



THE BALANCE OF PAYMENTS

Preliminary QUARTERLY REPORT December 2013

**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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Introduction to the Balance of Payments Manual 6th Edition

Background to BPM6

Since the first edition of the Balance of Payments Manual (BPM) 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*. This improved compilation methodology provides detailed information on *Financial Account* transactions, among other changes. This new presentation of Balance of Payments data is aimed at enhancing the understanding of the types of financing and investments associated with the activities reflected in *Current Account* and *Capital Account*.

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*, but with the *Current Account* instead. The overall 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 are 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 of natural resources, while *Secondary Income* represents *Current Transfers* between residents and non-residents. Please see mapping of BPM5 terminologies with the new terminologies found in BPM6 on next page.

Comparison of BOP Presentations

Old Terminology

New Terminology

Goods + Services = Goods & Services

Current a/c + Capital a/c = Net lending (+) / Net borrowing (-)

Old Presentation Format

Balance of Payments (US\$MN)	
	2013 Oct-Dec 1/
1. Current Account	- 420.3
A. Goods	-1 061.8
Exports	366.5
Imports	1 428.3
B. Services	100.4
Transportation	- 184.7
Travel	438.2
Other Services	- 153.1
C. Income	- 70.0
Compensation of Employees	15.9
Investment Income	- 86.0
D. Current Transfers	611.1
Official	98.1
Private	513.0
2. Capital & Financial Account	420.3
A. Capital Account	6.6
Capital Transfers	6.6
Official	1.7
Private	5.0
Acq/Disp. of Non-produced Non-fin. Assets	0.0
B. Financial Account	413.7
Direct Investment	187.5
Portfolio Investment	108.5
Other Official Investment	316.4
Other Private Investment (incl. Errors & Omissions)	- 94.7
Reserves	- 104.1
<i>1/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>April 2014</i>	

New Presentation Format

Balance of Payments (US\$MN)	
	2013 Oct-Dec 1/
Current Account Balance	- 420.3
Credits	1 744.6
Debits	2 164.9
Goods & Services	- 961.4
Credits	994.0
Debits	1 955.4
Goods	-1 061.8
Exports	366.5
Imports	1 428.3
Services	100.4
Credits	627.5
Debits	527.1
Primary Income	- 70.0
Credits	81.4
Debits	151.5
Secondary Income	611.1
Credits	669.2
Debits	58.1
Capital Account	6.6
Credits	6.6
Debits	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	- 413.7
Financial Account	
Net lending (+) / net borrowing (-) (balance from financial account)	- 341.3
Direct Investment	- 187.5
Net acquisition of financial assets	- 34.4
Net incurrence of liabilities	153.1
Portfolio Investments	- 108.5
Net acquisition of financial assets	5.1
Net incurrence of liabilities	113.6
Financial Derivatives	6.3
Net acquisition of financial assets	0.5
Net incurrence of liabilities	- 5.8
Other Investments	- 155.6
Net acquisition of financial assets	- 24.5
Net incurrence of liabilities	131.1
Reserve Assets	104.1
Net Errors and Omissions	72.4
<i>1/ Preliminary</i>	
<i>External Sector Statistics Unit</i>	
<i>Economic Information & Publications Dept.</i>	
<i>April 2014</i>	

Balance of Payments: October to December 2013 Quarter

Table 1
Balance of Payments
October-December 2013

Balance of Payments (US\$MN)	2012:Q4	2013:Q4	Change
	Oct-Dec	Oct-Dec/	
Current Account Balance	- 437.9	- 420.3	17.5
<i>Credits</i>	1 740.9	1 744.6	3.7
<i>Debits</i>	2 178.7	2 164.9	- 13.8
Goods & Services	- 895.9	- 961.4	- 65.5
<i>Credits</i>	1 070.3	994.0	- 76.3
<i>Debits</i>	1 966.2	1 955.4	- 10.8
Goods	- 996.9	- 1 061.8	- 64.9
<i>Exports</i>	457.3	366.5	- 90.8
<i>Imports</i>	1 454.2	1 428.3	- 25.9
Services	101.0	100.4	- 0.7
<i>Credits</i>	613.0	627.5	14.4
<i>Debits</i>	512.0	527.1	15.1
Primary Income	- 62.9	- 70.0	- 7.2
<i>Credits</i>	75.7	81.4	5.8
<i>Debits</i>	138.5	151.5	12.9
Secondary Income	520.9	611.1	90.2
<i>Credits</i>	594.9	669.2	74.3
<i>Debits</i>	74.0	58.1	- 15.9
Capital Account	- 7.2	6.6	13.8
<i>Credits</i>	5.1	6.6	1.5
<i>Debits</i>	12.3	0.0	- 12.3
Net lending (+) / net borrowing (-) (balance from current and capital account)	- 445.0	- 413.7	31.3
Financial Account			
Net lending (+) / net borrowing (-) (balance from financial account)	- 89.2	- 341.3	- 252.2
Direct Investment	- 104.9	- 187.5	- 82.6
<i>Net acquisition of financial assets</i>	- 2.1	- 34.4	- 32.3
<i>Net incurrence of liabilities</i>	102.8	153.1	50.3
Portfolio Investments	- 85.1	- 108.5	- 23.5
<i>Net acquisition of financial assets</i>	- 43.5	5.1	48.6
<i>Net incurrence of liabilities</i>	41.5	113.6	72.1
Financial derivatives	19.8	6.3	- 13.6
<i>Net acquisition of financial assets</i>	15.3	0.5	- 14.9
<i>Net incurrence of liabilities</i>	- 4.5	- 5.8	- 1.3
Other Investments	215.7	- 155.6	- 371.3
<i>Net acquisition of financial assets</i>	149.3	- 24.5	- 173.8
<i>Net incurrence of liabilities</i>	- 66.4	131.1	197.5
Reserve Assets	- 134.7	104.1	
Net Errors and Omissions	355.9	72.4	

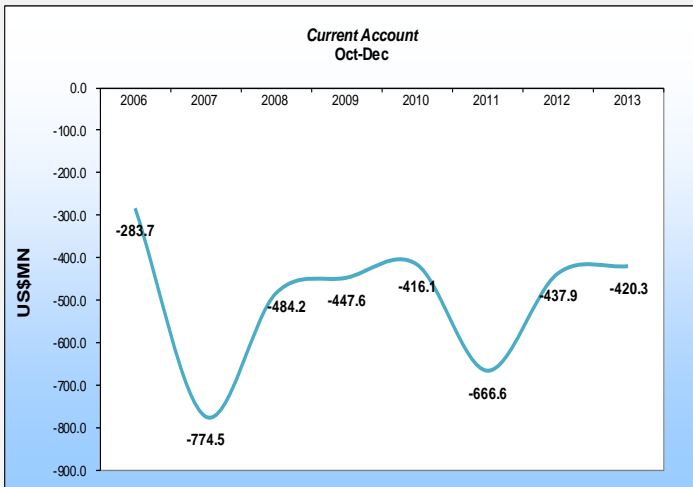
For the December 2013 quarter, there was a Current Account deficit of **US\$420.3 million**, representing an improvement of **US\$17.5 million** relative to the corresponding period in 2012 (Table 1). The outturn for the review quarter represents a continuation of the improvement in the Current Account for the December quarters since 2011 (Graph 1). The improved outturn for the review period emanated from the Secondary Income sub-account, which improved by **US\$90.2 million**. This was offset by deteriorations in the Goods, Services and Primary Income sub-accounts by **US\$64.9 million**, **US\$0.7 million** and **US\$7.2 million** respectively.

The decline in the Goods Account was primarily due to a decline in Exports which more than offset the decline in Imports. The decline in Exports of **US\$90.8 million** was primarily driven by a **US\$102.3 million** and a **US\$17.8 million** decline in Chemicals and Mineral Fuels exports, respectively. This however, was partially offset by a **US\$29.6 million** increase in crude materials. The decrease in Imports was primarily driven by a **US\$129.6 million** decrease in chemicals imports. This was partially offset by increases in machinery & Transport, mineral fuels and manufactured goods of **US\$11.0 million**, **US\$55.5 million** and **US\$20.9 million** respectively (Graph 2).

The decline in the balance on the Services sub-account resulted primarily from declines of **US\$14.5 million** in insurance & pension services, and **US\$11.1 million** in telecommunications, computer & information services. This was partially offset by an increase of **US\$26.0 million** in travel inflows.

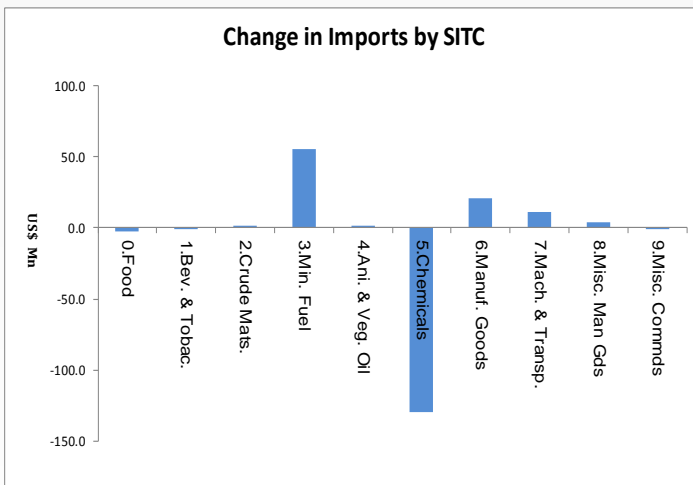
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Graph 1
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 2
Change in Value of Imports
October-December 2013



Source: STATIN

The deterioration in the Primary Income account was primarily due to a decrease in net investment income flows of **US\$6.6 million**. Whilst the improvement in the Secondary Income account was due to a **US\$52.6 million** increased inflows to general government for the quarter.

The balance on the Capital Account improved by **US\$13.8 million** which was represented by a surplus of **US\$6.6 million** in 2013, up from a deficit of **US\$7.2 million** in the previous corresponding quarter. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$413.7 million**, a reduction of **US\$31.3 million** relative to the December 2012 quarter.

The Financial Account recorded a net borrowing position of **US\$341.3 million** for the review quarter, an increase of **US\$252.2 million** compared to the previous corresponding quarter. The main driver in the decrease in the net borrowing position on the Financial Account was Other Investment which decreased by **US\$371.3 million**. This was primarily due to an increase in the net incurrence of loan liabilities of **US\$240.4 million**.

Flows from official and private sources were more than sufficient to finance the net borrowing balance on the Current and Capital accounts; consequently, Reserve Assets increased by **US\$104.1 million** during the review period.

Balance of Payments: January to December 2013

Table 2
Balance of Payments
January-December 2013

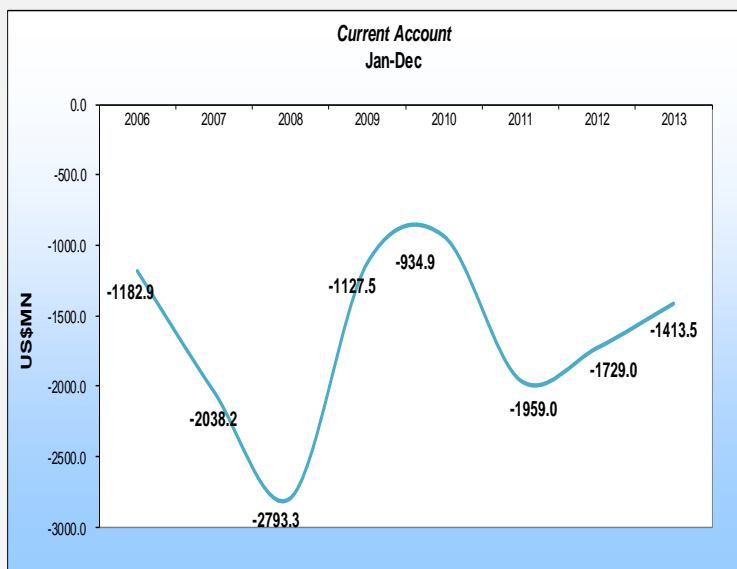
Balance of Payments (US\$MN)	2012 Jan-Dec	2013 1/ Jan-Dec	Change
Current Account Balance	-1 729.0	-1 413.5	315.5
<i>Credits</i>	7 084.7	6 965.4	- 119.2
<i>Debits</i>	8 813.7	8 378.9	- 434.8
Goods & Services	-3 569.5	-3 362.0	207.5
<i>Credits</i>	4 420.5	4 202.1	- 218.4
<i>Debits</i>	7 990.0	7 564.1	- 425.9
Goods	-4 158.0	-3 976.2	181.9
<i>Exports</i>	1 746.7	1 597.3	- 149.4
<i>Imports</i>	5 904.7	5 573.4	- 331.3
Services	588.5	614.1	25.6
<i>Credits</i>	2 673.8	2 604.8	- 69.0
<i>Debits</i>	2 085.3	1 990.7	- 94.6
Primary Income	- 207.3	- 267.3	- 60.0
<i>Credits</i>	326.6	303.7	- 22.8
<i>Debits</i>	533.9	571.1	37.2
Secondary Income	2 047.9	2 215.9	168.0
<i>Credits</i>	2 337.6	2 459.6	122.0
<i>Debits</i>	289.8	243.7	- 46.1
Capital Account	- 26.2	36.0	62.3
<i>Credits</i>	23.0	36.0	13.0
<i>Debits</i>	49.2	0.0	- 49.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	-1 755.2	-1 377.4	377.8
Financial Account			
Net lending (+) / net borrowing (-) (balance from	- 918.6	-1 960.1	-1 041.6
Direct Investment	- 487.0	- 568.8	- 81.7
<i>Net acquisition of financial assets</i>	2.8	- 1.6	- 4.5
<i>Net incurrence of liabilities</i>	489.9	567.1	77.3
Portfolio Investments	299.2	- 60.2	- 359.5
<i>Net acquisition of financial assets</i>	109.8	155.2	45.4
<i>Net incurrence of liabilities</i>	- 189.5	215.4	404.9
Financial derivatives	- 8.7	30.2	38.9
<i>Net acquisition of financial assets</i>	29.0	- 62.5	- 91.5
<i>Net incurrence of liabilities</i>	37.7	- 92.7	- 130.4
Other Investments	118.1	-1 197.8	-1 315.9
<i>Net acquisition of financial assets</i>	306.2	103.0	- 203.2
<i>Net incurrence of liabilities</i>	188.0	1 300.7	1 112.7
Reserve Assets	- 840.2	- 163.6	
Net Errors and Omissions	836.7	- 582.7	
1/ Preliminary			
External Sector Statistics Unit			
Economic Information & Publications Dept.			
April 2014			

The Current Account balance for January to December 2013 improved by **US\$315.5 million** to a deficit of **US\$1 413.5 million**, relative to the corresponding period in 2012 (Table 2). This represents a continued improvement since 2011 (Graph 3). The improved outturn for the review period emanated from all sub-accounts, except the Primary Income sub-account. The Secondary Income and the Goods & Services sub-accounts improved by **US\$168.0 million** and **US\$207.5 million** respectively. However, the Primary Income sub-account deteriorated by **US\$60.0 million**.

For the Goods sub-account, the deficit improved to **US\$3 976.2 million**, relative to the corresponding 2012 period which had a deficit of **US\$4 158.0 million** (Table 2). Imports of goods decreased by **US\$331.3 million** to **US\$5 573.4 million**. This decline was primarily driven by decreases of **US\$150.8 million** and **US\$138.6 million** in chemical and mineral fuel imports, respectively (Graph 4). Exports of goods decreased by **US\$149.4 million** to **US\$1 597.3 million**, primarily as a result of decreases in chemicals, mineral fuels and food exports of **US\$96.3 million**, **US\$31.7 million** and **US\$30.9 million** respectively. This was partially offset by a **US\$20.1 million** increase in the exports of crude materials.

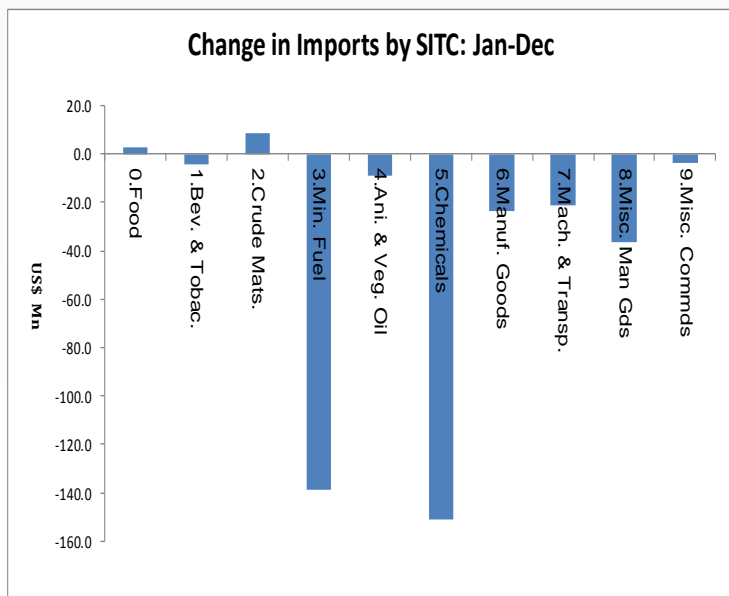
The balance on the Services sub-account improved by **US\$25.6 million** to **US\$614.1 million** for the review period. This resulted primarily from improvements in transport, personal, cultural & recreation services and insurance & pension services of **US\$52.9 million**, **US\$30.1 million** and **US\$22.4 million**, respectively.

Graph 3
Current Account Balances (8-Year Trend)



Source: Bank of Jamaica

Graph 4
Change in Value of Imports
January-December 2013



Source: STATIN

However, the improvement was partially offset by declines in telecommunications, computer & information services of **US\$62.9 million** and construction services of **US\$13.6 million**.

The Primary Income sub-account deteriorated by **US\$60.0 million** to a deficit of **US\$267.3 million** during the review period. This emanated primarily from declines in compensation of employees and investment income flows of **US\$35.7 million** and **US\$24.3 million** respectively.

Relative to the corresponding period in 2012, the balance on the Secondary Income sub-account improved by **US\$168.0 million** to **US\$2 215.9 million**. The improvement resulted from increases of **US\$87.0 million** and **US\$81.1 million** to the general government, financial corporations, non-financial corporations, households and non-profit institutions serving households (NPISHs).

The Capital Account improved from a deficit of **US\$26.2 million** recorded in 2012 to a surplus of **US\$36.0 million** for the review period, an overall improvement of **US\$62.3 million**. This outturn together with the balance on the Current Account yielded a net borrowing position of **US\$1 377.4 million**, a reduction in borrowing of **US\$377.8 million** relative to the corresponding period in 2012.

The Financial Account recorded a net borrowing position of **US\$1 960.1 million**, reflecting a decline of **US\$1 041.6 million** compared to the corresponding period in 2012. The main driver in the decrease in the net borrowing position on the Financial Account was Other Investment which decreased by **US\$1 315.9 million**. This was primarily due to an increase in the net incurrence of loan liabilities of **US\$513.4 million** and an increase in net incurrence of liabilities of other accounts receivables/payables of **US\$746.5 million**.

Reserve Assets declined by **US\$163.6 million** for the review quarter.

Balance of Payments Analytical Presentation

Review Quarter

Balance of Payments (US\$MN)			
	2012 Oct-Dec	2013 Oct-Dec 1/	Change
1. Current Account	- 437.9	- 420.3	17.5
A. Goods	- 996.9	-1 061.8	- 64.9
Exports	457.3	366.5	-90.8
Imports	1 454.2	1 428.3	- 25.9
B. Services	101.0	100.4	- 0.7
Transportation	- 196.7	- 184.7	12.0
Travel	412.2	438.2	26.0
Other Services	- 114.4	- 153.1	- 38.6
C. Income	- 62.9	- 70.0	- 7.2
Compensation of Employees	16.5	15.9	- 0.6
Investment Income	- 79.4	- 86.0	- 6.6
D. Current Transfers	520.9	611.1	90.2
Official	45.5	98.1	52.6
Private	475.4	513.0	37.7
2. Capital & Financial Account	437.9	420.3	- 17.5
A. Capital Account	- 7.2	6.6	13.8
Capital Transfers	- 7.2	6.6	13.8
Official	0.2	1.7	1.5
Private	- 7.3	5.0	12.3
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	445.0	413.7	- 31.3
Direct Investment	104.9	187.5	82.6
Portfolio Investment	85.1	108.5	23.5
Other Official Investment	- 10.3	316.4	326.8
Other Private Investment (incl. Errors & Omissions)	130.7	- 94.7	- 225.4
Reserves	134.7	- 104.1	- 104.1
<i>1/ Preliminary</i>			
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<i>Economic Information & Publications Dept.</i>			
<i>April 2014</i>			

Review Calendar Year-To-Date

Balance of Payments (US\$MN)			
	2012	2013	
	Jan-Dec	Jan-Dec 1/	Change
1. Current Account	-1 729.0	-1 413.5	315.5
A. Goods	-4 158.0	-3 976.2	181.9
Exports	1 746.7	1 597.3	- 149.4
Imports	5 904.7	5 573.4	- 331.3
B. Services	588.5	614.1	25.6
Transportation	- 752.5	- 699.5	52.9
Travel	1 881.2	1 902.7	21.5
Other Services	- 540.3	- 589.0	- 48.8
C. Income	- 207.3	- 267.3	- 60.0
Compensation of Employees	65.6	29.9	- 35.7
Investment Income	- 272.9	- 297.2	- 24.3
D. Current Transfers	2 047.9	2 215.9	168.0
Official	172.3	259.3	87.0
Private	1 875.5	1 956.6	81.1
2. Capital & Financial Account	1 729.0	1 413.5	- 315.5
A. Capital Account	- 26.2	36.0	62.3
Capital Transfers	- 26.2	36.0	62.3
Official	5.9	18.9	13.0
Private	- 32.1	17.1	49.2
Acq/Disp. of Non-produced Non-fin. Assets	0.0	0.0	0.0
B. Financial Account	1 755.2	1 377.4	- 377.8
Direct Investment	487.0	568.8	81.7
Portfolio Investment	- 299.2	60.2	359.5
Other Official Investment	- 134.9	1 040.8	1 175.7
Other Private Investment (incl. Errors & Omissions)	862.1	- 455.9	-1 318.0
Reserves	840.2	163.6	
<i>1/ Preliminary</i>			
<i>External Sector Statistics Unit</i>			
<i>Economic Information & Publications Dept.</i>			
<i>April 2014</i>			

Historical Balance of Payments Tables

Recent Five Quarters

Balance of Payments (US\$MN)	2012/13:Q4 Oct-Dec	2013/14:Q1 Jan-Mar	2013/14:Q2 Apr-Jun	2013/14: Q3 Jul-Sep	2013/14: Q4^ Oct-Dec
Current Account Balance	- 437.9	- 345.9	- 266.3	- 380.9	- 420.3
<i>Credits</i>	1 740.9	1 870.9	1 689.3	1 660.6	1 744.6
<i>Debits</i>	2 178.7	2 216.8	1 955.6	2 041.5	2 164.9
Goods & Services	- 895.9	- 842.1	- 699.6	- 859.0	- 961.4
<i>Credits</i>	1 070.3	1 218.5	1 018.1	971.5	994.0
<i>Debits</i>	1 966.2	2 060.6	1 717.6	1 830.5	1 955.4
Goods	- 996.9	- 1 069.5	- 880.7	- 964.2	- 1 061.8
<i>Exports</i>	457.3	476.2	389.0	365.5	366.5
<i>Imports</i>	1 454.2	1 545.7	1 269.8	1 329.7	1 428.3
Services	101.0	227.4	181.2	105.2	100.4
<i>Credits</i>	613.0	742.3	629.0	606.0	627.5
<i>Debits</i>	512.0	514.9	447.9	500.8	527.1
Primary Income	- 62.9	- 22.2	- 110.8	- 64.4	- 70.0
<i>Credits</i>	75.7	72.3	66.1	84.0	81.4
<i>Debits</i>	138.5	94.4	176.9	148.3	151.5
Secondary Income	520.9	518.3	544.1	542.4	611.1
<i>Credits</i>	594.9	580.1	605.2	605.2	669.2
<i>Debits</i>	74.0	61.8	61.1	62.7	58.1
Capital Account	- 7.2	17.4	6.9	5.0	6.6
<i>Credits</i>	5.1	17.4	6.9	5.0	6.6
<i>Debits</i>	12.3	0.0	0.0	0.0	0.0
Net lending (+) / net borrowing (-) (balance from current and capital account)	- 445.0	- 328.6	- 259.3	- 375.9	- 413.7
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	- 89.2	- 795.5	- 507.2	- 316.1	- 341.3
Direct Investment	- 104.9	- 79.5	- 174.9	- 126.9	- 187.5
<i>Net acquisition of financial assets</i>	- 2.1	32.7	- 7.7	7.7	- 34.4
<i>Net incurrence of liabilities</i>	102.8	112.2	167.2	134.6	153.1
Portfolio Investments	- 85.1	86.1	- 21.9	- 15.9	- 108.5
<i>Net acquisition of financial assets</i>	- 43.5	- 15.0	121.1	44.0	5.1
<i>Net incurrence of liabilities</i>	41.5	- 101.1	143.0	59.9	113.6
Financial derivatives	19.8	- 65.2	67.9	21.3	6.3
<i>Net acquisition of financial assets</i>	15.3	- 74.5	- 4.0	15.5	0.5
<i>Net incurrence of liabilities</i>	- 4.5	- 9.3	- 71.8	- 5.8	- 5.8
Other Investments	215.7	- 474.1	- 541.0	- 27.0	- 155.6
<i>Net acquisition of financial assets</i>	149.3	293.3	- 193.8	28.0	- 24.5
<i>Net incurrence of liabilities</i>	- 66.4	767.4	347.2	55.0	131.1
Reserves Assets	- 134.7	- 262.8	162.7	- 167.6	104.1
Net Errors and Omissions	355.9	- 466.9	- 247.9	59.8	72.4

^ Provisional

External Sector Statistics Unit

Economic Information & Publications Dept.

April 2014

Full Calendar Year

Balance of Payments (US\$MN)	2012:Q1 Jan-Mar	2012:Q2 Apr-Jun	2012:Q3 Jul-Sep	2012:Q4 Oct-Dec	2012 Jan-Dec
Current Account Balance	- 376.8	- 367.9	- 546.4	- 437.9	-1 729.0
<i>Credits</i>	1 846.4	1 781.1	1 716.2	1 740.9	7 084.7
<i>Debits</i>	2 223.3	2 149.0	2 262.6	2 178.7	8 813.7
Goods & Services	- 815.9	- 846.3	-1 011.5	- 895.9	-3 569.5
<i>Credits</i>	1 198.6	1 088.4	1 063.2	1 070.3	4 420.5
<i>Debits</i>	2 014.4	1 934.7	2 074.7	1 966.2	7 990.0
Goods	-1 025.3	-1 014.6	-1 121.3	- 996.9	-4 158.0
<i>Exports</i>	444.2	428.7	416.5	457.3	1 746.7
<i>Imports</i>	1 469.5	1 443.3	1 537.8	1 454.2	5 904.7
Services	209.4	168.2	109.8	101.0	588.5
<i>Credits</i>	754.4	659.7	646.7	613.0	2 673.8
<i>Debits</i>	544.9	491.5	536.9	512.0	2 085.3
Primary Income	- 64.1	- 46.0	- 34.4	- 62.9	- 207.3
<i>Credits</i>	71.0	95.1	84.8	75.7	326.6
<i>Debits</i>	135.1	141.1	119.2	138.5	533.9
Secondary Income	503.1	524.4	499.4	520.9	2 047.9
<i>Credits</i>	576.9	597.7	568.2	594.9	2 337.6
<i>Debits</i>	73.7	73.2	68.8	74.0	289.8
Capital Account	- 7.1	- 6.9	- 5.0	- 7.2	- 26.2
<i>Credits</i>	5.2	5.4	7.3	5.1	23.0
<i>Debits</i>	12.3	12.3	12.3	12.3	49.2
Net lending (+) / net borrowing (-) (balance from current and capital account)	- 383.9	- 374.8	- 551.4	- 445.0	-1 755.2
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	- 179.0	80.2	- 730.6	- 89.2	- 918.6
Direct Investment	- 114.3	- 132.9	- 134.9	- 104.9	- 487.0
<i>Net acquisition of financial assets</i>	8.0	- 3.4	0.2	- 2.1	2.8
<i>Net incurrence of liabilities</i>	122.3	129.5	135.1	102.8	489.9
Portfolio Investments	- 12.4	278.5	118.2	- 85.1	299.2
<i>Net acquisition of financial assets</i>	69.0	100.2	- 15.9	- 43.5	109.8
<i>Net incurrence of liabilities</i>	81.5	- 178.4	- 134.1	41.5	- 189.5
Financial derivatives	- 12.9	- 21.9	6.2	19.8	- 8.7
<i>Net acquisition of financial assets</i>	47.3	- 30.4	- 3.3	15.3	29.0
<i>Net incurrence of liabilities</i>	60.2	- 8.5	- 9.5	- 4.5	37.7
Other Investments	143.5	209.4	- 450.4	215.7	118.1
<i>Net acquisition of financial assets</i>	260.5	27.7	- 131.4	149.3	306.2
<i>Net incurrence of liabilities</i>	117.0	- 181.6	319.0	- 66.4	188.0
Reserves Assets	- 182.8	- 253.0	- 269.7	- 134.7	- 840.2
Net Errors and Omissions	205.0	455.0	- 179.2	355.9	836.7
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Full Fiscal Year

Balance of Payments (US\$MN)	2012/13:Q1	2012/13:Q2	2012/13:Q3	2012/13:Q4*	2012/13 *
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Mar
Current Account Balance	- 367.9	- 546.4	- 437.9	- 345.9	- 367.9
<i>Credits</i>	1 781.1	1 716.2	1 740.9	1 870.9	1 781.1
<i>Debits</i>	2 149.0	2 262.6	2 178.7	2 216.8	2 149.0
Goods & Services	- 846.3	-1 011.5	- 895.9	- 842.1	- 846.3
<i>Credits</i>	1 088.4	1 063.2	1 070.3	1 218.5	1 088.4
<i>Debits</i>	1 934.7	2 074.7	1 966.2	2 060.6	1 934.7
Goods	-1 014.6	-1 121.3	- 996.9	-1 069.5	-1 014.6
<i>Exports</i>	428.7	416.5	457.3	476.2	428.7
<i>Imports</i>	1 443.3	1 537.8	1 454.2	1 545.7	1 443.3
Services	168.2	109.8	101.0	227.4	168.2
<i>Credits</i>	659.7	646.7	613.0	742.3	659.7
<i>Debits</i>	491.5	536.9	512.0	514.9	491.5
Primary Income	- 46.0	- 34.4	- 62.9	- 22.2	- 46.0
<i>Credits</i>	95.1	84.8	75.7	72.3	95.1
<i>Debits</i>	141.1	119.2	138.5	94.4	141.1
Secondary Income	524.4	499.4	520.9	518.3	524.4
<i>Credits</i>	597.7	568.2	594.9	580.1	597.7
<i>Debits</i>	73.2	68.8	74.0	61.8	73.2
Capital Account	- 6.9	- 5.0	- 7.2	17.4	- 6.9
<i>Credits</i>	5.4	7.3	5.1	17.4	5.4
<i>Debits</i>	12.3	12.3	12.3	0.0	12.3
Net lending (+) / net borrowing (-) (balance from current and capital account)	- 374.8	- 551.4	- 445.0	- 328.6	- 374.8
Financial Account					
Net lending (+) / net borrowing (-) (balance from financial account)	80.2	- 730.6	- 89.2	- 795.5	80.2
Direct Investment	- 132.9	- 134.9	- 104.9	- 79.5	- 132.9
<i>Net acquisition of financial assets</i>	- 3.4	0.2	- 2.1	32.7	- 3.4
<i>Net incurrence of liabilities</i>	129.5	135.1	102.8	112.2	129.5
Portfolio Investments	278.5	118.2	- 85.1	86.1	278.5
<i>Net acquisition of financial assets</i>	100.2	- 15.9	- 43.5	- 15.0	100.2
<i>Net incurrence of liabilities</i>	- 178.4	- 134.1	41.5	- 101.1	- 178.4
Financial derivatives	- 21.9	6.2	19.8	- 65.2	- 21.9
<i>Net acquisition of financial assets</i>	- 30.4	- 3.3	15.3	- 74.5	- 30.4
<i>Net incurrence of liabilities</i>	- 8.5	- 9.5	- 4.5	- 9.3	- 8.5
Other Investments	209.4	- 450.4	215.7	- 474.1	209.4
<i>Net acquisition of financial assets</i>	27.7	- 131.4	149.3	293.3	27.7
<i>Net incurrence of liabilities</i>	- 181.6	319.0	- 66.4	767.4	- 181.6
Reserves Assets	- 253.0	- 269.7	- 134.7	- 262.8	- 253.0
Net Errors and Omissions	455.0	- 179.2	355.9	- 466.9	455.0

* Revised

1/ Preliminary

External Sector Statistics Unit

Economic Information & Publications Dept.

April 2014

Glossary (BPM6)

The Sixth Edition of the Balance of Payments Manual (BPM6) format was first published in the March 2012 quarterly edition of this Report. Six major changes in BPM6 and definitions of key terminologies used in this Report are highlighted below.

Six Major Changes in BPM6

1. The Goods sub-account and Services sub-account are now combined and referred to as the *Goods and Services* sub-account.
2. The Income sub-account is now referred to as *Primary Income*.
3. The Current Transfers sub-account is now referred to as *Secondary Income*.
4. The *Financial Account* is no longer grouped with the *Capital Account*.
5. The balance from the *Current* and the *Capital account* is referred to as *Net Lending or Net Borrowing*, which is explained by details in the *Financial Account*.
6. The use of debits and credits for the *Financial Account* is replaced by *Net acquisition of financial assets* and the *Net incurrence of liabilities*.

Key Terminologies and Concepts

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 three main categories according to the broad nature of the transactions. These categories are:

1. *Current Account*
2. *Capital Account*
3. *Financial Account*

The sum of the balances on the Current and Capital accounts represents the *Net Lending* (surplus) or *Net Borrowing* (deficit) by the economy with the rest of the world. This is conceptually equal to the net balance of

the *Financial Account*. In other words, the Financial Account measures how the *Net Lending* to or *Net Borrowing* from non-residents is financed.

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 involve economic value. This account is sub-divided into:

- a. *Goods and Services*
- b. *Primary Income, and*
- c. *Secondary Income*

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. ***Primary Income*** represents the return that accrues to institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to other institutional units. It 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. ***Secondary Income*** shows current transfers between residents and non-residents. It covers transactions such as taxes on income, workers' remittances, and premiums and claims on non-life insurance.

2. Capital Account

The Capital Account covers:

- (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.
- (ii) **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.

3. Financial Account

The **Financial Account** records transactions that directly affect the wealth and debt of the country and records transactions that involve financial assets and liabilities between residents and non-residents.

This account covers:

- (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) **Financial Derivatives (other than reserves)** covers transactions of forward-type contracts and options traded in financial markets used to transfer risks linked to another specific financial instrument or indicator or commodity.
- (iv) **Other investment** is a residual category that includes all financial transactions not covered in Direct Investment, Portfolio Investment or Reserve Assets. It includes: (i) Loans to finance trade (ii) Insurance, pension and standardized guarantee schemes; (iii) trade credits and advances; and (iv) Other accounts receivable/payable.
- (v) **Reserve Assets** 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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