

Changes in Consumer Prices in Selected Pacific Island Countries and Territories in 2020



The outbreak of COVID-19 in the Pacific Island Countries and Territories (PICTs) in 2020 led to many job losses, especially in the tourism and related industries, and a significant slowing-down in overall economic activity. As a consequence, many families saw a decline in their incomes necessitating recourse to a range of coping strategies. The reports of the *World Bank's High Frequency Phone Monitoring Surveys of Households* conducted in Papua New Guinea¹ and Solomon Islands² during the year throws further light on this.

With less to spend, consumer demand weakened. More and more people turned to, for example, growing food for their own consumption, sewing/mending their own clothes and forgoing utilisation of personal services such as hairdressers etc, eating out.

Weakening demand led to a fall in the prices of various goods and services in many PICTs³. A clear signal of a slowdown in the economies of PICTs.

The average change in prices of *products consumed by households*⁴ in 2020 compared to 2019 shows that of the twenty PICTs – see Table 1, twelve had inflation whilst eight had deflation i.e., their inflation rates fell below zero:

1. Of the twelve countries that had price increases in 2020:

- Six countries paid more for goods and services they bought in 2020 than they paid in 2019 i.e., prices rose faster in 2020 compared to the increase in 2019: Cook Islands 0.6 Percentage Points (pp) more to 1.0%, Kiribati 4.4 pp more to 2.6%, Niue 2.4 pp more

¹ <https://openknowledge.worldbank.org/handle/10986/35585>

² <https://openknowledge.worldbank.org/handle/10986/34908>

³ Data for 2020 for Marshall Islands were not available.

⁴ Fixed basket of goods and services typically bought by households in a country.

to 2.6%, Northern Mariana Islands 0.4 pp more to 0.3%, Solomon Islands 1.4 pp more to 3% and Vanuatu 2.6 pp more to 5.3%;

- Palau’s inflation rate stood at 0.2% which was the same as 2019; and
 - Five countries namely Guam, Nauru, Papua New Guinea, Tokelau and Tuvalu had **disinflation** i.e., they showed higher prices but a slower rate of inflation than in the previous year. Of the five, Tokelau’s rate of disinflation was highest at 3.5 pp i.e., its annual rate of inflation fell to 3.0% in 2020 from 6.5% in 2019.
 - The rest of the countries experienced rates of disinflation of less than 1 percentage point; i.e., their rates of inflation in 2020 were less than one percentage point lower than the rate in 2019.
2. Of the eight PICTs, namely American Samoa, Federated States of Micronesia, Fiji, New Caledonia, French Polynesia, Samoa, Tonga and Wallis & Futuna that experienced **deflation**:
- Fiji recorded the highest rate of deflation at 2.6%; contributing to this were lower prices paid for goods and services in *expenditure divisions*⁵ 01 food and non-alcoholic beverages (-2.4%), 02 alcoholic beverages, tobacco and narcotic (-9.8%), 04 housing, water and electricity (-1.2%), 08 information and communication (-1.3%) and 09 recreation, sport and culture (-0.3%). A peek at Fiji’s data from 1979 shows that this is the first time Fiji has experienced an annual rate of deflation.
 - Samoa had the second highest rate of deflation at 1.6%. Contributing to this were lower prices paid for goods and services in *expenditure divisions* 01 food and non-alcoholic beverages (-1.5%), 03 clothing and footwear (-0.3%), 04 housing, water and electricity (-5.7%), 06 health (-0.8%) and 07 transport (-6.2%).
 - For the other countries the rate of deflation was less than 1%.

With slowing economic activity and weakening demand the appearance of deflationary trends in post-COVID-19 in PICTs was to be expected. In 2021 unemployment will continue to be high and demand weak. Will this see more countries slipping into deflation? Time will tell.

Here is the link for inflation rates:

[https://stats.pacificdata.org/vis?fs\[0\]=6nQpoAP%2C0%7CEconomy%23ECO%23&pg=0&fc=6nQpoAP&df\[ds\]=SPC2&df\[id\]=DF_CPI&df\[ag\]=SPC&df\[vs\]=3.0&pd=2010%2C2020&dq=A..INF.&ly\[rw\]=GEO_P ICT&ly\[cl\]=TIME_PERIOD](https://stats.pacificdata.org/vis?fs[0]=6nQpoAP%2C0%7CEconomy%23ECO%23&pg=0&fc=6nQpoAP&df[ds]=SPC2&df[id]=DF_CPI&df[ag]=SPC&df[vs]=3.0&pd=2010%2C2020&dq=A..INF.&ly[rw]=GEO_P ICT&ly[cl]=TIME_PERIOD)

For more statistics, visit <https://pacificdata.org/>

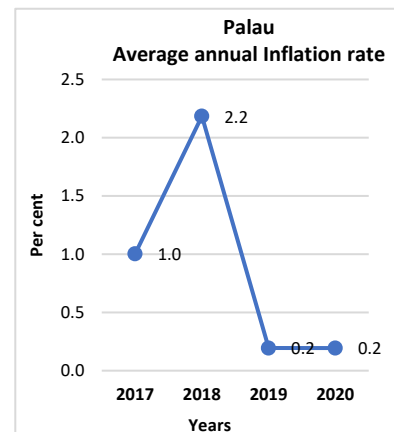
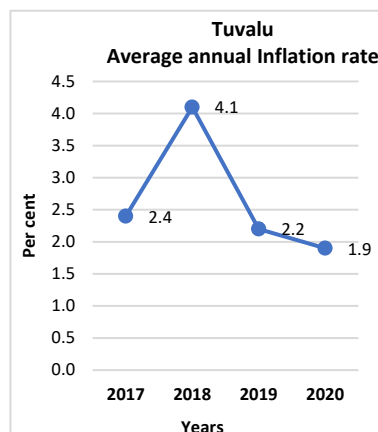
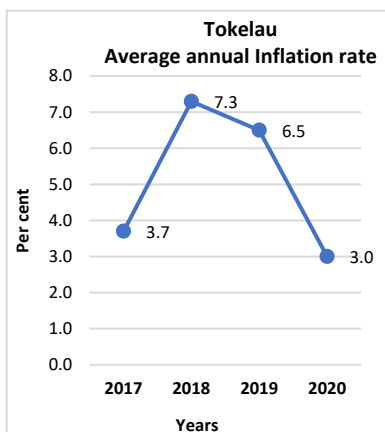
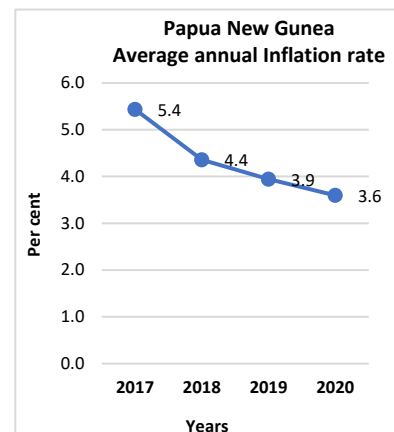
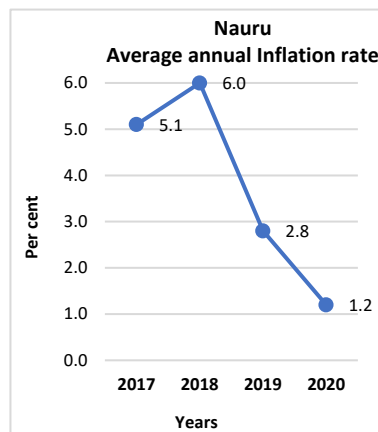
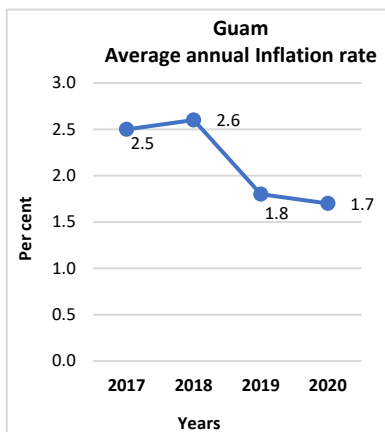
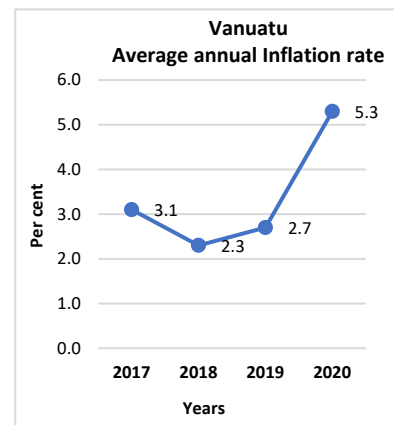
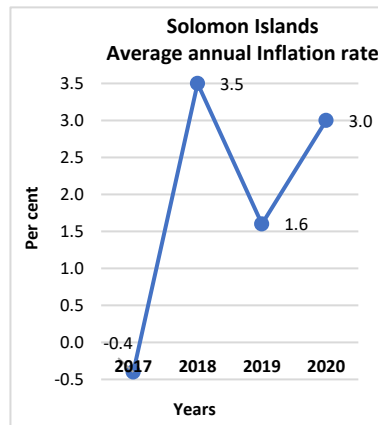
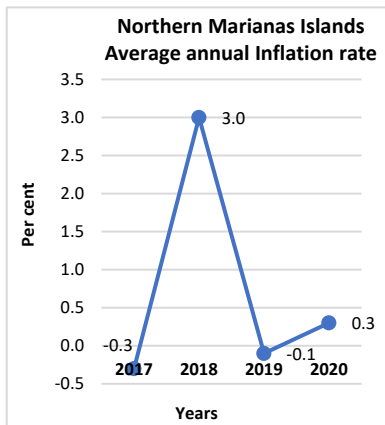
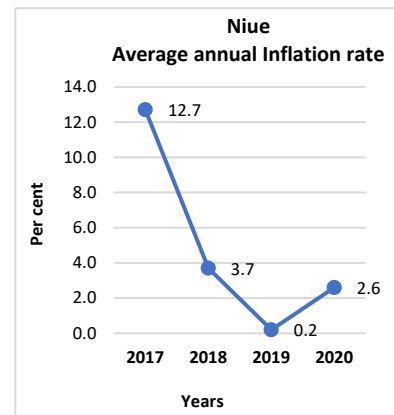
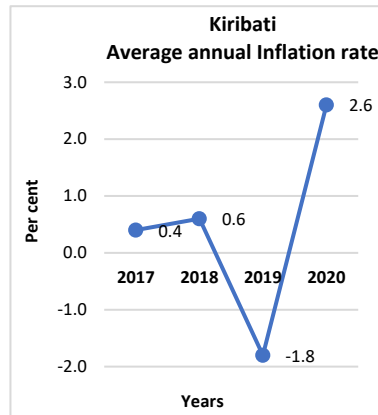
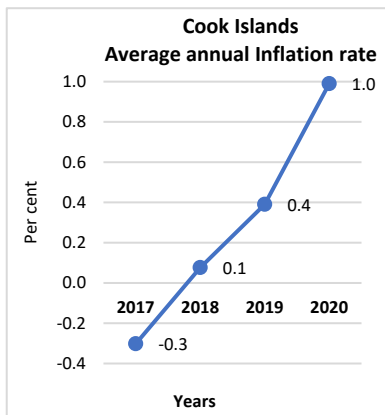
⁵ Pacific Classification of Individual Consumption According to Purpose 2020
<https://pacificdata.org/data/dataset?q=Pacific%20Classification%20of%20individual%20consumption%20according%20to%20purpose>

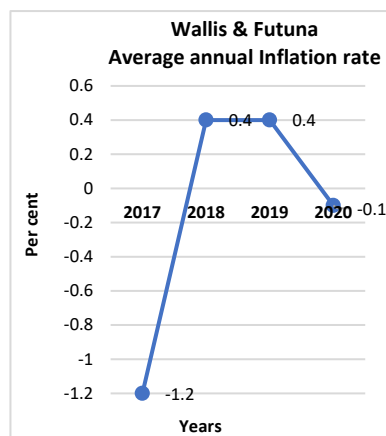
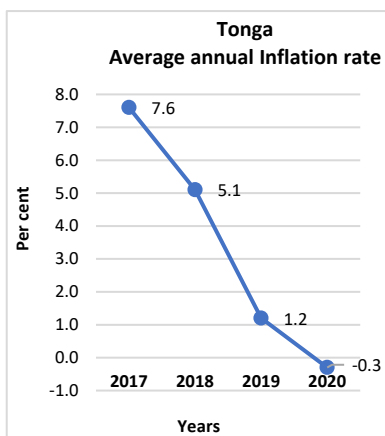
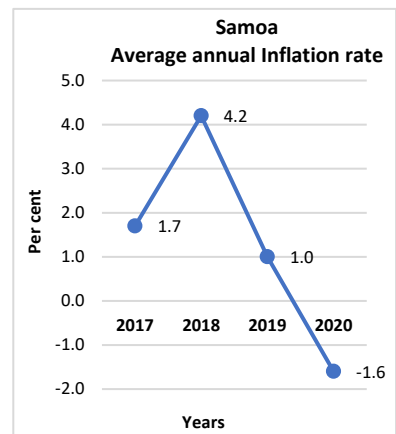
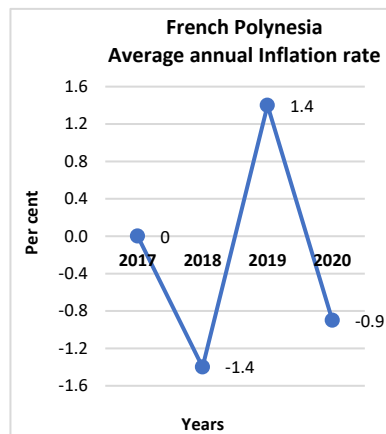
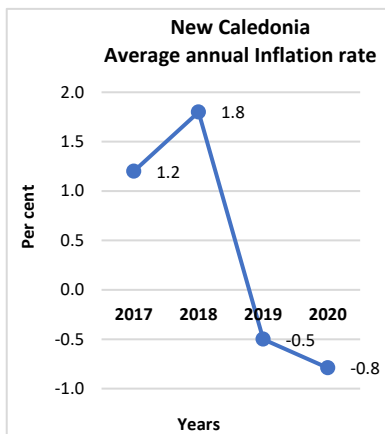
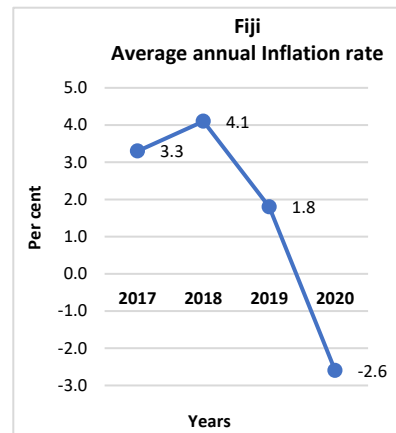
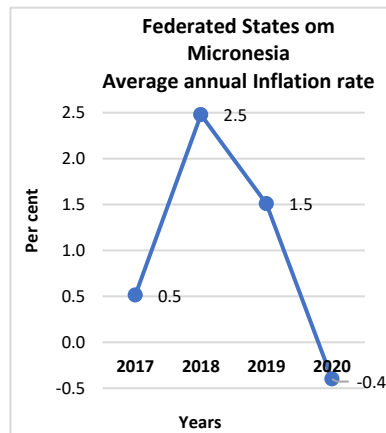
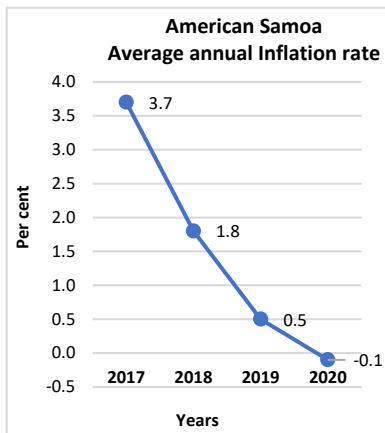
Table 1: Average Annual Inflation rates 2005 - 2020

COUNTRY /TERRITORIES	Average Annual Inflation rate %															
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cook Islands	2.5	3.4	2.5	4.9	4.5	1.5	2.5	2.1	2.0	0.9	1.1	-0.4	-0.3	0.1	0.4	1.0
Kiribati	-0.3	-1.5	4.0	7.2	10.4	-3.8	1.8	-3.0	-1.5	2.1	0.6	1.9	0.4	0.6	-1.8	2.6
Niue	...	2.3	6.7	9.1	11.7	5.3	3.0	2.0	-1.6	1.5	0.7	2.2	12.7	3.7	0.2	2.6
Northern Mariana Islands (CNMI)	0.6	0.6	0.3	-3.8	3.4	4.0	0.1	1.1	-0.2	0.4	0.1	0.3	-0.3	3.0	-0.1	0.3
Solomon Islands	7.2	11.2	7.6	17.3	7.1	1.0	9.4	5.9	5.4	5.2	-0.6	0.5	-0.4	3.5	1.6	3.0
Vanuatu	0.8	2.1	3.9	4.6	4.3	3.0	0.9	1.4	1.5	0.8	2.5	0.9	3.1	2.3	2.7	5.3
Guam	7.7	11.6	6.8	6.2	1.7	2.9	3.3	3.2	0.0	0.8	-0.9	6.0	2.5	2.6	1.8	1.7
Nauru	9.8	14.2	0.9	13.9	9.8	-4.6	-1.2	-0.8	0.0	6.0	10.0	8.0	5.1	6.0	2.8	1.2
Papua New Guinea	1.8	2.4	0.9	10.8	6.9	6.0	7.2	4.5	4.4	5.2	6.0	6.7	5.4	4.4	3.9	3.6
Tokelau	na	na	na	na	na	na	na	na	na	3.7	4.1	-1.4	3.7	7.3	6.5	3.0
Tuvalu	3.2	4.2	2.3	10.4	-0.3	-1.9	-0.5	1.4	2.0	1.1	3.2	3.5	2.4	4.1	2.2	1.9
Palau	3.9	4.4	3.3	9.9	1.5	1.4	4.7	3.6	3.4	4.3	0.8	1.3	1.0	2.2	0.2	0.2
American Samoa	5.2	3.0	3.7	9.8	2.9	7.0	6.4	4.5	2.0	0.7	-0.9	-0.1	3.7	1.8	0.5	-0.1
Federated States of Micronesia	3.9	4.9	3.5	10.9	3.9	2.6	7.6	2.5	1.0	0.7	-0.7	-0.9	0.5	2.5	1.5	-0.4
Fiji Islands	2.3	2.5	4.8	7.8	3.6	5.6	8.7	3.4	2.9	0.5	1.4	3.8	3.3	4.1	1.8	-2.6
New Caledonia	2.6	1.4	1.8	3.7	0.2	2.7	2.6	1.6	0.7	0.6	0.7	0.6	1.2	1.8	-0.5	-0.8
French Polynesia	3.4	-0.8	1.7	1.8	1.2	1.1	-0.2	0.6	0.2	0	-1.4	1.4	-0.9
Samoa	1.9	3.7	5.6	11.6	6.3	0.8	5.2	2.0	0.6	-0.4	0.7	1.3	1.7	4.2	1.0	-1.6
Tonga	8.7	6.2	5.8	10.5	1.4	3.7	6.3	1.2	2.1	1.2	-1.1	2.6	7.6	5.1	1.2	-0.3
Wallis et Futuna	2.8	2.8	1.8	3.8	-0.1	3.2	3.6	5.0	2.1	0.4	0.9	-2.2	-1.2	0.4	0.4	-0.1

Inflation Deflation

Graphs: Average annual inflation rates





Division

Statistics for Development Division (SDD)

Countries

Cook Islands, Kiribati, Niue, Northern Mariana Islands, Solomon Islands, Vanuatu, Guam, Nauru, Papua New Guinea, Tokelau, Tuvalu, Palau, American Samoa, Federated States of Micronesia, Fiji, New Caledonia, French Polynesia, Samoa, Tonga and Wallis & Futuna.

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