

# An overview of the alternative Indicators Economic Activity in Comoros archipelago

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## ABSTRACT

The Comoros, an archipelago of three islands with one of the poorest and smallest economies on the planet, are beset by a lack of natural resources, a young and fast growing population, and weak transportation connections. The labor force's low level of education leads to a subsistence level of economic activity and a significant reliance on subsidies and technical support from outside organizations. This study examined the Comoros economy's key metrics, taking into account current figures as well as historical and recently updated information. The economy of the Comoros is one of the most dependent on food imports worldwide and lacks diversification.

**Keywords:** Comoros, economy, import-export, island

## I. INTRODUCTION

With an estimated population of 795,0001, the Union of the Comoros is a small, densely populated nation made up of the three main islands of Grande Comore, Anjouan, and Mohéli. The largest island, Grande Comore, is home to Moroni, the nation's capital, and over half of the nation's population[1]. With 575 people/km<sup>2</sup> and 42% of the total population, Anjouan has the highest population density, whereas Moheli is the smallest and least inhabited island with only 6% of the total population and 171 people/km<sup>2</sup>. The population is mostly young and is still expanding quickly (2.9% annually), outpacing the economy's ability to create jobs that are meaningful. According to current projections, the population will more than double by 2050 and reach one million by 2028[2].

Comoros is still susceptible to macroeconomic fluctuations, mostly as a result of a precarious budgetary position that leaves little room for investments in the social and infrastructure sectors. The unemployment rate was last projected to be 19.2%, while economic growth has recently dropped to 1 percent. These traits, when coupled with a lack of economic

diversification and competitiveness, lead to significant and enduring trade deficits<sup>3</sup>, a limited export market, and an underlying reliance on food imports and remittances (15 and 25 % of GDP, respectively). In addition, Comoros has frequently faced political upheavals and inter-island wars since gaining independence in 1974[3]. This volatility has severely impacted the government's fiscal revenues and capacity to provide high-quality services, and it has also led to a long-term drop in real income per capita[1].

Comoros is at the center of the primary maritime route of the Indian Ocean along the African coast, and it has a strategically important location between East Africa, Madagascar, and the other islands of the Indian Ocean (Seychelles, Mauritius, Reunion). Comoros, like other small island nations, has difficulties due to its remote location, scarce natural resources, tiny domestic market, and susceptibility to climate change. Comoros faces challenges in capitalizing on its advantageous location, integrating into regional and global markets, and maintaining market fragmentation due to inadequate international and internal connectivity and high transportation costs[4].

Comoros still has a high rate of poverty. Around 18% of people live below the international poverty line, which is set at US\$1.9 per capita per day, while 34% of people live below the national poverty line, according to the most recent Complete Household Survey of 2013-2014. There are notable differences among the islands, with rural parts seeing higher rates of poverty in addition to Moheli[5]. Comoros has exceptionally high inequality as well, with a Gini value of 44.9. Comoros, one of the world's poorest nations, has a GNI per person of \$8406. This study examined the Comoros economy's key metrics, taking into account current figures as well as historical and recently updated information. The economy of the Comoros is one of the most dependent on food imports worldwide and lacks diversification[2].

## II. ECONOMIC INDICATORS AND THE COVID-19 PANDEMIC'S EFFECTS ON COMOROS.

The gross domestic product, which represents the sum of all sales of goods and services, is a key indicator of a nation's fundamental economic success. In 2022, the gross domestic product per capita worldwide was approximately 12,607 USD. In contrast, Comoros's GDP was USD 1,485 per person, or 1.24 billion USD for the entire nation (Table 1). Currently

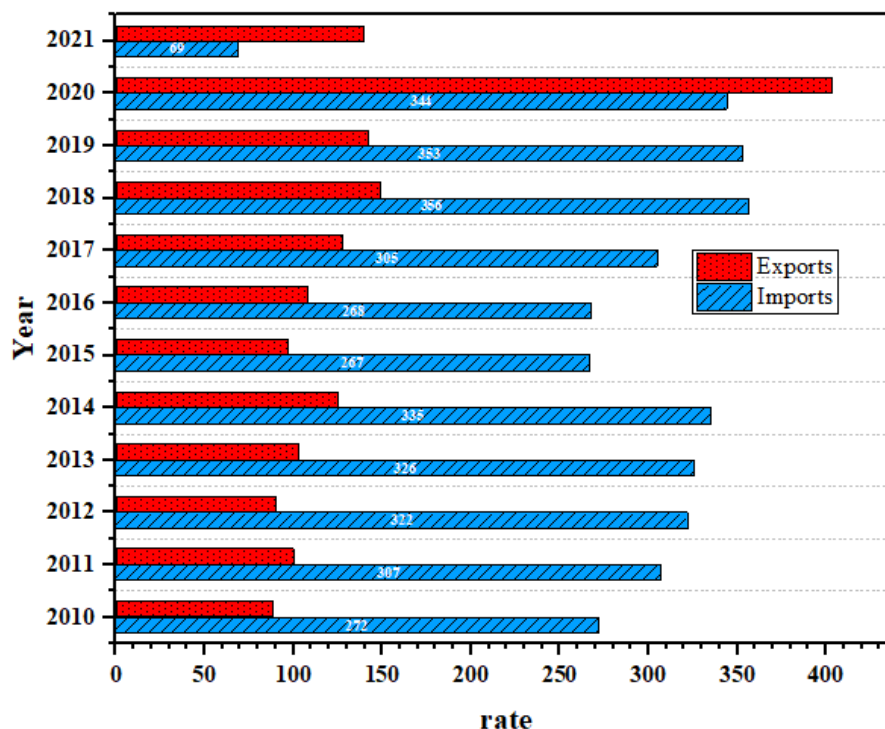
ranked 194th out of all international economies, Comoros' economy is considered to be one of the less major ones[6]. Comoros is among the world's poorest nations if purchasing power parity is used to calculate this. In Comoros, inflation was approximately -8.12% in 2015. In the same year, the average for the EU was 8.83%. The latest recent figure in the US was 8.00%. The public sector's perceived corruption index stands at 19, which is rather low by international standards[7].

**Table 1.** Comoros Imports and Exports in 2021

Indicator	Comoros Total	Comoros per Capita	EU Total	EU per Capita
Imports	343.67 m USD	410.71 USD	8.916 tn USD	17,315.52 USD
Exports	68.75 m USD	82.16 USD	9.554 tn USD	18,554.72 USD

In total, the GDP of Comoros grew from 1.20 billion US dollars to 1.23 billion US dollars in 2020 (Figure 1). Undoubtedly, there have been changes in many economic areas, but this year's 2.5 percent gain has been fairly remarkable[6]. Comoros has held its own, despite the fact that most other nations have sustained severe casualties. Just the tourism industry had a roughly 75% decline. The percentage of unemployed people increased from 8.1 to 9.0%. The gross domestic debt of the nation rose by 9.6%.

In Comoros, the average monthly income per person is \$134 USD (Figure 2). The amount is 6,364 US dollars in the USA. But consumer products are also around 54.4 percent less expensive here than they are in the United States. Living in Comoros is more expensive than in the US when income and price levels are compared. In summary, the expenses are greater than the income, and the difference is around 95.4% [5].



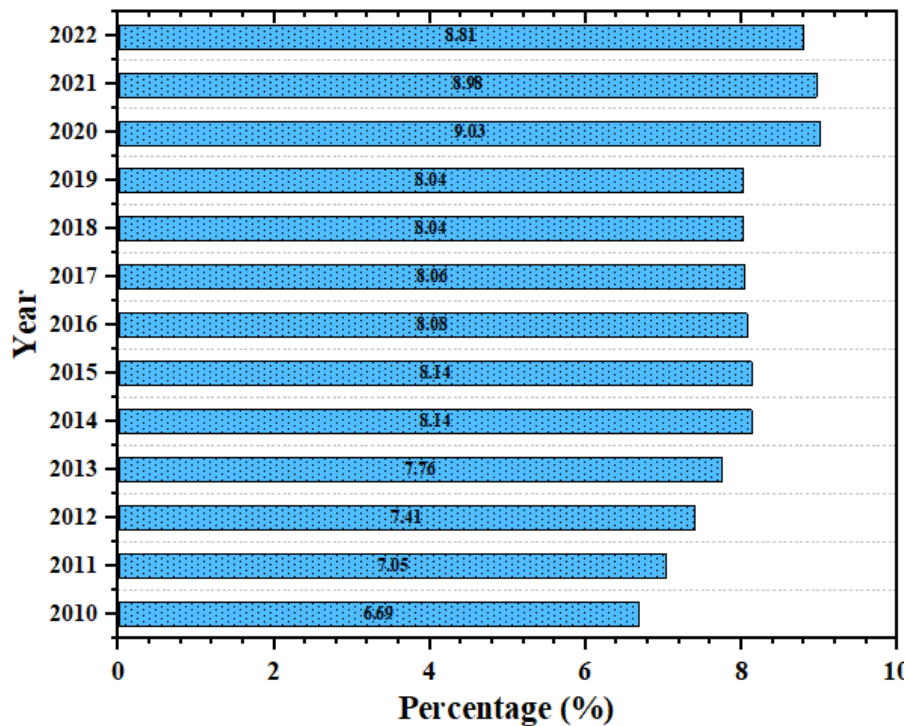
**Figure 1.** Development of imports and exports in millions of USD (2010 – 2021)

But it's also critical to keep in mind that this is a strictly statistical model. It is not necessary for the labor production and the kind and caliber of the commodities received to match because they

always fall within the national average on both sides of the equation (Table 2). Additionally, an international comparison of purchasing power and cost of living may be seen here.

**Table 2 . Economic performance in 2022**

Indicator	Comoros Total	Comoros per Capita	EU Total	EU per Capita
GDP	1.24 bn USD	1.484.89 USD	16.641 Tn USD	32,317.93 USD
Gross national Product	1.35 bn USD	1.609.14 USD	17.773 tn USD	34,515.94 USD



**Figure 2.**Unemployment rates in percentages (2010-2022)

### III. COMOROS'S RATES OF INFLATION

Over the previous 5 years, Comoros' consumer price inflation rate fluctuated between -8.1% and 6.3%. An inflation rate of -8.1% was determined for 2015. The average annual inflation rate from 2010 to 2015 was 2.4% for the monitoring period. The price increase was 38.50% overall. At the start of 2016, an item that cost 100

francs in 2010 would cost 138.50 francs. Negative inflation rates are only attained in a small number of nations (Table 3). This indicates that consumer prices are getting lower and the general level of prices is dropping. Deflation is the term for this. The large price rises are a little unusual when compared to other nations. This could indicate political or financial issues[5].

**Table 3 . Historical inflation rates in comparison (2010-2015)**

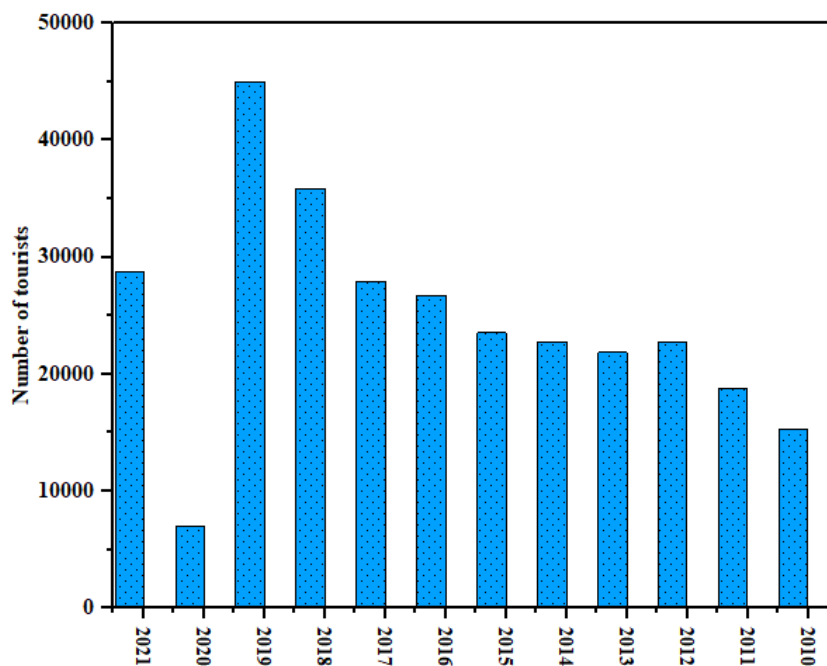
Year	Comoros	Ø EU	Ø USA	Ø World
2015	-8.12%	-0.06%	0.12%	1.43%
2014	0.58%	0.20%	1.62%	2.35%
2013	-4.29%	1.22%	1.46%	2.62%
2012	6.31%	2.66%	2.07%	3.73%

2011	1.84%	3.29%	3.16%	4.82%
2010	3.35%	1.53%	1.64%	3.35%

#### IV. TOURISM IN COMOROS

Comoros had 28,800 visitors in total in 2021, placing it 187<sup>th</sup> in the world overall. It is evident that smaller nations consistently perform worse when compared in terms of the total number of visitors. A much more comparable image is obtained by comparing the number of visitors to the population of Comoros: 0.034 tourists per thousand inhabitants placed Comoros at 140<sup>th</sup> place globally. It came in ninth place in Eastern Africa. Comoros's tourist industry alone brought in about 71.80 million US dollars in 2021. This is equivalent to 5.8% of the country's GDP and around 1% of all foreign tourism earnings in Eastern Africa[7].

The number of registered tourist arrivals in Comoros per year is depicted in **figure 3**. A tourist is defined as someone who visits the nation for at least one night but does not remain for longer than twelve months. Business excursions and other non-tourism travel reasons have previously been disqualified from the poll, to the extent that it asked about the purpose of the trip. The quantity of individuals who travel through in a single day, and crew members of ships or airplanes, for example, are not usually regarded as tourists in most nations. A person's visits count twice if they come and go more than once in a single year[6].



**Figure 3.**Development of the tourism sector in Comoros from (2010-2021)

Sales were \$72.70 million billion, or 6.1% of the GDP, prior to the COVID-19 pandemic epidemic. 2020 saw a sharp decline in tourism revenue because of the COVID-19 epidemic. Just \$18.50 million billion of the \$72.70 million billion from 2019 was left. There has been a 75% drop in Comoros. Each visitor arriving in 2021 spent, on average, 2,368 US dollars[8].

This study demonstrated that data from the World Tourism Organization is used to calculate revenues and expenses. However, the data for some

years or countries were personally investigated and adjusted if they clearly contained tourists without overnight stays in order to assure international comparability. In each of these instances, the information was obtained from the official correspondence of the corresponding national travel agencies (**Table 4**). The World Tourism Organization further notes that while visitor numbers are collected exclusively at airports in certain countries, they are also counted at border crossings and hotels in other countries[6].

Therefore, it is nearly impossible to provide a thorough and trustworthy indication in any nation.

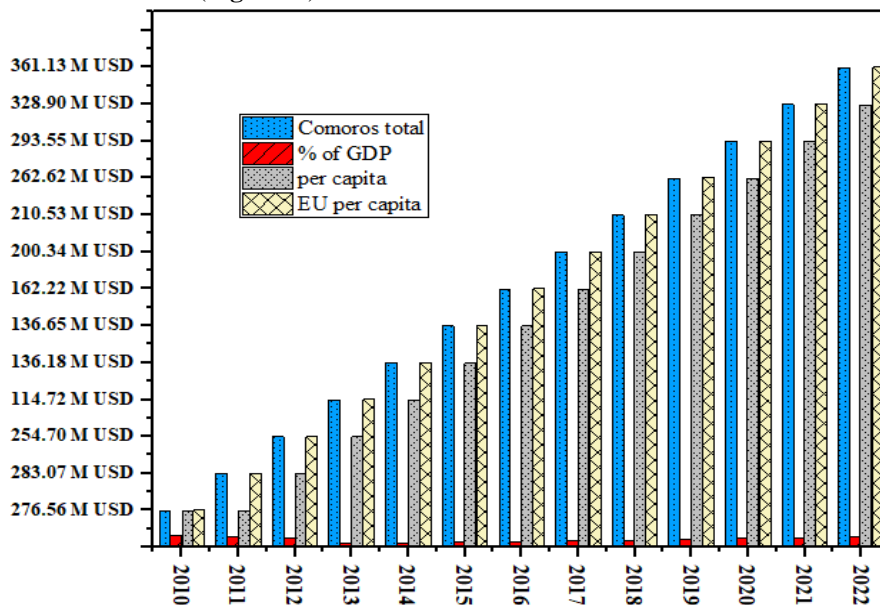
**Table 4.** Tourist numbers and revenues (2010-2021)

Year	Number of tourists	Receipts	% of GNP
2021	28,800	71.80 m \$	5.50%
2020	7,000	18.50 m \$	1.50%
2019	45,100	72.70 m \$	6.10%
2018	35,900	73.70 m \$	6.20%
2017	28,000	60.60 m \$	5.60%
2016	26,800	50.50 m \$	5.00%
2015	23,600	51.60 m \$	5.30%
2014	22,800	62.80 m \$	5.50%
2013	21,900	50.50 m \$	5.00%
2012	22,800	39.30 m \$	3.90%
2011	18,800	42.20 m \$	4.10%
2010	15,300	35.20 m \$	3.90%

**National debt in Comoros**

The debt of the state of Comoros is referred to as the government debt; it does not include the debt of its federal states, municipalities, or organizations. Between 2010 and 2022, the amount of government debt ranged from 114.7 million to 462.8 million USD (Figure 4). In the

previous twelve years, 2021 was the highest level. But as of 2022, the liabilities were only \$361 million USD. This is a debt of 432 USD per person based on the population. In contrast, the average debt per person in the European Union during the same year was USD 29,540[7].



**Figure 4.**Public debt over the last 12 years in million USD

It was predicted that the Comoros' national debt will rise steadily by 0.2 billion US dollars (+45.45%) between 2023 and 2028 (Figure 5). The national debt is predicted to hit a new height in 2028, amounting to 0.65 billion US dollars, following the eleventh year of straight increases.

Notably, throughout the past few years, the national debt has been steadily rising. The International Monetary Fund defines the general government gross debt as all obligations that call for principle and/or interest payments to be made by the debtor to the creditor at one or more future dates[4].



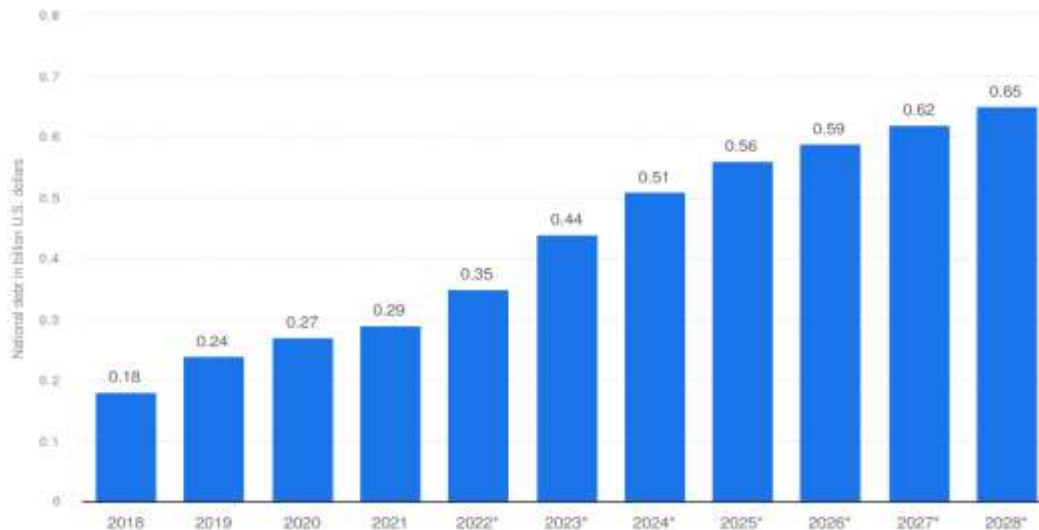


Figure 5. Comoros: National debt from 2018 to 2028 (in billion U.S. dollars)

## V. CONCLUSIONS

This study examined the Comoros economy's key metrics, taking into account current figures as well as historical and recently updated information. Natural catastrophes like wildfires and severe weather frequently cause disruptions to the Comoros' export revenue. Approximately 70% of the nation's food is imported, despite agriculture's significant economic contribution; rice, the major staple, and other dried vegetables make up more than 25% of imports. Approximately 300,000 Comorians send money home, making up 25% of the nation's GDP. The former colonial power of Comoros, France, is still an important bilateral donor and economic partner. Comoros has several challenges, including an outdated educational system, few chances for private businesses and industries, inadequate health care, little export revenue, and a rapid population growth rate. Growth has been hampered by persistent political unrest, which is occasionally brought on by external factors, as well as an ongoing electrical shortage. The government, which was elected in the middle of 2016, has made progress toward increasing revenue mobilization, cutting costs, and expanding access to energy, even if the public sector wage bill is still among the highest in sub-Saharan Africa.

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