FOREIGN TRADE & TOURISM EARNINGS REPORT

January 2007

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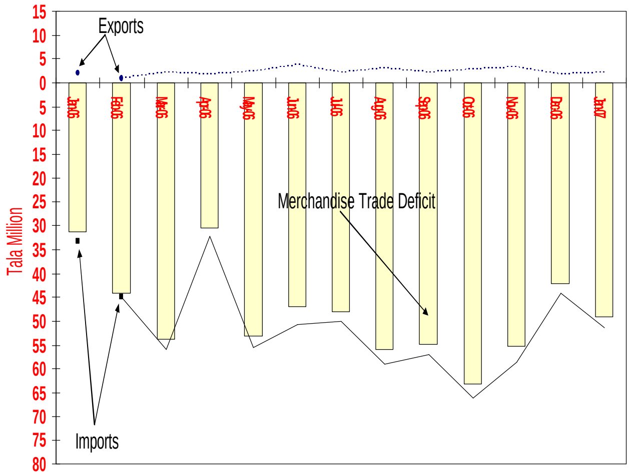
1. MERCHANDISE TRADE DEFICIT

The merchandise trade deficit worsened in January 2007, up 17 percent ($7.0 million) to $49.2 million as a result of a substantial growth in imports which far outweighed an improvement in exports earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in January 2007 was 57 percent ($17.8 million) higher.

Graph 1
MERCHANDISE TRADE

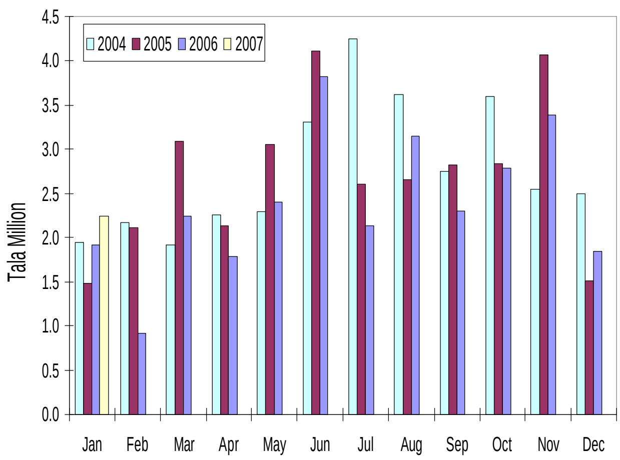


2. EXPORTS

The total value of exports (including re-exports) rebounded 21 percent (up $0.4 million) to $2.2 million in January 2007, a level that was 17 percent higher than that in February 2006. (See Graph 2 and Table 2-A.) The expansion in total export earnings was mainly due to substantial improvements in revenues from nonu juice, beer and nonu fruit.

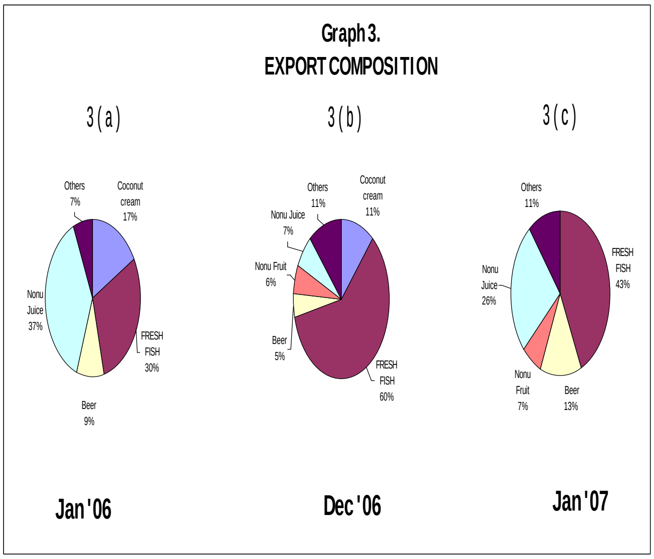
Earnings from nonu juice jumped more than fivefold (up $433 thousand) to $535 thousand due to a six fold surge in its volume which outweighed a 12 percent decline in its international price. Revenues from beer also spiked up more than threefold (or $197 thousand) to $270 thousand due to a four fold rise in its volume which outweighed a 12 percent contraction in its export price. Likewise, proceeds from nonu fruit went up 49 percent (or $45 thousand) to $136 thousand in January 2007 reflecting a 57 percent expansion in its volume which outweighed a 5 percent decline in its international price. On the downside, proceeds from fish declined 5 percent ($48 thousand) to $885 thousand due to a 9 percent drop in its export price which outweighed a 4 percent increase in its volume. The drop in the export price of fish reflected the bulk of shipments going to the lower priced fish canning market of American Samoa. Coconut cream export revenues tumbled 59 percent (or $104 thousand) to $73 thousand reflecting a 55 percent drop in its volume plus an 8 percent decrease in its export price. Coconuts and taro export proceeds also declined to $20 thousand and $40 thousand respectively, mirroring the lower supplies of taro to the Fugalei market. Revenues from re-exports dropped 35 percent to $193 thousand in January 2007.

Graph 2
EXPORTS



2.1 COMPOSITION OF EXPORTS

Fresh fish remained the dominant export commodity in January 2007 although its share dropped to 43 percent from 60 percent last month due mainly to the improvement in nonu products and beer. Nonu juice was the second largest export item with its share expanding to 26 percent from 7 percent in December 2006. Beer was the third largest commodity at 13 percent, up from 5 percent in December 2006. The share of nonu fruit edged up to 7 percent from 6 percent while that of coconut cream dropped to 4 percent from 11 percent. The contribution of taro decreased to 2 percent from 3 percent and that of "other exports" fell to 5 percent from 8 percent in the previous month. (See Graph 3 and Table 2A & B.)

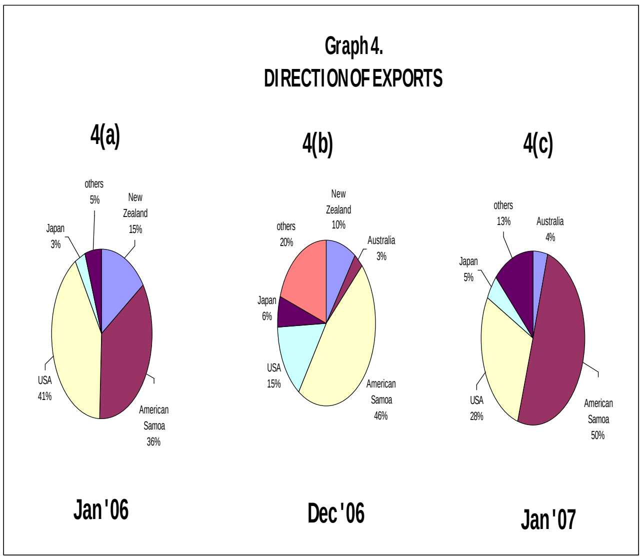


Graph 3.
EXPORT COMPOSITION

2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination although its share dropped to 63 percent in January 2007 from 79 percent in the previous month. American Samoa's share rose to 50 percent from 47 percent in December 2006 as bulk of fish exports were directed to that country. The ratio of exports to the USA also jumped to 28 percent from 15 percent (consequent to higher exports of nonu products) while that of Japan decreased to 5 percent from 6 percent. The share of exports to "other Pacific islands" (including Cook Island and Tonga) also dropped to 8 percent from 20 percent in December 2006.

The drop in coconut cream exports saw the share of New Zealand tumble to 1 percent from 10 percent in the previous month. On the other hand, that of 'other Asian countries' totalled 4 percent in contrast to none in the previous month due to shark fin exports to Hong Kong. (See Graph 4 and Table 3.)

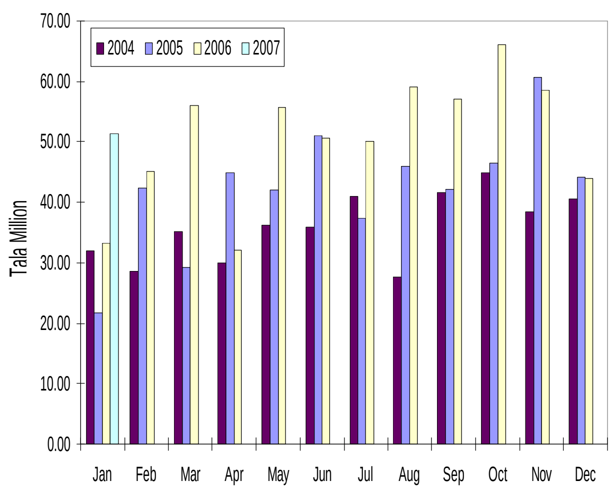


Graph 4.
DIRECTION OF EXPORTS

3. IMPORTS

The total value of imports rebounded 17 percent ($7.4 million) to $51.4 million in January 2007, in contrast to a 25 percent ($14.6 million) contraction in the previous month. (See Graph 5 and Table 5.) The rise in imports was due to substantial increases in Government and petroleum imports by more than five fold ($3.4 million) and twofold ($5.9 million) respectively to $4.2 million and $11.7 million in that order in January 2007.

Graph 5
IMPORTS



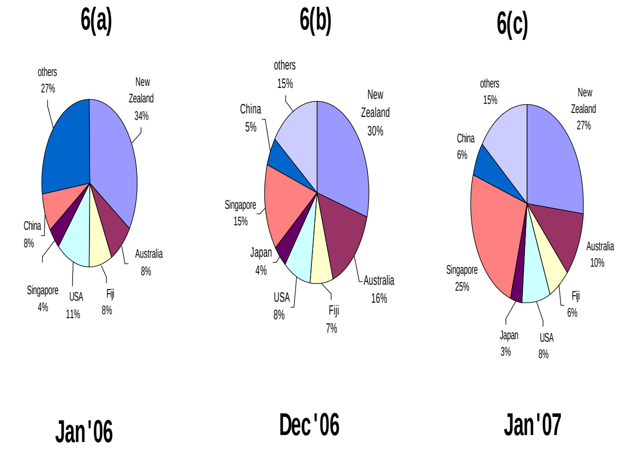
At $386.4 million, the total value of imports in the seven months to January 2007 was 25 percent ($76.5 million) higher than the level in the same period last year reflecting the stronger domestic demand associated with a growing economy, driven particularly by the telecommunication, construction, commerce and transport sectors.

3.1 SOURCE OF IMPORTS

The importation of petroleum from Singapore boosted the share of that country to 25 percent from 15 percent in December 2006. Consequently, the share of Asia jumped to 45 percent from 36 percent in December 2006. New Zealand, however, had the largest share on a country basis with 27 percent, down from 30 percent last month. The share of Australia also fell to 11 percent from 16 percent while that of the USA remained relatively unchanged at around 8 percent.

The share of Fiji and Japan decreased to 6 percent and 3 percent respectively from 7 percent and 4 percent in that order while that of China increased to 6 percent from 5 percent in December 2006. The share of Hong Kong edged down to 0.4 percent from 1 percent, while those of 'other Asian countries' and Europe remained steady at 10 percent and 1 percent respectively. (See Table 5 and Graph 6.)

Graph 6.
SOURCE OF IMPORTS



4. SELECTED INTERNATIONAL COMMODITY PRICES.

The prices for most of the internationally traded commodities recorded mixed results in January 2007. On the export side, the prices of banana and copra increased by 11 percent and 1 percent to US$985.0 per metric tonne and US$483.8 per metric tonne respectively while those of coconut oil and cocoa remained unchanged at US$731.0 per metric ton and US169.9 cents per kilogram in that order.

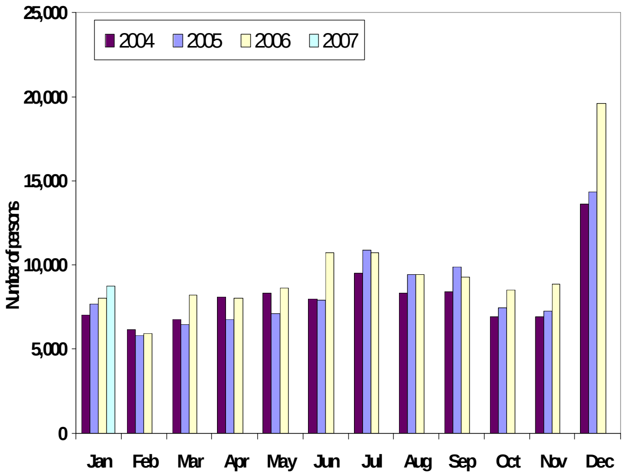
The average spot price of crude oil dropped 12 percent to US$53.52 per barrel in January 2007, following a 5 percent increase in December 2006. The prices of sugar from ACP countries and US beef decreased by 2 percent each to US64.57 cents per kilogram and US261.2 cents per kilogram respectively while that of New Zealand lamb remained unchanged at US404.5 cents per kilogram in January 2007. The price of rice, on the other hand, increased 3 percent to US$303.7 per metric ton whilst that of wheat decreased 4 percent to US$196.1 per metric ton. The price of sawnwood remained unchanged at US$796.4 cents per cubic metre while that of plywood declined 3 percent to US$622.0 cents per sheet. The prices of steel coil sheet and steel rebar remained unchanged at US$550.0

per metric tonne and US$450.00 per metric tonne in that order while that of steel wire rod increased 4 percent to US$500.0 per metric ton. For fertilizer, the price of potassium chloride remained unchanged at US$175.0 per metric ton while that of DAP fertilizer rose 6 percent to US$267.6 per metric ton in January 2007. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

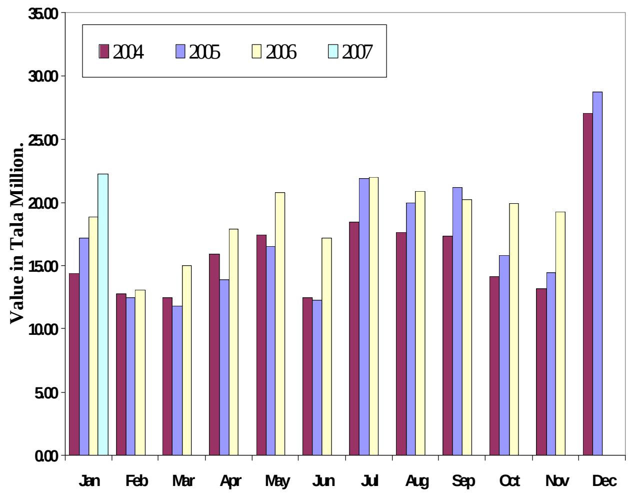
Following the high associated with the end of year festive season in December 2006, tourist arrivals in January 2007 tumbled 55 percent to 8,764, a level that was nevertheless 9 percent higher than the same month in 2006. In line with historical trends, the lower level in the month under review reflects a fall in all categories of visitors. Sports visitors, holiday makers, business visitors, visitors visiting friends and relatives and those on 'other purposes' fell by 51 percent, 58 percent, 64 percent, 47 percent and 69 percent respectively. The higher overall level of arrivals in January this year compared to January 2006 reflects the evident 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 7.)

Graph 7.
TOTAL ARRIVALS



Consequent to the fall in tourist arrivals in January 2007, tourism revenues likewise plunged 50 percent ($21.8 million) to $22.2 million, a level that was nevertheless 18 percent ($3.4 million) higher than the level in January 2006. (See Graph 8.)

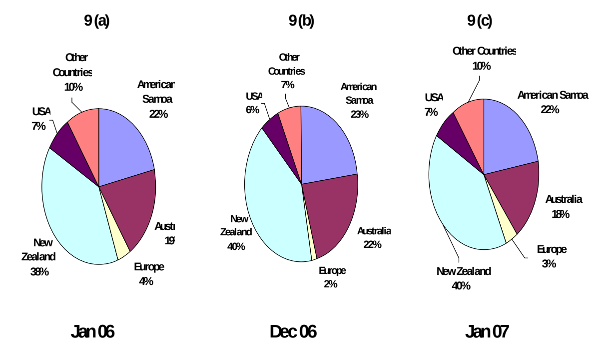
Graph 8.
TOURISM EARNINGS



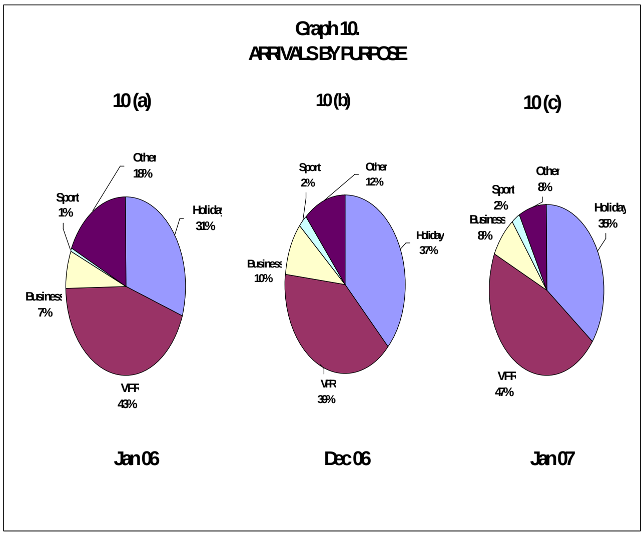
5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

In keeping with seasonal trends, tourist arrivals from all the main destinations fell in January 2007. Arrivals from Australia(1,555), American Samoa(1,937), New Zealand(3,540), USA(604), Europe(295) and 'other countries'(833) dropped 64 percent, 57 percent, 55 percent, 45 percent, 4 percent and 37 percent respectively in January 2007. (See Graph 9.)

Graph 9.
ARRIVALS BY MARKET



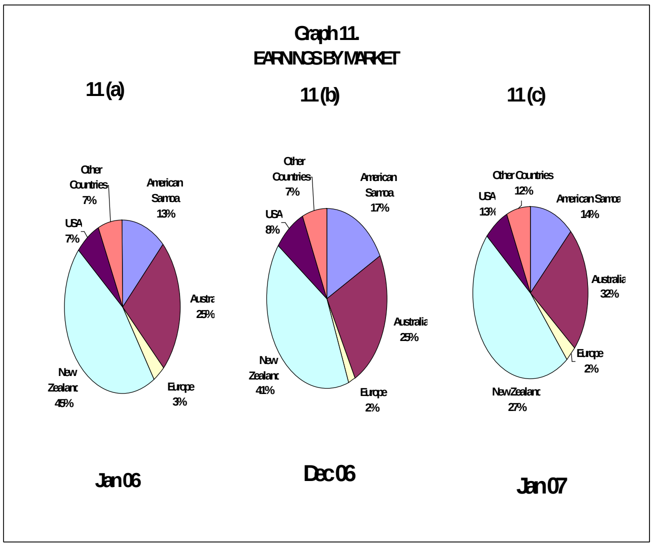
The majority of visitors during the month under review were those visiting friends and relatives (at 47 percent), followed by those on holidays (at 35 percent). These were followed by business visitors and those on 'other purposes' at 8 percent each whilst 'sports' activities accounted for 2 percent. (See Graph 10.)



Graph 10.
ARRIVALS BY PURPOSE

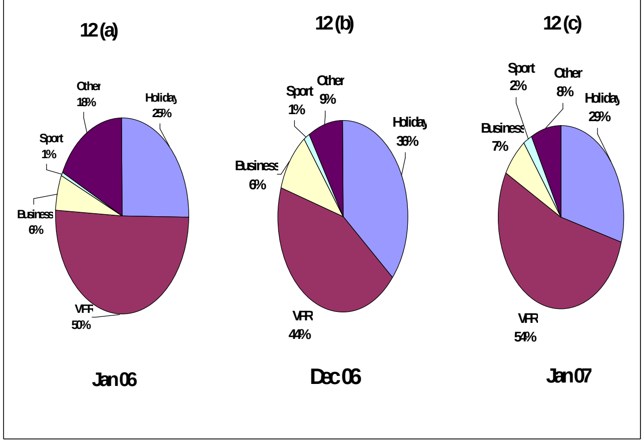
5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

In January 2007, revenues from all source markets fell. Earnings from the New Zealand market tumbled 42 percent (or $7.5 million) to $10.5 million, consequent to a 55 percent drop in its arrivals which outweighed a 31 percent increase in its average monthly expenditure. The second largest market was that of American Samoa whose revenues shrank 63 percent ($4.7 million) to $2.8 million due to a 57 percent drop in arrivals and a 13 percent decline in average expenditure. The Australian market followed with a contraction in earnings of 53 percent ($5.8 million) to $5.2 million consequent to a 64 percent decline in arrivals which outweighed a 33 percent improvement in its average spending. Revenues from the USA also fell 60 percent ($2.2 million) to $1.5 million due to a 45 percent drop in arrivals and a 27 percent contraction in its average expenditure. Earnings from 'other countries' also went down 48 percent ($1.4 million) to $1.5 million, as a consequence of a 37 percent drop in arrivals and a 17 percent fall in its average expenditure. Earnings from the European market decreased 14 percent ($11 thousand) to $0.7 million due to falls of 4 percent and 10 percent in arrivals and average expenditure in that order. (See Graph 11.)



Graph 11.
EARNINGS BY MARKET

Earnings from those on holidays dropped 44 percent ($7.0 million) to $8.8 million followed by those visiting friends and relatives which plunged 34 percent ($6.4 million) to $12.8 million. Revenues from those on business purposes, sporting activities and 'other purposes' also tumbled by $2.2 million, $3 thousand and $0.6 million respectively to $2.3 million, $0.6 million and $3.2 million in that order in January 2007. (See Graph 12.)



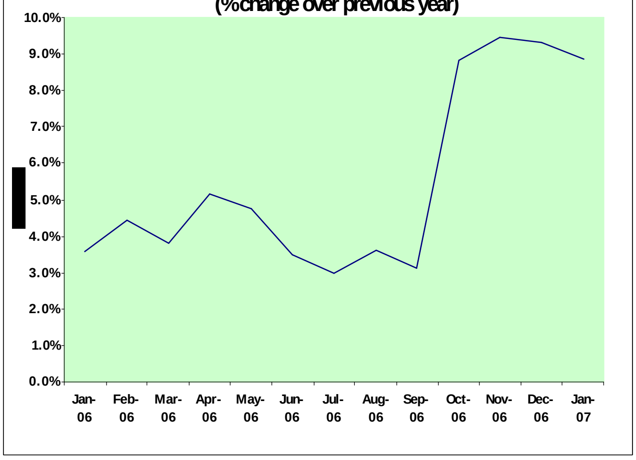
Graph 12.
EARNINGS BY PURPOSE

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 January 2007, the overall TPI increased by 1.0 percent as most sub-indices recorded slight increases with the exception of the 'Accommodation' and 'Car Rentals' sub-indices which remained unchanged. However, when compared to the same month last year, the TPI in January 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 13 and Table 7.)

The latest overall TPI figures (when compared to the same month last year) showed a worrying trend since it will impact 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.



Graph 13
TOURISM PRICE INDEX
(% change over previous year)

(*) 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
23 March 2007