



## NEWS RELEASE



EMBARGOED UNTIL RELEASE AT 7:00 P.M. EDT, SUNDAY, JUNE 6, 2010

Aya Hamano: (202) 606-9683 (BEA)  
Wali Osman: (202) 208-4292 (OIA)

BEA 10-24

### **THE BUREAU OF ECONOMIC ANALYSIS (BEA) RELEASES ESTIMATES OF THE MAJOR COMPONENTS OF GROSS DOMESTIC PRODUCT FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

CAPITAL HILL, SAIPAN (June 7, 2010) – Today, the Bureau of Economic Analysis (BEA) is releasing its first set of estimates of the major components of gross domestic product (GDP) for the Commonwealth of the Northern Mariana Islands (CNMI).<sup>1</sup>

Objectively gauging changes in economic activity is difficult in the absence of comprehensive economic metrics, such as the GDP. Until now, a framework did not exist to estimate the GDP of the CNMI. The Statistical Improvement Program, funded by the Office of Insular Affairs (OIA) of the U.S. Department of the Interior, has made it possible for BEA to develop formal methodologies for measuring the GDP of the CNMI.

On May 5, 2010, BEA released estimates of *total* GDP for American Samoa, the CNMI, Guam, and the U.S. Virgin Islands. The estimates for the CNMI showed that from 2002 to 2007, real GDP -- GDP adjusted to remove price changes -- decreased at an average annual rate of 4.2 percent.<sup>2</sup> (For comparison, the average annual growth rate for the United States (excluding the territories) was 2.8 percent over this period.)

The estimates released today supplement the estimates of total GDP for the CNMI that were released in May. The accompanying tables present estimates for the major components of GDP, including consumer spending, private fixed investment, net exports, and government spending.<sup>3</sup> Also included in this release are estimates of the major components of gross domestic income.

The estimates of the major components of GDP highlight the impact that the garment manufacturing and tourism industries had on the CNMI's economic growth over the period 2002 to 2007. The notable decreases in real GDP from 2005 to 2007 were largely driven by decreases in garment exports and in tourist expenditures in the CNMI by nonresidents. Consumer spending and territorial government spending also contributed to variations in real GDP growth over the period 2002 to 2007.

<sup>1</sup> These estimates are based on limited source data and are subject to revision.

<sup>2</sup> Summary GDP statistics for the CNMI are presented on page 3 of this news release.

<sup>3</sup> "Consumer spending" refers to "personal consumption expenditures" and "government spending" refers to "government consumption expenditures and gross investment."

In constructing the estimates for the CNMI, BEA used methodologies consistent with the methods used to estimate U.S. GDP. Information from the Economic Census of Island Areas was used to establish levels of GDP for the years 2002 and 2007. Annual series were then developed and used to estimate GDP for the intervening years. Because the CNMI is not included in most of the major surveys used by BEA to estimate U.S. GDP, the support of government leaders in the CNMI and the assistance provided by the CNMI Department of Commerce, the CNMI Department of Finance, and the Commonwealth Ports Authority were critical to the successful production of the estimates presented in this release.

Moving forward, the agreement between OIA and BEA will extend and improve the estimates of GDP for the CNMI. BEA currently plans to release estimates for both 2008 and 2009 in the spring of 2011.

BEA's national, international, regional, and industry statistics; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

## Commonwealth of the Northern Mariana Islands (CNMI)

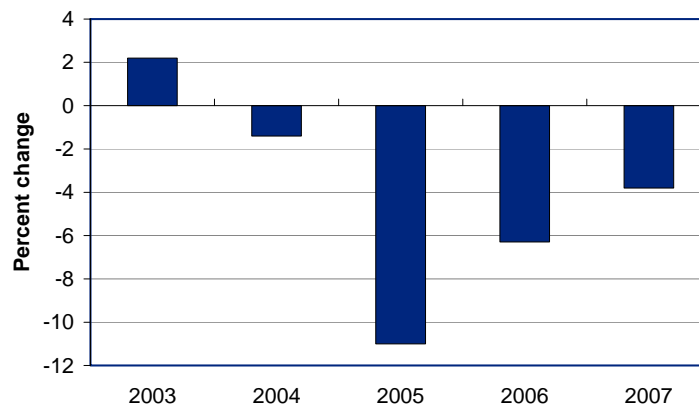
From 2002 to 2007, real GDP of the CNMI decreased at an average annual rate of 4.2 percent. The decrease in real GDP was primarily accounted for by a decrease in the exports of garments (reflecting a contraction in the garment manufacturing industry) and a decline in tourism. In 2005, the garment industry was impacted by reduced quotas on the imports of foreign textiles and garments. Since 2002, a number of economic shocks have contributed to a decline in tourism, including the SARS epidemic and the suspension of flights from Tokyo by Japan Airlines.

**Summary Statistics for the CNMI**

	2002	2003	2004	2005	2006	2007	2002-2007 AAGR <sup>1</sup>
GDP (millions of dollars)	1,320	1,267	1,229	1,073	1,007	962	-6.1%
Real GDP (millions of chained 2005 dollars)	1,197	1,223	1,206	1,073	1,006	967	-4.2%
Population <sup>2</sup>	74,372	76,617	78,889	70,636	60,662	58,629	-4.6%
Real GDP per capita (chained 2005 dollars)	16,095	15,963	15,287	15,191	16,584	16,494	0.5%

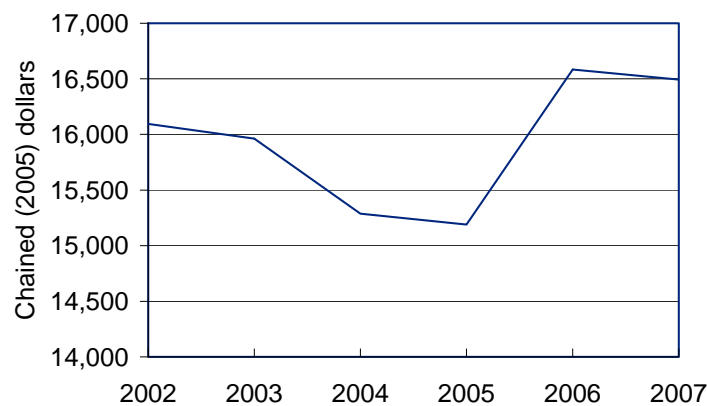
1. Average annual growth rate. 2. Source: U.S. Census Bureau, International Database.

**Real GDP Growth**



From 2002 to 2007, the population of the CNMI decreased rapidly as foreign workers left the territory, and as a consequence, real GDP per capita increased at an average annual rate of 0.5 percent.

**Per Capita Real GDP**



**CNMI**  
**Table 1. Gross Domestic Product**

	Line	[Millions of dollars]					
		2002	2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	1,320	1,267	1,229	1,073	1,007	962
<b>Personal consumption expenditures</b>	2	538	553	549	511	560	566
<b>Private fixed investment</b>	3	23	22	41	39	33	22
<b>Net exports</b>	4	388	344	292	188	53	20
Exports	5	1,104	1,056	1,156	930	752	548
Goods	6	875	836	870	694	537	364
Services	7	229	220	287	235	215	184
Imports	8	717	712	864	742	699	529
Goods	9	679	673	815	701	663	501
Services	10	38	39	49	40	37	28
<b>Government consumption expenditures and gross investment</b>	11	371	347	347	335	362	354
Federal	12	11	15	12	11	11	10
Territorial	13	359	332	335	324	351	344

**CNMI**

**Table 2. Real Gross Domestic Product, Chained Dollars**

	Line	[Millions of chained (2005) dollars]					
		2002	2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	1,197	1,223	1,206	1,073	1,006	967
<b>Personal consumption expenditures</b>	2	532	563	549	511	551	549
<b>Private fixed investment</b>	3	25	23	42	39	32	21
<b>Net exports</b>	4	259	263	260	188	79	68
Exports	5	1,072	1,038	1,142	930	737	542
Goods	6	846	818	861	694	531	360
Services	7	226	220	281	235	206	180
Imports	8	813	775	882	742	657	474
Goods	9	775	736	833	701	620	448
Services	10	38	40	49	40	38	25
<b>Government consumption expenditures and gross investment</b>	11	382	380	353	335	343	318
Federal	12	12	15	12	11	11	10
Territorial	13	369	365	340	324	331	307

**CNMI**

**Table 3. Percent Change From Preceding Year in Real Gross Domestic Product**

	Line	[Percent]				
		2003	2004	2005	2006	2007
<b>Gross domestic product</b>	1	2.2	-1.4	-11.0	-6.3	-3.8
<b>Personal consumption expenditures</b>	2	5.9	-2.5	-7.0	7.8	-0.3
<b>Private fixed investment</b>	3	-6.1	80.5	-7.7	-17.7	-33.2
<b>Net exports</b>	4	.....	.....	.....	.....	.....
Exports	5	-3.2	10.0	-18.6	-20.7	-26.5
Goods	6	-3.3	5.2	-19.3	-23.6	-32.2
Services	7	-2.5	27.8	-16.3	-12.6	-12.2
Imports	8	-4.6	13.8	-15.9	-11.4	-27.9
Goods	9	-5.1	13.2	-15.8	-11.6	-27.7
Services	10	4.1	24.7	-18.2	-7.0	-32.4
<b>Government consumption expenditures and gross investment</b>	11	-0.3	-7.2	-5.0	2.2	-7.3
Federal	12	24.8	-18.4	-9.5	-0.7	-9.3
Territorial	13	-1.2	-6.7	-4.8	2.3	-7.2

**CNMI**

**Table 4. Contributions to Percent Change in Real Gross Domestic Product**

	Line					
		2003	2004	2005	2006	2007
<b>Percent change:</b>						
<b>Gross domestic product</b>	1	2.2	-1.4	-11.0	-6.3	-3.8
<b>Percentage points:</b>						
<b>Personal consumption expenditures</b>	2	2.46	-1.10	-3.16	3.74	-0.17
<b>Private fixed investment</b>	3	-0.11	1.43	-0.26	-0.64	-1.09
<b>Net exports</b>	4	-0.07	0.32	-6.17	-10.05	0.15
Exports	5	-2.72	8.37	-17.54	-18.14	-19.82
Goods	6	-2.27	3.47	-13.75	-15.32	-17.24
Services	7	-0.45	4.90	-3.80	-2.82	-2.58
Imports	8	2.65	-8.05	11.37	8.09	19.97
Goods	9	2.77	-7.29	10.64	7.83	18.70
Services	10	-0.12	-0.76	0.73	0.26	1.27
<b>Government consumption expenditures and gross investment</b>	11	-0.10	-2.07	-1.43	0.69	-2.71
Federal	12	0.23	-0.22	-0.10	-0.01	-0.11
Territorial	13	-0.33	-1.85	-1.33	0.70	-2.60

**CNMI**

**Table 5. Percent Change From Preceding Year in Prices for Gross Domestic Product and Price Indexes for Gross Domestic Product**

	Line	2002	2003	2004	2005	2006	2007
		[Percent]					
Gross domestic product	1	.....	-6.1	-1.6	-1.9	0.1	-0.7
Personal consumption expenditures	2	.....	-3.0	1.8	0.1	1.6	1.5
		[Index numbers, 2005=100]					
Gross domestic product	3	110.3	103.6	102.0	100.0	100.1	99.5
Personal consumption expenditures	4	101.2	98.2	99.9	100.0	101.6	103.1



**CNMI**  
**Table 6. Gross Domestic Income**

	Line	[Millions of dollars]					
		2002	2003	2004	2005	2006	2007
Gross domestic income	1	1,320	1,267	1,229	1,073	1,007	962
Compensation of employees	2	678	632	660	555	534	535
Taxes on production and imports less subsidies	3	128	152	167	165	142	120
Gross operating surplus	4	514	483	402	354	331	308