

## "Explanatory note on the preliminary update of the Gross Domestic Product 2021- 2023"

16-May-22

The National Planning Office produced an update of GDP by sectors for 2021-2023, based on the new series of the Statistical Office for the period 2015-2020 and our own data collection for 2021-2022 and assumptions on prices and production growth for 2023. Real economic growth at market prices (2015=100) for 2021, 2022 and 2023 is estimated at respectively -3,3%, 1.9% and 2,3%.

The estimated negative real growth of 3,3% in 2021 is the result of a decline in the production of the mineral sector of 2% and the non-mineral sector of 5%.

In 2022 as well as 2023, the economy is expected to recover after a covid period. In both years the production of the mineral sector as well as the non-mineral sector will contribute to the economic growth. The following is a more detailed explanation on the contribution the growth of selected sectors.

### **Agriculture, Forestry and Fishing**

A preliminary growth rate of -3,6% for 2021 as a result of a drop in the production of paddy as well as forestry. Paddy production dropped by 10% in 2021 as compared to 2020, while for the next two years an increase of the production is expected respectively by 2% for 2022 and 2,5% for 2023.

Banana production doubled in 2021 in relation to 2020 and is expected to grow by 2,7 % in 2022 and 2023. Production in the forestry sector fell by 30% in 2021 and is expecting to recover in 2022 (21%) and 2023 (6%).

### **Mining and Quarrying (extraction)**

The mining sector the production of gold ore and crude oil are dominant. Before 2016 Bauxite production was also included. In 2021 Mining and quarrying fell by 1,7% as a result of a drop of gold ore production of 2,6% and a drop in the production of crude oil by 0,7 %.

Mining and Quarrying is expected to grow by 0,4% in 2022, following an increase of the production of gold ore by 0,1% and 0,8% of crude oil production.

For 2023, it is assumed that production levels of the subsectors will remain at the level of 2022.

### **Manufacturing (inclusive milling and refining)**

In 2021 the estimated growth of the manufacturing industry is -4,1%, due to a decline in the production of gold processing by 12,4%, rice by 35%, wood processing by 33% as well as fish and shrimp processing by 5,6%. Oil refinery production increased by 11%. Real growth estimates for 2022 and 2023 are respectively 12,1% and 2,7% as a result of a positive contribution from the subsectors: gold, oil refinery, rice, and wood processing.

### **Electricity , gas, steam and air conditioning supply**

For the time being data is not yet available for the electricity sector for 2021 and 2022, the assumption here is that the real growth rate of the sector is expected to fall due to the price increase of electricity the 2021-2023 period.

### **Water supply; sewerage, waste management and remediation activities**

For waterproduction, it is assumed that the real growth rate is also expected to fall by 1,8% on average for the period 2021-2023 as a result of price increase.

### **Construction**

The growth rate of this sector for 2021 is estimated at -5,8%, due to a decline of the import of building materials as well as a drop of woodproduction.

It is expected that this sector will recover in the years 2022, 2023 with respectively 0,9% and 2,7%. it is assumed that the import of building materials as well as woodproduction will increase, due to investments in infrastructure and housing projects.

### **Wholesale and retail trade; repair of motor vehicles and motorcycles**

The sector is expected to drop in 2021 by 10,5% compared to 2020, as a result of a decline of imports. for 2022 and 2023 an increase of respectively 0,7% and 1,8% is expected, because of an increase in economic activity in the post covid period.

### **Accommodation and food services activities**

According to preliminary estimates, real growth of this industrial branch is estimated to fall significantly by 30% in 2021 and 20% in 2022. In 2023 the sector will recover and the expected growth rate is 10%.

### **Transport and storage**

The preliminary growth rate is estimated at -10.1% for 2021, and for the next two years the sector is expected to grow by 2,5% on average

### **Information and communication**

The growth rate is mostly based on positive developments in the area of telecommunication. This sector is estimated to grow by 6% in 2021 , while for the period 2022-2023 an average growth of 8,9% has been projected.