Cook Islands GDP Revisions

In early 2023, the Cook Islands Statistics Office (CISO) worked alongside experts from the International Monetary Fund (IMF) to improve and increase the robustness of the National Accounts statistics. That is, the data that shows the size of the Cook Islands' economy and how much we produced in a quarter.

This work has produced considerable revisions to the estimates for Cook Islands' Gross Domestic Product (GDP) – particularly through the years affected by the pandemic. Revisions are quite common in these statistical series, however the disruption of pandemic meant that data collection (as many other things) faced more difficulties – so the revisions became much larger than usual.

So, what changed?

Nominal GDP has seen the largest change from the revision, with the 2020-21 financial year now $82.5 million lower in nominal terms, and the 2021-22 financial year $106.3 million lower.

Table 1: Revisions to Nominal GDP

Nominal GDP ($m)	2017-18	2018-19	2019-20	2020-21	2021-22
Previous GDP	504.3	548.7	505.5	432.0	503.2
Revised GDP	526.8	576.4	542.2	349.5	396.9
Change	*22.6*	*27.7*	*36.7*	*-82.5*	*-106.3*

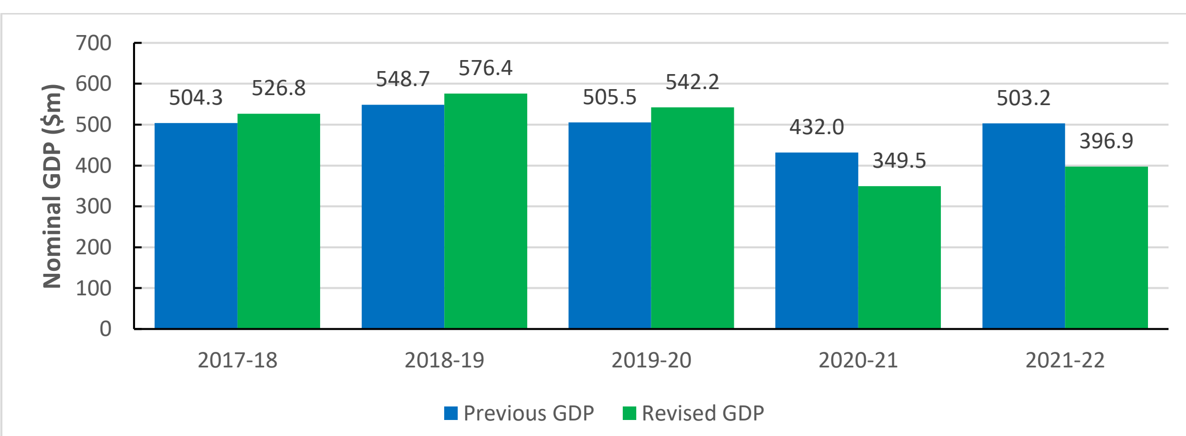
Source: CISO, IMF-PFTAC

This revision in the pandemic years has been seen in a wide number of sectors, in particular:

- Manufacturing
- Electricity production
- Trade
- Professional services
- Accommodation services (even lower than previously thought)
- Health and Human services (the previously estimated big increase was overstated, and the secondment of government workers from other ministries is counted under Public Administration)

In the pre-COVID years, the smaller upward revisions were largely in the Trade, Financial Services and Transport sectors with partial offsets by lower estimates in Public Administration, Travel Agents & Tour Operators and Accommodation Services.

Figure 1: Revisions to Nominal GDP



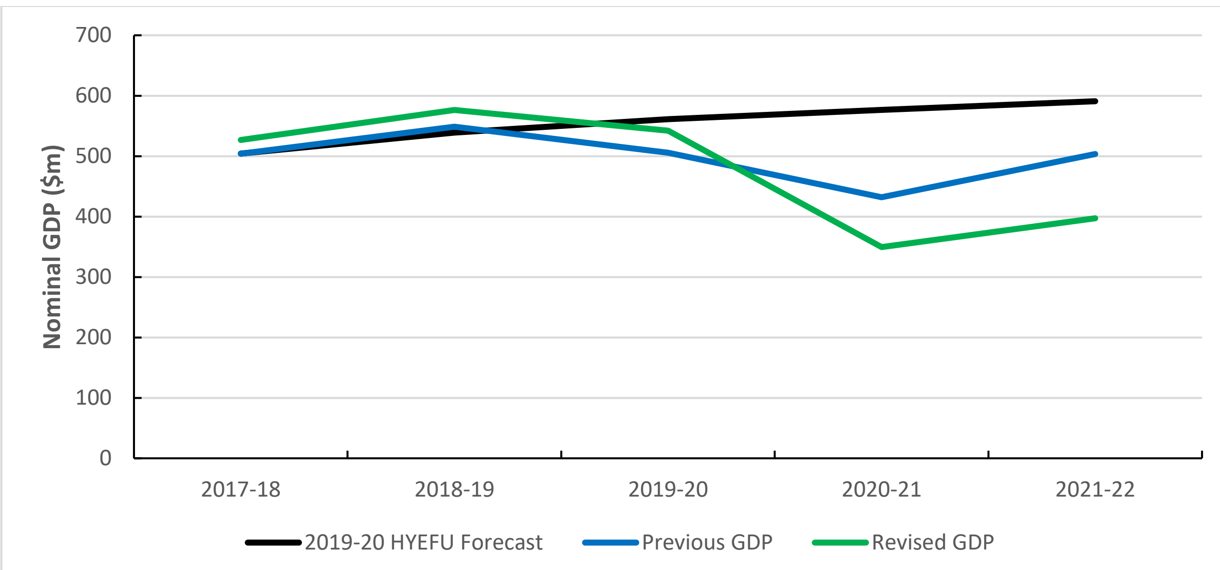
Source: CISO, IMF-PFTAC

So what does this mean?

Having a clearer picture of the economy shows us two key things. Firstly, that the downturn in the pandemic was worse than previously estimated – with a 'peak to trough' fall of 41.1 per cent[1] considerably more than the 25.3 per cent previously. This fall is larger than all except one economy in the IMF's April 2023 World Economic Outlook database – the Macau SAR, which saw a 54.2 per cent contraction in 2020 as the Chinese market was closed off. To compare to some of our regional peers, the same database shows that the economies of Palau and Fiji contracted by 19.6%[2] and 22.1%,[3] respectively across both 2020 and 2021 (for consistency, the same methodology would give a contraction of 40.7% [33.0% + 7.7%]).

Secondly, looking forward this makes the mountain back to pre-COVID trajectory a larger and more difficult task – that may take longer than previously thought.

Figure 2: Revisions to Nominal GDP and pre-COVID forecast



Source: CISO, IMF-PFTAC, MFEM

Comparing the revision to the forecast profile from the 2019-20 HYEFU (last pre-COVID update) shows how large the gap between where we are and 'where we would have been'. Cumulatively, the Cook Islands' economy has lost over $400 million over the three years from 2019-20 (as seen by the gap between the green and black curves in Figure 2.

The good news in this overall bleak picture is the early data from the second half of 2022 shows the recovery is going stronger than anticipated, and things are improving – but getting back to the previous track will take some time. Driven by both business recovery and inflationary pressures, business turnover in the six months to December 2022 was over 50% higher than it was the previous year (which had no tourists, aside from the first six-week period until borders closed again in mid-August).

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[1] From year to December 2019 ($593.6m) to year to June 2021 ($349.5m)
[2] -7.5% in 2020 and -12.1% in 2021
[3] -17.0% in 2020 and -5.1% in 2021