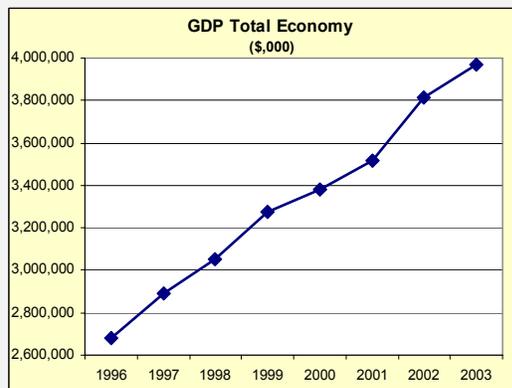


2003 Gross Domestic Product by Industry Highlights

Gross Domestic Product (GDP) advanced 3.9% in 2003. Bermuda's economy was significantly impacted by Hurricane Fabian's visit to the Island on September 5, 2003 – with differing results across the economy.

Industries involved in the tourism sector were adversely affected as the Island's hospitality sector virtually shutdown following the disaster. When adjusted for inflation, economic activity increased 2.1%, reflecting economy-wide inflation of 1.8%.

GDP advances despite Fabian



Some industries benefited directly from the hurricane, including the quarrying industry, which saw the re-opening of the government quarry which had not been used in over a decade. The construction industry was buoyed by the island-wide clean up and restoration work following the hurricane. Retailers also reported gains in the post-Fabian period, especially those providing materials to the construction industry.

Tourism hit hard



Tourism-related industries were among those hardest hit by the effects of the hurricane. Although the number of tourists to the Island declined only marginally for the year 2003, the last quarter of the year saw the number of visitors tumble 12%. This entire decline was attributable to fewer air arrivals as there was an increase in the number of tourists arriving by cruise ship. Travel receipts – expenditures by tourists – fell 8.2%, as tourists arriving by air generally spend significantly more than those arriving on cruise ships.

Hotels and restaurants recorded a drop of 3.4% in output, highlighting the impact of fewer tourists to the Island. Many tourist accommodations, including large resort hotels, were forced to temporarily close to effect repair and renovation work to hurricane-damaged property. The hotel sector temporarily lost about 20% of its capacity – roughly 1,200 beds. Diminished capacity rates in the hotel sector carried on well into the 2004 season. Employment in the hotel sector fell 3.2% (100 fewer jobs) while the number of employees in the restaurant industry declined 4.3% (79 fewer jobs).

Challenging year for utilities

Hurricane Fabian, one of the worst storms to ever hit Bermuda, caused significant damage to the power grid and left 78% of electricity customers without power. Within a period of three weeks electricity was restored to most of the customers who had lost electricity. Over \$3 million was spent on these restoration efforts and a further \$1 million in capital improvements was spent to strengthen the system. The output of the utilities sector increased 8.1%, partly reflecting a 5.7% up tick in residential and commercial electricity prices in 2003. Despite the fact that a number of electricity customers were without electricity for an extended period after the hurricane, electricity consumption for the combined residential and commercial market rose 2.7% in 2003.

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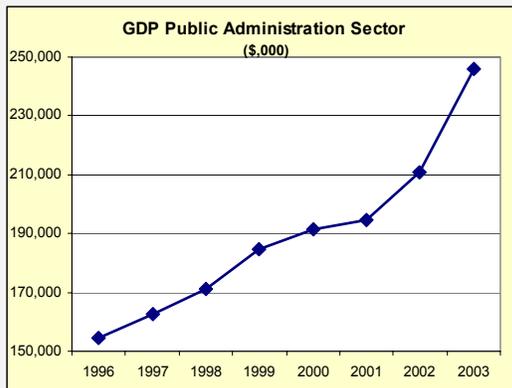
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Government boosts expenditures in post-Fabian period



Output in the public administration sector jumped 16.6% (+\$35 million) in 2003 as Government increased expenditures in an attempt to repair public sector assets damaged during the hurricane. The 2003 increase in output for the public administration sector is well above the previous five-year trend of 5.3%. The public sector experienced damage to its infrastructure, buildings and equipment, including uninsured assets such as the Causeway, which required extensive repairs. Monies were also spent on emergency services during the clean-up in the immediate aftermath of the hurricane.

Retail sales boosted in recovery period

Retailers also reported gains in the post-Fabian period, especially those providing materials to the construction industry. Sales were significantly higher for paint supplies and slabs of slate for roofs. October 2003 retail sales jumped 13.9% - the single largest monthly gain since September 1999. Motor vehicle dealers benefited from the replacement of and repairs to severely damaged vehicles. Food stores also registered higher sales as consumers restocked their pantries to normal levels in the aftermath of the hurricane.

Economic activity in the retail and wholesale industries rose 1.4% in 2003. The retail sector reported a 5.5% up tick in sales. Employment levels in the retail industry dropped 1.9% (71 fewer jobs); however, an 8.6% increase in employment income was reported – possibly reflecting an increase in the number of hours worked. Meanwhile wholesalers expanded employment levels 1.8% (25 more jobs).

Partial recovery for construction industry

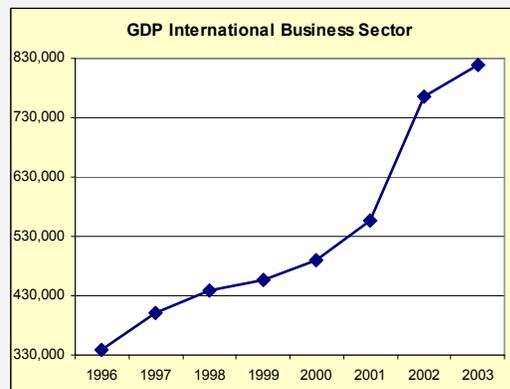
After tumbling 5.0% in 2002, the construction industry gained ground in 2003, advancing 1.8%. Residential construction benefited from historically low mortgage rates as well as from the restoration work required after the hurricane. The value of new con

struction projects started during 2003 surged 27%, boding well for this industry heading into 2004. Employment in the construction industry increased 1.0% (29 more jobs).

Farmers suffer losses

The agriculture and fishing industries suffered a setback in 2003 as economic output declined 1.6%, after a surge in output in 2002. Farmers underwent financial hardship from the effects of Hurricane Fabian, after the massive storm wiped out entire fields of crops. Fabian's sustained winds of more than 100 miles per hour ravaged the Island's plant life and much of the foliage that survived in the fields was burnt off by salt water spray whipped up by the hurricane.

International sector continues to soar



The international business sector continued its strong upward trend, registering a further 7.2% expansion in output in 2003 and was the largest contributor to the growth in the economy in 2003. GDP in this sector has increased 242% since 1996, compared to an increase in total economy-wide GDP of 148% over the same time frame. The strength in this sector was mirrored in the number of persons employed which improved 5.3% (189 more jobs) in 2003. Over 1,100 new international companies and partnerships were registered in Bermuda in 2003, reflecting Bermuda's continued ability to attract new businesses.

Industries supporting the international business sector also registered gains in 2003. Industries providing financial services posted a 6.6% advance in activity. Business services output edged up slightly (+1.5%).

Gross Domestic Product (GDP) by Industrial Origin (\$'000)

(at current market prices)

	1996	1997	1998	1999	2000	2001	2002	2003
INDUSTRIAL SECTIONS								
01 Agriculture, forestry and fishing	20,679	23,481	23,782	24,620	24,054	25,990	31,781	31,278
02 Mining and quarrying	5,741	5,769	5,284	7,271	7,491	5,470	5,817	7,219
03 Manufacturing	64,428	68,849	76,678	81,374	85,575	77,627	84,088	82,222
04 Electricity, gas and water supply	65,995	68,896	71,136	74,499	77,258	80,977	83,434	90,168
05 Construction	158,391	168,630	126,258	193,988	206,677	220,225	209,284	213,045
06 Wholesale and retail trade and repair services	270,528	290,285	321,022	334,485	338,785	344,295	340,692	345,497
07 Hotels and restaurants	214,228	218,591	246,489	231,816	220,166	231,358	240,354	232,072
08 Transport and communications	194,974	210,372	225,025	234,936	245,000	254,873	262,504	258,604
09 Financial intermediation	281,775	318,752	338,885	371,598	380,854	459,293	449,168	478,865
10 Real estate and renting activities	390,448	410,285	450,476	467,458	459,570	461,846	461,721	467,618
11 Business activities	219,482	242,707	246,894	287,287	301,731	297,673	335,839	341,041
12 Public Administration	154,627	162,818	170,960	184,807	191,460	194,486	210,934	245,967
13 Education, health and social work	184,517	203,515	216,852	220,613	236,827	245,623	273,148	267,168
14 Other community, social and personal services	79,293	82,657	90,636	98,080	103,112	105,240	94,875	99,212
15 International business activity	338,001	401,332	438,517	456,931	489,338	556,811	764,490	819,289
Total	2,643,107	2,876,939	3,048,894	3,269,763	3,367,898	3,561,786	3,848,130	3,979,267
Less : Imputed bank service charge	104,860	135,710	151,553	170,999	173,720	230,453	226,448	209,276
Add : Taxes and duties on imports	142,035	147,994	155,563	173,688	183,751	184,618	194,191	196,343
GDP at market prices	2,680,282	2,889,223	3,052,904	3,272,452	3,377,929	3,515,951	3,815,873	3,966,334
Percent change from previous year		7.8	5.7	7.2	3.2	4.1	8.5	3.9

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

(At constant market prices)

1996 = 100 \$'000

INDUSTRIAL SECTIONS	1996	1997	1998	1999	2000	2001	2002	2003
01 Agriculture, forestry and fishing	20,679	23,012	23,413	23,803	23,914	25,199	28,355	27,628
02 Mining and quarrying	5,741	5,595	6,033	5,952	5,572	5,733	5,924	6,088
03 Manufacturing	64,427	65,221	66,295	71,327	70,774	66,672	66,384	63,274
04 Electricity, gas and water supply	65,995	67,679	70,235	72,187	73,465	75,507	79,439	81,331
05 Construction	158,391	162,207	129,543	176,739	175,841	178,882	168,989	175,385
06 Wholesale and retail trade and repair services	270,528	278,704	288,514	294,750	297,801	286,951	297,387	304,693
07 Hotels and restaurants	214,228	209,277	197,703	188,997	167,476	192,308	183,673	177,684
08 Transport and communications	194,974	200,110	202,044	200,392	209,314	215,004	209,576	221,048
09 Financial intermediation	281,775	297,727	291,873	293,535	309,228	316,866	313,921	317,147
10 Real estate and renting activities	390,448	398,221	422,233	424,113	430,090	436,061	436,494	437,830
11 Business activities	219,482	233,317	252,389	266,456	284,443	284,923	308,439	326,005
12 Public administration	154,627	156,526	169,645	165,371	163,828	154,212	159,138	170,751
13 Education, health and social work	184,517	193,275	199,341	197,295	202,818	198,533	223,628	223,787
14 Other community, social and personal services	79,293	80,986	84,643	89,681	91,664	90,514	78,352	77,712
15 International business activity	338,001	362,274	408,764	440,477	467,153	516,110	692,611	719,401
Total	2,643,106	2,734,131	2,812,669	2,911,074	2,973,379	3,043,475	3,252,311	3,329,764
Less: Imputed bank service charge	104,860	111,589	112,682	112,415	119,941	121,778	122,372	128,029
Add: Taxes and duties on imports	142,035	145,915	152,200	167,916	173,330	171,065	152,553	149,308
GDP at constant market prices	2,680,281	2,768,458	2,852,186	2,966,575	3,026,768	3,092,762	3,282,492	3,351,044