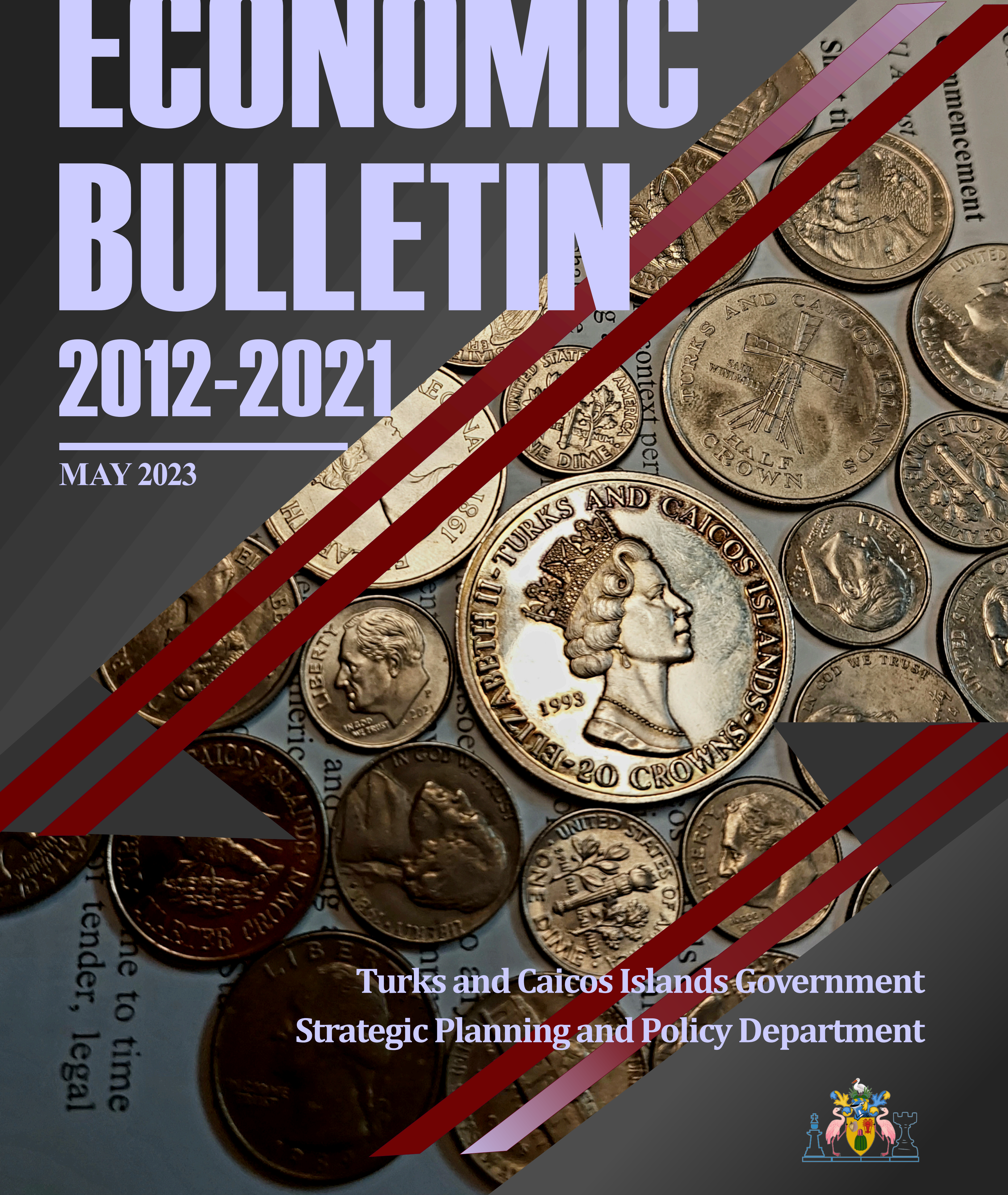
ECONOMIC BULLETIN 2012-2021

MAY 2023



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ECONOMIC BULLETIN 2012 - 2021

Review of the National Economy

Preface

The Economic Bulletin is an annual publication which analyses the macroeconomic performance of the Turks and Caicos Islands (TCI); prepared by the Strategic Planning and Policy Department (SPPD) within the Office of the Premier and Public Policy. This inaugural document is a key part of the Department's macroeconomic surveillance undertaking to produce analytical findings based on data primarily attained from the Department of Statistics, Turks and Caicos Islands Financial Services Commission (TCIFSC), other key departments of the Turks and Caicos Islands Government (TCIG) and the private sector. Like all countries, there is a need for our stakeholders to understand our past macroeconomic performance to optimise our strengths, avoid the repetition of past mistakes and strategically guide the national economy towards the path of continued economic growth, development and sustainability. Whilst this first issue would cover the 2012–2021 period, the SPPD seeks to capture 2022 national macroeconomic activities in its subsequent edition to pave the way for opportune annual assessments.

This Economic Bulletin intends to provide all stakeholders with useful information on the macroeconomic outlook for global, regional and domestic economies. More so, careful analyses would be conducted to review the TCI's Tourism and Non-Tourism Sectors. For Tourism, special emphasis would be placed on both stay–over arrivals and the cruise ship industry to aid marketing strategies and programmes for the TCI to remain competitive with less risk. Non-Tourism activities would focus on TCI's Construction, Agriculture, Fishing, Real Estate and Financial Sectors. This document would also provide useful data analytics which would review the TCI's Trade, Labour and Inflation performance. Critical data would also be used to examine the TCIG's debt position; the results of which seeks to provide essential information to citizens, residents, partners and other stakeholders

ACKNOWLEDGEMENTS

The Economic Bulletin is a product of the efforts and contributions of several persons and institutions. The Strategic Planning and Policy Department acknowledges the support attained from the staff at the Department of Statistics who answered all data–related queries which were posed in the midst of their hectic surveying schedule. The SPPD also wishes to express its utmost gratitude for the timely review of financial data and feedback received from the Turks and Caicos Islands Financial Services Commission (TCIFSC), Financial Services and Supplies Management Department, Financial Intelligence Agency of the Turks and Caicos Islands (TCIFIA) and Invest Turks and Caicos Islands (TCI). The completion of the bulletin would not have been made possible without the engagement, particiapation and feedback attained from all TCIG stakeholders during the engagement sessions conducted. The commitment, professionalism and vital contributions attained from the Staff of the SPPD in preparing this Economic Bulletin are also recognised with sincere appreciation.

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GLOSSARY OF TERMS

AML	Anti Money Laundering
BOB	Bank of Barbados
BoP	Balance of Payments
BOT	British Overseas Territories
BLU	Business Licensing Unit
BMCs	Borrowing Member Countries
BVI	British Virgin Islands
CBTT	Central Bank of Trinidad and Tobago
CFT	Counter Terrorist Financing
CDB	Caribbean Development Bank
CIBC	Canadian Imperial Bank of Commerce
COVID-19	Coronavirus Disease
CPA	Country Poverty Assessment
CSP	Company Service Providers
DMO	Destination Management Organisation
DNFBP	Designated Non-Financial Businesses and Professions
EU	European Union
FACTA	Fair and Accurate Credit Transactions Act
FATF	Financial Action Task Force
FDI	Foreign Direct Investments
FIA	Financial Intelligence Agency
FIU	Financial Intelligence Unit
FSS	Financial Services Sector
GDP	Gross Domestic Product
GOTCI	Government of The Cayman Islands
IBC	International Business Companies
IMF	International Monetary Fund
Invest TCI	Invest Turks and Caicos Islands
IPA	Investment Promotion Agency
LFPR	Labour force Participation Rate
MSB	Money Services Business
MPCCS	Manufacturing, Processing and Commercial Cleaning Services
MSME	Micro, Small and Medium Enterprise
NAFTA	North America Free Trade Area
NPO	Non-Profit Organisation
OECS	Organisation of Eastern Caribbean States
OFC	Offshore Financial Centers
PARC	Producer-Affiliated Reinsurance Company
PSIP	Public Sector Investment Programme
RBC	Royal Bank of Canada
SAR	Suspicious Activity Report
SDF	Special Development Fund
SDG	Sustainable Development Goals
SPPD	Strategic Planning and Policy Department

Glossary of Terms

STR	Suspicious Transactions Report
S&P	Standard and Poors
TCI	Turks and Caicos Islands
TCIFIA	Financial Intelligence Agency of the Turks and Caicos Islands
TCIFSC	Turks and Caicos Islands Financial Services Commission
TCIG	Turks and Caicos Islands Government
UHNWI	Ultra-High Net-Worth Individual
UK	United Kingdom
UR	Unemployment Rate
US	United States of America
USD	United States of America Dollar
WEO	World Economic Outlook
WB	World Bank

Explanatory Notes

Period Covered: This Economic Bulletin covers all documents relating to macroeconomic activities during the 2012-2021 calendar year for the Turks and Caicos Islands (TCI).

Symbols: - The following symbols and conventions are used in this bulletin.

...	Not available, Nil or negligible
n.e.s.	Not elsewhere specified
p	Provisional data
r	Revised data
*	See notes available
YTD	Year to date
Mn	Million

Users should note that:

a. Data in tables are subject to periodic revisions as more updated information becomes available.

b. Due to rounding, the sum of separate items may differ from the totals shown.

1

Overview of 2020-2021 and Outlook for 2022-2023

OVERVIEW OF 2020-2021 AND OUTLOOK FOR 2022-23

1.1 GLOBAL ECONOMIC OVERVIEW OF 2020-2021 AND OUTLOOK FOR 2022-2023

According to the International Monetary Fund (IMF) in its January 2023 edition of the World Economic Outlook (WEO), global economic activity was projected to grow by 3.4 percent in 2022 and dip by 0.5 percentage point to 2.9 percent in 2023. This aggregated trend reflects the performance of the following economies and regions: The Euro area, the United Kingdom (UK), India, and Latin America and the Caribbean and South Africa. In regards to the projection:

"*Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The forecast for 2023 is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook (WEO) but below the historical (2000–19) average of 3.8 percent. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017–19) levels of about 3.5 percent*" IMF January 2023

Advanced economies are forecasted to experience growth to the tune of 1.2 percent and 1.4 percent respectively for the years 2023 and 2024. This echoes the increasing global growth rate trend for 2024 yet falls short of the projected growth for the Emerging Market and Developing Economies of 4.2 percent. Japan was the only advanced economy projected to experience improved growth in 2023 compared to 2022. Conversely, Japan and the United States of America (US) are the only advanced economies projected to experience worsened growth in 2024 to 0.9 percent and 1.0 percent respectively. The January 2023 forecast for the US would have improved by 0.4 percentage point to 1.4 percent in 2023 in comparison to the October 2022 forecast, due to the carryover effects from domestic-demand resilience in 2022. Positive growth is projected to further decline to 1.0 percent in 2024 due to the contractionary monetary policies to combat inflation; the Federal Reserve rate is anticipated to peak at approximately 5.1 percent in 2023. This is of critical importance as the US is the major trading partner of the Turks and Caicos Islands.

Table 1.
International Economic Assumptions 2012-2023$_p$ (%)

Geogrphic Area	Actuals (%)								Estimates (%)		Projection (%)	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
World Growth	1.9	2.0	2.1	2.1	2.0	2.6	2.4	2.8	-3.0	6.2	3.4	2.9
US	1.5	1.2	1.8	2.3	1.0	1.7	2.4	2.2	-3.4	5.9	2.0	1.4
Canada	0.7	1.3	1.8	-0.1	0.0	1.9	0.6	1.9	-5.2	5.0	3.5	1.5
UK	0.8	1.5	1.8	1.5	1.1	1.3	0.7	1.4	-9.3	7.6	4.1	-0.6
China	7.4	7.3	6.7	6.4	6.2	6.4	6.3	6.0	2.2	8.4	3.0	5.2
Euro Area	-1.2	-0.5	1.1	1.7	1.6	2.4	1.7	1.3	-6.1	5.3	3.5	0.7
Latin America and the Caribbean	1.7	1.7	0.1	-0.8	-1.9	0.2	0.1	0.1	-7.0	7.0	3.9	1.8
Emerging Markets and Developing Economies	3.7	3.5	3.1	2.8	3.0	3.4	3.2	3.7	-1.9	6.7	3.9	4.0
Low-income Developing Countries	2.0	3.5	3.9	2.2	1.6	2.6	2.8	5.3	0.1	4.1	4.9	4.9

Source: IMF World Economic Outlook – January 2023

The Emerging Markets and Developing Economies' growth projection mimicked the Advanced and World Economy since increased growth of 4.0 percent and 4.2 percent are expected for years 2023 and 2024. This represented a more optimistic outlook for 2023 by 0.3 percentage point and worsened outlook for 2024 by 0.1 percentage point in comparison to the October 2022 report. The results are anticipated given the improved 2023 growth projections for Emerging Market and Developing Asia, Europe, Latin America and the Caribbean and Sub-Saharan Africa. The Middle East and Central Asia was the only sub-region which experienced a worsened outlook for 2023 by 0.4 percentage point to 3.2 percent, stemming from SaudiArabia's lower-than-projected oil production. Although 2024 improved growth of 4.2 percent is projected for the region, this would have been a 0.1 percent decline to the October 2022 report, partially due to tighter financial conditions, lower prices of exported commodities and downward revisions to trading partner growth within the region.

The United Kingdom's economy is expected to decline by -0.6 percent in 2023 and grow by 0.9 percent in 2024; (0.9 percentage point lower in 2023 than forecasted in the October 2022 WEO). The less-optimistic forecast is due to the steep contractionary monetary and fiscal policies utilised to combat inflation, financial conditions and consistent high energy price effects on the purchasing power of consumers. Like the world economy, improved growth in anticipated for the UK in 2024. The Euro area is projected to grow by 0.7 percent and 1.6 percent in years 2023 and 2024 respectively. The January forecast for 2023 reaped a more optimistic projection for the Euro Area in comparison to the October 2022 report, by 0.2 percentage point, due to the carryover from the 2022 outturn, lower wholesale energy prices and anticipated strategic fiscal interventions in the form of energy price controls and cash transfers. For instance, at present, both Germany and Italy are projected to realise economic growth of 0.1 percent and 0.6 percent respectively in comparison to the October 2022 projection of economic declines. Increased positive growth are also projected for Germany, France, Italy and Spain in 2024.

The Chinese economy is anticipated to grow by 5.2 percent in 2023 and decline to 4.5 percent in 2024, an improved 2023 outlook by 0.8 percentage point as a consequence of rapidly improving mobility. The 2024 projected worsened growth is influenced by anticipated declining business dynamism and slow progress on structural reforms. Over the medium term, this poses a risk for economic activities within the Caribbean region due to China's critical influence on global supply chains. India's economic growth for 2023 remained at 6.1 percent in comparison to the October 2022 report. Like most Advanced economies, growth declined in 2023 compared to 2022's 6.8 percent. However, like the world and advanced economies, growth is projected to improve by 6.8 percent as a consequence of India's resilient domestic demand despite external headwinds.

The Low-Income Developing Countries, are the only entities projected to experience increasing positive growth between 2021 and 2024. This was reflected by the rise in growth from 2021's 4.1 percent to 2022 and 2023's 4.9 percent and then 2024's 5.6 percent. Although the growth rate increased by 0.1 percentage point to 4.9 percent in 2022, 2023's forecast remained at October 2022's 4.9 percent. Unexpected domestic demand resilience, higher-than-expected growth in major trading partner economies and greater-than-expected fiscal support, increased the 2023 growth projection by 0.1 percentage point to 1.8 percent for Latin America and the Caribbean in January 2023 compared to October 2022. Conversely, tighter financial conditions, lower prices of exported commodities, and downward revisions to trading partners' growth, decreased the 2024 growth projection by 0.3 percentage point to 2.1 percent for the region

The result of the WEO is based on the caveat of an environment of inflation peaking amid slow growth. The economic outlook also identified the possibility of pent-up demand fuelled by excess private savings, either boosting economic growth or further stimulating core inflation. Concurrently, on the downside, the possible stall in the Chinese economy's growth due to COVID-19-related health issues and real estate constraints, the possible escalation of the war in the Ukraine and the presence of debt distress in emerging market and developing economies are just a few of the adverse risks which could threaten the growth potential of the world economy.

1.2 REGIONAL ECONOMIC OVERVIEW OF 2020-2021 AND OUTLOOK FOR 2022-2023

In 2019, the World Bank would have ascertained that "*the Caribbean is still recovering from the unprecedented hurricane season in 2017. Even so, the region has huge economic potential and growth opportunities. With its stunning scenery and vibrant cultures drawing visitors from across the globe, it is one of the world's top tourist destinations. The region, however, is extremely vulnerable to climate change and natural disasters, and the damages can surpass the annual Gross Domestic Product (GDP) of some nations. Indeed, natural disasters cost the region an estimated US$8.6 billion between 1996 and 2015. Since then, major hurricanes including Irma and Maria in 2017 caused even more damages. Investing to prepare for climate change and natural disasters will be critical for the region's resilience and the reduction of human and economic costs. Many small economies in the Caribbean, particularly the tourism-dependent economies, have been growing faster in the last three years. GDP growth rates in 2017 averaged 1.7 percent in service-oriented economies. The Dominican Republic did even better, growing by an estimated 4.6 percent. Others did not fare so well. Belize, Suriname, and Trinidad and Tobago continue to face the aftershocks of the 2014 drop in world prices for oil and other commodities*." World Bank, 2019

Later on, in its October 2021 Semi-annual report, the World bank determined that "*Caribbean economies populate the bottom end of the growth distribution as they heavily rely on tourism flows that are recovering slowly. St Vincent and the Grenadines, Suriname, and Haiti, still recovering either from disasters or political upheaval, are expected to lose 6.1, 3.5, and 0.8 percent of GDP, respectively. The Bahamas, Barbados, Jamaica, Grenada and St Lucia are expected to grow between 2.0 and 3.5 percent in 2021*." All countries excluding Barbados and Haiti would have exceeded the 2021 economic growth projections; these were expected given the then uncertainty of the global pandemic. See Table 2 below.

Table 2.
Regional Economic Growth 2017-2021

Countries	2017	2018	2019	2020	2021
	GDP (%)				
Organisation of Eastern Caribbean States					
Antigua and Barbuda	3.1	6.9	4.9	-20.2	5.3
Dominica	-6.6	3.6	5.5	-16.6	6.7
Grenada	4.4	4.4	0.7	-13.8	4.7
Montserrat	-3.8	4.0	4.5_p	n.a.	n.a.
Saint Kitts and Nevis	0.0	2.1	4.1	-14.5	0.9
Saint Lucia	3.4	2.9	-0.7	24.5	12.2
Saint Vincent and the Grenadines	1.7	3.1	0.4	-5.3	1.4
Commodity/Energy Producing Countries					
Jamaica	1.0	1.9	0.9	-10.0	4.6
Guyana	3.7	4.4	5.4	43.5	20.4
Suriname	1.6	5.0	1.2	-16.0	-2.7
Trinidad and Tobago	-4.7	-0.9	0.1	-7.7	-1.0
Belize	-1.7	1.1	4.5	-13.4	15.2
Other Caribbean Islands					
The Bahamas	3.0	1.8	1.9	-23.9	13.7
Barbados	0.5	-1.0	-0.1	-13.3	-0.2
Haiti	2.5	1.7	-1.7	-3.3	-1.8
British Overseas Territories					
Anguilla	-9.6	11.8	5.0	-30.8	n.a.
Bermuda	3.6	-0.4	0.3	-6.8	5.4
The British Virgin Islands	0.7	2.2	n.a	n.a.	n.a.
The Cayman Islands	3.2	4.3	3.9	-5.1	4.0
The Turks and Caicos Islands	-2.5	5.6	5.3	-26.8	9.0

Source: CDB, Department of Statistics, BOB, CBTT and the World Bank

The Organisation of Eastern Caribbean States

For most Organisation of Eastern Caribbean States (OECS) member countries, tourism is the main driver of economic activities. In 2020 all OECS member countries would have experienced a decline in output from a low of -5.3 percent in St. Vincent and the Grenadines to a high of -20.2 percent in Antigua and Barbuda as a consequence of the COVID-19 pandemic. Aggregate output not only declined, but unemployment increased due to the non-availability of jobs in the wake of the stringent travel containment measures designed to curb the spread of the virus. This was evidently true for both Antigua and Barbuda and Grenada.

The public finances of the OECS were also adversely impacted given the increased compulsory demands to protect the health, economic and social livelihoods of residents. The increased fiscal pressure would have been evidenced as five (5) of the seven (7) countries which attained emergency loans from the Caribbean Development Bank (CDB)'s Special Development Fund (SDF) were OECS member states. More so, the combination of these five (5) nations received 65.2 percent of the $66.7 million of emergency loans issued. The pandemic also dampened the initial economic recoveries which were stimulated in the wake of the reconstruction efforts stemming from the passages of Hurricanes Irma and Maria in 2017.

Despite the significant dent to progress, 2021 saw a recovery of growth as a consequence of the return of tourist arrivals. Reopened borders not only welcomed tourists but also stimulated aggregate hotel and restaurant activities. For instance, all OECS member states realised positive growth in 2021, of which St. Lucia surpassed its fellow members by gaining the only double-digit growth of 12.2 percent. Although economies would have faced inflationary impacts stemming from Russia's war with Ukraine, the outlook for the region continues to be positive.

The British Overseas Territories (BOTs) in the Caribbean

Like the OECS member states, Tourism is the dominant sector for most BOTs in the Caribbean due to their comparative natural capital advantage. Whilst this feature is the foundation of the tourism sector, looming vulnerabilities exists from natural disasters. 2020 revealed the territories' vulnerability to external global health threats as evidenced with the arrival and then persistence of the Coronavirus. All BOTs incurred aggregate economic declines as a consequence of the national lockdown measures to protect human capital. Of the BOTs, the Cayman Islands and Bermuda experienced the least declines of -5.1 and -6.8 percent respectively as a consequence of their government's strategic interventions and influence of the non-tourism sectors to the aggregate economy. Conversely, given their extreme tourism dependence, both Anguilla and the Turks and Caicos Islands faced double-digit declines of -30.8 and -26.8 percent respectively.

Although the BOTs' fiscal balance and unemployment would have worsened during the 2020 period, recovery was on the horizon in 2021. For instance, in 2021, the Cayman Islands, Bermuda and the Turks and Caicos Islands would have gained 4.0, 5.2 and 9.0 percent of aggregate economic growth respectively. Growth projections of 6.2 and 5.5 percent are anticipated for the Turks and Caicos Islands in 2022 and 2023 as the economy returns to its pre-COVID-19 levels of economic activity.

The Commodity and Energy Producers

Guyana was the only country within the Caribbean region to realise double-digit growth in 2020 to the tune of 43.5 percent as a consequence of its riveting oil exploration and production activities which commenced in 2019. The rate of growth declined to 20.1 percent in 2021 as the economy has commenced settling to its new norm. Conversely, Suriname, Belize, Jamaica and Trinidad and Tobago realised 2020 economic declines of -16.0, -13.4, -10.0 and -7.7 percent respectively. Like its tourism-driven neighbours, Jamaica would have experienced a sharp decline in output and rise in unemployment due to the significant fall in tourist arrivals. The revival of its tourism industry and aggregate operations, led to the 4.6 percent recovery in 2021. Despite the rise in energy prices, Trinidad and Tobago's natural gas shortages and curtailment in the availability for downstream sector activities would have fuelled the economic declines for the natural gas-based economy in both 2021 and 2022. However, optimism is on the horizon given the US would have granted a license to both Trinidad and Tobago and Venezuela to recommence its former natural gas exploration initiative. Venezuela was and continues to remain under US oil sanctions since 2019. More so, Suriname's mining, manufacturing and transportation industries were not spared since the combination of stringent health restrictions and fiscal constraints contributed to the -16.0 and -2.7 percent reduction in 2020 and 2021's respective aggregate output.

Other Caribbean Islands

The Bahamas and Barbados experienced sharped declines of -23.9 and -13.3 percent in 2020, mainly as a consequence of the ravished tourism industry. This came as a result of the COVID-19 pandemic which required the closure of countries' borders. The Bahamas recovered by 13.7 percent in 2021 as a consequence of the strategic vaccination efforts to spur the revival of its tourism industry. In 2021 Barbados' rate of decline reduced to -0.2 percent as the country continued its economic recovery and transformation plan which included the restructuring of its domestic and external debt. Medium-term growth is anticipated as Barbados continues its structural reforms and the globe slowly returns to the economic norm. Haiti's -3.3 and -1.8 percent declines in 2020 and 2021 respectively, reflected lessened economic activity due to the pandemic and overall social unrest.

Outlook

Whilst most Caribbean countries welcome the world to their breath-taking shores through their thriving tourism industries, they are all vulnerable to natural disasters since most of these islands lie on the hurricane belt. The intermittent strike of natural disasters not only leads to the loss of lives; it damages the islands' infrastructure and livelihoods. Although the economic outlook is positive for the Caribbean, 2020 would have proven to the region that threats beyond natural disasters in the forms of reduced global aggregate demand and supply can have even greater devastating impacts on the region's sustainability and resource security. More so, the consequences of these external shocks led to Caribbean countries' attainment of additional loans from both the CDB and the IMF resulting in worsenced debt to GDP ratios. This would have been evidenced following recent natural disasters and the 2020 COVID-19 pandemic.

Within recent years, Tourism, the Financial Services Sector (FSS) and Construction operations led to economic growth being realised for many Caribbean economies. The FSS is reputed to have significant spare capacity for potential growth in the Turks and Caicos Islands economy. One looming threat exists in the form of the EU Transparency Initiative. Whilst the initiative admirably seeks to constrain the incidence of tax abuse/evasion by international companies (registration of companies despite having minimal presence in the territory), the consequence of being blacklisted poses a threat to Caribbean economies. For instance, if blacklisted, the territory will face difficulties accessing EU-funded programmes, while European companies doing business in those jurisdictions have to take additional compliance measures. Whilst this initiative aims to realise global tax good governance, questions surrounding its fairness arises based on the limited European tax havens that are either grey or black-listed since 2017, limited resources and power of the BOTs to defend themselves against the considerable reputational damage the initiative's conclusions would have had on the Caribbean community. More so, the ardent measures of Caribbean communities to either amend their laws and tax systems to comply with international standards may constrain their fiscal space.

At present, sustainable growth is essential for all Caribbean economies as none were immune to the venom of the COVID-19 pandemic. As growth prospects within the region partly depend on global developments, IMF's 2022 and 2023 global growth rates of 3.4 and 2.9 percent respectively are anticipated to realise a positive outlook for the Caribbean.

1.3. DOMESTIC ECONOMIC OVERVIEW OF 2020-2021 AND OUTLOOK FOR 2022-2023

Overview of Economic Developments in 2020-2021

The TCI economy was firmly back on the path towards sustainable growth in 2021 having realised positive real growth of 9.0 percent; a recovery from 2020's -26.8 percent economic decline. This growth was primarily driven by the TCI's tourism sector as stay–over arrivals increased by 145.9 percent from 164,539 to 404,664. The recovery of tourist arrivals stimulated the 15.0 percent growth in the Hotel and Restaurant Sector, thus, critical efforts to sustain TCI's international competitiveness in the tourism industry did paid off. Robust economic growth in TCI's Construction, Real Estate and Retail Trade sectors would have been fuelled by tourism in 2021 given the strong intrinsic linkages among them.

In 2021, the TCI had a recovering macroeconomic environment and relatively healthy public finances. As a result, the Government had an improved fiscal planning horizon in the wake of 2020's uncertainty. The bid for a stable macroeconomic environment is a necessary condition for the future growth and development of the TCI. Hence, the Government continued to focus on short-term macroeconomic management, which complemented its long-term development policy initiatives. Towards this end, the TCIG practiced fiscal prudence by allocating expenditure to fuel national economic activity and protect citizens' livelihoods whilst deliberately they attained no additional debt and continued to build reserves. As such, following FY2020/21's net operating fiscal deficit, the government recovered with a fiscal surplus in FY2021/22.

The Department of Statistics' calculations saw TCI's inflation averaged 4.5 percent in 2021, after a 2.2 percentage point increase from 2020's rate of price increases. In the TCI, inflation is largely driven by external influences, in particular, inflation in the US and the then rise in supply chain shortages. Conversely, unemployment slightly declined by 2.0 percentage points to 9.0 percent in 2021 as a result of the economy's recovery efforts.

Macroeconomic Outlook – 2022-2023

Projected figures from the Department of Statistics showed that the TCI economy grew by 6.2 percent in 2022. This overall positive growth was attributed to contributions from the Hotel and Restaurant, Construction and Real Estate sectors. The TCI economy continued to experience economic growth stemming from strategic fiscal decisions made over the medium term. Since the 2017 hurricanes and 2020 pandemic, the TCIG's recurrent expenditure and Public Sector Investment Programme (PSIP) continued to focus on more efficient ways of works, renovations, construction of buildings, road works and enhanced climate resilience. This helped stimulate economic activity. Furthermore, Foreign Direct Investments (FDI) geared towards the tourism sector's construction developments, continued to stimulate business confidence and economic growth.

Although 2022 projected growth in the TCI exceeded the economy's pre-pandemic average, lessened positive growth of 5.5 percent is projected for 2023 as the economy stabalises from its initial sharp 2021 v-shaped recovery. This stable growth was reflected in the Standard and Poor's (S&P) 2022 credit rating of 'BBB+/A-2' for the TCI. S&P determined that "*Strong Tourism recovery will support economic growth and fiscal revenues" in addition, "high vaccination rates and strong demand from key tourism markets will support recovery prospects into 2022*". More so, it is expected that "*Government's fiscal position will strengthen as revenues recover along will tourism*"; see Appendix 1 for TCI's S&P credit ratings for the period 2017 -2022. The TCI recognised the importance of practicing fiscal prudence as an important aspect of its future growth and development prospects. Consequently, the Government sought to ensure that its short-term macroeconomic management (three-year plans) intentionally complemented its long-term development policy initiatives (Vision 2040).

Initial projections anticipate inflation reducing to 3.5 percent in 2023; this is subjected to the geopolitical and global supply implications of the Russia/Ukraine war and implications of the US Federal Reserve's contractionary monetary policies. Unemployment is projected to reduce to 8.0 and 7.0 percent respectively in 2022 and 2023 as the economy continues to recover and with it, the rise of employment from TCI's core economic sectors.

In the midst of TCI's unavoidable challenges, an optimistic economic outlook is anticipated over the next two (2) years. This was forecasted given the TCI's strategic policy measures to enhance its resilience and courage to adapt to the dynamic global environment. For instance, measures were put in place to realise growth through key institutions. One of these institutions is Invest TCI, which is the investment promotion agency for the TCI. It strategically provides an enabling business environment in the TCI for local, regional and foreign investment. These investment initiatives seek to develop projects which not only reap competitive returns but also benefit the national economy through added employment. The Micro, Small and Medium Enterprise (MSME) programme is another venture implemented by the TCIG under Invest TCI to lay the foundations for economic diversification through its core priority areas. FDI would have been relatively stable in the TCI which grew by 3.0 percent in 2021 and projected to attain the same positive growth to 2023.

As a strategic move to improve the performance of the Tourism industry, the Government would have initiated the process to restructure and modernise the entity responsible for the management and marketing of the tourism sector to create a new and smart Destination Management Organisation (DMO). The DMO seeks to uitilise state-of-the-art data management techniques and the latest technology to identify the best possible targeted tourism markets for the TCI. This new approach to tourism also seeks to foster greater collaboration between the government and the private sector. The strategic emphasis of the DMO seeks to increase and diversify tourist arrivals from other destinations, while simultaneously maintaining or increasing the number of arrivals from its core target market (US and Canada). In the midst of optimising the value of TCI's tourism product, protection of its natural capital is also deemed of paramount importance. Other complementary efforts were anticipated to be led and guided by Vision 2040 and the 2030 Sustainable Development Goals (SDGs), which will serve as a catalyst to develop and foster higher and more sustainable economic growth for the TCI. With these strategic measures implemented, Nominal and Real GDP growth for 2023 is forecasted at 8.1 and 5.5 percent respectively.

2

National Accounts

NATIONAL ACCOUNTS

This section would review the Domestic Production, Tourism and Non-Tourism operations of the Turks and Caicos Islands within the period 2012-2021.

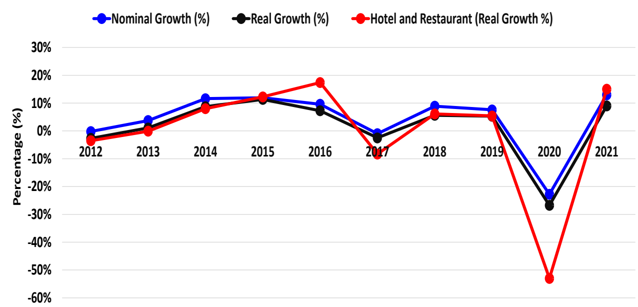
2.1 DOMESTIC PRODUCTION

The Turks and Caicos Islands is globally renowned for being one of the highest tourism-dependent economies of the globe. More so, its reputational resilience to rebound from natural disasters and external shocks has proven that this is an economy to look upon within the Caribbean region. Within the 2012–2017 period, domestic economic activity proved to be resilient as growth was initially realised until 2017's negative shock. Real growth peaked at 11.3 percent in 2015 primarily as a consequence of the 12.2 percent increase in Hotels and Restaurants activities. Thereafter, both Nominal and Real GDP grew at decreasing rates until 2017.

The 2017 -2.5 percent decline was as a consequence of the impacts of Hurricanes Irma and Maria which ravished many islands of the TCI. However, recovery was on the horizon in 2018 and 2019 as strategic efforts were made to rebuild and restore the private, public and commercial infrastructure which were damaged. Chart 1 below illustrates the trend in Nominal and Real growth for the 2012-2021 period and shows their high degree of correlation with the Hotels and Restaurant Sector.

2018-2019 witnessed positive growth for Nominal GDP, Real GDP and Hotels and Restaurants activity which averaged 8.2, 5.5 and 5.8 percent respectively. However, in 2020, the COVID-19 pandemic caused sharp declines in TCI's Nominal GDP, Real GDP and Hotel and Restaurant activity by -22.8, -26.8 and -53.0 percent respectively due to the global and national lockdowns measures to contain the spread of the Coronavirus. The Hotels and Restaurants sector was one of the hardest hit by the pandemic due to the restrictions on travel and tourism, as well as the closure of many restaurants and hotels. In 2021, as the world began to recover from the pandemic, notable improvements in macroeconomic indicators, mimicked a V-Shaped recovery, indicating significant positive growth in comparison to the previous year. As evidenced, TCI's 2021 revised estimates of Nominal GDP, Real GDP and Hotels and Restaurants activity grew by 13.0, 9.0 and 15.0 percent respectively. Optimistic positive growth is projected for the economy in both 2022 and 2023 which will be further expounded later in this chapter.

Chart 1.
Real GDP, Nominal GDP and Hotel and Restaurants Sector growth rates (2012-2021) (%)

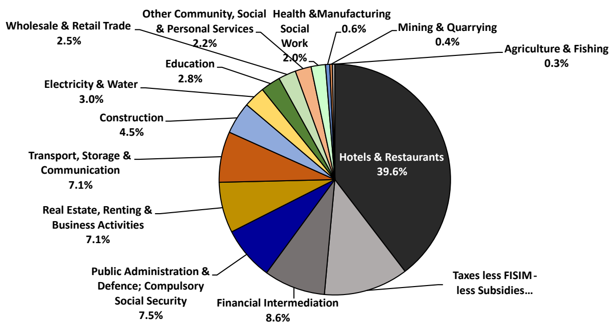


Source: Department of Statistics

Although the TCI economy is vulnerable to external shocks, it is back on the path to sustainable international competitiveness in the tourism industry as the TCI's brand of tourism remains strong. This is of critical importance given the Hotel and Restaurant sector's average pre-pandemic share of the domestic economy equated 39.2 percent which reached a high of 41.9 percent in 2016. In 2019, the Hotel and Restaurant sector's share of national output equated 39.6 percent whilst 2020 realised its lowest contribution of 25.4 percent in more than a decade. See charts 2 and 3 below. This in large part was due to the curtailment in international travel in the midst of the pandemic.

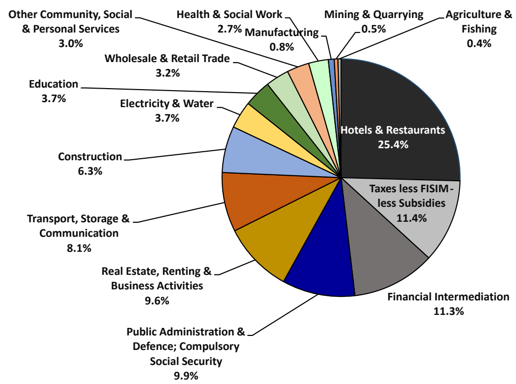
The strategic efforts and investments made today are on chart to further enhance and cement the unmatched tourism product the TCI has to offer. In the midst of these recuperation efforts, the sectoral distribution of the TCI's GDP is deemed to pose an inherent risk given the high sectoral concentration of the Tourism sector. Consequently, efforts are being made to realise economic diversification by improving the performance of the Financial Intermediation, Real Estate, Renting, & Business Activities, Transportation, Storage & Communication, Public Administration and Defence and Agriculture and Fishing sectors which accounted for 11.3 percent, 9.6 percent, 8.1 percent, 9.9 percent and 0.4 percent respectively in 2020.

Chart 2.
Sectoral Distribution of Turks and Caicos Islands Economy in 2019 (%)



Source: Department of Statistics

Chart 3.
Sectoral Distribution of Turks and Caicos Islands Economy in 2020 (%)



Source: Department of Statistics

Table 3 below gives a snapshot of the macroeconomic performance of the TCI. Overall, the TCI realised conservative growth of 13.5 percent in Real GDP from $537.6 million in 2012 to $610.4 million in 2021. Within the period, TCI's GDP would have peaked in 2019 at $764.7 million fuelled by the then robust tourism industry. There were only two periods in which the TCI experience economic declines. The first decline by -2.5 percent was attributed to the devastating impacts of Hurricanes Irma and Maria in 2017. The second notable decline in 2020 by -26.8 percent; this was as a consequence of the COVID-19 pandemic. The pandemic significantly impacted the economy, resulting in a decline in the Nominal GDP per capita from its peak of $27,877 in 2019 to a five-year low of $20,655 in 2020. This decline was due to the -22.8 percent fall in nominal GDP, coupled with a 3.7 percent increase in the population from 43.0 thousand in 2019 to 44.5 thousand in 2020.

Following the strategic capital developments geared towards the islands' recovery from the pandemic and large-scale development projects, further growth of 9.0 and 8.1 percent are anticipated for 2022 and 2023 respectively. Analyses of TCI's Population, Inflation, Trade, Investment and Labour would be reviewed in subsequent chapters of the Bulletin.

Table 3.
Domestic Macroeconomic Assumptions (2012–2023$_p$)

	Actuals									Revised Estimates	Projections	Projections
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Nominal GDP (US$ Billion)	0.73	0.75	0.84	0.94	1.03	1.02	1.1	1.2	0.92	1.04	1.14	1.23
Nominal GDP Growth (%)	-0.2	3.7	11.6	11.9	9.6	-1	8.9	7.6	-22.8	13.0	9.0	8.1
Real GDP (%)	-2.7	1.1	8.7	11.3	7.3	-2.5	5.6	5.3	-26.8	9.0	6.2	5.5
CPI (%)	3.1	2.5	2.3	2.2	2	2.1	2.1	2.2	2.3	4.5	6.0	3.5
Population	32.2	33.7	35.2	36.7	37.9	39.8	41.4	43	44.5	46.1	47.7	49.3
Nominal GDP per capita $)	16,719.0	16,134.0	16,796.0	17,921.0	27,234	25,695	26,909	27,877	20,655	23,628	25,985	27,784
Value of Imports (US$ Million)	343.7	345.0	406.2	409.7	389.3	432.6	483.7	487.6	349.9	485.9	681.4	556.6
Exports (US$Million)	14.8	5.9	6.5	4.6	4.5	2.3	5.8	5.3	4.1	11.3	2.6	4.6
Balance of Trade (US$Million)	-328.9	-339.1	-399.8	-405.0	-384.8	-430.2	-477.9	-482.3	-345.8	-474.7	-678.8	-561.2
Foreign Direct Investment (%)	n.a	n.a.	5.6	5.8	4.4	-1	2.5	3	2.5	3	3	3
Unemployment (%)	17	15	12	11	7	6	7	7	11	9	8	7

Source: Department of Statistics

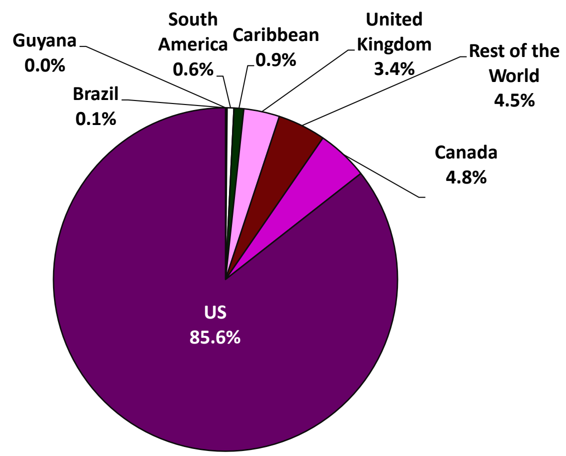
2.2 TOURISM

The tourism industry has been in existence in the Turks and Caicos Islands for over half a century. It replaced the former dominant sector, the salt industry which was the key driver of the TCI economy for over 280 years having commenced in the year 1678. The tourism sector continued to be the main pillar of TCI's economy as it contributed 39.6 percent of total national output, 23 percent of Government revenues and 31 percent of employment in 2012.

The tourism industry is exposed to significant risks due to its importance to the national economy and its highly concentrated international market for both Stay-over arrivals and Cruise Ship arrivals. For instance, in 2019, the US accounted for 85.6 percent of cruise passenger arrivals, while Canada and the United Kingdom (UK) 4.8 percent and 3.4 percent respectively. Although the combinative concentration of these markets increased to 95.3 percent in 2020, the distribution fared better given the US accounted for 77.0 percent whilst Canada and the United Kingdom provided 10.0 percent and 8.3 percent, respectively of cruise ship passengers. See charts 4 and 5 below.

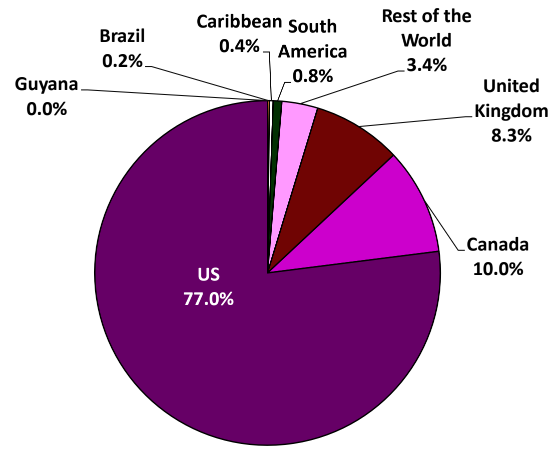
Concurrently, in 2020, the US accounted for 81.7 percent of stay-over arrivals, while Canada and Europe 9.3 percent and 4.5 percent respectively. The combinative concentration of these three markets not only increased to 97.3 percent in 2020, the market distribution fared worse given the US accounted for 84.1 percent with Canada and Europe contributing 10.3 percent and 2.9 percent, respectively (see charts 6 and 7 below). The tourism sector's dependence on a small number of countries leaves it vulnerable to negative shocks from any economic downturns or other shocks in those markets. As a result, the TCI's economy is highly exposed to external shocks and fluctuations in global tourism trends.

Chart 4.
Cruise Arrivals by Nationality 2019 (%)



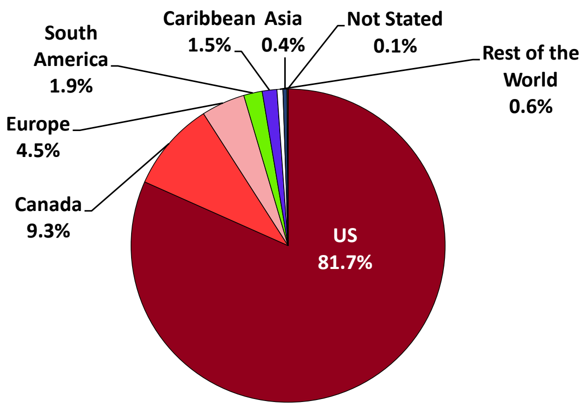
Source: Turks and Caicos Islands Tourist Board

Chart 5.
Cruise Arrivals by Nationality 2020 (%)



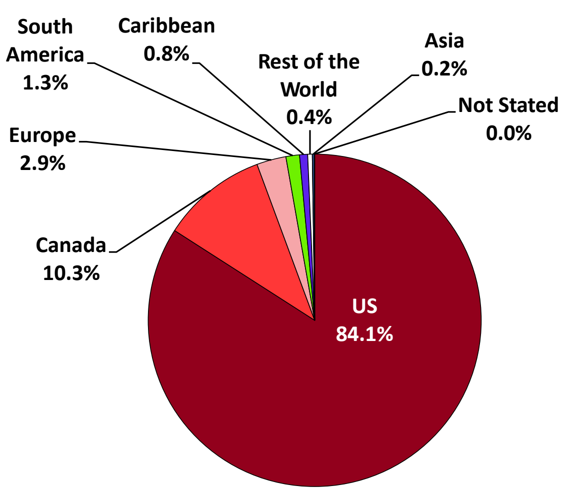
Source: Turks and Caicos Islands Tourist Board

Chart 6
Visitor Stay-over Arrivals by Nationality 2019 (%)



Source: Turks and Caicos Islands Tourist Board

Chart 7
Visitor Stay-over Arrivals by Nationality 2020 (%)



Source: Turks and Caicos Islands Tourist Board

Tourist Arrivals – 2012–2021

In 2019, The Turks and Caicos Islands welcomed a total of 1,598,557 Tourists, a 9.3 percent increase in arrivals to our shores when compared to the previous year's record-breaking figures. Although 2014 realised the highest annual growth in both stay-over and cruise passenger arrivals by 21.7 and 24.8 percent respectively, both were only able to peak five years later in 2019. These arrivals comprised 486,739 Stay-over and 1,111,818 Cruise tourists. Tourist arrivals are essential to the economy of the Turks and Caicos Islands. It was evident that both stay-over arrivals and cruise ship arrivals were adversely affected in 2020, as a consequence of "The Great-Lockdown" caused by the COVID-19 pandemic.

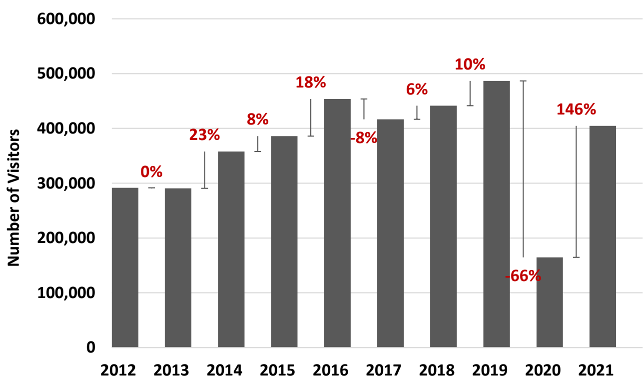
Although stay-over arrivals significantly improved by 2021, cruise passenger arrivals only recovered later on in 2022. Within the 2012-2021 period, Stay-over visitors increased by 38.7 percent from 291,723 to 404,664 visitors whilst cruise ship visitors conversely decreased by 96.1 percent from 676,497 to 26,573 over the same period. The recovery of stay-over visitors would have contributed to the 15.0 percent growth in the Hotels and Restaurants Sector compared to its lackluster 2020 nominal GDP contribution of $192.7 million. The sector's pre-COVID-19 (2012-2019) average growth rate of 5.7 percent was severely impacted by the -51.8 percent nominal reduction of the hotel and restaurant sector. However, 2021's return of visitors allowed the annual average growth to rebound to positive, though minute.

Stay-over Visitors

Over the 2012-2019 period, the number of stay-over visitors increased by 66.8 percent which resulted in its peak at 486,739 passengers. Although a significant double-digit increase within the seven-year period, it was not consistent given stay-over arrivals would have declined by 8.2 percent to 416,434 in 2017, a consequence of passages of hurricanes Irma and Maria. 2020 saw a significant -66.2 percent drop to, 164,539 visitors as a consequence of the closure of borders during the COVID-19 pandemic. However, there was a notable improvement in 2021, with 404,664 visitors arriving to the islands, indicating a 145.9 percent increase in comparison to the previous year.

The growth in stay-over arrivals would have been attributed to increased accessibility for tourists from the US market to TCI's shores through the rollout of the "TCI-Safe" initiative which aided the tracking and reporting of COVID-19 cases. Additionally, the high vaccination rates among the local population, promoted TCI as being opened for business and relatively safe to vaccinated visitors. Moreover, being one of the earlier destinations to reopen its borders, placed the Turks and Caicos Islands ahead of their regional and international competitors as the destination of choice. The stay-over visitor market bears risk from its high concentration in the US market and arrivals' volatility as illustrated in Charts 6 and 7 above. Given the US' dominance of the stay-over arrivals at 84.1 percent in 2020, strategic efforts would have been made by the Turks and Caicos Islands Tourist Board to diversify its market in Europe: (Germany, Italy, London), North America: (Canada) and South America: (Brazil).

Chart 8.
Stay-over Visitors 2012-2021



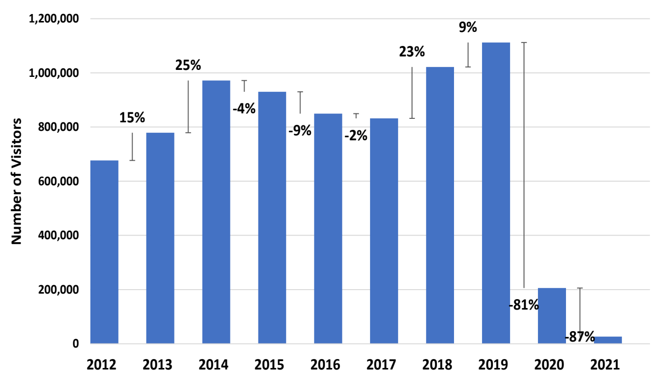
Source: Turks and Caicos Islands Tourist Board

Cruise Ship Passengers

The number of cruise ship passengers would have peaked in 2019 at 1,111,818 having realised positive growth of 23 percent and 9 percent respectively in the years 2018 and 2019. Although within the 2012-2019 period, passenger arrivals increased by 64.3 percent, it was not consistent since arrivals declined by -4.3, -8.6 and -2.1 percent in 2015, 2016 and 2017 respectively. These declines in cruise ship passengers would have been attributed to the limited availability of excursions, entertainment and shopping opportunities for tourists.

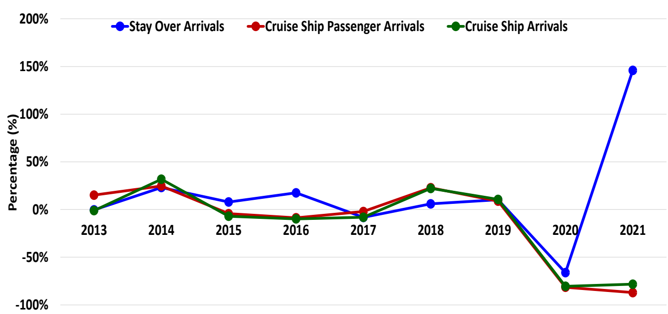
In 2020, cruise ship passenger arrivals also saw a significant decline by -81.5 percent and a further -87.1 percent in 2021 with the arrival of only 26,573 passengers and 15 cruise ships. Down from 354 cruise ships during its peak in 2019, 2020 represented a -80.5 percent decline to 69 cruise ships and a further 2021 -78.3 percent decline to 15 cruise ships when the cruise port initially reopened. The data confirmed that cruise ship companies were heavily impacted by the COVID-19 pandemic, with many unable to operate due to restrictions on travel and movement. (See Charts 9 and 10 below). The cruise ship market also bears high risk since it is a monopoly in the TCI and an oligopoly globally. However, the trend of cruise ship passengers was much more stable and predictable in comparison to the stay-over visitors as illustrated in Chart 10 below. The presence of market risk was also present in the TCI's cruise ship industry since the US accounted for 85.6 percent of all passenger arrivals in 2019 and 92.0 percent in 2021.

Chart 9.
Cruise Ship Passengers 2012-2021



Source: Turks and Caicos Islands Tourist Board

Chart 10.
Visitor Stay-over Arrivals, Cruise Ship Passenger and Cruise Ship Arrivals 2012-2021 (% change)



Source: Turks and Caicos Islands Tourist Board

Optimising Stay-over Visitor Expenditure

In September 2018, the Department of Statistics conducted a Departing Visitors Survey on the island of Providenciales, Turks and Caicos Islands. A subset of the data collected gave insights to the expenditure preferences of stay-over visitors. In order to continue expenditure optimisation efforts from the stay-over visitors to the TCI, the following were identified.

Stay–over Visitors' Expenditure Profile – Country of Residence

The spending patterns for most stay–over visitors were found to be generally similar in distribution as 80 percent of expenditure was on average spent on the combination of accommodations and meals. More so, approximately 17 percent of the expenditure was utilised to cover taxi/car rentals, tours/excursions and entertainment/recreation whilst the remaining 3 percent financed shopping and other expenditure. Table 4 below illustrates the US stay-over visitors' spending pattern to have imitated the overall average spending distribution of the TCI, given the country's dominance in tourist arrivals. Slight deviations from these averages was also realised in the Rest of the World, Europe, Canada and Caribbean stay-over visitors.

For the Rest of the World stay-over visitors, they spent almost twice the average for accommodations at $354.47 daily and 11 percent more for meals. More so, these visitors opted to spend 28 percent more than the average on taxi/car rentals, tours/excursions and entertainment/recreation with a minute preference for shopping and other expenditure. The European stay-over visitors' expenditure on accommodations and meals exceeded the average by 65 and 43 percent respectively. More so, these visitors opted to spend 54 percent more than the average on taxi/car rentals, tours/excursions and entertainment/recreation with no preference for shopping and a 1 percent allocation for other expenditure. Although the Canadian stay-over visitors' expenditure on accommodations and meals exceeded the average by 8 percent and 44 percent respectively, their spending on shopping and other expenditure almost imitated the average. These visitors deviated from their European, and Rest of the World counterparts as they opted to spend 5 percent less than the average on taxi/car rentals, tours/excursions and entertainment/recreation.

The Caribbean stay-over expenditure was found to deviate from a priori expectation as their distribution pattern almost imitated the average whilst actual spending was 48 percent less than the average. For instance, the Caribbean visitors spent half of the average for accommodations at $86.97 daily and 37 percent less for meals. This is anticipated given the presence of residents from the other Caribbean islands who may opt to host a stay-over visitor by providing accommodation, cooking meals and partially covering their transportation and entertainment requirements. The Caribbean visitors also opted to spend 58 and 88 percent less on shopping and other expenditure.

The Turks and Caicos Islands Tourist Board's ardent effort to maintain its US market whilst simultaneously engaging in diversification efforts, are deemed ideal since the number of visitors from the US market exceed the higher daily expenditure for the other countries. For instance, if tourists from the non-US countries choose not to vacation in the TCI, the TCI national economy would survive. However, if tourists from the US choose not to vacation in the TCI, the effects would be devastating for the TCI economy. Therefore, ardent efforts should be made to increase tourist arrivals from the Rest of the World, Europe and Canada, but not at the expense of the US market.

Table 4.
Average Daily Expenditures of Stay-over Visitors – Category of Expenditure and Country of Residence: September 2018

Countries	Total			USA			Canada			Europe			Caribbean			Rest of the World		
Total	256.56			258.36			270.84			346.46			158.28			245.62		
Packaged Expenditures	236.62			137.74			262.06			222.44			274.04			151.34		
Non-Packaged Expenditures	269.07			269.43			299.85			418.50			139.91			461.12		
	c	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %
Accommodation	$173.72	65%	80%	$172.89	64%	79%	$188.44	63%	82%	$287.32	69%	83%	$86.97	62%	80%	$354.47	77%	87%
Meals	$40.88	15%		$40.97	15%		$58.85	20%		$58.39	14%		$25.59	18%		$45.20	10%	
Taxi/Car Rent als	$11.15	4%	17%	$11.24	4%	17%	$15.38	5%	15%	$17.05	4%	17%	$5.80	4%	18%	$12.24	3%	13%
Tours/Excursions	$22.18	8%		$22.61	8%		$14.91	5%		$30.89	7%		$11.94	9%		$29.00	6%	
Entertainment/Recreation	$12.55	5%		$12.56	5%		$13.24	4%		$22.75	5%		$7.16	5%		$17.40	4%	
Shopping	$4.73	2%	3%	$5.02	2%	3%	$4.67	2%	3%	$-	0%	1%	$1.99	1%	2%	$1.71	0%	1%
All Other Spending	$3.87	1%		$4.14	2%		$4.36	1%		$2.10	1%		$0.45	0%		$1.11	0%	

Source: Department of Statistics and SPPD Calculations

Table 5.
Average Daily Expenditures of Stay–over Visitors – Category of Expenditure and Main Purpose of Visit: September 2018

Countries	Total			Business Only			Diving			Vacation/ Pleasure			Visiting Friends/ Relatives			Wedding/ Honeymoon		
Total	256.56			194.51			239.98			258.45			341.05			386.66		
Packaged Expenditures	236.62			273.24			317.26			317.26			104.48			311.63		
Non-Packaged Expenditures	269.07			174.06			218.34			275.34			429.77			431.68		
	c	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %	$	%	Σ %
Accommodation	$173.72	65%	80%	$107.34	62%	79%	$127.36	58%	72%	$177.89	65%	80%	$295.22	69%	81%	$301.31	70%	81%
Meals	$40.88	15%		$29.67	17%		$29.73	14%		$42.06	15%		$54.29	13%		$49.79	12%	
Taxi/Car Renta ls	$11.15	4%	17%	$9.04	5%	18%	$13.33	6%	22%	$11.23	4%	17%	$16.34	4%	16%	$12.82	3%	18%
Tours/Excursions	$22.18	8%		$14.24	8%		$24.50	11%		$22.32	8%		$34.14	8%		$46.35	11%	
Entertainment/Recreation	$12.55	5%		$8.29	5%		$10.24	5%		$12.91	5%		$18.58	4%		$17.05	4%	
Shopping	$4.73	2%	3%	$4.63	3%	3%	$2.87	1%	6%	$4.82	2%	3%	$5.60	1%	3%	$2.35	1%	1%
All Other Spending	$3.87	1%		$0.85	0%		$10.32	5%		$4.10	1%		$5.60	1%		$2.01	0%	

Source: Department of Statistics and SPPD Calculations

Stay–over Visitors' Expenditure Profile – Main Purpose of Visit

The spending patterns for most stay–over visitors based on main purpose of visit were also found to be generally similar in distribution as 80 percent of expenditure was on average spent on the combination of accommodations and meals. More so, approximately 17 percent of expenditure was utilised to cover taxi/car rentals, tours/excursions and entertainment/recreation whilst the remaining 3 percent financed shopping and other expenditure. Table 5 above illustrated Vacation/Pleasure tourists' spending pattern, imitated the overall average spending distribution of the TCI since 85.9 percent of stay-over visitors in 2018 came for such a purpose. Slight deviations in the spending distribution from these averages were also realised for tourists visiting for Business only, Vacation/Pleasure, Visiting Friend/Relatives and Wedding/Honeymoon purposes whilst Diving visitors defied the average distribution.

For the Wedding/Honeymoon stay-over visitors, they spent 73 percent more than the average for accommodation at $301.31 daily and 22 percent more for meals. More so, these visitors opted to spend 66 percent more than the average on taxi/car rentals, tours/excursions and entertainment/recreation and 49 percent less than the average on shopping and other expenditure. The Visiting Friends/Relatives tourists' expenditure exceeded the average for all categories. For instance, these tourists' spending on accommodations and meals exceeded the average by 70 percent and 33 percent respectively. More so, visitors of friends and relatives opted to spend 51 percent more than the average on taxi/car rentals, tours/excursions and entertainment/recreation and 30 percent more than the average for shopping and other expenditure. Although the Diving visitors' expenditure on accommodations and meals were 27 percent less than the average, their spending on other expenditure was 2.7 times more than the average at $10.32 daily. However, the diving visitors spent 18 and 39 percent less on entertainment/ recreation and shopping respectively.

The Business Only visitors' expenditure was found to deviate from a priori expectations as their distribution pattern almost imitated the average whilst actual spending was 35 percent less than the average. For instance, the Business Only visitors spent 38 percent less than the average for accommodations at $107.34 daily and 27 percent less for meals. This is anticipated given businesses inclination to be financially prudent for international business trips. More so, expenditure on taxi/car rentals, tours/excursions and entertainment/ recreation were found to be 31 percent less than the average. Although Business Only visitors also opted to spend 38 percent less on shopping and other expenditure, they were the only group to have spent more than 2 percent of their expenditure on shopping. This may be attributed to their inclination to spend on memorabilia for their family and friends to serve as gifts from their business trips.

The Turks and Caicos Islands Tourist Board's ardent effort to maintain its Vacation/Pleasure market through the "Beautiful by Nature" slogan is deemed ideal since most visitors enter the Turks and Caicos Islands' shores for this purpose. For instance, if any factor adversely affects the vacation/pleasure experience of the islands, for example, the beautiful beaches or criminal activities, the macroeconomic impact would be devastating. Whilst ardent efforts should be made to increase visitors for the purpose of Wedding/Honey Moon and Visiting Friend/ Relatives given their higher daily expenditure, this should not be done at the expense of the Vacation/Pleasure market.

BOX 1.

Turks and Caicos Islands Stay-over visitors - Target Market Reccommendations
Data attained from the Survey of Departing Visitors, Department of Statistics
September 2018 Report

The US Market

The US market is the dominant market of the TCI since it accounted for 86.5 percent of responding visitors and travel companions. 76.4 percent of these visitors were inclined to visit between 4–7 days. Marketing efforts should be made to attract couples and families since they accounted for 47.4 and 22.7 percent respectively of responding visitors and travel companions. In addition, the targeted age groups should include 40-49 years old, 50–64 years old and 30–39 years old since they accounted for 26.5, 26.1 and 25.6 percent of respondents respectively.

Canadian Market

The Canadian market is the second largest tourism target market of the Turks and Caicos Islands since it accounted for 4.8 percent of responding visitors and travel companions. 92.9 percent of these visitors were inclined to visit between 4–7 days. Marketing efforts should be made to attract couples and individuals since they accounted for 40.0 percent and 31.1 percent of responding visitors and travel companions respectively. In addition, the targeted age groups should focus on 50–64 years old, 40-49 years old, and 20–29 years old since they account for 28.9, 26.7 and 20.0 percent of respondents respectively.

European Market

The European market accounted for 1.8 percent of responding visitors and travel companions. 48.6 and 45.9 percent of these visitors were inclined to visit between 4–7 days and 8-14 days respectively. Marketing efforts should be placed to primarily attract couples since they accounted for 63.2 percent of responding visitors and travel companions. In addition, the targeted age group should focus on 20–29 years old, since they account for 52.6 percent of respondents respectively. Improve TCI's stake in the European market since on overage, they are inclined to spend the greatest number of days in the TCI for Vacation/Pleasure.

Caribbean Market

The Caribbean market accounted for 3.6 percent of responding visitors and travel companions. 87.7 percent of these visitors were inclined to visit between 1-3 days. Marketing efforts should be geared to primarily attract individuals and couples since they accounted for 33.3 and 28.6 percent of the responding visitors and travel companions respectively. More so, the targeted age group should focus on 50–64 years old and 40–49 years old, since they account for 47.6 and 28.6 percent of the respondents respectively.

Rest of the World Market (South America, Asia, Australia and Mexico)

The Rest of the World accounted for 3.4 percent of responding visitors and travel companions whilst 60.9 and 30.4 percentof these visitors were inclined to visit between 4–7 days and 1-3 days respectively. Marketing efforts should be placed to primarily attract families and individuals aged 40–49 years old and 30–39 years old, since they account for 41.2 and 23.5 percent of respondents respectively.

BOX 2.

Highlights from the Survey of Departing Visitors - September 2018
Department of Statistics
Ministry of Finance, Investment and Trade

- The largest group of visitors was from the US. They accounted for 84.4 percent of responding visitors and 86.5 percent of total visitors.

- The TCI was an ideal location for tourists traveling with family. Approximately 22.4 percent visited with children/family and another 45.9 percent with their spouses/partner.

- There were approximately 49.5 percent first time visitors to the TCI and only 25.1 percent were first time visitors to the Caribbean region.

- Providenciales was the most frequented island with the majority of the visitors spending their visit on this commercial centre. The top accommodation was the Beaches Resort.

- The Islands were a favorite place for persons travelling on vacation/pleasure (85.9 percent).

- Endorsement from the airlines (32.2 percent) was posted as the top source of information in planning the TCI trip. The next major source was online travel agencies such as Expedia (17.6 percent).

- The majority of the responding visitors (61.3) did not travelled on a pre-paid package.

- The average length of stay in the TCI was 6 nights and $256.56 was the average daily expenditure per person.

- Approximately $2.9 million was spent by responding visitors on this particular visit. This accounted for $ 1.1 million in packaged expenditures and $1.9 million in non-packaged expenses.

- 51.3 percent of the responding visitors booked their airfare directly with an airline, 21.7 percent booked online through an internet booking service and 14.1 percent booked through a travel agency.

- Approximately 29.2 percent of the responding visitors booked their lodging arrangements directly through the airline. 28.5 percent booked through an internet booking service and 16.8 percent booked through a travel agency.

- The factors considered with utmost importance in deciding visits were the beautiful beaches (74.6 percent), ease of travel access (3.5 percent) and affordability (1.8 percent).

- The majority of visitors (55.7 percent) took between 2 to 6 months to decide on their visit to the TCI.

- Visitors generally felt that the tourism services and product in the TCI was very good. However, some expressed dissatisfaction with the level of souvenir purchases, the services of taxi/hired cars and the lack of a night life in the TCI.

- There was a positive willingness among visitors to return to the Islands and to recommend a visit.

- Most visitors (98.8 percent) felt safe in the TCI.

- 53.1 percent of the responding visitors stated that the wait time for the baggage claim was short while 31.2 percent indicated that it was reasonable.

- 61.7 percent of the responding visitors stated that the wait time at customs was short and 51 percent indicated that it took approximately 0-9 minutes.

Outlook

Information from the Turks and Caicos Islands Tourist Board revealed stay-over arrivals into the TCI increased by 145.9 percent in 2021 and was initially forecasted to have continued growth over the next three (3) years due to surging demand from source markets for travel and leisure in response to "The Great Lockdown". The Hotel and Restaurant sector was expected to continue its dominance as the main contributing sector to TCI's GDP.

The Tourism Sector was forecasted to increase by approximately 3 percent over the next three (3) years. The projected increase in the hotels and restaurants sector reflects continued anticipated growth in the number of stay-over visitors and average daily rate per room per night. This sector was expected to realise even further growth in future years due to the 2020 completion of the Ritz Carlton and other resort villa properties on the horizon such as Rock House and Wymara Villas currently under construction and partially opened.

In its January 2023 WEO report, the IMF projected inflation peaking amid Low Growth for the globe. Given TCI's high dependence on its US, Canadian and European markets, although low growth is foreseen in the medium-term, it still constitutes positive growth and consequently, perceived as beneficial for tourist arrivals and the tourism sector in the TCI. For instance, in 2022, The US, Canadian and UK markets were anticipated to grow by 1.6, 3.3 and 3.6 percent respectively whilst for 2023, by 1.0, 1.5 and 0.5 percent respectively.

Government's strategic initiative to restructure and modernise the entity responsible for the management and marketing of the tourism sector to create a smart Destination Management Organisation (DMO) would have a significant impact on the industry. This new and improved entity would uitilise state-of-the-art data management techniques and the latest technology to identify the optimal tourism markets for the TCI. Intentional initiatives to foster collaboration between the government and the private sector is anticipated to improve the cohesion and performance of the industry. More so, the strategic emphasis of the DMO to diversify the tourist target market, while simultaneously increasing the number of arrivals from its core target market (the US and Canada) foresees an optimistic outlook for the industry.

2.3 NON-TOURISM

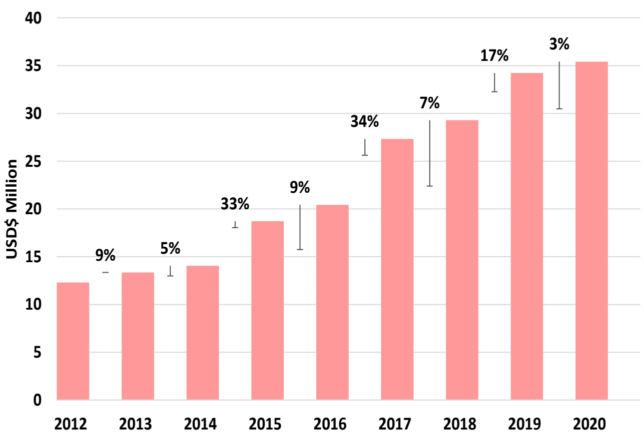
Construction

In 2020, the construction sector contributed $35.4 million to the national economy and averaged 3.5 percent of total output over the 2012–2020 period. The construction sector has consistently experienced positive growth since 2013, having an average growth rate of 12.0 percent over the 2012–2020 period which peaked at 33.8 percent in 2017 (see Chart 11 below). Private sector- tourism construction developments led to the value of construction sector activities increasing by 16.9 percent in 2019. Furthermore, whilst most sectors declined in 2020, construction defied the onslaught of the COVID-19 pandemic by achieving the highest sector growth of 3.5 percent. The resilience of this sector is also anticipated to continue as the actions of enterprises and private persons are expected to drive this sector's growth, at approximately 4.5 percent on average between 2023 and 2025.

Construction activity will be propelled by foreign direct investment in large-scale tourism-related and Government-funded capital projects. Of the private sector projects, South Bank and The Strand are expected to be completed at the end of 2023 and 2024 respectively. These construction activities are also complemented by increased public sector spending on capital projects through its Public Sector Investment Programme (PSIP). For instance, the Government increased its allocation to the PSIP/Capital Programme by 74.2 percent from $32 million to $55.7 million over FY 2021/22 to FY2022/23. These allocations seek to target the priority areas of the government which include infrastructural development, national security, improved physical working conditions and community-based projects. The PSIP/Capital Programme finances the following projects: South Dock Port Redevelopment in Providenciales, the Radar Station Upgrade, Grand Turk Sports Complex, New Block Helena Jones Robinson High School in Grand Turk, Construction of a New Primary School in Providenciales, Upgrading Water Storage and Distribution in Grand Turk, Road Development (Phase 5) and continued Repairs to Government Buildings following 2017's hurricane damages. Repair activities and new developments by private businesses and individuals also continue to drive the construction sector.

Strategic national developments would be guided by the Government's new National Physical Development Plan (NPDP). This plan offers the TCI a ten-year outlook while also providing a broad strategic overview of all major constraints relevant to national development planning. The plan is meant to serve as a strategic planning tool aimed at guiding future decisions and outcomes towards economic prosperity, social equity and justice, and the preservation of the natural environment – the jewel of the Turks and Caicos Islands.

Chart 11.
Construction Sector Output: 2012-2020
(USD$ Million)



Source: Department of Statistics

Real Estate, Dwellings, Renting, Computer & Business Services

The Real Estate, Dwellings, Renting, Computer & Business Services sectoral contribution to GDP averaged 7.9 percent over the 2012–2020 period. Despite the sector's -0.1 percent contraction in 2016 and subsequent -1.4 percent decline in 2020, an average positive growth of 2.2 percent would have been realised within the remaining years over the 2012-2020 period. Like the construction sector, the real estate sector would have experienced a 2.5 percent growth in 2020 as a consequence of investors then penchant to purchase second homes in the midst of the "Great Lockdown" which included mandates to work from home. This heightened growth would have also spilled over into

2021 and 2022.

The real estate sector's projected growth is influenced by the ongoing sale of the luxurious condos and houses from private sector projects under construction; Rock House, The Strand and South Bank. These projects are anticipated to house 46, 41 and 75 two-three-bedroom villas respectively or 162 units.

Owner Occupied Dwellings' average contribution to GDP stood at 5.6 percent between 2012-2020. The contribution of this sector to the national economy would have remained relatively stable as a consequence of its consistent annual positive growth which averaged 3.4 percent. Unfortunately, the value of business services consistently declined by -6 percent over the 2012–2018 period which led to the consistent decline in the sectoral contribution of the sector from 2012's 1.6 percent to 2018's 0.8 percent. Although 2019 realised an improvement by 2.0 percent, it was insufficient to curb the sub-sector's declined contribution to GDP. Business Services would have only experienced an increased contribution to GDP to 1.1 percent only as a consequence of the then decline of the overall economy stemming from the COVID-19 pandemic. The combinative real estate sector is still anticipated to achieve growth in the near future.

Agriculture and Fishing

Since the development of the salt industry in the mid-18th century, the output potential of the Agriculture sector has been a work in progress. According to the 2012 Country Poverty Assessment (CPA) report, it was suggested that "*in order to improve the production of salt on the Salinas, the Salt Rakers stripped the Turks Islands of much of its vegetation leaving only scrub grass and salt tolerant shrubbery now grow on the islands, creating a special ecosystem*". In the 18th century, agriculture output mainly comprised salt, cotton and sisal. In 2020, Agriculture contributed $742 thousand to the national economy whilst Fishing, $1.6 million (see Table 6 below). Although minute at 0.4 percent, the Agriculture and Fishing sector's average contribution to the national economy was consistent within the 2012–2020 period (see Table 7 below).

Strategic efforts would have been made by the TCIG to develop the sector's potential which included the drafting and approval of the 2016 Agricultural Development Plan and Policy. The goal of this policy is to achieve an agricultural sector that is technology-driven, competitive and market-oriented, can transform and broaden the country's economic base by providing new sources of revenue and significantly contribute to food security. The agriculture sector is exposed to the following limitations: limited rainfall, vulnerability to natural disasters and climate change, soil type and infertility, expensive/unavailable equipment, culture and others of such nature. Despite such restrictions, the Department of Agriculture continues to make progress as guided by the 2018 Agriculture Policy Implementation Matrix. These progresses include the establishment of an Agriculture Programme in Schools, sensitizing the public to agriculture through outreach programmes to promote backyard gardening, hydroponics training throughout the various islands and making regional linkages with Jamaica and Dominican Republic for trade and technical support.

The TCI 2018 National Farmers' Survey report identified the main items produced and sold by famers domestically (see Appendix 1) and acknowledged access to inputs, land preparation, financing and access to water as the core constraints to the sector's development. These constraints did affect the Agriculture sector since preliminary findings saw a -5.1 percent decline in 2019. In recent years, the government took strategic initiative to properly police and educate fishermen about the dangers of bleaching the coral reefs and improved its enforcement efforts. These strategic actions aim to reduce the catching of under-sized lobsters and other illegal activities.

Major TCIG investments made post 2018 include acquiring heavy equipment to assist farmers with land preparation and establishing a Farmers Market to facilitate domestic market chains for selling agriculture produce. More so, the government would have implemented programmes such as "eat what you grow, and grow what you eat," which are meant to encourage and expand the agricultural sector, increasing the contribution of the agricultural industry as a whole. Although the TCI recognises the necessity of Agriculture and Fishing as a contribution towards its food security, on average, the combined sector would have experienced a -3.3 percent decline over the 2012-2020 period. For instance, the Agriculture sector would have last peaked in 2015 at $992 thousand whilst the Fishing Sector in 2014 at $2.1 million. Thereafter, average annual declines of -5.2 percent and -4.3 percent were realised for the respective sectors. In the midst of its constraints, the agriculture sector is still deemed to have great potential for the TCI, not only due to its past performance, but recognition that in the midst of the 2020 pandemic, whilst other sectors' performance would have been ravished, agriculture conversely grew by 2.1 percent. Over the next three years leading up to 2025, the sectors are anticipated to grow collectively at a rate of 2 percent yearly on average.

Table 6.
TCI Real GDP – Sectoral Contribution: 2012-2020 (USD $ million)

Economic Sectors	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture and Fishing	2.4	2.3	3.0	3.1	3.0	3.0	2.7	2.6	2.3
Mining and Quarrying	1.0	1.1	1.1	1.5	1.6	2.2	2.3	2.7	2.8
Manufacturing	4.5	4.8	5.1	4.9	4.9	4.9	4.7	4.5	4.4
Electricity and Water	19.9	21.0	22.0	23.0	24.0	21.5	22.3	23.1	2.0
Construction	12.3	13.4	14.1	18.7	20.4	27.3	29.3	34.2	35.4
Wholesale and Retail Trade	16.3	15.7	16.4	15.6	15.0	16.3	17.9	18.7	17.8
Hotel and Restaurant	207.9	207.7	224.3	251.7	295.5	270.9	287.5	303.0	142.4
Transport, Storage & Communication	35.6	35.8	37.9	41.8	46.8	47.3	51.1	54.3	45.2
Financial Intermediation	63.6	61.3	61.1	63.0	58.0	59.7	64.4	65.7	63.4
Real Estate, Dwellings, Renting, Computer & Business Services	46.2	47.1	48.0	50.0	49.9	51.4	52.6	54.3	53.5
Public Administration & Defence	37.1	41.3	43.0	48.1	48.6	51.0	54.5	57.1	55.4
Education	17.9	17.8	18.0	20.2	19.4	20.7	20.6	21.1	2.0
Health and Social Work	13.4	13.9	14.1	14.3	14.5	14.8	15.0	15.3	14.9
Other Community, Social & Personal Services	15.3	15.9	16.4	16.5	16.7	16.8	17.0	17.1	16.9
Less FISIM	-41.8	-40.8	-37.1	-33.8	-33.7	-36.7	-41.9	-43.1	-42.9
Gross Value Added at Basic Prices	***451.6***	***458.2***	***487.8***	***537.1***	***584.6***	***571.1***	***600.1***	***631.2***	***453.4***
Add Taxes on Products	86.7	85.9	103.7	121.3	121.5	117.4	127.0	134.4	107.5
Less Subsidies on Products	-0.7	-0.7	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9
GDP	**537.6**	**543.4**	**590.7**	**657.5**	**705.2**	**687.6**	**726.2**	**764.7**	**560.0**

Source: Department of Statistics

Table 7.
TCI GDP – Sectoral Contribution: 2012–2020 (%)

Economic Sectors	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture and Fishing	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.3	0.4
Mining and Quarrying	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.5
Manufacturing	0.8	0.9	0.9	0.8	0.7	0.7	0.7	0.6	0.8
Electricity and Water	3.7	3.9	3.8	3.5	3.4	3.1	3.1	3.0	3.7
Construction	2.3	2.5	2.4	2.9	2.9	4.0	4.0	4.5	6.3
Wholesale and Retail Trade	3.0	2.9	2.8	2.4	2.1	2.4	2.5	2.5	3.2
Hotel and Restaurant	38.7	38.2	38.0	38.2	41.9	39.4	39.6	39.6	25.4
Transport, Storage & Communication	6.6	6.6	6.4	6.4	6.6	6.9	7.0	7.1	8.1
Financial Intermediation	11.8	11.3	10.4	9.6	8.2	8.7	8.9	8.6	11.3
Real Estate, Dwellings, Renting, Computer & Business Services	6.9	7.6	7.3	7.3	6.9	7.4	7.5	7.5	9.9
Public Administration & Defence	8.6	8.7	8.1	7.5	7.1	7.5	7.3	7.1	9.6
Education	3.3	3.3	3.0	3.1	2.8	3.0	2.8	2.8	3.7
Health and Social Work	2.5	2.6	2.4	2.2	2.1	2.2	2.1	2.0	2.7
Other Community, Social & Personal Services	2.9	2.9	2.8	2.5	2.4	2.5	2.3	2.3	3.0
Less FISIM	-7.8	-7.5	-6.3	-5.2	-4.8	-5.3	-5.8	-5.6	-7.7
Add Taxes on Products	16.1	15.8	17.6	18.5	17.2	17.1	17.5	17.6	19.2
Less Subsidies on Products	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2
GDP	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Department of Statistics

3

Financial Sector Operations

FINANCIAL SECTOR OPERATIONS

This section reviews the Domestic Bank operations, Investments, Business Registry, Remittances, and Producer Affiliated Re-Insurance Companies (PARCs) of the Turks and Caicos Islands within the period 2012–2021.

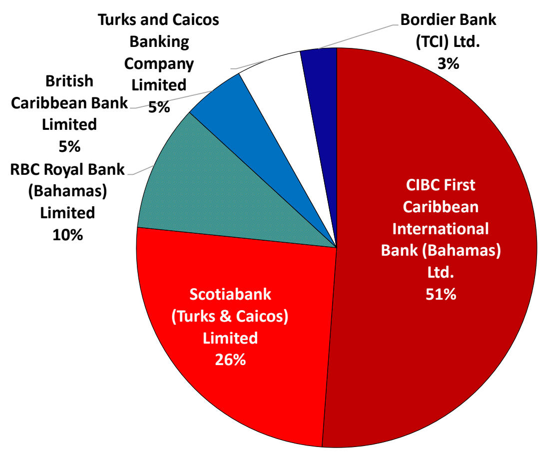
3.1 DOMESTIC BANK OPERATIONS

The number of Domestic Banks in the Turks and Caicos Islands (TCI) currently stands at six (6). The market structure of this sector is deemed to be oligopolistic in nature as it is dominated by CIBC First Caribbean International (Bahamas) Limited, Scotiabank (Turks and Caicos) Limited and RBC Royal Bank (Bahamas) Limited. In 2021, the combination of these banks accounted for 86.8, 86.4 and 92.2 percent of the sector's Total Assets, Loans and Net Income respectively. Thus, an exit by any one of these banks would have significant consequences to the economy of the TCI. Chart 12 below illustrates the distribution of the Domestic Banks' Total Assets for financial year ended 2021, Chart 13 and Chart 14, the distribution of the Banks' Loans and Net Income for financial years ended 2019, 2020 and 2021 respectively.

CIBC First Caribbean International Bank (Bahamas) Limited dominated the domestic banking sector's total assets at 47.6 percent in 2020 and 51.2 percent in 2021 which valued $973.5 million and $1,247.3 million respectively. Although CIBC First Caribbean International Bank (Bahamas) Limited leads in asset value, Scotiabank (Turks and Caicos) Limited was found to lead in the distribution of loans for the period 2018 through 2020, but this was eventually relinquished to CIBC First Caribbean International Bank (Bahamas) Ltd. For instance, in 2019, although CIBC First Caribbean International Bank (Bahamas) Limited accounted for 54.5 percent of all domestic banks net income, they would have disbursed 31.2 percent of all loans valued at $262.7 million. Conversely, although Scotiabank (Turks and Caicos) Limited earned 27.2 percent of the sector's net income, the institution would have disbursed 40.4 percent of all loans within that year valued at $341 million. In 2021, the distribution of loans altered since CIBC First Caribbean International Bank (Bahamas) Limited disbursed $280.8 million or 35.7 percent of the market compared to Scotiabank (Turks & Caicos) Limited's $260.7 million or 33.1 percent of the market. Scotiabank (Turks and Caicos) Limited still managed to command 27.3 and 55.0 percent in 2020 and 25.5 and 23.8 percent in 2021 of the sector's total assets and net income respectively.

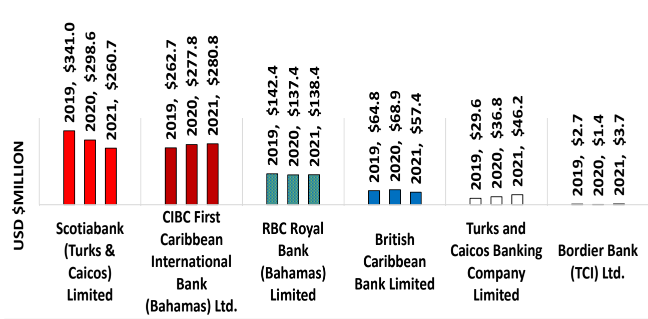
RBC Royal Bank (Bahamas) Limited's operations were deemed noteworthy since their command of 11.1 percent in 2019, and 10.2 percent in 2021 of the sector's total assets, allowed the financial institution to earn 9.1 percent in 2019, and 15.2 percent in 2021 of the sector's net income. More so, RBC Royal Bank (Bahamas) Limited would have accounted for 16.9 and 17.6 percent of all loans in 2019 and 2021, valued at $142.4 million, and $138.4 million respectively. Whilst 2021 resulted in general financial sector

Chart 12.
The Distribution of Domestic Banks' Total Assets in the TCI for the financial year ended 2021 (%)



Source:TCIFSC

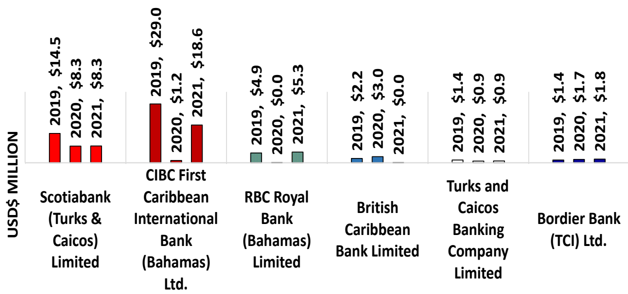
Chart 13.
The distribution of Domestic Banks' Loans for the period Financial Year ended 2019 - 2021 (USD $Million)



	Scotiabank (Turks & Caicos) Limited	CIBC First Caribbean International Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Limited	British Caribbean Bank Limited	Turks and Caicos Banking Company Limited	Bordier Bank (TCI) Ltd.
2019	$341.0	$262.7	$142.4	$64.8	$29.6	$2.7
2020	$298.6	$277.8	$137.4	$68.9	$36.8	$1.4
2021	$260.7	$280.8	$138.4	$57.4	$46.2	$3.7

Source:TCIFSC

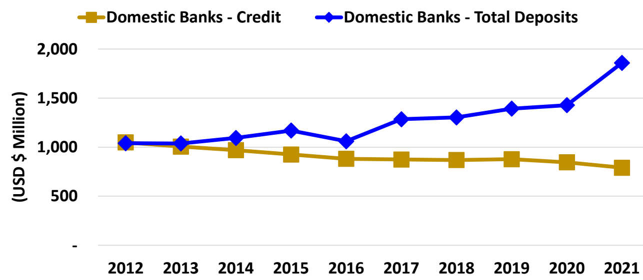
**Chart 14.
The Distribution of Domestic Banks' Net Income for the period Financial Year ended 2019 - 2021 (USD $Million)**



	Scotiabank (Turks & Caicos) Limited	CIBC First Caribbean International Bank (Bahamas) Ltd.	RBC Royal Bank (Bahamas) Limited	British Caribbean Bank Limited	Turks and Caicos Banking Company Limited	Bordier Bank (TCI) Ltd.
2019	14.5	29.0	4.9	2.2	1.4	1.4
2020	8.3	1.2	0.0	3.0	0.9	1.7
2021	8.3	18.6	5.3	0.0	0.9	1.8

Source:TCIFSC

**Chart 15.
Domestic Banks' Deposits vs. Credit 2012-2021 (USD$ million)**



Source:TCIFSC

recovery, British Caribbean Bank Limited was the only Domestic Bank to experience worsened net income in FY 2021.

The Domestic Banks operating in the TCI offer an array of services to their local and international clients. For the purposes of this Economic Bulletin, the provision of credit and saving facilities by Domestic Banks would be reviewed. At the end of 2012, Domestic Banks' deposits summed to $1.04 billion dollars whilst credit stood in excess by 0.8 percent at a value of $1.05 billion. The remaining nine years deviated from the initial imbalance as deposits grew by 78.8 percent to $1.9 billion dollars whilst credit offered declined by -24.6 percent to $0.8 billion. This contrasting trend of financial intermediation is illustrated in Chart 15 below. Although deposits fared well for the period 2012-2021, in 2016, a decline of -9.4 percent was attributed to a reduction of Time Deposits by -39 percent, valued at $136 million over the period. This decline proved to be temporary as an average growth rate of 12.5 percent was experienced within the 2017-2021 period; this correlates to a peaked growth of 30.2 percent in 2021.

The offer of credit generally declined from 2012-2021 with the exception of 2019 when credit marginally increased by 1.0 percent, the increase was valued at $8.3 million. The -0.7 percent decrease in loans and advances valued at $6.6-million for the year 2017 when compared to 2016, was mainly attributed to a -27 percent ($38.2 million) reduction in the Construction & Land Development sector. This was hinged on a combination of factors: (i) write-offs of non-performing loans; (ii) natural pay down of principal balances; and (iii) low demand for funding from banks (due to increased credit availability from non-bank entities). Additionally, the -0.6 percent ($5.4 million) decrease in loans and advances for the year 2018 when compared to the previous year, was mainly attributed to a -46 percent ($26.7million) decrease in "Other Personal Loans" which encompassed credit extended for travel, education, medical etc. valued at $26.7million.

In 2021, approximately 33.5 percent of credit offered by Domestic Banks was used for the personal acquisition of property through purchase, construction and or renovation valued at $264.5 million. This suggests that the COVID-19 pandemic had some impact on the operations of the Tourism, Construction and Real Estate sectors. One critical findings illustrated in Table 8 below was the extent of credit card activity in comparison to other core macroeconomic sectors. For instance, in 2021, credit card- personal facilities of $17.7 million exceeded the credit offered to the combination of Government Services/ Public Administration, Credit Cards- Commercial, Entertaining and Catering, Manufacturing, Fisheries, Agriculture, Mining and Quarrying and Financial Institutions and Durable Consumer Goods. On the onset, this may show credit being offered to mainly meet short- term gratification as opposed to long–term investments which has potential to contribute to the economy's possible diversification. See Table 8 below.

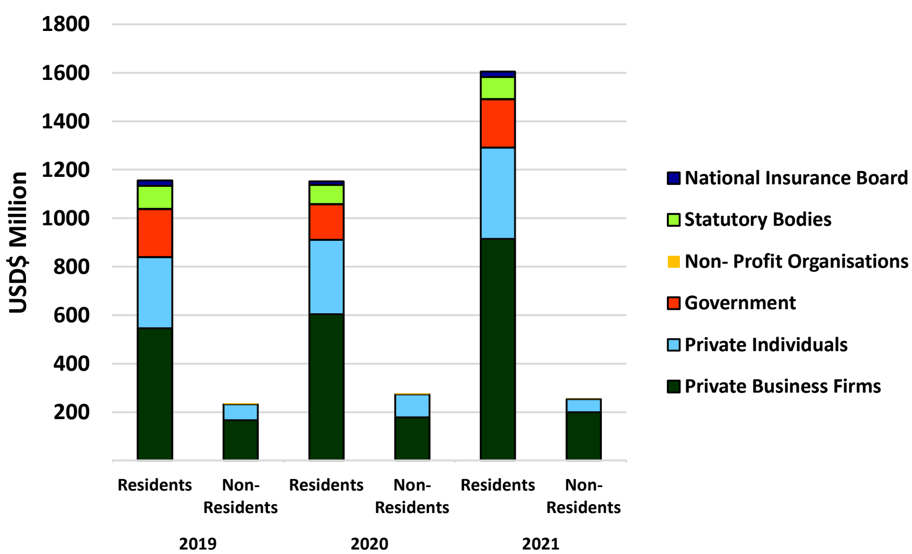
The contribution to deposits at the Domestic banks differed significantly between the Residents and Non- Residents in 2021. For instance, residents contributed $1.6 billion in comparison to non- residents' $0.3 billion. Resident Private Businesses/Firms dominated domestic Banks Deposits valued at $914.2 million (49.2 percent of total) whilst Resident Private Individuals deposits valued at $377.4 million (20.3 percent of total) were the second largest contribution. A stark difference between resident and non- resident depositors was also recognised since for every $1.00 deposited by a non- resident private business/firm, $4.59 was deposited by a resident private business/firm. In addition, for every

Table 8.
Domestic Banks Credit by Sector in 2019-2021
(USD$ millions

Economic Sectors	2019 $mn	2020 $mn	2021 $mn
Construction and Land Development	111.4	97.7	76.9
Professional & Other Services	82.6	79.6	70.9
Tourism	72.9	82.4	74.4
Public Utilities	54.1	29.2	35.5
Transportation (& Storage)	43.4	39.9	29.8
Distributive Trades	39.1	45.4	42.2
Government Services/ Public Administration	8.8	0.0	0.0
Credit Cards - Commercial	3.1	3.1	3.1
Entertainment and Catering	1.5	2.7	2.8
Manufacturing	1.4	1.8	0.6
Fisheries	0.2	0.1	0.1
Agriculture	0.0	0.2	0.2
Mining and Quarrying	0.0	0.0	0.0
Financial Institutions	0.7	0.7	0.6
Acquisition of Property	267.1	271.3	264.5
Other Personal	159.4	162.1	162.2
Credit Cards - Personal	22.7	21.5	17.7
Durable Consumer Goods	8.9	7.9	8.7

Source:TCIFSC

Chart 16.
Domestic Banks' Deposits by Type 2019-2021
(USD S million)



Source:TCIFSC

$1.00 deposited by a non- resident private individual, $6.88 was deposited by a resident private individual. Notable was the Residents Non-profit Organisations' contributions of $1.2 million in 2021 which exceeded the Non-Residents' Non- Profit Organisations for the first time. See Chart 16 below.

TCI's Residents are persons (natural/corporate) who are permanently residing in the Turks and Caicos Islands or who will be living in the Turks and Caicos Islands for a period of at least two (2) years. Non-Residents refer to persons who are temporarily residing in the Turks and Caicos Islands or who reside abroad for any twenty-four (24) consecutive month period. Turks and Caicos Islanders studying abroad were not considered “non-Resident”.

Financial Intermediation in the Turks and Caicos Islands is usually assessed by reviewing the Banking, Insurance and Auxiliary Financial Intermediation operations throughout the year. Of note, the financial sector is deemed to be of prime importance given the diversification efforts of the Government. This is as a consequence of the vast untapped potential of the industry in the Turks and Caicos Islands and adage to stimulate skilled employment in the near future.

Within the period 2012-2020, the financial sector would have contributed on average 9.9 percent of total Gross Domestic Product and average growth of 0.1 percent. The growth precludes the sharpest decline of -8.0 percent in 2016 and highest recovery of 7.8 percent in 2018. Over the past decade, banking would have dominated financial sector operations at an average value of $45.8 million per year which stood at 73.5 percent of Financial Intermediation (see Table 9 below). Concurrently, Insurance and Auxiliary Financial Intermediation would have contributed on average $14.0 million and $2.5 million respectively to GDP. These accounted for 22.5 percent and 4.0 percent respectively of the Financial Sector. Subsequent chapters will elucidate the core tenets of the financial sector which includes Investment Operations, Business Registry, Remittances and Insurance.

Table 9.
Financial Intermediation (2012_r-2020_p)

	2012	2013	2014	2015	2016	2017	2018	2019	2020r	2021p
Financial Intermediation: Constant (2000) Prices USD $Millions	63.6	61.3	61.1	63	58	59.7	64.4	65.8	63.5	63.6
Banks: Constant (2000) Prices USD $Millions	48.2	46	45.2	44.8	40.7	44.1	47.6	48.6	46.6	48.2
Insurance: Constant (2000) Prices USD $Millions	13.3	13.2	13.6	15.7	14.4	12.9	14.2	14.6	14.3	13.3
Auxiliary Financial Intermediation: Constant (2000) Prices USD $Millions	2.1	2.2	2.3	2.5	2.9	2.8	2.5	2.6	2.5	2.1
Financial Intermediation - GDP Contribution (%)	11.8%	11.3%	10.3%	9.6%	8.2%	8.7%	8.9%	8.6%	11.3%	11.8%
Financial Intermediation - Real Growth (%)	0.3%	-3.6%	-0.3%	3.1%	-8.0%	2.9%	7.8%	2.1%	-3.5%	0.3%

Source: Department of Statistics

3.2 INVESTMENT OPERATIONS

Investments of the Turks and Caicos Islands cover annual "*expenditure on capital goods, including plant, equipment and housing, plus the change in inventories*" Standard and Poors 2022. Although "*Government's assets include the investment assets of the National Insurance Board, the National Wealth Fund* (NWF) *and other accumulated liquid government assets*", the inflows and outflows of TCI's investments are usually compiled in its Balance of Payments (see Trade chapter below), Standard and Poors 2022.

Foreign Direct Investment growth peaked in 2015 at 5.8 percent. Barring 2017's -1.0 percent decline, FDI growth remained relatively stable at an average of 2.9 percent annually over the 2015-2021 period. Preliminary projections anticipate continued FDI growth of 3.0 percent to 2023. TCI's contribution of investment to GDP would have averaged 17.3 percent within the 2015-2021 period. Both investments and savings' contribution to GDP would have declined in 2020 to 16.5 percent and 1.5 percent respectively following reduced global economic output and investment. Given savings considers both investments and the current account balance, projections on its contribution to GDP are to increase to 36.3 percent in 2023. Concurrently, optimistic projections are anticipated for both FDI growth and Investment's contribution to GDP at 3.0 percent and 21.9 percent respectively. See Table 10 below.

The processing of Development Agreements (DAs) and the Micro Small and Medium Enterprise (MSME) Grant programme constitutes the core investment operations which are managed, monitored and operated by the leading Investment Promotion Agency (IPA) of the TCI, Invest Turks and Caicos Islands (Invest TCI). The 2022 Sector & Segment Prioritisation Report identified four (4) sectoral advantages of the TCI; these include: Tourism, Agribusiness, Financial Services and Energy Conservation. Stemming from the third sectoral advantage, TCI Finance was established under the remit of the Ministry of Finance to attract global financial services in order to make the TCI a preferred FinTech destination.

The TCI has been renowned for being highly primary-resource dependent on a single industry since time immemorial. This would have been reflected on its past dependence on the salt industry, then fisheries and with the eventual dawn of the jet age in the 1950's-1960's, TCI is now heavily dependent on tourism. Like its former primary resource-dependence of old, it is risky given the innate vulnerability of the TCI economy to external shocks. The TCI recognises this risk and has sought to lessen its resource-dependence through the expansion of its financial services industry and encouragement of targeted export-led investments. The core external and internal challenges which would have constrained investments to the TCI included the debilitating effects of the Global Financial Crisis of 2008, uncertainties arising from the recent COVID-19 pandemic, imported inflationary pressures and labour and supply-chain shortages.

In the midst of these challenges, Invest TCI would have resolved to strengthen the policy and legislative investment environment of the TCI to not only encourage enhanced quality investments but also aid the curtailment of external shocks to the industry. Efforts included the development of the Invest TCI Strategic and Implementation Plan 2022-2027, update of the Turks and Caicos Islands National Investment Policy 2023 and efforts to update the Micro Small and Medium Enterprise Ordinance 2015 and Micro Small and Medium Enterprise Development Regulations 2016. These efforts would have been done whilst remaining true to the Encouragement of Development Ordinance 2018.

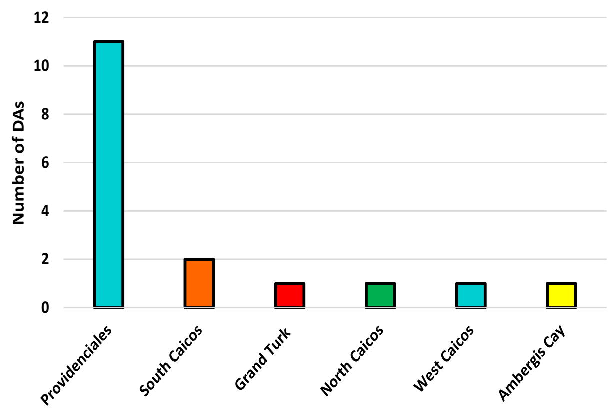
The key data-indicator for FDIs in the TCI is attained from requests for Development Agreements by foreign-owned businesses. These DAs may include an Immigration Protocol Document and or a Memorandum of Understanding (MOU). Within FY 2021/22, DAs valued at $3.7 billion would have been requested by foreign businesses; of this, $1.2 billion of major projects are being assessed. More so, as of March 2022, executed DAs are valued at $105.4 million whilst reinvestment projects would have injected $124 mil-

Table 10.
TCI Investment Indicators 2015-2023$_p$

Investment Indicators	2015	2016	2017	2018	2019	2020	2021	2022$_p$	2023$_p$
Foreign Direct Investment (%)	5.8	4.4	-1.0	2.5	3.0	2.5	3.0	3.0	3.0
Investment/GDP (%)	17.3	17.2	17.3	17.2	17.2	16.7	18.2	20.4	21.9
Savings GDP (%)	32.0	41.1	20.7	34.4	40.9	1.5	25.2	34.8	36.3

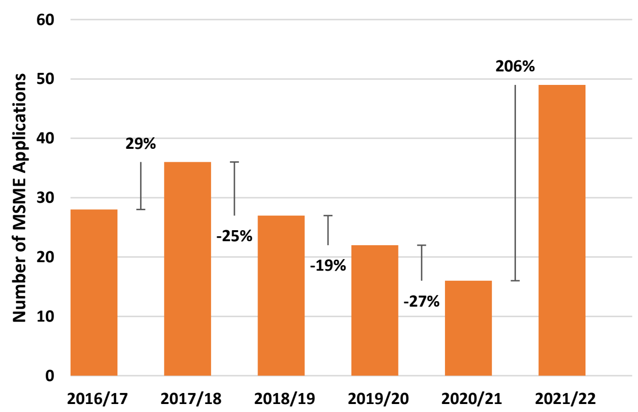
Source: Standard and Poors and Department of Statistics

Chart 17.
Island Distribution of Development Agreements as of 31st March 2022



Source: Invest TCI

Chart 18.
MSME Grant Programme applications FY 2016/17-FY 2021/22



Source: Invest TCI

lion to the TCI economy. As of March 2022, the island-distribution of the seventeen (17) executed DAs is illustrated in Chart 17 above. Eleven (11) of the 17 DAs are associated with projects in Providenciales whilst three (3) are located in South Caicos. For each of the islands of Grand Turk, North Caicos, South Caicos and Ambergis Cay, a Development Agreement exists.

The TCIG-funded MSME grant programme seeks to provide direct support through Concession Orders to qualified start-ups and existing Micro, Small and Medium-sized businesses through the provision of Cash Grants, Technical Assistance and Duty Concessions. These benefits are provided to successful TCI applicants whose business aligns with the seven (7) priority areas of the grant programme. These priority areas are Agriculture, Fisheries, Manufacturing, Processing and Commercial Cleaning Services (MPCCS), Tourism, Physical Infrastructure, Technology and Innovation and Arts and Music. Over the last six (6) financial years, the MSME programme would have experienced growth in applications in FY 2017/18 by 28.6 percent to 36 applications and then declined to an all-time low by -27.3 percent to 16 applications in FY2020/21 as a consequence of the COVID-19 pandemic. FY 2021/22 brought on a sharp 206.3 percent increase to 49 applications due to the strategic promotional ventures conducted by Invest TCI as illustrated in Chart 18 below.

Since the commencement of the MSME grant programme in 2016, 114 Concession Orders would have been granted at a value of $2.8 million. The average number of Concession Orders stood at 33 per year; in reality, the lowest of 7 were granted in the year of inception whilst the highest of 41 was granted in FY2021/22 as a consequence of the strategic promotional interventions of Invest TCI. Over the six-year period, 42.9 percent of the $2.8 million was granted in the form of duty concessions whilst 36.4 and 20.7 percent accounted for cash grants and technical assistance respectively. FY2021/22 deviated from the average grant distribution since Cash Grants grew by 351.6 percent to $389,245.00, Duty Concessions grew by 42.9 percent to $258,200.00 and Technical Assistance grew by 20.7 percent to $149,078.00. See Table 11 below. Finally, of the 114 Concession Orders granted since FY2016/17, the top three (3) priority sectors which would have received 50.0, 16.7 and 9.6 percent of the total, were Tourism, Commercial Cleaning Services and Arts and Music respectively.

Over the FY2021/22 period, Tourism would have accounted for (58.5 percent) of the number of approved applications and 56.0 percent of the Committed MSME Grant funding linked to Concession Orders valued at $446,200.00. More so, within the same period, MPCCS and Agriculture sectors accounted for 17.1 and 12.2 percent of approved applications which reaped 21.9 percent and 11.6 percent respectively of Committed MSME Grant funding. These were valued at $174,350.00 and $92,000.00 respectively (see Table 12 below. Within the same time period, 89.7 percent of funds budgeted for the MSME Grant Programme was

Table 11.
MSME Programme Approvals – Concession Orders FY2016/17-FY2021/22)

MSME Programme	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Cumulative Total
Benefits:							
Cash Grant	$60,000.00	$120,000.00	$205,000.00	$170,000.00	$86,200.00	$389,245.00	$1,030,445.00
Technical Assistance	$70,000.00	$120,000.00	$109,700.00	$80,000.00	$57,300.00	$149,078.00	$586,078.00
Custom Duty Reduction	$ 85,000.00	$120,000.00	$286,100.00	$288,500.00	$177,000.00	$258,200.00	$1,214,800.00
Total	**$215,000.00**	**$360,000.00**	**$600,800.00**	**$538,500.00**	**$320,500.00**	**$796,523.00**	**$2,831,323.00**
Business Category:							
Micro	6	12	22	17	9	40	106
Small	1	0	1	2	2	1	7
Medium	0	0	1	0	0	0	1
Total	**7**	**12**	**24**	**19**	**11**	**41**	**114**
Approvals by Priority Area:							
Agriculture	1	0	2	0	0	5	8
Fisheries	0	0	2	1	1	0	4
Manufacturing	2	2	5	5	2	3	19
Processing	0	0	1	1	0	2	4
Commercial Cleaning Services	0	0	2	0	0	2	4
Tourism	4	9	5	9	6	24	57
Physical Infrastructure	0	0	1	0	0	0	1
Technology and Innovation	0	0	0	2	1	3	6
Arts and Music	0	1	6	1	1	2	11
Number of Approvals	**7**	**12**	**24**	**19**	**11**	**41**	**114**

Source: Invest TCI

committed with a value of $797,123.00. Of the committed funds, $212,093.68 were disbursed, yielding an average low disbursement rate of 26.6 percent. Cash Grants would have attained the highest disbursement rate of 42.5 percent since successful applicants would have received $165,268.74 (see Table 13 below). Technical Assistance would have accounted for the lowest disbursement rate of 8.9 percent; of the $150,000.00 budgeted, and the $149,678.00 committed, only $13,250.00 would have been collected by successful applicants. Lastly, the disbursement rate for Duty Concessions stood at 13.0 percent; of the $258,200.00 committed, successful applicants would have received a direct benefit of $33,574.94 Invest TCI would have identified the following reasons for the low disbursement rates in FY2021/22.

I. Lack of awareness or understanding of the MSME Grant programme among recipients, particularly as it relates to technical assistance.

II. Sourcing supplies and materials: finding suppliers (international) that accepts wire transfers as a payment method.

III. Limited or no personal financial injection by recipient if there are cost overruns.

IV. Limited time frame to utilise benefits: the concession orders are for a period of (one) 1 year.

V. Unprepared recipients.

VI. Limited flexibility in the use of funds.

VII. The payment process is considered to be lengthy; it takes more than five (5) days for payments to reach suppliers.

The revamped National Investment Policy 2023 and proposed amendments to the Micro Small and Medium Enterprise Ordinance 2015 and Micro Small and Medium Enterprise Development Regulations 2016 seeks to abate the current challenges of the programme.

Invest Turks and Caicos Islands publishes its Annual Report each year which provides concrete data and information on its activities conducted during the financial year. For ease of access to such reports, visit the Invest Turks and Caicos Island's website via the following link: www.investturksandcaicos.tc

Table 12.
Breakdown of approved/committed applications by priority areas FY2021/22

Priority Areas	Approvals	Approvals (%)	Cash Grants ($)	Technical Assistance ($)	Duty Concession ($)	Total ($)	Total (%)
Agriculture	5	12.2%	50,000.00	13,000.00	29,000.00	92,000.00	11.6%
Fisheries	0	0.0%	-	-	-	-	0.0%
Manufacturing, Processing and Commercial Cleaning Services (MPCCS)	7	17.1%	70,000.00	39,350.00	65,000.00	174,350.00	21.9%
Tourism	24	58.5%	230,000.00	74,000.00	142,200.00	446,200.00	56.0%
Physical Infrastructure	0	0.0%	-	-	-	-	0.0%
Technology and Innovation	3	7.3%	22,545.00	17,728.00	15,000.00	55,273.00	6.9%
Arts and Music	2	4.9%	16,700.00	5,000.00	7,000.00	28,700.00	3.6%
Total	**41**	**100%**	**389,245.00**	**149,078.00**	**258,200.00**	**796,523.00**	**100%**

Source: Invest TCI

Table 13.
Breakdown of MSME Benefits FY2021/22

Benefits	Cash Grant	Technical Assistance	Duty Concession	Total
Budgeted	480,000.00	150,000.00	258,200.00	888,200.00
Committed	389,245.00	149,678.00	258,200.00	797,123.00
Unpaid Benefit	223,976.26	136,428.00	224,625.06	585,029.32
Disbursed Benefit ($)	165,268.74	13,250.00	33,574.94	212,093.68
Disbursed Benefit (%)	42.5%	8.9%	13.0%	26.6%

Source: Invest TCI

3.3 BUSINESS REGISTRY

The number of business names and trademarks registered in the Turks and Caicos Islands would have generally improved over the 2012–2021 period. The business names and trademarks registered both behaved in a similar manner as they improved by 181.8 percent and 205.7 percent respectively between 2012–2017. However, in 2018, the number of trademarks registered declined by -35.0 percent. This would have been attributed to the passage of Hurricanes Irma and Maria in 2017; as many clients (individual and corporate) would have focused on rebuilding if impacted, than expanding their operations. Thereafter, although the business names and trademarks registered experienced declines of -16.9 and -27.3 percent in 2020 to 1,292 and 312 respectively, 2021 realised eventual recoveries.

The number of business names renewed increased by 78.0 percent from 395 in 2012 to 703 in 2015. These renewals almost quadrupled to 2,790 in 2016, then declined by -6.8 percent to 2,600 in 2017. Thereafter, business names renewals would have consistently increased to 3,406 in 2020 until its steep -64.0 percent decline to 1,227 in 2021. The significant increase in business name renewals in 2016 was as a consequence of the greater monitoring and enforcement of licensing requirements by the Business Licensing Unit (BLU) of the TCIG whereby registered business names formed part of the licensing process. See Chart 19 below. More so, the introduction of the online registration process and increased economic activities in the TCI, would have contributed to heightened business names renewals.

The total number of companies struck within the 2012-2021 period summed to 11,439 whilst 1,024 (approximately 9.0 percent) would have been reinstated. Growth in company reinstatements was initially experienced in 2013 and 2017 at the rates of 21.7 and 65.9 percent respectively. For the remaining 4 years to 2021, company reinstatements did not exceed 55 per year. The number of international companies incorporated peaked at a total of 1,414 in 2014 then consistently declined to an all-time low of 843 in 2020. The TCIFSC would have identified the following reasons for the consistent declines in the number of companies incorporated in the TCI since 2014:

I. Changes in legislation and tax rates in the USA, which resulted in fewer companies going 'offshore'.

II. The coming into effect of the Companies Ordinance 2017 and the resulting changes in requirements.

III. The introduction of beneficial ownership registration requirements.

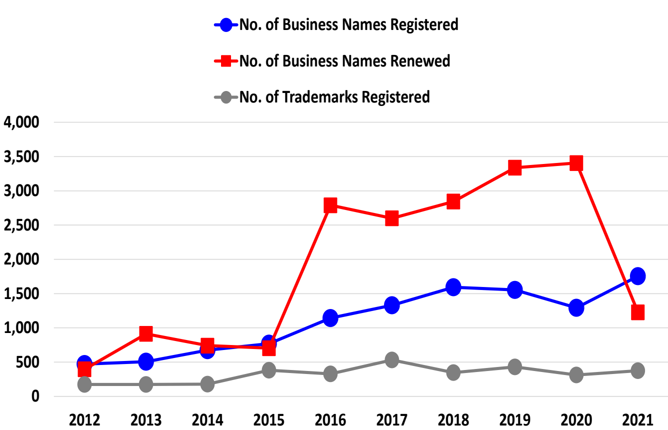
IV. Greater due-diligence requirements around company incorporation

V. Increase in the attractiveness of incorporation locations such as the Delaware Tribe of Indians for the incorporation of micro insurance companies.

VI. The introduction of economic substance requirements for companies incorporated in the TCI.

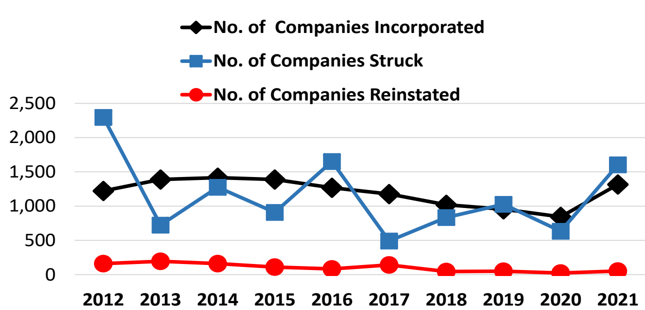
VII. Anticipation of the introduction of a public registry of beneficial ownership information.

Chart 19.
Business Registry: Business Names and Trademarks 2012-2021



Source:TCIFSC

Chart 20.
Business Registry: Companies 2012-2021



Source:TCIFSC

3.4 REMITTANCES

In the 2009 sixth edition of the Balance of Payments and International Investment Position Manual (BPM6), the IMF defined Remittances as:

"*Household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies. Remittances include cash and non-cash items that flow through formal channels, such as via electronic wire, or through informal channels, such as money or goods carried across borders. They largely consist of funds and non -cash items sent or given by individuals who have migrated to a new economy and become residents there, and the net compensation of border, seasonal, or other short-term workers who are employed in an economy in which they are not resident*."

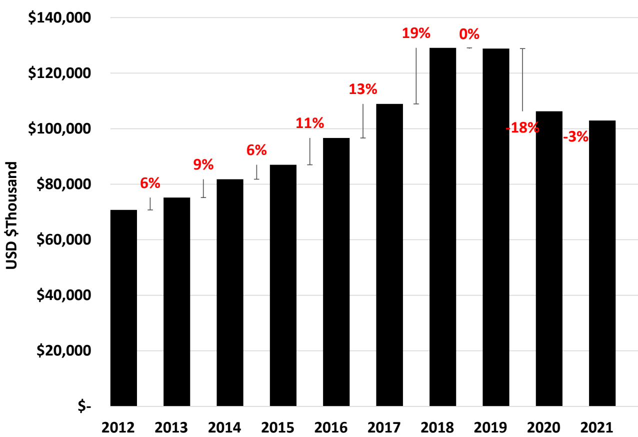
The total remittances to countries typically include all household-to-household transfers and the net earnings of Non-Resident workers and social benefits arising from social security funds and pension funds. The TCI deviates from most Caribbean economies by having net outflows of remittances. This is due to its dominant expatriate/immigrant workforce.

Remittance Outflows

The main indicator used to track the flow of remittances in the Turks and Caicos Islands is the Money Services Business (MSBs). Although a subset of the definitional aggregate concept of remittances, the Turks and Caicos Islands Financial Services Commission (TCIFSC), monitors and reports the annual electronic outgoing and incoming transfer of funds. Within the period 2012-2018, the remittance outflows increased by 82.5 percent from $70.7 million to $129.1 million: see Chart 21 below. Over the seven-year period, remittance outflows not only grew, but they increased at increasing rates (excluding the year 2015) and eventually at 19 percent in the year 2018. The significant increases in remittance outflows raises issues concerning national income leakages from the economy versus the direct contribution of expatriates and immigrants to TCI's domestic output.

Within the 2019-2021 period, remittance outflows from the Turks and Caicos Islands would have declined. This was evidenced by the -0.2, -17.5 and -3.1 percent declines in outflows to $128.8 million, $106.6 million and $103 million in 2019, 2020 and 2021 respectively. The fall in domestic economic activities as a result of the COVID-19 pandemic and external trade policies would have contributed to the lessened leakages over the three (3)-year period.

Chart 21.
Remittance Outflows 2012–2021 (USD$ Thousand)

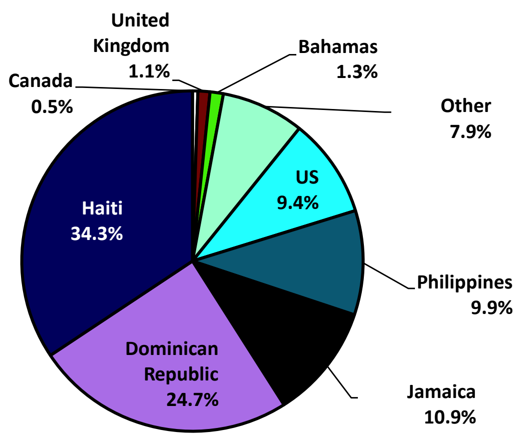


Source:TCIFSC

The distributional nature of remittance outflows in 2020 proved to be highly concentrated since 89.2 percent of the total was sent to Haiti, the Dominican Republic, Jamaica, the US and the Philippines. For the countries mentioned, Haiti and the Dominican Republic accounted for 34.3 and 24.7 percent of such outflows respectively as illustrated in Chart 22 below. The remaining 10.8 percent was sent to the Bahamas, the United Kingdom, Canada, and 'Other' countries. 2021 fared differently as remittance outflows to Haiti declined by -40.9 percent to $21.6 million, having previously declined by 11.3 and 5.4 percent respectively in 2019 and 2020. Remittance outflows to Haiti would have declined as a result of the country's October 2020 new foreign exchange policy. Haiti's new foreign exchange policy not only contributed to the overall reduction in TCI's remittance outflows, but would have also resulted in the Dominican Republic receiving most remittance outflows (31.8 percent) valued at $32.7 million.

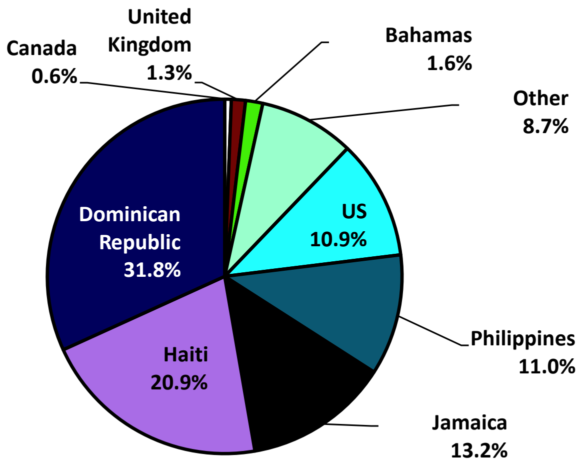
Although Charts 22 and 23 can give an insight to the nationality distribution of expatriates and immigrants, it is not as clear-cut since not all workers remit finances to their home countries to the same extent. The 2012 Country Poverty Assessment (CPA) report admitted workers from Haiti had a greater propensity to remit monies home in comparison to workers from the Dominican Republic. Expatriates and immigrants usually remit a portion of their incomes for the following purposes: support families in their home country, increase long term investments, improve their quality of life, finance the education of their children (not limited to their home countries) and for other purposes.

Chart 22.
Distribution of Remittance Outflows by Nationality 2020 (%)



Source:TCIFSC

Chart 23.
Distribution of Remittance Outflows by Nationality 2021 (%)



Source:TCIFSC

Table 14 below lists the annual value and growth rates of remittances received by countries from the TCI. As expected, Haiti and the Dominican Republic received most of the remittances for the entire 2012-2021 period. In 2019, remittance outflows to all counties excluding Haiti would have peaked. In that year, outflows to Haiti would have conversely declined by -11.3 percent from its 2018 peak of $43.5 million to $38.6 million. The decline in outflows to Haiti would have facilitated the start of overall remittance outflow declines from 2019 to 2021.

In 2020, at the height of the COVID-19 pandemic, remittance outflows to all countries would have declined. These declines were evidenced by the low -5.4 percent reduction to $36.5 million for Haiti and the high -42.7 percent reduction to $1.3 million for the Bahamas. Conversely, 2021 witnessed the revival in remittance outflows to all countries excluding Haiti. These recoveries were evidenced by the low 7.3 percent increase to $9 million for Other Countries and the high 25 percent increase to $32.7 million for the Dominican Republic. Haiti was the only country which received less remittances (-40.9 percent) valued at $21.6 million in 2021 in comparison to 2020.

The final three (3) columns of Table 14, illustrates the seven-year (2019), eight-year (2020) and nine-year (2021) growth rates and average annual growth rate per year of TCI's remittance outflows to countries. Over the 2012-2019 period, remittance outflows to Other Counties experienced the most conservative growth of 49.2 percent to $9.6 million. Within the same period, the United Kingdom realised the highest growth of 600.5 percent to $1.7 million. This was attributed to the rise in financial support to TCI students pursuing higher education in the United Kingdom and increased emigration of Turks and Caicos Islanders to the United Kingdom. Falling immediately behind are both Haiti and the Bahamas who both would have attained 136.8 percent growth in remittance outflows to $38.6 million and $2.3 million respectively. Thereafter, all countries 2012-2020's growth rate, though positive, would have declined in comparison to 2019. In 2021, Haiti was the only country which would have experienced a decline in remittances by -4.4 percent in comparison to 2012.

As of 2021, the Dominican Republic tops all countries receiving remittance outflows, partially due to Haiti's remittance decline as a result of its new foreign exchange policy. Another leading factor was, outflows to the Dominican Republic held the least variance to its pre-pandemic reality by -0.7 percent. The United Kingdom proved to be the outlier among the countries since it was initially recognised as the lowest receiver of remittances in 2012. However, in 2019, this position no longer stood as remittance outflows more than septupled at a growth rate of 600.5 percent whilst on average, its annual growth rates stood at 24.4, 18.5 and 17.6 percent in 2019, 2020 and 2021. The United Kingdom was the only country whose annual average growth rate remained double-digit during 2020.

Table 14.
Remittance Outflows: Country comparison 2012-2021 (USD$ Thousand and % Change)

Countries	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth over time (%)		
											Average Annual Growth (%)		
											2019	2020	2021
Bahamas	$ 987.9	$1,328.3	$1,375.2	$1,440.9	$1,632.2	$1,657.1	$2,216.5	$2,339.0	$1,341.0	$1,613.0	137%	36%	63%
	22%	34%	4%	5%	13%	2%	34%	6%	-43%	20%	15%	8%	10%
Canada	$407.3	$498.5	$515.3	$545.3	$ 603.6	$646.9	$774.6	$911.0	$540.0	$618.0	124%	33%	52%
	6%	22%	3%	6%	11%	7%	20%	18%	-41%	14%	12%	6%	7%
Dominican Republic	$15,601.4	$16,328.6	$18,152.9	$21,350.2	$24,640.8	$27,221.6	$31,685.9	$32,971.0	$26,197.0	$32,734.0	111%	68%	110%
	8%	5%	11%	18%	15%	10%	16%	4%	-21%	25%	11%	8%	9%
Haiti	$22,541.2	$24,727.6	$26,187.4	$27,123.5	$29,698.4	$35,136.1	$43,526.2	$38,595.0	$36,498.0	$21,556.0	137%	62%	-4%
	0%	10%	6%	4%	9%	18%	24%	-11%	-5%	-41%	7%	6%	1%
Jamaica	$ 9,161.5	$9,745.1	$10,039.2	$9,637.0	$10,059.0	$11,635.5	$13,819.7	$14,648.0	$11,566.0	$13,590.0	60%	26%	48%
	-1%	6%	3%	-4%	4%	16%	19%	6%	-21%	17%	6%	3%	5%
Philippines	$7,589.1	$7,890.8	$8,983.9	$10,743.0	$11,780.8	$12,121.3	$13,031.7	$13,928.0	$10,527.0	$11,345.0	84%	39%	49%
	-2%	4%	14%	20%	10%	3%	8%	7%	-24%	8%	8%	4%	5%
United Kingdom	$241.1	$283.1	$384.8	$409.8	$635.7	$946.4	$1,242.2	$1,689.0	$1,210.0	$1,327.0	601%	402%	450%
	-36%	17%	36%	6%	55%	49%	31%	36%	-28%	10%	24%	19%	18%
US	$7,786.3	$9,770.7	$10,126.5	$10,591.4	$11,352.4	$12,114.2	$13,380.5	$14,175.0	$10,030.0	$11,221.0	82%	29%	44%
	16%	25%	4%	5%	7%	7%	10%	6%	-29%	12%	10%	6%	6%
Other	$6,427.9	$7,649.2	$6,037.3	$5,159.8	$6,282.5	$7,469.4	$9,448.2	$9,592.0	$8,351.0	$8,962.0	49%	30%	39%
	-20%	19%	-21%	-15%	22%	19%	26%	2%	-13%	7%	4%	2%	3%

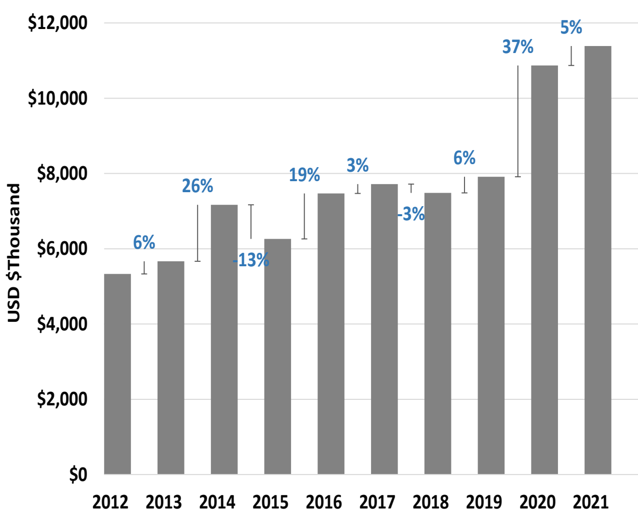
Source:TCIFSC and SPPD Calculations

Remittance Inflows

Within the period 2012-2018, remittance inflows increased by approximately 40.4 percent from $5.3 million to $7.5 million: see Chart 24 below. According to the 2012 CPA report, remittance inflows were mainly received temporarily by expatriates and immigrants from their families abroad to assist with their settlement expenses before they can eventually give financial support in return. Remittance inflows proved to be less predictable in comparison to the outflows as consistent stable increases were not realised. This was evidenced by the 2015 and 2018 declines by -12.7 and -3.0 percent respectively. More so, the rates of increase/decrease were found to be more volatile in nature as positive growth in one year did not guaranteed a repeat performance the following year. This was evidenced in the year 2015 whilst the reverse was true in 2016. The year 2015 proved to adversely affect TCI's overall remittances as evidenced by the decline in inflows and reduction in the rate of increase to 6.4 percent for outflows. This was due to a licensee surrendering its license to conduct Money Services Business in the Turks and Caicos Islands.

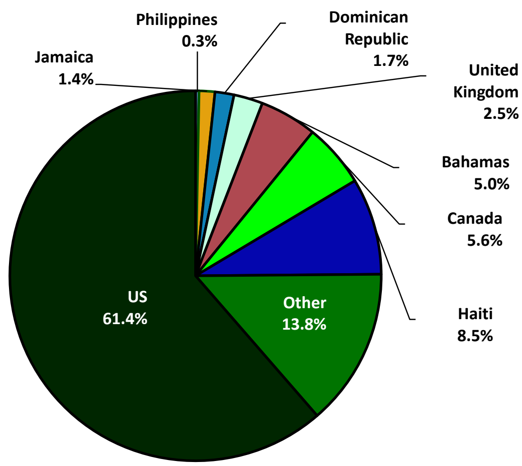
Significant remittance inflow increases were experienced within the 2019-2021 period. This was evidenced by the 5.8, 37.3 and 4.8 percent increases in inflows to $7.9 million, $10.8 million and $11.4 million in 2019, 2020 and 2021 respectively. The rise in support received from family members abroad in the midst of the COVID-19 pandemic would have contributed to the heightened remittance injections over the three (3) year period.

Chart 24.
Remittance Inflows 2012–2021 (USD$ Thousand)



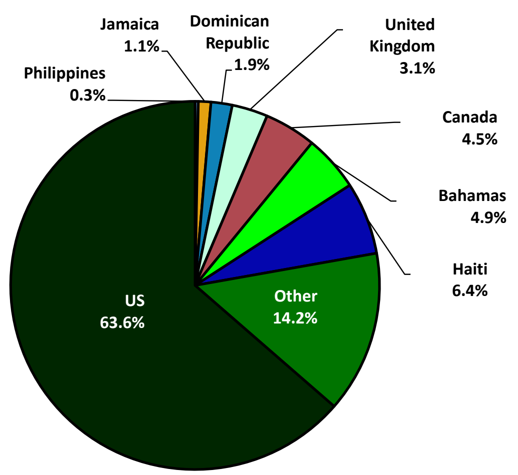
Source:TCIFSC

Chart 25.
Distribution of Remittance Inflows by Nationality 2020 (%)



Source:TCIFSC

Chart 26.
Distribution of Remittance Inflows by Nationality 2021 (%)



Source:TCIFSC

The distributional nature of remittance inflows in 2020 also proved to be highly concentrated since 83.6 percent of the total were received from the US, Other countries and Haiti. For the countries mentioned, in 2020, they accounted for 61.4, 13.8 and 8.5 percent of the remittance inflows respectively as illustrated in Chart 25 above. The remaining 16.4 percent were received from Canada, the Bahamas, the United Kingdom, the Dominican Republic, Jamaica and the

Philippines. Most of the remittance inflows were received from the US. Although minute in comparison to remittance outflows, these inflows from the US imitated traditional Caribbean/US remittance patterns to contribute to the household incomes of Turks and Caicos Islanders and facilitate local investments. 2021 fared similarly as remittance inflows from the US and Other countries would have increased by 8.6 and 8.1 percent to $7.2 million and $1.6 million respectively. Conversely, remittances from Haiti would have declined by -21.2 percent to $0.7 million due to the new foreign exchange policy. The decline in remittance inflows from Haiti would not have significantly impacted the overall distribution of inflows as most inflows would have been received from the US valued at $7.2 million, thereby accounting for 63.6 percent of the total.

Table 15 below lists the annual value and growth rates of remittances sent from countries to the Turks and Caicos Islands. As expected, most of the remittances were sent from the US for the entire 2012-2021 period. Unlike remittance outflows, there was not a specific year in which inflows from countries would have peaked. For instance, in 2021, remittance inflows from the US and the UK would have increased by 8.6 and 30.2 percent and peaked at $7.2 million and $.4 million respectively. This would have ascribed to expectations given the need for financial support in the midst of the COVID-19 pandemic and transference of benefits from the provision of stimulus and relief support in the US. Remittance inflows from the Dominican Republic, the Philippines and Jamaica would have also peaked in 2019 at $392, $375 million and $329 million respectively. The 2021 rise in inflows from the US and the UK would have facilitated the largest intake of remittances of $11.4 million since 2012.

In 2020, at the height of the COVID-19 pandemic, remittance inflows sent from countries to the TCI would have increased. In the midst of increased injections, 2020's remittance inflows would have fallen by -91.2, -54.7, -54.1 and -4.7 percent from the Philippines, Jamaica, the Dominican Republic and Haiti respectively. Conversely, 2021 witnessed the revival in remittance inflows from the Dominican Republic by 17.8 percent to $0.2 million whilst Canada's inflows declined by -14.7 percent to $0.5 million. These declines would have also been evidenced by Haiti's -21.2 percent decline to $0.7 million and Jamaica's -16.1 percent decline to $0.1 million.

The final three (3) columns of Table 15 below, illustrates the seven-year (2019), eight-year (2020) and nine-year (2021) growth rates and average annual growth rate per year of TCI's remittance inflows. The US, Other countries and the Bahamas would have experienced the inflow growth at increasing rates in 2019, 2020 and 2021 in comparison to 2012. Conversely, although 2019 reaped positive growth over 2012, declines would have been evidenced in 2020 and 2021 over 2012 for the Philippines, Dominican Republic and Jamaica. Remittance inflows from Haiti would have uniquely experienced growth decreasing rates in 2019, 2020 and 2021 at 13.4, 11.9 and 8.1 percent respectively in comparison to 2012.

As of 2021, the US topped all countries sending remittance inflows to the TCI; this consistently remained true since 2012. The TCI's historical close ties with the US, coupled with its proximity fuels the consistent remittance inflows from the US. The Philippines proved to be the outlier among the countries since it was the only one which experienced triple-digit growth in 2019, 2020 and 2021 in comparison to 2012. This would have been attributed to the sharp 2019 rise in remittance inflows from $0.03 million to $0.4 million. The combination of other countries fell shortly behind as their annual average growth rates remained double-digit in 2019, 2020 and 2021. See Table 15 below.

Remittance outflows consistently rose within the 2012–2018 period, to which growth was a maximum at 18.5 percent in 2018. Thereafter, remittance outflows would have declined since 2019 to $103 million in 2021. Although remittance inflows also increased, its trend was not as consistent as declines in growth rates and monies received were also realised. For instance, in 2018, remittance inflows declined by -3.0 percent in comparison to 2017. Thereafter, 2020's double-digit growth of 37.3 percent spurred inflows to $10.9 million. The SPPD in conjunction with the TCIFSC recognises the limitation in the analyses due to data constraints. The remittance outflow and inflow data, though significant, are still deemed to be underestimated since it did not took into consideration electronic wire transfers, National Insurance disbursements (qualified candidates) and non-cash remittances.

The SPPD recognises that even if all of the outstanding remittances were collected and collated, the picture would remain the same where disproportionate remittances leave the TCI in comparison to monies received. For instance, based on the data analysed, in 2012, for every $1.00 transferred to the TCI through MSBs, $13.28 were sent abroad. More so, in the pre-pandemic year of 2019, for every $1.00 transferred to the TCI through MSBs, $16.28 were sent abroad. Calculations from the post-pandemic year of 2021 would have shown that for every $1.00 transferred to the TCI through MSBs, a lessened $9.08 were sent abroad; the lowest comparative value since pre-2012.

Table 15.
Remittance Inflows: Country comparison 2012-2021 (USD$ Thousands and % Change)

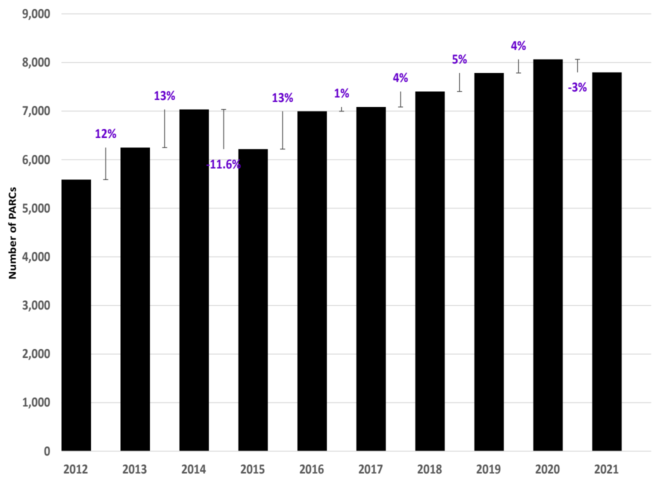
Countries	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth over time (%) / Average Annual Growth (%)		
											2019	2020	2021
Bahamas	$323.2	$293.0	$357.1	$309.0	$408.6	$572.8	$528.1	$439.0	$542.0	$561.0	36%	68%	74%
	-25%	-9%	22%	-13%	32%	40%	-8%	-17%	23%	4%	3%	3%	5%
Canada	$443.5	$470.2	$491.7	$293.7	$329.1	$329.9	$296.7	$309.0	$605.0	$516.0	30%	36%	16%
	22%	6%	5%	-40%	12%	0%	-10%	4%	96%	-15%	0%	0%	8%
Dominican Republic	$242.7	$252.5	$264.4	$182.9	$277.5	$239.5	$209.2	$392.0	$180.0	$212.0	62%	-26%	-13%
	-31%	4%	5%	-31%	52%	-14%	-13%	87%	-54%	18%	7%	7%	2%
Haiti	$516.9	$718.9	$969.0	$888.3	$1,127.1	$913.4	$837.0	$964.0	$919.0	$724.0	86%	78%	40%
	27%	39%	35%	-8%	27%	-19%	-8%	15%	-5%	-21%	13%	13%	8%
Jamaica	$215.0	$232.4	$255.3	$149.8	$156.9	$166.0	$161.6	$329.0	$149.0	$125.0	53%	-31%	-42%
	-2%	8%	10%	-41%	5%	6%	-3%	104%	-55%	-16%	13%	11%	2%
Philippines	$44.1	$18.2	$32.9	$60.2	$44.6	$28.5	$27.6	$375.0	$33.0	$32.0	750%	-25%	-27%
	172%	-59%	81%	83%	-26%	-36%	-3%	1259%	-91%	-3%	154%	184%	138%
United Kingdom	$212.7	$199.3	$160.3	$144.1	$216.7	$217.4	$219.1	$199.0	$275.0	$358.0	-6%	29%	68%
	36%	-6%	-20%	-10%	50%	0%	1%	-9%	38%	30%	5%	5%	11%
US	$2,516.4	$2,532.1	$2,666.1	$2,727.3	$3,359.3	$3,716.2	$3,602.6	$3,533.0	$6,669.0	$7,242.0	40%	165%	188%
	6%	1%	5%	2%	23%	11%	-3%	-2%	89%	9%	5%	5%	14%
Other	$814.2	$950.6	$1,969.0	$1,503.2	$1,547.2	$1,533.4	$1,599.9	$1,375.0	$1,497.0	$1,618.0	69%	84%	99%
	17%	17%	107%	-24%	3%	-1%	4%	-14%	9%	8%	14%	14%	13%

Source:TCIFSC and SPPD Calculations

3.5 PRODUCER AFFILIATED REINSURANCE COMPANIES – PARCs

Financial Services Sector (FSS) products offered in the Turk and Caicos Islands beyond savings and credit include: Producer-Affiliated Reinsurance Companies (PARCs) and Captives, Family Offices for Ultra High-net-worth individuals (UHNWI) and Trust services. PARCs and Captives are deemed to be the FSS' current niche whilst other avenues are still being researched given the industry's constraints. Within the period 2012–2018, the number of PARCs and Captives increased by 32.4 percent to 7,403- see Chart 27 below. In 2015, a decline by -11.6 percent was experienced as a consequence of the removal of inactive companies from the database. Thereafter, consistent increases were evidenced until a peak of 8,064 in 2020. Thereafter, a minor -3.3 percent decline to 7,797 denoted PARCs for 2021. Although efforts are being made to find a more lucrative niche in the financial sector, the TCI simultaneously seeks to protect and optimise value from current FSS operations. For instance, a monitoring and evaluation process needs to be developed to improve the FSS' performance and sustainability. Box 3 below summarises Ms. Lorna Smith's (former Executive Director, BVI Finance and Founder and Chief Executive Officer of LGS and Associates) input on FSS activities in the TCI. More so, essential information on the Financial Intelligence Agency of the Turks and Caicos Islands is provided in Box 4 below.

Chart 27.
The Number of Producer-Affiliated Reinsurance Companies (PARCs) and Captives (2012–2021)



Source:TCIFSC

TCIFSC publishes several Annual and Quarterly Reports each year which provides concrete data and information on its activities conducted during the financial year. For ease of access to such reports, visit the TCIFSC's website via the following link: www.tcifsc.tc

BOX 3.

The benefits of growing the Financial Services Sector as a second pillar to TCI's superlative tourism and Ultra-High Networth Individual (UHNWI) Real Estate Brands
A perspective from British Virgin Islands (BVI)

Keynote Address by Ms. Lorna Smith, Former Executive Director, BVI Finance and Founder and Chief Executive Officer of LGS and Associates. The following is a synopsis of Ms. Smith's presentation at the Invest Turks and Caicos Islands (TCI) 2nd Annual Economic Conference "Financial Block of a Strong Diversified Economy" on Friday 08th November 2019.

The United Kingdom (UK) Overseas Territories were all encouraged to diversify their economies by growing their financial services. The 1999 White Paper 'Partnership for Progress and Prosperity' recognised 'the growing significance of the offshore financial centres in some territories'. In 2007, the Foot report provided benchmark standards against which each of the jurisdictions should assess their performance. A few years prior, another report commissioned by the UK Government required the separation and independence of the financial services regulator in all overseas territories. The Regulator would be responsible for legislation and ensuring that the industry adhered to the highest standards of ***transparency, probity and governance***. On the other hand, Governments would be responsible for promotion and business development.

The most recent White Paper of 2012: 'Security, Success and Sustainability', highlighted the UK's commitment to supporting its overseas territories' financial services. Bermuda, the British Virgin Islands (BVI) and the Cayman Islands developed important niche positions with respective comparative advantages in insurance, funds and international business companies in international financial markets. Since the late 1980s, BVI's success was evidenced with more than 400,000 active business companies on its Corporate Register to date whilst the total value of the Cayman Islands' licensed banks is now approximately US$1.6 trillion. Today, the Cayman Islands is probably best known for being the major offshore banking and hedge fund domicile and one of the leading captive insurance jurisdictions.

The Turks and Caicos Islands (TCI) should be next, it is all a matter of timing and luck. TCI has the opportunity to deliberately and strategically develop its financial services to benefit its people, based on advice and experiences – including mistakes. It is important to note that the demand for international services still remains strong. Potential target market; to provide cheap cost of capital in Asia (China, India and Vietnam) and the Middle East (Dubai). Indeed, it is anticipated that over the next decade, the Belt and Road Initiative will increase China's outbound investment by US$25 trillion! Then there is India which is expected to maintain its annual growth rate between 5-7 percent, making it the fastest major growing economy globally. Vietnam also continues to be one of that region's best performing economies with exports continuing to outperform the rest of Asia. Admittedly there are challenges in the form of the Hong Kong riots; but in its 30 plus year history, Asia has shown a strong affinity for offshore investments, particularly the BVI, Cayman Islands and Bermuda. Volume still comes mostly from Asia, and this is expected to be the case going forward. Therefore, the TCI should strategically analyse its Financial Services Sector and chart a way forward.

One of TCI's core advantage lies in its ability to be resilient in the midst of challenges. This would have been evidenced during the following:

- European Union (EU) Savings Directives
- Fair and Accurate Credit Transactions Act (FACTA) Signing
- Natural Disasters
- Signing and implementation of Transparency and Governance Directives.

Today both the TCI and BVI are in a good place for two specific reasons:

Firstly, they both now have a seat at the table when new international standards are being drafted - some of the time at least and

Secondly, they both complied with all the rules as they relate to transparency and good corporate governance despite ever-shifting goal posts. Therefore, the crucial foundation was laid for the TCI's diversification into financial services.

BOX 3 *(continued)*.

The benefits of growing the Financial Services Sector as a second pillar to TCI's superlative tourism and Ultra-High Networth Individual (UHNWI) Real Estate Brands A perspective from British Virgin Islands (BVI)

The TCI should maximise opportunities which stems from its core advantages, namely:

A strong tourism product together with (crucial) International air access;

- The Union Jack;
- US Dollar as its legal tender/no exchange controls;
- Compliance with all international standards;
- A good Regulator/decent legislation;
- Good relations with international regulators;
- Good relations with other jurisdictions; and
- Good US relations.

The TCI should optimise available opportunities given its full compliance with the European Union and their substance requirements. Ultra-High Net Worth Individuals (UHNWI) as well as companies will be attracted to a territory that looks like the TCI but equally that has this status. Truth is, multinationals and wealthy families will continue to look for pleasant places like the TCI to live and domicile, especially if there is access to quality professional services and advice. Several benefits will accrue from establishing a family office in the TCI: that UHNWI will hire accountants, bookkeepers, secretaries, and will rent office space. Needless to say, that person will also purchase property to build a home, shop in your supermarkets and stores, and so forth – directly contributing to the TCI economy. Offer the right incentives, market your offerings, and voila! a whole subsector that combines tourism and international business is established in the TCI. Attracting these companies will mean more jobs, and further growth to the TCI economy given that:

- A number of the company directors must be resident in the TCI;
- Most board decisions must be taken in the TCI;
- An adequate number of qualified employees are to be located in the TCI;
- An adequate level of annual expenditure is incurred in the TCI, investments performed, or other relevant activities undertaken;
- Business premises are to be located in the TCI; and
- Accounting takes place in the TCI.

Preparing a package of incentives to lure more international businesses to the TCI could over time provide sufficient economic substance and become the game changer for the TCI.

It is necessary that the TCI ensures that its Financial Services Commission (TCIFSC) and the Business Lincensing Unit of the TCIG are well resourced and efficiency is improved i.e. timeliness for investors to obtain requisite licenses in order to protect the TCI's global reputation. It is also vital that the TCI maintain good relations with other jurisdictions i.e. other British Overseas Territories (BOT) and optimise opportunities within the Caribbean. Enhancing the appreciation of the FSS is critical. A campaign to raise awareness on the importance and potential of the FSS should be conducted in all islands and be infused in the secondary school system as well. Political will is vital to implement the policy recommendations procured from consultants. The incidence of uncertainty could also be constrained by implementing the following:

- Ensure laws are enforced.
- Minimise delays for work permits or permit renewals (possible fast-track work permit system).
- Make and enforce realistic policies.
- Ensure continuous professional development for staff to minimise skill and training deficit.
- Protect Turks and Caicos Islanders employment while employing relevant foreign staff.

With the growth of financial services will come opportunities for training and education of Turks and Caicos Islanders in a host of fields including Accounting, Law, Insolvency, Company Management, Trust Management, Funds Administration and so much more.

Legal and Technological Infrastructure

Raise the TCI's FSS profile by becoming aligned to

BOX 3 *(continued)*.

The benefits of growing the Financial Services Sector as a second pillar to TCI's superlative tourism and Ultra-High Networth Individual (UHNWI) Real Estate Brands A perspective from British Virgin Islands (BVI)

offshore magic circle names. For example, attract one or two International Law firms; it is anticipated that a few firms of such calibre would raise the profile of the Turks and Caicos Islands and increase business opportunities which would improve local employment. Develop a cybersecurity, data protection and a digital strategy to facilitate ease of doing business in the TCI as advised by the KPMG in its June 2018 report. It would be a costly investment, but worthwhile in the long run.

Advantages of Developing the TCI's FSS:

- It would increase the per capita income and standard of living of residents since it provides higher paying jobs in comparison to the Tourism sector. Admittedly, the FSS provides less employment in comparison to the Tourism sector. The BVI's FSS employs 2200 workers directly, of which two thirds comprise Islanders. More so, 3000 workers are employed indirectly. It is advised that the TCI stick to the strategy, be patient, it would be worth it in the long run.
- It aids in the diversification of the TCI economy which innately protects the economy from negative global shocks.
- It will contribute to infrastructural development
- It will benefit not only the TCI, but also the global landscape.
- It is a sustainable sector to invest.

The Turks and Caicos Islands should conduct a Strategic Market Research initiative to determine which product(s) they should specialise to optimise returns in the FSS. The Financial Serrvices Sector's success would require a close synergy between the Government and the private sector. The Tourism Financial Services product is a possibility. The BVI's FSS model entails the Government's responsibility to organise the sector whilst the private sector is the face of the industry; this could be possibly used in the TCI. This model enforces the presence of offices and people in the target markets. More so, the FSS through the private sector, invests in its own promotion.

BOX 4 .

Financial Intelligence Agency of the Turks and Caicos Islands FY 2021/22

The Financial Intelligence Agency of the Turks and Caicos Islands (FIA) serves as the Financial Intelligence Unit (FIU) for the Turks and Caicos Islands (TCI) and is one of more than 150 FIUs making up the Egmont Group. The Egmont Group is an informal network of national FIUs which provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing (ML/TF). An FIU is a central, national authority responsible for receiving and, as permitted, requesting, analysing and disseminating to competent authorities, disclosures of financial information concerning suspected proceeds of crime and potential financing of terrorism or required by national legislation or regulation to combat money laundering and terrorism financing.

Other responsibilities of the TCIFIA include conducting inquiries for the purpose of gathering information, requesting, accessing, exchanging, receiving, processing, maintaining, correlating, storing, analysing, interpreting and providing feedback on information, Suspicious Transactions Reports (STR) and trend and typologies for the combating of money laundering activities and the financing of terrorism activities.

The FIA, formerly called the Financial Intelligence Unit (FIU), was established as a statutory body with the commencement of the FIA Ordinance in October 2014. The FIA is responsible for the receipt, storage, analysis and dissemination of information related to Anti Money Laundering and Combating the Financing of Terrorism and connected crimes in observance of the Financial Action Task Force (FATF)'s international standards on combating money laundering and the financing of terrorism and proliferation.

The TCIFIA is empowered and guided by the FIA Ordinance, the Proceeds of Crime Ordinance and or any other enactment. The key domestic counterparts of the TCIFIA are:

- Royal Turks and Caicos Islands Police Force
- Integrity Commission
- Turks and Caicos Islands Financial Services Commission
- Customs Department
- Integrity Commission
- Gaming Control Commission

The FIA conducts an outreach and awareness programme through the provision of seminars and training sessions to heighten awareness to various industry representatives within the Turks and Caicos Islands. These programmes seek to ensure that all reporting entities are made aware of the critical role they play in Anti Money Laundering/Counter Terrorist Financing (AML/CFT), SAR/STR reporting, and the penalties involved in not adhering to those statutory requirements. Following the COVID-19 pandemic, the FIA realised a revival in its AML/CFT outreach and awareness sessions in Q4 of FY21/22 by conducting virtual outreach and awareness sessions to twelve (12) sectors. The sectors that participated included Money Services Businesses (MSBs), Real Estate, Legal Professionals, Casinos, Accountancy, Trust and Investment, Motor Vehicle Dealers, High Value Dealers, Company Service Providers (CSPs), and Non-Profit Organisations (NPOs).

One of the core duties of the FIA is to collect and review Suspicious Activity Reports/Suspicious Transactions Reports (SARs/STRs). Financial Institutions usually account for at least 75 percent of the SARs/STRs received by the FIA each year. Since, 2016/17, the decline in SAR/STRs to 50 mirrored the general decline in SAR/STRs received from all Reporting Entities/Sectors. Of the Financial Institutions, Retail Banks would have provided most of the SARs/STRs to the FIA since FY 2017/18; this contrasted FY2016/17's Money Service Businesses (MSBs). Of the Designated Non-Financial Businesses and Professions (DNFBPs), Company Service Providers (CSPs) and Law Firms/Attorneys continue to lead SARs/STRs submissions to the FIA. The AML/CFT outreach and awareness programme seeks to enhance the quality of the SARs/STRs submitted since the sessions conducted are used to ensure that all reporting entities are made aware of their role, responsibilities and requirements regarding the reporting of suspicious activities and transactions related to suspected money laundering, terrorist financing and connected crimes.

BOX 4. *(continued)*

Financial Intelligence Agency of the Turks and Caicos Islands FY 2021/22

Table 16.
SARs/STRs received by Sector/Entity for the periods FY16/17 to 21/22

Reporting Entity/Sector	21/22	20/21	19/20	18/19	17/18	16/17
Financial Institutions	50	53	65	63	41	64
Retail Banks	40	30	42	44	26	25
Private Banks	3	2	2	4	0	0
Money Service Businesses (MSBs)	7	21	21	15	15	39
DNFBPs	9	5	10	15	12	15
Casinos	0	0	0	0	4	0
Company Service Providers (CSPs)	2	0	3	7	0	7
Insurance Agent/Brokers/Managers	0	1	1	0	1	1
Law Firms/Attorneys	5	2	4	8	4	3
Real Estate Agency/Agent	1	1	0	0	2	1
Trust Companies	1	1	2	0	1	3
Other	1	1	1	0	0	0
Public Disclosure	1	1	1	0	0	0
Grand Total	**60**	**59**	**76**	**78**	**53**	**79**

Source:FIA-TCI 2022

The FIA publishes its Annual Report each year which provides concrete data and information on its activities conducted during the financial year.

For ease of access to such reports, visit the FIA's website via the following link: www.fia.tc

4

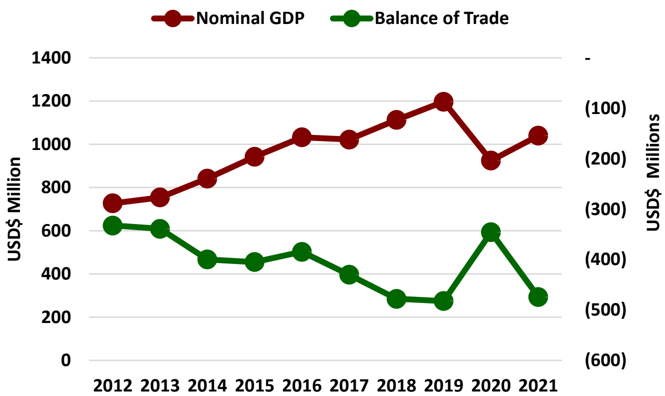
Trade

4.1 TRADE

Although imports are a significant leakage to the Turks and Caicos Islands economy, it also possesses two other features whereby it is necessary to stimulate economic activity and is deemed to have a strong positive correlation with national income. Consequently, TCI's constrained export capacity and dependence on imports have led to consistent trade deficits since 2012. Table 17 below illustrates the trade performance of the TCI within the 2012-2021 period.

From 2012-2015, TCI's trade deficit would have increased by 21.8 percent to -$405 million. More so, since 2012, the trade deficit would have peaked to -$482.3 million in 2019 due to the robust tourism operations and increased construction activities as a consequence of new real estate investment projects and repair and recovery initiatives in the wake of Hurricanes Irma and Maria. 2020 saw TCI's trade deficit reduced by -28.3 percent to pre-2014 levels as a consequence of the COVID-19 pandemic. However, 2021 realised 37.1 percent increase in the trade deficit to -$474.1 million due to the revival of economic activities. The strong positive correlation is evidenced in Chart 28 which illustrates the almost mirror-like trend of TCI's Balance of Trade and Nominal GDP within the 2012-2021 period. From 2012 to 2015, imports would have increased by 19.2 percent to $409.7 million. Declines would have been experienced in subsequent years as evidenced by the -5.0 percent and -28.2 percent reductions in imports in years 2016 and 2020 respectively. The latter decline would have been as a consequence of the prudent government measures, not limited to closing TCI's borders and work-at-home mandates in order to protect the livelihoods of TCI's citizens and residents stemming from the COVID-19 pandemic.

Chart 28.
Balance of Trade vs. Nominal GDP 2012–2021 (USD$ Million)



Source:Department of Statistics

Table 17.
Trade Activity 2012-2021 (USD$ Millions and % Change)

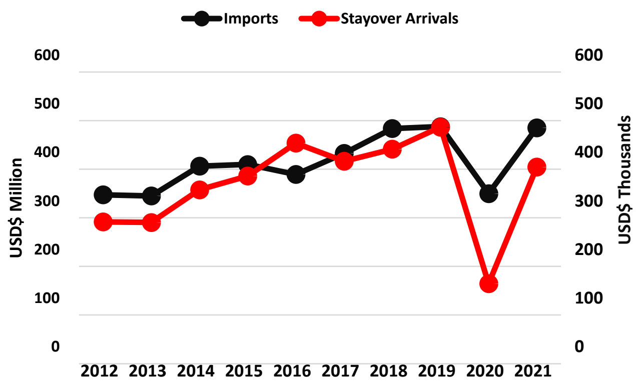
	2012	2013	2014	2015	2016	2017	2018	2019	2020r	2021p
Total Exports	14.8	5.9	6.5	4.6	4.5	2.3	5.8	5.3	4.1	11.3
Total Imports	347.3	345.0	406.2	409.7	389.3	432.5	483.7	487.6	349.9	485.4
Balance of Trade	-332.4	-339.8	-399.8	-405.0	-384.8	-430.3	-477.9	-482.3	-345.8	-474.1
Balance of Trade Growth (%)	9.6%	2.0%	17.9%	1.3%	-5.0%	11.8%	11.1%	0.9%	-28.3%	37.1%

Source:Department of Statistics

The reopening of the borders and consequent recovery of stay-over arrivals resulted in the 38.7 percent increased imports to $485.4 million in 2021. Although imports are an economic leakage, at present, they are necessary for the economic survival of the TCI. This is evidenced by the strong positive correlation between imports and stay-over arrivals illustrated in Chart 29 below. Tourism is the bread basket of the TCI. Stay-over arrivals fuel tourism activities within the islands and with it, imports to facilitate such activities. Conversely, Chart 30 below illustrates the lack of a strong positive correlation between TCI's imports and population size.

TCI's exports continues to be minute in comparison to imports due to critical challenges which constrains the realisation of TCI's export potential. One such challenge is the difficulty of local businesses to access loans for business development from financial institutions. Another challenge is the high cost of raw materials which are mainly imported. For businesses, the price of raw materials is high given the inability to benefit from economies of scale as a consequence of the size of their operations and reality of imported materials prices being influenced by external factors. Consequently, this has ultimately restricted domestic businesses' ability to compete on the international market. From 2012-2017, TCI's exports would have decreased by -84.4 percent to $2.3 million. Conversely, improvements would have been experienced in subsequent years as evidenced by the 152.1percent and 174.2 percent increases in exports in years 2018 and 2021 respectively.

Chart 29.
Imports vs. Stayover Arrivals
(2012–2021)

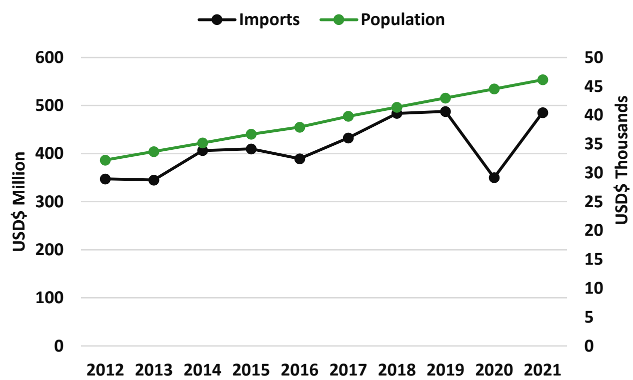


Source:Department of Statistics

In 2021, the Turks and Caicos Islands recorded a Balance of Payments (BoP) surplus of $135.6 million; a 15.9 percent improvement in comparison to its 2020 surplus of $116.9 million. Since 2014, there were only two (2) instances of BoP deficits, namely, 2014's -$144.8 million and 2019's -$331.9 million. In light of the peaked Current Account surplus of $343.4 million and despite its 2020 current account deficit of -$50.4 million, trade activity recovered through the realisation of a current account surplus of $238.7 million in 2021. The Current Account surplus reflected the previous surpluses attained over the 2014-2019 period and was mainly attributed to the recovery in service operations and improved primary income flows. Concurrently, the financial account recorded a net outflow of $66.6 million in 2020 which catapulted to $374.3 million in 2021, primarily on account of peaked net outflows from Other investments to $542.6 million. 2020 and 2021's net outflows ascribed to the consistent financial account net outflows recorded over the 2015-2019 period.

2021 data reflected a $238.7 million surplus on the current account; this was partly attributed to the 125.5 percent increase in net inflows from services to $775.2 million (see Table 14 below). The 2021 improvement in services' net inflows would have been as a result of the 112.8 percent rise in inflows to $852.5 million and 36.0 percent rise in outflows to $77.3 million. The consequent net inflows would have been influenced by the expenditure of tourists, vacationing patterns of residents and utilisation of international consultation services to aid the strategic developmental efforts of the TCI economy.

Chart 30.
Imports vs. Population
(2012–2021)



Source:Department of Statistics

The bulk of merchandise exports are mainly sourced from marine products, Caribbean spiny lobster (Panulirus argus) and Queen Conch (Lobatus gigas). Although merchandise export earnings recovered by 19.4 percent to $4.9 million in 2021, they were not sufficient to cover the 37.3 percent rise in merchandise imports to $465.8 million. Imports were anticipated to grow given the recovery of stay over arrivals and the tourism sector in the wake of the COVID-19 pandemic. 2017 was the only period by which credit was attained in the Capital Account. The sum of $16.6 million stemmed from the reinsurance claim received by the TCIG stemming from hurricanes Irma and Maria.

Although 2020's primary income inflows reduced by -31.6 percent to $43.1 million, the even greater -52.9 percent decline of primary income outflows to $42.9 million resulted in a primary net income surplus of $0.3 million, its first since 2017's $2.1 million. This surplus arose and continued in to 2021's $5.2 million as a result of the COVID-19 pandemic and foreign exchange policy in Haiti which would have lessened the repatriation of income abroad. Conversely, although the secondary income deficit of -$59.2 million mirrored 2016's deficit of $59.1 million, they diverged given peaked secondary income inflows of $47.2 million was insufficient to cover outflows of $106.4 million. 2021's 36.3 percent rise in the Secondary income deficit to -$80.8 million would have been attributed to the -49.7 percent decline in secondary income inflows to $23.7 million. The worsened secondary income deficit was insufficient to deter the goods and services surplus peak of $314.3 million and Primary Income surplus of $5.2 million, resulting in 2021's Current Account Surplus of $238.7 million. 2021's $5.2 million was the highest primary income surplus for the TCI; a consequence of the 68.5 percent growth in primary income inflows to 72.7 million, its highest ever attained.

In 2020, the financial account recorded a net outflow of $66.6 million, its continued corresponding trajectory since 2015 which was attributed to the movement of transactions in direct and other investments accounts. 2020's financial account deficit ascribed to the consistent net outflows which peaked at $555.5 million in 2016. Direct investments realised a net outflow of $23.4 million as a consequence of the 285.9 percent decline in direct investment liabilities (direct investment in the Turks and Caicos Islands by foreign investors) by -$23.4 million. Concurrently, other investments realised a net outflow of $119.3 million as a consequence of the rise in other investments financial assets (other investments abroad by TCI residents) by 197.7 percent to $154.0 million which overshadowed the 172.3 percent rise in other investments liabilities (other investment in the TCI by foreign investors) to $34.7 million.

In 2021, the financial account deficit quintupled to $374.3 million; this was attributed to the other investments account net outflows of $542.6 million overshadowing the portfolio investment and direct investment 's net inflows of -$137.9 million and -$30.5 million respectively. For instance, other investments abroad made by TCI's residents more than quadrupled to $541.6 million in 2021. Conversely, other investments to the TCI by foreign investors declined by -$1 million within the same period. Portfolio investments fared better in 2021 given the 172.1 percent rise in portfolio investments liabilities (portfolio investment in the TCI by foreign investors) to $122.3 million and the -50.1 percent decline in portfolio investment abroad by TCI residents to -$15.5 million. In addition, whilst no direct investments abroad would have been made by TCI residents within the 2019-2021 period, direct investment in the TCI by foreign investors would have increased by 230.6 percent to $30.5 million in 2021.

A time comparison of the Turks and Caicos Islands' current account signified an improvement between 2014–2016, worsened performances for 2017 and 2020 and recoveries for 2018, 2019 and 2021. For instance, the balance on the current account improved from $54.9 million to $202.1 million between 2012 and 2016 as a result of improvements in net inflows from services. Thereafter, although 2017's current account balance remained positive, it declined to $53.2 million as a result of the reduction in the services' surplus to $533.9 million, worsened trade deficits, and secondary income outflows.

The TCI's dependence on imports realised the consistent trade deficits within the 2012–2021 period. Initially, such deficits consistently grew between 2012-2015 from -$332.4million to -$405.0 million as a consequence of the constrained exportation of merchandise. An improvement to the trade deficit was realised in 2016 due to the 5 percent reduction in imports. Subsequently, the 2017 hurricanes impacted TCI's trade performance as the deficit grew by 11.8 percent as exports declined to $2.3 million in comparison to imports' $432.5 million. Hurricane damages to the two (2) fish plants in South Caicos would have contributed to the decline in TCI's exports. 2019 realised a -9.4 percent decrease in exports to $5.3 million dollars, whilst the 0.8 percent increase in imports to $487.6 million actualised the highest trade deficit of $482.3million in TCI's history. 2021 saw the recovery of both the TCI economy and consequently, increased trade deficit valued at -$474.1 million. Although ardent strategic efforts would have been implemented by the TCIG over the years, the effectiveness of such efforts would have been constrained. More so, the output potential of marine products exported are inhibited due to illegal fishing practices comprising bleaching of the corals poaching and pilferage by neighbouring islands.

Table 18.
Turks and Caicos Islands – Summary Balance of Payments 2014-2021 (USD$ Million)

	2014	2015	2016	2017	2018	2019	2020	2021
Current Account Balance	**54.9**	**88.5**	**202.1**	**53.2**	**221.9**	**343.4**	**-50.4**	**238.7**
Credits	677.4	719.4	808.3	688.3	969.2	1,116.9	495.0	953.8
Debits	622.5	630.8	606.2	635.1	747.3	773.5	545.3	715.0
Goods and Services	**156.6**	**200.0**	**302.3**	**117.7**	**313.9**	**462.6**	**8.6**	**314.3**
Credits	620.8	654.6	741.2	602.6	860.4	1016.1	404.7	857.4
Debits	464.3	454.6	438.8	484.8	546.5	553.5	396.1	543.1
Goods	-397.7	-390.2	-373.4	-416.1	-464.0	-469.5	-335.1	-460.9
Exports	6.5	4.6	4.5	2.3	5.8	5.3	4.1	4.9
Imports	404.2	394.9	377.9	418.4	469.8	474.7	339.2	465.8
Services	554.2	590.2	675.7	533.9	777.9	932.1	343.7	775.2
Credits	614.3	649.9	736.7	600.3	854.6	1,010.8	400.6	852.5
Debits	60.1	59.7	61.0	66.4	76.7	78.7	56.8	77.3
Primary Income	**-51.5**	**-63.0**	**-41.1**	**2.1**	**-2.8**	**-28.0**	**0.3**	**5.2**
Credits	24.8	27.5	31.1	43.2	68.7	63.1	43.1	72.7
Debits	76.3	90.5	72.2	41.1	71.5	91.1	42.9	67.5
Secondary Income	**-50.2**	**-48.4**	**-59.1**	**-66.6**	**-89.2**	**-91.3**	**-59.2**	**-80.8**
Credits	31.7	37.3	36.1	42.6	40.1	37.7	47.2	23.7
Debits	81.9	85.8	95.2	109.1	129.3	129.0	106.4	104.5
Capital Account	**0**	**0**	**0**	**16.6**	**0**	**0**	**0**	**0**
Credits	0	0	0	16.6	0	0	0	0
Debits	0	0	0	0	0	0	0	0
Net lending (+) /net borrowing (-) (balance from current and capital account)	**54.9**	**88.5**	**202.1**	**69.8**	**221.9**	**343.4**	**-50.4**	**238.7**
Financial Account								
Net lending (+) /net borrowing (-) (balance from financial account)	**-89.9**	**124.9**	**555.5**	**74.8**	**304.8**	**11.5**	**66.6**	**374.3**
Direct Investment	**35.5**	**68.5**	**-17.0**	**4.1**	**-110.2**	**-12.6**	**23.4**	**-30.5**
Net acquisition of financial assets	2.7	0.0	-1.5	24.4	-50.6	0.0	0.0	0.0
Net incurrence of liabilities	-32.7	-68.5	15.6	20.3	59.6	12.6	-23.4	30.5
Portfolio Investments	**22.0**	**-293.9**	**455.4**	**114.1**	**-3.0**	**169.1**	**-76.1**	**-137.9**
Net acquisition of financial assets	25.0	18.1	22.9	60.1	23.8	48.2	-31.1	-15.5
Net incurrence of liabilities	3.0	312.0	-432.4	-54.0	26.9	-120.9	45.0	122.3
Other Investments	**-147.4**	**350.3**	**117.2**	**-43.4**	**417.9**	**-145.1**	**119.3**	**542.6**
Net acquisition of financial assets	-163.4	126.7	-76.0	-96.7	324.0	-193.1	154.0	541.6
Net incurrence of liabilities	-16.0	-223.7	-193.2	-53.3	-93.9	-48.0	34.7	-1.0
Reserves Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Errors and Omissions	**-144.8**	**36.36**	**353.4**	**4.9**	**82.9**	**-331.9**	**116.9**	**135.6**

Source:Department of Statistics

International Investment Position

The Turks and Caicos Islands' Net International Investment Position (NIIP) stood at $1,372.0 million at the end of 2021. This position signalled the consistent growth of net investments from 2014's deficit of -$160.6 million to a 954.1 percent growth which resulted in 2021's peak of $1,372.0 million. On average, TCI's NIIP within the 2014-2021 period stood at $653.4 million. Despite the devastating impacts of hurricanes Irma and Maria and the COVID-19 pandemic, the NIIP grew by 20.5, 12.1 and 41.3 percent in 2017, 2020 and 2021 respectively. The consistent increase in the NIIP represents an improvement in TCI's net creditor position given the 51.1 percent rise in stock of assets abroad by Turks and Caicos Islands' residents to $2,747.8 million; this exceeded the -30.5 percent decline in stock of liabilities (investment by foreign investors) to $1,375.8 million within the 2014-2021 period.

In the midst of the hurricanes Irma and Maria and the COVID-19 pandemic, the stock of Assets increased by 2.2, 8.2 and 25.0 percent in 2017, 2020 and 2021 respectively. The robust nature of TCI's residents' investments abroad would have also been reflected by the average 2015-2021 stock of assets abroad growth by 6.5 percent and average annual contribution of $2,105.2 million. Although the other investments category would have contributed 84.6 percent of total stock of assets abroad within the 2014-2021 period, TCI's overall investment abroad preference was Currency and Deposits which averaged 79.3 percent of the total. Turks and Caicos Islands' residents invested on average 9.7 and 4.9 percent of total stock of assets in Equity and invest fund shares and Debt Securities respectively within the 2014-2021 period.

The stock of liabilities (investment in the TCI by foreign investors) trend behaved differently to the stock of assets in the TCI. For instance, in the midst of the hurricanes Irma and Maria and the COVID-19 pandemic, the stock of liabilities declined by -6.0 percent in 2017 and rose by 5.2 and 12.1 percent in 2020 and 2021 respectively. The contrasting nature of foreign investors' investments in the Turks and Caicos Islands would have also been reflected by the average 2015-2021 stock of liabilities decline by -3.9 percent and average annual contribution of $1,451.8 million. Although other investments would have contributed 58.6 percent of the total stock of liabilities in the TCI within the 2014-2021 period, foreign investors' overall preference were more evenly distributed given Loans, Currency and Deposits and Direct Investments averaged 33.1, 25.5 and 22.2 percent of the total.

The 41.3 percent improvement in TCI's NIIP position in 2021 is as a consequence of the 30.4 percent rise in Currency and Deposits investments made by TCI's residents abroad from $1,697.3 million in 2020 to $2,212.9 million in 2021. The 5.8 and 21.8 percent rise in Equity and Investment Fund shares and Debt Securities in 2021 would have also contributed to the TCI's NIIP improvement. Whilst direct and portfolio investment liabilities would have improved by 12.1 and 9.0 percent respectively, the -0.5 percent decline in other investments liabilities would have improved the NIIP for the TCI given its average contribution of 58.6 percent of the total.

The Department of Statistics publishes several vital statistical reports each year which provides concrete data and information on its activities conducted during the financial year. For ease of access to such reports, visit the DOS' website via the following link: www.gov.tc/stats

Table 19.
Turks and Caicos Islands – International Investment Position (at end of period) 2014-2021 (USD$ Million)

	2014	2015	2016	2017	2018	2019	2020	2021
Net International Investment Position	**-160.6**	**29.9**	**611.5**	**736.6**	**800.6**	**865.9**	**971.0**	**1,372.0**
Assets	**1,818.5**	**2,001.1**	**1,930.5**	**1,976.5**	**2,137.0**	**2,032.1**	**2,198.0**	**2,747.8**
Direct investment	28.7	28.6	27.2	51.5	1.0	1.0	1.0	1.3
Portfolio investment	175.7	187.8	214.0	307.9	317.7	408.6	413.0	436.8
Equity and investment fund shares	122.6	140.0	157.8	195.1	187.1	227.8	270.4	329.4
Debt securities	53.1	47.8	56.2	112.9	130.6	180.8	142.7	107.4
Other investment	1,614.1	1,784.7	1,689.3	1,617.0	1,818.4	1,622.6	1,784.0	2,309.7
Currency and deposits	1,478.6	1,660.0	1,569.4	1,507.8	1,714.4	1,519.8	1,697.3	2,212.9
Loans	130.7	119.6	115.1	103.4	95.6	90.1	69.5	59.4
Other accounts receivable	4.8	5.1	4.8	5.9	8.4	12.7	17.3	37.5
Liabilities	**1,979.1**	**1,971.2**	**1,319.0**	**1,239.9**	**1,336.4**	**1,166.3**	**1,227.0**	**1,375.8**
Direct investment	325.2	256.6	272.2	292.5	352.0	364.6	340.7	371.2
Portfolio investment	371.3	683.3	250.8	196.8	223.6	96.7	141.7	264.0
Equity and investment fund shares	2.3	2.3	3.9	6.2	68.6	16.4	31.3	36.6
Debt securities	369.0	681.0	246.9	190.6	155.0	80.3	110.4	227.4
Other investment	1,282.7	1,031.3	796.0	750.6	760.7	705.0	744.7	740.7
Currency and deposits	450.1	367.3	400.9	367.9	367.9	320.9	345.8	343.1
Loans	832.6	664.0	395.1	382.7	392.8	384.1	398.9	397.6

Source:Department of Statistics


20
CROWNS
D.G.REGINA
ELIZABETH II 1981
ONE DIME
LIBERTY
QUARTER DOLLAR
1993

5

Labour

5.1 LABOUR

The labour force in the Turks and Caicos Islands constitute individuals who are 15 years and older who are both willing and able to work. The dynamics of the TCI's labour force is of critical importance given its direct impact on the quality of life of households and issues surrounding labour shortages, legal and illegal immigration and the need for an optimal population size to facilitate economic development. This section will review TCI's unemployment, gender profile, labour economic inactivity and population over the 2012–2021 period.

Following the public sector reforms of 2012, unemployment consistently declined from 17 to 6 percent between 2012 and 2017.Despite the 2017 increase in TCI's unemployment rate, an increase in the number of individuals employed was likely, given the 4.0 percent increase in the population to 41,369 and conservative use of TCI's 2017 labour force to population ratio. Thus, the 2017 increase in the unemployment rate would have been mainly attributed to the increase in the TCI's labour force than the increase in the numbers unemployed. Although unemployment increased by 1 percentage point to 7 percent in 2018 due to the effects of 2017's Hurricanes Irma and Maria, employment was anticipated to increase due to the improvement in both the tourism and construction sectors since the economy was on the path towards recovery. Since 2012, the population increased by 37.7 percent from 32,199 to 46,131 in 2021 (see Table 19 below). This population increase is primarily as a consequence of the inflow of migrants who would have been influenced by and contributed to TCI's economic growth. As a consequence, improved employment would have also been represented by the increase in the labour force by 66.0 percent from 11,275 to 18,716 within the 2001–2012 period and by 35.8 percent from 18,716 to 25,418 within the 2012–2017 period – see Chart 31 below.

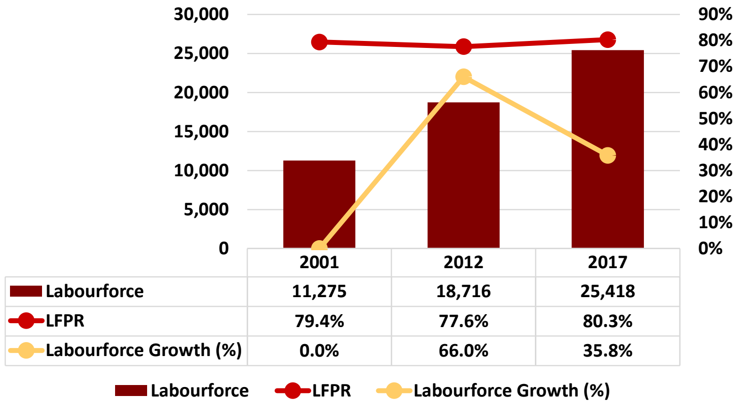
Stemming from the COVID-19 pandemic, the unemployment rate would have experienced a 4.0 percentage point increase to 11.0 percent in 2020. This would have been due to the closure of the Turks and Caicos Islands' borders which would have squelched stay-over arrivals and concurrently tourism economic activity on all of the islands. Given the tourism industry is the largest employer of labour in the Turks and Caicos Islands, the consequent impact on unemployment was expected. Like its Caribbean neighbours, unemployment recovered by reducing to 9.0 percent in 2021 which signalled the direct impact of revived stay-over arrivals and tourism activity on Turks and Caicos Islands' labour force. The unemployment rate is expected to decline to 8 and 7 percent respectively in 2022 and 2023 as economic conditions continue to improve and more people return to the workforce with a further decrease anticipated in 2024.

Table 20.
Labour Statistics 2012–2021

Macroeconomic Indicators	2012	2013	2014	2015	2016	2017	2018	2019	2020p	2021p
Unemployment (%)	17	15	12	11	7	6	7	7	11	9
Population (total)	32,199	33,677	35,168	36,689	37,910	39,788	41,369	42,953	44,542	46,131
Population (% change)	-3.9	4.6	4.4	4.3	3.3	5	4	3.8	3.7	3.6

Source:Department of Statistics

Chart 31.
Labour Force Trends 2001-2017



	2001	2012	2017
Labourforce	11,275	18,716	25,418
LFPR	79.4%	77.6%	80.3%
Labourforce Growth (%)	0.0%	66.0%	35.8%

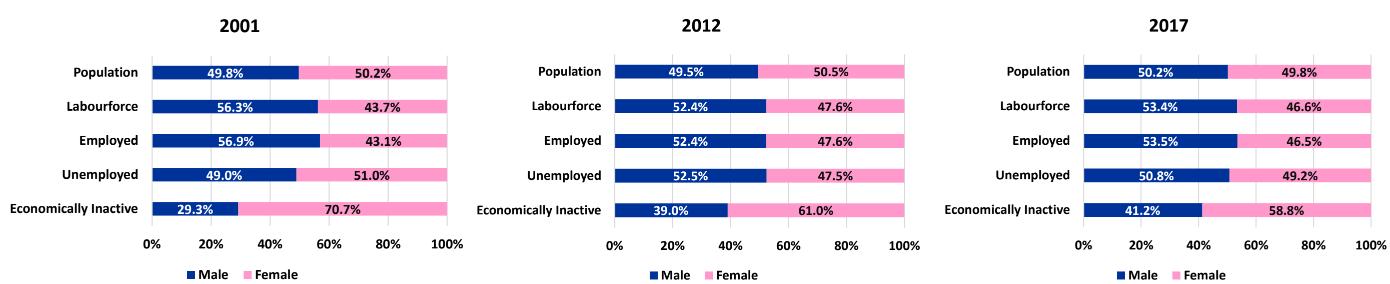
Source:Department of Statistics

Table 21.
Labour force by Age and Sex 2017

Age of Persons	Sex of Person				Total
	Male		Female		
	Count	%	Count	%	
15-19 Years	266	2	129	1	395
20-24 Years	899	7	787	7	1,686
25-29 Years	1,370	10	1,281	11	2,650
30-34 Years	1,479	11	1,853	16	3,332
35-39 Years	2,101	15	2,078	18	4,178
40-44 Years	2,133	16	1,297	11	3,430
45-49 Years	1,781	13	1,779	15	3,561
50-54 Years	1,491	11	1,048	9	2,538
55-59 Years	1,031	8	758	6	1,790
60-64 Years	597	4	541	5	1,139
Over 65 Years	418	3	301	3	720
Total	**13,566**	**100**	**11,853**	**100**	**25,418**

Source:Department of Statistics

Chart 32.
Labour Statistics Distribution by Gender 2001, 2012 and 2017 (%)



Source:Department of Statistics

The gender profile of TCI's labour force proved to share similarities with its Caribbean counterparts as males accounted for 53.4 percent of the total in comparison to the female's 46.6 percent in 2017. Males dominated most of the age groups represented in Table 20 above excluding those aged 30–34. Within the 30–34 age group, females exceeded their male counterparts by 374 as a consequence of the dominance of female migrants. Whilst the gender distribution of the labour force was in favour of the males, further analyses saw the increasing contribution of women in labour force activity for the years 2001, 2012 and 2017 as illustrated in Chart 32 above. For instance, although both the male and female population increased by 52.8 and 54.5 percent respectively within the 2001 to 2012 period, their contribution to labour activity diverged. Females' contribution to the labour force increased by 83 percent from 4,872 to 8,914 whilst 66 percent more were employed from 4,383 to 7,291 in 2012.

Both sexes were adversely affected by the public sector reform as unemployment increased by 281.9 percent from 469 to 1,791 males and by 231.9 percent from 489 to 1,623 females within the 2001–2012 period. 2012 also saw the significant 135.5 percent rise in economically inactive males from 894 in 2001 to 2,105 in 2012. 2017 in comparison to 2012 attained better results for both sexes as the 32.8 percent and 29.3 percent respective increase in the male and female populations facilitated the 38.4 percent increase in the male labour force from 9,802 to 13,566 and 33 percent increase in the female labour force from 8,914 to 11,853. Continued economic recovery led to the 59.6 percent increase in male employment from 8,011 to 12,789 and 52.2 percent increase in female employment from 7,291 to 11,099 within the 2012-2017 time-period. Concurrently, unemployment decreased by -56.6 and -53.5 percent respectively for the males and females. Although improvements would have been realised for both sexes within the 2012-2017 period, there was a 22.4 percent rise in economically inactive males from 2,105 to 2,576 which is of concern. More so, whilst females consistently dominated the economically inactive members of society since 2001, 63 percent of their non-work seekers opted to use their time for household duties and studies in comparison to the males' 42 percent (see Table 21 below).

Table 22.
Non-Seekers by Reason for not seeking work and Sex: 2017 (%)

Reason for not seeking work	Sex of Person		Total
	Male	Female	
	%	%	
Cannot find work, lack of business opportunities	9	4	6
Awaiting recall from previous job	2	0	1
Do not know where/how to seek	1	0	0
Retired	22	19	20
Illness/Disability	9	6	7
Other Reasons	10	5	7
Household duties	2	39	23
Student	40	24	31
Family Reason/Pregnant	1	1	1
Already found job/made arrangements to start own business	1	0	1
Awaiting business/high season	5	1	3
Total	**100**	**100**	**100**

Source:Department of Statistics


CAICOS ISLANDS
20 CROWNS
QUARTER DOLLAR
LIBERTY
ONE DIME
D.G.REGINA
ELIZABETH II 1981
TURKS AND CAICOS
ELIZABETH II
1993
20 CROWNS

6

Inflation

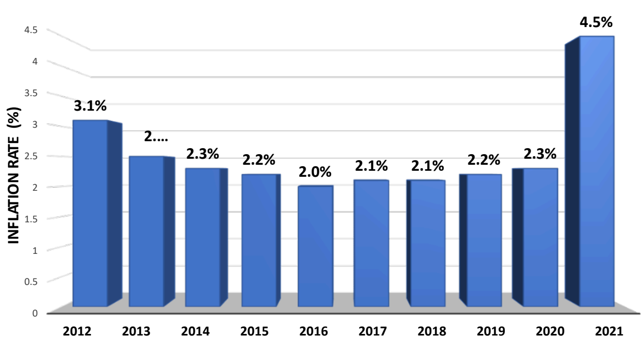
6.1 INFLATION

Inflation is a measure of the rate at which the general level of prices for goods and services is changing. It is usually measured as a percentage change in the Consumer Price Index (CPI) or another similar index that tracks changes in the price of a basket of goods and services over time. It is an important macroeconomic indicator that provides insights into the health of an economy. Policymakers use it to make decisions to guide monetary and fiscal policy, and it is closely monitored by investors, consumers, and businesses to anticipate changes in macroeconomic conditions.

Inflation in the Turks and Caicos Islands has been relatively stable between the 2012 – 2020 period, ranging between a high of 3.1 percent in 2016 and a low of 2.0 percent in 2012. This cements the country's reputation of having one of the lowest inflation rates in the Caribbean region. Although faced with a relatively high cost of living; a similar trait shared for many tax havens, most residents faced marginal increases in the price of goods and services. The cost of living is deemed to be high as a consequence of the constraints within the internal supply chains of the TCI economy. For instance, efficiency is constrained due to comparatively low import volumes with few exports, limited port handling and storage, leading to the absence of benefits to economies of scale. In addition, given the presence of the small economy with few vendors and little competition, this leads to the motivation of pricing to be based on economic rents.

Since 2012, TCI's inflation rate consistently reduced from 3.1 percent to 2.0 percent in 2016. Thereafter, the rate of inflation increased by 0.1 percentage point to 2.1 percent in 2017 and remained unchanged in 2018. By 2020, inflation stood at a stable 2.3 percent. Inflation stability is of critical importance since it tends to create macroeconomic environment that protects residents' purchasing power, fosters economic growth, preserves the cost of borrowing and of particular importance to the Turks and Caicos Islands, it stimulates FDI through increased investor confidence.

Chart 33.
Inflation Rate 2012-2021(%)



Source: Department of Statistics

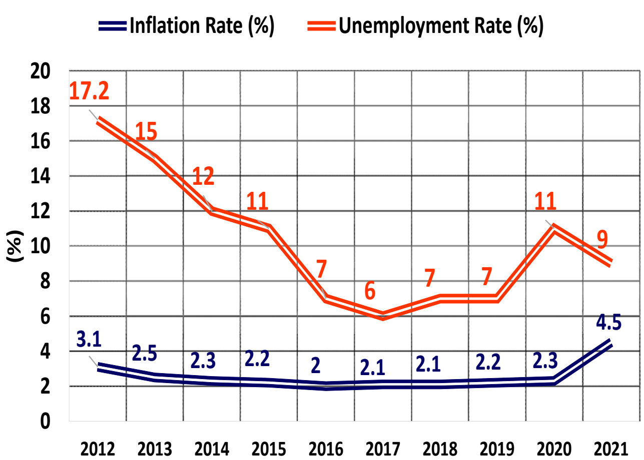
In the TCI, inflation is largely driven by external influences; in particular, inflation in the US (to a great extent) and the Bahamas (to a lesser extent) since they would have accounted for 84.9 percent and 8.0 percent of 2021's imports respectively. Noteworthy, is the increase in inflation to 4.5 percent in 2021. This was due to a combination of factors, including supply chain disruptions caused by the COVID-19 pandemic, increased global demand arising from governments' fiscal interventions to protect livelihoods and heightened energy prices as a consequence of the Russia/ Ukraine war. The invasion of Ukraine continues to have debilitating effects given both Ukraine and Russia are renowned global producers of wheat and corn. More so, the geopolitically motivated restricted access to Russia's energy products not only fuelled the global rise in energy prices, but fuelled the exponential rise in transportation and freight costs.

The Turks and Caicos Islands continues to experience considerable supply chain disruptions which is compounded by the fact that most of the goods utilised in the country are imported. This is reflected by the consistent merchandise trade deficit experienced over the 2012-2021 period and value at -$474.1 million in 2021. With global supply being unpredictable and increased demand stemming from economies' recovery from the pandemic, the prices of goods and services in the country have noticeably increased. This was evidenced by 2021's inflation rate of 4.5 percent and projection of 6.0 percent for 2022.

The Turks and Caicos Islands Government would have provided fiscal support to address the surge in the cost of living from high food and energy prices. The government provided a series of stimulus packages to citizens and waived Import Duties and Customs Processing Fees on an essential basket of goods. The impact of the direct cash injection into the economy has served as a temporary measure, and has not proven to combat the trend of inflation as the increased supply of money has also augmented demand.

The theoretical underpinning that there is a trade-off between unemployment and inflation would have been reviewed over the 2012-2021 period for the Turks and Caicos Islands. Chart 34 below illustrates the trend of inflation and unemployment and found the absence of this theoretical trade-off between 2012-2020. For instance, both inflation and unemployment would have consistently declined to 2.0 and 7 percent respectively in 2016 and over one year, would have risen to 2.3 and 11 percent respectively in 2020. The only time period for which this trade off would have been evidenced, is year 2021 where inflation rose from 2.3 to 4.5 percent and unemployment declined from 11 to 9 percent. Given inflation is mainly externally influenced (imported) in the TCI, the data suggests that other factors beyond Phillips theoretical underpinning influences the dynamics between inflation and unemployment in the TCI.

Chart 34.
Inflation Rate vs Unemployment: 2012-2021 (%)

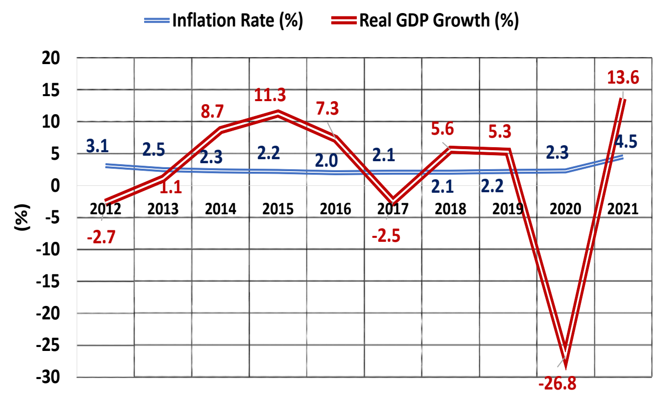


Source: Department of Statistics

Inflation and Real GDP Growth

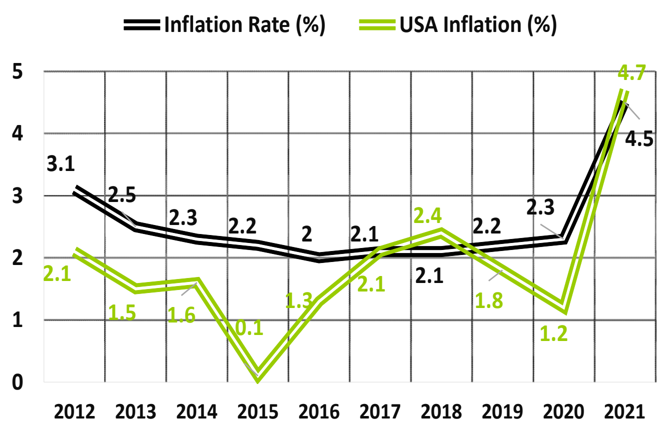
Inflation would have proven to behave generally autonomous to Real GDP over the 2012-2021 period. Real growth would have peaked in 2015 at 11.3 percent and later on at 13.6 percent in 2021, the latter of which was as a consequence of easing border restrictions and other government fiscal interventions to revitalise the tourism industry. Conversely, economic declines of -2.7, -2.5 and -26.8 percent took place as a consequence of the 2012 public sector reform, 2017 passages of hurricanes Irma and Maria and the 2020 height of the COVID-19 pandemic . Concurrently, inflation proved to remain relatively stable between 2012-2020 given it is externally influenced. More so, despite the spike to 4.5 percent in 2021, it would have been attributed

Chart 35.
Inflation and Real GDP Growth 2012-2021 (%)



Source: Department of Statistics

Chart 36.
The Turks and Caicos Islands and the United States Inflation Rate 2012-2021(%)



Source: Department of Statistics and IMF WEO

to external factors than the TCI's real GDP. The data over the past decade ascribes to the notion that there is little correlation between inflation and Real GDP growth. Thus, real growth may instead be influenced by a variety of factors such as macroeconomic trends in the US and global economies, government intervention and changes in consumer behaviour. Although inflation and real growth increased by 4.5 and 13.6 percent in 2021 respectively, this may reflect coincidental correlation than causation.

Inflation and Real GDP Growth

As of 2020, the US accounted for 84.1 percent of stay-over arrivals and 77.0 percent of cruise passenger arrivals. More so, as of 2021, 84.9 percent of imports were sourced from the US market. Given this strong link to the US economy, a positive correlation is anticipated between the TCI and US inflation rates. Both countries experienced relatively low inflation rates in the period from 2012 to 2019, with the inflation rates hovering between 0.1 and 3.1 percent. However, in 2021, both countries experienced a significant rise in inflation, with TCI's increasing from 2.3 percent in 2020 to 4.5 percent in 2021, whilst the US increased from 1.2 percent in 2020 to 4.5 percent in 2021. Overall, Chart 36 illustrates a strong correlation between the two countries' inflation rates. However, there were some differences in inflation rates during certain years, such as 2018 and 2021, the only years in which the US' inflation rates exceeded the TCI's.

Regional Inflation

Most Caribbean countries experienced relatively low stable inflation rates over the past decade, with some fluctuations from year to year. Several countries would have defied inflation expectations during the pandemic by experiencing deflation. These countries were Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Anguilla as evidenced by the respective inflation rates of -0.7, -0.7, -1.2, -2.6, -0.6 and 0.5 percent. Conversely two other countries who would have deviated from the relative inflationary stability; they were Suriname and Haiti. Both countries experienced periods of hyperinflation as evidenced by Suriname's 2021's peak of 59.1 percent and Haiti's 2020 peak of 22.8 percent during the COVID-19 pandemic. In 2021, all Caribbean countries experienced rising inflation, due to global inflationary pressures. The inflationary impact on the Caribbean would have diverged given inflation rates for 2021 ranged between a low of 0.5 percent for Dominica and high of 59.1 percent for Suriname.

Inflation Outlook

As the world grapples with the impact of the COVID-19 pandemic and various other shocks to their economies, the Turks and Caicos Islands have fared relatively well. However, the Russia/Ukraine war and global supply chain constraints still remain of concern. Though geographically distant from the conflict zone, the war continues to indirectly affect the TCI through global economic and geopolitical effects; the most alarming being the rise in energy prices, which has stimulated inflation. Russia is a major global energy producer, coupled with the presence of global economic sanctions and disruptions to its supply chain; these has led to increases in global energy prices.

The Turks and Caicos Islands is heavily dependent on oil imports; this has translated to higher prices for fuel at the pump, higher costs for electricity, higher transportation costs and consequently, higher overall costs for goods and services. In addition, given the TCI imports most of its goods, the price of food would have been significantly impacted. The government of the Turks and Caicos Islands has taken strategic measures to address the inflationary impact of the war through the provision of relief packages consisting of duty exemptions on bread basket items and a reduction of import duty and customs processing fees on fuel. More so, the Department of Trade, Industry and Fair Competition continues to monitor the prices for breadbasket items throughout the inhabited islands of the TCI. At present, TCI's inflation is projected to increase to 6.0 percent in 2022 and dip to 3.5 percent in 2023.

Table 23.
Caribbean Countries Inflation Rate 2012-2021 (%)

Countries	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Antigua and Barbuda	3.4	1.1	1.1	1.0	-0.5	2.4	1.2	1.4	1.1	1.6
Bahamas	2.0	0.7	1.5	1.9	-0.3	1.5	2.3	2.5	0.0	2.9
Barbados	4.5	1.8	1.8	-1.1	1.3	4.7	3.7	4.1	3.0	3.1
Belize	1.3	0.5	1.2	-0.9	0.7	1.1	0.3	0.2	0.1	3.2
Dominica	1.4	0.0	0.8	-0.8	0.1	0.3	1.0	1.5	-0.7	0.5
Grenada	2.4	0.0	-1.0	-0.5	1.7	0.9	0.8	0.6	-0.7	1.2
Guyana	2.4	1.9	0.9	-1.0	0.8	1.9	1.3	2.1	0.1	5.7
Haiti	5.0	4.8	3.4	6.7	11.5	10.7	12.5	18.7	22.8	16.2
Jamaica	6.9	9.3	8.3	3.7	2.4	4.4	3.7	3.9	5.2	5.9
St. Kitts and Nevis	0.8	1.1	0.2	-2.3	-0.7	0.7	-1.0	-0.3	-1.2	1.2
St. Lucia	4.2	1.5	3.5	-1.0	-3.1	0.1	2.6	0.5	-2.6	2.4
St. Vincent the Grenadines	2.6	0.8	0.2	-1.7	-0.1	2.2	2.3	0.9	-0.6	1.6
Suriname	5.0	1.9	3.4	6.9	55.4	22.0	n.a.	n.a.	34.9	59.1
Trinidad and Tobago	7.2	5.6	8.5	1.5	3.1	1.3	1.0	1.0	0.6	2.1
Anguilla	-0.1	0.2	-0.3	-0.5	0.4	0.3	-0.7	0.8	-0.5	1.8
Cayman Islands	1.2	2.2	1.2	-2.3	-0.7	2.0	3.3	6.0	1.0	3.3
Bermuda	2.4	1.8	2.0	1.5	1.5	1.9	1.4	1.0	0.0	1.5
British Virgin Islands	2.2	1.5	1.9	0.8	1.1	1.2	2.1	1.4	0.4	2.8
Turks and Caicos Islands	3.1	2.5	2.3	2.2	2.0	2.1	2.1	2.2	2.3	4.5

Source: World Bank, CBTT, CBB and Departments of Statistics of the British Overseas Territories

7

Government Debt

7.1 GOVERNMENT DEBT

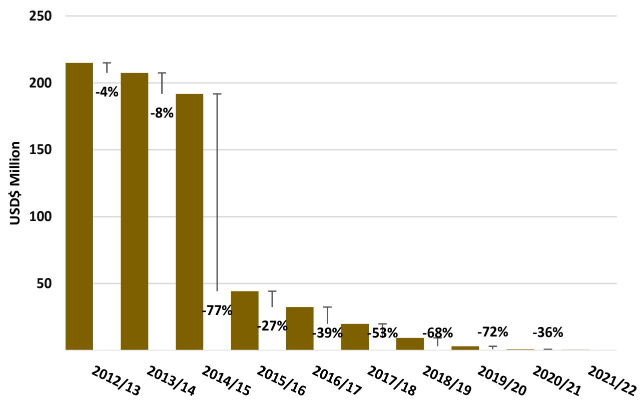
Turks and Caicos Islands Government (TCIG)

Government debt is an important macroeconomic indicator which has significant implications on countries' financial stability, credit rating and ability to finance future expenditures. Governments typically use borrowed funds to finance various public investments and services, such as infrastructure development, education, healthcare, and national defence. However, high levels of government debt can lead to concerns about the sustainability of public finances and may result in higher interest rates, inflation, and reduced economic growth.

The total outstanding balance of TCIG debt at the end of fiscal year 2021/22 stood at $0.5 million; debt would have reduced by -35.9 percent in comparison to the previous fiscal year. Within the 2012/13–2021/22 fiscal years, the TCIG repaid $300.6 million dollars to realise its current outstanding balance. The TCIG outstanding balance of debt has significantly decreased within the FY 2012/13- FY2021/22 period. In FY 2012/13, TCIG's debt stood at $215.0 million. Debt gradually decreased by -10.8 percent to $191.7 million in FY 2014/15 as a consequence of government's consistent loan repayments. A sharp debt decline by -76.9 percent in FY 2015/16, resulted in a balance of $44.3 million. This massive reduction in the outstanding debt was mainly attributed to the one-off repayment of a $170 million bond by TCIG whilst overall debt repayment equated $186.9 million. The TCIG has made tremendous progress in reducing its debt over time. The continued decline in the outstanding debt balance is due to a combination of factors, including its bid for continued sustained fiscal discipline.

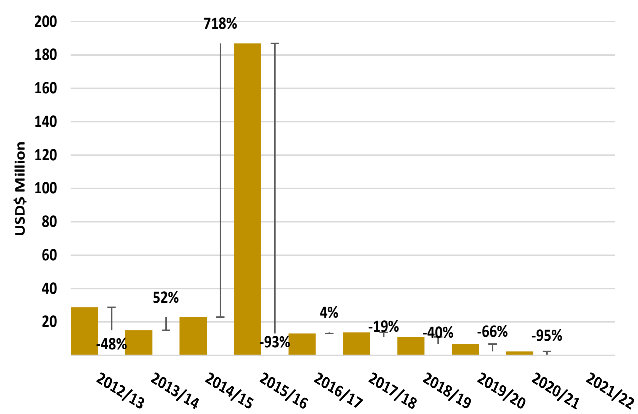
The TCIG would have managed its loans and interest payments effectively over the past ten (10) years. In FY 2012/13, the government's total loan and interest payment summed to $28.8 million. Although debt repayments declined by -47.9 percent to $15.0 million in FY 2013/14, payments recovered by 52.4 percent to $22.9 million the following fiscal year. FY 2015/16 proved to be critical as the combination of loan and interest repayments sharply increased by 717.9 percent to $186.9 million. Although attached to inherent risks, the significant debt repayments in FY 2015/16 paved the way for more stable repayments to be made in subsequent fiscal years. Within fiscal years 2012/13 and 2021/22, the overall TCIG debt declined by -99.8 percent. More so, the government's timely repayments led to the tremendous decline in interest repayments from $6.9 million in FY 2012/13 to $15.3 thousand in FY 2021/22 (See Table 23 below). In FY 2015/16, new borrowings of $33 million was used to assist with repaying the TCIG's then outstanding $170-million-dollar bond. Since then, the TCIG has not incurred any new additional debt.

Chart 37.
TCIG Outstanding Loan Balances: 2012/13–2021/22 (USD$ Million)



Source: Financial Services and Supplies Management Department

Chart 38.
TCIG Loan and Interest Rates Payments: 2012/2013–2021/22 (USD$ Million)



Source: Financial Services and Supplies Management Department

Table 24.
TCIG Debt Statement (USD$ Dollars)

Countries	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Total Outstanding Balance	214,915,049	207,438,844	191,738,968	44,281,119	32,376,018	19,782,853	9,394,306	3,021,395	838,768	695,926
Total Outstanding Balance (% change)		-3%	-8%	-77%	-27%	-39%	-53%	-68%	-72%	-17%
New Borrowing				33,000,000						
Loan Repayment	21,899,898	7,570,026	15,804,566	180,457,113	11,905,101	12,593,146	10,388,536	6,372,911	2,182,627	100,028
Interest Repayment	6,875,020	7,423,734	7,049,618	6,463,814	1,260,402	1,068,708	702,062	323,547	122,068	15,249
Loan + Interest	28,774,918	14,993,760	22,854,184	186,920,927	13,165,503	13,661,854	11,090,598	6,696,458	2,304,695	115,277

Source: Financial Services and Supplies Management Department

8

Appendix: Statistical Tables

8.1 APPENDIX: STATISTICAL TABLES

Appendix 1.
S&P Global Ratings 2017-2022

Year	Issuer Credit Rating	Outlook
2017	BBB+/A-2	Positive on Increasing Economic Prosperity
2018	BBB+/A-2	Stable from Positive on Slower Growth
2019	BBB+/A-2	Stable
2020	BBB+/A-2	
2021	BBB+/A-2	Stable
2022	BBB+/A-2	Stable

Source: Standard and Poors

Appendix 2.
TCI Farmers' Produce grown and sold domestically – TCI Farmers' Survey Report

Main Agriculture Activities		
Crops Production		Livestock Production
Callaloo	Okra	Pigs
Chili peppers	Banana	Goats
Coconut	Mango	Rabbits
Cilantro, Parsley, Celery, Mint, Escallion, Basel,	Soursop, Sweet Sop	Chicken Layering/Rearing
Papaya	Avocado	
Sweet pepper	Papaya	
Onions	Breadfruit	
Scotch Bonnet pepper	Pumpkin	
Tomatoes	Cassava	
Pak choi	Pigeon Peas	
Corn,	Cantaloupe	
Sweet potato	Sugar Cane	
Beans	Naseberry	
Cabbage	Cucumbers	

Source: Agriculture Department: TCI Farmers' Survey Report 2018

Appendix 3.
Selected Population Indicators: Turks and Caicos Islands: 1960–2021$_p$

Year	Total Population	Population Annual Growth
	Number of Persons	(% Change)
1921	5,612	---
1943	6,138	9.4%
1960	5,668	(7.7%)
1970	5,558	(1.9)%
1980	7,413	33.4%
1990	11,465	54.7%
1991	11,969	4.4%
1992	12,519	4.6%
1993	13,125	4.8%
1994	14,042	7.0%
1995	14,502	3.3%
1996	15,310	5.6%
1997	15,819	3.3%
1998	16,515	4.4%
1999	17,194	4.1%
2000	18,491	7.5%
2001	19,886	7.5%
2002	20,900	5.1%
2003	25,143	20.3%
2004	27,496	9.4%
2005	30,602	11.3%
2006	33,202	8.5%
2007	34,862	5.0%
2008	36,605	5.0%
2010	34,635	(5.4)%
2011	33,500	(3.3)%
2012	32,199	(3.9)%
2013	33,677	4.6%
2014	35,168	4.4%
2015	36,689	4.3%
2016	37,910	3.3%
2017	39,788	5.0%
2018	41,369	4.0%
2019	42953	3.8%
2020	44,542	3.7%
2021$_p$	46,131	3.6%

Source: Department of Statistics

Appendix 4.
Turks and Caicos Islands Visitor Arrivals 2012-2021

Year	Stay–over Visitors	Cruise-Ship Passengers	Cruise Ships
2012	291,723	676,647	261
2013	290,577	778,920	258
2014	357,722	971,838	340
2015	386,052	929,901	316
2016	453,612	849,481	285
2017	416,434	831,765	262
2018	441,344	1,021,741	320
2019	486,739	1,111,818	354
2020	164,539	205,867	69
2021	404,664	26,573	15

Source: Department of Statistics

Appendix 5.
Turks and Caicos Islands Domestic Bank Operations 2012–2021 (USD Million and % Change)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Domestic Banks - Deposits (USD$ Million)	1,039.9	1,037.8	1,094.5	1,169.4	1,060.0	1,285.0	1,303.0	1,392.6	1,428.1	1,859.8
Domestic Banks - Credit (USD$ Million)	1,048.4	1,006.0	969.8	925.4	880.9	874.4	868.9	877.3	845.6	790.4
Domestic Banks - Deposits (% Change)	-0.2%	5.5%	6.8%	-9.4%	21.2%	1.4%	6.9%	2.6%	30.2%	-0.2%
Domestic Banks - Credit (% Change)	-1.2%	-4.0%	-3.6%	-4.6%	-4.8%	-0.7%	-0.6%	1.0%	-3.6%	-6.5%

Source: TCIFSC

Appendix 6.
Turks and Caicos Islands Business Registry: 2012–2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
No. of Companies Incorporated	1,221	1,389	1,414	1,388	1,269	1,176	1,020	954	843	1,315
No. of Companies Struck	2,296	722	1,274	909	1,652	492	833	1,026	633	1,602
No. of Companies Reinstated	161	196	160	110	85	141	45	51	23	52
No. of Business Names Registered	472	505	674	768	1,143	1,330	1,593	1,554	1,292	1,755
No. of Business Names Renewed	395	913	740	703	2,790	2,600	2,844	3,338	3,406	1,227
No. of Trademarks Registered	174	173	178	382	328	532	346	429	312	374

Source: TCIFSC

Appendix 7.
Turks and Caicos Islands: PARCs: 2012–2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Producer-Affiliated Reinsurance Companies (PARC) and Captives	5,591	6,248	7,033	6,217	6,995	7,086	7,403	7,783	8,064	7,797
Producer-Affiliated Reinsurance Companies (PARC) and Captives (% change)	5.1%	11.8%	12.6%	-11.6%	12.5%	1.3%	4.5%	5.1%	3.6%	-3.3%

Source: TCIFSC

Appendix 8.
Turks and Caicos Islands Imports Contribution by Country: 2021

Country	Imports 2021$_p$ USD $	Percentage Contribution (%)
United States of America	412,424,336	84.9
Bahamas	39,711,493	8.2
Portugal	0	0.0
Switzerland	2,108,839	0.4
Puerto Rico	2,860	0.0
Dominican Republic	10,096,116	2.1
Japan	99,612	0.0
Mexico	199,059	0.0
Jamaica	93,318	0.0
Italy	194,978	0.0
India	429	0.0
France	380,273	0.1
Ukraine	15,673	0.0
Haiti	213,182	0.0
Other Countries	20,383,541	4.2
Total	**485,923,709**	**100**

Source: Department of Statistics

TURKS & CAICOS ISLANDS GOVERNMENT
STRATEGIC PLANNING & POLICY
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2012-2021 ECONOMIC BULLETIN