

ECONOMIC IMPACTS OF COVID-19 GLOBAL PANDEMIC ON THE U.S. AND GULF OF MEXICO CHARTER FOR-HIRE

ABSTRACT

This newsletter presents two types of contributions – employment or jobs and output or sales. The sales or output impacts are expressed in dollars for the year specified by the user. Employment contributions are described in terms of a mix of both full-time and part-time jobs. During the past five years, the annual contributions of the industry averaged \$3.1 billion in sales and 24,000 jobs. In the Gulf of Mexico states, we had the Bonnet Carre Spillway multiple and prolonged openings in 2019 and significant hurricanes in 2020 and 2021. Then the global pandemic interrupted economic activities in the entire country in 2020 and 2021. These events have had significant impacts on the industry during these years. This newsletter summarizes the estimates of the economic impacts of the global pandemic in 2020 and 2021. The analysis covers the entire country, the Gulf of Mexico region, and individual Northern Gulf of Mexico states. Caution is advised in using the 2020-21 predicted values.

KEYWORDS

Charter for hire, economic impacts, Covid-19 global pandemic

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ECONOMIC CONTRIBUTIONS OF CHARTER BOATS-FOR-HIRE

The 'scenic and sightseeing water transportation' industry or NAICS sector 487210 comprises establishments primarily engaged in providing scenic and sightseeing transportation on water (U.S. Bureau of Census. <https://www.census.gov/naics/>). The services provided are usually local and involve a same-day return to the place of origin. Some illustrative examples include:

- ❖ Airboat (i.e., swamp buggy) operation,
- ❖ Excursion boat operation,
- ❖ Charter fishing boat services,
- ❖ Harbor sightseeing tours, and
- ❖ Dinner cruises

An economic contribution is generally defined as the gross changes in a region's existing economy that can be attributed to a given industry, event, or policy. It measures the gross change in economic activity associated with an industry, event, or policy in an existing regional economy.

This newsletter presents two types of contributions – employment or jobs and output or sales. The sales or output impacts are expressed in dollars for the year specified by the user. Employment contributions are described in terms of a mix of both full-time and part-time jobs.

The economic contribution is the sum of direct, indirect, and induced impacts. Indirect contributions result from changes in the economic activity of other industrial sectors that supply goods or services to the sector being evaluated. Induced contributions are the result of personal consumption expenditures by industry employees.

During the past five years, the annual contributions of the U.S. charter for hire industry (CFH) averaged \$3.1 billion in sales and more than 23,000 jobs (Fig. 1). The most recent data released by NOAA Fisheries are in 2019. There are no updated NOAA Fisheries estimates beyond 2019 due to lag in data availability. The 2020* and 2021* values are generated by suggested economic models for the charter for-hire industry. Caution is hereby advised in using these predicted values.

In the Gulf of Mexico states, we had the Bonnet Carre Spillway multiple and prolonged openings in 2019 and significant hurricanes in 2020 and 2021. Then the

global pandemic interrupted economic activities in the entire country in 2020 and 2021 and is still ongoing in 2022.

These disaster events significantly impacted the CFH industry during these years. This newsletter summarizes the estimates of the economic effects of the global pandemic in 2020 and 2021. The analysis covers the entire country (U.S.), the Gulf of Mexico (GOM) region, and individual Northern GOM states. This newsletter outlines the suggested methodology and the initial results in measuring the economic impacts of the Covid-19 pandemic on the charter for-hire industry.

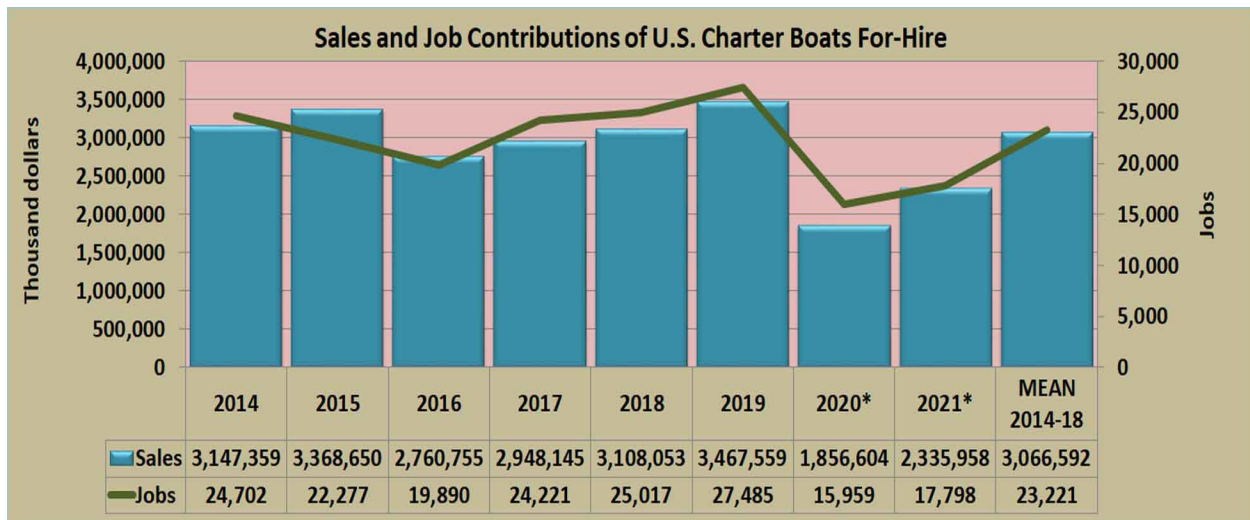


Figure 1. Sales and Job Contributions of U.S. Charter Boats For-Hire. The raw data source from 2014-19 is NOAA Fisheries (2022). The economic model generates the 2020* and 2021* values. Caution is advised in using these predicted values.

ECONOMIC IMPACTS OF GLOBAL PANDEMIC ON U.S. CHARTER FOR HIRE

The standard method estimates economic damages to measure the economic impacts of natural disasters and the Covid-19 global pandemic on the charter for-hire industry.

- ❖ First, the base years are selected. In this case, 2014-18 was selected since the Bonnet Carre Spillway (BCS) multiple, and prolonged openings took place from March to July 2019. The Covid19 global pandemic started in the U.S. in March 2020 and is still ongoing.

- ❖ Second, the sales and job contributions averages during the base period are estimated from NOAA Fisheries data.
- ❖ Third, the differences in the base period averages and the data in 2019 -2021 were compared and reported in dollars and percent changes.
- ❖ Since there are no available NOAA Fisheries data on sales and jobs contributions in 2020 and 2021, another estimation method has been developed.

Gross Regional Product Beyond 2019

The gross regional product (GRP), also called regional gross domestic product (RGDP), is the market value of all goods and services produced within a given area over a specific period and is a good measure of the size, income, and productivity of a regional economy (EMSI, 2022).

- ❖ The GRP of the CFH industry averaged **\$1.038 billion** per year during the base years (**2014-18**, source of raw data: EMSI, 2022).
- ❖ In 2019, CFH-GRP was **\$1.2 billion, +16.6%** higher than the base years' average.
- ❖ In 2020, CFH-GRP was **\$0.6 billion, -39.5%** lower than the base years' average.
- ❖ In 2021, CFH-GRP was **\$0.8 billion, -23.8%** lower than the base years' average.

Number of Workers and Owners Beyond 2019

The number of workers and owners consists of employees, self-employed, and extended proprietors (EMSI, 2022, <https://e.economicmodeling.com>).

- ❖ The number of workers and owners of the CFH industry averaged 24,961 per year during the base years (2014-18, source of raw data: EMSI, 2022).
- ❖ In 2019, the number of workers and owners was 26,186, +4.9% higher than the base years' average.
- ❖ In 2020, the number of workers and owners was 17,155, -31.2% lower than the base years' average.
- ❖ In 2021, the number of workers and owners was 19,131, -23.3% lower than the base years' average.

Sales and Jobs Contributions Beyond 2019

The EMSI (<https://e.economicmodeling.com>) estimates the gross regional product and the number of workers and owners used. Then the percent changes in 2020 and 2021 EMSI data over their base period values are measured. These EMSI percent changes are applied to the base period NOAA Fisheries data to estimate the predicted 2020 and 2021 sales and jobs contributions (Fig. 2).

- ❖ During the base years 2014-18, the annual contributions of the CFH industry averaged \$3.06 billion in sales and created 23,200 jobs (NOAA-Fisheries, 2022).
- ❖ In 2019, the sales and job contributions rose to \$3.46 billion and 27,400 jobs (NOAA-Fisheries, 2022).
- ❖ However, in 2020, the projected sales and job contributions fell to \$1.85 billion and 15,900 jobs (model generated).
- ❖ Also, in 2021, the projected sales and job contributions fell to \$2.33 billion and 17,700 jobs (model generated).

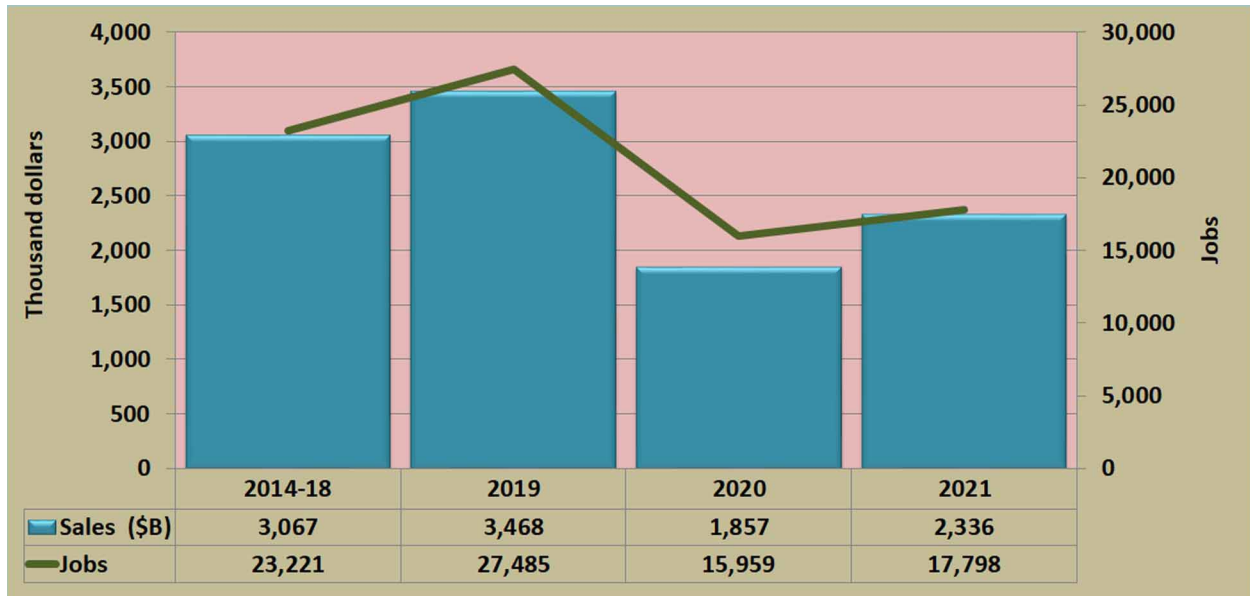


Figure 2. Actual and Predicted Sales and Job Contributions of U.S. Charter Boats For-Hire, 2019-21. The economic model generates the 2020* and 2021* values. Caution is advised in using these predicted values.

ECONOMIC IMPACTS OF THE GLOBAL PANDEMIC ON THE GULF OF MEXICO REGION AND INDIVIDUAL STATES' CHARTER FOR HIRE

The same methodology used in estimating the economic impacts of the Covid-19 global pandemic on the U.S. charter for hire industry was applied for the entire Gulf of Mexico region and the individual Northern Gulf of Mexico states.

Sales and Jobs Contributions in the Gulf of Mexico Region Beyond 2019

The GRP and number of workers and owners in the entire GOM region were applied in the same methodology used in estimating the economic impacts of the Covid-19 global pandemic on the U.S. charter for hire industry (Fig. 3).

- ❖ During the base years 2014-18, the annual contributions of the CFH industry averaged \$0.79 billion in sales and created 7,600 jobs (NOAA-Fisheries, 2022).
- ❖ In 2019, the sales and job contributions rose to \$1.08 billion and 10,500 jobs (NOAA-Fisheries, 2022).
- ❖ However, in 2020, the projected sales and job contributions fell to \$0.48 billion and 6,800 jobs (model generated).
- ❖ Also, in 2021, the projected sales and job contributions fell to \$0.60 billion and 7,500 jobs (model generated).

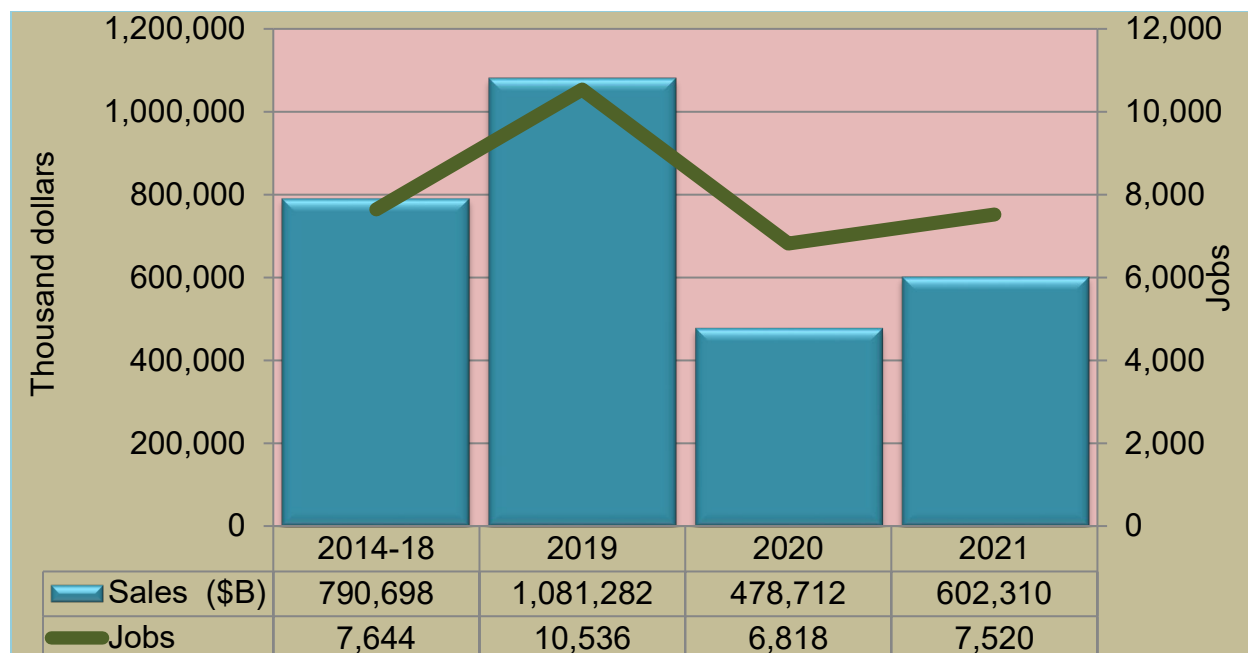


Figure 3. Actual and Predicted Sales and Job Contributions of Gulf of Mexico Region Charter Boats For-Hire, 2019-21. The economic model predicts 2020* and 2021* values. Caution is advised in using these predicted values.

Sales and Jobs Contributions in Alabama Beyond 2019

The GRP and number of workers and owners in the state of Alabama were applied in the same methodology used in estimating the economic impacts of the Covid-19 global pandemic on the U.S. charter for hire industry (Fig. 4).

- ❖ During the base years 2014-18, the annual contributions of the CFH industry averaged \$63.5 million in sales and created 696 jobs (NOAA-Fisheries, 2022).
- ❖ In 2019, the sales and job contributions rose to \$101.2 million and 1,100 jobs (NOAA-Fisheries, 2022).
- ❖ However, in 2020, the projected sales and job contributions fell to \$72.6 million and 900 jobs (model generated).
- ❖ Also, in 2021, the projected sales and job contributions fell to \$87.5 million and 989 jobs (model generated).

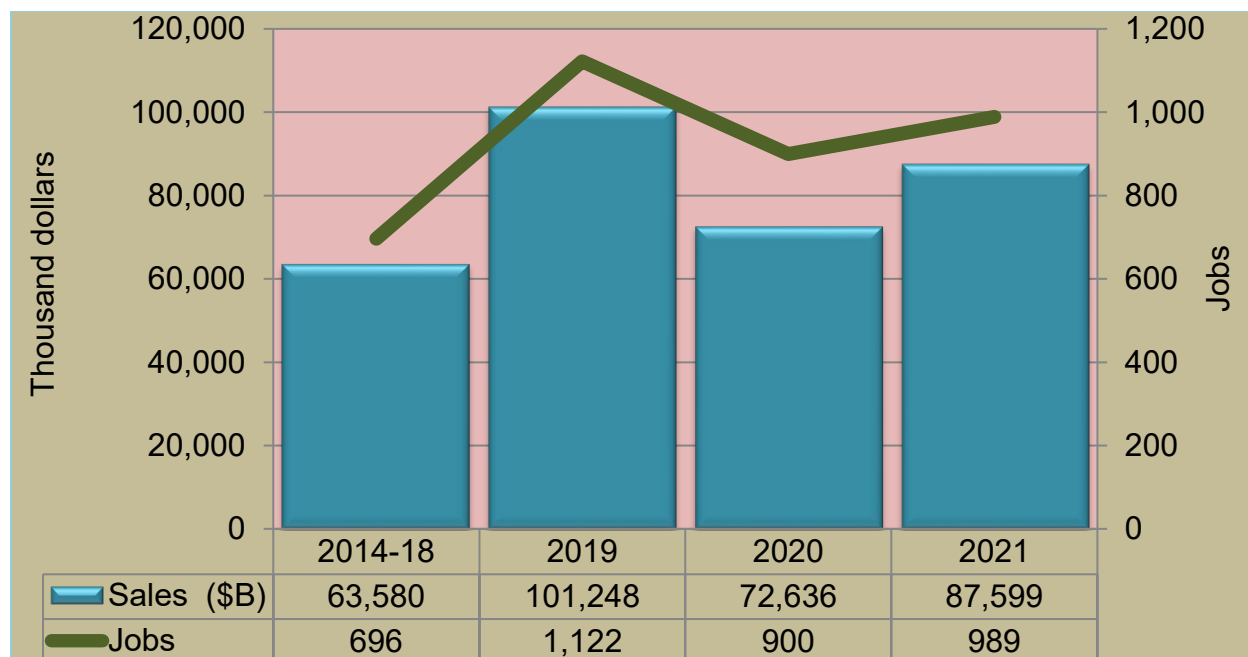


Figure 4. Actual and Predicted Sales and Job Contributions of Alabama Charter Boats For-Hire, 2019-21. The economic model generates the 2020* and 2021* values. Caution is advised in using these predicted values.

Sales and Jobs Contributions in Mississippi Beyond 2019

The GRP and number of workers and owners in the state of Mississippi were applied in the same methodology used in estimating the economic impacts of the Covid-19 global pandemic on the U.S. charter for hire industry (Fig. 5).

- ❖ During the base years 2014-18, the annual contributions of the CFH industry averaged \$15.5 million in sales and created 177 jobs (NOAA-Fisheries, 2022).
- ❖ In 2019, the sales and job contributions rose to \$16.7 million and 200 jobs (NOAA-Fisheries, 2022).
- ❖ However, in 2020, the projected sales and job contributions rose to \$22.3 million and 310 jobs (model generated).
- ❖ Also, in 2021, the projected sales and job contributions increased to \$27.3 million and 349 jobs (model generated).

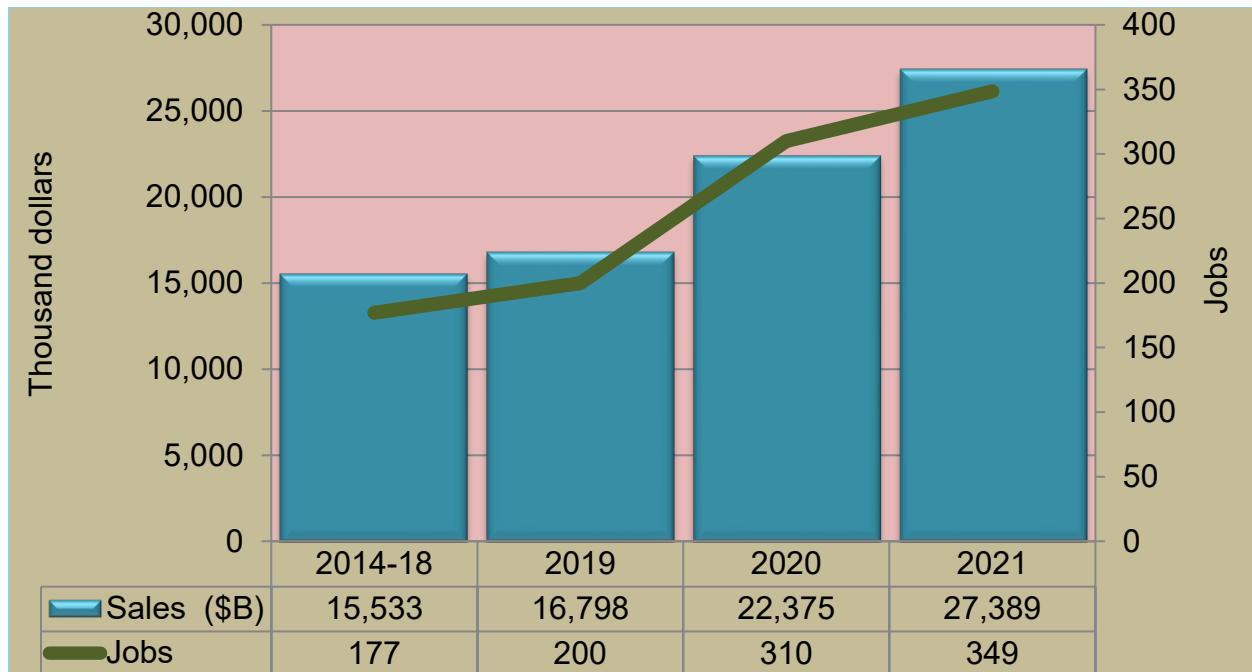


Figure 5. Actual and Predicted Sales and Job Contributions of Mississippi Charter Boats For-Hire, 2019-21. The economic model predicts the 2020* and 2021* values. Caution is advised in using these predicted values.

Sales and Jobs Contributions in Louisiana Beyond 2019

The GRP and number of workers and owners in the state of Louisiana were applied in the same methodology used in estimating the economic impacts of the Covid-19 global pandemic on the U.S. charter for hire industry (Fig. 6).

- ❖ During the base years 2014-18, the annual contributions of the CFH industry averaged \$122.6 million in sales and created 1,367 jobs (NOAA-Fisheries, 2022).
- ❖ In 2019, the sales and job contributions rose to \$147.6 million and 1,746 jobs (NOAA-Fisheries, 2022).
- ❖ However, in 2020, the projected sales and job contributions decreased to \$68.9 million and 970 jobs (model generated).
- ❖ Also, in 2021, the projected sales and job contributions are expected to fall to \$84.3 million and 930 jobs (model generated).

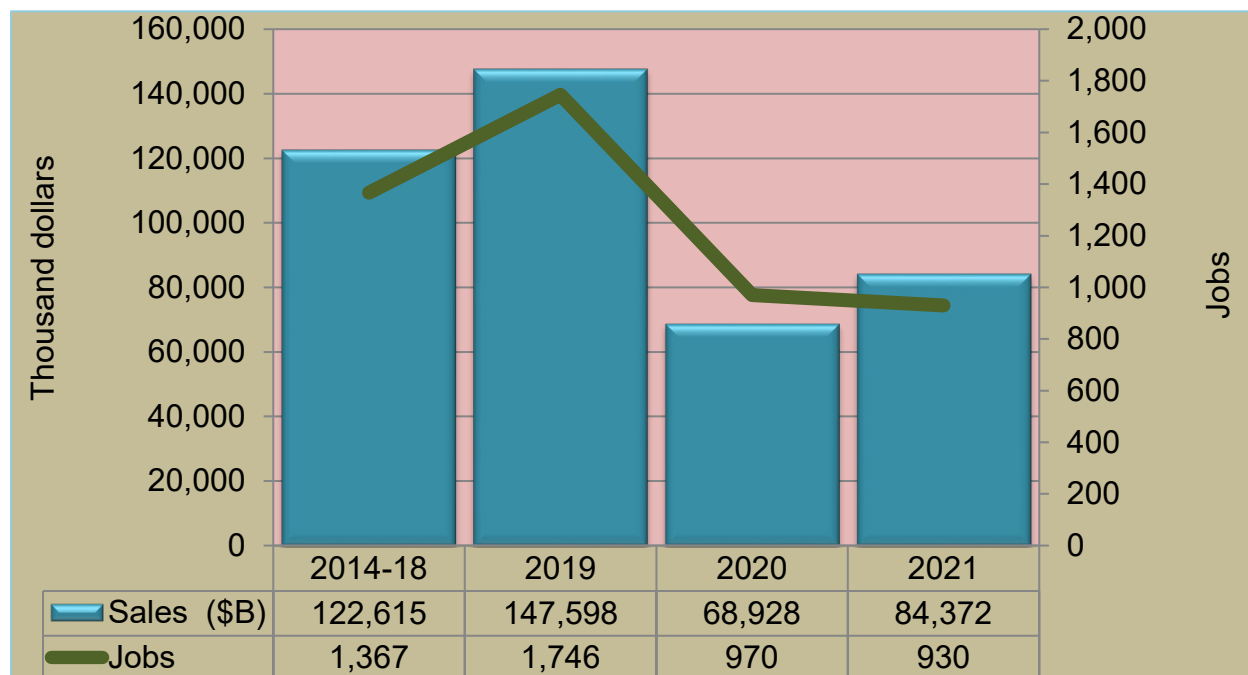


Figure 6. Actual and Predicted Sales and Job Contributions of Louisiana Charter Boats For-Hire, 2019-21. The economic model generates the 2020* and 2021* values. Caution is advised in using these predicted values.

SUMMARY

- ❖ The economic indicators showed that the CFH industry was growing during the past decade ending in 2018.
- ❖ However, the Covid-19 global pandemic caused a significant decline in predicted sales, jobs, and incomes of workers and owners in 2020 and 2021 in the entire U.S. and GOM region.
- ❖ The Alabama CFH industry had expanded predicted sales and jobs in 2020 and 2021.
- ❖ Predicted sales and jobs in the Mississippi CFH industry rose in 2020 and 2021.
- ❖ The Louisiana CFH industry suffered reductions in predicted sales and jobs in 2020 and 2021.
- ❖ Caution is advised in using the 2020-21 predicted values.

MY ECONOMIC OUTREACH ON CHARTER FOR-HIRE

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SUGGESTED CITATION

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