

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa



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Synonyms

COVID-19; Fiji; Health crisis; International tourism; Samoa; Solomon Islands

Definition

COVID-19 is an illness caused by the novel Coronavirus. Initially, the outbreak of this virus occurred in Wuhan City, Hubei Province, in China.

Global Health Crisis is a complex health crisis comprised of viruses and a chain of outbreaks that affects everyone globally.

Introduction

The Coronavirus Disease (COVID-19) pandemic has evolved from a health crisis to a global economic crisis that has impacted countries worldwide. Each country has been affected differently by the spread of the COVID-19 (see United Nations Development Programme (UNDP) 2020). Restrictions on the movement of people, which includes curfews, and national lockdowns, has adversely affected countries that rely on tourism for their livelihoods. The extent of the COVID-19 crisis that each economy faces is influenced by health infrastructure, financial resources, economic structure, and fiscal space available for government's expansionary policy and socioeconomic resilience and capabilities (UNDP 2020). Governments need fiscal space to intervene in the economy proactively to address issues faced by businesses, workers, and farmers. Special policies are also needed to support the financial institutions to continue operating and, in return, provide support to the businesses.

In the COVID-19 crisis, the government intervention included additional expenditures to fund the measures taken to address the pandemic. Governments also needed resources to assess the impact of the COVID-19 crisis on vulnerable groups, economic agents, and society to develop policies tailored to meet the specific needs of different economic and social agents. Despite low incidents of COVID-19 among Pacific Island Countries (PICs), the economic downturn has

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 1 Growth rates – pre- and post-Covid-19

Year	2018	2019	2020	2021	Average up to 2025
Fiji	3.5	–1.3	–21.0	11.5	2.2
Solomon Islands	3.9	1.2	–5.0	4.5	3.0
Samoa	–2.2	3.5	–5.0	–1.5	2.2

Source: IMF (2020b), World Economic Outlook, October 2020

been significant (see Table 1). The International Monetary Fund (IMF) and the respective central banks have predicted deep contraction for all the Pacific Island economies (IMF 2020a). On average, it is projected that the PICs will face a contraction of more than 5% in 2020 (IMF 2020a, b; Asian Development Bank 2020a, b). The major contraction in the Pacific Island economies is flowing from the evaporation of tourism, lower commodity demands and prices. Significant decline is also expected in international trade and remittance inflows.

The tourism sector is one of the biggest sectors for Fiji as it contributed 38.9% to the Gross Domestic Product (GDP) in the year 2018 and was expected to grow further post-2018. Similarly, the tourism sectors contributed 30.4% and 12.5% to the GDP of Samoa and the Solomon Islands in the year 2018 (Research Association of New Zealand 2020). As expected, the governments of the PICs intervened with the fiscal stimulus package to revive their contracting economies. In addition, the development partners and multilateral finance agencies such as ADB, World Bank and IMF worked with the governments of Fiji, Solomon Islands, and Samoa to deliver a sustainable package to help economic survival (Research Association of New Zealand 2020). However, these countries have taken broadly different measures to address their economic problems. These economies, however, are projected to grow only marginally in the following years.

Against this backdrop, this entry aims to examine the impact of the COVID-19 on the tourism industry of Fiji, Solomon Islands, and Samoa. This entry is divided into eight sections. Section “[Background of COVID-19 in the Pacific](#)

[Island Countries \(PICs\)](#)” provides the background of COVID-19 in the PICs. Sections “[COVID-19 Economic Trends in Fiji, Samoa, and the Solomon Islands](#)” and “[Status of COVID-19 Cases in Fiji, Samoa, and Solomon Islands](#)” provide the overview of the COVID-19 economic trends for these countries and their current status. Section “[Impact of COVID-19 on the Tourism Sectors of Fiji, Samoa, and the Solomon Islands](#)” provides the analyses of the pandemic on the tourism sectors of these economies. Section “[National Governments Fiscal Stimulus Package to Revitalize the Contracting Economy](#)” discusses the national government stimulus packages to revive the tourism industry. Section “[Tourism-Related Recovery Policies](#)” proposes some options and alternatives for a better recovery process during such a crisis and contributes to the resilience of these PICs. The last section provides some concluding remarks and policy options.

Background of COVID-19 in the Pacific Island Countries (PICs)

The ongoing global COVID-19 pandemic has been disastrous for tourism, international trade, remittances, and commodity prices. The small Pacific Island developing economies that are heavily reliant on the tourism sector for employment, contribution to GDP, and economic growth have been significantly affected (IMF 2020a, b). Tourism inflows in the first quarter of 2020 had significantly declined, imposing negative repercussions on employment and economic growth. Supply chain disruptions, coupled with the expected decline in remittances and falling demand, took a toll on the fiscal revenue of the

PICs. Soon after the COVID-19 pandemic was declared, all countries worldwide took immediate measures to protect their citizens from infection leading to lockdowns that eventuated into negative shocks (IMF 2020a, b). As of early October 2020 (many months into the pandemic), there were no confirmed cases of infection in Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. However, all these PICs had acted promptly in March 2020 to close down their borders as soon as the COVID-19 epidemic reached Fiji and Australia, and New Zealand imposed international travel restrictions (IMF 2020a, b). Specifically, the PICs implemented containment measures and increased the spending on the health infrastructure and preparedness to fight against the spread of the COVID-19 pandemic (IMF 2020a, b).

Although the PICs managed to diligently deal with the COVID-19 pandemic, the deeper economic recession triggered by this health disaster transformed into an economic crisis and posed a huge welfare and livelihood problem for the people of PICs (IMF 2020a, b). According to IMF (2020a, b) and (ADB 2020a), it is projected that the PICs will record an average of -5% growth for the year 2020, with the largest drop in the economic growth experienced by Samoa, Solomon Islands, and Fiji in the last 10 years. However, with the availability of vaccines, international trade will pick up in the first quarter of 2021, but the setback in tourism activity may continue for a while and not resume until the second half of 2021 (IMF 2020a, b). The sharp decline in the global demand triggered by COVID-19 may also have adverse implications on the recovery of the commodity prices across the region, impacting the logging industry for the Solomon Islands and similarly for Fiji and Samoa. Figure 1 shows that the average Real GDP of the PICs is expected to fall significantly from positive growth of 2.2% in 2019 to -5.5% in 2020. IMF (2020a, b) predicts that the average real GDP for PICs will record an upswing to 1.4% in the year 2021. Fiji is predicted to grow at 11.5% in 2021, while the Solomon Islands and Samoa are predicted to grow at 4.5% and -1.5% , respectively.

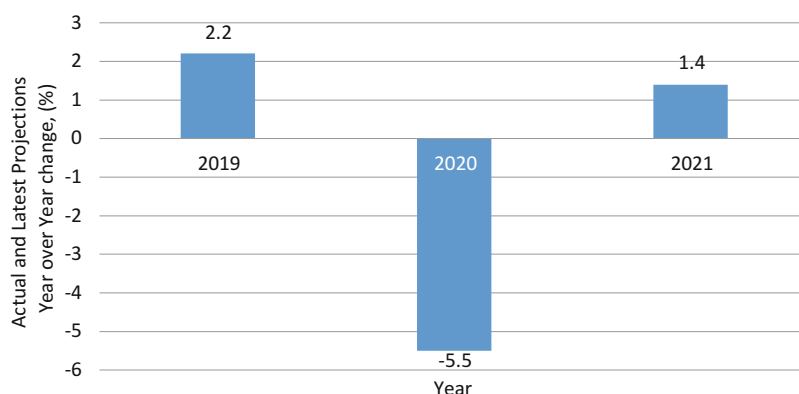
COVID-19 Economic Trends in Fiji, Samoa, and the Solomon Islands

These three Pacific Island countries have suffered prolonged closures of economic activity within the region. Virtually all international travel has been curtailed. While Fiji suffered a huge economic decline of more than 21% due to the complete closure of tourism, Samoa and Solomon Islands that relied less on tourism have suffered much less contraction of around 5% . Table 2 provides details of real GDP decline for these respective periods. In further comparison, Vanuatu and Palau also experience greater economic contraction due to the COVID-19 crisis. These two economies are predicted to decline by 8.3% and 11.4% , respectively. The real GDP projections for the year 2021 indicates that Fiji and Solomon Islands will experience a positive Real GDP growth rate of 11.5% and 4.5% , while Samoa is expected to further contract by 1.5% in 2021.

As far as the current account is concerned, it is expected to deteriorate to substantial margins for Fiji, Samoa, and Solomon Islands. Table 3 shows that the current account balance of Fiji is expected to record a deficit of 15.3% of GDP while it is likely to slightly recover in the year 2021 (IMF 2020a, b). Similarly, Samoa and the Solomon Islands record current account deficits of 7.1% and 11.3% , respectively. Lower import demand is likely to partially offset losses from the international trade of goods and services from Fiji, Samoa, and Solomon Islands (IMF 2020a, b).

Evidently, the fiscal position of Fiji, Samoa, and the Solomon Islands are likely to weaken due to the decrease in economic activity, rising government expenditure, and increase in government health spending (IMF 2020a, b). Lack of financing options and fiscal space is a challenge to Fiji, Samoa, and Solomon Islands. Importantly, there has been an increase in financial support from multilateral and bilateral sources. However, this financing support is subject to tradeoffs with a high level of public debt (IMF 2020a, b). Table 4 shows that the fiscal account balance of Fiji, Samoa, and the Solomon Islands significantly deteriorated from 2019 to 2021. According to

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 1 Real GDP actual and latest projects. (Source: IMF 2020a, b))



Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 2 Actual and projections of real GDP

Pacific Island countries (PICs)	2019	2020	2021
Fiji	-1.3	-21	11.5
Palau	-1.8	-11.4	-7.4
Vanuatu	3.3	-8.3	4.3
Samoa	3.5	-5	-1.5
Solomon Islands	1.2	-5	4.5
Marshall Islands	5.3	-4.5	-0.9
Micronesia	1.2	-3.8	1.2
Papua New Guinea	4.9	-3.3	1.2
Tonga	0.7	-2.5	-3.5
Kiribati	2.3	-1.1	3
Tuvalu	6	-0.5	3
Nauru	1	0.7	1.3

Source: IMF (2020a, b)

IMF (2020a, b), the fiscal account balance of Fiji will deteriorate from an already bad state of -5.1% in 2019 to greater than -9% in 2021. Similarly, the fiscal account balance of Samoa is expected to worsen from +2.7% in 2019 to -9.8% in 2021. Solomon Islands will also experience a significant deterioration of its fiscal position from -1.7% in 2019 to -4.9% in 2021 (IMF 2020a, b).

Status of COVID-19 Cases in Fiji, Samoa, and Solomon Islands

Fiji confirmed its first COVID-19 case on 19 March 2020, and as of the end of November

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 3 Current account balance (% of GDP)

Pacific Island countries (PICs)	Year		
	2019	2020	2021
Fiji	-12.9	-15.3	-12.1
Samoa	2.3	-7.1	-7.0
Solomon Islands	-9.6	-11.3	-16.4

Source: IMF (2020a, b)

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 4 Fiscal account balance (% of GDP)

Pacific Island countries (PICs)	Year		
	2019	2020	2021
Fiji	-5.1	-19.2	-9.0
Samoa	2.7	-7.3	-9.8
Solomon Islands	-1.7	-5.6	-4.9

Source: IMF (2020a, b)

2020, there were 35 known cases with a total of 2 deaths. Fiji remained free of Covid-19 transmission for many months from its peak months until the end of 2020 (United National Office for the Coordination of Humanitarian Affairs 2020). Samoa announced its first COVID-19 case on 30 November 2020, involving two travelers from Europe via New Zealand (RNZ 2020). Samoa remained Covid-19-free for more than 11 months by its strict monitoring and quarantine processes. Samoa's recent experience in battling

against measles outbreak may have been useful in keeping Coronavirus away from its shores. Since the announcement of its first COVID-19 case, the country has experienced panic behavior among its citizens (Aljazeera 2020). In his address to the nation, the prime minister asked the people to calm down and promised to maintain health as a top priority to keep Samoa safe from Covid-19 as many other countries in the region lost their COVID-19-free status. So far, however, some countries among PICs such as Tuvalu, Tonga, Kiribati, Micronesia, and Palau have remained free from the virus (Aljazeera 2020). Unlike the case of Fiji, the Solomon Islands had recorded its first COVID-19 case on 3 October 2020, a student returning from the Philippines (WION 2020). However, the government of Solomon Islands remains confident that it will be able to manage and respond to the COVID-19 situation effectively (WION 2020). Table 5 shows that as of 24 November 2020, 35 confirmed COVID-19 cases in Fiji, 1 in Samoa, and 17 in the Solomon Islands. The total proportion of fatal cases in Fiji stands at 5.88%, while it is 0% for Samoa and Solomon Islands.

Furthermore, the World Health Organization (WHO) has played a critical role in supporting the governments of Fiji, Solomon Islands, and Samoa in responding to their COVID-19 situations. WHO's support has been mainly in the form of surgical supplies, N95 masks, face shields, protective goggles, isolation gowns, and GeneXpert testing cartridges. The WHO is conducting online training programs for scientists in the Northern Pacific on the GeneXpert

monitoring system, which has been quite effective (WHO 2020). Table 6 shows that WHO has completed 31%, 24%, and 30% distribution of the GeneXpert Cartridges in Fiji, Samoa, and the Solomon Islands, respectively.

Table 7 shows that the COVID-19 mobility trends in Fiji have increased for retail and recreation by 5%, supermarket and pharmacy by 14%, and places for residential by 6%. However, a decline in mobility trends has been noticed for parks by 8%, public transport by 30%, and workplaces by 24%.

The PICs, particularly Fiji, Solomon Islands, and Samoa, have adopted a cautious approach to managing the COVID-19 crisis. It is very well known that the Pacific islands have poor health infrastructure that is struggling to deal with the high obesity rates, diabetes, heart attacks, and high blood pressure (Aljazeera 2020). The small island economies are not ready to deal with the crisis if it gets out of control.

Impact of COVID-19 on the Tourism Sectors of Fiji, Samoa, and the Solomon Islands

Tourism and remittances are considered a very important source of income for the Pacific Island economies, particularly Fiji and other Polynesian countries such as Samoa and Tonga. The data on remittances shows that while the global economy has contracted significantly, remittance flows to PICs have continued to increase. The tourism sectors for Fiji and Samoa are proportionally

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 5 COVID-19 situation in Fiji, Samoa, and the Solomon Islands

Country	Total confirmed cases	Total confirmed deaths	New confirmed cases	Proportion of fatal cases (%)	Confirmed cases from the past 7 days	Confirmed cases from the past 14 days
Fiji	35	2	0	5.88%	0	1
Samoa	1	0	0	0%	1	1
Solomon Islands	17	0	1	0%	1	1

Updated as of 24 November 2020

Source: WHO (2020) and Aljazeera (2020)

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 6 Distribution of GeneXpert cartridges

Country	Batch 1–19	Batch 1–19 ongoing	Batch 1–19% complete	# cartridges allocated total	% completed
Fiji	8250	440	95	26,750	31
Samoa	1420	60	96	6000	24
Solomon Islands	5320	540	91	18,000	30

Source: WHO (2020)

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 7 COVID-19 mobility trends in Fiji

Areas of mobility changes	Fiji (%)
Retail and recreation	+5
Supermarket and pharmacy	+14
Parks	–8
Public transport	–30
Workplaces	–24
Residential	+6

Note: Data on Solomon Islands and Samoa is missing
Source: Global Mobility Report (2020) as of 1 November 2020

large, but that of the Solomon Islands is small yet significant for the sustenance of employment. Tourism provides the highest number of jobs to women who are economically and socially disadvantaged as compared to men in these countries. Tourism also provides a huge opportunity for micro, small, and medium enterprises. It also facilitates access to the markets for locally made products (Research Association of New Zealand 2020). The tourism sector contributes to sustainable economic growth by providing market access for locally manufactured tourist products. Economic statistics provides a clear indication of the impact of the tourism sector on exports, GDP growth, and employment in these countries (Research Association of New Zealand 2020). Figure 2 shows that in 2017, the tourism sector of Samoa contributed 60.1% to the exports, followed by 48.5% for Fiji, and 13.0% for the Solomon Islands. This indicates that the tourism sector contributes hugely to these island economies.

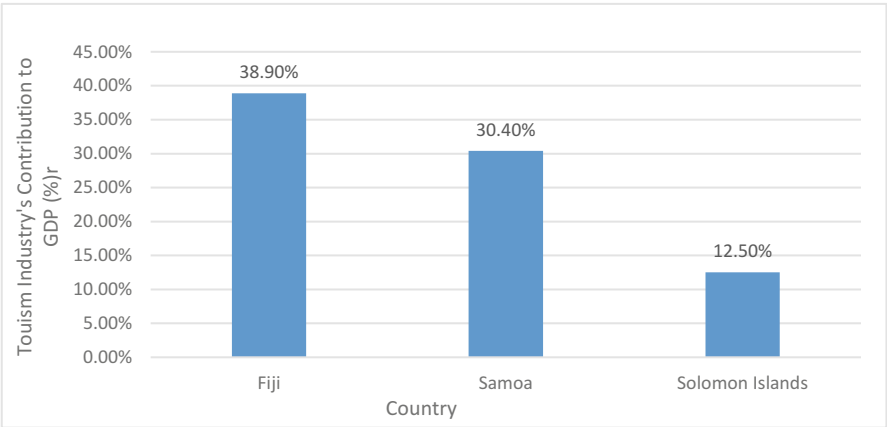
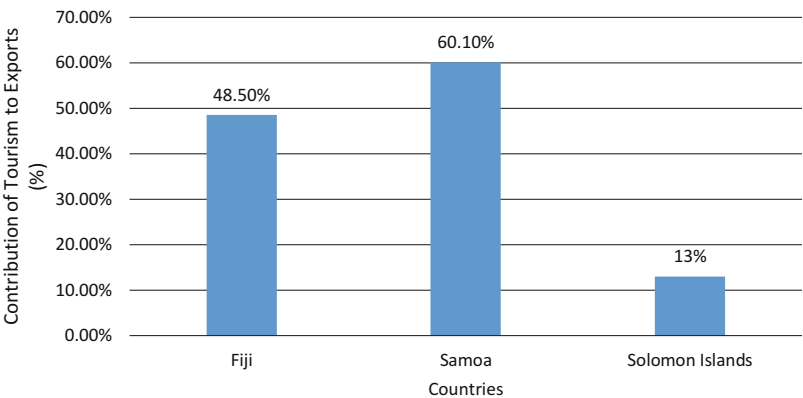
Figure 3 shows that in 2018, the tourism sector of Fiji, Samoa, and the Solomon Islands contributed 38.9%, 30.4%, and 12.5% to GDP, respectively. This indicates the importance of the tourism sector to these small PICs.

Table 8 shows that the percent contribution to total employment by the tourism sector is significantly higher for Fiji than Samoa and the Solomon Islands. Similarly, visitor arrivals and visitor spending are much higher for Fiji than Samoa and the Solomon Islands.

In comparison to Samoa and the Solomon Islands, Fiji recorded the COVID-19 case first. However, the lockdown took effect in these three countries at about the same time since the reaction in the region was mutual and simultaneous. In late March 2020, Fiji Hotels and Tourism Association announced that 93% of its members had closed their operations due to a sharp decline in tourist arrivals. As shown in Table 8, Australia and New Zealand are the two most important sources of tourism markets for all three countries. The Australian tourism minister stated in June 2020 that Australians would not be able to travel to PICs until 2021; thus, PICs must focus on local tourism activities. This had the most damaging impact on Fiji, Samoa, and Solomon Islands (UN Pacific 2020). The Asian Development Bank's Pacific Monitor Report clearly states that Fiji's tourism and related industries are projected to negatively impact the GDP to the extent of 16% of GDP in 2020 (ADB 2020a). According to ADB specialists, Fiji's tourism industry will return to the pre-COVID levels only after 2023 on conditions that vaccines are developed by this year-end (ADB 2020a, b). The unemployment rate in Fiji has increased significantly, and much

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 2

Percentage contribution of tourism to exports (2017). (Source: PTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020))



Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 3 Percent contribution of the tourism sector to GDP. (Source: PTO online

database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020))

of this unemployment is located in the tourism sector. It is projected by the (ADB 2020a, b) that unemployment will continue to increase shortly unless alternative industries are generated. The IFC survey in July 2020 concluded that 50% of tourism businesses are hibernating or are fully closed, while 35% of them are operating under reduced working hours (ADB 2020a, b). According to the ADB predictions, if Fiji's situation does not improve soon, 29% of tourism businesses involved in the tourism industry and 11% of non-tourism businesses will completely close their operations (ADB 2020a, b). Table 9 shows that the visitor arrivals to Fiji are predicted to decline from -0.4% in Q4 2019 to -98.8% in

September 2020 (based on a 12-month percentage change).

Similarly, the Solomon Islands tourism industry started experiencing the full effect of COVID-19 in early February of 2020. As a proactive measure, the national government of the Solomon Islands restricted passenger entry to Solomon Islands from COVID-19 infected countries (ADB 2020a, b). On 25 March 2020, all international passenger flights to the Solomon Islands were suspended, and strict quarantine measures were imposed on incoming cargo ships (ADB 2020a, b). These measures harmed the tourism industry. Virtually all tour operators in the Solomon Islands are hibernating now with no business at all. For a 3-month period from January to

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 8 Tourism statistics of Fiji, Solomon Islands, and Samoa

Country	Variable	Statistics
Fiji	Year 2018: % Contribution to total employment	35.5%
	Year 2019: International visitor arrivals	894,389
	Year 2018: Number of people employed in the related industry	41,338
	Year 2018: Total visitor spending	NZ\$1,551,500,000
	Year 2019: Top five sources of international visitor arrivals	Australia (41%), New Zealand (23%), USA (11%), China (5%), and UK (2%)
Solomon Islands	Year 2017: % Contribution to total employment	11%
	Year 2017: International visitor arrivals	25,700
	Year 2017: Number of people employed in the related industry	6400
	Year 2018: Total visitor spending	NZ\$135,000,000
	Year 2019: Top five sources of international visitor arrivals	Australia (40%), New Zealand (7%), Fiji (6%), USA (6%), and Papua New Guinea (6%)
Samoa	Year 2015: % Contribution to total employment	12.5%
	Year 2019: International visitor arrivals	181,473
	Year 2015: Number of people employed in the related industry	5158
	Year 2018: Total visitor spending	NZ\$413,300,000
	Year 2019: Top five sources of international visitor arrivals	New Zealand (43%), Australia (22%), American Samoa (8%), USA (7%), and Fiji (2%)

Source: PTO online database, SPTO 2018 Annual Visitor Arrivals Report, World Bank, Research Association of New Zealand (2020)

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 9 Visitor arrivals for countries (based on 12-month $\Delta\%$)

Country	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Sept 2020
Fiji	-0.4	-18.7	-99.2	-99.0	-98.8
Solomon Islands	13.8	-36.3	-100	-100	-100
Samoa	-10.7	-36.2	-100	-100	-100
Micronesia	-0.6	-24.3	-100	-100	-100
Palau	22.6	-30.7	-100	-100	-100
PNG	-0.8	-17.9	-98.1	-97.3	-96.9
RMI	2.5	-20.9	-100	-100	-100
Tonga	30.8	-41.3	-100	-100	-100
Tuvalu	8.8	-22.3	-100	-100	-100
Vanuatu	11.0	-2.0	-100	-100	-100
Kiribati	16.9	-35.3	-100	-100	-100

Source: IMF (2020a, b)

March 2020, the tourism industry in the Solomon Islands had recorded a decline of 50% on average per month in revenues (Lilomo 2020). It is forecasted that the decline will be much severe if

visitor arrivals and hotel occupancy rates did not improve. The four major hotels in the Solomon Islands have experienced low occupancy rates of 18% and 10% in March and April, respectively

(Lilomo 2020). These low occupancy rates of hotels are expected to continue until mid-2021. The largest hotel in the Solomon Islands, Heritage Park Hotel, located in Honiara, has been recording no bookings since late March. The management was forced to scale down the hotel's operations to virtual nil (Lilomo 2020). Table 9 shows that the visitor arrivals to the Solomon Islands have declined from 13.8% in Q4 2019 to –100% by the third quarter of 2020.

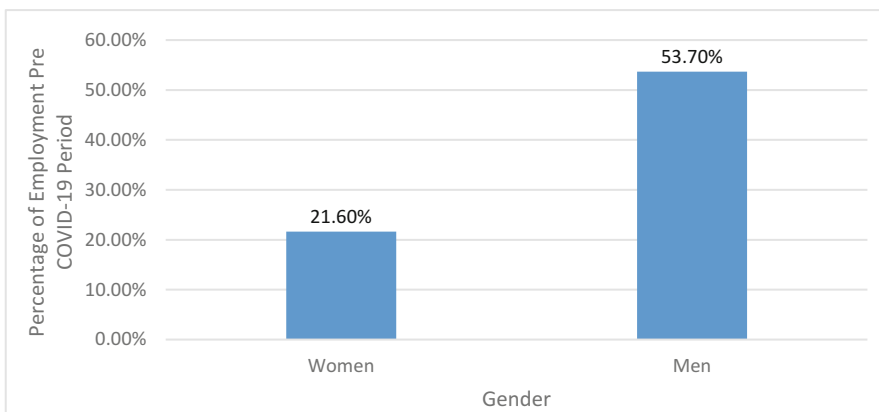
Tourism in Samoa is experiencing a similar fate where tourist numbers are nearly zero. This has been the direct result of the closure of international borders and slowdown of merchandise shipping (Fruean 2020). The Visitor Earnings and remittances reported for this period by the Samoa Bureau of Statistics and Central Bank of Samoa for March 2020 shows a decline of 62.7% compared to March 2019 (Fruean 2020). The report clearly states that the main factors that led to the significant decline in tourist numbers were the lockdown of international borders, the 14-day quarantine period and travel restrictions abroad (Fruean 2020). Table 9 shows that the visitor arrivals to Samoa have declined from –10.7% in Q4 2019 to 100% in Sept 2020.

According to the United Nations SDG (2020), 66.67% of the households in Samoa have experienced a decline in their income, and around 50% of the households are experiencing one job loss due to the same reasons. Figure 4 shows that the

pre-COVID-19 employment rates in Samoa were critically low, with twice as the number of men employed compared to women in employment. Figure 4 shows the percentage of men and women employed in Samoa before the COVID-19 period. The regional and global value chain of businesses has dwindled significantly. This has contributed to increasing joblessness and income insecurity (United Nations SDG 2020).

National Governments Fiscal Stimulus Package to Revitalize the Contracting Economy

The national governments of the PICs, including Fiji, Samoa, and the Solomon Islands, have mobilized fiscal tools to revitalize the contracting sectors of the economy. On 27 March 2020, the government of Fiji announced that they would increase the fiscal expenditure to counter the unemployment from the diminishing tourism sector. A number of development partners, such as the World Bank, Asian Development Bank (ADB), Australia, New Zealand, and other governments, have provided special funding to the Fijian government to fight against the COVID-19 pandemic (United Nations Pacific 2020). The government also implemented policies to disburse funds from the Fiji National Provident Fund. The national provident fund is a retirement fund set up



Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Fig. 4 Gender distribution of employment in Samoa pre-COVID-19 period. (Source: United Nations SDG (2020))

by the government of Fiji, which is funded both by the employer and the employee. The government of Fiji plays a critical role in the national provident fund, and they determine the rules regarding withdrawals. In order to help the COVID-19 affected individuals, the government decided to set the funds aside for making withdrawals. These provisions by the FPNF and the new funding package were announced in the National Budget in July 2020 (The Fijian Government 2020). The announced stimulus package provided an additional FJ\$1 billion, which were partially funded by the ADB loan funding of FJ\$100 million and the World Bank that provided a facility of FJ\$5.5 million (United Nations Pacific 2020). Australia and New Zealand also played an important role as development partners. Initially, the Australian and New Zealand governments had provided FJ\$1.5million and FJ\$4.47million for the COVID-19 funding. This initial funding by the Australian and New Zealand governments was later increased by FJ\$15.4million and FJ\$7.72 million, respectively (UN Pacific 2020). The mandatory FPNF employer and employee contributions were reduced to 5% for the period starting from April to December 2020. The workers who lost their jobs since early February 2020 or were working with reduced hours were granted eligibility to withdraw FJ\$1000 from their FPNF accounts on a periodic basis (UN Pacific 2020). Businesses that were struggling through the COVID-19 crisis were able to access grants and loans on concessional terms of 5% (UN Pacific 2020).

Similarly, Samoa provided a stimulus package of T66.3 million to support the fast contracting Samoan economy. The national stimulus package was mainly aligned toward enhancing the resilience of the health sector, supporting the livelihood of Samoans and strengthening alternative industries that would at least temporarily replace the tourism sector and help the workers to survive through the hard times (Government of Samoa 2020). Table 10 provides specific details of the funds allocated for the different areas of the Samoan economy.

The Solomon Islands government also provided a fiscal stimulus package of SBD309 million to boost domestic demand and help

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 10 Samoan stimulus package to mitigate COVID-19

Funds	Areas
\$20.3million	Health sector response
\$12.5million	Private sector enhancement
\$2.5million	Coronavirus initiative
\$27.5million	Increasing the purchasing power of Samoans
\$3.5million	Ministry of Agriculture and Fisheries

Source: Government of Samoa (2020)

struggling businesses survive. Special funding was allocated to reduce the utility costs to the households, reduce borrowing costs, ease the tax burden, provide financial relief, provide grants to struggling businesses, and provide alternative employments to Solomon Islanders who lost their jobs (SIG 2020). Table 11 provides some details of the government fiscal package to improve the domestic aggregate demand.

Tourism-Related Recovery Policies

Individual PICs are not capable of dealing with the COVID-19 pandemic individually. It is understood that there are two-time tracks to this recovery. First, the PICs need to respond to the current situation where many people have lost their jobs. Secondly, these small island countries need to change their development paths to prepare for the future, where the effects of such a crisis can be handled better. The issue is that post-Covid-19, the development path of these small PICs cannot remain the same as in the past – long-term adjustments are needed to prepare these countries to handle such crisis in a far better and sustainable manner.

Regional synergies are needed to revive the tourism industry of the small and structurally vulnerable economies. Importantly, Fiji, Solomon Islands, and Samoa need to work with other small island economies in the Pacific region to develop a Pacific-centric model. This model shall be structurally more resilient and inclusive of tourism and diverse (Research Association of

Impact of COVID-19 on the Tourism Industry of Fiji, Solomon Islands, and Samoa, Table 11 Solomon Islands stimulus package to increase aggregate demand

Funds	Areas
\$5million	Monitoring state of emergency regulations
\$5million	Rental relief package
\$10million	Health grants
\$5million	Education support
\$39million	Infrastructure investment in wharfs
\$39million	Construction of major
\$39million	Upgrading of domestic ports

Source: Solomon Islands Government (2020)

New Zealand 2020). Strong leadership, coupled with enhanced workforce capabilities, is needed in the tourism sector to develop focused and differentiated tourism products for the Pacific. Regional leadership is needed to develop policies for the Pacific bubble to ensure that our borders open much earlier. Capabilities are needed to reduce the negative repercussions of the COVID-19 pandemic once the borders open and the tourism sector starts rolling in PICs (Research Association of New Zealand 2020). Scenario planning and provision of information are essential to support the successful implementation of tourism industry recovery plans. There is also immediate support needed in the form of microfinancing schemes to help the businesses rejuvenate and survive the negative economic repercussions of the crisis (Research Association of New Zealand 2020). The long-term approach should be inclusive of new sectors, where appropriate technologies can be adopted by PIC businesses where small-scale productions become globally competitive. These must be based on cleverly crafted sectors where PICs has strategic advantages.

Furthermore, businesses can be provided tax concessions and reductions in the national provident fund contributions to enable ailing businesses to address their financial losses during the crisis. The reduction in employer and employee contributions to the National Provident Fund needs immediate review, and any ad hoc policy change should be avoided. Such decisions need long-term perspectives based on decisions

inclusive of stakeholder perspectives. Well-planned policies are needed that takes into considerations the social and economic conditions of the country in the long-run perspective.

These small PICs also need concerted financial policies that are sustainable in the long run and internally consistent. The financial system should be strengthened in such a way that the institutions can operate with greater flexibility and a constructive model. The banks should be empowered to provide concessional loans to businesses during such a crisis. Such loan facilities should also cover micro, small, and medium enterprises where only public sector lending exists. In addition to providing loans, the banks and financial institutions should also absorb financial risks with government fiscal support.

PIC governments need to reconsider their trade policies to build capacities both toward niche sector exports and imports substitution. Here, two-pronged development approaches are needed – (1) to restructure productive capacities and (2) restructure domestic consumption by social engineering. This involves multi-dimensional investing with a strong focus on rural development, high-value agriculture, agri-business, and new farming techniques.

Conclusion

In summary, the COVID-19 health crisis has devastated the Pacific island economies, with most of the impact on the domestic economy flowing from the decline in the tourism industry, international trade, remittances, and commodity prices. This entry argued that the decline in the tourism industry of Fiji, Solomon Islands, and Samoa is driven by the closure of the international borders, limited ship access to trade, and the quarantine period. Fiji is experiencing a greater economic shock as compared to the Solomon Islands and Samoa. In late March, the Fiji Hotels and Tourism Association announced that around 93% of its members had closed their operations due to a sharp decline in the tourist numbers. From January to March 2020, the tourism industry of the Solomon Islands has recorded a decline of 50% in average monthly

revenues (Lilomo 2020). The Visitor Earnings and Remittances Report for March 2020 showed that the visitor arrivals in March 2020 to Samoa have decreased by 62.7% as compared to the visitor arrivals in March 2019 (Fruean 2020).

Cross-References

- Crisis Management
- Health Policies

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