

12. **As Samoa's tax rates are generally set at reasonable levels, the emphasis will need to lie primarily on enhancing tax administration.** The main priority here is to enhance the level of compliance among domestic tax payers, which is currently relatively low (e.g., only 60 percent of VAGST registered taxpayers file on time). This low level of compliance reflects partly the fact that penalties for delaying tax payments are relatively mild. In addition, the absence of single tax identification number hampers cross checking of tax payer compliance between revenue departments. The cost of tax compliance also needs to be reduced, notably with regard to refund procedures, which are particularly costly for exporters (e.g., they are required to attach all their input invoices with each refund claim).

13. **Broader reforms such as the creation of a Large Taxpayer Unit would also help strengthen tax administration.** Such reforms would ideally be complemented by an in-depth review of the current organization, process and procedures of the Inland Revenue Department and of the Customs Department to improve and enhance their efficiency and revenue collection capacity.

III. FINANCIAL LIBERALIZATION AND MONETARY POLICY IN SAMOA, 1998–2003¹

A. Introduction

1. In January 1998, Samoa launched a series of reforms aimed at establishing a market-based financial system. In the five years since, this transformation has largely been achieved. The previous system of direct controls on credit and interest rates has been dismantled and monetary management is now effected through auctions of central bank securities and other market based monetary policy instruments. These reforms have been implemented without jeopardizing macroeconomic stability or undermining the financial position of the central bank, two key concerns at the start of the reform process. This paper assesses the Samoan experience of reform implementation, and remaining issues and challenges.

B. Background

2. Samoa's financial system is highly concentrated, consisting essentially of three commercial banks and two large public nonbank financial institutions. The three commercial banks - ANZ Bank Samoa (ANZ), Westpac, and the National Bank of Samoa (NBS) - together account for roughly 40 percent of financial system assets and 55 percent of domestic credit (Table 1). ANZ and Westpac are fully foreign-owned, while the NBS is owned by private domestic investors. In addition to these banks, the Central Bank of Samoa (CBS) recently issued a fourth banking license to the Commercial Bank of Samoa, which will start operating in June 2003. The two largest nonbank financial institutions, the National Provident Fund (NPF) and the Development Bank of Samoa (DBS), also play a significant role in the financial sector in terms of both asset size and loans outstanding.²

Table 1. Structure of Samoa's Financial System, September 2002
(In percent of total)

	Assets	Domestic credit
Commercial banks	44.0	61.7
NBFIs	41.2	49.1
National Provident Fund	25.3	30.3
Development Bank of Samoa	7.3	12.6
Others	8.6	6.2
Monetary Authorities	14.9	-10.8
Total	100.0	100.0

¹ This paper was prepared by Ayako Fujita (ext. 37368).

² The NPF is the only pension fund in Samoa. Participation in the NPF is compulsory for all public and registered private sector workers.

3. **The exchange rate of the tala, which is pegged to a trade-weighted basket of currencies, has long served as the nominal anchor for monetary policy.** The exchange rate peg is maintained against a basket of the currencies of Samoa's five major trading partners. The CBS has discretion to adjust the rate by +/-2 percent without consulting Cabinet, and has periodically made small adjustments in the exchange rate, the last one being in November 2001 when the tala was devalued by 1½ percent in response to its appreciation against the Australian and New Zealand dollars. There has not been a major devaluation of the tala since the mid-1980s.

4. **Prior to the reforms in 1998, the CBS relied on a number of direct controls to implement monetary policy.** Interest rates were controlled administratively, with the CBS setting a floor on deposit rates (4.5 percent at the time of the reforms) and a ceiling on lending rates (12.0 percent). These floors and ceilings were rarely changed. The central bank also established ceilings on bank credit, and imposed a liquid asset requirement equivalent to 25 percent of bank deposits, to be held in a special statutory reserve deposit account at the CBS.

5. **The system of direct controls had inhibited the development of the financial sector in Samoa.** The controls on interest rates had resulted in artificially low deposit interest rates, curtailing financial saving, and rigid loan rates which had precluded risk-based credit pricing. With volatile inflation, this rigidity had induced wide swings in real deposit and loan rates, which when combined with the distortionary effects of credit rationing had constrained the level and efficiency of financial sector intermediation.

C. Process of Reform

6. **The process of financial liberalization was launched in January 1998.** The first steps taken, involved the abolition of the credit ceilings and the controls on interest rates. At the same time, the CBS commenced auctions of central bank securities as the primary instrument of monetary policy. These reforms were complemented by steps to liberalize the foreign exchange market. By mid-1998, banks were permitted to enter into forward foreign exchange contracts and the 1 percent levy on foreign exchange sales by banks was removed in January 1999.

7. **Care was taken to ensure that the excess liquidity in the banking system prior to the reforms was unwound gradually.** At the time of the reform, excess liquidity in the banking system was around 18 percent of commercial bank assets. To avoid the risk of excessive credit growth following the lifting of credit controls on the banking system, the authorities phased out the liquid asset ratio gradually over an eighteen month period, providing time for the auctions of central bank securities to take hold and mop up the excess liquidity. The liquid asset ratio was reduced by one percentage point per month between January 1998 and mid-1999. The CBS also retained a separate reserve requirement of 5 percent for regulatory purposes.

8. **Steps were also taken to enable the CBS bear the cost of issuing interest bearing liabilities.** The cost of issuing the securities was financed by a loan from the AsDB for an initial period running through March 2003. In late 2001, the central bank and the Treasury reached agreement on a framework to place the financing of the central bank

securities on a more sustainable basis. The Treasury would finance this cost for an interim period through the end of fiscal year 2003/04. It would also strengthen the balance sheet of the central bank by forgoing any profit transfer from the central bank and would help build up the central bank's foreign assets by committing to meet all of its debt service obligations from the Treasury's own foreign currency deposits until 2007, at which time it would transfer its remaining foreign currency deposits, with the exception of some sinking funds, to the central bank.³

9. **Auctions of CBS securities have become the principal instrument for influencing monetary conditions.** The auctions take place on a fortnightly basis and are open to all Samoan resident over the age of 18. The CBS sets and announces the volume and maturity of the securities to be issued, and lets the market determine the price. Initially the auctions were limited to securities of 91-days and 182-days, however, it has since expanded the range of securities issued to cover an additional 4 maturities (14, 28, 56, and 365 days).

10. **The CBS has generally used the level of excess reserves in the banking system as an operational target** for determining the volume of securities to be offered in the weekly auction, although a recently developed reserve money program is starting to play an increasing role. It also uses the maturities offered in the auctions as a signaling device for the stance of monetary policy. In a tightening phase, for example, the CBS issues longer-term securities (91 to 365 days) instead of short-term securities (up to 28 days' maturity) and vice versa. (Currently most outstanding securities have a maturity of 28 days or less.) To date, the CBS securities are held almost exclusively by commercial banks, as the rates are not attractive to the main NBFIs, and a secondary market for the securities has yet to develop.

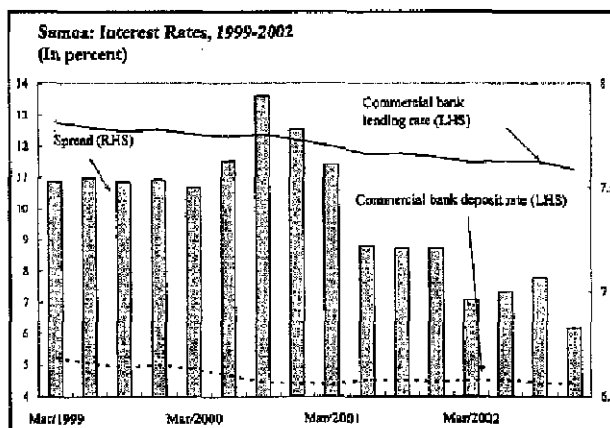
11. **The CBS has introduced additional instruments of monetary policy to supplement the primary auctions of CBS securities.** In January 1998, the CBS introduced a rediscount facility and more recently, in January 2002, repurchase agreements of the securities were introduced. While these facilities in principle provide the CBS with the full range of instruments it needs to manage liquidity, in practice they have been seldom used to date.

D. Assessments and Remaining Issues

12. **Although it may be too early to fully evaluate the success of Samoa's financial liberalization, the reforms have met their initial objectives.** In particular, the previous system of direct controls has been successfully dismantled and replaced by market based instruments of monetary management. The transformation was achieved without jeopardizing macroeconomic stability or jeopardizing the financial position of the central bank.

³ At end 2002, the Treasury had foreign currency deposits of around \$5 million (excluding sinking funds).

13. **Market interest rates have come down gradually over the past few years, but the impact of the reforms on competition in the financial sector has been relatively modest (Figure). Spreads have remained relatively high, reflecting partly the impact of high transaction costs associated with operating in a small market. There is some evidence that spreads have started to narrow recently, which may reflect in part the beginning of greater competition in the financial sector.**



14. **Looking forward, one of the key challenges will be to deepen the securities market, to provide greater flexibility of monetary policy.** Lengthening the maturity of securities may contribute to greater interest from NBFIs and from private investors. With regards to the latter, better public education may be required to increase interest in the central bank securities. Strengthening the securities market could potentially have positive spillover effects for developing debt financing options for the private sector.

15. **Steps also need to be taken to improve the lending environment to enhance financial intermediation.** In particular, the combination of a poor debt servicing culture and an expensive and cumbersome process of securing loans against property and other assets is a significant impediment to financial intermediation. The system of customary land also presents major challenges to lenders wishing to secure loans against property. Strengthening the secured transactions framework, through reforming the legal framework for security interests and developing workable asset registers, and improving the utilization of customary land as collateral for bank loans are both high priorities of the government.

16. **With regard to the operation of monetary policy, the choice of intermediate target is an issue.** Currently, the central bank targets an inflation rate of up to 3 percent, in addition to a reserves cover of 4 months (which was reduced from 6 months in 2001). Since inflation in Samoa is quite volatile due to the large share of agricultural products in the CPI, the CBS has for operational purposes been using credit growth rather than the inflation rate as a target indicator.⁴ The central bank is of the view that this can cause public confusion regarding the operation of monetary policy, and is consequently considering the introduction of core inflation as a target indicator. The CBS is also considering whether to introduce a weighted average interest rate indicator as an official (benchmark) interest rate, since the outstanding stock of 91-day securities, the original benchmark instrument, is now relatively limited given the short average maturity of outstanding securities. Another option under consideration is to offer 91-day securities in each auction as a benchmark security.

⁴ The weight for food products in the CPI is 58.5 percent.

Table 1. Samoa: Gross Domestic Product by Sector at Constant 1994 Prices, 1997–2002

	1997	1998	1999	2000	2001	2002 Est.
(In millions of tala)						
Primary sector	124.8	129.1	124.6	125.0	119.3	110.7
Agriculture	77.3	75.8	74.9	75.3	66.1	60.1
Fishing	47.5	53.3	49.7	49.6	53.1	50.6
Secondary sector	150.6	136.7	138.6	154.4	170.3	160.8
Food and beverage manufacturing	29.5	24.2	24.3	23.3	22.6	25.6
Other manufacturing	64.7	58.2	59.1	66.2	77.9	70.2
Construction	39.5	37.6	38.9	47.2	49.2	40.4
Electricity and water	16.9	16.8	16.3	17.6	20.7	24.7
Tertiary sector	245.3	263.9	277.6	299.4	326.2	351.9
Commerce	79.4	85.5	92.4	100.8	109.1	120.4
Hotels and restaurants	12.7	12.7	13.0	13.8	15.3	16.5
Transportation and communication	59.7	66.5	70.7	78.4	88.1	93.9
Finance and business	34.9	38.8	40.2	42.2	46.2	50.9
Less: Enterprise share of FISIM 1/	-2.9	-3.2	-3.4	-3.7	-4.2	-4.1
Housing	21.2	21.7	22.1	22.5	23.0	23.5
Other services	40.3	41.9	42.7	45.4	48.7	50.8
Government	54.7	59.5	63.6	67.5	70.6	75.2
GDP at constant market prices	575.4	589.2	604.4	646.3	686.4	698.6
(Percentage change)						
Primary sector	-6.5	3.4	-3.5	0.3	-4.6	-7.2
Secondary sector	-1.9	-9.2	1.4	11.4	10.3	-5.6
Tertiary sector	5.0	7.6	5.2	7.9	8.9	7.9
Government	9.3	8.7	6.8	6.3	4.5	6.6
GDP	0.8	2.4	2.6	6.9	6.2	1.8

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Financial intermediaries service charge, indirectly measured.

Table 2. Samoa: Gross Domestic Product by Sector at Current Prices, 1997–2002

	1997	1998	1999	2000	2001	2002 Est.
(In millions of tala)						
Primary sector	131.4	122.0	115.4	124.0	121.7	127.1
Agriculture	77.0	67.3	59.0	59.2	50.7	56.2
Fishing	54.4	54.7	56.4	64.8	71.0	71.0
Secondary sector	163.6	158.1	167.3	196.1	221.0	207.4
Food and beverage manufacturing	31.0	27.7	28.9	28.4	26.3	31.4
Other manufacturing	72.8	70.8	76.6	88.9	109.7	100.2
Construction	44.9	44.1	46.0	55.7	59.5	48.7
Electricity and water	14.8	15.4	15.9	23.1	25.5	27.1
Tertiary sector	275.8	317.4	351.7	387.6	438.5	484.1
Commerce	92.2	105.8	121.3	138.0	154.7	176.5
Hotels and restaurants	14.4	15.5	16.8	18.1	21.1	23.1
Transportation and communication	65.8	78.4	87.4	98.3	116.8	128.2
Finance and business	38.9	45.8	49.4	52.5	59.3	66.7
Less: Enterprise share of FISIM 1/	-3.2	-3.9	-4.4	-4.9	-5.8	-5.9
Housing	24.1	26.6	28.7	29.7	31.8	33.1
Other services	43.8	49.0	52.6	55.7	60.6	62.3
Government	54.6	61.2	64.4	67.1	68.8	71.8
GDP at current market prices	625.3	658.7	698.9	774.8	849.9	890.4
Memorandum item:						
Implicit GDP deflator (1994=100)	108.7	111.8	115.6	119.9	123.8	127.5
(Percentage change)						
Primary sector	25.1	-7.1	-5.4	7.5	-1.9	4.5
Secondary sector	4.2	-3.4	5.8	17.2	12.7	-6.1
Tertiary sector	12.4	15.1	10.8	10.2	13.1	10.4
Government	13.4	12.1	5.3	4.2	2.5	4.4
GDP	12.6	5.3	6.1	10.9	9.7	4.8
GDP deflator	5.9	2.9	3.5	3.7	3.3	3.0

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Financial intermediaries service charge, indirectly measured.

Table 3. Samoa: Indices of Industrial Production, 1997–2002 1/

(1997=100)

	Weights	1997	1998	1999	2000	2001	2002 Est.
Beer	0.22	100.0	102.2	115.8	123.0	139.7	151.7
Electricity	0.17	100.0	100.4	100.4	109.6	129.7	157.8
Soft drinks	0.13	100.0	106.6	108.6	118.0	128.2	127.4
Coconut oil	0.11	100.0	50.9	32.4	6.8	...	...
Cigarettes	0.09	100.0	100.5	99.1	112.6	114.0	136.8
Timber	0.06	100.0	114.0	132.6	141.2	121.0	136.9
Coconut cream	0.04	100.0	91.7	114.4	81.3	90.3	61.2
Miscellaneous products 2/	0.04	100.0	118.0	116.5	107.8	122.7	115.3
Ready-mixed cement	0.04	100.0	108.7	176.3	201.2	211.6	112.6
Concrete blocks	0.04	100.0	98.1	70.5	69.2	59.0	59.0
Paints	0.02	100.0	84.8	92.9	85.1	80.4	68.5
Ice-cream	0.02	100.0	84.0	95.6	99.1	88.5	94.6
Roofing iron 3/	0.01	100.0	77.1	119.1	184.2	160.0	142.3
Corned meat	0.01	100.0	54.4	85.3	91.7	77.0	146.2
Total	1.00	100.0	96.3	102.2	105.1	112.2	115.4
(Percentage change over previous year)		-8.7	-3.7	6.0	2.8	5.0	2.9
Memorandum item:							
Industrial Price Index (1997=100)		100.0	107.2	115.7	114.7	120.5	130.9
(Percentage change over previous year)		5.6	7.2	7.9	-0.9	5.0	8.6

Source: Central Bank of Samoa.

- 1/ The industrial index has been revised to include a more comprehensive range of products manufactured in the country. It replaces the old index which was based in 1982 and included a small range of products.
- 2/ Comprises copra meal, soap, toilet tissue, tobacco, and salted beef.
- 3/ Salafai Metal Industries (SMI) has replaced Samoa Iron and Steel in the authorities' Industrial Production Survey, as a producer of roofing iron from September 1998 onward.

Table 4. Samoa: Energy Statistics, 1997–2002

	1997	1998	1999	2000	2001	2002
(In megawatts)						
Electricity generating capacity 1/	111.4	103.0	100.1	107.1	118.2	139.8
Hydroelectricity	48.5	47.2	44.8	44.8	45.4	47.2
Diesel	62.9	55.8	55.3	62.3	72.8	92.6
(In millions of kilowatt hours)						
Electricity production 1/	81.9	83.1	84.6	90.5	105.4	123.8
Hydroelectricity	54.1	38.6	44.0	44.9	48.9	67.3
Diesel	27.9	44.5	40.6	45.6	56.5	56.5
Electricity consumption	81.9	83.1	84.6	90.5	105.4	123.8
Sales	65.4	57.7	67.8	70.0	78.7	86.1
Other 2/	16.5	25.4	16.8	20.5	26.7	37.7
(In tala per unit; end of period)						
Energy prices (domestic)						
Petroleum (gallon)	3.9	4.0	4.8	6.4	6.5	6.3
Kerosene (gallon)	3.1	3.1	3.1	6.3	6.2	5.7
Electricity (kilowatt hour)	0.4	0.4	0.4	0.6	0.6	0.6

Sources: Electric Power Corporation; and Treasury Department of Samoa.

1/ Figures relate only to government-owned electric power schemes. Village lighting schemes and other private plants are not included.

2/ Transmission and distribution losses, and auxiliaries (power used in electricity production).

Table 5. Samoa: Building Permits Issued, 1997–2002

	1997	1998	1999	2000	2001	2002
(Number of units)						
Residential	372	324	336	359	348	294
Industrial	0	-	-	-	-	-
Commercial	71	75	82	88	90	66
Education	13	11	9	12	8	8
Health	0	7	27	-	-	1
Churches	28	13	-	42	20	13
Other	2	12	40	23	32	28
Total	486	442	494	524	498	410
(Value in millions of tala)						
Residential	11.0	11.0	11.8	14.5	...	...
Industrial	-	-	-	-	...	...
Commercial 1/	9.0	6.7	35.8	12.6	...	...
Education	1.9	1.4	1.0	1.3	...	...
Health	-	2.9	3.9	-	...	...
Churches	4.3	4.3	-	14.8	...	...
Other	0.1	0.7	0.6	0.5	...	...
Total	26.3	25.6	53.0	43.6	...	...

Source: Treasury Department of Samoa.

1/ The 1999 figure includes the renovation of the Faleolo Airport terminals (SAT 9 million) and the office complex for the Accident Compensation Board (SAT 19 million).

Table 6. Samoa: Consumer Prices, 1997–2002

	1997	1998	1999	2000	2001	2002
(End of period; December 1998=100)						
Food	97.9	100.0	94.7	97.0	111.4	118.5
<i>Of which: Domestic food</i>	111.1	100.0	92.1	98.4	117.5	134.3
Clothing and footwear	98.7	100.0	100.3	100.4	98.9	98.7
Household operations	96.2	100.0	101.4	102.6	103.4	106.2
Transportation and communication	101.1	100.0	105.8	113.1	115.5	122.0
Alcohol and tobacco	...	100.0	99.7	99.0	101.0	116.9
Miscellaneous	97.9	100.0	100.3	101.6	102.4	106.3
Total	97.9	100.0	97.7	100.1	109.1	115.7
<i>Of which: Imported goods</i>	92.5	100.0	99.8	101.2	105.9	105.9
<i>Domestic goods</i>	103.0	100.0	95.9	99.3	112.0	124.2
(Percent change)						
Food	0.2	2.1	-5.3	2.4	14.8	6.4
<i>Of which: Domestic food</i>	...	-10.0	-7.9	6.8	19.4	14.3
Clothing and footwear	-1.1	1.3	0.3	0.1	-1.5	-0.2
Household operations	2.1	4.0	1.4	1.2	0.8	2.7
Transportation and communication	0.9	-1.1	5.8	6.9	2.1	5.6
Alcohol and tobacco	...	...	-0.3	-0.7	2.0	15.7
Miscellaneous	16.5	2.1	0.3	1.3	0.8	3.8
Total	3.8	2.1	-2.3	2.5	9.0	6.0
<i>Of which: Imported goods</i>	-1.0	8.1	-0.2	1.4	4.6	0.0
<i>Domestic goods</i>	...	-2.9	-4.1	3.5	12.8	10.9
Memorandum item:						
CPI (excluding domestic food)	92.6	100.0	99.9	100.8	105.8	108.3
Weights						
	Imported	Domestic	Total			
Food	30.0	28.5	58.5			
Clothing and footwear	3.1	0.0	3.1			
Household operations	5.9	6.0	11.9			
Transportation and communication	3.4	8.1	11.5			
Alcohol and tobacco	0.9	5.6	6.5			
Miscellaneous	3.4	5.1	8.5			
Total	46.7	53.3	100.0			

Source: Department of Statistics.

Table 7. Samoa: Financial Operations of the Central Government, 1997/98–2002/03 1/

	1997/98	1998/99	1999/00	2000/01	2001/02		2002/03
					Budget	Actual	Budget
(In millions of tala)							
Total revenue and grants	234.4	267.9	276.9	270.3	270.8	270.3	305.2
Total revenue	173.9	183.8	194.4	197.4	195.6	198.7	231.0
Tax	138.0	146.5	156.7	174.8	173.8	182.7	206.5
Nontax	36.0	37.3	37.7	22.5	21.8	16.0	24.5
External grants	60.5	84.1	82.4	73.0	75.2	71.6	74.2
Total expenditure and net lending	221.6	265.8	282.0	289.6	293.8	288.0	322.8
Current expenditure	142.1	164.0	169.7	164.6	180.6	183.3	207.3
Salaries and wages	62.5	62.4	66.1	64.4	74.7	74.7	75.5
Interest payments	4.0	4.3	4.3	5.4	4.5	4.1	4.8
External	3.7	4.0	4.1	5.3	4.5	4.1	4.8
Domestic	0.3	0.2	0.1	0.1	0.0	0.0	0.0
Other	75.6	97.3	99.3	94.9	101.4	104.4	127.0
Development expenditure 2/	71.3	85.2	92.9	111.0	100.8	83.7	103.8
Net lending 3/	8.2	16.6	19.4	13.9	12.3	21.1	11.7
Overall balance	12.9	2.1	-5.1	-19.3	-23.0	-17.7	-17.5
Overall balance (excluding grants)	-47.6	-82.0	-61.8	-84.3	-98.2	-109.9	-91.7
Financing	-12.9	-2.1	5.2	19.2	23.0	17.8	17.5
External financing (net)	3.1	3.6	1.5	1.7	20.3	11.8	16.1
Disbursement	10.8	11.0	10.4	13.3	35.6	23.9	29.6
Amortization	7.7	7.4	8.9	11.6	15.3	12.1	13.6
Domestic financing (net)	-16.0	-5.8	3.7	17.6	2.7	6.0	1.4
Banking system 4/	-25.7	-4.8	0.1	12.0	0.0	-3.5	0.0
Nonbanks and others	9.6	-1.0	3.6	5.6	2.7	9.5	1.4
(In percent of GDP)							
Total revenue and grants	36.1	40.0	37.9	32.9	31.6	31.4	32.4
Total revenue	26.8	27.4	26.6	24.0	22.7	23.1	24.5
Tax	21.3	21.8	21.5	21.3	20.2	21.2	21.9
Nontax	5.5	5.6	5.2	2.7	2.5	1.9	2.6
External grants	9.3	12.5	11.3	8.9	8.8	8.3	7.9
Total expenditure and net lending	34.1	39.6	38.6	35.3	34.3	33.5	34.3
Current expenditure	21.9	24.4	23.2	20.0	21.0	21.3	22.0
Salaries and wages	9.6	9.3	9.1	7.8	8.7	8.7	8.0
Interest payments	0.6	0.6	0.6	0.7	0.5	0.5	0.5
External	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development expenditure 2/	11.0	12.7	12.7	13.5	11.8	9.7	11.0
Net lending 3/	1.3	2.5	2.7	1.7	1.4	2.5	1.2
Overall balance	2.0	0.3	-0.7	-2.3	-2.7	-2.1	-1.9
Overall balance (excluding grants)	-7.3	-12.2	-12.0	-11.2	-11.5	-10.4	-9.7
Financing	-2.0	-0.3	0.7	2.3	2.7	2.1	1.9
External financing (net)	0.5	0.5	0.2	0.2	2.4	1.4	1.7
Domestic financing (net)	-2.5	-0.9	0.5	2.1	0.3	0.7	0.2
Banking system 4/	-4.0	-0.7	0.0	1.5	0.0	-0.4	0.0
Nonbanks and others	1.5	-0.2	0.5	0.7	0.3	1.1	0.2
Memorandum items:							
Nominal GDP (in millions of tala)	649.0	670.6	730.0	821.5	860.1	860.1	941.7

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Fiscal year begins on July 1.

2/ Primarily foreign-financed development expenditure.

3/ Includes loans and advances to public enterprises, capital subscriptions, and land purchases.

4/ Includes revaluation of Treasury's foreign assets.

Table 8. Samoa: Revenue of the Central Government, 1997/98–2002/03

	1997/98	1998/99	1999/00	2000/01	2001/02		2002/03
					Budget	Actual	Budget
(in millions of tala)							
Tax revenue	138.0	146.5	156.7	174.8	173.8	182.7	206.6
Income tax	29.5	31.0	35.8	38.9	35.8	38.6	41.9
Excise tax	25.8	41.1	47.5	51.5	53.6	55.4	61.8
Domestic excise	21.6	23.8	26.4	28.4	27.8	31.2	34.2
Import excise	4.2	17.3	21.0	23.1	25.9	24.2	27.6
Taxes on international trade	47.9	31.2	28.9	30.8	31.0	33.3	30.4
Import duties	44.7	29.1	28.9	30.8	31.0	33.3	30.4
Foreign exchange levy 1/	3.2	2.1	0.0	0.0	0.0	0.0	0.0
VAGST	32.0	38.0	41.3	50.2	49.5	50.9	67.5
Domestic 2/	6.81	6.2	7.4	11.0	11.1	9.9	17.3
Imports	31.2	35.9	39.2	44.4	43.6	46.1	56.9
Refunds	6.0	4.1	5.2	5.2	5.2	5.0	6.7
Other taxes	2.8	5.2	3.3	3.5	4.0	4.5	5.0
Business licences	0.5	0.7	0.8	1.0	0.9	0.9	0.9
Petroleum levy	1.6	3.6	1.3	1.2	2.0	2.6	3.1
Stamp duty	0.7	0.9	1.2	1.4	1.1	1.0	1.0
Other	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Nontax revenue	36.0	37.3	37.7	22.5	21.8	16.0	24.5
Fees, services charges, etc.	9.7	14.2	13.3	15.9	19.8	12.5	21.5
Departmental enterprises	19.6	14.9	0.0	-0.3	-0.4	-0.6	-0.2
Rents, royalties, international investments	6.7	9.2	24.3	6.9	2.4	4.0	3.3
Sale of government supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-1.0	0.0	0.0	0.0	0.0	0.0
Total revenue	173.9	183.8	194.4	197.4	195.6	198.7	231.1
(in percent of GDP)							
Tax revenue	21.3	21.8	21.5	21.3	20.2	21.2	21.9
Income tax	4.5	4.6	4.9	4.7	4.2	4.5	4.4
Excise tax	4.0	6.1	6.5	6.3	6.2	6.4	6.6
Domestic excise	3.3	3.5	3.6	3.5	3.2	3.6	3.6
Import excise	0.6	2.6	2.9	2.8	3.0	2.8	2.9
Taxes on international trade	7.4	4.7	4.0	3.7	3.6	3.9	3.2
Import duties	6.9	4.3	4.0	3.7	3.6	3.9	3.2
Foreign exchange levy 1/	0.5	0.3	0.0	0.0	0.0	0.0	0.0
VAGST	4.9	5.7	5.7	6.1	5.8	5.9	7.2
Domestic 2/	1.0	0.9	1.0	1.3	1.3	1.1	1.8
Imports	4.8	5.4	5.4	5.4	5.1	5.4	6.0
Refunds	0.9	0.6	0.7	0.6	0.6	0.6	0.7
Other taxes	0.4	0.8	0.4	0.4	0.5	0.5	0.5
Business licences	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Petroleum levy	0.3	0.5	0.2	0.1	0.2	0.3	0.3
Stamp duty	0.1	0.1	0.2	0.2	0.1	0.0	0.1
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Nontax revenue	5.5	5.6	5.2	2.7	2.5	1.9	2.6
Fees, services charges, etc.	1.5	2.1	1.8	1.9	2.3	1.5	2.3
Departmental enterprises	3.0	2.2	0.0	0.0	0.0	-0.1	0.0
Rents, royalties, international investments	1.0	1.4	3.3	0.8	0.3	0.5	0.3
Sale of government supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Total revenue	26.8	27.4	26.6	24.0	22.7	23.1	24.5

Source: Treasury Department of Samoa.

1/ Foreign exchange levy was removed in 1999.

2/ Excludes VAGST payable by government departments.

Table 9. Samoa: Current Expenditure Classified by Function, 1997/98-2002/03

	1997/98	1998/99	1999/00	2000/01	2001/02		2002/03
					Budget	Actual	Budget
(In millions of tala)							
General services	50.3	59.5	62.6	56.1	62.1	61.7	72.7
General administration	39.0	47.6	50.0	42.0	48.2	47.6	57.6
Law and order	11.3	11.9	12.5	14.1	13.9	14.1	15.2
Social services	63.6	70.4	75.4	75.5	80.7	86.3	91.3
Education	32.0	35.1	37.2	37.3	41.7	41.5	47.7
Health	24.8	27.7	30.2	29.2	29.0	34.4	32.1
Social security and pensions	6.8	7.6	8.0	9.0	10.0	10.5	11.5
Economic services	37.0	40.4	37.8	39.2	43.9	42.9	49.5
Agriculture	9.0	9.5	9.9	9.5	10.8	10.9	11.4
Public works	18.6	21.1	18.9	20.8	23.1	22.2	27.2
Transportation	2.4	2.7	1.8	1.2	1.5	0.7	1.6
Labor	0.7	0.8	0.8	0.9	1.1	1.0	1.3
Lands and survey	4.8	5.1	4.8	5.2	5.9	6.6	6.6
Lands and titles	1.4	1.3	1.6	1.5	1.6	1.6	1.6
VAGST payable by government departments	-13.5	-11.9	-15.4	-12.6	-14.3	-14.2	-16.3
Other expenditure 1/	4.7	5.5	9.3	6.6	8.2	6.5	10.0
Total current expenditure	142.1	164.0	169.7	164.6	180.6	183.3	207.3
(In percent of total current expenditure)							
General services	35.4	36.3	36.9	34.0	34.4	33.7	35.1
General administration	27.4	29.0	29.5	25.5	26.7	26.0	27.8
Law and order	8.0	7.3	7.4	8.5	7.7	7.7	7.3
Social services	44.8	43.0	44.5	45.8	44.7	47.1	44.0
Education	22.5	21.4	21.9	22.7	23.1	22.6	23.0
Health	17.5	16.9	17.8	17.7	16.1	18.8	15.5
Social security and pensions	4.8	4.6	4.7	5.5	5.5	5.7	5.5
Economic services	26.0	24.7	22.3	23.8	24.3	23.4	23.9
Agriculture	6.3	5.8	5.9	5.8	6.0	5.9	5.5
Public works	13.1	12.9	11.1	12.6	12.8	12.1	13.1
Transportation	1.7	1.6	1.1	0.7	0.8	0.4	0.8
Labor	0.5	0.5	0.5	0.6	0.6	0.5	0.6
Lands and survey	3.3	3.1	2.8	3.1	3.2	3.6	3.2
Lands and titles	1.0	0.8	0.9	0.9	0.9	0.9	0.8
VAGST payable by government departments	-9.5	-7.2	-9.1	-7.7	-7.9	-7.7	-7.8
Other expenditure 1/	3.3	3.3	5.5	4.0	4.5	3.5	4.8
Total current expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Treasury Department of Samoa.

1/ Residual; includes interest payments on public debt.

Table 10. Samoa: External Grants by Donors and Loan Disbursements, 1998/99–2002/03

	1998/99	1999/00	2000/01	2001/02	2002/03 Budget
	(In millions of tala)				
External Grants	84.1	82.4	73.0	71.6	74.2
New Zealand	10.1	11.5	13.1	9.1	12.2
Australia	23.4	26.1	25.7	22.9	20.3
European Development Fund	2.0	35.8	10.0	27.5	4.1
Japan	37.8	...	8.4	5.1	30.7
United Nations Development Program	4.3	2.5	3.4	2.3	2.7
Other 1/	6.5	6.5	12.4	4.7	4.2
Loan Disbursements	11.0	10.4	13.3	23.9	29.6
Memorandum Item:					
External grant expenditures abroad 2/	82.9	80.3	70.7	69.9	77.2

Source: Treasury Department of Samoa.

1/ Includes grants from China, WHO, Canada, UNESCO, UNICEF, Germany, and France.

2/ Includes expenditure on scholarship awards, ISPs, and consultants for which direct payment are made by donors.

Table 11. Samoa: Public Enterprises and Statutory Authorities, 1997-2002

	Share of Government Ownership						Employment						Capital Injections and Advances					
	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002	1997	1998	1999	2000	2001	2002
	(In percent)						(Number of persons)						(In millions of tala)					
Nonfinancial public enterprises																		
Agriculture Store	100	100	100	100	100	100	60	59	58	53	46	42	0.0	0.0	0.0	0.0	0.0	0.0
Computer Services Limited	40	40	40	40	40	40	26	32	35	32	33	33	0.0	0.0	0.0	0.0	0.0	0.0
Electric Power Corporation	100	100	100	100	100	100	432	432	390	385	434	439	3.0	0.0	6.6	2.4	3.9	1.5
Polynesian Ltd. (Holdings)	100	100	100	100	100	100	341	350	392	373	383	383	10.0	10.0	10.0	10.0	8.8	15.0
Post Office and Telecom	100	100	100	100	100	100	...	200	205	180	188	213	0.0	0.0	5.2	15.8	0.0	0.0
Rothmans Tobacco	40	40	40	40	0	0	38	34	34	34	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Coconut Oil Product Ltd.	100	100	100	100	100	100	...	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Forest Corporation	40	40	40	40	40	40	55	55	55	55	52	55	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Land Corporation	100	100	100	100	100	100	15	15	37	58	72	72	0.0	0.0	0.0	0.0	0.0	0.0
Special Projects Development	100	100	100	0	0	0	55	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Televise Samoa	100	100	100	100	100	100	27	28	42	35	41	34	0.7	0.5	0.6	0.5	1.2	0.4
Samoa Brewery	67	67	15.5	15.5	15.5	15.5	138	74	158	146	163	160	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Visitors Bureau	100	100	100	100	100	100	...	...	29	28	30	31	3.0	2.5	2.5	2.5	2.5	2.7
Samoa Water Authority	100	100	100	100	100	100	227	177	154	150	146	132	5.0	5.0	5.5	4.6	6.1	6.1
Samoa Shipping Corporation	100	100	100	100	100	100	137	126	132	120	136	136	0.8	0.0	0.0	0.0	0.0	0.0
WS Trust Estates Corporation	100	100	100	100	100	100	159	140	142	131	128	130	0.0	0.0	0.0	0.0	0.0	0.0
Other Government Equity Participants																		
Brugger	20	20	20	20	0	0	159	140	142	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Hellaby	9	9	9	9	9	9	26	26	27	26	45	47	0.0	0.0	0.0	0.0	0.0	0.0
Pacific Forum Line	7	7	7	7	7	7	...	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Iron and Steel	4	4	0	0	0	0	12	13	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
BOC-Gases	17	17	17	0	0	0	159	140	142	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Public financial institutions																		
Central Bank of Samoa	100	100	100	100	100	100	86	81	85	90	83	82	0.0	0.0	0.0	0.0	0.0	0.0
Development Bank of Samoa	100	100	100	100	100	100	114	118	116	118	117	120	0.0	0.0	0.0	0.0	0.0	0.0
Housing Corporation	100	100	100	100	100	100	15	17	17	17	17	17	0.5	0.5	0.5	0.5	0.4	0.4
National Pacific Insurance	30	30	30	30	30	30	30	30	33	14	13	13	0.0	0.0	0.0	0.0	0.0	0.0
National Provident Fund	100	100	100	100	100	100	122	120	119	132	190	160	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Life Assurance Corporation	100	100	100	100	100	100	46	49	49	49	54	51	0.0	0.0	0.0	0.0	0.0	0.0
Total							2,479	2,456	2,593	2,226	2,371	2,350	23.0	18.5	30.9	36.3	22.9	26.1

Table 12. Samoa: Structure of the Financial System, 1997–2002

	1997	1998	1999	2000	2001	2002 Sep.
(Share of total assets; in percent)						
Monetary authorities 1/	21.0	19.2	17.1	14.6	13.7	14.9
Commercial banks	41.1	40.4	44.5	45.0	44.4	44.0
ANZ (Samoa)	28.8	26.5	28.6	28.5	27.4	26.6
Westpac (Samoa) 2/	9.7	10.4	13.0	12.9	12.9	12.6
National Bank of Samoa	2.6	3.5	2.9	3.6	4.1	4.8
Nonmonetary financial institutions	38.0	40.4	38.4	40.4	41.8	41.2
National Provident Fund	21.5	23.2	22.1	24.5	25.5	25.3
Development Bank of Samoa	7.8	8.1	7.5	7.4	7.7	7.3
National Pacific Insurance Ltd.	2.4	2.8	2.8	2.8	3.3	3.1
Samoa Life Assurance Corporation	3.1	3.2	2.8	2.7	2.6	2.9
Public Trust Office	1.3	1.2	1.2	1.1	1.2	1.0
Housing Corporation	1.9	1.9	1.9	1.8	1.6	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
(Share of total domestic credit; in percent) 3/						
Monetary authorities 1/	-18.2	-23.9	-19.4	-16.8	-13.6	-10.8
Commercial Banks	56.1	60.1	62.4	64.5	66.7	61.7
ANZ (Samoa)	38.4	39.3	42.3	42.8	43.7	38.1
Westpac (Samoa) 2/	13.8	16.1	16.1	17.2	17.8	17.7
National Bank of Samoa	3.9	4.6	4.0	4.4	5.2	5.9
Nonmonetary financial institutions	62.7	63.3	56.5	51.9	46.4	49.1
National Provident Fund	32.9	34.4	31.3	28.6	26.4	30.3
Development Bank of Samoa	18.4	17.9	15.3	14.3	14.2	12.6
National Pacific Insurance Ltd.	-	-	-	-	-	-
Samoa Life Assurance Corporation	4.0	4.0	3.3	3.0	2.7	3.0
Public Trust Office	2.7	2.5	2.6	2.2	-	-
Housing Corporation	4.6	4.5	4.0	3.7	3.1	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Memorandum item:						
Total assets (millions of tala)	641.7	685.4	792.1	878.7	944.3	1,009.0
Total domestic credit (millions of tala)	256.8	277.8	345.4	390.0	436.7	479.3

Source: Central Bank of Samoa.

1/ Includes monetary assets of the Treasury.

2/ Westpac assumed full control of the Pacific Commercial Bank in May 2001.

3/ Gross credit extended to government, nonfinancial public enterprises, and the private sector, except Treasury claims on Government which are recorded net of liabilities.

Table 13. Samoa: Monetary Survey, 1997/98–2002/03

	1997/98	1998/99	1999/00	2000/01				2001/02				2002/03	
				Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
(In millions of tala, unless indicated otherwise)													
Net foreign assets	169.9	177.1	178.6	176.4	186.0	181.9	179.9	170.4	174.8	166.5	182.2	178.4	177.6
Monetary authorities 1/	159.6	156.9	164.3	156.6	159.3	161.3	157.2	149.2	155.2	152.5	175.7	172.8	171.1
Commercial banks	10.3	20.2	14.3	19.8	26.7	20.6	22.7	21.2	19.6	14.0	6.5	5.6	6.5
Net domestic assets	26.9	49.2	78.0	96.7	104.0	118.6	128.3	140.2	132.8	141.3	137.0	149.8	160.2
Domestic credit	60.1	86.8	116.9	142.7	154.1	166.0	178.2	192.1	186.7	195.3	197.0	206.4	219.0
Government (net)	-97.6	-104.7	-101.5	-89.6	-97.6	-91.6	-89.5	-83.7	-96.7	-91.4	-93.0	-89.3	-94.3
Monetary authorities 1/	-83.2	-100.1	-98.8	-80.4	-80.1	-82.8	-77.1	-74.2	-88.6	-84.4	-84.1	-85.7	-81.9
Commercial banks	-14.47	-4.7	-2.8	-9.1	-17.5	-8.8	-12.5	-9.5	-8.1	-7.0	-9.0	-3.6	-12.4
Nonfinancial public enterprises	2.9	10.8	11.9	13.8	18.7	19.3	17.7	17.6	16.7	15.7	15.1	14.6	18.3
Nonbank financial institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.3
Claims on private sector	154.7	180.7	206.5	218.3	233.0	238.3	249.9	258.1	266.6	270.9	274.7	281.1	294.7
Other items (net)	-33.2	-37.6	-38.8	-46.0	-50.2	-47.4	-49.9	-51.9	-53.9	-54.1	-59.9	-56.7	-58.8
Broad money	196.8	226.3	256.6	273.0	289.9	300.5	308.3	310.7	307.6	307.8	319.2	328.3	336.0
Narrow money	54.0	68.1	80.6	85.4	93.3	99.6	88.7	88.7	86.8	81.8	92.3	88.4	95.6
Currency outside banks	18.2	19.4	22.6	22.5	28.9	23.6	23.3	24.5	30.0	25.7	26.1	23.6	32.6
Demand deposits	35.8	48.7	58.0	62.9	64.4	76.0	65.3	64.1	56.9	56.1	66.2	64.8	63.0
Quasi-money	142.8	158.2	176.0	187.6	196.7	200.9	219.6	222.0	220.8	226.0	226.9	239.9	240.4
Savings deposits	30.9	33.0	36.5	38.6	37.5	38.4	40.4	43.7	40.3	42.4	45.5	47.4	44.9
Time deposits	111.9	113.7	124.0	129.0	132.7	144.7	156.6	151.0	160.5	165.1	171.4	180.2	184.5
Foreign currency deposits	...	11.5	15.4	20.1	26.5	17.8	22.7	27.3	20.0	18.5	10.1	12.3	11.1
Memorandum items:													
Annual percent change 2/													
Broad money	8.3	15.0	13.4	19.9	22.7	20.4	20.1	13.8	6.1	2.4	3.6	5.7	9.2
Narrow money	-2.2	26.0	18.4	16.7	16.1	34.8	10.0	3.8	-6.9	-17.9	4.1	-0.3	10.1
Private sector credit	17.4	16.8	14.3	24.9	28.9	27.3	28.4	18.3	14.4	13.7	9.9	8.9	10.5
Contribution to broad money growth (in percent) 2/													
Net foreign assets	21.4	3.7	0.6	5.3	3.9	-0.1	-1.2	-2.2	-3.8	-5.1	0.7	2.6	0.9
Net domestic assets	-12.3	11.3	12.8	23.8	24.2	25.8	24.9	16.0	9.9	7.5	2.8	3.1	8.9
Nonbank financial institutions													
Deposits	36.8	33.5	42.3	44.3	45.7	52.1	51.7	53.6	50.5	53.9	60.9	61.8	58.7
Credit to the private sector	161.0	182.5	197.6	200.3	201.0	204.1	208.3	201.8	202.5	208.4	211.0	214.1	222.2

Source: Central Bank of Samoa.

1/ Includes Treasury's monetary accounts.

2/ For quarterly data, the annual change is calculated relative to the respective quarter of the previous year.

Table 14. Samoa: Summary Accounts of the Monetary Authorities, 1997/98–2002/03

(In millions of tala; end of period)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
						Sep.	Dec.
Foreign assets (net)	159.7	161.8	171.0	164.4	182.5	179.2	178.3
Foreign assets	162.4	159.3	167.6	160.8	179.1	176.0	174.8
Treasury	66.7	73.7	83.9	62.8	57.4	57.1	55.0
Central Bank of Samoa	95.7	85.7	83.8	98.0	121.8	118.9	119.8
Foreign liabilities	2.8	2.5	3.4	3.6	3.4	3.2	3.5
Treasury 1/	2.7	2.3	2.9	3.0	3.0	3.0	3.0
Central Bank of Samoa	0.0	0.1	0.5	0.6	0.4	0.2	0.5
Net domestic assets	-104.8	-119.0	-122.1	-107.9	-121.1	-112.8	-97.2
Claims on government (net)	-83.2	-100.1	-98.8	-77.1	-84.1	-85.7	-81.9
Claims on government	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government deposits	83.2	100.1	98.8	77.1	84.1	85.7	81.9
Treasury	64.0	71.3	81.0	59.8	54.4	54.1	52.0
Central Bank of Samoa	19.2	28.8	17.8	17.3	29.7	31.6	29.9
Claims on commercial banks	0.3	0.1	0.2	0.9	0.2	0.1	0.4
Other items (net)	-21.9	-19.0	-23.5	-31.8	-37.2	-27.2	-15.7
Central bank securities	-26.3	-21.0	-28.4	-35.2	-38.7	-29.8	-16.3
Capital and reserves	-25.3	-25.7	-24.5	-24.4	-26.0	-24.7	-26.3
Other assets	31.6	31.6	30.9	29.1	27.6	28.0	27.4
Other liabilities	-1.9	-4.0	-1.4	-1.4	-0.1	-0.7	-0.5
Reserve money	58.3	37.8	42.2	49.3	54.7	60.1	73.9
Notes in circulation	21.6	19.4	22.6	23.3	26.1	23.6	32.6
Commercial banks reserves	36.7	18.4	19.7	26.0	28.6	36.5	41.3
Cash in vault	3.4	3.6	4.1	5.0	6.2	8.4	13.1
Required deposit	8.8	9.6	11.0	13.1	13.8	13.9	14.5
Other deposit	24.5	5.2	4.6	7.9	8.6	14.2	13.7

Source: Central Bank of Samoa.

1/ IMF accounts.

Table 15. Samoa: Balance Sheet of the Commercial Banks, 1997/98–2002/03

(In millions of tala: end of period)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
						Sep.	Dec.
Net foreign assets	10.3	20.2	14.3	22.7	6.5	5.6	4.7
Assets	16.3	27.0	35.7	47.7	32.1	27.9	26.2
Liabilities	6.0	6.8	21.4	25.0	25.7	22.3	21.5
Net domestic assets	186.7	175.2	219.9	263.0	286.8	299.1	298.3
Domestic credit	141.7	185.3	213.9	253.3	279.0	289.9	298.6
Government (net)	-14.5	-4.7	-2.8	-12.5	-9.0	-3.6	-12.4
Claims	0.0	11.2	12.0	0.0	4.5	2.4	0.0
Government deposits	14.5	15.9	14.8	12.5	13.5	6.0	12.4
Nonfinancial public enterprises	3.0	10.8	11.9	17.8	15.2	14.6	18.3
Nonmonetary financial institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.3
Private sector	153.0	179.1	204.7	247.9	272.6	278.8	292.4
Claims on central bank (net)	62.9	39.0	47.9	60.2	66.3	65.3	56.9
Central bank securities	26.3	20.7	28.4	35.2	37.9	28.9	16.0
Balances with central bank	33.3	14.8	15.6	21.0	22.4	28.1	28.2
Required	8.8	9.6	11.0	13.1	13.8	13.9	14.5
Other	24.5	5.2	4.6	7.9	8.6	14.2	13.7
Cash on hand	3.4	3.6	4.1	5.0	6.2	8.4	13.1
Central bank deposits	-0.1	-0.1	-0.2	-0.9	-0.2	-0.1	-0.4
Other items, (net)	-17.9	-49.1	-41.8	-50.5	-58.6	-56.1	-57.2
Capital and reserves 1/	-29.9	-46.1	-52.3	-47.2	-47.3	-46.0	-50.7
Other assets	33.3	42.2	47.9	42.8	49.6	55.3	54.8
Other liabilities	-21.3	-45.3	-37.5	-46.1	-60.9	-65.4	-61.3
Deposits	184.7	206.9	234.0	284.9	293.2	304.6	303.4
Demand deposits	35.8	48.7	58.0	65.3	66.2	64.8	63.0
Private sector	27.4	35.2	39.7	47.4	48.9	51.1	47.3
Other 2/	8.4	13.5	18.4	17.9	17.3	13.7	15.7
Savings deposits	30.9	33.0	36.5	40.4	45.5	47.4	44.9
Time deposits	111.9	113.7	124.0	156.6	171.4	180.2	184.4
Private sector	51.0	56.2	63.2	87.8	96.3	101.9	107.3
Other 2/	60.9	57.5	60.8	68.8	75.1	78.3	77.1
Foreign currency deposits	6.0	11.5	15.4	22.7	10.1	12.3	11.1

Source: Central Bank of Samoa.

1/ Excludes provisions for specific purposes.

2/ Nonfinancial public enterprises and nonmonetary financial institutions.

Table 16. Samoa: Credit to the Private Sector, 1997/98–2002/03

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
						Sep.	Dec.
	(In millions of tala, end of period)						
Commercial banks	153.0	179.1	204.7	247.9	272.8	279.0	311.0
Agriculture	2.4	4.1	4.1	7.2	9.8	8.0	8.4
Manufacturing	26.3	25.3	26.1	18.2	18.1	19.1	19.6
Building, construction, and installation	63.4	69.7	82.0	116.2	125.2	126.7	134.7
Electricity, gas, and water	0.1	0.3	0.3	0.9	1.3	1.9	7.6
Trade	14.8	28.9	36.4	48.0	53.0	50.8	51.1
Transportation, storage, and communication	8.1	10.3	11.4	12.8	12.7	14.7	24.4
Professional and business services	17.2	23.3	22.6	26.1	30.2	35.1	37.3
Other	20.8	17.2	21.7	18.5	22.5	22.7	27.9
Nonmonetary financial institutions	161.0	182.5	197.6	208.3	218.7	214.1	222.3
Agriculture	23.5	24.6	29.4	34.8	35.7	28.3	30.4
Manufacturing	7.5	7.3	6.2	6.3	7.3	7.2	6.9
Building, construction, and installation	77.9	90.5	101.7	106.2	62.3	62.6	63.7
Electricity, gas, and water	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Trade	17.3	21.6	22.2	23.3	24.8	25.6	25.4
Transportation, storage, and communication	4.6	6.5	8.2	9.6	10.9	12.6	12.2
Professional and business services	7.4	7.0	6.2	5.1	11.7	11.1	11.0
Other	22.8	24.9	23.5	23.0	66.0	66.5	72.6
Total	314.0	361.5	402.3	456.1	491.4	493.1	533.3
	(Annual percent change) 1/						
Agriculture	16.7	10.8	16.9	25.2	8.3	-14.6	-13.2
Manufacturing	8.1	-3.5	-0.8	-24.3	3.7	4.4	6.4
Building, construction, and installation	17.8	13.4	14.7	21.0	-15.7	-17.9	-15.6
Electricity, gas, and water	-55.0	255.6	0.0	165.6	58.8	53.8	150.0
Trade	-6.4	57.0	16.2	21.7	9.1	6.4	-0.6
Transportation, storage, and communication	14.1	32.2	17.1	13.9	5.2	22.4	61.9
Professional and business services	0.3	23.8	-5.0	8.0	34.4	54.0	47.3
Other	10.3	-3.4	7.3	-8.1	113.2	161.6	252.6
Total	11.0	15.1	11.3	13.4	7.7	6.0	14.2
Commercial banks	17.3	17.0	14.3	21.1	10.1	8.9	17.6
Nonmonetary financial institutions	5.5	13.3	8.3	5.4	5.0	2.3	9.7

Source: Central Bank of Samoa

1/ Refers to total credit extended to each sector.

Table 17. Samoa: Interest Rates, 1997/98–2001/02

(In percent per annum; end of period)

	1997/98	1998/99	1999/00	2000/01	2001/02
Commercial banks					
Deposit rates (weighed average) 1/	5.1	5.1	4.7	4.5	4.5
Savings deposits	3.0	3.0	3.0	3.0	3.0
Time deposits					
3 months	5.5	5.5	5.5	5.8	5.8
6 months	6.5	6.5	6.5	6.4	6.4
12 months	7.5	7.5	7.5	7.3	7.3
24 months	7.5	7.5	7.5	7.3	7.3
Lending rates 1/ 2/	12.9	12.6	12.3	11.7	11.5
Average spread	7.8	7.6	7.6	7.2	7.0
National Provident Fund					
Lending rates	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0
Public Trust Office	12.0–15.0	12.0–15.0	12.0–15.0	12.0–15.0	12.0–15.0
Samoa Life Assurance Corporation	10.0–14.0	10.0–14.0	10.0–14.0	12.0–15.0	12.0–15.0
Central Bank securities 1/	5.7	5.93–7.19	5.78–6.61	4.73–7.00	3.00–7.06

Source: Data provided by the Samoan authorities.

1/ Interest rates are presented as average weighted rates from January 1, 1998 onward (given the removal of interest rates ceilings on that date). Prior to January 1998, the regulated rates are presented.

2/ Includes lending to public enterprises, private businesses, and individuals.

Table 18. Samoa: International Liquidity, 1997/98–2002/03
(In millions of U.S dollars, end of period)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	
						Sep.	Dec.
Foreign assets	53.0	61.7	63.4	59.3	64.3	60.9	62.6
Official reserves	47.8	52.8	52.3	45.7	54.5	52.5	54.4
Treasury 1/	17.0	24.4	26.2	17.9	17.5	17.1	17.2
Deposits	13.3	15.7	17.3	8.1	6.3	5.8	5.2
Sinking fund	4.5	4.8	4.9	6.0	7.1	7.2	7.8
SDR holdings	3.7	3.9	3.9	3.7	4.1	4.0	4.2
Central Bank of Samoa	30.8	28.4	26.1	27.8	37.1	35.5	37.2
Commercial banks	5.2	8.9	11.1	13.6	9.8	8.3	8.1
Foreign liabilities	2.8	3.1	7.7	8.1	8.9	7.6	7.8
Treasury	0.0	0.0	0.1	0.2	0.1	0.0	0.2
Central Bank of Samoa	0.9	0.8	0.9	0.8	0.9	0.9	0.9
Commercial banks	1.9	2.2	6.7	7.1	7.8	6.7	6.7
Net foreign assets of the monetary system	50.2	58.7	55.7	51.1	55.4	53.3	54.8
Treasury	21.4	24.4	26.0	17.7	17.3	17.0	17.0
Central Bank of Samoa	29.9	27.6	25.2	27.0	36.1	34.6	36.3
Commercial banks	3.3	6.7	4.5	6.5	2.0	1.7	1.5
Contingent import liabilities 2/	3.6	5.9	2.6	3.2	5.1	5.6	5.1
Adjusted net foreign assets 3/	46.6	52.8	53.1	47.9	50.3	47.7	49.7
Memorandum items:							
Tala per U.S dollar (end period)	3.1	3.0	3.2	3.5	3.3	3.4	3.2

Source: Central Bank of Samoa.

1/ Excluding Sinking Fund.

2/ Results from the requirement, prescribed from time to time by the Central Bank, to open a letter of credit for imports in excess of consignment values.

3/ Adjusted for contingent import liabilities.

Table 19. Samoa: Balance of Payments, 1997/98–2002/03

	1997/98	1998/99	1999/00	2000/01	2001/02	2001/02 H1	2002/03 H1
(In millions of U.S. dollars, unless indicated otherwise)							
Current account balance	22.2	4.5	2.3	0.3	-2.3	-4.3	0.2
(In percent of GDP)	9.5	2.0	1.0	0.1	-0.9	...	...
Merchandise trade balance 1/	-73.5	-99.6	-83.9	-105.9	-119.6	-59.8	-61.1
Exports, fob	17.8	15.9	17.2	14.5	14.3	7.8	7.3
Fish	3.3	9.5	10.1	9.2	9.6	5.2	4.3
Other	14.5	6.5	7.0	5.3	4.8	2.6	3.0
Imports, cif 2/	91.3	115.5	101.0	120.4	134.0	67.6	68.4
Oil	8.8	12.5	13.1	17.9	13.7	7.1	9.8
Non-oil	82.5	103.0	88.0	102.6	120.3	60.5	58.6
Services and income balance	33.0	35.3	30.7	42.3	44.6	21.5	22.7
Travel	33.5	36.0	37.6	38.2	39.7	21.2	23.8
Export processing 3/	7.0	4.9	3.9	4.3	4.0	1.7	3.5
Other services	-7.4	-5.4	-9.4	2.4	0.7	-1.2	-1.9
Investment income	-0.2	-0.1	-1.5	-2.6	0.2	-0.2	-2.7
Current transfers	62.7	68.7	55.5	64.0	72.7	34.0	38.6
Official transfers	23.3	31.4	12.9	20.8	22.2	9.7	10.4
Private transfers	39.4	37.3	42.6	43.2	50.5	24.3	28.2
Financial and capital account	-24.3	-3.9	-3.0	-6.9	11.1	3.2	-0.4
Official loans	1.0	1.2	0.5	0.5	3.6	3.7	1.9
Disbursements	3.5	3.6	3.2	3.8	7.3	3.7	1.9
Repayments	2.5	2.4	2.8	3.3	3.7	0.0	0.0
Government-guaranteed loans	-4.5	-3.4	-3.3	-2.9	-2.5	-1.8	-0.5
Commercial banks 4/	-2.5	-3.4	2.2	-2.0	4.5	1.0	0.5
Other (including errors and omissions)	-18.3	1.7	-2.5	-2.4	5.5	0.4	-2.4
Overall balance 5/	-2.1	0.6	-0.7	-6.6	8.8	-1.1	-0.3
Memorandum items:							
Gross official reserves	52.3	52.8	52.3	45.7	54.5	44.6	54.4
(In months of next year's merchandise imports)	5.4	6.3	5.2	4.1	4.7	7.9	9.5
(In months of next year's imports of goods and nonfactor services)	4.5	5.0	4.5	3.6	4.0	...	...
External debt	146.8	146.5	148.0	143.6	153.7	...	...
(In percent of GDP)	62.6	66.1	63.0	60.0	62.0	...	...
Public external debt service ratio 6/	10.5	9.4	10.0	8.8	9.2	...	...
Nominal GDP (in millions of dollars)	234.3	221.8	234.8	239.1	247.8	...	...

Sources: Data provided by the Samoan authorities; and Fund staff estimates.

1/ Excludes trade data for Yazaki Samoa Limited and imports by foreign diplomatic missions located in Samoa.

2/ Imports in 2001/02 include exceptional capital imports (eight shipping vessels and machinery for the extension of the port) amounting to \$8.6 million.

3/ Comprises net exports of Yazaki.

4/ Equals change in net foreign assets of commercial banks.

5/ Equals change in net foreign assets of the monetary authorities (including valuation effects).

6/ As a percent of exports of goods and nonfactor services. Includes debt service on government-guaranteed debt.

Table 20. Samoa: Exports by Commodity, 1997/98–2002/03

(In thousands of tala, unless otherwise noted) 1/

	1997/98	1998/99	1999/00	2000/01	2001/02	2001/02 H1	2002/03 H1
Fresh fish							
Volume (metric tons)	...	4,323	4,066	4,080	4,190	2,211	1,994
Value	17,385	33,547	31,298	31,614	33,110	18,328	14,252
Unit value	...	7,760	7,697	7,749	7,902	16,673	14,336
Garments							
Volume (000 pieces)	0	0	31	70	67	41	39
Value	0	0	1,453	4,785	5,485	3,521	2,481
Unit value (US\$/piece)	...	...	47	68	82	166	78
Copra							
Volume (long tons)	7,034	6,447	3,659	4,247	0	645	0
Value	6,617	6,198	2,995	1,735	0	291	0
Unit value (US\$/long ton)	941	961	819	409	...	451	...
Coconut oil							
Volume (metric tons)	3,858	239	2,293	0	1	1	177
Value	5,780	315	3,375	0	6	6	221
Unit value (US\$/ton)	1,498	1,318	1,472	...	6,020	6,000	7,000
Copra meal							
Volume (metric tons)	8,034	251	959	0	0	0	833
Value	6,617	46	153	0	0	0	204
Unit value (US\$/ton)	824	183	160	...	...	...	480
Coconut cream							
Volume (metric tons)	1,133	1,252	1,196	1,061	1,048	599	508
Value	3,928	5,122	3,694	3,360	3,276	1,805	1,634
Unit value (US\$/ton)	3,467	4,091	3,089	3,167	3,126	6,062	6,459
Other exports (value)							
Beer	1,817	2,993	2,750	2,881	3,319	1,601	2,199
Cigarettes	0	0	1,156	329	200	195	46
Soft drinks 2/	0	288	351	632	316	151	99
Timber	10	10	38	2	0	0	0
Kava	2,757	5,271	1,380	771	148	139	13
Other 3/	9,014	2,110	3,042	3,404	3,600	1,245	2,477
Total value	48,146	55,900	51,685	49,513	49,460	27,282	23,626
Reexports	252	403	1,472	338	197	139	423
Total, including reexports	48,398	56,303	53,157	49,851	15,161	27,421	24,049

Source: Central Bank of Samoa.

1/ Using period average exchange rates.

2/ Also includes soft drink concentrates.

3/ Includes sale of a used ship (7.2 million tala) in 1997/98.

Table 21. Samoa: Destination of Exports, 1997/98–2002/03 1/

(In percent of total)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03 H1
Pacific	74.8	68.3	78.4	65.4	62.3	66.3
New Zealand	36.4	9.7	11.9	6.5	6.8	13.0
Australia	23.5	3.4	4.5	2.5	2.7	3.0
Fiji	13.5	1.0	0.2	0.0	0.0	0.1
American Samoa	1.1	52.0	57.5	55.1	52.3	50.0
Others	0.4	2.2	4.4	1.1	0.4	0.2
North America	15.2	18.6	14.6	27.7	32.6	28.3
United States	15.1	18.6	14.5	27.5	32.2	27.7
Europe	1.1	12.8	6.7	6.1	3.9	4.4
Germany	0.8	12.5	6.6	5.0	3.4	4.4
United Kingdom	0.2	0.0	0.0	0.1	0.1	0.0
Others	0.1	0.3	0.1	1.1	0.4	0.0
Asia	9.0	0.4	0.3	0.8	1.2	1.1
Japan	6.1	0.0	0.2	0.6	1.0	1.1
Others	2.8	0.4	0.2	0.2	0.1	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Customs Department of Samoa; and Central Bank of Samoa.

1/ Includes reexports.

Table 22. Samoa: Origin of Imports, 1997/98–2002/03 1/

(In percent of total)

	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03 H1
Pacific	74.8	74.9	65.0	74.1	70.2	72.3
New Zealand	37.9	33.9	31.7	35.4	34.4	34.6
Australia	20.7	28.8	20.7	28.5	26.6	18.2
Fiji	15.0	11.1	11.6	9.4	8.7	18.5
American Samoa	1.0	1.0	0.9	0.7	0.5	0.4
Others	0.2	0.1	0.1	0.3	0.1	0.7
North America	15.6	14.2	11.2	13.7	12.0	12.9
United States	15.5	14.2	11.0	13.4	11.8	12.7
Canada	0.1	0.0	0.1	0.2	0.2	0.2
Europe	2.0	1.4	3.2	1.4	4.2	3.0
Germany	0.8	1.0	2.6	0.2	0.3	0.2
United Kingdom	0.2	0.3	0.1	0.3	0.2	1.6
Others	1.0	0.1	0.5	1.0	3.8	1.2
Asia	7.4	9.5	20.2	10.5	12.8	11.4
Japan	4.5	4.8	14.4	4.5	6.6	4.5
Singapore	0.5	0.5	0.9	0.8	0.7	1.0
China	0.8	0.8	1.2	1.6	1.6	2.5
Hong Kong SAR	0.9	1.1	1.2	1.0	1.1	0.9
Taiwan Province of China	0.3	0.5	0.3	0.5	0.5	0.6
Others	0.4	1.8	2.2	2.2	2.3	2.0
Other 2/	0.2	0.0	0.4	0.4	0.9	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Samoa.

1/ The categorization covers some territorial entities that are not states as understood by international law, but for which statistical data are maintained on a separate and independent basis.

2/ Middle East, Africa, and Latin America.

Table 23. Samoa: Services and Income Account, 1997/98–2002/03

(In millions of U.S. dollars) 1/

	1997/98	1998/99	1999/00	2000/01	2001/02	2001/02 H1	2002/03 H1
Services and income receipts	63.3	63.2	62.4	66.8	64.7	33.1	38.8
Travel	38.0	39.5	40.8	41.4	41.8	22.0	25.6
Export processing	7.0	4.9	3.9	4.3	4.0	1.7	3.5
Other services	14.2	15.7	13.4	17.3	16.7	8.0	8.5
Investment income	4.1	3.1	4.2	3.8	2.2	1.3	1.2
Services and income payments	30.3	27.9	31.7	24.5	20.1	11.5	16.1
Travel	4.5	3.5	3.2	3.3	2.1	0.9	1.8
Other services 2/	21.6	21.1	22.7	14.9	16.0	9.2	10.4
Income payments	4.2	3.2	5.8	6.3	2.0	1.5	3.9
Interest	1.3	1.3	1.4	1.2	1.2	...	0.7
Government debt	1.1	1.3	1.3	1.2	0.6	...	0.7
Government-guaranteed debt	0.0	0.0	0.1	0.0	0.6	...	0.0
IMF charges	0.1	0.0	0.0	0.0	0.0	...	0.0
Other	2.9	1.9	4.3	5.1	0.8	...	3.2
Services and income balance	33.0	35.3	30.7	42.3	44.6	21.5	22.7

Source: Central Bank of Samoa.

1/ Using period average exchange rates.

2/ Excludes freight and insurance.

Table 24. Samoa: Composition of Outstanding External Debt, 1997/98–2001/02

(In percent; end of period)

	1997/98	1998/99	1999/00	2000/01	2001/02
Total external debt	100.0	100.0	100.0	100.0	100.0
Government Debt	94.2	95.6	96.0	96.7	96.2
Bilateral	5.1	5.0	7.9	8.5	7.9
New Zealand	0.1	0.1	0.0	0.0	0.0
China	4.8	4.8	7.7	8.4	7.8
France	0.2	0.2	0.2	0.1	0.1
Multilateral	87.5	89.2	86.9	87.2	87.6
Asian Development Bank	49.4	51.6	49.7	46.3	47.2
Agricultural loan	15.8	17.1	16.8	15.6	15.0
Other	33.6	34.5	32.9	30.8	32.2
International Development Association	29.6	29.8	30.2	34.0	33.5
OPEC	1.2	1.1	1.1	1.3	1.4
IMF Trust Fund	0.0	0.0	0.0	0.0	0.0
EU / European Investment Bank	5.7	5.2	4.4	4.1	4.0
IFAD	1.6	1.6	1.5	1.5	1.5
Others	1.6	1.4	1.1	1.0	0.8
Saudi Fund for Development	1.6	1.4	1.1	1.0	0.8
Government-guaranteed debt 1/	5.8	4.4	4.0	3.3	3.8
IMF credit outstanding	0.0	0.0	0.0	0.0	0.0

Sources: Treasury Department of Samoa; and Central Bank of Samoa.

1/ Data for 1997/98–1998/99 reflect the government's assumption of Polynesian Airlines' liabilities while data for 1999/00–2001/02 only relate to DBS loans guaranteed by the Government.