

JAMAICA: BALANCE OF PAYMENTS AND THE FOREIGN  
EXCHANGE BUDGET, 1977-1980

By

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Caribbean economies are characterised by the high degree to which they are open. In the case of Jamaica, exports and imports of goods and services as percentages of GDP amounted to some 53 per cent each in 1980. Developments in the external sectors of these economies therefore play a significant role in their overall economic performance. The balance of payments (BOP) acts as a constraint on domestic economic policies. It can be described as the mirror which reflects the results of such policies as well as the effects of external disturbances. BOP statistics are therefore useful in identifying and analysing imbalances between the domestic economy and the rest of the world. BOP analysis also helps in tracing the effects of these imbalances and their financing on international economic relationships and the adjustment process. In Jamaica an additional tool, the foreign exchange budget (FEB), has also been developed to monitor cash movements into and out of the external sector in order to account for the changes in the Central Bank's liquid foreign exchange reserves.

The basic purpose of this paper is to examine both the BOP and the FEB in Jamaica. For although they may be similar in some respects, conceptually and otherwise they are different. It is possible to expand the FEB into the BOP or alternatively to reduce the BOP into the FEB. The paper is divided into three broad sections. In the first some background information is given

on the two approaches while in the second some of Jamaica's experiences with both are presented. Finally, in the third section a brief summary is made of the major points raised in the two previous ones and some conclusions drawn.

## I. Background to the BOP and the FEB

### (i) Balance of Payments

A reasonably accurate and brief description of the BOP is that it is a systematic record of the economic transactions during a given period between a country's residents and residents of the rest of the world. This record takes the form of a double-entry accounting statement, in which each transaction is reflected in both a credit and a debit entry. The economic transactions (cash and non-cash) measured in the BOP occur when an economic value is provided by one economic unit to another that is, whenever there is a change of ownership. Economic values are goods and services and financial items. These values may be exchanged against each other, or sometimes they may be provided or acquired free of charge, that is, without a quid pro quo. A country's residents, whose transactions with foreigners are recorded in the BOP, comprise both individuals and institutions. Broadly speaking, individuals are residents of the country where their center of interest is located, that is, where they concentrate their earnings, activities and their investments. Resident institutions always include the domestic government and its agencies and personnel, wherever they may be located. Business enterprises are treated as residents of the country in which they operate since they are

considered to form an integral part of that country's economy.

The BOP in all its aspects is one of the foundation stones and chief concerns of the work of the International Monetary Fund (IMF). Two of the six sections of the first Article of the Fund's Articles of Agreement refer specifically to the BOP as follows:

- (a) To give confidence to members by making the Fund's resources temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their BOP without resorting to measures destructive of national or international prosperity;
- (b) In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international BOP of members.

Under the Fund's Articles of Agreements, member countries are obliged to furnish it certain information, including BOP statistics. To facilitate uniform reporting, the Fund has developed a Manual for compilers, the fourth edition of which was published in 1977.

The BOP Manual covers a wide range of concepts and principles including those of residence, valuation, timing and the unit of account and conversion. The BOP lends itself readily to a division into a number of widely used balances for analytical purposes of which the following are described by the Manual as important:

(a) Balances on goods, services, income and unrequited transfer

This is commonly referred to as the "current account" balance. Although this balance is not comprehensive enough to permit a rounded evaluation of the major developments in a country's BOP, it is nonetheless a useful tool. It covers transactions of types that can generally be regarded as irreversible once they have occurred, whereas capital items are frequently subject to reversal, even in the short run. For this reason, it is usually more feasible to measure or forecast the effects of economic developments and policy changes on the current account than on any balance that includes capital components. BOP targets, therefore, are often expressed in terms of the performance expected of the current balance.

(b) Balances financed by reserve assets and selected liabilities

Given the comprehensive nature of a balance of this kind, it is often termed an "overall" balance or "official settlement" balance. The rationale of this concept is to provide a measure of the residual imbalance that is financed through the use and acquisition of reserves and sometimes of other financial items that could be seen as a substitute for them. The movement in reserves is linked with what is considered at any given time to be the desirable exchange rate. An overall balance is commonly considered to be a measurement of BOP "performance". Finally, since overall balances can be measured individually from below the line, they can be made available more quickly than other types of balances.

(c) Balances on current account and long-term capital movements

Whereas the current account balance is too narrow a measure for some purposes, the overall balance is addressed mainly to problems that may be created in the short run for the authorities in providing financing for imbalances. Therefore, a measure that may give a better picture of trends in the economy's BOP in the longer run is often required. Measures of that type have come to be termed a "basic" balance. In principle, the objective in constructing a basic balance is to exclude from "above the line" transactions that are volatile and are likely to be measured in the short-run. The basic balance usually covers the current account and long-term capital, that is all capital that is nominally long-term and all other direct investment capital.

Unlike the FEB, the BOP must rely on a number of different sources of data for its compilation. In the case of Jamaica, the three main sources are: surveys, foreign exchange records and administrative and other documentary sources. Surveys are conducted twice annually. The major problem is simply that of non-response and the consequential errors which can occur in estimating. Foreign exchange records are useful but often require adjustments with regard to coverage, classification, timing and valuation before they satisfy the need of the BOP compiler. Administrative records provide raw data on items such as merchandise trade, foreign loans and official transfers. Information on the country's foreign exchange reserves are available in the Central Bank in the normal course of its operations.

(ii) Foreign Exchange Budgetting

The FEB can be defined as an estimate of receipt and expenditure of foreign exchange for some future period, usually one year. Its purpose may range from a simple statistical control to the application of severe restrictions.

The basic function of the FEB, just as other types of budget, is the control of expenditure and the assignment of priorities. Such priorities provide the general basis for the rationing of exchange in the budget. The estimate of receipts may point to the need for action, such as liberalization or intensification of restrictions on payments abroad. The FEB can help to ensure that provision is made for supplying the country with at least certain basic essentials e.g. food, drugs, raw material, spare parts and fuel. The formulation of the FEB should take account of existing commercial and exchange control policies. Furthermore, the preparation of the FEB may indicate the need for modification of monetary, fiscal and other appropriate policies in order that the planned budget may be realized.

The FEB helps to develop and execute policies on exchange reserves. For example, if receipts and payments cannot be adjusted to yield a balance, a calculated utilization of reserves or other methods can be planned in the budget. Moreover, the budget can be used to plan any necessary re-adjustment of the composition of the country's foreign exchange reserves between liquid and non-liquid holdings. The FEB can also help a country to achieve its longterm objective of raising its reserves gradually to a more

adequate level to cope with temporary payment difficulties that may arise in the future.

The process of preparation is perhaps the most important step in the functioning of the FEB. It is at this stage that the exchange operations for the forthcoming period are coordinated with all the relevant policies. The establishment of a realistic budget requires a broad measure of cooperation between governmental agencies. This cooperation is very necessary not only for obtaining the basic information needed for the preparation and implementation of the budget, but also for determining the policies to be implemented and for avoiding conflicts between policy objectives.

The FEB includes all exchange receipts that are under the control of the exchange authorities and these exclude certain funds placed in special accounts with the approval of the authorities, for example, retained accounts in the case of Jamaica. In estimating receipts of foreign exchange, account is first taken of the performance of the various categories of transactions in recent years. Experience has shown that in estimating export receipts, it is better to adopt a conservative approach. This is so since it is more practicable to deal with an excess of exchange receipts than to cope with an unexpected insufficiency.

As in estimating exchange receipts, the establishment of allocations for the different categories of payments, including those for imports, also utilizes past experience as a guide wherever practicable. However, this is not a substitute for a realistic review of a country's actual needs. One consideration that arises



in estimating import expenditures is the value of unutilized and valid import licences outstanding at the end of a given time period. Those licences represent import payments that will probably be made during the coming budget period. The budget can therefore serve as a guide to the licences to be granted for imports during the budget year itself.

As far as the implementation of the FEB is concerned, a prime requirement is that information on transactions effected under the budget and on remaining balances must be accurate if it is to be fully useful for analysis and administrative action. In this regard, there should be the centralization of the necessary information in a single section of the organization charged with budget control. Another important aspect of implementation is to decide on the technique for issuing licences under the FEB given the fact that the seasonal movements of exports are not normally the same as those of imports. Finally, the FEB should have a certain flexibility in its operations to avoid rigidities that might otherwise be embarrassing. Revisions can take place at periodic intervals or when circumstances dictate. Sometimes in revising the FEB, the action that may have to be taken is not necessarily a change in the budget itself or restrictions but rather the use of monetary and credit policies such as the use of advanced deposit requirements for imports.

Let us now examine some of the basic problems associated with the FEB. First of all some of these problems are of a purely technical nature - e.g. the preparation of estimates and allowing for the seasonal movements of trade. On the institutional side

problems may arise as to the dispersion or overlapping of authority and of responsibility for the budget operations, lack of coordination among responsible agencies and delays in the submission of required forms or reports. However, the most difficult problems are usually associated with the determination of policies. Proper policies are often easily discernible though they may prove difficult to apply, for political or other reasons. It must always be recognized that although the FEB is a powerful tool at the disposal of the authorities, it is not in itself a panacea for the foreign exchange and other ills of the economy. For example, in an inflationary environment, budget revisions are often made to intensify restrictions, in view of the rising import demand or the difficulty of marketing certain exports. Sometimes, however, the deterioration of a country's external position reaches a point where even stronger remedies including exchange rate adjustments must be applied to redress the exchange situation and thereby make the FEB viable. At the same time, fundamental adjustments in the external sector must be complemented by domestic anti-inflationary policies.

(iii) Balance of Payments vs Foreign Exchange Budgetting

The BOP covers a wider range of transactions than the FEB since it covers cash and non-cash items as well as imputed values. The BOP is part of the larger system of social accounts recording the economic activity of an economy and its various sectors and is more exposed to conceptual problems than the FEB. Most of these problems are concerned with matters of timing, valuation, coverage and classification of transactions. Unlike

the FEB, the BOP through an analysis of the current account balance can assist in determining the intensity of external shocks on developing countries mainly due to three forces: deteriorating terms of trade, slack demand in individual countries due to recession and protection policies and rising interest rates. An important aspect of BOP management concerns the adjustment process; that is, how to design appropriate economic programmes to reduce current account deficits to a level that can be financed on a sustainable basis.

The FEB on the other hand is the control mechanism for monitoring at short intervals (usually a month) the performance of the external sector. It therefore helps to establish whether BOP targets will be met and which are the areas requiring the prompt attention of the authorities if those targets are endangered. Since the FEB deals basically with cash flows, it can easily identify seasons of potential shortages, allowing for appropriate contingency plans to be made. The FEB helps in evaluating the extent of foreign exchange leakages in the economy, particularly in the case of tourist earnings as will be explained later on. In constructing the country's import budget for a given period, the link between the FEB and the licencing system becomes crucial. The impact on the FEB later on of imports financed by short-term credit must be taken into account. The FEB also demonstrates the flexibility a country has when it secures loans in the form of cash rather than credit tied to the imports of the lending country.

## II. Jamaica's Experience with BOP and FEB

Balance of payments statistics on Jamaica dates back to the 1950's. The Bank of Jamaica assumed responsibility for preparing BOP statistics in 1966. Prior to this, the Department of Statistics compiled the current account and the Ministry of Finance the capital account. The rationale for transferring responsibility for BOP compilation to the Bank is the availability and speed of acquiring data from the banking system since the bulk of foreign exchange transactions impact on that system.

Foreign exchange budgetting grew out of the foreign exchange crisis of recent years. The situation became critical in 1976 when net international reserves became negative for the first time in March and the foreign exchange market was closed in December of that year. The FEB was introduced in the Bank of Jamaica in January 1977 when the market was reopened under a new exchange control regime and liquid reserves in the Bank amounted to less than US\$5mn. The FEB has since been fully developed as an adjunct to the BOP and together they constitute major tools for making the best use of our scarce foreign exchange resources.

An analysis of the BOP and the FEB clearly demonstrates that the foreign exchange situation up to the end of 1980 was still critical. The year ended with liquid reserves of some US\$6mn. or about the same level at the end of 1977. (See Table 2.) The current account on the BOP widened from US\$46mn. in 1977 to US\$209mn. in 1980 while the overall BOP deficit moved from US\$60mn. to US\$76mn. over the same period. (See Table 1) It is interesting to note that liquid reserves and overall BOP deficits were larger in 1978 and 1979, mainly due to higher loan receipts as shown in the FEB

but larger movements in liabilities as can be seen from the BOP. These developments largely reflect the impact of the BOP support from the IMF.

A close examination of the merchandise account of the BOP (Table 1) and the corresponding figures from the FEB (Table 2) indicates significant differences which warrants an explanation. As far as exports are concerned, the figures in the BOP are derived from the trade statistics prepared by the Department of Statistics whereas those in the FEB reflect receipts by the banking system and reported to the Bank of Jamaica. Bauxite/alumina, which is the country's largest foreign exchange earner, is treated differently in the BOP and the FEB. Table 4 shows the imputed value for bauxite and alumina in the BOP and compares this with the actual cash receipts in the FEB. The difference is made in a number of offsetting entries elsewhere in BOP, for example, imputed profits and interest (investment income) fuel and other goods (merchandise imports) and wages and salaries (other services).

On the import side, the BOP figures are again larger, since they include the counter-part entries for capital inflows and unrequited transfers in the form of goods rather than cash. As mentioned above, oil and other 'no funds' imports by the bauxite/alumina companies which do not impact on the country's reserves form a part of the overall level of imports as reflected in the trade statistics. 'No funds' imports other than those related to the bauxite/alumina companies have been assuming increasing importance in recent months given the scarce foreign exchange situation and the liberalization in the granting of such

licences. Since all imports (cash and non-cash) are recorded in the BOP, it gives a better picture of these imports than the FEB.

The next broad area of interest in comparing the BOP and the FEB, relates to Jamaica's gross earnings from tourism. As can be seen from Table 5, the estimates used in the BOP are higher than those in the FEB, ranging from US\$32.5mn. in 1977 to US\$80.4mn. in 1980. This represents an average leakage from the tourist industry over the period 1977 to 1980 of some 31 per cent. The figures used in the BOP are based on tourist expenditure surveys conducted by the Ministry of Tourism. These surveys take account of length of stay, seasonal factors, the origin of visitors and the volume of visitors. Since all surveys are subject to an error factor, it could be that there is an over statement of the amounts actually spent by the visitors. On the other hand, figures from the banking system can be misclassified which could lead to either an over or under statement of amounts actually flowing into the system. Given these qualifications, however, it would appear that upward movements in the exchange rate for the tourist dollar on the 'black' market is providing an incentive for a high degree of leakage from the official foreign exchange pool. As far as the BOP is concerned, the contra entries for such leakages could be found in any of a number of accounts including net errors and omissions.

Both the BOP and the FEB provide insights in the country's debt problems. Net investment income payments more than doubled over the review period, moving from US\$128.6mn. in 1977 to US\$293mn.

on the basis of the BOP. The capital account of the BOP as it pertains to the Central Government and Government guaranteed capital also illustrates the attempts by the authorities to cover the current account gap by foreign borrowing. However, amortization of earlier loans and net outward movement of capital by the private sector led to overall net capital outflows in 1977 (US\$13.8mn.) in 1978 (US\$49.3mn.) and in 1979 (US\$9.4mn.) In 1980, there was a net overall inflow of US\$123.6mn. due largely to substantial increased borrowing by the Central Government (US\$322.4mn. compared with US\$177.8mn. in 1979). The net capital outflows in the period 1977 through 1979 together with the current account deficits in those years were covered by the build up of arrears in the Bank of Jamaica (except 1979) and increased foreign liabilities.

The cash flow FEB (Tables 2 and 3) also demonstrates the gravity of the debt problem. Net official loan receipts occurred in 1978 and 1979 (US\$120.2mn. and US\$18.1mn., respectively) whereas there were net loan repayments in 1977 (US\$8.4mn.) and in 1980 (US\$38.1mn.) Higher overseas interest rates and the shorter maturity of commercial loans compared with institutional and governmental loans have been major factors behind these movements. The figures also reflect the massive build up of Bank of Jamaica foreign liabilities prior to and since 1977. Debt payments accounted for 38 per cent of export cash receipts (including tourism) in 1980 compared with 29.5 per cent in 1977. When oil payments are included the comparable figures are 74.8 per cent and 50.6 per cent, respectively.

In April this year, Jamaica signed a new Extended Fund Facility arrangement with the IMF. As usual, the country is required to meet certain performance tests to make the necessary drawings at quarterly intervals over the three year period. One of the performance tests relates to the net international reserves of the Bank of Jamaica. Since essentially changes in these reserves reflect the overall balance in the BOP, this test is concerned with the performance of the BOP. The agreement stipulates that over the FY1981/82, there should be an improvement in the net international reserves of the Bank of Jamaica by at least US\$40mn. However, the Bank is not allowed to let its gross reserves increase above US\$100mn. at any time until the end of the year and above US\$140mn. at any time during the remainder of the FY1981/82 (which ends in March 1982), unless all arrears on payments and transfers for current international transactions have been eliminated. What this stipulation means in practice is that no drawings can be made from the Fund if these ceilings are exceeded. This is where the FEB plays a vital role in regulating the timing of cash inflows and outflows to ensure that the particular aspect of the BOP test is met. Due to slippages largely from bauxite/alumina receipts originating from reduced overseas demand and changes in the timing of certain loan inflows, corrective steps are being taken, based on revised BOP and FEB estimates, to satisfy this particular performance test.

The treatment of CARICOM trade is different in the BOP and the FEB. All imports from and exports to CARICOM are recorded in the trade statistics and therefore are included in the BOP as well. Given the Caricom Multilateral Clearing Facility (CMCF),



the FEB only records cash settlements made in US dollars with the Agent. Amounts owing to CMCF are treated as foreign liabilities of the Bank of Jamaica and changes in these liabilities are therefore also recorded in the BOP as part of the financing of the overall balance.

### III. Summary and Conclusions

The BOP and the FEB are conceptually different. However, they serve as useful tools of BOP management. By comparing and contrasting them, useful insights into the behaviour of the foreign sector can be gained. A proper understanding of the performance of this sector becomes crucial, given the high degree of openness of Caribbean economies. The Bank of Jamaica has developed both tools to fairly high standards, for policy purposes. The link between the BOP and the FEB is the movement in the Bank's liquid foreign exchange reserves.

Since there are few economic activities or economic policy measures which do not cause repercussions, direct or indirect, on the BOP situation, there is a great need for proper coordination. The monetary approach to the BOP demonstrates the link between monetary policy and developments in the external sector. Demand management policies and policies to improve aggregate supply all have implications for the BOP. The BOP and the FEB are not ends in themselves but the means to achieve the broader economic policy objectives of a viable economy with the flexibility to adjust to external forces when this becomes necessary.

## REFERENCES

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6. Economic and Social Survey, Jamaica 1980.

Table 1 Jamaica: Balance of Payments

(In millions of U.S. dollars)

	1977			1978			1979			1980		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
<b>Current account</b>	<b>1,085.9</b>	<b>1,132.0</b>	<b>-46.1</b>	<b>1,223.3</b>	<b>1,312.5</b>	<b>-89.2</b>	<b>1,370.1</b>	<b>512.7</b>	<b>-142.6</b>	<b>1,583.4</b>	<b>1,792.5</b>	<b>-209.1</b>
Goods and services	993.8	1,059.9	-66.1	1,130.3	1,245.2	-114.9	1,217.5	1,440.1	-222.6	1,420.7	1,720.6	-299.9
Merchandise <sup>1/</sup>	724.0	746.9	-22.9	792.1	856.6	-64.5	814.7	994.0	-179.3	961.0	1,160.5	-199.5
Travel	105.6	11.9	93.7	146.8	10.4	136.4	195.4	10.9	184.5	241.7	11.7	230.0
Investment income	11.3	139.9	-128.6	10.8	189.4	-178.6	9.8	212.4	-202.6	13.2	306.2	-293.0
Government (n.i.e.)	12.1	9.1	3.0	15.6	10.7	4.9	21.2	13.0	8.2	25.6	13.6	12.0
Transportation	74.6	58.0	16.6	100.1	75.6	24.5	114.0	91.4	22.6	113.5	95.3	18.2
Other services	66.2	94.1	-27.9	64.9	102.5	-37.6	62.4	118.4	-56.0	65.7	133.3	-67.6
Nonmerchandise												
insurance	(15.0)	(33.5)	(-18.5)	(15.6)	(34.1)	(-18.5)	(15.0)	(32.0)	(-17.0)	(15.0)	(32.0)	(-17.0)
Other	(51.2)	(60.6)	(-9.4)	(49.3)	(68.4)	(-19.1)	(47.4)	(86.4)	(-39.0)	(50.7)	(101.3)	(-50.6)
Unrequited transfers	92.1	72.1	20.0	93.0	67.3	25.7	152.6	72.6	80.0	162.7	71.9	90.8
Private	55.5	40.5	15.0	56.4	41.2	15.2	114.6	44.6	70.0	120.7	38.9	81.8
Official	36.6	31.6	5.0	36.6	26.1	10.5	38.0	28.0	10.0	42.0	33.0	9.0
<b>Capital account</b>	<b>165.5</b>	<b>179.3</b>	<b>-13.8</b>	<b>321.1</b>	<b>370.4</b>	<b>-49.3</b>	<b>246.8</b>	<b>256.2</b>	<b>-9.4</b>	<b>402.8</b>	<b>279.2</b>	<b>123.6</b>
Central government	108.0	46.6	61.4	241.4	167.5	73.9	177.8	110.7	67.1	322.4	115.0	207.4
Government-guaranteed												
capital	38.5	36.0	2.5	23.3	39.8	-16.5	11.5	66.5	-55.0	57.6	48.4	9.2
Direct investment	7.7	14.7	-7.0	11.9	38.6	-26.7	12.3	38.7	-26.4	--	11.0	-11.0
Financial system	--	14.2	-14.2	--	25.9	-25.9	--	3.9	-3.9	--	34.9	-34.9
Other private capital <sup>2/</sup>	11.3	67.8	-56.5	44.5	98.6	-54.1	45.2	36.4	8.8	22.8	69.9	-47.1
SDR Allocation	--	--	--	--	--	--	10.0	--	10.0	10.0	--	-10.0
<b>Overall balance</b>			<b>-59.9</b>			<b>-138.5</b>			<b>-142.0</b>			<b>-75.5</b>
<b>Change in net inter- national reserves</b>												
(increase-)			<b>59.9</b>			<b>138.5</b>			<b>142.0</b>			<b>75.5</b>
Assets			-11.6			-7.0			-5.2			-20.1
Liabilities			40.9			113.1			163.1			49.9
Payments arrears			27.0			36.4			-8.2			58.4
Central Government and official entities												
Assets			3.6			-4.0			-7.7			-12.7
Liabilities			--			--			--			--

Source: Bank of Jamaica

<sup>1/</sup> Exports f.o.b. and imports c.i.f.<sup>2/</sup> Includes...

Table 2. Gross Foreign Exchange Budget Outturn

(In millions of U.S. dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>Sources of Foreign Exchange</u>				
Liquid reserves as at January 1	4.2	6.6	21.0	18.8
Bauxite and Alumina receipts	374.1	242.7	278.0	367.8
Sugar and other Agricultural exports	90.2	73.9	85.1	84.7
Non-traditional exports	115.1	94.0	111.1	80.1
Tourism	72.0	98.3	145.2	160.1
Loan receipts	183.5	387.2	292.0	225.2
Other receipts	<u>64.3</u>	<u>94.6</u>	<u>123.4</u>	<u>124.3</u>
Total Cash Inflows	<u>903.5</u>	<u>997.3</u>	<u>1,055.8</u>	<u>1,061.0</u>
<u>Uses of Foreign Exchange</u>				
<u>Public Debt</u>	<u>191.9</u>	<u>267.0</u>	<u>273.9</u>	<u>263.3</u>
Government Direct	(88.2)	(140.5)	(129.8)	(120.0)
Government Guaranteed	(71.1)	( 59.4)	( 66.5)	( 53.7)
Bank of Jamaica	(32.6)	( 67.1)	( 77.6)	(.89.6)
Lines of Credit	-	11.5	21.4	36.1
Private Debt	25.3	14.8	39.9	18.7
Public Capital Payment	-	-	-	21.0
Oil Imports	137.8	127.6	176.1	255.0
Non-oil Imports	429.6	452.3	401.4	357.2
Other Payments	<u>112.3</u>	<u>103.1</u>	<u>124.3</u>	<u>94.9</u>
Total Cash Outflows	896.9	976.3	1,037.0	1,046.3
Transfers to non-liquid reserves (net)	-	-	-	<u>8.5</u>
Sub-total	896.9	976.3	1,037.0	1,054.8
Liquid Reserves as at December 31	<u>6.6</u>	<u>21.0</u>	<u>18.8</u>	<u>6.2</u>
Total Outflows and reserves	<u>903.5</u>	<u>997.3</u>	<u>1,055.8</u>	<u>1,061.0</u>

Table 3 - Net Foreign Exchange Budget Outturn

(In millions of U.S. dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Gross Export Receipts <u>1/</u>	651.5	508.9	619.4	692.7
Total imports (oil + non-oil)	<u>567.4</u>	<u>579.9</u>	<u>577.5</u>	<u>612.2</u>
Net Export Receipts	<u>84.1</u>	<u>-71.0</u>	<u>41.9</u>	<u>80.5</u>
Loan Receipts	183.5	387.2	292.0	225.2
Public Debt payments	191.9	267.0	273.9	263.3
Net loan receipts	<u>- 8.4</u>	<u>120.2</u>	<u>18.1</u>	<u>-38.1</u>
Debt payments as % of Gross Export Receipts	29.5	52.5	44.2	38.0
Debt and oil payments as % of Gross Export Receipts	50.6	77.5	72.7	74.8

1/ Including tourism.

Table 4 Jamaica: Value of Bauxite and Alumina

	(In millions of U.S. dollars)			
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
1. <u>Total export value as per BOP</u>	<u>528.5</u>	<u>582.3</u>	<u>581.7</u>	<u>732.7</u>
Production levy	198.0	186.9	191.2	180.1
Royalties	6.0	3.9	3.0	3.4
Bauxite exports	-	-	-	20.3
Imputed profits	- 9.6	56.4	39.6	78.7
Local production costs	138.0	123.7	128.4	136.9
Wages and salaries	(72.2)	(48.1)	(53.6)	(61.2)
Fuel	( 2.8)	( 1.9)	( 5.5)	( 6.1)
Rent	( 1.4)	( 0.9)	( 1.0)	( 0.7)
Indirect taxes	( 8.0)	(13.1)	( 7.0)	( 8.6)
Other goods and services	(53.6)	(59.7)	(61.3)	(60.3)
Foreign production costs	196.1	211.4	219.5	312.8
Wages and salaries	( 5.1)	( 5.0)	( 3.7)	( 4.3)
Fuel	(92.0)	(92.7)	(109.7)	(185.0)
Depreciation	(36.3)	(38.7)	(38.8)	(39.9)
Interest	(18.7)	(17.6)	(14.2)	(14.7)
Other goods and services	(44.0)	(57.4)	(53.1)	(68.9)
2. <u>Total cash receipts as per FEB<sup>1/</sup></u>	<u>374.1</u>	<u>242.7</u>	<u>278.0</u>	<u>367.8</u>
3. Difference between (1) and (2)	+ <u>154.4</u>	+ <u>339.6</u>	+ <u>303.7</u>	+ <u>364.9</u>

<sup>1/</sup> Includes production levy (amounts due plus prepayment less refunds), royalties, payments for local costs and arm's length sales.

Table 5 Jamaica: Tourist Expenditure

(In millions of U.S. dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
1. Estimated Expenditure (BOP) <sup>1/</sup>	104.5	148.2	195.4	240.5
2. Inflows into Banking System(FEB)	72.0	98.3	145.2	160.1
3. Difference between (1) and (2) <sup>2/</sup>	32.5	49.9	50.2	80.4
4. (3) as a % (1) <sup>2/</sup>	31.1	33.7	25.7	33.4

1/ Based on annual expenditure survey Ministry of Tourism and the Jamaica Tourist Board

2/ Indicates the degree of leakages in the tourist industry.