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THE CAYMAN ISLANDS' BALANCE OF PAYMENTS & INTERNATIONAL INVESTMENT POSITION REPORT 2020

FEBRUARY 2022

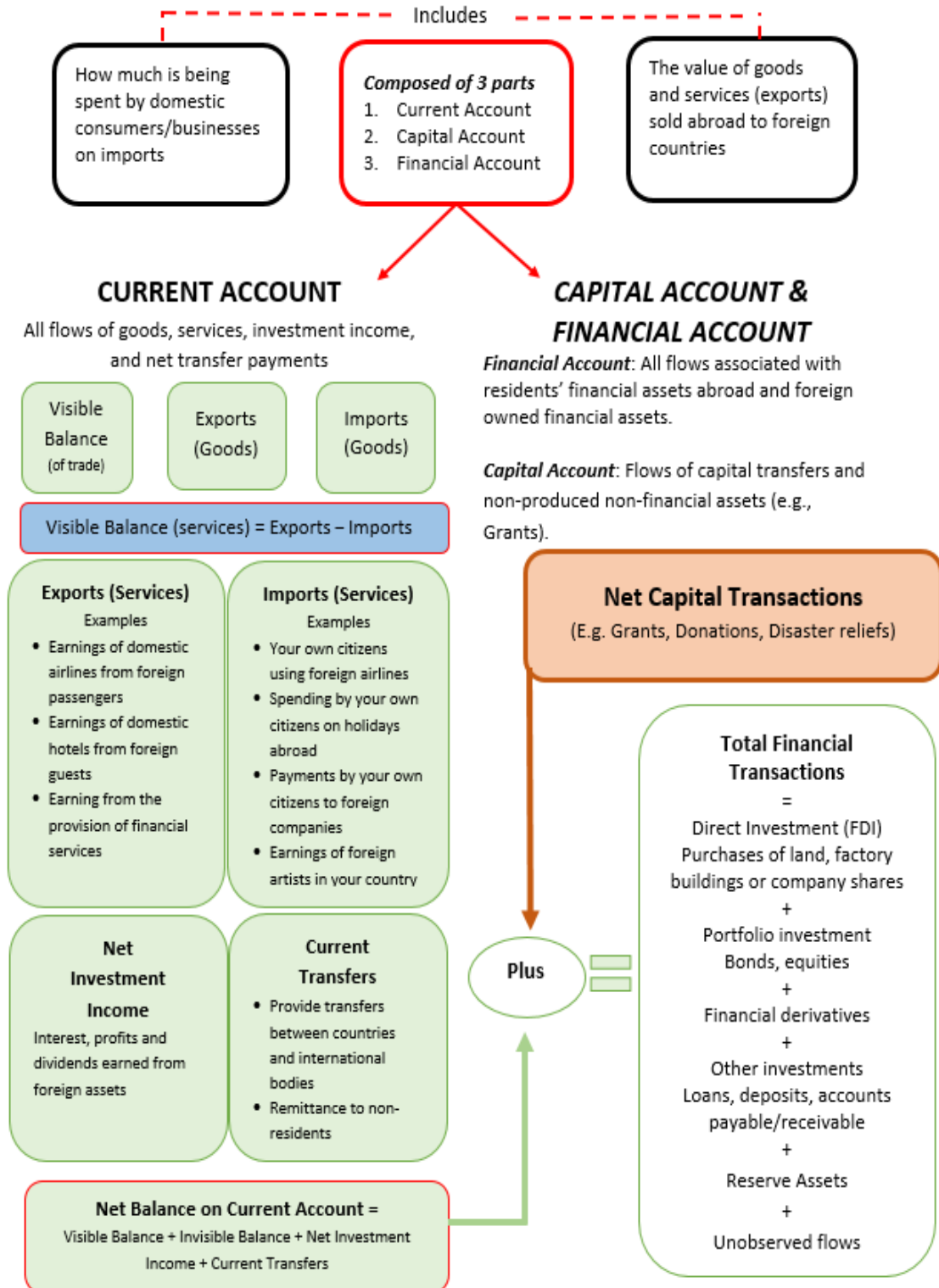


The Economics and Statistics Office
Cayman Islands Government

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The Balance of Payments (BOP) is a record of all the financial transactions that are made between all those active in the domestic economy (consumers, business and the government and the rest of the world).



Balance of Payment 2020 Explained

(In CI\$ Millions)

Current Account

Visible Trade

Exports of Goods	510.3
<u>Import of Goods</u>	<u>1,027.9</u>
Balance of Visible Trade	(517.6)

Invisible Trade

Export of Services	2,532.9
<u>Import of Services</u>	<u>1,061.7</u>
Balance of Invisible Trade	1,471.3

Primary and Secondary Income (1,590.0)

Net Balance in Current Account (636.3)

Capital Account

Grants 1.1

Financial Account

Direct Investment	(4,866.0)
Portfolio Investment	16,355.9
Financial Derivatives	(9,174.5)
Other Investments	(3,821.4)
<u>Reserve Assets</u>	<u>28.3</u>
Balance in Financial Account	(1,477.6)

Unobserved Flows (840.2)

Visible Trade
(Imports > Exports)

+

Invisible Trade
(Tourism, Financial
Services, etc.)

+

**Primary (investment
income) and Secondary
Income (remittances)**

=

**Net Balance on Current
Account**

Facts

Primary Income:

- Loans and deposits dominate other investments.
- Cayman Islands direct investments payments exceeds returns.
- Portfolio investment receipts are dominated by debt securities.

Secondary Income:

- Due to the large expatriate workforce, workers remittances outflows exceeds inflows significantly.

Why is there a BOP Deficit?

Facts

Current Account:

- The Cayman Islands is a net exporter of services, that is through tourism and financial services.
- The vast majority of the goods used and consumed in the Cayman Islands are imported.

ACKNOWLEDGEMENT

The BOP is compiled and produced by the External Sector Statistics Unit of the Economics and Statistics Office (ESO).

The ESO wishes to express its appreciation to all the suppliers of the data in the public and private sectors, especially the BOP survey respondents, for their invaluable assistance in facilitating the provision of the required data. The Cayman Islands Monetary Authority provided key information on financial services, particularly in the banking sector. The cooperation and timely submission of the information improve the reliability and validity of the BOP statistics. The ESO, therefore, continues to encourage all businesses to participate in future surveys.

Any comments on this report are welcome and should be sent to infostats@gov.ky.

ABBREVIATIONS AND ACRONYMS

ANA	Annual National Accounts
BOP	Balance of Payments
BPM5	Balance of Payments Manual 5 th Edition
BPM6	Balance of Payments Manual 6 th Edition
c.i.f	Cost, insurance and freight
CARTAC	Caribbean Regional Technical Assistance Centre
CIMA	Cayman Islands Monetary Authority
CPI	Consumer Price Index
DOT	Department of Tourism
ESO	Economics and Statistics Office
f.o.b.	Free on board
FDI	Foreign Direct Investment
IIP	International Investment Position
IMF	International Monetary Fund
LFS	Labour Force Survey
n.i.e	Not included elsewhere
n.e.c	Not elsewhere classified
SNA	System of National Accounts
R	Revised
P	Preliminary

1. BALANCE OF PAYMENTS

1.1 Introduction

The international accounts comprising of the Balance of Payments (BOP) and the International Investment Position (IIP) provide useful information for assessing the country's economic relations with the rest of the world.

The Balance of Payments (BOP) is the system of accounts that record all economic and financial transactions between residents of the Cayman Islands and the rest of the world. It is comprised of three (3) accounts:

- (i) the Current Account which captures transactions in trade on goods and services, primary income and secondary income (transfers);
- (ii) the Capital Account which records all capital transfers such as grants used for physical capital expenditures; and
- (iii) the Financial Account which comprises all types of investment.

A negative balance or a deficit in any of the above accounts indicates that the total inflows to residents from non-residents are less than their outflows (payments and lending) to non-residents.

The sum of the balances on the Current and Capital Account represents the Net Lending (surplus) or Net Borrowing (deficit) by the economy with the rest of the world. Conceptually this should be equal to the net balance of the Financial Account. This means that the Financial Account measures how the net lending or net borrowing from non-residents is financed.

The Balance of Payments Manual (BPM6) issued by the International Monetary Fund (IMF) states that “the residence of each institution is the economic territory with which it has the strongest connection, expressed as its centre of predominant economic interest.” Accordingly, residents include (1) individuals who reside or intend to reside in the Cayman Islands for one year or more; (2) business enterprises and non-profit organizations engaged in significant production of goods or services; and (3) general government including operations of the home territory such as consulates and other enclaves of foreign governments.

An overview of the key uses of the BOP, along with the compilation approach, can be found at www.eso.ky.

Estimates in this Report are based on both survey and non-survey data collated as closely as is feasible in a format consistent with the BPM6. The ESO conducted the BOP survey

between April and June 2021. A significant amount of data, particularly on the banking and insurance corporations, was sourced from CIMA.

The series can be revised primarily for the following reasons:

- revisions were made based on new data, correction of errors based on respondents' revisions, compilation errors either in the processing of the data or incorrect interpretation of data on the survey forms; reclassification of transactions and stock positions and
- The replacement of previous years' preliminary estimates with actual data.

Table 1. Balance of Payments summary

In CISMillion						
	2016	2017	2018	2019 ^R	2020 ^P	Chg \$
1. Current Account	(693.4)	(726.2)	(772.9)	(539.0)	(636.3)	-97.3
1.1 Goods	(434.0)	(518.6)	(682.2)	(748.0)	(517.6)	230.4
Exports	334.0	308.7	257.8	361.8	510.3	148.5
Imports	768.0	827.3	940.1	1,109.7	1,027.9	-81.9
1.2 Services (Net)	1,644.3	1,836.3	1,883.3	1,966.6	1,471.3	-495.4
1.3 Primary Income (Net)	(1,505.3)	(1,421.5)	(1,391.3)	(1,281.7)	(1,206.5)	75.2
1.4 Secondary Income (Net)	(398.5)	(622.5)	(582.6)	(476.0)	(383.5)	92.5
						0.0
2. Capital Account	(1.3)	(1.3)	0.6	(0.4)	(1.1)	-0.7
3. Financial Account	(238.2)	331.8	(1,533.2)	(622.4)	(1,477.6)	-855.2
3.1 Direct Investment	(2,367.4)	(2,107.1)	1,044.0	(1,457.4)	(4,866.0)	-3,408.6
3.2 Portfolio Investment	1,587.2	4,034.1	(412.0)	3,485.9	16,356.0	12,870.1
3.3 Other Investment	1,846.3	(5,749.8)	(5,208.0)	(4,967.3)	(3,821.4)	1,146.0
3.4 Financial Derivatives	(1,301.2)	4,139.0	3,033.0	2,297.9	(9,174.5)	-11,472.4
3.5 Reserves assets	(3.1)	15.7	9.6	18.6	28.3	9.7
Unobserved Flows	456.5	1,059.3	(760.9)	(83.0)	(840.2)	-757.2

1.2 Current Account Balances

The Current Account deficit in 2020 widened by \$97.3 million to reach \$636.3 million from a revised deficit of \$539.0 million in 2019. This emanated mainly from a decline of inflows in services, primary income and secondary income receipts. However, there was an increase recorded in the receipts from goods under merchanting.

1.2.1. Trade in Goods

The goods deficit contracted in 2020 to \$517.6 million, down from a deficit of \$748.0 million in 2019 (see table 1). The \$230.4 million improvement in the goods deficit was attributed to the increase in total exports of goods under merchanting along with the decline in imports.

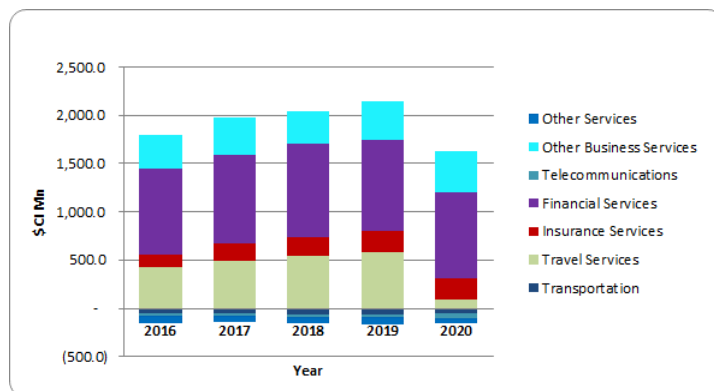
The total value of merchandise goods exported, mainly re-exports, along with net goods sold under merchanting in 2020 grew by \$148.5 million to \$510.3 million in 2020, of which goods under merchanting grew by \$173.1 million to \$491.5 million.

The total value of goods imported (f.o.b) in the Cayman Islands fell by 81.9 million to reach \$1,027.9 in 2020. This decline was driven by the fall in the value of non-petroleum products (mainly beverages and tobacco, crude materials inedible except fuels, machinery and transport equipment and food and live animals). Additionally, petroleum and related products also recorded a significant decline.

1.2.2 Trade in Services

The services sector recorded a decline in net receipts of \$495.4 million in 2020, to reach a surplus of \$1,471.3 million compared to \$1,966.6 million in 2019. Receipts of services were \$2,532.9 million in 2020, which was \$609.5 million lower than the corresponding amount in 2019. The decline in receipts from transactions in services was driven primarily by the fall in travel, transport and financial services. (See Table 2a).

Graph 1: Balance of trade in services (CI\$ M)



Payments for services also declined slightly by \$114.1 million to reach \$1,061.7 million in 2020. This was primarily due to decreases in payments for transportation, travel and financial services during the year.

The receipts from transactions in services fell by 19.4 percent primarily from the declined inflows from travel, transportation and financial services (See Graph 1 and Table 2a).

The trade in services comprises the following:

Travel

The global measures in containing the coronavirus pandemic, had a significant impact on the travel sub-account. Travel comprises earnings from visitors for both business and personal purposes¹. The year 2020 saw one of the largest decline in the net earning of travel of \$489.9 million, over the last year. Net earnings from personal travel fell by \$459.4 million to \$79.2 million while net earnings from business travel fell by 81.2 percent to \$7.1 million.

Receipts from travel, fell by 72.7 percent to \$209.0 million, largely reflecting the significant decline in both the stayover and cruiseship visitors. Additionally, residents expenditure on international travel also decreased largely due to the restrictions on travelling abroad from the Cayman Islands.

Insurance

There was a net surplus of \$226.9 million for 2020, which represented a 2.3 percent growth over the surplus of \$221.7 million recorded in 2019. This was due primarily to the larger receipts for reinsurance and auxiliary insurance services.

Financial services (excluding insurance)

The net surplus for financial services in 2020 fell by \$56.5 million (or 5.9%) to \$893.7 million.

Receipts for financial services declined by \$80.1 million to settle at \$1,063.5 million, compared to \$1,143.6 million recorded in 2019. This reduction was due to lower receipts for financial intermediary services indirectly measured (FISIM) despite the small increase for explicitly charged financial services of \$1.7 million.

Payments for financial services to non-residents reflected a decline of \$23.6 million to record total payments of \$169.8 million in 2020. Explicitly charged financial services fell by \$25.7 million to settle at \$86.5 million, while FISIM increased by \$2.1 million.

Other business services. The net surplus for other business services improved by \$31.5 million (8.1%) to \$422.3 million in 2020. This performance was attributed to the increase in receipts of accounting and other business services, n.i.e.

Transportation

The net deficit for the transportation services contracted in 2020, to record a deficit of \$54.5 million, down from the \$61.9 million recorded in 2019. This was driven primarily by the decline in air passengers for both receipts and payments, largely reflecting the impact of the Covid-19 pandemic on travel.

¹ Travel receipts for personal purpose includes health and education purposes.

Telecommunications, computer and information services

The net payments for telecommunications, computer and information services increased by \$9.1 million to \$42.5 million. This outturn resulted from the increased payments of \$10.6 million for computer and information services. Additionally, there was a slight decrease of 6.1 percent in the payment for telecommunications services. Receipts for telecommunications, computers and information services grew slightly by \$0.8 million with telecommunications recording an increase of \$0.7 million.

1.2.3 Primary Income Transactions

The primary income sub-account is comprised of compensation of employees, investment income, and other primary income. In 2020, total primary income inflows stood at \$1,731.0 million, while outflows fell by 39.8 percent to settle at \$2,937.5 million. This reflected a net outflow of \$1,206.5 million in 2020.

Direct investment income, which represents investments or ownership 10 percent or more, had a reduced deficit to \$1,296.5 million in 2020, from a deficit of \$2,154.1 million in 2019. This change was due to decreased transactions in reinvested earnings for the year. In contrast, direct investment income receipts fell in 2020, reflecting lower dividend receipts, net losses and smaller interest payment to direct investment enterprises.

Portfolio investment income, which represents investments or ownership of less than 10 percent, recorded a net inflow of \$189.8 million in 2020, a decline of \$838.6 million. This developed mostly from the lower interest receipts on debt securities held.

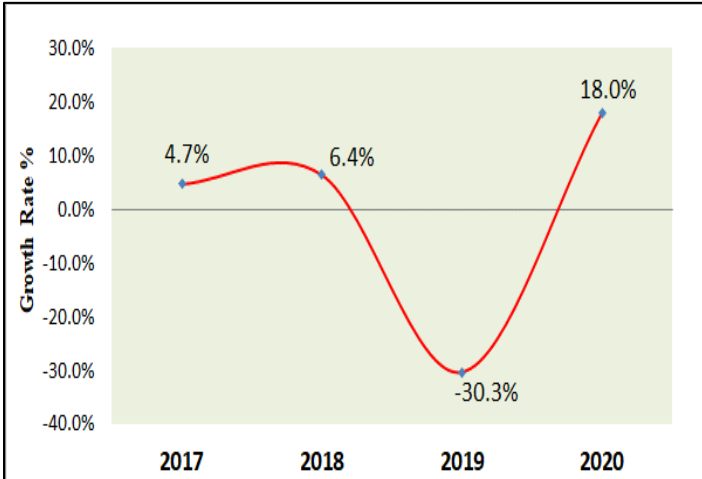
The deficit on the **Other investment income** sub-account moved from \$117.1 million in 2019 to a deficit of 70.0 million in 2020. This performance reflected both smaller interest receipts and payments by banks in 2020.

1.2.4 Secondary Income Transactions (Current Transfers)

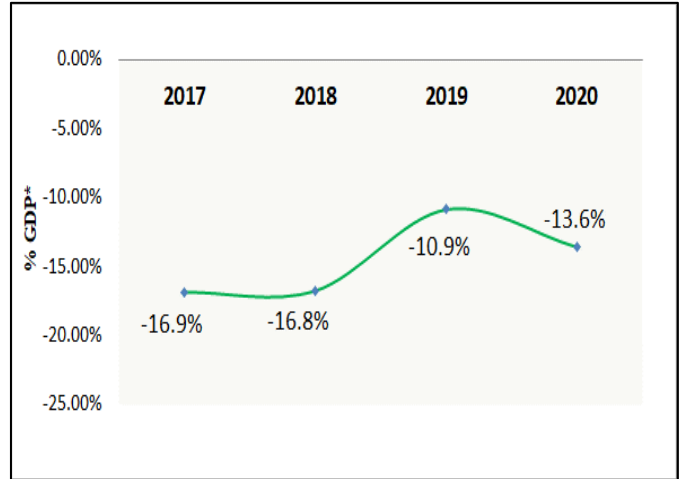
The secondary income account records personal transfers, and other current transfers by the government, financial corporations, households and non-profit institutions serving households. The net outflows in the secondary income account contracted by \$92.5 million (19.4%) to reach a net payment of \$383.5 million in 2020.

Outflows from secondary income sources were largely on account of the 1.8 percent reduction in payments of taxes on income, wealth, etc. to non-residents. However, there was also a decrease in funds for payments for personal transfers (remittances) which fell slightly by 0.9 percent (\$3.2 million) to settle at \$367.1 million in 2020.

Graph 2: Current Account historical growth (% chg)



Graph 3: Current Account balance (% of GDP)



Graph 4: Current Account receipts (% share to Total Receipt)

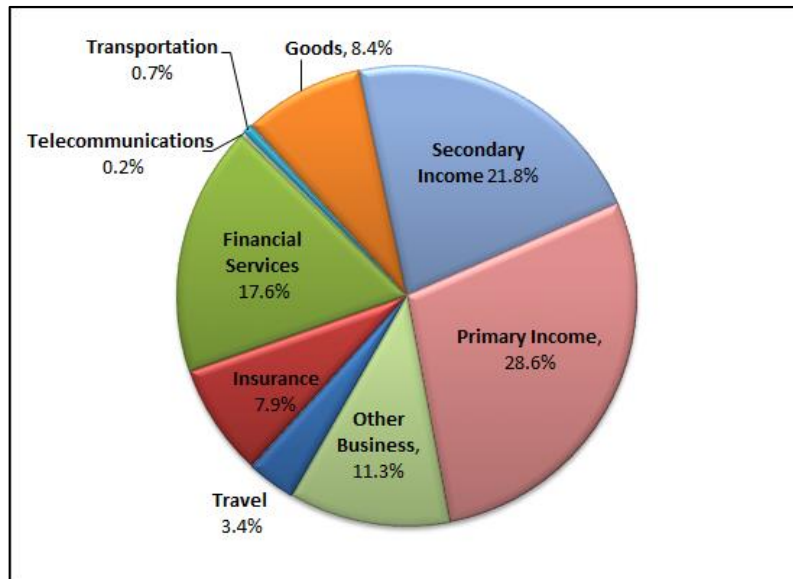


Table 2a: Balance of Payments

	CIS\$Million									Change		
	2018			2019 ^R			2020 ^P			\$		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
1. CURRENT ACCOUNT	8,170.2	8,943.2	(772.9)	8,472.5	9,011.5	(539.0)	6,095.5	6,731.8	(636.3)	-2377.0	-2279.7	-97.3
A. GOODS AND SERVICES	3,299.2	2,098.2	1,201.0	3,504.2	2,285.5	1,218.7	3,043.2	2,089.5	953.7	-460.9	-196.0	-265.0
A1. GOODS	257.8	940.1	(682.2)	361.8	1,109.7	(748.0)	510.3	1,027.9	(517.6)	148.5	-81.9	230.4
A2. SERVICES	3,041.3	1,158.1	1,883.3	3,142.4	1,175.8	1,966.6	2,532.9	1,061.7	1,471.3	-609.5	-114.1	-495.4
1. Transportation	84.4	142.7	(58.3)	92.4	154.2	(61.9)	45.3	99.9	(54.5)	-47.1	-54.4	7.3
2. Travel	726.1	178.4	547.7	765.7	189.5	576.2	209.0	122.7	86.3	-556.7	-66.8	-489.9
3. Insurance and pension services	435.0	251.1	183.9	468.6	246.9	221.7	478.5	251.6	226.9	9.9	4.7	5.2
4. Financial services (excluding insurance)	1,149.2	177.2	972.1	1,143.6	193.4	950.1	1,063.5	169.8	893.7	-80.1	-23.6	-56.4
5. Telecommunications, computer and information services	13.9	42.4	(28.5)	13.5	46.8	(33.4)	14.3	56.8	(42.5)	0.8	10.0	-9.1
6. Other business services	616.1	278.8	337.3	644.2	253.4	390.8	686.3	264.0	422.3	42.1	10.6	31.5
7. Government goods and services, nie.	1.6	2.3	(0.7)	1.5	2.4	(1.0)	1.0	5.5	(4.5)	-0.5	3.1	-3.5
8. Other services	15.0	85.2	(70.2)	13.0	89.0	(76.0)	35.0	91.3	(56.3)	22.0	2.3	19.7
B. PRIMARY INCOME	3,549.5	4,940.9	(1,391.3)	3,593.9	4,875.6	(1,281.7)	1,731.0	2,937.5	(1,206.5)	-1863.0	-1938.1	75.2
1. Compensation of employees	5.2	44.8	(39.6)	5.0	47.2	(42.2)	2.2	33.9	(31.7)	-2.8	-13.3	10.5
2. Investment Income	3,544.3	4,896.1	(1,351.7)	3,588.9	4,828.4	(1,239.5)	1,728.8	2,903.6	(1,174.8)	-1860.1	-1924.8	64.7
2.1 Direct investment	32.3	2,214.5	(2,182.2)	28.3	2,182.4	(2,154.1)	(4.3)	1,292.2	(1,296.5)	-32.6	-890.2	857.6
2.2 Portfolio investment	2,552.6	1,592.9	959.6	2,636.0	1,607.7	1,028.3	1,157.5	967.8	189.8	-1478.5	-639.9	-838.6
2.3. Other investments	957.2	1,088.7	(131.5)	921.2	1,038.3	(117.1)	573.6	643.6	(70.0)	-347.6	-394.7	47.1
Reserves	2.3	-	2.3	3.3	-	3.3	1.9	-	1.9	-1.4	0.0	-1.4
C. SECONDARY INCOME	1,321.5	1,904.2	(582.6)	1,374.4	1,850.4	(476.0)	1,321.3	1,704.8	(383.5)	-53.1	-145.6	92.5
1. General Government	0.8	1.0	(0.2)	0.3	1.0	(0.7)	0.2	1.5	(1.3)	-0.1	0.4	-0.6
2. Workers remittances	6.7	329.5	(322.7)	6.8	370.3	(363.5)	5.3	367.1	(361.8)	-1.5	-3.2	1.8
3. Other current transfers	1,314.1	1,573.7	(259.6)	1,367.3	1,479.1	(111.8)	1,315.8	1,336.2	(20.4)	-51.5	-142.9	91.3
2. CAPITAL ACCOUNT	2.0	1.4	0.6	0.9	1.3	(0.4)	0.0	1.1	(1.1)	-0.9	-0.2	-0.7
1. Gross acquisitions/disposals of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-	-	0.0	0.0	0.0
2. Capital transfers	2.0	1.4	0.6	0.9	1.3	(0.4)	0.0	1.1	(1.1)	-0.9	-0.2	-0.7

Table 2b: Balance of Payments*

	In C\$Million									Change		
	2018			2019 ^R			2020 ^P			Net acquisition of Fin. Asset	Net incurrence of Liability	change
2. FINANCIAL ACCOUNT	Net acquisition of Fin. Asset	Net incurrence of Liability	change	Net acquisition of Fin. Asset	Net incurrence of Liability	change	Net acquisition of Fin. Asset	Net incurrence of Liability	change	Net acquisition of Fin. Asset	Net incurrence of Liability	change
Direct investment	1,188.7	144.7	1,044.0	(557.1)	900.3	(1,457.4)	276.5	5,142.5	(4,866.0)	833.6	4,242.2	-3,408.6
Portfolio investment	(1,092.6)	(680.7)	(412.0)	6,016.8	2,531.0	3,485.9	1,448.4	(14,907.6)	16,356.0	-4,568.4	-17,438.5	12,870.1
Other investment	(7,953.5)	(2,745.5)	(5,208.0)	(2,620.1)	2,347.2	(4,967.3)	(4,509.6)	(688.3)	(3,821.4)	-1,889.5	-3,035.5	1,146.0
Financial derivatives	3,033.5	0.5	3,033.0	2,297.9	-	2,297.9	(9,174.7)	(0.1)	(9,174.5)	-11,472.5	-0.1	-11,472.4
Reserve assets	9.6		9.6	18.6		18.6	28.3		28.3	9.7		9.7
Net lending (+) or net borrowing (-) from financial account	(4,814.2)	(3,281.0)	(1,533.2)	5,156.1	5,778.5	(622.4)	(11,931.1)	(10,453.5)	(1,477.6)	-17,087.2	-16,232.0	-855.2
Unobserved Flows			<i>(760.9)</i>			<i>(83.0)</i>			<i>(840.2)</i>			<i>-757.19</i>

* **Notes:** Net borrowing means foreign residents are net suppliers of funds to Cayman residents. Net lending or net borrowing can be computed from Current and Capital Account transactions or from Financial Account transactions. Unobserved flows (statistical discrepancy) are equal to the difference between the sum of the Current and Capital Accounts and the Financial Account.

1.3 Capital Account

In 2020, the capital account recorded a marginal deficit of \$1.1 million, up from the \$0.4 million in the previous year, due to the receipt of a capital-related grant by the public sector.

1.4 Financial Account

The Financial Account records the transactions that give rise to changes in ownership of financial assets and liabilities between residents of the Cayman Islands and residents of the rest of the world. A positive balance of this account corresponds to a lending position, while a negative balance corresponds to a borrowing position.

Preliminary estimates indicate that the transactions in the financial account resulted in a net borrowing position of \$1,477.6 million in 2020. This outturn was due to the net incurrence of financial assets declining by \$11,931.1 million which was larger than the reduction in the net acquisition of financial liabilities of \$10,453.5 million.

1.4.1 Direct Investments

The direct investment account posted a net outflow of \$4,866.0 million in 2020, an increase from the net outflow of \$1,457.4 million recorded in 2019. This was on account of the increase in foreign direct investments (net incurrence of liabilities) of the financial sector.

Net acquisition of financial assets recorded \$276.5 million largely on account of the increase in debt instruments. At the same time, there was a decrease in the holding of equity and investment fund shares.

Net incurrence of financial liabilities of direct investments reflected a growth of \$5,142.5 million mainly due to the increase in equity and investment fund shares in 2020.

1.4.2 Portfolio investments

The portfolio investment account posted a net inflow of \$16,356.2 million in 2020, an increase from the net inflow of \$3,485.9 million recorded in 2019. This performance was due to the larger net outflows of debt securities by resident banks abroad, which outweighed the corresponding increase in investments by non-residents in the Cayman Islands.

1.4.3 Other investments

Other investment transactions recorded a net financial outflow of \$3,821.4 million in 2020 compared to \$4,967.3 million recorded in 2019. This outturn was primarily attributable to reduced net inflows transactions in currency and deposits from resident deposit-taking institutions which reflected a decline of \$8,656.5 million.

2. THE INTERNATIONAL INVESTMENT POSITION (IIP)

2.1 Introduction

The International Investment Position (IIP) is the financial statement that shows the value and composition of the stock of Cayman Islands residents' financial assets abroad, and the financial liabilities of Cayman Islands' residents to the rest of the world at a point in time. The IIP shows the financial assets of residents as claims on non-residents and foreign claims on Cayman Islands residents as liabilities.

The difference between foreign assets and liabilities is the net external position in the IIP, which may be either positive or negative. In other words, Caymans' net investment position is the difference between what Cayman residents own abroad (external assets) and what its residents owe (external liabilities) to non-residents.

A positive net position means a net claim on the rest of the world, while a negative net position represents a net liability to the rest of the world.

This report presents the IIP at the end of 2016 to 2020 and captures the position of the financial assets and liabilities of Cayman Islands' residents. The series includes data on establishments with a physical presence in the Cayman Islands only. The series does not include the stock of household foreign assets and liabilities due to lack of source data. The series does not fully cover data on funds due to lack of detailed data. The series is subject to revision, depending on the availability of additional and updated data.

2.2 Net International Investment Position Summary

The International Investment Position (IIP), which is the country's net asset or liabilities with the rest of the world, shows that Cayman Islands' net external financial position stood at \$65.2 billion in comparison to the \$47.0 billion recorded in 2019. At 2020 year-end, the Cayman Islands' external financial assets decreased to \$146.4 billion while its external liabilities was reduced by \$27.7 million to \$81.3 billion.

Table 3a: International Investment Position
Foreign Assets and Liabilities (by financial instrument)
(CI\$ Million)
As at the end of Year

	2016	2017	2018	2019	2020 ^P	Chg 2020/2019
Financial Assets						
<i>By financial instrument</i>						
Equity and investment fund share/units	22,598.3	21,314.6	23,412.1	22,998.6	23,169.8	171.2
Currency and deposits	33,963.5	37,519.1	36,381.2	39,445.0	31,049.6	-8,395.4
Debt securities	28,812.0	30,776.7	30,307.5	36,505.0	39,139.8	2,634.7
Loans	30,183.7	27,941.0	23,108.7	17,182.2	27,757.3	10,575.1
Financial Derivatives	19,685.5	23,879.1	27,034.3	29,536.7	20,460.6	-9,076.2
Other financial assets	13,297.5	10,339.7	8,625.1	8,295.0	4,852.7	-3,442.4
Total Assets	148,540.4	151,770.3	148,868.9	153,962.6	146,429.7	-7,532.9
Financial Liabilities						
<i>By financial instrument</i>						
Equity and investment fund share/units	32,352.7	34,888.1	34,268.4	34,768.7	25,573.0	-9,195.7
Currency and deposits	38,402.0	41,698.7	36,575.5	36,209.7	37,480.5	1,270.8
Debt securities	20,198.1	18,079.0	17,204.1	19,180.6	3,762.2	-15,418.4
Loans	18,039.5	13,631.8	13,310.7	13,487.1	10,964.4	-2,522.7
Financial Derivatives	3.5	n.a	n.a	n.a	n.a	-
Other financial assets	2,427.8	3,255.8	3,092.7	3,343.4	3,486.6	143.2
Total Liabilities	111,423.7	111,553.5	104,451.3	106,989.5	81,266.8	-25,722.7
Net (Assets less Liabilities)						
<i>By financial instrument</i>						
Equity and investment fund share/units	(9,754.5)	(13,573.5)	(10,856.3)	(11,770.1)	(2,403.2)	9,366.9
Currency and deposits	(4,438.6)	(4,179.6)	(194.3)	3,235.3	(6,431.0)	-9,666.3
Debt securities	8,613.9	12,697.7	13,103.5	17,324.5	35,377.6	18,053.1
Loans	12,144.2	14,309.2	9,798.0	3,695.1	16,792.9	13,097.8
Financial Derivatives	19,682.0	23,879.1	27,034.3	29,536.7	20,460.6	-9,076.2
Other financial assets	10,869.6	7,083.8	5,532.4	4,951.6	1,366.0	-3,585.6
IIP (net)	37,116.7	40,216.8	44,417.6	46,973.1	65,162.9	18,189.9

1. The series capture data on establishments with a physical presence in the Cayman Islands only.
2. The series does not include the stock of household foreign assets and liabilities, funds and exempt companies.
3. NPISH- Non-Profit institutions serving households

**Table 3b: Cayman Islands' Net International Investment Position Summary,
(by functional categories)
(CI\$ Million)
As at the end of Year**

	2016	2017	2018	2019	2020 ^P	Chg 2020/2019
<i>By functional categories</i>	Financial Assets					
Direct Investment	19,818.8	19,098.3	21,115.9	20,692.2	22,122.4	1,430.2
Portfolio Investment	31,461.0	32,869.5	32,470.8	38,737.8	40,113.1	1,375.3
Financial Derivatives	19,685.5	23,879.1	27,034.3	29,536.7	20,460.6	-9,076.2
Other Investment	77,467.5	75,797.6	68,112.9	64,841.4	63,552.7	-1,288.7
Reserve Assets	107.7	125.8	135.1	154.5	180.9	26.4
Total Assets	148,540.4	151,770.3	148,868.9	153,962.6	146,429.7	-7,532.9
<i>By functional categories</i>	Financial Liabilities					
Direct Investment	33,265.4	35,330.0	34,712.3	35,208.1	25,575.5	-9,632.5
Portfolio Investment	19,285.4	17,637.2	16,760.2	18,741.2	3,759.7	-14,981.6
Financial Derivatives	3.5	-	-	-	-	0.0
Other Investment	58,869.4	58,586.3	52,978.9	53,040.2	51,931.5	-1,108.7
Reserve Assets	-	-	-	-	-	0.0
Total Liabilities	111,423.7	111,553.5	104,451.3	106,989.5	81,266.8	-25,722.7
<i>By functional categories</i>	Net (Assets less liabilities)					
Net Direct Investment	(13,446.6)	(16,231.7)	(13,596.4)	(14,515.9)	(3,453.2)	11,062.7
Net Portfolio Investment	12,175.6	15,232.3	15,710.6	19,996.6	36,353.4	16,356.9
Financial Derivatives	19,682.0	23,879.1	27,034.3	29,536.7	20,460.6	-9,076.2
Other Investment	18,598.1	17,211.2	15,134.0	11,801.2	11,621.2	-180.0
Reserve Assets	107.7	125.8	135.1	154.5	180.9	26.4
IIP (net)	37,116.7	40,216.8	44,417.6	46,973.1	65,162.9	18,189.9

2.3 Investments by Functional Category

Direct Investment. At year-end 2020, residents' holdings of direct investments abroad (assets) stood at 22.1 billion compared to 20.7 billion in 2019. In contrast, the direct investment liabilities (inward investments) stock stood at \$25.6 billion, registering a decline of \$9.6 billion over the 2019 period. The direct investment is composed of equity investments and claims and liabilities of investors in the Cayman Islands with their foreign affiliates, of which equity investments constituted the most substantial portion.

Portfolio Investment. Cayman Islands' foreign assets position in portfolio investments stood at \$40.1 billion in 2020, compared to \$38.7 billion in 2019. The increase was primarily associated with an increase in debt securities.

Portfolio investment foreign liability in 2020, stood at \$3.8 billion compared to \$18.7 billion in 2019, primarily due to the significant reduction in the holdings of debt securities by the deposit-taking corporations.

Other Investment. At the end of 2020, the residents' foreign assets in the form of other investments (largely currency & deposits, loans, and accounts receivable) stood at \$63.6 billion, down from the \$64.8 billion registered in 2019.

The Cayman Islands' stock of foreign liabilities in other investments fell slightly by \$1.1 billion and stood at \$51.9 billion. This was driven by the drop in loans through deposit taking corporations, which was partially offset by an increase in currency and deposits.

Reserve Assets. In 2020, the Cayman Islands' gross foreign reserve assets holdings stood at \$180.9 million, showing an increase of \$26.4 million. This was comprised of investments in both currency and deposits and debt securities.

APPENDIX 1 - BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION TABLES

A1.1 Balance of Payments

Balance of Payments Transactions (CIS000)	2019 ^R			2020 ^P		
	Credit	Debit	Net	Credit	Debit	Net
Current account	8,472,481	9,011,515	(539,033)	6,095,475	6,731,769	(636,294)
Goods and services	3,504,167	2,285,485	1,218,682	3,043,223	2,089,521	953,702
Goods	361,765	1,109,725	(747,960)	510,296	1,027,864	(517,568)
General merchandise on a balance of payments basis ¹	356,269	1,052,019	(695,750)	510,296	959,458	(449,162)
Nonmonetary gold	5,496	57,707	(52,210)	-	68,406	(68,406)
Services	3,142,402	1,175,760	1,966,642	2,532,926	1,061,657	1,471,270
Maintenance and repair services n.i.e.	35	4,522	(4,488)	20	2,804	(2,784)
Transport	92,396	154,247	(61,851)	45,310	99,859	(54,549)
Sea transport	28,495	59,804	(31,309)	15,426	55,982	(40,556)
Freight	-	59,804	(59,804)	-	55,982	(55,982)
Other ²	28,495	-	28,495	15,426	-	15,426
Air transport	58,160	88,182	(30,022)	24,428	37,606	(13,179)
Passenger	29,697	59,593	(29,896)	2,769	7,944	(5,175)
Freight	611	8,706	(8,095)	248	19,471	(19,223)
Other	27,852	19,884	7,969	21,410	10,191	11,219
Postal and courier services	5,741	2,391	3,350	5,457	2,353	3,104
Travel	765,697	189,462	576,236	208,997	122,677	86,321
Business	45,676	8,097	37,579	10,451	3,379	7,072
Other	45,676	8,097	37,579	10,451	3,379	7,072
Personal	720,021	181,365	538,657	198,546	119,297	79,249
Health-related	6,296	29,049	(22,753)	847	6,997	(6,149)
Education-related	11,298	38,188	(26,890)	12,663	41,435	(28,772)
Other	702,427	114,127	588,300	185,035	70,866	114,170
Construction	3,609	13,049	(9,440)	19,021	5,330	13,691
Construction in the reporting economy	-	13,049	(13,049)	19,021	5,330	13,691
Insurance and pension services	468,633	246,914	221,720	478,525	251,613	226,911
Direct insurance	-	53,027	(53,027)	301	51,459	(51,158)
Auxiliary insurance services	39,530	26,463	13,067	40,538	23,856	16,681
Financial services	1,143,554	193,450	950,104	1,063,504	169,845	893,659
Explicitly charged and other financial services	505,211	112,170	393,041	506,980	86,490	420,490
Financial intermediation services indirectly measured (FISIM)	638,343	81,280	557,063	556,524	83,355	473,169
Charges for the use of intellectual property n.i.e.	9,355	62,449	(53,093)	15,930	75,924	(59,993)
Telecommunications, computer, and information services	13,456	46,826	(33,370)	14,295	56,783	(42,488)
Telecommunications services	7,764	13,271	(5,507)	8,422	12,458	(4,036)
Computer services	5,692	33,325	(27,633)	5,873	44,091	(38,218)
Information services	-	230	(230)	-	234	(234)
Other business services	644,161	253,386	390,775	686,282	264,028	422,254
Professional and management consulting services	640,701	210,330	430,371	681,239	258,132	423,107
Technical, trade-related, and other business services	3,461	43,056	(39,595)	5,043	5,896	(853)
Personal, cultural, and recreational services	43	9,029	(8,987)	31	7,276	(7,245)
Audiovisual and related services	-	174	(174)	-	177	(177)
Other personal, cultural, and recreational services	43	8,856	(8,813)	31	7,100	(7,068)
Government goods and services n.i.e.	1,463	2,426	(963)	1,011	5,517	(4,506)

	2019 ^R			2020 ^P		
	Credit	Debit	Net	Credit	Debit	Net
Balance of Payments Transactions (Cont'd)						
Primary income	3,593,917	4,875,609	(1,281,692)	1,730,964	2,937,476	(1,206,513)
Compensation of employees	5,020	47,243	(42,223)	2,196	33,895	(31,698)
Investment income	3,588,897	4,828,365	(1,239,468)	1,728,767	2,903,582	(1,174,814)
Direct investment	28,321	2,182,394	(2,154,073)	(4,278)	1,292,218	(1,296,496)
Income on equity and investment fund shares	24,843	2,179,841	(2,154,998)	(6,016)	1,290,953	(1,296,969)
corporations	21,496	316,020	(294,523)	(6,016)	295,663	(301,679)
Reinvested earnings	3,347	1,863,822	(1,860,475)	-	995,290	(995,290)
Interest	3,478	2,553	925	1,738	1,265	473
Portfolio investment	2,636,017	1,607,688	1,028,329	1,157,517	967,759	189,757
Investment income on equity and investment fund shares	34,862	4,460	30,402	64,621	7,381	57,240
Interest	2,601,155	1,603,228	997,927	1,092,895	960,378	132,518
Other investment	921,211	1,038,283	(117,072)	573,619	643,604	(69,986)
Reserve assets (Credit)	3,347	-	3,347	1,910	-	1,910
Secondary income	1,374,398	1,850,421	(476,023)	1,321,289	1,704,772	(383,483)
General government	316.0	1,008.8	(693)	197.9	1,458.1	(1,260)
Financial corporations, nonfinancial corporations, households, and NPISHs	1,374,082	1,849,412	(475,330)	1,321,091	1,703,314	(382,223)
Personal transfers (Current transfers between resident and nonresident households)	6,770	370,314	(363,544)	5,311	367,095	(361,784)
Other current transfers	1,367,311	1,479,098	(111,787)	1,315,780	1,336,219	(20,439)
Capital account	928	1,299	(370)	40	1,147	(1,106)
Capital transfers	928	1,299	(370)	40	1,147	(1,106)
General government	895	-	895	9	-	9
Other capital transfers	895	-	895	9	-	9
Financial corporations, nonfinancial corporations, households, and NPISHs	33	1,299	(1,265)	31	1,147	(1,115)
Debt forgiveness	-	-	-	-	-	-
Other capital transfers	33	1,299	(1,265)	31	1,147	(1,115)
Net lending (+) / net borrowing (-) (balance from current and capital account)			(539,404)			(637,400)
Financial account						
Net lending (+) / net borrowing (-) (balance from financial account)	5,156,096	5,778,524	(622,428)	(11,931,093)	(10,453,479)	(1,477,614)
Direct investment	(557,073)	900,347	(1,457,420)	276,481	5,142,498	(4,866,018)
Equity and investment fund shares	(667,026)	1,325,328	(1,992,355)	(332,230)	5,140,129	(5,472,360)
Equity other than reinvestment of earnings	(670,373)	(538,493)	(131,880)	(332,230)	4,144,839	(4,477,069)
Reinvestment of earnings	3,347	1,863,822	(1,860,475)	-	995,290	(995,290)
Debt instruments	109,953	(424,982)	534,935	608,711	2,369	606,342
Portfolio investment	6,016,848	2,530,969	3,485,879	1,448,400	(14,907,569)	16,355,969
Equity and investment fund shares	91,870	-	91,870	(130,153)	15,118	(145,271)
Deposit-taking corporations, except central bank	44,205	-	44,205	11,589	-	11,589
Other sectors	47,665	-	47,665	(141,742)	15,118	(156,860)
Other financial corporations	47,664	-	47,664	(147,024)	-	(147,024)
Nonfinancial corporations, households, and NPISHs	1	-	1	5,282	15,118	(9,836)

	2019 ^P			2020 ^P		
	Net Acquisition of Fin. Asset	Net Incurrence of Liability	Net (asset less liabilities)	Net Acquisition of Fin. Asset	Net Incurrence of Liability	Net (asset less liabilities)
Financial account (cont'd)						
Debt securities	5,924,978	2,530,969	3,394,009	3,394,009	1,578,553	1,815,455
Deposit-taking corporations, except central bank	6,005,578	2,114,473	3,891,106	1,630,939	(14,920,600)	16,551,539
General government	-	261,300	(261,300)	-	-	-
Other sectors	(92,121)	155,197	(247,318)	(49,581)	(2,087)	(47,494)
Other financial corporations	(90,521)	-	(90,521)	(49,828)	(39)	(49,789)
Nonfinancial corporations, households, and NPISHs	(1,600)	155,197	(156,797)	248	(2,048)	2,296
Financial derivatives (other than reserves) and employee stock options	2,297,860	-	2,297,860	(9,174,665)	(143)	(9,174,522)
Deposit-taking corporations, except central bank	2,297,860	-	2,297,860	(9,179,918)	-	(9,179,918)
General government	-	-	-	-	-	-
Other sectors	-	-	-	5,253	(143)	5,396
Other investment	(2,620,137)	2,347,208	(4,967,344)	(4,509,619)	(688,265)	(3,821,354)
Other equity	(557,073)	900,347	(1,457,420)	276,481	5,142,498	(4,866,018)
Currency and deposits	1,803,903	2,361,681	(557,777)	(8,325,415)	154,266	(8,479,680)
Deposit-taking corporations, except central bank	913,346	2,349,166	(1,435,820)	(8,519,942)	136,512	(8,656,454)
Other sectors	890,557	12,515	878,043	194,527	17,754	176,773
Loans	(4,205,962)	(1,075,589)	(3,130,373)	353,211	(2,408,563)	2,761,774
Deposit-taking corporations, except the central bank	(4,205,529)	(1,073,499)	(3,132,029)	352,827	(2,397,203)	2,750,030
Short-term	(468,398)	1,115,244	(1,583,642)	-	(2,397,203)	2,397,203
Long-term	(3,737,131)	(2,188,743)	(1,548,387)	352,827	-	352,827
General government	-	-	-	-	-	-
Other sectors	(434)	(2,090)	1,656	383	(11,360)	11,743
Other financial corporations	(36)	-	(36)	(31)	542	(573)
Nonfinancial corporations, households, and NPISHs	(397)	(2,090)	1,692	415	(11,902)	12,317
Insurance, pension, and standardized guarantee schemes	175,954	779,961	(604,008)	103,930	346,051	(242,122)
Trade credit and advances	817	17,959	(17,142)	2,257	26,220	(23,964)
Other accounts receivable/payable	(394,848)	263,196	(658,045)	3,356,398	1,193,761	2,162,637
Deposit-taking corporations, except central bank	(429,332)	86,421	(515,753)	3,199,962	1,157,839	2,042,122
General government	429	(2,321)	2,750	165	(202)	367
Other sectors	34,055	179,097	(145,042)	156,272	36,123	120,149
Other financial corporations	310,030	167,549	142,481	316,433	13,303	303,129
Nonfinancial corporations, households, NPISHs	(275,975)	11,548	(287,523)	(160,161)	22,820	(182,981)
Reserve assets	18,597	-	18,597	28,310	-	28,310
Other reserve assets	18,597	-	18,597	28,310	-	28,310
Currency and deposits	78,672	-	78,672	25,228	-	25,228
Securities	(60,075)	-	(60,075)	3,082	-	3,082
Debt securities	(60,075)	-	(60,075)	3,082	-	3,082
Net errors and omissions			(83,024)			(840,214)

A2.1 International Investment Position

International Investment Position			
(CIS\$000)	2018	2019	2020 ^P
Net International Investment Position	44,417,565	46,973,094	65,162,946
Assets	148,868,908	153,962,593	146,429,703
Direct investment	21,115,899	20,692,191	22,122,372
Equity and investment fund shares	20,948,520	20,488,682	21,251,359
Debt instruments	167,379	203,509	871,013
Portfolio investment	32,470,771	38,737,790	40,113,109
Equity and investment fund shares	2,463,538	2,509,911	1,918,446
Monetary authorities (where relevant)	0	0	0
Deposit-taking corporations, except central bank	644,326	693,333	708,333
General government	591	0	0
Other sectors	1,818,622	1,816,578	1,210,112
Other financial corporations	1,818,107	1,816,062	1,189,172
Nonfinancial corporations, households, NPISHs	515	516	20,940
Debt securities	30,007,233	36,227,879	38,194,663
Monetary authorities (where relevant)	0	0	0
Deposit-taking corporations, except central bank	27,411,346	33,650,000	35,451,667
General government	0	0	0
Other sectors	2,595,887	2,577,879	2,742,997
Other financial corporations	2,559,040	2,541,789	2,706,832
Nonfinancial corporations, households, NPISHs	36,847	36,090	36,165
Financial derivatives (other than reserves) and employee stock options	27,034,293	29,536,738	20,460,582
Other investment	68,112,869	64,841,384	63,552,722
Other equity	0	0	0
Currency and deposits	36,378,994	39,364,131	30,942,751
Monetary authorities	0	0	0
Deposit-taking corporations, except central bank	34,690,726	36,815,988	28,296,046
General government	40	40	40
Other sectors	1,688,228	2,548,103	2,646,665
Other financial corporations	1,178,564	1,208,968	1,204,812
Nonfinancial corporations, households, NPISHs	509,664	1,339,135	1,441,853
Loans	23,108,726	17,182,221	27,757,303
Monetary authorities	0	0	0
Deposit-taking corporations, except the central bank	22,780,185	16,854,311	27,487,256
Short-term	0	0	0
Long-term	22,780,185	16,854,311	27,487,256
General government	0	0	0
Other sectors	328,541	327,910	270,048
Other financial corporations	326,708	326,474	267,351
Nonfinancial corporations, households, and NPISHs	1,834	1,436	2,697
Insurance, pension, and standardized guarantee schemes	0	0	0
Trade credit and advances	261,864	262,555	253,834
Other sectors	261,864	262,555	253,834
Other financial corporations	2,253	3,480	8,984
Nonfinancial corporations, households, and NPISHs	259,611	259,075	244,850
Other accounts receivable	8,363,285	8,032,477	4,598,834
Reserve assets	135,076	154,490	180,918
Other reserve assets	135,076	154,490	180,918

International Investment Position (Cont'd)	2018	2019	2020 ^P
Liabilities	104,451,342	106,989,499	81,266,758
Direct investment	34,712,274	35,208,074	25,575,544
Equity and investment fund shares	34,268,379	34,768,728	25,462,692
Debt instruments	443,895	439,346	112,852
Portfolio investment	16,760,162	18,741,216	3,759,665
Equity and investment fund shares	0	0	110,353
Debt securities	16,760,162	18,741,216	3,649,312
Monetary authorities	0	0	0
Deposit-taking corporations, except central bank	16,120,072	18,234,544	3,313,944
General government	261,300	0	0
Other sectors	378,790	506,672	335,368
Financial derivatives (other than reserves) and employee stock options	n.a.	n.a.	n.a.
Other investment	52,978,907	53,040,209	51,931,548
Other equity	0	0	0
Currency and deposits	36,575,461	36,209,697	37,480,547
Monetary authorities	0	0	0
Deposit-taking corporations, except the central bank	36,569,811	36,206,182	37,477,557
General government	0	0	0
Other sectors	5,650	3,515	2,990
Other financial corporations	5,650	3,515	2,990
Nonfinancial corporations, households, NPISHs	0	0	0
Loans	13,310,715	13,487,087	10,964,358
Monetary authorities	0	0	0
Deposit-taking corporations, except the central bank	11,100,050	11,278,497	8,881,294
General government	0	0	0
Other sectors	2,210,665	2,208,590	2,083,063
Other financial corporations	2,170,935	2,170,575	1,779,924
Nonfinancial corporations, households, and NPISHs	39,730	38,015	303,139
Insurance, pension, and standardized guarantee schemes	1,570,272	1,697,315	1,778,949
Trade credit and advances	90,257	107,437	122,915
Other accounts payable - other	1,432,202	1,538,673	1,584,780
Monetary authorities	0	0	0
Deposit-taking corporations, except central bank	122,662	84,709	115,371
General government	0	0	0
Other sectors	1,309,540	1,453,964	1,469,409
Other financial corporations	1,299,690	1,444,032	1,462,340
Nonfinancial corporations, households, NPISHs	9,850	9,931	7,069
Special drawing rights (Net incurrence of liabilities)	0	0	0

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