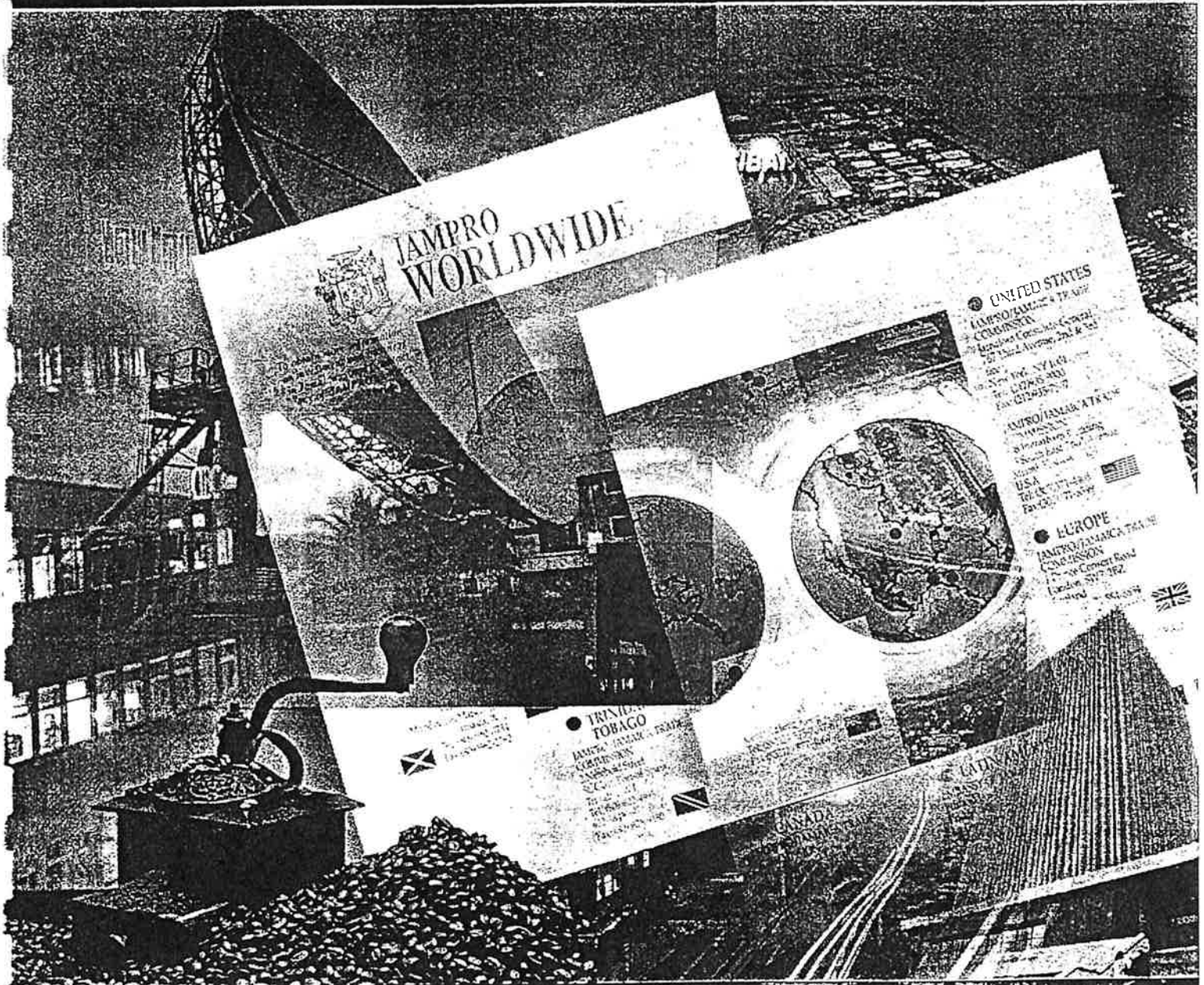




# JAMPRO

*Jamaica's Economic Development Agency*



*Annual Report 1996/97*



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## Mr. Claude Clarke

capital flows to the developing countries rose from US\$25 Billion to US\$172 Billion.

Critical to the strategic thinking of the JAMPRO Board is the view that Jamaica should be attracting some of this vast sea of capital which was available. The liberalisation of the financial market effected in 1991 paved the way for a major strategic focus in this area. A major emphasis of the Board has been the attraction of long-term portfolio investment and the marketing of Jamaica as a financial centre.

While we have not lessened our emphasis on the export of goods and services and the targeting of investments in the real goods sectors, we have sought to diversify the types of investments coming into the country. There is a great deal of equity capital in the developed markets of the world which is restlessly seeking a home. We believe Jamaica provides a hospitable environment for the nurturing of such investments and we have so marketed the island.

In our thinking, the success of our mission in positioning Jamaica as a serious competitor for portfolio investments is not just reflected in the capital invested in JAMPRO-related projects. The ground has been prepared for the Jamaican private sector and for the Government itself to successfully raise money in the international capital markets.

Our strategic shift has influenced our decision to re-open the JAMPRO office in New York and to strengthen the office in London making that office the hub of our European thrust rather than Brussels. New York and London are two of the most important financial capitals in the world. Our decision to rationalise our overseas operations for greater efficiency was spurred not only by the need for cost-savings. By working more closely with the Jamaica Information Service, the Jamaica Tourist Board and the Jamaican embassies, we plan to rationalize our resources and tap into their specific capabilities.

Another significant decision during the year was the one to appoint Honourary Trade Counsels in key cities of the world; persons of high reputation and influence who could act as goodwill ambassadors and lobbyists for Jamaica.

For agencies such as JAMPRO concerned with national economic development initiatives, there is no more pressing reality and context than the globalization and interdependence of the world. Gone are the days when planners had the luxury of devising strategies and policies in the context of national realities. Today it is the international context and the fact of globalization which must inform all our strategies and policies.

The JAMPRO Board has been seized with this recognition. The recognition that fundamental and far-reaching changes needed to have been made is JAMPRO's approach to economic development and investment promotion.

First, we had to take note of the fact that while the global increase in the flows of Foreign Direct Investment (FDI) has been impressive, its significance was dwarfed by the phenomenal rise in private capital flows. Foreign Direct Investment in 1995 reached \$315 billion, a nearly sixfold increase over the level in the 1981-85 period. But between the mid 1970's and 1996 the daily--note, daily-- turnover in the world's foreign exchange market increased from approximately US\$1 Billion to US\$1.2 Trillion. A great deal of this capital was moving to emerging markets in the developing world. Between 1987 and 1994

In an era where networking and strategic alliances are important, this strategy of having unpaid trade counsels is highly recommend. Also, in recognition of the fact that Latin America is projected to be the growth centre at the beginning of the 21st Century, and is already the leader in the developing world in terms of inward FDI flows, JAMPRO has taken the decision to open an office in Latin America. Vast opportunities abound for trade and investment links between Jamaica and the Latin American region, JAMPRO intends to maximize the benefits from these links.

One of the critical factors which we identified in the investment promotion process is the matter of investment packaging. International agencies like the United Nation Industrial Development Organization (UNIDO) point out that financing for projects often go abegging because of inadequate investment packaging in developing countries. Locally we also identified this as a problem and set about correcting it.

During the year under review we have sought to strengthen our investment packaging capabilities so rather than market the generic investment opportunities in the various sectors, we have developed project profiles of "live", viable investment projects which are packaged and presented to potential institutional investors, fund managers and traditional investors.

JAMPRO's strategic shifts have borne concrete results. While between 1985 and 1989 the average annual flows of FDI was US\$37 million, by 1996 (calendar year) the figure had reached US\$175 million. Jamaica's stock of FDI, according to the authoritative UNCTAD World Investment Report, moved from US\$501 million in 1980 to US\$1.5 billion in 1996.

Another critical factor which has informed our approach to economic development and promotion has been the matter of human resource development and the harnessing of our competitive advantage. At a time when the world is experiencing both an investment boom and is duly celebrating the triumph of the free enterprise system all over the world, countries are falling over themselves to offer various incentives to investors. For the investor there are many choices. The countries which have

the edge in this competitive environment are those with distinctive products or services.

The JAMPRO board, had to think competitive advantage rather than comparative advantage. Our competitive advantage lies in our human resources, our people, our unique history; the unique products that we have.

Our highly successful presence at Midem 1997, the world's most prestigious music marketing forum and our high-profile promotion of Jamaican music demonstrates this focus. By focussing on abundant natural resources, including our people, we have promoted investments in our music industry and have laid the groundwork for further massive investments in this area. We have also attracted very substantial investments in the non-metallic minerals and chemicals sector.

Of course, our work is not limited to investment promotion. If our productive sector is not on the cutting edge of technology and management techniques, then we cannot produce first-class goods and services. Therefore, our work in the modernisation of industry and in productivity has been crucial to the entire modus operandi of the corporation. The stress that we have placed on product development, specialist training and client servicing, reflects our commitment to putting the Jamaican productive sector on the footing which will allow it to compete globally.

Our export promotion and development strategies have also been avant-garde, recognising as we do that the rationale of investment, and business development is marketing -- sales. For JAMPRO to successfully fulfill its role as the economic development agency of the country, it has to integrate its industrial modernisation, trade promotion and investment facilitation portfolios into a unified whole.

This annual report indicates the work which has been done and the concrete results are impressive as they are. What cannot be so easily assessed at this stage is the full extent of the impact of this shift in strategic thinking and positioning that has underlined the work we are doing. If there is an adage which aptly describes our philosophy and approach during the year under review it has been "Think globally, act locally."

# The Board of Directors



Mr. Claude Clarke  
Chairman



Mrs. Patricia Francis  
President



Hon. Noel Hyton



Mr. Kirk Taylor



Mrs. Deanne Bell



Mrs. Faye Pickersgill



Mr. John J. Cunningham



Mr. Anthony Crang



Mr. Anthony Bell



Mr. Sameer Younis



Mr. R. Smith



Mr. Jackie Minor



Dr. Omer Thomas



**Mrs. Patricia Francis**

islandwide to introduce to the public the goals of the NIP; we hosted the Secretariat established to assist and guide the negotiation process aimed at achieving a Social Partnership among workers, private sector and government and, in partnership with the Chamber of Commerce, established Industry Advisory Councils for the clusters identified in the NIP.

Our effectiveness in facilitating the implementation of the NIP will be enhanced by our newly formed Business Information Centre which combines documentation with a computerized information network. It provides an invaluable source of market intelligence from which trade and investment enquiries are processed. In addition, the establishment of our own web site in March 1996, provides access to information on local business and investment opportunities to potential investors worldwide.

Particularly challenging were the problems arising in the Apparel sector as a result of the closure of several factories. JAMPRO worked closely with the Ministry of Industry, Investment and Commerce in designing a programme to address the sector's cost factors.

The review year saw JAMPRO rising to a number of challenges as it carried out its mandate to facilitate Jamaica's economic development by encouraging investment and production. We are extremely proud of almost doubling our investment performance over 1995/96 as the agency attracted capital investment of J\$4.4B for a total of 239 investment projects which provided employment for some 3,760 persons. Tourism was again the premier performer accounting for 62.4% of the total capital investment with a project value of J\$2.7B.

**SECTORIAL HIGHLIGHTS**

**SERVICES**

The continued strong performance of Tourism and the growth in Information Technology and Film and Entertainment underscores the vast potential of the Services Sector in providing viable opportunities for local and overseas investors.

**Tourism**

Tourism attracted the lion's share of investment capital with 10 projects valued at J\$2.7B reflecting an increase of 113% over the previous year (1995/6 - J\$1.2B) and providing employment for 633 persons (1995/6 - 406). This was facilitated in part by assistance to small hotel operators, who do not benefit from the Hotel Incentives Act, received

JAMPRO was one of 13 key government entities targeted for Executive Agency status as part of the Government's Public Sector Modernization Programme (PSMP). This is intended to give the Agency increased autonomy with the objective of creating a flexible, results-oriented, customer-driven entity. Our own restructuring exercise aimed at creating a more proactive and efficient organization has resulted in three main areas being reflected in the new structure - Corporate Services, Production and Development and Marketing Services.

THE organization has played an active role in facilitating three aspects of the National Industrial Policy (NIP). We organised several public meetings

through the Modernization of Industry Programme. Additionally, the attractions sub-sector was given a boost through relief from the payment of the General Consumption Tax.

The Tourism Department maximized every opportunity to market Jamaica as a prime investment location collaborating where feasible, with tourism related agencies such as the Jamaica Tourist Board. It participated in a number of conferences including the Conference on Ecotourism in Guadeloupe (May 1996); the 17th Tourism Convention in Havana, Cuba (May 1996); the Conference on Heritage Tourism at the Jamaica Conference Centre; the 20th Annual Conference of the Caribbean Tourism Organization in Barbados and the Carib News Conference at the Braco Village Hotel, Jamaica.

### **Film, Music and Entertainment**

JAMPRO is justifiably proud of having coordinated Jamaica's successful participation in MIDEM '97 - the largest and most prestigious music market in the world. Dubbed Sounds of Jamaica - Reggae rocks Cannes, the MIDEM initiative was positioned as a springboard for all future marketing efforts for Jamaican music. We gained positive exposure both through the highly successful show on opening night and the very attractive Jamaican booth. Additional exposure was provided by linking JAMPRO's website to MIDEM's official site.

An important initiative in the Film, Music and Entertainment sub-sector was the establishment of the Entertainment Bureau, a special company formed by JAMPRO to represent product owners who cannot attend the market. Among the products represented was the Sounds of Jamaica Volume 1 album which includes unreleased tracts from a number of Jamaica's top producers and artistes.

Benefits resulting from MIDEM '97 include current negotiations with Warner Brothers' Record Company and its children's label Rhino Music for the production of a CD entitled Bugs Bunny and Friends sing Reggae; The strengthening of critical alliances with entities such as the European Union, Warner Brothers and Reed Midem Organizations; the facilitation of first hand research on the global market and the successful repositioning of Jamaican music as a quality product.

We were able to promote Jamaica's suitability as a

competitive filming location, supported by an array of talent and production personnel, by participating in the Locations '97 annual trade show, staged by the Association of Film Commissioners in Los Angeles, and the Showbiz Expo held in Toronto. These expositions are attended by the world's leading entertainment professionals. The Jamaican booth won second place in the Best Booth Competition at the Locations '97 Show making this the second consecutive year that we have been awarded a place in this event.

During the review period a total of 82 projects with a capital investment of J\$327.3M were implemented creating employment for 1,945 persons. Projects included 21 still photography shoots by internationally famous magazines such as Vogue, Marie Claire, Allure and Seventeen; 9 television productions; 7 television commercials for multinationals such as Coca Cola, Panasonic and AT&T; the feature film Fool's Paradise, 12 documentaries and several music videos.

### **Information Technology**

Jamaica traditionally provided services in data entry and programming but more recently has entered the fields of computer aided design and manufacturing, geographic information system, telemarketing and imaging. JAMPRO is assisting the expansion and development of Jamaica's abilities in this sector by working in conjunction with key industry players to increase our competitiveness in the areas of data conversion, multimedia and software services.

The Department achieved over 100% project implementation and capital investment exceeded targeted figures. Seven projects with a capital investment of J\$150M (1995/6 - J\$10.6M), employing 415 persons were implemented. There is an estimated J\$4B in pipeline projects which range from telemarketing to software and data conversion services. A major highlight of the review period was the implementation of Phase I of the ISADRA Project representing an initial capital investment of J\$47M. This is the first Information Technology export company to be granted Single Entry Free Zone status.

### **AGRI-BUSINESS**

The continued technical and financial support within the Agri-business sector received from the CANEXPORT and Target Europe Programmes

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facilitated further penetration of the Canadian and European markets by companies within the sector. The major focus was on increased production in papaya, fresh produce, aqua culture development, organic foods and ornamental horticulture. Twenty-eight projects with a capital investment of J\$340.6M and providing employment for 494 persons, were implemented. Papaya attracted capital investment of J\$25.4M and is proving to be an excellent performer on export markets.

The Agri-business Group has projected 32 projects totalling J\$ 965M to be invested in the 1997/98 fiscal year. It is anticipated that additional food processors will upgrade their facilities to meet HACCP and ISO 9000 standards required by the target markets.

**The Manufacturing Industries Group**

The performance of this sector reflected the tight macro-economic policies designed to reduce inflation and stabilize the exchange rate during the 1996/97 fiscal year and for the first time since 1991 recorded a decline in export earnings. The government implemented a number of growth enhancing policies to alleviate the difficulties faced by the sector including, the removal of tariffs on non-competing capital goods, the injection of capital into selected projects and the amendment of the Jamaica Free Zone Act to accommodate Single Entity Zones.

**Textile & Sewn Products Division**

Traditionally an area of growth and the island's chief non-traditional foreign exchange earner, this subsector was confronted with a number of challenges which affected its growth in both export earnings and employment. JAMPRO, in collaboration with other government agencies and industry personnel, developed and implemented a number of strategies geared at generating sustainable growth and regaining its competitive advantage.

An important initiative was the sector study which JAMPRO commissioned from Kurt Salmon and Associates - a US-based consultancy firm. The study provided a comparative analysis

on apparel sourcing within the region and outlined strategies to improve Jamaica's competitive position.

In September 1996, members of the Garment Industry came together under the umbrella of the Jamaican Garment Manufacturers Confederation to discuss issues critical to the growth of the sector. Meetings with the Ministry of Investment and Commerce resulted in the development of a 15-month programme of assistance valued at J\$200M which is to be implemented by JAMPRO in collaboration with the EXIM Bank, National Development Bank and National Investment Bank of Jamaica.

The total value of exports recorded by the sector was US\$538,380,843M representing a decrease of 7.54% in comparison with the previous period (1995/96 US\$582,271,295M). These figures reflect the decrease in exports to the US markets. Exports to the rest of the world however increased by 14.73% moving from US\$54,219,751 in 1995 to US\$62,203,672 in 1996.

Eight projects were implemented with a capital investment of J\$163M generating employment of 208 persons. Another eight projects are currently in the pipeline with a projected capital investment of J\$382.8M and projected employment for 905 workers.

JAMPRO serviced clients through regular factor visits which afforded the opportunity for problems to be discussed and solutions sought. This initiative went a far way in helping to prevent industrial action in several instances.

**Minerals, Chemicals and Alternate Energy**

Two projects, Clarendon Lime Company and Western Cement Company, were implemented with actual capital investment of J\$566M (1995 - J\$76.0M) and employment of 45 persons. The sector realized an increase in the export of limestone whiting by just under 25,000 tonnes over the previous year. All non-metallic mineral products, with the exception of marble, maintained a steady increase in production levels. The Division monitored 12 pipeline projects three of which have high

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implementation potential and represent a capital investment of J\$2.4B. Efforts are being made not only to increase investments in this sector but to encourage producers to move from the primary stages of production to more value-added production for export.

**General Manufacturing**

Four projects were implemented with a capital investment of J\$16.25M. Five projects are in the pipeline and discussions are being conducted for seven projects that are pending. These jointly account for approximately J\$200M in capital investment.

Research carried out on the various subsectors will allow JAMPRO to determine the needs of the sectors and thus put the necessary support in place. A study of the Furniture subsector, commissioned by JAMPRO, revealed that it is a viable area for investment if properly marketed. A number of existing firms have successfully created for themselves niche markets in North America and the Caribbean and with guidance and support the sector has potential for much greater productivity. Similar studies were carried out on the footwear and electronics industries.

Positive achievements include the completion of five factory expansion programmes during the review period. At the micro level, a number of firms are performing well through retooling and improved business practices.

The Government is committed to providing support through aggressive trade and promotion activities, fiscal incentives, training and technical assistance programmes and an enhanced standards compliance mechanism, while continuing the process of remedying infrastructural deficiencies.

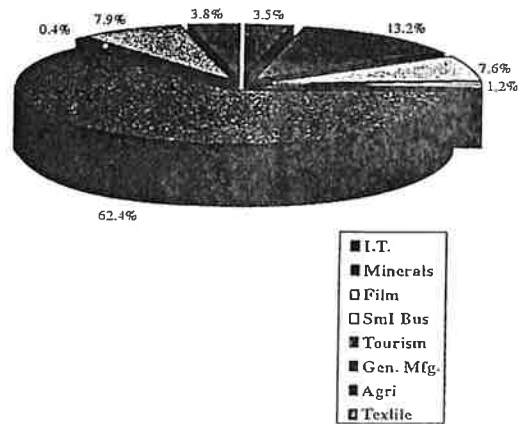
**Small Business Centre**

The Small and Micro Business Sector continued to be an engine of growth for the Jamaican economy. During the review period, JAMPRO's Small Business Centre played a pivotal role in the development and streamlining of the sector. Four hundred and forty-eight persons were counselled in the areas of marketing advice, project costing, business plan preparation and referral to funding agencies

In keeping with our aim of widening our reach in the rural areas the Centre has strengthened its ties with agencies such as RADA, Chambers of Commerce, Parish Development Committees, Credit Unions and church groups which focus on parish investment. The Centre also continued its work with financial institutions to better prepare small business operators in upgrading their record keeping systems in order to better access loans and grants.

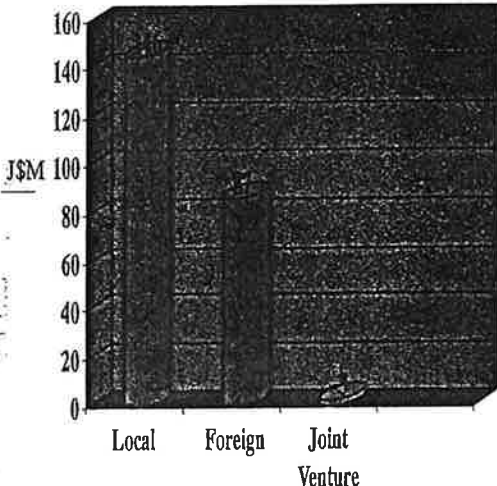
Special projects included collaboration with 3D Projects in training individuals to operate three income generating projects in Linstead - a fast food restaurant, an integrated day care centre and a garment operation. A project which has already gained some recognition is the RADA Dasheen Chips Project in Reach Portland. Assistance by the Centre focussed on identifying the consumer and customer and developing strategies to meet their needs.

**CAPITAL INVESTMENT GENERATED FROM IMPLEMENTED PROJECTS BY SECTOR**  
April 1, 1996 - March 31, 1997

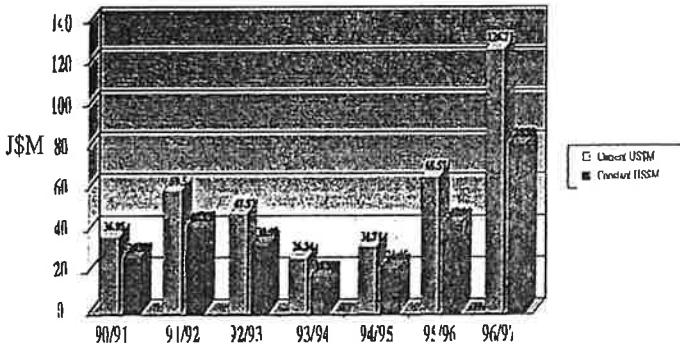


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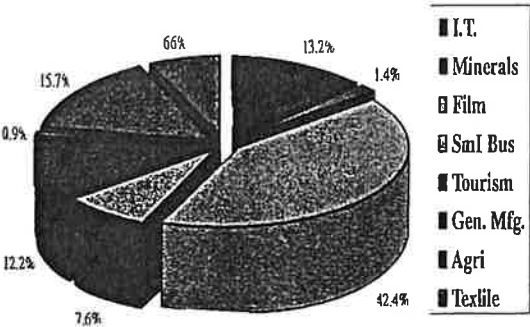
**OWNERSHIP OF IMPLEMENTED PROJECTS**  
APRIL 1, 1996 - MARCH 31, 1997



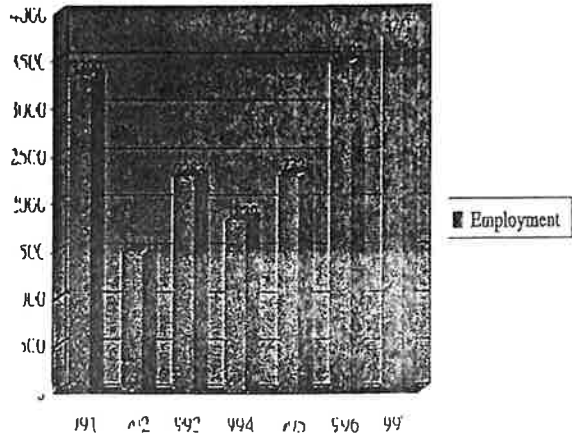
**CAPITAL INVESTMENT FROM IMPLEMENTED PROJECTS**  
1990/91 - 1996/97



**EMPLOYMENT GENERATED FROM IMPLEMENTED PROJECTS BY SECTOR**  
April 1, 1996 - March 31, 1996



**EMPLOYMENT GENERATED FROM IMPLEMENTED PROJECTS**  
1990/91 - 1996/97



**Regional and External  
Offices Division**

We continued our programme of rationalizing and strengthening our position overseas through continuous review of the effectiveness of our locations. Cabinet approval of the submission by the organization on the "Rationalization of Jamaica's Overseas Representation" achieved the following objectives.

- Further integration of JAMPRO's overseas offices with the Ministry of Foreign Affairs and Foreign Trade and the Jamaica Tourist Board;
- Further rationalization of the Jamaica Trade Commissions;
- Relocation of the Trade Commission for Asia from Hong Kong to Japan with representation in Hong Kong being by way of the appointment of resident Jamaican Trade Counsels ;
- JAMPRO relocation of the main European office to London and the establishment of an office in Brussels;
- A reduced JAMPRO operation out of the Jamaican consulate in Miami with the Trade Commission for the USA being located in New York;
- Removal of promotional responsibility for CARICOM from the Trade Commission in Port of Spain to Kingston and maintaining a JAMPRO officer in the High Commission;
- The concept of one Trade Commission in each target market with promotional work being undertaken from other locations in the target markets which have Jamaican offices; and an additional allocation of J\$9.4M to effect these changes.

During this period two Trade Counsels were appointed in strategic cities in the USA to promote investment in Jamaica - Carl Sanders, Chairman of the Law Firm of Troutman Sanders in Atlanta and Clarence Avant, Chairman of Motown records in New York.

All markets continue to pursue aggressive marketing and promotional campaigns to achieve increased exposure for Jamaican products and investment opportunities.

**EXTERNAL FUNDING**

**Target Europe**

JAMPRO was fortunate to have the Target Europe Programme extended for a further 16 months following a mid-term review in March 1996. Initially targeted at developing the capabilities of local companies to penetrate the European market, its focus was widened to assist participating companies in being more competitive, through improved technology and manufacturing practices regardless of their target market. Assistance was provided mainly in the areas of trade fair participation, market targeting and testing and technical assistance through the Centre for Development of Industry (CDI) programme.

**Initiatives included**

- Establishment of linkages between reggae music, Tourism, Agribusiness and Manufacturing sectors in developing promotional programmes.
- Introduction of a Management Information Systems to facilitate the capture of data on export performance of participating companies and the tracking of project expenses.
- Signing eight new companies to bring the number of participating companies to 66, representing Food Industry, Insurance, Music and Manufacturing.
- Success in the Agribusiness sector in crossing from ethnic into main stream markets. There are now 11 products listed in eight multiples in the United Kingdom and distributed throughout 1,687 stores.

**CANEXPORT as for  
target Europe**

The CANEXPORT Project officially ended on September 30, 1996. For four years it provided invaluable support in terms of market development activities for companies involved in



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the export of ornamental horticulture products, fresh foods and vegetables and processed foods into the Canadian market. Additionally, the project provided several training opportunities for industry members and the Unit's staff through seminars and workshops. The Project collaborated with Target Europe and the Jamaica Papaya Growers Association to fund a training course in the post harvest technology of papaya. Some 50 farm and support personnel from the industry benefitted.

**SUPPORT SERVICES**

**Missions, Promotions and Public Relations**

A move designed to increase efficiency and rationalization of services resulted in the merger of the Public Relations and Advertising and Missions and Promotions Divisions during the review period. This along with significant inputs from marketing and communications consultants TTP Ltd., brought about a heightened public relations programme.

JAMPRO enjoyed a much greater presence in the media than in previous years and the Division became more involved in the consultancy and decision-making process of the organization. 1996/97 was a year in which the role of the Division as the "eyes and ears" of JAMPRO was particularly underlined as the problems in the Apparel Industry and the dramatic decline of the Financial Sector necessitated high-level, strategic meetings.

**Productivity Centre**

The Productivity Centre has responsibility for the Industrial Manpower Development, Technical Services and Quality Management Units.

**Industrial Manpower Development Department**

The Department assisted in leading the process for developing the nation's human resources by collaborating with the University of Technology (UTech), University of the West Indies (UWI), HEART, Community Colleges, Ministry of Education as well as Task Forces established for

this purpose. It played a significant role in influencing curriculum development in key areas such as the expansion of Utech's engineering programme to include a course in management so as to address the acute shortage of middle managers in the Manufacturing Sector. A similar recommendation will be made to the UWI. In addition, the services of the Department were offered to examine the curriculum of community colleges and secondary schools in the Portmore area to ensure that education is geared to the needs of the Informatics Park in that community.

Thirty-seven training programmes were conducted for a total of 513 participants bringing in revenues of J\$2,857,842M, almost doubling the revenue intake of the previous period.

**Technical Services Department**

This Department focussed on assisting the productive sector to increase operational efficiency in the areas of quality management, engineering productivity incentives scheme and business development. In support of this goal, its strategy was to embrace New Work Practices through technical assistance programmes to various firms.

This department administers the Modernization of Industry (MOI) and Accelerated Depreciation Programmes. Forty-three new companies were certified under MOI, acquiring capital equipment at a projected cost of J\$1,039B. The most active sector was Food & Agro Products with projected cost of J\$424M. Nine hundred and twenty six requests for validation of invoices to customs were dealt with for the companies that requested GCT exemption. These companies imported J\$515.7M and were granted tax exemption of J\$77.4M.

An initiative of which we are extremely proud is the three-day conference "Development through Innovation" which we staged in association with UNIDO (United Nations Industrial Development Organization) at the Jamaica Conference Centre October 17-19. Aimed at facilitating discussion of the renewed thrust for the development of the island's industrial sector in keeping with the NIP. The conference included

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seminars, practical demonstrations related to industries being assisted by JAMPRO and a fascinating exhibition of Jamaican products titled Nanny's Yard. The exhibition showcased the work of designers, crafts people and artists who were innovative and who told a Jamaican story. It embraced well-loved Jamaican traditions within the context of the new technology. For example the main image used in Nanny's Yard was the Anansi Cyber Web.

Responses to the conference have been positive. Less dramatic but no less important are the prosource Centres which

- a) Offer support services in areas such as design, strategic planning, marketing, technology, manpower and finance.
- b) Collaborate with private and public sector training institutions to provide training intended.
- c) Function as a framework for networking within and outside of specific sectors.

Resource Centres are spread across the island at locations including, the Excelsior Community College, Xaymaca Craft Ltd, the Apparel Technical Centre, GARMEX HEART Academy, Black River Vocational Training centre, National Tool and Engineering Centre, Cultural Arts Centre in Montego Bay, Bethlehem Community College, Novgar Services, Jamaica Advanced Computer Systems and JAMPRO's Camp Road facility. Some 100 companies sought the help from the centres with 30 consistently using the services provided.

**Quality Management Unit**

The review period marked the Unit's first full year of operation. Its focus is on operations within the Food and Agriculture sectors. The changing global situation with regard to health and safety issues in food trade is resulting in greater reliance on in-company risk assessment and hazard control programmes to comply with due diligence, the requirements. HAACP

(Hazard Critical Control Points) has become an umbrella programme through which the Unit works to introduce quality management systems in the food industry and as a lead into ISO 9000 and Total Quality Management. The Unit has been working with eight companies to implement the programme.

An important part of the Unit's work was the launch of the Agro-Processors Resource Network (APRN). JAMPRO chairs the network which includes Bureau of Standard, UWI Chemistry Department, Ministry of Health, National Development Bank, Scientific Research Council and RADA. The APRN has already started to collaborate in the area of human resource development to meet training needs around the implementation of HACCP.

**Research & Development Group**

The Project Development Unit (PDU) of the Group undertook a strategic approach to project financing by developing symbiotic relationships with targeted local and overseas finance houses. Efforts were also made to strengthen the capabilities to source and deliver appropriate least cost financing for projects by marketing them to legal firms and pension fund managers locally and overseas. Forty-four projects, seeking investment of US\$628.32M with total project costs of US\$910M, were evaluated by the PDU. In addition, the Unit assisted two projects in raising financing of US\$45M. Negotiations were carried out with private overseas financiers to fund 25 projects with a total capitalization of US\$302.3M.

In an effort to take advantage of the Foreign Sales Corporation regime initiated by the US Government, JAMPRO collaborated with Price Waterhouse to promote Jamaica as an ideal location for offshore businesses. JAMPRO has undertaken to research benefits under this programme and will continue to provide a forum for disseminating this information to the professional and business communities.



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Research has identified a viable investment opportunity in the establishment and operation of an Informatics Park which could function as an entry point and research centre to provide critical intersectoral linkages and to support programmes in tourism, distant education and health information networks. Such a Park has the potential to provide employment for some 3,000 persons.

During the review period, JAMPRO upgraded and incorporated a number of information related units

into a single entity known as the Information Centre. It provides valuable data in the critical area of marketing intelligence which is disseminated through monthly trade bulletins, economic analysis and the JAMPRO Market Bulletin.

I thank the Vice-Presidents, Managers and staff for their continued support and commitment throughout the year. We can all be proud of the contribution JAMPRO has made during this period to the growth and development of our nation.

# Vice Presidents



Ms. Venise Pottinger, Mr. Donald Haughton, Mrs. Claudette Chis

# Trade Commissioners



Mrs. Diane Edwards  
Brussels Office



Mrs. Clara Givens Campbell  
Toronto Office



Mr. Fred Pearson  
Hong Kong Office

To the Members of  
JAMAICA PROMOTIONS CORPORATION

Auditors' Report

We have audited the financial statements set out on pages 2 to 9. These financial statements are the responsibility of the directors. In preparing these financial statements the directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards, and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business for the foreseeable future. The directors are responsible for keeping proper accounting records, safeguarding the assets of the company, and the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of Jamaica. Those standards require that we plan and perform the audit to obtain all the information and explanations which we considered necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements by directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give a true and fair view of the state of the company's affairs of the corporation as at March 31, 1997 and of the results of operations and cash flows for the year then ended and have been prepared in accordance with generally accepted accounting principles.

November 26, 1997

**BALANCE SHEET**  
Year ended March 31, 1997

	Notes	1997	1996
CURRENT ASSETS			
Cash, bank and deposit balances	3	14,112,732	17,490,545
Accounts receivable		5,589,328	4,747,545
Due from subsidiaries	4	14,133,061	11,143,277
		<u>33,835,121</u>	<u>33,381,367</u>
CURRENT LIABILITIES			
Bank overdraft		13,929	142,737
Accounts payable	5	46,316,081	36,907,518
Grants received in advance	6	401,397	628,659
Current maturities of long term liabilities		-	17,890
		<u>46,731,407</u>	<u>37,696,804</u>
NET CURRENT LIABILITIES		(12,896,286)	(4,315,437)
INVESTMENT IN SUBSIDIARIES	7	8,278,987	8,278,987
FIXED ASSETS	8	94,473,694	98,848,970
		<u>\$89,856,395</u>	<u>102,812,520</u>
Financed by:			
RETAINED EARNINGS		(2,821,509)	10,134,616
CAPITAL RESERVE	9	88,543,410	88,243,660
		85,721,901	98,378,276
PROPERTY RESERVE	10	4,134,494	4,434,244
		<u>\$89,856,395</u>	<u>102,812,520</u>

On behalf of the board

The accompanying notes form an integral part of the financial statements.

**Profit and Loss Account**  
**Year ended March 31, 1997**

	<b>Notes</b>	<b>1997</b>	<b>1996</b>
Gross operating revenue	11	<u>\$312,426,025</u>	<u>234,248,173</u>
Operating deficit for year	11	( 14,116,614)	( 659,228)
Gain on disposal of fixed assets		<u>1,160,489</u>	<u>940,090</u>
(Deficit)/surplus for year		( 12,956,125)	280,862
Accumulated surplus at beginning of year		<u>10,134,616</u>	<u>9,853,754</u>
(Deficit)/accumulated surplus at end of year		<u>\$( 2,821,509)</u>	<u>10,134,616</u>

The accompanying notes form an integral part of the financial statements.

**Statement of Cash Flows**  
**Year ended March 31, 1997**

	<b>1997</b>	<b>1996</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus for year	(12,956,123)	280,862
Adjustment to reconcile (deficit)/surplus for year to net cash used by operating activities:		
Depreciation	7,136,467	6,209,917
Gain on disposal of fixed assets	( 1,160,489)	( 940,090)
	<u>( 6,980,145)</u>	<u>5,550,689</u>
Decrease/(increase) in current assets:		
Accounts receivable	( 841,781)	7,715,347
Due from subsidiaries	( 2,989,784)	( 6,830,323)
(Decrease)/increase in current liabilities:		
Accounts payable	9,408,561	( 5,395,537)
Grants received in advance	( 227,262)	( 907,336)
Current portion of long term liability	( 17,890)	( 99,750)
Net cash (used)/provided by operating activities	<u>( 1,648,301)</u>	<u>33,090</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	( 3,763,642)	( 5,853,053)
Proceeds from disposal of fixed assets	2,162,938	965,500
Net cash used in investing activities	<u>( 1,600,704)</u>	<u>( 4,887,553)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease)/increase in bank overdraft	( 128,808)	142,737
Decrease in loans	-	( 17,890)
Grant for property improvement	-	5,000,000
Net cash provided by financing activities	<u>( 128,808)</u>	<u>5,124,847</u>
Net (decrease)/increase in cash and cash equivalents	( 3,377,813)	270,384
Cash and cash equivalents at beginning of year	<u>17,490,545</u>	<u>17,220,161</u>
Cash and cash equivalents at end of year	<u>\$14,112,732</u>	<u>17,490,545</u>

The accompanying notes form an integral part of the financial statements.

## Notes to the Financial Statements

Year ended March 31, 1997

### 1. The Corporation

Jamaica Promotions Corporation (JAMPRO) was established on April 26, 1990 as a statutory corporation under the Jamaica Promotions Corporation Act (the Act) with the objectives of stimulating, facilitating and promoting the development of trade and industry, export trade and investment activities in all sectors of the Jamaican economy.

Under the Act, the assets of the Jamaica Industrial Development Corporation (JIDC) and the Jamaica National Export Corporation (JNEC) were vested in the Corporation subject to liabilities and obligations relating thereto, as of April 26, 1990.

The assets and liabilities of JAMPRO Limited (a limited liability company owned by the Government of Jamaica) were transferred to, and vested in, the Corporation as of April 1, 1991, by the Jamaica Promotions Corporation (Vesting of Assets) Order 1991.

These financial statements are expressed in Jamaican dollars.

### 2. Significant accounting policies

#### (a) Accounting convention:

The financial statements are prepared under the historical cost convention modified for the inclusion of certain fixed assets at valuation.

#### (b) Depreciation:

Fixed assets are depreciated on a straight line basis at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Computers	20%
Furniture and equipment	10%
Motor vehicles	20%
Buildings	2 <sup>1</sup> / <sub>2</sub> %
Leasehold improvements	over the life of the lease

#### (c) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

#### (d) Subsidiaries:

The subsidiaries have not been consolidated as the directors are of the opinion that the expense involved would be out of proportion to the benefits to be obtained.

**Notes to the Financial Statements (Cont'd)**  
**Year ended March 31, 1997**

3. Cash bank and deposit balances

These include:

- (a) \$401,397 (1996: \$628,658) relating to grants received in advance to be disbursed to other persons for projects undertaken by the corporation (see note 6).
- (b) \$4,529,678 (1996: \$7,322,238) held in bank accounts in the name of the Corporation. These funds relate to a grant received from the European Economic Community for the Target Europe Project and are not accounted for as operations of the Corporation. Accordingly, a corresponding amount is included in accounts payable.

4. Due from subsidiaries

	1997	1996
Jamaica Export Trading Company	726,441	211,252
National Tool & Die Company Limited	3,393,423	3,393,423
National Tool & Engineering Company Limited	10,013,197	7,538,602
	<u>\$14,133,061</u>	<u>11,143,277</u>

5. Accounts payable

These include \$7,499,490 (1996: \$7,232,267) in respect of vacation leave pay and overseas leave passage due and unpaid, and \$9,279,590 (1996: \$Nil) for Government grants received in advance.

6. Grants received in advance

	1997	1996
These are unspent funds received from an overseas agency to finance certain activities and projects and comprise:		
Balance at beginning of year	628,659	1,535,995
Amounts received during the year	<u>2,918,619</u>	<u>3,235,394</u>
	3,547,278	4,771,389
Expenditure during the year	<u>3,145,881</u>	<u>4,142,730</u>
Balance at end of year	<u>\$ 401,397</u>	<u>628,659</u>

Notes to the Financial Statements  
Year ended March 31, 1997

7. Investment in subsidiaries

This includes:

- (a) \$8,278,619 advanced to National Tool and Engineering Company Limited (NTEC), a company incorporated in Jamaica. This amount was to be converted to equity, however, Jampro is currently negotiating to sell NTEC. It is expected that the proceeds will be sufficient to meet all debts owed by NTEC and repay the investment by Jampro and amounts due to Jampro.
- (b) An investment amounting to \$366 (100%) in JAMCO Limited (Incorporated in the United Kingdom).

At an extraordinary general meeting of JAMCO shareholders held on March 31, 1993 it was resolved that the sum of £29,900 standing to the credit of the profit and loss account be capitalised, and that this amount be applied in the issue of 29,900 £1 ordinary shares as fully paid up to Jamaica Promotions Corporation. Ordinary shares in the amount of 99 were also transferred to Jamaica Promotions Corporation at March 31, 1993 from another shareholder.

- (c) An investment in Jamaica Export Trading Company which has been written down to nil.

8. Fixed assets

	Land, Buildings & Leasehold Improvements	Furniture and equipment	Motor vehicles	Total
At cost or valuation:				
March 31, 1996	92,205,301	16,088,180	8,744,757	117,038,238
Additions	606,838	2,031,907	1,124,897	3,763,642
Disposals	-	-	(2,446,726)	( 2,446,726)
March 31, 1997	92,812,139	18,120,087	7,422,928	118,355,154
Depreciation:				
March 31, 1996	4,151,944	8,299,023	5,738,301	18,189,268
Charge for the year	3,130,410	2,554,657	1,451,400	7,136,467
Eliminated on disposal	-	-	(1,444,275)	( 1,444,275)
March 31, 1997	7,282,354	10,853,680	5,745,426	23,881,460
Net book values:				
March 31, 1997	\$85,529,785	7,266,407	1,677,502	94,473,694
March 31, 1996	\$88,053,357	7,789,157	3,006,456	98,848,970

**Notes to the Financial Statements (Cont'd)**  
**Year ended March 31, 1997**

8. Fixed assets (cont'd)

Buildings included at valuation are based on depreciated replacement cost in March 1994 as calculated by E. Bryan Ingleton and Associates.

The cost of fixed assets includes assets taken over at their book amounts as follows:

	\$
From:	
Jamaica Industrial Development Corporation	3,291,691
Jamaica National Export Corporation	853,291
Jampro Limited	<u>6,632,698</u>

9. Capital Reserve

This comprises:

	1997	1996
Excess of the value of assets over liabilities vested in the corporation	1,675,556	1,675,556
Transfer from property reserve	865,506	565,756
Unrealised surplus on valuation of buildings	<u>86,002,348</u>	<u>86,002,348</u>
	<u>\$ 88,543,410</u>	<u>88,243,660</u>

10. Property Reserve

	1997	1996
Balance at beginning of year	4,434,244	-
Refurbishing Grants - Government of Jamaica	-	5,000,000
Transfer to capital reserve	( 299,750)	( 565,756)
Balance at end of year	<u>\$ 4,134,494</u>	<u>4,434,244</u>

The transfer to capital reserve represents capital expenditure.

**Notes to the Financial Statements (continued)**  
**Year ended March 31, 1997**

11. Gross operating revenue

This represents gross income from government grants, certification fees and miscellaneous income.

12. Disclosure of expenses

Operating deficit for year is stated after charging:

(a)	1997 \$	1996 \$
Depreciation	7,136,467	6,209,917
Directors' remuneration - fees	273,450	200,363
- management	8,952,738	4,281,047
Auditors' remuneration	600,000	550,000
Redundancy	749,423	-

(b) Expenditure totalling \$13.7 million, made in anticipation of Government Grant funding. \$9.2m received before the year end was deemed by the Government to relate to the year to March 31, 1998 (see note 5).

13. Pension scheme

The corporation operates a contributory pension scheme for all permanent employees. The Plan is funded by employee contributions of 5% of pensionable earnings, and employer contributions of 10% of pensionable earnings. Annual pension at retirement is based on the average annual rate of pensionable earnings for the last three years prior to retirement. The corporation's contributions for the year totalled \$7,334,842 (1996: \$4,620,705).

14. Commitments

Aggregate lease rental commitments at March 31, 1997 for office premises amount to approximately \$1,464,300 (including Beligan Franks BF: \$1,300,455). Of this amount \$960,128 (including BF\$821,340) will be payable in 1997/8.

