



BALANCE OF PAYMENTS OF JAMAICA 2014



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PREFACE

This report summarises the economic transactions between Jamaican residents and the rest of the world during 2014. The presentation of the accounts in the report conforms to the guidelines set out in the Fifth Edition of the BOP 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 Edition of the 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 - 2014

Jamaica's current account deficit (CAD) is estimated to have improved for the third consecutive year. The CAD for 2014 was estimated at US\$1 110.7 million or 8.0 per cent of GDP. This outturn represented an improvement of US\$203.7 million or 1.3 per cent of GDP, relative to the deficit recorded for 2013.

Similar to 2013, there were improvements on all sub-accounts, with the exception of the income sub-account. With respect to the goods sub-account, the outturn for 2014 partly reflected the continued impact of fiscal consolidation and exchange rate depreciation on the demand for some types of consumer goods and raw materials imports. In addition, the improvement in the goods sub-account reflected the fall in the price of oil.

Notwithstanding the improvement in the goods sub-account, there was a partly offsetting impact from a decline in exports¹. This primarily reflected lower exports of mineral fuel and machinery & transport equipment. The decline in mineral fuel exports reflected the reduction in oil prices on the international market as well as

weaker demand.

Contributing to the overall improvement in the CAD was an increase in net receipts from travel flows. This occurred in the context of a 3.7 per cent increase in foreign national stop-over arrivals, as well as an increase in cruise passenger arrivals by 10.5 per cent compared to 2013. Of note, the performance of service exports was sufficient to offset the impact of the decline in goods exports. Consequently, exports of goods and services increased by 1.8 per cent in 2014.

During 2014, the improvement in the current transfers sub-account was reflected in private sector inflows, which increased by 4.5 per cent compared to the previous period. In addition there was a decline of 5.4 per cent in outflows.

In contrast, the deficit on the income sub-account deteriorated, primarily reflecting higher outflows by foreign direct investment (FDI) companies. This impact was partially offset by an increase in the net flows from compensation of employees.

Jamaica's Terms of Trade improved in 2014, in contrast to the decline recorded in 2013. The

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

improvement was mainly due to lower import prices, particularly oil.

The deficit on the CA was financed primarily from private investments with official investments playing a smaller role. In particular, FDI's to Jamaica were estimated at US\$554.0 million, financing approximately a half of the CAD. This was marginally less than the investments in 2013, but more than twice the levels of the past three years. With respect to official investment, the Government raised US\$800.0 million in July 2014 to finance short-term debt payments. This was the largest single offer in Jamaica's history and contributed to a build-up of US\$953.3 million in the net international reserves (NIR) for 2014 compared to the draw-down in 2013.

The NIR stood at US\$2 001.1 million as at December 2014. Gross reserves amounted to US\$2 473.0 million, the equivalent of 18.4 weeks of projected goods and services imports.

2.0 STRUCTURE OF JAMAICA'S CURRENT ACCOUNT

The ratio of Jamaica's current account deficit to GDP averaged 11.2 per cent of GDP for the last decade (2005 – 2014) (see **Figure 1**). Of note, the ratio averaged 9.4 per cent over the past five years, and improved to an average of 8.8 per

Figure 1

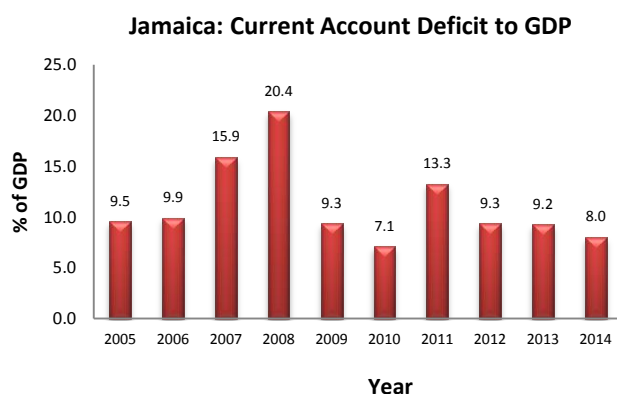
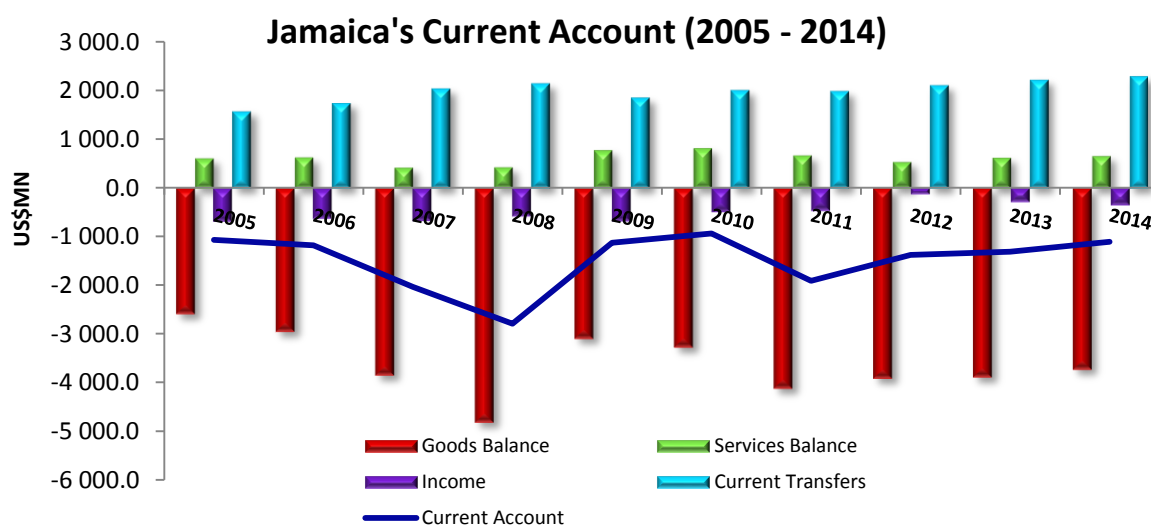


Figure 2



cent over the last three years.

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. Alumina, the primary traditional export, accounted for approximately 39.0 per cent of total exports, with average earnings of US\$729.8 million per year over the last decade. Of note, earnings from

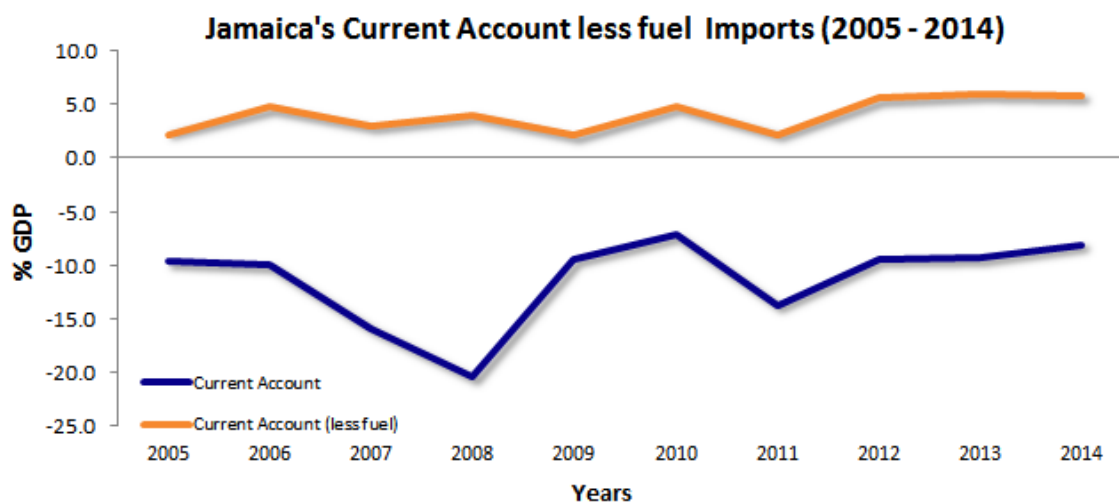
alumina averaged US\$509.0 million over the past five years.

The major items of imports have been raw materials and consumer goods for which the share of imports averaged 60.6 per cent and 29.0 per cent, respectively, over the last ten years. Fuel imports accounted for 54.9 per cent of raw material imports and 33.3 per cent of total imports. Capital goods accounted for 10.4 per cent of total imports. Abstracting for fuel imports, the current account over the past 10 years recorded an average surplus of 4.2 per cent of GDP (see **Figure 3**). This structure highlights

the fact that the Jamaican economy, in general, and the manufacturing sector in particular, continue to be heavily dependent on imported inputs, especially mineral fuel.

The services sub-account is predominantly comprised of earnings from the tourism sector while the current transfers sub-account mainly reflects remittances. Over the past 10 years, travel earnings averaged approximately US\$2.0 billion (14.1 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 – 2014

Jamaica's CAD is estimated to have improved by US\$203.7 million to US\$1 110.7 million or 8.0 per cent of GDP in 2014 (see **Table 1**). The

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

Table 1

SUMMARY OF BALANCE OF PAYMENTS (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
1. CURRENT ACCOUNT	-1 314.3	-1 110.7	203.7	- 15.5
% GDP	- 9.2	- 8.0	1.3	
A. GOODS BALANCE	-3 881.5	-3 717.7	163.7	- 4.2
Exports (f.o.b.)	1 580.5	1 482.2	- 98.3	- 6.2
Imports (f.o.b.)	5 462.0	5 199.9	- 262.0	- 4.8
B. SERVICES BALANCE	623.5	655.8	32.3	5.2
Transportation	- 689.5	- 698.8	- 9.4	1.4
Travel	1 901.1	2 066.8	165.7	8.7
Other Services	- 588.1	- 712.1	- 124.0	21.1
GOODS & SERVICES BALANCE	-3 258.0	-3 061.9	196.0	- 6.0
o/w Exports	4 246.9	4 324.1	77.2	1.8
C. INCOME	- 276.9	- 342.6	- 65.7	23.7
Compensation of Employees	29.9	35.5	5.6	18.8
Investment Income	- 306.8	- 378.1	- 71.3	23.2
D. CURRENT TRANSFERS	2 220.5	2 293.9	73.3	3.3
General Government	259.3	221.0	- 38.3	- 14.8
Other Sectors	1 961.2	2 072.8	111.6	5.7
2. CAPITAL & FINANCIAL A/C	1 314.3	1 110.7	- 203.7	- 15.5
A. CAPITAL ACCOUNT	- 12.8	- 27.6	- 14.8	115.4
Capital Transfers	- 12.8	- 27.6	- 14.8	115.4
General Government	18.9	4.1	- 14.8	- 78.2
Other Sectors	- 31.7	- 31.7	0.0	0.0
B. FINANCIAL ACCOUNT	1 327.2	1 138.3	- 188.9	- 14.2
Other Official Investments	516.6	883.6	366.9	71.0
Other Private Investments ^{3/}	732.8	1 208.0	475.2	64.8
Reserves ^{4/}	77.8	- 953.3		

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3/ Includes Errors & Omissions

4/ Minus denotes increase

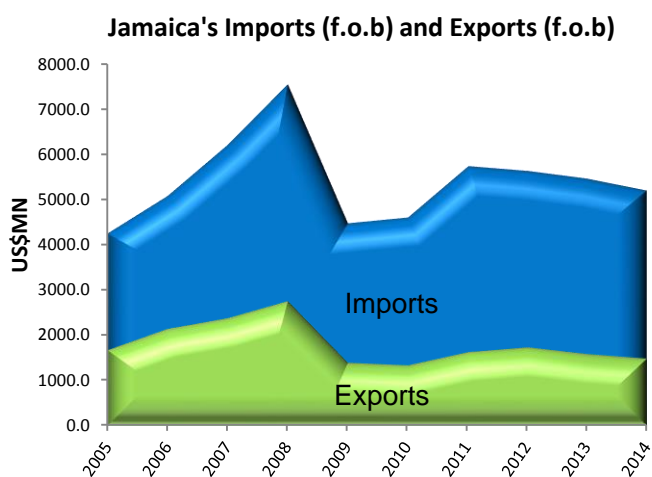
Sub-accounts

3.1 Goods Balance

Similar to 2013, there was a reduction in Jamaica's total merchandise trade (i.e. exports plus imports of goods (f.o.b.)) mainly due to a fall in imports. Merchandise trade declined by US\$360.3 million to US\$6 682.2 million (48.0 per cent of GDP) in 2014. Total trade in goods continued to be dominated by imports (see **Figure 4**).

The goods balance (exports minus imports or the merchandise trade deficit) recorded a deficit of US\$3 717.7 million (26.7 per cent of GDP), a decline of US\$163.7 million, relative to 2013 (see **Figure 5**). This reduction in the deficit reflected a contraction of US\$262.0 million in imports (f.o.b.) partly offset by a decline of US\$98.3 million in exports (f.o.b.).

Figure 4



Goods Exports

Total goods exports in 2014 amounted to US\$1 482.2 million (10.6 per cent of GDP) (see **Table 2**). *General Merchandise Exports*, valued at US\$1 300.4 million, accounted for the largest share of exports (87.7 per cent). *Goods Procured in Ports* by foreign carriers declined marginally to US\$180.5 million.

The contraction in the value of exports largely reflected declines of US\$82.8 million, US\$17.6 million and US\$9.0 million in *Non-Traditional Exports*, *Re-exports* and *Other Traditional Exports*, respectively (see **Table 3**). Notwithstanding, the overall decline in exports, earnings from the major traditional exports increased in 2014.

Figure 5

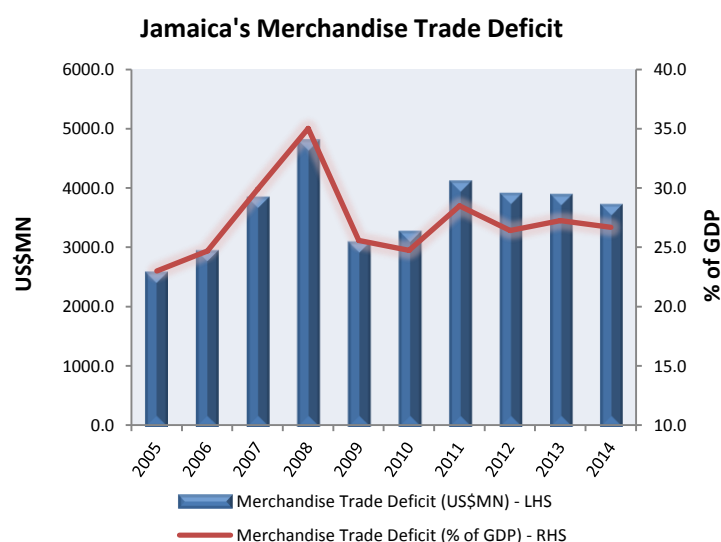


Table 2

VALUE OF EXPORTS (US\$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
SITC SECTIONS				
0. Food	243.2	240.3	- 2.9	- 1.2
Bananas	0.1	0.0	- 0.1	- 100.0
Citrus & citrus products	3.7	2.0	- 1.7	- 46.2
Sugar & sugar preparations	53.2	55.8	2.6	4.9
Other	186.3	182.5	- 3.8	- 2.0
1. Beverages & tobacco	83.2	80.0	- 3.2	- 3.8
Rum	48.2	44.7	- 3.5	- 7.2
Tobacco & tobacco products	0.0	0.0	0.0	- 60.5
Other	34.9	35.3	0.3	1.0
2. Crude materials	685.6	700.3	14.7	2.1
Bauxite	128.0	131.2	3.2	2.5
Alumina	523.7	529.4	5.7	1.1
Other	33.9	39.6	5.7	16.9
3. Mineral fuels	169.1	157.0	- 12.1	- 7.2
4. Animal & vegetable oils & fats	0.4	0.4	0.0	1.8
5. Chemicals	113.4	28.2	- 85.2	- 75.2
6. Manufactured goods	33.2	50.5	17.4	52.3
7. Machinery & transport equip.	38.9	21.8	- 17.1	- 43.9
8. Misc. manufactured goods	24.2	16.4	- 7.9	- 32.5
9. Misc. commodities	6.8	6.5	- 0.3	- 4.6
A. TOTAL GENERAL EXPORTS	1 398.2	1 300.4	- 97.8	- 7.0
B. FREE ZONE EXPORTS	0.0	0.0	0.0	-
C. GOODS PROCURED IN PORTS	182.3	180.5	- 1.8	- 1.0
TOTAL EXPORTS (F.O.B.)	1 580.5	1 482.2	- 98.3	- 6.2

Source: Bank of Jamaica

1/ Revised

2/ Estimates

The decline in earnings from *Non-Traditional* exports primarily reflected a reduction of US\$85.2 million in *Chemical* exports associated with the reduction of ethanol processing, due to unfavourable world market conditions. The reduction of *Other Traditional Exports* mainly reflected reductions in *Rum* and *Coffee* exports of US\$3.5 million and US\$3.2 million,

respectively. The decline in Re-Exports was reflected mainly in the contraction of US\$16.5 million in *Machinery and Transport Equipment* exports (See **Table 2**).

Table 3

TRADITIONAL & NON-TRADITIONAL EXPORTS (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
GENERAL MERCHANDISE EXPORTS	1 398.2	1 300.4	- 97.8	- 7.0
DOMESTIC EXPORTS	1 317.1	1 236.9	- 80.2	- 6.1
Major Traditional Exports	704.9	716.5	11.5	1.6
Bauxite	128.0	131.2	3.2	2.5
Alumina	523.7	529.4	5.7	1.1
Sugar	53.2	55.8	2.6	4.9
Bananas	0.1	0.0	- 0.1	- 100.0
Other Traditional Exports	74.7	65.7	- 9.0	- 12.0
Citrus	3.7	2.0	- 1.7	- 46.2
Cocoa	1.4	2.1	0.7	54.0
Coffee	19.5	16.3	- 3.2	- 16.4
Pimento	1.9	0.6	- 1.3	- 69.7
Rum	48.2	44.7	- 3.5	- 7.2
Gypsum	0.0	0.0	0.0	-
Non Traditional Exports	537.5	454.7	- 82.8	- 15.4
RE-EXPORTS	81.2	63.6	- 17.6	- 21.7
FREEZONE EXPORTS	0.0	0.0	0.0	-
GOODS PROC. IN PORTS	182.3	180.5	- 1.8	- 1.0
GRAND TOTAL	1 580.5	1 482.2	- 98.3	- 6.2

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Major Traditional Exports

Bauxite & Alumina

For 2014, earnings from alumina, bauxite and sugar exports rose by 1.1 per cent, 2.5 per cent and 4.9 per cent, respectively. The growth in earnings from alumina exports reflected an increase of 5.8 per cent in the average realized price (ARP), the impact of which was partly offset by a fall of 4.5 per cent in export volumes (see Table 4). The increase in the price of alumina mainly reflected the impact of a ban on

exports of bauxite by Indonesia. Global demand for alumina was also generally stronger in 2014 compared to 2013 given stronger growth in countries such as the USA.

Notwithstanding the increase in alumina earnings there was a decrease in operating capacity of the local producers. Specifically, Jamaica's operating capacity at the Jamalco plant fell by 0.7 per cent to 87.8 per cent for the review period. The reduced capacity was largely

associated with a shutdown of plant activities to facilitate maintenance of major equipment. This impact was partially offset by the increased capacity utilization at the Windalco plant of 0.5 per cent.

With respect to bauxite exports, the increase in the earnings largely reflected an expansion of 2.3 per cent in volumes as well as a rise in the ARP of 0.3 per cent. Growth in total bauxite production reflected expansion to 91.9 per cent from 89.6 per cent in the capacity utilization rate for the Noranda plant.

Sugar

Earnings from sugar exports increased by 4.9 per cent to US\$55.8 million in 2014 (see **Table 4**). This

expansion reflected an increase of 22.6 per cent in export volumes, in addition to a decline of 14.4 per cent in the ARP. There was increased sugar production primarily from interventions in the industry such as the cane expansion fund² as well as investments in the field and factory rehabilitation that began in the previous year. The reduction in the price of sugar was against the backdrop of a general decline in world commodity prices and lower demand for sugar in key territories like China.

Other Traditional Exports

The performance of other traditional exports was generally weak. Cocoa was the only crop in this category to have recorded an increase (see **Table 3**).

Table 4

MAJOR TRADITIONAL EXPORT COMMODITIES				
	2013 ^{1/}	2014 ^{2/}	Change %	Change
B A U X I T E				
VOLUME ('000 tonnes)	4 706.4	4 812.5	106.2	2.3
VALUE (US\$M N)	128.0	131.2	3.2	2.5
PRICE (US\$/tonne)	27.2	27.3	0.1	0.3
A L U M I N A				
VOLUME ('000 tonnes)	1 881.9	1 797.7	- 84.2	- 4.5
VALUE (US\$M N)	523.7	529.4	5.7	1.1
PRICE (US\$/tonne)	278.3	294.5	16.2	5.8
S U G A R				
VOLUME ('000 tonnes)	61.6	75.5	13.9	22.6
VALUE (US\$M N)	53.2	55.8	2.6	4.9
PRICE (US\$/tonne)	863.5	739.2	- 124.3	- 14.4

1/ Revised

2/ Estimates

² This fund was created by the Ministry of Agriculture to provide cane farmers with grant and loan funding, to assist them in improving the efficiency and productivity of their farms.

Other Domestic Exports

Earnings from *Other Domestic Exports* declined by US\$97.9 million (7.0 per cent) to US\$1 300.4 million, relative to 2013 (see **Table 5**). The reduction mainly reflected lower earnings from *Chemicals, Machinery & Transport Equipment* and *Mineral Fuel* exports, the impact of which was partly offset by increases in exports of *Manufactured Goods* and *Crude Materials*. The main contributor to the decline in *Machinery & Transport Equipment* was waste and scrap batteries, while the reduction in oil prices was the primary reason for the decline in the value of *Mineral Fuel* exports. For *Chemical* exports, the reduction reflected reduced exports of ethanol, due to the loss of preferential access to overseas markets.

Of note, there was an increase in *Crude Materials* reflecting increased clinker exports due to the trade compensation mechanism under the PetroCaribe Energy Cooperation Agreement with Venezuela. This agreement allows Jamaica to settle part of its oil debt through exports of other commodities.

Trend in Goods Exports

The performance of exports in 2014 represented a continuation of the trend seen over the last three years where exports as a per cent of GDP remained relatively flat (see **Figure 7**). Following the sharp fall in 2009 to 11.5 per cent of GDP, exports as a per cent of GDP remained relatively low as the two alumina companies have remained closed. In addition, the price of

Table 5

OTHER DOMESTIC EXPORTS BY S.I.T.C (US\$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
0. Food	243.2	240.3	-2.9	-1.2
Citrus & citrus products	3.7	2.0	-1.7	-46.2
Other	239.5	238.3	-1.2	-0.5
1. Beverages & Tobacco	83.2	80.0	-3.2	-3.8
Rum	48.2	44.7	-3.5	-7.2
Tobacco & tobacco products	0.0	0.0	0.0	-60.5
Other	34.9	35.3	0.4	1.0
2. Crude Materials	685.6	700.3	14.7	2.1
3. Mineral Fuels	169.1	157.0	-12.1	-7.2
4. Animal & Vegetable Oils & Fats	0.4	0.4	0.0	1.8
5. Chemicals	113.4	28.2	-85.2	-75.2
6. Manufactured Goods	33.2	50.5	17.3	52.3
7. Machinery & Transport Equip.	38.9	21.8	-17.1	-43.9
8. Miscellaneous Manufactured Goods	24.2	16.4	-7.8	-32.5
9. Miscellaneous Commodities	6.8	6.5	-0.3	-4.6
TOTAL	1 398.0	1 301.4	-96.7	-6.9

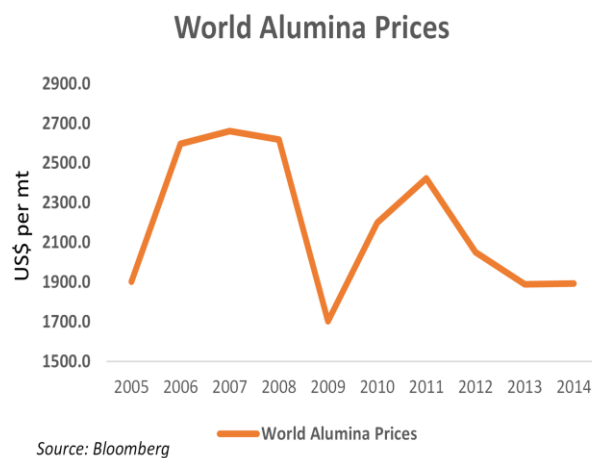
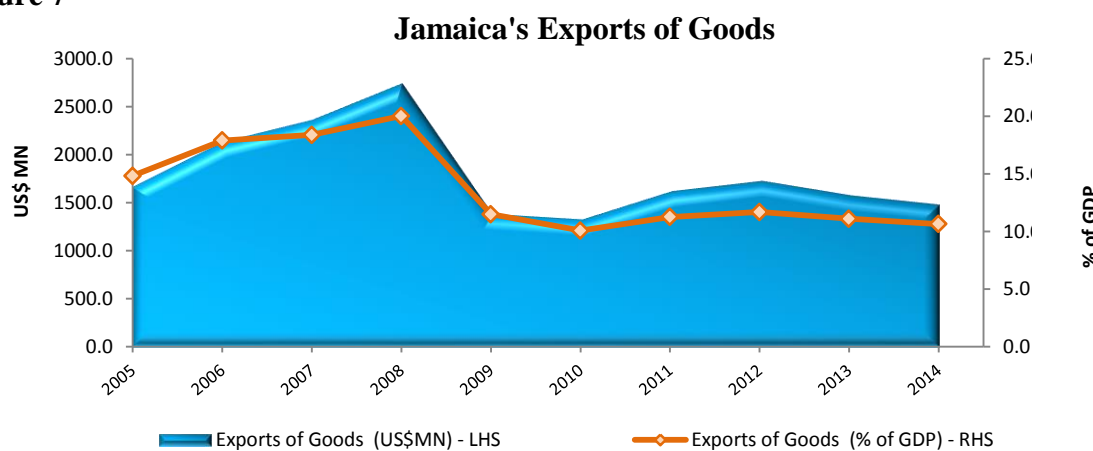
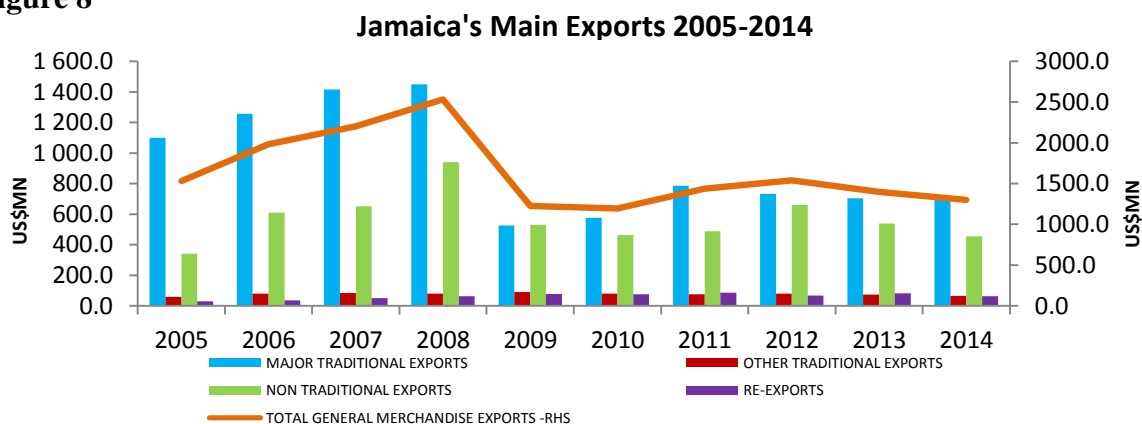
Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

aluminium, the value added from alumina, has remained depressed since 2009 (see **Figure 6**).

Non-traditional exports have not responded to the overall gains in Jamaica's external price competitiveness since the inception of the EFF and the improvement in the ease of doing business as measured by the World Bank.³ This category of exports recorded a second consecutive year of decline in 2014 mainly reflecting the aforementioned fall in exports of mineral fuels and ethanol (see **Figure 8**).

Figure 6**Figure 7****Figure 8**

³ Jamaica improved its rank to 58 out of 189 countries in the 2015 doing business report at www.doingbusiness.org.

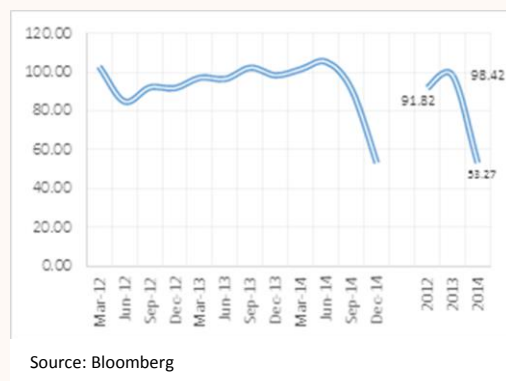
Box 1: THE INTERNATIONAL OIL MARKET: RECENT DEVELOPMENTS AND THE IMPACT ON JAMAICA'S BALANCE OF PAYMENTS

Overview

The price of the West Texas Intermediate (WTI) crude oil as at end-2014 was US\$53.27 per barrel, a decline of 45.9 per cent when compared to end-2013 (see **Figure 1**). This significant fall was largely attributed to the impact of increased production globally which led to a surge in supplies in the market. Other factors contributing to the decline include the reduction in market prices by Saudi Arabia to some of its key export countries as well as the decision by the Organization of the Petroleum Exporting Countries (OPEC) to maintain production levels amid an already oversupplied market.

The decline in crude oil prices, particularly during the latter half of 2014, had a varying impact on many advanced and emerging economies. Against this background, this box seeks to highlight the impact of the reduction in global oil prices on the Jamaican economy with particular focus on the current account of the BOP.

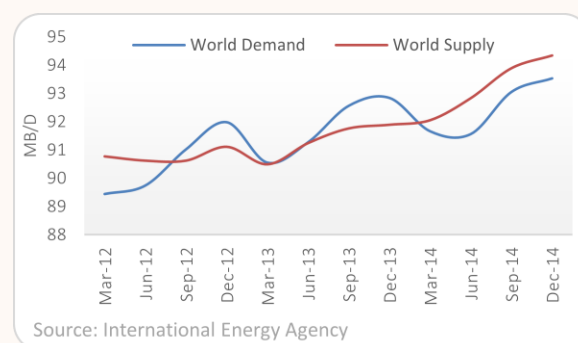
Figure 1: Quarterly and Annual Crude Oil Spot Price (End-of-Period) (US\$/bbl)



Developments in the Oil Market

Global supplies of crude oil have steadily increased since 2012 and have remained above global demand since the March 2014 quarter (see **Figure 2**). Notably, the demand for crude oil has also increased, but at a slower pace than observed in 2013 and slower than the growth in supplies in 2014. This moderation in demand was influenced by slower growth in some major advanced and emerging market economies such as Japan, the Euro area and China.

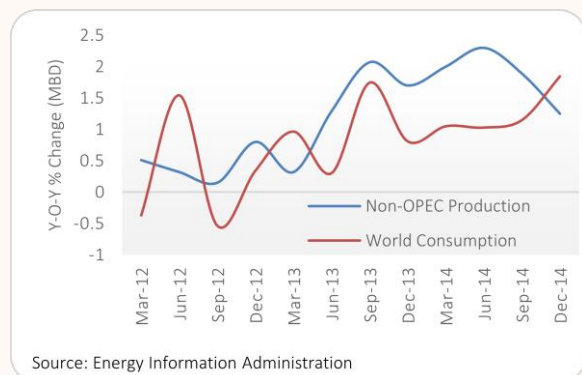
Figure 2: World Crude Oil Supplies vs. Demand



With regard to supplies, the expansion emanated from a confluence of factors, primarily increased production in non-OPEC countries, particularly the USA. The higher level of production in the USA has resulted from improvements in hydraulic fracturing technologies which has unlocked significant volumes of shale oil which was initially inaccessible. Consequently, the supply of crude oil from shale formations as at end-2014 was at the highest level in three decades. This resulted in production from non-OPEC countries surpassing global consumption for most of 2014 (see **Figure 3**).

Furthermore, the resumption of crude production at some of Libya's major oil fields, following years of civil unrest also contributed to increased global supplies.

Figure 3: Non-OPEC Production vs. World Consumption

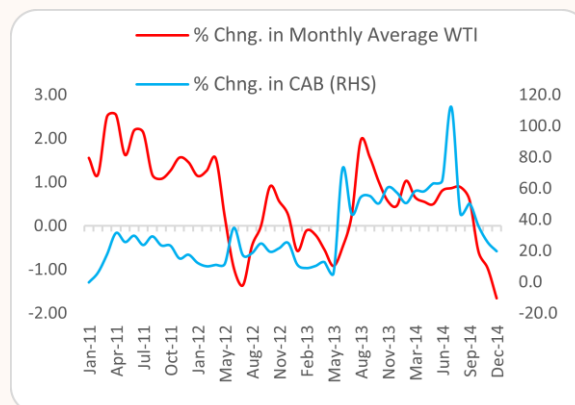


In response to a loss in market share arising from increased production of shale oil, Saudi Arabia cut its export prices to the Asian, European and USA markets over the period October to December 2014. The country also voted against a production cut by OPEC in November 2014, thus maintaining production levels at the ceiling of 30 million barrels per day. This further contributed to the sharp fall in prices.

Impact Assessment of Low Crude Oil Prices on the Balance of Payments (BOP)

Fuel imports generally account for a significant portion of Jamaica's import bill. Of note, over the past ten years, fuel imports, on average, accounted for approximately 33.0 per cent of the country's total import value. Therefore, fuel is an important element of the current account as evidenced by the general positive correlation between the current account and the change in oil prices on the international market (see **Figure 4**).

Figure 4: Monthly 12-Point Moving Averages of Per Cent Change in WTI and Current Account Balance



Variations in international crude oil prices are also captured in the current account as import inflation, which has implications for domestic price movements. In this regard, a scenario was done to assess the first-round impact of the sharp fall in international oil prices on the balance of payments. Under this scenario, fuel prices are assumed to average US\$52.48/bbl and US\$56.57/bbl for 2015 and 2016, respectively. The assumptions reflect a decline in the average price of crude oil by 43.6 per cent in 2015 relative to 2014 and a 7.8 per cent price increase in 2016 relative to 2015.

Using these assumptions for oil prices, the fuel bill is expected to improve by US\$640.8 million or 4.7 per cent of GDP for 2015 and to deteriorate by a marginal US\$54.4 million or 0.4 per cent of GDP for 2016. These improvements for 2015 would be mainly reflected in the goods & services balance, partly offset by deterioration in the income account.¹

With respect to the impact of low oil prices on GDP growth, empirical data have shown that a fall in oil prices does not result in a significant increase in GDP.

¹ The income account is expected to deteriorate reflecting higher imputed profit repatriation by the foreign direct investment companies.

Further, sensitivity analysis conducted by the IMF in 2014 using data for 2007 to 2014 showed no clear empirical links between global oil prices and Jamaican output. The fall in prices is however expected to have a strong downward pull on inflation.

Outlook on the Global Oil Market

The general consensus of the market is that prices within the range of US\$45 – US\$55 per barrel are unsustainable for an extended period. This is informed by estimates of both fiscal and private sector break even prices for oil in oil exporting countries, the threat of deflation in some major economies and the adverse impact on GDP growth in some countries. Therefore, it is a widely held view that oil prices will trend upwards in the medium term but at a tempered pace. Both upside and downside risks remain. Some factors that could lead to lower oil prices include:-

- I. Iran's resumption of crude oil exports.
- II. More efficient production of shale oil in the USA, which could further boost inventory levels. The International Energy Agency (IEA), in its Oil Market Report for February 2015 highlighted that the USA will be the largest contributor to global oil supplies through to 2020. This is in the context where OPEC's attempt to defend its market share will have a more adverse impact on other suppliers, such as Russia, leading to lower production; and
- III. Slower economic growth in major advanced and emerging market economies, in particular China, could lead to reduced demand for fuel. In addition, the impact of crude oil prices remaining low for an extended period, could result in economic contractions in most oil producing countries;

The factors supporting a possible upward trend include:-

- I. OPEC's decision to cut production levels in order to stem the adverse impact of low oil prices on revenues of member countries;
- II. Increased fuel demand from major economies as economic growth accelerates; and
- III. Geopolitical tensions in the Middle East which could disrupt supplies;

Conclusion

Given that Jamaica is heavily dependent on oil imports, low and stable prices are beneficial to the manufacturing and productive sectors. The Bank is sanguine that the fall in prices will contribute to macroeconomic stability through an improved current account balance, less demand for foreign currency and lower inflation. Any supply response, however, will depend on whether or not the fall in prices are deemed to be sustainable.

Imports

For 2014, there was a decline in imports, both in nominal terms and as a percentage of GDP. Total goods imports (c.i.f.) in 2014 were valued at US\$5 909.0 million. This accounted for 42.4 per cent of GDP compared to 43.6 per cent in 2013 (see **Table 6**). *General Merchandise Imports* accounted for 98.8 per cent of Jamaica's import bill in 2014, while *Goods Procured in Ports* by foreign carriers accounted for 1.2 per cent.

The value of imports for 2014 represented a decline of 4.8 per cent relative to the previous year (see **Table 6** and **Figure 9**). This decline was dominated by contractions in spending on *Mineral Fuels* and *Chemicals*. In general, there were declines in all categories with the exception

of *Machinery & Transport*, *Miscellaneous Manufactured Goods*, *Manufactured Goods* and *Crude Materials*.

Of note, imports of *Mineral Fuels* declined by US\$240.4 million reflecting a reduction in both the volume imported and the reduced price of crude oil (see **Table 6** and **Figure 9**). The reduction in volumes possibly reflected the impact of weak economic activity and conservation measures, particularly in the transport sector. Notwithstanding the decline, mineral fuel remained the dominant category, accounting for 32.8 per cent of imports (see **Table 9**).

The reduction of US\$131.8 in *Chemical* imports

Table 6

VALUE OF IMPORTS BY SITC (C.I.F.) (US\$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
TOTAL GENERAL IMPORTS	6 129.9	5 838.2	- 291.6	- 4.8
0.FOOD	963.6	919.9	- 43.6	- 4.5
1.BEVER. & TOBAC.	77.1	72.7	- 4.4	- 5.7
2.CRUDE MATS.	56.0	64.0	8.0	14.2
3.MINERAL FUELS	2 176.7	1 936.3	- 240.4	- 11.0
4.ANI. & VEG. OIL	42.8	38.9	- 4.0	- 9.2
5.CHEMICALS	749.1	617.2	- 131.8	- 17.6
6.MANUF. GOODS	600.6	614.3	13.7	2.3
7.MACH. & TRANSP.	905.7	967.0	61.3	6.8
8.MISC. MANUF. GOODS	444.0	493.9	49.9	11.2
9.MISC. COMMODS.	114.3	114.0	- 0.3	- 0.2
FREEZONE	0.0	0.0	0.0	-
GOODS PROC. IN PORTS	78.8	70.7	- 8.1	- 10.2
GRAND TOTAL	6 208.7	5 909.0	- 299.7	- 4.8

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

mainly reflected a decline of ethanol feedstock, a key input in the production of ethanol. There was also a decline of US\$43.6 million in *Food* imports for 2014.

Imports of *Machinery & Transport Goods* and *Miscellaneous Manufactured Goods* increased by US\$61.3 million and US\$49.9 million, respectively. The increase in imports of machinery and transport goods mainly reflected higher imports of office machinery and road vehicles, possibly associated with the expansion of the Business Process Outsourcing (BPO) industry and the expansion of road infrastructure, respectively. There was also an increase of US\$13.7 million or 2.3 per cent in *Manufactured Goods*.

In terms of imports by economic function (end-use), Raw Materials and Consumer Goods were the major categories imported, accounting for 58.7 per cent and 31.0 per cent, respectively, of

the total import bill (see **Figure 9**). Consumer and Capital goods increased marginally for the review period while Raw Materials imports declined (see **Figure 10**). With respect to Consumer Goods, there was an increase of US\$43.4 or 2.5 per cent for 2014. For Capital Goods, there was an increase of US\$56.5 million or 10.5 per cent, which primarily reflected an increase of US\$27.0 million in machinery and equipment imports. This mainly reflected increased imports of telecommunication equipment and specialized machinery consistent with the expansion in the telecommunication and the BPO industry. Imports of Raw Materials, however, declined by US\$391.6 million, or 10.2 per cent, primarily as a result of a reduction of US\$240.9 million in the value of imported fuel.

In terms of *General Merchandise Imports*, Mineral Fuel remained the dominant category, accounting for 32.8 per cent of imports (see **Figure 9**).

Figure 9

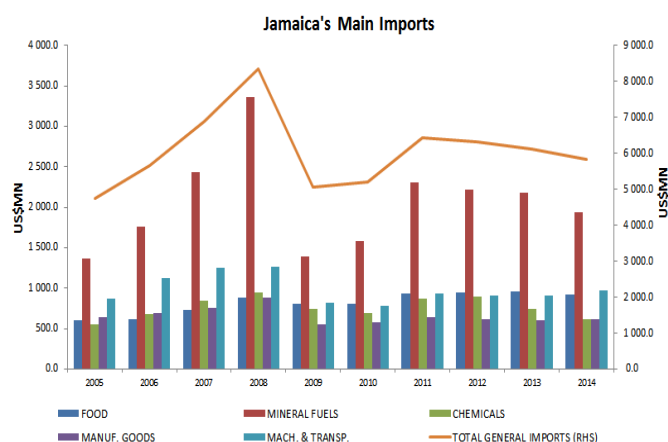
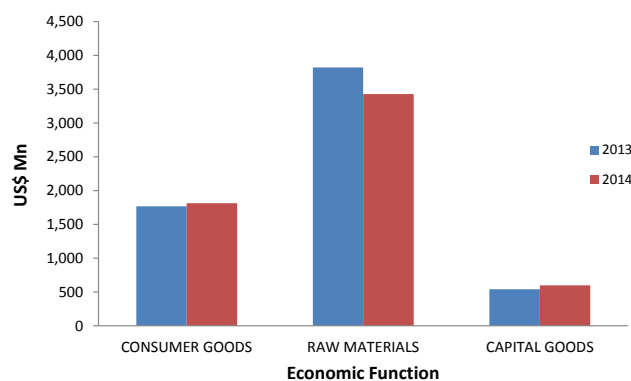


Figure 10

Imports by End-Use 2013 & 2014



3.1.1 Direction of Trade (General Merchandise)

The USA, CARICOM and the European Region (ER) remained Jamaica's main trading partners in 2014, together accounting for US\$4 193.8 million or 58.7 per cent of total merchandise trade⁴ (see **Figure 11 & Table 7**). This share, represented a slight increase of approximately 1.0 percentage points when compared with the share in 2013. These countries accounted for US\$816.1 million or 64.2 per cent of Jamaica's total export market while supplying US\$3 377.7

million or 57.9 per cent of Jamaica's imports (see **Tables 7 to 10**).

Figure 11

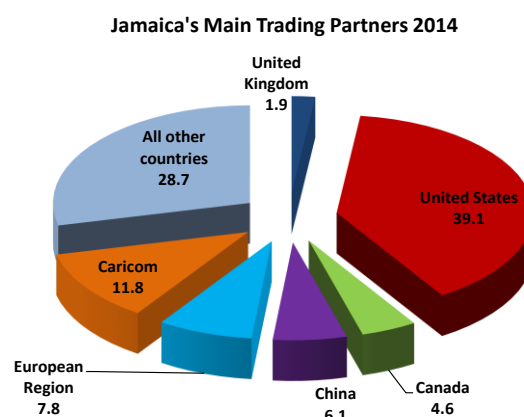


Table 7

VALUE OF TOTAL MERCHANDISE TRADE BY PRINCIPAL TRADING PARTNERS (US \$ MN)						
COUNTRY	2013 ^{1/}	% of Total	2014 ^{2/}	% of Total	Change	% Change
United Kingdom	149.9	2.0	137.5	1.9	- 12.4	- 8.3
United States	2 854.5	37.9	2 791.0	39.1	- 63.6	- 2.2
Canada	322.5	4.3	325.7	4.6	3.2	1.0
China	346.1	4.6	432.2	6.1	86.1	24.9
European Region ^	506.7	6.7	557.5	7.8	50.8	10.0
CARICOM	1 015.4	13.5	845.4	11.8	- 170.0	- 16.7
All other countries	2 332.9	31.0	2 049.5	28.7	- 283.5	- 12.1
TOTAL	7 528.0	100.0	7 138.6	100.0	- 389.4	- 5.2

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

^ Excluding the UK

⁴ 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	2013 ^{1/}	% of Total	2014 ^{2/}	% of Total	Change	% Change
United Kingdom	81.8	5.8	74.7	5.7	- 7.0	- 8.6
United States	766.7	54.8	542.6	41.7	- 224.2	- 29.2
Canada	221.8	15.9	219.6	16.9	- 2.2	- 1.0
China	14.8	1.1	38.1	2.9	23.3	157.4
European Region ^	209.1	15.0	192.0	14.8	- 17.1	- 8.2
CARICOM	67.4	4.8	81.5	6.3	14.1	20.9
All other countries	36.6	2.6	151.9	11.7	115.3	315.1
TOTAL	1 398.2	100.0	1 300.4	100.0	- 97.8	- 7.0

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

^ Excluding the UK

Table 9

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$ MN)						
COUNTRY	2013 ^{1/}	% of Total	2014 ^{2/}	% of Total	Change	% Change
United Kingdom	68.1	1.1	62.7	1.1	- 5.4	- 7.9
United States	2 087.8	34.1	2 248.4	38.5	160.6	7.7
Canada	100.7	1.6	106.1	1.8	5.4	5.3
China	331.3	5.4	394.1	6.8	62.8	19.0
European Region ^	297.6	4.9	365.5	6.3	67.9	22.8
CARICOM	948.0	15.5	763.9	13.1	- 184.1	- 19.4
All other countries	2 296.3	37.5	1 897.6	32.5	- 398.7	- 17.4
TOTAL	6 129.9	100.0	5 838.2	100.0	100.0	1.6

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

^ Excluding the UK

Table 10

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS (US\$ MN)					
COUNTRY	2013 ^{1/}	2014 ^{2/}	Change	%	Change
United Kingdom	13.6	12.0	- 1.6		- 11.9
United States	-1 321.1	-1 705.8	- 384.8		29.1
Canada	121.1	113.5	- 7.6		- 6.3
China	- 316.5	- 356.0	- 39.5		12.5
European Region ^	- 88.5	- 173.5	- 84.9		95.9
CARICOM	- 880.6	- 682.4	198.2		- 22.5
All other countries	-2 259.8	-1 745.7	514.0		- 22.7
TOTAL	-4 731.7	-4 537.8	193.9		- 4.1

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

^ Excluding the UK

USA

For 2014, the USA remained Jamaica's principal trading partner, accounting for 39.1 per cent of the country's general merchandise trade. This represented an increase in share from 37.9 per cent in 2013 (see **Table 7**). Imports from the USA, which mainly include food, machinery & transport equipment, chemicals and manufactured goods, accounted for 38.5 per cent of Jamaica's general merchandise purchases in 2014. On the other hand, exports to that market accounted for 41.7 per cent of Jamaica's general merchandise sales, relative to 54.8 per cent in 2013. These comprised mainly alumina, bauxite and miscellaneous manufactured goods.

The value of Jamaica's general merchandise imports from the USA increased by US\$160.6 million to US\$2 248.4 million in 2014 while exports to that market declined by US\$224.2 million (see **Tables 8 & 9**). In this context, Jamaica's merchandise trade deficit with the USA worsened by 29.1 per cent to US\$1 705.8 million in 2014, relative to the previous year (see **Table 10**).

European Region

Jamaica's trade deficit with the ER worsened in 2014 to US\$173.5 million from US\$88.5 million in 2013 (see **Table 10**). The outturn in 2014

primarily reflected a reduction of US\$17.1 million in exports and an increase of US\$67.9 million in imports (see **Tables 8 & 9**). In this context, the share of total merchandise trade accounted for by the EU increased to 7.8 per cent in 2014 from 6.7 per cent in 2013.

Exports to the ER accounted for US\$192.0 million or 14.8 per cent of Jamaica's total exports in 2014 and included alumina, sugar and rum (see **Table 8**). However, imports from the EU accounted for US\$365.5 million or 6.3 per cent of Jamaica's total imports and included machinery & transport goods, milk products, food and electronics (see **Table 9**).

United Kingdom

The value of imports from the United Kingdom (UK) declined by 7.9 per cent to US\$62.7 million for 2014, while exports declined by 8.6 per cent to US\$74.7 million (see **Tables 8 & 9**). Primary exports to the UK included sugar and rum. The share of Jamaica's merchandise trade with the UK fell to 1.9 per cent in 2014 from 2.0 per cent in 2013. Notably, Jamaica's trade surplus with the UK declined to US\$12.0 million in 2014, from US\$13.6 million in 2013 (see **Table 10**).

Canada

Jamaica's merchandise trade surplus with Canada declined by US\$7.6 million to US\$113.5 million in 2014 (see **Table 10**). This deterioration reflected a decrease of 1.0 per cent in exports to that destination in addition to an increase of 5.3 per cent in imports (see **Tables 8 & 9**). Against this background, the share of Jamaica's total merchandise trade with Canada rose to 4.6 per cent in 2014 from 4.3 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.

China

For 2014, Jamaica's merchandise trade deficit with China worsened by US\$39.5 million (see **Table 10**). Export earnings increased by US\$23.3 million to US\$38.1 million while imports increased by US\$62.8 million to US\$394.1 million (see **Tables 8 & 9**). China accounted for 2.9 per cent of Jamaica's exports in 2014, relative to 1.1 per cent in 2013, while its share of imports rose to 6.8 per cent in 2014 from 5.4 per cent in 2013. Jamaica's exports to China consisted mainly of alumina and scrap metals.

Venezuela

Jamaica's trade balance with Venezuela improved by US\$233.8 million, largely in the context of a US\$216.3 million decline in imports. Jamaica imported 6.8 million barrels of fuel under the PetroCaribe Agreement valued at approximately US\$634.3 million in 2014 (see **Box 2**). The decline in the value of imports could be attributed to the reduction in world crude oil prices for the review year.

Box 2: THE PETROCARIBE ENERGY COOPERATION AGREEMENT

This is a bilateral arrangement 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 1.0 per cent and 2.0 per cent. 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. At end-December 2014, Jamaica owed PDVSA, Venezuela's state-owned oil company, a sum of US\$2.9 billion.

Terms of the Petrocaribe Agreement			
Price per Barrel of Oil (USD)	Financed Portion	Interest Rate	Tenor (years)
15 - 19	5%	2%	17
20 - 21	10%	2%	17
22 - 23	15%	2%	17
24 - 29	20%	2%	17
30 - 39	25%	2%	17
40 - 49	30%	1%	25
50 - 79	40%	1%	25
80 - 99	50%	1%	25
100 - 149	60%	1%	25
150 or >	70%	1%	25

CARICOM Trade

There was a narrowing in Jamaica's trade deficit with the CARICOM region in 2014. In particular, the deficit decreased by US\$206.6 million to US\$674.6 million. The narrowing of the deficit primarily reflected a reduction in Jamaica's trade deficit with Trinidad & Tobago and Barbados to US\$578.4 million and US\$11.8 million, respectively, from US\$738.0 million and US\$55.6 million, respectively, in 2013 (see **Table 11**). This improvement largely reflected a fall in the value of imports from these countries during the year. In particular, the improvement in the trade deficit with Trinidad & Tobago reflected lower prices for petroleum and petroleum related products.

of the Eastern Caribbean states in 2014. Trinidad & Tobago remained Jamaica's main regional trading partner in 2014, and the improvement in the trade deficit occurred as imported petroleum and petroleum related product prices were lower in 2014.

Jamaica continued to run a trade surplus with most

Table 11

CARICOM TRADE (SELECTED COUNTRIES) (US\$ MN)						
Country	2013 ^{1/}			2014 ^{2/}		
	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Barbados	9.3	64.9	- 55.6	9.3	21.1	- 11.8
Guyana	7.4	47.2	- 39.7	12.2	49.6	- 37.4
Belize	3.1	19.9	- 16.8	7.0	16.1	- 9.1
St. Kitts & Nevis	2.4	0.1	2.3	5.5	0.2	5.3
Antigua & Barbuda	5.9	0.5	5.4	5.7	0.0	5.7
Montserrat	0.3	0.0	0.3	0.4	0.0	0.4
Trinidad & Tobago	16.3	754.3	- 738.0	17.8	596.2	- 578.4
Dominica	3.3	10.8	- 7.5	5.0	37.7	- 32.7
Grenada	2.7	0.5	2.3	2.3	0.8	1.5
St. Lucia	7.3	3.3	3.9	7.6	2.1	5.4
St. Vincent	1.8	0.3	1.5	2.3	0.1	2.2
Suriname	7.6	46.3	- 38.7	15.2	40.0	- 24.8
TOTAL	67.4	948.0	- 880.6	89.8	763.9	- 674.0

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Table 12

SERVICES ACCOUNT (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
SERVICES (NET)	623.5	655.8	32.3	5.2
In flows	2 666.3	2 844.7	178.4	6.7
Outflows	2 042.8	2 188.9	146.1	7.2
1. Transportation	- 689.5	- 698.8	- 9.4	1.4
In flows	227.4	216.3	- 11.1	- 4.9
Outflows	916.8	915.1	- 1.7	- 0.2
2. Travel	1 901.1	2 066.8	165.7	8.7
In flows	2 073.9	2 255.2	181.3	8.7
Outflows	172.8	188.4	15.6	9.0
3. Other Services	- 588.1	- 712.1	- 124.0	21.1
In flows	365.1	371.8	6.7	1.8
Outflows	953.2	1 083.9	130.7	13.7

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3.2 Services

Net earnings from *Services* increased by an estimated 5.2 per cent to US\$655.8 million in 2014 (see **Table 12**). The outturn primarily reflected a surplus of US\$165.7 million in *Travel*. The impact of this was partially offset by increases of US\$124.0 million and US\$9.4 million in the deficits on the *Other Services* and *Transportation* sub-accounts, respectively.

Transportation

The increase in the deficit on the transportation sub-account reflected a contraction of US\$11.1 million in gross receipts. This impact was partly offset by a reduction of US\$1.7 million in gross outflows notwithstanding the relatively

large reduction in imports for 2014. This is in a context where freight charges were higher for 2014. Of note, passenger fares paid by Jamaicans were marginally lower than the US\$215.5 million estimated in 2013 (see **Table 13**).

Travel

Net foreign exchange earnings from the tourism industry amounted to US\$2 066.8 million (14.5 per cent of GDP) in 2014 representing an increase of 8.7 per cent, relative to 2013 (see **Table 12** and **Table 14**). This improvement reflected a similar increase in gross receipts due to growth of 6.3 per cent in total visitor arrivals. Of note, stop-over arrivals by foreign nationals increased by 3.7 per cent

Table 13

TRANSPORTATION (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
TRANSPORTATION (NET)	-689.5	-698.9	-9.4	1.4
TOTAL RECEIPTS	227.4	216.3	-11.1	-4.9
Passenger fares	0.0	0.0	0.0	-
Freight	0.0	0.0	0.0	-
Other	227.4	216.3	-11.1	-4.9
TOTAL PAYMENTS	916.8	915.1	-1.7	-0.2
Passenger fares	215.5	212.8	-2.7	-1.2
Freight	684.6	694.3	9.6	1.4
Other	16.7	8.0	-8.7	-51.9

Source: Bank of Jamaica

1/ Revised

2/ Estimates

while cruise passengers and the armed forces increased by 10.5 per cent. The contribution of foreign nationals, non-resident Jamaicans and cruise passengers to total visitor arrivals was 55.1 per cent, 4.3 per cent and 40.6 per cent, respectively (see **Figure 12**). In 2013, the respective shares were 56.5 per cent, 4.5 per cent and 39.1 per cent.

Earnings from foreign nationals and cruise passengers accounted for 91.1 per cent and 5.5 per cent, respectively, of total earnings relative to 91.6 per cent and 4.8 per cent in 2013 (see **Figure 12**). On average, each foreign national stop-over visitor spent US\$121.3 per day in 2014 relative to US\$117.8 in 2013. On average, cruise visitors spent US\$86.8 per day in 2014, up from the US\$75.7 per day estimate in 2013.

Table 14

TOURIST EXPENDITURE (US \$ MN)				
	2013	2014	Change	% Change
Total Foreign National Stop-over Expenditure	1 900.4	2 053.9	153.5	8.1
Winter Expenditure	718.3	756.6	38.2	5.3
Summer Expenditure	1 182.0	1 297.3	115.3	9.8
Non-res. Jamaican Expenditure	74.6	77.4	2.8	3.8
Cruise passengers & Armed Forces	99.0	123.9	25.0	25.2
Total Expenditure	2 073.9	2 255.2	181.3	8.7
Less Jamaican Exp. Overseas	139.6	155.5	15.9	11.4
Less Exp. of Resident Workers Overseas	33.2	32.9	-0.3	-0.8
Net Expenditure	1 901.1	2 066.8	165.7	8.7

Source: Jamaica Tourist Board

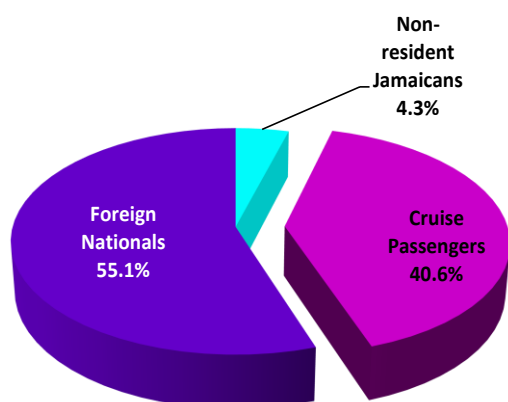
Table 15

VISITOR ARRIVAL STATISTICS ('000)				
	2013	2014	Change	% Change
Total Stop-Overs	2 008.4	2 080.2	71.8	3.6
Foreign Nationals	1 860.9	1 929.5	68.5	3.7
Long-Stay	1 802.4	1 874.1	71.7	4.0
Short-Stay	58.6	55.4	- 3.2	- 5.4
Non-resident Jamaican Stopovers	147.5	150.7	3.3	2.2
Cruise Passengers & Armed forces	1 288.2	1 423.8	135.6	10.5
TOTAL	3 296.6	3 504.0	207.4	6.3

Source: Jamaica Tourist Board

Figure 12

Visitor Arrivals to Jamaica 2014



Tourism Earnings to Jamaica 2014

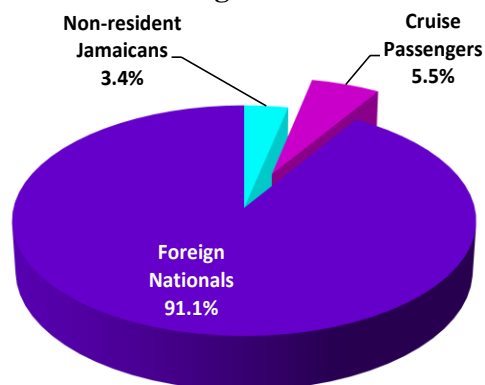
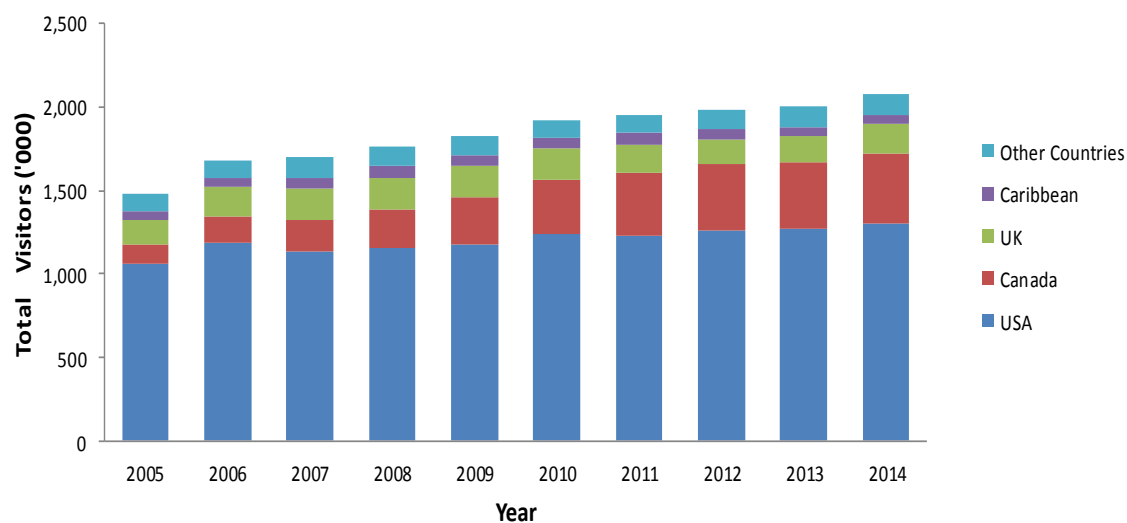
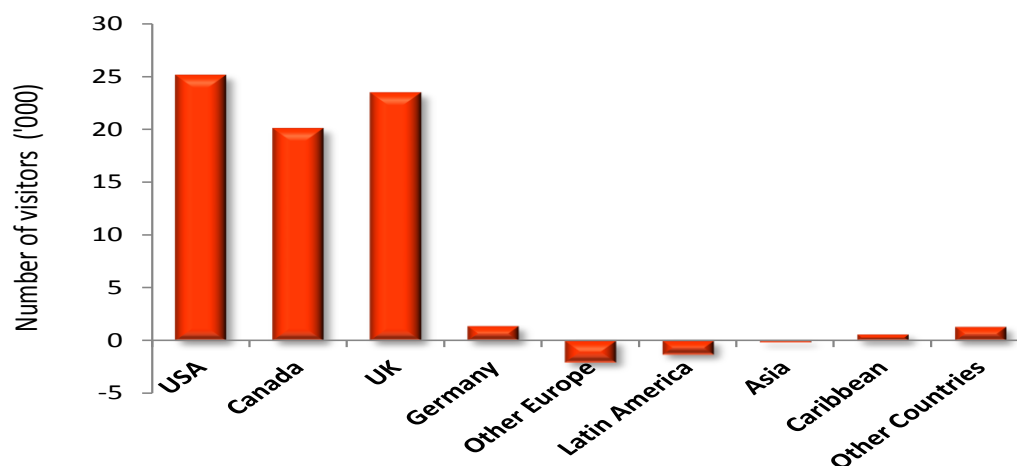


Figure 13**Stop-over arrivals by source country 2005-2014****Figure 14****Change in Stop-over Arrivals for Foreign Nationals 2013/2014**

Stop-over Arrivals

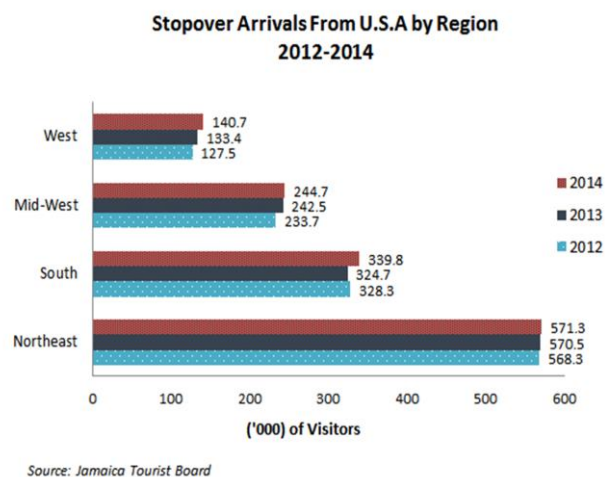
Source Markets

Preliminary data indicate that the USA, Canada and the UK were the principal sources of visitor arrivals to Jamaica in 2014 (see **Figure 14**). However, there were also expansions in arrivals from Germany and the Caribbean (see **Figure 13** and Appendix **VIII**).

USA

Provisional data indicate that stop-over arrivals from the USA, the island's largest source market, grew by 2.0 per cent in 2014, relative to the growth of 1.1 per cent recorded in 2013. This improvement may be attributed to a rebound from the impact of the February 2013 snowstorm which resulted in a cancellation of some flights. Of note, the areas that registered the largest growth in stop-over arrivals were the South and the Western Regions of the USA which grew by approximately 15 000 and 7 000 visitors respectively (see **Figure 15**). However, the majority of visitors continued to emanate from the Northeastern region of the USA. The number of visitors from this region increased marginally in 2014.

Figure 15



Canada

With regard to Canada, there was an increase of 5.2 per cent in arrivals largely due to the improved availability of airlift from Canada to Jamaica for 2014. Of note, there was increased frequency and capacity from the Sunwing and Westjet airlines to Jamaica. Canada remained Jamaica's second largest source market for tourism in 2014.

U.K.

Arrivals from the UK, Jamaica's third largest source market, rose by 17.1 per cent in 2014. This is in contrast to an average decline of 1.0 per cent over the previous five years. Of note there was an increase in the average length of stay for foreign national UK visitors to 14.8 nights in 2014. This is significantly higher than

the average of 8.7 nights for all visitors.

Other Europe

There was a marginal reduction of 3.1 per cent in arrivals from Other Europe, a reversal from the increase of 11.7 per cent recorded a year earlier. This was directly influenced by the slower economic activity in that region where the performance reflected reduced visitor arrivals from Spain and France whose economies were still recovering from the decline in 2011. There were cancellations of key flights such as Air France and Iberworld Airlines from France and Spain, respectively, as both airlines withdrew their services to Jamaica. Stop-over arrivals from France and Spain declined by 16.0 per cent and 1.2 per cent, respectively, for 2014.

Asia

Arrivals from Asia fell by 7.0 per cent in 2014 attributable to the relatively weak growth in the region.⁵ This decline was also affected by reduced flights arrangement of Air China for the year.

Latin and Central America

Visitor arrivals from Latin America declined by 4.2 per cent, even though there was a direct flight connection established with this market

through Copa Airlines in 2014. Specifically, visitor arrivals from Chile and Argentina, two of the major source markets in this region, declined by 4 527 visitors (9.6 per cent) and 4 037 visitors (12.7 per cent), respectively.

The performance of Central America was mixed. There were increased arrivals from Mexico and Panama of 12.6 per cent and 16.8 per cent, respectively. In contrast stop-over arrivals from Costa Rica stop-over arrivals declined by 764 visitors or 60.8 per cent. The efforts made to increase the performance of arrivals from this region in 2014 included increased participation in major trade events as well as maintaining higher visibility in these markets through an integrated promotional and communications programme.

Caribbean

Stop-over arrivals from the Caribbean increased by 1.4 per cent to 59 057 for 2014 representing the first growth recorded since 2011. The Cayman Islands, with 15 623 stop-overs, Trinidad & Tobago with 10 840, The Bahamas with 5 269 and Barbados with 4 321, continued to be the main source markets of Caribbean visitors to Jamaica. These countries combined contributed 36 053 stop-overs or 61.0 per cent of the total Caribbean arrivals for the review year.

⁵ The total for Asia is comprised of China, Japan, India and Korea.

Cruise Passengers

Cruise passenger arrivals increased by 10.5 per cent in 2014 when compared with 2013. The improvement principally reflected growth of 0.9 per cent in the number of passengers to the Montego Bay pier. The percentage change in ship calls to this port, however, remained flat. There were also increases of 21.4 per cent and 19.5 per cent in ship calls and passengers, respectively, to the Falmouth Pier. For the Ocho Rios port, there were increases of 6.5 per cent and 7.4 per cent in arrivals of passengers and number of calls, respectively.

For the review year, stop-over arrivals to Jamaica were above the average for selected Caribbean countries (see **Figure 16**). For cruise passenger arrivals, however, Jamaica's performance was in line with the average arrivals for the region (see **Figure 17**).

Figure 16

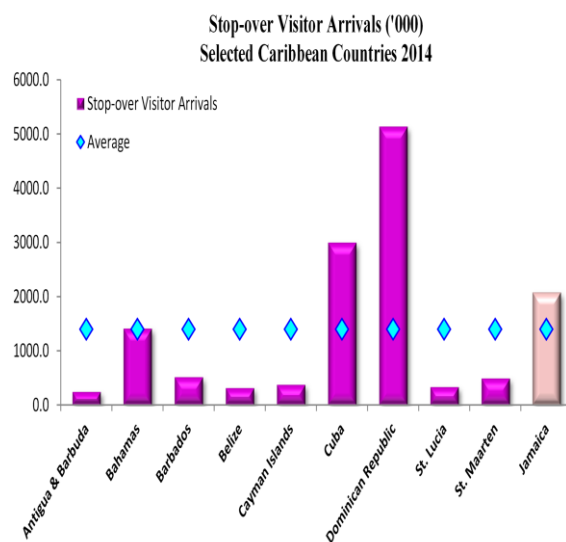
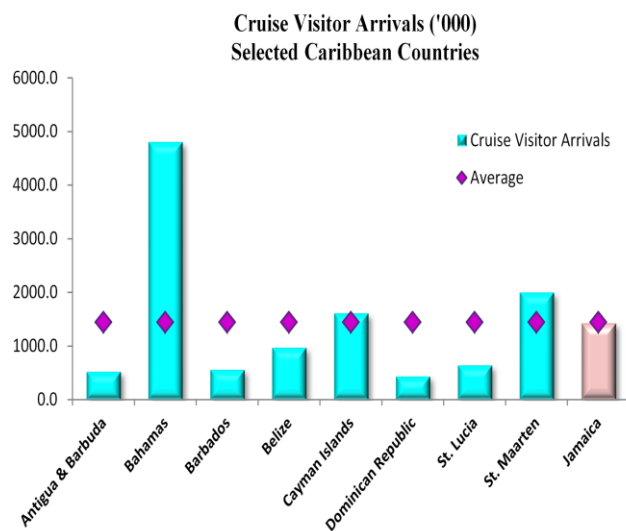


Figure 17



Other Services

The deficit on *Other Services* increased by US\$124.0 million in 2014, largely reflecting an increase of US\$130.7 million in gross outflows (see **Table 16**). The expansion in outflows primarily reflected higher payments for all services excluding Government Services. The impact of these higher payments was partially offset by an increase of US\$6.7 million in inflows.

Table 16

OTHER SERVICES (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
OTHER SERVICES (NET)	- 588.1	- 712.1	- 124.0	21.1
RECEIPTS	365.1	371.8	6.7	1.8
Communication Services	54.2	68.1	13.9	25.7
Insurance Services	2.4	2.8	0.4	17.8
Computer & Information Services	35.1	41.0	5.8	16.5
Other Business Services	105.1	105.8	0.7	0.7
Government Services	33.0	30.9	- 2.1	- 6.5
Other	135.3	123.2	- 12.1	- 8.9
PAYMENTS	953.2	1 083.9	130.7	13.7
Communication Services	11.8	27.4	15.6	132.6
Insurance Services	133.9	175.3	41.5	31.0
Computer & Information Services	22.1	23.9	1.8	8.2
Other Business Services	547.5	602.4	54.9	10.0
Government Services	63.7	50.6	- 13.1	- 20.6
Other	174.2	204.2	30.0	17.2

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3.3 Income

There was further deterioration of US\$65.7 million in the income sub-account for 2014. The widening of the deficit reflected an expansion of US\$71.3 million in the deficit on *Investment Income* which was partly offset by an increase of US\$5.6 million in *Compensation of Employees* (see **Table 17**).

The increased deficit on *Investment Income* primarily reflected a reduction of US\$56.4 million in *Direct Investments* inflows, as well as an increase of

US\$46.4 million in *Direct Investments* outflows. This occurred as a result of improved profitability for the bauxite/alumina sector for 2014, due to lower input costs, primarily fuel. Additionally, more dividend payments were made by conglomerates with overseas shareholders. With regard to the increase in net flows to *Compensation of Employees*, this primarily reflected lower outflows of US\$3.7 million.

Table 17

INCOME (US\$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
INCOME ACCOUNT (NET)	-276.9	-342.6	-65.7	23.7
INFLOWS	396.7	351.5	-45.2	-11.4
OUTFLOWS	673.6	694.1	20.5	3.0
1. Compensation of Employees	29.9	35.5	5.6	18.8
In flows	96.0	97.9	1.9	2.0
Outflows	66.2	62.4	-3.7	-5.6
2. Investment Income (net)	-306.8	-378.1	-71.3	23.2
Inflows	300.7	253.6	-47.1	-15.7
Direct Investment	159.0	102.6	-56.4	-35.5
Portfolio Investment	45.0	44.0	-1.0	-2.3
Other Investment	96.6	106.9	10.3	10.7
Central Government	0.0	0.0	0.0	-
Bank of Jamaica	12.2	12.3	0.1	0.9
Other	84.4	94.6	10.2	12.1
Outflows	607.4	631.6	24.2	4.0
Direct Investment	216.3	262.7	46.4	21.4
Portfolio Investment	273.4	258.6	-14.7	-5.4
Other Investment	117.8	110.3	-7.5	-6.3
Central Government	58.8	58.8	0.0	0.1
Bank of Jamaica	13.1	2.7	-10.4	-79.3
Government Guaranteed	1.6	4.5	2.9	186.5
Other	44.4	44.4	0.0	0.0

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3.4 Current Transfers

Net Current Transfers amounted to US\$2 293.9 million in 2014 representing an expansion of US\$73.3 million (see **Table 18**). This expansion reflected an increase in gross receipts as well as a reduction in payments.

Of note, gross inflows amounted to US\$2 522.6 million which was US\$61.5 million higher than in 2013. This outturn primarily reflected an increase of US\$96.0 million in private remittances. The impact of this was partially offset by a reduction of US\$37.1 million in

grant flows to the General Government. With respect to payments, this primarily reflected a reduction of private remittance outflows through the financial system.

The USA remained the dominant sender of private remittances in 2014 registering an increase to 59.7 per cent of total inflows from 59.4 per cent in 2013. Inflows from the UK increased to 16.1 per cent from 15.8 per cent. Canada remained the third largest source market, however, its share declined to 11.6 per cent from 11.9 per cent (see **Figure 18**).

Table 18

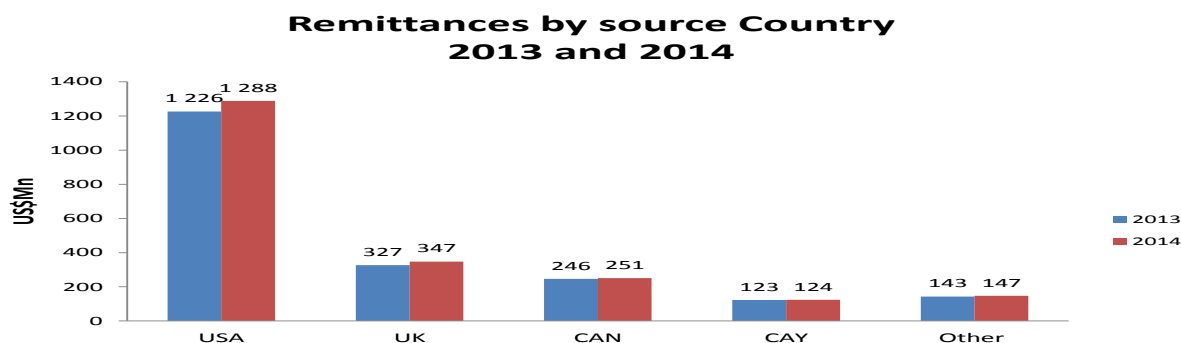
CURRENT TRANSFERS (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
NET CURRENT TRANSFERS	2 220.5	2 293.9	73.3	3.3
TOTAL RECEIPTS	2 463.7	2 525.2	61.5	2.5
GENERAL GOVERNMENT	261.8	224.7	- 37.1	- 14.2
OTHER SECTORS	2 201.9	2 300.5	98.6	4.5
Remittances thru' the Postal System	0.0	0.0	0.0	-
Remittances thru' the Financial System	304.4	301.2	- 3.2	- 1.0
Remittance Companies	1 760.6	1 855.8	95.3	5.4
Other Transfers	137.0	143.5	6.6	4.8
TOTAL PAYMENTS	243.2	231.3	- 11.9	- 4.9
GENERAL GOVERNMENT	2.5	3.7	1.1	45.1
OTHER SECTORS	240.7	227.7	- 13.0	- 5.4
Remittances thru' the Financial System	240.5	227.3	- 13.3	- 5.5
Other Transfers	0.2	0.4	0.3	163.9

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Figure 18



Source: Bank of Jamaica

4.0 CAPITAL AND FINANCIAL ACCOUNT

The capital account recorded a deficit of US\$27.6 million in 2014, relative to a deficit of US\$12.8 million in 2013. The deficit in 2014 largely reflected a decline of US\$14.8 million in General Government transfers (see **Table 19**).

For 2014, the financial account registered a surplus of US\$1 138.3 million, a decline of US\$188.9 million when compared with the previous year. Net official investment inflows increased by US\$366.9 million to US\$883.6 million, relative to 2013 (see **Table 19**). This

increase largely reflected growth of US\$669.7 million in gross official inflows, largely related to the US\$800.0 million bond raised on the international capital markets⁶ (see **Table 20**). Loan inflows through the PetroCaribe fund declined by US\$146.4 million to US\$326.1 million in 2014. This was largely due to the decline in crude oil prices which triggered lower loan inflows consistent with the PetroCaribe Arrangement.

Gross official outflows increased by US\$302.7 million, largely reflecting higher principal payments by the Central Government on its debt obligations, as well a build-up in Bank of

Table 19

CAPITAL AND FINANCIAL ACCOUNT (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
CAPITAL & FINANCIAL ACCOUNT (NET)	1 314.3	1 110.7	- 203.7	- 15.5
A. CAPITAL ACCOUNT	- 12.8	- 27.6	- 14.8	115.4
Capital Transfers	- 12.8	- 27.6	- 14.8	115.4
General Government	18.9	4.1	- 14.8	- 78.2
Other Capital Transfers	- 31.7	- 31.7	0.0	0.0
Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	-
B. FINANCIAL ACCOUNT	1 327.2	1 138.3	- 188.9	- 14.2
Official Investment	516.6	883.6	366.9	71.0
Private Investment ^{3/}	732.8	1 208.0	475.2	64.8
Change in Reserves (increase = minus)	77.8	- 953.3		

Source: Bank of Jamaica

1/ Revised

2/ Estimates

3/ Include errors & omissions

⁶ For 2014, inflows of US\$15.6 million, US\$168.3 million and US\$32.2 million were received from the World Bank, Inter-American Development Bank and the Caribbean Development Bank, respectively. In 2013, Jamaica received a total of US\$270.0 million from these multilateral institutions.

Jamaica liabilities by US\$115.9 million for 2014, consistent with the IMF programme (see **Table 20**).

Net private investment increased by US\$475.2 million in 2014 (see **Table 19**). This mainly reflected higher other private investment as portfolio investments remained relatively flat compared to 2013.

Consequent on the developments in the BOP, the net international reserves increased by US\$953.3 million to US\$2 001.1 million. This was a vast improvement when compared to the decline of US\$77.8 million in 2013. As at 31 December 2014, gross reserves amounted to US\$2 473.0 million, the equivalent of 19.6 weeks of goods and services imports (see **Figure 19**).

Table 20

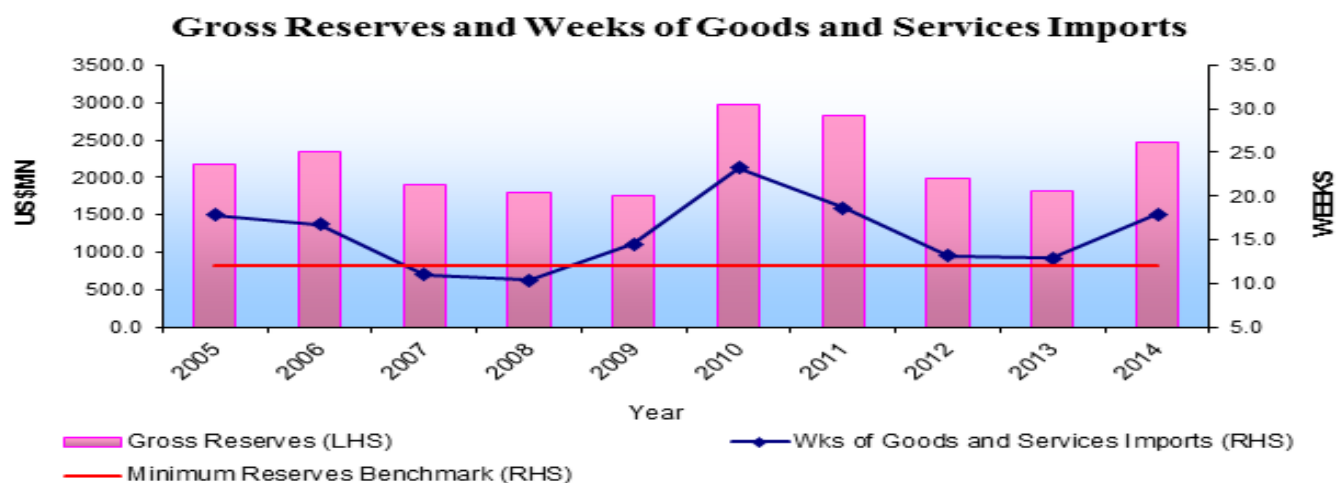
OTHER OFFICIAL INVESTMENT FLOWS (US \$ MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
NET OFFICIAL INVESTMENTS	516.6	883.6	366.9	71.0
GROSS OFFICIAL INFLOWS	1 451.7	2 121.3	669.7	46.1
Project Loans	312.2	279.4	- 32.8	- 10.5
Other Assistance	1 139.5	1 841.9	702.4	61.6
GROSS OFFICIAL OUTFLOWS	935.0	1 237.8	302.7	32.4
Government Direct	378.8	525.7	146.9	38.8
Bank of Jamaica	375.4	491.4	115.9	30.9
Other Official	180.8	220.7	39.9	22.1

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Figure 19



4.1 Foreign Direct Investment

Jamaica's Foreign Direct Investment (FDI) remained encouraging in 2014, albeit declining marginally to 4.0 per cent of GDP from 4.2 per cent in 2013. This mainly reflected reduced foreign investment in the Minerals & Chemicals, and Information Technology/Communication sectors (see **Table 21** and **Figure 20**). Investment in the tourism sector and infrastructural development remained buoyant. The overall outturn for 2014 reflected a doubling of the investment relative to the past three years (see **Figure 20**).

With respect to the Tourism sector, the expansion

primarily reflected increased capital expenditure by hotels for refurbishing and acquisition. During the year, Jamaica continued to benefit from investments by China Harbour in the country's infrastructure. In particular, there was continued investments in the Linstead to Moneague, Caymanas to Linstead and the Moneague to Ocho Rios legs of the North South Highway. The Linstead to Moneague leg of the Highway was opened in August 2014.

Table 21

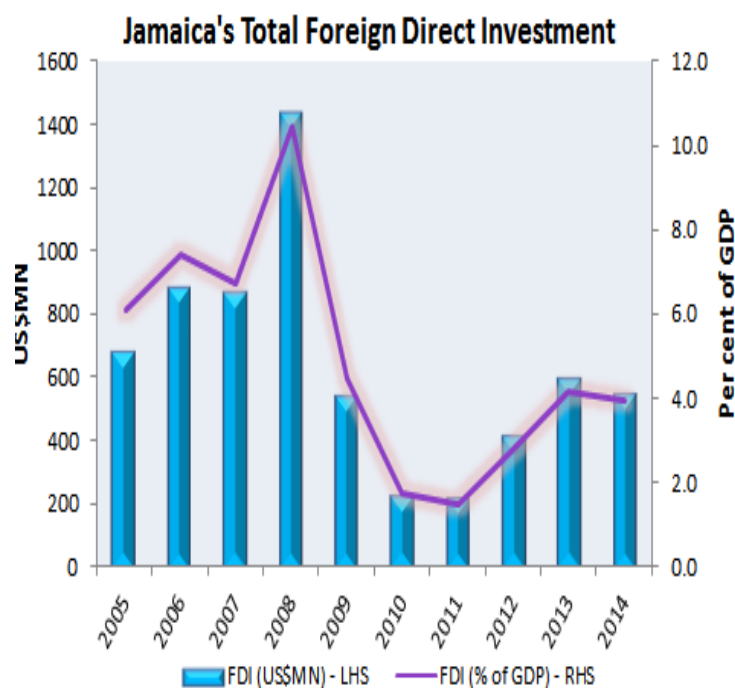
JAMAICA'S FDI BY SECTOR (US\$MN)				
	2013 ^{1/}	2014 ^{2/}	Change	% Change
Agriculture/Manufacturing/ Distribution	1.4	6.5	5.1	358.1
Information Tech/Communication	51.1	10.7	-40.4	-79.1
Minerals & Chemicals	56.9	0.0	-56.9	-100.0
Insurance	0.0	0.0	0.0	-
Tourism	103.8	124.8	21.0	20.2
Mining	28.3	25.8	-2.5	-8.9
Other	189.1	222.1	33.0	17.5
Sub-total	430.7	390.0	-40.7	-9.4
Retained Earnings	94.4	99.5	5.1	5.4
Divestment	67.9	64.6	-3.3	-4.8
TOTAL	592.9	554.0	-38.9	-6.5

Source: Bank of Jamaica

1/ Revised

2/ Estimates

Figure 20



From a global perspective, FDI declined by 16.0 per cent to US\$1.2 trillion in 2014, in contrast to the increase realized in 2013. However, inflows to developing economies increased by 2.0 per cent to US\$681.0 billion in 2014.

The decline in overall FDI flows globally was influenced mainly by the fragility of the global economy, increased geopolitical risks as well as policy uncertainty for global investors. For 2014, the value of greenfield projects remained relatively unchanged for both developing and developed economies.⁷

5.0 BALANCE OF PAYMENTS OUTLOOK

The deficit on the current account is forecast to further narrow in 2015 to register the fourth consecutive year of improvement. This performance is expected to reflect improvements on the balances of the goods and services as well as income sub accounts. The current transfers sub-account is forecast to show a slight deterioration as a result of lower official transfers.

The expected improvement on the goods balance should continue to reflect lower expenditure on imports given the impact of the on-going domestic fiscal consolidation and the fall in oil

prices. Also, exports should continue to reflect lower earnings, primarily due to the continued decline in oil prices which should have an adverse impact on mineral fuel exports.

The services balance is expected to record a sizeable improvement for 2015, relative to 2014. This will be influenced primarily by ongoing improvements in the USA, leading to higher earnings from travel.

The surplus on the current transfers sub-account is forecast to decrease in 2015 notwithstanding a projected increase in private remittances. The overall fall in the surplus is based on the expectations of continued decline in general government transfers.

Within the financial account, private capital flows are projected to be relatively flat compared to the flows in 2014. In particular, investments in existing legs of Highway 2000 are expected to continue at a similar pace to 2014, while a number of hotel projects are expected to be completed. Concurrently, the country should benefit from new investments in the Kingston Container Terminal as well as investments in renewable energy. Of note inflows from private

⁷ Source: World Investment Report 2014

investments in 2015 is expected to be more than sufficient to finance the current account.

Official investments are projected to increase since the Government is expected to source most of its financing needs on the international capital market. Inflows from the PetroCaribe Arrangement are, however, expected to fall consistent with the decline in oil prices.

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, the impact of adverse weather, and higher than anticipated FDI. 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

<u>Appendix</u>	<u>Title</u>
I.	Methodological Changes to the Balance of Payments Accounts: BPM 6 in Jamaica
II.	Balance of Payments Summary (2010 – 2014)
III.	Balance of Payments Standard Presentation (2010 – 2014)
IV.	Balance of Payments Analytic Summary (2010 – 2014)
V.	Selected Balance of Payments Indicators (2010 – 2014)
VI.	Total Non-Traditional Exports (2013 – 2014)
VII.	Services Account (2010 – 2014)
VIII.	Stop-over arrivals by country of origin (2013 – 2014)
IX.	Other Services (2010 – 2014)
X.	Income Account (2010 – 2014)
XI.	Current Transfers Account (2010 – 2014)
XII.	Capital Account (2010 – 2014)

APPENDIX I

Box 3: 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 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)	2014 Jan-Dec 1/
		Current Account Balance	-1,110.7
		<i>Credits</i>	7,202.1
		<i>Debits</i>	8,312.8
1. Current Account		Goods & Services	-3,062.0
A. Goods		<i>Credits</i>	4,325.4
Exports		<i>Debits</i>	7,387.4
Imports		Goods	-3,717.7
		<i>Exports</i>	1,482.2
B. Services		<i>Imports</i>	5,199.9
Transportation		Services	655.8
Travel		<i>Exports</i>	2,843.2
Other Services		<i>Imports</i>	2,187.4
C. Income		Primary Income	-342.6
Compensation of Employees		<i>Credits</i>	351.5
Investment Income		<i>Debits</i>	694.1
D. Current Transfers		Secondary Income	2,293.9
Official		<i>Credits</i>	2,525.2
Private		<i>Debits</i>	231.3
2. Capital & Financial Account		Capital Account	9.1
A. Capital Account		<i>Credits</i>	9.1
Capital Transfers		<i>Debits</i>	0.0
Official		Net lending (+) / net borrowing (-) (balance from current and capital account)	-1,101.6
Private			
Acq/Disp. of Non-produced Non-fin. Assets		Financial Account	-1,145.2
B. Financial Account		Net lending (+) / net borrowing (-) (balance from financial account)	-1,145.2
Direct Investment		Direct Investment	-556.3
Portfolio Investment		<i>Net acquisition of financial assets</i>	-2.1
Other Official Investment		<i>Net incurrence of liabilities</i>	554.1
Other Private Investment (incl. Errors & Omissions)		Portfolio Investments	-469.4
Reserves		<i>Net acquisition of financial assets</i>	316.3
		<i>Net incurrence of liabilities</i>	785.7
		Financial Derivatives	-178.1
		<i>Net acquisition of financial assets</i>	-221.0
		<i>Net incurrence of liabilities</i>	-42.9
		Other Investments	-597.8
		<i>Net acquisition of financial assets</i>	-315.5
		<i>Net incurrence of liabilities</i>	282.3
		Reserve Assets	656.3
		Net Errors and Omissions	-43.6
1/ Revised		1/ Revised	

APPENDIX II

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)					
	2010	2011	2012	2013 ^{1/}	2014 ^{2/}
CURRENT ACCOUNT	- 934.9	-1 913.8	-1 378.6	-1 314.3	-1 110.7
GOODS BALANCE	-3 269.5	-4 111.7	-3 903.9	-3 881.5	-3 717.7
EXPORTS (f.o.b.)	1 330.9	1 623.7	1 728.5	1 580.5	1 482.2
IMPORTS (f.o.b.)	4 600.4	5 735.3	5 632.4	5 462.0	5 199.9
SERVICES BALANCE	811.0	667.5	536.1	623.5	655.8
TRANSPORTATION	- 424.8	- 559.7	- 726.2	- 689.5	- 698.8
TRAVEL	1 804.6	1 830.8	1 889.6	1 901.1	2 066.8
OTHER SERVICES	- 568.8	- 603.7	- 627.4	- 588.1	- 712.1
INCOME	- 486.4	- 459.4	- 122.1	- 276.9	- 342.6
COMPENSATION OF EMPLOYEES	89.1	46.3	49.7	29.9	35.5
INVESTMENT INCOME	- 575.5	- 505.7	- 171.7	- 306.8	- 378.1
CURRENT TRANSFERS	2 010.0	1 989.8	2 111.3	2 220.5	2 293.9
OFFICIAL	194.3	141.3	192.7	259.3	221.0
PRIVATE	1 815.7	1 848.4	1 918.5	1 961.2	2 072.8
CAPITAL & FINANCIAL ACCOUNT	934.9	1 913.8	1 378.6	1 314.3	1 110.7
CAPITAL ACCOUNT	- 22.1	- 9.1	- 26.2	- 12.8	- 27.6
CAPITAL TRANSFERS	- 22.1	- 9.1	- 26.2	- 12.8	- 27.6
OFFICIAL	4.2	29.0	5.9	18.9	4.1
PRIVATE	- 26.3	- 38.2	- 32.1	- 31.7	- 31.7
ACQ/DISP OF NON-PRO NON FIN ASSETS	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT	957.0	1 923.0	1 404.9	1 327.2	1 138.3
OTHER OFFICIAL INVESTMENT	967.7	488.7	781.8	516.6	883.6
OTHER PRIVATE INVESTMENTS 3/	431.3	1 229.0	- 217.4	732.8	1 208.0
RESERVES 4/	- 442.0	205.2	840.5	77.8	- 953.3

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)										
	2010		2011		2012		1/ 2013		2/ 2014	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr
	- 934.9		-1 913.7		-1 378.6		-1 314.3		-1 110.7	
1. CURRENT ACCOUNT	6 500.9	7 435.9	6 742.4	8 656.1	7 288.1	8 666.7	7 107.3	8 421.6	7 202.1	8 312.8
A. Goods & Services	3 964.8	6 423.3	4 233.9	7 677.9	4 422.8	7 790.5	4 246.9	7 504.8	4 325.4	7 387.5
1. Goods	1 330.9	4 600.4	1 623.6	5 735.3	1 728.5	5 632.4	1 580.5	5 462.0	1 482.2	5 200.2
1.1 General Merchandise	1 194.4	4 537.9	1 436.9	5 663.3	1 541.2	5 562.1	1 398.2	5 414.3	1 301.7	5 161.5
1.2 Goods Procured in Ports by Carriers	136.5	62.5	186.7	72.0	187.3	70.3	182.3	47.7	180.5	38.7
1.3 Freezone Trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. Services	2 633.9	1 823.1	2 610.3	1 942.6	2 694.3	2 158.1	2 666.4	2 042.8	2 843.2	2 187.3
2.1 Transportation	295.2	720.0	283.6	843.2	234.2	960.3	227.4	916.8	216.2	915.1
2.1.1 Passenger	94.2	42.2	47.1	53.5	0.0	234.2	0.0	215.5	0.0	212.8
2.1.2 Freight	3.8	614.8	1.9	717.0	0.0	710.0	0.0	684.6	0.0	694.3
2.1.3 Other	197.2	63.0	234.6	72.7	234.2	16.2	227.4	16.7	216.2	8.0
2.2 Travel	2 001.2	196.6	2 002.5	171.7	2 069.5	179.8	2 073.9	172.8	2 255.2	188.4
2.3 Other Services	337.5	906.5	324.2	927.7	390.6	1 018.0	365.2	953.2	371.8	1 083.8
2.3.1 Insurance Services	5.5	152.2	8.6	142.7	0.4	167.0	2.4	133.9	2.8	175.3
2.3.2 Communication Services	129.0	70.3	114.5	77.6	75.8	50.4	54.2	11.8	68.1	27.4
2.3.3 Financial Services	34.1	47.1	36.8	39.5	30.9	39.6	25.3	39.5	11.9	39.6
2.3.4 Computer & Information Services	38.4	36.4	38.5	39.4	34.2	22.1	35.1	22.1	41.0	23.9
2.3.5 Royalties & License Fees	4.9	36.3	3.9	47.4	4.0	60.1	5.0	61.1	6.3	61.2
2.3.6 Other Business Services	54.7	420.2	51.8	432.5	106.7	542.2	105.1	547.5	105.8	602.4
2.3.7 Personal, Cultural, & Recreational Service	37.3	13.5	37.3	13.9	105.6	29.9	105.0	29.6	105.0	42.3
2.3.8 Government Services	33.6	57.9	32.8	62.1	33.0	74.3	33.0	63.7	30.9	50.6
2.3.9 Construction Services	0.0	72.6	0.0	72.6	0.0	32.4	0.0	44.0	0.0	61.1
B Income	243.2	729.7	231.2	690.6	483.4	605.5	396.7	673.6	351.5	694.0
1.1 Compensation of Employees	120.3	31.2	90.3	44.0	115.8	66.1	96.0	66.2	97.9	62.4
1.2 Investment Income	122.9	698.5	140.9	646.6	367.6	539.4	300.7	607.4	253.6	631.6
C. Current Transfers	2 292.9	282.9	2 277.3	287.6	2 381.9	270.7	2 463.7	243.2	2 525.2	231.3
1.1 Official	209.9	15.6	149.1	7.8	195.3	2.5	261.8	2.5	224.7	3.7
1.2 Private	2 083.0	267.2	2 128.3	279.8	2 186.7	268.2	2 201.9	240.7	2 300.5	227.7
2. CAPITAL & FINANCIAL ACCOUNT	5 162.8	4 404.6	5 090.4	3 544.6	4 945.6	2 663.2	5 137.0	3 336.6	6 223.1	5 166.4
A. Capital Account	21.4	43.4	46.1	55.3	23.0	49.2	36.0	48.8	21.2	48.8
1.1 Government Capital Transfers	4.2	0.0	29.0	0.0	5.9	0.0	18.9	0.0	4.1	0.0
1.2 Other Sectors Transfers	17.1	43.4	17.1	55.3	17.1	49.2	17.1	48.8	17.1	48.8
B. Financial Account	5 141.4	4 361.1	5 044.2	3 489.4	4 922.6	2 614.0	5 101.0	3 287.8	6 201.9	5 117.5
1.1 Direct Investment	227.7	58.2	218.2	74.6	413.3	89.9	592.9	71.9	554.1	79.7
1.2 Other Investment	4 913.7	3 860.9	4 826.0	3 620.0	4 509.3	3 364.6	4 508.1	3 293.6	5 647.8	4 084.6
1.2.1 Trade Credits	244.6	158.4	264.7	256.0	330.4	148.0	221.7	107.9	243.2	121.1
1.2.2 Loans	2 295.1	1 554.5	1 731.7	1 211.9	1 356.2	833.0	1 564.9	1 075.3	2 297.6	1 394.7
1.2.2.1 Government	939.0	266.0	705.6	688.6	116.7	448.6	409.6	378.8	1 175.4	525.7
1.2.2.2 Other Sectors	1 356.1	1 288.5	1 026.1	523.3	1 239.5	384.4	1 155.3	696.5	1 122.2	869.0
1.2.3 Currency & Deposits	1 565.7	1 036.7	1 906.4	1 210.2	1 901.4	1 442.7	1 704.3	1 230.1	2 067.0	1 674.8
1.2.4 Other Assets	808.4	1 111.3	923.2	942.0	921.3	940.9	1 017.1	880.3	1 040.0	894.0
C. Reserves	0.0	442.0	0.0	- 205.2	0.0	- 840.5	0.0	- 77.8	0.0	953.3
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	0.0	442.0	0.0	- 205.2	0.0	- 840.5	0.0	- 77.8	0.0	953.3
1.2.1 Special Drawing Rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Bank of Jamaica	0.0	442.0	0.0	- 205.2	0.0	- 840.5	0.0	- 77.8	0.0	953.3
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	176.7	0.0	368.1	0.0	0.0	- 531.5	- 486.0	0.0	54.0	0.0

1/ Revised

2/ Provisional

APPENDIX IV

BALANCE OF PAYMENTS ANALYTIC SUMMARY					
(US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
<i>Balance of Trade</i>	-3 269.5	-4 111.7	-3 903.9	-3 881.5	-3 717.7
<i>Services</i>	811.0	667.5	536.1	623.5	655.8
<i>Net Goods & Services</i>	-2 458.5	-3 444.2	-3 367.8	-3 258.0	-3 061.9
<i>Income</i>	- 486.4	- 459.4	- 122.1	- 276.9	- 342.6
<i>Private Current Transfers (net)</i>	1 815.7	1 848.4	1 918.5	1 961.2	2 072.8
<i>Official current Transfers (net)</i>	194.3	141.3	192.7	259.3	221.0
<i>Capital Transfers</i>	- 22.1	- 9.1	- 26.2	- 12.8	- 27.6
<i>Financial Account</i>	957.0	1 923.0	1 404.9	1 327.2	1 138.3
<i>Net Errors & Omissions</i>	176.7	368.1	- 531.5	- 486.0	54.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX V

SELECTED BALANCE OF PAYMENTS INDICATORS					
	2010	2011	2012	1/ 2013	2/ 2014
<i>Current Account/GDP</i>	- 7.1	- 13.6	- 9.3	- 9.2	- 8.0
<i>NIR</i>	2 171.4	1 966.1	1 125.6	1 047.8	2 001.1
<i>Gross Reserves (Central Bank)</i>	2 979.1	2 820.4	1 980.8	1 817.6	2 473.0
<i>Gross Foreign Liabilities (Central Bank)</i>	807.8	854.3	855.2	769.7	471.9
<i>Gross Reserves in Wks of Imports of Goods & Services</i>	20.2	18.8	13.7	12.8	19.2
<i>Goods Imports/GDP</i>	34.8	39.8	38.1	38.4	37.3
<i>Goods & Services Imports/GDP</i>	48.6	53.2	52.7	52.7	53.1
<i>Goods Exports/GDP</i>	10.1	10.9	11.7	11.1	10.6
<i>Goods & Services Exports/GDP</i>	30.0	29.0	29.9	29.8	31.1
<i>Merchandise Trade/GDP</i>	44.9	51.0	49.8	49.5	48.0
<i>FDI/GDP</i>	1.7	1.5	2.8	4.2	4.0
<i>Debt Service/Goods & Services Exports</i>	20.4	29.4	12.2	17.0	25.6
<i>Private Remittances/GDP</i>	15.8	14.8	14.8	15.5	16.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX VI

TOTAL NON-TRADITIONAL EXPORTS		
(US\$000)		
	1/ 2013	2/ 2014
Non-Traditional Exports	719 627.5	606 085.8
Food:	152 720.1	152 365.7
<i>Pumpkins</i>	708.4	461.7
<i>Other Vegetables & Preparations thereof</i>	2 666.5	2 623.4
<i>Dasheen</i>	1 562.9	1 380.9
<i>Sweet Potatoes</i>	3 565.5	2 626.4
<i>Yams</i>	22 221.4	21 961.2
<i>Papayas</i>	3 364.6	3 897.0
<i>Ackee</i>	15 543.5	12 066.3
<i>Other Fruits & Fruit Preparations</i>	5 681.5	5 667.3
<i>Meat & Meat Preparations</i>	4 964.1	5 084.0
<i>Dairy Products & Bird's Eggs</i>	6 236.9	6 895.1
<i>Fish , Crustaceans & Molluscs</i>	10 997.7	12 587.1
<i>Breads, Biscuits, Buns, Cakes etc.</i>	12 396.3	13 634.5
<i>Juices excluding Citrus</i>	7 251.9	7 180.1
<i>Animal Feed</i>	11 675.1	10 873.4
<i>Sauces</i>	15 041.7	16 027.6
<i>Malt Extract & Preparations thereof</i>	4 520.5	3 699.0
<i>Other Food Exports</i>	24 321.6	25 700.8
BEVERAGES & TOBACCO (excl. Rum)	34 983.7	35 115.3
<i>Non-Alcoholic Beverages</i>	11 535.5	8 598.6
<i>Alcoholic beverages (excl. Rum)</i>	23 429.2	26 509.2
<i>Tobacco</i>	18.9	7.5
CRUDE MATERIALS:	33 683.7	39 395.9
<i>Limestone</i>	2 532.3	2 884.2
<i>Waste & Scrap Metals</i>	26 682.7	33 834.5
<i>Other</i>	4 468.7	2 677.2
OTHER:	498 240.1	379 208.8
<i>Mineral Fuels, etcetera</i>	351 222.9	307 348.8
<i>Animal and Vegetable Oils and Fats</i>	373.5	335.8
<i>Chemicals (excluding Ethanol)</i>	19 546.0	22 975.1
<i>Ethanol</i>	88 777.9	62.3
<i>Manufactured Goods</i>	24 413.1	36 205.1
<i>Machinery and Transport Equipment</i>	3 197.6	2 448.7
<i>Wearing Apparel</i>	1 362.7	1 373.3
<i>Furniture</i>	544.5	542.0
<i>Other</i>	8 802.0	7 917.8

Source: Statistical Institute of Jamaica

1/ Revised

2/ Provisional

APPENDIX VII

SERVICES ACCOUNT (US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
Services (Net)	811.0	667.5	536.1	623.5	655.8
Inflows	2 633.9	2 610.2	2 694.3	2 666.3	2 844.7
Outflows	1 822.9	1 942.7	2 158.2	2 042.8	2 188.9
1. Transportation	- 424.8	- 559.7	- 726.2	- 689.5	- 698.8
Inflows	295.2	283.6	234.2	227.4	217.8
Outflows	720.0	843.2	960.3	916.8	916.6
2. Travel	1 804.6	1 830.8	1 889.6	1 901.1	2 066.8
Inflows	2 001.2	2 002.5	2 069.5	2 073.9	2 255.2
Outflows	196.6	171.7	179.8	172.8	188.4
3. Other Services	- 568.8	- 603.7	- 627.4	- 588.1	- 712.1
Inflows	337.5	324.1	390.6	365.1	371.8
Outflows	906.3	927.8	1 018.0	953.2	1 083.9

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX VIII

APPENDIX VII

STOP-OVER ARRIVALS BY COUNTRY OF ORIGIN												
	Foreign Nationals				Non-Resident Jamaicans				Total Arrivals			
	2013	2014	Chg	% Chg	2013	2014	Chg	% Chg	2013	2014	Chg	% Chg
USA	1 167 948	1 193 101	25 153	2	103 314	103 356	42		1 271 262	1 296 457	25 195	2
Canada	384 123	404 234	20 111	5	15 208	15 664	456	3	399 331	419 898	20 567	5
UK	138 508	161 977	23 469	17	12 806	15 239	2 433	19	151 314	177 216	25 902	17
Germany	19 702	21 090	1 388	7	261	256	- 5	- 2	19 963	21 346	1 383	7
Other Europe	64 067	62 013	- 2 054	- 3	466	506	40	9	64 533	62 519	- 2 014	- 3
Latin America	30 390	29 084	- 1 306	- 4	148	179	31	21	30 538	29 263	- 1 275	- 4
Asia	2 095	1 943	- 152	- 7	82	81	- 1	- 1	2 177	2 024	- 153	- 7
Caribbean	43 351	43 942	591	1	14 898	15 115	217	1	58 249	59 057	808	1
Other Countries	10 751	12 070	1 319	12	291	331	40	14	11 042	12 401	1 359	12
TOTAL	1 860 935	1 929 454	68 519	4	147 474	150 727	3 253	2	2 008 409	2 080 181	71 772	4

Source: Jamaica Tourist Board

APPENDIX IX

OTHER SERVICES (US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
Inflows	337.5	324.1	390.6	365.1	371.8
Construction Services	0.0	0.0	0.0	0.0	0.0
Communication Services	129.0	114.5	75.8	54.2	68.1
Insurance Services	5.5	8.6	0.4	2.4	2.8
Financial Services	34.1	36.8	30.9	25.3	11.9
Computer & Information Services	38.4	38.5	34.2	35.1	41.0
Royalties & License Fees	4.9	3.9	4.0	5.0	6.3
Other Business Services	54.7	51.8	106.7	105.1	105.8
Personal, Cultural & Recreational Services	37.3	37.3	105.6	105.0	105.0
Government Services	33.6	32.8	33.0	33.0	30.9
Outflows	906.3	927.8	1018.0	953.2	1083.9
Construction Services	72.6	72.6	32.4	44.0	61.1
Communication Services	70.3	77.6	50.4	11.8	27.4
Insurance Services	152.2	142.7	167.0	133.9	175.3
Financial Services	47.1	39.5	39.6	39.5	39.6
Computer & Information Services	36.4	39.4	22.1	22.1	23.9
Royalties & License Fees	36.3	47.4	60.1	61.1	61.2
Other Business Services	420.2	432.5	542.2	547.5	602.4
Personal, Cultural & Recreational Services	13.5	13.9	29.9	29.6	42.3
Government Services	57.9	62.1	74.3	63.7	50.6
Net Other Services	-568.8	-603.7	-627.4	-588.1	-712.1

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX X

INCOME ACCOUNT (US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
A. Compensation of Employees	89.1	46.3	49.7	29.9	35.5
Inflows	120.3	90.3	115.8	96.0	97.9
Outflows	31.2	44.0	66.1	66.2	62.4
B. Investment Income	-575.6	-505.7	-171.7	-306.8	-378.1
Inflows	122.9	140.9	367.6	300.7	253.6
Direct Investment	5.2	9.4	164.6	159.0	102.6
Portfolio Investment	71.6	78.3	56.8	45.0	44.0
Other Investment	46.2	53.3	146.2	96.6	106.9
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	22.8	21.2	16.2	12.2	12.3
- Other	23.3	32.1	130.0	84.4	94.6
Outflows	698.5	646.6	539.4	607.4	631.6
Direct Investment	118.8	62.5	190.4	216.3	262.7
Portfolio Investment	15.0	52.3	237.7	273.4	258.6
Other Investment	564.7	531.7	111.3	117.8	110.3
- Central Government	467.9	467.7	55.1	58.8	58.8
- Bank of Jamaica	7.1	14.5	10.2	13.1	2.7
- Government Guaranteed	6.1	9.4	1.1	1.6	4.5
- Other	83.6	40.1	45.0	44.4	44.4
Net Income	-486.5	-459.4	-122.1	-276.9	-342.6

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX XI

CURRENT TRANSFERS (US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
Total Receipts	2 010.0	1 989.8	2 111.3	2 220.5	2 293.9
A. General Government	194.3	141.3	192.7	259.3	221.0
B. Other Sectors	1 815.7	1 848.4	1 918.5	1 961.2	2 072.8
Remittance Companies	1 613.9	1 714.8	1 758.2	1 760.6	1 855.8
Other Remittances	292.3	303.7	284.3	304.4	303.8
Total Payments	282.9	287.6	270.7	243.2	231.3
A. General Government	15.6	7.8	2.5	2.5	3.7
B. Other Sectors	267.2	279.8	268.2	240.7	227.7
Remittance thru' Financial system	248.1	261.4	267.4	240.5	227.3
Other	19.1	18.4	0.7	0.2	0.4
Net Current Transfers	1 727.1	1 702.2	1 840.6	1 977.3	2 062.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

APPENDIX XII

CAPITAL ACCOUNT (US\$MN)					
	2010	2011	2012	1/ 2013	2/ 2014
CAPITAL ACCOUNT	-22.1	-9.1	-26.2	-12.8	-27.6
CAPITAL TRANSFERS	-22.1	-9.1	-26.2	-12.8	-27.6
GENERAL GOVERNMENT	4.2	29.0	5.9	18.9	4.1
INFLOWS	4.2	29.0	5.9	18.9	4.1
OUTFLOWS	0.0	0.0	0.0	0.0	0.0
OTHER SECTORS	-26.3	-38.2	-32.1	-31.7	-31.7
INFLOWS	17.1	17.1	17.1	17.1	17.1
OUTFLOWS	43.4	55.3	49.2	48.8	48.8
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 & 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).

Private capital: Private capital flows comprises of net private loans, net private portfolio investment and net private holdings of currency and deposits.

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.