

**CNMI GDP:
New estimates for 2019
Comprehensive update of 2002–2018**

April 6, 2021



- Project background
- Economic background
- 2019 GDP estimates
- Results of comprehensive update of GDP
 - Updated estimates for 2002–2018
- 2018 GDP by industry & Compensation by industry
- Areas of improvement

- These estimates are part of a joint project with OIA to produce GDP estimates for American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), Guam, and the U.S. Virgin Islands
- Project began in FY2009
- Estimates have been released each year since then
- With today's release, the estimates for CNMI GDP cover 2002–2019

- Use BEA's GDP framework for national GDP, modified for data available for the U.S. territories
- Limited availability of Federal data sets covering the CNMI
- Heavy reliance on annual and quarterly data produced by the CNMI government

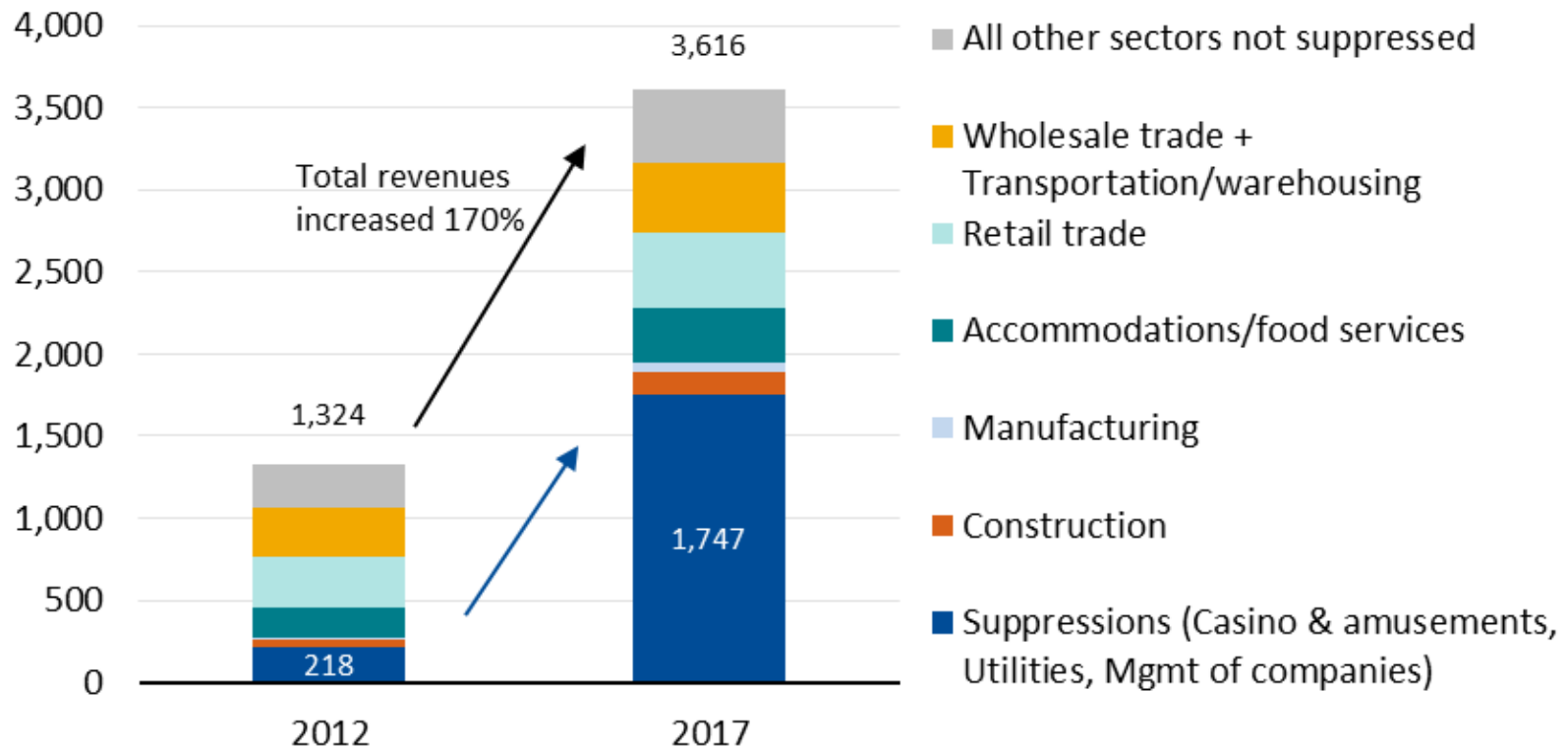
CNMI Government Data Sources Used in GDP



Information set	
1	W-2 Wages
2	Gross Business Receipts by Business Activity
3	Hotel Occupancy Revenues
4	Auto Sales
5	Visitor Arrival Statistics
6	Exit Surveys
7	Consumer Price Indexes
8	CNMI Import Data
9	CNMI Export Data
10	Household Income and Expenditures Survey
11	Building Permits and Project Cost
12	Audited and Unaudited Government Financial Statements

- Major industries are the territorial government, casino gambling, retail/wholesale trade, and accommodation and food services
 - Tourism is significant: 660,000 visitors in 2017, supporting the gambling, retail trade, and accommodation and food services industries
- Casino gambling was legalized on Saipan in 2014
 - One major casino in Saipan, operated by Imperial Pacific International (IPI)
 - According to company financials, IPI has invested \$879m (as of Dec 2019) in the design and construction of its Saipan casino; this is, by far, the largest total investment by any single foreign investor in the CNMI
 - As of January 2021, construction work was still ongoing
 - Most casino revenue comes from VIP gaming
 - According to IPI's financial statements, most VIP patrons are nonresidents who come from Mainland China, Hong Kong, Macau and Korea
 - Profits of the casino have been volatile since it began its operation in mid-2015

ECIA Receipts by Sector for CNMI, Millions of Dollars

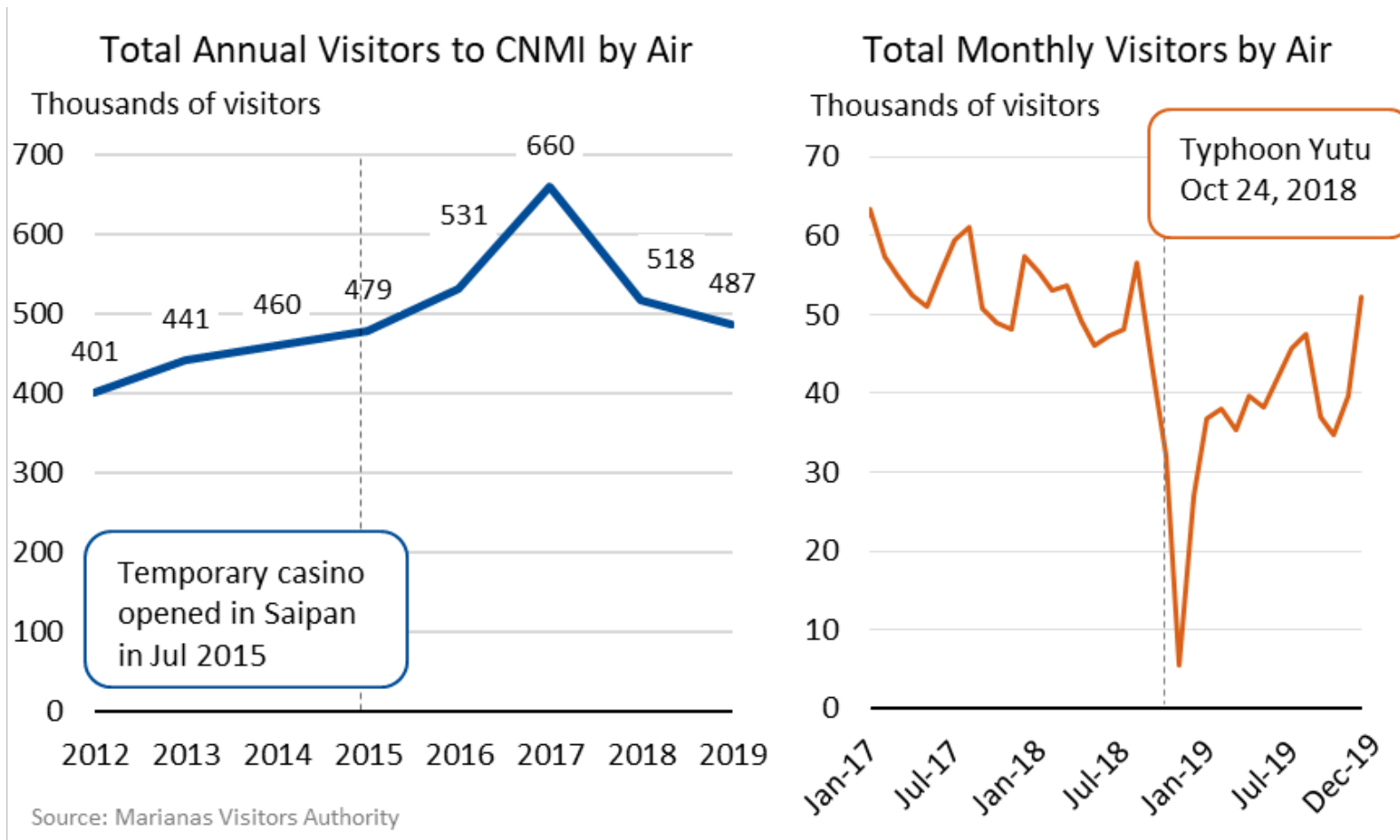


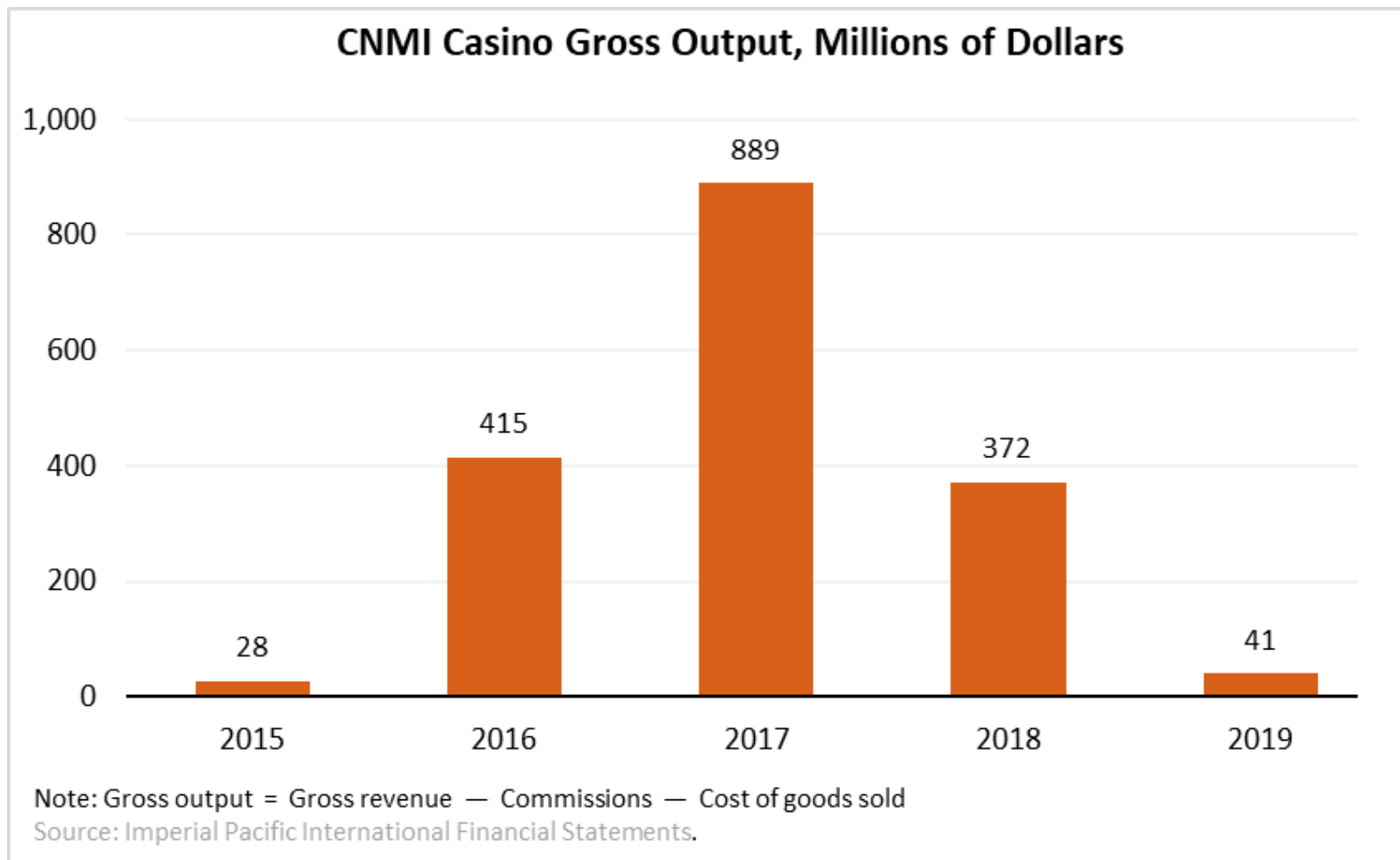
Note: Receipts for Amusements (NAICS 71) were suppressed in 2017, but were \$37 million in 2012. Management of companies (NAICS 55) was suppressed in 2012, but receipts were \$17m in 2017.

In 2019, the economy continued to suffer in the aftermath of Typhoon Yutu, which struck Saipan and Tinian in October 2018 and was the second strongest storm to ever hit the United States.

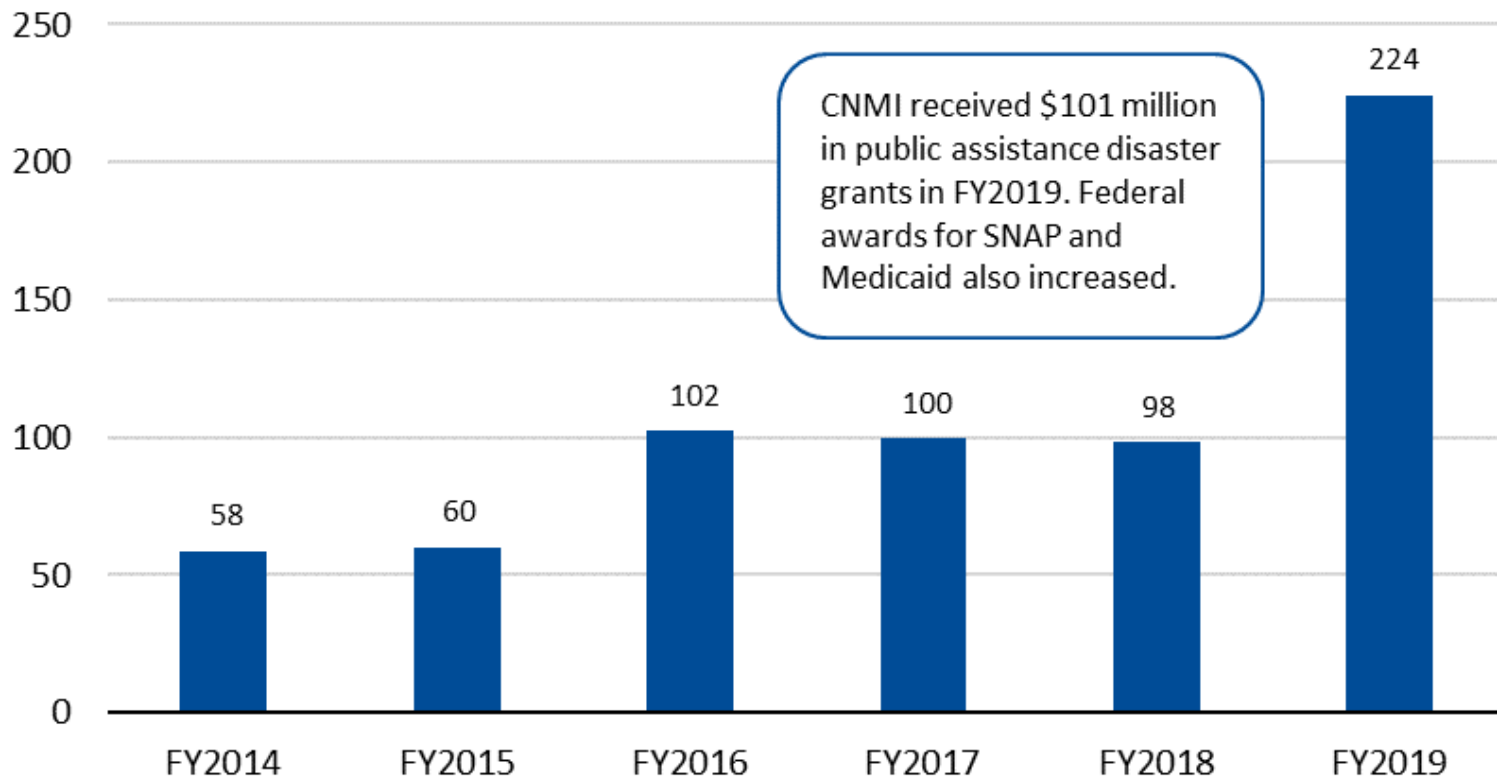
- **Tourist arrivals decreased.** Tourist arrivals decreased significantly following Typhoon Yutu and did not rebound to 2016/2017 levels.
- **Casino gambling activity decreased.** Gross operating revenue of the casino decreased 83 percent, after decreasing 58 percent in 2018; most of the decrease came from VIP gaming. The casino reported large losses in 2019.
- **Federal funding for disaster response and recovery activities increased.** These funds supported government spending and consumer spending.

Tourist arrivals





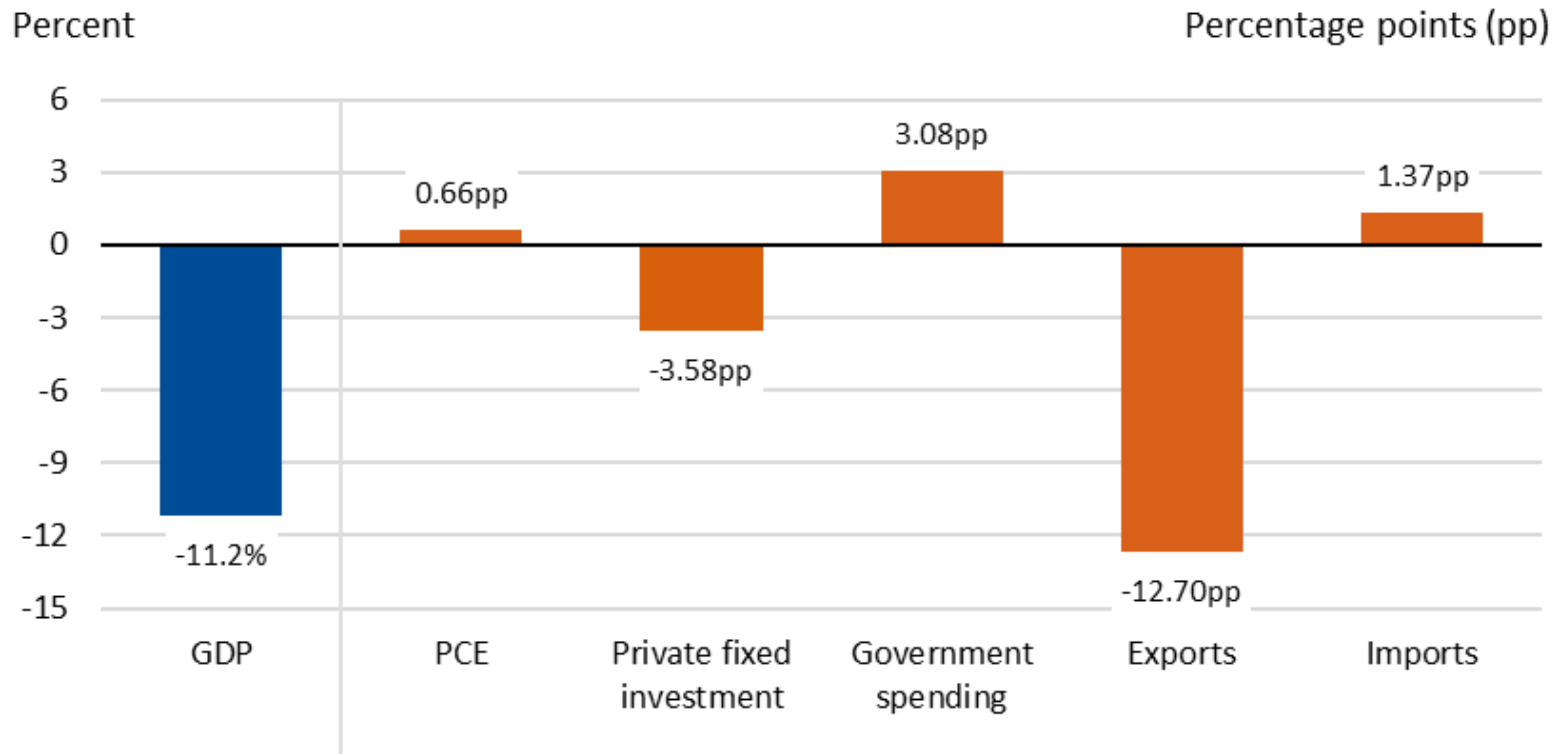
Expenditures of Federal Awards by CNMI Government, Millions of Dollars



Source: CNMI Government Financial Statements

New estimates of GDP for 2019

Chart 1. Contributions to Percent Change in Real GDP for 2019



Note: Imports are a subtraction item. Thus, a decrease in imports results in a positive contribution to GDP.

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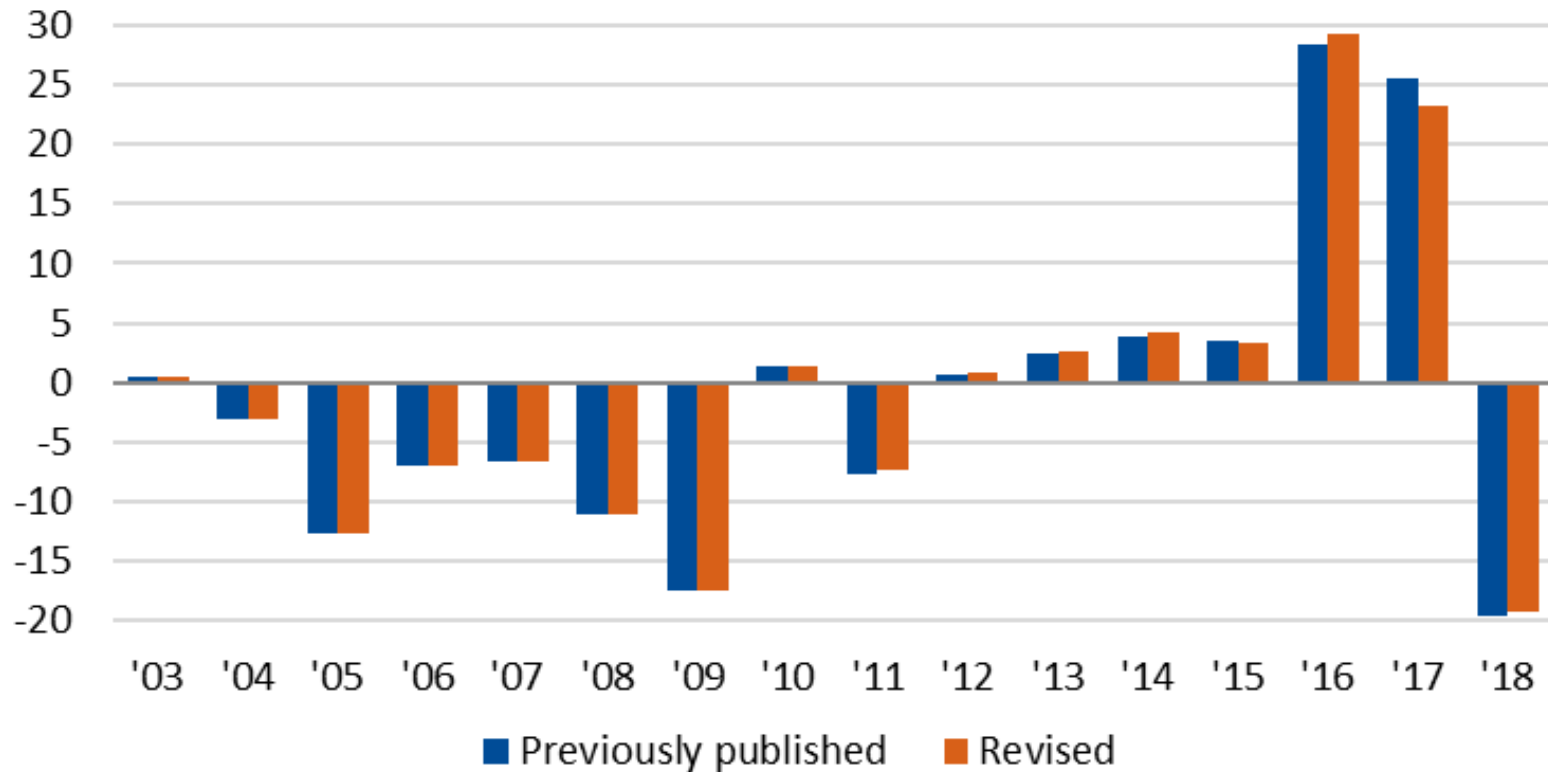
- In addition to producing new 2019 estimates of GDP, we conducted a comprehensive update of CNMI statistics
- Opened up entire history of estimates: 2002–2018

- Data sets incorporated for the first time:

Data set	Agency	Frequency
2017 Economic Census of Island Areas (ECIA)	Census Bureau	Once every 5 years
2016 Household Income and Expenditure Survey	CNMI Gov't	Approximately every 10 years
2016-2018 Business Gross Revenues (Updated)	CNMI Gov't	Annual
FY 2019 CNMI draft government financial statements, plus earlier years for select independent agencies	CNMI Gov't	Annual
2013-2018 Imports of Goods by Type	CNMI Gov't	Annual
2015-2018 Construction in Progress of Imperial Pacific Casino	Private sector	Annual
National Income and Product Accounts (Results from 2018 Comprehensive Update)	BEA	Once every 5 years
2017-2018 County Business Patterns	Census Bureau	Annual
2018 Census of Agriculture	USDA	Once every 10 years

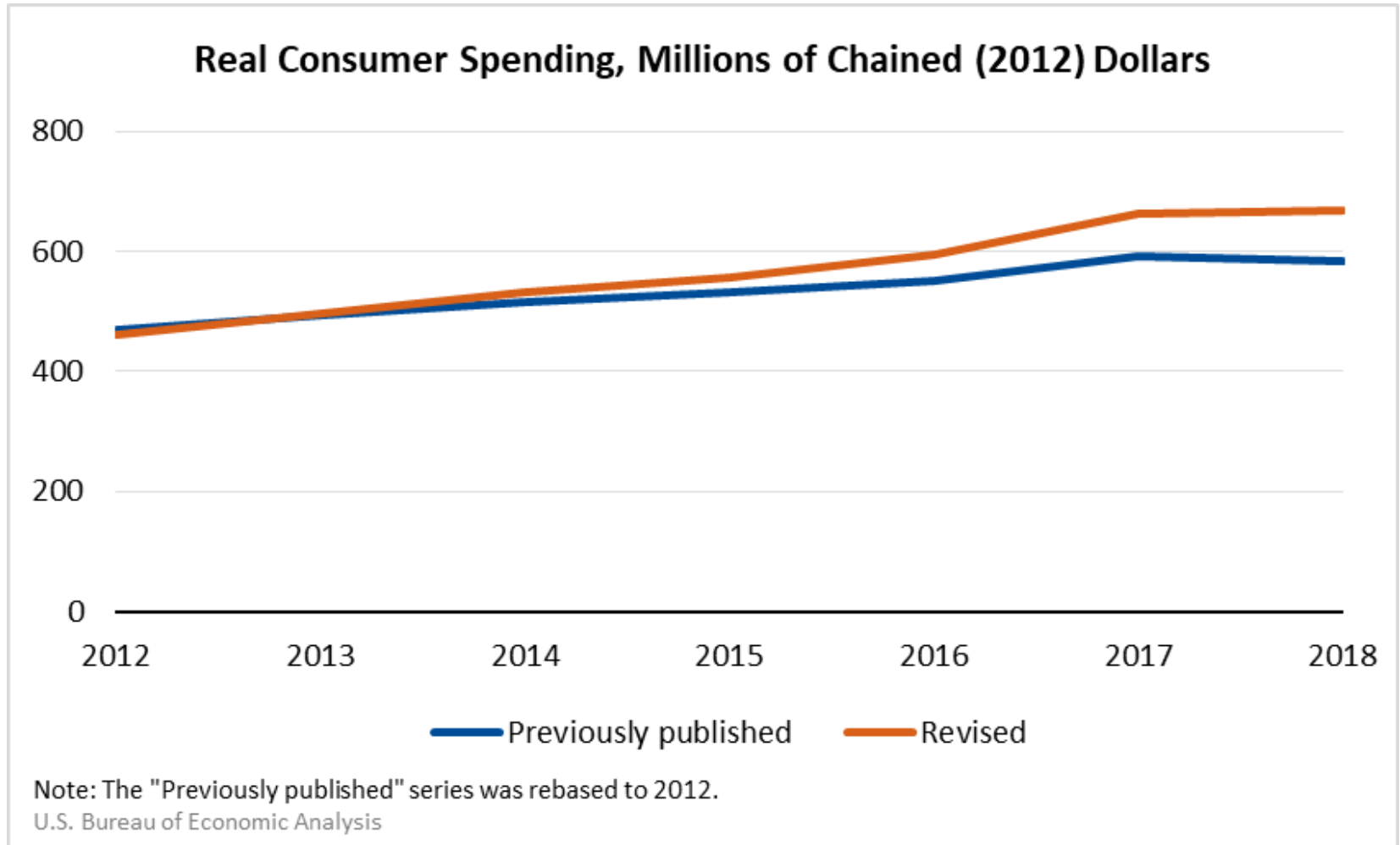
Results of comprehensive update

Chart 2. Percent Change from Preceding Year in Real GDP



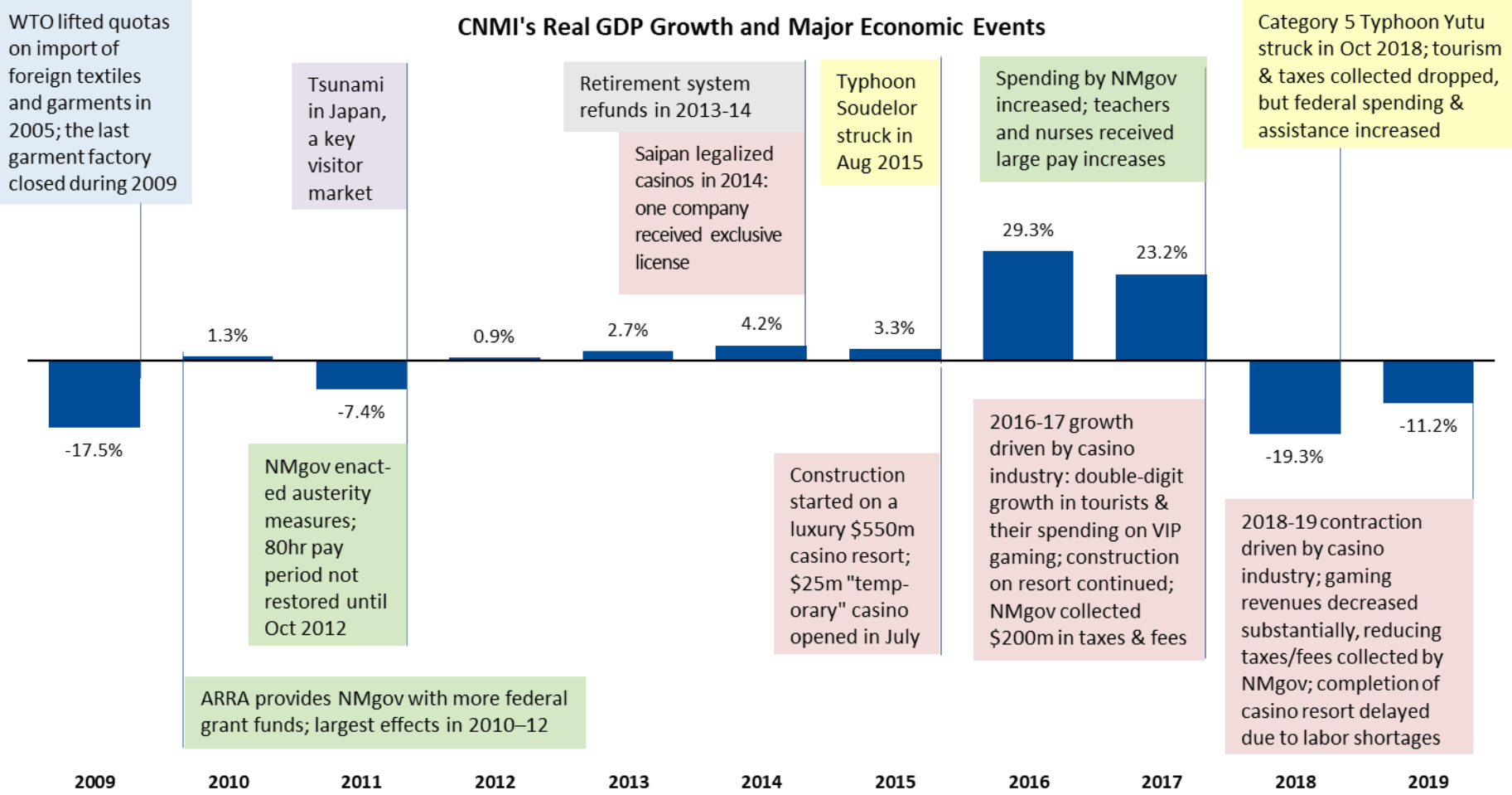
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Results of comprehensive update



Real GDP: The big picture

CNMI's Real GDP Growth and Major Economic Events

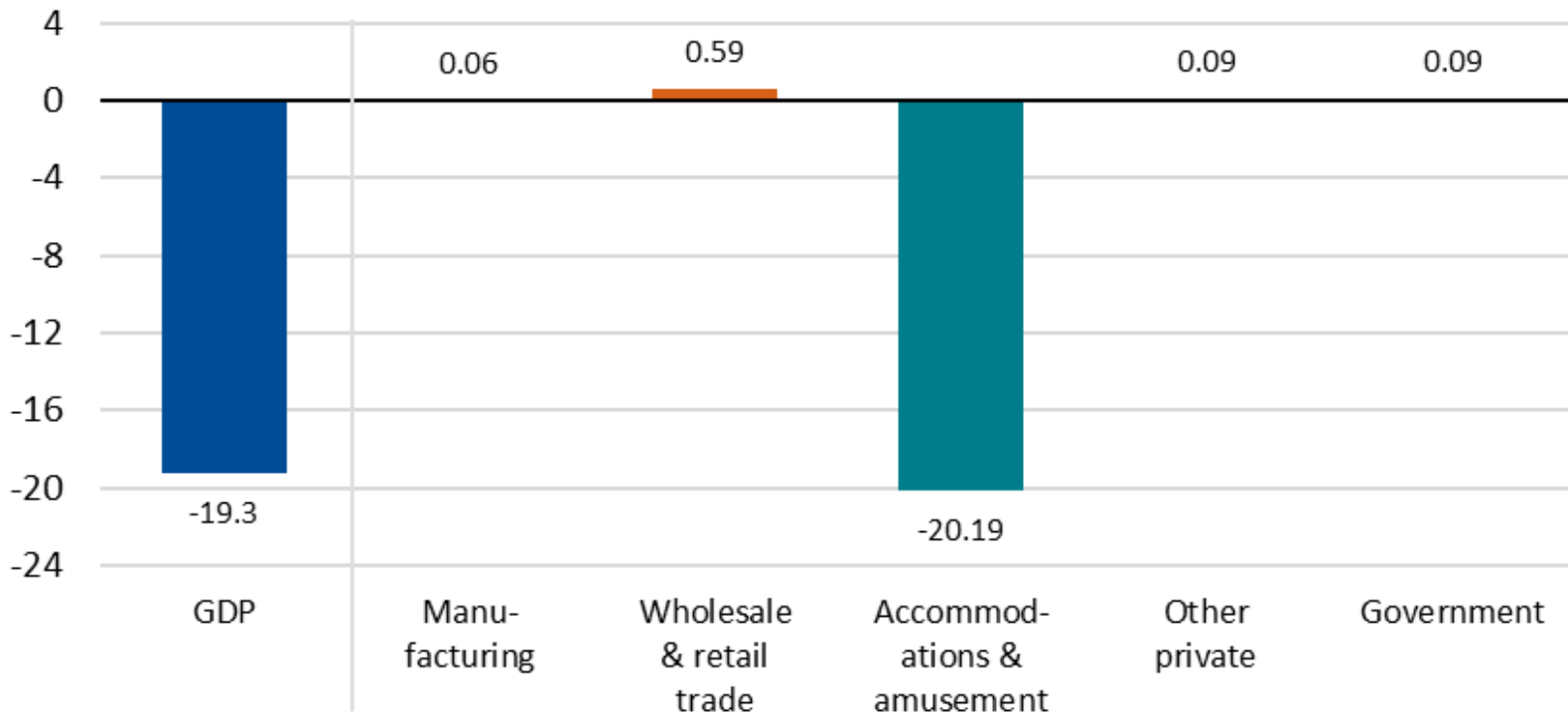


Note: NMgov is an abbreviation for the territorial government of CNMI.

- GDP (and compensation) by industry
 - Private sector:
 - Manufacturing
 - Wholesale and retail trade
 - Accommodations, food services, and amusements (including casino gambling)
 - Other private
 - Government:
 - Territorial
 - Federal

Contributions to Percent Change in Real GDP by Industry, 2018

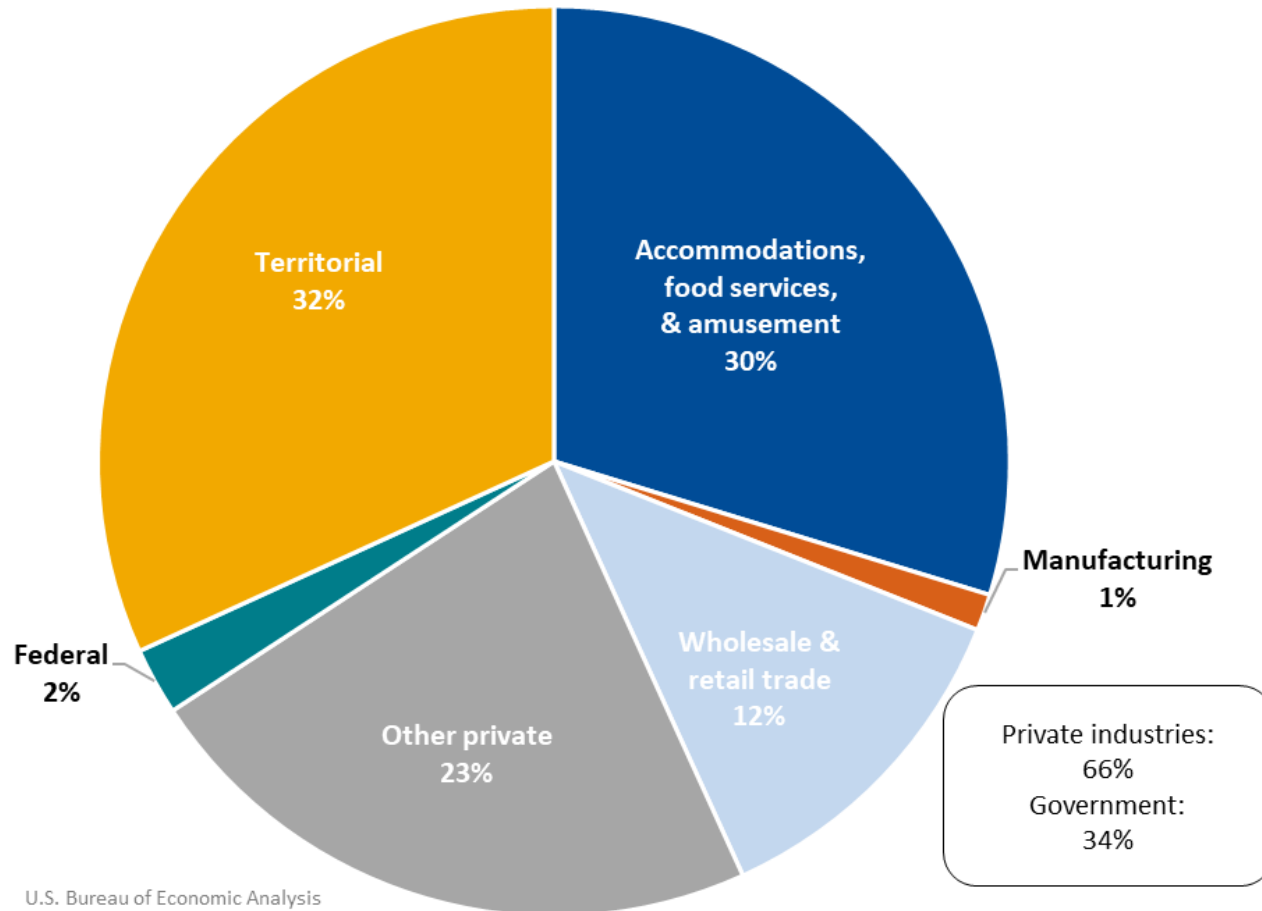
Percentage points



Note: Accommodations and amusement also includes food services.
 U.S. Bureau of Economic Analysis

Compensation by industry

Compensation by Industry, 2017–2018



- Limited information on spending by tourists
 - Tourism is a large part of the CNMI economy (ratio of exports of services to 2019 GDP: 39%)
 - Last average spending data published by the CNMI government was for 2011
 - Cannot assume spending patterns between tourists to the CNMI and to Guam are similar
 - Different tourist demographics: China is the second-largest source market for CNMI but represents only a small share of Guam tourists
 - No casinos in Guam
- Are there plans to conduct any exit surveys in the near future? If so, will information on spending by tourists be collected?

- Establishing a Memorandum of Understanding (MOU) that formalizes the data sharing process and lays out:
 - Data needs, including timeframes
 - BEA's data handling practices
- Goals of formalizing process:
 - Facilitate exchange of sensitive/unpublished territorial government data
 - Improve understanding of required inputs to the GDP estimation process
 - Facilitate planning and setting of priorities for all parties involved (e.g. CNMI government, DOI, BEA) by making the timing of GDP releases more predictable

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