

Overview

Economic activities deteriorated further in 2009, following a downturn in 2008. This was consequent to the sustained strong growth in the early 2000 to 2007 that registered an annual real trend growth of 4.6%. The un-favorable performance was apparent of the uncertainties forced by the global recession, changing weather conditions and the devastated Tsunami on September 2009, which undercut prospects of recovery, especially the Tourism industry.

GDP Levels :

Gross Domestic Product at current market prices for 2009 was estimated at \$1,429.5 million, fell by 1.0% compared to aggregated GDP of \$1,444.2 million in 2008. At this level GDP per capita was equivalent to \$7,802 or US\$3,121 (est \$US1 = \$2.50), that exceeded the LDC status criteria for GDP per capita of US\$900.

At constant 2002 prices total GDP stood at \$1,056.4 million, declined by 1.8% compared to the \$1,075.4 million in 2008. Chart 1 shows the level of GDP both in current and constant 2002 prices from 2005 to 2009 (figures in Table 1). Depicted in the chart is the GDP at constant prices returning to normal after a notable performance, that recorded a revised growth of 6.6% in 2007.

Chart 1: GDP at current and constant prices, 2005 — 2009



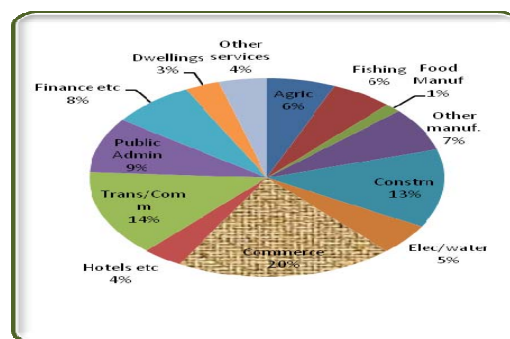
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GDP Composition :

The industry composition of current price GDP in 2009 is shown in Chart 2. At a much broader level, Services sector continued to expand, comprising a share of 54.1%, up by 1.7 percentage share compared to the 52.4% in 2008. Commerce and Transport & Communication which are the two largest industries comprised 63.0 percent of the total services sector share for 2009. Finance and Business Services sector being the consistently growing industry throughout the years contributed significantly to the economy with a share of 8.8%.

Chart 2: Composition of GDP 2009



The Secondary sector has been severely affected in 2009 with the global recession, notably Other Manufacturing which share to GDP reduced to 7.1% compared to a share of 9.5% in 2008. Consequently, Food and Beverage share to GDP deteriorated further from 3.4% in 2005 to a 1.4% in 2009. Overall sector share declined to 26.3% from 28.6% in 2008.

Agriculture and Fishing share to GDP has been declining from a 12.4 percent in 2005 to 11.9 percent in 2009. The continuous decline and the fluctuation in this industry's share is evident of the industries vulnerability to changing weather conditions and market accessibility.

Public Administration share to GDP continued to increase, and evident of the ongoing public sector reform program. In 2009 this industry share to GDP increased to 8.9 percent from 8.6 percent in 2008.

Special points of interest:

- Nominal GDP 2009 — \$1.4 billion
- GDP per capita 2009 — \$7,802
- Real GDP 2009 decline by 1.8%
- Major contributors:

Other Manufacturing	-	-2.1
Food and Beverage	-	-0.3
Personal and other services	-	-0.3
Construction	-	-0.2
Agriculture	-	-0.1
Commerce	-	-0.1
Hotels and Restaurants	-	-0.1

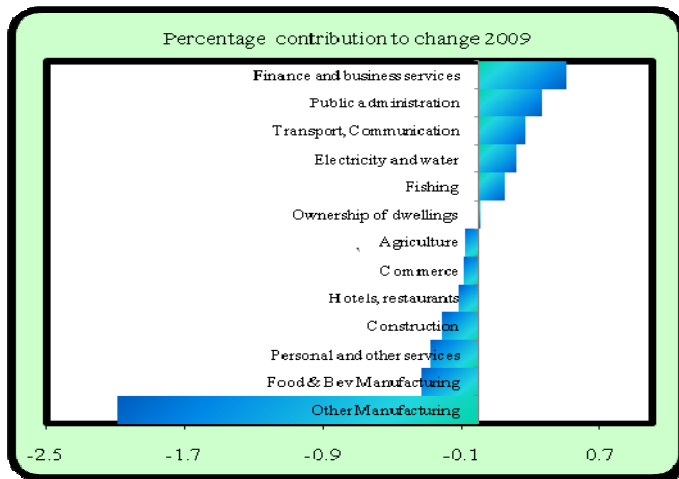


Overview cont'd

GDP Growth:

Aggregated GDP for 2009 at constant 2002 prices again declined by 1.8%, after a notable downturn of 3.2% in 2008. Underpinning the decline is the continuing poor performance of the Other Manufacturing industry, which value added declined by 21% compared to 2008. The notable drop in the Other Manufacturing's performance was due primarily to the abrupt effects of the global economic recession on the car market in Australia, which impacted directly on the Yazaki Samoa production slump by 48.2%. Consequently, direct effects of the Tsunami on the September 29, was notable with a reduction in Hotels and Restaurants value added down 3.3%, with some indirect effects relayed to slowdown other industries activities like Commerce and Personal and Other Services overall performance. .

Chart 3: Contributions to % change in real total GDP by industry, 2009



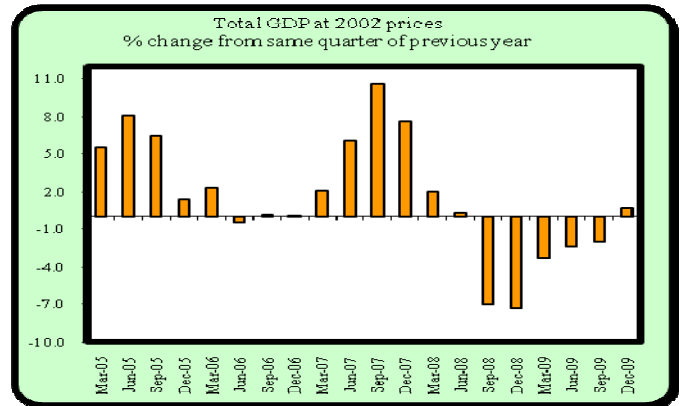
Illustrated in Chart 3 is the actual contribution of each industries to the overall economic performance in 2009. Evidently, Other Manufacturing was the main contributor comprising a 2.1 percentage points to the -1.8 percent growth. Other industries which contributed to the underperformance were Food and Beverage Manufacturing, Personal and Other Services and Construction industries recording negative contributions of 0.3%, 0.3% and 0.2% respectively. Commerce, Agriculture and Hotels and Restaurants industries contributed a combined negative contribution of 0.3%.

On the other hand, a few industries were promising to generate positive contributions, like Finance and Business Services (0.5), Public Administration (0.4), Transport and Communication (0.3), Fishing (0.1) and Electricity and Water (0.1) respectively.

Quarterly Growth in GDP:

Whilst there is value in getting annual data, quarterly is far more important in depicting the true picture of the economy from time to time.

Chart 4: Percentage change in real total GDP over the corresponding period



Shown in Chart 4 is the Samoan economy experiencing a period of recession of 5 consecutive quarters ending September 2009. Contrast to the annual data which indicates a negative growth of 1.8% for 2009, economic activities during the December quarter was promising to record a positive growth of 0.7% compared to the same period in 2008, hence underpins a very favorable outlook for 2010.

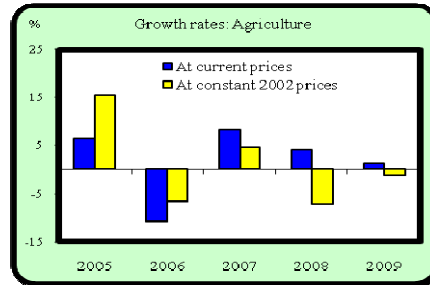
Individual Industry Performance

Agriculture:

Agriculture production accumulated a total value added of \$89.1 million at current prices, increasing the share to GDP from 6.1% from 2008 to 6.2% in 2009. In constant 2002 prices, Agriculture production registered \$65.6 million, which was translated into a decline of 1.2% compared 2008. The vulnerability of the industry to changing weather patterns has really affected the agriculture performance in 2008 and 2009. The growth of 2009 was weighed down by the negative growth of 3.5% and 1.6% in the first and second quarter of 2009, despite the 1.8% pick up of production on

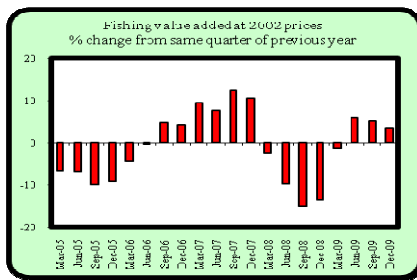
September quarter. The inflationary prices controlled by the supply and demand at the Fugalei market also affected the performance of the industry when compared to prices of 2002. The deterioration in 2009 was translated into a negative 0.1% contribution to overall growth.

Chart 6: Agriculture growth rates, 2005 — 2009



level Fishing industry contributed 0.1 percentage points to the overall growth. The recovery was consistent with the

Chart 7: Fishing: growth rates, 2005—2009



resurgence in commercial fishing with exports improving by 5.5% or an increase of \$4.3 million compared to 2008.

Food and Beverage Manufacturing:

On a quarterly basis, Food and Beverage industry rebounded from a down slide since March 2006 and recorded a total value added of \$6.5 million in nominal terms on December quarter 2009 (as shown in Chart 8), which accounted for 1.8% to total GDP. Value added recorded in real terms for December quarter 2009 amounted to \$5.4 million which was translated into a 19% increase compared to December 2008 and contributing positively with a 0.3 percentage points to the overall growth of December quarter 2009. The upward trend on December

Fishing:

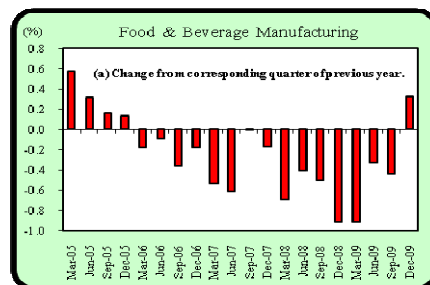
Fishing industry remained the leading exporter and comprised more than half of the total export value (70%). In 2009 the industry generated a total value added of \$80.6 million, a share of 5.6% of total production. Illustrated in Chart 7, the Fishing industry experienced a fluctuated pattern recording an average negative growth rate of 1.9% from 2005 to 2008. The unstable trend was due to frequent bad weather conditions so as the migratory nature of tuna species. However, recovery was evident in 2009 recording \$49.3 million in constant prices, which is 3.4% growth compared to 2008. At this

quarter 2009 was consistent with the up rising in production of major commodities namely Beer by 17%, Coconut Cream and Soft Drinks by 3.0% and 53% respectively with the exception of, Nonu Juice recording a negative growth of 48% in production .

However, as indicated in chart 8, the overall annual performance of the industry in 2009 in real terms declined by \$3.6 million (\$20.8m in 2008 to \$17.2m in 2009), the industry worsened to 17.5% compared to 2008. In current prices, value added for Food and Beverage manufacturing amounted only \$20.6 mil-

lion, a drop in its share to total GDP by 0.4% (from 1.8% in 2008 to 1.4% in 2009). As a result of the overall 2009 downward performance, the industry contributed a negative 0.3 percentage points to the overall decline. Moreover, despite the performance of the December quarter of 2009,

Chart 8: Food and Beverage Manufacturing quarterly growth rates: 2005—2009



The industry still face some uncertainties in the near future given the vulnerability of the manufactured-agriculture produces to the frequent change of weather patterns.

Individual Industry Performance cont'd

Other Manufacturing:

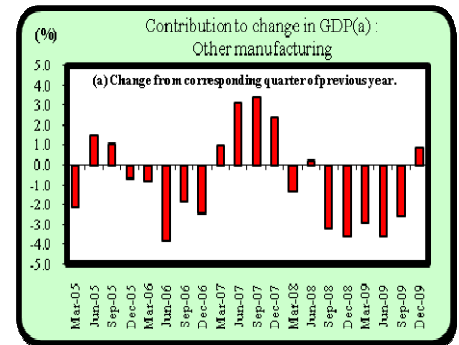
Other Manufacturing's staggering performance resulted in its share declining significantly from 9.5% in 2008 to 7.1% in 2009 with a total value added of \$101.2 million. This has slipped the industry down to be the 6th largest industry.

In constant 2002 prices, the industry deteriorated further from 2008 (after the prominent performance in 2007) to register \$84.2 million, which was translated into a considerable decline of 21.0% compared to 2008 as illustrated in Chart 9. The declining performance by the industry translated into a very significant negative contribution of 2.1 percentage points to the overall

growth. The unfavorable performance was primarily due to the effects of the economic crisis impacting the car market in Australia (major user of wire harnesses), of which affected the Yazaki's production, recording a major drop of 44.6% (\$67.7 million) in Yazaki exports compared to 2008.

However, on a quarterly basis as shown in Chart 9, other manufacturing recovered on December quarter 2009, registering a 0.9% growth compared to the same period of 2008. It is anticipated that this recovery, without external shocks, will spread consistently in the short to medium term.

Chart 9: Other Manufacturing quarterly growth rates, 2005 — 2009

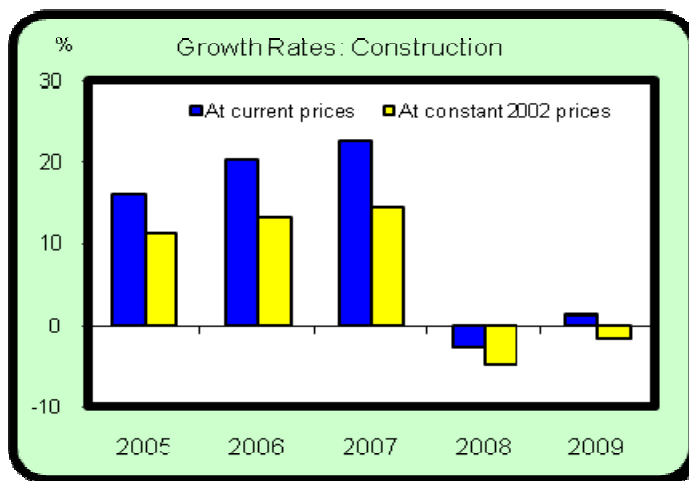


Construction:

Construction activities deteriorated further in 2009 following the downturn in 2008, generating a total value added of \$183.2

million at current prices, which accounted for 12.8% share to total GDP in 2009. Hence, construction remained as the third largest industry. As shown in Chart 10, the industry experienced early positive growth rates since the year 2000, continuing to 2005 up to 2007, recording an annual average growth rate of 14.4% for the past 8 years (2000—2007). However, this average growth rate has declined significantly to 6.4% due to the slow in construction activities in 2008 and 2009. The downturn in 2008 was due to high levels of production in 2007 with the completion of the major infrastructural developments related to the South Pacific Games and some private construction both by churches and private sector companies.

Chart 10: Construction growth rates, 2005 — 2009



In constant 2002 prices, Construction value added registered a total of \$126.8 million, translating into a negative growth of 1.7% compared to 2008. The slow in construction activities was evident with the significant drop of 75.3% in the imports of construction materials in 2009 compared to 2008. As a result construction contributed negatively with 0.2 percentage points to the overall decline. Nevertheless, the reconstruction activities of the major infrastructural rehabilitation programme for the tsunami affected areas which started in the last quarter of 2009 will provide further boost in the short to medium term. Further production would be supported by new and ongoing government infrastructure developments, namely the Road widening project, drainage and sanitation and Education building to name a few.

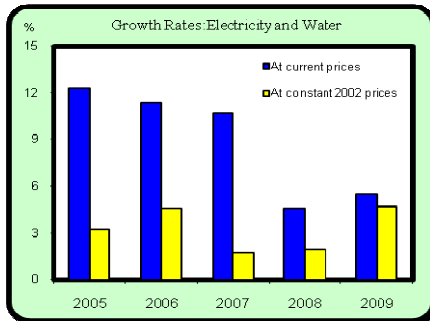
Figure 1.

Individual Industry Performance cont'd

Electricity and Water:

Electricity and Water Industry production in 2009 was at \$71.6 million in current prices, with a share of 5% to GDP. In constant 2002 prices the industry generated a total value added

Chart 11: Electricity and Water growth rates, 2005 — 2009

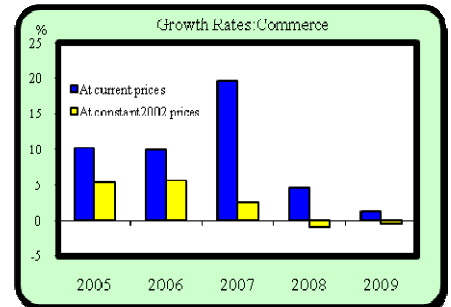


of \$51.7 million, a further growth of 4.7% compared to 2008. On a quarterly basis, December quarter 2009 recorded a downturn of 2.4% compared to the same period of 2008. The turnaround reflects the decreasing usage of electricity on a more conservative basis given the recent introduction of pre-paid cash power system on businesses and households. The devastated impact of the tsunami on September 2009 also affected the performance of the industry, with the destruction of utility infrastructure of water and power lines. The infrastructural rehabilitation of the tsunami affected areas, the ongoing Power Sector Project and the Water Sector programme would provide an encouraging growth for the industry in the near future.

Commerce:

Commerce performance was also affected with the instability in the global economy due to high food and oil prices so as the impacts of the recent economic crisis in 2008, with its spill over effects into the first half of 2009,

Chart 12: Commerce growth rates 2005 — 2009



coupled with the social and economic effects of the devastating tsunami in September 2009. Commerce experienced a downturn for the first time in 2008 recording a negative growth of 0.9%, and deteriorating further in 2009, registering \$191.9 million in constant 2002 prices, which was translated into a negative growth of 0.5% when compared to 2008. The decline of 1.5% in last quarter of 2009 compared to the same period of 2008 outweighed the positive average growth of 0.5% in the first three quarters of 2009. This was

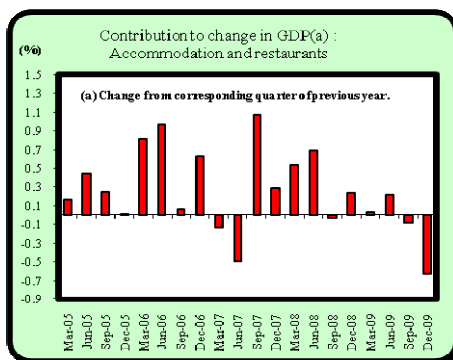
due to the social and economic impact of the September tsunami coupled with the low retailing and wholesaling activities. The shortfall contributed a negative 0.1 percentage points to the overall decline.

Hotels and Restaurants:

Hotels and Restaurants value added in current prices stood at \$52.2 million in 2009, and accounted for 3.7% share to GDP. The industry, in constant 2002 prices, generated a total value added of \$36.6 million, translating into a significant downturn of 3.3% compared to 2008. The industry for the first time experienced a negative growth since 2003.

The considerable downturn was due to the significant drop in holiday tourists by 7.7% and 22.2% for September and December quarter of 2009, compared to the same periods of 2008. The majority of the tsunami affected areas operates tourism related activities and had led to the cancellation of some bookings. Nevertheless, ongoing marketing promotions through sports and international trade fares may provide a balancing effect in the short term.

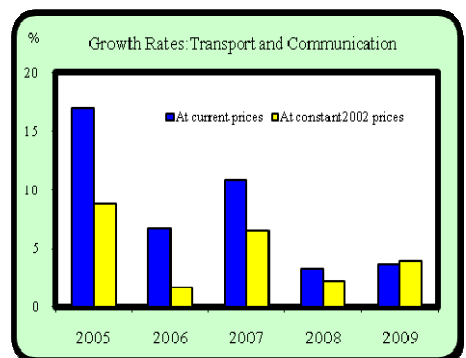
Chart 13: Hotels and Restaurants growth rates, 2005 — 2009



Transport and Communication:

Transport and Communication industry in 2009 generated a total nominal value added of \$201.4 million, being the second largest industry behind Commerce with a share of 14.1%. In constant 2002 prices, the industry recorded \$160.9 million, an increase of 1.9% compared to 2008. The consistent performance of the industry in the last 5 years registered an average growth

Chart 14: Transport and Communication growth rates, 2005 — 2009



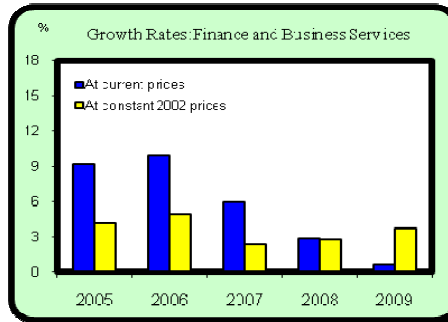
Individual Industry Performance cont'd

rate of 4.2% from 2005—2009. The favourable result was primarily due to the competitive environment in the telecommunication industry with the introduction of new facility access to internet and various modes of communications. This was also supported by the re-introduction of the right hand drive vehicles early 2009 to go inline with the road switch on September 2009. The industry's performance is anticipated to maintain at these levels in the medium to long term.

Finance and Business Services:

The Finance and Business Services consistently upholds its positive growth trend, recording an average annual growth rate in the past 5 years of 3.9% (2005 –2009). Value added in nominal terms generated \$126.4 million, shifting the share from 8.4% in 2008 to 8.9% to total GDP in 2009. In constant 2002 prices, the industry generated a total value added of \$108.9 million, recording a growth of 5.3% compared to 2008 and contributing 0.5 percentage points to

Chart 14: Finance and Business Services growth rates, 2005 — 2009



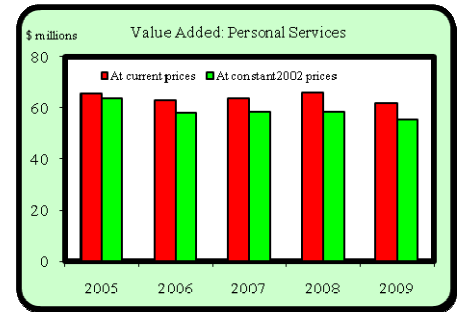
overall GDP growth. Despite the low level of private investment and demand for credit in the banking system, the stable growth is reflective of the consistent growth of high value added professional services such as legal and accountancy, business management consultancy, architectural and engineering, real estate and other professional services.

Personal and Other Services:

Personal and Other Services Value added generated in 2009 added up to \$62.0 million, comprising a share of 4.3% to total

GDP. In constant 2002 prices, the industry registered \$55.5 million as shown in chart 15, a further deterioration of 5.1% compare to 2008 and contributing a negative 0.3 percentage points to overall growth in the year 2009. This industry has grown at an annual average negative growth rate of 1.4% over the past 5 years (2005—2009).

Chart 15: Personal and Other Services value added, 2005 — 2009



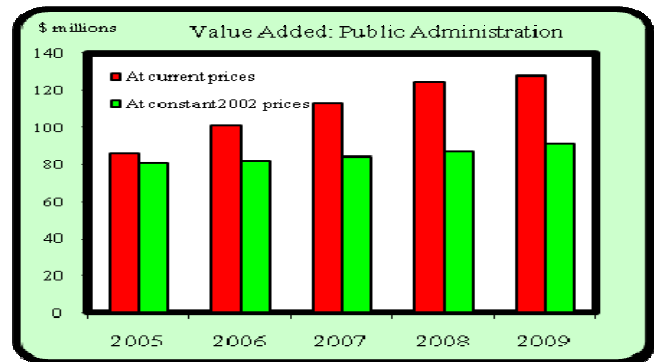
Nevertheless, with the revised estimates, December quarter of 2009 showed a promising result with the growth rate of 3.4% compared to same quarter of 2008 since the deceleration of the industry from

September quarter of 2008. Moreover, the fluctuated growth in the industry is due to its high dependency on the performance of other industries.

Public Administration:

Public Administration being the 5th largest industry in 2008 has improved to be the 4th largest industry in 2009 (behind construction) with a total value added of \$127.9 million in current prices, accounting for 9.0% share of total GDP. In constant 2002 prices, value added by the general government was \$91.0 million in 2009, leading to a positive contribution of 0.4 percentage points to the overall GDP growth.

Chart 16: Public administration Value Added at Current and Constant 2002 market prices



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Background

Compilation of National Account statistics was one of the core activities of the Ministry of Finance under the Economic Policy and Planning Division since the first Gross Domestic Product official estimates were released in 1998. These statistics were provided on a timely basis and have been widely accepted as official statistics by the Government, private sector, international organizations and the public in general. Dissemination was through the Quarterly Economic Review prepared by the Economic Policy and Planning Division of the Ministry of Finance. Structural changes in the economy coupled with the increasing demand for accurate and reliable statistics resulted in Government's decision to re-establish the **Samoa Bureau of Statistics**, commenced July 1, FY 2008/09. Hence, the process to align all statistical activities under the authority started with the separation of the Statistical Services Division activities, socio-economic indicators like Population, Migration, CPI and Trade etc followed by the transfer of the production of the core macro-economic indicators like National Accounts, Government Finance Statistics from the Ministry of Finance to the Bureau.

Therefore the Quarterly Gross Domestic Report for September 2009 is the fourth issue under the Samoa Bureau of Statistics. This report is an ongoing publication, and could also be extracted form our website..

National Accounts Revisions & New Developments

The compilation of national accounts statistics is a dynamic process, and therefore needs to adapt to reflect a variety of measures and indicators consistent with developments and structural changes in the economy over a period of time. It is therefore expected that revisions and updates are made to the historical series as new data source are brought into the model and as various benchmarks and assumptions are validated and updated.

In this regard, GDP estimates provided in this release reflects some of the revisions made to the time series data, in particular the Hotels and Restaurants, which adjustments has been made to the methodology, taking into account the changing lifestyle of our families and friends and the increasing regional conferences and seminars that have been held in the country recently. Other industries with significant revisions were Con-

struction, Commerce, Transport and Communication and Finance and Business . Hence these revisions were part of the changes in input data from different data sources with the latest available information. Updated data from the VAGST and SNPF data also reflects in minor changes made to a few industries.

GDP using the Expenditure approach framework have yet to be finalized, though estimates are still experimental at this stage. These numbers are also attached in this release.