



**News Release**  
**30 March 2010**

## **Jamaica Balance of Payments<sup>1</sup>** **December 2010**

- *Provisional data for December 2010 show that, relative to December 2009, there was an improvement in the current account deficit of Jamaica's Balance of Payments. With the exception of the goods sub-account, all the sub-accounts contributed to the improvement. Net official and private capital inflows were more than sufficient to offset the deficits on the current and capital accounts. As a result, the net international reserves (NIR) increased for the month.*
- *For the period January to December 2010, all the sub-accounts of the current account improved, with the exception of the goods sub-account. With regard to financing, net official and private capital inflows were more than sufficient to offset the deficits on the current and capital accounts. In this context, there was an increase in the NIR of the Bank of Jamaica for the period.*

### **December 2010**

Provisional data indicate that the current account deficit narrowed by US\$22.2 million in December 2010, relative to the deficit in December 2009 (see Table). The primary contributors to the improvement were expansions of US\$23.1 million and US\$14.0 million in the surpluses on the current transfers and services sub-accounts. Growth in current transfers was principally attributed to a 9.2 per cent increase in gross remittance inflows. The services account benefited from an increase of 10.5 per cent in stop over visitor arrivals for the month. The impact of these improvements was partly offset by a worsening of US\$16.5 million in the merchandise trade deficit, largely reflecting a US\$43.8 million (36.4 per cent) increase in payments for fuel.

With regard to financing, net inflows from official sources (which included a US\$200.0 million loan disbursement from the IDB to the government of Jamaica) and net private capital inflows were more than sufficient to finance the deficits on the current and capital accounts. As a result, the net international reserves of the Bank of Jamaica increased by US\$252.9 million for the month.

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<sup>1</sup> For more details see Balance of Payments Monthly Statistical Update at [http://www.boj.org.jm/publications\\_home.php](http://www.boj.org.jm/publications_home.php)

## January – December 2010

The current account recorded a deficit of US\$991.5 million (or 7.4 per cent of GDP) for the period January to December 2010, an improvement of US\$136.0 million (or 1.8 percentage points of GDP), relative to the same period in 2009. With the exception of merchandise trade, all the sub-accounts contributed to the improvement in the current account deficit. There was a US\$145.4 million expansion in the surplus on the current transfers sub-account for the review period, principally reflecting a 6.5 per cent increase in gross private remittance inflows. The improvement on the current transfers sub-account also reflected an increase in grant inflows from the European Union for growth enhancement and debt reduction policies as well as inflows from the International Bank for Reconstruction and Development for health related projects. A reduction of US\$87.5 million in the deficit on the income sub-account reflected lower imputed profit remittance by foreign direct investment companies as well as lower net interest payments by the public sector. An expansion of US\$74.2 million in the surplus on the services sub-account largely reflected a 4.9 per cent increase in stopover visitor arrivals for the period.

There was an expansion of US\$171.1 million in the merchandise trade deficit in 2010, largely resulting from an increase of 13.5 per cent in the payment for mineral fuel imports. Given a 28.0 per cent rise in the average price of oil, this small increase in the value of fuel imports implies that volumes contracted significantly for the year. Partly offsetting the impact of the growth in oil imports were declines in other categories of imports, particularly *chemicals, machinery & transport equipment* and *miscellaneous commodities*. Export earnings also fell by US\$17.4 million, largely reflecting respective contractions of 38.8 per cent and 58.9 per cent in the values of sugar and *chemical* exports.

With regard to financing, net inflows from official sources, which included loans from the IDB, World Bank and CDB totalling US\$632.8 million, as well as net private capital inflows were more than sufficient to finance the deficits on the current and capital accounts. Consequently, the NIR increased by US\$442.0 million during the year. The Bank's gross reserves at end-December 2010 amounted to US\$2 979.2 million representing 22.8 weeks of projected goods and services imports.

**BALANCE OF PAYMENTS SUMMARY**

US\$MN

	1/			1/		
	Dec	Dec	Change	Jan-Dec	Jan-Dec	Change
	2009	2010		2009	2010	
<b>1. CURRENT ACCOUNT</b>	<b>-121.8</b>	<b>-99.6</b>	<b>22.2</b>	<b>-1127.5</b>	<b>-991.5</b>	<b>136.0</b>
<b>a. GOODS BALANCE</b>	<b>-333.1</b>	<b>-349.6</b>	<b>-16.5</b>	<b>-3087.9</b>	<b>-3259.0</b>	<b>-171.1</b>
Exports (f.o.b.)	90.3	105.2	15.0	1387.7	1370.4	-17.4
Imports (f.o.b.)	423.4	454.8	31.5	4475.6	4629.4	153.7
<b>b. SERVICES BALANCE</b>	<b>96.1</b>	<b>110.1</b>	<b>14.0</b>	<b>769.9</b>	<b>844.1</b>	<b>74.2</b>
Transportation	-41.6	-40.0	1.6	441.2	-439.7	1.5
Travel	186.6	202.1	15.6	1709.0	1793.2	84.2
Other Services	-48.8	-52.0	-3.2	-497.9	-509.3	-11.4
<b>B. INCOME</b>	<b>-63.5</b>	<b>-61.9</b>	<b>1.6</b>	<b>-667.9</b>	<b>-580.4</b>	<b>87.5</b>
Compensation of employees	6.4	7.6	1.2	67.6	87.5	19.9
Investment Income	-69.9	-69.5	0.4	-735.5	-668.0	67.5
<b>C. CURRENT TRANSFERS</b>	<b>178.7</b>	<b>201.8</b>	<b>23.1</b>	<b>1858.4</b>	<b>2003.8</b>	<b>145.4</b>
Official	8.5	13.6	5.1	143.9	184.1	40.2
Private	170.1	188.2	18.0	1714.5	1819.7	105.2
<b>2. CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>121.8</b>	<b>99.6</b>	<b>-22.2</b>	<b>1127.5</b>	<b>991.5</b>	<b>-136.0</b>
<b>A. CAPITAL ACCOUNT</b>	<b>-1.9</b>	<b>-2.1</b>	<b>-0.2</b>	<b>20.7</b>	<b>-22.1</b>	<b>-42.8</b>
<b>a. Capital Transfers</b>	<b>-1.9</b>	<b>-2.1</b>	<b>-0.2</b>	<b>20.7</b>	<b>-22.1</b>	<b>-42.8</b>
Official	0.0	0.0	0.0	45.3	4.2	-41.0
Private	-1.9	-2.1	-0.2	-24.5	-26.3	-1.8
<b>b. Acq./disposal of non-prod. non-fin'l assets</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>B. FINANCIAL ACCOUNT</b>	<b>123.7</b>	<b>101.7</b>	<b>-22.0</b>	<b>1106.7</b>	<b>1013.6</b>	<b>-93.1</b>
Other official investment	36.7	197.2	160.6	254.7	967.7	712.9
Other private investment 2/	11.2	157.4	146.1	808.4	487.9	-320.5
Reserves	75.8	-252.9		43.6	-442.0	

1/ Provisional

2/ Includes errors & omissions

BANK OF JAMAICA

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