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1. OVERVIEW

Despite the unfavourable external environment, Cayman's economy grew by 1.7 percent in 2002, compared to 0.6 percent in the previous year. This expansion benefited from a upturn in global economic activity, following the events of 9/11, as well as an upsurge in domestic construction activity.

Consumer *inflation* rose by 2.4 percent in 2002, compared to 1.1 percent in 2001. This higher rate was largely influenced by increases in the cost of medical care (20.3%) and in education (5.8%). Other categories of good and services showed modest increases.

As the economy improved, the *unemployment* rate fell – from 7.5 percent in October 2001 to 5.4 percent in October 2002. Caymanian employment benefited greatly in the light of declining labour imports and specific 'job-matching' government programmes. The unemployment rate among Caymanians dropped from 10.0 percent in October 2001 to 7.5 percent in October 2002.

The trade balance improved slightly in 2002 as exports rose from \$2.4M in 2001 to \$3.0M in 2002. However, the recent declining trend in imports continued into 2002, falling by 3.2 percent to \$494.5M.

The value of Cayman Islands *notes and coins in circulation* increased slightly by 0.4 percent, from \$51.4M in 2002 to \$51.6M.

At the end of December 2002, *net domestic credit* from retail banks on the island amounted to US\$1.6B. Of the US\$1.4B in loans and advances to the private sector, credit to businesses and households amounted to US\$801.9M and US\$626.5M, respectively.

In terms of sectoral developments, both the financial services and tourism industries showed mixed results. But there was an upsurge in activity in the construction and real estate industries. Utilities consumption did not show much variation.

In *financial services*, mutual fund registrations rose from 3,648 in 2001 to 4,285 in 2002. Over the same period, insurance licences increased

from 572 to 629 and captive insurance premiums from US\$3.0B to US\$4.2B. Stock exchange listings increased from 418 to 710 and new ship registrations rose from 207 to 233. However, bank & trust licences fell from 545 to 508, new companies registrations declined from 8,456 to 7,016 and stock market capitalisation dropped from US\$38.1B to US\$36.3B.

In *tourism*, cruise arrivals rose from 1.2 million in 2001 to 1.6 million in 2002, but air arrivals declined over the period from 334,071 to 302,797. With reduced stayover visitors, occupancy rates for hotels fell from 55.3 percent to 50.6 percent and for apartments/condos from 42.9 percent to 40.2 percent.

The value of *real estate* transfers rebounded from a seven-year low of \$173.5M in 2001 to \$274.0M in 2002. Most of the increase in 2002 was for a few large, high-end properties. A number of factors accounted for the expansion of sales: a moderation in property prices, concessions on government stamp duty, a reduction in real estate agents' fees and lower interest rates.

The *construction* industry showed signs of a recovery, with the value of approved developments rising from \$162.7M in 2001 to \$247.8M in 2002. Most of the increase was for condos along the Seven-Mile Beach area and for commercial properties in George Town. In terms of building permits, the total value almost trebled, rising from \$108.4M in 2001 to \$335.5M in 2002. The Ritz Carlton Hotel and Condominium Development accounted for about one-third of the value of projects receiving building permission.

Utilities consumption was mixed in 2002. Water consumption declined by 1.2 percent from 1,069.2M gallons in 2001 to 1,056.1M gallons in 2002. Electricity usage grew by 4.6 percent, moving from 407.0M MWH in 2001 to 425.6M MWH in 2002. However, the number of telephone/fax paid minutes declined by 1.5 percent from 40.3M to 39.7M during the same period.

During 2002, the *fiscal operations of central government* resulted in an overall surplus of \$18.4M or approximately 1.2 percent of GDP. This surplus represented a significant reversal from the \$31.2M overall deficit recorded in 2001. Total revenue increased by 10.1 percent to \$314.1M in 2002 on

account of revenue measures. Total expenditure declined by 6.6 percent to \$295.7M as government curtailed both current and capital expenses.

Government debt stood at \$132.1M at the end of December 2002, down by \$11.4M for the year. Disbursements amounted to \$10.9M, while principal and interest payments amounted to \$22.6M and \$4.5M, respectively. Exchange rate losses amounted to \$0.3M mainly on account of a weakening of the US dollar against the Euro.

The projection for 2003 is for a modest increase in economic growth from 1.7 percent in 2002 to 2.0 percent in 2003. This projection assumes that the US economy will grow by 2.4 percent in 2003. Inflation is projected to increase slightly from 2.5 percent in 2002 to 2.8 percent in 2003, while unemployment is expected to remain unchanged at an average 5.6 percent in 2003. The risks to the forecast are weighted on the downside due to uncertainties in the global economy.

2. INTERNATIONAL DEVELOPMENTS

Global economic growth rebounded from a low of 2.3 percent in 2001 to 3.0 percent in 2002 (See Table 2.1). This improvement was largely as a result of an expansion in consumer spending. Fiscal and monetary easing in industrialised countries also provided further support to global economic growth. However, business spending remained weak over the year. Inflation remained restrained under the fragile economic environment and unemployment increased worldwide. The International Labour Organisation estimated that global unemployment increased by 20 million over the past three years to reach 180 million in 2002.

Table 2.1: World Economic Growth, 2000 - 2002 (%)

	2000	2001	2002
World Output	4.7	2.3	3.0
United States	2.8	0.3	2.4
Japan	2.4	0.4	0.3
Germany	2.9	0.6	0.2
France	4.2	1.8	1.2
Italy	2.9	1.8	0.4
United Kingdom	3.1	2.0	1.6
Canada	4.5	1.5	3.4
China	8.0	7.3	8.0
India	5.4	4.2	4.9
Russia	9.0	5.0	4.3
<i>Euro Area</i>	3.5	1.4	0.8
<i>Latin America</i>	4.0	0.1	-1.2
<i>Developing Asia</i>	6.7	5.7	6.5
<i>Middle East & Turkey</i>	6.1	1.4	4.5
<i>Africa</i>	3.0	3.6	3.4

Sources: *World Economic Outlook*, IMF, April 2003; Dresdner Bank Lateinamerika

Without a sustained increase in investment, the global recovery was weaker and not as broad-based as previously anticipated. Higher growth was realised in the US and developing Asian economies, particularly China

India and the Middle East. But poorer performance was seen in Japan, the Euro Area, Latin America, and Africa.

The US economy grew by 2.4 percent in 2002, compared to 0.3 percent in the previous year. Consumer spending remained strong in certain areas, mainly as a result of expansionary monetary and fiscal policies. In addition, the vibrant housing and auto markets were bolstered by the lowest interest rates in 40 years. But business spending remained weak due to low corporate profits and excess capacity built up during the late 1990s.

With no visible broad-based surge in demand, continued weakness in the financial markets and the risk of terrorist attacks, businesses curtailed capital expenditure and reduced their workforce. Unemployment climbed from an average 4.8 percent in 2001 to 5.8 percent in 2002.

Growth in the UK economy slowed from 2.0 percent in 2001 to 1.6 percent in 2002. Despite an increase in consumer spending, a vibrant housing market and higher government expenditure, there was a decline in business spending. Weakness in the export sector also curtailed growth. Unemployment increased marginally from an average 5.1 percent in 2001 to 5.2 percent in 2002.

The Euro Area saw a slowdown in growth from 1.4 percent in 2001 to 0.8 percent in 2002. This was mainly on account of weakness in capital investments overall and lower growth in consumer spending. Unemployment in the region rose from 8.0 percent in 2001 to 8.3 percent in 2002.

Developing Asian economies grew by 6.5 percent in 2002 compared to 5.7 percent in 2001, the strongest growth among all regions. China's growth accelerated from 7.3 percent in 2001 to 8.0 percent in 2002 as inward investments increased and exports expanded. The Indian economy also grew, from 4.2 percent in 2001 to 4.9 percent in 2002.

Following a 0.4 percent growth in 2001, the Japanese economy expanded by only 0.3 percent in 2002. Serious structural problems remained after the bubble of the 1980s and following three years of deflation. Banks continued to carry a high proportion of non-performing loans and were

unwilling to lend to businesses, while consumer spending remained weak and unemployment increased.

Growth in Latin America fell from 0.1 percent in 2001 to -1.2 percent in 2002. The downturn started with economic instability in Argentina when that country defaulted on its debt obligations and devalued its currency in 2001. Brazil's ability to meet its debt obligations was brought into question following the election of a new leader and uncertainties regarding policy direction. In Venezuela, political instability increased as anti-government protests virtually halted oil production and exports toward the end of 2002.

Caribbean economies suffered from an overall downturn in tourism amidst fears of another terrorist attack and a weak US economy. With a decline in stayover visitors, export earnings declined, unemployment rose and fiscal imbalances worsened. Countries also implemented tighter regulation of their financial services sectors, which in some instances constrained growth and employment. Among the countries that experienced positive growth in 2002 were Guyana, the Cayman Islands, Trinidad & Tobago and Belize.

Table 2.2: Economic Growth, Selected Caribbean Economies,
2000 - 2002 (%)

	2000	2001	2002^P
Barbados	3.1	-2.3	-0.6
Bahamas	5.0	-0.5	0.0
Bermuda	1.6	1.2	1.0
Jamaica	0.7	1.7	0.9
Guyana	-1.3	1.4	1.3
Cayman Islands	1.0	0.6	1.7
Trinidad & Tobago	4.8	3.5	2.7
Belize	10.8	4.6	4.0

Sources: IMF; CDB; Statistics Office, Cayman Islands; Budget Addresses, Bermuda; Central of Barbados; Statistical Institute of Jamaica; Central Statistical Office, Belize.

3. THE MACROECONOMY

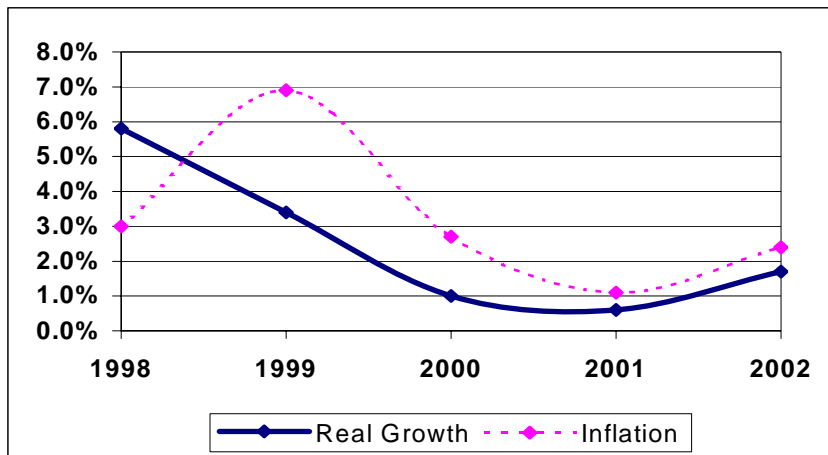
3.1 Economic Growth

Real growth in the Cayman Islands increased to an estimated 1.7 percent in 2002, up from 0.6 per cent in 2001. This marked improvement was influenced by a mild recovery in economic conditions in the US, and buoyant activity in the local construction industry.

In dollar terms, real GDP (1986 prices) grew from \$816.2M in 2001 to \$830.3M in 2002, whereas nominal GDP (current prices) increased from \$1,482.3M to \$1,546.0M over the same period.

With an estimated mid-year population of 42,450 in 2002, GDP per capita stood at \$36,419.

Fig. 3.1: Economic and Inflation Growth, 2000-2002



3.2 Inflation

The inflation rate more than doubled over the year, rising from 1.1 percent in 2001 to 2.4 percent in 2002. This increase was largely due to rising costs of medical care (20.3%) and education (5.8%). Higher fees were introduced for medical services at the Cayman Islands Hospital in January of 2002. For example, the cost of an in-patient consultation with a physician increased from \$50 to \$75 while the normal hospitalisation fee rose

from \$200 to \$300 per day. The increase seen in education was on account of higher tuition fees charged at private schools.

Besides medical care and education, a number of other categories showed modest price increases. These included food (2.2%), housing (2.0%), personal goods & services¹ (2.0%) and alcohol & tobacco (1.8%). Prices in the transport & communication and clothing categories rose minimally by 0.8 percent and 0.4 percent respectively.

3.3 Employment

Labour Force

According to the most recent Labour Force Survey², the labour force stood at 28,905 in October 2002 (See Table 3.1). This reflected a growth of 3.3 percent over the previous year or an increase of 934 persons. Of the total, Caymanians accounted for 14,050 or 48.6 percent and non-Caymanians for 14,855 or 51.4 percent.

Although non-Caymanians still account for a larger share of the labour force, their relative proportion declined in 2002. In October 2001, non-Caymanians numbered 14,816 and accounted for 53 percent of the labour force. By October 2002, their number had risen slightly to 14,855, but their share had fallen to 51.4 percent.

Table 3.1: Labour Force Composition, 2001 – 2002

	2001	2002	% Growth
TOTAL	27,971	28,905	3.3
Caymanian	13,155	14,050	6.8
Non-Caymanian	14,816	14,855	0.3

¹ This category includes entertainment, holiday expenses and other personal goods and services.

² This survey is conducted in April and October of each year. It is based on a sample of households in Grand Cayman and Cayman Brac.

Labour Imports

Of the estimated 14,855 non-Caymanians in the labour force, 12,054 were registered as work permit holders by the Immigration Department³ in 2002.

In recent years, the number of work permits has been declining, in response to a general slowdown in economic activity. In December 2002, there were 1,829 fewer work permits in effect compared to one year earlier (See Table 3.2). The *trades/technical/skilled* class, which accounts for roughly one-half of total work permits, showed the largest decline (-1,453). Within this class, *clerks* (-534) and *skilled tradespersons* (-146) were affected most (See Table C-6, p. 49).

Table 3.2: Work Permits by Occupational Class and Duration, 2000 – 2002

	Year			Change 2001-2002
	2000	2001	2002	
Total by Class	14,284	13,883	12,054	-1829
Trades/Technical/Skilled	7,633	7,285	5,832	-1,453
Admin/Managerial	752	664	509	-445
Unskilled	4,837	4,852	4,711	-141
Professional	1,039	1,077	1,001	-76
Other	23	5	1	-4
Total by Duration	14,284	13,883	12,054	-1829
1 year	12,690	12,198	9,963	-2,235
6 months	992	1,024	1,311	+287
Less than 6 months	579	656	779	+123
Other	23	5	1	-4

³ The difference of 2,801 includes workers in central government and statutory bodies who do not require work permits.

Unemployment

Successive labour force surveys undertaken since 2001 have shown a steady decline in the unemployment rate. The October 2001 survey, which was undertaken soon after the events of 9/11, revealed a 7.5 percent rate. However, this fell to 5.7 percent in April 2002 and dropped further to 5.4 percent by October 2002. In absolute terms, an estimated 1,550 persons were unemployed as at October 2002.

Two industries that absorbed higher levels of employment in 2002 were business services (+726) and hotels and restaurants (+522). Those showing reductions included banking & insurance (-700) and wholesale & retail (-226).

The number of unemployed Caymanians fell from 1,311 in October 2001 to 1,058 in October 2002, or by 253 persons. As economic conditions improved, there was a corresponding decline in the number of unemployed Caymanians registered with the Employment Relations Department (ERD) from 101 in January 2002 to 29 in December 2002.

Caymanian employment benefited from both an improvement in economic activity and a reduction in imported labour. Specific government programmes also enhanced job opportunities for Caymanians. In early 2002, the ERD introduced a programme of job matching, which sought to match the needs of employers with the skills of potential employees. This programme has been very successful to date.

3.4 Trade

The *value* of merchandise imports fell from \$510.7M in 2001 to \$494.5M in 2002 or by -\$16.2M (See Table 3.3). Fuel imports also declined over the same period from \$48.1M to \$41.9M.

With the \$16.2M fall in imports and a \$0.6M increase in exports, Cayman's trade balance narrowed by \$16.8M in 2002 to reach -\$491.5M.

Table 3.3: Merchandise Trade, 2000-2002 (\$M)

	2000	2001	2002	Change 2001-2002
Imports	558.7	510.7	494.5	-16.2
<i>Fuel</i>	39.3	48.1	41.9	-6.2
Exports	2.0	2.4	3.0	+0.6
Balance	-556.7	-508.3	-491.5	+16.8

In terms of the *volume* of imports, domestic cargo fell from 192,303 tons in 2001 to 189,643 tons in 2002 (See Table 3.4). Fuel imports also showed a decline over the period, from 41.5 million gallons to 31.5 million gallons. This decline reflected the timing of bulk shipments rather than a fall in the demand for fuel. Caribbean Utilities Company, the largest domestic user of fuel, increased its consumption by 3.0 percent in 2002 to 24.5 million gallons.

Buoyant construction activity in 2002 increased the demand for cement, the imports of which rose from 30,926 tons in 2001 to 35,018 tons in 2002.

Table 3.4: Import Volumes, 2000 - 2002

	2000	2001	2002	Change 2001-2002
Domestic Cargo (tons)	228,286	192,303	189,643	-2,660
Cement (tons)	48,343	30,926	35,018	+4,092
Fuel (millions gallons)	37.1	41.5	31.5	-10.0

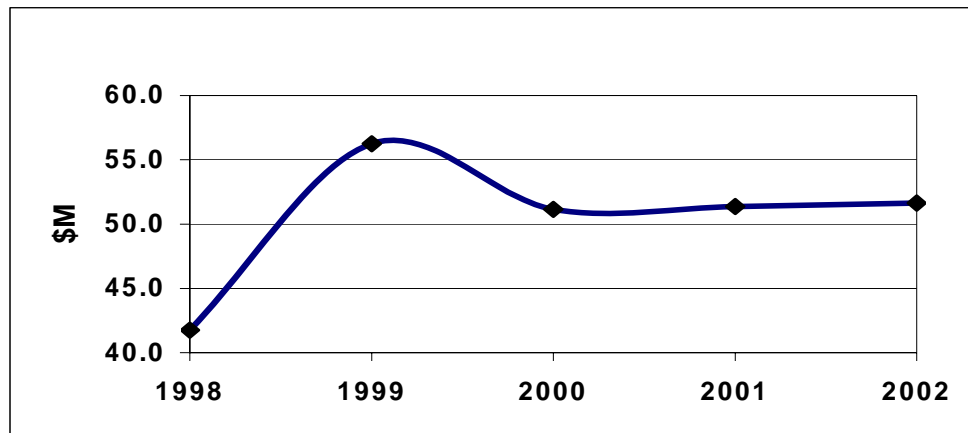
3.5 Money & Banking

Currency in Circulation

The value of Cayman Islands notes and coins in circulation increased by 0.4 percent, from \$51.4M in 2001 to \$51.6M in 2002. This follows from a 0.6 percent increase in the previous year. Slow growth over the period reflected the less favourable economic conditions as well as the continued migration to non-cash forms of payment such as cheques, credit and debit cards.

In 1999, there was a substantial increase in the value of Cayman Islands notes and coins in circulation. This was as a result of the Monetary Authority responding to the increased demand for cash ahead of Y2K.

Fig. 3.2: Notes and Coins in Circulation, 1998 – 2002



Retail Banking

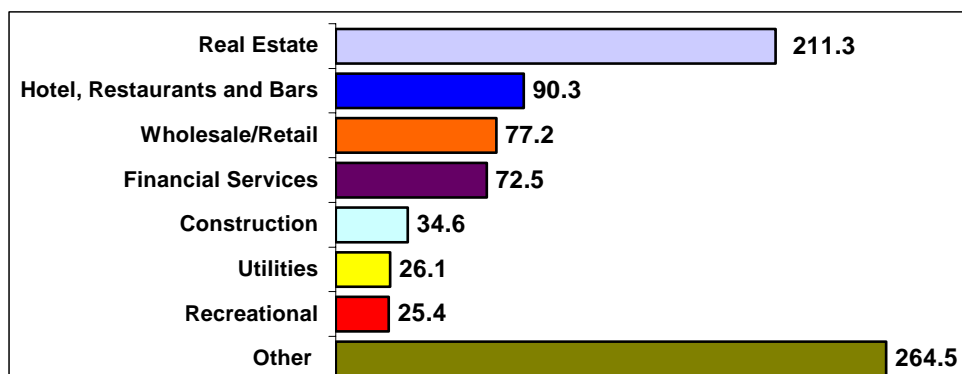
At the end of December 2002, net domestic credit from retail banks in the Cayman Islands amounted to US\$1.6B (See Table 3.5). Of this total, approximately US\$1.4B was held by the private sector in loans and advances. Net credit to central government was recorded at US\$112.8M, with loans & advances at US\$177.9M and deposits amounting to US\$65.1M. Credit to other public sector entities was US\$14.0M.

**Table 3.5: Net Domestic Credit from Retail Banks, December 2002
(US\$M)**

Net Domestic Credit	1,555.2
<i>Loans and Advances to the Private Sector</i>	<i>1,428.4</i>
Businesses	801.9
Households	626.5
<i>Credit to the Public Sector</i>	<i>126.8</i>
Net Credit to Central Government	112.8
Loans and Advances	177.9
Less Deposits	65.1
Loans and Advances to Other Public Sector Entities	14.0

Of the US\$1.4B in loans and advances to the private sector, *credit to businesses* was US\$801.9M. Of this, over one-quarter or US\$211.3M was for real estate (See Fig. 3.3 and Table 3.5). Significant amounts were also for hotels/ restaurants/bars (US\$90.3M), wholesale/retail (US\$77.2M), and financial services (US\$72.5M). The US\$264.5M classified as “Other” included credit for the purchase of shares in other businesses.

Fig. 3.3: Credit to Businesses, December 2002 (US\$M)



At US\$626.5M, *credit to households* was dominated by mortgages (US\$563.3M). Other categories included motor vehicles (US\$17.9M), consolidated debt (US\$14.9M), home improvement (US\$13.5M), and land & other real estate (US\$8.6M).

4. SECTORAL DEVELOPMENTS

4.1 Financial Services

The financial services industry recorded mixed results in 2002. There was positive growth in mutual fund registrations, insurance company registrations, and listings on the stock exchange. However, bank & trust licences, new company registrations and stock market capitalisation declined over the year.

Banks & Trusts

The total number of bank & trust licences declined from 545 in 2001 to 508 in 2002. This reflects a fall of 37, the details of which are shown in Table 4.1.

Table 4.1: Bank & Trust Licences, 2000 - 2002

	2000	2001	2002	Change 2001- 2002
Class 'A' Bank & Trust Licences	31	31	30	-1
Class 'B' Bank & Trust Licences	418	386	348	-38
Class 'B' Bank & Trust Licences (Res.)	15	10	5	-5
Trust Companies, Unrestricted	54	55	58	+3
Trust Companies, Restricted	62	63	67	+4
TOTAL	580	545	508	-37
Banks' Assets (US\$B)¹	781.9	823.2	945.4	+122.2
Banks' Liabilities (US\$B)¹	745.7	784.7	856.4	+71.7

¹ *Banks' Assets and Liabilities, September 2002*

The Class 'A' bank licence held by IBJ Whitehall Bank & Trust Company was cancelled in 2002. As a result, Class 'A' bank & trust licences declined by one, bringing the total to 30.

Class 'B' and class 'B' (res.) bank & trust licences fell by 38 and five respectively in 2002. These declines were partly due to the statutory requirement for private banks to establish a physical presence in the Cayman Islands by 26th January 2002. This requirement was introduced to meet the standards prescribed by the Financial Action Task Force (FATF) and the USA Patriot Act.

The trend towards bank mergers and acquisitions also contributed to the reduction in the number of bank & trust licences. On 14th October 2002, FirstCaribbean International Bank was officially formed from the merger of the Caribbean retail divisions of Barclays and CIBC. FirstCaribbean has an estimated 3,200 employees and over 80 branches throughout the Caribbean.

As at September 2002, the external position of banks, in all currencies, stood at US\$1,015.2B in assets and US\$980.0B in liabilities.

Insurance

The number of insurance licences increased from 572 in 2001 to 629 in 2002 or by 57 (See Table 4.2). This was largely on account of a rise in the number of Class 'B' or captive insurance licences by 66.

The number of Class 'B' licences (res.) fell by eight and there was one less Class 'A' or domestic licence. The loss of the Class 'A' licence resulted from a non-renewal by Sirius International Insurance Corporation.

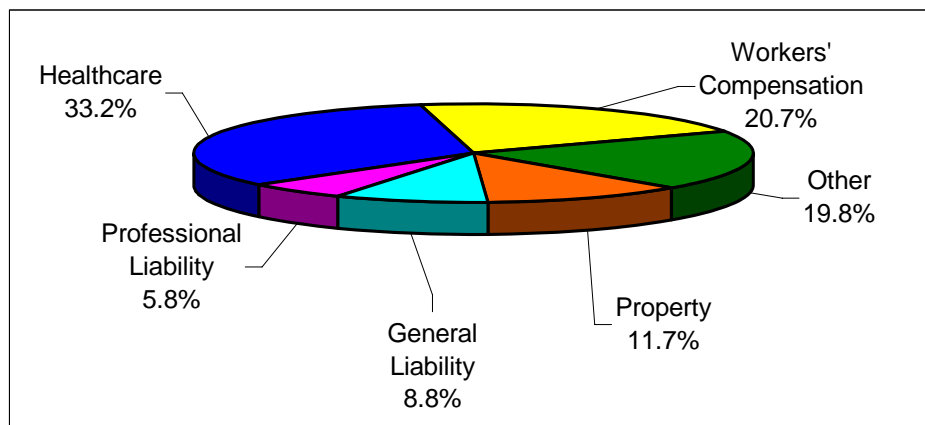
Table 4.2: Insurance Licences, 2000 – 2002

	2000	2001	2002	Diff. 2001-2002
Class 'A' Insurance Licences	29	30	29	-1
Class 'B' Insurance Licences	437	466	532	+66
Class 'B' Insurance Licences (Res.)	79	76	68	-8
TOTAL	545	572	629	+57
Captive Insurance Premiums (US\$B)	3.3	3.0	4.2	+1.2

The medical malpractice crisis in the United States has provided the impetus for growth in captives, with the Cayman Islands being the leader in the healthcare related segment of the market. Of the total captives registered at December 2002, 33.2 percent was healthcare related and 20.7 percent was for workers' compensation (see Fig. 4.1). The remaining proportion was for property, professional liability, general liability, and other.

Insurance premiums from captives increased from \$3.0B in 2001 to \$4.2B in 2002.

Fig. 4.1: Captive Insurance Licences, 2002

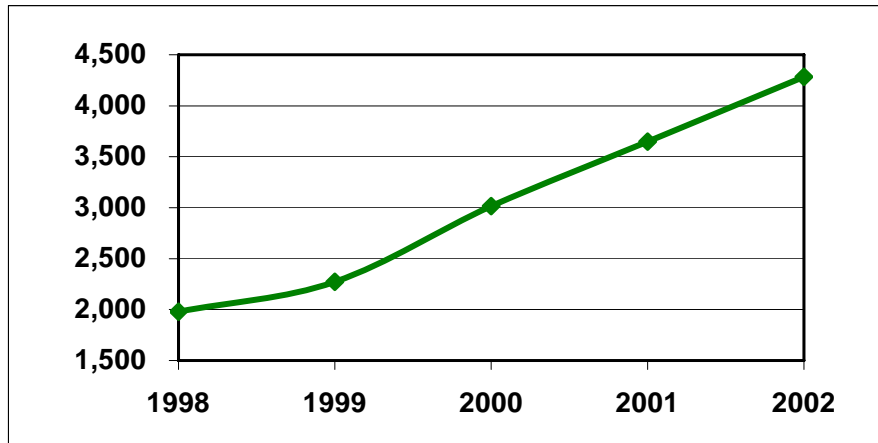


Mutual Funds

The global mutual funds industry has grown rapidly over the past few years. This is particularly in view of the poor performance of traditional capital markets and the move by institutional investors to diversify their portfolios through hedge funds as a way of reducing risk.

The Cayman Islands has benefited tremendously from the global surge in mutual funds activity. With the requisite expertise and infrastructure in place, it has become the leading centre for offshore funds. In 2002, mutual fund registrations rose to 4,285, up from 3,648 in 2001 (See Table F-1, p. 54). This reflected an increase of 637, which was three higher than the previous year.

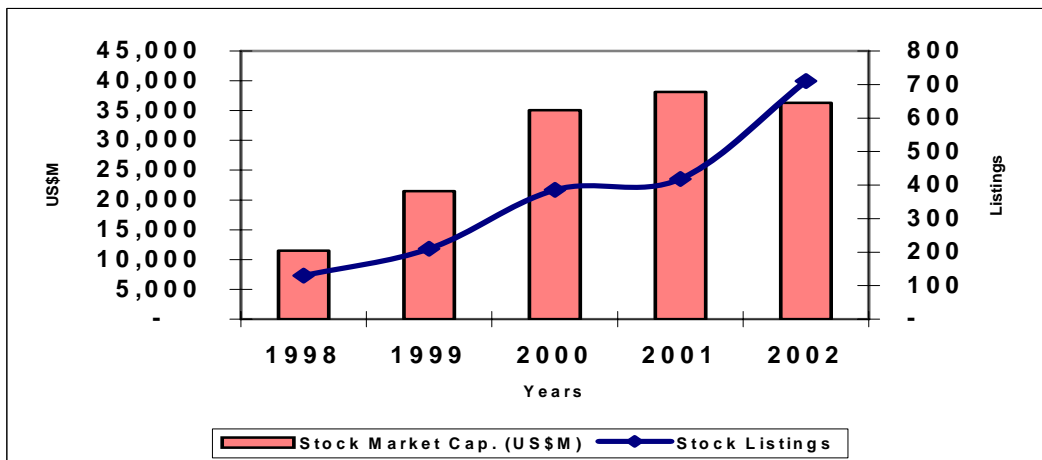
Fig. 4.2: Mutual Funds Registered, 1998 - 2002



Stock Exchange

The performance of the Cayman Islands Stock Exchange (CSX) was mixed in 2002, as evidenced by an increase in listings and a decrease in stock market capitalisation (See Fig. 4.3).

Fig. 4.3: Stock Listings and Market Capitalisation, 1998 – 2002



Stock listings grew from 418 in 2001 to 710 in 2002 – an increase of 292 (See Table F-1, p. 54). This growth was mainly as a result of the CSX admitting Kensington Global Strategies Fund Ltd., a fund with 218 listings.

Stock market capitalisation on the CSX declined from US\$38.1B in 2001 to US\$36.3B in 2002 or by 4.8 percent. This fall was mainly due to a decrease in the market capitalisation of mutual funds, a consequence of the worldwide decline in market wealth.

The global decline illustrates the extent to which alternative investments such as hedge funds are less sensitive to fluctuations in market wealth. For example, whereas the S&P 500 index declined by 24 percent in 2002, stock market capitalisation of the CSX fell by only 4.8 per cent.

Company Registrations

Total company registrations increased from 64,495 in 2001 to 65,529 in 2002 or by 764 (See Table 4.3). But new company registrations declined over the same period, moving from 8,456 to 7,016 or a fall of 1,440. This fall was partly due to the recent changes in financial service regulations, which involved the removal of the anonymity of bearer shares and stricter controls on company management. Company registrations were also affected by the weak global economic climate.

Table 4.3: Company Registrations, 2000 – 2002

	2000	2001	2002	Change 2001- 2002
Total Company Registrations	59,922	64,495	65,259	+764
New Company Registrations	12,693	8,456	7,016	-1,440

Ship Registrations

Total ship registrations in 2002 amounted to 1,431, compared to 1,206 in 2001. Of the registrations in 2002, 233 were new ones, an increase of 26 over the previous year. Gross tonnage for 2002 amounted to 2.7 million tons compared to 2.0 million tons in 2001.

The continued growth of shipping registrations is due to the many advantages of registering a vessel in the Cayman Islands. These include

competitive registration; survey and tonnage fees; professional marine survey capability; choice of a wide range of legal structures that qualify to own Cayman registered ships; and a stable political, fiscal and social climate that is well suited to ship owners' needs.

Major Developments in the Financial Industry

The Companies (Amendment) (Segregated Portfolio Companies) Law, 2001 was passed on 14th January 2002. This new law extends the provisions relating to segregated portfolios to any exempted company. Previously, the law had applied only to Class 'B' Insurance licences.

A segregated portfolio company (SPC) offers the opportunity to create multi-portfolio structures with segregation of assets and liabilities, such that there are no cross liabilities between separate portfolios within an SPC. The assets of a segregated portfolio in a SPC may only be made available to meet the liabilities of creditors of that segregated portfolio.

In July 2002, the Cayman Islands was taken off the Financial Action Task Force's (FATF) watchlist. This decision came "in recognition of the territory's continuing commitment to international anti-money laundering efforts and implementing its anti-money laundering regime." Two years earlier, the Cayman Islands had been placed on the FATF's blacklist of 15 non-co-operative jurisdictions. In June 2001, it was downgraded to the FATF's watchlist.

On 17th October 2002, the Caribbean Financial Action Task Force (CFATF) issued a report on the Cayman Islands' second round mutual evaluation of its anti-money laundering framework. This report concluded: "the commitment and resolve by the Cayman Islands Government to preserve the reputation of the jurisdiction and safeguard the financial services sector was unmistakable."

In the last two months of 2002, the Cayman Islands Government devoted a considerable amount of time and effort to the EU Tax on Savings Directive. This directive sought to implement a mechanism by which an EU member state that taxes savings could collect tax when its citizens purchase

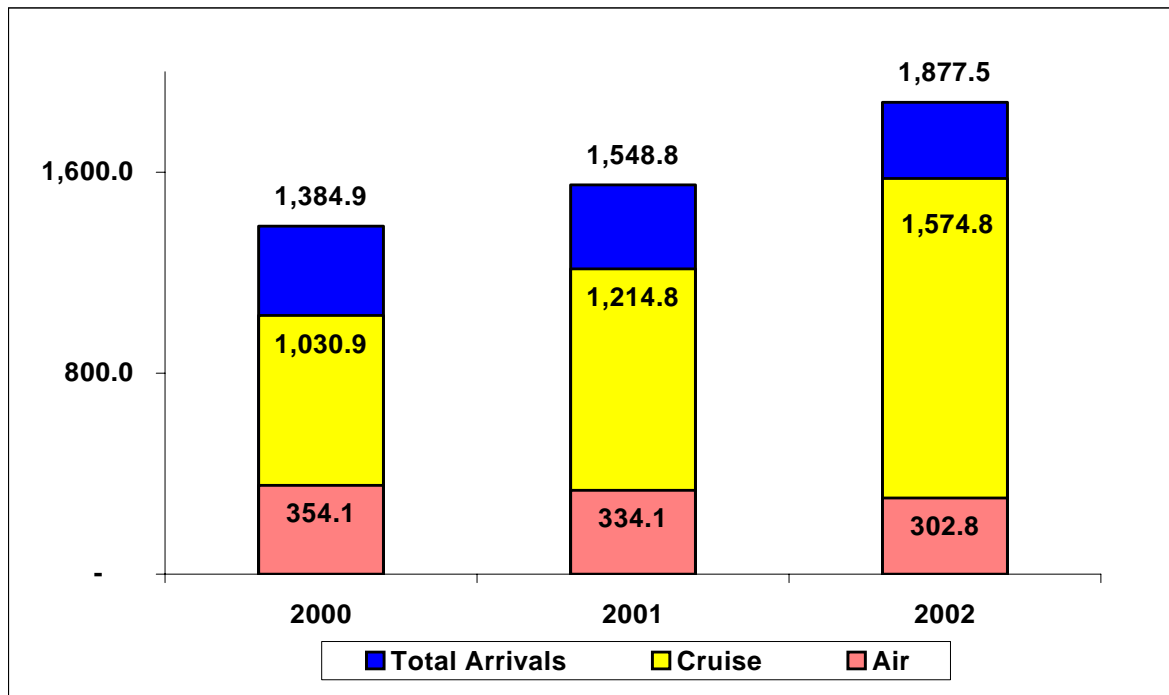
savings products abroad. The mechanism is expected to involve the free exchange of information between countries.

The position taken by the Cayman Islands Government was that a level playing field had to be established across all jurisdictions involved in the directive.

4.2 Tourism

Total visitor arrivals to the Cayman Islands rose from 1,548,828 in 2001 to 1,877,547 in 2002 or by 21.2 percent (See Fig. 4.4 & Table G-1, p 57). This increase resulted from a significant rise in cruise arrivals since air arrivals declined over the period.

Fig. 4.4: Visitor Arrivals, 2000 - 2002 ('000)



Cruise Arrivals

Although the number of cruise ship calls fell from 322 in 2001 to 300 in 2002, the number of cruise ship passengers rose over the period –from 1,214,757 in 2001 to 1,574,750 in 2002. The arrival of much larger vessels facilitated this significant increase. ‘Explorer of the Seas,’ reportedly the

world's largest ship with a carrying capacity of 5,020 passengers, visited in April. Disney Magic followed in May, with a carrying capacity of 2,400 passengers.

Several factors contributed to the tremendous increase in cruise ship arrivals in 2002:

- proactive steps taken by government to more visitors;
- continued growth of the global cruise ship market, which offers inexpensive "all-inclusive" vacations and a safer mode of travel;
- a movement of cruise ships towards the Caribbean, given the political sensitivities in other parts of the world; and
- Cayman's strategic location that allows it to be included as a port-of-call for a wide range of cruise ship tours.

Air Arrivals

The slowdown in the US economy and continued fears of air travel adversely affected the airline industry over the year. As a result, air arrivals fell from 334,071 in 2001 to 302,797 in 2002 or by 9.4 percent. Performance in the first nine months of the year was weak — arrivals declined by 12.5 percent. However, the last quarter showed an improvement as air arrivals grew by 3.1 percent.

The largest decline (-25,243) in air arrivals over the year was from the USA, which accounts for roughly 80 percent of total air arrivals. The cities with the sharpest falls were New York (-8,090) and Chicago (-5,977). Fortunately, arrivals from Europe fell by only 2,614 and there was a small increase in arrivals from Canada (+19) (See Table 4.4 & Table G-3, p 58).

Fig. 4.5: Monthly Stayover Arrivals, 2000 – 2002 ('000)

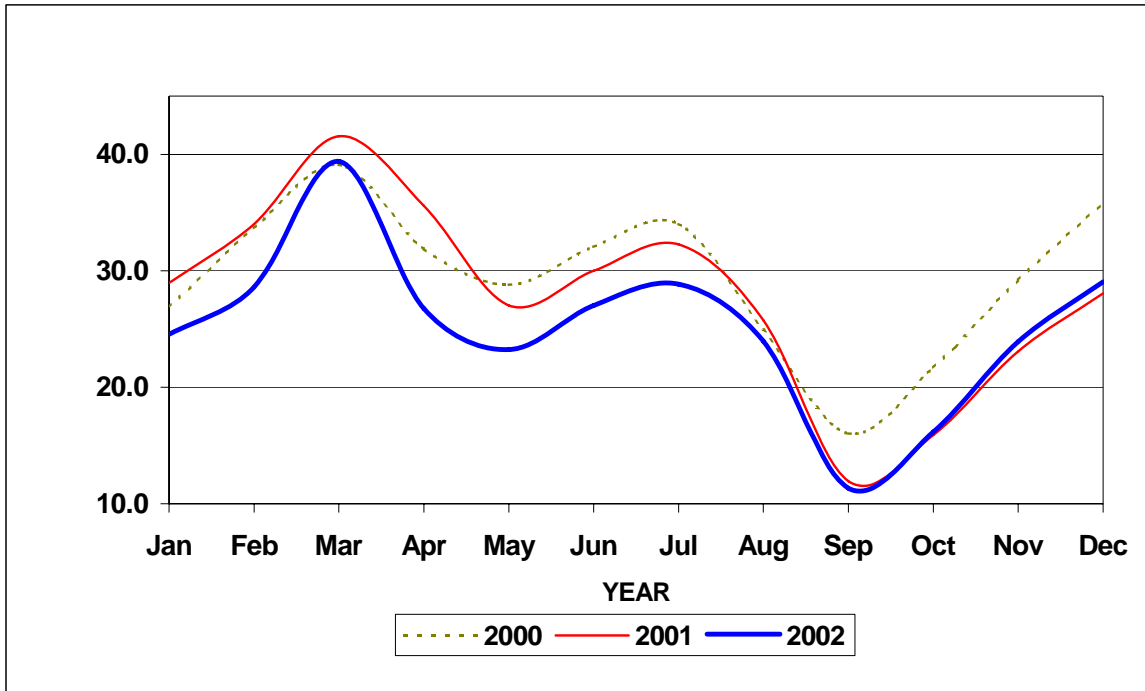


Table 4.4: Stayover Arrivals by Country of Origin, 2000 – 2002 ('000)

	2000	2001	2002	Change 2001-2002
USA	281.6	270.1	244.9	-25.2
New York	88.1	89.0	80.9	-8.1
Chicago	71.8	69.0	63.0	-6.0
Miami	55.8	51.0	47.3	-3.7
Houston	46.7	43.1	37.4	-5.7
Other	19.2	18.0	16.2	-1.8
Europe	22.6	20.5	17.9	-2.6
UK	16.2	15.6	13.7	-1.9
Other	6.4	4.9	4.2	-0.7
Canada	15.0	13.6	13.6	0.0
Other	34.9	29.9	26.5	-3.4
Total	354.1	334.1	302.8	-31.3

Occupancy Rates

The decline in air arrivals affected occupancy rates in all types of accommodation over the year. Over the 2001-2002 period, occupancy rates for hotels fell from 55.3 percent to 50.6 percent. Apartments/condos were not as seriously affected as their rates declined from 42.9 percent to 40.2 percent.

The weak economic environment forced a number of resorts to discount their products and services in 2002. For example, one hotel offered a US\$499 package to the Cayman Islands, which included a roundtrip airfare from Houston and a hotel room for three nights, based on double occupancy.

Despite the reductions in occupancy rates, the length of stay at hotels improved slightly, from 4.5 days in 2001 to 4.8 days in 2002. Length of stay at apartments/condos remained unchanged at 7.3 days. (See Table G-2, p 57)

Accommodation Stock

The total accommodation stock fell from 5,443 bedrooms in 2001 to 5,273 in 2002 or by 170 (See Table 4.5). This decline was largely on account of the closure of two hotels, the Cayman Inn and the Grand Harbour, which reduced the total number of bedrooms by 145.

Table 4.5: Number of Bedrooms Available, 2000 – 2002

	2000	2001	2002	Change 2001-2002
Hotels	2,815	2,812	2,690	-122
Apartments, Condos, Guest Houses and Villas	2,549	2,631	2,583	-48
Total	5,364	5,443	5,273	-170

Major Developments in the Tourism Industry

Several promotional endeavours were undertaken in 2002 to boost tourist activity and offset the negative effects of the 9/11 terrorist attacks. These included the “H2go! Find Your Element” summer promotional campaign and a \$1.2M television advertising campaign.

Air services expanded considerably in 2002. Among these were American Airlines, which introduced direct flights from New York and Air Jamaica Express, which offered twice-daily inbound flights from Jamaica. Other expansions included American Trans Air Inc (ATA), which commenced direct flights from Chicago and Northwest Airlines, which started year-round non-stop service between Memphis and Grand Cayman.

In 2002, the government introduced a new timeshare tax. This consisted of a \$10 charge for each day or part thereof for each room occupied. Previously, no direct taxes were levied on timeshare properties.

In order to plan better for development of the tourist sector, the government produced a Draft Tourism Policy Framework in December, titled “*Focus for the Future.*” This document highlighted the need to improve the quality of the Cayman experience for both stay-over and cruise passengers in order to ensure the islands remain an attractive vacation destination. Among the recommendations made were the need for:

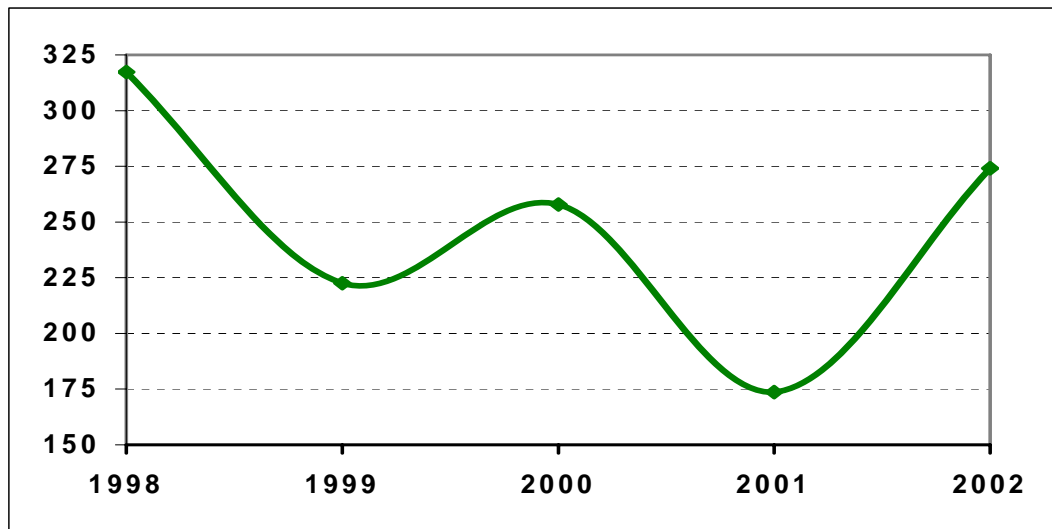
- adoption of a sustainable approach to tourism development;
- promotion of eco-tourism on the Sister Islands; and
- building of a highly skilled Caymanian tourism workforce.

4.3 Real Estate

The sale of several high-end properties in 2002 gave a boost to the real estate market. After reaching a seven-year low of \$173.5M in 2001, the value of property transfers accelerated to \$274.0M in 2002. This reflected an increase of a little over \$100M (See Fig. 4.6 and Table H-1, p. 59).

The number of transfers also increased over the 2001-2002 period from 1,359 to 1,412.

Fig. 4.6: Value of Real Estate Transfers, 1998 - 2002 (\$M)



A moderation in property prices coupled with concessions on government stamp duty, a reduction in real estate agents' fees and lower interest rates, set the stage for an expansion in property sales in 2002.

In its *Market Report Year End 2002 & Property Listings*, Coldwell Banker reported a 16 percent decline in the average price of detached homes and a 31 percent expansion in supply. Sellers were willing to accept lower prices in the wake of inventory build-up during the year. Properties sold during the year included older condominiums along Seven-Mile Beach and those in the exclusive gated community of Vista Del Mar. These properties had been on the market for some time.

In November 2001, the Government reduced stamp duty on land transfers from 7½ percent to 5 percent for a period of one year. This concession was followed by a 22 percent reduction in real estate agents' fees. These favourable offers, coupled with some of the lowest interest rates in years, contributed to the rebound in the real estate market. The CI prime rate, the base lending rate of local banks, fell to an all-time low of 4.25 percent in December 2002.

4.4 Construction

Following two years of decline, activity in the construction industry increased in 2002. The rebound was driven by large projects such as the Ritz Carlton Hotel Development, the Meridian Condominiums and a new commercial office building in George Town. The construction of new homes also increased as homebuyers took advantage of very low mortgage rates.

Planning Approvals

The value of project approvals rose significantly from \$162.7M in 2001 to \$247.8M in 2002 (See Table 4.6 & Tables I 1-4, p. 60-61).

Table 4.6: Project Approvals, 2000 – 2002 (\$M)

Category	2000	2001	2002	Change 2002-2001
Apartment/Condo	107.9	50.7	90.8	+40.1
Houses	75.2	59.5	64.2	+4.7
Commercial	26.2	18.1	47.9	+29.8
Government	21.7	4.7	1.4	-3.3
Hotel	13.3	1.7	0.1	-1.6
Industrial	19.2	8.6	11.1	+2.5
Other	17.2	19.4	32.3	+12.9
Total	280.6	162.7	247.8	+85.1

The largest increase was in the apartments/condominiums category (+\$40.1M), which included major condominium developments such as Water's Edge, Meridian and Ritz Carlton. The commercial category also showed significant expansion (+29.8M). Some of the larger projects in this category included the UBW building, Cable & Wireless's 'One Technology Square' and the Kirkconnell Shopping Centre in George Town.

*Building Permits*⁴

The value of building permits trebled in 2002, rising from \$108.4M in 2001 to \$335.5M in 2002 (See Table 4.7 & Table I-5, p. 62). Major projects under construction included the Ritz Carlton Hotel and Condominium Development (\$109.0M), the Morritts Grand Resort (\$75.5M) and The Meridian Condominiums (\$19.0M). These three projects alone accounted for 60.7 percent of total building permit values.

In the *hotel* category, the largest project was the Ritz Carlton. This accounted for \$68.3M or 47.5 percent of the total. The Ritz Carlton project also featured prominently in the *apartment/condo* category as the condominium portion of this project accounted for \$40.6M or just over one-third of the category's total value.

In the *house* category, the value of building permits increased from \$41.1M in 2001 to \$48.3M in 2002. Within this category, there was a significant increase in permits for house renovation and expansion, which rose from \$5.5M in 2001 to \$6.2M in 2002.

In the *industrial* category, the value of building permits rose from \$0.6M in 2001 to \$4.5M in 2002. This increase was largely due to the construction of a new wastewater treatment by the Cayman Islands Water Authority, valued at \$3.5M.

The value of building permits in the *commercial* category declined from \$26.8M in 2001 to \$25.9M in 2002. A significant project in this category was Cable & Wireless' new building, 'One Technology Square,' valued at \$6.8M. This building will host the company's 'Next Generation Network' and the new GSM cellular system.

⁴ Figures in this section are only for Grand Cayman.

Table 4.7: Building Permit Values, 2000-2002 (\$M)

Category	2000	2001	2002	Change 2001-2002
Apartment/Condo	83.5	30.3	110.4	+80.1
House	47.8	41.1	48.3	+7.2
Commercial	37.1	26.8	25.9	-0.9
Government	0.2	0.0	0.0	0.0
Hotel	1.4	1.1	143.7	+142.6
Industrial	0.5	0.6	4.5	+3.9
Other	8.7	8.5	2.7	-5.8
Total	179.2	108.4	335.5	227.1

Major Developments in the Construction Industry

A number of policy decisions were implemented in 2002 aimed at stimulating economic activity in the construction industry.

In March, the maximum building height was changed from five to seven storeys in the designated hotel/tourism zone. This decision allowed new developments like Water's Edge and the Meridian to increase their heights from three to six storeys. The Ritz Carlton, a development under construction, was also able to increase its height from five to seven storeys.

Another legislative change involved objections to projects submitted to the Central Planning Authority (CPA). Previously, residents had the right to raise objections to project proposals for any property, irrespective of size. This often led to substantial delays in project approvals. The new law restricts objections to properties within 1,000 ft. of the proposed development. The 50 percent concessions on building permit fees and infrastructure fund fees that was granted in November 2001, was extended for an additional six months. These concessions are now due to expire in June 2003.

During the year, there was an extensive consultation process, aimed at revising the *Development Plan 1997*. A draft document was produced,

titled *The Grand Cayman Development Plan 2003*, which sets out guidelines for the future physical development of Grand Cayman.

4.5 Utilities

Water consumption declined from 1,069.2 million gallons in 2001 to 1,056.1 million gallons in 2002 or by 1.2 percent (See Table 4.8 below and Table J-1, p. 63). This decrease was experienced by Cayman Water Co. and was seen by declines in water utilised by the Safehaven Golf Course and in

Table 4.8: Utilities Consumption, 2000 - 2002

	2000	2001	2002	Change 2001-2002
Water				
<i>Water Consumption (US millions of gallons)</i>	1,028.5	1,069.2	1,056.1	-13.1
Electricity				
<i>Electricity Usage (MWH)</i>	386.0	407.0	425.6	+18.6
Telecommunications				
<i>Telephone/Fax Paid Minutes (millions)</i>	38.4	40.3	39.7	-0.6
<i>Internet Lines</i>	7,521	8,660	9,181	+521
<i>Telephone Lines</i>	31,580	33,559	33,200	-359

commercial and industrial establishments on West bay Road. However, water production rose from 1,114.9 million gallons to 1,164.7 million gallons in 2002.

Electricity usage grew moderately from 407.0M MWH in 2001 to 425.6M MWH in 2002 or by 4.6 percent in 2002. Residential usage, which accounted for 47 percent of total usage, grew by 5.1 percent; commercial usage slowed by 3.3 percent and public lighting consumption fell by 2.3 percent (See Table 4.8 and J-2, p. 63).

With the exception of Internet lines, which grew from 8,660 in 2001 to 9,181 in 2002, telecommunications services contracted in 2002. The number

of paid minutes for telephone and fax usage fell from 40.3 million to 39.7 million over the 2001-2002 period and telephone lines declined from 33,559 to 33,200 (See Table 4.8 and J-3, p. 64).

Major Developments in Utilities

Construction of a new wastewater treatment plant, the Grand Cayman Wastewater Treatment Works, began in September. The full treatment capacity of this plant is 10 million gallons per day and is scheduled for completion by mid-2004.

In August, the Caribbean Utilities Company implemented a 3.0 percent increase in electricity fees. This compensated for the 2.0 percent increase, which had been scheduled for implementation in November 2001.

In March, the Information and Communications Technology Authority Law (ICTA) was enacted, making Cayman one of the first countries to implement a single law to regulate communication technologies by a central and independent body.

The introduction of the ICTA law marked the beginning of the liberalisation of the telecommunications industry, which for many years had been dominated by the monopoly provider, Cable & Wireless. Liberalisation is expected to lower prices of telecommunication services and increase the competitiveness of businesses in the Cayman Islands. It will also allow for the expansion of e-business, expected to be the third pillar of the economy.

5. CENTRAL GOVERNMENT OPERATIONS

5.1 Summary

During 2002, the fiscal operations of central government resulted in an overall surplus of \$18.4M or approximately 1.2 percent of GDP. This surplus represented a significant reversal from the \$31.2M overall deficit recorded in 2001. (See Table K-1, p.65) Total revenue increased by 10.1 percent to \$314.1M in 2002 on account of revenue measures. Total expenditure declined by 6.6 percent to \$295.7M as government curtailed both current and capital expenses.

Government's current balance improved from a deficit of \$6.2M in 2001 to \$36.1M, or 2.3 percent of GDP in 2002. Not since 1998 did the current balance exceed capital expenditure, which totalled \$17.7M in 2002 (See Fig. 5.1).

Figure 5.1: Current Balance and Capital Expenditure, 1998-2002

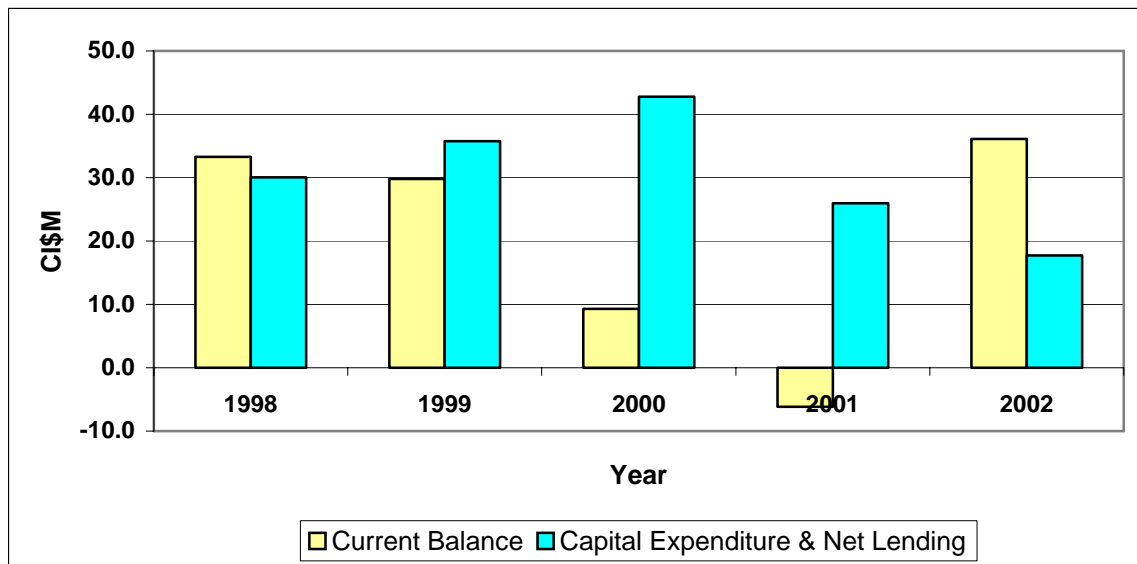


Table 5.1: Summary of Central Government Operations, 2002-2002

	2000	2001	2002
Total Revenue	278.2	285.4	314.1
Current Revenue	277.7	284.4	314.0
Coercive Revenue	240.4	237.9	276.8
Taxes on International Trade & Transactions	110.0	106.2	106.7
Domestic Taxes on Goods & Services	104.8	113.1	150.8
Taxes on Property	21.2	15.9	14.3
Fines	1.5	1.2	1.3
Other Taxes	2.9	1.4	3.7
Other Revenue	37.3	46.6	37.2
Sale of Goods & Services	30.5	35.8	30.5
<i>Health Service Fees</i>	<i>8.1</i>	<i>11.9</i>	<i>4.5</i>
Investment Revenue	6.8	10.8	6.7
Capital Revenue	0.5	0.9	0.0
Total Expenditure	311.2	316.6	295.7
Current Expenditure	268.4	290.6	277.9
Personnel Costs	150.3	173.7	150.1
Supplies & Consumables	73.5	70.2	68.2
Subsidies	21.0	21.5	38.1
Transfer Payments	17.5	18.9	17.7
Interest Payments	6.2	6.3	3.9
Capital Expenditure & Net Lending	42.8	25.9	17.7
Capital Acquisition	4.7	3.9	3.1
Capital Development	38.5	22.2	14.5
Net Lending	(0.5)	(0.1)	0.1
Current Balance	9.3	(6.2)	36.1
Overall Balance	(33.0)	(31.2)	18.4
Financing	33.0	31.2	(18.4)
Net Borrowing	10.9	37.1	(10.5)
Disbursements	23.8	49.7	10.9
Loan Repayment	(12.9)	(12.6)	(21.4)
Change in Cash (minus = increase)	22.1	(5.9)	(7.9)

5.2 Revenue

Current revenue rose by 10.4 percent in 2002 to \$314.0M on account of coercive revenue, which increased by \$39.0M to \$276.8M. The Domestic Taxes on Goods and Services category rose by \$37.8M to \$150.8M mainly as a result of revenue measures (See Table 5.2). Significant increases were seen in the following areas: bank and trust licences (+\$24.4M), mutual fund administrators (+\$8.1M), insurance licenses (+\$2.6M), company fees (+\$1.3M), and local company and corporate management fees (+\$1.3M).

Table 5.2: Taxes on Domestic Goods & Services, 2000 – 2002 (\$M)

	2000	2001	2002	Change 2001-2002
Bank & Trust Licences	10.1	8.9	33.3	+24.4
Company Fees	35.0	37.3	38.6	+1.3
Work Permit Fees	19.7	23.4	23.7	+0.3
Mutual Fund Administrators	3.2	3.7	11.8	+8.1
Tourism Accommodation Tax	10.0	9.6	8.0	-1.6
Cable & Wireless License	5.4	8.3	6.2	-2.1
Insurance License	2.9	2.9	5.5	+2.6
Total	104.8	113.1	150.8	+37.8

Tax receipts from international trade and transactions increased by \$0.5 million to \$106.7M. This small increase reflected higher receipts from travel & cruise ship tax (+\$2.4M) and environmental protection fees (+\$1.3M), which were countered by a \$3.2M decline in import duties to \$92.6M. Import duties have seen a steady decline after peaking at \$104.9M in 1999, largely as a result of the external economic environment as well as some price deflation.

While the value of property transfers increased significantly in 2002, the reduction in stamp duty on land transfers to 5 percent resulted in a \$1.6M decline in taxes from property to \$14.3M.

Other revenue (non-coercive) declined by \$9.4M to \$37.2M. The \$7.4M decline in health service fees to \$4.5M largely reflected a government's relinquishment of those revenues to the newly established Health Services Authority as of July 2002. Investment Revenue declined by \$4.1M to \$6.7M due to reduced contributions by the Cayman Islands Monetary Authority (-\$1.9M) and the Cayman Islands Stock Exchange (CSX) (-\$1.4M). In the case of the CSX, surpluses accumulated over the years were paid to government in the form of dividends in 2001, and lower receipts in 2002 represented a return to normal contributions.

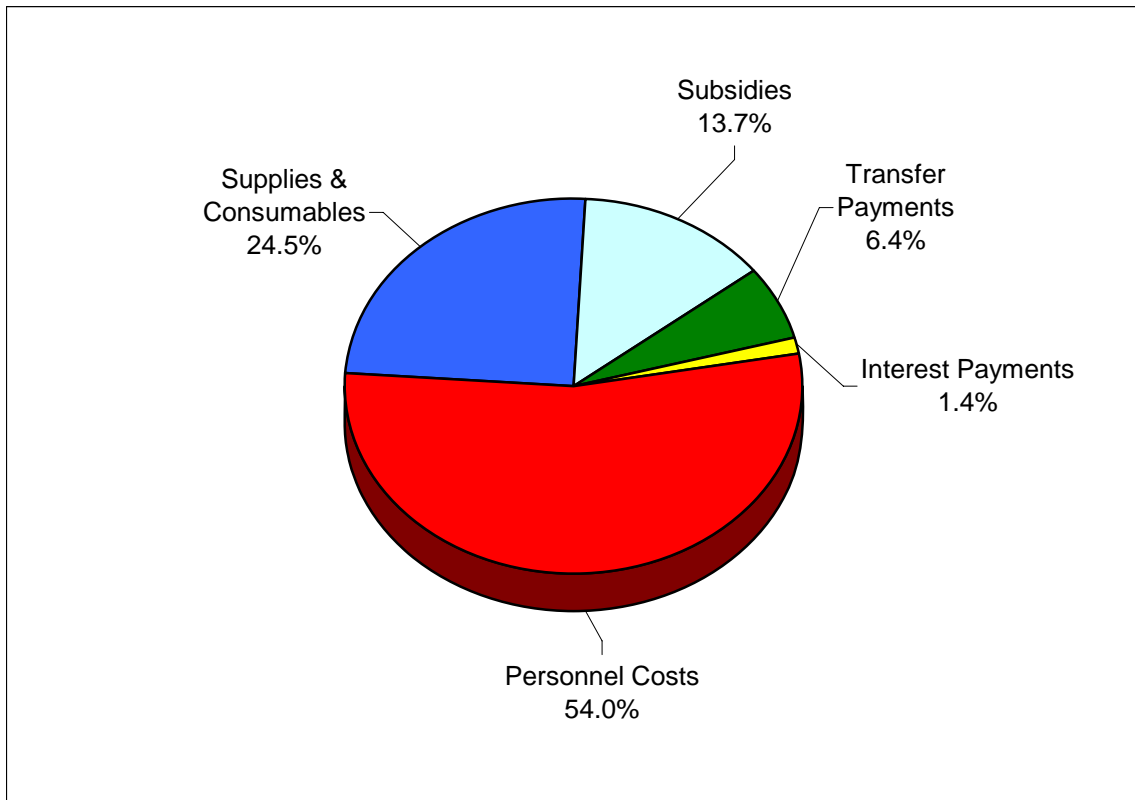
5.3 Expenditure

Current expenditure declined by \$12.7M to \$277.9M in 2002. Two factors led to the significant decline in personnel costs from \$173.7M in 2001 to \$150.1M in 2002. Firstly, employees of the Health Services Department, numbering 511 at the end of 2001, were re-assigned to the Health Services Authority in July 2002. Secondly, personnel costs in 2001 included \$5.2M in retroactive cost-of-living adjustment to government employees covering the period January-October, 2000.

Government granted the Health Services Authority \$15.5M in subsidies, raising the overall level of subsidies to \$38.1M in 2002. But reductions were seen in other areas, namely interest payments (-\$2.5M), supplies & consumables (-\$2.0M), and transfer payments (-\$1.2M). The decline in interest payments was primarily as a result of a declining debt stock and lower interest rates. For example, the US dollar three-month LIBOR rate declined from an average of 3.63 percent in 2001 to 1.79 percent in 2002.

Personnel costs represented 54.0 percent of current expenditure in 2002 compared to 59.8 percent in 2001. The second largest recurrent expense was supplies and consumables (24.5%), followed by subsidies (13.7%), transfer payments (6.4%), and interest payments (1.4%) (See Fig. 5.2).

Figure 5.2: Share of Current Expenditure, 2002



Capital expenditure and net lending declined by \$8.2M in 2002 mainly due to reduced capital development expenditure, which fell from \$22.2M in 2001 to \$14.5M in 2002. The largest decrease was seen in the public building programme, which declined from \$10.6M in 2001 to \$3.8M in 2002 mainly due to the completion of the Lighthouse School in 2001. Also, the roads programme declined from \$7.2M in 2001 to \$4.2M in 2002, mainly on account of the substantial completion of the resurfacing on main roads.

5.4 Financing

With an overall surplus of \$18.4M, government reduced its borrowing and net asset balance. Net borrowing amounted to -\$10.5M as \$21.4M in loan repayments outweighed \$10.9M in disbursements. Disbursements in 2002 were confined to the remaining drawdown of the 2001 loan (\$5.8M)

and a temporary bridge financing (\$5.1M) from the Bank of Butterfield that was repaid in early 2003.

The net cash balance increased by \$7.9M from \$12.9M in 2001 to \$20.8M. This increase was seen in an increase in assets by \$8.2M and an increase in liabilities by \$0.3M (See Table 5.3).

Table 5.3: Net Asset Balance, 2001-2002 (C1\$M)

	2001	2002	Change
Assets:	36.6	44.8	+8.2
Bank Accounts	11.1	15.9	+4.2
Investments	4.2	5.8	+1.6
Imprest Accounts	0.9	1.3	+0.4
Advance Accounts	20.4	21.8	+1.4
Liabilities: (minus=increase)	23.7	24.0	-0.3
Deposit Accounts	18.0	14.0	+4.0
Bank Overdraft	5.7	10.0	-4.3
Net Asset Balance	12.9	20.8	+7.9

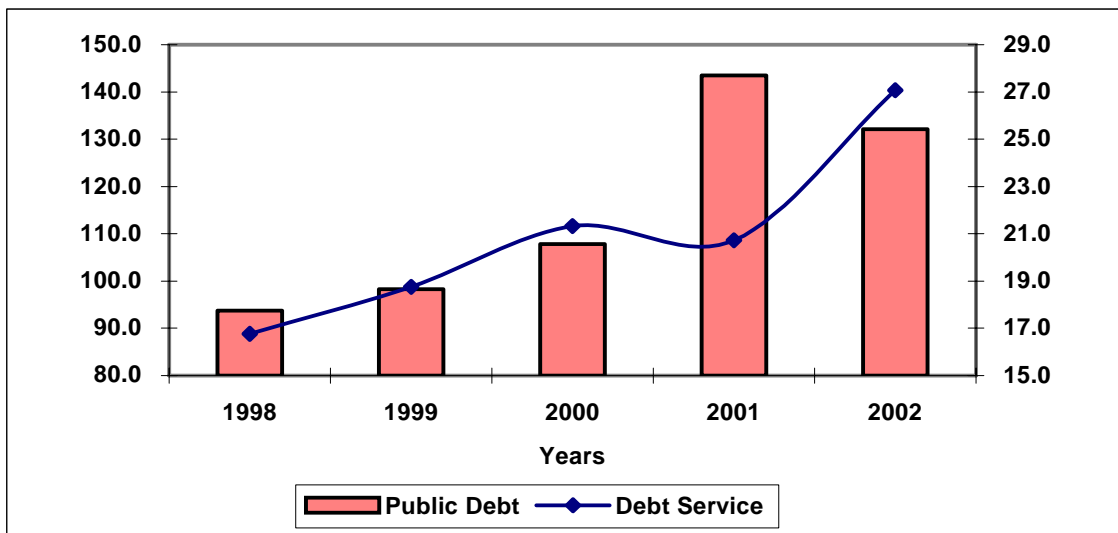
6. Debt

At the end of 2002, the public debt stock stood at \$132.1M compared to \$143.5M at the end of 2001 (See Table 6.1 & Table L-1, p.66). As a percentage of GDP, the debt fell from 9.8 percent in 2001 to 8.5 percent in 2002. The decline was as a result of \$22.6M in principal repayments, \$10.9M in disbursements, and a loss of \$0.3M due to changes in exchange rates. Total interest payments amounted to \$4.5M.

Table 6.1: Public Debt Summary, 2000-2002 (\$M)

	2000	2001	2002
<u>Disbursed Outstanding Debt</u>	107.8	143.5	132.1
Net Financing Flows	9.5	35.7	-11.7
Drawings	23.8	49.7	10.9
<i>less</i> Amortization	14.3	14.0	22.6
Interest Payments	7.0	6.8	4.5
Exchange Rate Gains/(Losses)	...	...	(0.3)
Public Debt to GDP	7.5%	9.8%	8.5%

Figure 6.1: Public Debt and Debt Service, 1998-2002 (\$M)



Central Government Debt

At the end of 2002, Central Government's debt stood at \$119.1M (See Table 6.2 & Table L-2, p.67). This represented a \$10.4M decline over the previous year. There were two disbursements during the year, a final drawdown of \$5.8M on the Canadian Imperial Bank of Commerce (CIBC) loan contracted in 2001, and a Bridge financing of \$5.1M from Bank of Butterfield to be paid off in early 2003.

Table 6.2: Central Government Debt, 2000-2002 (\$M)

	2000	2001	2002
<u>Disbursed Outstanding Debt</u>	92.5	129.5	119.1
Net Financing Flows	10.1	36.7	-10.4
Drawings	23.0	49.6	10.9
<i>less</i> Amortisation	12.9	12.7	21.3
Interest Payments	6.1	6.1	3.8
Exchange Rate Gains/(Losses)	...	...	-
Debt Service to Revenue	6.9%	6.6%	8.0%

Debt Service payments for the year amounted to \$25.1M, with principal repayments of \$21.3M and interest payments of \$3.8M. CIBC accounted for the largest share of debt service payments, with 50.2 percent of principal repayments and 60.5 percent of interest payments or \$10.7M and \$2.3M, respectively. As a percentage of recurrent revenue, debt service payments increased from 6.6 percent in 2001 to 8.0 percent in 2002. This increase was as a result of a rise in amortisation to service the 2001 loan.

Exchange rate losses over the year amounted to a \$3,257 on account of the Pound. This parity change illustrated a weakening of the U.S. dollar against the British pound from US\$1.4499 at the end of 2001 to US\$1.6034 at the end of 2002.

Altogether, six loans matured during 2002. Three of the loans were from the UK Government (GOUK), one was from the Caribbean Development Bank (CDB), one was from the Barclays Bank PLC, and one was from the

Royal Bank of Canada. The three loans from the GOUK, including their maturity dates, were Expansion of PWD Facilities (1 January 2002), Education Building Program (1 January 2002), and Plant and Vehicle (1 May 2002). The loan from CDB was the Main and Feeder Road Construction loan, which matured on 31 August 2002. The loan from Barclays Bank PLC was the Health Service Authority loan, which matured on 31 July 2002. The loan from the Royal Bank of Canada was the Capital Projects Loan 1990, which matured on 29 December 2002.

Self Financing Debt

At the end of 2002, self-financing debt stood at \$13.0M (See Table 6.3). This was a \$1.0M reduction over the 2001 debt position. There was only one loan not fully disbursed during 2002. This loan was the Agricultural and Industrial Credit from the CDB. The total undisbursed balance of the loan was \$0.1M. No drawdowns were made in 2002. A US\$5.0M line of credit to finance low cost housing remained undisbursed at the end of 2002

Table 6.3: Self-Financing Debt, 2000-2002 (\$M)

	2000	2001	2002
<u>Disbursed Outstanding Debt</u>	15.3	14.0	13.0
Net Financing Flows	-0.6	-1.2	-1.3
Drawings	0.8	0.1	0.0
less Amortisation	1.4	1.3	1.3
Interest Payments	0.9	0.7	0.7
Exchange Rate Gains/(Losses)	...	...	-0.3

Debt Service payments for the year amounted to \$2.0M, with principal repayments of \$1.3M and interest payments of \$0.7M. CDB accounted for the largest share of debt service payments, with 69.2% of principal repayments and 85.7% of interest payments or \$0.9M and \$0.6M, respectively.

Exchange rate losses amounted to \$290,000 and were seen in Euro and Swedish Krona loans from the European Investment Bank and the CDB. These losses were mainly as a result of a weakening of the U.S. dollar against these currencies. The US dollar depreciated against the Euro from €1.1323 at the end of 2001 to €0.9566 at the end of 2002.

7. MACROECONOMIC OUTLOOK

In view of its dependence on foreign capital and tourism, economic growth in the Cayman Islands will depend to a large extent on developments in the global economy, particularly the USA.

The US economy remains vulnerable due to a sizeable balance of payments deficit, rising private and government debt, and higher unemployment. Consumer spending is likely to slow down in 2003 if household debt continues to outpace household disposable income. Corporate spending shows no sign of a recovery. The US economy is therefore projected to decelerate from 2.4 percent in 2002 to 2.2 percent in 2003. This is lower than the 2.5 percent projected in September 2002.

Based on revised projections for US, the forecast for the Cayman Islands shows a modest increase in economic growth from 1.7 percent in 2002 to 2.0 percent in 2003. Inflation is projected to increase slightly from 2.4 percent in 2002 to 2.8 percent in 2003, while unemployment is expected to remain at 5.6 percent in 2003..

Table 7.1: Macroeconomic Outlook for the Cayman Islands, 2003 (%)

	2001	2002	2003
Economic Growth	0.6	1.7	2.0
Unemployment	7.5	5.6	5.6
Inflation	1.1	2.4	2.8

The growth forecast assumes a stabilisation in stay-over arrivals and an increase in construction activity. Major construction activities in 2003 will include the Ritz Carlton Hotel and Condominium Development (\$109.0M), expansion to the Morritts Grand Resort (\$75.5M), The Meridian Condominiums (\$19.0M), Water's Edge, UBW building, Cable & Wireless's 'One Technology Square' and the Kirkconnell Shopping Centre in George Town, and port facilities in George Town.

It must be noted that the risks to the forecast are weighted on the downside due to uncertainties in the world economy. The IT bubble of 2000 and the events of 9/11 have demonstrated that any shock to the global economy will have an impact on the Cayman Islands.

Although the war in Iraq is essentially over, a number of risks still remain. These include the continued fallout from the stock market bubble, the continued threat from terrorism, and North Korea's withdrawal from the Nuclear Non-Proliferation Treaty. Furthermore, the spread of the deadly Severe Acute Respiratory Syndrome (SARS) has recently emerged as a key concern for international travel, transport and trade.

ANNEXES

Table A-1: Gross Domestic Product, 1992-2002

Year	Nominal GDP (CI\$M)	Real GDP 1986 Prices (CI\$M)	Mid-Year Population (000s)	GDP Per Capita (\$)	Real GDP Growth
1992	653.0	465.9	28.7	22,773	3.1%
1993	701.5	488.2	30.0	23,372	4.8%
1994	761.6	514.1	31.3	24,313	5.3%
1995	822.5	538.8	32.6	25,205	4.8%
1996	892.4	565.7	34.3	26,043	5.0%
1997	971.9	596.8	35.9	27,072	5.5%
1998 ¹	1,275.2	777.5	38.1	33,470	5.8% ²
1999	1,382.5	803.8	39.0	35,449	3.4%
2000	1,444.9	811.7	40.2	35,943	1.0%
2001	1,482.3	816.2	41.4	35,848	0.6%
2002	1,546.0	830.3	42.5	36,419	1.7%

Source: Statistics Office: Cayman Islands Government

¹ A new GDP series was started in 1998. Previous years' figures are being revised.

² ERU Estimate

Table B-1: Consumer Price Index & Inflation, 1994-2002
(September 1994=100)

Year	Index Year-end	Index Average	Inflation Rate
1994	100.8	99.9	...
1995	103.1	102.4	2.5%
1996	106.4	105.0	2.6%
1997	109.5	107.9	2.7%
1998	112.1	111.1	3.0%
1999	120.8	118.7	6.8%
2000	122.8	121.9	2.7%
2001	123.5	123.3	1.1%
2002	127.2	126.3	2.4%

Source: Statistics Office: Cayman Islands Government

Table C-1: Employment Activity, 1992-2002

Year	Labour Force	Total Employed	Total Unemployed	Unemployment Rate
1992	16,475	15,220	1,255	7.6%
1993	17,240	15,995	1,245	7.2%
1994	17,855	16,830	1,025	5.7%
1995	19,820	18,845	980	4.9%
1996	20,410	19,370	1,040	5.1%
1997	21,620	20,725	895	4.1%
1998	22,725	21,820	905	4.0%
1999	...	...	...	...
2000	...	...	...	...
2001	27,971	25,862	2,109	7.5%
2002	28,905	27,355	1,550	5.4%

Source: Statistics Office

Note:

No Labour Force surveys were conducted in 1999 or 2000

Table C-2: Composition of the Employed Labour Force, 1992-2002

Year	Total	Caymanian	Non-Caymanian	% Caymanian
1992	15,220	8,960	6,260	58.9
1993	15,995	9,305	6,690	58.2
1994	16,830	10,010	6,820	59.5
1995	18,845	10,490	8,355	55.7
1996	19,370	10,705	8,665	55.3
1997	20,725	10,390	10,335	50.1
1998	21,820	11,525	10,295	52.8
1999	...	...	...	...
2000	...	...	...	...
2001	25,862	12,479	13,383	48.3
2002	27,355	12,993	14,362	47.5

Source: October Labour Force Surveys, Statistics Office

Note:

No Labour Force surveys were conducted by the Statistics Office in 1999 or 2000

Table C-3: The Unemployed, 1992-2002

Year	Total Unemployed	Caymanian	Non-Caymanian
1992	1,253	830	423
1993	1,241	879	362
1994	942	582	360
1995	978	703	275
1996	1,049	692	357
1997	895	579	316
1998	907	609	298
1999	...	...	...
2000	...	...	...
2001	2,109	1,311	798
2002	1,550	1,058	492

Source: October Labour Force Surveys, Statistics Office

Note:

No Labour Force surveys were conducted by the Statistics Office in 1999 or 2000

Table C-4: The Employed by Industry, 1992-2002

Year	Agric., Fish, Manufacturing, Construction, Utilities	Wholesale, Retail, Hotel & Restaurant	Transport, Postal & Communications	Insurance, Financial & Business	Public Administration	Education, Health & Social Services	Recreation, Community & Personal	Other	Total
1992	2,895	4,160	1,385	2,375	700	1,405	2,300	.	15,220
1993	2,790	4,310	1,345	3,610	770	1,210	1,960	.	15,995
1994	2,995	4,715	1,205	2,920	1,015	1,410	2,570	.	16,830
1995	2,640	5,555	1,785	3,570	950	1,320	3,025	.	18,845
1996	3,545	5,375	1,125	3,840	890	1,330	3,265	.	19,370
1997	3,505	5,580	1,475	4,025	995	1,665	3,480	.	20,725
1998	3,660	6,175	1,450	4,230	870	1,605	3,830	.	21,820
1999	...	...	...	...	...	...	...	.	-
2000	...	...	...	...	...	...	...	.	-
2001	4,608	6,644	1,347	5,373	1,765	2,143	3,982	.	25,862
2002	4,923	6,932	1,640	5,399	1,948	2,416	4,087	10	27,355

Source: October Labour Force Surveys, Statistics Office

Note:

No Labour Force surveys were conducted by the Statistics Office in 1999 or 2000

Table C-5: Work Permits by Occupational Class, 1992-2002

Year	Administrative/ Managerial	Professional	Trades/ Technical/ Skilled	Un-Skilled	Other	Total
1992	...	...	...	...	...
1993	...	...	...	...	...
1994	...	...	...	...	...
1995	786	668	4,606	4,138	-	10,198
1996	676	554	4,741	3,980	-	9951
1997	755	788	5,455	4,316	-	11,314
1998	698	968	6,331	4,888	-	12,885
1999	...	...	...	...	...	...
2000	752	1,039	7,633	4,837	23	14,284
2001	664	1,077	7,285	4,852	5	13,883
2002	509	1,001	5,832	4,711	1	12,054

Source : 1995-1999 data from Statistics Office and data from 2000-2002 Immigration Department.

Note:

Figures for 1992-1994 are not available

Table C-6: Work Permits in the Trades/Technical/Skilled Class, 2000-2002

	2000	2001	2002	Difference 2002/2001
Skilled Tradesperson	1,140	949	803	-146
Food & Bev. Server	602	508	566	58
Clerks	1,031	971	437	-534
Sous Chef, Sk. Cook	403	381	374	-7
Dive Instructors	374	374	331	-43
Mason	410	347	263	-84
Carpenter	362	293	234	-59
Other	3,311	3,367	2,824	-543
Total	7,633	7,190	5,832	-1,358

Source: Immigration Department

Table D-1: Merchandise Trade, 1992-2002 (CI\$M)

Year	Total Imports	Fuel Imports	Exports	Trade Balance	Cement Imports (Tons)
1992	278.4	...	3.7	-274.7	...
1993	260.5	25.8	1.8	-258.7	19,845
1994	272.9	27.1	2.0	-270.9	20,412
1995	332.5	32.0	3.4	-329.1	33,029
1996	314.9	34.7	2.2	-312.7	32,115
1997	428.3	39.2	1.8	-426.5	41,106
1998	447.8	31.8	1.0	-446.8	...
1999	457.4	44.4	1.2	-456.2	...
2000	558.7	39.3	2.0	-556.7	48,342
2001	510.7	48.1	2.4	-508.3	30,925
2002	494.5	41.9	3.0	-491.5	35,018

Table E-1: Currency in Circulation, 1992-2002 (\$000s)

Year	\$100	\$50¹	\$40	\$25	\$10	\$5	\$1	Coins	Total
1992	10,884	1,303	...	4,359	1,818	1,147	1,946	2,774	24,231
1993	7,987	5,056	...	5,386	1,960	1,309	2,193	3,051	26,942
1994	12,150	3,085	...	5,290	2,291	1,380	2,432	3,397	30,025
1995	10,848	6,290	...	5,457	2,512	1,540	2,632	3,727	33,006
1996	13,564	6,186	...	6,414	2,770	1,656	2,900	4,053	37,543
1997	15,228	6,001	...	6,843	2,920	1,875	3,198	4,423	40,488
1998	18,423	5,826	51	7,194	3,029	1,954	3,442	4,836	44,755
1999	23,810	7,533	54	9,722	3,832	2,247	3,789	5,270	56,257
2000	19,621	7,102	55	8,814	3,613	2,345	4,011	5,589	51,149
2001	19,248	6,478	57	9,451	3,739	2,336	4,210	5,836	51,354
2002	19,143	7,274	59	8,673	3,586	2,453	4,386	6,066	51,639

Source: Cayman Islands Monetary Authority

¹ This column contains both \$40 notes and \$50 notes from 1992 to 1997

Table E-2: Net Domestic Credit from Retail Banks, 2001-2002 (US\$M)

	December 2001	December 2002
Net Domestic Credit	1,629.4	1,555.2
Loans and Advances to the Private Sector	1,478.3	1,428.4
Credit to Businesses	957.6	801.9
Real Estate	307.0	211.3
Hotel, Restaurants and Bars	83.1	90.3
Wholesale/Retail	60.4	77.2
Financial Services	77.6	72.5
Construction	36.8	34.6
Utilities	8.4	26.1
Recreational	43.8	25.4
Other	340.5	264.5
Credit to Households	520.7	626.5
Mortgages	451.1	563.3
Motor Vehicles	12.4	17.9
Consolidated Debt	1.8	14.9
Home Improvement	11.0	13.5
Land/Other Real Estate	39.7	8.6
Other	4.7	8.3
Credit to the Public Sector	151.1	126.8
Net Credit to Government	144.3	112.8
Loans & Advances	186.2	177.9
less Deposits	41.9	65.1
Credit to Other Public Sector Entities	6.8	14.0

Source: Cayman Islands Monetary Authority

Table E-3: Loans and Advances to Residents from Category 'A' Banks and Trust Companies, 1992-2002 (\$000s)

Year	Agriculture & Fishing	Hotels & Restaurants	Retail	Wholesale	Utilities	Construction	Real Estate	Dwelling Mortgages	Other Mortgages	Other Loans	Total
1992	709	73,870	47,067	1,469	15,356	20,411	105,446	269,486	...	124,662	658,476
1993	646	79,164	34,426	8,971	20,379	26,329	130,482	326,590	...	140,277	767,264
1994	416	79,192	31,449	8,726	14,400	22,956	135,207	361,545	...	130,951	784,842
1995	512	74,040	36,122	15,857	19,973	21,382	130,672	377,809	...	133,610	809,977
1996	573	74,057	35,702	15,361	25,792	31,952	141,059	421,933	...	163,918	910,347
1997	285	49,575	41,033	15,812	72,657	25,142	162,446	472,101	...	243,395	1,082,446
1998	405	53,778	58,834	23,322	52,543	43,176	180,519	296,247	132,323	310,522	1,151,669
1999	477	64,729	59,827	21,930	50,430	42,256	186,625	403,583	177,252	521,820	1,528,929
2000	1,119	88,243	66,610	19,637	28,218	37,691	215,955	579,531	156,323	480,153	1,673,480
2001	691	70,840	50,716	12,304	20,703	38,708	241,697	542,240	130,771	585,245	1,693,915
2002 ¹	274	66,600	30,082	7,100	20,591	42,456	231,076	577,512	129,362	502,493	1,607,546

Source: Statistics Office, Cayman Islands Government

¹ March 2002

Table F-1: Financial Services Indicators, 1992-2002

Year	Bank & Trust Licences	Insurance Licences	Captive Insurance Premiums (US\$M)	Mutual Funds	New Companies Registered	Stock Market Cap. (US\$M)	Stock Listings
1992	532	402	1,300		3,663		
1993	537	380	1,300		4,180		
1994	560	388	1,563	886	5,409		
1995	564	419	1,549	1,059	5,695		
1996	577	448	1,299	1,335	7,124		
1997	594	478	2,049	1,685	8,321	2,016	38
1998	584	516	2,332	1,979	8,501	11,500	130
1999	570	529	2,372	2,271	9,399	21,476	210
2000	580	545	3,270	3,014	12,693	35,090	386
2001	545	572	2,994	3,648	8,456	38,140	418
2002	508	629	4,177	4,285	7,016	36,298	710

Table F-2: Banks & Trust Licences, 1992-2002

Year	Banks only		Bank & Trust Licences		Trust Only			Total
	Class 'A'	Class 'B'	Class 'A'	Class 'B'	Unrestricted	Restricted	Subtotal	
1992	4	265	26	199			38	532
1993	5	266	26	196			44	537
1994	5	278	26	198			53	560
1995	4	278	25	194			63	564
1996	4	278	24	193			78	577
1997	4	288	26	187			89	594
1998	4	277	26	180			97	584
1999	4	262	27	168			109	570
2000	4	267	27	166	54	62	116	580
2001	4	243	27	153	55	63	118	545
2002	4	213	26	140	58	67	125	508

Table F-3: Insurance Licences Registered in the Cayman Islands, 1992-2002

Year	Class 'A' Insurance	Class 'B' Insurance	Class 'B' Insurance (Res.)	Subtotal	Total
1992	30			372	402
1993	28			352	380
1994	27			361	388
1995	29			390	419
1996	30			418	448
1997	29			449	478
1998	31			485	516
1999	32			497	529
2000	29	437	79	516	545
2001	30	466	76	542	572
2002	29	532	68	600	629

Table F-4: Mutual Funds Domiciled in the Cayman Islands, 1992-2002

Year	Administered Funds	Licensed Funds	Registered Funds	Total
1992				
1993				
1994	411	37	438	886
1995	469	39	551	1,059
1996	557	54	724	1,335
1997	592	56	1,037	1,685
1998	607	44	1,328	1,979
1999	617	44	1,610	2,271
2000	701	50	2,263	3,014
2001	659	52	2,937	3,648
2002	641	51	3,593	4,285

Table F-5: New Companies Registered in the Cayman Islands, 1992-2002

Year	Exempt	Non-Resident	Resident	Foreign	Total
1992	2,306		1,314	43	3,663
1993	2,697		1,422	61	4,180
1994	3,895	1,097	341	76	5,409
1995	4,252	1,040	318	85	5,695
1996	5,340	1,318	378	88	7,124
1997	6,529	1,326	369	97	8,321
1998	6,783	1,258	383	77	8,501
1999	7,345	1,523	415	116	9,399
2000	9,595	2,539	377	182	12,693
2001	6,654	1,365	296	141	8,456
2002	5,795	768	310	143	7,016

Table F-6: Total Companies Registered in the Cayman Islands, 1992-2002

Year	Exempt	Non-Resident	Resident	Foreign	Total
1992	14,371		10,031	645	25,047
1993	16,465	8,261	2,940	678	28,344
1994	18,952	8,849	3,081	730	31,612
1995	21,765	8,675	2,884	658	33,982
1996	25,069	9,109	3,052	689	37,919
1997	27,640	9,728	3,087	708	41,163
1998	31,364	9,778	3,289	738	45,169
1999	35,188	11,342	3,614	807	50,951
2000	41,361	13,740	3,865	956	59,922
2001	45,030	14,421	3,983	1,061	64,495
2002	45,448	14,676	4,081	1,054	65,259

Table G-1: Visitor Arrivals, 1992-2002

Year	Stayover Arrivals	Cruise Arrivals	Total	¹ Cruise Ship Calls
1992	241.8	613.5	855.3	...
1993	287.3	605.7	893.0	243
1994	341.5	599.4	940.9	263
1995	361.4	682.8	1,044.3	266
1996	373.2	800.3	1,173.6	302
1997	381.2	866.6	1,247.8	316
1998	404.2	871.4	1,275.6	213
1999	394.7	1,035.5	1,430.2	95
2000	354.1	1,030.9	1,384.9	332
2001	334.1	1,214.8	1,548.8	322
2002	302.8	1,574.8	1,877.5	300

Source: Statistics Office

¹ Figures for 1998 include available numbers for the 2nd and 4th Qtr only;
1999 figures include available numbers for the 4th Qtr only

Table G-2: Occupancy and Length of Stay, 1992-2002

Year	Hotel Occupancy Rates (%)	Apt/Condo Occupancy Rates (%)	Hotel Length of Stay (Days)	Apt/Condo Length of Stay (Days)
1992	61.0	48.5	4.8	6.4
1993	71.3	52.6	5.0	6.9
1994	77.0	55.5	4.9	6.9
1995	75.3	53.9	4.7	6.8
1996	66.0	50.2	4.6	7.3
1997	66.5	48.2	4.8	7.0
1998	73.1	52.3	5.0	7.0
1999	71.8	46.9	4.7	5.8
2000	62.4	46.8	4.6	7.0
2001	55.3	42.9	4.5	7.3
2002	50.6	40.2	4.8	7.3

Source: Statistics Office

Table G-3: Total Stayover Arrivals by Country of Origin, 1992-2002

Year	USA	Europe	Canada	Other	Total Air
1992	190.2	17.9	9.7	24.0	241.8
1993	232.5	20.4	10.4	24.0	287.3
1994	263.0	30.6	14.2	33.7	341.5
1995	266.2	37.3	14.1	43.8	361.4
1996	274.7	33.5	16.2	48.8	373.2
1997	278.7	32.7	18.2	51.6	381.2
1998	295.2	34.7	18.4	55.9	404.2
1999	280.3	34.5	18.9	61.0	394.7
2000	281.6	22.6	15.0	34.9	354.1
2001	270.1	20.5	13.6	29.9	334.1
2002	244.9	17.9	13.6	26.5	302.8

Source: Statistics Office

Table H-1: Property Transfers, 1992-2002 (CI\$M)

Year	Freehold		Leasehold		Total All Transfers	
	Number	Value	Number	Value	Number	Value
1992	1,274	106.3	74	2.4	1,348	108.7
1993	1,079	130.1	66	1.1	1,145	131.2
1994	1,242	165.8	115	14.9	1,357	180.7
1995	1,419	191.2	127	3.6	1,546	194.8
1996	1,705	267.2	273	3.3	1,978	270.6
1997	1,798	281.8	123	5.6	1,921	287.4
1998	1,926	317.2	122	2.3	2,048	319.6
1999	1,842	219.1	203	7.5	2,045	226.5
2000	1,472	257.3	130	0.6	1,602	257.9
2001	1,359	172.7	181	0.8	1,540	173.5
2002	1,412	269.9	135	4.1	1,547	274.0

Source: Lands & Survey Department

Notes:

Freehold transfers exclude property transfers for love and affection.

Leasehold transfers include lease transfers and subleases.

Table I-1: Grand Cayman - Numbers of Project Approvals by Type, 1992-2002

Year	Apts./ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
1992	60	363	67	16	1	0	98	605
1993	46	300	66	24	2	0	137	575
1994	54	281	65	19	0	0	144	563
1995	72	349	62	42	3	10	330	868
1996	110	357	78	22	3	12	318	900
1997	128	325	67	9	2	19	299	849
1998	132	459	70	7	4	9	414	1095
1999	164	436	75	14	2	12	511	1214
2000	125	381	82	16	2	20	391	1017
2001	84	309	46	8	3	10	441	901
2002	91	328	57	5	1	16	454	952

Source: Planning Department

Table I-2: Grand Cayman Value of Project Approvals by Type, 1992-2002 (\$M)

Year	Apts./ Condos	Houses	Commercial	Government	Hotel	Industrial	Other	Total
1992	25.6	39.5	46.2	21.3	1.9	3.8	36.3	174.6
1993	35.5	36.4	9.5	7.9	-	3.1	11.2	103.8
1994	24.6	46.2	27.8	5.0	60.0	2.6	3.8	170.1
1995	44.7	52.4	20.9	30.9	1.6	4.7	17.9	173.1
1996	77.0	56.5	38.2	16.5	11.6	5.0	10.2	215.0
1997	83.1	53.6	60.4	7.3	55.0	8.2	23.2	290.8
1998	98.3	80.1	38.9	3.6	6.9	6.0	30.0	263.8
1999	204.5	72.6	52.3	15.9	16.6	1.5	30.0	393.4
2000	104.7	70.1	25.7	20.7	13.3	17.6	16.2	268.3
2001	47.9	54.2	17.0	2.6	1.7	7.4	18.6	149.4
2002	90.6	61.0	47.6	1.0	0.1	9.7	30.0	240.0

Source: 1992-1994 data from Statistics Office and data from 1995-2002 Planning Department

Table I-3: Sister Islands Numbers of Project Approvals, 1992-2002

Year	Private Dwellings	Private Dwellings additions	Commercial	Apts./ Condos.	Hotels	Other	Total
1992	25	6	2	7	2	83	125
1993	25	12	2	10	1	84	134
1994	12	6	10	3	-	116	147
1995 ^R	28	10	2	3	5	78	126
1996 ^R	31	6	3	4	2	95	141
1997 ^R	55	-	7	7	1	93	163
1998	55	-	6	9	-	115	185
1999	47	-	3	5	3	98	156
2000 ^R	49	-	20	3	-	53	125
2001	41	-	9	7	-	46	103
2002	21	-	2	2	-	74	99

Source: Compendium of Statistics, Statistics Office

Table I-4: Sister Islands Values of Project Approvals, 1992-2002

Year	Total Value (000's)
1992	41,000
1993	8,384
1994	4,882
1995 ^R	5,720
1996 ^R	10,466
1997 ^R	8,642
1998	29,416
1999	14,282
2000 ^R	12,381
2001	13,304
2002	7,627

Source: Compendium of Statistics, Statistics Office

Note:

Breakdowns are not available.

Table I-5: Grand Cayman Building Permit, 2000-2002 ¹

Building Permit	Numbers			Value (CI\$M)		
	2000	2001	2002	2000	2001	2002
Apartment/Condo	82	80	115	83.5	30.3	110.4
Houses	345	277	335	47.8	41.1	48.3
Commercial	72	152	118	37.1	26.8	25.9
Government	1	-	-	0.2	-	-
Hotel	1	8	11	1.4	1.1	143.7
Industrial	1	2	10	0.5	0.6	4.5
Other	14	18	10	8.7	8.5	2.7
Total	516	537	599	179.2	108.4	335.5

Source: Planning Department

Table J-1: Water Production and Consumption, 1992-2002, US Millions of Gallons

Year	Production¹	Consumption
1992	402.9	207.1
1993	483.5	249.1
1994	531.3	568.8
1995	603.2	637.6
1996	641.7	678.1
1997	742.9	779.8
1998	823.5	849.4
1999	891.2	908.8
2000	1,003.4	1,028.5
2001	1,114.9	1,069.2
2002	1,164.7	1,056.1

Source: Statistics Office

¹ Excludes Non-Potable Water

Table J-2: Electricity Production and Consumption, 1992-2002, (MWH)

Year	Production	Consumption			Total
		Domestic	Industrial/ Commercial	Public Lighting	
1992	242.5	123.9	91.5	2.4	217.8
1993	262.8	124.9	103.0	2.5	230.4
1994	284.0	129.6	119.1	2.8	251.6
1995	297.4	118.1	147.5	3.3	268.9
1996	309.7	124.6	153.8	3.1	281.4
1997	347.8	140.3	168.7	3.3	312.3
1998	381.1	158.9	181.3	3.3	343.5
1999	390.4	168.2	191.5	3.3	363.0
2000	426.5	179.5	203.1	3.4	386.0
2001	449.3	189.7	213.9	3.5	407.0
2002	466.1	200.4	221.0	4.2	425.6

Source: Statistics Office

Table J-3: Telecommunications Services, 1992-2002

Year	Telephone & Fax Paid Mins. (000's)	Telex Paid Minutes (000's)	Total Telephone lines	¹Total Internet lines
1992	18.3	161.0	14,934	...
1993	20.8	138.0	16,318	...
1994	24.5	127.0	18,628	...
1995	28.0	102.0	19,351	...
1996	31.6	86.0	21,112	...
1997	36.5	74.0	23,445	...
1998	38.6	62.0	25,980	...
1999	40.1	38.0	28,800	...
2000	38.4	23.0	31,580	7,521
2001	40.3	12.5	33,559	8,660
2002	39.7	9.7	33,200	9,181

Source: Statistics Office

¹ Data not collected prior to 2000

Table K-1: Government Operations, 1992-2002

Year	Current Revenue	Capital Revenue	Total Revenue	Current Expenditure	Capital Expenditure	Net Lending	Total Expenditure	Current Balance	Overall Balance
1992	117.1	0.3	117.5	118.9	18.1	0.9	137.9	(1.8)	(20.4)
1993	128.4	0.4	128.9	133.9	9.6	(2.1)	141.4	(5.5)	(12.5)
1994	146.9	0.4	147.3	130.0	18.2	(0.6)	147.5	16.9	(0.3)
1995	163.4	0.1	163.5	143.7	23.7	(1.3)	166.1	19.7	(2.6)
1996	189.7	1.1	190.7	161.8	34.1	(0.4)	195.5	27.8	(4.7)
1997	213.8	0.6	214.4	187.2	46.5	(0.2)	233.5	26.6	(19.1)
1998	248.6	0.0	248.6	214.7	31.3	(1.2)	244.8	33.9	3.8
1999	275.7	-	275.7	245.2	37.6	(1.9)	280.9	30.5	(5.3)
2000	277.7	0.5	278.2	268.4	43.2	(0.5)	311.2	9.3	(33.0)
2001	284.4	0.9	285.4	290.6	26.1	(0.1)	316.6	(6.2)	(31.2)
2002	314.0	0.0	314.1	277.9	17.6	0.1	295.7	36.1	18.4

Note:

Interdepartmental Purchases and Services and Vehicle and Equipment Maintenance Fees were netted in Current Expenditure from 1992 to 1999.

Table L-1: Debt Summary, 1992-2002 (C1\$M)

Year	Disbursed Outstanding Debt	Drawings	Exchange Gain/(Loss)	Amortisation	Interest Payments
1992	42.9	6.8		2.6	2.6
1993	54.1	17.5		3.9	3.0
1994	61.2	4.7		5.3	3.4
1995	51.6	1.8		11.2	4.1
1996	67.6	22.4		6.6	3.4
1997	82.9	25.5		8.7	4.5
1998	93.8	21.5		10.9	5.9
1999	98.3	18.2		13.1	5.6
2000	107.8	23.8		14.3	7.0
2001	143.5	49.7		14.0	6.8
2002	132.1	10.9	(0.3)	22.6	4.5

Table L-2: Public Debt, 2002 (CIS\$M)

	Disbursed Outstanding Debt 31/12/01	Drawings	Exchange Gain/ (Loss)	Amortisation	Interest Payments	Disbursed Outstanding Debt 31/12/02
Central Government	129.5	10.9	(0.0)	21.3	3.8	119.1
Bank of Butterfield	-	5.0	-	-	-	5.0
Bank of Nova Scotia	7.6	-	-	1.3	0.2	6.4
Barclays Bank PLC	36.5	-	-	7.1	1.0	29.4
CIBC Bank & Trust Co.	74.1	5.8	-	10.7	2.3	69.1
Caribbean Development Bank	0.4	-	-	0.1	0.0	0.3
Royal Bank of Canada	10.9	-	-	2.1	0.3	8.9
Gov't of UK	0.0	-	(0.0)	0.0	-	0.0
Self Financing	14.0	-	(0.3)	1.3	0.7	13.0
Bank of Nova Scotia	0.8	-	-	0.3	0.0	0.6
CIBC Bank & Trust Co.	0.4	-	-	0.1	0.0	0.4
Caribbean Development Bank	11.1	-	(0.0)	0.9	0.6	10.2
European Investment Bank	1.6	-	(0.3)	0.1	0.0	1.8
TOTAL	143.5	10.9	(0.3)	22.6	4.5	132.1

Note:

Some banks listed above act as agents for consortium loans