



OFFICE OF THE SECRETARY
**U.S. Department
of the Interior**

www.doi.gov

News Release

Date: July 12, 2011

For more information please contact:

OIA: Wali Osman (202) 208-4292

BEA: Aya Hamano (202) 606-9683

OIA-BEA ANNOUNCE RELEASE OF GROSS DOMESTIC PRODUCT (GDP) ESTIMATES FOR THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS FOR 2008 AND 2009

WASHINGTON, D.C. – The Department of the Interior’s Office of Insular Affairs (OIA) and the Department of Commerce’s Bureau of Economic Analysis (BEA) are pleased to announce the release of the gross domestic product (GDP) estimates for 2008 and 2009 for the Commonwealth of the Northern Mariana Islands (CNMI). These estimates follow the initial GDP estimates for the CNMI for 2002-2007 which were released in May 2010.

The release of GDP estimates for the CNMI by the BEA, the federal agency responsible for national economic accounts, is the product of a technical assistance agreement between OIA and the BEA. As currently formulated, the BEA’s mandate for GDP calculations, release and updates covers the 50 states and the District of Columbia (DC) but does not include the U.S. insular areas. To produce GDP data for the territories in the same manner it does for the 50 states and DC, OIA entered into a technical assistance agreement with the BEA that covers the cost of its technical expertise and field work in the territories.

Over the course of the last year, the BEA has worked closely with local island staff to develop the first-ever, comprehensive mechanisms for calculating the GDP data for the CNMI and the remaining insular areas.

The BEA relies heavily on the federal government’s current research and data to estimate the GDP for the 50 states, DC and the United States as a whole. Presently, ongoing initiatives to conduct such research do not include the insular areas. The recent OIA–BEA agreement is the only vehicle to generate these basic economic data that are readily available for the 50 states and DC. GDP estimates produced by the BEA are essential to better understand the territorial economies and how they evolve over time.

“I think this is a necessary step in the right direction and I believe strongly that once we formalize the collection of data and provide our insular governments with a sound sense of the economic activity that is generated on each island, governments will be better equipped to make informed decisions about their economic growth and development policies,” said Assistant Secretary Babauta.

“Going forward, our objective is to formalize the scope of the BEA’s mandate to include the territories. This inclusion is critical as island leaders are increasingly asked to do more with less in the face of stringent budget cuts. The goal is to provide data that is current, accessible and employable,” added Babauta.

www.doi.gov/oia

###



NEWS RELEASE



EMBARGOED UNTIL RELEASE AT 7:30 PM EDT, TUESDAY, JULY 12, 2011

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

BEA 11-36

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

CAPITAL HILL, SAIPAN (July 13, 2011) -- 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 2008 and 2009.¹ This release also includes revised estimates for 2002 to 2007.² 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.

The estimates for the CNMI show that real GDP -- GDP adjusted to remove price changes -- decreased 19.8 percent in 2009 after decreasing 12.1 percent in 2008 (see Table 3). For comparison, real GDP for the U.S. (excluding the territories) decreased 2.6 percent in 2009 after remaining unchanged in 2008. The estimates of real GDP for 2008 and 2009 reflected continued declines in exports and in consumer spending.³

The decrease in exports of goods in 2008 and 2009 reflected the continued decline of the CNMI's garment manufacturing industry. The last garment factory closed during the first quarter of 2009. Beginning in 2005, exports of goods, primarily garments, fell in each year; the steepest declines occurred in 2008 and 2009. Exports of goods fell by over 60 percent in 2008 and by over 80 percent in 2009 (see Table 3).

Further contributing to the decline in real exports in 2009 was a significant drop in exports of services, reflecting a decrease in the number of visitors to the islands.⁴ Despite this decline, tourism services were the territory's only significant export in 2009.

The decreases in real consumer spending in 2008 and 2009 negatively impacted economic growth, most notably in 2009. In 2009, real consumer spending fell by approximately 13 percent after decreasing by less than 1 percent in 2008 (see Table 3).

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

² On May 5, 2010, BEA released estimates of GDP for the period 2002 to 2007 for the CNMI, as well as for American Samoa, Guam, and the U.S. Virgin Islands.

³ In this news release, "consumer spending" refers to "personal consumption expenditures" and "government spending" refers to "government consumption expenditures and gross investment."

⁴ Tourism services make up the majority of exports of services for the CNMI.

Revisions

Estimates for 2002 to 2007 that were released on May 5, 2010 have been revised in order to incorporate improvements to source data and estimation methodologies; these improvements include the following:

- Incorporating revisions to the CNMI Consumer Price Index from the CNMI Department of Commerce. Because these data were used to adjust the components of consumer spending for price change, this resulted in significant revisions to real consumer spending.
- Incorporating additional information on exports and imports from the Commonwealth Ports Authority, including greater detail and higher frequency data.
- Updating territorial government spending to reflect more detailed information on government component units reported in audited annual financial statements.

In both the revised and the published estimates, real GDP decreased in all years except in 2003. The revised estimates show a steeper decline over the 2002 to 2007 period than that of the previously published estimates. In the revised estimates, real GDP declined at an average annual rate of 6.3 percent compared with the previously published decline of 4.2 percent. Percent changes in real GDP from the preceding year -- revised and as published in last year's release -- are shown in Table 7.

Methodology

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 benchmark levels of GDP for the years 2002 and 2007. For other years, annual series were developed and used to estimate GDP. 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.

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. 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
Table 1. Gross Domestic Product

	Line	[Millions of dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	1,222	1,181	1,148	982	914	863	847	716
Personal consumption expenditures	2	538	543	547	502	557	558	588	518
Private fixed investment	3	24	24	42	41	35	24	27	27
Net exports	4	293	255	190	66	-42	-72	-111	-169
Exports	5	1,077	1,030	1,128	910	729	526	376	219
Goods	6	848	810	842	668	514	333	172	23
Services	7	229	220	286	242	215	192	205	196
Imports	8	784	775	938	845	771	597	488	387
Goods	9	675	667	808	728	665	514	419	332
Services	10	109	108	130	117	106	83	69	56
Government consumption expenditures and gross investment	11	367	358	369	374	364	353	344	339
Federal	12	14	16	13	17	14	13	16	21
Territorial	13	353	342	355	357	350	339	327	317

NOTE. Detail may not add to total because of rounding.

Commonwealth of the Northern Mariana Islands
Table 2. Real Gross Domestic Product, Chained Dollars

	Line	[Millions of chained (2005) dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	1,175	1,189	1,146	982	919	848	746	598
Personal consumption expenditures	2	567	592	570	502	525	506	502	438
Private fixed investment	3	25	25	43	41	34	23	26	26
Net exports	4	188	177	146	66	-11	-29	-100	-166
Exports	5	1,086	1,039	1,131	910	725	516	294	176
Goods	6	853	812	842	668	513	330	116	19
Services	7	232	226	289	242	212	186	190	170
Imports	8	898	862	984	845	736	545	394	342
Goods	9	789	752	854	728	637	473	338	299
Services	10	110	110	131	117	99	72	56	43
Government consumption expenditures and gross investment	11	398	404	385	374	368	335	315	305
Federal	12	17	18	14	17	14	12	14	19
Territorial	13	381	386	371	357	355	324	301	286
Addenda:									
Population (thousands) ¹	14	74.4	76.6	78.9	70.6	60.7	58.6	55.2	51.5
Per capita real GDP (chained dollars)	15	15,793	15,522	14,525	13,909	15,140	14,471	13,514	11,612

1. Source: U.S. Census Bureau, International Database

Commonwealth of the Northern Mariana Islands

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

	Line	[Percent]						
		2003	2004	2005	2006	2007	2008	2009
Gross domestic product	1	1.2	-3.6	-14.3	-6.5	-7.7	-12.1	-19.8
Personal consumption expenditures	2	4.4	-3.7	-12.0	4.5	-3.5	-0.9	-12.8
Private fixed investment	3	-0.2	70.4	-5.5	-15.7	-31.7	9.4	2.5
Net exports	4	.....	.....	.....	.....	.....	.....	.....
Exports	5	-4.3	8.8	-19.5	-20.4	-28.8	-43.0	-40.1
Goods	6	-4.8	3.7	-20.6	-23.2	-35.8	-64.8	-83.4
Services	7	-2.6	27.8	-16.3	-12.6	-12.2	2.4	-10.6
Imports	8	-4.0	14.2	-14.2	-12.8	-26.0	-27.6	-13.2
Goods	9	-4.7	13.4	-14.7	-12.5	-25.8	-28.5	-11.6
Services	10	0.1	19.0	-10.9	-15.2	-27.2	-22.4	-22.2
Government consumption expenditures and gross investment	11	1.5	-4.8	-2.9	-1.4	-9.0	-6.1	-3.2
Federal	12	10.0	-23.2	17.1	-18.3	-12.0	20.2	29.5
Territorial	13	1.1	-3.9	-3.6	-0.6	-8.9	-7.1	-4.8

Commonwealth of the Northern Mariana Islands

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

	Line							
		2003	2004	2005	2006	2007	2008	2009
Percent change:								
Gross domestic product	1	1.2	-3.6	-14.3	-6.5	-7.7	-12.1	-19.8
Percentage points:								
Personal consumption expenditures	2	1.95	-1.72	-5.83	2.35	-2.15	-0.54	-8.89
Private fixed investment	3	0.00	1.45	-0.20	-0.66	-1.21	0.25	0.08
Net exports	4	-1.21	-1.84	-7.33	-7.62	-0.67	-9.42	-9.65
Exports	5	-3.91	7.70	-19.19	-18.96	-22.86	-28.13	-16.87
Goods	6	-3.42	2.50	-15.11	-15.81	-19.99	-28.64	-14.23
Services	7	-0.50	5.20	-4.08	-3.14	-2.87	0.51	-2.64
Imports	8	2.70	-9.54	11.86	11.33	22.20	18.71	7.22
Goods	9	2.71	-7.81	10.61	9.45	18.95	16.64	5.39
Services	10	-0.01	-1.73	1.24	1.88	3.25	2.07	1.83
Government consumption expenditures and gross investment	11	0.45	-1.50	-0.94	-0.54	-3.65	-2.34	-1.30
Federal	12	0.12	-0.33	0.20	-0.32	-0.19	0.29	0.56
Territorial	13	0.32	-1.17	-1.14	-0.22	-3.46	-2.63	-1.87

Commonwealth of the Northern Mariana Islands

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	2008	2009
		[Percent]							
Gross domestic product	1	.....	-4.5	0.8	-0.1	-0.5	2.3	11.6	5.3
Personal consumption expenditures	2	.....	-3.4	4.6	4.3	6.2	3.8	6.3	1.1
		[Index numbers, 2005=100]							
Gross domestic product	3	104.0	99.3	100.1	100.0	99.5	101.8	113.6	119.6
Personal consumption expenditures	4	94.9	91.7	95.9	100.0	106.2	110.3	117.2	118.5

Table 6. Gross Domestic Income

	Line	[Millions of dollars]							
		2002	2003	2004	2005	2006	2007	2008	2009
Gross domestic income	1	1,222	1,181	1,148	982	914	863	847	716
Compensation of employees	2	725	688	713	613	559	553	568	506
Taxes on production and imports less subsidies	3	128	152	167	165	142	120	109	100
Gross operating surplus	4	369	341	268	204	213	190	170	110

NOTE. Detail may not add to total because of rounding.

Table 7. Revisions to Percent Change in Real GDP

	Line	2003	2004	2005	2006	2007
		Percent change:				
Revised	1	1.2	-3.6	-14.3	-6.5	-7.7
Previously published	2	2.2	-1.4	-11.0	-6.3	-3.8
Percentage points:						
Revision	3	-1.0	-2.2	-3.3	-0.2	-3.9