

Ministry Paper /2015

Rationalization of Selected Agricultural Commodity Boards, as well as the Export Division

1.0 **Purpose**

The matter for tabling is to provide an update on initiatives being undertaken for the establishment of a Jamaica Agricultural Commodities Regulatory Authority (JACRA), which will set quality standards, provide quality assurance services, and generally regulate trading in the Coffee, Cocoa, Coconut and the Spices Industries. As such, the new body will **replace** the existing Coffee Industry Board, Cocoa Industry Board, the Export Division of the Ministry of Agriculture & Fisheries, and it will also **absorb the Regulatory Functions** of the Coconut Industry Board.

2.0 **Background and Rationale for Rationalization**

Historical Note

Agricultural Commodity Boards were created in Jamaica in the 1940's and 1950's arising from the following considerations:

- Lack of organization and fragmented production patterns in the commodities;
- Inadequate processing facilities;
- Insufficient reach and technical capacity to market products internationally;
- Low levels of human and technical resources to execute research and development programmes;
- The necessity to effect concentrated focus on selected commodities in order to capitalize on the preferential trade arrangements which were then in place.

3.0 **Current Situation/Reasons for Rationalization**

Over time, the factors which catalysed the establishment of the foregoing Commodity Boards have changed to the point where it now demands a re-orientation in their overall modus operandi.

The factors which have changed include:

- The development of global free markets over the past decade;

- The failure of some boards to respond and adapt to the new situation;
- Mediocre trade results due to high overhead and inefficient processing facilities;
- Failure of the Boards to catalyze a reasonable return on the farmers' investment in terms of an acceptable price;
- The termination of preferential trade arrangements;
- Government's Policy to minimize its role in commercial activities, including the processing and marketing of these products, and to concentrate on the regulatory aspects. As such, all the commercial aspects for the current entities which are being rationalized will be divested.

4.0 **A new Role for Government in Agricultural Commodities Management**

The Government of Jamaica through the Ministry of Agriculture and Fisheries (MOAF) will maintain an oversight role, and will only intervene in the operations of private sector stakeholders where there is an infringement of the regulatory provisions that jeopardizes market access, or is contrary to the national interest.

The Government of Jamaica will also maintain its role in ensuring the success of these commodities by engaging in the following:

- Formulating policies governing the export and import of agricultural commodities;
- Reviewing and updating legislative framework governing the export and import of Agricultural commodities;
- Maintaining an effective network of public and private sector entities concerned with agricultural exports (eg) Ministry of Industry Investment & Commerce; JAMPRO, The Bureau of Standards (BSJ), the Food Storage and Infestation Division, the Plant Quarantine Division, The Jamaica Exporters Association, the Jamaica Manufacturers Association et al;
- Liaising with the Ministry of Foreign Affairs and Foreign Trade in developing trade opportunities for Jamaican agricultural exports in consultation with the Ministry of Agriculture & Fisheries;
- Participating in trade missions and other initiatives relating to government-to-government trade issues.

5.0 **Achievements to Date In The Rationalization Process**

5.1 Nomenclature

The New Regulatory Body which is being developed to replace the named entities, has been nomenclated “The Jamaica Agricultural Commodities Regulatory Authority” (JACRA).

5.2 Organizational Considerations

To date the following organizational issues have been completed by the Ministry of Agriculture & Fisheries, and are currently awaiting final editing and approval by the Ministry of Finance & Planning:

- The Functional Profile for the New Body (JACRA)
- The Organizational Structure for the Body
- Job descriptions are written and classification of the posts, including a pay plan, is now being finalized by the Ministry of Finance & Planning

Other activities in train include:

- Consideration of non-monetary benefits for the proposed staff are being streamlined
- Change-management activities are being effected on a continuous basis within the entities which are to be merged.

5.3 Legal Considerations

A draft Bill for JACRA has been completed by the Office of the Chief Parliamentary Counsel based on drafting instructions provided to that office, by the Ministry of Agriculture. Comments which have been made on the draft by stakeholders, have been compiled and forwarded to the Chief Parliamentary Counsel in order to facilitate finalization of the Act. The finalization process is in train.

The drafting instructions for the Regulations which will give operational effect to the Act, are also now at an advanced stage of drafting.

5.4 Stake-holders' Considerations

The primary stakeholders who will be impacted by the exercise are:

- The Boards, management and staff of the entities that are being merged.
- The various Government Ministries and Departments with which the new body will have to establish linkages in order to perform its functions effectively
- The farmers who are involved in the production of the commodities which will be regulated.
- The Trade Unions which represent the unionized workers of the existing entities
- The Traders and Exporters who are involved in the processing and marketing of the regulated products.

These stakeholders have been kept abreast of the progress being made in the establishment of JACRA, and have been asked to make differential inputs where considered appropriate and necessary.

6.0 **Financial Considerations**

In view of the fact that JACRA will be self-financing, it will not be funded by the National Budget. As such, provisions are being made for its financial self-sufficiency by way of the development of a prudent Financial Administration Programme, based on charges in the form of Cess, Licence Fees, Fees for Services, and Industry Assessments. These are at an advanced stage of formulation.

7.0 **Projected Establishment date of JACRA**

Based on the current status of work on the project, JACRA is projected to be fully established during the Third Quarter of the current financial year, 2015/2016.

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