

Annex VI - Case Study - Samoa

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VI.1 General Description and Basic Economy

The Independent State of Samoa is a collection of islands approximately half way between Hawaii and New Zealand in the Pacific Ocean. It gained independence from New Zealand in 1962, and was previously known as Western Samoa. It consists of two main islands, Savaii and Upolu, and several smaller islands and uninhabited islets. The total land area is 2,831 km².¹ The population of Samoa, at 184,000¹, has shown only modest growth since 1990 and the rural population has remained fairly constant at between 78.0% and the current 80.1% over the same period.² The island of Upolu is home to nearly three quarters of the nation's population and also the capital city Apia, which has a population of 36,000 (2008 est.).¹

The economy has traditionally been dependent upon local scale agriculture and fishing, and today development aid, private family remittances from overseas and agricultural exports are key factors. Agriculture employs two thirds of the country's labour force and is responsible for 90% of exports, which include coconut oil, coconut cream, copra (dried coconut meat) and cacao.¹ However, in terms of GDP agriculture makes up just 11.4%, with the industrial sector dominating at 58.6% (2004 est.) Tourism is an expanding sector, with receipts from tourism currently accounting for around 21% of GDP.²

The Samoan economy is considered one of the healthiest and most stable of the Pacific region.³ The country is in the lower-middle income category, with a 'Medium' HDI ranking it 99th in the world. The GDP of Samoa has shown steady growth since 1999, with a sharp drop in 2009 likely related to a combination of the

¹ CIA World Factbook, Samoa. <https://www.cia.gov/library/publications/the-world-factbook/geos/ws.html> Accessed 5 November 2012.

² World Development Indicators 2012, The World Bank. <http://databank.worldbank.org/> accessed 19 October 2012.

³ IFAD Rural Poverty Portal, <http://www.ruralpovertyportal.org/country/home/tags/samoa> Accessed 1 Dec 2012

impacts of the powerful tsunami of September 2009 which caused widespread devastation across Samoa,⁴ and the global financial downturn (see Figure 1).

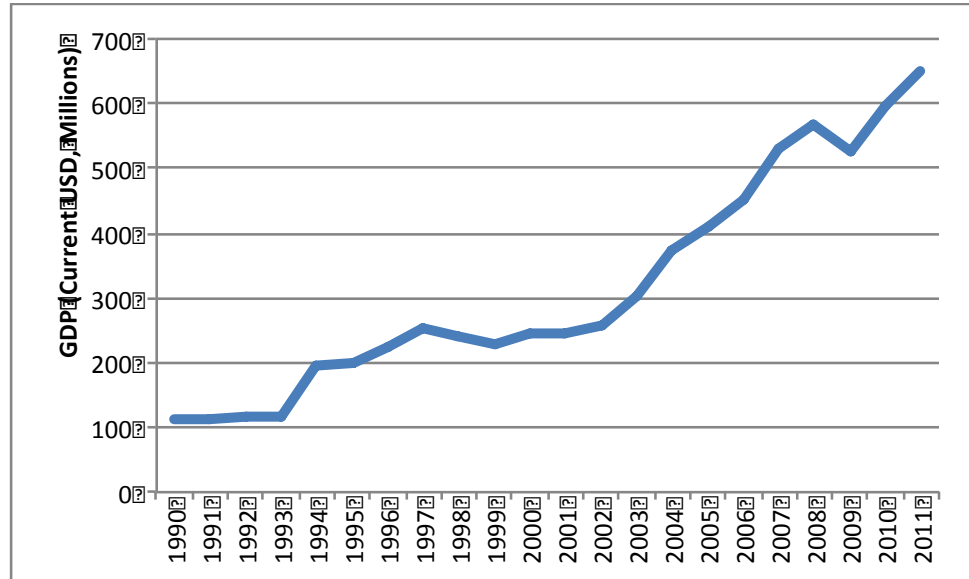


Figure 1 GDP of Samoa, 1990-2011²

VI.2 Shipping and Aviation

Aviation

The country has one airport with a paved runway, and a further three unpaved.¹ Just one airline is registered in Samoa, Polynesian Airlines, founded in 1959 and bases at Faleolo International Airport, Apia. The airline is fully owned by the national government, and was listed to operate the following fleet:⁵

- 2 x DCH-6 Twin Otter-300
- 1 x Britten-Norman BN2A Islander

However, a government decision in 2005 to upscale international aviation and join forces with Australia's Virgin Blue has resulted in Polynesian Blue, which has increased international flights and reduced costs. It now operates regular flights to New Zealand and Australia, including 14 per week between Apia and Auckland, three to Sydney and one to Brisbane.¹⁰

From World Development Indicators figures, it can be seen that numbers of passengers carried by air transport rose rapidly over the decade 1998-2007, but a sharp decline in 2010 saw numbers return to below 1998 levels (see Figure 2). Air transport of freight saw a similar drop in 2010.² These downturns may be related to the September 2009 tsunami and associated disruption.

⁴ World Bank, Samoa Post Tsunami Reconstruction Project
<http://go.worldbank.org/1Y1M91DRU0> Accessed 2 December 2012

⁵ World Airline Directory, Samoa:
http://www.airlineupdate.com/content_public/airlines/oceania/samoa.htm
 Accessed 2 December 2012

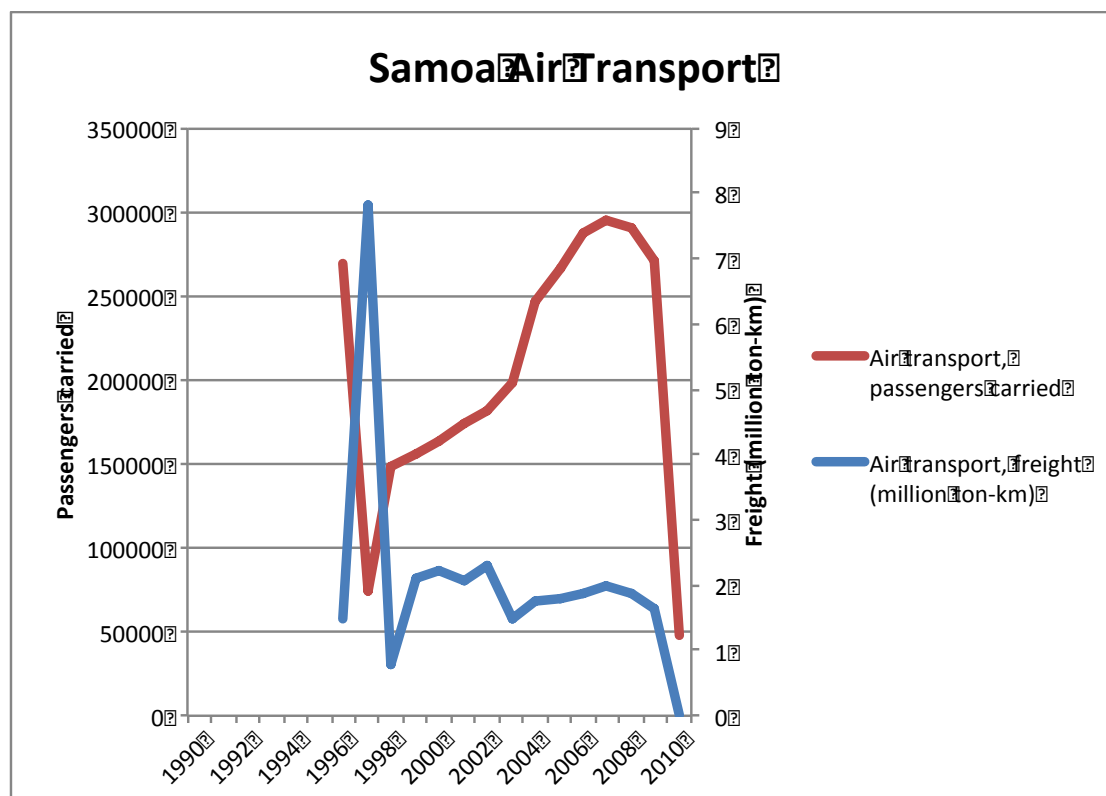


Figure 2 Samoa Air Transport

Shipping

Samoa’s only commercial port, the Port of Apia, is based in the capital of Apia and is the only port on Upolu Island. Most cargo traffic passing through the Port of Apia is container and roll-on/roll-off cargo, but the Port also serves small cargo vessels, oil tankers and cruise liners. The main wharf was built in 1966 to handle conventional cargoes, with a 166-metre wharf extension added in 2003. The Port of Apia and the Samoa Port Authorities have plans to stimulate tourism through these ports, with a marina and floating restaurant built to support this aim.⁶

The CIA World Factbook records two state-owned merchant marine vessels:

- 1 cargo,
- 1 passenger/cargo,

and a further vessel is owned by New Zealand.¹ The UNCTAD records the following data on Samoa’s shipping fleet:

⁶ World Port Source: Port of Apia.
http://www.worldportsource.com/ports/review/WSM_Port_of_Apia_2410.php
 Accessed 2 December 2012

Table 1 Samoa Merchant Fleets, 2012 data.⁷

	Number of ships	Gross Tonnage in thousands	Dead weight tons in thousands
Total fleet	11	11.51	10.066
Oil tankers
Bulk carriers
General cargo	4	7.981	9.246
Container ships
Other types of ships	7	3.529	0.82

VI.3 Trade and Tourism

In real value, Samoa's imports and exports have increased markedly since 2003, with a notable drop in 2009 likely due to the impacts of the tsunami on infrastructure and operations (see Figure 3). Imports have exceeded exports as far as records show, and this trade deficit has increased in recent years.

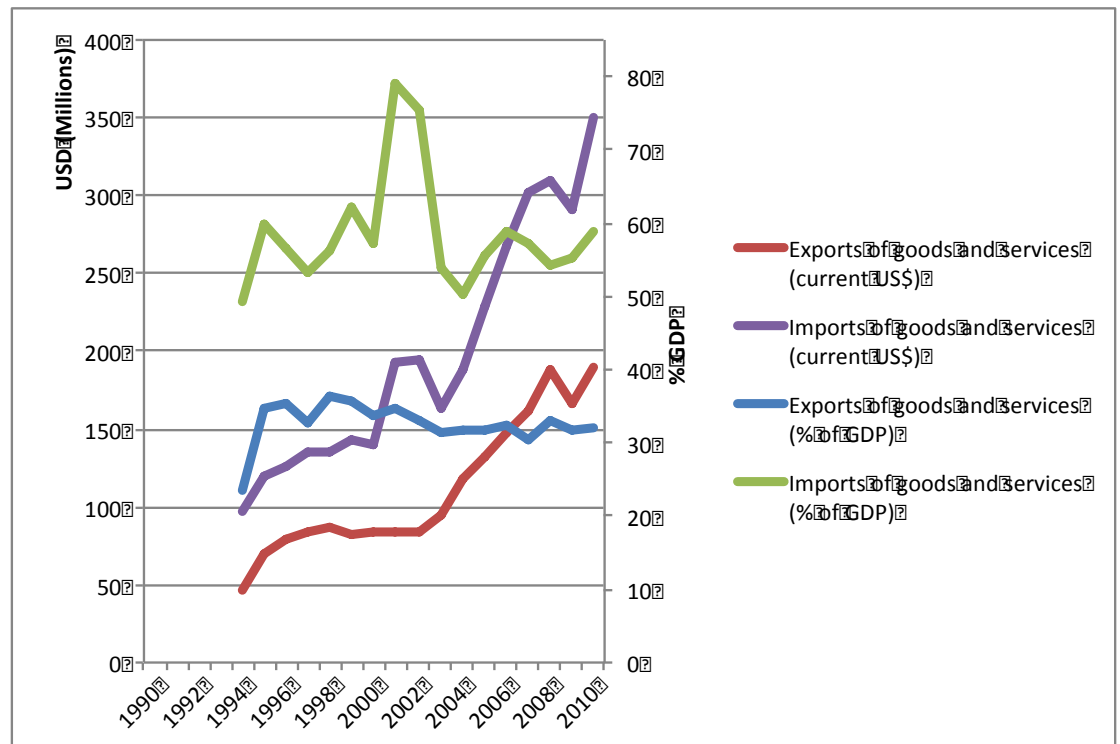


Figure 3 Samoa Imports and Exports 1994-2011²

⁷ Data from UNCTAD, UNCTADstat, <http://unctadstat.unctad.org/>

VI.3.1 Exports

Agricultural products and manufactures (largely based upon agricultural goods) make up over 97% of merchandise exports,⁸ with fish, coconut and other fruit products, processed foods and automotive parts being important export commodities.¹ Australia is the most important export destination, accounting for more than 60% of merchandise exports, with New Zealand and American Samoa the next most important respectively. Merchandise trade has contributed between 98% and 43% GDP over the last two decades, with recent figures placing it at around 62% of GDP (see Figure 4).²

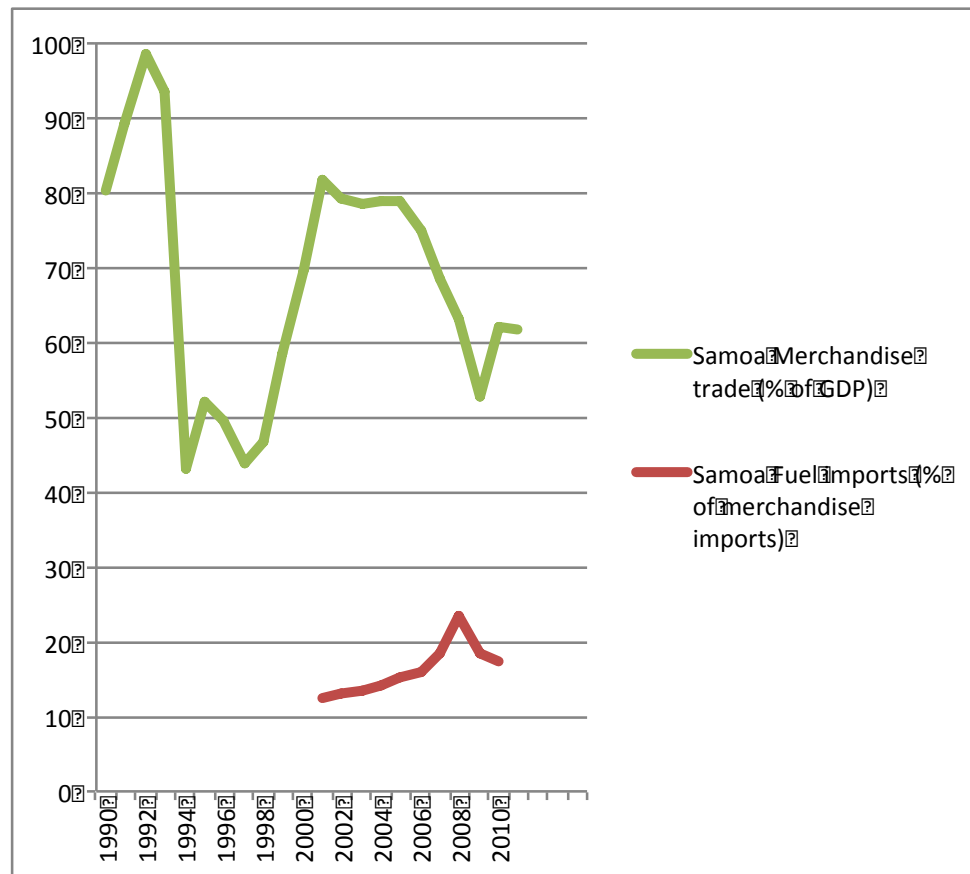


Figure 4 Samoa Merchandise trade and Fuel Imports.²

VI.3.2 Imports

Common import commodities include machinery and equipment, industrial supplies and foodstuffs, originating from a range of countries with New Zealand, Fiji, Singapore and China as most important partners, in that order.¹ Imports of fuel are modest but significant and have mostly risen over the last decade, reaching a peak in 2008 at 23.6% of merchandise imports (see Figure 4).

⁸ WTO Country Profile: Samoa, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=WS> Accessed 2 December 2012

VI.3.3 Tourism

Tourism is an increasingly important sector for the Samoan economy, with numbers of international arrivals and receipts from tourism both increasing significantly over the last ten years (see Figure 5). Tourism receipts in 2010 accounted for 21% of GDP and 64% of total exports.²

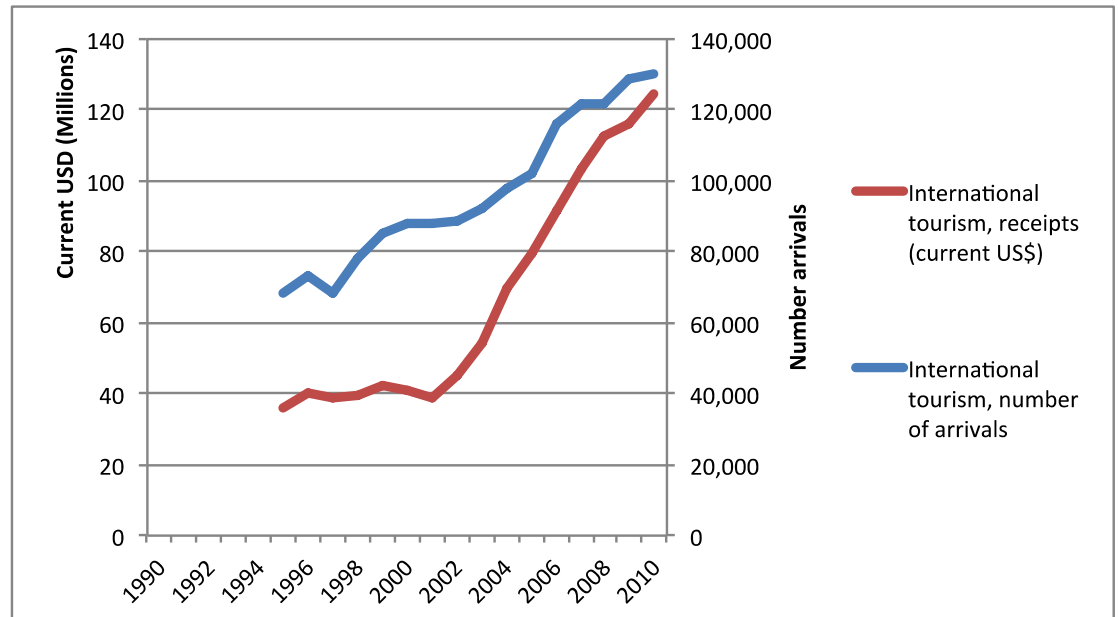


Figure 5 Samoan Tourism²

VI.4 Key Demographics

The 2001 census recorded 92.5% of Samoan inhabitants to be of Samoan ethnic origin, with 7% of the population listed as Euronesian (persons of European and Polynesian blood) and Europeans making up the final 0.4%. Samoan (Polynesian) is the official language, but English is also spoken widely.¹ The urban population has remained stable at around 20% for the last two decades (see Figure 6), resulting in a 0% urbanization rate for 2010-2015.¹

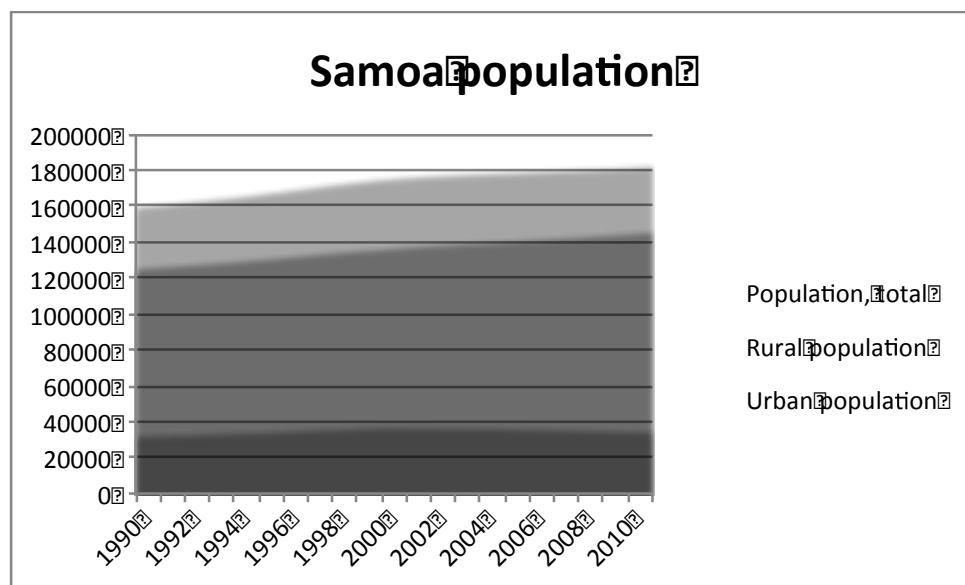


Figure 6 Samoa population

Literacy is extremely high at 99.7%, with a school life expectancy of 12 years. Youth unemployment is relatively high at 12.2% and is higher for females (15.1%, 2001 estimate),¹ and although extreme poverty reportedly does not exist in Samoa, many rural communities are said to suffer from ‘poverty of opportunity’ and unequal distribution of benefits.³ The HDI for Samoa at 0.688 is considered ‘Medium’, ranking it 99th in the world,⁹ yet 20% of the population is thought to live below the poverty line.³

VI.5 Impacts on Tourism and Trade

Given a high dependence upon tourism and merchandise exports, largely through shipping and aviation, market-based mechanisms to reduce emissions from these sectors could be expected to have a significant impact on the Samoan economy. The relatively high living conditions could buffer some of these impacts, yet the 20% living in poverty would be expected to be the most affected. The decline in air transport, merchandise exports and GDP in 2009, likely due in part to the tsunami that devastated many sectors, indicates the fragility of the economy to changing levels of trade and tourism.

VI.6 Planned Port Expansions

Samoa Shipping is involved in a feasibility study to turn Samoa into a sub-regional shipping hub, with Samoa Shipping providing feeder services to other islands. This venture would increase the importance of Samoa’s main port at Apia. Faleolo International Airport, about 35km from Apia, has no looming capacity issues and thus no apparent plans for expansion. However, the government’s 2005 decisions to

⁹ Samoa Country Profile: Human Development Indicators, <http://hdrstats.undp.org/en/countries/profiles/WSM.html> Accessed 2 December 2012

enter into a joint venture with Australia's Virgin Blue (see above) resulted in an increase in international flights.¹⁰

VI.7 Modelling results

Modelled results predict an impact of -1.026% on Samoa's GDP (in 2025) from the Global Emissions Trading for international aviation and shipping (MBM1a) scenario, the highest seen across the CSEs. Aviation accounts for the majority of this, at -1.08%, whilst a positive maritime impact of 0.054% offsets the total by a small extent. The high dependence of the Samoan economy on tourism, which currently accounts for 25% of GDP, and the nation's isolation and thus dependence upon aviation for tourism, can go some way towards explaining the magnitude of impact predicted here.

When the MBMs auctioning or tax revenues are used to reduce employers' social security contributions then in case of the Global Emissions Trading for international aviation and shipping (MBM1a) the expected impacts on GDP in 2025 are reduced, but not significantly, with total impact remaining at -0.905%, with impacts on aviation at -0.990%, offset by maritime at 0.085%.

VI.8 Similar Countries

Due to its physical geographical setting, Samoa can be linked to other small island states, experiencing relative isolation for trade and job opportunities and at risk of climate change and extreme weather events. Maldives, Micronesia, Cayman Islands, Cocos Islands, Seychelles, Solomon Islands and Bahamas could be considered similar in this respect. Fiji and Sri Lanka could be linked due to a similar HDI, and other members of the AOSIS (Alliance of Small Island States) negotiating group are comparable, including:

Antigua and Barbuda, Bahamas, Belize, Cape Verde, Comoros, Cook Islands, Cuba, Dominica, Dominican Republic, Fiji, Gabon, Grenada, Guinea-Bissau, Guyana, Haiti, Jamaica, Kiribati, Mauritius, Nauru, Niue, Palau, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Sao Tome and Principe, Suriname, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu.¹¹

¹⁰ 'A hub for the central Pacific' - Business Advantage International, 2011.
http://www.businessadvantageinternational.com/BusinessAdvantageSamoa_2011_24_25.pdf Accessed 2 December 2012.

¹¹ <http://aosis.org/members/>