

THE CAYMAN ISLANDS' SEMI-ANNUAL TRADE BULLETIN: JANUARY TO JUNE 2011

This publication is the inaugural issue of a quarterly/semi-annual bulletin 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 and annual bulletins as new information are obtained.

Highlights

Trade Balance

The trade balance (or merchandise trade deficit comprising of imports minus exports) stood at CI\$350.9 million, increasing by 3.9% compared to the first half of 2010 (see Chart 1). This resulted mainly from the increase in the total value of

imports, which significantly offset the increase in exports.

Imports

The value of imports for the 1st half of 2011 amounted to CI\$360.9 million, 4.6% higher than the CI\$344.89 million recorded for the same period in

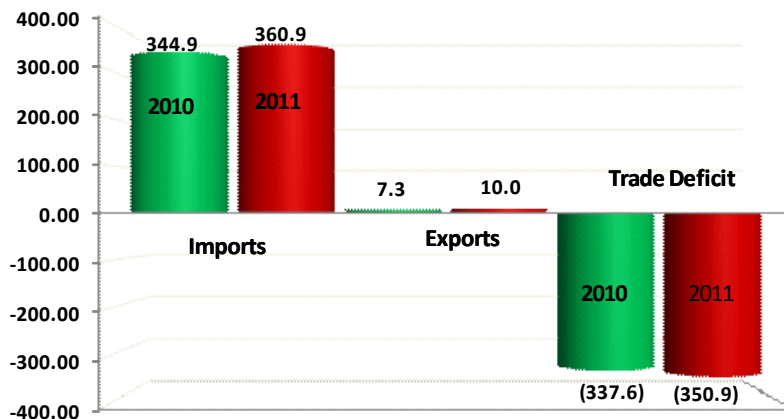
2010. Most categories of imports recorded increases, of which the highest growth was for fuels and related products.

Exports

Merchandise exports, comprising largely of

re-exports, increased by 36.5% to \$9.8 million compared to the first half of 2010. This was associated with an increase in re-exports of household items.

Chart 1 Imports, Exports and Balance of Trade:
January to June 2010 and 2011 (CI\$Millions)



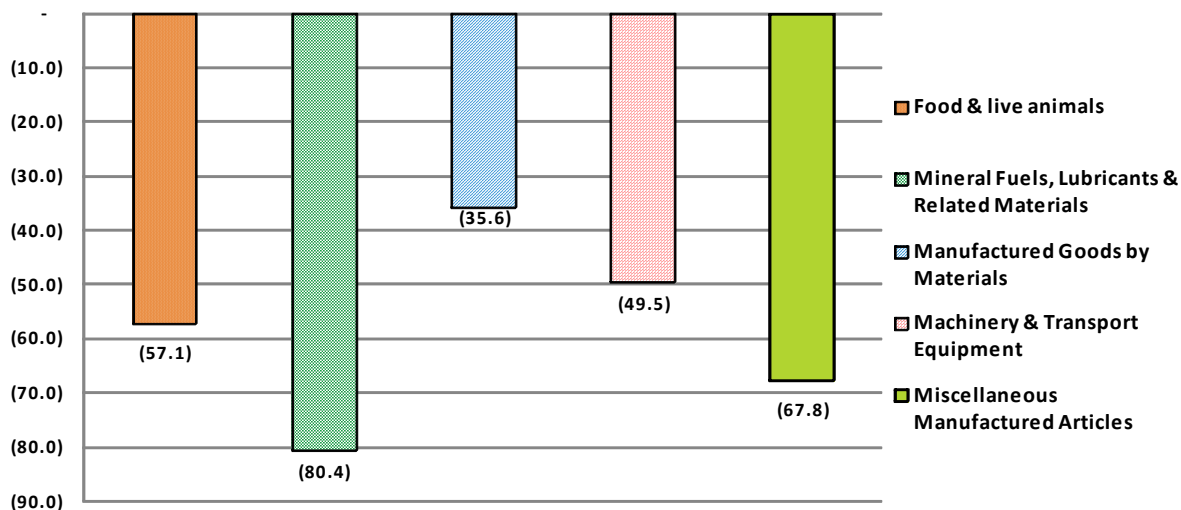
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TABLE 1: VISIBLE TRADE BALANCES BY STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC)

Section	(CIS\$ Millions)					
	Imports		Exports		Visible Balance of Trade	
	2010 Jan-Jun	2011 Jan-Jun	2010 Jan-Jun	2011 Jan-Jun	2010 Jan-Jun	2011 Jan-Jun
0 Food & live animals	57.7	57.4	0.5	0.2	(57.2)	(57.1)
1 Beverages & Tobacco	11.5	15.9	-	-	(11.5)	(15.9)
2 Crude Materials	4.8	5.2	1.0	0.7	(3.8)	(4.5)
3 Mineral Fuels, Lubricants & Related Materials	54.3	80.4	0.0	-	(54.3)	(80.4)
4 Animal & Vegetable Oils, Fats and Waxes	0.1	0.2	-	-	(0.1)	(0.2)
5 Chemical & related products	16.9	15.4	0.0	0.0	(16.9)	(15.4)
6 Manufactured Goods Classified Chiefly by Materials	43.0	36.0	0.5	0.4	(42.6)	(35.6)
7 Machinery & Transport Equipment	50.2	49.7	0.6	0.2	(49.6)	(49.5)
8 Miscellaneous Manufactured Article	73.7	68.1	0.7	0.2	(73.0)	(67.8)
9 Commodities & Transactions Not Classified Elsewhere 1	32.6	32.6	4.0	8.2	(28.6)	(24.4)
Total	344.9	360.9	7.3	10.0	(337.6)	(350.9)

**Chart 2 Visible Balance of Trade Deficit:
Selected Categories, January to June 2011 (CIS\$Million)**



Commentary on Imports

Increases in the value of imports for the period under review were recorded in most categories of imports (see Table 2).

Increases were recorded in beverages and tobacco (38.5%), crude materials (9.1%), and mineral fuels, lubricants and related materials (48%).

The significant increase in imports of

mineral fuels, lubricants and related materials can be attributed to a rise in both the cost and quantity of fuel.

On average, gasoline, diesel and jet fuel increased 38.3% in cost while the quantity increased by an average of 26.4%.

In contrast, declines were recorded for manufactured goods

classified chiefly by materials (16.2%).

Chemical and related products declined 8.8%, machinery and transportation equipment fell 1.1% and miscellaneous manufactured articles dropped 7.7%.

Food and live animals declined slightly from CI\$57.7 million to CI\$57.4 million.

Chart 3 presents the major classifications

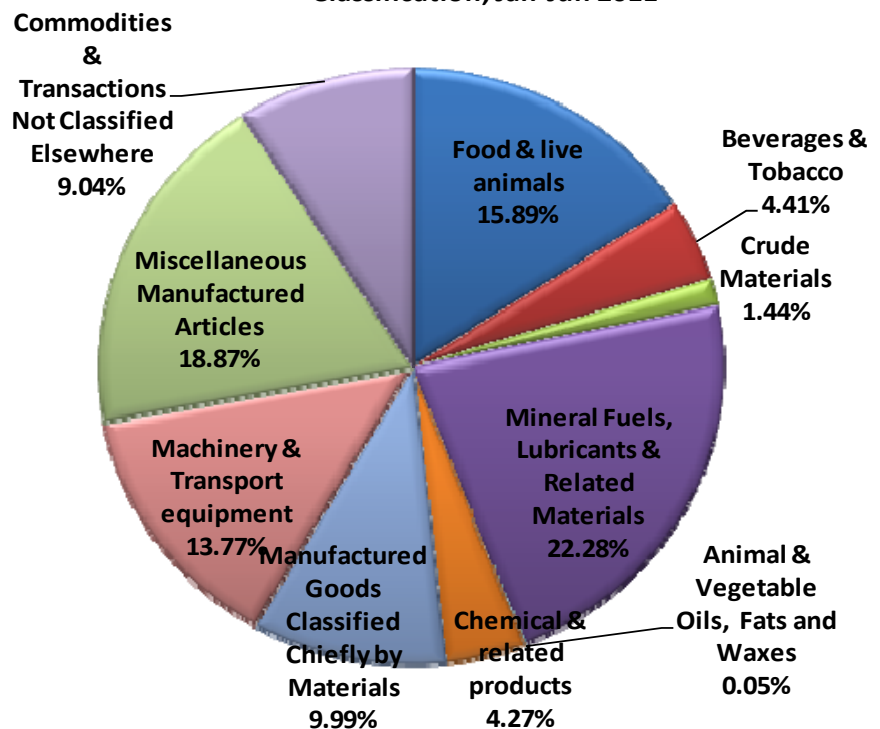
of imports and their percentage share to total imports.

The share of mineral fuels, lubricants and related materials increased to 22.3% during the first half of 2011 as compared to 15.7 percent in the first half of 2010. The increase may be attributed to the higher unit cost of these imports during the current year.

TABLE 2: IMPORTS CHANGE BY SITC SECTIONS

SITC Section January to June 2011	percent change
0 Food & live animals	-0.6%
1 Beverages & tobacco	38.5%
2 Crude materials	9.1%
3 Mineral fuels, lubricants & related materials	48.0%
4 Animal & vegetable oils, fats and waxes	36.8%
5 Chemical & related products	-8.8%
6 Manufactured goods classified chiefly by materials	-16.2%
7 Machinery & transport equipment	-1.1%
8 Miscellaneous manufactured articles	-7.7%
9 Commodities & transactions not classified elsewhere	0.1%
TOTAL IMPORTS	4.6%

Chart 3: Percentage Breakdown of Total Imports by Classification, Jan-Jun 2011



Imports: Countries of Origin

The USA continued its dominance as the Cayman Islands main trade partner even though its share of total imports declined marginally. In the first half of 2011, imports from the US fell by 5.7 percent, to CI\$262.3 million. Its share of total imports also fell to 72.7% as compared to 80.6% recorded in the first half of 2010.

In contrast, the Netherland Antilles, shipped a higher level of imports

(51.3%), largely reflecting the increase in fuel prices.

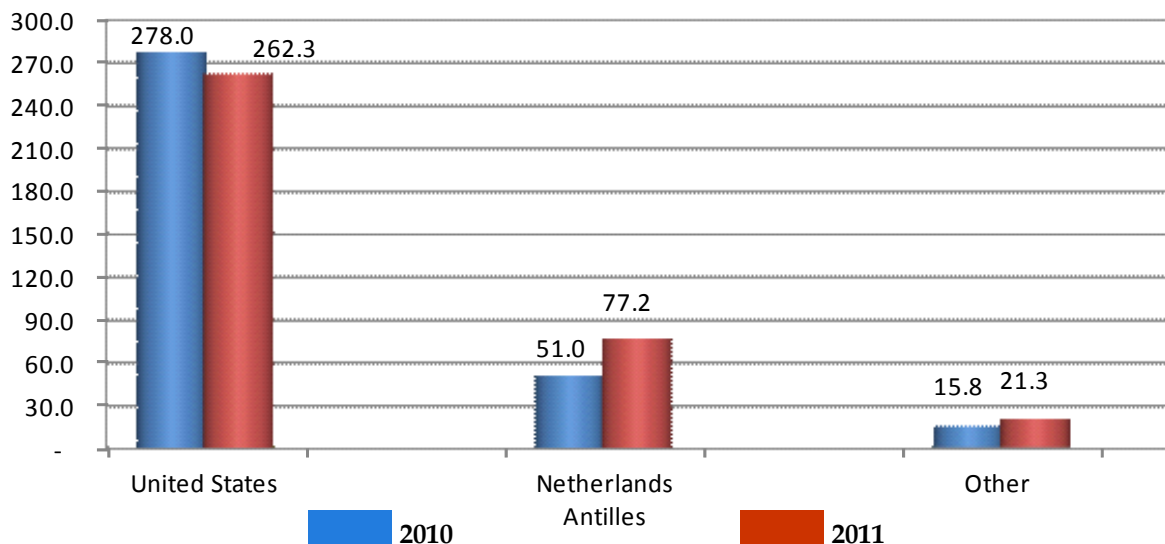
With regard to imports from other countries, Jamaica recorded the largest increase of 90.0%, while Japan recorded the largest decrease (57.3%) by any individual trading partner. The decline in imports from Japan can be associated with the overall decline in vehicle imports.

Similarly, a decline was recorded for

imports from Switzerland which was most likely caused by a drop in the imports of watches and other luxury goods. Imports from the United Kingdom fell by 9.1%. This decline can be attributed to a decrease in the imports of miscellaneous manufactured articles and chemical and related products.

Country	(CI\$ Millions)		
	January to June 2010	January to June 2011	percent change
United States	278.03	262.30	-5.7%
Netherlands Antille	51.04	77.21	51.3%
Jamaica	1.55	2.94	90.0%
Japan	1.59	0.68	-57.3%
United Kingdom	3.06	2.78	-9.1%
Cuba	0.96	1.02	6.5%
Canada	0.60	0.61	2.3%
Switzerland	1.39	0.67	-51.4%
Germany	2.22	3.12	40.2%
Panama	0.19	0.16	-16.6%
Mexico	0.86	0.80	-6.4%
Other	3.62	8.72	141.2%
Total Imports	344.90	360.90	4.6%

**Chart 4 Imports by Countries of Origin,
Jan to June 2010 & 2011 (CI\$Millions)**



Imports: Broad Economic Categories

TABLE 3: IMPORTS BY BROAD ECONOMIC CATEGORIES

January to June	(CI\$ Millions)		% Change
	2010	2011	
Food & beverages	67.2	68.8	2.4%
Industrial supplies not elsewhere specified	59.6	52.7	-11.5%
Fuels and lubricants	53.4	79.7	49.3%
Capital goods (except transport equipment), and parts and accessories thereof	29.2	28.2	-3.5%
Transport equipment, and parts and accessories thereof	22.3	22.1	-0.7%
Consumer goods not elsewhere specified	81.5	77.6	-4.7%
Goods not elsewhere specified	31.9	31.7	-0.4%
TOTAL IMPORTS	344.9	360.9	4.6%

An analysis of imports by broad economic categories (BEC) reveals that a significant portion of the increase in imports was due to fuel and lubricants. This cat-

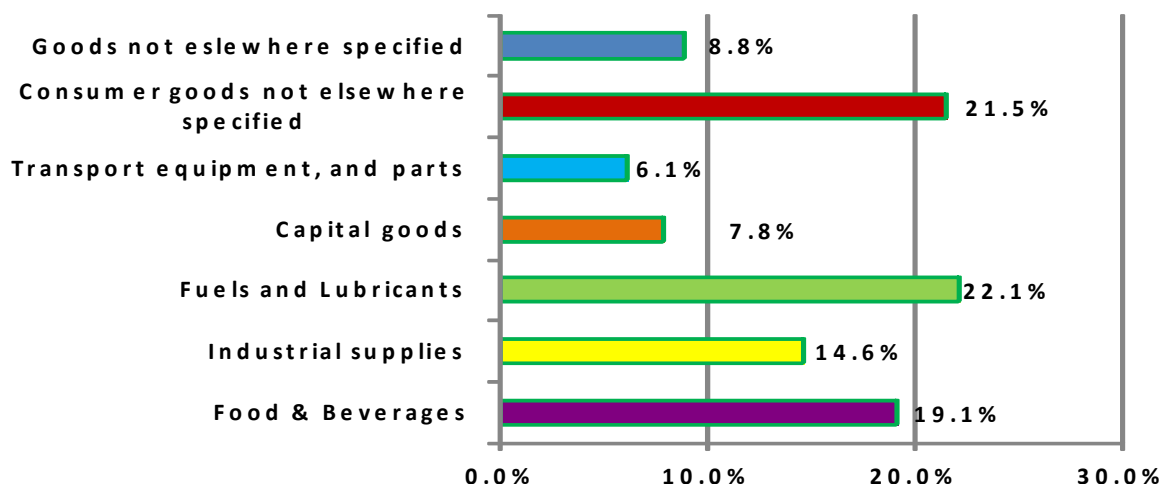
accounted for 22.1% of imports and increased by 49.3% to CI\$79.7 million as compared to CI\$53.4 million in 2010. This largely resulted from increases in both prices and quantities.

Meanwhile, food and beverages, which accounted for 19.1% of all imports, increased by 2.4%.

All other economic categories of imports recorded declines.

In particular, industrial supplies including construction materials, chemicals and other intermediate inputs for manufacturing declined by 11.5%.

**Chart 5 Imports Broad Economic Categories:
Percentage Share to Total Imports
January to June 2011**



Commentary on Exports

For the first half of 2011, merchandise exports, which comprised largely of re-exports, increased by 36.5%, recording a value of CI\$10.0 million compared to CI\$7.3 million recorded in the comparative period of 2010. Exports in all categories were down except in commodities and transactions not classified elsewhere, which increased by 104.4%. The latter may be associated with household items that were brought out of the country.

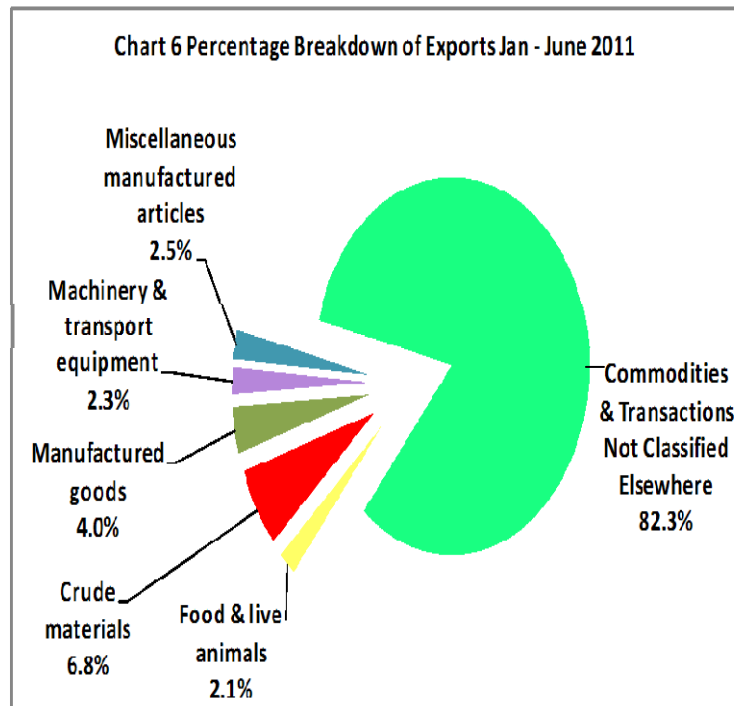


TABLE 4: EXPORTS BY SITC SECTIONS			(CI\$ Millions)
January to June	2010	2011	% change
Food & live animals	535.8	206.8	-61.4%
Crude materials	975.0	682.8	-30.0%
Mineral fuels, lubricants & related materials	2.2	0.0	-100.0%
Chemical & related products	9.7	3.3	-65.8%
Manufactured goods classified chiefly by materials	454.1	394.2	-13.2%
Machinery & transport equipment	604.8	232.9	-61.5%
Miscellaneous manufactured articles	710.8	249.6	-64.9%
Commodities & transactions not classified elsewhere	4,017.7	8,211.6	104.4%
Total Exports	7,310.1	9,981.2	36.5%

Methodology, Explanatory Notes and Definitions

The Foreign Trade Statistics Report is produced by the Balance of Payments Unit of 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 value 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. Finally, the classification of imports by Broad Economic Categories (BEC) is based on international standards

recommended by the UN.

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 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), that 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.

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