

# WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/JAM/5

5 May 1998

(98-1786)

**Working Party on  
State Trading Enterprises**

Original: English

## STATE TRADING

### Replies to Questions Posed by the UNITED STATES<sup>1</sup>

### Concerning the Article XVII Notification of JAMAICA<sup>2</sup>

The following communication, dated 29 April 1998, has been received from the Permanent Mission of the United States.

**Q.1. For the Coconut Industry Board, Jamaica reports under part (c) of functions of the Board that the Board arranges for issuing licences for manufacturers. Could Jamaica report on the criteria for issuing a licence?**

#### Criteria for Issuing Licence by the Coconut Industry Board (CIB)

A.1. The Coconut Industry Board operates subject to the powers of the Minister of Agriculture.

All applications for licence by commercial copra manufacturers are approved unless the CIB views the venture as one that would be uneconomical.

For small scale private manufacturers no licence is needed.

For the importation of edible oils no licence is refused by the Coconut Industry Board.

For the manufacturing of coconut oil the power of licensing rests with the Ministry of Agriculture.

All applications for licences are submitted to the Coconut Industry Board by the commercial copra manufacturers. The applications are approved by the Board of Directors based on the following conditions.

- The Copra manufacturers must make a deposit with the CIB equivalent to one week's supply of coconut. Interest is paid on this deposit at the average rate earned on money invested by the CIB.
- The copra manufacturing account must be separate from all other operational accounts.
- Growers must be paid within 14 days of delivery of coconut to the factory.

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<sup>1</sup>G/STR/Q1/JAM/1 and G/STR/Q1/JAM/2 & Corr.1.

<sup>2</sup>G/STR/N/1/JAM.

**Q.2. For the Coconut Industry Board, Jamaica reports under part (d) of functions of the Board that the Board markets the coconut crop. Could Jamaica explain what activities the Board engages in (e.g., sales, licences, promotion, etc.) and if the Board has any special or exclusive rights or privileges?**

A.1. The Coconut Industry Board (CIB) does engage in sales, licences and promotion of the coconut crop.

The CIB is the only legal entity in Jamaica authorized to buy or sell copra domestically or internationally.

The United States Department of Agriculture a year ago gave the CIB exclusive rights to ship seed coconut for nursery purposes into the United States.

These rights are now extended territorially to include Costa Rica and Puerto Rico.

The estimated production of coconuts for the period January to December 1996 was 14.34 million coconuts.

**Q.3. For the Sugar Industry Authority, Jamaica reports under part (4) of Functions of the Board that it has the authority to issue export licences. Could Jamaica explain the criteria for granting a licence?**

A.3. In the amended Act there is no reference in part (4) to the Authority issuing export licences. Sugar producers can export sugar in their own right after preferential quotas and domestic requirements are satisfied.

**Q.4. For the Petroleum Corporation of Jamaica (PCJ), Jamaica reports under part (ii) of the functions of the PCJ that it imports, exports, refines and distributes petroleum and petroleum products. Could Jamaica explain the criteria for importing or exporting, and how prices are determined for these transactions?**

- A.4. (a) Jamaica through the Petrojam Refinery imports its crude oil and products needs under the San Jose Accord from Venezuela and Mexico.
- (b) This Accord allows Jamaica to import 160,000 barrels per day from both Mexico and Venezuela.
- (c) Crude oil and product prices are based on the Mexican and Venezuelan posted prices.
- (d) The importation of petroleum crude oil and products has been liberalized since 1994.
- (e) Imports outside the CARICOM region attracts a Common External Tariff of 5 per cent on crude and 15 per cent on products.
- (f) Export of petroleum products from Jamaica has been very limited in recent times.
- (g) The price structure for any export would be based on the refinery billing price less any rack charges.
- (h) Attached please find the pricing structure for sales by the refinery to the marketing companies.

Petroleum Products Prices are based on Current Refinery Pricing Formula

1. Reference Price (Related to US Gulf Prices)
2. Acquisition Difference
3. L/C Charge
4. Freight
5. Insurance
6. Ocean Loss
7. CET (Common External Tariff)
8. Terminal Fee
9. Freight Equaliz
10. Rack Fee
11. Consumption Duty
12. Add Con. Duty
13. Refinery Billing
14. Average Marketers Margin
15. Average Marketers Price
16. Average Haulage Rate
17. Average Retailers Margin
18. Average Retail Price

**Q.5. We note that the Jamaica Commodity Trading Company (JCTC) continues to handle all imports of P.L. 480 rice, and that this rice is currently resold to only one company, Grains Jamaica Ltd. Could Jamaica explain why this company is the only miller of P.L. 480 rice? In the future, does Jamaica intend to increase the number of millers that it will sell to? If not, why?**

A.5. It is correct that Jamaica Commodity Trading Company (JCTC) continues to handle all imports of PL 480 rice and that the rice is currently resold to only one company Grains Jamaica Limited. Grains Jamaica Limited is the only miller of PL 480 rice because it is the sole rice miller in the country. It should be further noted that Grains Jamaica has given a commitment to purchase PL 480 rice regardless of the price.

A contract now exists between JCTC and Grains Jamaica Limited for the supply of PL 480 rice. Should new rice milling companies be established a revisiting of the contractual arrangement with the sole miller would become necessary.

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