SAMOA

Samoa’s economic freedom score is 68.3, making its economy the 38th freest in the 2023 Index. Its score is unchanged from last year. Samoa ranks 7th out of 39 countries in the Asia-Pacific region, and its overall score is above the world and regional averages.

Samoa is a moderately free economy. Scores for the rule of law and fiscal health are relatively high. However, structural and institutional reform has been uneven. More vibrant economic growth is constrained by structural weaknesses that continue to undermine economic freedom and the private sector. The pace of reform has slowed in recent years.

ECONOMIC FREEDOM SCORE

68.3

RECENT FREEDOM TREND

BACKGROUND: A small South Pacific archipelago with a population of fewer than 200,000, Samoa was administered by New Zealand until 1962 and is now a multiparty, unicameral parliamentary democracy. Following general elections in 2021, Prime Minister Tuilaepa Aiono Sailele refused to step down and accept the victory of Naomi Mata’a’afa. The crisis was resolved in 2021 when the Supreme Court declared Mata’a’afa the victor. Two-thirds of the workforce is employed in fishing and agriculture, which produce 90 percent of exports, and the economy relies heavily on remittances from emigrants. The government is encouraging more offshore banking and foreign investment in manufacturing.

2021 data unless otherwise noted. Data compiled as of September 2022.
The overall rule of law is well respected in Samoa. The country’s property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.

The top individual and corporate tax rates are 27 percent. The tax burden equals 25.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 32.3 percent and 2.9 percent of GDP. Public debt equals 46.3 percent of GDP.

The regulatory framework supports entrepreneurial activity, but application of the commercial codes is not always straightforward. A modern labor market is not fully developed, and informal labor activity remains substantial. Monetary stability has been fragile, and inflation levels vary widely from year to year.

The trade-weighted average tariff rate is 8.6 percent. Other barriers persist, and policies critical to market openness have not advanced. The small and underdeveloped financial sector is dominated by banking, but a significant portion of the population remains unconnected to the formal banking system.