

News Release

EMBARGOED UNTIL RELEASE AT 7:00 P.M. EST, WEDNESDAY, NOVEMBER 6, 2019

BEA 19-58

Technical: Christina Hovland (BEA) (301) 278-9076 <u>territories@bea.gov</u>

Media: Jeannine Aversa (BEA) (301) 278-9003 <u>Jeannine.Aversa@bea.gov</u>

Tanya Harris Joshua (OIA) (202) 208-6008 <u>Tanya Joshua@ios.doi.gov</u>

CNMI GDP DECREASES IN 2018

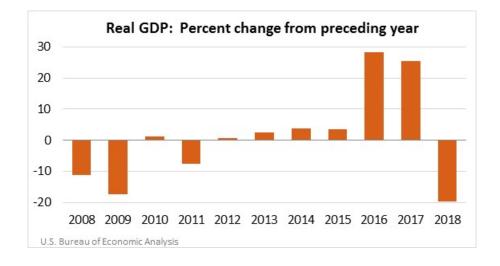
Gaming industry revenues and visitor arrivals decline

CAPITOL HILL, SAIPAN (November 7, 2019) -- Today, the Bureau of Economic Analysis (BEA) is releasing estimates of gross domestic product (GDP) for the Commonwealth of the Northern Mariana Islands (CNMI) for 2018, in addition to estimates of GDP by industry and compensation by industry for 2017.¹ These estimates were developed under the Statistical Improvement Program funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior.

Revised estimates of GDP for 2015 to 2017, as well as revised estimates of GDP by industry and compensation by industry for 2015 and 2016, are also presented in this release.

Gross Domestic Product for 2018

The estimates of GDP for the CNMI show that real GDP—GDP adjusted to remove price changes—decreased 19.6 percent in 2018 after increasing 25.5 percent in 2017 (see Table 1.3). For comparison, real GDP for the United States (excluding the territories) increased 2.9 percent in 2018 after increasing 2.4 percent in 2017.



¹ These estimates are based on limited source data and are subject to revision.



The decline in the CNMI economy primarily reflected decreases in exports of services and private fixed investment that were partly offset by growth in government spending.

Exports of services decreased 38.8 percent, due to a decrease in visitor spending, including on casino gambling (see Table 1.3). Revenues from casino gambling dropped over 50 percent. The number of visitors to the CNMI decreased 21.5 percent, reflecting the effects of Typhoon Yutu, which made landfall on Saipan and Tinian in October 2018.

Private fixed investment decreased 19.8 percent, reflecting a decline in business spending on construction and equipment. However, business spending on construction and equipment remained at historically high levels, supported by continued development of the casino resort on Saipan and the start of post-typhoon repairs and reconstruction activity (see Table 1.2).

Partly offsetting the declines in exports of services and private fixed investment was growth in government spending, particularly by the federal government (see Table 1.4). Federal government spending more than doubled from the previous year, primarily due to recovery activities following Typhoon Yutu.

Gross Domestic Product by Industry and Compensation by Industry for 2017

The estimates of GDP by industry for the CNMI show that both the private and government sectors contributed to the growth in the economy in 2017 (see Table 2.5). The largest contributor was accommodations and amusement, reflecting growth in tourism and output of the casino industry.

The compensation by industry estimates, which are measured in current dollars, show trends in compensation for major industries (see Table 2.6). Total compensation increased in 2017, reflecting growth in all industries shown except manufacturing. The largest contributors were accommodations and amusement and the territorial government.

The accompanying tables present estimates for GDP and its major components, GDP by industry, and compensation by industry. Also included in this release are estimates for the major components of gross domestic income.

Revisions to GDP

Estimates for 2015 to 2017 that were released on October 18, 2018 have been revised in order to incorporate improvements to source data, including newly available data for territorial government spending and revenues from government financial statements and reports, updated international trade data provided by the CNMI government, and restatements of private company financial information for the gaming sector. The revised estimates show a similar pattern of inflation-adjusted growth as the previously published estimates (see Table 1.7).

Future Directions

Moving forward, an agreement between OIA and BEA will extend and improve the estimates of GDP for the CNMI. The information provided by the CNMI government will continue to be critical to the successful production of these estimates.

BEA will conduct a comprehensive update of GDP for the CNMI next year. Estimates of GDP will be revised to reflect methodological improvements and the availability of more complete data over time, in



some cases back to 2002. Information from the Census Bureau's 2017 Economic Census of Island Areas, the most comprehensive industry data available for the CNMI and the other island areas, will be incorporated at this time. BEA currently plans to release these estimates, in addition to new GDP estimates for 2019, in the fall of 2020. GDP by industry and compensation by industry estimates for 2018 will also be released.



Additional Information

Resources

- Stay informed about BEA developments by reading the BEA <u>blog</u>, signing up for BEA's <u>email</u> <u>subscription service</u>, or following BEA on Twitter @BEA News.
- Historical time series for these estimates can be accessed at BEA's <u>Gross Domestic Product (GDP)</u> for the U.S. Territories.
- Access BEA data by registering for BEA's Data <u>Application Programming Interface</u> (API).
- For more on BEA's statistics, see our monthly online journal, the <u>Survey of Current Business</u>.
- BEA's <u>news release schedule</u>

Definitions

Gross domestic product (GDP) is the value of the goods and services produced by the CNMI economy less the value of the goods and services used up in production. GDP is also equal to the sum of personal consumption expenditures, private fixed investment, net exports of goods and services, and government consumption expenditures and gross investment.

Personal consumption expenditures (PCE), also referred to as "consumer spending," measures the goods and services purchased by "persons"—that is, by households and by nonprofit institutions serving households (NPISHs)—who are resident in the CNMI.

Private fixed investment (PFI) measures spending by private businesses, nonprofit institutions, and households on fixed assets in the CNMI economy. Fixed assets consist of structures, equipment, and software that are used in the production of goods and services.

Net exports of goods and services is the difference between exports of goods and services and imports of goods and services. Exports measures the portion of total CNMI production of goods and services that is provided to the rest of the world. Imports measures the portion of total

CNMI expenditures that is accounted for by goods and services provided by the rest of the world.

Government consumption expenditures and gross investment, or "government spending," measures the portion of GDP that is accounted for by the government sector. Government consumption expenditures consists of spending by government to produce and provide services to the public. Gross investment consists of spending by government for fixed assets that directly benefit the public or that assist government agencies in their production activities.

Gross domestic income (GDI) is the sum of incomes earned and costs incurred in the production of GDP. In national economic accounting, GDP and GDI are conceptually equal.

Current-dollar estimates are valued in the prices of the period when the transactions occurred—that is, at "market value." Also referred to as "nominal estimates" or as "current-price estimates."

Real values are inflation-adjusted estimates—that is, estimates that exclude the effects of price changes.

Statistical Conventions

Quantities and prices. Quantities, or "real" volume measures, and prices are expressed as index numbers with a specified reference year equal to 100 (currently 2009). Quantity and price indexes are calculated using a Fisher chain-weighted formula that incorporates weights from two adjacent years. "Real" dollar series are calculated by multiplying the quantity index by the current-dollar value in the reference year (2009) and then dividing by 100.

Chained-dollar values are not additive because the relative weights for a given period differ from those of the reference year.



List of News Release Tables

Table 1.1.	Gross Domestic Product
Table 1.2.	Real Gross Domestic Product, Chained Dollars
Table 1.3.	Percent Change From Preceding Year in Real Gross Domestic Product
Table 1.4.	Contributions to Percent Change in Real Gross Domestic Product
Table 1.5.	Percent Change From Preceding Year in Prices for Gross Domestic Product and Price
	Indexes for Gross Domestic Product
Table 1.6.	Gross Domestic Income
Table 1.7.	Revisions to Percent Change in Real Gross Domestic Product
Table 2.1.	Value Added by Industry
Table 2.2.	Value Added by Industry as a Percentage of GDP
Table 2.3.	Real Value Added by Industry
Table 2.4.	Percent Changes in Real Value Added by Industry
Table 2.5.	Contributions to Percent Change in Real Gross Domestic Product by Industry
Table 2.6.	Compensation of Employees by Industry

1. Domestic Product and Income

Table 1.1. Gross Domestic Product

							[Millions of	of dollars]					
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross domestic product	1	938	939	795	799	733	751	782	845	931	1,250	1,601	1,323
Personal consumption expenditures	2	480	504	431	442	451	469	494	520	526	551	607	616
Goods	3	358	387	332	354	366	399	424	451	453	462	522	522
Durable goods	4	137	142	119	130	132	143	166	186	194	202	227	225
Nondurable goods	5	222	245	213	224	234	256	257	265	258	259	295	298
Services	6	409	427	381	398	378	427	460	498	556	965	1,168	772
Net foreign travel	7	-287	-310	-283	-309	-293	-357	-390	-429	-483	-876	-1,083	-678
Private fixed investment	8	79	83	85	77	74	79	87	123	198	327	301	245
Net exports of goods and services	9	47	29	-47	-70	-132	-98	-111	-110	-130	0	282	-14
Exports	10	627	488	312	335	317	380	414	451	504	903	1,113	712
Goods	11	333	172	23	19	17	16	17	15	13	19	23	26
Services	12	293	316	289	316	300	364	397	436	491	883	1,091	686
Imports	13	579	459	360	405	449	478	525	561	633	902	831	726
Goods	14	498	394	307	346	384	409	449	477	488	636	632	608
Services	15	81	66	53	59	65	69	76	84	145	267	199	119
Government consumption													
expenditures and gross investment	16	332	324	327	349	340	301	312	312	336	372	411	476
Federal	17	13	15	20	22	22	21	20	22	29	26	26	57
Territorial	18	319	308	306	327	318	279	292	290	308	346	386	419

Table 1.2. Real Gross Domestic Product, Chained Dollars

						[Millions	of chaine	ed (2009)	dollars]				
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross domestic product	1	1,084	964	795	806	744	748	766	795	823	1,056	1,326	1,066
Personal consumption expenditures	2	516	509	431	444	430	440	463	483	499	518	554	548
Goods	3	395	400	332	349	338	363	388	403	414	422	462	450
Durable goods	4	149	149	119	127	121	131	153	169	185	190	203	196
Nondurable goods	5	246	251	213	222	217	232	234	235	230		260	254
Services	6	434	433	381	389	354	390	413	435	485	812	966	622
Net foreign travel	7	-313	-324	-283	-294	-263	-313	-336	-353	-400	-732	-894	-528
Private fixed investment	8	80	82	85	78	72	76	84	119	193	320	292	234
Net exports of goods and services	9	147	48	-47	-56	-82	-52	-64	-76	-148	-105	133	-78
Exports	10	747	476	312	320	284	333	357	373	415	721	874	544
Goods	11	396	138	23	19	15	14	15	13	12	18	20	23
Services	12	320	331	289	300	269	319	342	359	402	702	852	522
Imports	13	600	428	360	376	367	384	421	449	563	825	741	622
Goods	14	511	361	307	320	308	323	354	378	440		573	527
Services	15	88	67	53	56	59	61	67	71	124	229	169	98
Government consumption													
expenditures and gross investment	16	348	326	327	341	327	286	289	279	297	326	349	381
Federal	17	13	16	20	21	21	20	19	20	25	23	22	47
Territorial	18	335	310	306	320	307	265	270	259	272	304	327	334
Addenda:													
Population (thousands) ¹	19	59.3	57.6	55.5	53.5	52.2	51.4	51.2	51.0	50.8	50.6	50.3	50.0
Per capita real GDP (chained dollars)	20	18,280	16,736	14,324	15,065	14,253	14,553	14,961	15,588	16,201	20,870	26,362	21,320

⁽¹⁾ Source: U.S. Census Bureau

NOTE. Estimates of population for 2013–2018 reflect the incorporation of updated information from the U.S. Census Bureau's International Data Base.

Table 1.3. Percent Change From Preceding Year in Real Gross Domestic Product

							[Percent]					
	Line	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross domestic product	1	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.5	28.4	25.5	-19.6
Personal consumption expenditures	2	-1.4	-15.4	3.0	-3.2	2.4	5.3	4.2	3.4	3.7	7.1	-1.1
Goods	3	1.3	-17.1	5.1	-3.0	7.4	6.7	4.0	2.7	2.0	9.5	-2.7
Durable goods	4	0.2	-20.2	6.7	-5.0	8.5	17.0	10.0	9.5	3.1	6.7	-3.4
Nondurable goods	5	2.0	-15.3	4.1	-1.9	6.8	1.0	0.1	-2.1	1.2	11.7	-2.2
Services	6	-0.3	-11.9	2.0	-9.1	10.4	5.7	5.3	11.6	67.4	19.0	-35.6
Net foreign travel	7											
Private fixed investment	8	2.1	4.4	-8.9	-6.9	5.6	9.4	42.2	62.6	65.7	-8.9	-19.8
Net exports of goods and services	9											
Exports	10	-36.3	-34.4	2.4	-11.1	17.1	7.2	4.5	11.3	73.8	21.2	-37.7
Goods	11	-65.2	-83.4	-16.7	-20.8	-8.6	6.9	-11.7	-9.0	48.2	16.5	11.8
Services	12	3.4	-12.5	3.8	-10.5	18.5	7.3	5.2	11.9	74.5	21.3	-38.8
Imports	13	-28.6	-16.0	4.5	-2.5	4.8	9.5	6.7	25.4	46.6	-10.3	-16.1
Goods	14	-29.3	-15.0	4.3	-3.8	5.0	9.6	6.6	16.4	35.0	-3.6	-7.9
Services	15	-24.3	-21.2	6.0	5.7	3.8	8.8	7.3	73.4	85.3	-26.3	-42.0
Government consumption												
expenditures and gross investment	16	-6.4	0.2	4.4	-4.0	-12.8	1.1	-3.2	6.5	9.7	6.8	9.2
Federal	17	19.2	30.7	4.4	-3.6	-2.5	-6.4	7.4	26.1	-9.7	-4.4	113.8
Territorial	18	-7.4	-1.3	4.4	-4.0	-13.5	1.7	-4.0	4.9	11.5	7.6	2.3

Table 1.4. Contributions to Percent Change in Real Gross Domestic Product

	Line	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Percent change:												
Gross domestic product	1	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.5	28.4	25.5	-19.6
Percentage points:												
Personal consumption expenditures	2	-0.68	-8.36	1.65	-1.80	1.47	3.27	2.63	2.00	2.07	3.12	-0.43
Goods	3	0.48	-7.20	2.14	-1.39	3.69	3.55	2.13	1.37	0.95	3.54	-0.87
Durable goods	4	0.03	-3.14	1.02	-0.84	1.52	3.22	2.09	1.99	0.63	1.10	-0.48
Nondurable goods	5	0.45	-4.06	1.12	-0.55	2.17	0.33	0.04	-0.63	0.32	2.43	-0.40
Services	6	-0.13	-5.45	0.99	-4.67	5.37	3.25	3.13	6.64	40.11	14.61	-25.97
Net foreign travel	7	-1.02	4.28	-1.47	4.25	-7.60	-3.52	-2.64	-6.01	-38.99	-15.03	26.41
Private fixed investment	8	0.17	0.38	-0.96	-0.67	0.56	0.98	4.59	8.83	13.65	-2.32	-3.69
Net exports of goods and services	9	-8.43	-9.64	-1.19	-3.46	4.44	-2.35	-2.05	-9.70	9.19	22.68	-17.87
Exports	10	-25.55	-17.22	0.95	-4.80	7.39	3.66	2.38	5.85	39.66	15.27	-26.24
Goods	11	-26.56	-12.91	-0.49	-0.53	-0.20	0.14	-0.25	-0.15	0.66	0.25	0.17
Services	12	1.01	-4.31	1.44	-4.27	7.58	3.52	2.63	6.00	39.00	15.02	-26.41
Imports	13	17.13	7.58	-2.14	1.35	-2.95	-6.01	-4.43	-15.55	-30.47	7.40	8.38
Goods	14	15.13	6.08	-1.74	1.78	-2.62	-5.21	-3.73	-8.49	-17.57	1.82	3.15
Services	15	2.00	1.50	-0.41	-0.43	-0.33	-0.80	-0.70	-7.06	-12.90	5.59	5.22
Government consumption												
expenditures and gross investment	16	-2.12	0.08	1.82	-1.75	-5.92	0.45	-1.28	2.33	3.45	2.04	2.40
Federal	17	0.24	0.51	0.11	-0.10	-0.07	-0.18	0.19	0.67	-0.29	-0.09	1.84
Territorial	18	-2.36	-0.43	1.71	-1.65	-5.84	0.63	-1.47	1.66	3.74	2.13	0.56

Table 1.5. Percent Change From Preceding Year in Prices for Gross Domestic Product and Price Indexes for Gross Domestic Product

	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
							[Per	cent]					
Gross domestic product	1	1.6	12.5	2.7	-0.8	-0.7	1.9	1.7	4.1	6.4	4.7	2.0	2.8
Personal consumption expenditures	2	3.2	6.3	1.1	-0.4	5.3	1.6	-0.1	1.1	-2.2	1.0	3.0	2.6
						[Inde	ex numbe	rs, 2009=	100]				
Gross domestic product	3	86.5	97.4	100.0	99.2	98.5	100.4	102.1	106.3	113.1	118.4	120.8	124.2
Personal consumption expenditures	4	93.0	98.9	100.0	99.6	104.9	106.6	106.6	107.7	105.4	106.4	109.6	112.5

Table 1.6. Gross Domestic Income

							[Millions of	of dollars]					
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gross domestic income	1	938	939	795	799	733	751	782	845	931	1,250	1,601	1,323
Compensation of employees	2	533	501	455	456	431	415	433	469	497	581	656	715
Taxes on production and imports less subsidies	3	119	109	99	94	95	102	121	153	165	229	244	213
Gross operating surplus	4	286	329	241	249	207	234	228	223	269	440	701	395

Table 1.7. Revisions to Percent Change in Real Gross Domestic Product

	Line	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percent change:											
Revised	1	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.5	28.4	25.5
Previously published	2	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.4	28.2	25.1
Percentage points:											
Revision	3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.4

2. GDP by Industry

Table 2.1. Value Added by Industry

						[Milli	ons of dol	lars]				
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross domestic product	1	938	939	795	799	733	751	782	845	931	1,250	1,601
Private industries	2	717	727	586	589	540	563	583	642	716	1,024	1,340
Manufacturing	3	174	50	18	16	15	12	11	15	18	22	18
Distributive Services	4	140	165	135	149	153	157	170	178	187	196	207
Accommodations and Amusement	5	111	122	105	110	97	114	134	149	188	450	721
All Other	6	291	390	328	314	274	280	269	301	323	355	394
Government	7	222	212	209	210	193	188	198	203	215	226	261
Federal	8	13	14	16	14	15	15	15	14	16	16	17
Territorial	9	209	197	193	196	178	173	184	189	199	210	244

Table 2.2. Value Added by Industry as a Percentage of GDP

							[Percent]					
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross domestic product	1	100	100	100	100	100	100	100	100	100	100	100
Private industries	2	76	77	74	74	74	75	75	76	77	82	84
Manufacturing	3	19	5	2	2	2	2	1	2	2	2	1
Distributive Services	4	15	18	17	19	21	21	22	21	20	16	13
Accommodations and Amusement	5	12	13	13	14	13	15	17	18	20	36	45
All Other	6	31	42	41	39	37	37	34	36	35	28	25
Government	7	24	23	26	26	26	25	25	24	23	18	16
Federal	8	1	1	2	2	2	2	2	2	2	1	1
Territorial	9	22	21	24	25	24	23	24	22	21	17	15

Table 2.3. Real Value Added by Industry

					[M	illions of c	hained (20	009) dolla	rs]			
	Line	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross domestic product	1	1,084	964	795	806	744	748	766	795	823	1,056	1,326
Private industries	2	846	745	586	601	560	573	585	616	641	868	1,115
Manufacturing	3	181	52	18	16	15	11	10	13	16	20	15
Distributive Services	4	147	169	135	147	148	148	158	164	170	179	189
Accommodations and Amusement	5	120	128	105	110	98	110	126	136	165	364	574
All Other	6	391	396	328	328	298	303	288	298	285	291	313
Government	7	237	219	209	204	184	176	182	182	184	191	215
Federal	8	13	15	16	14	14	14	13	13	13	14	14
Territorial	9	224	205	193	191	170	163	168	169	170	177	200

Table 2.4. Percent Changes in Real Value Added by Industry

						[Per	cent]				
	Line	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Gross domestic product	1	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.5	28.4	25.5
Private industries	2	-12.0	-21.3	2.6	-6.9	2.3	2.1	5.2	4.1	35.4	28.5
Manufacturing	3	-71.4	-65.4	-10.5	-7.8	-27.3	-6.5	32.3	21.1	23.1	-21.7
Distributive Services	4	15.1	-20.4	9.3	0.8	-0.3	7.1	3.8	3.4	5.4	5.8
Accommodations and Amusement	5	6.9	-17.8	4.2	-11.0	13.0	13.8	8.4	20.8	121.2	57.8
All Other	6	1.2	-17.1	0.1	-9.1	1.6	-5.2	3.5	-4.3	2.3	7.2
Government	7	-7.5	-4.6	-2.3	-9.9	-4.3	3.1	-0.1	1.2	4.1	12.2
Federal	8	10.0	9.9	-15.1	1.5	-2.4	-2.1	-3.8	4.5	3.6	1.3
Territorial	9	-8.6	-5.6	-1.2	-10.8	-4.5	3.6	0.2	0.9	4.2	13.0

Table 2.5. Contributions to Percent Change in Real Gross Domestic Product by Industry

	Line											
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Percent change:												
Gross domestic product	1	-11.1	-17.5	1.3	-7.7	0.6	2.4	3.9	3.5	28.4	25.5	
Percentage points:												
Private industries	2	-9.27	-16.49	1.94	-5.05	1.68	1.57	3.91	3.14	27.40	23.32	
Manufacturing	3	-12.60	-3.50	-0.24	-0.16	-0.58	-0.10	0.45	0.36	0.44	-0.39	
Distributive Services	4	2.16	-3.58	1.58	0.16	-0.06	1.48	0.82	0.70	1.06	0.89	
Accommodations and Amusement	5	0.78	-2.34	0.55	-1.52	1.74	2.12	1.42	3.63	25.09	20.74	
All Other	6	0.39	-7.07	0.04	-3.53	0.58	-1.92	1.22	-1.55	0.81	2.07	
Government	7	-1.71	-1.04	-0.61	-2.65	-1.13	0.79	-0.03	0.28	0.94	2.22	
Federal	8	0.13	0.15	-0.32	0.03	-0.05	-0.04	-0.07	0.08	0.06	0.02	
Territorial	9	-1.84	-1.19	-0.30	-2.68	-1.08	0.83	0.04	0.21	0.88	2.20	

NOTE. Percentage-point contributions do not sum to the percent change in real gross domestic product because of rounding and differences in source data used to estimate GDP by industry and the expenditures measure of real GDP.

Table 2.6. Compensation of Employees by Industry

	Line	[Millions of dollars]										
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total compensation	1	533	501	455	456	431	415	433	469	497	581	656
Private industries	2	336	307	263	264	259	252	267	298	311	383	436
Manufacturing	3	74	26	9	8	8	8	7	10	12	15	12
Distributive Services	4	62	72	58	62	62	63	67	71	74	78	82
Accommodations and Amusement	5	61	67	58	60	54	64	74	83	104	150	184
All Other	6	140	142	137	134	135	119	118	135	121	141	159
Government	7	197	194	192	191	172	163	166	171	186	198	220
Federal	8	13	14	16	14	14	14	14	14	15	16	16
Territorial	9	184	180	176	177	158	149	152	158	171	182	204