

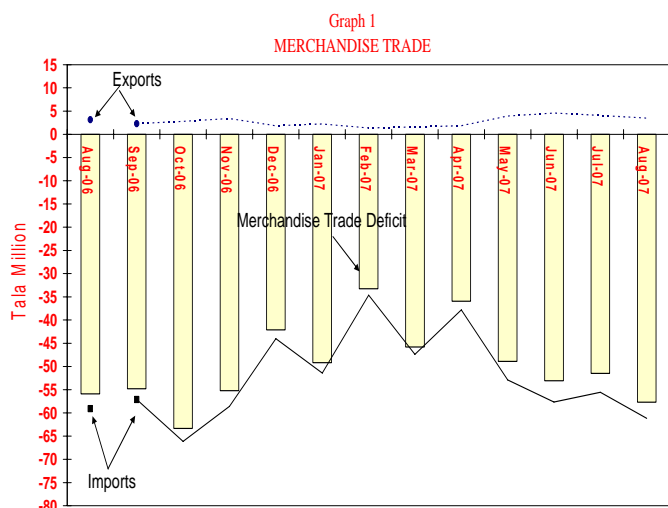
FOREIGN TRADE & TOURISM EARNINGS  
REPORT

AUGUST 2007

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*Date of Issue: 17 October 2007*

### 1. MERCHANDISE TRADE DEFICIT

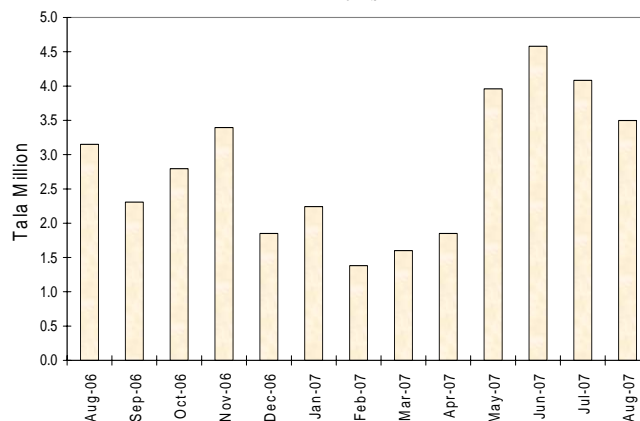
After a slight reduction in the previous month, the merchandise trade deficit widened 12 percent (\$6.2 million) to \$57.7 million in August 2007. The expansion was due to a jump in imports plus a decline in exports earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in August 2007 was 3 percent (\$1.7 million) higher.



### 2. EXPORTS

The total value of exports (including re-exports) weakened 14 percent (or \$0.6 million) to \$3.5 million in August 2007. However, at this level, it was 11 percent (\$0.3 million) higher than in August 2006. (See Graph 2 and Table 2-A.) The decline in total export earnings was mainly due to the decrease in earnings from fresh fish plus smaller reductions in revenues from taro, coconuts, handicrafts and Samoan cocoa.

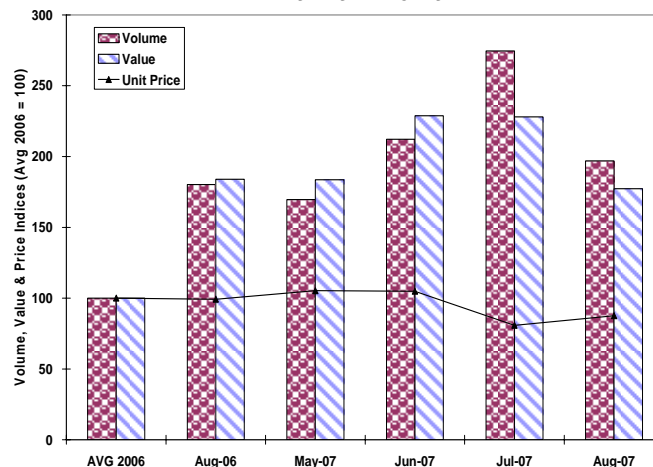
Graph 2  
EXPORTS



In addition, revenues from re-exports dropped 23 percent (\$99 thousand) to \$332 thousand. These declines outweighed improvements in proceeds from beer, coconut cream, nonu juice and nonu fruit.

Despite an 8 percent improvement in its (international) price, revenues from fresh fish fell 22 percent (or \$653 thousand) to \$2.3 million due to a 28 percent drop in its export volume. Compared with August 2006, the volume and value of fish exports in August 2007 were much higher. (See Graph 3 and Table 2-A.)

Graph 3.  
FRESH FISH EXPORTS

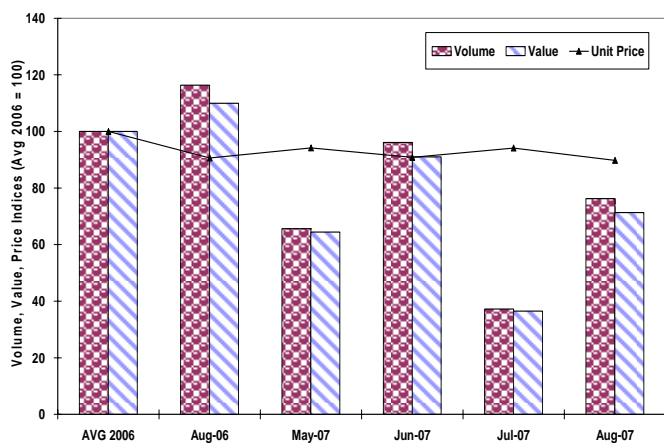


Earnings from taro also decreased 2 percent (or \$1 thousand) to \$42 thousand due to a 14 percent drop in its export volume offsetting a 14 percent improvement in its international price. In addition, earnings from coconuts, handicrafts

and Samoan cocoa tumbled 57 percent, 80 percent and 50 percent respectively to \$13 thousand, \$4 thousand and \$2 thousand in that order in August 2007. Proceeds from re-exports, likewise, fell 23 percent to \$332 in the month under review.

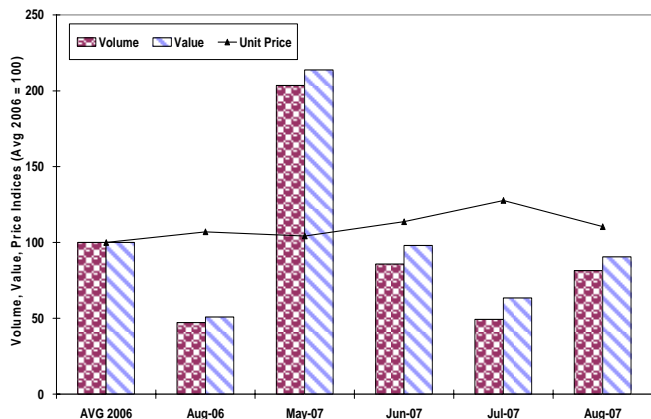
On the upside, earnings from beer virtually doubled (up \$101 thousand) to \$207 thousand due to a twofold expansion in its export volume which far outweighed a 5 percent slip in its export price. (See Graph 4.)

Graph 4. BEER EXPORTS



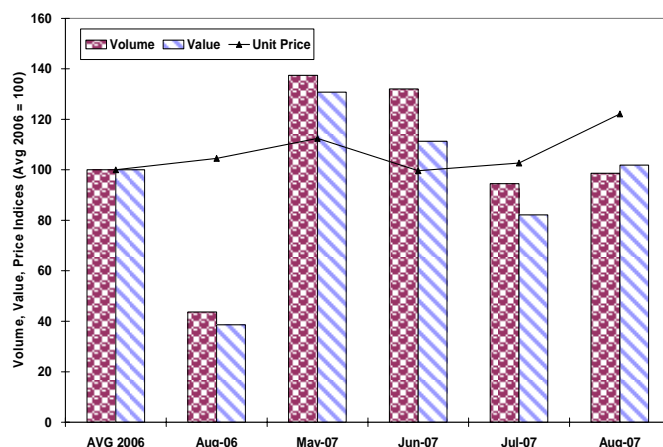
Export proceeds from coconut cream rose 43 percent (or \$54 thousand) to \$180 thousand due to a substantial 65 percent jump in its export volume, partially offset by a 14 percent drop in its international price. (See Graph 5 and Table 2-A.)

Graph 5. COCONUT CREAM EXPORTS



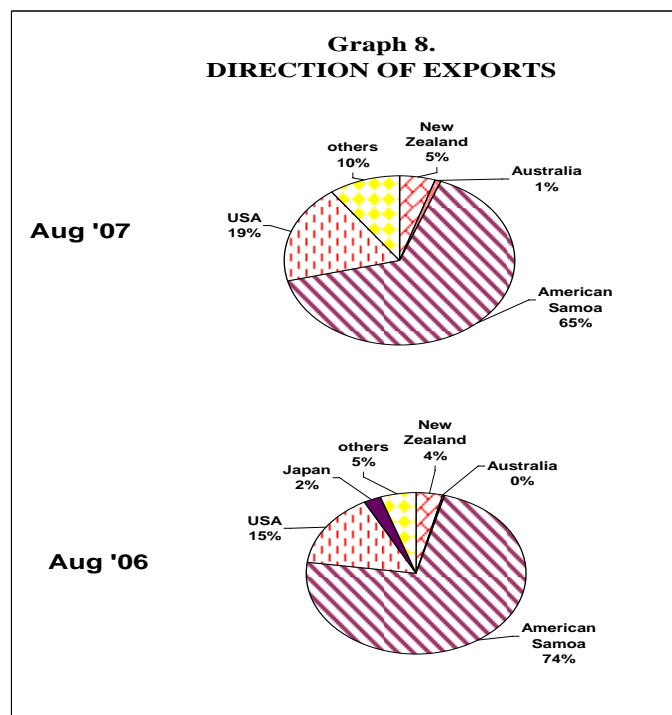
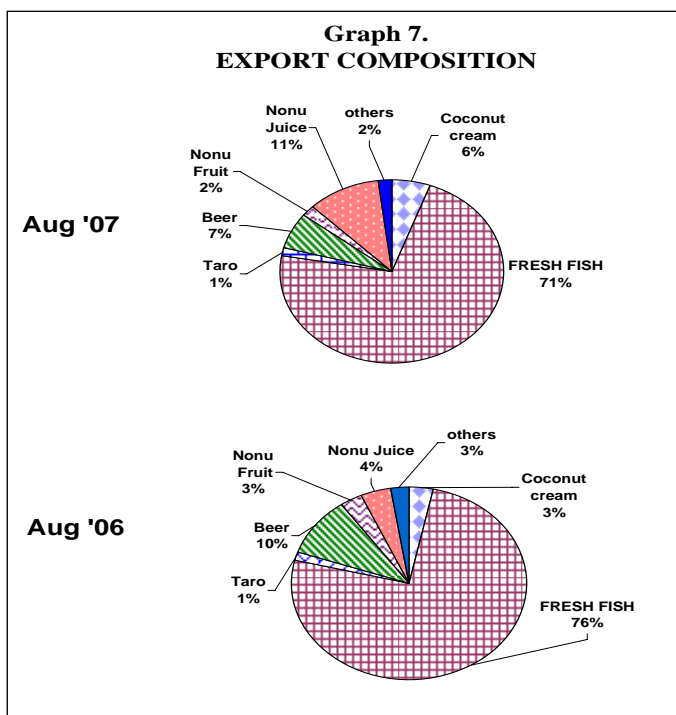
Nonu juice proceeds expanded 24 percent (or \$65 thousand) to \$335 thousand due to a 19 percent surge in its international price plus a 4 percent improvement in its export volume. (See Graph 6 and Table 2-A.)

Graph 6. NONU JUICE EXPORTS



## 2.1 COMPOSITION OF EXPORTS

Although the share of fresh fish dropped to 72 percent in August 2007 from 80 percent in July 2007, it still remained the dominant export commodity for Samoa. Nonu juice followed with a share of 11 percent, up from 7 percent in the previous month whilst beer and coconut cream contributed 7 percent and 6 percent respectively, up from 3 percent each in July 2007. The share of nonu fruit edged up to 2 percent from 1 percent whilst that of 'other exports' fell to 2 percent from 4 percent. Taro remained steady at 1 percent. (See Graph 7 and Table 2A & B.)



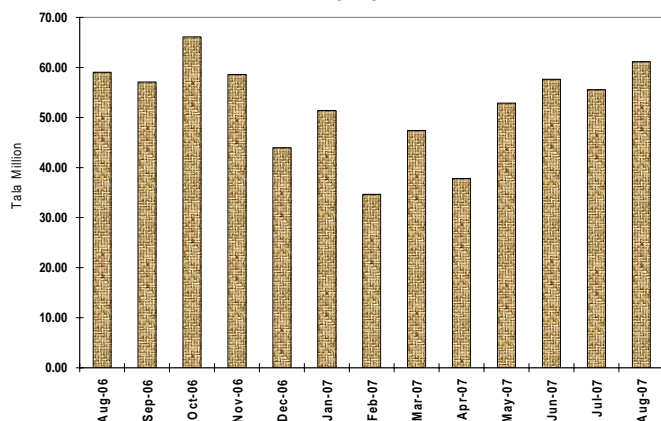
**2.2 DIRECTION OF EXPORTS**

The Pacific region remained the largest export destination although its share fell to 81 percent in August 2007 from 87 percent in July 2007. This largely resulted from the decline in the share of American Samoa to 65 percent from 72 percent reflecting the drop in fish exports to the US territory. The USA followed with a share of 19 percent, up from 11 percent in July 2007. The contribution of ‘Other Pacific Island’ countries improved to 10 percent from 8 percent while those of New Zealand and Australia decreased to 5 percent and 1 percent respectively from 6 percent and 2 percent in that order in July 2007. There were no consignments to Asia in the month under review, in contrast to a share of 3 percent in July 2007. (See Graph 8 and Table 3.)

**3. IMPORTS**

The total value of imports rebounded 10 percent (\$5.6 million) to \$57.7 million in August 2007. The rise in imports was due to a strong growth in non petroleum private sector imports by 39 percent (or \$14.4 million) to \$51.2 million. This rise outweighed falls in petroleum imports (down 40 percent or \$5.0 million) to \$7.5 million and Government imports (down 61 percent or \$3.8 million) to \$2.4 million. Compared with August last year, imports were also 4 percent (\$2.1 million) higher. (See Graph 9 and Table 4.) The jump in imports over the year reflected strong domestic demand as well as supplies for the South Pacific Games.

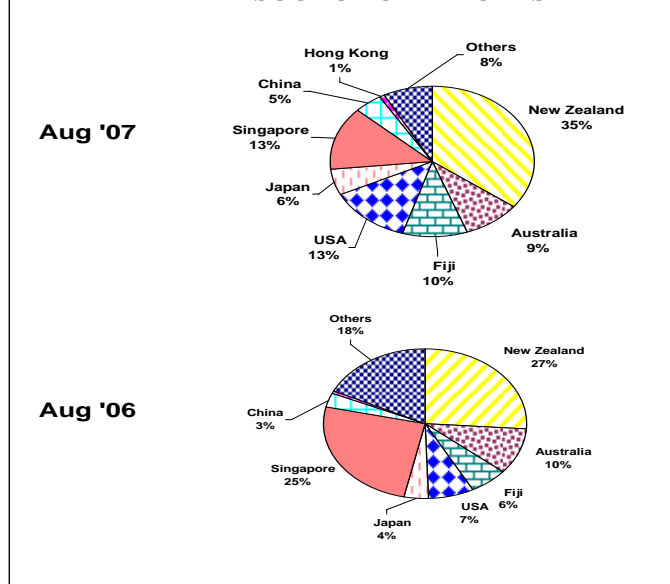
Graph 9.  
IMPORTS



### 3. 1 SOURCE OF IMPORTS

New Zealand continued to be the main source of imports for Samoa, with its share rising to 35 percent from 28 percent in the previous month. The USA and Singapore accounted for 13 percent each, up from 11 percent and 1 percent in that order in July 2007. The share of Fiji also increased to 10 percent from 7 percent while that of Australia tumbled to 9 percent from 27 percent reflecting the reduction in petroleum imports. At 6 percent each, the contribution of Japan remained unchanged while that of 'other Asian countries' fell from 11 percent in July 2007. The share of China slipped to 5 percent from 6 percent while those of Hong Kong and Europe remained steady at around 1 percent each. (See Table 5 and Graph 10.)

Graph 10.  
SOURCE OF IMPORTS



### 4. SELECTED INTERNATIONAL COMMODITY PRICES.

#### 4.1 FOOD ITEMS

In line with global slowdown in inflationary pressures, the prices for most of Samoa's internationally traded commodities decreased in August 2007. On the export side, the prices of cocoa, coconut oil, copra and banana decreased by 12 percent, 1 percent, 3 percent and 2 percent respectively to US\$190.5 cents per kilogram, US\$910.0 per metric ton, US\$595.0 per metric ton and US\$936.0 per metric ton in that order in August 2007.

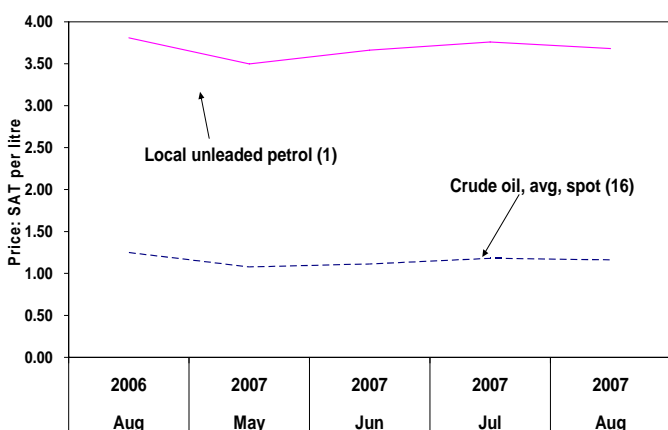
On the import side, the prices of rice and sugar edged down by 0.4 percent and 0.7 percent respectively to US\$327.5 per metric ton and US\$67.7 cents per kilogram respectively. On the other hand, the prices of beef and lamb increased 1 percent each to US\$261.0 cents per kilogram and US\$413.6 cents per kilogram respectively in August 2007.

#### 4.2 FUEL : PETROLEUM

The average spot price of crude oil fell 5 percent to US\$70.13 per barrel in August 2007, following an 8 percent increase in July 2007.

And, when converted into Samoan tala, the decrease in the average spot price of crude oil was lower at 2.0 percent (to \$1.16 per litre) reflecting a depreciation in the Tala against the US dollar during the month under review. Consequently, local consumers can expect to see a decline in the price of local petroleum in future months. (See Graph 11.)

Graph 11:  
**Fuel Prices**



### 4.3 OTHER NON-FOOD ITEMS

On other non-food items, the price of potassium chloride rose 5 percent to US\$212.5 per metric ton while that of DAP fertilizers went down 2 percent to US\$429.4 per metric ton in August 2007. The price of plywood edged up slightly by 0.2 percent to US\$651.1 cents per sheet while that of sawn wood timber decreased 1 percent to US\$816.7 cents per cubic metre in the month under review.

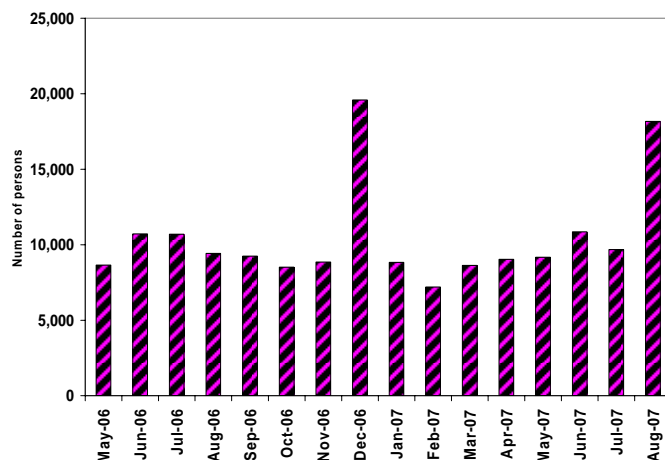
The prices of steel wire rod and steel coil sheet each remained unchanged at US\$550.0 per metric ton while that of steel rebar tumbled 4 percent to US\$475.0 per metric ton in August 2007. (See Table 6.)

## 5. TOURIST ARRIVALS AND EARNINGS

With the hosting of the Thirteenth South Pacific Games, tourist arrivals jumped 43 percent to 13,868 in August 2007. At this level, it was also 47 percent higher than the level in the same

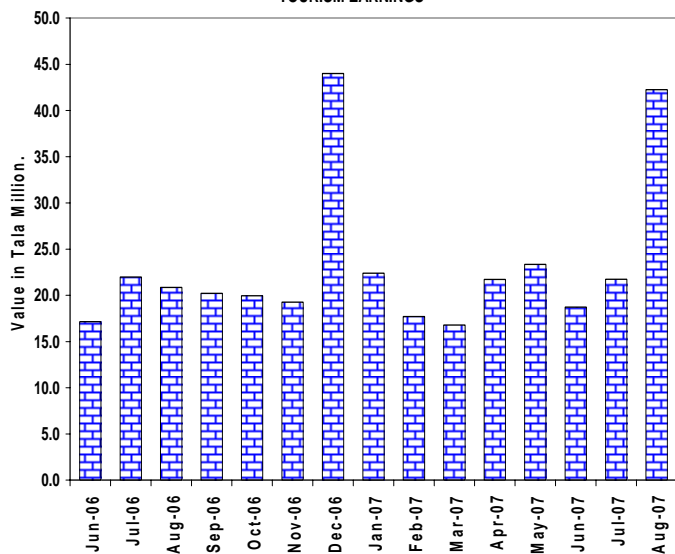
month of 2006. The higher level of arrivals in the month under review mainly reflected a substantial rise in the 'sports' category which soared to 3,636 from only 186 in July 2007. Those who were here on 'business purposes', 'visiting friends and relatives' and 'holiday makers' also increased by 37 percent, 9 percent and 5 percent respectively in August 2007 while the 'other purposes' category dropped 55 percent. (See Table 7 and Graph 12.)

Graph 12:  
**TOTAL ARRIVALS**



In addition to the substantial jump in tourist arrivals, the rise in average tourist expenditure (by 10 percent) in August 2007 saw tourism revenues surge by 58 percent (\$12.8 million) to \$34.8 million. At this level, it was also 67 percent (or \$13.9 million) higher than total earnings in August 2006. (See Graph 13.)

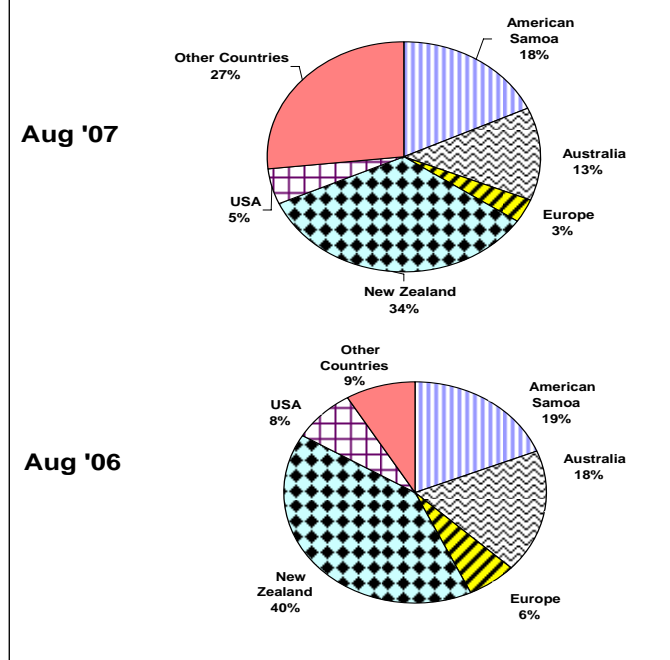
Graph 13.  
TOURISM EARNINGS



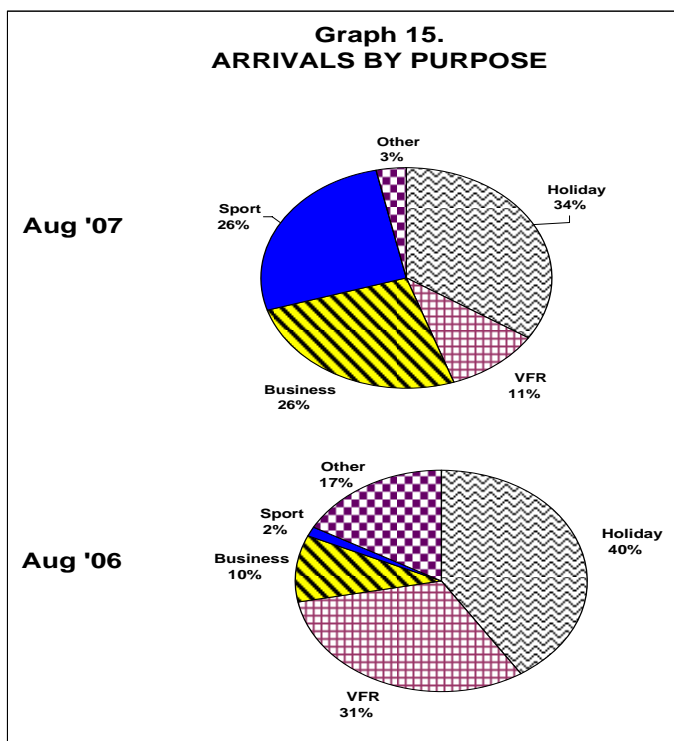
5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

The hosting of the 13th South Pacific Games saw tourist arrivals from all the major source countries increase in August 2007. Understandably, the largest rise was in the 'other countries' category which includes most of the South Pacific island countries that participated in the games. This group jumped to 3,683 from only 788 in July 2007. Australia and American Samoa recorded gains of 32 percent and 24 percent to 1,836 and 2,488 respectively in August 2007. New Zealand and Europe also registered higher arrivals of 9 percent and 13 percent respectively. On the whole, the majority of tourists came from New Zealand (34 percent) followed by 'other countries' consisting mainly of other Pacific Island countries (27 percent). American Samoa, Australia, USA and Europe accounted for 18 percent, 13 percent, 5 and 3 percent respectively. (See Graph 14.)

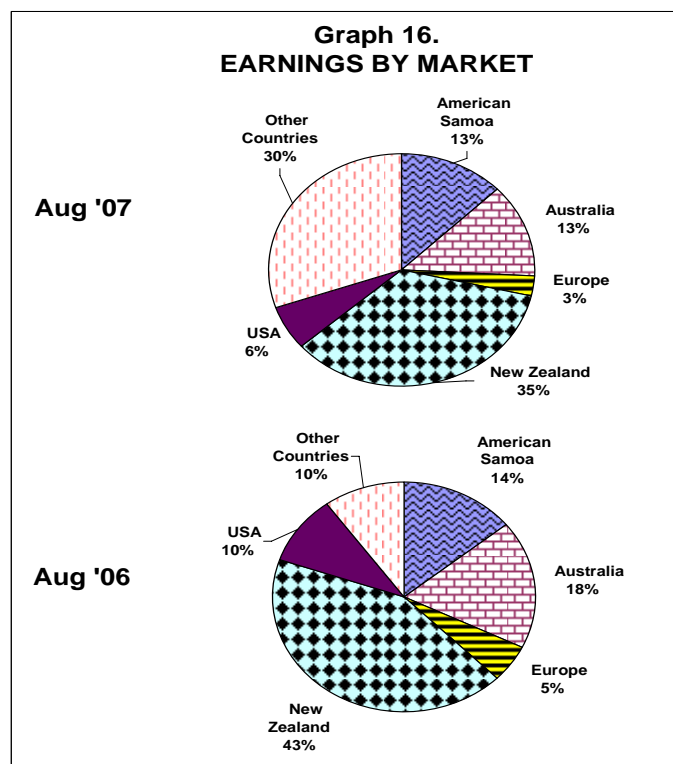
Graph 14.  
ARRIVALS BY MARKET



The majority of tourists during the month under review were 'holiday makers' and 'sports' visitors, accounting for 34 percent and 26 percent respectively of total arrivals. Those on 'business', 'visiting friends and relatives' and 'other purposes' followed with 26 percent, 11 percent and 3 percent in that order. (See Graph 15.)



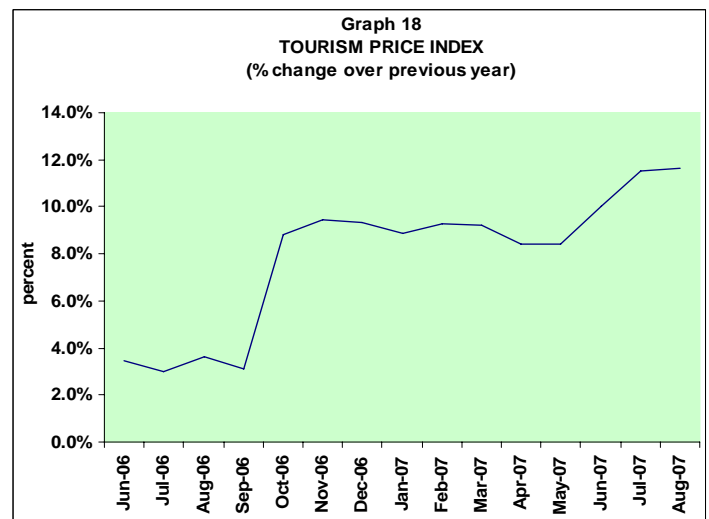
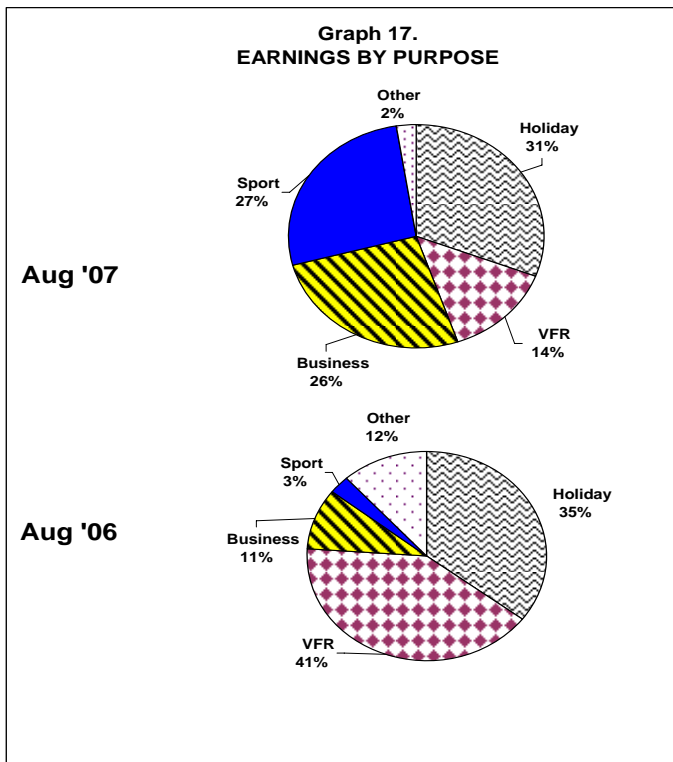
23 percent fall in its average expenditure outweighing a 13 percent increase in its arrivals. (See Graph 16.)



**5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE**

The influx of athletes and officials during the South Pacific Games saw a hike in tourism earnings from most of the source countries. Earnings from the 'other countries' category skyrocketed to \$10.5 million in August 2007 from only \$1.8 million in July 2007. This was due to a strong surge in arrivals by nearly fivefold to 3,683 (from 788 in July 2007) plus an expansion in its average expenditure by 28 percent. Proceeds from the New Zealand, Australian and American Samoan markets also rose by 23 percent (or \$2.3 million), 32 percent (or \$1.1 million) and 26 percent (or \$0.9 million) respectively to \$12.1 million, \$4.5 million and \$4.5 million in that order in August 2007. The increased earnings for the above three countries was due to their increased arrivals by 9 percent, 32 percent and 24 percent respectively, plus their higher average expenditure by 13 percent, 0.4 percent and 3 percent in that order. USA recorded an 8 percent decrease in arrivals which outweighed a 6 percent rise in average expenditure. As a result, USA revenues edged down 3 percent to \$2.2 million in August 2007. Earnings from Europe also dropped 14 percent to \$1.0 million due to a

The hosting of the South Pacific Games saw earnings from the 'sports' category recording the highest increase of \$8.8 million to \$9.3 million in August 2007 (from only \$0.5 million in July 2007). Proceeds from 'business and conferences' and the 'visiting friends and relatives' categories also jumped (by 82 percent and 48 percent respectively) to \$9.0 million and \$4.9 million in that order in August 2007. On the downside, proceeds from 'holiday makers' and 'other purposes' declined 5 percent and 56 percent respectively to \$10.7 million and \$0.9 in that order in the month under review. (See Graph 17.)



**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 August 2007, the overall TPI increased 1 percent as all sub-indices rose except the 'Accommodation' group which remained unchanged from the previous month. 'Meals and drinks' sub-group recorded a 2 percent increase while all the other sub-indices-'Car rentals', 'Other transportation', 'Family obligation' and 'Miscellaneous' went up by 1 percent each. But, when compared to the same month last year, the TPI in August 2007 was 11 percent higher. This sharp increase reflected increases in most categories of expenditures, particularly steep rises in the 'Accommodation' and 'Meals and drinks' sub-indices by 14 percent and 15 percent respectively. (See Graph 18 and Table 7.)

The latest overall TPI figures (when compared to the same month last year) showed a worrying 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**  
**17 October 2007**