



# **BALANCE OF PAYMENTS OF JAMAICA 2013**



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## PREFACE

*This report summarises the economic transactions between Jamaican residents and the rest of the world during 2013. 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](http://www.boj.org.jm)*

## 1.0 SUMMARY OF JAMAICA'S BALANCE OF PAYMENTS - 2013

Jamaica is estimated to have recorded an improvement in its current account deficit (CAD) for the second consecutive year. The CAD for 2013 was estimated at US\$1 311.7 million or 9.2 per cent of GDP. This outturn represented an improvement of US\$188.6 million or 0.9 percentage point of GDP, relative to the deficit recorded for 2012.

There were improvements on all sub-accounts, with the exception of the income sub-account. The performance of the current account for 2013 partly reflected the impact of fiscal consolidation and exchange rate depreciation on the demand for some types of consumer goods and raw materials imports. In addition, there was a decline in the value of fuel imports in spite of an increase in prices. The decline stemmed mainly from a reduction in the ratio of fuel input to alumina output in the mining sector. Higher global oil prices during the year largely emanated from heightened geopolitical tensions in Egypt as well as fears surrounding a possible American-led military strike against Syria in the September quarter.

During 2013, the current account also benefitted

from higher grant inflows, particularly from the European Union, to assist the Government with its various reforms under the medium-term macroeconomic programme, supported by the Extended Fund Facility (EFF) with the International Monetary Fund (IMF). There was also an increase in net private remittance inflows in 2013, reflecting a sharp decline in outflows which could have been due to the acceleration in the pace of depreciation of the local currency.

Notwithstanding the overall improvement in the CAD, there were some adverse developments in some of the sub-accounts for 2013. Net receipts from travel moderated due to adverse weather conditions in the USA during the winter season, which contributed to a marginal decline in the total number of tourists who visited the island in 2013, relative to 2012.

There was also a decline in exports<sup>1</sup>, reflecting a fall-out in the ethanol sector and lower volumes of mineral fuel. The fall-out in the domestic ethanol sector was due to the loss of preferential access to the US market under the Caribbean Basin Initiative. This made it less profitable to supply ethanol.

<sup>1</sup> Exports include free-zone exports and goods procured in ports, while imports include free-zone imports and goods procured in ports.

In spite of the overall fall in exports, earnings from alumina exports increased, reflecting growth in volumes due to higher capacity utilization at one of the plants. There was, however, a fall in alumina prices reflecting the impact of excess supply of the commodity globally as well as weak demand conditions in the major markets.

Overall, there was deterioration of 3.0 per cent in Jamaica's terms of trade. This reflected a decline of 1.4 per cent in Jamaica's export price index and an increase of 1.7 per cent in the import price index.

The CAD was mainly financed from private and official investments along with a drawdown of US\$77.8 million in the net international reserves (NIR). Jamaica continued to receive financing under the PetroCaribe Arrangement with Venezuela in addition to support from the multilateral financial institutions under the EFF. Foreign direct investments to Jamaica also increased in 2013 mainly reflecting continued investments on the Highway 2000 project and in the tourism industry.

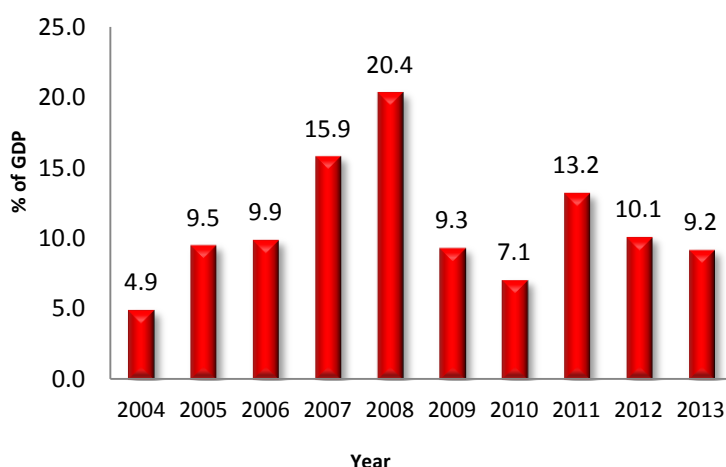
At end-2013, the NIR stood at US\$1 047.8 million. Gross reserves amounted to US\$1 817.6 million, the equivalent of 13.0 weeks of projected goods and services imports.

## 2.0 STRUCTURE OF JAMAICA'S CURRENT ACCOUNT

Jamaica's current account balance has been persistently large and negative over the past decade (2004 – 2013) (see **Figure 1**). This is evidenced by an average deficit of 11.0 per cent of GDP for the period.

**Figure 1**

**Jamaica: Current Account Deficit to GDP**

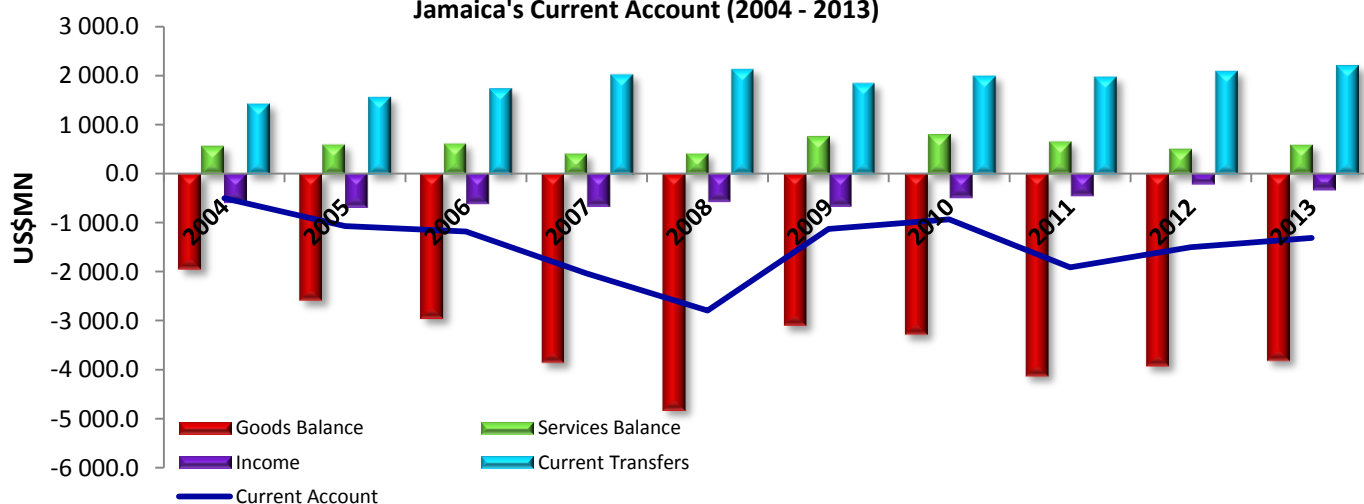


The negative balance has been largely driven by the deficits on the goods and income sub-accounts. The impact of these deficits has been partly offset by consistent surpluses on the services and current transfers sub-accounts (see **Figure 2**).

Within the goods balance, the major traditional exports are alumina, bauxite and sugar. These exports are usually based on pre-determined contractual/quota arrangements. Of note, these commodities have accounted for approximately 57.5 per cent of total goods exports over the past 10 years. Alumina, the primary traditional export, accounted for approximately 45.8 per

**Figure 2**

**Jamaica's Current Account (2004 - 2013)**

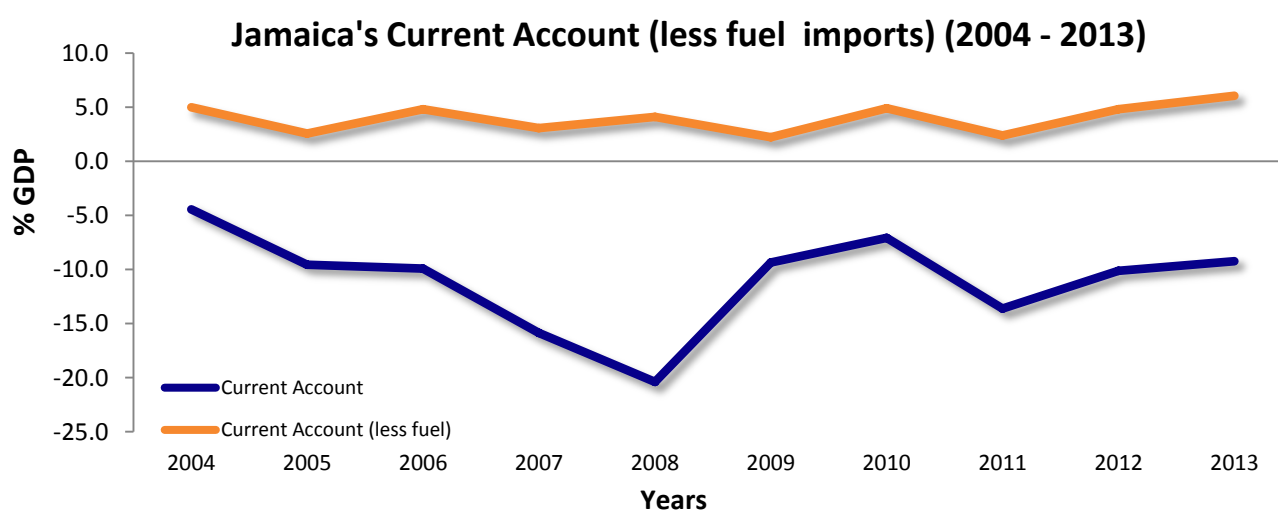


cent of total exports with average earnings of US\$753.1 million per year over the period.

In relation to imports, the dominant components have been fuel, consumer goods and raw materials, accounting for 33.3 per cent, 28.6 per cent and 26.0 per cent, respectively. Abstracting for fuel imports, the current account over the past 10 years recorded an average surplus of 4.0 per cent of GDP (see **Figure 3**). This structure highlights the fact that the Jamaican economy, in general, and the manufacturing sector in particular, is heavily dependent on imported inputs, especially fuel.

The services sub-account is largely dominated by earnings from the tourism sector while the current transfers sub-account largely reflects private remittances. Over the past 10 years, travel earnings averaged US\$1.9 billion (14.6 per cent of GDP) per year while inflows from remittances averaged US\$2.1 billion (16.1 per cent of GDP) per year.

**Figure 3**



### 3.0 CURRENT ACCOUNT – 2013

Jamaica's CAD is estimated to have narrowed by US\$188.6 million to US\$1 311.7 million or 9.2 per cent of GDP in 2013 (see **Table 1**). This

positive outturn reflected improvements on the goods, services and current transfers sub-accounts, the impact of which was partly offset by deterioration on the income sub-account.

**Table 1**

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>1. CURRENT ACCOUNT</b>	<b>-1 500.3</b>	<b>-1 311.7</b>	<b>188.6</b>	<b>- 12.6</b>
<b>% GDP</b>	<b>10.1</b>	<b>9.2</b>	<b>- 0.9</b>	
<b>A. GOODS BALANCE</b>	<b>-3 903.9</b>	<b>-3 797.0</b>	<b>106.8</b>	<b>- 2.7</b>
Exports (f.o.b.)	1 728.5	1 634.2	- 94.3	- 5.5
Imports (f.o.b.)	5 632.4	5 431.3	- 201.1	- 3.6
<b>B. SERVICES BALANCE</b>	<b>517.2</b>	<b>598.4</b>	<b>81.2</b>	<b>15.7</b>
Transportation	- 726.2	- 683.8	42.3	- 5.8
Travel	1 889.6	1 902.7	13.1	0.7
Other Services	- 646.3	- 620.4	25.8	- 4.0
<b>GOODS &amp; SERVICES BALANCE</b>	<b>-3 386.7</b>	<b>-3 198.6</b>	<b>188.1</b>	<b>- 5.6</b>
<b>C. INCOME</b>	<b>- 224.9</b>	<b>- 333.6</b>	<b>- 108.8</b>	<b>48.4</b>
Compensation of Employees	49.7	29.9	- 19.8	- 39.8
Investment Income	- 274.5	- 363.5	- 89.0	32.4
<b>D. CURRENT TRANSFERS</b>	<b>2 111.3</b>	<b>2 220.5</b>	<b>109.3</b>	<b>5.2</b>
General Government	192.7	259.3	66.6	34.5
Other Sectors	1 918.5	1 961.2	42.7	2.2
<b>2. CAPITAL &amp; FINANCIAL A/C</b>	<b>1 500.3</b>	<b>1 311.7</b>	<b>- 188.6</b>	<b>- 12.6</b>
<b>A. CAPITAL ACCOUNT</b>	<b>- 26.2</b>	<b>- 12.8</b>	<b>13.4</b>	<b>- 51.2</b>
Capital Transfers	- 26.2	- 12.8	13.4	- 51.2
General Government	5.9	18.9	13.0	222.0
Other Sectors	- 32.1	- 31.7	0.4	- 1.3
<b>B. FINANCIAL ACCOUNT</b>	<b>1 526.5</b>	<b>1 324.5</b>	<b>- 202.0</b>	<b>- 13.2</b>
Other Official Investments	233.4	496.6	263.2	112.8
Other Private Investments <sup>3/</sup>	452.6	750.2	297.5	65.7
Reserves <sup>4/</sup>	840.5	77.8		

Source: Statistical Institute of Jamaica

1/ Revised

2/ Provisional

3/ Includes Errors & Omissions

4/ Minus denotes increase



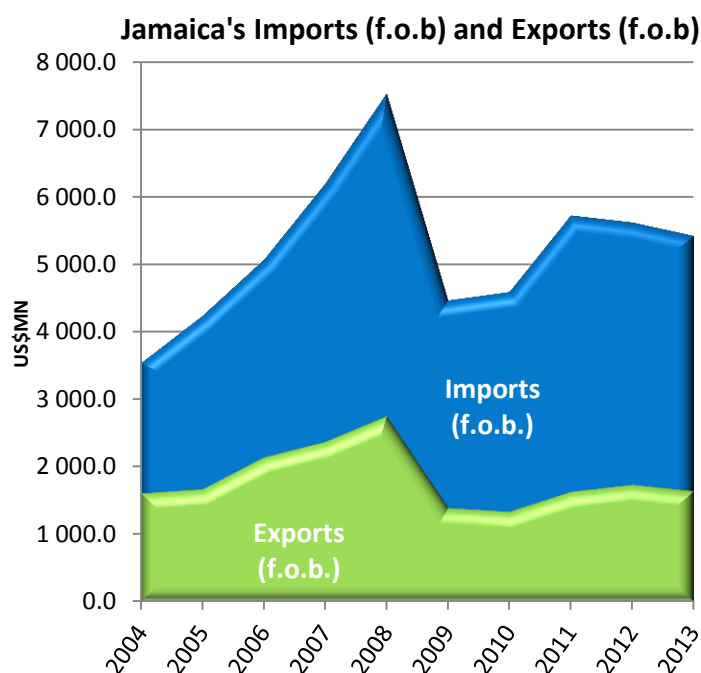
## Sub-accounts

### 3.1 Goods Balance

Jamaica's total merchandise trade (i.e. exports plus imports of goods (f.o.b.)) declined by US\$295.4 million to US\$7 065.5 million (49.6 per cent of GDP) in 2013. Total trade in goods continued to be dominated by imports (see **Figure 4**).

The goods balance recorded a deficit of US\$3 797.0 million (26.7 per cent of GDP), a decline of US\$106.8 million, relative to 2012 (see **Figure 5**). The lower deficit in 2013 resulted from a contraction of US\$201.1 million in imports (f.o.b.), which was partly offset by a decline of US\$94.3 million in exports (f.o.b.).

**Figure 4**



### Exports

Total goods exports in 2013 amounted to US\$1 634.2 million (11.5 per cent of GDP) (see **Table 2**). *General Merchandise Exports*, valued at US\$1 452.0 million, continued to account for the largest share of exports (88.8 per cent). There was, however, a decline of 5.8 per cent when compared with 2012. *Goods Procured in Ports* by foreign carriers declined by 2.7 per cent and accounted for 11.2 per cent of total exports.

The contraction in the value of exports largely reflected declines of US\$67.9 million, US\$27.8 million and US\$6.2 million in *Non-Traditional Exports*, *Major Traditional Exports* and *Other Traditional Exports*, respectively (see **Table 3**).

**Figure 5**

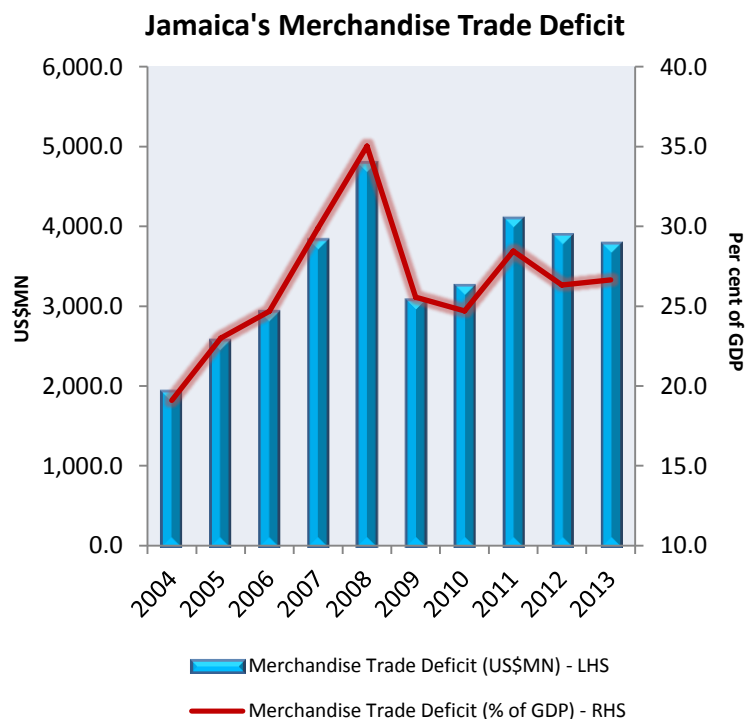


Table 2

VALUE OF EXPORTS (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>SITC SECTIONS</b>				
<b>0. Food</b>	<b>273.8</b>	<b>241.0</b>	<b>- 32.8</b>	<b>- 12.0</b>
Bananas	0.1	0.1	- 0.1	- 49.3
Citrus & citrus products	2.5	3.7	1.2	46.5
Sugar & sugar preparations	94.1	53.2	- 41.0	- 43.5
Other	177.0	184.1	7.1	4.0
<b>1. Beverages &amp; tobacco</b>	<b>103.9</b>	<b>85.1</b>	<b>- 18.7</b>	<b>- 18.0</b>
Rum	55.1	48.2	- 6.9	- 12.6
Tobacco & tobacco products	0.1	0.0	- 0.1	- 79.7
Other	48.6	36.9	- 11.7	- 24.1
<b>2. Crude materials</b>	<b>665.4</b>	<b>655.0</b>	<b>- 10.4</b>	<b>- 1.6</b>
Bauxite	130.1	128.0	- 2.1	- 1.6
Alumina	508.3	523.7	15.4	3.0
Other	27.0	3.3	- 23.7	- 87.8
<b>3. Mineral fuels</b>	<b>200.8</b>	<b>186.6</b>	<b>- 14.2</b>	<b>- 7.1</b>
<b>4. Animal &amp; vegetable oils &amp; fats</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>	<b>149.4</b>
<b>5. Chemicals</b>	<b>228.5</b>	<b>199.1</b>	<b>- 29.4</b>	<b>- 12.9</b>
<b>6. Manufactured goods</b>	<b>17.6</b>	<b>15.4</b>	<b>- 2.3</b>	<b>- 12.8</b>
<b>7. Machinery &amp; transport equip.</b>	<b>22.8</b>	<b>38.5</b>	<b>15.7</b>	<b>68.6</b>
<b>8. Misc. manufactured goods</b>	<b>18.4</b>	<b>23.7</b>	<b>5.3</b>	<b>28.6</b>
<b>9. Misc. commodities</b>	<b>9.5</b>	<b>7.1</b>	<b>- 2.4</b>	<b>- 25.6</b>
<b>A. TOTAL GENERAL EXPORTS</b>	<b>1 541.2</b>	<b>1 452.0</b>	<b>- 89.3</b>	<b>- 5.8</b>
<b>B. FREE ZONE EXPORTS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>C. GOODS PROCURED IN PORTS</b>	<b>187.3</b>	<b>182.3</b>	<b>- 5.0</b>	<b>- 2.7</b>
<b>TOTAL EXPORTS (F.O.B.)</b>	<b>1 728.5</b>	<b>1 634.2</b>	<b>- 94.3</b>	<b>- 5.5</b>

Source: Bank of Jamaica

1/ Revised

2/ Estimates

The decline in earnings from *Non-Traditional Exports* primarily reflected a reduction of US\$105.9 million in ethanol exports associated with the cessation of ethanol production at the Petrojam Ethanol Limited and Jamaica Broiler's plants, due to the above mentioned loss of preferential access. Lower earnings from *Major Traditional Exports* were mainly related to

contractions in sugar and bauxite exports. However, there was a partially offsetting impact from an increase in alumina exports. The decline in *Other Traditional Exports* was mainly influenced by a contraction of US\$6.9 million in earnings from rum exports.

Table 3

TRADITIONAL & NON-TRADITIONAL EXPORTS (US\$ MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>GENERAL MERCHANDISE EXPORTS</b>	<b>1 540.8</b>	<b>1 452.0</b>	<b>- 88.8</b>	<b>- 5.8</b>
<b>DOMESTIC EXPORTS</b>	<b>1 473.1</b>	<b>1 371.1</b>	<b>- 102.0</b>	<b>- 6.9</b>
<b>Major Traditional Exports</b>	<b>732.7</b>	<b>704.9</b>	<b>- 27.8</b>	<b>- 3.8</b>
Bauxite	130.1	128.0	- 2.1	- 1.6
Alumina	508.3	523.7	15.4	3.0
Sugar	94.1	53.2	- 41.0	- 43.5
Bananas	0.1	0.1	- 0.1	- 49.3
<b>Other Traditional Exports</b>	<b>80.8</b>	<b>74.6</b>	<b>- 6.2</b>	<b>- 7.7</b>
Citrus	2.1	3.7	1.6	74.8
Cocoa	3.0	1.4	- 1.6	- 54.0
Coffee	17.3	19.4	2.1	12.3
Pimento	2.4	1.9	- 0.5	- 19.5
Rum	55.7	48.2	- 7.5	- 13.4
Gypsum	0.4	0.0	- 0.4	- 100.0
<b>Non Traditional Exports</b>	<b>659.5</b>	<b>591.6</b>	<b>- 67.9</b>	<b>- 10.3</b>
<b>RE-EXPORTS</b>	<b>67.7</b>	<b>80.9</b>	<b>13.1</b>	<b>19.4</b>
<b>FREEZONE EXPORTS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>GOODS PROC. IN PORTS</b>	<b>187.3</b>	<b>182.3</b>	<b>- 5.0</b>	<b>- 2.7</b>
<b>GRAND TOTAL</b>	<b>1 728.1</b>	<b>1 634.3</b>	<b>- 93.8</b>	<b>- 5.4</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

## Major Traditional Exports

### Bauxite & Alumina

For 2013, earnings from alumina exports rose by 3.0 per cent while earnings from bauxite exports fell by 1.6 per cent. The growth in earnings from alumina exports reflected an expansion of 8.5 per cent in export volumes, the impact of which was partly offset by a fall of 5.0 per cent in the average realized price (ARP) (see **Table 4**). The increase in export volumes stemmed from higher alumina production reflecting an increase in capacity utilization rate at the Jamalco plant during the year. Jamalco's operating capacity

rose to a monthly average of 88.3 per cent in 2013 from 84.4 per cent in 2012. Global demand for alumina was, however, generally weak in 2013 in the context of a contraction in real output in the Euro area, albeit at a slightly slower pace than in 2012. Additionally, growth in China, one of the largest consumers of alumina, was unchanged relative to the previous year. There was also a slight deceleration in the pace of real economic expansion in the USA in 2013.

The decline in earnings from bauxite exports largely reflected a decrease of 1.1 per cent in volumes as well as a fall of 0.6 per cent in the ARP. With regard to the decline in export volumes, this largely emanated from decreased production of bauxite at the Noranda bauxite plant. Operating capacity at the plant fell to a monthly average of 89.6 per cent in 2013 from 91.2 per cent in 2012. Lower capacity utilization in the bauxite industry was attributed to disruptions in production due to problems partly associated with a dredging project which affected dock space at Port Rhoades. Additionally, slower ship rotation, a decline in the volume of bauxite ordered by refineries and rainfall adversely affected

production.

### *Sugar*

Earnings from sugar exports fell by 43.5 per cent to US\$53.2 million in 2013. This contraction reflected a decrease of 40.3 per cent in export volumes, in addition to a decline of 5.4 per cent in the ARP. In addition to a fall in local production, the decline in sugar exports reflected increased consumption of locally produced sugar, thereby reducing the need for imports. The narrowing of the gap between the world market price and contract price may also have reduced the incentive to export.

**Table 4**

MAJOR TRADITIONAL EXPORT COMMODITIES				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change %	Change
<b>BAUXITE</b>				
VOLUME ('000 tonnes)	4 758.1	4 707.4	- 50.8	- 1.1
VALUE (US\$MN)	130.1	128.0	- 2.1	- 1.6
PRICE (US\$/tonne)	27.4	27.2	- 0.2	- 0.6
<b>ALUMINA</b>				
VOLUME ('000 tonnes)	1 734.4	1 881.9	147.5	8.5
VALUE (US\$MN)	508.3	523.7	15.4	3.0
PRICE (US\$/tonne)	293.1	278.3	- 14.8	- 5.0
<b>SUGAR</b>				
VOLUME ('000 tonnes)	103.1	61.6	- 41.6	- 40.3
VALUE (US\$MN)	94.1	53.2	- 41.0	- 43.5
PRICE (US\$/tonne)	912.9	863.5	- 49.4	- 5.4

1/ Revised

2/ Estimates

## Other Domestic Exports

Earnings from *Other Domestic Exports* declined by US\$13.5 million (4.3 per cent) to US\$299.4 million, relative to 2012 (see **Table 5**). The decrease mainly reflected lower earnings from *Beverages & Tobacco*, *Mineral Fuels* and *Chemicals* exports, the impact of which was partly offset by increases in exports of *Food* and *Crude Materials*. Increased *Food* exports may have reflected the impact of the successful implementation of the Jamaica Agro-Park Development Programme.<sup>2</sup> For *Crude Materials*, the growth reflected increased clinker exports due to the trade compensation mechanism under the PetroCaribe Energy Cooperation Agreement

with Venezuela which allows Jamaica to settle part of its oil debt through exports.

## Trend in Exports

The performance of exports in 2013 generally continued the trend observed since 2011 where exports as a per cent of GDP have remained relatively flat. This trend followed the precipitous decline in 2009 to US\$1 387.7 million (11.5 per cent of GDP). In 2010, Jamaica's total goods exports fell further to 10.1 per cent of GDP and have subsequently averaged 11.5 per cent of GDP for the period 2011 to 2013 (see **Figure 6**).

*Major Traditional Exports* have not yet returned

**Table 5**

### OTHER DOMESTIC EXPORTS BY S.I.T.C (US\$MN)

	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>0. Food</b>	<b>144.4</b>	<b>152.7</b>	<b>8.3</b>	<b>5.8</b>
Citrus & citrus products	2.3	1.9	-0.4	-17.0
Other	142.1	150.8	8.7	6.1
<b>1. Beverages &amp; Tobacco</b>	<b>48.2</b>	<b>35.0</b>	<b>-13.2</b>	<b>-27.4</b>
Rum	55.7	48.2	-7.5	-13.4
Tobacco & tobacco products	1.5	2.5	1.0	70.0
Other	-8.9	-15.7	-6.8	76.1
<b>2. Crude Materials</b>	<b>26.4</b>	<b>33.6</b>	<b>7.2</b>	<b>27.2</b>
<b>3. Mineral Fuels</b>	<b>48.6</b>	<b>36.9</b>	<b>-11.7</b>	<b>-24.1</b>
<b>4. Animal &amp; Vegetable Oils &amp; Fats</b>	<b>0.1</b>	<b>0.4</b>	<b>0.2</b>	<b>160.2</b>
<b>5. Chemicals</b>	<b>29.2</b>	<b>19.5</b>	<b>-9.7</b>	<b>-33.1</b>
<b>6. Manufactured Goods</b>	<b>4.5</b>	<b>6.4</b>	<b>1.9</b>	<b>43.4</b>
<b>7. Machinery &amp; Transport Equip.</b>	<b>1.6</b>	<b>3.2</b>	<b>1.6</b>	<b>104.4</b>
<b>8. Miscellaneous Manufactured Goods</b>	<b>9.8</b>	<b>10.7</b>	<b>0.9</b>	<b>8.7</b>
<b>9. Miscellaneous Commodities</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>
<b>TOTAL</b>	<b>312.9</b>	<b>299.4</b>	<b>-13.5</b>	<b>-4.3</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

<sup>2</sup> The Jamaica Agro-Park Development Programme is aimed at expanding the production of agricultural products which have viable domestic and export markets and for which Jamaican farmers have a comparative advantage. Nine agro-parks are planned, of which four have been established and are at various stages of development.

to the levels that obtained prior to the global financial crisis in 2008. This weak performance has obtained notwithstanding a gradual recovery in the global economy and significant gains in external price competitiveness since the inception of the EFF supported programme (see **Box 1**). The lacklustre performance is against the background where two of the alumina companies have remained closed due to high production costs, particularly for fuel. Additionally, alumina prices have remained depressed relative to pre-crisis levels.

Over the past decade, average yearly exports of goods were valued at US\$1 781.5 million. *Major Traditional Exports* and *Non-Traditional exports* have remained the dominant categories (see **Figure 7**).

Figure 6

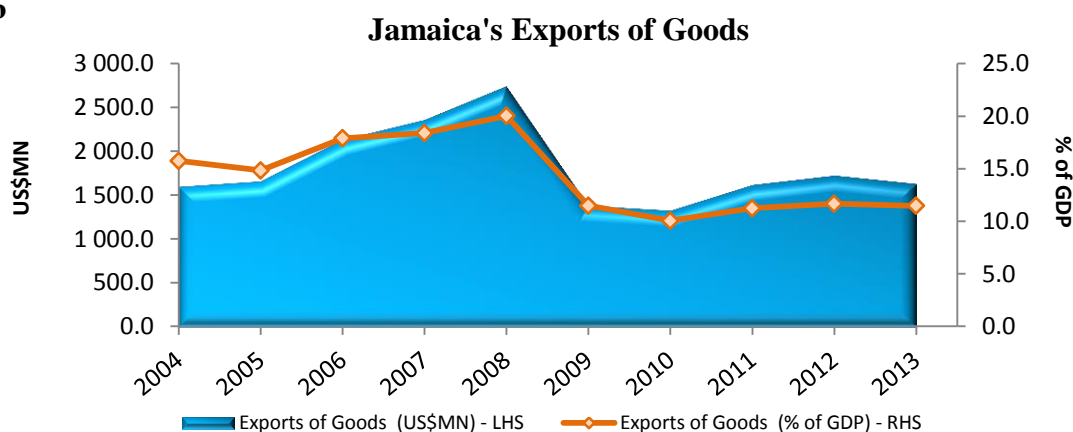
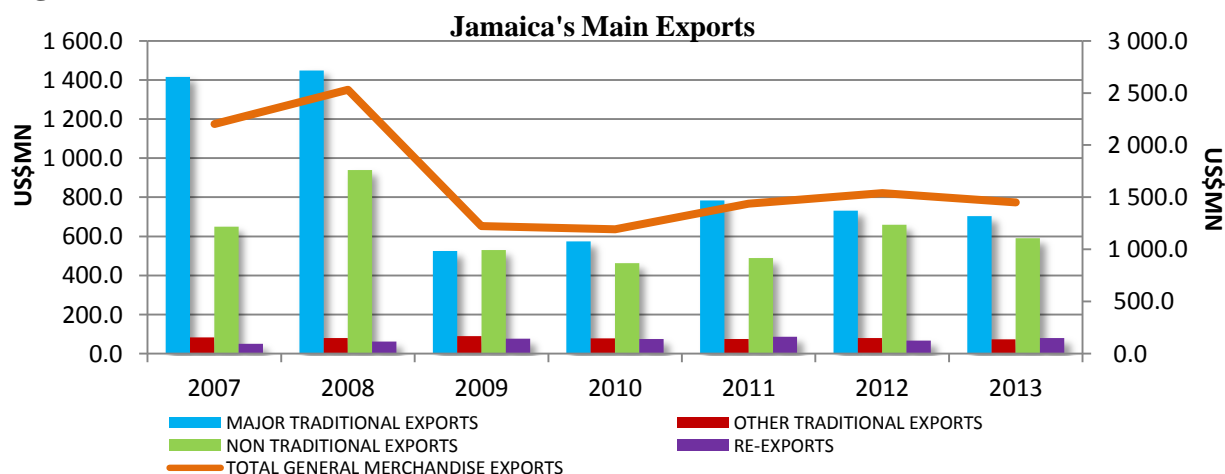


Figure 7



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

#### EXTERNAL COMPETITIVENESS

This box is intended to highlight Jamaica's external price competitiveness performance for 2013 relative to the previous year. The assessment is based on a commonly used price measure, the real effective exchange rate (REER). For Jamaica, this is a merchandise trade weighted measure that is computed 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.

#### Real Effective Exchange Rate

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 fall 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.<sup>3</sup> Similarly, the REER will decline if the inflation for the domestic economy is below that of the country's main trading partners.

#### Jamaica's REER Performance for 2013

For 2013, Jamaica recorded a gain in external competitiveness of 5.3 per cent following a gain of 2.4 per cent in 2012 (see **Table 1**). The outturn mainly reflected the impact of a larger change in the relative exchange rate index of 10.3 per cent compared to the previous year. The movement in relative exchange rates was primarily influenced by a nominal depreciation of 12.6 per cent in the domestic exchange rate for 2013. However, the impact from the domestic depreciation was partly offset by a depreciation of 2.6 per cent in trading partners' exchange rates. Notably, most of this depreciation in major trading partners' exchange rates occurred in the context of uncertainty regarding the Federal Reserve's decision to taper

<sup>3</sup> Jamaica's top ten trading partners based on trade in goods are: the USA, Trinidad and Tobago, the Euro area, Canada, the UK, China, Japan, Venezuela, Brazil and Mexico.

its quantitative easing programme against the background of improving economic conditions in the USA.

The impact of the improvement in relative exchange rates was partially offset by higher relative prices in 2013 when compared to 2012. This was largely attributed to domestic inflation of 9.5 per cent relative to trading partners' average inflation of 3.7 per cent.

Domestic prices increased in 2013, relative to 2012, against the background of administrative adjustments in bus and taxi fares as well as water and sewage rates. Inflationary pressures also emanated from increased oil prices and some

pass-through of the depreciation of the domestic exchange rate to prices.

Foreign inflation accelerated relative to 2012 against the background of higher energy costs, as WTI crude oil prices increased by 4.0 per cent during the year. In addition, the experience of hyperinflation in Venezuela to 40.7 per cent for 2013 from 21.1 per cent in 2012, contributed to the increase in foreign inflation during the year.

**Table 1: Jamaica's Real Effective Exchange Rate Performance**

	<b>2012</b>	<b>2013</b>
<b>Change in Competitiveness*</b>	<b>-2.4%</b>	<b>-5.3%</b>
Change in Relative Prices	4.8%	5.6%
Change in Relative Exchange Rates	-6.9%	-10.3%
<b>Change in Relative Prices</b>		
Domestic Inflation	8.0%	9.5%
Foreign Inflation	3.1%	3.7%
<b>Change in Relative Exchange Rates</b>		
Domestic	-6.9%	-12.6%
Foreign	0.0%	-2.6%

\* + indicates a deterioration in competitiveness  
 - indicates an improvement in competitiveness



## Imports

Total goods imports (c.i.f.) in 2013 were valued at US\$6 172.0 million (43.3 per cent of GDP) (see **Table 6**). *General Merchandise Imports* accounted for 98.7 per cent of Jamaica's import bill in 2013, while *Goods Procured in Ports* by foreign carriers accounted for 1.3 per cent.

For 2013, there was a decline of 3.7 per cent in the value of total imports, relative to the previous year. This decline primarily reflected contraction in spending on *Chemicals* and *Mineral Fuels*. Of note, all categories of imports decreased with the exception of *Food*, *Crude Materials* and *Goods Procured in Ports*.

There was a decline of US\$171.6 million in the value of chemical imports mainly reflecting a

reduction in imports of ethanol feedstock, a key input in the production of ethanol. For mineral fuel imports, there was a contraction of US\$40.4 million related to lower imports of mining fuel in the context of higher levels of efficiency in the sector. Spending on manufactured goods fell below the previous year's level by US\$16.7 million, while the importation of miscellaneous manufactured goods decreased by US\$11.4 million.

The impact of the declines in the above categories was partially offset by increases in *Crude Materials* and *Food*. Specifically, Food imports rose above the previous year's level by US\$13.1 million while crude material imports

**Table 6**

VALUE OF IMPORTS BY SITC (C.I.F.) (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>TOTAL GENERAL IMPORTS</b>	<b>6 331.1</b>	<b>6 093.2</b>	<b>- 237.8</b>	<b>- 3.8</b>
0.FOOD	948.3	961.5	13.1	1.4
1.BEVER. & TOBAC.	79.5	77.0	- 2.4	- 3.0
2.CRUE MATS.	46.7	55.8	9.1	19.5
3.MINERAL FUELS	2 218.0	2 177.6	- 40.4	- 1.8
4.ANI. & VEG. OIL	51.5	42.8	- 8.7	- 16.8
5.CHEMICALS	895.6	724.1	- 171.6	- 19.2
6.MANUF. GOODS	616.4	599.7	- 16.7	- 2.7
7.MACH. & TRANSP.	902.4	897.4	- 5.1	- 0.6
8.MISC. MANUF. GOODS	454.4	443.0	- 11.4	- 2.5
9.MISC. COMMDS.	118.1	114.3	- 3.9	- 3.3
<b>FREEZONE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>GOODS PROC. IN PORTS</b>	<b>75.3</b>	<b>78.8</b>	<b>3.5</b>	<b>4.6</b>
<b>GRAND TOTAL</b>	<b>6 406.4</b>	<b>6 172.0</b>	<b>- 234.4</b>	<b>- 3.7</b>

Source: Statistical Institute of Jamaica

1/ Revised

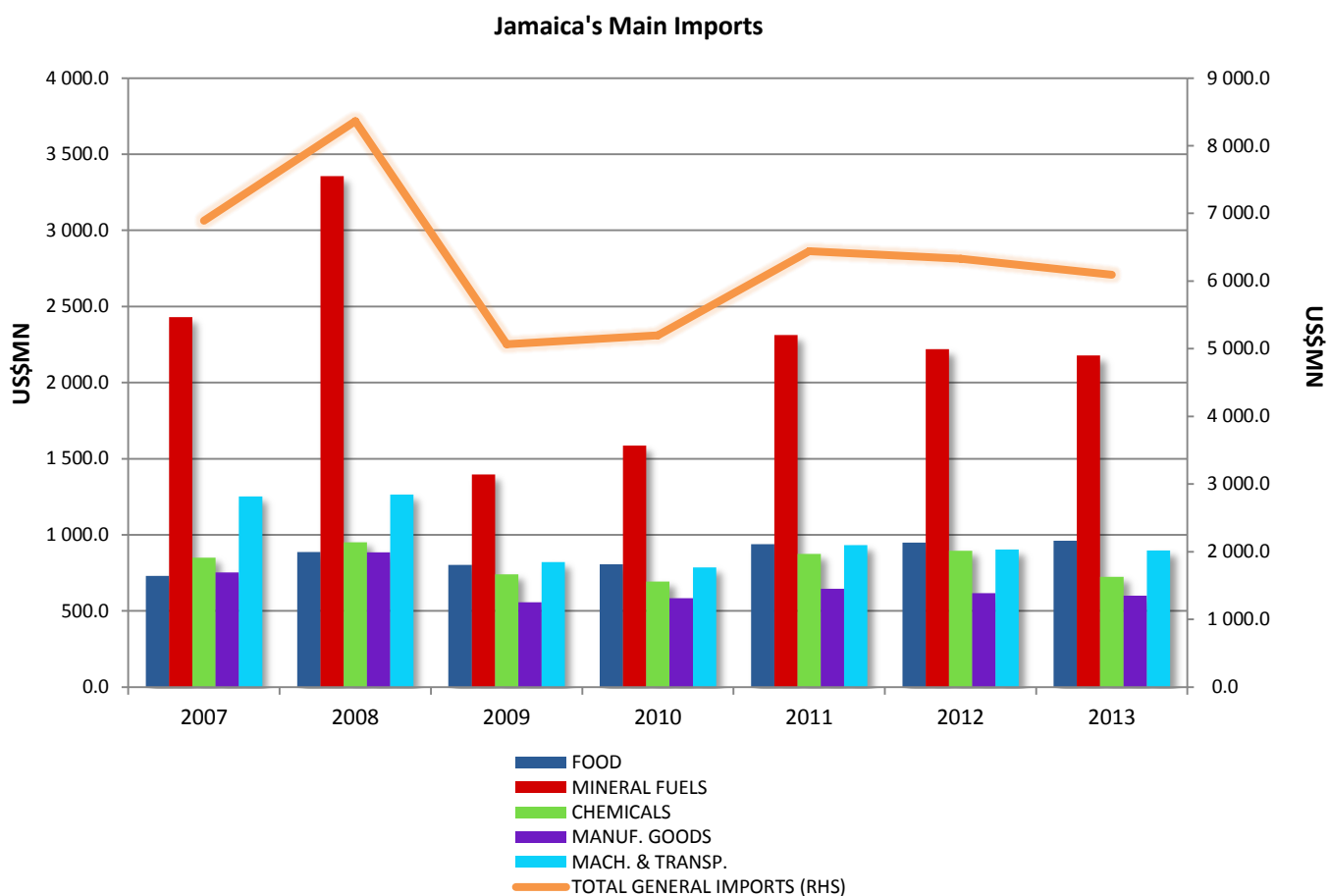
2/ Estimates

increased by US\$9.1 million, largely due to higher international crude oil prices.

accounted for 86.8 per cent of total imports.

Within *General Merchandise Imports*, *mineral fuel* remained the dominant category, accounting for 35.3 per cent of imports (see **Figure 8**). Of note, the top five categories of imports

**Figure 8**

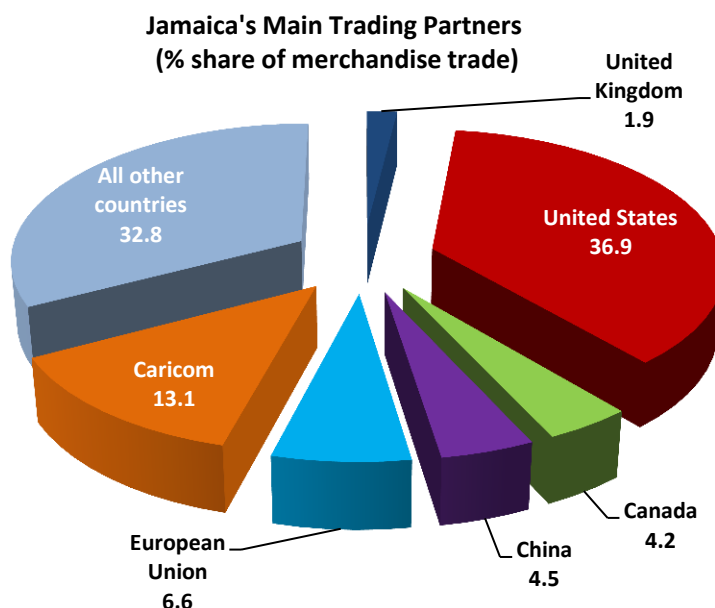


### 3.1.1 Direction of Trade (General Merchandise)

The USA, CARICOM and the European region (EU) remained Jamaica's main trading partners in 2013, together accounting for US\$4 376.6 million or 56.6 per cent of total merchandise trade (see **Figure 9 & Table 7**).<sup>4</sup> This share, however, represented a decline of 1.3 percentage points when compared with the share in 2012. For the review year, these countries accounted for US\$1 043.2 million or 63.8 per cent of Jamaica's total export market while supplying

US\$3 333.4 million or 54.7 per cent of Jamaica's imports (see **Tables 7 to 10**).

**Figure 9**



**Table 7**

#### VALUE OF TOTAL MERCHANDISE TRADE BY PRINCIPAL TRADING PARTNERS (US\$MN)

COUNTRY	2012 <sup>1/</sup>	% of Total	2013 <sup>2/</sup>	% of Total	Change	% Change
United Kingdom	131.2	1.6	149.8	1.9	18.6	14.2
United States	3 129.8	38.8	2 854.5	36.9	- 275.3	- 8.8
Canada	224.3	2.8	322.5	4.2	98.2	43.8
China	322.4	4.0	346.1	4.5	23.7	7.3
European Union	601.9	7.5	506.7	6.6	- 95.2	- 15.8
CARICOM	941.5	11.7	1 015.4	13.1	73.9	7.8
All other countries	2 708.5	33.6	2 532.5	32.8	- 176.0	- 6.5
<b>TOTAL</b>	<b>8 059.6</b>	<b>100.0</b>	<b>7 727.5</b>	<b>100.0</b>	<b>- 332.1</b>	<b>- 4.1</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

<sup>4</sup> For this report, the European region includes all European countries except the United Kingdom.

Table 8

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2012 <sup>1/</sup>	% of Total	2013 <sup>2/</sup>	% of Total	Change	% Change
United Kingdom	45.1	2.6	81.7	5.0	36.6	81.2
United States	818.6	47.4	766.7	46.9	- 51.9	- 6.3
Canada	122.6	7.1	221.8	13.6	99.2	80.9
China	11.6	0.7	14.8	0.9	3.2	27.4
European Union	302.9	17.5	209.1	12.8	- 93.8	- 31.0
CARICOM	83.2	4.8	67.4	4.1	- 15.8	- 19.0
All other countries	344.5	19.9	272.7	16.7	- 71.7	- 20.8
<b>TOTAL</b>	<b>1 728.5</b>	<b>100.0</b>	<b>1 634.2</b>	<b>100.0</b>	<b>- 94.3</b>	<b>- 5.5</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 9

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
COUNTRY	2012 <sup>1/</sup>	% of Total	2013 <sup>2/</sup>	% of Total	Change	% Change
United Kingdom	86.1	1.4	68.1	1.1	- 18.0	- 20.9
United States	2 311.2	36.5	2 087.8	34.3	- 223.4	- 9.7
Canada	101.7	1.6	100.7	1.7	- 1.0	- 1.0
China	310.8	4.9	331.3	5.4	20.5	6.6
European Union	299.0	4.7	297.6	4.9	- 1.4	- 0.5
CARICOM	858.3	13.6	948.0	15.6	89.7	10.5
All other countries	2 364.0	37.3	2 259.7	37.1	- 104.3	- 4.4
<b>TOTAL</b>	<b>6 331.1</b>	<b>100.0</b>	<b>6 093.2</b>	<b>100.0</b>	<b>100.0</b>	<b>1.6</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 10

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS (US\$MN)				
COUNTRY	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
United Kingdom	- 41.0	13.6	54.6	- 133.2
United States	-1 492.6	-1 321.1	171.5	- 11.5
Canada	20.9	121.1	100.2	479.4
China	- 299.1	- 316.5	- 17.3	5.8
European Union	3.9	- 88.5	- 92.4	-2 357.7
CARICOM	- 775.1	- 880.6	- 105.5	13.6
All other countries	-2 019.5	-1 987.0	32.5	- 1.6
<b>TOTAL</b>	<b>-4 602.6</b>	<b>-4 459.0</b>	<b>143.6</b>	<b>- 3.1</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

For 2013, the USA remained Jamaica's principal trading partner, accounting for 36.9 per cent of the country's general merchandise trade (see **Table 7**). Imports from the USA, which include food, machinery & transport equipment, chemicals and manufactured goods, accounted for 34.3 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, relative to 47.4 per cent in 2012. These comprised mainly alumina, bauxite and miscellaneous manufactured goods.

The value of Jamaica's general merchandise imports from the USA decreased by US\$223.4 million to US\$2 087.8 million in 2013 while exports to that market declined by US\$51.9 million (see **Table 9**). In this context, Jamaica's merchandise trade deficit with the USA improved by 11.5 per cent to US\$1 321.1 million in 2013, relative to the previous year (see **Table 10**).

In 2013, Jamaica reversed its trade surplus with the EU, recording a deficit of US\$88.5 million in contrast to the surplus of US\$3.9 million in 2012 (see **Table 10**). The outturn in 2013 primarily reflected a decrease of US\$93.8 million in exports partly offset by a decline of US\$1.4 million in imports (see **Tables 8 & 9**). In this

context, the share of total merchandise trade accounted for by the EU fell to 6.6 per cent in 2013 from 7.5 per cent in 2012.

Exports to the EU accounted for US\$209.1 million or 12.8 per cent of Jamaica's total exports in 2013 and included sugar, rum and alumina (see **Table 8**). Conversely, imports from the EU accounted for US\$297.6 million or 4.9 per cent of Jamaica's total imports and included milk products, machinery & transport equipment, food and electronics (see **Table 9**).

Jamaica's merchandise trade surplus with Canada improved by US\$100.2 million to US\$121.1 million in 2013 (see **Table 10**). This improvement reflected an increase of 80.9 per cent in exports to that destination in addition to a decline of 1.0 per cent in imports (see **Tables 8 & 9**). Against this background, the share of Jamaica's total merchandise trade with Canada rose to 4.2 per cent in 2013 from 2.8 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 2013, Jamaica's merchandise trade deficit with China increased by US\$17.3 million (see **Table 10**). Export earnings increased by US\$3.2 million to US\$14.8 million, while imports

increased by US\$20.5 million to US\$331.3 million (see **Tables 8 & 9**). China accounted for 0.9 per cent of Jamaica's exports in 2013, relative to 0.7 per cent in 2012, while its share of imports rose to 5.4 per cent in 2013 from 4.9 per cent in 2012. Jamaica's exports to China consisted mainly of alumina and scrap metals.

The value of imports from the United Kingdom (UK) declined by 20.9 per cent to US\$68.1 million for 2013, while exports rose by 81.2 per cent to US\$81.7 million (see **Tables 8 & 9**). Primary exports to the UK include sugar and rum. The share of Jamaica's merchandise trade with the UK rose to 1.9 per cent in 2013 from 1.6 per cent in 2012. Notably, Jamaica's trade deficit with the UK was reversed by US\$54.6 million to a trade surplus of US\$13.6 million in

2013 (see **Table 10**).

Jamaica's trade balance with Venezuela improved by US\$129.5 million, largely in the context of a decline of US\$128.8 million in imports. In 2013, Jamaica imported 7.9 million barrels of fuel under the Petrocaribe Agreement valued at US\$885.8 million. A marginal increase in exports was also facilitated under the Agreement and reflected exports of clinker.

### CARICOM Trade

There was a widening in Jamaica's trade deficit with the CARICOM region in 2013. In particular, the deficit increased by US\$105.5 million to US\$880.6 million. The widening of the deficit primarily reflected an increase in Jamaica's trade deficit with Trinidad & Tobago and Barbados to US\$737.6 million and US\$55.6

**Table 11**

CARICOM TRADE (SELECTED COUNTRIES) (US\$MN)						
Country	2012 <sup>1/</sup>			2013 <sup>2/</sup>		
	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Barbados	23.5	26.3	- 2.8	9.3	64.9	- 55.6
Guyana	9.8	40.6	- 30.8	7.4	47.2	- 39.8
Belize	3.4	19.1	- 15.7	3.1	19.9	- 16.8
St. Kitts & Nevis	2.5	0.0	2.5	2.4	0.1	2.3
Antigua & Barbuda	6.0	0.0	5.9	5.9	0.5	5.4
Montserrat	0.3	0.0	0.3	0.3	0.0	0.3
Trinidad & Tobago	18.3	702.3	- 683.9	16.7	754.3	- 737.6
Dominica	2.7	20.3	- 17.5	3.0	10.8	- 7.8
Grenada	2.3	0.5	1.8	2.7	0.5	2.3
St. Lucia	6.8	2.3	4.5	7.3	3.3	3.9
St. Vincent	2.2	0.9	1.3	1.8	0.3	1.5
Suriname	5.4	46.1	- 40.8	7.6	46.3	- 38.7
<b>TOTAL</b>	<b>83.3</b>	<b>858.4</b>	<b>- 775.1</b>	<b>67.5</b>	<b>948.1</b>	<b>- 880.6</b>

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

million, respectively, from US\$683.9 million and US\$2.8 million, respectively, in 2012 (see **Table 11**). This deterioration largely reflected a rise in the value of imports during the year. Trinidad & Tobago remained Jamaica's main regional trading partner in 2013.

### 3.2 Services

Net earnings from *Services* increased by an estimated 15.7 per cent to US\$598.4 million in 2013 (see **Table 12**). The higher surplus reflected respective declines of US\$42.3 million and US\$25.8 million in the deficits on

*Transportation* and *Other Services* as well as an increase of US\$13.1 million on *Travel*.

### Transportation

The narrowing of the deficit on the transportation sub-account reflected a contraction of US\$50.6 million in gross payments, mainly associated with lower freight charges in the context of the decline in imports. This impact was partly offset by a reduction of US\$8.3 million in gross inflows (see **Table 13**).

**Table 12**

SERVICES ACCOUNT (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>SERVICES (NET)</b>	<b>517.2</b>	<b>598.4</b>	<b>81.2</b>	<b>15.7</b>
Inflows	2 693.4	2 665.4	- 28.0	- 1.0
Outflows	2 176.2	2 067.0	- 109.2	- 5.0
<b>1. Transportation</b>	<b>- 726.2</b>	<b>- 683.8</b>	<b>42.3</b>	<b>- 5.8</b>
Inflows	234.2	225.9	- 8.3	- 3.5
Outflows	960.3	909.7	- 50.6	- 5.3
<b>2. Travel</b>	<b>1 889.6</b>	<b>1 902.7</b>	<b>13.1</b>	<b>0.7</b>
Inflows	2 069.5	2 073.9	4.4	0.2
Outflows	179.8	171.2	- 8.6	- 4.8
<b>3. Other Services</b>	<b>- 646.3</b>	<b>- 620.4</b>	<b>25.8</b>	<b>- 4.0</b>
Inflows	389.7	365.6	- 24.1	- 6.2
Outflows	1 036.0	986.1	- 50.0	- 4.8

Source: Bank of Jamaica

1/ Revised

2/ Estimates

**Table 13**

<b>TRANSPORTATION</b> (US\$MN)				
	<b>2012</b> <sup>1/</sup>	<b>2013</b> <sup>2/</sup>	<b>Change</b>	<b>% Change</b>
<b>TRANSPORTATION (NET)</b>	<b>-726.2</b>	<b>-683.9</b>	<b>42.3</b>	<b>-5.8</b>
<b>TOTAL RECEIPTS</b>	<b>234.2</b>	<b>225.9</b>	<b>-8.3</b>	<b>-3.5</b>
Passenger fares	0.0	0.0	0.0	0.0
Freight	0.0	0.0	0.0	0.0
Other	234.2	225.9	-8.3	-3.5
<b>TOTAL PAYMENTS</b>	<b>960.3</b>	<b>909.7</b>	<b>-50.6</b>	<b>-5.3</b>
Passenger fares	234.2	214.0	-20.2	-8.6
Freight	710.0	679.1	-30.9	-4.4
Other	16.2	16.7	0.5	3.4

Source: Bank of Jamaica

1/ Revised

2/ Estimates

## Travel

Net foreign exchange earnings from the tourism industry amounted to US\$1 902.7 million (13.4 per cent of GDP) in 2013 representing an increase of 0.7 per cent, relative to 2012 (see **Table 14**). This improvement reflected an increase of 0.2 per cent in gross receipts due to growth of 1.6 per cent in foreign national arrivals and an expansion of 0.5 per cent in average daily expenditure (see **Table 15**). Earnings from foreign nationals and cruise passengers accounted for 91.6 per cent and 4.8 per cent, respectively, of total earnings relative

to 91.3 per cent and 4.9 per cent in 2012. The contribution of foreign nationals, non-resident Jamaicans and cruise to total visitor arrivals was 56.5 per cent, 4.5 per cent and 39.1 per cent, respectively (see **Figure 10**). In 2012, the respective shares were 55.4 per cent, 4.7 per cent and 39.9 per cent.

On average, each foreign national stop-over visitor spent US\$117.8 per day in 2013 relative to US\$117.2 in 2012. Cruise visitors spent US\$75.7 per day in both 2013 and 2012.



Table 14

TOURIST EXPENDITURE (US\$MN)				
	2012	2013	Change	% Change
<b>Total Foreign National Stop-over Expenditure</b>	<b>1 890.4</b>	<b>1 900.4</b>	<b>10.0</b>	<b>0.5</b>
Winter Expenditure	732.9	718.3	-14.6	-2.0
Summer Expenditure	1 157.5	1 182.0	24.6	2.1
Non-res. Jamaican Expenditure	77.4	74.6	-2.8	-3.7
Cruise passengers & Armed Forces	101.7	99.0	-2.7	-2.7
<b>Total Expenditure</b>	<b>2 069.5</b>	<b>2 073.9</b>	<b>4.4</b>	<b>0.2</b>
Less Jamaican Exp. Overseas	141.5	138.0	-3.5	-2.5
Less Exp. of Resident Workers Overseas	38.3	33.2	-5.2	-13.5
<b>Net Expenditure</b>	<b>1 889.6</b>	<b>1 902.7</b>	<b>13.1</b>	<b>0.7</b>

Source: Jamaica Tourist Board

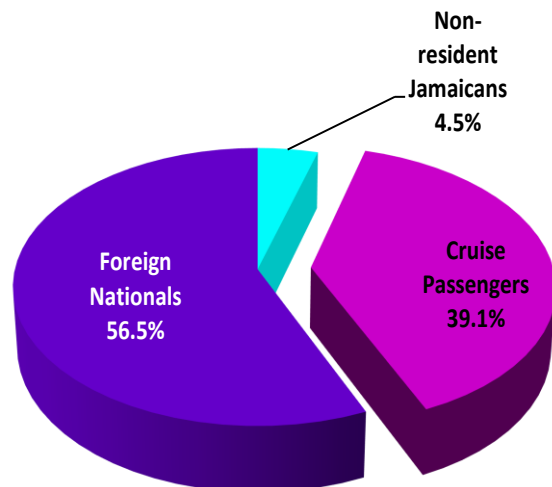
Table 15

VISITOR ARRIVAL STATISTICS				
	2012	2013	Change	% Change
<b>Total Stop-Overs</b>	<b>1 986.1</b>	<b>2 008.4</b>	<b>22.3</b>	<b>1.1</b>
Foreign Nationals	1 832.3	1 860.9	28.6	1.6
Long-Stay	1 768.9	1 802.4	33.5	1.9
Short-Stay	634.0	585.7	- 48.3	- 7.6
Non-resident Jamaican Stopovers	153.8	147.5	- 6.3	- 4.1
<b>Cruise Passengers &amp; Armed forces</b>	<b>1 320.1</b>	<b>1 288.2</b>	<b>- 31.9</b>	<b>- 2.4</b>
<b>TOTAL</b>	<b>3 306.2</b>	<b>3 296.6</b>	<b>- 9.6</b>	<b>- 0.3</b>

Source: Jamaica Tourist Board

Figure 10

## Visitor Arrivals to Jamaica 2013



## Tourism Earnings to Jamaica 2013

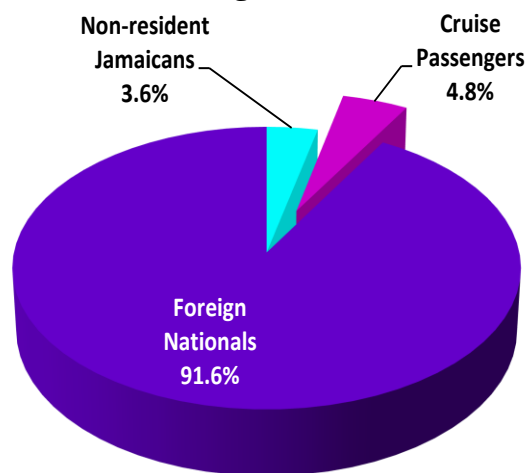


Figure 11

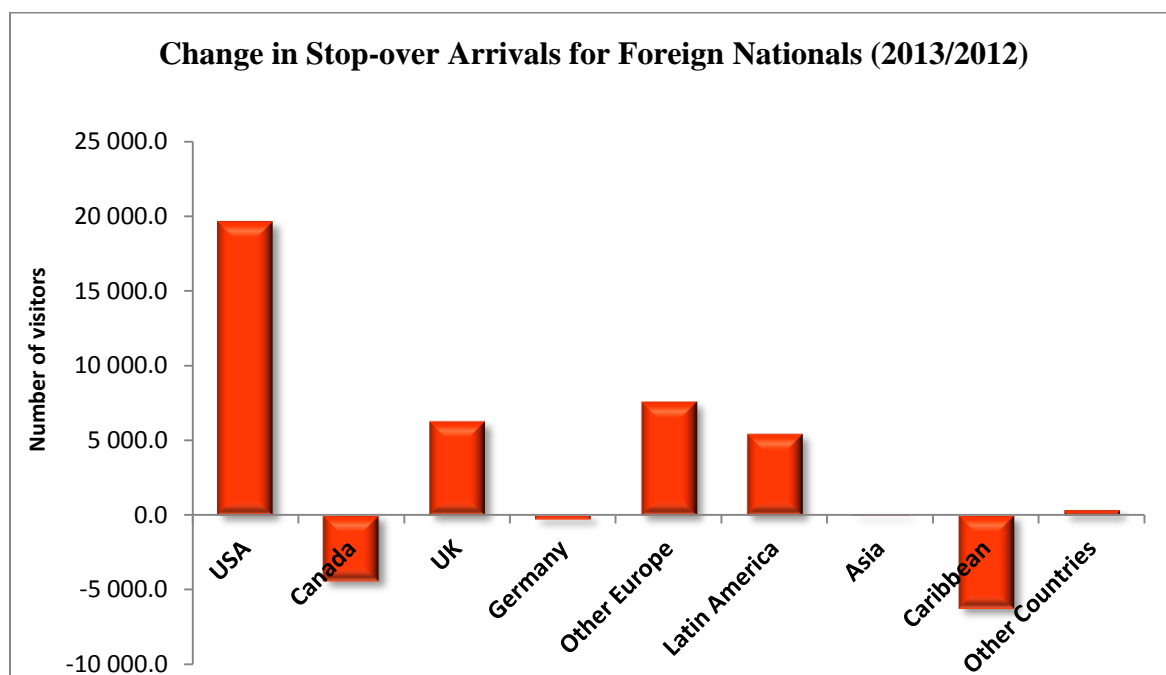


Table 16

## STOP-OVER ARRIVALS BY COUNTRY OF ORIGIN

	Foreign Nationals				Non-Resident Jamaicans				Total Arrivals			
	2012	2013	Change	% Change	2012	2013	Change	% Change	2012	2013	Change	% Change
USA	1 148 258	1 167 948	19 690	1.7	109 411	103 314	- 6 097	- 5.9	1 257 669	1 271 262	13 593	1.1
Canada	388 530	384 123	- 4 407	- 1.1	14 670	15 208	538	3.5	403 200	399 331	- 3 869	- 1.0
UK	132 196	138 508	6 312	4.8	13 035	12 806	- 229	- 1.8	145 231	151 314	6 083	4.0
Germany	19 958	19 702	- 256	- 1.3	279	261	- 18	- 6.9	20 237	19 963	- 274	- 1.4
Other Europe	56 455	64 067	7 612	13.5	505	466	- 39	- 8.4	56 960	64 533	7 573	11.7
Latin America	24 922	30 390	5 468	21.9	115	148	33	22.3	25 037	30 538	5 501	18.0
Asia	2 026	2 095	69	3.4	66	82	16	19.5	2 092	2 177	85	3.9
Caribbean	49 586	43 351	- 6 235	- 12.6	15 395	14 898	- 497	- 3.3	64 981	58 249	- 6 732	- 11.6
Other Countries	10 398	10 751	353	3.4	277	291	14	4.8	10 675	11 042	367	3.3
<b>TOTAL</b>	<b>1 832 329</b>	<b>1 860 935</b>	<b>28 606</b>	<b>1.6</b>	<b>153 753</b>	<b>147 474</b>	<b>- 6 279</b>	<b>- 4.3</b>	<b>1 986 082</b>	<b>2 008 409</b>	<b>22 327</b>	<b>1.1</b>

Source: Jamaica Tourist Board

## Stop-over Arrivals

### Source Markets

While the USA, Canada and the UK remained the principal sources of visitor arrivals to Jamaica, preliminary data indicate that the performance for stop-over arrivals in 2013 was largely influenced by expansions in non-traditional source markets such as Other Europe and Latin America (see **Table 16 and Figure 11**).<sup>5</sup> Provisional data indicate that stop-over arrivals from the USA, the island's largest source market, grew by 1.1 per cent in 2013, relative to the growth of 2.6 per cent recorded in 2012. The lower growth may be attributed to the

lagged impact of Super Storm Sandy in 2012 as well as the February 2013 snowstorm which resulted in cancelled flights from the island's major source areas such as the Northeast and the Midwest. In addition, there was a reduction in flight frequency by Caribbean Airlines and American Airlines due to excess load capacity on a number of routes.

With regard to Canada, there was a decline of 1.0 per cent in arrivals largely due to the termination of service by Sunquest Vacations, a major tour operator as well as the unexpected cut

<sup>5</sup> For this report, the European Union includes all European countries except the United Kingdom.

in capacity by Transat Airlines.

Arrivals from the UK, Jamaica's third largest source market, rose by 4.2 per cent, in contrast to the declines over the previous five years. This improvement was primarily associated with the addition of chartered and scheduled flights by Thomas Airways' 787 Dreamliner commercial aircraft, complemented by increased flights by British Airways and Virgin Atlantic.

There was an overall increase of 11.7 per cent in arrivals from Other Europe which was significantly enhanced by partnerships launched with new airlines. In particular, partnerships were established with Condor Airlines to provide service out of Munich and Germany as well as Thomas Cook out of Stockholm, Sweden. Arrivals from the Central/East region, incorporating Russia and the Czech Republic grew by 622.3 per cent and 97.4 per cent, respectively. These growth rates reflected the collaboration with Russian Airline Transaero to provide access to markets in Central and Eastern European countries through connecting hubs in Moscow. Notably, relaxation of visa requirements for nationals from these countries was the principal contributor to the increase in visitors from these countries.

Visitor arrivals from Latin America increased by

22.0 per cent, primarily reflecting an expansion of 41.6 per cent in arrivals from Central America. In particular, arrivals from Costa Rica and Mexico recorded respective growth of 127.3 per cent and 18.3 per cent. These improvements were influenced by increased flights from Copa Airlines, which facilitated direct airlift service out of countries such as Colombia, Venezuela, Costa Rica, Chile and Ecuador as well as through the airline's hub in Panama City. Of note, stop-over arrivals from South America expanded by 14.4 per cent with Chile and Argentina registering growth of 37.0 per cent and 23.7 per cent, respectively. These increases were partly due to unexpected flights by Aerogal and Lasca.

With regard to visitor arrivals from Asia, this grew by 6.9 per cent in 2013, comprised of China, Japan, India and Korea.

Stop-over arrivals from the Caribbean declined by 10.4 per cent for the review year primarily reflecting a reduction of 12.3 per cent for the Commonwealth Caribbean, the impact of which was partly offset by an increase of 2.7 per cent from Other Caribbean countries. All countries within the Commonwealth Caribbean, with the exception of the Turks and Caicos Islands, registered declines. Cuba and the Dominican

Republic were the only countries showing appreciable increases of visitors from the Other Caribbean category. The fall in visitor arrivals from the Caribbean was related to the reduction in frequency of flights by Caribbean Airlines due to lower demand primarily from Trinidad & Tobago, Barbados and Antigua.

### *Cruise Passengers*

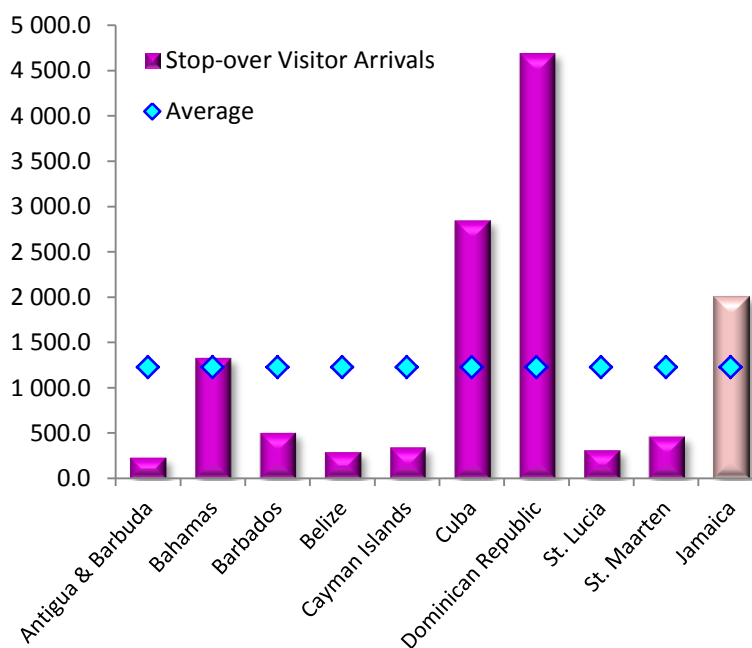
Cruise passenger arrivals declined by 4.2 per cent in 2013 when compared with 2012. The contraction principally reflected respective declines of 29.8 per cent and 21.8 per cent in the number of passengers and calls to the Montego

Bay pier. This impact was, however, partly offset by respective increases of 14.1 per cent and 10.2 per cent in calls and passengers to the Falmouth Pier. There was also an increase of 2.6 per cent in arrivals of passengers to the Ocho Rios port, notwithstanding a decline of 15.1 per cent in calls.

For the review year, stop-over arrivals to Jamaica were above the average for selected Caribbean countries (see **Figure 12**). With regard to cruise passenger arrivals, however, Jamaica's performance fell marginally below the average for the region (see **Figure 13**).

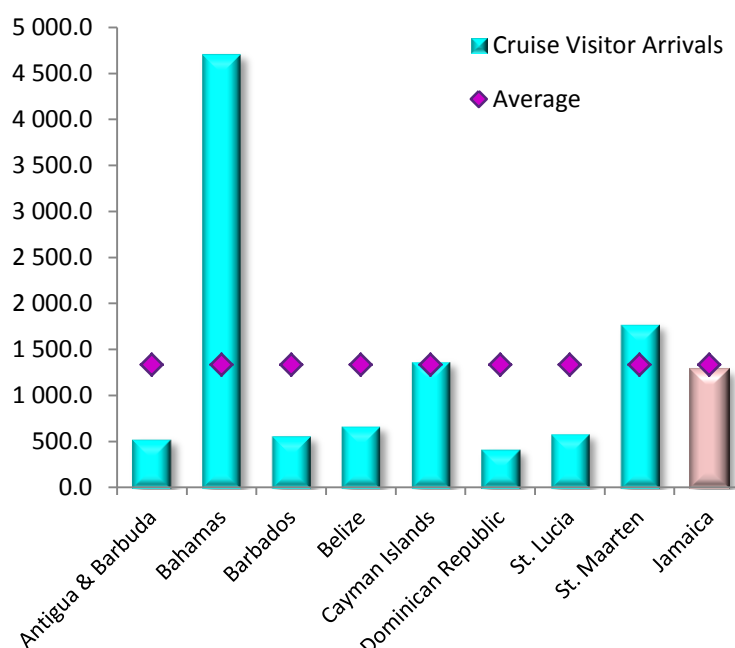
**Figure 12**

**Stop-over Visitor Arrivals ('000)  
Selected Caribbean Countries**



**Figure 13**

**Cruise Visitor Arrivals ('000)  
Selected Caribbean Countries**



### Other Services

The deficit on *Other Services* narrowed by US\$25.8 million in 2013, influenced largely by a contraction of US\$50.0 million in gross outflows (see **Table 17**). The decline in outflows primarily reflected lower payments for *Communication Services*, *Insurance Services* and *Government Services*. Partly offsetting the impact from these lower outflows was a decline of US\$24.1 million in inflows primarily reflecting a reduction in receipts from *Communication Services*.

**Table 17**

OTHER SERVICES (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>OTHER SERVICES (NET)</b>	<b>- 646.3</b>	<b>- 620.4</b>	<b>25.8</b>	<b>- 4.5</b>
<b>RECEIPTS</b>	<b>389.7</b>	<b>365.6</b>	<b>- 24.1</b>	<b>- 6.2</b>
Communication Services	75.8	54.2	- 21.6	- 28.5
Insurance Services	0.4	2.4	1.9	429.3
Computer & Information Services	34.2	35.1	1.0	2.9
Other Business Services	105.8	105.1	- 0.7	- 0.7
Government Services	33.0	33.0	0.0	0.0
Other	140.5	135.8	- 4.7	- 3.3
<b>PAYMENTS</b>	<b>1 036.0</b>	<b>986.1</b>	<b>- 50.0</b>	<b>- 4.8</b>
Communication Services	50.4	11.8	- 38.6	- 76.6
Insurance Services	167.0	140.5	- 26.4	- 15.8
Computer & Information Services	22.1	22.1	- 0.1	- 0.3
Other Business Services	542.2	547.5	5.3	1.0
Government Services	74.3	63.7	- 10.6	- 14.3
Other	180.0	200.4	20.4	11.4

Source: Bank of Jamaica

1/ Revised

2/ Estimates

### 3.3 Income

For 2013, the income sub-account recorded a deficit of US\$333.6 million, a deterioration of US\$108.8 million relative to the deficit in 2012. The worsening of the deficit reflected an expansion of US\$89.0 million in the deficit on *Investment Income* as well as a decrease of US\$19.8 million in *Compensation of Employees* (see **Table 18**).

The deterioration in the deficit on *Investment*

*Income* primarily reflected a decline of US\$45.6 million in inflows to commercial banks. The impact of this decline was exacerbated primarily by an increase of US\$38.2 million in imputed remittances of direct investment companies. With regard to the decline in net inflows related to *Compensation of Employees*, this may have been related to lower earnings under the farm work programme in the USA and Canada.

**Table 18**

INCOME (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>INCOME ACCOUNT (NET)</b>	<b>-224.9</b>	<b>-333.6</b>	<b>-108.8</b>	<b>48.4</b>
<b>INFLOWS</b>	<b>392.1</b>	<b>334.4</b>	<b>-57.7</b>	<b>-14.7</b>
<b>OUTFLOWS</b>	<b>617.0</b>	<b>668.0</b>	<b>51.0</b>	<b>8.3</b>
<b>1. Compensation of Employees</b>	<b>49.7</b>	<b>29.9</b>	<b>-19.8</b>	<b>-39.8</b>
Inflows	115.8	96.0	-19.7	-17.1
Outflows	66.1	66.2	0.1	0.1
<b>2. Investment Income (net)</b>	<b>-274.5</b>	<b>-363.5</b>	<b>-89.0</b>	<b>32.4</b>
<b>    Inflows</b>	<b>276.3</b>	<b>238.3</b>	<b>-38.0</b>	<b>-13.7</b>
Direct Investment	73.3	85.9	12.6	17.2
Portfolio Investment	56.8	55.9	-1.0	-1.7
Other Investment	146.2	96.6	-49.6	-33.9
Central Government	0.0	0.0	0.0	0.0
Bank of Jamaica	16.2	12.2	-4.0	-24.7
Other	130.0	84.4	-45.7	-35.1
<b>    Outflows</b>	<b>550.9</b>	<b>601.8</b>	<b>51.0</b>	<b>9.3</b>
Direct Investment	190.4	228.6	38.2	20.1
Portfolio Investment	249.2	255.5	6.3	2.5
Other Investment	111.3	117.8	6.5	5.8
Central Government	55.1	58.8	3.7	6.7
Bank of Jamaica	10.2	13.1	3.0	29.4
Government Guaranteed	1.1	1.6	0.5	40.9
Other	45.0	44.4	-0.6	-1.3

Source: Bank of Jamaica

1/ Revised

2/ Estimates

### 3.4 Current Transfers

*Current Transfers* amounted to US\$2 220.5 million in 2013 representing an expansion of US\$132.9 million (see **Table 19**). Of note, gross inflows amounted to US\$2 463.7 million which was US\$105.4 million higher than in 2012. This outturn reflected an increase of US\$66.6 million in gross official transfers, mainly grant receipts, complemented by a net expansion of US\$11.3 million in private remittances. In particular, inflows to the private sector, principally remittances, grew by US\$38.8 million, the

impact of which was partly offset by US\$26.9 million in payments, primarily through the financial system.

The USA remained the dominant sender of private remittances in 2013 notwithstanding a fall to 56.5 per cent of total inflows from 57.4 per cent in 2012. Inflows from the UK increased to 18.8 per cent from 17.8 per cent while inflows from Canada declined to 11.0 per cent from 12.0 per cent.

**Table 19**

CURRENT TRANSFERS (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>NET CURRENT TRANSFERS</b>	<b>2 087.7</b>	<b>2 220.5</b>	<b>132.9</b>	<b>6.4</b>
<b>TOTAL RECEIPTS</b>	<b>2 358.3</b>	<b>2 463.7</b>	<b>105.4</b>	<b>4.5</b>
GENERAL GOVERNMENT	195.3	261.8	66.6	34.1
OTHER SECTORS	2 163.1	2 201.9	38.8	1.8
Remittances thru' the Postal System	0.0	0.0	0.0	0.0
Remittances thru' the Financial System	284.3	304.4	20.1	7.1
Remittance Companies	1 758.2	1 760.6	2.4	0.1
Other Transfers	120.6	137.0	16.3	13.6
<b>TOTAL PAYMENTS</b>	<b>270.7</b>	<b>243.2</b>	<b>- 27.5</b>	<b>- 10.2</b>
GENERAL GOVERNMENT	2.5	2.5	0.0	- 0.2
OTHER SECTORS	268.2	240.7	- 27.5	- 10.2
Remittances thru' the Financial System	267.4	240.5	- 26.9	- 10.1
Other Transfers	0.7	0.2	- 0.6	- 78.3

Source: Bank of Jamaica

1/ Revised

2/ Estimates



## 4.0 CAPITAL AND FINANCIAL ACCOUNT

The capital account recorded a deficit of US\$12.8 million in 2013, relative to a deficit of US\$26.2 million in 2012. The smaller deficit in 2013 was largely influenced by an increase of US\$13.0 million in General Government transfers, particularly from the United States Agency for International Development (USAID) and the European Union (see **Table 20**).

For 2013, the financial account registered a surplus of US\$1 324.5 million, a decline of US\$202.0 million when compared with the

previous year. Net official investment inflows grew by US\$263.2 million to US\$496.6 million, relative to 2012 (see **Table 20**). This increase reflected growth of US\$231.2 in gross official inflows, largely related to an increase of US\$188.2 million in project loans from multilateral and bilateral institutions.<sup>6</sup> Loan inflows through Petrocaribe amounted to US\$478.6 million in 2013. There was no commercial borrowing during the year (see **Table 21**).

**Table 20**

CAPITAL AND FINANCIAL ACCOUNT (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>CAPITAL &amp; FINANCIAL ACCOUNT (NET)</b>	<b>1 500.3</b>	<b>1 311.7</b>	<b>- 188.6</b>	<b>- 12.6</b>
<b>A. CAPITAL ACCOUNT</b>	<b>- 26.2</b>	<b>- 12.8</b>	<b>13.4</b>	<b>- 51.2</b>
Capital Transfers	- 26.2	- 12.8	13.4	- 51.2
General Government	5.9	18.9	13.0	222.0
Other Capital Transfers	- 32.1	- 31.7	0.4	- 1.3
Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	0.0
<b>B. FINANCIAL ACCOUNT</b>	<b>1 526.5</b>	<b>1 324.5</b>	<b>- 202.0</b>	<b>- 13.2</b>
Official Investment	233.4	496.6	263.2	112.8
Private Investment <sup>3/</sup>	452.6	750.2	297.5	65.7
Change in Reserves (increase = minus)	840.5	77.8		

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3/ Include errors & omissions

<sup>6</sup> During the year, inflows of US\$152.9 million, US\$88.7 million and US\$28.5 million were received from the World Bank, Inter-American Development Bank and the Caribbean Development Bank, respectively. In 2012, Jamaica received a total of US\$78.4 million from these multilateral institutions.

Gross official outflows increased by US\$45.4 million, largely reflecting a build-up in the Bank of Jamaica's liabilities during the year, related to borrowing from the IMF. This impact was partly offset by lower GOJ outflows (see **Table 21**).

Net private investment increased by US\$297.5 million in 2013. This mainly reflected higher foreign direct investment as portfolio investments remained subdued (see **Section 4.1**)

Consequent on the developments in the BOP, the net international reserves declined by US\$77.8 million to US\$1 047.8 million. This was a much smaller reduction when compared to the decline of US\$840 million in 2012. As at 31 December 2013, gross reserves amounted to US\$1 817.6 million, the equivalent of 13.0 weeks of goods and services imports.

**Table 21**

OTHER OFFICIAL INVESTMENT FLOWS (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
<b>NET OFFICIAL INVESTMENTS</b>	<b>233.4</b>	<b>419.2</b>	<b>185.8</b>	<b>79.6</b>
<b>GROSS OFFICIAL INFLOWS</b>	<b>1 077.4</b>	<b>1 308.6</b>	<b>231.2</b>	<b>21.5</b>
Project Loans	124.0	312.2	188.2	151.7
Other Assistance	953.4	996.4	43.0	4.5
<b>GROSS OFFICIAL OUTFLOWS</b>	<b>844.0</b>	<b>889.4</b>	<b>45.4</b>	<b>5.4</b>
Government Direct	571.6	378.8	- 192.8	- 33.7
Bank of Jamaica	93.2	328.5	235.3	252.4
Other Official	179.2	182.1	2.9	1.6

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 11.7 per cent in 2013, largely reflecting increased investments in the agricultural/manufacturing and tourism sectors as well as continued investments in Jamaica's highways (see **Table 22** and **Figure 14**). The expansion in investment flows to the tourism sector primarily reflected increased capital expenditure by hotels for refurbishing and acquisition. There were no major greenfield projects in 2013.

The growth in FDI to Jamaica exceeded the expansion observed in global FDI. Of note,

global FDI rose by 9.0 per cent to US\$1.5 trillion in 2013, in contrast to a decline in 2012. In particular, flows to the Central America and Caribbean region increased by 64.0 per cent to US\$49.0 billion. However, inflows to South America declined by 6.0 per cent to US\$133.0 billion after three consecutive years of strong growth. The decline in 2013 was due to a fall in metal prices which constrained FDI growth in the metal mining industry of some countries. Overall, FDI flows to the Latin America and Caribbean (LAC) region increased by 6.0 per cent to US\$292.0 billion. Greenfield projects in the LAC region increased to US\$14.5 billion in 2013 from US\$6.9 billion in 2012.<sup>7</sup>

**Table 22**

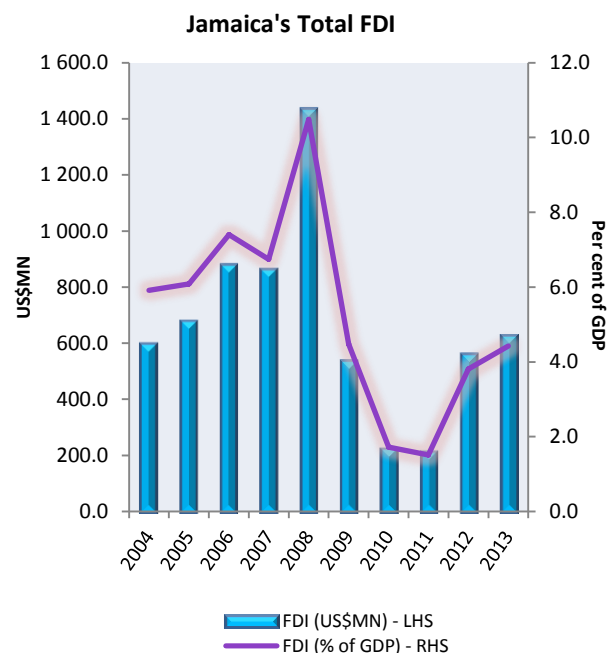
JAMAICA'S FDI BY SECTOR (US\$MN)				
	2012 <sup>1/</sup>	2013 <sup>2/</sup>	Change	% Change
Agricultural/Manufacturing/Distribution	70.0	151.8	81.8	116.8
Information Tech/Communication	93.8	46.0	-47.8	-51.0
Minerals & Chemicals	33.9	18.0	-15.9	-46.9
Insurance	0.0	0.0	0.0	0.0
Tourism	5.8	42.4	36.6	633.1
Mining	55.9	45.5	-10.4	-18.6
Other	218.2	253.0	34.8	15.9
<b>Sub-total</b>	<b>425.1</b>	<b>406.2</b>	<b>-18.9</b>	<b>-4.4</b>
Retained Earnings	87.1	74.1	-13.0	-15.0
Divestment	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>564.8</b>	<b>630.8</b>	<b>66.0</b>	<b>11.7</b>

Source: Bank of Jamaica

1/ Revised

2/ Estimates

**Figure 14**



<sup>7</sup> Source: World Investment Report 2014

## 5.0 BALANCE OF PAYMENTS OUTLOOK

Jamaica's current account balance is expected to further improve in 2014, leading to three consecutive years of improvement. This performance is expected to reflect improvements on the goods and services balance as well as the current transfers balance.

The expected improvement on the goods balance should reflect reduction in expenditure on imports given the impact of the on-going domestic fiscal consolidation and expectations of depressed global commodity prices. In addition, exports should reflect lower earnings, primarily due to the continued fall out from ethanol.

Net earnings from services should improve moderately in 2014, relative to 2013, influenced largely by a reduction in transportation outflows consequent on lower imports. In addition, both stop-over and cruise visitor arrivals are projected to continue to grow given the continued expansion in the global economy.

The surplus on the current transfers sub-account is forecast to increase in 2014. This forecast is predicated on continued expansion in private remittance inflows due to on-going improvements in the economies of major source

markets, particularly the USA.

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 loan 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 and exchange rate depreciation on imports and a sharper than projected fall in international commodity prices.

## 6.0 APPENDIX

### STATISTICAL TABLES

#### FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION

<b><u>Appendix</u></b>	<b><u>Title</u></b>
I.	Methodological Changes to the Balance of Payments Accounts: BPM 6 in Jamaica
II.	Balance of Payments Summary (2009 – 2013)
III.	Balance of Payments Standard Presentation (2009 – 2013)
IV.	Balance of Payments Analytic Summary (2009 – 2013)
V.	Selected Balance of Payments Indicators (2009 – 2013)
VI.	Services Account (2009 – 2013)
VII.	Other Services (2009 – 2013)
VIII.	Income Account (2009 – 2013)
IX.	Current Transfers Account (2009 – 2013)
X.	Capital and Financial Account (2009 – 2013)

## APPENDIX I

**Box 2: SPECIAL FEATURE: METHODOLOGICAL CHANGES TO THE BALANCE OF PAYMENTS ACCOUNTS: BPM6****INTRODUCTION TO THE BALANCE OF PAYMENTS MANUAL 6<sup>TH</sup> 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 quarterly BOP using the BPM6 methodology, exclusively, since June 2013. The data published in the BOP Annual Report will eventually follow this format. However, data is not yet available for previous years to do a comparative analysis. A mapping of BPM5 terminologies with the new terminologies found in BPM6 is provided below.

Old Presentation Format		New Presentation Format	
Balance of Payments (US\$MN)		Balance of Payments (US\$MN)	2013 Jan-Dec 1/
		<b>Current Account Balance</b>	<b>-1,311.7</b>
		<i>Credits</i>	7,097.8
		<i>Debits</i>	8,409.5
<b>1. Current Account</b>		Goods & Services	-3,198.6
<b>A. Goods</b>		<i>Credits</i>	4,299.6
Exports		<i>Debits</i>	7,498.3
Imports		Goods	-3,797.0
		<i>Exports</i>	1,634.2
<b>B. Services</b>		<i>Imports</i>	5,431.3
Transportation		Services	598.4
Travel		<i>Exports</i>	2,665.4
Other Services		<i>Imports</i>	2,067.0
<b>C. Income</b>		Primary Income	-333.6
Compensation of Employees		<i>Credits</i>	334.4
Investment Income		<i>Debits</i>	668.0
		Secondary Income	2,220.5
<b>D. Current Transfers</b>		<i>Credits</i>	2,463.7
Official		<i>Debits</i>	243.2
Private		<b>Capital Account</b>	<b>18.9</b>
		<i>Credits</i>	18.9
<b>2. Capital &amp; Financial Account</b>		<i>Debits</i>	0.0
<b>A. Capital Account</b>		<b>Net lending (+) / net borrowing (-) (balance from current and capital account)</b>	<b>-1,292.8</b>
Capital Transfers			
Official		<b>Financial Account</b>	
Private		<b>Net lending (+) / net borrowing (-) (balance from financial account)</b>	<b>-1330.6</b>
Acq/Disp. of Non-produced Non-fin. Assets		Direct Investment	-713.6
		<i>Net acquisition of financial assets</i>	-86.9
<b>B. Financial Account</b>		<i>Net incurrence of liabilities</i>	626.8
Direct Investment		Portfolio Investments	-73.8
Portfolio Investment		<i>Net acquisition of financial assets</i>	157.4
Other Official Investment		<i>Net incurrence of liabilities</i>	231.1
Other Private Investment (incl. Errors & Omissions)		Financial Derivatives	26.2
Reserves		<i>Net acquisition of financial assets</i>	-61.7
		<i>Net incurrence of liabilities</i>	-87.8
		Other Investments	-405.7
		<i>Net acquisition of financial assets</i>	80.5
		<i>Net incurrence of liabilities</i>	486.3
		Reserve Assets	-163.6
		<b>Net Errors and Omissions</b>	<b>-37.7</b>
1/ Revised		1/ Revised	

## APPENDIX II

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)					
	2009	2010	2011	1/ 2012	2/ 2013
<b>CURRENT ACCOUNT</b>	<b>-1 127.5</b>	<b>- 934.9</b>	<b>-1 913.8</b>	<b>-1 500.3</b>	<b>-1 311.7</b>
<b>GOODS BALANCE</b>	<b>-3 087.9</b>	<b>-3 269.5</b>	<b>-4 111.7</b>	<b>-3 903.9</b>	<b>-3 797.0</b>
EXPORTS (f.o.b.)	1 387.7	1 330.9	1 623.7	1 728.5	1 634.2
IMPORTS (f.o.b.)	4 475.6	4 600.4	5 735.3	5 632.4	5 431.3
<b>SERVICES BALANCE</b>	<b>769.9</b>	<b>811.0</b>	<b>667.5</b>	<b>517.2</b>	<b>598.4</b>
TRANSPORTATION	- 441.2	- 424.8	- 559.7	- 726.2	- 683.8
TRAVEL	1 709.0	1 804.6	1 830.8	1 889.6	1 902.7
OTHER SERVICES	- 497.9	- 568.8	- 603.7	- 646.3	- 620.4
<b>INCOME</b>	<b>- 667.9</b>	<b>- 486.4</b>	<b>- 459.4</b>	<b>- 224.9</b>	<b>- 333.6</b>
COMPENSATION OF EMPLOYEES	67.6	89.1	46.3	49.7	29.9
INVESTMENT INCOME	- 735.5	- 575.5	- 505.7	- 274.5	- 363.5
<b>CURRENT TRANSFERS</b>	<b>1 858.4</b>	<b>2 010.0</b>	<b>1 989.8</b>	<b>2 111.3</b>	<b>2 220.5</b>
OFFICIAL	143.9	194.3	141.3	192.7	259.3
PRIVATE	1 714.5	1 815.7	1 848.4	1 918.5	1 961.2
<b>CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>1 127.5</b>	<b>934.9</b>	<b>1 913.8</b>	<b>1 500.3</b>	<b>1 311.7</b>
<b>CAPITAL ACCOUNT</b>	<b>20.7</b>	<b>- 22.1</b>	<b>- 9.1</b>	<b>- 26.1</b>	<b>- 12.8</b>
<b>CAPITAL TRANSFERS</b>	<b>20.7</b>	<b>- 22.1</b>	<b>- 9.1</b>	<b>- 26.1</b>	<b>- 12.8</b>
OFFICIAL	45.3	4.2	29.0	5.9	18.9
PRIVATE	- 24.5	- 26.3	- 38.2	- 32.0	- 31.7
<b>ACQ/DISP OF NON-PRO NON FIN ASSETS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>FINANCIAL ACCOUNT</b>	<b>1 106.7</b>	<b>957.0</b>	<b>1 923.0</b>	<b>1 526.4</b>	<b>1 324.5</b>
OTHER OFFICIAL INVESTMENT	254.7	967.7	488.7	233.4	496.6
OTHER PRIVATE INVESTMENTS 3/	808.4	431.3	1 229.0	452.5	750.2
RESERVES 4/	43.6	- 442.0	205.2	840.5	77.8

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3/ Includes errors &amp; omissions

4/ Minus denotes increase



## APPENDIX III

## BALANCE OF PAYMENTS STANDARD PRESENTATION (US\$MN)

	2009		2010		2011		1/ 2012		2/ 2013	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr
		<b>-1 127.5</b>		<b>-934.9</b>		<b>-1 913.7</b>		<b>-1 500.3</b>		<b>-1 311.7</b>
<b>I. CURRENT ACCOUNT</b>	<b>6 395.4</b>	<b>7 522.8</b>	<b>6 500.9</b>	<b>7 435.9</b>	<b>6 742.4</b>	<b>8 656.1</b>	<b>7 195.9</b>	<b>8 696.2</b>	<b>7 097.7</b>	<b>8 409.2</b>
<b>A. Goods &amp; Services</b>	<b>4 038.3</b>	<b>6 356.3</b>	<b>3 964.8</b>	<b>6 423.3</b>	<b>4 233.9</b>	<b>7 677.9</b>	<b>4 421.9</b>	<b>7 808.5</b>	<b>4 299.7</b>	<b>7 497.9</b>
<b>1. Goods</b>	<b>1 387.8</b>	<b>4 475.7</b>	<b>1 330.9</b>	<b>4 600.4</b>	<b>1 623.6</b>	<b>5 735.3</b>	<b>1 728.5</b>	<b>5 632.4</b>	<b>1 634.3</b>	<b>5 431.0</b>
1.1 General Merchandise	1 223.8	4 408.8	1 194.4	4 537.9	1 436.9	5 663.3	1 541.2	5 562.1	1 634.3	5 431.0
1.2 Goods Procured in Ports by Carriers	106.6	53.3	136.5	62.5	186.7	72.0	187.3	70.3	0.0	0.0
1.3 Freezone Trade	57.4	13.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>2. Services</b>	<b>2 650.5</b>	<b>1 880.6</b>	<b>2 633.9</b>	<b>1 823.1</b>	<b>2 610.3</b>	<b>1 942.6</b>	<b>2 693.4</b>	<b>2 176.1</b>	<b>2 665.4</b>	<b>2 066.9</b>
2.1 Transportation	<b>344.2</b>	<b>785.4</b>	<b>295.2</b>	<b>720.0</b>	<b>283.6</b>	<b>843.2</b>	<b>234.2</b>	<b>960.3</b>	<b>225.9</b>	<b>909.7</b>
2.1.1 Passenger	145.1	43.0	94.2	42.2	47.1	53.5	0.0	234.2	0.0	214.0
2.1.2 Freight	4.4	611.5	3.8	614.8	1.9	717.0	0.0	710.0	0.0	679.1
2.1.3 Other	194.7	130.9	197.2	63.0	234.6	72.7	234.2	16.2	225.9	16.7
2.2 Travel	1 925.5	216.4	2 001.2	196.6	2 002.5	171.7	<b>2 069.5</b>	<b>179.8</b>	<b>2 073.9</b>	<b>171.2</b>
2.3 Other Services	380.9	878.8	337.5	906.5	324.2	927.7	389.7	1 036.0	365.7	986.0
2.3.1 Insurance Services	8.4	154.2	5.5	152.2	8.6	142.7	0.4	167.0	2.4	140.5
2.3.2 Communication Services	151.1	74.8	129.0	70.3	114.5	77.6	75.8	50.4	54.2	11.8
2.3.3 Financial Services	52.6	46.3	34.1	47.1	36.8	39.5	30.9	39.6	25.8	39.5
2.3.4 Computer & Information Services	36.6	42.3	38.4	36.4	38.5	39.4	34.2	22.1	35.1	22.1
2.3.5 Royalties & License Fees	9.1	44.8	4.9	36.3	3.9	47.4	4.0	60.1	5.0	61.1
2.3.6 Other Business Services	53.6	445.2	54.7	420.2	51.8	432.5	105.8	542.2	105.1	547.5
2.3.7 Personal, Cultural, & Recreational Services	34.5	9.8	37.3	13.5	37.3	13.9	105.6	29.9	105.0	29.6
2.3.8 Government Services	35.0	56.6	33.6	57.9	32.8	62.1	33.0	74.3	33.0	63.7
2.3.9 Construction Services	0.0	4.8	0.0	72.6	0.0	72.6	0.0	50.4	0.0	70.2
<b>B Income</b>	<b>235.0</b>	<b>902.9</b>	<b>243.2</b>	<b>729.7</b>	<b>231.2</b>	<b>690.6</b>	<b>392.1</b>	<b>617.0</b>	<b>334.3</b>	<b>668.0</b>
1.1 Compensation of Employees	99.2	31.6	120.3	31.2	90.3	44.0	115.8	66.1	96.0	66.2
1.2 Investment Income	135.8	871.3	122.9	698.5	140.9	646.6	276.3	550.9	238.3	601.8
<b>C. Current Transfers</b>	<b>2 122.0</b>	<b>263.6</b>	<b>2 292.9</b>	<b>282.9</b>	<b>2 277.3</b>	<b>287.6</b>	<b>2 381.9</b>	<b>270.7</b>	<b>2 463.7</b>	<b>243.2</b>
1.1 Official	155.9	12.0	209.9	15.6	149.1	7.8	195.3	2.5	261.8	2.5
1.2 Private	1 966.2	251.6	2 083.0	267.2	2 128.3	279.8	2 186.7	268.2	2 201.9	240.7
<b>2. CAPITAL &amp; FINANCIAL ACCOUNT</b>	<b>4 534.9</b>	<b>3 546.7</b>	<b>5 162.8</b>	<b>4 404.6</b>	<b>5 088.1</b>	<b>3 544.6</b>	<b>4 605.0</b>	<b>2 810.8</b>	<b>5 082.2</b>	<b>3 357.0</b>
<b>A. Capital Account</b>	<b>64.2</b>	<b>43.4</b>	<b>21.4</b>	<b>43.4</b>	<b>46.1</b>	<b>55.3</b>	<b>23.0</b>	<b>49.2</b>	<b>36.0</b>	<b>48.8</b>
1.1 Government Capital Transfers	45.3	0.0	4.2	0.0	29.0	0.0	5.9	0.0	18.9	0.0
1.2 Other Sectors Transfers	18.9	43.4	17.1	43.4	17.1	55.3	17.1	49.2	17.1	48.8
<b>B. Financial Account</b>	<b>4 470.8</b>	<b>3 503.3</b>	<b>5 141.4</b>	<b>4 361.1</b>	<b>5 041.9</b>	<b>3 489.4</b>	<b>4 582.0</b>	<b>2 761.6</b>	<b>5 046.2</b>	<b>3 308.1</b>
1.1 Direct Investment	540.9	61.1	227.7	58.2	218.2	74.6	473.4	89.9	695.1	71.9
1.2 Other Investment	3 886.3	3 111.4	4 913.7	3 860.9	4 823.7	3 620.0	4 108.6	3 512.2	4 351.1	3 314.0
1.2.1 Trade Credits	244.3	256.6	244.6	158.4	264.7	256.0	330.4	148.0	215.6	107.9
1.2.2 Loans	1 437.9	1 157.6	2 295.1	1 554.5	1 731.7	1 211.9	955.5	980.6	1 509.9	1 034.3
1.2.2.1 Government	361.0	576.6	939.0	266.0	705.6	688.6	116.7	571.6	409.6	378.8
1.2.2.2 Other Sectors	1 076.9	581.0	1 356.1	1 288.5	1 026.1	523.3	838.8	409.0	1 100.3	655.5
1.2.3 Currency & Deposits	1 370.8	868.8	1 565.7	1 036.7	1 904.1	1 210.2	1 901.4	1 442.7	1 704.3	1 230.1
1.2.4 Other Assets	833.3	828.4	808.4	1 111.3	923.2	942.0	921.3	940.9	921.3	941.7
<b>C. Reserves</b>	<b>43.6</b>	<b>330.8</b>	<b>0.0</b>	<b>442.0</b>	<b>0.0</b>	<b>- 205.2</b>	<b>0.0</b>	<b>- 840.5</b>	<b>0.0</b>	<b>- 77.8</b>
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	43.6	330.8	0.0	442.0	0.0	- 205.2	0.0	- 840.5	0.0	- 77.8
1.2.1 Special Drawing Rights	0.0	330.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Bank of Jamaica	43.6	0.0	0.0	442.0	0.0	- 205.2	0.0	- 840.5	0.0	- 77.8
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
<b>Net Errors &amp; Omissions</b>	<b>139.2</b>	<b>0.0</b>	<b>176.7</b>	<b>0.0</b>	<b>370.2</b>	<b>0.0</b>	<b>0.0</b>	<b>- 108.1</b>	<b>- 570.8</b>	<b>0.0</b>

1/ Revised

2/ Provisional

## APPENDIX IV

<b>BALANCE OF PAYMENTS ANALYTIC SUMMARY</b>					
<b>(US\$MN)</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>1/ 2012</b>	<b>2/ 2013</b>
<i>Balance of Trade</i>	-3 087.9	-3 269.5	-4 111.7	-3 903.9	-3 797.0
<i>Services</i>	769.9	811.0	667.5	517.2	598.4
<i>Net Goods &amp; Services</i>	-2 318.0	-2 458.5	-3 444.2	-3 386.7	-3 198.6
<i>Income</i>	- 667.9	- 486.4	- 459.4	- 224.9	- 333.6
<i>Private Current Transfers (net)</i>	1 714.5	1 815.7	1 848.4	1 918.5	1 961.2
<i>Official current Transfers (net)</i>	143.9	194.3	141.3	192.7	259.3
<i>Capital Transfers</i>	20.7	- 22.1	- 9.1	- 26.2	- 12.8
<i>Financial Account</i>	1 106.7	957.0	1 923.0	1 526.5	1 324.5
<i>Net Errors &amp; Omissions</i>	127.6	176.7	370.3	- 108.1	- 570.8

Source: Bank of Jamaica

1/ Revised

2/ Provisional

## APPENDIX V

<b>SELECTED BALANCE OF PAYMENTS INDICATORS</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>1/ 2012</b>	<b>2/ 2013</b>
<i>Current Account/GDP</i>	- 9.3	- 7.1	- 13.2	- 10.1	- 9.2
<i>NIR</i>	1 729.4	2 171.4	1 966.1	1 125.6	1 047.8
<i>Gross Reserves (Central Bank)</i>	1 751.9	2 979.1	2 820.4	1 980.8	1 817.6
<i>Gross Foreign Liabilities (Central Bank)</i>	22.5	807.8	854.3	855.2	769.7
<i>Gross Reserves in Wks of Imports of Goods &amp; Services</i>	14.2	20.2	18.8	13.7	13.0
<i>Goods Imports/GDP</i>	37.1	34.8	39.7	38.0	38.1
<i>Goods &amp; Services Imports/GDP</i>	52.6	48.5	53.1	52.7	52.6
<i>Goods Exports/GDP</i>	11.5	10.1	10.9	11.7	11.5
<i>Goods &amp; Services Exports/GDP</i>	33.4	30.0	28.9	29.8	30.2
<i>Merchandise Trade/GDP</i>	48.6	44.8	50.9	49.7	49.6
<i>FDI/GDP</i>	4.5	1.7	1.5	3.2	4.7
<i>Debt Service/Goods &amp; Services Exports</i>	31.8	20.4	29.4	15.6	16.9
<i>Private Remittances/GDP</i>	16.3	15.7	14.7	14.8	15.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

## APPENDIX VI

<b>SERVICES ACCOUNT</b> <b>(US\$MN)</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>1/ 2012</b>	<b>2/ 2013</b>
<b>Services (Net)</b>	<b>769.9</b>	<b>811.0</b>	<b>667.5</b>	<b>517.2</b>	<b>598.4</b>
Inflows	2 650.6	2 633.9	2 610.2	2 693.4	2 665.4
Outflows	1 880.6	1 822.9	1 942.7	2 176.2	2 067.0
<b>1. Transportation</b>	<b>- 441.2</b>	<b>- 424.8</b>	<b>- 559.7</b>	<b>- 726.2</b>	<b>- 683.8</b>
Inflows	344.2	295.2	283.6	234.2	225.9
Outflows	785.4	720.0	843.2	960.3	909.7
<b>2. Travel</b>	<b>1 709.0</b>	<b>1 804.6</b>	<b>1 830.8</b>	<b>1 889.6</b>	<b>1 902.7</b>
Inflows	1 925.5	2 001.2	2 002.5	2 069.5	2 073.9
Outflows	216.4	196.6	171.7	179.8	171.2
<b>3. Other Services</b>	<b>- 497.9</b>	<b>- 568.8</b>	<b>- 603.7</b>	<b>- 646.3</b>	<b>- 620.4</b>
Inflows	380.9	337.5	324.1	389.7	365.6
Outflows	878.8	906.3	927.8	1 036.0	986.1

Source: Bank of Jamaica

1/ Revised

2/ Provisional

## APPENDIX VII

<b>OTHER SERVICES</b> (US\$MN)					
	2009	2010	2011	1/ 2012	2/ 2013
<b>Inflows</b>	<b>380.9</b>	<b>337.5</b>	<b>324.1</b>	<b>389.7</b>	<b>365.6</b>
Construction Services	0.0	0.0	0.0	0.0	0.0
Communication Services	151.1	129.0	114.5	75.8	54.2
Insurance Services	8.4	5.5	8.6	0.4	2.4
Financial Services	52.6	34.1	36.8	30.9	25.8
Computer & Information Services	36.6	38.4	38.5	34.2	35.1
Royalties & License Fees	9.1	4.9	3.9	4.0	5.0
Other Business Services	53.6	54.7	51.8	105.8	105.1
Personal, Cultural & Recreational Services	34.5	37.3	37.3	105.6	105.0
Government Services	35.0	33.6	32.8	33.0	33.0
<b>Outflows</b>	<b>878.8</b>	<b>906.3</b>	<b>927.8</b>	<b>1 036.0</b>	<b>986.1</b>
Construction Services	4.8	72.6	72.6	50.4	70.2
Communication Services	74.8	70.3	77.6	50.4	11.8
Insurance Services	154.2	152.2	142.7	167.0	140.5
Financial Services	46.3	47.1	39.5	39.6	39.5
Computer & Information Services	42.3	36.4	39.4	22.1	22.1
Royalties & License Fees	44.8	36.3	47.4	60.1	61.1
Other Business Services	445.2	420.2	432.5	542.2	547.5
Personal, Cultural & Recreational Services	9.8	13.5	13.9	29.9	29.6
Government Services	56.6	57.9	62.1	74.3	63.7
<b>Net Other Services</b>	<b>-497.9</b>	<b>-568.8</b>	<b>-603.7</b>	<b>-646.3</b>	<b>-620.4</b>

Source: Bank of Jamaica

1/ Revised

2/ Provisional

## APPENDIX VIII

<b>INCOME ACCOUNT</b> <b>(US\$MN)</b>					
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>1/ 2012</b>	<b>2/ 2013</b>
<b>A. Compensation of Employees</b>	<b>67.6</b>	<b>89.1</b>	<b>46.3</b>	<b>49.7</b>	<b>29.9</b>
Inflows	99.2	120.3	90.3	115.8	96.0
Outflows	31.6	31.2	44.0	66.1	66.2
<b>B. Investment Income</b>	<b>-735.6</b>	<b>-575.6</b>	<b>-505.7</b>	<b>-274.5</b>	<b>-363.5</b>
<b>Inflows</b>	<b>135.8</b>	<b>122.9</b>	<b>140.9</b>	<b>276.3</b>	<b>238.3</b>
Direct Investment	10.9	5.2	9.4	73.3	85.9
Portfolio Investment	71.2	71.6	78.3	56.8	55.9
Other Investment	53.7	46.2	53.3	146.2	96.6
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	26.5	22.8	21.2	16.2	12.2
- Other	27.2	23.3	32.1	130.0	84.4
<b>Outflows</b>	<b>871.3</b>	<b>698.5</b>	<b>646.6</b>	<b>550.9</b>	<b>601.8</b>
Direct Investment	231.8	118.8	62.5	190.4	228.6
Portfolio Investment	13.3	15.0	52.3	249.2	255.5
Other Investment	626.2	564.7	531.7	111.3	117.8
- Central Government	487.8	467.9	467.7	55.1	58.8
- Bank of Jamaica	0.0	7.1	14.5	10.2	13.1
- Government Guaranteed	38.3	6.1	9.4	1.1	1.6
- Other	100.2	83.6	40.1	45.0	44.4
<b>Net Income</b>	<b>-668.0</b>	<b>-486.5</b>	<b>-459.4</b>	<b>-224.9</b>	<b>-333.6</b>

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3/2012 and 2013 data adjusted to remove GOJ interest payments to residents

## APPENDIX IX

<b>CURRENT TRANSFERS</b> (US\$MN)					
	2009	2010	2011	1/ 2012	2/ 2013
<b>Total Receipts</b>	<b>1 858.4</b>	<b>2 010.0</b>	<b>1 989.8</b>	<b>2 111.3</b>	<b>2 220.5</b>
<b>A. General Government</b>	<b>143.9</b>	<b>194.3</b>	<b>141.3</b>	<b>192.7</b>	<b>259.3</b>
<b>B. Other Sectors</b>	<b>1 714.5</b>	<b>1 815.7</b>	<b>1 848.4</b>	<b>1 918.5</b>	<b>1 961.2</b>
Remittance Companies	1 525.8	1 613.9	1 714.8	1 758.2	1 760.6
Other Remittances	264.5	292.3	303.7	284.3	304.4
<b>Total Payments</b>	<b>263.6</b>	<b>282.9</b>	<b>287.6</b>	<b>270.7</b>	<b>243.2</b>
<b>A. General Government</b>	<b>12.0</b>	<b>15.6</b>	<b>7.8</b>	<b>2.5</b>	<b>2.5</b>
<b>B. Other Sectors</b>	<b>251.6</b>	<b>267.2</b>	<b>279.8</b>	<b>268.2</b>	<b>240.7</b>
Remittance thru' Financial system	237.4	248.1	261.4	267.4	240.5
Other	14.2	19.1	18.4	0.7	0.2
<b>Net Current Transfers</b>	<b>1 594.8</b>	<b>1 727.1</b>	<b>1 702.2</b>	<b>1 840.6</b>	<b>1 977.3</b>

Source: Bank of Jamaica

1/ Revised

2/ Provisional

## APPENDIX X

<b>CAPITAL ACCOUNT</b> (US\$MN)					
	2009	2010	2011	1/ 2012	2/ 2013
<b>CAPITAL ACCOUNT</b>	<b>20.7</b>	<b>-22.1</b>	<b>-9.1</b>	<b>-26.2</b>	<b>-12.8</b>
<b>CAPITAL TRANSFERS</b>	<b>20.7</b>	<b>-22.1</b>	<b>-9.1</b>	<b>-26.2</b>	<b>-12.8</b>
GENERAL GOVERNMENT	45.3	4.2	29.0	5.9	18.9
INFLOWS	45.3	4.2	29.0	5.9	18.9
OUTFLOWS	0.0	0.0	0.0	0.0	0.0
OTHER SECTORS	-24.5	-26.3	-38.2	-32.1	-31.7
INFLOWS	18.9	17.1	17.1	17.1	17.1
OUTFLOWS	43.4	43.4	55.3	49.2	48.8
<b>ACQ./DISP. OF NON-PROD. NON-FIN. ASSETS</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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 & 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.

**Cost, Freight & Insurance (C.I.F.):** This classification measures the overall cost of a good delivered to the importing country's port.

**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 goods and services, income and current transfers.

**Current transfers:** The 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 (10.0 per cent or more of voting stock) of an enterprise located in another economy and has an effective voice in management.

**Extended Fund Facility (EFF):** The Executive Board of the IMF approved the four-year EFF arrangement for Jamaica on 01 May 2013. The EFF was established to provide assistance to countries: (i) experiencing serious payments imbalances because of structural impediments; or (ii) characterized by slow growth and an inherently weak balance of payments position. This facility has a longer engagement and repayment period compared to the previous Stand-by Arrangement (SBA) with the IMF. This programme is aimed at creating the conditions for sustained growth through a significant improvement in fiscal sustainability as well as price and non-price competitiveness.

**Free on Board (F.O.B.):** This classification measures the price of a traded good including its value and the costs associated with loading it on a ship or aircraft, but excludes international transportation (freight) costs, insurance and payments for other services involved in moving the good to the point of final consumption.

**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).

**Nominal Effective Exchange Rate (NEER):** This is the domestic exchange rate, expressed as the quantity of the foreign currency required to purchase a unit of domestic currency relative to a country's trading partners' exchange rate index.

**PetroCaribe Agreement:** PetroCaribe is an Agreement between Venezuela and 17 Caribbean territories to purchase oil on preferential terms. The Agreement, which began in 2005, allows beneficiary nations to buy oil at market value and pay a percentage of the cost within 90 days. The balance can be paid over 17 to 25 years at interest rates ranging between 1%

and 2%. As the price of oil increases, more financing is received, a longer tenor is accorded for repayment of the loan and the interest rate is lower. Jamaica's quota under the facility is 23 500 barrels per day.

**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.

**Standard International Trade Classification (S.I.T.C.):** The SITC is a classification developed by the United Nations for statistical analysis of trade data. In the SITC, articles are grouped by classes of goods such as food, raw materials, chemicals, machinery and transport equipment and also by stage of fabrication and by industrial origin.