

## **EXTERNAL TRADE**

The value of trade for the Jamaican economy amounted to US\$3.73Bn<sup>1</sup> for the January to November period of 1999. This represents a 4.6% decline from the value of US\$3.91Bn for the same period in 1998. Of total trade for the period under review, exports valued US\$1.14Bn, taking the trade balance to a deficit of US\$1.45Bn, compared with a US\$1.47Bn deficit in the corresponding period in 1998. That is a 1.2% decline in the trade deficit, brought about by 3.66% and 6.6% reductions in imports and exports respectively.

<b>Table 1</b>						
<b>Jamaica's External Trade 1995 - 1999 (US\$Mn)</b>						
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1998</b> <b>Jan.-Nov.</b>	<b>1999</b> <b>Jan.-Nov.</b>
Imports (CIF)	2831.7	2933.7	3127.8	2960.6	2872.78	2762.3
Exports (FOB)	1436.8	1387.2	1386.2	1290.3	1486	1369.79
Trade Balance	(1394.9)	(1546.5)	(1740.5)	(1670.3)	(1386.77)	(1392)

### **Export**

For the review period, total exports were valued at US\$1.14Bn, a reduction of US\$80.24Mn relative to the outcome for January to November 1998. Domestic exports represented 97.1% of total exports, earning US\$1.10Bn while re-exports earned US\$32.6Mn. The fall in exports over the 1998 period is accounted for by declines of 6% and 21% in domestic exports and re-exports respectively.

Total traditional exports amounted to US\$793.24Mn, down from the recorded US\$806.14 for 1998. This was brought about by a 2.8% reduction in major traditional exports and a 16% increase in earnings from other traditional exports. Total non-traditional exports fell by US\$58.4Mn (15.8%) when compared with the same period in 1998. Only the food group in this category experienced increased earnings. Earnings from agricultural commodities increased by 4.3% to US\$58.97Mn. The largest increase US\$5.8Mn (37.6%), recorded for coffee exports. The earnings from all elements of this category, with the exception of banana, increased.

Reductions of 28.8% and 9.7% in bauxite and gypsum earnings greatly influenced the 1.69% fall in earnings from mining and quarrying. That was US\$10.65Mn less than earnings from mining and quarrying for January to November 1998.

Jamaica also saw a reduction of 3.86% in earnings from manufactured products. Sugar export earnings experienced a 7.7% fall over the review period. This US\$7.26Mn reduction was enough to outweigh the increased earnings from other manufactured products.

The 61.8% fall in tobacco earnings totally outweighed increased earnings from beverages, causing a 38.61 reduction in the value of exports under the category beverages and tobacco.

<b>Table 2</b>						
<b>Exports by Category 1995-1999 (US\$Mn)</b>						
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>Jan.-Nov. 1998</b>	<b>Jan.-Nov. 1999</b>
Major Traditional Exports			872.2	784.2	753.6	732.4
Bauxite			72.8	81	75.5	53.7
Alumina			651.7	575.3	552	563.4
Sugar			101.9	94.6	94.6	87.4
Banana			45.8	33.3	31.5	27.9
Other Traditional Exports			73.2	56.4	52.3	60.8
Total Traditional Export			946.4	840.6	806.14	793.24
Non-Traditional Exports			409.3	399.6	369.4	311
Domestic Exports			1355.7	1240.2	1175.5	1104.24
Re-Exports			32.6	50.1	41.46	32.56
Total Merchandise Export			1388.3	1290.3	1217	1136.8

## **Imports**

Total imports for the 1999 period January to November was US\$2.59Bn, a US\$98.65Mn reduction when compared with the outcome for January to November 1998. This came as a result of reductions in the value of raw materials and capital goods which fell by 4.7% and 10.6%

respectively. The value of consumer goods imported during January to November increased by US\$17Mn over 1998.

Less motor cars were imported in 1999, reducing the value of motor cars imported as consumer durable to US\$115.45Mn from US\$141.4Mn (18%). This was however not enough to outweigh the increase in the values of non-durables, semi-durables and other consumer goods was a marginal increase of 1%.

The value of fuel & lubricants imported during the review period was 23.5% greater than the value reported for the same period in 1998. The increase was countered by reductions in all other groups in the raw material category of imports. The largest reductions were for parts and accessories and food which reduced in value by US\$37.29Mn and US\$35.4Mn respectively.

All groups in the category of imports classified as capital goods reduced in value for the review period. The most significant contributor to this decline in the value of this category was the group, machinery and equipment, which fell by US\$22.8Mn, 45% of the total decline in capital goods imported.

### **Pie Charts**

<b>Merchandise Imports 1998 &amp; 1999 (Jan.-Nov.) (US\$Mn)</b>		
	<b>1998</b>	<b>1999</b>
Consumer Goods	832.97	850
Raw Materials	1381.99	1316.9
Capital Goods	476.75	426.1
<b>Total</b>	<b>2691.7</b>	<b>2593</b>

## **CARICOM Trade**

Earnings from exports to the Caribbean common market for January to November 1999 was US\$39.4Mn. That was a 1.6% fall from the US\$40Mn earned from exports to the region for the corresponding period in 1998. The value of imports from the region increased from US\$280.8Mn in January to November 1998, to US\$309.4Mn for the corresponding period in 1999. Food and Mineral Fuels continue to be the most significant categories of CARICOM imports, valuing US\$68.87Mn and US\$146.5Mn respectively. These values represent increases over the 1998 period. Manufactured costs imported also increased in value, resulting in this category being the third most significant CARICOM import. Of total exports to the region, Food and Chemicals earned 34% and 28% respectively representing the most significant export categories. The deficit stood at US\$29.3Mn more than the corresponding period in 1998.

## **Outlook**

If a substantial improvement in the trade balance is to be achieved, the earnings from exports must increase in greater proportions to the fall in the value of imports. On this note, 2000 will not be the year for such an improvement.

The high interest rates continue to cripple the economy by discouraging direct investments. These long term interests in the export sector is needed to effectively raise the levels of efficiency making Jamaican products more competitive.

The prevailing drought threatens to severely curb agricultural output for the next year and bauxite production is not expected to increase significantly.

Although the economy experienced a slight fall in imports, the importation of consumer goods increased with all groups but motor cars increasing in value. It is important to note that Jamaicans have a high propensity to import and as such, a local taste needs to be promoted. It is certainly true to revisit the buy-Jamaican campaign.

### **End Note**

<sup>1</sup>Figures in the text of this chapter are based on STATIN's report and hence STATIN's methodology.

Ref: External Trade (1999\_2000) - Econ Dept (F/server - 27/03/00)