Samoa Bureau of Statistics

Gross Domestic Product

June 2022 Quarter

Overview

29th Sep 2022

NEW!

GDP using Production Approach is now compiled at GDP at purchaser prices replacing GDP at market prices. Base year remains at 2013.

Special points of interest:

- *GDP Growth - -10.1%*
- *GDP at Constant 2013 Prices (real) - **WST $435.9 million***
- *GDP at Current Prices (nominal) - **WST $522.6 million***

Inside this issue:

Economic activity, as measured by Gross Domestic Product (GDP) went down by 10.1% in the June 2022 quarter, recording total GDP in real terms of $435.9 million. GDP continues to drop making this quarter the fourth quarterly decline in real terms; this follows revised growth rate of -8.0% in March 2022. The Covid-19 pandemic continues to have significant influence on the economy. With the discovery and transmission of Covid cases within the community towards the end of March quarter, the quarter under review was impacted strongly by the activation and continuation of consecutive lockdowns and the strong enforcement of preventative measures vital for the containment of the pandemic within the community. Preventative measures such as social distancing, quarantining and the use of face masks to name a few were strongly enforced during the June 2022 quarter to maintain the virus from getting out of control. Most sectors of the economy performed negatively due to this effect with retailing and wholesaling activities, communication and information services, construction and civil engineering activities being the hardest hit this quarter.

GDP Growth:

Gross Domestic Product for the **June 2022 Quarter** at constant 2013 basic prices amounted to $435.9 million, decreasing by 10.1% compared to the June 2021 quarter. This is the second lowest value added recorded since the series began in March 2009; its percentage change on a year-on-year period continues its downward trend since the onset of the Covid-19 pandemic in December 2019.

Chart 1 shows GDP at constant prices from September 2017 to June 2022 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 recorded four consecutive quarters of negative growth reflecting the impact of enforced restrictions on the Covid-19 pandemic for the country as a whole due to its spread on the community level. As a result, the services sector which comprises of seven (7) industries and make up more than 75 percent of the economy fell by 8.8 percent. The secondary or good-producing sector which accounts for more than 10 percent of total GDP also went down by 8.9 percent compared to the corresponding quarter of the previous year. The primary sector which consists of the Agriculture and Fishing industries and contributes 9.3 percent to real aggregate GDP also declined by 17.6 percent on a year-on-year basis.

Chart 1: Total GDP at constant prices & growth rates, Sep 2017 - Jun 2022

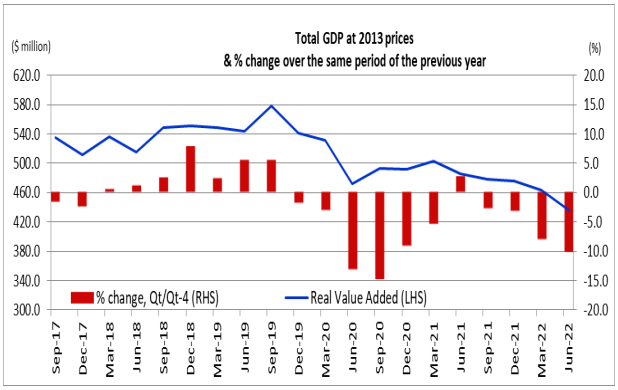


Chart 2: Percentage-point contributions to GDP growth by industry; June 2022 Quarter

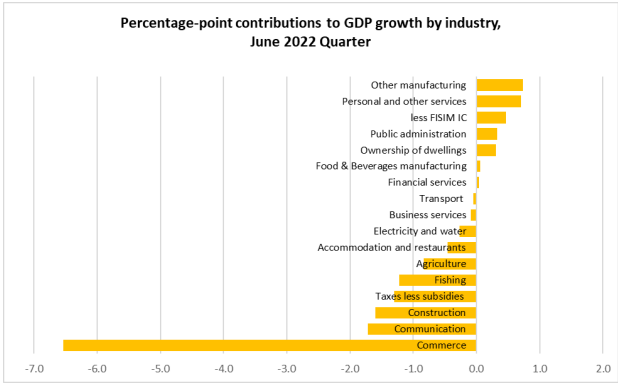


Chart 2 above indicates the percentage-point (pp) contributions of each industry to the overall growth of –10.1% in the June 2022 quarter. The largest contributors to this decline were from Commerce, Communication,

Construction, Fishing, Agriculture, Accommodation & Restaurants and Electricity & Water with respective contributions of -6.5 percentage points (pp), -1.7pp, -1.6pp, -1.2pp, -0.8pp, -0.5pp and -0.3pp to the overall growth of -10.1% within the June 2022 quarter. Also noteworthy is the significant decline recorded for taxes and subsidies on products for the June 2022 quarter of -1.3pp to total growth.

The Commerce industry was the main contributor to the decline in GDP making this quarter the sixth consecutive negative growth for the industry. Wholesaling activities related to food, beverages, electronic & household appliances, construction materials, liquid and gaseous products declined in the period under review. Communication was the second biggest contributor to the overall decline in growth recorded for June 2022 quarter; it went down by 25.3% compared to June 2021. This was due to the decline in communication and information services activities during this period. Its performance has declined three consecutive quarters.

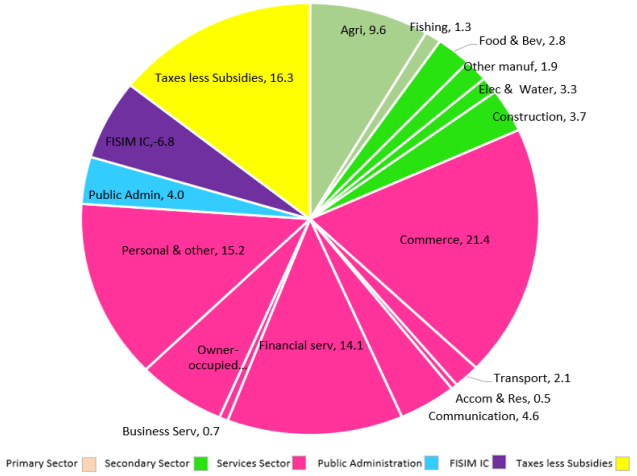
Conversely, some of the industries that performed positively in the June 2022 quarter included Other manufacturing, Personal & Other services and Public Administration with respective contributions of 0.7pp, 0.7pp and 0.3pp respectively to overall growth.

GDP Levels (Nominal):

Gross Domestic Product at current prices for the **June 2022 quarter** amounted to $522.6 million. It declined by 2.1% compared to the corresponding quarter of 2021. This is the second quarter of negative growth following three quarters of positive growth in nominal terms. GDP per capita went down by 2.8% compared to June 2021.

Chart 3 shows the industry composition of GDP at current market prices in the June 2022 quarter. Tertiary sector (services industries) comprising 54.7% of total nominal GDP, went down by 9.0% compared to June 2021. The Secondary sector (good-producing industries) accounting for 9.8% percent of total nominal GDP also declined by 4.2% on a y-o-y basis. The Primary sector which accounts for 9.8% of nominal GDP increased its share by 10.3% as a result of the increase in the Agriculture industry's share on a year on year basis. Public Administrations' share comprising 15.2% of nominal GDP increased by 30.8 percent on a year-on-year basis.

Chart 3: Composition of Nominal GDP, Jun 2022 Quarter

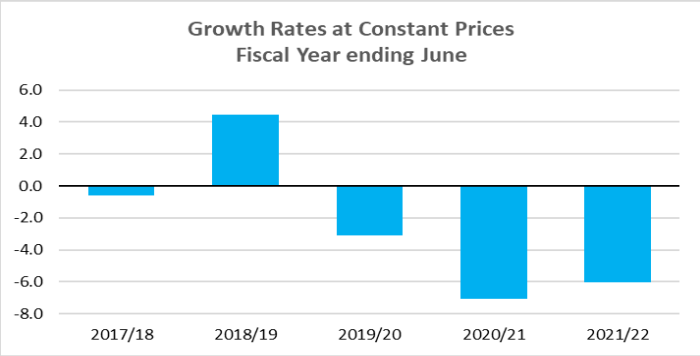


Twelve Months Review for FY ending June 2022:

GDP for the **Financial Year ending June 2022** (July 2021 - June 2022) at current market prices was $2,168.8 million (or $2.17 billion), decreasing by 0.02% compared to the $2,169.3 million recorded in the year ended June 2021. At this level, GDP per capita was $10,582 decreasing by 0.8% over the previous year ending June 2021.

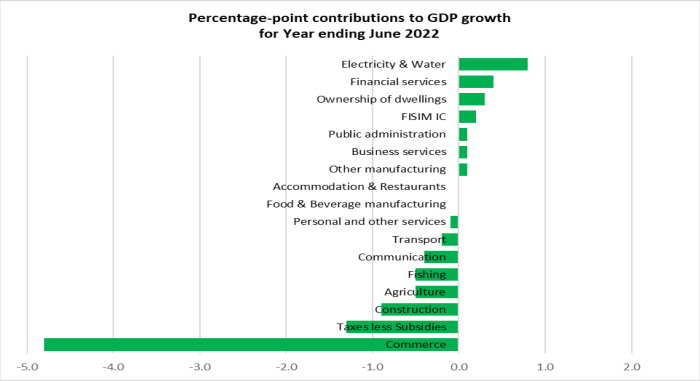
In constant 2013 prices, GDP stood at $1,853.5 million in the year ending June 2022; the third lowest annual GDP recorded since the start of the series. On an annual basis, GDP went down by 6.0% compared to the $1,972.2 million recorded in the year ending June 2021.

Chart 4: Percentage change in Constant Prices for Year ending June.



Depicted in Chart 4 above are the real growth rates in the last five years ending June. The economy recorded a decline in growth for three consecutive years ending June with the year under review at a decline of 6.0%. This ongoing decline in the economy's performance is reflective of the effect of the Covid-19 pandemic on all sectors and respective industries of the economy. For the year under review, all four quarters experienced negative growths which resulted in the total decline recorded for FY2021/22. This was driven by the downturn in economic activities in Commerce, Construction, Agriculture, Fishing, Communication, Transport and Personal & Other services with respective contributions of -4.8 pp, -0.9 pp, -0.5 pp, -0.5 pp, -0.4 pp, -0.2 pp and -0.1 pp each to the overall growth of -6.0%. The taxes less subsidies component of the economy also recorded a negative contribution to total growth of 1.3 percentage points as shown below.

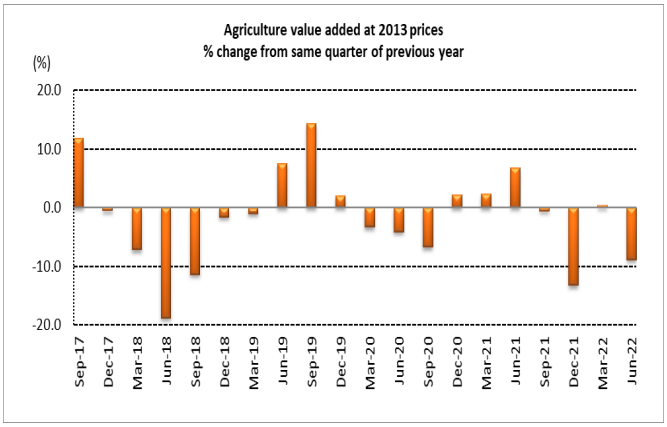
Chart 5: Percentage-point contributions to GDP growth for FY2021/22



Individual Industry Quarterly Performance

AGRICULTURE	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices)	40.5	50.1	50.0	-0.3	23.6
Value added (constant 2013 prices) WST (millions)	39.4	40.5	35.9	-11.4	-8.9
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.6	0.0	-0.8		
Contribution to aggregate nominal GDP: *percent*	7.6	9.4	9.6		

Chart 6: Percentage change in Agriculture real value added; Sep 2017 - Jun 2022

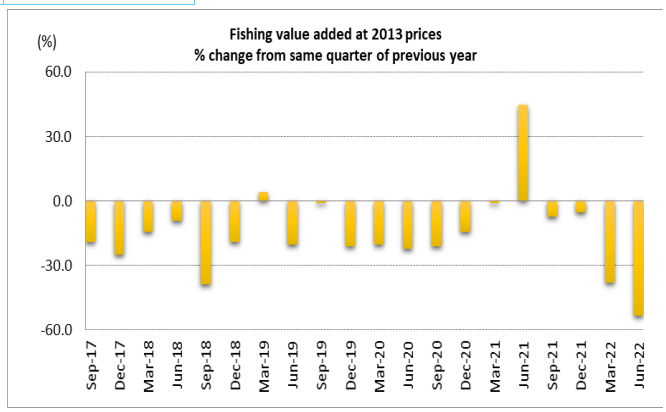


Agriculture recorded a total value added of $35.9 million at constant 2013 prices for the June 2022 quarter, down by 8.9% compared to the June 2021 quarter. This outcome reflects the negative growth in exported produce and domestic consumption of crops by 45.3% and 15.5% respectively. Volume of crops such as taro, taamu and banana sold at market for the reviewed quarter declined by 45.4%, 33.5% and 3.8%. Compared to the previous quarter, the industry decreased by 11.4% in real terms.

The value added in nominal terms increased by 23.6% on a year-on-year basis at $50.0 million increasing its share by 2.0 percentage points to a recorded 9.6 percent contribution to total nominal GDP.

FISHING	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	11.2	6.0	7.0	15.7	-37.6
Value added (constant 2013 prices) WST (millions)	9.6	4.2	4.5	6.4	-53.4
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.7	-0.6	-1.2		
Contribution to aggregate nominal GDP: *percent*	2.1	1.1	1.3		

Chart 7: Percentage change in Fishing real value added; Sep 2017 - Jun 2022



Overall, Fishing value added in real terms decreased by 53.4% compared to the corresponding quarter of 2021. This is the fourth consecutive quarter of negative growth for the industry. This was driven by the 63.5% decline in fish domestically consumed in the June 2022 quarter as both inshore and offshore landings supplied to the markets within the country went down by 69.6% and 6.5% respectively. The industry contributed -1.6 percentage points to the overall real growth rate in June 2022.

In nominal terms, the industry's value added went down by 37.6% on a year-on-year basis recording $7.0 million in current prices. Its contribution to total nominal GDP decreased by 0.8% compared to June 2021 quarter.

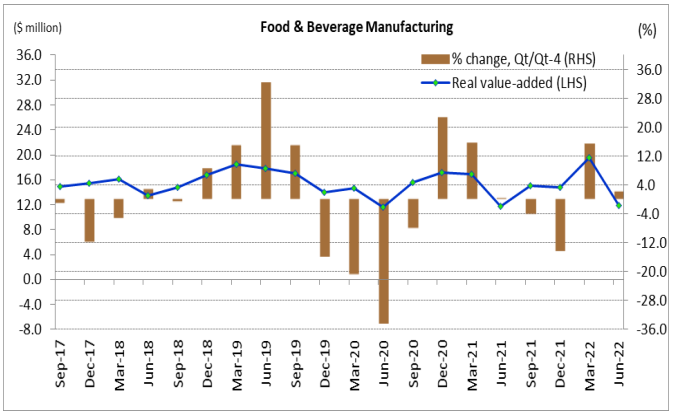
Individual Industry Quarterly Performance

FOOD & BEVERAGE MANUFACTURING	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	14.2	14.7	14.7	-0.5	3.4
Value added (constant 2013 prices) WST (millions)	11.7	19.6	11.9	-39.0	2.1
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.0	0.6	0.1		
Contribution to aggregate nominal GDP: *percent*	2.7	2.8	2.8		

Chart 8: Food & Beverage Manufacturing quarterly value added at constant prices & % change over the same period of the previous year; Sep 2017 - Jun 2022

The Food and Beverage industry generated a total value added of $11.9 million in the June 2022 quarter, up by 2.1% compared to June 2021 quarter. This corresponded to the increase in production of food export during the reviewed period. Conversely, it declined by 39.0% in real terms when compared to March 2022 quarter. This coincided with the prohibition of alcoholic beverage sales and production for some entities during the lockdown period.

The industry also generated $14.7 million in current prices during the period under review increasing by 3.4% compared to the same quarter of the previous year. Its contribution to total nominal GDP increased by 0.1 pp on a year-on-year basis.

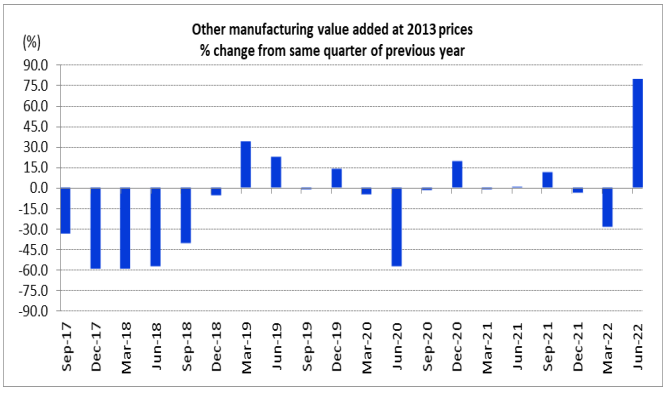


OTHER MANUFACTURING	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	5.0	8.3	9.8	18.0	97.5
Value added (constant 2013 prices) WST (millions)	3.9	5.8	7.0	20.7	79.3
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.0	-0.5	0.7		
Contribution to aggregate nominal GDP: *percent*	0.9	1.6	1.9		

Chart 9: Percentage change in Other Manufacturing real value added; Sep 2017 - Jun 2022

In real terms, the Other Manufacturing industry recorded a total value added of $7.0 million increasing by 79.3% in June 2022 compared to June 2021. The improved performance of the industry was attributed to a 0.8% increase in handicraft and locally made products. Output increased by 25.1% while intermediate consumption for the reviewed quarter went down by 2.1% resulting in the recorded increase. This is the first quarter the industry has recovered from two consecutive quarters of negative growth.

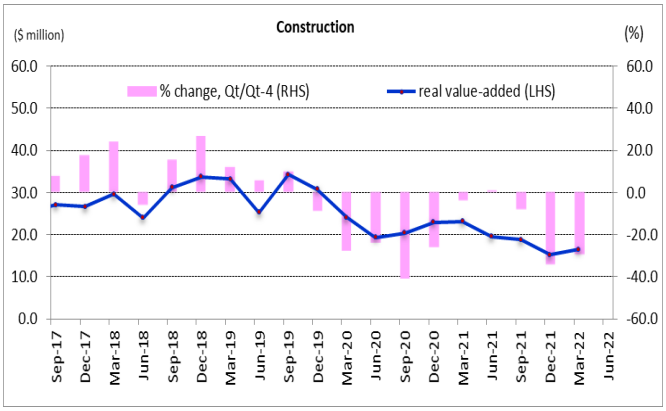
Other Manufacturing recorded a total value added of $9.8 million contributing 1.9% to total nominal GDP. It increased by 97.5% and 18.0% when compared to June 2021 and March 2022.



Individual Industry Quarterly Performance

CONSTRUCTION	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	25.0	17.9	19.1	6.7	-23.4
Value added (constant 2013 prices) WST (millions)	23.2	15.2	16.5	8.3	-29.0
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-0.2	-1.8	-1.6		
Contribution to aggregate nominal GDP: *percent*	4.7	3.4	3.7		

Chart 10: Construction quarterly value added at constant prices & % change over the same period of the previous year; Sep 2017 - Jun 2022

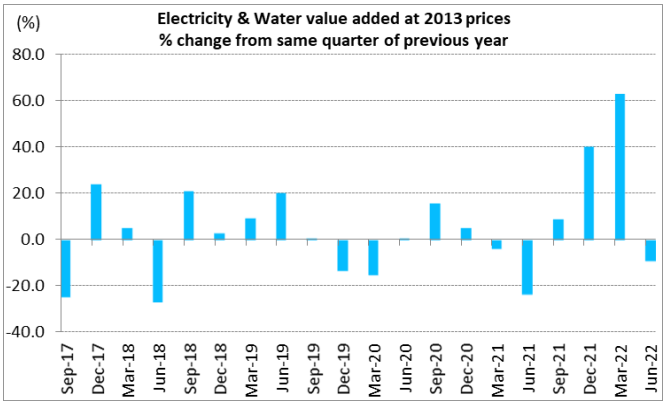


Construction recorded a real value added of $16.5 million in the June 2022 quarter, decreasing by 29.0% compared to June 2021. The industry contributed –1.6 percentage points to overall growth for the period under review. Construction of residential building and civil engineering both experienced a decline of 74.1% and 16.6%

Majority of these activities were temporarily halted during this period to prevent further spread of the Covid-19 pandemic. This has caused a decline in imported building materials by 14.2% for the June 2022 quarter. Acquisition of non-financial fixed assets also went down by 74.5% as stated in the Government Finance Statistics June 2022 Report.

ELECTRICITY AND WATER	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	9.2	17.7	7.5	-57.6	-18.6
Value added (constant 2013 prices) WST (millions)	12.5	21.4	11.3	-47.2	-9.1
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-0.9	1.9	-0.3		
Contribution to aggregate nominal GDP: *percent*	1.7	3.3	1.4		

Chart 11: Percentage change in Electricity &Water real value added; Sep 2017 - Jun 2022



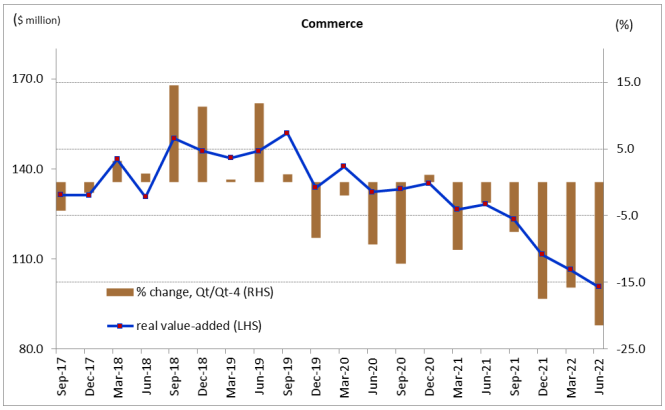
Electricity and Water generated a total value added of $11.3 million at constant prices in the quarter under review, decreasing by 9.1% compared to the June 2021 quarter. The industry's performance was driven by the decline in electricity and water production by 27.1% and 1.9% respectively.

In nominal terms, the industry recorded a total value added of $7.5 million decreasing by 18.6% on a yearly basis and -57.6% on a quarterly basis. Its share to total nominal GDP went down by 0.3 percentage points from 1.7 percent in the June 2021 quarter to 1.4 percent in the June 2022 quarter. Recorded sales went down by 54.8% when compared to the corresponding quarter of the previous year.

Individual Industry Quarterly Performance

COMMERCE	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices)	139.7	117.2	111.9	-4.5	-19.9
Value added (constant 2013 prices) WST (millions)	128.2	106.4	100.7	-5.3	-21.5
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-1.0	-4.7	-6.5		
Contribution to aggregate nominal GDP: *percent*	26.2	21.9	21.4		

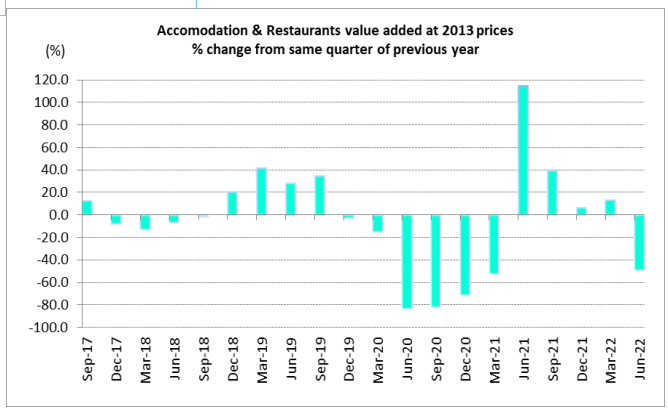
Chart 12: Commerce quarterly real value added & % change over the same period of the previous year; Sep 2017 - Jun 2022



Commerce remains the largest industry in the economy, accounting for 21.4% of total nominal GDP and is also the biggest contributor to total GDP. Its real value added amounted to $100.7 million in the period under review registering a decline of 21.5% when compared to the June 2021 quarter. This performance reflected the decrease in wholesaling (-11.8%) and retailing (28.6%) activities related to food, beverages, petroleum, gaseous products, and durable goods by -11.8% and -28.6% respectively. Commerce also declined in real terms by 5.3% when compared to March 2022 quarter. The industry's performance was significantly impacted by limited business opening hour imposed under lockdown conditions during this quarter as the country dealt with community cases and preventing transmission of Covid-19.

ACCOMMODATION AND RESTAURANTS	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	4.9	6.2	2.7	-56.9	-44.8
Value added (constant 2013 prices) WST (millions)	3.9	4.4	2.0	-54.9	-49.1
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.5	0.1	-0.5		
Contribution to aggregate nominal GDP: *percent*	0.9	1.2	0.5		

Chart 13: Accommodation & Restaurants, percentage change in real value added over the same period of the previous year; Sep 2017 - Jun 2022



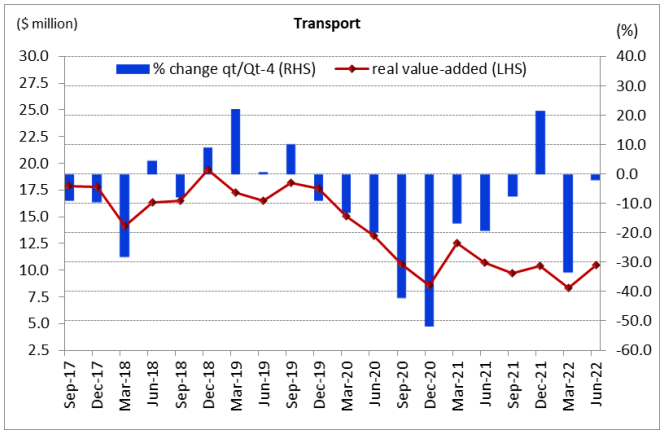
Accommodation and Restaurant produced a real value added of $2.0 million for the reviewed period; decreasing by 49.1% compared to the June 2021 quarter. This makes it the first quarter of negative growth following four consecutive quarters of positive growth. Both Accommodation and Restaurants recorded declines of 51.8% and 24.0% respectively compared to the same quarter of 2021. This reflects the effect of lockdown conditions both on international borders and travel as well as accessibility on services provided by restaurants during this period.

In nominal terms, the industry recorded a 44.8% decrease on a year-on-year basis; it contributed 0.5 percent to total nominal GDP for the June 2022 quarter.

Individual Industry Quarterly Performance

TRANSPORT	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	11.2	8.7	11.2	28.4	-0.5
Value added (constant 2013 prices) WST (millions)	10.7	8.3	10.5	25.7	-2.1
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-0.6	-1.0	-0.1		
Contribution to aggregate nominal	2.1	1.6	2.1		

Chart 14: Transport quarterly growth rates with total value added at constant 2013 prices, Sep 2017 - Jun 2022

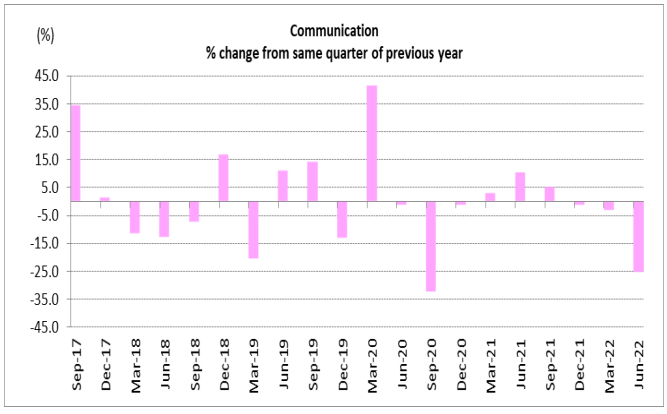


Transport value added at constant 2013 prices for the June 2022 quarter stood at $10.5 million registering a decline of 2.1% when compared to the June 2021 quarter. Activities related to storage, warehousing, and cargo handling which makes up almost 85% of the Transport industry declined by 0.1% when compared to the corresponding quarter of the previous year. Activities pertaining to air transport also went down by 44.4% contributing to the -2.1% growth in real terms. This reflects restrictions in usage of transport services in June 2022 due to the discovery of community transmitted cases.

The industry also declined by 0.4% in terms of people employed in June 2022 compared to the June 2021 quarter as stated in the Employment June 2022 Report.

COMMUNICATION	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	30.8	28.9	24.2	-16.1	-21.5
Value added (constant 2013 prices) WST (millions)	28.7	25.8	21.4	-16.7	-25.3
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.6	-0.2	-1.7		
Contribution to aggregate nominal GDP: *percent*	5.8	5.4	4.6		

Chart 15: Communication percentage change in real GDP from the same quarter of the previous year, Sep 2017 - Jun 2022



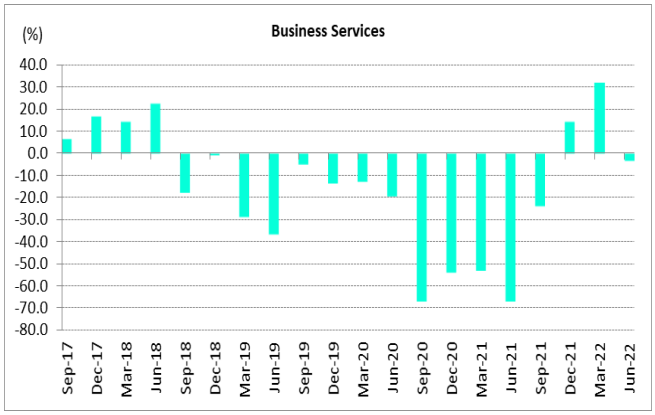
Communication generated a real value added of $21.4 million in the June 2022 quarter decreasing by 25.3% compared to the June 2021 quarter. The industry contributed negatively (-1.7 pp) to overall growth. This coincides with the -13.2% decline in employment for the industry as indicated in the Employment June 2022 Report. Activities and services pertaining to communication and information systems declined as lockdown conditions limited its usage through reduced working and business hours to contain the spread of Covid-19 within the period under review.

Its recorded valued added in current prices of $24.2 million; it went down by 21.5% compared to the June 2021 quarter decreasing its contribution total nominal GDP by 1.2 pp.

Individual Industry Quarterly Performance

BUSINESS SERVICES	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	3.7	9.9	3.6	-63.8	-3.4
Value added (constant 2013 prices) WST (millions)	3.7	8.9	3.3	-63.1	-10.6
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-1.8	0.4	-0.1		
Contribution to aggregate nominal GDP: *percent*	0.7	1.8	0.7		

Chart 16: Business Services, % change in value-added at constant 2013 prices from Sep 2017 - Jun 2022

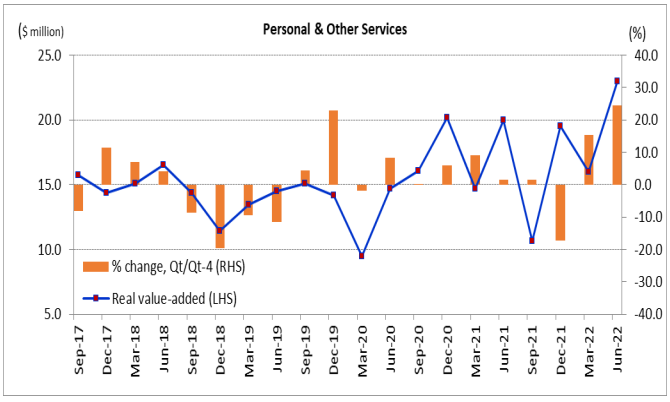


Business services economic activities went down by 10.6% compared to June 2021 quarter. The sector accumulated a total value added of $3.3 million at constant 2013 prices. It contributed -0.1 percentage points to total real growth. Professional services such as legal services, management consultancy, accounting services, travel agencies, tour operators, travel related reservation services and other services rendered for tourists were affected due to strict protocols enforced during this period.

The industry recorded $3.6 million value added in nominal terms; it also declined by 3.4% on a year-on-year basis. On a quarterly basis, its nominal value added significantly decreased by $6.3 million (or -63.8%).

PERSONAL & OTHER SERVICES	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	16.7	17.6	20.8	18.4	24.4
Value added (constant 2013 prices) WST (millions)	20.0	16.0	23.0	43.9	14.9
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	1.2	0.3	0.7		
Contribution to aggregate nominal GDP: *percent*	3.1	3.3	4.0		

Chart 17: Personal & Other Services quarterly value added at constant prices & % change over the same period of the previous year; Sep 2017 - Jun 2022



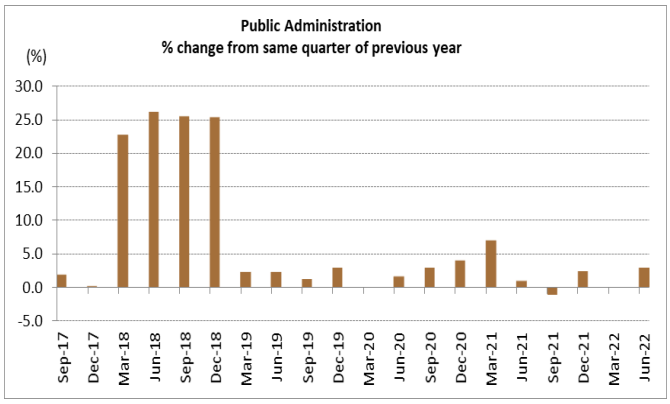
Personal and other services recorded an increase in constant 2013 prices by 14.9% compared to June 2021 with a total value added of $23.0 million. This is the second consecutive quarter of positive growth following two quarters of negative growth from September 2021 quarter. This was consistent with the increase in activities pertaining to religious organizations, computer maintenance, communication equipment servicing as well as funeral and related activities by 9.0%.

Personal & other services generated total nominal GDP of $20.8 million registering an increase of 24.4% compared to the same quarter of the previous year. It increased its share by 0.9 percent to 4.0 in the period under review.

Individual Industry Quarterly Performance

PUBLIC ADMINISTRATION	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	60.8	77.3	79.6	3.0	30.8
Value added (constant 2013 prices) WST (millions)	46.8	48.5	48.2	-0.7	2.9
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	0.1	0.0	0.3		
Contribution to aggregate nominal GDP: *percent*	11.4	14.5	15.2		

Chart 18: Public Administration, % change in value-added at constant 2013 prices from Sep 2017 - Jun 2022

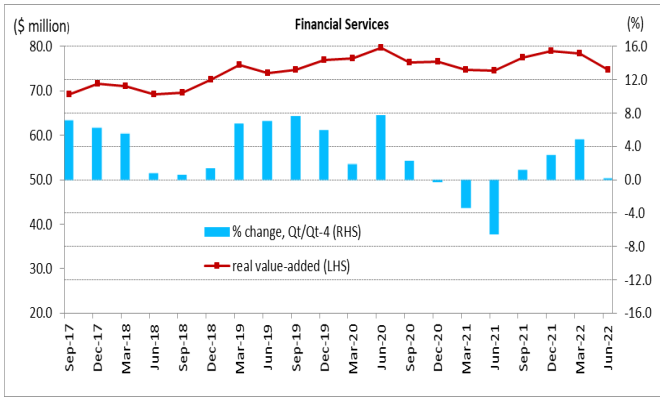


Public administration produced a total value added in constant terms of $48.2 million increasing by 2.9% compared to the same quarter of the previous year. It is the second largest industry in the economy contributing 0.3 percentage points to aggregate real growth for the period under review. This reflects the increase in general administration activities such as legislative, public order & safety activities, economic and social policy for the community and regulations efficient for operations of businesses.

Its contribution to total nominal GDP increased by 3.8 percentage points from 11.4 percent for June 2021 to 15.2 percent in June 2022. Value added in current prices for the reviewed period was $79.6 million; it went up by 30.8% on y-o-y basis.

FINANCIAL SERVICES	GDP Jun 2021 Quarter	GDP Mar 2022 Quarter	GDP Jun 2022 Quarter	% change from Mar 2022 quarter (q-o-q)	% change from Jun 2021 quarter (y-o-y)
Value Added (current prices) WST (millions)	68.6	69.9	73.9	5.7	7.8
Value added (constant 2013 prices) WST (millions)	74.6	78.3	74.7	-4.6	0.2
Contribution to aggregate (y-o-y) real growth rate: *percentage points*	-1.2	0.8	0.04		
Contribution to aggregate nominal GDP: *percent*	12.9	13.1	14.1		

Chart 19: Financial Services value added at constant prices & % change over the same period of the previous year; Sep 2017 - Jun 2022



Financial services' real value added increased by 0.2 percent on a year-on-year basis amounting to $74.7 million. This makes it the fourth consecutive quarter of positive growth after three consecutive quarters of negative growth. This performance was driven by the growth experienced in non-financial institutions. Its contribution 0.04 percentage points to total real growth for the June 2022 quarter.

In nominal terms, the industry recorded a 7.8% increase compared to the June 2021 quarter. Its share to nominal GDP went up by 1.2 percentage points from 12.9 percent in June 2021 to 14.1 percent recorded for the quarter under review.

NATIONAL ACCOUNTS FRAMEWORK REVIEW & GDP 2013 REBASING

Background Information

Overview

This publication is the fifteenth 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.*

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*

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 inshore 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 addi tional indicator);*
- *TSPT* — *Transport (+ estimates for buses and taxis out side VAGST)*

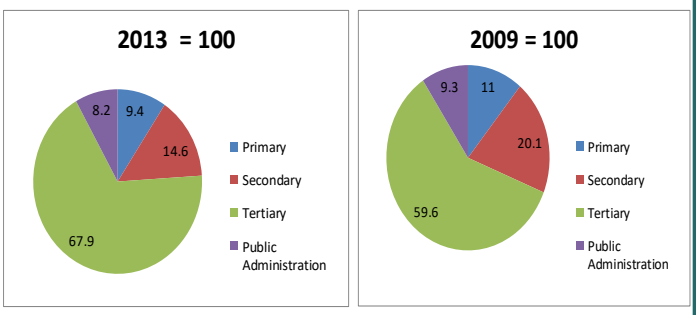
Apart from these VAGST based industries, The Finance Industry main data source is now primarily from the Profit and Loss Statement summary provided by the Central Bank of Samoa. This not only enables the calculation of the FISIM, but also the breakdown of other components of the Finance Sector like Insurance,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

Impact of the revised estimates on the economic structure and growth

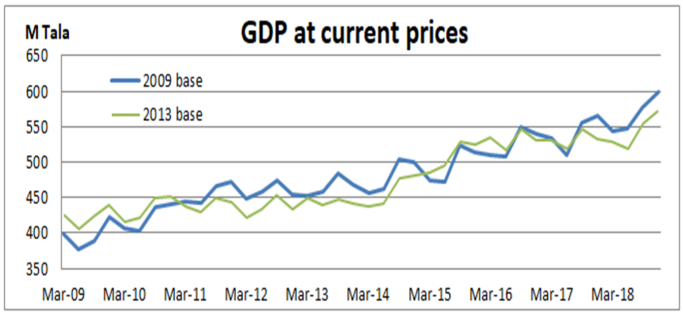
The combined effect of the rebasing to 2013 prices, revising methodologies and data sources remained unchanged at the aggregated level. However the revised benchmarks as expected led to changes in the value added composition of industries, as well as year on year growth rates. The change saw the Tertiary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

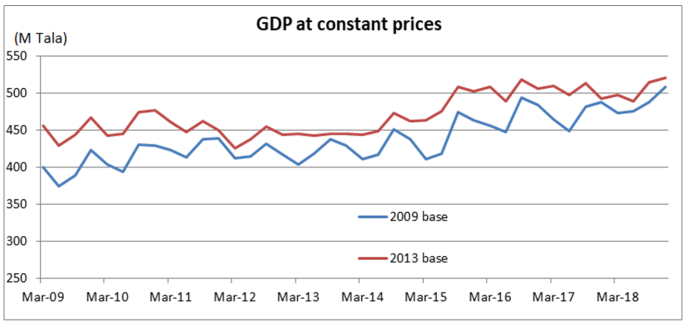
Underpinning the change was the Finance sector becoming the second largest industry after Commerce, with Construction moving to sixth and Other Manufacturing to be the smallest in 2018 with 1.8 percent share. The trend is indicative of the changes occurred in the period from 2009 to current with the 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 .

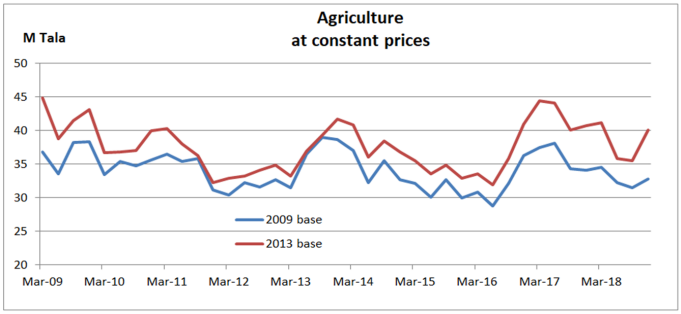
Comparison of GDP shares 2018, by broad sectors in 2013 and 2009 prices,

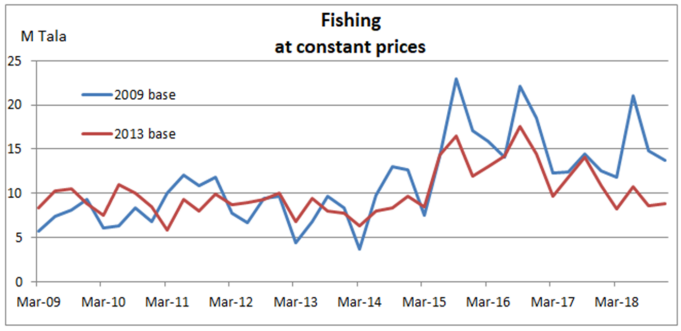


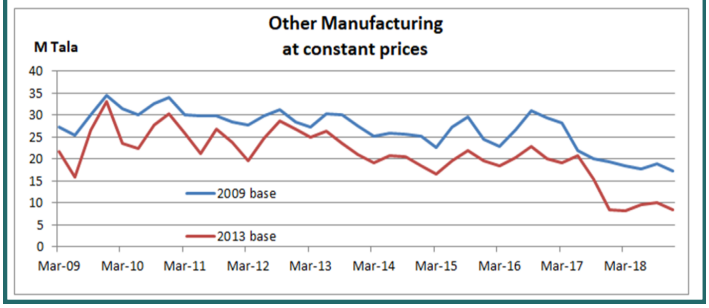
Some of the key results for GDP at current and constant 2013 prices compared to 2009 prices;

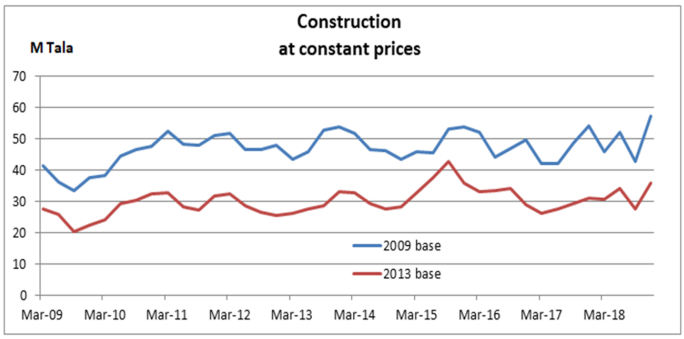




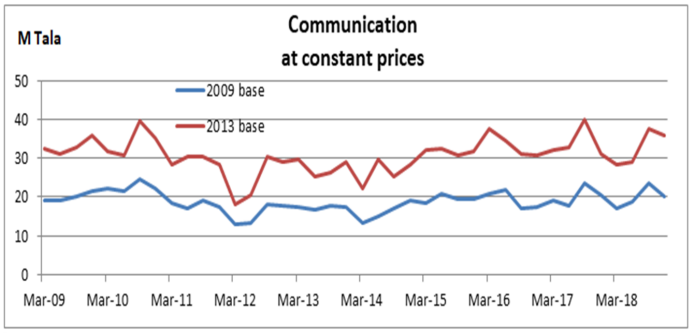


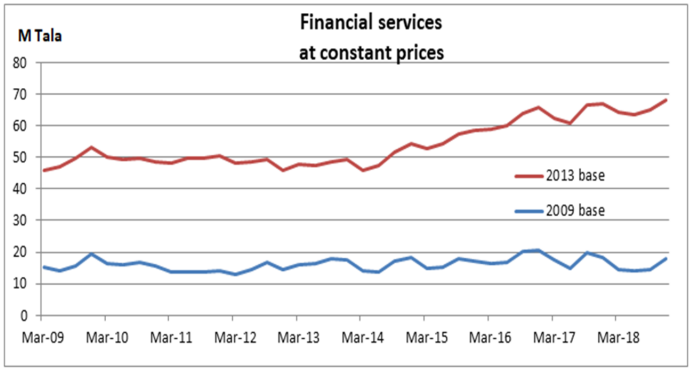






The gap between the two base periods for the Construction and Other Manufacturing reflects the change in the level of activities in the two periods, with 2013 having a lower end compared to 2009. On the other hand Communication indicated that there have been more activities in the 2013 period compared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

NATIONAL ACCOUNTS FRAMEWORK REVIEW & GDP 2013 REBASING

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 twelfth 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

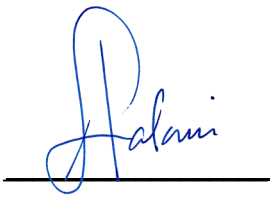
Gross domestic product (GDP) is Samoa's official measure of economic growth. GDP is compiled and published using the ***production approach,*** *this approach measures the total value of goods and services produced in Samoa, after de-ducting the cost of goods and services used in the production process. 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

Specific GDP valued added within the recent quarter has been revised due to scheduled annual financial year revision conducted on data sources pertaining to Government Finance Statistics.



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