

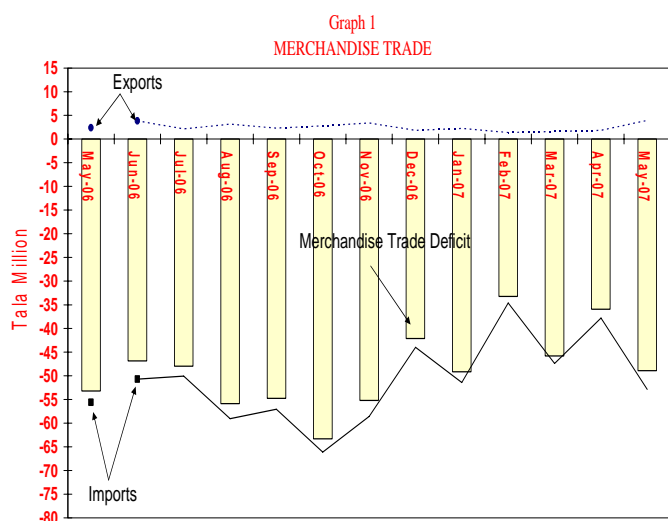
FOREIGN TRADE & TOURISM EARNINGS
REPORT

MAY 2007

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1. MERCHANDISE TRADE DEFICIT

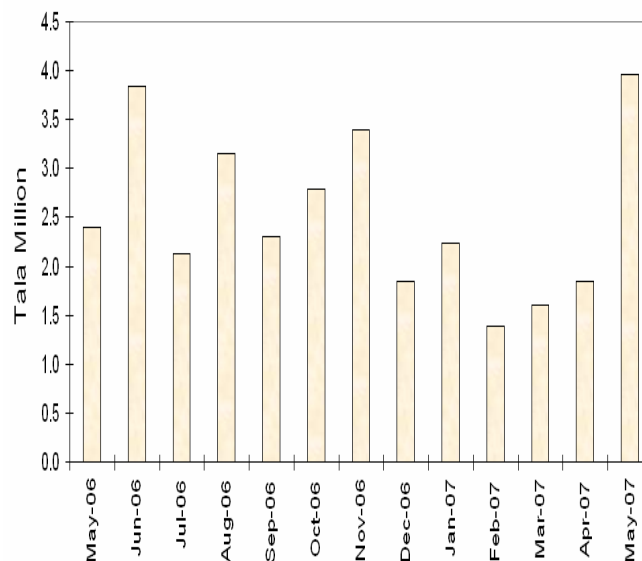
The merchandise trade deficit expanded substantially, by 36 percent (\$13.0 million) to \$48.9 million in May 2007. The expansion was due to a huge jump in imports which outweighed a significant improvement in exports earnings. (See Graph 1 and Table 1.) However, when compared with the same month of 2006, the merchandise trade deficit in May 2007 was 8 percent (\$4.3 million) lower.



2. EXPORTS

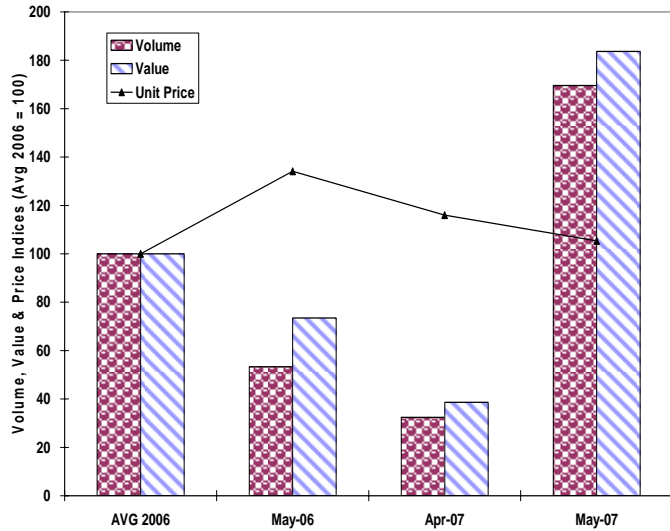
The total value of exports (including re-exports) jumped more than twofold (up \$2.1 million) to \$4.0 million in May 2007. And, at this level, it was also 65 percent (\$1.6 million) above the level in May 2006. (See Graph 2 and Table 2-A.) The improvement in total export earnings was mainly due to the exceptionally high level of revenues from fresh fish and coconut cream, combined with increases in export proceeds from nonu juice, taro, soft drinks, Samoan cocoa and vegetables.

Graph 2
EXPORTS



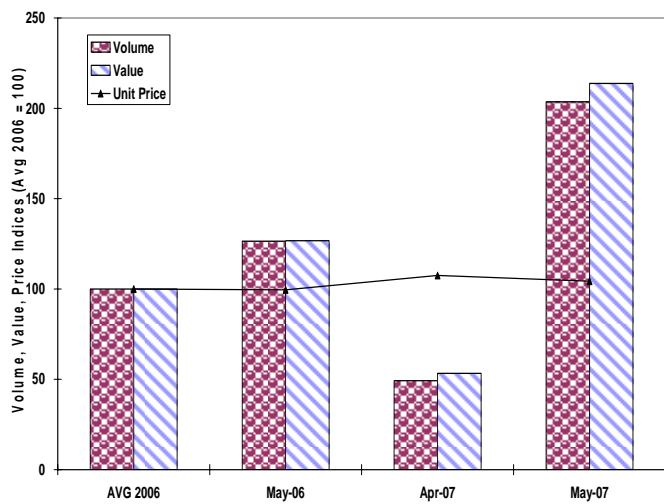
Revenues from fresh fish jumped almost fivefold, or \$1.9 million, to \$2.4 million, due to a more than fivefold surge in volume (compliments of a rebound in fish catches) which outweighed a 9 percent decrease in international price. The strong rise in the export volume of fish was due to a gigantic leap in shipments totalling 277,299 pounds (from only 1,377 pounds in April 2007) to New Zealand; a market whose average export price also went up almost fourfold. Shipments to the largest market of American Samoa also jumped nearly fourfold to 399,988 pounds in May 2007 whilst its average price fell 44 percent. The third market is the USA whose export volume similarly rose (by 25 percent) whilst its international price remained unchanged. As a result, the total value of fish exports to American Samoa and New Zealand jumped to \$1.6 million and \$808 thousand respectively from only \$15 thousand and \$330 thousand in that order in April 2007. The total value of fish to the USA also increased 17 percent to \$397 thousand in the month under review. (See Graph 3 and Table 2-A.)

**Graph 3.
FRESH FISH EXPORTS**



Earnings from coconut cream also jumped fourfold (or \$319 thousand) to \$425 thousand consequent to a more than fourfold surge in its volume which far outweighed a 3 percent decrease in its international price. (See Graph 4 and Table 2-A.)

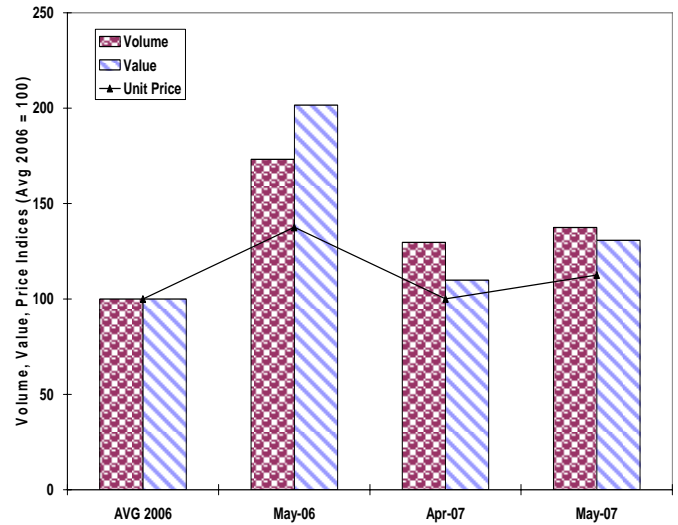
**Graph 4.
COCONUT CREAM EXPORTS**



Proceeds from nonu juice rose 19 percent (\$69 thousand) to \$430 thousand due to a 12 percent jump in its export price plus a 6 percent increase in its volume. Relatively smaller increases were recorded for taro (up \$21 thousand to \$77 thousand), soft drinks (up \$21 thousand to \$38 thousand), handicraft (from nil

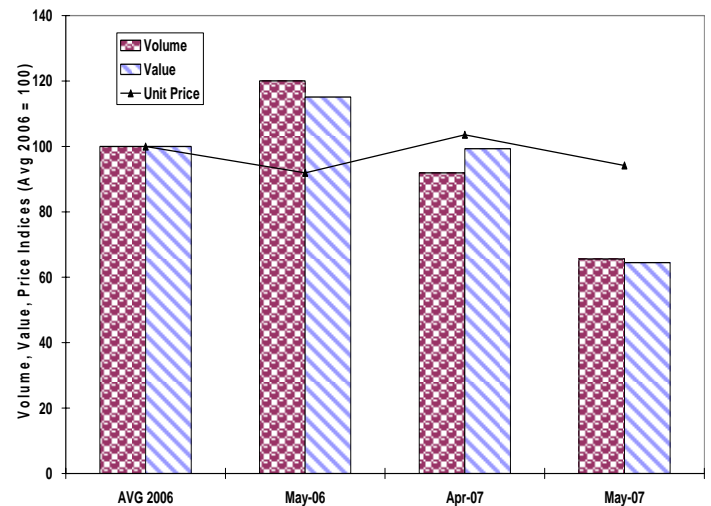
to \$3 thousand), Samoan cocoa (\$2 thousand to \$3 thousand) and vegetables (up \$2 thousand to \$4 thousand). (See Graph 5 and Table 2-A.)

**Graph 5.
NONU JUICE EXPORTS**



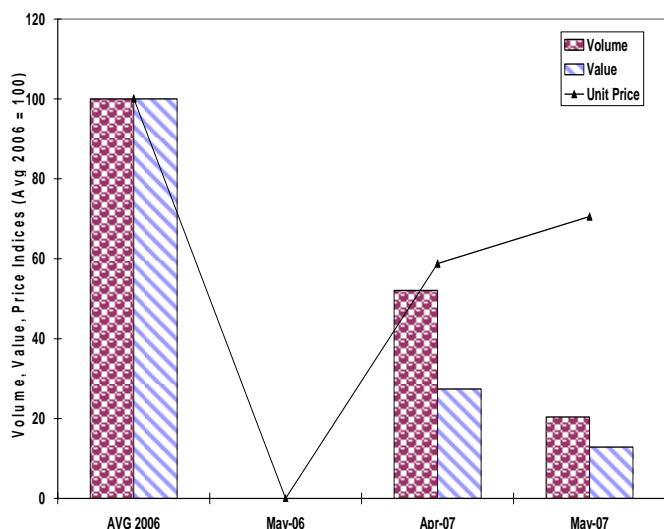
On the downside, earnings from beer tumbled 35 percent (\$101 thousand) to \$187 thousand, consequent of a 29 percent plunge in its volume plus a 9 percent decline in its international price. (See Graph 6 and Table 2-A.)

**Graph 6.
BEER EXPORTS**



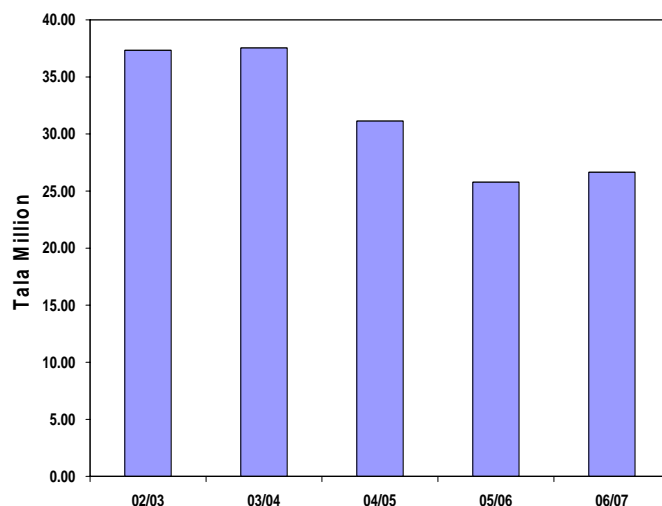
Revenues from nonu fruit also dropped 53 percent (\$11 thousand) to \$9 thousand due to a 61 percent fall in its volume (as more fruits were diverted to juice making) which outweighed a 20 percent improvement in its export price. Proceeds from coconuts fell to \$26 thousand from \$29 thousand and re-exports decreased 8 percent to \$341 thousand in May 2007. (See Graph 7 and Table 2-A.)

Graph 7.
NONU FRUIT EXPORTS



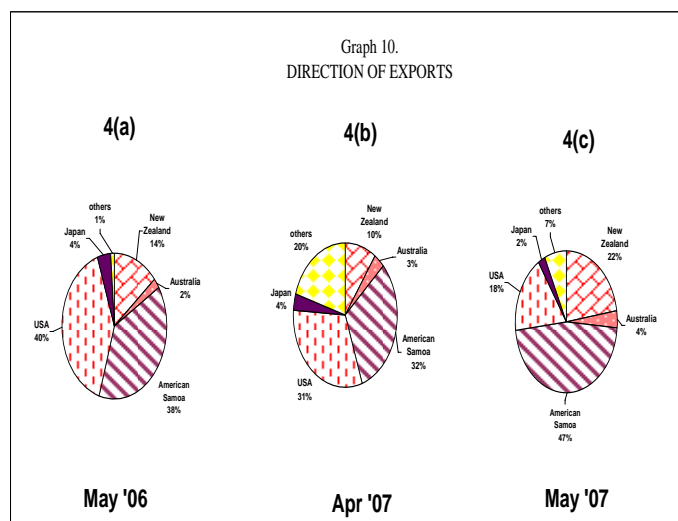
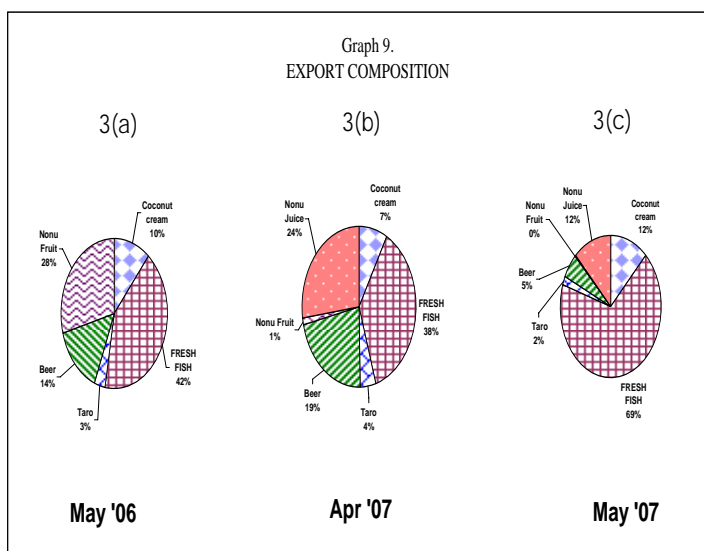
In line with the increase in May 2007, total export earnings for the first eleven months of fiscal year 2006/07 were 3 percent higher than in the previous fiscal year. (See Graph 8 and Table 1.)

Graph 8
Export Earnings
First 11 months of Fiscal Year



2.1 COMPOSITION OF EXPORTS

The share of fresh fish jumped to 65 percent from 34 percent in April 2007, solidifying its position as the dominant export commodity. Nonu juice and coconut cream followed with shares of 12 percent each, the former down from 24 percent whilst the latter up from 7 percent in April 2007. Beer's contribution tumbled to 5 percent from 20 percent with that of taro decreasing to 2 percent from 4 percent. The shares of nonu fruit and 'other exports' also plunged to 0.3 percent and 3 percent respectively from 1.3 percent and 10 percent in that order in April 2007. (See Graph 9 and Table 2A & B.)

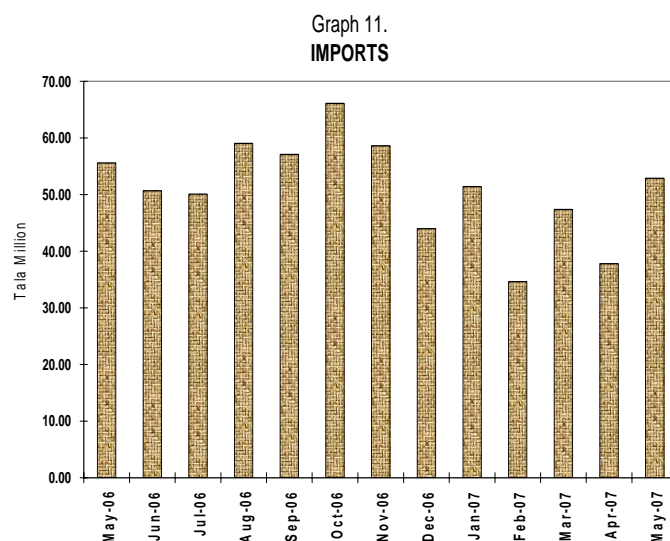


2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination with its share rising to 79 percent in May 2007 from 66 percent in April 2007. This was mainly due to the jump in the share of American Samoa and New Zealand to 46 percent and 22 percent respectively from 31 percent and 10 percent in that order in April 2007. As a result, the share of the USA fell to 18 percent, down from 31 percent in the previous month. The share of 'other Pacific Islands' also tumbled to 7 percent from 20 percent due to the drop in exports to Tokelau and the absence of exports to Tonga and Cook Islands. The share of Australia edged up to 4 percent from 3 percent while that of Japan decreased to 2 percent from 4 percent. Re-exports of spare parts equipments to Germany (valued at \$80 thousand) saw that country account for 2 percent of the total export value. (See Graph 10 and Table 3.)

3. IMPORTS

The total value of imports rebounded 40 percent (\$15.1 million) to \$52.9 million in May 2007, compared to a 20 percent (\$9.6 million) contraction in the previous month. (See Graph 11 and Table 4.) The jump in imports was due mainly to a substantial increase (of \$9.9 million) in petroleum imports to \$13.2 million, from only \$3.3 million in April 2007. Other private sector imports also rose (by 14 percent) to \$36.6 million from \$32.1 million in April 2007. Likewise, Government imports grew 31 percent (or \$0.7 million) to \$3.1 million.

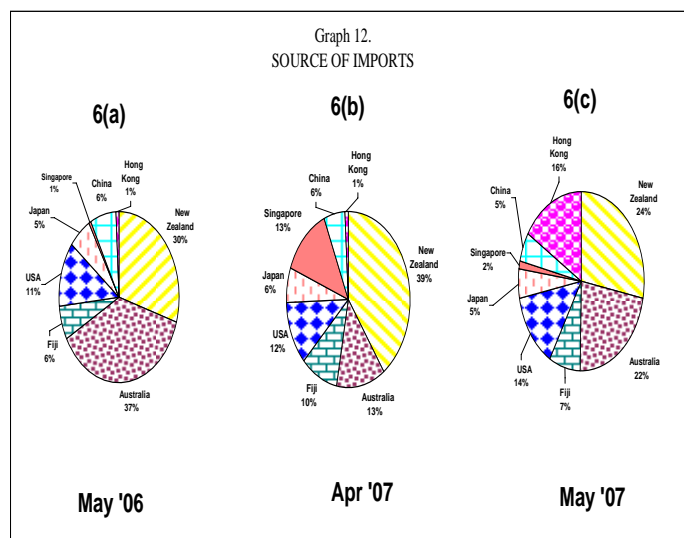


In line with the rise in May 2007, the total value of imports in the eleven months to May 2007 (at \$559.1 million) was 12 percent (\$60.3 million)

higher than the level in 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 remained the main source of imports despite its share declining to 25 percent from 33 percent in April 2007. Petroleum imports saw Australia's and Hong Kong's shares jump to 20 percent and 14 percent respectively from 10 percent and 1.0 percent in April 2007. The contribution of the USA also increased to 12 percent from 10 percent while that of Fiji decreased to 7 percent from 8 percent in April 2007. The shares of Japan and China remained steady at 5 percent each while that of Singapore plunged to 1 percent from 11 percent due to the absence of petroleum imports from that country. The shares of 'other Asian countries' and Europe also went down to 8 percent and 1 percent respectively from 11 percent and 4 percent in that order in April 2007. (See Table 5 and Graph 12.)



4. SELECTED INTERNATIONAL COMMODITY PRICES.

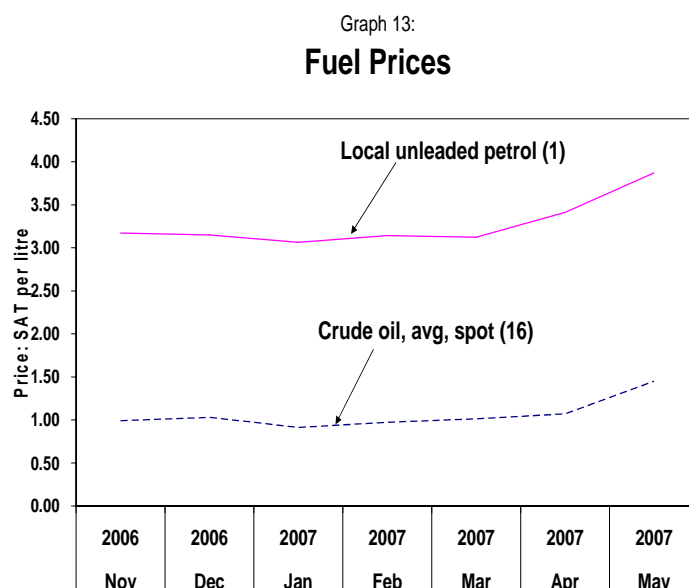
4.1 FOOD ITEMS

Prices for the internationally traded commodities relevant to Samoa were mixed in May 2007. On the export side, the prices of cocoa, coconut oil and copra increased 1 percent, 8 percent and 7 percent respectively to US200.4 cents per kilogram, US\$894.0 per metric ton and US\$592.0 per metric ton in that order while that of banana declined 7 percent to US\$1,038.0 per metric ton.

On the import side, however, the prices of beef, lamb and sugar edged down slightly to US258.4 cents per kilogram, US398.7 cents per kilogram and US67.12 cents per kilogram in that order. On the other hand, the price of rice edged up marginally to US316.8 cents per kilogram.

4.2 FUEL PETROLEUM

The average spot price of crude oil edged up slightly (by 0.2 percent) to US\$65.16 per barrel in May 2007, following a 7 percent increase in April 2007, registering increases for four consecutive months. And, when converted into Samoan tala, the average spot price of crude oil increased by 0.9 percent (to \$1.08 per litre) reflecting a slight depreciation in the Tala against the US dollar during the month under review. Consequently, local consumers can expect to see local petroleum price rise in July 2007. (See Graph 13.)



4.3 OTHER NON-FOOD ITEMS

On non-food items, the prices of plywood timber and potassium chloride fertilizer increased 1 percent each to US\$641.1 cents per sheet and US\$180.0 per metric ton respectively and that of steel rebar went up 2 percent to US\$545.0 per metric ton.

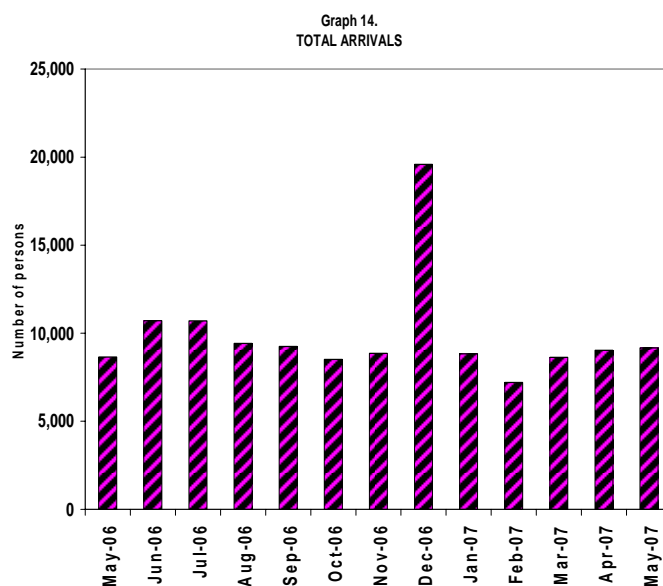
On the downside, the prices of sawn wood and DAP fertilizer decreased 0.3 percent and 1.4 percent respectively to US\$806.2 cents per cubic metre and US\$426.4 per metric ton in that order while those of steel coil sheet and steel wire rod remained steady at US\$550.0 per metric ton and US\$530.0 per metric ton respectively in May 2007. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

According to latest actual figures, tourist arrivals in May 2007 increased 2 percent to 9,166, a level that was also 6 percent higher than in the same month in 2006. The higher level of arrivals in the month under review reflected a 76 percent (or 665) jump in visitors who were here on business and conferences plus a 3 percent (122) increase in those visiting friends and relatives. The surge in those here on "business and conferences" mainly reflected the influx of church delegations from abroad attending the annual Congregational Christian Church of Samoa and Methodist Church of Samoa meetings held during the month under review.

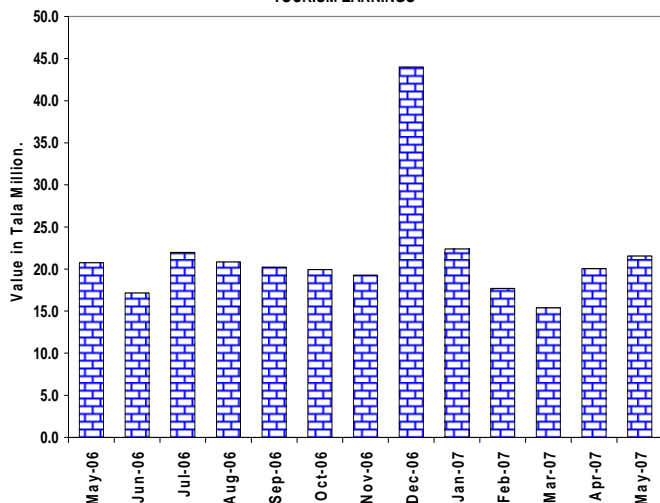
On the downside, total arrivals under the 'sports' category dropped 11 percent to 264 after the surge in the previous month. Holiday makers and visitors under the 'others category' also recorded declines of 7 percent and 35 percent respectively to 2,645 and 774 in that order in May 2007.

The higher overall level of arrivals in May this year compared to May 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.)



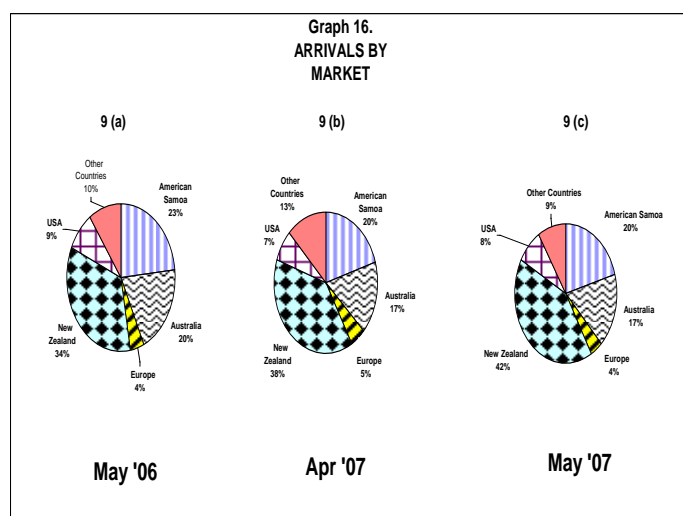
Consequent to the seasonal rise in tourist arrivals and average tourism expenditure (by 6 percent) in May 2007, tourism revenues rose 7 percent (\$1.5 million) to \$21.5 million. At this level, it was also 4 percent (\$0.8 million) higher than the level in May 2006. (See Graph 15.)

Graph 15.
TOURISM EARNINGS



5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

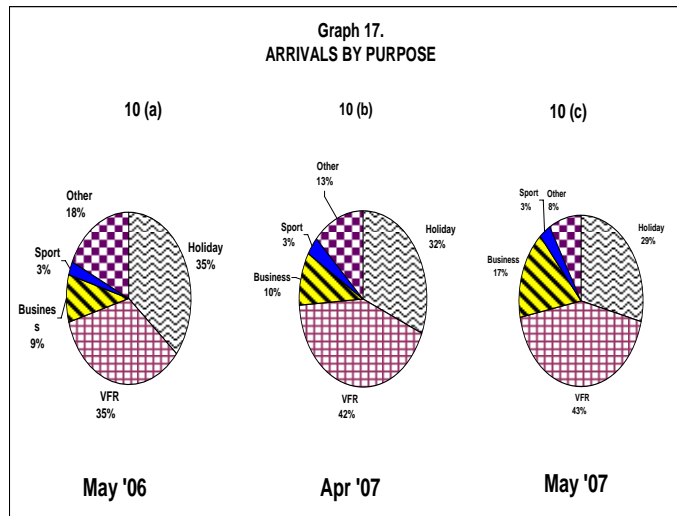
American Samoa, Australia, New Zealand and the USA registered increases in arrivals of 3 percent, 5 percent, 10 percent and 14 percent respectively in May 2007. On the downside, tourist numbers from Europe and ‘other countries’ dropped 21 and 29 percent respectively in that order in May 2007. Overall, therefore, the majority of tourists came from New Zealand (41 percent) followed by American Samoa (20 percent) and Australia (17 percent). (See Graph 16.)



The majority of visitors during the month under review were those visiting friends and relatives (at 43 percent), followed by those on holidays

(at 29 percent). Those who came on business and conferences accounted for 17 percent while ‘other purposes’ and sports contributed 8 percent and 3 percent in that order. (See Graph 17.)

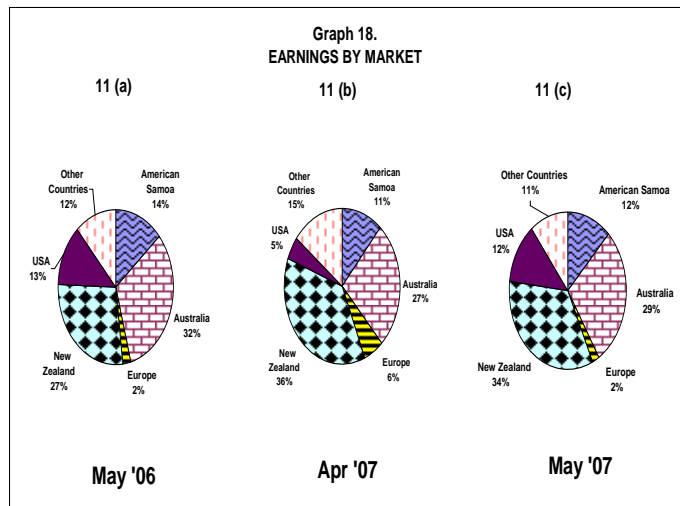
Graph 17.
ARRIVALS BY PURPOSE



5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

Earnings from the USA market registered an almost threefold expansion (or \$1.7 million) to \$2.7 million in May 2007, consequent to a seasonal jump by more than twofold in its average monthly expenditure plus the increase in its arrivals. Proceeds from the Australian market also recorded a 16 percent (\$0.9 million) rise to \$6.2 million, consequent to seasonal expansions of 11 percent and 5 percent in its average expenditure and arrival numbers in that order. Similarly, revenues from the American Samoan market went up 16 percent (\$0.4 million) to \$2.6 million due to gains of 13 percent and 3 percent in its average expenditure and total arrivals in that order. On the downside, revenues from the European market tumbled 59 percent (\$0.7 million) to \$0.5 million due to seasonal drop in its average expenditure and arrivals by 49 percent and 21 percent respectively. Proceeds from New Zealand also decreased 2 percent to \$7.3 million due to an 11 percent seasonal fall in its average expenditure which outweighed a 10 percent rise in its arrivals. Tourism proceeds from ‘other countries’ fell 21 percent (\$0.6 million) to \$2.3 million due to a 29 percent drop in its

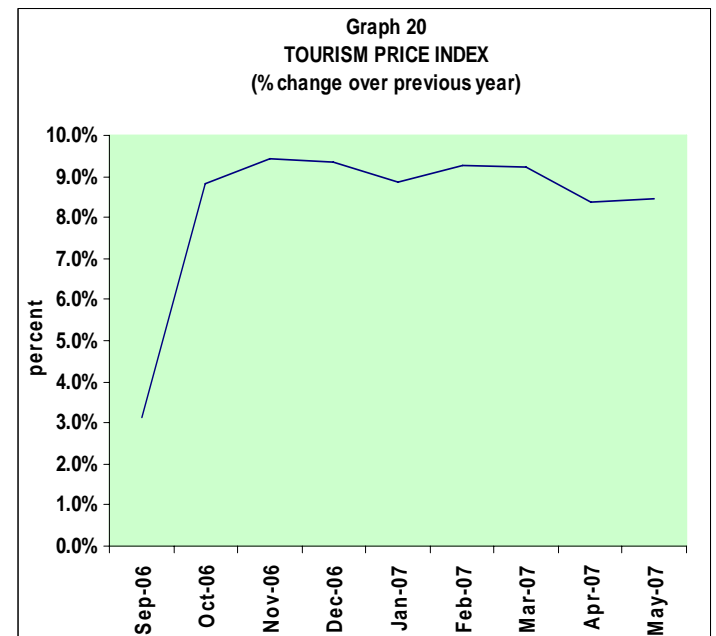
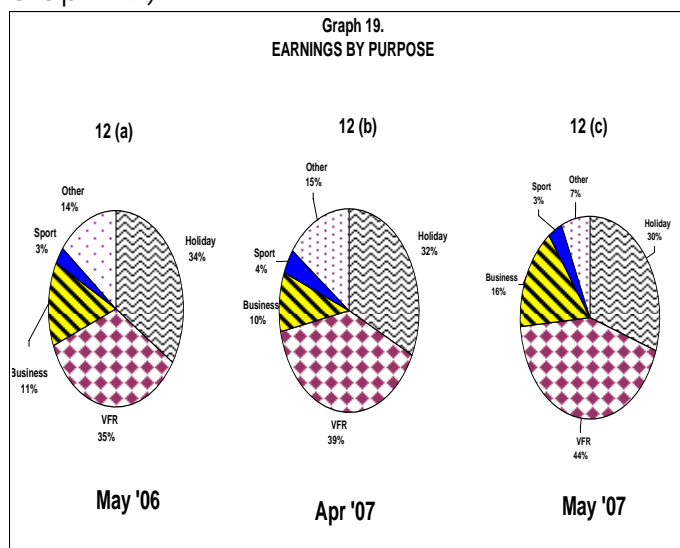
arrivals which outweighed an 11 percent improvement in its average expenditure. (See Graph 18.)



(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 May 2007, the overall TPI remained steady as most sub-indices remained unchanged with the exception of 'Car rentals' and 'Other transportation' which increased by 1.0 percent each and 'Meals and Drinks' which decreased by 1.0 percent. But, when compared to the same month last year, the TPI in May 2007 was 8 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 8 percent) sub-indices. (See Graph 20 and Table 7.)

Earnings for most purposes of visit went up in May 2007. The "Business and Conferences" category jumped 86 percent (\$1.6 million) to \$3.6 million, those visiting friends and relatives rose by 18 percent (\$1.4 million) to \$9.3 million and revenues from holiday makers increased 1 percent to \$6.5 million. Those from the 'sports' and 'other purposes' categories, on the other hand, fell 8 percent (\$6 thousand) and 52 percent (\$1.6 million) respectively to \$0.7 million and \$1.5 million in that order in May 2007. (See Graph 19.)



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*)

() 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

4 July 2007