

Economic Impact of Tourism in The Bahamas

PREPARED FOR:
THE BAHAMAS MINISTRY OF
TOURISM AND AVIATION

Presentation

April 2021



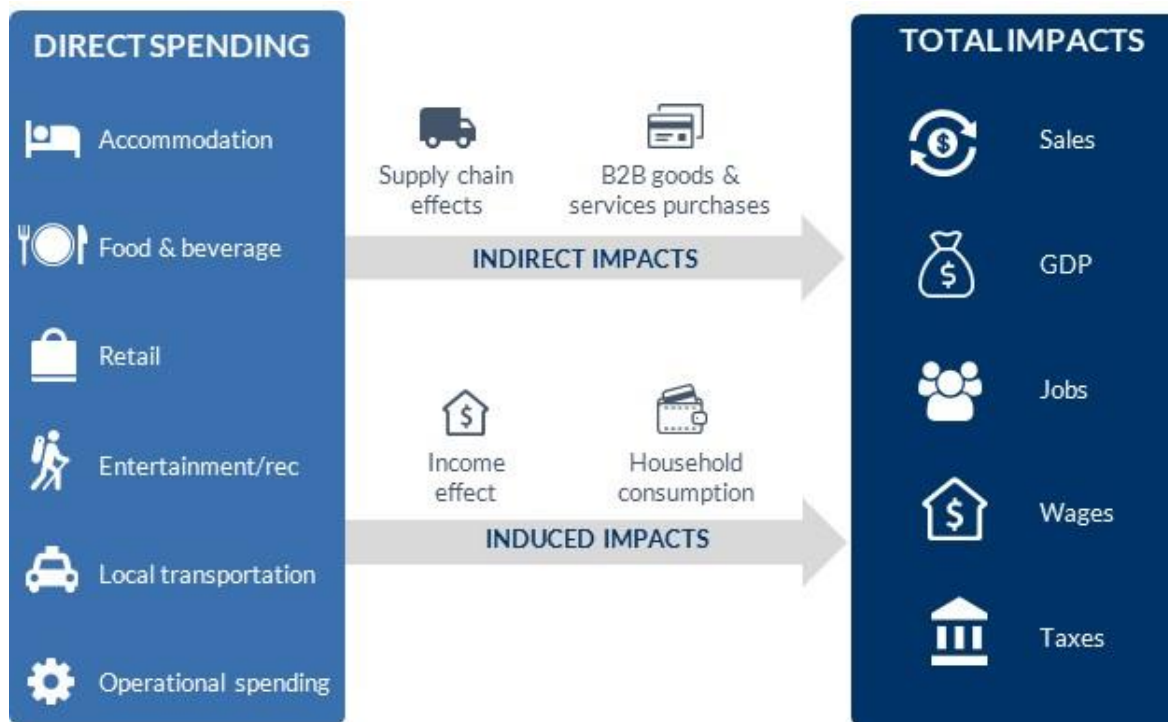
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Economic impact...what's included?

There are three “core” channels of impact: direct, indirect, and induced

Economic impact flowchart



Source: Tourism Economics

These assessments build layers of impact

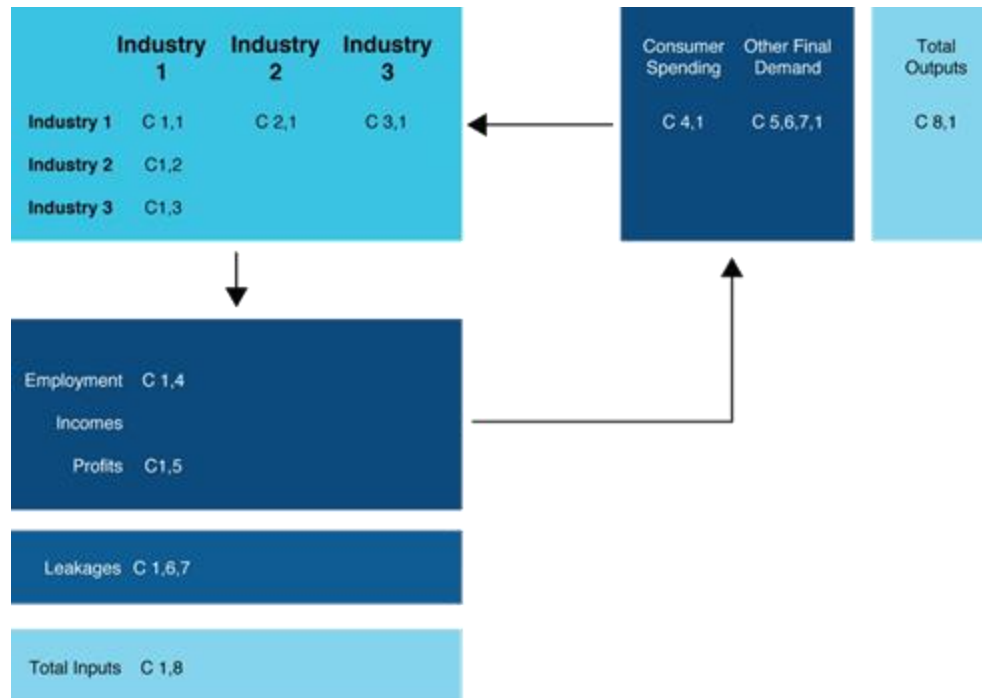
And can include investment and government activity as well as direct spending



IO models trace the impact of spending

They give snapshot of an economy at a point in time, showing the major spending flows

A simplified input-output model

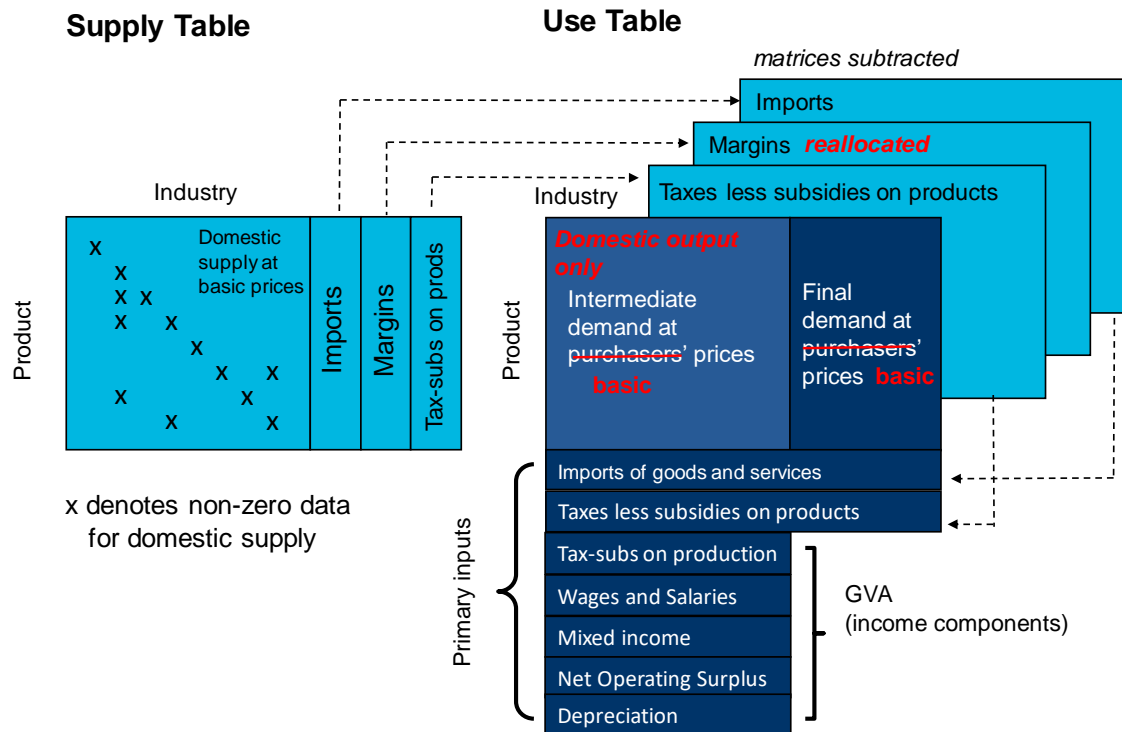


Source: Tourism Economics

IO models are derived from Supply and Use tables

By using data from the supply table to transform the use table into an IO table and then constructing a matrix of coefficients for the economy

Transforming supply and use tables into domestic input-output model

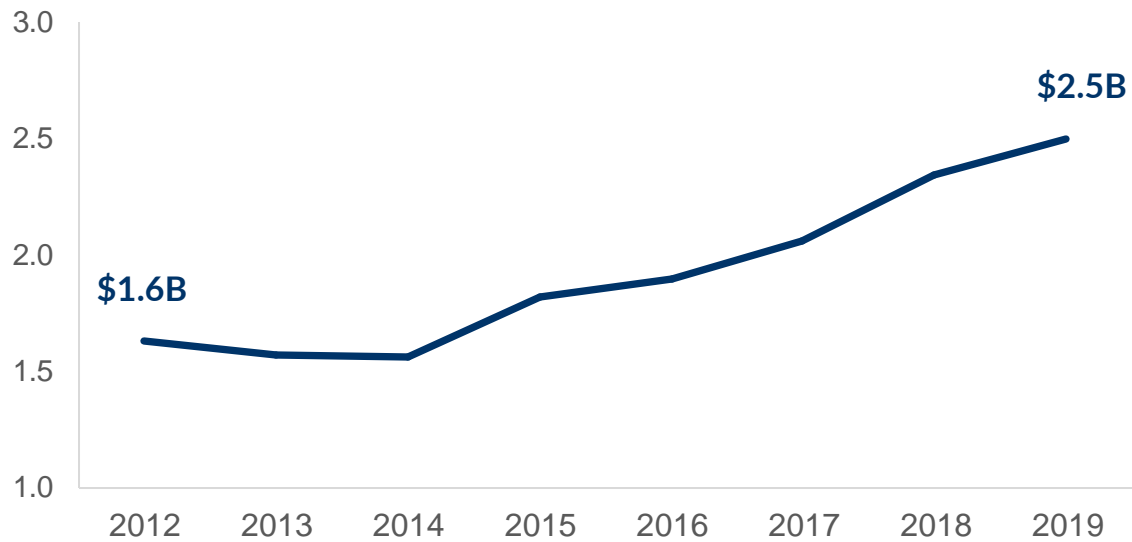


Thank you to The Bahamas Department of Statistics who provided detailed SUTs for 2012

Pre-crisis direct tourism GDP had increased 54% from 2012 levels

Direct tourism GDP

Amounts in billions of nominal dollars

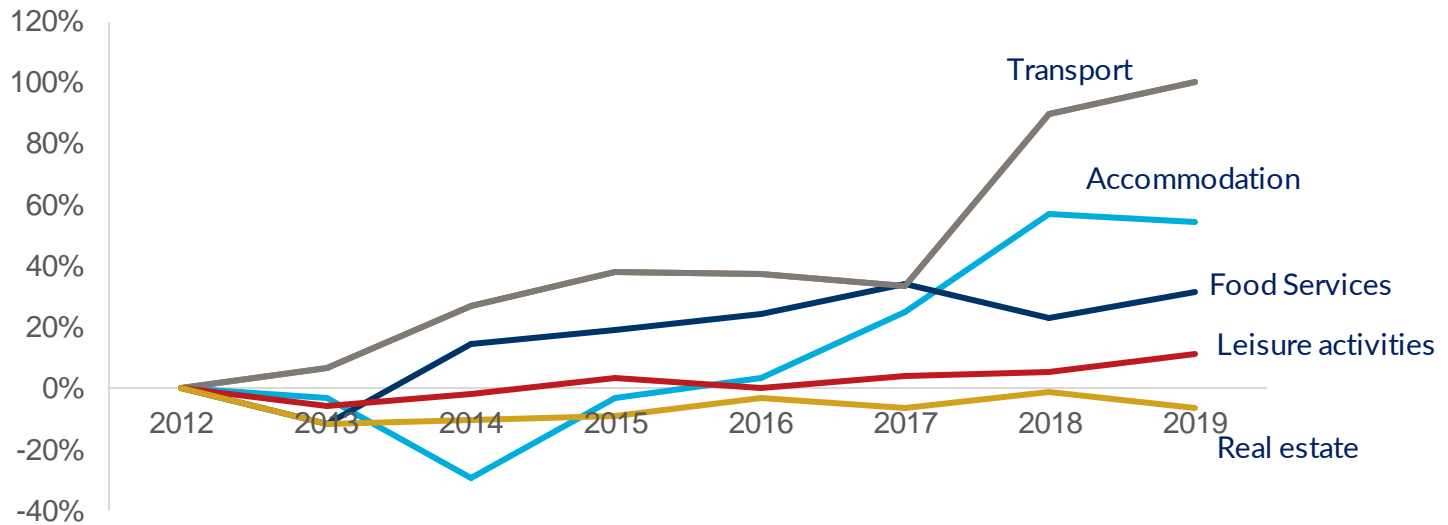


Source: The Bahamas Ministry of Tourism & Aviation

Although sub-sector growth varied during this period

Components of direct tourism GDP

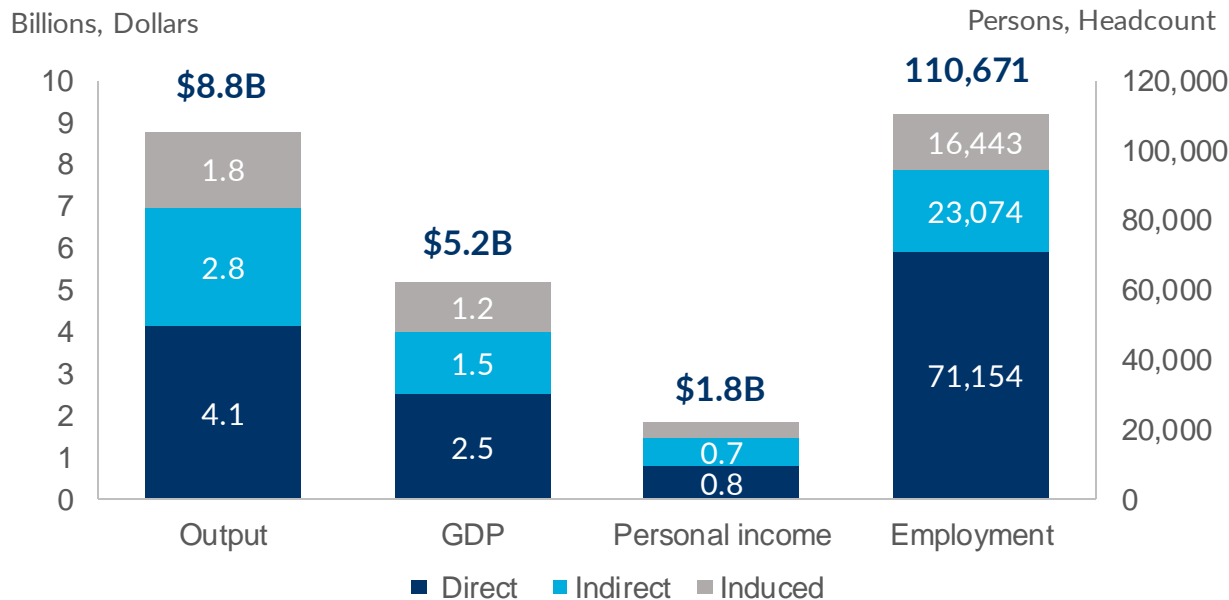
Amounts in percentage change since 2012



Source: The Bahamas Ministry of Tourism & Aviation

Adding together the direct impact with the multiplier effects gives the total impact

Total impacts of tourism in The Bahamas, 2019



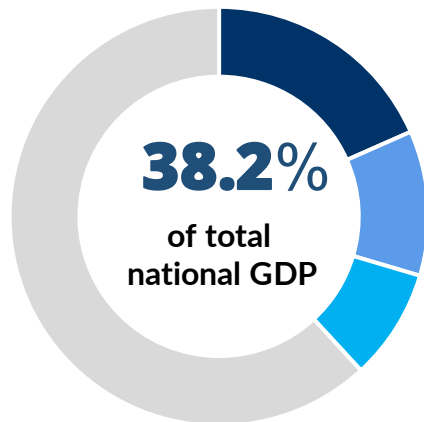
Source: Tourism Economics

Tourism's total impact represented 38.2% of Bahamas GDP in 2019

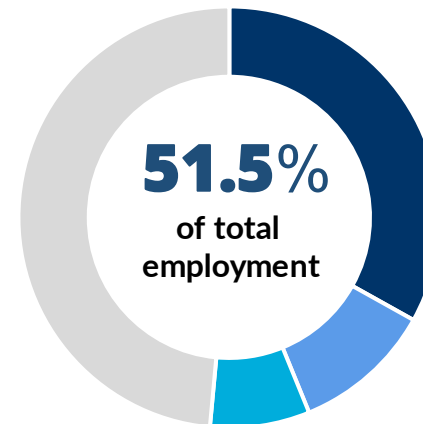
And 51.5% of total employment

Economic impacts in context

Share of Bahamian total GDP and employment sustained by tourism



- 18.4% Direct GDP share of state total
- 11.2% Indirect GDP share of state total
- 8.6% Induced GDP share of state total



- 33.1% Direct employment share of total
- 10.7% Indirect employment share of total
- 7.6% Induced employment share of total

Impact assessments can be critical to the promotion of tourism development



Track the importance of the tourism industry

In absolute and share terms and in comparison to other sectors of the economy



Assess diversification across industries

Including benchmarking to other destinations



Evaluate policy options

Such as air service development, taxes, openness, marketing, investment incentives



Monitor the recovery

Both domestically and in key source markets

Bahamas TSA Economic Impact Model

An interactive tool to measure the impact of tourism on the Bahamian economy

Home User guide

Bahamas TSA Economic Impact Model

Developed by Tourism Economics on behalf of Bahamas Ministry of Tourism & Aviation, Department of Statistics and Central Bank of The Bahamas version 2.0 (Feb-2021)

Click here to view the economic impact results of the 2012 TSA

View 2012 TSA Impact

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Click here to modify the baseline tourism and total economy metrics used for scenarios

Set up model

Click here to run a custom scenario

Run a scenario

Click here to view the results of the current custom scenario

View current scenario results

Click here to run a custom impact calculation

Run a new impact calculation

Click here to view the results of the current custom impact calculation

View impact calculation results



Set up model

Baseline tourism and total economy data
 Historical data and forecasts for key tourism and economic metrics are required to run scenarios. In the worksheet below you have the option to grow the TSA 2012 values using your own data or C...

Year of baseline: 2012

Scenario builder

Step 1: Initial scenario setup
 The underlying TSA tables are based on the 2012 TSA. For other years estimates of spending, Please use the 'Set up model' feature to edit the baseline model values before using the scenar...

Forecast driver: Inbound, Domestic, Inbound, Inbound, Forecast

Table 1 - Oxford

Year	Spending
2012	
2013	
2014	
2015	
2016	

The figures below are based on the 2012 TSA. If you wish to change the baseline values, please use the 'Set up model' feature to edit the baseline model values before using the scenario builder.

Custom Impact Calculation

2019 Summary

GDP contribution of Tourism

Category	Percentage
Direct	18.4%
Indirect	11.2%
Induced	8.6%

Baseline tourism: Inbound Spending, Domestic Spending, Inbound Visitors

Baseline total economy

Bahamas TSA Economic Impact Model

The model builds upon the existing TSA and supply and use tables but allows users to run custom impact calculations and scenarios based on user entered values.

Key model data:

Bahamas TSA 2012
Supply and Use Tables 2012 / Input-Output Model

Model user custom values:

Required

Total economy GDP & employment
Direct tourism GVA

Optional

Direct tourism employment
Government collective spending
Capital investment

Optional Oxford Economics' forecasts to help generate custom impacts:

Inbound spending
Domestic spending
Inbound visitors



Outputs

Impact of tourism (direct, indirect and induced):

Output

GVA

Employment

Compensation of employment

Additional Custom Outputs

Scenario impact results

Comparison of scenario vs baseline impacts

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

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