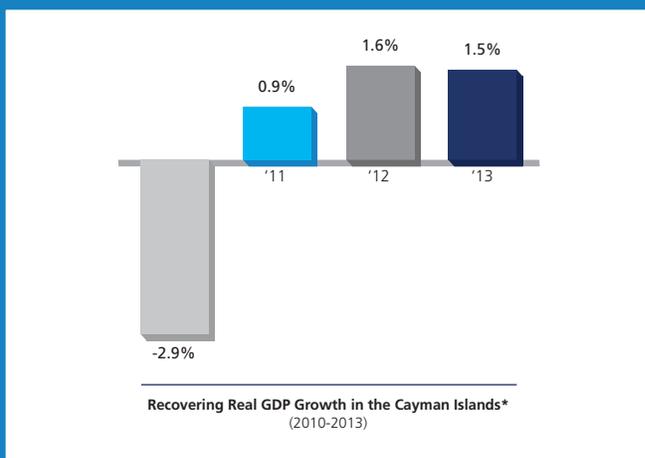


# Cayman Islands Economy: a snapshot

The Cayman Islands economy has demonstrated a moderate economic recovery after the 2008 global crisis.

Real GDP is expected to grow by 1.5% during 2013 which is similar to the 1.6% growth experienced in 2012. This contrasts with a decline of 2.9% in real GDP growth in 2010, followed by a modest recovery of 0.9% in 2011.



\*Source: Cayman Islands ESO annual reports.  
2013 estimates provided in ESO's semi annual report for 2013.

Financial Services

50-60%  
of GDP

Tourism Sector

25-30%  
of GDP

## KEY INDUSTRIES

The main economic sectors are financial services and tourism. Various economic impact studies puts the financial services sector at approximately 50 to 60% of GDP, while the tourism sector is estimate to contribute between 25 to 30% of GDP. Other sectors include construction, real estate and other business activities.

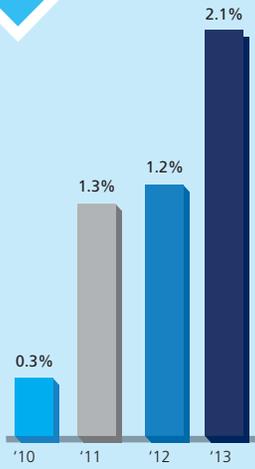
Like many of the smaller islands in the Caribbean, the Cayman Islands economy is a service based economy. The natural resources of the Cayman Islands have not enabled it to pursue traditional industrial development. Historically the economy was relatively small until 4 decades ago when the country began to pursue tourism and financial services as a path to economic development.



**Inflation**  
**1.3%**

**Goods and Prices**

The vast majority of the country's locally consumed goods are imported and most of this comes from the US as the primary trading partner. As a result of this and the monetary system described below, inflation rates in the Cayman Islands tend to track closely with that of the US and inflation has been fairly low over the past 3 years averaging 1.3% per year.



Inflation in the Cayman Islands\* (2010-2013)

**Imported Labour**

**50%**

**Unemployment Rate**

**6.2%**

**Labour and Employment**

The Cayman Islands economy is labour intensive. Due to its relatively small population and the impressive economic growth over the past 4 decades, the Cayman Islands relies heavily on imported labour to meet the skilled and unskilled human capital requirements for sustaining the economy. Imported labour comprises just over 50% of the entire labour force, This is likely to remain a key feature of the economy for the foreseeable future given the relatively small population.

The unemployment rate in the country has averaged at 6.2% over the period 2010 to 2012 and is expected to remain at this level for the current year.



Steady: Unemployment in the Cayman Islands\* (2010-2013)



**Taxes and Fiscal Stability**

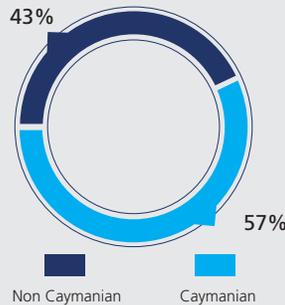
There are no direct personal income, corporate or property taxes in the Cayman Islands. The Government relies on a system of indirect taxation focused primarily in the following areas:

- Banks, Trust, Insurance, company and mutual funds fees
- Land or property transfers fees
- Work permits
- Travel and cruise ship taxes
- Tourist accommodations taxes
- Business licences

**Population**

**55,000**

The country's population is estimated at around 55,000 according to the last census. The country is very cosmopolitan and it is estimated that there are over 100 different nationalities represented in the Cayman Islands.



Diversity: Estimated Cayman Islands Population as at 2012\*

**Money Matters**

The Cayman Islands uses the Cayman Islands dollar and the local currency is backed by US dollar denominated securities. This system is managed via a full currency board system and there is no equivalent of a central bank in the country.

