

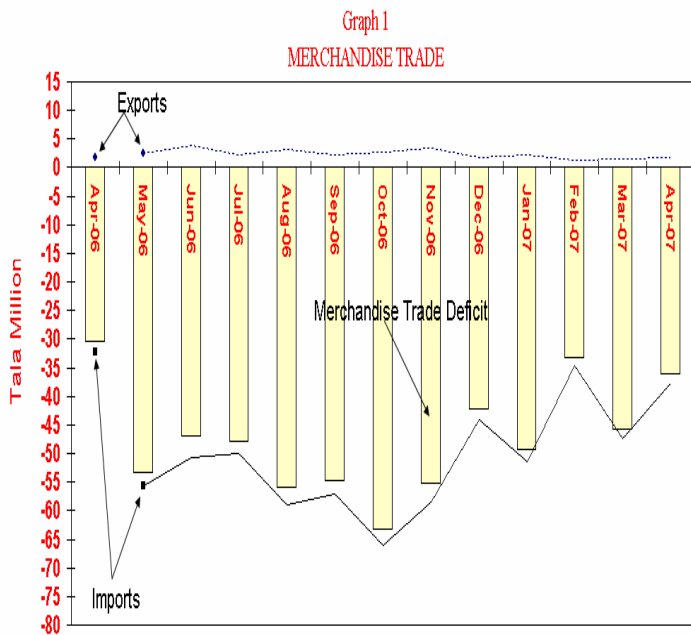
FOREIGN TRADE & TOURISM EARNINGS
REPORT

APRIL 2007

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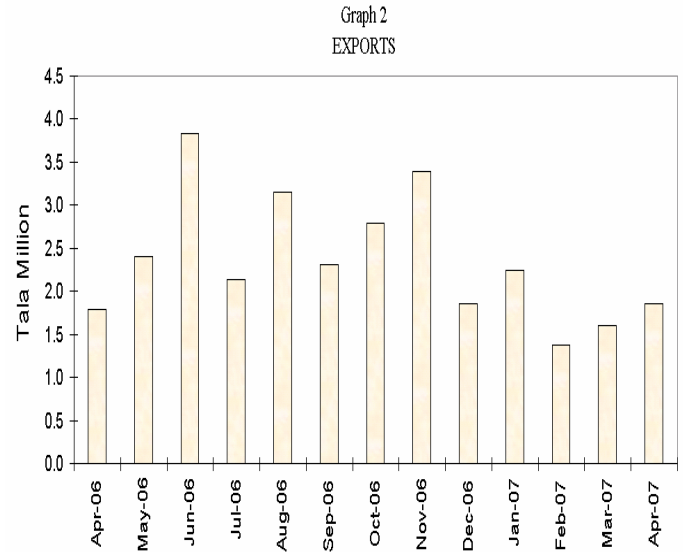
1. MERCHANDISE TRADE DEFICIT

The merchandise trade deficit contracted significantly by 22 percent (\$9.8 million) to \$36.0 million in April 2007. The reduction was due to a substantial decline in imports coupled with an improvement in export earnings. (See Graph 1 and Table 1.) However, when compared with the same month of 2006, the merchandise trade deficit in April 2007 was 18 percent (\$5.5 million) higher.



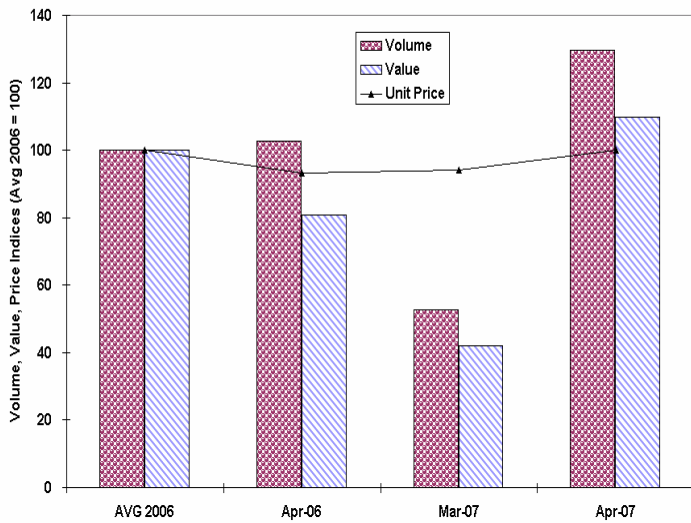
2. EXPORTS

The total value of exports (including re-exports) increased 16 percent (up \$0.2 million) to \$1.9 million in April 2007. And, at this level, it was also 3 percent (\$61 thousand) above the level in April 2006. (See Graph 2 and Table 2-A.)

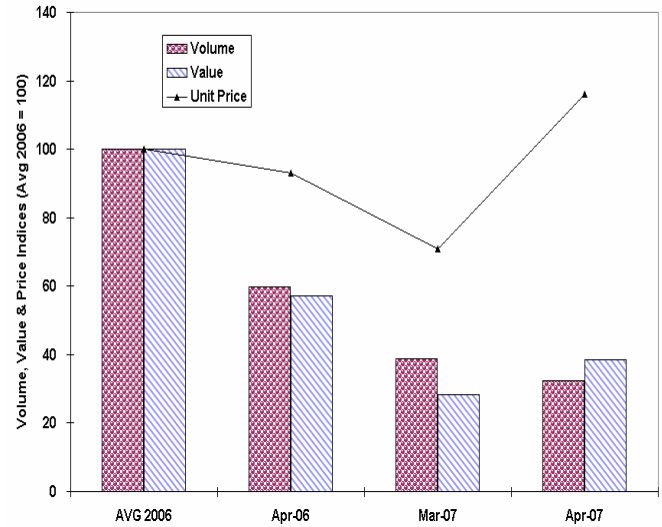


The improvement in total export earnings was mainly due to the strong growth in revenues from nonu juice and increases in earnings from fresh fish, coconuts and Samoan cocoa. Revenue from nonu juice, which tend to be substantial every second month, more than doubled, rising by \$223 thousand to \$261 thousand. The increase reflected a twofold growth in volume plus a 6 percent rise in the international price of nonu juice during the month under review. And, when compared with April 2006, the value of nonu juice in April 2007 was 36 percent higher reflecting a 26 percent jump in volume and a 7 percent rise in price. Nonu juice exports have so far benefited from the continued stability of its export price. (See Graph 3 and Table 2-A).

**Graph 3.
NONU JUICE EXPORTS**



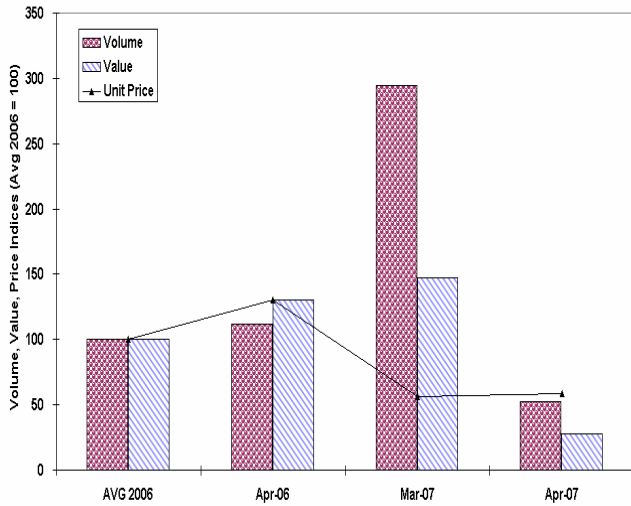
**Graph 4.
FRESH FISH EXPORTS**



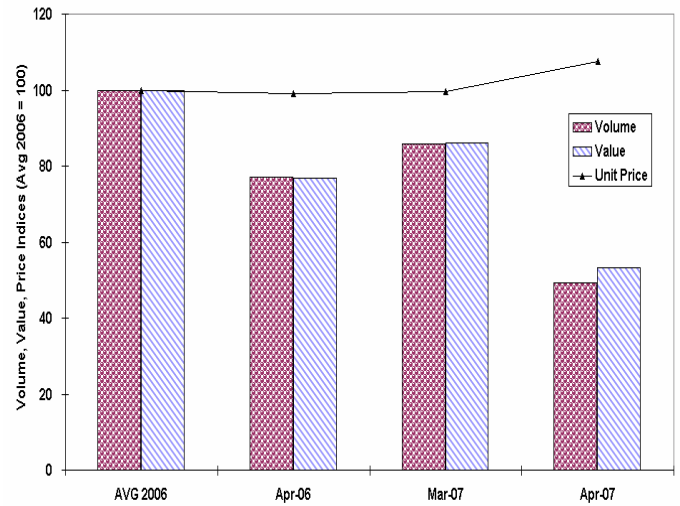
Export earnings from fresh fish surged 37 percent (\$133 thousand) to \$497 thousand due to a 63 percent jump in its export price which outweighed a 16 percent decline in its volume. The strong rise in the average export price of fish reflected the bulk of exports in April 2007 were high value semi-processed fish directed to the USA market. When compared with the same month last year, however, fresh fish earnings dropped 32 percent reflecting a 46 percent decrease in volume whereas its average price, was 25 percent higher. The volume of fish exports has continued to decline and it is therefore a cause for concern since it is Samoa’s main export commodity for the past many years. (See Graph 4 and Table 2-A).

Proceeds from the export of coconuts went up 16 percent to \$29 thousand and that from Samoan cocoa earned \$2 thousand after being absent from the export scene in the past several months. On the downside, earnings from nonu fruit tumbled 81 percent (\$87 thousand) to \$20 thousand, reflecting an 82 percent plunge in its volume which outweighed a 5 percent improvement in its export price. When compared with the same month last year, the value of nonu fruit dropped 79 percent (\$20 thousand) to \$94 thousand, following a 53 percent decline in its volume and a 55 percent reduction in its export price. The reduction in the volume of nonu fruit exports reflect the usual trade-off between nonu fruit exports and nonu juice exports; when one falls the other rises. (See Graph 5 and Table 2-A)

**Graph 5.
NONU FRUIT EXPORTS**

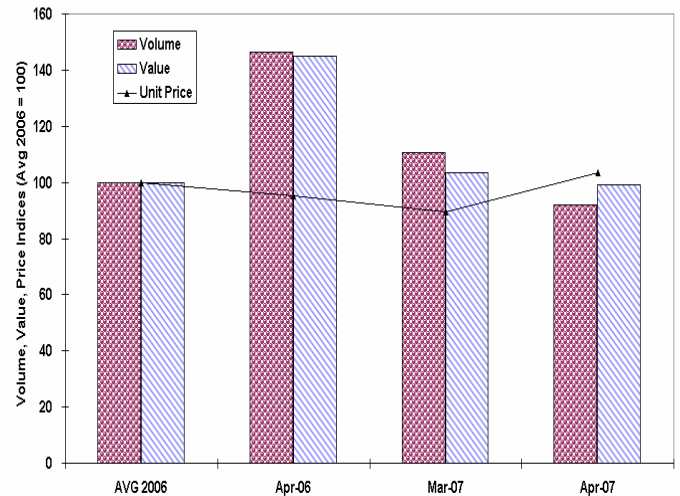


**Graph 6.
COCONUT CREAM EXPORTS**



Exports earnings from taro dropped 7 percent in April 2007 due to a decline of 10 percent in its export volume which was partially offset by a 3 percent increase in its export price. The reduction in taro volume exported mirrored the shortage of taro supplies to the produce market at Fugalei. Proceeds from coconut cream and beer dropped 38 percent (\$65 thousand) and 4 percent (\$12 thousand) respectively to \$106 thousand and \$288 thousand in that order in April 2007. The reductions in revenues for these two commodities were due to declines in their export volumes by 43 percent and 17 percent respectively which more than offset increases in their export prices of 8 percent and 16 percent in that order. When compared with the same month last year, revenues from coconut cream (\$153 thousand) and beer (\$421 thousand) were 31 percent and 32 percent lower respectively. These reductions were due to falls in volumes which outweighed improvements of 8 percent and 9 percent in that order in the international prices for these two products. (See Graph 6 and 7 and Table 2-A)

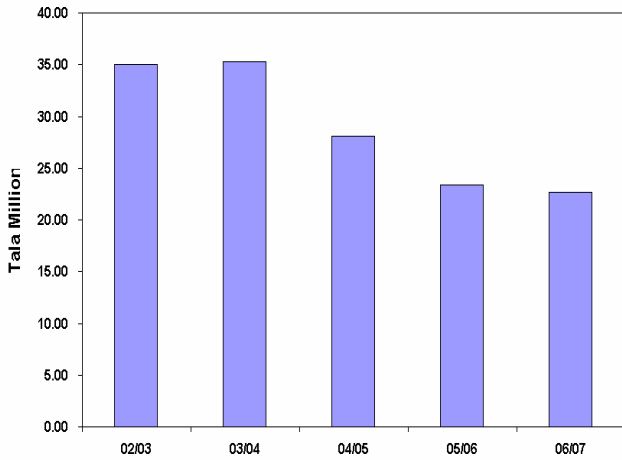
**Graph 7.
BEER EXPORTS**



There was no export of handicraft and banana in the month under review in contrast to earnings of \$10 thousand and \$1 thousand in that order in the previous month. Export earnings from soft drinks shrank 35 percent to \$17 thousand and proceeds from re-exports edged down 1 percent to \$372 thousand in April 2007.

Despite the increase in April 2007, total export earnings for the first ten months of fiscal year 2006/07 were 3 percent lower than in the previous fiscal year. In fact, as Graph 8 shows, export earnings have been declining in the past 4 to 5 years and it is therefore cause for concern.

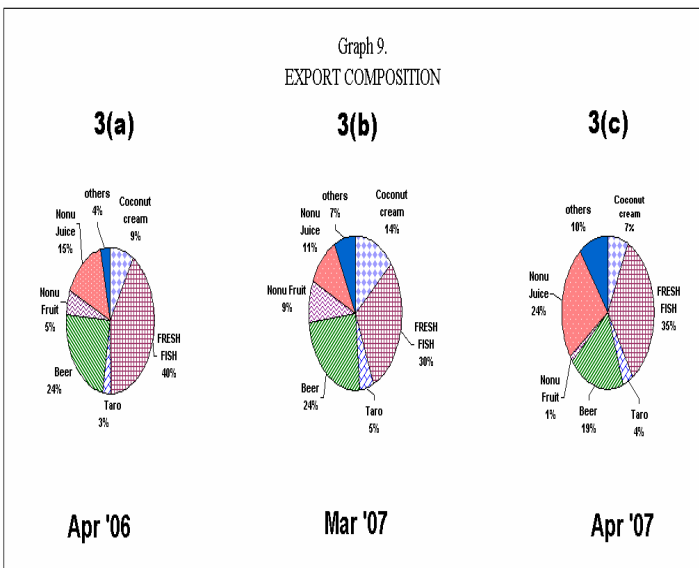
Graph 8
Export Earnings
First 10 months of Fiscal Year



2.1 COMPOSITION OF EXPORTS

Fresh fish remained the dominant export commodity in April 2007 with its share increasing to 34 percent from 30 percent the previous month. Nonu juice followed with a share of 24 percent, up from 11 percent in March 2007. On the other hand, the share of beer, coconut cream and nonu fruit dropped to 20 percent, 7 percent and 1 percent respectively from 24 percent, 14 percent and 9 percent in that order in March 2007. The contribution of taro also slipped down to 4 percent from 5 percent while 'other exports' increased to 10 percent from 7 percent in March 2007. (See Graph 9 and Table 2A & B.)

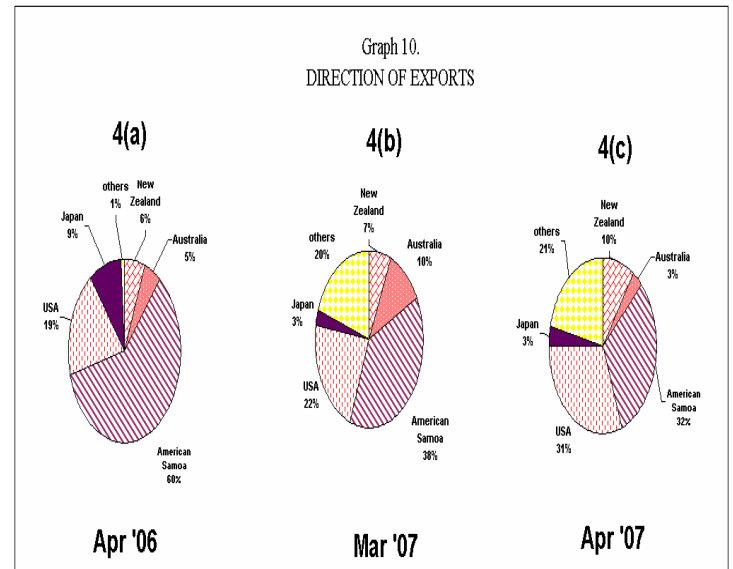
Graph 9.
EXPORT COMPOSITION



2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination, however, its share dropped to 66 percent in April 2007 from 75 percent in March 2007. This mainly reflected the drop in exports to American Samoa and Australia to 31 percent and 3 percent respectively from 39 percent and 10 percent in that order in March 2007. The drop in the share of American Samoa was mainly due to lower fish, beer and taro exports to the US territory while the absence of coconut cream exports to Australia saw the share of that country fall. On the upside, the ratio of exports to the USA, New Zealand and Japan increased to 31 percent, 10 percent and 4 percent respectively from 22 percent, 7 percent and 3 percent in that order in March 2007. The share of Fiji and "other Pacific Islands" improved to 1.4 percent and 20 percent respectively from 0.4 percent and 19 percent in that order. (See Graph 10 and Table 3.)

Graph 10.
DIRECTION OF EXPORTS



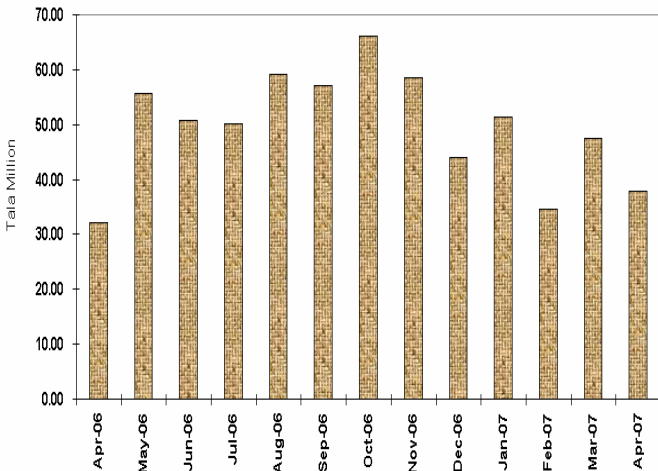
3. IMPORTS

The total value of imports tumbled 20 percent (\$9.6 million) to \$37.8 million in April 2007, in contrast to a 37 percent (\$12.8 million) expansion in the previous month. (See Graph 11 and Table 4.) The drop in imports was due mainly to a

substantial decline (of \$8.9 million) in petroleum imports to \$3.3 million, from \$12.3 million in March 2007. Furthermore, other private sector imports also decreased to \$32.1 million from \$33.7 million in March 2007. On the other hand, Government imports rose 58 percent to \$2.3 million in April 2007.

Despite the fall in April 2007, the total value of imports in the ten months to April 2007 (at \$506.2 million) was 14 percent (\$63.0 million) higher than the level in the same period in the last fiscal year. This reflected the stronger domestic demand associated with the growing economy, driven particularly by buoyant activities in the telecommunication, construction, commerce and transport sectors.

Graph 11.
IMPORTS

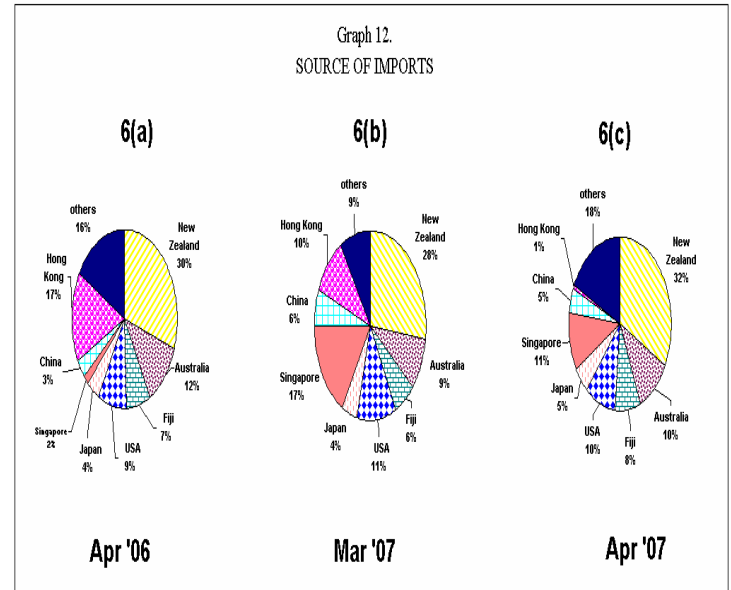


3.1 SOURCE OF IMPORTS

New Zealand remained the main source of imports with its share increasing to 33 percent from 27 percent in March 2007. Petroleum imports from Singapore saw that country’s share rise to second place with an 11 percent ratio, although lower than 17 percent in March 2007. Australia and the USA followed with 10 percent each compared to 9 percent and 12 percent respectively in March 2007. The shares of Fiji and Japan increased to 8 percent and 5 percent respectively from 6 percent and 4 percent in that order in March 2007 and those of ‘other Asian countries’ and Europe went up to 11 percent and

4 percent respectively from 5 percent and 3 percent in that order. The share of China slipped to 5 percent from 6 percent.

The absence of any petroleum imports from Hong Kong saw the share of the Chinese territory tumbling to 1.0 percent from 10 percent. (See Table 5 and Graph 12.)



4. SELECTED INTERNATIONAL COMMODITY PRICES.

4.1 FOOD ITEMS

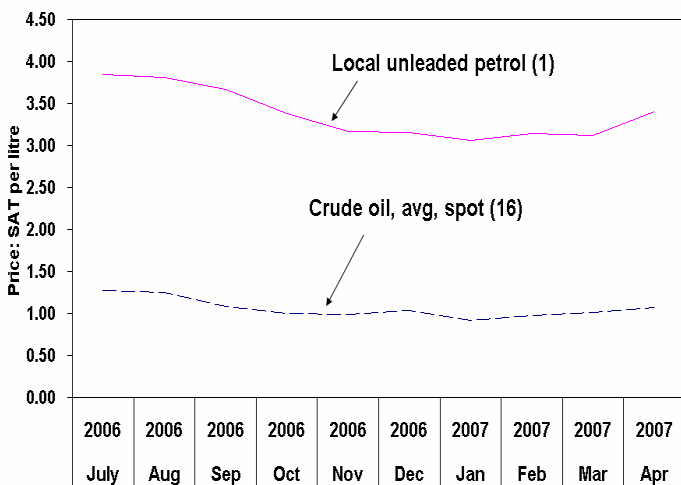
Prices for most of the internationally traded commodities that are important to Samoa increased in April 2007. On the export side, the prices of cocoa, coconut oil, copra and banana increased 3 percent, 8 percent, 9 percent and 6 percent respectively to US\$197.8 cents per kilogram, US\$827.5 per metric ton, US\$552.5 per metric ton and US\$1,120.0 per metric ton in that order.

On the import side, the prices of rice and beef decreased by 2 percent and 1 percent respectively to US\$316.7 per metric ton and US\$259.3 cents per kilogram in that order. On the other hand, the price of New Zealand lamb remained steady at US\$400.0 cents per kilogram while that of sugar increased 2 percent to US\$67.2 cents per kilogram.

4.2 FUEL PETROLEUM

The average spot price of crude oil increased for the third consecutive month, rising 7 percent in April 2007 following a 5 percent increase in March 2007. However, at US\$65.06 per barrel, the price of crude oil in April 2007 was US\$2.91 lower than in April 2006. When converted into Samoan tala, the rise in the average spot price of crude oil in April 2007 was slightly lower at 6 percent reflecting the strengthening of the Tala against the US dollar during the month under review. Following the rise in crude oil prices two months ago in February 2007, local consumers experienced an 11 percent increase in the price of unleaded petrol sold locally (at SAT\$2.34 per litre) in April 2007 after a 3 percent decrease in March 2007. In April 2007, the margin between the average crude oil price two months ago and the local unleaded petrol price in April 2007 increased from 131 percent in March 2007 to 141 percent in April 2007. The changes in the margin help explain the changes in local petroleum prices that are not explained by the movements in crude oil prices. These include refinery costs, freight, insurance and taxes. Concerns about refinery costs have been raised in the US with analysts suggesting that this is why gasoline prices have been increasing faster than the crude oil prices. (See Graph 13.)

Graph 13:
Fuel Prices



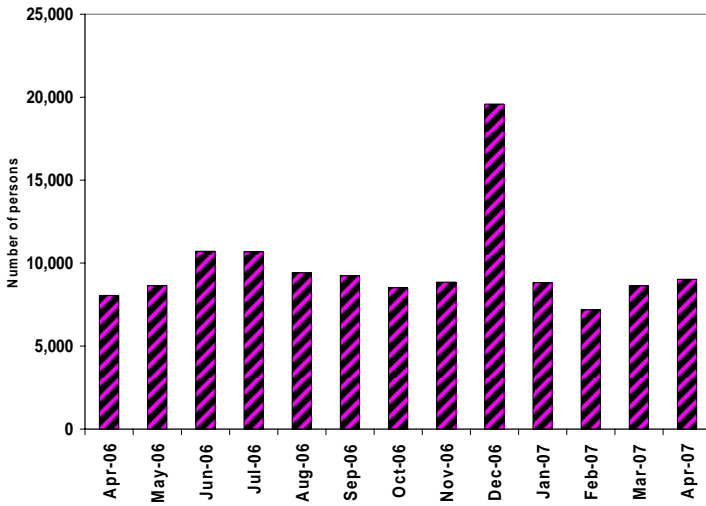
4.3 OTHER NON-FOOD ITEMS

On non-food items, the price of plywood timber decreased 1 percent to US\$635.1 cents per sheet while that of sawn wood timber increased 2 percent to US\$808.8 cents per cubic metre in April 2007. Similarly, the prices of steel rebar and steel wire rod increased 3 percent and 6 percent respectively to US\$532.5 per metric tonne and US\$530.00 per metric tonne in that order while that of steel coil sheet remained unchanged at US\$550.0 per metric ton. For fertilizers, the prices of DAP fertilizer went up 3 percent to US\$432.4 per metric ton while that of potassium chloride remained steady at US\$550.0 per metric ton in April 2007. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

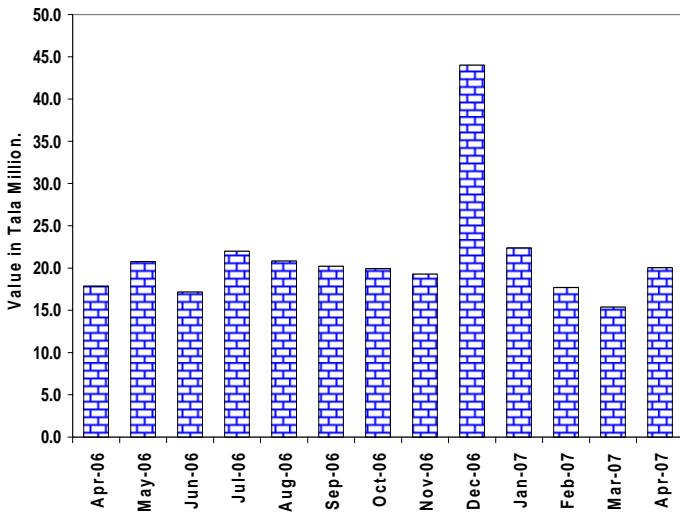
According to the latest actual figures, tourist arrivals in April 2007 increased 5 percent to 9,029, a level that was also 12 percent higher than in the same month in 2006. The higher level of arrivals in the month under review reflected a threefold (203) jump in visitors who were here for ‘sports’ plus a 73 percent (501) surge in those visiting for ‘other’ purposes. The jump in the ‘sports’ category reflected the hosting of the Oceania Amateur Boxing Championship in Samoa which saw an influx of both boxers and officials from around the region during the month under review. With the Easter holidays during the month under review, many Samoans who permanently reside abroad took the opportunity to visit for traditional family events especially chiefly ‘matai’ bestowals or ‘saofai’ ceremonies. On the downside, holiday makers and business visitors recorded decreases of 5 percent and 13 percent respectively while those “visiting friends and relatives” decreased marginally. (See Table 7 and Graph 14.)

Graph 14.
TOTAL ARRIVALS



Consequent to the rise in tourist arrivals and a seasonal expansion of 22 percent in average tourism expenditure in April 2007, tourism revenues surged 30 percent (\$4.7 million) to \$20.0 million. At this level, it was also 12 percent (\$2.2 million) higher than the level in April 2006. (See Graph 15.)

Graph 15.
TOURISM EARNINGS

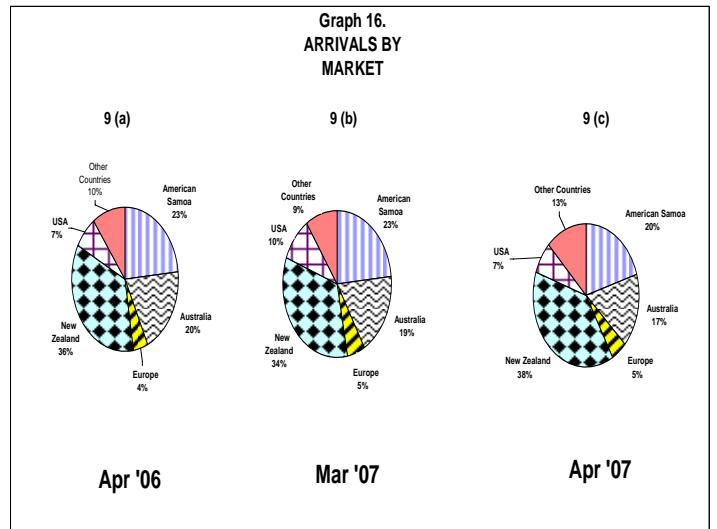


5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

Although more tourist destinations registered decreases in arrival numbers, those declines were outweighed by increases in arrivals from New Zealand and 'other countries' in April 2007 largely because of the sporting activities hosted in Samoa. Arrivals from these two destinations at

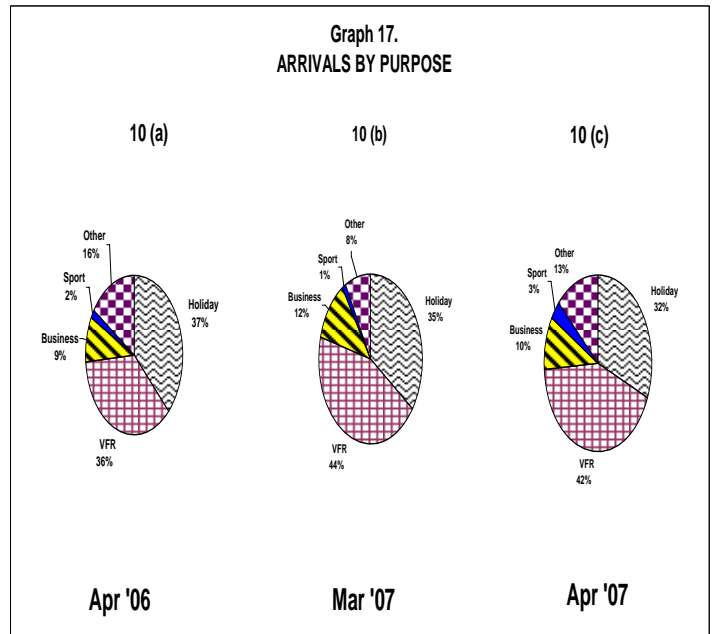
3,467 and 1,131 respectively rose 18 percent and 39 percent in that order in April 2007. (See Graph 16.)

Graph 16.
ARRIVALS BY MARKET



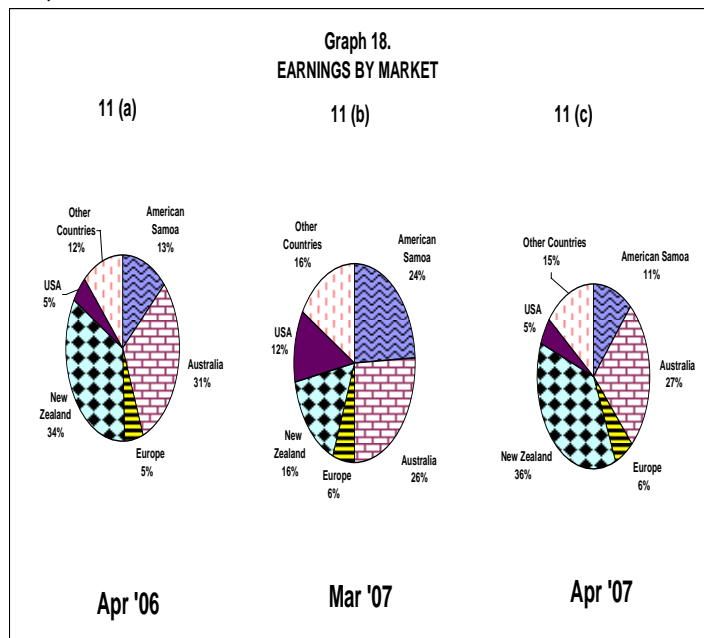
As usual, the majority of visitors during the month under review were those visiting friends and relatives, although its share fell from 44 percent to 42 percent, followed by those on holidays (down from 35 percent to 32 percent). Those who came for 'other purposes' rose from 8 percent to 13 percent and 'sports' visitors increased from 1 percent to 3 percent. Those who were here on "business" fell from 12 percent to 10 percent. (See Graph 17.)

Graph 17.
ARRIVALS BY PURPOSE

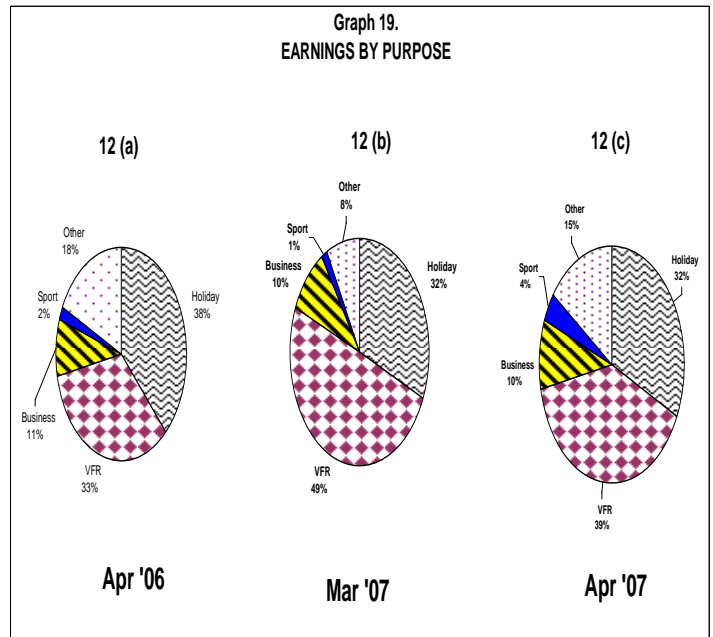


5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

Earnings from the New Zealand market registered a threefold (or \$5.0 million) expansion to \$7.4 million, consequent to a seasonal jump by more than twofold in its average monthly expenditure plus an 18 percent increase in its arrivals. Proceeds from the Australian market also recorded a 35 percent (\$1.4 million) rise to \$5.4 million, consequent to a seasonal surge of 35 percent in its average expenditure which outweighed a 5 percent decrease in its arrivals. Revenues from the European market also rose 21 percent (\$0.2 million) to \$1.1 million due to seasonal expansion of 24 percent in its average expenditure which outweighed a 2 percent decrease in its arrivals. 'Other countries' tourism proceeds also rose 16 percent (\$0.4 million) to \$2.9 million due to a 39 percent jump in its arrivals which outweighed a 17 percent decline in its average expenditure. On the downside, revenues from American Samoa dropped 39 percent (\$1.5 million) to \$2.3 million due to a seasonal drop of 33 percent in its average expenditure which outweighed a 5 percent increase in its arrivals. Earnings from the USA market also tumbled 47 percent (\$0.8 million) to \$1.0 million, as a consequence of falls of 32 percent and 22 percent in its average expenditure and arrivals in that order. (See Graph 18.)



Earnings for all purposes of visit went up in April 2007. Revenues from "Holiday makers" rose 32 percent (\$1.6 million) to \$6.5 million, those from sports visitors surged fourfold (\$0.6 million) to \$0.8 million and revenues from visitors on 'other purposes' jumped more than twofold (\$1.8 million) to \$3.0 million. Earning from those who were here for 'business purposes' and those 'visiting friends and relatives' went up 30 percent (\$0.4 million) and 3 percent (\$0.3 million) respectively to \$1.9 million and \$7.9 million in that order in April 2007. (See Graph 19.)

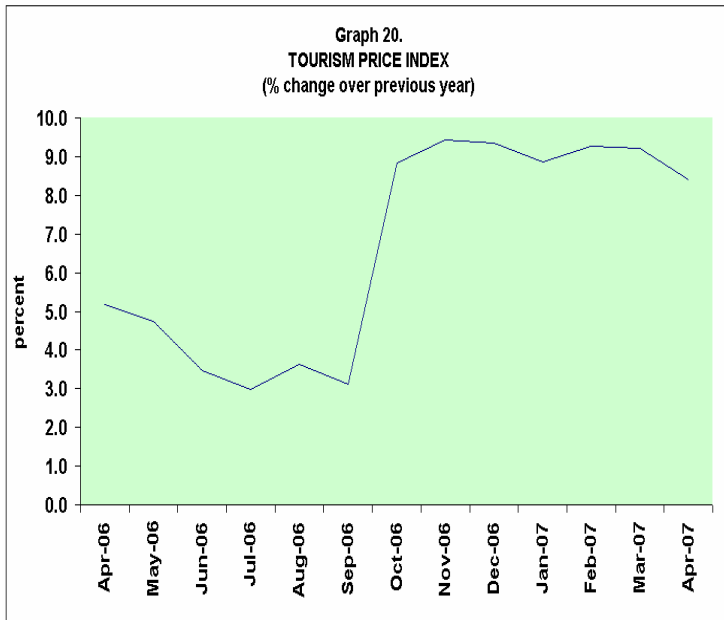


5.3. TOURISM PRICE INDEX (TPI*)

In addition to being a very stable tourist destination, increased number of weekly flights and ongoing tourism promotion overseas, a steady level of the TPI contributes positively to attracting tourists to Samoa.

In April 2007, the overall TPI edged up by 0.8 percent due to an increase of 2.0 percent in the 'Other transportation sub-index plus increases of 1.0 percent each in the 'Meals and Drinks', 'Car rentals', 'Family obligations' and the 'Miscellaneous' sub-indices. The 'Accommodation' sub-index remained steady. And, when compared to the same month last year, the TPI in April 2007 was 8 percent higher. This sharp increase reflected increases in most

categories of expenditures, particularly steep rises in the 'Accommodation' (up 14 percent) and 'Meals and drinks' (up 8 percent) sub-indices. (See Graph 20 and Table 7.)



The latest overall TPI figures (when compared to the same month last year) showed a worrying upward trend since it will impact on Samoa's profile as an attractive and competitively priced tourist destination. This upward trend which started in October 2006 reflected the adverse impact of the general increase in the VAGST from 12.5 percent to 15.0 percent in October 2006 and other regulatory price increases since then.

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(*) The Tourism Price Index (TPI) is compiled by the Central Bank of Samoa in an attempt to measure the level of prices that are relevant to tourists visiting Samoa. The TPI is based on the results of the Tourism Survey that was conducted from August 2002 to July 2003 by the Samoa Tourism Authority.

CENTRAL BANK OF SAMOA
20 June 2007