BALANCE OF PAYMENTS

OF JAMAICA

2009

CONTENTS

PREFACE

This report summarises the economic transactions between Jamaican residents and the rest of the world during 2009. It also highlights the major macroeconomic developments in the global and domestic economy that affected the BOP during the review period. The presentation of the BOP accounts for 2009 conforms to the guidelines of the Fifth Manual published by the International Monetary Fund.

We are grateful to the members of the private sector for their cooperation in supplying data, responding to questionnaires and granting interviews, without which compilation of the accounts would be weakened. *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. Comments are welcome at www.boj.org.jm .*

OVERVIEW

The performance of the Jamaican balance of payments in 2009 reflected developments in the domestic and global economy. For the first time in four years, there was a reduction in the country's current account deficit. The improvement of the external accounts was influenced primarily by weak domestic demand conditions and lower international commodity prices, in particular fuel and food prices.

Consistent with a decline in commodity price inflation, headline inflation among both developed and developing economies decelerated in 2009. The deceleration primarily reflected reduced demand as a result of a slowdown in global industrial production as well as increased supplies for most agricultural goods due to favourable weather in major producing countries. In terms of world output, there was a contraction of 0.6 per cent in 2009, following growth of 3.0 per cent in 2008. This contraction mirrored a slowdown in demand due to deteriorated credit conditions associated with the 2008 subprime crisis. However, as a result of significant stimulus measures by several governments, many economies emerged from the recession in the latter half of the year.

For the Jamaican economy, there was a 3.0 per cent contraction in real GDP in 2009, following a 0.9 per cent fall in 2008. The economy declined in the context of weak external and domestic demand conditions arising from the continued impact of the global financial crisis. Output from the tradable industry contracted, with the *Mining & Quarrying*, *Construction*, *Manufacture* and *Transport, Storage & Communication* being the most severely impacted. There was, however, a marginal expansion in the non-tradable industry, which recorded growth of 0.1 per cent during the year. With regard to consumer prices, there was a moderation in domestic inflation to 10.2 per cent relative to 16.8 per cent in 2008. The overall moderation in prices primarily reflected domestic factors. These included expansions in agriculture supply, the stability in the exchange rate, weak domestic demand and an uneventful hurricane season.

Consistent with these developments, the current account deficit declined to US$1 125.6 million (or 9.1 per cent of GDP), following a deficit of US$2 793.3 million (or 20.0 per cent of GDP) in 2008. This improvement reflected a reduction in the deficit on the merchandise trade sub-account, complemented by an increase in the surplus on the services sub-account. The impact of these changes was partially offset by a decline in the surplus on the current transfers sub-account and an increase in the deficit on the income sub-account. With regards to financing, net private and official investment inflows were insufficient to finance the current account deficit, resulting in a decline of US$43.6 million in the net international reserves (NIR) of the BOJ.

PART I
INTERNATIONAL ECONOMIC DEVELOPMENTS

1. OVERVIEW

World GDP fell by 0.6 per cent in 2009, compared with growth of 3.0 per cent in 2008. This reflected a contraction in the advanced economies as well as a deceleration in growth in developing economies. The contraction in global GDP primarily reflected a slowdown in demand because of the subprime crisis in 2008, which led to a deterioration in credit conditions. This in turn led to a slowdown in real sector activities in the US, which quickly spread to both advanced and developing economies. However, as a result of significant economic stimuli by several governments, many economies emerged from the recession in the latter half of the year.

Headline inflation decelerated among the advanced economies in 2009, principally reflecting the effects of low demand and declines in commodity prices. Significant declines in food and fuel prices were primary contributors to the decline in the inflation rate. Amidst adequate supplies and declining demand, average commodity prices fell by 31.0 per cent in 2009, after rising by 27.5 per cent in 2008. Both fuel and non-fuel prices recorded significant declines. The average price of crude oil fell by 37.9 per cent, after rising to historical highs in 2008, while metal prices declined by 28.6 per cent relative to 2008. The decline in the prices of these commodities primarily reflected reduced demand as a result of a slowdown in global industrial production, particularly in the automotive and housing sectors. Food prices also declined by 14.7 per cent reflecting lower demand and increased supplies for most agricultural goods due to favourable weather in major producing countries.

In the context of low inflation and growth concerns, several major central banks lowered their target interest rates during the review year. Several liquidity programmes were also instituted to restore financial sector stability.

With the exception of the Japanese Yen, the currencies of selected industrialised economies depreciated against the US dollar in 2009.[1] The value of selected currencies declined during the year by an average of 5.1 per cent, relative to the US dollar. This followed an

[1] The Canadian Dollar, the Japanese Yen, the Pound Sterling and the Euro.

appreciation of approximately 3.5 per cent in 2008. The strengthening of the US dollar primarily reflected increased demand for relatively safe assets in light of growing uncertainty.

1.1 OUTPUT, INFLATION & UNEMPLOYMENT

1.1.1 Advanced Economies

Output

Real GDP among the advanced economies fell by 3.2 per cent in 2009, compared to growth of 0.5 per cent in 2008 (see **Table 1**). All of the major advanced economies contracted, particularly Japan and the Euro area.

TABLE 1

ADVANCED ECONOMIES

Real GDP, Consumer Prices, Unemployment Rates, Interest Rates (Annual per cent change and per cent of labour force)

	REAL GDP		CONSUMER PRICES*		UNEMPLOYMENT RATES		KEY INTEREST RATES**	
	2008	2009	2008	2009	2008	2009	2008	2009
ADVANCED ECONOMIES	**0.5**	**-3.2**	**3.4**	**0.1**	**5.8**	**8.0**	**1.31**	**0.4**
United States	0.0	-2.6	3.8	-0.3	5.8	9.3	0.25	0.25
Japan	-1.2	-5.2	1.4	-1.4	4.0	5.1	0.30	0.10
Euro area	0.5	-4.1	3.3	0.3	7.6	9.4	2.50	1.00
Germany	1.2	-4.9	2.8	0.1	7.2	7.4		
France	0.1	-2.5	3.2	0.1	7.9	9.4		
Greece	2.0	-2.0	4.2	1.4	7.6	9.4		
Italy	-1.3	-5.0	3.5	0.8	6.8	7.8		
Spain	0.9	-3.6	4.1	-0.3	11.3	18.0		
UK	0.5	-4.9	3.6	2.2	5.6	7.5	2.00	0.50
Canada	0.5	-2.5	2.4	0.3	6.2	8.3	1.50	0.25

Source: World Economic Outlook - April 2010, World Economic Outlook Update- July 2010,Statistics Offices of individual countries

Annual Average;End of period*

Economic activity in the US fell by 2.6 per cent in 2009, relative to no growth in 2008. This reflected sharp declines in private investment, consumption spending and net exports. The contraction in investment primarily reflected the effects of a slowdown in the housing market as a result of the sub-prime crisis and high unemployment. The contraction in employment also contributed to the fall in consumer expenditure. However, during the second half of the year, the US economy recovered as a result of increased fiscal stimulus, accommodative monetary policy and easing concerns in financial markets. This also contributed to a rebound in global stock markets. For example, the Dow Jones Industrial Average rose by 18.8 per cent after declining by 33.8 per cent during the previous year.

Developments in the US economy also adversely affected other advanced economies. The economies of the UK and the EU contracted by 4.9 per cent and 4.1 per cent, respectively, in 2009, relative to a growth rate of 0.5 per cent for both of them in 2008. Financial contagion from the troubled US banking system and an appreciation of the euro contributed to a decline in economic activity in the Euro area. In addition, several euro area economies were affected by financial and real estate crises. The appreciation of the Japanese yen lowered exports from that country, causing the economy of Japan to contract by 5.3 per cent in 2009.

Inflation

Inflation among the advanced economies, as measured by the annual average increase in consumer price indices (CPIs), decelerated to 0.1 per cent in 2009 from 3.4 per cent in 2008 (see **Table 1**). All of the selected economies experienced lower rates of inflation, with deflation in the US and Japan.

Low demand and spare capacity were the main driving factors behind the general slowdown in consumer price inflation among the advanced economies in 2009. In this context, housing, food and energy related prices declined. However, there was a slight increase in the general price level over the second half of the year, consistent with recovery in some of the economies.

Unemployment

In the context of the economic slowdown among the advanced economies, the average unemployment rate increased by 2.2 percentage points to 8.0 per cent in 2009, relative to 2008. All economies in this group experienced increases in unemployment, with the US recording a significant increase.

Interest Rate and Exchange Rate Developments

All the major central banks, with the exception of the US Federal Reserve, reduced their key policy interest rates during the year. The credit crisis prompted governments to continue the loosening of monetary policy, which they had begun in 2008. The European Central Bank (ECB) and the Bank of England (BoE) lowered target interest rates three times by a cumulative 1.5 percentage points, while the Bank of Canada lowered its benchmark rate twice by a collective 1.25 percentage points. Although the Federal Reserve left interest rates unchanged, it continued several liquidity programmes started in 2008 to maintain financial sector stability. The Bank of England also embarked on a programme of quantitative easing to inject liquidity into its economy.[2]

For the review year, the US dollar appreciated against the Euro, the Canadian dollar and the Great Britain Pound, but weakened against the Japanese Yen. The appreciation of the US dollar occurred as investors sought the safety of US-dollar denominated investments in light of uncertainty in the first part of the year. However, as global economic recovery became established and concerns arose about the size of the US fiscal deficit, the US dollar depreciated against most currencies in the latter half of the year (see **Table 2**). The Japanese Yen appreciated by 7.0 per cent vis-à-vis the US dollar, reflecting the unwinding of carry trade positions.[3]

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[2] Under the quantitative easing programme, the BoE purchased assets from private sector institutions and credited the seller's bank account. Two types of assets were used, UK government bonds and high-quality debt issued by private companies.

[3] Carry trade is a strategy in which an investor borrows a certain currency associated with a relatively low interest rate and uses the funds to purchase a different currency associated with a higher interest rate.

TABLE 2

US Dollar Nominal Exchange Rates (US Dollars per unit of national currency)			
	2008	2009	% change
Canadian Dollar	0.94	0.88	-6.6
Japanese Yen	0.01	0.01	7.0
Pound Sterling	1.85	1.57	-15.4
Euro	1.47	1.39	-5.2

1.2 Developing Countries

Output

Economic growth among the developing economies decelerated by 3.7 percentage points to 2.4 per cent in 2009, relative to 2008, primarily reflecting the impact of the global financial crisis (see **Table 3**). The contraction in global demand and trade resulted in reduced levels of exports, tourism, and remittance inflows, which constrained growth for developing countries. Economic activity in developing countries was also negatively impacted by the tightening of international credit markets and lower investor appetite for risk, which reduced capital inflows and investments.

TABLE 3

DEVELOPING COUNTRIES: REGIONAL GROUPS Real GDP, Consumer Prices (Annual per cent change)						
	REAL GDP			CONSUMER PRICES*		
	2007	2008	2009	2007	2008	2009
DEVELOPING COUNTRIES	**8.3**	**6.1**	**2.4**	**6.4**	**9.2**	**5.2**
Sub-Saharan Africa	6.9	5.5	2.1	7.1	11.6	10.6
Developing Asia	10.6	7.9	6.6	5.4	7.4	3.1
Middle East & N. Africa	5.6	5.1	2.4	10.0	13.5	6.6
Western Hemisphere	5.8	4.3	-1.8	5.4	7.9	6.0

** Movements in consumer prices are shown as annual average*

Source: World Economic Outlook - April 2010

Many Asian economies experienced an economic downturn in late 2008 and early 2009. They were able, however, to recover quickly in 2009 as output growth was supported by a rapid normalization of trade, both within the region and with external trading partners. Exports during the year were also supported by the re-stocking of inventories in major trading partners such as the United States. This greatly benefited export-oriented economies in the region, such as China and India. In relation to domestic demand many countries reduced interest rates and adopted fiscal stimulus packages.

Growth in economic activity in the Middle East & North Africa for 2009 decelerated by 2.7 percentage points to 2.4 per cent. This slowdown was partly associated with the fall in the price of crude oil, which resulted in reduced revenues for oil exporters. In the latter part of the year, weakness in real estate markets of some economies emerged, serving to negatively affect growth.

In Sub-Saharan Africa, GDP growth was 2.1 in 2009, compared to a 5.5 per cent expansion in 2008. Despite the impact of the global financial crisis, Sub-Saharan Africa recorded growth in 2009 due to relatively prudent policies during previous periods of high commodity prices. This provided fiscal space for the economies to absorb some of the external shocks, supported on occasion by specific counter-cyclical measures. In particular, several African countries increased government spending, whilst reducing interest rates.[4]

[4] The South African Reserve Bank eased monetary policy between December 2008 and October 2009, through cutting its policy rate by cumulative 500 basis points. In Botswana, the Central Bank also reduced its policy rate several times. On the fiscal side, the revenue loss due to collapsed exports prevented the government from considering a major stimulus package. To mitigate the impact of the crisis, Mauritius implemented a monetary and fiscal policy mix. In May 2008, the government adopted an expansionary budget for the 2008-09 fiscal year. The stimulus package amounted to 3.4 per cent of GDP. Most of the expenditures went to infrastructure and other growth-enhancing outlays. The fiscal stimulus package, launched in October 2008, was well coordinated with monetary policy: the Bank of Mauritius reduced its policy rate by cumulative 400 basis points between January 2008 and March 2009.

TABLE 4

Selected Developing Countries Real GDP & Consumer Prices (Annual Per cent Change)				
Country	GDP		Inflation Rate**	
	2008	2009*	2008	2009*
Developing Countries	**6.1**	**2.4**	**9.2**	**5.2**
Western Hemisphere	**4.3**	**-1.8**	**7.9**	**6.0**
Argentina	6.8	0.9	8.6	6.3
Brazil	5.1	-0.2	5.7	4.9
Chile	3.7	-1.5	8.7	1.7
Colombia	2.4	0.1	7.0	4.2
Peru	9.8	0.9	5.8	2.9
Ecuador	7.2	0.4	8.4	5.1
Mexico	1.5	-6.5	5.1	5.3
Uruguay	8.5	2.9	7.9	7.1
Venezuela	4.8	-3.3	30.4	27.1
Caribbean* **	**2.2**	**-1.2**	**9.2**	**4.6**
Antigua & Barbuda	1.8	-8.9	2.3	0.8
Barbados	-0.2	-4.8	7.3	4.4
Dominica	3.2	-2.2	1.9	3.4
Guyana	2.0	3.3	6.4	3.6
Dominican Republic	5.3	3.5	4.5	5.8
Jamaica	-0.9	-3.0	16.8	10.2
St. Kitts & Nevis	4.6	-9.6	8.2	0.4
St. Vincent & Grenadines	-0.6	-1.1	8.7	-1.6
Trinidad & Tobago	2.3	-3.0	14.5	1.3
Developing Asia	**7.9**	**6.6**	**7.4**	**3.1**
China	9.6	8.7	5.9	-0.7
India	7.3	5.7	8.3	10.9
Indonesia	6.0	4.5	9.8	4.8
Malaysia	4.6	-1.7	5.4	0.6
Philippines	3.8	0.9	9.3	3.2
Thailand	2.5	-2.3	5.5	-0.8
Middle East & N. Africa	**5.1**	**2.4**	**13.5**	**6.6**
Sources: The World Economic Outlook, April 2010. Statistics Offices of individual countries, * Estimates, **Annual average, ***GDP weighted				

The impact of the crisis on the Latin American and Caribbean region was substantial. Economic activity in the Western Hemisphere contracted by 1.8 per cent in 2009, relative to growth of 4.3 per cent in 2008. This was reflected in the significant contraction in some economies, such as Mexico, Barbados and Trinidad and Tobago (see **Table 4**). The crisis affected the region via more expensive external financing and lower exports, workers' remittances and tourism receipts. The uncertainty associated with the global financial crisis also lowered investor confidence. These actions resulted in a notable contraction during the first half of 2009. However, as commodity prices and financial conditions improved in the latter half, modest recovery was observed in some countries.

Real GDP for the Caribbean region declined in 2009 in the context of the recession among the major developed economies. This resulted in a fall off in demand for the region's major exports, notably tourism. Concerns about the financial situation in some Caribbean countries, also negatively affected the performance of the services sector.[5] Lower prices for agricultural exports, bauxite and crude oil negatively impacted growth in several Caribbean nations, such as Jamaica and Trinidad and Tobago.

Inflation

In 2009, the rate of inflation for the developing economies decelerated as a result of significant declines in food and fuel prices. In particular, the annual average change in consumer prices for developing Asia declined to 3.1 per cent in 2009 from 7.4 per cent in 2008 (see **Table 4**). In China, a fall in food price inflation as well as significant excess capacity contained inflationary pressures. In contrast, higher demand pressures in India resulted in an increase in headline inflation as well as higher inflationary expectations.

Inflation among the Western Hemisphere economies decelerated to 6.0 per cent in 2009 from 7.9 per cent in 2008. For the Middle East and North Africa region, inflation declined dramatically to an average of 6.6 per cent in 2009 from 13.5 per cent in 2008. Iran recorded the largest deceleration in inflation to 10.3 per cent in 2009 from 25.4 per cent in the previous year.

[5] In January 2009, depositors in various CL Financial Ltd subsidiaries in Trinidad became increasingly concerned about the impact of sharp declines in methanol and real estate prices on CL Financial's overall financial situation. This led to increased withdrawals at Colonial Life Insurance Company (CLICO) and Clico Investment Bank (CIB) which could not readily be met by the companies. On 30 January 2009, the Central Bank of Trinidad & Tobago assumed control of these entities. The problems faced by the parent company in Trinidad had contagion effects on subsidiaries in other Caribbean islands, including Barbados, Guyana and Belize. In February 2009, the Eastern Caribbean Central Bank assumed control of the Bank of Antigua which was owned by the Stanford group, amid fraud accusations in the US against the principal – Allen Stanford.

Inflation in Sub-Saharan Africa decline marginally in 2009 to 10.6 per cent from 11.6 per cent in 2008. Inflation in most economies in the region reverted to single digits. However, some countries recorded higher inflation rates due to increased government spending aimed at countering the effects of the global recession.

1.3 COMMODITY PRICES

The International Monetary Fund's (IMF) index of primary commodity prices (IPCP) declined by 31.0 per cent in 2009, in contrast to an increase of 27.5 percent in 2008 (see **Table 5**). The decline in the IPCP was attributed to movements in both the energy and the non-fuel primary commodities sub-indices. The energy sub-index recorded a decline of 36.9 per cent during the year, following an increase of 36.4 per cent in 2008. The non-fuel primary commodities sub-index declined by 18.7 per cent, relative to an increase of 7.5 per cent in 2008.

The movement in the energy sub-index reflected a fall in fuel prices. Crude oil prices, as measured by the West Texas Intermediate Index, averaged US$61.79 per barrel in 2009, representing a decline of 37.9 per cent relative to 2008. In 2009, oil price was affected by the global economic and financial crisis, which emerged during the December 2008 quarter. Prices reached US$33.98 per barrel on 12 February 2009, the lowest price since 13 February 2004, before recovering in the second half of the year. These developments largely reflected a significant fall-off in energy demand as the severe contraction in economic activity simultaneously affected several major industrialised countries. A slowdown in economic activity in many large emerging economies also prompted a reduction in global oil demand. This also resulted in a significant build-up of crude oil inventories, with the US reporting that oil stockpiles rose to a fifteen-year high in April 2009.

The Organisation of Petroleum Exporting Countries attempted to mitigate the precipitous decline in prices by agreeing to cut production by 4.2 million barrels per day effective 01 January 2009. The organisation maintained this new production level throughout 2009, with increasing compliance from member nations as the year progressed and consequently was able to restore some degree of stability to oil prices in the latter half of the year.

The decline in the non-fuel sub-index was principally attributed to a 24.8 per cent decline in the industrial inputs sub-group. Within this sub-group, metals prices showed a year over year decline of 28.6 per cent which was largely associated with a decline in the prices for aluminium, iron ore and nickel. Aluminium prices fell by 35.3 per cent in 2009, relative to a decline of 2.4 per cent in 2008. The notable fall in the prices of these metals largely reflected a reduction of demand, particularly in the construction and transportation sectors.

TABLE 5

WORLD COMMODITY PRICES
(Annual per cent change)

	2008	2009
All Primary Commodities	27.5	-31.0
Non- fuel primary commodities	**7.5**	**-18.7**
Edibles	23.3	-13.1
Food	23.4	-14.7
Beverages	23.3	1.6
Industrial Inputs	-5.7	-24.8
Agricultural raw materials	-0.8	-17.0
Metals	-8.0	-28.6
Energy	**40.1**	**-36.9**
Petroleum[1]	36.4	-36.3

Source: IMF Primary Commodity Prices Indices

1.Average of U.K., Brent, Dubai and West Texas Intermediate crude oil spot prices

The edibles sub-group of the non-fuel sub-index declined by 13.1 per cent in 2009, relative to growth of 23.3 per cent in the previous year. This decline was primarily associated with a fall in the price of grains. The prices of wheat, soybeans, corn and rice recorded significant decreases of 31.4 per cent, 16.7 per cent, 25.8 per cent and 14.6 per cent, respectively. These reductions largely reflected a falloff in demand as the global recession which started in the December 2008 quarter intensified during the first half of 2009. In addition, there were record supplies for several crops, resulting in excess supply which further exacerbated decline in prices. Despite the economic contraction, the beverages sub-index grew marginally by 1.6 per cent. This reflected a 12.1 per cent increase in the price of cocoa beans. The price of cocoa rose as output from the Ivory Coast, a major producer, declined due to adverse weather conditions. Output from other producers, such as Indonesia and Ecuador, were also negatively impacted by the El Niño weather phenomenon.

1.4 INTERNATIONAL TOURISM

The World Tourism Organisation reported a decline of 4.3 per cent in international tourist arrivals in 2009, relative to an expansion of 2.1 per cent in 2008 (see **Table 6)**. The decline in tourist arrivals was primarily influenced by the slowdown in global economic activity and recessions in several advanced economies. All regions, with the exception of Africa, experienced a reduction in tourist arrivals, with Europe and the Middle East experiencing the largest percentage declines.

Tourist arrivals at European ports fell by 5.6 per cent in 2009, due to continued economic uncertainty in source markets which started in the December 2008 quarter. The Asia and Pacific region recorded a decline of 1.9 per cent in tourist arrivals in 2009, relative to growth of 1.1 per cent in 2008. A faster recovery of countries in this region, relative to other regional groups supported an improvement in tourist arrivals during the final quarter of 2009.

The Americas and the Middle East experienced declines of 5.1 per cent and 3.1 per cent in tourist arrivals in 2009, respectively. This was also attributable to the slowdown in global economic activity, which reduced the demand for international vacations as well as business-related travel. Additionally, travel to the Americas was negatively impacted by the outbreak of the H1NI influenza virus in the region.

Tourist arrivals to Africa rose by 5.1 per cent in 2009, dominated by growth in arrivals to South Africa. Although adversely affected by the global recession, growth in arrivals to the region for the first three quarters of the year was buoyant as a result of increased marketing campaigns and investments in tourism infrastructure by governments and private investors.

TABLE 6

WORLD TOURIST ARRIVALS (Millions)				
	2008	**2009**	**Change**	**% Change**
World	**920**	**880**	**-40**	**-4.3**
Europe	487.1	459.7	-27.4	-5.6
Americas	147.1	139.6	-7.5	-5.1
Asia & Pacific	184.1	180.5	-3.6	-1.9
Africa	45.7	48.0	2.3	5.1
Middle East	55.6	52.5	-3.1	-5.6

Source: World Tourism Organization (WTO)

Stopover Visitor Arrivals to the Caribbean

Preliminary estimates by the Caribbean Tourist Organisation (CTO) showed that stopover arrivals to selected Caribbean destinations declined marginally by 0.9 per cent in 2009, following an increase of 1.6 per cent in 2008 (see **Table 7**). Similar to other regions, the decline reflected the impact of lower demand for international travel due to the global financial crisis. Despite the decline, some destinations recorded growth in arrivals during the year. Notably, arrivals to Jamaica increased by 3.6 per cent, reflecting increased marketing activities by the Jamaica Tourist Board as well as significant discounting by hotel operators.

TABLE 7

STOPOVER VISITOR ARRIVALS ('000s) Selected Caribbean Destinations			
Country	**2008**	**2009**	**% Change**
Dominican Republic	3979	3992	0.3
Cuba	2348	2429	3.5
Bahamas	1462	1326	-9.3
Jamaica	**1767**	**1831**	**3.6**
Puerto Rico	1324	1298	-1.7
Aruba	825	812	-1.7
US Virgin Islands	679	666	-2.5
Barbados	568	518	-8.7
St Maarten	475	440	-7.4
TOTAL	**13427**	**13312**	**-0.9**

Source: Caribbean Tourism Organization (CTO)

Cruise Visitor Arrivals to the Caribbean

The decline in cruise arrivals to selected Caribbean countries since 2007 persisted into 2009, albeit at a slower rate of 2.3 per cent (see **Table 8**). The contraction since 2007 reflected the diversion of some cruise lines to other regions, as the Caribbean market appeared to be maturing and cruise passengers were in search of new attractions. This was further exacerbated in 2009, by the global economic downturn which resulted in lower incomes and curtailed discretionary spending in major source markets.

TABLE 8

CRUISE VISITOR ARRIVALS ('000s)

Selected Caribbean Destinations

Country	2008	2009	% Change
Bahamas	2861	3255	13.8
US Virgin Islands	1757	1582	-10.0
Puerto Rico	1393	1045	-25.0
Cayman Islands	1553	1520	-2.1
St. Maarten	1346	1215	-9.7
Jamaica	**1089**	**922**	**-15.3**
Belize	597	705	18.1
Barbados	597	635	6.4
Aruba	556	606	9.0
Total	**11749**	**11485**	**-2.3**

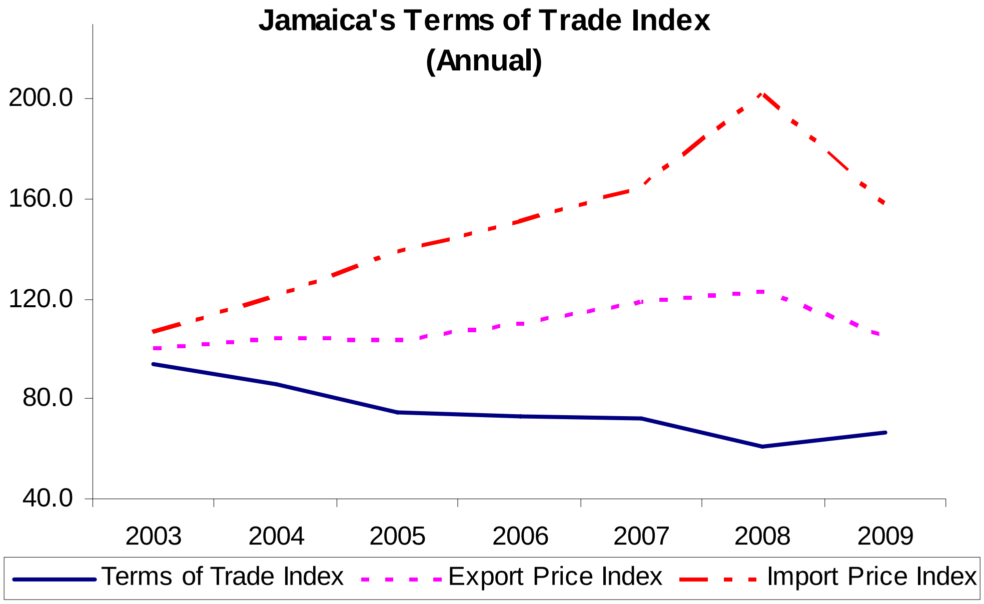
Source: Caribbean Tourism Organization (CTO)

1.5 JAMAICA'S TERMS OF TRADE

Jamaica's terms of trade index rose by 10.2 per cent in 2009, relative to 2008 (see **Figure 1**). The improvement in the index was attributed to a 22.2 per cent decline in the import price index (IPI), partly offset by a 14.3 per cent decline in the export price index (EPI). The fall in the IPI reflected a 38.0 per cent decline in fuel prices as well as a 14.9 per cent reduction in the prices for raw materials. The decline in the EPI reflected decreases of 0.5 per cent and

33.5 per cent in the tourism implicit price index for Jamaica and the price of alumina, respectively.[6]

Figure 1



[6] These two components account for approximately 71.6 per cent of the movement in the export price index.

PART II
DOMESTIC MACROECONOMIC DEVELOPMENTS

2. OVERVIEW

In the context of weak external and domestic demand coupled with heightened uncertainty regarding economic prospects, the Jamaican economy contracted sharply in 2009. External demand was severely constrained by the global financial crisis, although there were signs that the global financial markets had started to stabilize in the latter half of 2009. Weak domestic demand emanated from falling real income, increased domestic unemployment, slower remittance inflows and tightening credit conditions. These factors facilitated a moderation in inflation to 10.2 per cent in 2009, relative to 16.8 per cent in 2008. There were short bouts of instability in the financial markets during the first half of the year influenced by uncertainty about the prospects for foreign currency supply to Jamaica due to the crisis in the global financial markets. This prompted a tightening of monetary policy by the Central Bank in the first quarter, which was relaxed in the second half of the year as conditions improved.

2.1 OUTPUT & UNEMPLOYMENT

Gross Domestic Product (GDP)

Real GDP declined by 3.0 per cent during 2009, following a contraction of 0.9 per cent in 2008 (see **Table 9**). During the first half of the year, a faster rate of contraction was recorded relative to the second half. The decline for the year emanated mainly from the tradable sector, which saw a considerable fall out of 18.4 per cent, while the non-tradable sector registered marginal growth of 0.1 per cent. Within the tradable sector, the main industries that contracted were *Mining & Quarrying, Construction, Manufacture* and *Transport, Storage & Communication*. *Hotels & Restaurants* was the only industry that did not deteriorate during the year. For the non-tradable industry, robust growth was recorded in *Agriculture, Forestry & Fishing*[7], complimented by small increases in *Electricity & Water* and *Finance & Insurance Services*.

Within the goods producing industries, *Mining & Quarrying* registered a contraction of 50.2 per cent in 2009, relative to the decline of 2.5 per cent in the previous year. The industry was severely affected by the global financial crisis, which resulted in, among other things, a

[7] The export component of this industry is classified within the tradable sector.

curtailment in international demand for commodities, in particular aluminium. In this context, two of three alumina companies operating in Jamaica were closed[8]. These plants represented approximately 68.0 per cent of the alumina industry's capacity.

TABLE 9

GROSS DOMESTIC PRODUCT
(2003 Prices)
Growth Rate by Sector (%)

	2008	2009
GOODS	4.2	-9.0
Agriculture, Forestry & Fishing	-6.3	13.9
Mining & Quarrying	-2.5	-50.5
Manufacture	-1.3	-5.7
Construction	-6.7	-6.5
SERVICES	0.2	-0.8
Electricity & Water Supply	0.9	2.2
Wholesale & Retail Trade	-0.2	-2.3
Hotels & Restaurants	2.2	2.1
Transport, Storage & Communication	-2.7	-4.3
Finance & Insurance Services	1.3	1.3
Real Estate, Renting & Business Activities	1.1	-0.7
Producers of Government Services	0.3	0.0
Other Services	0.6	0.1
Financial Intermediation Services	-1.3	1.8
TOTAL GDP	**-0.9**	**-3.0**

Source: Statistical Institute of Jamaica

In addition, daily operations at the Island's sole bauxite plant were reduced. Against this background, total bauxite and alumina production declined by 46.8 per cent and 55.6 per cent, respectively, in 2009 compared to marginal growth of 0.7 per cent and 1.3 per cent in 2008. The outturn in 2009 reflected a sharp contraction in the capacity utilisation rate for the alumina industry to 39.2 per cent from 87.7 per cent in 2008. Similarly, for bauxite, the capacity utilisation rate fell to 64.4 per cent from 88.9 per cent in the previous year.

[8] The plants were closed in April and May 2009, respectively.

Construction contracted by 6.5 per cent in 2009, following the decline of 6.7 per cent in 2008. This fallout occurred in the context of continued declines in private sector investment projects, residential construction and public sector capital projects. Private sector investment continued to be adversely affected by the global financial crisis and weak domestic demand. Public sector capital projects were affected by the Government's fiscal constraints. During the year, cement sales, one of the main indicators of activity in the industry declined by 9.4 per cent, while National Housing Trust housing completions and starts fell by 20.5 per cent and 18.8 per cent, respectively.

The decline of 5.7 per cent registered for *Manufacture* represented the second consecutive year of contraction and was sharper than the average fallout of 1.1 per cent recorded over the previous five years. The industry continued to be impacted by weak external demand associated with the global economic depression as well as lower domestic demand due to reduced disposable income. Declines were recorded in both *Food & Beverages* and O*ther Manufacturing*. The deterioration in food processing stemmed primarily from reduced demand from households while higher prices for alcoholic beverages arising from the increase in the rate of the Special Consumption Tax in April 2009 engendered a reduction in domestic demand for the product. The fallout in *Other Manufacturing* was attributed mainly to lower output of petroleum and chemical products. Petroleum products were affected by disruptions stemming from an accident at the refinery's pier in June.[9] The contraction in chemical products, in part, reflected the decline in aluminium sulphate stemming from weak demand from the alumina companies, lower output for detergent attributed to the closure of a plant as well as reduced manufacture of sulphuric acid arising from lower demand from overseas customers.

Transport, Storage & Communication declined by 4.3 per cent in the review period, in contrast to the previous five year annual average growth of 1.5 per cent. The performance of the industry primarily reflected the impact of the weak external and domestic demand on shipping as well as the contraction in services by the national airline, Air Jamaica. The industry's value added contracted consistently throughout the year, attributed mainly to falling economic activity in all areas of transport. The reduction in water transport was

[9] Full repairs to the pier are expected to be completed by the end of 2010.

indicated by a decline of 5.3 per cent in the number of ships calling at Jamaican ports as well as a contraction of 28.1 per cent in total domestic cargo movements. The fallout in ship calls was primarily attributed to the decline in world trade since the December 2008 quarter as well as reduced cruise vessels arrivals. Air transport was negatively influenced by the restructuring of Air Jamaica where more than six of its regular routes were terminated during the year. In addition, total air cargo movement fell by 27.4 per cent in 2009 compared to a marginal growth of 0.4 per cent in 2008.

In the context of reduced domestic demand stemming from lower real income, activity within *Wholesale & Retail Trade* decreased by 2.3 per cent in 2009. The lower economic activity was also influenced by declines in the *Manufacture*, *Mining & Quarrying* and *Construction* industries.

After two consecutive years of declines due to adverse weather, *Agriculture, Forestry & Fishing* grew considerably by 13.9 per cent in 2009. Growth occurred in both *Domestic* and *Traditional Export Agriculture*. The recovery was facilitated by relatively good weather conditions as well as coordinated growth initiatives by the Ministry of Agriculture. These initiatives were implemented under the Production and Productivity Programme, which included, *inter alia*, the development of greenhouse farms, the provision of machinery and lower cost fertilizer to assist farmers in land cultivation and crop development. These initiatives resulted in an improvement in productivity as indicated by the output per hectare ratio of 13.8 for 2009 when compared to 13.0 in 2008 and an average ratio of 13.0 over the last five years. All categories of domestic crop production, with the exception of sorrel grew significantly in 2009. Growth in export agriculture was driven by the robust recovery in citrus and cocoa production. Both industries were devastated by Hurricane Dean in 2007, while citrus continues to be affected by the "Citrus Huanglongbing' disease.

Hotel & Restaurants expanded by 2.1 per cent for 2009 compared to an annual growth of 4.3 per cent over the last five years. The lower than average growth reflected weak world demand for travel consequent on reduced income attributed to the global downturn as well as a contraction in domestic demand for restaurant services due also to lower real disposable income. Notwithstanding, the industry benefited from the impact of the diversion of visitors to Jamaica from Mexico because of the outbreak of the H1N1 virus, expanded hotel capacity as well as strategic advertising by the Jamaica Tourist Board and industry players.[10] In addition, there was some amount of normalization in the industry following disruption caused by Tropical Storm Gustav in 2008. Against this background, total stopover arrivals increased by 3.7 per cent, compared to a growth of 3.9 per cent in the previous year. This was below the average annual growth of 5.6 per cent since 2004. Cruise ship arrivals declined by 13.8 per cent, relative to the previous year, reflecting a shift in the itinerary of selected cruise line away from the Caribbean as well as the effect of the global economic downturn.

Unemployment

In 2009, the average unemployment rate increased by 0.8 percentage point to 11.4 per cent, reflecting significant job losses in *Construction & Installation*, *Wholesale & Retail*, *Manufacture* and *Transport, Storage & Communication* as well as *Mining & Quarrying*. Similarly, the job-seeking rate, which is the percentage of the labour force actively seeking work, averaged 7.2 per cent in 2009, a 0.6 percentage point increase when compared to 2008. The fallout in employment in the economy was primarily attributed to the general economic downturn that restricted demand for goods and services in industries.

The most significant increase in the unemployment rate occurred in *Mining & Quarrying,* with the rate moving to 20.8 per cent from 9.5 per cent in 2008. As mentioned earlier, the closure of the two alumina plants, significantly affected employment in this industry. Notably increased employment occurred in *Financial Intermediation* and *Hotels & Restaurants*, reflecting mainly the resilience of these industries in light of the global financial crisis. In regard to the Hotels sub-industry, employment was facilitated by increases in room stocks.

2.2 RELATIVE PRICES, COMPETITIVENESS & MONETARY POLICY

The Real Effective Exchange Rate (REER) index was 8.3 per cent lower at end 2009, relative to the index at end 2008, indicating an improvement in Jamaica's external competitiveness. The decrease in the REER mainly reflected depreciation in the nominal effective exchange rate (NEER), which was partially offset by an increase in relative prices. The improvement in the NEER stemmed from a 11.2 per cent depreciation in the average selling rate of the US

[10] In an attempt to attract visitors, hoteliers offered significant discounts during the year.

dollar vis-à-vis the Jamaica Dollar and an average appreciation of 3.7 per cent in the currencies of Jamaica's main trading partners vis-à-vis the US dollar. Domestic inflation of 10.2 per cent was the main impetus behind the higher relative prices, the impact of which was partially offset by inflation of 2.9 per cent among Jamaica's major trading partners.

Inflation in 2009 mainly reflected the impact of higher energy costs associated with the rise in crude oil prices within the year, particularly in the second half of the year. This contributed to notable increases in the prices of services and processed foods. In April 2009, the Government of Jamaica (GOJ) introduced revenue enhancement measures, which also had a significant impact on non-food inflation, in particular fuel prices. Movements in some imported food prices, most notably sugar in the second half of the year, also contributed to domestic price impulses. Improved productivity in the *Agriculture* sector coupled with reduced domestic incomes due to the recession, resulted in some countervailing forces for domestic food inflation. The impact of improved agriculture supply was most evident in the first six months of the year.

The global financial crisis continued to fuel the instability in the foreign exchange market in the first quarter of 2010. As such, the weighted average exchange rate depreciated by 9.4 per cent in the March 2010 quarter, which provided an added impact on the cost of imported intermediate and final goods. However, the rate of depreciation slowed significantly in the remaining quarters of the year to 0.29, 0.01 and 0.58 per cent in the June, September and December quarters, respectively.

Given the severe demand pressures in the foreign exchange market in early 2009 as well as high domestic liquidity conditions, the Central Bank tightened monetary policy and implemented a number of initiatives aimed at restoring stability to the foreign exchange market. These initiatives included, among others, an increase in the statutory domestic cash reserve requirement of deposit-taking financial institutions to 13.0 per cent from 11.0 per cent on 02 January as well as moral suasion. This was further increased to 14.0 per cent on 06 February. The Bank also sold foreign currency to the market to augment supplies to end-users. In addition, on 03 February the Bank implemented the Public Sector Entities (PSE) foreign exchange facility, which consolidated the foreign exchange demand of these entities and coordinated foreign currency payments to minimize volatility in the market. These initiatives restored stability to the foreign exchange market by mid-February, evidenced by a significant moderation in the rate of depreciation in the exchange rate and resulted in a lowering of inflation expectations as the year progressed. Accordingly by the beginning of the June 2009 quarter, the Bank commenced the easing of its monetary policy stance. On 08 April, the Bank lowered the interest rate payable on its 365-day open-market operation (OMO) instrument by 133 basis points (bps) to 22.67 per cent and on 03 June, removed this instrument from the menu of OMO instruments. The latter action also reflected the Bank's preference to operate in the shorter end of the market. For the remainder of the year, the Bank lowered interest rates on its OMO instruments five more times to end the year with rates of 10.50 per cent, 11.00 per cent, 13.50 per cent, 13.70 per cent and 15.00 per cent, respectively, on its 30-day, 60-day, 90-day, 120-day and 180-day tenors.

2.3 SUMMARY & OUTLOOK

During 2009, economic developments in Jamaica were largely influenced by the recession in the global economy. The global recession was characterized by economic contraction, low inflation and rising unemployment. In this context, the decline in domestic economic activity accelerated, while inflation moderated and the foreign exchange market was relatively stable except for the challenges during the first two months of the year. These developments as well as the outlook for inflation allowed for a steady reduction in the Bank's interest rates, a trend which was also reflected in market rates.

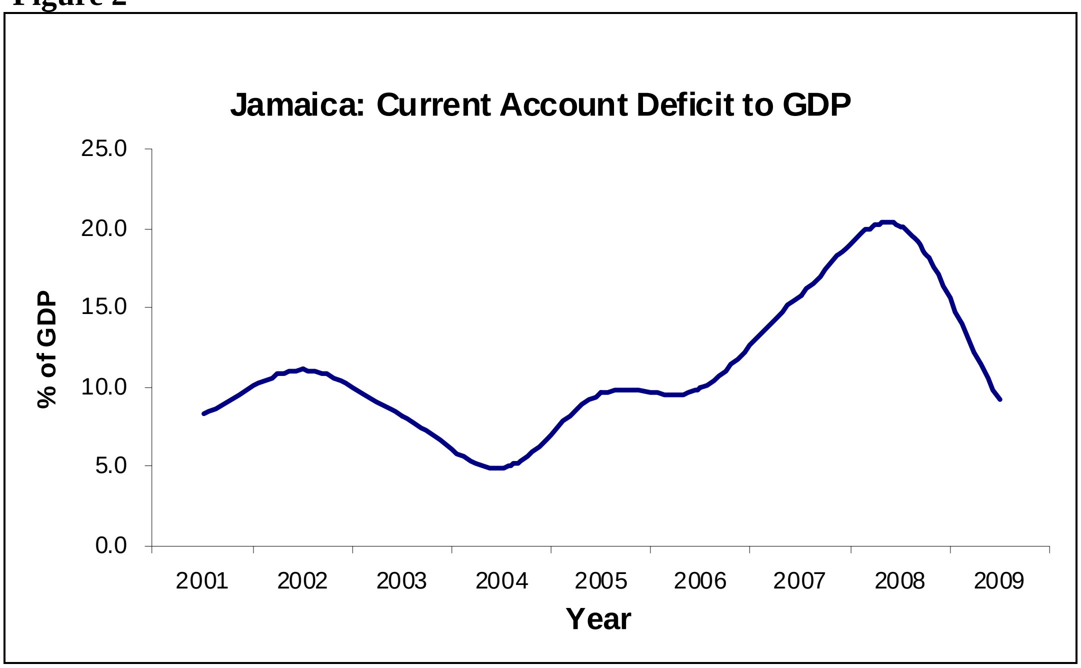
The forecast for 2010 is that the domestic economy should continue to be characterized by weak demand, particularly in the context of the Government's new fiscal measures and reduced disposable income. In this context, the economy is expected to decline, albeit, marginally, with the contraction driven primarily by *Construction*, *Wholesale & Retail Trade* and *Finance & Insurance Services* as well as *Manufacture*. Growth is expected to emanate from *Mining & Quarrying*, *Transport, Storage & Communication* and *Hotel & Restaurants*. Mining should rebound given the uptick in demand for aluminium on the international market, which has resulted in the reopening in 2010 of one of the alumina plants. Increased promotional activities from the public and private sectors should serve to boost activity within *Hotels & Restaurants* while the general upturn in international trade should augur well for *Transport, Storage & Communication*. Weak domestic demand, moderate movements in commodity prices and stable exchange rate should result in lower inflation in 2010 relative to 2009.

PART III
THE BALANCE OF PAYMENTS

3.0 SUMMARY

Following four consecutive years of deterioration, Jamaica's current account deficit improved by US$1 667.7 million to US$1 125.6 million (9.2 per cent of GDP) in 2009 (see **Figure 2** and **Table 10**). This improvement largely reflected a reduction of US$1 715.0 million in the deficit on the merchandise trade sub-account. Weak domestic demand and a fall in world commodity prices, particularly crude oil, were the main factors behind the decline in the merchandise trade deficit. The improvement in the *merchandise trade deficit* was complemented by an increase in the surplus on the services sub-account. The impact of these changes was partially offset by a decline in the surplus on the current transfers sub-account and an increase in the deficit on the income sub-account. Net private and official investment inflows were, however, insufficient to finance the current account deficit, resulting in a decline of US$43.6 million in the net international reserves (NIR) of the BOJ.

Figure 2



Source: Statistical Institute of Jamaica

Table 10

SUMMARY OF BALANCE OF PAYMENTS (US$MN)	2008[1/]	2009[2/]	Change
CURRENT ACCOUNT	-2 793.3	-1 125.6	1 667.7
A. GOODS BALANCE	-4 802.9	-3 087.9	1 715.0
Exports (f.o.b.)	2 743.9	1 387.7	-1 356.2
Imports (f.o.b.)	7 546.8	4 475.6	-3 071.1
B. SERVICES BALANCE	428.1	769.9	341.8
Transportation	-644.7	-441.2	203.5
Travel	1 707.7	1 709.0	1.3
Other Services	-634.9	-497.9	137.0
GOODS & SERVICES BALANCE	-4 374.8	-2 318.0	2 056.8
C. INCOME	-568.3	-667.9	-99.7
Compensation of employees	83.7	67.6	-16.1
Investment income	-651.9	-735.5	-83.6
D. CURRENT TRANSFERS	2 149.8	1 860.3	-289.4
General Government	100.7	143.9	43.2
Other Sectors	2 049.1	1 716.5	-332.6
2. CAPITAL & FINANCIAL A/C	2 793.3	1 125.6	-1 667.7
A. CAPITAL ACCOUNT	18.1	20.7	2.6
General Government	48.6	45.3	-3.3
Other Sectors	-30.5	-24.5	6.0
B. FINANCIAL ACCOUNT	2 775.2	1 104.8	-1 670.3
Official Investment	518.6	249.4	-269.2
Private Investments[3/]	2 151.8	811.9	-1 339.9
Reserves[4/]	104.8	43.6	

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3/ Includes Errors & Omissions

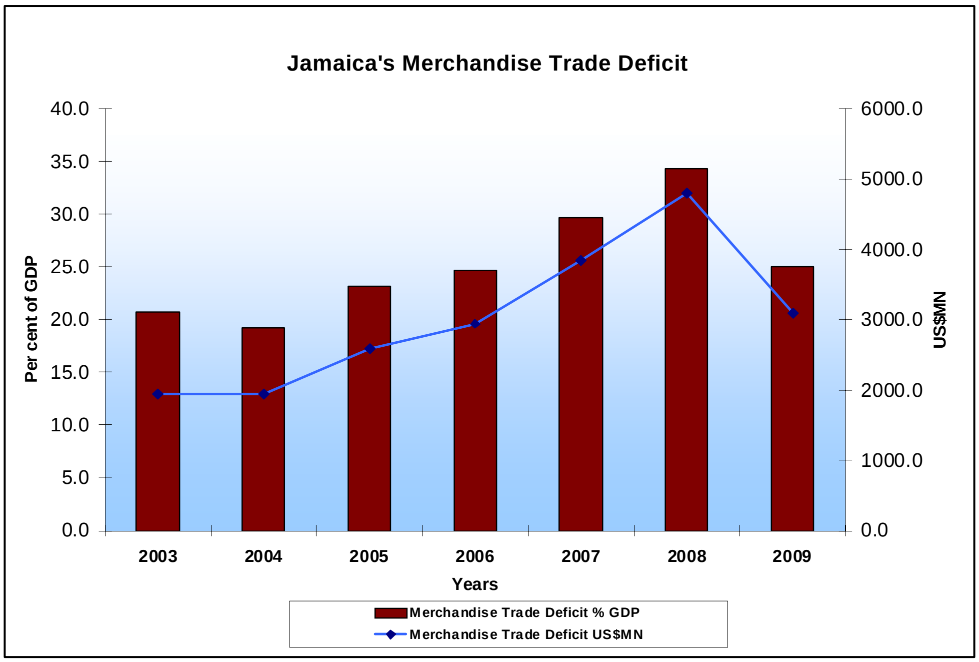
4/ Minus denotes increase

3.1 MERCHANDISE TRADE

Jamaica's total merchandise trade (i.e. exports plus imports (f.o.b.)) declined by US$4 427.3 million to US$5 863.4 million (or 47.8 per cent of GDP) in 2009 (see **Table IV**, **Appendix**).

The goods account recorded a deficit of US$3 087.9 million (25.1 per cent of GDP) representing a decline of US$1 715.0 million, relative to 2008 (see **Figure 3**). The lower trade deficit in 2009 resulted from a contraction of US$3 071.1 million in imports (f.o.b.), which was partially offset by a decline of US$1 356.2 million in exports.

Figure 3



Source: Statistical Institute of Jamaica

Exports

Total goods exports amounted to US$1 387.7 million (11.3 per cent of GDP) in 2009. *General merchandise exports*, valued at US$1 223.8 million, continued to account for the largest share of the value of total exports (88.2 per cent). *Free zone exports* and *goods procured in ports* by foreign carriers accounted for 4.1 per cent and 7.7 per cent of total exports, respectively (see **Table 11**).

Table 11

VALUE OF EXPORTS (US$MN)	2008	2009	Change	% Change
SITC SECTIONS				
0. Food	259.7	236.9	-22.8	-8.8
Citrus & citrus products	2.1	2.2	0.2	7.3
Sugar & sugar preparations	104.3	72.3	-31.9	-30.6
Other	153.3	162.3	9.0	5.9
1. Beverages & tobacco	93.3	101.7	8.4	9.0
Rum	43.7	48.6	4.9	11.3
Tobacco & tobacco products	0.2	0.1	-0.1	-69.2
Other	49.4	53.0	3.6	7.3
2. Crude materials	1 373.4	470.4	-903.1	-65.8
Bauxite	114.5	85.4	-29.1	-25.4
Alumina	1 230.5	368.0	-862.5	-70.1
Other	28.5	17.0	-11.5	-40.3
3. Mineral fuels	284.3	118.3	-166.1	-58.4
4. Animal & vegetable oils & fats	0.1	0.2	0.1	257.1
5. Chemicals	449.2	203.1	-246.1	-54.8
6. Manufactured goods	14.6	25.6	11.0	75.0
7. Machinery & transport equipment	36.6	41.0	4.4	12.0
8. Misc. manufactured goods	20.2	20.5	0.3	1.4
9. Misc. commodities	0.0	5.9	5.9	0.0
A. TOTAL GENERAL EXPORTS	2 531.8	1 223.8	-1 308.0	-51.7
B. FREE ZONE EXPORTS	60.2	57.4	-2.9	-4.8
C. GOODS PROCURED IN PORTS	151.8	106.6	-45.2	-29.8
TOTAL EXPORTS (F.O.B.)	2 743.9	1 387.7	-1 356.1	-49.4

Source: Statistical Institute of Jamaica

The contraction in the value of goods exports was due largely to respective declines of US$923.5 million and US$409.2 million in *Major Traditional Exports* and *Non-traditional Exports* while *Re-exports* and *Other Traditional Exports* increased by US$14.8 million and US$9.9 million, respectively (see **Table 12**). The decline in earnings from *Major Traditional Exports* was due primarily to a US$862.5 million reduction in earnings from alumina exports. Lower earnings from *Non-traditional Exports* were mainly related to a US$224.9 million reduction in exports of chemicals, of which the most significant component was ethanol. The decline in the value of ethanol exports was related to a reduction in global demand. In addition, there was a US$166.1 million decline in mineral fuel exports associated with the lower price of fuel on the world market. The increase in *Other Traditional Exports* was mainly influenced by expansions of US$7.2 million and US$4.9 million in earnings from coffee and rum exports, respectively.

Table 12

TRADITIONAL & NON-TRADITIONAL EXPORTS (US$MN)

	2008[1/]	2009[2/]	Change	% Change
GENERAL MERCHANDISE EXPORTS	2 531.8	1 223.8	-1 308.0	-51.7
DOMESTIC EXPORTS	2 469.6	1 146.8	-1 322.8	-53.6
Major Traditional Exports	1 449.3	525.7	-923.5	-63.7
Bauxite	114.5	85.4	-29.1	-25.4
Alumina	1 230.5	368.0	-862.5	-70.1
Sugar	104.3	72.3	-31.9	-30.6
Other Traditional Exports	80.6	90.5	9.9	12.3
Citrus	2.1	2.2	0.2	7.3
Cocoa	1.5	2.5	0.9	59.5
Coffee	28.1	35.3	7.2	25.6
Pimento	2.1	1.8	-0.4	-17.3
Rum	43.7	48.6	4.9	11.3
Gypsum	3.1	0.2	-2.9	-94.1
Non-Traditional Exports	939.6	530.5	-409.2	-43.5
RE-EXPORTS	62.2	77.0	14.8	23.7
FREEZONE EXPORTS	60.2	57.4	-2.9	-4.8
GOODS PROC. IN PORTS	151.8	106.6	-45.2	-29.8
GRAND TOTAL	2 743.9	1 387.7	-1 356.1	-49.4

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Major Traditional Exports

Bauxite & Alumina

Reflecting the impact of weak global demand, earnings from bauxite and alumina exports declined by 25.4 per cent and 70.1 per cent, respectively in 2009. The reduction in earnings from bauxite exports was attributed to a 27.8 per cent fall in volumes which was partially offset by a 3.4 per cent increase in the commodity's average realized price (ARP) (see **Table 13**). Bauxite export volumes were negatively affected by the scaling back of activities at St. Ann Jamaica Bauxite Partners, particularly in the first eight months of the year. For the last four months, however, the plant's operating capacity increased to an average of 87.7 per cent from 62.7 per cent. This increase followed a transfer of ownership from Century Aluminum, which owned 49.0 per cent of St. Ann Jamaica Bauxite, to subsidiaries of privately-held Noranda Aluminum Holdings in August 2009. Following the acquisition, St. Ann Jamaica Bauxite Partners was renamed Noranda Bauxite Ltd.

The fall in the value of alumina exports reflected a 54.3 per cent decline in export volume and a 34.5 per cent decline in the ARP of the ore. Lower export volumes followed the closure of Windalco (which operated two plants) in April, and Alpart in May. The closures were prompted by weak external demand conditions which resulted in a significant decline in alumina prices. Average alumina prices fell to a six-year low of US$202.6 per tonne amid high global inventories and weak demand for aluminium (see **International Economic Developments**).

Sugar

Earnings from sugar exports fell by 30.6 per cent to US$72.3 million in 2009, reflecting a 21.5 per cent fall in the ARP as well as an 11.6 per cent decline in export volumes. Reduced export volumes resulted from a 6.9 per cent contraction in sugar production, primarily reflecting the impact of the late start of the crop year and two periods of drought conditions between June and July. Export volumes were also negatively impacted by the decision taken by sugar manufacturers to satisfy the local market given the fact that the country no longer had a quota obligation with Europe. Notwithstanding adverse weather, the tonnes cane to tonnes sugar (TC/TS) ratio declined to 10.7 in 2009 from 11.7 the previous year. This improvement primarily reflected a reduction in processing related problems at the factories in 2009, relative to 2008. The decline in the price of sugar in 2009 reflected further administered price cuts under the ACP/EU Sugar Protocol.

Table 13

MAJOR TRADITIONAL EXPORT COMMODITIES	2008[1/]	2009[2/]	Change	% Change
BAUXITE				
VOLUME ('000 tonnes)	4 429.3	3 196.3	-1 233.0	-27.8
VALUE (US$MN)	114.5	85.4	-29.1	-25.4
PRICE (US$/tonne)	25.9	26.7	0.9	3.4
ALUMINA				
VOLUME ('000 tonnes)	3 977.3	1 816.5	-2 160.8	-54.3
VALUE (US$MN)	1 230.5	368.0	-862.5	-70.1
PRICE (US$/tonne)	309.4	202.6	-106.8	-34.5
SUGAR				
VOLUME ('000 tonnes)	136.0	120.2	-15.8	-11.6
VALUE (US$MN)	104.3	72.3	-31.9	-30.6
PRICE (US$/tonne)	766.7	601.9	-164.8	-21.5

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Other Domestic Exports

Earnings from *Other Domestic Exports* fell by 39.1 per cent in 2009 to US$621.0 million (see **Table 14**). The major factors contributing to this contraction were lower earnings from chemical and mineral fuel exports, largely due to the decline in commodity prices in the first half of the year. Mineral fuel exports represent Petrojam's supply of petroleum products, including gasoline, to regional and international customers.

Table 14

OTHER DOMESTIC EXPORTS BY S.I.T.C. (US$MN)	2008	2009	Change	% Change
0. Food	152.5	161.2	8.7	5.7
Citrus & citrus products	2.1	2.2	0.2	7.3
Other	150.4	159.0	8.6	5.7
1. Beverages & Tobacco	93.3	101.7	8.4	9.0
Rum	43.7	48.6	4.9	11.3
Tobacco & tobacco products	0.0	0.1	0.0	27.3
Other	49.6	53.0	3.4	6.9
2. Crude Materials	28.4	16.9	-11.5	-40.6
3. Mineral Fuels	283.3	118.0	-165.3	-58.4
4. Animal & Vegetable Oils & Fats	0.1	0.2	0.1	230.4
5. Chemicals	446.8	198.5	-248.2	-55.6
6. Manufactured Goods	4.8	15.8	11.0	230.0
7. Machinery & Transport Equip.	1.3	1.8	0.5	37.1
8. Miscellaneous Manufactured Goods	9.9	7.0	-2.9	-29.5
9. Miscellaneous Commodities	0.0	0.0	0.0	0.0
TOTAL	1 020.3	621.0	-399.3	-39.1

Source: Statistical Institute of Jamaica

Imports

Total goods imports (c.i.f.) in 2009 were valued at US$5 138.5 million (41.9 per cent of GDP). General merchandise imports accounted for 98.6 per cent of Jamaica's import bill in 2009, while goods procured in ports by foreign carriers and free zone imports accounted for 1.1 per cent and 0.3 per cent, respectively (see **Table 15**).

The value of total imports in 2009 declined by 39.7 per cent, primarily reflecting lower spending on mineral fuels, machinery and transport equipment, manufactured goods and miscellaneous manufactured goods. The significant contraction in the value of mineral fuel imports resulted from developments in the international oil market. The average price per barrel of oil, as measured by the price of West Texas Intermediate crude, fell by 37.9 per cent, relative to 2008 (see **International Economic Developments**).

Reduced expenditure on machinery and transport equipment primarily resulted from a fall-off in imports of road vehicles while spending on manufactured goods declined due to lower imports of iron and steel. Both contractions resulted from weak domestic demand conditions. Lower imports under these categories were also associated with the reduced spending in the telecommunications industry which saw strong growth in 2008 due to expansion within the domestic cellular market.

Table 15

VALUE OF IMPORTS BY SITC (C.I.F.)
(US$MN)

	2008[1/]	2009[2/]	Change	% Change
TOTAL GENERAL IMPORTS	8 361.0	5 065.7	-3 295.3	-39.4
0. FOOD	886.3	802.3	-84.0	-9.5
1. BEVERAGE & TOBACCO	93.5	79.9	-13.6	-14.6
2. CRUDE MATERIALS	73.4	54.9	-18.6	-25.3
3. MINERAL FUELS	3 354.8	1 396.6	-1 958.2	-58.4
4. ANIMAL & VEGETABLE OIL	53.9	33.9	-20.1	-37.2
5. CHEMICALS	951.0	740.3	-210.7	-22.2
6. MANUFACTURED GOODS	883.6	555.8	-327.7	-37.1
7. MACHINERY & TRANSPORT EQUIPMENT	1 264.3	820.2	-444.0	-35.1
8. MISCELLANEOUS MANUFACTURED GOODS	682.0	461.6	-220.4	-32.3
9. MISCELLANEOUS COMMODITIES	118.3	120.3	2.1	1.7
FREEZONE	20.3	16.1	-4.2	-20.7
GOODS PROCURED IN PORTS	143.5	56.7	-86.8	-60.5
TOTAL	8 524.8	5 138.5	-3 386.3	-39.7

Source: Statistical Institute of Jamaica

1/ Revised

2/ Provisional

3.2 DIRECTION OF TRADE (GENERAL MERCHANDISE)

The US, Canada and China were Jamaica's dominant trading partners in 2009, accounting for US$2 990.2 million or 47.5 per cent of total merchandise trade. China surpassed the UK in terms of the value of merchandise trade with Jamaica during the year. China's share of the total merchandise trade consequently increased to 4.0 per cent in 2009 from 2.9 per cent the previous year. The US, Canada and China provided markets for US$796.9 million or 65.1 per cent of Jamaica's total exports in 2009, while supplying US$2 193.3 million or 43.3 per cent of Jamaica's imports in that year (see **Tables 16 to 18**).

During 2009, the US retained its position as Jamaica's principal trading partner, accounting for 39.7 per cent of the country's general merchandise trade. Imports from the US, which included chemicals, manufactured goods, machinery & transport equipment and food, accounted for 36.5 per cent of Jamaica's general merchandise purchases. On the other hand, exports to that market, comprising mainly bauxite, alumina and miscellaneous manufactured goods, accounted for 53.0 per cent of Jamaica's general merchandise sales in 2009, relative to 38.8 per cent in 2008. The increase in the share reflected the fact that while total exports to the US fell by 34.0 per cent in 2009, exports to Jamaica's main trading partners, with the exception of China and the CARICOM region, fell at a faster rate.

The value of Jamaica's general merchandise imports from the US declined by US$1 444.1 million to US$1 850.3 million in 2009. Jamaica's exports to the US declined by US$333.7 million to US$648.1 million. In this context, Jamaica's merchandise trade deficit with the US improved by 48.0 per cent to US$1 202.2 million in 2009, relative to the previous year.

There was a reduction in Jamaica's overall trade surplus with Canada in 2009, relative to 2008. The decline in 2009 occurred in a context where exports to that destination fell by 49.2 per cent to US$131.6 million. This was, however, partially offset by a US$24.9 million (19.0 per cent) decline in imports from this source. However, the share of Jamaica's total merchandise trade with Canada rose to 3.8 per cent in 2009, from 3.6 per cent in the previous year. Exports to this market included alumina, rum and food while imports comprised mainly machinery & transport equipment, mineral fuels, chemical and food.

Jamaica's merchandise trade balance with China improved in 2009. The deficit fell by US$98.8 million to US$219.2 million in 2009. Export earnings grew by US$15.6 million to US$17.1 million in 2009, while imports from China declined by US$83.2 million (26.0 per cent) to US$236.3 million for the same year. China accounted for 1.4 per cent of Jamaica's exports in 2009, relative to 0.1 per cent in 2008, while its share of imports grew to 4.7 per cent in 2009 relative to 3.8 per cent in 2008. Exports to China consisted mainly of alumina and scrap metal. Despite the contraction in Jamaica's total alumina exports, the growth in exports to China was due mainly to increased shipments of alumina to that market. Chinese refiners took advantage of the depressed price of the commodity on the world market by increasing their alumina stockpile during the year.

Table 16

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US$MN)	2008	% of Total	2009	% of Total	Change	% Change
COUNTRY						
United Kingdom	225.3	8.9	129.6	10.6	-95.7	-42.5
United States	981.8	38.8	648.1	53.0	-333.7	-34.0
Canada	259.0	10.2	131.6	10.8	-127.4	-49.2
European Union	496.0	19.6	103.4	8.5	-392.6	-79.1
CARICOM	65.9	2.6	66.4	5.4	0.5	0.7
China	1.6	0.1	17.1	1.4	15.6	1 005.8
All other countries	502.2	19.8	127.4	10.4	-374.8	-74.6
TOTAL	2 531.8	100.0	1 223.8	100.0	-1 308.0	-51.7

Source: Statistical Institute of Jamaica

Table 17

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US$MN)	2008	% of Total	2009	% of Total	Change	% Change
COUNTRY						
United Kingdom	105.5	1.3	79.7	1.6	-25.8	-24.4
United States	3 294.4	39.4	1 850.3	36.5	-1 444.1	-43.8
Canada	131.6	1.6	106.6	2.1	-24.9	-19.0
European Union	404.7	4.8	289.8	5.7	-114.9	-28.4
CARICOM	1 635.3	19.6	737.7	14.6	-897.5	-54.9
China	319.6	3.8	236.3	4.7	-83.2	-26.0
All other countries	2 470.0	29.5	1 765.2	34.8	-704.8	-28.5
TOTAL	8 361.0	100.0	5 065.7	100.0	-3 295.3	-39.4

Source: Statistical Institute of Jamaica

Table 18

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS (US$MN)				
	2008	**2009**	**Change**	**% Change**
COUNTRY				
United Kingdom	119.8	49.9	-69.9	-58.3
United States	-2 312.6	-1 202.2	1 110.4	-48.0
Canada	127.4	25.0	-102.4	-80.4
European Union	91.3	-186.3	-277.6	-304.0
CARICOM	-1 569.3	-671.3	898.0	-57.2
China	-318.0	-219.2	98.8	-31.1
All other countries	-1 967.8	-1 637.9	330.0	-16.8
TOTAL	-5 829.2	-3 841.9	1 987.2	-34.1

Source: Statistical Institute of Jamaica

The UK's share of Jamaica's merchandise trade grew to 3.3 per cent in 2009 from 3.0 per cent in 2008. The value of imports from the UK declined by 24.4 per cent to US$79.7 million in the review year. Concurrently, general merchandise exports to the UK, comprising mainly sugar and rum fell by 42.5 per cent to US$129.6 million. Against the background of the declines in both exports and imports, Jamaica's trade surplus with the UK fell in 2009 by US$69.9 million to US$49.9 million.

Jamaica recorded a trade deficit of US$186.3 million with the EU in 2009 relative to a surplus of US$91.3 million in 2008. This reversal was due primarily to a US$392.6 million decline in exports in 2009 to US$103.4 million. Exports to this market include sugar, rum and alumina. Imports to that market also declined by $114.9 million in 2009 to US$289.8 million. In this context, the share of total merchandise trade accounted for by the EU fell to 6.3 per cent in 2009 from 8.3 per cent in 2008.

3.3 CARICOM TRADE

CARICOM's share of Jamaica's merchandise trade fell to 12.8 per cent in 2009 from 15.6 per cent in 2008. This was influenced by a 54.9 per cent decline in imports in 2009 as well as a 0.7 per cent growth in exports. These changes resulted in a contraction of US$898.0 million in Jamaica's trade deficit with the region in 2009. The narrowing of the deficit was influenced primarily by lower imports from Trinidad and Tobago, which remained Jamaica's major regional trading partner in 2009 (see **Table 19**). The trade deficit with Trinidad and Tobago fell to US$616.5 million in 2009 from US$1 454.7 million in 2008 largely reflecting a reduction in the price and volume of fuel imported from that country.

Table 19

CARICOM TRADE (SELECTED COUNTRIES) (US$MN)						
	2008			2009		
Country	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Barbados	10.6	67.9	-57.3	8.6	14.0	-5.3
Guyana	7.0	49.8	-42.7	5.6	45.3	-39.7
Belize	3.3	5.3	-2.0	3.6	6.9	-3.4
St. Kitts	2.2	0.0	2.1	4.3	0.0	4.3
Antigua	5.4	0.5	4.8	5.7	0.1	5.6
Montserrat	0.2	0.0	0.2	0.3	0.0	0.3
Trinidad & Tobago	22.9	1 477.6	-1 454.7	21.2	637.7	-616.5
Dominica	1.5	10.1	-8.6	2.3	11.1	-8.9
Grenada	2.0	0.6	1.4	2.6	0.4	2.2
St. Lucia	4.7	2.8	1.9	6.1	1.3	4.8
St. Vincent	2.3	0.7	1.6	2.5	0.4	2.1
Suriname	3.8	19.9	-16.1	3.7	20.6	-16.9
TOTAL	65.9	1 635.3	-1 569.3	66.4	737.7	-671.3

Source: Statistical Institute of Jamaica

3.4 SERVICES

Net earnings from services increased by US$341.8 million (79.8 per cent) to US$769.9 million in 2009 (see **Table 20**). The increase in the surplus resulted from reductions of US$203.5 million and US$137.0 million in the deficits on *transportation* and *other services.* There was also small increase of US$1.3 million in net receipts from *travel.*

Transportation

The lower deficit on the transportation sub-account was primarily attributed to a decline of US$282.5 million in payments for freight (see **Table 21**). This reduction in freight charges reflected the lower volumes of imported goods. This was partially offset by a contraction of US$124.8 million in gross inflows, due largely to a contraction in the number of Jamaicans travelling abroad. The estimated number of Jamaicans travelling abroad fell by 22.9 per cent in 2009 relative to 2008.

TABLE 20

SERVICES (US$MN)

	2008	2009	Change	% Change
Services Balance	**428.1**	**769.9**	**341.8**	**79.8**
Inflows	2 795.4	2 650.6	-144.9	-5.2
Outflows	2 367.4	1 880.6	-486.7	-20.6
Transportation	**-644.7**	**-441.2**	**203.5**	**-31.6**
Inflows	469.0	344.2	-124.8	-26.6
Outflows	1 113.6	785.4	-328.3	-29.5
Travel	**1 707.7**	**1 709.0**	**1.3**	**0.1**
Inflows	1 975.8	1 925.5	-50.4	-2.5
Outflows	268.2	216.4	-51.7	-19.3
Other Services	**-634.9**	**-497.9**	**137.0**	**-21.6**
Inflows	350.4	380.9	30.5	8.7
Outflows	985.3	878.8	-106.5	-10.8

Source: Bank of Jamaica

TABLE 21

TRANSPORTATION (US$MN)

	2008	2009	Change	% Change
TRANSPORTATION (NET)	**-644.7**	**-441.2**	**-203.5**	**-31.6**
TOTAL RECEIPTS	**469.0**	**344.2**	**-124.8**	**-26.6**
Passenger fares	245.7	145.1	-100.6	-40.9
Freight	14.6	4.4	-10.2	-70.1
Other	208.7	194.7	-14.0	-6.7
TOTAL PAYMENTS	**1 113.6**	**785.4**	**-328.3**	**-29.5**
Passenger fares	43.9	43.0	-0.9	-2.1
Freight	894.0	611.5	-282.5	-31.6
Other	175.7	130.9	-44.8	-25.5

Source: Bank of Jamaica

Travel

Net foreign exchange earnings from the tourism industry amounted to US$1 709.0 million (13.8 per cent of GDP) in 2009, representing an increase of 0.1 per cent, relative to 2008 (See **Table 20**). This marginal increase resulted largely from a decline in gross payments of US$51.7 million reflecting a reduction in the estimated number of Jamaicans travelling abroad, relative to 2008. Influenced by a 4.6 per cent contraction in the average daily expenditure of foreign national stopover visitors and a 15.6 per cent contraction in cruise passengers, however, gross receipts fell by US$50.4 million (2.5 per cent) (see **Table 22**).

Despite the weak global economy, growth was recorded in stopover visitor arrivals mainly reflecting expansions of 3.7 per cent and 2.5 per cent in arrivals of foreign national and non-resident Jamaicans, respectively. The increase in stopover arrivals primarily resulted from the aggressive marketing of brand Jamaica, heavy discounting in the accommodation sector, increased airlift particularly from Asian markets and a relatively inactive hurricane season compared with 2008. Within the stopover category, arrival of long-stay foreign nationals accounted for 61.2 per cent of total visitors relative to 56.8 per cent in 2008 (see **Figure 4**).[11]

TABLE 22

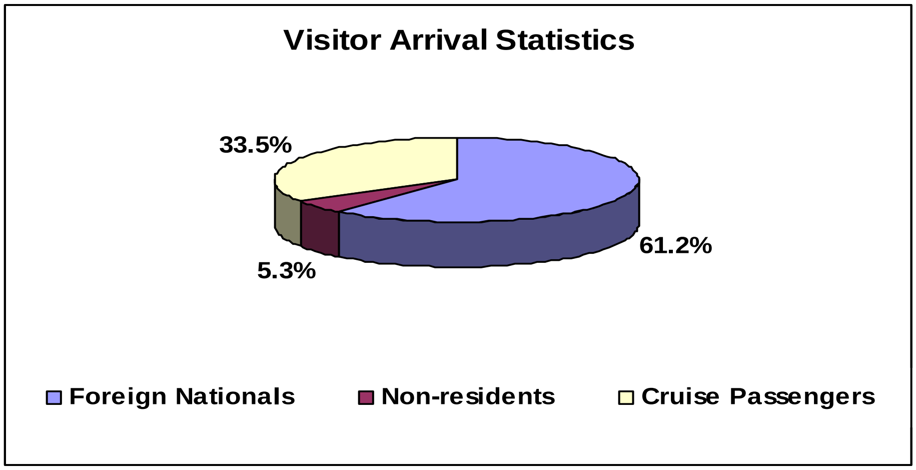
VISITOR ARRIVAL STATISTICS

	2008	2009	Change	% Change
Total Stopovers	**1 767 271**	**1 831 097**	**63 826**	**3.6**
Foreign National Stopovers	1 623 675	1 683 846	60 171	3.7
Non-resident Jamaican stopovers	143 596	147 251	3 655	2.5
Cruise Passengers & Armed Forces	**1 092 263**	**922 349**	**-169 914**	**-15.6**
Total Visitors	**2 859 534**	**2 753 446**	**-106 088**	**-3.7**
Average Daily Expenditure (US$)	**119.5**	**113.8**	**-5.5**	**-4.6**
Gross Estimated Expenditure (USMN)	**1 975.8**	**1 925.5**	**-50.4**	**-2.5**

Source: Jamaica Tourist Board

[11] Long-stay visitors represent visitors who stay in excess of three nights.

Figure 4



Source: Jamaica Tourist Board

Stopover Arrivals

Source Markets

The US, Canada and the UK continued to be the main sources of visitors to Jamaica (see **Table 23**). All source markets recorded declines in arrivals with the exception of the US, Canada and Germany. Stopover visitors from the US, which accounted for 64.1 per cent of total visitors in 2009 relative to 65.1 per cent in 2008, grew by 1.9 per cent in 2009. Growth of 5.9 per cent and 1.4 per cent, respectively, was recorded in arrivals from the Northeast and Midwest, while the West and South registered respective declines of 2.7 per cent and 2.2 per cent. The increase from the US was attributed to the rise in the number of new gateways and consequently additional air seats. Jet Blue Airlines commenced one daily scheduled service from New York to Montego Bay during May, while Air Tran and US Airways started weekly chartered service from Phoenix in December 2008.

Stopover visitors from Canada surpassed arrivals from Europe. As a result, the market share of Canadian visitors increased to 15.9 per cent from 13.3 per cent in 2009, driven by a 22.9 per cent expansion in arrivals from this source (see **Figure 5**). Growth in arrivals was recorded from all provinces, with Ontario registering the largest increase followed by Quebec. In addition, non-traditional provinces such as British Columbia and Manitoba posted higher increases for the review year relative to 2008.

The total number of visitors from Europe declined by 2.8 per cent influenced largely by stopover arrivals from the United Kingdom which fell by 1.7 per cent. There were reductions in arrivals from all regions except Western Europe. This reduction occurred despite an increase in air seat availability to Northern and Southern Europe. With regard to the increased airlift, during October 2009, British Airways started daily service from Gatwick International to Montego Bay. In addition, a weekly charter service began out of Lisbon, Portugal to Montego Bay on 27 October and will continue to May 2010. Arrivals from Western Europe were driven by Germany, which recorded growth of 33.9 per cent. The other source markets that recorded declines were Latin America (10.1 per cent), the Caribbean (2.8 per cent) and the other countries group (4.6 per cent).

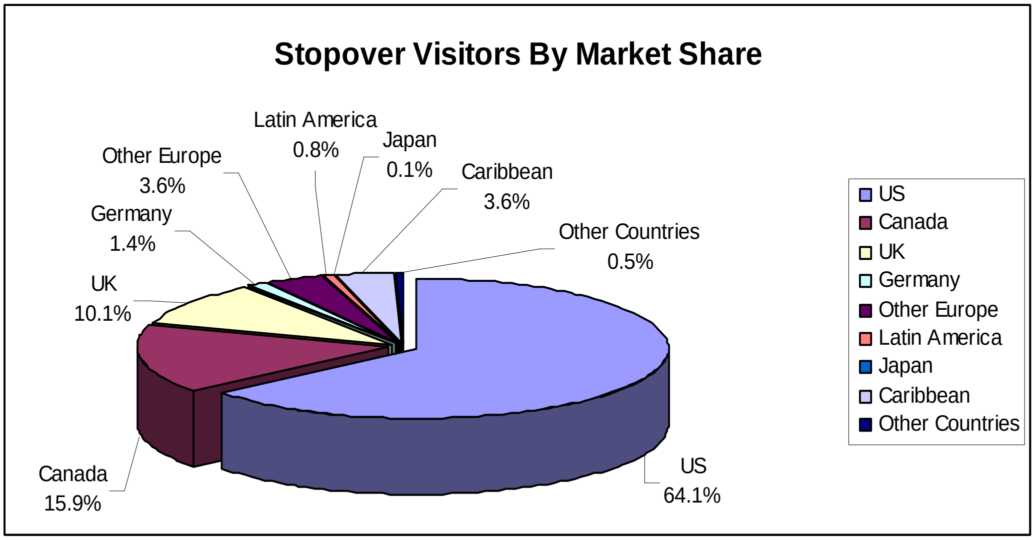
TABLE 23

STOPOVER ARRIVALS BY COUNTRY OF ORIGIN

	Foreign Nationals				Non-Resident Jamaicans				Total Stopovers			
	2008	**2009**	**Change**	**% Change**	**2008**	**2009**	**Change**	**% Change**	**2008**	**2009**	**Change**	**% Change**
US	1 049 296	1 068 250	18 954	1.8	101 646	104 594	2 948	2.9	1 150 942	1 172 844	21 902	1.9
Canada	224 769	279 004	54 235	24.1	11 424	11 303	-121	-1.1	236 193	290 307	54 114	22.9
UK	175 896	172 334	-3 562	-2.0	12 540	12 852	312	2.5	188 436	185 186	-3 250	-1.7
Germany	18 687	25 035	6 348	34.0	275	346	71	25.8	18 962	25 381	6 419	33.9
Other Europe	76 886	65 892	-10 994	-14.3	416	340	-76	-18.3	77 302	66 232	-11 070	-14.3
Latin America	16 015	14 384	-1 631	-10.2	107	108	1	0.9	16 122	14 492	-1 630	-10.1
Japan	2 788	2 454	-334	-12.0	58	56	-2	-3.4	2 846	2 510	-336	-11.8
Caribbean	50 284	47 872	-2 412	-4.8	16 947	17 461	514	3.0	67 231	65 333	-1 898	-2.8
Other Countries	9 054	8 621	-433	-4.8	183	191	8	4.4	9 237	8 812	-425	-4.6
TOTAL	**1 623 675**	**1 683 846**	**60 171**	**3.7**	**143 596**	**147 251**	**3 655**	**2.5**	**1 767 271**	**1 831 097**	**63 826**	**3.6**

Source: Jamaica Tourist Board

Figure 5



Source: Jamaica Tourist Board

Seasonal Distribution

For the winter period (January to April), stopover arrivals increased by 2.0 per cent compared with the 10.1 per cent growth recorded for the similar period in 2008 (see **Table 24**). Stopover visitor arrivals for the summer months (May to December) grew by 4.5 per cent in 2009, compared to the 0.7 per cent increase in 2008. The improvement for both seasons reflected the successful marketing strategy by the Jamaica Tourist Board, as well as the aggressive thrust to maintain and increase airlift capacity from the major source markets.

TABLE 24

SEASONAL DISTRIBUTION OF STOPOVER VISITOR ARRIVALS

	No. of Visitors				% of total	
	2008	**2009**	**Change**	**% Change**	**2008**	**2009**
Winter	636 158	649 187	13 029	2.0	35.5	36.5
Summer	1 131 113	1 181 910	50 797	4.5	64.5	64.5
Total	**1 767 271**	**1 831 097**	**63 826**	**3.6**	**100.0**	**100.0**

Source: Jamaica Tourist Board (JTB)

Visitor Accommodation & Length of Stay

During 2009, the number of available rooms increased by 1.9 per cent to 30 347, while the number of beds rose by 2.9 per cent to 62 613 (see **Table 25**). All resort areas, with the exception of Ocho Rios, showed expansions in available rooms and beds. Montego Bay accounted for the largest share of the overall expansion in visitor accommodation primarily reflecting the opening of the Iberostar Rose Hall Beach Resort and the RIU Hotel, Mahoe Bay. Growth in Kingston was attributed to the opening of the Spanish Court Hotel in New Kingston.

For the review period, the average length of stay for both foreign national and non-resident Jamaican visitors recorded slight declines, compared with 2008 (see **Table 26A**). This trend reflected the economic uncertainty in most of the island's major source markets. In particular, Canada showed the largest decline of 5.9 per cent.

There was also a fall in hotel room occupancy, declining by 2.4 percentage points to an average of 59.0 per cent, relative to 2008. This decline was largely associated with a decline in the occupancy rate of non-resident Jamaicans (see **Table 26B**).

TABLE 25

VISITOR ACCOMMODATION STATISTICS
(By Resort Area)

	2008	2009	Change	% Change
No. of Rooms	**29 794**	**30 347**	**553**	**1.9**
Montego Bay	9 307	9 590	283	3.0
Ocho Rios	8 202	8 169	-33	-0.4
Negril	7 574	7 647	73	1.0
Kingston	2 347	2 463	116	4.9
South Coast	1 369	1 472	103	7.5
Port Antonio	995	1 006	11	1.1
No. of Beds	**60 871**	**62 613**	**1 742**	**2.9**
Montego Bay	18 589	19 768	1 179	6.3
Ocho Rios	17 634	17 617	-17	-0.1
Negril	15 242	15 356	114	0.7
Kingston	4 703	4 940	237	5.0
South Coast	2 711	2 918	207	7.6
Port Antonio	1 992	2 014	22	1.1

Source: Jamaica Tourist Board

TABLE 26A

AVERAGE LENGTH OF STAY By Country of Residence (Days)		
Country	**2008**	**2009**
US	7.8	7.9
Canada	10.2	9.6
UK	16.0	16.0
Europe	10.4	10.8
Latin America	8.0	8.3
Caribbean	8.7	8.9
Other Countries	11.0	11.3
TOTAL	**9.3**	**9.2**

Source: Jamaica Tourist Board

TABLE 26B

AVERAGE LENGTH OF STAY By Type of Accommodation				
	2008		**2009**	
	Foreign Nationals	**Non Resident Jamaicans**	**Foreign Nationals**	**Non Resident Jamaicans**
Hotel	7.0	8.5	7.0	8.2
Non-Hotel	9.7	11.6	9.5	12.2
Private Homes	16.0	17.7	16.0	17.1
Other	11.3	11.7	11.1	13.5
TOTAL	**9.3**	**17.0**	**9.2**	**16.5**

Source: Jamaica Tourist Board

Cruise Passengers

Cruise passenger arrivals declined by 15.6 per cent to 922 349 passengers. This represented the third consecutive year of contraction and reflected the continued preference of major cruise lines to deploy ships to the Mediterranean. Despite the decline in overall cruise arrivals, Jamaica won the award for both the World and the Caribbean's leading cruise destination while the Ocho Rios port won the award for the Caribbean's leading cruise port. This port continued to provide the greater share of visitors to the country, accounting for 69.1 per cent of the total. There were respective contractions of 23.8 per cent and 10.3 per cent in the number of passengers disembarking at the Montego Bay and Ocho Rios ports.

Tourist Expenditure

Gross earnings from tourism contracted by US$50.4 million in 2009 to US$1 925.5 million (15.6 per cent of GDP), principally reflecting respective declines of 25.5 per cent and 1.4 per cent in spending by cruise passengers and foreign national stop-over visitors (see **Table 27**). On average, each foreign national stop-over tourist spent US$113.80 daily, which represented a decline of 4.8 per cent, relative to 2008. In addition, the average daily spending by cruise passengers declined by 11.5 per cent to US$83.36 in 2009 from US$94.20 in 2008. With respect to payments, the expenditure of Jamaicans travelling overseas declined by 20.0 per cent during 2009 relative to 2008.

TABLE 27

TOURIST EXPENDITURE (US$MN)

	2008	2009	Change	% Change
Foreign National Stop-over Expenditure	**1 796.1**	**1 771.5**	**-24.6**	**-1.4**
Winter Expenditure	677.4	663.2	-14.2	-2.1
Summer Expenditure	1 118.7	1 108.3	-10.4	-0.9
Non-resident Jamaican Expenditure	**75.4**	**76.3**	**0.8**	**1.1**
Cruise passengers & Armed Forces	**104.3**	**77.7**	**-26.6**	**-25.5**
Total Expenditure	**1 975.8**	**1 925.5**	**-50.4**	**-2.5**
Less Jamaican Expenditure Overseas	221.3	177.0	-44.3	-20.0
Less Exp. of Resident Workers Overseas	46.9	39.4	-7.5	-15.9
Net Expenditure	**1 707.7**	**1 709.0**	**1.4**	**0.1**
Memo				
Stopover visitor average daily expenditure	119.5	113.8	-5.7	-4.8
Cruise Passenger average daily expenditure	94.2	83.4	-10.8	-11.5

Source: Jamaica Tourist Board

Other Services

The deficit on the *other services* account narrowed by 21.6 per cent to US$497.9 million in 2009, influenced by a reduction of US$106.5 million in gross payments (see **Table 28**). The decline in outflows primarily reflected a contraction of 20.8 per cent or U$40.4 million in expenditure on insurance services, which was attributed to reduced payments on freight insurance due to lower imports in 2009. In addition, there was an increase in inflows from other business services, in particular the collection of royalties and licence fees in 2009, further lowering the deficit.

TABLE 28

OTHER SERVICES (US$MN)

	2008	2009	Change	% Change
OTHER SERVICES (NET)	**-634.9**	**-497.9**	**136.9**	**-21.6**
RECEIPTS	**350.5**	**380.9**	**30.4**	**8.7**
Insurance Services	10.6	8.4	-2.2	-20.8
Computer & Information	29.2	36.6	7.4	25.3
Other Business Services	278.3	300.9	22.6	8.1
Government Services	32.4	35.0	2.6	8.0
PAYMENTS	**985.3**	**878.8**	**-106.5**	**-10.8**
Insurance Services	194.6	154.2	-40.4	-20.8
Computer & Information	24.1	42.3	18.2	75.5
Other Business Services	703.8	625.7	-78.1	-11.1
Government Services	62.8	56.6	-6.2	-9.9

Source: Bank of Jamaica

3.5 INCOME

The income account recorded a deficit of US$667.9 million in 2009, which was US$99.7 million higher than in 2008. This deterioration reflected an expansion of US$83.6 million in net investment income outflows as well as a reduction of US$16.1 million in net inflows from compensation to employees (see **Table 29**).

The expansion in the deficit on the net investment income sub-account was influenced by a decline of US$217.1 million in gross inflows, in particular portfolio investment. However, this was partly offset by a US$144.4 million contraction in profit remittances of the mining sector which was attributed to the scaling back of activities during the year due to lower international demand reflective of the global recession.

The decline in compensation to employees was due to a US$35.9 million reduction in payments to overseas seasonal workers by non-resident employers associated with the contraction in the global economy. This was partly countered by a US$19.8 million decline in payments by local entities to non-resident employees.

TABLE 29

INCOME
US$MN

	2008	2009	Change	% Change
INCOME ACCOUNT (NET)	**-568.2**	**-667.9**	**-99.7**	**17.5**
INFLOWS	**487.9**	**234.9**	**-253**	**-51.9**
OUTFLOWS	**1 056.1**	**902.9**	**-153.2**	**-14.5**
Compensation to Employees	**83.7**	**67.6**	**-16.1**	**-19.2**
Inflows	135.1	99.2	-35.9	-26.6
Outflows	51.4	31.6	-19.8	-38.5
Investment Income (net)	**-651.9**	**-735.5**	**-83.6**	**12.8**
Inflows	**352.8**	**135.7**	**-217.1**	**-61.5**
Direct Investment	13.9	10.9	-3.0	-21.6
Portfolio Investment	209.6	71.2	-138.4	-66.0
Other Investment Income	129.3	53.6	-75.7	-58.5
- Central Government	0.0	0.0	0.0	0.0
- BOJ	67.8	26.5	-41.3	-60.9
- Other	61.5	27.1	-34.4	-55.9
Outflows	**1 004.7**	**871.2**	**-133.5**	**-13.3**
Direct Investment	376.2	231.8	-144.4	-38.4
Portfolio Investment	19.5	13.3	-6.2	-31.8
Other Investment Income	609.0	626.1	17.1	2.8
- Central Government	457.7	487.8	30.1	6.6
- BOJ	0.0	0.0	0.0	0.0
- Govt. Guaranteed	14.7	38.3	23.6	160.5
- Other	136.6	100.0	-36.6	-26.8

Source: Bank of Jamaica

3.6 CURRENT TRANSFERS

Gross inflows from current transfers amounted to US$2 125.6 million in 2009, representing a decline of US$363.0 million (14.6 per cent), relative to an increase of 4.3 per cent in 2008 (see **Table 30**). The decline was attributed to a contraction in private transfers reflecting the impact of the global economic crisis in the major developed economies. This was partly offset by an increase in gross inflows to the official sector largely reflecting grant flows, associated with debt reduction and security sector reform, from the European Union.

Gross private remittance inflows declined by 17.3 per cent to US$1 969.7 million (15.9 per cent of GDP) in 2009, while outflows fell by 23.8 per cent to US$253.3 million. The largest share of private transfer inflows, which was received through remittance companies, increased by US$294.2 million (23.8 per cent), and accounted for 77.6 per cent of total inflows in 2009, relative to 51.9 per cent in 2008. Transfers received through other agencies, however, fell by US$706.0 million (61.6 per cent) to US$440.4 million relative to 2008.

TABLE 30

CURRENT TRANSFERS (US$MN)

	2008[1/]	2009	Change	% Change
TOTAL RECEIPTS	**2 488.8**	**2 125.6**	**-363.0**	**-14.6**
General Government	107.2	155.9	48.7	45.5
Private Sector	2 381.5	1 969.7	-411.7	-17.3
Remittance Companies	1 235.1	1 529.3	294.2	23.8
Other	1 146.4	440.4	-706.0	-61.6
TOTAL PAYMENTS	**339.0**	**265.3**	**-73.7**	**-21.7**
General Government	6.5	12.0	5.5	85.2
Private Sector	332.5	253.3	-79.2	-23.8
Remittance Companies	313.2	239.1	-74.1	-23.7
Other	19.3	14.2	-5.1	-26.5
NET CURRENT TRANSFERS	**2 149.6**	**1 860.3**	**-289.3**	**-13.5**

1/ Revised

Source: Bank of Jamaica

3.7 CAPITAL AND FINANCIAL ACCOUNTS

Overview

The capital account recorded a surplus of US$20.7 million in 2009, representing a marginal increase of US$2.6 million relative to 2008 (see **Table 31)**. The financial account also registered a surplus of US$1 104.8 million, albeit representing a decrease of US$1 670.3 million (or 60.2 per cent) when compared to the previous year. Net private and official investment inflows were insufficient to finance the current account deficit. As a result, the net international reserves of the country declined by US$43.6 million.

TABLE 31

CAPITAL AND FINANCIAL ACCOUNT (US$MN)	2008	2009	Change	% Change
CAPITAL & FINANCIAL ACCOUNT (NET)	**2 793.3**	**1 125.6**	**-1 667.7**	**-59.7**
A. CAPITAL ACCOUNT	**18.1**	**20.7**	**2.6**	**14.6**
Capital Transfers	18.1	20.7	2.6	14.6
General Government	48.6	45.3	-3.3	-6.8
Other Capital Transfers	-30.5	-24.5	6.0	-19.6
B. FINANCIAL ACCOUNT	**2 775.2**	**1 104.8**	**-1 670.3**	**-60.2**
Other Official Investment	518.6	249.4	-269.2	-51.9
Other Private Investments [1/]	2 151.8	811.9	-1 339.9	-62.3
Change in Reserves (minus = increase)	104.8	43.6		

1/ Include errors & omissions

Source: Bank of Jamaica

Capital Account

The marginal growth in the surplus on the capital account in 2009 mainly reflected an increase in net private sector capital transfers of US$6.0 million which was partially offset by a decline in official flows of US$3.3 million. There was a decline in private sector outflows which emanated from a reduction in emigration by Jamaican residents. The lower official inflows were attributed to a decline in grants.

Financial Account

Within the financial account, net official investment inflows declined by US$269.2 million to US$249.4 million, relative to 2008 (see **Table 32**). This was attributed to a decline in gross official investment inflows of US$129.6 million reflecting the government's decision not to borrow from the international capital market during the year. In addition, gross official outflows increased during the year by US$139.6 million to US$936.8 million, primarily due to a Eurobond payment in February. Bank of Jamaica outflows, however, declined in the context of a reduction in foreign liabilities associated with the lack of borrowing on the international capital market.

TABLE 32

OTHER OFFICIAL INVESTMENT FLOWS (US$MN)	2008	2009	Change	% Change
NET OFFICIAL INVESTMENTS	**518.6**	**249.4**	**-269.2**	**-51.9**
GROSS OFFICIAL INFLOWS	**1315.8**	**1186.2**	**-129.6**	**-9.8**
Project Loan	212.2	358.6	146.4	69.0
Other Assistance	1,103.6	827.6	-275.9	-25.0
GROSS OFFICIAL OUTFLOWS	**797.2**	**936.8**	**139.6**	**17.5**
Government Direct	369.9	576.6	206.7	55.9
Bank of Jamaica	225.5	68.7	-156.9	-69.5
Other Official	201.7	291.5	89.8	44.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

Net private investment inflows (consisting of foreign direct and portfolio investment flows) decreased to US$811.9 million from US$2 151.8 million in 2008 (see **Table 31**). In particular, there was a decline of US$895.7 million in foreign direct investment (FDI) flows during the year. This reflected normalization following extraordinary flows in 2008 as well as the postponement of major capital projects due to the uncertainty surrounding the domestic economy in the context of the global recession (see **Table 33**).[12] Portfolio inflows also declined in the context of weakened global credit conditions due to the international financial crisis.

[12] The data for 2008 includes inflows arising from the acquisition of majority shareholdings in a local conglomerate by a Trinidadian business interest.

TABLE 33

FOREIGN DIRECT INVESTMENT INFLOWS BY SECTOR (US$MN)				
SECTORS	**2008**	**2009**	**% Share**	**Change**
Agricultural/Manufacturing/Distribution	75.2	23.5	4.3	-51.7
Information Technology/Communication	257.0	136.6	25.3	-120.4
Minerals & Chemicals	2.3	0.0	0.0	-2.3
Insurance	0.0	0.0	0.0	0.0
Tourism	196.0	155.4	28.7	-40.6
Mining	74.2	30.8	5.7	-43.4
Other	714.3	32.8	6.1	-681.5
Sub-total	**1319.0**	**379.1**	**70.1**	**-939.9**
Retained Earnings	117.5	161.8	29.9	44.3
Divestment	0.0	0.0	0.0	0.0
TOTAL	**1436.6**	**540.9**	**100.0**	**-895.7**

Source: Bank of Jamaica

Net official and private investment inflows of US$249.4 million and US$811.9 million were insufficient to finance the deficit on the current account. As a result, the net foreign assets of the country contracted by US$43.6 million to US$1 729.4 million at end-December 2009 (see Table 34). Gross assets were bolstered by the receipt of an allocation of Special Drawing Rights (SDRs) from the International Monetary Fund (IMF) equivalent to US$330.8 million or approximately 74.0 per cent of Jamaica's quota in the September 2009 quarter. The IMF approved a general allocation of SDRs to augment liquidity in the global economy following the financial crisis and the tightening of global capital markets. The allocation was made available to all member states participating in the SDR department. At end-December 2009, Jamaica's gross foreign assets amounted to US$1 751.9 million, representing an estimated 14.0 weeks of projected imports of goods and services.

TABLE 34

BANK OF JAMAICA: GROSS AND NET FOREIGN EXCHANGE RESERVES (AS AT 31 DECEMBER 2009) (US$MN)				
	2008	**2009 1/**	**Change**	**% Change**
NET FOREIGN ASSETS	**1 772.9**	**1 729.4**	**-43.6**	**-2.5**
GROSS FOREIGN EXCHANGE ASSETS	**1 795.4**	**1 751.9**	**-43.6**	**-2.4**
Other Bank of Jamaica	1 639.8	1 169.6	-470.3	-28.7
Supplementary Fund	155.5	259.2	103.7	66.7
Holdings of SDR's	0.1	323.1	323.0	
GROSS FOREIGN LIABILITIES	**22.5**	**22.5**	**0.0**	**0.0**
IMF liabilities	0.0	0.0	0.0	0.0
Iraq	22.5	22.5	0.0	0.0
Weeks of estimated imports of Goods/Services	14.7	14.0		

Source: Bank of Jamaica

1/ Provisional

3.8 BALANCE OF PAYMENTS OUTLOOK

Jamaica's current account balance in 2010 will continue to be influenced by the path of commodity prices as well as world output. In particular, international oil prices are projected to recover moderately in 2010. The nascent recovery in global growth is expected to be influenced primarily by buoyant demand in emerging economies. For advanced economies, demand is expected to improve, albeit at a much more subdued rate. In this context, earnings from mining exports and current transfers are projected to increase moderately during 2010.

The deficit on the goods balance is expected to widen in 2010. This is attributed to an expected increase in expenditure on imports, influenced primarily by higher energy prices. The anticipated increase in oil prices is consistent with an expected expansion in household and business demand for commodities as the global recession gradually wanes in advanced economies. However, higher export earnings are anticipated to emanate largely from a partial recovery in the mining sector due to the reopening of one of the alumina plants. In this regard, Jamaica's exports, primarily bauxite and alumina, are expected to increase during the year.

Earnings from the services sub-account should decline in 2010, largely influenced by a reduction in transportation inflows due to the divestment of Air Jamaica. Revenues from tourism should remain relatively stable against the background of the country's continued international marketing campaign. In this context, visitor arrivals and the average daily expenditure are expected to improve during 2010 relative to the outturn for 2009. The projected increase in global growth is also expected to influence an expansion in private remittances in 2010.

The deficit on the income account should marginally widen during the year. This is based on an expected increase in income outflows from the multinational companies in the context of a partial recovery in the mining sector.

Within the financial account, private capital inflows are projected to decline during the year in the context of the postponement of major capital projects due to the uncertainty surrounding the recovery of the domestic economy from the global recession. As a result, official and private investments are expected to be negatively impacted during the year.

The main downside risks to this outlook include adverse weather in 2010 and a slower than anticipated recovery in the global economy

APPENDIX

STATISTICAL TABLES

FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION

Table 1

SUMMARY OF BALANCE OF PAYMENTS (US$MN)	2005	2006	2007	2008	2009
CURRENT ACCOUNT	**-1071.5**	**-1182.9**	**-2038.2**	**-2793.3**	**-1125.6**
A. GOODS BALANCE	**-2581.3**	**-2943.4**	**-3841.3**	**-4802.9**	**-3087.9**
Exports (f.o.b.)	1664.3	2133.6	2362.6	2743.9	1387.7
Imports (f.o.b.)	4245.6	5077.0	6203.9	7546.8	4475.6
B. SERVICES BALANCE	**607.3**	**627.6**	**424.8**	**428.1**	**769.9**
Transportation	-266.6	-426.5	-540.4	-644.7	-441.2
Travel	1295.7	1596.6	1611.9	1707.7	1709.0
Other Services	-421.8	-542.6	-646.7	-634.9	-497.9
GOODS & SERVICES BALANCE	**-1974.0**	**-2315.8**	**-3416.5**	**-4374.8**	**-2318.0**
C. INCOME	**-675.9**	**-615.7**	**-661.6**	**-568.3**	**-667.9**
Compensation of employee	88.5	96.0	64.8	83.7	67.6
Investment income	-764.4	-711.7	-726.4	-651.9	-735.5
D. CURRENT TRANSFERS	**1578.4**	**1748.6**	**2039.9**	**2149.8**	**1860.3**
General Government	137.0	145.4	133.0	100.7	143.9
Other Sectors	1441.4	1603.2	1906.9	2049.1	1716.5
2. CAPITAL & FINANCIAL A/C	**1071.5**	**1182.9**	**2038.2**	**2793.3**	**1125.6**
A. CAPITAL ACCOUNT	**-18.3**	**-27.7**	**-35.5**	**18.1**	**20.7**
Capital Transfers	-18.3	-27.7	-35.5	18.1	20.7
General government	0.3	4.1	0.7	48.6	45.3
Other Sectors	-18.6	-31.8	-36.2	-30.5	-24.5
Acq/disp of non-produced non-fin assets	0.0	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	**1089.8**	**1210.6**	**2073.7**	**2775.2**	**1104.8**
Other Official Investment	448.3	590.3	653.0	518.6	249.4
Other Private Investments 3/	870.4	850.4	980.9	2151.8	811.9
Reserves 4/	-228.9	-230.1	439.8	104.8	43.6

1/ Revised

2/ Estimates

3/ Includes Errors & Omissions

4/ Minus denotes increase

TABLE II

BALANCE OF PAYMENTS STANDARD PRESENTATION (US$MN)										
	2005		2006		2007		2008[2/]		2009	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr.	Dr.
		- 1071.5		- 1182.9		-2038.2		-2793.9		1125.5
1. CURRENT ACCOUNT	**6257.5**	**7329.0**	**7249.2**	**8432.1**	**7975.7**	**10013.9**	**8515.7**	**11309.2**	**6399.0**	**7524.4**
A. Goods & Services	**3993.8**	**5967.8**	**4782.4**	**7098.1**	**5069.2**	**8485.8**	**5538.9**	**9913.9**	**4038.3**	**6356.3**
1. Goods	**1664.3**	**4245.6**	**2133.6**	**5077.1**	**2362.6**	**6203.9**	**2743.8**	**7546.8**	**1387.8**	**4475.7**
1.1 General Merchandise	1531.5	4130.8	1983.5	4939.9	2202.8	6058.2	2531.8	7392.3	1223.8	4408.8
1.2 Goods procured in ports by carriers	76.0	101.7	96.0	121.2	103.3	130.2	151.8	137.4	106.6	53.3
1.3 Freezone Trade	56.8	13.1	54.1	16.0	56.5	15.5	60.2	17.1	57.4	13.6
2. Services										
2.1 Transportation	**451.1**	**717.7**	**459.0**	**885.4**	**447.2**	**987.6**	**469.0**	**1113.6**	**344.2**	**785.4**
2.1.1 Passenger	237.8	40.8	224.2	41.5	231.5	41.7	245.7	43.9	145.1	43.0
2.1.2 Freight	14.6	572.1	17.8	666.4	15.3	775.1	14.6	894.0	4.4	611.5
2.1.3 Other	198.7	104.9	217.0	177.5	200.3	170.8	208.4	175.7	194.7	130.9
2.2 Travel	**1545.0**	**249.3**	**1870.1**	**273.4**	**1910.0**	**298.2**	**1975.9**	**268.2**	**1925.5**	**216.4**
2.3 Other Services										
2.3.1 Insurance Services	**14.2**	**133.8**	**13.8**	**168.2**	**12.4**	**180.2**	**10.6**	**194.6**	**8.4**	**154.2**
2.3.2 Communication Services	148.4	47.2	147.8	79.6	157.2	72.4	136.0	56.4	151.1	74.8
2.3.3 Financial Services	50.4	34.2	40.4	42.7	66.9	54.9	42.5	42.2	52.6	46.3
2.3.4 Computer & Information Services	34.5	17.2	28.8	23.7	27.3	25.8	29.2	24.1	36.6	42.3
2.3.5 Royalties & License Fees	12.5	11.0	12.0	11.2	14.9	60.4	16.6	48.2	9.1	44.8
2.3.6 Other Business Services	9.6	458.5	10.5	476.1	4.7	539.3	44.6	546.4	53.6	445.2
2.3.7 Personal, Cultural & Rec. Services	29.6	2.0	31.2	4.4	29.1	2.2	38.6	5.9	34.5	9.8
2.3.8 Government Services	34.1	46.4	35.2	51.6	37.0	56.1	32.4	62.8	35.0	56.6
2.3.9 Construction Services	0.0	4.8	0.0	4.8	0.0	4.8	0.0	4.8	0.0	4.8
B Income	**328.2**	**1004.1**	**378.3**	**994.1**	**520.8**	**1182.4**	**488.0**	**1056.2**	**235.0**	**902.9**
3. Compensation of Employees	140.3	51.8	154.3	58.4	157.8	93.0	135.1	51.4	99.2	31.6
4. Investment Income	187.9	952.3	224.0	935.7	363.0	1089.4	352.9	1004.8	135.8	871.3
C. Current Transfers	**1935.5**	**357.1**	**2088.5**	**339.9**	**2385.7**	**345.8**	**2488.8**	**339.0**	**2125.6**	**265.3**
5. Official	141.8	4.8	152.1	6.7	141.2	8.3	107.2	6.5	155.9	12.0
6. Private	1793.7	352.3	1936.4	333.2	2244.4	337.5	2381.5	332.5	1969.7	253.3
2. CAPITAL & FINANCIAL ACCOUNT	**4754.5**	**3745.4**	**4053.8**	**2999.7**	**5736.5**	**4042.3**	**6716.6**	**3571.5**	**4165.0**	**317.2**
D. Capital Account	22.5	40.8	26.8	54.5	22.2	57.7	72.6	54.5	64.2	43.4
7. Government Capital Transfers	0.3	0.0	4.1	0.0	0.7	0.0	48.6	0.0	45.3	0.0
8. Other Sectors Transfers	22.2	40.8	22.7	54.5	21.5	57.7	24.0	54.5	18.9	43.4
E. Financial Account	**4732.0**	**3704.6**	**4027.0**	**2945.3**	**5714.3**	**3984.6**	**6644.0**	**3517.0**	**4100.8**	**3129.8**
9. Direct Investment	682.5	101.0	882.2	85.4	866.5	115.0	1436.6	75.9	540.9	61.1
10. Other Investment	4049.5	3374.7	3144.8	2629.8	4408.0	3869.6	5102.6	3441.1	3516.3	3068.7
10.1 Trade Credits	165.8	149.6	150.6	300.6	260.6	194.8	298.4	241.4	244.3	256.6
10.2 Loans	1733.3	1217.1	1845.9	842.0	1812.9	1239.9	2170.5	1181.8	1426.1	1147.7
10.2.1 Government	601.8	498.1	343.3	271.2	590.7	484.9	558.3	369.9	361.0	576.6
10.2.2 Other sectors	1131.5	719.0	1502.6	570.8	1222.2	755.0	1612.2	811.9	1065.1	571.1
10.3 Currency & Deposits	820.3	599.9	718.0	978.4	1154.1	662.9	1799.6	1193.3	1370.8	868.8
10.4 Other Assets	1330.1	1408.1	430.3	508.8	1180.5	1772.1	834.2	824.6	475.1	795.6
11. Reserves	0.0	228.9	0.0	230.1	439.8	0.0	104.8	0.0	43.6	0.0
11.1 Liabilities	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.2 Assets	0.0	228.0	0.0	230.1	439.8	0.0	104.8	0.0	43.6	0.0
11.2.2 Special Drawing Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.2.4 Bank of Jamaica	0.0	228.0	0.0	230.1	439.8	0.0	104.8	0.0	43.6	0.0
F. Net Errors & Omissions	10.7	0.0	102.7	0.0	339.5	0.0	-350.0	0.0	137.1	0.0

Source: Bank of Jamaica

TABLE III

BALANCE OF PAYMENTS ANALYTIC SUMMARY (US$MN)	2005	2006	2007 1/	2008 2/	2009 2/
Balance of Trade	-2581.3	-2943.4	-3841.3	-4802.9	-3087.9
Services	607.3	627.6	424.8	428.1	769.9
Net Goods & Services	-1974.0	-2315.8	-3416.5	-4374.8	-2318.0
Income	-675.9	-615.7	-661.6	-568.3	-667.9
Private Current Transfers (net)	1441.4	1603.2	1906.9	2049.1	1716.5
Official Current Transfers (net)	137.0	145.4	133.0	100.7	143.9
Capital Transfers	-18.3	-27.7	-35.5	18.1	20.7
Financial Account	1089.8	1210.6	2073.7	2775.2	1104.8
Net Errors & Omissions	10.7	102.7	339.5	-350.0	137.1

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE IV

SELECTED BALANCE OF PAYMENTS INDICATORS	2005	2006	2007	2008 1/	2009 2/
Current Account/GDP	-9.6	-9.9	-15.8	-20.1	-9.2
NIR	2087.4	2317.5	1877.6	1772.6	1729.4
Gross Reserves (Central Bank)	2169.0	2399.1	1905.7	1795.1	1751.9
Gross Foreign Liabilities (Central Bank)	81.62	81.6	28.11	22.5	22.5
Gross Reserves in Wks of Imports of Goods & Services	15.9	14.7	10.0	14.7	14.0
Goods Imports/GDP	38.1	42.6	48.2	54.4	36.5
Goods & Services Imports/GDP	53.5	59.6	65.9	71.4	51.8
Goods Exports/GDP	14.9	17.9	18.3	19.8	11.3
Goods & Services Exports/GDP	35.8	40.1	39.4	39.9	32.9
Merchandise Trade/GDP	53.0	60.5	66.5	74.2	47.8
FDI/GDP	6.1	7.4	6.7	10.4	4.4
Debt Service/Goods & Services Exports	21.7	14.0	18.5	15.2	27.3
Private Remittances/GDP	16.1	16.3	17.4	17.2	16.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE V

SERVICES ACCOUNT
(US$MN)

	2005	2006	2007	2008[1/]	2009[2/]
Services (Net)	**607.3**	**627.6**	**424.8**	**428.1**	**769.9**
Inflows	2329.4	2648.7	2706.5	2795.5	2650.6
Outflows	1722.1	2021.1	2281.7	2367.4	1880.6
1. Transportation	**-266.6**	**-426.5**	**-540.4**	**-644.7**	**-441.2**
Inflows	451.1	459.0	447.2	469.2	344.2
Outflows	717.7	885.4	987.6	1113.6	825.3
2. Travel	**1295.7**	**1596.6**	**1611.9**	**1707.7**	**1709.0**
Inflows	1545.0	1870.1	1910.0	1975.9	1925.5
Outflows	249.3	273.4	298.2	268.2	216.4
3. Other Services	**-421.8**	**-542.6**	**-646.7**	**-634.9**	**-497.9**
Inflows	333.3	319.7	349.3	350.4	380.9
Outflows	755.1	862.2	996.0	985.3	878.8

Source: Bank of Jamaica
1/ Revised
2/ Provisional

TABLE VI

OTHER SERVICES (US$MN)	2005	2006	2007	2008[1/]	2009[2/]
Inflows	**333.3**	**319.7**	**349.3**	**350.4**	**380.9**
Construction Services	0.0	0.0	0.0	0.0	0.0
Communication Services	148.4	147.8	157.2	136.0	151.1
Insurance Services	14.2	13.8	12.4	10.6	8.4
Financial Services	50.4	40.4	66.9	42.5	52.6
Computer & Information Services	34.5	28.8	27.3	29.2	36.6
Royalties & License Fees	12.5	12.0	14.9	16.6	9.1
Other Business Services	9.6	10.5	4.7	44.6	53.6
Personal, Cultural & Recreational Services	29.6	31.2	29.1	38.6	34.5
Government Services	34.1	35.2	37.0	32.4	35.0
Outflows	**755.1**	**862.2**	**995.9**	**985.3**	**878.8**
Construction Services	4.8	4.8	72.4	4.8	4.8
Communication Services	47.2	79.6	4.8	56.4	74.8
Insurance Services	133.8	168.2	180.2	194.6	154.2
Financial Services	34.2	42.7	54.9	42.2	46.3
Computer & Information Services	17.2	23.7	25.8	24.1	42.3
Royalties & License Fees	11.0	11.2	60.4	48.2	44.8
Other Business Services	458.5	476.1	539.3	546.4	445.2
Personal, Cultural & Recreational Services	2.0	4.4	2.2	5.9	9.8
Government Services	46.4	51.6	56.1	62.8	56.6
Other Services (net)	**-421.7**	**-542.6**	**-646.7**	**-634.9**	**-497.9**

Source: Bank of Jamaica

TABLE VII

INCOME ACCOUNT (US$MN)					
	2005	**2006**	**2007**	**2008[1/]**	**2009[2/]**
A. Compensation of Employees	**88.6**	**96.0**	**64.8**	**83.7**	**67.6**
Inflows	140.4	154.3	157.8	135.1	99.2
Outflows	51.8	58.3	93.0	51.4	31.6
B. Investment Income	**-764.8**	**-711.7**	**-726.4**	**-652.0**	**735.6**
Inflows	**187.5**	**224.0**	**363.0**	**352.8**	**135.8**
Direct Investment	24.4	-0.3	9.6	13.9	10.9
Portfolio Investment	56.3	73.8	176.7	209.6	71.2
Other Investment	106.9	150.6	176.7	129.4	53.7
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	72.7	105.9	128.6	67.8	26.5
- Other	34.2	44.7	48.1	61.6	27.2
Outflows	**952.4**	**935.7**	**1089.4**	**1004.8**	**871.3**
Direct Investment	453.7	375.6	532.6	376.2	231.8
Portfolio Investment	35.2	42.3	27.1	19.5	13.3
Other Investment	463.5	517.8	529.6	609.1	626.2
- Central Government	352.5	382.2	439.1	457.7	487.8
- Bank of Jamaica	0.7	0.2	0.1	0.0	0.0
- Government Guaranteed	17.6	15.1	16.0	14.7	38.3
- Other	92.8	120.4	114.3	136.7	100.2
Net Income	**-675.9**	**-615.7**	**-661.6**	**-568.2**	**-667.9**

Source: Bank of Jamaica

TABLE VIII

CURRENT TRANSFERS
(US$MN)

	2005	2006	2007	2008[1/]	2009[2/]
Total Receipts	**1935.5**	**2088.5**	**2385.7**	**2488.6**	**2125.6**
A. General government	**141.8**	**152.1**	**141.2**	**107.2**	**155.9**
B. Other Sectors	**1793.7**	**1936.4**	**2244.4**	**2381.5**	**1969.7**
Remittance thru' postal system	1.2	0.3	0.1	0.0	0.0
Remittance thru' Financial system	658.1	726.7	797.6	786.2	264.5
Remittance companies	961.9	1042.6	1166.4	1235.0	1529.3
Other	172.4	167.0	280.1	360.1	175.9
Total Payments	**357.1**	**339.9**	**345.8**	**339.0**	**265.3**
A. General Government	**4.8**	**6.7**	**8.3**	**6.5**	**12.0**
B. Other Sectors	**352.3**	**333.2**	**337.5**	**332.5**	**253.3**
Remittance thru' Financial system	316.9	299.6	303.2	313.2	239.1
Other	35.3	33.6	34.3	19.3	14.2
Net Current Transfers	**1578.4**	**1748.6**	**2039.9**	**2149.5**	**1860.3**

Source: Bank of Jamaica

TABLE IX

CAPITAL ACCOUNT
(US$MN)

	2005	**2006**	**2007**	**2008**[1/]	**2009**[2/]
CAPITAL ACCOUNT	**-18.3**	**-27.7**	**-35.5**	**18.1**	**20.7**
CAPITAL TRANSFERS	**-18.3**	**-27.7**	**-35.5**	**18.1**	**20.7**
GENERAL GOVERNMENT	0.3	4.1	0.7	48.6	45.3
INFLOWS	0.3	4.1	0.7	48.6	45.3
OUTFLOWS	0.0	0.0	0.0	0.0	0.0
OTHER SECTORS	-18.6	-31.8	-36.2	-30.5	-24.5
INFLOWS	22.2	22.7	21.5	24.0	18.9
OUTFLOWS	40.8	54.5	57.7	54.5	43.4
ACQ. /DISP. OF NON-PROD. NON-FIN. ASSETS	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
INFLOWS	0.0	0.0	0.0	0.0	0.0
OUTFLOWS	0.0	0.0	0.0	0.0	0.0

Source: Bank of Jamaica