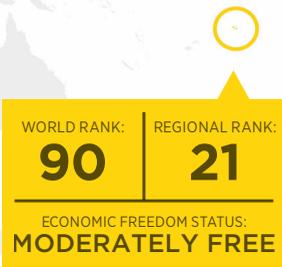


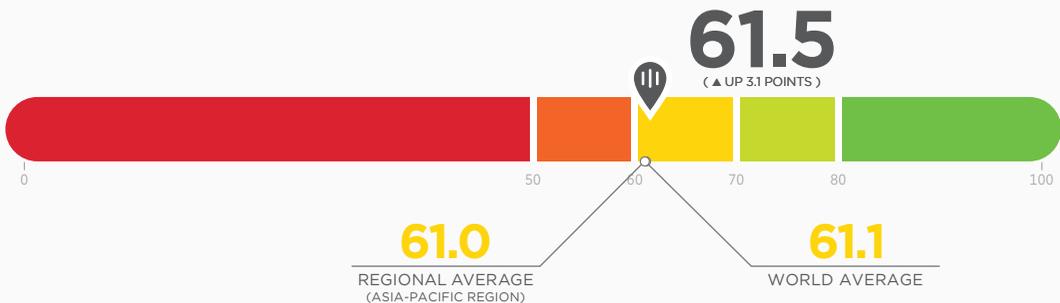
# SAMOA

Samoa's economic freedom score is 61.5, making its economy the 90th freest in the 2018 *Index*. Its overall score has increased by 3.1 points, with improvements in **judicial effectiveness** and **fiscal health** far outpacing modest declines in scores for the **tax burden** and **trade freedom** indicators. Samoa is ranked 21st among 43 countries in the Asia-Pacific region, and its overall score is just above the regional and world averages.

Although the government of Samoa has called for financial-sector deregulation, greater investment, and fiscal discipline, it has lagged in actually making reforms in vital economic institutions and addressing other structural weaknesses that undermine economic freedom. Measures this year to improve the judicial system's effectiveness and the rule of law and to constrain inefficient and high public spending are positive signs. Modest regulatory reforms in recent years, including simplification of the business start-up process, have led to increased efficiency.



## ECONOMIC FREEDOM SCORE

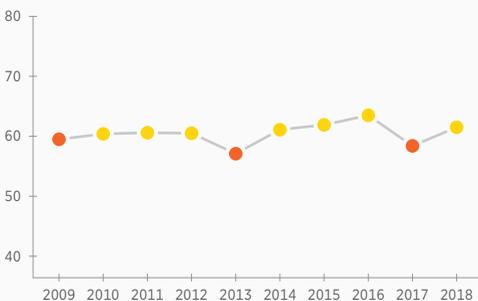


**NOTABLE SUCCESSES:**  
Monetary Stability, Business Freedom, and Labor Freedom

**CONCERNS:**  
Rule of Law, Financial Freedom, and Government Spending

**OVERALL SCORE CHANGE SINCE 2014:**  
+0.4

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.2 million

**GDP (PPP):**  
\$1.1 billion  
6.6% growth in 2016  
5-year compound annual growth 1.6%  
\$5,553 per capita

**UNEMPLOYMENT:**  
7.2%

**INFLATION (CPI):**  
0.1%

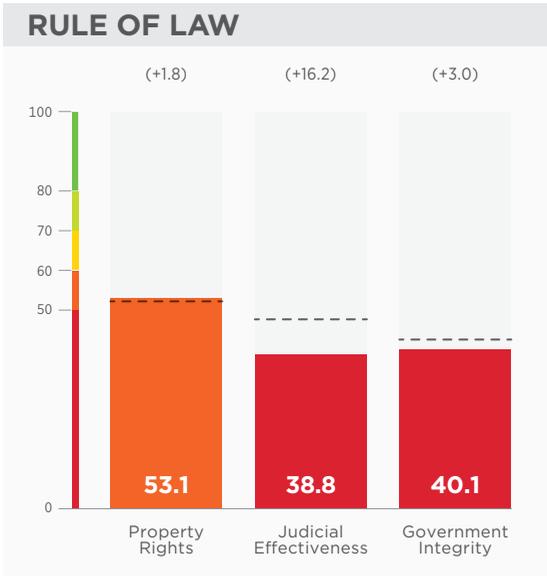
**FDI INFLOW:**  
\$2.3 million

**PUBLIC DEBT:**  
52.6% of GDP

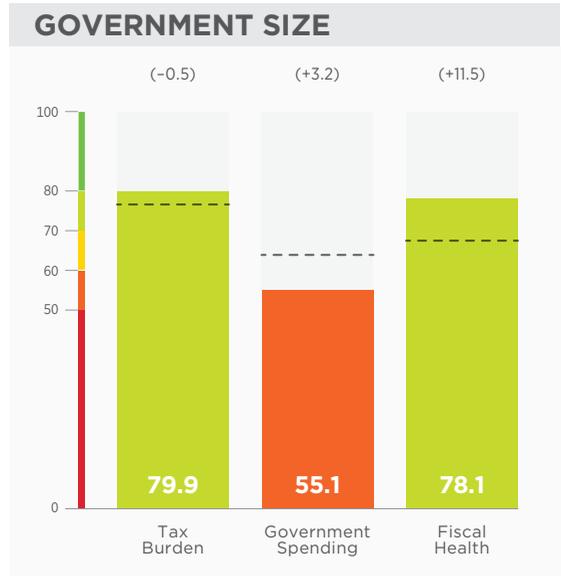
2016 data unless otherwise noted. Data compiled as of September 2017

**BACKGROUND:** A small South Pacific archipelago with a population of fewer than 200,000, Samoa was administered by New Zealand until independence in 1962. It is now a multiparty, unicameral parliamentary democracy dominated politically by the Human Rights Protection Party, which holds 47 out of 50 seats in parliament. Prime Minister Tuilaepa Aiono Sailele Malielegaoi, in office since 1998, was reelected in 2016. Two-thirds of the workforce is employed in fishing and agriculture, which produce 90 percent of exports. The country also relies on the many Samoans who send money home from jobs in Australia and New Zealand. Samoa will host the 2019 Pacific Games, which are expected to support economic growth through infrastructure investments and higher tourism receipts.

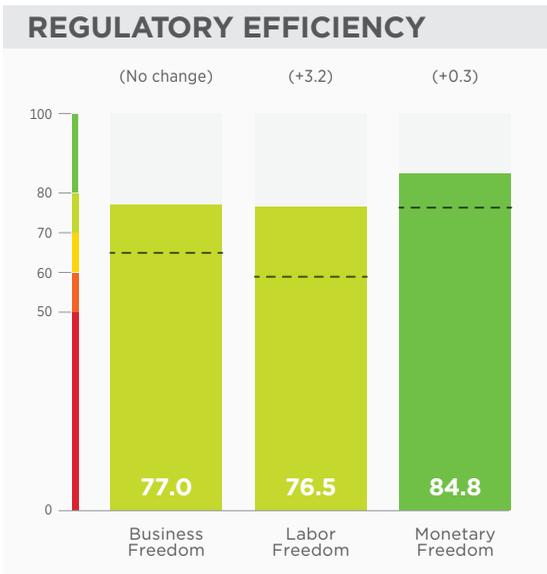
# 12 ECONOMIC FREEDOMS | SAMOA



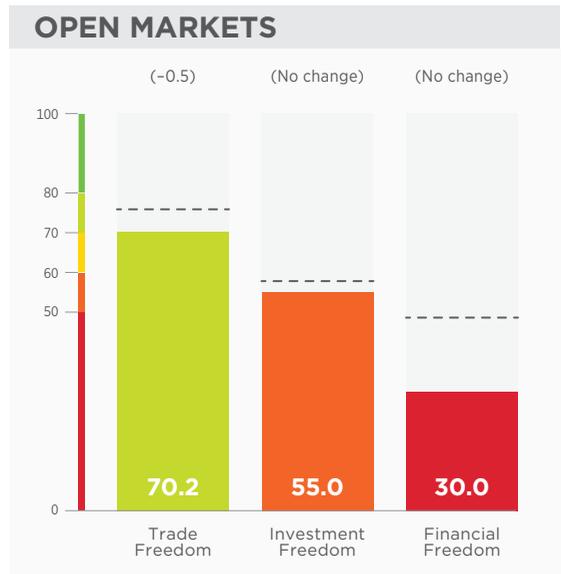
A modern and well-functioning legal framework for land ownership and enforcement of property rights is not firmly in place. Samoa has legislation protecting patents, designs, and trademarks, and enforcement is moderate. The judiciary is independent. The law provides criminal penalties for corruption by officials, but official corruption continues to be a major cause of public discontent.



The top individual income and corporate tax rates are 27 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 23.6 percent of total domestic income. Over the past three years, government spending has amounted to 38.7 percent of total output (GDP), and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 52.6 percent of GDP.



The erratic and arbitrary application of commercial codes increases business uncertainty. The underdeveloped labor market, already suffering from skills mismatches, is likely to be strained by the expected closure of a major automobile parts exporter. The government has not privatized the inefficient and highly subsidized electricity-generation company and other state-owned enterprises.



Trade is significant for Samoa's economy; the combined value of exports and imports equals 79 percent of GDP. The average applied tariff rate is 9.9 percent. Nontariff barriers impede some trade. Government openness to foreign investment is below average. Nontransparent regulations continue to deter dynamic growth of long-term capital flows. Scarce access to financial services continues to keep much of the population from using banking services.