



Samoa Bureau of Statistics

GDP (Expenditure)

Annual Analysis - 2021

Overview

22nd April 2021



GDP Expenditure at constant prices is compiled and published with 2013 as the base year on an annual basis.

2013 = 100

Special points of interest:

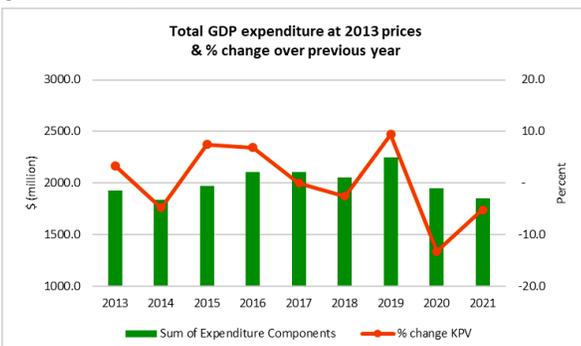
- GDP(E) Growth: -5.1%
- GDP(E) at Constant 2013 Prices (real) - WST \$1,854.3 million
- GDP at Current Prices (nominal) - WST \$2,191.2 million

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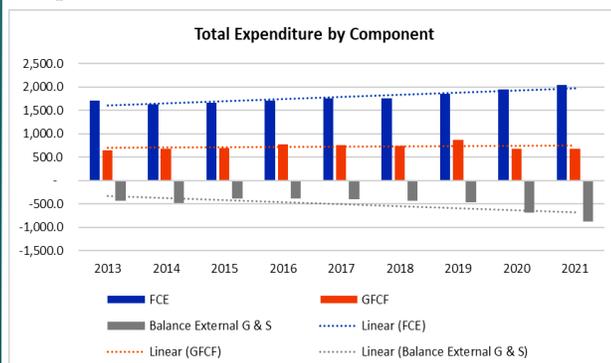
Gross Domestic Product (GDP) by expenditure in constant 2013 terms for the calendar year 2021 went down by 5.1% when compared to the year 2020. This is the second consecutive year of negative growth in expenditure; the decline in 2021 follows growth rates of -13.2% and 9.4% in the previous calendar years 2020 and 2019. Total sum of expenditure components at constant prices stood at \$1,854.3 million (or \$1.85 billion) for the calendar year under review. Chart 1 shows GDP expenditure at constant prices from the year 2013 to 2021 and the year-on-year (y-o-y) growth rates as measured by percentage change compared to the previous calendar year.

Chart 1: Total GDP expenditure at constant prices & growth rates, Year 2013 - 2021



year 2021. It went up by 0.2% compared to the previous year. All three components of GDP expenditure (FCE, GFCF and Balance on Goods & Services) recorded increases in growth compared to the previous year.

Chart 2: Total GDP expenditure at constant prices by component



Final Consumption Expenditure (FCE)

FCE accounts for expenditure on goods and services primarily used for the direct satisfaction of individual needs (consumption). Total FCE on an annual basis in 2021 amounted to \$2,042.7 million in constant terms which increased by 4.6% compared to \$1,952.8 million in the year 2020. Household Final Consumptions Expenditure (HFCE) which include activities such as household purchases of products and payments went up by 5.3% on an annual basis. Expenditure in restaurants and hotels, education, communication, furnishings, household equipment, food beverages and tobacco contributed significantly to the increase in HFCE. Government Final Consumption Expenditure (GFCE) and Non-Profit Institutions serving Households Final Consumption Expenditure (NPISH FCE) both went up by 1.8% and 2.6% respectively compared to the year 2020.

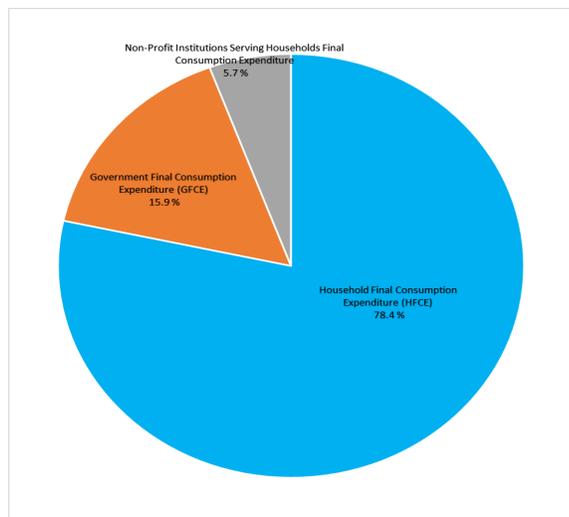
Total FCE in constant terms comprises of 78.4% HFCE, 15.9% GFCE and 5.7% NPISH-FCE as shown in Chart 3 below for the year under review.

GDP Expenditure Growth:

The main components that make up total expenditure includes Final Consumption Expenditure (FCE), Gross Capital Formation (GCF) and Balance on External Goods and Services as illustrated in Chart 2 below. Overall, FCE and GCF continue to increase throughout the years. This indicates that the nation's economy level of export is significantly lesser compared to the level of products being imported into the country. There is little fluctuation in the growth of all these three components on an annual basis.

Total GDP expenditure of \$2,191.2 million (\$2.19 billion) in nominal terms was recorded for the calendar

Chart 3: Final Consumption Expenditure Composition 2021
(2013= 100)

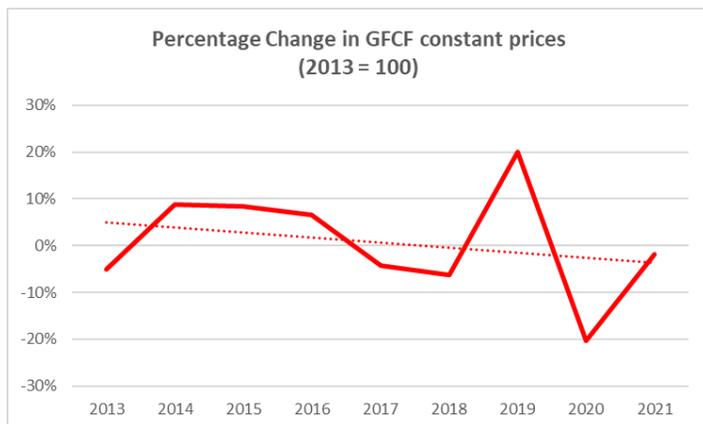


Nominal FCE in the year 2021 amounted to \$2,240.0 million (\$2.24 billion) which has increased by 6.9% compared to the previous calendar year 2020. HFCE contributed the most to this outturn at \$1,706.1 million (\$1.71 billion) increasing by 5.5% compared to \$1,617.4 million (\$1.62 billion) in the previous year 2020. GFCE and NPISH-FCE also increased by 14.7% and 2.1% respectively.

Gross Fixed Capital Formation (GFCF)

Total GFCF on an annual basis in 2021 amounted to \$654.2 million in constant terms which decreased by 1.9% compared to \$667.1 million in the year 2020. Gross Fixed Capital Formation as shown in Chart 4 below illustrates the percentage change in GFCF in real terms. It's trend is consistent with the effect of the measles epidemic that first affected the nation followed by the prolonging effect of the Covid-19 pandemic. These global circumstances and its effects are reflected on the trend on investment and acquisition of non-financial assets towards the end of 2019 and 2020.

Chart 4: Gross Fixed Capital Formation



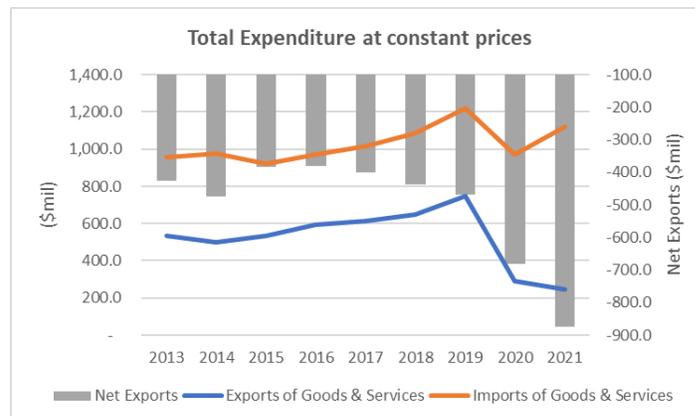
Gross Fixed Capital Formation (GFCF) also known as investment is the acquisition of produced assets including construction, durable equipment and cultivated resources went down by 1.9% compared to 2020. Durable equipment which comprises almost half of GFCF declined by 4.1% compared to the year 2020. This component accounts for more than 95% of GCF. Construction which contributes almost half of GFCF went up by 0.3% for the year under review. Inventories also went up by 96.0% compared to 2021; however this output only comprises 4.6% of total GCF.

In nominal terms, Gross Fixed Capital Formation in 2021 amounted to \$696.3 million, a 2.9% increase compared to the \$676.4 million recorded in the calendar year 2020. Change in inventories also went up by 4.1% on an annual basis.

Balance on External Goods and Services

Balance on External Goods and Services also known as net exports is the balance between exports and imports of goods and services within the country for a period of 12 months. On an annual basis, net exports in 2021 amounted to -\$874.4 million in constant terms which increased by 28.3% compared to -\$681.7 million in the year 2020. The level of imported merchandise goods and services is considerably high compared to the total amount of exported produce shipped to other countries for trade.

Chart 5: Balance on External Exports & Imports of Goods at Services (2013 = 100)



As illustrated in Chart 5 above, the level of total imports increased in 2021 recovering from the decline experienced in the year 2020. Imports registered total expenditure in constant terms of \$1,120.1 million (\$1.12 billion); it increased by 15.1% compared to 2020. Merchandise goods accounts for 79.5% while services accounts for 20.5% of total imports of goods and services.

Total export in real terms continue to decline since 2019 and is yet to recover; it reached its highest registering a total of \$749.0 million in 2019 and has since then declined by 61.1% and 15.7% for the year 2020 and 2021 respectively.

GDP EXPENDITURE FRAMEWORK

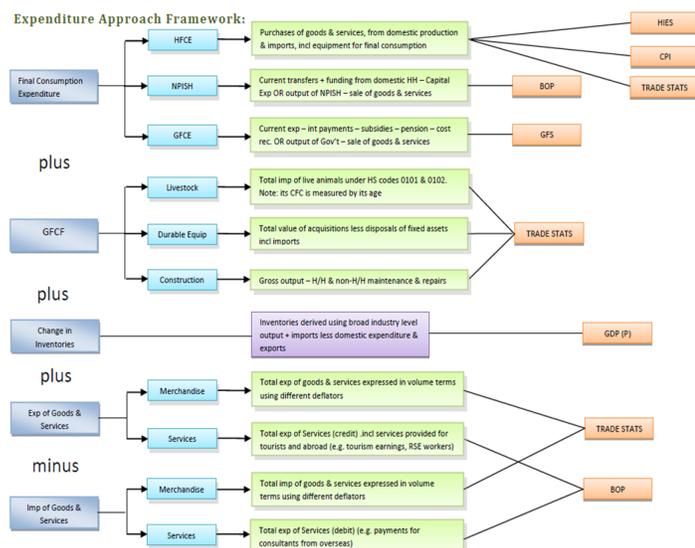
Background Information

Overview

The Samoa Bureau of Statistics has compiled and for the first time this quarter published Gross Domestic Product by Expenditure approach on an annual basis or calendar year for December 2021. This initiative was an ongoing development within the Finance Statistics Division (FSD) from the beginning; data has been collected and compiled adopting international statistical best practices as specified by the United National Statistical Division (UNSD). There are three main methods used to compile GDP namely 1) production approach, 2) expenditure approach and 3) income approach. Production and Expenditure approaches are the most commonly used approaches in compiling GDP within an economy.

Calculation of GDP using the expenditure approach combines consumption, government spending, investment and net exports. Essentially, the expenditure approach dictates that everything the both the private sector and government spend within a country must add up to the total value of all finished goods and services produced in a certain period of time or in our case within a calendar year.

There are four main aggregate expenditures that go into calculating GDP (Expenditure) namely Final Consumption Expenditure, Gross Fixed Capital Formation, Net Exports (Exports less Imports) and Inventories. The Expenditure Approach Framework adopted to calculate GDP (E) is illustrated here below:



Main Expenditure Components of GDP:

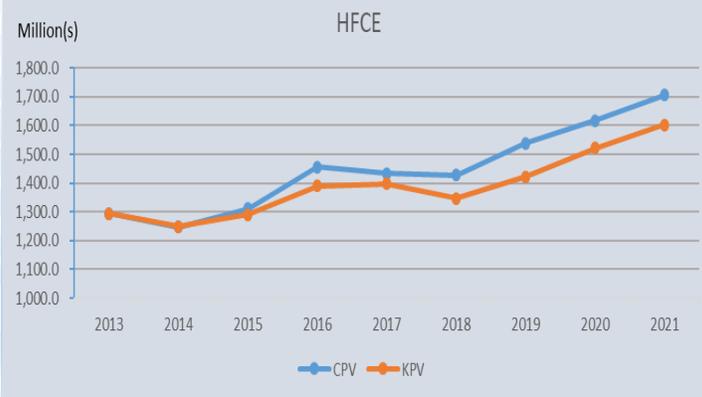
- Household Final Consumption Expenditure (HFCE)
- Government Final Consumption Expenditure (GFCE)
- Non-Profit Institution Serving Households (NPISH)
- Gross Fixed Capital Formation (GFCF)
- Changes in Inventories
- Exports of Goods and Services
- Imports of Goods and Services

Methodology

1) Household Final Consumption Expenditure (HFCE)

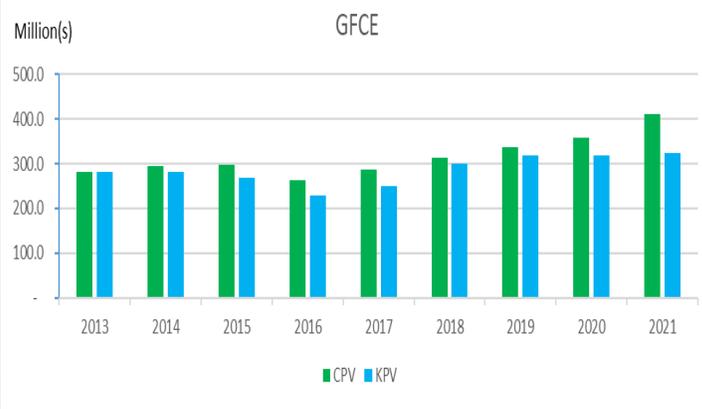
- The HFCE component of GDP E comprehends of various numbers of quantity with value and volume indicators that has been used to ex-

trapolate the 2013 benchmark estimates forward to produce quarterly estimates for both CPV and KPV. Data used to develop these indicators were validated from the 2011 to 2016 Census, 2013\2014 HIES and other Government administrative data. The indicators used to extrapolate the CPV estimates was measured by inflating the constant price estimates using CPI price indices at COICOP level.



2) Government Final Consumption Expenditure

- Government final consumption expenditure are directly sourced from the detailed Government finance report compiled by the Government Finance Statistics Unit. The CPV estimate includes total Output from compensation of employees (wages and salaries), consumption of fixed capital, governments use of goods and services and FISIM less; own account capital formation less; sales of goods and services plus transfers in-kind. KPV estimates of GFCE are compiled by deflating the CPV estimates for purchases of goods and services by the HFCE implicit price deflator.

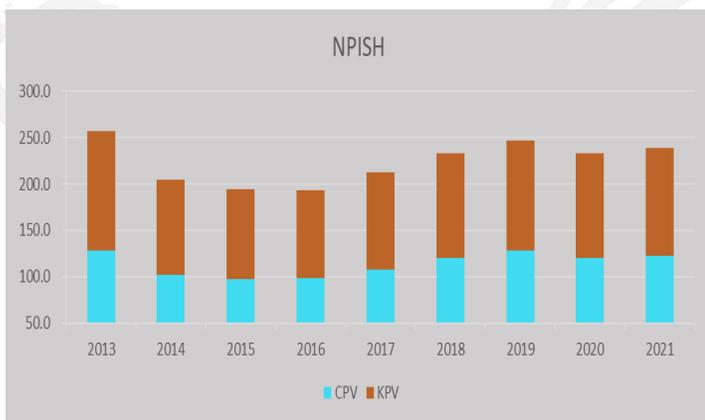


3) Non-Profit Institutional Serving Household (NPISH)

- NPISH final consumption expenditure measure non-government organizations financing. Benchmark estimates based on the 2013 HIES data on donations and gifts given by households to charities, religious organizations and for community projects, extrapolated forward using the household formation growth rate. The resulting CPV estimates of current expenses/output are deflated using all items CPI to derive the KPV estimates.

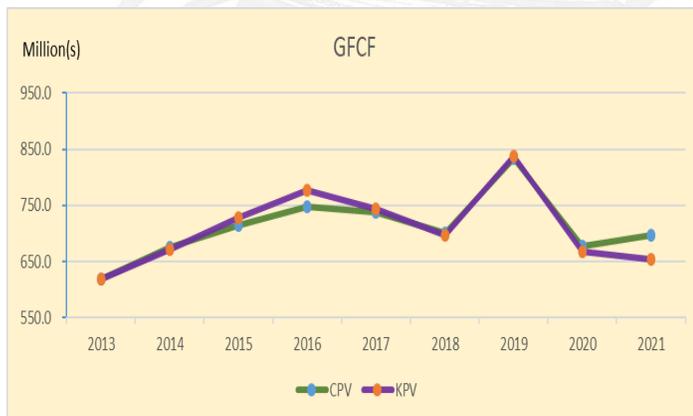
GDP EXPENDITURE FRAMEWORK

Background Information



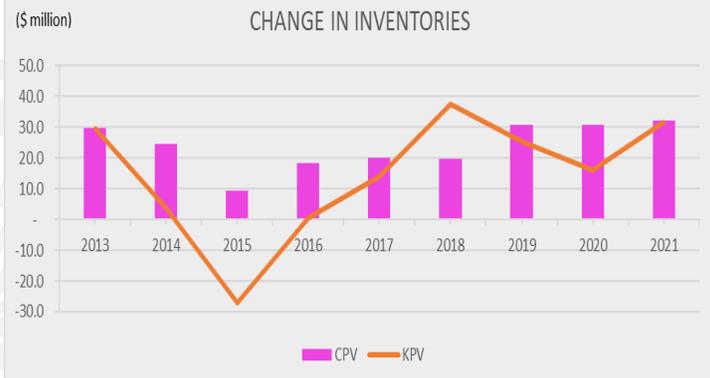
4) Gross Fixed Capital Formation (GFCF)

- CPV estimates for GFCF was based on supply-side estimates of construction materials sourced from the BOP data from CBS, durable equipment derived from adjusting the custom value of imports at the 2digit HS level for the relevant import duties, goods and services tax and trade margins, then added to the informal sector production. Imports data on construction materials, machinery and equipment, furniture and transport equipment. KPV estimates are derived by deflating the CPV estimates using a composite index of CPI building materials price indexes, weighted using 2013 import values. KPV estimates for local building materials are derived by applying local to imported content ratios based on 2013 HIES data for construction of private dwellings.



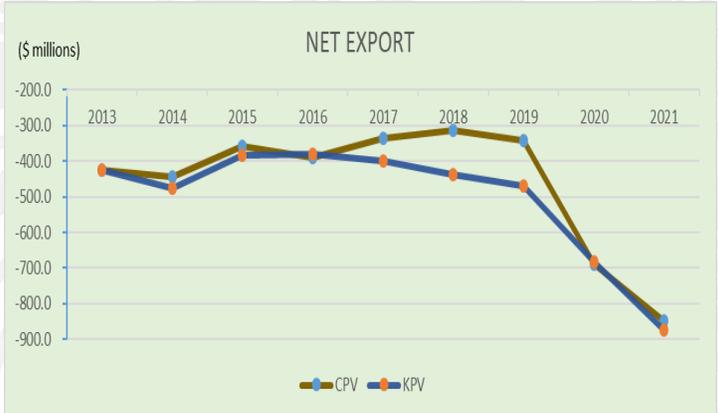
5) Changes in Inventories

- Data used to measure the changes in inventories derived from the VAGST Mainfile data, Livestock and Construction data from GDP P. CPV estimates are calculated by adding stock change for raw material, livestock Inventory, Construction raw materials and changes in stock. CPV and KPV estimates for changes in manufacturing output and work process, the GDP-P manufacturing output data and deflators, and VAGST sales data are used.



6) Exports & Imports of Goods and Services

- Merchandise and services data is sourced from the Export and Import data from CBS and our Trade statistics Unit. CPV estimates for exports and Imports of goods and services are aligned with BOP estimates.
- KPV estimates are derived by deflating the CPV estimates of goods exports and imports at the 2-digit HS level. Detailed BOP services items and debits using the closest proxy CPI price indexes.



GDP EXPENDITURE FRAMEWORK

Background Information

INTRODUCTION

The compilation of national accounts statistics using the expenditure approach 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 on a quarterly or annual basis as new data sources are brought into the model and as various benchmarks and assumptions are validated and updated.

This annual GDP report at expenditure approach is the first of the annual series of GDP estimates at constant and current prices using the expenditure approach. This report is an ongoing publication and can also be downloaded from our website www.sbs.gov.ws.

ABOUT GROSS DOMESTIC PRODUCT

Gross domestic product (GDP) is Samoa's official measure of economic growth. GDP is compiled and published using the **production and expenditure approach**. The expenditure approach measures the total value of all final goods and services purchased in an economy over a set period of time. That includes all consumer spending, government spending, business investment spending and net exports.

Broad industry groups: The GDP tables attached to this report follows the broad groupings based on the International Standard Industry Classification (ISIC) Revision 4. Classification of economic activity is important in the determination of the extent and nature of the information collected and the quality of the data compiled.

- Final Consumption Expenditure (sub-categorized into Households, General Government and Non-Profit Institutions Serving Households);
- Gross Capital Formation (sub-categorized into Gross Fixed Capital Formation, Changes in Inventories and Acquisitions less Disposals of Valuables); and
- Balance on External Goods and Services (sub-categorized into Exports and Imports of Goods and Services)

REVISIONS

The GDP numbers are subject to revisions in the next publication pending the availability of revised numbers from the sources on an annual basis.



SBS Vision:
"To strengthen Statistical services
for the development of
Samoa"

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A handwritten signature in black ink, appearing to read "Papalii Benjamin Sila".

Papalii Benjamin Sila

ACTING GOVERNMENT STATISTICIAN / CEO