

## COVID-19 ECONOMIC IMPACT FACT SHEET 2020

### HALF-YEARLY

(JULY 2021)

This fact sheet provides an overview of the economic impacts of COVID-19 on selected Pacific Island Countries and Territories (PICTs) with available data in the second half of 2020 relative to the same period in 2019 and the first half of 2020. Information and data were sourced directly from the Statistics for Development Division (SDD) Quarterly Economic Impacts of COVID-19 reports; Pacific Data Hub and <http://purl.org/spc/digilib/doc/vxaa2>

### Tourism Earnings

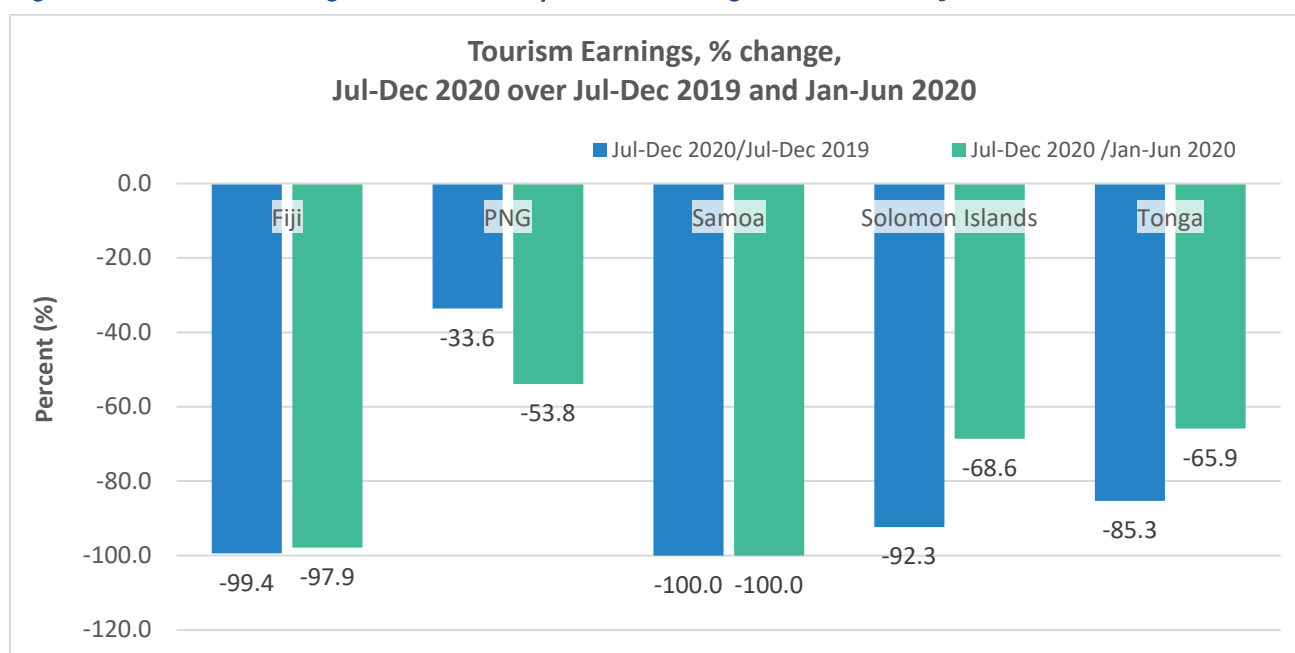
Tourism earnings for the five Pacific Island Countries (PICs) of Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands and Tonga were significantly lower in absolute values in the second half of 2020 relative to the same period in 2019 and also to the first six months of 2020 (see Table 1). This reflected the significant fall in the number of visitor arrivals as travel restrictions and border closures persisted over the period.

*Table 1: Tourism earnings in absolute values, second half-year, 2020*

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	Jul-Dec 2019	Jan-Jun 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
<b>Fiji (FJD million)</b>	1,171	308	7	-1,164	-302
<b>PNG (Kina million)</b>	0.9	1.3	0.6	-0.3	-0.7
<b>Samoa (Tala million)</b>	282	63	0	-282	-63
<b>Solomon Islands (SBD '000)</b>	21,306	5,216	1,637	-19,669	-3,579
<b>Tonga (TOP '000)</b>	75,603	32,488	11,090	-64,513	-21,398

Source: NSOs and Central/Reserve Banks of Fiji, PNG, Samoa, Solomon Islands and Tonga

In terms of magnitude, tourism earnings for Fiji, PNG, Samoa, Solomon Islands and Tonga showed significant falls in the second six months of 2020 when compared to the same period in 2019 and the first half of 2020. The drastic fall in tourism receipts in turn led to massive job losses and near collapse of the tourism industry during the period (see Figure 1).

**Figure 1: Tourism Earnings, COVID-19 impact in % change, second half-year, 2020**

## Remittance Earnings

Remittance receipts for Fiji, Samoa and Tonga increased in value in the second half of 2020 when compared to the first half of 2020 and the same period in 2019 (see Table 2 for details). The increase partially reflects more remittances being captured through electronic channels by the financial systems as the travel restrictions may have impacted on carried cash and gifts as in the pre-pandemic period.

By contrast, remittances to PNG and Solomon Islands fell in value in the second half of 2020 against the same period 2019. Against the first half of 2020, remittances to PNG dropped by PNGK 0.5 million whilst Solomon Islands increased by SBD 244,000.

**Table 2: Remittances in absolute values, second half-year, 2020**

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
Fiji (FJD million)	294	277	366	71	89
PNG (Kina million)	20	0.8	0.3	-20	-0.5
Samoa (Tala million)	281	283	320	40	38
Solomon Islands (SBD '000)	6,291	4,749	4,993	-1,298	244
Tonga (TOP million)	182	168	230	48	61

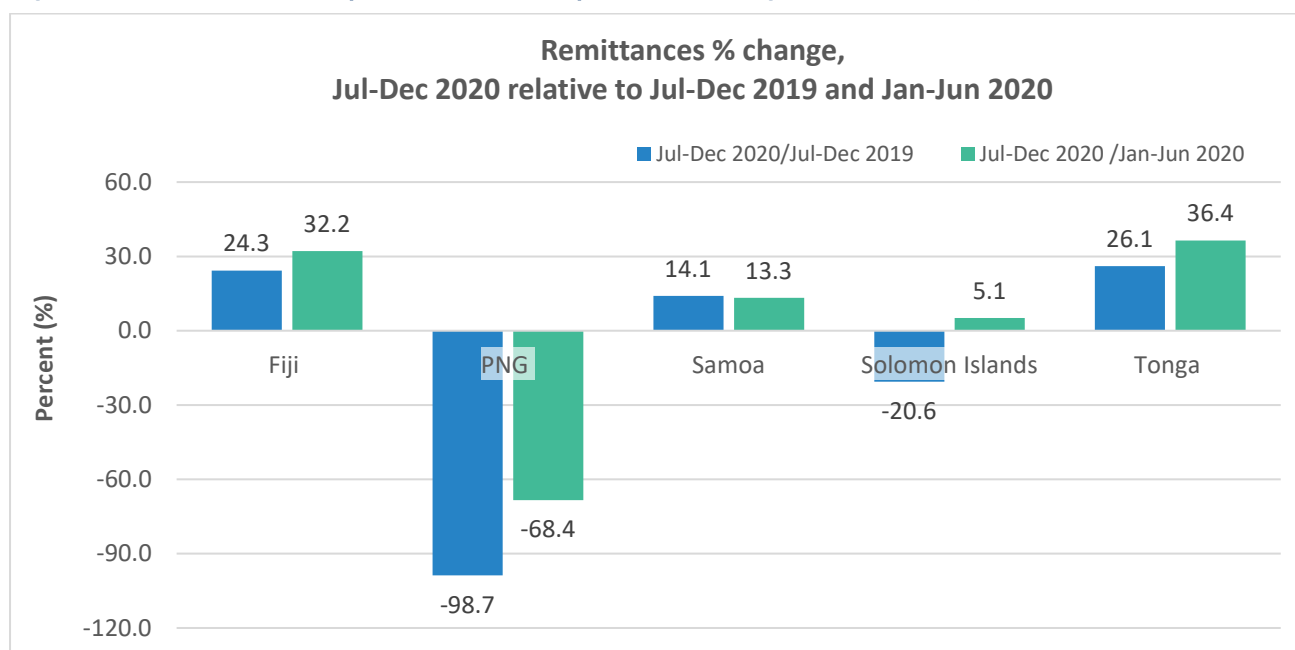
Source: NSOs and Central/Reserve Banks of Fiji, PNG, Samoa, Solomon Islands and Tonga.

In terms of magnitude, PNG recorded larger falls in remittances in the second six months of 2020 when compared to the same period in 2019 and the first six half of 2020 (see Figure 2).

By contrast, Fiji, Samoa and Tonga showed double digit increases in remittance receipts in the second half of 2020 against the second six months of 2019 and the first half of 2020.

For Solomon Islands, remittance receipts fell by 20.6% when compared to the second half of 2019 but increased by 5.1% against the first half of 2020.

*Figure 2: Remittance receipts, COVID-19 Impact in % change, second half-year, 2020*



## International Merchandise Trade

### Export Earnings

Export earnings for all eleven PICTs of Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu dropped significantly in absolute values in the second half of 2020 when compared to the same period in 2019. This reflected the impact of the pandemic on exporters and businesses as economic activities and export demand slowed during the period.

Against the first half of 2020, there were mixed export movements in the second half-year of 2020. Exports in value earnings for Cook Islands, Fiji, French Polynesia, New Caledonia, Tonga and Vanuatu increased whilst in Kiribati, PNG, Samoa, Solomon Islands and Tuvalu export values dropped significantly over the period (see Table 3).

*Table 3: Export receipts in absolute values, second half-year, 2020*

Countries, (In National Currencies)	Pre-Covid-19	Current-Covid-19		COVID-19 Impact in absolute Values	
	July-Dec 2019	Jan-June 2020	July-Dec 2020	Absolute change Jul-Dec 2020 over Jul-Dec 2019	absolute change, Jul-Dec 2020 over Jan-Jun 2020
Cook Islands (NZD '000)	20,547	13,959	16,007	-4,540	2,048
Fiji (FJD '000)	1,196,875	811,913	980,045	-216,830	168,132
French Polynesia (millions de F CFP)	5,535	1,873	3,748	-1,787	1,875
Kiribati (AUD '000)	7,765	9,363	4,109	-3,656	-5,254
New Caledonia (millions de F CFP)	106,677	84,024	91,362	-15,315	7,338
PNG (Kina, Million)	19,723	16,304	15,609	-4,114	-696
Samoa (Tala '000)	67,449	51,371	47,968	-19,481	-3,403

Solomon Islands (SBD, Million)	1,663	1,691	1,337	-326	-354
Tonga (TOP)	27,512,662	13,516,455	21,884,630	-5,628,032	8,368,175
Tuvalu (AUD)	215,480	54,807	14,675	-200,805	-40,132
Vanuatu (VT, Million)	2,987	2,484	2,822	-165	338

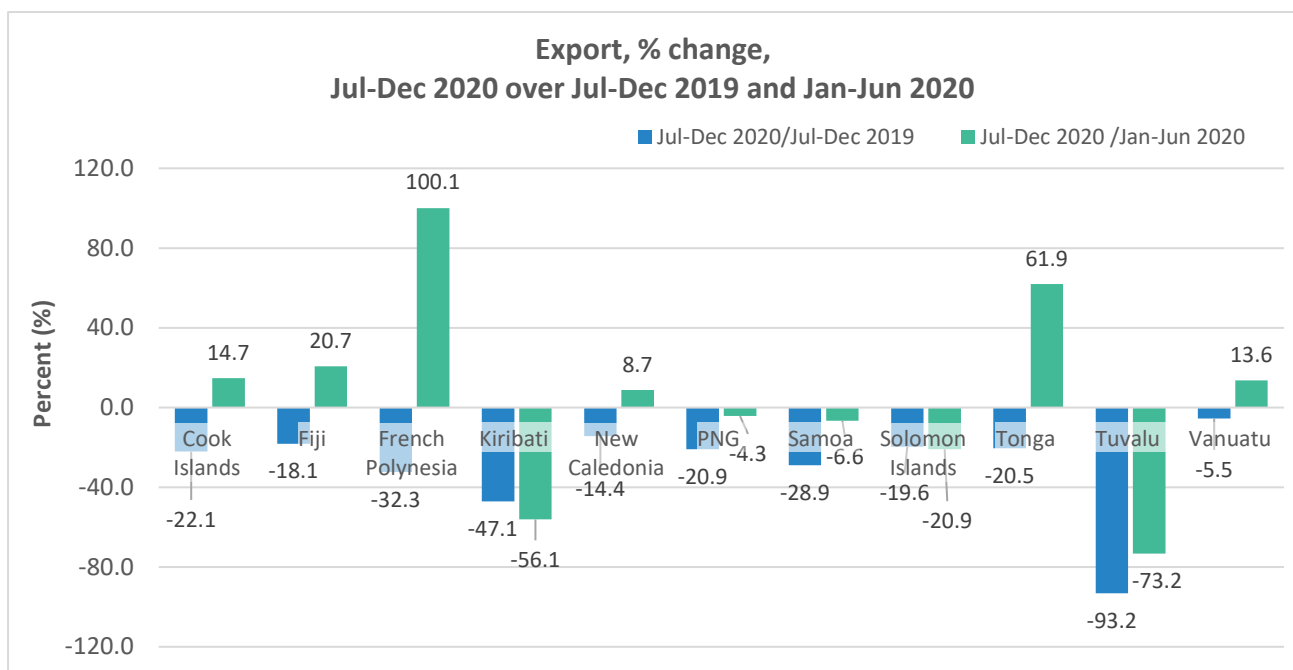
Source: NSOs, Ministry of Finance, Central/Reserve Banks of Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

On magnitude, relative to other PICs, export earnings for Tuvalu were hit the hardest in the second half of 2020 falling by 93.2% and 73.2% when compared to the same period in 2019 and the first half of 2020, respectively.

French Polynesia and Tonga rebounded strongly in the second half of 2020 by 100% and 61.9% respectively over the first six months of 2020. Against the second half of 2019, export earnings for French Polynesia and Tonga dropped by 32.3% 20.5%, respectively.

Export earnings for the other PICTs of Cook Islands, Fiji, New Caledonia, PNG, Samoa and Solomon Islands recorded double digit declines when compared to the same period in 2019 (See Figure 3).

Figure 3: Export earnings, COVID-19 impact in % change, second half-year 2020



### Imports

Except for Kiribati and Tuvalu where import payments rose, import payments for Cook Islands, Fiji, French Polynesia, New Caledonia, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu decreased significantly in absolute values in the second six months of 2020 when compared to the second half of 2019.

Against the first half of 2020, import payments for Cook Islands, French Polynesia, Kiribati, Samoa, Tonga, Tuvalu and Vanuatu increased in the second six months of 2020. By contrast, import payments for Fiji, New Caledonia, PNG and Solomon Islands dropped significantly over the period,(see Table 4).

Table 4: Import payments, in absolute values, second half-year, 2020

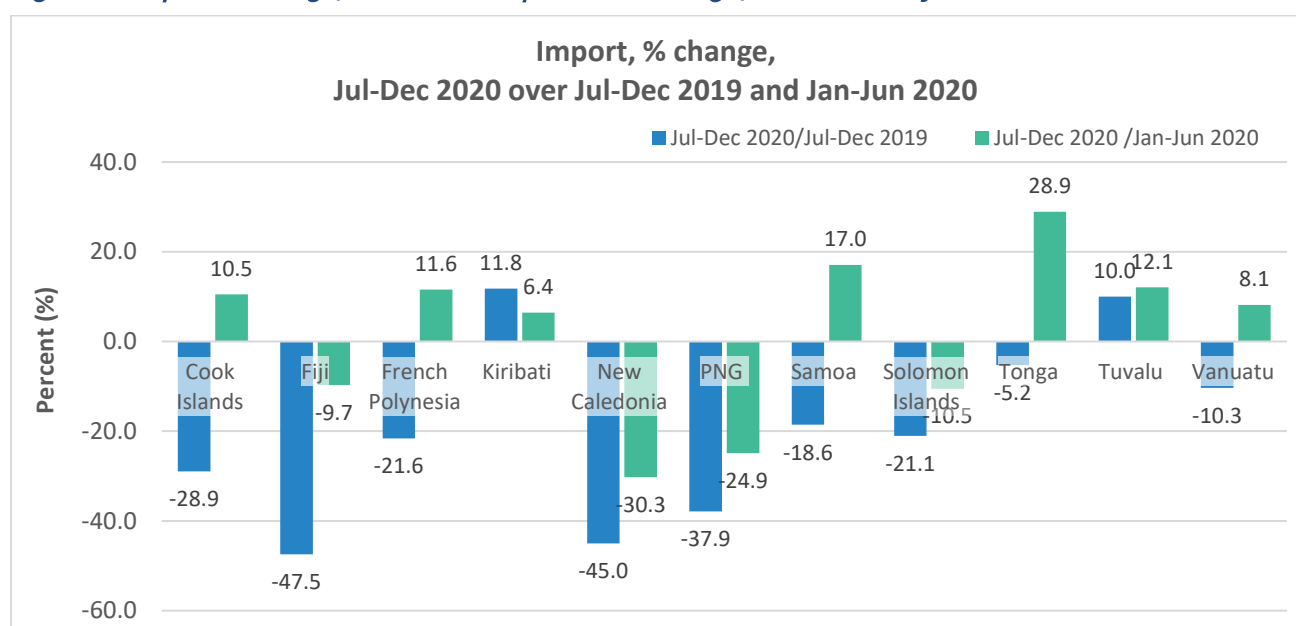
Countries, (In National Currencies)	Pre-COVID- 19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul- Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
Cook Islands (NZD '000)	119,039	76,558	84,596	-34,443	8,038
Fiji (FJD '000)	3,389,928	1,971,946	1,781,278	-1,608,650	- 190,668
French Polynesia (millions of XPF)	119,316	83,835	93,522	-25,794	9,687
Kiribati (AUD '000)	89,001	93,459	99,480	10,479	6,021
New Caledonia (millions of XPF)	169,966	134,113	93,522	-76,444	- 40,591
PNG (Kina million)	6,303	5,210	3,915	-2,388	- 1,295
Samoa (Tala '000)	548,727	381,790	446,860	-101,867	65,070
Solomon Islands (SBD million)	1,971	1,739	1,556	-415	- 183
Tonga (TOP)	312,727,649	229,898,685	296,347,071	-16,380,578	66,448,386
Tuvalu (AUD)	23,617,934	23,183,872	25,978,943	2,361,008	2,795,070
Vanuatu (VT million)	20,060	16,632	17,987	-20,73.0	1,355

Source: NSOs, Ministry of Finance, Central/Reserve Banks of Fiji, Cook Islands, French Polynesia, New Caledonia, Kiribati, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu

Import demand for Cook Islands, Fiji, French Polynesia, New Caledonia, PNG, Samoa, Solomon Islands and Vanuatu showed double digit falls in the second half of 2020 when compared to the same period in 2019.

Against the first half of 2020, import demand for Fiji, New Caledonia and PNG dropped whilst for Cook Islands, French Polynesia, Samoa, Tonga and Tuvalu imports recorded double digit increases in the second half of 2020 (see Figure 4).

Figure 4: Export earnings, COVID-19 impact in % change, second half-year 2020



## Foreign Reserves

Compared to the first half of 2020, the change in Foreign Reserves for Fiji, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu remained positive in the second half of 2020, as import demand and domestic activities slowed during the period (see Table 5).

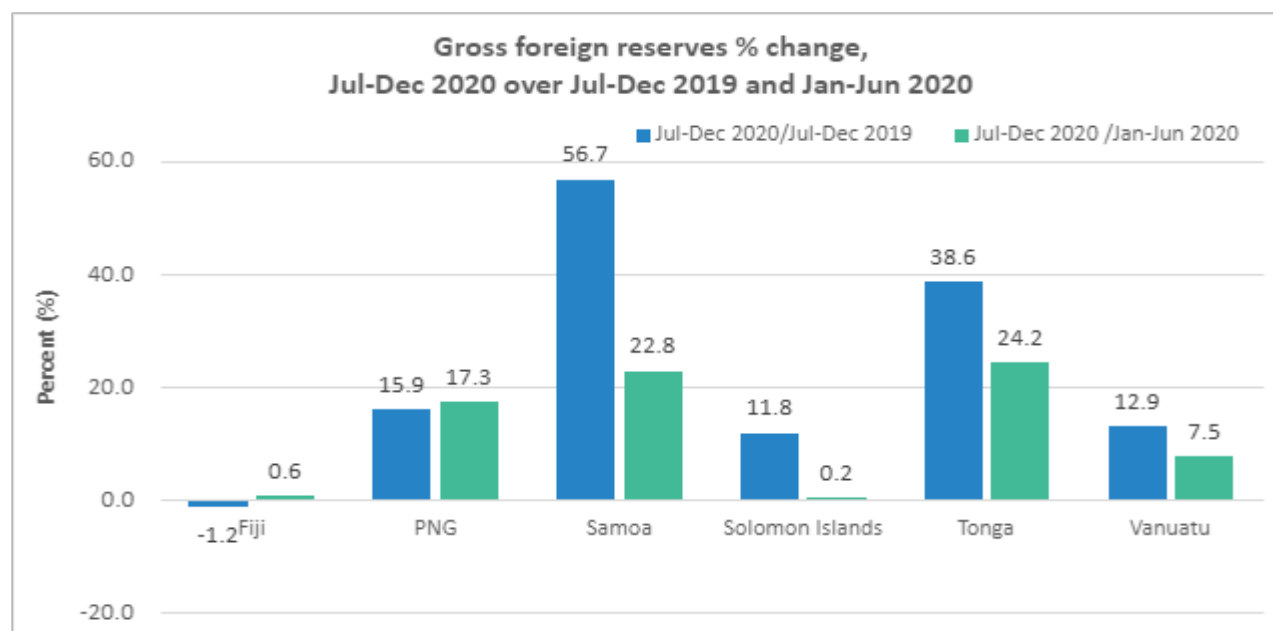
Against the second half of 2019, gross foreign reserves for PNG, Samoa, Solomon Islands, Tonga and Vanuatu increased in the second half of 2020, whilst Fiji declined over the period.

*Table 5: Gross foreign reserves, in absolute values, second half-year, 2020*

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
Fiji (FJD million)	2,220	2,179	2,193	-27	14
PNG (USD million)	2,338	2,309	2,709	371	400
Samoa (Tala million)	466	594	730	264	135
Solomon Islands (SBD million)	4,706	5,250	5,260	554	10
Tonga (TOP million)	487	544	676	188	132
Vanuatu (VT million)	58,475	61,395	66,029	7,554	4,634

Source: NSOs and Central/Reserve Banks of Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.

*Figure 5: Gross foreign reserves, COVID-19 impact in % change, second half-year, 2020*



On magnitude, foreign reserves for PNG, Samoa, Solomon Islands, Tonga and Vanuatu showed double digit increases in the second half of 2020 against the first half of 2020, with Samoa showing

the strongest growth at 56.7%. In contrast, gross foreign reserves for Fiji dropped by 1.2% during the period (see Figure 5).

The continued fall in exports combined with increased import payments pose a serious threat to the level of foreign reserves that have been built overtime. Relevant policy responses are required as exports and donor inflows help build foreign reserves whilst import payments drain foreign reserves.

## Private Sector Credit

Except for PNG and Samoa which experienced declines, private sector credit for Fiji, Solomon Islands and Tonga increased in value terms in the second half of 2020 relative to the same period in 2019.

Against the first half of 2020, private sector credit for Fiji, PNG, Solomon Islands and Vanuatu dropped in value in the second half of 2020, while Samoa and Tonga increased over the same period.

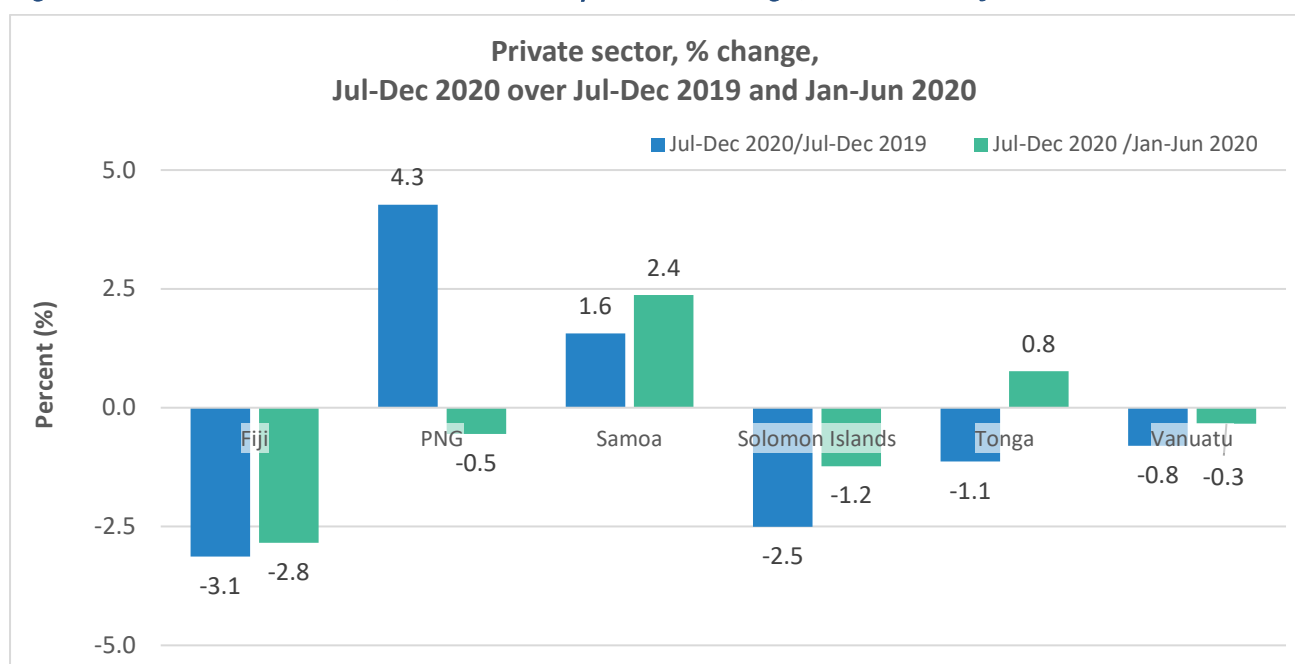
*Table 6: Private sector credit, in absolute values, second half-year, 2020*

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
<b>Fiji (FJD million)</b>	8,322	8,298	8,062	-261	-236
<b>PNG (Kina million)</b>	12,232	12,825	12,754	523	-70
<b>Samoa (Tala million)</b>	1,148	1,139	1,166	18	27
<b>Solomon Islands (SBD million)</b>	2,553	2,520	2,489	-64	-31
<b>Tonga (TOP million)</b>	239	235	236	-3	2
<b>Vanuatu (VT million)</b>	59,960	59,682	59,481	-479	-200

Source: NSOs and Central/Reserve Banks of Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu

Private sector credit for three PICTs (PNG, Samoa, and Tonga) grew weakly, each at less than 5% in the second half of 2020 relative to the same period of 2019. Meanwhile, private sector credit for Fiji, Solomon Islands, Tonga and Vanuatu dropped during the period (see Figure 6).

Figure 6: Private sector credit, COVID-19 impact in % change, second half-year, 2020



## Government Finance

### Tax Revenue

Against the second half of 2019, government tax revenues for Fiji, Samoa, Solomon Islands and Vanuatu declined significantly in value terms in the second half of 2020 as economic activities and business operations scaled down over the period.

Compared to the first half of 2020, government tax revenue for Fiji, Solomon Islands and Vanuatu were also lower in the second six months of 2020 while in Samoa revenues increased during the period (see Table 7).

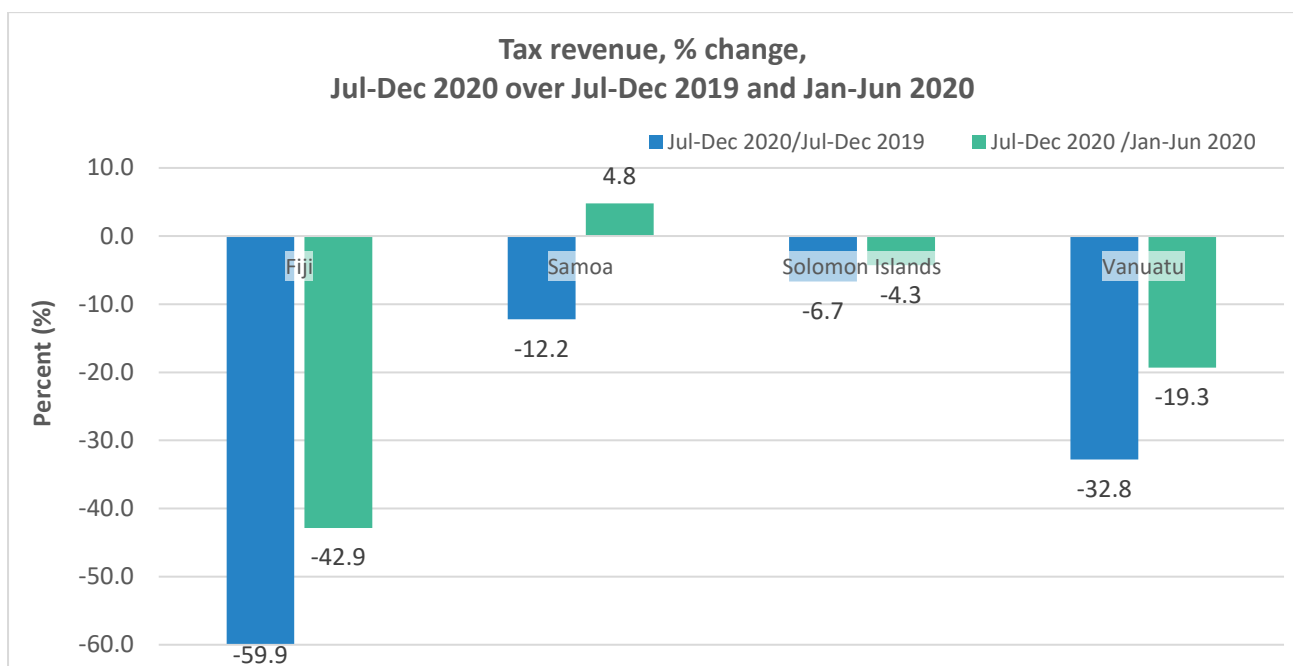
Table 7: Government tax revenue, in absolute values, second half-year, 2020

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
Cook Islands (NZD '000)	59,762	41,346	...		
Fiji (FJD million)	1,813	1,273	727	-1,086	-546
PNG (Kina million)	...	6,907	...		
Samoa (Tala million)	303	254	266	-37	12
Solomon Islands (SBD '000)	1,829,661	1,784,623	1,707,969	-121,692	-76,654
Tonga (TOP million)	119	120	...		
Vanuatu (VT million)	10,026	8,350	6,738	-3,288	-1,612

Source: NSOs and Central/Reserve Banks of Cook Islands, Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.



Figure 7: Tax revenue, COVID-19 impact in % change, second half-year, 2020



In terms of magnitude, tax revenue for Fiji in the second half of 2020 showed the highest decline by 59.9% when compared to the same period in 2019 and by 42.9% against the first half of 2020.

Government tax revenues for Samoa, and Vanuatu showed double digit falls at 12.2% and 32.8% respectively in the second half of 2020 when compared to the same period in 2019 (see Figure 7).

## Expenditure

Government expenditures for Samoa, Solomon Islands and Vanuatu increased in absolute value in the second half of 2020 when compared to the same period in 2019. For the same period however, government spending for Fiji dropped by FJD387 million.

Against the first half of 2020, government spending in value terms for Solomon Islands and Vanuatu increased while that for Fiji and Samoa fell during the second of the year.

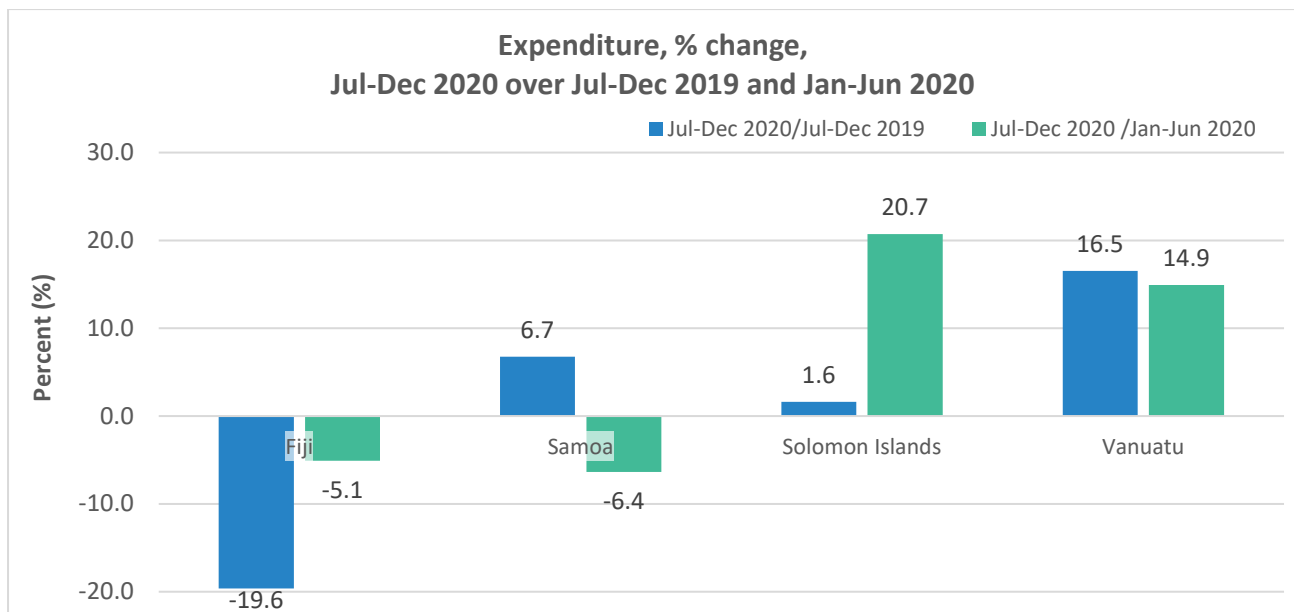
Table 8: Government expenditure, in absolute values, second half-year, 2020

Countries, (In National Currencies)	Pre-COVID-19	Current-COVID-19		COVID-19 Impact In absolute values	
	July-Dec 2019	Jan-June 2020	Jul-Dec 2020	Absolute change, Jul-Dec 2020 over Jul-Dec 2019	Absolute change, Jul-Dec 2020 over Jan-Jun 2020
Cook Islands (NZD '000)	38,978	30,695	...		
Fiji (FJD million)	1,971	1,669	1,584	-3,87	-85
PNG (Kina million)	...	9,437	...		
Samoa (Tala million)	291	332	311	20	-21
Solomon Islands (SBD '000)	2,160,336	1,818,711	2,195,258	34,922	376,547
Tonga (TOP million)	149	179	...		

<b>Vanuatu (VT million)</b>	15,654	15,869	18,239	2,585	2,370
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Source: NSOs and Central/Reserve Banks of Cook Islands, Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.

**Figure 8: Government expenditure, COVID-19 impact in % change, second half-year, 2020**



Government spending for Solomon Islands and Vanuatu showed double digit increases in the second half-year of 2020 when compared to the first half of 2020.

Against the second half of 2019, expenditures for Samoa, Solomon Islands and Vanuatu increased in the second half of 2020 whilst that for Fiji dropped by 19.6% over the period, see Figure 8).

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**Statistics for Development Division**

**Pacific Community**

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