



THE CAYMAN ISLANDS' SYSTEM OF NATIONAL ACCOUNTS 2010

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THE ECONOMICS AND STATISTICS OFFICE

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ABBREVIATIONS AND ACRONYMS

AAC:	Aggregate Advisory Committee
ANA:	Annual National Accounts
ANAS:	Annual National Accounts Survey
BR:	Business Register
CARTAC:	Caribbean Regional Technical Assistance Centre
CBBEC	Classification by Broad Economic Categories
CIDOT:	Cayman Islands Department of Tourism
CIF:	Cost, Insurance, Freight
CIIB:	Cayman Islands Investment Bureau
CIMA:	Cayman Islands Monetary Authority
CISNA:	Cayman Islands System of National Accounts
CI\$:	Cayman Islands Dollars
CPI:	Consumer Price Index
CRE:	Central Register of Establishments
ECLAC:	Economic Commission for Latin America and the Caribbean
ESO:	Economics and Statistics Office
FISIM:	Financial Intermediation Services Indirectly Measured
FOB:	Free On Board
GDP:	Gross Domestic Product
GO:	Gross Output
GVA:	Gross Value Added
HBS:	Household Budget Survey
IMF:	International Monetary Fund
ISIC:	International Standard Industrial Classification of Economic Activity
LFS:	Labour Force Survey
NEC:	Not Elsewhere Classified
NPISG:	Non-Profit Institutions Serving Government
NPISH:	Non-Profit Institutions Serving Household
PSPB:	Public Sector Pension Board
ROW:	Rest of the World
SBU:	Simple Blow Up
SITC:	Standard International Trade Classification
SNA:	System of National Accounts
SR:	Sample Ratio
UNSD:	United Nation Statistics Division

1. EXECUTIVE SUMMARY

- 1.1 The Cayman Islands System of National Accounts Report presents the gross domestic product (GDP) estimates for the period 2006–2010. The estimates were calculated using both the production and income approaches. The production approach to estimating GDP is obtained by summing the value added of all industries that is, the gross value of outputs minus the value of intermediate inputs). The income approach is obtained by summing the income earned by the factors of production - compensation of employees, consumption of fixed capital, net taxes on production and operating surplus.
- 1.2 The overall GDP estimate comprises the value added of 18 industries as classified using the International Standard Industrial Classification 4 (ISIC 4).
- 1.3 GDP estimates in this report are presented in basic prices and purchaser's (market) prices. The main difference between basic and purchasers' price is the taxes less subsidies (net taxes) on product. Taxes of this type in the Cayman Islands are primarily taxes and duties on imports, and other taxes on product excluding taxes and duties on import (e.g. hotel occupancy tax).
- 1.4 In 2010, nominal basic price GDP for the Cayman Islands stood at CI\$2,411.2 million while the per capita GDP was estimated at CI\$43,559.6.
- 1.5 GDP at constant 2007 prices (GDP adjusted for inflation) stood at CI\$2,362.9 million in 2010. The corresponding per capita GDP is CI\$42,687.8.
- 1.6 Real GDP in 2010 declined by 3.4 percent when compared to the estimate for 2009. The five industries experiencing the greatest rate of decline in 2010 relative to 2009 are: (a) Construction (-23.7%); (b) Manufacturing (-11.1%); (c) Mining & Quarrying (-10.1%); (d) Wholesale & Retail Trade (-8.0%); and (e) Financial & Insurance Services (-4.8%).
- 1.7 Only two industries registered growth in 2010: (a) Hotels & Restaurants (6.9%) and (b) Professional, Scientific & Technical Activities which consists primarily of legal and accounting activities (1.5%).
- 1.8 Despite the continued contraction of economic activity in Financial and Insurance Services in 2010, it maintains its position as the largest single contributor to GDP at 42.1 percent. The other industries making up the top six contributors includes: (a) Professional, Scientific & Technical Activities (13.9%); (b) Real Estate Activities (8.8%); (c) Wholesale & Retail Trade (8.4%); (d) Public Administration & Defense, which consists primarily of central government operations (7.4%); and (f) Hotels and Restaurants (5.5%).

2. INTRODUCTION

2.1 Importance of the SNA

The SNA is a system of accounts that is used globally to measure the economic performance of countries and jurisdictions using accepted international standards issued by the United Nations and the International Monetary Fund (among others). In the context of the Cayman Islands, its main uses are to:

- a. Comply with the Public Management & Finance Law (2005 Revision) which requires the reporting of gross domestic product in the Strategic Policy Statement. Governments in general use the SNA statistics as key indicators for evaluating the potential and actual macro-economic impact and sustainability of fiscal policies.
- b. Comply with data requirements of foreign investors and creditors. For instance, these are required for inclusion in official borrowing documents (i.e., Offering Memorandum or Private Placement Memorandum). These statistics are key in making an assessment of the worthiness of the jurisdiction as an investment site and/or the worthiness of its entities as borrowers;
- c. Comply with data requirements of international credit rating agencies which provide credit ratings for the Cayman Islands Government and private entities who borrow from the global financial market;
- d. Provide necessary data for the conduct of economic impact assessments of hurricanes and other disasters, which are required by funding and other donor agencies. As pointed out by previous teams from the Economics Commission for Latin America and the Caribbean (ECLAC), the GDP statistics by sector for Cayman are necessary in calculating the economic impact of disasters in each sector and therefore, the approximate amount of resources required for the reconstruction of these sectors.
- e. Provide data necessary for government departments and business associations to monitor the economic performance and contribution of their respective sectors; and
- f. Provide data that can assist government departments, local businesses and non-government organizations in preparing business plans or assistance to businesses. These statistics help determine the “buying power” or the size of the local market, the potential growth of the market, and alternative sectors for investment.

2.2 Key Data Sources

The SNA estimates in this report are based on the Annual National Accounts Survey (ANAS) conducted during the period March to May 2011 among all businesses and establishments included in the ESO Business Register. This was augmented by secondary data provided by various government ministries, departments and statutory authorities including the Cayman Islands Monetary Authority, Department of Agriculture, and other informal interviews with industry sources.

As in any survey, the response rate to the ANAS is mainly a function of the appreciation and understanding of the respondents on how the data will be used. It is hoped that this report will be an instrument in demonstrating the potential uses of the SNA to the business sector, business associations and those providing services to the businesses in the Cayman Islands.

2.3 Valuation of Gross Domestic Product (GDP)

Some tables are presented at both basic and purchasers' (i.e. market) price. The main difference between basic and purchasers' price is the taxes less subsidies (net taxes) on products. Taxes on products are taxes on goods and services that become payable when the goods are produced, sold, imported or otherwise disposed of by their producer. The following are the categories of this type of tax:

- a. Taxes and duties on imports
- b. Other taxes on product excluding taxes and duties on import (e.g. hotel occupancy tax).

3. GROSS DOMESTIC PRODUCT ESTIMATES-PRODUCTION APPROACH

3.1 Overview of GDP at basic and purchasers' prices

The Cayman Islands System of National Accounts Report presents the gross domestic product (GDP) estimates for the period 2006–2010. The estimates were calculated using both the production and income approaches. The production approach to estimating GDP is obtained by summing the value added of all industries, that is, the sum of gross value of outputs minus the value of intermediate inputs. The income approach, estimates GDP by summing the income earned by the factors of production - compensation of employees, consumption of fixed capital, net taxes on production and operating surplus.

This section present a series of tables showing the preliminary 2010 estimates of GDP by industry as follows:

- GDP main aggregates and per capita indicators (Table 1);
- GDP by industrial origin (Table 2);
- Goods and service-producing industries' contribution to GDP at constant basic prices (Table 3);
- Industry ranking by contribution to GDP at constant (2007) basic prices (Table 4);
- GDP rate of growth at constant prices (Table 5);
- GDP at current basic prices (Table 6); and
- Detailed value added by industries (Table 7).

The year 2010 was another difficult year for the Cayman Islands economy as the total value of goods and services produced and reflected by the GDP declined by 3.4 percent. This decline occurred the government's stated economic objectives to reduce the fiscal deficit.

The total value of the Cayman Islands GDP for the years 2006 to 2010 are presented in Table 1 below. The amounts pertain to all entities that have a physical presence in the Cayman Islands; therefore, they exclude entities registered in the Cayman Islands but have no physical presence in the country. Table 1 shows the current and constant (or 2007) price estimates of GDP (as well as per capita indicators) valued in both basic and purchasers' prices.

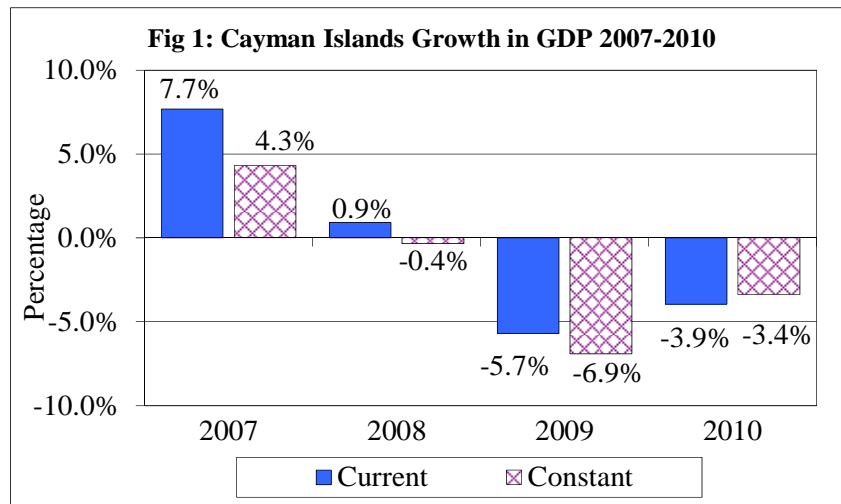
Table 1: System of National Accounts Main Aggregates and Per Capita Indicators

Main Aggregates (CI\$'000)	2006	2007	2008	2009	2010
GDP (Current Basic Prices)	2,448,880.6	2,637,056.2	2,661,496.1	2,510,096.3	2,411,195.6
GDP (Constant Basic Prices)	2,528,214.1	2,637,057.4	2,627,781.3	2,445,647.6	2,362,942.5
GDP (Current Purchasers' Prices)	2,672,515.7	2,847,979.1	2,877,232.3	2,684,288.6	2,584,807.6
GDP (Constant Purchasers' Prices)	2,760,670.1	2,847,980.3	2,835,081.4	2,614,288.8	2,526,031.8
Mean Population ('000)	52.0	54.1	56.0	56.3	55.4
Per Capita Indicators (CI\$)	2006	2007	2008	2009	2010
GDP (Current Basic Prices)	47,093.9	48,744.1	47,528.4	44,551.9	43,559.6
GDP (Constant Basic Prices)	48,619.5	48,744.1	46,926.3	43,408.0	42,687.8
GDP (Current Purchasers' Prices)	51,394.5	52,642.9	51,381.0	47,643.6	46,695.9
GDP (Constant Purchasers' Prices)	53,089.8	52,642.9	50,628.3	46,401.2	45,634.1

Notes:

- 1 GDP at basic price excludes net taxes on goods and services
- 2 GDP at purchasers' price includes net taxes on goods and services
- 3 Mean Population refers to the mid-year population

Figure 1 below shows the comparative growth rates of GDP at current and constant basic prices. GDP at constant prices fell by 3.4 percent in 2010, which represents a further deterioration from the decline of 6.9 percent in 2009 and the 0.4 percent decline in 2008. A similar trend is reflected when we examine GDP at current basic prices. GDP at current prices declined by 3.9 and 5.7 percent in 2010 and 2009 respectively, reversing the 0.9 percent growth experienced in 2008.



3.2 GDP by industrial origin

This report is presented using the International Standard Industrial Classification of all Economic Activities (ISIC) Revision 4 which is an activity based classification. The GDP is calculated at the sub-industry and industry levels.¹

CAYMAN ISLANDS GDP BY INDUSTRIAL ORIGIN					
TABLE 2: GDP AT CONSTANT BASIC & PURCHASERS' PRICES, 2007=100 (CI\$'000)					
INDUSTRIAL SECTORS	2006	2007	2008	2009	2010
01 Agriculture & Fishing	7,173.9	7,649.8	8,069.2	8,893.7	8,725.5
02 Mining & Quarrying	30,260.1	29,576.9	21,355.9	20,321.2	18,263.6
03 Manufacture	22,737.3	23,678.1	26,528.1	24,537.4	21,813.5
04 Electricity, Gas & Air Conditioning Supply	52,671.2	57,083.0	58,318.2	59,303.0	58,928.8
05 Water Supply, Sewerage & Waste Management	32,708.1	34,174.2	34,098.8	36,043.8	34,598.5
06 Construction	148,790.2	139,840.1	142,352.1	100,666.8	76,814.8
07 Wholesale & Retail Trade	245,320.0	236,400.0	244,540.0	216,449.0	199,140.0
08 Transport & Storage	103,118.5	103,837.9	102,579.7	94,789.7	91,409.5
09 Hotels & Restaurants	124,140.7	133,481.4	134,321.4	120,627.7	128,963.0
10 Information & Communication	109,983.5	113,842.0	115,106.7	118,878.9	117,833.2
11 Financial & Insurance Services	1,190,796.7	1,267,654.0	1,225,931.9	1,043,660.4	993,773.8
12 Real Estate Activities	206,174.7	221,854.0	221,536.1	213,219.2	206,768.6
13 Professional, Scientific & Technical Activities	288,925.3	317,523.7	317,215.9	323,018.9	327,955.7
14 Administrative & Support Service Activities	51,485.9	54,700.2	54,152.3	51,228.1	49,525.1
15 Public Administration & Defense	170,524.4	174,343.8	188,181.8	181,661.0	174,900.4
16 Education Services	59,310.0	61,961.7	66,641.3	66,877.5	65,498.5
17 Human Health & Social Work	68,479.3	69,880.2	74,831.2	74,663.9	74,526.7
18 Other Services	85,466.6	86,677.0	81,963.7	80,074.5	78,891.9
Total	2,998,066.5	3,134,157.8	3,117,724.4	2,834,914.8	2,728,331.0
Less: Financial Services Indirectly Measured (FISIM)	469,852.4	497,100.4	489,943.1	389,267.1	365,388.5
GDP at Constant Basic Prices	2,528,214.1	2,637,057.4	2,627,781.3	2,445,647.6	2,362,942.5
Add: Taxes Less Subsidies on Products	232,456.0	210,922.9	207,300.1	168,641.2	163,089.3
GDP at Constant Purchasers' Prices	2,760,670.1	2,847,980.3	2,835,081.4	2,614,288.8	2,526,031.8

¹ The detailed ISIC Rev. 4 classification is presented in Appendix 3

3.3 Contribution to GDP by industry

Table 3 shows the industries as goods-producing and service-producing. The service-producing industries contributed a combined share of 94.7 percent in 2010 and 93.7 percent in 2009 of the real GDP generated in the Cayman Islands' economy. This performance represents a slight increase in share from the 92.5 percent and 92.4 percent recorded in 2008 and 2007, respectively.

CAYMAN ISLANDS GDP BY INDUSTRIAL ORIGIN					
TABLE 3: INDUSTRY CONTRIBUTION TO GDP AT CONSTANT BASIC PRICES, 2007=100					
INDUSTRY	2006	2007	2008	2009	2010
Goods Producing Sector	8.3%	7.6%	7.5%	6.3%	5.3%
01 Agriculture & Fishing	0.3%	0.3%	0.3%	0.4%	0.4%
02 Mining & Quarrying	1.2%	1.1%	0.8%	0.8%	0.8%
03 Manufacture	0.9%	0.9%	1.0%	1.0%	0.9%
06 Construction	5.9%	5.3%	5.4%	4.1%	3.3%
Service Producing Sector	91.7%	92.4%	92.5%	93.7%	94.7%
04 Electricity, Gas & Air Conditioning Supply	2.1%	2.2%	2.2%	2.4%	2.5%
05 Water Supply, Sewerage & Waste Management	1.3%	1.3%	1.3%	1.5%	1.5%
07 Wholesale & Retail Trade	9.7%	9.0%	9.3%	8.9%	8.4%
08 Transport & Storage	4.1%	3.9%	3.9%	3.9%	3.9%
09 Hotels & Restaurants	4.9%	5.1%	5.1%	4.9%	5.5%
10 Information & Communication	4.4%	4.3%	4.4%	4.9%	5.0%
11 Financial & Insurance Services	47.1%	48.1%	46.7%	42.7%	42.1%
12 Real Estate Activities	8.2%	8.4%	8.4%	8.7%	8.8%
13 Professional, Scientific & Technical Activities	11.4%	12.0%	12.1%	13.2%	13.9%
14 Administrative & Support Service Activities	2.0%	2.1%	2.1%	2.1%	2.1%
15 Public Administration & Defense	6.7%	6.6%	7.2%	7.4%	7.4%
16 Education Services	2.3%	2.3%	2.5%	2.7%	2.8%
17 Human Health & Social Work	2.7%	2.6%	2.8%	3.1%	3.2%
18 Other Services	3.4%	3.3%	3.1%	3.3%	3.3%
Less: Financial Services Indirectly Measured (FISIM)	18.6%	18.9%	18.6%	15.9%	15.5%
GDP at Constant Basic Prices	100.0%	100.0%	100.0%	100.0%	100.0%

The industry data provides us with preliminary estimates of the contribution of the various industries to the Cayman Islands' GDP, and their relative ranking based on their contribution. Table 4 shows the contribution of the eighteen (18) industries as well as their ranking over the period. The rankings reflect the relative importance of an industry (as it pertains to GDP) for the Cayman Islands' economy.

CAYMAN ISLANDS GDP BY INDUSTRIAL ORIGIN
TABLE 4: INDUSTRY CONTRIBUTION TO GDP AT CONSTANT BASIC PRICES, 2007=100

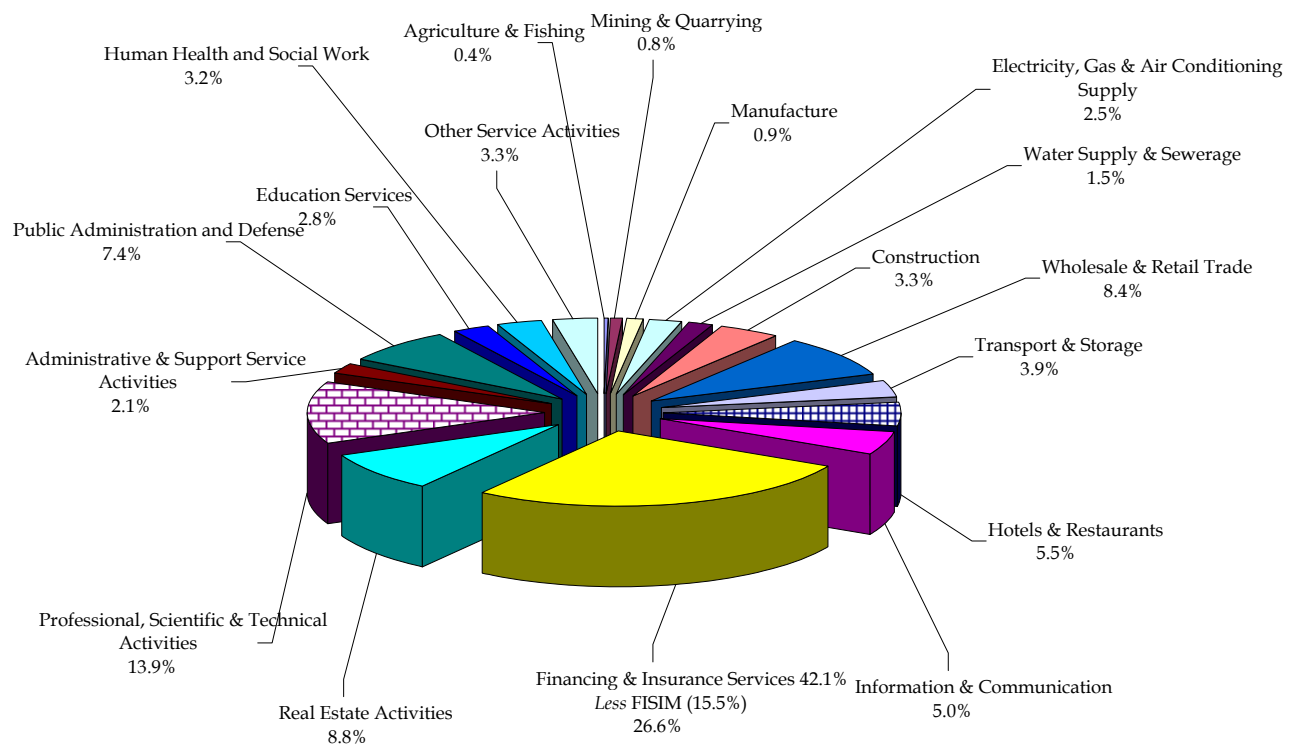
Ranking					INDUSTRY	% Contribution to GDP				
2006	2007	2008	2009	2010		2006	2007	2008	2009	2010
1	1	1	1	1	Financial & Insurance Services	47.1	48.1	46.7	42.7	42.1
2	2	2	2	2	Professional, Scientific & Technical Activities	11.4	12.0	12.1	13.2	13.9
4	4	4	4	3	Real Estate Activities	8.2	8.4	8.4	8.7	8.8
3	3	3	3	4	Wholesale & Retail Trade	9.7	9.0	9.3	8.9	8.4
5	5	5	5	5	Public Administration & Defense	6.7	6.6	7.2	7.4	7.4
7	7	7	6	6	Hotels & Restaurants	4.9	5.1	5.1	4.9	5.5
8	8	8	7	7	Information & Communication	4.4	4.3	4.4	4.9	5.0
9	9	9	9	8	Transport & Storage	4.1	3.9	3.9	3.9	3.9
10	10	10	10	9	Other Services	3.4	3.3	3.1	3.3	3.3
6	6	6	8	10	Construction	5.9	5.3	5.4	4.1	3.3
11	11	11	11	11	Human Health & Social Work	2.7	2.6	2.8	3.1	3.2
12	12	12	12	12	Education Services	2.3	2.3	2.5	2.7	2.8
13	13	13	13	13	Electricity, Gas & Air Conditioning Supply	2.1	2.2	2.2	2.4	2.5
14	14	14	14	14	Administrative & Support Service Activities	2.0	2.1	2.1	2.1	2.1
15	15	15	15	15	Water Supply, Sewerage & Waste Management	1.3	1.3	1.3	1.5	1.5
17	17	16	16	16	Manufacture	0.9	0.9	1.0	1.0	0.9
16	16	17	17	17	Mining & Quarrying	1.2	1.1	0.8	0.8	0.8
18	18	18	18	18	Agriculture & Fishing	0.3	0.3	0.3	0.4	0.4
					Less: Financial Services Indirectly Measured (FISIM)	18.6	18.9	18.6	15.9	15.5
					GDP at Constant Basic Prices	100.0	100.0	100.0	100.0	100.0

- Financial and Insurance Activities maintains its dominance as the largest contributor to the real GDP of the Cayman Islands accounting for 42.7 and 42.1 percent in 2009 and 2010 respectively. The decline in this industry's share of GDP compared to the previous year continued as the effects of the global economic crisis remains pronounced. However, the rate of decline in contribution seem to be levelling off as the industry's contribution declined by only 0.6 percentage points in 2010 when compared to a decline of 4.0 percentage points in 2009.
- The second largest contributor was Professional, Scientific & Technical Activities which continues to increase its share of real GDP. Over the review period, the sector's contribution increased from 13.2 percent in 2009 to 13.9 percent in 2010. The performance of this sector is influenced primarily by the performance of legal and accounting services.
- Other significant contributions to the GDP in 2010 came from the Real Estate Activities accounting for 8.8 percent and displacing Wholesale & Retail Trade as the third largest contributor. Wholesale & Retail Trade's contribution declined from 8.9 percent in 2009 to 8.4 percent in 2010. Public Administration and

Defence accounted for 7.4 percent and Hotel & Restaurant Activities accounted for 5.5 percent. However, the share of Public Administration and Defense was unchanged as government continued its effort to reduce expenditure. Of note also is the increase in the share of GDP by 0.6 percentage points of Hotel & Restaurant Activities, a reflection of the growth in that industry.

- Noteworthy in 2010 is the decline in the contributions of Construction. Construction continued its contraction sliding down to tenth place in 2010 from eighth place in 2009. The sector’s contribution declined from 4.1 percent in 2009 to 3.3 percent in 2010.

**Fig 2: Industry Distribution of Cayman Islands GDP
At Constant Basic Prices, 2010***



* The sum of individual shares might not add up to 100% due to rounding.

3.4 GDP rates of growth by industry

Table 5 shows a slowing of the decline in both the goods-producing and services-producing industries of the economy in 2010. The decline in the goods-producing industries slowed to 18.7 percent in 2010 after declining by 22.1 percent in 2009. The service-producing industries (the more important of the two groups in terms of contribution to the real GDP of the Cayman Islands) registered a decline of 2.9 percent in 2010 slowing from the 8.2 percent decline registered in 2009.

CAYMAN ISLANDS GDP BY INDUSTRIAL ORIGIN				
TABLE 5: RATE OF GROWTH OF GDP AT CONSTANT BASIC & PURCHASERS' PRICES, 2007=100				
INDUSTRY	2007	2008	2009	2010
Goods Producing Industry	-3.9%	-1.2%	-22.1%	-18.7%
01 Agriculture & Fishing	6.6%	5.5%	10.2%	-1.9%
02 Mining & Quarrying	-2.3%	-27.8%	-4.8%	-10.1%
03 Manufacture	4.4%	12.0%	-7.5%	-11.1%
06 Construction	-6.0%	1.8%	-29.3%	-23.7%
Service Producing Sector	5.2%	-0.5%	-8.2%	-2.9%
04 Electricity, Gas & Air Conditioning Supply	8.4%	2.2%	1.7%	-0.6%
05 Water Supply, Sewerage & Waste Management	4.5%	-0.2%	5.7%	-4.0%
07 Wholesale & Retail Trade	-3.6%	3.4%	-11.5%	-8.0%
08 Transport & Storage	0.7%	-1.2%	-7.6%	-3.6%
09 Hotels & Restaurants	7.5%	0.6%	-10.2%	6.9%
10 Information & Communication	3.5%	1.1%	3.3%	-0.9%
11 Financial & Insurance Services	6.5%	-3.3%	-14.9%	-4.8%
12 Real Estate Activities	7.6%	-0.1%	-3.8%	-3.0%
13 Professional, Scientific & Technical Activities	9.9%	-0.1%	1.8%	1.5%
14 Administrative & Support Service Activities	6.2%	-1.0%	-5.4%	-3.3%
15 Public Administration & Defense	2.2%	7.9%	-3.5%	-3.7%
16 Education Services	4.5%	7.6%	0.4%	-2.1%
17 Human Health & Social Work	2.0%	7.1%	-0.2%	-0.2%
18 Other Services	1.4%	-5.4%	-2.3%	-1.5%
Total	4.5%	-0.5%	-9.1%	-3.8%
Less: Financial Services Indirectly Measured (FISIM)	5.8%	-1.4%	-20.5%	-6.1%
GDP at Constant Basic Prices	4.3%	-0.4%	-6.9%	-3.4%
Add: Taxes Less Subsidies on Products	-9.3%	-1.7%	-18.6%	-3.3%
GDP at Constant Purchasers' Prices	3.2%	-0.5%	-7.8%	-3.4%

3.4.1 Goods-producing industries

The decline in the output of the **goods-producing industries** (-18.7%) in 2010 was fuelled by the decline in all industries in this group. **Agriculture and Fishing** reversed the 10.2 percent growth recorded in 2009, declining by 1.9 percent in 2010. The situation in the **Mining and Quarrying** industry worsened as the industry contracted at a faster pace in 2010 (-10.2%) when compared to 2009 (-4.8%). This is a direct reflection of the sluggish demand for stone, fill and marl as domestic construction activity remained subdued.

The **Manufacturing** industry registered a decline in output of 11.1 percent in 2010 increasing the rate of decline relative to 2009 (-7.5%). This resulted as aggregate demand remained anaemic as the economy struggled to shake off the extended effects of the global recession.

The decline in the **Construction** industry continued in 2010 albeit at a reduced rate of 23.7 percent relative to the decline of 29.3 percent realized in 2009. This decline is also reflected in the continued fall in the value of building permits which moved from CI\$355 million in 2009 to CI\$205.6 million in 2010 and the value of project approvals which moved from CI\$434.2 million in 2009 to CI\$330.5 million in 2010. The decline in demand for residential construction in 2010 had a negative impact on the overall performance of the industry. The value of imports of construction materials also fell by 17.2 percent.

3.4.2 Service-producing industries

The **service-producing industries** declined at a combined rate of 8.2 percent and 2.9 percent in 2009 and 2010 respectively. This represents a slowing of the rate of decline over the period under review. The decline in most industries persisted in 2010 as the ill-effects resulting from the global economic downturn continue to be felt in the domestic economy. The only industries recording growth in 2010 were Hotels and Restaurants, and Professional, Scientific & Technical Activities.

Electricity, Gas & Air Conditioning Supply reversed the 1.7 percent growth registered in 2009 declining by 0.6 percent in 2010. The decline in the industry was fuelled by the contraction in electricity consumption moving from 576,782 megawatt hours (Mwhrs) in 2009 to 571,465 megawatt hours (Mwhrs) in 2010. This resulted as consumers sought to conserve on electricity use in the face of the rising costs brought about mainly by increase in the price of oil in the international market. Both domestic and commercial consumption declined.

Water Supply, Sewerage and Waste Management registered a 4.0 percent decline in 2010 reversing the 5.7 percent expansion realized in 2009. During the review period, water consumption moved from 1,741.8 million US gallons in 2009 to 1,704.5 million US gallons in 2010; this represents a contraction of 2.0 percent.

The decline in **Wholesale & Retail Trade** continued in 2010 with the industry contracting by 8.0 percent. The fall-off in economic activities led to lower levels of domestic demands as consumers limited their purchases of non-essential items. Demand was also influenced by the combined effect of the 1.1 percent decline in the resident population and the 6.2 percent unemployment rate in 2010. The contraction in this industry is reflected in the 4.8 percent decline in imports of consumer goods which moved from CI\$311.2 million in 2009 to CI\$296.4 million in 2010 and imports of intermediate goods which fell by 18.4 percent moving down from CI\$178.2 million in 2009 to CI\$145.5 in 2010.

Transport and Storage contracted by 3.6 percent in 2010 when compared to 2009. This represents a lower rate of decline when compared to the 7.6 percent fall-off registered in 2009. The biggest contributor to the overall decline was the Supporting Transport Activities sub-industry which declined by 9.3 percent in 2010. There was growth in Transport Services of 4.1 percent in 2010 resulting from growth in Air Transport (7.1%), Land Transport (0.5%) and Sea Transport (0.5%). The growth in Air Transport came on the back of a 6.0 percent increase in air arrivals, which reached 288,272 in 2010 from 271,958 in 2009. Meanwhile, the 5.1 percent increase in cruise passenger arrivals also positively impacted the industry.

The **Hotels and Restaurants** industry is one of only two industries that expanded in 2010. The industry grew by 6.9 percent in 2010 after declining by 10.2 percent in 2009. The industry benefited from the recovery in the global tourism market as well as the introduction of a new airline (Westjet) in the latter part of the year. This new airline provided direct airlift from Toronto Canada to Grand Cayman. There was a 6 percent growth in the number of stay-over visitors to the islands in 2010. The growing popularity of the promotional programme “staycation” also had a positive impact on the performance of the industry in the review period.²

Information and Communication declined in 2010 by 0.9 percent after registering growth of 3.3 percent in 2009. The telecommunication group was impacted by the overall contraction in domestic demand, declining by 2.6 percent in 2010. However, the competition in the marketplace continues in earnest as maintaining existing

² “Staycation” is a national promotional partnership between the Ministry of Tourism and the Cayman Islands Tourism Association (CITA) aimed at stimulating the tourism sector during the summer months by providing residents with deep discounts and special rates for accommodation and other tourist attraction as an incentive to vacation on island.

customer base and wooing new customers becomes more pertinent in a shrinking market.

The on-going global recession continues to rein in the **Financial and Insurance Services** industry as it continued its decline in 2010, contracting by 4.8 percent. Despite the continued decline in the industry it should be noted that there are signs that the contraction is abating when compared to the 14.9 percent decline experienced in 2009. In 2010, all sub-industries - Monetary Institutions, Other Financial Institutions, Financial Services, and Insurance & Pension Funding - registered declines.

Real Estate Activities recorded a decline in 2010 of 3.0 percent which is slower compared to the 3.8 percent fall off in 2009. There were declines in all groups except for Property Managers which grew by 2.2 percent in 2010. The decline can be associated with a relatively soft market due to the lingering uncertainties relating to the global economic downturn and the smaller population size.

The **Professional, Scientific & Technical Activities** industry continued to show resilience to the general economic downturn as it recorded growth of 1.5 percent in 2010. This came on the back of the 1.8 percent expansion registered for 2009. This expansion was due mainly to the performance of Legal Services as most of the other groups within the industry declined.

Administrative & Support Service Activities continued its decline in 2010, albeit at a slower rate than 2009. The industry contracted by 3.3 percent in 2010 compared to the 5.4 percent decline in 2009. The contraction in the Rental of Transport & Other Equipment group showed signs of levelling off as it recorded a decline of 3.6 percent in 2010 after declining by 14.1 percent in 2009. There was an expansion in the Security Activities group with growth of 1.9 percent in 2010.

Real GDP for **Public Administration and Defense** industry declined by 3.7 percent in 2010, continuing the 3.5 percent decline recorded for 2009. The review period saw a continuing focus by the Government on expenditure cutting in an effort to meet its fiscal targets. The number of civil servants (including teachers) declined by 2.1 percent in 2010, moving to 3,618 down from 3,694 in 2009.

Education Services reversed the 0.4 percent growth experienced in 2009 declining by 2.1 percent in 2010. There were declines in both public education services (1.9 percent) and private education services (2.4 percent) in 2010. This is underpinned by the decline in student enrolment experienced in 2010.³

³ This includes student enrolment in tertiary level programs.

Human Health and Social Work declined marginally by 0.2 percent in 2010. Public Health & Social Service declined by 1.0 percent while Private Health & Social Work expanded by 1.8 percent.

Other Services contracted by 1.5 percent in 2010, following a 2.3 percent decline posted in 2009. The decline in the industry occurred despite the 0.2 percent expansion in Personal and Household Services. The Private Households with Employed Persons sub - industry contracted by 1.6 percent in 2010 following on the 2.3 percent decline reported in 2009. The decline in this group is underpinned by the 1.1 percent fall in resident population in 2010. Arts, Entertainment and Recreation declined at a faster rate (-2.5%) in 2010 than it did in 2009 (-0.1%). The Diving and Related Activities product group was the main contributor to the sector's performance, declining by 2.3 percent in 2010.

In summary, the Cayman Islands' economy continued to wrestle in 2010 with the lingering repercussions associated with the slow recovery of the global economic situation. Anaemic domestic demand coupled with uncertainty in the market place contributed to the decline in most industries in 2010.

3.5 Industrial Sector GDP at Current Prices

CAYMAN ISLANDS GDP BY INDUSTRIAL ORIGIN					
TABLE 6: GDP AT CURRENT BASIC & PURCHASERS' PRICES (CI\$'000)					
INDUSTRIAL SECTORS	2006	2007	2008	2009	2010
01 Agriculture & Fishing	6,756.1	7,649.8	8,112.8	8,943.5	8,775.4
02 Mining & Quarrying	30,523.2	29,576.9	22,297.9	22,305.4	19,717.1
03 Manufacturing	21,729.9	23,678.1	27,248.2	24,894.7	22,913.9
04 Electricity, Gas & Air Conditioning Supply	49,508.0	57,083.0	46,758.9	51,331.1	54,244.3
05 Water Supply, Sewerage & Waste Management	32,862.7	34,174.2	32,233.7	34,563.6	32,566.3
06 Construction	141,066.2	139,840.1	147,866.6	106,589.2	83,252.7
07 Wholesale & Retail Trade	234,088.0	236,400.0	242,926.0	220,612.0	203,302.9
08 Transport & Storage	102,358.2	103,837.9	107,313.0	98,089.2	97,827.0
09 Hotels & Restaurants	122,692.9	133,481.4	139,493.0	129,983.0	134,890.4
10 Information & Communication	103,919.9	113,842.0	111,762.6	105,184.9	101,129.2
11 Financial & Insurance Services	1,168,892.4	1,267,654.0	1,245,567.6	1,093,265.8	1,026,373.0
12 Real Estate Activities	202,901.3	221,853.9	230,160.8	216,293.3	201,830.3
13 Professional, Scientific & Technical Activities	283,304.2	317,523.6	325,739.8	332,974.5	338,812.4
14 Administrative & Support Service Activities	50,420.6	54,700.3	55,462.9	52,909.7	51,814.2
15 Public Administration & Defense	155,669.1	174,343.3	192,149.8	183,568.7	174,167.0
16 Education Services	56,112.5	61,961.7	68,836.0	69,482.1	68,189.8
17 Human Health & Social Work	64,765.4	69,880.2	72,297.4	72,322.6	72,090.6
18 Other Services	82,533.5	86,676.0	85,370.6	83,108.4	82,350.5
Total	2,910,104.0	3,134,156.5	3,161,597.5	2,906,421.7	2,774,246.7
Less: Financial Services Indirectly Measured (FISIM)	461,223.3	497,100.4	500,101.4	396,325.4	363,051.1
GDP at Current Basic Prices	2,448,880.6	2,637,056.1	2,661,496.1	2,510,096.3	2,411,195.6
Add: Taxes Less Subsidies on Products	223,635.1	210,922.9	215,736.2	174,192.3	173,612.0
GDP at Current Purchasers' Prices	2,672,515.7	2,847,979.0	2,877,232.3	2,684,288.6	2,584,807.6

3.6 Detailed Value Added by Industries

Table 7: DETAILED VALUE ADDED BY INDUSTRY	CURRENT (CIS'000)					CONSTANT (CIS'000)				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
INDUSTRIAL SECTOR										
AGRICULTURE & FISHING	6,756.1	7,649.8	8,112.8	8,943.5	8,775.4	7,173.9	7,649.8	8,069.2	8,893.7	8,725.5
Growing of Agricultural Crops	3,958.2	4,504.2	4,607.0	5,303.2	5,074.3	4,080.9	4,504.2	4,658.3	5,369.6	5,139.1
Farming of Animals	802.6	953.4	1,123.4	1,051.3	964.0	845.5	953.3	1,028.5	935.1	849.3
Capture Fishing	1,995.1	2,192.3	2,382.4	2,589.1	2,737.1	2,247.5	2,192.3	2,382.4	2,589.0	2,737.1
MINING & QUARRYING	30,523.2	29,576.9	22,297.9	22,305.4	19,717.1	30,260.1	29,576.9	21,355.9	20,321.2	18,263.6
Quarrying incl. Stone, Sand and Gravel	30,523.2	29,576.9	22,297.9	22,305.4	19,717.1	30,260.1	29,576.9	21,355.9	20,321.2	18,263.6
MANUFACTURE	21,729.9	23,678.1	27,248.2	24,894.7	22,913.9	22,737.3	23,678.1	26,528.1	24,537.4	21,813.5
Food Products, Beverages and Tobacco Products	10,312.5	10,676.1	11,408.9	10,920.2	10,810.5	10,817.3	10,676.2	11,329.6	10,847.6	9,962.6
Builders' Carpentry and Joinery, incl. Furniture and Rubber and Plastic Product	2,874.3	3,206.2	3,320.0	3,252.4	2,934.4	2,940.8	3,206.3	3,194.1	3,202.4	2,895.6
Non-Metallic Mineral Products (incl. Glass and Glass Products, Concrete, Cement)	3,338.3	3,833.8	3,253.7	2,986.2	2,059.0	3,533.4	3,833.8	3,132.9	2,917.3	2,007.5
Basic Metals, Fabricated Metal Products, Machinery & Equipment	2,395.2	2,571.1	5,876.8	4,724.0	3,915.2	2,450.7	2,571.1	5,654.1	4,651.2	3,863.6
Other Manufacturing Goods n.e.c.	2,809.6	3,390.9	3,388.9	3,011.9	3,194.7	2,995.1	3,390.7	3,217.4	2,918.9	3,084.2
ELECTRICITY, GAS & AIR CONDITIONING SUPPLY	49,508.0	57,083.0	46,758.9	51,331.1	54,244.3	52,671.2	57,083.0	58,318.2	59,303.0	58,928.8
Production, Collection and Distribution of Electricity and the Manufacture of Ice	49,508.0	57,083.0	46,758.9	51,331.1	54,244.3	52,671.2	57,083.0	58,318.2	59,303.0	58,928.8
WATER SUPPLY, SEWERAGE & WASTE MANAGEMENT	32,862.7	34,174.2	32,233.7	34,563.6	32,566.3	32,708.1	34,174.2	34,098.8	36,043.8	34,598.5
Water Collection, Treatment and Distribution, Sewerage and Waste Collection	32,862.7	34,174.2	32,233.7	34,563.6	32,566.3	32,708.1	34,174.2	34,098.8	36,043.8	34,598.5
CONSTRUCTION	141,066.2	139,840.1	147,866.6	106,589.2	83,252.7	148,790.2	139,840.1	142,352.1	100,666.8	76,814.8
Construction (incl building installation, building completion, etc.)	141,066.3	139,840.1	147,866.6	106,589.2	83,252.7	148,790.2	139,840.1	142,352.1	100,666.8	76,814.8
WHOLESALE AND RETAIL TRADE & REPAIRS	234,088.0	236,400.0	242,926.0	220,612.0	203,302.9	245,320.0	236,400.0	244,540.0	216,449.0	199,140.0
Wholesale & Retail Trade	234,088.3	236,400.0	242,926.0	220,612.0	203,302.9	245,320.0	236,400.0	244,540.0	216,449.0	199,140.0
TRANSPORT AND STORAGE	102,358.2	103,837.9	107,313.0	98,089.2	97,827.0	103,118.5	103,837.9	102,579.7	94,789.7	91,409.5
Transport	40,451.7	41,897.7	43,943.6	38,833.1	40,255.1	40,382.7	41,897.6	43,408.8	39,331.9	40,931.4
Supporting Activities for Transport (incl Cargo)	54,367.2	54,513.5	55,860.1	51,548.6	50,322.6	54,789.9	54,513.5	52,028.6	48,460.3	43,947.8
Post and Courier Activities	7,539.3	7,426.9	7,509.3	7,707.5	7,249.3	7,945.9	7,426.9	7,142.3	6,997.5	6,530.3
HOTELS & RESTAURANTS	122,692.9	133,481.4	139,493.0	129,983.0	134,890.4	124,140.7	133,481.4	134,321.4	120,627.7	128,963.0
Hotels and Restaurants (incl Bars)	122,692.9	133,481.3	139,493.0	129,983.0	134,890.4	124,140.7	133,481.4	134,321.4	120,627.7	128,963.0
INFORMATION AND COMMUNICATION	103,919.9	113,842.0	111,762.6	105,184.9	101,129.2	109,983.5	113,842.0	115,106.7	118,878.9	117,833.2
Motion Picture Projection, Radio & TV Programming and Broadcasting and Telecommunications Activities	85,528.0	93,725.9	90,841.3	83,748.3	77,869.3	91,390.5	93,725.9	94,509.8	97,393.2	94,526.0
Publishing, Printing and Computer & Data Processing Services	18,391.8	20,116.1	20,921.2	21,436.7	23,259.8	18,593.0	20,116.1	20,596.9	21,485.7	23,307.2

Table 7 cont'd: DETAILED VALUE ADDED BY INDUSTRY	CURRENT (CIS'000)					CONSTANT (CIS'000)				
INDUSTRIAL SECTOR	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
FINANCIAL & INSURANCE SERVICES	1,168,892.4	1,267,654.0	1,245,567.6	1,093,265.8	1,026,373.0	1,190,796.7	1,267,654.0	1,225,931.9	1,043,660.4	993,773.8
Monetary Institutions (incl. CIMA)	704,247.3	763,194.0	745,029.0	648,526.0	604,346.4	713,942.5	763,194.1	730,323.1	588,765.6	561,482.9
Other Financial Institutions & Financial Services	266,489.8	285,263.0	280,334.6	244,297.9	230,604.6	270,358.8	285,263.1	276,957.2	254,314.1	241,052.0
Insurance, Pension Funding (incl. Auxiliary Activities)	198,155.2	219,196.9	220,204.1	200,441.9	191,422.0	206,495.5	219,196.9	218,651.5	200,580.7	191,238.9
REAL ESTATE ACTIVITIES	202,901.3	221,853.9	230,160.8	216,293.3	201,830.3	206,174.7	221,854.0	221,536.1	213,219.2	206,768.6
Operating of Owner-Occupied Dwellings	82,495.5	84,025.6	84,165.8	80,706.0	75,692.7	82,766.2	84,025.6	81,980.0	80,883.5	77,505.8
Renting of Residential Buildings	51,067.0	59,191.3	61,590.9	56,507.4	49,652.0	51,191.1	59,191.3	59,991.2	56,953.6	54,620.2
Renting of Commercial Buildings	49,212.5	56,069.6	61,127.0	57,040.2	55,797.5	50,888.4	56,069.6	57,143.1	53,413.8	52,787.6
Other Real Estate Activities	20,126.2	22,567.4	23,277.1	22,039.7	20,688.1	21,329.0	22,567.4	22,421.9	21,968.3	21,855.0
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	283,304.2	317,523.6	325,739.8	332,974.5	338,812.4	288,925.3	317,523.7	317,215.9	323,018.9	327,955.7
Business Activities (incl. Veterinary Activities)	283,304.1	317,523.7	325,739.8	332,974.5	338,812.4	288,925.3	317,523.7	317,215.9	323,018.9	327,955.7
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	50,420.6	54,700.3	55,462.9	52,909.7	51,814.2	51,485.9	54,700.2	54,152.3	51,228.1	49,525.1
Administrative and Support Service to Businesses (incl. Renting of Machinery & Equipment)	50,420.7	54,700.2	55,462.9	52,909.7	51,814.2	51,485.9	54,700.2	54,152.3	51,228.1	49,525.1
PUBLIC ADMINISTRATION AND DEFENSE	155,669.1	174,343.3	192,149.8	183,568.7	174,167.0	170,524.4	174,343.8	188,181.8	181,661.0	174,900.4
Public Administration and Defense	155,669.2	174,343.8	192,149.8	183,568.7	174,167.0	170,524.4	174,343.8	188,181.8	181,661.0	174,900.4
EDUCATION SERVICES	56,112.5	61,961.7	68,836.0	69,482.1	68,189.8	59,310.0	61,961.7	66,641.3	66,877.5	65,498.5
Public Education	36,903.2	40,605.0	45,303.4	45,294.2	44,042.7	39,506.3	40,605.1	43,868.1	43,896.8	43,062.7
Private Education	19,209.3	21,356.6	23,532.6	24,187.9	24,147.1	19,803.8	21,356.6	22,773.2	22,980.7	22,435.8
HEALTH AND SOCIAL WORK	64,765.4	69,880.2	72,297.4	72,322.6	72,090.6	68,479.3	69,880.2	74,831.2	74,663.9	74,526.7
Public Health and Social Services	46,228.5	50,258.9	50,969.0	50,009.5	49,451.5	50,037.0	50,258.8	53,778.5	52,893.2	52,370.6
Private Health & Social Services	18,537.1	19,621.4	21,328.4	22,313.0	22,639.1	18,442.3	19,621.4	21,052.7	21,770.7	22,156.1
OTHER SERVICES	82,533.5	86,676.0	85,370.6	83,108.4	82,350.5	85,466.6	86,677.0	81,963.7	80,074.5	78,891.9
Arts, Entertainment & Recreational	32,823.9	35,583.3	34,019.9	33,757.7	33,558.0	34,144.4	35,583.4	32,089.3	32,042.2	31,250.1
Personal & Household Services (incl. Activities of Membership Organization)	28,081.2	31,034.3	30,722.4	29,900.9	29,656.1	29,693.4	31,034.4	30,060.0	28,682.6	28,603.9
Private Households with Employed Persons	21,628.8	20,059.2	20,628.2	19,449.8	19,136.4	21,628.8	20,059.2	19,814.4	19,349.7	19,037.9
FINANCIAL SERVICES Indirectly Measured (FISIM)	461,223.3	497,100.4	500,101.4	396,325.4	363,051.1	469,852.4	497,100.4	489,943.1	389,267.1	365,388.5
VALUE ADDED AT BASIC PRICES	2,448,880.6	2,637,056.2	2,661,496.1	2,510,096.3	2,411,195.6	2,528,214.1	2,637,057.4	2,627,781.3	2,445,647.6	2,362,942.5
TAXES LESS SUBSIDIES ON PRODUCTS	223,635.1	210,922.9	215,736.2	174,192.3	173,612.0	232,456.0	210,922.9	207,300.1	168,641.2	163,089.3
GROSS DOMESTIC PRODUCTS AT PURCHASERS' PRICES	2,672,515.7	2,847,979.1	2,877,232.3	2,684,288.6	2,584,807.6	2,760,670.1	2,847,980.3	2,835,081.4	2,614,288.8	2,526,031.8

4. GROSS DOMESTIC PRODUCT ESTIMATES-THE INCOME APPROACH

4.1 GDP and Rate of Growth of GDP at Purchasers' Prices by Income

The Cayman Islands Gross Domestic Product (GDP) at current purchasers' prices for 2010 stood at CI\$2,584.8 million. The components of GDP by type of income and their rates of growth are shown in Tables 7a and 7b below.

Type of Income	2006	2007	2008	2009	2010
Compensation of Employees	1,285,006.2	1,398,384.4	1,467,811.8	1,403,873.6	1,365,954.5
Operating Surplus\Mixed Income	867,171.5	915,187.8	856,819.1	768,539.8	694,052.2
Consumption of Fixed Capital	150,877.9	173,084.7	172,889.3	173,210.8	171,256.6
Taxes less Subsidies on Production and Imports	369,461.0	361,323.1	379,712.1	338,664.4	353,544.3
Gross Domestic Product at Purchasers' Prices	2,672,515.7	2,847,979.1	2,877,232.3	2,684,288.6	2,584,807.6

Type of Income	Percentage Growth			
	2007	2008	2009	2010
Compensation of Employees	8.8	5.0	(4.4)	(2.7)
Operating Surplus\Mixed Income	5.5	(6.4)	(10.3)	(9.7)
Consumption of Fixed Capital	14.7	(0.1)	0.2	(1.1)
Taxes less Subsidies on Production and Imports	(2.2)	5.1	(10.8)	4.4
Gross Domestic Product at Purchasers' Prices	6.6	1.0	(6.7)	(3.7)

Total GDP at current purchasers' prices declined by 3.7 percent in 2010 when compared to 2009 as shown in Table 7b above. All income types declined except Taxes less Subsidies on Production and Imports which grew by 4.4 reflecting the new revenue measures imposed by government during the year.

Total compensation of employees amounted to CI\$1,365.9 million in 2010, a reduction of 2.7 percent when compared with 2009. The reduction in the level of compensation is consistent with the 6.2 percent rate of unemployed persons in the labour force. In 2010, businesses sought to restructure their operations to reduce costs in a shrinking economy.

Operating surplus/mixed income declined for the last three consecutive years mirroring the contraction in the local economy. Operating surplus/mixed income declined in 2008 by 6.4 percent, 10.3 percent in 2009 and 9.7 percent in 2010.

Consumption of fixed capital rose in 2007 (14.7%) but dropped in 2008 by 0.1 percent, then marginally increased in 2009 by 0.2 percent and fell again by 1.1 percent in 2010.

Taxes (less subsidies on production and imports) declined in 2007 by 2.2 percent but recovered in 2008 (5.1%). The recovery was not sustained as it dipped by 10.8 percent in 2009 while it recorded an increase of 4.4 percent in 2010. The lower value of imports of goods was offset by the higher rates of custom duty, increase in fees charged by government as well as the increase in tourism arrivals.

4.2 Contribution to GDP at Purchasers' Prices

Table 8: PERCENTAGE CONTRIBUTION to GDP BY INCOME AT CURRENT PRICES					
Type of Income	2006	2007	2008	2009	2010
Compensation of Employees	48.1	49.1	51.0	52.3	52.8
Operating Surplus\Mixed Income	32.4	32.1	29.8	28.6	26.9
Consumption of Fixed Capital	5.6	6.1	6.0	6.5	6.6
Taxes less Subsidies on Production and Imports	13.8	12.7	13.2	12.6	13.7
Gross Domestic Product at Purchasers' Prices	100.0	100.0	100.0	100.0	100.0

In 2010, compensation of employees accounted for 52.8 percent of GDP. This reflects the Cayman Islands economy's heavy dependence on labour due to its service-oriented nature. The estimation of GDP by income type shows the relative importance of labour as a factor of production relative to physical capital and equity.

The second largest contribution (26.9%) came from operating surplus/mixed income with a total value of CI\$694.1 million in 2010. Contribution from taxes net of subsidies on production and imports amounted to CI\$353.5 million or 13.7 percent of GDP. Lastly, the small share of fixed capital consumption (6.6%) suggests the relatively low usage of physical capital including industrial machinery and other types of fixed asset in domestic production. This is also consistent with a service-oriented economy.

4.3 Income Components of GDP at Purchasers' Prices

4.3.1 Compensation of employees (COE)

Table 9 below shows the breakdown of total compensation by industry in the Cayman Islands for the period 2006-2010. The classification of industry is based on the ISIC (Revision 4).

Table 9: COMPENSATION OF EMPLOYEES (CI\$'000)					
Industry	2006	2007	2008	2009	2010
Agriculture & Fishing	3,052.7	3,618.3	4,776.5	4,046.4	3,910.9
Mining & Quarrying	16,588.4	17,493.3	10,809.7	13,104.9	11,316.6
Manufacture	10,500.4	11,497.7	13,030.4	11,631.4	10,749.3
Electricity, Gas & Air Conditioning Supply	16,408.0	15,445.0	12,938.5	13,180.1	12,409.7
Water Supply, Sewerage & Waste Management	16,157.3	19,381.4	15,965.9	15,422.2	15,292.5
Construction	91,258.4	91,413.0	93,801.2	62,514.3	51,298.5
Wholesale & Retail Trade	92,351.7	91,180.3	122,029.9	118,125.5	110,572.8
Transport & Storage	62,389.3	65,824.4	71,870.5	68,526.4	66,240.6
Hotels & Restaurants	61,420.3	67,552.4	73,378.5	68,498.0	75,495.7
Information & Communication	44,129.1	46,657.8	46,974.6	46,067.0	45,277.4
Financial & Insurance Services	326,979.1	363,918.8	360,656.2	349,461.7	341,341.9
Real Estate Activities	30,406.7	33,080.3	35,410.2	33,518.4	32,283.9
Professional, Scientific & Technical Activities	174,493.0	198,687.9	209,103.3	209,665.4	215,783.6
Administrative & Support Service Activities	36,164.1	39,502.7	40,953.7	41,250.4	39,603.7
Public Administration and Defense	146,407.1	162,449.1	178,870.5	171,186.3	160,172.8
Education Services	50,707.7	56,684.4	62,845.4	63,078.0	61,424.3
Health and Social Work	58,182.7	61,755.2	63,419.5	63,312.7	62,461.4
Other Services	47,410.3	52,242.3	50,977.4	51,284.7	50,319.3
TOTAL	1,285,006.2	1,398,384.4	1,467,811.8	1,403,873.6	1,365,954.5

As can be seen from the table above, the following three industries dominated in the distribution of total compensation:

- The **Financial and Insurance Services** industry with CI\$341.3 million in compensation or 25.0 percent of the total compensation in 2010;
- The **Professional, Scientific and Technical Activities** industry with CI\$215.8 million or 15.8 percent of total compensation in 2010; and
- **Public Administration and Defense** with CI\$160.2 million or 11.7 percent of total compensation in 2010.

The three above-mentioned industries accounted for 52.5 percent of the total compensation generated in the Cayman Islands in 2010.

Although the **Financial and Insurance Services** industry was the third largest employer of labour (accounting for only 3,557 or 10.4 percent of the 34,214 persons employed in 2010) it accounted for CI\$341.3 million dollars or 25 percent of the total compensation of the country. The **Construction** industry which employs 3,869 or 11.3 percent of employed persons accounted for only 3.8 percent of the Islands' total wage bill. This underscores the relative difference in wage rates between the two industries.

4.3.2 Operating surplus/Mixed income⁴

Table 10: OPERATING SURPLUS AND MIXED INCOME (CI\$'000)					
Industry	2006	2007	2008	2009	2010
Agriculture & Fishing	3,140.3	3,369.7	2,387.5	3,992.3	3,954.8
Mining & Quarrying	11,858.9	9,579.4	9,306.6	6,616.6	6,491.9
Manufacture	10,179.8	10,991.0	12,925.1	11,748.5	10,658.2
Electricity, Gas & Air Conditioning Supply	19,815.0	27,203.0	17,487.7	20,504.1	23,022.5
Water Supply, Sewerage & Waste Management	11,410.7	8,798.6	9,928.2	13,322.8	11,388.6
Construction	40,940.9	38,253.3	46,573.8	38,260.8	27,634.5
Wholesale & Retail Trade	118,224.6	119,848.1	91,673.0	75,773.8	68,296.9
Transport & Storage	30,175.6	28,016.5	23,593.1	18,491.8	21,276.8
Hotels & Restaurants	50,128.1	53,252.8	60,822.6	55,538.7	53,194.7
Information & Communication	35,282.2	38,098.4	41,439.4	33,682.1	31,500.4
Financial & Insurance Services	704,852.4	766,582.0	732,440.0	589,171.5	512,932.4
Real Estate Activities	152,279.7	164,509.3	161,344.8	149,525.3	137,812.3
Professional, Scientific & Technical Activities	94,353.7	101,713.1	100,659.1	107,502.1	106,120.9
Administrative & Support Service Activities	9,037.6	9,433.8	8,247.4	5,102.2	5,852.0
Public Administration and Defense	-	-	-	-	-
Education Services	1,923.9	1,902.6	2,233.0	2,607.5	3,124.8
Health and Social Work	3,638.0	4,350.7	5,411.9	5,548.8	5,755.7
Other Services	31,153.4	26,385.8	30,447.4	27,476.5	28,085.7
Sub-Total	1,328,394.8	1,412,288.2	1,356,920.5	1,164,865.2	1,057,103.3
Less Financial Services Indirectly Measured (FISIM)	461,223.3	497,100.4	500,101.4	396,325.4	363,051.1
TOTAL	867,171.5	915,187.8	856,819.1	768,539.8	694,052.2

⁴ As shown in Table 4, the total amount of this income type comprises two parts:

- (a) The amount before deducting interest expenses across industries, equivalent to CI\$1,057.1 million in 2010; and
- (b) The total amount after deducting overall interest expenses (CI\$694.1 million). Overall interest expense is equivalent to the line "Financial Services Indirectly Measure" (FISIM). Ideally, FISIM should be apportioned across the various spending industries. However lack of data does not currently permit this exercise.

In 2010, **Financial and Insurance Services, Real Estate Activities and Professional, Scientific and Technical Activities** together accounted for 71.6 percent of operating surplus/mixed income (before deducting interest expenses) in the country.

The largest share of operating surplus/mixed income was recorded by the **Financial and Insurance Services** industry at CI\$512.9 million in 2010. The second largest share (before interest) was recorded for the **Real Estate Activities industry** (CI\$137.8 million). This is followed by the **Professional, Scientific and Technical Activities** industry, with CI\$106.1 million.

4.3.3 Consumption of fixed capital

Table 11: CONSUMPTION OF FIXED CAPITAL (CI\$'000)					
Industry	2006	2007	2008	2009	2010
Agriculture & Fishing	424.0	472.5	697.3	634.9	652.3
Mining & Quarrying	1,930.5	2,309.8	1,995.0	2,398.7	1,732.1
Manufacture	870.1	962.5	942.3	1,193.1	1,186.7
Electricity, Gas & Air Conditioning Supply	12,544.0	13,587.0	15,247.9	16,594.8	17,588.1
Water Supply, Sewerage & Waste Management	5,180.0	5,808.3	6,188.7	5,682.4	5,720.4
Construction	5,567.3	6,350.3	5,511.2	4,125.5	2,806.7
Wholesale & Retail Trade	18,796.3	19,471.1	22,991.0	20,207.0	19,867.8
Transport & Storage	9,190.5	9,384.6	11,095.6	10,451.7	9,721.6
Hotels & Restaurants	10,119.7	11,476.5	3,953.5	5,079.3	5,284.8
Information & Communication	18,028.9	22,266.7	16,283.7	18,996.3	17,555.6
Financial & Insurance Services	25,035.6	26,203.1	28,578.8	28,132.1	28,889.3
Real Estate Activities	11,536.4	15,188.2	23,531.0	23,130.9	22,425.7
Professional, Scientific & Technical Activities	8,318.1	8,670.8	7,220.9	7,314.9	7,294.1
Administrative & Support Service Activities	4,241.3	4,562.3	4,988.3	5,771.9	5,588.2
Public Administration and Defense	7,079.1	10,049.3	11,237.5	10,169.5	11,376.8
Education Services	3,465.0	3,347.5	3,718.3	3,751.9	3,581.6
Health and Social Work	2,736.3	3,560.7	3,247.4	3,344.4	3,755.2
Other Services	5,815.0	9,413.6	5,461.1	6,231.8	6,229.6
TOTAL	150,877.9	173,084.7	172,889.3	173,210.8	171,256.6

Consumption of fixed capital or depreciation cost of capital represented only 6.6 percent of the GDP in 2010 (see Table 8). This is consistent with the economic structure of the islands which is driven by services rather than by manufacturing.

As presented in Table 11, the largest amounts of depreciation in 2010 occurred in the Financing and Insurance Services industry (CI\$28.9 million), followed by Real Estate Activities (CI\$22.4 million), Wholesale and Retail Trade (CI\$19.9 million), Electricity, Gas and Air Conditioning Supply (CI\$17.6 million) and Information &

Communication (CI\$17.6 million). Though the Electricity, Gas and Air Conditioning Supply and Information & Communication industries are relatively small in terms of their contribution to GDP, they have significant depreciation because of their capital intensive nature.

4.3.4 Taxes less subsidies on production and imports

Table 12: TAXES less SUBSIDIES ON PRODUCTION AND IMPORTS (CI\$'000)					
Industry	2006	2007	2008	2009	2010
Agriculture & Fishing	138.9	189.3	251.5	270.0	257.4
Mining & Quarrying	145.5	194.5	186.6	185.1	176.5
Manufacture	179.6	227.0	350.4	321.7	319.7
Electricity, Gas & Air Conditioning Supply	741.0	848.0	1,084.8	1,052.1	1,224.0
Water Supply, Sewerage & Waste Management	114.8	185.8	150.9	136.2	164.8
Construction	3,299.7	3,823.6	1,980.4	1,688.6	1,513.0
Wholesale & Retail Trade	4,715.7	5,900.4	6,232.1	6,505.7	4,565.3
Transport & Storage	602.8	612.4	753.9	619.4	588.0
Hotels & Restaurants	1,024.9	1,199.6	1,338.3	867.0	915.2
Information & Communication	6,479.6	6,819.1	7,065.0	6,439.7	6,795.8
Financial & Insurance Services	112,025.4	110,949.9	123,892.6	126,500.6	143,209.5
Real Estate Activities	8,678.4	9,076.1	9,874.8	10,118.8	9,308.3
Professional, Scientific & Technical Activities	6,139.3	8,451.8	8,756.5	8,492.1	9,613.7
Administrative & Support Service Activities	977.9	1,201.4	1,273.5	785.3	770.3
Public Administration and Defense	16.6	82.9	103.9	9.7	10.6
Education Services	15.9	27.2	39.3	44.7	59.1
Health and Social Work	208.6	213.7	218.7	116.8	118.3
Other Services	321.6	397.5	422.7	318.7	322.7
Taxes less Subsidies on Products	223,635.1	210,922.9	215,736.2	174,192.3	173,612.0
TOTAL	369,461.0	361,323.1	379,712.1	338,664.4	353,544.3

Table 12 above shows two data sets:

1. Other taxes on production net of other subsidies on production charged to industries; and
2. Taxes net of subsidies charged to buyers of products and imports. The second type of charges is more dominant as it accounts for 49.1 percent of all taxes (net of subsidies) in 2010.

The industrial breakdown of the first type of taxes (“other taxes on production”) showed that the Financial and Insurance Services industry alone accounted for 80.0 percent of all taxes (net of subsidies) paid by the domestic industries. This data shows the continued importance of the industry as a revenue base.

APPENDIX 1: KEY CONCEPTS AND DEFINITIONS

A1.1 Classifications in the National Accounts

The main building blocks in the system of national accounts are classifications. These are used in different ways and situations throughout the system. The system of national accounts involves a large number of economic transactions in goods and services that are undertaken by a number of economic agents. The function of the national accounts is to organize and group the basic units of transactions to provide meaningful information. The classification system also guarantees comparability over time and internationally.

The Cayman Islands' national accounts use the International Standard Industrial Classification of all Economic Activities (ISIC) for the classifications of industries, as follows (see also Appendix 3):

- i. Agriculture, Forestry and Fishing
- ii. Mining and Quarrying
- iii. Manufacturing
- iv. Electricity, Gas, Steam and Air Conditioning Supply
- v. Water Supply; Sewerage, Waste Management and Remediation Activities
- vi. Construction
- vii. Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles
- viii. Transport and Storage
- ix. Accommodation and Food Service Activities
- x. Information and Communication
- xi. Financial and Insurance Activities
- xii. Real Estate Activities
- xiii. Professional, scientific and Technical Activities
- xiv. Administrative and Support Service Activities
- xv. Public Administration and Defence; Compulsory Social Security
- xvi. Education
- xvii. Health and Social Work
- xviii. Other Services

It should be noted that establishments owned or controlled by government are excluded from the industry "Public Administration and Defence" using the following criteria:

- (a) if the prices they charge for the goods and services they produce are economically significant;
- (b) if they are operated and managed like a corporation; and
- (c) if they have a complete set of accounts such that their operating surplus, savings, assets and liabilities can be separately identified and measured. These

establishments are included in the industries in which their principal activity falls.

A1.2 Measuring Gross Domestic Product (GDP) using the Production Approach

This approach calculates GDP as the sum of the value added of all industries. This is the difference between gross output (essentially sales) of producers and the value of their intermediate inputs (that is purchases of commodities that are used up in the production of other commodities):

$$\text{Gross Output} - \text{Intermediate Input} = \text{Value Added}$$

The production account for industries allows for the compilation of GDP using the production approach. It records the production of goods and services as defined by the production boundary. Output generated from the production process is recorded as a resource on the left hand side of the ‘T’ account and the inputs used up in the production process is recorded as a use on the right hand side of the account. The value added is the balancing item for this account.

Production Account of a Producer

Uses (Debit)		Resources (Credit)	
Intermediate consumption	30	Gross Output	100
		Market	95
		For own final use	5
		Other non-market	0
Gross Value Added	70		

A1.2.1 Valuation of output, intermediate consumption and value added

Output can be valued at either basic or producers’ prices. The SNA93 recommends basic prices for the valuation of output; intermediate consumption should be valued at purchasers’ price.

Basic price is defined as the amount receivable by the producer from the purchase of a unit of good or service less any tax payable, plus any subsidy receivable as a consequence of its production or sale. Separately invoiced transport charges by the producer are excluded.

Producer’s price (net of all valued tax (VAT)) is the amount receivable by the producer from the purchase of a unit of good or service less any VAT invoiced to the purchaser. Separately invoiced transport charges by the producer are excluded.

Purchaser’s value is the amount paid by the purchaser, excluding any deductible VAT but includes any transport charges paid separately by the purchaser for delivery of the goods.

The three concepts above are related as follows:

- Basic Price
 - plus* taxes on product excluding VAT
 - less* subsidies on product
- Equals Producer's Price
 - plus* trade and transport margins
 - plus* non- deductible VAT
- Equals Purchaser's Price

It should be noted that in the Cayman Islands, there is no VAT; hence, producers' prices is the same as purchasers' price if there are no trade and transport margins.

A1.3 Measuring Gross Domestic Product at Constant Prices

The change in GDP results from the contribution of (i) the quantity of goods and services produced and (ii) the price at which these goods and services are sold. GDP at current prices reflects both these contributions as the production of the period is measured at the prices at that period. GDP at constant prices, on the other hand, reflects only the change in quantities produced. This indicator measures the production of the period at the prices of another period referred to as the base year.

GDP at constant price is a measure of the real growth, which takes place within an economy. The rate of change of GDP at constant prices from period to period is often used to assess the economic performance of a country as it shows only the change in the volume of goods and services produced as the price effect is removed. In theory, correcting for inflation refers to the process of revaluing current production using the average prices prevailing in the base year as follows:

$$\text{GDP at current prices} = \text{Quantity}_t \times \text{Price}_t$$

(Current quantities of goods and services produced multiplied by their current prices)

$$\text{GDP at constant prices} = \text{Quantity}_t \times \text{Price}_0$$

(Current quantities of goods and services produced multiplied by their prices in a year chosen as the base year)⁵.

Movement in GDP at constant prices over time indicates whether the economy is growing or is in decline. An increase in GDP at constant prices means that output is growing faster than the rate of inflation and hence the economy is considered to be growing. The reverse would be true for a fall in GDP at constant prices.

⁵ The base year chosen for the Cayman Islands System of National Accounts is 2007.

The explanation given above is an oversimplification of the actual computation but is necessary to convey what the process is intended to accomplish. The final estimates of GDP contain different components which all have to be adjusted for inflation. Even though the process of deflation varies depending on the industry, the process always entails the compilation of indices. The deflation process can be effected by either directly deflating the current price estimates with a price index (usually the CPI) or by extrapolating the base year estimates by a volume index.⁶ The two approaches might also be used simultaneously.

The process recommended by the SNA to estimate GDP at constant prices is to deflate both gross output and intermediate consumption separately and then subtract the latter from the former. Basically, the recommendation is that estimations be made for both gross output and intermediate consumption at constant prices; taking the difference would yield GDP at consistent prices. This is referred to as double deflation and though intuitively appealing, it is difficult to apply in practice as it requires detailed data of good quality on price indicators for both gross output and intermediate inputs.

The alternative to double deflation is the use of a single indicator to extrapolate or deflate GDP at current prices. Although single indicators are generally unsuitable in industries where the relationship between value-added, gross output and intermediate consumption vary significantly from one year to the other, they are less sensitive to errors in other industries and hence extensively used.⁷ The single indicator method was the method of choice for the Cayman Islands and hence is discussed below in more details.

The single indicator method used in the Cayman Islands is the extrapolation of base year value added by a volume index of gross output. Where relevant quantity data were available, the volume index was calculated directly. In the absence of quantity data, the volume index was calculated indirectly by deflating gross output at current prices by the appropriate price index from the CPI. This approach tends to be the most frequently used single indicator and is based on the assumption that the ratio of value added to gross output in current prices remains unchanged at constant prices. This assumption might hold in the short run but becomes progressively less relevant in the long run hence periodic rebasing of the constant price estimates is recommended.

Another single indicator approach is the deflation of current value added by a price index of gross output. SNA defines a price index as “an average of the proportionate

⁶ In the base year the current and constant estimates are the same.

⁷ The agriculture industry is one such industry where the relationship between gross output, intermediate consumption and valued added vary significantly from one year to another due to disease, weather conditions, etc.

changes in the prices of a specified set of goods or services between two periods of time.” This approach is referred to as single deflation due to the fact that only the current value added is deflated and not the gross output and the intermediate consumption. The ideal price index for this approach would be one based on wholesale or producer prices. However, these types of indices are not always available; as a result indices based on retail or consumer prices (e.g. CPI) are used. The disadvantage with using the CPI in this case is that the CPI relates specifically to price movements of goods and services purchased by households for consumption and so should not be used as a deflator for gross output destined for non-household consumption.

Extrapolation of value added by a volume index of employment is another single indicator method employed in the Cayman Islands System of National Accounts. This method entails the use of proxy indicators of gross output, such as hours worked, or numbers employed to extrapolate gross value added in the base year. These proxy indicators are most often used in services industries where it is difficult to specify direct volume measures. The weakness of this method is that it assumes constant labour productivity between the base year and subsequent years. This assumption inevitably leads to mismatches between employment and gross output hence the necessity for frequent revisions. According to accepted convention, where this method is employed an explicit assumption should be made about growth in labour productivity of about 1% per year.

Material input is another proxy indicator that can be used to extrapolate base year gross value added. This volume index should comprise of the most important material inputs to the production process. This method is usually employed in industries with heterogeneous output (e.g. construction, garment manufacturing, manufacturing of bakery products, etc). This method also necessitates frequent rebasing to account for changes in the ratio of gross output to value added and inputs.

A1.4 Measuring Gross Domestic Product (GDP) using the Income Approach

The income approach measures GDP as the sum of all income accruing to the factors of production. With this approach, GDP is calculated as sum of the compensation of employees, operating surplus/mixed income, consumption of fixed capital and taxes on production and imports less subsidies on production and imports.

$$\begin{aligned}
 \text{GDP} &= \text{Compensation of Employees} \\
 &+ \text{Consumption of Fixed Capital} \\
 &+ \text{Operating Surplus} \\
 &+ \text{Taxes on production and imports} \\
 &- \text{Subsidies on production and imports}
 \end{aligned}$$

The definitions employed in the calculation of each of the above components are discussed below.

A1.4.1 Compensation of employees (COE)

This is defined as the total remuneration (in cash and kind) paid by employers to employees for work done during the accounting period. Compensation consists of two components:

1. Gross wages and salaries
2. Employers' social contributions

A1.4.1a Gross wages and salaries

This is defined to include all payments which employees receive in respect of their work. Included are:

- (a) Commissions, tips, bonuses and gratuities;
- (b) Allowances such as housing, uniform and travelling;
- (c) Wages paid during vacation and sick leave;
- (d) Overtime payments; and
- (e) Wages and salaries in kind.

The following items are among the consumption goods and services provided by the employer to the employee without charge or at a markedly reduced cost, which are of clear and direct benefit to the employees as consumers and are therefore included as part of wages and salaries:

- (a) Meal and drinks;
- (b) Housing services that can be used by all members of the household;
- (c) Uniforms that employees choose to wear frequently outside of the workplace as well as at work;
- (d) Sports, recreation and holiday facilities for employees and their families;
- (e) Transportation to and from work, car parking; and
- (f) Nurseries for the children of employees.

A1.4.1b Employers' social contribution

This includes contributions paid by employers on behalf of their employees to social security schemes, private pension funds and insurances schemes. These are geared towards providing benefits for the employees in the event that circumstances affect their ability to earn income, such as sickness, accidents, redundancy, retirement, etc. These social contributions may be actual or imputed.

- Employers' actual social contributions - These consists of social contributions paid directly by employers for the benefit of their employees to social

security funds, insurance enterprises or other instituted units responsible for the administration and management of social insurance schemes.

- Employers' imputed social contributions - Some employers provide social benefits directly to their employees or dependents out of their resources without the use of an insurance enterprise or special pension fund. Remuneration should therefore be imputed equal in value to the amount of social contributions that would be needed to secure the entitlement.

A1.4.2 Consumption of Fixed Capital

This is the cost of production associated with the decline in the value of fixed assets used in the production process. It can be viewed in general terms as the replacement cost of the fixed assets used up in the process of production.

The SNA recommends that this be valued using the actual or estimated prices of fixed assets prevailing at the time the production takes place but not the prices at the time the fixed asset was originally acquired. However, in the case of the Cayman Islands depreciation is used as a proxy for consumption of fixed capital.

A1.4.3 Taxes on production and imports

Taxes are compulsory, unrequited payments made to the government by other institutional units. Taxes are said to be unrequited because the government does not directly provide a specific good or service in return for the payments made. There are two types of taxes on production and imports:

1. Taxes on products are taxes on goods and services that become payable when the goods are produced, sold, imported or otherwise disposed of by their producers. The following are categories of this type of tax:
 - a) Taxes and duties on import
 - b) Other taxes on product excluding taxes and duties on import (e.g. hotel occupancy tax).
2. Other taxes on production are all taxes excluding taxes on products that establishments incur as a result of engaging in production (e.g. business and professional licences, property tax, stamp duties).

A1.4.4 Subsidies on production and imports

It should be noted that in the Cayman Islands, subsidies as defined by SNA are negligible.

Subsidies are current unrequited transfers that government makes to resident producers and importers. These transfers or payments are based on the levels of production and/or the quantity and value of goods and services produced, imported or sold. Subsidies are seen as negative taxation as producers receive them rather than pay them. There are two types of subsidies on production and imports:

1. Subsidies on products – subsidies payable per unit of a good or service e.g. fertilizer sold to farmers;
2. Other subsidies on production - subsidies excluding subsidies on products that are paid to resident establishments as a result of engaging in production.

A1.4.5 Operating surplus/mixed income

Operating surplus/mixed income is the income accruing to the production process before deducting interest charges, rent or property incomes payable. It is equivalent to the excess of the value added over the sum of the compensation of employers, net taxes on production, and allowances for the consumption of fixed capital, i.e.:

Operating Surplus = Gross Value Added - (Compensation of Employees + net Taxes on Production and Imports + allowance for the Consumption of Fixed Capital)

APPENDIX 2: IMPLEMENTATION OF THE CAYMAN ISLANDS' SNA

A2.1 Introduction

This section provides an overview of the work done in developing the System of National Accounts for the Cayman Islands. It examines the classification system employed in delineating institutional units into specific industries. This is fundamental to the measurement of output and value added by industry. The section also examines the main sources of data used in compiling the estimates. The Annual National Accounts Survey was the main data source and was supplemented by data from government accounts and other administrative sources. The section concludes by examining the estimation techniques employed in deriving gross value added by industry at current and constant prices.

A2.2 Coverage of Industries

As indicated in Appendix 1, all active business units were classified according to the International Standard Industrial Classification (ISIC) Revision 4, which is the industrial classification scheme recommended by SNA93. In accordance with SNA93 and ISIC guidelines, business units were assigned codes based on their principal economic activity.⁸ The ISIC Revision 4 was adapted to accommodate a more detailed dis-aggregation of economic activity. For the most part, estimation and analysis were done at the product group level (5-digit ISIC code). However, some estimation had to be done at the class level (4-digit code) due to data constraints.

A2.3 Data Sources

Gross value added at current and constant prices was compiled using data from a variety of primary and/or secondary sources. Primary sources relate to data collected and compiled by the Economics and Statistics Office (ESO). The main source of primary data was the Annual National Accounts Survey. Other primary data sources were the consumer price index (CPI), Labour Force Survey (LFS), Survey of Living Conditions (SLC) and the Household Budget Survey (HBS). Secondary data sources, i.e., sources external to the ESO, consist mostly of administrative records and data generated as by-products of the administrative process. Revenue and expenditure accounts of government and statutory agencies, merchandise trade data, and specified data from the Cayman Islands Monetary Authority (CIMA) comprised the main important secondary data sources.

The Annual National Accounts Survey is designed primarily to collect information from active business units on their income and expenditure. Questionnaires were

⁸ The principal activity of a business is the activity whose value added exceeds that of any other activity carried out by the business.

hand-delivered to business units on Grand Cayman and mailed to those in Cayman Brac and Little Cayman. The survey was administered to all establishments in ESO's Business Register. Data on government ministries and departments were obtained from government accounting reports.

The consumer price index (CPI) was predominantly used in computing gross value added at constant 2007 prices. The gross value added of a number of industries, at current prices, was deflated by the price indices of CPI items, or groups of items. The CPI was also used in estimating the gross value added of owner-occupied dwellings, some groups within the agriculture and fishing industries and mining at current prices.

The government accounts comprise a voluminous amount of data that had to be classified, partitioned and adjusted to suit national accounts purposes. Revenue and expenditure data were gathered from the government database and then exported to Excel where it was adjusted for national accounts purposes. The database allows for the generation of reports based on cost centres. Through this process, public administration was identified and separated from government companies. Additionally, revenue was classified into three groups: taxes (customs duties, property tax, hotel occupancy tax, cruise ship departure tax, stamp duty, etc.), sales of goods and services (work permits, departmental sales, etc.) and other revenue (interest, fines and forfeitures, etc.).

A2.4 Revision Policy

In order to improve the System of National Accounts, revisions are undertaken periodically. New and revised data from regular surveys, administrative records, audited financial statements from companies, public sector accounts, etc. are incorporated into the system as they become available. Previous year estimates are revised when current year estimates are being generated.

APPENDIX 3: INTERNATIONAL STANDARD INDUSTRIAL CLASSIFICATION OF ALL ECONOMIC ACTIVITIES (REVISION 4)

A - Agriculture, Forestry and Fishing

- 01-Crop and animal production, hunting and related service activities
- 02-Forestry and logging
- 03-Fishing and aquaculture

B - Mining and Quarrying

- 05-Mining of coal and ignite
- 06-Extraction of crude petroleum and natural gas
- 07-Mining of metal ores
- 08-Other mining and quarrying
- 09-Mining support service activities

C - Manufacturing

- 10-Manufacture of food products
- 11-Manufacture of beverages
- 12-Manufacture of tobacco products
- 13-Manufacture of textiles
- 14-Manufacture of wearing apparel
- 15-Manufacture of leather and related products
- 16-Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
- 17-Manufacture of paper and paper products
- 18-Printing and reproduction of recorded media
- 19-Manufacture of coke and refined petroleum products
- 20-Manufacture of chemicals and chemical products
- 21-Manufacture of pharmaceuticals, medicinal chemical and botanical products
- 22-Manufacture of rubber and plastics products
- 23-Manufacture of other non-metallic mineral products
- 24-Manufacture of basic metals
- 25-Manufacture of fabricated metal products, except machinery and equipment
- 26-Manufacture of computer, electronic and optical products
- 27-Manufacture of electrical equipment
- 28-Manufacture of machinery and equipment n.e.c.
- 29-Manufacture of motor vehicles, trailers and semi-trailers
- 30-Manufacture of other transport equipment
- 31-Manufacture of furniture
- 32-Other manufacturing
- 33-Repair and installation of machinery and equipment

D - Electricity, Gas, Steam and Air Conditioning Supply

- 35-Electricity, gas, steam and air conditioning supply

E - Water Supply; Sewerage, Waste Management and Remediation Activities

- 36-Water collection, treatment and supply
- 37-Sewerage
- 38-Waste collection, treatment and disposal activities; materials recovery
- 39-Remediation activities and other waste management services

F - Construction

- 41-Construction of buildings
- 42-Civil engineering
- 43-Specialized construction activities

G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles

- 45-Wholesale and retail trade and repair of motor vehicles and motorcycles
- 46-Wholesale trade, except of motor vehicles and motorcycles
- 47-Retail trade, except of motor vehicles and motorcycles

H - Transportation and storage

- 49-Land transport and transport via pipelines
- 50-Water transport
- 51-Air transport
- 52-Warehousing and support activities for transportation
- 53-Postal and courier activities

I - Accommodation and Food Service Activities

- 55-Accommodation
- 56-Food and beverage service activities

J - Information and Communication

- 58-Publishing activities
- 59-Motion picture, video and television programme production, sound recording and music publishing activities
- 60-Programming and broadcasting activities
- 61-Telecommunications
- 62-Computer programming, consultancy and related activities
- 63-Information service activities

K - Financial and Insurance Activities

- 64-Financial service activities, except insurance and pension funding
- 65-Insurance, reinsurance and pension funding, except compulsory social security
- 66-Activities auxiliary to financial service and insurance activities

L - Real Estate Activities

- 68-Real estate activities

M - Professional, Scientific and Technical Activities

- 69-Legal and accounting activities
- 70-Activities of head offices; management consultancy activities
- 71-Architectural and engineering activities; technical testing and analysis
- 72-Scientific research and development
- 73-Advertising and market research
- 74-Other professional, scientific and technical activities
- 75-Veterinary activities

N - Administrative and Support Service Activities

- 77-Rental and leasing activities
- 78-Employment activities
- 79-Travel agency, tour operator, reservation service and related activities
- 80-Security and investigation activities
- 81-Services to buildings and landscape activities
- 82-Office administrative, office support and other business support activities

O - Public Administration and Defence; Compulsory Social Security

- 84-Public administration and defence; compulsory social security

P - Education

- 85-Education

Q - Human Health and Social Work Activities

- 86-Human health activities
- 87-Residential care activities
- 88-Social work activities without accommodation

R - Arts, Entertainment and Recreation

- 90-Creative, arts and entertainment activities
- 91-Libraries, archives, museums and other cultural activities
- 92-Gambling and betting activities
- 93-Sports activities and amusement and recreation activities

S - Other Service Activities

- 94-Activities of membership organizations
- 95-Repair of computers and personal and household goods
- 96-Other personal service activities

T - Activities of Households as Employers; Undifferentiated Goods-and Services-Producing Activities of Households for Own Use

- 97-Activities of households as employers of domestic personnel
- 98-Undifferentiated goods- and services-producing activities of private households for own use

U - Activities of Extraterritorial Organizations and Bodies

- 99-Activities of extraterritorial organizations and bodies

