

TRADE IN SAMOA

SITUATION, AID FOR TRADE, TRADE & CONNECTIVITY



OUTLINE

1. Definitions
2. Situational Analysis
3. Aid for trade in Samoa
4. Connectivity
5. Trade and Connectivity in Samoa



1. DEFINITIONS

- Aid for Trade
 - Is about helping developing countries, in particular the least developed, to build the trade capacity and infrastructure they need to benefit from trade opening, with four main forms of intervention:
 1. **Trade policy and regulation:** Building capacity to formulate trade policy, participate in negotiations and implement agreements;
 2. **Economic infrastructure:** Investing in the infrastructure – roads, ports, telecommunications, energy networks – needed to link products to global markets;
 3. **Productive capacity building:** Strengthening economic sectors – from improved testing laboratories to better supply chains – to increase competitiveness in export markets;
 4. **Adjustment assistance:** Helping with any transition costs from liberalisation – preference erosion, loss of fiscal revenue, or declining terms of trade.



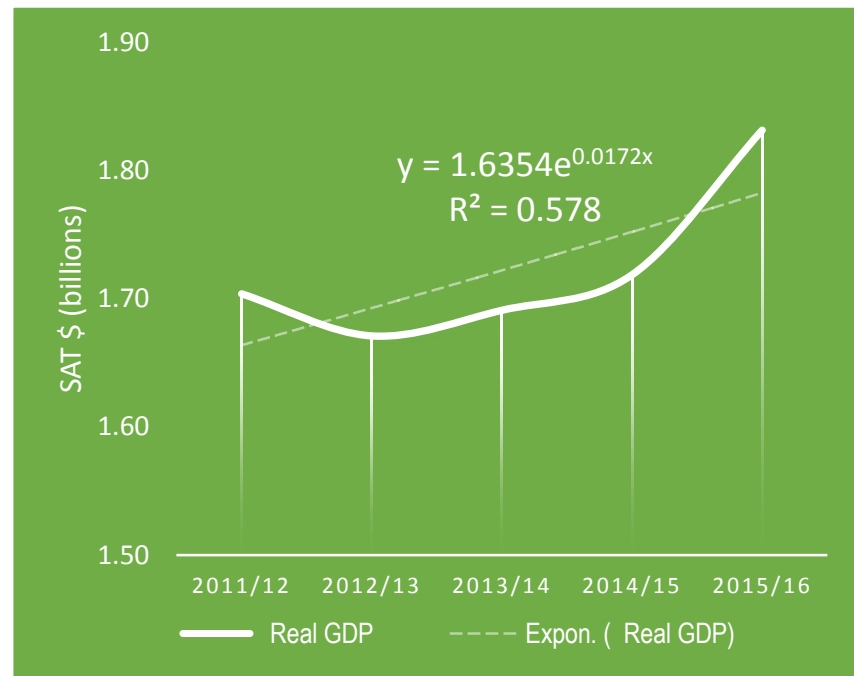
1. DEFINITIONS

- Aid
 - In this presentation covers both grant-based and loan-based
- SDS
 - Refers to the Strategy for the Development of Samoa 2016/17 – 2019/20
- Connectivity
 - Is mostly centered on access to internet, but sometimes refer to other communication sub-sectors
- This presentation uses data based on the BOPM6
- Figures are in tala unless otherwise stated



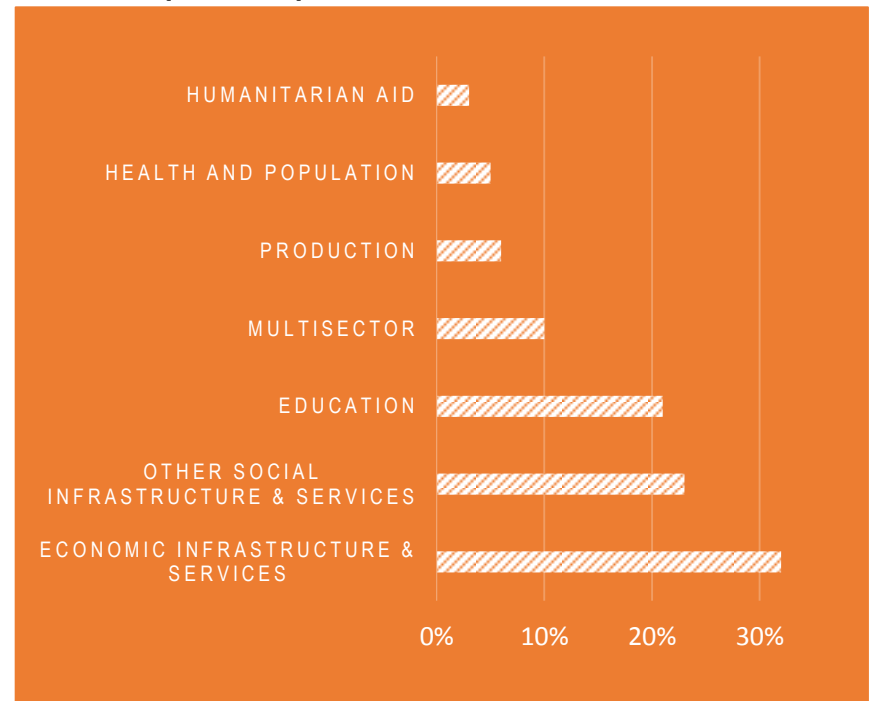
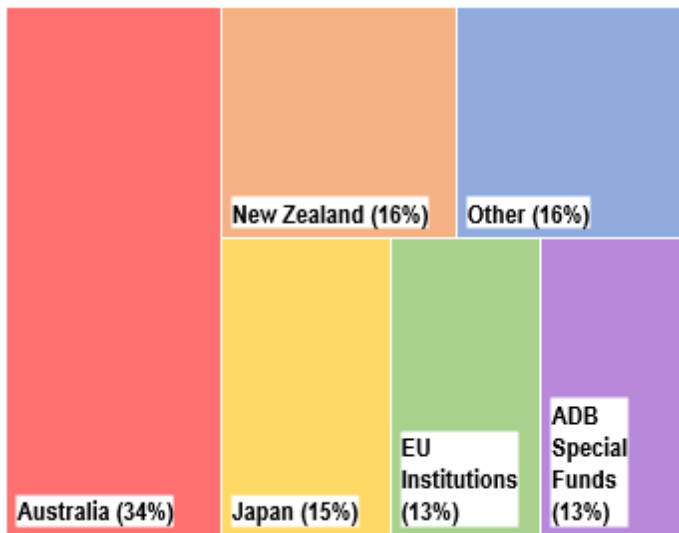
2. SITUATIONAL ANALYSIS

- SDS Key Outcome 1 – Macroeconomic resilience increased and sustained
 - Macroeconomic performance (GDP)



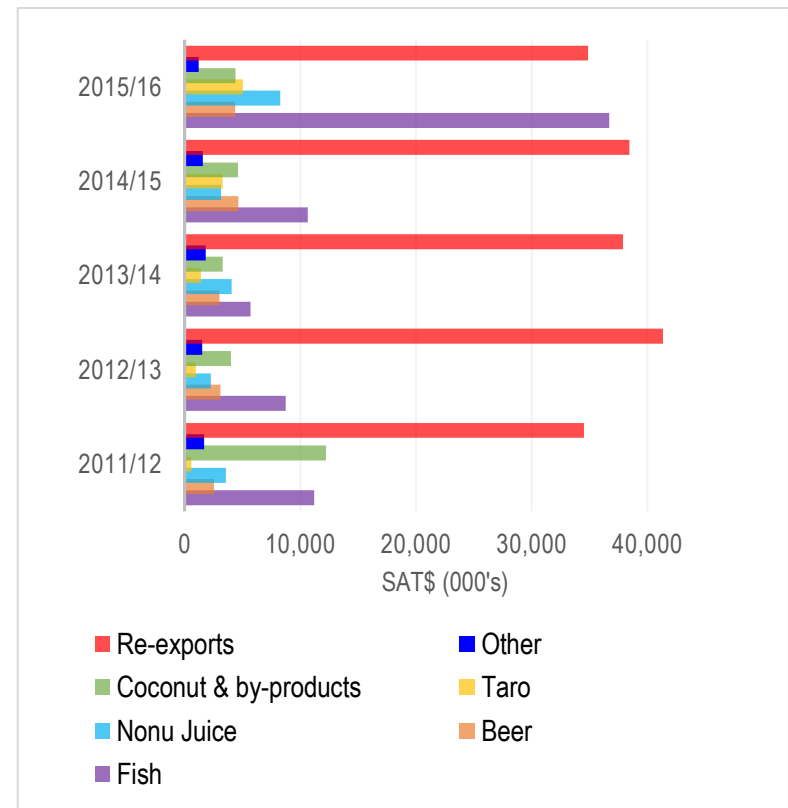
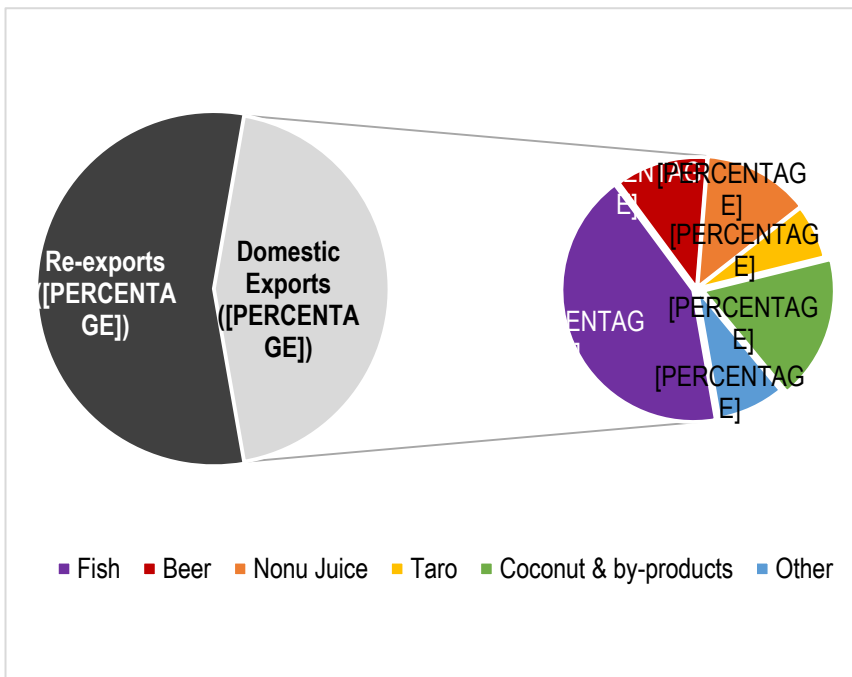
2. SITUATIONAL ANALYSIS

- SDS Key Outcome 1 – Macroeconomic resilience increased and sustained
 - Official Development Assistance (ODA) into Samoa



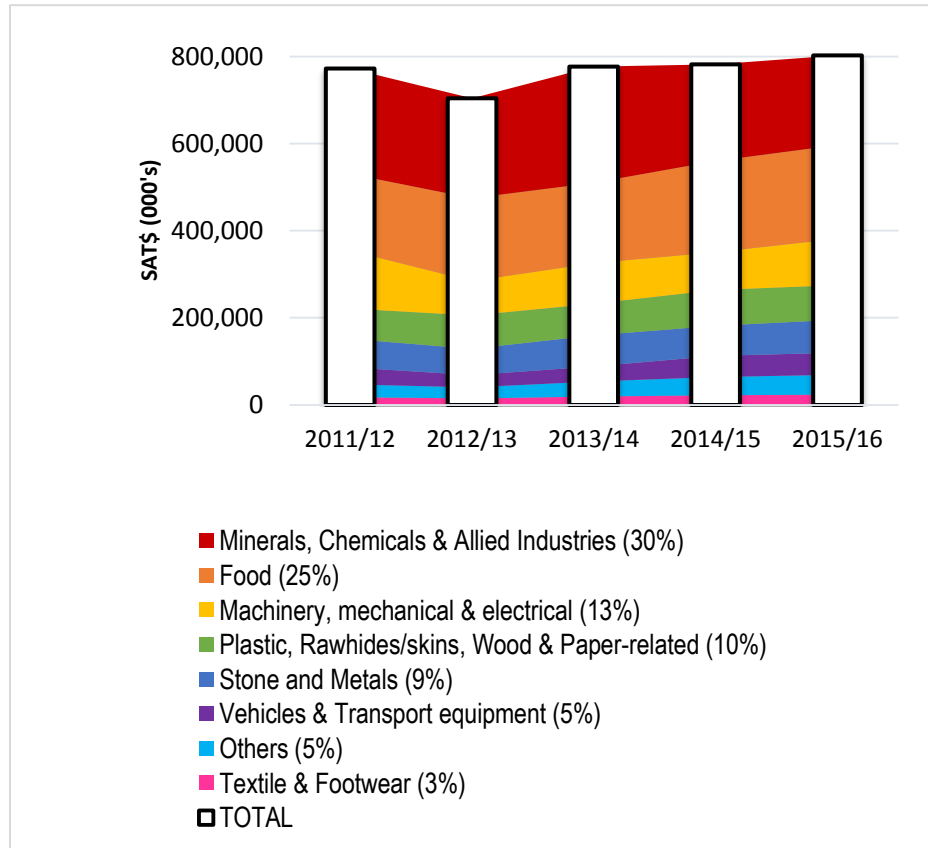
2. SITUATIONAL ANALYSIS

- SDS Key Outcome 3 – Export Products Increased
 - Trade in Goods (Exports – average \$69m: \$32m Dx & \$37m reX)



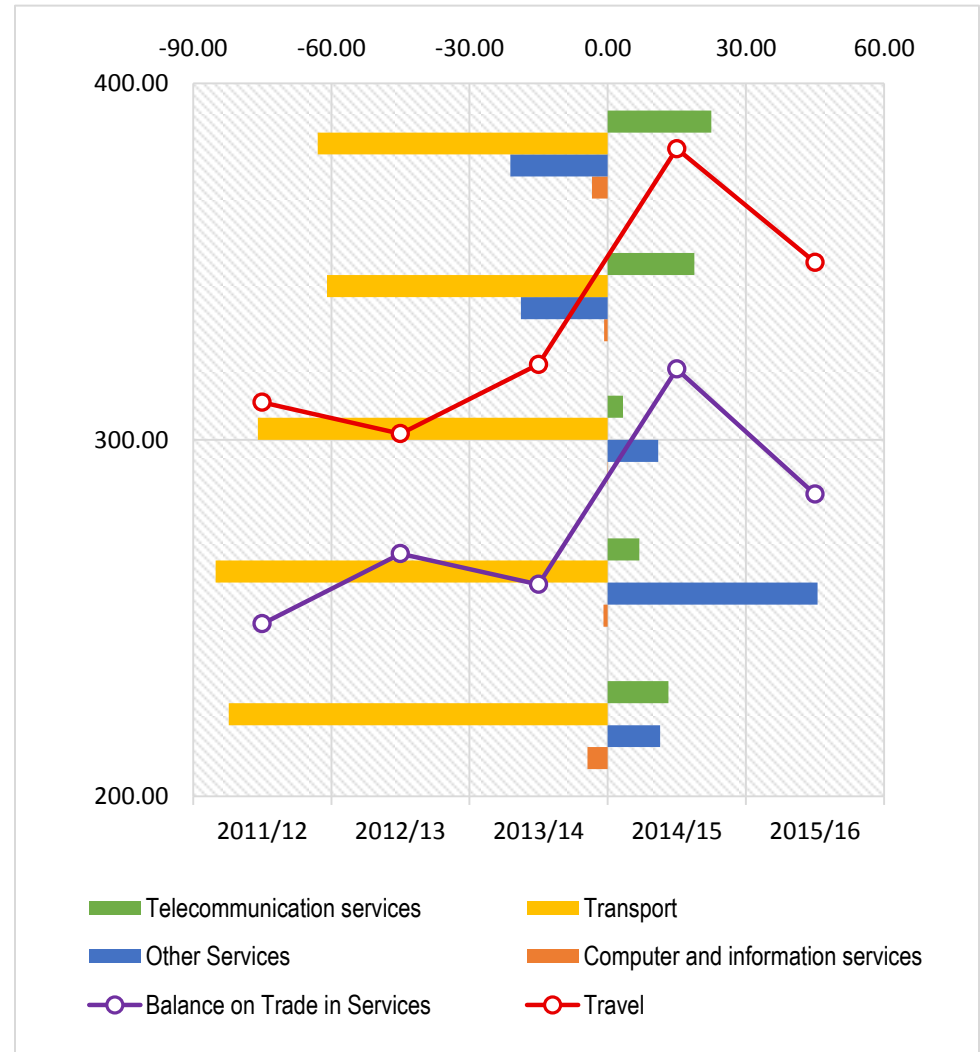
2. SITUATIONAL ANALYSIS

- SDS Key Outcome 3 – Export Products Increased
 - Trade in Goods (Imports – average \$768m)



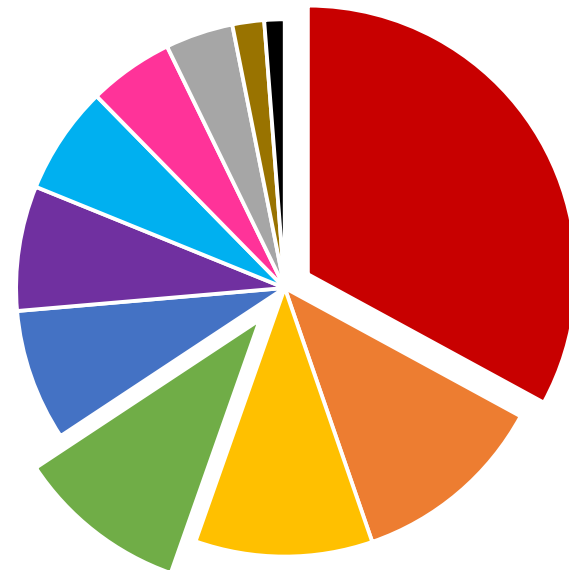
2. SITUATIONAL ANALYSIS

- SDS Key Outcome 3 – Export Products Increased
 - Trade in Services
 - Trade Surplus averages at \$276 million (\$475m credit and \$199m debit)
 - Trend is dependent on the travel line



2. SITUATIONAL ANALYSIS

- SDS Key Outcome 5 – Participation of Private Sector in Development Enhanced
 - Economic Activity (GDP breakdown)
 - Samoa’s economy is 80% services



- Commerce (31%)
- Construction (11%)
- Agriculture & Fishing (10%)
- Manufacturing (10%)
- Public administration (8%)
- Transport & Communication (7%)
- Finance/Business services (6%)
- Ownership of dwellings (5%)
- Electricity & water (4%)
- Accommodation & Restaurants (2%)
- Personal & other service (-1%)



2. SITUATIONAL ANALYSIS

- SDS Key Outcome 5 – Participation of Private Sector in Development Enhanced
 - Doing Business in Samoa (WB Survey)



2. SITUATIONAL ANALYSIS

- SDS Key Outcome 5 – Participation of Private Sector in Development Enhanced
 - Labour Force
 - The median age in Samoa is 20.5 years, making it a relatively young population.
 - Approximately 68% of total population falls within the working age group (15 - 65 years); whereas only 18% (34,530 persons) of total population is engaged in formal paid employment with 67% male and 33% female.
 - A majority have obtained at least secondary level education and are mostly based in North West Upolu (NWU) and Apia Urban Area (AUA)



3. AID FOR TRADE IN SAMOA

COMPONENT	DEFINITION	PROJECTS THAT LINK TO THIS DEFINITION	COMMITMENT IN US\$
1. Trade policy and regulation	Building capacity to formulate trade policy, participate in negotiations and implement agreements	1.1. EIF Tier 1	1.1 million (Grant)
		1.2. E-platforms for business registration (ADB-PSDI)	0.4 million (Grant)
		1.3. Numerous other invitation-based support that provide some form of funding (e.g. WTO capacity building assistance, PIFS support?).	?



3. AID FOR TRADE IN SAMOA

COMPONENT	DEFINITION	PROJECTS THAT LINK TO THIS DEFINITION	COMMITMENT IN US\$
2. Economic infrastructure	Investing in the infrastructure – roads, ports, telecommunications, energy networks – needed to link products to global markets	2.1. Samoa submarine cable project (ADB-WB-Aus)	17.5 million (Grant); 25 million (concessional)
		2.2. Power Sector Expansion Project (ADB-JBIC-Aus)	9.05 million (Grant); 80 million (concessional)
		2.3. ADB Trade & Transport Facilitation work	3 million (Grant, Regional)
		2.4. Numerous infrastructure related projects (e.g. PPCR, AF, Water Sector) all have a direct/indirect impact on trade	



3. AID FOR TRADE IN SAMOA

COMPONENT	DEFINITION	PROJECTS THAT LINK TO THIS DEFINITION	COMMITMENT IN US\$
3. Productive capacity building	Strengthening economic sectors – from improved testing laboratories to better supply chains – to increase competitiveness in export markets	3.1. EIF Tier 2 (Trade Sector Support Programme)	2.9 million (Grant)
		3.2. Samoa Agriculture Competitiveness Enhancement Project (SACEP)	16.6 million (Grant)
		3.3. Pacific Horticultural & Agricultural Market Access Program (PHAMA)	? (Grant, Regional)
		3.4. Private Sector Investment (NZ), SBEC	NZ\$ 6 million (Grant)
		3.5. Cocoa Initiative (NZ)	NZ\$ 5 million (Grant)



3. AID FOR TRADE IN SAMOA

COMPONENT	DEFINITION	PROJECTS THAT LINK TO THIS DEFINITION	COMMITMENT IN US\$
4. Adjustment assistance	Helping with any transition costs from liberalisation – preference erosion, loss of fiscal revenue, or declining terms of trade	4.1 Nobody has really looked into absorbing of costs impact of trade liberalisation. This may be a gap. Perhaps there is funding under PACER+ to also cover its cost to fiscal revenue, once tariff lines are liberalised.	? PACER+



4. CONNECTIVITY

- History of Connectivity in Samoa
 - Government recognizes the importance of ICT as an enabler and transformer of socioeconomic development and began the liberalization of its market in 1999. Government divested itself of the state-owned and operated telecommunications provider in 2003; converted SPL into a state-owned enterprise in 2008; passed legislation to establish a competitive telecommunications market in 2005; established a regulatory office in 2006; issued its second GSM network license in 2007; increased its wholesale Internet access capacity with the American Samoa to Hawaii (ASH) submarine cable in 2009; created a market for subscription based TV with two operators between 2009 and 2012 (Sky Pacific and Moana TV); and launched a government-wide area network called the Samoa National Broadband Highway (SNBH) in 2015.



4. CONNECTIVITY

- Access
 - The sequence of reforms outlined above has resulted in better access, cost and quality of ICT for all Samoans.
 - The number of people with mobile phone connections increased from 10% in 2004 to over 90% in 2010 (Cave, 2012).
 - Access has improved substantially, but more needs to be done because access is still expensive and not spread evenly across the population.



4. CONNECTIVITY

- Affordability

- In Samoa, prices have been falling since competition was introduced in 2007, and affordability is now at around 1.9%. i.e. - A prepaid service from Bluesky Samoa Limited for at least 1GB of data download costs SAT \$16 (Bluesky Samoa Limited, email correspondence, May 16 2017). Monthly GNI as of 2015/16 is SAT \$853 (KVA Consult, email correspondence, May 17 2017) based on IMF figures published at the conclusion of Article IV consultations completed on May 1 2017.
- There is also significant scope for improving the quality of Internet access. Telecommunications carriers in Samoa purchase wholesale bandwidth at around 25 times the price of similar bandwidth in a developed country



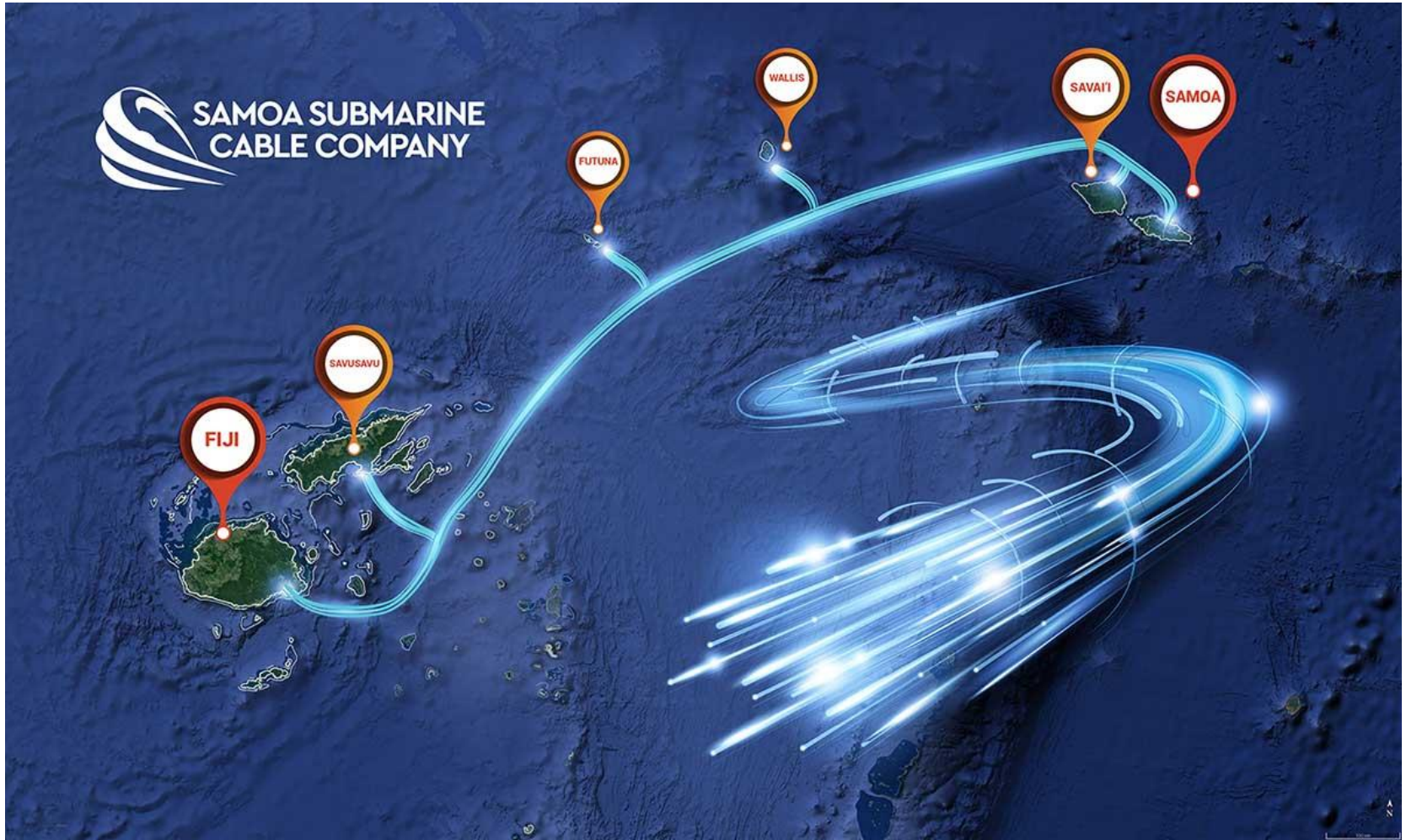
4. CONNECTIVITY

- Tui-Samoa Cable

- 1,470 km submarine cable system, linking Apia, Samoa, to Suva, Fiji, providing an advanced broadband highway in order to drive social and economic growth;
- Strengthening Samoa's domestic and international connectivity, the Tui-Samoa submarine cable system have landing points in Apia and Tuasivi (Samoa) and Suva (Fiji) and delivers a capacity of at least 8 Terabits-per-second (Tbit/s) using 100 Gbit/s transmission technology.
- The system also has extensions to the islands of Vanua Levu – Savusavu (Fiji) and Wallis & Futuna.



4. CONNECTIVITY



5. TRADE AND CONNECTIVITY

- Innovations in the digital economy can reduce the costs of engaging in trade and facilitate the physical delivery of traded goods, making trade potentially more inclusive.
- Also, while many opportunities to reduce trade costs arise from digitalization; the ability to adapt to the requirements and characteristics of digital trade flows, can influence the ability to realise the full potential for development.



5. TRADE AND CONNECTIVITY

- E.g. – Trading across borders (Goods)

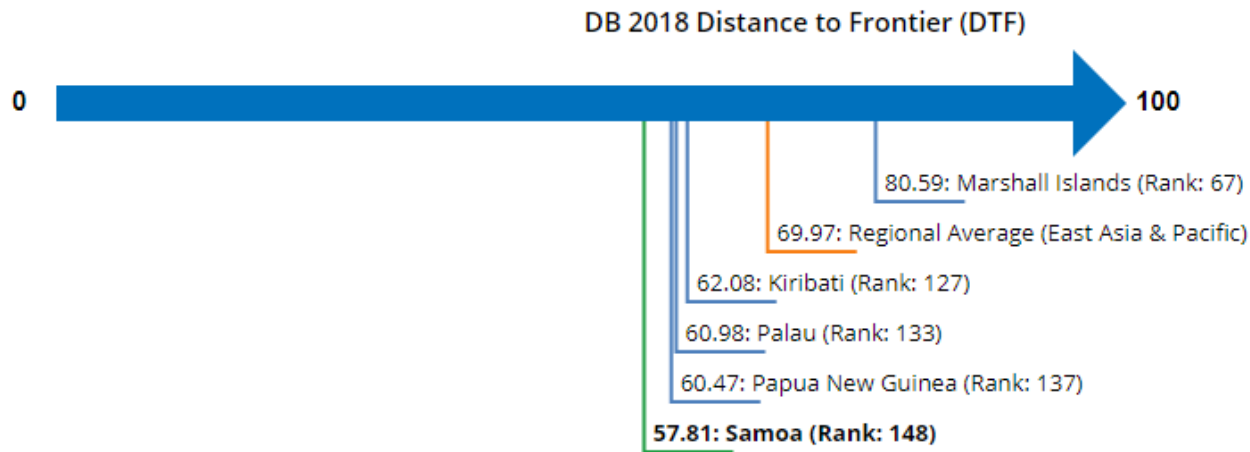
Indicator	Samoa	East Asia & Pacific	OECD high income	Overall Best Performer
Time to export: Border compliance (hours) ⓘ	51	55.9	12.7	0 (17 Economies)
Cost to export: Border compliance (USD) ⓘ	1400	387.5	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours) ⓘ	24	68.2	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD) ⓘ	180	112.1	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours) ⓘ	84	70.5	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD) ⓘ	900	431.0	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours) ⓘ	25	65.6	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD) ⓘ	230	111.4	25.6	0.00 (30 Economies)

▼ Figure – Trading across Borders in Samoa and comparator economies – Ranking and DTF



5. TRADE AND CONNECTIVITY

- E.g. – Trading across borders (Goods)



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).



5. TRADE AND CONNECTIVITY

- E.g. – Trading across borders (Goods)

▼ Details – Trading across Borders in Samoa – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	3.0	400.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	48.0	1000.0
Import: Clearance and inspections required by customs authorities	12.0	275.0
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	72.0	625.0



5. TRADE AND CONNECTIVITY

Topics	DB 2018 Rank	DB 2018 DTF	DB 2017 DTF ⓘ	Change in DTF (% points)
Overall	87	63.89	61.83	↑ 2.06
Starting a Business	33	92.54	92.49	↑ 0.05
Dealing with Construction Permits	83	68.68	68.63	↑ 0.05
Getting Electricity	60	79.70	79.61	↑ 0.09
Registering Property	66	69.51	69.12	↑ 0.39
Getting Credit ✓	105	45.00	25.00	↑ 20.00
Protecting Minority Investors	76	56.67	56.67	..
Paying Taxes	64	77.04	77.04	..
Trading across Borders	148	57.81	57.81	..
Enforcing Contracts	86	58.59	58.59	..
Resolving Insolvency	137	33.38	33.33	↑ 0.05



✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

[Click here to see all reforms made by Samoa.](#)



5. TRADE AND CONNECTIVITY

- Samoa eTrade Readiness Assessment

MAIN FINDINGS	MAIN RECOMMENDATIONS
 e-Commerce Readiness Assessment and Strategies Formulation	
<p>Broad recognition that a national e-commerce strategy is needed to consolidate all related plans and strategies into a single vision.</p>	<p>MCIL and MCIT to coordinate in bringing all stakeholders together to develop a national e-commerce strategy in the short-term (1-2 years) to facilitate investment in Samoan nascent e-commerce eco-system.</p>
 ICT Infrastructure and Services	
<p>Limited broadband connectivity will soon improve with the arrival of submarine cable. Mobile connectivity has improved drastically over the past five (5) years, although costs are still high for businesses to fully benefit from it.</p>	<p>Accelerate plans for widespread use of opportunities offered by the submarine cable by ensuring that supporting investments are in place. Provide financial support for the deployment of broadband Internet outside Apia and on Suvai'i based on an informed cost-benefit analysis.</p>



5. TRADE AND CONNECTIVITY

- Samoa eTrade Readiness Assessment



Trade Logistics and Trade Facilitation

E-commerce expansion faces similar limitations as physical (foreign) trade due to geographic isolation, costly access to markets, lack of a physical postal addressing system, and unsupportive import procedures for parcels.

Measures to improve e-trade facilitation, guarantee competitive transaction costs, speed and predictability in the provision of logistics services include the streamlining of business processes through ASYCUDA, implementation of the WTO TFA, and promotion of investments in hard and soft logistics/transport infrastructure.



Payment Solutions

Lack of trust in cashless payment solutions, limited customized product offers by financial institutions, and cultural barriers have limited the development and uptake of e-payment solutions.

Increase trust and credibility of online payment solutions (e.g. e-wallets), taking advantage of the high penetration of mobile phones. Develop awareness programmes on digital banking, especially for receiving remittances and using them for productive investments. Enhance consultations of Government and banks on digital financial inclusion and mobile payments.



5. TRADE AND CONNECTIVITY

- Samoa eTrade Readiness Assessment



Legal and Regulatory Framework

Samoa has made advances in establishing a supporting legal and regulatory framework although several pieces of legislations are becoming obsolete or do not specifically cover e-commerce (e.g. consumer protection, financial regulations).

Conduct a comprehensive review of the current e-commerce legal framework, highlighting gaps in legislation and needs to upgrade laws and regulations to make them e-commerce compatible and e-commerce friendly and enhance security aspects.



E-commerce Skills Development

As e-commerce platforms are still at a nascent stage, e-commerce awareness, related skills, and knowledge are very limited among businesses and consumers. ICT-related topics have only been recently included in University curricula. ICT graduates are not staying in-country for lack of business and employment opportunities, including for e-commerce.

Invest massively in an awareness, training, and education programme on e-commerce, using the most prominent business associations (SCCI, WIBDI, SAME, SBEC) to reach out to SMEs and civil servants alike. Upgrade university curricula to include e-commerce topics complementing existing ICT education offerings. Increase awareness program of pros and cons (risks) of e-commerce, skills development for businesses to engage in e-commerce.



5. TRADE AND CONNECTIVITY

- Samoa eTrade Readiness Assessment



Access to Financing

There is no dedicated financial product for e-commerce ventures development and interest rates are high. Investors are either from overseas or getting access to finance through personal networks.

Banks consider e-commerce ventures as risky due to lack of solid business plans, no captive market, and lack of collateral.

Facilitate cooperation between industry associations and banks to develop customized solutions for e-commerce ventures – existing and future ones; increase the number and improve the quality of e-commerce projects supported by donor- and development bank-sponsored programmes.

FOR FUTURE REFERENCE

- Trade is a cross-cutting issue, and to talk about A4T is to discuss all aid flows into a country.
- In this presentation, I have tried to provide examples for the four broad components of A4T
- Specifically for this discussion, it is evident that connectivity and other funding for economic infrastructure directly compliments and enables trade. Examples were provided using Samoa's situation.



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SAMOA

