

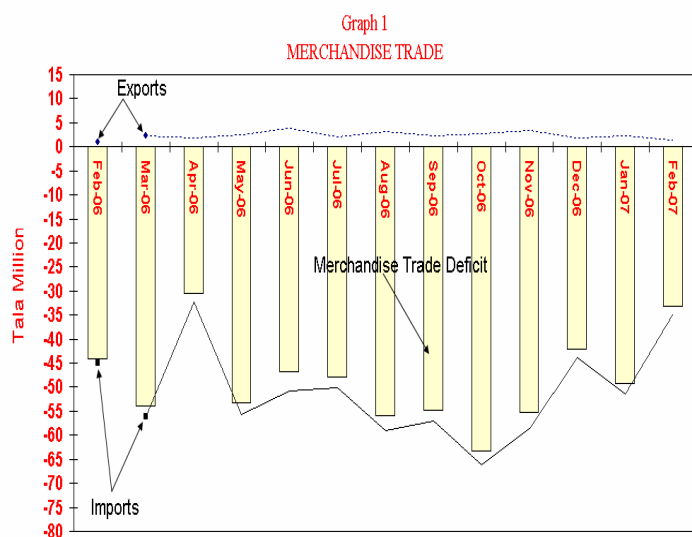
FOREIGN TRADE & TOURISM EARNINGS
REPORT

FEBRUARY 2007

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1. MERCHANDISE TRADE DEFICIT

The merchandise trade deficit narrowed considerably in February 2007 to its lowest level since April 2006, going down 32 percent (\$15.9 million) to \$33.2 million. The decline was the result of a substantial decline in imports which far outweighed a fall in exports earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in February 2007 was 25 percent (\$10.9 million) lower.



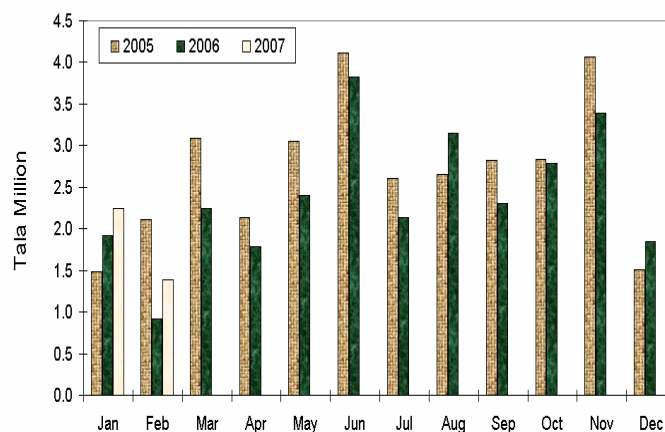
2. EXPORTS

The total value of exports (including re-exports) dropped 38 percent (down \$0.9 million) to \$1.4 million in February 2007. However, at this level, it was 51 percent higher than the level in February 2006 (at \$0.9 million). (See Graph 2 and Table 2-A.) The contraction in total export earnings was mainly due to substantial declines in revenues from fresh fish, nonu juice and nonu fruit.

Revenues from fresh fish plummeted 61 percent (down \$540 thousand) to \$345 thousand due to a 58 percent plunge in its volume and a 6 percent decline in its international price. Revenues from nonu juice also tumbled 87 percent (or \$468 thousand) to \$67 thousand due to a 93 percent fall in its volume which outweighed a 73 percent rise in its export price.

Likewise, proceeds from nonu fruit shrank 72 percent (or \$98 thousand) to \$38 thousand in February 2007 reflecting a 54 percent and 39 percent declines in both its volume and export price in that order. The sharp reduction in price reflected the export of nonu fruit to the largest and lucrative Japanese market rather than to the lowly priced US market. Export proceeds from soft drinks fell to \$16 thousand from \$30 thousand while there was no handicraft export during the month under review in contrast to shipments valued at \$2 thousand in the proceeding month. On the upside, coconut cream export revenues jumped more than twofold (or \$116 thousand) to \$189 thousand reflecting a more than twofold surge in its volume plus a 14 percent increase in its export price. Earnings from beer also increased 14 percent (\$38 thousand) to \$308 thousand, reflecting a 28 percent expansion in its volume which outweighed an 11 percent decline in its international price. Taro exports proceeds also rebounded 88 percent (\$35 thousand) to \$75 thousand with its volume almost doubling outweighing a 3 percent decrease in its export price. Revenues from coconuts more than doubled (up \$28 thousand) to \$48 thousand and banana recorded earnings of \$1 thousand following its absence in the previous two months. Revenues from re-exports also rose 30 percent to \$251 thousand in February 2007.

Graph 2
EXPORTS

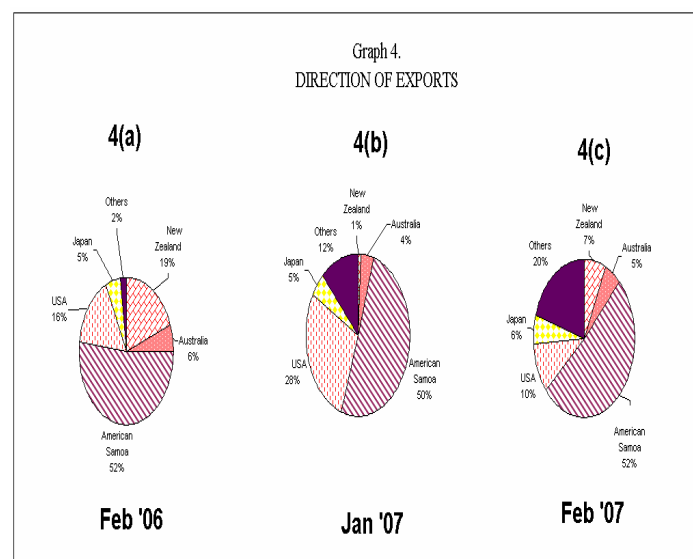
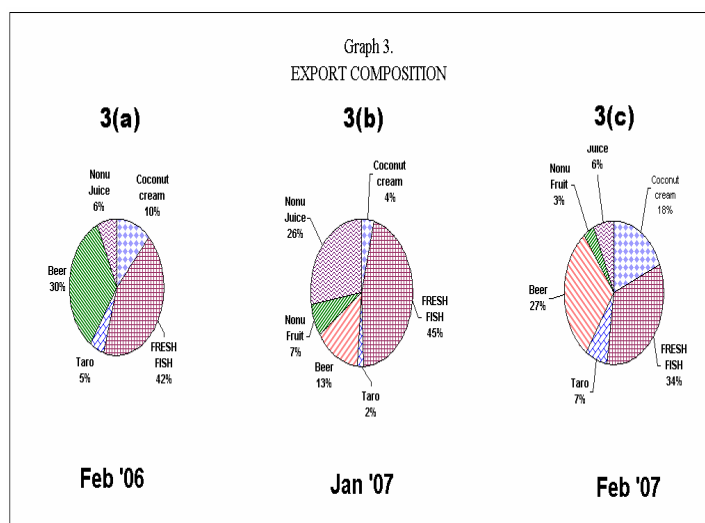


2.1 COMPOSITION OF EXPORTS

Fresh fish remained the dominant export commodity in February 2007 although its share dropped to 31 percent from 43 percent last month. This substantial decline in the share of fish was due to the strong surge in the shares of coconut cream and beer to 17 percent and 27 percent respectively from 4 percent and 13 percent in that order last month. The shares of taro and 'other exports' also increased to 7 percent and 9 percent respectively from 2 percent and 5 percent in that order in January 2007. On the downside, the shares of nonu juice and nonu fruit tumbled to 6 percent and 3 percent respectively from 26 percent and 7 percent in that order. (See Graph 3 and Table 2A & B.)

a higher level of exports to Tokelau, Cook Islands and Tonga.

The shares for Japan and Australia improved to 6 percent and 5 percent respectively from 5 percent and 4 percent in that order in the previous month. There was no export to 'other Asian countries' in contrast to a 4 percent share in the previous month (mainly shark fin exports to Hong Kong). (See Graph 4 and Table 3.)



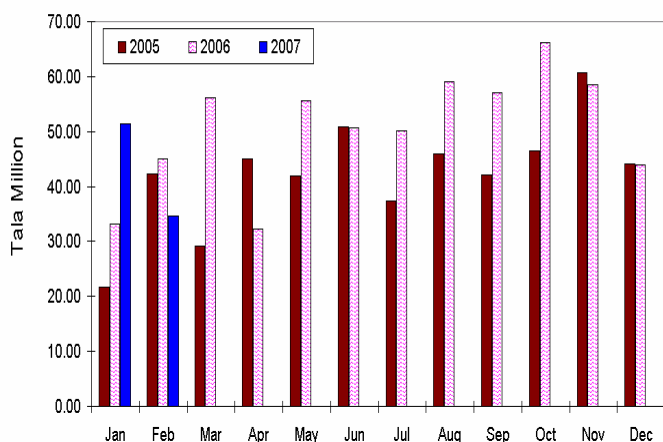
2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination as its share rebounded to 84 percent in February 2007 from 63 percent in the previous month. American Samoa's share increased to 52 percent from 50 percent in January 2007 as the bulk of fish exports were directed to that country. The ratio of exports to the USA, on the other hand, tumbled to 10 percent from 28 percent (consequent to lower exports of nonu products) while that of New Zealand jumped to 7 percent from 1 percent (consequent to higher coconut cream exports). The share of "other Pacific Islands" surged to 20 percent from 8 percent in January 2007 due to

3. IMPORTS

The total value of imports tumbled 33 percent (\$16.8 million) to \$34.6 million in February 2007, in contrast to a 17 percent (\$7.4 million) expansion in the previous month. (See Graph 5 and Table 5.) The fall in imports was due mainly to substantial declines in petroleum and non-petroleum imports by 70 percent (\$8.2 million) and 21 percent (or \$5.9 million) respectively to \$3.5 million and \$28.0 million in that order in February 2007. Government imports also fell 25 percent (\$1.0 million) to \$3.1 million in February 2007.

Graph 5
IMPORTS



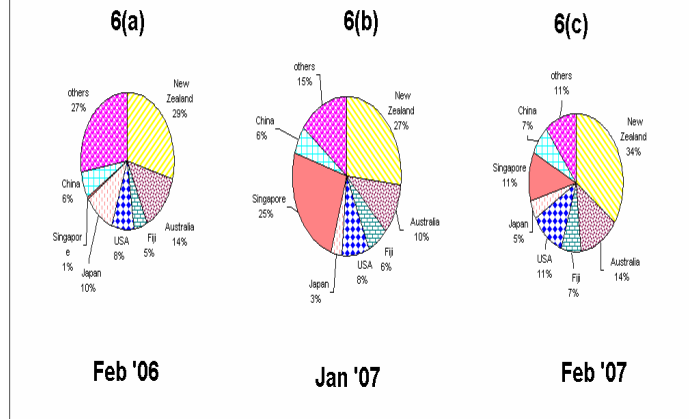
Despite the drop in the month under review, the total value of imports in the eight months to February 2007 (at \$421.0 million) was 19 percent (\$66.0 million) higher than the level in the same period in the previous fiscal year. This reflected the stronger domestic demand associated with the growing economy, driven particularly by buoyant activities in the telecommunication, construction, commerce and transport sectors.

3.1 SOURCE OF IMPORTS

New Zealand remained the main source of imports with its share rising to 35 percent from 27 percent in January 2007. Australia followed with a 14 percent share, up from 11 percent in January 2007. Singapore and the USA contributed 11 percent each, with Singapore's share falling from 25 percent in January 2007 (due to the absence of petroleum imports) while that of the USA rose from 8 percent. The shares of Fiji and China increased to 7 percent each from 6 percent with that of Japan increasing to 5 percent from 3 percent in January 2007.

The share of Europe remained steady at 1 percent while that of 'other Asian countries' declined to 7 percent from 10 percent. (See Table 5 and Graph 6.)

Graph 6.
SOURCE OF IMPORTS

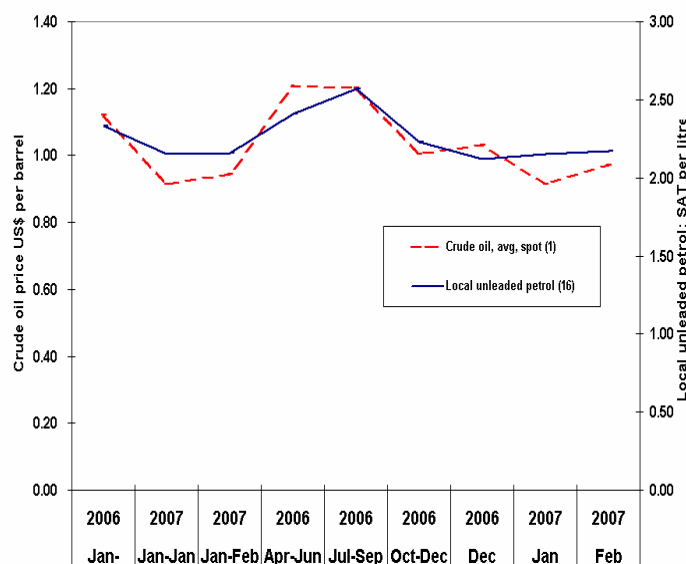


4. SELECTED INTERNATIONAL COMMODITY PRICES.

4.1 Fuel Prices

The average spot price of crude oil rose by 8 percent to US\$57.56 per barrel in February 2007, following a 12 percent drop in January 2007. Likewise, the price of unleaded petrol sold locally edged up 1 percent to SAT\$2.17 per litre for the second consecutive month. (See Graph 7.)

Graph 7: Fuel Prices



The prices for most of the internationally traded commodities rose in February 2007. On the export side, the prices of banana and cocoa

increased by 9 percent and 7 percent to US\$1,069.0 per metric tonne and US\$503.0 per metric tonne respectively and those of coconut oil and copra each went up by 4 percent to US\$763.0 per metric ton and US\$503.0 per metric ton in that order.

The price of sugar from ACP countries increased by 1 percent to US\$64.95 cents per kilogram while that of New Zealand lamb declined 1 percent to US\$400.7 cents per kilogram. The prices of US beef and Thailand rice, on the other hand, remained unchanged at US\$261.8 cents per kilogram and US\$314.3 per metric ton in that order in February 2007.

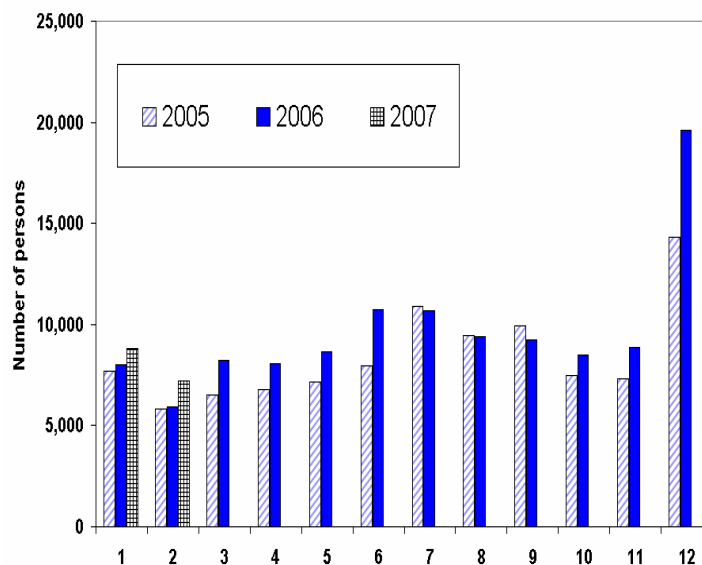
The prices of sawnwood and plywood timber also remained steady at US\$795.4 cents per cubic metre and US\$622.7 cents per sheet respectively in February 2007. Similarly, the prices of steel coil sheet and steel wire remained unchanged at US\$550.0 per metric tonne and US\$500.00 per metric tonne in that order while that of steel rebar increased 8 percent to US\$487.5 per metric ton. For fertilizer, the price of potassium chloride also remained unchanged at US\$175.0 per metric ton while that of DAP fertilizer jumped 29 percent to US\$345.4 per metric ton in February 2007. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

In line with seasonal trends, tourist arrivals in February 2007 dropped 18 percent to 7,202, a level that was nevertheless 22 percent higher than in the same month in 2006. The lower level of arrivals in the month under review reflected falls in the two most popular categories of visitors. They were holiday makers and those visiting friends and relatives which fell by 24 percent each to 2,376 and 3,104 in that order. On the upside, those on business, sports and 'other purposes' increased by 3 percent, 1 percent and 12 percent respectively to 717, 205 and 799 in that order in February 2007. The higher overall level of arrivals in February this year compared to February 2006 reflected the expansion of the tourism sector due to

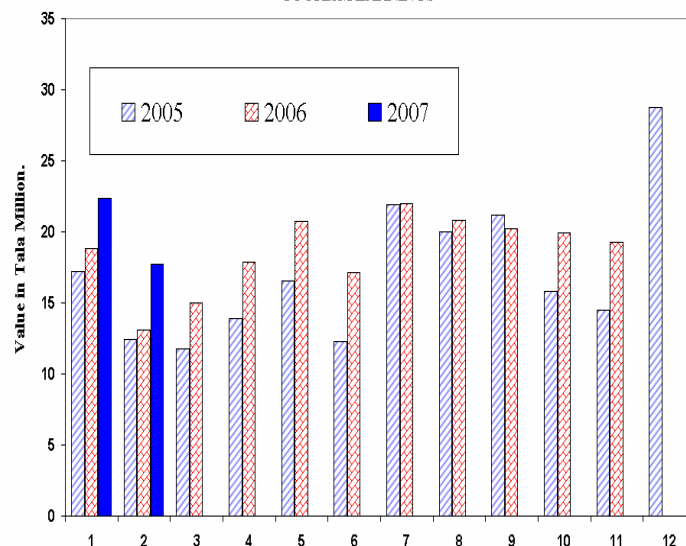
increased domestic investment in the sector, cheaper airfares and greater overseas tourism promotions. (See Table 7 and Graph 8.)

Graph 8.
TOURIST ARRIVALS



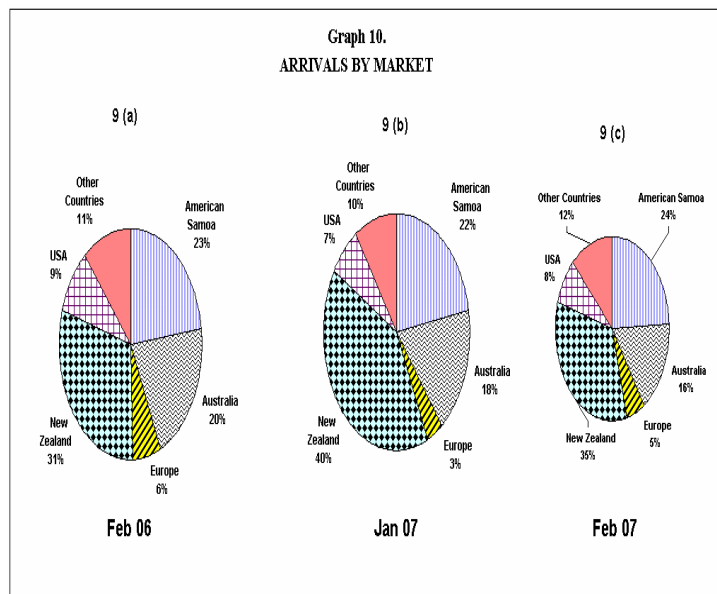
Consequent to the decline in tourist arrivals in February 2007, tourism revenues likewise dropped 21 percent (\$4.7 million) to \$17.7 million, a level that was nevertheless 35 percent (\$4.6 million) higher than the level in February 2006. (See Graph 9.)

Graph 9.
TOURISM EARNINGS

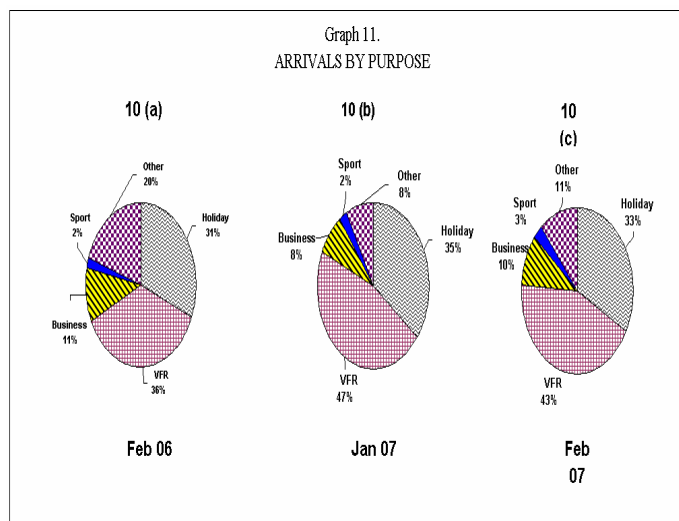


5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

In keeping with seasonal trends, tourist arrivals from most destinations fell in February 2007. Arrivals from Australia (1,179), American Samoa (1,737), New Zealand (2,448) and the USA (579) dropped 24 percent, 10 percent, 32 percent and 4 percent respectively in February 2007. (See Graph 10.)

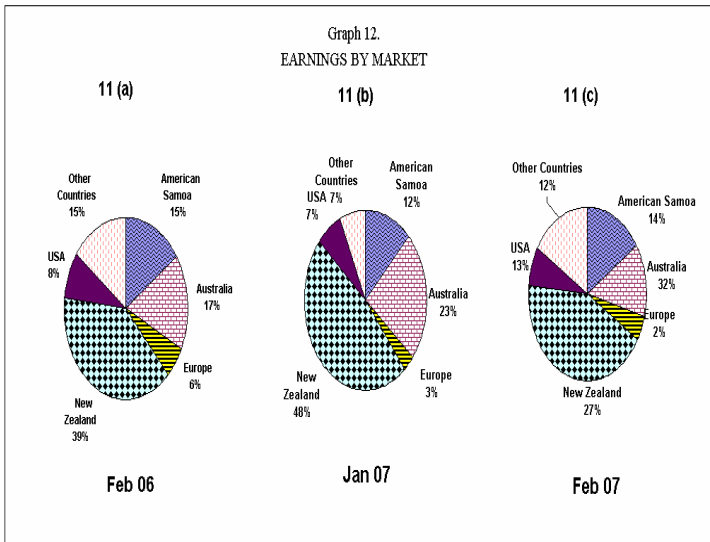


The majority of visitors during the month under review were those visiting friends and relatives (at 43 percent), followed by those on holidays (at 33 percent). These were followed by those who came for 'other purposes' (11 percent), business (10 percent) and 'sports' activities (2 percent). (See Graph 11.)



5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

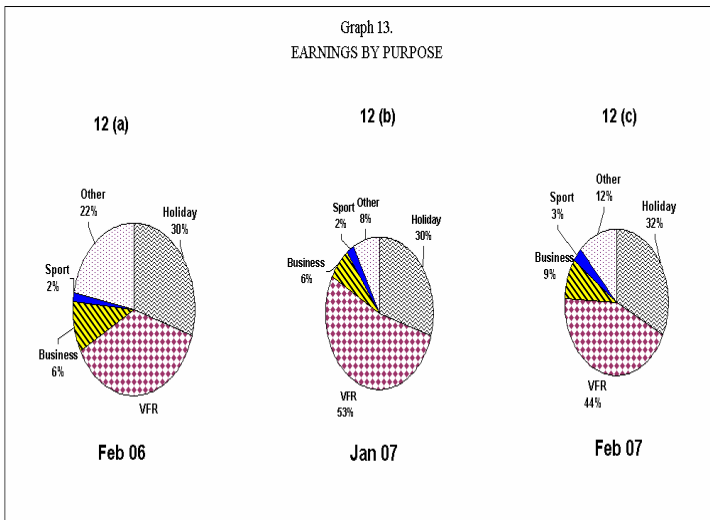
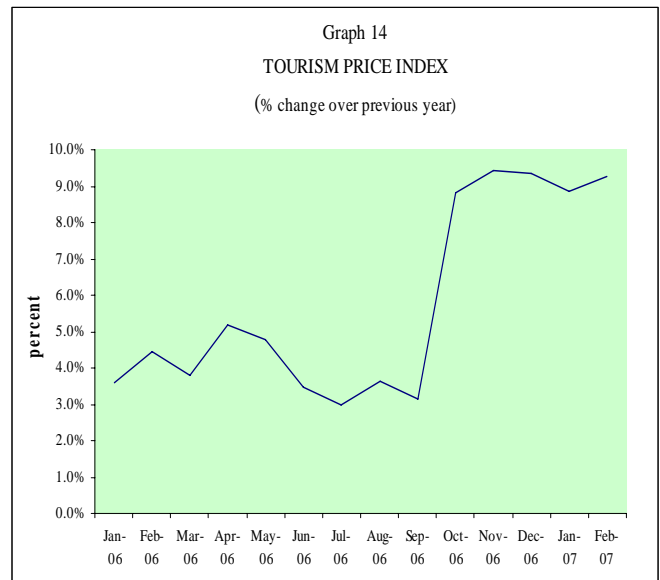
Earnings from the New Zealand market tumbled 29 percent (or \$3.1 million) to \$7.5 million, consequent to a 32 percent drop in its arrivals which outweighed a 4 percent improvement in its average monthly expenditure. The second largest market was that of Australia whose revenues shrank 54 percent (\$2.8 million) to \$2.4 million due to a 24 percent drop in arrivals and a 39 percent decline in average expenditure. Revenues from the USA also fell 15 percent (\$0.2 million) to \$1.3 million due to decreases of 32 percent and 11 percent in arrivals and average expenditure in that order. The American Samoan market recorded the least contraction in earnings of only 1 percent (\$2 thousand) to \$2.8 million consequent to a 10 percent decline in arrivals which slightly outweighed a 10 percent rise in its average spending. On the upside, revenues from 'other countries' jumped 88 percent (\$1.3 million) to \$2.9 million, consequent to an 80 percent jump in seasonal average expenditure and a 5 percent increase in arrivals. Earnings from the European market also rose 21 percent (\$14 thousand) to \$0.9 million due to a 23 percent rise in arrivals which outweighed a 1 percent decrease in average expenditure. (See Graph 12.)



steady level of the TPI contributes positively to attracting tourists to Samoa.

In February 2007, the overall TPI increased by 1.0 percent as most sub-indices recorded slight increases with the exception of the 'Accommodation', 'Meals and drinks' and 'Other transportation' sub-indices which remained unchanged. However, when compared to the same month last year, the TPI in February 2007 was 9 percent higher. This sharp increase reflected increases in most categories of expenditures, particularly steep rises in accommodation (up 16 percent) and car rentals (up 17 percent). (See Graph 14 and Table 7.)

Earnings from those visiting friends and relatives dropped 35 percent (\$4.2 million) to \$7.7 million, that from "holiday" makers declined 15 percent (\$1.0 million) to \$5.7 million and revenue from 'sports' visitors decreased slightly by 3 percent (\$2 thousand) to \$0.5 million. On the upside, revenues from those on business purposes increased 5 percent (\$7 thousand) to \$1.6 million and earning from those on 'other purposes' rose 22 percent (\$0.4 million) to \$2.2 million. (See Graph 13.)



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, 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.

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

(*) 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 April 2007