

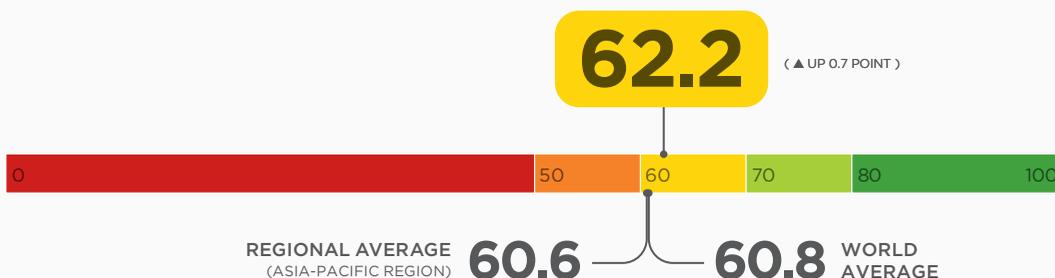
SAMOA

Samoa's economic freedom score is 62.2, making its economy the 82nd freest in the 2019 *Index*. Its overall score has increased by 0.7 point, with much higher scores for **fiscal health** and **government spending** offsetting significant declines in **judicial effectiveness** and **trade freedom**. Samoa is ranked 19th among 43 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Key policy challenges for Samoa include achieving greater fiscal discipline, boosting economic growth, and eventually weaning the country from the need for donor assistance. Unfortunately, the government has lagged in actually making reforms in vital economic institutions and addressing other structural weaknesses that undermine economic freedom. Additional measures are needed to improve the judicial system's effectiveness and the rule of law. Modest regulatory reforms in recent years, including simplification of the business start-up process, have led to increased efficiency.



ECONOMIC FREEDOM SCORE

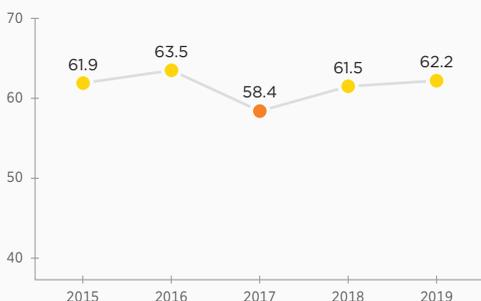


RELATIVE STRENGTHS:
Fiscal Health and
Monetary Freedom

**HISTORICAL INDEX SCORE
CHANGE (SINCE 1996):**
+14.6

CONCERNS:
Financial Freedom and
Judicial Effectiveness

FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$1.1 billion
2.4% growth in 2017
5-year compound
annual growth 2.1%
\$5,740 per capita

UNEMPLOYMENT:
8.2%

INFLATION (CPI):
1.3%

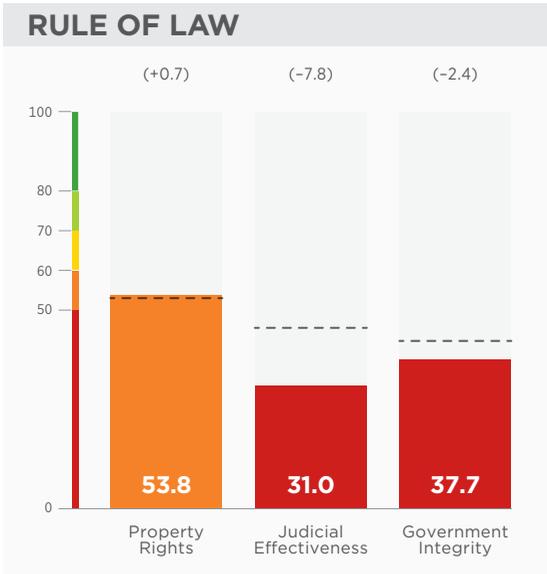
FDI INFLOW:
\$9.0 million

PUBLIC DEBT:
49.1% of GDP

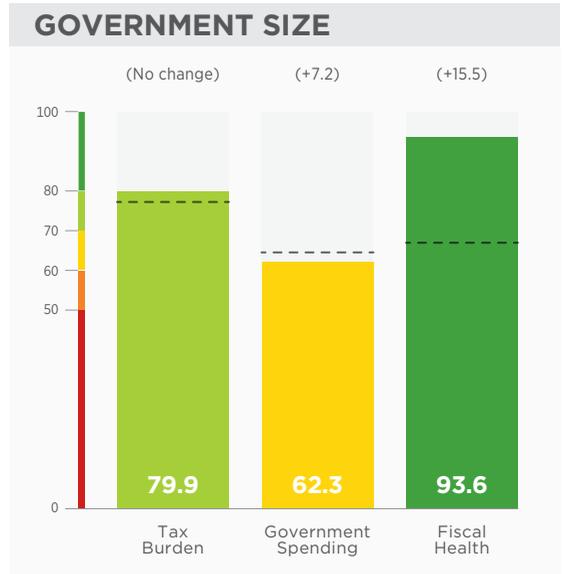
2017 data unless otherwise noted. Data compiled as of September 2018

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 by the Human Rights Protection Party, which holds 47 of the 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, and the economy relies on emigrants' remittances. The government is encouraging more offshore banking and foreign investment in manufacturing. Samoa will host the 2019 Pacific Games, which are expected to support economic growth through infrastructure investments and higher tourism receipts.

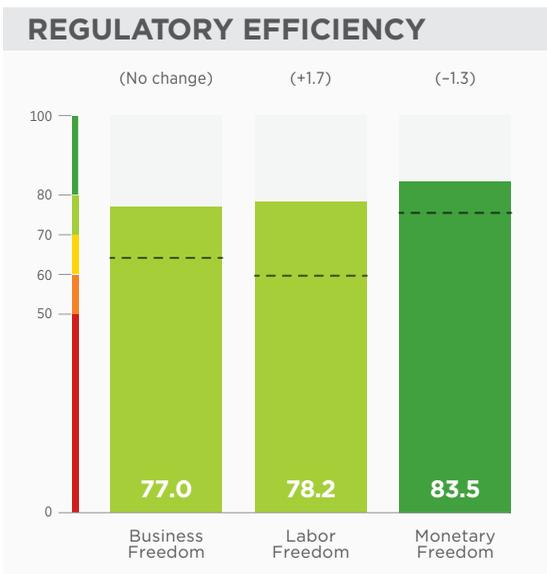
12 ECONOMIC FREEDOMS | SAMOA



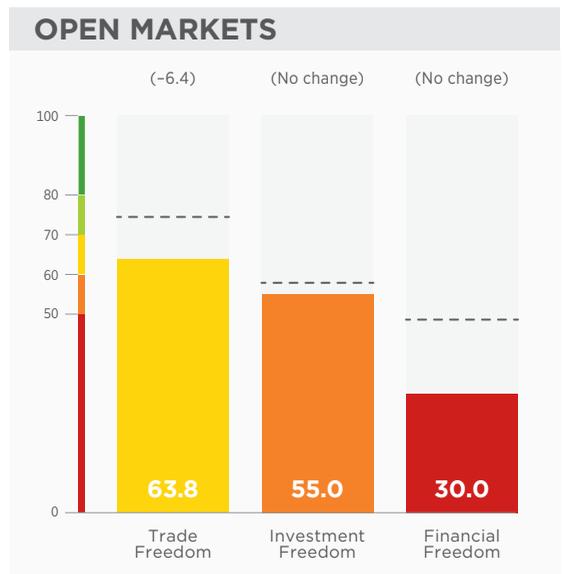
Samoa lacks an efficient legal framework for the adequate protection of property rights and enforcement of contracts. The judiciary is independent, but the executive branch is perceived as exercising a great deal of influence over it. Official corruption is still a major cause of public discontent. Anticorruption statutes are not always enforced evenly, and Samoa does not have an anticorruption tribunal.



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 35.5 percent of the country's output (GDP), and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 49.1 percent of GDP.



Modest regulatory reforms, including simplification of the business start-up process, have led to increased efficiency. However, the pace of reform has slowed in recent years. The nonsalary cost of employing a worker is low, but the formal labor market is not fully developed. The government has been slow to privatize state-owned enterprises such as the inefficient and highly subsidized electricity-generation company.



The combined value of exports and imports is equal to 79.2 percent of GDP. The average applied tariff rate is 10.6 percent. Nontariff barriers persist, and policies critical to market openness have not advanced. Investment in some sectors of the economy is restricted. Samoa's small and underdeveloped financial sector is dominated by banking, but a significant portion of the population remains unconnected to the formal banking system.