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GOVERNMENT OF BERMUDA

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To: ALL MEDIA

Please see this media statement from the Deputy Premier and Minister of Finance, the Hon. E.T. Richards JP MP.

Bermuda is *not* in recession

It is disappointing, but perhaps not unexpected given where we are in the electoral cycle, that critics fall over themselves to find fault, when a mere look around Bermuda would provide indisputable, visible evidence that Bermuda has actually made substantial economic progress since 2012.

For the record, there was no recession during the second half of 2016. Equally, GDP results for Bermuda from quarter to quarter, provided in the Quarterly Bulletin of Statistics, must be observed within the context of visible facts, instead of through a political prism.

That context is revealed through a full review of the events that shaped the comparative periods.

As it relates to the 4th quarter 2016, it was compared to the same quarter in 2015 during which the Louis Vuitton America's Cup World Series was held in Bermuda from the 16th – 18th of October, 2015.

That event caused GDP results to be very strong for that quarter, so it would have been very difficult for Q4 2016 to have been better than that.

It should be noted that the spike in the economy during the World Series in October 2015:

- Brought 10,000 people to the Event Village on Front Street.
- Injected $8.6M into our economy - 70% of which came from overseas, including visitor spending.
- Benefitted Bermudians widely, through increased income to restaurants, retailers, hotels, taxi drivers, security firms, boat charterers, hospitality workers, and many small business owners and entrepreneurs.
- Generated international media coverage delivered to over 8 million people globally.
- Provided more than $14-million worth of advertising value around the world.

So comparing that extremely successful period in Bermuda's 2015 calendar to a similar period without those benefits, will naturally skew any results. You need not be an economist to understand that.

This simple comparison is the chief reason GDP figures showed a year over year decline for the fourth quarter of 2016.

So, to reiterate, there was no recession in 2016.

Also a surge of imports, which required a large outflow of cash, during Q1/2017, in preparation for the AC35 will have resulted in a dampening effect on that quarter's results. But, of course, there will be a corresponding spike in GDP results for Q2/2017 attributable to AC35, the likes of which Bermuda will have never seen before. However, this in turn will likely produce a poor year over year comparison for Q2/2018.

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