

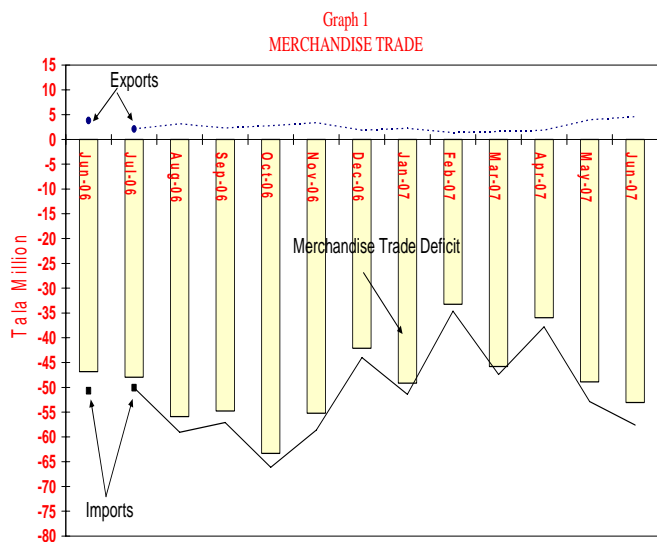
FOREIGN TRADE & TOURISM EARNINGS  
REPORT

JUNE 2007

*Prepared by: Research and Statistics Department of the Central Bank of Samoa*  
*Date of Issue: 7 August 2007*

## 1. MERCHANDISE TRADE DEFICIT

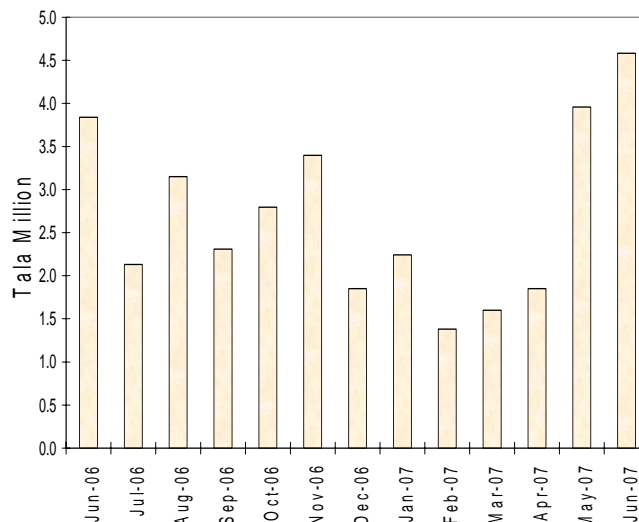
The merchandise trade deficit expanded further, by 8 percent (\$4.1 million) to \$53.1 million in June 2007. The expansion was due to a huge jump in imports which outweighed a significant improvement in exports earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in June 2007 was 13 percent (\$6.2 million) higher.



## 2. EXPORTS

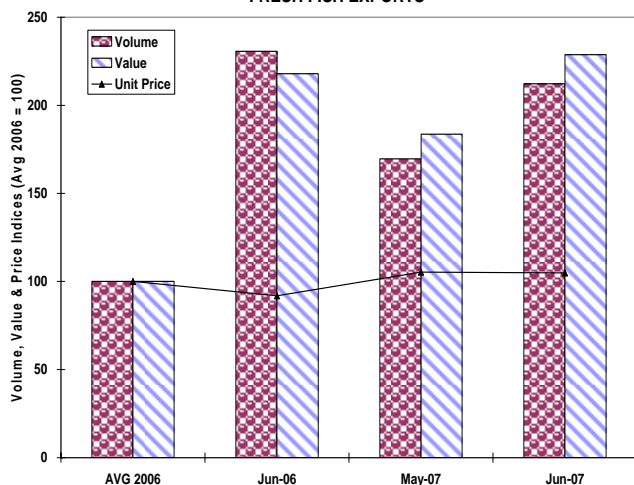
The total value of exports (including re-exports) rose 16 percent (or \$0.6 million) to \$4.6 million in June 2007. And, at this level, it was also 19 percent (\$0.7 million) above the level in June 2006. (See Graph 2 and Table 2-A.) The growth in total export earnings was mainly due to the significant expansion in revenues from fresh fish, beer, nonu fruit and soft drinks which outweighed declines in proceeds from coconut cream, nonu juice, taro, vegetables and coconuts.

Graph 2  
EXPORTS



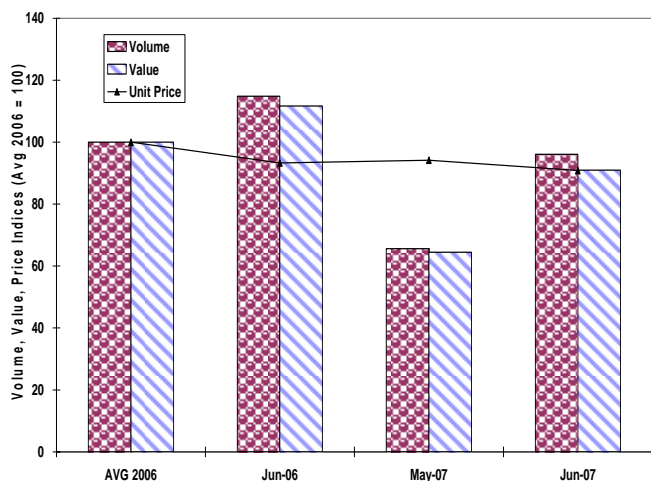
Revenues from fresh fish jumped 25 percent (or \$0.6 million) to \$2.9 million, due to a similar surge (25 percent) in its export volume (compliments of a rebound in fish catches) whilst the international price remained unchanged. Much of the strong rise in the export volume of fish was due to a huge jump in the volume of fish exports to American Samoa (our largest fish market) totalling 712,947 pounds (up from 399,988 pounds in May 2007) which outweighed a 43 percent fall in its average export price. On the other hand, the total volume of fish exports to New Zealand (second largest market) and the USA (smallest market) dropped 47 percent and 4 percent respectively to 147,059 pounds and 40,038 pounds in that order. The average price of fish exports to the New Zealand market more than tripled and that of the USA rose 6 percent in June 2007. (See Graph 3 and Table 2-A.)

Graph 3.  
FRESH FISH EXPORTS



Earnings from beer rebounded from a three month slump, rising 41 percent (\$77 thousand) to \$264 thousand, consequent to a 46 percent surge in its volume which outweighed a 4 percent decline in its international price. (See Graph 4 and Table 2-A.)

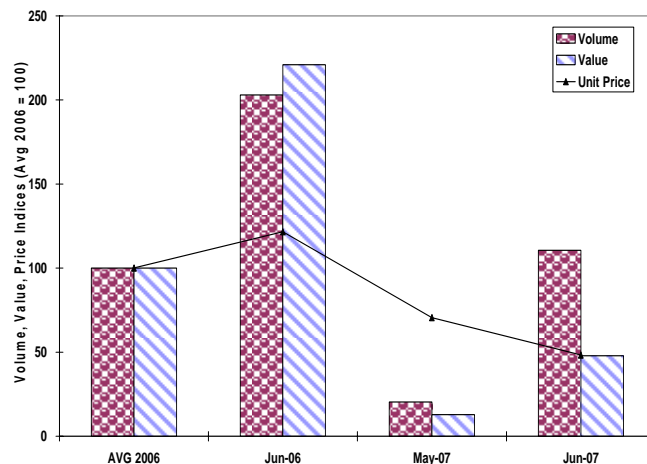
Graph 4.  
BEER EXPORTS



Export proceeds from soft drinks more than doubled (up \$70 thousand) to \$108 thousand consequent to a fivefold jump in its volume which outweighed a 9 percent drop in its average international price. The sharp rise in soft drinks export volume from the generally low level in past months was due to the emergence of new export markets namely Cook Islands and New Zealand in June 2007.

Revenues from nonu fruit rebounded almost fourfold (up \$26 thousand) to \$35 thousand due to a strong growth in its export volume which outweighed a 32 percent fall in its export price. (See Graph 5 and Table 2-A.)

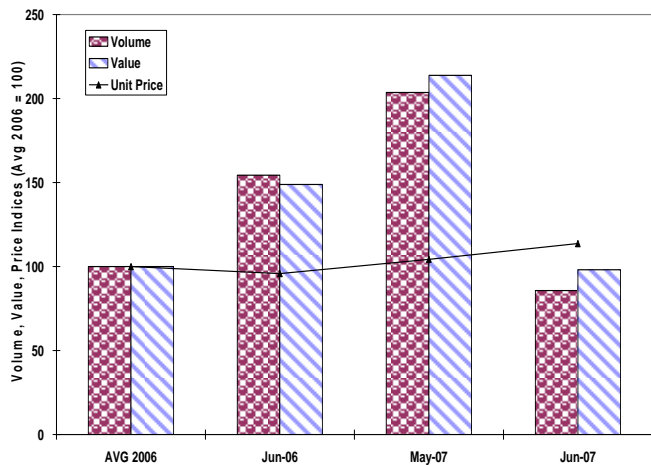
Graph 5.  
NONU FRUIT EXPORTS



Exports of coconut oil resumed (with virgin or pure coconut oil now replacing oil formerly produced by the coconut oil mill) with earnings totalling \$53 thousand following its absence since August 2006. Likewise, timber exports restarted with total proceeds of \$8 thousand in contrast to nil in the past several months. Re exports also leapt to \$458 thousand in June 2007, a gigantic jump from the mere \$2 thousand value in June 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. (See Graph 7 and Table 2-A.)

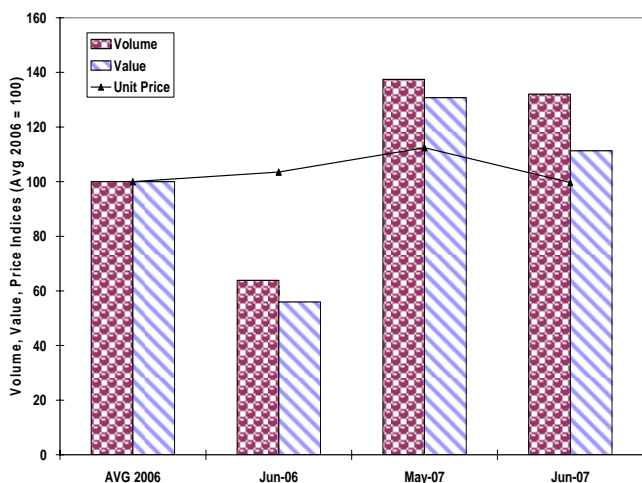
On the downside, earnings from coconut cream tumbled 54 percent (\$230 thousand) to \$195 thousand, consequent to a 58 percent plunge in its volume which outweighed a 9 percent increase in its international price. (See Graph 6 and Table 2-A.)

Graph 6.  
COCONUT CREAM EXPORTS



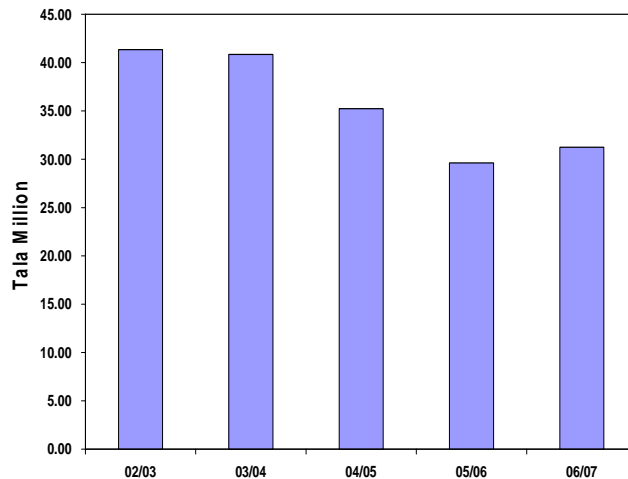
Proceeds from nonu juice also fell 15 percent (\$64 thousand) to \$366 thousand due to an 11 percent drop in its export price and a 4 percent decrease in its volume. Relatively smaller decreases were recorded for taro (down \$16 thousand to \$61 thousand), coconuts (down \$2 thousand to \$26 thousand), Samoan cocoa (\$3 thousand to \$2 thousand) and vegetables (down \$2 thousand to \$4 thousand) in June 2007. (See Graph 7 and Table 2-A.)

Graph 7.  
NONU JUICE EXPORTS



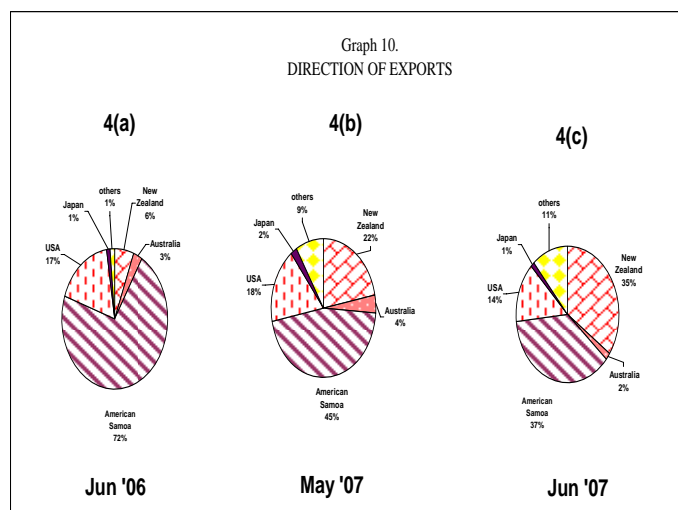
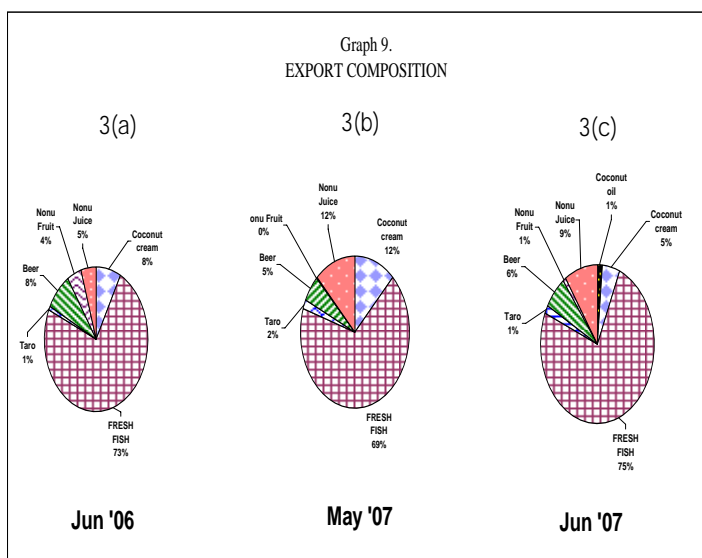
In line with the rise in June 2007, total export earnings for fiscal year 2006/07 were 5 percent higher than in the previous fiscal year largely due to the recovery of fish exports in the past few months. (See Graph 8 and Table 1.)

Graph 8  
Export Earnings  
First 12 months of Fiscal Year



## 2.1 COMPOSITION OF EXPORTS

The share of fresh fish jumped to 72 percent from 65 percent in May 2007, further solidifying its position as the dominant export commodity. Nonu juice followed with a share of 9 percent, down from 12 percent whilst that of beer increased to 6 percent from 5 percent in May 2007. Coconut cream’s contribution tumbled to 5 percent from 12 percent whilst that of taro remained steady at 2 percent. The share of nonu fruit edged up to 0.8 percent from 0.3 percent while coconut oil resumed with a share of 1.2 percent (due to virgin oil export) following its absence since August 2006. (See Graph 9 and Table 2A & B.)

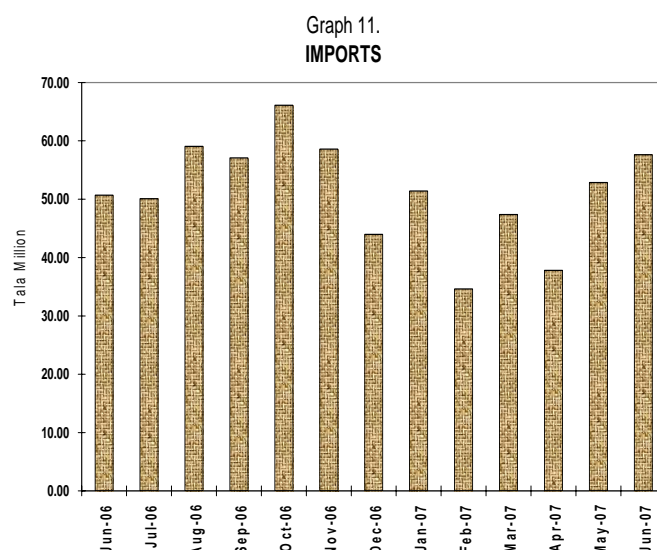


## 2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination with its share rising to 84 percent in June 2007 from 79 percent in May 2007. This largely resulted from the jump in the share of New Zealand to 35 percent from 22 percent due mainly to the surge in its share of fish exports. American Samoa however continued to account for the largest share although it dropped to 37 percent from 46 percent in the previous month due mainly to the fall in its share of coconut cream exports. The share of the USA also declined to 14 percent from 18 percent due to the drop in its share of nonu exports while that of 'other Pacific island' countries increased to 9 percent from 7 percent. Fiji contributed 2 percent (due to roofing iron and oxygen re-exports); the share of Australia fell to 2 percent from 4 percent while that of Asia remained steady at 2 percent. There was no export to Europe in June 2007 in contrast to a 2 percent share in the previous month. (See Graph 10 and Table 3.)

## 3. IMPORTS

The total value of imports rose 9 percent (\$4.8 million) to \$57.6 million in June 2007, 14 percent higher than in June 2006. (See Graph 11 and Table 4.) The jump in imports was due mainly to a substantial increase of 18 percent (or \$2.4 million) in petroleum imports to \$15.6 million. Likewise, Government imports jumped 50 percent (or \$1.5 million) to \$4.6 million and that of 'other private sector' imports increased 2 percent (or \$0.8 million) to \$37.4 million.

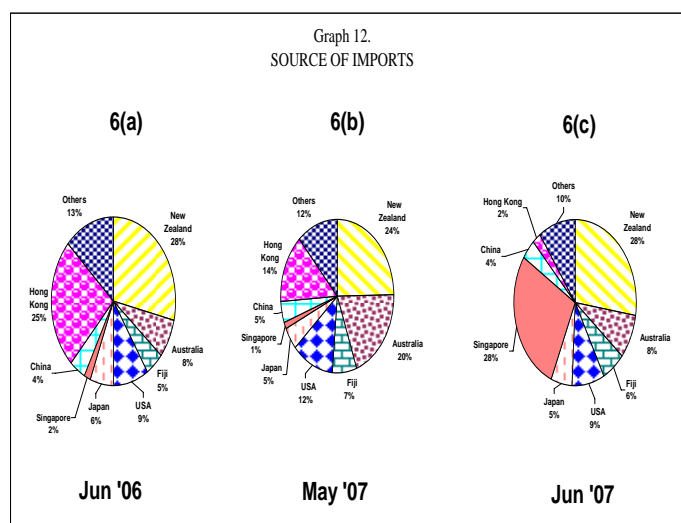


In line with the rise in June 2007, the total value of imports in the twelve months to June 2007 (at \$616.7 million) was 12 percent (\$67.2 million) higher than the total for the same period of the previous fiscal year. This reflected the stronger

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 and Singapore were the two largest sources of imports in June 2007 with shares of 28 percent each. At this level, New Zealand's ratio was higher than 25 percent in the previous month but slightly below 29 percent in June 2006. On the other hand, the share of Singapore jumped to 28 percent from 1 percent in May 2007 due to substantial petroleum shipments valued at \$15.6 million. At 9 percent each in June 2007, the shares of Australia and the USA respectively fell from 20 percent (due to petroleum imports) and 12 percent in that order in May 2007. The shares of Fiji and China decreased to 6 percent and 4 percent respectively in June 2007 from 7 percent and 5 percent in that order in May 2007. The share of Hong Kong tumbled to 2 percent from 14 percent while that of Japan remained steady at 5 percent. (See Table 5 and Graph 12.)



## 4. SELECTED INTERNATIONAL COMMODITY PRICES.

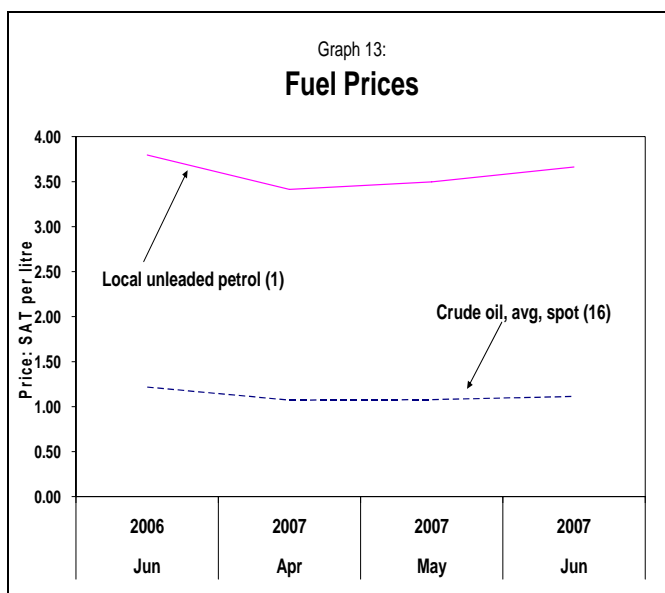
### 4.1 FOOD ITEMS

Prices for most of the internationally traded commodities relevant to Samoa increased in June 2007. On the export side, the prices of cocoa, coconut oil and copra increased 1 percent, 10 percent and 10 percent respectively to US\$201.7 cents per kilogram, US\$981.0 per metric ton and US\$653.0 per metric ton in that order while that of banana declined 6 percent to US\$977.0 per metric ton.

On the import side, the prices of rice, beef and lamb increased to US\$323.3 cents per kilogram, US\$262.1 cents per kilogram and US\$399.1 cents per kilogram in that order while that of sugar decreased 1 percent to US\$66.66 cents per kilogram.

### 4.2 FUEL : PETROLEUM

The average spot price of crude oil rose 5 percent to US\$68.19 per barrel in June 2007, following a slight increase in May 2007. And, when converted into Samoan tala, the increase in the average spot price of crude oil was lower at 3.2 percent (to \$1.11 per litre) reflecting an appreciation in 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 13.)



4.3 OTHER NON-FOOD ITEMS

On non-food items, the prices of potassium chloride and DAP fertilizers rose by 9 percent and 2 percent respectively to US\$196.6 per metric ton and US\$434.5 per metric ton in that order and those of plywood and sawn wood timber edged up slightly by 0.2 percent and 0.1 percent respectively to US642.6 cents per sheet and US807.1 cents per cubic metre in that order.

On the other hand, the prices of steel coil sheet, steel rebar and steel wire rod remained unchanged at US\$550.0 per metric ton, US\$545.0 per metric ton and US\$530.0 per metric ton respectively in June 2007. (See Table 6.)

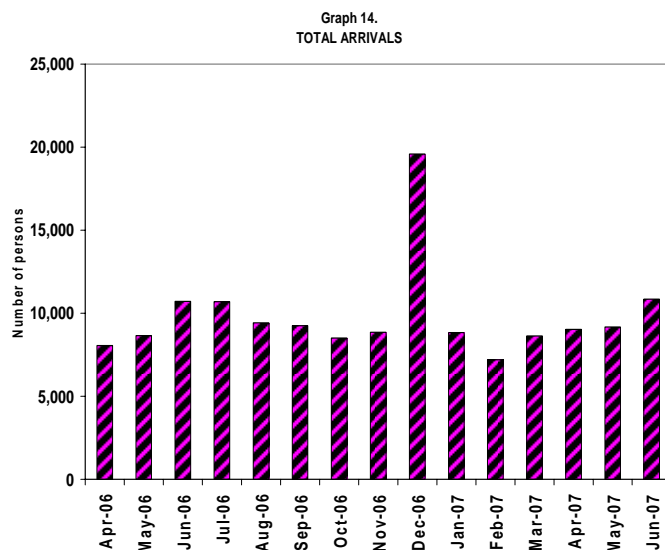
**5. TOURIST ARRIVALS AND EARNINGS**

According to latest actual figures, tourist arrivals in June 2007 rose 18 percent to 10,854, a level that was also 1 percent higher than in the same month in 2006. The higher level of arrivals in the month under review mainly reflected a 61 percent (or 1,556) jump in visitors who were here on holiday (4,101). Those visiting friends and relatives and 'other purposes' also increased by 9 percent and 10 percent respectively to 4,150 and 1,330 in that order. The month of June is normally when tourists on holidays tend to arrive

for vacations which saw a large increase in holiday makers.

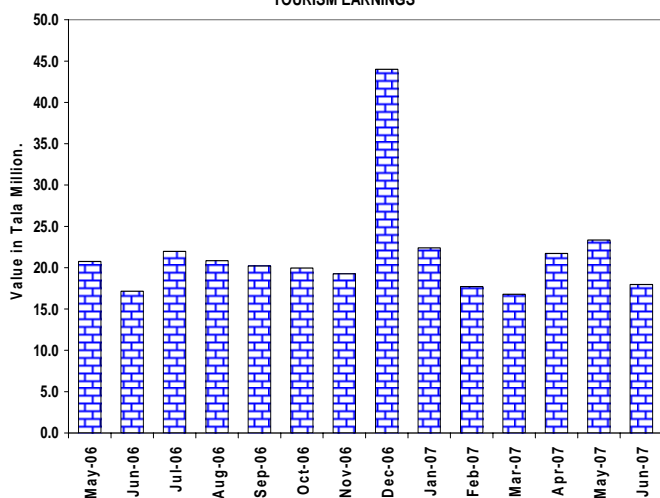
These increases outweighed the falls in those here on "business and conferences" and "sports" of 15 percent and 52 percent respectively to 1,171 and 102 in that order. The surge in holiday makers largely reflected the influx of visitors for the country's Independence Celebrations as well as the Annual Five Nation's Rugby Tournament and a number of regional meetings.

The higher overall level of arrivals in June this year compared to June 2006 reflected the evident expansion of the tourism sector due to increased domestic investment in the sector, cheaper airfares and greater overseas tourism promotions as well as the divergence of tourists away from troubled neighbouring countries. (See Table 7 and Graph 14.)



Despite the rise in tourist arrivals, the seasonal fall in average tourism expenditure by 35 percent in June 2007 saw tourism revenues drop by 23 percent (\$5.4 million) to \$18.0 million. However, at this level, it was 5 percent (\$0.8 million) higher than the level in June 2006. (See Graph 15.)

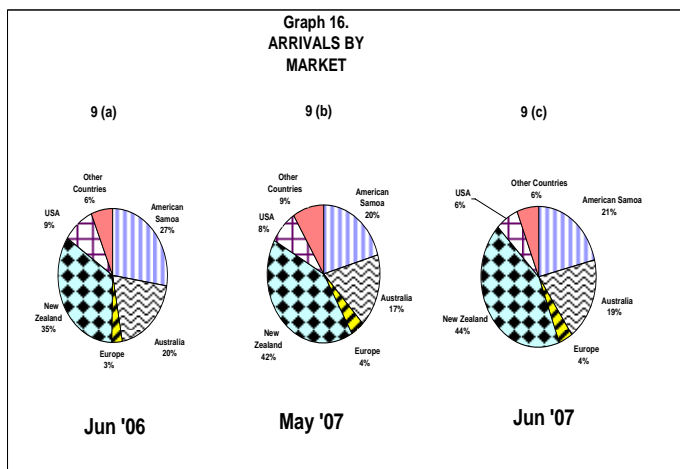
Graph 15.  
TOURISM EARNINGS



5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

American Samoa, Australia, New Zealand and Europe registered increases in arrivals of 22 percent, 31 percent, 23 percent and 25 percent respectively in June 2007. On the downside, tourist numbers from the USA and 'other countries' contracted 6 percent and 17 percent respectively in June 2007. On the whole, the majority of tourists came from New Zealand (43 percent) followed by American Samoa (21 percent) and Australia (19 percent). (See Graph 16.)

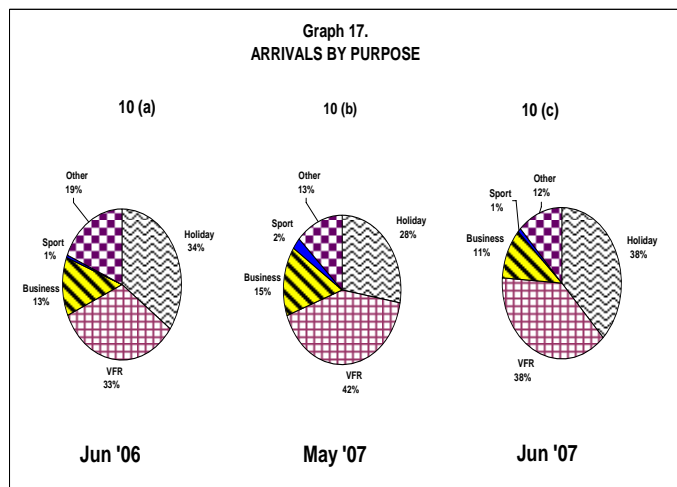
Graph 16.  
ARRIVALS BY MARKET



The majority of visitors during the month under review were those visiting friends and relatives and those on holidays at 38 percent each. Those who came on business and conferences accounted for 11 percent while 'other

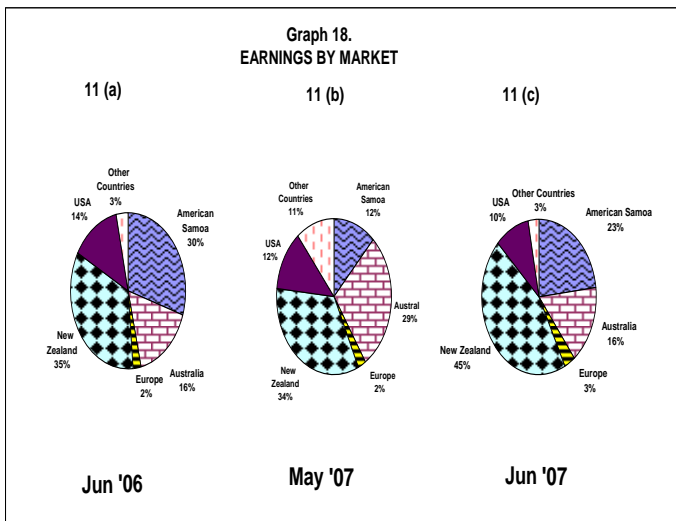
purposes' and sports contributed 12 percent and 1 percent in that order. (See Graph 17.)

Graph 17.  
ARRIVALS BY PURPOSE

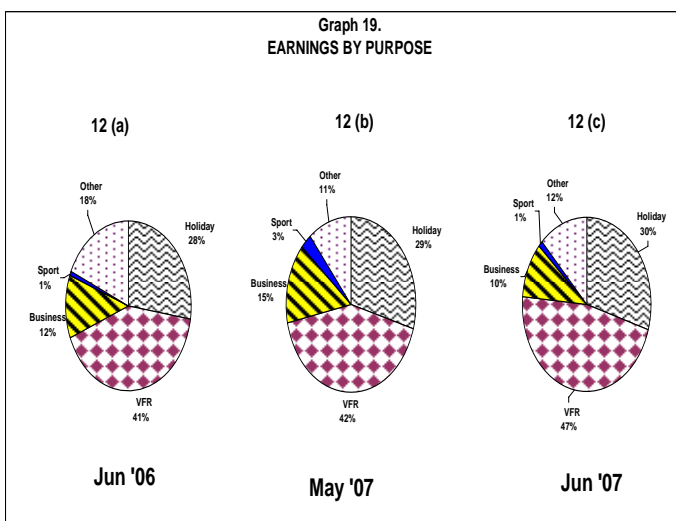


5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

Earnings from American Samoa increased 48 percent (or \$1.4 million) to \$4.2 million in June 2007, consequent to a seasonal jump in both its average monthly expenditure and arrivals by 22 percent each. Proceeds from the European and New Zealand markets also increased by 11 percent (or \$50 thousand) and 2 percent (or \$0.2 million) respectively to \$0.6 million and \$8.0 million in that order in June 2007. The higher earnings for Europe and New Zealand were due to higher arrivals by 25 percent and 23 percent in that order which outweighed seasonal declines in their average expenditures by 11 percent and 17 percent respectively. On the downside, revenues from the Australian market tumbled 57 percent (\$3.8 million) to \$2.9 million due to seasonal drop in its average expenditure of 67 percent which outweighed a 31 percent jump in its arrivals. Proceeds from the USA also fell 41 percent (\$1.2 million) to \$1.7 million due to a 37 percent seasonal fall in its average expenditure plus a 6 percent decrease in its arrivals. Tourism proceeds from 'other countries' plunged 77 percent (\$2.0 million) to \$0.6 million due to a 72 percent seasonal drop in its average expenditure plus a 17 percent decrease in total arrivals. (See Graph 18.)

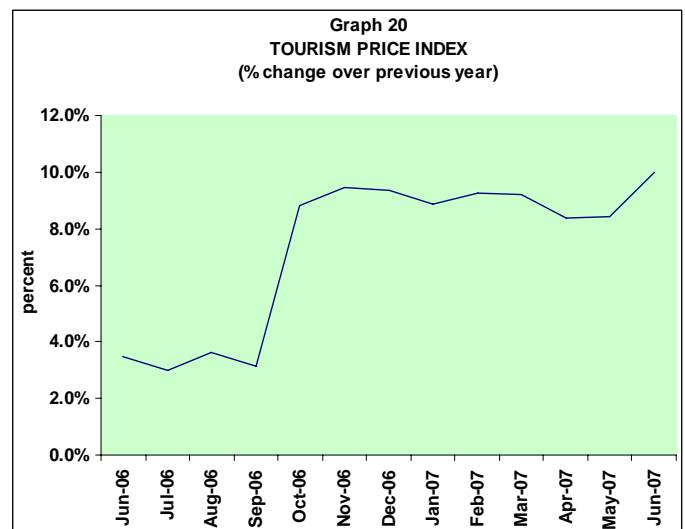


Earnings for all purposes of visit fell in June 2007. The 'holiday makers' category dropped 22 percent (\$1.5 million) to \$5.4 million, those visiting friends and relatives declined by 15 percent (\$1.5 million) to \$8.4 million and revenues from "Business and Conferences" tumbled 47 percent (\$1.6 million) to \$1.8 million. Revenues from the 'sports' and 'other purposes' categories also fell by 67 percent (\$0.4 million) and 14 percent (\$0.4 million) respectively to \$0.2 million and \$2.2 million in that order in June 2007. (See Graph 19.)



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

In June 2007, the overall TPI increased 1 percent as most sub-indices went up 1 percent each with the exception of 'Meals and drinks' which went up 2 percent and 'Accommodation' which remained unchanged. But, when compared to the same month last year, the TPI in June 2007 was 10 percent higher. This sharp increase reflected increases in most categories of expenditures, particularly steep rises in the 'Accommodation' (up 14 percent) and 'Meals and drinks' (up 12 percent) sub-indices. The overall rise in the TPI over June 2006 was partially offset by a 4 percent decline in the 'Car Rental' sub-index. (See Graph 20 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.

**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**  
**7 August 2007**