# Cayman Islands

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| From Wikipedia, the free encyclopedia  **Cayman Islands** | | |
| |  |  | | --- | --- | |  |  | | Flag | Coat of arms | | | |
| **Motto:**"He hath founded it upon the seas" | | |
| **Anthem:***God Save the Queen* | | |
|  | | |
| **Capital** (and largest city) | | George Town 19°20′N, 81°24′W |
| **Official languages** | | English |
| **Demonym** | | Caymanian |
| **Government** | | British Overseas Territory |
| - | Queen | Queen Elizabeth II |
| - | Governor | Stuart Jack |
| - | Leader of Government Business | Kurt Tibbetts |
| **Creation** | | |
| - | Split from Jamaica | 1962 |
| **Area** | | |
| - | Total | 260 km² (207th) 100.4 sq mi |
| - | Water (%) | 1.6 |
| **Population** | | |
| - | 2008 estimate | 62,000 (208th) |
| - | 1999 census | 40,786 |
| - | Density | 139.5/km² (63rd) 364.2/sq mi |
| **HDI** (2003) | | n/a (NA) (unranked) |
| **Currency** | | Cayman Islands dollar (KYD) |
| **Time zone** | | (UTC-5) |
| - | Summer (DST) | not observed (UTC-5) |
| **Internet TLD** | | .ky |
| **Calling code** | | +1 345 |

The **Cayman Islands** are a British overseas territory located in the western Caribbean Sea, comprising the islands of Grand Cayman, Cayman Brac, and Little Cayman. It is a major financial center in the Caribbean.

## History

*Main article: History of the Cayman Islands*

The Cayman Islands were first sighted by European eyes when Christopher Columbus, on 10 May 1503, encountered them during his disastrous fourth and final voyage to the New World. He named them *Las Tortugas* after the numerous sea turtles there. The first recorded English visitor to the islands was Sir Francis Drake, who landed there in 1586 and named them the Cayman Islands after the Neo-Taino nations term (caiman) for crocodile (Zayas, 1914).



Cayman Islands National Museum

The first recorded permanent inhabitant of the Cayman Islands, Isaac Bodden, was born on Grand Cayman around 1700. He was the grandson of the original settler named Bodden who was probably one of Oliver Cromwell's soldiers at the taking of Jamaica in 1655.

The islands, along with nearby Jamaica, were captured, then ceded to England in 1670 under the Treaty of Madrid. They were governed as a single colony with Jamaica until 1962 when they became a separate British Overseas Territory and Jamaica became an independent Commonwealth realm.

The largely unprotected at sea level island of Grand Cayman was hit by Hurricane Ivan on 11- 12 September 2004, which destroyed many buildings and damaged 70% of them. Power, water and communications were all disrupted in some areas for months as Ivan was the worst hurricane to hit the islands in 86 years. However, Grand Cayman forced a major rebuilding process and within two years its infrastructure was nearly returned to pre-Ivan levels. The Cayman Islands have the dubious honor of having experienced the most hurricane strikes in history. Due to the proximity of the islands, more hurricane and tropical systems have affected the Cayman Islands than any other region in the Atlantic basin (brushed or hit every 2.23 years). The Cayman Islands enjoy a high global standard of living fully dependent upon tourism and tax-haven dependent banking.

## Geography



Map of the Cayman Islands

*Main article: Geography of the Cayman Islands*

The Cayman Islands are located in the western Caribbean Sea. They are the peaks of a massive underwater ridge, known as the Cayman Trench, standing 8,000 feet (2,400 m) from the sea floor, which barely exceeds the surface. The islands lie in the center of the Caribbean south of Cuba and West of Jamaica. They are situated about 400 miles (650 km) south of Miami, 180 miles (300 km) south of Cuba, and 195 miles (315 km) northwest of Jamaica. Grand Cayman is by far the biggest, with an area of 76 square miles (197 km²). The two "Sister Islands" of Cayman Brac and Little Cayman are located about 80 miles (130 km) east of Grand Cayman and have areas of 14 square miles (36 km²) and 10 square miles (25.9 km²) respectively.

All three islands were formed by large coral heads covering submerged ice age peaks of western extensions of the Cuban Sierra Maestra range and are mostly flat. One notable exception to this is The Bluff on Cayman Brac's eastern part, which rises to 140 feet (42.6 m) above sea level, the highest point on the island.

Cayman avian fauna includes two endemic subspecies of Amazona parrots: *Amazona leucocephala hesterna*, or Cayman Brac Parrot, native only to Cayman Brac, and *Amazona leucocephala caymanensis* or Grand Cayman Parrot, which is native only to Grand Cayman. Another notable fauna is the endangered Blue Iguana, which is native to Grand Cayman. There is also the agouti and the Booby Birds on Cayman Brac.

## Demographics

*Main article: Demographics of the Cayman Islands*

The Cayman Islands have more registered businesses than they have people. The latest population estimate of the Cayman Islands is about 50,000 as of July 2006, representing a mix of more than 100 nationalities. Out of that number, about half are of Caymanian descent. About 60% of the population is of mixed race (mostly mixed African-European). Of the remaining 40%, about half are of European descent and half are of African descent. The islands are almost exclusively Christian, with large number of Presbyterians and Catholics. Caymanians enjoy one of the highest standards of living in the Caribbean. The vast majority of the population resides on Grand Cayman. Cayman Brac is the second most populated with about 1,200 residents, followed by Little Cayman with around 200 permanent residents.

Many of the prominent and wealthy families in Grand Cayman such as the Waltons, Scotts, Kirkconnells, and Fosters are originally from Cayman Brac. They control a large proportion of real estate property and business enterprises, along with having significant positions in the financial sector.

The capital and major city of the Cayman Islands is George Town, which is located on the south west coast of Grand Cayman.

## Economy

*Main article: Economy of the Cayman Islands*

The economy of the Cayman Islands was once centered around turtling. However, this industry began to disappear in the twentieth century and tourism and financial services began to become the economic mainstays during the 1970s. The United States is the Cayman Islands' largest trading partner.

With an average income of around $42,000, Caymanians enjoy the highest standard of living in the Caribbean. According to the CIA World Factbook, the Cayman Islands GDP per capita is the 12th highest in the world. The islands print their own currency, the Cayman Islands Dollar (KYD), which is pegged to the U.S. dollar at a fixed rate of 1 KYD = 1.2 USD.

The government's primary source of income is indirect taxation. An import duty of 5% to 20% is levied against goods imported into the islands. Few goods are exempt; notable examples include books, cameras and infant formula. The government charges licensing fees to financial institutions that operate in the islands as well as work permit fees for expatriate employees ranging from around US$500 for a clerk to around US$20,000 for a CEO.



Panorama of Seven Mile Beach on Grand Cayman Click image for full-scale viewing.

### Tourism

Tourism accounts for 70-75% of the annual GDP of the Cayman Islands. Of the millions of tourists that visit the islands annually, 99% visit Grand Cayman. George Town also serves as a major cruise ship port, which brings in 4,000 to 22,000 tourists a day, five days a week, depending on the number of ships in port.

One of Grand Cayman's (GCM) main attractions is the world-famous Seven Mile Beach on which a number of the island's hotels and resorts are located. Seven Mile Beach is regarded by many as one of the best beaches in the world. Historical sites in GCM such as Pedro St. James Castle in Bordentown also attract visitors. The Sister Islands - Little Cayman and Cayman Brac - also supply their own unique charm.

The Cayman Islands is regarded as one of the world's best SCUBA diving destinations because of its crystal-clear waters and pristine walls. Cayman Brac and Little Cayman are also elite SCUBA dive destinations. There are several snorkeling locations where tourists can swim with stingrays including the popular Stingray City, Grand Cayman. Divers find two shipwrecks off the shores of Cayman Brac particularly interesting including the MV Keith Tibbetts. See also: Scuba diving in the Cayman Islands

Other Grand Cayman tourist attractions include the Ironshore landscape of Hell, the 24- acre marine theme park Boatswain's Beach, also home of the Cayman Turtle Farm, the production of gourmet sea salt, and the Mastic Trail, a hiking trail through the forests in the center of the island. On Cayman Brac, a lighthouse and a few local museums are tourist draws. Little Cayman's wildlife attracts nature lovers, especially bird watchers in search of the island's Red-footed Booby population.

Art and Culture are other features of the Cayman Islands that attract international attention. The National Museum and National Gallery preserve contemporary and dated art works of local and international talent. A Cultural History Exhibition is displayed within the museum, and teaches patrons about historical customs and traditions native to the Cayman Islands. The Gallery sponsors eight exhibitions every year and is located in the Harbour Place in George Town.

*See also: Scuba diving in the Cayman Islands*

#### Discrimination against gay and lesbian tourists

Gay and lesbian tourists have been known to suffer discrimination and harassment. A gay tourist from Massachusetts was detained by the Royal Cayman Islands Police for kissing his partner in public in May 2008, after a group of nightclubbers made a complaint. He was not formally arrested, or charged with any offence. Cruise ships carrying gay and lesbian tourists were twice turned away by the government, and cruise ships known to be carrying gay and lesbian tourists are aggressively protested, and sometimes threatened, by the local natives.

### Financial services industry

The Cayman Islands are a major international financial center. With the biggest sectors being “banking, hedge fund formation and investment, structured finance and securitization, captive insurance, and general corporate activities.” Regulation and supervision of the financial services industry is the responsibility of the Cayman Islands Monetary Authority (CIMA).

The Cayman Islands are the fifth-largest banking center in the world with $1.5 trillion in banking liabilities; they are home to 279 banks (as of June 2008), 19 of which are licensed to conduct banking activities with domestic [Cayman based] and international clients, the remaining 260 are licensed to operate on an international basis with only limited domestic activity.

One reason for the Cayman Islands’ success as an offshore financial center has been the concentration of top-quality service providers. These include leading global financial institutions (incl. UBS and Goldman Sachs), over 80 administrators, leading accountancy practices (incl. the Big Four auditors), and offshore law practices (incl. Maples & Calder and Ogier).

Since the introduction of the Mutual Funds Law in 1993, which has been copied by jurisdictions around the world, the Cayman Islands have grown to be the world’s leading offshore hedge fund jurisdiction. In June 2008 it passed 10,000 hedge fund registrations, and over the year ending June 2008 CIMA reported a net growth rate of 12% for hedge funds.

Starting in the mid-late 1990s offshore financial centers, such as the Cayman Islands, came under increasing pressure from the OECD for their supposed “harmful” tax regimes, where the OECD wished to prevent low-tax regimes from having an unfair advantage in the global marketplace, and thus be harmful to the economies of more developed nations. The OECD threatened to place the Cayman Islands and other tax havens on a "black list" and impose sanctions against them. However the Cayman Islands successfully avoided being placed on the OECD black list in 2000 by committing to regulatory reform to improve transparency and begin information exchange with OECD member countries about their citizens.

The Cayman Islands had previously (briefly) appeared on the FATF Blacklist in 2000, although its listing was thought to be harsh, and was criticized at the time.

In 2004, under pressure from the UK, the Cayman Islands agreed in principle to implement the European Union Savings Directive (EUSD), but only after securing some important benefits for the financial services industry in the Cayman Islands. As the Cayman Islands are not subject to EU laws, the implementation of the EUSD is by way of bilateral agreements between each EU member state and the Cayman Islands. The government of the Cayman Islands agreed a model agreement, which set out how the EUSD would be implemented with the Cayman Islands.

A report published by the International Monetary Fund (IMF), in March 2005, assessing supervision and regulation in the Cayman Islands' banking, insurance and securities industries, as well as its anti-money laundering regime, recognized the jurisdiction's comprehensive regulatory and compliance frameworks. "An extensive program of legislative, rule and guideline development has introduced an increasingly effective system of regulation, both formalizing earlier practices and introducing enhanced procedures," noted IMF assessors. The report further stated that "the supervisory system benefits from a well-developed banking infrastructure with an internationally experienced and qualified workforce as well as experienced lawyers, accountants and auditors," adding that, "the overall compliance culture within Cayman is very strong, including the compliance culture related to AML (anti-money laundering) obligations...".

## Government

*Main article: Politics of the Cayman Islands*

  The Cayman Islands are a British overseas territory, listed by the UN Special Committee of twenty-four as one of the last non-self-governing territories. A fifteen-seat Legislative Assembly is elected by the people every four years to handle domestic affairs. Of the elected Members of the Legislative Assembly (MLAs), five are chosen to serve as government ministers in a cabinet headed by the governor. The head of government is the Leader of Government Business, which is currently The Honorable Kurt Tibbetts.

A Governor is appointed by the British government to represent the monarch. The governor can exercise complete executive authority if they wish through blanket powers reserved to them in the constitution. They must give royal assent to all legislation, which allows them the power to strike down any law the legislature may see fit for the country. In modern times, the governor usually allows the country to be run by the cabinet, and the civil service to be run by the Chief Secretary, who is the Acting Governor when the Governor is not able to discharge his usual duties for one reason or another. The current governor of the Cayman Islands is Stuart Jack and the current Chief Secretary is The Honorable George McCarthy, OBE, JP.^

## Taxation

Caymanians and Caymanian companies are not subject to any form of direct taxation. However, an import tax of between 5% and 20% is levied on most imported goods. Import taxes on automobiles ranges from 27.5% to 40% for most vehicles while Hummers are taxed at 100% of their value.

## Education

### Primary and secondary schools

The Cayman Islands Education Department operates state schools. Caymanian children are entitled to free primary and secondary education. Various churches and private foundations operate several private schools that offer American and British based studies starting in nursery to Year 13.

### Colleges and universities

Grand Cayman is home to University College of the Cayman Islands, the only government run University on the island. The University College is located at 168 Olympic Way in Georgetown, Grand Cayman. The International College of the Cayman Islands is a private college and is located in Newlands, Grand Cayman about seven miles (11 km) east of George Town. The college was established in 1970 and offers Associate's, Bachelor's and Post Graduate degree programs. Grand Cayman is also home to St. Matthew's University, which includes a medical school and a school of veterinary medicine.

The Cayman Islands Law School (CILS), a branch of the University of Liverpool in the UK, is also based on Grand Cayman. Situated in George Town, the law school has been in operation since 1982. As taken from the student handbook, "The Law School provides tuition for both full and part-time programs leading to the Bachelor of Law (Honors) Degree of the University of Liverpool and the qualification of Attorney-at-Law of the Cayman Islands, following successful completion of the postgraduate Professional Practicum Course (PPC)

The Cayman Islands Civil Service College, a unit of Cayman Islands government organized under the Portfolio of the Civil Service, is also located in Grand Cayman. Co-situated with University College of the Cayman Islands in a building on the south side of the campus, the intent of the CICSC is offer both degree programs and continuing education units of various sorts. Further, the College is planned to develop as a government research center. It opened in autumn 2007.

## Health care

The Cayman Islands have a modern health care system. There are two hospitals in George Town, the government run George Town Hospital and the smaller, private Chrissie Tomlinson Memorial Hospital. Additionally, Faith Hospital is an eighteen-bed facility on Cayman Brac. The Government maintains a satellite clinic on Little Cayman.

Health insurance is handled by private insurers and a government-run company (CINICO). There is no universal health coverage as in the UK. All employers are required under Law to provide Health Insurance for their employees (although the employee may be required to contribute 50% of the premium). Full time employees also contribute USD 10 every month to the "Indigent Fund" which helps cover care for the unemployed, elderly etc.

Currently the islands lack facilities for cardiac catheterization, though many feel the population is large enough to support the procedure. Various attempts to establish a Cath lab in George Town Hospital have stalled. The Cayman Islands lacked an MRI after one was destroyed during Hurricane Ivan, but in July 2007 a new unit was installed at the Chrissie Tomlinson Memorial Hospital.

For divers and others in need of hyperbaric oxygen therapy, there is a two-person recompression chamber at George Town Hospital on Grand Cayman, run by Cayman Hyperbaric Services. The same organization has built a hyperbaric unit at Faith Hospital in Cayman Brac, expected to be operational in January 2008.

## Work permits

In order to work in the Cayman Islands as a non-citizen, a work permit is required. This involves passing a police background check and a health check. A prospective worker will not be granted a permit if certain medical conditions are present. Work permits are not issued after age 60.

The Cayman Islands presently imposes a controversial ["rollover"] policy in relation to expatriate workers who require a work permit. Non-Caymanians are only permitted to reside and work within the Territory for a maximum of seven years (non-renewable) unless they satisfy the criteria of key employees. The policy has been the subject of some controversy within the press. Law firms have been particularly upset by the recruitment difficulties that it has caused. Other less well remunerated employment sectors have been affected as well. Concerns about safety have been expressed by diving instructors and realtors have also expressed concerns. Others support the rollover as necessary to protect Caymanian identity in the face of large immigration of expatriate workers.. Concerns have been expressed that in the long term, the policy may damage the pre-eminence of the Cayman Islands as an offshore financial center by making it difficult to recruit and retain experienced staff from onshore financial centers. Government employees are no longer exempt from this "rollover" policy according to this report in a local newspaper . The Governor has decided to use his constitutional powers, which give him absolute control for the disposition of civil service employees, to determine which expatriate civil servants are dismissed after seven years’ service and which are not.

This policy is enshrined in the Immigration Law (2003 revision), written by the UDP government, and subsequently enforced by the PPM government. Both governments agree to the term limits on foreign workers, and the majority of Caymanians also agree it is necessary to protect local culture, and heritage from being eroded by a large number of foreigners gaining residency/citizenship.

## Military

*Main article: Military of the Cayman Islands*

The defense of the Cayman Islands is the responsibility of the United Kingdom. The Islands have their own police force, the Royal Cayman Islands Police Service. Regular off-shore marine patrols are conducted by the RCIP and Grand Cayman is a port of call for the United States Coast Guard.

## Foreign relations

*Main article: Foreign relations of the Cayman Islands*

The foreign relations of the Cayman Islands are largely managed from the United Kingdom, as the islands remain an overseas territory of the UK. However, the Government of the Cayman Islands often resolves important issues with foreign governments alone, without intervention from Britain. Although in its early days, the Cayman Islands' most important relationships were with Britain and Jamaica, in recent years, a relationship with the United States has developed.

Though the Cayman Islands are involved in no major international disputes, they have come under some criticism due to the use of their territory for narcotics trafficking and money laundering. In an attempt to address this, the Government entered into the Narcotics Agreement of 1984 and the Mutual Legal Assistance Treaty of 1986 with the United States, in order to reduce the use of their facilities associated with these activities. In more recent years, they have stepped up the fight against money laundering, by limiting banking secrecy, introducing requirements for customer identification and record keeping, and requiring banks to cooperate with foreign investigators.

Due to their status as an overseas territory of the UK, the Cayman Islands have no representation either on the United Nations, or in most other international organizations. However, the Cayman Islands still participates in some international organizations, being a full member of the Central Development Bank, and an associate member of Caricom and UNESCO, and a member of a sub-bureau of Interpol.

## Sport

Association football is the national and most popular sport.

Rugby union in the Cayman Islands is a developing sport, and has its own national men's team, women's team and Sevens team.

The Cayman Islands are members of The International Cricket Council, FIFA, the International Olympic Committee and the Pan American Sports Organization, and also compete in the biannual Island Games.