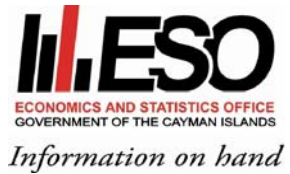


THE CAYMAN ISLANDS' THIRD QUARTER TRADE BULLETIN: JULY TO SEPTEMBER 2011



This publication is the second issue of a quarterly 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 bulletin and annual bulletins as new information are obtained.

Highlights

Trade Balance

In the third quarter 2011, the **visible trade deficit** (comprising of exports minus imports), increased by CI\$11.5 million (6.9%) and stood at CI\$178.2 million compared to the CI\$166.7 million recorded in the third quarter 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 3rd quarter of 2011 amounted to CI\$182.1 million, 7.4 percent higher than the CI\$169.5 million recorded for the same period in 2010. Most categories of imports recorded decreases, with the exception of Food and Beverages, Fuel and Machinery and Transportation which recorded increases.

Exports

Merchandise exports in the third quarter 2011, increased by 39.3 percent to CI\$3.9 million compared to the CI\$2.8 million recorded in the comparable quarter of 2010. This was associated with an increase in exports of commodities not elsewhere

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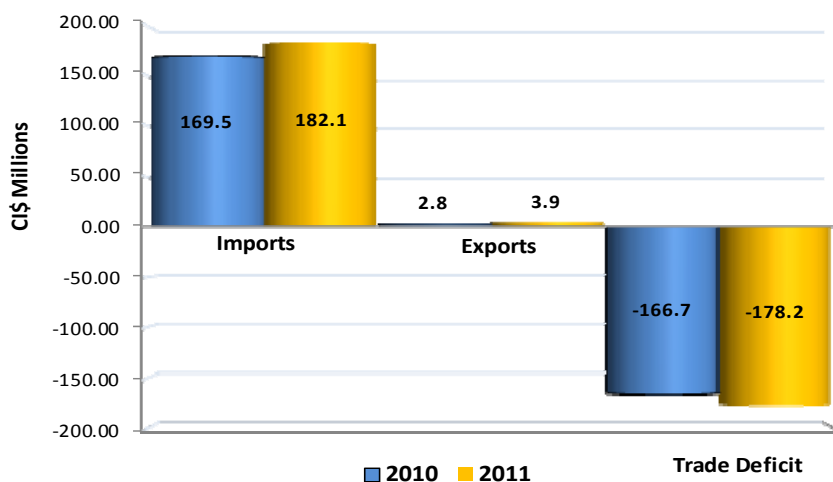
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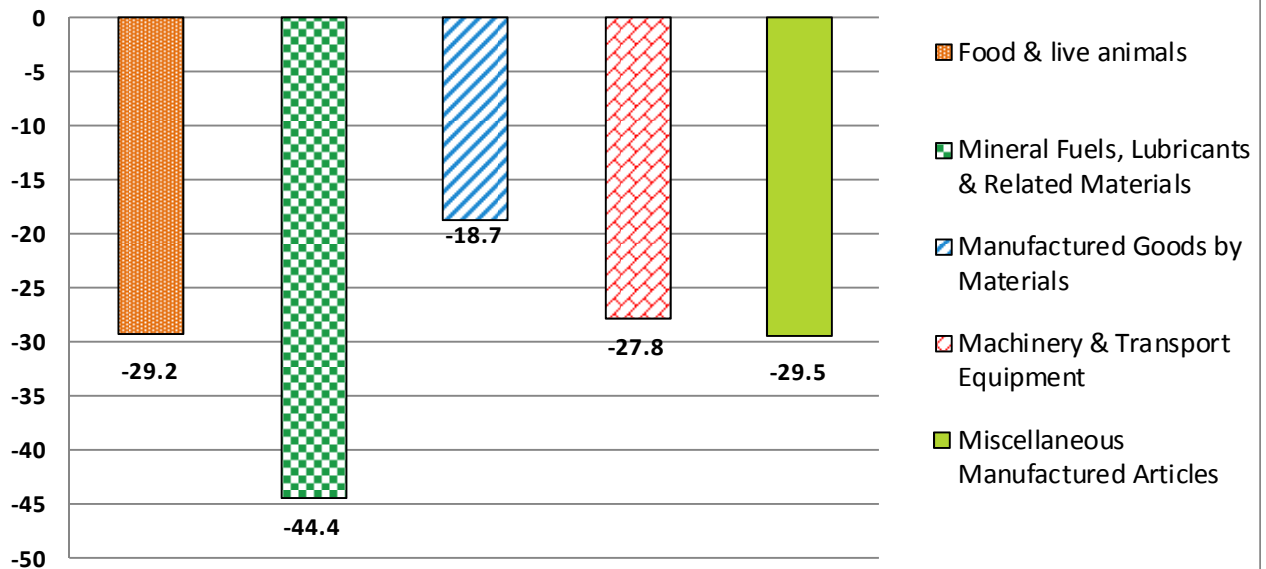
Chart 1: Imports, Exports and Balance of Trade
July to September 2011



**TABLE 1: IMPORTS, EXPORTS AND VISIBLE TRADE BALANCES BY
STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC) (CI\$ Millions)**

Section	Imports		Exports		Visible Balance of Trade	
	2010 3rd Qtr	2011 3rd Qtr	2010 3rd Qtr	2011 3rd Qtr	2010 3rd Qtr	2011 3rd Qtr
0 Food & live animals	27.7	29.2	0.1	0.0	(27.6)	(29.2)
1 Beverages & Tobacco	6.6	6.5	0.5	0.0	(6.1)	(6.5)
2 Crude Materials	2.3	2.0	0.1	0.2	(2.2)	(1.8)
3 Mineral Fuels, Lubricants & Related Materials	30.7	44.4	0.0	-	(30.7)	(44.4)
4 Animal & Vegetable Oils, Fats and Waxes	0.1	0.1	-	-	(0.1)	(0.1)
5 Chemical & related products	7.0	6.9	0.3	0.0	(6.7)	(6.9)
6 Manufactured Goods Classified Chiefly by Materials	21.4	18.8	0.1	0.1	(21.2)	(18.7)
7 Machinery & Transport Equipment	24.8	28.1	0.2	0.3	(24.7)	(27.8)
8 Miscellaneous Manufactured Articles	31.0	29.6	0.2	0.0	(30.7)	(29.5)
9 Commodities & Transactions Not Classified Elsewhere	17.9	16.6	1.2	3.3	(16.6)	(13.3)
Total	169.5	182.1	2.8	3.9	(166.7)	(178.2)

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



Commentary on Imports

Increases in the value of imports for the third quarter 2011 were recorded in three categories (see Table 2).

Food and live animals increased from CI\$27.7 million in the third quarter 2010 to CI\$29.2 million (5.2%) in the third quarter 2011, while the total value of Fuel, Lubricants and Related Materials imported amounted to CI\$44.4 million in 2011 compared to CI\$30.7 million for the corresponding period in 2010.

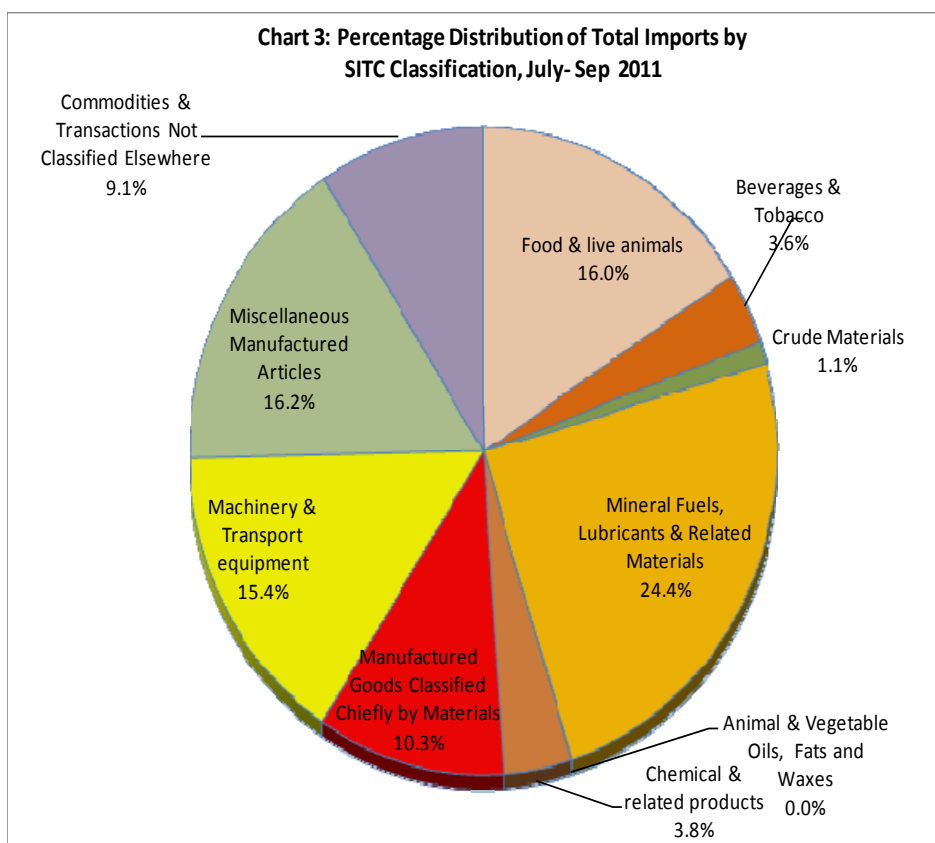
In contrast, declines were recorded for manufactured goods classified chiefly by materials which fell by CI\$2.5 million (11.8%) compared to 2010.

Additionally, Chemical and related products declined by CI\$1.0 million (1.8%), beverages and tobacco fell 0.7 percent to CI\$0.5 million and miscellaneous manufactured articles dropped 4.5 percent to CI\$29.6 million.

Chart 3 presents the major classifications of imports and their percentage share to total imports.

**TABLE 2: IMPORTS BY SITC
PERCENTAGE CHANGE
July to September 2011**

Section	<i>percent change</i>
Food & live animals	5.2
Beverages & Tobacco	-0.7
Crude Materials	-15.3
Mineral Fuels, Lubricants & Related Materials	44.5
Animal & Vegetable Oils, Fats and Waxes	-52.5
Chemical & related products	-1.8
Manufactured Goods Classified Chiefly by Materials	-11.8
Machinery & Transport equipment	13.1
Miscellaneous Manufactured Articles	-4.5
Commodities & Transactions Not Classified Elsewhere	-7.0
TOTAL IMPORTS	7.4



Imports: Countries of Origin

The USA continued its trend as the Cayman Islands' main trade partner with its value of total imports increasing slightly. In the third quarter of 2011, imports from the USA rose by 0.03 percent, to CI\$130.5 million even though its share of total imports decreased to 71.6 percent as compared to 76.9 percent recorded in the third quarter of 2010.

The Netherland Antilles, remained in second place with imports totalling CI\$41.9 million (23.1%) up from CI\$28.9 million (17%) over the third quarter 2010, largely reflecting the continued increase in fuel prices despite a decrease in the quantities imported.

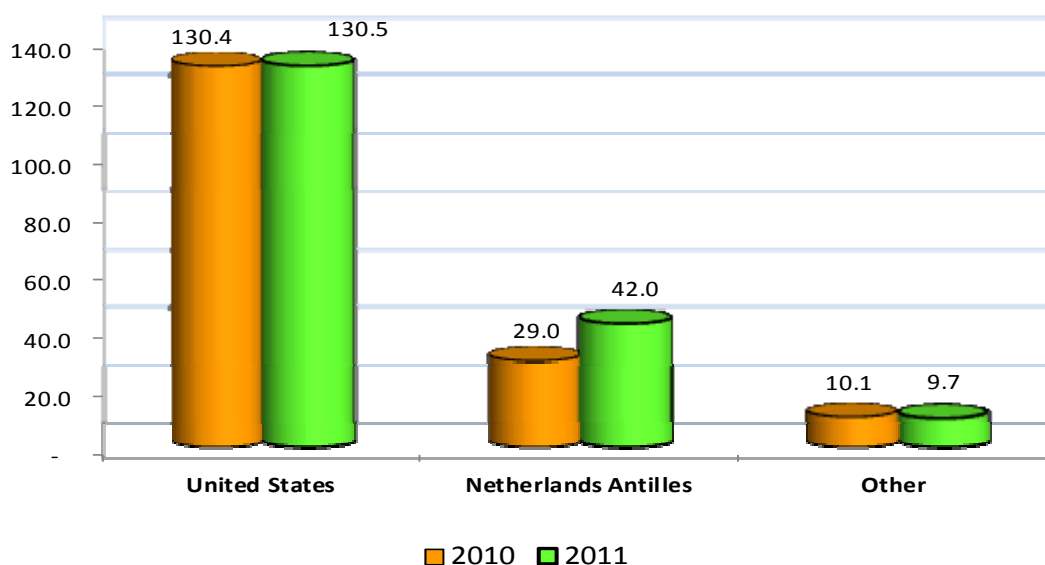
With regards to the value of imports from other countries, Germany recorded the largest increase in 2011 of CI\$1.2 million (268.0%), while Cuba recorded the largest decrease of CI\$0.5 million (70.3%) compared to that of other individual trading partners. The large increase in imports from Germany can be associated with the overall increase in the importation of German made automobiles and diesel engines and equipment.

The decline in imports from Cuba was caused by a decrease in the imports of bulk cement.

Table 3: IMPORTS BY COUNTRIES OF ORIGIN
(CI\$ Millions)

Country	2010 3rd Qtr	2011 3rd Qtr	percent change
United States	130.44	130.48	0.03
Netherlands Antilles	28.99	41.98	44.8
Jamaica	1.26	1.81	43.9
Japan	0.72	0.80	10.4
United Kingdom	1.36	1.38	1.2
Cuba	0.69	0.20	-70.3
Canada	0.32	0.45	38.4
Switzerland	0.21	0.37	73.0
Germany	0.48	1.75	268.0
Panama	1.08	0.39	-63.7
Mexico	0.15	0.09	-38.4
Other	4.90	2.81	-42.7
TOTAL IMPORTS	169.5	182.1	7.4

Chart 4: Imports by Countries of Origin
July to September 2010 & 2011 (CI\$Millions)



Imports: Broad Economic Categories

TABLE 4: IMPORTS BY BROAD ECONOMIC CATEGORIES

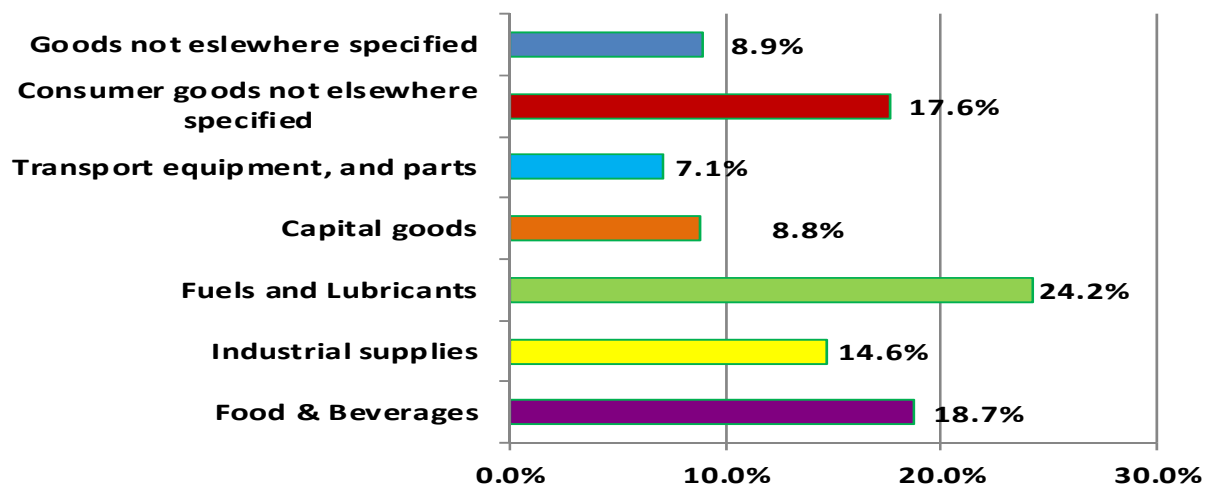
(CI\$ Millions)

Broad Economic Categories	2010 3rd Qtr	2011 3rd Qtr	% Change
1. Food & Beverages	32.7	34.1	4.3
2. Industrial supplies not elsewhere specified	28.6	26.7	-6.9
3. Fuels and Lubricants	30.0	44.1	46.9
4. Capital goods (except transport equipment), and parts and accessories thereof	13.9	16.0	14.8
5. Transport equipment, and parts and accessories thereof	11.6	13.0	11.6
6. Consumer goods not elsewhere specified	35.1	32.0	-8.6
7. Goods not elsewhere specified	17.6	16.2	-7.5
TOTAL IMPORTS	169.5	182.1	7.4

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, which accounted for 24.2 percent of total imports. In the third quarter 2011, Fuel and lubricants increased by 46.9 percent to CI\$44.1 million as compared to CI\$30.0 million over the same period in 2010. This is largely a result from increases in

fuel prices. Meanwhile, food and beverages, which accounted for 18.7 percent of all imports, increased by 4.3 percent to CI\$34.1 million. Increases were also recorded in capital goods (14.8%) from CI\$13.9 million in 2010 to CI\$16.0 million in 2011, and transport equipment up 11.6 percent to CI\$13.0 million.

**Chart 5: Imports Broad Economic Categories:
Percentage Share of Total Imports
July to September 2011**



Commentary on Exports

For the third quarter of 2011, merchandise exports, which comprised largely of re-exports, increased by 39.3 percent, recording a value of CI\$3.9 million compared to CI\$2.8 million recorded in the comparative period of 2010. Exports were down in most categories even though the overall value of exports increased. Commodities and transactions not classified elsewhere, recorded the largest increase of 165.9 percent, to CI\$3.3 million. This increase may be associated with household and personal items that were taken out of the country.

**Chart 6: Percentage Distribution of Exports
July - September 2011**

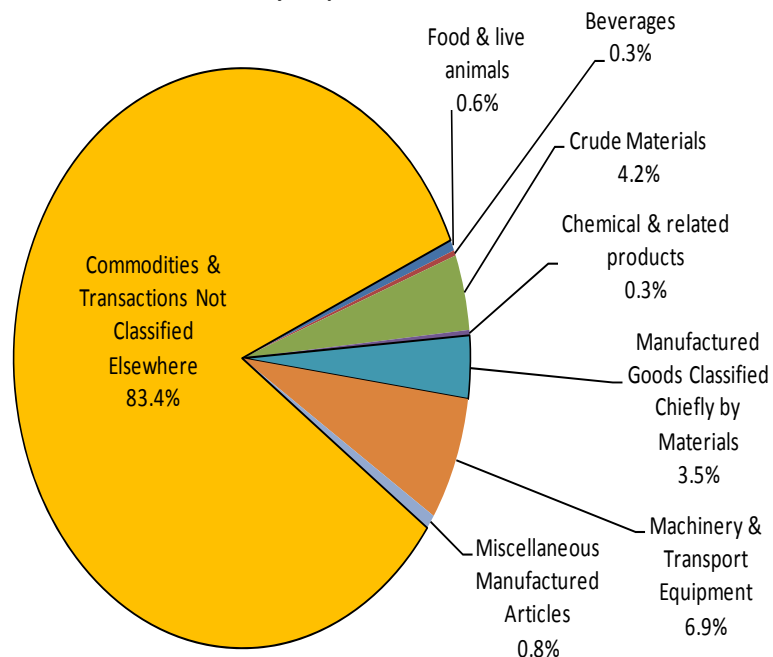


TABLE 5: EXPORTS BY SITC SECTIONS (CI\$000'S)

Section	2010 3rd Qtr	2011 3rd Qtr	<i>percent change</i>
Food & live animals	136.7	25.2	-81.6
Beverages & Tobacco	463.3	13.3	-97.1
Crude Materials	139.5	163.7	17.3
Mineral Fuels, Lubricants & Related Materials	1.1	0.00	-100.0
Chemical & related products	316.3	13.1	-95.8
Manufactured Goods Classified Chiefly by Materials	134.8	136.3	1.1
Machinery & Transport Equipment	160.2	272.5	70.1
Miscellaneous Manufactured Articles	240.8	33.4	-86.1
Commodities & Transactions Not Classified Elsewhere	1,232.5	3,277.6	165.9
Total Exports	2,825.2	3,935.2	39.3

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 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. 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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