



THE CAYMAN ISLANDS' QUARTERLY TRADE BULLETIN: JULY TO SEPTEMBER 2012

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

Highlights

Imports

Merchandise imports increased by 2.0 percent to \$185.5 million in the third quarter ending September 2012 as compared to September 2011. Increases were recorded in most trade sections, particularly chemical and related products and manufactured goods (Table 1).

Only three of the ten trade sections registered declines led by mineral fuels, lubricants and related materials.

For the calendar year to date 2012, merchandise imports grew by 1.5 percent to total \$555.4 million as compared to the calendar year to date 2011 (Table 2). This growth was dominated by manufactured goods classified chiefly by materials, chemicals and related products, and food and live animals.

Imports from most of Cayman's trading partners expanded in the third quarter led by Mexico, Jamaica, and Panama (Table 3). In contrast, imports from the US, Switzerland and Germany declined.

Exports

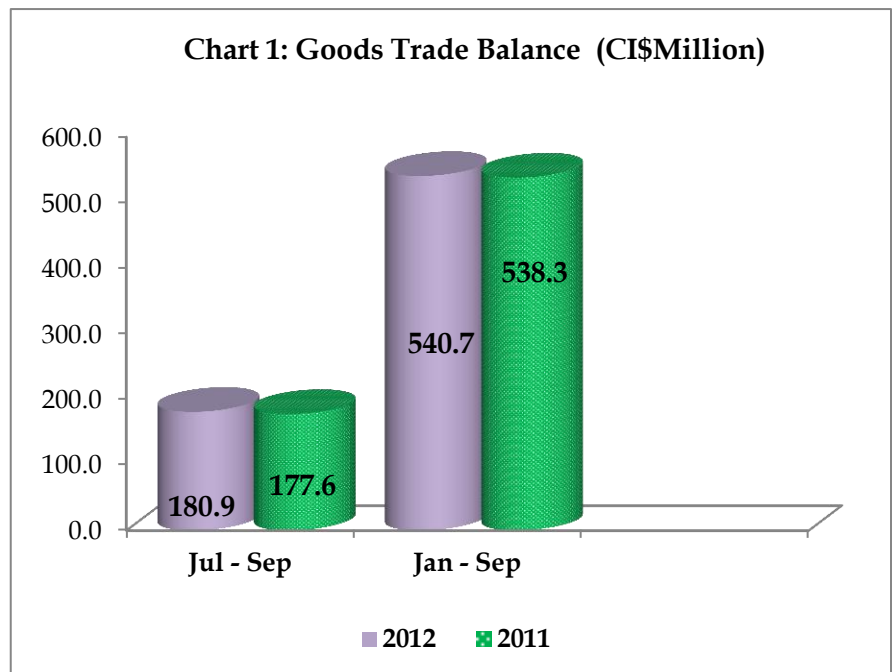
Third quarter exports increased 6.6 percent to \$4.6 million in 2012 when compared to the same period in 2011, partly due to an upsurge in food exports (Table 7).

A comparison of goods exported from the Cayman Islands in the first nine months of 2012 as compared to the same period in 2011, also showed exports increasing by 10.2 percent to reach \$14.7 million (Table 8).

Trade Balance

The trade balance, which is the value of goods exported less the value of goods imported, widened by 1.9 percent to \$180.9 million (Chart 1).

Comparing the year to date 2012 with the similar period in 2011 indicates that the trade deficit stood at \$540.7 million compared to \$538.3 million a year ago.



Total Imports

Table 1: Merchandise Imports by Standard International Trade Classification (SITC)

Section	2012	2011	% Change
	Jul - Sep	Jul - Sep	
	C\$ M	C\$ M	
Food & Live Animals	31.08	29.47	5.5
Beverages & Tobacco	6.76	5.92	14.2
Crude Materials (except fuels)	1.91	1.78	7.4
Mineral Fuels, Lubricants & Related Materials	37.70	44.84	(15.9)
Animal & Vegetable Oils, Fats and Waxes	0.02	0.05	(58.2)
Chemical & Related Products	9.70	6.72	44.4
Manufactured Goods Classified Chiefly by Materials	24.55	19.29	27.3
Machinery & Transport Equipment	31.29	28.19	11.0
Miscellaneous Manufactured Articles	28.15	29.03	(3.0)
Commodities & Transactions Not Classified Elsewhere	14.32	16.62	(13.8)
Total	185.49	181.92	2.0

Among imports in the third quarter, petroleum products comprising mineral fuels, lubricants and related materials accounted for a combined share of 20.3 percent (Chart 2). In terms of growth, this category fell 15.9 percent (Table 1).

Non-petroleum imports accounted for 79.7 percent in the third quarter of 2012, and recorded a combined increase of 2.6 percent, from \$137.1 million to \$147.8 million.

The growth in non-petroleum performance was largely due to increases in chemical and related products which rose by 44.4 percent, manufactured goods classified chiefly by materials by 27.3 percent, machinery and equipment by 11.0 percent and food and live animals by 5.5 percent (Table 1). Some of the increase in manufactured goods classified chiefly by materials is traced to construction materials.

As shown in Chart 2, non-petroleum product imports is dominated by machinery and transport equipment, food and live animals and miscellaneous manufactured items.

For the nine months ending September 2012, the overall imports recorded an increase of 1.5 percent (Table 2).

Petroleum imports in the first three quarters fell by 12.0 percent while non-petroleum imports recorded an increase of 5.9 percent. The latter was the result of rises in manufactured goods classified chiefly by materials (19.8%), chemicals and related products (17.7%); and food and live animals (6.4%).

Chart 2: Percentage Distribution of Total Imports by SITC Classification, July-September 2012

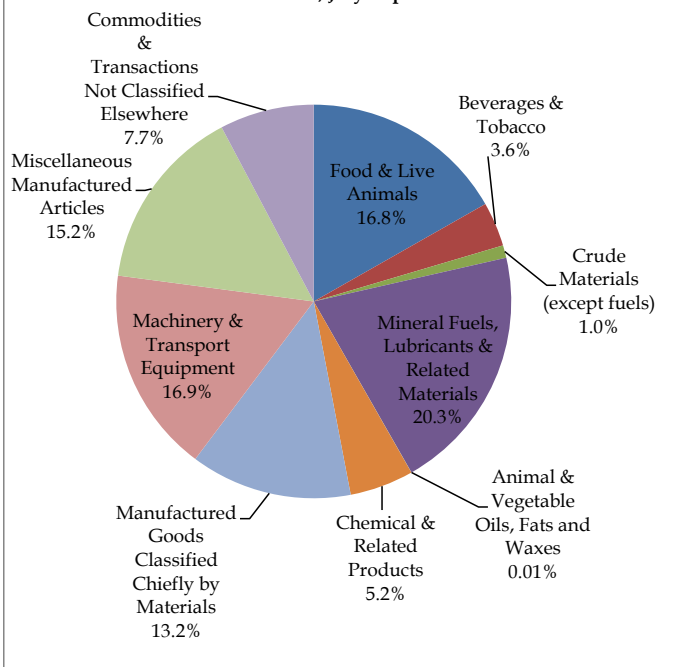


Table 2: Merchandise Imports by Standard International Trade Classification (SITC)(Year to Date)

Section	2012	2011	% Change
	Jan-Sep	Jan-Sep	
	CI\$ M	CI\$ M	
Food & Live Animals	92.94	87.32	6.4
Beverages & Tobacco	20.52	19.64	4.5
Crude Materials (except fuels)	6.72	6.95	(3.3)
Mineral Fuels, Lubricants & Related Materials	119.20	135.39	(12.0)
Animal & Vegetable Oils, Fats and Waxes	0.20	0.24	(15.7)
Chemical & Related Products	26.14	22.20	17.7
Manufactured Goods Classified Chiefly by Materials	66.58	55.58	19.8
Machinery & Transport Equipment	83.58	79.34	5.3
Miscellaneous Manufactured Articles	97.83	92.21	6.1
Commodities & Transactions Not Classified Elsewhere	41.69	48.46	(14.0)
Total	555.40	547.34	1.5

Imports by Country of Origin

A comparison of the third quarter of 2012 with the third quarter of 2011 shows the United States retaining its number one position as the Cayman Islands' main trade partner (Table 3). However, the value of total imports from the US decreased slightly by 0.02 percent to \$166.96 million.

Imports from Switzerland fell sharply by 36.7 percent from \$1.49 million to \$0.94 million while those from Germany recorded the largest decrease of \$1.2 million or 55.7 percent.

Imports from other major trading partners grew, led by Jamaica, the second largest source of Cayman imports.

Table 3: Imports by Country of Origin

Country	2012	2011	% Change
	Jul-Sep	Jul-Sep	
	CI\$ M	CI\$ M	
United States	166.96	167.00	(0.02)
Jamaica	3.00	1.04	187.5
Japan	1.61	1.56	2.8
United Kingdom	2.77	1.38	101.5
Cuba	0.52	0.20	154.5
Canada	0.88	0.45	96.6
Switzerland	0.94	1.49	(36.7)
Germany	0.95	2.14	(55.7)
Panama	0.98	0.39	149.7
Mexico	0.54	0.09	472.0
Others	6.37	6.17	3.2
Total	185.52	181.92	2.0

Imports from the United Kingdom also grew sharply by 101.5 percent to total \$2.8 million from \$1.4 million.

Other significant imports growth were recorded for Mexico (472.0%), Cuba (154.5%), Panama (149.7%) and Canada (96.6%).

For the first nine months of the year, the value of goods imported from most of our main trading partners recorded increases, except Germany and the rest of the world. The most notable increases were from the United Kingdom (150.4%), Mexico (126.9%) and Canada (116.8%).

The value of imports from the United States was relatively stable, increasing by only 0.1 percent.

Table 4: Imports by Country of Origin (Year to Date)

Country	2012	2011	% Change
	Jan-Sep	Jan-Sep	
	<u>CI\$ M</u>	<u>CI\$ M</u>	
United States	499.39	498.69	0.1
Jamaica	7.00	3.77	86.0
Japan	3.22	2.66	20.8
United Kingdom	10.28	4.11	150.4
Cuba	1.36	1.03	31.7
Canada	2.29	1.06	116.8
Switzerland	6.46	6.16	4.9
Germany	2.25	6.44	(65.0)
Panama	1.80	1.19	51.4
Mexico	2.03	0.90	126.9
Others	19.32	21.35	(9.5)
Total	555.40	547.34	1.5

Table 5: Imports by Broad Economic Categories

Broad Economic Categories	2012	2011	% Change
	Jul-Sep	Jul-Sep	
	<u>CI\$ M</u>	<u>CI\$ M</u>	
Food & beverages	35.77	33.96	5.3
Industrial supplies not elsewhere specified	37.80	36.27	4.2
Fuels and lubricants	37.24	44.53	(16.4)
Capital goods (except transport equipment)	16.51	15.11	9.2
Transport equipment, and parts and accessories thereof	14.70	13.05	12.6
Consumer goods not elsewhere specified	30.53	22.60	35.1
Goods not elsewhere specified	12.94	16.39	(21.1)
Total	185.49	181.92	2.0

Imports by Broad Economic Categories

To facilitate economic analysis, imports are categorized by Broad Economic Categories (BEC).

As shown in Table 6, the modest increase in imports in the third quarter is associated mainly with the sharp growth in consumer goods not elsewhere classified (35.1%). Food and beverages also showed a notable upturn of 5.3 percent.

Capital goods imports were also on the uptrend. Transport equipment and parts and accessories thereof rose by 12.6 percent. Other capital goods also increased by 9.2 percent.

An analysis of imports by BEC for the first nine months of 2012 over the same period in 2011 reveals that industrial supplies not elsewhere classified led the growth with a 16.4 percent expansion. The second highest expansion was recorded for consumer goods not elsewhere classified (12.1%), followed by transport equipment and parts and accessories thereof (11.6%).

Table 6: Imports by Broad Economic Categories (Year to Date)

Broad Economic Categories	2012	2011	% Change
	Jan-Sep	Jan-Sep	
	<u>CI\$ M</u>	<u>CI\$ M</u>	
Food & beverages	108.70	102.13	6.4
Industrial supplies not elsewhere specified	90.01	77.34	16.4
Fuels and lubricants	117.64	134.36	(12.4)
Capital goods (except transport equipment)	43.18	42.40	1.8
Transport equipment, and parts and accessories thereof	41.24	36.97	11.6
Consumer goods not elsewhere specified	119.53	106.60	12.1
Goods not elsewhere specified	35.09	47.54	(26.2)
Total	555.40	547.34	1.5

Total Exports

Table 7: Merchandise Exports by Standard International Trade Classification (SITC)

Section	2012	2011	% Change
	Jul-Sep	Jul-Sep	
	CI\$ (000's)	CI\$ (000's)	
Food & Live Animals	134.2	25.0	436.7
Beverages & Tobacco	4.6	13.3	(65.8)
Crude Materials	150.6	163.3	(7.8)
Chemical & Related Products	212.5	221.5	(4.0)
Manufactured Goods Classified Chiefly by Materials	317.2	101.0	214.0
Machinery & Transport Equipment	507.5	320.3	58.4
Miscellaneous Manufactured Articles	473.7	202.6	133.8
Commodities & Transactions Not Classified Elsewhere	2,809.1	3,277.6	(14.3)
Total	4,609.2	4,324.8	6.6

Table 8: Merchandise Exports by Standard International Trade Classification (SITC)(Year to Date)

Section	2012	2011	% Change
	Jan-Sep	Jan-Sep	
	CI\$ (000's)	CI\$ (000's)	
Food & Live Animals	248.4	174.1	42.6
Beverages & Tobacco	4.6	13.3	(65.8)
Crude Materials	1,637.1	772.1	112.0
Chemical & Related Products	434.2	431.7	0.6
Manufactured Goods Classified Chiefly by Materials	750.4	438.1	71.3
Machinery & Transport Equipment	1,312.1	919.1	42.8
Miscellaneous Manufactured Articles	831.2	697.1	19.2
Commodities & Transactions Not Classified Elsewhere	9,517.9	9,927.9	(4.1)
Total	14,735.8	13,373.5	10.2

The third quarter of 2012 showed an increase in merchandise exports of 6.6 percent when compared to the similar period in 2011 to total \$4.6 million (Table 7).

Increases were recorded in food and live animals (436.7%), manufactured goods classified chiefly by materials (214.0%), miscellaneous manufactured articles (133.8%)

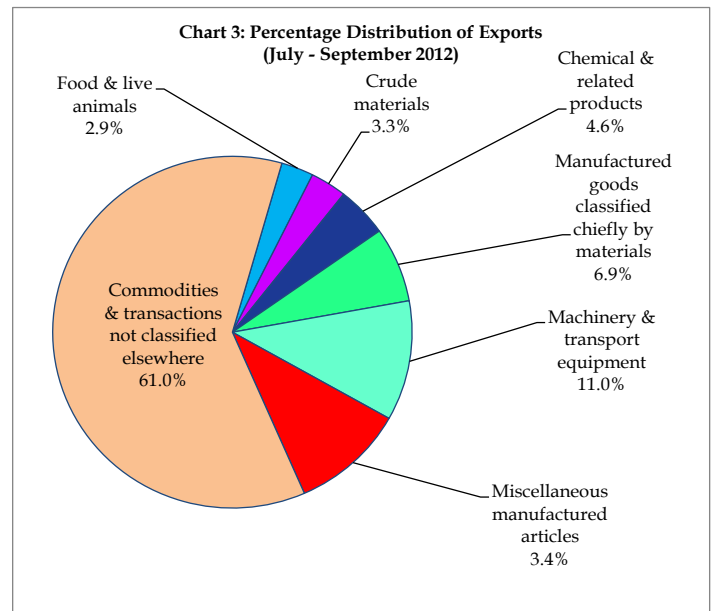
and machinery and transport equipment (58.4%).

Reversals in exports were recorded in beverages and tobacco (-65.8%), commodities and transactions not classified elsewhere (-14.3%), and crude materials (-7.8%).

For the year to date 2012 over the same period in 2011, the value of exports increased 10.2 percent to reach \$14.7 million.

Increases were recorded in most of the sections, ranging from 0.6 percent (chemical and related products) to as much as 112.0 percent (crude materials).

Meanwhile, beverages and tobacco and commodities and transactions not classified elsewhere recorded declines of 65.8 percent and 4.1 percent respectively.



Methodology, Explanatory Notes and Definitions

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

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

The task of the ESO, therefore, is mainly to incorporate and check the credibility of the data, and classify

them into tables that can be useful for analysis. The process of classification is a time-intensive, laborious task as there have been a significant number of goods that are not classified or misclassified. The objective of the classification process has been to minimize the number of such cases; over the years, the number of commodities that are not classified by SITC codes has diminished. In addition to the classification by SITC codes, ESO also classifies all imported commodities by Broad Economic Category (BEC) based on international guidelines issued by the United Nations (UN).

Limitations

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

ESO continues to review the imports data

with the aim of improving the accuracy, reliability and proper classification of the data.

Given the volume of imports, full details of the quantity and value of all imports are not available. This will require an upgrade of the current administrative system based at the Cayman Islands Customs Department. At present, only a small proportion of commodities have both quantity and value of imports.

Trade Classification

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

exports of goods.

System of Trade

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

Coverage

This report covers merchandise trade only. Trade in services are not included. Included in the import and export statistics in this publication are goods sent abroad and returned for repair and goods re-exported as incorrect or faulty since they cannot be easily identified at the time of import. Excluded are goods in transit or other trans-shipments not destined for the Cayman Islands' market, monetary gold and bullion, bank notes and coins in circulation; and parcel post exports for which no records are kept.

Imports

Goods brought into the country directly by residents but are not declared are excluded by default for lack of documentation. The values recorded for imports and exports over a particular period represent the documents brought to account by Customs during that period.

They may also include some goods actually arriving towards the end of the previous period but are accounted for in the current period

Exports

Exports are a combination of both domestic and re-exports. Domestic exports include goods produced in the country, extracted from its natural resources or manufactured in the country. These include goods of foreign origin which have been assembled or transformed in the country.

Re-exports are goods of foreign origin which have not been materially transformed while in the Cayman Islands.

Exports data are obtained from the counterpart statistical agencies abroad namely, the US Census Bureau, the Jamaica Statistical Institute, and the UK Trade Data Online website. They include domestic exports and re-exports; however, the majority of the exports are re-exports.

Valuation

All values are shown in Cayman Islands dollars (CI\$).

Imports are valued at cost, insurance and freight (c.i.f) which is the value up to the time of delivery at the port. It includes incidental charges but excludes customs or any other duty paid on arrival. Exports are valued at free on board (f.o.b), which is the value at which goods were sold by the exporters, including all local charges to the exporting vessel or aircrafts. Freight and insurance are not included.

**Economic and Statistics Office
3rd Floor, Government Administration Building
Grand Cayman, Cayman Islands
KYI-9000**

**Phone: (345) 949-0940
Fax: (345) 949-8782
www.eso.ky**

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