PACIFIC ISLAND SMALL STATES THREATENED BY COVID-19 WITH RISKS TO THEIR CRUCIAL ECONOMIC LINKS

Tourism accounts for more than 60% of total export activity in several Pacific Small States and with severe disruptions to the industry, due to the closure of borders, this could have long lasting effects on incomes, employment and growth. This has already been highlighted in Vanuatu, with employment in the sector dropping by an estimated 64 percent.

International Tourism Receipts 2018 (% Of Total Exports)

Fiji
Solomon Islands
Samoa
Tonga
Vanuatu

Source: World Bank Staff Estimates, UNWTO

Coastal fisheries provide the primary or secondary source of income for up to 50% of households in Pacific Island countries. The dependence on fisheries for household food security and incomes, as well as government revenue, is pronounced in Kiribati and Tuvalu, where 8-10% of their gross domestic product is obtained from fisheries.

A drop in global demand is reflected in steep drops in commodity prices, affecting commodity exporters such as Papua New Guinea. Its export earnings have plummeted and the country’s government revenue is anticipated to fall by 15%. However, for oil-importing countries in the region, lower oil prices will provide a buffer to the economic shock caused by the pandemic.

Research suggests that overall, the number of Pacific residents living in extreme poverty could increase by 40 percent if adequate measures are not put in place.