



In this Bulletin: New estimates of economic activity on St Helena for 2018/19, 19/20 and 20/21

This Bulletin presents new estimates of Gross Domestic Product (GDP) and Gross National Income (GNI) for 2020/21, 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: on St Helena it measures the total value of all the goods and services produced on the island during a year. For 2020/21, GDP at market prices is estimated to be £39.2 million and the annual change in the volume of goods and services produced by the economy (i.e., the annual growth rate) was estimated to be 2.4%.

Table 1. Estimates of Gross Domestic Product, 2014/15 to 2020/21

	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Current basic prices (£ million)	33.5	35.6	33.1	33.9	36.5	36.2	37.2
Current market prices (£ million)	39.0	41.6	38.8	36.3	38.2	37.8	39.2
Constant 20/21 market prices (£ million)	..	..	..	38.2	39.3	38.3	39.2
Annual GDP growth rate	..	..	..	..	2.9%	-2.6%	2.4%

On a per capita basis, GDP for 2020/21 was £8,690 per person, or \$11,370 (Table 2). Countries with similar GDP per capita in 2020, according to the World Bank, were American Samoa (\$12,845), Panama (\$12,510), and Costa Rica (\$12,141), which were all slightly higher, and Nauru (\$10,580), China (\$10,435), and Malaysia (\$10,412), all of which were slightly lower.¹

Table 2. Estimates of Gross Domestic Product per capita, 2014/15 to 2020/21

	14/15	15/16	16/17	17/18	18/19	19/20	20/21
GDP per capita (£, current)	8,530	8,960	8,570	7,930	8,190	8,330	8,690
GDP per capita (£, constant 20/21)	..	..	..	8,330	8,410	8,430	8,690
Annual GDP per capita growth rate	..	..	..	..	1.0%	0.2%	3.1%
Estimate of total on-island population	4,577	4,639	4,528	4,601	4,693	4,563	4,527
GDP per capita (\$, current)	13,760	13,510	11,200	10,530	10,760	10,620	11,370

¹ Source: World Bank (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>). Note that these comparisons have not been adjusted for the purchasing power of local currencies in different countries.

When inflation is taken into account, GDP per capita expressed in St Helena Pounds has been growing slightly over the last four years, from an estimated £8,330 per person in 2017/18 to an estimated £8,690 per person in 2020/21. But expressed in current US dollars, GDP per capita has dropped from its 2014/15 level of \$13,760 to \$11,370 in 2020/21. This is mostly due to the drop in the value of the pound compared to the dollar caused by the exit of the UK from the European Union ('Brexit'). In 2014/15, the average exchange rate was \$1.61 per £1, but in 2020/21 the average exchange rate was \$1.31 per £1, a fall of around 19%.

Breakdown of GDP by industrial activity

Table 3 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, as required by the 2000 Statistics Ordinance.

Table 3. Gross Domestic Product by Industrial Activity, 2017/18 to 2020/21

	Share of GDP at basic current prices (%)			Constant 20/21 prices £ millions			Annual growth rate (%)		
	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	20/21
A: Agriculture, Forestry and Fishing	0.8	0.7	0.5	0.28	0.25	0.17	44.7	-13.1	-32.1
B-E: Quarrying, Manufacturing, Electricity, Water, and Sanitation	9.1	8.9	7.3	3.54	3.40	2.73	14.8	-4.0	-19.6
F: Construction	4.3	3.5	3.7	1.57	1.26	1.37	-18.0	-19.9	8.4
G: Wholesale and Retail Trade; Repair of Motor Vehicles	14.0	13.3	13.0	5.26	4.85	4.83	2.1	-7.9	-0.3
H: Transportation and Storage	2.4	3.0	2.9	0.93	1.09	1.07	-9.9	17.0	-2.0
I: Accommodation and Food Service Activities	2.1	2.1	1.4	0.86	0.84	0.51	125.5	-2.0	-39.9
J-K: Finance, Insurance, Information, Communication	13.9	15.9	16.4	5.27	5.79	6.09	9.9	9.9	5.2
L: Real Estate Activities	4.7	4.4	4.2	1.78	1.66	1.58	1.3	-6.8	-4.9
M-S: Other Activities and Services, excluding Government	2.5	2.5	2.2	0.93	0.90	0.82	-8.6	-3.4	-8.2
O: Government and Public Administration*	46.2	45.9	48.5	17.05	16.62	18.08	5.4	-2.5	8.8
Gross Domestic Product (GDP) at basic prices	100.0	100.0	100.0	37.49	36.66	37.25	5.5	-2.2	1.6
Indirect taxes, less subsidies on production				1.77	1.60	1.92	-32.8	-9.7	19.7
Gross Domestic Product (GDP) at market prices				39.26	38.26	39.16	2.9	-2.6	2.4

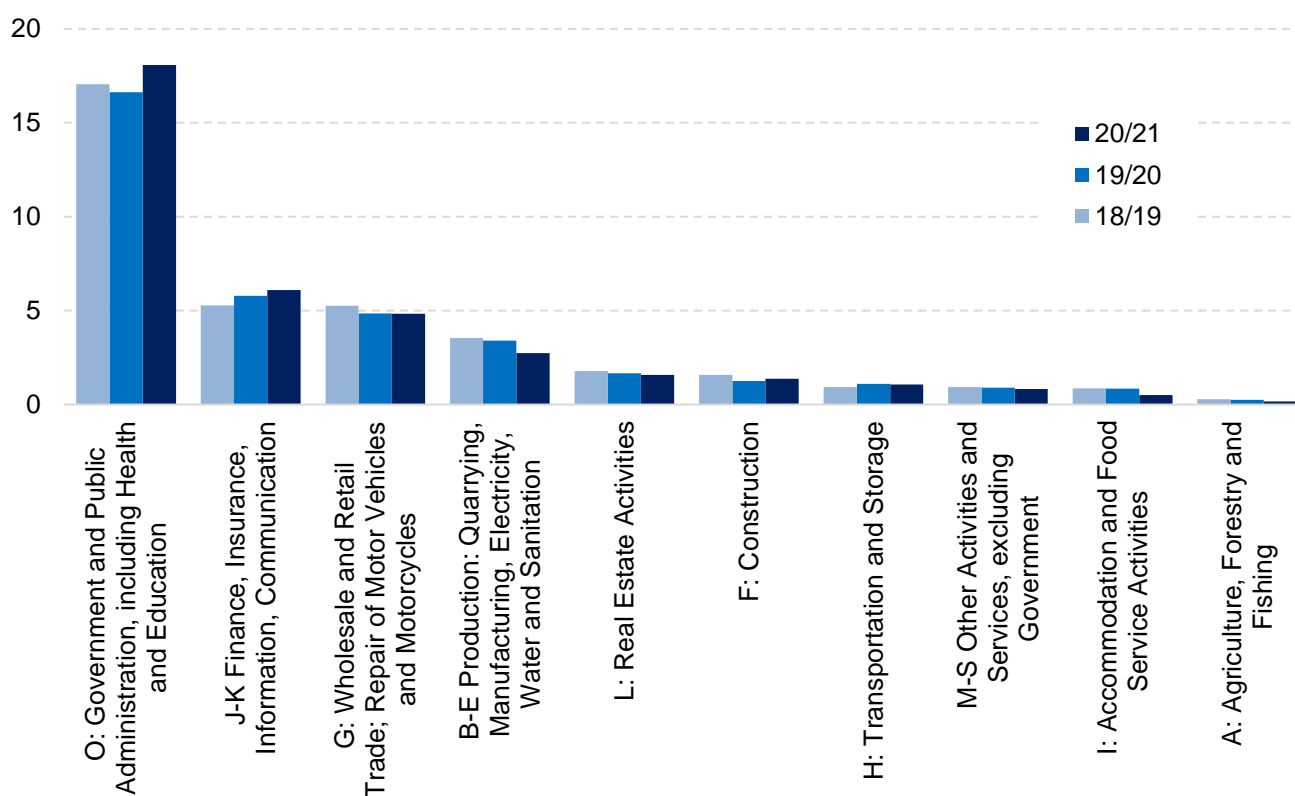
*Note: Government and Public Administration (O) includes Health and Education services

Apart from Government and Public Administration, which accounted for 48.5% of GDP at basic prices in 2020/21, the largest groups in terms of total contribution to GDP are Finance, Insurance, Information and Communication (16.4%) and Wholesale and Retail Trade, including Repair of Vehicles and Motor Cycles (13.0%). Production activities, including Quarrying, Manufacturing, Electricity, Water, and Sanitation, contributed around 7.3% of GDP in basic prices in 2020/21, with Real Estate Activities (including rental properties and the value of owner-occupied housing) at 4.2% and Construction at 3.7% respectively. Transportation and Storage (which includes the Airport) was around 2.9% of GDP.

The sector with the biggest percentage increase in the volume of goods and services produced in 2020/21 compared to the previous year was Government and Public Administration (including Health and Education Services). This was likely a result of the additional resources provided by the UK Government to support the Health Service and to make other arrangements in response to the COVID-19 pandemic, including the development of quarantine facilities. The volume of activity in the Construction sector also grew, by 8.4%, likely due to the additional construction activity needed for the COVID-19 response, and also because of the increased investment through the Economic Development and Investment Programme (EDIP).

The sectors with the biggest percentage decrease in the volume of goods and services produced in 2020/21 compared to the previous year were Accommodation and Food Services (-39.9%), a direct result of the drop in international passenger traffic caused by COVID-19 restrictions, and Agriculture, Forestry and Fishing (-32.1%), likely a result of the closure of the St Helena Fisheries Corporation and the inability to process fish for export. But it should also be noted that these are two of the smallest sectors, accounting for less than 3% of GDP.

Chart 1. Composition of GDP by Activity, 2017/18 to 2020/21, constant 20/21 prices, £ million



Gross National Income

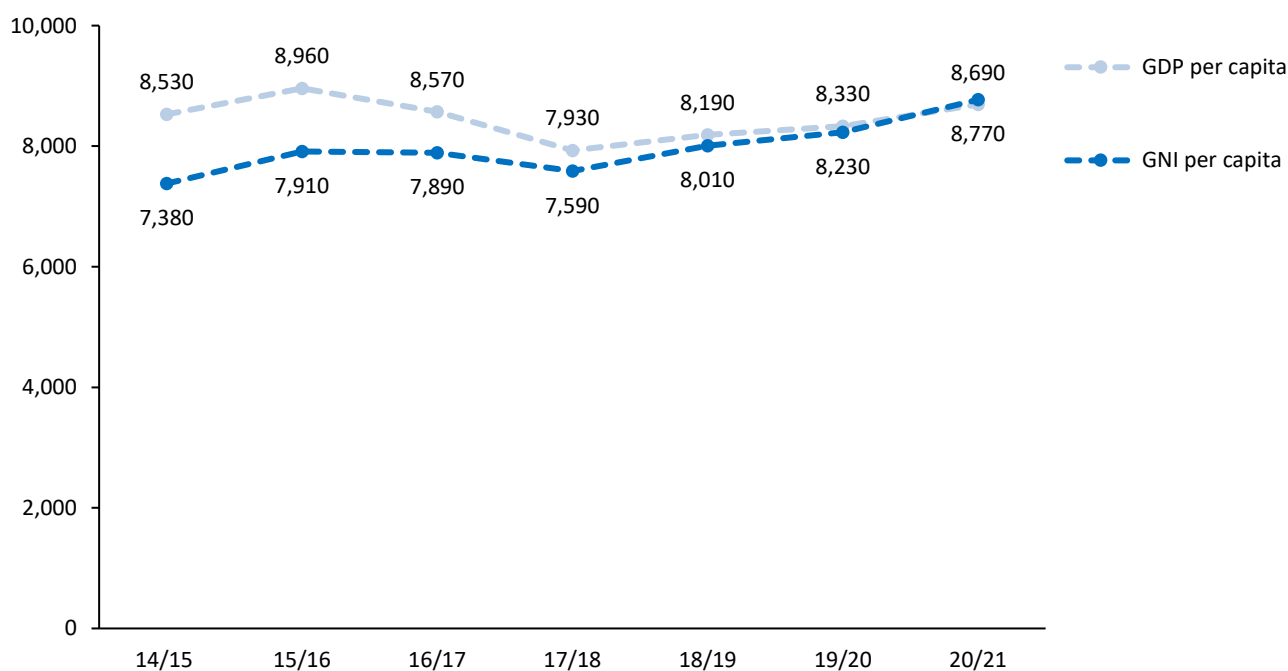
A useful alternative measure to GDP is called Gross National Income (GNI), which values the economic activity of the Island’s residents, regardless of where that activity takes place. This compares to GDP, which is a measure of the total value of goods and services produced within the territorial boundaries of St Helena, regardless of whether that value is produced by its residents. GNI is derived from GDP by adding income earned abroad by residents and deducting income earned on St Helena by non-residents.

Table 4. Gross National Income, 2013/14 to 2020/21

	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Current market prices (£ million)	33.8	36.7	35.7	34.9	37.6	37.6	39.7
Per capita, current prices, £	7,380	7,910	7,890	7,590	8,010	8,230	8,770
Per capita, current prices, \$	11,910	11,930	10,320	10,070	10,520	10,490	11,470
OECD aid threshold \$	12,735	12,475	12,235	12,055	12,375	12,535	12,695

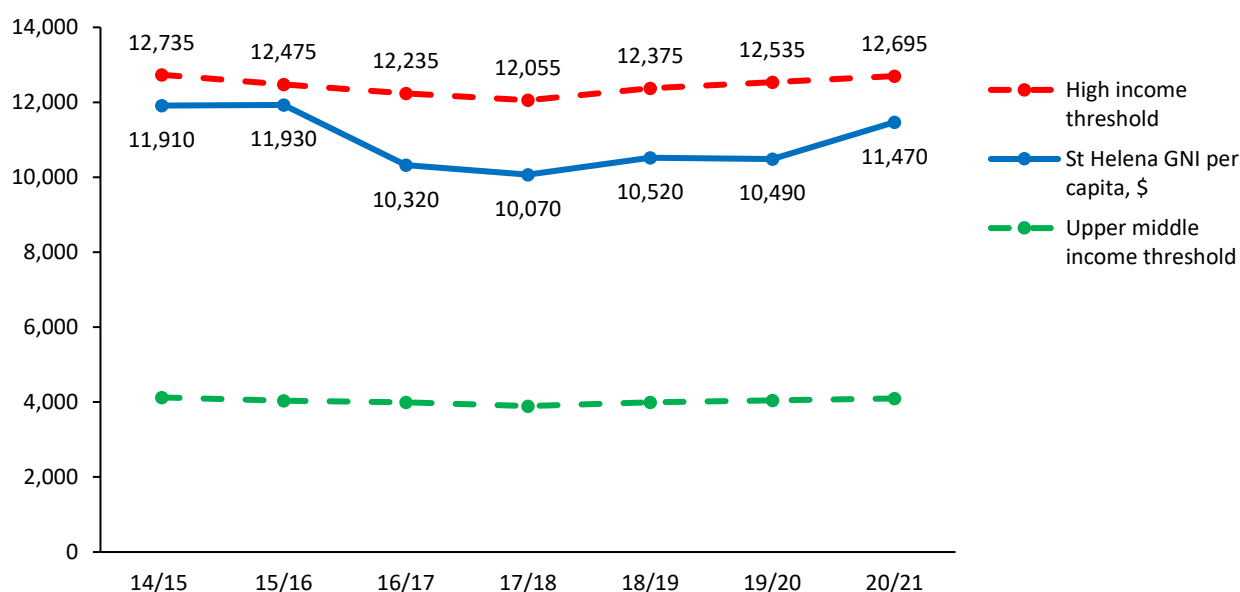
Table 4 shows the nominal levels of GNI per capita since 2014/15 (i.e. without adjusting for price inflation) and Chart 2 compares GNI per capita with GDP per capita between 2014/15 and 2020/21, with GDP per capita higher than GNI per capita until 2020/21. The difference between the two widened slightly, and then narrowed as the construction work to build St Helena Airport ended. 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 of the United Kingdom to leave the European Union ('Brexit').

Chart 2. Gross Domestic Product and Gross National Income per capita, 2013/14 to 2020/21, £ current market prices



An important use of GNI per capita is to determine whether resource flows from one government to another can be classified as ‘Official Development Assistance’ by the Organisation of Economic Cooperation and Development (OECD); such flows are also often simply called ‘overseas aid’. The rule is that they can, as long as the country receiving those flows is classed as a low, lower-middle, or upper middle income country by the World Bank in at least one of the three years prior to the point at which the determination is made.² The classification threshold used by the World Bank to classify countries as high income or upper middle income are adjusted each year, and are shown in Chart 3.

Chart 3. Gross National Income per capita and World Bank High Income and Upper Middle Income classification thresholds, 2013/14 to 2020/21, \$ current market prices



St Helena’s GNI per capita level means that it currently falls into the ‘upper middle income’ country classification, so the flows it receives from the United Kingdom can be classified as Official Development Assistance. It was close to the high income threshold during the early stages of Airport construction, but the threshold is calculated in US dollars and the loss of value of the Pound that followed the Brexit vote widened the gap in 16/17, and subsequent years. However, the gap appears to have narrowed in 2020/21, in part because the overseas earnings of the deposits of the Bank of St Helena increased significantly and those earnings are included in GNI, but not in GDP.

² <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>

Notes and Methodology

Revisions: GDP estimation and measurement methods are complex and development of St Helena's National Accounts is an ongoing programme of work. 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. This year, improvements have been made to the estimates of work-in-progress and the stocks of manufactured goods for some businesses. Also, estimates of indirect taxes, particularly alcohol and tobacco duties, and duties on fuel, have been adjusted to better compensate for the unusual timing of ship arrivals in 19/20. Together with other source data improvements, this has resulted in a downward revision to GDP estimates for 2017/18, 2018/19, and 2019/20, and a small revision to the growth rate for 2019/20.

Revisions to Estimates of Gross Domestic Product, 2017/8, 2018/19, and 2019/20

	17/18	18/19	19/20
Previously published estimates			
Basic prices (£ million, current)	35.4	37.5	38.2
Market prices (£ million, current)	37.8	39.8	39.0
Annual GDP growth rate	..	2.5%	-3.4%
New estimates			
Basic prices (£ million, current)	33.9	36.5	36.2
Market prices (£ million, current)	36.3	38.2	37.8
Annual GDP growth rate	..	2.9%	-2.6%

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, 2019/20 and 2020/21 based on the production approach. As far as practicable in a small economy with limited resources for compiling GDP statistics, the methods used aim to follow the international guidance published in the '2008 System of National Accounts' by the United Nations³.

GDP at basic prices: 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. Taxes on production are small and have not been included, so technically basic prices is equivalent to factor cost.

GDP at market prices: 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

³ System of National Accounts 2008, United Nations: <https://unstats.un.org/unsd/nationalaccount/sna.asp>

issued by the United Nations.

Inflation adjustment: Estimates are presented in both nominal and real terms, referred to in this bulletin as current prices, and constant 2020/21 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 the recommended method of using specific inflation estimates for each industrial grouping of economic activity, an improvement on past practice of using St Helena's Retail Price Index.

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 earned abroad by resident individuals and companies and the income earned on St Helena by non-resident individuals and companies.

Per capita estimates: For calculating per capita estimates of GDP and GNI, the population total used is the average of the end of month on-Island 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, based on an average for each financial year.

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 in accordance with the requirements of the 2000 Statistics Ordinance.

Technical advice and support: Compiling estimates of Gross Domestic Product and related National Accounts is a highly 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`).