



BALANCE OF PAYMENTS OF JAMAICA 2012



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PREFACE

This report summarises the economic transactions between Jamaican residents and the rest of the world during 2012. The format of the report has been revised, relative to previous years, for easier reading and to allow for greater focus on the domestic economy. The current presentation of the BOP accounts conforms to the guidelines set out in the Fifth Manual published by the International Monetary Fund. However, it is the intention of the Bank to publish future reports using the Sixth Manual. In this regard, a box has been included in this report setting out the changes which are required as set out in the Sixth Manual.

The Bank of Jamaica (BOJ) is grateful to the members of the private sector for their cooperation in supplying data, responding to questionnaires and granting interviews, without which accurate compilation of the accounts would be impossible. The 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

1.0 SUMMARY OF JAMAICA'S BALANCE OF PAYMENTS - 2012

Jamaica is estimated to have recorded a current account deficit (CAD) of US\$1 904.5 million or 12.9 per cent of GDP in 2012. This outturn represented an improvement of US\$219.6 million or 1.8 percentage points of GDP, relative to the deficit recorded for 2011. The improvement was observed across all sub-accounts, with the exception of the services sub-account.

The goods balance accounted for almost one half of the improvement on the current account for the year and mainly reflected an increase in non-traditional exports, in particular ethanol. In addition, there was an improvement in Jamaica's terms of trade, underpinned by a 1.4 per cent increase in Jamaica's export price index with the import price index remaining relatively unchanged. Exports of traditional goods, however, fell sharply, mainly reflecting declines in alumina and bauxite exports. These declines occurred in a context of mechanical problems at one of the major plants and weak global demand conditions stemming from the effects of the European sovereign debt crisis. In particular, there was a deceleration in the pace of growth in real output in advanced economies, reflecting a contraction in the Euro Area and slower

expansion in the United Kingdom and Canada. Emerging economies such as China, one of the largest consumers of alumina, also grew at a slower pace for the year. Total imports to Jamaica also declined in 2012, mainly reflecting lower imports of mineral fuels, manufactured goods and machinery. Imports of mineral fuels fell in the context of lower demand by the alumina companies and a decline of 1.0 per cent in international oil prices (West Texas Intermediate benchmark). The decline in international oil prices was also associated with weak global demand as well as rising fuel inventories. Notwithstanding the overall fall in imports, Jamaica's food bill increased by approximately US\$20.0 million to US\$959.2 million in 2012. The increase in food imports occurred in the context of an increase in global food prices.

Largely underpinned by growth in the United States, net receipts from tourism and private remittances both increased in 2012 and amounted to US\$1 881.2 million and US\$1 875.1 million, respectively. These were the primary sources of foreign exchange inflows. A total of 3.3 million tourists visited the Island in 2012, representing an increase of 7.4 per cent, relative to 2011. This performance reflected growth in tourist arrivals from both traditional

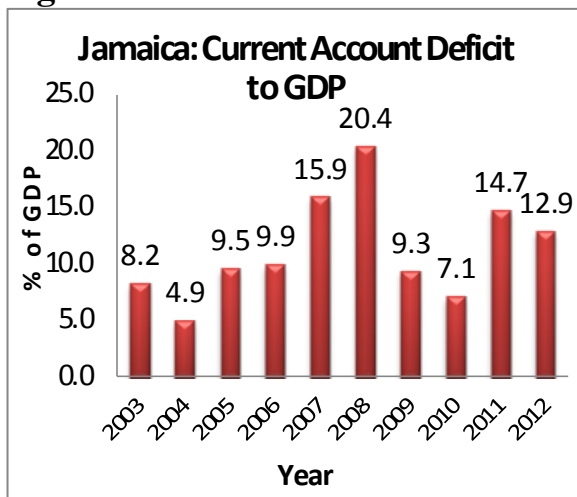
and non-traditional markets, consequent on increased marketing of the destination.

The CAD was mainly financed from private investments and a draw-down of US\$840.0 million in the net international reserves (NIR). At end-2012, the NIR stood at US\$1 125.6 million. Gross reserves amounted to US\$1 980.8 million, the equivalent of 13.6 weeks of estimated goods and services imports.

2.0 STRUCTURE OF JAMAICA'S CURRENT ACCOUNT

Jamaica's current account balance has been consistently large and negative over the past decade (2003 – 2012). This is evidenced by an average deficit of 11.4 per cent of GDP for the period (see **Figure 1**).

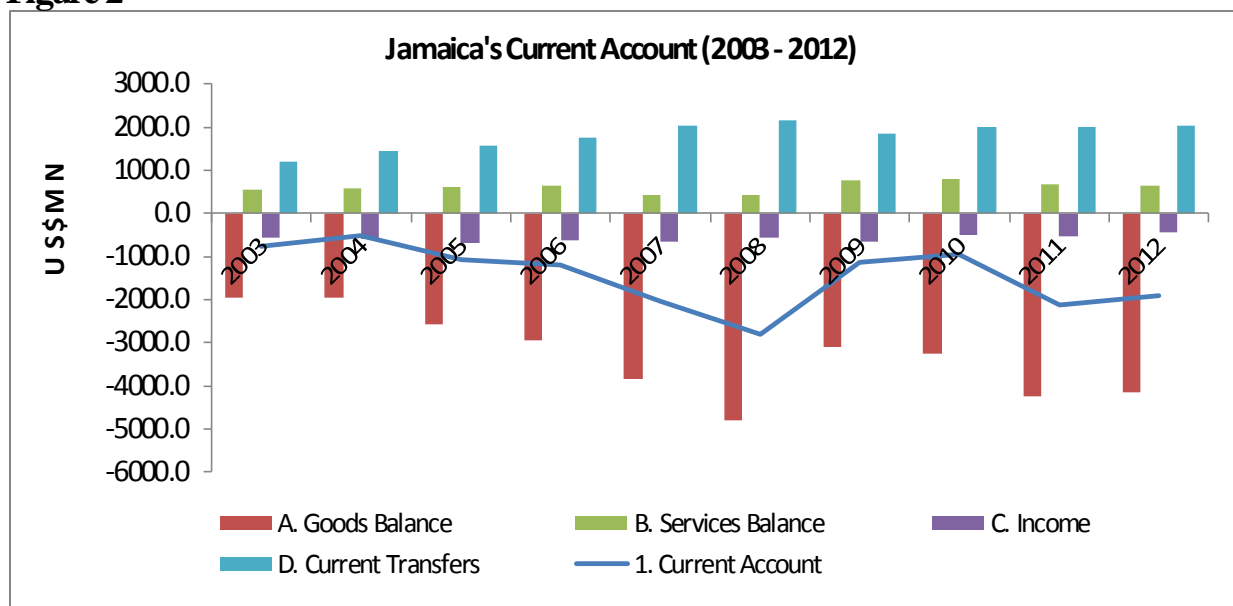
Figure 1



The negative balance has been largely driven by the deficits on the goods and income sub-accounts. The impact of these deficits has been partly offset by surpluses on the services and transfer sub-accounts (see **Figure 2**).

Within the goods balance, the major traditional exports are alumina, bauxite and sugar. These exports are usually based on pre-determined contractual/quota arrangements. In addition, these commodities have accounted for approximately 59.8 per cent of total goods exports over the past 10 years. Of note, alumina, the primary traditional export, accounted for approximately 43.0 per cent of total exports with average earnings of US\$774.8 million per year over the period. The share of alumina, however, fell to approximately 29.0 per cent in 2012.

Figure 2



In relation to imports, fuel, raw materials and consumer goods have been the dominant components, accounting for 32.7 per cent, 28.6 per cent and 26.2 per cent, respectively. This structure highlights the fact that the Jamaican economy, in general, and the manufacturing sector, in particular, are heavily dependent on imported inputs.

The services sub-account is largely dominated by earnings from the tourism sector while the transfers sub-account largely relates to private remittances. Over the past 10 years, travel earnings averaged US\$1.6 billion per year while inflows from remittances averaged US\$1.7 billion per year.

3.0 CURRENT ACCOUNT

Jamaica's CAD is estimated to have narrowed by US\$219.6 million to US\$1 904.5 million or 12.9 per cent of GDP in 2012 (see **Table 1**). This positive outturn reflected improvements on the

goods, income and transfers sub-accounts, partly offset by deterioration on the services sub-account.

Table 1

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
1. CURRENT ACCOUNT	-2 124.1	-1 904.5	219.6	- 10.3
A. GOODS BALANCE	-4 257.6	-4 157.0	100.6	- 2.4
Exports (f.o.b.)	1 664.8	1 746.7	81.9	4.9
Imports (f.o.b.)	5 922.4	5 903.7	- 18.7	- 0.3
B. SERVICES BALANCE	662.2	638.7	- 23.4	- 3.5
Transportation	- 576.1	- 752.5	- 176.4	30.6
Travel	1 845.7	1 881.2	35.5	1.9
Other Services	- 607.4	- 490.0	117.4	- 19.3
GOODS & SERVICES BALANCE	-3 595.4	-3 518.3	77.2	- 2.1
C. INCOME	- 518.4	- 433.6	84.8	- 16.4
Compensation of Employees	36.5	65.5	29.0	79.4
Investment Income	- 554.9	- 499.1	55.8	- 10.1
D. CURRENT TRANSFERS	1 989.8	2 047.4	57.6	2.9
General Government	141.3	172.3	31.0	21.9
Other Sectors	1 848.4	1 875.1	26.6	1.4
2. CAPITAL & FINANCIAL A/C	2 124.1	1 904.5	- 219.6	- 10.3
A. CAPITAL ACCOUNT	- 9.1	- 26.2	- 17.1	186.9
Capital Transfers	- 9.1	- 26.2	- 17.1	186.9
General Government	29.0	5.9	- 23.1	- 79.8
Other Sectors	- 38.2	- 32.1	6.0	- 15.8
B. FINANCIAL ACCOUNT	2 133.3	1 930.7	- 202.5	- 9.5
Other Official Investments	497.9	238.6	- 259.3	- 52.1
Other Private Investments 3/	1 430.1	852.1	- 578.0	- 40.4
Reserves 4/	205.2	840.0		

Source: Statistical Institute of Jamaica

1/ Revised

2/ Provisional

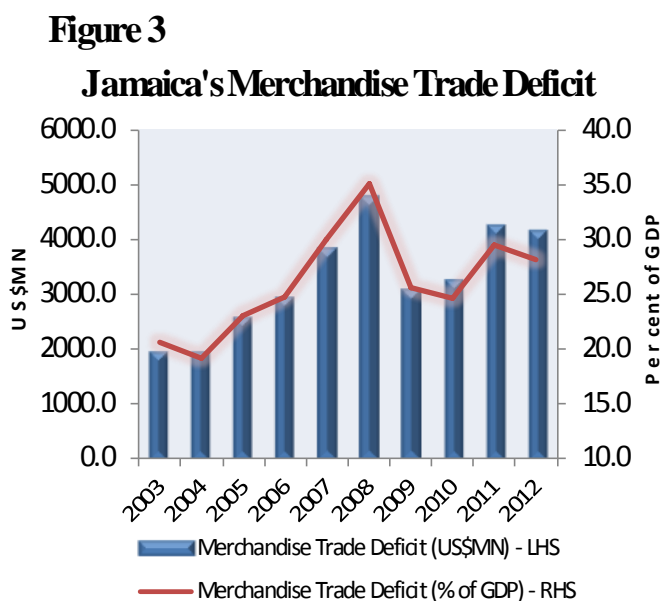
3/ Includes Errors & Omissions

4/ Minus denotes increase

3.1 Goods Balance

Jamaica's total merchandise trade (i.e. exports plus imports of goods (f.o.b.)) increased by US\$63.2 million to US\$7 650.4 million (51.7 per cent of GDP) in 2012. Total trade continued to be dominated by imports.

The goods balance recorded a deficit of US\$4 157.0 million (28.1 per cent of GDP), a decline of US\$100.6 million, relative to 2011 (see **Figure 3**). The smaller trade deficit in 2012 reflected an increase of US\$81.9 million in exports (f.o.b.) and a reduction of US\$18.7 million in imports.



Exports

Total goods exports in 2012 amounted to US\$1 746.7 million (11.8 per cent of GDP) (see **Table 2**). *General Merchandise Exports*, valued at US\$1 522.7 million, continued to account for the largest share of exports (87.1 per cent) increasing by US\$83.9 million when compared with 2011. *Goods Procured in Ports* by foreign carriers increased by 0.3 per cent while *Freezone* exports declined by 4.7 per cent. These categories accounted for 10.7 per cent and 2.1 per cent of total exports, respectively.

The expansion in the value of domestic exports largely reflected an increase of US\$147.6 million in *Non-Traditional Exports* as well as growth of US\$4.4 million in *Other Traditional Exports*. The impact of these categories was partly offset by a US\$52.1 million decline in *Major Traditional Exports* (see **Table 3**).

Table 2

VALUE OF EXPORTS (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
SITC SECTIONS				
0. Food	231.7	274.0	42.2	18.2
Bananas	0.1	0.1	0.1	92.1
Citrus & citrus products	2.4	1.9	- 0.4	- 18.8
Sugar & sugar preparations	62.2	94.1	32.0	51.4
Other	167.1	177.8	10.6	6.4
1. Beverages & tobacco	113.3	104.3	- 9.1	- 8.0
Rum	48.7	55.7	7.0	14.3
Tobacco & tobacco products	0.1	0.1	0.0	25.7
Other	64.6	48.5	- 16.1	- 24.9
2. Crude materials	769.4	665.4	- 104.0	- 13.5
Bauxite	141.9	130.1	- 11.8	- 8.3
Alumina	580.7	508.3	- 72.4	- 12.5
Other	46.7	27.0	- 19.8	- 42.3
3. Mineral fuels	186.6	200.8	14.1	7.6
4. Animal & vegetable oils & fats	0.3	0.1	- 0.1	- 48.7
5. Chemicals	46.5	209.7	163.2	351.3
6. Manufactured goods	9.8	17.6	7.9	80.4
7. Machinery & transport equip.	50.8	22.8	- 27.9	- 55.0
8. Misc. manufactured goods	19.1	18.5	- 0.6	- 3.2
9. Misc. commodities	11.4	9.5	- 1.8	- 16.2
A. TOTAL GENERAL EXPORTS	1 438.9	1 522.7	83.9	5.8
B. FREE ZONE EXPORTS	39.2	37.4	- 1.8	- 4.7
C. GOODS PROCURED IN PORTS	186.7	187.3	0.5	0.3
TOTAL EXPORTS (F.O.B.)	1 664.8	1 747.3	82.5	5.0

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Growth in earnings from *Non-Traditional Exports* mainly reflected a US\$95.8 million increase in ethanol exports associated with increased production at the Jamaica Broiler's Ethanol Plant.

The reduction in the value of *Major Traditional Exports* was primarily due to contractions in alumina and bauxite exports. However, there was a partly offsetting impact from an increase in sugar exports.

Table 3

TRADITIONAL & NON-TRADITIONAL EXPORTS (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
GENERAL MERCHANDISE EXPORTS	1 438.9	1 522.7	83.8	5.8
DOMESTIC EXPORTS	1 354.2	1 454.1	99.8	7.4
Major Traditional Exports	784.9	732.7	- 52.1	- 6.6
Bauxite	141.9	130.1	- 11.8	- 8.3
Alumina	580.7	508.3	- 72.4	- 12.5
Sugar	62.2	94.1	32.0	51.4
Bananas	0.1	0.1	0.1	92.1
Other Traditional Exports	76.1	80.4	4.4	5.7
Citrus	2.6	2.3	- 0.3	- 12.0
Cocoa	1.9	3.0	1.1	56.2
Coffee	19.9	17.3	- 2.6	- 12.9
Pimento	2.0	2.4	0.4	21.2
Rum	49.6	55.1	5.5	11.1
Gypsum	0.1	0.4	0.3	243.1
Non Traditional Exports	493.3	640.9	147.6	29.9
RE-EXPORTS	84.6	68.7	- 16.0	- 18.9
FREEZONE EXPORTS	39.2	37.4	- 1.8	- 4.7
GOODS PROC. IN PORTS	186.7	187.3	0.5	0.3
GRAND TOTAL	1 664.8	1 747.3	82.5	5.0

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Major Traditional Exports

Bauxite & Alumina

For 2012, earnings from alumina and bauxite exports fell by 12.5 per cent and 8.3 per cent, respectively. The decline in earnings from alumina exports resulted from a contraction of 10.6 per cent in export volumes, in addition to a fall of 2.1 per cent in the average realized price (ARP) (see **Table 4**). The decline in export volumes stemmed from lower alumina production due to mechanical problems at the Jamalco plant during the year. Jamalco's operating capacity fell to a monthly average of

84.4 per cent in 2012 from 95.5 per cent in 2011.

The decline in bauxite export volumes was due to lower capacity utilization at the Noranda Bauxite plant. Operating capacity at the plant fell to a monthly average of 91.2 per cent in 2012 from 99.2 per cent in 2011.

The price of aluminium, to which alumina and bauxite prices are tied, exhibited a declining trend since reaching post-recession highs in 2011. This trend reflected the impact of the European debt crisis and reduced demand from China. Also, the prices for aluminium on the London Metal Exchange (LME), a prime

indicator of broader trends in the global aluminum market, showed a similar trend. This trend decline reflected the impact of persistently high aluminum inventories, relative to demand.

Sugar

Earnings from sugar exports grew by 51.4 per cent to US\$94.1 million in 2012. This growth reflected an increase of 62.5 per cent in the average realized price (ARP), the impact of

which was partly offset by a decline of 6.8 per cent in export volumes. Notwithstanding the decline in volumes, exporters benefitted from an 80 000 tonne agreement with ED&F Man Sugar Limited. This contract stipulated an export price of US\$936.98 per tonne which was significantly above prevailing market prices as well as the prices which obtained in 2011.

Table 4

MAJOR TRADITIONAL EXPORT COMMODITIES				
BAUXITE	2011 ^{1/}	2012 ^{2/}	Change	% Change
VOLUME ('000 tonnes)	5 188.8	4 759.6	- 429.1	- 8.3
VALUE (US\$MN)	141.9	130.1	- 11.8	- 8.3
PRICE (US\$/tonne)	27.3	27.3	0.0	0.0
ALUMINA				
VOLUME ('000 tonnes)	1 940.5	1 734.4	- 206.1	- 10.6
VALUE (US\$MN)	580.7	508.3	- 72.4	- 12.5
PRICE (US\$/tonne)	299.3	293.1	- 6.2	- 2.1
SUGAR				
VOLUME ('000 tonnes)	110.6	103.1	- 7.5	- 6.8
VALUE (US\$MN)	62.2	94.1	32.0	51.4
PRICE (US\$/tonne)	561.9	912.9	351.0	62.5

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Other Domestic Exports

Earnings from *Other Domestic Exports* increased by US\$154.4 million (27.2 per cent) to US\$722.3 million, relative to 2011 (see **Table 5**). The increase mainly reflected higher earnings from *chemicals, minerals fuels* and *food* exports. Notably, there was an increase of 398.6 per cent in the value of *chemicals*, reflecting higher ethanol exports by Jamaica Broilers.

Trend in Exports

Jamaica's total goods export increased steadily from US\$1 385.7 million in 2003 to US\$2 743.9 million in 2008 before falling sharply in 2009

(see **Figure 4**).

The lower exports of goods in 2009 occurred in the context of weak external and domestic demand conditions arising from the impact of the global financial crisis. Output from the tradable industry contracted, with *Mining & Quarrying, Construction, Manufacture* and *Transport, Storage & Communication* being the most severely impacted. Exports of goods in 2009 fell by US\$1 356.2 million to US\$1 387.7 million and accounted for 11.5 per cent of GDP, relative to 20.0 per cent in 2008.

Export recovery has been on a positive path

Table 5

OTHER DOMESTIC EXPORTS BY S.I.T.C. (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
0. Food	161.8	169.8	8.0	4.9
Citrus & citrus products	2.4	1.9	-0.4	-18.8
Other	159.5	167.9	8.4	5.3
1. Beverages & Tobacco	113.3	103.9	-9.4	-8.3
Rum	48.7	55.7	7.0	14.3
Tobacco & tobacco products	0.1	0.1	0.0	25.7
Other	64.5	48.2	-16.3	-25.3
2. Crude Materials	46.5	26.8	-19.6	-42.3
3. Mineral Fuels	186.3	200.6	14.3	7.7
4. Animal & Vegetable Oils & Fats	0.3	0.1	-0.1	-48.0
5. Chemicals	41.1	205.1	164.0	398.6
6. Manufactured Goods	4.9	4.5	-0.4	-8.1
7. Machinery & Transport Equip.	2.4	1.6	-0.8	-33.9
8. Miscellaneous Manufactured Goods	10.0	9.2	-0.8	-7.7
9. Miscellaneous Commodities	1.4	0.6	-0.8	0.0
TOTAL	567.9	722.3	154.4	27.2

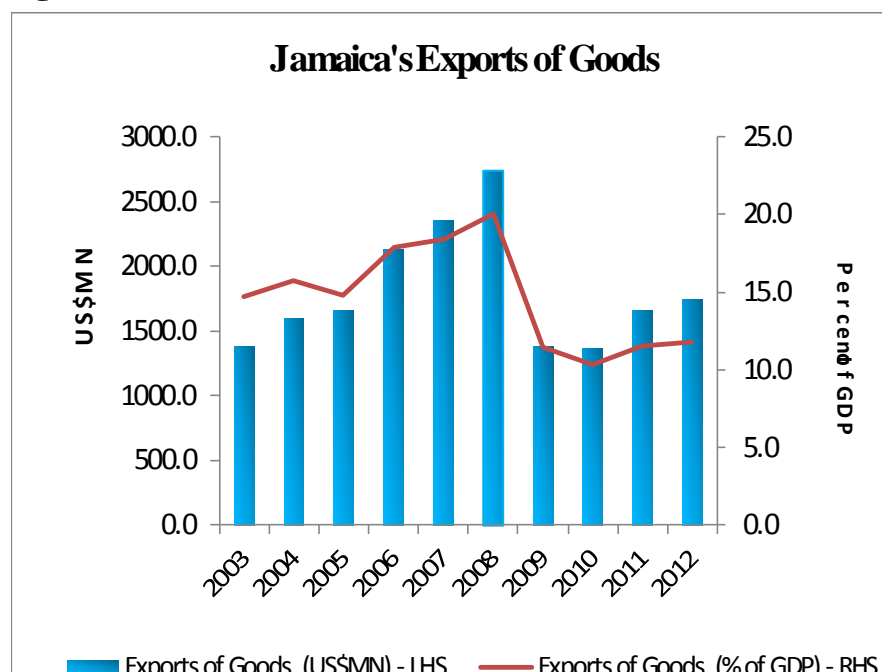
Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

since the economic downturn, although the pace slowed significantly in 2012, given the problems in the mining industry. Total goods exports increased by US\$359.6 million during the period 2009 to 2012. Over the past decade, average yearly exports of goods were valued at US\$1 805.9 million (14.7 per cent of GDP). One of the reasons posited for this performance is the uncompetitiveness of the Jamaican economy.

Figure 4



Box 1: SPECIAL FEATURE: AN ASSESSMENT OF JAMAICA'S EXTERNAL COMPETITIVENESS

EXTERNAL COMPETITIVENESS

In a context of persistently high current account deficits over the past decade, there has been increased rhetoric on the external competitiveness of the Jamaican economy. Jamaica's share of world exports, for example, has declined since 2002, partly due to a lack of competitiveness. In particular, Jamaica's share of manufactured goods to the rest of the world fell from 0.44 per cent in 2002 to 0.13 per cent in 2011. While there are various measures of competitiveness, this box highlights the trend in the Real Effective Exchange Rate (REER), one of the most commonly used indicators of external competitiveness globally.

Real Effective Exchange Rate

The REER is calculated by adjusting the nominal effective exchange rate (NEER) with the relative price index. The price index most frequently used is the Consumer Price Index largely because of the availability of comparative data.

The REER calculation may be expressed as:

$$\text{REER} = \left(\frac{r}{r^*} \right) \times \left(\frac{p}{p^*} \right)$$

where: r is the domestic exchange rate (expressed as the quantity of the foreign currency required to purchase a unit of domestic currency) index, r^* is the trading partners' exchange rate index, p is the domestic price index and p^* is the foreign price index.

An improvement in competitiveness, as measured by a decline in the REER, emanates from either depreciation in the NEER or a decline in relative prices. A depreciation in the NEER is represented by a decline in the value of the domestic currency vis-à-vis the foreign currency or an appreciation of the currencies of the country's main trading partners against the US dollar.¹ Similarly, the REER would decline if the rate of inflation for the domestic economy is below that of the country's main trading partners.

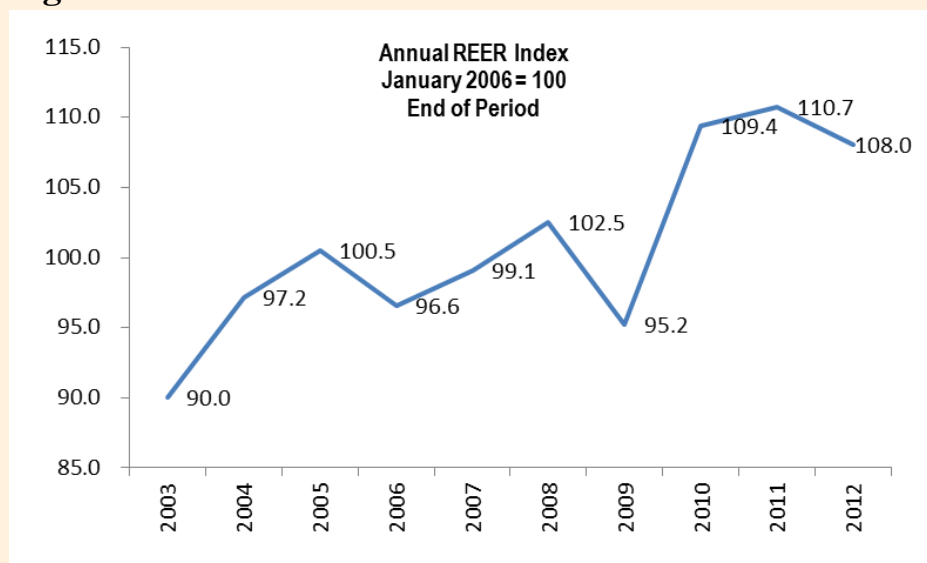
Over the past decade, the REER has trended upwards, indicating an overall loss in external competitiveness (see **Figure 5**). The overall loss was largely associated with higher domestic inflation, relative to our major trading partners. The higher domestic inflation was partly explained by imported inflation (which

¹ The top 10 trading partners are determined by the volume of total exports and imports from and to Jamaica.

incorporates exchange rate changes) and recurring supply shocks resulting from adverse weather. Jamaica recorded a gain of 2.4 per cent in external competitiveness in 2012 mainly resulting from a depreciation of 6.9 per cent in

the NEER. A faster rate of improvement in competitiveness is anticipated for 2013 as the impact of exchange rate changes on inflation is expected to be stymied by weak demand conditions.

Figure 5



Imports

Total goods imports (c.i.f.) in 2012 were valued at US\$6 706.8 million (45.3 per cent of GDP) (see **Table 6**). *General Merchandise Imports* accounted for 98.3 per cent of Jamaica's import bill in 2012, while *Goods Procured in Ports* by foreign carriers and *Freezone* imports accounted for 1.1 per cent and 0.5 per cent, respectively.

For 2012, there was a decline of 0.2 per cent in the value of total imports, relative to the previous year. This decline primarily reflected contraction in *mineral fuels, manufactured goods, machinery & transport equipment* as well as *crude materials*.

Specifically, there was a contraction of 2.1 per cent in the value of mineral fuel imports. The outturn reflected a fall of 26.3 per cent in mining

sector fuel volume imports, consistent with the decline in both alumina and bauxite exports. Additionally, the decline in mineral fuel imports was influenced by 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, fell by 1.0 per cent following a rise of 19.6 per cent in 2011.

Spending on manufactured goods fell below the previous year's level by US\$23.4 million, while the importation of machinery & transportation equipment decreased by US\$20.3 million. The lower imports in the latter category occurred in the context of a decline in real output in the domestic economy. Crude material imports fell by US\$15.7 million (24.9 per cent), largely due

Table 6

VALUE OF IMPORTS BY SITC (C.I.F.) (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
TOTAL GENERAL IMPORTS	6 614.8	6 594.9	- 19.8	- 0.3
0.FOOD	938.4	959.2	20.8	2.2
1.BEVER. & TOBAC.	77.5	81.1	3.6	4.6
2.CRUDE MATS.	63.2	47.5	- 15.7	- 24.9
3.MINERAL FUELS	2 441.8	2 390.3	- 51.6	- 2.1
4.ANI. & VEG. OIL	58.6	51.6	- 7.0	- 11.9
5.CHEMICALS	909.6	924.0	14.4	1.6
6.MANUF. GOODS	647.1	623.7	- 23.4	- 3.6
7.MACH. & TRANSP.	939.7	919.4	- 20.3	- 2.2
8.MISC. MANUF. GOODS	470.5	480.0	9.5	2.0
9.MISC. COMMDS.	68.4	118.2	49.8	72.8
FREEZONE	30.2	36.5	6.3	20.8
GOODS PROC. IN PORTS	78.1	75.3	- 2.7	- 3.5
GRAND TOTAL	6 723.0	6 706.8	- 16.3	- 0.2

Source: Statistical Institute of Jamaica

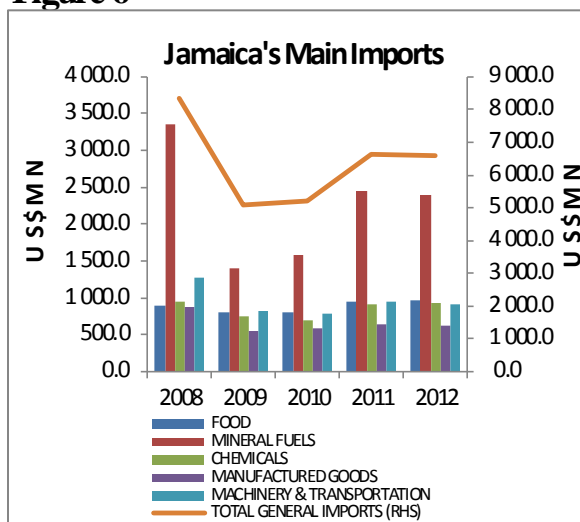
1/ Revised

2/ Estimates

to lower international crude oil prices.

Within general merchandise imports, mineral fuel remained the dominant category, accounting for 35.1 per cent of imports (see **Figure 6**). Of note, the top five categories of imports accounted for 90.2 per cent of total imports. .

Figure 6



3.1.1 Direction of Trade (General Merchandise)

The USA, CARICOM and the European Union (EU) remained Jamaica's main trading partners in 2012, together accounting for US\$4 673.2 million or 55.3 per cent of total merchandise trade.² This share, however, represented a decline of 0.4 percentage points when compared with the share in 2011. Combined, the USA, CARICOM and the EU accounted for US\$1 204.7 million or 69.0 per cent of Jamaica's total export market in 2012 while supplying US\$3 468.5 million or 51.7 per cent of Jamaica's imports (see **Tables 7 to 9**).

Table 7

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2011 ^{1/}	% of Total	2012 ^{2/}	% of Total	Change	% Change
United Kingdom	111.7	6.7	45.1	2.6	-66.6	-59.6
United States	836.2	50.2	818.6	46.9	-17.6	-2.1
Canada	263.4	15.8	122.6	7.0	-140.8	-53.5
China	21.3	1.3	11.6	0.7	-9.7	-45.5
European Union	154.2	9.3	302.9	17.3	148.7	96.4
CARICOM	68.0	4.1	83.2	4.8	15.2	22.4
All other countries	209.9	12.6	362.7	20.8	152.7	72.7
TOTAL	1 664.8	100.0	1 746.7	100.0	81.9	4.9

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

² For this report, the European Union includes all European countries except the United Kingdom.

Table 8

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2011 ^{1/}	% of Total	2012 ^{2/}	% of Total	Change	% Change
United Kingdom	96.3	1.5	86.1	1.3	- 10.2	- 10.6
United States	2 185.4	33.0	2 311.2	34.5	125.8	5.8
Canada	117.3	1.8	101.7	1.5	- 15.6	- 13.3
China	281.5	4.3	310.8	4.6	29.3	10.4
European Union	345.3	5.2	299.0	4.5	- 46.3	- 13.4
CARICOM	1 019.2	15.4	858.3	12.8	- 160.9	- 15.8
All other countries	2 569.8	38.8	2 739.7	40.8	169.9	6.6
TOTAL	6 614.8	100.0	6 706.8	100.0	100.0	1.5

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 9

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS (US\$MN)				
COUNTRY	2011 ^{1/}	2012 ^{2/}	Change	% Change
United Kingdom	15.4	- 41.0	- 56.4	- 366.2
United States	-1 349.2	-1 492.6	- 143.4	10.6
Canada	146.1	20.9	- 125.2	- 85.7
China	- 260.1	- 299.1	- 39.0	15.0
European Union	- 191.1	3.9	195.0	- 102.0
CARICOM	- 951.2	- 775.1	176.1	- 18.5
All other countries	-2 359.9	-2 377.0	- 17.1	0.7
TOTAL	-4 950.0	-4 960.1	- 10.1	0.2

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

For 2012, the USA remained Jamaica's principal trading partner, accounting for 37.0 per cent of the country's general merchandise trade. Imports from the USA, which include food, machinery & transport equipment, chemicals and manufactured goods, accounted for 34.5 per cent of Jamaica's general merchandise purchases. On the other hand, exports to that market accounted for 46.9 per cent of Jamaica's general

merchandise sales in 2012, relative to 50.2 per cent in 2011. These comprised mainly alumina, bauxite and miscellaneous manufactured goods. The value of Jamaica's general merchandise imports from the USA increased by US\$125.8 million to US\$2 311.2 million in 2012 while exports to that market declined by US\$17.6 million (see **Table 8**). In this context, Jamaica's merchandise trade deficit with the USA

worsened by 10.6 per cent to US\$1 492.6 million in 2012, relative to the previous year (see **Table 9**).

In 2012, Jamaica reversed its trade deficit with the EU, recording a surplus of US\$3.9 million in contrast to the deficit of US\$191.1 million in 2011 (see **Table 9**). The outturn in 2012 primarily reflected an increase of US\$148.7 million in exports as well as a decline of US\$46.3 million in imports (see **Tables 7 & 8**). In this context, the share of total merchandise trade accounted for by the EU rose to 7.1 per cent in 2012 from 6.0 per cent in 2011.

Exports to the EU accounted for US\$302.9 million or 17.3 per cent of Jamaica's total exports in 2012 and included sugar, rum and alumina. Conversely, imports from the EU accounted for US\$299.0 million or 4.5 per cent of Jamaica's total imports and included milk products, machinery & transport equipment, food and electronics.

Jamaica's trade surplus with Canada declined by US\$125.2 million to US\$20.9 million in 2012 relative to 2011 (see **Table 9**). This reduction reflected a contraction of 53.5 per cent in exports to that destination, the impact of which was partly offset by a decline of 13.3 per cent in imports (see **Tables 7 & 8**). Against this background, the share of Jamaica's total

merchandise trade with Canada fell to 2.7 per cent in 2012 from 4.6 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.

For 2012, Jamaica's merchandise trade deficit with China increased by US\$39.0 million to US\$299.1 million (see **Table 9**). Export earnings fell by US\$9.7 million to US\$11.6 million, while imports increased by US\$29.3 million to US\$310.8 million (see **Table 7 & 8**). China accounted for 0.7 per cent of Jamaica's exports in 2012, relative to 1.3 per cent in 2011, while its share of imports rose to 4.6 per cent in 2012 from 4.3 per cent in 2011. Jamaica's exports to China consisted mainly of alumina and scrap metals.

The value of imports from the United Kingdom (UK) declined by 10.6 per cent to US\$86.1 million for 2012, while exports fell by 59.6 per cent to US\$45.1 million (see **Tables 7 & 8**). Primary exports to the UK include sugar and rum. The share of Jamaica's merchandise trade with the UK fell to 1.6 per cent in 2012 from 2.5 per cent in 2011. Notably, Jamaica's trade surplus with the UK was reversed by US\$56.4 million to a trade deficit of US\$41.0 million in 2012 (see **Table 9**).

CARICOM Trade

There was a narrowing in Jamaica's trade deficit with the CARICOM region in 2012. In particular, the deficit declined by US\$176.1 million to US\$775.1 million. The narrowing of the deficit primarily reflected a decline in Jamaica's trade deficit with Trinidad & Tobago to US\$683.9 million in 2012 from US\$859.0 million in 2011 (see **Table 10**). This improvement in the trade balance largely reflected a fall in the value of imports of mineral fuels, lubricants and related materials during the year. Trinidad & Tobago remained Jamaica's main regional trading partner in 2012.

3.2 Services

Net earnings from services declined by US\$23.4 million (3.5 per cent) to US\$638.7 million in 2012 (see **Table 11**). This decline mainly reflected an expansion of US\$176.4 million in the deficit on the transportation sub-account. The impact of this expansion was partly offset by a narrowing of the deficit on the other services sub-account by US\$117.4 million and an increase of US\$35.5 million in net receipts from travel.

Table 10

CARICOM TRADE (SELECTED COUNTRIES) (US\$MN)						
Country	2011 ^{1/}			2012 ^{2/}		
	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Barbados	9.3	32.2	- 22.9	23.5	26.3	- 2.8
Guyana	6.7	51.1	- 44.4	9.8	40.6	- 30.8
Belize	3.2	11.8	- 8.6	3.4	19.1	- 15.7
St. Kitts & Nevis	3.1	0.1	3.0	2.5	0.0	2.5
Antigua & Barbuda	6.0	0.2	5.9	6.0	0.0	5.9
Montserrat	0.3	0.0	0.3	0.3	0.0	0.3
Trinidad & Tobago	21.0	880.0	- 859.0	18.3	702.3	- 683.9
Dominica	4.8	6.4	- 1.6	2.7	20.3	- 17.5
Grenada	2.1	0.5	1.6	2.3	0.5	1.8
St. Lucia	6.1	1.9	4.2	6.8	2.3	4.5
St. Vincent	2.4	0.5	1.9	2.2	0.9	1.3
Suriname	5.1	34.6	- 29.5	5.4	46.1	- 40.8
TOTAL	70.2	1 019.3	- 949.1	83.3	858.4	- 775.1

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 11

SERVICES ACCOUNT (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
Services (Net)	662.2	638.7	- 23.4	- 3.5
Inflows	2 620.2	2 673.8	53.6	2.0
Outflows	1 958.0	2 035.0	77.0	3.9
1. Transportation	- 576.1	- 752.5	- 176.4	30.6
Inflows	283.6	234.2	- 49.4	- 17.4
Outflows	859.6	986.7	127.0	14.8
2. Travel	1 845.7	1 881.2	35.5	1.9
Inflows	2 012.5	2 046.3	33.8	1.7
Outflows	166.8	165.1	- 1.7	- 1.0
3. Other Services	- 607.4	- 490.0	117.4	- 19.3
Inflows	324.1	393.3	69.1	21.3
Outflows	931.6	883.3	- 48.3	- 5.2

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Transportation

The widening of the deficit on the transportation sub-account primarily reflected an expansion of US\$127.0 million in gross outflows largely associated with higher payments for passenger

fares. In addition, gross inflows declined by US\$49.4 million due mainly to reduced activities at the Island's ports in the context of the economic recession (see **Table 12**).

Table 12

TRANSPORTATION (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
TRANSPORTATION (NET)	-576.1	-752.5	-176.4	30.6
TOTAL RECEIPTS	283.6	234.2	-49.4	-17.4
Passenger fares	47.1	0.0	-47.1	0.0
Freight	1.9	0.0	-1.9	0.0
Other	234.6	234.2	-0.4	-0.2
TOTAL PAYMENTS	859.6	986.7	127.0	14.8
Passenger fares	53.5	234.2	180.7	337.6
Freight	733.4	736.2	2.8	0.4
Other	72.7	16.3	-56.4	-77.6

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Travel

Net foreign exchange earnings from the tourism industry amounted to US\$1 881.2 million (12.7 per cent of GDP), representing an increase of 1.9 per cent, relative to 2011 (see **Table 13**). This improvement reflected an increase of 1.7 per cent in gross receipts and a fall of 1.0 per cent in travel outflows. The increased earnings reflected growth of 1.8 per cent and 17.3 per cent in total stop-over arrivals and cruise passenger arrivals, respectively (see **Table 14**). With respect to payments, the expenditure of Jamaicans travelling overseas rose by 0.4 per cent for 2012, while that of resident workers abroad declined by 7.8 per cent.

Table 13

TOURIST EXPENDITURE (US\$MN)				
	2011	2012	Change	% Change
Total Foreign Nat Stop-over Expenditure	1 846.0	1 866.1	20.1	1.1
Winter Expenditure	723.6	719.6	-3.9	-0.5
Summer Expenditure	1 122.4	1 146.4	24.0	2.1
Non-res. Jamaican Expenditure	76.0	77.4	1.4	1.8
Cruise passengers & armed Forces	90.6	102.9	12.3	13.6
Total Expenditure	2 012.5	2 046.3	33.8	1.7
Less Jamaican Exp. Overseas	138.1	138.6	0.5	0.4
Less Exp. of resident workers Overseas	28.7	26.5	-2.2	-7.8
Net Expenditure	1 845.7	1 881.2	35.5	1.9

Source: Jamaica Tourist Board

Contribution of Foreign Nationals, Cruise and Non-resident Jamaican arrivals to total visitor arrivals for 2012 was 55.0 per cent, 40.0 per cent and 5.0 per cent, respectively. Earnings for stop-over arrivals and cruise passenger arrivals accounted for 95.0 per cent and 5.0 per cent of total tourism earnings, respectively (see **Figure 7**).

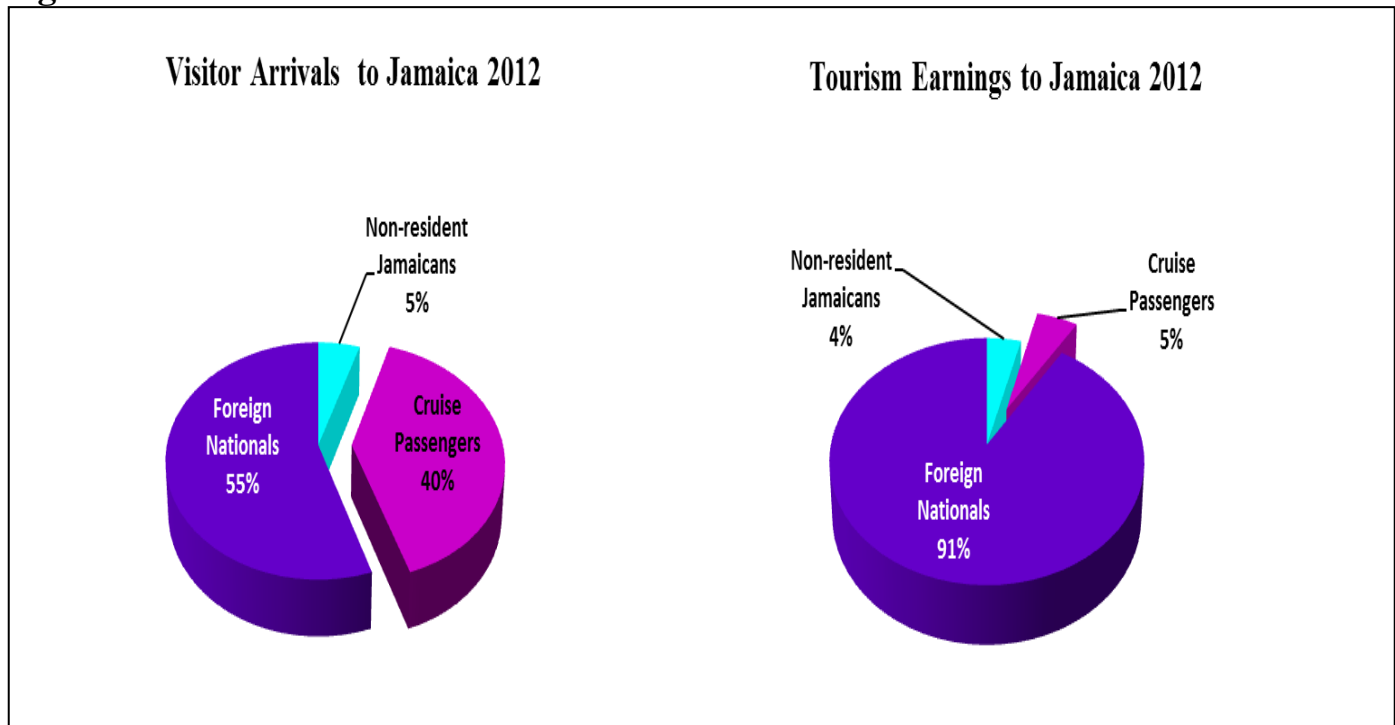
On average, each foreign national stop-over tourist spent US\$117.22 per day, relative to US\$115.7 in 2011. There was also an increase in average daily spending of cruise passengers of 6.2 per cent to US\$75.7 from US\$71.3 in 2011.

Table 14

VISITOR ARRIVAL STATISTICS				
	2011	2012	Change	% Change
Total Stop-Overs	1 951 752.0	1 986 082.0	34 330.0	1.8
Foreign Nationals	1 800 280.0	1 832 329.0	32 049.0	1.8
Long-Stay	1 739 246.0	1 768 927.0	29 681.0	1.7
Short-Stay	61 034.0	63 402.0	2 368.0	3.9
Non-resident Jamaican Stopovers	151 472.0	153 753.0	2 281.0	1.5
Cruise Passengers & Armed forces	1 125 481.0	1 320 083.0	194 602.0	17.3
TOTAL	3 077 233.0	3 306 165.0	228 932.0	7.4

Source: Jamaica Tourist Board

Figure 7



The overall performance for stop-over arrivals reflected growth from both the major and non-traditional source markets, such as Latin America and Asia. This increase resulted from greater marketing efforts, primarily from the Jamaica Tourist Board, by means of increased presence on television, on radio, on the internet and in the print media. In this regard, the use of the web was employed to market the Island in emerging economies such as Russia, the Czech Republic and other Eastern European countries. Also, there were promotional activities at events such as the London Olympics, Caribbean Marketplace and the World Travel Market.

Furthermore, tourism product familiarization tours were held for agents from the main source markets. In addition, the Open Skies policy, which allows for the free movement of airlines between countries, continued to contribute to increased arrivals from non-traditional markets. In spite of the improvement, the growth in tourist arrivals to Jamaica was below the increase of 4.0 per cent in world tourism as well as the expansion of 3.8 per cent to the Caribbean region. Nonetheless, Jamaica along with the Dominican Republic and Cuba were among the top three most visited countries in the region.³

³ Source: United Nations World Tourism Organization

Table 15

STOP-OVER ARRIVALS BY COUNTRY OF ORIGIN												
	Foreign Nationals				Non-Resident Jamaicans				Total Arrivals			
	2011	2012	Change	% Change	2011	2012	Change	% Change	2011	2012	Change	% Change
USA	1 118 644	1 148 258	29 614	2.6	106 921	109 411	2 490	2.3	1 225 565	1 257 669	32 104	2.6
Canada	365 586	388 530	22 944	6.3	13 352	14 670	1 318	9.9	378 938	403 200	24 262	6.4
UK	158 675	132 196	- 26 479	- 16.7	14 832	13 035	- 1 797	- 12.1	173 507	145 231	- 28 276	- 16.3
Germany	19 664	19 958	294	1.5	275	279	4	1.5	19 939	20 237	298	1.5
Other Europe	59 142	56 455	- 2 687	- 4.5	461	505	44	9.5	59 603	56 960	- 2 643	- 4.4
Latin America	16 458	24 922	8 464	51.4	131	115	- 16	- 12.2	16 589	25 037	8 448	50.9
Asia	1 964	2 026	62	3.2	63	66	3	4.8	2 027	2 092	65	3.2
Caribbean	51 009	49 586	- 1 423	- 2.8	15 207	15 395	188	1.2	66 216	64 981	- 1 235	- 1.9
Other Countries	9 138	10 398	1 260	13.8	230	277	47	20.4	9 368	10 675	1 307	14.0
TOTAL	1 800 280	1 832 329	32 049	1.8	151 472	153 753	2 281	1.5	1 951 752	1 986 082	34 330	1.8

Source: Jamaica Tourist Board

Stop-over Arrivals

Source Markets

The USA, Canada and the UK continued to be the main sources of visitors to Jamaica in 2012 (see **Table 15** and **Figure 8**). Specifically, arrivals from the USA grew by 2.6 per cent, reflecting expansion in all regions. Arrivals from the US Northeast and South recorded respective increases of 3.3 per cent and 3.2 per cent, while arrivals from the Mid-West and West grew by 1.1 per cent and 1.0 per cent, respectively. The growth in arrivals from the USA was facilitated by increased air seats by Delta, Jet Blue and US Airways during the review year. Arrivals from the USA accounted for 63.3 per cent of total visitors in 2012 relative to 62.8 per cent in 2011.

Stop-over visitors from Canada increased by 6.4 per cent and represented 20.3 per cent of total visitors in 2012 compared with 19.4 per cent in the previous year (see **Table 14**). There were increases in arrivals from all provinces, with the exception of British Columbia and New Brunswick. Ontario remained the fastest growing region with growth of 8.2 per cent followed by Quebec with 0.6 per cent. The increase in visitors from Canada possibly reflected the impact of the appreciation in the value of the Canadian dollar vis-à-vis the US dollar and its higher purchasing power. This appreciation was associated with growth in the Canadian economy.

During the review year, the total number of visitors from Europe declined by 12.1 per cent, reflecting reductions in arrivals from all major regions. In particular, stop-over arrivals from the UK fell by 16.3 per cent. There was also a fall-off of 22.8 per cent in stop-over visitors from Southern Europe. This decline was reflected in fewer visitors from all countries in that region.

The contraction for Europe was mainly attributed to the impact of the persistent debt crisis in that region, as well as the higher cost of travel associated with the British Air Passenger Duty which became effective November 2010. However, the impact of these factors was partly countered by an increase in flights by Virgin Atlantic and the TUI Travel Group to the Sangster International Airport, as well as the introduction of a charter service from the Czech Republic during the year.

For 2012, the other major source markets that recorded increases were Latin America (50.9 per cent) and Asia (3.2 per cent). Growth from Latin America mainly reflected arrivals from South America (67.1 per cent), specifically Colombia (172.8 per cent) and Argentina (72.5 per cent). Arrivals from Central America increased by 20.7 per cent for the year. The growth in arrivals from

these markets was due to increased airlifts and connectivity as well as facilitation of travel through the use of visa-free entry in specific cases. In contrast to the Latin American region, arrivals from the Caribbean declined by 1.9 per cent which may be attributed to the discontinuation of low cost air service by Red Jet Airlines during the review year.

Visitor Accommodation & Length of Stay

During 2012, the number of available rooms and beds rose by 0.8 per cent to 28 536 and 58 909, respectively. All the resort areas, with the exception of Negril and Port Antonio, showed improvement in hotel room accommodation. The South Coast registered the largest improvement of 3.2 per cent. Negril and Port Antonio recorded declines of 0.6 per cent and 4.4 per cent, respectively. The change in the number of available beds depicted a similar pattern.

For the review period, the average length of stay for stop-over visitors by the major source countries of residence recorded a slight decline, compared with 2011. This performance largely reflected declines in the average length of stay of visitors from Latin America and Canada of 7.3 per cent and 3.1 per cent, respectively. Notwithstanding the overall decline, the average length of stay of non-resident Jamaicans and

foreign nationals staying in hotel accommodations increased in 2012.

Cruise Passengers

Cruise passenger arrivals continued the upward trend in 2012, increasing by 17.3 per cent to 1 320 083. This increase occurred in the context of growth of 5.4 per cent in ship calls (see **Table 14**). In particular, there was increased activity at the Falmouth Pier where ship calls and passenger arrivals rose by 22.7 per cent and 28.5 per cent, respectively. In addition, the Montego Bay Pier recorded growth of 8.9 per cent and 35.3 per cent in ship calls and passengers, respectively. However, there were respective

declines of 9.2 per cent and 5.8 per cent in ship calls and passenger arrivals to the Ocho Rios Pier. The fall in arrivals to the Ocho Rios pier reflected the diversion of Royal Caribbean's vessels from this pier to Falmouth.

Figure 8



Other Services

The deficit on the other services sub-account narrowed by US\$117.6 million in 2012, reflecting an increase of US\$69.1 million in gross receipts as well as a reduction of US\$48.5 million in payments (see **Table 16**). The increase in inflows resulted primarily from an expansion in receipts from *other business services*. Lower spending was mainly attributed to the downturn in *construction* as well as a contraction in *other business services* and *computer & information*. The impact from these categories was partly

countered by higher spending on *insurance* and *financial services*.

Table 16

OTHER SERVICES (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
OTHER SERVICES (NET)	- 607.4	- 489.8	117.6	- 19.4
RECEIPTS	324.2	393.3	69.1	21.3
Insurance	8.6	8.6	0.0	0.0
Computer & Information	38.5	42.3	3.8	9.9
Other Business Services	51.8	95.8	44.0	84.9
Government	32.8	31.5	- 1.3	- 4.0
Other	192.5	215.1	22.6	11.7
PAYMENTS	931.6	883.1	- 48.5	- 5.2
Insurance	144.8	193.0	48.2	33.3
Computer & Information	39.4	21.7	- 17.7	- 44.9
Other Business Services	434.2	414.8	- 19.4	- 4.5
Government	62.1	56.6	- 5.5	- 8.9
Other	251.1	197.0	- 54.1	- 21.6

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3.3 Income

For 2012, the income sub-account recorded a deficit of US\$433.6 million, an improvement of US\$84.7 million, relative to the deficit in 2011. This improvement reflected a contraction of US\$55.6 million in the deficit on *net investment income* as well as an increase of US\$29.1 million from net compensation of employees (see **Table 17**). The improvement in the deficit on *net investment income* primarily reflected an

increase of US\$38.7 million in inflows from commercial banks as well as a contraction in interest payments on Government debt. The effect of these factors was partly offset by an increase in imputed profit remittances of direct investment companies. Inflows from compensation to employees grew by US\$27.8 million, which may be related to higher earnings under the farm work programme in the USA and Canada.

Table 17

INCOME (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
INCOME ACCOUNT (NET)	-518.3	-433.6	84.7	-16.3
INFLOWS	221.5	283.7	62.2	28.1
OUTFLOWS	739.8	717.4	-22.5	-3.0
1. Compensation of Employees	36.5	65.6	29.1	79.6
Inflows	80.5	108.3	27.8	34.5
Outflows	44.0	42.8	-1.3	-2.9
2. Investment Income (net)	-554.8	-499.2	55.6	-10.0
Inflows	141.0	175.4	34.4	24.4
Direct Investment	9.4	10.2	0.8	8.5
Portfolio Investment	78.3	78.2	-0.1	-0.1
Other Investment	53.3	87.0	33.7	63.2
Central Government	0.0	0.0	0.0	0.0
Bank of Jamaica	21.2	16.2	-5.0	-23.6
Other	32.1	70.8	38.7	120.6
Outflows	695.8	674.6	-21.2	-3.0
Direct Investment	111.8	135.9	24.1	21.6
Portfolio Investment	52.3	46.9	-5.4	-10.3
Other Investment	531.7	491.8	-39.9	-7.5
Central Government	467.7	435.4	-32.3	-6.9
Bank of Jamaica	14.5	10.2	-4.3	-29.7
Government Guaranteed	9.4	5.1	-4.3	-45.7
Other	40.1	41.1	1.0	2.5

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3.4 Current Transfers

Net earnings from current transfers increased by US\$57.6 million to US\$2 047.4 million in 2012 (see **Table 18**). Gross inflows amounted to US\$2 337.6 million, representing an increase of US\$60.3 million, relative to 2011. This outturn reflected an expansion of US\$30.9 million in gross official transfers largely reflecting higher grant receipts. In addition, inflows to the private sector, primarily remittances, increased by US\$29.4 million. There were higher gross private remittance outflows in the review year, the impact of which was partly countered by a reduction in gross official payments and other transfers.

Private transfer inflows received through

remittance companies accounted for 81.2 per cent of total private sector inflows in 2012 compared with 80.6 per cent in 2011. Inflows through the financial system accounted for 13.2 per cent of total private sector inflows in 2012 relative to 14.3 per cent in 2011. In contrast, inflows through other agencies rose to 5.6 per cent of total private sector inflows in 2012 from 5.2 per cent in 2011.

Jamaica's growth rate for remittance inflows generally outpaced that of the Latin American and Caribbean (LAC) region for 2012. Remittances to the LAC in 2012 amounted to US\$61.3 billion, representing an increase of US\$300.0 million or 0.6 per cent, relative to 2011.

Table 18

CURRENT TRANSFERS (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
NET CURRENT TRANSFERS	1 989.8	2 047.4	57.6	2.9
TOTAL RECEIPTS	2 277.3	2 337.6	60.3	2.6
GENERAL GOVERNMENT	149.1	179.9	30.9	20.7
OTHER SECTOR	2 128.3	2 157.7	29.4	1.4
Remittances thru' the Financial System	303.7	284.3	- 19.4	- 6.4
Remittance Companies	1 714.8	1 752.8	38.0	2.2
Other Transfers	109.8	120.6	10.8	9.8
TOTAL PAYMENTS	287.6	290.2	2.7	0.9
GENERAL GOVERNMENT	7.8	7.6	- 0.2	- 2.1
OTHER SECTOR	279.8	282.6	2.8	1.0
Remittances thru' the Financial System	261.4	267.4	6.0	2.3
Other Transfers	18.4	0.7	- 17.6	- 96.1

Source: Bank of Jamaica

1/ Revised

2/ Estimates

4.0 CAPITAL AND FINANCIAL ACCOUNT

The capital account recorded a deficit of US\$26.2 million in 2012, relative to a deficit of US\$9.1 million in 2011. The deficit in 2012 largely reflected a decline of US\$23.1 million in General Government transfers (see **Table 19**). The financial account registered a surplus of US\$1 930.7 million, a decline of US\$202.5 million when compared with the previous year.

Within the financial account, net official investment inflows fell by US\$259.3 million to US\$238.6 million, relative to 2011 (see **Table**

19). This fall reflected a decline of US\$582.9 in gross official inflows, largely related to a reduction of US\$183.4 million in project loans from multilateral financial institutions. In addition, there was no commercial borrowing during the year (see **Table 20**).

Gross outflows fell by US\$323.6 million, largely reflecting a decline in amortization of Government direct debt, Bank of Jamaica liabilities and other official payments (see **Table 20**).

Table 19

CAPITAL AND FINANCIAL ACCOUNT (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
CAPITAL & FINANCIAL ACCOUNT (NET)	2 124.1	1 904.5	- 219.6	- 10.3
A. CAPITAL ACCOUNT	- 9.1	- 26.2	- 17.1	186.9
Capital Transfers	- 9.1	- 26.2	- 17.1	186.9
General Government	29.0	5.9	- 23.1	- 79.8
Other Capital Transfers	- 38.2	- 32.1	6.0	- 15.8
Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	2 133.3	1 930.7	- 202.5	- 9.5
Other Official Investment	497.9	238.6	- 259.3	- 52.1
Other Private Investment ^{3/}	1 430.1	852.1	- 578.0	- 40.4
Change in Reserves (increase = minus)	205.2	840.0		

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3/ Include errors & omissions

Net private investment inflows, consisting primarily of direct and portfolio investment flows, fell by US\$578.0 million to US\$852.1 million in 2012 (see **Table 19**). The decline in portfolio flows in 2012 reflected normalization relative to 2011. Of note, the growth in portfolio flows in 2011 stemmed from a significant portion of the pay-out of a GOJ global bond being converted to Jamaica Dollar instruments.

Consequent on the developments in the BOP, the net international reserves declined by US\$840.0 million to US\$1 125.6 million. As at 31

December 2012, gross reserves amounted to US\$1 980.8 million, the equivalent of 13.1 weeks of goods and services imports.

Table 20

OTHER OFFICIAL INVESTMENT FLOWS (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
NET OFFICIAL INVESTMENTS	497.9	238.6	- 259.3	- 26.8
GROSS OFFICIAL INFLOWS	1 670.5	1 087.7	- 582.9	- 24.3
Project Loans	307.4	124.0	- 183.4	- 19.8
Other Assistance	1 363.1	963.7	- 399.4	- 27.1
GROSS OFFICIAL OUTFLOWS	1 172.6	849.0	- 323.6	- 22.6
Government Direct	690.1	576.6	- 113.4	- 42.7
Bank of Jamaica	177.0	93.2	- 83.8	- 8.6
Other Official	305.6	179.2	- 126.4	- 63.7
TOTAL	218.2	228.8	10.5	4.8

Source: Bank of Jamaica

1/ Revised

2/ Estimates

4.1 Foreign Direct Investment

Foreign Direct Investment (FDI) to Jamaica is estimated to have grown by 4.8 per cent in 2012, largely reflecting increased investment in the mining sector (see **Table 21**). The expansion in investment flows to the mining sector primarily reflected increased capital expenditure by Jamalco and Noranda. There were no major greenfield projects in 2012.

The growth in FDI to Jamaica was in contrast to the decline observed in global FDI. For 2012, global FDI fell by 18.0 per cent to US\$1.4

trillion. Within this figure, flows to Central America and the Caribbean region declined by 17.0 per cent to US\$99.0 billion. However, inflows to South America grew by 12.0 per cent to US\$144.0 billion. Overall, FDI flows to the LAC region declined by 2.0 per cent to \$244.0 billion. Within the LAC region, the manufacturing and services sector recorded the largest declines in FDI flows. Greenfield projects in the LAC region declined to US\$6.2 billion in 2012 from US\$14.5 billion in 2011.⁴

Table 21

JAMAICA'S FDI BY SECTOR (US\$MN)				
	2011 ^{1/}	2012 ^{2/}	Change	% Change
Agricultural/Manufacturing/Distribution	22.3	17.5	- 4.8	- 21.6
Information Tech/Communication	85.7	68.7	- 16.9	- 19.8
Minerals & Chemicals	6.0	8.1	2.1	35.1
Insurance	0.0	0.0	0.0	0.0
Tourism	7.5	5.8	- 1.7	- 22.8
Mining	29.2	55.9	26.7	91.4
Other	21.7	20.2	- 1.5	- 6.8
Sub-total	173.9	176.2	2.3	1.3
Retained Earnings	45.9	52.6	6.6	14.4
Divestment	0.0	0.0	0.0	0.0
TOTAL	218.2	228.8	10.5	4.8

Source: Bank of Jamaica

1/ Revised

2/ Estimates

⁴ Source: World Investment Report 2013

5.0 BALANCE OF PAYMENTS OUTLOOK

Jamaica's current account balance is expected to improve in 2013 in the context of continued weakness in the domestic economy, albeit improving relative to 2012. In addition, the expected improvement in the current account balance should reflect the impact of increased earnings from tourism as well as growth in remittance inflows.

In the context of the weak economy, the deficit on the goods balance is expected to narrow in 2013. This expected improvement is attributed to the anticipated reduction in expenditure on imports given the impact of the on-going domestic fiscal consolidation. Exports are expected to be generally higher, reflecting increased earnings from alumina and bauxite. However, lower earnings are anticipated from non-traditional exports, particularly ethanol.

Net earnings from services should improve moderately in 2013, relative to 2012, influenced largely by a reduction in transportation outflows consequent on lower imports. In addition, both stop-over and cruise visitor arrivals are projected to grow given the impact of increased marketing and continued expansion in the global economy.

The surplus on the current transfers sub-account is forecasted to increase in 2013. This forecast is

predicated on expansion in private remittance inflows, albeit at a slower rate than in 2012, due to continued improvements in the economies of major source markets.

Within the financial account, private capital inflows are projected to decline in the context of lower trade credits associated with the smaller current account deficit. Official investments are expected to benefit from multilateral inflows consistent with the agreements under the programme with the IMF.

The main downside risks (factors that would increase the CAD) to the outlook for the CAD include a slower than anticipated recovery in the global economy and the impact of adverse weather. The upside risks to the CAD mainly include a greater than expected impact of domestic fiscal consolidation on imports and a sharper than expected fall in international commodity prices.

6.0 APPENDIX

STATISTICAL TABLES

FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION

<u>Appendix</u>	<u>Title</u>
I.	Methodological Changes to the Balance of Payments Accounts: BPM 6 in Jamaica
II.	Balance of Payments Summary (2008 – 2012)
III.	Balance of Payments Standard Presentation (2008 – 2012)
IV.	Balance of Payments Analytic Summary (2008 – 2012)
V.	Selected Balance of Payments Indicators (2008 – 2012)
VI.	Services Account (2008 – 2012)
VII.	Other Services (2008 – 2012)
VIII.	Income Account (2008 – 2012)
IX.	Current Transfers Account (2008 – 2012)
X.	Capital and Financial Account (2008 – 2012)

Box 2: SPECIAL FEATURE: METHODOLOGICAL CHANGES TO THE BALANCE OF PAYMENTS ACCOUNTS: BPM6

Introduction to the Balance of Payments Manual 6th Edition (BPM6)

Background to BPM6

The IMF BOP manuals generally provide guidelines for the compilation and reporting of statistics on transactions between an economy and the rest of the world and are, from time to time, amended based on developments in global transactions. Currently, the manual utilized by most economies is the Fifth Edition (BPM5), which was published in 1993. In 2009, the IMF released the sixth edition titled: *Balance of Payments and International Investment Position Manual*.

Understanding BPM6

The *Current* and the *Capital accounts* are now referred to as *Net Lending* or *Borrowing*. Also, the use of debits and credits for the *Financial Account* has been replaced by *Net acquisition of financial assets* and the *Net incurrence of liabilities*.

The presentation of the *Current Account* under the previous manual had the sub-accounts *Goods & Services*, *Income* and *Current Transfers*. For BPM6, the sub-accounts are *Goods & Services*, *Primary Income* and *Secondary Income*. In this regard, the *Income* and *Current Transfers* sub-accounts under BPM5 have been replaced by the

Primary Income and the *Secondary Income* sub-accounts, respectively, under BPM6. *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. *Secondary Income* contains *Current Transfers* between residents and non-residents.

The new methodology contained in BPM6 includes more detailed Financial Account data, which is aimed at enhancing the understanding of how net lending is invested and how net borrowing is financed, among other changes. One major change in BPM6 is that the Capital Account will no longer be grouped with the Financial Account as was done previously, but will form a part of the Current Account.

Transition to BPM6

The Bank began phasing out its use of the BPM5 methodology and has been publishing the BOP using the BPM6 methodology, exclusively, since June 2013. However, given the fact that data for previous years may not be directly comparable with the revised methodology, the publication of the BOP Annual Report is not likely to be in accordance with BPM6 reporting standards before 2014.

APPENDIX II

SUMMARY OF BALANCE OF PAYMENTS					
(US\$MN)					
	2008	2009	2010	2011 ^{1/}	2012 ^{2/}
CURRENT ACCOUNT	-2 793.3	-1 127.5	- 934.9	-2 124.1	-1 904.5
GOODS BALANCE	-4 802.9	-3 087.9	-3 256.2	-4 257.6	-4 157.0
EXPORTS (f.o.b.)	2 743.9	1 387.7	1 371.2	1 664.8	1 746.7
IMPORTS (f.o.b.)	7 546.8	4 475.6	4 627.4	5 922.4	5 903.7
SERVICES BALANCE	428.1	769.9	806.0	662.2	638.7
TRANSPORTATION	- 644.7	- 441.2	- 429.7	- 576.1	- 752.5
TRAVEL	1 707.7	1 709.0	1 804.7	1 845.7	1 881.2
OTHER SERVICES	- 634.9	- 497.9	- 569.1	- 607.4	- 490.0
INCOME	- 568.3	- 667.9	- 494.6	- 518.4	- 433.6
COMPENSATION OF EMPLOYEES	83.7	67.6	89.1	36.5	65.5
INVESTMENT INCOME	- 651.9	- 735.5	- 583.7	- 554.9	- 499.1
CURRENT TRANSFERS	2 149.8	1 858.4	2 010.0	1 989.8	2 047.4
OFFICIAL	100.7	143.9	194.3	141.3	172.3
PRIVATE	2 049.1	1 714.5	1 815.7	1 848.4	1 875.1
CAPITAL & FINANCIAL ACCOUNT	2 793.3	1 127.5	934.9	2 124.1	1 904.5
CAPITAL ACCOUNT	18.1	20.7	- 22.1	- 9.1	- 26.2
CAPITAL TRANSFERS	18.1	20.7	- 22.1	- 9.1	- 26.2
OFFICIAL	48.6	45.3	4.2	29.0	5.9
PRIVATE	- 30.5	- 24.5	- 26.3	- 38.2	- 32.1
ACQ/DISP OF NON-PRO NON FIN ASSETS	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT	2 775.2	1 106.7	957.0	2 133.3	1 930.7
OTHER OFFICIAL INVESTMENTS	518.6	254.7	967.7	497.9	238.6
OTHER PRIVATE INVESTMENTS ^{3/}	2 151.8	808.4	431.3	1 430.1	852.1
RESERVES ^{4/}	104.8	43.6	- 442.0	205.2	840.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3/ Includes errors & omissions

4/ Minus denotes increase

APPENDIX III

BALANCE OF PAYMENTS STANDARD PRESENTATION (US\$MN)										
	2008		2009		2010		1/ 2011		2/ 2012	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr
		<u>-2 793.6</u>		<u>-1 127.4</u>		<u>-935.4</u>		<u>-2 124.0</u>		<u>-1 904.5</u>
1. CURRENT ACCOUNT	8 515.7	11 309.2	6 395.4	7 522.8	6 541.3	7 476.7	6 783.8	8 907.8	7 041.8	8 946.3
A. Goods & Services	5 538.9	9 914.0	4 038.3	6 356.3	4 005.2	6 456.0	4 285.1	7 880.3	4 420.5	7 938.7
1. Goods	2 743.8	7 546.8	1 387.8	4 475.7	1 371.2	4 627.4	1 664.8	5 922.4	1 746.7	5 903.7
1.1 General Merchandise	2 531.8	7 392.3	1 223.8	4 408.8	1 194.4	4 537.9	1 438.9	5 825.0	1 522.7	5 802.7
1.2 Goods Procured in Ports by Carriers	151.8	137.4	106.6	53.3	136.5	62.5	186.7	72.0	186.6	70.3
1.3 Freezone Trade	60.2	17.1	57.4	13.6	40.3	27.0	39.2	25.4	37.4	30.7
2. Services	2 795.1	2 367.2	2 650.5	1 880.6	2 634.0	1 828.6	2 620.3	1 957.9	2 673.8	2 035.0
2.1 Transportation	468.7	1 113.6	344.2	785.4	295.2	725.2	283.6	859.6	234.2	986.7
2.1.1 Passenger	245.7	43.9	145.1	43.0	94.2	42.2	47.1	53.5	0.0	234.2
2.1.2 Freight	14.6	894.0	4.4	611.5	3.8	614.8	1.9	733.4	0.0	736.2
2.1.3 Other	208.4	175.7	194.7	130.9	197.2	68.3	234.6	72.7	234.2	16.3
2.2 Travel	1 975.9	268.2	1 925.5	216.4	2 001.3	196.6	2 012.5	166.8	2 046.3	165.1
2.3 Other Services	350.5	985.4	380.9	878.8	337.5	906.8	324.2	931.5	393.3	883.3
2.3.1 Insurance Services	10.6	194.6	8.4	154.2	5.5	152.5	8.6	144.8	8.6	193.0
2.3.2 Communication Services	136.0	56.4	151.1	74.8	129.0	70.3	114.5	77.6	122.6	83.7
2.3.3 Financial Services	42.5	42.2	52.6	46.3	34.1	47.1	36.8	39.5	41.7	62.4
2.3.4 Computer & Information Services	29.2	24.1	36.6	42.3	38.4	36.4	38.5	39.4	34.2	18.0
2.3.5 Royalties & License Fees	16.6	48.2	9.1	44.8	4.9	36.3	3.9	47.4	5.0	46.8
2.3.6 Other Business Services	44.6	546.4	53.6	445.2	54.7	420.2	51.8	434.2	95.8	414.2
2.3.7 Personal, Cultural, & Recreational Services	38.6	5.9	34.5	9.8	37.3	13.5	37.3	13.9	53.9	8.6
2.3.8 Government Services	32.4	62.8	35.0	56.6	33.6	57.9	32.8	62.1	31.4	56.6
2.3.9 Construction Services	0.0	4.8	0.0	4.8	0.0	72.6	0.0	72.6	0.0	0.0
B Income	488.0	1 056.2	235.0	902.9	243.2	737.8	221.4	739.9	283.7	717.3
1.1 Compensation of Employees	135.1	51.4	99.2	31.6	120.3	31.2	80.5	44.0	108.3	42.8
1.2 Investment Income	352.9	1 004.8	135.8	871.3	122.9	706.6	140.9	695.9	175.4	674.5
C. Current Transfers	2 488.8	339.0	2 122.0	263.6	2 292.9	282.9	2 277.3	287.6	2 337.6	290.2
1.1 Official	107.2	6.5	155.9	12.0	209.9	15.6	149.1	7.8	179.9	7.6
1.2 Private	2 381.6	332.5	1 966.2	251.6	2 083.0	267.2	2 128.3	279.8	2 157.7	282.6
2. CAPITAL & FINANCIAL ACCOUNT	7 063.8	4 528.2	4 865.7	3 546.7	4 786.6	4 028.5	4 986.8	3 713.1	407.1	- 679.3
A. Capital Account	72.6	54.5	64.2	43.4	21.4	43.4	46.1	55.3	23.0	49.2
1.1 Government Capital Transfers	48.6	0.0	45.3	0.0	4.2	0.0	29.0	0.0	5.9	0.0
1.2 Other Sectors Transfers	24.0	54.5	18.9	43.4	17.1	43.4	17.1	55.3	17.1	49.2
B. Financial Account	6 991.2	4 473.7	4 801.5	3 503.3	4 765.2	3 985.0	4 940.6	3 657.9	384.2	- 728.6
1.1 Direct Investment	1 436.6	75.9	540.9	61.1	227.7	58.2	218.2	74.6	228.8	- 24.2
1.2 Other Investment	5 449.8	4 397.9	3 886.3	3 111.4	4 537.5	3 484.8	4 722.4	3 788.5	155.4	135.6
1.2.1 Trade Credits	298.4	241.4	244.3	256.6	244.6	158.4	264.7	256.0	2.6	0.2
1.2.2 Loans	2 170.5	1 183.9	1 437.9	1 157.6	2 295.1	1 554.5	1 742.4	1 213.4	279.0	232.6
1.2.2.1 Government	558.3	369.9	361.0	576.6	939.0	266.0	716.3	690.1	- 134.1	0.0
1.2.2.2 Other Sectors	1 612.2	814.0	1 076.9	581.0	1 356.1	1 288.5	1 026.1	523.3	413.1	232.6
1.2.3 Currency & Deposits	1 799.6	1 193.3	1 370.8	868.8	1 565.7	1 036.7	1 906.4	1 210.2	- 22.6	39.3
1.2.4 Other Assets	1 181.4	1 779.3	833.3	828.4	432.2	735.2	808.9	1 109.0	- 103.6	- 136.6
C. Reserves	104.8	0.0	374.4	330.8	0.0	442.0	0.0	- 205.2	0.0	- 840.0
1.1 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Assets	104.8	0.0	374.4	330.8	0.0	442.0	0.0	- 205.2	0.0	- 840.0
1.2.1 Special Drawing Rights	0.0	0.0	0.0	330.8	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Bank of Jamaica	104.8	0.0	374.4	0.0	0.0	442.0	0.0	- 205.2	0.0	- 840.0
1.2.3 Government Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Errors & Omissions	258.0	0.0	- 191.6	0.0	177.3	0.0	850.4	0.0	818.0	0.0

1/ Revised

2/ Provisional

APPENDIX IV

BALANCE OF PAYMENTS ANALYTIC SUMMARY					
(US\$MN)					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ^{1/}	<u>2012</u> ^{2/}
<i>Balance of Trade</i>	-4 802.9	-3 087.9	-3 256.2	-4 257.6	-4 157.0
<i>Services</i>	428.1	769.9	806.0	662.2	638.7
<i>Net Goods & Services</i>	-4 374.8	-2 318.0	-2 450.3	-3 595.4	-3 518.3
<i>Income</i>	- 568.3	- 667.9	- 494.6	- 518.4	- 433.6
<i>Private Current Transfers (net)</i>	2 049.1	1 714.5	1 815.7	1 848.4	1 875.1
<i>Official Current Transfers (net)</i>	100.7	143.9	194.3	141.3	172.3
<i>Capital Transfers</i>	18.1	20.7	- 22.1	- 9.1	- 26.2
<i>Financial Account</i>	2 775.2	1 106.7	957.0	2 133.3	1 930.7
<i>Net Errors & Omissions</i>	- 350.0	127.6	176.6	569.2	818.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX V

SELECTED BALANCE OF PAYMENTS INDICATORS					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ^{1/}	<u>2012</u> ^{2/}
<i>Current Account/GDP</i>	- 20.4	- 9.3	- 7.1	- 14.7	- 12.9
<i>NIR</i>	1 772.9	1 729.4	2 171.4	1 966.1	1 125.6
<i>Gross Reserves (Central Bank)</i>	1 795.4	1 751.9	2 979.1	2 820.4	1 980.8
<i>Gross Foreign Liabilities (Central Bank)</i>	22.5	22.5	807.8	854.3	855.2
<i>Gross Reserves in Wks of Imports of Goods & Services</i>	14.7	14.1	19.7	18.5	12.9
<i>Goods Imports/GDP</i>	55.1	37.1	35.0	41.0	39.9
<i>Goods & Services Imports/GDP</i>	72.3	52.6	48.8	54.5	53.7
<i>Goods Exports/GDP</i>	20.0	11.5	10.3	11.5	11.8
<i>Goods & Services Exports/GDP</i>	40.4	33.4	30.3	29.7	29.9
<i>Merchandise Trade/GDP</i>	74.2	47.8	45.3	52.5	52.9
<i>FDI/GDP</i>	10.5	4.5	1.7	1.5	3.0
<i>Debt Service/Goods & Services Exports</i>	16.2	31.8	20.2	28.7	24.4
<i>Private Remittances/GDP</i>	17.4	16.3	15.7	14.7	14.6

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX VI

SERVICES ACCOUNT					
(US\$MN)					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>1/ 2011</u>	<u>2/ 2012</u>
<i>Services (Net)</i>	428.1	769.9	806.0	662.2	638.7
<i>Inflows</i>	2 795.5	2 650.6	2 634.0	2 620.2	2 673.8
<i>Outflows</i>	2 367.4	1 880.6	1 828.1	1 958.0	2 035.0
<i>1. Transportation</i>	- 644.7	- 441.2	- 429.7	- 576.1	- 752.5
<i>Inflows</i>	469.2	344.2	295.2	283.6	234.2
<i>Outflows</i>	1 113.9	785.4	724.9	859.6	986.7
<i>2. Travel</i>	1 707.7	1 709.0	1 804.7	1 845.7	1 881.2
<i>Inflows</i>	1 975.9	1 925.5	2 001.3	2 012.5	2 046.3
<i>Outflows</i>	268.2	216.4	196.6	166.8	165.1
<i>3. Other Services</i>	- 634.9	- 497.9	- 569.1	- 607.4	- 490.0
<i>Inflows</i>	350.4	380.9	337.5	324.1	393.3
<i>Outflows</i>	985.3	878.8	906.6	931.6	883.3

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX VII

OTHER SERVICES					
(US\$MN)					
	2008	2009	2010	1/ 2011	2/ 2012
Inflows	350.4	380.9	337.5	324.1	393.3
Construction Services	0.0	0.0	0.0	0.0	0.0
Communication Services	136.0	151.1	129.0	114.5	122.6
Insurance Services	10.6	8.4	5.5	8.6	8.6
Financial Services	42.5	52.6	34.1	36.8	41.7
Computer & Information Services	29.2	36.6	38.4	38.5	34.2
Royalties & License Fees	16.6	9.1	4.9	3.9	5.0
Other Business Services	44.6	53.6	54.7	51.8	95.8
Personal, Cultural & Recreational Services	38.6	34.5	37.3	37.3	53.9
Government Services	32.4	35.0	33.6	32.8	31.4
Outflows	985.3	878.8	906.6	931.6	883.3
Construction Services	4.8	4.8	72.6	72.6	0.0
Communication Services	56.4	74.8	70.3	77.6	83.7
Insurance Services	194.6	154.2	152.5	144.8	193.0
Financial Services	42.2	46.3	47.1	39.5	62.4
Computer & Information Services	24.1	42.3	36.4	39.4	18.0
Royalties & License Fees	48.2	44.8	36.3	47.4	46.8
Other Business Services	546.4	445.2	420.2	434.2	414.2
Personal, Cultural & Recreational Services	5.9	9.8	13.5	13.9	8.6
Government Services	62.8	56.6	57.9	62.1	56.6
Net Other Services	-634.9	-497.9	-569.1	-607.4	-490.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX VIII

INCOME ACCOUNT					
(US\$MN)					
	2008	2009	2010	1/ 2011	2/ 2012
A. Compensation of Employees	83.7	67.6	89.1	36.5	65.6
<i>Inflows</i>	135.1	99.2	120.3	80.5	108.3
<i>Outflows</i>	51.4	31.6	31.2	44.0	42.8
B. Investment Income	-652.0	-735.6	-583.7	-554.9	-499.1
<i>Inflows</i>	352.8	135.8	122.9	140.9	175.4
<i>Direct Investment</i>	13.9	10.9	5.2	9.4	10.2
<i>Portfolio Investment</i>	209.6	71.2	71.6	78.3	78.2
<i>Other Investment</i>	129.4	53.7	46.2	53.3	87.0
- <i>Central Government</i>	0.0	0.0	0.0	0.0	0.0
- <i>Bank of Jamaica</i>	67.8	26.5	22.8	21.2	16.2
- <i>Other</i>	61.6	27.2	23.3	32.1	70.8
<i>Outflows</i>	1004.8	871.3	706.7	695.9	674.5
<i>Direct Investment</i>	376.2	231.8	127.0	111.8	135.9
<i>Portfolio Investment</i>	19.5	13.3	15.0	52.3	46.9
<i>Other Investment</i>	609.1	626.2	564.7	531.7	491.7
- <i>Central Government</i>	457.7	487.8	467.9	467.7	435.4
- <i>Bank of Jamaica</i>	0.0	0.0	7.1	14.5	10.2
- <i>Government</i>					
<i>Guaranteed</i>	14.7	38.3	6.1	9.4	5.1
- <i>Other</i>	136.7	100.2	83.6	40.1	41.1
Net Income	-568.3	-668.0	-494.7	-518.4	-433.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX IX

CURRENT TRANSFERS (US\$MN)					
	2008	2009	2010	1/ 2011	2/ 2012
Total Receipts	2 149.8	1 858.4	2 010.0	1 989.8	2 047.4
A. General Government	100.7	143.9	194.3	141.3	172.3
B. Other Sectors	2 049.1	1 714.5	1 815.7	1 848.4	1 875.1
Remittance Companies	1 235.1	1 525.8	1 613.9	1 714.8	1 755.9
Other Remittances	786.4	264.5	292.3	303.7	285.4
Total Payments	339.0	263.6	282.9	287.6	290.2
A. General Government	6.5	12.0	15.6	7.8	7.6
B. Other Sectors	332.5	251.6	267.2	279.8	282.6
Remittance thru' Financial system	313.2	237.4	248.1	261.4	267.4
Other	19.3	14.2	19.1	18.4	0.7
Net Current Transfers	1 810.7	1 594.8	1 727.1	1 702.2	1 757.2

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX X

CAPITAL ACCOUNT (US\$MN)					
	2008	2009	2010	1/ 2011	2/ 2012
CAPITAL ACCOUNT	18.1	20.7	-22.1	-9.1	-26.2
CAPITAL TRANSFERS	18.1	20.7	-22.1	-9.1	-26.2
GENERAL GOVERNMENT	48.6	45.3	4.2	29.0	5.9
INFLOWS	48.6	45.3	4.2	29.0	5.9
OUTFLOWS	0.0	0.0	0.0	0.0	0.0
OTHER SECTORS	-30.5	-24.5	-26.3	-38.2	-32.1
INFLOWS	24.0	18.9	17.1	17.1	17.1
OUTFLOWS	54.5	43.4	43.4	55.3	49.2
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

1/ Revised

2/ Provisional

GLOSSARY OF FREQUENTLY USED TERMS

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 BOP is divided into two main categories according to the broad nature of the transactions. These categories are the Current Account and the Capital and Financial Account.

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

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 subdivided into goods and services, income and current transfers.

Current transfers: Current transfers account records entries to changes in ownership of real resources and financial items between residents and non-residents that do not involve a quid pro quo in economic value.

Direct investment: Direct investment is the category of international investment in which a resident in one economy acquires or shares voting power of an enterprise located in another economy and has an effective voice in management.

Freezone imports: This category incorporates goods that are purchased by companies operating

in the local free zone area, such as raw materials etc.

General merchandise: General merchandise covers most movable goods that residents export to, or import from, non-residents and that, with a few specified exceptions, undergo changes in ownership (actual or imputed).

Goods: Usually comprises the largest category of transactions that, for the most part, involve changes of ownership between residents and non-residents. This classification includes (1) general merchandise; (2) the movement of goods for processing (when no change of ownership occurs); (3) the value of repairs on goods (not the value of the movement of goods undergoing repair); and (4) goods procured in ports by non-resident carriers.

Goods procured in ports: Covers goods (e.g., fuels, provisions, stores, and supplies) procured by resident or non-resident carriers abroad or in the compiling economy.

Income: Comprises compensation of employees and investment income (covering direct investment income and other dividends and interest).

Portfolio investment: Portfolio investment covers transactions in equity securities and debt securities.

Services: Services is the second major category of the current account. The production of a service is linked to an arrangement made – between a particular producer in one country and

a particular consumer or group of consumers in another – prior to the time that production occurs. International trade in services is closely linked with international production of services, as the production process itself involves a resident and a non-resident.