



BALANCE OF PAYMENTS OF JAMAICA

2010



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Five years BOP Series Based on the Fifth Edition

PREFACE

This report summarises the economic transactions between Jamaican residents and the rest of the world during 2010. It also highlights the major macroeconomic developments in the global and domestic economy that affected the Balance of Payments (BOP) accounts during the review period. The presentation of the BOP accounts for 2010 conforms to the guidelines of the Fifth Manual published by the International Monetary Fund.

We are grateful to the members of the private sector for their cooperation in supplying data, responding to questionnaires and granting interviews, without which compilation of the accounts would be weakened. The Bank of Jamaica 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.

OVERVIEW

Jamaica's current account deficit improved for the second consecutive year in 2010, influenced largely by increased economic activity in advanced and developing economies. In addition, domestic economic activity, while remaining relatively weak, showed some improvements. The reduction in the deficit occurred despite a deterioration in the country's terms of trade associated with higher international commodity prices, in particular fuel and raw materials.

World output expanded by 5.1 per cent in 2010, following a contraction of 0.5 per cent in 2009. The recovery in world economic activity in 2010 was underpinned by monetary and fiscal stimuli in advanced economies. Developing economies, on the other hand, benefited from increased commodity prices as well as higher capital inflows. Consistent with an increase in commodity price inflation, headline inflation accelerated in 2010 for both developed and developing economies. The acceleration primarily reflected increased demand as well as supply concerns due to adverse weather conditions in major producing countries.

Against the background of improved international economic conditions, the rate of economic decline in Jamaica moderated to 1.2 per cent in 2010. This followed a contraction in real GDP of 3.0 per cent in 2009. The economy continued to decline in the context of weak domestic demand conditions arising from the impact of falling real income and increased job uncertainty. Output from the tradable industry contracted, albeit at a significantly slower rate than 2009. Within the tradable sector *Mining & Quarrying*, *Manufacture* and *Transport, Storage & Communication* remained weak. In addition, the non-tradable industry contracted during the year. With regard to consumer prices, there was a moderate increase in domestic inflation to 11.7 per cent relative to 10.2 per cent in 2008. The increase reflected domestic factors and higher international commodity prices. Domestic factors included both drought and heavy rains (Tropical Storm Nicole) which negatively affected agricultural supplies in the review year. In addition, a number of fiscal measures, including an upward adjustment to ad valorem taxes, fares of public transport and other fees, were implemented throughout the year.

Against the background of these developments, the current account deficit declined to US\$934.0 million (or 6.9 per cent of GDP), following a deficit of US\$1 127.5 million (or 9.2 per cent of GDP) in 2009. This improvement reflected increases in the surpluses on the current transfers and services sub-accounts as well as a decline in the deficit on the income sub-account. The impact of these changes was partly offset by an expansion in the deficit on the merchandise trade sub-account. With regards to financing, net private and official investment inflows were more than sufficient to finance the current account deficit, resulting in an increase of US\$442.0 million in the net international reserves (NIR) of the BOJ.

PART I

INTERNATIONAL ECONOMIC DEVELOPMENTS

1. OVERVIEW

World output expanded by an estimated 5.1 per cent in 2010, in contrast to a contraction of 0.5 per cent in 2009. The growth in the review year reflected recovery in the advanced economies and acceleration in the rate of expansion in developing economies. The faster rate of growth in developing countries primarily reflected increased production in the context of rising international commodity prices as well as increased capital inflows. For the advanced economies, continued monetary and fiscal stimuli boosted demand.

Headline inflation accelerated among most economies in 2010. This primarily reflected the impact of rising commodity prices as well as an acceleration in demand. The average price of international commodities rose by 26.1 per cent in 2010, following an increase of 30.0 per cent in 2009. Both fuel and non-fuel prices rose significantly. In particular, the annual average price of crude oil increased by 27.9 per cent in 2010, a partial recovery from the decline of 36.2 per cent in 2009. For non-fuel commodities, metal prices rose by 48.2 per cent, while food prices increased by 11.7 per cent in 2010. These price increases reflected the impact of the recovery in demand as well as, in the case of crude oil and food, supply disruptions.

In light of concerns about the sustainability of the economic recovery, several central banks in the advanced economies kept their target for interest rates low and maintained liquidity programmes during 2010. However, some central banks in emerging economies' tightened monetary policy given concerns about overheating of these countries.

1.1 OUTPUT, INFLATION & UNEMPLOYMENT

1.1.1 Advanced Economies

Output

Real GDP among the advanced economies rose by 3.2 per cent in 2010, compared to a contraction of 3.7 per cent in 2009 (see **Table 1**).

TABLE 1

ADVANCED ECONOMIES Real GDP, Consumer Prices, Unemployment Rates, Interest Rates (Annual per cent change and per cent of labour force)								
REAL GDP			CONSUMER PRICES*		UNEMPLOYMENT RATES		KEY INTEREST RATES**	
2009	2010		2009	2010	2009	2010	2009	2010
ADVANCED ECONOMIES								
	-3.7	3.2	0.1	1.6	8.0	8.3	0.42	0.57
United States	-3.5	3.0	-0.3	1.6	9.3	9.6	0.25	0.25
Japan	-6.3	4.0	-1.4	-0.7	5.1	5.1	0.10	0.10
Euro area	-4.1	1.7	0.3	1.6	9.5	10.0	1.00	1.00
Germany	-4.7	3.5	0.2	1.2	7.5	6.9	-	-
France	-2.5	1.4	0.1	1.7	9.5	9.7	-	-
Greece	-2.0	-4.5	1.4	4.7	9.4	12.5	-	-
Italy	-5.2	1.3	0.8	1.6	7.8	8.5	-	-
Spain	-3.7	-0.1	-0.2	2.0	18.0	20.1	-	-
UK	-4.9	1.3	2.1	3.3	7.5	7.8	0.50	0.50
Canada	-2.8	3.2	0.3	1.8	8.3	8.0	0.25	1.00

Source: World Economic Outlook - April 2011, World Economic Outlook Update- June 2011, Statistics Offices of individual countries

*Annual Average;**End of period

Economic activity in the USA rose by 3.0 per cent in 2010, in contrast to the decline of 3.5 per cent in 2009. This outturn reflected a rebound in private investment and consumption expenditure, following contractions in the previous year. Increases in government spending also contributed to the expansion. The growth in investment primarily reflected a rebuilding of inventories following the decumulation of 2009, as well as increased business spending on equipment and software. Increases in consumption expenditure were influenced by fiscal and monetary stimuli. These included a housing-tax credit as well as a car allowance rebate programme, popularly referred to as “Cash for Clunkers”.

Other advanced economies also registered improvements in 2010. The economies of the UK and the European Union (EU) grew by 1.3 per cent and 1.7 per cent, respectively, relative to respective contractions of 4.9 per cent and 4.1 per cent in 2009. As with the USA, these expansions reflected improvements in consumption expenditure as well as a gradual recovery in

investment spending, in particular inventory accumulation. The pace of recovery was, however, constrained by high unemployment and lower household wealth. These resulted from the implementation of austerity measures in the latter half of the year aimed at containing rising fiscal deficits in the UK as well as the protracted sovereign debt crisis among some EU member countries. The Japanese economy expanded by 4.0 per cent as the government instituted several fiscal stimulus measures during the year. The central bank also intervened in the foreign exchange market to limit the appreciation of the yen, which could have negatively affected Japan's exports. The Canadian economy grew by 3.2 per cent in 2010 when compared with a contraction of 2.8 per cent in the previous year. This growth reflected increases in expenditure on consumer goods and services. There was also an improvement in gross fixed capital formation as investment in machinery and equipment partially recovered during the year in the context of increases in demand for crude oil.

Inflation

Inflation among the advanced economies, as measured by the annual average increase in consumer price indices (CPIs), accelerated to 1.6 per cent in 2010 from 0.1 per cent in 2009 (see **Table 1**). All of the selected economies experienced higher rates of inflation in 2010, relative to 2009. Japan also experienced a slower rate of deflation.

Expansionary policies in the advanced economies, which resulted in higher consumer demand, contributed to the acceleration of inflation in 2010. In addition, shocks to commodity prices contributed to higher food, housing and energy-related inflation.

Unemployment

Despite the increase in economic activity in 2010, relative to 2009, several advanced economies continued to experience persistently high unemployment. The average unemployment rate among these countries rose by 0.3 percentage point to 8.3 per cent in 2010. With the exception of Canada and Germany, whose unemployment rates fell, and Japan, whose rate remained unchanged, all the other economies in this group experienced increases in unemployment.

Interest Rate and Exchange Rate Developments

With the exception of Canada, all the major central banks kept their policy interest rates unchanged during the year. This was largely in an attempt to stimulate economic growth. The Bank of Canada (BoC), however, increased its policy rate three times during the year by a cumulative 0.75 percentage point in light of robust economic growth. The BoC noted that these moves were intended to re-establish the normal functioning of the domestic financial market. Along with leaving interest rates unchanged, the Federal Reserve (Fed) continued several liquidity programmes, which were started in 2008, to support economic growth. In this regard, the Fed announced an expansion of its quantitative easing programme by US\$600.0 billion in November 2010.

For the review year, the US dollar weakened against the Canadian dollar and the Japanese Yen, but appreciated against the Great British Pound and the Euro (see **Table 2**). Higher oil prices supported the appreciation of the Canadian dollar vis-à-vis the US dollar while the continued unwinding of carry trade positions supported the appreciation of the Japanese Yen.¹ The depreciation of the Pound and Euro against the US dollar occurred as investors sought the relative safety of US-dollar denominated investments in light of concerns about sovereign debt in the Euro area.

TABLE 2

US Dollar Nominal Exchange Rates (US Dollars per unit of national currency)			
	2009	2010	% change
Canadian Dollar	0.88	0.97	10.6
Japanese Yen	0.01	0.01	6.7
Pound Sterling	1.57	1.55	-1.2
Euro	1.39	1.33	-4.8

¹Carry trade is a strategy in which an investor borrows a certain currency associated with a relatively low interest rate (i.e. the Yen) and uses the funds to purchase a different currency associated with a relatively higher interest rate (i.e. the USD). Unwinding of these positions may have occurred during the year given a tightening of the interest rate differential between these two currencies.

1.2 Developing Countries

Output

Economic growth among the developing economies accelerated by 4.6 percentage points to 7.3 per cent in 2010, relative to 2009, reflecting a rebound in world trade and strong domestic demand (see **Table 3**). The pick-up in global demand and trade was reflected in higher levels of exports, tourism earnings and remittance inflows. Economic activity in developing countries was also impacted by the loose monetary policy in several developed countries, which fostered an increase in capital inflows.

TABLE 3

DEVELOPING COUNTRIES: REGIONAL GROUPS						
Real GDP, Consumer Prices (Annual per cent change)						
	REAL GDP			CONSUMER PRICES*		
	2008	2009	2010	2008	2009	2010
DEVELOPING COUNTRIES	6.1	2.7	7.3	9.2	5.2	6.2
Sub-Saharan Africa	5.6	2.8	5.0	11.7	10.5	7.5
Developing Asia	7.7	7.2	9.5	7.4	3.1	6.0
Middle East & North Africa	5.1	1.8	3.8	13.4	6.5	6.9
Latin America & the Caribbean	4.3	-1.7	6.1	7.9	6.0	6.0

** Movements in consumer prices are shown as annual average*

Source: World Economic Outlook - April 2011

Economic growth in many Asian economies such as Thailand, Malaysia and Philippines accelerated in 2010, supported by an increase in trade. Export growth in countries such as China and India remained robust as increased intra-regional trade partially offset weakness in demand from advanced economies.

Growth in the Middle East & North Africa (MENA) region for 2010 accelerated by 2.0 percentage points to 3.8 per cent. Notably, countries such as Qatar, Yemen and Lebanon recorded growth rates of 16.3 per cent, 8.0 per cent and 7.5 per cent, respectively. The strength of the economic expansion in the MENA region was largely underpinned by a rebound in oil prices, which boosted incomes in the region. In addition, sizable fiscal stimuli, particularly in the

oil-exporting economies, supported the non-oil sector in these countries.² These expansionary policies also had spill-over effects on other countries within the region due to the close trade links.

In Sub-Saharan Africa, GDP growth was 5.0 per cent in 2010, compared to 2.8 per cent in 2009. This return to strong growth was fuelled largely by robust domestic demand, stemming from rising real incomes and sustained public and private investment. Higher growth was also supported by a recovery in exports, particularly among oil and mineral exporting countries in the region such as Nigeria, Angola and South Africa. There were also significant capital inflows to the region, including official flows.

Economic activity in the Latin America and Caribbean region expanded by 6.1 per cent in 2010, relative to a contraction of 1.7 per cent in 2009. Growth was, however, largely skewed to the Latin American economies; particularly Argentina, Brazil, Peru and Ecuador (see **Table 4**). These economies benefitted from rising commodity prices which boosted domestic incomes. The return of relatively cheap financing conditions, given the loose monetary policy among the advanced economies, also supported domestic demand.

²There were sizeable government infrastructure investments in Saudi Arabia, for example.

TABLE 4

Selected Developing Countries Real GDP & Consumer Prices (Annual Per cent Change)				
Country	GDP		Inflation Rate**	
	2009	2010*	2009	2010*
Developing Countries	2.7	7.3	5.2	6.2
Latin America & the Caribbean	-1.7	6.1	6.0	6.0
Argentina	0.8	9.2	6.3	10.5
Brazil	-0.6	7.5	4.9	5.0
Chile	-1.7	5.3	1.7	1.5
Colombia	1.5	4.3	4.2	2.3
Peru	0.9	8.8	2.9	1.5
Ecuador	0.4	3.2	5.2	3.6
Mexico	-6.1	5.5	5.3	4.2
Uruguay	2.6	8.5	7.1	6.7
Venezuela	-3.3	-1.9	27.1	28.2
Caribbean***	-1.3	3.6	2.9	4.3
Antigua & Barbuda	-8.9	-4.1	-0.9	3.6
Barbados	-4.7	-0.3	3.6	5.8
Dominica	-2.2	1.4	0.1	3.2
Guyana	3.3	3.6	3.0	3.7
Dominican Republic	3.5	7.8	1.4	6.3
Jamaica	-3.0	-1.2	10.2	11.7
St. Kitts & Nevis	-9.6	-1.5	1.9	0.3
St. Vincent & Grenadines	-1.1	-2.3	0.4	1.4
Trinidad & Tobago	-3.5	-0.6	7.0	10.5
Developing Asia	7.2	9.5	3.1	6.0
China	9.2	10.3	-0.7	3.3
India	6.8	10.4	10.9	13.2
Indonesia	4.6	6.1	4.8	5.1
Malaysia	-1.7	7.2	0.6	1.7
Philippines	1.1	7.3	3.2	3.8
Thailand	-2.3	7.8	-0.8	3.3
Middle East & North Africa	1.8	3.8	6.5	6.9

Sources: The World Economic Outlook, April 2011.

Statistics Offices of individual countries,

* Estimates, ** Annual average, *** GDP weighted

The commodity-importing countries within the region, such as those in the Caribbean, were more negatively affected by the commodity price shocks and weak economic conditions in the

US. The limited room for policy support in light of high public debt burdens also contributed to the weak economic outturn for many of these countries in 2010.

Inflation

In 2010, the rate of inflation for the developing economies accelerated as a result of expansions in aggregate demand as well as increases in food and fuel prices. For developing Asia, the annual average change in consumer prices accelerated to 6.0 per cent in 2010 from 3.1 per cent in 2009 (see **Table 4**). For China, inflation accelerated to 3.3 per cent for the year from -0.7 per cent in 2009 in the context of rising food price inflation as well as a significant appreciation in housing prices. India, whose inflation rate accelerated to 13.2 per cent from 10.9 per cent, struggled with increases in aggregate demand as well as entrenched inflationary expectations. Several countries within the region consequently tightened monetary policy in an effort to contain the inflationary pressures.³

Inflation among the Latin America and Caribbean economies remained unchanged at 6.0 per cent in 2010 relative to 2009. This reflected higher inflation among the Caribbean economies, offset by lower inflation for the Latin American economies. For the Middle East and North Africa region, inflation rose marginally to an average of 6.9 per cent in 2010 from 6.5 per cent in 2009.

Sub-Saharan Africa was the only regional group to experience a deceleration in inflation to 7.5 per cent in 2010 from 10.5 per cent in 2009 (see **Table 3**). Food prices, in particular, were little changed despite rising global commodity prices, as many of these economies are less integrated into global food markets and enjoyed relatively abundant local harvests in 2010. The domestic prices of staple crops, including corn, thus remained relatively stable in the region.

1.3 COMMODITY PRICES

The International Monetary Fund's (IMF) index of primary commodity prices (IPCP) rose by 26.1 per cent in 2010, in contrast to a decline of 30.0 per cent in 2009 (see **Table 5**). The increase in the IPCP was driven by both the energy and the non-fuel sub-indices. The energy

³India and Malaysia for example raised interest rates while China increased the cash reserve requirement and imposed direct limits on credit growth.

sub-index recorded growth of 25.9 per cent during the year, partly reversing the decline of 36.8 per cent in 2009. There was an increase of 26.4 per cent in the non-fuel sub-index in the review year which was in contrast to the decline of 15.7 per cent in 2009.

TABLE 5

World Commodity Prices (Annual per cent change)		
	2009	2010
All Primary Commodities	-30.0	26.1
Non- fuel primary commodities	-15.7	26.4
Edibles	-13.1	11.8
Food	-14.7	11.5
Beverages	1.5	14.1
Industrial Inputs	-18.5	43.2
Agricultural raw materials	-17.0	33.3
Metals	-28.6	48.2
Energy	-36.8	25.9

Source: IMF Primary Commodity Prices Indices

The movement in the energy sub-index primarily reflected an increase in oil prices. Average crude oil prices, as measured by the West Texas Intermediate benchmark, rose by 28.7 per cent to US\$79.43 per barrel (bbl) in 2010, relative to a fall of 37.9 per cent in 2009. Crude oil prices trended upwards from US\$72.89 per barrel at the start of the year to US\$91.38 per barrel at end-December 2010. In 2009, prices had fallen to a low of US\$33.98 per barrel. The increase in oil prices in the review year primarily reflected the impact of the global economic recovery as well as below-normal temperatures in the USA and Europe during the latter part of 2010. Unplanned closures of key refineries and oil fields also supported the price increases. The impact of these factors was partly offset by increased supplies from producers, including the Organization of Petroleum Exporting Countries.

The movement in the non-fuel sub-index was related to an increase of 43.2 per cent in the industrial inputs sub-group. Within this sub-group, metals prices rose by 48.2 per cent, largely associated with increases in the prices of iron ore, nickel and aluminium.⁴ The increase in the

⁴ In particular, the price of aluminium rose by 30.2 per cent in 2010, relative to a decline of 35.3 per cent in 2009.

prices of these metals primarily reflected an upsurge in demand in the context of the global economic recovery.

The edibles sub-group of the non-fuel sub-index rose by 11.8 per cent in 2010, relative to a decline of 13.1 per cent in the previous year. This increase was largely associated with higher prices for grains. In particular, the prices of corn, soybeans and wheat rose by 12.4 per cent, 1.7 per cent and 0.1 per cent, respectively, reflecting the impact of increased demand as well as adverse weather conditions in major producing countries. With respect to corn, the price increases were associated with unfavourable weather conditions in the US Midwest and Argentina. Prices were also affected by Russia's export ban on wheat which influenced an increased demand for corn as a substitute crop. In contrast to the above noted increases, the price of rice declined by 11.7 per cent in 2010 due to an ease in supply constraints.

1.4 INTERNATIONAL TOURISM

The World Tourism Organisation reported growth of 6.7 per cent in international tourist arrivals in 2010, relative to a decline of 4.0 per cent in 2009 (see **Table 6**). The increase in tourist arrivals was primarily driven by the recovery in global economic activity, particularly in emerging economies. All regions experienced growth in tourist arrivals, with the highest rates of increase occurring in Asia & the Pacific and the Middle East.

TABLE 6

World Tourist Arrivals (Millions)				
	2009	2010	Change	% Change
World	876.9	935.2	58.3	6.7
Europe	456.9	471.5	14.6	3.2
Americas	140.5	151.2	10.7	7.7
Asia & Pacific	181.0	203.8	22.8	12.6
Africa	45.8	48.7	2.9	6.4
Middle East	52.7	60.0	7.3	13.9

Source: World Tourism Organization (WTO)

Tourist arrivals in the Middle East and Asia & the Pacific regions rose by 13.9 and 12.6 per cent in 2010, respectively, relative to respective declines of 5.6 per cent and 1.6 per cent in 2009. These accelerations were largely driven by discounted hotel rates. The Americas recorded an increase of 7.7 per cent in tourist arrivals in 2010, relative to a decline of 4.4 per cent in 2009, reflecting reduced economic uncertainty in source markets as well as the impact of a successful campaign against the H1N1 virus.

In 2010, tourist arrivals to Africa rose by 6.4 per cent following growth of 5.1 per cent in 2009. The faster growth in the review year was primarily attributable to the FIFA World Cup in South Africa. Arrivals to Europe rose by 3.2 per cent in 2010, a slower rate of growth, relative to the 5.6 per cent in 2009, largely due to the air traffic disruption caused by a volcanic eruption.

Stopover Visitor Arrivals to the Caribbean

Preliminary estimates by the Caribbean Tourist Organisation (CTO) indicated that stopover arrivals to selected Caribbean destinations rose by 3.7 per cent in 2010, following a decline of 0.9 per cent in 2009 (see **Table 7**). The increase in arrivals was associated with the economic recovery in major source markets. All destinations recorded growth in arrivals during the year. Stopover arrivals to Jamaica increased by 5.0 per cent in the context of an inactive hurricane season, increased marketing efforts by the Jamaica Tourist Board, an increase in air seats and continued discounting by hotel operators.

TABLE 7

Stop-over Visitor Arrivals ('000s)			
Selected Caribbean Destinations			
Country	2009	2010	% Change
Dominican Republic	3 992	4 125	3.3
Cuba	2 429	2 532	4.2
Bahamas	1 326	1 368	3.2
Jamaica	1 831	1 922	5.0
Puerto Rico	1 298	1 370	5.5
Aruba	812	825	1.6
US Virgin Islands	666	691	3.8
Barbados	518	532	2.7
St Maarten	440	443	0.7
TOTAL	13 312	13 808	3.7

Source: Caribbean Tourism Organization (CTO)

Cruise Visitor Arrivals to the Caribbean

There was also a recovery in cruise arrivals to selected Caribbean countries in 2010, relative to a decline of 2.3 per cent in 2009 (see **Table 8**). The expansion was driven by the global economic recovery which prompted the operators to deploy more cruise lines to the region.

TABLE 8

Cruise Visitor Arrivals ('000s)			
Selected Caribbean Destinations			
Country	2009	2010	% Change
Bahamas	3 255	3 803	16.8
US Virgin Islands	1 582	1 859	17.5
Puerto Rico	950	955	0.5
Cayman Islands	1 520	1 598	5.1
St. Maarten	1 215	1 513	24.5
Jamaica	922	910	-1.4
Belize	705	765	8.5
Barbados	635	665	4.7
Aruba	607	569	-6.3
Total	11 485	12 637	10.0

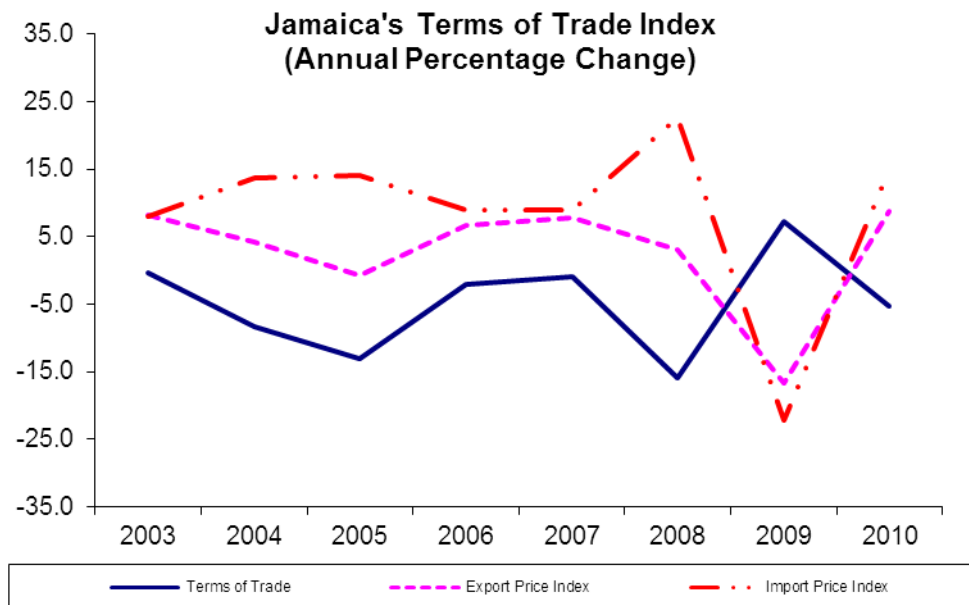
Source: Caribbean Tourism Organization (CTO)

1.5 JAMAICA'S TERMS OF TRADE

Jamaica's terms of trade index declined by 5.3 per cent in 2010 (see **Figure 1**). The fall in the index reflected an increase of 18.8 per cent in the import price index (IPI), the impact of which was partly offset by an increase of 8.8 per cent in the export price index (EPI). The growth in the IPI was attributed to respective increases of 28.7 per cent and 14.3 per cent in the prices of fuel and raw materials. An increase of 23.5 per cent in the price of alumina was the primary influence on the expansion in the EPI.⁵

⁵Alumina accounts for approximately 20.6 per cent of the movement in the export price index.

Figure 1



PART II

DOMESTIC MACROECONOMIC DEVELOPMENTS

2. OVERVIEW

Against the background of improved international economic conditions, the rate of economic decline in Jamaica moderated in 2010. The improvement within the world economy contributed to relatively stronger external demand, when compared to 2009. This improvement was influenced by a combination of fiscal stimulus and monetary accommodation policies implemented by the major economies. In that context, Jamaica's Gross Domestic Product (GDP) contracted at a rate of 1.2 per cent for 2010, following two consecutive years of declines, which averaged 2.0 per cent. The contraction in the review year, in part, reflected the impact of falling real income and job uncertainty on domestic demand. However, the strengthened international conditions facilitated a modest improvement in remittance inflows to Jamaica, which mitigated a sharper decline in domestic demand. These factors enabled generally favourable conditions in the foreign exchange market with the weighted average selling rate of the Jamaica Dollar vis-à-vis its US counterpart appreciating by 4.4 per cent in 2010, relative to a depreciation of 10.2 per cent in 2009. There was, however, a moderate increase in inflation to 11.7 per cent in 2010, relative to 10.2 per cent in 2009. In the context of the weak domestic demand and a relatively stable foreign exchange market, the Bank maintained an expansionary monetary policy stance throughout the year.

2.1 OUTPUT & UNEMPLOYMENT

Gross Domestic Product (GDP)

Real GDP contracted by 1.2 per cent during 2010, significantly lower than the decline of 3.0 per cent in 2009 (see **Table 10**). While there was a marginal decline of 0.7 per cent in the tradable industries during the year, this represented a significant improvement in performance, relative to the previous year. The non-tradable industries, however, contracted at a similar rate as that recorded in 2009. Within the tradable sector, there was a marked deceleration in the rate of contraction of *Mining & Quarrying*. There was also a slowdown in the rate of decline of *Manufacture* and *Transport, Storage & Communication*. Further, there was a pick-up in the rate of expansion of *Hotels & Restaurants*. For the non-tradable industry, marginal growth was

recorded in *Agriculture, Forestry & Fishing*, with the other industries recording contractions within the year.⁶

The decline in *Mining & Quarrying* moderated to 3.4 per cent in 2010, relative to the contraction of 50.3 per cent in the previous year. The fallout in the industry in the review year was attributed to the continuation of reduced demand for aluminium on the international market as well as by the passage of Tropical Storm Nicole in September. However, as international conditions improved and demand for aluminium strengthened, operations within Jamaica's bauxite and alumina industries expanded. In that regard, one of the three alumina plants that were closed in 2009 re-opened in the June 2010 quarter. The re-opened plant represented approximately 15.0 per cent of the alumina industry's capacity.

TABLE 9

GROSS DOMESTIC PRODUCT (2003 Prices) Growth Rate by Sector (%)		
	2009	2010
GOODS	-9.0	-1.7
Agriculture, Forestry & Fishing	13.9	0.8
Mining & Quarrying	-50.5	-3.4
Manufacture	-5.7	-2.6
Construction	-6.5	-2.2
SERVICES	-0.8	-1.5
Electricity & Water Supply	2.2	-4.3
Wholesale & Retail Trade	-2.3	-2.0
Hotels & Restaurants	2.1	3.4
Transport, Storage & Communication	-4.3	-2.3
Finance & Insurance Services	1.3	-3.9
Real Estate, Renting & Business Activities	-0.7	-0.9
Producers of Government Services	0.0	-0.1
Other Services	0.1	-0.4
Financial Intermediation Services	1.8	-7.3
TOTAL GDP	-3.0	-1.2

Source: Statistical Institute of Jamaica

⁶ The export component of the Agriculture, Forestry & Fishing industry is classified within the tradable sector.

Against this background, total bauxite production grew by 9.1 per cent, relative to a decline of 46.8 per cent in 2009. On the other hand, the decline in alumina slowed to 10.3 per cent from 55.6 per cent in 2009. The industry's performance reflected an improvement in the capacity utilization rate for the bauxite industry to 90.2 per cent from 71.1 per cent in 2009. However, capacity utilization in the alumina industry contracted to 34.6 per cent relative to the 38.7 per cent decline in the previous year.

Manufacture continued to be weak, registering a third consecutive year of contraction, albeit at a slower rate than that recorded over the previous two years. This slower rate of contraction was attributed to the soft recovery in the global economy. Reductions were recorded in both *Food & Beverages* and *Other Manufacturing*. The performance of *Food & Beverages* mainly reflected lower domestic demand attributed to reduced disposable income as well as higher prices following the increase in the Special Consumption Tax imposed on alcoholic beverages by the Government in May 2009. Decreases in Chemical Products, Refined Petroleum Products and Non-Metallic Mineral Products mainly drove the fallout in *Other Manufacturing*. The contraction in Chemical Products, in part, reflected the declines in production of aluminium sulphate, ethanol and sulphuric acid. Lower output of aluminium sulphate stemmed from weak demand from the water agencies, influenced by the drought which impacted potable water. The production of ethanol was stymied by the closure of the country's two ethanol plants in 2010 due to the high cost of imported inputs on the international market. The lower manufacture of sulphuric acid arose from reduced demand from the bauxite and alumina companies as output remained weak.

The contraction in *Construction* moderated to 2.2 per cent in 2010 following a decline of 6.5 per cent in 2009. The performance of the industry continued to be affected by reduced global income, which contributed to lower levels of foreign direct investment. In addition to this, weak domestic demand continued to have an adverse impact on commercial and residential construction. Lower residential construction was indicated by a reduction of 2.0 per cent in housing starts by the National Housing Trust (NHT), the impact of which was partially offset by an improvement of 13.8 per cent in housing completions by NHT. This performance was in comparison to contractions of 18.8 per cent and 24.2 per cent in housing starts and completions,

respectively, by the NHT in 2009. Also contributing to the contraction in the industry was a decline in public sector capital projects, reflecting the Government's fiscal constraint. The performance of the industry was reflected in a decline of 18.5 per cent in cement sales in the year.

Transport, Storage & Communication declined by 2.3 per cent in the review period, albeit less than the annual average decline of 3.5 per cent for the previous two years. The industry's value added contracted consistently throughout the year, with the exception of the March 2010 quarter, attributed mainly to *Transport*. The deceleration in the rate of contraction in economic activity in the industry was primarily attributed to improved world trade consequent on more favourable global economic conditions in the latter half of the year. Further, ongoing renovation and product development in *Communication* contributed to a slower rate of decline during 2010. The contraction in *Transport* moderated significantly in the review year, reflecting improvement in water transport as there was a fall-out in domestic air transport, which was influenced by the restructuring of Air Jamaica. Activities at the Island's sea ports increased as indicated by growth of 7.1 per cent and 5.7 per cent in ships calls and total domestic cargo movements, respectively.

There was continued decline in *Wholesale & Retail Trade* in 2010, albeit at marginally slower rate of 2.0 per cent relative to the previous year. This decline was against the background of lower economic activity in the *Manufacture, Mining & Quarrying* and *Construction* industries as well as reduced domestic demand stemming from lower real income.

Agriculture, Forestry & Fishing grew marginally by 0.8 per cent in 2010, compared with an expansion of 13.9 per cent in 2009. The industry was significantly affected by drought conditions during the first half of the year as well as the passage of Tropical Storm Nicole (TS Nicole) in the last quarter. However, throughout the year, the Production and Productivity Programme of the Ministry of Agriculture helped farmers to mitigate the effects of the unfavourable weather conditions. According to the Rural Agriculture and Development Agency (RADA), the heavy rainfall and flooding associated with TS Nicole resulted in widespread damage to the agriculture industry amounting to approximately \$1.2 billion (0.1% of GDP). This represented damage to agriculture crops, livestock, farm roads and greenhouses. Against the background of these

developments, there was a marginal deterioration in productivity within the industry as indicated by an output per hectare ratio of 13.2 for 2010, compared with 13.8 in 2009. Given the above, all categories of domestic crop production, with the exception of legumes, vegetables and fruits grew moderately in 2010. Traditional export agriculture, however, declined by 13.9 per cent in 2010, reflecting significant reductions in sugar, cocoa and coffee. The contraction in sugar stemmed from decreased sucrose content attributed to the unfavourable weather conditions during the harvesting of sugarcane. Coffee exports were significantly impacted by reduced global income, which resulted in lower demand from the country's biggest export market, Japan. On the other hand, there were increased exports of citrus and pimento during the year, the former recovering from the 'huanglongbing' disease.

Consistent with the recovery in world travel in 2010, *Hotels & Restaurants* expanded by 3.4 per cent in the review period, following growth of 2.1 per cent in 2009. The tourism industry benefited from increased airlifts to the Island, major discounting by hotels and aggressive promotions by the Government and industry players as well as expanded room capacity. Further, below normal winter temperatures in Jamaica's main tourist markets also aided tourist arrivals in the December 2010 quarter. Activity within *Hotels* was, however, negatively affected by the cancellation of flights from Europe due to volcanic ash clouds as well as the negative travel advisories to Jamaica issued by the United States, United Kingdom and Canada following the disturbances in West Kingston. Nonetheless, total stopover arrivals and expenditure increased by 4.6 per cent and 2.4 per cent, respectively, compared to growth of 3.6 per cent and 2.6 per cent, respectively, in the previous year. In contrast, cruise ship arrivals declined marginally by 1.7 per cent, however, slower than the previous year's contraction of 15.3 per cent. *Restaurants* continued to decline in 2010, largely associated with lower real incomes and job uncertainty.

Unemployment

For 2010, the average unemployment rate increased by 1.0 percentage point to 12.4 per cent. With the exception of *Real Estate & Business Activities* and *Public Administration & Defence*, the increase in unemployment reflected job losses in all industries, primarily within *Construction*, *Agriculture* and *Hotels & Restaurants*. Further, the job-seeking rate, that is the percentage of the labour force actively seeking work, grew by 0.4 percentage point to average

7.6 per cent in 2010. The fallout in employment continued to reflect the general economic downturn.

2.2 RELATIVE PRICES, COMPETITIVENESS & MONETARY POLICY

The Real Effective Exchange Rate (REER) index was 14.8 per cent higher at end 2010 than at end 2009, indicating a worsening in Jamaica's external competitiveness. The increase in the REER reflected both an appreciation in the nominal effective exchange rate (NEER) and an increase in relative prices. The worsening in the NEER stemmed from a 4.3 per cent appreciation in the average selling rate of the US dollar vis-à-vis the Jamaica Dollar as well as an average depreciation of 2.5 per cent in the currencies of Jamaica's main trading partners' vis-à-vis the US dollar. Domestic inflation of 11.7 per cent was the main impetus behind the higher relative prices, the impact of which was partially offset by inflation of 4.2 per cent among Jamaica's major trading partners.

Inflation in 2010 was influenced by both domestic and external weather related shocks as well as the pass-through of various administrative costs adjustments. Domestic supply conditions were significantly affected by both drought and heavy rains (Tropical Storm Nicole) in the review year. These shocks disrupted the supply of agriculture produce, mainly vegetables and starches. There were also increases in international commodity prices throughout 2010, most notable oil prices. A number of fiscal measures were implemented throughout the year that directly impacted inflation. These included upward adjustment to ad valorem taxes and increases in fares of public transport as well as other fees. The tax package of December 2009 which was effected in January 2010 included an increase in SCT on fuel to 15.0 per cent, an effective 23.4 per cent rise in SCT on cigarettes and an increase in General Consumption Tax (GCT) to 17.5 per cent from 16.5 per cent. There was also a 17.5 per cent GCT charge on commercial electricity usage that was captured in the March 2010 billing period which placed added pressures on manufacturers to raise product prices. Low demand and a strengthening of the domestic currency against the US dollar moderated the impact of these inflationary impulses during the year.

The foreign exchange market was characterized by generally favourable conditions during 2010. These conditions were underpinned mainly by the implementation of the 27-month SBA with the

IMF, which was preceded by the JDX. These factors contributed to the upgrade of the country's sovereign debt ratings by international ratings agencies and improved investor confidence. During the review year, the Bank intervened on both sides of the foreign exchange market via its trading room to ensure orderly movement in the exchange rate. Additionally, the Bank maintained its Public Sector Entity (PSE) facility for foreign exchange, introduced in February 2009, as the channel through which liquidity was provided to these entities. This facility effectively kept the public entities' demand from the market. Further, on-going recovery in the economies of Jamaica's major trading partners facilitated increased earnings from key export sectors. Against this background, the weighted average selling rate (WASR) of the Jamaica Dollar vis-à-vis its US counterpart appreciated by 4.4 per cent for 2010, relative to a depreciation of 10.2 per cent in 2009. There was an appreciation of 7.3 per cent against the Great British Pound for 2010, relative to a depreciation of 18.6 per cent for 2009. However, the Jamaica Dollar depreciated by 0.9 per cent against the Canadian dollar for 2010, relative to 22.5 per cent for 2009.

In a context of weak domestic economic conditions and the stability in domestic financial markets, the Bank maintained an expansionary monetary policy stance in 2010. In this context, the Bank lowered the interest rate on its 30-day certificate of deposit (CD) by 300 basis points (bps) during 2010 and withdrew the offer of 60- to 180-day open market operation (OMO) securities. The rate on the Bank's overnight instrument was also reduced by 75 basis points over the review period. In an effort to promote an easing of domestic credit conditions, the Bank also effected reductions in the cash reserve requirement (CRR) and the liquid assets requirement against Jamaica Dollar prescribed liabilities of the deposit-taking financial institutions. These reductions allowed for an increase in the pool of loanable funds. In the context of increased foreign currency inflows associated with the IMF-SBA and multilateral loans, the Bank also lowered the CRR with respect to foreign currency liabilities.

2.3 SUMMARY & OUTLOOK

The recovery in the global economy largely influenced economic developments in Jamaica during 2010. In this context, the decline in domestic economic activity decelerated, while inflation moderated and the foreign exchange market remained relatively stable. These

developments as well as the outlook for inflation allowed for a steady reduction in the Bank's interest rates, a trend which was also reflected in market rates.

Following three consecutive years of contraction, the forecast for 2011 is for marginal growth in the domestic economy. This is against the background of the recovery in the world economy, which is expected to facilitate growth in the tradable industries. However, domestic economic activity will be restrained by continued weak domestic demand, associated with fiscal consolidation and a weak labour market. In this context, the economy is expected to record growth in the range of 1.0 to 2.0 per cent, with the expansion driven primarily by *Mining & Quarrying, Agriculture, Forestry & Fishing* and *Hotel & Restaurants*. Increased demand for aluminium on the international market should instigate additional activity within the mining industry while increased marketing activities from the public and private sectors should serve to boost developments within *Hotels & Restaurants*. Annual inflation should continue to moderate, predicated on continued exchange rate stability and some excess production capacity. The risks to the outlook mainly relate to external factors such as shocks to international commodity prices, a slower than anticipated recovery in the global economy and adverse weather.

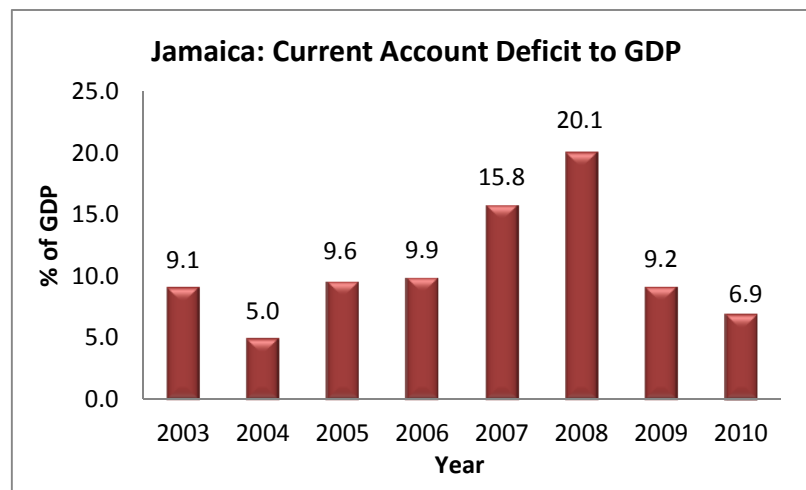
PART III

THE BALANCE OF PAYMENTS

3.0 SUMMARY

Jamaica's current account deficit narrowed to US\$934.0 million (or 6.9 per cent of GDP) in 2010, the second consecutive year of improvement (see **Figure 2** and **Table 10**). This improvement reflected increases in the surpluses on the current transfers and services sub-accounts as well as a decline in the deficit on the income sub-account. The impact of these changes was partly offset by an expansion in the deficit on the merchandise trade sub-account. Net current transfers and the services sub-accounts benefited from the recovery in global economic growth, particularly in the USA, while the expansion in the trade deficit was associated with an increase in oil prices on the international market. Within the capital and financial account, net private and official investment inflows were more than sufficient to finance the deficits on the capital and current accounts. Official investment inflows were buoyed by loans from the IDB, World Bank and CDB totalling US\$832.8 million as well as inflows to the Government from bi-lateral arrangements with Venezuela (approximately US\$229.2 million from the PetroCaribe arrangement). Consequently, the NIR of the BOJ increased by US\$442.0 million to US\$2 171.4 million at end-December 2010.

Figure 2



Source: Bank of Jamaica

Table 10

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)			
	2009^{1/}	2010^{2/}	Change
CURRENT ACCOUNT	-1 127.5	-934.0	193.5
A. GOODS BALANCE	-3 087.9	-3 259.0	-171.1
Exports (f.o.b.)	1 387.7	1 370.4	-17.4
Imports (f.o.b.)	4 475.6	4 629.4	153.7
B. SERVICES BALANCE	769.9	809.6	39.7
Transportation	-441.2	-430.0	11.2
Travel	1 709.0	1 808.8	99.7
Other Services	-497.9	-569.1	-71.2
GOODS & SERVICES BALANCE	-2 318.0	-2 449.4	-131.4
C. INCOME	-667.9	-494.6	173.3
Compensation of employees	67.6	89.1	21.5
Investment income	-735.5	-583.7	151.8
D. CURRENT TRANSFERS	1 858.4	2 010.0	151.6
General Government	143.9	194.3	50.4
Other Sectors	1 714.5	1 815.7	101.2
2. CAPITAL & FINANCIAL A/C	1 127.5	934.0	-193.4
A. CAPITAL ACCOUNT	20.7	-22.1	-42.8
General Government	45.3	4.2	-41.0
Other Sectors	-24.5	-26.3	-1.8
B. FINANCIAL ACCOUNT	1 106.7	956.1	-150.6
Official Investment	254.7	967.7	712.9
Private Investments ^{3/}	808.4	430.4	-378.0
Reserves ^{4/}	43.6	-442.0	

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3/ Includes Errors & Omissions

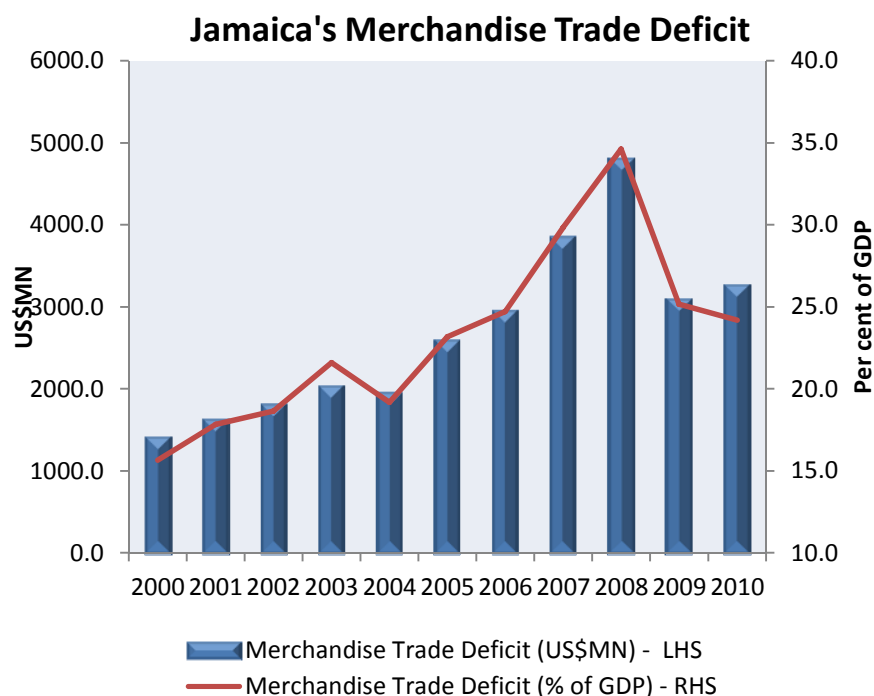
4/ Minus denotes increase

3.1 MERCHANDISE TRADE

Jamaica's total merchandise trade (i.e. exports plus imports (f.o.b.)) increased by US\$136.4 million to US\$5 999.7 million (or 44.5 per cent of GDP) in 2010 (see **Table IV, Appendix**). The goods account recorded a deficit of US\$3 259.0 million (24.2 per cent of GDP), an increase of US\$171.1 million, relative to 2009 (see **Figure 3**). The higher trade deficit in 2010 resulted from

an increase of US\$153.7 million in imports (f.o.b.), the effect of which was compounded by a decline of US\$17.4 million in exports.

Figure 3



Source: Statistical Institute of Jamaica

Exports

Total goods exports in 2010 amounted to US\$1 370.4 million (10.2 per cent of GDP). *General merchandise exports*, valued at US\$1 194.4 million, continued to account for the largest share of exports (87.2 per cent) but declined by US\$29.4 million when compared with 2009. *Goods Procured in Ports* by foreign carriers increased by 27.3 per cent while *Free zone exports* declined by 29.7 per cent (see **Table 11**). Both accounted for 9.9 per cent and 2.9 per cent of total exports, respectively.

Table 11

TRADITIONAL & NON-TRADITIONAL EXPORTS (US\$MN)				
	2009	2010	Change	% Change
GENERAL MERCHANDISE EXPORTS	1 223.8	1 194.4	-29.4	-2.4
DOMESTIC EXPORTS	1 146.8	1 117.9	-28.9	-2.5
Major Traditional Exports	525.7	575.7	50.0	9.5
Bauxite	85.4	128.7	43.3	50.7
Alumina	368.0	402.8	34.8	9.4
Sugar	72.3	44.2	-28.1	-38.8
Bananas	0.0	0.0	0.0	-24.3
Other Traditional Exports	90.5	78.9	-11.6	-12.8
Citrus	2.2	4.0	1.7	78.1
Cocoa	2.5	1.8	-0.6	-26.4
Coffee	35.3	22.3	-13.1	-37.0
Pimento	1.8	2.9	1.1	63.5
Rum	48.6	47.6	-1.0	-2.2
Gypsum	0.2	0.5	0.3	167.0
Non-Traditional Exports	530.5	463.2	-67.3	-12.7
RE-EXPORTS	77.0	76.5	-0.5	-0.6
FREEZONE EXPORTS	57.4	40.3	-17.1	-29.7
GOODS PROC. IN PORTS	106.6	135.7	29.1	27.3
GRAND TOTAL	1 387.7	1 370.4	-17.3	-1.2

Source: Statistical Institute of Jamaica

The contraction in the value of goods exports was largely due to respective declines of US\$67.3 million, US\$17.1 million and US\$11.6 million in *Non-traditional Exports*, *Freezone Exports* and *Other Traditional Exports*. The impact of these declines was partially offset by a US\$50.0 million increase in *Major Traditional Exports* (see **Table 11**). The decline in the value of *Non-traditional Exports* primarily reflected a US\$119.7 million reduction in earnings from chemical exports, of which the most significant component was ethanol (see **Table 12**). Jamaica's production of ethanol was negatively impacted by persistently high feedstock prices in Brazil, the country's main source market for feedstock.⁷ The impact of this deterioration was, however, partially offset by a US\$39.2 million increase in mineral fuel exports associated with the higher price of fuel on the world market. The decline in *Other Traditional Exports* emanated from a fall of US\$13.1 million in earnings from coffee exports. Lower coffee export volumes reflected the fact that domestic crop yields were negatively affected by drought conditions during the first half

⁷ High feedstock prices in 2010 resulted from reduced supplies associated with Brazil's ageing sugar cane crop as well as dry weather conditions.

of the year. In addition, there was reduced demand from Japan, Jamaica's main coffee export market. The increase in *Major Traditional Exports* largely reflected growth of US\$78.1 million in earnings from mining exports, partially offset by a US\$28.1 million decline in the value of sugar exports.

Table 12

VALUE OF EXPORTS (US\$MN)				
	2009	2010	Change	% Change
SITC SECTIONS				
0. Food	236.9	202.9	-34.0	-14.4
Citrus & citrus products	2.2	4.0	1.7	77.9
Sugar & sugar preparations	72.3	44.2	-28.1	-38.8
Other	162.3	154.7	-7.7	-4.7
1. Beverages & Tobacco	101.7	103.8	2.2	2.1
Rum	48.6	47.6	-1.0	-2.2
Tobacco & tobacco products	0.1	0.1	0.0	-10.5
Other	53.0	56.2	3.2	6.1
2. Crude materials	470.4	555.7	85.3	18.1
Bauxite	85.4	128.7	43.3	50.7
Alumina	368.0	402.8	34.8	9.4
Other	17.0	24.2	7.2	42.3
3. Mineral fuels	118.3	157.4	39.2	33.1
4. Animal & vegetable oils & fats	0.2	3.4	3.2	1 619.1
5. Chemicals	203.1	83.5	-119.7	-58.9
6. Manufactured goods	25.6	44.5	18.9	74.0
7. Machinery & transport equipment	41.0	16.1	-24.9	-60.7
8. Misc. manufactured goods	20.5	22.3	1.9	9.1
9. Misc. commodities	5.9	4.7	-1.3	-21.5
A. TOTAL GENERAL EXPORTS	1 223.8	1 194.4	-29.4	-2.4
B. FREE ZONE EXPORTS	57.4	40.3	-17.1	-29.7
C. GOODS PROCURED IN PORTS	106.6	135.7	29.1	27.3
TOTAL EXPORTS (F.O.B.)	1 387.7	1 370.4	-17.3	-1.2

Source: Statistical Institute of Jamaica

Major Traditional Exports

Bauxite & Alumina

For 2010, earnings from bauxite and alumina exports increased by 50.7 per cent and 9.4 per cent, respectively, reflecting expansion in demand associated with the partial recovery in the global economy. The increase in earnings from bauxite exports reflected respective expansions of 34.6 per cent and 12.0 per cent in the commodity's export volumes and average realized price (ARP) (see **Table 13**). The growth in bauxite export volumes largely reflected a normalization

following a scaling back of activities during the global economic recession in 2009. In this regard, Noranda Bauxite Ltd's operating capacity increased to an average of 90.2 per cent in 2010 from 71.1 per cent in 2009. The increase in the price of the ore was similarly associated with the gradual recovery in the global demand for aluminum.

Higher earnings from alumina exports largely reflected a 26.8 per cent increase in the ARP of the mineral, which was partially offset by a 13.7 per cent decline in export volumes. The higher prices, albeit still below pre-crises levels, were prompted by improved external demand conditions (see **International Economic Developments**). With regard to export volumes, the decline resulted from the impact of the continued closure of Alpart and Windalco's Kirvine plant. In April 2009, both plants operated by Windalco were shuttered while Alpart ceased operations in May 2009. The resumption of operations by Windalco's Ewarton processing plant in the June 2010 quarter, however, helped to stymie the overall decline in export volumes during the year.

Sugar

Earnings from sugar exports fell by 38.8 per cent to US\$44.2 million in 2010, reflecting a 22.9 per cent decline in export volumes as well as a 20.6 per cent fall in the ARP. The fall in export volumes reflected the impact of drought conditions during the first half of the year. In addition, the yield for the 2009/10 crop was low because of the smut and rust disease that affected some variety of sugar cane. Against this background, the tonnes of cane to tonnes of sugar (TC/TS) ratio increased to 11.37 in 2010 from 10.7 in the previous year. Lower prices for sugar resulted from a loss in preferential access to the European market following administered price cuts under the ACP/EU Sugar Protocol in October 2009. Under the ACP/EU sugar protocol, prices were guaranteed at 448.8 Euros per tonne for the 2008/09 crop. For the 2010 sugar crop, the Jamaican government entered into a forward sale contract which had been based on a minimum guaranteed price of 335.0 Euros per tonne.

Table 13

MAJOR TRADITIONAL EXPORT COMMODITIES				
	2009 ^{1/}	2010 ^{2/}	Change	% Change
BAUXITE				
VOLUME ('000 tonnes)	3 196.3	4 303.4	1 107.1	34.6
VALUE (US\$MN)	85.4	128.7	43.3	50.7
PRICE (US/tonne)	26.7	29.9	3.2	12.0
ALUMINA				
VOLUME ('000 tonnes)	1 816.5	1 567.9	-248.6	-13.7
VALUE (US\$MN)	368.0	402.8	34.8	9.4
PRICE (US/tonne)	202.6	256.9	54.3	26.8
SUGAR				
VOLUME ('000 tonnes)	120.2	92.6	-27.6	-22.9
VALUE (US\$MN)	72.3	44.2	-28.1	-38.8
PRICE (US/tonne)	601.9	477.7	-124.2	-20.6

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Other Domestic Exports

Earnings from *Other Domestic Exports* declined by US\$78.9 million (12.7 per cent) to US\$542.1 million, relative to 2009 (see **Table 14**). The major factor contributing to this contraction was lower earnings from chemical export. The impact of this decline was partially offset by an increase in the export of mineral fuels, associated with a 28.7 per cent rise in international fuel prices during the year. Mineral fuel exports represent Petrojam's supply of petroleum products, including gasoline, to regional and international customers.

Table 14

OTHER DOMESTIC EXPORTS BY S.I.T.C. (US\$MN)				
	2009 ^{1/}	2010 ^{2/}	Change	% Change
0. Food	161.2	155.1	-6.1	-3.8
Citrus & citrus products	2.2	4.0	1.7	77.9
Other	159.0	151.1	-7.9	-4.9
1. Beverages & Tobacco	101.7	103.5	1.8	1.8
Rum	48.6	47.6	-1.0	-2.2
Tobacco & tobacco products	0.1	0.1	0.0	0.0
Other	53.0	55.9	2.9	5.4
2. Crude Materials	16.9	23.4	6.6	39.0
3. Mineral Fuels	118.0	157.3	39.4	33.4
4. Animal & Vegetable Oils & Fats	0.2	0.2	0.0	-12.5
5. Chemicals	198.5	78.7	-119.8	-60.4
6. Manufactured Goods	15.8	11.3	-4.5	-28.2
7. Machinery & Transport Equip.	1.8	0.5	-1.2	-70.7
8. Miscellaneous Manufactured Goods	7.0	7.4	0.4	5.2
9. Miscellaneous Commodities	0.0	4.7	4.7	0.0
TOTAL	621.0	542.1	-78.9	-12.7

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

Imports

Total goods imports (c.i.f.) in 2010 were valued at US\$5 297.1 million (34.3 per cent of GDP) (see **Table 15**). General merchandise imports accounted for 98.1 per cent of Jamaica's import bill in 2010, while goods procured in ports by foreign carriers and free zone imports accounted for 1.3 per cent and 0.6 per cent, respectively.

The value of total imports increased by 3.1 per cent in 2010, relative to the previous year. This increase primarily reflected higher spending on mineral fuels, manufactured goods and miscellaneous manufactured goods. In particular, spending on mineral fuel imports increased by 13.5 per cent in the review year, relative to 2009. This expansion was associated with a 28.7 per cent increase in the average price of oil.⁸ There was, however, a contraction in the volume of fuel imported during the year.

⁸ Oil price is measured by the West Texas Intermediate index

Increased spending on manufactured goods resulted from an expansion in imports of bottling material associated with growth in demand from the manufacturers of beers and other spirits in the context of expansions in the domestic wine and spirits market. The growth in miscellaneous manufactured goods reflected increased spending on imports of books.

Table 15

VALUE OF IMPORTS BY SITC (C.I.F.) (US\$MN)				
	2009 ^{1/}	2010 ^{2/}	Change	% Change
TOTAL GENERAL IMPORTS	5 065.7	5 194.6	128.9	2.5
0. FOOD	802.3	806.0	3.7	0.5
1. BEVERAGE & TOBACCO	79.9	75.2	-4.7	-5.9
2. CRUDE MATERIALS	54.9	60.8	5.9	10.8
3. MINERAL FUELS	1 396.6	1 585.6	188.9	13.5
4. ANIMAL & VEGETABLE OIL	33.9	32.6	-1.2	-3.6
5. CHEMICALS	740.3	692.5	-47.8	-6.5
6. MANUFACTURED GOODS	555.8	583.0	27.2	4.9
7. MACHINERY & TRANSPORT EQUIPMENT	820.2	786.0	-34.2	-4.2
8. MISCELLANEOUS MANUFACTURED GOODS	461.6	477.3	15.7	3.4
9. MISCELLANEOUS COMMODITIES	120.3	95.7	-24.6	-20.4
FREEZONE	16.1	32.1	16.0	99.2
GOODS PROCURED IN PORTS	56.7	70.4	13.7	24.2
TOTAL	5 138.5	5 297.1	158.7	3.1

Source: Statistical Institute of Jamaica

1/ Revised

2/ Estimates

3.2 DIRECTION OF TRADE (GENERAL MERCHANDISE)

The USA, CARICOM and the European Union (EU) were Jamaica's main trading partners in 2010, accounting for US\$3 741.9 million or 58.6 per cent of total merchandise trade. This was marginally lower when compared with the share of 58.8 per cent in 2009. These countries accounted for US\$813.9 million or 68.1 per cent of Jamaica's total export market in 2010 while supplying US\$2 928.0 million or 56.4 per cent of Jamaica's imports in that year (see **Tables 16 to 18**).

Table 16

VALUE OF EXPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
	2009	% of Total	2010	% of Total	Change	% Change
COUNTRY						
Canada	131.6	10.8	164.9	13.8	33.3	25.3
CARICOM	66.4	5.4	65.3	5.5	-1.1	-1.7
China	17.1	1.4	1.8	0.2	-15.3	-89.5
European Union	103.4	8.5	89.0	7.5	-14.4	-14.0
United Kingdom	129.6	10.6	82.6	6.9	-47.0	-36.3
United States	648.1	53.0	659.6	55.2	11.5	1.8
All other countries	127.4	10.4	131.2	11.0	3.8	3.0
TOTAL	1 223.8	100.0	1 194.4	100.0	-29.4	-2.4

Source: Statistical Institute of Jamaica

Table 17

VALUE OF IMPORTS BY PRINCIPAL TRADING PARTNERS (US\$MN)						
	2009	% of Total	2010	% of Total	Change	% Change
COUNTRY						
Canada	106.6	2.1	91.7	1.8	-14.9	-14.0
CARICOM	737.7	14.6	821.7	15.8	84.0	11.4
China	236.3	4.7	242.9	4.7	6.6	2.8
European Union	289.8	5.7	272.4	5.2	-17.4	-6.0
United Kingdom	79.7	1.6	82.4	1.6	2.7	3.4
United States	1 850.3	36.5	1 833.9	35.3	-16.4	-0.9
All other countries	1 765.2	34.8	1 849.6	35.6	84.4	4.8
TOTAL	5 065.7	100.0	5 194.6	100.0	128.9	2.5

Source: Statistical Institute of Jamaica

Table 18

TRADE BALANCE BY PRINCIPAL TRADING PARTNERS (US\$MN)				
	2009	2010	Change	% Change
COUNTRY				
Canada	25.0	73.2	48.2	192.9
CARICOM	-671.3	-756.4	-85.1	12.7
China	-219.2	-241.1	-21.9	-10.0
European Union	-186.3	-183.4	2.9	1.6
United Kingdom	49.9	0.2	-49.8	-99.6
United States	-1 202.2	-1 174.3	27.9	2.3
All other countries	-1 637.9	-1 718.4	-80.6	4.9
TOTAL	-3 841.9	-4 000.3	-158.3	4.1

Source: Statistical Institute of Jamaica

Jamaica's principal trading partner, the USA, accounted for 39.0 per cent of the country's general merchandise trade in 2010. Imports from the USA accounted for 35.3 per cent of Jamaica's general merchandise purchases and included food, machinery & transport equipment, chemicals and manufactured goods. On the other hand, exports to that market accounted for 55.2 per cent of Jamaica's general merchandise sales in 2010, relative to 53.0 per cent in 2009. These comprised mainly bauxite, alumina and miscellaneous manufactured goods.

The value of Jamaica's general merchandise imports from the USA declined by US\$16.4 million to US\$1 833.9 million in 2010, associated with weak domestic demand. Jamaica's exports to the USA, however, increased by US\$11.5 million to US\$659.6 million. This expansion reflected an increase of 21.2 per cent in the volume of alumina shipped to that country. In this context, Jamaica's merchandise trade deficit with the USA improved by 2.3 per cent to US\$1 174.3 million in 2010, relative to the previous year.

Jamaica incurred a trade deficit of US\$183.4 million with the EU in 2010, relative to a deficit of US\$186.3 million in 2009. The narrowing of the deficit was due primarily to a decline of US\$17.4 million in imports, partly offset by a decline of US\$14.4 million in exports. In this context, the share of total merchandise trade, accounted for by the EU, fell to 5.7 per cent in 2010 from 7.7 per cent in 2009. Exports to the EU accounted for US\$89.0 million or 7.5 per cent of Jamaica's total exports and included sugar, rum and alumina. For 2010, imports from the EU accounted for US\$272.4 million or 5.2 per cent of Jamaica's total imports and included milk products, machinery and transport equipment, food and electronics.

There was a significant increase in Jamaica's overall trade surplus with Canada in 2010, relative to 2009. This gain reflected an increase of 25.3 per cent in exports to that destination while imports fell by 14.0 per cent. Against this background, the share of Jamaica's total merchandise trade with Canada rose to 4.0 per cent in 2010 from 3.8 per cent in the previous year. Exports to this market included alumina, rum and food while imports comprised mainly machinery & transport equipment, mineral fuels, chemicals and food.

Jamaica's merchandise trade deficit with China increased in 2010 by US\$21.9 million to US\$241.1 million. For the year, export earnings declined by US\$15.3 million to US\$1.8 million, while imports increased by US\$6.6 million or 2.8 per cent to US\$242.9 million. China accounted for 0.2 per cent of Jamaica's exports in 2010, relative to 1.4 per cent in 2009, while its share of imports remained at 4.7 per cent in 2010. Exports to China consisted mainly of alumina and scrap metals. Consistent with the overall decline in the volume of alumina exports from Jamaica, there were no shipments of the ore to China during 2010. In early 2010, China's alumina producers added significant capacity and output in anticipation of the global economic recovery, which reduced their need for imports.

The United Kingdom's (UK) share of Jamaica's merchandise trade fell to 2.6 per cent in 2010 from 3.3 per cent in 2009. The value of imports from the UK increased by 3.4 per cent to US\$82.4 million in the review year. Concurrently, general merchandise exports to the UK, comprising mainly sugar and rum, fell by 49.8 per cent to US\$82.6 million. This significant decline in exports largely reflected the contraction in the value of sugar exports, associated with the erosion of preferential access to the European market in October 2009 as well as the reduction in sugar prices under the ACP/EU protocol. Against the background of the significant decline in exports, and the increase in the value of imports, Jamaica's trade surplus with the UK fell in 2010 by US\$49.8 million to US\$0.2 million.

3.3 CARICOM TRADE

CARICOM's share of Jamaica's merchandise trade increased to 13.9 per cent in 2010 from 12.8 per cent in 2009. This was largely attributed to an expansion of 11.4 per cent in imports from the region as exports contracted by 1.7 per cent. These changes resulted in a US\$85.1 million worsening of Jamaica's trade deficit with the region, relative to 2009. The widening of the deficit was influenced primarily by an increase in Jamaica's trade deficit with Trinidad and Tobago to US\$701.9 million in 2010 from US\$616.5 million in 2009. This deterioration largely reflected an increase in the value of crude oil imported from that country. Trinidad and Tobago remained Jamaica's major regional trading partner in 2010 (see **Table 19**).

Table 19

CARICOM TRADE (SELECTED COUNTRIES) (US\$MN)						
Country	2009			2010		
	Exports	Imports	Trade Bal.	Exports	Imports	Trade Bal.
Antigua	5.7	0.1	5.6	4.9	0.0	4.9
Barbados	8.6	14.0	-5.3	8.9	13.6	-4.7
Belize	3.6	6.9	-3.4	6.1	10.4	-4.3
Dominica	2.3	11.1	-8.9	2.7	8.9	-6.2
Grenada	2.6	0.4	2.2	2.1	0.3	1.8
Guyana	5.6	45.3	-39.7	6.7	42.2	-35.5
Montserrat	0.3	0.0	0.3	0.5	0.0	0.5
St. Kitts	4.3	0.0	4.3	3.2	0.0	3.2
St. Lucia	6.1	1.3	4.8	5.5	10.0	-4.5
St. Vincent	2.5	0.4	2.1	2.8	0.4	2.4
Suriname	3.7	20.6	-16.9	2.8	23.8	-21.0
Trinidad & Tobago	21.2	637.7	-616.5	19.1	721.0	-701.9
TOTAL	66.4	737.7	-671.3	65.3	821.6	-756.3

Source: Statistical Institute of Jamaica

3.4 SERVICES

Net earnings from services increased by US\$39.7 million (5.2 per cent) to US\$809.6 million in 2010 (see **Table 20**). The higher surplus reflected an expansion of US\$99.7 million in net receipts from travel as well as a reduction in the deficit on the transportation sub-accounts. The impact of these improvements was partly offset by an increase of US\$71.2 million in the deficit on the other services sub-account.

Transportation

The lower deficit on the transportation sub-account primarily reflected a decline of US\$60.1 million in gross outflows, due mainly to a reduction in fees for cargo handling, storage and port duty maintenance (see **Table 21**). In addition, there was a US\$49.0 million contraction in gross inflows largely associated with a decrease in the estimated number of Jamaicans travelling abroad in the review period.

Table 20

SERVICES (US\$MN)				
	2009	2010	Change	% Change
Services Balance	769.9	809.6	39.7	5.2
Inflows	2 650.6	2634.0	-16.5	-0.6
Outflows	1 880.6	1824.4	-56.2	-3.0
Transportation	-441.2	--430.0	11.2	-2.5
Inflows	344.2	295.2	-49.0	-14.2
Outflows	785.4	725.2	-60.1	-7.7
Travel	1 709.0	1808.8	99.7	5.8
Inflows	1 925.5	2001.3	75.8	3.9
Outflows	216.4	192.5	-23.9	-11.0
Other Services	-497.9	-569.1	-71.2	14.3
Inflows	380.9	337.5	-43.4	-11.4
Outflows	878.8	906.7	27.8	3.2

Source: Bank of Jamaica

Table 21

TRANSPORTATION (US\$MN)				
	2009	2010	Change	% Change
TRANSPORTATION (NET)	-441.2	430.0	11.2	-2.5
TOTAL RECEIPTS	344.2	295.2	-49.0	-14.2
Passenger fares	145.1	94.2	-50.9	-35.1
Freight	4.4	3.8	-0.6	-12.9
Other	194.7	197.2	2.5	1.3
TOTAL PAYMENTS	785.4	725.2	-60.1	-7.7
Passenger fares	43.0	42.2	-0.9	-2.0
Freight	611.5	614.8	3.3	0.5
Other	130.9	68.3	-62.6	-47.9

Source: Bank of Jamaica

Travel

Net foreign exchange earnings from the tourism industry in 2010 amounted to US\$1 808.8 million (13.4 per cent of GDP), representing an increase of US\$99.7 million or 5.8 per cent, relative to 2009. This improvement reflected an increase in gross receipts of US\$75.8 million (3.9 per cent) as well as a reduction of 23.9 per cent in travel outflows (see **Table 20**). The increase in gross receipts reflected growth of 4.9 per cent in total stopover arrivals for the review period as well as increases in the average daily expenditure of foreign national stopover visitors and spending by cruise passengers. For gross outflows, there was a contraction in the estimated number of Jamaicans travelling abroad, relative to 2009.

The growth in stopover visitor arrivals for the review period reflected respective increases of 5.0 per cent and 3.8 per cent in the arrivals of foreign nationals and non-resident Jamaicans. This performance was associated with the recovery of the global economy, an increase in the frequencies and routes of airlines, continued aggressive marketing of brand Jamaica and a relatively inactive hurricane season, compared with 2009. There were increased stopover arrivals in all the months of year, with the exception of May and June which recorded declines because of the highly publicised disturbances in Kingston, Jamaica's capital city, towards the end of May.

Table 22

VISITOR ARRIVAL STATISTICS				
	2009	2010	Change	% Change
Total Stopovers	1 831 097	1 921 678	90 581	4.9
Foreign National Stopovers	1 683 846	1 768 810	60 171	5.0
Non-resident Jamaican stopovers	147 251	152 868	5 617	3.8
Cruise Passengers & Armed Forces	922 349	909 619	-12 370	-1.4
Total Visitors	2 753 446	2 831 297	77 851	2.8
Average Daily Expenditure (US\$MN)	113.98	115.72	1.74	1.5
Gross Estimated Expenditure (US\$MN)	1 925.5	1985.7	60.3	3.1

Source: Jamaica Tourist Board

Stopover Arrivals

Source Markets

The USA, Canada and the UK continued to be the main sources of visitors to Jamaica in 2010. In addition, with the exception of Canada, the USA and Other Europe, all source markets recorded declines in arrivals (see **Table 23**). Stopover visitors from the USA increased by 6.0 per cent and accounted for 64.7 per cent of total visitors in 2010 compared with 64.1 per cent in the previous year. Growth was recorded in all regions with the Northeast and Mid-West registering increases of 9.5 per cent and 3.9 per cent, respectively, while both the West and South rose by 2.7 per cent. The increase in visitors from the USA was attributed primarily to a rise in the number of new gateways, frequency of flights and, consequently, additional air seats. In particular, Air Tran and US Airways started weekly chartered services from Phoenix to Montego Bay in December 2009 while Jet Blue Airlines commenced airlift services from New York, Boston and Orlando to Montego Bay between 9 January and 8 February 2010. In addition, Air Tran began scheduled nonstop service from Atlanta, Baltimore and Orlando to Montego Bay on 11 February 2010, while USA 3000 commenced chartered service from Chicago, Detroit and St Louis. Delta Airlines also began providing airlift service from New York into Kingston during the year.

Table 23

STOPOVER ARRIVALS BY COUNTRY OF ORIGIN												
	Foreign Nationals				Non-Resident Jamaicans				Total Stopovers			
	2009	2010	Change	% Change	2009	2010	Change	% Change	2009	2010	Change	% Change
United States	1068250	1133559	65309	6.1	104594	109384	4790	4.6	1172844	1242943	70099	6.0
Canada	279004	312741	33737	12.1	11303	12450	1147	10.1	290307	325191	34884	12.0
UK	171672	170368	-1304	-1.1	12840	13987	1147	8.9	184512	184355	-157	-0.1
Germany	19939	18573	-1366	-6.9	281	284	3	1.1	20220	18857	-1363	-6.7
Other Europe	65892	67609	1717	2.6	417	494	77	18.5	66309	68103	1794	2.7
Latin America	14384	13349	-1035	-7.2	108	93	-15	-13.9	14492	13442	-1050	-7.2
Japan	2454	1899	-555	-22.6	56	51	-5	-8.9	2510	1950	-560	-22.3
Caribbean	47872	42359	-5513	-11.5	17461	15940	-1521	-8.7	65333	58299	-7034	-10.8
Other Countries	8621	8353	-268	-3.1	191	185	-6	-3.1	8812	8538	-274	-3.1
TOTAL	1678088	1768810	90722	5.4	147251	152868	3655	2.5	1825339	1921678	96339	5.5

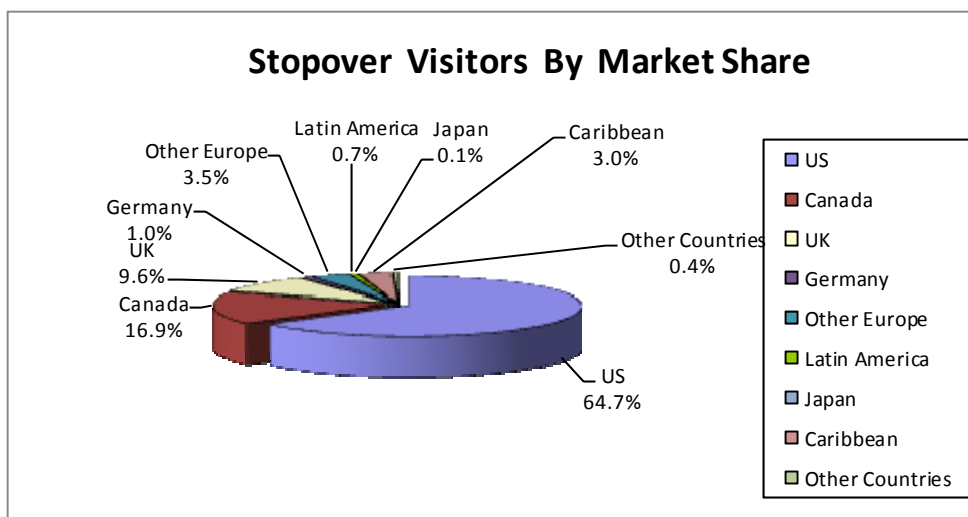
Source: Jamaica Tourist Board

Stopover visitors from Canada increased by 12.0 per cent in 2010, resulting in the share of this source market expanding to 16.9 per cent from 15.9 per cent in 2009 (see Figure 4). Accordingly, for the second consecutive year, stopover visitors from Canada have surpassed those from Europe (in particular the UK).⁹ Notably, arrival of non-resident Jamaicans from Canada also rose by 10.1 per cent in the review year. Growth in arrivals from Canada was significant for the summer and winter periods, recording respective expansions of 13.3 per cent and 10.6 per cent. There were increases in arrivals from all provinces, with the exception of British Columbia and the Northwest Territories. The notable increase in visitors from this source market continued to reflect their higher purchasing power, associated with growth in the Canadian economy as well as the appreciation in the value of the Canadian dollar vis-à-vis the US dollar during the year (**See International Economic Developments**). There was also an increase in airlift service from new and existing airlines. For example, Westjet Airlines commenced flights from Toronto to Kingston on 1 November 2010 and also added flights from Edmonton, Calgary, Montreal, Winnipeg, Vancouver and Saskatoon.

The total number of visitors from Europe increased by 2.7 per cent, largely reflecting growth in arrivals of non-resident Jamaicans from Eastern and Central Europe, which recorded a 2.1 per cent rise. This improvement was mainly attributed to the addition of a daily service from Gatwick International to Montego Bay by British Airways. There was also increased airlift from Arkefly Air from Amsterdam as well as Blue Panorama and Livingston SPA from Milan, Italy. Furthermore, there were small increases in arrivals from Russia, Switzerland, Austria, Sweden, Poland and Hungary. Of note, stopover arrivals from the UK fell by 0.4 per cent and partly accounted for the reduction from Northern Europe, while Southern Europe (7.1 per cent), Western Europe (6.6 per cent) and Northern Europe (0.2 per cent) also registered falloffs. The other major source markets that recorded declines were Japan (22.3 per cent), the Caribbean (10.8 per cent), Latin America (7.2 per cent) as well as the other countries group (3.1 per cent).

⁹ Europe includes the UK, Germany and other Europe

Figure 4



Source: Jamaica Tourist Board

Seasonal Distribution

For the winter period (January to April), stopover arrivals increased by 7.3 per cent relative to the similar period in 2009 (see **Table 24**). This relatively strong growth for winter reflected the impact of severe cold conditions in the major source markets. Stopover visitor arrivals for the summer months (May to December), grew at a slower rate of 3.6 per cent in 2010 which could have partly reflected the impact of the civil disturbance in Kingston early in the period.

Table 24

SEASONAL DISTRIBUTION OF STOPOVER VISITOR ARRIVALS						
	No. of Visitors			% of total		
	2009	2010	Change	% Change	2009	2010
Winter	649 187	696 889	47 702	7.3	35.5	36.4
Summer	1 181 910	1 224 789	42 879	3.6	64.5	63.7
Total	1 831 097	1 921 678	90 581	4.9	100.0	100.0

Source: Jamaica Tourist Board(JTB)

Visitor Accommodation & Length of Stay

During 2010, the number of available rooms increased by 1.1 per cent to 28 374, while the number of beds rose by 0.5 per cent to 58 138 (see **Table 25**). The growth in the room stock primarily reflected the net addition of 300 rooms in the review year¹⁰. All the resort areas, with the exception of Negril, Kingston & St. Andrew and Ocho Rios, showed improvement in hotel room accommodation, with Montego Bay registering the largest increase of 8.7 per cent, while the South Coast and Port Antonio recorded growth of 2.6 per cent and 2.4 per cent, respectively. There were corresponding declines in the number of available beds for Negril, Kingston & St. Andrew and Ocho Rios. The downward trend in beds for these regions resulted from increased efforts by the Jamaica Tourist Board to exclude rooms that were no longer being used for tourist accommodation.

Table 25

VISITOR ACCOMMODATION STATISTICS (By Resort Area)				
	2009	2010	Change	% Change
No. of Rooms	28 074	28 374	300	1.1
Montego Bay	8 512	9 256	744	8.7
Ocho Rios	7 624	7 581	-43	-0.6
Negril	7 260	6 886	-374	-5.2
Kingston	2 448	2 365	-83	-3.4
South Coast	1 406	1 442	36	2.6
Port Antonio	824	844	20	2.4
No. of Beds	57 872	58 138	266	0.5
Montego Bay	17 420	18 818	1 398	8.0
Ocho Rios	16 519	16 145	-374	-2.3
Negril	14 573	13 848	-725	-5.0
Kingston	4 910	4 744	-166	-3.4
South Coast	2 786	2 884	98	3.5
Port Antonio	1 664	1 699	35	2.1

Source: Jamaica Tourist Board

For the review period, the average length of stay for stopover visitors by the major source countries of residence recorded slight declines, compared with 2009 (see **Table 26A**). In particular, the average length of stay of visitors from Canada and the USA recorded respective declines of 3.1 per cent and 2.5 per cent. With regard to average length of stay by type of

¹⁰ The following represent gross additions: Secrets Wild Orchid (700), Palmyra Resort & Spa Montego Bay; Gran Bahia Principe, St. Ann (155).

accommodation, both categories recorded declines compared with 2009 (see **Table 26B**). However, the average length of stay of non-resident Jamaicans staying in hotel accommodations remained the same as in 2009, while that for foreign nationals declined marginally. In addition, there was a rise in hotel room occupancy rates by 1.5 percentage points to an average of 60.5 per cent, relative to 2009.

Table 26A

AVERAGE LENGTH OF STAY By Country of Residence (Days)		
Country	2009	2010
US	7.9	7.7
Canada	9.6	9.3
UK	16.0	15.7
Europe	10.8	10.9
Latin America	8.3	8.9
Caribbean	8.9	9.3
Other Countries	11.3	13.6
TOTAL	9.2	9.0

Source: Jamaica Tourist Board

Table 26B

AVERAGE LENGTH OF STAY By Type of Accommodation				
	2009		2010	
	Foreign Nationals	Non Resident Jamaicans	Foreign Nationals	Non Resident Jamaicans
Hotel	7.0	8.2	6.9	8.2
Non-Hotel	9.7	11.6	9.4	11.8
Private Homes	16.0	17.7	15.6	17.0
Other	11.3	11.7	12.8	16.2
TOTAL	9.2	17.0	9.0	16.4

Source: Jamaica Tourist Board

Cruise Passengers

Cruise passenger arrivals declined by 1.4 per cent to 909 619 in 2010, representing the fourth consecutive year of decline (see **Table 22**). There were respective declines of 4.5 per cent and 4.3 per cent in passenger arrivals and ship calls at the Ocho Rios port. However, the Montego Bay port recorded growth of 6.1 and 5.2 per cent in passengers and ship calls, respectively. The overall fall in cruise arrivals reflected the continued diversion of major cruise lines to the Mediterranean to take advantage of premium rates offered on such cruises as well as the ideal sailing conditions that exist in these areas.

Tourist Expenditure

Gross earnings from tourism increased by US\$75.8 million to US\$2 001.3 million (14.8 per cent of GDP) in 2010 (see **Table 27**). On average, each foreign national stop-over tourist spent US\$115.7 per day, an increase of 1.5 per cent, relative to 2009. In addition, the average daily spending of cruise passengers increased by 4.7 per cent to US\$87.35 from US\$83.40 in 2009. With respect to payments, the expenditure of Jamaicans travelling overseas declined by 18.4 cent during 2010, while that of resident workers abroad grew by 22.1 per cent compared with the previous year.

Table 27

TOURIST EXPENDITURE (US\$MN)				
	2009	2010	Change	% Change
Foreign National Stop-over Expenditure	1 771.5	1 845.5	74.0	4.2
Winter Expenditure	663.2	704.3	41.1	6.2
Summer Expenditure	1 108.3	1 141.2	32.9	3.0
Non-resident Jamaican Expenditure	76.3	76.5	0.2	0.3
Cruise passengers & Armed Forces	77.7	79.3	1.6	2.1
Total Expenditure	1 925.5	2 001.3	75.8	3.9
Less Jamaican Expenditure Overseas	177.0	144.4	-32.6	-18.4
Less Exp. of Resident Workers Overseas	39.4	48.1	8.7	22.1
Net Expenditure	1 709.0	1 808.8	99.7	5.8
<i>Memo</i>				
<i>Foreign Nationals average daily expenditure</i>	114.0	115.7	1.74	1.5
<i>Cruise Passenger average daily expenditure</i>	83.4	87.4	4.0	4.7

Source: Jamaica Tourist Board

Other Services

The deficit on the *other services* account widened by 14.3 per cent to US\$569.1 million in 2010, reflecting a reduction of US\$43.4 million in gross receipts as well as an increase of US\$27.8 million in payments (see **Table 28**).

Table 28

OTHER SERVICES				
	2009	2010	Change	% Change
OTHER SERVICES (NET)	-498.0	-569.1	-71.2	14.3
RECEIPTS	380.9	337.5	-43.4	-11.4
Insurance	8.4	5.5	-2.9	-34.5
Computer & Information	36.6	38.4	1.8	4.9
Other Business Services	300.9	260.0	-40.9	-13.6
Government	35.0	33.6	-1.4	-4.0
PAYMENTS	878.8	906.7	27.8	3.2
Insurance	154.2	152.5	1.7	1.1
Computer & Information	42.3	36.4	-5.9	-13.9
Other Business Services	625.7	659.9	34.2	5.5
Government	56.6	57.9	1.3	2.3

Source: Bank of Jamaica

The fall in inflows mainly reflected lower receipts from other business services, in particular royalties and license fees. On the other hand, the increase in spending could be attributed to a rise in commissions to travel agents as well as the expansion in marketing activities of the JTB during the year.

3.5 INCOME

For 2010, the income sub-account recorded a deficit of US\$494.6 million, which was US\$173.3 million lower than in 2009. This improvement reflected a reduction of US\$151.8 million in net investment income outflows as well as an increase of US\$21.5 million in net inflows from compensation to employees (see **Table 29**).

Table 29

	INCOME (US\$MN)			
	2009	2010	Change	% Change
INCOME ACCOUNT (NET)	-668.0	-494.6	173.3	-25.9
INFLOWS	234.9	243.2	8.3	3.5
OUTFLOWS	902.9	737.9	-165.0	-18.3
Compensation to Employees	67.6	89.1	21.5	31.7
Inflows	99.2	120.3	21.1	21.3
Outflows	31.6	31.0	-0.4	-1.2
Investment Income (net)	-735.6	-583.8	151.8	-20.6
Inflows	135.8	122.9	-12.8	-9.4
Direct Investment	10.9	5.2	-5.7	-52.3
Portfolio Investment	71.2	71.6	0.4	0.6
Other Investment Income	53.7	46.1	-7.5	-14.0
- Central Government	0.0	0.0	0.0	0.0
- BOJ	26.5	22.8	-3.7	-14.0
- Other	27.1	23.3	-3.8	-14.0
Outflows	871.3	706.7	-164.6	-18.9
Direct Investment	231.8	127.0	-104.8	-45.2
Portfolio Investment	13.3	15.0	1.7	12.8
Other Investment Income	626.2	564.7	-61.5	-9.8
- Central Government	487.8	467.9	-19.9	-4.1
- BOJ	0.0	7.1	7.1	0.0
- Govt. Guaranteed	38.3	6.1	-32.2	-84.1
- Other	100.1	83.6	-16.5	-16.5

Source: Bank of Jamaica

The contraction in net investment income outflows mainly reflected a decline of US\$104.8 million in estimated profit remittances by the direct investment companies associated with the downturn in the mining sector. There was also a reduction of US\$61.5 million in official interest payments. The growth in compensation to employees reflected an increase of US\$21.1 million in inflows to overseas seasonal workers by non-resident employers.

3.6 CURRENT TRANSFERS

Gross inflows from current transfers amounted to US\$2 292.9 million in 2010, representing an increase of US\$170.9 million (8.1 per cent), relative to 2009 (see **Table 30**). This improvement reflected growth of US\$116.8 million (5.9 per cent) in gross private transfers, consistent with the recovery in the economies where non-resident Jamaicans reside. In addition, there was an increase of US\$54.1 million (34.7 per cent) in gross inflows to the official sector largely reflecting grant receipts from the European Union for debt reduction and growth enhancement initiatives. Gross private remittance outflows grew by 6.2 per cent to US\$267.2 million for the review year.

Table 30

CURRENT TRANSFERS (US\$MN)				
	2009*	2010**	Change	% Change
TOTAL RECEIPTS	2 122.0	2 292.9	170.9	8.1
General Government	155.9	209.9	54.1	34.7
Private Sector	1 966.2	2 083.0	116.0	5.9
Financial System	264.5	292.3	27.7	10.5
Remittance Companies	1 525.8	1 613.9	88.1	5.8
Other	175.9	176.8	0.9	0.5
TOTAL PAYMENTS	263.6	282.9	19.3	7.3
General Government	12.0	15.6	3.6	30.4
Private Sector	251.6	267.2	15.6	6.2
Financial System	237.4	248.1	10.7	4.5
Other	14.2	19.1	4.9	34.7
NET CURRENT TRANSFERS	1 858.4	2 010.0	151.6	8.2
* Revised				
** Estimated				

Source: Bank of Jamaica

Private transfer inflows received through remittance companies increased by US\$88.1 million (5.8 per cent) and accounted for 77.5 per cent of total inflows in 2010, compared with 77.6 per cent in 2009. Transfers through the financial system rose by US\$27.7 million (10.5 per cent) to US\$292.3 million, relative to 2009. Inflows through other agencies also increased, albeit marginally, relative to the previous year.

3.7 CAPITAL AND FINANCIAL ACCOUNTS

The capital account recorded a deficit of US\$22.1 million in 2010, representing a deterioration of US\$42.8 million relative to 2009 (see **Table 31**). This decline reflected a fall in capital transfers which was related to a contraction in investment grants. On the other hand, the financial account registered a surplus of US\$956.1 million, albeit representing a decline of US\$150.6 million or 13.6 per cent when compared with the previous year.

Table 31

CAPITAL AND FINANCIAL ACCOUNT (US\$MN)				
	2009	2010	Change	% Change
CAPITAL & FINANCIAL ACCOUNT (NET)	1 127.5	934.0	-193.5	-17.2
A. CAPITAL ACCOUNT	20.7	-22.1	-42.8	-206.5
Capital Transfers	20.7	-22.1	-42.8	-206.5
General Government	45.3	4.2	-41.0	-90.6
Other Capital Transfers	-24.5	-26.3	-1.8	7.4
Acq./disposal of non-prod. non-fin'l assets	0.0	0.0	0.0	0.0
B. FINANCIAL ACCOUNT	1 106.7	956.1	-150.6	-13.6
Other Official Investment	254.7	967.7	712.9	279.9
Other Private Investments ^{1/}	808.4	430.4	-378.0	-46.8
Change in Reserves (increase = minus)	43.6	-442.0		

1/ Include errors & omissions

Source: Bank of Jamaica

Financial Account

Within the financial account, net official investment inflows grew by US\$712.9 million to US\$967.7 million, relative to 2009 (see **Table 32**). This reflected an increase in gross official investment inflows of US\$1 202.8 million which was partly related an expansion of US\$832.8 million in project loans from multilateral and bilateral institutions. In particular, during the review year, the Inter-American Development Bank and the World Bank provided US\$600.0 million and US\$199.5 million, respectively. Other assistance, increased by US\$637.6 million to US\$1 474.7 million during the year, largely reflecting receipts of US\$783.1 million from the

IMF and US\$229.2 million under the Petrocaribe facility. The increase in gross outflows was largely related to a build-up in the Bank of Jamaica's liabilities during the year, reflecting the treatment of the loans from the IMF. The impact of this was partially offset by a US\$310.6 million decline in central government amortization.

Table 32

OTHER OFFICIAL INVESTMENT FLOWS (US\$MN)				
	2009 ^{1/}	2010 ^{2/}	Change	% Change
NET OFFICIAL INVESTMENTS	254.7	967.7	712.9	279.9
GROSS OFFICIAL INFLOWS	1 198.0	2 400.8	1 202.8	100.4
Project Loan	361.0	926.1	565.2	156.6
Other Assistance	837.0	1 474.7	637.6	76.2
GROSS OFFICIAL OUTFLOWS	943.2	1 433.1	489.9	51.9
Government Direct	576.6	266.0	-310.6	-53.9
Bank of Jamaica	68.7	968.7	900.0	1 310.5
Other Official	298.0	198.5	-99.5	-33.4

Source: Bank of Jamaica

1/ Revised

2/ Provisional

Net private investment inflows, consisting primarily of foreign direct and portfolio investment flows, fell to US\$430.4 million in 2010 from US\$808.4 million in 2009 (see **Tables 31** and **33**). This partly reflected a decline of US\$313.2 million in gross FDI inflows. The reduction was related to lower investments in the mining and information technology & communication sectors during the year. In addition, retained earnings declined by US\$101.7 million relative to the previous year.

Table 33

FOREIGN DIRECT INVESTMENT INFLOWS BY SECTOR (US\$MN)				
SECTORS	2009	2010	% Share	Change
Agricultural/Manufacturing/Distribution	23.5	10.5	4.6	-13.0
Information Technology/Communication	136.6	83.1	36.5	-53.5
Insurance	0.0	0.6	0.3	0.6
Minerals & Chemicals	0.0	0.0	0.0	0.0
Mining	155.4	71.8	31.5	-83.6
Tourism	30.8	20.0	8.8	-10.8
Other	32.8	-18.4	-8.1	-51.3
Sub-total	379.1	167.6	73.6	-211.5
Retained Earnings	161.8	60.1	26.4	-101.7
Divestment	0.0	0.0	0.0	0.0
TOTAL	540.9	227.7	100.0	-313.2

Source: Bank of Jamaica

Net official and private investment inflows of US\$967.7 million and US\$430.4 million, respectively, were more than sufficient to finance the deficit on the current account. As a result, the net foreign assets of the country grew by US\$442.0 million to US\$2 171.4 million at end-December 2010 (see **Table 34**). Jamaica's gross foreign assets amounted to US\$2 979.2 million, representing an estimated 20.8 weeks of projected imports of goods and services.

TABLE 34

BANK OF JAMAICA: GROSS AND NET FOREIGN EXCHANGE RESERVES (AS AT 31 DECEMBER 2010) (US\$MN)				
	2009^{1/}	2010^{2/}	Change	% Change
NET FOREIGN ASSETS	1 729.4	2 171.4	442.1	25.6
GROSS FOREIGN ASSETS	1 751.9	2 979.2	1 227.3	70.1
Other Bank of Jamaica	1 169.6	2 492.9	1 323.4	113.1
Supplementary Fund	259.2	154.1	-105.1	-40.6
Holdings of SDR's	323.1	332.2	9.1	2.8
GROSS FOREIGN LIABILITIES	22.5	807.76	785.3	3 490.0
IMF liabilities	330.8	785.3	454.5	137.4
Iraq	22.5	22.5	0.0	0.0
Weeks of estimated imports of Goods/Services	14.1	20.8	6.7	47.4

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3.8 BALANCE OF PAYMENTS OUTLOOK

Jamaica's current account balance is expected to deteriorate in 2011, reflecting the impact of a moderate recovery in the main sectors in the domestic economy as well as developments in the international economy. In particular, international oil prices are projected to increase in 2011 while the removal of fiscal and monetary stimuli in advanced economies is expected to result in a deceleration of global economic growth. In this context, earnings from mining exports, tourism and current transfers are projected to increase moderately during 2011. However, the impact of these increases should be offset by growth in payments for imports in the context of the expected moderate recovery in the domestic economy and higher prices for international commodities. In this context, the widening of the deficit on the goods balance experienced in 2010 is expected to continue into 2011.

The anticipated increase in oil prices, in 2011, reflects projected growth in demand by emerging market economies as well supply concerns due to disruptions in the Middle East and North Africa. Fuel volume is also expected to expand given the expected moderate increase in domestic economic activity. With respect to exports, increased earnings are anticipated to emanate largely

from the recovery in the mining sector due to the reopening of the remaining alumina plants. In this regard, Jamaica's exports, primarily alumina and ethanol, are expected to continue to increase during the year.

Earnings from the services sub-account should increase in 2011, largely influenced by an expansion in revenues from tourism. Both stop-over and cruise tourism visitor arrivals are expected to increase, albeit at a slower rate than 2010. The growth in visitor arrivals is expected to be constrained by the expected moderation in growth in the world economy. Cruise visitor arrivals are, however, expected to be buoyed by the opening of the Falmouth cruise ship terminal in the first quarter of 2011.

The current transfers sub-account is also expected to continue to improve in 2011. This is contingent on continued economic growth in main source markets which should influence an expansion in private remittances in 2011. However, the deficit on the income account is projected to widen marginally during the year. This is based on an expected increase in income outflows from the multinational companies in the context of the anticipated recovery in the mining sector. Within the financial account, official capital inflows are projected to normalize during the year following the receipt of exceptional flows in 2010.

The main downside risks to this outlook are adverse weather in 2011 and higher than anticipated commodity prices. This is in the context of the forecast for an extremely active Atlantic hurricane season and increased demand for international commodities.

APPENDIX
STATISTICAL TABLES

FIVE-YEAR BOP SERIES BASED ON THE FIFTH EDITION

<u>Page</u>	<u>Table</u>	<u>Title</u>
	I.	Balance of Payments Summary (2006 – 2010)
	II.	Balance of Payments Standard Presentation (2006 – 2010)
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	V.	Services Account (2006 - 2010)
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	VIII.	Current Transfers Account (2006 - 2010)
	IX.	Capital and Financial Account (2006 – 2010)

Table I

SUMMARY OF BALANCE OF PAYMENTS (US\$MN)					
	^{1/} 2006	^{1/} 2007	^{1/} 2008	^{1/} 2009	^{2/} 2010
CURRENT ACCOUNT	-1182.9	-2038.2	-2793.3	1127.5	-934.0
GOODS BALANCE	-2943.4	-3841.3	-4802.9	-3087.9	-3259.0
EXPORTS (f.o.b.)	2133.6	2362.6	2743.9	1387.7	1370.4
IMPORTS (f.o.b.)	5077.0	6203.9	7546.8	4475.6	4629.4
SERVICES BALANCE	627.6	424.8	428.1	769.9	809.6
TRANSPORTATION	-426.5	-540.4	-644.7	-441.2	-430.0
TRAVEL	1596.6	1611.9	1707.7	1709.0	1808.8
OTHER SERVICES	-542.6	-646.7	-634.9	-497.9	-569.1
INCOME	-615.7	-661.6	-568.3	-667.9	-494.6
COMPENSATION OF EMPLOYEE	96.0	64.8	83.7	67.6	89.1
INVESTMENT INCOME	-711.7	-726.4	-651.9	-735.4	-583.7
CURRENT TRANSFERS	1748.6	2039.9	2149.8	1858.4	2010.0
OFFICIAL	145.4	133.0	100.7	143.9	194.3
PRIVATE	1603.2	1906.9	2049.0	1714.5	1815.7
CAPITAL & FINANCIAL A/C	1182.9	2038.2	2793.3	1127.5	934.0
CAPITAL ACCOUNT	-27.7	-35.5	18.1	20.7	-22.1
CAPITAL TRANSFERS	-27.7	-35.5	18.1	20.7	-22.1
OFFICIAL	4.1	0.7	48.6	45.3	4.2
PRIVATE	-31.8	-36.2	-30.5	-24.5	-26.3
ACQ/DISP OF NON-PRO NON FIN ASSETS	0.0	0.0	0.0	0.0	0.0
FINANCIAL ACCOUNT	1210.6	2073.7	2775.2	1106.7	956.1
OTHER OFFICIAL INVESTMENT	590.3	653.0	518.6	254.7	967.7
OTHER PRIVATE INVESTMENTS 3/	850.4	980.9	2151.8	808.4	430.4
RESERVES4/	-230.1	439.8	104.8	43.6	-442.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

3/ Includes errors & omissions

4/ Minus denotes increase

TABLE II

BALANCE OF PAYMENTS STANDARD PRESENTATION (US\$MN)										
	2006		2007		2008		1/ 2009		2/ 2010	
	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr	Cr	Dr
		<u>-1182.9</u>		<u>-2038.2</u>		<u>-2793.6</u>		<u>-1127.4</u>		<u>-934.0</u>
1. CURRENT ACCOUNT	7249.2	8432.1	7975.7	10013.9	8515.7	11309.2	6395.4	7522.8	6540.5	7474.5
A. Goods & Services	4782.4	7098.1	5069.2	8485.8	5538.9	9914.0	4038.3	6356.3	4004.4	6453.8
1. Goods	2133.6	5077.1	2362.6	6203.9	2743.8	7546.8	1387.8	4475.7	1370.4	4629.4
1.1 General Merchandise	1983.5	4939.9	2202.8	6058.2	2531.8	7392.3	1223.8	4408.8	1194.4	4537.9
1.2 Goods procured in ports by carriers	96.0	121.2	103.3	130.2	151.8	137.4	106.6	53.3	135.7	64.5
1.3 Freezone Trade	54.1	16.0	56.5	15.5	60.2	17.1	57.4	13.6	40.3	27.0
2. Services										
2.1 Transportation	459.0	885.4	447.2	987.6	468.7	1113.6	344.2	785.4	295.2	725.2
2.1.1 Passenger	224.2	41.5	231.5	41.7	245.7	43.9	145.1	43.0	94.2	42.2
2.1.2 Freight	17.8	666.4	15.3	775.1	14.6	894.0	4.4	611.5	3.8	614.8
2.1.3 Other	217.0	177.5	200.3	170.8	208.4	175.7	194.7	130.9	197.2	68.3
2.2 Travel	1870.1	273.4	1910.0	298.2	1975.9	268.2	1925.5	216.4	2001.3	192.5
2.3 Other Services										
2.3.1 Insurance Services	13.8	168.2	12.4	180.2	10.6	194.6	8.4	154.2	5.5	152.5
2.3.2 Communication Services	147.8	79.6	157.2	72.4	136.0	56.4	151.1	74.8	129	70.3
2.3.3 Financial services	40.4	42.7	66.9	54.9	42.5	42.2	52.6	46.3	34.06	47.1
2.3.4 Computer & Information services	28.8	23.7	27.3	25.8	29.2	24.1	36.6	42.3	38.4	36.4
2.3.5 Royalties & license fees	12.0	11.2	14.9	60.4	16.6	48.2	9.1	44.8	4.9	36.3
2.3.6 Other business services	10.5	476.1	4.7	539.3	44.6	546.4	53.6	445.2	54.7	420.2
2.3.7 Personal, cultural, & recreational services	31.2	4.4	29.1	2.2	38.6	5.9	34.5	9.8	37.3	13.5
2.3.8 Government services	35.2	51.6	37.0	56.1	32.4	62.8	35.0	56.6	33.6	57.9
2.3.9 Construction Services	0.0	4.8	0.0	4.8	0.0	4.8	0.0	4.8	0.0	72.6
B Income	378.3	994.1	520.8	1182.4	488.0	1056.2	235.0	902.9	243.2	737.8
3. Compensation of employees	154.3	58.4	157.8	93.0	135.1	51.4	99.2	31.6	120.3	31.2
4. Investment Income	224.0	935.7	363.0	1089.4	352.9	1004.8	135.8	871.3	122.9	706.6
C. Current Transfers	2088.5	339.9	2385.7	345.8	2488.8	339.0	2122.0	263.6	2292.9	282.9
5. Official	152.1	6.7	141.2	8.3	107.2	6.5	155.9	12.0	209.9	15.6
6. Private	1936.4	333.2	2244.4	337.5	2381.6	332.5	1966.2	251.6	2083.0	267.2
2. CAPITAL & FINANCIAL ACCOUNT	4079.9	2999.7	5740.9	4042.3	6716.8	3573.5	4464.2	3464.5	5162.8	4404.6
D. Capital Account	26.8	54.5	22.2	57.7	72.6	54.5	64.2	43.4	21.4	43.4
7. Government capital transfers	4.1	0.0	0.7	0.0	48.6	0.0	45.3	0.0	4.2	0.0
8. Other sectors transfers	22.7	54.5	21.5	57.7	24.0	54.5	18.9	43.4	17.1	43.4
E. Financial Account	4053.1	2945.3	5718.7	3984.6	6644.2	3519.0	4400.0	3421.1	5141.4	4361.1
9. Direct Investment	882.2	85.4	866.5	115.0	1436.6	75.9	540.9	61.1	227.7	58.2
10. Other Investment	3170.9	2629.8	4412.4	3869.6	5102.8	3443.2	3484.8	3029.2	4913.7	3860.9
10.1 Trade credits	150.6	300.6	260.6	194.8	298.4	241.4	244.3	256.6	244.6	158.4
10.2 Loans	1872.0	842.0	1817.3	1239.9	2170.5	1183.9	1437.9	1157.6	2295.1	1554.5
10.2.1 Government	343.3	271.2	590.7	484.9	558.3	369.9	361.0	576.6	939.0	266.0
10.2.2 Other sectors	1528.7	570.8	1226.6	755.0	1612.2	814.0	1076.9	581.0	1356.1	1288.5
10.3 Currency & Deposits	718.0	978.4	1154.1	662.9	1799.6	1193.3	1370.8	868.8	1565.7	1036.7
10.4 Other Assets	430.3	508.8	1180.5	1772.1	834.4	824.6	431.8	746.2	808.4	1111.3
11. Reserves	0.0	230.1	439.8	0.0	104.8	0.0	374.4	330.8	0.0	442.0
11.1 Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11.2 Assets	0.0	230.1	439.8	0.0	104.8	0.0	374.4	330.8	0.0	442.0
11.2.2 Special drawing rights	0.0	0.0	0.0	0.0	0.0	0.0	0.0	330.8	0.0	0.0
11.2.4 Bank of Jamaica	0.0	230.1	439.8	0.0	104.8	0.0	374.4	0.0	0.0	442.0
11.2.5 Government Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F. Net errors & omissions	102.7	0.0	339.5	0.0	-350.0	0.0	127.6	0.0	175.8	0.0

Source: Bank of Jamaica

1/ Revised 2/ Provisional

TABLE III

BALANCE OF PAYMENTS ANALYTIC SUMMARY (US\$MN)					
	2006	2007	1/ 2008	1/ 2009	2/ 2010
Balance of Trade	-2943.4	-3841.3	-4802.9	-3087.9	-3259.0
Services	627.6	424.8	428.1	769.9	809.6
Net Goods & Services	-2315.8	-3416.5	-4374.8	-2318.0	-2449.4
Income	-615.7	-661.6	-568.3	-667.9	-494.6
Private Current transfers (net)	1603.2	1906.9	2049.1	1714.5	1815.7
Official current transfers (net)	145.4	133.0	100.7	143.9	194.3
Capital Transfers	-27.7	-35.5	18.1	20.7	-22.1
Financial Account	1210.6	2073.7	2775.2	1106.7	956.1
Net errors & omissions	102.7	339.5	-350.0	127.6	175.8

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE IV

SELECTED BALANCE OF PAYMENTS INDICATORS					
	2006	2007	2008	2009^{1/}	2010^{2/}
Current Account/GDP	-9.9	-15.8	-20.1	-9.2	-6.9
NIR	2317.5	1877.6	1772.6	1729.4	2171.4
Gross Reserves (Central Bank)	2399.1	1905.7	1795.1	1751.9	2979.2
Gross Foreign Liabilities (Central Bank)	81.6	28.11	22.5	22.5	807.76
Gross Reserves in Wks of Imports of Goods & Services	14.7	10.0	23.1	14.1	20.8
Goods Imports/GDP	42.6	48.2	54.4	36.5	34.3
Goods & Services Imports/GDP	59.6	65.9	71.4	51.8	47.9
Goods Exports/GDP	17.9	18.3	19.8	11.3	10.2
Goods & Services Exports/GDP	40.1	39.4	39.9	32.9	29.7
Merchandise Trade/GDP	60.5	66.5	74.2	47.8	44.5
FDI/GDP	7.4	6.7	10.4	4.4	1.7
Debt Service/Goods & Services Exports	14.0	18.5	15.2	27.3	18.5
Private Remittances/GDP	16.3	17.4	17.2	16.0	15.5

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE V

	SERVICES ACCOUNT (US\$MN)				
	2006	2007	2008	1/ 2009	2/ 2010
Services (Net)	627.6	424.8	428.1	769.9	809.6
Inflows	2648.7	2706.5	2795.5	2650.6	2634.0
Outflows	2021.1	2281.7	2367.4	1880.6	1824.4
1. Transportation	-426.5	-540.4	-644.7	-441.2	-430.0
Inflows	459.0	447.2	469.2	344.2	295.2
Outflows	885.4	987.6	1113.9	785.4	725.2
2. Travel	1596.6	1611.9	1707.7	1709.0	1808.8
Inflows	1870.1	1910.0	1975.9	1925.5	2001.3
Outflows	273.4	298.2	268.2	216.4	192.5
3. Other Services	-542.6	-646.7	-634.9	-497.9	-569.1
Inflows	319.7	349.3	350.4	380.9	337.5
Outflows	862.2	996.0	985.3	878.8	906.7

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE VI

OTHER SERVICES (US\$MN)					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>1/ 2009</u>	<u>2/ 2010</u>
Inflows	319.7	349.3	350.4	380.9	337.5
Construction services	0.0	0.0	0.0	0.0	0.0
Communication services	147.8	157.2	136.0	151.1	129.0
Insurance Services	13.8	12.4	10.6	8.4	5.5
Financial Services	40.4	66.9	42.5	52.6	34.1
Computer & Information Services	28.8	27.3	29.2	36.6	38.4
Royalties & license fees	12.0	14.9	16.6	9.1	4.9
Other Business Services	10.5	4.7	44.6	53.6	54.7
Personal, cultural & recreational services	31.2	29.1	38.6	34.5	37.3
Government services	35.2	37.0	32.4	35.0	33.6
Outflows	862.2	995.9	985.3	878.8	906.7
Construction services	4.8	4.8	4.8	4.8	72.6
Communication services	79.6	72.4	56.4	74.8	70.3
Insurance Services	168.2	180.2	194.6	154.2	152.5
Financial Services	42.7	54.9	42.2	46.3	47.1
Computer & Information Services	23.7	25.8	24.1	42.3	36.4
Royalties & license fees	11.2	60.4	48.2	44.8	36.3
Other Business Services	476.1	539.3	546.4	445.2	420.2
Personal, cultural & recreational services	4.4	2.2	5.9	9.8	13.5
Government services	51.6	56.1	62.8	56.6	57.9
Net services	-542.6	-646.6	-634.9	-497.9	-569.1

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE VII

INCOME ACCOUNT (US\$MN)					
	2006	2007	2008	1/ 2009	2/ 2010
A. Compensation of Employees	96.0	64.8	83.7	67.6	89.1
Inflows	154.3	157.8	135.1	99.2	120.3
Outflows	58.3	93.0	51.4	31.6	31.2
B. Investment Income	-711.7	-726.4	-652.0	-735.6	-583.7
Inflows	224.0	363.0	352.8	135.8	122.9
Direct Investment	-0.3	9.6	13.9	10.9	5.2
Portfolio Investment	73.8	176.7	209.6	71.2	71.6
Other Investment	150.6	176.7	129.4	53.7	46.2
- Central Government	0.0	0.0	0.0	0.0	0.0
- Bank of Jamaica	105.9	128.6	67.8	26.5	22.8
- Other	44.7	48.1	61.6	27.2	23.3
Outflows	935.7	1089.4	1004.8	871.3	706.7
Direct Investment	375.6	532.6	376.2	231.8	127.0
Portfolio Investment	42.3	27.1	19.5	13.3	15.0
Other Investment	517.8	529.7	609.1	626.2	564.7
- Central Government	382.2	439.1	457.7	487.8	467.9
- Bank of Jamaica	0.2	0.1	0.0	0.0	7.1
- Government Guaranteed	15.1	16.0	14.7	38.3	6.1
- Other	120.4	74.5	136.7	100.2	83.6

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE VIII

	CURRENT TRANSFERS				
	(US\$MN)				
	2006	2007	2008	1/ 2009	2/ 2010
Total Receipts	2088.5	2385.7	2488.6	2122.0	2292.9
A. General government	152.1	141.2	107.2	155.9	209.9
B. Other Sectors	1936.4	2244.4	2381.5	1966.2	2083.0
Remittance thru' Postal System	0.1	0.3	0.0	0.0	0.0
Remittance thru' Financial System	726.7	797.6	786.2	264.5	292.3
Remittance Companies	1042.6	1166.4	1235.1	1525.8	1613.9
Other Transfers	167.0	280.1	360.1	175.9	176.8
Total Payments	339.9	345.8	339.0	263.6	282.9
A. General Government	6.7	8.3	6.5	12.0	15.6
B. Other Sectors	333.2	337.5	332.5	251.6	267.2
Remittance thru' Financial System	299.6	303.2	313.2	237.4	248.1
Other Transfers	33.6	34.3	19.3	14.2	19.1
Net Current Transfers	1748.6	2039.9	2149.6	1858.4	2010.0

Source: Bank of Jamaica

1/ Revised

2/ Provisional

TABLE IX

CAPITAL ACCOUNT (US\$MN)					
	2006	2007	2008	1/ 2009	2/ 2010
CAPITAL ACCOUNT	-27.7	-35.5	18.1	20.7	-22.1
CAPITAL TRANSFERS	-27.7	-35.5	18.1	20.7	-22.1
GENERAL GOVERNMENT	4.1	0.7	48.6	45.3	4.2
INFLOWS	4.1	0.7	48.6	45.3	4.2
OUTFLOWS	0.0	0.0	0.0	0.0	0.0
OTHER SECTORS	-31.8	-36.2	-30.5	-24.5	-26.3
INFLOWS	22.7	21.5	24.0	18.9	17.1
OUTFLOWS	54.5	57.7	54.5	43.4	43.4
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