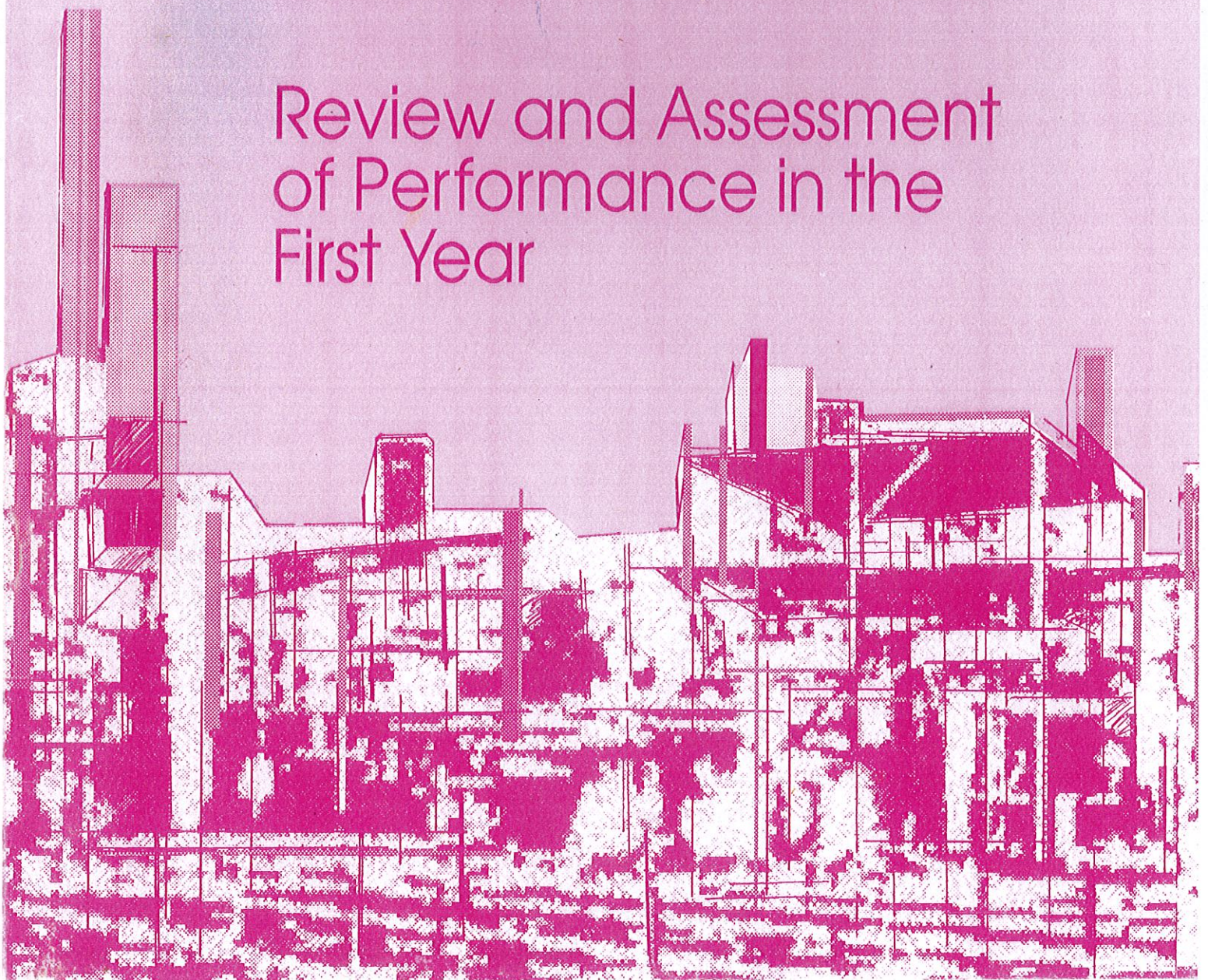


# **NATIONAL INDUSTRIAL POLICY**

Review and Assessment  
of Performance in the  
First Year





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First Year

Technical Secretariat  
Development Council  
Office of the Prime Minister

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## **EXECUTIVE SUMMARY**

### **A. Background**

1. The National Industrial Policy (NIP), adopted in March 1996 after careful study and intensive consultations, expresses the consistent principles, policies, and programmes that underpin Government's long-term vision of the pathway to a more prosperous economic future with a better quality of life for the Jamaican people.
2. In the course of the first year since adoption of this Policy, efforts have been made to implement various initiatives and measures called for in the Policy and to involve in this process both the responsible government agencies and groups in the private sector.
3. This review takes stock of the progress made to date, the hurdles that remain to be overcome, and the priorities to be confronted in the period immediately ahead.

### **B. The Social Partnership**

1. Continuing efforts were made throughout the year to negotiate the terms of a structured agreement as the basis for a Social Partnership that would allow cooperation in decision-making and action among all the partners.
2. Detailed terms of an agreement have been worked out and remain to be approved by all partners.
3. In the meantime, Government has moved to implement various initiatives, as indicated in this review, in its determination to establish the conditions and requirements for such a Partnership to work effectively. The achievement of macroeconomic stability is itself a major plank in this process. Other initiatives at the microeconomic level have also served this goal.
4. The National Planning Council continued to play a role in coordinated planning and action among the partners. Industry Advisory Councils are being formed to focus on sector-specific issues in the sectors targeted by the NIP.

### **C. Macroeconomic Stabilisation**

1. The main focus and priority of the overall policy-thrust in the first year was the commitment to achieve macroeconomic stability, specified in terms of a decline in inflation, reduced interest rates, and a stable exchange rate. This objective has been substantially achieved.

2. This achievement lays the groundwork necessary for moving the economy forward now in the transition to the new phase of growth with stability as called for in the NIP.

3. Some of the necessary elements now in place for making this transition are: the weakening of inflationary expectations and reduction in the cost of capital for investment in production.

4. Overall external-trade performance has been characterised by chronic deficits in merchandise trade and in the current account. However, as a percent of GDP, the trade deficit actually declined this past year, while the balance of goods and services and the current account balance held steady. An aggressive export expansion programme, coupled with measures designed to reduce the cost of imported inputs, will seek to address the requirements for continued reduction in the deficit during the next phase of policy implementation.

#### **D. Stimulating Investment and Growth**

1. The economic adjustments taking place this past year are a necessary condition of the transition process to a new phase of growth with stability, given the past history of Jamaica's economic performance. Some features of this process have been favourable to investment and growth, but other factors have tended to play an inhibiting role, resulting in a shortfall in actual growth below projected targets indicated in the NIP. Among these other factors are the restructuring taking place in the financial sector and the fact that many firms still suffer from the handicap of a heavy debt overhang. Government has sought to address directly these factors.

2. Various methods and techniques have been developed for (a) increasing the supply of funds available through public-sector lending institutions, (b) improving conditions of access for small and medium-size firms with viable projects that generate employment and export earnings, and (c) channeling funds to allow restructuring and refinancing of viable enterprises.

3. The Financial Institutions Structural Adjustment Company (FINSAC) has been established by Government to deal with problems of the financial sector. A well-structured programme of rehabilitation has been instituted to deal with cases of weakness. New measures for reform, monitoring, and supervision are being developed that will strengthen the sector and maintain its viability as a vital element in the economy.

4. These efforts on the financial side have been complemented by other government-sponsored efforts in the areas of fiscal incentives, support services for marketing and production, investment packaging, remedying bottleneck factors through investment facilitation, and pursuit of an aggressive trade policy.

5. A quantitative assessment of the outcome of these efforts in terms of actual investments is provided by an analysis of investment projects in the pipeline passing through the public sector institutions. This analysis shows that there is a large volume of projects, widely distributed over different economic sectors, that are on stream or have reached actual start-up.

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### **E. Sectoral and Micro-level Initiatives**

1. At the sectoral and micro-level, various activities have been carried out and new initiatives and targets proposed for continued action in furtherance of the goals of the NIP. These are reviewed in detail for individual sectors and product lines in relation to seven specific objectives that serve to operationalise the broad goals of the NIP.
2. The detailed data presented reveal a significant record of achievement on all counts. Especially notable are achievements in the areas of market penetration and export diversification and in organizational strengthening through building strategic alliances and networks among firms and agencies. Strong efforts are also being made in particular sectors to develop a sharper focus on product design and quality issues and on the exploitation of synergies between sectors.
3. Areas of weakness exist, specifically as regards efforts to improve productivity. This area must now be given renewed emphasis and close attention.
4. There were significant cases of factory closures in the manufacturing sector and weakness in performance of some farm crops. Assistance is being provided to affected firms in targeted sectors, such as Apparel and Sewn Products and the Dairy Industry. Government has put in place a broad-based support programme to deal with adjustments taking place in manufacturing and agriculture, including: anti-dumping legislation, improved monitoring and testing of imports, technical support services, training schemes, financial assistance at affordable interest rates, and infrastructural investments.
5. At the same time, there were significant expansion programmes taking place in a wide range of economic activities, representing a positive response to existing opportunities and opening up of new opportunities, and resulting from private-sector initiatives buttressed by government support. Examples are detailed in this review.

### **F. The Incentive Regime**

1. Various initiatives were taken during the year to amend existing legislation so as to establish a more flexible programme of incentives that benefits a broader cross-section of firms and is oriented equally to services, agriculture, and manufacturing activity.
2. In the next phase of NIP implementation, efforts are to be made to undertake a systematic overhaul of the entire incentive regime, consistent with the general thrust of the Policy and evolving international rules.

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### **G. Infrastructure Investment and Human Resource Development**

1. Strong emphasis was placed on these twin planks of the government's development thrust, within the tight constraint of a fiscal budget that leaves limited resources for capital expenditures. To relieve this constraint, Government has sought to mobilise additional resources from the local private sector and external sources and to introduce cost recovery mechanisms.
2. Major projects were undertaken or slated to begin during the year in targeted areas of physical infrastructure, including: water supply, irrigation, & sewerage; transportation; roads; seaport and airport facilities; communications; energy; industrial parks/free zones.
3. The programme in human resource development continued to concentrate resources on improvement and expansion in the targeted areas of early childhood, primary and secondary education, and to provide training through the HEART/NTA system.
4. Systematic application of science and technology to meet diverse and changing needs in the economy and society is being pursued through a wide range of activities in research and development, product design, testing, quality control, information processing and dissemination, education and training. The various public agencies involved are being reoriented to focus their efforts. New initiatives are emerging from the private sector.

### **H. Strengthening the Institutional Framework**

1. Crucial elements of the institutional structure that underpins the working of the economy and facilitates the process of growth and development have been the focus of attention and action during the year. These include: (a) the competitive rules governing market structure and behaviour of firms, (b) the capital-market institutions (banking, credit, insurance, and stock market), (c) the labour market, and (d) the administrative apparatus of the public sector.
2. In all of these areas, specific reform measures have been introduced to strengthen the institutions through appropriate legislative action, through the monitoring and supervisory role of state agencies, and through active consultation and joint action between Government and interested parties.

### **I. Priorities for the Next Phase of Policy Implementation**

1. The next phase of policy implementation will focus on building on the gains already achieved so as to meet the central objective of this new phase: growth with stability.
2. Having created the conditions for macroeconomic stability, the aim is to preserve those conditions by rigorous pursuit of the appropriate monetary and fiscal policies. At the same time, it will be necessary to move the policy-mix towards greater emphasis on measures to promote investment in the productive sectors and growth of exports.

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3. The key elements of the implementation strategy during this next phase are the following:
- \* Strengthen and reinforce measures to provide the appropriate environment of stability and predictability to facilitate long-term investment.
  - \* Design measures to shift the balance of investment decisions from short-term financial instruments to long-term investment in the productive sectors.
  - \* Pursue an aggressive export-expansion programme based on proven strengths in dynamic sectors of the economy that are ripe for expansion.
  - \* Orient government budgetary allocations to investment in human resources and infrastructure, the incentive system, and a broad-based support framework, so as to remedy bottlenecks and constraints facing producers in the targeted sectors.
  - \* High priority is to be given to education and training of the labour force, concentrating on early education as the base of the process, in a push to prepare adults and the new generation to cope with rapid changes taking place in the economy and society.



## 1. BACKGROUND

1.1 The National Industrial Policy (NIP) was adopted by Government in March 1996 as the outcome of careful study and intensive consultations held over the previous two years. *It expresses the consistent principles, policies, and programmes that underpin Government's long-term vision of the pathway to a more prosperous economic future with a better quality of life for the Jamaican people.*

1.2 The National Industrial Policy provides *a strategic plan* to guide the Jamaican economy on a path of renewed growth and development and pave the way for Jamaica's entry into the 21st century. Its central concern is to promote investment, productivity and growth in the productive sectors of the economy. Its goal is, through growth of output and productivity and diversification of production, to achieve a sustainable basis for reducing unemployment and poverty and increasing income of the Jamaican people.

1.3 Conceived as *a comprehensive and integrated approach to economic policy*, it has the complementary goals of achieving greater social equity among different socio-economic groups and preserving the natural environment.

1.4 The *strategic focus* of the NIP is on (a) export push, through building and sustaining targeted areas of competitive advantage in the national economy, and (b) efficient import substitution, consistent with the emphasis on international competitiveness as the key element of the Policy.

1.5 The NIP sets out a structured programme of measures dedicated to achieving these objectives in a sequential manner. It also indicates certain *implementation procedures* to be adopted over the short-, medium-, and long-term planning horizon.

1.6 *Fully one year has now passed since adoption of the NIP.* In the course of this period, efforts have been made to implement various initiatives called for in the Policy and to involve in this process both the responsible government agencies and groups in the private sector. All relevant government agencies have been required to develop action plans to ensure implementation of the Policy and to coordinate action among agencies where necessary to ensure consistency.

1.7 At the same time, significant adjustments have been taking place in the Jamaican economy, reflecting ongoing changes brought on by international and national factors and by the interventions of the NIP itself.

1.8 This review seeks to take stock of the progress made to date, the hurdles that remain to be overcome, and the priorities to be confronted in the period immediately ahead.

## 2. THE SOCIAL PARTNERSHIP

2.1 Continuing efforts were made throughout the year to negotiate the terms of *a structured agreement* that would provide the basis for a Social Partnership. Formation of this Partnership is seen as an important and necessary foundation for establishing shared goals, participation in planning and implementation of policy, and an environment of cooperation in economic management and decision-making among all the partners.

2.2 Detailed terms of an agreement have been worked out and remain to be approved by all partners. To the extent that the institutional framework and other elements cannot be implemented unilaterally, the Government will continue to seek the cooperation of the other social partners and is fully prepared to implement them when all partners are in agreement.

2.3 In the meantime, the Government, on its part, has moved to implement various initiatives in its determination to establish the conditions and requirements for such a Partnership to work effectively. *The achievement of macroeconomic stability during this past year is itself a major plank in this process*, as promised in the NIP. Other initiatives at the microeconomic level, outlined below, have also served this goal.

2.4 The *National Planning Council* has continued to play a role as a forum through which strategic planning and coordinated action can take place among the partners.

2.5 Formation of *Industry Advisory Councils* has been occurring within each of the targeted clusters identified by the NIP, with significant advances in the (sub-)sectors of Apparel and Textiles, Other Light Manufacture; Tourism; Mining, Chemicals and Ceramics. These Councils will provide an effective organizational basis for cooperative efforts between government and private sector representatives by focusing on sector-specific issues.

### 3. MACROECONOMIC STABILISATION

3.1 The main focus and priority of the overall policy-thrust in the first year was the commitment to achieve macroeconomic stability, specified in terms of a decline in inflation, reduced interest rates, and a stable exchange rate. *This objective has been substantially achieved in the course of this past year.*

3.2 This achievement itself has crucial significance, because *it lays the groundwork necessary for moving the economy forward in the transition to the new phase of growth with stability as called for in the NIP.* Some of the necessary elements now in place for making this transition are the following.

3.3 With the inflation rate trending down, nominal interest rates declining, and the exchange rate relatively stable, the stage is now set for undercutting the inflationary expectations that have plagued the economy for years. This turnaround should weaken pressures for wage and price increases in the coming year and put the economy on a firmer footing of *policy credibility and predictability.*

3.4 As a result of the decline in inflation and in the interest rate on government bonds, lending rates of financial institutions have been induced to follow suit, though with a lag and observed stickiness in some cases. Continued *reduction in the cost of capital* should help to steer investor expectations towards longer-term investment in the productive sectors and thereby provide a stimulus for a return to growth. At previously existing levels, the cost of capital had been commonly identified as a major factor inhibiting such investment.

3.5 Furthermore, the decline in interest rates on government debt instruments is expected to yield benefits in terms of *reducing the burden of debt service payments in the national budget* and, thereby, allowing a shift in budget allocations towards the critical areas of physical and social infrastructure and human resource development.

3.6 Generally, as these effects of macroeconomic adjustment continue to take hold, the expected payoff in terms of investment in the productive sectors and growth of income and employment will be increasingly realised. The *unemployment rate*, which has now settled around the 16 percent level, is still too high and must be brought down.

3.7 *Overall external trade performance* has been characterised by chronic deficits in merchandise trade and in the current account. However, as a percent of GDP, the trade deficit actually declined this past year, while the balance of goods and services and the current account balance held steady (see Appendix A). These favourable outcomes were due to strong growth in net earnings from services and a sharp reduction in growth of imports. An aggressive export expansion programme planned for the next phase of policy implementation will address the

essential requirements for reducing the deficit on the revenue side of the accounts. On the import side, attention will be given to measures designed to reduce the cost of imported inputs, especially in the area of energy use.

3.8 Detailed assessment of export performance at the sectoral level points to strong growth in the service sector as well as a number of traditional export products. Non-traditional exports, however, recorded a decline in both value and share of overall exports, due largely to a significant contraction in apparel exports. This decline, coming after five years of steady expansion, stands as a challenge to the NIP's objective of export diversification. Continued macroeconomic stability and targeted government support will contribute to returning the non-traditional sector to its dynamic growth path.

#### 4. STIMULATING INVESTMENT AND GROWTH

4.1 The economic adjustments taking place this past year are a necessary condition of the transition process to a new phase of growth with stability, given the past history of Jamaica's economic performance. Some features of this process have been favourable to investment and growth, for the reasons indicated above, but other factors have tended to play an inhibiting role, resulting in a shortfall in actual growth below projected targets indicated in the NIP. This *uneven effect* is consistent with observed economic performance in other developing countries undergoing a similar process. Government has sought to address directly the inhibiting factors.

4.2 The *private-sector financial institutions* have experienced difficulties during the year, owing to the adjustment from a high-inflation, high-interest rate regime to the new phase of low inflation and low interest rates and to internal problems of management and operational efficiency within the sector. Sections of the sector have been undergoing stress, while others have successfully withstood the pressures. A well-structured programme of rehabilitation, operated by the newly formed Financial Institutions Structural Adjustment Company (FINSAC) set up by Government to deal with problems of the sector, has been instituted to deal with cases of weakness. This should enable the sector as a whole to move forward. In addition, new measures for reform, monitoring, and supervision are being developed that will strengthen the sector and maintain its viability as a vital element in the economy.

4.3 *The public-sector financial institutions have been assigned a new role to act as catalyst to get production going*, for instance by providing equity funding through the National Investment Bank of Jamaica (NIBJ). To support this thrust, Government has developed various methods and techniques for:

- (a) increasing the supply of funds available through public-sector lending institutions;
- (b) improving conditions of access for small and medium-size firms with viable projects that generate employment and export earnings.



4.4 *Many firms still suffer from the handicap of a heavy debt overhang*, due to the previously prevailing high interest rate and a tendency of firms to prefer debt financing. It will take time to work off this overhang as interest rates decline and internal restructuring of assets and liabilities occurs within such firms. Here again, Government's financial policy has played a facilitating role by channeling funds through loan guarantees and public-sector lending institutions to allow refinancing and restructuring of viable enterprises.

4.5 In the drive to stimulate investment and growth, these efforts on the financial side have been complemented by *other government-sponsored efforts* in the areas of fiscal incentives, support services for marketing and production, investment packaging, remedying bottleneck factors through investment facilitation, and pursuit of an aggressive trade policy.

4.6 A quantitative assessment of the outcome of these efforts in terms of actual investments is provided in Appendix B by *an analysis of investment projects in the pipeline* that pass through the public-sector financial institutions (NDB, NIBJ) and JAMPRO. It is evident that there has been a large volume of projects, widely distributed over different economic sectors, passing through this pipeline to reach the actual start-up phase in some cases.

4.7 Other investments taking place elsewhere in the economy, not documented in this analysis, have also benefitted from these efforts.

## 5. SECTORAL AND MICRO-LEVEL INITIATIVES

5.1 In the National Industrial Policy, *Government has pledged to support the private sector in its efforts to build competitive advantage in the global marketplace* and, in this way, to serve as a catalyst for modernisation of the Jamaican economy and diversification of the production base. The Policy calls for an integrated approach that takes into account the specific needs and potentials (strengths and weaknesses) of individual sectors of production, the linkages and interdependencies among sectors, and opportunities for emergence of new dynamic sectors. The aim is to build on existing strengths while creating conditions for new opportunities to emerge.

5.2 *The successful application of this strategy requires Jamaican firms to be innovative in all phases of their operation and to create a niche for themselves by exploiting the specific advantages that give them an edge in the international marketplace.* Firms must build and sustain their ability to compete across many different product dimensions, including price, quality, design, packaging, delivery time, range and variety of products. This requires focusing on critical elements of the production process along the continuum: R&D/design - production - distribution - marketing, and on the organization and management of these elements to ensure success.

5.3 *Government's support* is geared towards providing various forms of assistance and support services at different points in this process in order to enhance competitiveness of firms by addressing directly constraints that raise their costs and risks and place them at a competitive disadvantage in relation to their counterparts in other countries.

5.4 Guided by this strategy, various activities have been carried out during the year at the sectoral and micro-level and new initiatives and targets proposed for continued action in furtherance of the goals of the NIP. These *initiatives, targets, and achievements*, at the level of specific sectors and product lines, are reviewed in detail in Appendix C. They are grouped according to *seven objectives that serve to operationalise the broad goals of the NIP*, thereby making it possible to identify strengths and weaknesses in the policy-implementation process.

5.5 The detailed data presented in Appendix C reveal *a significant record of achievement in policy implementation on all counts*. Especially notable are achievements in the areas of market penetration and export diversification and in organizational strengthening through building strategic alliances and networks among firms and agencies. Strong efforts are also being made to develop a sharper focus on product design and quality issues and on the exploitation of synergies between sectors in the specific cases of Textiles and Sewn Products, Tourism, and Music & Entertainment.

5.6 *Areas of weakness* exist, specifically as regards efforts to improve productivity. This is an area that must now be given renewed emphasis and closer attention in the ongoing process of implementation of the Policy.

5.7 To be sure, there were *significant cases of factory closures in the manufacturing sector and weakness in performance of some farm crops*. These represent, in many cases, a process of adjustment to the far-reaching competitive changes taking place on a global level as well as pressures arising from domestic constraints. Assistance is being provided to affected firms in targeted sectors, such as Apparel & Sewn Products and the Dairy Industry, to allow viable enterprises to make adjustments through restructuring operations and upgrading productive efficiency as well as to provide safeguards against unfair competition.

5.8 *Key features of the government's support programme for dealing with the adjustment process taking place in both manufacturing and agriculture* include:

- (a) strengthening and effective enforcement of anti-dumping legislation;
- (b) improved monitoring and testing, through the Bureau of Standards and Customs Department, to ensure that imported goods meet the appropriate health, safety, and phyto-sanitary standards;

- (c) provision of technical support, R&D, agricultural extension services, pest and disease control, marketing support, and financial assistance at affordable interest rates;
- (d) training schemes for adapting the labor force to sector-specific skill requirements;
- (e) remedying infrastructural deficiencies by investment in targeted areas of physical and social infrastructure.

5.9 At the same time, there were *significant expansion programmes taking place in a wide range of economic activities*, representing a positive response to existing opportunities and opening up of new opportunities, and resulting from private-sector initiatives buttressed by government support. Examples include cigar manufacture, edible oils and fats, hotel facilities and attractions, shipping and berthing facilities (Gordon Cay), non-metallic minerals, fresh produce, processed foods, and marine products. Considerable dynamism existed in the areas of entertainment, music, and cultural products, where growing opportunities are being created for increased employment and income that are widely distributed among different income groups.

5.10 New opportunities are also emerging in the area of *offshore financial services*. In part as a result of the contraction in the local financial sector, Jamaica offers a pool of well trained professionals as well as physical and telecommunications infrastructure to be readily deployed in developing a niche as an attractive offshore financial services center. Initiatives in support of this thrust include developing the enabling legislation to encourage offshore industries.

5.11 In *the bauxite/alumina sector* a far-reaching process of restructuring has been taking place on a global level, driven by an extremely high level of competition in international markets. The local sector is constrained by the age and size of existing plants as well as the level of technology. The companies are pursuing a sustained drive for cost efficiency and improved productivity along with plans for expansion of capacity. These efforts showed up in a 8.9% increase in bauxite production and a 5.6% increase in alumina production in 1996, above the corresponding levels for 1995. Despite the increased production, the level of earnings from the sector fell by 1.5% due to adverse market conditions. To maintain its competitive position in the marketplace, it is important for the local sector to continue its cost-efficiency drive and to sustain the relatively stable labour-relations climate which existed in 1996.

5.12 The *shipping & berthing sector* continues to benefit from the Port of Kingston consolidating and expanding its position as a strategic regional transshipment hub for containerised cargo within a highly competitive environment. Under Phase One of the Gordon Cay Expansion Programme, an additional 2,000 feet of berthing space was commissioned into service in July 1996, effectively doubling the Port's transshipment capacity. The expansion programme also involves the construction of additional container storage space, the acquisition of state-of-the-art equipment, and the provision of other infrastructure support. It is complemented by the

installation of a comprehensive computer-based container terminal management system. These investments lay the foundation for continued growth in the sector's transshipment activity which, in 1996, was reflected in a 5.6% increase in the number of ship calls at the transshipment port and a 23.4% rise in the number of container moves.

## 6. THE INCENTIVE REGIME

6.1 Government recognises that *fiscal incentives*, although being no panacea for industrial competitiveness and growth, play an important economic role. They serve as an offset to distortions arising from prevailing disincentive factors and, thereby, to equalise advantages of the incentive regime faced by Jamaica-based firms with those enjoyed by competitors in other countries. In addition, they may be deployed in support of activities that are deemed to have priority preference for strategic reasons.

6.2 Currently, *Jamaica has a complex and unwieldy system of many different incentive schemes* inherited from past policies and programmes. In the National Industrial Policy, Government has pledged to re-examine and restructure this system so as to make it consistent with both the guiding principles of the NIP as well as the international rules and regulations that Jamaica is subject to as signatory to the WTO and CARICOM agreements. The central thrust of the policy approach is to re-orient fiscal incentives to make them

- \* more transparent, simple, and automatic;
- \* based on quantifiable and easily monitored performance standards;
- \* more flexible so as to enable a broader cross-section of firms to benefit from their provisions;
- \* oriented equally to services, agriculture, and manufacturing activity.

6.3 Guided by these principles, Government has undertaken in the past year *various initiatives to establish a more flexible programme of incentives*:

- (a) The Export Industry Encouragement Act (EIEA) has been amended to grant tax relief to firms exporting a minimum of five percent of their output. This measure supports local firms in their efforts to use their presence in the domestic market as a platform for expansion into the international domain.
- (b) The Jamaica Export Free Zones Act has been amended to allow for private designated free zones outside of the existing free zone area.



- (c) A first draft of legislation expanding the EIEA beyond manufacturing activity to include the service sector has been prepared. The legislation is expected to be tabled in Parliament by the end of the third quarter of 1997.
- (d) Legislation is currently being drafted to amend the Motion Picture Encouragement Act. The objective is to extend beneficiary status to providers of motion picture facilities and to music providers (e.g. recording studios, CD manufacturers). Pending the passage of legislation, duty-free status is conferred on imports of items and equipment required by recording studios and CD manufacturers.

6.4 Additional initiatives include the proposed Amendment of the Factory Construction Act to decentralize factory building and encourage owner-built and occupied factories, and the preparation of draft orders to allow duty-free treatment of items used for R&D purposes and for projects promoting environmental concerns.

6.5 In the next phase of NIP implementation, efforts are to be made to undertake a *systematic overhaul of the entire incentive regime, consistent with the general thrust of the Policy and evolving international rules*. These efforts will be coordinated with the ongoing assessment of the existing structure of taxation, with a view to adapting the whole system to meet the requirements of the NIP for promoting saving, investment, productivity, and international competitiveness.

## 7. INFRASTRUCTURE INVESTMENT AND HUMAN RESOURCE DEVELOPMENT

7.1 A key component of the National Industrial Policy is the strong emphasis placed on these *twin planks of the government's development thrust*. They are considered basic to the overall strategy of economic and social development and essential requirements for facilitating investment and growth.

7.2 The Government's programme in these areas has operated within the *tight constraint* of a fiscal budget with sizeable demands for debt service and recurrent expenses that, consequently, leaves limited resources available for capital expenditures. Strong efforts are being made to relieve this constraint through debt management and achieving cost-efficiencies in public sector operations. Furthermore, Government has sought to mobilise additional resources from the local private sector and external sources and to introduce cost recovery mechanisms wherever feasible and desirable.

7.3 The *private sector* itself can play an important role here too in directly meeting investment requirements and is being encouraged to pursue its own initiatives in line with Government's policy thrust.

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## **7A. INFRASTRUCTURE INVESTMENT**

7A.1 Major projects were undertaken or slated to begin during the year in targeted areas of physical infrastructure, including the following:

### **Water Supply, Irrigation, and Sewerage**

- \* Water Supply Projects in the Lucea/Negril area and in Montego Bay;
- \* Sewerage System Improvement Projects in Montego Bay and Ocho Rios;
- \* Rural Water Supply Programme;
- \* Urban Water Supply Programme;
- \* Construction of Irrigation Infrastructure (canals, deep wells, Yallahs project, Colbeck project).

### **Transportation**

- \* Expansion of public passenger bus fleet (including school bus system), provision of depots, training of transport workers;
- \* Activation of a comprehensive traffic plan (computerized traffic monitoring system with signals and sensors, one-way systems in major urban thoroughfares, widening of selected roadways).

### **Roads**

- \* Northern Jamaica Development Project;
- \* Road rehabilitation improvement and maintenance programme (arterial, secondary, and tertiary roads, drainage and flood control, bridge development).

### **Seaports and Airport Facilities**

- \* Completion of expansion phase of Gordon Cay facility;
- \* Airport Reform and Improvement Programme.

### **Communications**

- \* Expansion of telecommunication stations and exchanges, introduction of new services, by TOJ.

### **Energy/Electricity**

- \* Rural Electrification Programme;
- \* Privatisation of Petrojam;
- \* Continued operation of JPSCo Demand Side Management Project;
- \* Implementation of cogeneration programme;

- \* Development of alternative energy sources (hydropower, bagasse, solar, photovoltaics, wind);
- \* Development of Energy Plan based on Energy Sector Policy;
- \* Establishment of Office of Utilities Regulation.

#### **Industrial Parks/Free Zones**

- \* Montego Bay Free Zone expansion project;
- \* Montego Bay Free Zone/Freeport housing project;
- \* Portmore Informatics Centre;
- \* Tarentum Industrial Park.

### **7B. HUMAN RESOURCE DEVELOPMENT**

7B.1 The government's programme in human resource development continued to concentrate resources on improvement and expansion in the targeted areas of early childhood, primary and secondary education. The programme focused on *the critical areas* of curriculum development, distribution and rental of textbooks, in-service training for teachers, conditions of pay for teachers, construction, renovation, and maintenance of buildings and equipment.

7B.2 Four major capital-expenditure projects are underway, with funding from GOJ and multilateral/bilateral sources:

- \* Social Sector Development Project;
- \* Improvement and Expansion of Primary Education;
- \* Secondary School Textbook Project;
- \* Reform of Secondary Education.

7B.3 Mechanisms and measures for closer articulation between all tertiary institutions and the technical and vocational training system are being introduced so as to rationalise and improve the quality and efficiency of tertiary education with respect to both teaching and learning.

7B.4 The HEART Trust/NTA system continued to play a key role in the provision of training to equip adults for entry into the world of work and to keep abreast of changing technology. Measures were adopted to upgrade training programmes, to be more relevant to specific needs of industry, to provide graduates with appropriate skills, knowledge, and work attitudes, and to broaden the base of options for further training.

## 7C. SCIENCE AND TECHNOLOGY

7C.1 The Government's programme in Science and Technology (S&T) seeks to promote the systematic application of science and technical knowledge to meet the diverse and changing needs in different areas of the economy arising from the ongoing drive to increase production, productivity, value-added, quality and diversity of products. This entails a wide range of activities in research and development, design, testing, quality control, information dissemination, education and training.

7C.2 The various *institutions and agencies engaged in such activities*, most of them in the public sector, are being encouraged, by the provision of resources and appropriate incentives, to focus their efforts in this direction, to develop closer collaboration among institutions and integration of activities and projects, and to pursue opportunities for commercial adoption through linkage with firms and investors.

7C.3 New initiatives are also beginning to emerge from *the private sector*, for instance, the formation in 1996 of a new firm to provide "technological solutions" by offering laboratory and product development services.

7C.4 *Projects* being pursued by the different agencies cover a wide range. There is a concentration in the field of agricultural and agro-industrial research, focusing on four main areas: food technology, crop research and development, livestock research and development, and plant protection. This work is fully consistent with the goal of the NIP to increase production, improve productivity, and expand value-added in domestic food crops and in both traditional and non-traditional export products.

7C.5 Other areas covered include: marine biology and ecology, alternative sources of energy, waste management, environmental research, medical research, and information technology.

7C.6 *Information technology* is targeted as a sector for development and support by the NIP. The main points of focus this past year were: closer coordination and organization of activities within the sector, provision of incentives for production and use of IT, development and application of software for training and education, and increasing distribution and use of hardware throughout the educational system. The computer-services facility that serves the Port of Kingston is emerging as a leading center of innovative activity in the sector, providing spillovers to the rest of the economy through training and diffusion of technology and skills. Linkages with other sectors (tourism, finance, government administration) are also helping to drive development in the sector.



## 8. STRENGTHENING THE INSTITUTIONAL FRAMEWORK

8.1 *A complex structure of institutions underpins the working of the Jamaican economy as a market-economy.* These institutions make it possible for economic decision-making and action to occur smoothly, effectively, and efficiently and, thereby, facilitate the process of growth and development of the economy. The National Industrial Policy seeks to strengthen these institutions through appropriate legislative action, through the monitoring and supervisory role of state agencies, and through active consultation and joint action between Government and interested parties. This *process of institutional reform* is considered to be an essential feature of the process of modernising the Jamaican economy and enhancing its capacity to respond to the global challenges it faces on the road ahead.

8.2 Some elements of the institutional structure that are crucial in this respect are: (a) the competitive rules governing market structure and behaviour of firms, (b) the capital-market institutions (banking, insurance, credit, and stock market), (c) the labour market, and (d) the administrative apparatus of the public sector. They have been the focus of continuing attention and action during the past year.

8.3 Specific matters addressed include:

- \* Review of the *Fair Competition Act* to allow the Fair Trading Commission to better carry out its mandate to provide for the maintenance and encouragement of competition in the conduct of trade, business, and the supply of services, including professional services.
- \* Preparation of new draft legislation to revise the existing *Companies Act* of 1965, now regarded as obsolete, so as to accommodate the company law to a rapidly changing business environment and achieve some measure of harmonisation with practices in the Caribbean Community.
- \* Establishment of the *Office of Utilities Regulation*.
- \* Strengthening of the *Jamaica Bureau of Standards* in its measurement and quality assessment systems through provision of equipment, training of local engineers and scientists both in-house and in Germany, setting up of five new metrology laboratories and substantial upgrading of three others.
- \* Further deepening of the *reform process in the financial sector*, in the context of the long-term trend of broader economic reform through liberalisation and deregulation begun in the 1980s, by instituting specific legislative and prudential reform measures, eliminating differences in

regulation and supervision within the sector, amending the Building Society Act, steps to introduce a Deposit Insurance Scheme, formation of FINSAC to coordinate and manage the restructuring process in the sector.

\* Adoption of the report of the *Labour Market Reform Committee*, and steps taken to implement some of its recommendations for specific reform measures.

\* Acceleration of the *public sector modernisation project* to improve productivity, efficiency and management capability of public-sector institutions, through training of senior and middle managers, computerisation of operations and information systems, updating records, rationalisation of staff functions, and creation of executive agencies.

## 9. PRIORITIES FOR THE NEXT PHASE OF POLICY IMPLEMENTATION

9.1 The next phase of policy implementation will focus on the two essential and combined tasks of (a) *consolidating the gains made to date*, and (b) building on those gains to *achieve the central objective in this new phase: growth with stability*.

9.2 The *key elements of the implementation strategy* during this next phase, as specified in the National Industrial Policy, are the following:

- \* *Strengthen and reinforce measures to provide the appropriate environment of stability and predictability to facilitate long-term investment.*
- \* *Design measures to shift the balance of investment decisions from short-term financial instruments to long-term investment in the productive sectors.*
- \* *Pursue an aggressive export-expansion programme based on proven strengths in dynamic sectors of the economy that are ripe for expansion.*
- \* *Orient government budgetary allocations to investment in human resources and infrastructure, the incentive system, and a broad-based support framework, so as to remedy bottlenecks and constraints facing producers in the targeted sectors.*

9.3 Having created *the conditions for macroeconomic stability*, the aim is to preserve those conditions by rigorous pursuit of the appropriate monetary and fiscal policies, using the full range of instruments and tools available and successfully deployed this past year. At the same time, it will be necessary to *move the policy-mix towards greater emphasis on measures to promote investment in the productive sectors and growth of exports*.

9.4 Measures to reduce cash-reserve requirements accompanied by the continued downward trend in interest rates and the shift in government debt-instruments towards the long end will create *the required financial conditions to stimulate long-term investment*. In addition, the public-sector financial institutions are being geared up to act as catalyst in the investment process through increasing the supply of development-oriented long-term credit and improving access for credit-worthy projects. The restructuring process taking place within the financial sector will serve to strengthen confidence in the financial system and maintain the incentive for saving and investment.

9.5 The *export-expansion programme* will focus on the targeted growth-poles in the five strategic clusters identified by the National Industrial Policy. Government support-measures generally available to all sectors will be concentrated on providing support to viable projects that are capable of yielding early and significant gains in export earnings, in both traditional and non-traditional areas of exports. The Industry Advisory Councils that are now being organised will be mobilised to help coordinate and drive this effort.

9.6 Continued efforts will be made to strengthen and deepen the requirements for an export push in pursuit of *the declared long-term strategy of export-led development*. In this respect, the chief matters of major concern to be dealt with are:

- (a) *review of trade policy and strategic repositioning of Jamaica's international relations* (CARICOM, NAFTA, ACS, FTAA, EU/Lome) to accommodate to current global trends in trade, investment, and foreign assistance;
- (b) *review and restructuring of the complex and unwieldy system of incentives* that currently exists so as to provide a more uniform, transparent, and performance-oriented system that is consistent with international rules and regulations under the WTO agreements and with preserving Jamaica's competitive position in relation to other countries;
- (c) *a drive for increased productivity and product innovation*, focused on sector-specific and firm-level requirements identified in the NIP, so as to improve the capability of firms to deliver quality products at a competitive price in both domestic and export markets.

9.7 Maintaining *the infrastructural investment programme* in physical and social infrastructure will be of fundamental importance to all of these efforts. *The highest priority will be given to education and training of the labour force, concentrating on early education as the base of the process*, in a push to prepare our adults and the new generation to cope with rapid changes taking place in the economy and society.

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## APPENDIX A

### ANALYSIS OF EXTERNAL TRADE PERFORMANCE

A1. The strategic focus of the National Industrial Policy is on export push coupled with exploiting possibilities for efficient import substitution. The objective is to pursue a diversified portfolio of different growth opportunities by expanding existing activities with a demonstrated capacity for continued growth while promoting new activities in targeted niche areas.

A2. The accompanying tables give an indication of the extent to which the Jamaican economy is on track to meet these objectives as judged by the value, composition and growth rate of exports and imports for the period 1990 to 1996. A detailed account of the performance of individual traditional and non-traditional exports is also provided.

A3. Analysis of the data reveals the following:

(a) The *out-turn on the Balance of Payments* accounts indicates a further widening of the merchandise trade deficit in absolute terms in 1996 to US\$1,529.6 million, but a decline relative to GDP (see Table 1). The improvement in the service account served to partially offset this trade deficit and contributed to the balance on goods & services remaining relatively steady at a deficit of US\$783 million (16.8% of GDP). The current account deficit also remained steady as a percent of GDP. Details on movements in Jamaica's export and import performance underlying these trends are provided in Tables 2 through 5.

(b) Regarding the *composition of exports*, *Services* continue to account for the majority of gross export earnings with 57.1% of the total in 1996, up from 50.5% in 1990 (see Table 2). While *Tourism* prevails as the primary service export (34.7% of total exports), the share of *Other Services* has been rising steadily to 22.4% in 1996. Among *Merchandise Exports*, *Traditionals* predominate with a 28.2% share of total exports. *Non-traditionals* accounted for 13.5%, down from 15.3% in the previous year.

(c) Total *export growth* of 2.5% in 1996 was driven by the *Service* sector which expanded at a rate of 7.6%, with particularly strong growth exhibited by the non-tourism category (12.3%) (see Table 2). In contrast, *Merchandise exports* declined, on average, by 3.5% due to a significant contraction in *Non-traditional exports* (-9.7%). This decline in both the value and share of *Non-traditionals* is the first after five years of steady growth.

(d) At the *product line level*, traditional merchandise exports recorded a mixed performance (see Tables 3 and 4). The strong growth in *Bauxite, Gypsum, Sugar, Citrus, Coffee & Coffee Products*, and *Rum* was almost entirely offset by a decrease in earnings from the other traditional exports (*Alumina, Bananas, Citrus Products, Cocoa, and Pimento*). Earnings from *Non-traditional* exports decreased across the board, with some significant exceptions (*Other Food Exports, Tobacco/Beverages, and Chemicals*). *Apparel* exports, which account for 57.4% of the non-traditional category, experienced a 13.2% contraction.

(e) *Growth in total imports* slowed to 2.2% in 1996, down from an average growth rate of 22.6% in the previous year (see Table 5). *Merchandise Imports* expanded at a rate of 3.0%, driven by an increase in *Consumer Goods* (5.3%) and *Capital Goods* (11.1%). *Raw Material* imports recorded a slight decline (-0.4%). On the *Service Account*, imports remained steady as increases in *Travel* (8.3%) and *Other Services* (7.7%) were offset by a 14.1% decline in *Investment Income* outflows.

(f) In terms of the *composition of imports*, the share of *Consumer Goods* imports continued to increase to 18.3%, up from 12.0% in 1990 (see Table 5). The shares of *Capital Goods* and *Other Services* also rose above their 1995 levels to 13.6% and 15.5% respectively. The proportion of Total Imports accounted for by outflows of *Investment Income* continued its downward trend, falling to 8.3% (18.1% in 1990). The same holds true for *Raw Material Imports*, which in 1996 accounted for 40.8%, down from a high of 45.2% in 1992.

Table 1  
Jamaica Balance of Payments, 1990-96

US\$ millions	1990	1991	1992	1993	1994	1995	1996
Merchandise Trade Balance (% of GDP)	-784.9 (18.5)	-677.9 (19.5)	-721.8 (22.7)	-1113.8 (29.3)	-1014.0 (26.2)	-1395.0 (30.0)	-1529.6 (28.0)
Goods & Services Balance (% of GDP)	-599.4 (14.1)	-508.6 (14.7)	-328.9 (10.3)	-571.1 (15.0)	-461.5 (11.9)	-778.0 (16.7)	-783.0 (16.8)
Current Account Balance (% of GDP)	-328.0 (7.7)	-252.2 (7.3)	+10.9 (0.3)	-194.2 (5.1)	+13.8 (0.4)	-214.7 (4.6)	-240.7 (4.4)

Source: Bank of Jamaica, Balance of Payments Department; Planning Institute of Jamaica: *Economic and Social Survey Jamaica*.



Table 2  
Exports of Jamaica, 1990-96: Value, Composition, and Growth Rate

Exports	1990	1991	1992	1993	1994	1995	1996
Value (US\$ millions)							
Merchandise Exports	1157.5	1150.7	1053.6	1075.4	1219.6	1436.8	1386.8
Traditional	899.9	830.1	735.9	713.2	777.1	905.0	911.0
Non-Traditional	222.8	226.5	295.9	345.1	405.8	483.2	436.1
Re-exports	34.8	94.1	21.8	17.1	36.7	48.6	39.7
Services	1179.3	1107.0	1250.3	1447.4	1523.1	1712.5	1842.7
Tourism	740.0	764.0	858.1	942.6	970.4	1068.8	1119.6
Other Services	439.3	343.0	392.2	504.8	552.7	643.7	723.1
Total Exports	2336.8	2257.7	2303.9	2522.8	2742.7	3149.3	3229.5
Percentage							
Merchandise Exports	49.5	51.0	45.7	42.6	44.5	45.6	42.9
Traditional	38.5	36.8	31.9	28.3	28.3	28.7	28.2
Non-Traditional	9.5	10.0	12.8	13.7	14.8	15.3	13.5
Re-exports	1.5	4.2	0.9	0.7	1.3	1.5	1.2
Services	50.5	49.0	54.3	57.4	55.5	54.4	57.1
Tourism	31.7	33.8	37.2	37.4	35.4	33.9	34.7
Other Services	18.8	15.2	17.0	20.0	20.1	20.4	22.4
Total Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Exports/GDP	52.0	55.2	65.7	55.1	58.4	na	na
Growth Rate							
Merchandise Exports	15.7	-0.6	-8.4	2.1	13.4	17.8	-3.5
Traditional	25.2	-7.8	-11.3	-3.1	-9.0	16.5	0.7
Non-Traditional	-9.7	1.7	30.6	16.6	17.6	19.1	-9.7
Re-exports	-1.1	170.4	-76.8	-21.6	114.6	32.4	-18.3
Services	0.5	-6.1	12.9	15.8	5.2	12.4	7.6
Tourism	24.8	3.2	12.3	9.8	2.9	10.1	4.8
Other Services	-24.2	-21.9	14.3	28.7	9.5	16.5	12.3
Total Exports	7.5	-3.4	2.0	9.5	8.7	14.8	2.5

Source: Bank of Jamaica, Balance of Payments Department; Statin: *National Income and Product*.

Table 3  
Value of Selected Traditional & Non-traditional Exports, 1990-96

Exports	1990	1991	1992	1993	1994	1995	1996	1996
Value (US\$ millions)								%*
<i>Traditionals</i>	<i>899.90</i>	<i>830.10</i>	<i>735.90</i>	<i>713.20</i>	<i>777.10</i>	<i>905.00</i>	<i>911.00</i>	<i>65.69</i>
Bauxite	102.97	112.91	88.76	84.21	73.50	70.94	78.35	5.65
Alumina	625.30	542.96	471.07	439.78	537.22	632.05	607.01	43.77
Gypsum	0.43	0.55	0.70	1.09	0.97	1.07	1.32	0.19
Sugar	85.77	87.45	82.54	97.50	68.63	96.00	109.23	7.88
Bananas	37.59	45.11	39.56	35.64	46.15	45.70	45.21	3.26
Citrus	4.67	3.31	4.65	3.50	2.80	3.89	4.95	0.36
Citrus products	4.28	1.15	3.47	2.23	0.68	2.06	0.22	0.02
Coffee	8.65	11.82	16.20	19.07	16.19	26.26	31.49	2.27
Coffee products	0.86	0.40	0.48	0.66	0.68	0.62	0.78	0.06
Cocoa	3.35	2.23	2.51	1.56	3.15	2.75	1.90	0.14
Cocoa products	3.00	3.28	3.43	2.60	2.53	2.47	na	(0.17)
Pimento	5.66	3.55	4.48	3.83	3.72	4.26	3.55	0.26
Rum	85.77	15.44	17.96	21.59	20.84	22.21	25.38	1.83
<i>Non-traditionals</i>	<i>222.80</i>	<i>226.50</i>	<i>295.90</i>	<i>345.10</i>	<i>405.80</i>	<i>483.20</i>	<i>436.10</i>	<i>31.45</i>
Apparel	83.01	89.38	152.52	199.92	250.21	288.03	250.12	18.04
Furniture	na	3.23	3.32	3.57	4.52	3.42	3.30	0.24
Manufactured Gds	16.97	16.86	16.31	13.58	17.85	15.19	13.40	0.97
Machine/Transport	4.25	3.75	3.56	2.51	2.35	3.41	3.63	0.26
Pumpkins	0.60	0.71	0.77	0.64	0.86	1.12	1.04	0.07
Cucumber	0.10	0.08	0.13	0.14	0.19	0.11	0.07	0.01
Other vegetables	0.42	0.02	0.31	0.34	0.28	0.26	na	(0.02)
Sweet potatoes	0.68	0.62	0.74	0.95	1.08	1.34	1.39	0.10
Yams	8.02	8.64	8.11	9.44	10.69	12.17	10.84	0.78
Avocados	0.05	0.05	0.11	0.14	0.19	0.18	0.15	0.01
								.../continued

Table 3 (contd)  
Value of Selected Traditional & Non-traditional Exports, 1990-96

Exports	1990	1991	1992	1993	1994	1995	1996	1996
Value (US\$ millions)								%*
Mangoes	0.58	1.21	0.96	0.50	0.68	1.12	0.93	0.07
Dasheens	1.88	0.87	0.98	1.12	1.26	1.49	1.21	0.09
Papayas	na	1.06	2.11	3.45	4.74	6.69	6.53	0.47
Other food exports	25.23	32.89	38.59	43.32	44.76	52.68	76.03	5.48
Tobacco/Beverages	19.61	17.44	17.16	19.05	19.95	21.02	22.19	1.60
Cut flowers	2.29	1.99	1.75	1.29	0.87	1.06	0.86	0.06
Foliage/Live Plants	0.19	0.69	0.80	0.58	2.10	0.95	0.78	0.06
Crude Materials	7.78	5.67	6.18	6.87	7.78	7.62	5.77	0.42
Mineral Fuels etc	16.52	11.55	10.09	6.54	6.02	8.36	5.81	0.42
Oils & Fats	0.03	0.26	0.04	1.48	1.54	0.88	0.02	0.00
Chemicals	24.21	22.65	25.43	24.15	23.52	44.90	48.32	3.48

Source: Statin: *External Trade*, Part One; Planning Institute of Jamaica, *Economic and Social Survey Jamaica*.

Note: \* percent of total merchandise exports; figures in parentheses are based on 1995 data.

Table 4  
Growth Rates of Selected Traditional & Non-traditional Exports, 1990-96  
(in percent)

Exports	1990	1991	1992	1993	1994	1995	1996
<i>Traditionals</i>	25.2	-7.8	-11.3	-3.1	-9.0	16.5	0.7
Bauxite	-7.3	9.7	-21.4	-5.1	-12.7	-3.5	10.5
Alumina	31.7	-13.2	-13.2	-6.6	22.2	17.7	-4.0
Gypsum	54.5	29.6	27.8	55.3	-11.1	10.5	22.5
Sugar	26.6	2.0	-5.6	18.1	-29.6	39.9	13.8
Bananas	95.2	20.0	-12.3	-9.9	29.5	-1.0	-1.1
Citrus	87.3	-29.3	40.8	-24.8	-20.0	38.9	27.2
Citrus Products	163.6	-73.2	201.7	-35.6	-69.6	203.0	-89.4
Coffee	-8.7	36.6	37.1	17.7	-15.1	62.3	19.9
Coffee products	25.3	-53.1	19.3	37.3	2.0	-8.3	25.4
Cocoa	1966.7	-33.3	12.2	-37.7	101.5	-12.7	-30.9
Cocoa products	-30.7	9.3	4.7	-24.2	-2.9	-2.1	na
Pimento	23.3	-37.4	26.4	-14.5	-2.8	14.3	-16.6
Rum	26.6	-82.0	16.3	20.2	-3.5	6.6	14.3
<i>Non-traditionals</i>	-9.7	1.7	30.6	16.6	17.6	19.1	-9.7
Apparel	-25.3	7.7	70.6	31.1	25.2	15.1	-13.2
Furniture	na	na	2.7	7.6	26.5	-24.2	-3.6
Manufactured Goods	-8.0	-0.6	-3.3	-16.7	31.4	-14.9	-11.8
Machine/Transport	-1.0	-11.8	-5.1	-29.5	-6.5	45.6	6.3
Pumpkins	-1.3	19.0	8.1	-17.2	34.9	30.1	-7.4
Cucumber	33.3	-20.8	67.1	7.9	37.2	-43.1	-35.5
Other vegetables	-20.3	-47.0	40.8	8.6	-18.2	-8.2	na
Sweet potatoes	-9.0	-8.1	19.1	28.6	12.9	24.1	3.8
Yams	-9.2	7.7	-6.1	16.3	13.3	13.8	-10.9
Avocados	228.6	6.5	118.4	26.2	37.8	-3.2	-19.4
.../continued							

Table 4 (contd)  
Growth Rates of Selected Traditional & Non-traditional Exports, 1990-96  
(in percent)

Exports	1990	1991	1992	1993	1994	1995	1996
Mangoes	52.4	107.9	-20.9	-48.0	35.5	65.9	-17.2
Dasheens	16.5	-53.6	12.0	14.9	11.7	18.8	-18.7
Papayas	na	na	98.8	63.3	37.3	41.2	-2.3
Other food exports	26.8	30.4	17.3	12.2	3.3	17.7	44.3
Beverages/Tobacco	1.4	-11.1	-1.0	11.0	4.7	5.3	5.6
Cut flowers	20.7	-13.0	-12.3	-26.0	-42.1	21.5	-19.3
Foliage & live plants	-67.5	268.1	15.9	-27.4	260.0	-54.9	-17.2
Crude Materials	-30.1	-27.1	9.0	11.2	13.3	-2.1	-24.4
Mineral Fuels	1.4	-30.1	-12.7	-35.2	-8.0	38.9	-30.4
Oils & Fats	24.0	732.3	-84.9	3702.6	3.7	-42.7	-97.5
Chemicals	2.0	-6.5	12.3	-5.0	-2.6	90.9	7.6

Source: Calculated from data in Table 3.

Table 5  
Imports of Jamaica, 1990-96: Value, Composition, and Growth Rate

Imports	1990	1991	1992	1993	1994	1995	1996
<b>Value (US\$ millions)</b>							
Merchandise Imports	1942.4	1828.6	1775.4	2189.2	2233.2	2831.8	2916.4
Consumer Goods	353.1	251.9	293.3	476.9	462.7	697.6	734.4
Raw Materials	986.6	1178.8	1188.8	1322.8	1404.7	1642.3	1635.6
Capital Goods	602.7	397.9	293.3	389.5	365.8	491.8	546.4
Service Imports	993.8	937.7	857.4	904.7	971.0	1095.5	1096.1
Travel	53.7	53.6	63.9	64.2	65.0	129.2	139.9
Investment Income	532.2	492.9	365.3	335.8	347.5	388.1	333.5
Other Services	407.9	391.2	428.2	504.7	558.5	578.2	622.7
Total Imports	2936.2	2766.3	2632.8	3093.9	3203.2	3927.3	4012.5
<b>Percentage</b>							
Merchandise Imports	66.2	66.1	67.4	70.8	69.7	72.1	72.7
Consumer Goods	12.0	9.1	11.1	15.4	14.4	17.8	18.3
Raw Materials	33.6	42.6	45.2	42.8	43.9	41.8	40.8
Capital Goods	20.5	14.4	11.1	12.6	11.4	12.5	13.6
Service Imports	33.8	33.9	32.6	29.2	30.3	27.9	27.3
Travel	1.8	1.9	2.4	2.1	2.0	3.3	3.5
Investment Income	18.1	17.8	13.9	10.9	10.8	9.9	8.3
Other Services	13.9	14.1	16.3	16.3	17.4	14.7	15.5
Total Imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Imports/GDP	56.1	56.5	66.7	64.6	65.8	na	na
<b>Growth Rate</b>							
Merchandise Imports	3.7	-5.9	-2.9	23.3	2.0	26.9	3.0
Consumer Goods	-9.6	-28.7	16.4	62.6	-3.0	50.8	5.3
Raw Materials	7.6	19.5	0.8	11.3	6.2	16.9	-0.4
Capital Goods	6.5	-34.0	-26.3	32.8	-6.1	34.4	11.1
Service Imports	6.9	-5.6	-8.6	5.5	7.3	12.8	0.0
Travel	-1.1	0.0	19.2	0.5	1.2	98.8	8.3
Investment Income	19.0	-7.4	-25.9	-8.1	3.5	11.7	-14.1
Other Services	-4.7	-4.1	9.5	17.9	10.7	3.5	7.7
Total Imports	2.2	-5.8	-4.8	17.5	3.5	22.6	2.2

Source: Bank of Jamaica, Balance of Payments Department; STATIN: *National Income and Product*, 1996.

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**APPENDIX B****ANALYSIS OF INVESTMENT PROJECTS IN THE PIPELINE**

- B1. From the standpoint of the National Industrial Policy, investment is one of the key strategic variables in analysis of the economy and in assessing economic performance.
- B2. The accompanying tables provide a quantitative profile of investment projects in the pipeline that pass through the public-sector financial institutions (NDB, NIBJ) and JAMPRO, as of the indicated date.
- B3. Note: (a) Because some projects are not exclusively handled by any single one of these agencies, there is some overlap in the data across the different agencies. (b) Because this information is limited to public-sector agencies, it provides an incomplete picture of the investment activity and potential in the economy as a whole.
- B4. Analysis of the profile of investment projects reveals the following pattern:
- (a) There is an overall concentration of projects in the tourism sector. This sector predominates in terms of the number of projects for expansion and new development (as distinct from debt restructuring), the scale of funding committed, and the projected gains in employment and foreign exchange earnings. Within the sector, the large hotels receive the largest share of funding.
  - (b) The manufacturing sector is second in both commitments and applications-in-process at NDB. It also leads in projects for debt restructuring at NIBJ (44% of total funding sought).
  - (c) The mining sector ranks high in terms of funds committed at NDB, and in terms of number of project start-ups and size of potential investment at JAMPRO.
  - (d) Agro-industry projects have a sizeable share of total commitments. Agriculture is under-represented in these agencies (relative to ACB), but ranks high in projects for restructuring at NIBJ.
  - (e) The services sector is well represented, with entertainment and information processing and film emerging as significant new areas for funding.
  - (f) Disbursement of funds relative to commitment/approval is running at a rate of 42% at NDB and much lower, 19%, at NIBJ.
  - (g) Applications in process relative to existing commitments (measured by total of local and foreign funds) is 81% at NDB and 140% at NIBJ.
  - (h) Bottleneck factors center on: financing, land acquisition, and government approval.



**Table 1**  
National Development Bank of Jamaica, Ltd.:  
Summary of Commitment and Disbursement Activities, January - December, 1996

Sector	No. of Projects	Committed		Disbursed		Projected Employment	Estimated Foreign Exchange Earnings US\$	Est. no. of rooms added
		J\$m	US\$m	J\$m	US\$			
Agro-Industry	26	54.968	.492	16.189	4.319*	134	152,497	
Garments	10	12.985	1.073	12.022	.126	249	138,364	
Manufacturing	38	190.720	1.800	53.613	2.206*	280	116,171	
Mining	8	114.617	0	57.991	0	49	0	
Services	26	87.740	1.068	55.400	.771	193	0	
Tourism	28	25.753	22.780	11.289	22.894	892	8,780,034	804
<b>TOTAL</b>	<b>136</b>	<b>486.783</b>	<b>27.213</b>	<b>206.506</b>	<b>30.316</b>	<b>1,797</b>	<b>9,187,066</b>	<b>804</b>

Source: Projects Department, NDB.

Note: \* inclusive of commitments made in 1995.

**Table 2**  
National Development Bank of Jamaica, Ltd.:  
Summary of Applications in Process at February 7, 1997

Sector	No. of Projects	Local Funds Requested J\$m	Foreign Exchange Funds Requested US\$m
Agro-Industry	2	14.000	0
Manufacturing	19	26.690	11.020
Services	7	65.000	2.800
Tourism	9	3.200	16.450
<b>TOTAL</b>	<b>37</b>	<b>111.890</b>	<b>30.270</b>

Source: Projects Department, NDB.

Note: Projects submitted for Board approval/ratification, excluding amounts at project inquiry stage.

**Table 3**  
**National Investment Bank of Jamaica**  
**Summary of Commitment and Disbursement Activities, January 1996 - January 1997**

Sector	No of Projects	Approved J\$m	% of Total Appr.	Disbursed J\$m	Comments
Agriculture	4	20.240	1.1	14.000	
Agro-Industry	5	69.645	3.8	17.700	J\$22m for refinancing
Manufacturing	5	48.770	2.7	25.770	J\$8m for refinancing
<i>Apparel</i>	2	13.000	0.7	0	
Mining	4	73.800	4.1	35.122	
Entertainment	1	13.000	0.7	7.467	
Info-Technology	1	7.139	0.4	7.139	
Tourism	20	1,577.443	87.2	231.171	Small Hotels funds all for refinancing Large Hotel funds incl. J\$25m for investment; projects estimated to add 2150 rooms/suites to capacity; Other incl. J\$56m for refinancing
<i>Small Hotels</i>	7	55.700	3.1	26.428	
<i>Large Hotels</i>	10	1,445.743	79.9	200.743	
<i>Other</i>	3	76.000	4.2	4.000	
<b>TOTAL</b>	<b>40</b>	<b>1,810.037</b>	<b>100.0</b>	<b>338.369</b>	

Source: National Investment Bank of Jamaica

Table 4  
National Investment Bank of Jamaica  
Use of Funding Sources as at February 11, 1997

Sector	Approved J\$m	Disbursed J\$m	Applied for J\$m
<b>J\$1.0B Bond Issue</b>			
Agriculture	8.240	2.000	128.482
Agro-Industry	69.645	17.700	57.237
Manufacturing	28.770	15.770	198.533
Mining	33.600	4.922	11.700
Entertainment	13.000	7.467	40.000
Tourism	256.700	30.428	190.600
<b>TOTAL</b>	<b>409.955</b>	<b>78.287</b>	<b>626.554</b>
<b>US\$50M Bond Issue (J\$1.75B)</b>			
Tourism	1,225.000	105.000	2,387.847
<b>Capital Development Fund (CDF)</b>			
Agriculture	12.000	12.000	--
Manufacturing	20.000	10.000	--
Mining	40.200	30.200	--
Tourism	95.743	95.743	--
<b>TOTAL</b>	<b>167.943</b>	<b>147.943</b>	<b>--</b>
<b>National Investment Bank of Jamaica Funds</b>			
Info-Technology	7.139	7.139	--
<b>GRAND TOTAL</b>	<b>1,810.037</b>	<b>338.369</b>	<b>3,014.401</b>

*Source:* National Investment Bank of Jamaica

*Note:* Assumed exchange rate: J\$35 per US\$1

**Table 5**  
**National Investment Bank of Jamaica**  
**Summary of Applications in Process at February 11, 1997**

**Projects for Debt Restructuring**

Sector	No. of Projects	NIBJ Funding Sought, J\$m
Agriculture	8	114.760
Agro-Industry	5	57.237
Manufacturing	12	182.805
Mining	1	11.700
Tourism	8	48.920
<i>Small Hotels</i>	7	45.320
<i>Other</i>	1	3.600
<b>TOTAL</b>	<b>34</b>	<b>415.423</b>

*Source:* National Investment Bank of Jamaica

*Note:* Excludes a total of 4 projects for which letters of intent have been received but no specific funding request has been made.

Table 6  
National Investment Bank of Jamaica  
Summary of Applications in Process at February 11, 1997

**Expansion & New Developments**

Sector	No. of Projects	NIBJ Funding Sought, J\$m*
Agriculture	2	13.720
Manufacturing	3	15.729
<i>Apparel</i>	1	8.750
Entertainment	1	40.002
Tourism	13	2,529.527
<i>Hotels**</i>	9	2,387.847
<i>Other</i>	4	141.680
<b>TOTAL</b>	<b>19</b>	<b>2,598.978</b>

Source: National Investment Bank of Jamaica

Notes: \* Assumed exchange rate: J\$35 per US\$1

\*\* Estimated to add 1540+ rooms/suites

Table 7  
Summary of Investment Projects Initiated and Assisted by JAMPRO,  
as at January 31, 1997  
(start-up initiated, incl. pilot stage where applicable)

Sector	No. of Projects	Potential Capital Investment J\$m	Potential Employment
Agriculture	6	439.2	161
Information Processing	0	0	0
Tourism	10	6,871.8	1,345
Mining & Chemical	10	4,812.0	445
Textiles & Sewn Products	4	22.9	252
General Manufacturing	3	21.2	125
Entrepreneurial Centre	2	0.4	10
TOTAL	38	12,167.5	2,338

Source: JAMPRO

## APPENDIX C

## SECTORAL TARGETS, PROPOSED INITIATIVES, AND ACHIEVEMENTS

C1. The accompanying tables give detailed information on targets, initiatives, and achievements at the sector/product level to date.

C2. This information provides a useful, initial profile of the steps that are currently being taken or proposed to implement the National Industrial Policy in the various sectors. The information is preliminary in both its coverage of sectors and product lines as well as in its information content on actual initiatives and achievements. Missing information will be added as it becomes available.

C3. For the purpose of this review, the targets and initiatives have been grouped according to the following seven (7) objectives:

- *market penetration* — through export expansion or import substitution;
- *diversification* — extending the range/variety/value-added of products offered;
- *product design/quality* — improvements in existing products;
- *productivity* — gains in production efficiency through use of appropriate/state-of-the-art technology, skilled/trained workers, efficient management & organization, efficient distribution;
- *organization* — strategic alliances, networks, co-operative arrangements to take advantage of economies of scale, build critical mass, pool risk, share information, etc.;
- *investment* — in new capacity or in replacing/upgrading existing production facilities;
- *intersectoral linkages* — spillovers across product lines and sectors, creation of dynamic synergies that serve to reinforce growth within each sector.

C4. These objectives serve to operationalise in specific terms the broad goals of the NIP. They also provide a useful framework that implementing agencies are encouraged to apply in structuring and focusing their initiatives.

C5. There is necessarily some overlap in that a certain initiative may serve multiple objectives, for instance product diversification as well as market penetration, product quality as well as productivity.

C6. The following broad pattern emerges from the profile of targets and initiatives:

- (a) In the majority of cases, proposed initiatives are directed primarily at the objectives of *market penetration* and *export diversification*.



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(b) The *organization* objective is addressed primarily through efforts to establish/strengthen the *strategic alliance* between JAMPRO and other agencies servicing the respective sectors and through JAMPRO functioning as an information clearinghouse.

(c) Relatively little attention is paid to: *product design/quality, productivity, and intersectoral linkages*. Notable exceptions are the Textiles & Sewn Products, Tourism and Music & Entertainment sectors, where strong efforts are being made to develop a sharper focus on product design and quality issues and on the exploitation of synergies between the three sectors. Deepening of linkages is occurring also between tourism and agriculture.

(d) In terms of the specific nature of the initiatives proposed, promotional activities (participation in trade shows, advertising campaigns, newsletters, presentations, seminars, etc.) tend to predominate.

C7. The particular pattern of proposed initiatives that appears here may be a reflection of the nature of the available data set. However, implementing agencies are being encouraged to ensure that their efforts are integrated and complemented with initiatives in support of the entire spectrum of activities ranging from product innovation and design to efficiency in production, distribution and marketing. More specifically, once marketing efforts have opened up potential markets and established contacts, Jamaican firms must be in a position to deliver an innovative, top-quality product in sufficient quantity, on time, and at a competitive price.

**SECTORS/PRODUCTS REVIEWED**

(listed by Clusters as identified within the National Industrial Policy)

**Cluster # 1**

- Tourism
- Music & Entertainment

**Cluster # 2**

- Shipping & Berthing
- Information Technology
  - Information Processing
  - Telemarketing Services
- Financial Services

**Cluster # 3**

- Agriculture & Agro-Processing
  - Agriculture — General
  - Fresh Produce: Tropical Ethnic Crops  
Tropical Exotic Fruits  
Organic Foods
  - Agro-Processing
  - Aquaculture: Tilapia  
Ornamental Fish
- Horticulture

**Cluster # 4**

- Textiles & Sewn Products

**Cluster # 5**

- Minerals, Chemicals & Alternative Energy

**Small Business Sector**

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Data Sources: JAMPRO, *Marketing Plans 1996/97*; Tourism Unit, Office of the Prime Minister; Port Authority of Jamaica; Ministry of Agriculture & Mining, *Corporate Plan 1997/98*; Micro Investment Development Agency.

## TOURISM

Important efforts are currently underway to consolidate initiatives aimed at improving the tourism product and to rationalize and reorganize public sector entities involved with the tourism sector. Those efforts include:

- drafting legislation concerning the functions and operations of the Jamaica Tourist Board (JTB) and the Tourism Product Development Company Ltd (TPDCo);
- reorganization of the Tourism Division, OPM;
- development of a Master Plan for Tourism Development;
- establishment of the Prime Minister's Tourism Council.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* direct charter service (JAMVAC) from Western Canada since winter 96 and from Fort Lauderdale (since 95/96)</li> <li>* cruise-ship port infrastructure development</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* significant increase in arrivals from Western Canada</li> <li>* JAMVAC instrumental in developing Fort L. gateway</li> <li>* visitor arrivals up 3.9%; cruise passenger arrivals up 8.8%</li> <li>* gross visitor expenditures up 5.5%</li> </ul>
<b>Diversification</b>	<i>Products:</i>	<ul style="list-style-type: none"> <li>* nature, culture &amp; heritage tourism</li> <li>* spas &amp; retirement care facilities</li> <li>* family resorts</li> <li>* mid-market &amp; small hotels</li> </ul>
	<i>Markets:</i>	<ul style="list-style-type: none"> <li>* Europe</li> <li>* Japan</li> <li>* Latin America</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* lobby for incentives for eco-friendly &amp; heritage-based projects</li> <li>* promotional activities</li> <li>* seminars/workshops</li> <li>* revitalization of Inns of Jamaica Programme</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* Port Royal Project: Agreement of Understanding signed</li> <li>* Falmouth: exploratory meetings held</li> <li>* stop-over arrivals from Europe up 5.5%</li> <li>* two new all-inclusive family resorts</li> </ul>
<b>Product Design/ Quality</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* reduce harassment &amp; crime directed at tourists</li> <li>* improve quality &amp; competitiveness of tourism product</li> <li>* erase foreign investors' (Europeans') negative perception of Jamaica as unsafe, high-risk investment location</li> <li>* expand attractions sector</li> </ul>

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**TOURISM (continued)**

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* Sustaining the Environment &amp; Tourism (SET) Programme extended to Montego Bay in 96; to be extended to Negril &amp; Portland in 97/98</li> <li>* Northern Jamaica Development Project (infrastructure)</li> <li>* GCT relief for attractions sector</li> <li>* seminars/workshops on International Quality Standards</li> <li>* various training seminars for tourism workers</li> <li>* promotional activities</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* reported harassment/crime incidents down 17% since 1995 (down over 50% since 1993)</li> </ul>
<b>Productivity</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* seminars/workshops on physical plant management, information technology</li> </ul>
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* launching of Prime Minister's Tourism Council</li> <li>* strategic alliance with overseas offices, Embassies, etc; with local agencies, eg JHTA, UDC, TPDCO, JTB etc; with Caribbean &amp; World Tourism Organizations etc</li> </ul>
<b>Investment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* min. of 4 new accommodations projects with min. value of J\$1B creating min. of 400 job opportunities</li> <li>* 4 new joint venture partnerships (accommodations) at J\$8B under Target Europe Programme</li> <li>* two attractions projects at US\$506M and job potential of 91</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* Port Royal &amp; Falmouth projects</li> <li>* promotional activities for Jamaica: multimedia software, newsletter, seminars &amp; workshops</li> <li>* promotional activities for US, Europe &amp; Japan: business lunches, calls to investment banks, multimedia software, investment fora, consumer trade shows, advertising in relevant publications</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* 7 new accommodations projects implemented in 95/96; total value of J\$1.75B; 509 job opportunities</li> <li>* 4 new attractions projects implemented; capital investment of J\$625.2M; 144 jobs</li> </ul>
<b>Intersectoral Linkages</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts &amp; crafts, fashion, music, home furnishings, gourmet foods)</li> </ul>

## MUSIC & ENTERTAINMENT

The marketing thrust focuses on four broad segments in the Music & Entertainment sector:

- recorded music (Reggae, Dancehall, Fusion, Rock Steady, Ska, Mento, Binghi)
- live performances
- recording facilities
- themed entertainment districts/seasons.

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration/</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase visibility in international markets</li> <li>* penetrate traditional &amp; non-traditional markets, in particular: US, Japan, Brazil, UK, Jamaica</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* MIDEM '97 as springboard for marketing campaign</li> <li>* concept/trademark "Jamaican Sound"</li> <li>* aggressive national &amp; international marketing programme</li> <li>* public education campaign</li> <li>* market research</li> <li>* develop Jamaican-based international distribution network</li> <li>* compile worldwide database of distributors, licensing agents, media contacts</li> </ul>
<b>Diversification</b>	<i>Products:</i>	<ul style="list-style-type: none"> <li>* foreign language recordings</li> <li>* re-mixes, strategic covers of popular songs</li> </ul>
	<i>Markets:</i>	<ul style="list-style-type: none"> <li>* Africa</li> <li>* France</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* promotional activities, including: targeting public radio stations, "Diplomatic Goodwill Tour", Jamaican exporters to sponsor overseas engagements</li> </ul>
<b>Product Design/ Quality</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* creative packaging &amp; presentation (red/green/gold motif for cultural/national identification; inclusion of historically &amp; culturally relevant information)</li> <li>* state-of-the art studio facilities</li> </ul>
<b>Productivity</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* improved distribution</li> <li>* technology transfer; state-of-the-art studio facilities</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* amend Motion Picture Industry Encouragement Act to encourage/facilitate technology transfer</li> </ul>

**MUSIC & ENTERTAINMENT (continued)**

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strategic alliances with media; African-American entertainers/lawyers/ financiers; Nat'l Academy of Recording Arts &amp; Science</li> <li>* networking of local international record companies</li> <li>* The Entertainment Bureau (special vehicle company convened by JAMPRO to represent/negotiate on behalf of product owners unable to attend MIDEM; need for such representation on permanent basis)</li> </ul>
<b>Investment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* facilitate pipeline projects totaling US\$10M</li> </ul>
<b>Intersectoral Linkages</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* designer fashion, reggae fashion</li> <li>* Jamaica as cultural Mecca (Reggae-Rasta link)</li> <li>* tourism</li> <li>* themed eateries, attractions, shopping areas</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* Jamaican exporters to sponsor overseas engagements</li> <li>* <i>intra</i>sectoral linkages between music and film/TV soundtracks to be pursued aggressively</li> <li>* "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts &amp; crafts, fashion, music, home furnishings gourmet foods)</li> <li>* Jamaica Jamboree, New York (10/96), promoting design-led products</li> </ul>

## SHIPPING & BERTHING

Activities in the Shipping & Berthing sector center around the Port of Kingston which has experienced significant growth in transshipment activity in recent years. To consolidate and further develop the Port's position as a major regional transshipment hub for containerised cargo, the Gordon Cay South Terminal Expansion Programme was embarked upon in October 1994. In July 1996, an additional 2,000 feet of berthing space was commissioned into service, effectively doubling the transshipment capacity of the Port of Kingston. In addition, the expansion programme involves the construction of additional container storage space, the acquisition of state-of-the-art equipment and the provision of necessary infrastructural support. As traffic at the Container Port is projected to be close to optimum capacity by the year 2000, further expansion plans are currently under discussion.

In addition to its transshipment activities, the Shipping & Berthing industry also provides critical support services to other sectors of the economy by facilitating the handling of cargo for import and export, with specialist facilities devoted to fruit and bulk products.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* Port infrastructure development (Gordon Cay South Terminal Expansion Programme)</li> <li>* funding support, financial leveraging</li> <li>* marketing activities</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* 5.6% increase in number of ship calls at transshipment port over 1995</li> <li>* 23.4% increase in number of container moves over 1995</li> <li>* 23.1% (US\$ 10.6 M) increase in revenue from transshipment Port over FY 1995/96</li> </ul>
<b>Diversification</b>	<i>Initiatives:</i>	none specified
<b>Product Quality/ Design</b>	<i>Target:</i> <i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* improvements in turn-around time for ships</li> <li>* installation of computerised vessel and yard-planning systems</li> <li>* infrastructure improvements &amp; expansion</li> <li>* acquisition of state-of-the-art equipment (gantry cranes, straddle carriers, tugboat etc)</li> </ul>
<b>Productivity</b>	<i>Initiatives:</i>	* see Product Quality/Design
<b>Organization</b>	<i>Initiatives:</i>	none specified



**SHIPPING & BERTHING (continued)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>
<b>Investment</b>	<i>Initiatives:</i> <ul style="list-style-type: none"> <li>* Port Authority of Jamaica investment in upgrading and expansion of port infrastructure and equipment</li> </ul>
<b>Intersectoral Linkages</b>	<i>Initiatives:</i> <ul style="list-style-type: none"> <li>* direct link with information technology sector</li> <li>* infrastructure investment to upgrade or develop specialist facilities for handling import &amp; export cargo (especially fruit and bulk products)</li> </ul>

**INFORMATION TECHNOLOGY -- INFORMATION PROCESSING  
(Data Entry)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	* none quantified
	<i>Initiatives:</i>	* promotional activities: participation in trade shows, advertisement in trade publications * exposition in conjunction with JDI, TOJ
<b>Diversification</b>	<i>Product:</i>	* multi-lingual, multi-media package * personal banking applications * high-end data entry services (GIS, CAD/CAM, Imaging)
	<i>Market:</i>	* large consumers of software support such as healthcare, financial, environmental, publishers, car rental agencies * Europe
	<i>Initiatives:</i>	* work with JAMPRO Target Europe Secretariat * promotional activities
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART, EXED to establish training programme in software skills
<b>Productivity</b>	<i>Initiatives:</i>	* client-servicing to ensure that companies are utilizing current systems and/or technology * establish high-tech office park with free zone status
<b>Organization</b>	<i>Initiatives:</i>	* formation of active trade & professional association * facilitate strategic alliances to more effectively exploit opportunities through co-operative marketing & generation of "critical mass" * sector to foster closer collaboration with J. Computer Society
<b>Investment</b>	<i>Target:</i>	* no specific target quantified
	<i>Initiatives:</i>	* promotional activities; co-operative marketing with overseas Trade Commissions; seminars * lobby for high-tech office park, investment incentives * seminars to sensitize financial sector to IT sector's viability, opportunities, investment needs
	<i>Achievements:</i>	* total Jampro-assisted IT projects (incl. Telemarketing, data entry, software development): J\$150M; 415 jobs
<b>Intersectoral Linkages</b>	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

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**INFORMATION TECHNOLOGY -- TELEMARKETING SERVICES**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	* 50% growth in Call Centre activity (# of centres, employment, value of business)
	<i>Initiatives:</i>	* promotional activities: participation in trade shows, advertising campaigns in key publications * lobby TOJ/JDI to rationalize their rates * exposition in conjunction with JDI, TOJ
<b>Diversification</b>	<i>Product:</i>	* database marketing * multi-lingual services
	<i>Market:</i>	* companies with high percentage of consumer inbound calls (audiotext, directory assistance, reservations, Jamaica Today, physician referrals etc) * companies with high percentage of business outbound calls (mail order, answering services) * Europe
	<i>Initiatives:</i>	* promotional activities * collaboration with Target Europe
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	* liaise with UWI, UTECH, HEART re manpower development
<b>Productivity</b>	<i>Initiatives:</i>	none specified
<b>Organization</b>	<i>Initiatives:</i>	* formation of an active trade & professional association * facilitate strategic alliances to more effectively exploit opportunities through co-operative marketing
<b>Investment</b>	<i>Target:</i>	* no specific target quantified
	<i>Initiatives:</i>	* promotional activities * lobby for investment incentives
	<i>Achievements:</i>	* total Jampro-assisted IT projects (incl. Telemarketing, data entry, software development): J\$150M; 415 jobs
<b>Intersectoral Linkages</b>	<i>Target:</i>	* facilitate co-operative marketing with complementary sectors, eg. tourism

## FINANCIAL SERVICES

The current range of financial services offered in Jamaica includes commercial banking, investment banking, insurance and unit trusts. Plans to broaden the country's range of capabilities in this sector focus on the development of off-shore financial centres which allow international corporations to minimize their tax liabilities by locating in low-tax territories. To date, some 440 Foreign Sales Corporations (FSCs) have been registered in Jamaica. Expanding Jamaica's service export offerings in this area would provide immediate options for utilization of the excess capacity among existing banks, insurance companies, and the cadre of well-trained professionals that has resulted from the current contraction in the financial sector.

Existing legislation already provides some of the incentives required to develop Jamaica's position in this market, but a more targeted approach is necessary to further strengthen competitiveness. Minor amendments to existing legislation such as the Companies Act, the New Companies Bill 1996, the Foreign Sales Corporation Act 1984, the Income Tax Act, and the Stamp Duty Act could make a significant contribution in this regard.

Efforts are currently underway to heighten awareness of opportunities among local service providers and to increase Jamaica's visibility in the FSC market.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Export Volume/ Diversification/ Investment</b>	<i>Target:</i>	* broaden financial services offerings, in particular promote Jamaica as an attractive offshore financial centre
	<i>Initiatives:</i>	* measures to increase visibility in FSC market, eg. private-public sector delegation, headed by ministerial representatives, attended FSC/DISC Tax Association Conference, Orlando, 11/96 * market study of FSC potential commissioned
<b>Intersectoral Linkages</b>	<i>Initiatives:</i>	* strong linkage potential identified with tourism, information technology

## AGRICULTURE – GENERAL

Primary policy measures in support of continued growth and development of the sector to focus on:

- increased agricultural production, exports, and productivity;
- institutional support;
- increased watershed protection & afforestation;
- export pre-clearance.

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase production &amp; export of traditional &amp; non-traditional crops</li> <li>* banana: meet EU quota; 105,000 tons over next 2 years</li> <li>* increase foodcrop production for domestic use by 10%</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* projects to improve watershed management (see Environment)</li> <li>* Agricultural Export Services Project</li> <li>* preparation of Agricultural Support Services Project to strengthen research, extension, planning &amp; marketing; financial assistance of micro-proposals</li> <li>* one-stop export pre-clearance facility at Norman Manley Airport (to be completed by Fall '97)</li> <li>* improve plant quarantine &amp; food inspectorate; implementation of Integrated Pest Management Programme</li> <li>* recruitment of International Trade Specialist to focus on issues related to international trade agreements</li> <li>* special laws and special arm of Police to address praedial larceny</li> <li>* MAM National Country Paper on Food Security; recommendations to be implemented in FY 97/98</li> <li>* farmers' workshops in conjunction with RADA</li> <li>* studies on market opportunities for non-traditional crops</li> <li>* see also: Productivity initiatives</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* increased export crop production &amp; export volumes (especially sugar cane &amp; bananas)</li> <li>* residue testing facility to meet EU standards established in MAM Veterinary Division</li> </ul>
<b>Diversification</b>	<i>Products:</i>	<ul style="list-style-type: none"> <li>* dasheen, culinary herbs, exotic fruits &amp; vegetables</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* projects under aegis of USAID co-funded Agricultural Export Services Project</li> </ul>

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**AGRICULTURE – GENERAL (continued)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* support services for disease/pest control</li> <li>* Banana Quality Improvement Project</li> <li>* see also: Productivity initiatives</li> </ul>
<b>Productivity</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strengthening of support services</li> <li>* strengthening of agricultural research support for technology development &amp; dissemination (project proposal to be submitted for World Bank funding)</li> <li>* restructuring of National Agricultural Research System; to include co-operative system between Government &amp; Private Sector</li> <li>* funding for Bodles Agricultural Research Station approved</li> <li>* water storage tanks project (funding not yet identified)</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* productivity increases in banana growing (tonnes/hectare up 8.3%)</li> </ul>
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* MAM to establish data bank; analyze &amp; distribute information (Agricultural census conducted in 1996)</li> <li>* MAM to liaise with other agricultural institutions</li> <li>* MAM to provide small farmers with agricultural inputs necessary for increased production</li> </ul>
<b>Investment</b>	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* selected investment projects: Sea Island Cotton: J\$10.5M; 5 jobs Livestock (2): J\$2.3M; 6 jobs Medicinal herbs (2): J\$12.4M; 12 jobs</li> </ul>
<b>Intersectoral Linkages</b>	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* 3 projects fostering value-added linkages between farming &amp; agro-processing implemented (Twickenham Bammies, Lucea Dasheen, Reaches Dasheen)</li> </ul>
<b>Environment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* reduce environmental degradation</li> <li>* improve watershed management</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* Hillside Agricultural Project</li> <li>* Yallahs/Morant Integrated Development Project</li> <li>* purchase/distribution of fruit trees to small farmers to reduce soil erosion, improve eco-system</li> <li>* passing of Forestry Act (10/96)</li> </ul>

**FRESH PRODUCE -- TROPICAL ETHNIC CROPS**  
 (yam, sweet potato, dasheen, pumpkin, hot pepper)

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	* increase export volume & market share in US, UK & Canada
	<i>Initiatives:</i>	none
<b>Diversification</b>	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * mainstream small chain stores
	<i>Initiatives:</i>	none
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	none specified
<b>Productivity</b>	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, RADA)
<b>Organization</b>	<i>Initiatives:</i>	* formation of Fresh Produce Association; core group activities ongoing; official formation expected 1997 * strategic alliance between Jampro & other agencies servicing the sector (JEA, IICA, RADA etc); ongoing
<b>Investment</b>	<i>Initiatives:</i>	* farmers' fora, promotional activities
	<i>Achievements:</i>	* winter squash for export to US: J\$7M; 17 jobs
<b>Intersectoral Linkages</b>	<i>Initiatives:</i>	none specified

**FRESH PRODUCE -- TROPICAL EXOTIC FRUITS  
(mango & papaya)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	* increase export volume & market share in US, UK & Canada
	<i>Initiatives:</i>	* promotional activities: trade show participation in association with J. Papaya Growers Assoc'n (JPGA)
<b>Diversification</b>	<i>Markets:</i>	* general population (as opposed to ethnic/immigrants) * specialty stores, mainstream super- and hyper-markets * Europe
	<i>Initiatives:</i>	* promotional activities, point of sale information (recipe cards, taste testing); updated for Canadian market via CANEXPORT * Target Europe Programme
<b>Product Quality/ Design</b>	<i>Initiatives:</i>	* development of Grade & Quality Standards for papaya
<b>Productivity</b>	<i>Initiatives:</i>	* collection & dissemination of technical information (IICA, RADA) * training course conducted in Post Harvest Technology for Papaya * production manual prepared for publication in collaboration with JPGA
<b>Organization</b>	<i>Initiatives:</i>	* formation/strengthening of Mango Growers Association, JPGA, Fresh Produce Association * strategic alliance between Jampro & JEA, IICA, RADA etc
<b>Investment</b>	<i>Target:</i>	* investment in growing of papaya, espec. in view of overseas demand exceeding supply
	<i>Initiatives:</i>	* farmers' fora, publications
<b>Intersectoral Linkages</b>	<i>Initiatives:</i>	none specified



**FRESH PRODUCE -- ORGANIC FOODS**

Organic farming in Jamaica is in its infancy with a few small farmers producing largely for the local market. The exception is one sugarcane project which grows and processes sugarcane into sugar, syrup and molasses for export. Export demand for all three products exceeds supply. In general, the market for organic produce has experienced significant growth, and demand far exceeds supply. Over the years, JAMPRO has received several inquiries from overseas (US, Canada, UK, Europe) for organic products, in particular tropical fruits, vegetables, honey, herbs & spices, cotton, hemp as well as processed foods.

The focus of JAMPRO's promotional plans for the industry is to create awareness of investment and export opportunities in organic foods.

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Diversification/ Investment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase awareness of investment opportunities in organic foods, in particular for export</li> <li>* pilot project of min. 10 acres of organic bananas or other crops</li> <li>* min. 1 additional export project</li> </ul>
	<i>Initiatives:</i>	* market research ongoing
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* 5 acres (ginger, turmeric) in 1996; 5 acres in ground for 1997; Capital investment: J\$3.5M; 21 jobs</li> </ul>
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strengthen alliance with JOGA (Jamaica Organic Growers' Association, RADA, JEA, SRC, Bureau of Standards, international entities (International Federation of Organic Agricultural Movements, Organic Crop Improvement Assoc'n)</li> <li>* request for Japanese funding assistance for sector development</li> </ul>

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**AGRO-PROCESSING**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase foreign exchange earnings by 25%</li> <li>* increase presence in mainstream markets</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* promotional activities: participation in trade shows (5), in-store promotions (3), `advertisement in relevant publications</li> <li>* workshop: "Selling in the Marketplace"</li> </ul>
<b>Diversification</b>	<i>Products:</i>	<ul style="list-style-type: none"> <li>* private label production to increase capacity utilization</li> <li>* dairy: yogurt, flavoured cheeses</li> </ul>
<b>Product Design/ Quality</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* general quality standards seminars (4)</li> <li>* HACCP workshops (4)</li> <li>* Better process control school (1)</li> </ul>
<b>Productivity</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* see Product Quality/Design</li> </ul>
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strategic alliance: Agro-Processors Resource Network launched (APRN; comprised of JAMPRO, SRC, UWI, Bureau of Standards, Ministry of Health, RADA, NDB)</li> </ul>
<b>Investment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* 4 new investment projects with US\$ 10M total capital investment</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* project development support for potential investors</li> <li>* investment seminar in Toronto</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* carbonated beverages: J\$105M; 45 jobs</li> <li>* cigar manufacturing (3): J\$143.5M; 305 jobs</li> </ul>
<b>Intersectoral Linkages</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* availability of suitable, competitively priced packaging</li> <li>* more efficient farmer/processor linkages</li> </ul>
	<i>Initiative:</i>	<ul style="list-style-type: none"> <li>* feasibility study on flexible bottling plant more suitable to smaller size packaging</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* PET bottling plant installed</li> </ul>

## AQUACULTURE -- TILAPIA

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	* increase volume of export to major markets in North America & Europe by 550 tons (120%)
	<i>Initiatives:</i>	* increase market share in these markets * market research (via Target Europe) * promotional activities: trade shows, point-of-sale promotion (eg recipe cards) (via Target Europe)
	<i>Achievements:</i>	* export target negatively affected by diseases outbreak in US
Diversification	<i>Markets:</i>	* Germany, Spain, France identified as major growth markets
Product Design/ Quality	<i>Initiatives:</i>	* quality control programme (via Jampro Productivity Unit & Target Europe)
Productivity	<i>Initiatives:</i>	* collection & dissemination of technical information via Jamaica Aquaculture Association
Organization	<i>Initiatives:</i>	* strategic alliance between Jampro & UWI (Marine Science/ Biology), Jamaica Aquaculture Association, Fisheries Division
Investment	<i>Target:</i>	* increase capital investment by J\$39M
	<i>Initiatives:</i>	* promotional activities
	<i>Achievements:</i>	* capital investment: J\$28.8M; 21 jobs (job potential: 38)
Intersectoral Linkages	<i>Initiatives:</i>	none specified

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**AQUACULTURE -- ORNAMENTAL FISH**

Tropical Ornamental Fish farming is an emerging industry in Jamaica. With currently merely six commercial producers engaging in exports, mainly to the US market, and reports of unsatisfied demand in the US, the industry is poised for further development.

The focus of JAMPRO's promotional plans for the industry is to create awareness of investment and export opportunities in ornamental fish farming.

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>	
<b>Export Volume/ Diversification/ Investment</b>	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase awareness of investment opportunities in commercial ornamental fish farming, in particular for export</li> <li>* promote Jamaica as supplier of wide range of tropical ornamental fish throughout the year</li> <li>* project implementation: 6 projects, J\$50M capital investment, job potential: 80</li> </ul>
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* market research, feasibility study regarding industry expansion</li> <li>* participation in one local trade show (11/96)</li> </ul>
	<i>Achievements:</i>	<ul style="list-style-type: none"> <li>* capital investment: J\$10M; 5 jobs (job potential: 15)</li> </ul>
<b>Organization</b>	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strengthen alliance with Ornamental Fish Growers Association, Ministry of Agriculture, Ja. Agricultural Development Foundation; ongoing close cooperation with Jampro</li> </ul>

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**ORNAMENTAL HORTICULTURE**

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES	
Export Volume/ Import Substitution/ Market Penetration	<i>Target:</i>	<ul style="list-style-type: none"> <li>* increase export volume by 57%</li> <li>* regain market share in US market</li> <li>* increase presence in Canadian market, espec. Vancouver</li> </ul>
	<i>Initiatives:</i>	none
Diversification	<i>Products:</i>	<ul style="list-style-type: none"> <li>* expand product range to include min. 2 new crops</li> <li>* increase exports of bouquets</li> </ul>
	<i>Markets:</i>	* Europe
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* continued support of evaluation trial for new crops (calla lily &amp; sandersonia)</li> <li>* alliance with COLEACP, Target Europe Programme</li> </ul>
Product Design/ Quality	<i>Initiatives:</i>	* none specified
Productivity	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* support funding for feasibility study &amp; recommendations for Integrated Pest Management programme; study to be redefined</li> <li>* ongoing support evaluation of packaging for anthuriums through trial shipments</li> <li>* 1 company participated in training course funded by Dutch CBI and COLEACP</li> </ul>
Organization	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* strategic alliance between Jampro &amp; local &amp; overseas agencies &amp; sector representatives (RADA, Dutch CBI, COLEACP, Caribbean Export Dev. Agency)</li> <li>* formation of Ornamental Horticulture Association; core group active; formalization pending</li> <li>* Anthurium Growers Association</li> </ul>
Investment	<i>Target:</i>	* implement min. 4 new projects, J\$24M, 40 permanent jobs
	<i>Initiatives:</i>	<ul style="list-style-type: none"> <li>* investment seminar; small farmers to be targeted</li> <li>* promotional activities, including radio &amp; TV programmes</li> </ul>
	<i>Achievements:</i>	* capital investment: J\$3.5M; 23 jobs
Intersectoral Linkages	<i>Initiatives:</i>	* none specified

TEXTILES & SEWN PRODUCTS

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<p><i>Target:</i> * increase total value of exports to all markets by 15% * increase presence in new &amp; established markets * expansion of local market</p> <p><i>Initiatives:</i> * market research &amp; comparative study on competitors * PR campaign to improve industry image, espec. among workers * seminar on pricing strategy * promotional activities: participation in trade shows, targeted outward missions, advertisement * import restrictions</p> <p><i>Achievements:</i> * as at 2/97: 2 contracts awarded, valued at J\$2M, as result of trade show participation * as at 2/97: JAMPRO records implementation of 12 contracts valued at J\$212.1 million, facilitating retention of 865 jobs</p>
<b>Diversification</b>	<p><i>Products:</i> * new products to be targeted by 807/CMT sector (sleepwear, children's wear, dresses, woven shirts, blouses, skirts, trousers) * full package/designers products (ladies' separates/coordinates, lingerie, swimwear, gymwear, trousers) * "private label" and novelty/souvenir items (in conjunction with entertainment industry, using Rasta/Reggae image)</p> <p><i>Markets:</i> * Europe: UK, Germany, Greece, Spain * Latin America: Colombia, Venezuela, Mexico &amp; CARICOM; Japan * local market</p> <p><i>Initiatives:</i> * primarily promotional activities * product development &amp; planning (see below)</p>
<b>Product Design/ Quality</b>	<p><i>Target:</i> * improve product development &amp; planning</p> <p><i>Initiatives:</i> * facilitate access to raw material inputs through development of backward linkages (develop data base on input suppliers; investment in trims, accessories, textile, finishing industries) * special training programmes in preparation * improve quality of packaging material &amp; labelling * R&amp;D to update/upgrade products</p>

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**TEXTILES & SEWN PRODUCTS (continued)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>
<b>Productivity</b>	<i>Initiatives:</i> <ul style="list-style-type: none"> <li>* training programme re: physical distribution function</li> <li>* security audits</li> <li>* subscription to trade magazines to gain information on new &amp; improved manufacturing systems and technology</li> <li>* special training programmes (in preparation, to be presented to the sector)</li> <li>* programme of energy audits in preparation by JAMPRO &amp; JPSCo</li> </ul>
<b>Organization</b>	<i>Initiatives:</i> <ul style="list-style-type: none"> <li>* re-establish Designer Association</li> <li>* JAMPRO to serve as information clearinghouse</li> <li>* introduction of Client Services Management Programme to plan and implement sector strategies, foster cooperation between JAMPRO &amp; sector</li> <li>* formation of Industry Advisory Council</li> </ul>
<b>Investment</b>	<i>Target:</i> <ul style="list-style-type: none"> <li>* implement min. 10 new projects</li> <li>* increase value of investments by 25% to J\$200M</li> </ul> <i>Initiatives:</i> <ul style="list-style-type: none"> <li>* establishment of overseas investment offices</li> <li>* promotional activities, sales visits</li> </ul> <i>Achievements:</i> <ul style="list-style-type: none"> <li>* 4/96 - 3/97: 8 projects implemented at J\$210M, 907 jobs</li> <li>* as at 2/97: 8 investment projects at J\$259.5, 728 jobs, in pipeline</li> <li>* as at 2/97: 1 joint venture implemented at J\$2.5M</li> </ul>
<b>Intersectoral Linkages</b>	<i>Target:</i> <ul style="list-style-type: none"> <li>* backward linkages with fabric, trims, accessories suppliers</li> <li>* exploit linkages to entertainment sector for promotion of souvenir products</li> </ul> <i>Initiatives:</i> <ul style="list-style-type: none"> <li>* develop database on input suppliers</li> <li>* investment incentives for manufacturing of trims, accessories</li> <li>* use overseas sales promotion events (eg Japansplash) for promotion of garment products</li> <li>* "Sugar Loaf Presentation" at Round Hill Hotel (3/18/97) to foster linkages between tourism sector and design-led products (arts &amp; crafts, fashion, music, home furnishings gourmet foods);</li> <li>* "Jamaica Jamboree", New York (10/96) promoting design-led products</li> </ul>

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**MINERALS, CHEMICALS & ALTERNATIVE ENERGY**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<p><i>Target:</i></p> <ul style="list-style-type: none"> <li>* aggregate: increase exports by minimum of 500,000 tons</li> <li>* ground calcium carbonate: increase exports by 90,000 tons</li> <li>* lime: import substitution by Bauxite companies: 100,000 tons export of extra capacity: 72,000 tons</li> <li>* import substitution in commercial marble (on hold)</li> </ul> <p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* market research; JAMPRO to develop data base</li> <li>* promotional activities: greater participation in trade shows; newsletters, newspapers, INTERNET</li> <li>* MAM: limestone quarry zoning &amp; related activities</li> </ul>
<b>Diversification</b>	<p><i>Products:</i></p> <ul style="list-style-type: none"> <li>* bottled mineral water (price-competitiveness requires PET bottle production)</li> <li>* mineral spa facilities</li> <li>* marble tiles for flooring, walls, furniture</li> <li>* precious &amp; base metals (gold, silver, nickel, copper)</li> <li>* semi-precious stones</li> <li>* alternate energy products (solar, wind)</li> </ul> <p><i>Markets:</i></p> <ul style="list-style-type: none"> <li>* development of new markets listed as objective</li> <li>* focus on North America, South American &amp; Caribbean</li> <li>* local market (&amp; tourists for mineral spas)</li> </ul> <p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* promotional activities</li> <li>* MAM to evaluate &amp; promote Jamaica's non-bauxite metallic minerals potential</li> </ul> <p><i>Achievements:</i></p> <ul style="list-style-type: none"> <li>* four new companies in Marble; one new company with Marble Furniture Project</li> </ul>
<b>Product Design/ Quality</b>	<p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* develop labels and packaging for marble, limestone, whiting</li> </ul>
<b>Productivity</b>	<p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* R&amp;D support/technical assistance to be sought from UWI, GSD, MAM, Industrial Minerals Institute, Jampro Productivity Center, NRCA etc.</li> </ul>
<b>Organization</b>	<p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* maintain/develop information base on sector</li> <li>* coordinate outside R&amp;D support/technical assistance</li> </ul>



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**MINERALS, CHEMICALS & ALTERNATIVE ENERGY (continued)**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>
<b>Investment</b>	<p><i>Target:</i> * 4-6 projects</p> <p><i>Initiatives:</i> * promotional activities re: investment potential * MAM to expand/upgrade geological maps, geochemical &amp; geophysical data * MAM to provide technical &amp; analytical support</p> <p><i>Achievements:</i> * completion of Tarentum Industrial Park * three new investors in limestone (whiting) * new crushed stone/sand/gravel investment project in St. Ann currently seeking development loan to open quarry * 2 lime investment projects implemented: J\$566M; 57 jobs * 11 pipeline projects: J\$4.8B; 445 jobs</p>
<b>Intersectoral Linkages</b>	<p><i>Target:</i> * sourcing of PET bottles abroad = major constraint for mineral water product * need for caustic soda plant as product currently imported by Bauxite industry * linkage potential: mineral spas &amp; tourism sector * linkage potential: marble &amp; construction, furniture sectors * 2 new linkage projects</p> <p><i>Initiatives:</i> * project development (min. 3; eg. caustic soda, steel, lime, calcium carbide) * targeted promotional activities * submission of Policy Document on Incentives (min. 2 projects, eg PET bottle production, Spa facilities etc)</p>
<b>Environment</b>	<p><i>Target:</i> * stem illegal removal of sand</p> <p><i>Initiatives:</i> * regulation &amp; enforcement (police/military); monitoring committees * development of limestone substitute for river sand for use in construction * MAM to liaise with environmental agencies, eg NRCA</p>

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**SMALL BUSINESS**

<b>NIP OBJECTIVE</b>	<b>SPECIFIC TARGETS &amp; PROPOSED INITIATIVES</b>
<b>Export Volume/ Import Substitution/ Market Penetration</b>	<p><i>Target:</i></p> <ul style="list-style-type: none"> <li>* introduce entrepreneurs to international market place</li> <li>* establish trading links between local entrepreneurs &amp; Jamaican residents abroad</li> </ul> <p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* alliance with export &amp; trade promotion entities (JETCO)</li> <li>* target enterprises with export potential &amp; encourage participation in Expos/trade fairs</li> </ul>
<b>Diversification</b>	<p><i>Initiatives:</i> none specified</p>
<b>Product Design/ Quality</b>	<p><i>Initiatives:</i> none specified; spill-overs from productivity-enhancing measures</p>
<b>Productivity</b>	<p><i>Target:</i></p> <ul style="list-style-type: none"> <li>* business upgrading, espec. in apparel, furniture, agro-processing, community groups (craft, paper)</li> <li>* appropriate technology &amp; methodology</li> <li>* production lay-out</li> <li>* record-keeping/accounting systems</li> </ul> <p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* business management workshops</li> <li>* market research to gather information on new technologies</li> <li>* skills/technology upgrading workshops (in collaboration with SRC, HEART/NTA)</li> </ul>
<b>Organization</b>	<p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* strategic alliance with other (Small) Business Development Agencies (SRC, RADA, UTECH, SBAJ)</li> <li>* alliance with trade &amp; export promotion entities</li> <li>* JAMPRO to serve as broker for accessing financing, marketing etc services</li> <li>* Entrepreneurship Club (monthly meetings)</li> <li>* SBAJ Fellowship Hall Development Complex: provision of factory space &amp; centralized support system; located on 70 acres; financed through J\$20M NIBJ equity participation; J\$35M, 8% NDB loan</li> </ul>

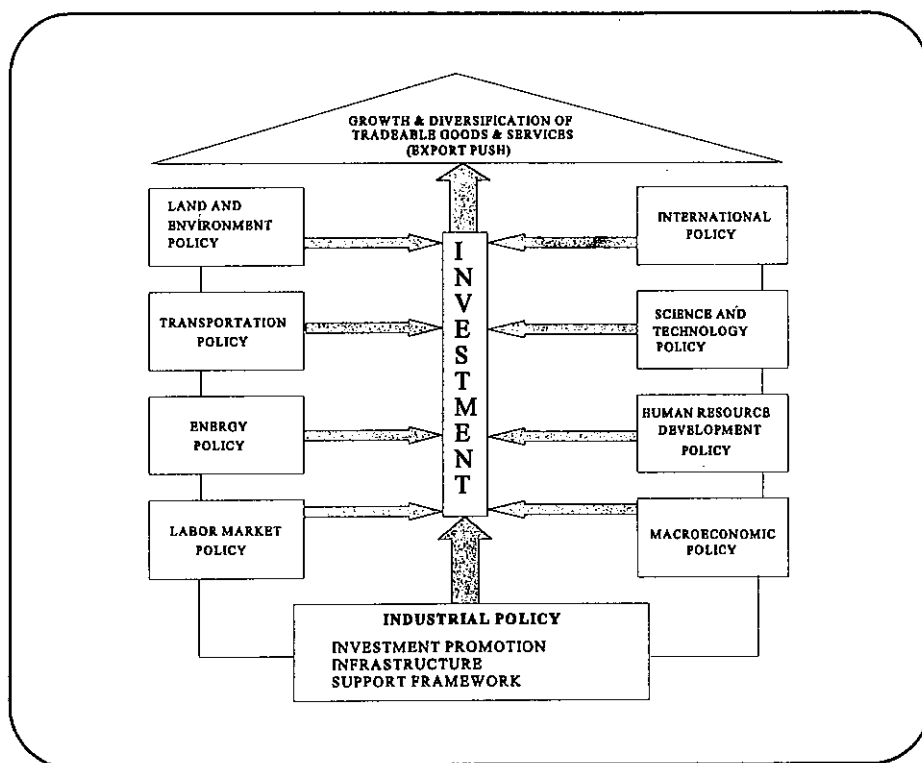
## SMALL BUSINESS (continued)

NIP OBJECTIVE	SPECIFIC TARGETS & PROPOSED INITIATIVES
<b>Investment</b>	<p><i>Target:</i></p> <ul style="list-style-type: none"> <li>* establishment/expansion of 84 projects</li> <li>* increase value of investments by 20% (J\$21M)</li> </ul> <p><i>Initiatives:</i></p> <ul style="list-style-type: none"> <li>* provide business counseling &amp; business plan preparation services</li> <li>* serve as broker for financing, marketing etc services</li> <li>* promotional activities: presentations, workshops, media</li> <li>* Youth Camp participation, presentations at PTA</li> <li>* investment seminars</li> <li>* participation in SBAJ expo</li> </ul>
<b>Intersectoral Linkages</b>	<i>Initiatives:</i> none specified
<b>Credit Initiatives</b>	<ul style="list-style-type: none"> <li>* J\$11.5M Japanese Grant (administered by World Bank) to assess current credit delivery system to micro/small business sector; tenders currently under review; preparatory work to take 6 months</li> <li>* GOJ/GON Micro Enterprise Project: provision of J\$234M in credit to the sector &amp; technical assistance to financial institutions; since inception of 2nd phase: J\$206 (plus J\$35 from credit institutions) disbursed to finance 801 micro-businesses</li> <li>* GOJ/EU Small &amp; Micro Enterprise Credit Scheme: J\$256M to be retailed to borrowers through Eagle Merchant Bank over 2-year period. 4-12/95: J\$52.4M disbursed to finance 164 businesses, creating 201 new jobs. Further disbursement suspended; programme under review; recommencement targeted for 7/97</li> <li>* MIDA to seek approval for measures to reduce funding constraint.</li> </ul>

**Figure 1**  
**STRATEGIC PLAN**  
**Policy Matrix**

Objectives	Policies	Interventions/ Implementation
Stability, Predictability, Credibility	Macroeconomic Policy	<ul style="list-style-type: none"> <li>* Fiscal Controls</li> <li>* Monetary Controls</li> <li>* BOJ Autonomy</li> <li>* Social Partnership</li> </ul>
Growth and Diversification through building International Competitiveness	<p><b>INDUSTRIAL STRATEGY</b></p> <p><b>Investment Promotion</b></p> <ul style="list-style-type: none"> <li>* Incentive System</li> <li>* Financing Mechanisms</li> <li>* Investment Packaging</li> </ul> <p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>* Physical Infrastructure</li> <li>* Human Resource Development</li> <li>* Science &amp; Technology</li> </ul> <p><b>Support Framework</b></p> <ul style="list-style-type: none"> <li>* Trade Policy</li> <li>* Labour Market Policy</li> <li>* Competition Policy</li> <li>* Small Business Development</li> <li>* Public Sector Reform</li> </ul>	<ul style="list-style-type: none"> <li>* Time-phased Sequence of Strategies</li> <li>* Targeting Strategic Sectors</li> <li>* Continous Consultation between Government, Business, Labour, and NGOs</li> </ul>
Equity	<p><b>Social Policy</b></p> <ul style="list-style-type: none"> <li>* Poverty Alleviation</li> <li>* Gender Perspective</li> </ul>	<ul style="list-style-type: none"> <li>* Social Agenda</li> </ul>
Conservation of the Environment	Environmental Policy	<ul style="list-style-type: none"> <li>* Incentives</li> <li>* Regulation/Enforcement</li> <li>* Public Education</li> </ul>

Figure 2  
POLICY INTEGRATION AND COORDINATION



**Figure 3**  
**TIME-PHASED SEQUENCE OF IMPLEMENTATION STRATEGIES**

1996	1997-1998	1999-2010
Phase 1 Short-term Strategy: establish Social Partnership		
Phase 2 Medium-term Strategy:	growth with stability	
Phase 3	Long-term Strategy:	export push and efficient import substitution

Figure 4  
STRATEGIC INDUSTRY CLUSTERS

