



THE CAYMAN ISLANDS' ANNUAL ECONOMIC REPORT 2009

May 2010



The Economics and Statistics Office
Ministry of Finance, Tourism & Development

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1. Executive Summary

1.1 Economic activity in 2009 continued on a downward trend as gross domestic product (GDP) fell at an estimated rate of 6.6 percent as compared to a year ago.

1.2 The estimated mid-year population reached 54,920 falling by 1.9 percent over the mid-year population in 2008. The decline in real GDP precipitated a fall-off in real GDP per capita to \$44,197, 4.8 percent lower than the level in 2008.

1.3 The economic contraction in 2009 was stimulated on the demand side by falling government consumption and demand for stay-over tourism services. Other demand indicators showed mixed performances. Electricity and water consumption went up by 2.2 percent and 5.8 percent respectively, while total consumer goods imports fell by 4.8 percent. Government capital spending and total capital imports fell suggesting a decline in both public and private investment in capital goods.

1.4 The financial services industry in 2009 exhibited the adverse effects of the global economic crisis as all performance indicators weakened. Insurance licences continued to grow but at lower paces compared to the previous year. Downturns were recorded in mutual funds registration (-3.5%), stock exchange listings (-16.9%), new company registrations (-33.7%) while banks and trusts continued to fall, this time by 4.3 percent.

1.5 Air arrivals shrunk by 10.2 percent in 2009, while cruise arrivals fell by 2.1 percent to put the total visitor arrivals to 1.79 million or a decline of 3.4 percent relative to the previous year.

1.6 In 2009, construction declined as indicated by the value of building permits which reached \$355.0 million (or 29.3% lower than in 2008). The value of planning approvals also fell by 14.6 percent to reach \$434.2 million. In contrast, there were 540 certificates of occupancy valued at \$279.6 million issued during the period, or 25.6 percent above the previous year.¹

¹ These indicators pertain to Grand Cayman only.

1.7 Real estate activity continued on a downward path as the number of transferred freehold properties fell by 10.7 percent to 2,045 valued at \$397.0 million.

1.8 The average inflation rate in 2009 was -1.3 percent, lower than the 4.1 percent a year ago due mainly to the softening of the housing price index, specifically rentals and utilities.

1.9 Total labour force as of fall 2009 was estimated at 36,100, 7.4 percent lower than in 2008. Total employment as a proportion of the labour force reached 94.0 percent from 96.0 percent in fall 2008. Hence, the unemployment rate rose to 6.0 percent compared to 4.0 percent in fall 2008.

1.10 Merchandise imports fell to \$735.9 million, the lowest level in the post-Ivan period as consumption goods, fuel, intermediate goods and capital goods.

1.11 Broad liquidity (comprising of total money supply in local currency and foreign exchange deposits) stood at \$5.95 billion (US\$7.1 billion) in 2009. This represents an increase of 6.9 percent (or \$381.4 million) compared to a year ago, as foreign currency deposits and currency in circulation expanded while local currency deposits fell.

1.12 As the banking system remained relatively liquid, net domestic credit from the commercial banks expanded by 2.7 percent to reach \$2.84 billion. The central government's refinancing of domestic debt with foreign debt pushed net credit to the public sector down by 26.7 percent while credit to the private sector expanded by 6.6 percent.

1.13 The net foreign asset position of local commercial banks rose by 11.6 percent to \$3.88 billion. The expansion stemmed from a reduction in foreign liabilities which outpaced a smaller fall-off in foreign assets.

1.14 During the period, the central government's total current revenue net of current expenditure amounted to a deficit of \$39.7 million or 1.6 percent of GDP, from a surplus of \$19.5 million or 0.7 percent of GDP a year ago. Similarly, the overall balance (total revenue minus total expenditure) recorded a larger deficit of \$149.3 million, compared to a deficit of \$131.1 million in 2008 due to a slump in revenue associated with weakened economic activity. The central government's total outstanding debt expanded by 44.4 percent (or 7.5% of GDP) to \$512.3 million as at December 2009, equivalent to 20.6 percent of GDP.

1.15 GDP growth projection for 2010 is placed at -3.1 percent, given that the government continues its contractionary fiscal stance. In addition, the spill-over effect of the advance economies' recovery on the financial services industry (the dominant sector in the local economy) remains clouded by uncertainty in the international regulatory environment. Inflation rate in 2010 is expected at 2.0 percent arising from recent revenue measures which may be offset by foreseen lower imported inflation and softer domestic demand.

The Cayman Islands Economic Performance: Summary Indicators²

Indicators	2007	2008	2009
Real GDP (\$million)	2,569.5	2,598.8	2,427.3
GDP growth in real terms (percent)	4.4	1.1	(6.6)
Real GDP per capita (in \$)	48,299	46,409	44,197
Nominal GDP (\$million)	2,569.5	2,704.3	2,493.0
Population (year-end)	54,986	57,009	52,830
Of which Caymanians	31,342	31,858	31,165
Population (mid-year)	54,079	55,998	54,920
Employment	36,026	37,449	33,865
Unemployment rate (percent of labour force)	3.8	4.0	6.0
Inflation rate (percent)	2.9	4.1	(1.3)
Total imports (in \$million)	860.0	879.4	735.9
Total imports (percent of GDP)	33.5	32.5	29.5
Overall fiscal balance of the central government (\$million)	(39.1)	(131.1)	(149.3)
Overall fiscal balance of the central government (percent of GDP)	(1.5)	(4.9)	(6.0)
Outstanding debt of the central government (\$million)	210.5	354.9	512.3
Outstanding debt of the central government (percent of GDP)	8.2	13.1	20.6
Broad liquidity (money supply in CI dollars plus foreign currency deposits) [\$ billion]	5.5	5.6	5.9
Stay-over tourists (in thousands)	291.5	302.9	272.0
Cruise ship passengers (in thousands)	1,715.7	1,553.1	1,520.4
Mutual funds	9,413	9,870	9,523
Insurance licenses	793	805	808
Banking and trust licenses	281	278	266
Trust companies	138	141	125
Stock exchange listings	1,748	1,579	1,312
New company registrations	14,238	11,861	7,863
Stock exchange capitalization (US\$, in billion)	168.3	167.7	163.1
Building permits (\$million)	446.3	502.3	355.0
Planning approvals (\$million)	505.2	508.8	433.2
Property transfers (\$million)	545.5	558.1	397.0
Electricity consumption (percent growth)	8.7	2.5	2.2
Water consumption (percent growth)	6.2	(0.7)	5.8
Total fixed and mobile telephone lines	136,547	134,079	144,850

² The 2007 GDP was estimated based on the System of National accounts (production approach). Figures for 2008 and 2009 are estimated using economic indicators.

2. Global and Regional Macroeconomic Environment

The year in review marked the strongest impact of the global recession with varying degrees of recovery prospects on the horizon. This review is based on information culled from the International Monetary Fund and other international organizations.

2.1 Economic Growth

In 2009, global output contracted by 0.6 percent, a significant downswing compared to the growth of 3.0 percent a year ago. The advanced economies contracted sharply at 3.2 percent while emerging and developing countries expanded at a slower rate of 2.4 percent (see Table 2.1A). The U.S and the Euro area suffered severe reductions in economic output during the period.

Economic activity in the US fell by 2.4 percent during the year compared to 2008 despite a massive fiscal stimulus plan. Private demand was subdued and remained well below the pre-crisis level as employment weakened. Similarly, the Canadian economic output growth fell by 2.6 percent.

Table 2.1A: Global Economic Growth

	2007	2008	2009
	in Percent (%)		
World GDP	5.2	3.0	-0.6
Advanced economies	2.8	0.5	-3.2
US	2.1	0.4	-2.4
Euro area	2.8	0.6	-4.1
Japan	2.4	-1.2	-5.2
UK	2.6	0.5	-4.9
Canada	2.5	0.4	-2.6
Emerging market and developing countries	8.3	6.1	2.4
China	13.0	9.6	8.7
India	9.4	7.3	5.7

Source: International Monetary Fund (April 2010)

Economic growth in the Euro area fell by 4.1 percent in 2009 as all the major economies recorded strong contraction. In the UK, economic growth slid to -4.9 percent from 0.5 percent the previous year. This occurred despite strong fiscal stimulus which led to a large fiscal deficit. Emerging and developing economies

posted another year of economic expansion (by 2.4%) albeit at a slower pace than previous years as domestic demand remained resilient.

In 2009, the Caribbean region grew by 0.4 percent which is significantly lower than in the previous two years. Bahamas and Jamaica recorded their second year of economic contraction with steeper declines in 2009. Performance across other countries was varied with most of the major English-speaking Caribbean recording recession. On the whole, Caribbean economic performance is normally strongly correlated with the performance of tourism in the region (see Section 2.4).

Table 2.1B: Regional Economic Growth

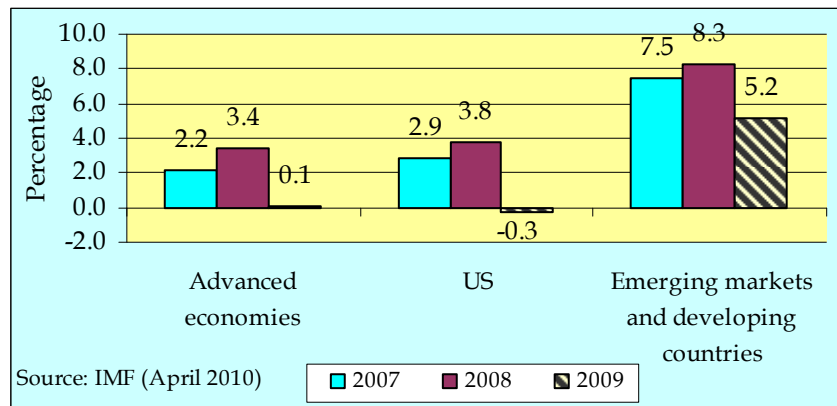
	2007	2008	2009
	in Percent (%)		
Caribbean	5.8	2.9	0.4
Bahamas	0.7	-1.7	-5.0
Barbados	3.4	0.2	-5.3
Trinidad & Tobago	4.6	2.3	-3.5
Jamaica	1.5	-0.9	-2.8
OECS			
Antigua & Barbuda	6.5	1.8	-6.7
Dominica	2.5	3.2	-0.3
Grenada	4.9	2.2	-7.7
St. Kitts & Nevis	2.0	4.6	-5.5
St. Lucia	1.5	0.7	-5.2
St. Vincent & the Grenadines	8.0	-0.6	-2.5

Source: International Monetary Fund (April 2010)

2.2 Inflation

Inflation in advanced economies was almost nonexistent as it averaged 0.1 percent. Most of these countries recorded low inflation due to repressed private consumption on one hand, and depressed credit market on the other hand. Average inflation in the U.S reached -0.3 percent in 2009 compared to 3.8 percent in 2008. However, the general price level in emerging markets and developing countries grew by 5.2 percent due to a strong cyclical position of key emerging economies. In particular, resilient domestic demand provided strong boost to commodity prices.

Figure 2.2A Comparative Inflation Rates:



Inflationary pressures in the Caribbean also moderated as average inflation rate reached 3.6 percent in 2009 from the 12.0 percent posted the previous year. Lower inflation rates also prevailed in most countries during the year (Table 2.2A).

**Table 2.2A Comparative Inflation Rates (%):
Caribbean Region**

	2007	2008	2009
	in Percent (%)		
Caribbean	6.7	12.0	3.6
<i>of which:</i>			
Bahamas	2.5	4.5	2.1
Barbados	4.0	8.1	3.5
Trinidad & Tobago	6.4	14.6	0.7
Jamaica	9.3	22.0	9.6

Source: IMF (April 2010)

2.3 International Finance

The fiscal balances of advanced economies deteriorated due to their massive stimulus plans and low fiscal revenues resulting from the global economic downturn. The U.S. general government's fiscal deficit or net borrowing³ rose sharply from 6.6 percent of GDP in 2008 to 12.5 percent of GDP in 2009. Similarly, the overall fiscal deficit of the Euro area deteriorated from 2.0 percent of GDP in 2008 to 6.3 percent of GDP in 2009.

Recession and deflationary pressures led the Federal Reserve Bank to adopt a zero-interest rate policy and at the same time provide liquidity injections to stimulate economic activity. The Fed reduced its interest rate to a range of 0 to 0.25 percent in December 2008, similar to the zero-rate policy adopted by Japan during its battle against deflation from early 1990s to mid 2006.

In a similar attempt to encourage lending and curb recessionary pressures, the Bank of England lowered its interest rate⁴ during the first four months of the year to settle at 0.5 percent. Likewise, in an effort to lift the Euro zone economy, the European Central Bank reduced the key interest rate⁵ to 1.0 percent in May 2009, the fourth reduction since January 2009 when it stood at 2.0 percent. Bank of Canada also cut its key interest rates⁶ three times during the year to reach 0.25 percent at the end of December (see Figure 2.3A).

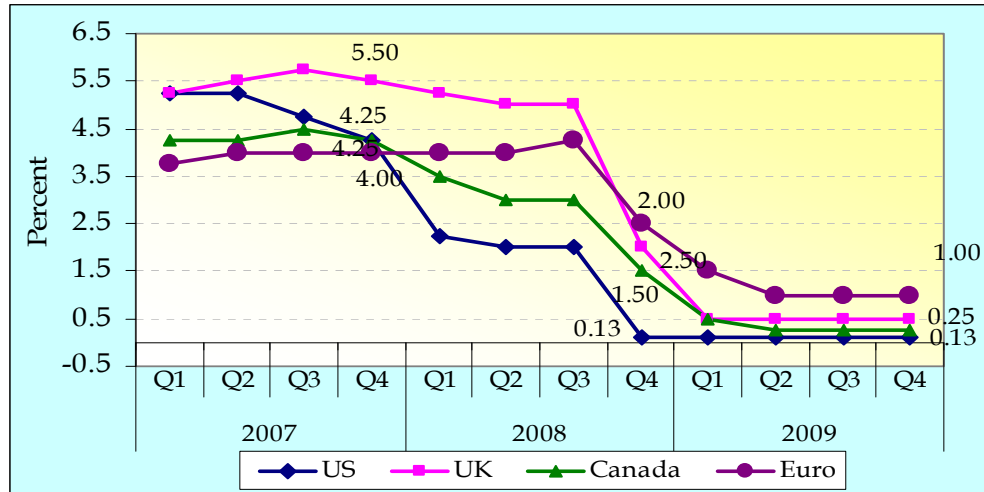
³ Net lending/borrowing is equal to total revenue less total expenditure.

⁴ The Bank of England's key interest rate is also called **current official bank rate**.

⁵ The ECB's key interest rate is for **main refinancing operations** which provide the bulk of liquidity to the banking system.

⁶ The Bank of Canada's key interest rate is also called **the key policy rate** or **the target for the overnight rate**. It is the interest at which major financial institutions borrow and lend one-day (or overnight) funds among themselves.

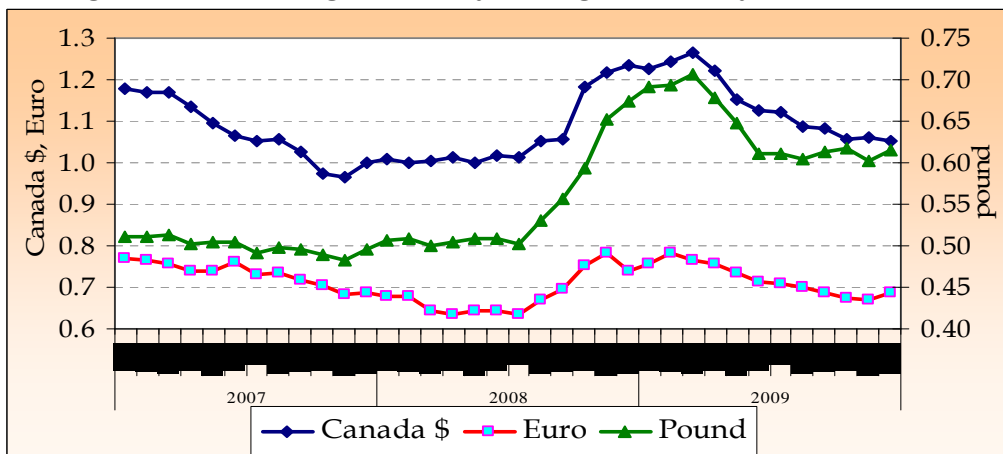
Figure 2.3A: Key Interest Rates (% End of Quarter)



Source: Bank of England, Federal Reserve Bank, European Central Bank & Bank of Canada

The key interest rate adjustments are reflected in the subsequent fluctuation of exchange rates. The U.S dollar generally depreciated against the Euro, pound and Canadian dollar from March 2009 as exhibited in Figure 2.3B. All currencies pegged to the U.S dollar (including the Cayman Islands dollar) in turn depreciated as the value hinged on the strength of the U.S dollar. The economies in the Middle East with floating currencies strengthened significantly while emerging Europe depreciated. However, a number of Asian economies remain undervalued, substantially in the case of the renminbi (Chinese dollar).

Figure 2.3B: Average Monthly Foreign Currency per U.S dollar



Source: United States Federal Reserve Bank

2.4 Regional and International Tourism⁷

International tourism moderated by 4.0 percent in 2009 to reach a total of 880 million visitors. According to the World Tourism Organization, this performance was “better than expected full-year results” given an exceptionally challenging year. In the first three quarters of the year, tourist arrivals declined by 10 percent, 7.0 percent and 2.0 percent, respectively. However, a 2.0 percent growth in the last quarter arrested the decline which is associated with the global economic crisis and uncertainty around the H1N1 pandemic. Asia and the Pacific, and the Middle East led the recovery with growth already turning positive in both regions in the second half of 2009.

A similar trend was noted for regional tourism activity as arrivals to the wider Caribbean rebounded in the last quarter of the year following successive declines in earlier quarters. Total tourist arrivals in the region declined by 3.6 percent at year-end. As reported by the Caribbean Tourism Organization (CTO), the Organization of Eastern Caribbean States (OECS) registered an overall decline of 12.3 percent while St. Lucia and Dominica posted milder declines. Barbados and the larger CARICOM countries recorded a 3.6 percent decrease in stay-over traffic. In contrast, visitor arrivals to other countries such as Cuba and the Dominican Republic grew slightly by 3.5 percent and 0.3 percent, respectively.

⁷ Source of basic information: World Tourism Organization website

3. Macroeconomic Performance

The global economic downturn in 2009 had a deep impact on the domestic economy as real per capita income fell to its lowest level. The fall-off in economic activity pushed the unemployment rate higher. The general price level declined in response to a lower population level which outweighed the pressure from higher international food prices.

3.1 Economic Growth

As expected, domestic output shrunk during 2009 to a level just slightly lower than in 2006. Real Gross Domestic Product (GDP) in 2009 was estimated to have contracted by 6.6 percent to reach \$2.43 billion. This aggregate performance is slightly better than the 2005 record but is nonetheless lower than the 2006 performance.

Per capita income fell by 4.8 percent to \$44,197 as compared to \$46,409 last year as GDP declined while population dropped by 1.9 percent (see Table 3.1). This is the lowest level per capita GDP recorded for the country since 1998 (the start of the new GDP data series).

Table 3.1: Cayman Islands, Gross Domestic Product

	2006	2007	2008 ^P	2009 ^P
GDP at Current Prices (\$M)	2,389.4	2,569.5	2,704.3	2,493.0
Current GDP growth (%)	5.4	7.5	5.2	(7.8)
Per Capita GDP at constant prices (CI\$) ¹	47,342	48,299	46,409	44,197
GDP at constant 2007 prices (\$M)	2,461.4	2,569.5	2,598.8	2,427.3
Real GDP growth (%)	4.6	4.4	1.1	(6.6)

¹ Using mid- year population figures.

^P Preliminary.

Source: Economics & Statistics office

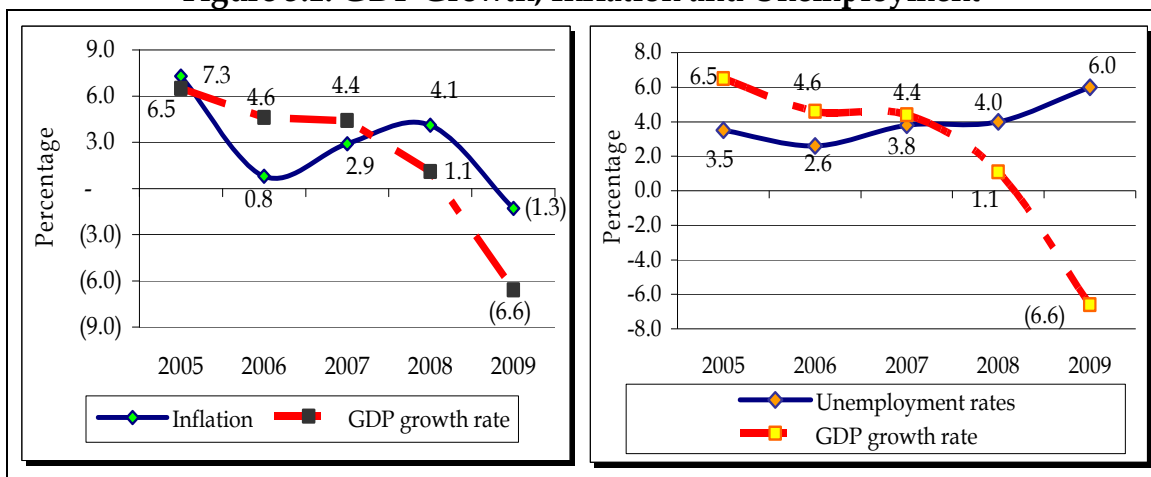
In 2009, GDP was weighed down on the demand side by a severe contraction in investment as shown by an estimated 45.0 percent reduction in construction activity. Building permits fell by 29.3 percent in value, supported by a 23.2 percent decline in construction related work permits as compared to a year ago.

Growth in government consumption expenditure was also tempered to 2.8 percent in real terms as opposed to a growth of 8.3 percent in 2008 (see also Section 5). Meanwhile, private consumption showed mixed trends. Total consumer imports fell by 4.8 percent during the year while consumption of utilities grew with electricity consumption increasing by 2.2 percent and water consumption by 5.8 percent.

Other indicators of gross domestic capital formation (domestic investment) declined. Capital imports fell by approximately 24.4 percent during the year. Capital and net lending expenditures of the central government also recorded strong declines by 27.2 percent to settle at \$109.6 million during the year (see Section 5).

On the production side, the contraction of GDP was led by construction, financing and insurance services. The latter which account for approximately 54 percent of GDP in 2007, was estimated to have declined by 4.1 percent, due to reduced value added in both insurance and commercial banks. Real estate, renting and business activities was estimated to have contracted by 4.8 percent, induced by reductions in new company registration, lower property transfers, and a smaller population. Transportation storage and communication fell by 6.7 percent as the tonnage of imported cargo fell by 36.3 percent, while stay-over visitors dropped by 10.2 percent. Wholesale and retail trade declined by 4.8 percent as indicated by the reduction in imports of consumer and intermediate goods. Similarly, the performance of hotels and restaurants mirrored the rate of decline in stay-over visitors (see Section 4.2).

Figure 3.1: GDP Growth, Inflation and Unemployment



Source: Economics & Statistics Office

BOX 1: The Implementation of the 1993 System of National Accounts and the Re-basing of Gross Domestic Product Estimates from 1986 to 2007

The Economics and Statistics Office (ESO) recently implemented the United Nations System of National Accounts (SNA) in its compilation of national accounts estimates for the Cayman Islands.

The SNA is a system of accounts that is used globally to measure the economic performance of countries and jurisdictions using accepted international standards issued by the United Nations and the International Monetary Fund (among others).

The SNA is a milestone statistical system for the Cayman Islands and is the first compilation of economic data in the country that accomplishes the two broad objectives of:

- (a) measuring the economic contribution and performance of all productive industries using a single benchmark and standard; and
- (b) introducing the use of international standards in the above-mentioned measurement.

The first stage of the project saw the development and production of Gross Domestic Product (GDP) estimates by industry using the production approach. The estimates were compiled at constant and current prices for the years 2006 and 2007 and incorporated the definitions, guidelines and standards set out in the United Nations (UN) revised System of National Accounts 1993 (SNA) manual.

Reconciliation with GDP forecasts and previous GDP series

ESO has been providing GDP forecasts based on an indicator system, primarily the value of total imports and government expenditures. These forecasts have also been used as GDP estimates for a number of years in view of the lack of actual SNA-based GDP estimates. The base year for this series of GDP estimates was 1986. In view of best practice among national statistical offices, GDP official estimates shall henceforth be based on the SNA with 2007 as the base year.

Re-basing of Gross Domestic Product Estimates from 1986 to 2007

Along with the development of the SNA 1993 was the need to rebase the previously published estimates from the year 1986 to 2007.

This involves a re-estimation of the GDP levels in all years as previously published for the years 2006 to 2007, by making them consistent with the SNA-based series without changing the GDP growth rates except for 2006 and 2007. GDP growth rates for the latter years are revised based on the actual SNA-based estimates.

The GDP data presented in this edition of the AER use 2007 as base year (see Appendix Table A1). Change in GDP results from the contribution of two changes, one being the change in the volume of goods and services produced, and the other in the price at which they are sold. GDP at current prices reflects both these changes, as production of the period is measured at the prices of that period. GDP at constant prices on the other hand reflects only the changes in the volume of production. This indicator measures production of the period at the prices of another period (referred to as the base year).

See page 16

Box 1 - Continuation

The assumption that the relative prices of the components of GDP do not change over time is inherent in the construction of constant GDP aggregates. However in a dynamic economy, relative prices constantly change as a result of shifts in the production structure and consumption patterns, uneven technological developments in different industries, variations in productivity as well as the appearance of new products and services and the disappearance of old ones. Therefore, the more remote the base year the more relative prices may have changed, altering the relative importance of different industries. Re-basing is therefore necessary in order to reflect the evolution of prices, technology, and, products and services in the economy.

The Cayman Islands economy has undergone structural changes since 1986. There was the rapid expansion of the offshore sector and with it came the increasing use of high technology, the demand for goods and services and highly skilled labour. Greater demand for labour led to influx of people in the Islands. The population grew by over 150 percent moving from 21,454 at the end of 1986 to 53,886 by the end of 2007, a relatively short span of only 22 years. The annual average inflation for the period 1990 to 1999 was 4.2 percent and for the period 2000 to 2007 average inflation was 2.8 percent reflecting a more open and competitive economy.

The structural changes in the economy are evident in changes in the weights of the different industries or their contribution to total GDP. For example in 1991, it was estimated that the finance and the insurance industry was the third largest contributor in to the Islands' GDP with share of approximately 13 percent. In 2007, the share of this industry was 53.5 percent and is now the largest contributor.

3.2 Inflation

In 2009, consumer prices fell on average by -1.3 percent, as compared to an increase of 4.1 percent in the preceding year. The year's decline can be traced mainly to the recession in the domestic economy, which influenced firms to relocate, down-size, consolidate and employ cost reduction strategies causing reductions in the labour force which impacted on domestic demand. It may be noted that work permits in effect declined by 11.3 percent.

This was further compounded by a deterioration of the central government's fiscal balance which forced a reduction in central government's expenditure in an effort to balance the budget in line with prudential fiscal guidelines. Thus, the number of government-contracted employees was reduced by 13.1 percent.

The above cited factors could explain the downward adjustment of housing-related (including utilities) cost which shrunk by 7.6 percent in the first quarter

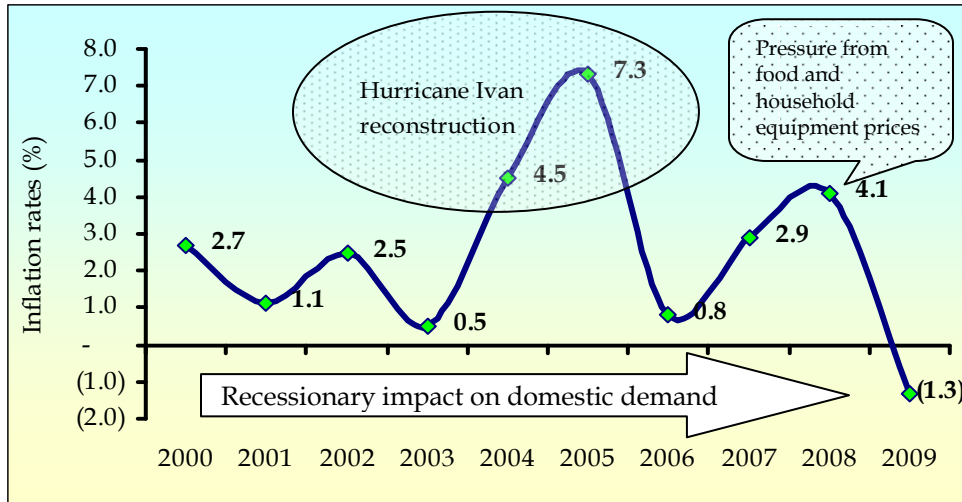
of 2009 and by an average of 5.1 percent for the succeeding three quarters.⁸ Housing comprises a significant portion of the CPI basket—this accounted for approximately 3.1 percent in the 1994-based basket and 39.4 percent in the 2008-based basket (see Figure 3.2C).

Another factor that had a dampening effect on the general price level in Cayman was the downtrend in US prices, the US being the source of majority of manufactured consumer items in the domestic market. The average annual inflation rate for the US was -0.3 percent in 2009. The impact of this downtrend may be seen in the local inflation for clothing and footwear of -5.6 percent for the first quarter and -0.3 percent for the period June-December 2009. Household equipment also posted a benign inflation rate of 0.5 percent for the period June-December 2009, along with alcohol and tobacco (1.8%), food (2.3%), recreation and culture (1.9%).

Meanwhile, price trends of consumer services were mixed. Transportation items posted a general price decline of 6.0 percent for the period June - December 2009. Restaurants and hotels posted the highest average inflation (4.5%) among the twelve CPI divisions. Health and education services recorded mild inflation rates of 1.7 percent and 2.1 percent, respectively. Communication service was almost stable at 0.3 percent despite a sharp increase in postal prices of 31.8 percent. Recreation and culture prices inched up by 1.9 percent on average while miscellaneous goods and services rose by 2.5 percent.

⁸ The first quarter 2009 inflation rates are based on the 1994 CPI basket. Starting June 2009, the reported inflation rates are based on the June 2008 CPI basket. (For further reading on the 2008 CPI basket, please visit www.eso.ky)

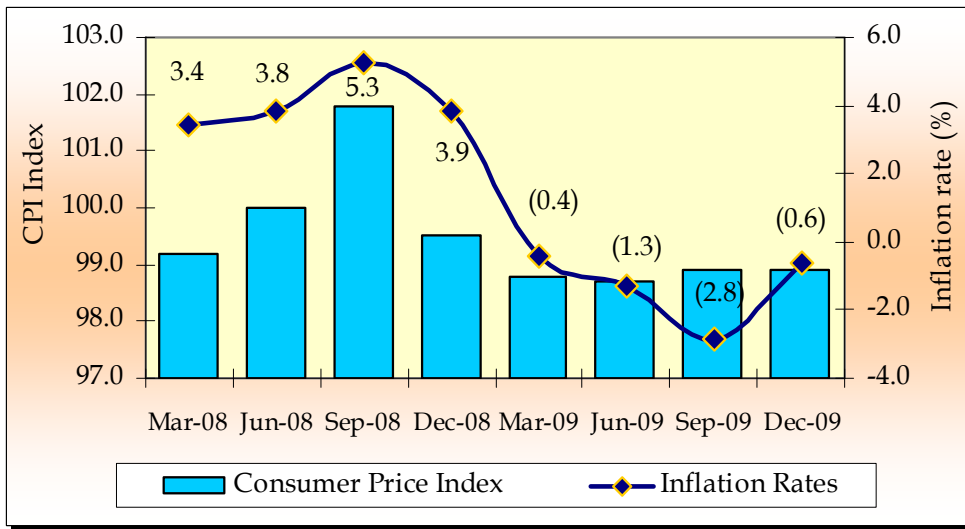
Figure 3.2A: Average Inflation Rates



Source: Economics & Statistics office

On a quarterly basis, consumer prices have declined continually since the quarter of September 2008. The inflation rate also moved to negative territory starting the first quarter of 2009, with the steepest decline recorded in the third quarter.

Figure 3.2B: Consumer Price Index and Quarterly Inflation Rates

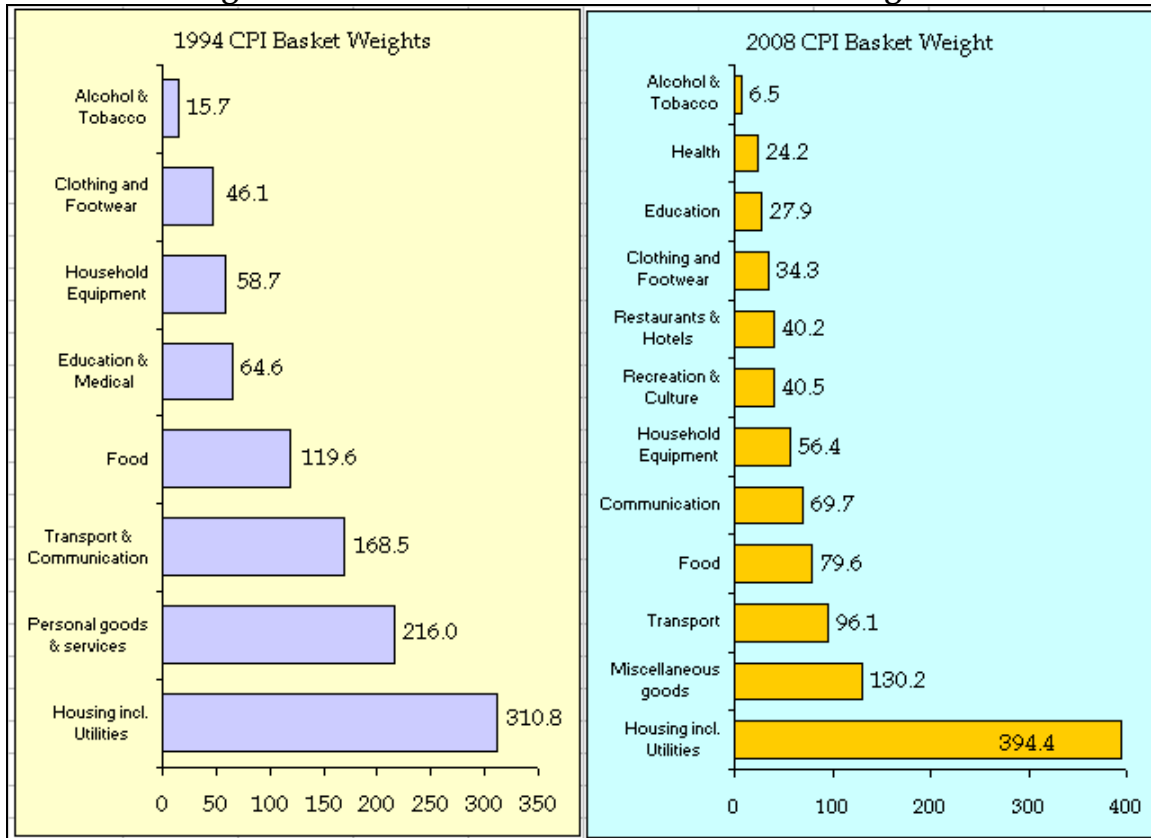


Source: Economics & Statistics office

In 2009, the ESO calculated the CPI using a revised basket of goods and services which is now comprised of 1,393 items. This basket is based on the 2007 Survey of Living Conditions/Household Budget Survey (HBS) as updated in June 2008.

The comparative new weights of the 1994-based CPI and the 2008-based CPI⁹ are depicted in Figure 3.2C.

Figure 3.2C: Consumer Price Index Baskets Weights¹⁰



Source: Cayman Islands Government, Economics & Statistics Office

3.3 Labour Force and Employment

Labour statistics softened in 2009, showing that the downturn in economic activity fed strongly through to the labour market.

Based on the 2009 Fall Labour Force Survey (LFS), the supply of labour contracted by 7.4 percent to reach 36,100 in 2009 compared to the 38,998 recorded a year ago (Table 3.3 A). This shrinkage of the labour force is traced to the withdrawal of Non-Caymanian workers whose number decreased by 16.0 percent. In contrast, the Caymanian labour force grew by 2.7 percent or 479

⁹ For more information on the 2008 Consumer price Index basket, please visit: www.eso.ky

¹⁰ Weights are out of 1000.

persons bringing the total to 18,165. This is the first time in four year that Caymanians accounted for at least half of the labour force.

Table 3.3A: Summary of Labour Force Survey Results

Fall Labour Force Survey	2007	2008	2009
Population Estimate	54,986	57,009	52,830
Labour Force	37,431	38,998	36,100
Employed	36,026	37,449	33,920
Unemployed	1,405	1,549	2,180
Labour Force Participation Rate (%)	83.0	84.1	84.2
Unemployment Rate (%)	3.8	4.0	6.0
Caymanian Labour Force	17,549	17,686	18,165
% Share of Labour Force	46.9	45.3	50.3
Employed	16,520	16,517	16,375
Unemployed	1,029	1,169	1,790
Non- Caymanian Labour Force	19,882	21,313	17,935
% Share of Labour Force	53.1	54.7	49.7
Employed	19,506	20,932	17,545
Unemployed	376	380	390
Labour Force by Gender			
% Male	52.0	51.6	51.0
% Female	48.0	48.4	49.0

Source: Economics & Statistics Office

Limited employment opportunities saw the number of employed persons decreasing by 3,532 to 33,920, a 9.4 percent contraction compared to the 37,449 recorded in 2008.

The number of unemployed persons stood at 2,180, pushing the unemployment rate upwards from 4.0 percent in Fall 2008 to 6.0 percent in Fall 2009. Increases in the unemployed occurred among both Caymanian and Non-Caymanian persons, where the number of unemployed Caymanians swelled by 621 persons rising to 1,790.

Males were disproportionately among the unemployed representing 59.6 percent and Caymanians comprised 82.1 percent (1,790) of the unemployed.

Participation rates, which measure the share of working age population (15+ years) in the labour force, fell to 84.2 percent owing to the departure of expatriate workers from the labour force. The participation rates of men stood at 88.0 percent while those for female remain lower at 80.6 percent.

Expatriate labour, as measured by total work permits issued by the Immigration Department, decreased by 11.2 percent – the largest contraction since the late 1990’s - to 22,260 (excluding government contracts) as weak economic conditions evident at the close of 2008 persisted throughout 2009. The toppling of work permit numbers from the 25,054 recorded in 2008 represents in absolute terms the loss of 2,794 work permits.

The fall offs in work permits were evident across all skill classes of work permits (see Table 3.3 B). In the ‘Unskilled’ class work permits fell by 10.1 percent to 8,944 following a growth of 2.3 percent a year ago. The ‘Professional’ class also contracted by 9.2 percent to 3,953, reversing the 7.5 percent growth obtained in 2008.

Table 3.3B: Work Permits in Effect, December 2007-2009

Skill Class	2007	2008	2009	% Change
Trades/Tech/Skilled	11,637	11,455	9,979	(12.9)
Unskilled	9,727	9,949	8,944	(10.1)
Professional	4,163	4,355	3,953	(9.2)
Admin/Managerial	823	757	655	(13.5)
Total	26,350	26,516	23,531	(11.3)

Source: Immigration Department

In the ‘Administrative/Managerial’ and ‘Trades/Technical/Skilled’ classes, work permits contracted at an accelerated pace of 13.5 percent and 12.9 percent respectively. It is noted that occupations in tourism and construction, industries most affected by economic downswing, dominate these two classes.

Industrial Analysis

The contraction of work permits was pervasive as it cut across all employers (business, household and government).

As shown in Table 3.3C, construction led the downturn with work permits declining by 23.2 percent to 4,635. The industry's share of foreign work permits also trended downwards for the third consecutive year falling from 25.3 percent in 2006 to the current 19.7 percent.

Tourism-related industries also reduced their foreign staff component as a response to the general decline in tourist arrivals. Significant moderation in the lucrative stay-over market saw the hotel and condominiums industry further decreasing its work permits by 16.2 percent, following the 1.3 percent reduction in 2008.

In financial services, work permits contracted by 16.1 percent, which most likely reflects adjustments to the global financial crisis.

Meanwhile, foreign employment in industries catering mainly to household generally moderated at a slower pace. In the community, social and personal services industry, work permits compared to 2008 remained almost unchanged. Restaurant and bars, plausibly bolstered by household demand, also suffered a smaller decline of 4.2 percent compared to other industries.

In Government, a package of austerity measures aimed at curtailing the total expenditure resulted in a 13.1 percent reduction in employment of foreign nationals.

Table 3.3C: Work Permits for All Industries

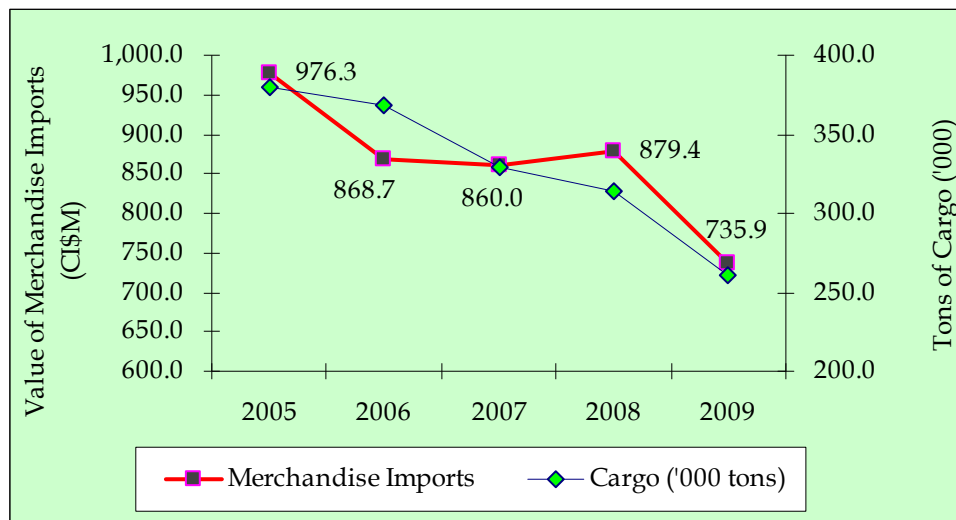
	Dec-07	Dec-08	Dec-09	% Change
Construction	6,446	6,035	4,635	(23.2)
Financial Services	2,172	2,259	1,896	(16.1)
Restaurant & Bars	2,638	2,673	2,560	(4.2)
Hotels and Condominiums	751	741	621	(16.2)
Business Services	3,140	3,214	3,002	(6.6)
Wholesale & Retail	2,789	2,967	2,657	(10.4)
Private Households w/ Employed People	4,241	4,382	4,195	(4.3)
Community, Social & Personal Services	1,530	1,594	1,589	(0.3)
All Other Industries	2,643	2,651	2,376	(10.4)
Total	26,350	26,516	23,531	(11.3)
of which CI Government Contracts	1,473	1,462	1,271	(13.1)

Source: Immigration Department & Economics & Statistics Office

3.4 External Sector

Imports. Total merchandise imports slumped by 16.3 percent in 2009 to reach \$735.9 million as shown in figure 3.4A. The decline permeated throughout the broad economic classification of imports (consumer, intermediate, capital and fuel). Similarly, the quantity of cargo imported declined by 16.9 percent. Non-fuel imports declined by 12.1 percent in nominal terms. Total fuel imports dipped by 38.3 percent although the quantity of fuel increased by 9.5 percent. It is noted that the average price of oil and petroleum products in the international market declined during 2009.

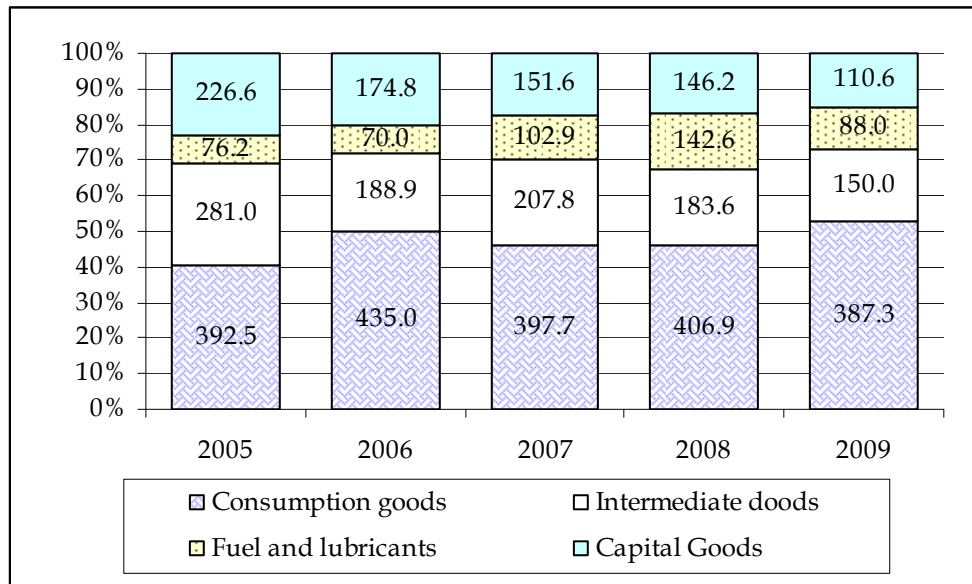
Figure 3.4A: Merchandise Imports



Source: Economics and Statistics Office

Consumer goods imports fell in 2009 by 4.8 percent to settle at \$387.3 million. The decline is commensurate with lower per capita income fell in real terms by 6.2 percent and decline in stay-over tourism. However, due to the decline in economic activity particularly with the construction and transportation sectors the share of consumer goods increased from 46.3 percent to 52.6 percent. Similarly, intermediate goods import fell by 18.4 percent relative to the preceding year. This resulted from a decline in construction-related materials. Capital goods imports slumped by 24.4 percent, partially due to the downtrend in the quantity of vehicle importation during the review period, by 25.0 percent.

**Figure 3.4B: Imports by Broad Economic Categories
(\$ million and percentage share)**



Source: Economics and Statistics Office

Table 3.4A: Quantity of Imported Fuel

	2006	2007	2008	2009	% Change
	Millions of imperial gallons				
Total Fuel	36.87	40.91	42.11	46.13	9.5
Diesel	24.12	27.94	29.89	33.79	13.1
Gas	8.60	8.51	8.47	8.75	3.4
Aviation Fuel	3.26	3.77	2.83	2.68	(5.5)
Propane	0.89	0.69	0.92	0.90	(1.9)

Source: Port Authority of the Cayman Islands

The value of fuel imports fell during the period; however, in terms of volume, the demand for fuel went up by 4.02 million imperial gallons (or 9.5%). Specifically, diesel and gasoline imports rose by 3.90 and 0.28 million imperial gallons respectively whilst aviation fuel and propane fell by 0.15 and 0.02 million imperial gallons respectively.

Exports. Total merchandise exports in 2009 was estimated at \$16.0 million, a 28.5 percent increase compared to the previous year.

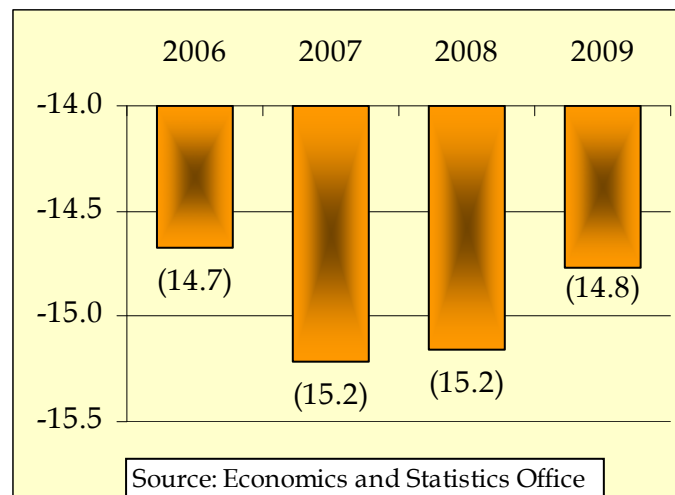
Table 3.4B: Exports by Standard International Trade Classification (SITC)

	2006	2007	2008	2009
	CI\$ Millions			
Food & live animals	2.36	0.69	0.72	1.05
Beverages & tobacco	0.25	0.14	0.01	0.09
Crude Materials	0.50	1.98	0.36	0.25
Petroleum products and gas	0.03	0.03	0.01	0.04
Animal & vegetable oils,fats and waxes	0.00	0.00	0.01	0.03
Chemicals & related products	0.05	0.02	0.08	0.01
Manufactured goods classified chiefly by materials	1.33	0.59	0.31	1.52
Machinery & transport equipment	0.89	1.48	1.16	1.48
Miscellaneous manufactured articles	1.51	1.22	1.09	3.02
commodities & transactions not classified elsewhere ¹	6.95	11.77	8.70	8.48
Total Merchandise Exports	13.88	17.89	12.44	15.98

Source: Customs Department and Economics and Statistics Office

Current Account. The country's current account deficit was estimated to have narrowed by 10.2 percent to \$368.1 million, or 14.8 percent of GDP in 2009 (see Figure 3.4B) due partly to reductions in outflow of workers remittances and merchandise imports which outweighed the estimated reductions in tourism expenditure and financial services inflows.

Figure: 3.4B: Balance of Payments
Current Balance (% of GDP)*



2006 and 2007 figures are actual estimates while 2008 and 2009

figures are forecasts.

Box 2. The Balance of Payments of the Cayman Islands

The Balance of Payments (BOP) of a country is a systematic record of all the economic transactions between its residents and the residents of the rest of the world. The BOP consists of two main groups of accounts namely: the current account, and the capital and financial account.

The current account records inflows and outflows of goods and services, investment income and current transfers. The sum of the balances of these transactions shows whether the Cayman Islands' current account is in surplus or deficit. A deficit indicates that the country is drawing on the resources of the world for current consumption and investment, while a surplus shows the extent to which the country is providing resources to the rest of the world.

The capital and financial account comprises mainly of transactions representing the Cayman Islands' financing and investing activities with the rest of the world. These are financial assets and liabilities in four functional classes: direct, portfolio investments, financial derivatives and other investments.

In 2007 - 2009, the ESO as part of its strategic plan to expand its economic statistics, started to develop the BOP and compiled the current account of the Cayman Islands for 2006 and 2007. The preliminary results revealed that the current account was in deficit during these years. That is, payments made by Cayman residents for goods and services, income and current transfers were greater than receipts from residents of other countries. The deficits amounted to \$350.6 million in 2006 and \$391.4 million in 2007.

The preliminary results also put into light the most important sources of foreign exchange for the Cayman Islands from the current accounts, as follows:

- **Trade in financial services:** this had a net surplus of \$462.5 million in 2006, and \$541.4 million in 2007;
- **Income from portfolio investment:** this was in net surplus position in 2006 (\$392.0 million) and in 2007 (\$528.9 million); and
- **Trade in travel/tourism services:** this was also in surplus in 2006 (\$360.7 million) and in 2007 (\$317.2 million).

On the other hand, the following current account transactions used the largest amount of foreign exchange:

- **Trade in goods,** as indicated by the deficits incurred in 2006 (\$749.1 million) and in 2007 (\$740.3 million);
- **Net payments on direct investment income** which recorded deficits in 2006 (\$348.3 million) and in 2007 (\$337.0 million);
- **Net payments on other investment income** (including interest on loans and non-resident deposits) which was in deficit in 2006 (\$194.3 million) and in 2007 (\$383.4 million); and
- **Trade in insurance services** which recorded a net deficit amounting to \$130.5 million in 2006 and \$149.7 million in 2007.

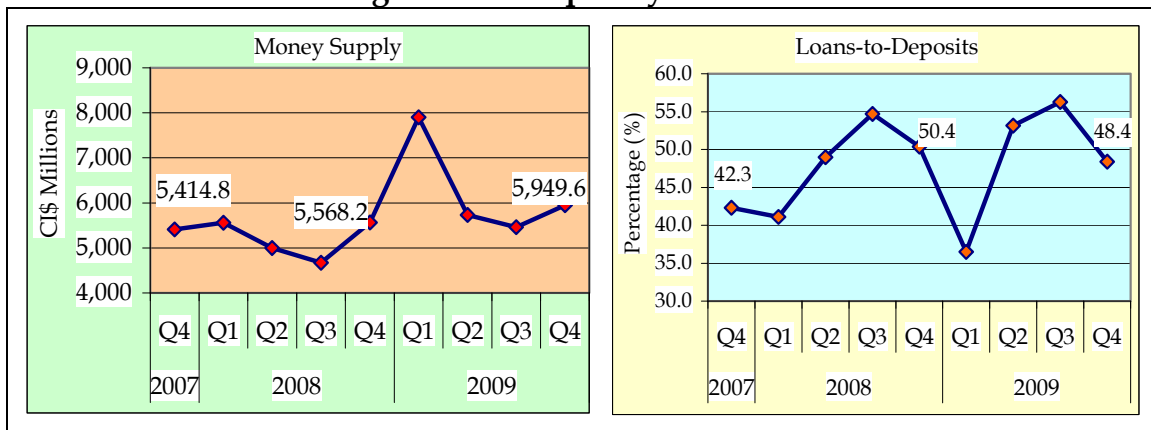
Some of the factors that can influence the Cayman Islands' BOP position would be: rapid economic growth which can increase demand for imports; external shocks such as sharp price increases of essential imports; deteriorating demand for the country's exports such as tourism. It is therefore critical that the BOP be compiled regularly for comprehensive analysis, which can guide investors and policy-makers in their decision making.

Source: The Cayman Islands Balance of Payments (Current Account 2006 -2007) Preliminary Report

3.5 Money & Banking

Total money supply, as well as broad liquidity increased to \$5,949.6 million in 2009, or by 6.9 percent compared to a year ago (see Figure 3.5A and Table 3.5A).¹¹ The expansion emanated from a 9.6 percent growth in foreign currency deposits along with a 1.5 percent increase in demand deposits and an expansion of the currency in circulation by 4.7 percent. Despite the global financial crisis which caused a liquidity squeeze internationally, loan-to-deposit ratio (LTD)¹² in the local financial market remained relatively stable compared to the same period a year ago. In 2009, this ratio averaged 48.4 percent as compared to 50.4 percent in 2008.

Figure 3.5A: Liquidity Indicators



Source: Cayman Islands Monetary Authority & ESO

¹¹ Total money supply is the total supply of money in circulation (i.e. M1, M2, and M3) whereas, broad liquidity is a category of the money supply which includes all funds in M3, individual holdings in accounts, savings bonds, T-bills with maturity of less than one year, commercial papers, and banker's acceptances.

¹² Analysts and regulators routinely evaluate a bank's ability to repay depositors and other creditors without incurring excessive costs and while continuing to fund growth. This so-called "liquidity" of a bank is evaluated using a whole host of tools and techniques, but the traditional loan-to-deposit (LTD) ratio is a measure that often receives the most attention.

The LTD ratio—a bank's gross loans divided by total deposits—indicates the percentage of a bank's loans funded through deposits. An upswing in the LTD may indicate that a bank has less of a cushion to fund its growth and to protect itself against a sudden recall of its funding, especially for a bank that relies on deposits to fund growth.

The increase in money supply was supported by an 11.6 percent expansion of net foreign assets of local commercial banks.

Net domestic assets rose by \$73.7 million (or 2.7 percent) amidst a decline in claims on the central government by 36.6 percent.

Table 3.5A: Monetary and Banking Summary, \$ million

	Dec-07	Dec-08	Dec-09	% Change
Total Assets	5,414.7	5,568.2	5,949.6	6.9
Net Foreign Assets	3,836.3	3,579.1	3,981.1	11.2
Monetary Authority	106.6	101.6	100.4	(1.1)
Commercial Banks	3,729.7	3,477.5	3,880.7	11.6
Net Domestic Assets	2,257.0	2,763.1	2,836.8	2.7
Domestic credit	2,257.0	2,763.1	2,836.8	2.7
Claims on central government	118.2	271.7	172.1	(36.6)
Claims on other public sector	71.9	54.0	66.5	23.3
Claims on private sector	2,066.9	2,437.5	2,598.1	6.6
Other items net (assets +)	(678.6)	(774.0)	(868.3)	12.2
Broad Liquidity	5,414.7	5,568.2	5,949.6	6.9
Broad money (KYD) M2	914.1	1,017.7	962.2	(5.5)
Currency in circulation	81.8	83.6	87.5	4.7
KYD Deposits	832.2	934.1	874.6	(6.4)
Demand deposits	239.9	250.7	254.5	1.5
Time and savings deposits	592.3	683.3	620.1	(9.3)
FOREX deposits	4,500.6	4,550.5	4,987.5	9.6
<i>of which:</i> US dollars	3,982.6	4,218.7	4,316.0	2.3
<i>US Contribution (%)</i>	88.5	92.7	86.5	

Source: Cayman Islands Monetary Authority & ESO

Net foreign assets. Total foreign assets (NFA) of the Cayman Islands Monetary Authority's (CIMA) contracted by 1.1 percent while the commercial banks' NFA expanded by 11.6 percent during the period. The NFA reduction for commercial banks stemmed from a significant decrease in foreign liabilities by 30.4 percent due to reductions in non-resident deposits and other liabilities by 28.3 percent and 67.2 percent respectively. The combined reduction outweighed the decline of 10.8 percent in foreign assets to effect an overall increase in NFA.

Table 3.5B: Net Foreign Assets, \$ million

	Dec-07	Dec-08	Dec-09	% Change
Net Foreign Assets	3,836.3	3,579.1	3,981.1	11.2
Monetary Authority	106.6	101.6	100.4	(1.1)
Commercial Banks	3,729.7	3,477.5	3,880.7	11.6
Foreign Assets	6,755.7	7,430.7	6,630.9	(10.8)
Bal. with Banks & Branches	3,889.0	4,450.8	3,923.2	(11.9)
Total Investment	1,449.4	1,427.8	1,170.9	(18.0)
Total Non-Resident Loans	1,417.4	1,552.1	1,536.8	(1.0)
Foreign Liabilities	3,026.0	3,953.2	2,750.2	(30.4)
Total Non-Resident Deposits	2,934.5	3,732.7	2,677.9	(28.3)
Other Liabilities	91.5	220.5	72.3	(67.2)

Source: Cayman Islands Monetary Authority & ESQ

Net domestic assets. Despite a reduction in credit to the public sector, total net domestic assets or total domestic credit granted by the commercial banking sector expanded by 2.7 percent compared to a year ago. Credit allocated to the private sector rose by 6.6 percent while public sector credit fell by 26.7 percent (see Table 3.5C). The latter resulted from a net domestic amortization (total domestic disbursements less total domestic amortizations) of central government loans by \$157.7 million which was refinanced mainly through an international bond issue. The increase in private sector credit could be associated with low lending rates (see Figure 3.5B).

Table 3.5C: Net Domestic Assets, \$ million

	Dec-07	Dec-08	Dec-09	% Change
Domestic Assets	2,257.0	2,763.1	2,836.8	2.7
Domestic Credit to Public Sector	190.2	325.6	238.7	(26.7)
Domestic Credit to Private Sector	2,066.9	2,437.5	2,598.1	6.6

Source: Cayman Islands Monetary Authority & ESQ

Table 3.5D shows the disaggregation of private sector credit. Credit to households constituted 62.6 percent of total credit to the private sector. It rose by 9.6 percent during the period, as credit to all categories under this rubric strengthened (see Table 3.5D). Credit to the business sector which accounted for 37.4 percent of total credit to the private sector grew by 1.9 percent as lending to construction, hotel, restaurants and bar and others grew sharply.

Table 3.5D: Net Credit to the Private Sector, \$ million

	Dec-07	Dec-08	Dec-09	% Change
Total	2,066.9	2,437.5	2,598.1	6.6
Credit to Businesses	788.8	952.7	971.3	1.9
<i>of which</i>				
Construction	155.1	79.9	114.9	43.8
Hotel, Restaurant and Bar	60.0	78.7	130.5	65.9
Real Estate, Renting & Other	298.8	430.3	425.9	(1.0)
Utilities (Electricity, Gas & Water)	11.8	25.7	20.6	(20.0)
Trade & Commerce	85.9	176.9	93.2	(47.3)
Others	177.2	161.3	186.2	15.5
Credit to Households	1,240.6	1,484.7	1,626.7	9.6
Domestic Property	1,090.1	1,295.8	1,375.6	6.2
Motor Vehicles	47.0	44.0	70.2	59.7
Education & Technology	4.8	1.7	3.2	91.6
Miscellaneous	98.7	143.3	177.7	24.0
Other Non-Profit Organisations	37.5	0.0	0.2	358.2

'Miscellaneous' include consolidated debt, insurance, medical & travel

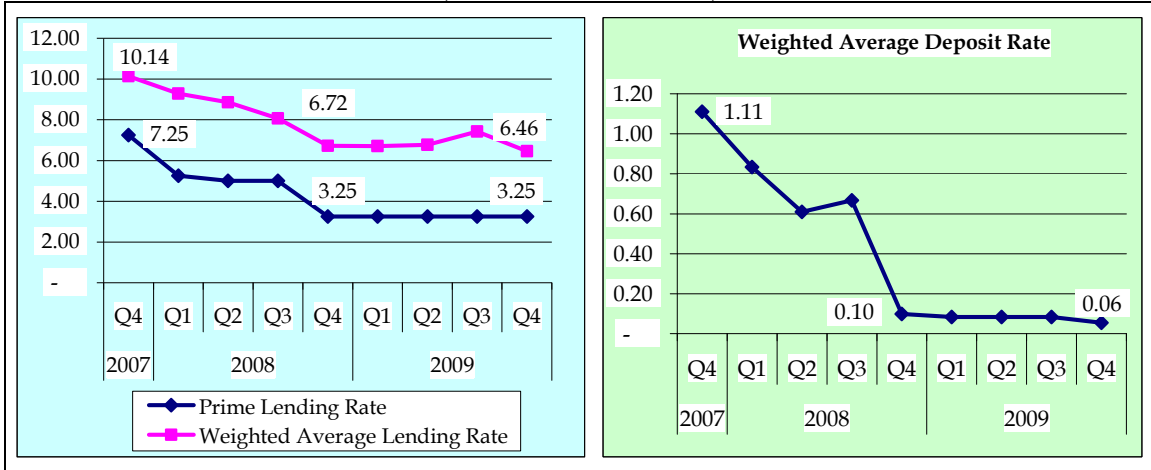
Source: Cayman Islands Monetary Authority & ESO

Money Supply (Broad Liquidity). As previously presented, money supply (M2) expanded in 2009 mainly due to increases in foreign currency deposits and currency in circulation. Meanwhile, the largest component of money in local currency - which was time and savings deposits - dropped by 9.3 percent. This could have resulted from the instability in the global financial system and the ensuing lagged negative economic impact of the local economy on these deposits. With regard to foreign exchange deposits, US dollar-denominated deposits rose by 2.3 percent, but its share fell from 92.7 percent to 86.5 percent. This could be as a result of the weakening of US dollar during the year against most major currencies.

Interest Rates. Local interest rates continued on their downward trend during the year albeit at a sluggish pace. The prime lending rate remained constant over the review period at 3.25 percent. Similarly, the weighted average rate on outstanding loans moved downward by 26 basis points from 6.72 percent in 2008 to 6.46 percent in 2009.

In line with the fall in the prime lending rate, the average savings deposit rate also contracted to 0.06 percent at the end of 2009 (see Figure 3.5B).

Figure 3.5B: Cayman Islands Interest Rates
(%, End of Quarter)



Source: Cayman Islands Monetary Authority & ESO

4. Key Sector Developments

Cayman's financial services industry and tourism declined in 2009 in the wake of weak economic activity in the major source markets. The construction industry also suffered from receding domestic demand. The real estate market also shrunk. A notable exemption to the general downtrend was the utilities sector as electricity and water production recorded growth.

4.1 Financial Services

The global economy continued to impact all sectors of Cayman's financial services industry in 2009, with licences for captive insurance companies being the only sub-sector indicator which showed marginal improvement (0.4%) at year-end.

Banks & trusts. Bank & trust licences fell for the third consecutive year, registering at 266 as at December 2009—a 4.3 percent decline as banks continue to merge to consolidate market position. Meanwhile, pure trust companies weakened by 11.3 percent to reach 125 at the end of 2009 compared to 141 a year ago.

Table 4.1A: Bank & Trust Companies, 2007-2009

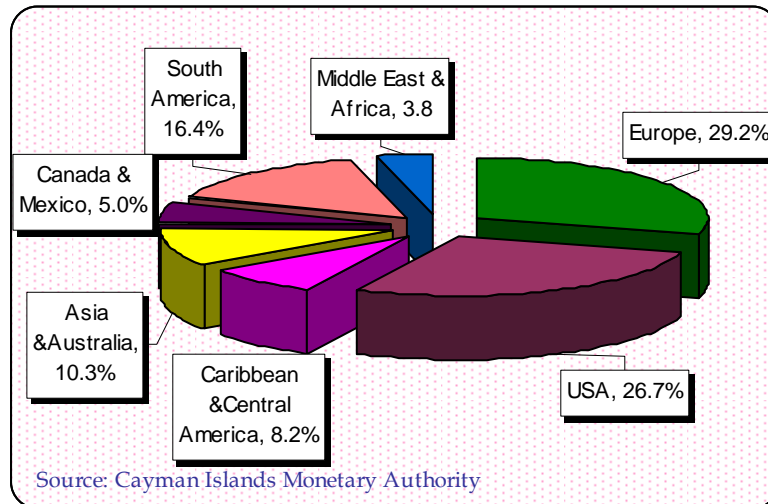
	2007	2008	2009	2008-2009 % Change
Banks and Trust Licences	281	278	266	-4.3
<i>Of which:</i> Class 'A'	19	18	17	-5.6
Class 'B'	260	258	248	-3.9
Class 'B' Restricted	2	2	1	-50.0
Trust companies	138	141	125	-11.3
Trust Companies (unrestricted)	51	54	49	-9.3
Trust companies (Restricted)	87	87	76	-12.6
External Position of Banks^a				
Assets	1.81	1.83		1.1
Liabilities	1.77	1.82		2.8

Source: Cayman Islands Monetary Authority

^aData available as of March 2009

As in previous years, banks from Europe and the United States comprised majority of the licenses.

Figure 4.1A: Regional origins of Banks, 2009



Insurance. Amidst the slump in the financial services industry, the insurance market marked a moderate rise of 3 licenses due to the captive sub-market as the number of domestic licenses remains unchanged.

Table 4.1B: Captive Insurance Companies, 2007-2009

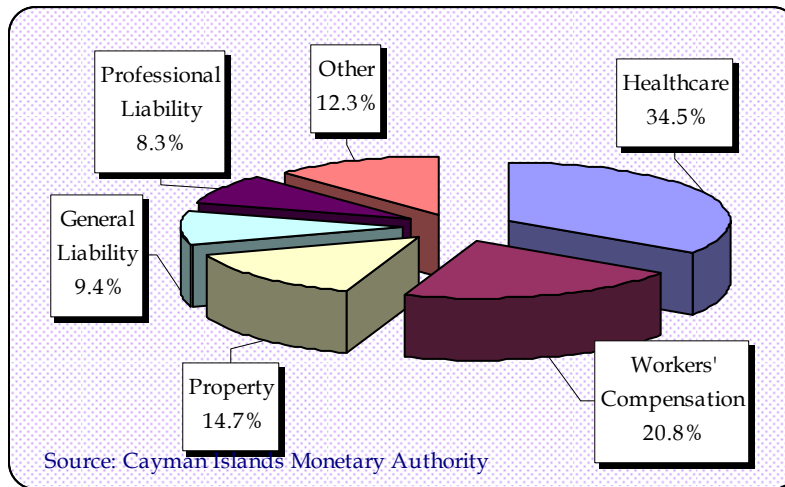
	2007	2008	2008-2009	
			2009	% Change
Total Insurance Licences	793	805	808	0.4
Class 'A' Licences (Domestic)	28	28	28	0.0
Class 'B' Licences (Captives)	765	777	780	0.4
Unrestricted	692	699	697	-0.3
Restricted	73	78	83	6.4
Financial Position of Captives	US\$ Billions			
Premiums	7.5	7.7	7.5	-3.4
Net Income*	1.9	1.9	0.9	-50.2
Net Worth	8.4	9.9	9.2	-7.2
Total Assets	32.9	36.9	44.7	21.2

Source: Cayman Islands Monetary Authority

* Due to rounding off these figures may not show explicit changes

The structure of the insurance industry remained as in previous year (see Figure 4.1B) with healthcare and workers' compensation as dominant types.

Figure 4.1B: Captive Insurance Licences by Primary Class of Business, 2009



Total assets of Cayman-based captives was registered at US\$44.7 billion in 2009 rising by 21.1 percent from 2008. North America continues to dominate the risk location for Cayman's captive market, comprising 89.7 percent of total companies registered with the rest originating from Caribbean and Latin America (3.5%); Africa, Asia and Middle East (0.8%); Europe (1.7%) and the rest of the world (4.1%).

Premiums for captives declined to US\$7.5 billion in 2009 from US\$7.7 billion a year ago while their net income decreased by 52.6 percent to tally at US\$0.9 billion in 2009.

Mutual funds. Whereas mutual funds showed modest (4.9%) growth in 2008, activity slowed in 2009 as these fell by 3.5 percent to reach 9,523. This figure was also lower than the previous third quarter results of 9,838 (see Box 3).

Table 4.1C: Mutual Funds, 2007-2009

	2007	2008	2008-2009	
			2009	% Change
Registered Mutual Funds	8,751	9,231	8,944	-3.1
Administered Mutual Funds	543	510	448	-12.2
Licensed Mutual Funds	119	129	131	1.6
Total	9,413	9,870	9,523	-3.5

Source: Cayman Islands Monetary Authority

Stock exchange. The Cayman Islands Stock Exchange (CSX) stock listings contracted to 1,312 as at December 2009. The decline was largely influenced by a significant fall of mutual fund stock listings (see Table 4.1D). This decline was matched with a fall-off in mutual fund market capitalization of US\$6.8 billion.

Table 4.1D: Stock Listings, 2007-2009

Instruments	2007	2008	2008-2009	
			2009	% Change
Mutual Funds	1084	793	546	-31.1
Specialist Debt	623	721	693	-3.9
Eurobond	35	60	68	13.3
Secondary Equity	5	3	2	-33.3
Domestic Equity	1	2	3	50.0
Total	1,748	1,579	1,312	-16.9

Source: Cayman Islands Stock Exchange

Table 4.1E: Market Capitalization (US\$ billions), 2007-2009¹³

Instruments	2007	2008	2009	2008-2009
				% Change
Mutual Funds	97.4	60.5	53.7	-11.2
Specialist Debt	50.1	80.6	79.4	-1.6
Eurobond	18.8	25.3	29.2	15.4
Secondary Equity	1.9	1.1	0.6	-47.9
Domestic Equity	0.164	0.159	0.208	30.7

Source: Cayman Islands Stock Exchange

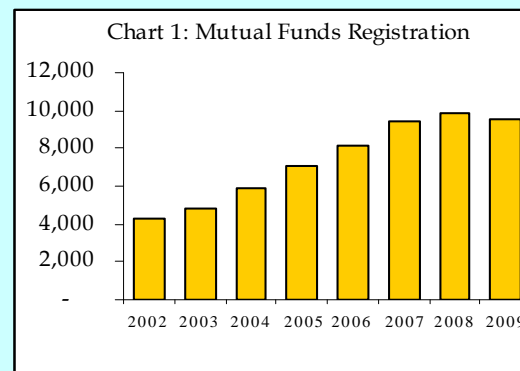
¹³ The figures for mutual funds and domestic equity refer to market capitalization. Figures for specialist debt, Eurobond and secondary equity is based on par values.

Box 3. Mutual Funds: Local Performance and Global Outlook

Financial services contributed approximately 44.9% of GDP in 2007. Mutual funds registration and administration are among the main financial services in the local economy with 9,414 registered mutual funds as at end 2007. Arguably, the vast majority of these funds are actually hedge funds when classified according to international definitions.

A summary definition of the mutual fund law states that *a mutual fund is any company, trust or partnership either incorporated or established in the Cayman Islands, or if outside the Cayman Islands, managed from the Cayman Islands, which issues equity interest redeemable or repurchaseable at the option of the investor, the purpose of which is the pooling of investors' funds with the aim of spreading investment risk and enabling investors to receive profits or gains from investments.*

In 2009, the number of mutual funds registration fell by 3.5% to 9,523, an evidence of the mild lagged effects of the liquidity squeeze from the recent financial meltdown in the major source markets. This may have also pulled down unemployment in the financial services industry. In 2009, work permits in the industry were cut by 16.1% compared to 2008.



The recovery of this industry is of paramount importance to the resurgence of domestic economic activity. In this connection, the following assessment from *Moody's Investor Service* may be useful in forming an outlook for the industry:¹

“The beginning of 2009 was arguably one of the most challenging and important periods in the hedge funds industry’s history. Having coped with difficult and erratic markets in 2008, the massive systematic shock following the collapse of Lehman Brothers, the market turmoil that ensued and, subsequently, the reputational damage caused by the colossal Madoff fraud, the industry then had to face redemptions at an unprecedented level. Although there were a number of individual failures, hedge funds on the whole showed resilience and flexibility in 2009 and successfully adapted to the new market conditions.

For 2010, we expect a number of themes that began in 2009 to continue, including;

- The recovery in the hedge fund industry which is well underway, as performance improves and investors begin making allocations. The recovery should continue in 2010 barring another major economic shock or regulatory shifts.
- Net inflows will likely increase and managers will continue expanding their product ranges beyond hedge funds accompanied by industry consolidation, while managed accounts will likely remain a popular mode of investment in the short term.
- Operational quality for the industry as a whole to improve, as the market instability and uncertainty subside and as investors continue to maintain pressure on managers to strengthen their operations.
- We also believe that the credit quality of funds is generally improving and likely to continue in the near term, although many challenges persist, particularly for smaller funds...”

¹ Hedge Funds: 2009 Review and 2010 Outlook, Industry Outlook, Moody’s Investors Service, January 2010.

Box 4: Financial Services Industry: Regulatory Environment Developments

The Cayman Islands continues to enhance its legislative framework as the jurisdiction adapts to evolving international regulatory and supervisory standards.

As of August 2009, the Cayman Islands has signed 12 tax information agreements and was removed from the Organization of Economic Co-operation and Development (OECD) 'grey list', a set of countries adopting OECD standards on exchanging tax information but not substantially implementing them.

A December 2009 Offshore Financial Centre (OFC) assessment conducted by the International Monetary Fund also noted that the Cayman Islands had made substantial progress in the implementation of the 2003 OFC assessment regulations.

Key legislative changes were also set to take place during the year, such as:

Part V of the Companies Law, Companies (Amendment) Law of 2007 - The substitution of a new Part V simplifies and updates existing provisions dealing with the winding up of companies. Additionally, it provides for the first time the jurisdiction with tailor-made rules replacing the reliance on the UK Insolvency Rules of 1986. In addition, Part XVI codifies well-established international co-operation in insolvency proceedings that already exist as judicial practice. This new section resembles the United Nations Commission on International Trade Law (UNCITRAL) Model Law although it stops short of some its provisions.

The Exempted Limited Partnership (Amendment) Law of 2009- Relevant provisions relating to the winding up of companies, as well as the winding-up rules (suitably adapted), now apply to ELPs.

Money Laundering Regulations (2009 Regulations) - This broadens existing regulations to keep the Cayman Islands aligned with the Financial Action Task Force (FATF) Recommendations. These recommendations are to be applied by financial service providers conducting relevant business.

Finally, there are now new rules and statement of guidance to formalize industry best practice in accordance with international standards include:

- **Rule on Risk Management for Insurers** - This requires all insurers regulated by the Authority, both domestic and international, to implement a comprehensive framework for the management of their risks.
- **Rule on Market Conduct for Class A Insurers, Agents and Brokers** - This transforms an industry practice into regulatory requirement by imposing various obligations to enhance consumer protection and market confidence. It aims to secure consistency in certain practices in the domestic insurance market, and bolsters transparency and disclosure in selling to the benefit of consumers and the market as a whole.

Source: CIMA website (WWW.cimoney.com.ky)

Companies registry. The most severe impact of the global financial crunch fell on company registrations. New company registrations fell sharply by 33.7 percent to record at 7,863 as at December 2009.

The decline in new company registrations cut across all sub categories. Whereas, resident company registrations fell marginally by 4.5 percent, all other newly licensed companies posted double-digit declines.

Table 4.1F: Company Registrations, 2007-2009

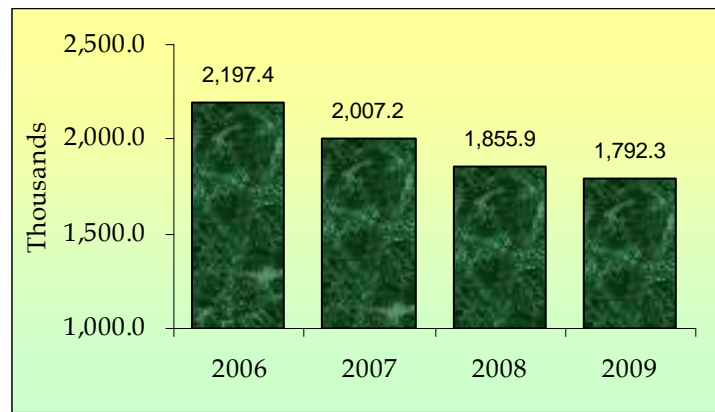
	2007	2008	2009	2008-2009 % Change
Total Company Registrations	87,109	93,693	92,867	-0.9
New Company Registrations	<u>14,240</u>	<u>11,861</u>	<u>7,863</u>	-33.7
Exempt	12,699	10,536	6,764	-35.8
Non-Resident	533	293	220	-24.9
Resident	531	510	487	-4.5
Foreign	477	522	392	-24.9

Source: Cayman Islands General Registry

4.2 Tourism

Tourism activity within the Cayman Islands contracted in 2009 as air and cruise arrivals decreased by 10.2 percent and 2.1 percent, respectively.

Figure 4.2A: Tourist Arrivals in 2006-2009



Source: Tourism department

Total visitor arrivals stood at 1,792,330 in 2009, a 3.4 percent decrease compared to a year ago. Of this total, air arrivals accounted for 271,958 visitors, while cruise arrivals reached 1,520,372 visitors. It is noted that the 3.4 percent decline for Cayman is smaller than the 4.0 percent decline in global tourist arrivals and the 3.6 percent drop for the Caribbean.

Stay-over market. Efforts to further revitalize Cayman’s tourism market continued over the year as key stakeholders such as the Cayman Islands Tourism Association (CITA) sought to develop new initiatives to improve the Islands’ tourism product and arrest the declines of visitor numbers amidst the global economic crisis.

In November, an announcement was made by the Government of plans to introduce medical tourism locally. The proposed project includes establishing a new medical complex in the Cayman Islands that reportedly consists of a 2,000-bed hospital and medical university.

Meanwhile, increased arrivals to the Sister Islands were further targeted through enhanced accommodation capacity (with the opening of the 29-room Alexander Hotel) and improved marketing initiatives that included ‘staycations’ for domestic visitors.

Overall, arrivals from all regions within the USA (the largest market for stay-over arrivals in the Cayman Islands) were lower. This downturn was also noted for other regions including Canada and Europe.

Further dissection shows that the USA accounted for 79.1 percent of the total market while Europe and Canada comprised 7.0 percent, and 6.3 percent, respectively. Within the US market, the Northeast region remained the largest source of visitors with a share of 27.9 percent compared to 27.3 percent last year. This was also followed by the Southeast (15.8%); Midwest (16.6%); Southwest (13.2%); and the West Coast (5.5%) (see Table 4.2A).

Table 4.2A: Stay-over Arrivals by Country of Origin, 2006-2009

	2006	2007	2008	2009	Change %
	In thousands				
USA	217.4	231.9	240.5	215.0	(10.6)
Northeast	69.7	76.3	82.6	75.9	(8.1)
Midwest	47.4	49.7	50.1	45.1	(10.0)
Southeast	50.6	52.0	51.3	43.0	(16.2)
Southwest	33.5	35.4	37.9	36.0	(5.0)
West Coast	16.2	18.4	18.6	15.0	(19.0)
Europe	16.7	20.4	21.3	19.1	(10.1)
Canada	14.9	17.4	18.5	17.3	(7.0)
Other	18.3	21.9	22.6	20.6	(9.1)
Total	267.3	291.5	302.9	272.0	(10.2)
USA contribution (%)	81.3	79.5	79.4	79.1	

Source: Department of Tourism

As reported by the Department of Tourism (DOT), a total of 4,563 bedrooms remained in operation as at year-end which surpassed the previous year's figure of 4,332. Similarly, the total number of licensed tourism accommodation properties increased from 197 to 300 in 2009.

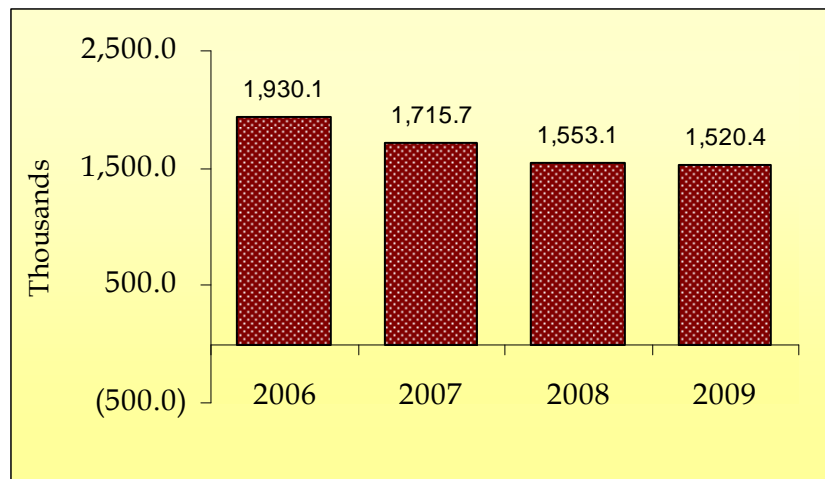
The higher room inventory combined with lower air arrivals translated to lower occupancy rates overall for the hotel and apartment/condo sector. The average hotel occupancy rate fell from 62.2 percent in 2008 to 59.0 percent in 2009. Apartments/condominiums occupancy rates also decreased slightly from 44.0 percent to 43.9 percent.

With respect to the average length of stay at local establishments, this contracted for hotels from 4.5 to 4.4 days whilst apartments/condos rose from 6.4 to 6.9 days, in 2008 and 2009, respectively.

Cruise Market. The cruise ship sector remained the larger contributor of visitors to the Cayman Islands in 2009. Cruise ship visitors totalled 1,520,372 during the year, compared with 1,553,053 in 2008, a decrease of 2.1 percent (see Figure 4.2C).

A 4.0 percent decrease in the number of cruise ship calls was also noted, which totalled 547 at year-end. Nonetheless, this contraction is a slight improvement over the 13.2 percent decrease last year.

Figure 4.2B: Cruise Arrivals, 2006-2009



Source: Department of Tourism

Cruise passengers per day averaged 4,223 persons, which was 91 visitors less than the average a year ago.

4.3. Construction

Building Permits. After performing at unprecedented levels for the past three years, construction slumped in 2009 with the collapse of non-residential construction¹⁴. The total value of building permits which peaked in 2008, sharply contracted by 29.3 percent to \$355.0 million, the lowest level since 2005 (See Table 4.3 A).

Table 4.3A: Grand Cayman Building Permits

	2006	2007	2008	2009	% Change
Millions of CI\$					
Houses	119.6	100.7	116.6	146.4	25.6
Apartments	172.4	116.4	116.6	92.7	-20.5
Commercial	118.5	183.2	162.8	49.5	-69.6
Industrial	12.1	4.3	29.6	2.6	-91.4
Hotel	0.3	1.0	0.2	0.0	-100.0
Government	0.9	6.1	62.7	28.8	-54.0
Other	22.1	34.6	13.7	35.0	155.6
Total	445.8	446.3	502.3	355.0	-29.3

Source: Cayman Islands Planning Department

In the non-residential sector, building permits plummeted by 56.9 percent from \$269.1 million in 2008 to \$115.9 million as the weaker environment constrained both business investment and fiscal stimulus spending. Steep declines were recorded across all categories: commercial (-69.6%), industrial (-91.4%) and government (-54.0%). Much of the existing construction activity confined to small-scale projects such as refurbishment and work on existing projects like interior fit-outs.

Construction values in the residential sector¹⁵, despite losing some momentum, demonstrated growth of 2.5 percent, after increasing by 7.5 percent a year earlier. The upbeat performance was solely due to housing construction which reached

¹⁴ Non-residential sector includes commercial, government, and industrial. "Other" is excluded as this is a mixture of residential and non-residential works.

¹⁵ Residential sector includes houses, apartments (condominiums) and duplexes. Hotels are excluded.

\$146.4 million. In all, residential building permits rose from \$233.2 million to \$239.2 million in 2009.

The new multi-million dollar homes and large-scale property development led building permits of houses surging by 25.6 percent. This increase offset the marked slowdown in the apartment/condominium category, which compared to a year ago decreased by 20.5 percent to reach \$92.7 million in 2009.

The 'Other' category also saw phenomenal growth, when compared to a year ago, rising by 155.6 percent to settle at \$35.0 million. A flurry of finishing works to existing projects, occurring in the first quarter of the year, was the main impetus.

In terms of number, building permits rose by the 5.9 percent. While 1,145 such permits were issued in 2009 compared to the 1,081 in 2008, only two categories, 'house' and 'other' registered increases while the rest declined.

Table 4.3B: Grand Cayman Building Permits

	2006	2007	2008	2008-2009	
				2009	% Change
Houses	517	496	503	532	5.8
Apartments	374	219	182	171	-6.0
Commercial	197	186	176	116	-34.1
Industrial	35	10	14	7	-50.0
Hotel	2	4	1	0	-100.0
Government	8	16	36	16	-55.6
Other	157	159	169	303	79.3
Total	1,290	1,090	1,081	1,145	5.9

Source: Cayman Islands Planning Department

Project Approvals. Construction intentions as measured by project approvals shrank below the \$500-million mark of the past four years, as economic conditions strongly affected non-residential activity and dragged residential development.

The number of project approvals, compared to a year ago, fell by 4.1 percent from 1,277 in 2008 to 1,225 in 2009. All categories of planning approvals dropped with the exception of apartments/condominium.

Table 4.3C: Cayman Islands Planning Approvals, 2006-2009

	2006	2007	2008	2008-2009	
				2009	% Change
Houses	375	472	464	460	-0.9
Apartments	222	118	108	111	2.8
Hotels	2	1	2	0	-100.0
Commercial	75	61	48	48	0.0
Government	25	19	10	6	-40.0
Industrial	40	14	12	12	0.0
Other	641	542	633	588	-7.1
Total	1,380	1,227	1,277	1,225	-4.1

Source: Cayman Islands Planning Department

The total value of project approvals also sharply declined, from \$508.8 million in 2008 to \$434.2 million. The drop is traced to non-residential projects which plummeted by 78.4 percent to \$34.8 million.

Table 4.3D: Cayman Islands Planning Approvals, 2006-2009

	2006	2007	2008	2009	2008-2009
					% Change
Millions of CI\$					
Houses	81.6	137.7	118.1	127.7	8.2
Apartments	294.3	112.8	149.7	170.9	14.2
Hotels	11.5	55.0	6.9	-	-100.0
Commercial	120.4	72.1	126.4	30.1	-76.2
Government	10.2	56.6	18.6	2.1	-88.6
Industrial	45.9	8.4	11.2	2.6	-77.1
Other	74.9	62.6	77.9	100.8	29.3
Total	638.8	505.2	508.8	434.2	-14.6

Source: Cayman Islands Planning Department

In the commercial and industrial categories, widespread reduction in demand as well as the challenging environment saw the value of project approvals contracting by 77.6 and 76.7 percent respectively.

The Government's slashed capital expenditure in fiscal year 2009/2010 as well as low fiscal revenues in fiscal year 2008/2009, resulted in an 88.5 percent reduction in government project approvals to a mere \$2.1 million with most of the funds, approximately 95 percent, allocated to Sister Islands projects. This marks the second straight year of declining government spending on capital projects.

Residential construction intentions, however, remained upbeat with project approvals rising to \$298.7 million, an 11.5 percent increase over a year ago. In the apartment/condominium category, project approvals increased by 14.2 percent from \$149.7 million in 2008 to \$170.9 million.

Construction intentions for houses, which peaked in 2007, also continued at high levels. Project approvals surged by 8.2 percent from \$118.1 million to \$127.7 million in 2009.

Large projects in the 'Other' category saw its values rising by 29.3 percent to \$100.8 million in 2009. These projects include a proposed \$25.0 million subdivision and a \$10.0 million mixed-use development.

Certificates of Occupancy. The change in building stock, as measured by the seal of occupancy certificates, marginally increased by 1.1 percent from 534 in 2008 to 540.

In the residential category (houses, apartments and condominiums), the number of certificates, was unchanged at 403 with a 7.8 percent increase in houses offsetting an 18.3 percent decline in apartments.

In the non-residential category, the overall number of certificates issued declined as the commercial segment, which accounts for majority of certificates, decreased by 7.4 percent to 100.

**Table 4.3E: Certificates of Occupancy,
Grand Cayman, 2006-2009**

Sectors	2006	2007	2008	2009	% Change
Houses	281	240	283	305	7.8
Apartments	150	144	120	98	-18.3
Hotel	3	1	0	1	100.0
Government	1	1	3	2	-33.3
Commercial	83	78	108	100	-7.4
Industrial	8	23	4	5	25.0
Other	3	7	16	29	81.3
Total	529	494	534	540	1.1

Source: Cayman Islands Planning Department

The monetary value of properties granted with completion approval rose to \$279.6 million in 2009, increasing by 25.6 percent from the \$222.6 million recorded a year ago. Average unit cost also trended upwards to \$517,729 as compared to \$416,854 in 2008.

**Table 4.3E: Certificates of Occupancy,
Grand Cayman, 2006-2009**

Sectors	2006	2007	2008	2009	%
					Change
Millions of CI\$					
Houses	56.1	55.5	63.1	77.8	23.4
Apartments	61.8	60.9	87.0	100.4	15.3
Hotel	34.7	-	-	-	-
Government	-	-	1.0	-	-100.0
Commercial	13.6	32.5	60.2	73.5	22.2
Industrial	4.3	6.8	2.9	3.6	20.5
Other	37.1	21.0	8.4	24.3	188.2
Total	207.6	176.7	222.6	279.6	25.6

Source: Cayman Islands Planning Department

Real Estate

Real estate activity suffered a severe contraction in 2009 as the total volume of traded properties hit a seven-year low of only 2,287. This represents a 12.4 percent decrease from the 2,612 properties traded a year ago despite a reduction in stamp duties, which made property purchase cheaper for buyers during the months of April to September.

Freehold property, the main type of traded property, declined by 10.7 percent from the 2,289 recorded a year ago to 2,045 (See Figure 4.4). Significant slowdown also occurred in traded leasehold properties with the number of transactions decreasing by 25.1 percent to 242.

Figure 4.4: Freehold Property Transfers, 2006-2009

	2006	2007	2008	2009	% Change
Freehold					
number	2,777	2,180	2,289	2,045	-10.7
value (CI\$M)	691.1	545.5	558.1	397.0	-28.9
Leasehold					
number	281	360	323	242	-25.1
value (CI\$M)	119.1	23.3	76.2	19.5	-74.4
Total					
number	3,058	2,540	2,612	2,287	-12.4
value (CI\$M)	810	569	634	416	-34.3

Source: Land and Surveys Department

In line with global adjustment in real estate prices, traded property values shifted downwards with leasehold property plummeting from \$76.2 million in 2008 to \$19.5 million in 2009. Freehold property values receded to \$397.0 million from \$558.1 million recorded a year ago.

Across the different types of traded freehold properties, there were broad-based declines in average prices: 4.9 percent for condominiums, 8.2 percent for raw land and 17.7 percent for residential property (see Table 4.4). Commercial and industrial properties registered the sharpest price downturns in the review period.

Table 4.4: Freehold Property Transfers, 2007-2009

Property Types	2007	2008	2009
Number of Transactions			
Land	392	1013	915
Commercial	22	118	61
Industrial	7	3	25
Condominiums	363	713	716
Residential	124	299	235
Average Sales Prices (CI\$)			
Land	174,416	164,971	152,430
Commercial	521,873	640,631	154,736
Industrial	167,400	556,917	480,000
Condominiums	318,790	314,069	299,374
Residential	400,992	357,785	294,302

Source: Land and Surveys Department

4.5 Utilities and Telecommunications

Utilities. Local electricity production rose by 2.0 percent to 608.8 megawatt hours (mWh) as at year-end 2009 (see Table 4.5A). This was in response to a 2.2 percent increase in demand to 559.8 mWh as at December 2009. All categories of electricity consumption expanded: commercial (0.1%), residential (4.5%) and public lighting (5.3%).

When compared to 2008, water consumption increased by 5.8 percent in 2009.

Table 4.5A: Utilities Production/Consumption, 2007-2009

	2007	2008	2009	2008-2009 % Change
Water				
Water Consumption (<i>millions of US gallons</i>)	1,657.7	1,646.1	1,741.78	5.8
Electricity ('000 megawatt hrs)				
Electricity Production (mWh)	584.4	596.8	608.8	2.0
Electricity Consumption (mWh)	534.2	547.7	559.8	2.2
• Residential	249.4	251.7	263.1	4.5
• Commercial	279.4	290.3	290.7	0.1
• Public	5.4	5.7	6.0	5.3

Source: Cayman Islands Water Authority, Cayman Water Company, Caribbean Utilities Company

Telecommunications. In 2009, the total number of paid telecommunication minutes increased by 24.6 percent to 435,362. There was an increase in 'package deals' in coupled with reductions in the unit cost of telecommunication during the period. Similarly, the number of telephone lines (fixed lines and mobile) also increased (by 8.0%) during the same period.

Table 4.5B: Telecommunication Sector Indicators, 2007-2009

Indicators	2007	2008	2009	2008-09 % Change
Fixed and mobile lines in service as of year-end	136,547	134,079	144,850	8.0
Total lines-to-household ratio ¹	5.8	4.9	5.2	6.1
Total domestic and international minutes for fixed and mobile lines ('000)	344,666	349,376	435,362	24.6

¹Using end of year number of households

²N.B. Revised figures (for Fixed and Mobile Lines in Service and Domestic and Int'l Minutes) for periods 2007 - 2008

Source: Information Communication and Technology Authority (ICTA)

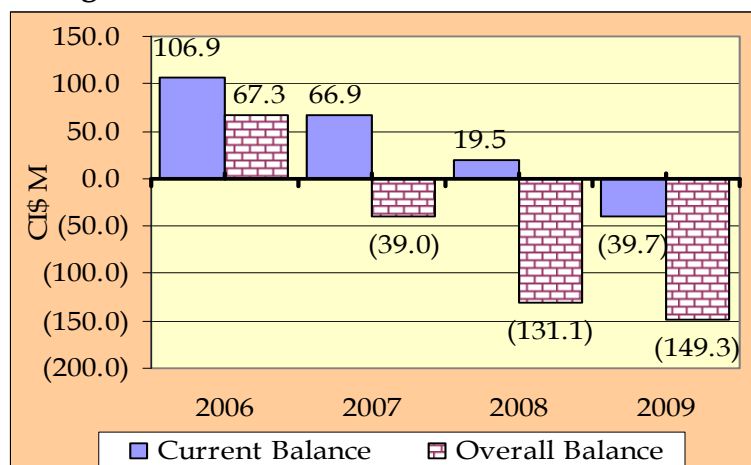
5. Fiscal Operations of the Central Government

In 2009, the overall fiscal position worsened as revenue collection declined at a faster rate than the decline in expenditure, causing increased indebtedness. The decline in expenditure was achieved primarily by significant cuts in capital expenditure and personnel costs although these were offset by increases in subsidies to statutory authorities.

5.1 Overview

A reduction in central government revenue coupled with high capital expenditure ignited the overall fiscal deficit to widen for the third consecutive year to settle at \$149.3 million (or 6.0% of GDP) in 2009 as compared to \$131.1 million (or 4.9% of GDP) a year ago (see Figure 5.1). Total revenue fell by 9.9 percent to \$470.6 million, whereas, total expenditure declined by 5.1 percent to reach \$620.0 million (see Table 5.1). The slump in recurrent revenue combined with stable recurrent expenditure yielded a current deficit¹⁶ of \$39.7 million as compared to a current surplus of \$19.5 million a year ago (The previous occurrences of current fiscal deficits were in 2001 following the events of September 11 and in 2004 due to the devastation from hurricane Ivan).

Figure 5.1: Central Government Fiscal Balance



Source: Cayman Islands Treasury Department

¹⁶ Current surplus (deficit) is total current revenue (coercive revenue plus non-coercive revenue) less current expenditure. In some years, there were other expenses (extraordinary expenses and other executive expenses) which were also added to current expenditure.

The drop in revenue during 2009 resulted from most all major revenue sources (with the exception of fines) mainly due to recessionary economic conditions.

Table 5.1: Summary of Fiscal Operations, 2006-2009

	2006	2007	2008	2009	% Change 2008/09
	Millions of Cayman Islands Dollars				
Total Revenue	500.4	513.0	522.2	470.6	(9.9)
Total Expenditure	433.1	552.0	653.3	620.0	(5.1)
Current Expenditure	393.5	446.1	502.7	510.4	1.5
Extraordinary Expenses	7.2	3.2	1.7	17.5	910.9
Other Executive Expenses	2.0	7.4	12.3	14.7	19.2
Capital Expenditure & Net Lending	39.6	105.9	150.6	109.6	(27.2)
Current Balance	106.9	66.9	19.5	(39.7)	(303.9)
Overall Balance	67.3	(39.0)	(131.1)	(149.3)	13.9
Financing	(67.3)	39.0	131.1	149.3	13.9
Net Borrowing	(4.5)	35.9	145.4	158.4	8.9
Change in Cash (minus=increase)	(62.8)	3.1	(14.3)	(9.0)	(37.0)

Source: Cayman Islands Treasury Department

On the expenditure side, capital expenditure and net lending declined by 27.2 percent in 2009, while current expenditure increased by 1.5 percent. The latter was precipitated by strong growth in interest payments, subsidies and other expenses (i.e. extraordinary and other executive expenses). Although capital spending declined sharply compared to 2008, it remained significantly higher than other previous years due to the continuation of capital projects that were still on-going.

5.2 Revenue

In 2009, revenue slumped by 9.9 percent to reach \$470.6 million on account of lower external and domestic demand for good and services. This makes the 2009 figure as the lowest in the past four years, and is only 10.2 percent higher than the revenue collection of 2005. This reduction resulted in a 9.9 percent decline in total revenue to \$470.6 million. The revenue-to-GDP ratio also fell slightly in 2009 to 18.9 percent compared to 19.3 percent in 2008.

Total revenue comprises both coercive (88.4%) and non-coercive revenue (11.6%). Coercive revenue which totalled \$416.2 million fell by \$41.7 million, or 9.1 percent compared to the preceding year (see Table 5.2A). On the other hand,

non-coercive revenue amounted to \$54.4 million, 15.4 percent below the previous year.

Table 5.2A: Revenue Collection of Central Government

Revenue Sources	2006	2007	2008	2009	% Change 2008/09
Millions of Cayman Islands Dollars					
Total Revenue	500.4	513.0	522.2	470.6	(9.9)
Coercive Revenue	442.5	448.0	457.9	416.2	(9.1)
Taxes on Int'l Trade & Transactions	187.0	178.6	176.9	155.3	(12.2)
Domestic Taxes on Goods & Services	193.7	223.2	238.0	235.9	(0.9)
Taxes on Property	47.2	37.2	41.1	22.6	(44.9)
Fines	1.6	1.7	1.9	2.4	24.1
Other Taxes	13.1	7.3	-	-	
Non-coercive Revenue	57.9	65.0	64.3	54.4	(15.4)
Sale of Goods & Services	53.8	58.4	59.7	47.9	(19.7)
Investment Revenue	4.0	6.2	4.2	1.0	(76.8)
Other Operating Revenue	0.1	0.4	0.4	0.2	(35.2)
Other Executive Revenue				4.5	
Extraordinary items	-	-	-	0.8	

Source: Cayman Islands Treasury Department

Coercive revenue from international trade and transactions. During the period, receipts from international trade and transactions which comprised 37.3 percent of coercive revenue, declined by 12.2 percent to reach \$155.3 million (see Table 5.2B).

Table 5.2B: Revenue from Import Duties

	2006	2007	2008	2009	Absolute Change	% Change
Millions of Cayman Islands Dollars						
Import Duties	168.4	163.3	162.9	141.9	(21.0)	(12.9)
Gasoline/Diesel	22.0	24.0	22.4	26.5	4.0	17.9
Alcoholic Beverages	15.3	14.1	15.8	14.9	(1.0)	(6.0)
Motor Vehicles	13.9	12.7	13.6	8.2	(5.4)	(39.6)
Tobacco Products	3.2	2.9	3.2	3.1	(0.2)	(4.9)
Other Import Duties	114.0	109.7	107.8	89.2	(18.5)	(17.2)
Cruise Ship Departure Charges	12.4	10.3	9.3	9.0	(0.3)	(3.5)
Environmental Protection Fund Fees	6.3	4.9	4.7	4.5	(0.2)	(4.6)
Taxes on International Trade	187.0	178.6	176.9	155.3	(21.6)	(12.2)
Import Duties (%)	90.0	91.4	92.1	91.3		

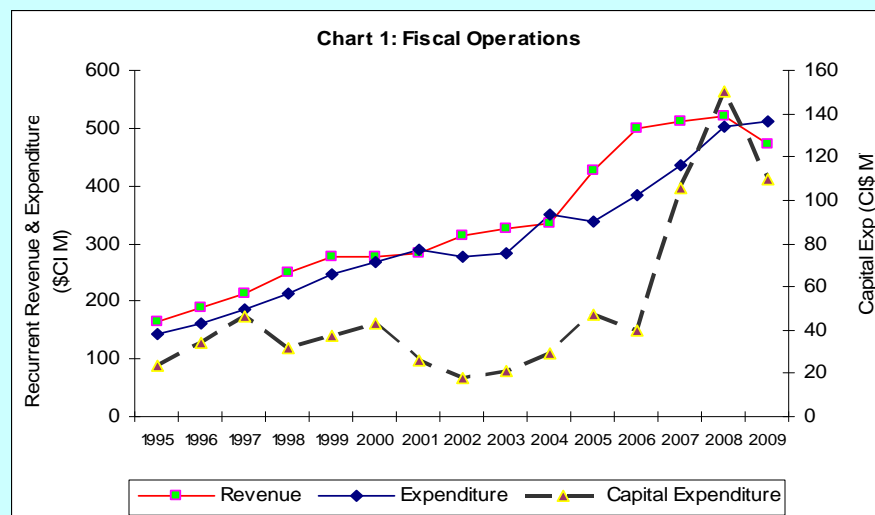
Source: Cayman Islands Treasury Department

The decline in revenue from international trade and transactions are traced to all of the three major sources: import duties (down by 12.9%), cruise ship departure charges (down by 3.5%) and environmental protection fund fees (down by 4.6%). The slippage in import duties was due to lower level of dutiable imports (see Section 3.4) caused by shrunken economic activity. Amidst the general decline in import duties, are slippages in the following revenue sources: alcohol beverages (6.0%), motor vehicles (39.6%), and tobacco products (4.9%). In contrast, receipts from gasoline/diesel rose by 17.9 percent as the volume of fuel imports increased in the aggregate to 46.1 million imperial gallons.¹⁷ Similarly, revenue collected from cruise ship departure charges also fell by 3.5 percent, following a 2.1 percent decline in cruise ship visitors during the year.

Box 5: Fiscal Performance in Retrospect; 1995 - 2009

As depicted in Chart 1, from 1995 to 1999, the fiscal performance was relatively stable as recurrent revenue grew by an average of 14.1% and recurrent expenditure by 13.3% which resulted in an average current surplus (recurrent revenue less recurrent expenditure) of \$27.7 million. The number of civil servants grew on average by 5.0% annually from 2,016 in 1995 to 2,443 in 1999. In 2000 and 2001, revenue growth stagnated due to a fall-off in tourism and some financial services which resulted mainly from the events of September 11th; however, expenditure grew at a similar rate as in previous years.

The following two years (2002-2003) recorded an average current surplus of \$39.3 million before this was curtailed by hurricane Ivan in the third quarter of 2004. The increased expenditure in 2004 due to the rehabilitation efforts resulted in the second period



marking a current deficit. The third occurrence of a current deficit was marked in 2009 which is associated with the financial meltdown and ensuing global recession.

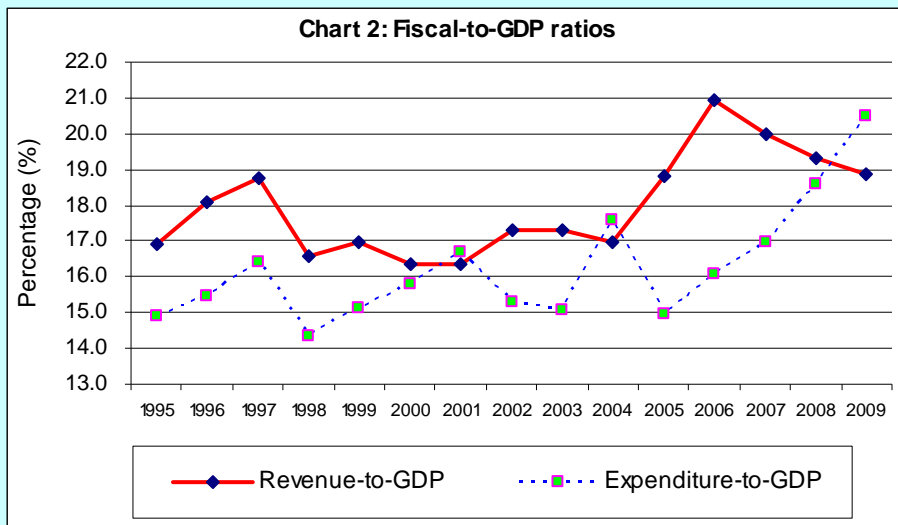
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¹⁷ The quantity of gasoline imported increased by 0.29 million imperial gallons (or 3.4%) and diesel by 3.9 million imperial gallons (or 13.1%) during the year.

Box 5 - Continuation

In the years immediately following hurricane Ivan, the revenue of central government ballooned as import duties and construction-related fees soared to unsustainable levels due to the magnitude of reconstruction. The current surplus in 2005 and 2006 were approximately 3.6 times and 2.9 times respectively the average level recorded in 1995-1999. Revenue-to-GDP ratio increased to 18.8% in 2005 and to 20.9% in 2006 compared to the years prior to hurricane Ivan (See Chart 2 on page 61).

In contrast to the “boom and burst” cycle of the revenue intake, total expenditure grew persistently. The level of recurrent expenditure was mostly associated with the full implementation of both the Public Management and Finance Law, and the Public Service Management Law. The former authorized output budgeting and the change from cash accounting to accrual-based accounting for government transactions while the latter initiated human resource reforms of the public service. These laws gave various ministries, portfolios and departments authority to outsource inputs to produce budgeted outputs which required monitoring and accounting. Current expenditure increased by a total of \$163.3 million during the period 2005 - 2008, of this personnel cost accounted for \$81.4 million (or 49.9%); subsidies, \$45.8 million (or 28.1%); and transfer payments, \$11.5 million (or 7.0%). In 2006 and 2007, personal cost escalated as civil servants were granted cost of living adjustment, and as the number of personnel in the civil service increased by 516 persons.



Between 2007 and 2009, the government embarked on a series of large capital projects such as: schools, administrative building, roads and recreational parks. Total capital expenditure was in excess of \$100 million annually for the last three years whereas it

averaged \$40 million in previous years. The aggregated cost for capital expenditure during the period reached \$366.1 million. These projects were partially financed by debt and recurrent revenue, which reduced the capacity for future borrowing, increased interest payments obligations and future maintenance cost.

In 2009, to arrest a worsening deficit, the civil service was reduced by 107 persons comprising of a reduction in expatriate workers (198) and addition of Caymanian workers (91). This resulted to a saving of \$22.6 million. Further savings were obtained from a reduction in supplies and consumables by \$11.4 million. However, the persistent increase in subsidies to statutory authorities offset these savings.

Coercive revenue from domestic taxes on goods and services. Revenue collections from domestic taxes totalled \$235.9 million in 2009, which was \$2.1 million lower than the collections of a year ago (see Table 5.2C). The decline was precipitated mainly by work permits fees which slipped by \$3.3 million and by other stamp duties which were clipped by \$2.9 million, as fewer properties traded hands during the period.

Despite the reduction in economy activity in 2009, overall revenue from financial services fees managed to grow by 4.2 percent. This was led by a \$6.9 million increase in fees from exempt companies in 2009 following a \$10.0 million increase the previous year. This was realised amidst a 35.8 percent decline in exempt companies' registration during the year. Partnership fees contributed \$6.4 million, an increase of 16.1 percent, despite a 41.1 percent reduction in new partnerships. However, revenue from other major financial services declined; these included resident and non-resident companies' fees declined by 57.9 percent and 15.2 percent, respectively, consistent with their decline in registrations (see Section 4.1, Table 4.1F).

Revenue from traders' licenses also recorded a modest increase of \$0.3 million amidst the decline in domestic trade.

Revenue from work permits declined by 8.3 percent, as the number of work permits issued (excluding government contracts) fell by 11.2 percent, (see Section 3.3).

Table 5.2C: Domestic Taxes on Goods and Services

	2006	2007	2008	2009	% Change
Millions of Cayman Islands Dollars					
Domestic Taxes					
Various financial service licenses	110.8	107.4	122.4	127.6	4.2
ICTA licences & royalties	8.2	8.6	8.7	8.4	(3.4)
Work permit fees	30.8	46.7	40.1	36.8	(8.3)
Other stamp duties	13.4	12.7	12.6	9.7	(23.2)
Traders' licenses	4.7	5.9	6.2	6.5	4.4
Other domestic taxes	25.8	41.9	48.0	47.0	(2.1)
Domestic Taxes on Good & Services	193.7	223.2	238.0	235.9	(0.9)

Source: Cayman Islands Treasury Department

Other coercive revenue. In 2009, revenue from taxes on property plummeted by \$18.5 million or 44.9 percent to settle at \$22.6 million. However, revenue from fines increased by 24.1 percent to \$2.4 million (see Table 5.2A).

Non-coercive revenue. This source turned in a total of \$54.4 million or 15.4 percent lower than the collections a year ago (see Table 5.2A). Sales of goods and services generated \$47.9 million during the year, a decline of 19.7 percent. Investment income plummeted to \$1.0 million from \$4.2 million recorded in 2008. Other executive revenue amounted to \$4.5 million while extraordinary items totalled \$0.8 million.

5.3 Expenditure

In 2009, total expenditure declined to \$620.0 million, 5.1 percent below the previous year's level (see Table 5.1). However, as a proportion to GDP, total expenditure rose from 24.2 percent in 2008, to 24.9 percent in 2009. The fall in expenditure was primarily due to a 27.2 percent decline in capital expenditure and net lending.

Current expenditure. Total current expenditure continued to grow in 2009 but at a rate (1.5%) significantly lower than in 2008 (18.3%). The slowdown is traced to cuts in personnel costs and supplies and consumables. Personnel costs contracted by 9.2 percent to \$222.6 million (see Table 5.3A), which coincided with a reduction in the number of civil servants by 107 persons (or 2.8%) to total 3,694 in 2009. Expenditure on supplies and consumables fell by 11.7 percent to total \$86.4 million as a result of various cost-cutting measures. However, subsidies increased by 13.1 percent to \$119.3 million. This surge was partially due to changes in government support for statutory authorities and government companies: Health Services Authority (up \$8.0 million), Cayman Islands National Insurance Company (up \$17.3 million), and Cayman Islands Monetary Authority (up \$1.1 million). Similarly, transfer payments moved up by 6.5 percent to settle at \$30.3 million, on account of a \$3.4 million increase in electricity consumption rebate. Interest payments jumped to \$19.5 million in the wake of additional interest payments for servicing net additional debt of \$158.4 million disbursed during the year (see Table 5.5A).

Table 5.3A: Current Expenditure of the Central Government

	2006	2007	2008	2009	% Change 2008/09
	Millions of Cayman Islands Dollars				
Current Expenditure	393.5	446.1	502.7	510.4	1.5
Personnel Costs	182.6	213.5	245.2	222.6	(9.2)
Supplies & Consumables	109.0	101.0	97.8	86.4	(11.7)
Subsidies	66.9	88.1	105.5	119.3	13.1
Transfer Payments	16.9	23.2	28.4	30.3	6.5
Interest Payments	8.9	9.6	11.7	19.5	67.6
Extraordinary Expenses	7.2	3.2	1.7	17.5	910.9
Other Executive Expenses	2.0	7.4	12.3	14.7	19.2

Source: Cayman Islands Treasury Department

Extraordinary items and other executive expenses. The former captures expenditure that is of a temporary nature which was unbudgeted for the year. Outlays for those items moved from \$1.7 million in 2008 to \$17.5 million in 2009, primarily due to expenditure related to hurricane Paloma in the last quarter of 2008.

Other executive expenses comprise expenditure mainly for social intervention projects and other government measures which are not categorised as transfer payments or subsidies to public authorities. In 2009, this increased from \$12.3 million in 2008 to \$14.7 million in 2009 (see Table 5.3A) partly due to expenditure for special services (Special Police Investigation Team investigations and judicial tribunals).

Capital expenditure and net lending. Total spending on capital expenditure and net lending reached \$109.6 million (or 6.7% of GDP) during the period (see Table 5.3B) which was 27.2 percent lower than the preceding year. This represented a reduction in both equity investment and executive assets of 24.5 percent and 28.5 percent respectively. Among the executive assets are the on-going construction of a new Government Administration Building and schools.

Table 5.3B: Capital Expenditure and Net Lending of Central Government

	2006	2007	2008	2009	% Change 2008/09
	Millions of Cayman Islands Dollars				
Capital Expenditure and Net Lending	39.6	105.9	150.6	109.6	-27.2
Capital Acquisition (now Equity Investments)	20.5	60.4	40.7	30.7	-24.5
Capital Development (now Executive Assets)	19.1	45.5	109.9	78.6	-28.5
Net Lending	0.0	0.0	0.0	0.3	

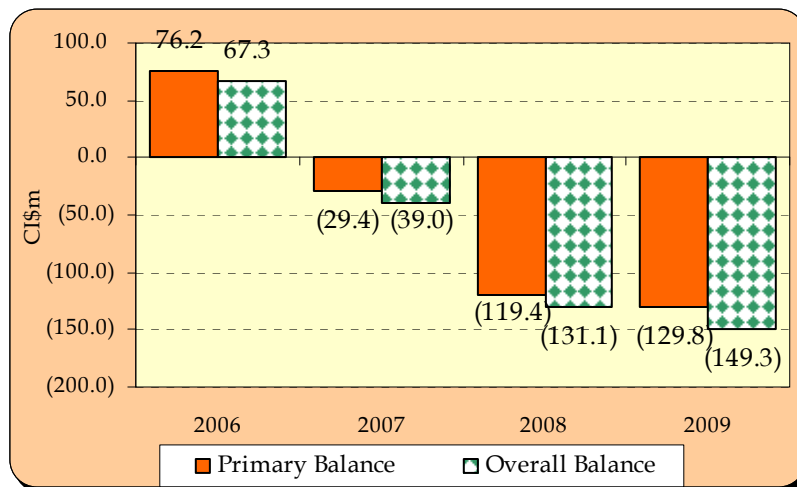
Source: Cayman Islands Treasury Department

5.4. Primary Balance

The primary balance is the overall fiscal balance excluding interest payments and is a standard indicator of the central government’s capacity to service debt obligations. During the period, the overall deficit widened to \$149.3 million (6.0% of GDP) compared to \$131.1 million (4.9% of GDP) in 2008 (see Figure 5.4).

Similarly, the primary balance worsened from a deficit of \$119.4 million or 4.4 percent of GDP in 2008 to a deficit of \$129.8 million or 5.2 percent of GDP in 2009.

Figure 5.4: Overall & Primary Fiscal Balance



Source: Cayman Islands Treasury Department and Economics & Statistics Office

5.5. Net Financing and Debt Service Indicators

The overall deficit was financed by a disbursement of loan funds which totalled \$184.3 million during the year (see Table 5.5A). Net borrowing totalled \$158.4 million after accounting for the loan repayment of \$25.9 million. The increase in net borrowing was also used to increase the amount of cash reserves by \$9.0 million.

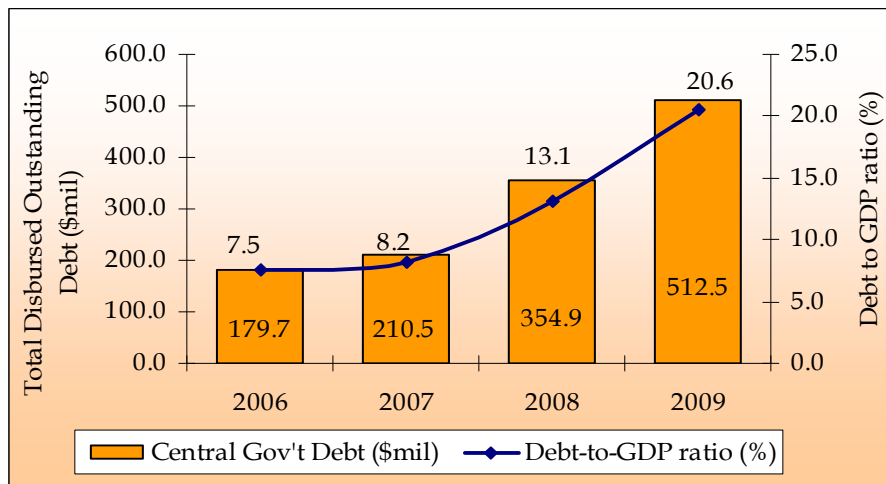
Table 5.5A: Financing of Central Government

	2006	2007	2008	2009	% Change 2008/09
Millions of Cayman Islands Dollars					
Financing	(67.3)	39.0	131.1	149.3	(13.9)
Net Borrowing	(4.5)	35.9	145.4	158.4	(8.9)
Disbursements	10.0	52.3	166.2	184.3	10.9
Loan Repayment	(14.5)	(16.4)	(20.7)	(25.9)	(25.0)
Change in Cash (minus = increase)	(62.8)	3.1	(14.3)	(9.0)	37.0

Source: Cayman Islands Treasury Department

The expansion in net borrowings during 2009 resulted in an increase in the central government’s outstanding debt to total \$512.5 million as at end December 2009 (see Figure 5.5) from \$354.9 million as at end 2008.¹⁸ This placed the debt-to-GDP ratio at 20.6 percent, higher than the 13.1 percent as at December 2008.

Figure 5.5: Central Government’s Outstanding Debt & Debt- to- GDP Ratio



Source: Cayman Islands Treasury Department, Economics and Statistics Office

¹⁸ Central government’s outstanding debt comprises debt managed directly by the Treasury Department and excludes government guaranteed debt and other contingent liabilities.

The expansion in central government's outstanding debt by 44.4 percent in 2009 has worsened the central government's debt service-to-current revenue ratio to 1.8 percent, from 1.2 percent a year ago (see Table 5.5B). Similarly, interest payments-to-current revenue ratio stood at 4.2 percent compared to 2.2 percent a year ago. Additionally, the debt service to GDP ratio worsened to 9.7 percent.

Table 5.5B: Central Government Debt Service Indicators

Debt Service Indicators	2006	2007	2008	2009
	Percentage (%)			
Interest Payments - to - Current Revenue Ratio	1.8	1.9	2.2	4.2
Debt Service - to - GDP Ratio	1.0	1.0	1.2	1.8
Debt Service - to - Current Revenue Ratio	4.7	5.1	6.2	9.7

Source: Cayman Islands Treasury Department, Economics and Statistics Office

6. Macroeconomic Outlook for 2010

The Cayman Islands' economy is projected to shrink further in 2010, as a result of the slow feedback effect of the recovery of the source markets for tourism and financial services and the lack of local fiscal stimulus. The financial services sector is also expected to bear the impact of uncertainty in international finance regulation. Domestic inflation is projected to be higher despite the easing of domestic housing prices due to recent revenue measures and higher global prices.

6.1 Global Outlook¹⁹

The global outlook for 2010 is a strong recovery as world output growth is projected at 4.2 percent from the 0.6 percent contraction in 2009. Global recovery remains dependent on the package of growth-stimulating fiscal and monetary policies, particularly among advanced economies. These are increasingly supported by easing financial markets and recovery of global trade and financial flows.

GDP growth among the advanced economies is expected at 2.3 percent, led by the U.S. with its growth forecasted at 3.1 percent. Similarly, the UK and Canada are foreseen to improve by 1.3 and 3.1 percent, respectively.

In 2010, inflation among advanced economies is projected to inch upwards in the wake of growth in demand. The inflation rates for the US and the advanced economies are forecasted at 2.1 percent and 1.5 percent, respectively. World prices of manufactured goods are expected to increase on average by 2.1 percent. Oil prices in the global market are projected to stage a strong rebound, growing by 29.5 percent in 2010 after falling by 36.3 percent in 2009. Meanwhile, non-fuel primary commodities are foreseen to increase by 13.9 percent in 2010.

6.2 Domestic Growth

Economic activity in the Cayman Islands is expected to decline anew in 2010. GDP is projected to decline by 3.1 percent mainly due to the prolonged lagged

¹⁹ This global outlook is based on information culled from the International Monetary Fund (April 2010) and other international organizations.

impact of the global economic crisis on local financial services and to a lesser extent on tourism which suppresses domestic demand. Domestic demand is also expected to weaken from planned expenditure cuts in the fiscal sector, as well as from increases in business fees including work permits fees.

Table 6.2: Macroeconomic Indicators 2007-2011

	2007	2008	2009	Projected	
				2010	2011
Real GDP growth (%)					
Cayman Islands	4.4	1.1	(6.6)	(3.1)	2.2
United States	2.0	0.4	(2.4)	3.1	2.6
World	4.9	3.0	(0.6)	4.2	4.3
Consumer Prices Inflation (CPI) (%)					
Cayman Islands	2.9	4.1	(1.3)	2.0	1.9
United States	2.9	3.8	(0.3)	2.1	1.7
Advanced economies	2.2	3.4	0.1	1.5	1.4
Unemployment Rate (%)					
Cayman Islands	3.8	4.0	6.0	4.3	2.9
United States	4.6	5.8	9.3	9.4	8.3
Advanced economies	5.4	5.8	8.0	8.4	8.0

Sources: International Monetary Fund and Economics (for data on the US, World and Advanced Economies) and Economics and Statistics Office (for Cayman data).

Financial service sectors are expected to be further impacted by uncertainty in global regulatory regimes. Financial services indicators for the first quarter of 2010 showed new companies rebounding by 13.8 percent while mutual funds and insurance declined by 3.4 percent and 1.7 percent respectively. The key sources of uncertainty in the sector are the expected changes in the regulatory regimes of source markets, and how these will impact the local market.

Stay-over tourism is expected to rebound in line with the World Tourism Organisation (WTO) projections. The moderate recovery in major source markets is expected to positively impact the local tourism industry. This outlook is supported by an increase of 2.2 percent in total tourist arrivals for the first quarter of 2010. Stay-over arrivals increased by 8.3 percent while cruise passengers rose by 1.3 percent during the period compared to a year ago. Stay-over arrivals is largely influenced by prevailing economic conditions in North American which provides approximately 80 percent of total air arrivals.

6.3 Domestic Inflation

The consumer price index (CPI) is forecasted at 2.0 percent in 2010. This is due to higher imported inflation, mitigated by weak local demand particularly for housing. Housing rentals are expected to remain depressed by the decline in local population caused by lower employment of expatriates. The upward pressure for local inflation could also come from the impact of higher import duties and the “pass-on” of higher business fees to consumers.

7. Acknowledgement

The Economics and Statistics Office gratefully acknowledges the assistance of the following local companies and agencies in generating the data sets used in this edition of the Annual Economic Report:

**Caribbean Utilities Company
Cayman Islands Customs Department
Cayman Islands Department of Tourism
Cayman Islands General Registry
Cayman Islands Land and Surveys Department
Cayman Islands Monetary Authority
Cayman Islands Planning Department
Cayman Islands Stock Exchange
Cayman Islands Treasury Department
Cayman Islands Water Authority
Cayman Water Company
Department of Immigration
Information & Communication Technology Authority
Maritime Authority of Cayman Islands
Port Authority of the Cayman Islands**

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Table A1: Gross Domestic Product

Year	Nominal GDP (CI\$M)	Real GDP 2007 Prices (CI\$M)	Mid-Year Population (000s)	Real GDP Per Capita (\$)	Real GDP Growth (%)
1998	1,497.4	2,010.4	38.1	52,767	5.8
1999	1,623.4	2,078.4	39.0	53,293	3.4
2000	1,696.7	2,098.8	40.2	52,210	1.0
2001	1,740.6	2,110.5	41.4	51,039	0.6
2002	1,815.4	2,146.9	42.5	50,573	1.7
2003	1,882.6	2,189.9	43.6	50,256	2.0
2004	1,983.1	2,209.5	44.2	49,944	0.9
2005	2,266.2	2,353.0	48.4	48,664	6.5
2006	2,389.4	2,461.4	51.9	47,342	4.6
2007	2,569.5	2,569.5	53.2	48,299	4.4
2008	2,704.3	2,598.8	56.0	46,409	1.1
2009	2,493.0	2,427.3	54.9	44,197	(6.6)

Source: Cayman Islands Government, Economics & Statistics Office

Table A2: Consumer Price Index & Inflation

(June 2008=100)

Year	Index Year-end	Index Average	Inflation Rate (%)
1995	67.2	66.7	2.5
1996	69.3	68.4	2.6
1997	71.3	70.3	2.7
1998	73.0	72.4	3.0
1999	78.7	77.3	6.8
2000	79.9	79.4	2.7
2001	80.5	80.3	1.1
2002	82.9	82.3	2.4
2003	83.4	82.8	0.6
2004	92.7	86.5	4.4
2005	92.7	92.8	7.3
2006	94.2	93.5	0.8
2007	95.8	96.2	2.9
2008	99.5	100.1	4.1
2009	98.9	98.8	(1.3)

Source: Cayman Islands Government, Economics & Statistics Office

Table A3: Labour Force and Employment

Year	Labour Force	Total Employed	Total Unemployed	Unemployed Rate
1995	19,820	18,845	980	4.9
1996	20,410	19,370	1,040	5.1
1997	21,620	20,725	895	4.1
1998	22,725	21,820	905	4.0
2001	27,971	25,862	2,109	7.5
2002	28,905	27,355	1,550	5.4
2003	29,905	28,827	1,079	3.6
2004	30,257	28,946	1,311	4.3
2005	36,767	35,464	1,303	3.5
2006	35,959	35,016	943	2.6
2007	37,431	36,026	1,405	3.8
2008	38,999	37,449	1,549	4.0
2009	36,100	33,920	2,180	6.0

Source: Cayman Islands Government, Economics & Statistics Office

Note:

No Labour Force Surveys were conducted in 1999 and 2000

*2004 results are derived from Spring LFS and not Fall 2004 LFS on account hurricane Ivan in September 2004.

Table A4: Composition of the Employed Labour Force

Year	Total	Caymanian	Non-Caymanian
1995	18,845	10,490	8,355
1996	19,370	10,705	8,665
1997	20,725	10,390	10,335
1998	21,820	11,525	10,295
2001	25,862	12,479	13,383
2002	27,355	12,993	14,362
2003	28,827	13,973	14,854
2004	28,946	14,775	14,171
2005	35,464	18,025	17,439
2006	35,016	17,621	17,395
2007	36,026	16,520	19,506
2008	37,449	16,517	20,932
2009	33,920	16,375	17,545

Source: Cayman Islands Government, Economics & Statistics Office

Table A5: The Unemployed

Year	Total Unemployed	Caymanian	Non-Caymanian
1995	978	703	275
1996	1,049	692	357
1997	895	579	316
1998	907	609	298
1999	...	...	...
2000	...	...	...
2001	2,109	1,311	798
2002	1,550	1,058	492
2003	1,079	857	222
2004	1,311	887	424
2005	1,303	1,039	264
2006	943	682	261
2007	1,405	1,029	376
2008	1,549	1,169	380
2009	2,180	1,790	390

Source: October Labour Force Surveys, Cayman Islands Government, Economics & Statistics Office

Note:

No Labour Force surveys were conducted by the Statistics Office in 1999 or 2000

Table A6: The Employed by Industry

Year	Agric., Fish, Manufacturing, Construction, Utilities	Wholesale, Retail, Hotel & Restaurant	Transport, Postal & Communications	Insurance, Financial & Business	Public Administration	Education, Health & Social Services	Recreation, Community & Personal	Other	Total
1992	2,895	4,160	1,385	2,375	700	1,405	2,300	-	15,220
1993	2,790	4,310	1,345	3,610	770	1,210	1,960	-	15,995
1994	2,995	4,715	1,205	2,920	1,015	1,410	2,570	-	16,830
1995	2,640	5,555	1,785	3,570	950	1,320	3,025	-	18,845
1996	3,545	5,375	1,125	3,840	890	1,330	3,265	-	19,370
1997	3,505	5,580	1,475	4,025	995	1,665	3,480	-	20,725
1998	3,660	6,175	1,450	4,230	870	1,605	3,830	-	21,820
2001	4,608	6,644	1,347	5,373	1,765	2,143	3,982	-	25,862
2002	4,923	6,932	1,640	5,399	1,948	2,416	4,087	10	27,355
2004	5,456	7,286	1,446	6,099	1,760	2,428	4,427	-	28,947
2006	8,258	8,011	1,477	7,648	2,380	2,421	4,821	-	35,016
2007	7,695	7,310	2,058	7,734	2,578	2,909	4,923	819	36,026
2008	7,836	9,032	1,687	8,793	2,095	2,971	4,664	370	37,499
2009	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	33,920

Source: October Labour Force Surveys, Cayman Islands Government, Economics & Statistics Office

Note:

No Labour Force surveys were conducted by the Statistics Office in 1999, 2000 and 2005

2004 and 2006 Labour Force Surveys refer to the Spring Labour Force

Table A7: Work Permits Issued by Occupational Class

Year	Administrative/ Managerial	Professional	Trades/ Technical/ Skilled	Un- Skilled	Other	Total
1995	786	668	4,606	4,138	-	10,198
1996	676	554	4,741	3,980	-	9,951
1997	755	788	5,455	4,316	-	11,314
1998	698	968	6,331	4,888	-	12,885
1999	...	...	...	...	...	...
2000	752	1,039	7,633	4,837	23	14,284
2001	664	1,077	7,285	4,852	5	13,883
2002	699	1,530	7,167	6,383	1	15,779
2003	682	1,748	7,383	7,310	-	17,123
2004	671	1,834	9,385	8,618	-	20,508
2005	819	1,957	10,576	8,411	-	21,763
2006	838	2,396	11,143	8,016	-	22,393
2007	823	4,163	11,637	9,727	-	26,350
2008	757	4,355	11,455	9,949	-	26,516
2009	655	3,953	9,979	8,944	-	23,531

Source: 1995-1999 data from Statistics Office and data from 2000-2009 Immigration Department.

Table A8: Merchandise Trade, CI\$M

Year	Total Imports	Exports	Trade Balance
1995	331.6	3.4	(328.2)
1996	314.9	2.2	(312.7)
1997	423.7	1.8	(421.9)
1998	447.8	1.0	(446.8)
1999	452.2	1.2	(451.0)
2000	575.7	2.0	(573.7)
2001	514.5	2.4	(512.1)
2002	496.1	3.0	(493.1)
2003	546.2	19.5	(526.7)
2004	718.9	11.9	(707.0)
2005	976.3	42.8	(933.5)
2006	868.7	13.9	(854.8)
2007	860.0	17.9	(842.1)
2008	879.4	12.4	(867.0)
2009	735.9	16.0	(719.9)

Source of basic data: Cayman Islands Customs Department and Economics & Statistics Office

Table A9: Imports by Standard International Trade Classification (CI\$ Million)

	2005	2006	2007	2008	2009	% Change		Absolute Change 2008-2009
						2007-2008	2008-2009	
Total Imports	976.3	868.7	860.0	879.4	735.9	2.3	-16.3	-143.5
Food and Live Animals	53.3	44.9	61.0	92.6	94.4	51.8	1.9	1.8
Beverages and Tobacco	21.0	24.4	25.1	34.1	33.7	35.9	-1.2	-0.4
Inedible Crude Materials	13.7	11.2	11.2	10.9	9.0	-2.9	-1.7	-1.9
Mineral Fuels, Lubricants and Related Materials	76.2	70.0	102.9	142.6	88.0	38.6	-38.3	-54.6
Animal and Vegetable Oils, Fats and Waxes	0	0	0	0.1	0.1		0.0	0
All Chemical & Rel. Prods N.E.S.	22.1	26.1	27.5	30.3	27.0	10.2	-10.9	-3.3
Manufactured Goods (classified chiefly by material)	107.8	56.2	75.6	77.6	47.3	2.7	-39.1	-30.3
Machinery & Transport Equipment	168.2	94.9	101.8	94.7	66.4	-7.0	-29.9	-28.3
Misc. Manufactured Articles	319.1	460.1	401.6	360.0	324.8	-10.4	-9.8	-35.2
Commodities and Transactions (not classified elsewhere)	200.0	80.9	53.1	36.2	45.2	31.8	24.9	9.0

Source of basic data: Cayman Islands Customs Department and Economics & Statistics Office

Table A10: Domestic Credit from Retail Banks, CI\$ Millions

	2006	2007	2008	2009
Domestic Credit	2,127.3	2,257.0	2,763.1	2,836.8
Total Loans and Advances to Private Sector	1,996.5	2,066.9	2,437.5	2,598.1
Credit to Businesses	740.9	788.8	952.7	971.3
Agriculture and Fishing	2.4	3.7	5.0	4.7
Mining and Quarrying	3.2	2.2	2.2	2.2
Manufacturing	6.0	6.6	5.4	7.0
Construction	141.1	155.1	79.9	114.9
Hotel, Restaurant and Bar	59.0	60.0	78.7	130.5
Transportation, Storage & Communications	16.9	15.0	41.8	27.7
Utilities (Electricity, Gas & Water)	12.9	11.8	25.7	20.6
Real Estate, Renting & Other	136.2	298.8	430.3	425.9
Recreational, Personal & Communication	24.3	8.8	49.0	2.9
Other Professional services	104.4	99.9	15.4	97.4
Trade & Commerce	97.3	85.9	176.9	93.2
Other	137.2	41.0	42.5	44.3
Credit to Households	1,130.4	1,240.6	1,484.7	1,626.7
Domestic Property	1,039.7	1,090.1	1,295.8	1,375.6
Motor Vehicles	44.4	47.0	44.0	70.2
Education and Technology	2.9	4.8	1.7	3.2
Other	43.4	98.7	143.3	177.7
Other	125.2	37.5	0.0	0.2
Credit to Government	63.5	118.2	271.7	177.8
Credit to other Public Sector	67.3	71.9	54.0	60.9

Source: Cayman Islands Monetary Authority

Table A11: Financial Services Indicators

Year	Bank & Trust Licences	Insurance Licences	Captive Insurance Premiums (US\$B)	Mutual Funds	New Companies Registered	Stock Market Cap* (US\$B)	Stock Listings
2002	383	629	4.2	4,285	7,016	36.30	710
2003	349	672	4.9	4,808	7,254	43.94	735
2004	322	722	5.6	5,932	8,892	53.57	857
2005	305	759	6.7	7,106	10,210	75.56	1,015
2006	291	767	7.1	8,134	12,277	111.52	1,225
2007	281	793	7.5	9,413	14,232	168.33	1,748
2008	278	805	7.7	9,870	11,861	167.70	1,579
2009	266	808	7.5	9,523	7,863	162.92	1,312

Source: Cayman Islands Monetary Authority, Cayman Islands Stock Exchange, Cayman Islands General Registry

* Cap = Capitalization

Table A12: Banks & Trust Licences

Year	Bank & Trust Licences			Trust Only		Total
	Class 'A'	Class 'B'	Class "B" Restricted	Unrestricted	Restricted	
2002	30	348	5	58	67	508
2003	27	316	6	49	73	471
2004	23	295	4	49	75	446
2005	21	281	3	50	77	432
2006	19	269	3	51	83	425
2007	19	261	2	51	87	419
2008	18	258	2	54	87	419
2009	17	248	1	49	76	391

Source: Cayman Islands Monetary Authority

Table A13: Insurance Licences

Year	Class 'A' Insurance	Class "B" Insurance		Total
		Unrestricted	Restricted	
2002	29	532	68	629
2003	28	581	63	672
2004	29	634	59	722
2005	26	670	63	759
2006	27	674	66	767
2007	28	692	73	793
2008	28	699	78	805
2009	28	697	83	808

Source: Cayman Islands Monetary Authority

Table A14: Mutual Funds Domiciled in the Cayman Islands

Year	Administered Funds	Licensed Funds	Registered Funds	Total
2002	641	51	3,593	4,285
2003	592	48	4,168	4,808
2004	616	67	5,249	5,932
2005	598	79	6,429	7,106
2006	548	105	7,481	8,134
2007	543	119	8,751	9,413
2008	510	129	9,231	9,870
2009	448	131	8,944	9,523

Source: Cayman Islands Monetary Authority

Table A15: New Companies Registered in the Cayman Islands

Year	Exempt	Non-Resident	Resident	Foreign	Total
2002	5,795	768	310	143	7,016
2003	5,941	692	439	182	7,254
2004	7,480	674	530	208	8,892
2005	8,694	595	650	271	10,210
2006	10,735	569	588	385	12,277
2007	12,691	533	531	477	14,232
2008	10,536	293	510	522	11,861
2009	6,764	220	487	392	7,863

Source: Companies Registrar

Table A16: Money and Banking Survey: Monetary Assets (CI\$ Millions)

	2005	2006	2007	2008	2009
Total assets	5,146.6	6,317.5	5,414.7	5,568.2	5,949.6
Net foreign assets	4,048.5	4,791.0	3,836.3	3,579.1	3,981.1
Monetary Authority	89.8	99.2	106.6	101.6	100.4
Commercial Banks	3,958.7	4,691.7	3,729.7	3,477.5	3,880.7
Net domestic assets	1,949.2	2,127.3	2,257.0	2,763.1	2,836.8
Domestic credit	1,949.2	2,127.3	2,257.0	2,763.1	2,836.8
Claims on central government	62.0	63.5	118.2	271.7	172.1
Claims on other public sector	62.0	67.3	71.9	54.0	66.5
Claims on private sector	1,825.3	1,996.5	2,066.9	2,437.5	2,598.1
Other items net	(851.1)	(600.8)	(678.6)	(774.0)	(868.3)
Broad liquidity	5,146.6	6,317.5	5,414.7	5,568.2	5,949.6
Broad money (KYD M2)	919.9	939.2	914.1	1,017.7	962.2
Currency in circulation	74.2	78.2	81.8	83.6	87.5
KYD Deposits	845.7	861.0	832.2	934.1	874.6
Demand deposits	305.6	257.5	239.9	250.7	254.5
Time and savings deposits	540.1	603.5	592.3	683.3	620.1
FOREX deposits	4,226.8	5,378.3	4,500.6	4,550.5	4,987.5
<i>of which: US dollars</i>	3,989.5	5,071.7	3,982.6	4,218.7	4,316.0

Source: Cayman Islands Monetary Authority and Economics and Statistics Office

Table A17 Visitor Arrivals ('000)

Year	Stay-Over	Cruise	Total Arrivals	Cruise Ship Calls
1995	361.4	682.8	1,044.2	504
1996	373.2	800.3	1,173.5	525
1997	381.2	866.6	1,247.8	572
1998	404.2	871.4	1,275.6	518
1999	394.7	1,035.5	1,430.2	638
2000	354.1	1,030.9	1,385.0	612
2001	334.1	1,214.8	1,548.9	711
2002	302.8	1,574.8	1,877.6	732
2003	293.5	1,819.0	2,112.5	825
2004	259.9	1,693.3	1,953.2	732
2005	167.8	1,799.0	1,966.8	784
2006	267.3	1,930.1	2,197.4	802
2007	291.5	1,715.7	2,007.2	657
2008	302.9	1,553.1	1,855.9	570
2009	272.0	1,520.4	1,792.4	547

Source: Cayman Islands Department of Tourism

Table A18 Occupancy Rates and Length of Stay

Year	Hotel Occupancy Rates (%)	Apt/Condo Occupancy Rates (%)	Hotel Length of Stay (Days)	Apt/Condo Length of Stay (Days)
1995	75.3	53.9	4.7	6.8
1996	66.1	51.0	4.6	7.3
1997	66.9	48.2	4.8	7.0
1998	73.1	52.3	5.0	7.0
1999	71.8	46.9	4.7	5.8
2000	62.4	46.8	4.6	7.0
2001	55.3	43.1	4.5	7.3
2002	50.6	40.2	4.8	7.3
2003	51.2	37.7	4.7	7.4
2004	61.7	43.1	4.9	6.8
2005	55.8	46.0	4.9	6.7
2006	59.4	40.7	4.5	6.6
2007	61.7	42.5	4.7	6.7
2008	62.2	44.0	4.5	6.4
2009	59.0	43.9	4.4	6.9

Source: Cayman Islands Department of Tourism

Table A19 Total Stay-Over Arrivals by Country of Origin ('000)

Year	USA	Europe	Canada	Others	Total Arrivals
1995	266.2	37.3	14.1	43.8	361.4
1996	274.7	33.5	16.2	48.8	373.2
1997	278.7	32.7	18.2	51.6	381.2
1998	295.2	34.7	18.4	55.9	404.2
1999	280.3	34.5	18.9	61.0	394.7
2000	281.6	22.6	15.0	34.3	354.1
2001	270.1	20.4	13.6	34.9	334.1
2002	244.9	17.9	13.6	26.2	302.8
2003	232.4	18.2	14.1	28.8	293.5
2004	205.2	15.3	12.1	27.3	259.9
2005	118.8	12.7	10.5	25.8	167.8
2006	217.4	16.7	14.9	18.3	267.3
2007	231.9	20.4	17.4	21.9	291.5
2008	240.5	21.3	18.5	22.6	302.9
2009	215.0	19.1	17.3	20.6	272.0

Source: Cayman Islands Department of Tourism

Table A20 Property Transfers (CI\$M)¹

Year	Freehold		Leasehold		Total Transfers	
	Number	Value	Number	Value	Number	Value
1995	1,729	191.2	127	3.6	1,856	194.8
1996	2,055	267.2	153	3.3	2,208	270.5
1997	2,151	281.8	125	6.1	2,279	287.9
1998	2,344	317.2	128	2.3	2,472	319.5
1999	2,293	222.5	201	7.4	2,494	229.9
2000	1,868	257.3	143	2.3	2,011	259.6
2001	1,846	172.8	181	0.8	2,027	173.6
2002	1,842	269.9	147	4.1	1,989	274.0
2003	2,357	324.3	205	1.7	2,562	326.0
2004	2,335	339.2	127	1.9	2,462	341.1
2005	2,640	450.8	245	1.4	2,885	452.2
2006 ¹	2,777	691.1	179	4.1	2,956	695.2
2007 ^R	2,190	544.7	360	23.3	2,512	551.0
2008 ²	2,289	558.1	323	76.2	2,612	634.3
2009	2,045	397.0	242	19.5	2,287	416.5

Source: Cayman Islands Lands & Survey Department

¹ Property transfers numbers and values were revised as at 2006.

² Property transfers in 2008 include Transfers of Undivided Shares, Transfers by Chargee, and Transfers for "Natural Love & Affection" in 2008 Prior to 2008, Freehold transfers exclude property transfers for "love and affection."

Leasehold transfers include lease transfers and subleases.

Table A21 Number of Project Approvals in Grand Cayman

Year	Apts/ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
2000	96	369	34	21	1	16	511	1,048
2001	79	309	45	7	3	11	442	896
2002	88	327	83	4	5	17	424	948
2003	129	385	67	12	-	34	504	1,131
2004	111	359	52	6	1	17	427	973
2005	132	532	95	15	4	26	394	1,198
2006	222	336	70	15	1	30	574	1,248
2007	112	437	56	10	1	14	493	1,123
2008	103	424	43	7	-	11	580	1,168
2009	109	426	46	3	-	12	526	1,122

Source: Cayman Islands Planning Department

Table A22 Value of Project Approvals in Grand Cayman (CI\$ Million)

Year	Apt/ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
2000	90.6	63.3	21.2	21.0	75.0	14.4	24.7	310.1
2001	44.5	54.2	18.0	0.8	1.7	5.5	24.4	149.1
2002	82.0	60.6	48.9	0.8	9.7	9.9	24.4	236.3
2003	65.9	80.0	29.0	55.1	-	7.1	29.4	266.5
2004	153.7	67.5	133.2	3.9	45.0	7.3	45.7	456.3
2005	194.9	105.8	103.9	3.7	16.2	20.5	66.1	511.2
2006	294.3	74.8	119.8	7.5	6.0	44.4	74.2	620.9
2007	88.9	131.3	71.7	54.5	55.0	8.4	59.1	468.9
2008	141.5	110.3	125.4	18.5	-	11.1	74.0	480.9
2009	170.0	122.0	29.0	0.1	-	2.6	97.5	421.2

Source: Cayman Islands Planning Department

Table A23 Number of Project Approvals in the Sister Islands

Year	Houses	Apt/Condo	Hotel	Government	Commercial	Industrial	Other	Total
2000	49	3	-	7	6	7	53	125
2001	41	7	-	5	9	3	46	111
2002	21	2	-	5	2	9	74	113
2003	29	3	-	4	14	2	60	112
2004	36	1	-	11	13	4	75	140
2005	43	4	-	5	9	1	73	135
2006	39	-	1	10	5	10	67	132
2007	35	6	-	9	5	-	49	104
2008	40	5	2	3	5	1	53	109
2009	34	2	2	62	3	-	-	103

Source: Cayman Islands Planning Department

Table A24 Value of Project Approvals in the Sister Islands (CI\$ Millions)

Year	Houses	Apt/Condo	Hotel	Government	Commercial	Industrial	Other	Total
2000	5.2	3.2	-	1.0	0.5	1.6	1.0	12.4
2001	-	2.8	-	2.1	1.1	1.1	0.8	8.0
2002	3.2	0.2	-	0.3	0.3	1.2	2.3	7.6
2003	4.1	0.8	-	0.1	1.4	0.4	0.7	7.4
2004	6.6	0.1	-	0.3	1.9	4.0	0.7	13.7
2005	5.9	1.3	-	0.2	0.6	0.5	0.8	9.3
2006	6.7	-	5.5	2.7	0.7	1.6	0.8	17.9
2007	6.5	23.9	-	2.1	0.3	-	3.5	36.2
2008	7.8	8.2	6.9	0.1	1.0	-	3.9	27.9
2009	5.8	0.7	-	2.0	1.1	-	3.3	12.8

Source: Cayman Islands Planning Department

Table A25 Building Permits in Grand Cayman

Building Permit	Number					Value (CI\$M)				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Apartment/Condo	164	374	219	182	171	96.3	172.4	116.4	116.6	92.7
Houses	533	517	496	503	532	145.9	119.6	100.7	116.6	146.4
Commercial	163	197	186	176	116	71.9	118.5	183.2	162.8	49.5
Government	5	8	16	36	16	7.3	0.9	6.1	62.7	28.8
Hotel	31	2	4	1	0	8.1	0.3	1.0	0.2	0.0
Industrial	8	35	10	14	7	3.5	12.1	4.3	29.6	2.6
Other	64	157	159	169	303	2.8	22.1	34.6	13.7	35.0
Total	968	1,290	1,090	1,081	1,145	335.8	445.8	446.3	502.3	355.0

Source: Cayman Islands Planning Department

**Table A26 Water Production and Consumption,
Millions of US Gallons**

Year	Production¹	Consumption
1995	592.9	637.6
1996	631.0	678.1
1997	730.7	779.8
1998	808.9	849.4
1999	874.3	908.8
2000	986.5	1,028.5
2001	1,097.4	1,069.2
2002	1,147.9	1,056.1
2003	1,197.9	1,173.7
2004	1,291.3	1,252.7
2005	1,371.6	1,301.7
2006	1,639.6	1,560.7
2007	1,720.8	1,657.7
2008	1,730.3	1,646.1
2009	1,959.1	1,741.8

Source: Cayman Islands Water Authority, Cayman Water Company

¹ Excludes Non-Potable Water

Table A27 Electricity ('000 megawatt hours)

Year	Production	Consumption			
		Domestic	Industrial/ Commercial	Public Lighting	Total
1995	297.4	118.1	147.5	3.3	268.9
1996	309.7	124.6	153.8	3.1	281.4
1997	347.8	140.3	168.7	3.3	312.3
1998	381.1	158.9	181.3	3.3	343.5
1999	390.4	168.2	191.5	3.3	363.0
2000	426.5	179.5	203.1	3.4	386.0
2001	449.3	189.7	213.9	3.5	407.0
2002	466.1	200.4	221.0	4.2	425.6
2003	489.7	211.2	228.5	4.5	444.2
2004	433.4	183.1	191.5	4.1	378.7
2005	463.2	200.3	222.4	5.0	427.8
2006	535.7	228.2	258.0	5.3	491.5
2007	584.4	249.4	279.4	5.4	534.2
2008	596.8	251.7	290.3	5.7	547.7
2009	608.8	263.1	290.7	6.0	559.8

Source: Caribbean Utilities Company

Table A28 Summary of Central Government Operations (CI\$ Million)

Year	Current Revenue	Capital Revenue	Total Revenue	Current Expenditure	Capital Expenditure	Net Lending	Total Expenditure	Current Balance	Overall Balance
1995	163.4	0.1	163.5	143.7	23.7	(1.3)	166.1	19.7	(2.6)
1996	189.7	1.1	190.7	161.8	34.1	(0.4)	195.5	27.8	(4.7)
1997	213.8	0.6	214.4	187.2	46.5	(0.2)	233.5	26.6	(19.1)
1998	248.6	0.0	248.6	214.7	31.3	(1.2)	244.8	33.9	3.8
1999	275.7	-	275.7	245.2	37.6	(1.9)	280.9	30.5	(5.3)
2000	277.7	0.5	278.2	268.4	43.2	(0.5)	311.2	9.3	(33.0)
2001	284.4	0.9	285.4	290.6	26.1	(0.1)	316.6	(6.2)	(31.2)
2002	314.0	0.0	314.1	278	17.6	0.1	295.7	36.1	18.4
2003	326.2	0.0	326.2	283.7	21.2	0.3	305.2	42.5	21.0
2004	336.0	0.4	336.4	349.2	29.2	(0.3)	378.1	(13.2)	(41.7)
2005	426.9	0.0	428.6	381.8	47.5	1.0	430.3	87.5	(3.4)
2006	500.4	0.0	500.4	393.5	39.6	0.0	433.1	116.1	67.3
2007	513.0	0.0	513.0	446.1	105.9	0.0	552.0	77.4	(39.0)
2008	522.2	0.0	522.2	502.7	150.6	0.0	653.3	19.5	(131.1)
2009	470.6	0.0	470.6	510.4	109.6	0.3	620.0	(39.7)	(149.3)

Source: Cayman Islands Treasury Department

Note:

Interdepartmental purchases and services and vehicle and equipment maintenance fees were netted in current expenditure from 1992 to 1999.

Table A29 Central Government Debt and Self- Financing Debt, (CI\$M) a/

Year	Disbursed Outstanding Debt	Drawings	Exchange Gain/ (Loss)	Amortisation	Interest Payments
1995	51.6	1.8		11.2	4.1
1996	67.6	22.4		6.6	3.4
1997	82.9	25.5		8.7	4.5
1998	93.8	21.5		10.9	5.9
1999	98.3	18.2		13.1	5.6
2000	107.8	23.8		14.3	7.0
2001	143.5	49.7		14.0	6.8
2002	132.1	10.9	(0.3)	21.3	3.8
2003	143.9	136.9		124.5	5.1
2004	157.6	23.3		9.5	7.3
2005	180.9	39.0		11.4	9.5
2006	179.7	10.0		14.5	8.9
2007	210.5	52.3	(0.2)	16.4	9.6
2008	354.9	166.2	(0.5)	20.7	11.7
2009	512.5	184.3		25.9	19.5

Source: Cayman Islands Treasury Department

a/ Self-financing debt refers to the loans raised by the central government on behalf of agencies which are required to reimburse the servicing of these loans.

Table A30 Fiscal Operations (CI\$ Million)

Year	2005	2006	2007	2008	2009
	CI\$	CI\$	CI\$	CI\$	CI\$
Total Revenue	426.9	500.4	513.0	522.2	470.6
Current Revenue	426.9	500.4	513.0	522.2	470.6
Coercive Revenue	376.3	442.5	448.0	457.9	416.2
Taxes on International Trade & Transactions	171.9	187.0	178.6	176.9	155.3
Domestic Taxes on Goods & Services	171.5	193.7	223.2	238.0	235.9
Taxes on Property	21.4	47.2	37.2	41.1	22.6
Fines	0.9	1.6	1.7	1.9	2.4
Other taxes	10.6	13.1	7.3	0.0	0.0
Non-coercive Revenue	50.6	57.9	64.9	64.3	54.4
Sale of Goods & Services	49.1	53.8	58.4	58.8	47.9
Investment Revenue	4.3	0.1	6.2	0.9	1.0
Other Operating Revenue	1.6	4.0	0.3	4.2	0.2
Other Executive Revenue					4.5
Extraordinary Revenue	(4.5)	0.0	0.0	0.4	0.8
Capital Revenue	0.0	0.0	0.0	0.0	0.0
Total Expenditure	430.3	433.1	552.0	653.3	620.0
Current Expenditure	339.4	384.3	435.4	488.7	510.4
Personnel Costs	163.8	182.6	213.5	245.2	222.6
Supplies & Consumables	89.5	109.0	101.0	97.8	86.4
Subsidies	59.7	66.9	88.1	105.5	119.3
Transfer Payments	17.0	16.9	23.2	28.4	30.3
Interest Payments	9.5	8.9	9.6	11.7	19.5
Extraordinary Expenses	39.4	7.2	3.2	1.7	17.5
Other Executive Expenses	3.0	2.0	7.4	12.4	14.7
Other Non-Operating Revenue & Expenses				(0.02)	
Capital Expenditure & Net Lending	48.5	39.6	105.9	150.6	109.6
Capital Acquisition (now Equity Investments)	40.8	20.5	60.4	40.7	30.7
Capital Development (now Executive Assets)	6.7	19.1	45.5	109.9	78.6
Net Lending	1.0	0.0	0.0	0.0	0.3
Current Balance	46.7	106.9	66.9	19.5	(129.8)
Overall Balance	(1.8)	67.3	(39.0)	(131.1)	(149.3)
Financing	1.8	(67.3)	39.0	131.1	149.3
Net Borrowing	27.6	(4.5)	35.9	145.4	158.4
Disbursements	39.0	10.0	52.3	166.2	184.3
Loan Repayment	(11.4)	(14.5)	(16.4)	(20.7)	(25.9)
Change in Cash (minus = increase)	(25.8)	(62.8)	3.1	(14.3)	(9.0)

Source: ESO and Treasury Department