
SUMMARY

1. A small archipelago in the South Pacific with close to 200,000 inhabitants, Samoa is a middle-income country with a per capita income of about USD 4,100 in 2017. Tourism, agriculture, fisheries and trade services are the main pillars of the economy. Remittances and foreign aid also play an important role in sustaining the economy, which is vulnerable to natural disasters.

2. Economic growth was uneven in the period under review (2012-18), averaging 1.9%, as Samoa sought to recover from the devastation caused by category 5 Cyclone Evan in 2012. The economy received a boost from reconstruction efforts and international events hosted by Samoa. However, the closure in 2017 of the largest manufacturing plant (producing automobile wire harnesses for export to Australia) significantly weakened economic growth.

3. Samoa's fiscal balance improved from a deficit to a small surplus in 2017-18, as fiscal policy was geared towards broadening the tax base and curbing reliance on foreign aid. The debt-to-GDP ratio increased from 51.6% in 2012/13 to 55.3% in 2014/15, before moderating slightly in 2016/17 and 2017/18. Inflation remained below the Central Bank's target of 3% during most of the review period.

4. Samoa has a large merchandise trade deficit, and the country has become increasingly dependent on food imports. Its merchandise imports increased from USD 346 million in 2012 to USD 388 million in 2014, driven by capital goods for reconstruction following Cyclone Evan, after which imports declined to USD 356 million in 2017. Merchandise exports dropped from USD 76 million in 2012 to USD 44 million in 2017, largely owing to the factory closure. Tuna has emerged as Samoa's main export product, contributing almost 30% to merchandise exports in 2017. Its main trading partners are New Zealand, Singapore, Australia, the United States, China and Fiji. Samoa is a net exporter of services (mainly travel services), which account for over 80% of total exports. Against the background of rising services exports, the current account deficit moved into surplus in 2017.

5. Samoa grants at least MFN treatment to all its trading partners. It is a party to the Pacific Island Countries Trade Agreement (PICTA), granting duty-free preferential treatment to almost all products from participating Forum Island Countries, subject to rules of origin. Samoa is a beneficiary of non-reciprocal preferences granted by Australia and New Zealand under the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA). It is a signatory to the Pacific Agreement on Closer Economic Relations (PACER) Plus, which has not yet entered into force. Samoa graduated from the status of least developed country on 1 January 2014. It remains eligible to use other non-LDC specific GSP schemes. Samoa is in the process of joining the Interim Economic Partnership Agreement between the European Union and the Pacific States.

6. This is Samoa's first Trade Policy Review. A WTO Member since May 2012, its participation in the WTO is facilitated by the Pacific Island Forum Secretariat Office in Geneva. The WTO Agreement on Trade Facilitation was accepted by Samoa on 21 April 2016, and two notifications regarding its Category A, B and C commitments were submitted. Samoa has otherwise provided few notifications to the WTO, and has outstanding notifications in areas such as domestic support and export subsidies in agriculture, and import licensing procedures. Samoa has never been a party to, or a third party in, any WTO dispute settlement procedure.

7. Responsibility for trade policy formulation lies with the Trade Division of the Ministry of Foreign Affairs and Trade (MFAT). Trade negotiations are currently led by the Minister of Commerce, Industry and Labour (MCIL). The Samoan development strategy aims at boosting productivity and strengthening the country's resilience to shocks for sustainable economic growth. Samoa is in the process of implementing its eighth development plan (Strategy for the Development of Samoa 2016/17–2019/20) complemented by detailed sectoral plans. The Trade, Commerce and Manufacturing Sector Plan, which is based upon a Diagnostic Trade Integration Study, provides for a range of reforms of the regulatory framework affecting trade and investment.

8. Samoa's foreign investment regime is governed by the Foreign Investment Act, 2000 (as amended) and implementing regulations. The legal framework does not apply to the offshore financial services sector, which is overseen by the Samoa International Finance Authority (SIFA). Samoa is relatively open to foreign investment, albeit with a few exceptions. "Reserved" activities closed to foreign investment include the food retail trade, transportation (buses, taxis, rental cars),

saw mills, traditional ("elei") garment design and printing, and traditional Samoan accommodation ("fale") and budget accommodation. "Restricted" activities cover certain services, and the processing of coconut oil and nonu fruit (used as a traditional herbal medicine); for these activities, joint venture/incorporation requirements apply. Commercial fishing is subject to a 40% foreign-ownership cap.

9. Samoa has adopted a new Customs Act and customs regulations, and upgraded its clearance procedures to ASYCUDA++. Customs valuation is implemented through the Customs Valuation Regulations, 2011, based on the WTO Customs Valuation Agreement. Samoa has no non-preferential rules of origin.

10. The 2018 customs tariff has four bands (duty-free; 5%; 8%; and 20%) with a few exceptions in terms of higher tariffs and non-*ad valorem* tariffs. The average applied MFN tariff was 11.5% in 2018, virtually unchanged since Samoa's accession to the WTO. MFN tariffs on agricultural products (WTO definition) averaged 15.4% in 2018, ranging from zero to 300%. The peak tariff of 300% is levied on turkey tails. MFN tariffs on non-agricultural products averaged 10.7% in 2018, ranging from zero to 50%. Samoa has bound all tariffs, and generally there is a gap between the bound rates and the applied tariffs. In 2018, the applied MFN rates of 20 tariff lines exceeded their respective bound rates, including 9 tariff lines that were increased pursuant to the Customs Tariff Amendment Act, 2018. No other duties or charges (ODCs) are imposed at the border. Samoa has no legislation on trade contingency measures, and has never used anti-dumping, countervailing, or safeguard measures.

11. Imported and domestic goods and services are subject to a Value-Added Goods and Services Tax (VAGST) at the standard rate of 15%. Excise taxes are levied, *inter alia*, on certain food items; alcoholic beverages; tobacco products; fuel; and certain vehicles. In 2018, excise taxes were increased on food items with a high sugar or high fat content to encourage healthier diets.

12. Samoa maintains several import restrictions and prohibitions for health, safety or environmental reasons or to meet its international obligations. The import prohibition on turkey tails, which was applied on the grounds of health concerns, was lifted in 2013. Imports of left-hand drive vehicles are prohibited for traffic safety reasons (Samoa is a right-hand drive country), subject to a monthly import quota of 100 units (vehicles for private use, pick-up trucks and some special purpose vehicles). An import prohibition applies to second-hand vehicles over 10 years old. The local production and importation of liquor with an alcohol percentage greater than 40% was prohibited in 2018.

13. In general, registration formalities for exports of goods for commercial purposes are similar to those for imports. Samoa does not levy any export taxes. Exports of logs and timber, sea cucumbers, and live corals are prohibited for environmental reasons. Support for export activities is provided through import duty concession schemes. There are no governmental export finance, insurance or guarantee schemes. Exporters are required to repatriate export revenues.

14. At present, Samoa has few technical regulations and there is no single standardization body. The development of technical regulations falls under the responsibility of various ministries and agencies, including the MCIL. The Competition and Consumer Act, 2016 provides for the adoption of product standards by regulation. A new technical regulation on energy-efficiency standards came into force in 2018. In 2015, Samoa adopted a new Food Act, 2015, including its implementing regulations and several Codex-based standards. Samoa has yet to notify its recent TBT and SPS measures.

15. Samoa has reformed its competition regime with the adoption of a new Competition and Consumer Act in 2016. Under this legislation, price controls, still in place on basic food and household items, are to be lifted after a transition period. The State continues to play an important role in the economy, with state-owned enterprises operating in sectors such as utilities, ports and maritime transport, and airports and air transport. A legal framework is in place to strengthen the performance and accountability of state-owned enterprises.

16. The conduct of government procurement in Samoa is based on the Public Finance Management Act, 2001 and other legislation. They provide for the establishment of a Government Tenders Board, which is supported by the Procurement Division under the Ministry of Finance. Within the prescribed

limits, the Board is responsible for, *inter alia*: opening and awarding tenders for goods, works and general services. Samoa has an open government procurement regime, where open tendering is the norm (67% of total procurement in 2017/18) and no preferences are granted to domestic companies. Alternative methods of procurement are allowed under limited conditions.

17. The institutional and legal framework for the protection of intellectual property rights (IPRs) remains substantially unchanged since Samoa's WTO accession, and covers the main areas of the TRIPS Agreement. IPRs in Samoa are protected under, *inter alia*: the Copyright Act, 1998; the Copyright Amendment Act, 2011; the Intellectual Property Act, 2011; and the Intellectual Property Amendment Act, 2018. Responsibility for the formulation and implementation of intellectual property policy rests with the Registries of Companies and Intellectual Property Division of the MCIL, in collaboration with relevant stakeholders. It receives applications from domestic and international applicants, and grants or denies IPRs. Samoa aims to further reform its IPR regime through its 2012 National Intellectual Property Strategy and provide better protection to Samoan traditional knowledge and cultural expressions. Samoa is a party to several IPR-related international conventions and agreements. In December 2018, the Government deposited its instrument of accession to the Madrid Protocol.

18. The agriculture sector contributed 7.7% to GDP in 2017/18. Taro and other root crops are Samoa's main export commodities; however, agricultural production is otherwise largely for subsistence. Government support has been mainly in the form of Green Box general services and input subsidies to subsistence farmers (such as seeds and planting material), and also in response to natural disasters. The fisheries sector contributed 3% to GDP in 2017/18. Samoa adopted a new Fisheries Management Act, 2016, which is complemented by a management plan and licensing regime for the important tuna fishery sector. Commercial fishing enterprises may benefit from incentives in the form of tariff exemptions on fishing gear, bait, and equipment.

19. The state-owned Electric Power Corporation establishes and maintains the infrastructure for the transmission and distribution of electric power, and purchases electricity from independent power producers. The Office of the Regulator (for the telecom, electricity, broadcasting and postal sectors) is responsible for setting and reviewing tariffs charged by electricity licensees. The current electricity tariff structure comprises: a debt charge, a usage charge, and an energy charge. Based on monthly cost movements, the Regulator reviews and approves the energy charge on a monthly basis.

20. The manufacturing sector contributed 7.6% to GDP in 2017/18, down from 11% in 2012/13. Key subsectors include the food and beverage, tobacco, and clothing industries. Government support is provided mainly in the form of import duty concessions on inputs, raw materials and capital goods, which are available to poultry farmers, the fishing and food industries, manufacturers of handicrafts and indigenous garments, and the aviation and tourism industries.

21. Samoa's services sector contributes to over two thirds of GDP, led by trade services (33% of GDP in 2017/18). Under the GATS, Samoa has made specific commitments in some 70 subsectors: these include business services, communications, educational and construction services, on which open and non-discriminatory regimes have been scheduled, and financial services, tourism and travel related services, where certain modes of supply are unbound or subject to limitations.

22. The Central Bank of Samoa is the main regulator of the financial services sector. The main legislation regulating the sector includes the Central Bank of Samoa Act, 2015, the Financial Institution Act, 1996, the Insurance Act, 2007, and the Money Laundering Prevention Act, 2007. With regard to banking services, while commercial banks are well capitalized, natural disasters continue to pose a risk. The partial withdrawal of correspondent bank relationships by global banks has stabilized in recent years. Prudential standards apply equally to foreign and domestic banks, and are established in line with the Basel Core Principles. A strategy on anti-money laundering and countering the financing of terrorist activities is in place.

23. The main piece of legislation governing the telecommunications sector is the Telecommunications Act, 2005. There is no foreign ownership restriction in the sector. The Office of the Regulator is responsible for regulatory functions, such as licensing and frequency management.

24. Ports, airports and road networks are essential for Samoa's economic and social development, given the country's remoteness. The authorities overseeing the sector include the Ministry of Works, Transport and Infrastructure, the Land Transport Authority, the Samoa Port Authority, the Samoa Shipping Company, and the Samoa Airport Authority. Maritime transport is regulated by the Shipping Act, 1998 and its Regulations. The primary legislation governing civil aviation in Samoa is the Civil Aviation Act, 1998 and its Regulations. The National Infrastructure Strategic Plan and the Transport Sector Plan are the main policy documents for achieving the Government's objectives in the transport sector. Samoa has signed bilateral agreements with several countries, including Australia and China; and is a signatory to the Pacific Islands Air Service Agreement (PIASA), which provides for the establishment of a single aviation market. Samoa has withdrawn from the Multilateral Agreement on the Liberalization of International Air Transportation (MALIAT), effective 9 March 2019.

25. Tourism is vital for Samoa, with export earnings equivalent to about 20% of GDP. The Tourism Development Act, 2012 is the main piece of legislation regulating tourism and related activities. The Samoa Tourism Authority (STA) administers the licensing regime for the sector. Investment in the sector is encouraged through import duty exemptions for imported materials