



Samoa Bureau of Statistics

GDP (Expenditure)

Annual Analysis - 2023

Overview

Issue 2



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: 10.1%
- GDP(E) at Constant 2013 Prices (real) - WST \$2,150.9 million
- GDP at Current Prices (nominal) - WST \$3,016.8 million

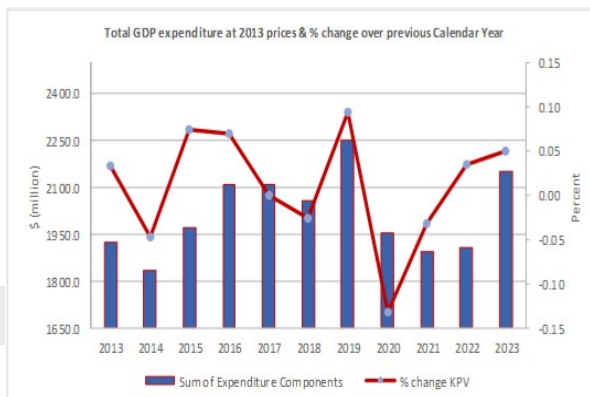
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GDP Expenditure Growth:

Gross Domestic Product (GDP) by Expenditure in constant 2013 prices for the calendar year 2023 went up by 10.1% when compared to the calendar year 2022. Total sum of expenditure components at constant prices stood at \$2,150.9 million (\$2.15 billion) for the calendar year under review. Chart 1 shows GDP expenditure at constant prices from the year 2013 to 2023 and the year-on-year (y-o-y) growth rates as measured by percentage change compared to the previous calendar year.

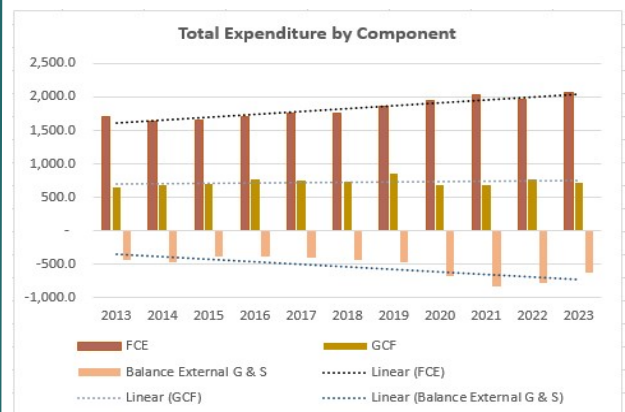
Chart 1: Total GDP expenditure at constant prices & growth rates, Year 2013 - 2023



Total GDP expenditure of \$3,016.8 million (\$3.0 billion) in nominal terms was recorded for the calendar year 2023. It went up by 27.5% compared to the previous year. FCE and GCF recorded an increase in the reviewed calendar year while Net Export declines by 33.7%.

Final Consumption Expenditure (FCE)

Chart 2: Total GDP expenditure at constant prices by component

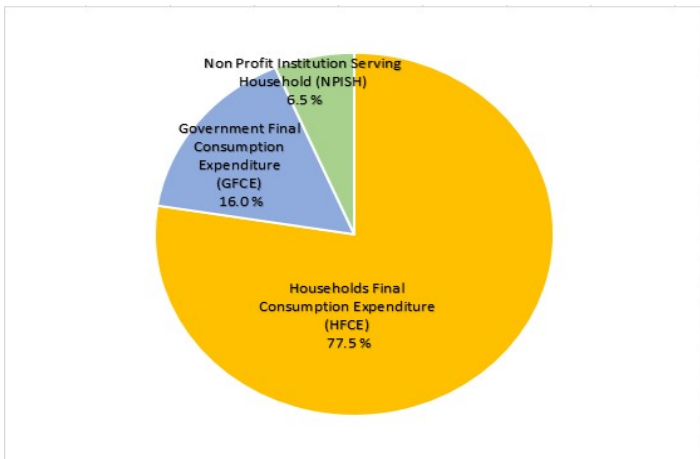


FCE accounts for expenditure on goods and services primarily used for the direct satisfaction of individual needs (consumption). FCE on an annual basis recorded a total of \$2,065.2 million in constant terms, increased by 4.9% compared to the previous year 2022 reporting an amount of \$1,969.3. Household Final Consumption Expenditure (HFCE) which included activities such as household consumptions of food and related products went up by 7.0% compared to the previous year 2022. This performance was generated from expenses on food (manufactured products), fresh local produce, communication, restaurants and hotels and food and beverages. Government Final Consumption Expenditure (GFCE) went down by 6.5% while Non-Profit Institutions serving Households (NPISH) recorded in increase by 12.4% compared to the year 2022.

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, GCF decreases by 6.8% compared to the previous calendar year with Durable Equipment's contributing the most. This was mainly due to the decline in imported durable equipment's for transport related products for the year 2023.

GDP(E) Annual Analysis - 2022

Chart 3: Final Consumption Expenditure Composition 2023
(2013= 100)

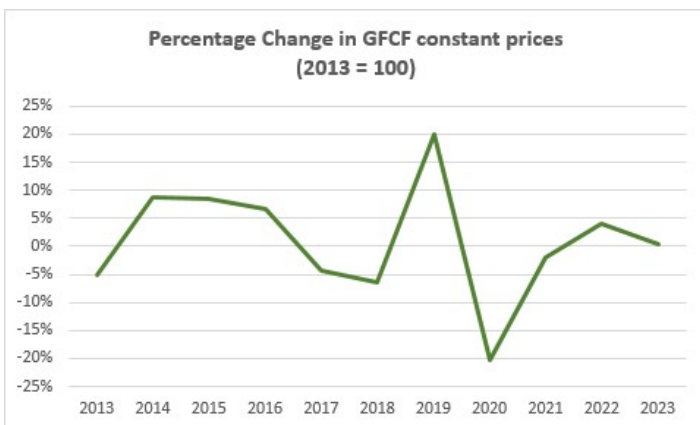


Total FCE in constant terms comprises of 77.5% HFCE, 16.0% GFCE and 6.5% NPISH-FCE as shown in Chart 3 above for the year 2022.

Nominal FCE in the year 2023 amounted to \$2,689.7 million (\$2.7 billion) which has increased by 12.7% compared to the previous calendar year 2022. Non-Profit Institutions Serving Households contributed the most to this outturn at \$172.6 million increasing by 24.6% compared to \$138.4 million in the previous year 2022. HFCE increased by 16.5% while General Government decreases by 3.9%.

Chart 4: Gross Fixed Capital Formation

Gross Fixed Capital Formation (GFCF)



Total GCF on an annual basis in 2023 amounted to \$712.2 million in constant terms which was reduced by 6.8% compared to \$763.9 million in the year 2022. Gross Fixed Capital Formation as shown in Chart 4 above illustrates the percentage change in GFCF in real terms. It's trend identifies the recoveries from the prolonged Covid-19 pandemic.

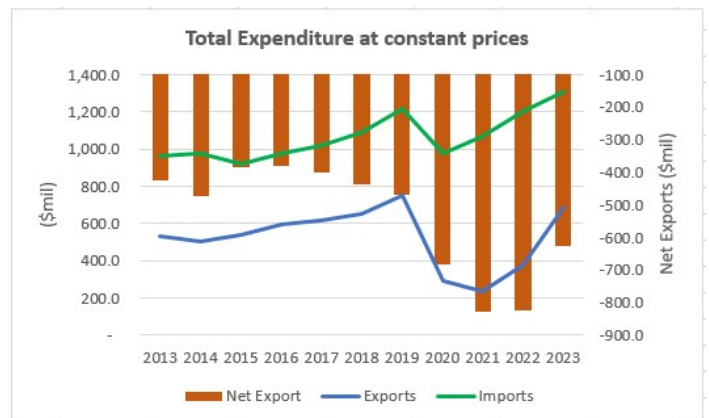
Gross Fixed Capital Formation (GFCF) also known as investment is the acquisition of produced assets including construction, durable equipment and cultivated resources went up by 0.2% compared to 2022. Durable equipment which comprises almost half of GFCF decreases by 4.1% compared to the year 2022. GFCF component accounts for 95.8% of GCF. Construction which contributes more than half of GFCF went up by 4.8% for the year under review. Inventories went down by 64.6% compared to 2022; however this output only comprises 4.1% of total GCF.

In nominal terms, Gross Fixed Capital Formation in 2023 amounted to \$894.6 million, a 10.5% increase compared to the \$809.3 million recorded in the calendar year 2022. Change in inventories went down by 54.1% in the Calendar year under review.

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 2022 amounted to -\$626.5 million in constant terms which decreases by 19.7% compared to -\$780.2 million in the year 2022. Resuming of travel services has contributed in the 2023 review which encounters for the loss during Covid-19 .

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 2023. Imports registered total expenditure in constant terms of \$1,310.3 million (\$1.3 billion); it increased by 9.4% compared to 2022. Merchandise goods accounts for 75.3% while services accounts for 24.7% of total imports of goods and services.

Total export in real terms increased in 2023. This calendar year recorded a total of \$683.9 million increasing by 63.8% compared to the previous year and with usual operational hours being back to normal; our country is getting back to its business activities and export services.

GDP EXPENDITURE FRAMEWORK

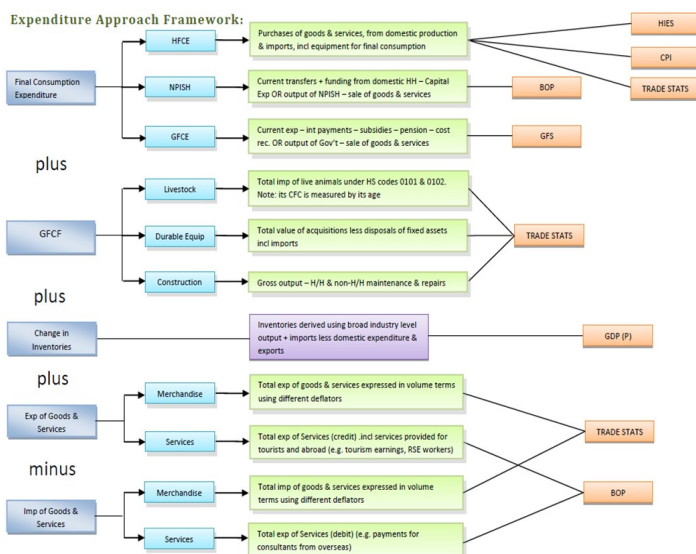
Background Information

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:

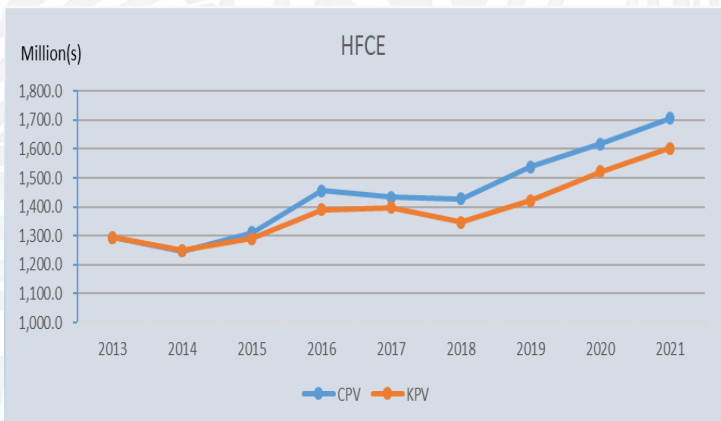
- Household Final Consumption Expenditure (HFCE)
- Government Final Consumption Expenditure (GFCE)
- Non-Profit Institution Serving Households (NPISH)
- Gross Fixed Capital Formation (GFCF)
- Changes in Inventories
- Exports of Goods and Services
- Imports of Goods and Services

Methodology

1) Household Final Consumption Expenditure (HFCE)

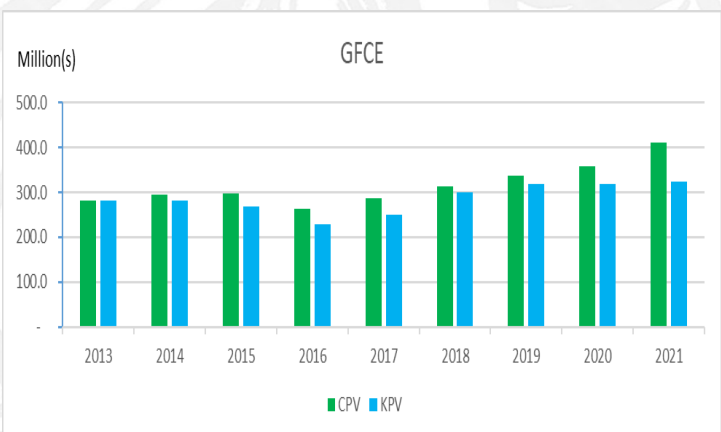
- The HFCE component of GDP E comprehends of various numbers of quantity with value and volume indicators that has been used to ex-

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.

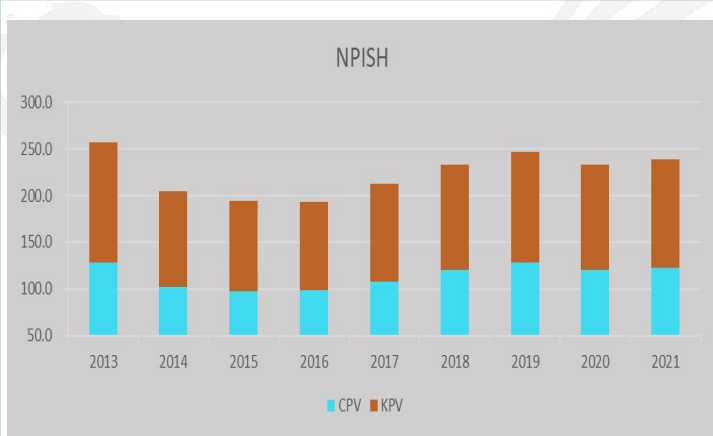


3) Non-Profit Institutional Serving Household (NPISH)

- 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.

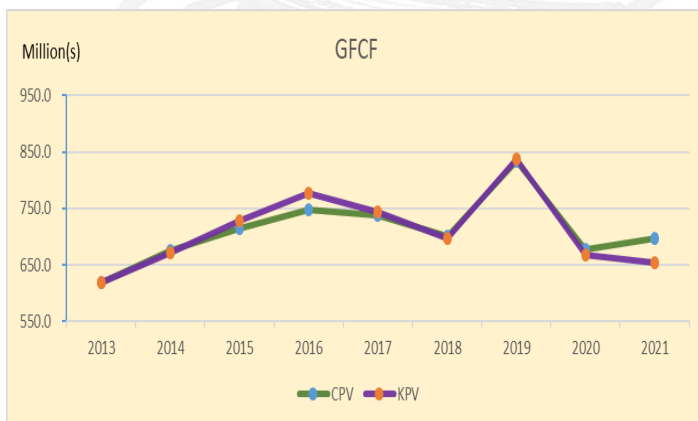
GDP EXPENDITURE FRAMEWORK

Background Information



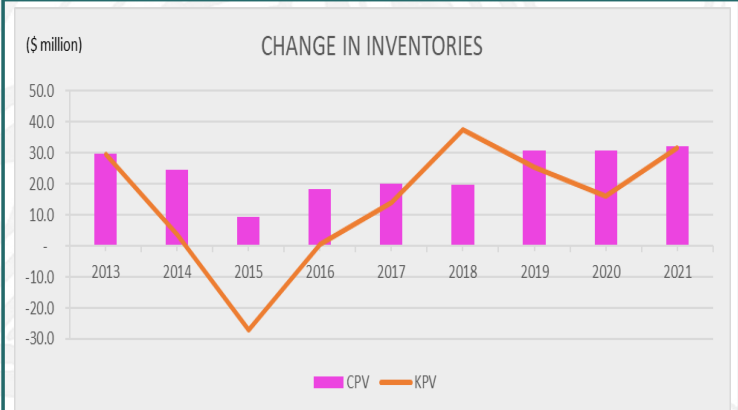
4) Gross Fixed Capital Formation (GFCF)

- 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 2-digit 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.



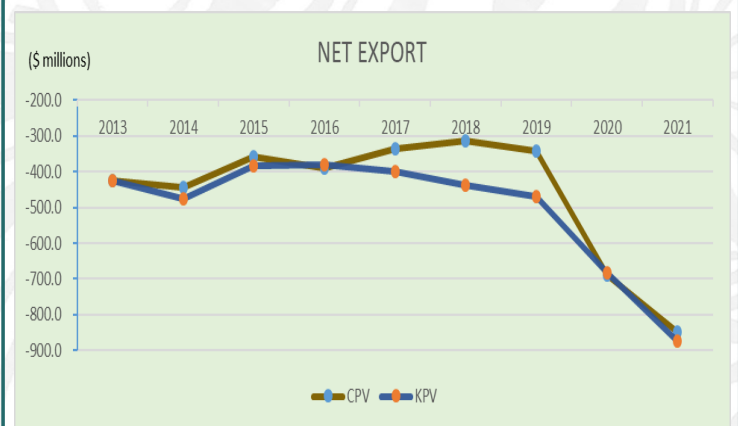
5) Changes in Inventories

- 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.



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