

**ANNUAL**

**REPORT**

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## **JAMPRO Annual Report 1997 - 1998**

### **CHAIRMAN'S REPORT**

During the year under review, the Board of JAMPRO continued its thrust of guiding the policy direction of the Agency toward the maximization of investment, trade and industrial development.

There were a number of challenges this year, as this annual report makes clear. The apparel sector felt the effects of the decreased attractiveness of the Caribbean Basin countries due to the NAFTA agreement involving Mexico and North America.

The softening of the apparel market globally also required JAMPRO to work with the industry players in finding ways to cope with the new environment. The special assistance Programme was therefore created for this purpose.

In addition, the Agency continued to intensify efforts towards increasing value-added in the industry. Indeed, much of the policy thrust of JAMPRO this year has been focussed on the development of value-added production.

As we continue to witness the decline in commodity prices – indeed the decline in the demand for commodities – and the accelerated increase in information-related activities, rather than the natural-resource-based activities, Jamaica has to increase its value-added, processing activities.

It is small wonder that, as this annual report shows, the tourism industry – a service sector – is the leader in terms of attracting investments.

In the year under review, JAMPRO's Tourism Department pulled in investments to the tune of J\$6.4B which accounted for a significant 86.6 percent of the value of projects implemented by JAMPRO for the year.

Increasingly, Jamaica has to focus on those economic activities which emphasize our uniqueness, distinctiveness, and our particular competitive advantage. It is apparent that with apparel we have to be innovative, creative and exploit our unique historical and cultural heritage creating products that integrate our music, our rich culture and which will find a place on the global market.

JAMPRO's work this year to expand the Motion Picture Encouragement Act to include the burgeoning music industry is an example of the kind of creativity-focussed work we are doing to expand investment flows into culture activities.

This Annual Report shows that in the agribusiness area, efforts were made to increase processing activities and to diversify the range of products utilising our abundant agricultural resources.

This Board is of the view that the creation of secondary industries is the way we have to go, and that primary commodity production is not adequate to give us the level of foreign exchange earnings that we truly need.

Study after study has indicated just how much export earnings are increased when we process the same agricultural resources which we export at the primary stage.

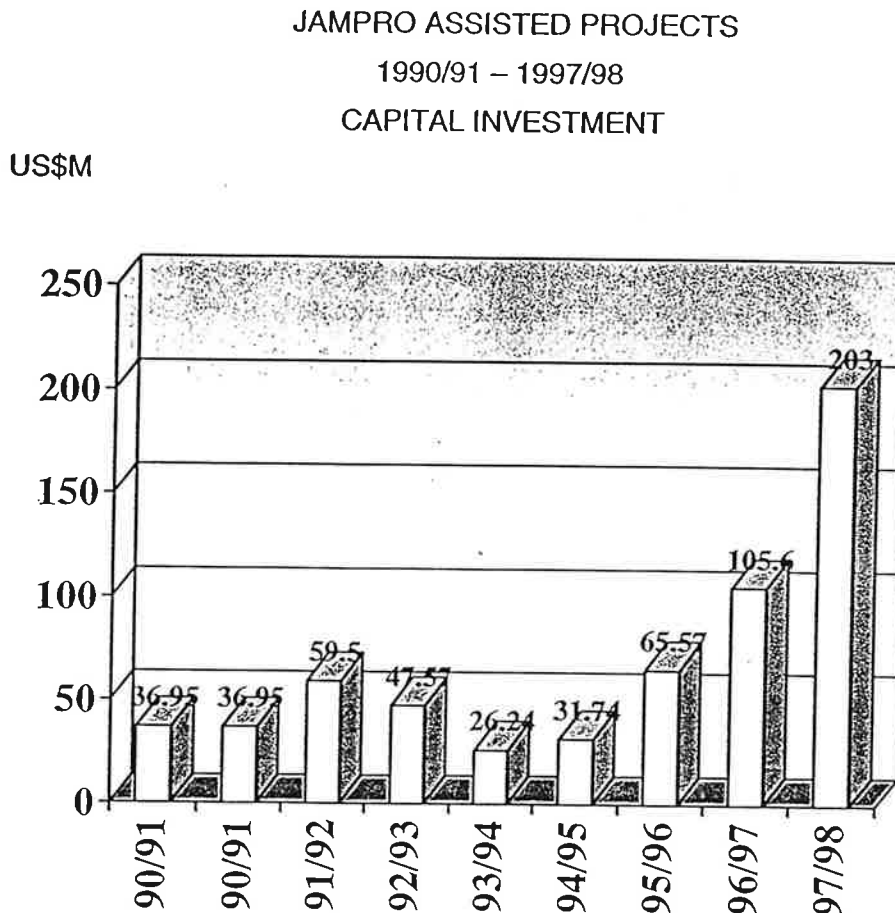
Our Agribusiness Division has been working assiduously to carry out the Board's policy mandate in this area. In all, this year's Annual Report shows a JAMPRO which understands its mission as catalyst for growth and which it intends to fulfill.

## **PRESIDENT'S REPORT**

JAMPRO rose to several challenges in the year under review while fulfilling its mandate to facilitate Jamaica's development through export and investment promotion. We are very proud of nearly doubling our investment performance to J\$7.42B for a total of 248 investment projects, which created employment for 3,064 persons. Tourism, which accounted for J\$6.43B was once again the champion performer with 86.6 percent of the total capital investment.

Following some degree of fluctuation in the early part of this decade, capital investments assisted by the agency have shot up from US\$26M in 1993/94 to US\$203M in this fiscal year (Figure 1).

Figure 1

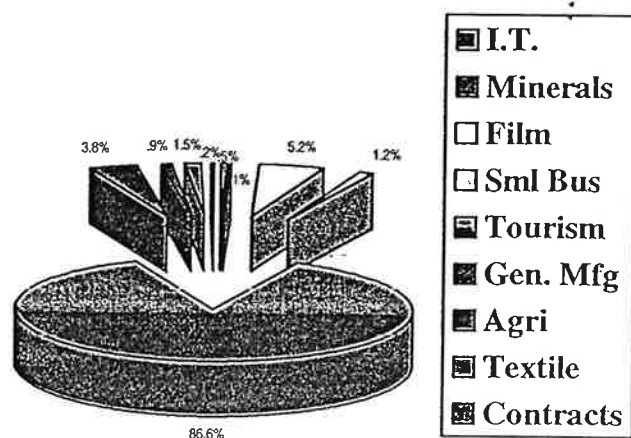


Source: Marketing Services

This performance is largely due to JAMPRO's strategic targeting thrust. This has seen improvements in major sectors such as Tourism, General Manufacturing, Small Business and Film, Music & Entertainment (Figure 2).

Figure 2

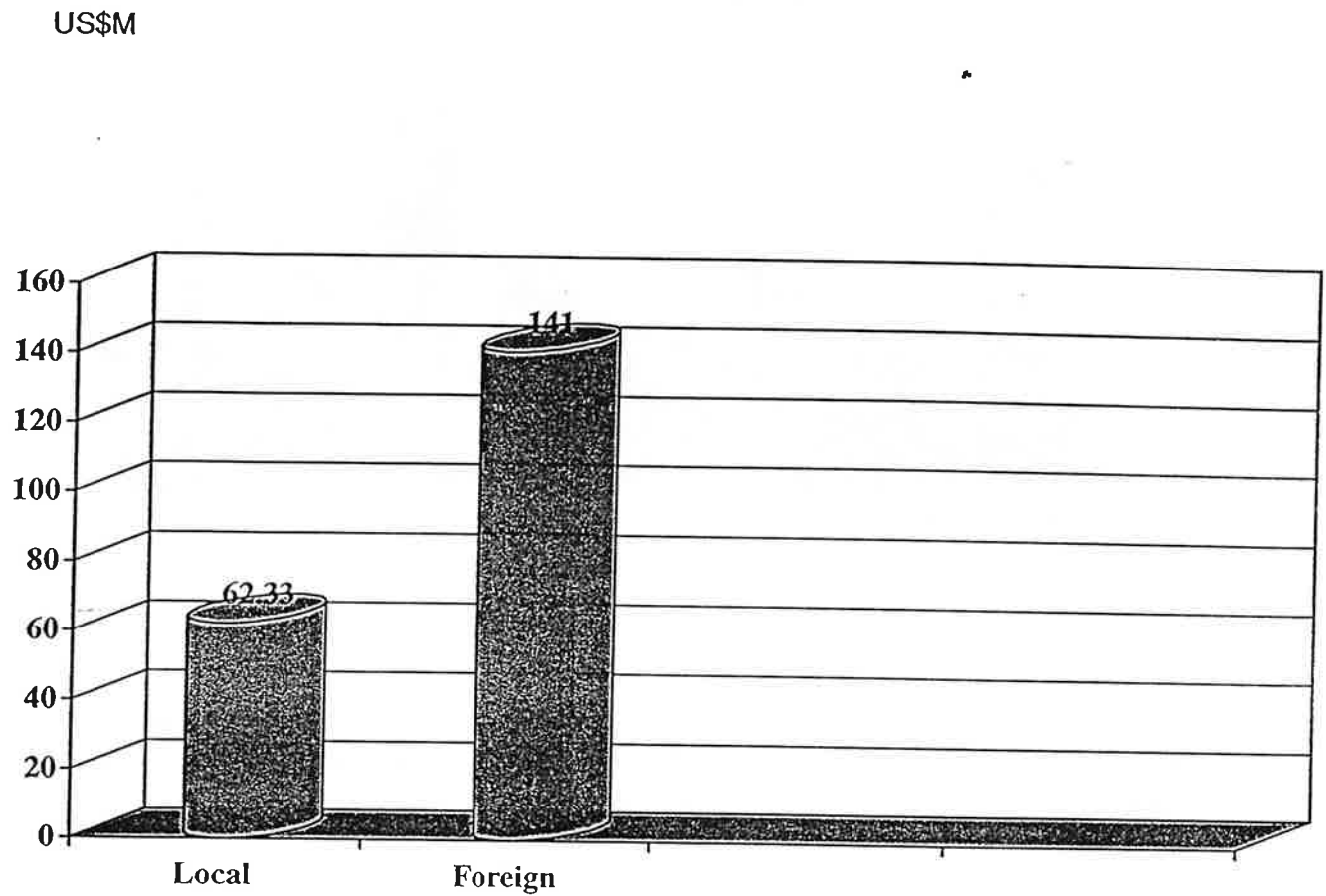
**JAMPRO ASSISTED PROJECTS**  
**1990/91 – 1997/98**  
**CAPITAL INVESTMENT - SECTORAL DISTRIBUTION (%)**



Source: Marketing Services

The need for a balanced mix of foreign and local investments in JAMPRO's portfolio has been generally acknowledged and with the exception of fiscal year 1992/93 that balance has been tipped towards local investments since the beginning of this decade. However, having regard for the impact of foreign direct investment flows on the country's balance of payments, JAMPRO's strategic targeting approach has reversed that trend. In the period under review, foreign capital investments outstripped local investments by a ratio of 69.4 to 30.6 (Figure 3).

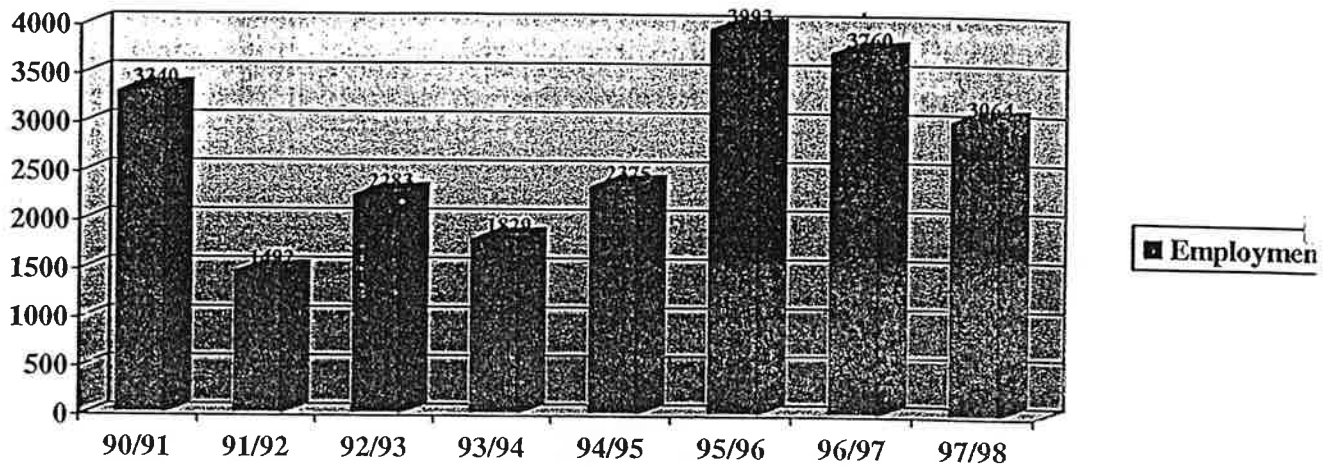
Figure 3  
JAMPRO ASSISTED PROJECTS  
1997/98  
OWNERSHIP OF CAPITAL INVESTMENT



Source: Marketing services

Over the last three years, technological advancements have created a shift away from labour intensive projects and into capital intensive projects. This is evidenced by a falling rate of jobs created per US\$1.00M of capital investment, moving from 108 jobs in 1994/95 to 16 jobs in 1997/98. This has resulted in less jobs being created since the fiscal year 1995/96 (Figure 4).

Figure 4  
JAMPRO ASSISTED PROJECTS  
EMPLOYMENT CREATED

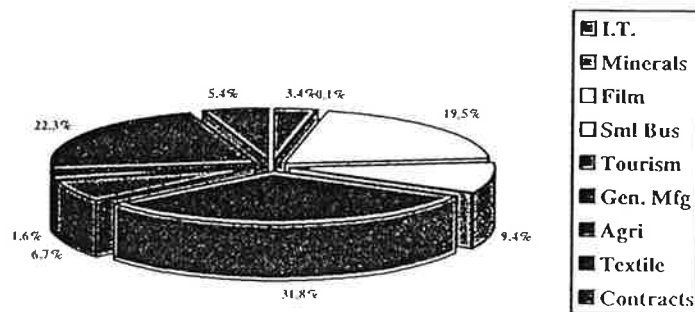


Source: Marketing Services

The falling ratio of jobs created per US\$1.00 M is also closely linked to the fallout in the apparel sector, which is highly labour intensive. This sector, along with Tourism and Film, Music & Entertainment, are the largest creators of jobs in the agency's portfolio (Figure 5)

Figure 5

JAMPRO ASSISTED PROJECTS - 1997/98  
EMPLOYMENT CREATED BY SECTOR



Source: Marketing Services



## SECTOR HIGHLIGHTS

### Services

#### Tourism

As has been the tradition for the past few years, the Tourism Department was the champion performer for the review period with a capital investment of J\$6.4B (1996/97 J\$2.7B) which accounted for 86.6% of the total



value of projects implemented by JAMPRO during the review period. This figure represents 19 projects which created employment for 974 persons.

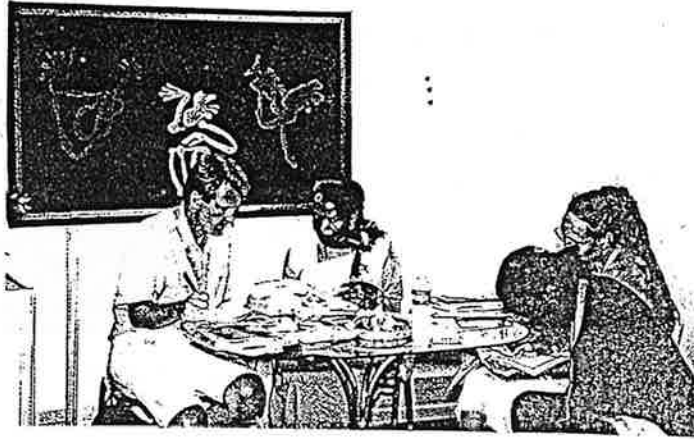
The Department maximized every opportunity to expose the investment opportunities within the industry, to identify new opportunities and to make compatible links between potential investors and projects. Among these were conferences and meetings including: the Caribbean Hotel and Tourism Conference held in Paradise Island, Bahamas, which focused on the most effective ways to attract international investment; the Jamaica Product Exchange Show (JAPEX) which provided the opportunity for JAMPRO to sensitize local hoteliers and tour operators to the services of the Department; and the Caribbean Hotel Association's Second Annual Investment Conference, that attracted several Heads of State and major foreign and local investors.

The project which generated the largest capital investment in the sector was the Hedonism III - a 10-acre, 225 room Superclubs adult all inclusive resort in Runaway Bay. Total capital investment was J\$1.2B and it is expected to employ 268 persons. The ground breaking took place on September 27, 1997.

A first for Jamaica, was the Atlantis Health Care Resort catering to dialysis patients which broke ground in Tower Isle, St. Mary on October 31, 1997. The capital investment for this project was J\$64M. The Department was integrally involved in facilitating the Guardsman's Serenity Fishing and Wildlife Sanctuary, Bushy Park, St. Catherine. It was opened by Prime Minister P.J. Patterson, Sunday March 29, 1998. The project was assisted under the Modernization of Industry Programme and represented an investment of J\$30M.

### Film, Music and Entertainment

During the fiscal year 1997/98, the Jamaica Film, Music & Entertainment Commission of JAMPRO continued to service its portfolio which includes the location filming industry, the local film industry and the local music industry. In the area of film, the Commission did substantial work towards lobbying for the



enactment of the new Entertainment Industry Encouragement Act which will incorporate the needs of the music industry with those which already exist for the film industry. These will include amendments suggested by the Industry Advisory Council for the entertainment sector.

The Commission can be justifiably proud of its performance which saw Jamaica as the location of choice for a number of major feature films during the review period. Among these were "How Stella Got her Groove Back", starring Angela Basset and Whoopi Goldberg; "The Man who Knew Too Much" starring Bill Murray; "Instinct" with Anthony Hopkins and Cuba Gooding and "Shattered Image" featuring William Baldwin and Dennis Hopper.

These and other projects including music videos and television commercials, fashion spreads and television productions, resulted in the implementation of 112 projects attracting a capital investment of J\$369.61M (1996 - J\$327M).

As a result of the promotional efforts of the Jamaica Tourist board and initiatives undertaken by the Commission Jamaica is attracting more and more college students from the USA for the Spring Break vacation. MTV Network's "Spring Break" television special was filmed on location in Negril. The special was aired in March and was repeated continuously throughout the year bringing priceless exposure for the island. The production brought revenues of J\$27M to Negril.

In the area of music Jamaica was one of the participants in the first MIDEM Latin America and Caribbean at Miami Beach, Florida. A spinoff of MIDEM Cannes '97, this project was initiated to explore in greater depth the development opportunities for the music of the region. JAMPRO's role was the usual supportive and facilitatory one, ensuring exposure for the local industry. Ten Jamaican companies participated as well as the Entertainment Bureau which was formed by JAMPRO in 1997 to represent small companies and individuals who cannot afford the costs of attending. The Jamaican performers showcased included Shaggy and Born Jamaicans. The show was broadcast live by CANA.

The Jamaican contingent at MIDEM Cannes '98 was also a success. While the strategy of the previous year was to present established Jamaican performers, emerging talent was highlighted in '98. Morgan's Heritage, Lust, Tanya Stevens, Ivanay and Fahrenheit with backing band Ruff Kutt represented the Jamaican industry. With an audience of over 1200 persons the Jamaican showcase was one of the two most popular showcases. The Sounds of Jamaica Stand accommodated 10 companies.

#### Information Technology Unit

The Department implemented two projects generating a capital investment of J\$36.75M (1996/97 J\$150M) and employing 103 persons. Despite a much decreased capital investment in comparison with the previous year, the sector continues to show great potential for development and there are several valuable projects which are to come on stream.



...making IT work for Jamaica

One of the projects implemented, PCI/DCI, involved a multi-country software project including the USA, India and Jamaica to provide conversion services for the year 2000. In another project 60 persons were recruited and trained as reservation clerks to man the Reservations Centre which Apple Vacations plans to establish in Jamaica. The company has already signed a contract with Jamaica Digiport for the provision of services.

The Division is particularly pleased with its involvement in the Caribbean Outpost project - the first internet search engine dedicated to the Caribbean. Launched on January 20, 1998 at JAMPRO by Info-Exchange, a wholly owned Jamaican company, it hosts web sites and provides a vital link for internet users seeking information on the Caribbean.

Additionally, there was the collaboration between the Division and PROMEDIA in making two presentations on video conferencing in August 1997 entitled - "The Global Telecommuting Strategy for the 21st Century". The presentations were timed to coincide with Telecommunications of Jamaica's (TOJ) planned introduction of Integrated Services Digital Network (ISDN) which offers wide band services. This will help to position Jamaica as one of the countries worldwide that is engaged in telecommuting and teleservices.

In August also, the draft Telecommunications License was completed by the Ministry of Public Utilities and submitted to the Attorney General's Department. Other developments include sector meetings at which the problems of the sector were highlighted. These include - labour relations, lack of keyboard skills, poor work attitude, lack of marketing and financial resources. One solution identified was to focus primarily on small home office operations. The EXIM Bank and NIBJ have committed themselves to looking at financing schemes tailored to address the peculiarities of the sector.

#### Agribusiness Group

The Agribusiness Group assisted 11 projects into implementation during the review period. The actual capital invested to bring these projects to the start up phase was J\$63.74M and at that stage employment was provided for 48 persons. The projected capital investment at full implementation of these projects is J\$70.595 and employment for 84 persons.



...promoting Jamaican products overseas

Of particular note is the trend towards more value-added production.

Forty percent of the projects assisted fell into this category, accounting for 76 percent of the capital invested in the projects assisted by the Group. Among these is the expansion

of Coffee Industries Ltd., which involved the installation of new and more efficient coffee roasters. Another noteworthy project involves the recycling of waste vegetable oils produced by the food service industry. The product called yellow grease is used as a calorie additive in animal feeds. The project will be able to supply approximately 30 percent of the local demand for yellow grease which will result in the foreign exchange savings of US\$300,000 per year.

Agribusiness companies benefited from technical assistance from several international agencies including Target Europe, Centre for the Development of Industry, Caribbean Export and Commonwealth Secretariat. Much of the assistance focused on the development of Hazard Analysis Critical Control Points (HACCP) systems in food processing plants.

Guided by the principle that unity is strength the Agribusiness Group continued its efforts to facilitate the collaboration among producers/exporters within each targeted sub sector. Valuable work was carried out among groups such as the Commercial Ornamental Growers of Jamaica, the Fresh Produce Core Group, Processed Foods Group, Jamaica Ornamental Fish Farmers Association and the Jamaica Papaya Growers Association.

The prolonged drought which the island experienced, arguably the worst for the decade, impacted significantly on the performance of the sector. In addition, there were the handicaps of - the high cost of capital and other production inputs; low productivity and an outbreak of Ring Spot Disease in the papaya industry.

The Unit will intensify its programmes in 1998, in particular its client servicing activities. It will encourage greater utilization of local products in the hospitality and food service industries. Special programmes are also being developed for products which need a more developmental approach to facilitate their promotion as viable investment opportunities. These include Tropical Ornamental fish, Organic Foods and Herbs and Spices.

## **Manufacturing Industries Group**

### **Textile & Sewn Products**

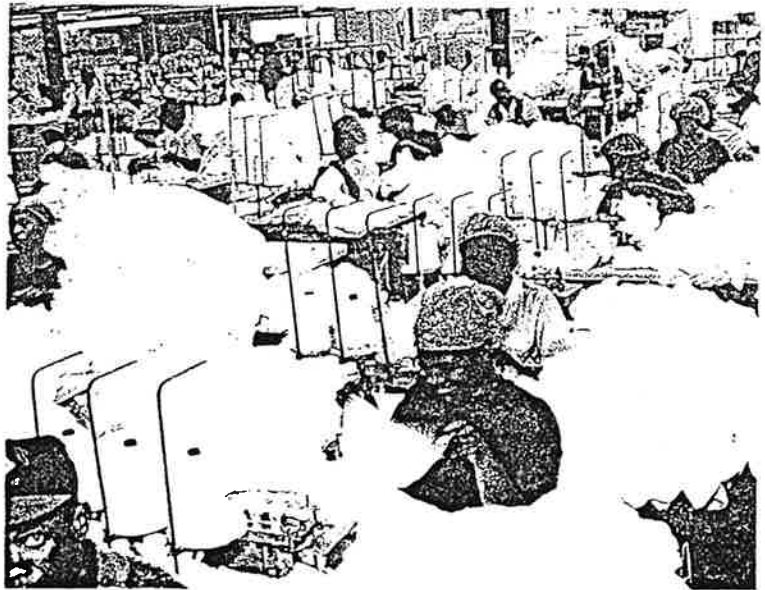
The Textile and Sewn Products Division faced another very challenging year as the sector continued to deal with the constraints of increased competition resulting from trade liberalization policies including the implementation of the North American Free Trade Association (NAFTA), increased wages, high cost of security, high overheads and an inadequate transportation system.



... speaking apparel, a major Jamaican export

The performance of the Division was however quite positive with an implementation of nine projects valued at J\$114.71M. These provided employment for 682 persons. In addition, eight contracts valued J\$15.03M were implemented, ensuring the retention of the jobs of 164 workers.

The Division worked very closely with clients - visiting factories and hosting meetings in house - in order to give every assistance possible to several struggling factories. Some 4,366 visits were made to 84 clients who benefited from assistance in areas of marketing, especially in relation to trade show participation and the development of export plans. Six plants benefited from engineering and technical assistance in areas of garment costings, pricing, product appraisal, machines and equipment selection and cost analysis.



...Apparel industry, creating jobs

The intense client servicing activities contributed significantly to a decline in factory closures by 66% in 1997/98 in comparison to the previous review period.

The Division undertook six special projects during the review period. Initiatives included an Apparel Industry Special assistance Programme, a productivity incentive scheme, the exploration of 4x4 flexible work week, the establishment of an Industry Advisory Council and an advertising and public relations programme to highlight the benefits of the industry especially in relation to the employment of women.

The Division worked with the Ministry of Industry, Investment and Commerce in implementing the special assistance programme directed at the sector which had been initiated during the previous fiscal year. \$40M had been allocated to phase 1 and \$160M to phase II. This facilitated technical assistance to companies, security strengthening, financing by EXIM Bank, the National Development Bank and the National Investment Bank of Jamaica to address risk coverage and subsidized interest rates, audit grants and an industry marketing programme. Also, JAMPRO's certification fees were reduced by two-thirds - from 0.3% of FOB export value to 0.1%. The Special Assistance Programme also allowed JAMPRO to increase the size of its database on apparel manufacturers which will allow for more efficient planning.

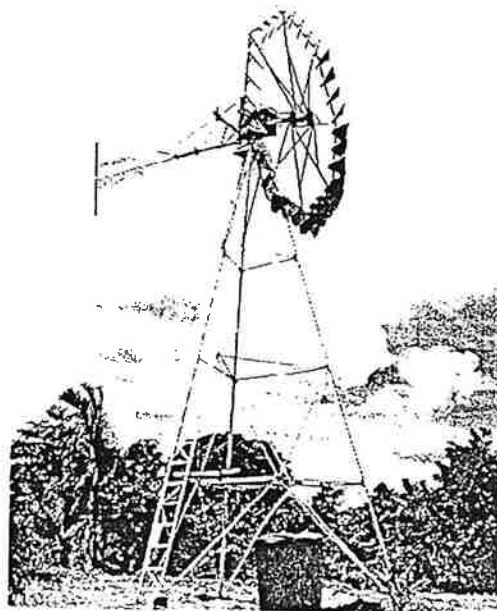
A five-year sector plan has been prepared which looks at the global environment, competitors, outlines development strategies. Emphasis to be placed on CMT + full package operations.

### **Minerals Chemicals and Alternate Energy**

The Minerals, Chemicals and Alternate Energy Unit performed creditably during the review period which saw focus being placed on the areas of limestone, marble, ceramic/clay, sand and gravel and chemicals.

The Unit implemented its first alternate energy project - Suncurrent Industries Ltd., distributors of wind mills and water pumps - with a capital investment of J\$4.2M and providing employment for three persons.

The Unit continues to work on the facilitation of the other three major projects valued at J\$1.3B which have been delayed until the next



fiscal year.

Within the sector, Limestone continues to be the leading area of interest in terms of enquiries re investment opportunities. There was however, significant interest in chemicals, mineral water, marble, alternate energy and general manufacturing.

The major issues relating to the sector's development were addressed by the Unit's integral involvement in the Industry Advisory Council.

A presentation on sector specific constraints and problems was developed and presented to Ministers Horace Clarke, Paul Robertson, Robert Pickersgill and finally to Prime Minister P.J. Patterson.

Client servicing is a major focus of the Unit. Special emphasis was placed on visiting clients in the chemical area as research was needed in introducing JAMPRO's services to the industry. Site visits increased by 228% over the previous year.

In keeping with its objective to be a consistent and reliable source of information to the sector, the Unit produced several publications and reports and coordinated a number of presentations on issues pertaining to the industry. Publications include the biannual issue of the sector newsletter "Minchem" and a paper entitled "The Demand for Lime in Jamaica 1990-1996 and Projected Demand & Supply Analysis 1997-2000".

Competitive advantages have been identified within the sector in the areas of limestone aggregate (whiting), lime and gypsum. Marble experienced a number of setbacks recently and much of the review period saw a great deal of effort on the part of the Unit to broker solutions within the industry. As such the stage is set for a more vibrant future. The Unit is committed to the facilitation of any investments or policy initiatives that will jump start the industry.

If the potential within the Mining and Quarrying sector is to be realized, the following constraints must be overcome: inadequate port facilities and infrastructure, particularly on the South Coast; the prevailing high interest rate regime, the highest in the Caribbean; high utility rates and lengthy bureaucratic delays in the facilitation of investments.



### General Manufacturing Division

The Division's performance was phenomenal achieving targets in excess of the last three years combined. Thirteen projects were implemented with a capital investment of J\$284.71M (1996/97 – J\$16.25M) and creating employment for 204 persons.



The performance is attributed to the strategic and highly aggressive approach of the Division, the growth in the plastics subsector and also to the active targetting of a relatively new technology driven area of manufacturing, that of producing pre-engineered housing components to be applied primarily in the construction of affordable low-income housing. The Division also adopted a more aggressive approach to the marketing of the services available in more conventional areas such as furniture, footwear, metal products, electrical and electronic components.

Investor interest has been observed in a number of new areas which include, shipbuilding, waste paper recycling, recycling of solid waste and motor vehicle assembly.

### Small Business Centre

The Centre realized 90 percent of its target with the implementation of 71 projects with a capital investment of J\$90.18M (1996 - J\$20.57M) and employing 289 persons. Seventeen of the projects implemented recorded export-related activities compared with 13 in 1995/96..



Inter agency networking facilitated benefits for several projects. These included; funding for Testimony Magazine, a Christian publication circulated locally and overseas; duty exemption on ambulances imported for the health care sector; expansion of the Reich Dasheen Chips Factory, as well as the increase in the capacity to handle plantain chips, ground nutmeg and June plum juice.

The Centre also established outreach offices in St. Mary, St Catherine and St. Thomas.

A seminar addressing "Business Opportunities in Portland" and which focused on investment opportunities in tourism and agribusiness was mounted by the Centre. It was very well attended.

### **Modernisation of Industry Programme**

The modernisation of industry (MOI) programme was introduced by the government in March 1988, to provide technical assistance, manpower development programmes and relief from general consumption tax on equipment acquired for plant upgrading and general retooling.

During the period April '97 – March '98, 47 companies were certified under the MOI programme with a projected capital expenditure of J\$467.8 million over the next three years. The leading sectors are food and agro products as well as the paper, plastics, and packaging.

### **Accelerated Depreciation**

Some 20 companies were recommended for incentives under the Accelerated Depreciation Programme

### **Regional and External Offices**

Major highlights of this Division were the reopening of the New York office which had been closed since 1992 and the opening of the office in Japan. Successful meetings were held with the Japanese Minister of Foreign Affairs, the Japanese International Development Agency and JAMPRO's Japanese counterpart JETRO. In addition, some 50 meetings were held with companies possessing the potential for trade and investment in Jamaica. A great deal of effort was put into sensitizing the respective markets to JAMPRO's presence. In New York a number of Jamaican organizations showed their support by providing JAMPRO with valuable investment leads.

The Far East Mission led by Dr. Paul Robertson met its objectives which included: meeting with companies that had pulled out of Jamaica; servicing existing clients and

promoting increased collaboration between JAMPRO and similar agencies in the Far East and promoting new trade and investment opportunities. Important meetings were held with the Malaysian Ministers of Foreign Affairs, Trade and investment.

There were also a number of initiatives to familiarize Jamaican businesses with the potential of the Cuban market, especially in light of the fact of the absence of competition from the USA. Prime Minister P.J. Patterson led a mission to Cuba. The Division was also involved in the Expo Caribe Trade Fair held in Cuba. JAMPRO's aim is to promote investment and trade expansion to Cuba and encourage investment in Jamaica by other Caribbean countries and also to explore joint venture opportunities in Eastern Cuba. JAMPRO organized meetings with various government groups.

#### *Local Offices*

The Mandeville office was extremely active during the review period implementing 35 projects with a capital investment of US\$1,689,739 and providing employment for 172 persons. This office also assisted nine companies to register under the Modernization of Industry programme.

Montego Bay implemented 12 projects with a capital investment of J\$167.7M employing 236 persons. Five companies received financial assistance under the Caribbean Export Programme and the Montego Bay office extended its reach into the rural areas by establishing parish outreach desks in Westmoreland, Hanover, Trelawny and St. Ann.

In addition, both offices provided clients with invaluable assistance through the completion of several business plans for the establishment of new businesses, conducted entrepreneurial development seminars, held motivational meetings, held counseling sessions and handled numerous enquiries.

Projects of note include:

- the East Westmoreland Craft Producers who registered as a cooperative and received assistance with product development and training.
- the Cassava Processing Plant Project which received a commitment from Alpart to construct a factory.

#### *Overseas Offices*

The New York office implemented 7 projects with a capital investment of \$23M and

employment for 18 persons during the reporting period. The Toronto Office mounted an intensive promotional programme to encourage investment in Jamaica and to expose Jamaican products on the Canadian market. As a result, our clients exported C\$3.6M worth of Jamaican products into Canada during this period.

The UK office facilitated a 6% increase in exports from Jamaica to Europe, while the Brussels office was integrally involved in the planning and coordination of the Anuga Trade Fair.

The primary focus of the Trinidad office was to attempt to reduce imbalance in the trade gap between Trinidad and Jamaica. To this end the office worked with importers and distributors to improve Jamaica's market share. The period saw a slow but positive trend of a return of Jamaican products on the Trinidad and Tobago market.

### External Funding

Recognizing the issue of global competitiveness and the need to strengthen the private sector's ability to grasp opportunities in the market, JAMPRO has taken an aggressive and proactive approach to sourcing donor funds for technical assistance.

Traditionally, technical assistance has been offered to developing countries by developed countries with the main objective being to assist these countries with implementing the necessary reforms and policy adjustments which will create wealth and economic development. Current trends indicate a shift in the flow of technical assistance dollars to emerging economies such as the Eastern European bloc.

In response to this trend, JAMPRO has adopted a two-pronged strategy:

- To ensure that technical assistance from traditional sources are utilized in areas that will guarantee sustainable development i.e research and development, technology transfer, technological upgrade, institutional building and strengthening, product development and design.
- To target non-traditional sources which are emerging as donor countries such as Mexico, Chile, Brazil, India and Malaysia.

An assessment of the spheres of activities provided by donors has been undertaken and through one-to-one interaction and formal project proposal submissions, a basket of technical assistance along with various cooperative agreements were entered into by JAMPRO with donor/trade departments. The programme developed, places significant emphasis on trade expansion and the need to attract investments.

JAMPRO is extremely pleased with the level of support that we continue to receive from agencies/governments including : the Caribbean Export Development Agency, Centre for the Development of Industry, ACP-EU Trade Development Project, Commonwealth Fund for Technical Cooperation, Organization of American States, UNDP/UNIDO and the European Union.

### Target Europe

The Target Europe programme, a trade and investment development project, focussed on improving international competitiveness among a core group of companies in the agri-business, music and book publishing sectors as well as fast food restaurant operators wishing to franchise their operations overseas. The



programme is now in its fifth year of operation having officially started in January 1994. A formal extension was granted in March 1996 and in July 1997 the programme was extended for another 12 months.

The project has touched some 300 companies.

Target Europe has worked closely with the External Funding Unit to identify other sources of technical assistance to assist client companies with the execution of their business plans. These included the Centre for Development of Industry, Caribbean Export Development Agency, Netherlands Management Cooperation Programme and the ACP/EU trade Development Project.

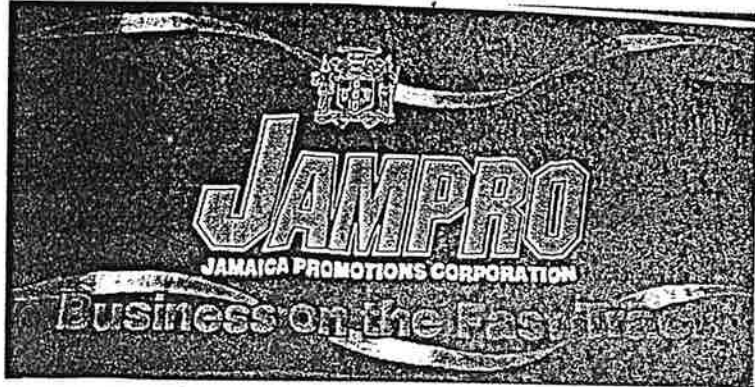
Project expenditure for the period under review totaled J\$14,610,986.24.

## DEPARTMENTAL ACTIVITIES

### Missions, Promotions and Public Relations

The year under review was a most challenging one for the Division, especially as it related to public relations activities.

The major focus was on the apparel sector. Industry personnel worked with JAMPRO to ensure that the public was kept informed of the facts by providing balanced information.



In its desire to understand its customers' needs, a series of breakfast meetings were held with key leaders of the private sector. Information was provided about JAMPRO's services to these companies.

During the period, terms of reference were drawn up for an audit of the agency's public relations programme with a view to utilising the results to inform its way forward.

On the mission side of its work, activities continued apace with the division organizing a number of critical inward and outward missions.

### Industrial Manpower Development Department

The Department surpassed targets set for the period under review. Forty three programmes were implemented in which 828 participants were recorded. These generated revenues of J\$3.6M, a 38% increase over 1996 (J\$2.86M).

The improvement was due largely to the fact that courses are now more closely tailored to meet the needs of the market. They also reflected the mission of the Department and placed special emphasis on the transfer of technology .

Participants were sensitized to the internet and e-mail, accounting software packages and international quality standards. Presenters were monitored to ensure that training

was interactive, practical and applicable to the workplace. Where feasible, modules included site visits.

### **Quality Management Unit**

The efforts of the Quality Management Unit were focused\* primarily on the implementation of the Hazard Analysis Critical Control Points programme (HACCP). The programme focused on improving quality and consistency of products and was accomplished through training and technical assistance. A series of workshops was mounted in collaboration with the Chemistry Department of the University of the West Indies, the Division of Storage and the Prevention of Infestation of the Ministry of Industry and Investment, the Veterinary and Fisheries Division of the Ministry of Agriculture and the Natural Resources Conservation Authority.

Most important, was the selection of candidates to become trainers in the area of sanitation and hygiene for line workers. Participants were trained by two technical experts from the Society of Food Hygiene Technology. In addition, in plant assistance was given in HACCP to four companies by CDI.

The Agro Processing Resource Network (APRN), achieved the targets set to encourage more efficient collaboration and communication between participating organizations. This is in order to foster a coordinated approach to services and programmes in the sector, given scarce resources in personnel, finance and issues related to industry. Collaboration also took place in the establishment of standards for the processing of ackee.

The Unit continues to focus on network creation - now in its second year with the St. Elizabeth Dairy Development Cooperative Society. The North Clarendon Processing Company came on board in December 1997; Mango Valley Community; Broadgate and Highgate Maroon Community Projects are being assisted with technical training.

### **Research and Development Group**

This Group is comprised of the Project Development Unit, Information Centre and Trade Information Centre. The focus during the review period was improving responsiveness to the information needs of clients and the provision of value added information. Considerable effort was placed in improving professionalism in the production and

presentation of our publications.

In addition to the traditional role of providing market and trade data and project development services the Research and Development Group assumed a more proactive stance in the interpretation of its role as the development arm of the organization. Consequently effort was made to develop alliances with strategic local and overseas organizations such as investment bankers, financial intermediaries and government agencies.

The Assistant Vice President of the Group was instrumental in initiating and negotiating for the technical support of Foreign Investment Advisory Services (FIAS) in assisting the Government of Jamaica in developing the framework for a sustainable investment tracking model. The recommendations, which were developed through consultation with public and private sector bodies, will be implemented through STATIN with JAMPRO playing a support and advisory role.

The Group also initiated a speakers' forum designed to facilitate the exchange of ideas among JAMPRO staff and private sector leaders so as to better guide the preparation of industry reports. The first speaker, Dr. Marshall Hall, Group Managing Director of Jamaica Producers Group, addressed the issue of the effect of globalization on the competitiveness of companies such as the Producers Group.

Building on groundwork started in the previous year, the Research and Development Group intensified its efforts to revive investor interest in the offshore services sector of foreign sales corporations. In an effort to make local service providers aware of the opportunities existing in the industry, the Group successfully hosted a conference in June 1997 which was addressed by leading experts in the field including the head of the Foreign Sales Corporation/Disc Tax Association (FDTA), Mr. Bob Ross. On significant spin-off was the naming of a local service provider to the board of the FDTA.

The Group developed six profiles for sale to prospective investors in the areas of industrial parks, hot pepper, papaya, Tilapia, peppermint, thyme and bottled water. Four investment opportunities were also developed on land development, the music industry and a CD manufacturing plant.



## Industrial, Trade and Investment Policy Group

### *Industrial Policy Department*

The Department played an important support role in the implementation of the National Industrial Policy (NIP) and as secretariat for the Trade Facilitation and Investment Facilitation Boards.

The Department assisted with the implementation of the NIP through: the coordination of work plans of the various public sector ministries and agencies; provision of supporting data analysis to the Technical Secretariat of the Development Council for submission to the Development Council as well as Cabinet retreats; the scheduling of meetings between public and private sectors, unions and non-governmental organizations, and by leading the establishment of Industry Advisory Councils.

In November 1997, a business facilitation function was added to the responsibilities of the Department in order to streamline assistance in obtaining Government approvals for JAMPRO assisted projects.

### *Trade and Investment Policy*

The Department provided in-depth analysis of the effects of trade and investment policies for the achievement of NIP goals. The Department also participated actively in discussions and negotiations of bilateral trade agreements and investment treaties including:

- CARICOM/Colombia Trade, Economic & Technical Cooperation Agreement
- CARICOM/Dominican Republic Trade Agreement
- Protocol Amending the CARICOM treaty
- Free Trade of the Americas negotiations
- Multilateral Agreement on Investment

### *Trade Facilitation Department*

In collaboration with the Industrial Manpower Development Department, the Unit provided training in customs procedures and trade documentation. It facilitated the visit of a US Customs Jump Team to conduct product verification of a number of Jamaica

apparel exporting companies in accordance with the US/Jamaica Bilateral Textile Agreement.

The Special Assistance Programme for the apparel sector had as a key element the reduction of certification fees by two-thirds. This resulted in the Department's revenue for the review period moving to J\$25.7M from J\$36.6 M 1996/97.



Peat Marwick

Chartered Accountants

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Jamaica, West Indies

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Cables veritatem

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. It also includes assessing the accounting principles used and significant estimates made 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 affairs of the corporation as at March 31, 1998 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.

*KPMG Peat Marwick*

September 16, 1998



Member Firm of

Rod Langan  
Recheal E. Gordon

Kelvin S. C. Roberts  
Caryl A. Fenton

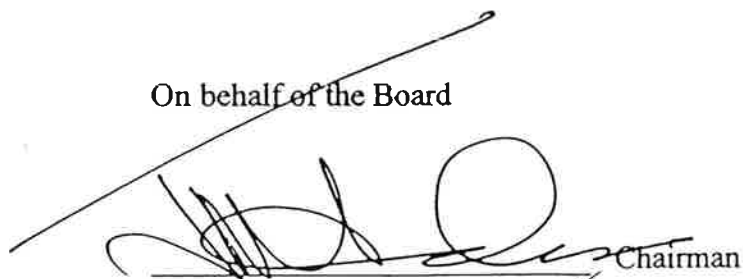
Elizabeth A. Jones

Patricia A. Chen

JAMAICA PROMOTIONS CORPORATIONBalance Sheet  
March 31, 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<b>CURRENT ASSETS</b>			
Cash, bank and deposit balances	3	21,419,991	14,112,732
Accounts receivable		6,173,671	5,589,328
Due from subsidiaries	4	14,491,842	14,133,061
Grants receivable		<u>10,165,905</u>	<u>-</u>
		<u>52,251,409</u>	<u>33,835,121</u>
<b>CURRENT LIABILITIES</b>			
Bank overdraft		-	13,929
Accounts payable	5	52,351,077	46,816,084*
Grants received in advance	6	<u>206,386</u>	<u>401,397</u>
		<u>52,557,463</u>	<u>47,231,410*</u>
NET CURRENT LIABILITIES		( 306,054)	(13,396,289)
INVESTMENT IN SUBSIDIARIES	7	278,987	8,278,987
FIXED ASSETS	8	<u>95,058,499</u>	<u>95,989,562*</u>
		<u>\$ 95,031,432</u>	<u>90,872,260*</u>
Financed by:			
ACCUMULATED SURPLUS/(DEFICIT)		2,353,528	( 1,805,644)*
CAPITAL RESERVE	9	<u>88,543,410</u>	<u>88,543,410</u>
		90,896,938	86,737,766*
PROPERTY RESERVE	10	<u>4,134,494</u>	<u>4,134,494</u>
		<u>\$ 95,031,432</u>	<u>90,872,260*</u>

On behalf of the Board


 A handwritten signature in black ink, appearing to be "J. O. ...", is written over a horizontal line. To the right of the line, the word "Chairman" is printed.
 

Chairman


 A handwritten signature in black ink, appearing to be "R. L. ...", is written over a horizontal line. To the right of the line, the word "President" is printed.
 

President

\*Restated.

JAMAICA PROMOTIONS CORPORATION

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Profit and Loss Account  
Year ended March 31, 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
Gross operating revenue	11	<u>\$384,145,304</u>	<u>312,426,025</u>
Operating surplus/(deficit) for the year	12	10,717,843	( 14,116,614)
Gain on disposal of fixed assets		1,441,329	1,160,489
Provision for diminution in value of subsidiary	7	( <u>8,000,000</u> )	<u>-</u>
Surplus/(deficit) for the year		<u>4,159,172</u>	( <u>12,956,125</u> )
Accumulated (deficit)/surplus at beginning of year			
As previously reported		( 2,821,509)	10,134,616
Prior year adjustments	13	<u>1,015,865</u>	<u>1,015,865</u>
As restated		( <u>1,805,644</u> )	<u>11,150,481</u>
Accumulated surplus/(deficit) at end of year		<u>\$ 2,353,528</u>	( <u>1,805,644</u> )

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

JAMAICA PROMOTIONS CORPORATION

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Statement of Cash Flows  
Year ended March 31, 1998

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus/(deficit) for the year	4,159,172	(12,956,125)
Adjustment to reconcile surplus/(deficit) for the year to net cash provided/(used) by operating activities:		
Depreciation	6,892,958	7,136,467
Provision for diminution in value of subsidiary	8,000,000	-
Gain on disposal of fixed assets	( 1,441,329)	( 1,160,489)
	17,610,801	( 6,980,147)
Decrease/(increase) in current assets:		
Accounts receivable	( 584,343)	( 841,781)
Due from subsidiaries	( 358,781)	( 2,989,784)
Grants receivable	(10,165,905)	-
(Decrease)/increase in current liabilities:		
Accounts payable	5,534,993	9,408,561
Grants received in advance	( 195,011)	( 227,262)
Current portion of long term liability	-	( 17,890)
Net cash provided/(used) by operating activities	<u>11,841,754</u>	<u>( 1,648,303)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to fixed assets	( 6,728,862)	( 3,763,640)
Proceeds from disposal of fixed assets	<u>2,208,296</u>	<u>2,162,938</u>
Net cash used in investing activities	<u>( 4,520,566)</u>	<u>( 1,600,702)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in bank overdraft	<u>( 13,929)</u>	<u>( 128,808)</u>
Net increase/(decrease) in cash and cash equivalents	7,307,259	( 3,377,813)
Cash and cash equivalents at beginning of year	<u>14,112,732</u>	<u>17,490,545</u>
Cash and cash equivalents at end of year	<u>\$21,419,991</u>	<u>14,112,732</u>

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

## JAMAICA PROMOTIONS CORPORATION

### Notes to the Financial Statements Year ended March 31, 1998

#### 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 1/2%
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.

# JAMAICA PROMOTIONS CORPORATION

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## Notes to the Financial Statements (cont'd) Year ended March 31, 1998

### 3. Cash, bank and deposit balances

These include:

- (a) \$206,386 (1997 : \$401,397) relating to grants received in advance to be disbursed to other persons for projects undertaken by the corporation (see note 6).
- (b) \$170,984 (1997 : \$4,529,678) held in bank accounts in the name of the Corporation which relate to a grant received from the European Economic Community for the Target Europe Project, these are not accounted for as operations of the Corporation. Accordingly, a corresponding amount is included in accounts payable.

### 4. Due from subsidiaries

	<u>1998</u>	<u>1997</u>
Jamaica Export Trading Company	3,781,317	726,441
National Tool & Die Company Limited	3,393,789	3,393,423
National Tool & Engineering Company Limited	<u>11,098,053</u>	<u>10,013,197</u>
	18,273,159	14,133,061
Less: provision for doubtful recovery	<u>3,781,317</u>	<u>-</u>
	<u>\$14,491,842</u>	<u>14,133,061</u>

### 5. Accounts payable

	<u>1998</u>	<u>1997</u>
	\$	\$
This includes:		
Accrued vacation leave pay	1,424,635	7,499,490
Government grant secured in advance	-	9,279,590
Deposit on sale of corporation's property	8,690,200	-
Deposit on sale of subsidiary's property	<u>6,517,649</u>	<u>-</u>

### 6. Grants received in advance

These are unspent funds received from an overseas agency to finance certain activities and projects as follows :

	<u>1998</u>	<u>1997</u>
Balance at beginning of year	401,397	628,659
Amounts received during the year	<u>-</u>	<u>2,918,619</u>
	401,397	3,547,278
Expenditure during the year	<u>195,011</u>	<u>3,145,881</u>
Balance at end of year	<u>\$206,386</u>	<u>401,397</u>



# JAMAICA PROMOTIONS CORPORATION

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## Notes to the Financial Statements (cont'd) Year ended March 31, 1998

### 7. Investment in subsidiaries

	1998	1997
National Tool and Engineering Company (NTEC) (a)	8,278,620	8,278,620
JAMCO Limited (b)	367	367
Jamaica Export Trading Company Limited (JETCo.)	<u>150,000</u>	<u>150,000</u>
	8,428,987	8,428,987
Less: provision for diminution in value	<u>(8,150,000)</u>	<u>( 150,000)</u>
	<u>\$ 278,987</u>	<u>8,278,987</u>

(a) The amount advanced to NTEC was to be converted to equity. The balances due by NTEC are guaranteed by its fellow subsidiary, National Tool and Die Limited, the assets of which are being sold. It is anticipated that the proceeds will be sufficient to cover other amounts receivable from both subsidiaries (see note 4).

(b) JAMCO Limited which is incorporated in the United Kingdom is a wholly owned subsidiary. Its net asset value at March 31, 1998 was £104,307 (1997: £85,842).

### 8. Fixed assets

	Land, Buildings & Leasehold Improvements	Furniture and equipment	Motor Vehicles	Computers	Total
At cost or valuation:					
March 31, 1997	92,812,139	8,596,110	8,464,196*	9,523,979	119,396,424*
Additions	-	3,534,698	-	3,194,164	6,728,862
Disposals	<u>( 1,695,976)</u>	<u>-</u>	<u>(4,313,573)</u>	<u>( 82,000)</u>	<u>( 6,091,549)</u>
March 31, 1998	<u>91,116,163</u>	<u>12,130,808</u>	<u>4,150,623</u>	<u>12,636,143</u>	<u>120,033,737</u>
Depreciation:					
March 31, 1997	7,282,352	4,117,485	5,270,828*	6,736,197	23,406,862*
Charge for the year	2,657,132	1,000,575	1,151,472	2,083,779	6,892,958
Eliminated on disposal	<u>(1,695,976)</u>	<u>-</u>	<u>(3,546,606)</u>	<u>( 82,000)</u>	<u>( 5,324,582)</u>
March 31, 1998	<u>8,243,508</u>	<u>5,118,060</u>	<u>2,875,694</u>	<u>8,737,976</u>	<u>24,975,238</u>
Net book values:					
March 31, 1998	<u>\$82,872,655</u>	<u>7,012,748</u>	<u>1,274,929</u>	<u>3,898,167</u>	<u>95,058,499</u>
March 31, 1997	<u>\$85,529,787</u>	<u>4,478,625</u>	<u>3,193,368*</u>	<u>2,787,782</u>	<u>95,989,562*</u>

\*Restated

## JAMAICA PROMOTIONS CORPORATION

8

Notes to the Financial Statements (cont'd)  
Year ended March 31, 1998

### 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.

Fixed assets include 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:

	<u>1998</u>	<u>1997</u>
Excess of the value of assets over liabilities vested in the corporation (see note 1)	1,675,556	1,675,556
Transfer from property reserve	865,506	865,506
Unrealised surplus on valuation of buildings	<u>86,002,348</u>	<u>86,002,348</u>
	<u>\$88,543,410</u>	<u>88,543,410</u>

### 10. Property reserve

	<u>1998</u>	<u>1997</u>
Balance at beginning of year	4,134,494	4,434,244
Transfer to capital reserve	<u>-</u>	<u>( 299,750)</u>
Balance at end of year	<u>\$4,134,494</u>	<u>4,134,494</u>

This represents amounts received for the purpose of renovating certain properties owned by the corporation, less amount utilised.

### 11. Gross operating revenue

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

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12. Disclosure of expenses

		<u>1998</u> \$	<u>1997</u> \$
Depreciation		6,892,958	7,136,467
Directors' remuneration	- fees	406,051	273,450
	- management	5,581,628	8,952,738
Auditors' remuneration :			
	- current year	650,000	600,000
	- prior year	50,000	-
Redundancy		<u>-</u>	<u>749,423</u>

	<u>1998</u>	<u>1997</u>
Net adjustment to book value of motor vehicles arising prior to 1997	1,515,866	1,515,866
Reversal of funds received in 1996 erroneously treated as income	( <u>500,000</u> )	( <u>500,000</u> )
	<u>\$1,015,866</u>	<u>1,015,866</u>

14. 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 \$8,107,069 (1997: \$7,334,841).

