



Investing in Jamaica

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Country Profile

Jamaica Means Business

INTRODUCTION

Jamaica's reputation as one of the premier global destinations for investment continues to rise, as discerning entrepreneurs increasingly seek to capitalise on the exciting business opportunities that abound in the country. Beyond its vibrant culture and natural beauty, Jamaica's value proposition is underpinned by its business-friendly environment, educated and trained workforce, stable democracy, solid infrastructure and strategic location.

in the US\$19-trillion North American Free Trade Agreement (NAFTA) markets as well as the rest of the Western Hemisphere and beyond.

In the capital city of Kingston, which is set against the backdrop of the majestic Blue Mountains, investors will



GEOGRAPHIC PROFILE

Ideally located in the western Caribbean, Jamaica is the largest English-speaking island in the region and the third largest overall. Abundantly endowed with natural resources such as rich mineral deposits of bauxite, high quality limestone and marble, the country covers a total area of 10,991 sq km (4,244 sq miles). It is grouped among the islands of the Greater Antilles, and enjoys the distinction of being the third largest English speaking nation in the Western Hemisphere, behind the United States and Canada.

Jamaica's proximity to major markets contributes to its overall attractiveness as an investment destination, as it is only 90 minutes from Miami, three hours and 40 minutes from New York, four hours from Toronto and 10 hours from London by air.

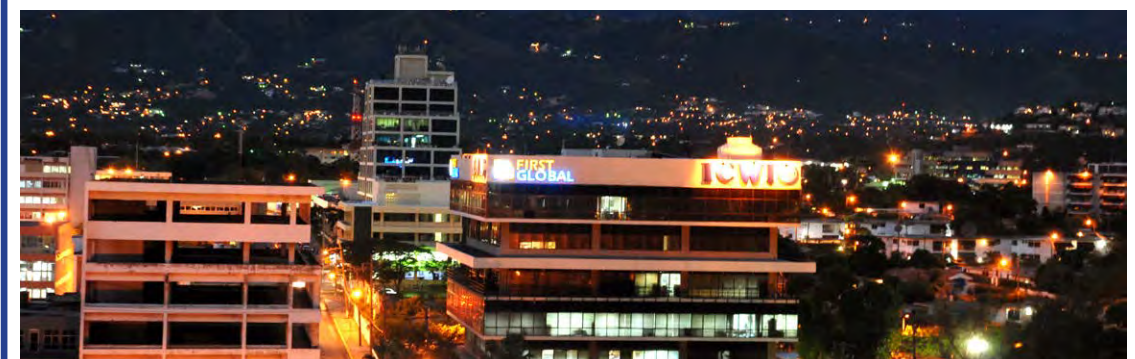
The island's strategic location is further reinforced by the fact that it is within a four-hour flight radius of over half a billion of the world's population. Situated at the nexus of the major air and sea routes into the Caribbean Basin, Jamaica provides transnational corporations (TNCs) with a solid investment base for their Caribbean operations, which will allow them to seamlessly tap

QUICK FACTS

Location	Caribbean sea, 145 km (90 m) from Cuba, 885 km (550 m) south of Miami, Florida
Area	10,991 sq. km (4,244 sq. miles)
Length	235 km (146 miles) east to west
Width	82 km (50 miles) at widest point
Total Coastline	1,022 km (635 miles)
Highest Point	Blue Mountain Peak - 2,256 metres (7,402 ft)
Terrain	Hilly interior with narrow coastal plains
Climate	Tropical with temperate interior
Average Annual Temperature	27° C (81° F) – Coastal lowlands
Capital	Kingston
Geographic Advantage	Strategically located close to the main sea lanes for the Panama Canal

discover a cosmopolitan centre of commerce and culture that is globally connected and perfectly primed for business. It is home to the world's seventh largest natural harbour – Kingston Harbour - which enjoys significant maritime traffic due to its ease of access to the Panama Canal shipping lanes. Leveraging its port and logistics capacity and proximity to key markets, Jamaica is excellently positioned to become a major multi-modal logistics hub in the region.

Montego Bay, situated on the northwest coast of the island in the parish of St. James, is the second largest city in Jamaica. It thrives in the dual role of regional tourism Mecca and hub for technology and business process outsourcing (BPO). The island also has several other urban centres spread across different parishes that are ripe for commercial activity.



Country Profile

The Jamaican Economy

ECONOMIC PERFORMANCE

Jamaica has been rebounding well from the adverse impact of the global economic crisis that occurred between 2007 and 2009. In 2015, nominal GDP stood at US\$13.5 billion, with the nominal outturn in total GDP representing an increase of 6% compared with the previous year. The economy grew for 4 consecutive quarters in 2015 with a projection of 1.5 to 2.5% for average growth in 2016. Per capita income also registered an increase during 2014, moving from US\$4,945 in 2013 to US\$4,989 in 2015.

The country weighted average domestic deposit interest rate has progressively improved since 2009, while the net international reserves

have grown over 40%, and at the end of June 2016, stood at US\$2.2 billion. This has placed the country in a better position to withstand unforeseen shocks in the external economy. Simultaneously, the national debt has continued its downward trajectory moving from 145% in 2014 to 120% of GDP in March 2016. The improved macro-economic climate has generated growing business and consumer confidence; this was reflected in higher values of local investment leading to the record high market capitalisation of the Jamaica Stock Exchange as well as an impressive rebound of the value of inflows of foreign direct investment (FDI) in 2015.

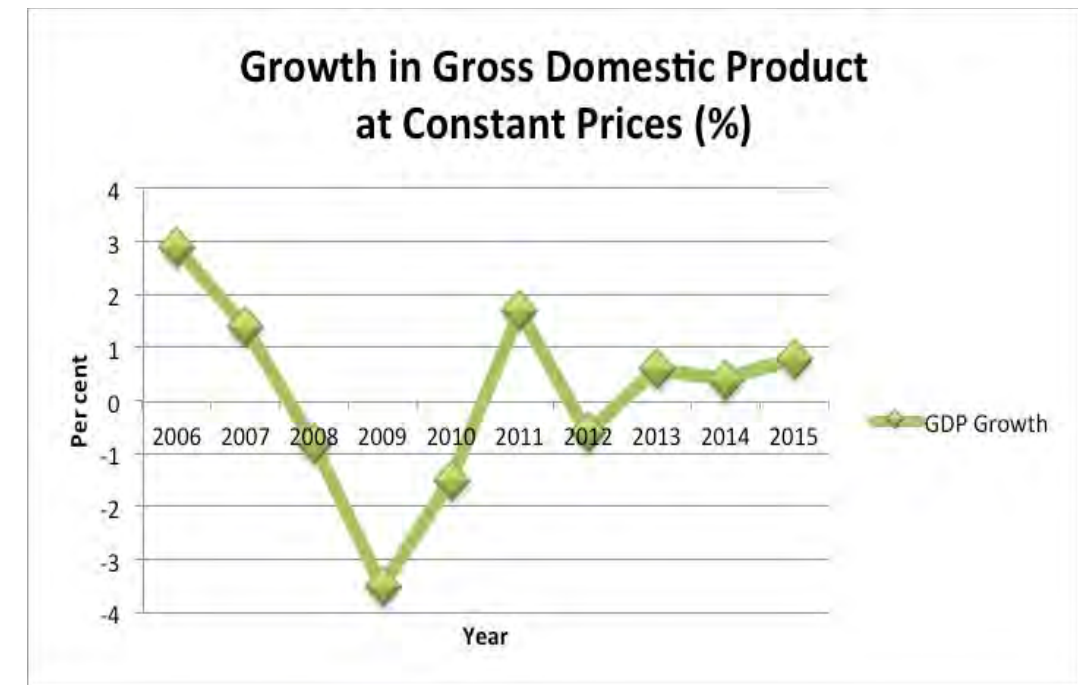


Figure 1: Jamaica Economic Performance over 10 years

¹Source: Statistical Institute of Jamaica





MAJOR CONTRIBUTING SECTORS TO GDP

Jamaica's main economic industries straddle the Goods Producing and Services Sectors. In 2015, the goods producing sector contributed 24.7% to the country's GDP; services contributed almost three times that of the goods sector, at 79.3% of GDP. The economy is dominated by retail trade, transport and real estate, renting and business services which accounted for 39% of GDP in 2015. Within the Goods Producing Sector, Manufacturing was the largest contributor to GDP at 7.5% followed by Construction (7.2%), Agriculture (6.6%) and Mining & Quarrying (2.3%).

The Services Sector is a significant revenue earner and generator of employment in the Jamaican economy, accounting for 67% of the employed labour force in 2015. The recent performance of the Services Sector was influenced by growth recorded for Hotels & Restaurants, Transport, Storage and Communication and Wholesale and Retail Trade which contributed 5.8%, 11.1% and 17.6% respectively to GDP. Among the other contributing industries were Producers of Government Services (13 %); Real Estate & Business Services (10.7 %); Electricity & Water Supply (3.1%) and Other Services (7 %).

Contribution to GDP by Sector 2015

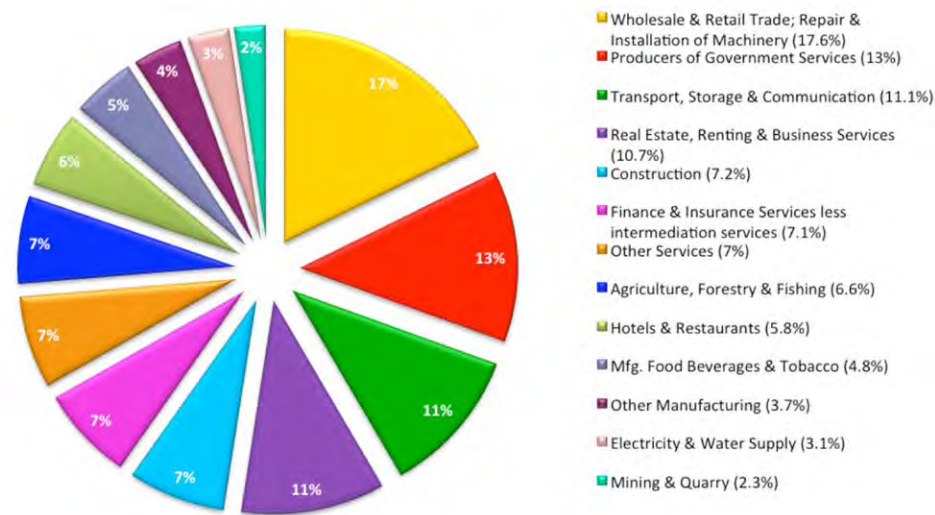


Figure 2: Breakdown of Jamaica Economic Sectors to Gross Domestic Product 2015

²Economic and Social Survey Jamaica 2015



INVESTMENT INFLOWS

The economy is driven by foreign direct investment (FDI) and foreign exchange earned through exports and remittances. Jamaica received an estimated US\$794 million in FDI in 2015, which represents an increase of 34% over the US\$591 million that flowed into the country in 2014. The most dynamic sectors in term of FDI have been tourism, and mining, and Business Process Outsourcing (BPO); the country's stock of FDI now stands at US\$14.1 billion.

The other key foreign exchange sources are remittances and tourism receipts. The Jamaican Diaspo-

ra contributes significantly to the economy through remittances, which amounted to over US\$1.4 billion in 2015. This figure represents a growth of US\$47 million or 3.3% relative to 2014. Jamaica's well-developed tourism industry continues to enjoy record levels of tourist arrivals, with the island welcoming 3.7 million visitors to its shores in 2015. Total tourist spend in that period amounted to US\$2.3 billion.

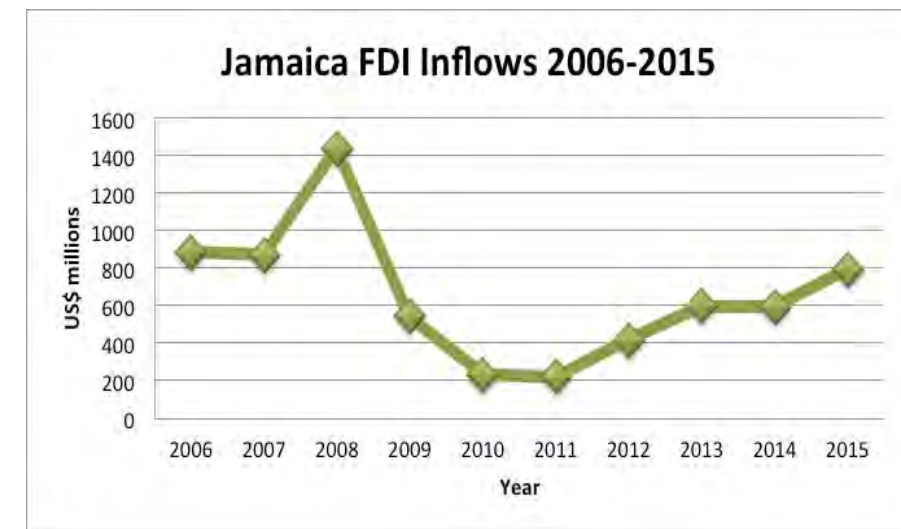


Figure 3: Jamaica FDI Performance over 10 years³

³Source: Bank of Jamaica

EXTERNAL TRADE

Jamaica enjoys strong brand recognition and global demand for its products and services, which have become synonymous with the highest standards of quality. Blue Mountain coffee, rum and spicy jerk seasonings are but a few of the popular authentic Brand Jamaica goods in the global trading arena. In 2015, revenue from domestic merchandise exports amounted to US\$1.26 billion.

The country's traditional export areas are agriculture, mining and manufacturing. The leading export products are alumina, bauxite, mineral fuels, rum, cane sugar and agro processed goods. Jamaica's main export partners are the United States, Canada and the United Kingdom, while other key export markets include Russia, Japan, EU and neighbouring Caribbean countries.

As the country moves to improve its performance in the area of traditional exports, it is also keen to expand its export base and maximize opportunities in non-traditional areas such as fresh produce, pharmaceuticals, herbs and herbal products, condiments, craft and giftware and services. JAMPRO, the national trade and investment promotion agency of Jamaica, has played a pivotal role in supporting the efforts of exporters to attain export readiness and penetrate new and emerging international markets

The National Export Strategy (NES), one of the key initiatives geared towards increasing exports, now in its second phase, will guide the country's efforts towards enhanced global trade competitiveness over the next few years. The NES, which is led by JAMPRO in partnership with the Jamaica Exporters' Association (JEA) and the Trade Board, has established a strategic framework to increase the national export capacity in the priority sectors of mining, agribusiness, film and animation, IT enabled services and niche manufacturing.

Share of Domestic Exports Earnings (2015)

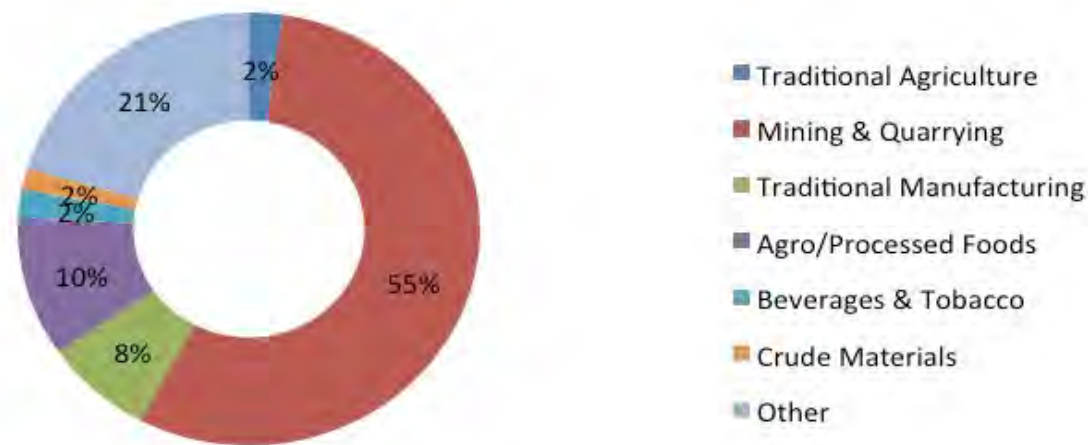


Figure 4 Jamaica Exports by Commodity Group⁴

⁴Source: Adapted from Statistical Institute of Jamaica data



JAMAICA'S GROWTH AGENDA

In May of 2013, the Jamaican Government implemented a medium term economic strategy to induce growth under the Growth Agenda Reform Programme. This programme is supported by a four-year loan arrangement under the Extended Fund Facility (EFF) with the International Monetary Fund (IMF). This agreement provided Jamaica with Special Drawing Rights (SDR) of \$US932.3 million in funds over a four-year period⁵. The EFF also formed a critical part of the resumption of the budget support from other Multilateral Partners such as the World Bank and the Inter-American Development Bank.

The emphasis of the economic reform programme is two-fold. The first is targeted at improving the economy through enhancing the business environment. This initial phase includes improving the process for registering businesses and obtaining approvals, improving access to credit and promoting labour market reforms. The second phase, which is supported by the first, looks at facilitating strategic investments.

The main pillars of the growth strategy are :

- Fiscal and monetary policy reforms
- Business Environment reform
- Strategic public and private investments
- Human development and Social stability

The growth agenda delivers on the Government of Jamaica's commitment to realizing the goals of Vision 2030, which is the comprehensive long-term National Development Plan that seeks to propel the island towards developed country status by 2030. Vision 2030 constitutes a framework of action that aims to transform Jamaica into "the place of choice to live, work, raise families and do business".

⁵International Monetary Fund (IMF) <https://www.imf.org/external/np/sec/pr/2013/pr13150.htm>



CREATING A COMPETITIVE BUSINESS ENVIRONMENT

Consistent with the Government of Jamaica's commitment to creating an enabling business environment in the country, a number of initiatives have been undertaken to improve the business landscape. Since 2010, the National Competitiveness Council (NCC), which is managed by JAMPRO – an agency of the Ministry of Economic Growth and Job Creation - has been spearheading this process to address critical issues and roll out the required reforms.

Under the Business Environment Reform Agenda (BERA), the NCC is scheduled to implement over 20 reforms from 2014 to 2016 that are deemed critical to improving the business environment. Among the reforms already implemented are:

- Amalgamation of statutory deduction payments
- Online payments of most taxes
- Establishment of a Credit Bureaus & Credit Score System
- Harmonization of planning and development application forms
- Secured Transaction Framework (for movable property)
- Modern Insolvency and Bankruptcy Act
- Amendments to the Electricity Act to expedite connectivity to the grid
- Paperless processing at ports of entry
- Reforms that are significantly advanced under BERA include:
 - Single Business Registration Form with four-day turnaround
 - Single Trade Electronic Window – Port Community System (PCS), Automated System for Customs Data (ASYCUDA World) and e-Trade for Government trade facilitators

As a result of these critical reform interventions, Jamaica has witnessed significant improvement on key business competitiveness indices in recent years. Jamaica maintains the rank as best place in the English speaking Caribbean to do business by the World Bank Doing Business Report, ranking 67th of 190 economies. Reforms have led to Jamaica being ranked 12th globally in starting a business and 16th globally in access to credit.⁶

On the Global Competitiveness Index, Jamaica's ranking improved 11 places to 75th of 138 countries. The better performing pillars continue to be Financial Market Development (30/138) and Health and Primary Education (47/138).⁷

⁶ Doing Business Report 2016
⁷ Global Competitiveness Report 2015-2016

Country Profile

Political Structure



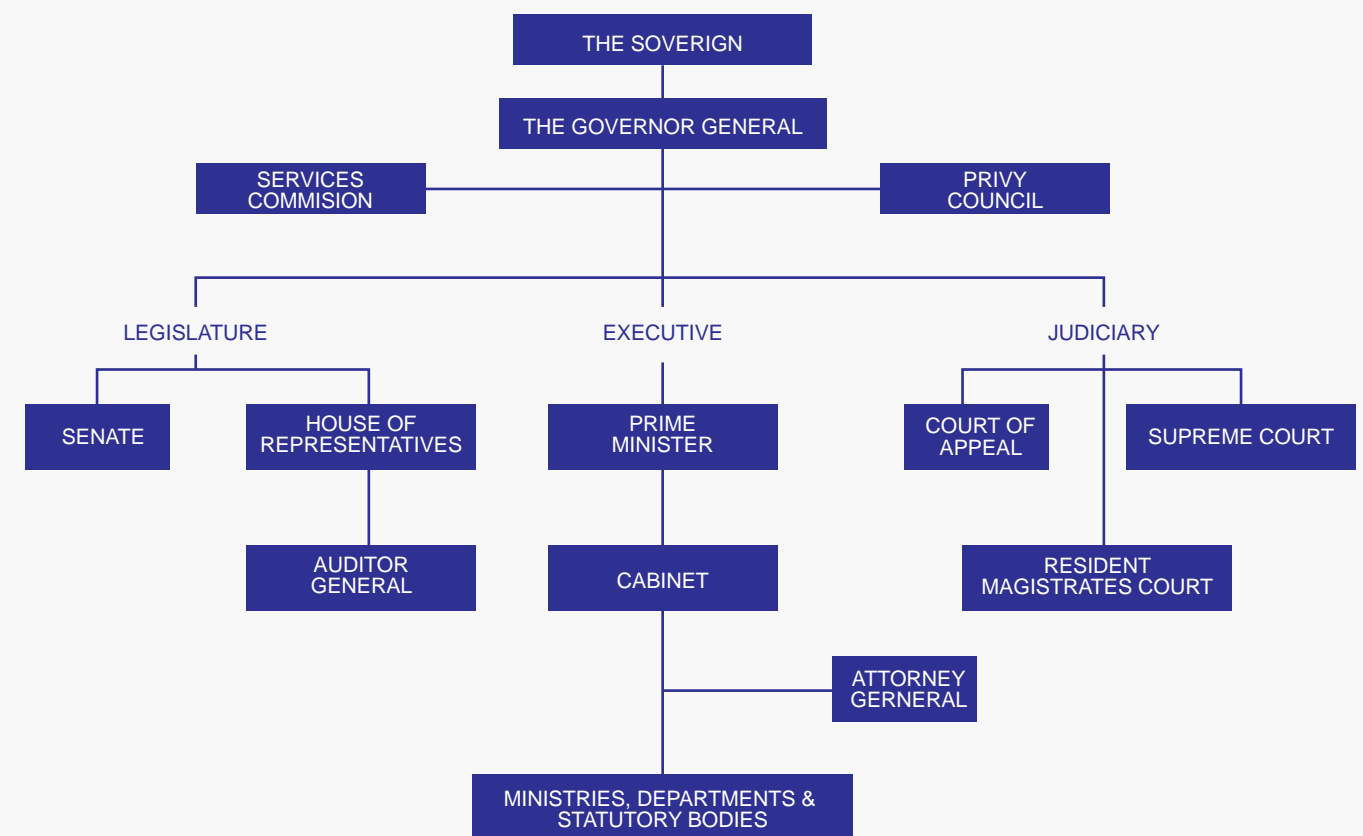
Jamaica is a parliamentary democracy and a constitutional monarchy that is primarily based on the Westminster model of government inherited from the country's history as a British colony. As an independent Commonwealth country since 1962, Jamaica recognizes Britain's reigning monarch as the titular head of state; the incumbent is represented in the island by the Governor General, who is appointed on the advice of the Prime Minister.

The Rule of Law set out in the Constitution and the national legislative power is vested in a bicameral Parliament comprised of a House of Representatives and a Senate. The House of Representatives comprises 63 members elected in general elections, constitutionally due every five years, by persons over age 18.

The political party with most support in the House of Representatives forms the government, which is headed by the Prime Minister. The two main political parties are the oldest in Jamaica –the People's National Party (PNP), and the Jamaica Labour Party (JLP) which currently forms the Government of Jamaica (GoJ).⁸

The Senate consists of 21 persons appointed by the Governor-General, 13 of whom are appointed on the advice of the Prime Minister and eight on the advice of the Leader of the Opposition. The principal instrument of policy making is the Cabinet, which is charged with the general direction and control of the Government. The Cabinet consists of the Prime Minister and no fewer than 11 members of the two Houses of Parliament.

The Government of Jamaica



Source: "Handbook of Jamaica", National Library of Jamaica (NLJ)

⁸ Since February 2016

Country Profile

Population, Labour & Education

POPULATION

Jamaica's population is approximately 2.7 million, with the gender distribution almost evenly spread at 49.5% male and 50.5% female. The current working age population (persons between 15 and 64 years old) stands at 1.8 million, while the island's youthful cohort of persons aged 15 to 29 years represents 28% (757,700) of the total population.

The country has made strong strides in human development over the years, as evidenced by improvements in life expectancy (74.1 years), infant mortality rate (16.7/1000 live births) and literacy rate (91.7). The 2015 Human Development Index (HDI) produced by the United Nations Development Programme (UNDP) ranks Jamaica in the "high human development" category at 99th of 188.⁹

JAMAICA DEMOGRAPHIC PROFILE¹⁰

Population	2.7 million
Annual Growth Rate	0.2%
Urban Area Population	54%
Working Age Population (15 -64 yrs)	1.87 million
Sex Ratio	98.1 males per 100 females
Life Expectancy at Birth	74.1 years
Birth Rate	13.8/1000 pop.
Death Rate	6.5/1000 pop.
Infant Mortality Rate	16.7/1000 live births
Literacy Rate	91.7
Language	English (official), English patois
Ethnic Groups	Black 92.1%, Mixed 6.1%, East Indian 0.8%, Other 0.4%, Unspecified 0.7% (2011 Est.)

⁹ Human Development Report 2015

¹⁰ Economic & Social Survey Jamaica 2015; Statistical Institute of Jamaica



LABOUR

Jamaica's educated, trained and productive work force numbered 1.316 million at the end of 2015, representing an increase of 0.6% over 2014. Males accounted for 55% (719, 000) of this total, outnumbering females at 45% (597, 600).

Persons in the 25 to 44 age group constituted 50% of the total work force. The Services Sector provided employment for 68%, while the remaining 32% were employed in the Goods Producing Sector.

Average unemployment in Jamaica stood at 13.5% at the end of 2015, which was 0.2 percentage points lower than the average in 2014.¹¹

EDUCATION

The Government of Jamaica continues to place significant focus on education as one of the main pathways toward sustained economic development. The attainment of universal enrolment from early childhood to secondary level education has provided the foundation for further improvement in other areas of the education system.

In 2014/2015, secondary institutions recorded total enrolment of 228,371, with 35,443 students sitting terminal examinations. Enrolment at the tertiary level was estimated at 75,076 students, and based on available data, a total of 15,004 students graduated. There are currently 42 institutions registered by the University Council of Jamaica (UCJ), and as at May 2016, the total number of accredited programmes and UCJ-approved degrees stood at 256.

¹¹Source: Statistical Institute of Jamaica

In an effort to adequately prepare the Jamaican workforce for the future and maintain a competitive advantage in the global business environment, the Government targets each stage of educational development from the early childhood to adult training and certification. The e-learning project launched in 2005 promotes the integration and infusion of technology in the education system and since 2014, provided 24,000 tablet computers to students in approximately 38 schools and 29 community learning centres.

Additionally, the Government has strengthened its island-wide system of continuing education and training in technical and vocational areas through the Human Employment and Resource Training (HEART) Trust/National Training Agency (NTA). The HEART Trust/NTA has embarked on several strategic initiatives to assist the workforce with acquiring industry-relevant skills and certification that will meet the job demands of targeted sectors. Special provisions have been made to increase funding to persons pursuing Science, Technology, Engineering and Mathematics (STEM) at the tertiary level as the government pursues a STEM initiative to improve the quality of the labour force.

Country Profile

Technological Advancement

Jamaica's world-class and robust ICT infrastructure supports all the requirements for global connectivity and ranks among the most developed in the world. The island's tele-density rate of 119.1/100 is among the highest in the Latin American and Caribbean (LAC) region, while mobile penetration of over 100% puts the country on par with the more digitally advanced economies of the world¹².

Other key features of the liberalized local ICT landscape include:

- Ample bandwidth capacity as well as multiple providers offering various options including T1, DS3 and OC3.
- The telecommunications industry is fully liberalised with 502 licences issued to service providers and carriers since 2002.
- Three parallel fibre routes (and drop off points) on the island link to the Americas Region Caribbean Ring System (ARCOS-1) submarine cable in the Dominican Republic. This provides seamless connectivity to North America, Latin America and the Caribbean. There is also a complete fibre ring around Jamaica, with fully digital networks.
- The Government, through the Universal Service Fund (USF), has implemented an island-wide broadband network by establishing Community Access Points (CAPs) to deliver high speed internet connectivity across the country. At the end of 2014, 205 CAPs have been commissioned into service.
- Multiple mobile service providers offer 3G, 4G, WiMax and international roaming capabilities.
- Several key pieces of legislation have been advanced to further liberalize the ICT/telecoms sector, establish a single industry regulator, and provide the requisite criminal sanctions for cybercrimes

¹² Economic & Social Survey Jamaica 2015



..... Country Profile

LEGAL & REGULATORY FRAMEWORK



The Government of Jamaica has consistently provided an efficient regulatory framework that supports private enterprise and enables businesses to compete effectively.

The country enjoys an independent judicial system that is based on English Common Law and upholds the sanctity of contracts. The right to due and equal process is protected under the law and is facilitated in civil and criminal courts. While Jamaica has a Supreme Court and a Court of Appeal, the Privy Council in England remains the ultimate court of appeal for Jamaicans and businesses within the Jamaican jurisdiction. Although the Caribbean Court of Justice (CCJ) was established in 2001 as the final appeal court for Caribbean Community (CARICOM) states, Jamaica has not yet acceded to its jurisdiction.

The banking and financial systems have been strengthened in recent times to avert risks to both local and foreign investors.

Foreign investors can easily repatriate their profits to their homeland, and are accorded 'national treatment' in Jamaica. There are no limits on the foreign control of companies and non-residents can purchase real estate.

Under the Omnibus Tax Incentive Framework, all investors will equitably benefit from a transparent, non-discriminatory and consistent tax incentive regime that seeks to catalyse investment and stimulate economic activity. Other benefits are covered under Jamaica's existing Bilateral Investment Treaties (BITs), Double Taxation Agreements (DTAs) and Multilateral and Bilateral Trade Agreements with partner countries, which are outlined in the section of this publication titled "An Investor's Guide to Jamaica's Investment and Trade Agreements".



Priority Sectors
Priority Sectors
Priority Sectors

..... Let's Do BUSINESS!

Priority Sectors

BUSINESS PROCESS OUTSOURCING (BPO)



SECTOR OVERVIEW

Jamaica's strong credentials as a highly competitive and attractive business destination underline its position as the leading BPO location in the English-speaking Caribbean. The outsourcing sector directly employs approximately 22,274 agents and generates revenue estimated at over US\$230 million annually.

There are currently 61 companies that offer call centre and BPO services in the country and among these firms are formidable global industry players such as Xerox, Teleperformance, Vistaprint, Hinduja Global Solutions and Sutherland Global Services (SGS). The sector is populated by a combination of captives (wholly owned subsidiaries) and third party service providers that are primarily located in Montego Bay, Kingston and Portmore.

The government continues to provide strong support for the sector through initiatives such as the

Information and Communications Technology (ICT)/BPO loan facility for the build out of office space and HEART Trust/NTA training programmes tailored to meet the labour needs of the rapidly growing industry.

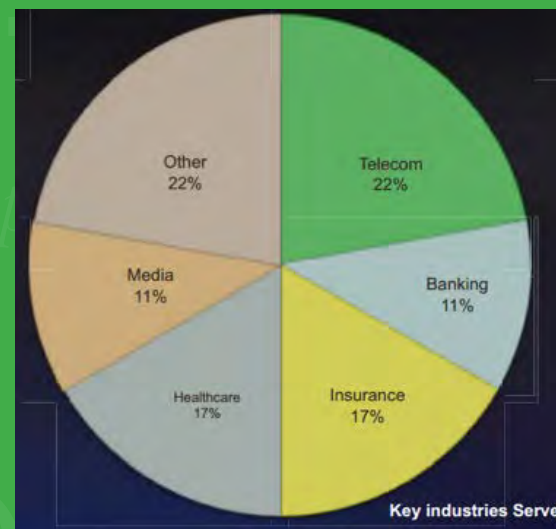
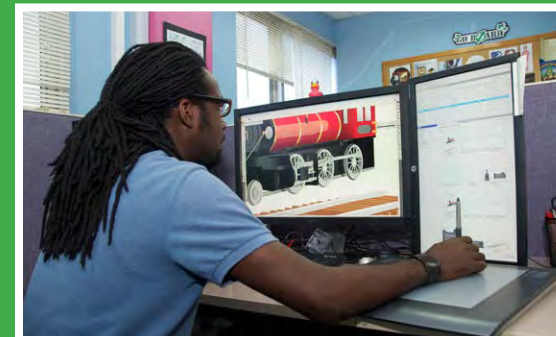
With its outstanding track record in finance and accounting, human resource outsourcing, receivables management, technical help desk support, outbound sales and generation, Jamaica has been recognized by leading technology research firm Gartner as a destination to watch. The country is currently ranked 43rd on the A.T. Kearney Global Services Locations Index 2016 and is considered to be one of the region's most ideal locations for BPO providers supporting clients in the USA, Europe and other neighbouring Caribbean countries.

DEMAND DRIVERS

- **Available Talent:** Jamaica's large English-speaking, educated workforce of 1.3 million has a strong cultural affinity to major outsourcing markets such as North America and the UK.
- **Convenient Access:** Close proximity to the North American market and the convenience of being in time zones that are well aligned increase Jamaica's appeal as an outsourcing destination.
- **Cost Effective:** Companies are increasingly seeking cost-effective near shore outsourcing solutions, and call centre and BPO salaries in Jamaica are comparatively lower than other destinations in the Caribbean.
- **Great Infrastructure:** World-class and robust telecoms infrastructure supports all the requirements for global connectivity and ranks among the most developed in the region.

KEY TRENDS

- **Industry-specific Outsourcing Solutions:** Companies are keen on working with outsourcing companies that offer services tailored to their particular industry.
- **Cloud Computing:** With converged infrastructure and shared resources becoming a common model in IT services, the demand for cloud services continues to increase as companies seek to take advantage of economies of scale.
- **Sustainable Outsourcing:** Sustainability is a key feature of business service offerings and companies are demanding that their outsourcing partners be equipped to expand and adapt to changing circumstances and demands.
- **Big Data:** The new trend in business model development is the use of large sets of data which are analysed computationally to reveal trends and patterns to inform business development.



Source: Doing Business In Jamaica's Knowledge Services (JAMPRO, March 2014)

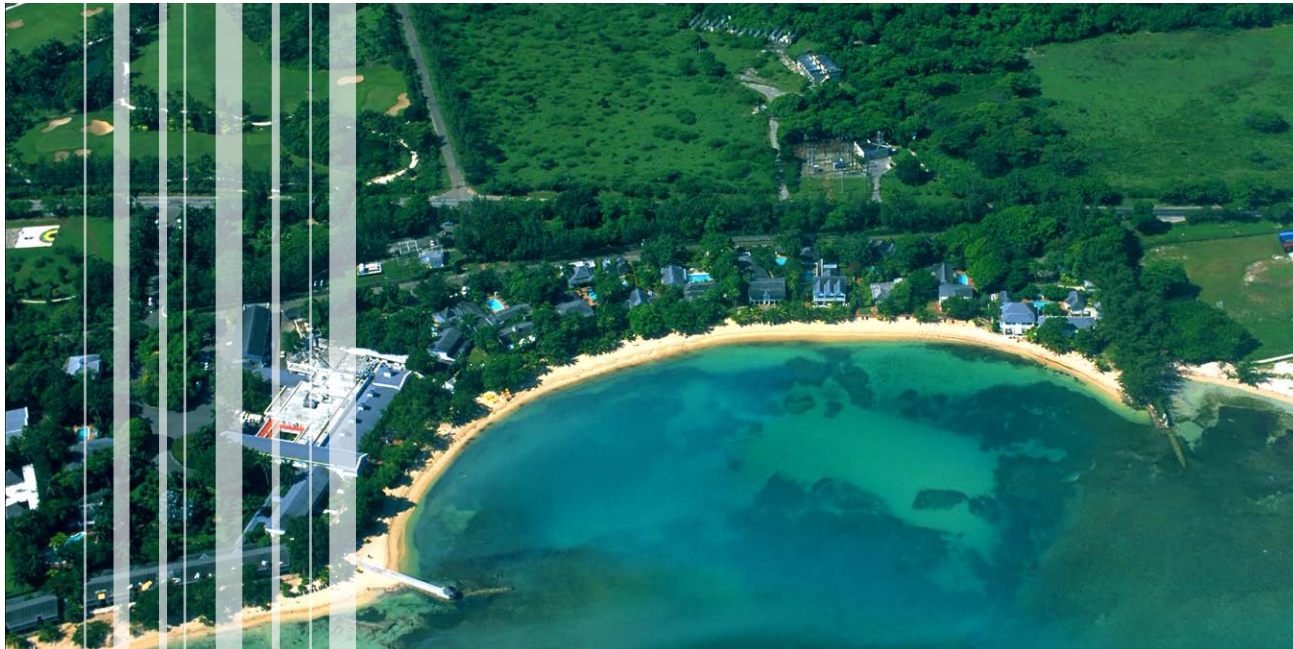
OPPORTUNITIES

Voice-driven Services: At least 75% of the local industry is focused on voice-driven services, which represent a highly attractive investment option based on the neutral accent of Jamaicans and the country's cultural compatibility with the North American market.

- **Business Process Outsourcing:** With cost-competitive and talented labour and an increasing output of business, economics and accounting professionals, Jamaica provides the ideal platform for companies seeking to establish a BPO facility to support areas such as Healthcare, Finance and Accounting, Insurance and Human Resources.
- **Knowledge Process Outsourcing (KPO):** Moving even higher up the value chain, notable annual increases in professional degrees such as law, medical sciences, computer science and engineering provide the perfect landscape to tap into Knowledge Process Outsourcing.
- **Legal Processing Outsourcing (LPO):** Home to the Norman Manley Law School at the University of the West Indies (UWI), Jamaica in an excellent position to attract outsourcing contracts in this area.
- **Software Development, Testing and Maintenance:** Jamaica's demonstrable record in IT innovation in the Microsoft Imagine Cup and increased graduate output from computing, informatics and engineering programmes set the stage for advanced software coding and development.

Priority Sectors

TOURISM



SECTOR OVERVIEW

Jamaica's strong value proposition and global brand equity have established the island as an ideal location for business interests looking to invest in tourism. The breathtakingly beautiful scenery, world-class accommodations and attractions, rich culture and signature warm hospitality of the people combine to give Jamaica an irresistible appeal.

Preliminary estimates suggest that a record 3.7 million tourists visited Jamaica in 2015, an increase over the 3.5 million arrivals (2.1 million stopover and 1.6 million cruise passengers) in the previous year that contributed US\$2.3 billion to the local economy. The sector has benefited from significant levels of foreign direct investment (FDI) in the last decade and a half, particularly in the accommodations sub-sector. There are currently over 22,000 rooms island wide in properties ranging from economical lodgings to boutique hotels and luxurious international five-star resorts.

The attractions sub-sector showcases the island's distinct culture, history and natural resources, and delivers a stimulating array of heritage and adventure tours. The cruise sector forms a crucial part of the tourism industry, with the major ports of call located in Montego Bay, Ocho Rios and Falmouth.

In the area of medical tourism, Jamaica is poised to attract value-added investments based on the quality of its human capital and its proximity to US - the world's largest potential market for medical tourism. Jamaica was ranked second in the category of attractiveness in the 2014 Medical Tourism Index (MTI) released by International Healthcare Research Centre, a US-based non-profit organisation. The sector has been boosted by the construction of a facility by Grupo Hospiten, an international network of private hospitals.

DEMAND DRIVERS

- **Global Brand Appeal:** Jamaica enjoys a solid reputation as one of the leading tourism destinations in the world, and with the increasing ease of international travel, it will continue to attract visitors in large numbers.
- **Strong Connectivity:** Three international airports facilitate easy airlift and gateway access to major markets, with over 73 airlines flying directly to Jamaica from important gateways.
- **Convenient Market Access:** Jamaica is in close proximity to the United States, one of the largest markets in the world for outbound tourists travelling for recreational or medical reasons.
- **Qualified, Cost-competitive Labour Force:** Jamaica has an impressive labour pool engaged in all aspects of the tourism sector. These include wellness practitioners and medical professionals, who possess the competencies and experience for the development of a vibrant medical tourism sector.

KEY TRENDS

- Over 5 years of consecutive growth in stopover arrivals to Jamaica
- Over 1.1 billion tourists travelled abroad in 2015, and international tourism is forecast to grow between 3.5% and 4.5% in 2016
- \$494 billion industry globally, accounting for nearly 15% of all tourism spending according to estimates from Stanford Research Institute
- Medical tourism for dental services attracted 600 thousand to 800 thousand travellers from the US in 2012.

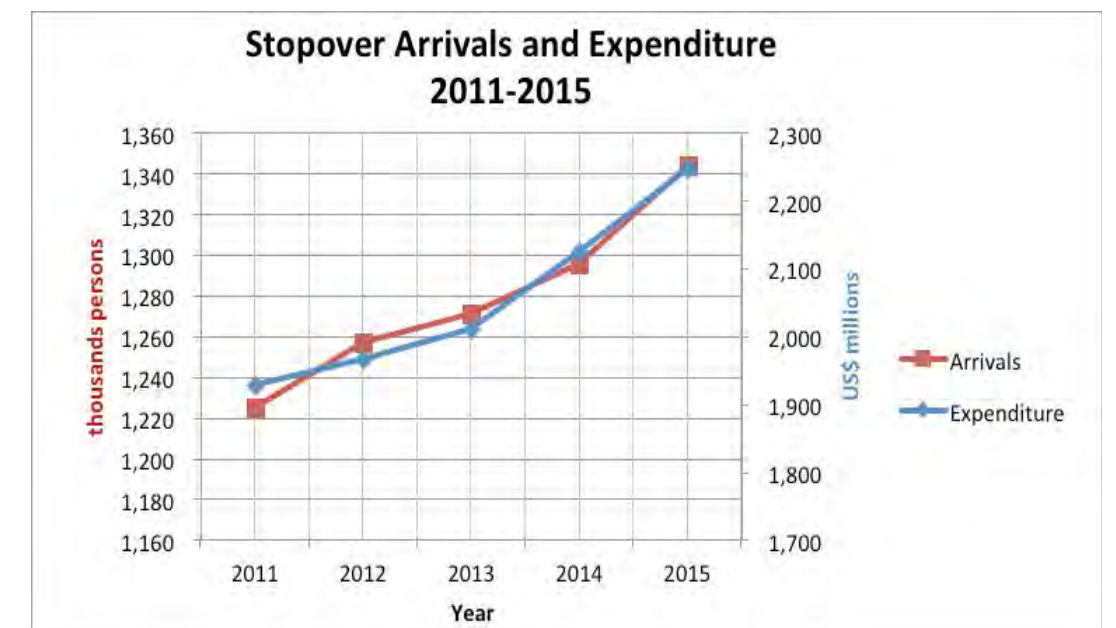


Figure 5 Comparisons of Stopover Arrivals and Total Tourist Expenditure in Jamaica¹³

¹³Economic and Social Survey Jamaica 2015

OPPORTUNITIES

- **Accommodation:** Potential investors are invited to explore the opportunities that exist for the development of boutique, large scale and city hotels.
- **Eco-tourism Attractions and Resorts:** Jamaica's lush bio-diversity provides the opportunity for investments in attractions with soft adventure, hiking trails and zip-line rides.
- **Medical Tourism:** Jamaica's well-established tourism industry provides an appealing backdrop for medical tourism facilities that focus on complex specialized procedures such as joint replacement, cardiac surgery, dental surgery and cosmetic surgeries. Opportunities exist for the establishment of diagnostic facilities, general hospital facilities and/or specialized facilities to cater to the medical tourist.
- **Wellness Tourism:** Among the opportunities available in this tourism sub-sector are retirement villages and spas.
- **Timeshare Vacation Ownership:** This opportunity allows potential investors to acquire future vacations at current market prices.
- **Developments to Watch:** The government is working to complete Casino Gaming legislation, which will add new dimensions to Jamaica's dynamic tourism industry.



Priority Sectors

LOGISTICS



SECTOR OVERVIEW

With the expansion of the Panama Canal, Jamaica is poised to benefit from new and innovative commercial ventures as it seeks to position itself to join Rotterdam, Dubai and Singapore as the fourth node in the international logistics chain. Widely regarded as a paradigm shift for world maritime trade, the Panama Canal expansion project promises to deliver greater trading opportunities by facilitating the crossing of larger New Panamax ships between the Pacific and Atlantic oceans.

Jamaica will seek to offer greater logistic efficiencies to markets in the region by leveraging key existing infrastructure, the country's prime location in proximity to major East-West shipping lanes and direct connections to all regional ports. The development of Jamaica as a major Logistics Hub will satisfy the demand for global-standard logistics capacity serving the Eastern Seaboard of the US.

Jamaica's movement of goods averages 25 million tonnes through maritime trade from ports across the island, with Kingston being the prime port for activity. Air transport facilities are provided through the two main terminals which have seen continuous growth as a result of the increase in visitor arrivals, 15% between 2011 and 2015 to 17 million kilograms of cargo.

The components of the Jamaica Logistics Hub initiative will be inter-connected via multiple modalities - air, sea and land, thereby allowing for maximum efficiency. Kingston Harbour, the seventh largest natural harbour in the world and home to a leading container transshipment port in the Caribbean, constitutes a crucial part of this initiative.

The Jamaica Logistics Hub Initiative incorporates several proposed and existing projects which seek to incorporate crucial assets that will support the sector including

- Expanded Port Facilities (to include the Port of Kingston, Fort Augusta and Gordon Cay)
- Special Economic Zone/s
- Dry Dock facilities
- A Commodity Port
- And a strategically placed aerodrome and cargo facility



DEMAND DRIVERS

- **Strategic Geographic Location:** Jamaica's location close to the main East-West shipping lanes between the Far East, Europe and Eastern North America gives it a distinct advantage. The country is also near to trade and air routes to the Americas, Europe and the Caribbean.
- **Solid Infrastructure:** The Island's well-developed transport and telecommunications infrastructure complements existing services and facilities that provide a strong foundation for the main elements of a major logistics hub.
- **Large, Trainable Workforce:** Targeted training is being provided in all the pertinent areas related to the Logistics Hub to ensure that the Jamaican workforce is adequately prepared for the upcoming employment opportunities.
- **Training Support Infrastructure:** Jamaica is home to the Caribbean Maritime Institute (CMA), which was established in 1980 to support the country's growing maritime industry. Over the last few years the CMI has emerged as the premier institution in the region engaged in the training of human resources in logistics and supply chain management across all levels of the workforce.
- **Port Community System (PCS):** The Port Authority of Jamaica with the assistance of SOGET has launched the largest PCS in the Americas which upon completion will link six seaports and two airports. The PCS is an electronic platform which integrates the systems of operators in the port community, creating a single window.

KEY TRENDS

- The global logistics market is worth US\$4 trillion and the expenditure on logistics and express accounts for 9.3% of global GDP.
- Despite falls in the value of global trade, 13% in 2015, the volume of trade continues to grow, 2.8% as of 2015.
- Global transport industry has been the fastest growing since 2011, at 7% annually
- Boeing has projected that by 2028 Asia will account for almost 40% of global trade and trade within the Americas is expected to contribute 15%.
- The cargo industry (freight and mail) is projected to grow at 5.2% per year up to 2031, with air cargo between Latin America and Europe and Latin America and North America growing at a rate of 5.3% and 5.8% respectively.
- Air trade between the Caribbean and North America will grow by 1.9% annually, while air trade between the Caribbean and Europe will grow by 3.5%.
- Over the next 20 years, world air cargo traffic will grow at an annual rate of 4.7%
- Air trade between the Caribbean and North America will grow by 1.9% annually, while air trade between the Caribbean and Europe will grow by 3.5%.
- Over the next 20 years, world air cargo traffic will grow at an annual rate of 4.7%

OPPORTUNITIES

Infrastructure Development: The creation or upgrading of public and private infrastructure for will present opportunities for financing, partnerships and a range of professional services.

Manufacturing and Distribution: The proposition of utilising Jamaica as a key destination for Manufacturing for Export and Warehouse and Distribution will be significantly enhanced. This will present opportunities in distribution services, consolidation/deconsolidation, storage, inventory management, shipment scheduling, order processing, product sub-assembly, packing and labeling.

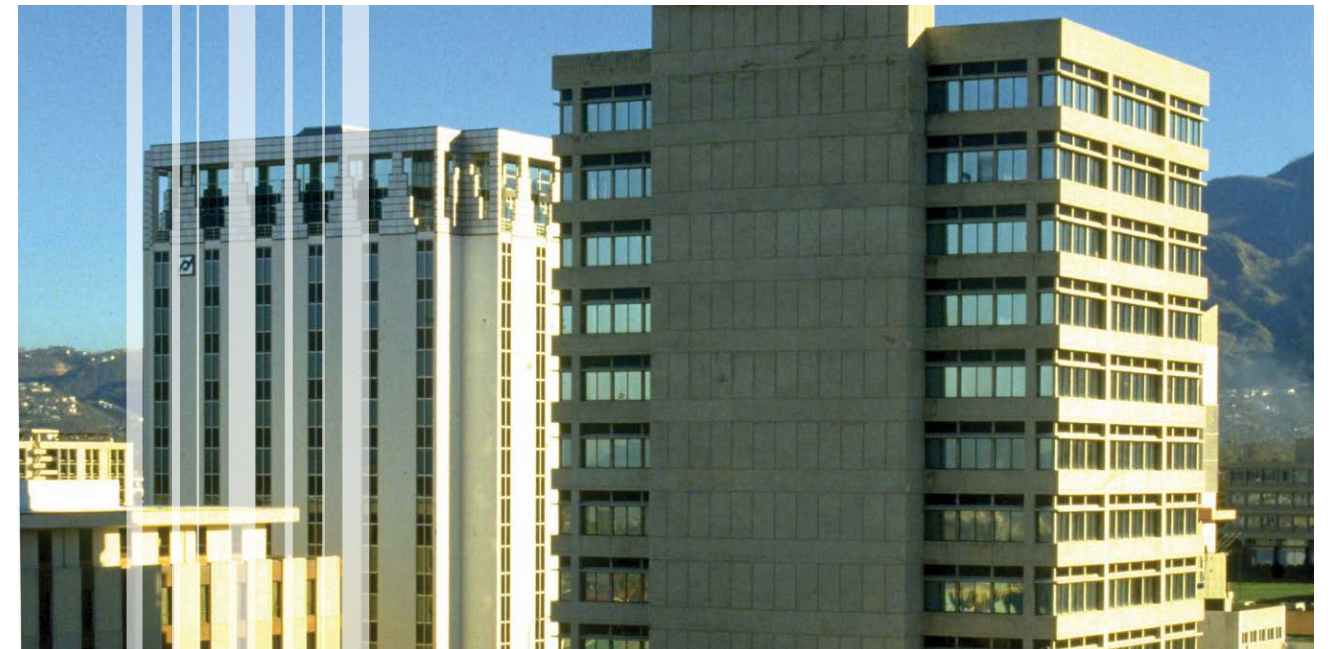
Support Services: With increased activity in manufacturing and distribution, there will be the need for a range of support services, some of which will be dependent on the clusters of commercial activity that become dominant in the various free zones across the island.



¹Long Term Market Forecast (Boeing)

Priority Sectors

INTERNATIONAL FINANCIAL SERVICES



SECTOR OVERVIEW

Jamaica continues the work to establish itself as a sophisticated internationally-recognized financial and business services hub by assiduously reviewing and developing modern financial services legislation on par with other top international business jurisdictions. Jamaica will soon formalize a strong regulatory and legislative framework to facilitate the creation of corporate structures that suit a wide array of international financial transactions. This will be supported by a transparent and highly regulated environment that is committed to maintaining key international regulatory standards in supervision and regulation, as prescribed by such bodies as the Global Forum and the Caribbean Financial Action Task Force (CFATF).

The Jamaica International Financial Services Authority (JIFSA) has been spearheading the thrust to finalise the legal and regulatory framework to establish the foundation of the business environment for international financial and business services. Several pieces of legislation have been drafted for the establishment of international financial entities in Jamaica. These include:

- Partnership (General) Bill
- International Corporate & Trust Services
- Providers Bill
- Partnership (Limited) Bill
- Limited Liability Companies Bill
- Segregated Accounts Companies Bill
- International Business Companies Bill
- Trusts Bill

DEMAND DRIVERS

- **Transparency:** Jamaica is considered a transparent and cooperative domicile in regulating financial services. There is a strong thrust towards transparency and exchange of information is in keeping with the highest global standards.
- **Mature Regulatory and Legal Ecosystem:** Jamaica has a well-developed financial regulatory structure supported by the Financial Services Commission (FSC) and the Bank of Jamaica (BOJ). Jamaica also has a sound legal system based on English common law.
- **Labour Capacity:** The country has a large cadre of lawyers, accountants, bankers and financial professionals, and the sector is further supported by educational institutions that deliver world-class training programmes.
- **Proximity:** Jamaica enjoys close proximity to the largest market for financial services in the hemisphere.
- **Cost Competitiveness:** Investors in Jamaica will be able to access high-quality professional services at highly competitive rates.

KEY TRENDS

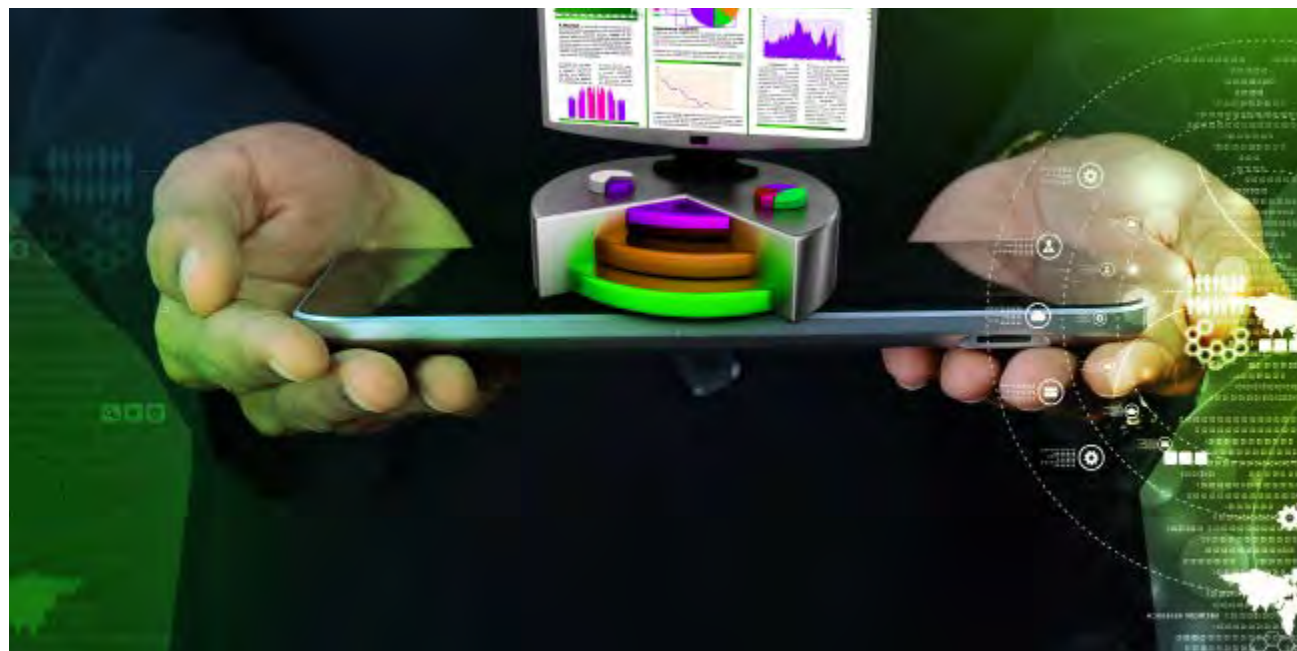
- The size of the global offshore financial sector is estimated at US\$21 trillion.
- There are 134 jurisdictions offering offshore financial services worldwide

INVESTMENT OPPORTUNITIES

The legislation is modelled on the most sophisticated and cutting edge statutory provisions utilized in other prominent international financial services hubs, and tailored to best suit Jamaica's needs. Jamaica is confident that this framework will attract investors to the island that will be able to establish international entities, capitalize on our competitive tax regime, and operate within a well-regulated and business-friendly environment.

Jamaica boasts a pristine record of adherence to the highest standards of compliance and transparency in the international financial services sector. The country holds a distinct advantage over many of its competitors as it possesses a large cadre of educated and skilled professionals providing high-value services at competitive rates.

The on-going expansion of the international financial services industry will result in sustained economic growth and job creation, with a ripple effect throughout varying supporting sectors. Financial institutions stand to benefit significantly, and the direct employment of local professionals (legal, accounting, auditing and insurance) could be as high as 15,000 in the long term. According to a study by KPMG, potential estimated revenue to the Government could be as high as US\$300 million per annum



Priority Sectors

AGRICULTURE



SECTOR OVERVIEW

Jamaica's value proposition as the ideal location for agricultural and/or agribusiness-related investment is predicated on an expansive local market bolstered by over three million visiting tourists annually, the increasing demand for high quality Jamaican produce overseas and the country's proximity to key export markets.

With roughly 518,000 acres of arable land in the country and 305,000 available for new production, there are tremendous opportunities for investors in Jamaica's agriculture sector to serve domestic needs as well as export markets.¹⁴ Agriculture contributes 6.6% to the Jamaican economy and employs over 18% of the workforce. In 2015, traditional and non-traditional exports of agricultural commodities earned over US\$50 million, with goods going to the USA, United Kingdom, Canada and the Caribbean.

The local agricultural sector is poised for growth through investment in import substitution projects, to reduce the island's US\$800 million food

bill, or in production for the export market where Jamaican yams, ginger and pepper among other vegetables and condiments are in high demand. Opportunities exist in the agricultural value chain to develop infrastructure for packaging facilities, cold storage and treatment facilities.

In an effort to boost local production, the Government has implemented the agro park project, which plans to convert 20,000 acres of under-utilized land into agricultural production. This strategy will create 5000 jobs. Among the crops being cultivated in these agro parks are onion, pepper, assorted fruits and vegetables, yam and ginger.

The transformational cassava beer production project by Diageo is expected to significantly increase the farming of Jamaican cassava with 200 acres identified for production. There is also renewed interest in cocoa production on the island, as the country is recognized by the International Cocoa Organization (ICCO) as one of the eight exclusive producers of fine flavoured cocoa.

Jamaica has strong farming traditions that are supported by an enabling environment and an abundance of well-trained personnel. The new millennium agricultural landscape for Jamaica is one

of diversification, niche marketing and value-added products. Growth in the sector will require strong public-private partnership that is research-oriented, market-driven and export-led.



DEMAND DRIVERS

- **Internal Market:** A large domestic market and consistent tourist trade that require a steady supply of produce
- **External Market:** Global demand for high quality Jamaican produce, particularly in Diaspora and ethnic markets
- **Strategic Location:** Close proximity to key export markets such as the US, Canada, Central and South America
- **Unique Flavour Profiles:** Premium Jamaican crops such as the world famous Blue Mountain Coffee, fine/flavour cocoa, high quality pimento and ginger are rated among the best in the world.

KEY TRENDS

- Globally, the agriculture sector is seeking to adopt more efficient and sustainable production techniques and adapt to climate change. Jamaica is on track to realise these efficiencies and mitigate the challenges.
- The world population is expected to grow by over a third (2.3 billion) between 2009 and 2050. The outlook for the growth of the agriculture sector is positive as market demand for food will continue to increase.
- Companies continue to seek investment destinations with fresh water resources and land availability, as scarcity and land exhaustion are threats to the viability of the sector in traditional jurisdictions. Jamaica has vast amounts of unexplored agricultural lands, which make the country ideally suited for agricultural investment.

OPPORTUNITIES

- Contract farming joint venture opportunities to produce crops all year round
- Expansion of fruit tree production for agro-processing and fresh fruit market
- Value-added and niche market opportunities for an increasing range of products (functional foods, nutraceuticals ingredients, seasonings, condiments, spices and other authentic Jamaican food and beverages)
- Aquaculture – expansion of shrimp and fresh water fish to meet the demand of the local market

Priority Sectors

MANUFACTURING



SECTOR OVERVIEW

The manufacturing sector is a key component of the national economy, accounting for 8.6% of GDP and generating export earnings of \$483.3 million in 2015. There are currently over 300 companies in the sector engaged in a diverse array of manufacturing initiatives that include agro-processing, bedding, leather, textile, stone and clay products. The sector is divided into two main categories - traditional and non-traditional. Traditional manufactured goods include food, beverages and tobacco, while non-traditional goods include non-metallic products, chemicals and petroleum products.

Many of Jamaica's manufactured brands are well recognised internationally and have become synonymous with excellence. With Jamaica being located at the hub of air and sea routes in the Northern Caribbean, the country is ideally placed for export-oriented, high value niche manufacturing and assembly operations, which represent a clear competitive advantage in today's global marketplace. Under the Jamaica Logistics Hub initiative, which seeks to position the country as the next ma-

for global transshipment and logistics hub, there will be significant opportunities for business interests to be integrated into the global supply chain.

The Government of Jamaica in an effort to meet international obligations and develop local industry, enacted Special Economic Zone (SEZ) legislation to replace the Export Free Zone Act. The introduction of an SEZ regime offers great potential for investment in manufacturing.

The emerging presence of electronics assembly and fabrication enterprises in Jamaica's manufacturing sector reflects the viability of the country in this regard. Jamaica provides a strong platform for companies seeking a cost-effective manufacturing hub to supply the CARICOM, Latin American or North American markets. The country is increasingly being recognised as a destination of choice for manufacturers looking to move facilities and sources of supply closer to end-markets in an effort to better manage costs and localize their product offerings appropriately with greater speed, agility, and accuracy.

DEMAND DRIVERS

- **Strategic location and market access:** The country's proximity to the United States, Latin American and Caribbean markets provides convenient air and maritime access in moving goods and services to these markets.
- **Infrastructure:** The Port of Kingston is being expanded to accommodate large post-Panamax vessels. The island has a sophisticated road network, three international airports and modern transportation systems. Available commercial space is in proximity to major ports in Kingston and Montego Bay.
- **Skilled and available labour pool:** Jamaica's large English-speaking and skilled workforce is competitively priced and well supported by an impressive mix of public and private sector training institutions.
- **Supportive business climate:** Jamaica offers attractive business incentives and access to

key markets through strategic bilateral trade agreements. Local industry is also well supported by public and private sector stakeholders.

KEY TRENDS

- Manufacturing accounted for 470 million jobs worldwide in 2009. Based on estimates, there are currently well over half a billion global jobs in the sector.
- For developing countries, the manufacturing sector offers the opportunity to re-balance the economy towards higher value-added sectors.
- Manufacturers are moving even closer to the customer via supply chain reorganization and value-added services.



OPPORTUNITIES

- **Contract and light manufacturing:** Identified as strategic areas for development, contract and light manufacturing include the assembly of consumer and electronic appliances, wire harnesses and medical devices.

Other opportunities in the sector include:

- Assembly manufacturing
- Fabrication
- Food processing

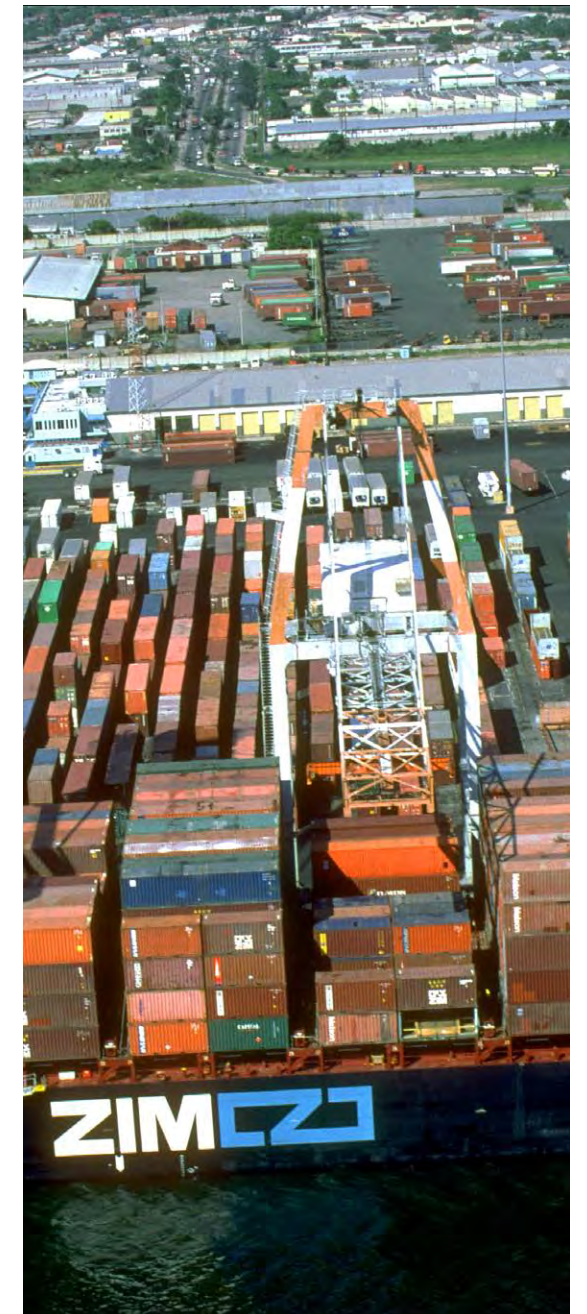
..... Setting Up a Business in Jamaica

Jamaica – A Great Place for Business

Jamaica is a premier investment destination that offers many advantages for international business. With its stable government, independent judiciary, highly skilled and flexible workforce, modern infrastructure, strategic location and pro-business environment, the country continues to enjoy success in attracting FDI in various key sectors.

High profile international brands such as Iberostar, Fiesta Hotel Group (Grand Palladium), Marriott and Hyatt have invested in Jamaica's tourism sector with confidence. In the ICT/BPO sector, the country's strong value proposition has landed global industry players such as West Corporation, Xerox, Sutherland Global Services, Vistaprint and Hinduja Global Solutions. Jamaica welcomes businesspersons to explore the opportunities that exist in the island's competitive business environment, which has the highest rank in the Caribbean for the ease of doing business .

In order to acquaint potential investors with the pertinent requirements for doing business in Jamaica, this section provides an overview of the main rules and regulations that they are likely to come across. It covers areas such as the legal and business framework, labour and employment laws, taxation and other important topics that will provide a strong base of understanding to guide the process of setting up operations in Jamaica.



Setting Up a Business in Jamaica

Registering Your Business or Company in Jamaica

FORMATION PROCEDURES

The two basic structures that a commercial enterprise can utilize in Jamaica are:

- A Company: This is a commercial enterprise that is registered or incorporated under the Companies Act.
- A Business: This is either a sole trader or partnership registered under the Business Names Act.

There are two main procedures that must be followed in order to start an enterprise in Jamaica. Firstly, you must ascertain from the Companies Office of Jamaica (COJ), formerly the Registrar of Companies, whether or not the desired name is available and acceptable. Secondly, the Articles of Incorporation and Business Registration form must also be filed with the COJ.

REGISTERING A COMPANY

In order to confirm a legal company name, you will need to complete and submit a Companies Name Search and Name Reservation Form (Form 6) at the Companies Office of Jamaica (COJ). There is a JMD\$500 fee for the name search and fee of JMD\$3000 for the name reservation. After completing this process, you will be given a letter indicating that the name has been reserved for a 90-day period. At this point, the following three steps are required for completion:

- **The Articles of Incorporation (Form 1A for profit making companies or Form 1B for non-profit companies):** This requires information relating to the name of the company, its registered address in Jamaica, minimum or maximum number of directors and any restrictions on the business that the company may carry on. Also, for companies that have a share capital class, information is required

on the classes of shares, maximum number of authorized shares, and the restriction on share transfers, if any. If the company has more than one class of shares and is issuing more than one at the time of the incorporation, then Form 3 must also be submitted. These articles must be stamped by the Stamp Duty and Transfer Tax Department.

- **The Business Registration Form:** This important “Super Form” (BRF1) must also be completed. It must be signed by all the directors or the secretary of the company, as well as by the individual declaring the accuracy of the information submitted on the form.
- **Valid Identification:** The principal director and the individual declaring the accuracy of the form must obtain an original valid government-issued identification.

These submissions are subsequently examined to ensure completion and accuracy. If these criteria are fulfilled, a certificate is issued within five working days and the process will attract a cost of JMD\$24,000.

REGISTERING A BUSINESS

The following are needed to register a Business Name:

- The Business Registration Form/ Super Form (BRF1)
- A document verifying the proprietor’s current place of address (e.g. driver’s licence or utility bill)
- Proprietor’s Taxpayer Registration Number (TRN)
- A valid government-issued identification for the principal proprietor
- Professional certification where applicable
- Work permit or exemption letter where applicable



The current registration costs for the categories of Business (in JMD) are:

- Sole trader: \$2,500
- Partnerships of 2 to 5 partners: \$2,500
- Partnerships of 6 to 20 partners: \$5,000
- Trade Name (Corporation): \$3,000
- Articles of Incorporation - \$24,500

FORMS AND FACILITIES

The Business Registration Form or “Super Form” (BRF1) allows for “one stop registration” at a single government agency instead of multiple offices. The aim of the form is to collect all the required information for submission and facilitate registration for paying select statutory taxes, namely the National Insurance Scheme (NIS), the General Consumption Tax (GCT). It also allows the business owner to receive a Tax-Payer Registration Number (TRN).

All forms required for naming and registering your business can be obtained from the Companies Office of Jamaica (COJ) or accessed online through its website: www.orcjamaica.com

REGISTERING AN OVERSEAS COMPANY IN JAMAICA

- Foreign investors who want to register a business that they are already operating in their homeland or in another overseas location will be required to submit Form 31 along with a certified copy of the Charter/Statutes/Articles of Constitution of the company to the COJ.
- Business operations balance sheet as well as profit and loss statements must be submitted to the COJ within 30 days of applying for registration.
- Registration with the relevant tax departments to facilitate tax returns and compliance is required
- Note that if the company name is already in use in Jamaica, a ‘trade as’ name will need to be registered in order to operate in the Island.
- Other considerations include application for utility services from water, electricity, telephone and internet providers.
- In order to export from Jamaica, registration is required with the Jamaica Promotions Corporation (JAMPRO). JAMPRO will also facilitate additional registration with other relevant support organizations in the export community

>>> REGISTRATION FOR TAX REMITTANCE cont'd

Setting Up a Business in Jamaica

Registration for Tax Remittance

All legally registered companies operating in Jamaica must go through the tax registration process. This is necessary even if the company's principals are from a foreign territory and are covered under a Double Taxation Agreement (DTA) with Jamaica.

Aside from taxes on income and capital, there are other local taxes that a foreign company may be required to pay. Therefore, after registering the company, you must become a registered taxpayer to start up business operations. To do so, you will need to register with the relevant tax departments in order to ensure business compliance. This process is automatically facilitated through the agencies listed below, utilizing Form BRF1 ("Super Form"), which provides the convenience of "One Stop Registration" in a single location. The Companies Office of Jamaica (COJ) will work with the following agencies to obtain registration for the relevant taxes:

- National Insurance Scheme (NIS) Office for National Insurance Registration
- Tax Office (Tax-Payer Registration Number (TRN) and General Consumption Tax (GCT) Registration (GCT)
- The company will, however, have to apply directly to the following institutions to receive the required status/certification:
 - National Housing Trust (NHT) to obtain clearance as a registered taxpayer
 - Tax Administration Services Department for a Tax Compliance Certificate (TCC)

FILING REQUIREMENTS

The Employer Annual Education Tax and Annual Company Return declarations are both due on January 14.

- General Consumption Tax (GCT) is paid on goods and services by the consumer (individual or corporate) and is applicable at the point of sale/service. Some basic goods such as food items are currently exempt from this tax. The collected GCT is payable on the last day of each month.
- All annual income tax estimates, with details of statutory deductions for employees, are to be filed on or before March 15 of each year. This is necessary for your company to be issued a Tax Compliance Certificate (TCC) for each current period. Estimates must be paid quarterly by the 15th of March, June, September and December of each year. Taxes are paid on profits made.



COMPANY TAXES

The applicable taxes payable to the Government by a business entity in Jamaica are captured below. (Note that some of these are deducted from employee salaries by the employer before the employee receives payment).

- Minimum Business Tax (MBT)
 - Total of JMD\$60,000 due each year
 - Paid in two instalments of JMD\$30,000 by June 15th and September 15th
 - Penalty of 1.5% per month accrues on all unpaid amounts
 - MBT can be used as a credit against income tax liability for that year of assessment
- Taxes on Income & Gain
 - Income Tax (25%) for non-regulated companies
 - Income Tax (33¹/₃%) for regulated companies
 - Transaction taxes
 - General Consumption Tax (GCT 16.5%)
 - Transfer
 - Customs
- Taxes on Property
 - Land/Property Tax and /or
 - Asset Tax

EMPLOYEE PAYROLL TAXES

As an employer in Jamaica, it will be your responsibility to deduct the taxes to be remitted to the Government from your employees' pay and emoluments prior to paying over their salaries to them. Exceptional cases must be covered by a tax indemnity letter issued to such an employee, along with a 'P24' (if employed on a contractual basis). Any such employee would be required to file his/her own tax return. Employees are not taxed on the first J\$1,000,272 they earn per annum. This tax break is usually spread over 12 months. All payroll deductions are scheduled to be paid over to the tax department on the 14th day of each month.

- Payroll Taxes (employee deductible taxes) Pay as You Earn (P.A.Y.E) Income Tax not eligible for credit.
- National Income Scheme Tax (NIS – contribution to social security)
- National Housing Trust (NHT – contribution to housing development)
- Education Tax (Ed. Tax – contribution to education development)
- Human Employment and Resource Training (HEART) contribution

BORDER TAXES AND FEES

Jamaica currently does not impose any tax on capital and is party to 12 Double Taxation Treaties. The country has also signed on to some 27 Bilateral Investment Treaties. Notwithstanding this, the following list of border taxes may be applicable in certain instances:

- **Import Duty:** This is payable on goods that are imported and the rates are published in the Jamaica Customs Tariff.
- **Common External Tariff:** This is applicable to goods originating within the Caribbean Common Market (CARICOM). These goods are not subjected to customs duty but General Consumption Tax (GCT) is still payable.
- **General Consumption Tax (GCT):** This is payable on all goods and services being imported with the exception of those that are zero-rated and those exempted from GCT. There are also some items that attract a Special Consumption Tax.



- **Standard Compliance Fee:** This is a 0.3% fee that is charged on the Cost Insurance Freight (CIF) value and is collected for the Bureau of Standards Jamaica (BSJ).
- **Customs Administration Fee:** Processing fee is a requirement for certain documents that are submitted to the Customs Department.
- **Stamp Duty:** This is a postage stamp of JMD\$5 affixed to receipts with a CIF value amounting to JMD\$5,500 or less. Receipts that are above this amount attract a fee of JMD\$100.
- **Additional Stamp Duty:** This is applicable to certain specific items.
- **Environmental Levy:** This is a 0.5% calculated on the CIF value of all imports.

Other taxes and fees that may be applicable to your company's operation in Jamaica include:

- Annual Company Registration
- Motor Vehicle Licence and Fitness Taxes
- Travel Tax (for executives or employees commuting internationally)
- Hotel Accommodation
- Construction
- Document Taxes
- Stamp Tax on authorized Share Capital
- Property Tax (payable April 1)
- Annual Declaration of Assets & Tax Payment (payable September 1)

.....Setting Up a Business in Jamaica

Incentives for Business Entities



OMNIBUS INCENTIVE REGIME

Under the new Omnibus Incentive Regime, varying levels of relief are provided to businesses in respect of customs duties, additional stamp duties and corporate income tax. The Omnibus Incentive Regime is governed by the following four pieces of legislation:

I. THE FISCAL INCENTIVES ACT, 2013

Targeted at small and medium size businesses, this Act provides for the reduction of the effective corporate income tax rate by applying:

- The Employment Tax Credit (ETC) at a maximum value of 30%
- A Capital Allowance applicable to a broadened definition of industrial buildings

BENEFITS FOR SMES UNDER THE FISCAL INCENTIVES ACT

Employment Tax Credit (ETC)	Capital Allowance
Provides an unregulated or a self-employed company with tax credit amounting to a maximum of 30% of the accumulated employer's portion of the statutory deductions for both new and existing employees. The ETC is calculated within the year that the company's tax liability is assessed	Reduces the proportion of company's income against which the corporate income tax will be charged. The Omnibus Incentives regime provides for an initial 20% allowance on capital expenditure related to construction, alteration and renovation of industrial buildings. Expenditure related to the purchase of an industrial building will not qualify for the initial allowance.
Where the full 30% ETC is applied, the company's effective corporate income tax rate will amount to 17.5%, as opposed to the default headline tax rate of 25%. The eligible payroll statutory contributions are: <ul style="list-style-type: none"> • Education Tax • National Housing Trust (NHT) • National Insurance Scheme (NIS) • Human Employment And Resource Training (HEART) 	Assets purchased on or after January 1, 2014 are written off in accordance with the new capital allowance regime. The definition of industrial buildings is significantly expanded to include: <ul style="list-style-type: none"> • structure used directly in production of primary products; • hotel licensed by Jamaica Tourist Board (JTB); • hospital and certain other healthcare facilities; • multi-storey car park; • building located in Export Free Zone area designated as such by the • Jamaica Export Free Zones Act • building or structure constructed pursuant to a public private partnership agreement

2. THE INCOME TAX RELIEF (LARGE-SCALE PROJECTS AND PIONEER INDUSTRIES) ACT (2013)

This Act benefits large-scale projects and/ or pioneering projects by facilitating an improved and more attractive rate for the Employers' Tax Credit (ETC). The designation of projects as large-scale or pioneering will be based on the decision of Parliament, having been duly informed by an economic impact assessment.

- Large Scale projects will be assessed as such based on the value of the capital expenditure, employment created and business linkages secured.
- Pioneer Industries projects are identified as those employing new, cutting edge and innovative methodologies and technologies. Such projects need not be large in scale, but should be transformational in nature, creating value-added impact to the Jamaican economy and society.
- Development of the regulatory framework for this Act is well advanced.

3. A CUSTOMS TARIFF (REVISION) RESOLUTION

Major revisions to the Customs Tariff include the general lowering of the tariff rates as well as the introduction of the Productive Inputs Relief (PIR).

The Productive Inputs Relief (PIR) allows some producers and service providers relief from customs duty and additional stamp duty on the importation of certain 'productive inputs', in addition to capital equipment and machinery. In addition to the manufacturing and agricultural sectors, relief will also be granted on certain products imported for use in the tourism, creative arts, and healthcare industries.

Goods available domestically or from a manufacturer within the CARICOM Common market will not be afforded the relief.

4. A STAMP DUTY ACT (REVISED)

This piece of legislation, which is targeted at the manufacturing sector, provides stamp duty exemption on raw materials and non-consumer goods.

ADDITIONAL BUSINESS INCENTIVES

In addition to the fiscal benefits under the Omnibus Incentive Regime, several other incentives programmes are available. Key among them are:

SPECIAL ECONOMIC ZONES ACT

The Special Economic Zones (SEZ) Act came into effect August 1, and repealed the Jamaica Export Free Zones Act. A special economic zone, as designated by the Act, is a designated geographical area limited to specific economic activities. The SEZ regime provides a wide range of tax concessions for entities entering that regime including a maximum Corporate Income Tax Rate of 12.5%.

The SEZ regime allows for interested parties to be developers, occupants and users of spaces designated as SEZs by the SEZ Authority.

The SEZ regime does not allow for operations in the following: extractive industries, telecommunications, financial services, catering, retail trade, health services (excluding R&D), construction services, public utilities, real estate and property management and tourism services.

Other incentives include:

- Urban Renewal Incentives
- Income Tax Act (Junior Stock Exchange)
- Bauxite and Alumina Industries (Encouragement) Act

Setting Up a Business in Jamaica Labour Regulations

WORK PERMIT FOR FOREIGN NATIONALS

Foreign nationals coming to Jamaica on business are required to obtain a business visa. For those wishing to work in the country, they must apply for a work permit from the Ministry of Labour and Social Security (MLSS) through one of the following options:

- Prospective employer
- Contractor
- Jamaica Promotions Corporation (JAMPRO) - the national investment and trade promotion agency
- A legal representative

The employment of non-Jamaicans in Jamaica is governed by the Foreign Nationals and Commonwealth Citizens (Employment) Act According to the Foreign Nationals and Commonwealth Citizens Employment Act. A work permit should be obtained prior to arrival in Jamaica.

LABOUR RELATIONS

Jamaica is a signatory to several fundamental conventions of the International Labour Organization (ILO), which governs international issues related to labour and worker rights. Additionally, the work climate in Jamaica is governed by the Labour Relations and Industrial Disputes Act (LRIDA).

Jamaica's labour laws seek to promote harmony between employers and employees. The Pay and Conditions of Employment Branch of the Ministry of Labour and Social Security (MLSS) is charged with ensuring the maintenance of minimum standards set out in the various labour laws relating to notice pay, redundancy pay, holidays with pay, maternity leave, national minimum wage and the minimum wages in certain trades, which are announced from time to time. Some workers are represented by trade unions that negotiate workers' benefits and ensure workers'

rights are upheld.

WORK HOURS

Generally, most business establishments adhere to a 40-hour/5-day work week. However, persons in the services industries tend to work more varied days and hours. In some cases, overtime pay will accrue to the worker in excess of 40 working hours.

EMPLOYMENT (TERMINATION AND REDUNDANCY PAYMENTS) ACT & REGULATION (1974)

- No notice is required by either party (employer/ employee) during the first 90 days of the probationary period.
- Thereafter, the length of notice required will depend on the length of service of the employee. For example, two weeks after the first four weeks of continual employment but less than five years of employment; four weeks if more than five years but less than 10 years of employment and longer periods of notice according to more extended years of services.
- If entitled to notice, an employee may be dismissed with payment in lieu of notice (according to the number of weeks stipulated for the applicable notice period).
- Notice should be given in writing if dismissal is done without the benefit of a "credible witness".
- According to the Redundancy Act, an employee is entitled to redundancy payment after 104 weeks of service if his/her services are deemed redundant (that is, the position is no longer relevant or the service necessary, if the employee is no longer able to provide the service, perhaps due to illness or if the company is folding or relocating, inter alia)



NATIONAL MINIMUM WAGE

- There is a national minimum wage that is set by the Government as a guide for compensating unskilled workers.
- The current minimum wage is J\$6,200.00 per week

HOLIDAY WITH PAY ACT (1973)

- All workers are entitled to sick leave and vacation leave after working continuously for a period of 110 days but less than 220 days, earning leave at a rate of one day for every 22 days worked.
- After working 220 days in a year of employment, the worker is entitled to two normal weeks of vacation (10 working days).
- Sundays, Good Friday and other public holidays cannot be counted towards vacation leave
- Sick leave with pay is calculated at the same rate as vacation leave with pay
- Casual workers are entitled to gratuity after 110 days

MATERNITY LEAVE

- It is an offence, punishable under Jamaican law, to dismiss a worker as a result of her pregnancy without another reasonable cause for dismissal
- It is within the right of the employer to request a medical certificate to confirm the expected date of the birth of the child, once informed of the pregnancy/need for leave
- It is the employee's duty to inform her employer of the fact that she is pregnant and will need to be away from work for the maternity leave period
- Continuity of employment, benefits or seniority should not be affected by maternity leave.

Setting Up a Business in Jamaica

Registering Intellectual Property (IP)



Jamaica’s commitment to Intellectual Property (IP) protection is reflected in the fact that Jamaica is signatory to every major international copyright and related rights treaty and agreement administered by the World Intellectual Property Organization (WIPO) and the World Trade Organization (WTO).

Through the Jamaica Intellectual Property Office (JIPO), an agency of the Ministry of Economic Growth and Job Creation, companies and individuals operating in the country are encouraged to register their IP locally in order to reap the full benefits of their creativity and enjoy protection from piracy.

JIPO offers guidance on how to proceed with registering your IP under the following areas:

- Copyright: Poetry, music, screenplays etc.
- Industrial Property Designs: Trademark, designs and patents
- Geographical Indicators

For further information on Copyright and Related Rights, please visit the JIPO website at <http://www.jipo.gov.jm/Financing Options>

Setting Up a Business in Jamaica

Site Selection and Development Approvals

Once a prospective investor has identified a suitable business location, approval must be sought from the Parish Council, which is the local building authority. The process may also include seeking environmental, planning and/or subdivision approvals, which are all guided by the Building Act and other related legislation. In its role as investment facilitator, the Jamaica Promotions Corporation (JAMPRO) guides investors through the overall process of gaining approvals and works closely with the relevant authorities to ensure efficiency in the delivery of services at the various stages.

Environmental approval is required under the National Resources Conservation Act. Applications are submitted to the National Environment and Planning Agency (NEPA), with the National Resources Conservation Authority (NRCA) serving as the approving entity.

- Planning approval is required under the Town & Country Planning Act. Application submissions are made to the local planning authority in the respective parish councils as well as the Kingston and St. Andrew Corporation (KSAC). Approvals are granted by the Town and Country Planning Authority and local planning authorities.
- Permission for subdivision is required under the Local Improvements Act. Applications are made to the local authority. With the recommendation of NEPA, approvals are made by the respective Parish Council and the KSAC.

Setting Up a Business in Jamaica

Financing Options

As a legally registered entity, you will have access to various loans and grant schemes. Some of the loan options are facilitated by commercial banks, building societies and development banks. The Development Bank of Jamaica (DBJ), for example, has secured funding for strategic investment projects and is currently disbursing loans to entities operating in the Information and Communication Technology (ICT) and Business Process Outsourcing (BPO) sector.

..... Global Connectivity

Global Connectivity

Global Connectivity

Global Connectivity

Networked for International Success



Jamaica's geographic location, between North and South America, is of strategic importance for global trade and investment. As companies seek to expand their foothold in new and emerging markets, Jamaica is poised to significantly increase its role in global business.

The country's business ecosystem is not only comprised of the sectors that shape the economy, but also of the various players, customers, supporting systems and structures within each sector. These elements are connected through a robust supply chain of partners such as customs, the banking system, and the transportation and distribution network.

The presence of sophisticated, robust air and sea ports on the island puts Jamaica in a strong position to meet the demands of a fast-paced and interconnected world by allowing ease of movement of people, goods and services in high volumes. The Government of Jamaica is committed to maintain-

ing and improving Jamaica's connectivity through the development of world-class infrastructure.

High-quality infrastructure is important to economic prosperity for many reasons. Advancements in areas such as transport, road networks, commercial space and telecommunications help to integrate economic activities across regions and markets. This creates vital linkages, which enable the efficient functioning of markets for goods, services and labour, and increases productivity and international competitiveness.

..... Let's Do BUSINESS!



Transportation & Distribution Network

Air Transport

With the growth of international trade in the age of globalization, there is a greater demand for commercial air transport. In order for companies to compete at a global level, the use of air transport is essential to meet the realities of modern business and just-in-time logistics.

Jamaica boasts three international airports that have each benefited from extensive modernization over the past five years. The Norman Manley International Airport (NMIA), Sangster International Airport (SIA) and Ian Fleming International Airport (IFIA) serve as the major air hubs for passengers and cargo moving into and out of the country.

NORMAN MANLEY INTERNATIONAL AIRPORT (NMIA)

NMIA is located on a picturesque peninsula twenty minutes from Kingston's business centre. It is bordered by the seventh largest natural harbour in the world, Kingston Harbour, and is one of Jamaica's global gateways. It is the primary airport for business travel to and from Jamaica and also for the movement of air cargo. NMIA caters to over 1.4 million passengers annually and handles in excess of 12 million kgs of airfreight.

A major economic catalyst for the Kingston Metropolitan Area, the value of the economic activity generated by NMIA is estimated at JMD\$15.2 Billion (equivalent to 5.6% of GDP). The airport is

currently served by 13 International airlines which include: Air Canada, Rouge, Aerogaviota, American Airlines, British Airways, Caribbean Airlines, Cayman Airways, Copa Airlines, Fly Jamaica, Insel Air, Inter Caribbean Airways, Jet Blue, Spirit Airways and West Jet. Plans are currently being pursued to currently being pursued to lengthen the runway and develop additional cargo space.

SANGSTER INTERNATIONAL AIRPORT (SIA)

Ideally located on Jamaica's northwest coast in the regional tourism hub of Montego Bay, the Sangster International Airport (SIA) is the leading tourism gateway to the island. It is the country's largest airport, and handles 3.6 million passengers annually with a peak arriving and departing capacity of 4,200 passengers per hour. Approximately 95% of total passengers at the airport are travelling internationally, and over 70% of the two million stopover visitors to Jamaica use SIA as their primary airport. The airport is within a comfortable driving distance of the cruise ports at Montego Bay, Ocho Rios and Negril. Forty-two per cent of the airlines that use SIA handle cargo, and the airport plans to expand its runway and develop this area as part of its growth strategy.

>>> TRANSPORTATION & DISTRIBUTION NETWORK cont'd



IAN FLEMING INTERNATIONAL AIRPORT (IFIA)

The Ian Fleming International Airport (IFIA), which was opened in 2011, primarily handles small jets. Located in Boscobel, St. Mary, IFIA sought to attract international arrivals from the high-end tourism market to Jamaica's northeast coast. It is located 15 km (9 miles) from the resort town of Ocho Rios in St. Ann.

AERODROMES

Jamaica is presently served by three domestic aerodromes - Tinson Pen in Kingston, Ken Jones in Portland and Negril in Westmoreland. Their proximity to major resorts makes them especially important in the intra-island movement of tourists, business passengers and light cargo around the island.

The largest of the country's three aerodromes, Tinson Pen is adjacent to the Kingston Free Zone and the Port of Kingston, the largest transshipment port in the English-speaking Caribbean. As a vital commercial link between Kingston and Montego Bay, this aerodrome caters mainly to business travellers and offers a variety of small parcel services. Daily flights to the resort cities of Montego Bay, Negril, Ocho Rios (via Boscobel) and Port Antonio are also offered. Tinson Pen also facilitates non-scheduled and private aircrafts.

The Ken Jones Aerodrome, which is 10 km (6 miles) from Port Antonio, serves the tourist resorts in the northeast section of Jamaica, as well as the local travel market. The aerodrome has a single runway and a terminal building with a passenger-waiting lounge and seating for 24-30 persons.

The Negril Aerodrome is situated just 7 km (4 miles) north of Negril Point and primarily serves the resort areas in the western end of the country. The extension of the runway at the aerodrome, which was completed

in late 2005, has significantly improved the level of service and operational safety at the aerodrome.

As the importance of air transport continues to grow in the context of global economic expansion, Jamaica continues to develop and maintain world-class infrastructure and linkages in this area. This will serve to strengthen Jamaica's position as a location that is equal to the demands of logistics and efficient supply chain management.

Road Network

Highway 2000, Jamaica's first toll highway, connects the capital Kingston in the southeast of Jamaica with the tourism centres of Montego Bay in the northwest and Ocho Rios on the north central coast. The project was designed to facilitate direct and efficient linkages between economic centres in the country, as well as to be a catalyst for additional economic and developmental activities in several parishes.

Several legs of the project have been completed, and work continues on rolling out the 230-km (143-mile) highway network. The 47km North-South leg of the highway from Caymanas, St. Catherine to Ocho Rios, St. Ann was opened to the public decreasing transit times to under an hour. The project, which is a public-private partnership, has established strong connectivity with the island's main international airports and has also, addressed the problems of reduced economic activity and road congestion by:

Providing direct and efficient links between the major economic centres

- Facilitating the commute from suburban and rural areas
- Creating greater ease of movement of goods across the island
- Increasing the safety of motorists and reducing vehicle operating costs as a result of high-quality highway construction.



The Government of Jamaica has also embarked on road development initiatives in recent years, which has significantly improved the island's road network.

Sea Freight Services

Kingston Wharves Limited (KWL) is recognized as the region's leading multipurpose port terminal operator, connecting Jamaica's importers and exporters to over 20 international ports in the Caribbean, Latin and North America. The 25-hectare terminal offers 22 hectares of open storage with 30,000 square meters of covered warehousing and cold storage. The company also has 53,000 square meters of secure off-dock storage for motor vehicles.

KWL operates a terminal in Port Bustamante, and adjoins the Kingston Container Terminal. The facilities under the purview of KWL play a critical role in the island's logistics infrastructure, and will be an important component of the Jamaica Logistics Hub initiative.

The Kingston Container Terminal (KCT), one of the leading container transshipment ports in the region, is also a key player in Jamaica's foray into the global logistics industry. Owned by the Port Authority of Jamaica (PAJ), KCT is equipped with world-class facilities and has an annual rated capacity of 3.2 million TEUs. The mainline services are to North and South America, Europe, the Far East and Australia. The impending completion of the Panama Canal expansion project in 2015 is expected to be a game changer in the regional containerized cargo trade. In light of the port's strategic geographical position, plans are underway to prepare KCT for achieving mega hub status, as well as to maximize the expected benefits of the expansion.

Some of the major shipping lines that stop in Jamaica are:

- Zim
- Evergreen Line
- Hapag-Lloyd
- APM-Maersk
- Mediterranean Shipping Company
- CMA CGM Group

>>> TRANSPORTATION & DISTRIBUTION NETWORK cont'd

Special Economic Zones

The PAJ operates a network of free zones, which are strategically located in close proximity to key ports and urban centres. This network includes the Kingston Free Zone, Montego Bay Free Zone, Jamaica International Free Zone and the Portmore Informatics Park. These zones have played an important role in encouraging commerce while attracting inward investment, particularly in the ICT/BPO sector.

The Government of Jamaica has repealed the Export Free Zone regime and as of 2016 instituted a Special Economic Zone regime to attract and retain targeted investments and sustain economic activity across various sectors of the Jamaican economy. This new SEZ regime seeks to bring the

country into compliance with the World Trade Organization (WTO) Agreement on (Export) Subsidies and Countervailing Measures. In the process, it also aims to facilitate a seamless interface with the domestic suppliers, and grow business-to-business linkages that would serve to grow domestic businesses to access new markets.





Business Support & Development Partners

Jamaica Promotions Corporation (JAMPRO)

Website: www.jamaicatradeandinvest.org

JAMPRO, Jamaica's investment and export promotion agency, promotes business opportunities in a number of targeted sectors such as Tourism, Information and Communication Technology/Business Process Outsourcing (ICT/BPO), Logistics, Manufacturing, Agriculture, Creative Industries, Mining and Energy. Operating under the Ministry of Economic Growth and Job Creation, the agency works closely with local and foreign investors, guiding them through the necessary processes and offering support even after their investments are operational. As it relates to exports, JAMPRO is committed to the national effort to grow the Jamaican economy by facilitating the export of Brand Jamaica goods and services through an impressive suite of support services.

Jamaica Customs Agency (JCA)

Website: <http://www.jacustoms.gov.jm>

The Jamaica Customs Agency is charged with ensuring the equitable collection of revenue, protection of Jamaica's borders against illicit imports and the facilitation of trade. The agency recently benefited from three important trade facilitation reforms - Automated Systems for Customs Data (ASYCUDA), the Port Community System (PCS) and e-Trade. These reforms are expected to automate and expedite the process of exporting and import.

Development Bank of Jamaica (DBJ)

Website: www.dbankjm.com

The Development Bank of Jamaica (DBJ) facilitates the growth and development of all viable enterprises in the productive sectors of the Jamaican economy. DBJ provides direct lending for large projects in strategic areas, as well as medium and long-term financing solutions to all entities. It also supports the management and privatization of national assets and investments.

Port Authority of Jamaica (PAJ)

Website: www.portjam.com

The Port Authority of Jamaica (PAJ) is the statutory corporation responsible for the regulation and development of Jamaica's port and shipping industry. The corporation is responsible for the safety of all vessels navigating the ports of entry and the regulation of the tariffs charged on goods passing through the public wharves. Additionally, the PAJ regulates the establishment and operation of all port facilities and develops safe, secure and efficient port infrastructure in Jamaica.

Urban Development Corporation (UDC)

Website: www.udcja.com

The mandate of the Urban Development Corporation (UDC) is to stimulate urban development through the planning and implementation of comprehensive development projects and programmes.

Jamaica International Financial Services Authority (JIFSA)

The Jamaica International Financial Services Authority (JIFSA) was established for the promotion and development of Jamaica as a centre for International Financial Services. It is mandated to establish and maintain international linkages aimed at positioning the country's international financial services sector on the global landscape. While the centre is not yet in operation, as at January 2014, seven bills were drafted with two ready for Cabinet submission.

Companies Office of Jamaica (COJ)

Website: www.orcjamaica.com

The Companies Office of Jamaica (COJ) is committed to enhancing trade and commerce through the efficient registration and regulation of businesses and the provision of accurate information. The COJ registers local and overseas companies, as well as individuals carrying on business in Jamaica. It actively encourages voluntary compliance of companies and businesses with the relevant laws, and strives to maintain up-to-date records of all companies and businesses registered.

National Environment and Planning Agency (NEPA)

Website: www.nepa.gov.jm

The National Environment and Planning Agency (NEPA) promotes sustainable development by ensuring protection of the environment and orderly development in Jamaica. The agency's vision is for the natural resources of Jamaica to be used in a sustainable way, and it seeks to foster a broad understanding of environment, planning and development issues, with extensive participation amongst citizens and a high level of compliance to relevant legislation.

Jamaica Exporters' Association (JEA)

Website: www.exportjamaica.com

The Jamaica Exporters' Association (JEA) is a non-governmental, membership-based organization that is committed to facilitating the growth of Jamaica's exports by promoting and supporting the growth and development of the export sector.

Jamaica Manufacturers' Association (JMA)

Website: www.jma.com

The Jamaica Manufacturers' Association (JMA) is an industry organisation comprised of members from the local manufacturing sector. It provides support to manufacturing operations in Jamaica in areas such as capacity building, advocacy and training.

Jamaica Chamber of Commerce (JCC)

Website: www.jamaicachamber.org

The Jamaica Chamber of Commerce (JCC) is a membership-based organization comprised of businesses and professionals working together to build and promote a healthy economy. The goals of the organisation are to facilitate the profitable growth of businesses through leadership, advocacy and the provision of support services.

Jamaica Hotel and Tourist Association (JHTA)

Website: www.jhta.com

The Jamaica Hotel and Tourist Association (JHTA) represents Jamaican hotels, other visitor accommodations as well as most suppliers of goods and services to the local tourism industry. The main aim of the JHTA is to promote the development of Jamaica's hospitality industry and represent the interests of its members in all fora.

Business Process Industry Association of Jamaica (BPIAJ)

Website: www.bpiaj.com

The Business Process Industry Association of Jamaica (BPIAJ) supports the growth and development of the Information and Communication Technology/Business Process Outsourcing (ICT/BPO) sector in Jamaica. The BPIAJ's mission is to lobby the government on behalf of BPO operators in an effort to improve the operating and regulatory environment, as well as promote the attractiveness of Jamaica as an investment destination.

Private Sector Organisation of Jamaica (PSOJ)

Website: www.psoj.org

The Private Sector Organisation of Jamaica (PSOJ) is a national organisation of private sector associations, companies and individuals working together to promote a competitive and productive private sector. The organisation seeks to influence national policy issues of a political, social, or economic nature. The Executive Committee, under guidance from the Council, leads this process by promoting discussions with the government and other relevant stakeholders. The organisation is also in close and constant contact with the major multi-lateral and bi-lateral agencies.

Trade Agreements

Trade Agreements

An Investor's Guide to
Jamaica's Investment & Trade Agreements



Let's Do
 **BUSINESS!**

Benefits of a Business Partnership with Jamaica

As an open economy with compelling business prospects, Jamaica has negotiated and entered into Bilateral Investment Treaties (BITs), Double Taxation Agreements (DTAs) and various Trade Agreements with various countries in an effort to enhance relationships and ensure that trade and investment ties yield maximum benefits. These agreements have solidified Jamaica's reputation as an attractive, investor-friendly destination for transnational business, as evidenced by the growing interest in the island by investors seeking to establish hotel developments, Business Process Outsourcing (BPO) operations and other investment projects.

Jamaica is also an active partner in many multilateral trade agreements that allow goods made in Jamaica, mainly of Jamaican inputs, to enter partner countries duty free. In some cases too, Jamaica will also receive select goods from its trading partners under special tax reduction arrangements. Here is a quick guide to the critical agreements that exist between Jamaica and its trading and investment partner countries, which will easily facilitate your efforts to establish a business in Jamaica and/or export from Jamaica.



BILATERAL INVESTMENT TREATIES (BITS)

BITs will allow a company from a country with whom Jamaica has signed such a treaty to easily set up a business in Jamaica. BITs generally extend a raft of benefits to investors; but more specifically, if you are setting up a business in Jamaica, they will allow your company to:

- Benefit from the same protection as any Jamaica business under the National Treatment law
- Be exempt from any act of expropriation by the government of the host country
- Repatriate profits generated in the host country
- Be absolutely secure in business operations once conducted within the boundaries of the Jamaican laws
- Be confident in having an opportunity to explore dispute settlement through local tribunal/arbitrators

Additionally, the agreements are couched in the generic language of legal contracts, stipulating:

- The types of investment to be established as "every kind of asset invested by investors of one Contracting Party in accordance with the laws and regulations of the other Contracting Party in the territory of the latter and includes movable and immovable properties and other property rights; shares in companies and other forms of interests; copyright and know-how and technological processes, [inter alia]"
- Who an investor is in relation to the foreign country, for example, a person with national registration and economic companies in origin country
- Who the host country is
- Conditions of returns (yields of the investments such as profits, dividends, interests, royalties)
- Date of entry into force and that agreements may usually be amended or dissolved with due notice, without prejudice

Jamaica currently has enforceable BITs with the countries listed below. In an effort to encourage more investors to the Island, Jamaica continues to negotiate the establishment of BITs with other partners.

Jamaica's Current BIT Partners

- | | |
|---------------|--------------------------------|
| • Belgium | • Ghana |
| • Luxembourg | • India |
| • Colombia | • Indonesia |
| • Cuba | • Italy |
| • Iceland | • Singapore |
| • Germany | • Zimbabwe |
| • Malaysia | • The United States of America |
| • Mauritius | • Kuwait |
| • China | • Swiss Confederation |
| • Egypt | • Switzerland |
| • Nigeria | • Sri Lanka |
| • Netherlands | • Turkey |
| • Spain | • United Kingdom |
| • France | • Venezuela |

DOUBLE TAXATION AGREEMENTS

The Double Taxation Agreements (DTAs) signed between Jamaica and its partner countries will protect you as a foreign investor from the burden of being taxed on your income in your home country (where the business principals reside) and also in Jamaica. Hence, once there is a DTA signed between Jamaica and your country, you and your company can be assured of exemption from paying taxes on income and/or capital in your country of residence as it relates to profit on income from trading in Jamaica (depending on the terms of the agreement between your country of residence and Jamaica). The table below shows the countries that have signed DTAs with Jamaica that render investors from these countries exempt from paying taxes on income and/or capital in both states (that is the country of residence and the source country).

Jamaica's DTA Partners	Agreement Type
Canada	Income & Capital
China	Income & Capital
Denmark	Income & Capital
France	Income & Capital
Germany	Income & Capital
Israel	Income & Capital
Norway	Income & Capital
Spain	Income
Sweden	Income & Capital
Switzerland	Income & Capital
United Kingdom	Income & Capital
United States	Income & Capital
CARICOM States	Income & Capital

MAJOR TRADE AGREEMENTS

Jamaica has been a signatory to numerous international trade agreements with other countries, some dating as far back as the 1970s. In the past, most of these agreements allowed Jamaican goods to enter partner countries without paying the applicable duties or extending similar treatment for imports from those countries. However, some of these agreements have been revamped in order to conform to the new rules of the World Trade Organization (WTO), which foster reciprocity in trade. Despite these new WTO rules, Jamaica continues to enjoy favourable multilateral arrangements with several developed countries and trading blocs, which serve to stimulate the country's outward trade. Jamaica's major trade agreements with select partners such as the European Union, the United States and CARICOM provide a range of opportunities to the landed investor seeking to export from Jamaica to these trading partners. In order to access these privileges, goods from Jamaica destined for the free trade areas are required to meet local standards and regulations in the importing country as it relates to ingredients, labelling and packaging. The key features of these trade agreements are outlined below:

THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)

- This is a multilateral agreement between 27 countries of the European Union (EU) and the 15 CARIFORUM countries (which includes the Caribbean Community (CARICOM) and the Dominican Republic). The agreement was concluded on the December 16, 2007, and came into force in 2012.
- The EPA replaces the previous non-reciprocal trading arrangement between the EU and the African, Caribbean and Pacific (ACP) countries and is a successor to the trade provisions of the Cotonou Agreement.
- The Agreement includes sections on goods (agricultural and industrial); fisheries; services; investment; intellectual property; public procurement; standards issues; trade defence instruments (anti-dumping, countervailing measures and safeguards); competition; dispute settlement; customs and trade facilitation; environment and social aspects.
- The EPA facilitates ease of trade by granting duty free and quota free access of CARIFORUM goods (except for rice & sugar) to the participating EU member countries and also seeks to provide development cooperation to Jamaica and other CARIFORUM member states.
- The Agreement accords duty-free access to most goods and services originating in Jamaica that is destined for the EU. Jamaica (and other members of the CARIFORUM) is to also extend this courtesy to goods and services originating in member countries of the European Union.
- With services being considered as tradable under the EPA, Jamaican professionals will be able to offer their services in the EU, whether virtually or if granted temporary work permits to work in the region. Services include the creative and entertainment industries.
- For the EU, there will be a phased removal of tariffs on goods being exported to Jamaica over a 25-year period. Additionally, some goods will not be liberalized to the EU's advantage (as a safeguard for vulnerable sectors such as agriculture).

- Rules of Origin have been improved to accommodate essential materials originating from third countries required for input for manufacturers to be exported to the EU, such as processed agricultural products, fisheries, textiles and clothing.
- As with any trade agreement, there are exception clauses pertaining to what goods and services may access the duty free arrangement in each market.

THE CARIBBEAN BASIN INITIATIVE (CBI)/ CARIBBEAN BASIN ECONOMIC RECOVERY EXPANSION ACT (CBERA) & CARIBBEAN BASIN TRADE PARTNERSHIP ACT (CBPTA)

- The CBI comprises the Caribbean Basin Economic Recovery Act of 1983 (CBERA) and the Caribbean Basin Trade Partnership Act of 2000 (CBPTA).
- The CBI Act was established by the US in 1984 to provide economic aid to Jamaica (and 23 other countries in the Caribbean and Central America) through the waiver of tariff benefits.
- In order to benefit, at least 35% of the product's value must have originated in Jamaica or another CBPTA beneficiary's territory. The 35% can be reduced to 20% if not less than 15% of the product originated in the US or Puerto Rico.
- Initially benefits under CBERA were temporary and many goods including textiles, leathers, petroleum and derivatives and certain footwear were excluded.
- In 1990, CBERA was amended to repeal the termination date, thereby making the benefits under CBERA of indefinite duration.
- CBPTA amended CBERA to give the equivalent of North American Free Trade Agreement (NAFTA) tariff treatment to goods previously excluded from preferential treatment – including certain footwear, canned

tuna, petroleum products, watches and watch-parts, among others.

- The CBPTA, which was due to expire in September 2010, was recently extended until September 30, 2020.
- The WTO General Council approved a further Most Favoured Nation (MFN) waiver for the CBI up to 2014.

CARIBBEAN COMMUNITY (CARICOM) SINGLE MARKET ECONOMY (CSME)

- The CARICOM Single Market and Economy (CSME), of which Jamaica is a member, was established in 1989. While the agreement is not yet fully functional, Jamaica and several other members in the region have already signed on to the agreement.
- A major aim of establishing the CSME is to create economies of scale in the region
- The CSME affords duty-free movement of Jamaican goods into other CSME markets. It also allows for the free movement of persons.
- The CSME offers Jamaicans the right to establish a business in another territory in the CSME without restriction.
- Jamaican goods that have already entered a CSME country will also be eligible for export/import into another CSME territory without duty.
- Capital from Jamaica can also circulate freely in other CSME countries.

CARICOM-DOMINICAN REPUBLIC FREE TRADE AGREEMENT

- The protocol implementing the establishment of this agreement was signed on April 28, 2000. The agreement entered into force on December 1, 2001.
- The agreement specifies the tariff treatment for goods traded between CARICOM and the Dominican Republic, such as duty-free access to markets for goods, the elimination of non-tariff barriers, harmonization of technical, sanitary and phytosanitary procedures and the development of cooperation activities in key goods and services sectors in Jamaica. The agreement also covers cooperation on promotional activities and the facilitation of joint venture partnerships.
- The agreement also provides a timetable for negotiating a trade in services agreement that proposes to lay out the terms and conditions for governing the liberalization of trade in services between the territories.

CARICOM- REPUBLIC OF VENEZUELA TRADE & INVESTMENT AGREEMENT

- This agreement was signed in 1992 and entered into force in 2000. The agreement is a special non-reciprocal trade arrangement that allows specified CARICOM goods to enter Venezuela duty free or at a reduced tariff.
- Rules of Origin – 100% wholly grown or manufactured in CARICOM (exception for goods with raw materials from other countries significantly transformed through processing and also assembled goods with 50% or less of the freight on board (F.O.B.) export value contributed from a third country).
- CARICOM accords Venezuela MFN treatment. The agreement does not provide for the removal of tariffs on Venezuelan goods entering CARICOM territories

CARICOM-REPUBLIC OF COSTA RICA FREE TRADE AGREEMENT (FTA)

- In March of 2014, Jamaica ratified the CARCOM-Costa Rica FTA.
- The agreement covers trade in goods and special arrangement for trade in services. Specifically, it identifies the goods for tariff exemption from CARICOM to Costa Rica.
- Some products immediately benefited from the removal of tariffs as soon as the agreement was entered into force. Tariffs from other originating goods will be eliminated overtime, within a specified schedule.
- Goods not covered under the group for complete tariff elimination or for scheduled tariff elimination will be accorded MFN status.
- Goods must satisfy the country of origin requirements to qualify for trade under the agreement.
- Mutually agreed terms and conditions for sanitary & phytosanitary inspection and benchmarks.

CARICOM-REPUBLIC OF CUBA TRADE & ECONOMIC COOPERATION AGREEMENT

- This agreement was signed on July 5, 2000. It grants free market access for goods and provides for the elimination of non-tariff barriers to trade. The agreement incorporates a rules of origin system as well as the harmonization of technical, sanitary and phytosanitary measures between the member states.
- There are no quantitative restrictions to trade in the agreement.
- A key component of this agreement is that it seeks to facilitate trade promotion activities to foster the

development of trade. One such facility would be the trade in financing to ensure exporters and importers have the requisite financial support within the free trade area, without barriers to accessing finance (such as establishment of lines of credit & export credit insurance).

- The agreement also allows for the progressive liberalization of trade in services and makes provision for the facilitation and establishment of joint venture and other forms of economic cooperative activities between persons/firms within the free trade area.
- Negotiations for trade in services are scheduled to begin in the near future. This aspect of the agreement will give consideration to services in the areas of tourism, travel, entertainment, finance, telecommunications, transport, construction, computer, engineering and professional services.

CARICOM-REPUBLIC OF COLOMBIA TRADE, ECONOMIC & TECHNICAL COOPERATION AGREEMENT

- Based on the agreement signed in July 1994, Colombia offers CARICOM member states duty-free access to its markets by eliminating non-tariff barriers, removing tariffs on certain products, phasing the reduction of tariff on other products and applying MFT to the remainder.
- CARICOM MFN application on customs tariffs to all goods imported from Colombia.
- No new non-tariff barriers will be erected against imports from Colombia, without their consultation.
- Jamaica and other More Developed Countries in CARICOM will be introducing a programme to eliminate or reduce duty on select products that are key export products to the Colombian market.

- Rules of origin will apply to goods that have undergone substantial change when goods from outside of the agreement area are used in their production.
- The agreement provides a framework for future collaboration in services and investment.

CARICOM-USA TRADE AND INVESTMENT FRAMEWORK AGREEMENT (TIFA)

- The agreement was signed in May 2013 with the aim of strengthening economic relations between the USA and CARICOM countries through cooperation, trade and investment.
- CARICOM-USA TIFA addresses investment restrictions and trade barriers to promote private and foreign direct investment (FDI). It also seeks to:
 - Facilitate the resolution of trade and investment disputes
 - Strengthen cooperation in trade in services
 - Effectively protect and enforce intellectual property rights
 - Promote innovation and the dissemination of technology
 - Protect fundamental labour rights
 - Protect and preserve the environment
 - Promote transparency in international trade and investment
- This agreement does not affect the existing preferential arrangements under the CBI.

WTO GENERALIZED SYSTEM OF PREFERENCES (GSP)

- Under the Generalized System of Preference (GSP), developed countries (donor countries) grant preferential treatment to eligible products imported from developing countries (beneficiary countries).
- The World Trade Organization (WTO) facilitated this scheme through “The Enabling Clause”, which provided developing countries with a permanent exemption from the Most Favoured Nation rule of equality. It forms the legal basis for donor countries to grant preferential tariff treatment under their respective GSP schemes.
- The GSP Donor Countries are:
 - Australia
 - Belarus
 - Bulgaria
 - Canada
 - Hungary
 - Japan
 - European Union
 - New Zealand
 - Norway
 - Republic of Czech and Slovak
 - Russian Federation
 - Switzerland
 - United States

Goods manufactured in Jamaica are eligible to enter donor countries under the GSP provided that they conform to the rules of origin.

Glossary of Key Terms

Duty-free & Quota-Free Market Access: No duties paid on goods from a trading partner entering the territory of the other partner and no restriction on the number/amount of goods from a trading partner entering the territory of the other partner, as indicated by the respective trade treaty in force.

Most Favoured Nation (MFN): A non-discriminatory principle that acts as a safe-guard to ensure that all nations trading with a country is accorded the same treatment (applicable MFN tariff rates/reductions, etc.).

Rules of Origin: A criteria used to determine the national source of a product. As in many cases, duties and restrictions depend on the source country of the materials that comprise the imported goods. Therefore, this rule would deter the export of goods originating from outside of Jamaica to our free trade partner country/region without the applicable duties being paid. For example, apparel made from Honduran knit fabric comprised of US yarn, cut in Honduras but assembled

in Jamaica would apply for duty free access to the US. Some countries apply a process criterion, while others apply a % value-added criterion.

Sanitary & Phytosanitary Certification: Certificates issued after inspection of animal-based and plant-based foods to confirm that products are healthy and safe for consumption

Tariff: Duties imposed on goods at the point of entry of a country. A very high tariff can be a deterrent to trade.

Technical Barriers to Trade (TBT): Non-tariff barriers that are used to restrict imports for the purpose of protecting markets and consumers. They are often seen as discriminatory when used to protect domestic industries from outside competition

Third Country: Country not a signatory to a particular trade agreement



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