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MINISTRY PAPER NO. 6

ESTABLISHMENT OF A FROZEN FOODS PROCESSING PLANT

In Ministry Paper No. 16 dated 14th April 1966 I reported to the House on the Food Industry and on the work being done to further develop food processing. I now wish to put before the House proposals for the establishment of a frozen foods processing plant.

2. Over two years ago the Food Technology Division of the Ministry of Trade and Industry began intensive research and experiments to develop commercially acceptable processed foods from a wide variety of local agricultural products. A Pilot Plant was established to test the products on a semi-commercial scale and has produced a wide range of high quality packaged foods. The technical staff of the Jamaica Industrial Development Corporation including an Industrial Engineer and a Cost Accountant assisted in the operation and in working out production schedules and costings.

3. Some of the items produced in the Pilot Plant were used to fulfil several large orders from our Defence Force and this facilitated the sorting out of a number of difficulties. A continuous process of sampling of the foods has been going on and the assessment is that there is a ready market for the products both internally and overseas. The prospects are that the foods can be sold in the United Kingdom, particularly to the large West Indian population in that country, Canada, the United States of America and in the Caribbean area.

4. In the light of the success of the work that has already been done and in view of the obvious importance of further developing the food processing industry, the Government has decided to establish a food processing plant on a commercial basis to be operated by a Company known as Jamaica Frozen Foods Ltd. The major objectives are:

- (1) to assist in developing the full potential of agriculture by minimising the losses of the Agricultural Marketing

Corporation thereby enabling the Corporation to improve the marketing facilities it is increasingly providing to farmers;

- (2) to assist in further reducing the country's food imports and at the same time provide a wide variety of convenience foods in the sophisticated form to which many consumers have become accustomed;
- (3) to earn foreign exchange by developing our export markets for foods in the processed form rather than as raw materials;
- (4) to create employment. Apart from the direct employment in the processing plant, as it develops it will create additional employment in the agricultural and industrial sectors.

5. The plant will be located behind Zero Processing and Storage Ltd. and a building is currently being constructed by the JIDC for lease to the Company. A major advantage of this location is that cold storage and refrigeration will be supplied by Zero Processing and Storage Ltd. and Jamaica Ice Co. Ltd. This will keep additional expenditure to a minimum and provide the refrigeration companies with the opportunity of fulfilling the role for which they were established, namely, to provide a national service.

6. The proposed enterprise will be owned by a consortium comprised of the Agricultural Marketing Corporation, Zero Processing & Storage Limited and the Jamaica Industrial Development Corporation. Each agency will contribute as required an equity capital of £33,333, thus providing a total equity capital of approximately £100,000. The Company will obtain plant and equipment estimated to cost approximately £137,500 by means of an export/import bank credit being made available through the Development Finance Corporation. The equity capital will be used to meet formation and other expenses and to provide a portion of working capital requirements. Additional working capital will be required from normal commercial sources but this will be kept to a minimum by credit arrangements made with the Agricultural Marketing Corporation, the main supplier of raw material, and with the

refrigeration companies, the suppliers of cold storage and refrigeration facilities.

7. The processing plant will concentrate on the production of frozen foods which have been fully tested in the Pilot Plant attached to the Food Technology Division which will continue its programme of research and development of new products from local foods. Fifteen items based mainly on local raw materials have already been proven and production will commence with these items. The items already at the stage ready for commercial production include ackee and codfish, beef balls in sauces, curried mutton, escoveitched king fish, fried plantain, Maryland styled chicken, rice and peas, sliced carrots, mackerel and bananas, stewed peas, sweet potato puddings, ~~roasted~~ ^{roasted} breadfruit, calaloo and soups.

8. The plant is being designed to produce 50,000 units per day on the basis of a 2-shift operation which will give employment to nearly 100 persons, mainly women. It is estimated that operating at 50 per cent capacity, the plant should obtain about 14 per cent return on capital. However, on the basis of the export interest particularly from Canada and the United Kingdom, the demand for the products should be such that the plant should operate at near capacity, the major limiting factor being the availability of supplies in the initial stages of operation.

9. The project is a logical development as part of Government's policy of seeing to it that Jamaica does more for itself particularly in providing more of our food requirements. It is a clear indication of the importance attached to this new processing plant that the Government has itself decided to embark on the project rather than wait on its development by private enterprise. The Company will operate on similar lines to the refrigeration Companies and in order to demonstrate the link between agriculture, industry and commerce, the Agricultural Marketing Corporation, the Jamaica Industrial Development Corporation, Zero Processing & Storage Ltd., Jamaica Ice Company Ltd. and the Development Finance

Corporation have been deliberately involved in the development of the project.

10. This is a project on which a great deal of preliminary and detailed work has been done. If it succeeds, it could have a significant impact on agriculture, our balance of payments and employment. I commend it to the House and I will move a resolution in due course seeking approval for the establishment of a frozen foods processing plant on the basis outlined above.

ROBERT C. LIGHTBOURNE
Acting Deputy Prime Minister and
Minister of Trade and Industry.
18th January, 1967.

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