



BALANCE OF PAYMENTS OF JAMAICA 2011



CONTENTS

PREFACE ii

OVERVIEW iii

PART I - INTERNATIONAL ECONOMIC DEVELOPMENTS

PART II - DOMESTIC MACROECONOMIC DEVELOPMENTS

PART III - REVIEW OF THE BALANCE OF PAYMENTS

3.0 Balance of Payments Summary

3.1 Merchandise Trade

3.2 Direction of Trade

3.3 Caricom Trade

3.4 Services

(i) *Transportation*

(ii) *Travel*

(iii) *Other Services*

3.5 Income

3.6 Current Transfers

3.7 Capital and Financial Account

3.8 Balance of Payments Outlook

APPENDIX STATISTICAL TABLES

Five years' BOP series based on the Fifth Edition

PREFACE

This report summarises the economic transactions between Jamaican residents and the rest of the world during 2011. It highlights the major macroeconomic developments in the global and domestic economy that affected the Balance of Payments (BOP) during the review period. The presentation of the BOP accounts for 2011 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 (BOJ) 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 Jamaica's balance of payments in 2011 was influenced by developments in the global economy, particularly with regard to increased international commodity prices and weak global growth. The increase in commodity prices was mainly reflected in the first half of the year when there higher prices for fuel and food. Geo-political tensions in the Middle East during the first half of the year led to concerns about energy supplies and an increase in prices. Higher food prices reflected the impact of tight supplies in the context of adverse weather conditions in major producing countries. However, further deterioration of global economic conditions in the second half of the year influenced a reduction in international commodity prices.

In terms of world output, growth decelerated in 2011 to 3.8 per cent from 5.1 per cent in 2010. This reflected a slowdown in economic activity among both advanced and developing economies. The performance of these economies was primarily influenced by the impact of the European sovereign debt crisis on global trade.

Consistent with the increase in commodity prices, headline inflation accelerated among both developed and developing economies in 2011. For the developing countries, the sharp increase in commodity prices in the first half of the year also contributed to an expansion in aggregate demand in some countries, leading to an acceleration in prices.

For the Jamaican economy, there was a 1.3 per cent expansion in Gross Domestic Product (GDP) in 2011, following three consecutive years of contraction averaging 1.9 per cent. The expansion occurred in the context of an improvement, although weak, in domestic demand, influenced partially by sustained growth in remittance inflows to Jamaica as well as increases in real wages during the year. There was notable growth in *Mining & Quarrying, Hotels & Restaurants, Agriculture, Forestry & Fishing*.

Notwithstanding a marginal improvement in domestic demand conditions, there was a sharp decline in inflation to 6.0 per cent in 2011 from 11.7 per cent in 2010. The deceleration was influenced by the non-repetition of administered price increases in 2010 and improved weather conditions.

Consistent with the deterioration in the external environment and the marginal increase in domestic demand, the current account deficit of Jamaica's Balance of Payments widened by \$1 179.0 million to US\$2 109.8 million or 14.6 per cent of GDP in 2011 (see **Figure 2 and Table 10**). The deterioration of the external accounts primarily reflected an expansion of US\$1 001.2 million in the deficit on the goods account. In addition, there was deterioration in all other sub-accounts, with the exception of current transfers. Within the financial account, net private and official investment inflows were insufficient to finance the deficits on the current and capital accounts, resulting in a decline of US\$205.2 million in the net international reserves (NIR) of the BOJ.

PART I

INTERNATIONAL ECONOMIC DEVELOPMENTS

1. OVERVIEW

The pace of economic growth in the global economy decelerated to 3.8 per cent in 2011 relative to an expansion of 5.1 per cent in 2010. Tepid growth was evident in both advanced and emerging economies, primarily influenced by the impact of the European sovereign debt crisis on global trade. Against this background, the slower rate of growth in advanced economies largely reflected the implementation of various austerity measures by European sovereigns. The slowdown in developing countries primarily reflected the deterioration in external trade as well as reduced domestic demand when compared with 2010.

Headline inflation accelerated among most economies in 2011, primarily reflecting rising prices for both fuel and non-fuel commodities, particularly during the first two quarters of the year. Higher prices were underpinned by the impact of geo-political tensions in the Middle East on energy supplies as well as supply tightness of agricultural commodities. Crude oil prices increased by 19.6 per cent to average US\$95.12 per barrel (bbl) in 2011, following a rise of 28.7 per cent in 2010. Higher food prices were mainly associated with severe drought conditions in the USA in the first half of the year, while excessive flooding in Thailand during the second half of the year influenced elevated corn, wheat and rice prices.

In light of concerns related to the sustained economic downturn emanating from the European debt crisis, several central banks in the advanced economies employed various expansionary monetary policy measures. Some of these measures included the maintenance of low target interest rates and quantitative easing programmes during the year. Notwithstanding, some central banks in emerging economies tightened monetary policy given concerns about economic overheating in the respective economies.

1.1 OUTPUT, INFLATION & UNEMPLOYMENT

1.1.1 Advanced Economies

Output

Real GDP among the advanced economies rose by 1.6 per cent in 2011 relative to an expansion of 3.0 per cent in 2010 (see **Table 1**). The outturn was particularly influenced by a contraction in the Japanese economy as well as a deceleration in growth in the remaining advanced economies.

Table 1

(Annual per cent change and per cent of labour force)								
	REAL GDP		CONSUMER PRICES*		UNEMPLOYMENT RATES		KEY INTEREST RATES**	
	2010	2011	2010	2011	2010	2011	2010	2011
ADVANCED ECONOMIES	3.0	1.6	1.5	2.7	8.3	7.9	0.6	0.6
United States	2.4	1.8	1.6	3.1	9.6	9.0	0.25	0.25
Japan	4.5	-0.8	-0.7	-0.3	5.1	4.5	0.1	0.1
Euro area	2.0	1.4	1.6	2.7	10.0	10.1	1.0	1.0
Germany	4.0	3.1	1.2	2.5	6.9	6.0	-	-
France	1.7	1.7	1.7	2.3	9.7	9.7	-	-
Greece	-3.5	-6.9	4.7	3.1	12.5	17.3	-	-
Italy	1.8	0.4	1.6	2.9	8.5	8.4	-	-
Spain	-0.3	0.4	2.0	3.1	20.1	21.6	-	-
UK	1.8	0.8	3.3	4.5	7.8	8.0	0.5	0.5
Canada	3.2	2.4	1.8	2.9	8.0	7.5	1.0	1.0

Source: World Economic Outlook (WEO) - April 2012

*Annual Average; **End of period

The growth of economic activity in the USA decelerated to 1.8 per cent in 2011 from an expansion of 2.4 per cent in 2010. This outturn primarily reflected reduced investment expenditure in the first half of the year associated with the disruption to supply chains from Japan emanating from the tsunami/nuclear disaster in March 2011. As a result, growth in durable goods including electrical, machinery and computer equipment decelerated to 4.8 per cent relative to an expansion of 17.9 per cent in 2010. A further contraction in the sales of new homes in the USA also contributed to weak growth in residential investment in 2011. Notwithstanding, net exports in the USA recorded an expansion of 2.8 per cent in contrast to the contraction of 18.2 per cent in the previous year. This growth, however, was mainly

underpinned by a faster deceleration in imports relative to the slowdown in exports. The decline in the volume of imports to the USA primarily reflected the temporary disruption in supplies from Japan in the first half of the year. The deceleration in exports mainly reflected the impact of a slowdown in global trade stemming from the Euro area debt crisis and a downgrade of U.S. sovereign credit ratings in the third quarter of 2011.

Other advanced economies also registered tempered growth rates in 2011. In particular, the economies of the UK and the Euro Area grew by 0.8 per cent and 1.4 per cent, respectively, compared to expansions of 1.8 per cent and 2.0 per cent in 2010. Similar to the USA, the deceleration in growth for these countries reflected deterioration in investment expenditure, the impact of which was partly offset by a gradual increase in consumption spending. For the Euro area, the impact of various fiscal austerity measures implemented during the year was the major factor which constrained the pace of recovery in the Euro Area. In particular, these measures led to an increase in the unemployment rate and a reduction in households' wealth in the Eurozone. The Canadian economy grew by 2.4 per cent in 2011 following an expansion of 3.2 per cent in the previous year. This growth reflected expansion in personal expenditure on consumer goods and services, increased business gross fixed capital formation and higher government spending. Notwithstanding these factors, the year-over-year deceleration in the annual growth rate in Canada occurred in a context of spillover effects from a slowdown in the US economy. In contrast to the moderate growth recorded for most advanced economies during the year, the Japanese economy contracted by 0.8 per cent. This contraction primarily reflected the impact of a decline in production emanating from the Great East Japan earthquake on 11 March 2012. The impact of uncertainty on investment and consumption emanating from the European sovereign debt crisis also had an adverse impact on Japan's global export demand resulting in a contraction in export-propelled growth in 2011. In an effort to mitigate the negative impact of these events on growth in that country, the Bank of Japan employed growth enhancing measures during the year.

Inflation

Inflation among the advanced economies, as measured by the annual average increase in consumer price indices (CPIs), accelerated to 2.7 per cent in 2011 from 1.5 per cent in 2010 (see **Table 1**). All of the advanced economies experienced higher rates of inflation in 2011 relative to 2010. Japan also experienced a slower rate of deflation.

Limited grains supplies and political unrest in the Middle East contributed to higher non-fuel commodity and fuel prices, respectively. In this context, food and energy-related prices increased during the year which led to an acceleration of inflation.

Unemployment

Despite the slowdown in economic activity in advanced economies in 2011, the average unemployment rate declined by 0.4 percentage points to 7.9 per cent relative to 2010 (see **Table 1**). Lower unemployment rates were evident in most advanced economies with the exception of the Euro area and the UK, which may be attributed to the impact of fiscal contraction in those economies against the background of the European sovereign debt crisis. The higher unemployment rates were particularly evident in Greece and Spain where unemployment rose to 17.3 per cent and 21.6 per cent in 2011 from 12.5 per cent and 20.1 per cent in 2010, respectively.

Interest Rate and Exchange Rate Developments

In the context of weak domestic and external demand, the major central banks of selected advanced economies employed expansionary monetary policy initiatives during the year. These initiatives included the implementation of various stimulus measures in an attempt to engender increased economic activity. In particular, the Federal Reserve Bank (Fed) completed its second round of quantitative easing in the March 2011 quarter and introduced additional monetary policy measures in the latter half of 2011 aimed at reducing long-term borrowing costs by increasing the duration of its portfolio. The latter measure involved the purchase of US\$400.0 billion of longer-term Treasury securities with maturities of six to thirty years while selling an equal amount of debt maturing in three years or less. The Fed also engaged in the reinvestment of maturing housing debt into mortgage-backed securities, rather than US Treasury bonds. During the second half of 2011, the European Central Bank

(ECB) lowered its target interest rates and restarted its bond purchase programme following a short round of monetary tightening in the first half of the year. These rate cuts largely reflected the ECB's desire to spur growth in the context of reduced inflationary concerns as well as increased financial market instability stemming from the European debt crisis. The ECB also embarked on a joint US dollar liquidity operation in conjunction with the Fed, the Bank of England, the Bank of Japan and the Swiss National Bank in an effort to facilitate stability in global financial markets. Following the natural disaster in March 2011, the Bank of Japan instituted expansionary monetary policy measures to enhance growth in that economy. Such measures included an increase in the amount of its Asset Purchase Program by approximately ¥20 trillion and foreign exchange market intervention to limit the appreciation of the yen.

For the review year, the United States dollar (USD) weakened against the currencies of all the selected advanced economies (see **Table 2**). The appreciation of the Canadian dollar vis-à-vis the USD reflected the impact of higher oil prices emanating from geopolitical tensions in the Middle East, while the strengthening of the Yen reflected increased demand for the currency as a safe haven against the background of low and stable inflation in Japan. The appreciation of the Great Britain Pound and the Euro reflected normalization relative to the previous year, which was characterized by fears related to the pace of economic recovery in Europe.

Table 2

US Dollar Nominal Exchange Rates			
(US Dollars per unit of national currency)			
	<u>2010</u>	<u>2011</u>	<u>% Change</u>
Canadian Dollar	0.97	1.01	4.2
Japanese Yen	0.011	0.013	9.9
Great Britain Pound	1.55	1.60	3.7

1.2 Developing Countries

Output

Economic growth among the developing economies decelerated by 1.2 percentage points (pps) to 6.2 per cent in 2011, relative to 2010, primarily reflecting a deterioration in external trade and reduced domestic demand (see **Table 3**). In particular, economic growth in most developing Asian economies including China, moderated in 2011 when compared with the previous year. The annual growth rate of real GDP for developing Asia fell by 1.7 pps to 7.8 per cent in 2011 when compared with the previous year. This outturn largely reflected weaker external demand resulting from a slowdown in major advanced economies as well as disruption in supply chains from the Japanese earthquake and tsunami, especially within the automotive and electronic sectors. In addition, a slowdown in export growth in some emerging Asian countries also contributed to the deceleration, despite accommodative policies, solid growth in credit, steady consumer and business confidence as well as strong labour markets.

Table 3

DEVELOPING COUNTRIES: REGIONAL GROUPS						
Real GDP, Consumer Prices (Annual per cent change)						
	REAL GDP			CONSUMER PRICES*		
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
DEVELOPING COUNTRIES	2.8	7.4	6.2	5.2	6.1	7.1
Sub-Saharan Africa	2.8	5.3	5.1	10.6	7.4	8.2
Developing Asia	7.1	9.5	7.8	3.0	5.7	6.5
Middle East & North Africa	2.7	5.0	3.3	6.6	6.9	9.6
Latin America & the Caribbean	-1.6	6.2	4.5	6.0	6.0	6.6

Growth in the Middle East & North Africa (MENA) region for 2011 decelerated by 1.7 pps to 3.3 per cent. Economic expansion in the MENA region was largely underpinned by macroeconomic policies to stimulate growth as well as elevated oil prices, which boosted incomes in the region. However, the impact of higher oil prices was partly offset by social

unrest and political conflict which significantly affected tourism receipts, capital inflows and investment.

In Sub-Saharan Africa (SSA), GDP growth was 5.1 per cent in 2011 compared to 5.3 per cent in 2010. This growth primarily reflected the region's relative insulation from financial spillover emanating from the Euro area, diversification of its exports towards fast growing emerging market economies which reduced its trade exposure to Europe and higher commodity prices, which boosted investment in natural resource extraction. Middle-income SSA countries such as South Africa and Botswana experienced the lowest growth rates reflecting their strong trade and financial linkage with Europe. Growth in the low income SSA countries (LICs) was supported by strong domestic demand and accelerated exports, particularly among oil and mineral exporting LIC countries. However, the growth in LICs was partly constrained by severe drought in the North-eastern African countries, which led to a major humanitarian crisis in a few countries and caused sharp increases in inflation.

Economic activity in the Latin America and Caribbean (LAC) region expanded by 4.5 per cent in 2011 relative to an expansion of 6.2 per cent in 2010. The growth in the LAC region was fuelled by buoyant domestic demand underpinned by accommodative macroeconomic policies, easy external financing conditions, strong capital inflows and favourable terms of trade. Growth was, however, largely skewed towards Latin American economies such as Argentina, Chile, Peru and Ecuador (see **Table 4**). These economies benefitted from rising commodity prices which boosted domestic incomes. With respect to the Caribbean, economic activity remained subdued, reflecting stronger real sector linkages with the United States and other advanced economies and in some cases, high levels of public debt.

Inflation

In 2011, inflation for the developing economies accelerated as a result of expansions in aggregate demand as well as increases in food and fuel prices. This was particularly evident in the first half of 2011. For developing Asia, the annual average change in consumer prices accelerated to 6.5 per cent from 5.7 per cent in 2010 (see **Table 4**). In particular, inflation in China accelerated to 5.4 per cent for the year from 3.3 per cent in 2010 in the context of rising food price inflation as well as a significant appreciation in housing prices. However, inflation in India decelerated to 8.6 per cent from 12.0 per cent in 2010 due to policy tightening.

Inflation among the Latin America and Caribbean economies accelerated to 6.6 per cent in 2011 from 6.0 per cent in 2010. This largely reflected higher commodity prices particularly for commodity importing countries. For the MENA region, inflation rose to an average of 9.6 per cent in 2011 from 6.9 per cent in 2010, partly reflecting the impact of expansionary policies and drought conditions in some North-eastern African countries.

For Sub-Saharan Africa, inflation accelerated by 0.8 percentage point to 8.2 per cent in 2011 relative to 2010 (see **Table 3**). This acceleration primarily reflected the impact of higher food and energy prices. Food prices rose in light of higher commodity prices, particularly in net staple importing lower income countries (LICs) such as Ethiopia or other LICs such as Kenya, where there is a significant pass-through from international to domestic food prices. In addition, supply shortages caused by severe drought in the horn of Africa also contributed to the rise in inflation during the review period.

Table 4

Selected Developing Countries Real GDP & Consumer Prices (Annual Per cent Change)				
Country	GDP		Inflation **	
	2010	2011	2010	2011
Developing Countries	7.4	6.2	6.1	7.1
Latin America & the Caribbean	6.2	4.5	6.0	6.6
Argentina	9.2	8.9	10.5	9.8
Brazil	7.5	2.7	5.0	6.6
Chile	6.1	5.9	1.4	3.3
Colombia	4.0	5.9	2.3	3.4
Peru	8.8	6.9	1.5	3.4
Ecuador	3.6	7.8	3.6	4.5
Mexico	5.6	3.9	4.2	3.4
Uruguay	8.9	5.7	6.7	8.1
Venezuela	-1.5	4.2	28.2	26.1
Caribbean***	3.3	2.8	7.1	7.2
Antigua & Barbuda	-8.5	-5.5	3.4	3.3
Barbados	0.2	0.6	5.8	9.4
Dominica	1.2	1.0	3.2	2.3
Guyana	4.4	5.4	3.7	5.7
Dominican Republic	7.8	4.5	6.3	8.5
Jamaica	-1.5	1.3	12.6	7.5
St. Kitts & Nevis	-2.7	-2.0	1.0	5.4
St. Vincent & Grenadines	-1.8	0.0	0.8	3.2
Trinidad & Tobago	0.0	-1.5	10.5	5.1
Developing Asia	9.5	7.8	5.7	6.5
China	10.4	9.2	3.3	5.4
India	10.1	6.8	12.0	8.6
Indonesia	6.2	6.5	5.1	5.4
Malaysia	7.2	5.1	1.7	3.2
Philippines	7.6	3.9	3.8	4.8
Thailand	7.8	0.1	3.3	3.8
Middle East & North Africa	5.0	3.3	6.9	9.6

Sources: The World Economic Outlook, April 2012.

Statistics Offices of individual countries,

* Estimates, **Annual average, ***GDP weighted

1.3 COMMODITY PRICES

Commodity prices, as measured by the IMF's Index of Primary Commodity Prices, (IPCP) increased by 26.3 per cent in 2011 following growth of 26.1 per cent in 2010 (see **Table 5**). The growth in the IPCP in 2011 can be attributed to respective expansions in of 31.7 per cent and 17.8 per cent in the *Energy* and *Non-fuel Commodities* categories. Higher prices of *Energy* were underpinned by the impact on energy supplies of geo-political tensions in the Middle East. Higher prices for *Non-fuel Commodities* reflected supply tightness resulting from unfavourable weather conditions in some major producing countries.

In this regard, the outturn for the *Energy* sub-index largely reflected upward movements in petroleum prices. Crude oil prices increased by 19.6 per cent to average US\$95.12 per barrel (bbl) in 2011 relative to a rise of 28.7 per cent to an average of US\$79.43 per bbl in 2010.¹ The increase in oil prices occurred in the context of political unrest in the MENA region during the first half of the year which resulted in prolonged supply disruptions from that region, a key oil producer. This led to crude oil prices peaking at US\$113.93 per barrel on 29 April 2011. The impact of the increase in the first half of the year was, however, tempered by a worsened outlook for global growth, particularly in the context of persistent Euro Area sovereign debt concerns during the latter half of the year.

With respect to *Non-fuel Commodities*, the *Edibles* category recorded growth of 19.3 per cent, compared to an increase of 11.8 per cent in 2010. This upward movement was primarily associated with a 19.7 per cent increase in the *Food* sub-category compared to an 11.6 per cent rise in 2010. Higher food prices were mainly associated with severe dry weather conditions in the USA in the first half of the year, while excessive flooding in Thailand contributed to increased prices in the second half of the year. Specifically, adverse weather throughout 2011 resulted in reduced yields in commodities such as corn, wheat and rice. In addition, growth in global demand for grains, particularly corn and soybeans, attributable to an increased appetite for pork by the Chinese as well as increased soybean processing margins in that country, contributed to upward price movements.

¹ Average crude oil prices are measured by the West Texas Intermediate benchmark

Table 5

Summary of World Commodity Prices		
Annual Average per cent change		
	2010	2011
All Primary Commodities	26.1	26.3
1. Non-fuel Commodities	26.3	17.8
1.1 Edibles	11.8	19.3
(a) Food	11.5	19.7
(b) Beverages	14.1	16.6
1.2 Industrial Inputs	43.2	16.4
(a) Agricultural Raw Materials	33.2	22.7
(b) Metals	48.2	13.5
2. Energy	25.9	31.8
Petroleum ^{/1}	28.7	19.6

Source: IMF

The *Beverages* sub-category expanded by 16.6 per cent in 2011, relative to an increase of 14.1 per cent in 2010. This occurred in the context of a 40.6 per cent rise in the price of Arabica coffee associated with reduced supplies from major producing countries such as Brazil and Colombia.² The impact of these price movements was, however, partly offset by a 4.9 per cent decline in the price of cocoa as supplies from the Ivory Coast, the world's largest producer, outweighed demand during the period.

In relation to the *Industrial Inputs* sub-category, an increase of 16.4 per cent was recorded in 2011 compared to a rise of 43.2 per cent in the previous year. The outturn in 2011 was primarily underpinned by slower growth in metal prices. In particular, aluminium and copper prices rose by 10.5 per cent and 17.0 per cent relative to respective increases of 30.2 per cent and 45.9 per cent in 2010. The slower increase in the prices of these commodities was consistent with reduced global demand for metals, particularly from China and Europe. Notwithstanding, moderate activity in the manufacturing sector of major advanced economies supported growth in the sub-category.

² The 2011/2012 crop year coincides with lower production in Brazil in accordance with the biennial cycle.

1.4 INTERNATIONAL TOURISM

The United Nations World Tourism Organisation (UNWTO) reported growth of 5.0 per cent in international tourist arrivals in 2011, lower than the 6.6 per cent increase in 2010 (see **Table 6**). The moderation in global tourist arrivals was principally influenced by a contraction in foreign visitors to the Middle East as well as a deceleration in tourist arrivals to the Americas, Asia & Pacific and African regions. However, there was stronger growth in arrivals to Europe.

Despite continuing economic uncertainty in Europe, tourist arrivals to that destination rose by 6.7 per cent in 2011 from 3.1 per cent in 2010. Growth in visitor arrivals to the Asia & Pacific region moderated by 6.8 pps to 6.4 per cent in 2011 when compared to the previous year. The reduction in the rate of growth in arrivals in this region may be attributed to the temporary decline in the Japanese outbound market following the natural disaster in March 2011. The Americas recorded an increase of 4.1 per cent in tourist arrivals in 2011 in comparison to growth of 6.3 per cent in 2010, reflecting the impact of deceleration in the pace of global growth. However, growth in total visitor arrivals to the Caribbean region, as reported by the UNWTO, accelerated to 2.9 per cent relative to an increase of 1.6 per cent in 2010, primarily reflecting the performance of the larger destinations including Cuba and the Dominican Republic. Tourist arrivals to Africa decelerated by 7.7 pps while arrivals to the Middle East declined by 6.8 per cent. The performance in these two regions was affected by widespread uprisings in several countries during the first half of the year.

Table 6

WORLD TOURIST ARRIVALS			
	(% Change)		(pps. Change)
	<u>2010</u>	<u>2011</u>	
World	6.6	5.0	-1.6
Europe	3.1	6.7	3.6
Americas	6.3	4.1	-2.2
Caribbean	1.6	2.9	1.3
Asia & Pacific	13.2	6.4	-6.8
Africa	8.5	0.8	-7.7
Middle East	13.0	-6.8	-19.8

Source: United Nations World Tourism Organization (UNWTO)

Stopover Visitor Arrivals to the Caribbean

Preliminary estimates by the Caribbean Tourism Organisation (CTO) showed that stopover arrivals to selected Caribbean destinations rose by 3.6 per cent in 2011 relative to growth of 3.7 per cent in 2010 (see **Table 7**). All destinations excluding Bahamas, the US Virgin Islands and St. Maarten experienced growth in arrivals during the year. Improved macroeconomic conditions in destinations such as Cuba and Barbados resulted in higher overall tourist arrivals for these countries. However, the number of foreign visitors to Jamaica decelerated to 1.6 per cent, compared with growth of 5.0 per cent in 2010, reflecting the impact of reduced airlift associated with the divestment of Air Jamaica.

Table 7

STOPOVER VISITOR ARRIVALS ('000s)			
Selected Caribbean Destinations			
Country	2010	2011	% Change
Dominican Republic	4 124.5	4 306.4	4.4
Cuba	2 531.7	2 716.3	7.3
Bahamas	1 368.1	1 341.9	- 1.9
Jamaica	1 921.7	1 951.8	1.6
Puerto Rico	1 369.8	1 441.1	5.2
Aruba	825.5	871.3	5.6
US Virgin Islands	691.2	679.0	- 1.8
Barbados	532.2	567.7	6.7
St Maarten	443.1	424.3	- 4.2
TOTAL	13 807.8	14 299.8	3.6

Source: Caribbean Tourism Organization (CTO)

Cruise Visitor Arrivals to the Caribbean

The pace of cruise arrivals to the Caribbean region moderated in 2011 relative to 2010. Cruise arrivals to selected Caribbean countries recorded a 5.0 per cent increase in 2011 relative to a 10.0 per cent expansion in the preceding year (see **Table 8**). This deceleration in the pace of growth mainly reflected significant contractions in cruise arrivals to the Cayman Islands and Puerto Rico. The overall growth in 2011 primarily reflected the usual strong performance during the winter months.

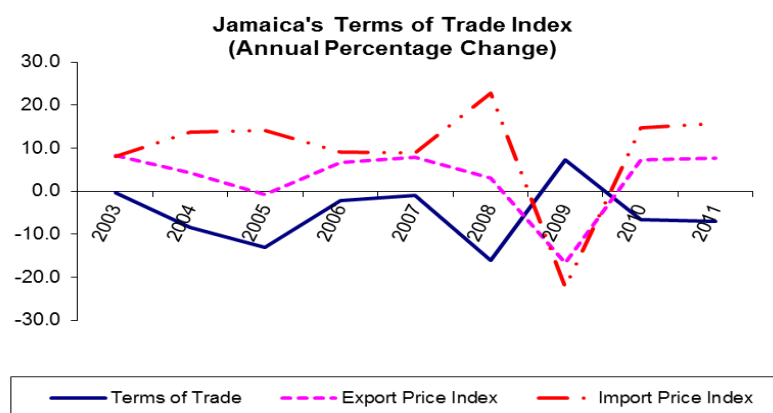
Table 8

Selected Caribbean Destinations			
Country	2010	2011	% Change
Bahamas	3 803	4 161	9.4
US Virgin Islands	1 859	2 009	8.1
Puerto Rico	955	972	- 8.4
Cayman Islands	1 598	1 402	- 12.3
St. Maarten	1 513	1 656	9.5
Jamaica	910	1 125	23.7
Belize	765	724	- 5.2
Barbados	665	619	- 6.9
Aruba	569	599	5.4
Total	12 637	13 269	5.0

Source: Caribbean Tourism Organization (CTO)

1.5 JAMAICA'S TERMS OF TRADE

Jamaica's terms of trade index declined by 7.3 per cent in 2011 relative to 2010 (see **Figure 1**). The deterioration in the index was underpinned by a 15.8 per cent rise in the import price index (IPI), the impact of which was partly offset by a 7.4 per cent rise in the export price index (EPI). The rise in the IPI reflected increases of 19.6 per cent and 18.8 per cent in fuel and raw materials prices, respectively. The rise in the EPI was influenced by a 17.6 per cent rise in the price of alumina.³

Figure 1

³ This component accounts for approximately 20.6 per cent of the movement in the EPI.

PART II

DOMESTIC MACROECONOMIC DEVELOPMENTS

2. OVERVIEW

Jamaica's Gross Domestic Product (GDP) recorded growth of 1.3 per cent in 2011, following three consecutive years of contraction averaging 1.9 per cent. The recovery in economic activity was influenced by an improvement in external demand, notwithstanding a moderation in the pace of expansion in the global economy. The expansion in the review year also reflected an improvement, although weak, in domestic demand, influenced partially by sustained growth in remittance inflows to Jamaica as well as increases in real wages during the year. These factors, along with continued strong net private capital inflows and an increase in earnings from the tourism sector facilitated stable foreign exchange market conditions during 2011. As such, the weighted average selling rate of the Jamaica Dollar vis-à-vis its US counterpart depreciated marginally by 0.9 per cent in 2011 relative to an appreciation of 4.4 per cent in 2010. Given the fragile domestic economy, the Bank maintained an expansionary monetary policy stance throughout the year. In spite of this expansionary policy stance, against the background of weak domestic demand conditions, there was a sharp decline in inflation to 6.0 per cent in 2011 relative to 11.7 per cent in 2010.

2.1 OUTPUT & UNEMPLOYMENT

Gross Domestic Product (GDP)

The Jamaican economy recorded growth of 1.3 per cent in real GDP in 2011 compared to a decline of 1.5 per cent in 2010 (see **Table 9**). This growth reflected expansions of 2.9 per cent and 1.0 per cent in the tradable and non-tradable industries, respectively, relative to declines of 0.8 per cent and 1.6 per cent in 2010. Within the tradable sector, the main industries that expanded were *Mining & Quarrying* and *Hotels & Restaurants*. For the non-tradable industry, significant growth was recorded in *Agriculture, Forestry & Fishing*.

Table 9

GROSS DOMESTIC PRODUCT		
(2007 Prices)		
Growth Rate by Sector (%)		
	2011	2010
GOODS	5.0	-2.2
Agriculture, Forestry & Fishing	9.8	-0.3
Mining & Quarrying	19.4	-4.2
Manufacture	1.8	-3.8
Construction	0.8	-1.3
SERVICES	-0.1	-2.0
Electricity & Water Supply	1.6	-4.3
Wholesale & Retail Trade	0.5	-3.8
Hotels & Restaurants	2.0	3.4
Transport, Storage & Communication	-1.9	-2.7
Finance & Insurance Services	-0.5	-4.4
Real Estate, Renting & Business Activities	-0.4	-1.0
Producers of Government Services	0.1	0.3
Other Services	-0.5	-0.9
Financial Intermediation Services	-3.1	-12.9
TOTAL GDP	1.3	-1.5

Source: Statistical Institute of Jamaica

Mining & Quarrying grew by 19.4 per cent in 2011 compared to a decline of 4.2 per cent in 2010. The resurgence in the industry emanated from increased global demand for aluminium, which facilitated greater capacity utilization in the industry. The increased capacity utilization in the industry was attributed primarily to the reopening of one of the three alumina plants in June 2010 that was closed in 2009. Increased capacity utilization was also due to normalization in activity relative to the latter half of 2010 when production was adversely affected by the passage of Tropical Storm Nicole. For the year, capacity utilization rate in the bauxite and alumina industries improved to 99.3 per cent and 42.8 per cent, respectively, from 89.9 per cent and 34.6 per cent in 2010. In this context, total bauxite and alumina production in 2011 grew by 19.3 per cent and 23.2 per cent, respectively.

Consistent with the slow pace of improvement in world income, *Hotels & Restaurants* grew marginally by 2.0 per cent relative to an increase of 3.4 per cent in 2010. Both *Hotels* and

Restaurants recorded growth in the review period. *Hotels* benefitted from increased marketing activities in the USA and Canada for the winter season as well as above normal snowfall in the major source countries. There was also a resurgence in stop-over arrivals in the June 2011 quarter, relative to the decline experienced in the corresponding quarter of 2010, which was due to domestic civil unrest in a section of Kingston. The expansion in tourism for 2011 was reflected in growth of 1.6 per cent and 1.3 per cent in total stopover arrivals and visitor expenditure, respectively, relative to increases of 4.9 per cent and 3.1 per cent in the prior year. Cruise ship arrivals expanded by 23.8 per cent in 2011, the first increase since 2006. This performance was in contrast to an average annual decline of 9.0 per cent between 2007 and 2010. The improvement in 2011 was attributed, in part, to the opening of the Falmouth cruise ship pier, which is capable of accommodating larger cruise liners. The performance of *Restaurants* was facilitated by an improvement in domestic real disposable income.

Agriculture, Forestry & Fishing grew by 9.8 per cent for the review year, relative to the contraction of 0.3 per cent recorded in the previous year. While significant growth was recorded in domestic agriculture in the year, export agriculture contracted marginally. For the year, domestic crop production grew by 18.3 per cent, relative to 2.2 per cent in 2010, reflecting a confluence of factors, including favourable weather conditions and improved productivity.⁴ The growth in domestic agriculture was also supported by various programmes and projects including the Production and Productivity Programme implemented by the Ministry of Agriculture, the Alliance for the People of Other America (ALBA) project financed by the Venezuelan government, which provided assistance to farmers affected by Tropical Storm Nicole as well as tractor services facilitated through the Rural Agriculture Development Agency. As a result, productivity, measured as output per hectare, improved to 13.7 from 13.2 in 2010. The improvement in domestic agriculture was observed in almost all categories of domestic crop production. Export agriculture declined by 6.8 per cent, predominantly reflecting lower production of citrus, pimento and cocoa as sugar and coffee exports improved. The decline in citrus and cocoa reflected the adverse impact of the greening disease and adverse weather conditions, respectively. The expansion in sugar was attributed to the rehabilitation of fields and factories within the industry, which

⁴ Output in the last quarter also reflected recovery from the adverse impact of Tropical Storm Nicole in late 2010.

resulted in greater efficiency in output, measured as the total cane to total sugar (TCTS) ratio. The TCTS ratio improved to 10.9 in 2011 from 11.4 in 2010. Coffee production reflected partial normalization, relative to depressed levels in 2010 which was attributed to reduced external demand from Europe.

The relatively improved demand conditions, both domestic and external, facilitated a marginal expansion of 1.8 per cent in *Manufacture*, relative to a decline of 3.8 per cent in 2010. Growth was recorded for both Food, Beverages & Tobacco and Other Manufacturing. The growth in the former mainly reflected increases in the production of non-alcoholic beverages and food, excluding sugar and sugar & molasses. The expansion in non-alcoholic beverages was due to an increase in capacity at one large beverage company while the growth in food excluding sugar reflected greater demand for animal feeds and edible fats. Increased sugar output in 2011 was due to the greater sucrose content of the sugarcane crop which was attributed to improved weather and efficiency within the sugar industry. This improved efficiency was related to retooling. Greater production in Refined Petroleum Products and Non-Metallic Mineral Products mainly drove the growth in Other Manufacturing. However, there was a contraction in Chemical Products primarily reflecting a decline in the production of ethanol. Lower output of ethanol stemmed from significantly high input costs on the international market which made production unprofitable. As a result, one of the country's two ethanol plants was closed in the March 2010 quarter while the other operated at less than full capacity.

Construction grew marginally by 0.8 per cent in 2011, compared to a decline of 1.3 per cent in 2010. The expansion in the industry reflected the impact of road improvement projects undertaken under the Jamaica Development Infrastructure Programme, the Palisadoes Protective and Rehabilitative Works project, continued work on the Highway 2000 Project as well as residential housing construction activities. Data from the National Housing Trust indicated increases of 36.0 per cent and 55.0 per cent in housing starts and completions, respectively, compared to declines of 2.0 per cent and 28.5 per cent in the previous year.

Following a decline of 4.3 per cent in 2010, *Electricity & Water* expanded marginally by 1.6 per cent in 2011. Growth in the industry was driven predominantly by *Water & Sanitation* as low growth was recorded in *Production & Distribution of Electricity*. Water production

improved by 2.6 per cent compared to the decline of 4.8 per cent in 2010. This performance was primarily attributed to the completion of some projects under the National Water Commission's Water Supply Improvement Project. Electricity generation grew modestly by 0.4 per cent relative to the contraction of 4.2 per cent in 2010. The marginal growth reflected partial normalization in electricity generation over the depressed levels in 2010 when technical problems at two of the main electricity generation plants and the passage of Tropical Storm Nicole disrupted electricity generation. The low growth in electricity generation also reflected reduced demand from both residential and industrial customers.

For 2011, the pace of contraction in *Transport, Storage & Communication* slowed to 1.9 per cent from a decline of 2.7 per cent in 2010. The slower pace of contraction was influenced primarily by relative improvement in world trade. Transport declined during the year arising from the sale of the national carrier to a foreign entity, as there was an improvement in water transport. The growth in water transport was attributed to greater activities at the Island's sea ports, indicated by an increase of 18.1 per cent in total domestic cargo movements. Contraction in *Communication* stemmed from increased competition among the major service providers which reduced their profits.

Financing & Insurance Services contracted by 0.5 per cent, following a 4.4 per cent decline in 2010. The industry continued to be negatively affected by the trend decline in interest rates and the residual effects of the Jamaica Debt Exchange in 2010. Accordingly, net interest income continued to decline, albeit at a slower pace, which was sufficient to offset the growth in other income during the review period.

In the context of greater economic activity in *Agriculture, Forestry & Fishing, Manufacture, Mining & Quarrying* and *Construction* as well as an improvement in domestic demand attributed to increases in real income, activity within *Wholesale & Retail Trade* expanded marginally by 0.5 per cent in 2011. This growth was in comparison to a decline of 3.8 per cent in 2010.

Unemployment

The unemployment rate increased by 0.2 percentage point to 12.6 per cent in 2011 relative to 2010, reflecting a contraction of 0.1 per cent in employment and growth of 0.2 per cent in the labour force. The reduction in employment was reflected mainly in *Agriculture, Forestry & Fishing*. Increases in employment, however, were recorded in *Real Estate, Renting & Business Activities, Hotels & Restaurants* and *Wholesale & Retail Trade*. The job seeking rate also increased by 0.4 percentage points to 8.0 per cent in 2011 when compared to the rate in 2010.

2.2 RELATIVE PRICES, COMPETITIVENESS & MONETARY POLICY

The Real Effective Exchange Rate (REER) index increased by 1.0 per cent at end-2011 relative to end-2010, reflecting a worsening in Jamaica's external competitiveness. The increase in the REER was evidenced in a rise in relative prices which was partially offset by a depreciation in the nominal effective exchange rate (NEER). Higher relative prices emanated from domestic inflation of 6.0 per cent, the impact of which was tempered by inflation of 4.1 per cent among Jamaica's major trading partners. The improvement in the NEER reflected the impact of a 1.0 per cent depreciation in the average selling rate of the US dollar vis-à-vis the Jamaica Dollar, partly offset by an average depreciation of 0.2 per cent in the currencies of Jamaica's main trading partners vis-à-vis the US dollar.

The lower domestic inflation outturn in 2011, relative to 2010, was largely due to the non-repetition of administered price increases related to the special consumption tax (SCT) on fuels and upward adjustments in bus and taxi fares. The deceleration in inflation in 2011 was also influenced by the impact of improved weather conditions on agriculture supplies. In this regard, inflation during 2011 was influenced by rising international oil and grain prices which affected the domestic price of energy, transportation costs and processed foods.

All measures of core inflation were considerably lower in 2011 relative to 2010. The rate of change in the Consumer Price Index excluding Food and Fuel (CPI-FF), the Consumer Price Index excluding Agriculture and Fuel (CPI-AF) and the Trimmed Mean (TRIM) were 5.3 per cent, 6.9 per cent and 3.8 per cent, respectively. In 2010 the outturns were 8.2 per cent, 8.7

per cent and 5.4 per cent, respectively.

During 2011, foreign exchange market conditions were largely stable buoyed by continued strong net private capital inflows, particularly in the first half of the year as well as an increase in earnings from the tourism sector. In this regard, the average daily purchases of US\$29.1 million from earners in 2011 exceeded the average daily sales of US\$28.2 million to foreign currency users. This was in comparison to average daily purchases of US\$25.8 million from earners and average daily sales of US\$25.7 million to users in 2010. Given these developments, the Jamaica Dollar at end-2011 reflected a point-to-point depreciation of 0.85 per cent vis-a-vis the US dollar to US\$1.00 = \$86.60. The Jamaica Dollar appreciated by 1.36 per cent against the Canadian dollar (CAD) but depreciated by 0.52 per cent against the Great Britain Pound (GBP). As at 31 December 2011, the Canadian dollar traded at CAD1.00 = J\$84.20, relative to CAD1.00 = \$85.34 as at December 2010. At end-2011, the Great Britain Pound traded at GBP1.00 = \$134.44 compared to GBP1.00 = \$133.74 at end-2010.

Against the background of relatively low inflation trends, declining inflation expectations, stability in the foreign exchange market and weak domestic demand conditions, Bank of Jamaica eased its monetary policy stance on four occasions during 2011. The interest rate payable on the Bank's 30-day Certificate of Deposit (CD) was lowered by a total of 125 basis points (bps) to 6.25 per cent. These changes were effected in the March and September quarters. However, increased uncertainties regarding international commodity prices, in particular the price of crude oil and the continuation of the Stand-By Arrangement (SBA) with the International Monetary Fund (IMF) during the second half of the year influenced the Bank's decision to maintain its interest rates stance. The rate on the Bank's overnight instrument was kept at 0.25 per cent during 2011, while the cash reserve and liquid assets requirements were maintained at 12.0 per cent and 26.0 per cent, respectively. Against the background of the loosening of monetary policy, there was a strong expansion in base money of 7.8 per cent for the year, compared with the growth of 4.9 per cent in the previous year.

2.3 SUMMARY & OUTLOOK

Continued growth in the global economy largely influenced economic activity in Jamaica during 2011. This facilitated an improvement in external demand as well as increased disposable incomes due to growth in remittances inflows. With the relative improvement in real wages, domestic demand increased marginally while inflation moderated and the foreign exchange market remained relatively stable. These occurrences 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.

For 2012, economic growth is forecast to be weaker than in 2011 attributed to lower capacity utilization and investment due to the general uncertainty in the global macroeconomic environment. Improvements in the domestic economy could also be tempered by further increases in unemployment as well as declines in real wages. In addition, continued stability in the foreign exchange market and greater investor confidence hinges on the continuation of fiscal consolidation as well as an agreement on a programme with the International Monetary Fund. In this context, growth in economic activity in 2012 is expected in the range of -0.6 to 0.4 per cent. Growth is expected primarily from *Agriculture, Forestry & Fishing* and *Hotel & Restaurants*. Marginal growth of 2.3 per cent in stopover visitor arrivals is expected to facilitate moderate increases within *Hotels & Restaurants* while productivity enhancements should continue to spur growth in *Agriculture, Forestry & Fishing*. However, declines are expected for *Mining & Quarrying, Construction and Transport, Storage & Communication*. The projected decline in *Mining & Quarrying* should reflect lower capacity utilization during the year, while lower road infrastructure development projects should contribute to the expected contraction in *Construction*. The continued impact of the sale of the national airline in 2011 to a foreign entity primarily accounts for the projected fallout in *Transport, Storage & Communication*.

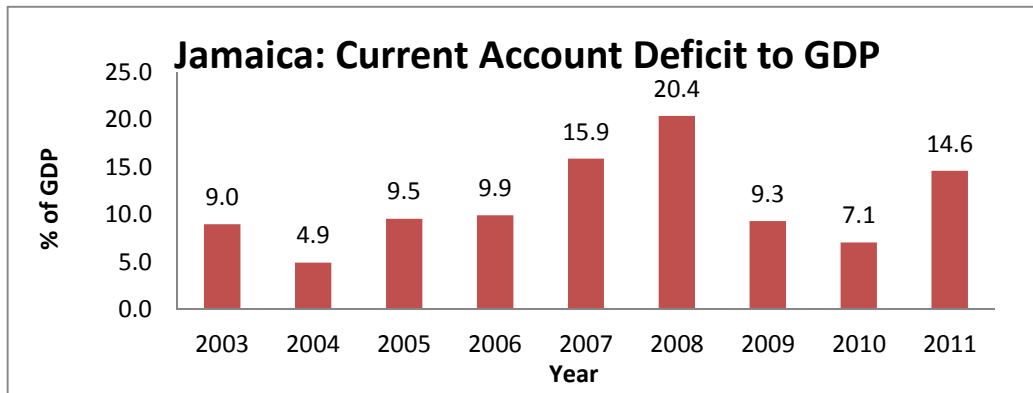
The pace of inflation should increase in 2012 partly attributed to administrated prices related to the tax measures announced in the Government's FY2012/13 budget. The risks to the outlook for growth and inflation relate to external factors such as shocks to international commodity prices and a slower than anticipated recovery in the global economy. In addition, there could be further weakening in domestic demand and adverse weather.

PART III
THE BALANCE OF PAYMENTS

3.0 SUMMARY

Following two consecutive years of improvement, Jamaica's current account deficit is estimated to have widened by \$1 179.0 million to US\$2 109.8 million or 14.6 per cent of GDP (see **Figure 2** and **Table 10**). This deterioration reflected an increase of US\$1 001.4 million in the deficit on the merchandise trade sub-account as well as a worsening of the balances on the other sub-accounts. The expansion in the trade deficit was associated with an increase in commodity prices on the international market as well as higher domestic demand. Net private and official investment inflows were insufficient to finance the deficits on the capital and current accounts. Consequently, the NIR of the BOJ declined by US\$205.2 million to US\$1 966.1 million at end-December 2011.

Figure 2



Source: Bank of Jamaica

Table 10

SUMMARY OF BALANCE OF PAYMENTS				
(US\$MN)				
	2010 ^{1/}	2011 ^{2/}	Change	% Change
CURRENT ACCOUNT	- 930.8	-2 109.8	-1 179.0	126.7
A. GOODS BALANCE	-3 256.2	-4 257.6	-1 001.4	30.8
Exports (f.o.b.)	1 371.2	1 664.8	293.6	21.4
Imports (f.o.b.)	4 627.4	5 922.4	1 295.0	28.0
B. SERVICES BALANCE	810.0	669.8	- 140.2	- 17.3
Transportation	- 429.7	- 576.1	- 146.4	34.1
Travel	1 808.8	1 853.6	44.9	2.5
Other Services	- 569.1	- 607.7	- 38.6	6.8
GOODS & SERVICES BALANCE	-2 446.2	-3 587.8	-1 141.6	46.7
C. INCOME	- 494.6	- 518.4	- 23.8	4.8
Compensation of employee	89.1	36.5	- 52.6	- 59.0
Investment income	- 583.7	- 554.9	28.7	- 4.9
D. CURRENT TRANSFERS	2 010.0	1 996.4	- 13.6	- 0.7
General Government	194.3	141.3	- 53.0	- 27.3
Other Sectors	1 815.7	1 855.1	39.4	2.2
2. CAPITAL & FINANCIAL A/C	930.8	2 109.8	1 179.0	126.7
A. CAPITAL ACCOUNT	- 22.1	- 9.1	12.9	- 58.6
Capital Transfers	- 22.1	- 9.1	12.9	- 58.6
General government	4.2	29.0	24.8	583.7
Other Sectors	- 26.3	- 38.2	- 11.8	44.9
B. FINANCIAL ACCOUNT	952.9	2 119.0	1 166.1	122.4
Other Official Investment	967.7	497.9	- 469.7	- 48.5
Other Private Investments ^{3/}	427.2	1 415.8	988.6	231.4
Reserves ^{4/}	- 442.0	205.2		

Source: Statistical Institute of Jamaica

1/ Revised

2/ Provisional

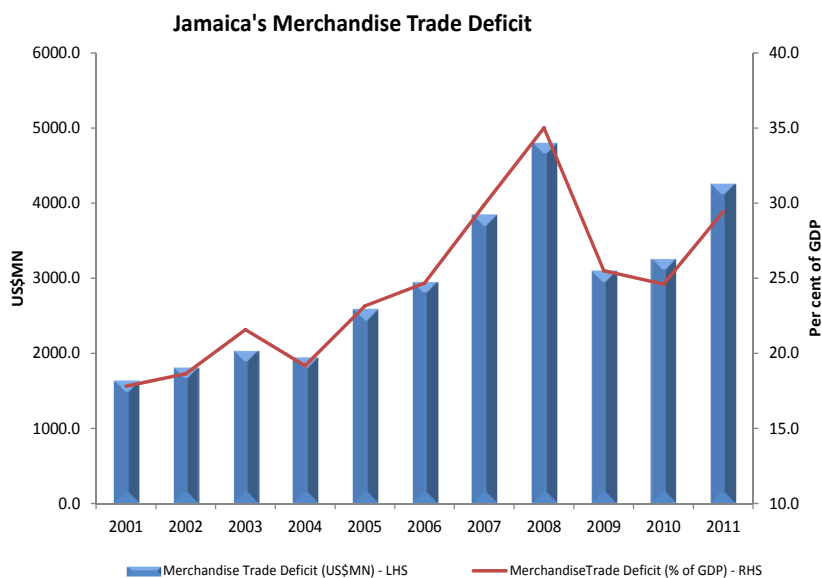
3/ Includes Errors & Omissions

4/ Minus denotes increase

3.1 MERCHANDISE TRADE

Jamaica's total merchandise trade (i.e. exports plus imports (f.o.b.)) increased by US\$1 591.1 million to US\$7 587.2 million (52.5 per cent of GDP) in 2011 (see **Table IV, Appendix**). The goods account recorded a deficit of US\$4 257.6 million (29.5 per cent of GDP), an increase of US\$1 001.4 million relative to 2010 (see **Figure 3**). The higher trade deficit in 2011 resulted from an increase of US\$1 295.0 million in imports (f.o.b.), the effect of which was partly offset by an increase of US\$293.6 million in exports.

Figure 3



Source: Statistical Institute of Jamaica

Exports

Total goods exports in 2011 amounted to US\$1 664.8 million (11.5 per cent of GDP). General merchandise exports, valued at US\$1 438.8 million, continued to account for the largest share of exports (86.4 per cent) increasing by US\$244.4 million when compared with

2010. Goods Procured in Ports by foreign carriers increased by 36.8 per cent while Free Zone exports declined by 1.1 per cent (see **Table 11**). Both accounted for 11.2 per cent and 2.4 per cent of total exports, respectively.

Table 11

TRADITIONAL & NON-TRADITIONAL EXPORTS			
(US\$MN)			
	2010 ^{1/}	2011 ^{2/}	Change
GENERAL MERCHANDISE EXPORTS	1 194.4	1 438.8	244.4
DOMESTIC EXPORTS	1 117.9	1 354.2	236.3
Major Traditional Exports	575.7	784.8	209.1
Bauxite	128.7	141.9	13.2
Alumina	402.8	580.7	178.0
Sugar	44.2	62.2	17.9
Bananas	0.0	0.0	0.0
Other Traditional Exports	78.9	76.1	- 2.9
Citrus	4.0	2.6	- 1.4
Cocoa	1.8	1.9	0.1
Coffee	22.3	19.9	- 2.4
Pimento	2.9	2.0	- 0.9
Rum	47.6	49.6	2.1
Gypsum	0.5	0.1	- 0.4
Non Traditional Exports	463.2	493.3	30.1
RE-EXPORTS	76.5	84.6	8.1
FREEZONE EXPORTS	40.3	39.2	- 1.1
GOODS PROC. IN PORTS	136.5	186.7	50.3
GRAND TOTAL	1 371.2	1 664.8	293.6

Source: Statistical Institute of Jamaica

1/ Revised

The expansion in the value of goods exports largely reflected respective increases of US\$209.1 million, US\$50.2 million and US\$30.1 million in *Major Traditional Exports*, *Goods Procured in Ports* and *Non-traditional Exports*. The impact of these increases was marginally offset by a US\$2.9 million decline in *Other Traditional Exports*. The increase in the value of *Major Traditional Exports* was primarily due to a US\$178.0 million growth in earnings from alumina while the expansion in *Goods Procured in Ports* emanated from greater activity at the Island's sea and air ports (see **Table 12**). Growth in earnings from *Non-traditional Exports* mainly reflected a US\$29.2 million increase in mineral fuel exports

associated with the higher price of fuel on the world market. In addition, there was a US\$20.0 million increase in waste and scrap metal exports.

Table 12

VALUE OF EXPORTS (US\$MN)				
	2010	2011	Change	% Change
SITC SECTIONS				
0. Food	202.9	231.7	28.9	14.2
Citrus & citrus products	4.0	2.4	- 1.6	- 40.2
Sugar & sugar preparations	44.2	62.2	17.9	40.5
Other	154.7	167.1	12.5	8.1
1. Beverages & tobacco	103.8	113.3	9.5	9.1
Rum	47.6	48.7	1.1	2.4
Tobacco & tobacco products	0.1	0.1	0.0	32.1
Other	56.2	64.6	8.3	14.8
2. Crude materials	555.7	769.4	213.7	38.5
Bauxite	128.7	141.9	13.2	10.2
Alumina	402.8	580.7	178.0	44.2
Other	24.2	46.7	22.6	93.3
3. Mineral fuels	157.4	186.6	29.2	18.5
4. Animal & vegetable oils & fats	3.4	0.3	- 3.2	- 91.8
5. Chemicals	83.5	46.5	- 37.0	- 44.3
6. Manufactured goods	44.5	9.8	- 34.8	- 78.0
7. Machinery & transport equipment	16.1	50.8	34.7	215.1
8. Misc. manufactured goods	22.3	19.1	- 3.3	- 14.6
9. Misc. commodities	4.7	11.4	6.7	144.4
A. TOTAL GENERAL EXPORTS	1 194.4	1 438.9	244.5	20.5
B. FREE ZONE EXPORTS	40.3	39.2	- 1.1	- 2.8
C. GOODS PROCURED IN PORTS	136.5	186.7	50.2	36.8
TOTAL EXPORTS (F.O.B.)	1 371.2	1 664.8	293.6	21.4

Source: Statistical Institute of Jamaica

Major Traditional Exports

Bauxite & Alumina

For 2011, earnings from bauxite and alumina exports increased by 10.2 per cent and 44.2 per cent, respectively. The expansion in earnings from bauxite exports resulted from an increase of 20.6 per cent in the commodity's export volumes, the impact of which was partly offset by an 8.6 per cent decline in the average realized price (ARP) (see **Table 13**). Bauxite export volumes benefited from the improvement in Noranda Bauxite Ltd's operating capacity,

which increased to 99.2 per cent in 2011 from an average of 90.2 per cent in 2010. This primarily reflected the impact of improved weather conditions.

The growth in earnings from alumina exports largely reflected a 23.8 per cent increase in volumes and a rise of 16.5 per cent in the ARP of the ore. The strong growth in export volumes for 2011 largely emanated from increased production of alumina at the Winalco Ewarton Plant, which resumed operations in June 2010 after a cessation in 2009. Production capacity at this plant increased to an average of 76.7 per cent in 2011 from an average of 18.0 per cent for 2010. The higher price in 2011 was influenced by the 10.0 per cent increase in the price of aluminium on the world market for 2011.

Sugar

Earnings from sugar exports grew by 40.5 per cent to US\$62.2 million in 2011, resulting from increases of 19.5 per cent and 17.6 per cent in export volumes and the ARP, respectively. During 2011, the Government of Jamaica successfully divested its five sugar factories to a combination of local and foreign investors, including the China National Complete Plant Import & Export Co Ltd which bought the three largest factories. The growth in sugar export is attributed to dry weather conditions, which is conducive to better crop quality as well as the overall increase in productivity, influenced by modernization of some of the sugar factories. As a result of the better weather conditions, there was an improvement in the TCTS ratio to 10.9 in 2011 from 11.4 in 2010.

Table 13

MAJOR TRADITIONAL EXPORT COMMODITIES				
BAUXITE	2010	2011 ^{1/}	Change	% Change
VOLUME ('000 tonnes)	4 303.4	5 188.8	885.3	20.6
VALUE (US\$MN)	128.7	141.9	13.2	10.2
PRICE (US/tonne)	29.9	27.3	- 2.6	- 8.6
ALUMINA				
VOLUME ('000 tonnes)	1 567.9	1 940.5	372.6	23.8
VALUE (US\$MN)	402.8	580.7	178.0	44.2
PRICE (US/tonne)	256.9	299.3	42.4	16.5
SUGAR				
VOLUME ('000 tonnes)	92.6	110.6	18.0	19.5
VALUE (US\$MN)	44.2	62.2	17.9	40.5
PRICE (US/tonne)	477.7	561.9	84.1	17.6

Source: Statistical Institute of Jamaica

1/ Estimates

Other Domestic Exports

Earnings from *Other Domestic Exports* increased by US\$25.8 million (4.8 per cent) to US\$567.9 million relative to 2010 (see **Table 14**). The main contributors to this expansion were higher exports of mineral fuels and crude materials, largely due to the growth in commodity prices in the first half of the year.⁵ In addition, there were increased exports of beverages and tobacco for the year.

⁵ Mineral fuel exports represent Petrojam's supply of petroleum products, including gasoline, to regional and international traders.

Table 14

OTHER DOMESTIC EXPORTS BY S.I.T.C.				
(US\$MN)				
	2010 ^{1/}	2011 ^{2/}	Change	% Change
0. Food	155.1	161.8	6.7	4.3
Citrus & citrus products	4.0	2.4	-1.6	-40.2
Other	151.1	159.5	8.3	5.5
1. Beverages & Tobacco	103.5	113.3	9.8	9.4
Rum	47.6	48.7	1.1	2.4
Tobacco & tobacco products	0.1	0.1	0.0	32.1
Other	55.9	64.5	8.6	15.4
2. Crude Materials	23.4	46.5	23.0	98.3
3. Mineral Fuels	157.3	186.3	29.0	18.4
4. Animal & Vegetable Oils & Fats	0.2	0.3	0.1	70.6
5. Chemicals	78.7	41.1	-37.6	-47.7
6. Manufactured Goods	11.3	4.9	-6.5	-57.0
7. Machinery & Transport Equip.	0.5	2.4	1.9	363.5
8. Miscellaneous Manufactured Goods	7.4	10.0	2.6	35.2
9. Miscellaneous Commodities	4.7	1.4	-3.3	0.0
TOTAL	542.1	567.9	25.8	4.8

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Imports

Total goods imports (c.i.f.) in 2011 were valued at US\$6 724.3 million (45.6 per cent of GDP) (see **Table 15**). General merchandise imports accounted for 98.4 per cent of Jamaica's import bill in 2011, while goods procured in ports by foreign carriers and free zone imports accounted for 1.2 per cent and 0.4 per cent, respectively.

Relative to the previous year, the value of total imports increased by 27.0 per cent in 2011, primarily reflecting higher spending on mineral fuels, chemicals, machinery and transport equipment as well as food. All categories of imports increased with the exception of miscellaneous manufactured goods and miscellaneous commodities. The significant growth in the value of mineral fuel imports mirrored the developments in the international oil market. In particular, the average price per barrel of oil, as measured by the price of West Texas Intermediate crude, increased by 19.6 per cent relative to 2010. Given that the value of mineral fuel imports increased by 54.0 per cent, this implies that there was also an expansion in the volume of fuel imports into the Island for the year.

Spending on chemicals, which exceeded the previous year's level by US\$217.1 million, was buoyed by growth in the imports of medicinal and pharmaceutical products and ethanol feedstock. Relative to 2010, the importation of machinery and transportation equipment also increased by US\$153.7 million (19.5 per cent). This occurred in the context of growth in the domestic economy, particularly in the *Food, Beverages & Tobacco* and *Other Manufacturing* sub-sectors. Food imports grew by US\$132.4 million (16.4 per cent), largely due to increased international commodity prices associated with severe drought conditions in the USA in the first half of the year (see **International Economic Developments**).

Table 15

VALUE OF IMPORTS BY SITC (C.I.F.)				
(US\$MN)				
	2010 ^{1/}	2011 ^{2/}	Change	% Change
TOTAL GENERAL IMPORTS	5 194.6	6 614.8	1 420.1	27.3
0.FOOD	806.0	938.4	132.4	16.4
1.BEVER. & TOBAC.	75.2	77.5	2.3	3.1
2.CRUDE MATS.	60.8	63.2	2.4	4.0
3.MINERAL FUELS	1 585.6	2 441.8	856.3	54.0
4.ANI. & VEG. OIL	32.6	58.6	26.0	79.6
5.CHEMICALS	692.5	909.6	217.1	31.4
6.MANUF. GOODS	583.0	647.1	64.1	11.0
7.MACH. & TRANSP.	786.0	939.7	153.7	19.5
8.MISC. MANUF. GOODS	477.3	470.5	- 6.8	- 1.4
9.MISC. COMMDS.	95.7	68.4	- 27.3	- 28.5
FREEZONE	32.1	30.2	- 1.9	- 6.0
GOODS PROC. IN PORTS	68.0	79.4	11.4	16.7
GRAND TOTAL	5 294.8	6 724.3	1 429.6	27.0

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3.2 DIRECTION OF TRADE (GENERAL MERCHANDISE)

The USA, CARICOM and the European Union (EU) remained Jamaica's main trading partners in 2011, together accounting for US\$4 608.3 million or 55.9 per cent of total merchandise trade. This represented a decline of 1.1 percentage points when compared with the share in 2010. These countries accounted for US\$1 058.4 million or 65.2 per cent of

Jamaica's total export market in 2011 while supplying US\$3 549.9 million or 53.7 per cent of Jamaica's imports in that year (see **Tables 16 to 18**).

Table 16

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2010 ^{1/}	% of Total	2011 ^{2/}	% of Total	Change	% Change
United Kingdom	83.9	6.3	111.7	6.9	27.8	33.1
United States	659.6	49.3	836.2	51.5	176.6	26.8
Canada	164.9	12.3	263.4	16.2	98.5	59.7
China	1.4	0.1	21.3	1.3	19.9	1 430.9
European Union	89.0	6.6	154.2	9.5	65.2	73.3
CARICOM	65.3	4.9	68.0	4.2	2.7	4.1
All other countries	274.7	20.5	169.5	10.4	- 105.1	- 38.3
TOTAL	1 338.8	100.0	1 624.3	100.0	285.5	21.3

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 17

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2010 ^{1/}	% of Total	2011 ^{2/}	% of Total	Change	% Change
United Kingdom	82.4	1.6	96.3	1.5	13.9	16.9
United States	1 833.9	35.1	2 185.4	33.0	351.5	19.2
Canada	91.7	1.8	117.3	1.8	25.6	27.9
China	242.9	4.6	281.5	4.3	38.6	15.9
European Union	272.4	5.2	345.3	5.2	72.9	26.8
CARICOM	821.7	15.7	1 019.2	15.4	197.5	24.0
All other countries	1 881.8	36.0	2 569.8	38.8	688.0	36.6
TOTAL	5 226.8	100.0	6 614.8	100.0	100.0	1.9

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 18

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS				
(US\$MN)				
COUNTRY	2010^{1/}	2011^{2/}	Change	% Change
United Kingdom	1.5	15.4	13.9	926.7
United States	-1 174.3	-1 349.2	- 174.9	14.9
Canada	73.2	146.1	72.9	99.6
China	- 241.5	- 260.2	- 18.7	7.7
European Union	- 183.4	- 191.1	- 7.7	4.2
CARICOM	- 756.4	- 951.2	- 194.8	25.8
All other countries	-1 607.1	-2 400.3	- 793.2	49.4
TOTAL	-3 888.0	-4 990.5	-1 102.5	28.4

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

For 2011, the USA remained Jamaica's principal trading partner, accounting for 36.7 per cent of the country's general merchandise trade for the year. Imports from the USA, which include food, machinery & transport equipment, chemicals and manufactured goods, accounted for 33.0 per cent of Jamaica's general merchandise purchases. On the other hand, exports to that market accounted for 51.5 per cent of Jamaica's general merchandise sales in 2011, relative to 49.3 per cent in 2010. These comprised mainly bauxite, alumina and miscellaneous manufactured goods.

The value of Jamaica's general merchandise imports from the USA increased by US\$351.5 million to US\$2 185.4 million in 2011 which outweighed the US\$176.6 million increase in exports to that market. In this context, Jamaica's merchandise trade deficit with the USA worsened by 14.9 per cent to US\$1 349.2 million in 2011 relative to the previous year.

Jamaica's trade deficit with the EU in 2011 increased by 4.2 per cent to US\$191.1 million relative to a deficit of US\$183.4 million in 2010. The widening of the deficit was due primarily to an increase of US\$72.9 million in imports, largely offset by an increase of US\$65.2 million in exports. In this context, the share of total merchandise trade accounted for by the EU rose to 6.1 per cent in 2011 from 5.5 per cent in 2010. Exports to the EU accounted for US\$154.2 million or 9.5 per cent of Jamaica's total exports and included sugar,

rum and alumina. For 2011, imports from the EU accounted for US\$345.3 million or 5.2 per cent of Jamaica's total imports and included milk products, machinery and transport equipment, food and electronics.

There was a significant increase in Jamaica's overall trade surplus with Canada in 2011 relative to 2010. This gain reflected an increase of 59.7 per cent in exports to that destination, the impact of which was offset by a 27.9 increase in imports. Against this background, the share of Jamaica's total merchandise trade with Canada rose marginally to 4.6 per cent in 2011 from 3.9 per cent the previous year. Exports to this market included alumina, rum and food while imports comprised mainly machinery & transport equipment, mineral fuels, chemicals and food.

Jamaica's merchandise trade deficit with China increased in 2011 by US\$18.7 million to US\$260.2 million. For the year, export earnings increased by US\$19.9 million to US\$21.3 million, while imports increased by US\$38.6 million to US\$281.5 million. China accounted for 1.3 per cent of Jamaica's exports in 2011, relative to 0.1 per cent in 2010, while its share of imports declined to 4.3 per cent in 2011 from 4.6 per cent in 2010. Jamaica's exports to China consisted mainly of alumina and scrap metals. The increase in export of alumina to China was consistent with the overall increase in the volume of alumina exports from Jamaica.

The United Kingdom's (UK) share of Jamaica's merchandise trade remained at 2.6 per cent in 2011 when compared to 2010. For the review period, the value of imports from the UK increased by 16.8 per cent to US\$96.3 million while exports increased by 33.1 per cent to US\$111.7 million. This significant increase in exports largely reflected the expansion in the value of sugar exports, associated with increased volumes and prices. Jamaica exports mainly sugar and rum to the UK. Against the background of the increase in exports, Jamaica's trade surplus with the UK expanded by US\$13.9 million to US\$15.4 million in 2011.

3.3 CARICOM TRADE

CARICOM's share of Jamaica's merchandise trade declined to 13.2 per cent in 2011 from 13.5 per cent in 2010. Imports from the region expanded by US\$197.5 million while exports increased by US\$2.7 million. These changes resulted in a US\$194.8 million worsening of Jamaica's trade deficit with the region relative to 2010. The widening of the deficit was influenced primarily by an increase in Jamaica's trade deficit with Trinidad and Tobago to US\$859.0 million in 2011 from US\$721.0 million in 2010. This deterioration largely reflected an increase of 17.9 per cent in the value of imports of mineral fuels, lubricants and related materials to US\$751.3 million from that country.⁶ Trinidad and Tobago remained Jamaica's major regional trading partner in 2011 (see **Table 19**).

Table 19

CARICOM TRADE (SELECTED COUNTRIES)						
(US\$MN)						
Country	2010 ^{1/}			2011 ^{2/}		
	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Barbados	8.9	13.6	- 4.7	9.3	32.2	- 22.9
Guyana	6.7	42.2	- 35.5	6.7	51.1	- 44.4
Belize	6.1	10.4	- 4.4	3.2	11.8	- 8.6
St. Kitts & Nevis	3.2	0.0	3.2	3.1	0.1	3.0
Antigua & Barbuda	4.9	0.0	4.9	6.0	0.2	5.9
Montserrat	0.5	0.0	0.5	0.3	0.0	0.3
Trinidad & Tobago	19.1	763.0	- 743.9	21.0	880.0	- 859.0
Dominica	2.7	8.9	- 6.2	4.8	6.4	- 1.6
Grenada	2.1	0.3	1.8	2.1	0.5	1.6
St. Lucia	5.5	1.0	4.5	6.1	1.9	4.2
St. Vincent	2.8	0.4	2.4	2.4	0.5	1.9
Suriname	2.8	23.8	- 21.0	5.1	34.6	- 29.5
TOTAL	65.3	863.6	- 798.3	70.2	1 019.3	- 949.1

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3.4 SERVICES

Net earnings from services declined by US\$140.1 million (82.7 per cent) to US\$669.8 million in 2011 (see **Table 20**). The lower surplus reflected respective increases of

⁶ Abstracting for the value of crude oil related imports, the deficit would have been US\$107.7 million for 2011

US\$146.4 million and US\$38.6 million in the deficits on the transportation and other services sub-accounts. The impact of these deteriorations was partly offset by an increase of US\$44.9 million in net receipts from travel.

Table 20

SERVICES ACCOUNT					
(US\$MN)					
	2007	2008	2009	2010 ^{1/}	2011 ^{2/}
Services (Net)	424.8	428.1	769.9	810.0	669.8
Inflows	2 706.5	2 795.4	2 650.6	2 634.0	2 620.2
Outflows	2 281.7	2 367.4	1 880.6	1 824.0	1 950.4
1. Transportation	- 540.4	- 644.7	- 441.2	- 429.7	- 576.1
Inflows	447.2	469.2	344.2	295.2	283.6
Outflows	987.6	1 113.9	785.4	724.9	859.6
2. Travel	1 611.9	1 707.7	1 709.0	1 808.8	1 853.6
Inflows	1 910.0	1 975.8	1 925.5	2 001.3	2 012.5
Outflows	298.2	268.2	216.4	192.5	158.9
3. Other Services	- 646.6	- 634.9	- 497.9	- 569.1	- 607.7
Inflows	349.3	350.4	380.9	337.5	324.1
Outflows	995.9	985.3	878.8	906.6	931.9

Source: Bank of Jamaica

1/ Revised

2/ Provisional

Transportation

The widening of the deficit on the transportation sub-account primarily reflected a US\$134.8 million expansion in gross outflows largely associated with higher freight charges due to increased imports (see **Table 21**).

Table 21

TRANSPORTATION				
(US\$MN)				
	2010	2011	Change	% Change
TRANSPORTATION (NET)	-429.7	-576.1	-146.4	34.1
TOTAL RECEIPTS	295.2	283.6	-11.6	-3.9
Passenger fares	94.2	47.1	-47.1	-50.0
Freight	3.8	1.9	-1.9	-50.0
Other	197.2	234.6	37.3	18.9
TOTAL PAYMENTS	724.9	859.6	134.8	18.6
Passenger fares	42.2	53.5	11.3	26.9
Freight	614.4	733.4	119.0	19.4
Other	68.3	72.7	4.5	6.5

Source: Bank of Jamaica

Travel

Net foreign exchange earnings from the tourism industry in 2011 amounted to US\$1 853.6 million (12.6 per cent of GDP), representing an increase of 2.5 per cent relative to 2010. This improvement reflected an increase in gross receipts of US\$11.2 million (0.6 per cent) as well as a 17.5 per cent reduction in travel outflows (see **Table 20**). Increased earnings reflected growth of 1.6 per cent in total stopover arrivals for the review period as well as a 23.7 per cent expansion in cruise passenger arrivals. The decline in gross outflows resulted from a contraction in the estimated number of Jamaicans travelling abroad relative to 2010.

The growth in stopover visitor arrivals was largely underpinned by expansions in the first four months of the year. Stopover arrivals for January to April grew by 5.1 per cent, however, there was a reduction of 0.5 per cent for the May to December period which showed declines for all months with the exception of September and November. The overall performance for stopover arrivals was associated with increased marketing primarily for non-traditional source markets and Canada. The fall-off in the second half of the year may be attributed to a deceleration in GDP growth in the main source markets.

Table 22

VISITOR ARRIVAL STATISTICS				
	2010	2011	Change	% Change
Total Stop-Overs	1 921 678.00	1 951 752.00	30 074.00	1.6
Foreign Nationals	1 768 810.00	1 800 280.00	31 470.00	1.8
Long-Stay	1 701 924.00	1 739 246.00	37 322.00	2.2
Short-Stay	66 886.00	61 034.00	- 5 852.00	- 8.7
Non-resident Jamaican Stopovers	152 868.00	151 472.00	- 1 396.00	- 0.9
Cruise Passengers & Armed forces	909 619.00	1 125 481.00	215 862.00	23.7
TOTAL	2 831 297.00	3 077 233.00	245 936.00	8.7

Source: Jamaica Tourist Board

Stopover Arrivals

Source Markets

The USA, Canada and the UK continued to be the main sources of visitors to Jamaica in 2011. While remaining the largest source market, stopover visitor arrivals from the USA declined by 1.4 per cent reflecting respective decreases of 4.2 per cent and 1.4 per cent in the northeast and south, which outweighed increases of 4.1 per cent and 1.9 per cent in the Mid-West and West, respectively. The fall-off in visitors from the USA may be attributed to the deceleration in GDP growth as well as reduced air seats out of the main gateways. In particular, there was a termination of flights by Delta Airlines as well as a reduction in routes associated with the transfer of Air Jamaica to Caribbean Airlines during the year. There was also a reduction in the frequency of flights by Spirit Airlines, which moved from one daily flight to two flights per week in the December quarter.

Table 23

STOPOVER ARRIVALS BY COUNTRY OF ORIGIN												
	Foreign Nationals				Non-Resident Jamaicans				Total Arrivals			
	2010	2011	Change	% Change	2010	2011	Change	% Change	2010	2011	Change	% Change
USA	1133559	1118644	-14915	-1.3	109384	106921	-2463	-2.3	1242943	1225565	-17378	-1.4
Canada	312741	365586	52845	16.9	12450	13352	902	7.2	325191	378938	53747	16.5
UK	170368	158675	-11693	-6.9	13987	14832	845	6.0	184355	173507	-10848	-5.9
W Germany	18573	19664	1091	5.9	284	275	-9	-3.2	18857	19939	1082	5.7
Other Europe	67609	59142	-8467	-12.5	494	461	-33	-6.7	68103	59603	-8500	-12.5
Latin America	13349	16458	3109	23.3	93	131	38	40.9	13442	16589	3147	23.4
Japan	1899	1964	65	3.4	51	63	12	23.5	1950	2027	77	3.9
Caribbean	42359	51009	8650	20.4	15940	15207	-733	-4.6	58299	66216	7917	13.6
Other Countries	8353	9138	785	9.4	185	230	45	24.3	8538	9368	830	9.7
TOTAL	1768810	1800280	31470	1.8	152868	151472	-1396	-0.9	1921678	1951752	30074	1.6

Source: Jamaica Tourist Board

Stopover visitors from Canada increased by 16.5 per cent and accounted for 19.4 per cent of total visitors in 2011 compared with 16.9 per cent in the previous year (see Figure 4). Accordingly, for the third consecutive year, stopover visitors from Canada have surpassed those from Europe (in particular the UK).⁷ Notably, arrivals of foreign nationals from Canada also accounted for 20.3 per cent of the total in the review year relative to 17.7 per cent in 2010. Growth in arrivals from Canada was significant for the summer and winter periods, recording respective expansions of 13.3 per cent and 10.6 per cent. There were increases in arrivals from all provinces with Ontario recording the largest growth of 14.4 per cent followed by Quebec with 14.5 per cent. The significant increase in visitors from this source market continued to reflect the positive impact of the Open Skies policy introduced in 2010, which facilitates the access of any airline wishing to operate in a country. In addition, the appreciation in the value of the Canadian dollar vis-à-vis the US dollar and its higher purchasing power, associated with growth in the Canadian economy, may have contributed to the improvement in arrivals from this source country (See **International Economic Developments**).

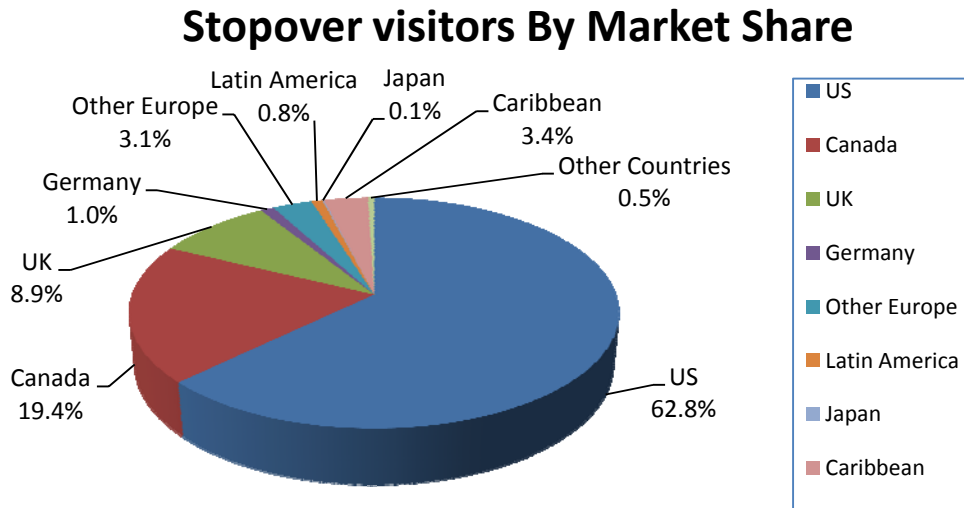
Despite growth in arrivals from Eastern/Central Europe (9.7 per cent) and Western Europe (7.1 per cent), the total number of visitors from Europe declined by 12.5 per cent reflecting reductions in arrivals from both the northern and southern regions. In particular, stopover arrivals from the UK fell by 5.9 per cent and mainly contributed to the decline for Northern

⁷ Europe includes the UK, Germany and other Europe

Europe (5.8 per cent). The fall-off in stop-over visitors from Southern Europe (31.1 per cent) was reflected in all countries, with the exception of Greece. The contraction for Europe was mainly attributed to the imposition of the British Air Passenger Duty (APD) which became effective November 2010, as well as the impact of the debt crisis in the Eurozone. This resulted in a reduction in the number of flights by Virgin Airlines and British Airways, which led to British Airways cutting back their frequency of flights to Jamaica to two per week from three.

The other major source markets that recorded increases were Latin America (23.4 per cent), the Caribbean (13.6 per cent) and Asia (12.6 per cent). Growth from Latin America was mainly influenced by arrivals from South America (31.7 per cent) specifically Ecuador (101.1 per cent) and Argentina (21.9 per cent) as well as Central America (10.4 per cent). Arrivals from these markets were enhanced by an increase in airlift and connectivity as well as facilitation of travel through the use of visa-free entry in specific cases. For example, Aerogal Air began chartered service from Bogota, Colombia and Quito, Ecuador during the year while Jamaica Air Shuttle started service to Havana. Copa Airlines, which spans several South American countries, including Colombia, Venezuela, Peru and Argentina also commenced direct commercial flights twice weekly from Panama into Montego Bay on 11 December, 2011. This connectivity provided a degree of certainty to travellers from South America as the need for transit visas are eliminated for visitors who would normally fly via the United States to Jamaica. It was also announced that Colombians staying in Jamaica for thirty days and for tourism purposes would not require visas. Arrivals to the Caribbean were boosted by the launch of service by Red Jet to Jamaica in July 2011 and subsequently to other islands.

Figure 4



Source: Jamaica Tourist Board

Seasonal Distribution

For the winter period (January to April), stopover arrivals increased by 5.1 per cent relative to the similar period in 2010, reflecting increased airlift (see **Table 24**). On the other hand, stopover visitor arrivals for the summer months (May to December) declined by 0.5 per cent in the review period compared with growth of 3.6 per cent in 2010.

Table 24

SEASONAL DISTRIBUTION OF STOPOVER ARRIVALS						
	2010	2011			2010	2011
	No. of visitors		Change	% Change	% of total	
Winter	696 889.0	732 748.0	35 859.0	5.1	36.3	37.5
Summer	1 224 789.0	1 219 004.0	- 5 785.0	- 0.5	63.7	62.5
Total	1 921 678.0	1 951 752.0	30 074.0	1.6	100.0	100.0

Source: Jamaica Tourist Board

Visitor Accommodation & Length of Stay

During 2011, the number of available rooms declined by 0.7 per cent to 28 304, while the number of beds rose by 0.4 per cent to 58 447 (see **Table 25**). All the resort areas, with the exception of Negril and Port Antonio, showed deterioration in hotel room accommodation, with the South Coast registering the largest decline of 3.6 per cent. However, Negril and Port Antonio recorded growth of 2.0 per cent and 0.2 per cent, respectively. There were corresponding increases in the number of available beds for Negril and Port Antonio as well as for Ocho Rios.

Table 25

Visitor Accommodation Statistics (By Resort Area)				
	2010*	2011	Change	% Change
No. of Rooms	28 491	28 304	- 187	-0.7
Kingston	2 397	2 348	- 49	-2.0
Montego Bay	9 330	9 241	- 89	-1.0
Ocho Rios	7 592	7 455	- 137	-1.8
Negril	6 886	7 024	138	2.0
Port Antonio	844	846	2	0.2
South Coast	1 442	1 390	- 52	-3.6
No. of Beds	58 230	58 447	217	0.4
Kingston	4 808	4 722	- 86	-1.8
Montego Bay	18 966	18 706	- 260	-1.4
Ocho Rios	16 025	16 364	339	2.1
Negril	13 848	14 170	322	2.3
Port Antonio	1 699	1 703	4	0.2
South Coast	2 884	2 782	- 102	-3.5

Source: Jamaica Tourist Board

For the review period, the average length of stay for stopover visitors by the major source countries of residence recorded an overall slight decline, compared with 2010 (see **Table 26A**). This performance largely reflected declines in the average length of stay of visitors from the Caribbean and Canada of 12.9 per cent and 3.2 per cent, respectively. With regard to average length of stay by all types of accommodation, foreign nationals increased marginally while non-resident Jamaicans remained the same compared with 2010 (see **Table 26B**). However, the average length of stay of non-resident Jamaicans staying in hotel accommodations increased in 2011, while that for foreign nationals was unchanged.

Table 26A

Foreign National Average Length of Stay By Country of Residence				
	2010	2011	Change	% Change
USA	7.7	7.7	0.0	0.0
Canada	9.3	9	-0.3	-3.2
UK	15.7	15.4	-0.3	-1.9
Europe	10.9	11.5	0.6	5.5
Latin America	8.9	8.2	-0.7	-7.9
Caribbean	9.3	8.1	-1.2	-12.9
Other Countries	13.6	14.1	0.5	3.7
TOTAL	9.0	8.9	-0.1	-1.1

Source: Jamaica Tourist Board

Table 26B

AVERAGE LENGTH OF STAY By Type of Accommodation				
	2010		2011	
	Foreign Nationals	Non Resident Jamaicans	Foreign Nationals	Non Resident Jamaicans
Hotel	6.9	8.4	6.9	8.2
Non-Hotel	9.4	11.8	9.4	11.8
Private Homes	15.6	17.0	15.6	17.0
Other	12.8	16.2	12.8	16.2
TOTAL	9.0	16.4	8.9	16.4

Source: Jamaica Tourist Board

Cruise Passengers

Cruise passenger arrivals increased by 23.7 per cent to 1 125 481 in 2011, following four consecutive years of decline (see **Table 22**). This significant expansion was entirely attributed to arrivals at the newly constructed Falmouth Cruise Pier which was developed under a joint venture partnership with Royal Caribbean Cruises Limited to accommodate the largest cruise vessels being built. The first vessel arrived on 17 February 2011, however, the pier was officially opened on 22 March 2011 when Royal Caribbean's largest ship the *Oasis of the Seas* made its inaugural call. A total of 456 442 passengers from 110 calls were welcomed at the Falmouth Pier, however, there were respective declines of 23.9 per cent and 31.5 per cent in calls and passenger arrivals at the Ocho Rios port. In addition, the Montego

Bay Pier recorded decreases of 16.4 per cent and 16.5 per cent in calls and passengers, respectively. The fall in cruise from the Montego Bay and Ocho Rios piers reflected the diversion of Royal Caribbean's vessels from these piers to Falmouth.

Tourist Expenditure

Gross earnings from tourism increased by US\$11.2 million to US\$2 012.5 million (13.6 per cent of GDP) in 2011 (see **Table 27**). On average, each foreign national stop-over tourist spent US\$115.7 per day, relative to US\$115.3 in 2010, while the average daily spending of cruise passengers decreased by 11.4 per cent to US\$71.3 from US\$80.4 in 2010. With respect to payments, the expenditure of Jamaicans travelling overseas fell by 9.8 per cent during 2011, while that of resident workers abroad declined by 40.3 per cent compared with the previous year.

Table 27

Tourist Expenditure				
(US\$MN)				
	2010	2011	Change	% Change
Total Foreign Nat Stop-over Expenditure	1 845.5	1 846.0	0.5	0.0
Winter Expenditure	704.3	723.6	19.3	2.7
Summer Expenditure	1 141.2	1 122.4	- 18.8	- 1.6
Non-res. Jamaican Expenditure	76.5	76.0	- 0.5	- 0.6
Cruise passengers & armed Forces	79.3	90.6	11.2	14.2
Total Expenditure	2 001.3	2 012.5	11.2	0.6
Less Jamaican Exp. Overseas	144.4	130.2	- 14.2	- 9.8
Less Exp.of resident workers Overseas	48.1	28.7	- 19.4	- 40.3
Net Expenditure	1 808.8	1 853.6	44.9	2.5

Source: Jamaica Tourist Board

Other Services

The deficit on the *other services* account widened by US\$38.5 million in 2011, reflecting an increase of US\$25.2 million in payments as well as a US\$13.3 million decline in gross receipts (see **Table 28**).

Table 28

OTHER SERVICES				
(US\$MN)				
	2010	2011	Change	% Change
OTHER SERVICES (NET)	- 569.2	- 607.7	- 38.5	6.8
RECEIPTS	337.5	324.2	- 13.3	- 3.9
Insurance	5.5	8.6	3.1	56.4
Computer & information	38.4	38.5	0.1	0.3
Other Business Services	260.0	244.3	- 15.7	- 6.0
Government	33.6	32.8	- 0.8	- 2.4
PAYMENTS	906.7	931.9	25.2	2.8
Insurance	152.5	144.8	- 7.7	- 5.0
Computer & information	36.4	39.4	3.0	8.2
Other Business Services	659.9	685.3	25.4	3.8
Government	57.9	62.4	4.5	7.8

The increase in spending was mainly attributed to a US\$25.4 million expansion in other business services, in particular royalties & license fees and communication services. Lower inflows resulted primarily from a fall-off in receipts from other business services, specifically communication fees.

3.5 INCOME

For 2011, the income sub-account recorded a deficit of US\$518.4 million, which was US\$23.8 million (4.8 per cent) higher than in 2010. This deterioration reflected a US\$52.6 million decline in net inflows from compensation to employees which was partly countered by a US\$28.0 million decline in net investment income outflows (see **Table 29**).

The contraction in net inflows from compensation to employees mainly reflected a US\$39.7 million (33.0 per cent) decline in receipts, which was related to lower earnings under the farm work programme in the USA. This effect was partly offset by an increase in interest

income on portfolio and other investments by the Government as well as reduced interest payments on Bank of Jamaica and Government guaranteed debt.

Table 29

INCOME (US\$MN)				
	2010	2011	Change	% Change
INCOME ACCOUNT (NET)	-494.6	-518.4	-23.8	4.8
INFLOWS	243.2	221.5	-21.7	-8.9
OUTFLOWS	737.8	739.9	2.1	0.3
1. Compensation to Employees	89.1	36.5	-52.6	-59.0
Inflows	120.3	80.5	-39.7	-33.0
Outflows	31.2	44.0	12.9	41.2
2. Investment Income (net)	-583.7	-554.9	28.7	-4.9
Inflows	122.9	140.9	18.0	14.6
Direct Investment	5.2	9.4	4.1	79.3
Portfolio Investment	71.6	78.3	6.7	9.4
Other Investment	46.2	53.3	7.1	15.5
Central Government	0.0	0.0	0.0	0.0
Bank of Jamaica	22.8	21.2	-1.6	-7.0
Other	23.3	32.1	8.7	37.4
Outflows	706.6	695.9	-10.8	-1.5
Direct Investment	127.0	111.8	-15.2	-11.9
Portfolio Investment	15.0	52.3	37.4	249.5
Other Investment	564.7	531.7	-33.0	-5.8
Central Government	467.9	467.7	-0.2	0.0
Bank of Jamaica	7.1	14.5	7.5	105.8
Government Guaranteed	6.1	9.4	3.2	52.6
Other	83.6	40.1	-43.5	-52.0

Source: Bank of Jamaica

3.6 CURRENT TRANSFERS

Net earnings from current transfers declined by US\$13.6 million (0.7 per cent) to US\$1 996.4 million in 2011. Gross inflows from current transfers amounted to US\$2 284.0 million in 2011, representing a decrease of US\$8.9 million (0.4 per cent), relative to 2010 (see **Table**

30). This outturn reflected a contraction of US\$60.9 million (29.0 per cent) in gross official transfers largely reflecting lower grant receipts. Partly offsetting this reduction was a US\$51.9 million (2.5 per cent) rise in gross inflows to the private sector. With respect to total payments, an increase of US\$12.6 million (4.7 per cent) in gross private remittance outflows was partly countered by a US\$7.9 million (50.4 per cent) reduction in gross official payments.

Private transfer inflows received through remittance companies accounted for 80.3 per cent of total private sector inflows in 2011 compared with 77.5 per cent in 2010. Inflows through the financial system accounted for 14.5 per cent of total private sector inflows in 2011 relative to 14.0 per cent in 2010. However, inflows through other agencies fell to 5.1 per cent of total private sector inflows in 2011 from 8.5 per cent in the previous year.

Table 30

CURRENT TRANSFERS (US\$MN)				
	2010	2011	Change	% Change
NET CURRENT TRANSFERS	2 010.0	1 996.4	- 13.6	- 0.7
TOTAL RECEIPTS	2 292.9	2 284.0	- 8.9	- 0.4
GENERAL GOVERNMENT	209.9	149.1	- 60.9	- 29.0
OTHER SECTOR	2 083.0	2 134.9	51.9	2.5
Remittances thru' the postal system	0.0	0.0	0.0	0.0
Remittances thru' the Financial System	292.3	310.3	18.0	6.2
Remittance Companies	1 613.9	1 714.8	100.9	6.3
Other Transfers	176.8	109.8	- 66.9	- 37.9
TOTAL PAYMENTS	282.9	287.6	4.7	1.7
GENERAL GOVERNMENT	15.6	7.8	- 7.9	- 50.4
OTHER SECTOR	267.2	279.8	12.6	4.7
Remittances thru' the Financial System	248.1	261.4	13.3	5.4
Other Transfers	19.1	18.4	- 0.8	- 3.9

Source: Bank of Jamaica

3.7 CAPITAL AND FINANCIAL ACCOUNTS

The capital account recorded a deficit of US\$9.1 million in 2011 relative to the US\$22.1 million deficit in 2010. This smaller deficit was largely influenced by a US\$38.2 million decline in other capital transfers, which was offset by an increase of US\$29.0 million in general government (see **Table 31**). The financial account registered a surplus of US\$2 119.0 million, an increase of US\$1 166.1 million (122.4 per cent) when compared with the previous year.

Table 31

CAPITAL AND FINANCIAL ACCOUNT (US\$MN)				
	2010 ^{1/}	2011 ^{2/}	Change	% Change
CAPITAL & FINANCIAL ACCOUNT (NET)	930.8	2 109.8	1 179.0	126.7
A. CAPITAL ACCOUNT	- 22.1	- 9.1	12.9	- 58.6
Capital Transfers	- 22.1	- 9.1	12.9	- 58.6
General Government	4.2	29.0	24.8	583.7
Other Capital Transfers	- 26.3	- 38.2	- 11.8	44.9
Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	952.9	2 119.0	1 166.1	122.4
Other Official Investment	967.7	497.9	- 469.7	- 48.5
Other Private Investments ^{3/}	427.2	1 415.8	988.6	231.4
Change in Reserves (increase = minus)	- 442.0	205.2		

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Financial Account

Within the financial account, net official investment inflows fell by US\$469.7 million to US\$497.9 million relative to 2010 (see **Table 32**). This fall reflected a US\$730.3 million decline in gross official inflows, largely related to a US\$618.7 million reduction in project loans from multilateral financial institutions. In particular, during the review year, the Inter-American Development Bank provided US\$50.0 million in loans relative to US\$600.0 million in 2010 while the World Bank provided US\$99.8 million in 2011 relative to

US\$199.5 million in 2010. Other assistance also declined by US\$111.5 million relative to 2010. Gross outflows fell by US\$260.5 million, largely reflecting a decline in Bank of Jamaica liabilities relative to 2010. This decline was due to lower inflows from the IMF during the year, which was also reflected as lower outflows given the simultaneous treatment of those loans as both an asset and liability. GOJ outflows increased by US\$424.1 million and mainly reflected the amortization of a Eurobond in May 2011.

Table 32

OTHER OFFICIAL INVESTMENT FLOWS				
(US\$MN)				
	2010 ^{1/}	2011 ^{2/}	Change	% Change
NET OFFICIAL INVESTMENTS	967.7	497.9	- 469.7	- 48.5
GROSS OFFICIAL INFLOWS	2 400.8	1 670.5	- 730.3	- 30.4
Project Loan	926.1	307.4	- 618.7	- 66.8
Other Assistance	1 474.7	1 363.1	- 111.5	- 7.6
GROSS OFFICIAL OUTFLOWS	1 433.1	1 172.6	- 260.5	- 18.2
Government Direct	266.0	690.1	424.1	159.5
Bank of Jamaica	968.7	177.0	- 791.8	- 81.7
Other Official	198.5	305.6	107.1	54.0

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Net private investment inflows, consisting primarily of foreign direct and portfolio investment flows, rose by US\$988.6 million to US\$1 415.8 million in 2011 (see **Tables 31** and **32**). The increase in portfolio inflows largely reflected a significant portion of the payout of a GOJ global bond being converted to Jamaica Dollar instruments. In addition, portfolio investments, particularly early in the year, were influenced by a favourable inflation outlook and positive economic performance under the IMF-SBA. There was also a US\$64.6 million increase in gross FDI inflows.

3.8 BALANCE OF PAYMENTS OUTLOOK

Jamaica's current account balance in 2012 will be affected by the continued weak domestic demand conditions as well as developments in the international economy. The impact of the European debt crisis is expected to constrain global demand conditions in 2012. Notwithstanding, a marginal uptick in growth in the USA, Jamaica's main trading partner, is anticipated in 2012, primarily due to the continued loosening of monetary policy. This should result in growth in Jamaica's exports, tourism earnings and remittances, albeit moderate.

The deficit on the goods balance is expected to narrow in 2012. Imports are expected to contract influenced primarily by a decline in oil prices and a reduction in domestic economic activity. The projected decline in oil prices is underpinned by general weak global demand conditions in the context of a deceleration in the pace of global economic growth stemming from developments in the Euro Area. Notwithstanding, rising tensions in the Middle East associated with Iran's nuclear programme and corresponding sanctions imposed by the West could contribute to upward pressures on crude oil prices. Jamaica's main exports, bauxite and alumina, are also expected to decline due to the negative impact of a reduction in commodity prices and weak global demand. The impact of this decline is expected to be marginally offset by higher non-traditional exports due to announced institutional changes in the ethanol industry. In particular, Jamaica's export of ethanol is expected to benefit from higher demand for dehydration capacity by Brazil, following the expiration of the US tariff on Brazilian ethanol in December 2012.

Earnings from services should improve marginally in 2012, influenced by an increase in stop over visitor arrivals due to the continued improvement in the US economy. Moderate growth in the US economy is also expected to influence an expansion in private remittance inflows.

The deficit on the income account should expand in 2012. This is based on an expected increase in income outflows from the direct investment companies in the context of an improvement in profitability in the mining sector due to lower fuel prices. Within the financial account, private capital inflows are projected to decline during 2012 in the context of uncertainty about the timing and status of an agreement with the IMF on a medium-term economic programme as well as concerns surrounding the recovery of international markets.

The main downside risks to this outlook include a slower than anticipated recovery in the US economy, an intensification of tensions in the Middle East and adverse weather in 2012.

APPENDIX

STATISTICAL TABLES

FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION

<u>Page</u>	<u>Table</u>	<u>Title</u>
	I.	Balance of Payments Summary (2007 – 2011)
	II.	Balance of Payments Standard Presentation (2007 – 2011)
	III.	Balance of Payments Analytic Summary (2007 - 2011)
	IV.	Selected Balance of Payments Indicators (2007 – 2011)
	V.	Services Account (2007 - 2011)
	VI.	Other Services (2007 - 2011)
	VII.	Income Account (2007 - 2011)
	VIII.	Current Transfers Account (2007 - 2011)
	IX.	Capital and Financial Account (2007 – 2011)

Table I

SUMMARY OF BALANCE OF PAYMENTS					
(US\$MN)					
	2007	2008	2009	2010 ^{1/}	2011 ^{2/}
CURRENT ACCOUNT	-2 038.2	-2 793.6	-1 127.5	- 930.8	-2 109.8
GOODS BALANCE	-3 841.3	-4 802.9	-3 087.9	-3 256.2	-4 257.6
EXPORTS (f.o.b.)	2 362.6	2 743.9	1 387.7	1 371.2	1 664.8
IMPORTS (f.o.b.)	6 203.9	7 546.8	4 475.6	4 627.4	5 922.4
SERVICES BALANCE	424.8	428.1	769.9	810.0	669.8
TRANSPORTATION	- 540.4	- 644.7	- 441.2	- 429.7	- 576.1
TRAVEL	1 611.9	1 707.7	1 709.0	1 808.8	1 853.6
OTHER SERVICES	- 646.7	- 634.9	- 497.9	- 569.1	- 607.7
INCOME	- 661.6	- 568.2	- 668.0	- 494.7	- 518.3
COMPENSATION OF EMPLOYEE	64.8	83.7	67.6	89.1	36.5
INVESTMENT INCOME	- 726.4	- 651.9	- 735.6	- 583.8	- 554.8
CURRENT TRANSFERS	2 039.9	2 149.6	1 858.4	2 010.0	1 996.4
OFFICIAL	133.0	100.7	143.9	194.3	141.3
PRIVATE	1 906.9	2 049.1	1 714.5	1 815.7	1 855.1
CAPITAL & FINANCIAL A/C	2 038.2	2 793.3	1 127.5	930.8	2 109.8
CAPITAL ACCOUNT	- 35.5	18.1	20.7	- 22.1	- 9.1
CAPITAL TRANSFERS	- 35.5	18.1	20.7	- 22.1	- 9.1
OFFICIAL	0.7	48.6	45.3	4.2	29.0
PRIVATE	- 36.2	- 30.5	- 24.5	- 26.3	- 38.2
ACQ/DISP OF NON-PRO NON FIN ASSETS	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT	2 073.7	2 775.2	1 106.7	952.9	2 119.0
OTHER OFFICIAL INVESTMENT	653.0	518.6	254.7	967.7	497.9
OTHER PRIVATE INVESTMENTS ^{3/}	980.9	2 151.8	808.4	427.2	1 415.8
RESERVES ^{4/}	439.8	104.8	43.6	- 442.0	205.2

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3/ Includes errors & omissions

4/ Minus denotes increase

Table II

BALANCE OF PAYMENTS STANDARD PRESENTATION (US\$MN)										
	2007		2008		2009		2/ 2010		2/ 2011	
	<u>Cr</u>	<u>Dr</u>	<u>Cr</u>	<u>Dr</u>	<u>Cr</u>	<u>Dr</u>	<u>Cr</u>	<u>Dr</u>	<u>Cr</u>	<u>Dr</u>
		<u>-2038.2</u>		<u>-2793.6</u>		<u>-1127.4</u>		<u>-930.8</u>		<u>-2109.8</u>
1. CURRENT ACCOUNT	7975.7	10013.9	8515.7	11309.2	6395.4	7522.8	6541.3	7472.2	6790.5	8900.2
A. Goods & Services	5069.2	8485.8	5538.9	9914.0	4038.3	6356.3	4005.2	6451.5	4285.1	7872.7
1. Goods	2362.6	6203.9	2743.8	7546.8	1387.8	4475.7	1371.2	4627.4	1664.8	5922.4
1.1 General Merchandise	2202.8	6058.2	2531.8	7392.3	1223.8	4408.8	1194.4	4537.9	1438.9	5825.0
1.2 Goods procured in ports by carriers	103.3	130.2	151.8	137.4	106.6	53.3	136.5	62.5	186.7	72.0
1.3 Freezone Trade	56.5	15.5	60.2	17.1	57.4	13.6	40.3	27.0	39.2	25.4
2. Services	2706.5	2281.7	2795.0	2367.1	2650.6	1880.6	2634.0	1824.0	2620.2	1950.4
2.1 Transportation	447.2	987.6	468.7	1113.6	344.2	785.4	295.2	724.9	283.6	859.6
2.1.1 Passenger	231.5	41.7	245.7	43.9	145.1	43.0	94.2	42.2	47.1	53.5
2.1.2 Freight	15.3	775.1	14.6	894.0	4.4	611.5	3.8	614.4	1.9	733.4
2.1.3 Other	200.3	170.8	208.4	175.7	194.7	130.9	197.2	68.3	234.6	72.7
2.2 Travel	1910.0	298.2	1975.9	268.2	1925.5	216.4	2001.3	192.5	2012.5	158.9
2.3 Other Services	349.3	995.9	350.4	985.3	380.9	878.8	337.5	906.6	324.1	931.9
2.3.1 Insurance Services	12.4	180.2	10.6	194.6	8.4	154.2	5.5	152.5	8.6	144.8
2.3.2 Communication Services	157.2	72.4	136.0	56.4	151.1	74.8	129.0	70.3	114.5	77.6
2.3.3 Financial services	66.9	54.9	42.5	42.2	52.6	46.3	34.1	47.1	36.8	39.5
2.3.4 Computer & Information services	27.3	25.8	29.2	24.1	36.6	42.3	38.4	36.4	38.5	39.4
2.3.5 Royalties & license fees	14.9	60.4	16.6	48.2	9.1	44.8	4.9	36.3	3.9	47.4
2.3.6 Other business services	4.7	539.3	44.6	546.4	53.6	445.2	54.7	420.2	51.8	434.2
2.3.7 Personal, cultural, & rec. services	29.1	2.2	38.6	5.9	34.5	9.8	37.3	13.5	37.3	13.9
2.3.8 Government services	37.0	56.1	32.4	62.8	35.0	56.6	33.6	57.9	32.8	62.4
2.3.9 Construction Services	0.0	4.8	0.0	4.8	0.0	4.8	0.0	72.6	0.0	72.6
B Income	520.8	1182.4	488.0	1056.2	235.0	902.9	243.2	737.8	221.4	739.9
3. Compensation of employees	157.8	93.0	135.1	51.4	99.2	31.6	120.3	31.2	80.5	44.0
4. Investment Income	363.0	1089.4	352.9	1004.8	135.8	871.3	122.9	706.6	140.9	695.9
C. Current Transfers	2385.7	345.8	2488.8	339.0	2122.0	263.6	2292.9	282.9	2284.0	287.6
5. Official	141.2	8.3	107.2	6.5	155.9	12.0	209.9	15.6	149.1	7.8
6. Private	2244.4	337.5	2381.6	332.5	1966.2	251.6	2083.0	267.2	2134.9	279.8
2. CAPITAL & FINANCIAL ACCOUNT	5740.9	4042.3	6716.8	3573.5	4464.4	3464.5	5162.8	4404.6	4628.8	3512.2
D. Capital Account	22.2	57.7	72.6	54.5	64.2	43.4	21.4	43.4	46.1	55.3
7. Government capital transfers	0.7	0.0	48.6	0.0	45.3	0.0	4.2	0.0	29.0	0.0
8. Other sectors transfers	21.5	57.7	24.0	54.5	18.9	43.4	17.1	43.4	17.1	55.3
E. Financial Account	5718.7	3984.6	6644.2	3519.0	4400.2	3421.1	5141.4	4361.1	4582.6	3457.0
9. Direct Investment	866.5	115.0	1436.6	75.9	540.9	61.1	227.7	58.2	218.2	74.6
10. Other Investment	4412.4	3869.6	5102.8	3443.2	3485.0	3029.2	4913.7	3860.9	4364.4	3587.6
10.1 Trade credits	260.6	194.8	298.4	241.4	244.3	256.6	244.6	158.4	264.7	256.0
10.2 Loans	1817.3	1239.9	2170.5	1183.9	1437.9	1157.6	2295.1	1554.5	1270.1	1179.5
10.2.1 Government	590.7	484.9	558.3	369.9	361.0	576.6	939.0	266.0	716.3	690.1
10.2.2 Other sectors	1226.6	755.0	1612.2	814.0	1076.9	581.0	1356.1	1288.5	553.8	489.4
10.3 Currency & Deposits	1154.1	662.9	1799.6	1193.3	1370.8	868.8	1565.7	1036.7	1906.4	1210.2
10.4 Other Assets	1180.5	1772.1	834.4	824.6	432.0	746.2	808.4	1111.3	923.2	942.0
11. Reserves	439.8	0.0	104.8	0.0	374.4	330.8	0.0	442.0	0.0	-205.2
11.1 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.2 Assets	439.8	0.0	104.8	0.0	374.4	330.8	0.0	442.0	0.0	-205.2
11.2.2 Special drawing rights	0.0	0.0	0.0	0.0	0.0	330.8	0.0	0.0	0.0	0.0
11.2.4 Bank of Jamaica	439.8	0.0	104.8	0.0	374.4	0.0	0.0	442.0	0.0	-205.2
11.2.5 Government Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F. Net errors & omissions	339.5	0.0	-350.0	0.0	127.6	0.0	172.6	0.0	554.9	0.0

1/ Revised

2/ Provisional

Table III

BALANCE OF PAYMENTS ANALYTIC SUMMARY					
(US\$MN)					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Balance of Trade</i>	-3 841.3	-4 802.9	-3 087.9	-3 256.2	-4 257.6
<i>Services</i>	424.8	428.1	769.9	810.0	669.8
<i>Net Goods & Services</i>	-3 416.5	-4 374.8	-2 318.0	-2 446.2	-3 587.8
<i>Income</i>	- 661.6	- 568.3	- 667.9	- 494.6	- 518.4
<i>Private Current Transfers (net)</i>	1 906.9	2 049.1	1 714.5	1 815.7	1 855.1
<i>Official current Transfers (net)</i>	133.0	100.7	143.9	194.3	141.3
<i>Capital Transfers</i>	- 35.5	18.1	20.7	- 22.1	- 9.1
<i>Financial Account</i>	1 734.2	3 125.2	979.1	780.3	1 564.1
<i>Net Errors & Omissions</i>	339.5	- 350.0	127.6	172.6	554.9

Source: Bank of Jamaica

TABLE IV

SELECTED BALANCE OF PAYMENTS INDICATORS					
	2007	2008	2009	2010^{1/}	2011^{2/}
<i>Current Account/GDP</i>	-15.9	-20.4	-9.3	-7.1	-14.6
<i>NIR</i>	1 877.7	1 772.9	1 729.4	2 171.4	1 966.1
<i>Gross Reserves (Central Bank)</i>	1 900.2	1 795.4	1 751.9	2 979.1	2 820.4
<i>Gross Foreign Liabilities (Central Bank)</i>	22.5	22.5	22.5	807.8	854.3
<i>Gross Reserves in Wks of Imports of Goods & Services</i>	10.0	14.7	14.1	19.7	18.9
<i>Goods Imports/GDP</i>	48.3	55.0	37.0	35.0	41.0
<i>Goods & Services Imports/GDP</i>	66.1	72.3	52.5	48.8	53.4
<i>Goods Exports/GDP</i>	18.4	20.0	11.5	10.3	11.5
<i>Goods & Services Exports/GDP</i>	39.5	40.4	33.4	30.3	29.6
<i>Merchandise Trade/GDP</i>	66.5	74.2	47.8	45.3	52.5
<i>FDI/GDP</i>	6.7	10.5	4.5	1.7	1.7
<i>Debt Service/Goods & Services Exports</i>	19.2	16.2	31.8	20.2	28.7
<i>Private Remittances/GDP</i>	17.5	17.4	16.2	15.7	14.8

Source: Bank of Jamaica

1/ Revised

2/ Provisional

Table III

BALANCE OF PAYMENTS ANALYTIC SUMMARY					
(US\$MN)					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<i>Balance of Trade</i>	-3 841.3	-4 802.9	-3 087.9	-3 256.2	-4 257.6
<i>Services</i>	424.8	428.1	769.9	810.0	669.8
<i>Net Goods & Services</i>	-3 416.5	-4 374.8	-2 318.0	-2 446.2	-3 587.8
<i>Income</i>	- 661.6	- 568.3	- 667.9	- 494.6	- 518.4
<i>Private Current Transfers (net)</i>	1 906.9	2 049.1	1 714.5	1 815.7	1 855.1
<i>Official current Transfers (net)</i>	133.0	100.7	143.9	194.3	141.3
<i>Capital Transfers</i>	- 35.5	18.1	20.7	- 22.1	- 9.1
<i>Financial Account</i>	1 734.2	3 125.2	979.1	780.3	1 564.1
<i>Net Errors & Omissions</i>	339.5	- 350.0	127.6	172.6	554.9

Source: Bank of Jamaica

TABLE V

SERVICES ACCOUNT					
(US\$MN)					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Services (Net)	424.8	428.1	769.9	810.0	669.8
Inflows	2706.5	2795.4	2650.6	2634.0	2620.2
Outflows	2281.7	2367.4	1880.6	1824.0	1950.4
1. Transportation	-540.4	-644.7	-441.2	-429.7	-576.1
<i>Inflows</i>	447.2	469.2	344.2	295.2	283.6
<i>Outflows</i>	987.6	1113.9	785.4	724.9	859.6
2. Travel	1611.9	1707.7	1709.0	1808.8	1853.6
<i>Inflows</i>	1910.0	1975.8	1925.5	2001.3	2012.5
<i>Outflows</i>	298.2	268.2	216.4	192.5	158.9
3. Other Services	-646.6	-634.9	-497.9	-569.1	-607.7
<i>Inflows</i>	349.3	350.4	380.9	337.5	324.1
<i>Outflows</i>	995.9	985.3	878.8	906.6	931.9

Source: Bank of Jamaica

TABLE V

SERVICES ACCOUNT					
(US\$MN)					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Services (Net)	424.8	428.1	769.9	810.0	669.8
Inflows	2706.5	2795.4	2650.6	2634.0	2620.2
Outflows	2281.7	2367.4	1880.6	1824.0	1950.4
1. Transportation	-540.4	-644.7	-441.2	-429.7	-576.1
<i>Inflows</i>	447.2	469.2	344.2	295.2	283.6

Outflows	987.6	1113.9	785.4	724.9	859.6
2. Travel	1611.9	1707.7	1709.0	1808.8	1853.6
Inflows	1910.0	1975.8	1925.5	2001.3	2012.5
Outflows	298.2	268.2	216.4	192.5	158.9
3. Other Services	-646.6	-634.9	-497.9	-569.1	-607.7
Inflows	349.3	350.4	380.9	337.5	324.1
Outflows	995.9	985.3	878.8	906.6	931.9

Source: Bank of Jamaica

TABLE VI

OTHER SERVICES					
(US\$MN)					
	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Inflows	349.3	350.4	380.9	337.5	324.1
<i>Communication services</i>	157.2	136.0	151.1	129.0	114.5
<i>Construction services</i>	0.0	0.0	0.0	0.0	0.0
<i>Insurance Services</i>	12.4	10.6	8.4	5.5	8.6
<i>Financial Services</i>	66.9	42.5	52.6	34.1	36.8
<i>Computer & Information Services</i>	27.3	29.2	36.6	38.4	38.5
<i>Royalties & license fees</i>	14.9	16.6	9.1	4.9	3.9
<i>Other Business Services</i>	4.7	44.6	53.6	54.7	51.8
<i>Personal, cultural & recreational services</i>	29.1	38.6	34.5	37.3	37.3
<i>Government services</i>	37.0	32.4	35.0	33.6	32.8
Outflows	995.9	985.3	878.8	906.6	931.9
<i>Communication services</i>	72.4	56.4	74.8	70.3	77.6
<i>Construction services</i>	4.8	4.8	4.8	72.6	72.6
<i>Insurance Services</i>	180.2	194.6	154.2	152.5	144.8
<i>Financial Services</i>	54.9	42.2	46.3	47.1	39.5
<i>Computer & Information Services</i>	25.8	24.1	42.3	36.4	39.4
<i>Royalties & license fees</i>	60.4	48.2	44.8	36.3	47.4
<i>Other Business Services</i>	539.3	546.4	445.2	420.2	434.2
<i>Personal, cultural & recreational services</i>	2.2	5.9	9.8	13.5	13.9
<i>Government services</i>	56.1	62.8	56.6	57.9	62.4
Net services	-646.6	-634.9	-497.9	-569.1	-607.7

Source: Bank of Jamaica

TABLE VII

INCOME ACCOUNT					
(US\$MN)					
	2007	2008	2009	2010	2011
A. Compensation of Employees	64.8	83.7	67.6	89.1	36.5
Inflows	157.8	135.1	99.2	120.3	80.5
Outflows	93.0	51.4	31.6	31.2	44.0
B. Investment Income	-726.4	-651.9	-735.5	-583.7	-554.9
Inflows	363.0	352.8	135.8	122.9	140.9
Direct Investment	9.6	13.9	10.9	5.2	9.4
Portfolio Investment	176.7	209.6	71.2	71.6	78.3
Other Investment	176.7	129.4	53.7	46.2	53.3
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	128.6	67.8	26.5	22.8	21.2
- Other	48.1	61.6	27.2	23.3	32.1
Outflows	1089.3	1004.8	871.3	706.6	695.9
Direct Investment	532.6	376.2	231.8	127.0	111.8
Portfolio Investment	27.1	19.5	13.3	15.0	52.3
Other Investment	529.6	609.1	626.2	564.7	531.7
- Central Government	439.1	457.7	487.8	467.9	467.7
- Bank of Jamaica	0.1	0.0	0.0	7.1	14.5
- Government Guaranteed	16.0	14.7	38.3	6.1	9.4
- Other	74.4	136.6	100.1	83.6	40.1

Source: Bank of Jamaica

TABLE VII

INCOME ACCOUNT					
(US\$MN)					
	2007	2008	2009	2010	2011
A. Compensation of Employees	64.8	83.7	67.6	89.1	36.5
Inflows	157.8	135.1	99.2	120.3	80.5
Outflows	93.0	51.4	31.6	31.2	44.0
B. Investment Income	-726.4	-651.9	-735.5	-583.7	-554.9
Inflows	363.0	352.8	135.8	122.9	140.9
Direct Investment	9.6	13.9	10.9	5.2	9.4
Portfolio Investment	176.7	209.6	71.2	71.6	78.3
Other Investment	176.7	129.4	53.7	46.2	53.3
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	128.6	67.8	26.5	22.8	21.2
- Other	48.1	61.6	27.2	23.3	32.1
Outflows	1089.3	1004.8	871.3	706.6	695.9
Direct Investment	532.6	376.2	231.8	127.0	111.8
Portfolio Investment	27.1	19.5	13.3	15.0	52.3
Other Investment	529.6	609.1	626.2	564.7	531.7
- Central Government	439.1	457.7	487.8	467.9	467.7
- Bank of Jamaica	0.1	0.0	0.0	7.1	14.5
- Government Guaranteed	16.0	14.7	38.3	6.1	9.4
- Other	74.4	136.6	100.1	83.6	40.1

Source: Bank of Jamaica

TABLE VIII

CURRENT TRANSFERS					
(US\$MN)					
	2007	2008	2009	2010	2011
Total Receipts	2039.9	2149.6	1858.4	2010.0	1996.4
A. General government	141.2	141.2	141.2	141.2	141.2
B. Other Sectors	2244.4	2381.5	1966.2	2083.0	2134.9
Remittances thru Financial System	797.6	786.2	264.5	292.3	310.3
Remittance Companies	1166.4	1235.1	1525.8	1613.9	1714.8
Other Transfers	280.1	360.1	175.9	176.8	109.8
Total Payments	345.8	339.0	263.6	282.9	287.6
A. General Government	8.3	6.5	12.0	15.6	7.8
B. Other Sectors	337.5	332.5	251.6	267.2	279.8
Remittance thru' Financial system	303.2	313.2	237.4	248.1	261.4
Other Transfers	34.3	19.3	14.2	19.1	18.4
Net Current Transfers	1694.1	1810.6	1594.8	1727.1	1708.8

Source: Bank of Jamaica

TABLE IX

CAPITAL ACCOUNT					
(US\$MN)					
	2007	2008	2009	2010	2011
CAPITAL ACCOUNT	-35.5	18.1	20.7	-22.1	-9.1
CAPITAL TRANSFERS	-35.5	18.1	20.7	-22.1	-9.1
Inflows	0.7	48.6	45.3	4.2	29.0
Outflows	-36.2	-30.5	-24.5	-26.3	-38.2
OTHER SECTORS	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
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