

# WORLD TRADE ORGANIZATION

RESTRICTED

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Working Party on State Trading Enterprises

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## STATE TRADING

Notification Pursuant to Article XVII:4(a) of the GATT and Paragraph 1  
of the Understanding on the Interpretation of Article XVII

### JAMAICA

The following communication, dated 25 June 1996, has been received from the Permanent Mission of Jamaica.

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1. Enumeration of State Trading Enterprises
  2. Reason and purpose of introducing and maintaining State Trading Enterprises
  3. Description of the functions of these Enterprises
  4. Statistical information

#### Enumeration of State Trading Enterprises

1. Jamaica maintains a number of enterprises covered by the provisions of Article XVII. These enterprises and the product(s) are detailed below:

- (1) Jamaica Commodity Trading Company Limited
- (2) Commodity Boards: Authority
  - (i) The Cocoa Industry Board
  - (ii) The Coconut Industry Board
  - (iii) The Coffee Industry Board
  - (iv) The Banana Board
  - (v) The Sugar Industry Authority
- (3) The Petroleum Corporation of Jamaica

### Jamaica Commodity Trading Company Limited (JCTC)

#### Reason and purpose for introducing and maintaining aspects of State Trading Enterprises

The Jamaica Commodity Trading Company Limited had its origins in 1974 under the name of Jamaica Nutrition Holdings Limited. The JCTC and its predecessor JNH were incorporated by the Government primarily for the purpose of importing certain basic food items into the country as it was decided that a centralized State-owned procurement agency would be the most efficient way of utilizing and managing the then limited foreign exchange available.

#### History

JNH was therefore mandated to procure all the basic food items for the country's needs.

Within a short time two other similar agencies were established to purchase abroad and import in bulk pharmaceuticals and building materials.

In 1981 the three companies were merged to become the Jamaica Commodity Trading Company Limited.

The function of the company was maintained. However, as early as the 1980's the procurement of some food items went back to the distributive trade. By 1991, lumber a major commodity in the company's portfolio was returned to the private sector.

The Government's embarkation on the policy of liberalization and deregulation resulted in the return of the procurement of all foodstuffs to the private sector by 1993.

At the same time, the Cabinet took the decision that the company would cease all commercial trading activity and would only handle the government to government concessional programme the PL 480 and CIDA.

Between 1993 and the current period there has been a constant retrenchment of staff as the company continues its down sizing. This is expected to be reduced even further as the company now handles only one commodity under the PL 480 programme, namely brown rice.

#### Commodity Boards

##### Reason and purpose for introducing and maintaining State Trading Enterprises

Commodity Boards were introduced to organize, monitor and ensure that the quality of fruit being exported met international quality standards.

#### The Cocoa Industry Board

The Cocoa Industry Board was established by the Cocoa Industry Board Act of 1957.

The Board consists of seven (7) members, four (4) appointed by the Minister responsible for the Board including the Chairman and three (3) by the Minister from a panel of five (5) persons nominated by the body which the Minister recognized as representative of the growers of cocoa.

### Functions

The functions of the Board are as follows:

- To maximize the efficiency of the Cocoa Industry;
- To assist in its development and to promote the welfare of persons engaged in that industry;
- To secure the most favourable arrangements for the purchase handling, marketing sale, importation and exportation of cocoa. The Board also has the power to:
  - establish, maintain and operate nurseries;
  - import, cultivate, sell, give away, distribute, export or otherwise dispose of any cocoa seedlings or cocoa plants;
  - cultivate, dry cure, clean or process cocoa;
  - establish, maintain or operate research stations.

### Deregulation

The Cocoa Industry was deregulated and the Cocoa Industry Board Act amended in 1991. The Board remains the regulatory body for cocoa being exported from Jamaica. It acts as a quality control unit for exportable cocoa.

### The Coconut Industry Board

The Coconut Industry Board was established under the Coconut Industry Control Act enacted in 1945 and consists of nine (9) members, four (4) of whom including the Chairman are appointed by the Minister. The remaining five (5) are elected by registered coconut growers and must themselves be registered coconut growers or the attorneys for such registered coconut growers or the managing directors or managers of companies which are registered coconut growers.

### Functions

The Board promotes the interest and efficiency of the coconut industry, encourages the production of coconuts and regulates the purchase, sale and exportation of coconuts as well as importation of edible oils.

Allied functions are:

- (a) Keeping the Government informed on the state of the industry and advising the Government when any action is necessary.
- (b) Arranging for the establishment of corpa factories to provide growers with outlets for their coconut production.
- (c) Arranging for the issuing of licences for manufacturers in which the coconut is used.

- (d) Arranging insurance of coconut trees damaged by windstorm, lethal yellowing disease and other disasters.
- (e) Marketing the coconut crop.
- (f) Carrying out research on the agricultural problems of the industry and advising growers on their agricultural problems.

#### The Coffee Industry Board

The Coffee Industry Board was established under the Coffee Industry Regulation Act of 1948.

The Board consists of seven (7) members appointed by the Minister responsible and the membership of which shall be no less than seven (7) members appointed by the Minister, three (3) of whom shall be nominated by the approved association. The Minister shall appoint a Chairman from amongst the members of the Board.

The growers shall be represented and the Coffee Council which comprises of representatives of all segments of the industry including growers and processors is also represented.

#### Functions

- (a) To establish, maintain and operate any nurseries.
- (b) Import, cultivate, sell, give away, distribute, export or otherwise dispose of any coffee seedlings or coffee plants.
- (c) Establish, maintain and operate any coffee plantations or coffee plants.
- (d) Cultivate, dry cure, pulp, clean, wash or process in any other manner any coffee berries and manufacture any coffee product and purchase, prepare for market, store, transport, distribute, sell or export any coffee berries or any coffee products.
- (e) Establish, maintain or operate research stations for:
  - (i) investigating the cause, incidence, prevention, control or eradication of any disease likely to be prejudicial to the interest of the coffee industry;
  - (ii) investigating the types of coffee which, and the conditions under which and the manner in which coffee may be most advantageously cultivated in Jamaica or in any area in Jamaica;
  - (iii) investigating the conditions under which and the manner in which coffee may most advantageously be cured, dried, pulped, washed, cleansed, processed, stored, prepared for market, transported from Jamaica;
  - (iv) improving the yield or other economic value of coffee or of any type of coffee;
  - (v) investigating the types of coffee products most suitable for manufacture in Jamaica and the conditions under which and the manner in which any such products may be most advantageously manufactured, stored, processed, prepared for market, transported or exported;

- (vi) investigating any other matter the investigation of which may in the opinion of the Board be necessary or expedient in the interest of the coffee industry.

### The Banana Board

The Banana Industry Board was established in 1953.

The Board shall consist of not less than five (5) or more than eight (8) members of whom one shall be a person selected from a panel of three (3) persons nominated by the body which the Minister recognizes as being representative of banana growers in the island.

### Description of the functions of this Body

- (a) To promote the interest and efficiency of the Banana Industry and to assist in its development;
- (b) To secure the most favourable arrangements for the purchase, handling, transportation, exportation, shipping, marketing and sale of bananas and to sell and export same.
- (c) To institute, conduct, finance, assist and superintend research activities, experiments and operate;
  - (i) for the improvement in methods of planting and cultivation of bananas;
  - (ii) for the control and elimination of any disease affecting bananas;
  - (iii) for the development of bananas wholly or partially immune to diseases.

### Sugar Industry Authority: Vol. 17

The Sugar Industry Control Act was established in 1937. Section 3 of this Act speaks to the establishment of the Sugar Industry Authority.

The Minister appoints persons who by training or experience appear to him to be suitable including persons appearing to him to have ability in the areas of finance, law, economics and in matters related to the Sugar Industry.

The Board consists of seven (7) members appointed by that group.

### Functions of the Sugar Industry Authority

1. The Sugar Industry Authority advises the Minister:
  - (a) On all matters of general policy with respect to the operations and development of the industry.
  - (b) With respect to the use of an economic and efficient basis, of ports in relation to the exportation of sugar among other things.
2. The authority fosters and coordinates scientific research in relation to the industry and encourages the application of the results to the development of the industry.

3. The Authority makes arrangements for the marketing of sugar and molasses for local consumption and for export.
4. The Authority issues licences in respect of quotas, exportation of sugar and to cane farmers.
5. The Authority shall guarantee the quality of sugar both in the export and local markets.

#### The Petroleum Corporation of Jamaica (PCJ)

The Petroleum Corporation of Jamaica is a wholly-owned State Corporation established under the Petroleum Act of 1979. Its most important subsidiaries are Petrojam and Petcom.

#### Reason and purpose for maintaining State Trading

The Petroleum Corporation of Jamaica has as its major mandate:

To search for oil and gas and to be the least cost supplier of these products to Jamaica.

#### Description of the functions of these State Trading Organizations

The core functions of these Organizations are:

- (i) To explore, develop and manage petroleum resources.
- (ii) To import, export, refine and distribute petroleum and petroleum products.

As far as import, export and refining of oil are concerned these are currently being handled by Petrojam. Their customers include the multinational marketing companies, ESSO, Shell, Texaco as well as local companies Petcom and other Jamaican private petroleum marketing companies e.g. Nipet National Epping and Cross Island. Clientele also include Jamaica Public Service and one of the Bauxite Companies.

Petrojam also manufactures ethanol for export to the United States under the Caribbean Basin Initiative (CBI).

#### Privatization

Within the context of the liberalization and privatization policy of the Government the functions of PCJ are expected to be divested to the private sector. It is envisaged that all the subsidiaries under PCJ would be dealt with as follows:

- (a) Entry into joint venture partnerships with the private sector with regard to those entities which are commercial and can be privatized.
- (b) Terminate the operations of those which are not commercial, cannot be privatized and are not expected to become financially viable.
- (c) Transfer those functions from PCJ which will then become a part of the policy role and function of the Government, Ministry or a department of portfolio responsibility.

PCJ is in a process of constant restructuring as part of the ongoing privatization of energy sector entities. Based on the recommendations of a review, a timetable and targets for the restructuring of PCJ has been established.