



ADVANCING SUSTAINABLE GROWTH

SECTORAL PRESENTATION

TUESDAY, MAY 9, 2017
GORDON HOUSE



MINISTER OF INDUSTRY, COMMERCE, AGRICULTURE AND FISHERIES
HON. KARL SAMUDA, CD, MP



Ministry of Industry, Commerce, Agriculture and Fisheries

SECTORAL PRESENTATION

By Honourable Karl Samuda, CD, MP

**MINISTER OF INDUSTRY, COMMERCE, AGRICULTURE
AND FISHERIES**

HOUSES OF PARLIAMENT

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INTRODUCTION

Mr. Speaker,

Permit me to reiterate the scope, in terms of subject matters, and impact on the economy of the Ministry of Industry, Commerce, Agriculture and Fisheries.

This Ministry covers the major areas of the goods-producing sector of the economy - agriculture, manufacturing and the distributive trade - contributing one third of the nation's GDP and employing some 45 per cent of the labour force.

Mr. Speaker, it is when we add the linkages with the tourism sector and the fact that we cover micro, small and medium enterprises, which operate in every single sector of the economy, that the real impact and influence of this Ministry becomes apparent.

Mr. Speaker, I make these remarks conscious of the role we have to play in facilitating growth and job creation in the economy through this Ministry. In this regard, I pledge, on behalf of the entire team, our commitment to lessen the bureaucracy and by so doing enable the growth and development of agriculture, fisheries, manufacturing and the distributive trade while strengthening the linkages to tourism and the other sectors of the economy.

Mr. Speaker, the awesomeness of this responsibility and my own political maturity tell me that, in the interest of good governance and moving the economy forward, we do not have the luxury of being partisan, but we must shun political divisiveness and embrace a policy of continuity, strengthening what is good, enhancing what has potential, and discarding what hinders development.

Therefore, **Mr. Speaker,** I propose, in this presentation, not to dwell on the past but to articulate a new vision for moving forward, for to be wholly partisan is more destructive than constructive.

SUGAR TRANSFORMATION PROGRAMME

Background

Permit me, **Mr. Speaker,** to make one exception. It would be remiss of me not to speak to the scope and influence of the Sugar Transformation Programme funded by the European Union. The late Minister Roger Clarke was instrumental in the planning and development of this project, which was initiated in 2006.

This year marks the final year of implementation, and with budgetary support of over \$15.9b since 2006, this programme has been unparalleled and unprecedented in terms of the quantum of resources involved, the breadth of its influence, and its impact in terms of social and economic transformation. No praise is, therefore, too great for the European Union in supporting this programme.

Achievements

Throughout the life of this programme, we have:

1. Divested Government's 70 per cent interest in the sugar industry and met all attendant redundancy costs totalling \$1.83b. This we did without one incident of industrial dispute although over 7,000 positions were made redundant.
2. We have provided monetary support of \$692m to over 5,250 ex- sugar workers who were deemed vulnerable to assist in their transition to alternative livelihoods.
3. We have created and capitalised the Cane Expansion Fund to the tune of \$1.82b, facilitating the replanting/ establishment of some 12,600 hectares of sugar cane.

In fact, were it not for this level of replanting, principally by independent farmers, the situation in the industry right now would have been far more dire, especially given the less than admirable record of the major divested entities.

4. We have constructed 397 new houses to relocate over 876 residents from the dilapidated barracks into modern living facilities. Most of these residents have now been resettled, with the last set being relocated with the impending threat of Hurricane Mathew last year. There are still a few glitches with infrastructure, but we can report that this project is essentially complete.

Mr. Speaker, We have completed

5. The rehabilitation of some 200 kilometres of cane roads at a cost of \$1.85b in 6 parishes
6. The installation and/or rehabilitation of critical social infrastructure in sugar-dependent areas through the execution of over 209 projects involving \$1.63b. These projects range from improvements to schools, libraries, health centres, sporting facilities, and so on
7. The training of 1,200 people from sugar-dependent communities in various skills in technical vocational areas certified by Heart/NTA
8. The provision of support for infrastructure in the agro-parks at Plantain Garden River, Amity Hall and Meylersfield in order to expand economic activities and opportunities in sugar-dependent communities.



At Frome Factory

Mr. Speaker, all the above initiatives under the Sugar Transformation Programme were necessary but not sufficient. It was urgent that the Government addressed long-standing social issues, which were neglected over time. However, the question of the viability of the sugar industry itself and how to improve efficiency and productivity therein, still loom large.

THE SUGAR INDUSTRY

Background

When I came to office, **Mr. Speaker**, although all Government estates were divested, we faced a major crisis in relation to two of those estates, namely Long Pond and Monymusk.



Touring Long Pond

Long Pond

My own honeymoon was cut short by indications from the owners of Long Pond that they were not in a position to operate the factory for the 2015/2016 crop year. Over 100,000 tonnes of cane was at stake, involving over 230 independent farmers, as well as the 130 jobs of workers in the factory.

This situation was exacerbated by the inability of Appleton to operate because of some legal issues. One could have taken the position that this was private enterprise, however, Government's overriding concern was the welfare of the farmers, the jobs that were at stake, and the ripple and devastating impact of the closure of Long Pond on the communities in North Trelawny since sugar was the only game in town.

I, therefore, with the backing of the Cabinet, took the risk of having the Government operate Long Pond during the last crop through the SCJ Holdings Ltd.

Mr. Speaker, I want to pay tribute to the leadership of the SCJ Holdings Ltd. and the workers at the factory who went above and beyond the call of duty to operate the plant and to secure their own livelihood.

We produced some 3,027 tonnes of sugar through the milling of 66,421 tonnes of cane, but the real impact was the preservation of a level of economic activity in North Trelawny, that would otherwise have been absent.

Significantly, we have been working with both Everglades Farm Ltd. and other private investors with a view to secure some investments in co-generation and ethanol production. Unfortunately, these discussions have not reached the point to allow for the opening of that factory for the current 2016/2017 crop. However, with Appleton back in operation this year, the Government has provided a \$51m transport subsidy to assist with the movement of the cane from the Long Pond area to Appleton. This is now proceeding apace.



Touring Monymusk with Most Honourable Prime Minister, Andrew Holness

Monymusk

With respect to Monymusk, **Mr. Speaker**, the principals of that entity similarly indicated their inability to operate the factory for the 2016/2017 crop year.

If we think, **Mr. Speaker**, that the impact of non-operation in Long Pond would have been serious, then in the case of Monymusk it would have been simply devastating.

Mr. Speaker, again driven by concern for the workers and the economy of Vere, we had to find a way to keep Monymusk going. And so, **Mr. Speaker**, we have devised a new strategy - that of handing over 2,330 hectares of lands under cultivation to 16 groups of investors to undertake the necessary crop care and husbandry as soon as Pan Caribbean reaped those fields last year.

At the same time, the irrigation systems were handed over to the National Irrigation Commission to provide water to these farmers and appropriate arrangements were made with a number of input suppliers for the supply of fertilizer, herbicides, and so on to be recovered from the revenues from cane sales to the factory.

With regard to the factory itself, the Government provided \$250m for its repair and preparation for the crop. I know the critics might be saying that Government had no business to be making a financial investment in a factory it has divested. However, this \$250m pales in comparison to the \$5b per annum Government was losing in the years preceding the divestment.

Mr. Speaker, to secure 800 jobs and to avert the collapse of the economy of Vere and the accompanying social fallout, we believe \$250m is money well spent.

Mr. Speaker, I want to salute SCJ Holdings again who within that \$250m budget got the factory ready and as of last week we have produced over 5,400 tonnes of sugar.

The farmers have risen to the task and they are to be commended for rescuing sugar production in Clarendon and St. Catherine. The input suppliers, who have collaborated with us and the National Irrigation Commission, must also be commended for responding to this crisis so readily.

Challenges

Mr. Speaker, the stark reality of the matter is that the situation at Monymusk is fraught with challenges. The acreage currently under cultivation is simply not enough to ensure the viability of the factory. At least another 4,000 hectares of cane is needed to reach the 7,500 hectares that will make the operations viable so that Monymusk can achieve its true potential.

And this, **Mr. Speaker,** will require additional investment. As a Ministry, we are not in a position to finance the expansion of the cane fields. What we are therefore seeking to do is to make the current operations attractive to new investors.

Failing this intervention and were these fields to be further neglected, we would have literally nothing to market; we would be incapable of preserving the livelihood of the farmers and jobs of the workers, and we would be unable to make Monymusk attractive to any investor.

The Future of the Sugar Cane Industry

Mr. Speaker, obviously we cannot continue to be making year-by-year arrangements in this kind of ad hoc fashion with the sugar companies. We have to get the sugar industry right once and for all.

And make no mistake, **Mr. Speaker,** anyone who thinks that this industry can be simply abandoned without massive and far-reaching social and economic consequences is living in a fool's paradise. We have no alternative but to work together to make this industry work. I don't believe that this is a lost cause.

Sugar has the potential to be viable and profitable. In this regard, **Mr. Speaker,** we have to pay attention to the following strategies:



Bagged sugar at Worthy Park

1. We have to address the issue of productivity in the fields as a matter of urgency as this lies at the base and, indeed, the heart of any move to put the industry on a sustainable footing. We have to get the right varieties, and consistent water supplies, especially in St. Catherine and Clarendon.
2. We have to fertilise properly, and we simply have to expand production to ensure that the factories have the kind of throughput to give them a fighting chance.
3. We have to urgently address the issue of the diversification of the product base of the sugar cane away from just sugar and molasses and rum to plantation white sugar for use by our manufacturers; and co-generation for electricity and ethanol.
4. We also have to expand the production of packaged sugar for the retail trade.

Mr. Speaker, on all of these counts the Government has already established the policy and legislative framework through:

- An E10 mandate, which has been in place since 2009
- An energy policy that speaks to 20 per cent renewables as part of national energy needs, inclusive of energy from co-generation
- Packaging and labelling - On December 31, 2016, I promulgated new standards for sugar in the retail trade that require compulsory packaging and labelling, which by itself creates a new segment of the industry and will deal a significant blow to the leakage of sugar imported duty free for manufacturing into the retail trade.

Government has done its part; we now need the industry to invest.

Market Diversification

The days of sending raw sugar to be processed in refineries owned by Tate and Lyle in Britain and then sold back to us as refined sugar are over.

Any residual advantages we had in the EU, in terms of guaranteed price and access, will be coming to an end in September 2017. Yes, we *may* court Britain under its Brexit arrangements to give us those kinds of guarantees; however, the market for sugar in Jamaica and CARICOM has always been more remunerative than selling sugar in Europe, even in the heyday of preferential access.

CARICOM

Naturally, therefore, we have to look to CARICOM for our salvation. I am prepared to work with the industry to explore what adjustments can be made to the Common External Tariff to offer a greater level of protection to this important industry, which is of national importance, and as provided for under CARICOM rules.



At Hampden

Take plantation white sugar, for instance, there is hardly if any manufacturing enterprise in CARICOM that requires a grade of sugar higher than plantation white. There is no reason, therefore, why the industry cannot manufacture plantation white sugar, which only requires minimal incremental investment, and sell it directly to our manufacturers, saving them the headache of importing it extra-regionally.

I salute Golden Grove Sugar Company in St. Thomas and Worthy Park in St. Catherine who are investing in the packaging and bagging of sugar. In the case of Golden Grove, between October 2016 and the end of April 2017, they exported some 1,872.62mt of packaged and bagged sugar to CARICOM. And I expect that Worthy Park's investment in the bagging of sugar will produce similar results. This is the direction in which the industry needs to go.

Farmers



Mr. Speaker, in order to promote productivity, it can only be prudent to ensure that farmers get a part of the proceeds from the production of these by-products. The sustainability of the prospects I have mentioned can only be assured if the farmers, who are at the base of the industry, are enjoying some of the revenue earned at the higher levels.

In this regard, I am pleased to announce that, through funding from the EU, we will, **tomorrow, sign the contract for a consultancy to re-examine the cane payment formula with a view to ensuring that the farmers will enjoy some of the incomes from these new product streams.**

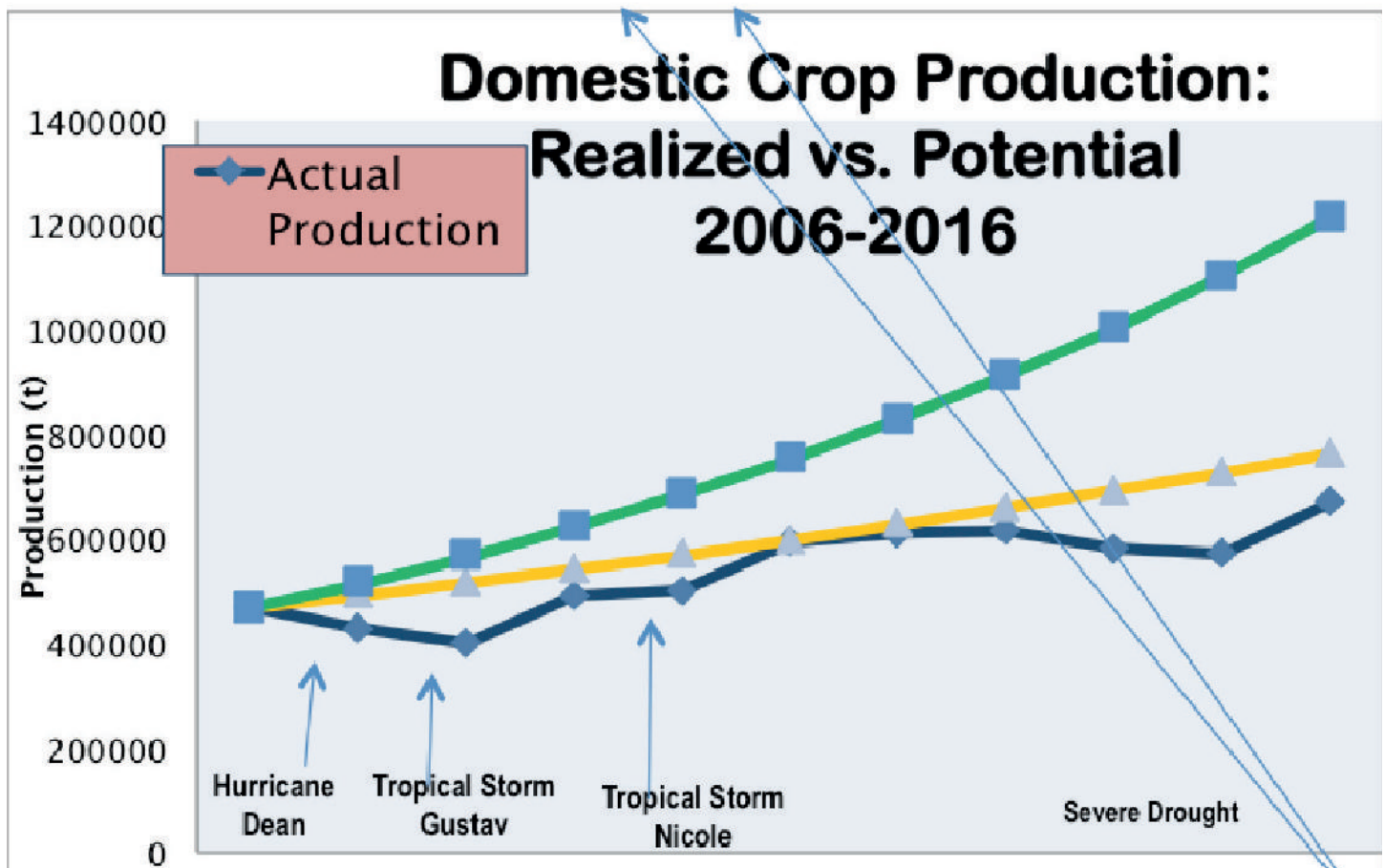
Mr. Speaker, there is simply no other crop that can occupy the 35,000 hectares now in sugar cane, provide jobs for the over 50,000 people directly employed ; has the kind of multiplier effect in sugar-dependent communities, and provide foreign exchange of between US\$75-100m annually; nor is there a more resilient and environment- friendly crop in Jamaica. **We simply have to make sugar work!**

GROWTH IN AGRICULTURE

Mr. Speaker, agriculture is largely dependent on rainfall to supply water to the non-irrigated lands in some of the most fertile areas of this country.

Approximately 187,800 hectares (over 464,000 acres) of land in Jamaica is irrigable; and of that irrigable land, just about 12,500 hectares (some 30,890 acres), or only a mere 7 per cent, are currently irrigated. This is the primary reason for the fluctuations in growth in the sector.

If we want sustainable growth, agriculture must have water.



Let's examine the last two years' performance of the sector: In 2015, agriculture had negative growth of 0.1 per cent, largely due to severe drought conditions.

We were fortunate to have experienced better weather conditions in 2016, **Mr. Speaker,** and as a result, the agricultural sector grew by 12.8 per cent, substantiating my point about the possibilities for the sector once there is adequate water supply.

Expansion of Irrigation

I wish, **Mr. Speaker**, to reinforce the point:

The fluctuation in the fortune of the agricultural sector with incidences of rain and drought underlines our serious dependence on rainfall for agriculture.

This is not sustainable, particularly in the southern belt of the country, which is our major food-producing area and where thousands of acres of mechanizeable lands are available to be put into production.

Therefore, if we are serious about increasing agricultural productivity and production, we have to address, in a fundamental way, the issue of irrigation expansion. This is what will make a qualitative difference to agriculture in Jamaica and help us to move from sporadic growth depending on rainfall to a constantly increasing trend of growth.



Discussing irrigation at New Forrest Duff House Agro Park

We have, therefore, begun discussions with the Caribbean Development Bank, which is implementing a programme of funding for Jamaica to improve irrigation efficiencies where irrigation now exists and to expand the service into new areas.

Already, we are having the Essex Valley Agricultural Development Project funded from this source to the tune of approximately \$5.7b and we intend to use the rest of the money to deal with irrigation.

Mr. Speaker, this will be a potential game changer for agriculture.

Advancing Production for Self-sufficiency and Export

Mr. Speaker, not only did we grow by 12.8 per cent in 2016, but for such items as poultry, eggs and pork we have attained our highest levels of production ever. This is a testament of the hard work, resilience and commitment of the farmers of this country who are really the “salt of the earth”.

Mr. Speaker, our objective is to continue to pursue self-sufficiency and, ultimately, exports in other crops, such as Irish potato and peppers.

We are determined to move our level of self-sufficiency in onions from the current 12 per cent to 40 per cent in 2017-2018.

We will continue to support the new Beaugard sweet potato industry, given its potential for exports and the significant demand for this product in Britain.



Dairy Development

We are also supporting a new thrust in milk production. Through partnerships between the Jamaica Dairy Development Board and the dairy industry, we are not only promoting the drinking of fresh milk, but taking concrete steps to increase milk production and productivity.

In this regard, we are supporting some 1,500 hectares of hay production and supporting the efforts of Serge Island and other large players in the industry to increase production of milk by increasing the national dairy herd by some 1,000 animals within the next 12-18 months.

Our commitment is to provide the enabling environment through judicious management of our import policy in relation to milk and milk products.



At Serge Island Diaries

THE MARRIAGE – AGRICULTURE AND INDUSTRY

Mr. Speaker, I am sometimes accused of speaking about agriculture at the expense of manufacturing. But, **Mr. Speaker,** the truth to be known is that 90 per cent of all manufacturing activities in Jamaica are agriculturally based. So when I talk about sugar, that's the greatest manufacturing entity in Jamaica!

In fact, **Mr. Speaker,** the merger of the Ministry of Industry and Commerce with Agriculture and Fisheries by the Prime Minister last year is simply an idea whose time has come.

My job is to promote a new model, a new strategy for agricultural development, and a genuine marriage of all the subjects in the Ministry of Industry, Commerce, Agriculture and Fisheries. So, far from being a terminal activity, agriculture must now morph into agro-processing and the distributive trade must now invest backwards into the land and resist the temptation of simply importing and distributing.

In this regard, I salute the Irish potato model where erstwhile traders who were simply importing and distributing are now themselves investing in the industry and, through our small farmers, are producing and marketing a better quality of Irish potato than we have ever imported. And, in this process, have created wealth for Jamaica.

Manufacturing

Mr. Speaker, we would like our manufacturers to also invest backwards into production. A number of them have been doing so and in this regard, I wish to note the investment by a number of our manufacturers.

We note the initiative of one company that invested \$50m in the treatment of lumber. They have taken the initiative to build the capacity to treat lumber. They will have our full support.

Another manufacturing company has also invested some \$3.9b and we wish to salute them and encourage them to continue on this positive path.

We also note the levels of investment of such manufacturers as Lasco and Seprod. These two companies alone are currently spending some \$1.5b in the expansion of their businesses.



At Lasco Manufacturing



At Hampden

In the case of Lasco, that company now exports to some 15 Caribbean States with plans to add another six countries in the next three months and are now focused on using more local raw materials in the production of their beverages.

In the poultry industry, contract farmers associated with the Jamaica Broilers Group have invested some \$2b while the company has invested \$1b thus expanding operations, which resulted in a 25 per cent growth in poultry production last year.

I wish also, **Mr. Speaker**, to salute Red Stripe who, in 2016, repatriated the production of the iconic beer to Jamaica. They also achieved some exemplary milestones:

- A 49 per cent increase in export
- The creation of 80 new jobs
- The expansion of their Project Grow to include cultivation of some 300 acres of local cassava, to replace imported maltose corn syrup, for brewing the beer.



At Red Stripe

Mr. Speaker the Ministry is enjoying its marriage with Red Stripe and just this Past Friday, through our agency the SCJ Holdings Limited, we signed another lease under Project Grow, providing an additional 600 acres of land to Red Stripe for the cultivation of more cassava to enable them to reach their goal of brewing 40 per cent of their beer utilizing local cassava.

Mr. Speaker, Project Grow is providing opportunities for our farmers; employment and training for our youth; expanded export earnings, and it is showing what is possible as we create linkages between agriculture and manufacturing.

We are going to continue to support our manufacturers so that they can join us in advancing sustainable growth for Jamaica.

Tourism

Mr. Speaker, we are very mindful of the enormous opportunities for sustainable agricultural growth and improved livelihoods for our farmers through tapping into our robust tourism sector.

The total annual value of demand for agricultural products by the tourism sector is estimated at approximately \$19.4b based on the 2015 demand study. Food items in the poultry, meats, and seafood and fruits categories account for more than 75 per cent of this total value.

Locally sourced agricultural products account for a minimum of about \$14.5b or 74.5 per cent of the total value of agricultural products consumed by the tourism sector.

With hotel rooms expected to double from the existing 20,000 rooms to over 40,000 rooms, it is expected that there will be significant increases in demand across all food categories.

For tourism to be sustainable it has to work for everybody, including our farmers, and within the framework of the Linkages Council, we are determined to iron out all the kinks to ensure a consistent and uninterrupted flow of produce from farm to the hotel dining room.



Prime Cuts

Mr. Speaker, we understand that the provision of only the very best products is essential to enhance the competitiveness of our hotels, especially the large ones, and put them in a better position to compete with other destinations within the region.

We, therefore, support the call by the tourism sector for the provision of prime cuts of beef to that sector.

This will allow them to offer internationally acceptable standards of prime cuts to our visitors whose tastes are becoming ever more discerning.

We will, therefore, recommend to the Ministry of Finance and the Public Service that special treatment be given to these hotels as we support efforts to improve the quality of the product so that we can better compete with other destinations.

IMPORTATION OF MOTOR VEHICLES

Mr. Speaker, I wish to turn the attention of this Honourable House to the matter of the importation of motor vehicles into Jamaica.

Background

Section 210 of the Customs Act states that importers of motor vehicles must obtain their import licences from the Trade Board Limited before the vehicles being imported leave their countries of origin. Thus the Trade Board Limited issues import licences on the basis of the best documentation available to it and the vehicles leave their ports of origin 'sight unseen'.

Motor Vehicle Pre-shipment Inspection Programme

Motor Vehicle Pre-shipment Inspection is an element of the current Motor Vehicle Import Policy (MVIP), Ministry Policy 36/14, which was adopted on April 3, 2014.

Consumer protection is the essential rationale for the Pre-shipment Inspection Programme.

In recent years, several purchasers of motor vehicles have been adversely affected by discrepancies in model years with subsequent indications (based on valuations for insurance purposes, etc.) of vehicles being older than the supporting documentation indicated.

Another issue that has adversely affected consumers over the years is that of odometers being rolled back.

To address and give redress to these issues, we are now ready, **Mr. Speaker**, to implement the Pre-shipment Inspection process. This will entail the exercise of due diligence based on the following criteria:

- History of Vehicle
- Conformity to Age Limit (model year)
- Road-worthiness
- Radioactive Contamination; and
- Odometer Reading.

Benefits of the Programme to Jamaica include:

- Raising of the standard of the national fleet
- Improved road safety
- Prevention of the undervaluation of vehicle invoices
- Prevention of the entry of stolen vehicles into the national fleet
- Prevention of odometer and documentation fraud
- Detection of radioactive contamination of vehicles; and
- Minimising the risks of pests and diseases being imported.

Moreover, from a revenue perspective, accurate motor vehicle valuations will redound to the benefit of the public purse and better facilitate Government spending in the national interest.

It is therefore our plan, Mr. Speaker, to have the Motor Vehicle Pre-shipment Inspection Programme introduced by the 1st of July 2017.

Importation into the Special Economic Zones

Mr. Speaker, under the special economic zone/free zone arrangements motor vehicles will be allowed to enter the economic zone/free zone and to be trans-shipped from there to other external markets in keeping with the logistics hub initiatives and Jamaica becoming a major trans-shipment point.

However, motor vehicles that will leave the special economic zone and enter the Jamaican domestic territory will require an import licence from the Trade Board Limited and will be subject to the applicable border duties and charges prior to entry.

Special Regime for Taxis and Farm Vehicles

Mr. Speaker, believe it or not, some 90 per cent of taxis currently serving the commuters of Jamaica are over 15 years old. This is grave news for the comfort, safety and security of passengers.

Currently, also, our regulations only allow for the importation of vehicles up to 5 years old. In collaboration with my colleague Minister of Transport, I therefore intend to pursue a special regime to enable the importation of vehicles up to 8 years old in order to enable our taxi associations to upgrade the quality of vehicles in their fleets and so enhance their customer service. This special regime will be available only to and through the taxi associations.

Similarly, **Mr. Speaker,** as Minister of Agriculture, I wish to address the need of our farmers to upgrade their farm vehicles and we are therefore taking the necessary steps with a view to pursuing a special regime to enable the importation of farm vehicles up to 8 years old.

In addition, we are also preparing to allow the importation of used tyres for use on heavy duty equipment as tractors and harvesters in the agricultural sector and we will also establish a mechanism to ensure that the tyres are used specifically for agricultural purposes.

AGRO-PARKS

Mr. Speaker, the agro-parks are an important innovation. They provide the platform for consistent production for both the local and export markets.

Government has put in the infrastructure for production; what we now need are large investors with supply chain and logistics experience to use the agro-park as a base to buy, sort, grade and transport produce to the specification of individual buyers, including hotels. Farmers, by themselves, cannot do that.

Ebony Park/ Spring Plain

Take, for example, Ebony Park/Spring Plain: The Government has invested some \$384m to equip these two contiguous agro-parks, comprising close to 1,214 hectares (3,000 acres) of land. It is fully irrigated, with over 2.3 kms of proper roads and 3.1 square kms of drains.



I submit to you, **Mr. Speaker**, that every farmer on that agro-park should have a contract to supply hotels, but an intermediary is required to liaise between the farmers and the hotels and to add the value of logistics. This arrangement can work not only for the farmers in the agro-parks, but for surrounding farmers who would know that they can take their produce to a particular point and have it sold.

This is the new element that we need to add to the agro-parks but that has to be a private sector initiative, and in this regard, we are encouraged by those hotels, such as those in the RIU Hotel chain, that have provided contracts to our farmers.

This is what we mean by the marriage of agriculture, industry, distribution and tourism.

So, **Mr. Speaker**, with all these elements coming together we can have a seamless value chain from farm to fork, creating wealth for the individuals concerned, growth for the economy, and prosperity for the communities.

Going Forward

Mr. Speaker, let me emphasize and clarify the point that the agro-park is not an agency nor a department. The agro-park is a concept and a model for the development and expansion of agriculture.

Therefore, **Mr. Speaker**, even though most of the current agro-parks are located on lands owned by the Agricultural Investment Corporation (AIC), an agency of the Ministry of Economic Development and Job Creation, the Ministry of Industry, Commerce, Agriculture and Fisheries continues to have and to own the mandate and the responsibility for the continuous development of agro-parks.

We intend to execute this mandate and to apply the agro-park strategy to the expansion and sustainable growth of agro-industry in Jamaica.

In this context, I wish to note the following:

Hounslow

Cabinet has approved the contract to extend the irrigation system in Hounslow; build roads and develop an agro-park to include the nearby pepper mash facility and bring more farmers from the adjoining areas on board. In this regard, we will be developing, in partnership with Grace Kennedy, a 25.5-hectare (63-acre) property in Hounslow to produce peppers for the processing facility owned by that company in that area.

Spring Gardens

I am also pleased, **Mr. Speaker**, to note that as part of a successor programme to the Agricultural Competitiveness Programme (ACP) funded by the Inter-American Development Bank (IDB), The Public Investment Management Secretariat (PIMSEC) has approved funding of some US\$5m, approximately J\$650, for the implementation of several projects to boost agricultural productivity.

This ACP bridging project, to be implemented over the next three years, will include establishment of the Spring Gardens Agro-Park in Portland. This agro-park will impact some 500 beneficiaries and involve the production of banana, cocoa and sweet potato.

Organic Farming

In the context of the agro-parks and the expansion of agricultural production, **Mr. Speaker**, I believe the time has come for Jamaica to seriously embark on the development of an organic agriculture industry – an industry which, globally, was valued at US\$80b in 2015.

During the last two decades, in both developing and developed countries, there have been increased awareness, benefits, and production of organically grown commodities.

It is indicative therefore, that organic agriculture is of growing importance and has shown much potential viability, based on the following factors:

- Growing consumer demand for organically grown produce
- New market opportunities for farmers
- Increasing international trade in organic products
- Reducing environmental degradation



Minister J.C. Hutchinson discusses organic produce with members of the Jamaica Organic Agriculture Movement.

- Reduced costs for production input
- Production of high reaction foods
- Improved food security
- Employment opportunities
- Building of resilience/ adaptation to climate change; among others.

To support local interest in and expansion of the organic agriculture sector, the College of Agriculture, Science and Education (CASE) has embarked on a programme to build out the capacity for organics in Jamaica

The college intends to convert its Passley Gardens property into a living organic agriculture laboratory and this year intends to engage in the production of:

- Organic ginger
- Organic garlic

Cannabis

As you may be aware, Mr Speaker, the responsibility for the Cannabis Licensing Authority resides in the Ministry of Industry, Commerce, Agriculture and Fisheries.

As at May 2017, the following can be reported:

- The Cannabis Licensing Authority has received a total of 212 applications from 86 applicants for licences.
- Of these 212 applications, 2 applications have been withdrawn by the applicants. Thus 210 applications are currently being processed.
- 26 Conditional Approval letters have been issued
- 70 applications are either awaiting documentation or payment of required fees from the applicant.

Mr. Speaker, the fact of the matter is that , for several reasons, the Authority and the Ministry are obliged to ensure the highest levels of due diligence when dealing with this matter.

Currently, there is ongoing research to ascertain the medical efficacy of cannabis. Our understanding is that while many claim widespread benefits in the treatment of nausea, pain, nerve irritability, diabetes, seizures, and weight loss, research with regard to these ailments has largely been done under the umbrella of nutraceutical research and this method does not require the same rigour of proof as required for research for pharmaceutical products.

There are also legal issues to be considered. In the United States of America, for example, under federal law, cannabis is treated like every other controlled substance, such as cocaine and heroin. Doctors may not “prescribe” cannabis for medical use under federal law, though they can “recommend” its use under the First Amendment.

Against this background, our current position is that we do not wish to make hasty decisions that will compromise the process. We will continue to support the current scientific research and act in a manner consistent with the existing rules and regulations regarding medical marijuana.

THINGS GOVERNMENT MUST DO

Mr. Speaker, I have articulated a vision for the new agriculture and its linkages to the other sectors of the economy.

We are acutely aware that this vision will only be realized through partnerships. While I have indicated the areas where private sector investment is important, I am also conscious that there are things that only Government can do to make this happen.



Discussing good agricultural practices for peppers.

and manage the enabling policy framework to advance sustainable growth.

In this regard, we are fully committed to:

- Trade facilitation and the Single Electronic Window for trade.
- Continuing to facilitate exports through our export complexes and our preclearance facilities at the Norman Manley and Sangster International airports and
- The continued roll out of our Global Gap Certification Programme under the Agricultural Competitiveness Programme and through the Banana Board.

Primarily, Government must create



At Denbigh 2016

In fact I can announce, today, that all inspections have been completed and **we expect to be Global GAP certified within the next three months!**

We continue to improve our quality infrastructure through:

- A programme of accreditation of our labs;
- Promulgation of standards and
- The creation of our new ISO Unit in the Ministry to work with industries to promote and support a culture of quality across Jamaica.

Legislation

The Government continues to strengthen the legislative framework to support sustainable development in agriculture, manufacturing, industry and commerce. In this regard, I am pleased to announce the enactment of the Jamaica Agricultural Commodities Authority

(JACRA) Act, which will remove Government's monopoly position in relation to the exports of cocoa, coconut and spices and create a licensing regime for all players who are desirous of exporting.

The Government will continue to monitor and regulate standards to protect the integrity of our internationally renowned high quality cocoa, coffee, ginger and pimento.

JACRA Regulations

Significantly, under the JACRA Regulations, which will be shortly brought to this Parliament, a cess will be imposed, with the full backing of the coffee industry, on imported coffee. The proceeds of this cess will be used to develop the coffee industry through the expansion of production, disease control, development of nurseries and so on.

With the legislation in place, we expect the Jamaica Agricultural Commodities Authority to be established and operational by July 1, 2017.



Agricultural Loans Societies and Approved Organisations Bill 2017

Similarly, I am pleased to have laid in this House the Agricultural Loans Societies and Approved Organizations Bill 2017, which will provide better regulation of our PC Banks by transferring that regulatory function from the Agricultural Credit Board to the Registrar of Cooperatives.

This will ensure tighter regulations and protection of our farmers' money in the PC banks and empowerment of agricultural loan societies to provide low-cost financing to the farming communities.

Fisheries Bill

Mr. Speaker, it gives me considerable joy to announce that after languishing for over 20 years in the legislative process, the Fisheries Bill is finally at the Legislation Committee of Parliament, where it is being examined on its way to this Honourable House.

This bill will significantly overhaul the management of our large fisheries resources; will put in place the proper Government and regulatory arrangements, and address environmental and other issues in relation to the conservation of our fisheries resources.

Monitoring and Surveillance

Mr. Speaker, it is not insignificant that the new Fisheries Bill is coming at a time when the Government has bolstered its capacity to monitor our waters through the acquisition of two offshore patrol vessels by the Jamaica Defence Force.



Patrol vessels at sea

On their patrol of the Pedro Bank and in collaboration with our Fisheries Division, the Coast Guard has intercepted two vessels fishing illegally in our waters, resulting in the successful arrest and prosecution of 91 poachers and the levelling of fines amounting to some \$15m, while their catch, valued at some \$47,750, was confiscated.

We will continue to work with the Ministry of National Security to complement this acquisition with our drone initiative to provide better surveillance and response capabilities. We are also finalizing a proper management plan for the Pedro Cays.

PRAEDIAL LARCENY PREVENTION PROGRAMME

Mr. Speaker, there are several strategies being implemented to prevent and reduce the incidences of praedial larceny. These include strengthening the legislative and policy framework as well as collaborating with other entities, especially our partners in the criminal justice system, to implement special programmes.

There is an established relationship with key stakeholders such as the Ministry of National Security, the Ministry of Health, Crime Stop, the Jamaica Agricultural Society and the Attorney General's Chambers. Private stakeholders and especially farmers have also been engaged in developing strategies to reduce the incidences of praedial larceny.

The Ministry, in collaboration with the Office of the Chief Justice, has sensitized parish court judges, clerks of the courts and police officers on the extent, nature and magnitude of praedial larceny in Jamaica.

A special cadre of police officers and clerks of the courts have been identified and trained to address farm theft related cases. As a result of measures like this, Mr. Speaker, we can announce **that over the last two years, we have witnessed a 50 per cent reduction in praedial larceny incidence in Jamaica.**



To address the backlog of farm theft cases currently before the Court, the Office of the Chief Justice has identified specific courts and parish court judges in each parish to hear and determine praedial larceny cases twice a month.

Praedial Larceny Victim and Witness Care Unit

Farmers often complain about not being informed on matters related to their cases which are either before the court or are being investigated.

To address this, the Ministry will be implementing a Praedial Larceny Victims and Witness Care Unit. The unit will serve as a single point of contact for victims/witnesses of praedial larceny cases where information can be obtained concerning the progress of their cases during the investigative stage and as the cases progress through the Court. This also includes the disposition of the case.

Legislation

The Ministry is currently preparing the Cabinet Submission incorporating recommended amendments to the Agricultural Produce Act. Under this Act, the fines and penalties for offences related to praedial larceny will be significantly increased from \$250,000 to \$3m or up to five years imprisonment.

In addition, the Ministry, in collaboration with our partners in the justice system, will be seeking to add praedial larceny in the Second Schedule of the Proceeds of Crime Act, so that people who are convicted can have their assets forfeited. The resulting proceeds will be put in a compensation fund for farmers who suffer losses from praedial larceny.

The Ministry continues to partner with the Jamaica Constabulary Force (JCF) and we wish to thank the officers and all our partners who are working with us to defeat the scourge of praedial larceny.

MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs)

Mr. Speaker, it has long been acknowledged that the prosperous countries of the world achieved economic growth principally through the activities of micro, small and medium enterprises. This is certainly the case for the United States. The number of persons operating in this sector in Jamaica is estimated to be over 400,000 and they transcend every sphere of economic activity.

Yet, **Mr. Speaker**, this segment of the productive sector has not traditionally enjoyed the kind of facilitation and support afforded to larger players. It is for this reason that I announced last year the intention to establish, in the Ministry, an MSME Division.

Mr. Speaker, I am pleased to announce: Mission accomplished! And, as we speak, the appropriate officers are being recruited for this division. This division will coordinate policy across all stakeholders in Government and the private sector.

A main mandate of the division is the implementation of the MSME and Entrepreneurship Policy, which my Ministry, working with various stakeholders, updated in 2016, and which will be laid in this House in this quarter. Additionally, we will be undertaking an institutional rationalizing in terms of the services we provide to the sector.

MIDA

Mindful of the limited number of players providing low-cost financing to this sector, the Government is proposing to restructure the Micro Investment Development Agency (MIDA) to be the Ministry's principal wholesaler of funding to the productive micro sector using legacy funds from previous financing projects.

Through the closure of the Self Start Fund, the Government has exited retail lending to the micro sector; therefore, the new MIDA will work through private sector micro financing institutions. The intent is that MIDA will represent a model through which wholesale funding from other sources could be channelled, targeting specifically productive micro entities. This is consistent with our philosophy of supporting production over trading as production is ultimately the only source of wealth creation.

JBDC

Similarly, **Mr. Speaker**, whilst the Jamaica Business Development Corporation (JBDC) has been doing an extraordinary job in providing advisory services to small businesses and assisting in product research and product development, the Government needs to extend its reach in terms of the provision of these services through the length and breadth of Jamaica.



In this regard, we are now developing a network model through which funding support will be provided to approved business support organizations, which will provide these advisory services and support to small businesses on the basis of performance criteria agreed with Government.

Therefore, **Mr. Speaker**, far from expanding Government, we will be partnering with private interests, academia, and NGOs, which have the capacity and the desire to perform these services.

Dormant Funds Scheme

Mr. Speaker, critical to all of this is a sustainable source of funding to enable Government to provide these services either directly through the JBDC or vicariously via the network.

Every MSME must have access to technical advisory services in a manner analogous to the service that RADA provides to farmers. In the same way that the Government funds the operation of RADA through the budget, we must find a sustainable means of funding services to MSMEs.

In this regard, the Government is working collaboratively with the Ministry of Finance and the Public Service to access, within the appropriate legal framework, a portion of the significant and growing pool of dormant funds in the banking sector. This approach will be carefully studied not only in terms of its feasibility, but to ensure that the banking customers' rights are not impaired. It has been done in other jurisdictions and as long as it is feasible we are determined to have it done here.

I am happy to report that the Cabinet, two weeks ago, considered the matter and approved that unclaimed funds should be explored and assessed as a viable option as a source of sustainable funding to fuel the growth and development of the MSME sector in Jamaica. In this regard, my Ministry will work closely with the Finance Ministry to engage an experienced technical consultant who will prepare a comprehensive proposal to the Cabinet.

Mr. Speaker, I wish to assure banking customers and the citizens of Jamaica that the guidelines given to the consultant will specifically state that the right of the banking customer must not be diminished and in fact, if there are improvements that can be made to reunite banking customers with their unclaimed funds, then the proposal must also recommend these improvements.

Mr. Speaker what we want is a win-win solution that uses what would otherwise be idle capital - subject to steady erosion through banking charges - to fuel the growth of our productive sector.

Procurement Policy

Mr. Speaker, last year I spoke to our collaboration with the Ministry of Finance in respect of a procurement policy that provides favourable terms of access to MSMEs and local producers to Government procurement contracts. This policy framework has now been signed off and approved by Cabinet.

The truth is, **Mr. Speaker,** making development happen and advancing growth and prosperity require conscious and deliberate action and this Government is prepared to do that. Growth is not magic, it is the outcome of deep collaboration across all Ministries, all heading in the same direction. **Mr. Speaker,** this administration is making 'joined-up government' work, it is not rhetoric – it is a reality.

Our Ministry has enjoyed strong support from a Finance Minister who believes in growth through production. But more than that, **Mr. Speaker** he and I are strong believers in 'inclusive growth' - growth that includes all in the economy not just some. We can only accomplish this by using strategies that target those on the fringes to bring them into the real, productive economy.

One such strategy, **Mr. Speaker,** is the use of government spending to create special access for our MSMEs and local producers. In short order, **Mr. Speaker,** we will see - in this Honourable House - the passage of Offset Regulations under the Public Procurement Act.

These Offset Regulations will be a developmental tool and will offer preferential access terms to our own local providers of goods and services so they can have an increasing share of their own Government's purchasing budget.

Consumer Protection

In all that we do, **Mr. Speaker**, a major priority of the Ministry will continue to be the **protection of the rights of the Jamaican consumers** and so we will endeavor to pursue and promote best practices and international standards for food and nutrition safety, Good Agricultural Practices and Good Manufacturing Practices.



World Consumer Rights Day 2017

CONCLUSION



Mr. Speaker, in closing, I wish to highlight the priorities of the Ministry of Industry, Commerce, Agriculture and Fisheries, as follows:

- **Mr. Speaker**, we are serious about **advancing the growth of business and industry**, including the MSME sector.
- We will continue to **support our manufacturers and encourage investment by the private sector**.
- As Government, we understand our role and duty to be that of an important part of the legislature – **providing the legislative framework and enabling environment to make business and industry grow and flourish**.
- We intend to be a critical player in the sustainability of the productive zones of the country by **facilitating the provision of critical infrastructure such as roads, water and processing plants in the farming belts**.
- We will continue to **support and provide productivity incentives to our farmers** who continue to face risks through weather related events of drought and floods as well as pests and diseases. We will do so through our Production Incentive Fund which now stands at some \$200m.

And in this regard, Mr Speaker, I can announce today, that we are now in the process of allocating some \$500,000 to each of those constituencies in which farmers were affected by the recent floods.

My final words, **Mr. Speaker**, are about the farmers of Jamaica.

In my travels across the island, I have had the honour of meeting these men and women of dignity and resilience. The vast majority of them are members of various farmers' groupings and their zeal of membership is remarkable.

Whether they belong to the JAS or the PMO or both as they very often do, they operate as farmers all together; they are not divided into factions, but stand together, united as farmers and I wish to hail them for this and to encourage them all to remain united – one strong group, working together; cultivating their crops; rearing their livestock; supplying the domestic, hospitality and export markets; providing primary produce for the manufacturing sector; **advancing the sustainable growth of Jamaica, land we love!**



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