

JAMAICA BALANCE OF PAYMENTS ADJUSTMENT PROCESS  
(1980-1983)

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## I N T R O D U C T I O N

The present study of Jamaica's balance of payments performance is essentially an exercise in evaluating the country's performance and its relation to government policies and to other factors outside the control of the government. The review period is from 1980 to 1983.

This paper will focus on the more recent developments in Jamaica's balance of payments problems and the corrective measures that the government has instituted to adjust the various imbalances. However, experience has shown that events in the past are still having an impact on the balance of payments today and from time to time reference will be made to these events.

In the first section of this paper, a brief overview of the economy will be given, then an attempt will be made to analyse the numerous problems both externally and domestically which have led to the present balance of payments crisis. An examination of the adjustment policies adopted by the government will then be discussed followed by a summary.

AN OVERVIEW OF THE STRUCTURE OF THE JAMAICAN ECONOMY AND ITS RELATIONSHIP TO THE BALANCE OF PAYMENTS

The Jamaican economy is characterized by a high degree of openness which makes it very sensitive to disturbances in international trade of goods and services. In 1981, the percentage contribution of exports of goods and services to Gross Domestic Product was 47.9 per cent but by 1983 this declined to 37.2 per cent signifying the downturn in exports over the years especially in the bauxite/alumina sector. Imports of goods and services contribution was 58.4 per cent in 1981. This too fell to 47.5 per cent in 1983 (Table 6). The fall off in imports, a direct consequence of the scarcity of foreign exchange, along with the imposition of import quotas and import licencing, have strongly influenced the downward trend.

Jamaica relies on four major export commodities, along with tourism, in the services sector, for the greater part of its foreign exchange earnings. The four major commodities - bauxite, alumina, sugar and bananas, together accounted for approximately 83 per cent of total exports during 1980 and 1981 but declined to 71.2 per cent in 1983 (Table 3). All four commodities during the period under consideration have been subjected to varying degrees of vicissitudes. The bauxite/alumina industry has been severely handicapped by the recession in the world primary aluminium market as the demand and the price of the product fell drastically. This sector during fiscal year 1980/81 and fiscal year 1981/82 provided approximately 23 per cent of Government revenues and this fell to 10 per cent during 1982/83 (Table 8). This significant

loss of foreign exchange at a time when the economy was wrapped in a foreign exchange crisis cannot be overemphasised especially with respect to the impact on the balance of payments.

The sugar industry has been plagued by problems both in the field and at the factory level and this seriously affected production efficiency. All of Jamaica's sugar exports are shipped to the United Kingdom and the United States under preferential arrangements. The banana industry suffered no better fate as it was virtually wiped out by a hurricane in 1980 and has not since fully recovered from its ravaging effects.

Tourism on the other hand has been holding its own since 1980 and has been a net earner of foreign exchange. It now ranks as the number two earner of foreign exchange in the island.

The productive base of the economy is very weak and is linked to the country's import as is evidenced by the high proportion of raw materials, fuels and capital goods that are imported in relation to the total import bill (Table 2). The lack of, or constraints on the usage of foreign exchange therefore, bears strong correlation to movements in the economy's production levels.

Jamaica's balance of payments has been characterized by current account deficits which have progressively worsened over the period 1980-1983 (Table 1). The rapid deterioration in the merchandise trade balance, a result of sluggish export growth coupled with a worsening terms of trade, especially since 1982, and a more or less steady import demand, were the more significant

contributing factors to the enlarged current account deficit. Proceeds from the capital account which has now been recording surpluses, a result of substantial expansion in public sector borrowing and in some instances the reduction in private capital outflows, have been used to finance the deficit on the current account. However, flows from the capital account have not been sufficient to finance the deficit on the current account and the foreign exchange reserves have had to be utilized and massive external borrowings resorted to. The overall balance of payments recorded deficits each year, from 1980 except in 1982, with net international reserves declining to minus US\$808.7 million in 1983 from minus US\$510.0 million in 1980. Gross official reserves in 1980 averaged approximately 4.8 weeks of imports but declined to approximately 2.8 weeks in 1983 (Table II).

## THE MAIN CAUSES OF THE BALANCE OF PAYMENTS DEFICITS

Jamaica's balance of payments problem started in the 1970's and it has deteriorated thereafter to reach the present crisis proportion. During 1962-1972, Jamaica recorded impressive growth rates but thereafter the economic performance of the economy deteriorated considerably and those effects are still being felt today. Therefore to effectively analyse the balance of payments crisis of the 1980's, events in the previous decade will have to be examined as they had "spill over effects" which are still affecting the external accounts.

The main causes of Jamaica's balance of payments problems can be classified under two broad headings. These are:-

- (1) External factors and
- (2) Domestic Policies and Structural factors.

### External Factors

The external influences which affected the balance of payments most were:-

- (i) The oil price increases and the declining terms of trade;
- (ii) The worldwide recession and falling export demand;
- (iii) The increase in profit and interest remittances abroad and
- (iv) Reduced net capital inflows.

#### (1) Oil Price Increases and Terms of Trade

Jamaica relies on imported fuel for almost all its energy requirements. The country therefore faces severe problems in maintaining economic

growth and financing present oil and non-oil imports in the face of the higher cost of oil. With the staggering price movements in oil, the balance of payments position and trade balances of Jamaica have recorded large deficits. A more fundamental cause of these deficits however is linked to the country's high level of petroleum consumption.

Petroleum is an important factor input in the production of a significant portion of the commodity imports of Jamaica and as such the oil price increases have resulted in a general spiralling of import prices and an exacerbation of the already serious balance of payments problems of the country.

Until 1973, oil importation never exceeded 10 per cent of the total import. However, the successive oil price movements have increased that figure to 38.1 per cent in 1980 and 30 per cent in 1983, though this lower figure in 1983 is related to the downturn in the bauxite/alumina sector which utilizes approximately 50 per cent of all fuel imports (Table 12). In 1972 before the first major oil price increase, 14.8 per cent of total export earnings were allocated to pay the national oil bill. However, by 1983 this grew to a massive 56.2 per cent. As a result of these increases, therefore, financial resources have had to be diverted from other developmental needs in an effort to maintain a similar if not higher level of imported energy.

Jamaica also suffered indirectly from the oil price increases through the oil crisis related disruptions and recession in the industrialized countries. At the same time, the oil price increases reduced the foreign

exchange available for the purchase of capital goods and raw material to effect growth in production levels especially those for export.

Since 1980, the terms of trade has been on the decline (Table 4). Imports have become increasingly more expensive especially since the massive devaluations and the numerous other mini-devaluations that have been taking place since 1983. The devaluations were deemed necessary to discourage imports while at the same time to enhance Jamaica's export competitiveness. It is very difficult at this time to determine the effect of the terms of trade on the balance of payments as it is camouflaged by the effects of the foreign exchange constraints on imports.

(ii) Worldwide Recession and Falling Export Demand

The worldwide recession in the 1980's has had severe repercussions on Jamaica's exports especially in the bauxite/alumina industry. This sector accounts for, on an average, approximately 70 per cent of Jamaica's total export earnings during 1980-1983 and was responsible for approximately 23 per cent of government revenue in fiscal years 1980/81 and 1981/82 but which fell to an estimated level of 10 per cent during 1982/83, as the recession in the industry intensified. Bauxite production fell from 12.1 million tonnes in 1980 to 7.7 million tonnes in 1983. Commensurately, the combined value of bauxite and alumina fell from US\$735.7 million in 1980 to US\$423.8 million in 1983. Government revenue from the sector fell from J\$334.0 million in fiscal year 1980/81 to J\$188.1 million in fiscal year 1982/83. These significant losses of foreign exchange at a time when reserves were at critically low levels played havoc with the country's balance of payments situation. The deficit on the merchandise account



increased from US\$75.4 million in 1980 to US\$438.5 million in 1983 and this filtered through to the current account which registered deficits of US\$166.3 million in 1980 increasing to US\$355 million in 1983. The current account deficit in 1983 approximates to 51.8 per cent of total export earnings. The significant reduction in government revenue consequent on the reduction in bauxite production levels forced the government to resort to heavy external borrowing to finance the budget. Even this proved inadequate and the overall balance of payments deficit worsened to an all time high of negative US\$289.1 million in 1983.

(iii) Increases in Profits and Interest Remittances Abroad

The size of the outflows of net investment income during 1980-1983 reflects mainly the service payments on the foreign public debt incurred by the government to finance the fiscal and trade deficits. Profit remittances by the bauxite companies had to bring in money to finance their operations. Net investment income outflows averaged approximately 25 per cent of total export earnings during the 1981-1983 period and has been of great concern.

(iv) Net Capital Inflows

The most noteworthy feature of the capital account has been very high levels of official foreign borrowing since 1980. Net official borrowing moved from US\$65.7 million in 1979 to a high of US\$446 million in 1983. These massive borrowings were necessary to offset the ever increasing deficits on the current account but even loans of those magnitudes were insufficient. The net result was an overall deficit in the balance of payments for all years since 1980 except in 1982.

Another sore point in the capital account is the large net outflows

of private capital that so frequently characterised the capital account. Foreign private capital inflows have always played a key role in the balance of payments and capital formation in Jamaica. In the late 1960's and early 1970's the private capital inflows from expansion projects in the bauxite and tourist sectors accounted for approximately 30 per cent of domestic capital formation. After the completion of these projects, net foreign and domestic investment declined and by 1975 there was a net capital outflow. Coupled with the completion of investment expansion programmes was the fact that the government in 1976 adopted a populist stance which instilled fear in the private sector and which during 1976-1980 was the singly most important factor in the large scale flight of private capital from the island. During 1981 and 1982 these outflows abated somewhat but picked up in 1983 when there was an estimated outflow of US\$115.3 million.

The significant feature of net foreign inflows is that they are not the cause of deficits per se in the overall balance of payments account. Such inflows normally act as a financing item for the current account which is usually in a deficit position.

#### Domestic Policies and Structural Factors

Domestic policies and structural factors affecting the demand for non-oil imports and the supply of exports contributed significantly to the balance of payments crisis. Imports restrictions, the exchange rate system and fiscal and monetary policies were among some of the domestic factors that affected the prices of traded and local products as well as aggregate demand and supply.

The availability of foreign exchange and the consequent import restrictions that followed, along with the down-turn in the bauxite/alumina sector were the main determinants of the import trend during 1980-1983. Imports increased sharply by 26 per cent in 1981 in a restocking exercise as during the years preceding that inventories were depleted. During that year too, the use of "no-funds licences" were encouraged in an effort to access the unofficial foreign exchange market and to release the foreign exchange in the banking system for essential purposes. The net effect was that there was a significant increase in consumer durables and non-essential imports. The balance of merchandise trade grew from minus US\$75.4mn. in 1980 to US\$322.7mn. in 1981. During the next two years as a result of the poor performance of the mining sector and a tightening of the foreign exchange situation imports fell by 6.2 per cent and 7.3 per cent in that order. The various restrictions placed on imports over the years had grave implications for the export sector. There were continuing complaints of either the irregular supply or the lack of raw materials and factories were closed down from time to time as supplies were/<sup>reported to be</sup> exhausted. By 1983 therefore, the deficit on merchandise grew to US\$438.5mn.

With the enlarged trade deficits and declining net foreign reserves, the official exchange rate was held constant until 1983 as efforts were being made to control inflation which was very high at the time. It was widely felt therefore, that with the rising labour costs, and other costs of production increasing in line with the upward movement in the prices of imported raw materials and because the exchange rate was not used to correct the disequilibria in the balance of payments, the profitability of export production declined.

The incentives to produce were therefore removed. However, the recent devaluations have given back this competitive edge to producers but it is still a bit too early to say much about its effectiveness.

In 1980 the newly elected government inherited a budget with a fiscal deficit which had widened to 14 per cent of G.D.P. and which remained at high levels in the two subsequent years. Its failure to restructure the public finance and the continued lack of confidence displayed by the domestic private sector and foreign investors were factors that eventually led to a worsening of the balance of payments crisis.

During fiscal years 1981/82 and 1982/83 genuine efforts were made by the government to improve its revenue inflow. The tax administration was improved which resulted in higher domestic tax collection which was boosted by a surge in the imports of taxable goods. Total revenue therefore, increased from 29.4 per cent of G.D.P. in 1980/81 to 30.9 per cent in 1982/83. However, the growth in government spending continued and coupled with the fall-off in revenue from the bauxite sector the deficit remained. The Central Government total expenditure increased from 41.6 per cent of G.D.P. in 1980/81 to 44 per cent in 1982/83. The increases reflected higher interest payments and the rapid growth of the government foreign debt. In addition budgetary outlays for salaries, wages and subsidies increased. Capital transfers to the public sector increased noticeably as the government recapitalized some public sector enterprises and financed some of their investment programmes. As a result of the increase in government expenditure above its revenue inflow, the Central Government deficit widened to about 17 per cent of G.D.P. in fiscal year 1980/81 and remained high during the two following years. These deficits were financed by both external and domestic sources which greatly increased the country's foreign financial dependence and compounded its external debt problems.

During 1980/81-1982/83 the net domestic credit of the banking system increased in excess of private financial savings to the system. Credit to the public sector accounted for the larger share and reflected the greater financing needs of that sector. The Bank of Jamaica accommodated the bulk of the public sector credit with the commercial banks financing the private sector. The expansion in credit to the public and private sectors has led to the emergence of inflationary pressures, especially since 1983, and excessive aggregate demand.

There were signs of structural weakness underlying the balance of payments during the period under review. These structural factors help to explain the deteriorating trend in the current account. Jamaica's exports is dominated by four major items - bauxite, alumina, sugar and bananas which together account for approximately 80 per cent of total exports. Over the years there has not been much diversification in the country's export base and she therefore suffers significant losses of revenue when production falls in the major sectors as happened in 1982 and 1983 in the bauxite/alumina industry.

Agriculture employs a very high percentage of the labour force yet its growth is not as high as the other sectors of the economy. In 1980 and 1982 the growth rate of this sector fell with export agriculture contributing significantly in 1980 and domestic agriculture in the latter year. The low levels of growth in this sector during the period has led to increases in imported commodities as the country's agricultural self-sufficiency declined. Policies aimed at changing the structure of production and the share of the private sector in these activities such as the nationalization of factories and the use of co-operatives had the effect of discouraging agricultural export supplies. The reduction of export supplies and the increase in imported

commodities placed a severe strain on the country's resources in the light of the tight foreign exchange constraint within which the country operated.

The manufacturing sector has not had a good record during the past four years. Jamaica imports a very significant portion of its raw materials for the manufacturing sector with not much import substitution practiced. There is also very little linkages within or between the industries to utilize local raw materials to the fullest extent. As the foreign exchange constraints become more serious therefore, this sector suffers correspondingly.

## Balance of Payments Policies

Jamaica's response to the balance of payments problems during 1980-1983 included both adjustment and financing measures with the preference being for financing in the first phase. The main approach to financing was to increase government borrowing from abroad while the adjustment policies involved import restrictions, the stimulation of non-traditional exports, intensified exchange control measures, exchange rate adjustments and restrained fiscal and monetary policies.

## Adjustment Measures

The adjustment policies chosen were those considered to have the most positive impact on the overall balance of payments position and in particular on the current account. All these measures were linked to the support arrangement worked out with the International Monetary Fund under its Extended Fund Facility programme. The priority objectives were firstly "to put unutilized capacity to work with the emphasis on those sectors that will provide quick and substantial incremental foreign exchange earnings", and secondly "to initiate adjustments in industrial and agricultural policies and so provide a basis for expansion of productive capacity with concomitant increases in employment opportunities". Steps were taken to deregulate the economy, build up the private sector confidence and to support the operation of an efficient market economy.

## Export Stimulation

The government, during the period under consideration, embarked on an export-oriented production programme which was geared at generating early incremental flows of foreign exchange. Areas with underutilized capacity and which were net earners of foreign exchange were the first to be addressed.

Tourism is a major contributor to foreign exchange earnings and at the beginning of the period under review, had substantial underutilized capacity. Measures aimed at reducing the underutilized capacity included effective promotional programmes both at the local and international levels. Domestic attractions were upgraded with added security measures implemented and additional air seats were provided with the participation of Air Jamaica, the national airline and other North American airlines. Of importance, too, was the divestment policy of the Government where offers by reputable management groups for the lease or purchase of hotels owned by Government were considered.

In 1980 agreement with respect to levy payments were reached with the bauxite/alumina companies which helped to restore some of Jamaica's competitive edge in the industry. Discussions were initiated with the companies to increase their exports of bauxite from the existing mining operations. A major alumina plant project along with funds to finance it were identified. Implementation was scheduled for 1986/87 but with the effects of the depression on the industry the project has been postponed.

A diversification of the bauxite/alumina market has been undertaken by the Government and the pace of this venture has been accelerated since the depression in the industry. Barter, stockpile and other cash arrangements have been worked out to bolster the industry's earnings and production levels.

The sugar industry was severely affected by "smut" and "rust" diseases which led to serious reduction in the levels of production. In 1980, a programme of replanting existing acreage with disease resistant varieties of cane was implemented which was to increase the level of production significantly. The sugar co-operatives have been dismantled and an effort is now being made to close down the more inefficient factories and to divest the Government owned factories in an effort to streamline the industry.



The banana industry was devastated by Hurricane Allen in 1980. Rehabilitation programmes are now in place financed by the Inter-American Development Bank, the European Development Fund and bilateral agencies. The programmes include the expansion of cultivation, improving the yield per acre and the involvement of the private sector in the industry.

A programme to double export earnings of manufactured goods was launched during 1981. It was supported by the World Bank through financing provided to the Export Development Fund. The aim of the programme was to bring about an expansion in production and to generate employment and foreign exchange in subsequent years. Studies were undertaken to identify modifications and structural adjustments which were necessary to support efficient production and which would act as sufficient incentives for foreign investment. A World Bank team was assigned to assist the government in this project. Private foreign investment flows were especially encouraged and special Government agencies were established to handle investment enquiries. The Government in recognition of the importance of the private sector's role in the economic growth of the country has progressively been removing all controls that might inhibit the free operation of this sector.

An "Agro 21" programme was introduced in 1983. This was geared towards increasing production of the non-traditional exports. The devaluation in 1983 was a major boost to these exports as exporters could now get more Jamaican dollars for each unit of foreign exchange earned and this would act as a further stimulant to increase overseas sales. The passing of the recent CBI Bill was a major boost to this area of exports too, as access is now given to products that were previously barred.

### Import Licencing Policy

The government is committed to a progressive liberalization of import restrictions and to an eventual elimination of all licencing requirements. A gradual approach has been adopted to avoid bottlenecks in the system. With the scarcity of foreign exchange ~~the~~ the government allowed importers access to the flourishing informal foreign exchange market. These importers were free from import licencing on designated items. As a consequence, a large portion of imports were financed in this manner during 1980. However, <sup>because</sup> there were serious abuse of the system, this was discontinued.

A system of "quotas" and "import permits" was adopted in January 1983. The quota system was introduced to assist in efficiently allocating available foreign exchange. Import ceilings were established for broad categories of imports and each firm was given allocations establishing limits to the amount of goods they could import. Exemptions from these quotas were given to all exporters and approvals to import were only given to those with a quota.

Currently, this system has been relaxed and a number of items can be imported freely from almost all sources under an open general licence. Some imports, however, require specific licences while for other goods, licences would only be issued if they originated in member CARICOM countries.

### Exchange Rate Developments and Exchange Restrictions

In response to the increasing pressures on foreign reserves and the fact that a significant proportion of transactions were being conducted outside the official market the government introduced a two-tiered foreign exchange market in January 1983. Under this regime, the exchange rate in

the official market was kept at J\$1.78=US\$1.00 while the formalized parallel market rates were determined by commercial banks on market conditions. A special rate of J\$2.25=US\$1.00 for trading with CARICOM was introduced in May 1983. The erosion of Jamaica's competitiveness through domestic price increases and a departure from wage moderation coupled with the pressures on the foreign reserves led to a unification of the rates at J\$3.15=US\$1.00 a devaluation of 76.8 per cent from the official rate. Originally a single rate was to be established by the commercial banks on a daily basis. This was to be fixed within adjustable bands prescribed by the Bank of Jamaica. Subsequently a significant leakage of foreign exchange was detected in the tourist sector and in a number of instances proceeds from exports were not returned to the country. Some of these funds were fed into the "black market". In an effort, therefore, to get the foreign exchange into the banking system the government placed restrictions on credit which was being used to fund the black market operations. To stabilize the exchange rate and attract the black market dollars into the banking system the government instituted an auction/<sup>system</sup> in March 1984. This system unlike the previous one gave both large and small importers the chance to bid for the available foreign exchange either through their commercial banks or directly. A range was set within which auction bids were made in order to protect the market from speculators. All participants in the auction are required to deposit with their commercial banks the Jamaican dollars equivalent to the selling rate of their bids, that is, their bid plus four cents.

Exchange controls are still in force and serve the purpose of allocating scarce foreign exchange among competing claims. Travel allowance, health and educational expenses and many other claims must first have exchange control approval before funds can be purchased. Arrears payments must first have exchange control approval before payments for them can be made through the new auction system.

## Fiscal and Monetary Policies

The objective of the Government's fiscal policy was to reduce the central Government expenditure, create a surplus on the current account performance and to narrow the overall deficit. Expenditure policies placed more emphasis on capital formation while discouraging the growth of consumption. Modification to the tax system to improve compliance and tax collection in an effort to restore buoyancy to revenues were implemented.

In 1981 the Government adopted a multi-year programme to upgrade the tax administration. The Revenue Board was established and was instrumental in launching annual tax compliance programmes and upgrading operational procedures. Measures were adopted to reduce income tax delinquency by bringing more self-employed persons on the tax roll and property taxation was updated and a re-evaluation exercise done.

To restore the buoyancy of the tax system the Government in 1982/83 introduced ad valorem rates to replace the specific rates of consumption duty in some areas. There were no major changes in the tax rates or in the tax system. However, a few new tax measures were introduced in 1983/84. These were geared at strengthening budgetary performance and included a new tax on the sale of used cars, an education tax and increased consumption duties on cigarettes.

Current expenditures of the Government increased during the period under consideration. These were linked to higher domestic and foreign interest rates and growth in the Government debt. A large part of the increase, too was related to the subsidies on imported basic food. This was done to offset the effect of the devaluation of the Jamaica dollar. Special attention was paid to the public debt management as interest and other payments were

becoming very burdensome. Refinancing arrangements were negotiated in order to lighten the debt service burden and to release funds for other developmental needs.

On the capital expenditure side the government adopted a "Public Sector Investment Programme" in 1981/82 supported by the International Monetary Fund and the World Bank through its structural adjustment programme. Under this programme efforts were made to recapitalize areas of the public sector which had deteriorated dramatically, but mainly in the area of the public utilities. The government at the same time tried to reduce its role in commercial activities and reduce its ownership and operation of enterprises. A divestment committee was set up to arrange for the lease or sale of selected enterprises and to maintain a level of participation when the national interest so dictates. The government placed the public transportation system into liquidation and allowed the private sector through the "Mini-bus Association" to provide the city with transportation, while at the same time unprofitable routes of the national airline were closed down. The railway service was fitted out with new engines and coaches and its fare structures revised to allow it to become more profitable. Adjustments were made to water and electricity rates in addition to the maintenance and overhauling of the equipment to enhance their productivity and profitability. A programme of achieving viability of the government owned broadcasting station was implemented and staff retrenched while the operation of the government owned newspaper ceased. All these measures were taken to reduce the government expenditure and budgetary supports and eventually to reduce the deficit in the budget.



The monetary policies of the government were directed towards mobilizing savings and ensuring that investment projects and priority sectors of the economy would be adequately financed. Higher interest rates were used as a stimulant in this direction. In 1980 the savings deposit rate was increased by two percentage points with other interest rates following. However excess liquidity developed in the banking system by 1982 and the banks were forced to discourage deposits growth by reducing interest rates by two percentage points. The issuance of government securities in 1982 absorbed some of the excess liquidity and in early 1984 the government instituted tighter monetary policies. These included ceilings on credit expansion to the private sector by commercial banks and non-bank financial institutions, a deposit scheme whereby funds in local currency matching external arrears were to be lodged at the Bank of Jamaica until payments were made. The cash reserve requirement of the commercial banks were doubled and interest rates were increased by two percentage points. These measures were necessary as the growth in credit over the period were not flowing into productive activities but were instead used to finance the increase in private capital outflows. These restrictions on domestic credit along with the trade regime which allowed raw materials and capital goods to be imported without licences while consumer goods were subjected to licences were / aimed at streamlining the available credit into the productive sectors.

## Financing

The country cannot borrow its way out of the balance of payments crisis in which it has found itself. However, to secure the initial push towards economic recovery a substantial external borrowing programme was inevitable in the formative years. Assistance came from the International Monetary Fund, multilateral agencies and from friendly countries and their agencies. Donor countries and multilateral institutions offered concessionary balance of payments assistance while the foreign commercial banks agreed to a refinancing of the bulk of the Government guaranteed loan which fell due.

The agreement with the International Monetary Fund in 1981 under its Extended Financing Facility acted as a catalyst. It improved Jamaica's credit-worthiness, and other institutions became more willing to lend. The objectives of the arrangement with the Fund were firstly to improve the balance of payments performance, secondly, to improve the foreign reserves of the Bank of Jamaica and, thirdly, to ensure a sustained flow of foreign exchange in the future for imports of goods and services. Targets were set by the Fund and performance of the economy was assessed on a quarterly basis. A draw-down of funds was only possible when the performance criteria were met.

SUMMARY AND CONCLUSION

During 1980-1983 the Government found itself in the position of having to create an equilibrium between the domestic and international economics. Policy measures aimed at correcting one imbalance were not always compatible with other measures. On the domestic scene, the Government policy measures aimed at reducing inflationary pressures, creating employment and increasing the foreign exchange inflow through increased production had negative influences on the balance of payments performance and vice versa the balance of payments adjustment policies affected the domestic economy.

The policy measures that the Government could effectively adopt were constrained by the International Monetary Fund's article of Agreements and political considerations. Policies aimed at reducing the fiscal deficit had serious political repercussions with respect to the level of employment, the public sector wage package and the reduced quality of services that the Government offered the country. On the other hand restrictive policies to control the deficit on the current account did not find favour with the Fund.

The openness of the Jamaican economy was another feature that affected the effectiveness of the adjustment policies. It became clear that there were elements exogenous to the system which were beyond the control of the authorities which eventually affected the outcome of the policies and their effectiveness.

The various policies of the Government are fundamentally aimed at bringing the supply and demand of resources into equilibrium. So far, this



state has not been achieved in the Jamaican situation. Eventually as more stringent measures with less loopholes are implemented the adjustment policies should yield positive results. The time period in which to accomplish the adjustment is therefore of vital importance to the success of the policy measures and given this time lag the economy should be restored to a healthy growth path in the very near future. The long run viability of the economy however, will be largely dependent on increased productivity which should be translated into increased production for exports. In the interim increased private investment flows could play a critical role.

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TABLE 1

## BALANCE OF PAYMENTS SUMMARY 1979-1983

(In millions of US Dollars)

	<u>1979.</u>	<u>1980</u>	<u>1981</u>	<u>1982<sup>1/</sup></u>	<u>1983<sup>2/</sup></u>
A. <u>Merchandise</u>	<u>-67.9</u>	<u>-75.4</u>	<u>-322.7</u>	<u>-441.5</u>	<u>-438.5</u>
Exports (f.o.b.)	814.7	962.7	974.0	767.4	685.7
Imports (f.o.b.)	882.6	1,038.1	1,296.7	1,208.9	1,124.2
B. <u>Services (net)</u>	<u>-154.7</u>	<u>-181.7</u>	<u>-138.4</u>	<u>-96.8</u>	<u>-18.0</u>
Foreign Travel	184.5	228.9	270.6	206.1	374.3
Investment Income	-202.6	-251.7	-210.5	-183.5	-185.1
Other	-136.6	-158.9	-207.5	-219.4	-207.2
C. <u>Goods &amp; Services (net)</u>	<u>-222.6</u>	<u>-257.1</u>	<u>-461.1</u>	<u>-538.3</u>	<u>-456.5</u>
D. <u>Unrequited Transfers (net)</u>	<u>80.0</u>	<u>90.8</u>	<u>124.3</u>	<u>150.4</u>	<u>101.5</u>
Private	70.0	81.8	123.3	134.5	94.7
Official	10.0	9.0	1.0	15.9	6.8
<u>Current Account Balance</u>	<u>-142.6</u>	<u>-166.3</u>	<u>-336.8</u>	<u>-387.9</u>	<u>-355.0</u>
E. <u>Net Capital Movements</u>	<u>-10.2</u>	<u>107.1</u>	<u>225.4</u>	<u>465.6</u>	<u>76.4</u>
Official	65.7	226.6	240.2	446.0	191.7
Private	-75.9	-119.5	-14.8	19.6	-115.3
F. <u>Total A through E</u>	<u>-152.8</u>	<u>-59.2</u>	<u>-111.4</u>	<u>77.7</u>	<u>-278.6</u>
G. <u>Allocation of SDRs</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>-</u>	<u>-</u>
H. <u>Total F plus G</u>	<u>-142.8</u>	<u>-49.2</u>	<u>-101.4</u>	<u>77.7</u>	<u>-278.6</u>
I. <u>Change in Reserves</u> <u>(Increase = Minus)</u>	<u>144.9</u>	<u>50.2</u>	<u>90.5</u>	<u>-86.1</u>	<u>289.1</u>
Holdings of SDRs	5.3	0.5	-1.3	1.2	0.1
Reserve Position in the IMF	-	-	-2.8	-1.3	4.1
Government	-7.4	-12.8	14.0	-1.0	17.4
Capital Development Fund	-0.4	-	-4.0	4.1	0.2
Export Development Fund	-	-8.5	-1.9	1.3	9.7
Bank of Jamaica	147.4	71.0	86.5	-90.4	257.6
• <u>Net Errors and Omissions</u>	<u>-2.1</u>	<u>-1.0</u>	<u>10.9</u>	<u>8.4</u>	<u>-10.5</u>

/ Revised

/ Provisional

TABLE 2IMPORTS BY ECONOMIC FUNCTION(In millions of US Dollars)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
<u>Consumer Goods</u>	<u>121.0</u>	<u>131.9</u>	<u>190.1</u>	<u>230.9</u>	<u>270.1</u>
Food	65.7	72.7	101.9	119.4	107.7
Other Non-Durables	26.0	32.0	42.9	47.6	42.5
Durables	29.3	27.2	45.3	63.9	56.9
<u>Raw Materials</u>	<u>688.5</u>	<u>841.1</u>	<u>987.3</u>	<u>824.5</u>	<u>768.9</u>
Fuels	331.2	446.5	488.8	406.8	385.5
Other Raw Materials and Goods used in Manufacture	337.3	394.6	498.5	417.7	383.4
<u>Capital Goods</u>	<u>213.3</u>	<u>198.3</u>	<u>295.2</u>	<u>325.7</u>	<u>304.9</u>
Constructuon Materials	60.4	47.2	66.7	71.5	71.2
Transport Equipment	55.2	34.8	63.7	71.7	55.7
Other Machinery & Equipment	<u>97.7</u>	<u>116.3</u>	<u>164.8</u>	<u>182.5</u>	<u>178.0</u>
<u>Total</u>	<u>1,002.8</u>	<u>1,171.3</u>	<u>1,472.6</u>	<u>1,381.1</u>	<u>1,280.9</u>

TABLE 3

THE PERFORMANCE OF THE MAJOR EXPORT COMMODITIES  
1980-1983

	1980	1981	1982	1983
Bauxite and Alumina	735.7	760.2	513.8	423.8
Sugar	55.3	46.5	49.0	57.3
Bananas	10.5	4.3	4.7	6.8
<u>(As a percentage of Total Exports)</u>				
Bauxite and Alumina	76.4	78.1	66.9	61.8
Sugar	5.7	4.8	6.4	8.4
Bananas	1.1	0.4	0.6	1.0

Source: Statistical Institute of Jamaica, Bank of Jamaica

TABLE 4JAMAICA: TERMS OF TRADE(Index 1974 = 100)

	1978	1979	1980	1981	1982 <sup>1/</sup>	1983 <sup>1/</sup>
Unit value of exports <sup>2/</sup>	163.4	187.4	219.2	218.4	214.5	200.1
Unit value of <sup>x</sup> imports	139.7	160.3	204.3	216.4	218.6	237.2
Terms of trade	117.0	116.9	107.9	100.9	98.1	84.4

Sources: Bank of Jamaica; Department of Statistics; and Fund staff estimates.

<sup>1/</sup> Estimates.

<sup>2/</sup> Excludes re-exports.

TABLE 5

## Jamaica: Selected Tourist Data

(In millions of U.S. dollars)

	1978	1979	1980	1981	1982	Prel. 1983
<u>Total number of visitors (in thousands)</u> <sup>2/</sup>	<u>532.9</u>	<u>593.7</u>	<u>543.1</u>	<u>552.1</u>	<u>670.2</u>	<u>782.4</u>
Landed <sup>3/</sup>	381.8	426.5	395.3	406.4	467.8	566.2
Long-stay	(369.8)	(400.5)	(384.5)	(396.7)	(457.2)	(554.0)
Short-stay	(12.0)	(26.1)	(10.8)	(9.7)	(10.6)	(12.2)
Cruise-ship passengers	148.6	159.6	133.4	139.8	194.4	209.6
Armed forces	2.4	7.5	14.3	6.0	8.0	6.6
<u>Average length of stay for landed visitors (in days)</u>	<u>8.5</u>	<u>8.6</u>	<u>9.9</u>	<u>10.1</u>	<u>9.7</u>	<u>9.2</u>
<u>Total visitor days (in thousands)</u>	<u>3,396.3</u>	<u>3,835.8</u>	<u>4,061.2</u>	<u>4,250.4</u>	<u>4,739.1</u>	<u>5,425.2</u>
Landed	3,245.3	3,668.8	3,913.5	4,104.6	4,536.7	5,209.0
Cruise-ship passengers	148.6	159.6	133.4	139.8	194.4	209.6
Armed forces	2.4	7.4	14.3	6.0	8.0	6.6
<u>Total expenditure (in millions of U.S. dollars)</u>	<u>155.8</u>	<u>198.5</u>	<u>240.5</u>	<u>284.0</u>	<u>334.8</u>	<u>412.3</u>
<u>Average daily expenditure (in U.S. dollars)</u>	<u>45.87</u>	<u>51.74</u>	<u>59.22</u>	<u>66.79</u>	<u>72.00</u>	<u>76.00</u>
<u>Memorandum item</u>						
Tourist receipts as recorded in Foreign Exchange Budget of the Bank of Jamaica	98.3	145.1	161.3	168.3	183.9	120.8

Sources: Ministry of Tourism; and Fund staff estimates.

<sup>1/</sup> Provisional.<sup>2/</sup> Total may not add due to rounding.<sup>3/</sup> Long stay: three days or more; short stay: less than three days.

TABLE 6

## JAMAICA: GDP BY FINAL EXPENDITURE

	1979	1980	1981	1982	Est. 1983
(In millions of Jamaica dollars)					
Consumption	3,526.0	4,100.4	4,669.5	5,206.1	5,908.9
General government	(824.6)	(985.7)	(1,118.0)	(1,297.5)	(.....)
Private	(2,701.4)	(3,114.7)	(3,551.5)	(3,908.6)	(.....)
Fixed capital formation	748.2	690.1	954.3	1,153.6	1,375.3
Central Government	(267.3)	(291.5)	(381.0)	(436.3)	(334.3)
Other <sup>1/</sup>	(480.8)	(398.7)	(573.3)	(717.3)	(1,041.0)
Inventory accumulation	65.4	47.1	159.8	2.2	-
Net exports	-68.1	-99.4	-547.3	-689.6	-676.1
Exports of goods and nonfactor services	(2,065.0)	(2,435.8)	(2,510.3)	(2,265.5)	(2,461.4)
Imports of goods and nonfactor services	(-2,133.1)	(-2,525.2)	(-3,057.6)	(-2,955.1)	(-3,137.5)
GDP at current market prices	4,271.4	4,738.2	5,236.3	5,672.3	6,608.1
(As percent of GDP)					
Consumption	82.5	86.5	89.2	91.8	89.4
General government	(19.3)	(20.8)	(21.4)	(22.9)	(....)
Private	(63.2)	(65.7)	(67.8)	(68.9)	(....)
Fixed capital formation	17.5	14.6	18.2	20.3	20.8
Central Government	( 6.3)	( 6.2)	( 7.3)	( 7.8)	( 4.8)
Other <sup>1/</sup>	(11.3)	( 8.4)	(10.9)	(12.5)	(16.0)
Inventory accumulation	1.5	1.0	3.1	-	-
Net exports	-1.6	-2.1	-10.5	-12.2	-10.2
Exports of goods and nonfactor services	(48.3)	(51.2)	(47.9)	(39.9)	(37.2)
Imports of goods and nonfactor services	(-49.9)	(-53.3)	(-58.4)	(-52.1)	(-47.5)

Sources: Department of Statistics; and Fund staff estimates.

<sup>1/</sup> Includes the private sector, the National Housing Trust, the Jamaica National Investment Corporation, the National Insurance Fund, and public enterprises.



TABLE 7

## Jamaica: GDP at Constant Prices by Sector

	1979	1980	1981	1982	Est. 1983
(In millions of 1974 Jamaica dollars)					
<b>GDP at market prices</b>	<b>1,941.2</b>	<b>1,837.5</b>	<b>1,897.7</b>	<b>1,900.9</b>	<b>1,928.3</b>
Agriculture and fisheries	160.6	150.6	156.4	145.9	153.3
Export agriculture	(27.1)	(23.9)	(24.9)	(24.5)	(24.7)
Domestic agriculture	(80.3)	(75.9)	(78.6)	(69.4)	(73.9)
Livestock and hunting	(44.1)	(43.5)	(44.9)	(43.3)	(45.7)
Other	(9.1)	(7.4)	(8.0)	(8.8)	(9.0)
Mining	148.0	162.7	164.8	117.0	119.3
Manufacturing	318.3	287.5	291.1	303.2	310.7
Sugar, molasses, and rum	(13.7)	(11.7)	(9.8)	(10.4)	(10.2)
Other food	(62.4)	(52.3)	(55.1)	(55.6)	(54.4)
Alcoholic beverages	(45.6)	(46.9)	(44.9)	(45.9)	(50.5)
Tobacco and tobacco products	(45.4)	(44.6)	(45.5)	(50.4)	(51.1)
Textiles	(10.9)	(10.5)	(6.9)	(7.9)	(7.9)
Paper and paper products, printing	(15.9)	(17.9)	(23.5)	(23.8)	(23.8)
Petroleum refining	(23.9)	(19.4)	(15.7)	(17.9)	(21.5)
Chemicals	(31.9)	(26.0)	(30.4)	(30.1)	(30.1)
Other	(68.7)	(58.2)	(59.4)	(61.2)	(61.2)
Construction and installation	137.4	98.3	99.9	112.7	115.7
Electricity, gas, and water	23.3	23.6	23.9	23.9	22.8
Services	1,153.6	1,114.8	1,161.5	1,198.1	1,206.5
Transportation, storage, and communications	(129.9)	(124.5)	(125.6)	(130.8)	(130.9)
Distributive trades	(293.7)	(273.1)	(287.8)	(304.4)	(308.3)
Financing and insurance services	(90.9)	(98.7)	(108.4)	(99.8)	(79.7)
Real estate and business services	(216.0)	(215.4)	(222.6)	(233.6)	(244.8)
Government services	(360.5)	(358.5)	(369.5)	(370.9)	(377.9)
Miscellaneous services 1/ Of which:	(117.6)	(111.7)	(113.4)	(122.6)	(128.9)
hotels, restaurants, and clubs	/41.6/	/37.3/	/37.1/	/42.2/	/48.5/
Less: Imputed service charges	(-55.0)	(-67.1)	(-65.8)	(-64.0)	(-64.0)
<b>Memorandum item</b>					
GDP excluding mining	1,793.2	1,674.8	1,732.9	1,783.9	1,809.0
(As percent of total)					
Agriculture	8.3	8.2	8.2	7.7	8.0
Mining	7.6	8.9	8.7	6.2	6.2
Manufacturing	16.4	15.6	15.3	16.0	16.1
Construction and installation	7.1	5.3	5.3	5.9	6.0
Electricity, gas, and water	1.2	1.3	1.3	1.3	1.2
Services	59.4	60.7	61.2	63.0	62.3
Of which:					
public administration	(18.6)	(19.5)	(19.5)	(19.5)	(19.6)
hotels, restaurants, and clubs	(2.1)	(2.0)	(2.0)	(2.2)	(2.5)

Sources: Department of Statistics; and Fund staff estimates.

1/ Including households and nonprofit organizations.

TABLE 8

## JAMAICA: GENERAL GOVERNMENT

	1978/79	1979/80	1980/81	1981/82	1982/83	Est. 1983/84
(In millions of Jamaica dollars)						
<u>Revenue</u>	<u>1,137.2</u>	<u>1,292.2</u>	<u>1,432.0</u>	<u>1,773.4</u>	<u>1,820.5</u>	<u>2,165.4</u>
Tax revenue	737.4	836.1	880.9	1,130.6	1,376.7	1,568.0
Bauxite levy	271.3	287.5	334.3	415.3	188.1	258.0
Other	128.5	165.5	216.8	227.5	255.7	339.4
<u>Expenditure</u>	<u>1,599.1</u>	<u>1,686.4</u>	<u>2,123.0</u>	<u>2,480.9</u>	<u>2,676.4</u>	<u>3,078.0</u>
Current	1,119.2	1,283.2	1,525.7	1,693.6	1,890.9	2,373.4
Capital and net lending	479.9	403.0	597.3	787.3	785.5	704.6
<u>Current account balance</u>	<u>180.0</u>	<u>9.0</u>	<u>-93.7</u>	<u>79.8</u>	<u>-70.4</u>	<u>-208.0</u>
<u>Overall balance</u>	<u>-461.9</u>	<u>-394.0</u>	<u>-691.0</u>	<u>-707.5</u>	<u>-855.9</u>	<u>-912.6</u>
<u>Financing</u>	<u>461.9</u>	<u>394.0</u>	<u>691.0</u>	<u>707.5</u>	<u>855.9</u>	<u>912.6</u>
Net external	283.5	115.0	212.2	503.6	375.6	370.0
Net domestic	178.4	279.0	478.8	203.9	480.3	542.6
Banking system	(119.1)	(289.8)	(454.2)	(180.7)	(542.0)	(426.7)
Other	(59.3)	(-10.8)	(24.6)	(23.2)	(-61.7)	(115.9)
(In percent of GDP)						
<u>Revenue</u>	<u>29.2</u>	<u>29.4</u>	<u>29.4</u>	<u>33.0</u>	<u>30.9</u>	<u>31.3</u>
<u>Expenditure</u>	<u>41.1</u>	<u>38.3</u>	<u>43.6</u>	<u>46.2</u>	<u>45.4</u>	<u>44.5</u>
Current	28.8	29.2	31.4	31.5	32.1	34.3
Capital	12.3	9.1	12.2	14.7	13.3	10.2
<u>Current balance</u>	<u>0.4</u>	<u>0.2</u>	<u>-2.0</u>	<u>1.5</u>	<u>-1.2</u>	<u>-3.0</u>
<u>Overall balance</u>	<u>-11.9</u>	<u>-8.9</u>	<u>-14.2</u>	<u>-13.2</u>	<u>-14.5</u>	<u>-13.2</u>
Net external financing	7.3	3.4	4.4	9.4	6.4	5.3
Net domestic financing	4.6	5.5	9.8	3.8	8.1	7.9

Source: Statistical Appendix Table 35.

1/ Includes Central Government, the National Insurance Fund, the Capital Development Fund/Jamaica National Investment Company, the National Housing Trusts, and the Human Education and Resources Training Trust.

TABLE 9

JAMAICA: CENTRAL GOVERNMENT EXPENDITURE BY  
ECONOMIC CLASSIFICATION

	1978/79	1979/80	1980/81	1981/82	1982/83	Est. 1983/84
(In millions of Jamaica dollars)						
<u>Total expenditure</u>	<u>1,570.6</u>	<u>1,664.2</u>	<u>2,022.1</u>	<u>2,364.7</u>	<u>2,594.4</u>	<u>2,910.0</u>
<u>Current expenditure</u>	<u>1,139.1</u>	<u>1,307.8</u>	<u>1,550.3</u>	<u>1,720.9</u>	<u>1,921.4</u>	<u>2,394.0</u>
Goods and services	767.3	807.3	914.1	1,040.4	1,115.8	1,254.0
Wages and salaries	(517.0)	(583.7)	(683.2)	(740.0)	(843.0)	(967.0)
Other	(250.3)	(223.6)	(230.9)	(300.4)	(272.8)	(287.0)
Current transfers	159.2	223.4	262.4	256.4	227.6	360.0
Pensions	( 21.7)	( 21.7)	( 24.5)	( 26.2)	( 21.5)	( 32.0)
Subsidies	( 25.3)	( 52.5)	( 44.5)	( 35.8)	( 21.1)	( 99.0)
Other	(112.2)	(149.2)	(193.4)	(194.4)	(194.0)	(229.0)
Interest payments	212.6	277.1	373.8	424.1	578.0	780.0
<u>Capital expenditure</u>	<u>431.5</u>	<u>356.4</u>	<u>471.8</u>	<u>643.8</u>	<u>673.0</u>	<u>516.0</u>
Fixed investment	325.8	247.8	193.4	406.9	445.8	297.0
Foreign institutional	(109.2)	(148.2)	(175.2)	(149.9)	(150.0)	(124.0)
Other	(216.6)	( 99.6)	( 18.2)	(257.0)	(295.8)	(173.0)
Transfers to public sector	54.7	87.6	260.4	208.9	209.2	206.0
Loans	(.....)	( 61.5)	(201.7)	(108.6)	(120.2)	(100.0)
Portfolio investment	(.....)	( 13.4)	( 46.1)	( 54.9)	( 33.5)	( 45.0)
Other transfers	(.....)	( 12.7)	( 12.6)	( 45.4)	( 55.5)	( 61.0)
Employment programme/ contingency	51.0	21.0	18.0	28.0	18.0	13.0
(Percentage annual change)						
Total expenditure	34.8	6.0	21.5	16.9	9.7	12.2
Current expenditure	36.8	14.0	18.5	11.0	11.7	24.6
Wages and salaries	(23.2)	(12.9)	(17.0)	( 8.3)	(13.9)	(14.7)
Interest payments	(60.0)	(30.3)	(34.9)	(13.5)	(36.3)	(34.9)
Other	(46.2)	( 9.2)	(10.4)	(12.9)	(-10.1)	(29.3)
Capital expenditure	29.7	-17.4	32.4	36.5	4.5	-23.3

Sources: Ministry of Finance and Planning and Fund staff estimates.

TABLE 10

## Jamaica: Exchange Rates

(Period averages; 1980 = 100)

	Jamaican Dollars per U.S. Dollar		Nominal	Real
	Official Market	Parallel Market 1/	Exchange Rate Index 2/	Effective Rate Index 2/
1973	0.909	...	196.0	102.8
1974	0.909	...	193.7	107.7
1975	0.909	...	205.3	117.8
1976	0.909	...	210.1	126.9
1977	0.909	1.555	190.3	117.6
1978	1.435	...	161.6	101.0
1979	1.767	...	101.1	91.5
1980	1.781	...	100.0	99.9
1981	1.781	...	108.9	108.2
1982	1.781	...	112.1	113.4
1983	1.920	2.712	91.2	107.3
<u>1982</u>				
January	1.781	...	109.3	109.1
February	1.781	...	110.5	110.2
March	1.781	...	111.4	111.8
April	1.781	...	111.2	112.8
May	1.781	...	111.2	111.3
June	1.781	...	113.3	112.6
July	1.781	...	114.1	112.9
August	1.781	...	114.6	113.8
September	1.781	...	115.2	115.1
October	1.781	...	116.3	116.1
November	1.781	...	117.5	117.6
December	1.781	...	117.2	117.6
<u>1983</u>				
January	1.781	2.551	108.1	109.2
February	1.781	2.786	101.7	103.5
March	1.781	2.639	104.5	108.7
April	1.781	2.688	103.6	106.9
May	1.781	2.688	103.7	108.1
June	1.781	2.653	106.8	111.9
July	1.781	2.653	107.4	114.3
August	1.781	2.653	108.3	117.0
September	1.781	2.935	104.2	113.3
October	1.781	2.935	103.9	113.6
November	2.095	...	95.1	104.6
December	3.125	...	69.9	77.8
<u>1984</u>				
January	3.455	...	66.6	79.0
February	3.275	...	67.7	76.2
March	3.368	...	65.8 <sup>3/</sup>	73.8 <sup>3/</sup>
April	3.849	...	57.6 <sup>3/</sup>	64.9 <sup>3/</sup>

Sources: IMF, International Financial Statistics; and Fund staff estimates.

1/ Part of officially-sanctioned dual market; does not incorporate transactions on the black market.

2/ Increase in index represents effective appreciation of Jamaican dollar.

3/ Estimates.

JAMAICA: NET OFFICIAL INTERNATIONAL RESERVES 1980-1983

	1980	1981	1982	1983
<u>Total (net)</u>	<u>-510.0</u>	<u>-605.6</u>	<u>-521.8</u>	<u>-808.7</u>
Assets	121.6	105.7	122.7	68.3
Liabilities	-631.6	-711.3	-644.5	-877.0
<u>Assets</u>	<u>121.6</u>	<u>105.7</u>	<u>122.2</u>	<u>68.3</u>
<u>Gross Foreign Reserves</u>	<u>83.1</u>	<u>75.3</u>	<u>99.0</u>	<u>69.6</u>
Holdings of SDR's	( - )	( 1.3)	( 0.1)	( - )
IMF Reserve Tranche	( - )	( 2.8)	( 4.2)	( - )
Other Foreign Assets	( 83.1)	( 71.2)	( 94.7)	( 69.6)
Central Government	29.2	15.1	13.2	-0.9
C.D.F.	0.5	4.5	0.4	0.2
Other Official Institutions	8.8	10.8	9.6	-0.6
<u>B.O.J. Foreign Liabilities</u>	<u>-631.6</u>	<u>-711.3</u>	<u>-644.5</u>	<u>-877.0</u>
I.M.F.	-309.3	-469.7	-582.9	-627.2
Venezuela	-11.9	-	-	-
Trinidad & Tobago	-55.0	-55.0	-	-
Foreign Commercial Banks	-59.0	-14.2	-	-4.5
Bank of Peru	-	-10.0	-	-
Bank of America	-	-	-	-1.5
Bank of Ecuador	-	-6.7	-	-
Bank of China	-2.1	-1.7	-1.3	-1.3
Bank of Bogota	-	-5.0	-	-
Norway Consultancy Fund	-0.9	-0.7	-1.1	-0.8
I.D.B. Deposit	-7.4	-0.8	-	-
Libya	-50.0	-50.0	-50.0	-50.0
Kuwait	-3.0	-3.0	-	-
Caricom Multilateral Clearing Facility	-16.9	-29.4	-9.2	-4.4
National Commercial Bank	-	-	-	-
Air Jamaica	-2.5	-	-	-
Federal Reserve Bank of N.Y.	-	-	-	-10.1
Arrears	-113.6	-65.1	-	-177.2

IN WEEKS

Gross Official Reserves/Imports	4.8	3.7	5.0	2.8
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Source: Bank of Jamaica

TABLE 12OIL IMPORTS AND THE NATIONAL BALANCE OF TRADE

Year	Oil Bills (\$) US\$	Oil Fraction of Import Bills (%)	Oil Fraction of Export (%)	Trade Imbalances US\$
1973	73.7	10.9	19.3	286.6
1974	195.1	20.8	33.0	331.8
1975	215.1	19.1	28.9	364.5
1976	203.5	22.3	32.3	282.7
1977	225.6	30.2	31.7	22.9
1978	193.9	22.4	25.1	82.6
1979	331.2	33.0	41.1	188.1
1980	446.5	38.1	47.5	208.6
1981	488.8	33.2	50.7	498.6
1982	406.8	29.5	53.0	613.7
1983	385.5	30.1	56.2	595.2

Source: Petroleum Corporation of Jamaica, Bank of Jamaica