



POST-MOU MONITORING REPORT

BACKGROUND

This monitoring report represents an update on the issues raised in the GOJ/PSOJ consultations which are reflected in the Memorandum of Understanding between the Government of Jamaica (GOJ) and the Private Sector Organization of Jamaica (PSOJ) which was signed on 10th February, 2000 and incorporates Appendix A of the MOU - the “timeframes” document - **GOJ/PSOJ Consultations on Obstacles to Doing Business.**

It also incorporates recent updates provided by Ministries, Departments and Agencies at a meeting held at the Ministry on Wednesday, 26th July 2000.

This monitoring report is prepared by the Ministry of Industry, Commerce and Technology in accordance with the expectation of adherence to the timeframes indicated for the issues to be addressed.



JUNE - AUGUST 2000

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ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
1	<p><u>The Customs Department:</u> <u>Customs Clearance</u> <u>Bonded Warehouses</u> <u>Joint Forum</u></p> <p>Please see Issue 14 for customs-related matters.</p>
2	<p><u>Urban Renewal Legislation</u></p> <p>The Urban Development Corporation (UDC) has advised that the time frame for the processing of applications is six (6) weeks. The UDC has provided documentation on its Tax Incentive Programme for Urban Renewal - Downtown Kingston and Montego Bay. This documentation was brought to the attention of the PSOJ. This issue will be reviewed in September 2000.</p>
3	<p><u>New Product Registration</u></p> <p>The Standards and Regulation Branch of the Ministry of Health has advised that the lead times for the registration of pharmaceuticals are as follows:</p> <ul style="list-style-type: none">120 days – New chemical moieties.90 days – Generic drugs and Me Toos.90 days – Vitamins and herbs.60 days – Fast track for drugs used for life-threatening conditions, eg. cancer, HIV/AIDS etc.24 hours -- Permits <p>The Ministry of Health provided a status report on New Drug Registration, other product assessment and permit approvals for the period April – June 2000. This was brought to the attention of the PSOJ. This issue will be reviewed in September 2000.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
4	<p><u>Free Zones</u></p> <p>In collaboration with the Free Zone Council, the Ministry of Industry, Commerce and Technology reports that applications to establish Single Entity Free Zones are processed within a period of five (5) weeks. In circumstances warranting earlier approval, the Free Zone Council accommodates by utilizing a round robin approach for speedy resolution. The proposed Regulations to the Free Zone Export Act are still being drafted. The target is for the processing of applications within a maximum of thirty (30) calendar days. This issue will be reviewed in September 2000.</p>
5	<p><u>Productivity Incentive Schemes</u></p> <p>At a meeting held at MICT on 26th July 2000, it was agreed that this issue would be pursued by JAMPRO through the Ministry of Industry, Commerce and Technology. This issue will be reviewed in September 2000.</p>
6	<p><u>The Life Insurance Industry</u></p> <p>The Office of the Superintendent of Insurance has confirmed that the public awareness campaign is on stream. At the meeting on 26th July, it was agreed that the issue regarding “suitcase salesmen” (and local agents) should be pursued further. It was also proposed that input should be obtained from the Life Insurance Companies Association of Jamaica (LICA) in this regard. This issue will be reviewed in September 2000.</p>
7	<p><u>The General Consumption Tax:</u> <u>GCT on Capital Goods</u> <u>GCT on Coverings and Containers</u></p> <p>The GCT Committee has held a number of meetings to examine proposals to facilitate legislative reform and the adoption of new operational procedures. The committee is expected to submit a report of its findings and recommendations by the end of August. This issue will be reviewed in September 2000.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
8	<p><u>Trade Policy: Cheap Imports</u></p> <p>The Anti-Dumping and Subsidies Commission reports that a series of amendments to the Customs Duties (Dumping and Subsidies) Act 1999 have been proposed. This issue will be reviewed in September 2000.</p>
9	<p><u>Expired Products</u></p> <p>The report submitted by the Bureau of Standards was forwarded to the PSOJ. A response is still awaited from the PSOJ.</p>
10	<p><u>Procurement Policies</u></p> <p>At the meeting on 26th July 2000, the Ministry of Finance and Planning reported that the National Contracts Commission (NCC) has been actively working to update the government's procurement policy relating to the purchase of goods and services, as well as the award of contracts. Progress on this issue will be reviewed in September 2000.</p>
11	<p><u>Data Availability</u></p> <p>A verbal update of efforts to provide timely and accurate data was presented at the meeting on 26th July by representatives from the Planning Institute of Jamaica (PIOJ), the Statistical Institute of Jamaica (STATIN) and the Bank of Jamaica. The PIOJ advised on the average processing time for the Economic Update and Outlook (8 weeks) and the Economic and Social Survey Jamaica (first week in April for Ministers in time for the Minister of Finance and Planning's presentation in Parliament). There is also an in-house mechanism to review progress in this regard.</p> <p>The Bank of Jamaica reported that the bank makes every effort to adhere to its publication schedule. STATIN reported that it expects updated data entry and scanning systems to be in place by November of this year. STATIN hopes that the quality of output will be improved with the introduction of new technology at the Institute. The written report provided by STATIN was brought to the attention of the PSOJ. This issue will be reviewed in September 2000.</p>

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12	<p><u>Restriction of Meat Imports</u></p> <p>This issue will be kept in view.</p>
13	<p><u>Electricity Supply</u></p> <p>The report on damage to equipment as a result of interruption in the power supply submitted by the JPSCo was forwarded to the PSOJ. A response is still awaited from the PSOJ. This issue will be reviewed in September 2000.</p>
14	<p><u>The Customs Department:</u> <u>Legislative Reform</u> <u>Operations</u> <u>Export Rebate Scheme</u> <u>Fast Track Customs Clearance for Certified Manufacturers and Exporters</u> <u>Customs Overtime</u> <u>Implementation of the Customs Modernization Project</u></p> <p>All customs-related matters will be addressed within the context of the Customs Modernization Project. At the meeting held at the Ministry on July 26, it was reported that an agreement had been signed between Customs and the Consultants. The proposed modernisation plan provides for detailed strategies for developing and maintaining modernized Customs operations. The redesigned system should include an upgraded organizational structure, a supportive classification system, a salary and benefits package that will attract and retain desirable employees, a comprehensive training and development plan that will equip employees with the needed skills, an aggressive performance management system that will reward desired behaviour and punish undesirable behaviour, a set of supporting human resource policies, and a strategic approach to human resource change management. It is estimated that this project will require \$507 million over a period of five (5) years, in addition to the \$493 million the Customs Department currently spends. At the meeting, Customs was asked to give priority to aspects of the modernization plan which would enhance commercial activities. Customs reassured the meeting that one of its primary aims is business facilitation. This issue will be reviewed in September 2000.</p>

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15	<p><u>Planning Approval</u></p> <p>Information Tracking System: The Ministry of Land and Environment provided an update on progress with regard to the development approval process. This report was brought to the attention of the PSOJ.</p> <p>This issue will be reviewed in September 2000.</p> <p>Business Roadmap Study: The Ministry of Industry, Commerce and Technology reported that consultants visited Jamaica in July and did the appropriate fieldwork. A draft report is expected in September, with the presentation of the finalized report in October.</p> <p>This issue will be reviewed in September 2000.</p>
16	<p><u>Acceleration of the Land Administration and Management Programme (LAMP) and Other Land Registration Activities</u></p> <p>At the meeting on 26th July 2000, it was announced that a Retreat would be held on Tuesday, August 8, 2000, specifically to examine land-related matters. The Retreat was, however, postponed and a new date will be announced shortly.</p> <p>This issue will be reviewed in September 2000.</p>
17	<p><u>Electricity Supply</u></p> <p>An update is awaited from the JPSCo. This issue will be reviewed in September 2000.</p>
18	<p><u>The General Consumption Tax</u></p> <p>See Item 7 for GCT-related matters.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
19	<p><u>Security and Justice:</u> <u>Security of Goods and Personnel</u> <u>Security Issues Affecting the Tourism Industry</u> <u>The Judicial System</u></p> <p>The Ministry of National Security and Justice is still expected to respond to these issues, which are considered to be in need of urgent attention. The Commercial Court is also a major area of concern. This will be reviewed in September 2000.</p> <p>Installation of Surveillance Cameras at Ports: The Port Authority provided an update at the meeting held on 26th July 2000. There were some delays in the work at Kingston Wharves as a result of other major works that are also going on at the wharf. This issue will be reviewed at the end of May 2000.</p> <p>Procurement of Additional X-ray Equipment: The Revenue Protection Department (RPD) provided a comprehensive update at the meeting of 26th July 2000. This issue will be reviewed in September 2000.</p>
20	<p><u>The Shipping Industry:</u> <u>Tax Incentives for the Ownership of Ships</u> <u>Registry of Ships</u></p> <p>International Register of Ships: The Maritime Authority envisages that the international register should be in place by the end of September. This issue will be reviewed in September 2000.</p>
21	<p><u>Road Conditions (Newport West Area)</u> <u>Comprehensive Project for Newport West</u></p> <p>The Ministry of Transport and Works reports that work is continuing in this area. The comprehensive project is still at the pre-design stage. At the meeting held on 26th July, it was proposed that Newport East should be added to the schedule for road repairs. This issue will be reviewed in September 2000.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
22	<p><u>Role of the Bureau of Standards</u></p> <p>At the meeting held on 26th July, the Minister reported that two (2) private laboratories were recently accredited by the Bureau of Standards to do certain classes of tests on food samples in the areas of chemistry and microbiology. This issue will be reviewed in September 2000.</p>
	<p><u>Role of the Scientific Research Council</u></p> <p>The Scientific Research Council (SRC) provided an update on various aspects of its work relating to value-added food products, treatment of industrial wastewater, tissue culture, scientific and technological information, chemical and microbiological assays, technical assistance and training. The summary report was brought to the attention of the PSOJ. Progress will be reviewed in September 2000.</p>
23	<p><u>Divestment</u></p> <p>At the meeting on 26th July, the NIBJ reported that the Agency is experiencing delays in the privatization of entities. Nevertheless, efforts would be made to see that due progress is made in this regard.</p> <p>This issue will be reviewed in September 2000.</p>
24	<p><u>Labour Market Reform:</u> <u>Individual Retirement Savings Schemes</u> <u>Labour Reform</u></p> <p>The Ministry of Labour and Social Security reported that work on the proposed National Pension Scheme was progressing. It is expected that the appropriate legislation will be drafted shortly. At the meeting held on 26th July, there was lively discussion with regard to the issues relating to labour reform – the definition of a worker, the right to strike, reinstatement, flexible workweek, overtime etc. This issue will be reviewed in September 2000.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
25	<p><u>Sector Management – Tourism:</u> <u>Cruise Shipping</u> <u>Incentives for Hotel Expansion</u> <u>Growth in Tourism</u></p> <p>The Minister reported that matters relating to cruise shipping were recently examined by the Cabinet and that a report will be made to the Development Council regarding proposed incentives shortly. A comprehensive report is to be provided by the Ministry of Tourism and Sport in September 2000.</p>
26	<p><u>Updating of the Pound Laws (Keeping of Animals Act)</u></p> <p>The Ministry of Local Government, Youth and Community Development reports that work is being undertaken with the Parish Councils so that pounds islandwide can be operational. Factors that are being considered include identification of owners, redress for damages, keeping of animals in built-up areas and on large estates and agricultural properties, conditions for keeping and transportation of animals etc. It was recognized that stray animals roaming the streets do pose a threat to life, crops and properties. This issue will be reviewed in September 2000.</p>
27	<p><u>Building Approvals (Building Code)</u></p> <p>The Ministry of Local Government, Youth and Community Development reported that the Building Code is among legislation identified for review under the Local Government Review Programme. There is as yet no specific timetable for implementation. Progress will be reviewed in September 2000.</p>
28	<p><u>Trade Policy: International Negotiations</u></p> <p>This issue of private sector involvement in international negotiations will be reviewed in September 2000.</p>

ISSUES – STATUS AND TIMEFRAME FOR REVIEW	
29	<p><u>Double Taxation</u></p> <p>In his budget presentation on 7th April, 2000, the Minister of Finance and Planning announced the Government's plans for the removal of personal income tax on dividends. With effect from June 1, 2000 income tax on dividends would be reduced from 25% to 20%. The reduction will take place gradually over a two-year period. From 1st April 2001 the tax will move from 20% to 10% and from April 1, 2002 it will be zero-rated.</p> <p>At the meeting held on 26th July, the PSOJ expressed satisfaction with initiatives made by the government thus far in addressing this issued. It was, however, felt that there is still a long way to go until 2002. This issue will be reviewed after six months of operation (at the end of December 2000).</p>
30	<p><u>Basic Industries</u></p> <p>The Ministry of Finance and Planning is to report on this issue. Progress will be reviewed in September 2000.</p>
31	<p><u>Motor Vehicle Licensing and Examination</u></p> <p>The Ministry of Transport and Works reports that negotiations for the privatization of the Motor Vehicle Inspection Services are still taking place. This issue will be updated in September 2000.</p>
32	<p><u>Accelerated Depreciation</u></p> <p>A response is awaited from the Ministry of Finance and Planning. This issue will be reviewed in September 2000.</p>