

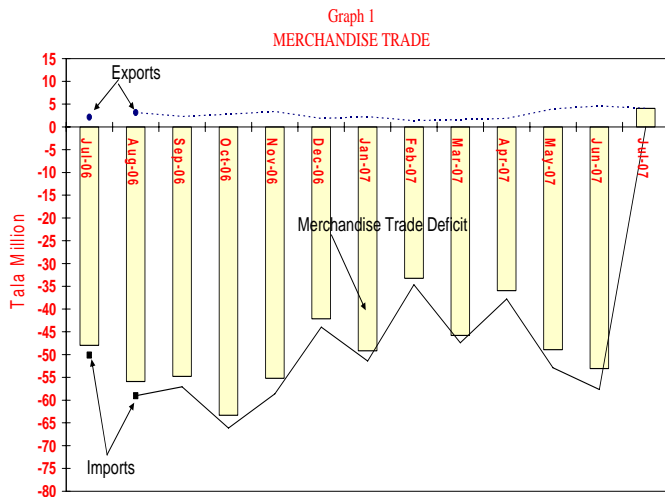
FOREIGN TRADE & TOURISM EARNINGS
REPORT

JULY 2007

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

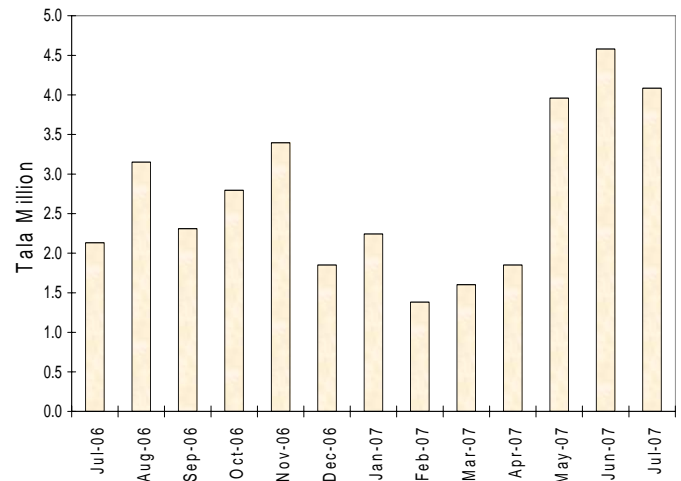
The merchandise trade deficit narrowed 3 percent (\$1.6 million) to \$51.5 million in July 2007. The decline was due to a drop in imports which outweighed a decrease in exports earnings. (See Graph 1 and Table 1.) However, when compared with the same month of 2006, the merchandise trade deficit in July 2007 was 7 percent (\$3.5 million) higher.



2. EXPORTS

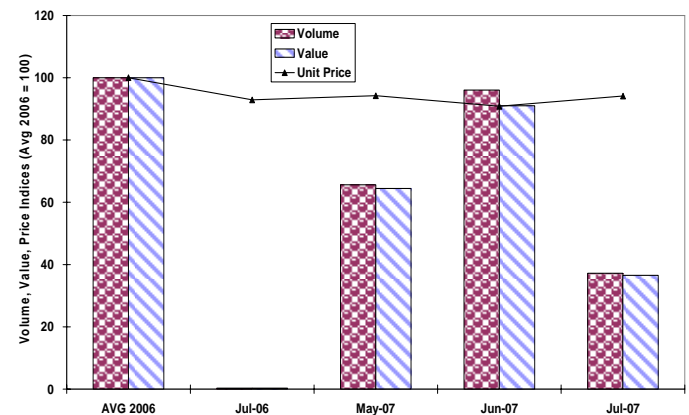
The total value of exports (including re-exports) fell 11 percent (or \$0.5 million) to \$4.1 million in July 2007. However, at this level, it was 92 percent (\$2.0 million) above the level in July 2006. (See Graph 2 and Table 2-A.) The decline in total export earnings was due to the reduction in revenues from beer, nonu juice, coconut cream, taro and re-exports as well as the absence of coconut oil and timber exports. These declines far outweighed improvements in proceeds from handicrafts, coconuts and Samoan cocoa.

Graph 2
EXPORTS



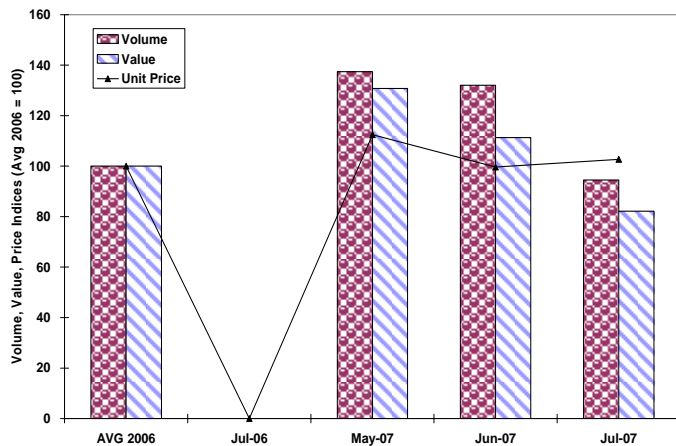
Revenues from beer dropped 60 percent (or \$158 thousand) to \$106 thousand, due to a 61 percent fall in its export volume which outweighed a 4 percent improvement in its international price. (See Graph 3 and Table 2-A.)

Graph 3.
BEER EXPORTS



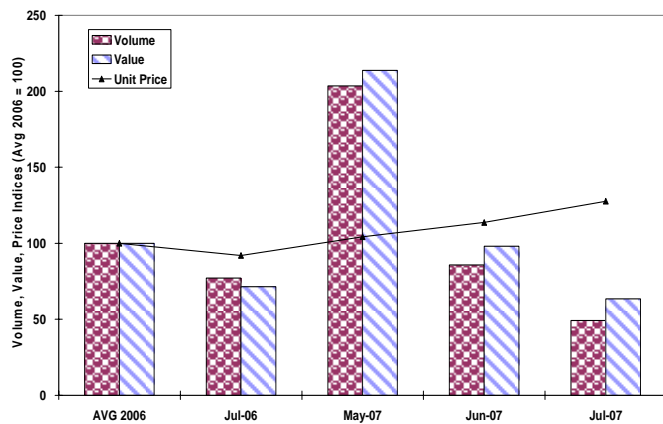
Earnings from nonu juice fell 26 percent (or \$96 thousand) to \$270 thousand due to a 28 percent contraction in its export volume which far outweighed a 3 percent increase in its international price. (See Graph 4 and Table 2-A.)

Graph 4.
NONU JUICE EXPORTS



Export proceeds from coconut cream went down 35 percent (or \$69 thousand) to \$126 thousand due to a 43 percent decline in its export volume which was partially offset by a 12 percent rise in its international price. (See Graph 5 and Table 2-A.)

Graph 5.
COCONUT CREAM EXPORTS



Revenues from taro also fell 30 percent (or \$18 thousand) to \$43 thousand due to declines in its export volume and price by 28 percent and 2 percent respectively.

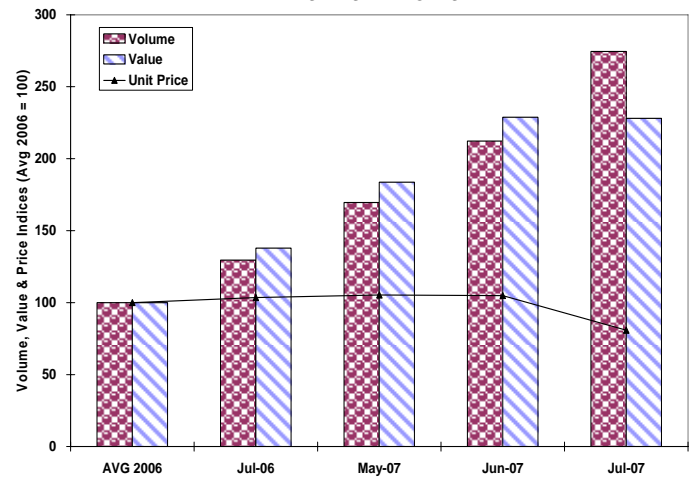
There were no exports of soft drinks, coconut oil, timber and taamu in the month under review in contrast to export proceeds valued at \$108 thousand, \$51 thousand, \$8 thousand and \$1 thousand in that order in June 2007. Re-exports also decreased 6 percent to \$431 thousand in July 2007, nevertheless, it was a huge jump

from a mere \$11 thousand in July 2006. The recent upward trend in total re-exports is due to improvements in the recording of re-exports to Tokelau (the main recipient). Scrap metal to New Zealand and Australia also accounted for a significant proportion of recent re-export figures.

On the upside, earnings from handicrafts jumped to \$20 thousand in July 2007 from only \$3 thousand in the previous month. Revenues from coconuts also rose 25 percent to \$30 thousand and those of Samoan cocoa doubled to \$4 thousand from \$2 thousand in the previous month.

On the other hand, proceeds from fresh fish at \$2.9 million remained relatively unchanged as the 29 percent expansion in its volume was offset by a 23 percent fall in its international price. The substantial drop in fish price was due to its bulk being unprocessed fish exported to the canneries in American Samoa. (See Graph 6 & Table 2-A.)

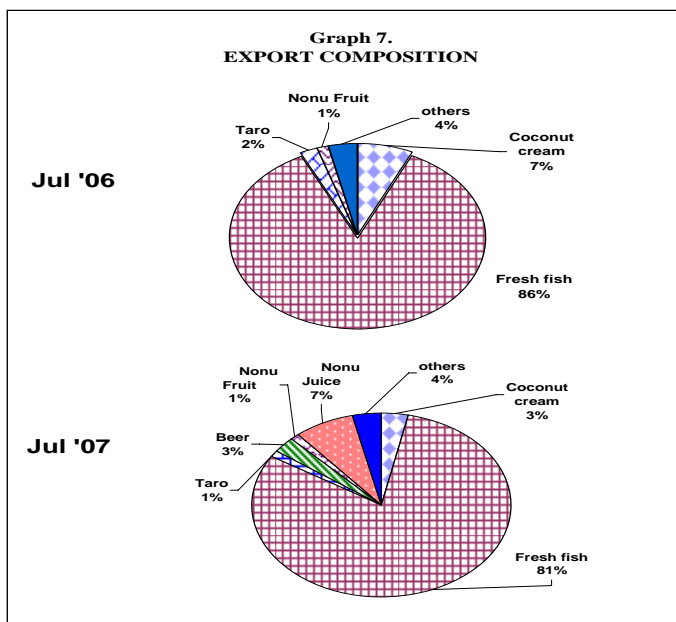
Graph 6.
FRESH FISH EXPORTS



2.1 COMPOSITION OF EXPORTS

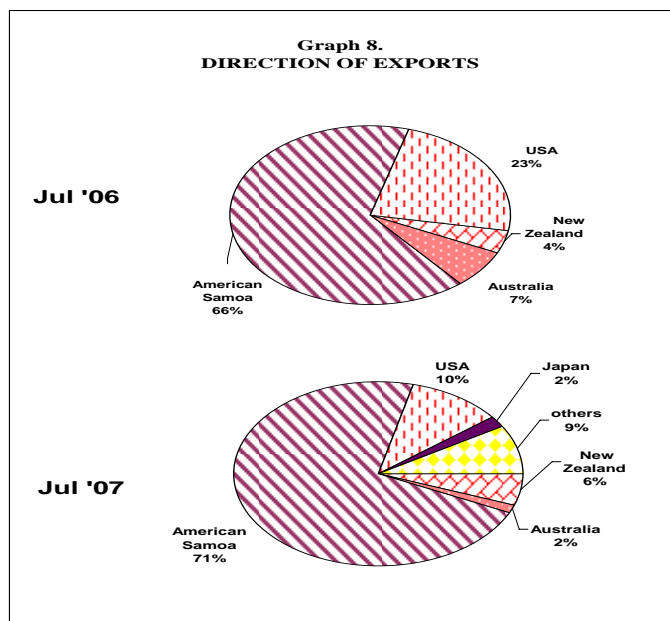
The share of fresh fish jumped to 80 percent from 72 percent in June 2007, further solidifying its position as the principal export commodity. Nonu juice trailed at second place with a share of 7 percent, down from 9 percent whilst coconut cream and beer contributed 3

percent each, down from 5 percent and 6 percent respectively in June 2007. The share of taro slipped to 1 percent from 2 percent whilst that of nonu fruit remained steady at 1 percent. The share of 'other exports' decreased to 4 percent from 5 percent in the previous month. (See Graph 7 and Table 2A & B.)



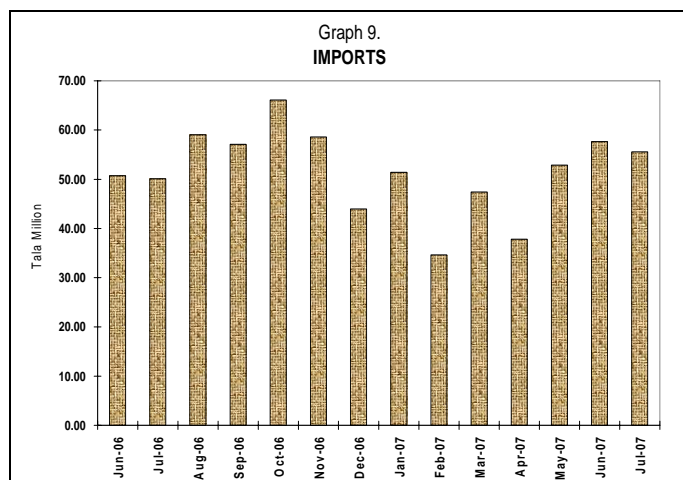
2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination with its share increasing to 87 percent in July 2007 from 84 percent in June 2007. This largely resulted from the jump in the share of American Samoa to 72 percent from 37 percent due mainly to the surge in its share of fish exports. The USA followed with 11 percent, down from 14 percent in the previous month. The contribution of 'other Pacific island' countries also decreased to 8 percent from 9 percent while the absence of fish exports to New Zealand saw the share of that country plunge to 6 percent from 35 percent in the previous month. The share of Asia improved to 3 percent from 2 percent while that of Australia remained steady at around 2 percent. (See Graph 8 and Table 3.)



3. IMPORTS

The total value of imports decreased 4 percent (\$2.1 million) to \$55.6 million in July 2007. The decline was due to falls in petroleum (by 20 percent or \$3.1 million) and other private sector (by 2 percent or \$0.7 million) imports which outweighed a 36 percent (or \$1.7 million) rise in Government imports. However, at this level, it was 11 percent (\$5.5 million) higher than the level in July 2006. (See Graph 9 and Table 4.) The jump in imports over a year earlier reflected strong local demand pressures due to the higher level of domestic economic activities particularly South Pacific Games related construction.



3. 1 SOURCE OF IMPORTS

New Zealand edged ahead of Australia as the main source of imports with its share remaining steady at 28 percent compared with 27 percent for the latter. Australia's share leapt from a low of 9 percent due to a huge petroleum consignment. The shares of the USA, Fiji and Japan also increased to 11 percent, 7 percent and 6 percent respectively from 9 percent, 6 percent and 5 percent in that order in June 2007. The contributions of China and 'other Asian countries' also increased to 6 percent and 11 percent respectively from 4 percent and 6 percent in that order in June 2007. Those of Europe and Taiwan remained negligible at 0.4 percent and 0.6 percent respectively. On the downside, the shares of Singapore plunged to 1 percent from 28 percent (due to the absence of petroleum imports from that country) and that of Hong Kong decreased to 1 percent from 2 percent in June 2007. (See Table 5 and Graph 10.)

4. SELECTED INTERNATIONAL COMMODITY PRICES.

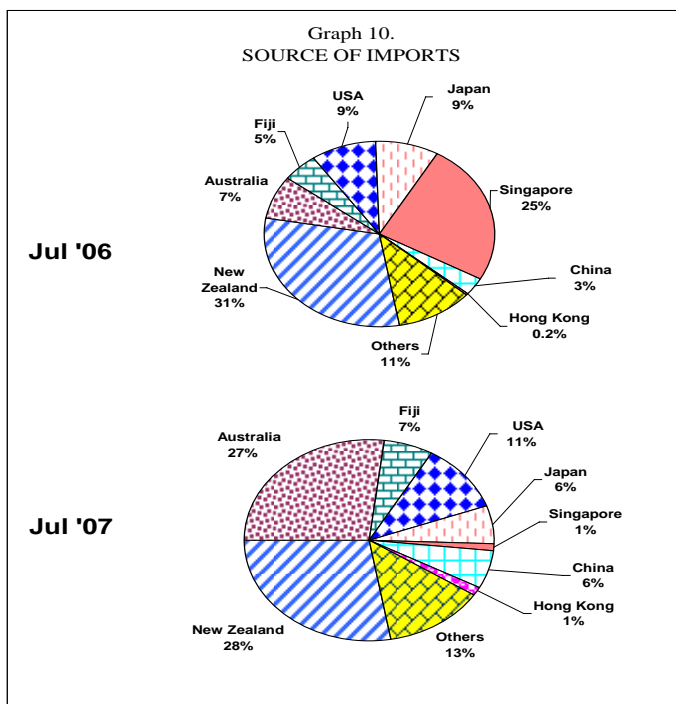
4.1 FOOD ITEMS

In line with generally mounting inflationary pressures in industrial countries, the prices for most of the internationally traded commodities relevant to Samoa increased further in July 2007. On the export side, the price of cocoa rose 7 percent to US\$215.8 cents per kilogram while those of coconut oil and copra decreased by 6 percent each to US\$922.5 per metric ton and US\$612.8 per metric ton in that order. The price of banana also decreased 2 percent to US\$954.0 per metric ton in the month under review.

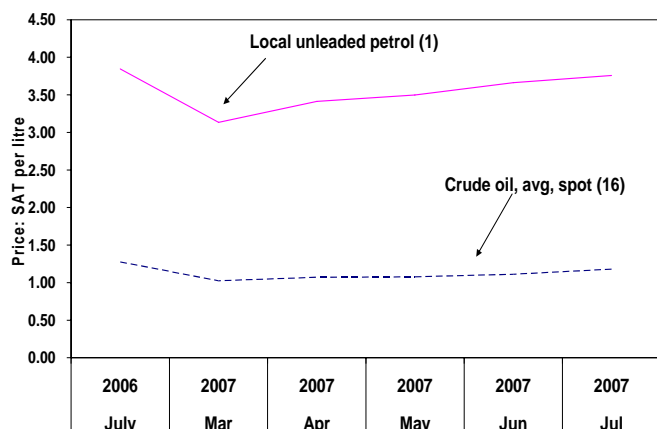
On the import side, the prices of rice, sugar and lamb increased by around 2 percent each, to US\$328.8 per metric ton, US\$68.1 cents per kilogram and US\$408.7 cents per kilogram in that order while that of beef decreased 1 percent to US\$259.0 cents per kilogram.

4.2 FUEL : PETROLEUM

The average spot price of crude oil rose 8 percent to US\$73.60 per barrel in July 2007, following a 5 percent increase in June 2007. And, when converted into Samoan Tala, the increase in the average spot price of crude oil was lower at 6.0 percent (to \$1.18 per litre) reflecting an appreciation of the Tala against the US dollar during the month under review. Consequently, local consumers can expect to see an increase 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 prices of potassium chloride and DAP fertilizers went up by 3 percent and 0.4 percent respectively to US\$203.1 per metric ton and US\$436.3 per metric ton in that order in July 2007. Those of plywood and sawn wood timber also increased by 1 percent and 2 percent respectively to US\$649.7 cents per sheet and US\$826.4 cents per cubic metre in that order in the month under review.

The price of steel wire rod also rose 4 percent to US\$550.0 per metric ton while that of steel rebar tumbled 10 percent to US\$492.5 per metric ton. The price of steel coil sheet remained steady at US\$550.0 per metric ton in July 2007. (See Table 6.)

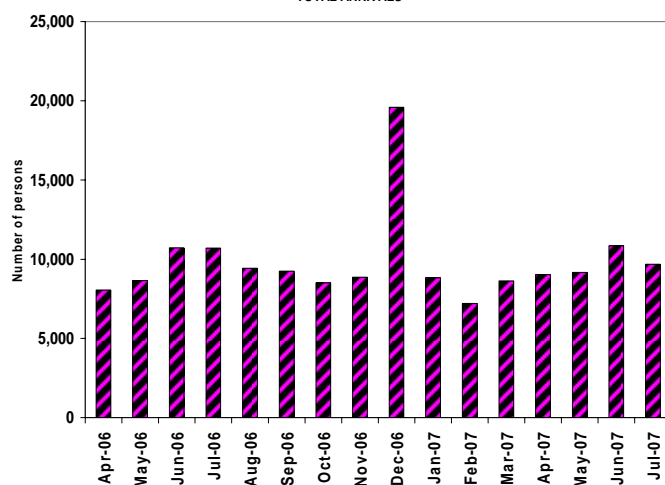
5. TOURIST ARRIVALS AND EARNINGS

According to latest figures, tourist arrivals in July 2007 fell 11 percent to 9,680, a level that was also 10 percent below that in the same month of 2006. The lower level of arrivals in the month under review mainly reflected a 67 percent (or 2,791) fall in those visiting friends and relatives and a 22 percent (or 287) decline in those arriving for 'other purposes' to 1,359 and 1,043 respectively. These decreases outweighed increases in all other categories namely 'business and conferences', 'holiday makers'

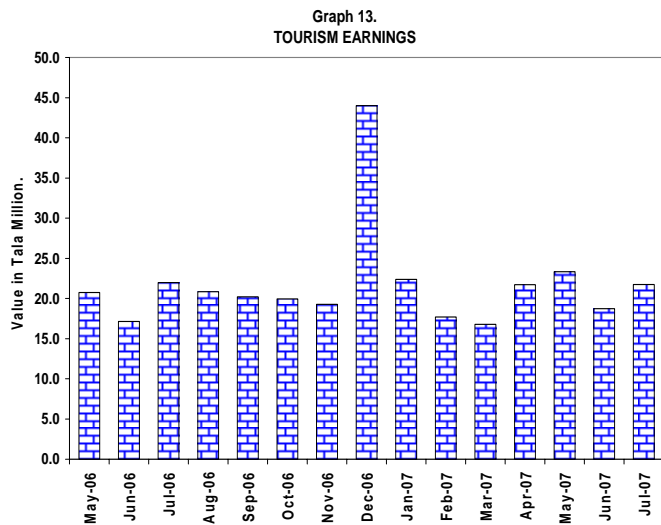
and 'sports' by 120 percent, 10 percent and 82 percent respectively to 2,580, 4,512 and 186 in that order in July 2007.

The month of July is one of the peak times for tourists on holidays in Samoa hence the jump in the total number of tourists under the categories of holiday makers. The annual conferences of the Methodist Church and the Worship Centre (together with a Catholic Youth Week) contributed to a more than twofold surge in tourists under the 'Business and Conference' category. (See Table 7 and Graph 12.)

Graph 12.
TOTAL ARRIVALS

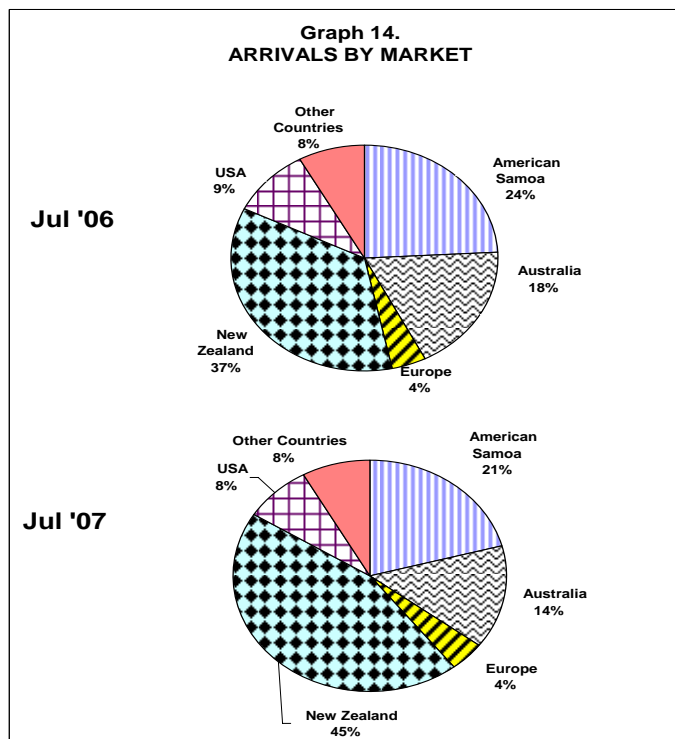


Despite the drop in tourist arrivals, the seasonal rise in average tourism expenditure in July 2007 saw tourism revenues jump 16 percent (\$3.0 million) to \$21.7 million. At this level, it was slightly below (by 1 percent or \$0.2 million) total earnings for July 2006 at \$22.0 million. (See Graph 13.)

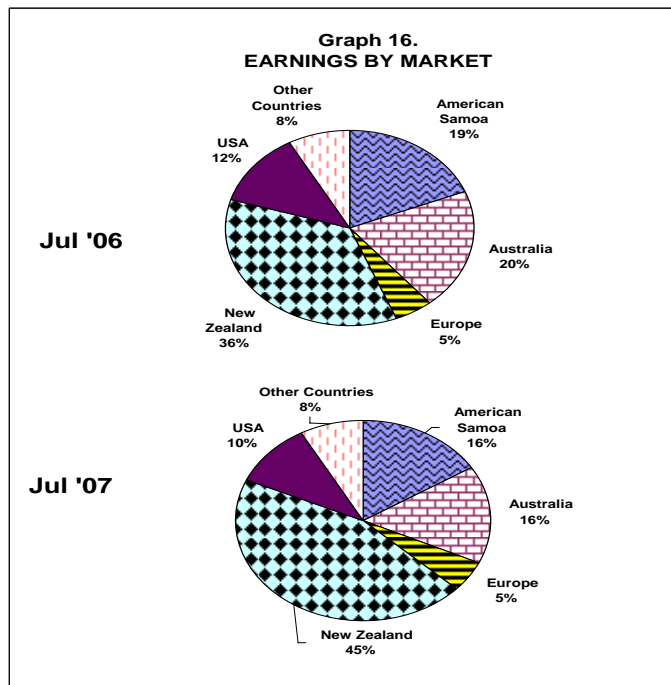
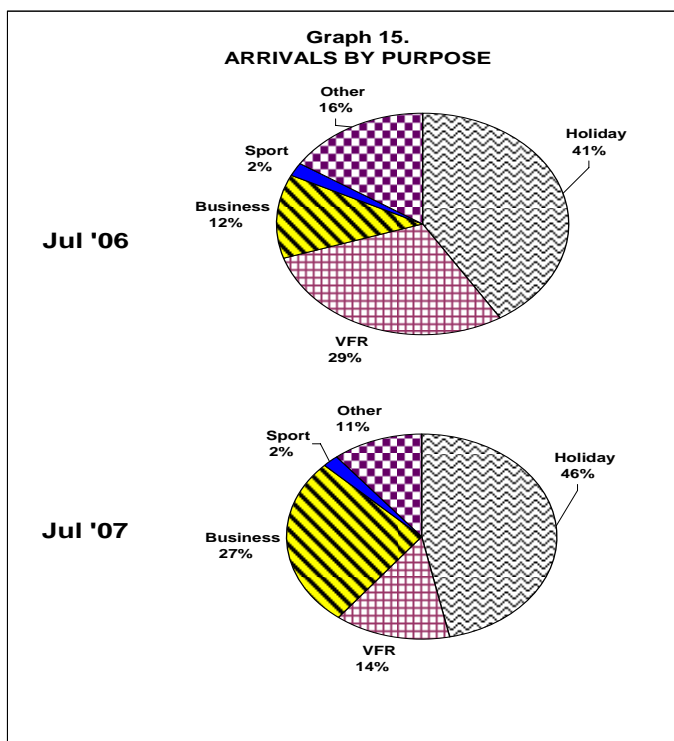


5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

Samoa’s tourist arrivals from most of its major source countries fell in July 2007. American Samoa, Australia, New Zealand and Europe registered decreases in arrivals of 12 percent, 33 percent, 6 percent and 8 percent respectively to 2,011, 1,396, 403 and 4,312 in that order in July 2007. On the upside, tourist arrivals from the USA and ‘other countries’ rose by 10 percent and 18 percent respectively, to 770 and 788 in that order. On the whole, the majority of tourists came from New Zealand (45 percent) followed by American Samoa (21 percent), Australia (14 percent), USA (8 percent) and Europe (4 percent). (See Graph 14.)



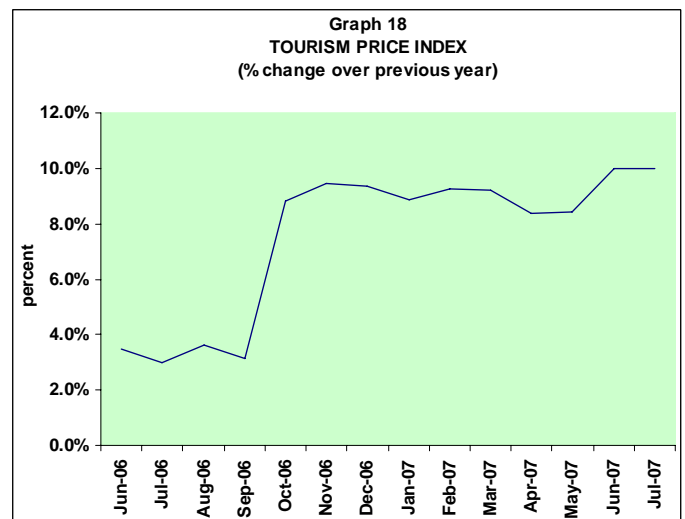
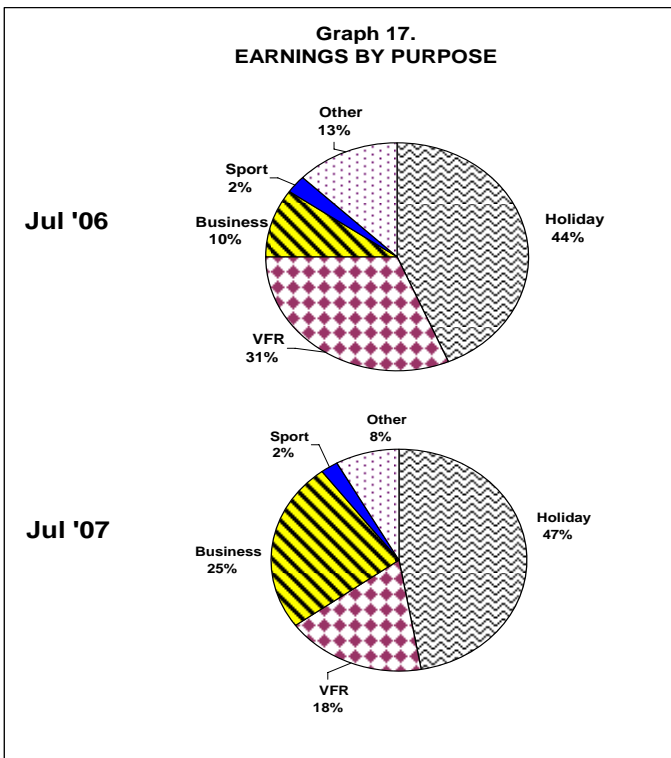
The majority of visitors during the month under review were those on holidays (47 percent) followed by ‘business and conferences’ (27 percent) and those ‘visiting friends and relatives’ (14 percent). Those who came for ‘other purposes’ and ‘sports’ accounted for 11 percent and 2 percent respectively. (See Graph 15.)



5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

Tourism earnings from all source countries went up with the exception of American Samoa which dropped 19 percent (or \$0.8 million) to \$3.5 million in July 2007, consequent to seasonal declines in both the average monthly expenditure and arrivals from the US territory by 8 percent and 12 percent respectively. Proceeds from the New Zealand, USA, European and Australian markets increased 18 percent (or \$1.5 million), 22 percent (or \$0.4 million), 90 percent (or \$0.5 million) and 10 percent (or \$0.3 million) respectively to \$9.7 million, \$2.2 million, \$1.1 million and \$3.4 million in that order in July 2007. The higher earnings for the USA were due to its higher arrivals and average expenditure by 10 percent and 11 percent respectively. For New Zealand, Europe and Australia, their higher earnings were a result of the seasonal increase in their average tourism expenditure which outweighed declines in their arrivals. For the 'other countries' category, its proceeds more than doubled to \$1.7 million due to a more than twofold seasonal jump in its average expenditure plus an 18 percent increase in its arrival numbers. (See Graph 16.)

Revenues from the 'business and conferences' and 'sports' categories more than doubled by \$3.4 million and \$0.3 million respectively to \$5.4 million and \$0.5 million in that order in July 2007. Similarly, earnings from 'holiday makers' jumped 85 percent (\$4.7 million) to \$10.2 million. Earnings from those 'visiting friends and relatives' and the 'other purposes' categories dropped by 55 percent (\$4.7 million) and 25 percent (\$0.6 million) respectively to \$3.9 million and \$1.8 million in that order in July 2007. (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 July 2007, the overall TPI increased 1 percent as most sub-indices went up 1 percent each, with 'Meals and drinks' going up 2 percent. 'Accommodation' remained unchanged. But, when compared to the same month last year, the TPI in June 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 each. (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 in the future. 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
21 September 2007