



## Executive Summary

The Independent State of Samoa is a peaceful Parliamentary Democracy within the Commonwealth of Nations. It has a population of approximately 190,000 and a nominal GDP of US\$687 million (ST\$1.5 billion). Samoa became the 155<sup>th</sup> member of the WTO in May 2012, and graduated from least developed country (LDC) status in January 2014.

Samoa is recognized throughout Oceania as one of the most politically and economically stable democratic countries in the region - based on strong social and cultural structures and values. The country has been governed by the Human Rights Protectorate Party (HRPP) since 1982, and Prime Minister Tuilaepa Sailele Malielegaoi has been in power since 1998.

Samoa is located south of the equator, about halfway between Hawaii and New Zealand in the Polynesian region of the Pacific Ocean. The total land area is 1,097 square miles, consisting of the two large islands of Upolu and Savai'i which account for 99% of the total land area, and eight small islets. About 80% of all land is customary land, owned by villages, with the remainder either freehold or government owned. Customary land can be leased.

Several changes and natural disasters have taken place in Samoa in the past five years that have shaped the country significantly. Samoa previously drove on the right (U.S.) side of the road, but in September 2009 switched to driving on the left (British) side. All cars now imported are right-hand drive. Also, Samoa was previously located east the international dateline, but in December 2012 jumped to the other side (UTC +13), switching from the last sunset of the world each day to becoming one of the first countries to start each day.

The September 2009 tsunami and the December 2012 Cyclone Evan each inflicted damage to the tune of roughly ¼ of Samoa's GDP. Samoa has recovered from the tsunami, and largely recovered from TC Evan, but both were significant setbacks to the economy.

The service sector accounts for nearly three-quarters of GDP and employs approximately 50% of the formally employed labor force (which is about 20% of the population). Tourism is the largest single activity, more than doubling in visitor numbers and revenue over the last decade. Industry accounts for nearly 15% of GDP while employing less than 6% of the work force. The Central Bank of Samoa expects a 3% growth in the economy in 2014, with "other manufacturing" leading the way. This is largely due to an expected rebound in exports by Yasaki EDS (automotive manufacturer).

### 1. Openness to, and Restrictions Upon, Foreign Investment

The Government of Samoa welcomes business and investors. Samoa's fertile soil, English-speaking educated workforce, and tropical island climate offer advantages to focused investors, though the country's distance from major markets affect the cost of imports and exports. The main productive sectors of the economy are agriculture, and tourism while depending heavily on overseas remittances. Samoa became the 155<sup>th</sup> member of the WTO on May 10, 2012.

Samoa is recognized throughout Oceania as one of the most politically and economically stable democratic countries in the region - based on strong social and cultural structures and values. For investors, Samoa offers a trained, productive and industrially adaptable work force that communicates well in English; competitive wage rates; free repatriation of capital and profits; well-developed, reasonably priced, transport infrastructure, telecommunications, water supply, electricity; industry incentive packages for Tourism and Manufacturing sectors; a stable financial environment with a single-digit inflation, a balanced budget and international reserves; relatively low corporate & income taxes; and a pleasant and safe lifestyle.

The Ministry of Commerce, Industry and Labor administers Samoa's foreign investment policy and regulations (MCIL - <http://www.mcil.gov.ws/index.html>). To open up a branch of an existing corporation in Samoa, one must register the company for about US \$150. All businesses with foreign shareholdings must obtain and hold valid foreign investment registration certificates. The application fee is about US \$50 and can be obtained by contacting MCIL. Certificates are valid until the business terminates activity. If a business does not commence activity within 2 years after a certificate is issued, the certificate becomes invalid. Upon approval of the FIC, the foreign investor is then required to apply for a business license before operating in Samoa. Fees range from US \$100-\$250, depending on the type of business. MCIL also processes company registrations. The fee to register an overseas company is about US \$150. For a company to qualify as a "Samoa company," the majority of share-holders must be Samoan.

All businesses in the greater Apia area have access to broadband and wi-fi, which is reasonably reliable and fast, but relatively expensive. In rural Upolu and on Savaii Island there is limited availability of high speed internet and wi-fi. However, Samoa recently completed the installation of a National Broadband Highway which will provide fiber optic data services and 4G LTE cellular data speeds to the entire country. It is currently being tested, and is expected to be operative and commercially available by mid-2014. 3G internet accessibility from cellular devices is currently available nationwide.

Samoa's current connection to the internet is through the fiber optic ASH cable, which runs from American Samoa to Hawaii, with the SAS cable linking the two Samoas, and has a durable lifetime through 2020. Samoa's future links to the outside world seem promising, with options to connect to the Southern Cross Cable, the main current trans-Pacific link between Australia and the mainland United States, or through the proposed Hawaiki cable which will run between New Zealand, Australia, and the west coast of the U.S.

Land has a special status in Samoa, as it does in most Pacific Island countries. Under the country's land classification system, about 80% of all land is customary land, owned by villages, with the remainder either freehold or government owned. The standard way for obtaining

customary land, which cannot be bought or sold, is through long term leases that must be negotiated with the local communities. A typical lease for business use might be for 30 years, with the option of a further 30 years after that, but longer terms can be negotiated. It should be noted that customary land cannot be mortgaged, and thus cannot be used as collateral to raise capital or credit. Freehold land, mostly based in and around Apia can be bought, sold and mortgaged. Only Samoan citizens may buy freehold land, unless approval is obtained from Samoa's Head of State.

Measure	Year	Index/ Ranking	Website Address
TI Corruption Perceptions Index	2011	3.9 – 69/183	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundations' Economic Freedom Index	2013	57.1 – 106/177	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank's "Ease of Doing Business"	2013	57/189	<a href="http://doingbusiness.org/rankings">http://doingbusiness.org/rankings</a>
World Bank GNI per capita	2012	\$3,260	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards, are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

## 2. Conversion and Transfer Policies

The Central Bank of Samoa controls all foreign exchange transactions as well as matters relating to monetary stability and supply of money within the country. This includes international transactions, overseas transfer of funds and funding of imports, and registration of insurance companies. Repatriation of overseas capital and profits is normally permitted provided the original investment entered Samoa through the banking system or in an otherwise formally approved manner. Investors also have the freedom to repay principle and interest on foreign loans raised for the purpose of the investment, and the freedom to pay fees to foreign parties for the use of intellectual property rights.

## 3. Expropriation and Compensation

Expropriation cases in Samoa are not common; however, there was one significant case that occurred in 2009 over land designated for a new six story government complex. A business

signed a 20-year lease with the government in 2005 but was then asked to move in 2008 to make way for the new building. The business moved, but won a settlement in the Court of Appeals against the government for a much larger sum than the government initially offered the business for vacating the land.

#### 4. Dispute Settlement

The provisions of the Arbitration Act 1976 shall have full effect in relation to disputes that involve foreign investors in Samoa. Subject to this Act and to any other law in Samoa, the Convention Settlement of Investment Disputes signed in Washington on 3rd February 1978 and ratified by Samoa on the 25th April 1978, shall have the force of law in Samoa. The Alternative Dispute Resolution Act 2007 also provides alternative dispute resolution procedures where civil or criminal cases may arise.

#### 5. Performance Requirements and Incentives

The Industry Development and Investment Promotion Division (IDIPD) under MCIL administers several schemes designed to provide assistance to businesses that produces for overseas and domestic markets, enhancing development of domestic businesses as well as property developers in the tourism industry, and also businesses in the private sector. Such schemes offer duty concessions on imported goods for the tourism and manufacturing industries and income tax exemptions for up to 5 years for hotel operators.

#### 6. Right to Private Ownership and Establishment

Foreign Investors are permitted 100% ownership in all different sectors of the industry with the exception of conditions for restricted activities below.

The following businesses are reserved for Samoan Citizens only:

1. Bus transport services for the general public
2. Taxi transport services for the general public
3. Rental vehicles
4. Retailing
5. Saw milling
6. Traditional elei garment designing and printing

Restricted List – Open to foreign investors upon condition:

The direct or indirect carrying on of any aspect of business or activity in an economic sector specified in column 1 or economic sub-sector specified in column 2 is subject to the conditions specified in column 3.

<b>Economic Sector</b>	<b>Economic Sub-sector</b>	<b>Conditions</b>
Fishing	Commercial fishing vessels – vessels categories A ( $\leq$ 11m in length), B (11m $\leq$ 12.5m in length), C (12.5m $\leq$ 15m in length), D (15m $\leq$	A foreign investor must have a maximum 40% equity. A license issued for commercial fishing vessels is limited in different categories listed by the

	20.5m in length) & E ( $\geq 20.5$ m in length) categorized by the Ministry responsible.	Ministry responsible for fisheries, except for Category A with no limit.
Manufacturing	Nonu (known scientifically as <i>Morindacitrifolia</i> , is a tropical fruit processed as juice for many folk remedy uses).	A foreign investor must establish a joint venture with a local partner.
	Coconut Virgin Oil (oil from the coconut that is in its unrefined and natural form (without fragrance and other added preservatives etc).	A foreign investor must establish a joint venture with a local partner.
Services	Architectural	A foreign investor providing an architectural service must establish a joint venture with a local partner.
	Professional engineering	
	General construction	A foreign investor providing an engineering service must be incorporated in Samoa.
	Sewage	Only through incorporation in Samoa.
	Refuse disposal	A foreign investor providing a sewage service must establish a joint venture with a local partner.  A foreign investor providing a refuse disposal service must establish a joint venture with a local partner.
	Sanitation and similar services	A foreign investor providing a sanitation and similar service must establish a joint venture with a local partner.

## 7. Protection of Intellectual Property Rights

Samoa has legislation protecting patents, utility models, designs and trademarks. Enforcement is moderate. Counterfeit products are available on the local market. Counterfeit home entertainment items are common as there is only one theater in Samoa to show legitimately distributed movies.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Benjamin Harding (685) 21631 x2231 [hardingbw@state.gov](mailto:hardingbw@state.gov)

Local lawyers list: [http://samoa.usembassy.gov/list\\_of\\_lawyers.html](http://samoa.usembassy.gov/list_of_lawyers.html)

## **8. Transparency of Regulatory System**

Launching a company takes only four procedures, and no minimum capital is required. The regulatory framework generally supports entrepreneurial activity, but application of the commercial codes is not always straightforward.

*Doing Business 2013* ranked Samoa 20<sup>th</sup> (out of 185 economies) in starting a business and 57<sup>th</sup> in the ease of doing business.

## **9. Efficient Capital Markets and Portfolio Investment**

Samoa is well-served with banking and finance infrastructure. It has no less than four commercial banks, complimented by a dynamic development bank. The sector is ably regulated by the Central Bank of Samoa. The largest banks are regional operators ANZ and Westpac, which offer a wide range of services based upon electronic banking platforms. Although they service all markets, they tend to dominate the top-end, encompassing corporate, government and high net worth individuals. Samoa is still a cash-based society, however, and this has enabled two locally-owned entrants, the National Bank of Samoa and Samoa Commercial Bank, to each garner double-digit market share after entering the market quite recently.

With its International Finance Centre (SIFA)—the first Pacific center to be white-listed by the OECD—and a well-structured financial services sector, Samoa is well placed to service the needs of both local and offshore businesses.

## **10. Competition from State-Owned Enterprises (SOEs)**

Private enterprises are allowed to compete with public enterprises under the same terms and conditions. Laws and rules do not offer preferential treatment to SOEs. State-owned enterprises are subject to budget constraints and these are enforced.

SOEs are active in the Energy, Water, Health, Tourism, Banking, Agriculture supplies, and Ports/Airports sectors. Laws do not provide for a leading role for SOEs or limit private enterprise activity in sectors in which SOEs operate. SOEs have government appointed boards, and operate with varying degrees of autonomy with respect to their governing Ministry.

## **11. Corporate Social Responsibility (CSR)**

There is a general awareness of corporate social responsibility among both producers and consumers, and foreign and local enterprises to follow generally accepted CSR principles such as the OECD Guidelines for Multinational Enterprises. Firms that pursue CSR are viewed favorably but consumers generally prioritize value for money ahead of CSR claims.

## **12. Political Violence**

The parliamentary republic functions without political violence. The risk of civil disorder is low. There is no civil strife or insurrection. There are no significant border disputes at risk of military escalation.

### **13. Corruption**

Corruption has not been specifically identified as an obstacle to foreign investment. Both corruption and bribery are criminalized and prosecuted and the laws appear to be impartially applied.

The Office of the Ombudsman is charged with investigating official corruption. There are no international non-governmental "watchdog" organizations represented locally, and the country was ranked 69 out of 183, with a score of 3.9 on Transparency International's Corruption Perceptions Index 2011.

### **14. Bilateral Investment Agreements**

Samoa is not party to any bilateral investment treaties.

### **15. OPIC and Other Investment Insurance Programs**

Overseas Private Investment Corporation (OPIC) insurance is available to investors in Samoa, and OPIC can provide political risk insurance, finance, direct loans, and loan guarantees. The registry of insurance companies in Samoa is kept and maintained by the Central Bank of Samoa (CBS) and can be contacted for further insurance related matters.

### **16. Labor**

The 2011 Census placed the total workforce at 48,000 people, with the unemployment rate at 5.7%, and 34% of the workforce engaged in subsistence living. Wages and salaries are comparatively low. Private sector minimum wage is roughly 90 US cents an hour.

Local skilled labor is available in sufficient quantities to undertake most types of building work, except for some specialized skills and supervisory-level manpower, which is recruited locally and from abroad.

### **17. Foreign-Trade Zones/Free Trade Zones**

Samoa does not operate any foreign trade zones or free port facilities.

### **18. Foreign Direct Investment Statistics**

The U.S. Commerce Department's Bureau of Economic Analysis records no U.S.-sourced FDI stocks for Samoa. According to the MCIL, foreign businesses are largely in the retail sector, and many are owned by ethnic Chinese and Indians. The Samoa Chamber of Commerce and Industry

is the country's peak private sector organization and its membership covers businesses in all sectors.

### **19. Contact Point at Post**

Benjamin Harding – U.S. Embassy Apia Program Assistant (685) 21631 x2231  
[hardingbw@state.gov](mailto:hardingbw@state.gov)

#### ***Additional Web Resources***

##### **Samoa:**

Ministry of Commerce, Industry, and Labor – <http://www.mcil.gov.ws/>

MCIL Company Registry - <http://www.companies.gov.ws/>

Ministry of Foreign Affairs and Trade – <http://www.mfat.gov.ws/HOME.html>

Ministry of Communication, Information and Technology – <http://www.mcit.gov.ws/>

Ministry of Finance – [www.mof.gov.ws](http://www.mof.gov.ws)

Samoa Parliament – <http://www.parliament.gov.ws/>

Samoa Tourism Authority – <http://www.samoa.travel/>

Central Bank of Samoa – <http://www.cbs.gov.ws/>

Samoa Bureau of Statistics – <http://www.sbs.gov.ws/>

Business Advantage Samoa - <http://www.businessadvantagesamoa.com/>

##### **U.S. Government:**

U.S. Embassy Apia, Samoa, <http://samoa.usembassy.gov/>

U.S. Foreign Commercial Service, Sydney, Australia: <http://sydney.usconsulate.gov/us-agencies.html>

U.S. Department of Commerce, International Trade Administration: <http://trade.gov/>

OPIC [www.opic.gov](http://www.opic.gov)

U.S. Trade & Development Agency: <http://ustda.gov/>

U.S. Food & Drug Administration: <http://www.fda.gov/>

U.S. Foreign Agricultural Service: <http://www.fas.usda.gov/>

USAID Pacific Islands Office, Port Moresby, Papua New Guinea:  
<http://pacificislands.usaid.gov/>

##### **Regional Organizations:**

Pacific Islands Private Sector Organization (PIPSO) - <http://www.pipso.org/>

UN International Labor Organization, [www.ilo.org/public/english/region/asro/suva/](http://www.ilo.org/public/english/region/asro/suva/)

Asian Development Bank – South Pacific Subregional Office, [www.adb.org/SPSO/](http://www.adb.org/SPSO/)