

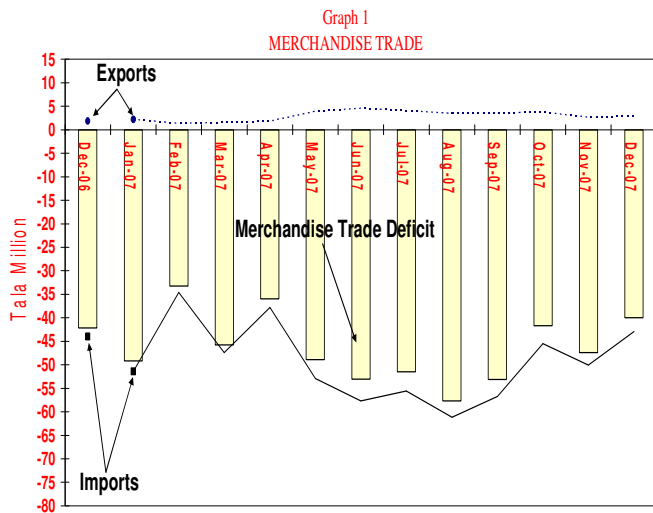
FOREIGN TRADE & TOURISM EARNINGS  
REPORT

DECEMBER 2007

*Prepared by: Research and Statistics Department of the Central Bank of Samoa*  
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**1. MERCHANDISE TRADE DEFICIT**

The merchandise trade deficit shrank 16 percent (\$7.4 million) to \$40.0 million in December 2007, after widening 14 percent (\$5.7 million) in the preceding month. The contraction was due to a drop in import payments plus an increase in export earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in December 2007 was 5 percent lower.



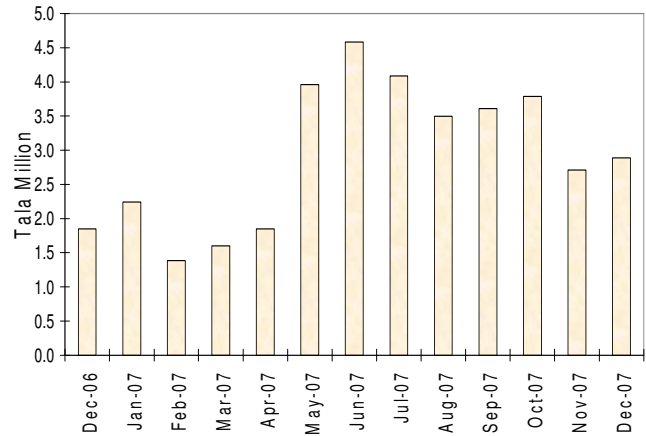
For the first 6 months of 2007/08, the merchandise trade deficit was 9 percent (\$28.0 million) lower than the corresponding period of 2006/07, reflecting the fall in imports and higher exports earnings

**2. EXPORTS**

The total value of exports (including re-exports) rose 7 percent (\$182 thousand) to \$2.9 million in December 2007. And, at this level, it was also 56 percent (\$1.0 million) higher than in December 2006. (See Graph 2 and Table 2-A.) This expansion contributed to a 32 percent (\$4.9 million) increase in export revenue to \$20.6 million in the first 6 months of fiscal year 2007/08.

The growth in total export earnings in December 2007 was mainly due to increased earnings from fresh fish, coconut, soft drinks and taro.

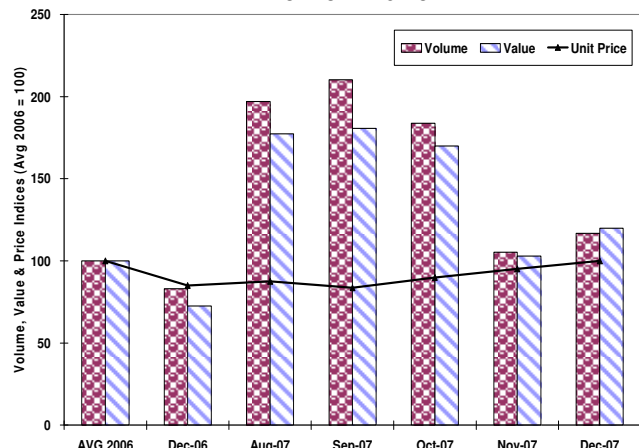
Graph 2  
EXPORTS



These gains outweighed reductions in proceeds from nonu fruit, coconuts, cigarettes, nonu juice, coconut oil and handicrafts. Likewise, the total value of re-exports declined 15 percent (\$49 thousand) to \$271 thousand in December 2007.

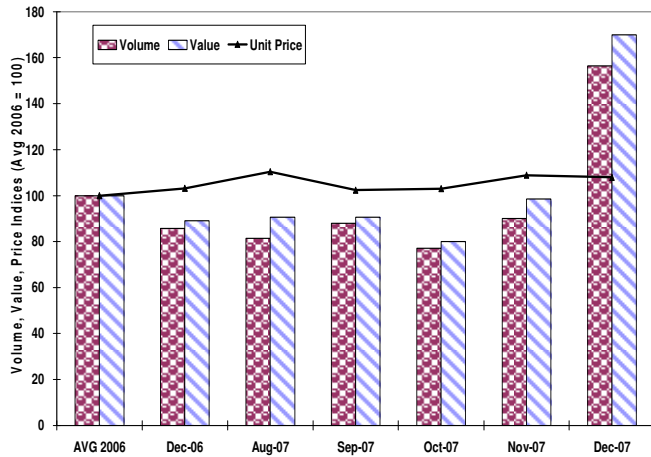
With a 5 percent gain in its (international) price, and an 11 percent increase in its export volume, revenues from fresh fish rebounded 17 percent (\$219 thousand) to \$1.5 million in December 2007. Compared with December 2006, the value of fish exports in the month under review leapt 65 percent due to increases of 18 percent and 41 percent in both its price and volume in that order. (See Graph 3 and Table 2-A.)

Graph 3.  
FRESH FISH EXPORTS



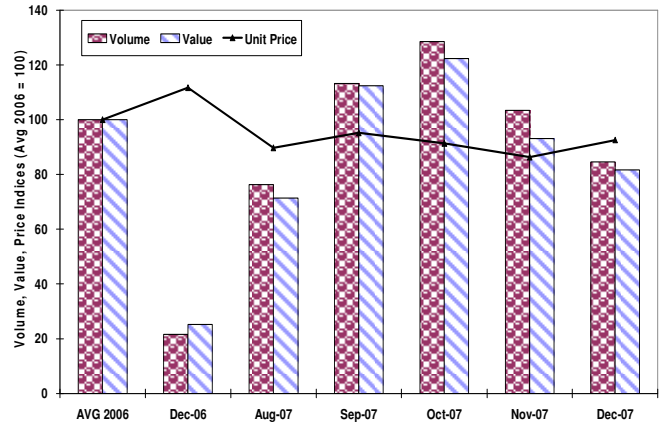
Proceeds from coconut cream also surged 72 percent (\$142 thousand) to \$338 thousand due to a 74 percent hike in its export volume, despite a 1 percent drop in its international price. Earnings from soft drinks similarly more than doubled to \$30 thousand while that of taro increased 15 percent to \$38 thousand in December 2007. (See Graph 4 and Table 2-A.)

Graph 5a.  
COCONUT CREAM EXPORTS



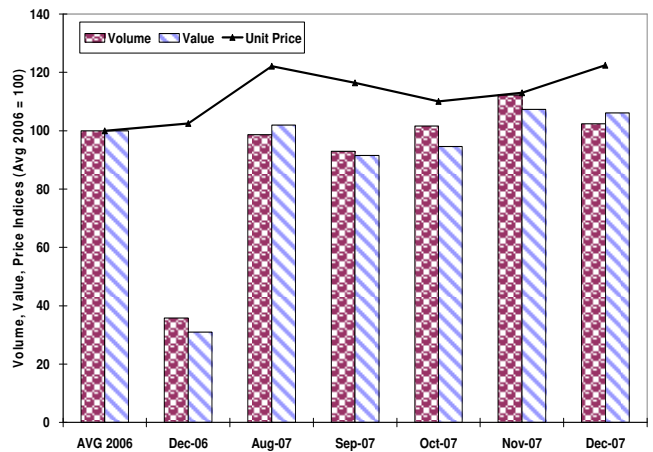
On the downside, earnings from beer fell 12 percent (\$33 thousand) to \$237 thousand reflecting an 18 percent decline in its export volume despite a 7 percent increase in its price. Nevertheless, compared to the same month of 2006, the value and volume of beer exports in December 2007 were significantly higher. (See Graph 5 and Table 2-A.)

Graph 4.  
BEER EXPORTS



Export proceeds from nonu juice slipped 1 percent (\$5 thousand) to \$349 thousand, as its volume fell 9 percent despite an 8 percent increase in its international price. (See Graph 5a and Table 2-A). While revenues from cigarettes, Samoan cocoa and vegetables likewise shrank 45 percent and 33 percent each respectively, there were no exports of nonu fruit, coconuts, handicrafts and coconut oil in the month under review.

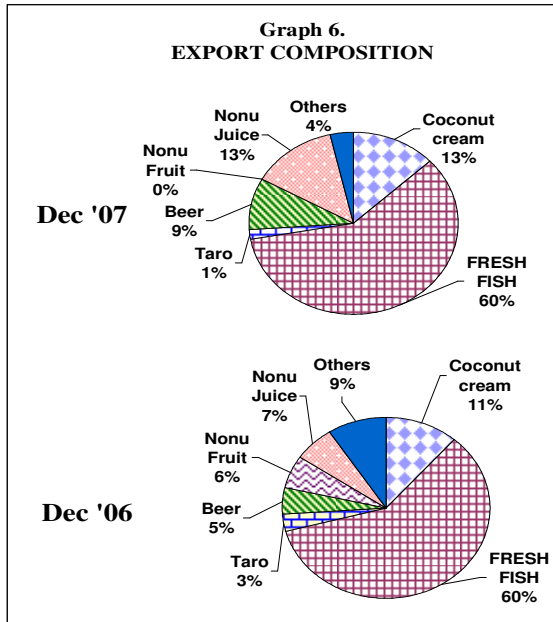
Graph 5.  
NONU JUICE EXPORTS



**2.1 COMPOSITION OF EXPORTS**

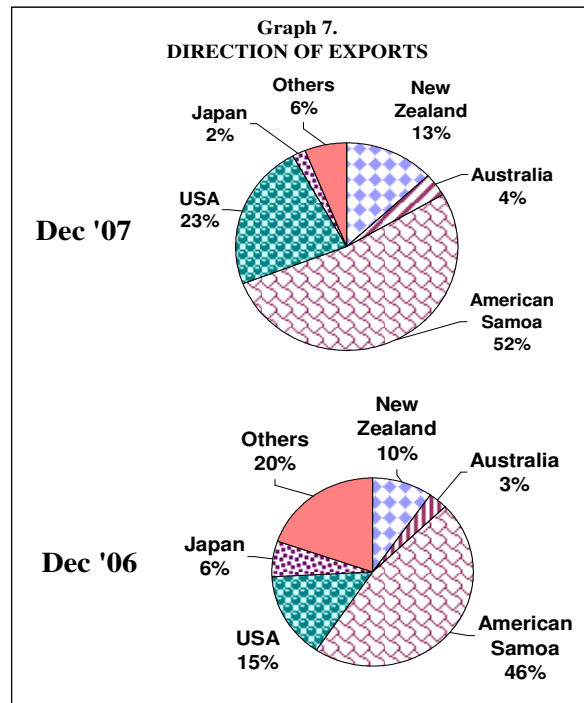
Fresh fish remained the dominant export commodity for Samoa, with its share rising to 59 percent in December 2007 from 56 percent in the preceding month. Coconut cream and nonu juice recorded shares of 13 percent each, with nonu juice declining from 14 percent in the

previous month while coconut cream rose from 8 percent in November 2007. The share of beer fell to 9 percent from 11 percent, ahead of 'Other' exports, which dropped to 4 percent from 5 percent in the previous month. (See Graph 6 and Table 2A & B.)



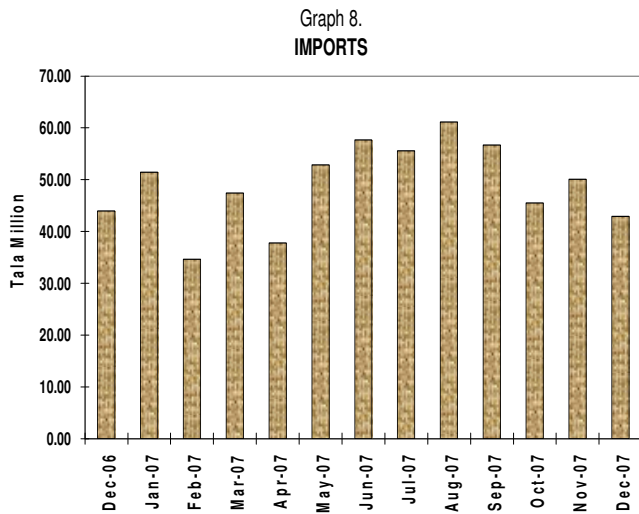
**2.2 DIRECTION OF EXPORTS**

The Pacific region remained the largest export destination, despite its share slipping to 74 percent in December 2007, from 75 percent in the previous month. The share of American Samoa remained unchanged at 51 percent followed by the USA, up to 22 percent from 21 percent in the preceding month. 'Other Pacific Islands' which is dominated by Tokelau, registered a share of 6 percent, down from 12 percent in the previous month. The share of New Zealand jumped to 13 percent from 7 percent (reflecting the higher coconut cream exports to that country) while that of Australia remained at 4 percent in December 2007. The share of Japan went down to 2 percent from 3 percent in November 2007. (See Graph 7 and Table 3.)



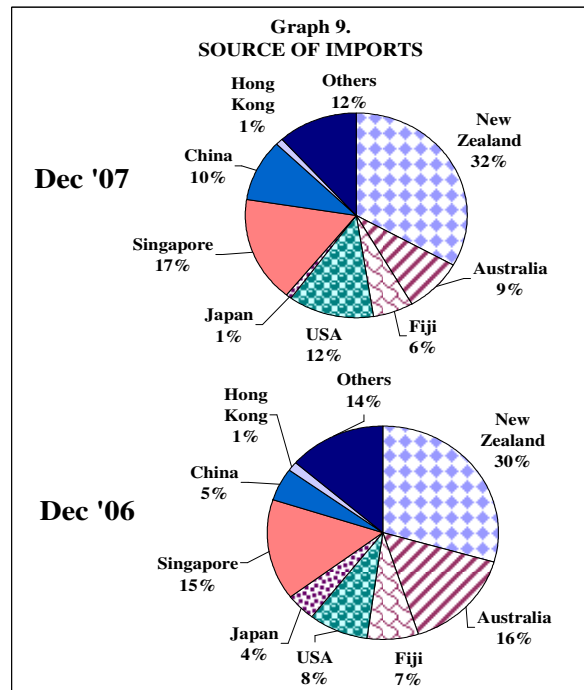
**3. IMPORTS**

The total value of imports dropped 14 percent (\$7.2 million) to \$42.9 million in December 2007. The contraction in imports was due to a substantial decrease in petroleum imports, which tumbled 48 percent (\$5.7 million) to \$6.3 million and a 6 percent (\$2.2 million) decline in non petroleum private sector imports to \$35.7 million. These reductions more than outweighed a \$739 thousand increase in Government imports to \$870 thousand in the month under review. When compared with December last year, total import payments were likewise 2 percent (\$1.1 million) lower. And, in the first six months of 2007/08, total imports were 7 percent (\$23 million) lower than to the first six months of 2006/07, reflecting largely the slowdown in imports of construction materials and motor vehicles in the period under review. (See Graph 8 and Table 4.)



**3. 1 SOURCE OF IMPORTS**

With the drop in petroleum imports from Australia, the share of that country in total imports tumbled to 9 percent from 31 percent, positioning New Zealand as the main source of imports for Samoa, with a total share of 33 percent, up from 26 percent in the previous month. Singapore was the main supplier of petroleum in December 2007, and as a result its share jumped to 20 percent from 13 percent in the previous month. The ratio of imports from the US remained at 13 percent, ahead of China, which rose to 10 percent from 7 percent in November 2007. The share of ‘Other Asian countries’ remained unchanged at 8 percent while Fiji’s share fell to 6 percent from 8 percent in November 2007. Japan, Hong Kong and Taiwan recorded shares of 1 percent each while shares for Germany, UK, American Samoa and ‘Other’ Pacific Island countries remained negligible in the month under review. (See Table 5 and Graph 9.)



**4. SELECTED INTERNATIONAL COMMODITY PRICES.**

**4.1 FOOD ITEMS**

In line with inflationary pressures due to rising world oil prices, the prices for most of Samoa’s internationally traded commodities increased in December 2007. On the export side, the price of cocoa increased by 8 percent to US\$211.8 cents per kilogram while those of coconut oil and banana rose marginally to US\$1,148.0 per metric ton and US\$1,054 per metric ton in that order. The price of copra however slipped to US\$757.0 per metric ton in December 2007. Compared to December 2006, the price of copra and coconut oil were respectively 59 percent and 57 percent higher reflecting the intense demand for bio-fuel to alleviate the high cost of rising petroleum prices. This is welcomed news to our local exporters of coconut oil who can profit from this lucrative market of bio-fuel.

On the import side, the price of wheat (at US\$368.8 cents per kilogram) surged 15 percent to a level 80 percent higher than December last year (another potential source of bio-fuel). The price of rice and beef also increased by 5

percent and 12 percent respectively to US\$359.0 per metric ton and US263.5 cents per kilogram. On the downside, the price of lamb and sugar decreased by 3 percent and 1 percent respectively to US431.3 cents per kilogram and US72.39 cents per kilogram.

**4.2 FUEL : PETROLEUM**

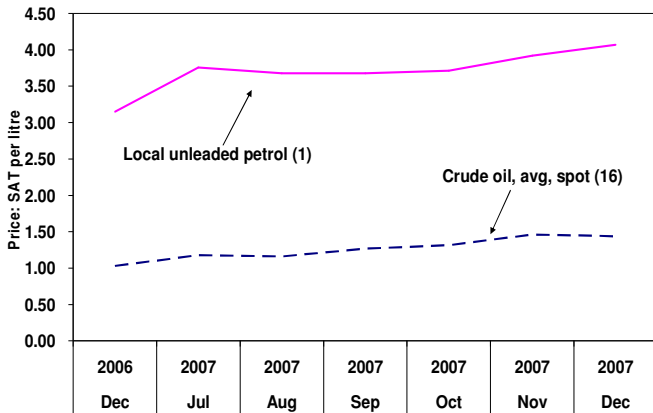
The average spot price of crude oil recorded a brief respite, down by 2 percent to US\$89.52 per barrel in December 2007, after posting its highest price since mid 1970's of \$91.34 per barrel in November 2007. And, when converted into Samoan tala, the rise in the average spot price of crude oil fell by only 1.2 percent (to \$1.44 per litre). However, local consumers can still expect to see an upward trend in the local price of petroleum in future months. (See Graph 10.)

wire rod and steel coil sheet remained unchanged at US\$555.0 per metric ton and \$550.0 per metric ton in that order. (See Table 6.)

**5. TOURIST ARRIVALS AND EARNINGS**

Estimated tourist arrivals more than doubled to 20,935 in December 2007, a level 7 percent higher than in the same month of 2006. The seasonal, increased level of arrivals in the month under review reflected the hikes in the 'Visiting friends and relatives' category (up by 6,876), 'Holiday' (by 5,220), and 'Other purposes' (by 1,321). On the other hand, 'Business' visitors and the 'Sports' category dropped by 12 percent (1,050) and 15 percent (84) respectively. (See Table 7 and Graph 11.)

Graph 10:  
**Fuel Prices**

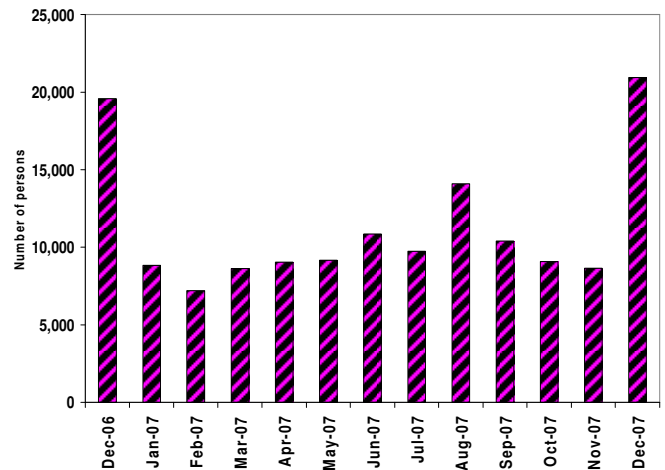


**4.3 OTHER NON-FOOD ITEMS**

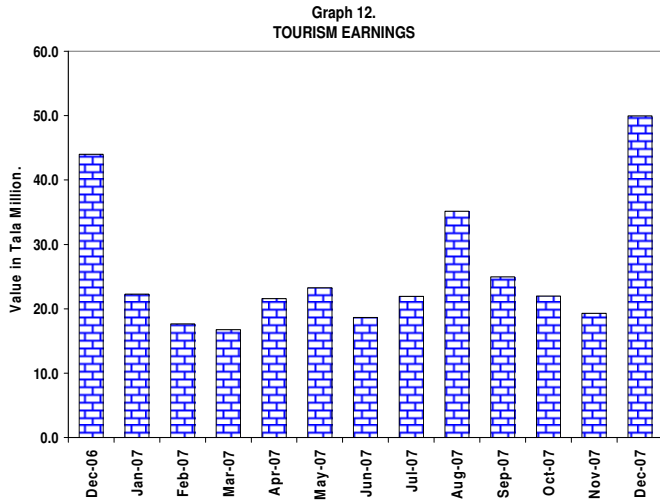
On other non-food items, the price of potassium chloride rose 4 percent to US\$240.0 per metric ton and that of DAP fertilizers increased 14 percent to US\$594.0 per metric ton in December 2007. The price of plywood went down 1 percent to US668.2 cents per sheet while the price of sawn wood timber fell by 2 percent to US788.3 cents per cubic metre in the month under review.

The prices of steel rebar decreased 2 percent to US\$556.5 per metric ton while those of steel

Graph 11:  
**TOTAL ARRIVALS**

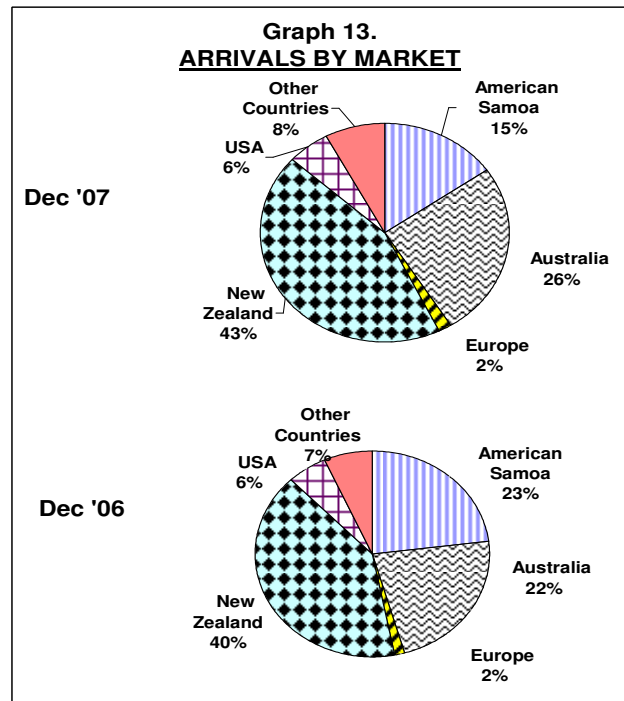


In addition to the rise in tourist arrivals, the seasonal increase in average tourist expenditure (by 7 percent) in December 2007 saw tourism revenues jump by \$31 million to \$50.0 million. At this level, it was also 14 percent (\$6.0 million) higher than total earnings in December 2006. (See Graph 12.)

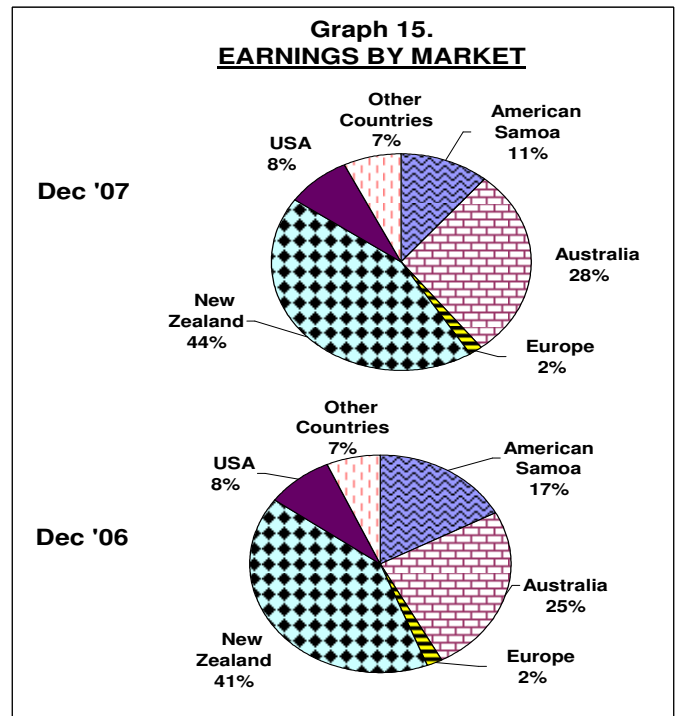
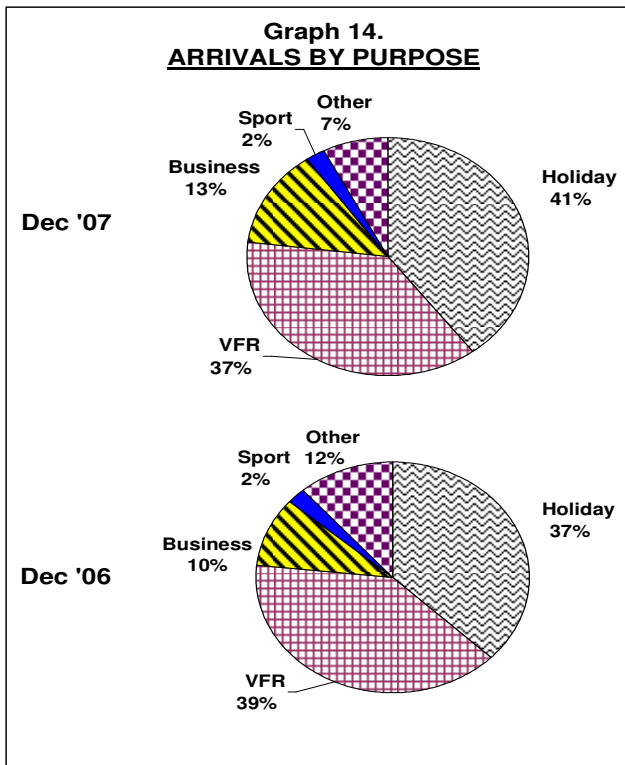


**5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE**

Tourist arrivals from most of the major source countries increased in December 2007. New Zealand recorded the largest gain of 5,642 to 9,240, followed by Australia which jumped by 3,764 to 5,398. American Samoa also registered a hike of 1,693 to 3,205 in December 2007. Visitors from the USA more than doubled (or 633) to 1,163 while those from 'Other' countries surged 73 percent (677) to 1,603. On the other hand, arrivals from 'Europe' decreased by 28 percent (125) to 326 in December 2007. (See Graph 13.)



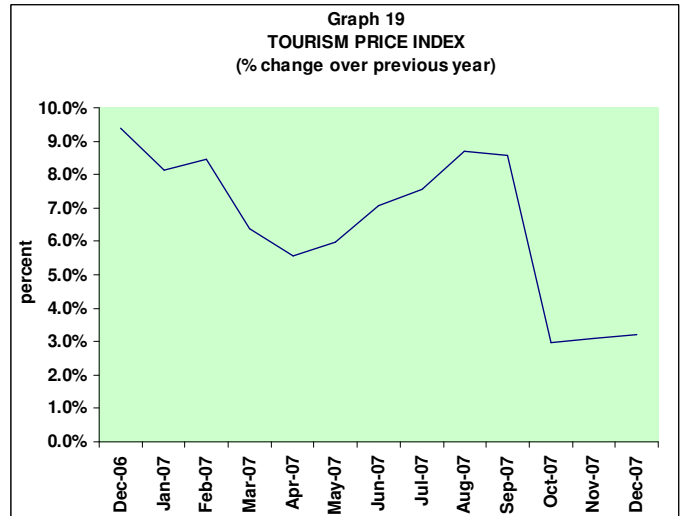
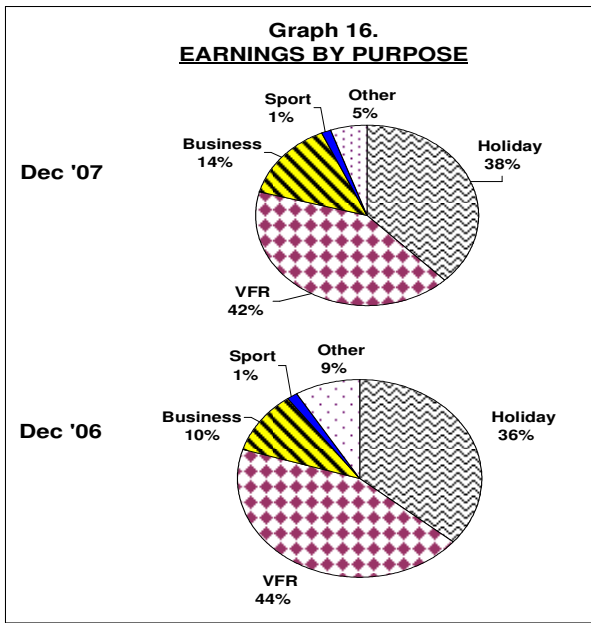
The majority of tourists during the month under review were 'holiday makers' and 'visiting friends and relatives', accounting for 41 percent and 37 percent respectively of total arrivals. The 'business' visitors, 'sports' and 'other purposes' categories accounted for 13 percent, 2 percent and 7 percent in that order. (See Graph 14.)



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

The higher level of arrivals during the month under review and a seasonal upswing in average tourist spending led to improvements in tourism earnings from most of the source countries. Proceeds from the New Zealand market more than tripled (\$14.6 million) to \$21.8 million due to a more than twofold increase in its arrivals plus an 18 percent rise in its average tourism expenditure. Revenue from Australia more than doubled (or \$9.2 million) to \$14.1 million reflecting a significant jump in its arrivals which outweighed a 12 percent drop in its average tourist spending in December 2007. Earnings from American Samoa and the US rose by \$3.0 million each to \$5.6 million and \$4.1 million respectively, due to substantial increases in their arrivals plus gains of 3 percent and 22 percent respectively in their average tourist expenditure. Likewise, revenues from 'Other' countries rose by \$1.8 million in light of strong growth in arrivals despite a 29 percent drop in average expenditure. Lower earnings were recorded for visitors from Europe reflecting a 28 percent decline in its arrivals and a 21 percent fall in its average expenditure. (See Graph 15.)

Earnings from 'visiting friends and relatives' and 'holiday' categories recorded the biggest gains of \$18.8 million and \$12.4 million respectively to \$20.7 million and \$18.8 million in that order in December 2007. Revenues from 'others' categories also increased to \$2.7 million in the month under review while 'Sports' was virtually unchanged at \$0.7 million. On the other hand, proceeds from those who were here on 'business' fell by \$2.9 million to \$7.0 million. (See Graph 16.)



**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 December 2007, the overall TPI edged up 1 percent, as 'Meals and drinks' 'Family obligations', 'Miscellaneous' and 'Other transportation' categories increased by 1 percent and 2 percent each respectively. And, when compared to the same month last year, the TPI in December 2007 was 3 percent higher, reflecting a 1 percent hike in the 'Accommodation' sub-index. Similarly, all other categories recorded gains except "car rentals" due to factors such as the increase in the VAGST, higher transportation fares, rising oil prices and the general increase demand. (See Graph 17 and Table 7.)

(\*) 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  
5 February 2008**