



THE CAYMAN ISLANDS' QUARTERLY TRADE BULLETIN: JANUARY TO MARCH 2014

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ECONOMICS AND STATISTICS OFFICE
GOVERNMENT OF THE CAYMAN ISLANDS
Information on hand

This publication of the quarterly bulletin is produced by the Economics and Statistics Office. It reflects ESO's commitment towards expanding the trade statistical data base to meet the demands of the public and private sectors. This bulletin complements "The Cayman Islands' Annual Foreign Trade Statistics Report" which is normally produced six months after the year in review and includes data on exports and the trade balance. The data presented in this bulletin are preliminary and subject to revision in the subsequent quarterly bulletin and annual report

Imports by Standard International Trade Classification

Overview. In the first quarter of 2014, total value of imports grew 5.0 percent to reach CI\$203.0 million, CI\$9.7 million higher than the CI\$193.4 million recorded for the same period in 2013 (see Chart 1).

Non-petroleum products which accounted for 78.3 percent of total imports, increased by 7.1 percent, while petroleum products fell by 2.0 percent.

Imports by category. The largest SITC group among non-petroleum products, food & live animals (of which 99.7%

is food), grew by CI\$4.4 million (12.3%) to reach CI\$39.93 million in 2014, compared to the same period in 2013.

Within the food category, meat and meat preparations increased by 6.5 percent to CI\$5.5 million, while fruits and vegetables fell by 2.4 percent to reach \$7.2 million.

Manufactured goods classified chiefly by material grew by CI\$2.2 million (10.4%) to \$23.4 million, mainly due to increases in construction materials such as metal and

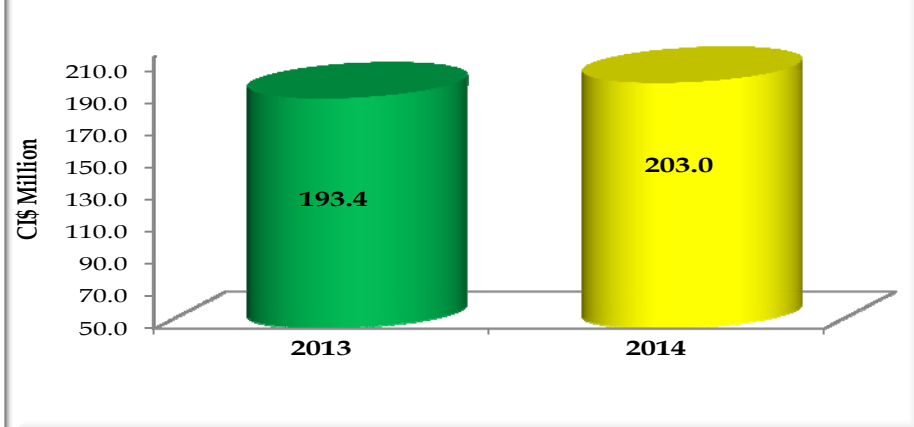
wood products, and paper products.

Machinery & transport equipment which increased by CI\$2.6 million (9.1%) to \$31.1 million was influenced largely by the rise in imports of telecommunications equipment and general industrial machinery and equipment.

A 17.2 percent increase (CI\$1.3 million) was recorded in the beverages and tobacco category. Beverages had a 87.2 percent share in this category and realised an increase of CI\$0.8 million (12.4%), while tobacco was higher by CI\$0.4 million (66.0%).

Miscellaneous manufactured articles increased by 9.8 percent, to CI\$32.16 million. This was largely due to an increase in professional and scientific equipment imports.

Chart 1: Imports January to March 2014



In contrast, decreases were recorded for mineral fuels, lubricants & related materials, chemical & related products, and commodities & transactions not classified elsewhere.

Chemical products fell CI\$0.94 million (9.7%) to CI\$8.76 million.

Mineral fuels, lubricants & related materials is estimated to have declined by CI\$1.1 million. The quantities imported for both gasoline and diesel remained relatively stable while the price per unit of gasoline fell slightly.

Commodities & transactions not classified elsewhere dropped by 11.4 percent to CI\$11.79 million during the first quarter 2014. This performance reflects the drop in imports of goods through the courier, parcel post, and air terminal.

Section	2014	2013	%
	Jan - Mar	Jan - Mar	Change
	CI\$ M	CI\$ M	
Food & Live Animals ¹	39.93	35.54	12.3
Beverages & Tobacco	8.74	7.45	17.2
Crude Materials (Except Fuels)	2.43	2.52	(3.6)
Mineral Fuels, Lubricants & Related Materials	44.72	45.84	(2.4)
Chemical & Related Products	8.76	9.70	(9.7)
Manufactured Goods Classified Chiefly by Materials	23.39	21.19	10.4
Machinery & Transport Equipment	31.12	28.52	9.1
Miscellaneous Manufactured Articles	32.16	29.28	9.8
Commodities & Transactions Not Classified Elsewhere	11.79	13.31	(11.4)
Total	203.03	193.36	5.0

1: Includes animals and vegetable oils, fats and waxes.

Imports by Countries of Origin

In the first quarter of 2014, merchandise from the USA rose by 7.8 percent to CI\$190.58 million compared to \$176.87 million recorded for the same period in 2013. Accounting for this increase is the rise in the machinery and equipment category, mainly imports of scientific instruments, telecommunication equipment and road vehicles.

Imports from Cuba recorded the largest percentage increase

(975.7%) compared to that of any other trading partner, on account of a rise in cigars and alcoholic beverages imports.

Additionally, imports from Switzerland recorded an increase of 89.9 percent reflecting the growth in jewellery and watch purchases.

Imports from Mexico (49.6%) and Japan (38.4%) also showed increases.

Significant declines were recorded for imports from Panama (-73.5%), Canada (-62.0%), Jamaica (-51.9%) Germany (-40.5%) and the UK (-38.5%) in the first quarter 2014 as compared to the same period in 2013. In particular, imports of medicinal products and toiletries and perfumery from Panama dropped sharply. Medicinal products from Canada also fell along with imports of machinery and equipment from Germany.

Table 2: Imports by Country of Origin

Country	2014 Jan-Mar <u>CI\$ M</u>	2013 Jan-Mar <u>CI\$ M</u>	% Change
United States	190.58	176.87	7.8
Jamaica	1.27	2.64	(51.9)
Japan	1.04	0.75	38.4
United Kingdom	1.01	1.64	(38.5)
Cuba	3.55	0.33	975.7
Canada	0.20	0.53	(62.0)
Switzerland	0.37	0.20	89.9
Germany	0.36	0.61	(40.5)
Panama	0.15	0.58	(73.5)
Mexico	0.69	0.46	49.6
Others	3.80	8.75	(56.6)
Total	203.03	193.36	5.0

Imports by Broad Economic Categories

Among the broad categories, imports of capital goods showed the sharpest increase (43.2%). Of these, telecommunications, medicinal appliances and scientific instruments recorded the most robust pace of growth.

However, imports for fuel and lubricants (-2.0%), and transport equipment and parts (-2.6%), showed decreases.

Demand by households for imports showed mixed trends. The sector's imports of primary food fell by 3.3 percent while the demand for processed food increased by 15.0 percent.

Imports of consumer durables (9.9%) and semi-durables (6.3%) had healthy improvements. However, non-durable imports decreased by 13.8

percent.

In general, imports of industrial items were on the rise. Primary and processed food imports for industry recorded sharp increases, along with industrial supplies, transport equipment, and parts and accessories thereof.

TABLE 3: IMPORTS BY BROAD ECONOMIC CATEGORY (CI\$000's)

	2014	2013	% change
	1st Qtr	1st Qtr	JAN-MAR 2014/2013
1. Food & Beverages	46,927.2	41,389.6	13.4%
11. Primary	9,583.6	9,799.6	-2.2%
111. Mainly for industry	137.8	31.7	334.2%
112. Mainly for household consumption	9,445.7	9,767.9	-3.3%
12. Processed	37,343.6	31,589.9	18.2%
121. Mainly for industry	3,484.1	2,135.9	63.1%
122. Mainly for household consumption	33,859.5	29,454.0	15.0%
2. Industrial supplies not elsewhere specified	25,799.1	24,683.1	4.5%
21. Primary	1,420.4	1,576.7	-9.9%
22. Processed	24,378.8	23,106.4	5.5%
3. Fuels and Lubricants	44,552.5	45,478.6	-2.0%
31. Primary	-	-	-
32. Processed	44,552.5	45,478.6	-2.0%
321. Motor spirits	9,984.6	11,832.3	-15.6%
322. Other	34,568.0	33,646.3	2.7%
4. Capital goods (except transport equipment)	19,383.4	13,534.5	43.2%
41. Capital goods (except transport equipment)	17,491.2	10,953.8	59.7%
42. Parts and accessories	1,892.3	2,580.8	-26.7%
5. Transport equipment, and parts and accessories thereof	14,870.8	15,270.5	-2.6%
51. Passenger motor cars	6,997.6	7,180.4	-2.5%
52. Other	4,292.7	4,775.0	-10.1%
521. Industrial	1,978.8	1,271.6	55.6%
522. Non-industrial	2,313.9	3,503.4	-34.0%
53. Parts and accessories	3,580.4	3,315.1	8.0%
6. Consumer goods not elsewhere specified	40,024.1	40,101.4	-0.2%
61. Durable	12,577.1	11,449.2	9.9%
62. Semi-durable	14,579.9	13,719.6	6.3%
63. Non-durable	12,867.1	14,932.6	-13.8%
7. Goods not elsewhere specified	11,472.4	12,900.8	-11.1%
TOTAL IMPORTS	203,029.5	193,358.6	5.0%

Methodology, Explanatory Notes and Definitions

The Foreign Trade Statistics is produced by the Economics and Statistics Office (ESO).

The statistics are primarily obtained from the computerized records maintained by the Customs Department. These records are based on documents on the importation and exportation of goods as completed by importers, exporters or their agents who are required to record the appropriate statistical tariff code using the new Cayman Islands Customs Tariff Law 2012 (CICTL). The CICTL is based on the Harmonised System (Harmonised Commodity Description and Coding System) of the Customs Cooperation Council (CCC), and the Standard International Trade Classification (SITC) Revision 3.

The task of the ESO, therefore, is mainly to incorporate and check the credibility of the data, and classify them into tables that can be useful for analysis.

The process of classification is a time-intensive, laborious task as there have been a significant number of goods that are not classified or misclassified. The objective of the classification process has been to minimize the number of such cases; over the years, the number of commodities that are not classified by SITC codes has diminished.

In addition to the classification by SITC codes, ESO also classifies all imported commodities by Broad Economic Category (BEC) based on international guidelines issued by the United Nations (UN). The BEC is a three-digit classification, according to their main end-use based on the System of National Accounts (SNA) concepts.

Limitations

In the Cayman Islands, a number of importers do not provide codes, or provide improper codes. Over the years, this issue required the ESO to vigilantly verify codes

and provide missing ones.

ESO continues to review the imports data with the aim of improving the accuracy, reliability and proper classification of the data.

Given the volume of imports, full details of the quantity and value of all imports are not available. At present, only a small proportion of commodities have both quantity and value of imports.

The Customs Department has introduced a new system, the Total Revenue Integrated Processing System (TRIPS). The TRIPS system is a revenue collection and management tool consisting of a series of processing modules and is based on the concept of distributed data processing with standard multi-user-facilities. The "Trader Identification" module is the core of the system from which all other modules interface. A "unique number" is assigned to individual and company traders

and a database of all registered traders is kept.

The system also enables electronic processing of customs declarations using the new Cayman Islands Customs Tariff Law (CICTL), which assigns a specific tariff code to each traded commodity.

Hopefully, this new system will address and resolve many of the current issues with foreign trade data by improving the quality and timeliness of trade statistics.

Trade Classification

The Cayman Islands version of the Harmonized System of Classification is the primary classification standard used for the Cayman Islands' foreign trade. In addition, the Standard International Trade Classification (SITC) Rev 3, which is the classification of international trade issued by the United Nations (UN), is used for the compilation of both the imports and exports of goods.

System of Trade

The "General Trade System" is the system of coverage used in the tabulation of merchandise in this report. Under this system, all goods entering the Cayman Islands are recorded as imports while all goods leaving the country are recorded as exports.

Coverage

This report covers merchandise trade only. Trade in services are not included. Included in the import statistics in this publication are goods sent abroad and returned after repair. Excluded are goods in transit or other shipments not destined for the Cayman Islands' market, monetary gold and bullion, bank notes and coins in circulation; and parcel post exports for which no records are kept.

Imports

Goods brought into the country directly by residents but are not declared are excluded by default for lack of documentation. The values recorded for imports over a particular period represent the documents brought to account by Customs during that period. They may also include some goods actually arriving towards the end of the previous period but are accounted for in the current period.

Valuation

All values are shown in Cayman Islands dollars (CI\$). Imports are valued at cost, insurance and freight (c.i.f) which is the value up to the time of delivery at the port. It includes incidental charges but excludes customs or any other duty paid on arrival.

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