



Samoa Bureau of Statistics

Gross Domestic Product

June 2021 Quarter

Overview

28th Sept 2021



New base year for computing GDP at constant prices is now 2013 replacing the old base year of 2009.

2013 = 100

Special points of interest:

- GDP Growth - **-1.8%**
- GDP at Constant 2013 Prices (real) - **WST \$461.0 million**
- GDP at Current Prices (nominal) - **WST \$500.5 million**

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Economic activity, as measured by Gross Domestic Product (GDP) declined by 1.8% in the **June 2021 quarter**, recording a total GDP in real terms of \$461.0 million. The growth in the quarter under review makes it the seventh quarterly decline for the economy which started in December 2019. This follows revised growth rates of -7.8% and -6.8% in the December 2020 and March 2021 quarters respectively. The economy continues to decline due to the impacts of the Covid-19 pandemic affecting economic activity within the June 2021 quarter in terms of international travel restrictions, reduced trade, global control measures and national lockdown. The pandemic has directly affected most sectors of the economy with wholesaling activities, travel and tour related activities, manufacturing, construction, air and land transport and financial services being the hardest hit.

GDP Growth:

Gross Domestic Product for the **June 2021 Quarter** at constant prices amounted to \$461.0 million, decreasing by 1.8% compared to June 2020 quarter. This follows a decrease of 6.8% in March 2021.

Chart 1: Total GDP at constant prices & growth rates, June 2017 - June 2021

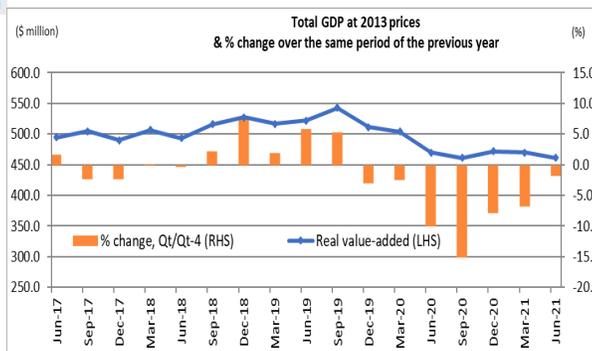


Chart 1 shows GDP at constant prices from June 2017 to June 2021 and the year-on-year (y-o-y) growth rates as measured by the percentage change on the same quarter of the previous year. The economy has

now recorded seven consecutive quarters of negative growth reflecting the impact of the measles epidemic in December 2019 and the COVID-19 pandemic restrictions on the economy thereafter up to the period under review. The adverse effects have however moderated starting from December 2020 as indicated in Chart 1.

The -1.8% growth in the June 2021 quarter reflects an easing of some restrictions as initially enforced by the Government during lockdown. Goods-producing industries declined 7.2 percent, while services industries went down by 2.6 percent in the June 2021 quarter. Primary industries which make up approximately 10.6% of the economy increased by 12.6 percent.

Chart 2: Percentage-point contributions to GDP growth by industry; June 2021 Quarter

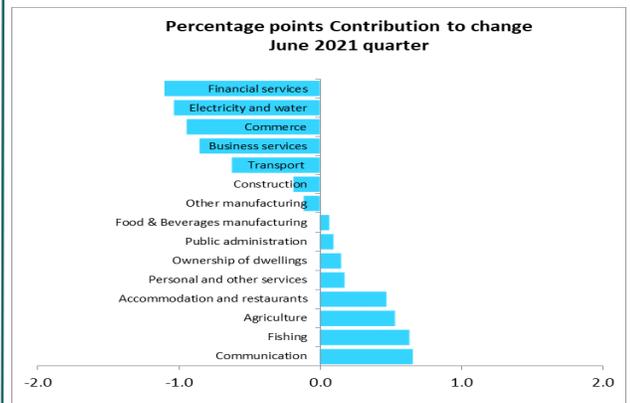


Chart 2 above indicates the percentage-points (pp) contributions of each industry to the overall growth of -1.8% in the June 2021 quarter. The largest contributors to the drop in output came from Financial services, Electricity and Water, Commerce, Business Services, Transport, Construction and Other manufacturing with contributions of -1.1 pp, -1.0 pp, -0.9 pp, -0.9 pp, -0.6, -0.2 pp and -0.1 pp respectively to the overall growth of -1.8% within the period under review.

Overview cont'd

The Financial services industry was the main contributor to the decline in GDP as it went down in the June 2021 quarter following three quarterly declines starting from the September 2020 quarter. Financial services provided via commercial banks and non-financial institutions recorded reverse growths of 30.8% and 17.3% respectively. The Commerce industry also contributed a – 0.9% decline in the total GDP growth for the period under review. Wholesaling activities related to food, beverages, construction materials and gaseous products decreased in June 2021. Business services also went down as tour operators and travel oriented businesses declined; demand on real estate services also plunged during this period. Although legal and consultancy services increased during the quarter, it was not high enough to offset the negative effect its counterparts have experienced.

The industries that recorded positive growths were Communication, Fishing, Agriculture, Accommodation and Restaurants, Personal and other services, Public Administration and Food and beverage manufacturing. The overall increase by these six industries was not high enough to offset the decline by the industries recording negative growths in June 2021.

GDP Levels (Nominal):

Gross Domestic Product at current prices or nominal GDP for the **June 2021 quarter** amounted to \$500.5 million. It increased by 0.8% compared to the June 2020 quarter.

Chart 3: Composition of Nominal GDP, June 2021 quarter

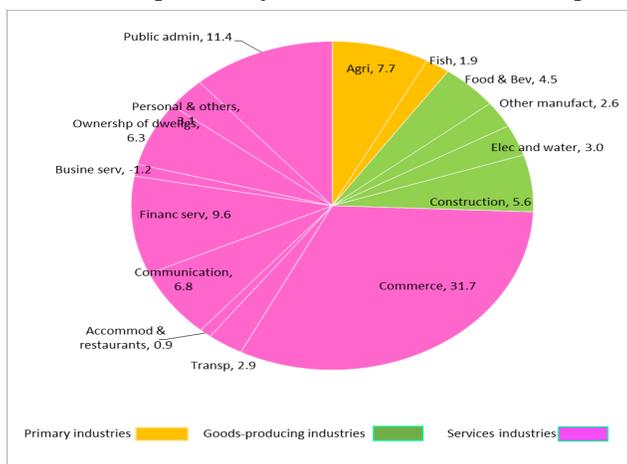


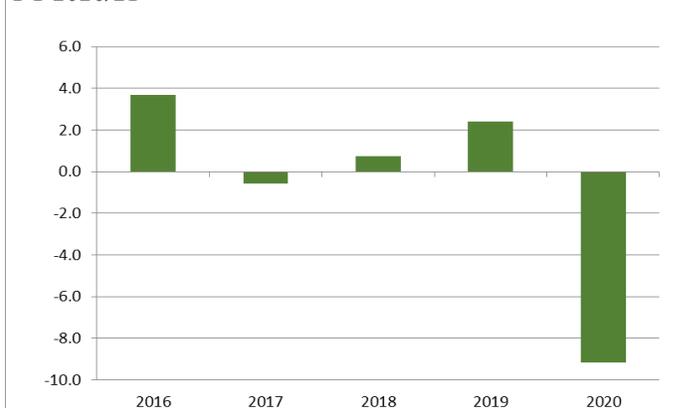
Chart 3 shows the industry composition of GDP at current market prices in the June 2021 quarter. The Tertiary or Service sector went up by 0.8 pp compared to June 2020, due to the increase in Public administration, Commerce, Communication and Accommodation and restaurants. The goods-producing industries with a share of 13.7% went down by 0.4 pp due to the decline in three of its four manufacturing industries. The Primary sector which accounts for 10.4% of GDP, dropped its share by 0.4 pp. This was driven by the decline in the Agriculture industry.

Twelve Months Review for the year ended June 2021:

GDP for the financial year ending June 2021 (July 2020 - June 2021) at current market prices was \$2,026.7 million, decreasing by 6.9% compared to the \$2,177.4 million recorded in the year ended June 2020. At this level, GDP per capita was \$9,968, decreasing by 7.7% over the year ended June 2020.

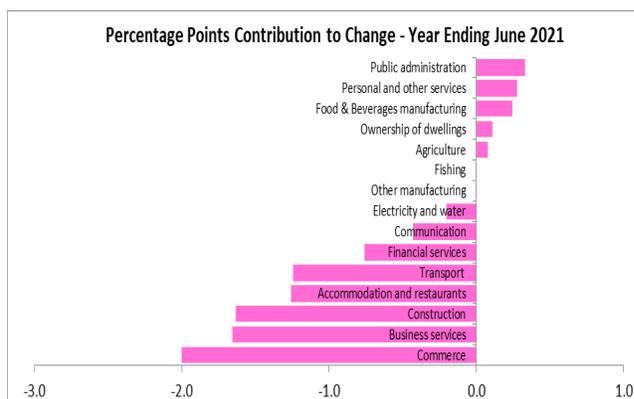
In constant 2013 prices, GDP stood at \$1,863.6 million in the year ended June 2021. On an annual basis, GDP went down by 8.1% compared to the year ending June 2020, the largest annual drop ever recorded since the start of the series.

Chart 4: Percentage change in Constant Prices FY 2016/17 - FY 2020/21



Depicted in Chart 4 are the real growth rates in the last five years ending June with the current FY having the biggest decrease of 8.1%. The fall in the FY ending June 2021 was mainly driven by the downturn in economic activity in Commerce, Business Services, Construction, Accommodation and Restaurants and Transport with respective contributions of -2.0 pp, -1.7 pp, -1.6 pp, -1.3 pp and -1.2 pp each to the overall decline of 8.1% as shown in Chart 5 below. This reflects the negative effects posed by the pandemic on the economy within the year as compared to the pre-pandemic levels.

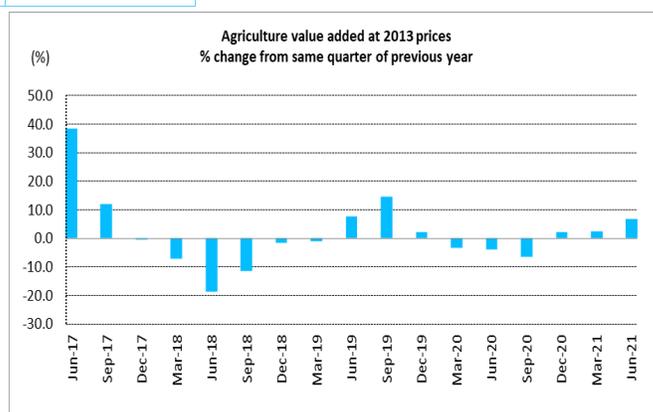
Chart 5: Percentage-point contributions to GDP growth for the year ended June 2021



Individual Industry Quarterly Performance

AGRICULTURE	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	43.4	39.5	40.7	3.2	-6.1
Value added (constant 2013 prices) WST (millions)	36.9	40.3	39.4	-2.3	6.8
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-0.3	0.2	0.5		
Contribution to aggregate nominal GDP: <i>percent</i>	8.7	7.7	8.1		

Chart 6: Percentage change in Agriculture real value added; June 2017 - June 2021

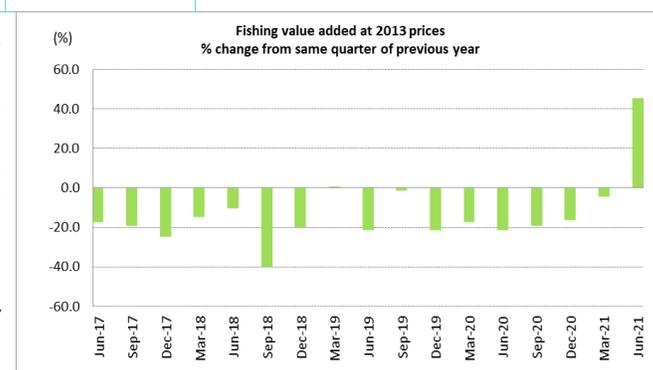


Agriculture production's total value added at constant prices for the June 2021 quarter amounted to \$39.4 million. It increased by 6.8% compared to the same quarter of the previous year, making it the third consecutive quarter of positive growth for the industry. This was due to the 4.5% increase in Livestock as well as the increase in exported produce by more than 30% in March 2021 quarter despite the decline in non-marketed domestic consumption of crops by 1.2%. Agriculture industry was amongst a few that contributed positively to overall real growth, with a contribution of 0.5 percentage-point for the period under review.

In nominal terms, the Agriculture industry produced a total value added of \$40.7 million. This resulted in a decline in growth of 6.1% as compared to the corresponding quarter of the previous year. It contributed 8.2 percent to aggregate nominal GDP.

FISHING	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	10.0	9.9	11.3	13.2	12.2
Value added (constant 2013 prices) WST (millions)	6.5	6.5	9.5	45.8	45.5
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-0.3	-0.1	0.6		
Contribution to aggregate nominal GDP: <i>percent</i>	2.0	1.9	2.3		

Chart 7: Percentage change in Fishing real value added; June 2017 - June 2021



Overall, Fishing value added in real terms increased by 45.5% compared to the corresponding period in 2020, making it the first quarter of increased growth by the industry. This was driven by the 68.8% increase of fish domestically consumed in the June 2021 quarter as both inshore and offshore landings supplied to the markets within the country increased by 41.2% and 51.7% respectively. The industry contributed 0.6 percentage points to the overall real growth rate in June 2021.

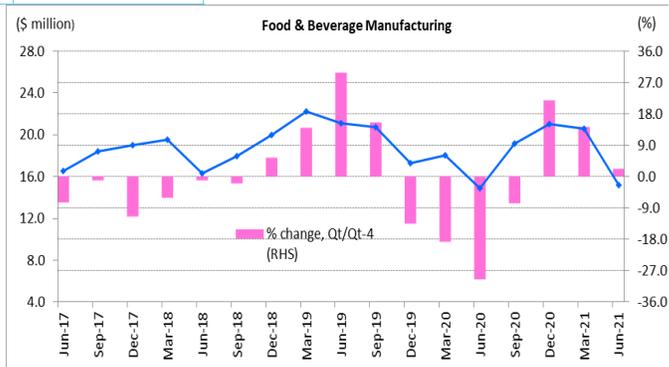
In nominal terms, the industry went up by 12.2% on a year-on-year basis recording a total nominal value added of \$11.3 million. Its contribution to total nominal GDP increased by 0.3 percentage points compared to June 2020 quarter.

Individual Industry Quarterly Performance

FOOD & BEVERAGE MANUFACTURING	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	15.9	23.1	18.2	-21.2	14.5
Value added (constant 2013 prices) WST (millions)	14.9	20.6	15.2	-26.2	2.1
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-1.2	0.5	0.1	Chart 8: Food & Beverage Manufacturing quarterly value added at constant prices & % change over the same period of the previous year; June 2017 - June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	3.2	4.5	3.6		

Food and Beverage industry produced a total value added of \$15.2 million in the June 2021 quarter, increasing by 2.1% in comparison to the same quarter of the previous year. This is the third quarter of positive growth from the industry following four consecutive quarters of negative growth as shown by the Chart. The industry contributed 0.1 percentage-point to the overall real growth in the period under review. This favorable outcome from the industry was in line with the increase in production of food export by 14.0% in June 2021.

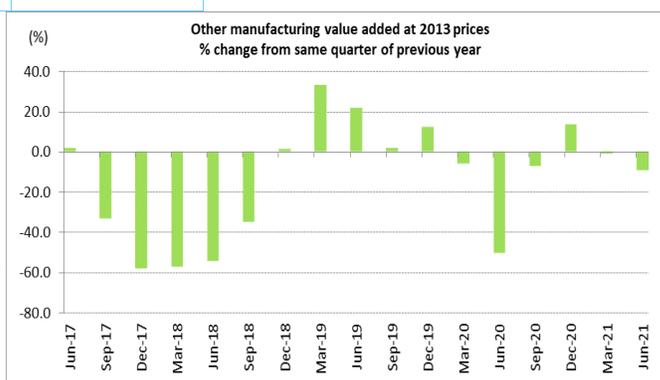
In Nominal terms, the industry also increased by 14.5% compared to the June 2020 quarter. Its share to total nominal GDP also went up by 0.4 pp to 3.6 percent.



OTHER MANUFACTURING	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	6.9	13.2	6.8	-48.4	-1.4
Value added (constant 2013 prices) WST (millions)	5.8	10.2	5.2	-48.6	-9.4
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-1.1	0.0	-0.1	Chart 9: Percentage change in Other Manufacturing real value added; June 2017 - June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	1.4	2.6	1.4		

Other Manufacturing recorded a total value added of \$5.2 million in the period under review. It went down by 9.4% over the June 2020 quarter as a result of a decline in the production of tobacco in the quarter of June 2021. The industry has again relapsed for the second consecutive quarter after its positive growth in the December 2020 quarter.

In nominal terms, the industry recorded a total value added of \$6.8 million in the June 2021 quarter, decreasing by 1.4% on a year-on-year basis. The industry contributed a share to total nominal GDP of 1.4 percent similar to its contribution to the economy in the corresponding quarter of the previous year.



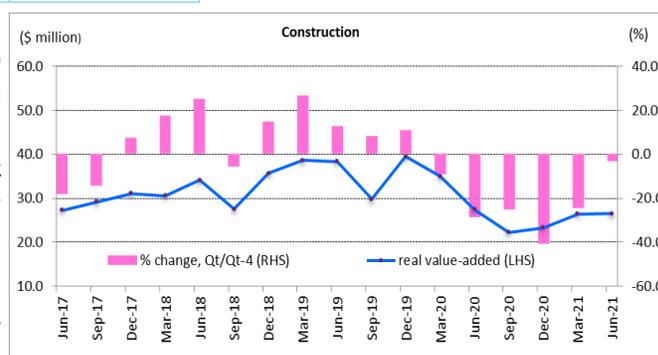
Individual Industry Quarterly Performance

CONSTRUCTION	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	28.7	28.4	28.6	0.8	-0.4
Value added (constant 2013 prices) WST (millions)	27.4	26.4	26.5	0.5	-3.2
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-2.1	-1.7	-0.2		
Contribution to aggregate nominal GDP: <i>percent</i>	5.8	5.6	5.7		

Chart 10: Construction quarterly value added at constant prices & % change over the same period of the previous year June 2017 - June 2021

Construction recorded a real value added of \$26.5 million in the June 2021 quarter, decreasing by 3.2% compared to June 2020 quarter. The decline in construction of buildings as well as civil engineering by 17.4% and 4.3% were the major contributors to this drop. The increase in imported Building materials was not significant enough to counter the reverse growth of the industry for the period under review.

This is the sixth consecutive quarter of negative growth for the industry which started in March 2020. The industry is however slowly recovering as Acquisition of Non-financial assets and imported building materials recorded an increase as compared to June 2020 quarter.

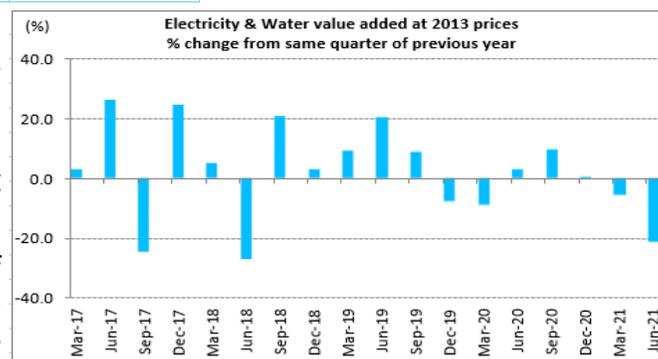


ELECTRICITY AND WATER	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	18.7	15.5	14.9	-3.9	-20.0
Value added (constant 2013 prices) WST (millions)	16.7	13.8	13.2	-4.9	-21.2
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	0.1	-0.2	-0.8		
Contribution to aggregate nominal GDP: <i>percent</i>	3.8	3.0	3.0		

Chart 11: Percentage change in Electricity & Water real value added; June 2017-June 2021

Electricity and Water generated a total value added of \$13.2 million at constant prices in the quarter under review, decreasing by 21.2% compared to the June 2020 quarter. The industry's performance was driven by a drop of 48.7% in water production. Although Electricity production went up by 6.2% it was not strong enough to counter the Water's negative performance.

In nominal terms, the industry recorded a total value added of \$14.9 million, decreasing by 20.0% on a year-on-year basis. Its share to total nominal GDP went down by 0.8 percentage-points to 3.0 percent for the June 2021 quarter.

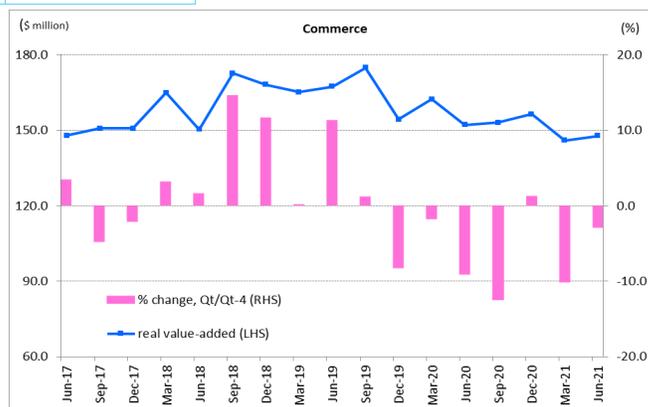


Individual Industry Quarterly Performance

COMMERCE	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	157.1	161.6	161.0	-0.4	2.5
Value added (constant 2013 prices) WST (millions)	152.2	145.9	147.8	1.3	-2.9
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-2.9	-3.3	-0.9	Chart 12: Commerce quarterly real value added & % change over the same period of the previous year; June 2017 - June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	31.6	31.7	32.2		

Commerce remains the largest industry in the economy holding a share of 32.3% of total nominal GDP. Its real value added amounted to \$147.8 million in the period under review registering a decline of 2.9% when compared to June 2020 quarter. The negative result reflects the 12.4% in wholesaling related to food, stationeries and agricultural equipment. Tourism earnings went on standstill as a result of international border restrictions as national preventative measures for the Covid-19 pandemic.

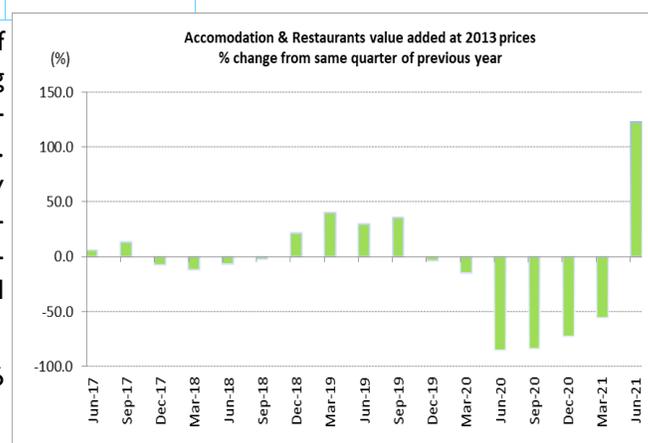
In nominal terms, the industry's total value added amounted to \$161.0 million, increasing by 2.4% on a year-on-year basis. The industry contributed -0.9 percentage points to the reviewed period's real growth rate of -1.8 percent.



ACCOMMODATION AND RESTAURANTS	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	2.0	4.8	5.0	2.9	146.1
Value added (constant 2013 prices) WST (millions)	1.8	4.0	4.0	0.2	122.9
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-2.0	-1.0	0.5	Chart 13: Accommodation & Restaurants, percentage change in real value added over the same period of the previous year; June 2017 - June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	0.4	0.9	1.0		

Accommodation and Restaurants produced a real value added of \$4.0 million, increasing by 122.9% compared to the corresponding period of the previous year. This makes it the first quarter of positive growth following six consecutive quarters of negative growth. Despite the drop in tourism earnings, visitors arrival increased by 11.8%. Restaurants recorded an increase of 66.7% which has assisted the industry greatly in recovering from its negative performance in the past six quarters. Its real value added also increased by 0.2% when compared to March 2021.

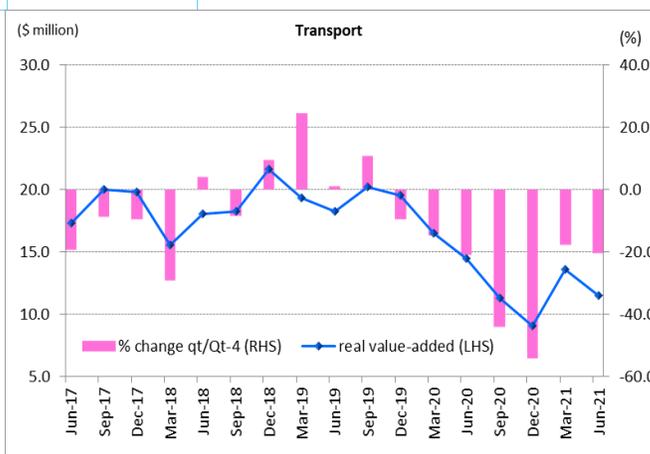
The industry's contribution to total nominal GDP increased by 0.6 percentage points to 1.0 percent for the period under review.



Individual Industry Quarterly Performance

TRANSPORT	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	15.0	14.6	12.2	-16.5	-18.8
Value added (constant 2013 prices) WST (millions)	14.4	13.6	11.5	-15.5	-20.3
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-0.7	-0.6	-0.6	Chart 14: Transport quarterly growth rates with total value added at constant 2013 prices, June 2017 - June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	3.0	2.9	2.4		

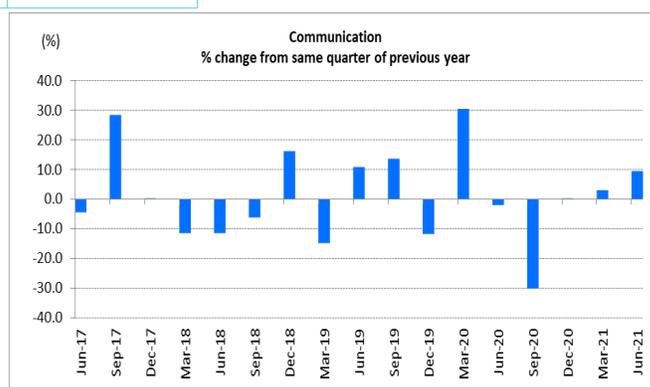
Transport value added at constant 2013 prices for the June 2021 quarter stood at \$11.5 million. It registered a decrease in real value added of 20.3% for the period under review when compared to June 2020. Air and Land transport both declined by 48.3% and 9.3% respectively. Activities related to storage, warehousing and cargo handling also declined in the period. Reduced demand due to continued lockdown measures put in place and limiting the number of passengers using mass transport mode have affected the sectors performance. The industry contributed -0.6 percentage points to overall real growth with its share of 2.4% to total nominal GDP. Its real value added also went down by 15.5% when compared to the March 2021 quarter.



COMMUNICATION	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	34.7	34.9	37.4	7.3	7.9
Value added (constant 2013 prices) WST (millions)	31.8	32.6	34.8	6.9	9.6
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-0.1	0.2	0.7	Chart 15: Communication percentage change in real GDP from the same quarter of the previous year, June 2017- June 2021	
Contribution to aggregate nominal GDP: <i>percent</i>	7.0	6.8	7.5		

Communication generated a real value added of \$ 34.8 million in the June 2021 quarter, increasing by 9.6 % over the June 2020 quarter. The industry contributed positively (0.7 pp) to overall growth. This coincides with the 17.6% increase in employment for the industry as indicated in the Employment June 2021 Report.

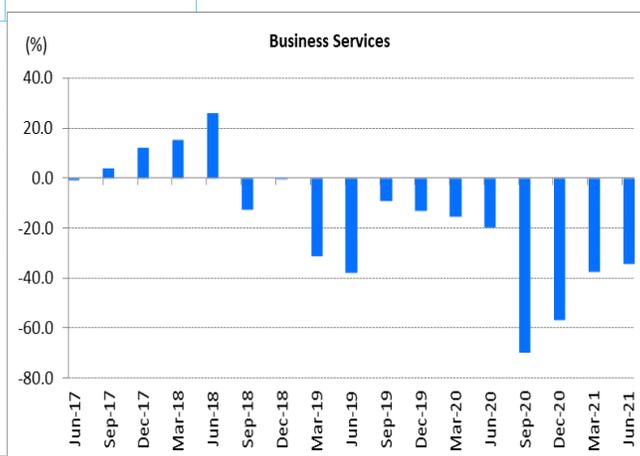
In nominal terms, the industry recorded a value added of \$37.4 million which saw an increase of 7.9% compared to the corresponding quarter of 2020. The industry's contribution to total nominal GDP improved by 0.5 percentage points from 7.0 percent in June 2020 to 7.5 percent in June 2021 quarter.



Individual Industry Quarterly Performance

BUSINESS SERVICES	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	11.3	9.8	7.6	-23.1	-33.3
Value added (constant 2013 prices) WST (millions)	11.5	9.7	7.6	-22.2	-34.6
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	-0.6	-1.2	-0.9		
Contribution to aggregate nominal GDP: <i>percent</i>	2.3	1.9	1.5		

Chart 16: Business Services, % change in value-added at constant 2013 prices from June 2017 – June 2021

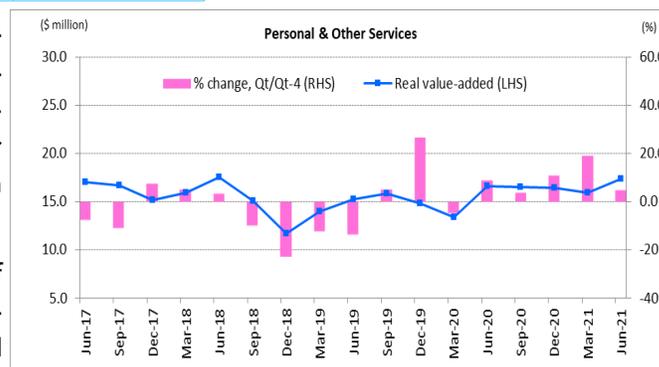


Business services economic activities went down by 34.6% compared to June 2020 quarter. The sector accumulated total value added of \$7.6 million at constant 2013 prices. The industry was the second biggest negative contributor to overall growth with a recorded contribution of -0.9 percentage points. Decline in travel related activities such as travel agencies, tour operators, travel-related reservation services and other services rendered for tourists have rapidly declined because of pandemic restrictions.

The unfavorable year on year performance reflects the effect in value added by travel related businesses such as travel agencies and tour operators. On the other hand, professional services increased on a year on year basis.

PERSONAL & OTHER SERVICES	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	17.3	15.8	17.6	10.8	1.3
Value added (constant 2013 prices) WST (millions)	16.6	15.9	17.4	9.3	4.8
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	0.3	0.5	0.2		
Contribution to aggregate nominal GDP: <i>percent</i>	3.5	3.1	3.5		

Chart 17: Personal & Other Services quarterly value added at constant prices & % change over the same period of the previous year; June 2017– June 2021



On a year on year basis, the industry's total value added of \$17.4 million in constant 2013 prices increased by 4.8 percent compared to June 2020 quarter. This was consistent with the increase in activities pertaining to religious organization, computer maintenance, communication equipment servicing and education services.

In nominal terms, the industry recorded a total value added of \$17.6 million, increasing by 1.3% on a year-on-year basis. Its contribution to total nominal GDP remains at 3.5 percent compared to June 2020 quarter.

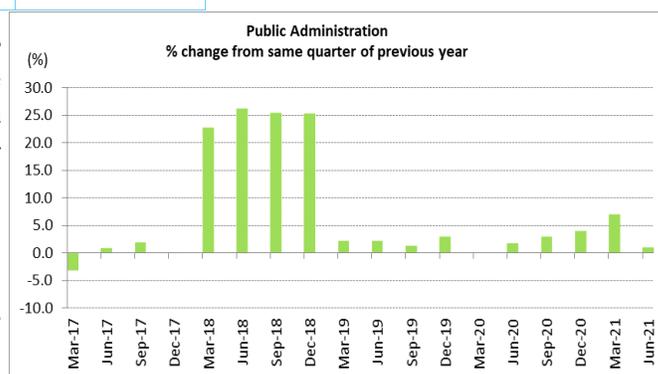
Individual Industry Quarterly Performance

PUBLIC ADMINISTRATION	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	51.6	58.0	60.9	4.9	17.9
Value added (constant 2013 prices) WST (millions)	46.4	48.5	46.8	-3.5	0.9
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	0.1	0.6	0.1		
Contribution to aggregate nominal GDP: <i>percent</i>	10.4	11.4	12.2		

Chart 18: Public Administration, % change in value-added at constant 2013 prices from June 2017 – June 2021

Public Administration in constant 2013 prices went up by 0.9% compared to June 2020 quarter. The industry recorded a value added of \$46.8 million at constant 2013 prices. It contributed a positive 0.1 percentage point to aggregate real growth rate for period under review.

Its total to total nominal GDP increased by 1.8 percentage points from 10.4 percent for June 2020 to 12.2 percent for the June 2021 quarter. The performance by the industry reflects the increased in both compensation of employees and employment in the industry.

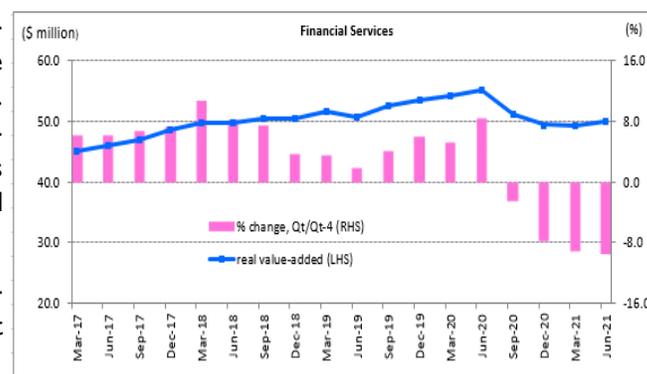


FINANCIAL SERVICES	GDP Jun 2020 Quarter	GDP Mar 2021 Quarter	GDP June 2021 Quarter	% change from Mar 2021 quarter (q-o-q)	% change from Jun 2020 quarter (y-o-y)
Value Added (current prices) WST (millions)	50.8	49.0	45.7	-6.8	-10.2
Value added (constant 2013 prices) WST (millions)	55.0	49.3	49.9	1.0	-9.4
Contribution to aggregate (y-o-y) real growth rate: <i>percentage points</i>	0.8	-1.0	-1.1		
Contribution to aggregate nominal GDP: <i>percent</i>	10.2	9.6	9.1		

Chart 19: Financial Services value added at constant prices & % change over the same period of the previous year; June 2017 – June 2021

Financial services was down by 9.4% in the June 2021 quarter recording a real value added of \$49.9 million. This makes it the fourth consecutive quarter of negative growth by the industry. The performance by the sector was driven by the decline in activities of monetary institutions such as central and commercial banks as well as non-financial institutions. It contributed -1.1 pp to total real growth.

In nominal terms, the industry recorded a 10.2% decrease compared to the June 2020 quarter. Its share to nominal GDP went down by 1.1 percentage points on a year-on-year basis.



Background Information

INTRODUCTION

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 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 quarterly report is the eleventh of the new quarterly series of GDP estimates at constant 2013 prices. 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 approach**, this approach measures the total value of goods and services produced in Samoa, after de-ducting the cost of goods and services used in the production process. This is also known as the value-added approach.

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.

- primary industries (agriculture and fishing)
- secondary sector or the goods-producing industries (manufacturing, construction, electricity & water);
- Tertiary sector or service industries (wholesale trade; retail trade and accommodation; transport, postal, and warehousing; information media and telecommunications; finance and insurance services; rental, hiring, and real estate services; professional, scientific, technical, administrative, and support services; public administration and safety; education and training; health care and social assistance; arts, recreation, and other services).

REVISIONS

Revisions have been made in the previously published data in the March 2021 quarter report, particularly to fishing industry and Financial Services with the incorporation of additional administrative data provided.

NEW DEVELOPMENT

Compilation of GDP(P) is currently underway in order for report to be inline with standard international statistical methodologies as stipulated in the SNA 2008. Dissemination of this publication will be available shortly to the public.



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Background Information

Overview

This publication is the eleventh release for estimates of GDP at constant (2013) prices. In the process of updating the base year from 2009 to 2013 the overall estimation system has been exhaustively reviewed, leading to improved methodologies and the adoption of a range of new data sources and revised benchmarks wherever available. The revised overall estimates have not resulted in significant changes to the picture of the Samoan economy presented by the earlier 2009-based estimates, but it is believed that the revised system is more robust, and will be better able to quickly reflect future disturbances to economic growth. The section below on “General reasons for rebasing estimates at constant prices” sets out the purpose of rebasing estimates, and the nature of the processes involved.

The key features of the overall system review and associated rebase are as follow:

- base year for constant price estimates was updated from 2009 to 2013
- ISIC classification have been upgraded from the ISIC Revision 3.1 to Revision 4 as recommended in the SNA 2008
- an increased reliance on summary data from the VAGST system
- the incorporation of latest benchmarks, including
 - ⇒ Household Income and Expenditure Survey, 2013
 - ⇒ Business Activity Survey, 2013
 - ⇒ Population Census, 2016
 - ⇒ Financial data on the Financial Sector operations
 - ⇒ information from other sources, particularly for Government Finance Statistics, Merchandise trade, Employment and Wage data; SNPF, Commodity prices from CPI, Agriculture volume data, visitor arrivals by purpose, livestock production, and landings of in-shore and off-shore fishing catch.
- more detailed data on industry level have been incorporated hence provide benefits for the detailed analysis, with results only at the aggregated industry level

General reasons for rebasing estimates

When interpreting movements over time in broadly-based indicators such as GDP, the effects of changing prices make it difficult to see the “real” changes i.e. what would the changes have been if there had been no change in the component prices? If dealing with a single commodity e.g. sales of taro, it is possible to simply look at the quantities sold, and say with some confidence that “real” sales of taro are going up, down, or are flat.

But with an aggregate as complex as GDP, commodities such as taro,

long-line tuna catch, road building, haircuts and financial services are all intermingled, and it is not possible to immediately see the changes in the overall “quantity” of production. In order to aggregate such diverse commodities, it is necessary to express the underlying flows in terms of the prices of a single period (the “base year”). By expressing the detailed flows in monetary terms and at the price of a single period, they can then be aggregated, and the resulting aggregate values of diverse items can then be analysed for the direction and extent of their change “at constant prices”.

This process of valuing the production of detailed commodities at constant prices and then aggregating them is – in principle - directly analogous to the way in which the Consumer Price Index (CPI) is compiled. Whereas the CPI measures **prices** of detailed commodities over time and then weights those prices together by their base-period values to derive an aggregate measure of price, the derivation of constant price estimates measures detailed **quantities** over time and then weights those quantities together by their base-period values to derive an aggregate “quantum” measure.

Just as the CPI is rebased regularly, there is a further analogy between the compilation of the CPI and the necessity to rebase measures at constant prices. As noted in international recommendations:

“...over time the pattern of relative prices in the base period tends to become progressively less relevant to the economic situations of later periods to the point where it becomes unacceptable to continue using them to measure volume changes from one period to the next. It is then necessary to update the weights.”

Methodological changes associated with the review of the system for estimating GDP at current and constant prices

As an integral part of the rebasing to 2013 prices, all benchmarks, assumptions and data sources were evaluated to see if they could be improved. In addition to changes due to the adoption of a more recent base year, the estimates of GDP and its components have been affected by improvements throughout the estimation system.

Revised benchmarks

It is not practicable to undertake all major data collections in every period eg. the work required to conduct and process a national HIES, Business Activity Survey means that conducting these surveys every 5 years as Samoa has been doing is a major achievement. As a result it is often necessary to use **partial indicators** for extrapolating benchmarks, and the quality of the resulting estimates depends on the assumption that the relationship between the indicator and the benchmark remains constant over time.

Background Information

When benchmarks are then derived for subsequent periods it is often the case that the relationship between indicator and benchmark has changed, and this leads to revisions between the benchmark periods and into the period before the next benchmark revision. As a specific example of how this can impact on the estimates, when the recent rebasing was conducted in 2013 there was insufficient information on the financial services available to the Bureau to actually reflect the financial services contribution to the economy. This leads to this component of GDP remained low until the detailed information was made available from the CBS during the 2013 rebase estimates. The more detailed information at a subsector level in financial service as well as insurance revealed that there had been strong growth in the sector over the years with its level substantially increased compared to the 2009 series.

Fortunately, the major strengthening of the national statistical system during the last decade has led to a breadth of experience in the use of administrative data sources that are available to supplement censuses and surveys, and more effort is put into strengthening cooperation and coordination amongst the data users and data providers. Furthermore, resources are being allocated to permit more regular data collections than was the case a decade or more ago. As a result, 2018 HIES enumeration is completed, Agriculture Census will be conducted in early 2020 with more developments into the integration of businesses administrative data to facilitate timely and less costly collection on the Business Activities. It is anticipated that future rebases and systems reviews will be far less subject to revision due to benchmarks becoming very much out of date.

Improved national statistical system:

Any system for estimating GDP is basically a framework for bringing together a wider range of economic and social statistics. The quality of the resulting estimates will be directly dependent on (a) the quality of the component systems, and (b) the extent to which the components are integrated eg. common definitions and classifications. In reviewing the latest system for estimating GDP it was evident that the national statistical system is far more robust and better integrated than it was a decade ago despite challenges

A key example of better integration is that businesses paying VAGST and NPF contributions are now classified to the same industry in both systems – as a result the average earnings measures by industry from NPF data can now be confidently related to the estimates of output by industry from VAGST data, and so provide a directly relevant measure of labour costs associated with that industry output. Other activities to improve this integration further is continuing; with the development of an Integrated Business Information System developed and housed in the Bureau, with data sharing amongst Government Ministries and Corporations like Ministry for Revenue, Ministry of Commerce Industry and Labour as well as National Provident Fund.

Ministry of Agriculture and Fisheries have been supportive during this rebase exercise with the electronic transfer of fishing data especially the

inshore and off-shore data, a great example of a statistical system with strong cooperation.

With the general improvements in the quality of the national statistical system (which includes agencies other than SBS) the need to adjust source data for obvious outliers has been significantly reduced. When the first system was established there were many series which regularly showed unrealistic fluctuations: some were monitored manually, others were so consistently unreliable that automatic checks were built in to keep them within set limits. While the latest system still features some moving averages to allow for known timing problems (eg. 7 paydays in one quarter, 6 in the next) the source data now stand on their own merits. Not only is the revised system now drawing on better quality component data, but it will also be able to more quickly reflect turning points and the effect of shocks such as cyclones.

New classification— ISIC Revision 3.1 to Revision 4

In compliance with international best practice, one of the major developments was the re-classification of business by the nature of business activities using the ISIC Rev.4 from Rev.3.1 previously used. This is a significant activity in assuring that Samoa's data is comparable to other countries economy, as well in its relation to other systems like Balance of Payments and Government Finance Statistics. This has impacted on the value added levels of some industries like Construction and Business Services; with some establishments that were involved in architectural consultancy more on the services being previously classified under construction but are now in the business services—under architectural and engineering consultancy services.

Methodological changes:

The general methods remain largely unchanged between 2009 and 2013 except for the opportunity to refine and improve the system as well as incorporation of the new benchmark data from the major surveys.

Agriculture: The general methods remain largely unchanged between 2009 and 2013 except for the opportunity to refine and improve the factors that were used in the estimation of the marketed commodities. This was related to the change in coverage of the market survey which previously covers the Fugalei market only, and now expanded to cover other markets and stalls around the islands including the main market in Savaii. The single biggest influence on the change in movements

Background Information

between the two systems was the introduction of the 2013 HIES benchmarks, and this resulted on 2013-based estimates being lower in 2013 compare to the (2009) previous series.

Fishing: Fishing like Agriculture methods remain largely unchanged except for the introduction of the HIES 2013 data as well as the use of the in-shore and off-shore survey data from the Fisheries Division of the Ministry of Agriculture and Fisheries in the system.

Industries which rely on VAGST data:

Benchmarks from the Business Activity Survey 2013 were considered and adjusted accordingly, in light of the coverage in the BAS for some industries and in comparison with VAGST data.

In many ways the VAGST system is a nearly ideal indicator for measuring value added in many industries:

- its scope is “value added”, the same concept as underlies GDP;
- it is a sub-annual system, with timely reporting;
- returns are monitored closely to ensure compliance;
- good working relation with MfR mean that SBS industry coding is being applied;
- its coverage spans the non-agricultural monetary side of the domestic economy.

As such the VAGST system provides regular, reliable aggregate data for the key items: sales, and purchases. If VAGST did not exist it would require a major (to the point of being impracticable) on-going business survey, at huge cost to both SBS and the reporting business community. Inevitably the results from the VAGST system have been adopted as the primary data source for many industries.

The industries which use only VAGST results in estimating the current price values (CPVs) of monetary value added for that industry are:

- OTHM Manufacturing other than food and beverages
- ELEW – but only the water component, and this will change if we can get good data directly from SWA (water is in VAGST, electricity is not)
- TRAD Commerce
- COMM Communication
- BUSS Business Services
- PERS Personal services
- OTHR Other services

Industries which use VAGST as the primary data source for monetary CPVs but supplement these with data from other sources are:

- FOOD Food and beverage manufacturing (+ exports)
- CONS Construction (+ building material imports as additional indicator);
- TSPT Transport (+ estimates for buses and taxis outside VAGST)

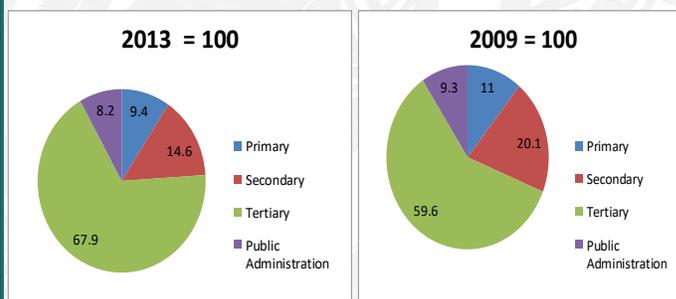
Apart from these VAGST based industries, The Finance Industry main data source is now primarily from the Profit and Loss Statement summary provided by the Central Bank of Samoa. This not only enables the calculation of the FISIM, but also the breakdown of other components of the Finance Sector like Insurance, Central Bank and Other financial institutions.

Impact of the revised estimates on the economic structure and growth

The combined effect of the rebasing to 2013 prices, revising methodologies and data sources remained unchanged at the aggregated level. However the revised benchmarks as expected led to changes in the value added composition of industries, as well as year on year growth rates. The change saw the Tertiary sector share increased by 8.3 percentage point with Secondary, Primary and the Public Admin sector losing 5.5, 1.6 and 1.1 percentage points respectively.

Underpinning the change was the Finance sector becoming the second largest industry after Commerce, with Construction moving to sixth and Other Manufacturing to be the smallest in 2018 with 1.8 percent share. The trend is indicative of the changes occurred in the period from 2009 to current with the completion of some major infrastructural projects as well as the effect of the closure of Yazaki in August 2017. Public Administration, Agriculture and Communication sectors were in the 2nd, 3rd and fourth in the ranking .

Comparison of GDP shares 2018, by broad sectors in 2013 and 2009 prices,

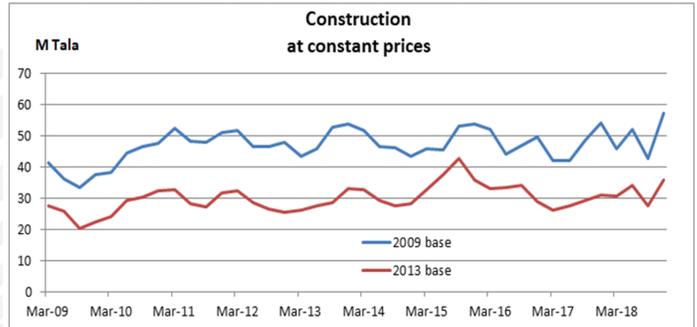
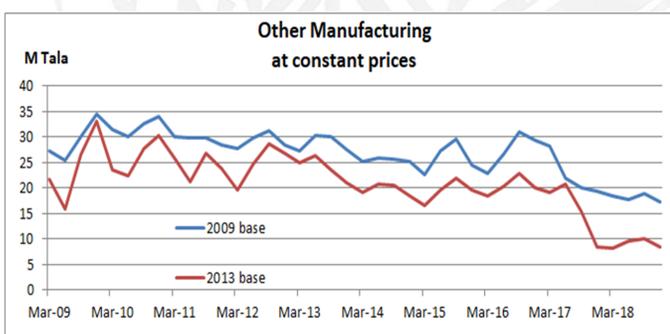
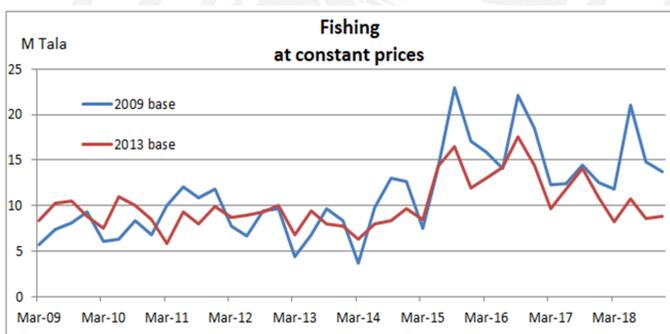
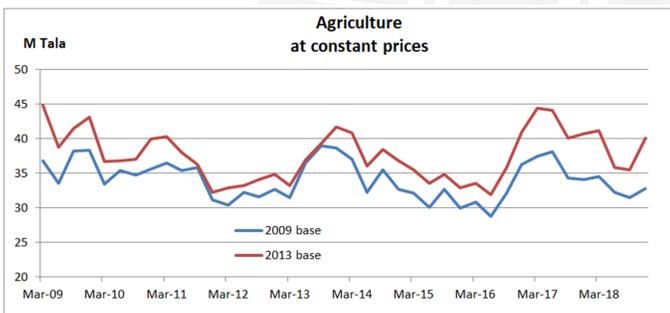
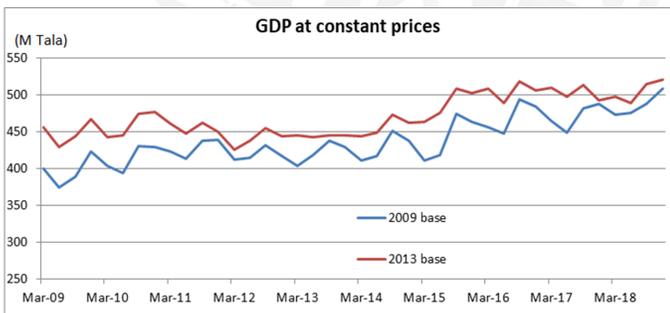
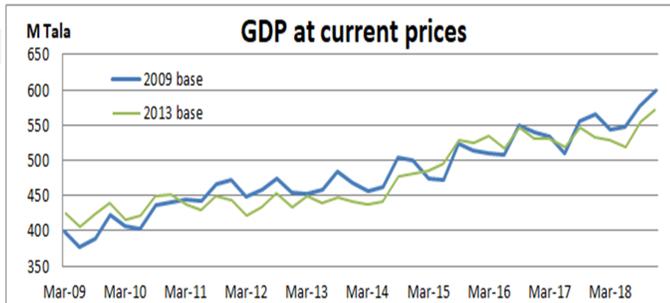


Indicated in the following charts are the industries showing significant change as part of the rebasing exercise:

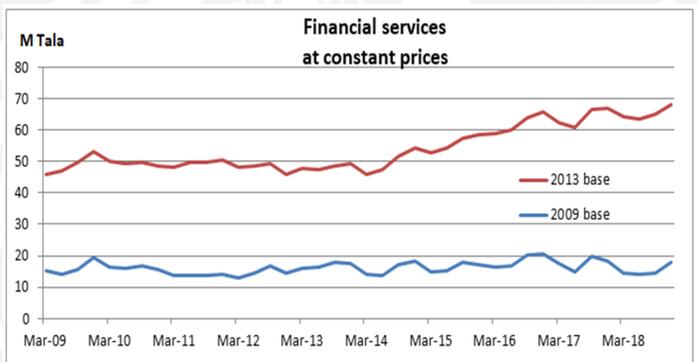
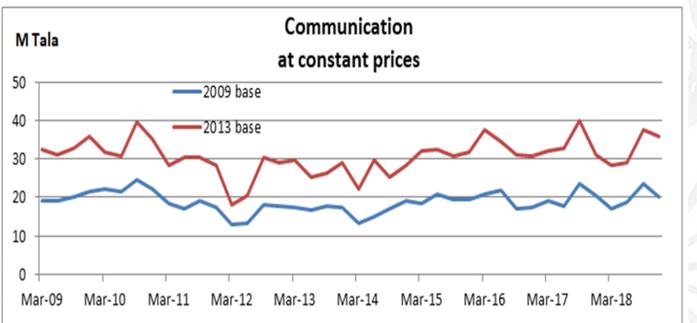
NATIONAL ACCOUNTS FRAMEWORK REVIEW & GDP 2013 REBASING

Background Information

Some of the key results for GDP at current and constant 2013 prices compared to 2009 prices;



The gap between the two base periods for the Construction and Other Manufacturing reflects the change in the level of activities in the two periods, with 2013 having a lower end compared to 2009. On the other hand Communication indicated that there have been more activities in the 2013 period compared to 2009.



The gap between the two base periods for the Financial services reflects the change in the level of activities in the two periods, with 2013 having a higher value of activities compared to 2009. This also attributed to improved data sources used for this industry compared to the previous data set.