



In this Bulletin: New estimates of total economic activity on St Helena for 2018/19 and 2019/20

This Bulletin presents estimates of Gross Domestic Product (GDP) and Gross National Income (GNI) for 2019/20, and revisions to estimates for earlier years. The statistics and indicators presented in this Bulletin can be downloaded in Excel format from the 'GDP' file on the St Helena Statistics website at: www.sainthelena.gov.sh/statistics.

Gross Domestic Product

Gross Domestic Product (GDP) is a key indicator of economic activity used around the world: it measures the total value of all the goods and services produced on St Helena during a year. For 2019/20, GDP at market prices is estimated to be £39.0 million. The annual growth rate in 2019/20 compared to 2018/29 was -3.4% – in other words, the volume of goods and services produced by the economy fell by 3.4% (Table 1).

There are many reasons why the measured size of the economy might grow or fall, but there are two particular circumstances in 2019/20 which have had a significant effect. The first is the end of construction activity of the Bulk Fuel facility in Ruperts, and the second is a fall in tax revenue from imports of fuel, alcohol and tobacco, together accounting for a drop of around £0.9m (these indirect taxes add directly to GDP measured at 'market' prices, though not when measured in 'basic' prices). One cause of this drop in tax revenue was the timing of shipping, especially the fuel tanker, with key arrivals falling just outside of the accounting year. This also illustrates the difficulty with using annual headline GDP estimates to measure economic trends in a small economy such as St Helena.

Table 1. Estimates of Gross Domestic Product, 2013/14 to 2019/20

	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Basic prices (£ million, current)	30.0	33.5	35.6	33.1	35.4	37.5	38.2
Market prices (£ million, current)	34.9	39.0	41.6	38.8	37.8	39.8	39.0
Market prices (£ million, constant 19/20)	..	..	..	..	39.4	40.4	39.0
Annual GDP growth rate	..	..	..	..	..	2.5%	-3.4%

On a per capita (i.e. per person) basis, GDP for 2019/20 was £8,540 per person, or \$10,890 (Table 2). Countries with similar GDP per capita in 2019, according to the World Bank, were Malaysia (\$11,414), Mauritius (\$11,100), and Nauru (\$10,980), which were all slightly higher, and Grenada (\$10,640), the Maldives (\$10,630) and China (\$10,200), all of which were slightly lower (please note that these comparisons have not been adjusted for the purchasing power of local currencies in different countries).

Table 2. Estimates of Gross Domestic Product per capita, 2013/14 to 2019/20

	13/14	14/15	15/16	16/17	17/18	18/19	19/20
GDP per capita (£, current)	7,950	8,530	8,960	8,570	8,220	8,470	8,540
GDP per capita (£, constant 19/20)	..	..	..	..	8,550	8,600	8,540
Annual GDP per capita growth rate	..	..	..	..	..	0.6%	-0.7%
GDP per capita (\$, current)	12,640	13,760	13,510	11,200	10,910	11,130	10,890

When inflation is taken into account, GDP per capita has been relatively stable over the last three years, estimated between £8,540 per person and £8,600 per person. In 2018/19, the average on-Island population (including both visitors and residents) increased, the first full year after the Airport was operational, but then it decreased slightly in 19/20.

Revisions to earlier years

GDP estimation and measurement methods are continuously reviewed for improvements to both source data and methodology. An improved method for adjusting for the effects of price inflation was introduced last year, and further improvements have been made in this release; this has contributed to an upward revision to the estimated 18/19 growth rate (in Table 1, estimates labelled as 'constant 19/20' are inflation-adjusted; inflation-adjusted estimates can be thought of as representing the volume of goods and services produced in the economy, rather than their value.) Other improvements have been made to some source data this year, including estimates of value-added for St Helena's newest state-owned enterprises, the St Helena Hotel Development Corporation (which owns the 'Mantis' hotel) and St Helena Airport Limited (which was formed during the 2018/19 financial year). Together with other source data improvements, this has resulted in an upward revision to GDP estimates for 2018/19, and a slight change to estimates for 17/18 (Table 3).

Table 3. Revisions to Estimates of Gross Domestic Product, 2017/8 and 2018/19

	17/18	18/19
Previously published estimates		
Basic prices (£ million, current)	35.6	36.4
Market prices (£ million, current)	38.1	38.6
New estimates		
Basic prices (£ million, current)	35.4	37.5
Market prices (£ million, current)	37.8	39.8

Breakdown of GDP by industrial activity

Table 4 shows the share of GDP by each major activity grouping for the last three years, together with an estimate of the growth in each activity group in real terms (i.e. adjusted for inflation). Industrial activities are grouped according to Revision 4 of the International Standard Industrial Classification (ISIC) – in some instances two or more standard groupings are combined, to avoid disclosure of information about individual companies.

Table 4. Gross Domestic Product by Industrial Activity, 2017/18 to 2019/20

	Share of GDP at factor cost, current prices (%)			Constant 19/20 prices £ millions			Annual growth rate (%)	
	17/18	18/19	19/20	17/18	18/19	19/20	18/19	19/20
A: Agriculture, Forestry and Fishing	0.6	0.8	0.9	0.22	0.28	0.33	28.4	18.1
B-E: Quarrying, Manufacturing, Electricity, Water, and Sanitation	9.0	9.0	8.1	3.32	3.40	3.10	2.4	-8.7
F: Construction	5.5	4.2	3.6	1.98	1.59	1.37	-20.0	-13.3
G: Wholesale and Retail Trade; Repair of Motor Vehicles	13.9	13.2	13.3	5.18	5.05	5.08	-2.4	0.6
H: Transportation and Storage	4.2	3.8	4.4	1.60	1.51	1.67	-6.2	11.1
I: Accommodation and Food Service Activities	1.0	2.0	2.2	0.38	0.75	0.84	98.1	10.8
J-K: Finance, Insurance, Information, Communication	12.6	14.0	16.5	4.89	5.41	6.30	10.7	16.5
L: Real Estate Activities	5.1	5.0	4.5	1.80	1.86	1.74	3.5	-6.7
M-S: Other Activities and Services, excluding Government	3.0	3.0	3.1	1.19	1.14	1.19	-4.2	3.8
O: Government and Public Administration	45.1	45.0	43.5	16.18	17.05	16.62	5.4	-2.5
Gross Domestic Product (GDP) in basic prices	100.0	100.0	100.0	36.7	38.0	38.2	0.5	3.5
Indirect taxes, less subsidies on production				2.6	2.3	0.7	-11.4	-68.2
Gross Domestic Product (GDP) at market prices				39.4	40.4	39.0	2.5	-3.4

Note: Government and Public Administration includes Health and Education services

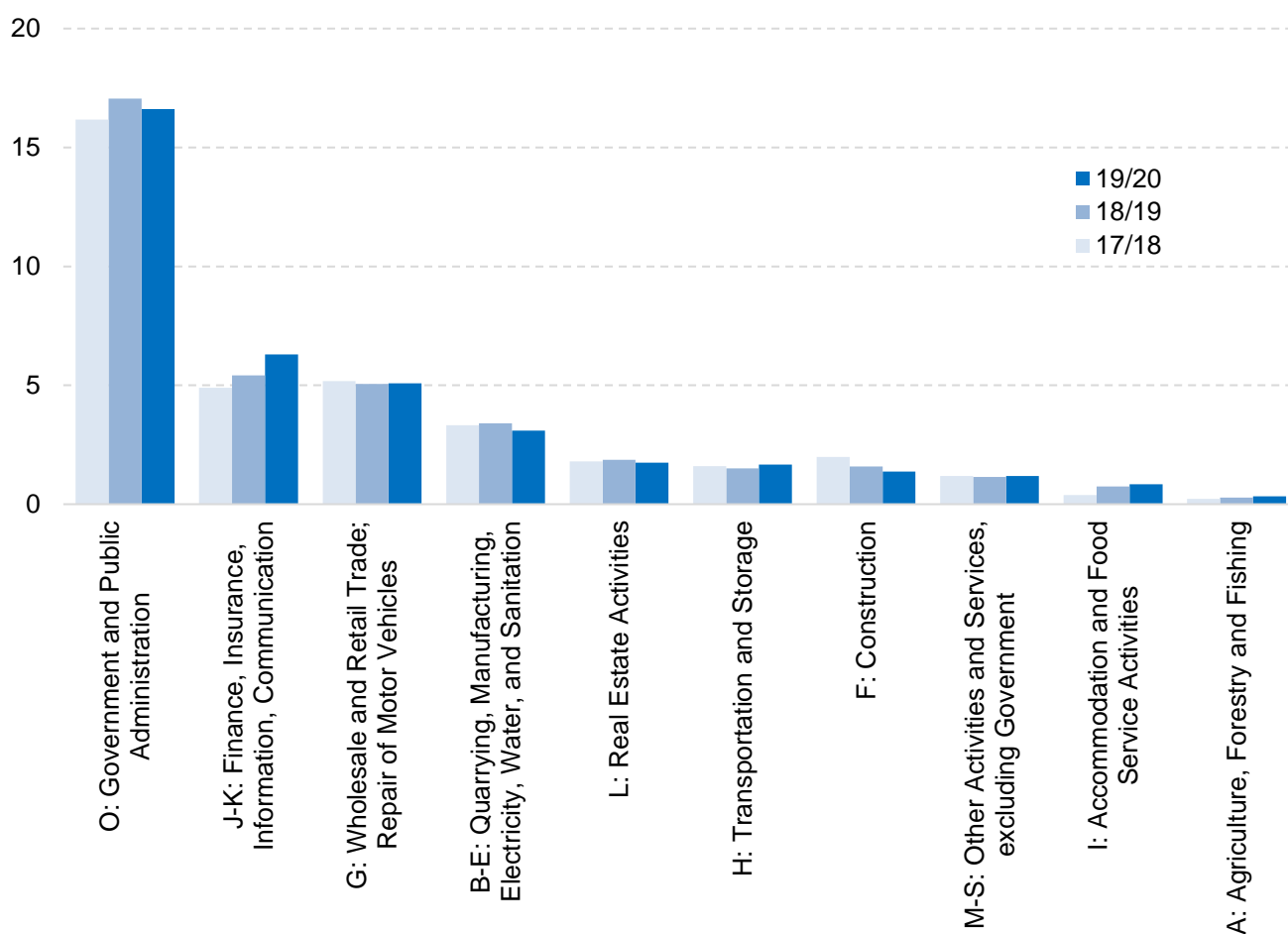
Apart from Government and Public Administration, which accounted for 43.5% of GDP at basic prices in 2019/20, the largest groups in terms of total contribution to GDP is Finance, Insurance, Information and Communication (16.5%) and Wholesale and Retail Trade, including Repair of Vehicles and Motor Cycles (13%). Production activities, including Quarrying, Manufacturing, Electricity, Water, and Sanitation, contributed around 8% of GDP in basic prices in 2019/20, with Construction, Real Estate Activities (including rental properties), and Transportation and Storage (including the Airport) all

around 4%.

The sectors with the biggest percentage increase in value added in 2019/20 were Agriculture, Forestry and Fishing, Accommodation and Food Services, Finance, Insurance, Information and Communication, and Transportation and Storage. But some of these sectors are still quite small, especially Agriculture, Forestry and Fishing (0.9% of GDP in basic prices) and Accommodation and Food Services (2.2% of GDP at basic prices).

The sector with the largest fall in GDP in basic prices in 2019/20 was Construction, shrank by 13%, on top of a fall of 20% in the previous year. Some of this fall was caused by the end of construction activity at the Airport and in associated projects, especially the Bulk Fuel Farm.

Chart 1. Composition of GDP by industrial Activity, 2017/18 to 2019/20, constant 19/20 prices, £ million



Gross National Income

An alternative measure to GDP is called Gross National Income (GNI). GDP is a measure of the total value of goods and services produced within the territory of St Helena, and GNI is a measure of the value received of the goods and services produced by St Helena’s residents, regardless of where they produce those goods or deliver those services. GNI is derived from GDP by adding income earned abroad by residents and deducting income earned on St Helena by non-residents. The place

of residence is defined as the ‘centre of economic interest’ of a business or individual, but for practical reasons a one-year rule is usually applied; that is, the place where someone has lived for a year or more. GNI is a useful measure because it values the economic activity of the residents of a territory. But there are difficulties obtaining data to calculate some of these additional measures, and GNI estimates should therefore be used with caution.

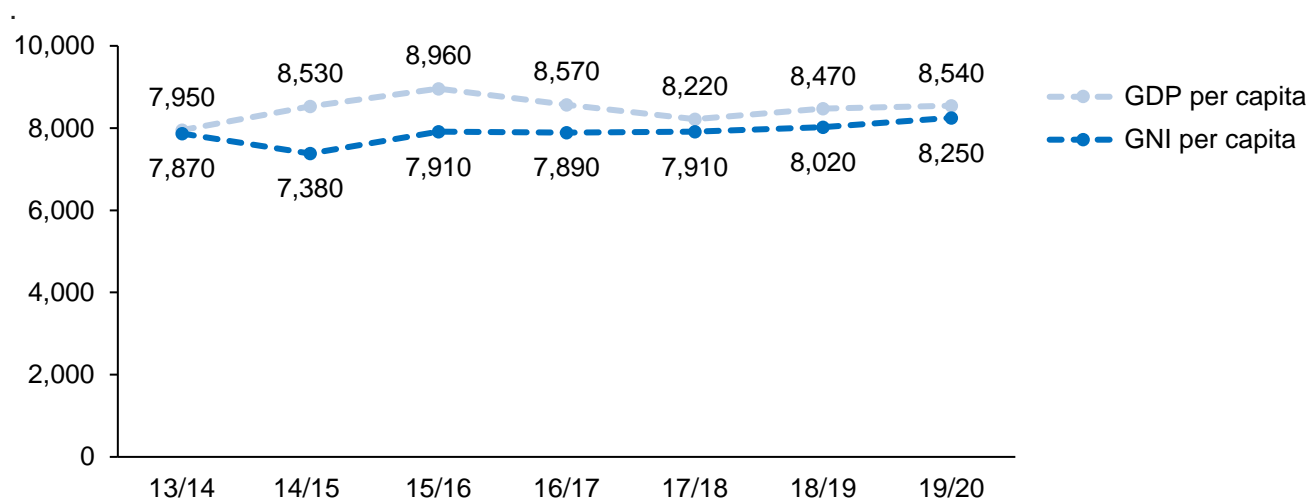
Table 5. Gross National Income, 2013/14 to 2019/20

	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Current market prices (£ million)	34.5	33.8	36.7	35.7	36.4	37.6	37.6
Per capita, current prices, £	7,870	7,380	7,910	7,890	7,910	8,020	8,250
Per capita, current prices, \$	12,510	11,910	11,930	10,320	10,500	10,530	10,520

Table 5 shows the nominal levels (i.e. without inflation adjustment) of GNI per capita since 2013/14. In recent years, GNI per capita has been relatively stable when expressed in St Helena Pounds, but has decreased when measured in US Dollars because of the loss of value of the British Pound following the decision to leave the European Union.

Chart 2 compares GNI per capita with GDP per capita: prior to the start of Airport construction around 2012, GDP per capita was estimated to be less than GNI per capita. This means that income from abroad of resident institutions and individuals was estimated to be higher than income on St Helena of non-residents; since 2013/14, this situation is estimated to have reversed, due to the increase in activity of non-resident companies on St Helena. Over the seven years 2013/14 to 2019/20, the difference between the two widened slightly and then narrowed as the construction work to build St Helena Airport ended.

Chart 2. Gross Domestic Product and Gross National Income per capita, 2013/14 to 2019/20, £ nominal market prices



Notes and Methodology

Revisions: Please note that all estimates published in this bulletin should be considered provisional and subject to future revision as additional data sources become available and further improvements are made to the methodology (the development of St Helena's National Accounts is an ongoing programme of work). This bulletin presents revised estimates for 2017/18 and 2018/19, and new estimates for 2019/20.

Approach: There are three basic methods of compiling total GDP: the expenditure, income, and production (or output) approaches. Prior to 2016, St Helena published estimates based on the expenditure approach, and in 2016 a figure for 2014/15 was published based on the income approach. This Bulletin presents estimates for 2017/18, 2018/19 and 2019/20 based on the production approach. As far as practicable in a small economy with limited resources, the compilation methods used follow the international guidance published in the '2008 System of National Accounts' by the United Nations.

GDP at basic prices: The income approach estimates at basic prices are derived as the sum of total compensation of employees, the gross operating surplus of companies and non-profit institutions, the incomes of sole traders, and an estimate of the rental value derived by households from the owner-occupation of their homes. The production approach estimates at basic prices are derived as the sum of the gross value added of companies and government consumption expenditure, plus the incomes of sole traders, and an estimate of the rental value derived by households from the owner-occupation of their homes. As is common in some other small countries, the valuation of the output of government has been made on a net basis, excluding an estimate of asset depreciation.

GDP at market prices: For both the production and income approaches, GDP at market prices is derived by adding total indirect taxes on products and production, such as customs duties and service taxes, to total GDP at basic prices, and subtracting regular government subsidies to companies, consistent with the recommendations in the guidelines issued by the United Nations.¹

Inflation adjustment: Estimates are presented in both nominal and real terms (referred to in this bulletin as current prices, and constant 2019/20 prices). Estimates in nominal terms will change due to both the effect of price changes and because of growth in the size of the economy. But changes in the size of the economy can only be measured using estimates expressed in real terms, adjusted for price inflation. Estimates in real terms have been calculated using specific inflation estimates for each industrial grouping of economic activity, an improvement on past practice of using St Helena's Retail Price Index. This is the recommended method and is possible this year because three years of GDP estimates using the production method are available (2017/18, 2018/19 and 2019/20).

Measurement issues: There are significant measurement difficulties in obtaining accurate source data for estimating GDP and related indicators for St Helena. Additionally, it is noted that the recommended measurement frameworks and concepts are not always well suited to measuring economic activity in small, aid-dependent economies. Estimates are very sensitive to timing issues and to certain recording or classification conventions, which, while appropriate for larger economies, may distort trends and levels in smaller countries. There are further measurement difficulties in calculating GNI; in particular, there are very limited data sources to estimate the income received from abroad by resident individuals and companies, and the income transferred abroad by non-resident individuals and companies. In particular, for the purpose of the GNI estimates presented in

¹ System of National Accounts 2008, United Nations: <https://unstats.un.org/unsd/nationalaccount/sna.asp>

this bulletin, it has been assumed that the net income received from abroad by resident individuals is similar in size to the net income transferred abroad by non-residents.

Per capita estimates: For calculating per capita estimates of GDP and GNI, the population total used is the average of the end of month population estimates for the period, as published on the St Helena Government website by the Statistics Office.

Currency conversion: For converting from St Helena pounds (£) to United States dollars (\$), the average daily spot rates published by the Bank of England have been used.

Data sources: The primary sources that have been used to compile GDP and related measures include Business Surveys conducted by the Statistics Office, Income Tax returns, published company accounts, and population estimates published by the Statistics Office. Thanks are extended to all the companies and businesses that have responded to past Business Surveys, and to the Income Tax Office for their cooperation and help in using the data from tax returns for this purpose. Data confidentiality is maintained, as required by the 2000 Statistics Ordinance.

Technical advice and support: Compiling estimates of Gross Domestic Product and related National Accounts is a highly complex and specialised task that has only been possible because of the technical advice and support provided by the Office of National Statistics (ONS) Methodology Advisory Service in the United Kingdom - thanks are especially due to Jim O'Donoghue and Robin Youll.

Have more questions or comments?

Please get in touch: we are Neil Fantom, Statistical Commissioner, Kelly Clingham and Justine Joshua, Senior Statistical Assistants, and Bertina Benjamin, Statistical Assistant. You can find us in person at the Statistics Office on the **top floor of the Post Office Building**, Jamestown. You can also contact us by telephone on **22138**; if calling from overseas, the international dialling code for St Helena is +290. Our general office e-mail address is **statistics@sainthelena.gov.sh**, or you can email team members directly (the format is `firstname.lastname@sainthelena.gov.sh`).