

**RESPONSE TO QUESTIONS POSED IN THE HOUSE OF REPRESENTATIVES BY
MEMBER OF PARLIAMENT KARL SAMUDA TO THE HON. ANTHONY HYLTON,
MINISTER OF INDUSTRY, INVESTMENT AND COMMERCE**

Mr. Karl Samuda, Member of Parliament for North Central St. Andrew posed a number of questions in the House of Representatives on Tuesday, May 26, 2015 to the Hon. Anthony Hylton, MP, Minister of Industry, Investment and Commerce. The following answers are provided.

The answers to the questions posed can only be answered through the implementation of the non-binding Memorandum of Understanding (MoU) signed on April 21, 2015 between the Government of Jamaica (GoJ) and the Proposing Parties of Krauck Gruppe, Krauck Systems and Anchor Finance Group LLC.

The MOU was established for a period of six (6) months with the execution contemplated over two phases. The objectives of the first thirty (30) days of the MOU (Phase 1) are to allow the Proposing Parties to satisfy the GOJ that:

- a) the Proposing Parties have the financial and technical capacity and experience necessary to execute the project;
- b) the proposed funding is from a legitimate source; and
- c) the personnel and the proposing entities are fit and proper persons to do business with the GOJ.

This would require the GoJ to receive the requisite information from the Proposing Parties and to verify the information received.

If the information presented has been reviewed and approved by Cabinet as being satisfactory then Phase 2 will be authorized. Phase 2 will involve the following:

- a) determination of the feasibility of an integrated approach to the GLHI;

- b) definition of the role of the Proposing Parties and the development and execution of the proposed Framework Agreement; and
- c) determination of whether or not there are any issues that the GOJ would wish to have any further direct negotiations or discussions on with the proposing parties, on and if so in relation to those items to determine whether or not the GOJ has any existing contractual or non-binding arrangements with third parties in relation to the same and if so determining whether those projects should be excluded from discussions and negotiations with the proposing parties pursuant to this MOU.

Cabinet has appointed the National Logistics Initiative Council (NLIC) to manage the implementation of the MOU, including the financial due diligence on the Proposing Parties in the MOU. NLIC is chaired by Professor Gordon Shirley, Chairman and CEO of the Port Authority of Jamaica; and with the Deputy Chair being Dr. Eric Deans, Chairman of the Logistics Hub Task Force, MIIC. The other members of the Council comprise representatives from the Ministry of Industry, Investment and Commerce (MIIC), the Ministry of Transport, Works and Housing, the Ministry of Finance and Planning, the Development Bank of Jamaica, the Planning Institute of Jamaica, JAMPRO, the Attorney General's Chambers and the Airports Authority of Jamaica.

Within the context outlined the following answers are provided.

- 1. Has the Cabinet received and assessed the recently announced investment projects estimated at US\$5 Billion?**

ANSWER:

It must be noted that Minister Hylton made no announcement that they were investment projects estimated at US\$5 Billion. Rather, announcements were made by Minister Hylton of an Expression of Interest

(EOI) by investors for investments of up to US\$5 Billion in the Global Logistics Hub Initiative.

With that clarification we can say that no conclusive and definitive report has been received by Cabinet and as such Cabinet has arrived at no decision on the projected investment.

NLIC submitted a preliminary report to Cabinet on June 01, 2015. NLIC's report raised significant concerns on matters that require clarification and verification from the proposed investors in respect of their capacity to execute the intended projects and their fit and proper status to do business with the Government of Jamaica.

As a consequence, Cabinet instructed that NLIC meet with the Proposing Parties to clarify information already reviewed and to facilitate the provision of any additional relevant information.

NLIC met with the Proposing Parties and clarified certain matters and is in the process of receiving additional information. A second interim report was made to Cabinet on June 15, 2015 and again the results were inconclusive. Cabinet has instructed that NLIC complete the receipt of information and that international third parties (international banks and international development partners) be engaged to assist in the process of the verification of information received.

Any findings to date are preliminary and cannot be discussed until NLIC, the Cabinet-appointed sub-committee has completed its deliberations and reported to Cabinet. Cabinet will determine which, if any, of the commercially sensitive information emanating from this process will be

reported through Parliament to the people of Jamaica. It would not be appropriate at this stage to report the preliminary findings to Parliament.

- 2. If so, will the Minister please present the findings to Parliament prior to any final decisions being arrived at?**

ANSWER:

See the response to Q 1 above.

- 3. Will the Minister provide specific answers to the following:**

- a. The names and locations of the projects to be undertaken and the associated costs;
- b. The names of the entities and/or principals that will undertake the identified projects;
- c. The source of financing and the extent to which the Government of Jamaica will be required to provide any form of equity;
- d. The timeframe within which any of the proposed projects will begin and the anticipated time of completion; and
- e. The role of JAMPRO in the development, facilitation and marketing of these projects.

ANSWER:

Answers to these questions will only be available if the Phase 2 of the MoU between GoJ and Krauck Gruppe, Krauck Systems and Anchor Finance Group LLC is implemented.

Ministry of Industry, Investment and Commerce

June 16, 2015