



**BALANCE OF PAYMENTS  
OF JAMAICA**

**2001**

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## PREFACE

The Bank of Jamaica is pleased to present its annual Balance of Payments (BOP) report for 2001. This report summarises the economic transactions between Jamaican residents and the rest of the world. It first highlights the major macroeconomic developments in the global and domestic economy, which sets the broad context for the performance of the BOP during the review period. The presentation of the BOP accounts for 2001 conforms to the guidelines of the Fifth Manual published by the International Monetary Fund.

We are grateful to the members of the private sector who have continued to support us in the compilation of the accounts. Without their cooperation in supplying data, responding to the questionnaires and granting interviews, this publication would not be possible. The Bank of Jamaica remains committed to its mandate of serving the Jamaican economy by, inter alia, the timely provision of economic information. We trust that this publication will continue to inform and educate.

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Chief Economist  
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September 2002



## OVERVIEW

The global economy during 2001 was characterised by a marked deceleration in economic activity. World output grew by 2.5 per cent, relative to the significant growth of 4.7 per cent recorded in 2000. Slower economic growth was evident among the advanced economies<sup>1</sup>, as well as among developing countries.

The lower growth rate among the developed countries was precipitated by a reduction in manufacturing activity, particularly the production of electronic items. The retrenchment in the information technology sector, which started in the United States of America (USA), weakened the bullish trend that had prevailed in some of the major stock markets around the world. This engendered a sharp correction in asset prices, contributing to a decline in real wealth for both individual and corporate investors in all regions, and underpinned an erosion of consumer and business confidence. Most significantly, however, the overall slowing of the world economy was exacerbated by the events of 11 September, which resulted in a significant decline in world travel.

Against the background of falling commodity prices, particularly oil, lower rates of annual average inflation were recorded among the developed countries. This was accompanied by weaker labour markets, particularly in the manufacturing sector. Further, the US dollar strengthened against the major currencies namely the Euro, Yen and Pound Sterling. In an attempt to stimulate economic activity, the central banks of the major developed countries lowered interest rates during the year.

For the developing countries<sup>2</sup> falling international demand for primary commodities was the major factor contributing to the reduction in economic growth. In addition, the crisis in Argentina contributed to instability in the financial markets of the Latin American region and to the low growth rates recorded for that region in 2001.

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<sup>1</sup> The advanced economies constitute the Group of Seven countries, otherwise referred to as the major advanced economies, the current members of the European Union and the Euro area and the newly industrialised Asian economies.

<sup>2</sup> The group of developing countries includes countries that are not classified as advanced economies or as countries in transition by the International Monetary Fund.



Against this background Jamaica's macroeconomic policy in 2001 remained focused on the preservation of stability in the money and foreign exchange markets to support low inflation. This is in a context where the economy was affected by the social disturbances in July, flood rains in November and the events of 11 September in the USA. The Bank's policy response to the latter shock was to initially sell foreign exchange to augment supply but subsequently, the tightening of monetary policy to preserve price and exchange rate stability became necessary. The Bank's monetary stance throughout the year resulted in the containment of inflation to single digits for a fifth consecutive year, the first such occurrence since the close of the 1960's.

A favourable macroeconomic environment, particularly in the first half of the year, facilitated an acceleration of economic growth in 2001. Additionally, the higher growth rate for the year reflected the normalisation of output in selected sectors, relative to depressed levels in 2000. Further, significant investments in telecommunications contributed to the strong growth in the economy.

Against the background of the sluggish world demand, a current account deficit of US\$788.4 million 8.0 per cent of Gross Domestic Product (GDP) was recorded for 2001, representing a widening of US\$401.4 million, relative to the deficit recorded for 2000. With the exception of current transfers, this deterioration was evident in all the sub-accounts, with the goods and services balances deteriorating sharply by US\$176.7 million and US\$202.1 million, respectively, relative to 2000.

The *capital account* recorded a deficit of US\$22.3 million in 2001, a notable turnaround when compared with the surplus recorded for 2000. In contrast, the *financial account* registered a surplus of US\$810.7 million, US\$425.9 million higher than the surplus recorded for the previous year. Within the financial account, net inflows for official investments of US\$653.4 million complemented net private investment inflows of US\$1022.7 million. The surplus on the financial account was more than sufficient to finance the current and capital account deficits. Consequently, the NIR of Jamaica grew by US\$865.4 million in 2001 to US\$1 839.4 million at the end of 2001. At the end of December 2001, the level of gross reserves stood at US\$1 902.0 million, representing approximately 21.6 weeks of imports of goods and services.



**PART I**  
**INTERNATIONAL ECONOMIC DEVELOPMENTS**

**1.0 OUTPUT, INFLATION AND EMPLOYMENT**

**1.1 Advanced Economies**

**1.1.1 Output**

During 2001, real GDP for the advanced economies grew by 1.2 per cent, compared with a growth rate of 3.9 per cent in 2000 (see Table 1). This deceleration in growth reflected the weaker performance of the US economy, after ten years of strong growth. For the year, real GDP in the USA expanded by 1.2 per cent, compared with growth of 4.1 per cent recorded in 2000. The downturn in economic growth was primarily due to a decline in investment expenditure (particularly in the technology sector) and a fall-off in exports as demand for manufactured goods declined.

The UK recorded a growth rate of 2.2 per cent in 2001, down from 3.0 per cent in 2000. The deceleration in growth emanated from a downturn in investment in technology industries, which was partly offset by continued growth in financial and business services. The Canadian economy grew by 1.5 per cent in 2001, relative to a growth rate of 4.4 per cent in 2000. The reduced rate of growth for Canada was due mainly to a fall in the growth rate of exports, and lower investment spending. This slowdown was concentrated mainly in the

**TABLE 1**

<b>ADVANCED ECONOMIES</b>									
<b>Real GDP, Consumer Prices, Unemployment Rates</b>									
<b>(Annual % change and per cent of labour force)</b>									
	<u>REAL GDP</u>			<u>CONSUMER PRICES</u>			<u>UNEMPLOYMENT RATES</u>		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
<b>ADVANCED ECONOMIES</b>	<b>3.3</b>	<b>3.9</b>	<b>1.2</b>	<b>1.4</b>	<b>2.3</b>	<b>2.2</b>	<b>6.4</b>	<b>5.9</b>	<b>6.0</b>
<b>MAJOR INDUSTRIAL COUNTRIES</b>	<b>2.9</b>	<b>3.5</b>	<b>1.1</b>	<b>1.4</b>	<b>2.3</b>	<b>2.1</b>	<b>6.2</b>	<b>5.8</b>	<b>6.0</b>
United States	4.1	4.1	1.2	2.2	3.4	2.8	4.2	4.0	4.8
Japan	0.7	2.2	-0.4	-0.3	-0.8	-0.7	4.7	4.7	5.0
Euro area	2.6	3.4	1.5	1.1	2.4	2.6	10.9	9.9	9.0
Germany	1.8	3.0	0.6	0.7	2.1	2.4	8.6	7.9	7.9
France	3.0	3.6	2.0	0.6	1.8	1.8	11.2	9.5	9.0
Italy	1.6	2.9	1.8	1.7	2.6	2.7	11.4	10.6	9.5
UK	2.1	3.0	2.2	2.3	2.1	2.1	6.0	5.6	5.1
Canada	5.1	4.4	1.5	1.8	2.7	2.5	7.6	6.8	7.2
<b>OTHER ADVANCED ECONOMIES</b>	<b>5.0</b>	<b>5.3</b>	<b>1.6</b>	<b>1.3</b>	<b>2.4</b>	<b>2.9</b>	<b>7.3</b>	<b>6.2</b>	<b>6.1</b>

Source: World Economic Outlook - April 2002



second half of the year, as tax cuts earlier in the year provided a boost to consumer spending in the first two quarters. There was also a decline in consumer confidence after the events of 11 September 2001, which induced a softening in domestic demand, as well as a reduction in tourist expenditure.

Economic growth of 1.5 per cent was recorded for the Euro area in 2001, compared with 3.4 per cent in 2000. This reduced growth rate was exhibited among most of the major economies in the region. In particular, the growth rates for Germany, France and Italy in 2001 fell by 2.4 percentage points, 1.6 percentage points and 1.1 percentage points, respectively, relative to the growth rates recorded in 2000, to 0.6 per cent, 2.0 per cent and 1.8 per cent. Despite enhancements in the services sector, a decline in industrial production within the Euro area contributed significantly to the reduced growth rate. The spill over effects of the events in the USA also contributed to the downturn in economic performance for the region.

The Japanese economy registered a contraction in output of 0.4 per cent in 2001, compared with an expansion of 2.2 per cent in 2000. The immediate cause of the downturn in economic activity was reduced consumer demand, fostered by the fallout in equity prices, the events of 11 September, and the persistence of structural weaknesses in the Japanese banking sector. The slow pace of reforms in the Japanese banking sector threatened the credit ratings of a number of Japanese banks and adversely affected corporate and consumer confidence during the year. In addition, net exports fell as spending on information-technology related goods decreased.

### ***1.1.2. Inflation***

Inflation<sup>3</sup> among the advanced economies declined to 2.2 per cent in 2001, relative to the 2.3 per cent recorded in 2000. The US economy registered an inflation rate of 2.8 per cent in 2001, compared to 3.4 per cent in 2000. Lower inflation was also evident in Canada, where the rate fell to 2.5 per cent in 2001, from 2.7 per cent in 2000. The Euro area recorded an inflation rate of 2.6 per cent in 2001, relative to the 2.4 per cent recorded in 2000. The inflation rate for the UK remained stable at 2.1 per cent in 2001, while the 0.7 per cent deflation for Japan mirrored the deteriorating economic conditions in that country. Consumer prices also fell by 0.8 per cent in 2000.

The deceleration in inflation among the industrialized economies was primarily due to lower energy prices during the year (see Commodity Prices, Part I). Also contributing to the deceleration in inflation in the developed countries were protracted discounts on electronic items, clothing and furniture after 11 September.

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<sup>3</sup> *The annual average increase in consumer prices*





### **1.1.3 Unemployment**

An increase in overall unemployment from 5.9 per cent in 2000 to 6.0 per cent in 2001 was experienced among the advanced economies as a group. The unemployment rate in Germany remained constant while the rates in France, Italy and the UK declined during the year. All other major advanced economies experienced increased unemployment in 2001.

## **2.2. Developing Countries**

### **2.2.1. Output**

The output of the developing economies as a whole grew by 4.0 per cent in 2001, compared with growth of 5.7 per cent in 2000 (see Table 2). With the exception of Africa, all the regions in this group experienced a decline in economic growth, the most significant fall out being recorded for the Western Hemisphere and the Middle East & Turkey groups. Economic activity among the Western Hemispheric developing countries increased by 0.7 per cent in 2001, relative to an increase of 4.0 per cent in 2000. The economies in the Middle East and Turkey experienced a 2.1 per cent increase in output in 2001, compared with an expansion of 5.8 per cent in 2000. Similarly, a growth rate of 5.6 per cent was recorded by the economies in developing Asia in 2001, relative to a growth rate of 6.7 per cent recorded in 2000. In contrast, the economies in Africa registered an accelerated growth rate of 3.7 per cent in 2001, relative to the 3.0 per cent recorded in 2000.

The accelerated output growth in Africa reflected developments in the commodity markets in 2001. The oil exporting countries such as Morocco, Algeria, Angola and Nigeria, registered higher GDP growth, fostered by enhanced oil production. Economic performance varied across countries within the region however, as external demand for non-oil commodities declined throughout the year. In this regard, countries such as Côte d'Ivoire and Zimbabwe, experienced significant declines in real output due to reduced demand for copper and coffee during the year.

Growth in the Middle East and Turkey during 2001 was undermined by lower oil production, associated with an agreement of the Organization of Petroleum Exporting Countries (OPEC) to limit supply in an effort to bolster prices. The events of 11 September also affected the demand for oil through its impact on air travel, while the anti-terrorism campaign negatively affected the tourism industry and investment spending in the region.

The reduced rate of growth experienced by the Asian region in 2001 was ascribable to the slowdown in the US economy. The fallout in economic activity in the region became more pronounced in the context of the rapid decline in the prices of technology stocks on the major stock exchange around the world and the weakening of the Japanese economy. The events of 11 September also served to undermine the growth performance of the region.



The effects of these factors were varied throughout the region however as the larger, relatively closed economies, such as India and China, remained buoyant in 2001. In contrast, the export-oriented open economies such as Malaysia and Sri Lanka experienced significantly reduced growth rates. Both Malaysia and Sri Lanka experienced growth in output of 0.4 per cent in 2001, compared with respective output growth of 8.3 per cent and 6.0 per cent in 2000.

For the Western Hemisphere, the downturn in the world economy, falling demand for primary commodities and a prolonged drought, retarded the growth performance of the region. In addition, the significant capital flight due to the crisis in Argentina contributed to instability in the financial markets of the region and, consequently, the low growth rate in 2001. Economic growth in Brazil, the largest economy within the grouping, decelerated to 1.5 per cent in 2001, compared with 4.4 per cent in 2000. The Brazilian economy was severely affected by an electricity shortage during the year, which is estimated to have reduced the country's growth rate in 2001 by two percentage points. The Mexican economy declined in 2001 by 0.3 per cent, relative to an expansion of 6.6 per cent in 2000. This was primarily attributable to decreased demand for manufactured goods by the USA.

Economic growth in the other major developing economies in the Western Hemisphere (including Argentina and the countries of the English speaking Caribbean) ranged between negative 3.7 per cent and positive 5.2 per cent in 2001, compared with a range of negative 2.3 per cent to positive 9.7 per cent in 2000. A reduction in demand for primary commodities partly accounted for the deceleration in growth experienced by these countries. More importantly, amidst concerns about the sustainability of the fiscal deficit in the context of the currency convertibility arrangement, massive capital outflows in Argentina accelerated the fallout in economic activity in that country. Notwithstanding attempts by the local authorities and the IMF to stabilize investor sentiments, Argentina ultimately defaulted on its sovereign debt and, in an attempt to stimulate the economy, adopted a "free float" rate after initially experimenting with a dual exchange rate system.

TABLE 2

<b>SELECTED DEVELOPING COUNTRIES:</b>						
<b>Real GDP, Consumer Prices</b>						
<b>(Annual per cent change)</b>						
	<b>REAL GDP</b>			<b>CONSUMER PRICES</b>		
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>DEVELOPING COUNTRIES</b>	<b>3.9</b>	<b>5.7</b>	<b>4.0</b>	<b>6.9</b>	<b>6.1</b>	<b>5.7</b>
Africa	2.6	3.0	3.7	12.3	14.2	12.6
Developing Asia	6.1	6.7	5.6	2.5	1.9	2.6
Middle East and Turkey	1.0	5.8	2.1	23.7	19.6	17.2
Western Hemisphere	0.2	4.0	0.7	8.9	8.1	6.4

Source: World Economic Outlook - April 2002



With the exception of Guyana and Jamaica, all the economies in the English speaking Caribbean experienced reduced rates of growth in 2001 (see Table 3). In Barbados, real GDP declined by 2.1 per cent in 2001, compared with a growth rate of 3.1 per cent in 2000. The decline in 2001 was attributable to a contraction in the services sector and in agricultural production. Real GDP for Trinidad and Tobago expanded by 4.5 per cent in 2001, relative to an expansion of 4.8 per cent in 2000. The Jamaican economy registered an increase in economic growth in 2001, with real GDP expanding by 1.7 per cent for the year, compared with 0.7 per cent in 2000 (see Part II). For its part, Guyana registered marginal growth in output of 0.8 per cent in 2001, relative to a decline of 0.7 per cent in 2000. The growth in Guyana's real GDP was partly due to improvements in the agricultural sector, especially the rice and sugar sub-sectors.

### **2.2.2 Inflation**

With the exception of developing Asia, inflation in the developing countries continued on a downward path in 2001. For the year, the annual change in the average price index for these countries was 5.7 per cent, compared with 6.1 per cent in 2000 (see Table 2).

The inflation rate for the developing countries of Asia, while low by historical standards, rose to 2.6 per cent in 2001, from 1.9 per cent in 2000. This acceleration occurred in the context of significant monetary loosening across the region, particularly in East and Southeast Asia. Moderate exchange rate depreciation in much of developing Asia had a limited effect on inflation because import prices fell during the year. Acceleration in the inflation rate for Indonesia to over 11.0 per cent in 2001, from under 4.0 per cent in 2000, reflected the impact of increases in administered prices.

For the Middle East and Turkey, the overall inflation rate fell marginally to 17.2 per cent in 2001, from 19.6 per cent in 2000. The inflation rate for the African economies also declined to 12.6 per cent in 2001, from 14.2 per cent in 2000, due primarily to a fall in the price of agricultural commodities.

Inflation among the constituent economies of the Western Hemisphere declined to 6.4 per cent in 2001, from 8.1 per cent in 2000. This emanated mainly from a significant reduction in inflation in Ecuador, Bolivia and Trinidad and Tobago, despite higher rates in Belize, El Salvador, St. Vincent and the Grenadines and Guatemala. The inflation rates for Ecuador, Bolivia, Jamaica and Trinidad & Tobago declined to 37.0 per cent, 1.6 per cent, 8.8 per cent and 2.5 per cent in 2001, from 96.2 per cent, 4.6 per cent, 6.1 per cent and 5.6 per cent in 2000, respectively. Inflation for Barbados and Guyana were 2.2 per cent and 2.4 per cent in 2001, respectively, compared with 2.5 per cent and 6.1 per cent in 2000 (see Table 3).



TABLE 3

SELECTED COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN						
Real GDP, Consumer Prices (Annual per cent change)						
	REAL GDP			CONSUMER PRICES		
	1999	2000	2001	1999	2000	2001
Antigua and Barbuda	3.2	2.5	-0.6	1.1	0.7	1.0
Barbados	1.3	3.1	-2.1	1.6	2.5	2.2
Belize	3.7	9.7	2.5	-1.2	0.6	1.2
Bolivia	0.4	2.4	1.0	2.2	4.6	1.6
Ecuador	-7.3	2.3	5.2	52.2	96.2	37.0
El Salvador	3.4	2.0	2.0	0.5	2.3	3.8
Grenada	7.5	6.4	3.5	0.5	2.2	2.5
Guyana	3.0	-0.7	0.8	7.5	6.1	2.4
<b>Jamaica</b>	<b>-0.4</b>	<b>0.7</b>	<b>1.7</b>	<b>6.8</b>	<b>6.1</b>	<b>8.7</b>
St. Kitts & Nevis	3.7	7.5	1.8	3.4	2.1	2.1
St. Lucia	3.5	0.7	0.5	3.5	3.6	2.5
St. Vincent & the Grenadines	4.3	1.8	0.3	1.0	0.2	0.9
Trinidad & Tobago	6.8	4.8	4.5	3.4	5.6	2.5

Source: World Economic Outlook - April 2002

### 3.0 INTEREST RATE AND EXCHANGE RATE DEVELOPMENTS

#### 3.1 Interest Rate Developments

During 2001, the central banks of the major industrialized countries loosened monetary policy. This was in an effort to stimulate economic activity in the context of the economic slow-down that emerged during the year, and to offset the impact of the events of 11 September. The Federal Reserve in the USA lowered the federal funds rate eleven times in 2001. Short-term market rates in the USA declined to an average of 3.2 per cent in 2001, from 4.5 per cent in 2000. While all the countries in the group reflected a downward movement in rates, the most significant changes were exhibited in the USA and Canada, with respective declines of 2.5 percentage points and 1.6 percentage points, to 3.5 per cent and 3.9 per cent. The easing of monetary conditions also fostered a decline in long-term rates to an average of 4.4 per cent in 2001, from 5.1 per cent in 2000 (see Table 4).

#### 3.2 Exchange Rate Developments

During 2001, the US Dollar strengthened against the currencies of selected industrialized countries, including the Yen, the Euro and the Pound Sterling, and remained stable vis-à-vis its Canadian counterpart.



TABLE 4

<b>ADVANCED ECONOMIES: INTEREST RATES</b>						
<b>(In per cent a year)</b>						
	<b>SHORT-TERM RATES<sup>1/</sup></b>			<b>LONG-TERM RATES<sup>2/</sup></b>		
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>ADVANCED ECONOMIES</b>	<b>3.5</b>	<b>4.5</b>	<b>3.2</b>	<b>4.7</b>	<b>5.1</b>	<b>4.4</b>
<b>MAJOR INDUSTRIAL COUNTRIES</b>	<b>3.6</b>	<b>4.5</b>	<b>3.3</b>	<b>4.6</b>	<b>4.9</b>	<b>4.4</b>
United States	4.8	6.0	3.5	5.6	6.0	5.0
Japan	0.0	0.2	0.0	1.7	1.7	1.3
Euro area	3.1	4.5	4.2	4.6	5.4	4.9
U.K.	5.5	6.1	5.0	5.4	5.4	5.1
Canada	4.7	5.5	3.9	5.6	5.9	5.5

Source: World Economic Outlook - April 2002

<sup>1/</sup> Period averages. For the USA, three month Treasury Bill yield; for Japan, three-month bond yield on repurchase agreement; for the euro area, a weighted average of the national three-month money market interest rates and three-month EURIBOR; for the UK, three-month London inter-bank offered rate; for Canada, three-month Treasury Bill yield.

<sup>2/</sup> Period averages. For the USA, ten-year Treasury Bond yield; for Japan, ten-year government bond yield; for euro area, a weighted average of national ten-year government bond yields and ten-year euro bond yield thereafter; for the UK, ten-year government bond yield; and for Canada, government bond yields of ten years and over.

<sup>3/</sup> Excludes Greece prior to 2001.

TABLE 5

<b>ADVANCED ECONOMIES: EXCHANGE RATES</b>				
	<b>US DOLLAR NOMINAL EXCHANGE RATES<sup>1/</sup></b>		<b>REAL EFFECTIVE EXCHANGE RATES</b>	
	<b>National Currency per unit of US\$</b>		<b>Annual per cent Change</b>	
	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>
Canadian Dollar	1.49	1.55	0.59	-3.38
Japanese Yen	107.80	121.50	6.17	12.70
Pound Sterling <sup>2/</sup>	1.52	1.44	5.78	0.08
Euro <sup>2/</sup>	0.92	0.90	-10.61	0.00

Source: World Economic Outlook - April 2002

<sup>1/</sup> Defined as the ratio, in common currency, of the normalized unit labour costs in the manufacturing sector to the weighted average of those of its industrial country trading partners, using 1989-91 trade weights.

<sup>2/</sup> Expressed in US Dollars per unit of national currency.

The Euro depreciated by approximately 3.3 per cent against the US Dollar to an average of €1.00=US\$0.89 in 2001, from an average of €1.00=US\$0.92 in 2000 (see Table 5). The British Pound, which averaged £1.00 = US\$1.52 in 2000, also depreciated to an average rate of £1.00=US\$1.44 in 2001. The yen depreciated from US\$1.00 = ¥107.8 in 2000 to US\$1.00 = ¥121.5 in 2001. The appreciation of the Dollar against its European counterparts



was underpinned by a more optimistic growth outlook for the USA for 2001, relative to the assessed prospects for Europe that year. The substantial fall in the value of the yen reflected the structural weaknesses in the Japanese economy, as well as the Government's attempts at fostering economic recovery through the export sector.

#### 4.0 COMMODITY PRICES

The *Standard and Poor's Commodity Index (SPCI)* indicated a 7.4 per cent reduction in commodity prices for 2001, relative to 2000. The decline in commodity prices was partly the result of the gradual slowdown in demand in the larger export markets since the latter part of 2000. In addition, the oversupply of several commodities on the major exchanges and the events of 11 September exacerbated the decline in prices. Among the major commodities affected were beverages, oil, base metals and agricultural raw materials.

Crude oil prices in 2001 were approximately 13.8 per cent lower than in 2000, with the average of UK Brent, Dubai and West Texas Intermediate spot prices declining to US\$24.30 per barrel at the end of 2001 from US\$28.20 per barrel in 2000 (see Table 6). In the context of the events of 11 September, prices fell to US\$20.40 per barrel during the December quarter of 2001, relative to US\$32.07 per barrel in the corresponding period of 2000. The demand for jet fuel fell off with the reduction in travel activity following the events of 11 September, while heating oil consumption also declined in response to unseasonably warm weather in North America. The softening in world oil markets occurred despite OPEC's attempts at reducing production by 3½ million barrels per day to maintain prices within the target band of US\$22.00-US\$28.00 per barrel.

TABLE 6

<b>SUMMARY OF WORLD COMMODITY PRICES</b>		
<b>(Annual per cent change)</b>		
	<b>2000</b>	<b>2001</b>
<b>Terms of Trade</b>		
Advanced economies	-2.5	0.4
Developing countries	7.4	-3.0
Fuel exporters	43.4	-10.5
Non-fuel exporters	-1.5	-0.8
<b>Non-fuel primary commodities<sup>1/</sup></b>	1.8	-5.5
Food	-0.5	3.0
Beverages	-16.6	-19.1
Agricultural raw materials	2.0	-7.2
Metals	12.1	-9.5
Fertilizers	-5.3	-5.8
<i>Memorandum</i>		
Avg. oil spot price (in US\$/barrel) <sup>2/</sup>	28.2	24.3
Export unit value of manufactures	-5.1	-2.4

Source: World Economic Outlook - April 2002

<sup>1/</sup> Average of world market prices for individual commodities weighted by 1987-89 exports as share of world commodity exports and total commodity exports for the indicated country group.

<sup>2/</sup> Average of UK Brent, Dubai and West Texas Intermediate crude oil spot prices.

<sup>3/</sup> For the manufactures exported by the advanced economies.



The average price for base metals<sup>4</sup> fell by approximately 9.5 per cent in 2001, relative to an increase in 2000 of 12.1 per cent. The prices of nickel and zinc declined by 31.6 per cent and 28.5 per cent, respectively relative to 2000. Aluminium and copper prices also fell by 12.7 per cent and 22.7 per cent, respectively relative to 2000. These reductions were due in part to a fall in the demand for the commodities, along with increasing stocks and the fall out in industrial production after 11 September.

The price of agricultural commodities fell by 7.2 per cent in 2001, compared with a 2.0 per cent growth in 2000. The most significant decline was in the price of coffee beans, which fell by 33.6 per cent, relative to 2000, due to an oversupply of the product on the market. On the other hand, there was an increase in the price of cocoa beans by 38.2 per cent, relative to 2000, due to lower supply of the commodity on the market.

## 5.0 TRADE RELATIONS

The Fourth Ministerial Conference of the World Trade Organization (WTO) was held in Doha, Qatar over the period 9-14 November 2001. The objectives of the Conference were to restore business confidence after the events of 11 September, to strengthen the rules-based trade system and to encourage sustainable development. A number of issues were placed on the agenda, including *trade and the environment, implementation issues with regard to the 1994 General Agreement on Tariffs and Trade*, as well as matters concerning *trade facilitation, competition policy and market access*, among others.

The results of the Conference are contained in three documents. The first, *The Ministerial Declaration*, sets out the aims of the Conference, the work programme that will guide the negotiating process and the organization and management of the work programme. The second document, the *Decision on Implementation-Related Issues and Concerns*, reported on the progress made on previous Agreements, including the General Agreement on Tariffs and Trade (GATT) and the Agreement on Textiles and Clothing, among others. The third document, the *Declaration on the Agreement on Trade in Intellectual Property (TRIPS) and Public Health*, indicated that the TRIPS does not and should not prevent member countries from taking measures to protect public health. The negotiations on the work programme began 31 January 2002 and will end in January 2005.

A Summit on Tourism was held in the Bahamas between 8 - 9 December 2001 by the CARICOM heads of Government as well as representatives from the private sector involved in tourism, in an effort to address the declining trend in tourist arrivals in the wake of 11 September. It was agreed at the Summit that an aggressive advertising programme to resuscitate the regional tourism industry would be implemented. In addition, a Tourism

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<sup>4</sup> Base metals include aluminium, copper, lead, nickel, tin and zinc.



Development Fund would be established to provide support to the industry at both the national and regional levels. It was decided that special assistance should be given to the small and medium-sized tourism enterprises in the areas of research and training. The Summit also agreed that a Caribbean cruise committee would be established, comprising of public and private sector representatives. This committee would promote collaboration between the cruise and land-based segments of the Caribbean tourism industry and policy makers.

## **6.0 SUMMARY**

Global output expanded at a slower rate in 2001, relative to 2000, due to a reduction in industrial activity (particularly among the developed countries), combined with the effects of 11 September 2001. This reduction in the growth rate among the developed countries reflected the performance of the Japanese economy, as well as reduced output growth in the USA. The slowdown in global demand affected consumer prices in the advanced economies and commodity prices on the global market, resulting in lower rates of inflation for the year.

Inflationary pressures in the emerging market economies on a whole also remained subdued in response to the pursuit of sound macroeconomic policies and the decline in commodity prices.





**PART II**  
**MACROECONOMIC DEVELOPMENTS IN JAMAICA**

**1.0 REAL SECTOR**

**1.1 Production**

Real GDP for Jamaica increased by 1.7 per cent for 2001, relative to the modest recovery of 0.7 per cent in 2000. The expansion in the economy was due to growth of 2.4 per cent and 1.4 per cent in the goods and services sectors, respectively (see Table 7). The positive performance in the goods producing sector was attributable to expansions in all the sub-sectors.

**TABLE 7**

<b>GROSS DOMESTIC PRODUCT</b> <b>(CONSTANT PRICE, BASE = 1986)</b> <b>Growth Rate by Sectors (%)</b>		
	<b>2000</b>	<b>2001</b>
<b>GOODS</b>	-2.1	2.4
Agriculture, Forestry & Fishing	-10.9	5.2
Mining & Quarrying	-1.6	3.7
Manufacturing	0.9	0.6
Construction & Installation	0.2	2.0
<b>SERVICES</b>	4.5	1.4
<b>BASIC SERVICES</b>	6.8	5.0
Electricity & Water	3.3	1.1
Transport Storage & Communication	8.0	6.3
<b>OTHER SERVICES</b>	3.7	0.1
Distributive Trade	1.3	0.2
Financing & Insurance Services	11.0	0.6
Real Estate & Business Services	0.2	1.1
Producers of Government Services	-0.2	0.7
Miscellaneous Services	4.8	-1.8
Households & Private Non-Profit	-1.6	0.3
<b>IMPUTED SERVICE CHARGES</b>	10.0	1.5
<b>TOTAL GDP</b>	<b>0.7</b>	<b>1.7</b>

Source: Statistical Institute of Jamaica

Real GDP in the agricultural sector expanded by 5.2 per cent in 2001, relative to the contraction of 10.9 per cent that was recorded in 2000. More favourable weather conditions, particularly over the first nine months of the year, facilitated replanting that led to increased levels of agricultural production. Output was however constrained in the last quarter due to flooding in November. In the context of the sharp changes in weather conditions, domestic agriculture increased by 7.9 per cent in 2001, relative to 2000.



The output of the mining sector expanded by 3.7 per cent in 2001, relative to a contraction of 1.6 per cent in the previous year. The increase in the value added for the mining sector resulted from an expansion of 3.7 per cent in the bauxite and alumina sub-sector. Total bauxite production in 2001 grew by 11.0 per cent, which more than offset the contraction of 1.6 per cent in alumina production. The increased bauxite output reflected the recovery in production in the sector, consequent on the reopening of the Gramercy alumina plant in the USA. It is noteworthy that the bauxite production in 2001 represented the highest level in 20 years. Alumina production was adversely affected by the temporary closure of the Jamalco Halse Hall plant for most of the last quarter of 2001, due initially to industrial relations problems, but subsequently to facilitate planned maintenance work.

The manufacturing and construction sectors continued their positive performances in 2001 with respective growth rates of 0.6 per cent and 2.0 per cent. The performance of the manufacturing sector was due mainly to expansions in the food processing, alcoholic beverages, non-metallic minerals and metal product industries. This is in contrast to the declines in the textile & wearing, apparel & leather, and leather products & footwear industries, which reflected the continued exit of firms in the face of increased external competition.

Within the services sector, *basic services*, which comprise the major utilities, expanded by 5.0 per cent, while *other services* recorded an increase in value added of 0.1 per cent. The *transportation and communication* sub-sector was mainly responsible for the robust growth in basic services, while *real estate & business services* (1.1 per cent) and *producers of government services* (0.7 per cent) were the main contributors to the growth in the *other services* category. *Miscellaneous services* was the only sub-sector to record a decline in value added, due primarily to the fall-out in the travel industry.

## 1.2 Labour Market

The unemployment rate was 14.8 per cent in April 2001, reflecting a marginal decline relative to the 15.5 per cent recorded in April 2000<sup>5</sup>. The reduction in the overall rate is reflective of a decrease in unemployment rates for both males and females. The unemployment rates for males and females were 10.3 per cent and 20.5 per cent in April 2001, relative to the 10.4 per cent and 22.1 per cent recorded in April 2000, respectively. An examination of the labour force by industry revealed a continued shift towards services. In April 2001, the services sector's share of employment increased by 1.1 percentage points to 62.7 per cent, with the largest expansion occurring in the Community, Social and Personal Services group. Employment in the goods producing sectors declined by 1.6 per

<sup>5</sup> The surveys were conducted for only two quarters (January and April) of the year as a result of the *Census 2001* exercise.



cent due to reductions in employment in Manufacturing (7.9 per cent) and Agriculture, Forestry and Fishing (1.0 per cent). However, employment in Mining and Construction increased by 14.9 per cent and 1.8 per cent, respectively.

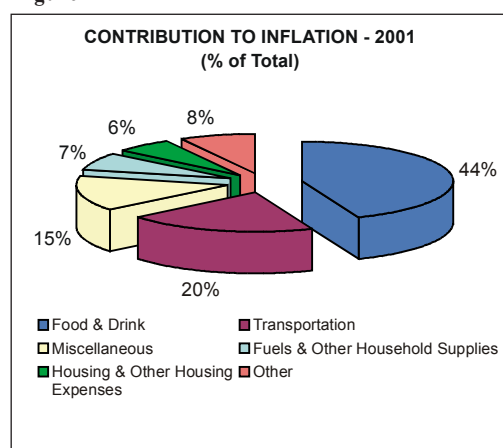
The industrial relations climate was relatively calm in 2001, with the lowest level of work disruptions and disputes in 10 years. Work stoppages fell by 50.0 per cent to 14 for the year, while industrial disputes fell by 22.6 per cent to 120.

## 2.0 INFLATION

The all Jamaica Consumer Price Index (CPI) increased by 8.8 per cent in 2001, marking the fifth consecutive year of single digit inflation. The inflation out-turn occurred in the context of internal and external shocks. Externally, the events of 11 September dampened inflationary pressures in the USA and other industrialised countries and served to moderate domestic price increases. Within the domestic economy, the major factors affecting the CPI were adjustments in the administered rates for public transport and postage, and seasonal increases in agricultural prices. In the context of these shocks, continued appropriate monetary policy responses served to moderate the underlying inflationary pressures.

An examination of the sub-indices of the CPI revealed that the impulses to inflation occurred mainly in the *Food & Drink*, *Transportation*, and *Miscellaneous Expenses* sub-indices. These categories expanded by 6.8 per cent, 26.6 per cent, and 15.7 per cent and contributed 43.8 per cent, 20.2 per cent, and 14.6 per cent of the total inflation outturn, respectively (see Figure 1).

Figure 1



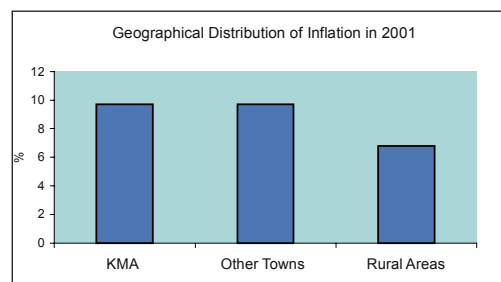
Within the Food & Drink sub-index, the main impetus to price increases arose in the *Starchy Foods*, and *Vegetables & Fruits* sub-groups. The shocks to the *Transportation* group resulted mainly from increases in bus fares, drivers' licences fees, and insurance fees. Increases in cinema fares, postage stamps and schoolbooks, were the main contributors to inflation in the *Miscellaneous Expenses* sub-group.

At the regional level, inflation was higher in the Kingston Metropolitan Area (KMA) and the Other Towns, relative to the Rural Areas (see Figure 2). During the year, the index for the KMA and the Other Towns both increased by 9.7 per cent, while the index for the Rural Areas increased by 6.8 per cent. The higher inflation in the KMA and Other Towns emanated primarily from the differential

effects of the bus fare increases in the KMA and larger increases in the Starchy Foods sub-index for the Other Towns. The reported increase in bus fares in the KMA was as high as 100 per cent, while increases of 33.3 per cent were reported for the Other Towns and Rural Areas.

Core or underlying inflation, which measures the movements in prices directly associated with monetary policy, fell to 3.98 per cent in 2001, from 4.03 per cent in 2000.

**Figure 2**



### 3.0 MONETARY & FOREIGN EXCHANGE MARKET DEVELOPMENTS

#### 3.1 Monetary Developments

The money supply increased at a faster rate in 2001, relative to 2000, reflecting a more relaxed policy stance. The Jamaica Dollar money aggregates, M1J and M2J, increased by 15.2 per cent and 8.6 per cent, respectively, compared with increases of 0.9 per cent and 7.5 per cent in 2000. Comprising the increase in M1J were respective expansions of 6.6 per cent and 24.4 per cent in currency and demand deposits, relative to a decline of 1.3 per cent and an expansion of 3.3 per cent, respectively, in these components in 2000. For 2001, M3J increased by 9.3 per cent compared to 10.2 per cent in 2000.

An increase in the net foreign assets of the banking system of approximately 80.0 per cent was the major source of the expansion in the monetary aggregates for the period. In addition, loans and advances and net claims on the public sector increased by 17.0 per cent and 7.9 per cent in 2001, respectively, relative to 2000.

The monetary base of the Central Bank declined by 0.3 per cent in 2001, compared with a decline of 5.4 per cent in 2000. The decrease in the monetary base reflected a 15.5 per cent fall in commercial banks' cash reserves, which more than offset the increases in currency issue and current account balances held with Bank of Jamaica. The decline in the cash reserves was influenced by a 3.0 percentage point reduction in the cash reserve requirement (CRR) to 9.0 per cent. There were three successive reductions of 1.0 percentage point on 1 March, 1 June and 1 September. These adjustments represented the continued rationalization of reserve requirements, started in 1998.

The contraction in the monetary base emanated from a reduction of \$41.3 billion in the Net Domestic Assets (NDA) of the Central Bank, the result of increases in the Bank's open market liabilities. The decline in the NDA was more than sufficient to offset a net accumulation of J\$41.2 billion in foreign reserves. Government operations were broadly



supportive of the Bank's operations with net claims on the public sector declining by \$4.1 billion during the year.

In conjunction with the easing of monetary conditions, generally favourable macroeconomic developments facilitated a steady decline in interest rates during the first half of the year. The Central Bank's signal rate, the 30-day reverse repurchase rate, was adjusted down to 14.25 per cent at the end of June 2001, from 16.5 per cent at end-December 2000. Rates on the 180-day, 270-day and 365-day instruments were also reduced by 230 basis points, 465 basis points and 510 basis points over the period, respectively. In keeping with the stance of monetary policy, commercial banks' weighted average deposit and loan rates fell to 8.33 per cent and 20.86 per cent, from 8.92 per cent and 22.12 per cent, respectively.

The reduction in interest rates observed in the first half of the year was not sustained over the latter part of the year. Significant demand pressures in the foreign exchange market, which coincided with the events of 11 September as well as the floating of a Government of Jamaica (GOJ) US Dollar bond, necessitated a temporary upward adjustment in rates on Bank of Jamaica's longer-term instruments. In this context, the 180-day, 270-day and 365-day instruments closed the year at 15.00 per cent, 18.40 per cent and 18.90 per cent, respectively. Despite the movement in interest rates by the Central Bank, the commercial banks' weighted average deposit and loan rates declined by 74 basis points and 140 basis points to 7.59 per cent and 19.50 per cent, respectively.

### **3.2 Foreign Exchange Market Developments**

The exchange rate exhibited relative stability in 2001, despite significant demand pressures in the foreign exchange market in the last quarter of the year. The weighted average selling exchange rate depreciated by 4.1 per cent to US\$1.00=J\$47.36 at end December 2001, from US\$1.00=J\$45.48 at end December 2000. This compared favourably with the depreciation of 10.2 per cent recorded in 2000. The exchange rate was fairly stable over the first three quarters of the year, evidenced by a mild depreciation of 0.8 per cent to US\$1.00=J\$45.86 at end September 2001. However, during the last quarter, the rate depreciated sharply by 3.3 per cent. The pressures in the market in the last quarter emanated from heightened demand for foreign exchange to participate in a GOJ US Dollar bond issued on the local market in September. In addition, demand pressures emanated from a perceived fall-off in the country's foreign currency inflows in the aftermath of the events of 11 September. To maintain order and augment supply, the Bank sold foreign exchange to the market in the December 2001 quarter.

Despite the sale of reserves in the latter part of the year, the net international reserves (NIR) almost doubled during 2001. At the end of the year, the NIR was US\$1840.7 million, representing an increase of US\$871.2 million, relative to end December 2000.



The growth in the NIR primarily reflected inflows of US\$400.0 million from GOJ Eurobond issues and proceeds from the divestment of public sector assets. The level of gross reserves stood at US\$1903.3 million at end December 2001, representing approximately 21.6 weeks of imports of goods and services.

#### **4.0 FISCAL DEVELOPMENTS**

Central Government operations resulted in a deficit of \$21.2 billion for fiscal year 2001/02, representing approximately 5.7 per cent of GDP. This out-turn compares with a targeted deficit of \$14.8 billion (4.1 per cent of GDP) under the revised Staff Monitored Programme (SMP). The higher than anticipated fiscal deficit reflected lower than targeted revenues and higher than projected expenditures during the second half of the year. The primary surplus, representing 8.0 per cent of GDP, was below the targeted 9.9 per cent, consequent on the shortfall in total revenues and the higher-than-targeted non-interest expenditure.

A shortfall of \$4.6 billion in revenue flows during the fiscal year reflected negative deviations of \$4.4 billion and \$1.2 billion in tax and capital revenues, the impact of which was partially offset by higher non-tax and bauxite levy receipts. The shortfall in tax receipt was due to lower than expected inflows from company taxes and General Consumption Tax (GCT) (imports and local). Receipts from companies were largely affected by lower than expected reported profits. The shortfall in GCT receipts was partially explained by a delay in enacting the enabling legislation during the review year.

Overall expenditure exceeded the SMP target by \$1.7 billion, reflecting higher than planned recurrent expenditure, which was partly compensated for by reduced spending on capital projects. The deviation in recurrent expenditure was mainly attributed to additional spending on wages and salaries and interest payments.

In terms of financing, Government simultaneously increased its external and internal debt over the fiscal year. The external debt stock rose to US\$3.8 billion at March 2002, from US\$3.2 billion at March 2001, an increase of US\$533.5 million. Central Government accessed approximately US\$650.0 million from the international capital market, of which US\$400.0 million was raised in the June quarter and US\$250.0 million in the December quarter. The domestic stock also increased to J\$300.2 billion at end March 2002, from J\$215.1 billion at end March 2001.

#### **5.0 SUMMARY & OUTLOOK**

The country experienced another year of single digit inflation, while economic growth accelerated relative to 2000. The current monetary policy framework is expected to result in inflation in the range of 6 to 7 per cent for 2002 and this should be accompanied by a further acceleration in economic growth. The continuing objective of monetary policy is to maintain orderly conditions in the financial and foreign exchange markets, which will facilitate further reductions in interest rates.



**PART III**  
**REVIEW OF THE BALANCE OF PAYMENTS**

**1.0 SUMMARY OF THE BALANCE OF PAYMENTS**

A current account deficit of US\$788.4 million was recorded for 2001, representing a widening of US\$401.4 million, relative to the deficit recorded for 2000. This deterioration was evident in all the sub-accounts, with the exception of current transfers (see Table 8).

The trade deficit grew by US\$176.7 million to US\$1 618.2 million in 2001, reflecting a contraction of US\$108.4 million in export earnings and an increase of US\$68.3 million in the value of imports.

TABLE 8

<b>BALANCE OF PAYMENTS SUMMARY</b>			
<b>(US\$M)</b>			
	<u>2000<sup>1/</sup></u>	<u>2001<sup>2/</sup></u>	<u>Change</u>
<b>1. CURRENT ACCOUNT</b>	<b>-387</b>	<b>-788.4</b>	<b>-401.4</b>
<b>A. GOODS and SERVICES</b>	<b>-857.9</b>	<b>-1 236.7</b>	<b>-378.8</b>
<b>a. GOODS BALANCE</b>	<b>-14 41.5</b>	<b>-1 618.2</b>	<b>-176.7</b>
Exports (f.o.b.)	1 562.8	1 454.4	-108.4
Imports (f.o.b.)	3 004.3	3 072.6	68.3
<b>b. SERVICES BALANCE</b>	<b>583.6</b>	<b>381.5</b>	<b>-202.1</b>
Transportation	-256.6	-256.2	0.4
Travel	1 123.9	1 026.2	-97.7
Other Services	-283.7	-388.5	-104.8
<b>B. INCOME</b>	<b>-349.9</b>	<b>-437.8</b>	<b>-87.9</b>
Compensation to employees	67.4	74.6	7.2
Investment income	-417.3	-512.4	-95.1
<b>C. CURRENT TRANSFERS</b>	<b>820.8</b>	<b>886.1</b>	<b>65.3</b>
Official	147.9	90.4	-57.5
Private	672.9	795.7	122.8
<b>2. CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>387</b>	<b>788.4</b>	<b>401.4</b>
<b>A. CAPITAL ACCOUNT</b>	<b>2.2</b>	<b>-22.3</b>	<b>-24.5</b>
<b>a. Capital transfers</b>	<b>2.2</b>	<b>-22.3</b>	<b>-24.5</b>
Official	15.6	3.5	-12.1
Private	-13.4	-25.8	-12.4
<b>b. Acq./disposal of non-prod. non-fin'l assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B. FINANCIAL ACCOUNT</b>	<b>384.8</b>	<b>810.7</b>	<b>425.9</b>
Other official investments	383.6	653.4	269.8
Other private investments <sup>3/</sup>	524.2	1 022.7	498.5
Change in Reserves (minus = increase)	-523.0	-865.4	N/A

<sup>1/</sup> Revised<sup>2/</sup> Provisional<sup>3/</sup> Includes errors & omissions

Source: Bank of Jamaica





The services account recorded a surplus of US\$381.5 million, as net inflows of US\$1 026.2 million on the travel sub-account exceeded the respective deficits of US\$256.2 million and US\$388.5 million on the transportation and other services sub-accounts. The balance on the services account was, however, US\$202.1 million below the surplus recorded for 2000, reflecting a decline of US\$97.7 million in net travel receipts and an increase of US\$104.8 million in net payments for other services.

In terms of the income account, a deficit of US\$437.8 million was recorded in 2001, which was US\$87.9 million more than the deficit recorded in 2000. An expansion of US\$95.1 million in net investment income payments accounted for this performance, partly offset by an increase of US\$7.2 million in net inflows for compensation to employees.

The surplus of US\$886.1 million on the current transfers account reflected an improvement of US\$65.3 million in 2001, relative to 2000. This increase stemmed from an expansion of US\$122.8 million in net inflows to the private sector, as net official inflows declined by US\$57.5 million.

## **2.0 MERCHANDISE TRADE**

The value of Jamaica's total merchandise trade (i.e. exports plus imports (f.o.b.)) amounted to US\$4 527.0 million in 2001, representing a reduction of US\$40.1 million, relative to 2000. This contraction resulted from a decline of US\$108.4 million (or 6.9 per cent) in the value of exports, while the value of imports increased by US\$68.3 million (or 2.3 per cent). As a result, the merchandise trade deficit widened by US\$176.7 million, (or 12.3 per cent), to US\$1 618.2 million.

### **2.1 Exports**

A breakdown of the value of exports for 2001 reveals that general merchandise exports amounted to US\$1223.1 million, and accounted for approximately 84.1 per cent of total exports (see Table 9). Relative to 2000, this category declined by US\$77.9 million, or 6.0 per cent. Free zone exports and goods procured in Jamaican ports by foreign carriers amounted to US\$195.9 million and US\$35.4 million, representing 13.5 per cent and 2.4 per cent of total exports, respectively. Compared to 2000, free zone exports and goods procured in Jamaican ports by foreign carriers declined by US\$28.1 million (or 12.5 per cent) and US\$2.5 million (or 6.6 per cent), respectively.

The decline in the value of general merchandise exports in 2001 largely reflected reduced earnings of US\$63.9 million, US\$11.6 million and US\$11.3 million from miscellaneous manufactured goods, beverages & tobacco and machinery & transport equipment, respectively. Partly offsetting the effect of these declines were respective expansions of US\$10.9 million and US\$5.3 million in the values of mineral fuels and crude materials.





TABLE 9

VALUE OF EXPORTS (US\$M)				
SITC SECTIONS	2000	2001	Change	% Change
<b>0. Food</b>	<b>227.7</b>	<b>224.9</b>	<b>-2.8</b>	<b>-1.2</b>
Bananas	22.9	18.3	-4.6	-20.1
Citrus & citrus products	4.9	4.2	-0.7	-14.3
Sugar & sugar preparations	83.3	70.5	-12.8	-15.4
Other	116.6	131.9	15.3	13.1
<b>1. Beverages &amp; tobacco</b>	<b>60.0</b>	<b>48.4</b>	<b>-11.6</b>	<b>-19.3</b>
Rum	26.4	28.8	2.4	9.1
Tobacco & tobacco products	13.3	12.9	-0.4	-3.0
Other	20.3	6.7	-13.6	-67.0
<b>2. Crude materials</b>	<b>737.4</b>	<b>742.7</b>	<b>5.3</b>	<b>0.7</b>
Bauxite	45.5	93.8	48.3	106.2
Alumina	684.3	642.6	-41.7	-6.1
Other	7.6	6.3	-1.3	-17.1
<b>3. Mineral fuels</b>	<b>3.9</b>	<b>14.8</b>	<b>10.9</b>	<b>279.5</b>
<b>4. Animal &amp; vegetable oils &amp; fats</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>5. Chemicals</b>	<b>70.6</b>	<b>68.5</b>	<b>-2.1</b>	<b>-3.0</b>
<b>6. Manufactured goods</b>	<b>12.4</b>	<b>10.0</b>	<b>-2.4</b>	<b>-19.4</b>
<b>7. Machinery &amp; transport equip.</b>	<b>27.0</b>	<b>15.7</b>	<b>-11.3</b>	<b>-41.9</b>
<b>8. Misc. manufactured goods</b>	<b>161.9</b>	<b>98.0</b>	<b>-63.9</b>	<b>-39.5</b>
<b>9. Misc. commodities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>A. TOTAL GENERAL EXPORTS</b>	<b>1 301.0</b>	<b>1 223.1</b>	<b>-77.9</b>	<b>-6.0</b>
<b>B. FREE ZONE EXPORTS</b>	<b>224.0</b>	<b>195.9</b>	<b>-28.1</b>	<b>-12.5</b>
<b>C. GOODS PROCURED IN PORTS</b>	<b>37.9</b>	<b>35.4</b>	<b>-2.5</b>	<b>-6.6</b>
<b>TOTAL EXPORTS (F.O.B.)</b>	<b>1 562.9</b>	<b>1 454.4</b>	<b>-108.5</b>	<b>-6.9</b>

### 2.1.1 Major Traditional Exports

For 2001, the value of major traditional exports contracted by US\$10.9 million to US\$825.1 million, relative to 2000 (see Table 10). Notwithstanding the contraction in earnings from major traditional exports, this category's share of general merchandise exports remained unchanged at 67.5 per cent, relative to the previous year.

The performance of the major traditional group of exports in 2001 was influenced by contractions of US\$41.7 million (6.1 per cent), US\$12.8 million (15.4 per cent) and US\$4.6 million (20.1 per cent) in earnings from alumina, sugar and bananas, respectively. In

TABLE 10

PERFORMANCE OF THE MAJOR EXPORT COMMODITIES (US\$M)				
	2000	2001	Change	% Change
<b>BAUXITE</b>				
Volume (000 tonnes)	2 153.2	3 617.8	1 464.6	68.0
Value (US\$mn)	45.5	93.8	48.3	106.2
Unit price (US\$/tonne)	21.2	25.9	4.7	22.1
<b>ALUMINA</b>				
Volume (000 tonnes)	3 581.5	3 530.1	-51.4	-1.4
Value (US\$mn)	684.3	642.6	-41.7	-6.1
Unit price (US\$/tonne)	191.1	182.0	-9.0	-4.7
<b>SUGAR</b>				
Volume (000 tonnes)	169.0	157.1	-11.9	-7.0
Value (US\$mn)	83.3	70.5	-12.8	-15.4
Unit price (US\$/tonne)	492.8	448.7	-44.1	-9.0
<b>BANANAS</b>				
Volume (000 tonnes)	41.7	43.5	1.8	4.3
Value (US\$mn)	22.9	18.3	-4.6	-20.1
Unit price (US\$/tonne)	549.4	419.6	-129.8	-23.6
<b>TOTAL</b>	<b>836.0</b>	<b>825.1</b>	<b>-10.9</b>	<b>-1.3</b>

Source: Statistical Institute of Jamaica



contrast, earnings from bauxite exports increased by US\$48.3 million to US\$93.8 million, owing to the full recovery of the sector.

### **Mining**

The export volume of alumina in 2001 contracted by 51.4 thousand tonnes, or 1.4 per cent, to approximately 3.5 million tonnes. The lower export volume occurred in the context of an industrial action at the Jamalco alumina plant in October and the extended closure of that plant to facilitate maintenance work after the event. Growth in the sector was constrained, as production was approximately 95.0 per cent of capacity, compared with 96.0 per cent in 2000.

The contraction in the value of alumina exports also reflected a decline of 4.7 per cent in the price of alumina. For the year, alumina prices averaged US\$182.00 per tonne, relative to the average price per tonne of US\$191.10 realised in 2000. While prices were lower in all the quarters of 2001 relative to the corresponding quarters of 2000, the strongest fall-off occurred in the last quarter of the year. In this quarter, alumina price averaged US\$172.50 per tonne, 8.0 per cent lower than the average price per tonne realised in the last quarter of 2000.

Alumina prices on the international market were adversely affected over the first three quarters of the year by the combined effects of the resumption of full operations at the Kaiser refinery at Gramercy in the USA and lower world economic growth. The resumption of refining operations at Gramercy, which served to boost world supply of aluminium, coincided with a general reduction in demand due to the slowdown in growth among the industrialised economies. After 11 September 2001, there was an accelerated downturn in prices associated with the fall-off in demand for air travel and its effects on related industries such as the production of aeroplanes and aeroplane parts. The financial problems at the Kaiser Aluminium Corporation have not affected the local industry.

The growth in the value of bauxite exports for 2001 reflected the return of the Kaiser alumina refinery in St. Ann's Bay to full operation in the first quarter of 2001, as well as an increase in the reference price for the ore. For the year, export volumes amounted to approximately 3.6 million tonnes, 1.5 million tonnes or 68.0 per cent above the levels recorded for 2000. Relative to 2000, the average price of crude bauxite was higher by US\$4.70 per tonne, at US\$25.93 per tonne. This increase occurred because of a change in Kaiser's pricing formula in 2000, aimed at facilitating greater transparency in the pricing arrangement for crude bauxite exports.

The prospects for the mining industry for 2002 are favourable. The resumption of mining operations at the Jamalco plant in late December 2001 and expectations for the continuation of growth in crude bauxite exports augur well for the industry. Incremental growth in capacity and output is likely in the context of an ongoing expansion and upgrading



programme at Alpart. This programme is aimed at increasing output from that plant from 1.6 million tonnes of alumina per year to 1.7 million tonnes by the year 2003, as well as improving fuel efficiencies in the smelting process. In addition, increased output may result from the agreement between Alpart and Jamalco to consolidate mining activities, the primary aim of which is to reduce extraction cost through economies of scale. There are also ongoing discussions to transform the structure of the fiscal regime that governs the industry, to enhance the profitability of the companies and stimulate further expansion of productive capacity and production.

The resumption of economic growth in the USA and other major industrialized economies is likely to augur well for alumina prices. Finally, the re-emergence of environmental concerns relating to motor vehicle emission levels in the USA may encourage the production of lighter vehicles, serving to augment the demand for aluminium for use in the manufacture of these vehicles.

### **Sugar**

Earnings from sugar exports amounted to US\$70.5 million in 2001, US\$12.8 million less than that recorded in 2000. Export volumes contracted by 7.0 per cent to approximately 157.1 thousand tonnes, while the average realised US Dollar price per tonne of sugar achieved in 2001 fell by approximately 9.0 per cent. The decrease in export volumes resulted from the non-shipment of sugar to the USA and a decline in the quantity of sugar exported to Europe under the Special Preferential Sugar (SPS) arrangement. The non-shipment of sugar to the US market was as a consequence of an oversupply of sugar on that market, necessitating the purchase of Jamaica's certificate of eligibility for 2001. The certificate of eligibility guarantees Jamaica an export quota to the USA market on an annual basis. The sale of the quota yielded US\$1.3 million to the local industry. On the European market, while the export volume of 126.0 thousand tonnes under the regular protocol agreement was met, SPS-related shipments, which are based on demand, contracted by approximately 0.3 thousand tonnes. The decline in the average realised price of sugar on the European market occurred in the context of a 0.3 per cent depreciation in the average exchange rate for the euro vis-à-vis the US Dollar over the crop year, relative to the same period the previous year.

Of note, the crop year for 2000/01, which should have run from November 2000 to August 2001, was delayed by a month. The delayed start to sugar cane reaping was associated with mechanical problems at some of the factories, as well as flooding in late December 2000 and early January 2001. The crop was further affected by a reduction in the quantity and quality of cane reaped as replanting had taken place under dry conditions. The adverse weather conditions at reaping also served to lessen the sucrose content of the crop, which resulted in a increase in the tonnes of cane to tonnes of sugar ratio (TC/TS) from 9.3 in 2000 to 10.9 in 2001. In this context, sugar production in 2001 contracted by 14.3 thousand tonnes to 205.0 thousand tonnes, relative to 2000.

While the medium term prospects for the sugar industry will be influenced by redefined trade agreements, the ability of the domestic industry to improve its efficiency will also be important. Increased competitiveness is being underpinned by significant investments in new equipment towards the latter part of 2001 and early 2002, and improved farm practices since 1999. This includes the introduction of new boilers and machinery that reduces wastage of water and fertilizer. The proposed introduction of mechanical harvesting is also expected to significantly reduce cost in the sector. These developments suggest that the sugar industry is poised to significantly increase production and export volumes over the medium term. In the short run, however, the industry's production and exports are expected to be adversely affected by the flooding of some fields early in the 2001/02 crop-year and the late start of reaping. As a result, the industry's production and exports for 2002 are not expected to surpass that of 2001.

### **Banana**

Earnings from banana exports amounted to US\$18.3 million in 2001, US\$4.6 million or 20.1 per cent below the 2000 level. The lower earnings from bananas in 2001 were influenced by a reduction in price, as export volumes increased by 4.3 per cent, relative to 2000. The average price per tonne of bananas in 2001 was US\$419.60, US\$129.80 or 23.6 per cent below the average price in 2000. Prices were affected by the depreciation of the euro vis-à-vis the US dollar, as well as increased competition arising from the European Union's (EU) decision to allow easier access by non-ACP countries to their markets. In this context, despite a notable improvement in the quality of exportable fruit in 2001, the spot price for Jamaican bananas fell during the year.

The export volume of bananas in 2001 amounted to 43.5 thousand tonnes, approximately 1.8 thousand tonnes above the level exported in 2000. The growth in volumes occurred despite the destruction of approximately 110 hectares of the banana crop by flood rains in November 2001, and reflects the impact of the EU supported rationalisation in the industry.

There was a continuation of the restructuring of the banana industry during the year, which included the introduction of systems and measures in order to promote greater efficiency and productivity. These adjustments came against the background of the World Trade Organisation's (WTO) ruling in favour of the USA and against the EU in relation to the existing banana regime, which gives preferences to former British and French colonies. One of the more noteworthy developments from the EU banana support programme during the review period was the acquisition of 30 refrigerated reefer containers that will serve to boost the quality of banana delivered to the export market. These containers provide ideal temperature conditions for bananas from the point of loading.



### 2.1.2 Other Domestic Exports

The value of the other domestic exports contracted by US\$51.1 million, or 12.1 per cent, to US\$372.0 million in 2001, relative to 2000 (see Table 11). A decline of 39.2 per cent in earnings from miscellaneous manufactured goods exports was the major factor influencing the decline in this category. This performance was influenced mainly by a contraction of US\$54.2 million, or 37.8 per cent, in the value of garment exports. Activities in the garment sector continued to be affected by the re-location of companies or the scaling down of production of existing companies.

TABLE 11

<b>OTHER DOMESTIC EXPORTS BY S.I.T.C.</b>				
<b>(US\$M)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
0. Food	121.0	135.7	14.7	12.1
Citrus & citrus products	4.9	4.2	-0.7	-14.3
Other	116.1	131.5	15.4	13.3
1. Beverages & Tobacco	59.7	48.4	-11.3	-18.9
Rum	26.4	28.8	2.4	9.1
Tobacco & tobacco products	13.3	12.9	-0.4	-3.0
Other	20.0	6.7	-13.3	-66.5
2. Crude Materials	7.5	6.3	-1.2	-16.0
3. Mineral Fuels	3.7	14.4	10.7	289.2
4. Animal & Veg. Oils & Fats	0.1	0.1	0.0	0.0
5. Chemicals	67.4	65.3	-2.1	-3.1
6. Manufactured Goods	6.8	5.9	-0.9	-13.2
7. Machinery & Transp. Equip.	1.0	1.1	0.1	10.0
8. Misc. Manuf. Goods	155.9	94.8	-61.1	-39.2
9. Misc. Commodities	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>423.1</b>	<b>372.0</b>	<b>-51.1</b>	<b>-12.1</b>

Source: Statistical Institute of Jamaica

Despite the decline in earnings from exports of other domestic goods, the value of food exports within the category expanded by US\$14.7 million. Growth in food exports largely reflected favourable weather conditions, as well as the removal of restrictions on the import of selected food items by the USA in early 2001, in particular yams and ackees.

### 2.1.3 Exports of Free Zones and Goods Procured in Ports

There was a decline in the operations within the free zones in 2001. Export earnings for the year totalled US\$195.9 million, US\$28.1 million below the earnings of the industry in 2000 (see Table 9). Notwithstanding the passing of the Caribbean Basin Initiative (CBI) enhancement bill by the United States Congress in 2000, companies continued to relocate to lower cost countries.

Bunker supplies and other items procured in Jamaican ports by foreign carriers were valued at US\$35.4 million in 2001, US\$2.5 million lower than in 2000. The decrease in 2001 stemmed from declines in fuel prices.

## 2.2 Imports

For 2001, total imports (c.i.f.) were valued at US\$3 576.5 million, of which general merchandise imports amounted to US\$3 402.6 million, while free zone imports and goods procured in foreign ports by the domestic carrier amounted to US\$135.2 million and US\$38.7 million, respectively. The general merchandise group accounted for over 95.1 per cent of total imports in 2001, while free zone imports and goods procured in foreign ports by Jamaican carriers accounted for 3.8 per cent and 1.1 per cent of total imports, respectively. Total imports grew by US\$88.7 million, or 2.5 per cent, relative to 2000, reflecting reflecting increases of US\$95.4 million and US\$0.4 million in expenditure on general merchandise imports and bunker supplies, respectively. The decline of US\$7.1 million in free zone imports in 2001 was a partial countervailing influence (see Table 12).

The expansion in the general merchandise category of imports in 2001 reflected increases in all the SITC sub-groups, with the exception of miscellaneous manufactured goods, mineral fuels, crude materials and animal & vegetable oils & fats (see Table 12). The fall-off in imports by the free zones largely reflected the decline in demand for raw materials, resulting from the closure of a number of plants during the year. Increased activity by the domestic carrier in foreign ports resulted in a higher level of expenditure on fuel in 2001.

TABLE 12

VALUE OF IMPORTS (US\$M)				
SITC SECTIONS	2000	2001	Change	% Change
0. Food	448.3	476.7	28.4	6.3
1. Beverages & tobacco	27.2	29.7	2.5	9.2
2. Crude materials	52.0	47.0	-5.0	-9.6
3. Mineral fuels	649.6	615.5	-34.1	-5.2
4. Animal & vegetable oils & fats	19.7	17.2	-2.5	-12.7
5. Chemicals	376.0	383.5	7.5	2.0
6. Manufactured goods	443.1	466.9	23.8	5.4
7. Machinery & transport equip.	752.9	883.3	130.4	17.3
8. Misc. manufactured goods	450.8	394.5	-56.3	-12.5
9. Misc. commodities	87.6	88.3	0.7	0.8
A. TOTAL GENERAL IMPORTS	3 307.2	3 402.6	95.4	2.9
B. FREE ZONE IMPORTS	142.3	135.2	-7.1	-5.0
C. GOODS PROCURED IN PORTS	38.3	38.7	0.4	1.0
<b>TOTAL IMPORTS (C.I.F.)</b>	<b>3 487.8</b>	<b>3 576.5</b>	<b>88.7</b>	<b>2.5</b>

Source: Statistical Institute of Jamaica

The components of general merchandise imports for 2000 and 2001, categorised by economic functions, are provided in Table 13. This classification reveals that the expansion in the general merchandise imports category in 2001 was reflected in capital, raw material and consumer goods imports, which grew by US\$64.8 million, US\$16.7 million and US\$13.9 million, respectively. These changes resulted in capital good's share of general merchandise imports in 2001 increasing to 17.0 per cent from 15.6 per cent in 2000, while the shares accounted for by raw material and consumer goods declined to 54.0 per cent and 28.9 per cent, respectively, from 55.1 per cent and 29.4 per cent.



TABLE 13

<b>IMPORTS BY ECONOMIC FUNCTION</b>				
<b>(US\$M)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>CONSUMER GOODS</b>	<b>971.0</b>	<b>984.9</b>	<b>13.9</b>	<b>1.4</b>
Food	258.9	266.3	7.4	2.9
Other non-durables	320.2	319.0	-1.2	-0.4
Durables	391.9	399.6	7.7	2.0
<b>RAW MATERIALS</b>	<b>1 821.0</b>	<b>1 837.7</b>	<b>16.7</b>	<b>0.9</b>
Fuels	648.1	614.8	-33.3	-5.1
Food	208.4	226.8	18.4	8.8
Other raw materials	964.5	996.1	31.6	3.3
<b>CAPITAL GOODS</b>	<b>515.2</b>	<b>580.0</b>	<b>64.8</b>	<b>12.6</b>
Transport equipment	107.8	107.8	0.0	0.0
Construction materials	150.4	150.0	-0.4	-0.3
Other machinery & equipment	257.0	322.2	65.2	25.4
<b>TOTAL</b>	<b>3 307.2</b>	<b>3 402.6</b>	<b>95.4</b>	<b>2.9</b>

Source: Statistical Institute of Jamaica

The growth in the value of capital goods imports in 2001 was due primarily to an expansion of US\$65.2 million in other machinery and equipment. There was a marginal contraction of US\$0.4 million (or 0.3 per cent) in construction material imports. Increased activity within the telecommunication sector was largely responsible for the expansion of the other machinery & equipment category, reflecting increased spending on transmission equipment, telephones and other telephone apparatus. Investment in data-processing machines also contributed to the growth of this category.

For 2001, the expansion in the value of raw material imports was reflected largely in respective increases of US\$31.6 million and US\$18.4 million in *other raw materials* and *food* imports. The growth in raw material imports was partly offset by a contraction of US\$33.3 million in *fuel* imports.

Within the other raw material imports sub-category, a notable expansion of US\$51.9 million was recorded in spending on parts and accessories, partially offset by a decline of US\$19.0 million in industrial supplies. The principal elements driving the growth in imports of parts and accessories were expenditure on aircraft engines and the introduction of a new bottling line at a food processing plant. With regard to industrial supplies, the downturn was influenced mainly by declines in imports of pre-cut garments.

The increased spending on food imports during the review period was largely concentrated on refined sugar, milk powder, wheat, white rice and cheese, which was partially offset by marginal declines in the values of corn and cereal imports, due to a fall in world prices for these commodities in 2001.

The value of fuel imports in 2001 amounted to US\$614.8 million, approximately 5.1 per cent lower than the fuel bill in 2000. The lower bill was attributable to a fall-off in international fuel prices relative to the previous year. The volume of fuel imported is





estimated to have expanded by 4.8 thousand barrels to 27.3 thousand barrels in 2001, relative to the volumes imported in 2000. This performance was attributable to increased demand for fuel in all sectors of the economy.

Expenditure on imported consumer goods in 2001, valued at approximately US\$984.9 million, reflected respective increases of US\$7.7 million and US\$7.4 million in the durable and food subgroups, which were partially countered by a contraction of US\$1.2 million in other non-durable imports. The growth in consumer durables mainly reflected increased expenditure on cellular telephones, partially offset by contractions in the values of jewellery and motor vehicles.

### 3.0 DIRECTION OF TRADE (GENERAL MERCHANDISE)

The USA, Canada and the UK remained Jamaica's principal trading partners, with a combined share of general merchandise trade of 52.4 per cent in 2001, relative to 54.6 per cent in 2000. These three countries provided markets for US\$728.4 million or 59.6 per cent of Jamaica's total exports, and supplied US\$1695.9 million or 49.8 per cent of its imports in 2001. Tables 14 to 16 provide statistics on Jamaica's international trade by major trading partners.

TABLE 14

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US\$M)						
COUNTRY	2000	% of total	2001	% of total	Change	% Change
United States	494.3	38.0	380.2	31.1	-114.1	-23.1
All other countries	224.0	17.2	241.5	19.7	17.5	7.8
Other EU countries	250.1	19.2	202.6	16.6	-47.5	-19
Canada	123.2	9.5	191.1	15.6	67.9	55.1
United Kingdom	160.4	12.3	157.1	12.8	-3.3	-2.1
Caricom	49.0	3.8	50.6	4.1	1.6	3.3
<b>TOTAL</b>	<b>1 301.0</b>	<b>100.0</b>	<b>1 223.1</b>	<b>100.0</b>	<b>-77.9</b>	<b>-6.0</b>

TABLE 15

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$M)						
COUNTRY	2000	% of total	2001	% of total	Change	% Change
United States	1 541.5	46.6	1 495.8	44.0	-45.7	-3.0
All other countries	998.8	30.2	1 059.5	31.1	60.7	6.1
Caricom	402.3	12.2	433.0	12.7	30.7	7.6
Other EU countries	168.1	5.1	214.2	6.3	46.1	27.4
United Kingdom	98.2	3.0	102.5	3.0	4.3	4.4
Canada	98.3	3.0	97.6	2.9	-0.7	-0.7
<b>TOTAL</b>	<b>3 307.2</b>	<b>100</b>	<b>3 402.6</b>	<b>100</b>	<b>95.4</b>	<b>2.9</b>





TABLE 16

<b>TRADE BALANCE BY PRINCIPAL TRADING PARTNERS</b>				
<b>(US\$M)</b>				
<b>COUNTRY</b>	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
United States	-1 047.2	-1 115.6	-68.4	6.5
All other countries	-774.8	-818.0	-43.2	5.6
Caricom	-353.3	-382.4	-29.1	8.2
Other EU countries	82.0	-11.6	-93.6	-114.1
United Kingdom	62.2	54.6	-7.6	-12.2
Canada	24.9	93.5	68.6	275.5
<b>TOTAL</b>	<b>-2 006.2</b>	<b>-2 179.5</b>	<b>-173.3</b>	<b>8.6</b>

Source: Statistical Institute of Jamaica

The USA retained its position as Jamaica's main trading partner in 2001, supplying 44.0 per cent of the country's general merchandise imports, relative to 46.6 per cent in 2000, while absorbing 31.1 per cent of the Island's general merchandise exports, relative to 38.0 per cent in the previous year. Imports from the USA, comprising mainly mineral fuels & chemicals, manufactured goods, machinery and transport equipment and food, totalled US\$1495.8 million in 2001, US\$45.7 million below the 2000 level. Similarly, the value of exports to the USA in 2001 contracted by US\$114.1 million to US\$380.2 million. Bauxite, alumina and miscellaneous manufactured goods were the principal exports. The movements in both exports and imports for 2001 resulted in a worsening of Jamaica's general merchandise trade deficit with the USA by US\$68.4 million to US\$1 115.6 million.

During 2001, Jamaica exported goods valued at US\$191.1 million to Canada, US\$67.9 million more than in 2000. This level of exports represented 15.6 per cent of Jamaica's total merchandise exports, relative to the 9.5 per cent recorded for the previous year. Jamaica typically exports bauxite, alumina and food items to Canada. Imported goods from Canada, which were similar to those from the USA, were valued at US\$97.6 million, about the same as previous year, and accounted for 2.9 per cent of the total general merchandise imports. As a result of these developments Jamaica's trade surplus with Canada expanded sharply by US\$68.6 million to US\$93.5 million.

General merchandise exports to the UK in 2001, mainly sugar, banana and rum, declined by US\$3.3 million to US\$157.1 million. In spite of this decline, the UK's share of Jamaica's exports market increased to 12.8 per cent in 2001, relative to 12.3 per cent in 2000. Concurrently, imports from the UK, which consisted mainly of machinery and transport equipment, manufactured goods and chemicals, increased by US\$4.3 million to US\$102.5 million. As result of these developments, Jamaica's trade surplus with the UK narrowed by US\$7.6 million to US\$54.6 million.

Jamaica's trade deficit of US\$11.6 million with members of the European Union (excluding the UK) represented a turnaround in 2001 from the surplus of US\$82.0 million recorded in 2000. This performance was attributed mainly to a US\$47.5 million contraction in the



value of exports from Jamaica, while imports from the EU increased by US\$46.1 million in 2001, relative to the previous year. The fall-off in exports was due largely to reduced earnings from alumina, bananas and sugar, while the growth in imports was reflected in increased expenditure on machinery and transport equipment.

With regards to other trading partners, excluding CARICOM states, Jamaica recorded an overall trade deficit of US\$818.0 million with these countries, relative to the deficit of US\$774.8 million recorded in the previous year. Exports to these markets increased by US\$17.5 million but were outweighed by an expansion of US\$60.7 million in imports.

Jamaica's trade with the CARICOM region in 2001 expanded by US\$32.3 million to US\$483.6 million. As a consequence, the region's share of Jamaica's total trade increased to 10.5 per cent in 2001, from 9.8 per cent in 2000. The value of total exports increased by US\$1.6 million, which was offset by an expansion of US\$30.7 million in the value of imports. Consequently, Jamaica's trade deficit with the region widened in 2001 by US\$29.1 million to US\$382.4 million.

### 3.1 Caricom

Trinidad and Tobago continued to be Jamaica's major regional trading partner in 2001 (see Tables 17a - 17c). During the year, the Twin Island Republic consumed 42.6 per cent of Jamaica's total exports to the region, 1.7 percentage points less than in 2000, and supplied 82.7 per cent of total imports from the region, up from the 80.3 per cent recorded in 2000. Jamaica's trade deficit with Trinidad and Tobago increased by US\$35.1 million to US\$336.4 million. This resulted from an expansion of US\$35.0 million in imports to US\$358.0 million, supported by a contraction of US\$0.1 million in exports to US\$21.6 million. The growth in imports was attributed largely to increased expenditure on beverages and tobacco, mineral fuels and lubricants.

TABLE 17a

EXPORTS TO CARICOM BY COUNTRY (US\$M)						
	2000	% of total	2001	% of total	Change	% Change
Trinidad & Tobago	21.7	44.3	21.6	42.6	-0.1	-0.5
Barbados	7.8	15.9	8.7	17.2	0.9	11.5
Guyana	3.1	6.3	4.0	7.9	0.9	29.0
Belize	3.5	7.1	3.2	6.3	-0.3	-8.6
Antigua	2.9	5.9	3.1	6.1	0.2	6.9
St. Lucia	2.5	5.1	2.4	4.7	-0.1	-4.0
St. Vincent	1.2	2.4	1.8	3.6	0.6	50.0
Dominica	1.9	3.9	1.7	3.4	-0.2	-10.5
St. Kitts	1.6	3.3	1.5	3.0	-0.1	-6.3
Grenada	1.7	3.5	1.5	3.0	-0.2	-11.8
Suriname	1.0	2.0	0.9	1.8	-0.1	-10.0
Montserrat	0.1	0.2	0.2	0.4	0.1	100.0
<b>TOTAL</b>	<b>49.0</b>	<b>100.0</b>	<b>50.6</b>	<b>100.0</b>	<b>1.6</b>	<b>3.3</b>



TABLE 17b

<b>IMPORTS FROM CARICOM BY COUNTRY</b>						
<b>(US\$M)</b>						
	<u>2000</u>	<u>% of total</u>	<u>2001</u>	<u>% of total</u>	<u>Change</u>	<u>% Change</u>
Trinidad & Tobago	323.0	80.3	358.0	82.7	35.0	10.8
Guyana	33.2	8.3	30.9	7.1	-2.3	-6.9
Barbados	17.1	4.3	16.3	3.8	-0.8	-4.7
Dominica	14.0	3.5	13.4	3.1	-0.6	-4.3
Suriname	6.7	1.7	7.1	1.6	0.4	6.0
Belize	6.0	1.5	4.3	1.0	-1.7	-28.3
St. Vincent	1.8	0.4	2.2	0.5	0.4	22.2
Grenada	0.5	0.1	0.6	0.1	0.1	20.0
Antigua	0.0	0.0	0.1	0.0	0.1	N/A
St. Lucia	0.0	0.0	0.1	0.0	0.1	N/A
St. Kitts	0.0	0.0	0.0	0.0	0.0	N/A
Montserrat	0.0	0.0	0.0	0.0	0.0	N/A
<b>TOTAL</b>	<b>402.3</b>	<b>100.0</b>	<b>433.0</b>	<b>100.0</b>	<b>30.7</b>	<b>7.6</b>

TABLE 17c

<b>TRADE BALANCE WITH CARICOM BY COUNTRY</b>			
<b>(US\$M)</b>			
	<u>2000</u>	<u>2001</u>	<u>Change</u>
Trinidad & Tobago	-301.3	-336.4	-35.1
Barbados	-9.3	-7.6	1.7
Guyana	-30.1	-26.9	3.2
Belize	-2.5	-1.1	1.4
Antigua	2.9	3.0	0.1
St. Lucia	2.5	2.3	-0.2
St. Vincent	-0.6	-0.4	0.2
Dominica	-12.1	-11.7	0.4
St. Kitts	1.6	1.5	-0.1
Grenada	1.2	0.9	-0.3
Suriname	-5.7	-6.2	-0.5
Montserrat	0.1	0.2	0.1
<b>TOTAL</b>	<b>-353.3</b>	<b>-382.4</b>	<b>-29.1</b>

Source: Statistical Institute of Jamaica

Guyana remained Jamaica's second largest CARICOM trading partner in 2001, absorbing US\$4.0 million or 7.9 per cent of Jamaica's regional exports, while supplying US\$30.9 million or 7.1 per cent of import demand. Imports from that country contracted by US\$2.3 million, while exports, reflecting increases in food, beverages and tobacco, expanded by US\$0.9 million. Consequently, Jamaica's trade deficit with Guyana narrowed by US\$3.2 million to US\$26.9 million.

Barbados remained the second largest CARICOM market for Jamaican exports during 2001 with exports of US\$8.7 million accounting for 17.2 per cent of the total. Relative to 2000, exports to Barbados expanded by US\$0.9 million or 11.5 per cent. Imports from that country registered a decline of US\$0.8 million to US\$16.3 million, and were responsible



for 3.8 per cent of Jamaica's total imports from the region. Consequently, Jamaica's trade deficit with Barbados narrowed by US\$1.7 million to US\$7.6 million in 2001.

Jamaica's trade deficit with Dominica, Belize and St. Vincent improved in 2001, while there was deterioration in the trade deficit with Suriname. Unlike St. Lucia, Grenada and St. Kitts, which all recorded lower surpluses in 2001, higher trade surpluses were recorded with Antigua and Montserrat. The major imports from these countries consisted of manufactured household products such as soaps, edible oils, as well as fish and shrimp, while the main export commodities to these markets included manufactured foods, drinks and household items.

#### 4.0 SERVICES

For 2001, net earnings from services of US\$383.6 million were US\$200.0 million less than in the previous year. Accounting for this decline was a contraction of US\$97.7 million in net earnings from travel and a US\$104.5 million increase in net payments for other services. A reduction of US\$2.2 million in net payments for transportation services partially offset the deterioration in the travel and other services sub-accounts.

#### 4.1 TRANSPORTATION

The transportation sub-account recorded a net outflow of US\$256.2 million in 2001, relative to US\$256.6 million in 2000 (see Table 18). An expansion of US\$21.9 million to US\$350.5 million in gross earnings from transportation services was offset by growth of US\$21.5 million to US\$606.7 million, in gross transportation payments. The increase in gross inflows stemmed from higher passenger fare receipts by the domestic carrier, while the higher outflows resulted from an increase in freight payments given the increased volume of imports into the island during the year.

TABLE 18

<b>TRANSPORTATION</b>				
<b>(US\$M)</b>				
	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
<b>TRANSPORTATION (NET)</b>	<b>-256.6</b>	<b>-256.2</b>	<b>0.4</b>	<b>-0.2</b>
<b>TOTAL RECEIPTS</b>	<b>328.6</b>	<b>350.5</b>	<b>21.9</b>	<b>6.7</b>
Passenger fares	243.7	261.6	17.9	7.3
Freight	6.5	6.9	0.4	6.2
Other	78.4	82.0	3.6	4.6
<b>TOTAL PAYMENTS</b>	<b>585.2</b>	<b>606.7</b>	<b>21.5</b>	<b>3.7</b>
Passenger fares	28.5	20.9	-7.6	-26.7
Freight	431.4	448.2	16.8	3.9
Other	125.3	137.6	12.3	9.8

Source: Bank of Jamaica



## 4.2 TRAVEL

In 2001, the estimated foreign exchange earnings from the tourism industry were approximately 17.0 per cent of Jamaica's GDP, relative to 18.7 per cent in 2000. Gross travel earnings amounted to US\$1 232.2 million for the year, representing a decline of 7.5 per cent relative to 2000. The negative performance of the industry resulted from a 5.1 per cent decline in total visitor arrivals and a decline of 2.6 per cent in average expenditure.

### 4.2.1 Stop-over Arrivals

As shown in Table 19, visitor arrivals in 2001 totalled 2 117 900, relative to 2 231 800 in 2000. The number of stop-over visitors, which accounted for approximately 60.0 per cent of total visitors, declined by 3.5 per cent to 1 276 500 in the year. Within this category, the number of visiting non-resident Jamaicans declined by 13.4 per cent to 89.5 thousand visitors, while the 1 187 000 foreign nationals arrival represented a contraction of 2.7 per cent, relative to 2000. The cruise passenger and armed force personnel category registered a decline of 7.4 per cent to 841.4 thousand in 2000.

TABLE 19

VISITOR ARRIVALS STATISTICS (000)				
	2000	2001	Change	% Change
Total Stop-Overs	1 322.7	1 276.5	-46.2	-3.5
Foreign Nationals	1 219.3	1 187.0	-32.3	-2.7
Long-Stay	1 151.7	1 123.0	-28.7	-2.5
Short-Stay	67.6	64.0	-3.6	-5.3
Non-resident Jamaican	103.4	89.5	-13.9	-13.4
Cruise Passengers & Armed forces	909.1	841.4	-67.7	-7.4
<b>TOTAL</b>	<b>2 231.8</b>	<b>2 117.9</b>	<b>-113.8</b>	<b>-5.1</b>

Source: Jamaica Tourist Board (JTB)

A breakdown of stop-over visitors by country of origin is shown in Table 20. The USA, UK and Canada remained Jamaica's main sources of visitors. Stop-over arrivals from the USA, which accounted for 71.8 per cent of total stop-over visitors in 2001, registered a decline of 2.8 per cent to 916.7 thousand during the year. The number of foreign nationals from this market contracted by 1.6 per cent to 849.5 thousand, while the arrival of Jamaicans living in the U.S.A. declined by 15.5 per cent to 67.2 thousand.

For the third consecutive year, visitor arrivals from West Germany, Japan and other European countries (comprising Italy, France and Spain) recorded notable declines of 23.7 per cent, 30.0 per cent and 11.3 per cent, respectively. Visitor arrivals from the UK declined by 5.9 per cent to 127.3 thousand in 2001. However, visitor arrivals from Canada and Latin America increased by 3.4 per cent and 0.8 per cent, respectively.



TABLE 20

STOP-OVER TOURIST ARRIVALS BY COUNTRY OF ORIGIN												
	Foreign Nationals				Non-Res Jamaicans				Total Stop-overs			
	2000	2001	Change	% Change	2000	2001	Change	% Change	2000	2001	Change	% Change
USA	863 026	849 454	-13 572	-1.6	79 588	67 227	-12 361	-15.5	942 614	916 681	-25 933	-2.8
Canada	97 891	101 984	4 093	4.2	9 601	9 174	-427	-4.4	107 492	111 158	3 666	3.4
UK	129 104	121 831	-7 273	-5.6	6 234	5 489	-745	-12.0	135 338	127 320	-8 018	-5.9
W Germany	25 122	19 131	-5 991	-23.8	72	83	11	15.3	25 194	19 214	-5 980	-23.7
Other Europe	38 258	33 940	-4 318	-11.3	189	158	-31	-16.4	38 447	34 098	-4 349	-11.3
Latin America	14 511	14 641	130	0.9	192	174	-18	-9.4	14 703	14 815	112	0.8
Japan	7 748	5 426	-2 322	-30.0	31	20	-11	-35.5	7 779	5 446	-2 333	-30.0
Caribbean	36 600	33 726	-2 874	-7.9	7 371	7 119	-252	-3.4	43 971	40 845	-3 126	-7.1
Other Countries	7 051	6 863	-188	-2.7	101	76	-25	-24.8	7 152	6 939	-213	-3.0
<b>TOTAL</b>	<b>1 219 311</b>	<b>1 186 996</b>	<b>-32 315</b>	<b>-2.7</b>	<b>103 379</b>	<b>89 520</b>	<b>-13 859</b>	<b>-13.4</b>	<b>1 322 690</b>	<b>1 276 516</b>	<b>-46 174</b>	<b>-3.5</b>

Source: Jamaica Tourist Board (JTB)

The contraction in visitor arrivals to the Island resulted primarily from the events of 11 September 2001 and to a lesser extent, domestic disturbances in July 2001. For the first six months of 2001 visitor arrivals increased by 2.5 per cent, relative to the same period in 2000. However, there was a contraction of 13.4 per cent in the second half of the year. According to the World Tourism Organization (WTO), the attacks on the USA on 11 September had the most significant impact on the world tourism industry when compared with other crises in recent years. The possibility of other attacks, particularly against the backdrop of US military reaction, further heightened fears of air travel.

The weakening of the Euro was partly responsible for the decline from the European market. Japan continued to be affected by the weakening of the yen and growing unemployment. Further, the performance from these markets was influenced by the general fear of flying and the retardation in global economic growth.

The seasonal distribution of stop-over arrivals in 2001 was similar to that of 2000. As shown in Table 21, arrivals during the winter period (January to April), accounted for 37.9 per cent of visitors for the year, while summer visitors (May to December) accounted for 62.1 per cent. This compares with respective shares of 34.9 per cent and 65.1 per cent for

TABLE 21

SEASONAL DISTRIBUTION OF STOP-OVER ARRIVALS						
	No. of visitors (000)		Change	% Change	% of Total	
	2000	2001			2000	2001
Winter	461.7	484.2	22.5	4.9	34.9	37.9
Summer	861.0	792.4	-68.6	-8.0	65.1	62.1
<b>TOTAL</b>	<b>1 322.7</b>	<b>1 276.5</b>	<b>-46.2</b>	<b>-3.5</b>	<b>100.0</b>	<b>100.0</b>

Source: Jamaica Tourist Board (JTB)



the two seasons in 2000. The number of winter visitors totalled 484.2 thousand, representing an increase of 4.9 per cent or 22.5 thousand persons. However, the number of summer visitors declined by 8.0 per cent to 792.4 thousand persons. The performance of the summer season is partly explained by the recession in the USA, in conjunction with the events of 11 September 2001.

Visitor accommodation statistics showed an increase in the number of available rooms and beds during the year (see Table 22). The number of available rooms increased by 367, or 1.6 per cent, to 24 thousand and the available beds grew by 1 358 or 2.8 per cent to 50.3 thousand. An increase in rooms and beds in Negril accounted for the largest proportion of the increase. Three hundred and ninety six rooms were added in Negril with the opening of the RIU Tropical Bay Hotel in the first quarter of the year.

TABLE 22

<b>VISITOR ACCOMMODATION STATISTICS</b>					
<b>(By resort area)</b>					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>No. of Rooms</b>	<b>23 067</b>	<b>23 640</b>	<b>24 007</b>	<b>367</b>	<b>1.6</b>
Montego Bay	7 502	7 973	7 961	-12	-0.2
Ocho Rios	6 784	6 818	6 719	-99	-1.5
Negril	5 048	5 102	5 568	466	9.1
Kingston	2 091	2 095	2 050	-45	-2.1
Port Antonio	905	910	950	40	4.4
South Coast	737	742	759	17	2.3
<b>No. of Beds</b>	<b>47 582</b>	<b>48 907</b>	<b>50 265</b>	<b>1 358</b>	<b>2.8</b>
Montego Bay	15 327	16 313	16 792	479	2.9
Ocho Rios	14 716	14 741	14 605	-136	-0.9
Negril	10 158	10 379	11 316	937	9.0
Kingston	4 119	4 158	4 122	-36	-0.9
Port Antonio	1 814	1 824	1 904	80	4.4
South Coast	1 448	1 492	1 526	34	2.3

Source: Jamaica Tourist Board

Table 23 gives a breakdown of the average length of stay of visitors in Jamaica by country of origin. On average, the length of stay of stop-over visitors increased marginally to 10.2 days in 2001 from 10.1 days in 2000. With the exception of the UK and Europe, there was an increase in the average length of stay of visitors from all the major markets. Of note was the significant increase in the average length of stay of visitors from the Caribbean and other countries.

**TABLE 23**

<b>AVERAGE LENGTH OF STAY (Days)</b>		
<b>By Country of Residence</b>		
	<b>2000</b>	<b>2001</b>
USA	8.4	8.5
Canada	12.2	12.3
UK	18.6	18.2
Europe	13.2	12.8
Latin America	8.7	9.5
Caribbean	10.8	12.3
Other Countries	10.1	11.7
<b>TOTAL</b>	<b>10.1</b>	<b>10.2</b>

Source: Jamaica Tourist Board

The overall decline of 3.5 per cent in stop-over arrivals to Jamaica was less than the average decline of 4.0 per cent for selected countries of the Caribbean (see Table 24). As a consequence, Jamaica's share of the market among the selected destinations rose to 10.8 per cent of visitor arrivals from 10.7 per cent in 2000.

During 2001, international tourism declined by 0.6 per cent, the first decline since 1982. The performance of the industry was adversely affected by the events of 11 September 2001, as well as the slowdown in world growth. The WTO indicates that the crisis had its most severe impact on long-haul tourism, on carriers, especially air transport and business travel. The travel industry in the Americas and South Asia was severely affected, recording declines of 5.9 per cent and 6.6 per cent in visitor arrival for the year, respectively (see Table 24).

**TABLE 24**

<b>WORLD TOURIST ARRIVALS</b>				
	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
<b>World</b>	<b>696.7</b>	<b>692.7</b>	<b>-4.0</b>	<b>-0.6</b>
Europe	402.7	400.3	-2.4	-0.6
Americas	128.4	120.8	-7.6	-5.9
East Asia & Pacific	109.1	115.1	6.0	5.5
Africa	27.2	28.2	1.0	3.7
Middle East	23.2	22.5	-0.7	-3.0
South Asia	6.1	5.7	-0.4	-6.6

Source: World Tourism Organization (WTO)

Markets in the Caribbean, in particular Jamaica, Bahamas and the Dominica Republic were seriously affected (see Table 25).

Not all regions of the world experienced a decline in tourism activities during the year. Africa and East Asia & the Pacific recorded increases of 3.7 per cent and 5.5 per cent in tourist arrivals, respectively.





TABLE 25

<b>STOP-OVER ARRIVALS TO SELECTED CARIBBEAN COUNTRIES AND MEXICO (000)</b>				
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
Dominican Republic	2 974.1	2 777.8	-196.3	-6.6
Mexico (Cancun)	2 255.4	2 178.7	-76.7	-3.4
Cuba	1 772.5	1 774.5	2.0	0.1
Bahamas	1 595.5	1 439.1	-156.4	-9.8
Jamaica	1 322.8	1 276.5	-46.3	-3.5
Puerto Rico	1 173.1	1 216.5	43.4	3.7
Aruba	721.0	691.4	-29.6	-4.1
Barbados	544.7	507.1	-37.6	-6.9
<b>Total</b>	<b>12 359.0</b>	<b>11 861.7</b>	<b>-497.3</b>	<b>-4.0</b>

Source: Caribbean Tourism Organization (CTO)

#### 4.2.2 Cruise Passengers

There was a decline of 7.4 per cent in cruise passenger arrivals to Jamaica in 2001, which contrasted with the 14.0 per cent growth for other top Caribbean destinations. In the context of the fall in cruise arrivals to Jamaica, its share of passengers among the top 10 cruise destinations fell to 6.6 per cent from 8.6 per cent in 2000. Strong growth in cruise passenger arrivals of 37.6 per cent and 17.8 per cent were recorded for the Bahamas and the Cayman Islands, respectively (see Table 26).

With the exception of the March 2001 quarter, the decline in cruise passenger arrivals to Jamaica was evident throughout the year. The most significant contractions occurred during the September and December quarters, where cruise passenger arrivals declined by 12.4 per cent and 20.5 per cent, respectively, relative to the corresponding quarter of 2000. The performance in the second half of the year reflected changes in ship schedules, and was further exacerbated by the events of 11 September 2001.

TABLE 26

<b>CRUISE SHIP PASSENGER ARRIVALS (Selected Caribbean Destinations)</b>				
<b>Port of Call</b>	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
Bahamas	2 512 626	3 457 359	944 733	37.6
US Virgin Islands	1 768 402	1 891 389	122 987	7
Cozumel (Mexico)	1 504 604	1 595 362	90 758	6
Puerto Rico	1 301 421	1 350 317	48 896	3.8
Cayman Islands	1 030 857	1 214 757	183 900	17.8
St Maarten	868 318	865 544	-2 774	-0.3
Jamaica	909 075	841 412	-66 099	-7.3
Barbados	533 278	527 597	-5 681	-1.1
Aruba	490 185	487 308	-2 877	-0.6
Antigua and Barbuda	429 404	471 702	42 298	9.9
<b>Total</b>	<b>11 348 170</b>	<b>12 702 747</b>	<b>1 354 577</b>	<b>11.9</b>

Source: Caribbean Tourism Organization (CTO)



### 4.2.3 Tourist Expenditure

As shown in Table 27, gross earnings from tourism amounted to US\$1 232.2 million, a decline of US\$100.4 million or 7.5 per cent, relative to 2000. Of the total earnings, foreign national stop-overs contributed US\$1 119.6 million or approximately 90.5 per cent, while non-resident Jamaicans and cruise passengers accounted for US\$40.2 million (3.6 per cent) and US\$72.4 million (5.8 per cent), respectively. Of the amount spent by stop-over visitors, US\$446.6 million or 35.1 per cent was expended during the winter period and US\$673.0 million in the summer period. The average daily expenditure of the stopover visitors was estimated to have fallen by 8.9 per cent to US\$86.2 in 2001, from US\$94.6 in 2000.

Gross expenditure by Jamaicans travelling abroad is estimated to have declined by 4.5 per cent during 2001 to US\$166.5 million from US\$174.3 million in the previous year, while expenditure by seasonal workers grew by 14.8 per cent to US\$39.5 million. As a result, net earnings from foreign travel for 2001 fell by US\$97.7 million, relative to the US\$1 123.9 million recorded in 2000.

TABLE 27

<b>TOURIST EXPENDITURE</b>				
<b>(US\$M)</b>				
	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
<b>Total Foreign Nat Stop-over Expenditure</b>	<b>1 207.7</b>	<b>1 119.6</b>	<b>-88.1</b>	<b>-7.3</b>
Winter Expenditure	415.1	446.6	31.5	7.6
Summer Expenditure	792.6	673.0	-119.0	-15.1
Non-res. Jamaican Expenditure	51.7	40.2	-11.5	-22.2
Average Expenditure per person per day (US\$)	94.6	86.2	-8.4	-8.9
Cruise passengers & armed Forces	73.2	72.4	-0.8	-1.1
<b>Total Expenditure</b>	<b>1 332.6</b>	<b>1 232.2</b>	<b>-100.4</b>	<b>-7.5</b>
Less Jamaican Expenditure. Overseas	174.3	166.5	-7.8	-4.5
Less Expenditure of Resident Workers Overseas	34.4	39.5	5.1	14.8
<b>Net Expenditure</b>	<b>1 123.9</b>	<b>1 026.2</b>	<b>-97.7</b>	<b>-8.7</b>

Source: Jamaica Tourist Board

There are continuing concerns for growth in the industry in 2002. This concern is based on the general decline in travel, combined with the continued domestic problems of visitor harassment and crime. Growth in the industry in the latter part of the year is dependent on the recovery of the US economy. The WTO anticipated recovery in world tourism by the September quarter of 2002. The World Junior Games, hosted by Jamaica in the summer months of 2002 would have attracted additional visitors to the country. Further, the cruise shipping industry is expected to record growth in the latter half of the year as a number of major cruise liners are expected to increase calls to the Island.



### 4.3 OTHER SERVICES

The other services sub-account recorded a deficit of US\$388.5 million in 2001, which was US\$104.8 million higher than the deficit in 2000. In addition to a contraction of US\$46.5 million in gross inflows, the deficit reflected an increase of US\$58.3 million in gross payments in 2001 (see Table 28).

The deterioration in inflows emanated mainly from the communication sector, the result of lower international call settlements due to reduced rates on calls terminated in Jamaica from the United States. Notwithstanding the fall-off in earnings, the communication sector accounted for the largest source of inflows, representing 53.5 per cent of total earnings, relative to 57.4 per cent in 2000.

On the payments side, increases were recorded for all the components with the exception of construction, royalties and license fees, and personal, cultural and recreational services. The more significant expansions were recorded in payments for insurance, financial, computer and information, and other business services. The US\$30.4 million increase in payments for other business services was partly attributable to financial charges on Government of Jamaica Eurobond issues.

TABLE 28

<b>OTHER SERVICES</b>				
<b>(In Million of U.S. Dollars)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>OTHER SERVICES (NET)</b>	<b>-283.7</b>	<b>-388.5</b>	<b>-104.8</b>	<b>36.9</b>
<b>RECEIPTS</b>	<b>364.5</b>	<b>318.0</b>	<b>-46.5</b>	<b>-12.8</b>
Insurance	12.1	11.9	-0.2	-1.7
Computer & information	40.4	36.6	-3.8	-9.4
Communication	209.4	168.4	-41.0	-19.6
Other Business Services	36.4	40.7	4.7	11.8
Other	28.6	30.7	2.1	7.3
Government	37.6	29.7	-7.9	-21.0
<b>PAYMENTS</b>	<b>648.2</b>	<b>706.5</b>	<b>58.3</b>	<b>9.0</b>
Insurance	87.2	94.1	6.9	7.9
Computer & information	7.1	13.8	6.7	94.4
Communication	51.4	55.4	4.0	7.8
Other Business Services	396.8	427.2	30.4	7.7
Other	73.7	82.0	8.3	11.3
Government	32.0	34.0	2.0	6.3

Source: Bank of Jamaica



## 5.0 INCOME

During 2001, the income account recorded a deficit of US\$437.8 million, compared with a deficit of US\$349.9 million in 2000. Net inflows for compensation to employees grew by US\$7.2 million to US\$74.6 million, while an increase of US\$95.1 million to US\$512.4 million in net investment income payments was recorded (see Table 29).

TABLE 29

<b>INCOME ACCOUNT</b>				
<b>(US\$M)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>INCOME ACCOUNT (NET)</b>	<b>-349.9</b>	<b>-437.8</b>	<b>-87.9</b>	<b>25.1</b>
<b>INFLOWS</b>	<b>193.1</b>	<b>218.2</b>	<b>25.1</b>	<b>13.0</b>
<b>OUTFLOWS</b>	<b>543.0</b>	<b>656.0</b>	<b>113.0</b>	<b>20.8</b>
<b>1. Compensation to employees</b>	<b>67.4</b>	<b>74.6</b>	<b>7.2</b>	<b>10.7</b>
Inflows	88.2	106.7	18.5	21.0
Outflows	20.8	32.1	11.3	54.3
<b>2. Investment income (net)</b>	<b>-417.3</b>	<b>-512.4</b>	<b>-95.1</b>	<b>22.8</b>
<b>  Inflows</b>	<b>104.9</b>	<b>111.5</b>	<b>6.6</b>	<b>6.3</b>
Direct Investment	8.5	5.7	-2.8	-32.9
Portfolio investment	2.7	5.3	2.6	96.3
Other investment	93.7	100.5	6.8	7.3
Central Government	1.0	1.0	0.0	0.0
Bank of Jamaica	47.8	63.0	15.2	31.8
Other	44.9	36.5	-8.4	-18.7
<b>  Outflows</b>	<b>522.2</b>	<b>623.9</b>	<b>101.7</b>	<b>19.5</b>
Direct Investment	289.9	300.8	10.9	3.8
Portfolio investment	7.6	6.7	-0.9	-11.8
Other investment	224.7	316.4	91.7	40.8
Central Government	153.0	266.3	113.3	74.1
Bank of Jamaica	6.5	5.2	-1.3	-20.0
Government guaranteed	9.5	4.0	-5.5	-57.9
Other	55.7	40.9	-14.8	-26.6

Source: Bank of Jamaica

Gross inflows, representing compensation to Jamaicans for work performed on behalf of foreigners while abroad, increased by US\$18.5 million to US\$106.7 million. This mainly reflected higher receipts from the hotel worker programme. The expansion in inflows was, however, partly offset by an increase of US\$11.3 million to US\$32.1 million in gross payments to non-residents for work performed while in Jamaica.

The deterioration in the investment income sub-account was attributable to an expansion of US\$101.7 million in gross payments to US\$623.9 million, which exceeded the increase of US\$6.6 million in gross inflows. The higher gross income inflows partly reflected growth in interest earnings on foreign assets held by the Bank of Jamaica, which occurred in the



context of a substantial increase in these foreign assets in 2001. On the payment side, the higher level of spending was due to an increase of US\$113.3 million in Central Government's interest payments on foreign debt. In addition, there was an increase of US\$10.9 million in the imputed profit position of the foreign owned companies, particularly those in the mining sector. The increases in the price of bauxite and expansions in crude bauxite exports during the year boosted the profitability of the mining companies. Partly countering the effect of this increase in outflows was a US\$14.8 million contraction in "other payments".

## 6.0 CURRENT TRANSFERS

Net inflows from current transfers increased to US\$886.1 million in 2001, from US\$820.8 million in the previous year (see Table 30). This resulted from an expansion of US\$122.8 million in net inflows to the private sector, which was partially offset by a US\$57.5 million reduction in net inflows to the public sector.

Gross inflows to the private sector increased by US\$151.4 million to US\$965.7 million, partly offset by an increase of US\$28.6 million to US\$170.0 million in gross private sector outflows. The remittance companies continued to account for the largest share of inflows in 2001, representing 58.6 per cent of inward bound remittances, compared with financial institutions' share of 38.6 per cent and 2.7 per cent for other sources. This is in comparison to the previous year when, approximately 55.7 per cent of total inflows were channelled through the remittance companies, while 41.1 per cent and 3.0 per cent were channelled through the financial system and other sources, respectively. Inflows through the remittance companies during 2001 amounted to US\$566.2 million, representing growth of US\$112.5 million (or 24.8 per cent). In comparison, the financial system facilitated inflows of US\$372.5 million, which reflected an increase of US\$37.9 million (or 11.3 per cent) for the year.

The improvement in flows occurred despite a slowing in the US economy and may be attributed to the expansion in the remittance network as some companies have intensified their promotional efforts and widened their branch/agency network in areas with a high concentration of Jamaican immigrants. For example, Western Union has set up offices in popular supermarket chains in areas of New York and Florida highly populated by Jamaicans and other Latin Americans. In addition, Rapid Remittance has set up agencies near the farms in Canada to facilitate Jamaican farm workers to remit their funds. A number of companies have also upgraded their money transfer technology, thereby improving the quality and speed of service to customers and substantially reducing the time it takes to effect transactions.

The level of inflows to the Government sector declined by US\$58.1 million to US\$97.0 million in 2001, while outflows of US\$6.6 million were US\$0.6 million less than in 2000. The contraction in inflows reflected the non-repetition of payments for licences to operate mobile telephone services in Jamaica, as had occurred in 2000.



TABLE 30

<b>CURRENT TRANSFERS</b>				
<b>(US\$M)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>NET CURRENT TRANSFERS</b>	<b>820.8</b>	<b>886.1</b>	<b>65.3</b>	<b>8.0</b>
<b>TOTAL RECEIPTS</b>	<b>969.4</b>	<b>1 062.7</b>	<b>93.3</b>	<b>9.6</b>
GENERAL GOVERNMENT	155.1	97.0	-58.1	-37.5
OTHER SECTOR	814.3	965.7	151.4	18.6
Remittances thru' the postal system	1.2	1.2	0.0	0.0
Remittances thru' the financial system	334.6	372.5	37.9	11.3
Remittance companies	453.7	566.2	112.5	24.8
Other	24.8	25.8	1.0	4.0
<b>TOTAL PAYMENTS</b>	<b>148.6</b>	<b>176.6</b>	<b>28.0</b>	<b>18.8</b>
GENERAL GOVERNMENT	7.2	6.6	-0.6	-8.3
OTHER SECTOR	141.4	170.0	28.6	20.2
Remittances thru' the financial system	131.2	147.3	16.1	12.3
Other	10.2	22.7	12.5	122.5

Source: Bank of Jamaica

## 7.0 CAPITAL AND FINANCIAL ACCOUNT

The capital account recorded a deficit of US\$22.3 million while the financial account recorded a surplus of US\$810.7 million in 2001 (see Table 31). The balance on the capital account represented a decline of US\$24.5 million when compared with the 2000 out-turn, and was ascribable to lower capital grant inflows for the Government. The performance on the financial account represented an increase of US\$425.9 million when compared with the previous year, and was influenced by substantial increases in net inflows on both official and private investment transactions.

TABLE 31

<b>CAPITAL AND FINANCIAL ACCOUNT</b>				
<b>(US\$M)</b>				
	<u>2000</u>	<u>2001</u>	<u>Change</u>	<u>% Change</u>
<b>CAPITAL &amp; FINANCIAL ACCOUNT (NET)</b>	<b>387.0</b>	<b>788.4</b>	<b>401.4</b>	<b>103.7</b>
<b>A. CAPITAL ACCOUNT</b>	<b>2.2</b>	<b>-22.3</b>	<b>-24.5</b>	<b>-1 113.6</b>
Capital transfers	2.2	-22.3	-24.5	-1 113.6
General Government	15.6	3.5	-12.1	-77.6
Other capital transfers	-13.4	-25.8	-12.4	92.5
Acq./disposal of non-prod. non-fin'l assets	-	-	-	-
<b>B. FINANCIAL ACCOUNT</b>	<b>384.8</b>	<b>810.7</b>	<b>425.9</b>	<b>110.7</b>
Other official investment	383.6	653.4	269.8	70.3
Other private investments <sup>//</sup>	524.2	1 022.7	498.5	95.1
Change in reserves (increase = minus)	-523.0	-865.4	-342.4	65.5

<sup>//</sup> Include errors & omissions

Source: Bank of Jamaica



Within the financial account, net official investment inflows of US\$653.4 million were recorded, relative to net inflows of US\$383.6 million in the previous year (see Table 32). Gross investment inflows to the sector grew by US\$282.5 million in 2001 to US\$950.1 million, while gross official payments of US\$296.7 million were US\$12.7 million lower than in 2000. The higher level of gross inflows in 2001 reflected the Government's receipts of US\$811.8 million, US\$75.0 million and US\$63.3 million from Euro-bond placements, the World Bank and project loans, respectively.

TABLE 32

<b>OTHER OFFICIAL INVESTMENT FLOWS</b>				
<b>(US\$M)</b>				
	<b>2000</b>	<b>2001</b>	<b>Change</b>	<b>% Change</b>
<b>NET OFFICIAL INVESTMENTS</b>	<b>383.6</b>	<b>653.4</b>	<b>269.8</b>	<b>70.3</b>
<b>GROSS OFFICIAL INFLOWS</b>	<b>667.6</b>	<b>950.1</b>	<b>282.5</b>	<b>42.3</b>
Donor countries	0.0	0.0	0.0	0.0
Multilateral institutions	162.5	75.0	-87.5	-53.8
Other assistance	437.5	811.8	374.3	85.6
Refinancing	0.0	0.0	0.0	0.0
Project loans	67.6	63.3	-4.3	-6.4
<b>GROSS OFFICIAL OUTFLOWS</b>	<b>284.0</b>	<b>296.7</b>	<b>12.7</b>	<b>4.5</b>
Government direct	280.5	295.7	15.2	5.4
Bank of Jamaica	3.5	1.0	-2.5	-71.4

Source: Bank of Jamaica

The level of net private financial investments grew by US\$498.5 million to US\$1 022.7 million in 2001, reflecting mainly divestment proceeds from the sale of the Jamaica Public Service Company Limited (US\$191.4 million) and Life of Jamaica (US\$39.6 million), as well as significant investments in telecommunications over the year (see Table 31). The private sector surplus, taken in conjunction with the other surpluses recorded in the financial account, was more than sufficient to cover the deficits on the current and capital accounts. Consequently, the NIR of the country grew by US\$865.4 million to US\$1 839.4 million at the end of 2001.

The increase in the NIR reflected an expansion of US\$845.2 million in Bank of Jamaica's gross foreign holdings, which was marginally offset by a reduction of US\$0.7 million in the gross foreign assets of other official institutions (see Table 33). In addition, the increase in Jamaica's NIR was facilitated by a reduction of US\$20.2 million to US\$62.6 million in the country's gross foreign liabilities. At the end of December 2001, the level of gross reserves stood at US\$1 902.0 million, representing approximately 21.6 weeks of imports of goods and services.



TABLE 33

<b>JAMAICA: GROSS AND NET FOREIGN EXCHANGE RESERVES 2000 AND 2001</b>			
<b>(As at 31 December)</b>			
<b>(US\$M)</b>			
	<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>Change</u></b>
<b>NET FOREIGN RESERVES</b>	<b>974.0</b>	<b>1 839.4</b>	<b>865.4</b>
<b>GROSS FOREIGN EXCHANGE RESERVES</b>	<b>1 056.8</b>	<b>1 902.0</b>	<b>845.2</b>
Holdings of SDR's	0.1	1.5	1.4
Supplementary Fund	36.4	39.3	2.9
Other Bank of Jamaica	1 016.3	1 857.4	841.1
Central Government	0.8	1.3	0.5
Other official institutions	3.2	2.5	-0.7
(of which CDF)	2.0	0.6	-1.4
(of which EDF)	1.2	1.9	0.7
<b>GROSS FOREIGN LIABILITIES</b>	<b>82.8</b>	<b>62.6</b>	<b>-20.2</b>
IMF liabilities	60.3	40.1	-20.2
Iraq	22.5	22.5	0.0

Source: Bank of Jamaica



APPENDIX**STATISTICAL TABLES****FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION**

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TABLE I

<b>BALANCE OF PAYMENTS SUMMARY 1997 - 2001<sup>1/</sup></b>					
<b>(US\$M)</b>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001<sup>1/</sup></u>
<b>CURRENT ACCOUNT</b>	<b>-332.2</b>	<b>-333.8</b>	<b>-216.3</b>	<b>-387.0</b>	<b>-788.4</b>
<b>GOODS BALANCE</b>	<b>-1 132.3</b>	<b>-1 130.5</b>	<b>-1 186.5</b>	<b>-1 441.5</b>	<b>-1 618.2</b>
Exports (f.o.b.)	1 700.3	1 613.4	1 499.1	1 562.8	1 454.4
Imports (f.o.b.)	2 832.6	2 743.9	2 685.6	3 004.3	3 072.6
<b>SERVICES BALANCE</b>	<b>467.2</b>	<b>476.8</b>	<b>655.4</b>	<b>583.6</b>	<b>381.5</b>
Transportation	-273.4	-278.4	-233.6	-256.6	-256.2
Travel	949.5	998.9	1 052.4	1 123.9	1 026.2
Other Services	-208.9	-243.7	-163.4	-283.7	-388.5
<b>INCOME</b>	<b>-291.9</b>	<b>-308.1</b>	<b>-332.5</b>	<b>-349.9</b>	<b>-437.8</b>
Compensation of Employees	57.7	66.1	70.3	67.4	74.6
Investment Income	-349.6	-374.2	-402.8	-417.3	-512.4
<b>CURRENT TRANSFERS</b>	<b>624.8</b>	<b>628.0</b>	<b>647.3</b>	<b>820.8</b>	<b>886.1</b>
Official	39.8	43.2	45.8	147.9	90.4
Private	585.0	584.8	601.5	672.9	795.7
<b>CAPITAL &amp; FINANCIAL A/C</b>	<b>332.2</b>	<b>333.8</b>	<b>216.3</b>	<b>387.0</b>	<b>788.4</b>
<b>CAPITAL ACCOUNT</b>	<b>-11.6</b>	<b>-8.7</b>	<b>-10.9</b>	<b>2.2</b>	<b>-22.3</b>
<b>CAPITAL TRANSFERS</b>					
Official	7.0	4.2	4.1	15.6	3.5
Private	-18.6	-12.9	-15.0	-13.4	-25.8
<b>ACQ/DISP OF NON-PRO NON FIN ASSETS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>FINANCIAL ACCOUNT<sup>2/</sup></b>	<b>343.8</b>	<b>342.5</b>	<b>227.2</b>	<b>384.8</b>	<b>810.7</b>
Other Official Investment	43.1	-41.3	-331.4	383.6	653.4
Other Private Investments <sup>1/</sup>	139.4	423.1	425.0	524.2	1 022.7
Reserves	161.3	-39.3	133.6	-523.0	-865.4

Source: Bank of Jamaica

<sup>1/</sup> Provisional

<sup>2/</sup> Includes errors & omissions



TABLE II

**BALANCE OF PAYMENTS STANDARD PRESENTATION**  
(US\$M)

	1997		1998		1999		2000		2001	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr
<b>I. CURRENT ACCOUNT</b>	<b>4 252.2</b>	<b>4 584.4</b>	<b>4 267.7</b>	<b>4 601.5</b>	<b>4 401.2</b>	<b>4 617.5</b>	<b>4 751.0</b>	<b>5 138.0</b>	<b>4 636.0</b>	<b>5 424.4</b>
<b>A. Goods &amp; Services</b>	<b>3 399.2</b>	<b>4 064.3</b>	<b>3 383.8</b>	<b>4 037.5</b>	<b>3 477.5</b>	<b>4 008.6</b>	<b>3 588.5</b>	<b>4 446.4</b>	<b>3 355.1</b>	<b>4 591.8</b>
1. Goods	1 700.3	2 832.6	1 613.4	2 743.9	1 499.1	2 685.6	1 562.8	3 004.3	1 454.4	3 072.6
1.1 General Merchandise	1 387.3	2 664.1	1 316.3	2 576.8	1 245.7	2 529.7	1 301.0	2 848.6	1 223.1	2 922.9
1.2 Goods procured in ports by carriers	29.3	20.1	27.0	17.2	29.5	20.7	37.9	36.0	35.4	36.2
1.3 Freezone Trade	283.7	148.4	270.1	149.9	223.9	135.2	223.9	119.7	195.9	113.5
2. Transportation	254.1	527.5	276.0	554.4	300.3	533.9	328.6	585.2	350.5	606.7
2.1 Passenger	158.6	24.0	182.7	25.0	206.3	28.6	243.7	28.5	261.6	20.9
2.2 Freight	6.3	439.3	7.2	437.7	7.7	408.4	6.5	431.4	6.9	448.2
2.3 other	89.2	64.2	86.1	91.7	86.3	96.9	78.4	125.3	82.0	137.6
3. Travel	1 130.8	181.3	1 196.9	198.0	1 279.6	227.2	1 332.6	208.7	1 232.2	206.0
4. Insurance Services	6.0	76.5	5.9	71.7	6.4	56.2	12.1	87.2	11.9	94.1
5. Communication Services	212.3	42.5	184.5	40.0	275.0	42.4	209.4	51.4	168.4	55.4
6. Financial services	8.6	2.9	9.2	3.2	11.3	3.5	12.6	18.4	15.8	29.7
7. Computer & Information services	33.0	4.0	37.0	5.0	40.0	5.9	40.4	7.1	36.6	13.8
8. Royalties & license fees	7.0	27.6	6.6	30.0	6.2	40.5	6.4	41.0	5.9	38.3
9. Other business services	11.4	325.8	16.2	346.3	20.7	365.6	36.4	396.8	40.7	427.2
10. Personal, cultural, & recreational services	8.6	3.0	9.6	3.6	9.7	3.7	9.6	4.1	9.0	4.0
11. Government services	27.1	35.6	27.5	35.4	29.2	36.6	37.6	32.0	29.7	34.0
12. Construction services	0.0	5.0	1.0	6.0	0.0	7.5	0.0	10.2	0.0	10.0
<b>B Income</b>	<b>147.3</b>	<b>439.2</b>	<b>156.3</b>	<b>464.4</b>	<b>165.8</b>	<b>498.3</b>	<b>193.1</b>	<b>543.0</b>	<b>218.2</b>	<b>656.0</b>
13. Compensation of employees	72.8	15.1	86.8	20.7	94.0	23.7	88.2	20.8	106.7	32.1
14. Investment Income	74.5	424.1	69.5	443.7	71.8	474.6	104.9	522.2	111.5	623.9
<b>C. Current Transfers</b>	<b>705.7</b>	<b>80.9</b>	<b>727.6</b>	<b>99.6</b>	<b>757.9</b>	<b>110.6</b>	<b>969.4</b>	<b>148.6</b>	<b>1 062.7</b>	<b>176.6</b>
15. Official	44.5	4.7	50.5	7.3	53.5	7.7	155.1	7.2	97.0	6.6
16. Private	661.2	76.2	677.1	92.3	704.4	102.9	814.3	141.4	965.7	170.0
<b>2. CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>1 437.4</b>	<b>1 124.2</b>	<b>1 665.2</b>	<b>1 375.9</b>	<b>1 663.3</b>	<b>1 445.8</b>	<b>2 475.1</b>	<b>2 141.9</b>	<b>3 695.9</b>	<b>2 923.1</b>
<b>D. Capital Account</b>	<b>21.7</b>	<b>33.3</b>	<b>20.3</b>	<b>29.0</b>	<b>19.1</b>	<b>30.0</b>	<b>29.6</b>	<b>27.4</b>	<b>15.2</b>	<b>37.5</b>
17. Government capital transfers	7.0	0.0	4.2	0.0	4.1	0.0	15.6	0.0	3.5	0.0
18. Other sectors transfers	14.7	33.3	16.1	29.0	15.0	30.0	14.0	27.4	11.7	37.5
<b>E. Financial Account</b>	<b>1 415.7</b>	<b>1 090.9</b>	<b>1 644.9</b>	<b>1 346.9</b>	<b>1 644.2</b>	<b>1 415.8</b>	<b>2 445.5</b>	<b>2 114.5</b>	<b>3 680.7</b>	<b>2 885.6</b>
19. Direct Investment	203.3	56.6	369.1	82.0	523.7	94.9	468.4	74.3	613.9	89.0
20. Other Investment	1 007.2	990.4	1 275.7	1 225.5	965.1	1 299.1	1 976.4	1 516.5	3 066.6	1 931.0
20.1 Trade credits	127.4	125.7	112.8	119.9	271.2	241.9	415.6	405.5	379.8	422.7
20.2 Loans	491.5	415.1	540.4	746.5	238.8	617.3	873.1	407.9	1 436.9	688.4
20.2.1 Government	333.3	290.2	443.4	484.7	48.1	379.5	667.6	284.0	950.1	296.7
20.2.2 Other sectors	158.2	124.9	97.0	261.8	190.7	237.8	205.5	123.9	486.8	391.7
20.3 Currency & Deposits	291.3	443.9	525.0	354.5	351.8	435.3	593.1	631.5	1 090.6	759.5
20.4 Other Assets	97.0	5.7	97.5	4.6	103.3	4.6	94.6	71.6	159.3	60.4
21. Reserves	205.2	43.9	0.1	39.4	155.4	21.8	0.7	523.7	0.2	865.6
21.1 Liabilities	0.0	43.8	0.0	12.3	0.0	21.8	0.0	23.1	0.0	20.2
21.2 Assets	205.2	0.1	0.1	27.1	155.4	0.0	0.7	500.6	0.2	845.4
21.2.2 Special drawing rights	0.0	0.1	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
21.2.4 Bank of Jamaica	198.8	0.0	0.0	26.6	154.9	0.0	0.0	500.6	0.0	845.4
21.2.5 Government Assets	6.4	0.0	0.1	0.0	0.5	0.0	0.7	0.0	0.2	0.0
<b>F Net errors &amp; omissions</b>	<b>19.0</b>	<b>0.0</b>	<b>44.5</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>53.8</b>	<b>0.0</b>	<b>15.6</b>	<b>0.0</b>

Source: Bank of Jamaica



TABLE III

<b>BALANCE OF PAYMENTS ANALYTIC SUMMARY</b>					
<b>(US\$M)</b>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Balance of Trade	-1 132.3	-1 130.5	-1 186.5	-1 441.5	-1 618.2
Services	467.2	476.8	655.4	583.6	381.5
Net Goods & Services	-665.1	-653.7	-531.1	-857.9	-1 236.7
Income	-291.9	-308.1	-332.5	-349.9	-437.8
Private Current Transfers (net)	585.0	584.8	601.5	672.9	795.7
Official Current Transfers (net)	39.8	43.2	45.8	147.9	90.4
Capital Transfers	-11.6	-8.7	-10.9	2.2	-22.3
Financial Account	324.8	298.0	228.4	331.0	795.1
Net errors & Omissions	19.0	44.5	-1.2	53.8	15.6

Source: Bank of Jamaica

TABLE IV

<b>SERVICES ACCOUNT</b>					
<b>(US\$M)</b>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Services (Net)	467.2	476.8	655.4	583.6	381.5
Inflows	1 698.9	1 770.4	1 978.4	2 025.7	1 900.7
Outflows	1 231.7	1 293.6	1 323.0	1 442.1	1 519.2
1. Transportation	-273.4	-278.4	-233.6	-256.6	-256.2
Inflows	254.1	276.0	300.3	328.6	350.5
Outflows	527.5	554.4	533.9	585.2	606.7
2. Travel	949.5	998.9	1 052.4	1 123.9	1 026.2
Inflows	1 130.8	1 196.9	1 279.6	1 332.6	1 232.2
Outflows	181.3	198.0	227.2	208.7	206.0
3. Other Services	-208.9	-243.7	-163.4	-283.7	-388.5
Inflows	314.0	297.5	398.5	364.5	318.0
Outflows	522.9	541.2	561.9	648.2	706.5

Source: Bank of Jamaica



TABLE V

<b>OTHER SERVICES</b>					
<b>(US\$M)</b>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Inflows	314.0	297.5	297.5	364.5	318.0
Construction Services	0.0	1.0	1.0	0.0	0.0
Communication Services	212.3	184.5	184.5	209.4	168.4
Insurance Services	6.0	5.9	5.9	12.1	11.9
Financial Services	8.6	9.2	9.2	12.6	15.8
Computer & Information Services	33.0	37.0	37.0	40.4	36.6
Royalties & License Fees	7.0	6.6	6.6	6.4	5.9
Other Business Services	11.4	16.2	16.2	36.4	40.7
Personal, cultural & recreational Services	8.6	9.6	9.6	9.6	9.0
Government Services	27.1	27.5	27.5	37.6	29.7
Outflows	522.9	541.2	561.9	648.2	706.5
Construction Services	5.0	6.0	7.5	10.2	10.0
Communication Services	42.5	40.0	42.4	51.4	55.4
Insurance Services	76.5	71.7	56.2	87.2	94.1
Financial Services	2.9	3.2	3.5	18.4	29.7
Computer & Information Services	4.0	5.0	5.9	7.1	13.8
Royalties & License Fees	27.6	30.0	40.5	41.0	38.3
Other Business Services	325.8	346.3	365.6	396.8	427.2
Personal, Cultural & Recreational Services	3.0	3.6	3.7	4.1	4.0
Government Services	35.6	35.4	36.6	32.0	34.0
Net services	-208.9	-243.7	-163.4	-283.7	-388.5

Source: Bank of Jamaica

TABLE VI

<b>INCOME ACCOUNT</b>					
<b>(US\$M)</b>					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
A. Compensation of Employees	57.7	66.1	70.3	67.4	74.6
Inflows	72.8	86.8	94.0	88.2	106.7
Outflows	15.1	20.7	23.7	20.8	32.1
B. Investment Income	-349.6	-374.2	-402.8	-417.3	-512.4
Inflows	74.5	69.5	71.8	104.9	111.5
Direct Investment	5.4	7.0	8.1	8.5	5.7
Portfolio Investment	0.7	3.2	2.6	2.7	5.3
Other Investment	68.4	59.3	61.1	93.7	100.5
- Central Government	1.0	1.0	1.0	1.0	1.0
- Bank of Jamaica	45.0	42.4	33.1	47.8	63.0
- Other	22.4	15.9	27.0	44.9	36.5
Outflows	424.1	443.7	474.6	522.2	623.9
Direct Investment	178.8	184.2	228.0	289.9	300.8
Portfolio Investment	8.2	8.9	8.4	7.6	6.7
Other Investment	237.1	250.6	238.2	224.7	316.4
- Central Government	151.8	161.4	169.6	153.0	266.3
- Bank of Jamaica	14.5	11.6	7.3	6.5	5.2
- Government Guaranteed	11.4	24.2	8.5	9.5	4.0
- Other	59.4	53.4	52.8	55.7	40.9

Source: Bank of Jamaica



TABLE VII

CURRENT TRANSFERS (US\$M)					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total Receipts	705.7	727.6	757.9	969.4	1 062.7
A. General government	44.5	50.5	53.5	155.1	97.0
B. Other Sectors	661.2	677.1	704.4	814.3	965.7
Remittance thru' postal system	1.2	1.2	1.2	1.2	1.2
Remittance thru' Financial system	387.3	367.8	322.8	334.6	372.5
Remittance companies	253.8	285.7	357.0	453.7	566.2
Other	18.9	22.4	23.4	24.8	25.8
Total Payments	80.9	99.6	110.6	148.6	176.6
A. General Government	4.7	7.3	7.7	7.2	6.6
B. Other Sectors	76.2	92.3	102.9	141.4	170.0
Remittance thru' Financial system	68.5	84.4	95.8	131.2	147.3
Other	7.7	7.9	7.1	10.2	22.7
Net Current Transfers	624.8	628.0	647.3	820.8	886.1

Source: Bank of Jamaica

TABLE VIII

CAPITAL AND FINANCIAL ACCOUNTS (US\$M)					
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Capital Account	-11.6	-8.7	-10.9	2.2	-22.3
Capital Transfers	-11.6	-8.7	-10.9	2.2	-22.3
General Government	7.0	4.2	4.1	15.6	3.5
Other Sectors	-18.6	-12.9	-15	-13.4	-25.8
Acq/Disp. of Non-Prod. Non-Fin. Assets	0.0	0.0	0.0	0.0	0.0
Financial Account	343.8	342.5	227.2	384.8	810.7
Other Official Investment	43.1	-41.3	-331.4	383.6	653.4
Other Private Investment <sup>1/</sup>	139.4	423.1	425.0	524.2	1 022.7
Reserves	161.3	-39.3	133.6	-523.0	-865.4

<sup>1/</sup> Includes errors & omissions

Source: Bank of Jamaica