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L. Thompson
2006

MINISTRY PAPER NO.....

Reallocation of loans and Government Guarantees amounting to US\$70.34 million issued in favour of Scotiabank Europe and the Bank of Nova Scotia Jamaica Limited in respect of loans to the Port Authority of Jamaica.

The Honourable House is being requested to approve the reallocation of Government Guarantees, under the provisions of the Approved Organizations and Authorities Loans (Government Guarantee) Act, in respect of loans amounting to US\$70.34 million from Scotiabank Europe and the Bank of Nova Scotia Jamaica Limited to the Port Authority of Jamaica.

Introduction

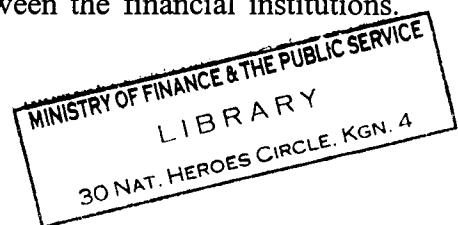
2 Parliament will recall that Ministry Paper No. 9 dated January 17, 2006 and laid on the tables of Parliament on February 7, 2006 approved the granting of government guarantees under the Approved Organization (Government Guarantee) Act of loans totaling ONE HUNDRED AND ELEVEN MILLION FOUR HUNDRED AND EIGHTY FOUR THOUSAND NINE HUNDRED AND TWENTY THREE UNITED STATES DOLLARS (US\$111,484,923) to be issued in favour of four financial institutions namely, Bank of Nova Scotia ("Scotiabank"), Toronto, the Bank of Nova Scotia Jamaica Limited, HSBC Bank plc., and the Export Import Bank of China, to facilitate the financing of civil works component of the fifth phase expansion of the Kingston container trans-shipment terminal and the acquisition of additional container handling equipment by the Port Authority of Jamaica. Scotiabank, Toronto and the Bank of Nova Scotia Jamaica Limited were allocated a total of US\$70,339,123.00 apportioned in the amount of US\$60.85 million and US\$9.49 million, respectively.

3 Parliament is being requested to approve the reallocation of guarantees amounting to US\$70.34 million in favour of Scotiabank Europe plc. and the Bank of Nova Scotia Jamaica Limited in the following manner:

Bank	US\$
Scotiabank Europe plc.	48,653,709.24
Bank of Nova Scotia Jamaica Limited	21,685,413.76
Total	70,339,123.00

Rationale for reallocation

4 Since the approval by Parliament in February 2006, there have been a number of developments necessitating a change in the financial institutions to which the original guarantees were to be issued and the allocation of the guarantees between the financial institutions. These developments include:



(i) A change/reduction in the amount of the project that qualifies for export credit insurance from 85% to 70% and concomitantly a reduction in the amount to be financed by the foreign bank.

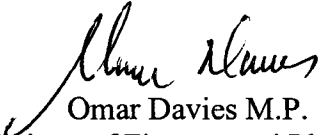
(ii) A change in the lender from Scotiabank, Toronto to Scotiabank Europe plc. was effected to facilitate a more efficient and timely processing of the transactions. This decision was taken based on logistics, the exporter ("E. Pihl & Sons A.S.") and the export credit agency ("Eksport Kredit Agency") are located in Denmark, and on this basis, Scotiabank, Toronto concluded it would be more efficient to use its wholly owned, London-based, subsidiary (Scotiabank Europe plc.) to deal with the Exporter and the Export Credit Agency, because London is closer to Copenhagen than Toronto.

(iii) The export credit insurance premium has been reduced from 13.186% projected to 12.44% based on the change in the amount of the project that qualifies for export credit insurance, and further negotiations made subsequent to the Cabinet approval.

5 The Honourable House of Representatives is accordingly being asked to note and approve the reallocation of loans, under the provisions of the Approved Organizations and Authorities Loans (Government Guarantee) Act amounting to US\$70.34 million in favour of Scotiabank Europe plc. and the Bank of Nova Scotia Jamaica Limited in the following manner:

Bank	US\$
Scotiabank Europe plc.	48,653,709.24
Bank of Nova Scotia Jamaica Limited	21,685,413.76
Total	70,339,123.00

6 I will move the appropriate Resolution in due course.


Omar Davies M.P.
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December 5, 2006