

The background of the entire cover is a photograph of thick, billowing smoke in shades of grey and blue. A vibrant rainbow is visible in the center of the image, its colors appearing to glow through the smoke.

**25<sup>th</sup>**  
Issue

# Compete

Issue No. XXV, January 2021

# Clearing the air post-pandemic markets and consumer welfare

**Fair Trading Commission**

**Compete** is published annually by the FAIR TRADING COMMISSION. This magazine highlights aspects of Competition Law and Policy in Jamaica; and it is distributed free of charge to readers in Jamaica as well as overseas.

ISSN 0799-3862

**Printed by:**

Pear Tree Press Limited  
19 Chelsea Avenue, Kingston 10.

**FAIR TRADING COMMISSION**

Unit 42A, New Kingston Business Centre  
30 Dominica Drive  
Kingston 5

Tel (876) 960.0120-4  
Fax (876) 960.0763  
E-mail: [ftc@cwjamaica.com](mailto:ftc@cwjamaica.com)  
Website: [www.jftc.gov.jm](http://www.jftc.gov.jm)

[Facebook.com/ftc.jamaica](https://www.facebook.com/ftc.jamaica)  
Twitter  
LinkedIn

**Magazine Team**

*Edited, designed and coordinated by:*

Paul Cooper, Research Officer  
Ann-Marie Grant, General Manager  
Venessa Hall, Legal Officer  
Kristina Barrett-Harrison, Research Officer  
Desroy Reid, Competition Analyst

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# Compete

## Foreword

In this 25th issue of **Compete**, we explore the theme "*Clearing the air: post-pandemic markets and consumer welfare*." The outbreak of COVID-19 has drastically changed business models and has significantly impacted consumer welfare. Some markets have completely shut down while others emerged or were expanded because of the pandemic. The magazine, therefore, explores the effect of such market transformations on competition and consumer welfare.

A survey conducted by the Jamaica Manufacturers and Exporters Association revealed that several sectors have been resilient in the COVID-19 pandemic: food and beverage; pharmaceutical; chemicals (hand sanitizers and other cleaning agents); textile and apparel (face masks); and paper products (hand towel and tissue). Contrastingly, the sectors which were found to have experienced a downturn include sectors that supply products to the tourism and entertainment industries and educational facilities.

For the sectors that were identified as resilient, demand increased as consumers took steps to protect and sustain themselves. For the sectors that experienced a contraction, demand declined to a large extent due to measures initiated by the government to mitigate the effects of COVID-19.

The articles included in the magazine touch on several topics including the impact of COVID-19 on Jamaica's path to growth, navigating crisis through effective business support, Jamaica's experience concerning the impact of COVID-19 on tourism, a regional approach to mitigating the effects of the COVID-19 pandemic, and post-pandemic economic recovery.

In addition to articles and contributions from a few Government agencies, the magazine highlights some of the work we completed in 2020. These include market studies concerning the cannabis industry, and the mobile telecommunications sector; merger investigation in the betting and gaming sector; and investigation into allegations of anticompetitive conduct in the courier and online promotional deals sectors.

We trust you will enjoy this special edition of **Compete** as much as we enjoyed putting it together.

Happy reading!

*Kristina Barrett-Harrison*  
Chairperson, Magazine Committee



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# Investigations, Market Studies, Advocacy

## Gustazos' exclusive agreements with merchants

Upon a complaint by Brawta Living, the FTC investigated whether Gustazos' exclusive agreement with merchants regarding the promotion of their products was anti-competitive, and therefore in breach of the Fair Competition Act (FCA). Brawta Living and Gustazos are competing platforms distributing online vouchers for lifestyle products offered by merchants such as restaurants, spas, hotels, excursions, and cinemas. These lifestyle products are offered exclusively to their subscribers.

The matter was investigated under section 17 of the FCA which prohibits agreements that have as their purpose or effect the substantial lessening of competition in a market.

The FTC conducted an economic analysis of the industry to determine the harm to competitors and harm to consumers that may result from the exclusive agreements between Gustazos and merchants. The FTC determined that the scope and duration of the restrictions in the agreements is likely to have the effect of substantially lessening competition as it would delay rival platforms' entry into and expansion in the market. Additionally, consumers would be harmed as the effect of the exclusive agreements would allow merchants to reduce the size of the discounts offered in featured promotions. Further, that the efficiencies gained by the exclusive agreement could not justify and

address the effect likely to be caused on competition, particularly on consumer choices. Consequently, it was concluded that Gustazos' conduct is likely in breach of section 17 of the FCA. It was therefore recommended by the FTC that the exclusive agreements be modified, particularly, the scope and duration, to ensure that there are no further breaches of the



## Acquisition in slot machine gaming market

In 2019 Supreme Ventures Limited ("SVL") acquired Champion Gaming Limited ("CGL"). Both SVL and CGL operated in the market for slot machine gaming services in Jamaica. As the acquisition involved two major players in the slot machine gaming market, the FTC examined the transaction to determine whether the transaction raised any competition concerns under section 17 of the Fair

Competition Act (FCA). Section 17 of the FCA applies to agreements that contain provisions that have the purpose, effect, or likely effect of substantially lessening competition in a market.

The FTC assessed entry conditions and found that entry in the slot machine gaming market would be timely, likely and sufficient in nature, scale

and scope to mitigate, if not avert, any anticompetitive effect on competition that may result from the acquisition. The FTC therefore concluded that the acquisition was unlikely to have the effect of substantially lessening competition in the slot machine gaming market and thus would not likely breach section 17 of the FCA. As such, the investigation was closed.

## DHL broker turnover fee

In 2019 DHL sought an opinion from the FTC in relation to an administrative fee, the "Broker Turnover Fee" ("BTF"), that they had briefly implemented. This fee was imposed only on DHL's customers who were using third party customs brokers at the ports of entry in Jamaica. These third parties competed directly with DHL for customs brokerage and last mile delivery services.

In response to DHL's request for an opinion, the FTC investigated the matter as the BTF raised issues concerning a potential breach of sections 19-21 of the FCA which deal with abuse of a dominant position. The

FCA prohibits a dominant enterprise from engaging in conduct that is considered abusive, and which amounts to a substantial lessening of competition.

The FTC found that DHL occupies a dominant position in the market for freight forwarding services to Jamaica and that based on its economic strength in this market, the implementation of the BTF would be an abuse of its dominant position. It was determined that the BTF is likely to have the effect of substantially lessening competition in the market for customs brokerage services in Jamaica by diverting revenues from rival cus-



toms brokers and/or raising rivals' costs in the market for customs brokerage; and increasing the price to access customs brokerage services or reducing the quality of customs brokerage services received by importers –the final consumers. Further, the FTC concluded that no demonstrable economic justification was established for implementing the fee.

The FTC concluded that the implementation of the BTF would contravene sections 19-21 of the FCA and recommended to DHL that it not implement the fee.

## Minister of State visits the FTC

On December 7, 2020, Minister of State in the Ministry of Industry Investment & Commerce, Honourable Dr. Norman Dunn, MP, paid a courtesy call on the Staff of the FTC, to tour the FTC's new office and to discuss several strategic priority areas. The management team headed by David Miller, Executive Director, described several of the FTC's significant achievements over the years, as well as current activities under investigation and market studies.

Among the areas discussed were improving competitiveness in the telecoms sector and resolving connectivity issues experienced by consumers, strengthening the regulatory framework of the cooking gas market, the present concentration level in the market for auditing services, and the importance of having a pre-merger notification regime for Jamaica.

Recognizing the rapid expansion in the demand for high quality Internet service occasioned by the pandemic market adjustments, the Minister charged the FTC to assess the market for Internet service, in particular with reference to new and emerging technologies.#



From left to right:  
David Miller and Dr. Norman Dunn

## Lucky Dollar misleading advertising

In July 2020, the FTC received two complaints that the Informants saw an advertisement in the Sunday Gleaner dated July 5, 2020, in which Lucky Dollar advertised a TCL 40" LED TV FHD Android ATSC for the sale price of \$26,098 plus GCT. In reliance on that advertisement, both Informants on two separate occasions, visited Lucky Dollar to purchase the television, but, they were advised that the actual price was \$36,999 plus GCT. The FTC Staff investigated the matter to ascertain whether the advertisement was false, misleading or likely to be misleading, thus, likely to contravene section 37 of the Fair Competition Act (FCA). The Staff's investigation revealed that

Lucky Dollar had published a corrective notice a week later, where reference was made to the error in the price stated in the first advertisement. A new price was stated for the television.

Lucky Dollar has cooperated with the FTC in the investigation, and consequently, the Commission has proposed to discontinue the investigation and settled the matter in accordance with the Fair Competition (Notices and Procedures) Regulations 2000.

The proposed Consent Agreement asked that Lucky Dollar issue a written apology to the Informants and offer to honour the original advertisement of July 5, 2020, as well as to provide redress to the Informants by offering

to sell the television for the price of \$26,098 plus GCT.

These agreements are made with the understanding that Respondents will not repeat the offensive conduct. The FCA stipulates that if there is a breach of the legislation, an enterprise can be fined up to \$5 million and \$1 million in the case of an individual. Thus, a Consent Agreement is proposed in instances where it believes that the FCA has been breached and the Respondent is amenable to settling the matter out of Court. The FTC now awaits the execution of the proposed Consent Agreement with Unicomer Jamaica Limited to finalize the matter at hand.

## FTC Investigation Team

The Commission's investigation team is critical to the organization carrying out its mandate, using its resources efficiently and effectively, and achieving its targets. The team members have an umpteenth number of combined years as competition law practitioners. The team is led by Executive Director David Miller and General Manager Ann-Marie Grant, each with 20 years' experience and Competition Bureau Chief Kevin Harriott with 15 years. Dr. Harriott's Competition Bureau is

primarily responsible for market studies, economics research, and analyses. His team comprises Mr. Desroy Reid, Ms. Verlis Morris, and Mrs. Kristina Barrett-Harrison, Research Officer, with six, nine, and twelve years' experience, respectively. Dr. Harriott and Mr. Reid were certified in the Advanced Training of Trainers Programme in Competition Law hosted by the European Union and CARIFORUM and conducted by Professor Frédéric Jenny, Chairman of the OECD Competition Committee.



Mrs. Susan Lawrence-Simms, who heads the Legal Department, is supported by Legal Officers Ms. Venessa Hall and Ms. Michelle Phillips, in their core work as the Commission's enforcement officers and advisors on legal matters.

## FTC Market Studies

During 2020, the FTC undertook three market studies. Among them is the cannabis industry market study which evaluated the legislative and regulatory framework that governs the industry and sought to determine whether the framework is likely to raise competition concerns. Jamaica's cannabis industry was legalized in 2015 and is relatively new. The market study examined other countries, such as Canada, Uruguay, Germany, Australia and the United States that have legalized the industry, with the view of determining best regulatory practices to ensure Jamaica's cannabis industry has a competitive framework. It was concluded that the policy goals of the cannabis industry should be balanced and not be more restrictive than necessary, otherwise it would harm competition.

Another market study completed by the FTC was requested by the Spectrum Management Authority ("SMA"). In Jamaica, the SMA manages the assignment of spectrum which is a crucial limited resource required by operators to deliver mobile telecommunication services. The Aggregate Spectrum Cap Policy is used by the SMA to safeguard competition in the market for mobile telecommunication services. The purpose of the study was to assess the level of competition within the mobile telecommunication industry. SMA would use the findings of the study to inform its evaluation of the utility of its Aggregate Spectrum Cap Policy, and its industry consultation document entitled, Proposed Spectrum Holding Policy. The FTC concluded that while the mobile telecommunication market is competitive,

measures should be taken to bolster the prospects for competition in the foreseeable future by restricting any operator from acquiring more than 37 percent of the assignable spectrum. The FTC also recommended that the Minister with responsibility for Telecommunications consider implementing a proposal which would lead to the reduction in the fees for some of the spectrum bands.

Additionally, an assessment of the payment services industry in Jamaica is being conducted by the FTC. The impetus of this market study was based on the 2019 Jamaica banking sector study conducted by Consultant Menns SPRL and research of other jurisdictions that indicated there was a lack of competitiveness in the payment services sector. Furthermore, it was ascertained that there was a fail-

ure to meet the needs of personal consumers, as well as small and medium-sized enterprises. Accordingly, the purpose of this market study is not only to gain an understanding of the sector in Jamaica but also to determine its competitiveness.



FTC Investigation Team  
From left to right: Susan Lawrence-Simms, Kevin Harriott, Venessa Hall, Verlis Morris, Kristina Barrett-Harrison and Desroy Reid



## FTC signs MOUs with statutory agencies

As part of its competition advocacy work, the FTC has formalized relationships with five statutory agencies through Memoranda of Understanding (MOUs). The MOUs are designed to enhance inter-agency collaboration and cooperation to share information to facilitate regulatory oversight and policy development within the context of the promotion of competitive markets.

Over the past year, the FTC signed MOUs with the Bureau of Standards Jamaica, Betting, Gaming & Lotteries Commission, Cannabis Licensing Authority, the Broadcasting Commission, and the Development Bank of Jamaica.

The MOUs with the first four regulatory agencies will facilitate cooperation to achieve more competitive out-

comes in the sectors for which they have regulatory oversight. On the other hand, the MOU with the DBJ will facilitate information sharing on Public-Private Partnership and Privatization Agreements, capacity building initiatives, and policy development. At all times, the FTC seeks to make markets work well for consumers, businesses, and the economy.

## Training gone online

It cannot be said often enough that the Covid-19 pandemic has impacted all sectors of the economy and society. Its deleterious effect on logistics provides the opportunity for innovation in e-commerce. One such innovation is videoconferencing platforms that facilitates meetings online removing the need for participants to converge in a single physical location. Given Jamaica's location, accessing international training is costly and requires extensive travel. With the migration of most international training/conferences to videoconferencing platforms, the Fair Trading Commission (FTC) was sure to capture the benefits of these online activities.

The FTC benefitted from training sessions hosted by the Barbados Fair Trading Commission (BFTC), Organisation for Economic Co-operation and Development (OECD), International Competition Network (ICN), United Nations Conference on Trade and Development (UNCTAD) and the Trinidad and Tobago Chamber of Industry and Commerce (T&TCIC).

The BFTC offered a series of trainings in competition law starting in May, 2020, which were delivered by the Federal Trade Commission from the United States of America and Menno SPRL, a competition law consultancy firm based in Belgium. The sessions explored topics such as market power, abuse of dominance, state aid control, and horizontal agreements.

The OECD offered two webinars over two separate periods; June 22-26, 2020 and September 28-29, 2020. The first workshop focused on anticompetitive conducts within the health sector. The issues covered include competition in the sector, regulation, bid-rigging, cartel enforcement, abuse of dominance and COVID-19. The FTC was represented by Desroy Reid, Competition Analyst, who presented on an investigation into allegations of abuse of dominance in the pharmaceutical sector in Jamaica. The second webinar was the 18<sup>th</sup> OECD-IDB Latin American and Caribbean Competition Forum. The hosting of the Forum online enabled the entire Technical

Staff at the FTC to participate in sessions focused on digital evidence gathering in cartel investigations and a peer review of Ecuador's competition policy. Additionally, the Technical Staff was able to benefit directly from a rich discourse on competition issues for the first time in the history of the ICN Conferences by participating in the 19th Annual Conference held virtually over the period September 14-17, 2020. All Technical Staff members attended six different sessions. UNCTAD's session held on September 25, 2020 was the first in a two-part training series on mergers.

The T&TCIC held its online forum on September 22, 2020 where the main feature was a presentation on T&T's competition policy. The FTC was also represented at this forum with Michelle Phillips, Legal Officer, included as a discussant on the panel. These online sessions have been bolstering the technical skills of the staff which can only enhance FTC's capacity to safeguard competition in Jamaica.





The Board of Directors, Management and Staff of the  
Jamaica Civil Aviation Authority (JCAA)  
congratulate The Jamaica Fair Trading Commission



on the

**25<sup>th</sup>**  
I S S U E

of their Annual Magazine, "**Compete**".

We applaud your publication's contribution to the efficiency of Jamaica's consumerism, business sector and economy. We wish you success as you continue to enforce and promote fairness in the competitive marketplace.



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# FTC 18<sup>th</sup> Shirley Playfair



while Ms. Pratt provided detailed commentary on Canada's experience. The panel revealed a wide range of responses within the international community of competition authorities. At one extreme, some competition authorities relied on existing legislation to respond to the pandemic. At the other extreme, some jurisdictions (including Jamaica) introduced or amended legislation to deal with

The FTC hosted the 18<sup>th</sup> Annual Shirley Playfair Lecture in November 2020 under the theme "Protecting Competitive Markets and Consumer Welfare during and Post COVID-19 Pandemic." By way of a panel discussion, the lecture highlighted the range of measures implemented by competition authorities in response to the perceived threat posed by the pandemic. It also addressed the relevance of competition law to the protection of consumer welfare. In painting a picture of the effect of the pandemic, one of the issues raised by the panel offered a fresh perspective on the age-old intellectual debate governing conflicts between competition policy, industrial policy, and international trade policy as it relates to the role of the State in safeguarding consumer welfare.

The Lecture benefited from the insights of a panel discussion comprising Professor Frédéric Jenny, Chairman of the Competition Committee at the Organisation for Economic Cooperation and Development (OECD) and Jeanne Pratt, Senior Deputy Commissioner at the Competition Bureau in Canada. Kevin Harriott, Competition Bureau Chief of the FTC, moderated the discussion.

The panel engaged the audience on issues on how competition authorities have been adjusting enforcement activities in response to the pandemic. Professor Jenny highlighted general changes observed throughout the globe

the realities (such as price gouging) occasioned by COVID-19. Other authorities adopted a moderate response and became more accommodating of some activities especially as it relates to cooperation among competing firms. The panel mentioned that competition authorities with a consumer protection mandate were generally the ones which acted to control prices. Indeed, Senior Deputy Commissioner Pratt informed the audience that while the Competition Bureau did not make any adjustment to its activities, the consumer protection agency in Canada addressed consumer welfare issues as they arose.

Another critical issue tackled by the panel was the relevance of competition law to the protection of consumer welfare. The panel acknowledged that the market may be slow in adjusting to correct the problems raised by COVID-19. It warned, however, that while some measures by the State to intervene in the market process may be justified to protect consumer welfare in the short run, competition in markets- and by extension competition enforcement, was still the best means of protecting consumer welfare in the long run and therefore policymakers should be mindful of sacrificing long term benefits for short term gains.

The panel pointed out that the impact of the pandemic differed across sectors as it paralyzed some sectors and seemingly catalysed others. It was pointed out that sectors

such as oil, tourism & travel as well as the Micro, Small to Medium Size (MSME) sector were adversely impacted by the pandemic while e-commerce seemed to have flourished with Tech giants such as Amazon, Apple, Google Microsoft and Facebook reporting significant increases in revenues during the pandemic.

The panel noted also that one of the legacies of the pandemic was the digital transformation of many retail markets such as food delivery. The increased prominence of the digital economies poses a significant challenge for competition law enforcement going forward. For example, market definition analysis may become significantly more complex with multisided platforms operators competing across multiple markets and the increasing prominence of non-price factors such as access to big data and related consumer privacy issues in competition law analyses.

Regarding the state of markets in the aftermath of COVID-19, the panel conjectured that economic recovery would

require leadership to some degree from the State. It was suggested that among other things, the push toward a global supply chain might be retarded in favour of a more regional supply chain. It was also suggested that the world should revisit the intellectual discussion on the role of the State in 'picking winners' with the renewed concept of coordination among competition policy, industrial policy and international trade policy in which competition practitioners set the parameters in which the State could lead the economic recovery process.

The historic virtual staging thoroughly engaged the audience comprising local and regional individuals from diverse professional backgrounds. In the Q&A session, the audience extracted even deeper analyses from the panel. By all accounts, the Lecture promised and delivered a smorgasbord of food for thought on the cause and likely consequences of COVID-19.



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**Email: [info@jipo.gov.jm](mailto:info@jipo.gov.jm)**

**[www.jipo.gov.jm](http://www.jipo.gov.jm)**





# Competition Law and Policy

## Responding to the Covid-19 challenge

By **Venessa Hall** | Legal Officer | FTC

**T**HE WORLD has been impacted by the Covid-19 pandemic with such extraordinary severity and speed that international market mechanisms and governments have found themselves challenged to deliver relief in a timely manner. The lack of anticipation of such an event, along with the breakdown of market mechanisms relating to some of the most essential products required to combat the outbreak have resulted in many governments pondering how to move forward and at the same time have constrained their capacity to make strategic choices.

In this new and unfolding milieu, the question for competition law and policy is how it can and ought to respond to the deep economic crisis caused by the Covid-19 pandemic. Competition, broadly defined, refers to a situation in a market in which firms or sellers independently strive for the patronage of buyers in order to achieve a particular business objective such as profit, sales and/or market share. Competition is viewed as an important process by which firms are forced to become efficient and offer greater choice of products and services at lower prices. It gives rise to increased consumer welfare and allocative efficiency (OECD, 1993).

Competition law and policy is focused on facilitating and protecting competition, not competitors and involves repudiating harmful and exclusionary conduct from healthy,

competitive conduct in a principled manner. Competition authorities therefore have as their mandate to protect and encourage competitive markets by investigating and sometimes pre-empting anticompetitive conduct by firms. Accordingly, there has been enforcement action by competition authorities against cartels and cartel related conduct such as market division, price-fixing, bid rotation, as well as, restrictions on business behaviour designed to achieve or maintain dominant power. Additionally, restrictive horizontal practices that are likely to substantially lessen competition are also analysed to prevent harm to competition. Competition law and policy, therefore, frowns strongly on unilateral and coordinated conduct.

The impact of Covid-19 has been unprecedented and has caused significant disruption to the global economy. This is most evident in the supply of products, as the value chain of several products has been derailed, leading to shortages due to insufficient level of production or due to the difficulties in product distribution arising from confinement measures. Healthcare, brick and mortar commerce, tourism, transportation sectors and international trade are amongst the areas most severely affected, with indirect effects felt worldwide.

In the circumstances the first concern for consumers would not be the best quality or price of products among com-

petitors, as would be the case in a normal functioning economy but rather to locate products due to shortages in supply. Cooperation and coordination between private firms may also effectively overcome shortages of essential products and fix disruptions of supply or logistics chains without the need for government intervention or other costly remedies. In normal times, such agreements would be scrutinized by competition authorities as anticompetitive behaviour, specifically as collusion is likely to lead to the formation of cartels. This means that while these agreements have the potential to yield significant benefits to consumers, firms may be reluctant to enter into them because of the fear of breaching competition law provisions.

Covid-19 has, therefore, prompted competition authorities to examine their approach to the application and enforcement of competition law and policy. In the Covid-19 era, cooperation between competitors may be lawful or pro-competitive but there may be challenges faced by competition authorities in analysing and dealing with them. The traditional analytical framework is that cooperation that involves coordination or discussions on future prices, costs and wages are unlikely to be lawful or justified by pro-competitive effects. Moreover, the economic and legal analysis surrounding the determination of efficiency gains remain the same, even in this emergency. In a time of severe crisis, however, it is paramount that competition authorities strike the right balance between allowing cooperation that is beneficial to consumers and addresses the current market failures even while remaining vigilant to prevent practices and arrangements that distort competition in the long run.

In the United States with a nod to protecting consumer welfare, which is a crucial objective of competition policy, the US Federal Trade Commission and the US Department of Justice have suggested that health care facilities coordinate the provision of resources and services. It was also suggested that other businesses may temporarily combine production, distribution or service networks to facilitate production and distribution of COVID-19 related supplies. Arguably, these allowances/suggestions are merely tempo-

rary for the purposes of addressing specific short-run market failures that are the result of the current Covid-19 crisis.

In other jurisdictions there have also been collaborations between competing firms with the view of maintaining or reviving in the short-run manufacturing, supply and distribution of a product. In the UK, logistics service providers were able to share information on labour availability, storage and warehouse capacity, delivery vehicle capacity, size and destination during the groceries disruption period (UK Government, Public Policy Exclusion Order 2020 No.369). Additionally, a conditional interim authorisation was provided by the Australian Competition & Consumer Commission for the Australian Banking Association and banks to cooperate to provide supplementary relief packages for individuals and businesses affected by Covid-19. Competition law and policy in responding to Covid-19 must focus on the necessity of the cooperation agreement to address a specific market disruption as consumer welfare is paramount.

In the Caribbean, competition authorities have embarked on developing measures to provide Covid-19 related guidance to firms and consumers. In this regard, the CARICOM Competition Commission has established the Covid-19 Joint Steering Committee that is comprised of other competition authorities, consumer protection agencies and government departments to formulate strategies and implement measures and initiatives that will address issues relating to commercial and consumer welfare during the period of the pandemic.

Accordingly, Covid-19 requires an adjustment in approach or at least, forbearance by competition authorities. So, enforcement approaches adopted in normal times may need to give way to other consideration even if on a temporary basis. Ultimately, competition authorities will be required to evolve and take a more dynamic view of the process of competition and adapt their reasoning regarding government intervention, horizontal agreements, or mergers due to the unprecedented economic shock resulting from the Covid-19 pandemic.



# Mitigating the effects of the COVID pandemic

## A regional approach

Contributed by the **CARICOM Competition Commission**

**T**HE NOVEL coronavirus (COVID-19) pandemic has affected the global economy like no other occurrence in recent history. The pandemic has led the International Monetary Fund (IMF) to revise its projected 2020 global economic growth estimates downward to minus 4.9 percent, which is below its initial forecast of minus 3 percent. The pandemic has had a greater negative impact on economic activity in the first half of the year than anticipated, and the recovery is projected to be more gradual than previously forecast. Moreover, the OECD has stated that the global economy is not expected to recover to pre-pandemic levels for another 2 years.

Like the rest of the world, the CARICOM Single Market and

Economy (CSME) has not been left unscathed by COVID-19. Economic activity in most CSME Member States remains sluggish due to national policies aimed at protecting the public health, such as the closure of national borders, the postponement of cultural events, and the closure of businesses in the hospitality, transportation, and sports industries. With tourism being one of the main economic industries in the region adversely impacted by the pandemic, the IMF projects economic growth for the region, excluding Guyana, at minus 7 percent at the end of 2020, which is lower than forecasts for the world economy and emerging market and developing countries (See Figure 1). *(For most countries across the globe, the IMF revised their*



growth forecasts for 2020 downwards. Before the pandemic, the initial growth forecast for Guyana for the end of 2020 was 86 percent).

The economic impact of the pandemic now also presents an additional problem for the CSME, which is vulnerable to external shocks. As the region continues to grapple with natural phenomena such as hurricanes and climate change, and the long-term effects of the 2008-2009 global financial crisis, its ability to deal with the short- and medium-term consequences of the pandemic is still to be determined.

The national policies implemented in the region in response to COVID-19 have affected product markets. Member States have reported sharp increases in prices; deceptive sales practices targeting the misinformed or vulnerable; and a deterioration in the quality of customer service from utility providers, distributors, and other commercial operators. The scaling down of government and sector regulators operations, although unavoidable, also means less monitoring of, and intervention in, product markets in some countries.

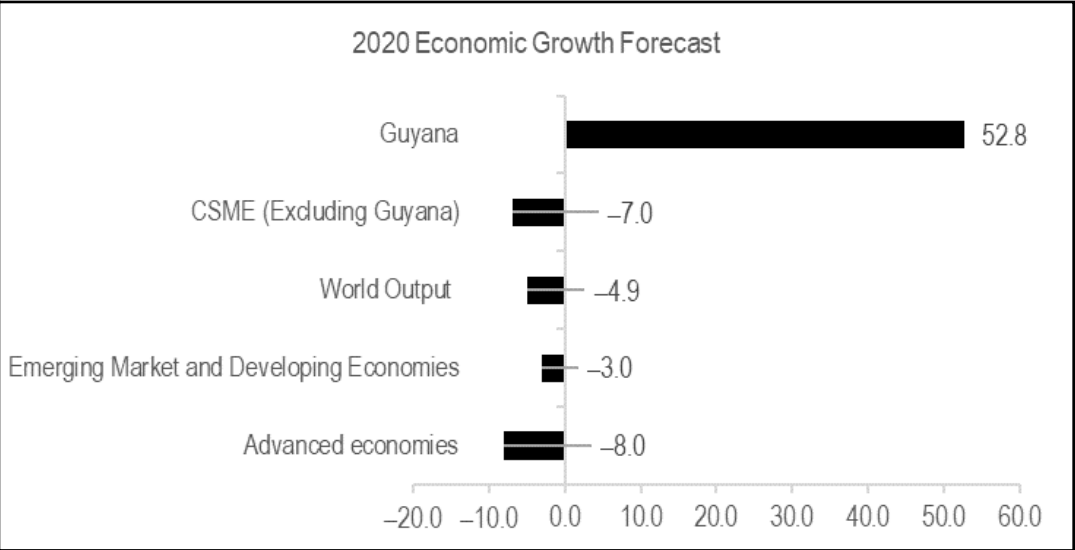
As a region, the CSME has learned from past experiences that resilience in any sector requires sound and effective crisis planning and execution, not just on a national front, but also for a strong coordinated regional effort to assist

in cushioning or mitigating some of the negative fallout from the crisis. Since the beginning of the pandemic, the CARICOM Competition Commission ("Commission") has sought to address these escalating market trends in the Member States. In March/April 2020 the Commission was at the forefront of developing a regional strategy for competition and consumer protection, based on the principle that effective communication and information sharing by key agencies within our national and regional space would lead to a more resilient approach to crisis management.

In this regard, the Commission developed a 21 point Regional Action Plan ("Plan") in full consultation with regional trade, competition, and consumer officials whose implementation is guided by a Regional Steering Committee chaired by the Commission. The Plan contains collaborative strategies for national competition and consumer protection authorities to execute in CARICOM during the pandemic based on the following three (3) pillars:

**Monitoring:** This pillar would see the activation and/or creation of online portals for regional monitoring on key products and services and interagency collaboration on mechanisms. The Committee would monitor one basket of goods common throughout the region to ensure focus on key items required for the pandemic, to maintain a close monitor on prices, supply, and demand, to ensure

Figure 1: Comparison of 2020 Economic Growth Forecasts for the CSME and other regions



Source: IMF data

that artificial scarcity is not created in any necessary product and that such strong governmental intervention does not create favoured firms or monopolies.

**2 Advocacy:** Businesses and consumers are encouraged to report misleading advertising, and excessive pricing. Significant collaboration with relevant authorities to issue public advisories and to warn against negative trade practices is ongoing. The Committee will also be liaising with sector regulators to ensure all access points for consumers are covered. The CCC also created access to key issues on its website and a Facebook page to allow easy and quick dissemination of information.

**3 Enforcement action:** It is expected that at this time we may have mergers and acquisitions which may use the failing firm defense. Our situation is vastly different from that of the Australian Competition and Consumer Commission, United States of America Federal Trade Commission and Canadian Competition Bureau who currently have not applied any leniency to application of merger reviews. However, the Commission strongly recommends that regional competition agencies be called upon to be flexible in their application of mergers and acquisitions principles to ensure that consumer welfare will be best served and that we do not have large scale firm failure to the detriment of the economy. However, competition agencies are encouraged to be firm and steadfast in taking action to minimize instances where consumer welfare will be harmed in instances of forced supply restriction, exorbitant prices and decreased quality of goods, misrepresentation, and unfair contract terms. Like other agencies, cooperation amongst enterprises will be allowed, for the life of the pandemic, where such cooperation would strengthen consumer welfare and market stability. It can be noted that Jamaica has already issued interim orders against price-gouging and Barbados has implemented extensions to filing requirements for merger applications.

To ensure implementation of the Action Plan, there are three main collaborative mechanisms:

(1) **a regional meeting forum for trade, competition and consumer officials-** starting April 3<sup>rd</sup>, 2020, meeting every

8 to 12 weeks of the pandemic – this overarching forum will ultimately be required to raise with governments of Member States any legislative or policy changes required for optimum flexibility in competition policy and consumer protection;

(2) **a consultative forum with national consumer NGO's** – starting May 4<sup>th</sup>, 2020, two meetings have occurred of this specific forum to capture 'on the ground' the needs of consumers; and

(3) **a targeted Steering Committee-** starting April 22<sup>nd</sup>, 2020 whose Terms of Reference is to drive movement of work nationally and regionally on the Action plan through monthly meetings, and each pillar has lead agencies from around the region. The Commission itself is chair of the committee.

The Commission notes that some international players have also implemented similar strategies such as the national competition and consumer protection authorities in Australia, and the UK, giving competition law and consumer protection a key role in mitigating the effects of the pandemic on consumers and businesses. In both countries, an important action taken was the establishment of a Task Force to scrutinize market developments for deceptive sales practices, warn businesses suspected of exploiting consumers, and advise their respective governments of actions and policies which could be implemented to ensure markets function well during the pandemic.

However, the implementation of a regional strategy aimed at mitigating the effects of COVID-19 presents unique challenges and opportunities for, and lessons to be learnt by, the Commission and CARICOM. One of these challenges is obtaining the coordination and commitment needed by autonomous agencies located in different Member States, such as national consumer protection authorities, consumer non-government organisations (NGOs), and sector regulators. Individual Member States also have different legislations in place to address consumer protection issues, while most have no competition frameworks established. This presents a challenge where Member States are unable to streamline their actions to mitigate



the effects of COVID-19 in line with the regional strategy in a tangible and timely manner.

Nonetheless, the opportunities presented from a regional strategy abound. For example, by sharing information on their actions taken under the three pillars, Member States can observe what their counterparts are doing with similar legislative frameworks and follow suit, which promotes harmonisation. The sharing of information also allows legislative and policy gaps to be identified, and advice provided on how to strengthen national competition and consumer protection frameworks. The negative impacts arising from COVID-19 have galvanised interest in the enforcement of competition and consumer protection laws in the CSME among the government officials, private sector and general public. This is highlighted by the passage of Consumer Protection Acts in Grenada, St. Lucia and St. Vincent and the Grenadines in 2020. It has reinforced the need for the Commission to vigilantly monitor markets for anti-

competitive business conduct that restricts consumer's access to, or supply of products needed during the pandemic, while excessively raising their prices above competitive levels.

Given that the pandemic is expected to continue for the next couple years, efforts to protect national and regional markets from anti-competitive business conduct and deceptive sales practices must be targeted and sustained. The Commission therefore remains committed to ensuring that consumer welfare is protected, and competitive markets remain a feature of the CSME during the pandemic.

The Commission believes that, at this time, all competition and market regulators must be resilient, flexible, and responsive to changing circumstances to enable learning and adaptation to the needs of the regulated market, sector, and Community as we go forward in addressing this current and future crises.



### Product Testing

BSJ's technical departments and laboratories provide critical assistance to the manufacturing and production sectors.

### Services

- Conformity Assessment
- Analytical Testing (type approval & acceptance - construction materials, appliances & metal products, furniture, paints, aluzinc, tiles)
- Packaging - Packaged products & Materials testing
- Calibration & measurement services
- Label Assessment & Verification
- Nutritional Analysis
- Technical Assistance (to facilitate trade and business growth and development)
- Product Assessment for Patents

### Products

- Standards
- Codes of Practice
- T-Bars for petrol measurements

### Metrology

The BSJ is a leading national standards body in the Caribbean and an influential member of the CARICOM Regional Organisation for Standards & Quality (CROSQ). Our Mass Laboratory and our Volume Laboratory provide cutting edge metrology services as part of our functional cooperation with CARICOM. Each has been designated as a Caribbean Reference Laboratory (CaRL).

For more info, contact the BSJ at:  
6 Winchester Road, Kingston 10  
Tel: 1-876-632-4BSJ / 1-876-618-1534  
Email: [info@bsj.org.jm](mailto:info@bsj.org.jm)  
Website: [www.bsj.org.jm](http://www.bsj.org.jm)





# Pandemic Business Strategies

## Promoting Resiliency

By **Lloyd Distant** | President | Jamaica Chamber of Commerce

**F**EW BUSINESSES anywhere in the world would have been prepared for the wide scale and deep impact of the dislocations caused by the emergence and rapid spread of the COVID-19 virus. Its cost in lives, employment, and productivity, have been staggering – and even as researchers race to develop vaccines, for much of the world there is no clear end in sight.

Yet, just as some households and countries have done better than others in limiting its spread and impact, so too have some businesses. If, as some scientists suggest, the pandemic and the as-yet-unclear consequences that may affect those who have “recovered” will be with us for some time to come, it behoves economies and the businesses that make up a

significant part of those economies, to learn and adapt in real time. Arguably, there are lessons already out there – and if not definitive lessons, at least some pointers.

To begin with, it seems clear – perhaps more so in retrospect – that all firms must put together and empower the equivalent of disaster response teams that function as the nerve centre for driving their responses to unplanned eventualities, and in this instance pandemics. At the top of their responsibility should be quick and informed actions that impact the firm’s workforce. The health and safety of employees must be paramount and in the firm’s planning process, careful consideration must be given to the implementation of measures that serve to protect their human re-

sources. Firms cannot shift that responsibility totally to “official” sources.

So, for instance, the firm should have in its arsenal of tools, a clear indication regarding which jobs can be done remotely (not all can) and whether the members of their workforce have the infrastructural capacity (e.g.) telecommunications, laptops/tablets/smartphones etc. to do so. If not, are there means of mitigating such?

Another likely lesson will be that some firms will become more focused on the use of data. Firms that have wisely focussed on collecting and analysing the data that comes into or goes out of their organizations daily are likely to be better placed than their competitors in terms of the

knowledge of their own operations, their workforce, their costs, their supply chains, their customers, as well as the characteristics of the markets within which they operate- among other things. By using that data systematically, a firm stands a better chance of being able to plan with more certainty than otherwise. Businesses that have not harvested and utilized their data would be well advised to make that a priority going forward.

simply look forward to reverting to a normalcy that involves long lines at the tax office or other locales that involve transactions between citizens and government, then we will have missed an opportunity. By the same token, many business-to-business or business-to-customer transactions can be conducted online – and indeed some countries are taking enormous leaps forward in facilitating such. The example of Latvia, a country with a smaller population than Jamaica, is

are MSMEs (as are most Jamaican firms) they may not have the resources to interact productively with Health Ministries to get the timely data that they need regarding infection & recovery rates, geographical dispersion, treatment protocols etc. It is in the firms' and the employees' interests to ensure that information is gathered and dispersed efficiently. Similarly, the broader infrastructure issues, the enabling/facilitating legislation, and regulations to ensure wide

## *Businesses that have not harvested and utilized their data would be well advised to make that a priority going forward.*

Are we able to keep in contact with our customers? Firms should not make the assumption that once the disruption occasioned by the pandemic is ameliorated, and their movement is less circumscribed, all their former customers will come rushing back. Even during the pandemic, your message to them should be that you are still in business and looking forward to being of service soonest.

A related practice would be investment in digital transformation. While this is a larger socio-economic issue that depends heavily on the state to implement incentives and other measures that facilitate digital interaction (for instance between firms, individuals, and the bureaucracy of government) it should be clear that if we

one that deserves examination and application here in Jamaica on account of the major advances that it has recorded in the past 10 or so years in making a host of public services accessible to its citizens online.

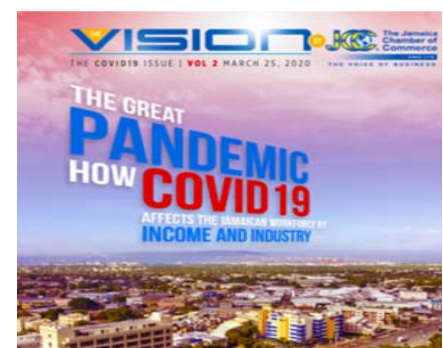
For the individual Jamaican firm, there is little doubt that operational efficiencies can be derived from a more robust, stable, and widespread telecommunications infrastructure.

And that leads to another major point: what should your firm be doing to ensure that as and when "normality" is restored, the opportunity is not missed for the economy and society does not simply revert?

One of the resources that firms should lean on now is their business association. Particularly when firms

-scale digital transformation are perhaps best pushed by business associations that represent scores of employers and multiple thousands of employees.

It is up to Jamaican firms to ensure that their interests and concerns get to the ears of government. Your business association is as good a place as any to provide the lobbying and advocacy push that can make that happen.



# Impact of COVID-19 on Jamaica's path to growth

Contributed by the **Planning Institute of Jamaica**



**T**HE COVID-19 crisis has had a significant impact on Jamaica's socioeconomic climate particularly stemming from measures to contain the spread of the disease through encouraging physical distancing and limiting the movement of persons. The closure of international borders to the movement of persons curtailed external demand and essentially halted all tourist-related activities. Additionally, the implementation of curfews and limits on group gatherings reduced productive hours and adversely affected the supply and demand for some services and goods.

From a development perspective, the crisis highlighted socio-economic vulnerabilities and threatened the planned trajectory to achieve development targets, outlined in the National Development Plan – Vision 2030 Jamaica and the SDGs. Within the health sector, COVID-19 highlighted challenges related to the delivery of health care particularly with respect to the inadequacy of resources and the need to sustainably finance the health sector to improve health outcomes. Pre-existing social and infrastructural issues related to accessing information and communications technology services has exacerbated disparities in education and productivity of workers.

Whilst the definitive impact on long-term economic development is yet to be determined, the short-term effects are evident in the performance of some macroeconomic indi-

cators. There was a sharp reduction in output, owing to contractions in supply and demand. This was evidenced by an estimated 10.2 per cent contraction in real value added for the first half of 2020 relative to the corresponding period of 2019. The Goods Producing Industry contracted by 4.4 per cent. The brunt of the impact, however, was felt by the heavier weighted Services Industry which contracted by 11.5 per cent. The two industries which captured travel and entertainment – Hotels & Restaurants and Other Services – registered the largest contraction. In the case of the former, the significant reduction in global travel resulted in a 55.0 per cent decline in visitor arrivals to the island. While the non-issuance of entertainment permits during the period negatively affected the performance of the recreational, cultural & sporting component of the Other Services industry. Additionally, output from the Transport, Storage & Communication industry declined, stemming from a fall-off in trade and travel. Jamaica's largest industry, Wholesale & Retail Trade; Repairs; Installation of Machinery & Equipment, also contracted reflecting subdued domestic demand.

These outcomes reflected the slowdown in production of some goods and services due to the closure of businesses and the reduction in opening hours. Output was also curtailed by lower demand in light of domestic job losses in tourism, entertainment, manufacturing, distributive trade, travel and transportation, education services and business

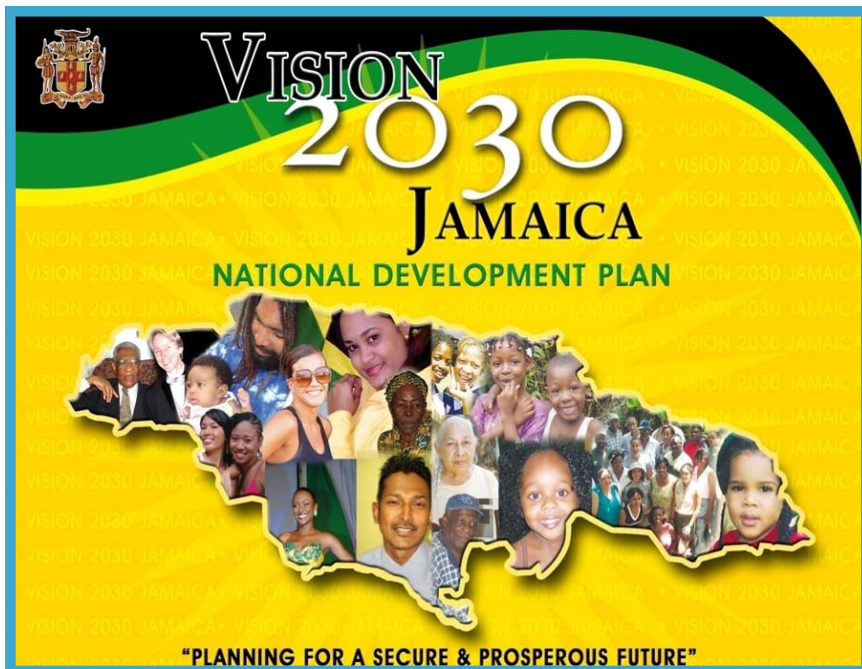


processing outsourcing. While the official labour market figures are not available, estimates from the Ministry of Tourism indicate that following the confirmation of the first COVID-19 case, approximately 90.0 per cent of persons employed in the sector were displaced.

To mitigate the impact of the pandemic, the Government of Jamaica implemented a stimulus package that included a cash transfer programme – COVID Allocation of Resources for Employees (CARE). The CARE Programme involved the temporary transfer of cash to individuals and businesses that were impacted and vulnerable to the effects of the pandemic. Transfers were directed at PATH beneficiaries, unemployed persons, self-employed persons, student loan debtors, small businesses, and the tourism sector. Additional funds were also allocated to the health sector to enhance the resources to monitor and contain the spread of the disease.

Given the anticipated reduction in revenue and the re-prioritisation of expenditure, adjustments to the fiscal accounts were required. Accordingly, the First Supplementary Estimates for FY2020/21 were tabled in April 2020 and forecasted a decline in capital expenditure and an \$81 billion fall in revenue for FY 2020/21 relative to the approved FY 2020/21 budget. To accommodate these changes to the budget, the Fiscal Rule, which stipulates a legally binding target of a debt-to-GDP ratio of no more than 60.0 per cent by end FY2025/26, was suspended for a period of two years.

The effect was also evident in a decline in trade and foreign exchange inflows. With respect to trade, there was a decline in merchandise imports due to weakened domestic demand, which outweighed declines in merchandise exports due to reduced international demand. This resulted in a reduced trade deficit in terms of the value of goods. The foreign exchange earned from visitor expenditure dropped by 53.7 per cent for January to June 2020. Remittances, another source of foreign exchange earnings ini-



tially decreased, for the quarter January – March 2020, reflecting the sudden economic shock in the sending countries. However, an increase was recorded for April – June 2020. Against the background of these fluctuations in foreign exchange inflows, the Bank of Jamaica introduced measures to ensure financial stability and high liquidity of both local and foreign currency. Additionally, the GOJ requested emergency financing from the IMF in the amount of US\$520 million through the Rapid Financing Instrument which will be used to strengthen the reserves at the Bank of Jamaica.

Within this context, economic contraction is anticipated for the remainder of calendar year 2020, with a return to growth projected by mid-2021. The timeframe for the period of returning to economic growth is, however, very fluid given the uncertainties surrounding the duration and severity of the pandemic. The successful conclusion of Jamaica's Economic reform program supported by a Stand-By Arrangement with the IMF reduced, but did not eliminate, structural imbalances and have provided buffers that allow Jamaica to better absorb and respond to the COVID-19 pandemic. The gravity of the impact is likely to be determined by how quickly social and economic sectors are able to adjust and recover.



**Development Bank  
of Jamaica Limited**

Facilitating economic growth and development

## Navigating crisis through effective business support

By **Milverton Reynolds** | Managing Director | DBJ

**T**HE CHIEF reason for the existence of the Development Bank of Jamaica is to facilitate the economic growth and development of Jamaica. Therefore, our mission is to provide opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public-private partnership and privatisation solutions in keeping with Government policy.

To achieve our goals, the DBJ's strategies are geared towards building the capacity of local businesses and improving access to finance – a powerful combination that allows the sustainability of micro, small and medium-sized enterprises (MSME) which are

generally recognized as the engine of growth in any economy.

As the lead agency that provides financing support for all levels of the entrepreneurial sector (including large enterprises), the DBJ is definitely meeting its mandate by providing a variety of loans, collateral in the form of a partial guarantee, capacity building in the form of services and technical assistance grants, and other innovative forms of assistance.

The Bank provides support to business entities that operate in Jamaica and which are engaged in viable businesses in the productive and services sectors which include agriculture, agri-business, agro-processing, energy efficiency and alternative energy solu-

tions, information & communications technology, infrastructure, manufacturing, mining, business process outsourcing, animation, creative industries (film, entertainment & music), tourism (attractions, accommodation, health tourism, eco-tourism), and retail and distribution.

### ***DBJ & COVID-19***

When the coronavirus pandemic showed up in Jamaica in March 2020, the DBJ immediately grasped the implications for the Jamaican economy and was the first organization – private or governmental – to provide a COVID-19 stimulus package to the business sector in an effort to stabilize the economy.

Relief programmes that the Bank im-

plemented to assist the business sector included additional funding for businesses; re-scheduling of DBJ-funded loans and collateral-supported loans.

### ***Financing***

Among the financing products that the DBJ made available were:

- The Credit Enhancement Facility (CEF) which provides partial collateral guarantees to businesses with revenues not exceeding \$425 million but which do not have sufficient collateral to secure the loan they require.

Under the CEF, the DBJ will guarantee: 80 percent of SME loans up to \$30 million; small loans (J\$11.11 Million or less) 90 percent of the loan amount up to \$10 million; and 80 percent of start-up loans up to \$5 million.

The tenure of these loans is up to 10 years or the maturity of the loan, whichever is less.

The DBJ has recently revamped the CEF to increase the benefits to MSMEs and to roll out a customized Management Information System to automate the applications process, making it faster, easier and simpler.

- In terms of other loans, the DBJ has two lines of credit for entrepreneurs. They are: the DBJ Jamaican-dollar Regular loan; and the DBJ SME-MOF line which is available in both US-dollar and Jamaican-dollar denominations.

For both the US-Dollar and the Jamaican Dollar lines, the tenure is up to 10 years, with a moratorium of up to two years.

However, please note that the DBJ does not lend directly. All financing solutions offered by the organization must be accessed through our network of over 20 Approved Financial Institutions (AFI) comprised of commercial banks, credit unions, and the National People's Cooperative Bank.

The DBJ website, [www.dbankjm.com](http://www.dbankjm.com), has a complete list of these institutions.

### ***Capacity Development***

For business support services, the DBJ provides the **Voucher for Technical Assistance (VTA)**.

The VTA programme is one of the best avenues for all companies that need capacity support, but it is especially useful for those which are struggling to get back on their feet as a result of the havoc wreaked by the pandemic.

Under the programme, the DBJ makes available over 30 services from which business owners can choose to improve their businesses by building capacity, improving access to financing and contributing to the creation of more viable and sustainable business operations.

To give an example, they can access vouchers for the preparation of documents such as financial statements, required by financial institutions in

order to access loans.

Vouchers are valued up to \$200,000 and will cover up to 70 percent of the cost of the service, whichever is lower; and the services are delivered through a network of Business Development Organizations (BDO) which are located across the island.

For additional information on the VTA programme, including a list of the approved BDOs, go to [www.dbjvoucher.com](http://www.dbjvoucher.com).

### ***Other products and services***

The DBJ has several other products and services that are available to local entrepreneurs. They are funded either by the Jamaican Government, by loans negotiated by the DBJ or through our international development partners that include the World Bank and the Inter-American Development Bank.

These products and services fall under projects or programmes that include:

- The Jamaica Venture Capital Programme which, among other things, assists with the provision of private equity funding for SMEs working through fund managers;
- The Innovation Grant from New Ideas to Entrepreneurship (IGNITE) which offers start-up businesses a grant for commercially viable inventions or innovations; and
- The Boosting Innovation, Growth and Entrepreneurship Ecosystems (BIGEE) project to support the growth of local MSMEs.





BIGEE is available to all sectors, with an emphasis on those that use technology, and provides grant funds that are either currently being offered or will be implemented over the coming months.

They are: the **Innovation Grant Fund**

for medium-sized companies earning between \$75 million to \$150 million per annum seeking to introduce or expand innovative processes, products and or services; the **SEED Fund**, for start-ups and smaller businesses that are seeking to test an innovative idea

or evolve and elevate their position in the current market; the **Cluster Fund**, for supply chains; the **Sidecar Fund**, to provide equity investments alongside Angel Investors; and the **Institutional Strengthening Fund**, for incubators and accelerators.

Regardless of the size of the enterprise, there is a DBJ product or service that can assist you to grow and become sustainable.

Please visit our website, send us a WhatsApp message at 876-371-3830 or email us at [mail@dbankjm.com](mailto:mail@dbankjm.com) if you have specific questions or suggestions.

## Are You A Small or Medium-Sized Business?

Do you need a business loan?  
Do you have insufficient collateral?  
Do you need support services for your business?

### The DBJ can help!

We provide

- 90% financing of your project cost
- Grants for energy audits and
- Vouchers for business services

*Talk to the loan officer at your institution or contact the DBJ*



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# Post pandemic economic recovery



Contributed by the **Ministry of Economic Growth & Job Creation**

## Economic Impact and Response

**T**HE COVID-19 pandemic will lead to a severe downturn in the Jamaican economy. The Planning Institute of Jamaica (PIOJ) has projected that the economy will contract by between 4 per cent and 6 per cent in fiscal year 2020/21 versus a pre-COVID forecast of 1.2 per cent growth. This contraction is driven by the global impact of the pandemic on key economic drivers such as tourism and supply chains; and the necessary measures implemented by Governments around the world aimed at containing the spread of COVID-19. The Ministry of Finance and the Public Service estimates that revenues in 2020/21 will decline by approximately J\$81 billion vis-à-vis the approved estimates, while other inflows will be lower by J\$5 billion even as new expenditure of J\$34 billion is accommodated. The total fall-out from COVID-19 is therefore likely to cost the government J\$120 billion.

The House of Representatives on May 27, 2020 approved amendments to the Financial Audit and Administration Act to postpone Jamaica's target of reducing debt to gross domestic product (GDP) to 60 per cent, by two years. The legislation will facilitate the extension of the timeline from March 31, 2026 to March 31, 2028.

The Government of Jamaica's economic policy response

has included a J\$31 billion stimulus consisting of approximately J\$15 billion in tax cuts and spending stimulus of J\$16 billion (originally J\$10 billion). In addition, health expenditures of J\$6 billion and public body support of J\$3 billion make for a total fiscal intervention of approximately J\$40 billion outside of measures taken at the Student Loan Bureau (payment deferrals and processing fee waivers), National Housing Trust (interest rate reductions), and other measures (waivers of duties on personal hygiene products, waiver of SCT on alcohol used to make sanitisers, etc.). The primary fiscal surplus has, therefore, been relaxed from 5.4 per cent of GDP approved for FY20/21 to 3.5 per cent of GDP to accommodate the emergency expenditure.

The COVID-19 Allocation of Resources for Employees (CARE) Programme was launched on April 9, 2020, to provide temporary cash transfers to cushion the economic impact that could be faced by individuals and businesses during the ongoing pandemic.

The GOJ anticipates that Real GDP will recover within two to four years, and employment levels within one to three years. It is not anticipated that the economic recovery from COVID-19 will be as long as the recovery period following the global economic recession in 2008-2009, given the relative strength of the Jamaican economy and the stimu-

lus packages implemented both locally and globally.

The transition to the recovery phase has been guided by the COVID-19 Economic Recovery Task Force, whose mandate includes the development of protocols designed to protect the health of the Jamaican worker, while allowing that worker to provide for his/her family.

Partnerships across Government entities, between Government and private sector, bilateral and multilateral development partners, development foundations, Non-governmental Organisations and the media will continue to be critical for economic recovery in the post pandemic period. These partnerships need to be structured, purposeful, timely and sustained over the short to medium term.

### **Steps to Economic Recovery**

#### ***Business Climate Improvements***

Accelerate the implementation of business climate reforms to make it easier for businesses to access loans and provide the necessary support for businesses to adapt to the changed environment while improving operations. Some of these reforms include credit guarantees for loans, facilitating technology transfers and capacity building.

#### ***Support Tourism***

Establish and monitor Covid-19 protocols along tourism corridors; pursue international recognition for the health and safety of Jamaica's tourism products; and lobby and inform partner countries of ongoing measures to reduce risks so that the country is removed from travel advisories.

#### ***Deepen Local Supply Chains***

Ensure that production of goods and services has a larger domestic value added component. In turn, this will deepen the supply chain in Jamaica, strengthening linkages between the domestic economy and production in various sectors including tourism, manufacturing, and construction.

#### ***Strengthen Resilience***

The implementation of measures based on thorough risk assessments to reduce the impact of current and future risks. Some of these measures include early warning mechanisms and rapid response systems.

COVID-19 demonstrated the need for higher levels of do-

mestic food security. The resilience of the agriculture sector is of critical importance to Jamaica. Economic recovery will require the attraction of investments that boost resilience through disaster risk reduction.

#### ***Boost Public Sector Efficiency***

Fast tracking of public sector modernization to make the public sector leaner, more flexible and able to respond faster to the changing environment, and the needs of the public. Enormous efficiency gains can be reaped from better use of technology and digitization of public sector services.

#### ***Pursue Labour Market Reforms***

Labour market reforms are required to respond to the competitive demands that are likely to dominate in the post-COVID-19 world. Labour flexibility will be required as working patterns around the world change. Legislation and regulations should facilitate work from home arrangements.

### **Recovery Strategy**

The Recovery Strategy, which will mitigate development reversal, is grounded in the principles of "building with resilience" and sustainable development. In this regard, the PIOJ, consistent with its role in the Disaster Risk Management Framework, has embarked on the preparation of a post-disaster impact assessment of the crisis, using the Post Disaster Needs Assessment (PDNA) Methodology. The Damage and Loss Assessment Core Team was activated in April 2020. Since then, COVID-19 has been characterized as a loss event, with a cut-off date of May 31 agreed on to assess the impact of the first wave. The PDNA will produce an integrated sector-by-sector report of the losses and needs that will inform the development of a Recovery Strategy. The Recovery Strategy will identify recovery priorities, a cost structure, stakeholders, and a suggested timeframe for recovery. It is also important to note that the PDNA methodology lends itself to the measurement of the impact of the pandemic on specific United Nations Sustainable Development Goals, with which Jamaica's National Development Plan–Vision 2030 is aligned.





# Cannabis Licensing Authority

Jamaica

Building an Industry;  
Cultivating Responsibly

## CLA ON A MISSION OF ENABLING INDUSTRY GROWTH AND INCLUSION

### 5 years of the Jamaican Cannabis Industry

April 15, 2020 marked the fifth year since the Dangerous Drugs (Amendment) Act, 2015, (DDA), came into operation.

These amendments provided for the establishment of a regime for the issuance of licences, permits and other authorizations for medical, therapeutic or scientific purposes, among other things.

In June of 2015, the Cannabis Licensing Authority (CLA) became operational and subsequently on May 5, 2016, the Dangerous Drugs (Cannabis Licensing) (Interim) Regulations, 2016 were subsequently enacted.

### CLA MANDATE



#### Create Regulations

To create regulations to guide the development of an orderly legal ganja and hemp industry in Jamaica, for the use of the plant and its by-products for medical, therapeutic and scientific purposes.



#### Activities are compliant

To ensure that regulations created and activities within the industry are in keeping with Jamaica's international obligations.



#### Issue licenses

To issue licenses, permits, and authorizations for the handling of ganja and hemp.

### VISION & MISSION

#### Vision

The CLA will effectively regulate the handling of legal hemp and ganja, and issue licences, permits and authorizations to enable the development of a sustainable Medical Cannabis industry in Jamaica.

#### Mission

To be the global benchmark for excellence in the Medicinal Cannabis industry through an inclusive and effective regulatory framework.

### CORE VALUES



Professionalism



Adaptability



Accountability



Teamwork



Transparency



Integrity



Customer-Focused



Excellence

#### Did you know?

93% of CLA's clients said its staff were respectful and professional - Customer Satisfaction Survey, July 2020



### CANNABIS INDUSTRY TIMELINE/MILESTONES

#### 2015

- DDA amended
- CLA established through the DDA amendments
- CLA becomes operational June 2015 through the appointment of its board

#### 2016

- CLA receives its first application in June 2016
- First 3 applicants conditionally approved in December 2016
- Interim Regulations promulgated in May 2016
- CLA launches its website, [www.cla.org.jm](http://www.cla.org.jm), in May 2016

#### 2017

- CLA structure expands to 18 members of staff
- CLA issues 1st two licences in October 2017
- Security protocols developed for the industry

#### 2018

- CLA issued 28th licence December 2018
- CLA authorises its 1st ganja export in November 2018
- CLA relocates to its current office space at 60 Knutsford Blvd.

#### 2019

- Strategic review of Application and Licensing Process
- CLA issues 50th licence in December 2019
- CLA structure expands to 65 members of staff
- CLA hires persons with specialised skills such as Agricultural Specialist, Botanist, Researcher
- CLA establishes hemp policy
- CLA starts its Community Sensitization Sessions
- CLA starts inventory management workshops for licensees
- CLA publishes its interim measures for import/export to its website
- CLA hosts consultations with stakeholders for import/export regulations
- Jamaica elected to United Nations (UN) Commission on Narcotic Drugs (CND)
- CLA begins to provide input to Jamaica's position on the rescheduling of cannabis through Ad-Hoc Committee on the CND.

#### 2020

- CLA completes its 4 year Strategic Business Plan
- CLA structure expands to 74
- CLA conceptualises Cultivator's (transitional) Special Permit and engages stakeholders in consultations to finalise the policy
- CLA starts the implementation of ISO 9001:2015 standards
- Bureau of Standards Jamaica publishes 7 standards for the local cannabis industry
- Import/export regulations being finalised by the Office of the Chief Parliamentary Council
- First Draft of Hemp Regulations being prepared by Chief Parliamentary Council
- CLA reports 20 exports since 2018
- 70 licences issued up to October 31, 2020.
- CND votes to remove cannabis and cannabis resin from Schedule IV of the Single Convention, recognising its medical benefits.

# The impact of COVID-19 on tourism

## The Jamaican experience

By **Kingsley Roberts** | Senior Director, Corporate Communications | Ministry of Tourism

**A**S THE COVID-19 pandemic continues its deadly march across the globe, the economies of numerous countries continue to reel from its devastating impact. The outbreak of the virus saw many nations across the globe being forced to close their borders in a bid to stem the spread of the very infectious disease. This, combined with strict stay-at-home orders and other containment measures, such as curfews, resulted in the virtual closure of several sectors in many countries. As a result, the economies of numerous countries, whether large industrialized nations or small island states, ground to a halt. As nations battled the virus, the borders of many countries remained fully closed in April and May, 2020, only slowly reopening for the summer.

The closure of borders to international travel dealt a major blow to tourism globally and by extension to the economies of many tourism dependent countries, like Jamaica. The fallout in tourism worldwide has also had far-reaching effects on the global economy, which also depends greatly on the tourism sector. According to the World Travel and Tourism Council (WTTC), in terms of tourism's direct, indirect and induced impact; in 2019 travel and tourism contributed US\$8.9 trillion to the global economy, thereby accounting for 10.3 per cent of the world's gross domestic product (GDP) and provided 330 million jobs, or 1 in 10 jobs across the globe.

By July 1, 2020, the likely impact of the COVID-19 pan-



**HM's Tour of SIA:**  
Tourism Minister, Edmund Bartlett (right) was on hand to greet the first visitors at the Sangster International Airport in Montego Bay, St James on June 15, 2020 when the borders officially reopened to non-nationals.



demic on global tourism became even clearer, with the release of a report by the United Nations Conference on Trade and Development (UNCTAD), which outlined the projected fallout for the global economy and in particular countries like Jamaica, due to the impact of the pandemic on tourism. The report indicates that the “world’s tourism sector could lose at least US\$1.2 trillion or 1.5 per cent of the global gross domestic product (GDP), having been placed at a standstill for nearly four months due to the coronavirus pandemic.” It further reveals that “the loss could rise to US\$2.2 trillion or 2.8 per cent of the world’s GDP if the break in international tourism lasts for eight months, in line with the expected decline in tourism as projected by the UN World Tourism Organization (UNWTO).”

The report underscores that the countries that depend most on tourism include many small island developing states (SIDS), which have small domestic markets and economies that are vulnerable to external shocks. As a result, they are among the nations that have been worst affected by the COVID-19 pandemic. According to the report, while many rich nations will be negatively impacted, developing countries like Jamaica are likely to suffer the most dramatic GDP losses.

Furthermore, based on UNCTAD’s estimates, even in the most optimistic scenario, Jamaica is the country which stands to suffer the greatest economic fallout, with an estimated decline of 11 per cent of GDP, ahead of Thailand (-9 per cent), Croatia (-8 per cent), Portugal (-6 per cent) and the Dominican Republic (-5 per cent), to name a few. This comes against the background of projections by the Ministry of Tourism that Jamaica is expected to lose JA\$146 billion from April 2020 to March 2021, due to the downturn in tourism caused by COVID-19.

Tourism Minister, Hon. Edmund Bartlett underscores that the grim projections outlined in the UNCTAD report further underscores the need to fully restore the tourism sector in Jamaica by safely reopening on a phased basis. He maintains that “restoring our tourism sector is a matter of economic life and death, because Jamaica’s economy is dependent on the tourism industry. It contributes 50 per cent

of the foreign exchange earnings of the economy and generates 354,000 direct, indirect and induced jobs.” He stressed that: “Unfortunately, most of the workers in our tourism sector have been displaced due to the pandemic. So the UNCTAD report highlights the fact that we have to restore the sector as quickly as possible to reverse the impact of COVID-19 on the country’s GDP.”

In a bid to reduce the fallout from the coronavirus, the Ministry of Tourism embarked on the phased reopening of the sector supported by the development of robust tourism health and safety protocols. This process was spearheaded by the Tourism Product Development Company (TPDCo), an agency of the Ministry, along with PricewaterhouseCoopers (PwC). The protocols were formulated after extensive consultation with the Ministries of Health and Wellness; Local Government and Community Development; Foreign Affairs; Transport and National Security as well as other local and international partners.

The protocols have received the World Travel & Tourism Council’s (WTTC) ‘Safe Travels’ stamp, which enables travellers to easily identify governments and companies across the globe, that have adopted global standardized health and hygiene protocols.

This was followed by the introduction of COVID-19 Resilient Corridors along the north and south coasts of the island. The corridors are governed by strict protocols that limit access to only authorized properties in order to ensure that visitors will only be travelling to COVID-19 compliant facilities. The framework also seeks to ensure that public and private sector partners work hand in hand to provide consistent monitoring and surveillance.

This framework laid the foundation for the reopening of Jamaica’s borders to international visitors on June 15 and the opening of COVID-19 compliant attractions on July 21, 2020. The reopening of the sector enabled several tourism workers to finally return to work.

This reopening effort comes against the background of the recent announcement by the United Nations Secretary General, Antonio Guterres, highlighting the devastating effect of COVID-19 on global tourism. He cited that inter-



#### HM's Tour of Jamaica Inn:

Tourism Minister, Edmund Bartlett (left) greets a member of staff during a tour of Jamaica Inn, Ocho Rios in June, 2020 as he examined first-hand their implementation of measures, in-keeping with the COVID-19 health and safety protocols for the sector.

national tourist arrivals declined by more than half between January to May, 2020, while "some \$320 billion dollars in exports from tourism were lost." Mr. Guterres also lamented that approximately "120 million direct jobs in tourism are at risk," adding that "the crisis is a major shock for developed economies, but for developing countries, it is an emergency, particularly for many small island developing states and African countries."

With the phased reopening process in Jamaica now on in earnest, numerous private and public sector interests continue to underscore the importance of the tourism sector to the recovery of the wider economy from the onslaught of the deadly pandemic.

So, in light of the obstacles, what is the outlook for the tourism sector moving forward?

Minister Bartlett believes that despite the challenges the prospect for tourism is encouraging. He outlined that "tourism is by far one of the most resilient sectors in the world and it has been able to recover from crises in the past, such as the 9/11 terror attacks and SARS. So, I am confident that over time the sector will recover globally, both in small island states and large developed nations." He continued that "as a nation we have handled the pandemic quite well and we remain a thought leader worldwide on how to limit the spread of the virus within the tourism sector, while safeguarding tourism workers and visitors alike. Through continued innovation and collaboration between the tourism partners within the public and private sectors, we will overcome this challenge and eventually tourism will begin to grow and flourish once more."



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# New perspectives on Information and Communication Technology in the COVID-19 era



By **Ansord E. Hewitt** | Director General|  
Office of Utilities Regulation

A SIGNIFICANT POSITIVE correlation between a country's Information and Communication Technology (ICT) infrastructure and its economic growth has long been the received wisdom. Promoting policies and plans that inure to the roll out and establishment of a robust ICT infrastructure emphasizing affordability, reliability and ubiquitous access is therefore to be encouraged. Consequently, many governments place emphasis on measures to encourage existing and emerging ICT innovations such as: 5G deployment, Internet of Things (IoT), Artificial Intelligence (AI), Big Data Analytics and the adoption of Block Chain Technology. There has also been pretty much a consensus that ICT sectors flourish best in an environment characterized by private financed investments, vigorous competition, and light touch regulation.

The COVID-19 pandemic currently menacing the globe has served not only to reaffirm the importance of the ICT sector to economic development but has underscored its piv-

otal role in sustaining societal imperatives such as health, social interaction, shopping, logistics and education. As Frontier Economics notes in a recent publication, the pandemic has *"...resulted in a dramatic shift from face-to-face interactions to remote communication for public services such as education and health, as well as for social activities ..."*<sup>1</sup>

The pandemic has also thrown into sharp relief the degree to which ICT infrastructure is embedded with 'public good' and 'public interest' considerations. The responses of governments, operators, regulators, and multilateral institutions have been instructive. They have been busy revisiting, even if only for the short term, hitherto settled approaches to the provisioning of ICT services and the regulation and supervisions of such markets.

Some of these, for now, deemed emergency and short terms responses are chronicled by the International Telecommunications Union (ITU) from a survey of its member



countries.<sup>2</sup> They include:

- Encouraging Mobile Network Operators MNOs to increase broadband speeds for customers to ensure that quality of service (QoS) is maintained.
- Nudging operators to facilitate free access to educational websites as well as free data allowances to citizens.
- Some policymakers and regulators granting temporary or short term access to either vacant unassigned spectrum or unused spectrum of existing licensees, to afford existing operators to meet the surge in demand for bandwidth.
- Voluntary pledges by some operators to maintain network connectivity to help customers cope with the pandemic.
- A smaller number of regulators implementing mandatory measures requiring telecommunication providers to cooperate in enhancing network infrastructure.
- Governments (in a few instances) subsidising wireless broadband services to support the costs of consumers working and studying from home.
- Government and regulators taking steps to minimize the regulatory and reporting obligations of licensed operators.

Frontier Economics (*ibid*) also cites a mix of voluntary and mandatory measures including the European Commission asking video-streaming platforms to take action to ease network congestion during the pandemic; **Netflix** agreeing to reduce bit rates across all streams in Europe and **YouTube** committing to temporarily switch all traffic in the EU to Standard Definition by default. **Amazon Prime**, **Facebook** and **Disney+** are also reported as joining the effort by limiting video-streaming quality on their platforms in Europe.

While these measures have been designated 'temporary', they may well be harbingers of longer-term modifications in philosophy, policy, regulation and practices deemed necessary even post-pandemic. Such changes would apply to ownership, funding of investment, market structure, and relationships between stakeholders and proscribed, versus

approved conducts. This is precisely some of the views expressed by some ITU experts at its 2020 Roundtable on the Economic impact of COVID-19.<sup>3</sup>

It is generally accepted that goods or services with high public good/public interest components are particularly attractive for state ownership, funding and provisioning. It is no surprise then that as the pandemic continues, there have been calls for greater public sector funding and investments in ICT networks. As the arguments go, the imperative to close the digital gap exposed by the pandemic, cannot be left to the uncertainties of the investment cycles of private firms, which require assured returns over specified periods. States must therefore marshal the resources necessary to respond to the pressing need to digitize societies and to bring and enable access to, and by all. Notably, in Jamaica, the pandemic has apparently given added impetus to previously announced plans to implement a public sector broadband network.

As with ownership and funding, current ICT models largely presume markets in which there are, *inter alia*, vigorous competition, absence of cross subsidies and very little restriction on entry. In this scenario, the allocation of public resources such as spectrum, is done on some kind of competitive basis approximating market valuation.

The pandemic challenges some of these presumptions. In instances, responses have emphasized cooperation and collaboration over competition; seen some subsidization of rates especially to disadvantaged groupings and critical sectors (some examples are: education, health, and agriculture) and; created access to public resources (Spectrum) at little or no cost.<sup>4</sup>

To cite another Jamaican example, it is reported that in the early months of the pandemic, some operators were granted temporary access to additional Spectrum to deal with the increased traffic on their network. In return, there was apparently a greater attempt by them to facilitate certain type of public access notably in education and public health.

In Jamaica, the practice since telecommunication sector liberalization has been for the government to treat Spec-

trum as a revenue resource opting for some kind of auction to determine economic cost. Here again, it will be interesting to see if this approach is revisited in future Spectrum allocation resorting to the use of allocation mechanisms that emphasize the economic development and public good/interest component of that resource as against revenue maximization.

Sharing models, such as the operation of common carrier facilities and infrastructure sharing are not unknown to the ICT sector. With the prevalence of market philosophy, however, these arrangements have generally been the subject of voluntary agreements. There are varied views about infrastructure sharing in Jamaica among operators with some inveighing against aspects of mandated sharing apparently

depending on the relative advantages of their networks. This is an additional area in which it will be interesting to see if mandates, as opposed to voluntary agreements, emerge as the dominant approach post COVID-19.

The COVID-19 pandemic has upended life and forced us to revisit settled rules and conventions. It has also helped to define some of the activities and processes that are critical to life and existence. The ICT sector, which is always pivotal, has assumed even greater relevance and indispensability. It is inevitable that there will be new rules and approaches. What those will be are not yet absolutely clear, but it is a fair guess that some of the measures that have been called upon to navigate the COVID-19 challenge will, of necessity remain in place long after COVID-19 is a dis-



## Endnotes

<sup>1</sup> Telecoms Regulation: Facing the Challenge of Covid-19, Frontier Economics - <https://www.frontier-economics.com/uk/en/news-and-articles/articles/article-i7276-telecoms-regulation-facing-the-challenge-of-covid-19/>

<sup>2</sup> [https://www.itu.int/en/ITU-D/Regulatory-Market/Documents/REG4COVID/2020/Summary\\_Key\\_Covid19\\_Initiatives.pdf](https://www.itu.int/en/ITU-D/Regulatory-Market/Documents/REG4COVID/2020/Summary_Key_Covid19_Initiatives.pdf)

<sup>3</sup> <https://www.itu.int/en/ITU-D/Regulatory-Market/Pages/Events2020/EconomicRoundTable/home.aspx>

<sup>4</sup> These views are by no means dispositive as a counter argument is that incumbents have grown comfortable with current arrangements lagging behind in technology and the evolution of business models. A proposed solution therefore is to re-invigorate markets by encouraging the entry of new nimble and innovative operators.



By **Verlis Morris** | Competition Analyst | FTC

## What are platform markets?

advertisements to content, and viewers consume content free of charge.

When a platform begins to grow, it can do so exponentially; especially if network effects are strong in that market. In a market with stable demand, this may be disastrous for rival platforms or rivals operating with non-platform models. These rivals will likely lose their customers to the growing platform reducing their customer base and likely also at an exponential rate. Thus, the platform that can grow the fastest frequently becomes the dominant firm in that market.

## **Dominance**

Market power is the ability of merchants to charge prices above competitive levels. Merchants which exercise a substantial degree of market power are typically considered to be dominant in that market. Dominance is typically observed in markets with a few players.

Dominance arises for a variety of reasons. A dominant merchant may maintain or expand its dominance in a market by becoming more efficient at bringing goods and services to the market, consequently charging lower prices. Alternatively, a merchant occupying a dominant position can expand in a given market by engaging in anticompetitive behaviour without any obvious benefits to the wider market; merchants which maintain or extend their dominance in this manner would typically be considered to have abused their dominant position.

## **Abuse of Dominance in Platform Markets**

As mentioned earlier, a merchant competes in platform markets by increasing the size of its platform. A merchant would not breach competition law by occupying a dominant position in and of itself. A breach would occur when a dominant merchant engages in anticompetitive conduct without any mitigating efficiencies. Due to network effects, some conduct which would be acceptable in most non-platform markets would pose considerable threat to competition in platform markets. One such example is exclusive agreements.

Exclusive agreements are typically used to ensure that the quality of and/or benefits from a merchant's products and services remain intact until such goods and services are consumed. For example, a motor vehicle dealer may prohibit motorists from using third party providers to service their vehicles while under warranty. Clearly, this ensures that the quality of the vehicle does not deteriorate - benefitting the motorist and reducing warranty costs to the dealer. This exclusivity arrangement excludes third parties from providing service to owners of new cars during the warranty period. The efficiency gains of the exclusive agreement, however, may outweigh the harm.

Suppose a dominant platform, having merchants on one side and consumers on the other, decides to enter into an exclusive agreement with its merchants. Merchants would likely enter these agreements to maintain their access to the dominant platform's large customer base. This impedes rival platforms from growing the merchant side of their platforms because they lose access to the dominant platform's locked-in merchants and possibly lose some existing merchants drawn to the dominant firm's large customer base. Moreover, this would likely reduce rivals' customer base due to the reduced number of merchants on their platforms. This back and forth trend can continue until rivals' platforms become ineffective competitors. Likewise, potential entrants would likely lose access to a sustainable customer base because merchants are unlikely to leave an established platform for a new one. Thus, a dominant platform can lock out present and future competition. In this state of the world, consumers would likely be harmed through higher prices, fewer choices, and a decline in innovation.

The examples above demonstrate how relatively easy it is to become dominant when merchants are launching from a platform relative to a non-platform model and how a strategy that is generally efficiency-enhancing could be detrimental in a platform market. The Federal Trade Commission in the United States of America (USA) and the Competition and Markets Authority in the United Kingdom have seen numerous cases involving e-commerce merchants that have grown tremendously in size with the aid of the platform model. In late July 2020, four tech giants together – *Facebook*, *Amazon*, *Google* and *Apple* – faced interrogation from legislators in the USA regarding their size and possible harm to consumers, especially in light of the global pandemic.

As the pandemic drives merchants onto e-commerce platforms in Jamaica and internationally, the Fair Trading Commission continues to fulfil its mandate to protect consumers in Jamaica by ensuring that competition thrives in markets irrespective of their formats and particularly in those susceptible to abuse of dominance.



# The Radio Frequency Spectrum

## Keeping the wheels of a nation turning



Contributed by the **Spectrum Management Authority**

**T**HE RADIO frequency spectrum ("the spectrum"), which ranges from 30 kilohertz (KHz) to 300 gigahertz (GHz), is a limited natural resource, which must be efficiently managed to ensure maximum social benefits. Many industries such as telecommunications, maritime, aeronautical, broadcasting, agriculture logistics, transport, education, emergency services and medical services are all now vying for spectrum as they rapidly discover that this natural resource enables innovative applications. It is the mandate of the Spectrum Management Authority ("SMA" or "Authority") which is an agency of the Ministry of Science, Energy and Technology ("MSET") to ensure the efficient management of Jamaica's radio frequency spectrum in keeping with international best practices and in the interest of social, economic, and technological development.

In late March 2020, the Ministry of Health & Wellness was actively engaged in announcing measures to combat the Coronavirus pandemic (Covid-19). It is beyond a doubt that the pandemic has impacted the demand for the radio frequency spectrum through the need for increased connectivity globally. As a result, telecommunications regulators have had to be more flexible and innovative in em-

ploying measures that facilitate increased reliable connectivity in a timely manner. In light of the restrictions aimed at reducing public gatherings and face-to-face communication, places such as businesses, schools, churches have had to find innovative ways to operate – all of which have been driving the demand for connectivity. This has resulted in telecommunications companies ("telcos") working more closely with national regulators to help manage the crisis. Some of the measures employed by regulators included, *inter alia*, making more spectrum resources available to telcos towards optimizing the mobile network infrastructure, licence renewal deadline extensions, trial licences for new technologies, spectrum sharing policies, and delay in spectrum annual fee payments.

Locally, it must be properly understood that since the pandemic, we have been living, working and learning under exceptional circumstances. Consequently, unless the Government, Private Sector and Civil Society work together, these short-term regulatory measures cannot be sustained in moving forward as an industry. Accordingly, under the "new normal", the telecommunications industry must consider revisiting their business models as well as their outlook on services to be provided. This surely must be in the

context of having regards to the needs and sensitivities of particular sectors, stakeholders and special needs groups. It is anticipated that as Jamaica seeks to return to a state of normalcy, the SMA will continue to play its vital role in facilitating connectivity and by extension a technology enabled society as varying industries and sectors are better positioned to meet the needs within the new paradigm. The Ministry with portfolio responsibility for Telecommunications, along with ICT regulators should focus on promoting adoption and realizing the advantages of the digital economy, encouraging digital inclusion and trust across different segments of the population that digital transformation often leaves behind.

Given the high dependence on broadband networks and the increased reliance on online services at the present time, the island should return to driving the development of the digital economy through investments in digital infrastructure. The SMA will continue to make its contributions to the development of digital infrastructure policy and regulation, especially along the critical areas such as standards, infrastructure sharing and spectrum management. The flexibility of the SMA through appropriate policies, the adoption of best practices, the use of technology, and adherence to service level agreements have gained even more significance in promoting a digital economy. It is recognized that based on the experience of other nations, digital connected economies have been able to better mitigate the disruptions associated with pandemics.

Along with the development of the digital economy, another core area of importance is the facilitation of the "Smart City", which will lay the platform for the "digital citizen" of the 21<sup>st</sup> century. Smart Cities are generally defined as urban spaces that use Internet technology to collect and use data to manage the city's resources. At the centre of this development is the radio spectrum, which is utilized through a combination of innovative technologies to improve quality of life, efficiency of urban operation and services, and increase competitiveness. Smart City initiatives can help overcome the limitations of traditional urban development that tends to manage urban infrastructure systems in silos. By leveraging the pervasive character of data

and services offered by digital technologies, such as Cloud Computing, the Internet of Things, or Open Data, these initiatives help connect different city stakeholders, improve citizen involvement, offer new and enhance existing services, and provide context-aware views on community operations.

At the regional level, it would be prudent for the SMA to play a greater role as part of the Caribbean Telecommunications Union with a view to realizing harmonized Caribbean Spectrum Planning. In the Caribbean, harmonization of spectrum management policies is pertinent as the digital economy evolves and the private sector entities have an increasing need for an efficient flow of information and services through the use of innovative Information and Communication Technologies. It is anticipated that there will be economic benefits and improved management policies and practices when Caribbean countries engage in harmonization of spectrum planning. Further, the regulatory and procedural changes should result in cost reductions for mobile broadband services, thereby promoting the population's adoption and usage of broadband and the Region's advancement in the digital economy.

Finally, spectrum management will be more dynamic as the SMA must remain proactive in monitoring the use of spectrum in the Jamaican landscape considering that the pandemic will have sector competition impacts. There may be changes in market power between segments of the communications and technology industries due to convergence, changing demand and changing costs. Depending on the outcome of these changes, industry regulators may be required to make the commensurate intervention. The telecommunications landscape will require more "agile regulation", which places emphasis on collaboration and assists stakeholders in developing a more compliant and responsive culture. As we look towards life after Covid-19, the SMA must lead the charge in providing fair access to the required amount of spectrum for Jamaica's communication's industry to continue to connect more people, bridge the digital divide and meet the rapidly rising data demand of the Jamaican consumers and citizens.

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# Consumer information is key in a pandemic

Contributed by the **Consumer Affairs Commission**



**D**URING THE early weeks of the declaration of a pandemic by the World Health Organization (WHO) that the novel Coronavirus had become a global outbreak, Jamaicans reacted with caution but continued to celebrate Christmas like they had always done. By mid-March, Jamaica had recorded its first case of what was now referred to as COVID-19 and everything changed. In response, consumers reacted much like those had done earlier in February in the US and Canada, by engaging in panic buying of food items, toiletries, popular sanitation, and protective products such as disinfectants, alcohol, face masks and latex gloves. Within a few weeks, reports began to emerge that merchants were engaging in price gouging and rationing of essential items by increasing prices exponentially and setting per person limits for high demand items. The unknown factors relating to the virus increased the panic and as alcohol, hand sanitizers and aerosol disinfectants became widely unavailable, the panic intensified among the population. Supplies could not support the sustained high demand for these items. The Government had to step in immediately to avoid widescale chaos. As the representative of the people and the agency mandated under the Consumer Protection Act (2005) by government to protect consumers, the Consumer Affairs Commission (CAC), as part of the agency's overall response to safeguard consumers and reduce panic, increased its price monitoring of basic food, and introduced a new survey to monitor the price and availability of sanitation, hygiene and protective supplies. The CAC strategy had two main objectives: provide consumers with access to adequate, accurate and unbiased information that would enable them to make the best choices; and increase surveillance of retailers to deter exploitative behaviour.

Between March and August 2020, the CAC conducted eight market surveys of sanitation and hygiene products at 114 outlets which included 51 supermarkets and 63 pharmacies located across 12 of the 14 parishes. The survey officers observed the price and availability of popular brands of disinfectants, hand sanitizers, anti-bacterial hand soaps, hydrogen peroxide, rubbing alcohol, latex gloves, and face masks.

This activity provided critical insight into market responses to consumer demand at the start of the pandemic. Though useful, the convenience sample, was not statistically representative and there were no data available on the pre-pandemic market activity.

## **Early Observations: Costs Become a Threat to Consumers**

The items identified by the WHO as absolutely essential to reduce the transmission of COVID-19 became unaffordable for the average consumer living on a minimum wage. The CAC data in March 2020 indicated some popular brands of essential items as shown in the table below.

PRODUCTS	AVERAGE PRICE (J\$)	AVAILABILITY
Lysol Aerosol sprays - 354 g	1,371.22	5%
Savlaton Disinfectant - 500 ml	628.68	14%
Salve Disinfectant - 250 ml	465.85	22%
Royal Rubbing Alcohol - 230 ml	224.06	8%
FP Rubbing Alcohol - 237 ml	232.24	6%
Bunny's Rubbing Alcohol - 236 ml	231.09	6%
Benjamin's Rubbing Alcohol - 250	\$247.22	6%
Sensecure Latex gloves	\$32.28/ pair	4%



Conversely, while the prices observed were (anecdotal) increasing the availability of some sanitation products was extremely low by the end of March 2020. From the lowest end of the price range the most available item was Protex Bar Soap – 110g (57 per cent). However, consumers were experiencing a challenging time accessing the other products.

### **Five Months Later**

Jamaica seemed to have adjusted to the threat by May 2020; commendations were levied on Jamaica as a great model to follow. The closed borders were being prepared for opening in safe bubbles and Jamaicans were returning from overseas. Adjusted living and managing COVID-19 seemed possible and it was noted that the initial panic had subsided, as there were less reports of shortages. By August 2020, the availability of most products increased when compared to what was observed in March. With Government intervention in garnering supplies through bilateral arrangements as well as through local rum manufacturers, the availability of several products rose to satisfactory levels. Lysol Aerosol Disinfectant for example, was 47.5 per cent while the average availability for Savlaton and Salve disinfectants were 8.2 per cent and 56.1 per cent respectively. Royal Rubbing Alcohol had an average availability rate of 32 per cent while the FP brand was available in approximately 45 per cent of locations. An average availability rate of 47.5 per cent was seen for Bunny's Rubbing Alcohol while Benjamin's Rubbing Alcohol was highly available in 75 per cent of outlets surveyed. Gloves were available in 31 per cent of outlets surveyed while Face Masks were available in 48 per cent of outlets.

Over the surveillance of March to August 2020, it was observed that the instances of significant price increases were not as commonplace as promulgated by social media. The reports to the CAC digital platforms had also stopped. This suggests that since the alleged drastic increases of prices in March, prices had relatively stabilized. Savlaton Disinfectant Spray recorded an average price increase of 7 per cent over the period while the price of Bunny's Rubbing Alcohol (236ml) increased by 12.3 per cent. Ultra-Care Rubbing Alcohol (436ml) had an average price increase of

10.6 per cent whereas Royal Rubbing Alcohol (236ml) had an average price decline of 10.7 per cent. The prices of Hydrogen Peroxide remained relatively constant throughout the period.

### **Basic Food Items Remain Stable**

Similarly, the surveys of basic food items conducted during March and August 2020 did not have significant price changes. For example, among the 13 critical grocery items tracked monthly, the highest price increase recorded was 7 per cent for Jamaica Gold Pre-packaged Dark Sugar (1kg). Dried Salted Fish (1kg) and Grace Mackerel (155g) both had a price increase of 5 per cent while a 4 per cent price increase was seen for Bulk Cornmeal (1kg). Other price increases observed were 3 per cent or less. A one per cent price decline was seen for Bulk Counter Flour (1kg) and Lasco Powdered Whole Milk (80g). (The CAC's basket of critical food items comprises hardough bread, chicken, cooking oil, corned beef, cornmeal, rice, sugar, counter flour, dried salted fish, condensed milk, milk powder, sardines and mackerel.)

As it related to local Agricultural items, it was observed that during the period under review, the price of Yellow Yam underwent a significant price increase of 144 per cent while local Carrot had a price increase of 85 per cent. A 46 per cent price increase was seen for local Irish Potatoes while price increases of 27 per cent and 20 per cent were observed for local Red Kidney Beans and Ripe Plantain respectively. Furthermore, local Cabbage had a price increase of 17 per cent while local Onion had a price increase of 15 per cent. Local plummy Tomatoes and local Green Banana had price increases of 7 per cent and 1 per cent respectively. A price decline of 1 per cent was seen for local Eggs.

### **Future Outlook: Protecting Your Rights, Securing Our Future**

The CAC's review of the data revealed that there were no cases of price gouging among the outlets surveyed. However, the data showed that while the market continued to respond to market forces of supply and demand; increased surveillance may have restrained retailers from excessively

increasing prices. It was observed that complaints of alleged price gouging seemed to take place in locations not captured in the CAC's exercise.

As Jamaica seeks to navigate the community spread phase of the virus, the CAC will continue and where necessary expand its market surveillance to protect the rights of consumers in the marketplace while securing our nation's future. Surveys of grocery, agricultural produce, sanitation, hygiene and protective items, and petrol products are being conducted on a monthly basis with a view to track and quickly identify cases of excessive pricing. This attracts a fine of up to J\$2 million under the Trade (Sale of Goods During Period of Declaration of Disaster Area) Order 2020

which came into effect on March 31, 2020 as a Government response to heightened calls of price gouging. Severe demand shocks are undesirable but can happen in combination with the downward productivity shifts in manufacturing and agriculture caused by the pandemic which still remains an unknown variable in the economic wheel. However, with no further shocks such as a hurricane or any other natural disaster expected, market conditions are likely to remain at similar levels as prevailed over the last five months. Surveillance and consumer information have been key policy tools to assist consumers during the pandemic and the CAC will continue to monitor the market and inform consumers in a timely manner.



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