



THE BALANCE OF PAYMENTS

QUARTERLY REPORT December 2012 (Revised)

**External Sector Statistics Unit
Economic Information & Publications Department
RESEARCH AND ECONOMIC PROGRAMMING DIVISION**



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BANK OF JAMAICA
P.O. BOX 621
Kingston, Jamaica

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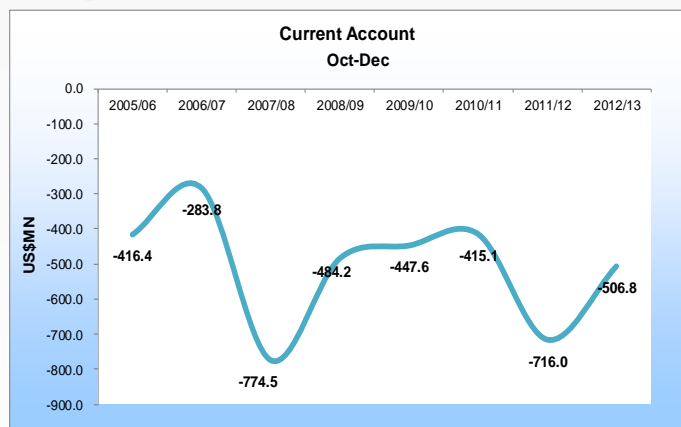
Overview: October to December 2012/2013 Quarter

Table 1
Balance of Payments
October to December 2012/2013

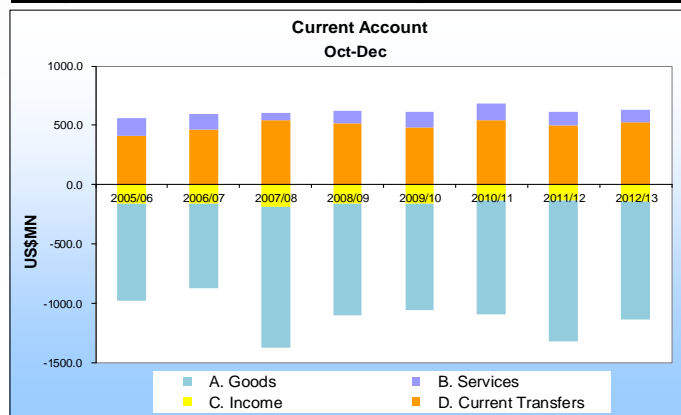
BALANCE OF PAYMENTS OF JAMAICA (US\$MN)			
	Oct-Dec 2011/12	Oct-Dec 1/ 2012/13	Change
1. Current Account	-716.0	-506.8	209.2
A. Goods	-1189.9	-996.9	193.0
Exports	377.9	457.3	79.4
Imports	1567.8	1454.2	-113.6
B. Services	106.7	113.5	6.7
C. Income	-134.7	-144.1	-9.4
D. Current Transfers	501.9	520.8	18.9
2. Capital & Financial Account	716.0	506.8	-209.2
A. Capital Account	-0.6	-7.2	-6.6
B. Financial Account	716.5	514.0	-202.6
Official Investment	142.6	45.3	-97.3
Private Investment	459.5	336.4	-123.1
Reserves	114.5	132.2	

1/ Revised

Graph 1: Current Account Balances (8-Year Trend)



Graph 2: Current Account Components (8-Year Trend)



Source: Bank of Jamaica

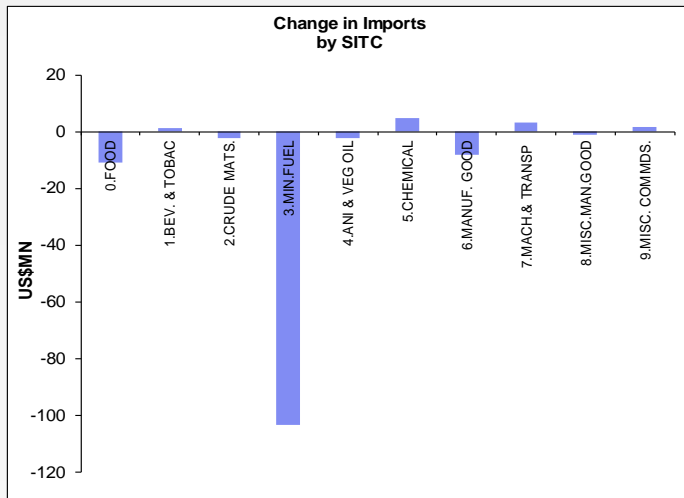
For the December quarter of the 2012/13 fiscal year, there was a Current Account deficit of **US\$506.8 million**, an improvement of **US\$209.2 million** relative to the corresponding period in the preceding fiscal year (Table 1).

Over the last eight years, Jamaica's Current Account balances for recent December quarters have ranged from a deficit of **US\$283.8 million** in 2006/07 to the largest deficit of **US\$774.5 million** recorded in 2007/08 (Graph 1). The out-turns for the December quarters showed consistent improvements from 2008/09 to 2010/11 before declining significantly to a deficit of **US\$716.0 million** for the corresponding quarter in 2011/12. The current account balance improved for the review quarter of 2012/13, reflecting improvements in all sub-accounts excepting the Income sub-account (Graph 2).

For the Goods sub-account, there was a deficit of **US\$996.9 million**, an improvement of **US\$193.0 million** relative to the corresponding period in the preceding fiscal year (Table 1). The decline of **US\$113.6 million** in imports was primarily driven by a decrease of **US\$103.5 million** in mineral fuel (Graph 3). The increase of **US\$79.4 million** in exports resulted primarily from an increase of **US\$99.0 million** in chemical exports.

There was an increase of **US\$6.7 million** in the surplus on the Services sub-account for the review period (Table 1). This resulted mainly from an increase of **US\$11.7 million** in Other Business Services inflows and a reduction of **US\$18.1 million** in Construction Services outflows.

Graph 3
Change in Value of Imports
October to December 2012/2013



Source: STATIN

The Income sub-account deteriorated by **US\$9.4 million** for the review period (see Table 1). This emanated mainly from a **US\$10.8 million** increase in profits remitted by foreign direct investment companies.

Relative to the corresponding period in 2011/2012, Current Transfers increased by **US\$18.9 million** to **US\$520.8 million**. This increase primarily resulted from a **US\$15.1 million** increase in net official grant flows.

Flows from official and private sources were insufficient to finance the Current Account deficit (see Table 1). Consequently, the NIR declined by **US\$132.2 million** for the review period.

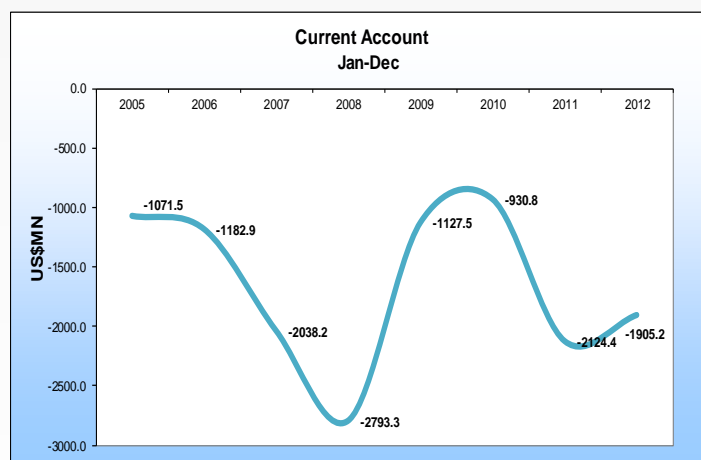
Overview: January to December 2012 Calendar Year

Table 2
Balance of Payments
January - December 2012

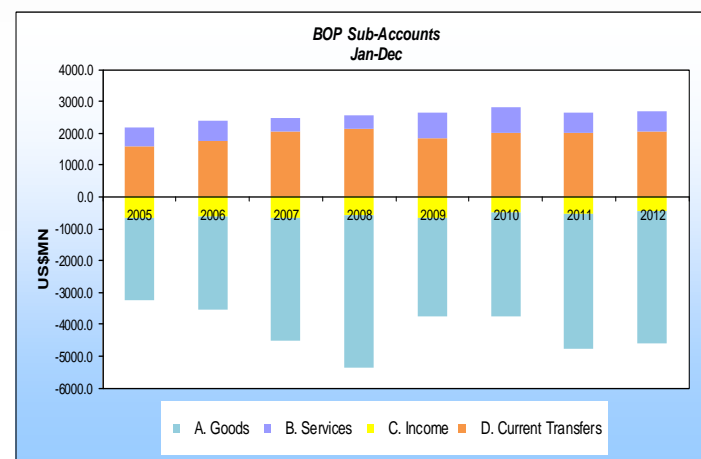
BALANCE OF PAYMENTS OF JAMAICA (US\$MN)			
	Jan-Dec 2011	Jan-Dec 1/ 2012	Change
1. Current Account	-2124.4	-1905.2	219.2
A. Goods	-4257.6	-4158.0	99.6
Exports	1664.8	1746.7	81.9
Imports	5922.4	5904.7	-17.6
B. Services	661.9	638.9	-23.0
C. Income	-518.4	-433.5	84.9
D. Current Transfers	1989.8	2047.4	57.6
2. Capital & Financial Account	2124.4	1905.2	-219.2
A. Capital Account	-9.1	-26.2	-17.1
B. Financial Account	2133.5	1931.5	-202.1
Official Investment	497.9	238.6	-259.3
Private Investment	1430.4	852.3	-578.0
Reserves	205.2	840.5	

1/ Revised

Graph 4: Current Account Balances (8-Year Trend)



Graph 5: Current Account Components (8-Year Trend)



Source: Bank of Jamaica

For 2012, there was a current account deficit of **US\$1 905.2 million**, which represented an improvement of **US\$219.2 million** relative to the corresponding period in 2011 (Table 2 and Graph 4). The improvement in the Current Account emanated from all sub-accounts except the Services sub-account (Graph 5).

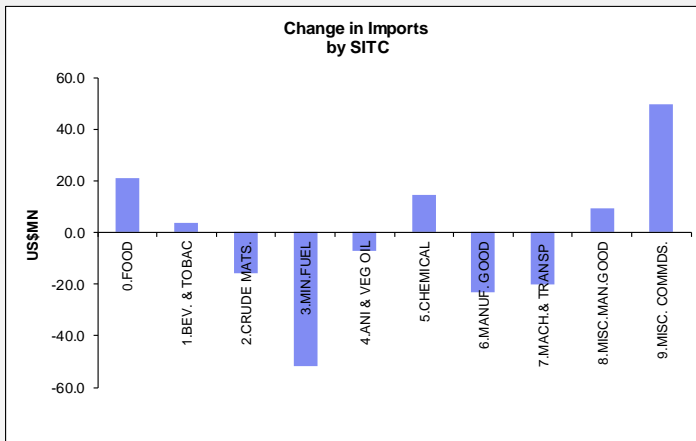
During the period, the Goods balance recorded a deficit of **US\$4 158.0 million**, an improvement of **US\$99.6 million** when compared to 2011. This resulted primarily from an increase of **US\$81.9 million** in exports, which was reinforced by a decrease of **US\$17.6 million** in imports. The increase in exports stemmed mainly from an increase of **US\$32.0 million** in sugar exports. The reduction in imports was significantly influenced by decreases of **US\$51.6 million**, **US\$23.4 million** and **US\$20.3 million** in payments for Mineral Fuel, Manufactured Goods and Machinery & Transport Goods respectively (Graph 6).

In relation to the Services sub-account, there was a decline of **US\$23.0 million** in its surplus position. This resulted primarily from an increase of **US\$44.0 million** in Other Business Services inflows and a reduction of **US\$72.6 million** in Construction Services outflows.

The Income sub-account improved by **US\$84.9 million** for the review year. This increase emanated primarily from a decrease of **US\$32.4 million** in official interest payments on GOJ external debt.

During the review year, Current Transfers increased by **US\$57.6 million** to **US\$2 047.4 million**, relative to 2011. This improvement resulted primarily from an increase of **US\$31.0 million** in net official grant flows.

Graph 6
Change in Value of Imports
January - December 2012



Source: STATIN

Flows from official and private sources were insufficient to finance the Current Account deficit. Consequently, the NIR declined by **US\$840.5 million** during the period.

Introduction to the Balance of Payments Manual 6th Edition

Background to BPM6

Since the first edition of the Balance of Payments (BOP) Manual was published in 1948, developments in global transactions have created the need for amendments to the publication, which adequately capture international economic transactions. Currently, the manual utilized by most economies is the Fifth Edition (BPM5), which was published in 1993. However, the Sixth Edition (BPM6) of the manual was released in 2009 and is titled the *Balance of Payments and International Investment Position Manual*.

Transition to BPM6

Over the past four releases of the Bank of Jamaica (BOJ) Quarterly BOP Report, including this edition, a BPM6 introductory feature has been included as a parallel transition towards the complete reformatting of this publication in accordance with BPM6 reporting standards. As of 28 June 2013, BOP reports will be published using the BPM6 methodology exclusively. Under this new methodology the Bank will produce more detailed *Financial Account* data which is aimed at enhancing the understanding of how net lending is invested and how net borrowing is financed.

Understanding BPM6

One major change in the sixth edition of the Balance of Payments (BOP) manual is that the *Capital Account* will no longer be grouped with the *Financial Account* as was done previously, but with the *Current Account* instead. The balance from the *Current* and the *Capital account* is now referred to as *Net Lending or Borrowing*. Also, the use of debits and credits for the *Financial Account* is replaced by *Net acquisition of financial assets* and the *Net incurrence of liabilities*. BPM6 also introduces the categories of *Primary* and *Secondary Income*, which is conceptually consistent with the System of National Accounts (SNA). *Primary Income* encompasses returns that accrue to institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources, while *Secondary Income* contains *Current Transfers* between residents and non-residents. The presentation under the previous manual instead had the sub-accounts *Goods and Services, Income and Current Transfers*.

Please see Balance of Payments Summary for the October to December 2012/13 quarter using the BPM6 reporting standard, which also indicates the matching line items from BPM5 to BPM6, along with a comparison of version-specific terminologies.

Balance of Payments Summary: October-December 2012/13 (BPM 6th Edition)

For the December quarter, using the BPM6 methodology, net borrowing as per the balance on the Current and Capital accounts amounted to **US\$514.0 million**. This means that the country could not finance the balances on the Current and Capital accounts with its own earnings of foreign exchange within the period.

The Current Account for the quarter showed a deficit of **US\$506.8 million**, which was driven primarily by the deficit in the Goods Account whose deficit of **US\$996.9 million** was mainly driven by imports of **US\$1 454.2 million** which outweighed Exports of **US\$457.3 million**.

The Secondary Income account, which largely comprised net remittance inflows of **US\$448.9 million**, was not enough to prevent the deficit in the *Current Account*.

On the *Financial Account* side of the BOP, net borrowing amounted to **US\$168.3 million**. The largest contributing sub-component to the negative balance in the *Financial Account* was *Direct Investment*, which had a net borrowing balance of **US\$100.7 million**.

Table 3^A

BPM 5 Summary

Balance of Payments (US\$MN)	
	Oct-Dec 1/ 2012
1. Current Account	-506.8
A. Goods	-996.9
Exports	457.3
Imports	1454.2
B. Services	113.5
Transportation	-196.7
Travel	412.2
Other Services	-102.0
C. Income	-144.1
Compensation of Employees	16.5
Investment Income	-160.7
D. Current Transfers	520.8
Official	45.5
Private	475.2
2. Capital & Financial Account	506.8
A. Capital Account	-7.2
Capital Transfers	-7.2
Official	0.2
Private	-7.3
Acq/Disp. of Non-produced Non-fin. Assets	0.0
B. Financial Account	514.0
Official Investment (incl. Govt. Reserves)	45.3
Central Government	-43.9
Other Official Investment	89.2
Private Investment (incl. Errors & Omissions)	336.4
Reserves	132.2

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Table 3^B

BPM6 Summary

Balance of Payments (US\$MN)	
	Oct-Dec /1 2012
Current Account Balance	-506.8
Credits	1,734.5
Debits	2,241.3
Goods & Services	-883.4
Credits	1,070.3
Debits	1,953.7
Goods	-996.9
Exports	457.3
Imports	1,454.2
Services	113.5
Credits	613.0
Debits	499.5
Primary Income	-144.1
Credits	69.3
Debits	213.4
Secondary Income	520.8
Credits	594.9
Debits	74.2
Capital Account	-7.2
Credits	5.1
Debits	12.3
Net lending (+) / net borrowing (-) (balance from current and capital account)	-514.0
Financial Account	
Net lending (+) / net borrowing (-) (balance from financial account)	-168.3
Direct Investment	-100.7
Net acquisition of financial assets	-1.6
Net incurrence of liabilities	99.1
Portfolio Investments	-41.3
Net acquisition of financial assets	-34.6
Net incurrence of liabilities	6.7
Financial derivatives	35.8
Net acquisition of financial assets	15.3
Net incurrence of liabilities	-20.5
Other Investments	72.4
Net acquisition of financial assets	20.0
Net incurrence of liabilities	-52.4
Reserve Assets	-134.5
Net Errors and Omissions	345.7

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Comparison of Terminologies (BPM5 vs. BPM6)

Old (BPM5 - BOJ version)	=	New (BPM6 version)
Goods + Services	=	Goods & Services
Current a/c + Capital a/c	=	Net lending (+) / Net borrowing (-)

Current Balance of Payments Tables

Table 4			
Balance of Payments of Jamaica			
(US\$Mn)			
	Oct-Dec 2011/12	Oct-Dec 1/ 2012/13	Change
1. Current Account	-716.0	-506.8	209.2
A. Goods	-1189.9	-996.9	193.0
Exports	377.9	457.3	79.4
Imports	1567.8	1454.2	-113.6
B. Services	106.7	113.5	6.7
Transportation	-168.1	-196.7	-28.6
Travel	421.8	412.2	-9.6
Other Services	-147.0	-102.0	45.0
C. Income	-134.7	-144.1	-9.4
Compensation of Employees	23.0	16.5	-6.5
Investment Income	-157.7	-160.7	-3.0
D. Current Transfers	501.9	520.8	18.9
Official	30.4	45.5	15.1
Private	471.5	475.2	3.8
2. Capital & Financial Account	716.0	506.8	-209.2
A. Capital Account	-0.6	-7.2	-6.6
Capital Transfers	-0.6	-7.2	-6.6
Official	8.3	0.2	-8.1
Private	-8.8	-7.3	1.5
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	716.5	514.0	-202.6
Official Investment (incl. Govt. Reserves)	142.6	45.3	-97.3
Central Government	69.7	-43.9	-113.6
Other Official Investment	72.8	89.2	16.3
Private Investment (incl. Errors & Omissions)	459.5	336.4	-123.1
Reserves	114.5	132.2	
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<i>2013 April</i>			

Table 5			
Balance of Payments of Jamaica			
(US\$Mn)			
	Oct-Dec 2011/12	Oct-Dec 1/ 2012/13	Change
Services (Net)	106.7	113.5	6.7
Inflows	615.9	613.0	-2.9
Outflows	509.2	499.5	-9.7
Transportation	-168.1	-196.7	-28.6
Inflows	62.6	59.8	-2.7
Outflows	230.6	256.5	25.9
Travel	421.8	412.2	-9.6
Inflows	471.7	454.3	-17.4
Outflows	49.9	42.1	-7.7
Other Services	-147.0	-102.0	45.0
Inflows	81.7	98.9	17.2
Outflows	228.7	200.9	-27.8
Income (Net)	-134.7	-144.1	-9.4
Compensation of Employees	23.0	16.5	-6.5
Inflows	33.6	26.5	-7.1
Outflows	10.6	10.0	-0.6
Investment Income	-157.7	-160.7	-3.0
Inflows	35.0	42.8	7.7
Outflows	192.7	203.4	10.7
- Bank of Jamaica	3.4	2.3	-1.1
- Government Direct	141.8	144.7	3.0
- Government Guaranteed	1.6	0.8	-0.8
- Private	0.0	0.0	0.0
- Direct Investment	22.9	33.7	10.8
- Other	23.1	22.0	-1.1
Current Transfers (Net)	501.9	520.8	18.9
Inflows	575.3	594.9	19.6
Outflows	73.5	74.2	0.7
Official	30.4	45.5	15.1
Inflows	32.3	47.4	15.1
Outflows	1.9	1.9	0.0
Private	471.5	475.2	3.8
Inflows	543.0	547.5	4.5
Outflows	71.5	72.3	0.7
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Table 6			
Balance of Payments of Jamaica			
(US\$Mn)			
	Oct-Dec	Oct-Dec 1/	
	2011/12	2012/13	Change
Capital & Financial Account (Net)	716.0	506.8	-209.2
Capital Account (Net)	-0.6	-7.2	-6.6
1. Capital Transfers	-0.6	-7.2	-6.6
Official	8.3	0.2	-8.1
Inflows	8.3	0.2	-8.1
Outflows	0.0	0.0	0.0
Private	-8.8	-7.3	1.5
Inflows	5.0	5.0	0.0
Outflows	13.8	12.3	-1.5
2. Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
Inflows	0.0	0.0	0.0
Outflows	0.0	0.0	0.0
Financial Account (Net)	716.5	514.0	-202.6
Official Investment (incl. Govt. Reserves)	142.6	45.3	-97.3
Inflows	321.4	211.0	-110.4
Outflows	178.8	165.7	-13.1
Private Investment (incl. Errors & Omissions)	459.5	336.4	-123.1
Inflows	1177.3	868.7	-308.6
Outflows	717.8	532.3	-185.5
Reserves	114.5	132.2	
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<i>2013 April</i>			

Historical Balance of Payments Tables

	Balance of Payments of Jamaica							
	(US\$Mn)							
	Oct-Dec 2005/06	Oct-Dec 2006/07	Oct-Dec 2007/08	Oct-Dec 2008/09	Oct-Dec 2009/10	Oct-Dec 2010/11	Oct-Dec 2011/12	Oct-Dec/ 2012/13
1. Current Account	-416.4	-283.8	-774.5	-484.2	-447.6	-415.1	-716.0	-506.8
A. Goods	-815.5	-713.3	-1194.9	-939.2	-896.7	-959.8	-1189.9	-996.9
Exports	416.8	519.0	587.8	467.1	308.2	353.8	377.9	457.3
Imports	1232.3	1232.3	1782.7	1406.3	1205.0	1313.6	1567.8	1454.2
B. Services	151.9	133.0	62.8	102.3	134.3	141.4	106.7	113.5
Transportation	-69.6	-108.7	-155.0	-138.3	-128.0	-131.3	-168.1	-196.7
Travel	330.0	377.5	379.8	386.1	381.4	410.6	421.8	412.2
Other Services	-108.5	-135.8	-161.9	-145.5	-119.2	-138.0	-147.0	-102.0
C. Income	-164.2	-163.6	-186.1	-163.6	-161.8	-137.7	-134.7	-144.1
Compensation of Employees	32.8	41.1	37.8	36.0	31.9	46.3	23.0	16.5
Investment Income	-197.0	-204.7	-224.0	-199.5	-193.7	-184.0	-157.7	-160.7
D. Current Transfers	411.4	460.1	543.7	516.2	476.6	541.0	501.9	520.8
General Government	31.1	37.2	32.3	24.4	23.1	62.3	30.4	45.5
Other Sector	380.3	422.9	511.4	491.8	453.5	478.7	471.5	475.2
2. Capital & Financial Account	416.4	283.8	774.5	484.2	447.6	415.1	716.0	506.8
A. Capital Account	-4.0	-6.4	-8.1	-7.9	-5.9	-5.9	-0.6	-7.2
Capital Transfers	-4.0	-6.4	-8.1	-7.9	-5.9	-5.9	-0.6	-7.2
General Government	0.1	0.4	0.0	0.0	0.0	0.0	8.3	0.2
Other Sector	-4.1	-6.8	-8.1	-7.9	-5.9	-5.9	-8.8	-7.3
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	420.4	290.2	782.6	492.1	453.5	421.0	716.5	514.0
Official Investment (incl. Govt. Reserves)	222.7	236.2	219.9	-39.4	153.1	237.5	142.6	45.3
Central Government	195.3	-56.0	100.0	-6.9	4.8	158.5	69.7	-43.9
Other Official Investment	27.4	292.2	119.9	-32.4	148.3	79.0	72.8	89.2
Private Investment (incl. Errors & Omissions)	166.1	29.5	524.3	53.3	96.6	381.2	459.5	336.4
Reserves	31.6	24.5	38.5	478.1	203.9	-197.7	114.5	132.2

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Table 8

	Balance of Payments of Jamaica							
	(US\$Mn)							
	Apr-Dec 2005/06	Apr-Dec 2006/07	Apr-Dec 2007/08	Apr-Dec 2008/09	Apr-Dec 2009/10	Apr-Dec 2010/11	Apr-Dec 2011/12	Apr-Dec/ 2012/13
I. Current Account	-904.8	-903.7	-1722.6	-2281.1	-911.8	-898.4	-1796.5	-1533.5
A. Goods	-1980.1	-2208.0	-3041.0	-3730.5	-2346.6	-2562.5	-3286.0	-3132.7
Exports	1283.1	1603.9	1764.9	1965.0	1038.2	1003.1	1246.6	1302.5
Imports	3263.2	3811.9	4805.9	5695.6	3384.7	3565.6	4532.6	4435.3
B. Services	404.5	429.7	261.0	211.2	504.4	499.5	392.6	416.3
Transportation	-222.5	-335.1	-424.2	-511.0	-338.6	-348.3	-459.3	-583.0
Travel	943.5	1171.0	1165.2	1185.7	1206.7	1257.4	1292.0	1310.0
Other Services	-316.5	-406.2	-480.0	-463.6	-363.7	-409.7	-440.1	-310.7
C. Income	-511.8	-464.5	-511.6	-394.5	-500.5	-376.5	-408.5	-361.4
Compensation of Employees	80.0	88.4	68.5	77.8	63.7	85.6	36.6	47.1
Investment Income	-591.8	-552.9	-580.1	-472.3	-564.2	-462.1	-445.1	-408.6
D. Current Transfers	1182.6	1339.1	1569.0	1632.8	1430.8	1541.1	1505.4	1544.4
General Government	94.6	108.5	100.5	74.4	113.2	166.0	101.1	132.4
Other Sector	1088.0	1230.6	1468.5	1558.4	1317.7	1375.1	1404.3	1412.0
2. Capital & Financial Account	904.8	903.7	1722.6	2281.1	911.8	898.4	1796.5	1533.5
A. Capital Account	-13.5	-18.3	-26.1	-2.6	-14.1	-18.9	-3.6	-19.1
Capital Transfers	-13.5	-18.3	-26.1	-2.6	-14.1	-18.9	-3.6	-19.1
General Government	0.2	4.0	0.5	19.1	3.4	0.2	24.4	4.4
Other Sector	-13.7	-22.3	-26.6	-21.7	-17.5	-19.2	-28.0	-23.5
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	918.3	922.0	1748.6	2283.7	925.9	917.4	1800.2	1552.6
Official Investment (incl. Govt. Reserves)	434.9	573.0	465.6	513.9	434.4	497.0	23.1	6.0
Central Government	151.6	-130.9	-200.9	267.4	-62.2	326.1	-380.1	-387.2
Other Official Investment	283.3	704.0	666.5	246.6	496.6	170.9	403.2	393.2
Private Investment (incl. Errors & Omissions)	669.2	588.6	831.4	1459.3	592.3	839.8	1190.0	895.1
Reserves	-185.8	-239.6	451.6	310.4	-100.8	-419.5	587.0	651.5

*1/Revised**External Sector Statistics Unit**Economic Information & Publications Dept.**2013 April*

Table 9

BALANCE OF PAYMENTS OF JAMAICA

(US\$Mn)

	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2008	Jan-Dec 2009	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec/ 2012
1. Current Account	-1071.5	-1182.9	-2038.2	-2793.3	-1127.5	-930.8	-2124.4	-1905.2
A. Goods	-2581.3	-2943.4	-3841.3	-4802.9	-3087.9	-3256.2	-4257.6	-4158.0
Exports	1664.3	2133.6	2362.6	2743.9	1387.7	1371.2	1664.8	1746.7
Imports	4245.6	5077.0	6203.9	7546.8	4475.6	4627.4	5922.4	5904.7
B. Services	607.3	627.6	424.8	428.1	769.9	810.0	661.9	638.9
Transportation	-266.6	-426.5	-540.4	-644.7	-441.2	-429.7	-576.1	-752.5
Travel	1295.7	1596.6	1611.9	1707.7	1709.0	1808.8	1845.7	1881.2
Other Services	-421.8	-542.6	-646.7	-634.9	-497.9	-569.1	-607.7	-489.9
C. Income	-675.9	-615.7	-661.6	-568.3	-667.9	-494.6	-518.4	-433.5
Compensation of Employees	88.5	96.0	64.8	83.7	67.6	89.1	36.5	65.6
Investment Income	-764.4	-711.7	-726.4	-651.9	-735.5	-583.7	-554.9	-499.1
D. Current Transfers	1578.4	1748.6	2039.9	2149.8	1858.4	2010.0	1989.8	2047.4
General Government	137.0	145.4	133.0	100.7	143.9	194.3	141.3	172.3
Other Sector	1441.4	1603.2	1906.9	2049.1	1714.5	1815.7	1848.4	1875.1
2. Capital & Financial Account	294.5	564.2	1509.6	1232.1	265.2	677.1	1326.4	1216.2
A. Capital Account	-18.3	-27.7	-35.5	18.1	20.7	-22.1	-9.1	-26.2
Capital Transfers	-18.3	-27.7	-35.5	18.1	20.7	-22.1	-9.1	-26.2
General Government	0.3	4.1	0.7	48.6	45.3	4.2	29.0	5.9
Other Sector	-18.6	-31.8	-36.2	-30.5	-24.5	-26.3	-38.2	-32.1
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
B. Financial Account	312.8	591.8	1545.2	1214.0	244.5	699.2	1335.5	1242.5
Official Investment (incl. Govt. Reserves)	448.3	590.3	653.0	518.6	254.7	967.7	497.9	238.6
Central Government	103.6	72.0	105.8	188.4	-215.6	673.1	26.2	-449.7
Other Official Investment	344.7	518.3	547.2	330.2	470.4	294.6	471.7	688.3
Private Investment (incl.Errors & Omissions)	93.4	231.7	452.4	590.6	-53.8	173.5	632.4	163.3
Reserves	-228.9	-230.1	439.8	104.8	43.6	-442.0	205.2	840.5

1/Revised

External Sector Statistics Unit

Economic Information & Publications Dept.

2013 April

Glossary

Balance of Payments

The balance of payments (BOP) is a summary of economic activities between the residents of a country and the rest of the world during a given period, usually one year. The main purpose of keeping these records is to inform government authorities of the overall international economic position of the country in order to assist them in arriving at decisions on monetary and fiscal policy, on the one hand, and trade and payments policy on the other. BOP statistics are therefore helpful to government authorities charged with maintaining macroeconomic stability.

The BOP is divided into two main categories according to the broad nature of the transactions.

These categories are:

1. *The Current Account, and*
2. *The Capital and Financial Account*

1. Current Account

The current account includes all transactions (excluding those recorded in the capital and financial account) between resident and non-resident entities that that involve economic value.

This account is sub-divided into:

- a. *Goods and Services*
- b. *Income, and*
- c. *Current transfers*

a. The **Goods** and **Services** account covers merchandise trade, travel, transportation and other services.

i. **Merchandise trade** records the value of exports and imports, of tangible goods, including those of the free-zones and goods procured in ports by international carriers.

ii. **Travel** covers goods and services acquired from an economy by non-resident travellers for business and personal purposes during their visits (of less than one year). Expenditures made by seasonal workers (e.g. Jamaican farm workers) and those for educational and health-related purposes made by students and medical patients are recorded in this sub-account.

- iii. **Transportation** covers all transportation services (sea, air and land), bought and sold, that involve the carriage of passengers, movement of goods (freight), charter of carriers with crew and other supporting services.
- iv. **Other Services** consist of the purchase and sale of: communication services, construction services, insurance services, financial services, computer and information services, royalties and licences fees and government services.
- b. **Income** encompasses the compensation of employees, that is, salaries, wages and benefits of seasonal and other non-resident workers. In addition, it includes investment income that consists of dividends, profits, reinvested earnings, interest on debt and income on portfolio investment.
- c. **Current transfers** cover transactions such as taxes on income, workers' remittances, and premiums and claims on non-life insurance.

2. Capital and Financial Account

The **capital** and **financial** account records transactions that directly affect the wealth and debt of the country. The account is sub-divided into two main categories:

- a. *The Capital Account, and*
b. *The Financial Account*

- a. The Capital Account covers (i) capital transfers and (ii) the acquisition/disposal of non-produced, non-financial assets.
- (i) **Capital transfers** include the transfer of ownership of fixed assets, the transfer of funds linked to disposal/acquisition of fixed assets and the cancellation of debt by creditors. Acquisition/disposal of non-produced, non-financial assets mainly involves intangibles such as patents and leases. It also includes purchases and sales of land by foreign embassies.
- b. The Financial account covers (i) direct investment, (ii) portfolio investment, (iii) other investments (trade credits, loans, currencies and deposits) and (iv) changes in reserves.
- (i) **Direct investment** is the category of international investment in which a resident entity in one economy acquires or disposes of 10 per cent or more of the ordinary shares or voting power of an enterprise located in another economy and has an effective voice in management.

(ii) **Portfolio Investment** covers transactions in equity securities and debt securities. With respect to equity, a portfolio investment would imply less than 10 per cent ownership of the voting power of an enterprise located in another country. Debt securities include bonds and notes, money market instruments and financial derivatives.

(iii) **Other investment** is a residual category that includes all financial transactions not covered in direct investment, portfolio investment or reserve assets. It includes trade credits, (the direct extension of credit by suppliers to buyers of goods and services), loans to finance trade, other loans and advances and financial leases.

(iv) **The Reserves** represent the foreign exchange which the country has available for financing an imbalance of payments with the rest of the world.



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