC. Development of industry and staff continued with the delivery of fifty two (52) training solutions in areas of ready mix concrete testing; food safety (good manufacturing practices, HACCP and ISO 22000); quality management (ISO 9001, root cause analysis, developing a quality manual, documentation & process mapping); risk management; laboratory management (ISO/IEC 17025); environmental management (ISO 14001); energy management (ISO 50001); occupational health and safety (BS/OSHA 18001); and the new National Building Code and the renewal of the National Quality Awards Programme in October 2012.

The establishment of the Radiation Protection Authority remained an outstanding initiative as the Radiation (Safety Control) Bill was still being drafted by the Chief Parliamentary Counsel (CPC). Notwithstanding, the BSJ pursued efforts to build human capacity for the Authority.

The organization made significant strides in its efforts to assist food producers/exporters with the National Food Safety Modernization Task Force working with companies to achieve compliance with the US Food Safety Modernization Act (FSMA). In March 2013, during the visit of two (2) senior Food and Drug Administration (FDA) officials, the BSJ was advised that the FDA was considering the possibility of delegating the responsibility for follow-up inspections of facilities to BSJ inspectors. This could result in significant savings (time and money) for the facilities as the inspection charges for follow-up inspections are US\$289/hour for travel and contact time at the factories.

The BSJ sought to improve the international competitiveness of businesses with the provision of management systems certification services. The National Certification Body of Jamaica (NCBJ) increased its number of certified clients from three (3) at the end of March 2012 to five - 5 (4 to ISO 9001 and 1 to ISO 14001) at the end of March 2013.

Regional and international recognition of metrology and testing capabilities was achieved with the Mass Laboratory being designated as the Caribbean Reference Laboratory (CARL) by the CARICOM Regional Organisation for Standards & Quality (CROSQ).

## **HEALTH, SAFETY AND FAIR TRADE – STRATEGIC GOAL 1**

Activities to ‘**ensure, health, safety and fair trade**’ continued with monitoring and compliance activities at the ports of entry, the premises of importers and in the domestic marketplace; inspection and registration of processed food establishments; and the testing, verification and calibration of weighing and measuring devices (legal metrology activities) by a team of thirty four (34) inspectors. Additional activities to ensure the health and safety of the public included the continuation of activities to establish the Radiation Safety Authority within the BSJ and the implementation of a project to develop metrological traceability in the health sector.

## Compliance Activities

Inspections at the ports of entry and importers' warehouses saw a resultant average compliance rate of 97% surpassing the target of 80% (See Figure 1). Monitoring of the domestic marketplace saw an average compliance rate meeting the established target of 95% (See Figure 2). At the end of the Financial Year, the island-wide compliance rate for processed food facility registrations was 70% against a target of 85% (See Figure 3). The main non-conformances identified were poor manufacturing practices and inadequate processing facilities. The reasons for non-compliance included lack of financial resources to effect infrastructural changes and inadequate staff competence.

Figure 1: Compliance Status - Ports of Entry &

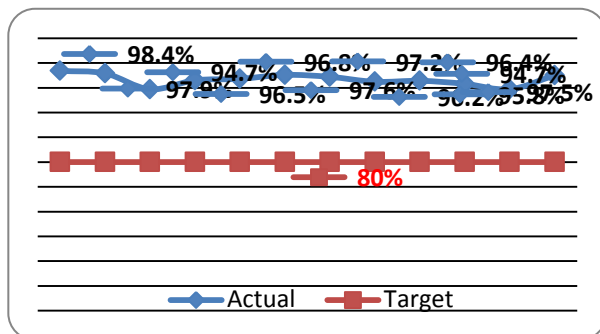


Figure 2: Compliance Status – Domestic Marketplace

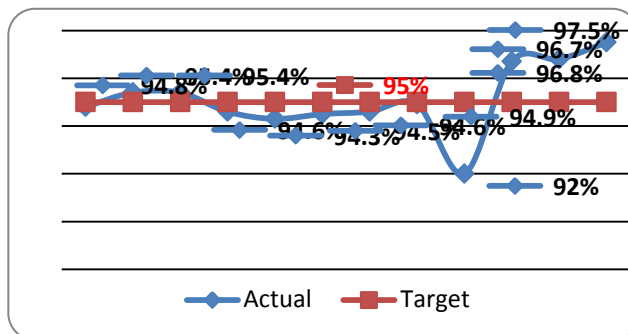
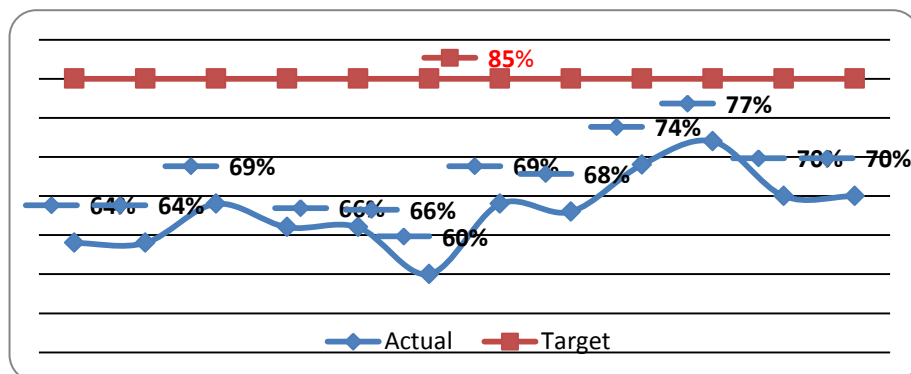


Figure 3 - Island wide Registration Compliance Rate for Processed Food Establishments



The execution of regulatory activities in the domestic marketplace, the ports of entry and premises of importers were affected by two main constraints i.e. inadequate staffing and a limited data management system.

To inform the public and to encourage compliance, a list of processed food establishments registered under the Processed Food Act and the Jamaican Standard Specification for Processed Food General JS36 was published on the BSJ's website effective October 2012.

The compliance rates for selected construction materials: reinforced steel bars, cement, and aggregates for concrete were 100% while the rate for hollow concrete blocks was 63%, against a target of 95%. In light of the low compliance rate for hollow concrete blocks, warning letters were sent to 140 non-compliant block makers in December 2012.

and a public notice with the list of registered block makers and a statement on the consequences of non-compliance with the JS 35:2011 *Standard hollow concrete blocks* was published in the daily newspapers in January 2013. The number of registered block makers increased from 55 in January 2013 to 74 at the end of the financial year, representing an increase of 35%.

### **Weights and Measures Activities**

The average compliance levels for scales and gas nozzles was 97%, surpassing the target of 95% while the compliance rate for electricity meters was 100% as was targeted (corrective action was taken by the Jamaica Public Service Company to rectify non-conforming meters).

### **Radiation Safety Authority**

By way of Cabinet Decision No. 01/11 dated 10 January 2011, approval was granted for establishment of a radiation safety authority in the BSJ. The Radiation (Safety Control) Bill being drafted by the CPC was still pending at the end of the year.

### **Medical Devices Metrology Project**

The collaboration with the Ministry of Health (MOH) to provide metrological support to health facilities by offering calibration, metrological training and monitoring services islandwide continued with the development of the Terms of Reference (TOR) for the Joint BSJ/MOH Project Team, the creation of its executive structure and the development of the project scope. The Project Team developed a plan to commence the calibration of medical devices in the public sector for FY 2013/2014.

## **TRADE AND BUSINESS DEVELOPMENT – STRATEGIC GOAL 2**

Activities to ‘facilitate trade and business development with a focus on enabling the sustainable development of Jamaica’s export trade’ continued with collaborations with JAMPRO and the JBDC to provide Micro, Small and Medium-sized Enterprises (MSMEs) with a 50% discount on selected services. By the end of the Financial Year, discounts valued at \$3.7 M to exporters under JAMPRO’s Enterprise Development for Export Growth (Export Max) Programme and \$0.7 M to JBDC clients, were provided.

### **BSJ/Business Partnership Programme**

Implementation of the BSJ/Business Partnership Programme continued with the signing of MOUs between the BSJ and the Jamaica Manufacturers’ Association (JMA) and the Jamaica Business Development Corporation (JBDC) by the portfolio Minister in January 2013. A similar MOU with the MSME Alliance was signed in November 2011. Under the MOUs, the technical capacity of the personnel in these business support organizations (BSOs) is being enhanced through a train-the-trainer approach.

### **Bamboo Products Industry Project**

Targeted at creating a standards-led bamboo products industry, the expected outcome is the development and commercialization of quality bamboo products. The main deliverables during the period under review were as follows:

- A prototype of a student chair made of bamboo was successfully manufactured
- The successful collection and separation of vinegar and tar by-products from the bamboo charcoal production process
- The production and sale of bamboo charcoal.

### **Standards Development**

Standards are integral to business growth and competitiveness, and during the Financial Year:

- The standards development programme for product standards was 71 standards. At the end of the reporting period, the BSJ had completed work on 29 standards, of which 17 product (foods, cement, road vehicle identification number (VIN), animal feeds) had been published (against a target of 16). The BSJ was awaiting the publication of Gazette notices/orders for 9 standards (foods, good particles, composite cylinders, cement) and Ministerial approval was pending for 3 standards (diesel fuel and used tyres). Of the remaining 42 standards, 36 were at various stages in the standards development process.
- The scope of the standards development programme was diversified to incorporate the services sector with the target being set to adopt 55 standards. During the Financial Year, the portfolio was expanded to 67 standards. At the end of the reporting period, the BSJ had completed work on 37 standards, of which 8 standards (tourism, social responsibility, risk management, construction, and quality and environmental management) had been published, Gazette notices (from the Jamaica Printing Services) were pending for 4 standards (tourism) and Ministerial approval was pending for 25 standards (information and communication technology and energy efficiency). The remaining 30 standards were at various stages in the BSJ's internal standards development process.

### **Achieving Compliance to the US Food Safety Modernization Act (FSMA)**

The National Food Safety Modernization Task Force and Secretariat continued to provide guidance and support to food exporters to satisfy the requirements of the US FSMA. The major activities were as follows:

- The BSJ, on behalf of the FDA, supervised a Better Process Control School (BPCS), at Mona Campus of the University of the West Indies.
- 20 food firms were approved for grant funding from Caribbean Export in October 2012. All 10 Jamaican food facilities that export ackee to the US were included

on the FDA's 'green list' having demonstrated that they had food safety controls in place in compliance with the applicable requirements.

- The EXIM Bank approved/issued loans at a total value of J\$20.5M to 2 food firms, from its FSMA Loan Window of J\$100M
- The Secretariat assisted food producers/exporters to comply with the requirements of the Biennial Renewal of Registration with the FDA.
- Assistance provided to a food exporter by the Secretariat facilitated the entry of shipment into the US, of products valued at US\$70,570.00
- During the period under review, 8 processed food facilities were inspected by FDA inspectors. Although a few non-conformities were detected, the firms provided evidence of corrective action and no regulatory action was taken against them
- In March 2013, during the visit of 2 senior FDA officials, the BSJ was advised that based on the knowledge and expertise that had been exhibited by its inspectors; the FDA was considering the possibility of delegating the responsibility for follow-up inspections of facilities to the BSJ. This could result in significant savings (time and money) for the facilities as the inspection charges for follow-up inspections are US\$289/hour for travel and contact time at the facilities. The FDA has proposed that 2013 be used as a 'pilot' project period re the BSJ conducting follow-up inspections
- The Corporate Mentorship Programme was operationalized in June 2012 as projected. At the end of the reporting period, there were 3 small-sized processed food facilities (mentees) involved in partnerships with large-sized facilities (mentors). Mentors provide technical guidance to mentees in implementing and maintaining aspects of a food safety system
- Two major proposed rules (*Proposed Rule for Produce Safety and Proposed Rule for Preventive Controls for Human Foods*) mandating the implementation of food safety systems by food producers/exporters were published in January 2013.

Another activity towards satisfying the requirements of the FSMA consisted of steps being taken towards the accreditation of the BSJ's 3 food testing laboratories (Chemistry, Microbiology and Packaging). An application for accreditation for 11 tests conducted by the Chemistry Laboratory was submitted to the Jamaica National Agency for Accreditation in November 2012.

### **Management Systems Certification**

Another significant thrust in improving the international competitiveness of businesses was the provision of management systems certification services. The National Certification Body of Jamaica (NCBJ) increased its number of certified clients from 3 at the end of March 2012 to 5 at the end of March 2013.

### **National Mirror Technical Barriers to Trade Committee**

The matter of establishing a National Mirror Technical Barriers to Trade (TBT) Committee as a strategy to reduce/eliminate barriers to trade, which should have been concluded at the end of Quarter 1, was still outstanding as the Terms of Reference was still not finalized.

Regional and International Recognition of Metrology and Testing Capabilities - Attaining recognition for Jamaica's metrological infrastructure is a critical step to gaining market access as customers are provided with the assurance that Jamaica's exports meet international standards.

- The Mass Laboratory was designed a Caribbean Reference Laboratory (CaRL) by CROSQ
- The BSJ took steps to attain international recognition of the calibration and measurement capabilities (CMCs) of four of its metrology laboratories (Mass, Dimensions, Temperature and Volume). This goal was achieved for the Mass Laboratory.

## **ORGANIZATIONAL EFFICIENCY – STRATEGIC GOAL 3**

Activities to 'enhance organizational efficiency and effectiveness with a focus on growth and sustainability' focused on building staff competence; effective corporate governance in respect of reporting, prudent financial management; and strengthening of the technical infrastructure.

### **Human Capacity Building (Staff)**

To improve the competence of staff as well as organizational efficiency and effectiveness, 142 members of staff participated in 35 local and overseas training and professional development courses.

### **Performance Reporting**

In fulfillment of corporate governance requirements, the Annual Report for Financial Year 2011/2012 was submitted to the portfolio Ministry in October 2012 for review and acceptance and copies of the Annual Report for Financial Year 2010/2011 were submitted in November 2012 for tabling in the Houses of Parliament. In addition, the approved Corporate Plan and Budget for 2013/2016 was submitted in January 2013. All requisite quarterly and half-yearly performance reports were also submitted.

### **Financial Management**

The BSJ pursued a policy of prudent financial management as it sought to ensure that its financial resources were economically and efficiently managed while at the same



time seeking to achieve financial growth. However, despite these efforts, the Financial Year ended with a deficit of \$22.11M. Revenue of \$699.21M was earned while expenditure incurred was \$721.32M. Revenue was 9% less than budgeted.

### **Expansion of the Energy Efficiency Testing and Labeling Facility Project**

The aim of this project is to expand BSJ's energy efficiency testing and labelling capacity for household appliances. The BSJ continued implementation of the project with the engagement of a Technical Management Consultant, who is responsible for the implementation of the project activities.

### **Upgrading of the Information Technology Infrastructure**

The BSJ continued the process of upgrading its Information Technology (IT) infrastructure to enhance organizational efficiency and effectiveness and provide more timely, reliable, accurate and easily accessible information to the public. During the period under review:

- Of the targeted 6 intelligent database applications systems to support key business processes, 4 were developed and launched.
- Inspectors were provided with mobile data devices (iPads) for improved data capture in the field.
- 100% of client forms were made accessible online (via the website).

## **STANDARDIZATION, METROLOGY, CONFORMITY ASSESSMENT & QUALITY – STRATEGIC GOAL 4**

Activities to 'promote and demonstrate the value of standardization, metrology, conformity assessment and quality' included the delivery of training courses to external stakeholders, building of awareness through promotional/educational activities, the National Quality Awards Programme and the sale of standards.

### **Human Capacity Building (External Stakeholders)**

Continuing its mandate to create an enabling environment and to provide the tools to make businesses globally competitive, the BSJ provided 69% or 52 of the scheduled training courses from a total of 75. These courses were provided to 965 external clients in the areas of ready mix concrete testing; food safety (good manufacturing practices, HACCP and ISO 22000); quality management (ISO 9001, root cause analysis, developing a quality manual, documentation & process mapping); risk management; laboratory management (ISO/IEC 17025); environmental management (ISO 14001); energy management (ISO 50001); occupational health and safety (BS/OSHA 18001); and the new National Building Code.

### **Promotional/Public Education Activities**

The BSJ facilitated/participated in 31 promotional/publication education activities (against a target of 13).

### **Recognizing Excellence**

To recognize excellence in performance and to promote the importance of having a management system that ensures continuous improvements in product and service delivery, the National Quality Awards Programme for 2012 was restarted.

The BSJ hosted a Technical Committee Appreciation Function in October 2012, for persons who voluntarily serve on the 25 technical committees to develop and/or revise standards.

## **ENERGY EFFICIENCY AND THE ENVIRONMENT – STRATEGIC GOAL 5**

Activities to ‘promote energy efficiency and environmentally responsible practices’ continued with efforts to manage the environmental aspects of its activities by monitoring the usage of resources that may impact negatively on the environment.

### **Building Awareness about ISO 50001 Energy Management**

The NCBJ in collaboration with the Jamaica Public Service Company (JPSCo) conducted two ISO 50001 Energy Management Seminars with the theme “ISO 50001 - Setting the Standard for Jamaica 50 and Beyond” in Kingston and Montego Bay. The seminars, which heightened awareness of ISO 50001, attracted a total of 250 participants.

### **Implementation of Energy Efficiency and Conservation Programme**

The BSJ was a participant in the Implementation of an Energy Efficiency and Conservation Programme, which sought to reduce energy consumption in the public sector. Under this programme, reflective coated material was installed on glass doors and windows and there was application of “Cool Roof” solutions at strategic locations across the BSJ to reduce the heat load on those areas.

### **Solar-Hydrogen Research Project**

This 3-year project: *The Application of Solar-Powered Polymer Electrolyte Membrane (PEM), Electrolysers for the Sustainable Production of Hydrogen Gas as Fuel for Domestic Cooking Project*, (administered by the University of Technology - UTech), is another collaborative or ‘joined-up’ Government initiative in which the BSJ is involved. The partners to the project are: UTech, University of the West Indies (Mona), Brunel University (UK), MSTEM and the BSJ. The BSJ’s responsibilities includes research and standards development for gas and flame odour and colour, stoves and components, cylinders and components and training for beneficiaries of the project. At the end of the reporting period however, the Academic Collaboration Agreement had not been signed.



The Hon. Anthony Hylton, Minister of Industry, Investment & Commerce (right) presents Wayne Stewart (2<sup>nd</sup> left) with a plaque recognizing his over 29 years contribution to standards development. Looking on from left are Professor Winston Davidson, Chairman of the Standards Council and Ms. Yvonne Hall, Executive Director of the BSJ.



The Hon. Anthony Hylton (2<sup>nd</sup> right), Minister of Industry, Investment & Commerce, joins Mrs. Shelly Sterling, Managing Director of Corrpak Ja. Ltd. (centre) and Mr. Ivan Anderson (left), Managing Director of National Road Operating and Constructing Company Ltd. – NROCC, as they display their ISO 9001 certificates. Professor Winston Davidson, Chairman of the Standards Council (2<sup>nd</sup> left) and Mrs. Jacqueline Scott-Brown, Manager of the NCBJ (right) stand proudly with them.

# **COMPANIES OFFICE OF JAMAICA**

## **Mission**

The mission of the Companies Office of Jamaica (COJ) is to enable the legal creation of companies, sole proprietorships and partnerships in an environment of trust and commitment to all its stakeholders, in order to foster trade, commerce and wealth creation.

## **Role and Functions**

The COJ is an executive agency responsible for the administration of the Companies Act and the Registration of Business Names Act hence the agency is responsible for the registration and regulation of companies and business names. The COJ is also the official repository of information pertaining to those entities.

## **Priority Targets and Objectives for Financial Year 2012/2013**

In addition to the maintenance of all registration services within targeted timelines, eight (8) priority targets were identified for the Financial Year 2012/2013. These were:

- Merger of Business Registration and Customer Service Units in order to offer one-time examination of documents, thus eliminating multiple rejections
- Redevelopment of the COJ website to facilitate online filing of other company and business name documents.
- Relocation of the offices of the agency
- Finalization of amendments to the Companies Act
- Modernization of the Registration of Business Names Act
- Facilitation of Jamaica becoming an International Financial Services Centre
- Facilitation of rollout of the Business Registration Form ("Super Form") to accommodate GOJ's one-stop shop
- Implementation of DPMIS redundancy to provide high system availability in case of natural or manmade disaster.

## Highlights of Performance/Achievements for Financial Year 2012/2013

### Summary of Achievements

During the 2012/2013 Financial Year, the Agency continued its major focus on improving the services it offers to its customers.. This included the maintenance of wait times for attendance and registration turnaround timelines, implementation of various measures to assist with reduction in multiple rejections, the amendments to the Companies Act and Registration of Business Names Act and the redesign of the various legislative forms under that legislation as well as public education and publicity to sensitize the public regarding the statutory obligations of both companies and business names.

### Guaranteed Registration Services

**Table 1: Guaranteed Service Delivery Times**

<b>Services</b>	<b>Guaranteed Registration Times</b>	<b>Actual % of documents processed within target time</b>
New Company Registration (normal)	4 wk. Days	94.2
New Company Registration (expedited)	1 wk. Day	97.4
New Company Registration (same day)	6 hours	100
Business Name Registration (normal)	2 wk. Days	96.3
Business Name Registration (expedited)	1 wk. Day	99.75
Registered Office Notice	4 wk. Days	94.2
Registration of Change of Directors	4 wk. Days	95.4
Certified Copies of Company Documents	25 minutes	Average time for copies 15.08 minutes

## **Public Education**

The Agency conducted several public education activities throughout the period in order to disseminate information to businesses regarding their statutory obligations and how the COJ could assist them in their efforts. The Agency attended several expositions, workshops and business clinics, with members of the Compliance Team participating in radio interviews and meetings and presenting lectures to university students. COJ also partnered with several Government agencies such as Tax Administration Jamaica, Jamaica Business Development Corporation and HEART Trust/NTA to encourage compliance.

## **Merger of Customer Service and Business Registration Units**

The informal merger of the Customer Service and Business Registration Units continued with the onetime examination of new companies, business names and annual returns. While external rejections of business names averaged 18.2 % which were well below the target of 35%, the rejections of new companies and Annual Returns were on average 44.5% and 39.6% respectively. This was as a result of the Agency not being able to fully sustain the onetime examination of the specified documents, consequent on human resource shortfalls.

During the review year, the official merger of the two (2) units was delayed due to issues with finalizing positions in the merged unit. The merger is deemed to be imperative for the Agency to improve its quality of service.

## **Legislation**

During the 2012/2013 Financial Year the COJ examined/commented on several pieces of legislation, including the Security Interests in Personal Property draft Bill and the Companies Act (Transitional Provisions) (Amendment) Act, and participated in discussions on the proposed Charities Act and amendments to be made to various legislation to facilitate the proposed Business Registration Form.

In addition COJ provided to the portfolio Ministry, recommendations for amendments to both the Companies and the Registration of Business Names Acts. The Agency also worked on responses to comments by the Attorney General's Department in relation to recommendations made some time ago for general amendments to the Companies Act. Moreover, there was provision of support to the International Financial Services Authority via COJ membership on the Committee charged with the review of offshore company legislation.

The Agency also devised new simplified, shorter versions of some of the legislative forms, most notably the Incorporation documents and the Annual Returns forms.

## **Enhancement of Website to Facilitate Electronic Registration**

The Website Redevelopment Project (WRP) continued to experience delays since the dearth of experienced developers continued to plague the Agency.

Late in the previous Financial Year the Agency requested approval to move the target for the completion of the Phase 1 of the WRP from March 31, 2012 to August 31, 2013. At the end of this Financial Year development inched closer to completion. As at the end of March 2013 development was 90% complete. It is projected that this phase will be completed by September, 2013.

## **Relocation of the Agency's offices**

During the year the Agency received the Honourable Minister's informal approval regarding the proposal to erect an office building on lands at 2 Musgrave Avenue, presently being occupied by the Department of Cooperatives and Friendly Societies. The COJ commenced discussions with an Architect regarding a basic building concept. Late in the year the Agency was advised that Guardian Life Limited had presented a proposal to the Honourable Minister that it would be willing to hand over to the Ministry two (2) parcels of land situated at 1 Musgrave Avenue and 16 Trafalgar Road respectively in exchange for the parcel at 2 Musgrave Avenue. At the end of the year the Ministry was considering the proposal.

## **Facilitate Jamaica becoming an International Financial Services Centre**

The COJ continued to be represented on the Drafting Committee charged with reviewing legislation to be administered by the International Financial Services Centre. During the period under review, the collaboration process involved familiarization with the offshore concept.

## **Facilitation of Rollout of "Super Form" to Accommodate GOJ One-Stop Shop**

COJ produced a 6<sup>th</sup> iteration of the Business Registration Form which it forwarded to key stakeholders. The Agency also reviewed and signed off on the Cabinet Submission regarding the proposed amendments to be made to various pieces of legislation to facilitate the use of the form. Late in the Financial Year, Cabinet gave approval for the amendments to proceed.

## **Implementation of DPMIS System Redundancy**

During the review period, the Agency acquired all the hardware (a series of servers in a RAID configuration) and software components to enable the redundancy exercise. At the end of the year the Agency was working with Illuminat (Jamaica) Limited to



configure the COJ's Optical Storage & Retrieval Library (OSAR) to communicate with the new servers.

### **ISO 9001:2008 Standard certification**

During the 2012/2013 period, the Agency began the ISO certification process. All members of staff underwent sensitization training and consultants assigned by the portfolio Ministry carried out a gap audit of the Agency's management systems. The analysis showed that approximately eighty one percent (81%) of policies, procedures and instructions were established and in a documented format. However compliance with the ISO 9001:2008 was only twenty five percent (25%). Just prior to year-end, members of the ISO 9001:2008 Steering Committee were appointed and the first meeting of the Committee was held.

### **Operations**

The Agency remained challenged to reduce wait times, lessen multiple rejections and the generally high rate of rejections, along with trying to facilitate the ever increasing demands of customers.

### **Business Registration**

The Business Registration Unit performed creditably during the 2012/2013 Financial Year. During this period the Unit processed 62,499 documents. It registered 40,147 while 21,617 were rejected. The number of documents which were processed outside of targeted registration times was 2,494, representing an average overrun rate of 3.99%.

**Table 2 Guaranteed Turnaround Times**

<b>Key Corporate Objective</b>	<b>Planned Performance</b>	<b>Actual % of documents processed within target time</b>
Annual Returns	4 wk. days	96.97
Charges certified	5 wk days	87.09
Registered Office Notice	4 wk days	94.2
Change of Directors	4 wk days	95.4
New local Companies	4 wk days	94.2

Expedited New Companies	1 wk day	97.4
Business Names	2 wk. days	96.3
Expedited Business Names	1 wk day	99.75
Company Secretary	4 wk. days	95.4

**Table 3 Registration Services – Summary of Volumes**

<b>Registration Service</b>	<b>Planned Volume</b>	<b>Actual Volume processed</b>	<b>Actual Volume registered</b>
Local companies (regular)	2888	3447	1933
Local companies (expedited)	924	1274	786
Business Names	6930	8422	6899
Registered Office Notice	3303	4076	2455
Change of Directors	6660	6409	3796

## **Compliance**

The Agency continued with its efforts to apprise persons of their statutory obligations and to encourage them to become and remain compliant. For those companies which refused to bring their filings up to date, litigation proceedings commenced. For those companies which were no longer in operation or conducting business, action was taken to remove them from the Companies Register.

During the year the COJ Mobile visited the parishes of Portland, St. Mary, St. Thomas, St. Ann, Trelawny, St. Catherine, St. Elizabeth, Manchester and Clarendon. Revenues earned as a result of those efforts amounted to \$10,148,850.

Revenues earned from litigation topped \$4,500,000 while revenues earned as a result of restoration amounted to \$3,064,000.

A total of 1,761 companies were removed from the Register during the 2012/2013 Financial Year.

Despite its best efforts, the Agency was unable to meet its targets relating to the number of companies filing registered office notices or particulars of directors and the volume of Annual Returns received.

**Table 4: Target and Actual Volume Performance Indicators**

<b>Performance Objective</b>	<b>Targeted Volume</b>	<b>Actual Volume</b>	<b>Variance (%)</b>
Companies filing Annual Returns	9192	9675	5.3
Companies filing Registered Office Notices	2750	2263	(17.7)
Companies filing Particulars of Directors	4620	3761	(18.6)
Delinquent Companies Removed from the Register	1390	1761	26.69
Volume of Annual Returns received	17,000	14635	(13.91)
Applications processed to restore company names	20	25	25

## **Information Technology**

During the reporting year, COJ processed 518,953 pages of documents at the rate of 55.14 documents an hour, some 37.85% above the target of 40 documents an hour.

The COJ Website was well utilised during the Financial Year. The volume of transactions on the Site amounted to 75,028 which were 66.73% more than projected while revenues earned totalled \$10.93 M. There were 1,450 subscribers to the Site.

**Table 5: IT Unit – Performance Vs. Targets**

<b>Performance Objective</b>	<b>Planned Volume</b>	<b>Actual Volume</b>	<b>Variance (%)</b>
Time to process incoming documents	40 docs. per hour	55.14 docs. per hour	37.85
Volume of online transactions	45,000	75028	66.73

At the beginning of the Third Quarter the Agency launched DPMIS v. 2. The new version of the Agency's registration software facilitated the implementation of the Composition Agreement which the Agency had entered into some time ago with the Inland Revenue Department. The Agreement enabled the COJ to stamp Articles of Incorporation and collect the requisite stamp duty on behalf of the Stamp Commissioner at its (COJ's) offices, meaning that persons no longer need to visit the Stamp Office to have their Articles stamped prior to attending at the Companies Office since both stamping and registration of company documents can now be done at the Companies Office.

## **Customer Service**

During the 2012/2013 Financial Year the Agency processed 35,157 walk-in customers. Customers continued to complain mainly about the waiting period for attendance, multiple rejections of documents, and their inability to reach the office by telephone. Despite the complaints and the heavy customer load, the Agency sought ways to improve its services and several measures were implemented during the year. These included expanding the Call Centre by employing two (2) more persons thus bringing the staff complement there to three (3) and implementing a Customer Service Relief Programme. The latter effort entailed employing part time Customer Service officers to man the customer service unit during the lunch period.

A Customer Satisfaction Survey undertaken in the Third Quarter revealed that 92.6% of customers were generally satisfied with the Agency's services.

**Table 6: Customer Service Unit – Time Sensitive Indicators (2012/2013)**

<b>Performance Objective</b>	<b>Target as at March 2011</b>	<b>Actual</b>	<b>Variance (%)</b>
Reservation of company names	60 minutes	34.83	41.95
Customer Satisfaction	70%	92.6%	32.3
Rejection rate for documents presented	10%	3.3%	67
Average time to provide copies of company documents	25 mins	15.08 mins	19.07
Average Wait time for attendance	45 mins	22.23 mins	50.6

**Table 7: Customer Service Unit – Targets vs. Actual Performance**

<b>Performance Objective</b>	<b>Target</b>	<b>Actual</b>	<b>Variance (%)</b>
Certified copies	30,000	44,543	48.48
Uncertified copies	4,000	5,975	49.37
Public Search (onsite)	1,800	1,386	23

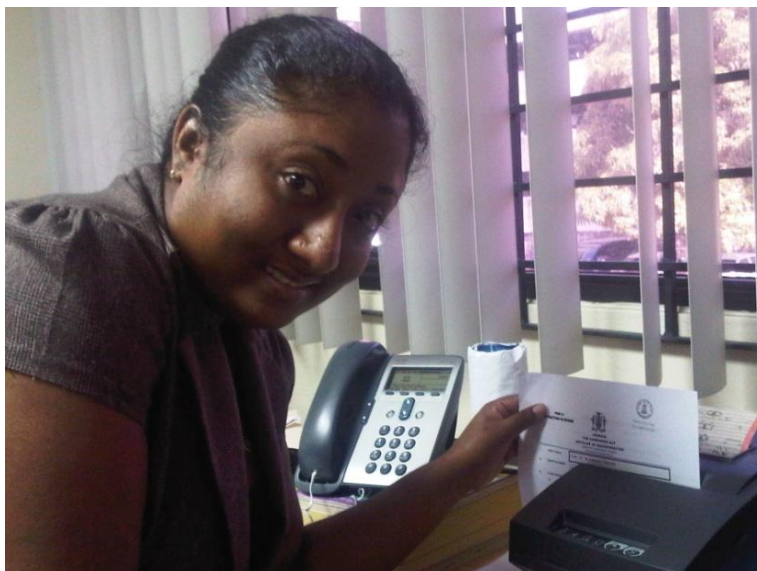
### **Finance and Administration**

Revenues earned for the 2012/2013 Financial Year amounted to \$294.4 M which was 7.4% above the budget of \$274 M.

Expenses incurred totalled \$268.9 M which was 3.13 % below the budget of \$277.6 M. The Agency's surplus for the 2012/2013 Financial Year was \$28.9 M.



**Hon. Minister Anthony Hylton participating in a demonstration of the printer/endorser which will be used to apply the "Stamp Duty Paid" Medallion to Articles of Incorporation at the launch of DPMIS v 2 on October 23, 2012. To the Minister's right is Mr. Michael Fowler, IT Manager, COJ. Standing behind him are Mrs. Judith Ramlogan CEO, COJ and Mr. Wilford Morrison, IT Executive, COJ.**



**Miss Alecia Jaddoo, IT Supervisor applying the first "Stamp Duty Paid" Medallion**

## CONSUMER AFFAIRS COMMISSION

ACTIVITY	TARGET	ACHIEVEMENT	EXCESS /DEFICIT	EXPLANATION
Complaints Handled	1,600	1,782	+182(45%)	Larger number of complaints received.
Complaints Settled	1,133 (85%)	1,607 (90.1%)	+474	90.1% Annual Resolution Rate FY2012/13
Advice/Information Provided	No target set	1227	NA	
Monies Secured	\$16M	\$14.12M	-1.88M	Compensation/refund dependent on nature of the complaint.
Community Outreach	85,000 <sup>1</sup>	74,657	-10,343	Reach diminished due to reduced activities for WCRD 2013.
Number of Activities	320 <sup>2</sup>	314	-6	Decrease in the number of available opportunities for presentations.
Media Exposures (including interviews)	200	661	+461	The number of exposures in the third quarter increased significantly due to the execution of the CI/IDB Banking Code Project media campaign.
Production of New Consumer Education Material	12	7	-5	5 brochures produced on the banking code; 1 CAC retractable banner; 1 PSA on motor vehicle model year discrepancy. 4 draft publications were produced but budget restricted production.
Promotional Programme developed	4	3	-1	Yellow Page Advert on YouTube™. 2 television productions on Banking Code. Budget constrained other productions.
Grocery and Agricultural Products Survey	24	24	-	
Petrol Survey	12	12	-	
School Textbook Survey	1	1	-	
Hardware Items Survey	4	4	-	
Additional Surveys /Research	5	5		3 Customer Satisfaction Studies and 1 CARICOM study not completed.
Website Usage	No target set	30,366- visits 69,034 - pages downloaded		
Publication of Grocery Prices	24	4	-20	Consumer Alert was published in May, June, July & December 2012. Budget constrained other publications.
Meeting of the Distributive Trade	12	12	-	

<sup>1</sup> Target for Community Outreach was increased from 65,000 to 85,000 in December 2012.

<sup>2</sup> Target for Number of Outreach Activities was increased from 300 to 320 in December 2012.

## Mission

The mission of the CAC is *“to foster ethical relations between the providers and consumers of goods and services in the Jamaican market place through effective advocacy, research, public education, and complaint resolution, utilizing the available technology, legal framework, and professional staff; within the context of a competitive environment”*.

## ACHIEVEMENT OF STRATEGIC OBJECTIVES

### Strategic Theme 1: Improve public awareness and service delivery

*(i) Expand the reach of consumer/business education programmes; (ii) Broaden the quantum, range and utility of the research outputs; (iii) Revamp and improve the complaint handling capability;*

- **Consumer Education** - face to face contact of **74,657** consumers through **314** activities. Thousands more benefitted from information through media campaigns.
- **Consumer Complaints** - **1,782** were handled of which **1,607** were settled, an average resolution rate of **90%**
- **Refunds** - Over **\$14.12M** was secured on behalf of aggrieved consumers in the form of refunds and compensation.
- **Advice to Consumers** – **1,607** contacts with consumers who sought advice prior to engaging in business transactions. Advice was also given to vendors who sought direction concerning redress.
- **Media Exposure** – The CAC had a total of **661** Media Exposures. **Four hundred and twenty-nine (429) or 65% of the exposures were free, translating into approximately J\$8M in savings to the Commission.** These included:
  - 72 Interviews for print, radio and television
  - 253 Radio Programmes
  - 45 Print Articles
  - 56 Television Programmes
  - 3 Press Releases
  - 232 or 35% of total media exposures were paid spots (i.e. print, radio and TV advertisements)



- Total media exposures do not currently include stories generated via online media. This will be included during the 2013/2014 FY.
- **Publications** - The publication of the prices of critical food items in the two major newspapers as well as in the Western Mirror continued throughout the year. There were five (5) publications of the CAC's Consumer Alert™ feature. Five (5) new publications on the draft banking code were printed this year.
- **Website and Facebook** - The total website activity for the Financial Year 20012/2013 was **30,366** visitors who downloaded **69,034** pages. The top 2 areas of interest were consumer laws and the prices of items.
- **Research/Market Surveillance** – The Agency engaged in forty six (**46**) research and market surveillance activities, including surveys to track the price and availability of grocery items, petroleum products, hardware items, agricultural commodities and textbooks.

Breakdown of Research Activities:

- Grocery and Agricultural Products – 24
- Hardware – 4
- Petroleum Products – 12
- Textbooks – 1
- Employee Satisfaction Study - 1
- Ad-Hoc research – 4 (2 related to the new tax measures made effective June 1, 2012: test grocery purchase and survey of patty prices; 1 preliminary investigation into price gouging on black scandal bags; 1 website poll on motor vehicle model year discrepancy).

## **Strategic Theme 2: Improve the enabling environment**

*(i) Strengthen the legislative framework; and (iii) Strengthen the capacity to influence public policy*

- **Consumer Protection Act (2005)** – amendments were made to the Consumer Protection Act by the Houses of Parliament in December 2012. These were gazetted on January 29, 2013 and came into effect on February 1, 2013. This will enable the establishment of a Consumer Protection Tribunal, a quasi-judicial body to hear consumer-related concerns.

- **Review of Legislation/Policy Papers/Legal Instruments/Complaints** - consumer protection related instruments reviewed during the period under review included:
  - 4 legislations<sup>3</sup>
  - 3 policy documents<sup>4</sup>
- **Secretariat Functions** - The Agency functioned as the secretariat for the monthly Distributive Trade Meetings to discuss matters relating to the efficient production, importation and distribution of critical consumer items. Twelve (12) such meetings were convened. The Commission also functioned as the secretariat for the Telecommunications Appeal Tribunal and the All Island Electricity Appeal Tribunal which had two (2) sittings during the Financial Year.
- **Attendance at Meetings and Committees** - Held membership in more than twenty (20) local and international organizations/committees including:
  - A number of standards committees of the Bureau of Standards Jamaica, involved in drafting and reviewing national and CARICOM standards
  - Caribbean Poison Information Network (CARPIN)
  - Regional /International seminars and training on consumer protection<sup>5</sup>
  - Gender Focal Point (Nat. Policy for Gender Equality)
  - National Food Safety Policy.
- **Consumer Advocacy** - The agency continued in its efforts to promote and enhance evidence-based consumer advocacy, particularly through its participation in the CI/IDB Project on the Promotion of Consumer Protection in the Caribbean. Component 3 was fulfilled with the successful execution of an extensive consumer education campaign on banking.
- **Other Initiatives**

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<sup>3</sup> The Consumer Protection Act; the Hire Purchase Act; Timeshare Vacations Bill; the Trade (Motor Vehicle Import and Dealer's Licences) Order.

<sup>4</sup> The draft Banking Code; the Draft Jamaican Standard Specification for Vinegar; the BOJ Consultation Paper titled *Proposals for Enhancement of the Legislative Framework for the Deposit Taking Sector*; the Motor Vehicle; the draft Ministry Paper on the proposed amendments to the Motor Vehicle Import Policy.

<sup>5</sup> Initiatives participated in include: 1. The 2<sup>nd</sup> Edition 5 month Graduate course in Market Surveillance Systems on Consumer Product Safety; 2. CI/IADB seminar on the Legal Framework for Financial Services in Barbados; 3. The 6<sup>th</sup> Pan-American Commission on Food Safety and the 16<sup>th</sup> Inter-American Meeting at Ministerial Level on Health and Agriculture in Chile; 4. CARICOM Workshop entitled *"Milestone Judgments in Competition Law"* in Barbados and 5. The Consumer Safety & Health Network (CSHN) Technical Advisory Group Meeting in Washington D.C., USA.

- Meetings were held with MIIC, JPS, NWC representatives regarding utility complaints
- Consultations continued with automobile industry stakeholders regarding model year discrepancies affecting new and used cars. Other participants included MIIC, FTC, Trade Board, ITA, and Customs Department
- Product recall surveillance and reporting.

### **Strategic Theme 3: Enhance employee performance**

*(i) Operationalized the Performance Management and Appraisal System (PMAS); (ii) Build employee competencies;*

- **PMAS Implementation** - The CAC's partnership with the Public Sector Transformation Unit (PSTU) of the Cabinet Office resulted in the completion of pre-implementation activities necessary for the full implementation of PMAS as at April 1, 2013.
- **Staff Development** - A training plan was developed and twelve (12) staff members participated in several training programmes accordingly.
- **Staffing/Organization Review** - Eight (8) persons separated from the organization, five (5) based on retirement and three (3) as a result of resignation.
- **ISO 9001:2008 Implementation** - The Commission has completed fifteen (15) or fifty four percent (54%) of the scheduled activities towards becoming ISO 9001:2008 certified by December 2013.
- **National Policy for Gender Equality** - the Commission appointed a Gender Focal Point; set in motion its implementation plan; and in November 2012, commenced reporting sex disaggregated data for its complaints and outreach activities.
- **National Workplace Policy on HIV /AIDS** – The Commission initiated the development of the policy which will be implemented in the 2013/14 FY.

### **Strategic Theme 4: Strengthen operations and systems support**

*(i) Improve data handling capability, (ii) Improve the management and reporting system, (iii) Strengthen IT security;*

- **Mobile Data Collection Tool** –The CAC implemented the use of smart phones for the collection of its research data in November 2012, resulting in a turnaround time for survey reports declining from seven (7) days to three (3) days.
- **Complaints Management System (CMS)** – The CMS upgrade project is currently in progress. It will be finalized in 2013/2014
- **CAC SMS Alerts Project** – An in-house software development project which will allow for interactive communications and alerts with consumers who want the latest prices for items such as petrol. It will be finalized in 2013/2014
- **IT Security** – CAC website and network maintained, anti-virus system updated. Three new computers were added to the network to replace older units. Fifty-three (53) weekly offsite backup functions were carried out.

### **Strategic Theme 5: Enhance resource stewardship**

*(i) Garner additional funds for project financing; (ii) Make more efficient use of financial and material resources*

- **Commissioned Survey** - As part of its income generation strategy, the CAC conducted a paid Employee Satisfaction Study on behalf of its sister agency, JAMPRO.
- **Project Proposals** – The Commission drafted a proposal to seek project funding for a mobile unit for the CAC.

### **2013/2014 Projections of the New CAC**

- Relocation of the Commission's head office to facilitate greater accessibility & visibility;
- Increased use of technology and collaboration /partnerships;
- Promulgation of the Draft Code of Conduct on Banking Services;
- Implementation of Consumer Tribunal;
- Initiate enforcement surveillance to identify non-compliance with consumer protection legislations;
- Hosting of sensitization seminars with business/consumer groups on the 2012 amendments to the Consumer Protection Act (2005);

- Outreach activities to reach<sup>6</sup> three hundred thousand (300,000) persons;
- Eight hundred (800) media exposures;
- Resolve eighty five percent (85%) of complaints handled within seven (7) working days;
- Forty six (46) planned research projects/ad hoc research programmes in response to needs;
- Full implementation of PMAS;
- Implementation of the CAC SMS Alerts Project;
- ISO 9001:2008 implementation and registration;
- Income generation from targeted research projects and consumer/business education programmes.

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<sup>6</sup> Reach has been redefined to include Direct Reach (face to face contacts with CAC representatives) and Mediated Reach (consumers and businesspersons contacted through agents/partners of the CAC)



**Press Conference, MIIC on World Consumer Rights Day - Friday, March 15, 2013.**

Honourable Minister, Anthony Hylton, MIIC listened attentively as Minister of State, Hon. Sharon Ffolkes-Abrahams, MIIC, expressed solidarity and made an impassioned plea for a broader endorsement of the Banking Code of Conduct for the sake of consumer protection in Jamaica. Chairman of the Board of Commissioners, CAC - Ms. Lorna Green seated left.



**Life Tabernacle UPC Community Health Fair in Rockfort, Saturday - September 29, 2012**

Senior Economist, Ms Racquel Chambers (top-left) explains to members of the Rockfort community, the importance of their Consumer Rights and Responsibilities.

## **DEPARTMENT OF CO-OPERATIVES AND FRIENDLY SOCIETIES (DCFS)**

### **Mission**

To contribute to the socio-economic development of the nation by facilitating the establishment and regulation of Co-operatives and Friendly Societies as viable business alternatives and effective social organizations. The Department also protects the interests of all stakeholders.

### **Vision**

To be transformed to position the Co-operatives and Friendly Societies as vibrant and viable sectors within Jamaica's socio-economic framework, by 2018.

### **Role and Functions**

The DCFS has responsibility for administering the Co-operative Societies Act and Regulations (1950), the Friendly Societies Act (1966) and Regulations (1968), and the Industrial and Provident Societies Act (2010).

Key functions of the Department include:

- Registration of societies and their rules
- Inspection and supervision of societies
- Annual audits and investigations
- Suspension of societies' registrations
- Cancellation of societies' registrations
- Dissolution and liquidation of societies
- Training, promotion, development, research, planning and capacity building for societies.

### **Performance Highlights – Financial Year 2012/2013**

- **Audits** – The Audits and Investigations Section was able to complete 77% of audits targeted for completion. The failure to meet the target was caused by the Credit Unions' inability to meet the stipulated timeline of March 31, due mainly to a delay in the actuarial valuation of the pension fund.
- **Investigation** –The Audits and Investigations Section investigated alleged misappropriation at a Society amounting to approximately \$2M; the matter was referred to the Police for further investigation.
- **Technical Support** – This included numerous persons seeking advice on the requirements of the Industrial and Provident Societies Act which included; the filing of Annual Returns, cancellation and dissolution of Societies.

- **Group Organization:** Face-to-face contact was facilitated with approximately 800 persons within 50 groups through 70 activities with regards to criteria for registration under the relevant Acts & Regulations.
- **Group Supervision:** Fifty (50) applications were processed and 40 entities registered within stipulated timeline, representing an 80% achievement.
- **Appraisal of Rules:** This ensured that constitutions were in keeping with statutes, international trends and members' needs. The achievement was 130% of target.
- **Research, Development Planning & Resuscitation:** The issues associated with some levels of inefficiencies, dormancy, non-adherence to statutes, lack of funding to implement projects by societies, required repetitious interventions and as such impacted negatively on achievement. The Department is looking at increased collaboration among stakeholders to reduce these barriers to achievement.
- **Pre-Audit Checks:** Records of societies were assessed for adequacy with regards to Auditing. Records which were assessed and found to be of suitable standard were forwarded to the Audit & Investigation Section. This resulted in the convening of Annual General Meetings for these Societies.
- **Operational Assessment:** Facilitated interventions geared towards assisting the societies in identifying weak areas if any and implementing ameliorative steps in treating with them.
- **Technical Support & Business Counseling:** These societies were provided with assistance in developing basic Internal Control Systems as well as to ensure that other statutory requirements were met.
- **Training (Movement):** Training facilitated capacity building and improved the skill sets of member of various Committees and Boards thereby enabling them to be better equipped to operate their entities which allowed for increased instances of profitability in operations, fiduciary management, and good corporate governance.
- **Training of DCFS Staff:** An increased attempt was made to expose staff to areas of specialized training (locally and internationally). Staff training facilitated improvement in competence levels and upgrading of qualifications in instances.
- **Registration:** The registration of fifty (50) Societies under the relevant Acts has contributed to employment, development in the Agricultural and other sectors and improvement in the social and economic conditions within mainly inner-city communities.



- **Reclassification and Restructuring Exercises**

Exercises aim at the reclassification of posts and the restructuring of the Department were undertaken in a bid to reflect the additional responsibility of the Department bought on by the revised Industrial and Provident Societies Act and transfer of the functions of the Agricultural Credit Board. While the transfer has temporarily been placed on hold, the reclassification exercises are near finalization with the tentative approval from the Ministry of Industry, Investment and Commerce and the Ministry of Finance and the Public Sector.

- **Other Initiatives and Special Projects**

The United Nations declared 2012 the **International Year of Co-operatives (IYC)** and the Department was directly involved in several activities throughout 2012 to commemorate this occurrence. They included:

- TIP Friendly Society in collaboration with DCFS hosting a two (2) day symposium and exhibition at the Sunset Jamaica Grande, Ocho Rios. The event brought together approximately 150 representatives from the Co-operative & Friendly Societies Movements across the island.
- A beach clean-up organized in keeping with International Coastal Clean-up week. This event took place on September 15, 2012 and involved several fishing sites associated with three (3) Co-operative enterprise namely:
  - Rocky Point Fishermen's Co-operative Society Ltd.
  - Old Harbour Bay Fishermen's Co-operative Society Ltd.
  - Rockford CDC Benevolent Society.
- **Denbigh Agricultural and Industrial Showcase**

Over the years, the Department has participated in the Annual Denbigh Agricultural & Industrial Showcase as a means of disseminating information on the work of the Movements and the Department to the approximately 80,000 patrons who normally participate in this three (3) days event.
- **ISO**

In a bid to become ISO 9001 (Customer Care Delivery) certified, DCFS has facilitated staff attendance at training sessions both locally and internationally. This is a work in progress in collaboration with the Ministry and a scheduled programme was developed to treat with the implementation process; to date the Department has completed 11 of the 28 scheduled activities.
- **Point of Sale (P.O.S.)**

In an effort to improve service delivery consistent with the Ministry's mandate of becoming ISO 9001 certified, the Department was desirous of facilitating point of sale transaction (i.e. the utilisation of debit or credit card) at the head office and of being registered as an Internet Merchant. In discussions with the Ministry of

Finance and the Public Service, it was established that the system would have to be put in place at that Ministry to ensure its seamless processing.

- **Challenges**

- Budget constraints impacted on the acquisition/implementation of adequate infrastructure. Specific reference must be made to the upgrading of the Department's Local Area Network and the PBX System
- Setback in approval of the transfer of the Agricultural Credit Board
- Credit Union adherence to BOJ requirements and the BOJ/Credit Union Regulation still yet to be fully streamlined
- Failure of Societies to keep proper accounting records impact the timely auditing, which had a domino effect with regards to the convening of the Annual General Meetings of Societies
- Poor management practices in most Non-Credit Union Societies
- Tardiness on the part of Management within Producers and Services Societies in addressing breaches and impropriety
- Levels of non compliance within Friendly and Benevolent Societies
- Undercapitalization of Societies
- Gerontocracy in leadership
- Remuneration vs. demands of job junctions.

### DCFS ACHIEVEMENTS FOR THE FY 2012/2013

ACTIVITIES	BUDGETED	ACHIEVEMENTS	VARIANCE
Registration	30	33	3
Audits	160	121	-39
Investigations	Based on reported cases	3	0
Full and Partial Inspection	122	97	-25
Financial Assessment	34	80	46
Pre-Audit Checks	208	106	-102
Account System Development	12	5	-7
Assessment of Systems & Internal Control	25	34	9
Amalgamation	6	2	-4
Liquidation/Inquiry/T.O.E.	As assigned by RCS	2	2
Technical Support and Business Counselling	255	809	554
Group Organization	40	50	10
Group Supervision	30	48	18
Research, Development Planning, Resuscitation	10	8	-2
Operational Assessment	65	44	21
Appraisal of Rules	40	52	12
Training Movement	750	976	226
Training Staff	40	40	0
Special Projects	4	8	4



**Church Service held to launch IYC 2012. Right to left: The Most Honourable Sir Patrick Allen and Lady Allen; Mr. Fitz Rowe, General Manager of St. Elizabeth Co-operative Credit Union Ltd; Mr. Errol Gallimore, Registrar of Co-operative Societies and Friendly Societies; Mr. Reginal Budhan , former Permanent Secretary of the Ministry of Industry, Investment and Commerce and his wife Mrs. Z. Budhan.**



**Stakeholder at Cave Valley Coffee and Rum Fest toast to the future occurrence of the event.**

# **FACTORIES CORPORATION OF JAMAICA**

## **Mission**

The Mission of the Factories Corporation of Jamaica is to satisfy commercial/business needs and enhance national development by providing quality commercial space profitably. This is done through the development, leasing and management of industrial properties island-wide.

## **Vision**

The Vision of the Factories Corporation of Jamaica is to be a financially strong and dominant provider of industrial, commercial and office space.

## **Role and functions**

FCJ is the leading industrial infrastructure specialist spearheading the planning and development of a dynamic and innovative industrial landscape.

FCJ's initial mandate was to build approximately 92,936 square meters (1 million square feet) of factory space.

Presently FCJ controls some 169,157 square meters (1,820,128.92 square feet) of factory space, and in excess of 78.4 hectares (193.6 acres) of vacant lands plus two hundred (200) acres of Caymanas Estate.

When the Company commenced operation in 1987, seventy five percent (75%) of its tenants were engaged in the garment industry. Today the occupancy mix is far more diverse and is represented as follows:

• Manufacturing	49.0%
• Warehousing	18.0%
• Distribution	19.0%
• ICT	2.0%
• Service	4.0%
• Other	8.0%

FCJ's mandate has been broadened to that of being a catalyst for job creation, development and sustainable economic growth.

Accordingly, as Jamaica positions itself in a dynamic global environment and prepares to become the premier ICT, Business and Logistics Centre, FCJ will partner with its customers to understand their evolving needs and develop appropriate "future-ready" infrastructural solutions in its quest to fulfill the Minister's mandate.

With this being a part of its mission, FCJ will continue to be the Master Developer/Planner of new projects to give Jamaica a competitive advantage in the ICT, Business and Logistics sectors and will play an administrative and management role for all its projects.

## 6.0 Highlights of Achievements for Financial Year 2012/2013

(a)	<p><b>Managed Suitable Property Portfolio</b></p> <p>There are three (3) sales pending conclusion that will realize net proceeds of approximately \$160 M. The sale of six (6) properties, netting approximately \$208 M, is awaiting Cabinet approval. There are also expressions of interest in an additional two (2) properties.</p>
(b)	<p><b>Restoration of Scrap Metal Industry</b></p> <p>The FCJ was originally mandated to construct, manage and operate a scrap metal processing facility at a site located on lands in Riverton City, Kingston 11 adjacent to the city solid waste disposal site. The property was assigned to Factories Corporation of Jamaica with the objective of establishing a central scrap metal processing facility for the purpose of receiving, inspecting, packing, shipping containers and dispatching for export based on the new scrap metal regime regulations. This was projected to cost the Government of Jamaica approximately \$40 M.</p> <p>In keeping with the instructions from the portfolio ministry and consequent to Cabinet approval, the Agency has secured three (3) locations designated as interim processing sites and commenced overseeing their operations as hubs to provide the processing and export preparation of all approved scrap metal exporters.</p> <p>A rigorous selection process was conducted to engage the services of competent personnel who would be involved in the technical and hazardous daily assignments.</p> <p>To date, the start-up operation has been very successful and it is hoped that with the economic and employment impact of this project, a scheduled review of the operations at the end of the first six (6) month period, will indicate a basis for continuity of the regime.</p> <p>The following represent the volumes of scrap metal exports as</p>

	at March 31, 2013.																																	
	<table border="1"> <tr> <th>CATEGORY</th><th>JAN</th><th>FEB</th><th>MAR</th><th>TOTAL</th></tr> <tr> <td>Number of Dealer 1 (Itinerants)</td><td></td><td></td><td>333</td><td>333</td></tr> <tr> <td>Number of Carriers</td><td></td><td></td><td>203</td><td>203</td></tr> <tr> <td>Total Number of Approved Exporters</td><td></td><td>3</td><td>2</td><td>5</td></tr> <tr> <td>Total Number of Containers</td><td></td><td>52</td><td>151</td><td>203</td></tr> <tr> <td>Income</td><td></td><td>J\$1,772,365.50</td><td>J\$5,184,699.00</td><td>J\$6,957,064.50</td></tr> </table>				CATEGORY	JAN	FEB	MAR	TOTAL	Number of Dealer 1 (Itinerants)			333	333	Number of Carriers			203	203	Total Number of Approved Exporters		3	2	5	Total Number of Containers		52	151	203	Income		J\$1,772,365.50	J\$5,184,699.00	J\$6,957,064.50
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(c)	<p><b>The Caymanas Economic Zone</b></p> <p>By taking the Private Public Partnership (PPP) approach, FCJ was able to save \$1.2 billion, the amount earmarked to fund the CEZ project. In that regard, Requests for Proposals were sent out in December 2012, inviting private investors with the requisite technical and financial capacity to submit proposals to develop these assets in a way which contributes to sustainable economic activity and development.</p> <p>Eleven (11) proposals were received from international and local entities; nine (9) international from countries including Canada, United States, UK, India and China and two (2) local. The submissions are currently being evaluated and it is envisaged that construction activities will commence in the quarter April – June 2013.</p>																																	
(d)	<p><b>Web site Development</b></p> <p>The website continues to be updated monthly with the most current information on factory space for rent together with rental rates as well as a list of properties for sale.</p>																																	

(e)	<p><b>Improved Financial Performance as at March 31, 2013</b></p> <p>Despite the tight economic conditions, FCJ has been able to achieve significant surpluses as against budget and projections. This was achieved through cost containment, aggressive marketing and innovative management of properties.</p> <p>At the end of March 2013, revenues were above budget by \$58 M or about 100%, while expenditures were below budget by \$45 M or 10%.</p> <p>Assets grew from \$7.14 billion at March 31, 2012 to \$7.29 billion as at March 31, 2013, an increase of 2.1%.</p>
(f)	<p><b>Improved Management and Accountability System</b></p> <p>Internal Audits are conducted on a quarterly basis by a contracted audit firm, while the Annual Audit of financials is undertaken by an external audit firm.</p>

## 7.0 Strategic Focus for Financial Year 2013/2014

For the Financial Year 2013/2014 the FCJ will implement the following:

- Development of five (5) acres of land with the appropriate infrastructure and one hundred and fifty thousand (150,000) sq. ft. of building suitable for the ICT/BPO industry
- Development of twenty-one (21) acres of land with the appropriate infrastructure and approximately six hundred thousand (600,000) sq. ft. of e-Commerce office space
- Development of Caymanas Economic Zone
  - 200 acres – Mandela North and
  - 500 acres – Mandela South.
- Master planning and repositioning Garmex Free Zone as a critical support area for logistics
- Given the increased demand for space in the Montego Bay Free Zone (MBFZ) and the constraints faced by the Port Authority of Jamaica (PAJ), FCJ will, in conjunction with the PAJ, construct 63,000 sq. ft. of office space on lands in the Free Zone owned by the PAJ
- Development and supply of alternative energy which will provide energy for the developments in Caymanas and Naggo Head areas



- Upgrading existing buildings and sites through identified capital projects
- Implementing maintenance programmes at all facilities
- Complementary to refreshing of the Vision and Mission Statements and rebranding, the company will undertake a restructuring exercise.

FCJ intends to improve its profitability by achieving the following targets:

- (i) A minimum rate of five percent (5%) net profit.
- (ii) Improving occupancy of rental space to eighty one percent (81%).
- (iii) Ensure Trade Receivables do not exceed thirty-five (35) days
- (iv) Achieve a return on investment of four percent (4%).

## 8.0 Budgets for Financial Year 2011/2012 – 2013/2014

Categories	2011/2012	2012/2013	2013/2014
<b>Income</b>	\$	\$	\$
(a) Operating	427,630,000.00	602,530,000.00	624,940,000.00
(b) Sale of Property		34,650,000.00	126,000,000.00
<b>Expenditure</b>			
(a) Capital	211,940,000.00	86,060,000.00	126,160,000.00
(b) Recurrent	291,050,000.00	437,510,000.00	535,530,000.00

## **FAIR TRADING COMMISSION**

### **ROLE AND FUNCTION OF THE FAIR TRADING COMMISSION**

Established in 1993, the Fair Trading Commission (FTC) administers the Fair Competition Act (FCA), which provides for the maintenance and encouragement of competition in the conduct of trade and business and in the provision of services in Jamaica, with a view to ensuring that markets are competitive and that consumers are provided with competitive prices and product choices.

In that regard, the functions of the FTC are:

- To carry out, on its own initiative or at the request of the Minister or any other person, investigations in relation to the conduct of business in Jamaica in connection with matters falling within the provisions of the FCA;
- To advise the Minister on matters relating to the operation of the FCA;
- To make available to businesses and consumers, general information with respect to their rights and obligations under the FCA;
- To cooperate with and assist any association in developing and promoting the observance of standards of conduct for the purpose of ensuring compliance with the FCA; and
- To undertake studies and publicize reports and information regarding matters affecting the interests of consumers.

The FCA contains two (2) broad categories of prohibitions; those dealing with anticompetitive behaviour and those dealing with consumer protection. Regarding anticompetitive behaviour, the FCA addresses abuse of dominance, agreements that substantially lessen competition, exclusive dealing, market restriction, resale price maintenance, tied selling, price fixing and bid rigging. Regarding consumer protection, the FCA addresses misleading advertising, sale above advertised price, double ticketing and the unavailability of goods advertised at a bargain price.

For the purposes of its investigation, the FTC has the power to obtain any information that it considers necessary. Where the Court determines that the FCA has been breached, the Act allows for a fine of up to JA\$5 million in the case of an enterprise and up to JA\$1 million in the case of an individual.

## **PRIORITY PROGRAMMES FOR FY 2012-2013**

For the Financial Year 2012-2013, the FTC set the following five (5) broad programmes as its main priorities:

1. Enforce the provisions of the FCA in relation to the conduct of business in Jamaica to reduce the incidence of anti-competitive business practices
2. Demonstrate the benefits of competitive markets to promote a better understanding of the role and function of the FTC in fostering a competitive economic environment
3. Advise policymakers on the implications of existing and proposed policies to ensure that those policies do not result in the hindrance of competition
4. Maintain and enhance a presence in the international competition arena to further facilitate the growth and development of the staff of the FTC and to provide advice on regional competition issues to other CARICOM member states
5. Streamline and improve internal processes to enhance the delivery of services to all external stakeholders as well as to the staff and commissioners of the organization.

## **4.0 PERFORMANCE**

### **Complaints Handled**

Over the period April 1, 2012 to March 31, 2013, the FTC investigated a total of three hundred and fifty four cases (354) cases. This comprises one hundred and twenty four (124) cases that were unresolved at the end of the previous Financial Year; and two hundred and thirty (230) cases which were received during the 2012/2013 Financial Year. For the current review period, one hundred and eighty eight (188) cases were resolved and closed, representing a resolution rate of 53.11%. (See Table 1 below)

Of the three hundred and fifty four (354) cases investigated during the year under review, 79.94% were classified as matters relating to consumer protection; 9.04% were classified as competition protection; and 1.7% as requests for opinion or information. Some 9.3% of complaints received were considered as being outside the purview of the FCA and were therefore transferred to other agencies, where appropriate.

**Table 1: Cases Investigated during 2012/2013 Financial Year**

	<b>Total</b>
Unresolved at March 31, 2012	124
Received	230
<b>Total Cases investigated</b>	354
Closed	188
Unresolved at March 31, 2013	166
Resolution Rate	53.11%

**Table 2: Complaints Received (by Category) during the 2011/2012 & 2012/2013 Financial Years**

INDUSTRY CATEGORY	COMPLAINTS RECEIVED			
	2011/2012		2012/2013	
	Number	Percentage of Total	Number	Percentage of Total
Telecommunications	69	29.2	48	20.9
Household appliances & supplies	12	5.1	14	6.1
Motor Vehicles	44	18.6	60	26.1
Financial & insurance services	19	8.1	11	4.8
Real estate & construction	8	3.4	15	6.5
Education	17	7.2	11	4.8
Professional services	4	1.7	11	4.8
Transportation	6	2.5	2	0.9

Government services	3	1.3	1	0.4
Other	54	22.9	57	24.7
<b>TOTAL</b>	<b>236</b>	<b>100</b>	<b>230</b>	<b>100</b>

During the 2012/2013 Financial Year there was a significant reduction in the number of complaints relating to the telecommunications sector and this could be attributed to the reduced number of players. Over time the FTC had found that the level of advertising and promotional activities by firms in the telecommunications industry is directly related to the number of complaints received by the FTC. In the previous Financial Year, Digicel had acquired the assets of Claro and had taken control of Claro's operations on March 1, 2012; and from henceforth there was a marked reduction in the level of advertising and promotional activities.

Also, it is noted that the number of complaints relating to the motor vehicle sector was higher than that received in the 2011/2012 Financial Year. The majority of complaints received were about discrepancies' in the model years of motor vehicles sold by Used Car Dealers. See items 4 and 5 under the section entitled "Public Education". The FTC has been pursuing these complaints as cases of Misleading Advertising.

#### PERFORMANCE AGAINST TARGET

	TARGET	RESULT	COMMENTS
Consent Agreement	3	1 (33.33%)	Cost recovery: \$120,800
Resolution rate	75%	53.11%	
Market study	3	2 (66.67%)	
Completion of market study	Within 6 months	1 (50%)	
Public lecture/ workshop	2	2 (100%)	
Publication	5	5 (100%)	

## **MATTERS OF SPECIAL SIGNIFICANCE**

### **Court Matter**

1. Following the filing of a suit by the FTC in the Supreme Court against Digicel's acquisition of Claro in December 2011, attorneys representing both defendants filed an application challenging the FTC's jurisdiction. They sought the Court's ruling on whether the Fair Competition Act (FCA) applies generally to the telecommunications industry, specifically to the acquisition agreement, and to any transactions effected by it. On May 15, 2012 the Court ruled that the FCA generally applies to the telecommunications industry in all these respects.

A ruling against the FTC would have ended the suit; however, with Judgment in its favour, the FTC can proceed to trial. The defendants have appealed the Judgment and sought to stay all further proceedings until the appeal is heard. The Court did not grant a stay and a trial date was set for May 13 to May 24, 2013. If the appeal is allowed, the FTC will not be able to proceed to trial unless the matter is further appealed at the Judicial Committee of the Privy Council.

### **Telecommunications Regulatory Framework**

2. On June 23, 2010, the FTC released its report on the allegation by Lime that Digicel had been engaging in discriminatory pricing with respect to its fixed to mobile (FTM) termination rates between the fixed networks of Digicel and Lime, which resulted in Lime's fixed business customers paying \$8.50 per minute to place calls to Digicel's mobile network whereas Digicel's fixed customers pay only \$4 per minute to place calls to Digicel's mobile network.

The main finding outlined in the report was that Digicel was dominant in the termination of calls on its own network and that by maintaining a price differential for fixed business telephony service offered on its network, as against that offered on LIME's network to the latter's subscribers, competition in the wider fixed and mobile voice market was likely being affected as well as competition in the narrower significant other relevant market of fixed line voice services to business customers. The FTC's main recommendation was "...that the relevant regulations be amended to limit the opportunity for any supplier to directly influence the price that rival suppliers charge for competing services". The FTC recognized however, that it would take considerable time for the aforementioned recommendation to be implemented; and contemplated taking the matter to the Court for it to decide on the attendant issues.

Market events subsequent to the release of the report validated the findings and recommendation contained in the report. Specifically, on June 5 2012, the Office of Utilities Regulation (OUR) announced that it would establish an interim mobile termination rate of \$5.00 per minute for all networks; this announced action on the part of the OUR was consistent with the course of action recommended by

the FTC to safeguard competition in the industry and resulted in an immediate improvement in the competitiveness of the market.

On June 15, 2012, LIME announced a significant reduction in its mobile retail rates. In response, Digicel reduced its mobile retail rates on June 22, 2012. To the extent that the OUR now has the authority to set the FTM termination rates, the FTC is of the view that pursuing the matter through the Court is no longer necessary to safeguard competition.

## **Review of Legislations**

3. Completed a review of the legislation which regulates the practices of land surveyors, specifically with a view to identifying provisions relating to fees and assessing whether any of the provisions may be anti-competitive.

The FTC concluded that there is no conflict between said legislation and the provisions of the FCA. Specifically, the legislation which governs surveyors does not appear to prevent surveyors from acting independently and setting their own fees.

4. Upon the request of the Ministry of Tourism, submitted comments on the draft Timeshare Vacations Act (TVA). Three (3) suggestions were made:
  - (a) that the TVA make specific reference to the Fair Competition Act (FCA) in order to avoid the jurisdiction issue of whether the provisions of the FCA ought to apply to the TVA, since the TVA is a later specific legislation
  - (b) that with respect to the rights of purchasers of time shares, that a provision for the application of the FCA either as an additional or alternative legislative recourse be included, preferably in the body of the Act, as opposed to, or in addition to the relevant schedules of the TVA. It was pointed out that there is such a provision for the application of the Consumer Protection Act, and by extension the Consumer Affairs Commission
  - (c) to the extent that anti-competitive practices may result from agreements contemplated in the TVA, provision should be made for the application of the FCA, to be referred to in the body of the legislation, and in the schedules where relevant. This could involve words such as ‘...without prejudice to the application of the Fair Competition Act...’ or any similar wording to communicate the intention that the FCA applies to timeshare agreements both from a consumer and producer perspective.

## Public Education

5. Issued a guideline on the purchase of motor vehicles. This guideline became necessary to address the high number of complaints from individuals who have purchased motor vehicles in the past three (3) years. In particular the FTC received numerous complaints of discrepancies in the model years of vehicles as represented by dealers vs. by valuers. There is also concern that the diesel fuel sold in Jamaica is unsuitable for use in some diesel-powered vehicles. The guideline was posted on the FTC's website: [www.jftc.gov.jm](http://www.jftc.gov.jm).
6. Issued a Press Release entitled *"FTC urges consumers to be cautious when purchasing motor vehicles"*, which provides consumers with six (6) check points when purchasing vehicles. They are: confirm the model year; know the quality of fuel that is to be used in the vehicle; research the vehicle; inspect the vehicle; check for availability of spare parts and understand the warranty and sale agreement. The Press Release followed on the September 2012 release of *Guidelines for the purchase of motor vehicles*.
7. On September 11, 2012 held, at the Jamaica Pegasus Hotel, the 13<sup>th</sup> lecture in the Annual Shirley Playfair Lecture Series, under the theme *"Prospects for Competition in the Electricity Sector: from generation to distribution"*.

The main speaker was Professor Evan Duggan, Dean of the Faculty of Social Sciences, UWI Mona. Dr. Kevin Harriott, Competition Bureau Chief of the FTC, presented on several key issues raised by the FTC regarding the sector. The discussion segment was moderated by Dr. Densil Williams, Commissioner of the FTC.

Professor Duggan was forthright in his view that the most important objective facing Jamaica in the electricity industry at this time is the reduction of electricity prices, of course, subject to whatever constraints that may exist. He highlighted several concerns that must be addressed as a matter of urgency, including (a) increased competition in the electricity sector; (b) fuel diversity and energy security; (c) greater operational and extractive efficiencies; (d) increasing the share of renewables and accommodating environmental objective; (e) improved regulatory diligence; (f) greater domestic private sector investment/participation in the electricity sector; and (g) greater emphasis and awareness of energy conservation and demand-side management.

On promoting increased competition in the sector, he stated that the most effective competitive configuration ought to be supported by facilities such as net billing, net metering, feed-in tariff and power wheeling. He added that this is the purpose of the UWI Think Tank of which he is a member, that is, to model various scenarios that will "contribute invaluable, informed insights into what the anatomy of the sector should look like and what choices will allow us to avoid the



fault lines and hit the sweet spots”. The full text of the presentation is available on the FTC website – [www.jftc.gov.jm](http://www.jftc.gov.jm).

One hundred & thirty-two (132) persons were in attendance, representing a wide cross section of organizations as well as committees that speak on energy issues. Some of the industry participants represented were: Jamaica Public Service Company Ltd., Jamaica Energy Partners, Jamaica Solar Energy Association, Jamaica Chamber of Commerce and Private Sector Organization of Jamaica. Other organizations represented include: Bureau of Standards Jamaica, RBC Bank Jamaica Limited, National Water Commission, Office of Utilities Regulation, National Environment & Planning Agency, JAMPRO, Ministry of Science Technology & Mining and Trade Board Limited. The comments and questions from these representatives were quite instructive; and therefore spurred further interests and discussions.

### **FTC Publications**

8. During the review period, the FTC published its annual magazine and four (4) quarterly on-line newsletter:
  - *Competition Matters 2013* — the 17<sup>th</sup> issue of the FTC’s annual magazine was published in January 2013 and distributed to approximately six hundred (600) persons, both locally and overseas. The theme of the 32-page magazine is “*Competition benefits Consumers*”. Articles published include, *Market Liberalisation, Competition Policy and the Consumer: Telecommunications in Barbados*, contributed by the Barbados competition agency; and *Competition and Open Markets* by Dr. Peter-John Gordon, Lecturer at the University of the West Indies
  - *FTCNewsline* — this electronic quarterly newsletter contains information on competition matters dealt with by the FTC. For the year, were published in April, July and October 2012 and January 2013. The issues were emailed to over three hundred (300) persons, including representatives of the major television stations, newspapers and radio stations. The aim of the newsletter is to provide insights into the work of the FTC; and to assist persons in better identifying issues that may pose competition concerns.

### **Market Studies**

9. The FTC completed a study on the prospects for competition in the credit union sector. The study examines, among other things, the provision of ancillary services by credit unions given that it has been established that credit unions compete with banks in several respects. Against the background of increasing concern among credit union members, that the fees being charged by credit unions are excessive and sometimes higher than that charged by banks, the study (i) assessed the degree of competition in the credit union sector in the

provision of ancillary services; (ii) identified factors that restrict competition; and (iii) suggested ways in which competition could be enhanced for the benefit of consumers.

The key findings were that (i) there was no significant increase in the average fees for the period 2007-2010; (ii) the price spread between the lowest and highest average fees widened in 2010 relative to 2007; (iii) the credit union sector has over 40 suppliers with no individual credit union having market share greater than 15 percent with respect to assets; (iv) the sector is concentrated in at least twelve out of thirteen geographic regions in terms of branches; (v) consumer power is twofold in that consumers can engage in comparison shopping for the supplier that best meet their needs and also, as shareholders in credit unions, members can raise concerns at annual general meetings; (vi) banks compete with credit unions as they offer several similar services; and (vii) the average fees at credit unions are lower than the average fees for banks for seven selected services.

The FTC recommended that (a) qualifications for membership in credit unions should be adjusted to allow more persons to become eligible to join any given credit union; and (b) since consumers are also part owners of the credit unions of which they are members, they should be encouraged to play a more active role in the operations of their credit union through, for example, participation at Annual General Meetings.

10. The FTC concluded a study on the effect on consumers of the automotive diesel oil (ADO) sold in Jamaica. The study sought to: (i) examine whether the ADO supplied in Jamaica is compatible with the engine technologies of vehicles being sold by local car dealers; and (ii) identify the obligations of dealers under the Fair Competition Act (FCA).

The main conclusion of the study was that information regarding the quality of the ADO available to consumers is considered to be material information because it is likely to affect consumers purchasing decision. Further, the high content of sulphur in the ADO being supplied to the local market is likely to reduce the useful life of many motor vehicles being sold. Consequently, the FTC has recommended that this information be explicitly conveyed to consumers prior to purchase. A report on the study was made available to the Jamaica Used Car Dealers Association and the Automobile Dealers Association of Jamaica as well as to Petrojam, the Ministry of Transport and Works, the Ministry of Science, Technology, Energy and Mining; and to the National Environment and Planning Agency.

11. The FTC completed an analysis of the maintenance schedule of diesel and gas vehicles recommended in the local and international markets. The report was prompted by numerous complaints regarding the engine lifespan of diesel-powered motor vehicles in Jamaica. In most instances, consumers complained

that within three to five years after purchasing diesel-powered vehicles, the vehicles required extensive engine repairs.

12. The FTC finalized its assessment of the recent expansion of Caribbean Broilers (CB) into the retail market for table eggs. CB is one of two major suppliers of ready-to-lay hens ('pullets'). Egg farmers use pullets to supply table eggs to final consumers. The assessment was conducted at the request of the Jamaica Egg Farmers Association Ltd which expressed fear that the expansion would provide CB with an unfair strategic advantage over small farmers.

On the face of it, CB's participation in the table egg market suggests that it had adequate incentives to adversely affect competition in the market for table eggs; further, CB's participation in the pullet market suggests that it would have some opportunity to adversely affect competition in the market for table eggs. Indeed, small farmers could not compete with CB in the market for table eggs if the difference (margin) between the price at which they acquire pullets and the price at which CB sells table eggs is sufficiently small. The smaller the margin, the less competitive pressure small farmers could exert and remain profitable.

All other things equal, if CB could increase the price paid by small farmers for pullets, it would make the margin sufficiently small to weaken its competitors in the market for table eggs. The focus of the assessment, therefore, was to determine whether CB is likely to have sufficient opportunity to increase the price small farmers pay for pullets.

The main finding of the assessment is that the other major supplier of pullets, Jamaica Broilers, has the capacity to serve a sufficiently large number of the small farmers who would likely switch if the price of pullets sold by CB rendered them uncompetitive in the market for table eggs. This means that small farmers have a reasonable alternative supplier of pullets and therefore had the opportunity to avoid any substantial price increase which might be imposed by CB. Ultimately, this would mitigate attempts by CB to weaken competition in the market for table eggs.

Accordingly, the FTC concluded that CB's expansion into the retail market for table eggs is unlikely to lead to a substantial lessening of competition.

## **Competition Advocacy**

13. The FTC participated in the 'Petroleum Price' Committee which was formed by the Office of the Prime Minister to review issues that affect the price of petroleum products, to discuss options and to provide suggestions for reducing the price of petroleum products to consumers.

14. The FTC participated in several meetings of the Project Steering Committee for Consumer Protection, hosted by the CARICOM Competition Commission. Other participants include members of the national consumer protection authorities and competition agencies of CARICOM; and the objective of the Steering Committee is to develop and conduct research projects geared at identifying consumer detriment in specific markets of member states, implementing measures to mitigate against consumer detriment as well as increasing awareness of consumer protection issues.

### **Budgetary Allocation**

The following table summarizes the actual amounts expended by the FTC in each of the three (3) previous Financial Years. Also included is the Approved Budgetary Allocation for the 2013-2014 Financial Year.

<b>Object</b>	<b>2013-2014 Approved (\$)</b>	<b>2012-2013 Actual (\$)</b>	<b>2011-2012 Actual (\$)</b>	<b>2010-2011 Actual (\$)</b>
Compensation of Employees	54,934,000	51,170,609	54,095,804	47,621,397
Travel Expense & Subsistence	5,382,000	6,496,678	5,634,299	5,476,759
Rental Of Bldg., Machinery & Equip.	9,104,000	10,133,363	8,202,530	8,457,377
Public Utility Services	2,060,000	2,359,026	2,294,079	2,017,418
Purchase of other Goods & Services	2,034,000	3,465,200	3,496,299	3,275,276
Asset Purchases	0	40,186	387,757	223,162
<b>Total</b>	<b>73,515,000</b>	<b>73,665,062</b>	<b>74,110,768</b>	<b>67,071,389</b>

# **FOOD STORAGE AND PREVENTION OF INFESTATION DIVISION**

## **Mission**

The mission of the Division is to ensure the safety and wholesomeness of food/feed entering commerce, through application of sound scientific principles in a timely and professional manner, so limiting consumption of potentially harmful food/feed.

## **Functions**

The role of the Division is to carry out the Government's programme of surveillance and regulation of the food industry to ensure the safety and wholesomeness of food/feed entering commerce. The Division carries out the functions of: inspection, sampling, disinfestations, laboratory tests, training and research into problems of post harvest/crops/stored-products management, pesticides and biological toxin management.

## **Highlights of Achievements for the 2012/2013 Financial Year**

### **Rodent Biology and Control**

The effort to prevent and mitigate rodent infestation in food/feed stores, post offices, prisons and hospitals continued islandwide. Assistance was also provided to other institutions, based on request. During the review period, stakeholders in the food industry were empowered through various training programmes and consultations, to take responsibility for rodent control through proper environmental management.

The following operational activities were undertaken:

- Twenty-three (23) rodent control programmes were implemented
- Fifty-six (56) inspections conducted
- Three thousand and seventy-six (3,076) bait stations set
- One hundred and thirty-one (131) analyses in areas including breeding programmes, rodenticide evaluations and species identification tests
- Eleven (11) lectures conducted with two hundred and seventy six (276) persons trained
- Four thousand eight hundred and thirty (4,830) individuals /companies received consultations.
- Participation in the inter-ministerial committee for the "Keep Jamaica Clean Campaign" as technical advisor on rodent control and sanitation programme.

## Microbiology

Analyses of food samples submitted by inspectors and private entities were carried out, as indicated below, in an effort to identify contaminating stored-product microorganisms.

- One thousand four hundred and fifty-nine (1,459) samples were received and four thousand five hundred and ninety-one (4,591) tests carried out for bacteria and fungi.
- Two (2) warehouses were visited.

## Pesticide Residues

Apart from routine pesticide residue, mycotoxin and other chemical analyses, the unit is involved in other activities to enhance laboratory capabilities and public awareness. To promote the work of the entity, there were continued efforts to interact with other research institutions and educational institutions.

### Pesticide Laboratory Work

Tests	Output No. of Samples
Pesticide Residue	4
Mycotoxin	206
Other chemical analyses	5
Rancidity	-
<b>Total</b>	<b>215</b>
Total no. of samples received	<b>192</b>

## POSTHARVEST TRAINING

The unit conducted a two-day fresh produce training workshop for supermarket fresh produce handlers. Eight (8) lectures and two (2) audio-visual presentations were done. Forty (40) participants were trained in the following:

- Post Harvest overview
- Post Harvest deterioration
- Maturity and Maturity Indices
- Sanitation, Workers Health and Hygiene

- Processing of Fresh Produce
- Packaging of Fresh Produce
- Storage of Fresh Produce
- Post Harvest recommendation.

### **Inspectorate and Disinfestation Unit**

Surveillance and regulatory activities were maintained to ensure that only safe and wholesome food reaches the consumer. This is done through inspections, sampling and disinfestations.

### **FSPID Montego Bay Office**

The strategic move of increasing the number of inspectors at the outpost in Montego Bay to cover the parishes of Hanover, Westmoreland, St. James and Trelawny has resulted in two thousand five hundred and three (2,503) food establishments being inspected to date. The quantity of food inspected was 31,178.92 metric tonnes valued at J\$2,951.82 Million.

### **One Stop Shop**

The One Stop Shop is operating effectively with two (2) Food Storage Inspectors being assigned on a daily basis to attend to the needs of the public.

The following represents a summary of activity for the unit:

• Inspections	14,947
• Samples submitted	846
• Disinfestation operations	1,628
• Food condemned (metric tons)	9.82
• Export certificates issued	528

For the period under review approximately one thousand four hundred (1,400) food establishments have been issued with certificates of compliance in accordance with the relevant Act and Regulations.

## Other Activities

- The Division participated at the SRC Career Day exhibition held at the Jamaica College Auditorium on April 3<sup>rd</sup>. Over 700 persons visited the booth and approximately 400 brochures were distributed.
- On April 9<sup>th</sup> Easter Monday the Division participated in two agricultural shows, at the Montpellier Agriculture show, St. James. Over 600 persons visited the booth and approximately 350 brochures were distributed. Gray's Inn Sports complex in St. Mary saw fewer persons because of inclement weather. Approximately 300 persons visited the booth and 150 brochures were distributed.
- On April 26<sup>th</sup> the Division participated in the Kingston and St. Andrew, Jamaica Agricultural Society Agricultural Show. Over 400 persons visited the booth and approximately 350 brochures were distributed.
- On April 26<sup>th</sup>-29<sup>th</sup> the Division participated in the JMA/JEA Expo. Approximately 700 visitors passed through the booth. Approximately 800 brochures were distributed.
- On August 4<sup>th</sup> - 6<sup>th</sup> the Division participated at the Annual Denbigh Agricultural show where approximately 500 persons visited the FSPID booth over the three days of the show, approximately 1,500 brochures were distributed.
- The Division coordinated and conducted Grain Seminars entitled "Proper Handling and Storage of Grain" for farmers in Aboukir, Browns Town and Claremont, St. Ann. The seminars were held on September 20<sup>th</sup>, 27<sup>th</sup> and October 4<sup>th</sup> respectively with one hundred and three farmers in attendance.
- On December 7, 8 & 15 the Division coordinated Food Safety Public Awareness Exhibitions held at the Shopper's Fair-Portmore, Shopper's Fair- Mandeville and Michi's supermarkets respectively. Approximately 1,200 brochures were distributed to 300 customers at these locations.
- Officers from the Division attended a five-day Train the Trainers programme in Good Agricultural Practices from February 18 to 22. The programme was conducted by the Joint Institute for Food Safety and Nutrition from the University of Maryland in collaboration with the Ministry of Agriculture and Fisheries and the Jamaica Social Investment Fund. The programme, was endorsed by the FDA, and focused on food safety issues as they relate to the Food Safety Modernization Act.



## **Details of Performance for Financial Year 2012/2013**

Total no. of samples submitted – 2,053

Total no. of tests done – 5,445

Total quantity of food inspected – 676223.74 MT

Total no. of statutory notices issued -- 873

Total no. of rodent treatment/premises – 3,076

Total no. of persons trained -- 305

Total no. of consultations – 4,867

Total of brochures distributed – 5,250

Total no. of fumigations – 1,321

Total no. of spraying/misting operations – 214

Total no. of inspections - 15,227

Total no. of reports – 443

**Revenue earned:** Nine Million, Eight Hundred, Forty Seven Thousand, Two Hundred and Thirty-Eight Dollars (\$9,847,238)

## **Strategic Focus for Financial Year 2013/2014**

- Continue the modernization initiatives for the Division's operations and move towards the more scientific Hazard Analysis and Critical Control Point (HACCP) based inspection audit system, as well as to expand the role of the Montego Bay office.
- Continue the National Food Safety Compliance (NFSC) programme with the certification of food establishments. Establishments that are already certified will be revisited to ensure compliance.
- Work towards revision of the Act and Regulations.

## **Summary of the Main Programmes for Financial Year 2013/2014**

### **Inspection and Disinfestations**

- (a) Inspections for food safety and wholesomeness and compliance with the Food Storage Act
- (b) Sampling for laboratory evaluation, the results of which are used for decision-making
- (c) Disinfestations of food and food storage structures
- (d) Rodent baiting.

### **Training, Information and Public Relations**

The following will be the areas of focus:

- (a) Educating the public for compliance with the requirements of the Food Storage and Prevention of Infestation Act and Regulations
- (b) Stored product management
- (b) Pesticide management in food/feed stores
- (c) Rodent biology and control
- (d) HACCP- based programmes.

### **Rodent Biology and Control**

Plans are in place to increase the number of rodent control programmes islandwide, as well as the number of consultations with private businesses, individuals, and community organizations. The rodent breeding programme for research purposes will be improved. Emphasis will be placed on the evaluation of rodenticides for effectiveness and environmental concerns.

### **Entomology**

- (a) The laboratory is in the process of obtaining international accreditation
- (b) Routine sample testing will continue
- (c) Research initiatives will be increased to provide scientific support to the regulatory activities.

### **Pesticide Residue & Mycotoxin**

- (a) Routine testing for levels of pesticides on/in foods destined for the local and export markets
- (b) Routine testing for additives above acceptable levels

- (c) Routine testing for mycotoxins on legumes, especially peanuts and animal feeds.
- (d) Training of farmers.

### **Microbiology**

- (a) Routine monitoring of imported processed food
- (b) Routine monitoring of bulk grains and raw materials
- (c) Establishment of CARICOM Standards and Code of Hygiene Practice for bottled coconut water
- (d) Monitoring coliform contamination of cured spices such as ginger and pimento.

## **7.0 Budgetary Allocation**

For Financial Year 2012/2013, budgetary allocation for recurrent expenditure was one hundred and thirty-three million, nine hundred and ninety five dollars (\$133,995,000.00).

For Financial Year 2013/2014, the proposed budgetary allocation for recurrent expenditure is one hundred and twenty eight million, eight hundred and ninety eight thousand dollars (\$128,898,000.00).

# **JAMAICA BUSINESS DEVELOPMENT CORPORATION**

## **Mission**

To pursue MSME developmental policies that foster sustainable modernization and growth in the productive sector, effective modernization of the business environment, cost-effective delivery of technical and marketing services through highly committed, competent and motivated employees.

## **Corporate Strategy**

The corporate strategy of the JBDC was designed and developed with the acknowledgment that the Micro, Small and Medium-sized Enterprise (MSME) sector is an integral component of the Jamaican economy and has the potential to be an important element of the Country's growth strategy.

The methodology used in planning and executing JBDC's programmes included harnessing the elements of opportunities for the sector identified in the operating environment and incorporating the relevant section of Vision 2030, the Jamaica National Development Plan, the plans and visions of the Ministry Industry Investment and Commerce, and those of the Ministries of Agriculture, Youth and Culture, and Tourism.

The JBDC continues to focus on the attainment of five outcomes within this sector:

- 1) Enhancement of the MSME's business environment
- 2) Facilitation of development and growth through business and technical support services
- 3) Expansion and improvement in marketing services for MSMEs and corporate promotions
- 4) Provision and/or facilitation of ease of access to appropriate financing for MSMEs
- 5) Enhancement of JBDC's capacity to deliver high-quality services relevant to the sector

## Highlights of Performance/Achievements for Financial Year 2012/2013

Objectives	Achievements
Facilitate MSME development and growth through business and technical support services	<p>For the 2012-2013 period JBDC administered over eight thousand (8,000) interventions to its clients in the MSME sector. An intervention is the delivery of JBDC's products and services to clients to positively influence business development.</p> <p>Three thousand three hundred and fifty (3,350) persons attending one hundred and thirty-four (134) training workshops conducted for the period under review. These training sessions included business management, business formalization, financial management and business plan writing.</p> <p>Two thousand three hundred and fifty-four (2,354) new clients were screened and assisted with developing business ideas and with issues relating to start up and existing business operations.</p> <p>Furniture Design/Business Clinics were held in Ocho Rios and Port Antonio; approximately one hundred and fifty-five (155) manufacturers attended.</p> <p>Three hundred and thirteen (313) clients were monitored under the Business Advisory Services Client Monitoring Programme and by the Technical Services Unit.</p> <p>Fifty-seven (57) agro processing/food production, craft and fashion clients were provided with technical services as follows:</p> <ul style="list-style-type: none"> <li>▪ Formulation and/or adjustments of products</li> <li>▪ Product design and development</li> <li>▪ Pattern making and garment construction</li> <li>▪ Labelling and packaging.</li> </ul> <p>Two hundred and nine (209) clients were provided with graphic design services related to packaging, labelling and collateral material.</p> <p>Thirty-five (35) fashion and food production businesses utilized the Incubator Facility at the Resource Centre</p> <p>Fifty-six (56) audits were conducted for MSME facilities from various sectors, which included the furniture, craft, and fashion. Energy management audits were also undertaken.</p>

Objectives	Achievements
	<p>The JBDC Team continued to conduct entrepreneurship course classes for over three hundred (300) students at the University of the West Indies, Mona School of Business and Management students.</p>
<p>Enhance the MSME business environment</p>	<p>A market research for the Furniture Industry was completed. The results of the survey were disseminated to stakeholders and manufacturers at business dialogue sessions and business clinics.</p> <p>Business Opportunity profiles were completed for Pepper, Irish potato, and Ginger cultivation, in addition to Bee Keeping, Small Ruminants, Small Restaurants, Green House Farming and Sauce Manufacturing.</p>
<p>Expand and improve marketing services for MSMEs and strengthen corporate promotions</p>	<p>The six (6) Things Jamaican stores provided marketing opportunities for MSME clients. The number of active suppliers is approximately three hundred (300).</p> <p>One hundred and twenty-nine (129) new products were introduced to the market through the Things Jamaican outlets.</p> <p>One hundred and seventy-three (173) products were re-branded for Spa Jamaica initially for the Jamaica 50<sup>th</sup> celebrations</p> <p>JBDC's second "Signature Sorrel....Truly Jamaican Gift &amp; Craft Fair" was held on November 24 &amp; 25, 2012 on the grounds of Jamaica House. The fair featured authentic Jamaican fashion, food products, and gift and craft items. Approximately forty-five (45) clients participated.</p>
<p>Provide and/or facilitate ease of access to financing for MSMEs</p>	<p>Thirty-five (35) loan applications processed for the review period to January 2013. Further funds were not available for new applications. In this regard inquiries were processed but applications were not accepted.</p>
<p>To facilitate the establishment of Industry Standards for the MSME sector</p>	<p>Initial assistance provided by JBDC to clients who required further assistance and were referred to associate organizations including the BSJ, SRC, JAMPRO, JIPO, and RADA.</p>

In fulfilment of its mandate, during the Financial Year 2012/2013, the JBDC spearheaded a number of events and activities focused on MSME and industry development. These activities are highlighted below:

## **Projects**

### **The Furniture Jamaica Project**

The project seeks to develop and implement a programme for increasing the competitiveness of the furniture industry and therefore improving its contribution to Jamaica's industrial and economic development.

Achievements include the following:

- Furniture Jamaica Resource Portal [www.FurnitureJamaica.com](http://www.FurnitureJamaica.com) developed.
- GIS Internet Based Web Map developed with over four hundred (400) entities
- Business Clinics and sensitization sessions held island wide that benefited over three hundred (300) participants
- Factory Visits and Preliminary Audits conducted to thirty five (35) companies
- Business Development and Technical Training Workshops; over one hundred and thirty five (135) manufacturers participated
- One (1) Industry Business Opportunity Profile booklet developed.

Funds are being sought to continue the programme.

## **JBDC/Development Bank of Jamaica MSME Support Programme – 3 Components**

### **Craft Biz Project – 30 Beneficiaries**

The main objective is to strengthen business and technical competencies of craft entities through business support and training, the provision of technical services including product development and market access support.

Achievements include: Product development, businesses formalised, preparation of business plans, promotional activities carried out and linkages made with larger companies.

### **MSME Energy Management Project**

This project is part of JBDC's thrust to promote energy conservation management as a means of strengthening the growth and development of MSMEs.

The objectives include promoting efficient energy management and identifying and promoting renewable energy solutions for MSME businesses. Achievements to date include an energy management workshop, sensitization sessions rolled out across the island and six (6) energy audits completed.

### **Small Business Growth and Distribution Linkages Project**

The objective of this intervention is to strengthen the capacity of ten (10) enterprises to access financing and new markets. The services provided for the enterprises included technical support to enhance products through packaging and labelling solutions; marketing exposure and linkages opportunities through participation in major trade events e.g. Jamaica 50 events in the UK.

### **JBDC Jamaica 50 United Kingdom Marketing Initiative**

Things Jamaican, the marketing and retail arm of the JBDC, in its bid to extend and improve its mandate of market access support for Jamaican branded products, sought to leverage on the 50<sup>th</sup> anniversary celebration of Independence as well as the euphoria from Jamaica's dominant profile in the London 2012 Olympic Games. Approximately forty five (45) clients provided over two thousand (2,000) products, which were shipped to the UK, showcased and retailed in the two (2) major retail outlets managed by the Things Jamaican Chain. Over thirty thousand (30,000) patrons visited the venues.

### **JBDC Small Business Expo 2012**

The 5th staging of the Small Business Expo was held at the Wyndham Hotel under the theme **"Inside the Entrepreneurial Mind: From Ideas to Reality"**.

A total of thirty nine (39) exhibitors participated and over five hundred (500) persons attended.

The programme included a number of seminars and topics presented included:

- Small Business, Big Impact - Examining innovation and the role it plays in viable, and successful businesses
- Planning & preparing your business for export
- Financing and investment options for Micro and Small Businesses
- Energy management and how it affects the MSME sector.

### **JBDC Community Development Initiatives**

#### **Steps to Work Programme PATH-Ministry of Labour and Social Security (MLSS)**

The objective of the programme is to graduate beneficiaries from PATH, by providing them with business development training, and employment skills to become economically self-sufficient. JBDC provided business development trainings to six hundred and seventy six (676) individuals from all fourteen (14) parishes across the island.



## **Youth Empowerment Strategy (YES) of Ministry of Labour and Security (MLSS)**

The programme, an initiative by the MLSS, provides an avenue to improve the quality of the labour force by affording access to decent and productive work for youth. JBDC conducted one (1) workshop for twenty-five (25) participants from the inner city communities of Drewsland and Trench Town.

## **Youth Upliftment Through Employment (YUTE)**

YUTE is a holistic programme designed to empower young people in troubled communities by improving their employability. JBDC provided product development training in jewellery making from recycled material for forty-four (44) participants via five (5) workshops.

## **Summary of Main Programmes for Financial Year 2013/2014**

### **Enhance the MSME Business Environment**

- Formalize and strengthen the legal compliance index in order to increase the number of JBDC clients who are legally compliant
- Identify new business opportunities based on environmental analysis and information from support agencies and Ministry plans.

### **Incubator and Resource Centre Expansion**

- Fully functioning Craft, Fashion, Furniture and Agro-processing incubators.
- At least seventy (70) MSMEs accessing incubator facilities annually.
- Expanded provision of value added services and technical support.

### **Income Generation Solutions**

- Building Youth for National Development (BYND); the core objective of this project is to facilitate business start-ups among the nation's youth
- Providing support to the Jamaica Emergency Employment Programme (J.E.E.P).

### **Agro-processing Developmental Initiatives**

- Provision of agro-processing services including in-plant assistance, product formulations, site visits and advice on production layouts
- Equipment and production facility assessment
- Customized workshops.

### **Craft Industry Developmental Initiatives**

- Programme for product and market development for MSMEs in the Craft Industry
- Special focus for the north coast corridor (Ocho Rios, Falmouth, Montego Bay)
- Natural fibre development initiatives.

## **Furniture & Wooden Products Programme**

- Design and Product Development Assistance
- Technical Assistance for Manufacturers
- Marketing Assistance
- Promotion of Networking and Clustering within industry.

#### **MSME Energy Management Programme**

- Develop initiatives to promote efficient energy management
- Identify and promote renewable energy solutions
- Provide renewable energy workshops.

#### **Community Development**

- Encourage entrepreneurship among community groups
- Provide training for income generating initiatives to facilitate community development.

#### **Facilitate MSME development and growth through business and technical support services**

- Provide a suite of value added services to include product development to MSMEs for enhancement of their products/services
- Organization and delivery of technical workshops congruent to client needs, at least 30 technical development workshops and consultations to 430 MSMEs
- Provide consultations and technical support to at least 400 MSMEs, inclusive of in-plant assistance and audits; design advice and other technical interventions
- Business Monitoring and handholding support for 720 clients, start up and existing businesses
- Operation of a mobile design facility.

#### **Provide and/or facilitate ease of access to appropriate financing for MSMEs**

- To acquire at least \$100M from loan wholesalers for on-lending to the productive sector
- To on-lend at least 90% or \$90M of funds acquired, to MSMEs in the productive sector
- To expand the services of the FSU islandwide.

#### **Expand and improve marketing services for MSMEs and Strengthen Corporate**

## **Promotions**

- Facilitate IRC Open House forums for MSME linkage to the formal sector inviting displays from MSMEs and partner organizations e.g. MIIC, SRC, BSJ, JIPO
- Increase market exposure of Things Jamaican brands and client products, both locally and internationally
- Provide umbrella branding and marketing support to suppliers to enable export market penetration and economies of scale under JBDC registered products
- Supplier Management Programme providing guidance and engaging potential marketing activities to enable suppliers to promote the market expansion of their brands and business enterprises.

## **Effective Modernization of the business environment**

- Operational Efficiency- ISO 9001:2008 Quality Management System (QMS) Certification: Policies and procedures to be redefined and developed through mapping of process to assist in improvement of service to MSMEs
- To facilitate the establishment of Industry standards for the MSME sector and promote adherence to existing global standards.

### **Promote:**

- i. Factories Act
- ii. HACCP/FSMA requirements
- iii. Other QA methods.

## **Diaspora Partnership**

Strengthening Diaspora partnership initiatives to include:

- Provision of Business Advisory Services using technological tools
- Garner support for JBDC's E-commerce shopping initiative.
- Establishing a mentorship programme for young entrepreneurs.

## **Budgetary Allocation**

The recurrent budget allocation for Financial Year 2012/2013 was \$248,871,000; this was subsequently revised after the Supplemental Budget to \$296,531,000. The approved recurrent budget for Financial Year 2013/2014 is \$256,590,000.



JBDC's Things Jamaican outlet at "Jamaica House- London" during the 2012 Olympics.  
Showcasing and retailing Jamaican made products



JBDC's Business Development Training, under the Furniture and Wooden Products Programme held in  
Ocho Rios, St. Ann

# **JAMAICA INTELLECTUAL PROPERTY OFFICE**

## **Mission**

The mission of the Jamaica Intellectual Property Office (JIPO) is to establish and administer a modern and effective intellectual property system, which will act as a catalyst for international competitiveness, facilitating economic growth and national development.

## **Highlights of Performance/Achievements against Targets for Financial Year 2012/2013**

### **Public Education Programmes**

A mandate of the Office is to educate and inform the general public and in particular stakeholders on the various subject areas of Intellectual Property Rights. Annual activities continue to be affected by severe reduction in budgetary allocation. JIPO has been working closely with sister agencies and stakeholder interests in carrying out this important mandate.

**1. IP Week 2012:** Staged from April 22<sup>nd</sup> to 29<sup>th</sup>, the main objective of the Week is to raise the awareness of the public about intellectual property rights developments. The theme was “Nation Building through Creativity & Innovation.”

The following are the initiatives undertaken for the Week:

- IP Week Church Service was held at the Holy Trinity Cathedral. The service was well supported. Minister of Education, Rev. Ronald Thwaites and Opposition Spokesperson Olivia Grange gave remarks.
- “Closed Session” an IP Seminar for the Observer’s, “Mogul in the Making” Awardees, the Office was commended for the useful SME seminar.
- Seminar on “IP in the Digital Age” hosted in partnership with Nunes, Scholefield and Deleon were completely booked out, participants feedback were extremely positive.
- JIPO Western Outreach initiative in collaboration with the indigenous Rastafari and Maroons communities. Guest speaker was the State Minister, the Hon. Sharon Ffolkes Abrahams.
- Gleaner Supplement was published on Sunday, April 29.
- Study Visit to the Office by Grade 8 Students of the Mona High School, on May 15, 2013.

### **IP Enforcement Training with Jamaica Customs**

Efforts to strengthen national enforcement efforts continue. The Office participated in a training sessions with Jamaica Customs. Presentations were

made by the World Customs Authority on identifying and stemming counterfeit trade of Hewlett Packard, Pfizer, and Ely Lilly products.

### **IP Presentations**

- Strategic Corporate Interventions Workshop, ‘Play by the Rules’, hosted by the Jamaica Olympic Association and Samuda, Johnson. (July 18)
- **Staff of the ORC-** the Trade Marks Manager delivered a presentation on intellectual property to members of staff of the Office of the Registrar of Companies.
- **NHT Community History Project** - JIPO in collaboration with the National Housing Trust (NHT) Community History Project presented at the NHT Workshops:

### **Creative Heritage Training Project**

During the month of August 2012 JIPO received one request for use of the camera equipment under the WIPO/JIPO/EADUMC Creative Heritage Training Programme. The request related to use of the equipment to film community cultural expressions during the Marcus Garvey Earth day celebrations at Liberty Hall and at Emancipation Park.

### **Progress on Madrid Protocol -Meeting with Stakeholders Chaired by Minister**

On July 13 Minister Hylton convened a meeting of stakeholders to discuss the way forward in relation to the Madrid Protocol. In attendance were representatives from the Jamaica Manufacturers Association (JMA), the Jamaica Exporters Association (JEA), several producers including J. Wray and Nephew, several coffee and jerk producers, JIPO and the IP Sub-Committee of the Jamaican Bar Association. The Executive Director did a brief overview of the Madrid Protocol after which representatives from the business community made representations in favour of Jamaica acceding to the Protocol. The IP Sub-Committee of the Bar also made representation expressing concerns with Jamaica acceding to the Protocol. In the end, the Minister indicated that he was of the view that it was in the best interest of Jamaica to accede to the Protocol.

### **Protection of Reggae**

The Copyright Manager and the Trade Marks Manager continue to develop a proposed policy that can be put forward to Government to protect “reggae”. Following a meeting of the Copyright Manager and Trade Marks Manager with the Executive Director of the Jamaica Reggae Industry Association (JaRIA), it was also proposed that JIPO’s recommendations under this topic be presented as a possible Legacy Project-Strategy Document for forwarding to the Ministry of Industry, Investment & Commerce (MIIC), the Ministry of Youth & Culture and the Ministry of Tourism & Entertainment.

### **Data Verification & Re-verification Project - e-JIPO Launch**

JIPO launched its Online Project, e-JIPO on July 12. The purpose of e-JIPO is to complete the full digitization of JIPO's trade mark data base and operations. Four persons from the Youth Opportunities Unlimited Programme were taken on as Data Entry Clerks for the 1st phase of the e-JIPO project which commenced in July.

### **Activities with International Organisations**

**WTO Regional Workshop:** on IP & the Creative Industries held at the Wyndham Hotel, Kingston from April 18-20. JIPO Managers presented on different topics, such as The Copyright Manager presented on the topic of Copyright Systems: A Caribbean perspective", Trade Mark Manager on Trade Marks and GIs Protection and the Executive Director on IP Enforcement in the region.

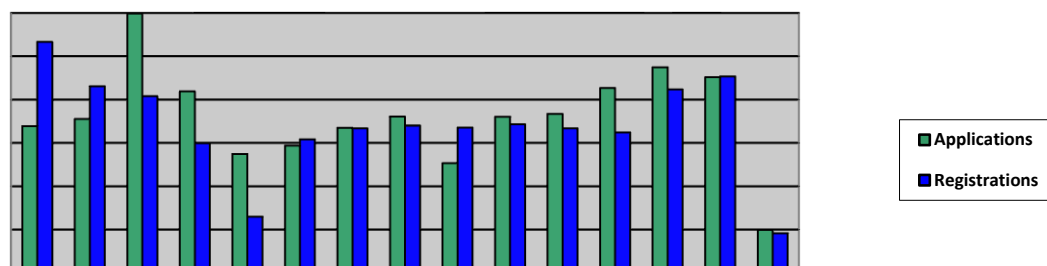
**WIPO/JIPO Annual Work Plan Review:** The Office hosted, from July 11-13 a WIPO Mission which included the Director of WIPO's Latin American & Caribbean (LAC) Bureau and Head of the Caribbean Unit in LAC Bureau. The Mission met with JIPO Management to discuss JIPO's operational plans for the coming year and how WIPO may assist and support JIPO with the achievement of our aims and objectives of the operational plan. The WIPO Officials also participated in a meeting between JIPO and the University of the West Indies (UWI) pertaining to CARIMAC assisting JIPO with the further training of trainees under the WIPO Creative Heritage Project for the Maroon and Rastafari Communities, pursuant to a MOU between WIPO and UWI.

**WIPO Workshop "Making a Living from Music"** JIPO hosted WIPO's Deputy Director of Creative Industries Division and a UK Consultant. The workshop, titled "Making a Living from Music", was held at the Edna Manley College for the Visual and Performing Arts. JIPO's Chairman and Managers participated in the two day workshop, the third in the series of WIPO Workshops on Music.

The WIPO Officials paid courtesy calls, on Minister Hanna and State Minister Ffolkes-Abrahams. The discussions centered around the WIPO Creative and Cultural Industries Unit activities with Jamaica, in particular Jamaica's burgeoning animation/gaming industry; interest in the Creative Industries Conference, which Jamaica has been asked by WIPO to consider hosting; update of the Copyright Study on the contribution of local copyright industries to the GDP; and conducting an IP Strategy Plan were explored. Both Ministers have pledged support for these objectives.

## TRADE MARKS & GEOGRAPHICAL INDICATIONS DIRECTORATE

*Number of Trade Mark Applications & Registrations*



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### Priority Targets/Objectives and Budgetary Allocation for the Financial Year 2013/2014.

#### (i) Legislative Amendments

- Passage of new Patent & Designs Law
- Increase in Patent fees
- Modernization of Patent System, accession to the Patent Cooperation Treaty (PCT)
- Advance discussion of a Regional Patent System for CARICOM countries
- Copyright Amendments
- Trade Marks Amendments
- Geographical Indications Amendments
- Cabinet approval of accession to the Madrid Protocol

(ii) **e-JIPO On-Line Project** – to offer an on line service to the public, *inter alia* trade mark searches through use of the Intellectual Property Administration System (IPAS), online access to the Trade Mark Journal and continued implementation of the Advanced System – IPAS JAVA in collaboration with the World Intellectual Property Organization (WIPO)

(iii) **Full implementation of the Voluntary Copyright Registration System**, to allow utilization of the system by creators of Copyright material



#### (iv) Continued Review of Staffing for JIPO

Organizational structure of JIPO reviewed and approval granted by the Reform Unit of Cabinet Office and Ministry of Finance & the Public Service since 2011, for eight (8) additional posts to be added to the Organizational Structure, due to budget restrictions the Office has not been able to fill any of the posts, which are critical as the efficiency of the service offered by the Office will be affected by the reduced staff levels.

**Budgetary Implication** – initiatives to increase revenue and efficiency of service to the public cannot be achieved at the current reduced staff levels. The resources of the Office will be further challenged when Jamaica becomes a signatory to the international Treaties, Madrid Protocol and the Patent Corporation Treaty, as the Office will earn more revenue for the Government but will not see any increase in budgetary allocation to support the work being undertaken.

#### Approved Budget (\$M)

2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
27.0	34.0	30.3	38.5	52.2	70.4	72	68.43
2011/2012	2012/2013						
\$65.014	\$69,578						



Launch of e-JIPO On Line Services - Minister Anthony Hylton was guest speaker at the Launch of the e JIPO Online Service, also participating were the Chairman of the JIPO Advisory Board, Eugene Ffolkes (left), Executive Director of JIPO, Carol Simpson (centre) and members of the Project team, trained under the Youths Opportunity Unlimited (YOU) Programme.



**IP Week 2012 Outside Broadcast – Executive Director of JIPO, Carol Simpson speaking with Dervan Malcolm of Power 106, “Both Sides of the Story”, during JIPO’s IP Awareness, Small Business Expo in the JIPO Car Park.**

## **JAMAICA INTERNATIONAL FINANCIAL SERVICES AUTHORITY**

### **JIFSA's Vision**

The Authority's vision is to establish Jamaica as the premier Centre of Excellence for international financial services.

### **JIFSA's Mission**

The Authority's mission is to promote and deliver high quality international financial services for the economic growth and development of Jamaica.

### **JIFSA's Core Values**

The following values have been identified to characterize the Authority's efforts:

- Excellence
- Commitment
- Integrity
- Teamwork

### **JIFSA's Functions**

The functions of the Authority are to:

- Market and promote Jamaica as a Centre for international financial services.
- Enhance the reputation of Jamaica as a centre of excellence for the provision of international financial services, and to promote the maintenance of this reputation
- Promote the adoption and maintenance of international standards of competence, efficiency and competitiveness in the provision of international financial services.
- Promote compliance with supervisory and regulatory standards for the conduct of international financial services, including standards for the curtailment of the funding of terrorist activities and the prevention of money laundering.
- Promote public awareness and understanding of issues relating to international financial services.
- Make recommendations for legislative changes to international financial services and for the creation or improvement of any facilities likely to enhance the attraction of Jamaica as a centre of excellence for the provision of international financial services.

- Establish procedures and develop, implement and monitor a national plan and other plans and programmes relating to international financial services.
- Advise the Minister on matters of general policy relating to international financial services.
- Perform such other functions as may be assigned, from time to time by the Minister, the JIFSA Act, or any other enactment.

### **Suite of Services**

Jamaica International Financial Services Authority (JIFSA) despite its late entry into the industry will be a mid-value competitor and proposes to offer the following services:

- International Holding Companies
- International Trust
- Limited Liability Companies
- Trusts and Corporate Service Providers
- Segregated Accounts Companies
- General Partnerships
- Limited Partnerships
- Limited Liability Partnership

### **Achievements for FY 2012/13**

#### **Legislation**

The Legislation Review Committee completed its review of 8 draft IFSC Bills (as listed above) during FY 2012/13. As a precursor to the establishment of the centre, the amendment to the Income Tax Act which facilitates the establishment of a Group Headquarters regime was passed in FY 2012/13.

The Legislation Review Committee and Legislation Sub-Committee of the Board of Directors finalized the first five pieces of legislation, which will form the initial suite of products to be offered by the Authority. These Bills are currently with the Chief Parliamentary Council for finalization in accordance with the Cabinet Decision.

#### **Marketing**

During the FY 2012/13, a proposal for the *Development of JIFSA Story Board for Stakeholder Communications* was prepared. The Authority engaged the services of a Consultant to prepare a storyboard with supporting technical document outlining in detail:

- (1) the stages throughout the process to develop the centre which articulates the value of this initiative to Jamaica
- (2) the opportunity/economic value it presents for Jamaica
- (3) the value proposition to investors

The storyboard will be presented in various fora to underscore the importance of the establishment of the Centre.

## **Operational**

JIFSA has taken significant strides to develop the infrastructure of the Authority. Adequate staffing is critical to the smooth and effective functioning of the Authority and will be required in order to carry out the mandate of the Authority.

JIFSA's Organizational chart was approved by the Authority's Board of Directors. In December 2012 the Ministry of Finance approved 16 posts effective 1 April 2013.

## **Projections for FY 2013/14**

The key strategic initiatives for the 2013/14 financial year are a result of consultations with the Authority's Board of Directors and the Ministry of Industry, Investment & Commerce. Emphasis will be placed on marketing the Authority as a key facilitator of international financial services investments.

The following will be carried out in order to realize this goal:

- Five IFSC Bills will be presented to Parliament for debate.
- Supporting regulations for each Bill will be prepared.
- The remaining Bills (Partnership Bills) along with the regulatory framework for each will be reviewed by the committee.
- Senior managerial staff will be hired to enable the Authority to function efficiently.
- An appropriate marketing and communications strategy will be developed to identify and target key opinion leaders in the industry.
- Development of a story board for overseas stakeholder communications.
- The appropriate taxation regime for the IFSC will be developed

## **Budgetary Allocation**

<b>Revised budget (2012/13) \$'000</b>	<b>Approved budget (2013/14) \$'000</b>
25,000	36,000

## **Jamaica International Financial Services Authority (JIFSA)**



**Hon. Minister Anthony Hylton addresses the audience whilst Members of the Board, Legislation Review Committee and Legislation Sub-Committee of the Board listen attentively**

# **JAMAICA NATIONAL AGENCY FOR ACCREDITATION**

## **Mission**

The Mission of the Jamaica National Agency for Accreditation is to support the effective development of the Jamaican economy by providing conformity assessment bodies with internationally recognized training and accreditation services through teamwork, highly committed, competent and motivated employees.

## **Vision**

JANAAC is an effective and efficient customer-focused accreditation body that is recognized as a leader in the regional and international accreditation business.

## **Functions**

JANAAC'S core functions are to provide:

1. accreditation services to conformity assessment bodies namely:
  - Public and private sector laboratories
  - Inspection bodies
  - Certification bodies
2. technical training
3. technical information as may be required

A policy decision was taken that initially JANAAC would concentrate only on accrediting laboratories.

## **Strategies**

In order to accomplish its mission the following strategies were developed:

1. Plan and organize administrative and operational activities so that JANAAC satisfies not only ISO 17011 but also the regulatory, accountability and policy requirements of GOJ such as the Financial Administration & Audit Act, the Public Bodies Management & Accountability Act and the Companies Act of Jamaica.
2. Continuously improve the Technical Infrastructure so that JANAAC continue to offer a world class accreditation service.
3. Strengthen JANAAC by completing the hiring of critical Human Resources needed to support the provision of a world class accreditation service and

where possible upgrading staff benefits and other working conditions so that they are in line with peer organizations.

4. Strengthen and maintain JANAAC's Information, Communication & Technology (ICT) system.
5. Increase JANAAC's bottom line so that the organization can breakeven by the FY 2020/2021 by providing the training and accreditation services at the quality level needed by local and regional CAB's.
6. Facilitate trade by actively pursuing international acceptance of JANAAC and its accredited entities through the signing of the IAAC and ILAC Mutual Recognition Arrangements and also by continued collaboration with CROSQ in building a harmonized Regional Quality Infrastructure.
7. Develop and implement a Marketing Plan designed to increase awareness and provide information on accreditation to key decision makers in the public and private sector that will result in a continuous increase in demand for JANAAC's Training and Accreditation Service with at least 3 CAB's per year applying for accreditation. This plan should include a series of events for World Accreditation Day.

## **Main Achievements for Financial Year 2012/2013**

### **Overview**

The successful completion of its Peer Evaluation done by international peer evaluators from the Inter-American Accreditation Cooperation (IAAC), the awarding of the first accreditation in the food testing field and the accreditation of the Meter Testing and Calibration Centre of the Jamaica Public Service Company. The successful hosting of the Executive Meeting of the IAAC in Montego Bay Jamaica February 27- March 1, 2013 and conducting thirteen (13) training courses 117% more than the 6 that were planned.

### **Training and Technical Information**

Provision of technical training is a core function of JANAAC. During the reporting year, JANAAC surpassed passed its planned objective of conducting 6 courses by 117%.

### **Accreditation Services**

At present in the case of Jamaica, accreditation is not mandatory so it is offered to laboratories on a voluntary basis. JANAAC accredited two laboratories (66%). In summary at March 31, 2013 fifty five, (55) laboratories had taken application packages and fourteen (14) laboratories had formally applied for accreditation and four (4)



accreditation certificates have been awarded. In this FY 2012-2013 two of these certificates were awarded.

The other laboratories that have applied formally for accreditation but are not yet accredited are at various stages of the accreditation process. Eleven (11) assessments were conducted during this year on laboratories who have applied for accreditation and four (4) surveillance assessments on those who were accredited already. In the Implementation of the accreditation procedures JANAAC achieved its objective of efficiently processing all applications received from clients within the timeframe outlined in the document, JANAACMSPR/11, "Procedure for the Implementation of the Accreditation Process except in cases where all documentation was not received on time".

In January 2011, President Obama signed into law the Food Safety Modernization Act (FSMA). This legislation will give the Food and Drug Administration a mandate to pursue a system that is based on science and address hazards from "farm to fork". The FSMA requires that food testing be carried out by accredited labs. This Act affects all food products exported to the USA. In February 2013 a milestone was achieved when the food testing facility of the Scientific Research Council was awarded JANAAC's fourth Accreditation Certificate as this was the first food testing laboratory in Jamaica accredited to international standard ISO/IEC 17025.

The award of this accreditation coupled with JANAAC's successful completion of its Peer Evaluation by international assessors from the Inter American Accreditation Cooperation (IAAC) against the International Standard ISO/IEC 17011 is a significant landmark as it moves Jamaica's food laboratory services nearer to being considered substantially equivalent to the requirements of the Food and Drug Administration of the USA as indicated by their International Comparability Assessment Tool.

The second laboratory awarded an accreditation certificate this year also had national significance as it also affected the well-being of the Jamaican economy. Specifically the accreditation of the Meter Testing and Calibration Centre of the Jamaica Public Service Company (JPSCo) has enabled the Jamaican public to feel confident that when their meter is tested by this laboratory the results are accurate, reliable and traceable to international standards. The Office of Utilities Regulations (OUR) since this time has been reminding consumers that they can request that their meter be checked by the JPSCo if they are in doubt about the accuracy of their meters and we note that complaints on the accuracy of the meters have been reduced.

As customary JANAAC along with the other 137 members of International Laboratory Accreditation Cooperation (ILAC), celebrated World Accreditation Day 2012. This is normally JANAAC's major marketing activity for the year and on this day several events normally take place; a decision was taken to low key the activities this year. A Supplement was placed in the Jamaica Observer on Friday June 8, 2012.

## Collaboration with Regional Bodies

This year JANAAC continued its collaboration with Regional Bodies involved in accreditation with the intent of developing systems that will strengthen the Regional Quality Infrastructure and thus enable trade.

In collaboration with the CARICOM Regional Organization for Standards and Quality (CROSQ) and the Trinidad and Tobago Laboratory Accreditation Services (TTLABS) this year we saw the strengthening of the Caribbean Cooperation in Accreditation (CCA) with the signing of a Memorandum of Understanding (MOU) between TTLABS and JANAAC in April 2012 in Barbados at CROSQ 10<sup>th</sup> Anniversary Function .

JANAAC in order to increase market reach this year continued to participate in the Council Meetings of the CARICOM Regional Organization for Standards and Quality (CROSQ) as well as being a part of the Management and Technical Committees of their internationally funded Projects namely:

- (1) *“Project for the Strengthening of the Capabilities of Testing Laboratories in the Caribbean to Reduce Technical Barriers to Trade”,*
- (2) *“Programmes under the auspices of the component of Technical Barriers to Trade of the 10<sup>th</sup> European Development Fund to support the Caribbean Forum of the ACP States in the Implementation of the Commitments undertaken in the Economic Partnership Agreement (EPA)”*

Technical assistance under these project and programmes cover the development of the Quality Infrastructure within CARIFORUM as a means of reducing and ultimately eliminating Technical Barriers to Trade with CARICOM. Therefore JANAAC has been participating in the meetings of the Technical Implementation Group (TIG) Meeting for Conformity Assessment in Grenada, March 26-27, 2013 and the TIG for Accreditation in Barbados on December 3-7<sup>th</sup> 2013 and the CROSQ's April Council Meeting in Barbados.

These activities have enabled JANAAC to work with the 15 other countries in the Caribbean to build a harmonized Regional Quality Infrastructure.

In FY 2012/13 JANAAC also collaborated with the Pan-American Health Organization and the Centre for Disease Control to help develop the Framework Document for Laboratory Quality Management Systems - Stepwise Improvement Programme (LQM-SIP) towards accreditation in its Technical Working Group. This programme is intended to assist medical laboratories in the Caribbean to move towards accreditation through a stepwise process of development.

## **Facilitating Global Trade**

JANAAC seeks to facilitate trade on Jamaica's part by ensuring that its accredited entities are recognized by its trading partners through the signing of Mutual Recognition Arrangements (MRA's) with the Inter-American Accreditation Cooperation (IAAC) and the International Laboratory Accreditation Cooperation (ILAC). This is not an instant activity but a process. JANAAC has started this journey by becoming a member of both the IAAC and ILAC. During Financial Year 2012-2013 JANAAC took another step toward becoming an ILAC MRA Signatory by successfully completing its Peer Evaluation against international standard ISO /IEC 17011.

In addition JANAAC continued to work toward the establishment of these MRA's by establishing its technical competence in the international accreditation arena as a knowledgeable accreditation body by attending the Annual General Meeting and contributing in the activities of the various working groups of ILAC and IAAC. In this respect, JANAAC during this year participated in the IAAC General Assembly during the period August 10-18, 2012 in Cartagena Columbia and the ILAC General Assembly Meetings during the period October 19-26, 2012 in Rio de Janeiro, Brazil.

JANAAC is a participating member of four (4) of the committees of the IAAC and five (5) committees of ILAC. During this year JANAAC reviewed and commented on over 20 documents received from these committees.

This year JANAAC also took on a new role by successfully hosting the accreditation bodies of the Americas for the Executive Committee Meetings. This event took place in Montego Bay, Jamaica during the period February 26-March 1, 2013. Forty four (44) persons attended from the accreditation organizations in Argentina, Brazil, Canada, Cuba, Costa Rica, Ecuador, Guatemala, Germany, Mexico, Peru, Paraguay, Panama, Trinidad & Tobago, South Africa, Uruguay, USA, San Salvador and Jamaica.



**Minister of Industry, Investment and Commerce, Hon. Anthony Hylton (left), presents a Certificate of Accreditation in the Field of Food Testing from the Jamaica National Agency for Accreditation (JANAAC), to Acting Executive Director of the Scientific Research Council (SRC), Hawthorne Watson.**



**JPS Chairman Hisatsugu Hirai (2nd right) receives the Certificate of Accreditation from Minister of Industry, Investment and Commerce, Hon. Anthony Hylton on May 11<sup>th</sup> 2012. Looking on are the CEO of JANAAC, Mrs. Marguerite Domville (left), Chairman, Simon Roberts and former Permanent Secretary Reginald Budhan.**

# **JAMAICA PROMOTIONS CORPORATION**

## **Corporate Overview**

During the 2012/2013 Financial Year, JAMPRO performed creditably, having (based on preliminary figures) exceeded all of its corporate targets. This performance was recorded within the context of a very constrained budget, reflected by an approximate 18% reduction in the budget allocation requested and the sums received at the end of the twelve (12) month review period.

In keeping with its statutory obligations, JAMPRO works towards both investment and trade promotion. The investment promotion efforts of the organization are undertaken within the context of market and investor profiling, investment missions and investment facilitation which increasingly represent a significant portion of the agency's energies. JAMPRO's trade and business development services are geared towards increasing export sales, market diversification and penetration, business linkages and facilitating international competitiveness of Jamaican goods and services. It must be noted that the organization strategically places its focus primarily on non-traditional exports.

The agencies undertook a number of strategic promotional and development-based activities that have begun to yield successes and are poised to continue to show results into the new Financial Year. Key activities include Jamaica House at the O2 Arena in London, England and the Prime Minister's Investment Forum in Canada. It is on the basis of the success of these programmes that in October 2012 JAMPRO received another international award for a small island developing state for excellence in export development initiatives.

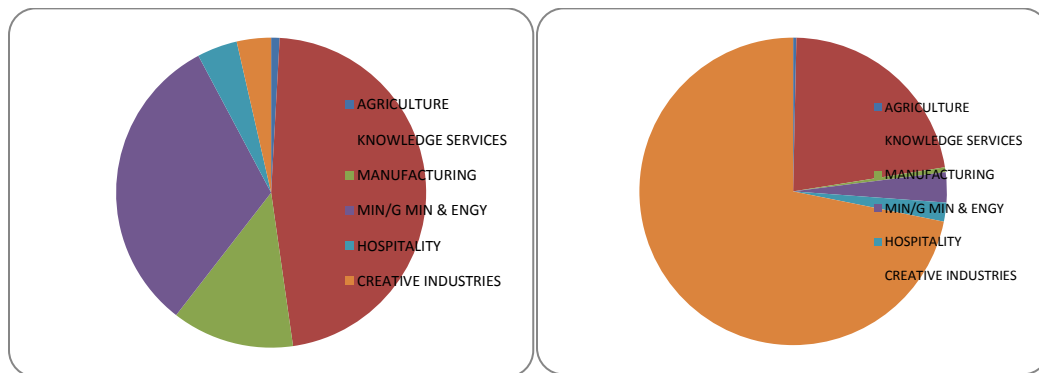
## **Investment Highlights**

In spite of the increasingly competitive global market to attract investment (including both foreign and local direct investment) and Jamaica's economic climate, the agency has met most of its critical targets. These achievements relate particularly to JAMPRO's ability to generate and convert investment leads and projects, as well as facilitate capital expenditure and jobs.

The agency has achieved J\$7,633 B or 103% of its capital expenditure target and 137% (amounting to 7,568) of its job creation target<sup>7</sup>. These achievements have been recorded based on deliberate efforts of the organization to increase its face-to-face interactions with investors. This strategy afforded the team the opportunity to

more accurately assess investors' needs, provide more efficient services and boost investors' confidence and willingness to share information. Additionally, JAMPRO adopted a more proactive and collaborative approach in removing the bottlenecks via a series of stakeholder consultations with the relevant public sector agencies.

**Figure 1 JAMPRO Facilitated CAPEX (2012/13)**



## Signature Events

### Jamaica House @ O2

Jamaica House at the O2 London Arena was the base of Jamaica's celebration of the country's fiftieth (50<sup>th</sup>) independence anniversary. The focus of the activities at the 'Jamaica House' was in keeping with the celebration of Jamaica's anticipated strong athletic performance at the Olympics, while highlighting the strength of Brand Jamaica and in particular, the many business opportunities available in Jamaica. For this event, JAMPRO achieved its four objectives as noted below:

#### - Promote Brand Jamaica

With a minimum of 2,200 persons visiting Jamaica House on any given day, Jamaica's positive brand image was reinforced and promoted through the showcasing of Jamaican culture, cuisine and professionalism. More importantly, Jamaica benefited from extensive international media coverage, including BBC coverage, amounting to approximately US\$750,680. The value of the local media placements amounted to just under US\$45,000.



**Jamaica House Press Launch from left; Elizabeth Fox, Jamaica Tourist Board. Jason Hall, Deputy Director of Jamaica Tourist Board. Aloun Assamba, Jamaican High Commissioner. Dr Dana Dixon, JAMPRO. Robert Bryan, Project Director Jamaica 50.**

### **Promote and Raise Profile of Jamaica as an Investment Destination**

With 8 targeted investment events hosting approximately 300 investors/business persons, JAMPRO was able to provide valuable insight on Jamaica as an investment destination and increase the confidence of investors by demonstrating the Government's commitment to facilitating impactful investment projects. From these events, over 30 leads were identified with three (3) now having been realized. Namely, Sutherland Global (an outsourcing investment), ISOCON (a tank cleaning facility which is a key element in the Logistics Hub plan)

### **Promote and Raise Profile of Jamaican products for Trade**

With 4 targeted trade events hosting some of the UK's largest importers and distributors, JAMPRO's showcasing of Jamaica's food and beverage sectors was greatly enhanced by activities such as food preparation demonstrations by an award-winning chef, the Brand Jamaica display of export products, visits to the New Covent Garden market and intimate discussions with the Fresh Produce Consortium which represents the largest importers and distributors of fresh produce in the UK. Three trade leads and 6 trade enquiries are being pursued.

### **Jamaica Merchandising**

The Jamaica Shop at Jamaica House sold over US\$165,000 worth of goods and provided increased visibility, awareness and trial of quality products from 90 participating exporters to a daily audience of over 3,000 persons. Products were from a range of categories, including agro-processing, aromatherapy & wellness, handicrafts, apparel & fashion accessories and Jamaican publications. Enquiries regarding wholesale purchasing are being pursued.



**Jamaican products on display in the Jamaica Shop at Jamaica House**

### **Prime Minister's Investment Forum (Canada)**

JAMPRO organized an investment forum to leverage the Prime Minister's visit to Canada in October 2012. The event was undertaken in collaboration with the Canada Council of the Americas (CCA), which is the principal private sector link among Canada, Latin America and the Caribbean.

Significant Highlights include:

- A record turnout of some 160 persons which included representatives from several top financial industry players including decision-makers of a caliber not reached previously in Canada. It was among the largest ever investment forums staged by JAMPRO in North America. Several billion-dollar Canadian investors including TELUS (which now has a new ICT operation in Jamaica, opened in December



2012), Cemcorp (US\$340M cement plant) and Teachers Pension Fund (holders of 100's of millions of investment dollars) were present. Four entities have already visited Jamaica following the event as follows:

1. Leonidas Anagnostakos, CEO/ Co-Founder, Turtle Island Recycling (visited Oct. 25, 2012)
2. Professor Audrene Kerr-Brown (visited November 5 & 6, 2012)
3. Councillor Michael Thompson/Jonathan Dwyer, Flax Energy (visited Nov. 15 & 16, 2012)
4. Paul Ezekiel, Executive Chairman, AMP Solar Group Inc. (solar farm investment) visited as part of an inward mission from December 5-7, 2012. Other major leads include:
5. Steve Attridge, CFO, Mastronardi Produce (greenhouse vegetable cultivation)
6. Sam Greiss, CFO, Innovative Composites (ICI) Inc. (manufacturing pre engineered building components)
7. Jonathan Hausman, Vice President, Alternative Investments & Emerging Markets, Teachers Pension Plan (infrastructure and logistics investment)
8. Chairman of the Canadian Commercial Corporation (CCC) which acts as an intermediary between international governments and Canadian firms undertaking what are often multi-billion dollar contractual investment deals outside of Canada.

Of note are the number of new projects that JAMPRO has facilitated, which have been converted and expanded throughout the 2012/2013 Financial Year.

New	Expanding
Sutherland Global Services	Flow
Hinduja Global Services	Global Gateway Solutions
Island Outsources	Vistaprint
Global Outsourcing Solutions	Accent Marketing
Elephant Group/Saveology	LASCO
Sweet River Abattoir	Caribbean Producers
EWS Limited	
MJI Performance	



New	Expanding
Federal Transformer	
Shanghai Hotel	
Marriot	
Memories White Sand	
RIU Palace	
Fiesta Phase II	
American Global MD	
West Kingston Power Plant	
Aegean Bunkering	

### **Logistics/Manufacturing**

The Agency facilitated several ministerially-led outward mission trips to strategically targeted markets in an effort to proactively promote the Jamaica Logistics Hub Initiative. These missions included the delegation trips and participation in trade shows in Central America including Panama, as well as in Asia including China and Singapore. In addition to these missions, board room presentations were also facilitated with the leading international donor agencies in an effort to secure increased levels of support for the Initiative.

In addition to these efforts, seventeen (17) promotional missions were hosted. Of particular note in the area of manufacturing is the fact that based on its participation in an outward mission, one local company is now exploring a licensing arrangement with a US company, as well as the introduction of MIJ Performance Limited which will manufacturing high performance mufflers primarily for the US market. Some 21% of the promotional missions were related to the Energy sector, which demonstrates that there continues to be great interest in this area. The Agency facilitated the Western Kingston Power Partners (WKPP) project through the construction phase, which amounts to US\$121 M in value and 260 jobs for skilled labour.

### **Business Process Outsourcing (BPO)**

In addition to participating in three (3) of the largest trade shows for the global BPO industry<sup>8</sup> the Corporation was also successful in converting two major and strategic projects, namely Island Outsourcing (IO) and Sutherland Global Services (SGS). Island Outsources represents a major local direct investment from within the ICT sector as it is owned and fully operated by Jamaicans. The SGS project is a global BPO service provider headquartered in the US. The company launched its operations in Jamaica in December 2012 on the Mona campus of the University of the West Indies (UWI). SGS will be investing US\$1.5 million and creating three hundred (300) jobs in its first year and three thousand (3,000) jobs at the end of three (3) years.

In an effort to support the development of industry-ready office space, JAMPRO has been working in collaboration with the Development Bank of Jamaica (DBJ) to process the applications under the DBJ Line of Credit facility. During the Financial Year in review, JAMPRO reviewed five (5) applications for loan financing under the DBJ-PetroCaribe ICT Infrastructure Loan Facility, as per the Memorandum of Understanding between the DBJ and JAMPRO. Two (2) of the applications have since been approved. These loan approvals will be of tremendous benefit to this and other sectors in supplying the demand for space and enabling growth in the ICT industry. There will also be spill-off investments to be made in areas such as construction, manufacturing, and other linkages opportunities.

Through the efforts of JAMPRO, the Business Process Industry Association of Jamaica (BPIAJ) was officially launched on 20 September 2012. This establishment of this Association raises the international profile of Jamaica as a BPO destination. Work continued with the local industry via JAMPRO's participation and promotion of a number of local events, such as the Digital Jam 2.0, 28—30 June 2012, a youth-focused event that aimed to foster youth employment, job creation and awareness in Jamaica's ICT sector.

### **Tourism**

Despite the relatively slow response by the international community of hotels and accommodations to the upturn in the global economy, JAMPRO has converted four major tourism projects. These efforts are also supported by an overachievement of its lead and prospects generation targets.

JAMPRO has facilitated the start of a number of important tourism projects, including Memories White Sand Beach Resort & Spa, Bengal Resort Development, RIU Palace Jamaica and American Global M.D. Inc. (AGMD). Breezes Trelawny (Starfish Hotel) was acquired by the Sunwing Travel Group which renovated and rebranded the property to Memories White Sand Beach Resort & Spa while Bengal Resort is a three (3) villa development in the Bengal, Discovery Bay area. RIU is among JAMPRO's tenured clients and the reinvestment by the group signals the investor's confidence in the Jamaican economy. With two hundred and twenty eight (228) standard rooms and ten (10) suites to be built, RIU Palace is the group's luxury brand and will therefore enhance Jamaica's tourism product as the country is positioned as a high-end tourist destination.

The other project, AGMD is a consortium of American-trained physicians and investors who have recently signed an MOU with the Jamaican government. AGMD will be developing a fully "amenitized" health and wellness centre to target the North American and Caribbean markets. This project is a hallmark achievement in the strategic plan to promote the development of Jamaica's Health and Wellness sector. AGMD development will involve the establishment of a five-star resort with a top of the line medical facility capable of performing all

procedures available in a Class A medical facility, along with holistic medicine, eastern philosophy healing practices and a high quality spa facility.

### **Creative Industries**

JAMPRO's work with the Creative Industries focused primarily on Television and Film, with support to the Music, Sports and Fashion industries. Overall, JAMPRO facilitated over ninety (90) projects. Key among these are the launch of Jamaica's first multi-functional animation studio – the GSW Reel Rock Studio, as well the hosting of the American marquis series, America's Next Top Model. There was concerted effort to diversify the target markets, which led the Agency to attend film festivals in the Francophone Caribbean and new locations within Europe. Arising from Jamaica House in London, the Film Commission was able to strengthen its linkages with Nollywood resulting in a visit of Nollywood's top actress to Jamaica. The country was featured in her reality series and negotiations are ongoing regarding other projects in Jamaica in the future.

Jamaica House at the O2 also facilitated the promotion of sports, with a day dedicated to the 'Business of Sports'. In its efforts to support the facilitation industry, JAMPRO has sponsored local initiatives such as StyleWeek 2012 and Caribbean Fashion Week that offer local designers and models exposure.

### **Agriculture**

During the 2012/2013 review period, the Agriculture sector has shown potential for large scale projects to be implemented with interest from major local private sector companies. JAMPRO facilitated Diageo (Red Stripe) in the initial stages of developing its business case for cassava beer production and in February 2013, Diageo signed an MOU with Jamaica Producers Group to further explore cassava growing opportunities. Additionally, JAMPRO continues to work with the Jamaica Cocoa Farmers Association (JCFA) in seeking to build capacity for the sector, through investment and product diversification by establishing value added product lines. The JCFA recently was approved by the Inter-American Development Bank (IDB) for a grant of approximately US\$1.8 M to assist in revitalizing and expanding the Cocoa sector via a three (3) year project. JAMPRO is also represented on the Agro-Invest Board of Directors, which is seeking to implement 8 agro parks across the country.

### **New & Emerging Markets**

The Caribbean, Latin American and emerging markets continue to be a focus of the agency. Therefore, while JAMPRO generated 62.5% of its leads target, it was successful in securing 101.8% of investment leads targets. Inward missions from China and the Middle East represented a significant portion of its efforts and spanned a range of sectors including the Logistics Hub, Renewable Energy and Agri-Business. Additionally, a comprehensive Market Development and Penetration Program for Brazil was developed during the FY 2012/2013.

## I. Export Highlights

Key Targets	Annual Target	Actual as of March 31, 2013	% Target Achieved
Value of export sales facilitated for active clients	J\$4.4Bn	*J\$5.5Bn	125%
# of Trade Leads generated	122	216	177%
# of Trade Leads converted to contracts	45	40	89%
# of Linkages contracts	45	54	120%
Value of linkages Contracts	J\$131.3M	J\$ 323.2M	246%

### Export and Business Linkages

The export promotion strategy seeks to engage the primary export markets of focus namely the USA, UK, Canada, Latin America and the Caribbean. The United States remains the largest purchaser of Jamaica's exports, while Canada and the UK consistently represent, respectively, the second and third largest importers from Jamaica. In the last two (2) years, JAMPRO has placed some emphasis on the Caribbean in the context of exploring new markets for trade opportunities in light of challenges faced by traditional markets, and given the need to address the considerable trade deficit. Selected Latin American countries have been targeted because of the existence of trade agreements and high economic growth rates in the some such countries.

This strategy has been supported by the execution of **Expo Jamaica** and nine (9) inward/outward trade missions during the year incorporating the UK, USA, Bermuda, Greece and the Caribbean. Arising from these activities, two hundred and sixteen (216) trade leads were generated, and forty (40) leads have been converted to actual export sales contracts, with an estimated value of US\$ 7 Million.

Notably, Expo Jamaica, the largest local trade show generated the greatest number of trade leads. JAMPRO once again partnered with the Jamaica Manufacturers' Association and the Jamaica Exporters' Association in hosting this event, which was held from April 26 – 29, 2012 at the National Arena in Kingston. The trade show sought to engage buyers, both local and overseas, on the many trade opportunities that exist in Jamaica, while highlighting Jamaican products and services through displays.

JAMPRO achieved considerable success in its key responsibility of recruiting and hosting international and local buyers for the trade show. A total of three hundred and twenty five (325) buyers attended Expo Jamaica, one hundred and forty three (143) local and one hundred and eighty two (182) from overseas. The international buyers represented twenty one (21) countries, with the United States and Trinidad and Tobago registering the largest international buyer delegations attending. JAMPRO facilitated three hundred and seventy nine (379) business meetings between buyers and exhibitors, generating one hundred and one (101) export leads and twenty three (23) linkage leads. Of these, thirty three (33) export and four (4) local linkage leads have been converted to date.

Following the global trade decline in 2009, Jamaica's exports have been slowly recovering, demonstrating growth over the last three (3) years. The upward trend is evident in non-traditional exports, which remains a strategic focus of JAMPRO's mandate. Based on figures from STATIN, non-traditional 2012 exports, at US\$828.3 M, increased by US\$153.6 M or 22.8% over the prior year. Exports from the food sector grew by US\$9.2 million or 6.8% to US\$144.8 M with core food categories namely sauces, ackee, fish/crustaceans/molluscs, animal feed and juices recording increases. This is noteworthy and reflective of the focus of JAMPRO's promotional efforts, which were heavily skewed to non-traditional food products coupled with the fact that the Agro-processing (food & beverage) industry represents at least 60% of the organisation's client profile.

JAMPRO's year to date export promotion initiatives encompassed ninety one (91) instances in which exporters have been engaged in overseas promotional activities, twenty nine (29) of which represented new market interactions.

The Business Linkages Programme was designed to create and support business opportunities between local suppliers of goods and services, and foreign investors. The Programme seeks not only to stimulate increased economic activity but also to positively impact the country's balance of payments through import substitution. Since its inception the linkages programme has recorded credible results, facilitating contracts totalling over J\$1827 M between FY 2008/2009 and FY 2011/ 2012. Client data collected as at March 31, 2013 confirm year-to-date performance in local linkages of fifty four (54) contracts valued at J\$323.2 M.

The tourism sector continues to represent the main source of foreign exchange earnings since the 1990s, generating thirty seven percent (37%) of exports and employing twenty percent (20%) of the labour force directly and indirectly. Consequently, JAMPRO partners with the JHTA and JTB, with the support of sponsors, in hosting the annual Jamaica Product Exchange (JAPEX) Trade Fair, which showcases and facilitate business matching meetings between local suppliers of goods and services and the major buyers in the tourism industry. This collaboration recorded credible results from last year's inaugural showing, generating over J\$100M in business contracts. The 2012 JAPEX/Business Linkages event was implemented in the first week of October, facilitating thirty five (35) local suppliers and ninety (90) buyers. A total of twenty three (23) linkages contracts valued at approximately J\$102.2 M have been recorded to date from this event.

Other linkages activities executed during the period included:

- Promotion and on-going registration of buyers and local suppliers of goods and services on JAMPRO's business opportunity website, JBOS, with the total

number of registered companies close to one thousand three hundred (1,300). Work has commenced on the further development of the JBOS platform with the undertaking by entities represented on the Tourism Task Force of the Ministry of Tourism & Entertainment, to support the promotion of the site, especially to the membership of the Jamaica Hotel and Tourist Association (JHTA) and the Jamaica Manufacturers' Association (JMA);

- Linking of new investors to local suppliers of goods and services;
- On-going consultation with buyers in the hospitality sector to determine specific needs for key operational inputs;
- Streamlining the supplier database for better targeting of suppliers to meet demand from buyers;
- Facilitation of a linkages forum at which buyer expectations were shared with suppliers;

### **Export Enterprise Development**

JAMPRO continues to provide targeted and value-added export development and market penetration services to exporters to competitively position them to take advantage of export market opportunities. A key initiative is Export Max: Enterprise Development for Export Growth Programme, which began in October 2011, and has realized some notable successes. Some of the achievements to date include:

- Securing J\$54.98M in technical assistance, grant funding and other financing for twelve (12) firms (i.e. 80% of the firms). The much needed financing has assisted the companies in improving their business and productive processes and enhancing their competitiveness through retooling, enhancement of quality management, marketing improvements and new product development
- Providing the companies with financial and logistical support for participation in missions/ tradeshow and linkages events. Participation in these events have yielded some notable results, including approximately J\$106M in export sales and linkages contracts secured, and some J\$75M in leads being pursued by the firms with strong expectations of near term conversions. In addition, Export Max companies have entered six (6) new export markets, and participated in one hundred and seventy (170) business linkage meetings facilitated by JAMPRO.

Other areas of export development assistance provided during the period include:

- Capacity Building Training: Over the period, a total of eighty three (83) hours of capacity-building training was undertaken with some one hundred (100) exporters participating. Two (2) five- day capacity building workshops were implemented in collaboration with Caribbean Export and GIZ (German Agency

for International Cooperation) in the areas of Export Marketing and PRONET, a tool being promoted among SMEs to enhance their operational processes.

- Food Safety Modernisation Act (FSMA) Support: As a key member of the FSMA task force JAMPRO plays a critical role in working with exporters re meeting FDA requirements. A total of fifteen (15) FDA inspections have been undertaken since the start of the review year
- Business Plans and Loan Proposals: A total of eight (8) clients have been assisted in developing business plans and preparing loan proposals.

During the review year, JAMPRO was successful in receiving approval for the Export Plus: FINPYME Programme which extends support to exporters who do not benefit from the Export Max programme. This is a 14-month Programme which was launched in October 2012 with funding in the amount of US\$150,000 from the Inter American Investment Corporation in collaboration with Inter-American Development Bank (IDB). The programme Involves working with SMEs (aspiring and existing exporters) to improve their competitiveness in the global market and has four (4) key objectives which are (i) to build export readiness of SMEs; (2) improve market access for SMEs; (3) increase performance and exports of SMEs and (4) provide export development support and assistance.

### **Removing Bureaucracy – National Competitiveness Committee (NCC)**

The National Competitiveness Committee, the secretariat for which is housed at JAMPRO, operates within the framework of its own Reform Agenda to improve the regulatory environment in Jamaica. Business regulations have proven to be critical to economic growth by facilitating the translation of investment into real economic activity. Over the reporting year, the NCC has been on a mission to improve the business environment by making it easier for persons in Jamaica as well as abroad, to do business in Jamaica. Appreciable progress has been made in those strategic areas of the regulatory environment that assist persons to invest in Jamaica.

#### **- Access to Credit**

The NCC has been instrumental in fast-tracking the implementation of the Secured Transaction Framework. The Secured Transactions Bill was approved in March 2013 subject to a few considerations, and will, in effect, reduce interest rates, lower transaction costs and increase access to financing. The legislation will essentially benefit the thirty five percent (35%) of the business community which is currently marginalized by the existing financial system.

Concurrently, a Collateral Registry is being established to provide a basis for attaining a free-flowing credit market and minimize non-prepayment risk to lenders. The NCC is consulting with the Bank of Jamaica to achieve operational readiness of the CRIFNM Credit Bureau, a step deemed critical in activating a modernized credit system for Jamaica. The Secured Transactions Framework and the Collateral Registry will benefit

all segments of the business and investment community but specifically crucial for the development of MSMEs.

- **Resolving Insolvency**

Cabinet has approved the promulgation of the Insolvency Act which is expected to be enacted by December 2013 so that the local business regulatory environment protects both foreign and local investors faced with bankruptcy challenges.

## **Export & Business Facilitation**

In the area of Export and Business Facilitation, JAMPRO continued to provide to the wider exporting /business community, services ranging from exporter registration to providing advisory services on export opportunities and procedures.

Key outputs during the FY 2012/2013 were as follows:

- The Agency registered a total number of five hundred and sixty-eight (568) exporters
- A Step-by-Step Guide to Exporting workshop for new and aspiring exporters was presented in March 2013 under the theme “*Growing International! Enhancing global export competitiveness by empowering Jamaican Exporters through knowledge & training*”. It attracted thirty four (34) participants who were exposed to a wealth of practical information and key techniques to enhance their export businesses
- Through its business facilitation services, JAMPRO also processed over three thousand (3,000) enquiries and identified forty nine (49) trade and investment leads which were referred to core departments for further processing and lead conversion.

## **II. Issues, Challenges and Outlook**

While attracting Foreign Direct Investment (FDI) remains a priority for Jamaica, there is evidence to suggest that FDI on its own does not guarantee the desired employment creation and growth in real GDP, due to varying types of leakages in the Jamaican economy, such as the cost of security. Thus a more deliberate approach is required to positively correlate investments and productivity gains and this is a key feature of JAMPRO’s linkages programme.

Greater emphasis in this area is required going forward with deepened support accorded to sectors and companies that embrace and promote backward linkages to local MSMEs. Such an initiative will give greater credence to JAMPRO’s linkages programme and at the same time motivate and grow small and medium sized businesses. Programmes with the Ministry of Tourism and the Ministry of Agriculture are currently being developed in this regard.



Among the important issues impacting Jamaican exports are:

1. *International Standards imposed by target markets*
2. *Inefficiencies in Trade Processing*
3. *Trade Agreements*
4. *Enterprise Competitiveness*
5. *Energy Costs*
6. *Tariffs on CARICOM imports*
7. *Protection of Intellectual Property Rights.*

### **III. Outlook**

The performance of the local economy is likely to mimic global conditions. At the beginning of the year there were positive signs of improvements in the global economy; however Europe's debt crisis has persisted, causing many European economies to shrink. Nonetheless, taking into account the trend over the last three years, barring any natural disasters, it is anticipated that both investment and export activity should continue to grow.

For JAMPRO, key areas of focus for the 2013/2014 Financial Year will include:

- Expedited expansion and development of the projects within the ambit of the Global Logistics Hub Initiative
- JAMPRO 25: leveraging the 25<sup>th</sup> anniversary of JAMPRO to advance its promotional activities
- Health & Wellness Tourism: more active promotion of the country as a Health & Wellness Tourism destination
- Business Process Outsourcing: continued efforts at increasing investments/jobs created within this industry
- Offshore Education: leveraging the strengths of local universities to attract more international students, thus diversifying the country's tourism profile
- Identifying more donor programmes to support the agency's initiatives.

# KINGSTON FREE ZONE

## Overview of Operations

With the continued tight economic conditions, the management of the Kingston Free Zone (KFZ) has made every effort to operate within its budgeted expenditure targets. This was achieved through strict adherence to cost containment measures instituted as well as to excellent client service practices, including emphasis on security offered to clients on the property. Consequently, at the end of March 2013 the Agency exceeded its projected profit margin by ninety four percent (94%).

KFZ clients were not spared the effects of the economic climate which adversely affected their businesses; hence the timely collection of rental payments became challenging. The KFZ commenced the review year with a ninety eight percent (98%) occupancy level but by the middle of the first quarter, occupancy had declined to ninety two percent (92%) and by January 2013 suffered a further decline to eighty eight percent (88%). This was due mainly to the departure of two (2) clients who occupied a combined total of 24,000 sq. ft. of space and the downsizing of the operations of two (2) others.

However, the Portmore Informatics Park (PIP) registered one hundred percent (100%) occupancy with the signing of a three-year Lease Agreement by Jamaica Agents Services effective September 2012.

## 2012/2013 Performance Highlights Employment

At the end of March 2013, seven hundred and thirty six (736) persons were employed between the Kingston Free Zone and the Portmore Informatics Park. This figure represented an overall decrease of six percent (6%) when compared with the end of March 2012. The ICT sector continued to dominate in this area and accounted for 57.2% of the total workforce on the Zones. Notwithstanding, this sector registered a decrease of nine percent (9%) when compared with the previous year, due mainly to natural attrition. Warehousing, Manufacturing and Office Administration accounted for 28.5%, 6.7% and 7.6%, respectively with the warehousing sector registering a decrease of seven percent (7%) due to the closure of two (2) warehouses.

A comparative breakdown of employment by sector is provided in Table 1 below:

**Table 1: Breakdown of Employment at the KFZ**

TYPE OF OPERATION	EMPLOYMENT			% Difference Mar 2012. vs Mar 2013	% of Workforce March 2013
	Mar. 2012	Feb. 2013	Mar. 2013		
ICT	465	469	421	-9%	57.2%
Warehousing	212	208	210	-7%	28.5%
Manufacturing	49	42	49	0%	6.7%
Office	44	57	56	27%	7.6%
TOTAL	784	776	736	-6%	100%

At the end of March 2013, the KFZ exceeded its budgeted profit by ninety four percent (94%) and made an operating profit of J\$28.32 M. Over the review period, total income was J\$166.17 M which was J\$5.49 M above the budgeted figure of J\$160.68 M.

Expenses for the period amounted to J\$137.85 M and fell below budget by J\$8.25 M. This was due to timing differences and cost-saving measures which were implemented during the period under review.

**Table 2: Financial Results**

Year-To-Date as of March 2013			
	Actual J\$M	Budget J\$M	Variance J\$M
<b>Income</b>	166.17	160.68	<b>5.49</b>
<b>Expenditure</b>	137.85	146.11	<b>8.25</b>
<b>Profit (Loss)</b>	<b>28.32</b>	<b>14.57</b>	<b>13.74</b>

Foreign exchange earnings from rental income and management fees for the year amounted to US\$0.895 M. An additional J\$74.23 M was earned from the rental of warehousing space to local companies. This allowed the KFZ to fulfil its mandate to generate foreign currency earnings for the national economy through the combined sale of US\$0.796 M to local commercial banks and lease payments on its inter-company account.

### Occupancy

During the 2012/2013 Financial Year, occupancy levels at the KFZ averaged approximately ninety two percent (92%) while Portmore Informatics Park achieved an occupancy level of one hundred percent (100%) in the second half of the year.

Table 3 below shows the utilization of warehousing, office/factory and ICT spaces as at the end of Financial Year 2012/2013, compared with the figures for the corresponding 2011/2012 period.

**Table 3: Occupancy on the KFZ**

Rentable Space (sq. ft).	KFZ - Warehouse/Factory Space			PORTMORE INFORMATICS PARK		
	Mar-12	Feb-13	Mar-13	Mar-12	Feb-13	Mar-13
<b>Total Available</b>	<b>303,724</b>	<b>303,724</b>	<b>303,724</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
Occupied	298,224	268,724	268,724	25,000	50,000	50,000
Committed	5,500	5,500	5,500			
Vacant	0	29,500	29,500	25,000	0	0
<b>Percentage Occupied</b>	<b>98%</b>	<b>88%</b>	<b>88%</b>	<b>50%</b>	<b>100%</b>	<b>100%</b>

### Focus for Financial Year 2013/2014

The KFZ Co. will continue its efforts to increase profitability by endeavouring to achieve a one hundred percent (100%) occupancy level and to maintain an average of at least ninety six percent (96%) occupancy during Financial Year 2013/2014. Towards this, management is pursuing a tender to select a real estate agent with which to place the unoccupied space. It is anticipated that potential clients will be identified within the first quarter of the 2013/2014 Financial Year. Additionally, negotiations have commenced with a potential client for the rental of twelve thousand (12,000) sq. ft. of space.

The Agency will persist with its cost reduction programmes and maintain the high level of customer service afforded to its clients. In that regard, security of the Zone is always a highlight of the service offered and this will be boosted with a workforce that is trained for the environment.

In Financial Year 2013/2014, the KFZ will complete the painting of the exterior of its buildings and maintain the aesthetics of the Estate.

The company expects to be ISO9001:2008 certified by 2014, which will afford it the privilege of offering a high level of productivity and efficiency.

**Specific objectives outlined for the 2013/2014 Fiscal Year include the following:**

- Achieving a Net Profit of \$27.08 Million
- Achieve ISO9001:2008 Standardization
- Maintain occupancy level of a minimum of 96% at the KFZ and 100% at the Portmore Informatics Park
- Continued enhancement of the Preventative Maintenance Programmes for the KFZ
- Continued measures to further reduce/contain costs and improve efficiency
- Ensure a satisfied customer base among clients by delivering excellent Customer Service.

**Table 4: Results for Key Targets - 2012/2013**

MAJOR OBJECTIVES		BUDGET	ACTUAL
1.0	<b>INCREASE PROFITABILITY</b> Projected net profit Excess of recurrent expense over budget	J\$14.57M 5%	J\$29.73M 6.5% below budget
2.0	<b>OCCUPANCY RATE</b> KFZ Portmore Informatics	96% 100%	92% 100%
3.0	<b>MAINTENANCE</b> Improvement of aesthetics roof repairs/painting of PIP	Quarterly review	100%
5.0	<b>KEY PERFORMANCE INDICATORS</b> Cost reduction/containment Increase employment levels on the Zone	5% reduction 5% increase	Achieved 6% reduction
6.0	<b>INFORMATION COMMUNICATION TECHNOLOGY</b> Marketing of ICT space to secure full occupancy of Portmore Informatics Park	June Quarter	Achieved September Quarter
7.0	<b>Organizational Effectiveness</b> Conformity to Gov. reporting guidelines: Complete Annual Rep Submit Budget Submit QCA Report	July 31 Jan 31 quarterly	- - Achieved



**Maintenance Attendant, E. Simpson, at work at the Kingston Free Zone**



**Security and Customs Officers checking documents at the Kingston Free Zone main gate**

# **MICRO-INVESTMENT DEVELOPMENT AGENCY LIMITED**

## **Introduction**

The Micro Investment Development Agency (MIDA) was established in 1991 with the primary objective of facilitating the growth and development of the micro sector by providing the requisite financial and other support necessary for the growth and sustainability of the sector. In fulfilling its mandate, MIDA supplies credit on a wholesale basis to the micro sector from its own pool of funds, as well as from donor agencies and other financiers. In addition to providing funds to the micro sector, the Agency also offered business advisory services to individuals wishing to start or expand their own businesses.

The Agency was however, restructured to place a renewed focus on its core lending activities and has relinquished its advisory and training roles. MIDA currently networks with other institutions in the sector to promote and facilitate the delivery of non-financial services. In an effort to ensure increased access to credit, MIDA's funds are retailed or channeled to existing and new micro businesses through an Island-wide network of Approved Lending Agencies (ALAs). MIDA's lending partners on-lend the funds to enable micro entrepreneurs to obtain financing/capital resources to seize opportunities for creating and running sustainable businesses on terms set by these agencies.

MIDA seeks to achieve its corporate goals/objectives through the implementation of the following strategies:-

- 1) Mobilizing credit funds and providing increased access to credit
- 2) Strengthening of ALAs to be on par with international best practices
- 3) Monitoring of loans in arrears and improving collections on loans granted.

## ***Operational and Financial Overview***

In an effort to operate more efficiently and effectively while being more responsive to the needs of clients, MIDA has taken steps to automate its operations by acquiring a new Loan Management System (LMS). The LMS is purpose-built for the microfinance industry, as it is capable of meeting a wide variety of workload processing demands; provides transaction processing, integrity and general operating reliability, configuration and operating procedures; and does not conflict with other administrative programmes or information technology standards.

The LMS is currently being implemented via a process involving several stages such as customization, transformation and migration of data, and the mapping of codes from the manual to the automated system with test runs being executed during this analysis stage. The loan management database will be tracking loans from application to maturity. The system will achieve, inter alia:

- Documentation Management
- General Administration
- Management Accounting
- Fee Management
- Arrears Management.

MIDA has been recording losses, impacting negatively on the Agency's financial performance and ability to provide adequate financing. The Community Development Funds (CDFs) were originally the Agency's main conduit for on-lending to the micro sector.

However, the loan delinquency level rose sharply and also negatively impacted the performance of MIDA. Most of the CDFs' operations have been centralized at MIDA, as, resulting from an in-depth analysis of their operational activities, it was established that most of the terms and conditions of the Agency's lending agreements were not being satisfied. An extensive arrears collection drive is being undertaken with the assistance of two (2) temporary employees.

The Agency is currently in the process of tendering for independent contractors to collect on the loan portfolios of the CDFs. MIDA will be establishing a Debt Recovery Unit in-house, and this is expected to result in an overall improvement in collections and financial performance. MIDA continues to manage the Government of Jamaica/Government of Netherlands Microfin loan program on behalf of the Ministry of Industry Investment and Commerce, from which it is paid five percent (5%) management fee to manage the portfolio.

### **Highlights of Performance/Achievements for Financial Year 2012/2013**

For the Financial Year ending March 31, 2013, MIDA disbursed approximately \$182.64 M to the sector through its ALAs, an improvement of approximately twenty one percent (21%) over the prior year's performance; while collections, totaling \$123.85 M, marked a decline of approximately twenty two percent (22%).

The disbursements of \$182.64 M financed two thousand three hundred and fifteen (2,315) enterprises, which created three thousand one hundred and eighty two (3,182) sustainable jobs.



## Budgeted versus Actual Performance

	<b>Budgeted Performance M\$</b>	<b>Actual Performance M\$</b>	<b>Variance (-)</b>
<b>Disbursements</b>	<b>200 M</b>	<b>182.64</b>	<b>(17.36)</b>
<b>Collections</b>	<b>151.56</b>	<b>123.85</b>	<b>(45.07)</b>
<b>Job Creation/ Sustained</b>	<b>1750</b>	<b>3,182</b>	<b>1432</b>
<b>Enterprise Funded</b>	<b>1600</b>	<b>2,315</b>	<b>715</b>

## Strategic Focus for Financial Year 2013/2014

### Human Resources

MIDA presently has limited staff resources (a complement of 6 persons). During the 2013/2014 Financial Year, MIDA plans to increase its current staff complement by two (2), to eight (8).

**Formula Based Lending:** MIDA will develop programs for “Asset-Based Lending” on the basis of a ratio of Inventory and Accounts Receivable (75%/60%) and to provide “Working Capital” in the growth phase of micro-enterprises.

MIDA will develop “Asset Leasing Programs” to creatively finance specific assets required for the modernization and growth of select businesses, where this mode of financing is appropriate.

**Centralization of Lending Activity:** One of the unique features of an impending loan distribution arrangement is that all credit approval, monitoring, administrative and control functions would be centralized at MIDA HQ and electronic means used to maintain administrative and financial control over satellite offices and all lending activity, thereby reducing the cost of micro-credit delivery.

**Cash Management:** All cash transactions and payments by borrowers will be made directly to MIDA accounts established for such purposes at commercial banks; or through bill payment services, thereby increasing efficiency and reducing the risk of theft that existed in CDF lending and loan collections.

All surplus loan repayment funds held in MIDA centralized accounts prior to re-cycling will be invested in short-term instruments to gain interest on idle balances or float, while lending opportunities are being pursued.

**Product Development:** MIDA is continuing to design new value-added products that will better meet the needs of its borrowers. The Agency will also consider new modes of credit distribution and payment to be unlocked by Mobile Banking distribution capabilities and alternative branch distribution through shared offices.

**Integrity and Ethics:** Integrity is a fundamental requirement in choosing corporate officers and board members. Thus MIDA will develop for its executives, a Code of Conduct which promotes ethical and responsible decision making.

**Disclosure and Transparency:** MIDA will clarify and make publicly known, the roles and responsibilities of board and management to provide stakeholders with the highest level of accountability. The Agency has implemented procedures to independently verify and safeguard the integrity of its financial reporting while disclosure of material matters concerning the organization should be timely and balanced to ensure that all stakeholders have access to clear, factual information.

## **COMPLIANCE**

### **Financial Statements**

The Audited Financial Statements of the Agency are up-to date, and Annual Financial Reports have been submitted to MIIC up to FY 2010/2011. The FY 2011/2012 Audit has been finalized and all statutory obligations have been met by MIDA.

### **Documentation Requirements**

MIDA is working towards compliance with the ISO 9001:2008 Quality Management Systems documentation requirements. Indicated below are six (6) areas for which there are mandatory documentary requirements for ISO 9001:2008 compliance:

- Control of documents (Clause 4.2.3)
- Control of Records (Clause 4.2.4)
- Internal Audit (Clause 8.2.2)
- Control of nonconforming product (Clause 8.3)
- Corrective Action (Clause 8.5.2)
- Preventive Action (Clause 8.5.3)

There are additional documentary requirements under the ISO 9001 standard which are necessary to ensure the effective planning, operation and control of its processes and MIDA will identify/determine these and ensure compliance.

## Loan Financing

For the 2013/2014 Financial Year, MIDA plans to extend credit totaling \$450 M in loan funds, through its network of ALAs. This amount comprises principal reflows of \$100 M from MIDA's internally generated funds and \$350 M under the Government of Jamaica/Government of the Netherlands (GOJ/GON) managed portfolio. The funds are expected to support two thousand six hundred (2,600) business loans and create/sustain three thousand seven hundred and fifty (3,750) jobs through the current network of private and public institutions, in addition to other retailers with a proven track record to participate in the programme.

It is projected that loan collections will total two hundred and eighty five million dollars (\$285 M).

The financial forecast indicates that for the 2013/2014 Financial Year, MIDA will realize a net surplus of \$1.88 M after generating income of \$45.60 M and incurring operating costs totaling \$43.72 M. Details are provided in the following Income and Expenditure Statement and Balance Sheet.

### Income and Expenditure Statement

\$M

	<b>Audited 2011/2012</b>	<b>Estimated 2012/ 2013</b>	<b>Projected 2013/2014</b>
Loan Interest Income	9.52	6.58	12.00
Management Fees	6.79	5.48	13.25
Miscellaneous Income	1.73	5.34	4.85
Bad Debt Recovery	0.65	0.25	15.00
Other Income	0.57	0.63	0.50
<b>Total Income</b>	<b>19.26</b>	<b>18.28</b>	<b>45.60</b>
<b>Expenses</b>			
Salaries and Other Staff Costs	12.05	10.49	13.00

Gratuity	-	-	0.03
Interest Expense	-	0.08	0.06
Utilities	1.34	1.23	1.23
Repairs and Maintenance	0.24	0.51	0.51
Office Rental	0.92	0.90	0.90
Depreciation	0.80	0.79	0.79
Advertising, Promotion and Entertainment	0.09	0.19	0.19
Directors' Fees	0.19	1.31	1.31
Professional and Audit Fees	0.98	1.38	1.38
Bad Debt Provision	50.49	12.00	15.00
Interest Written Off	1.14	-	-
Other	2.45	6.52	9.32
<b>Total</b>	<b>70.69</b>	<b>35.40</b>	<b>43.72</b>
<b>Net Surplus / (Deficit)</b>	<b>(51.43)</b>	<b>(17.12)</b>	<b>1.88</b>

## Balance Sheet

\$M

	<b>Audited 2011/12</b>	<b>Estimated 2012/13</b>	<b>Projected 2013/14</b>
<b>Current Assets</b>			
Cash and Short - Term Deposits	5.46	4.04	2.50
Securities Purchased Under Resale Agreements	45.38	20.01	12.00
Other Receivables	13.72	37.29	39.91
Current Portion of Loans receivable	28.51	25.16	20.50
	<b>93.07</b>	<b>86.50</b>	<b>74.91</b>
<b>Current Liabilities</b>			
Accounts Payable and Accrued Charges	65.73	56.03	45.11
	<b>65.73</b>	<b>56.03</b>	<b>45.11</b>
	27.34	30.47	29.80
<b>Net Current Assets</b>			
	1.34	0.60	1.54
Fixed Assets	28.40	8.89	10.50
Loans Receivable – MIDA	67.80	68.38	68.38
	<b>124.88</b>	<b>108.35</b>	<b>110.22</b>
Portfolio Managed Funds (as per contra)			
Total Assets			

	238.00	238.00	238.00
<b>Shareholder's Equity</b>	(180.92)	(198.03)	(196.16)
Grants	<b>57.08</b>	<b>39.97</b>	<b>41.84</b>
Accumulated Deficit			
<b>Total Equity</b>	67.80	68.38	68.38
	<b>124.88</b>	<b>108.35</b>	<b>110.22</b>
Portfolio Managed Funds (as per contra)			
<b>Total Equity and Liability</b>			



**Ground Produce from a farmer of the St. Ann's Bay Community Development Fund**



**Art & Craft from an enterprising entrepreneur of the Community Development Fund**

## **MONTEGO BAY FREE ZONE**

### **Overview of Operations**

The Information and Communications Technology/Business Process Outsourcing (ICT/BPO) sector continues to support the main strategic objectives of foreign exchange earnings and employment creation in the Montego Bay Free Zone Company (MBFZ). During the period under review some existing operators continued to grow their business; thus necessitating additional space for expansion. This was particularly marked in the case of one new operator which surpassed the established norm of establishing in a small space (about 5,000 sq. ft.) and then growing after the first year. In this case, this operator increased its capacity by 500% within the first two months.

After six years of creating a nurturing and facilitating environment for Vistaprint's captive business centre within the MBFZ, this company moved into its newly constructed 93,000 sq. ft. space during the third quarter of the Financial Year.

The MBFZ in collaboration with JAMPRO hosted three prospective ICT investors during the period. Two of these investors set up operations within the MBFZ and the third, which is a small operation out of the United Kingdom, was waiting on the MBFZ to identify a small space in order to begin its operations as at the end of the Financial Year.

As at February 2013, The MBFZ exceeded its profitability target for the 2012/2013 period by 413%.

### **Performance Highlights for FY 2012/2013**

#### **Employment Creation**

As at year end March 31, 2013 employment within the MBFZ recorded a 20.22% increase, despite Vistaprint departing from the Zone with nearly 700 agents. This growth was due largely to Elephant Group Jamaica, (a new company), Teleperformance and Market Track. The number of agents employed to companies within the Zone moved from 4,777 to 5,292 over the year.

In addition to the existing ICT/BPO operators within the Zone, the MBFZ nurtured and supported the start-up and development of two companies, which moved into their own spaces to facilitate further growth and expansion of their businesses in Jamaica. These two companies are ACS, which was acquired by Xerox in 2010 and which constructed a 55,000 sq. ft. space in 2008 and Vistaprint which moved into its own centre at the Barnett Technology Park during the year. Both entities currently employ 2,748 agents in their external facilities.



A comparative breakdown of employment by sector is provided in Table 1 below:

**Table 1 - Employment within the MBFZ for 2012/2013**

TYPE OF OPERATION	NO OF WORKERS		% OF WORKFORCE
	March 2012	March 2013	March 2013
ICT	4,472	5,739	96%
Manufacturing	183	129	2%
Warehousing	122	120	2%
Total	<b>4,777</b>	<b>5,988</b>	<b>100%</b>

### Financial Highlights

For the Financial Year ended March 31, 2013 gross income for the MBFZ was J\$298.035M which was \$10.03 M above budget. This variance in income resulted from increased occupancy for office and factory spaces as well as the devaluation of the Jamaican currency. Operating Expenses were \$18.728 M below budget for the period, mainly due to delayed tender processes for some projects and the subsequent late signing of the works contracts, which had to be carried forward into the 2013/2014 Financial Year.

The MBFZ made a profit of J\$35.117 M compared to a budgeted profit of \$6.356 M. The positive variance for net profit for the period resulted from expenses falling below budget as indicated above, increased occupancy as well as gains from the appreciation of the US currency.

Table 2 provides the highlights of the financial performance for Financial Year 2012/2013.

**Table 2 – Summary of Profit & Loss Account**

	Year Ending March 31, 2013		
	Actual (YTD) (\$)	Budget (YTD) (\$)	Variance (YTD) (\$)
Income	298.035	288.002	10.033
Expenses	262.918	281.646	18.728
Profit/loss	35.117	6.356	28.761

## Foreign Exchange Earnings

Foreign exchange earnings from rental income were US\$3.9 M for the reporting period, which represents a 2.83% growth above the previous year. This resulted from increased occupancy of office and factory spaces during the last quarter of the review year. Table 3 below shows the change in foreign exchange earnings for the period.

**Table 3 - Foreign Exchange Earnings for the Period**

	<b>March 2012 US\$</b>	<b>March 2013 US\$</b>	<b>% Change</b>
Earnings	3,796,891	3,907,606	2.83%

## Occupancy

During the review period, overall occupancy increased by 5.5% as a result of the following factors:

### Office Space

- (1) Olympic Sports Data Services reduced its space by 11,000 sq. ft. during the first quarter. Island Outsourcers, a new company, rented 4,300 sq. ft. of this space and the remaining 6,700 sq. ft. of space has been reserved for the possible relocation of the Free Zone Administration office
- (2) Global Gateway Solutions rented 20,000 sq. ft. of additional space at DEB No. 6 for expansion of their centre
- (3) Vistaprint vacated 35,000 sq. ft. of space during the penultimate quarter of the Financial Year. All of this space was rented to new companies, Elephant Group and Accent Marketing Jamaica.

### Factory Space

During the review period, 12,000 sq. ft. of space was rented to Ecolab Limited, while ACS, a Xerox Company, rented 3,000 sq. ft. of additional warehousing space, which resulted in increased factory occupancy of 15,000 sq. ft.

Table 4 shows the utilization of office and factory spaces as at the end of the year and shows that the MBFZ is completely out of space for ICT/BPO operation.

**Table 4 – Occupancy**

Rentable Space	Office Space Sq. ft.			Factory Space Sq. ft.		
	2012 March	2013 March	% Change	2012 March	2013 March	% Change
<b>Total Available</b>	326,266	326,266		273,000	273,000	
Occupied	303,866	319,566		227,000	242,000	
Vacant	22,400	6,700*		46,000	31,000	
Percentage Occupied	93%	98%	5%	83%	88.6%	5.6%

\*space reserved for possible relocation of the MBFZ Administrative offices

## **Client Services Activities**

### **New Business**

#### **Island Outsourcers and Global Outsourcing Company**

During the period under review, the MBFZ provided assistance to two new local operators who set up their inbound/outbound call centres within the Zone; namely, Island Outsourcers and Global Outsourcing Company. Island Outsourcers performed well during the year and increased its agent count from 15 initially to 42 as at the end of the period. Global Outsourcing suffered some decline from its initial start-up and had a reduction in agents from 60 to 40 as at the end of the period. The below photograph features one of the new call centres.

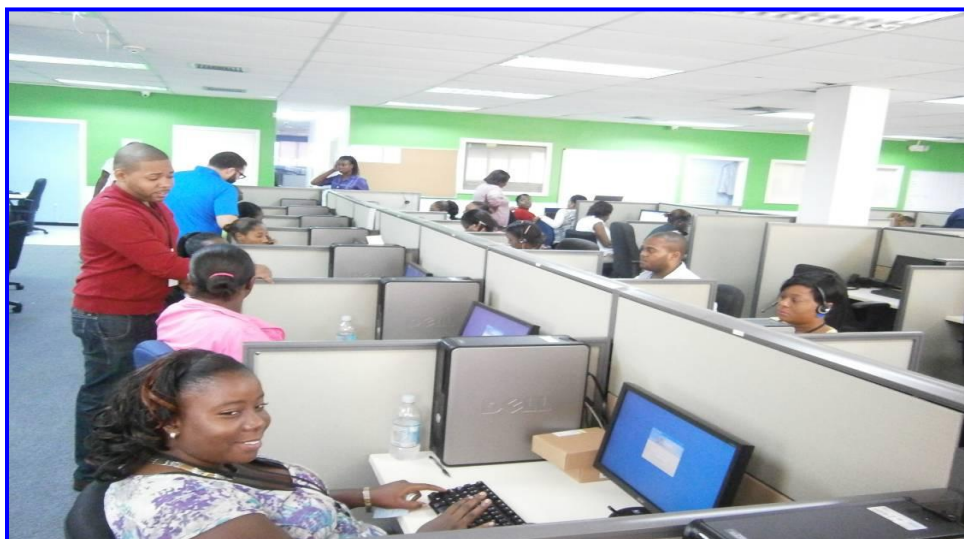


**Employees at work at Island Outsourcers**

## **Elephant Group**

During the review period, the MBFZ hosted several executives of Elephant Group, a Miami based service provider, which offers customer support for customers of telecommunications, cable and electronic sales companies. Executives of Elephant were taken on tour of the Zone as well as introduced to several operators of supporting services. After one month of assessment by the company a decision was made in favour of Jamaica. Subsequently, the usual due diligence checks were done by the MBFZ and JAMPRO and a proposal for approval of incentives from the Free Zone Board was favourably considered on January 23, 2013. The company thereafter commenced operations on February 1, 2013 using 10,000 sq. ft. of space.

The company's growth was unprecedented in the history of ICT/BPO operations within the MBFZ, which saw the start-up operations moving from 10,000 sq. ft. of space to 25,000 sq. ft. within two months and from 88 agents to 619 agents. The executives credit their rapid growth rate to the unexpected performance of the Jamaican agents, who surpassed their initial sales targets; consequently prompting them to bring more services on-shore. As at March 31, Elephant had reserved an additional 21,000 sq. ft. space within factory No. 4.



**Employees in Training at the New Elephant Call Centre**

## **Accent Marketing Jamaica**

Accent Marketing Jamaica, which operated in Kingston since 2009, took a decision in favour of Montego Bay versus Trinidad for location of a technical support centre and thus secured 10,000 sq. ft. of space within the MBFZ as at March 25, 2013.

Accent is among the high net worth small-sized BPOs, which has a very high level of employee/agent engagement systems and has been recognized for best practices in this area. Accent took two awards at the 2012 Contact Centre World.com Conference for Best Contact Center Design and the Best HR Professional award went to their Head of HR.

### Actual Performance Versus Planned Performance for 2012/2013

PROJECTED PERFORMANCE 2012/2013	STATUS OF PERFORMANCE AS AT MARCH 2013
Achieve net profit of \$6.35 Million	Budgeted Profit was exceeded by 452% as stated above.
Improvement of factories 6, 7 and 9 buildings	During the review period factories 6 and 7 were painted, with the latter having a rendering solution applied to the external surfaces to improve aesthetics. A contract was signed for the upgrade of factory No. 9 on March 27, 2013.
Rental of 10,000 sq. ft. space at DEB 6 by October 31, 2012	This target was achieved in April 2012 and exceeded by 100% in December 2012 when a further 10,000 sq. ft. of vacant space within the DEB 6 building was rented to Global Gateway Solutions.
Increase occupancy of office and factory spaces to 97% and 100% respectively	Occupancy was increased to 98% for office space and to 89% for factory space. Factory space rental was affected by delays with the refurbishing of the factory No. 4 space, which is owned by Factories Corporation of Jamaica (FCJ). However, as at the end of the month, a commitment was received for 21,000 sq. ft. that factory space to be refurbished for Elephant Group.
Construction of new 63,000 sq. ft.	A commitment was received from the Petrocaribe Development Fund in the amount of US\$6.16 million for construction, but after a strategic assessment of the Port Authority of Jamaica [PAJ], it was concluded that the PAJ should focus on its core activities and pursue a strategic alliance with FCJ, whose core function is the construction of buildings, to achieve the additional space/building. As a result, the Petrocaribe offer was declined and discussions began with FCJ towards a mutually agreed method of cooperation.

### **Highlights of Other Activities during FY 2012/2013:**

- **Breaking of telecommunications monopoly** - After years of the MBFZ lobbying the various Ministries of Government, the Attorney General's Chamber and the Fair Trading Commission, the telecommunications monopoly within the MBFZ was finally broken on June 7, 2012
- **Reduction in power outages** - Meetings were held with Jamaica Public Service Company (JPSCo.) to address concerns regarding frequent "brown outs" (power cuts lasting for less than one minute). Subsequent maintenance work by the JPSCo. alleviated the problem
- **Relocation of Paragon Call Centre** - Global Outsourcing Solutions purchased the assets of Paragon Communications Ltd prior to that company moving its operations outside of the MBFZ
- **New Industry Association** - The MBFZ assisted with the launch of a newly formed Business Process Industry Association of Jamaica (BPIAJ)
- **Issue at ACS, A Xerox Company** – This company experienced a number of issues with malfunctioning equipment and air quality within its centres. The Ministry of Health intervened and the company took immediate steps and remedied the problem
- **Jamaica 50 Celebrations** – The MBFZ client companies and their employees joined the Free Zone Administration office to celebrate Jamaica's 50th year of independence. A display featuring a taste of Jamaican culture was staged during the week of Independence. See Photo highlights below:

### **Priority Areas for Financial Year 2013/2014**

The following are the priority areas for FY 2013/2014:

- Consolidate a strategic alliance with FCJ to facilitate the development of new office space to satisfy increasing demand by BPO investors
- Provide additional amenities such as medical and bills payment, utilizing space previously constructed by a former tenant for its canteen purposes
- Build-out/convert Factory No. 4, which would increase office space within the MBFZ by 7% and provide additional space for the expansion of Elephant Group Jamaica Centre

- Subject to agreement of the land owner, embark on further development of the 20-acre area to improve the aesthetics, create a new entrance gate to improve the image of that area in keeping with the Technology Park standards and begin repositioning the MBFZ as the Montego Bay Free Zone Technology Park
- Continue the process of adopting ISO 9001:2008 Quality Standardization, which includes training for staff and implementation of a Quality Management System.
- Achieve or surpass budgeted profit target of \$21.36 Million.

## **SELF START FUND**

### **Mission**

To provide Micro, Small and Medium Enterprises loan financing and promote human development through entrepreneurship, self-help and self-employment.

### **Vision**

To create the most efficient and effective lending agency in Jamaica, through service, due diligence and ethical behavior while making a modest profit.

### **Corporate Objective**

- Provide loan financing to all Micro, Small and Medium Enterprises
- Carry out intensive training of existing staff to ensure that all members of the team are adequately prepared to meet the challenges and exceed the expectations of present and prospective clients
- Carry out field initiatives geared at locating potential customers within the MSME market segment as well as introducing them to loan products provided by the Fund. This will aid in the establishment of a database of potential clients which may be targeted for loan financing
- Implementing an effective and robust collection method in an effort to recover outstanding amounts from delinquent clients
- Continuous improvement in our manual and information technology infrastructure to enhance efficiency.



	<b>2011/12</b>	<b>2012/13</b> <b>ACTUAL</b>	<b>2012/13</b> <b>BUDGETED</b>
<b>NO. OF LOANS</b>	114	36	150
<b>VALUE OF LOANS</b>	\$50.65M	\$15.41M	\$72.4M
<b>NO. OF JOBS CREATED</b>	471	160	618
<b>COLLECTIONS</b>	\$75.78M	\$53M	\$75M
<b>LOANS - MIDA</b>	-	-	\$20M
<b>LOANS - PAN CARIBBEAN</b>	\$9.03M	-	\$10M
<b>REPAYMENT – MIDA</b>	\$8.3M	\$6.3M	-
<b>REPAYMENT - PAN CARIBBEAN</b>	\$11.96M	\$10.7M	-
<b>PROFIT/ (LOSS)</b>	(\$6.73M)	\$1.37M	\$1.8M

## **Highlights of Performance/Achievements for Financial Year 2012/2013**

- (i) Disbursement of \$15.412M to the SME sector
- (ii) Facilitation of Business loans to thirty six (36) entrepreneurs within the SME sector with average loan size of \$428,000
- (iii) Creation/preservation of approximately one hundred and sixty (160) jobs
- (iv) Focus on collecting arrears which have resulted from a high delinquency rate.
- (v) Commencement of work to identify specific communities for which the SSF will be providing loan financing to micro entrepreneurs in addition to the branch in Yallahs, St. Thomas.

## **Challenges**

There was no budgetary support for the 2012/2013 Financial Year.

One of the main challenges which the SSF has faced over the years is one of a particular perception on the part of its target clientele. The fact that SSF is an agency under the MIIC, the view widely held by clients is that the mandate of the SSF is to provide “soft credit” to its target group. Hus during the review year, SSF has been making efforts to correct the misconception about its mandate and to re-position the institution.

The Agency has scaled down lending to focus on the collections against the delinquent portfolio. It is hoped that the entity will be in a position to recruit more and higher quality staff to effectively tackle these issues and that the current emphasis on collections will result in the necessary inflows to facilitate lending again.

# **TRADE BOARD LIMITED**

## **VISION**

To be a national focal point for support of modern commerce through trade regulation and being a repository for and disseminator of national, regional and international trade-related information.

## **MISSION STATEMENT**

The mission of the Trade Board Limited is to facilitate trade locally and internationally by the issuance of licences and certificates of origin consistent with Government's policies and international agreements as well as to develop and promote a secure framework for e-transactions.

The Trade Board Limited is a regulatory agency of Government, operating under the auspices of the Ministry of Industry, Investment and Commerce (MIIC) and the legal authority of Section 12 of the Trade Act (1955).

The Trade Board has responsibility for:

- Issuing import and export licences for specific items that may impact negatively on the environmental, social and economic conditions of the country, in a manner consistent with international obligations under the World Trade Organization (WTO) Agreement for import licensing
- Issuing certificates of origin for Jamaican products exported under the various preferential trade agreements
- Monitoring imports and exports of specified commodities, as required by the Ministry of Industry, Investment and Commerce
- Establishing and operating a certifying authority for issuing digital certificates and regulating certification service providers; i.e. the Public Key Infrastructure (PKI) Project
- Being the catalyst to facilitate commerce through interface with a wide range of organizations including embassies, ministries and agencies of Government, and private sector organizations
- Informing the business community and prospective entrepreneurs of the facilities available under the various trade agreements.

## Performance Highlights – FY 2012/2013

In keeping with the Company's operational plan for the reporting period, the following performance/activities are highlighted:

- Contributed revenue totaling \$112,204,586 to the Consolidated Fund, as against the budgeted figure of \$99,363,600. This resulted from a 12.92% increase in revenue.
- Facilitated the export of products by issuing four thousand six hundred and twelve (4,612) certificates of origin for goods at a value of **US\$137,615,814** under various preferential trade agreements. The number of certificates issued marked an increase of three hundred and sixty two (362) over the previous year's figure of four thousand two hundred and fifty (4,250). CARICOM continued to dominate activities in this area accounting for forty-one percent (41%) of the total or three thousand two hundred and sixty nine (3,269) certificates issued, for a value of US\$73,008,539.
- Coordinated consultation with the National Task Force on the proposed Rules of Origin in the negotiation of the CARICOM/Canada Trade Agreement, for final review
- With the ban on scrap metal exports having been lifted in January 2013, facilitated the export of scrap metal by issuing licences with an export value of US\$1,870,014 (320 containers – 6785.57MT as at April 23, 2013)
- Online submission of applications for import permits via the Trade Board Information System (TBIS) remained in excess of eighty percent (80%) of total applications, with e-payment for applications averaging over twenty percent (20%) of payments
- Approved sixteen thousand eight hundred and twenty three (16,823) import licences for the year under review, resulting in a forty three percent (43%) increase over the 2011/2012 period which saw eleven thousand seven hundred and ninety eight (11,798) permits being approved
- Nine hundred and forty five (945) export licences were approved compared to one thousand seven hundred and ninety five (1,795) for the corresponding period in 2011/2012
- Consultation meetings held with various Ministries, Government Agencies and private sector stakeholders to address issues of concern relating to the Motor Vehicle Import Policy (MVIP). The issues were discussed by the Motor Vehicle

Imports Committee (MVIC) and recommendations made which are incorporated in:

- New policy guidelines
  - Amendments to existing guidelines, or
  - Merging of sections to create greater relevance or improved consistency
- 
- Two hundred and two (202) companies applied to the Trade Board Ltd. to be certified/re-certified as motor vehicle dealers. Of this number, fifty five (55) were new entrants while the remaining one hundred and forty seven (147) were applying to have their certifications renewed.



**Hon. Anthony Hylton, Minister of Industry, Investment and Commerce (centre); Mr. Brian Barnes, Director (left) and Mr. Benthon Hussey, Chairman (right) in attendance at TBL's Organizational Retreat, March 2013**



**Manufacturing Plant using sugar imported under the Refined Sugar Regime administered by the Trade Board Ltd.**