

Cayman Islands

Overview:

The Cayman Islands is an overseas independent territory of the United Kingdom comprised of three islands: Grand Cayman, Cayman Brac and Little Cayman. Grand Cayman is the largest of the three islands and its capital city, George Town, is the 5th largest banking centre in the world. Although Caymanians enjoy one of the highest standards of living in the world, about 90% of the islands' food and consumer goods must be imported. Economic activity has always been hindered by isolation and limited natural resources. The harvesting of sea turtles to re-supply passing sailing ships was the first major economic activity on the islands, but local stocks were depleted by the 1790s. The development of modern transportation and telecommunications in the 1950s led to the emergence of international finance and tourism in the Caymans, now the region's two main economic industries. Tourism represents about 70% of GDP and 75% of total export earnings. Unspoiled beaches, duty-free shopping, scuba diving, and deep-sea fishing attract close to a million visitors to the islands each year.

Territory:

Land: 259 sq. km. (100 sq. mi.) on three islands: Grand Cayman 121.6 sq. km (76 sq. mi.) Cayman Brac 22.4 sq. km (14 sq. mi.) Little Cayman 16 sq. km (10 sq. mi.). Highest Elevation: 141.9 feet (43 metres) Coastline: 160 km

Location:

In Caribbean Sea approximately 640 km (400 miles) south of Miami and 272 km (170 miles) northwest of Jamaica; approximately half way between Cuba and Honduras.

Latitude and Longitude:

19 30 N Latitude and 80 30 W Longitude

Time Zone:

GMT -4

Total Land Area:

EEZ:

Climate:

Tropical marine; warm rainy summers, cool dry winters. Moderate humidity of 62% - 92%. Annual rainfall is <46 inches. Hurricane season July to November. Temperatures moderated by northeast trade winds. Annual mean temperature 30° C. /85° F.

Natural Resources:

fish, climate and beaches that foster tourism

ECONOMY:

Total GDP:	
2002	1,270,000,000.00 USD
2004	1,939,000,000.00 USD

Per Capita GDP:	
2004	43,800.00 USD

% of GDP per Sector:			
	Primary	Secondary	Tertiary
2002	1.4%	79%	19.6%

% of Population Employed by Sector			
	Primary	Secondary	Tertiary

External Aid/Remittances:

External Budget: revenues: \$265.2 million expenditures: \$248.9 million (1997) Exports: \$1.2 million (1999) Partners: primarily the US Imports: \$457.4 million (1999) Partners: US, Trinidad and Tobago, UK, Netherlands Antilles, Japan. Debt - external: \$36.1 million (1997)

Growth:

Real growth rate: 1.7% (2002) Inflation rate: 2.8% (2002) Economic Initiatives: In order to continue to improve its offshore finance industry, the Cayman Islands Government has made certain concessions available for companies on import duties regarding investment and employment criteria. These concessions allow companies to target both the local and export markets. The internal government is also encouraging the development of the smaller islands of Cayman Brac and Little Cayman, and has removed all import duties on building materials and stamp duties on land transfers.

Labour Force:	
1995	19,820
2004	23,450

Unemployment	

	(Mwh)				(Mwh)			(Mwh)		(Mwh)
2005	400,000,000	0	0	0	372,000	0	0	0	0	0



Official Currency:
Cayman Islands Dollar (KYD)

Banking and Insurance:
Number of Banks and Credit Unions:
Number of Agricultural Credit Unions:
Number of Insurance Companies:

See financial services

Financial Services:
The Cayman Islands began developing its offshore financial industry in 1978, targeting banking and insurance activities. Recently, offshore company formations, including trusts, have become popular. There is also a Mutual Fund and Hedge Fund industry. The banking system is regulated by an independent Cayman Islands Monetary Authority (CIMA), which acts as the region's central bank. CIMA is responsible for issuing the Caymanian dollar and holds sufficient assets (ie. U.S. Treasuries) to back all the local notes and coinage in circulation. In 2002, there were more than 40,000 companies registered in the Caymans, including approximately 600 banks and trust companies and 475 captive insurance companies. Forty-three of the world's largest banks are represented in the Cayman Islands. The Cayman Islands also has its own stock exchange. The Cayman Islands Stock Exchange (CSX) is a private limited company owned by the government that was established in July 1997, but is regulated by the Stock Exchange Law of 1996. In March 2004 the UK's Board of Inland Revenues designated the CSX a globally recognized stock exchange. It is the only offshore stock exchange that is on the international list of approved organizations.

Communications/E-Commerce:
state of the art. Extensive government and private sector information available online. English.

Public Ownership:
there are no restrictions on the purchase of property in the Cayman Islands for individuals or companies. All land titles are registered in a registry maintained by the Cayman Islands Government, in which details of ownership and charges are recorded. Although there are no annual property taxes, there is a 7.5% to 9% stamp duty on the purchase price of any transactions of land and/or buildings.

Land Use:
arable land: 3.85% permanent crops: 0% other: 96.15% (2001)

Agriculture/Forestry:
vegetables, fruit, livestock and turtle farming

Marine Activity:

Fishing:
exclusive fishing zone: 200 nautical miles maritime claims: territorial sea: 12 nautical miles

Marine Life:
Environmental Issues: no natural fresh water resources. All of the islands' water supply comes from rainwater catchments.

Critical Issues:
Critical Issues: trafficking of narcotics and money-laundering. In order to reduce the use of its jurisdiction as a facility for money-laundering, the Cayman Government entering the Narcotics Agreement of 1984 and the Mutual Legal Assistance Treaty of 1986 with the United States (for more details see "Important Legislation" below). In June 2000, The Cayman Islands was listed by multilateral organizations as a tax haven and a non-cooperative territory in fighting money laundering. In response, the country quickly enacted laws limiting banking secrecy and introduced requirements for customer identification and record keeping. These decisions led to its removal from the list of non-cooperative territories in June 2001.

JURISDICTIONAL RESOURCES

Capital:
Country Name: Cayman Islands Previous Name: Tortugas and Caymanas Capital: George Town (located on Grand Cayman)

Political System:
Government type: parliamentary British overseas territory with internal self-government. overseas territory of the UK, and member of the EU. Although The Cayman Islands are self-governing, Britain remains responsible for external affairs, defense and internal security. However, the Chief Secretary maintains a portfolio for external affairs. Queen Elizabeth II has been the head-of-state since February 6, 1952, represented by Governor Bruce Dinwiddie since May 2002. The U.K. Government also reserves the right to disallow bills approved by the Governor. Admin. Divisions: eight administrative divisions: Creek, Eastern, Midland, South Town, Spot Bay, Stake Bay, West End, Western. Constitution: 1959, amended 1972 and 1984 The physical isolation of the islands from Britain allowed the development of an indigenous set of administrative and legal traditions into the Constitution of 1959. The Cayman Islands Order, the amended version of the original constitution, has governed the islands since 1972, providing the Cayman Government with more autonomy including the right to negotiate bilateral issues directly with foreign governments. Legal System: The four-tiered judicial system is based on English Common Law, colonial and local statutes. The system is administered by the Summary Court and the Grand Court. In both criminal and civil cases, there is the right of appeal to the Cayman Islands Court of Appeal with the ultimate right of appeal to the Privy Council in England. Judicial Branch: Summary Court, Grand Court and the Cayman Islands Court of Appeal. Internal Government: The Cayman Islands have a parliamentary system of government with a unicameral Legislative Council consisting of 18 seats that is presided over by an independent speaker. 15 of the members are elected by popular vote and 3 are appointed from the Executive Council by the Governor. Members serve for four years. Members of the assembly may introduce bills, which are then approved, returned, or disallowed by the Governor. Public office holders tend to be independent and there are currently no formal political parties. Next election to be held in November 2008. The Leader of Government Business (there is no Chief Minister like other Caribbean jurisdictions) McKeeva Bush, has been the head-of government since December 2001. McKeeva Bush is also the Minister for Tourism, Environment, Development and Commerce.

Political Parties:
There are no official political parties in the Cayman Islands and since the 1970s, candidates have simply organized themselves into ad hoc coalitions called teams. These "teams" run on platforms of shared concerns. In November 2000 elections, voters were concerned about legislation enacted to weaken bank secrecy and, as a result, successfully removed the leader of the government and two other ministers. Seven new members were elected to the Legislative Assembly. The current Leader of Government Business is McKeeva Bush who represents the United Democratic Party (UDP).

There are no elections since the monarch is hereditary. A governor is appointed by the monarch. Following legislative elections the leader of the majority party or the leader of the majority coalition is usually appointed premier by the governor.

Important Legislation:

United Kingdoms/Cayman Islands Companies Act: enacted 1948, amended 1960. This act regulates foreign corporations located on the islands. Companies may do business either locally or offshore. There are both exempt companies, which receive a 20 year tax exemption and has less filing obligations, and ordinary residence companies that must be used and owned locally in the Caymans. All companies must be either limited by shares or by guarantee. All companies must maintain a registry of members, directors and charges and have an office located on one of the islands. They must keep accurate accounting records, and file an annual return and payment of the annual statutory fee. Banks and Trust Law: enacted 1995, amended 2003. Banks in the Caymans must be licensed under either a class A or class B licence. Class A licences allow both offshore and local business activity, while a class B licence only permits offshore business ventures. A class B business is required to maintain an office in the Caymans, but transactions with local residents is restricted. Interestingly, individuals are allowed to provide trust management services, one of the largest banking industries in the region, without registering their activities. The Mutual Legal Assistance Treaty: enacted 1986, amended 2002. This treaty was signed with the United States in order to provide for the disclosure of information regarding general criminal matters. This treaty does not allow for the disclosure of taxation information. In February 2002, the Cayman Islands signed the BLC Agreement (a bilateral information-sharing agreement) with the United States. The issue of bank privacy within the Caymans has been modestly compromised by a judgement awarded to the US Internal Revenue Service allowing for access to Mastercard and American Express records for U.S. citizens with offshore assets in the Caymans. Those U.S. citizens with suspected criminal behaviour maybe subjected to further investigation. Trade and Business Licensing Law: enacted 1995. Both individuals and companies engaged in local business must have licences. These licences are issued only to individuals with Caymanian status or to companies that are owned or controlled by Caymanians. Narcotics Agreement / The Misuse of Drugs Law: enacted 1984, amended 2000. This law profiles criminal offences related to money laundering and drug trafficking activities.

Principal Taxes:

The Caymans have very little taxation including no capital gains taxes, no inheritance taxes, and no gift taxes. There are also no withholding taxes on any dividends, distribution interest payments. There are, however, stamp duties in place for real property; import duties of approximately 20%; a hotel accommodations tax of 10% on all accommodations charges; company fees; and licensing fees for such things as banking, insurance, mutual funds, work permits and trade and business.

Associated Power:

United Kingdom Overseas Territory, EU

Citizenship:

Currently citizens of Britain's overseas territories, including The Cayman Islands are entitled to British citizenship. The British Overseas Territories Bill, passed in February 2002, provides automatic acquisition of British citizenship, including automatic transmission of citizenship to their children; the right of abode, including the right to live and work in the U.K. and the European Union (EU); the right not to exercise or to formally renounce British citizenship; and the right to use the fast track European Union/European Economic Area (EU/EEA) channel at the airport, free of U.K. immigration controls.

Paradiplomacy:

CARICOM (Caribbean Community; associate), IOC, Interpol (sub-bureau), UNESCO (associate).

HUMAN RESOURCES

43,103 (2004 est.)

2004			
Island	Area (km sq.)	Population	% of Total Population
Cayman Islands	262	46,600	100%

0-14 years: 21.4% (male 4608; female 4616) 15-64 years: 70.6% (male 14 858; female 15 593) 65 years and over: 8% (male 1607; female 1821; 2004 est.) Birth rate: 13.11 births/1,000 population (2004 est.) Death rate: 4.76 deaths/1,000 population (2004 est.)

Population:	
Year	Resident Population

Age of Population:	0-14	15-24	25-49	50-64	65 and up
2004	21	0	0	0	8

Migration:

total: 36.5 years male: 36.2 years female: 36.8 years (2004 est.)

Crude Birth Rate:	
2004	13.11%
2007	12.6%

Life Expedctancy:

total population: 79.81 years

Crude Death Rate:	
2004	4.76%
2007	4.98%

Ethnicity:

Afro-European 40%, African 20%, European 20%, other 20%.(2004).



Class Division:**Languages:**

English (official), Spanish

Religion:

United Church, Anglican, other Protestant, Roman Catholic (2004)

Literacy:

total population: 98% (def: over 15 can read and write; 2004)

Education System:

Education is compulsory to the age of 16 and is free to all Caymanian children. Schools follow the British educational system. There are ten primary schools and three high schools, which are operated by the government. Seven of the ten primary schools are located on Grand Cayman and three in Cayman Brac. There are two high schools on Grand Cayman, and one on Cayman Brac. There are no schools on Little Cayman. Although provisions have been made for children and youth with learning difficulties, and behavioural problems within the public school systems, there is also a state-of-the-art special needs school in Grand Cayman that services children whose needs cannot be adequately met within the primary or high school environment. There is also a technical school, a law school, and a community college.

Total Pre-schools:()	
Total Primary Schools	
First Level:	
Second Level:	
Third Level:	
Total Secondary Schools:	
Total Professional Schools	
Universities:	

Number of Schools per Island:										
	Pre-school		Elementary			High-school		Prof.	University	
	Pub	Priv	1	2	3	Pub	Priv		Pub	Priv

Students Enrolled:					
Year:	Pre-School	Elementary	High-school	Prof.	University
2006	333	3,592	1,729	1,363	0

Teachers							
Year	Pre-School	Elementary			High-School	Prof.	University
		1	2	3			

There are ten primary schools and three high schools, which are operated by the government. Seven of the ten primary schools are located on Grand Cayman and three in Cayman Brac. There are two high schools on Grand Cayman, and one on Cayman Brac. There are no schools on Little Cayman. Although provisions have been made for children and youth with learning difficulties, and behavioural problems within the public school systems, there is also a state-of-the-art special needs school in Grand Cayman that services children whose needs cannot be adequately met within the primary or high school environment. There is also a technical school, a law school, and a community college.

Medical Services:

The Cayman Islands has a variety of modern medical facilities on Grand Cayman and Cayman Brac, including government-operated hospitals on both islands. In addition, Cayman now has an efficient, island-wide 911 emergency service. George Town Hospital on Grand Cayman now has 128-beds and includes Maternity, Surgical, Medical and Pediatric units, as well as a two-man decompression chamber. There are also several private and specialized medical facilities, including a physiotherapy clinic; a radiology centre; a laboratory; a dental clinic and an eye clinic. Patients with serious or life-threatening conditions can be transferred to the US via Medivac services provided by Island Air or a Lear Jet B-20.

HISTORY AND CULTURE**History:**

In 1503 Columbus spotted a swarm of turtles around Cayman Brac and Little Cayman, naming the islands Tortugas in their honor. By 1586 the islands were known as Caymanas, after a Carib word for crocodiles, but were not officially settled until the 1660s, when a couple of deserters from the British army came over from Jamaica. In 1670, the islands became possessions of the British Crown and were administered through Jamaica until 1962. When Jamaica became independent at this time, the Cayman Islands chose to remain a British Crown Colony. Under the constitution established in 1972, the region became a British dependent territory with the right to internal self-government. For several centuries cotton farming, turtle hunting and wrecking (the salvaging of the remains of ships that ran aground) were the islands main economic industries. The most famous ship wreck that occurred in the region was the "Wreck of the Ten Sails," in which a ship struck a reef in 1794 and caused a chain reaction involving nine other vessels. Caymanians

went to great lengths to aid the shipwrecked and so King George III granted the islands tax-free status. When slavery was abolished in 1835, most freed slaves remained on the islands. By 1900 the population of the Cayman Islands had grown to more than 4000. The harvesting and manufacturing of mahogany, sarsaparilla and thatch rope (mostly exported to Jamaica) became economic resources alongside cotton farming, fishing and shipbuilding until tourism and offshore finance took over in the mid-twentieth century. In the 1950s, pristine diving sites located around the Caymans Islands first attracted international tourists. Although islanders were initially sceptical about the impact the international market would have on their region, by the next decade they had successfully developed a profitable tourist industry and tax structures that made Grand Cayman the highly successful offshore banking centre that it is today. In 1998, despite the ban on cruise ships accessing the islands on Sundays, Good Friday and Christmas Day, the number of visitors to the islands reached 400,000.

Referenda:

Recent Significant Events:

Music, Dance, Handicraft and Patrimony:

Sources:

World Education Forum. [Online Serial]. Available FTP: unesco.org/wef/countryreports/cayman/rapport_1.html.

Blawatt, K. and Dion Greenridge. (2004). Caymans, The, The Dual Economy and Education in Entrepreneurship. (Conference Paper). Trinidad: University of West Indies. Cayman Islands. (2004, June). Caribbean Banking. [Online Serial]. Available FTP: bankintroductions.com/cayman.html. Cayman Islands. (2004, December). CIA World Factbook. [Online Serial]. Available FTP: cia.gov/cia/publications/factbook/geos/cj.html. Cayman Islands. (2004, October). US Department of State. [Online Serial]. Available FTP: state.gov/r/pa/ei/bgn/5286.htm. Cayman Islands General Information - Climate. (2004). Destination.ky - Cayman Islands. [Online Serial]. Available FTP: destination.ky/gen/climate.htm. Cayman Islands - History. (2004, October). Lonely Planet. [Online Serial]. Available FTP: lonelyplanet.com/destinations.caribbean.cayman_islands/history.htm. Cayman Islands Offshore Business Sector. (2004). Lowtax.com [Online Serial]. Available FTP: lowtax.net/lowtax/html/jcaobs.html#banking. Cayman Islands and the Turks and Caicos Islands - Economy. (1999). Country Studies. [Online Serial]. Available FTP: country-studies.com/caribbean-islands/cayman-islands-and-the-turks-and-caicos-islands---economy.html. Employed persons by sex and economic activity, Cayman Islands. (1995). Caribbean Labour Statistics. [Online Serial]. Available FTP: ilocarib.org.tt/digest/cayman_is/cay06.html. Medical Services. (2004). Cayman Islands Department of Tourism. [Online Serial]. Available FTP: caymanislands.co.uk/services/medical.asp. Transportation. (2004). Cayman Islands Department of Tourism. [Online Serial]. Available FTP: caymanislands.co.uk/services/transportation.asp. Tudor, John. Cayman Islands. (2000).

CIA World fact book <https://www.cia.gov/library/publications/the-world-factbook/geos/cj.html> 30th March 2008

Government of Cayman Islands <http://www.eso.ky/pages1.php?page=educationhealthsocialandprotectivestatistics> 30th March 2008

Useful Links:

IslandStudies.ca
www.upei.ca
www.google.ca

Please address queries to:

Institute of Island Studies
University of Prince Edward Island (UPEI)
550 University Ave
Charlottetown, PE, Canada, C1A 4P3

Copyright 2007. Institute of Island Studies, UPEI. Educational and Non-Commercial Use Only

