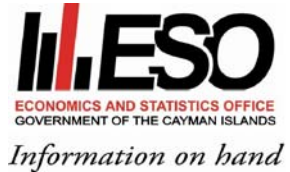




THE CAYMAN ISLANDS' QUARTERLY TRADE STATISTICS BULLETIN: JULY TO SEPTEMBER 2014



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 and includes data on exports and the trade balance. The data presented in this bulletin are preliminary and subject to revision in the subsequent quarterly bulletin and annual report

Overview

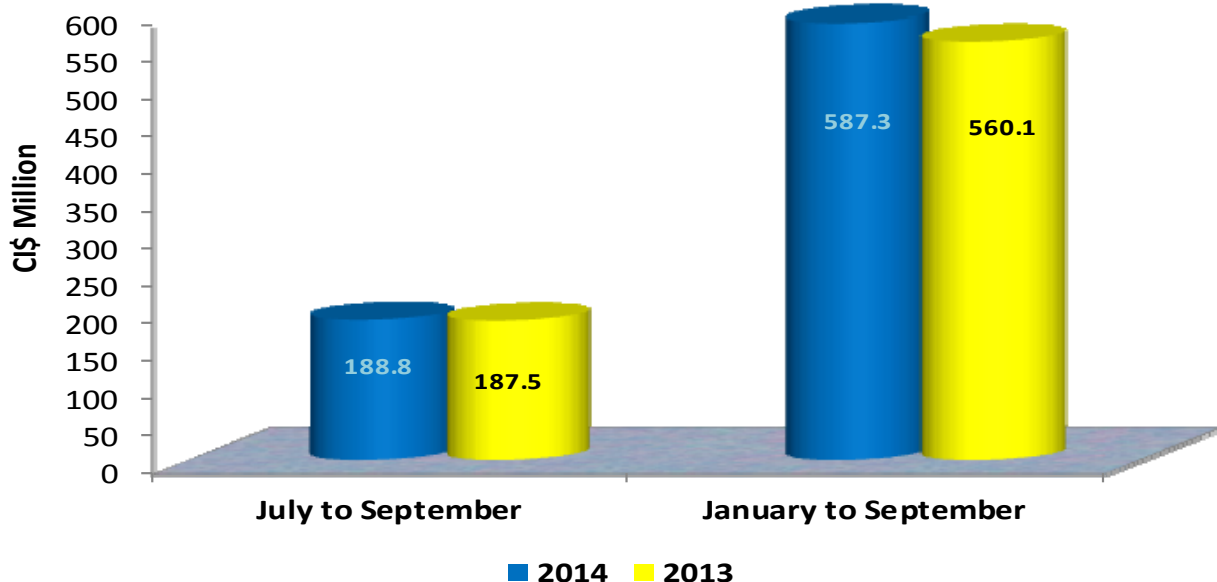
In the third quarter of 2014, the total value of imports grew by 0.7 percent to reach CI\$188.8 million, CI\$1.3 million higher than the CI\$187.5 million recorded for the same period in 2013 (see Chart 1).

Non-petroleum products which accounted for 79.0 percent of total imports, increased by 4.8 percent.

Petroleum and related products decreased by 12.4 percent due mainly to a decline in unit prices.

For the first nine months of 2014, imports increased by 4.9 percent, moving from CI\$560.1 million a year ago to CI\$587.3 million (see also Chart 1).

Chart 1: Merchandise Imports



Imports by Standard International Trade Classification (SITC)

For the quarter ending September 2014, six of the ten major non-petroleum groups recorded increases.

Food & live animals (23.2%) and commodities transactions not classified elsewhere (21.0%) showed the strongest growth when compared to the same period in 2013.

Within the food category, meat and meat preparations increased by 11.9 percent to CI\$6.7 million, dairy products grew by 4.9 percent to CI\$3.7 million, while fruits and vegetables fell by 4.2 percent to settle at \$7.4 million.

Commodities and transactions not classified elsewhere includes postal packages,

items sent through the courier and through the airports. Packages through couriers made up the largest share of this group and increased by 17.6 percent in the third quarter.

On the other hand, imports of machinery and transport equipment fell by 7.1 percent to CI\$23.2 million. This is traced to a decrease in road vehicles, electrical machinery and aircraft equipment which outweighed the 80.7 percent increase in telecommunications equipment.

Manufactured goods classified chiefly by materials fell 6.7 percent to CI\$23.7 million. Construction materials which comprised the bulk of this group, dropped by 13.3 percent.

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

Section	2014	2013	% Change
	Jul - Sep	Jul - Sep	
	CI\$ M	CI\$ M	
Food & Live Animals	38.1	30.9	23.2
Beverages & Tobacco	6.7	6.3	6.0
Crude Materials (except fuels)	3.3	3.0	10.4
Animal & Vegetable Oils, Fats and Waxes	0.2	0.1	274.7
Chemical & Related Products	10.9	10.5	2.9
Manufactured Goods Classified Chiefly by Materials	23.7	25.4	-6.7
Machinery & Transport Equipment	23.2	24.9	-7.1
Miscellaneous Manufactured Articles	28.9	29.5	-1.9
Commodities & Transactions Not Classified Elsewhere	14.3	11.8	21.0
Non-Petroleum Products	149.3	142.5	4.8
Mineral Fuels, Lubricants & Related Materials*	39.5	45.1	-12.4
Total	188.8	187.5	0.7

*Referred to as petroleum and related products.

For the first nine months of 2014, the value of non-petroleum products increased by 6.8 percent to reach CI\$458.7 million, compared to CI\$429.6 million recorded for the same period in 2013.

Imports of food and live animals, which accounted for 20.1 percent of total imports grew by 18.7 percent, to CI\$118.1 million from CI\$99.5 million in 2013.

Miscellaneous manufactured materials reached CI\$89.5 million, higher by 6.9 percent compared to a year ago. This group includes jewellery of precious metals and reading materials.

In contrast, machinery and transport equipment fell by 2.8 percent to CI\$79.1 million. This reflects the sustained decline of imported road vehicles in the second and third quarters.

Imports of petroleum and related products for the first nine months of 2014 also recorded a decrease of 1.5 percent to total CI\$128.6 million, down from CI\$130.5 million recorded in 2013. The overall decline is primarily due to the downward trend of prices in the source markets.

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

Section	2014	2013	%
	Jan - Sep	Jan - Sep	Change
	CI\$ M	CI\$ M	
Food & Live Animals	118.1	99.5	18.7
Beverages & Tobacco	24.0	21.0	14.1
Crude Materials (except fuels)	8.2	7.9	3.2
Animal & Vegetable Oils, Fats and Waxes	0.4	0.2	102.1
Chemical & Related Products	29.0	28.9	0.5
Manufactured Goods Classified Chiefly by Materials	71.4	68.9	3.5
Machinery & Transport Equipment	79.1	81.3	-2.8
Miscellaneous Manufactured Articles	89.5	83.7	6.9
Commodities & Transactions Not Classified Elsewhere	39.3	38.1	3.0
Non-Petroleum Products	458.7	429.6	6.8
Mineral Fuels, Lubricants & Related Materials*	128.6	130.5	(1.5)
Total	587.3	560.1	4.9

* Also referred to as petroleum and related products.

Imports by Countries of Origin

For the quarter ending September 2014, imports from the Cayman Islands' main trading partner, the USA, fell by 0.1 percent to CI\$175.4 million, compared to CI\$175.6 million recorded for the same period in 2013.

Increases were recorded for imports from other countries led by the United Kingdom (821.4%), Mexico (187.5%), Switzerland (162.9%) and Panama (117.3%).

Among the items imported from the UK are pharmaceuticals, food products and electrical goods. Imports from Mexico mainly include crude mineral materials (sand) and alcoholic beverages. Imports from Switzerland are mainly watches.

For the same period, significant declines were recorded for imports from Japan (-49.3%), Canada (-37.3%) and Germany (-46.3%). The sharp drop in imports from Japan reflected primarily a decrease in the importation of Japanese vehicles.

The sharp drop in imports from Germany was largely on account of the fall in the value of imports of machinery and auto parts.

Meanwhile, there was an increase in imports of watches from Switzerland.

The value of imports of cigars and cigarettes from Cuba also increased.

Table 3: Imports by Country of Origin

Country	2014	2013	QTR% Change	2014	2013	YTD % Change
	Jul - Sep	Jul - Sep		Jan - Sep	Jan - Sep	
	CI\$ M	CI\$ M		CI\$ M	CI\$ M	
United States	175.4	175.6	-0.1	547.9	515.5	6.3
Jamaica	1.90	1.87	1.7	5.3	6.4	-17.5
Japan	0.5	1.0	-49.3	2.2	2.7	-18.4
United Kingdom	1.6	0.2	821.4	4.5	3.2	39.9
Cuba	0.3	0.2	25.8	0.80	0.82	-2.1
Canada	0.2	0.4	-37.3	0.8	1.4	-44.4
Switzerland	0.36	0.1	162.9	0.7	0.5	50.6
Germany	0.1	0.3	-46.3	0.9	2.3	-61.7
Panama	0.46	0.21	117.3	0.8	1.0	-15.5
Mexico	0.5	0.2	187.5	1.7	1.2	42.5
Others	7.4	7.6	-2.0	21.7	25.1	-13.5
Total	188.8	187.5	0.7	587.3	560.1	4.9

Imports by Broad Economic Categories

Classification of imports by Broad Economic Category (BEC) shows that during the third quarter of 2014, imports of consumer goods continued to be on the uptrend. Food and beverages which contributed 22.9 percent to total imports grew by 23.1 percent. Consumer goods not elsewhere specified also grew by 3.8 percent.

In contrast, fuel and lubricants imports which accounted for 20.6 percent of total imports recorded a decrease of 12.3 percent. This may be traced to a slight decrease in the price of fuel imports.

Capital goods and transport equipment also declined by 3.7 percent and 34.3 percent respectively.

Table 4: Imports by Broad Economic Categories

Broad Economic Categories	2014	2013	%
	Jul - Sep	Jul - Sep	Change
	<u>CI\$ M</u>	<u>CI\$ M</u>	
Food & beverages	43.5	35.3	23.1
Industrial supplies not elsewhere specified	29.5	29.4	0.2
Fuels and lubricants	39.2	44.8	-12.3
Capital goods (except transport equipment)	16.6	17.2	-3.7
Transport equipment, and parts and accessories thereof	7.5	11.4	-34.3
Consumer goods not elsewhere specified	39.3	37.9	3.8
Goods not elsewhere specified	13.2	11.5	14.4
Total	188.8	187.5	0.7

Table 5: Imports by Broad Economic Categories

Broad Economic Categories	2014	2013	YTD %
	Jan - Sep	Jan - Sep	Change
	<u>CI\$ M</u>	<u>CI\$ M</u>	
Food & beverages	137.1	115.3	18.9
Industrial supplies not elsewhere specified	81.4	79.9	1.9
Fuels and lubricants	128.1	129.4	-1.0
Capital goods (except transport equipment)	50.7	46.6	8.8
Transport equipment, and parts and accessories thereof	33.7	39.5	-14.8
Consumer goods not elsewhere specified	118.9	112.5	5.7
Goods not elsewhere specified	37.5	36.9	1.5
Total	587.4	560.1	4.9

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 new Cayman Islands Customs Tariff Law 2012 (CICTL). The CICTL 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). The BEC is a three-digit classification, according to their main end-use based on the System of National Accounts (SNA) concepts.

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. At present, only a small proportion of commodities have both quantity and value of imports.

The Customs Department has introduced a new system, the Total Revenue Integrated Processing System (TRIPS). The TRIPS system is a revenue collection and management tool consisting of a series of processing modules and is based on the concept of distributed data processing with standard multi-user-facilities. The "Trader Identification" module is the core of the system from which all other modules interface. A "unique number" is assigned to individual and company traders

and a database of all registered traders is kept.

The system also enables electronic processing of customs declarations using the new Cayman Islands Customs Tariff Law (CICTL), which assigns a specific tariff code to each traded commodity.

Hopefully, this new system will address and resolve many of the current issues with foreign trade data by improving the quality and timeliness of trade statistics.

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 statistics in this publication are goods sent abroad and returned after repair. 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 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.

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.

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