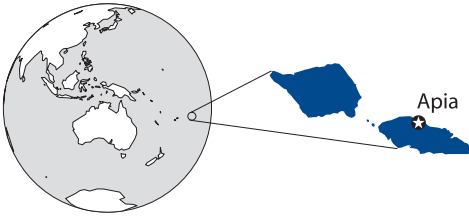


SAMOA



World Rank: **86**

Regional Rank: **13**

Samoa's economic freedom score is 60.5, making its economy the 86th freest in the 2012 *Index*. Its score is 0.1 point worse than last year, with a significant improvement in monetary freedom offset by declines in freedom from corruption and the control of government spending. Samoa ranks 13th out of 41 countries in the Asia-Pacific region, and its overall score is above the world and regional averages.

The Samoan economy's record on institutional reform has been uneven and sluggish. More vibrant economic growth is constrained by structural weaknesses that continue to undermine economic freedom. The rule of law is not firmly institutionalized through a well-functioning judicial system, particularly due to persistent corruption. Inefficient and high public spending has resulted in a considerable fiscal burden on the population.

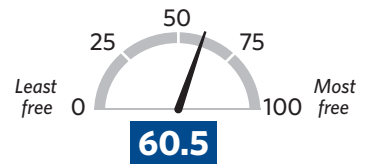
Modest regulatory reforms, including simplification of the business start-up process, have led to increased efficiency. However, the pace of reform has slowed in recent years, and policies to open markets further have not been advanced. The Samoan economy has become more dependent on remittances and foreign aid.

BACKGROUND: Samoa is a small South Pacific archipelago with a population of less than 200,000. Independent from administration by New Zealand since 1962, Samoa is now a multi-party electoral democracy, although its government has been dominated politically by the Human Rights Protection Party. There was much controversy over the 2011 parliamentary elections when a few politicians were found guilty of bribery, but the Human Rights Protection Party remained in power. The economy is based mostly on fishing, agriculture, and tourism. Remittances from Samoans working abroad account for about 24 percent of national income. In September 2009, a sizable tsunami killed over 200 people and caused significant damage to infrastructure and property.

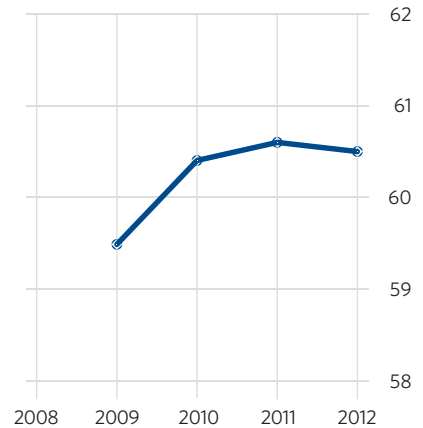
How Do We Measure Economic Freedom?

See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

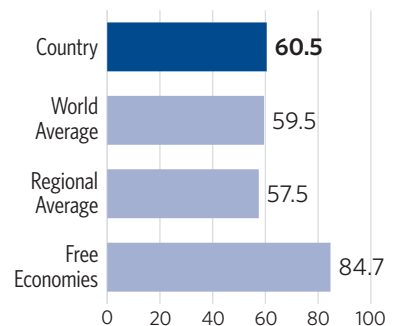
Economic Freedom Score



Freedom Trend



Country Comparisons

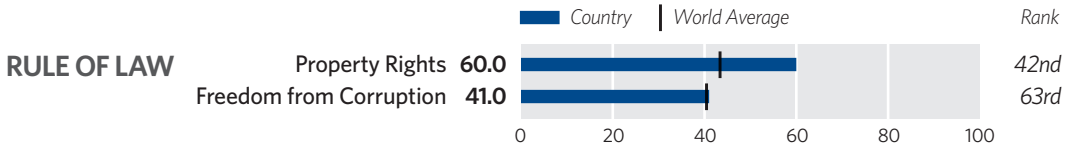


Quick Facts

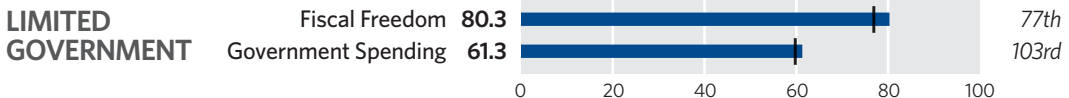
Population: 0.2 million
GDP (PPP): \$1.1 billion
0.0% growth in 2010
5-year compound annual growth 0.8%
\$5,500 per capita (est.)
Unemployment: n/a
Inflation (CPI): -0.2%
FDI Inflow: \$2.2 million
Public Debt: 54.3% of GDP

2010 data unless otherwise noted.
Data compiled as of September 2011.

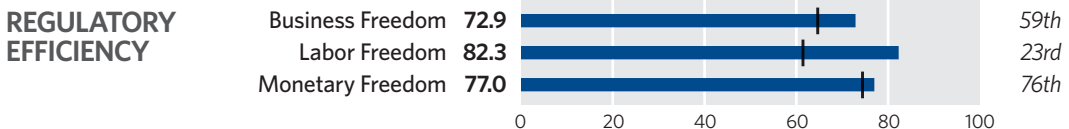
THE TEN ECONOMIC FREEDOMS



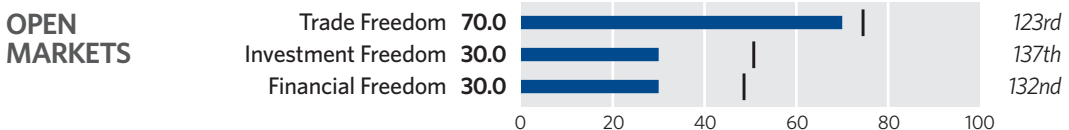
Samoa’s legal system is based on British common law. The judiciary is independent and conducts generally fair public trials. However, a modern and well-functioning legal framework for land ownership and enforcement of property rights is not firmly in place. More than 80 percent of the land is owned by extended families represented by their chiefs. Government bans on media reporting of corruption have caused concern.



The top income and corporate tax rates are 27 percent. Other taxes include a value-added tax (VAT) and excise taxes, with the overall tax burden amounting to 22.7 percent of total domestic income. Government spending has risen to a level equivalent to 35.9 percent of GDP. The budget deficit has widened to over 10 percent of GDP, and public debt has grown to over 50 percent of total domestic output.



The regulatory framework, improved by recent years’ reforms, supports entrepreneurial activity, but application of the commercial codes is not always straightforward. A well-functioning modern labor market is not fully developed, and informal labor activity remains substantial. Monetary stability has been difficult to maintain, with inflation levels varying erratically from year to year.



The trade weighted average tariff rate is quite high at 10 percent, and complex non-tariff barriers add to the cost of trade. Non-transparent regulations and a deficient investment regime continue to deter dynamic growth in private investment and long-term capital flows. Scarce access to banking and financial services keeps much of the population outside of the formal banking sector.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+0.2	Business Freedom	+0.1	Trade Freedom	0
Freedom from Corruption	-4.0	Government Spending	-6.6	Labor Freedom	+0.2	Investment Freedom	0
				Monetary Freedom	+8.5	Financial Freedom	0