

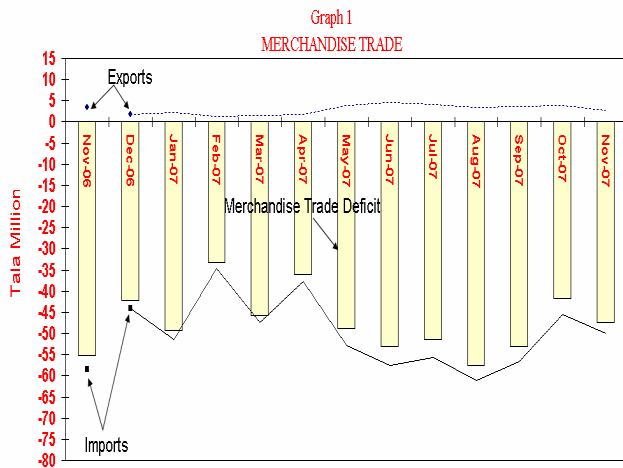
FOREIGN TRADE & TOURISM EARNINGS
REPORT

NOVEMBER 2007

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

After falling 22 percent (or \$11.4 million) to \$41.7 million in the preceding month, the merchandise trade deficit widened 14 percent (\$5.7 million) to \$47.4 million in November 2007. The expansion was due to an increase in imports plus a reduction in exports earnings. (See Graph 1 and Table 1.) But, when compared with the same month of 2006, the merchandise trade deficit in November 2007 was 14 percent lower.



For the first 5 months of 2007/08, the merchandise trade deficit was 9 percent or \$26.1 million lower than the corresponding period of 2006/07 reflecting the drop in imports and increase in exports earnings

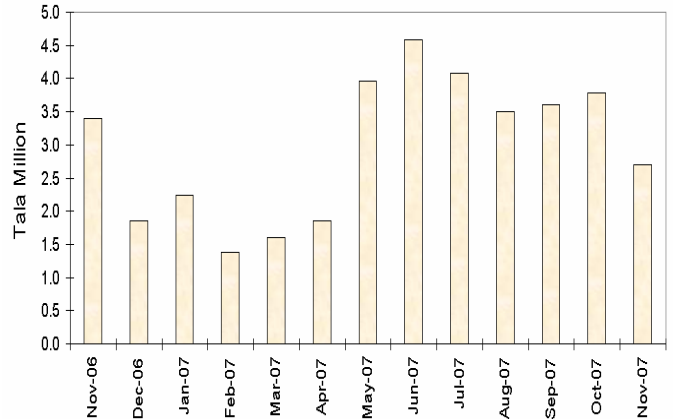
2. EXPORTS

The total value of exports (including re-exports) dropped 29 percent (\$1.1 million) to \$2.7 million in November 2007. And, at this level, it was also 20 percent (\$690 thousand) lower than in November 2006. (See Graph 2 and Table 2-A.) Nevertheless, total export revenue in the first 5 months of fiscal year 2007/08 compared to the same period in the previous fiscal year, jumped 28 percent (up \$3.9 million) to \$17.7 million.

The decline in total export earnings in November 2007 was mainly due to lower earnings from fresh fish, beer, nonu fruits, taro and soft drinks. In addition, revenues from re-

exports dropped 36 percent (\$182 thousand) to \$320 thousand in November 2007.

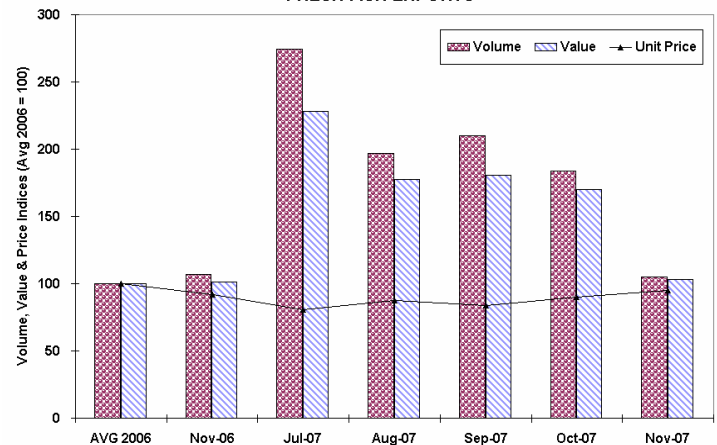
Graph 2
EXPORTS



These reductions outweighed increases in proceeds from coconut cream, nonu juice, cigarettes, coconuts and handicrafts.

Despite a 6 percent gain in its (international) price, revenues from fresh fish shrank 39 percent (or \$863 thousand) to \$1.3 million due to a 43 percent drop in its export volume. Compared with November 2006, the value of fish exports in November 2007 rose 2 percent due to a 3 percent rise in its price despite a slight drop in its export volume. (See Graph 3 and Table 2-A.)

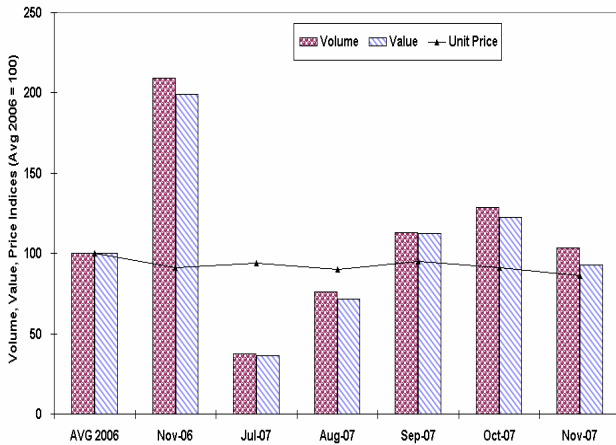
Graph 3.
FRESH FISH EXPORTS



Proceeds from beer also dropped 24 percent (or \$85 thousand) to \$270 thousand due to a 20

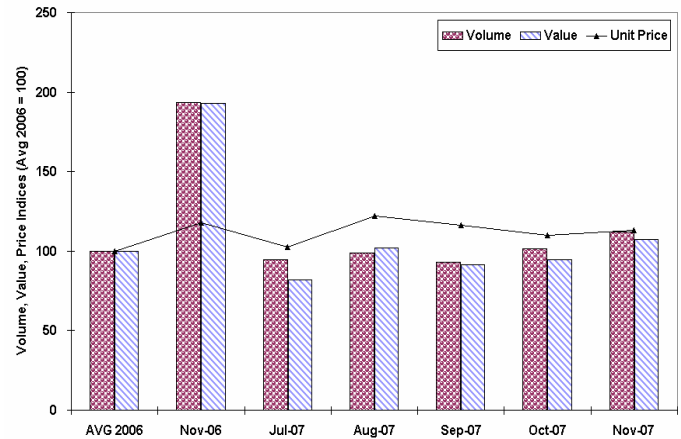
percent fall in its export volume plus a 5 percent decrease in its international price. In addition, earnings from nonu fruits, taro and soft drinks fell 54 percent, 51 percent and 48 percent respectively to \$47 thousand, \$33 thousand and \$11 thousand in that order in November 2007. Likewise, export earnings from Samoan cocoa and vegetables both fell 25 percent each to \$3 thousand respectively. (See Graph 4 and Table 2-A.)

Graph 4.
BEER EXPORTS



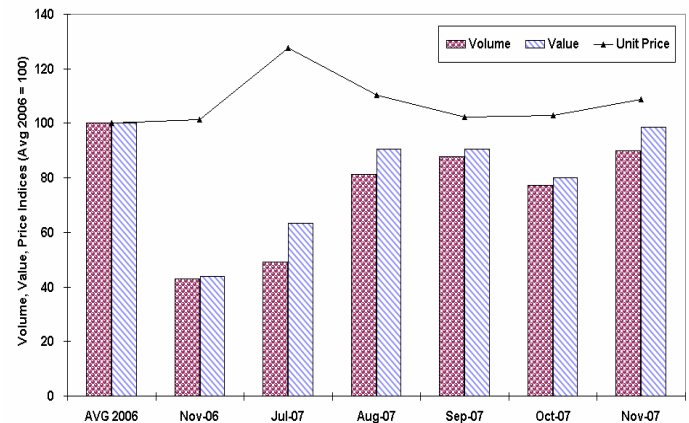
On the upside, earnings from nonu juice climbed 14 percent (or \$42 thousand) to \$353 thousand due to increases in its export volume and price by 11 percent and 3 percent respectively in the month under review. However, compared to the same month of 2006, the value and volume of nonu juice exports in November 2007 were much lower. (See Graph 5 and Table 2-A.)

Graph 5.
NONU JUICE EXPORTS



Export proceeds from coconut cream jumped 23 percent (or \$37 thousand) to \$196 thousand due to a 17 percent hike in its export volume plus a 6 percent increase in its international price. (See Graph 5a and Table 2-A). Revenues from cigarettes and coconuts rose 55 percent respectively to \$31 thousand and 59 thousand in that order and earnings from handicrafts more than doubled to \$13 thousand. The export of virgin coconut oil resumed in the month under review with a value of \$5 thousand.

Graph 5a.
COCONUT CREAM EXPORTS

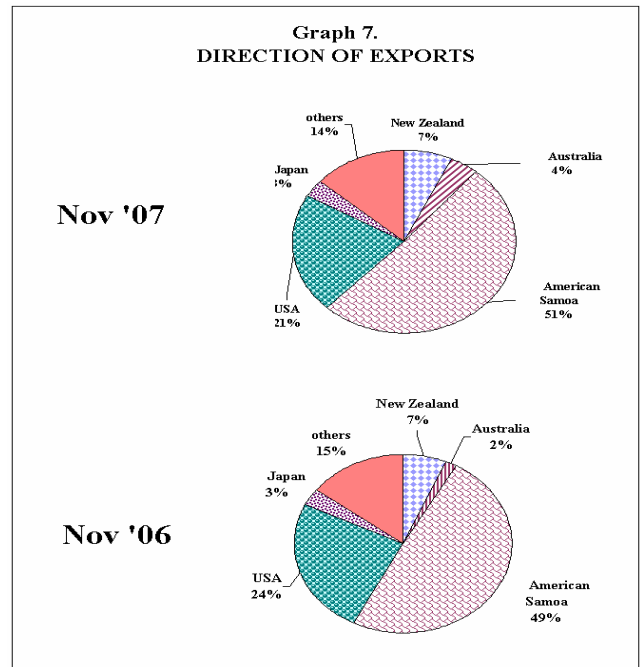
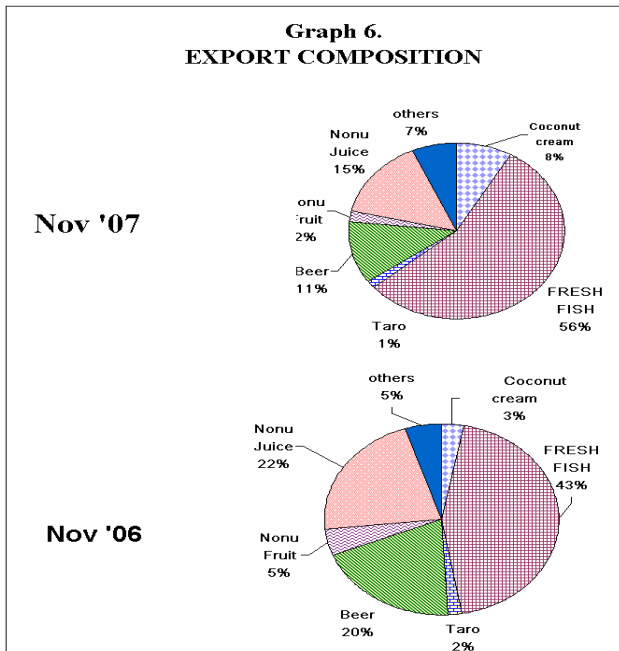


2.1 COMPOSITION OF EXPORTS

Fresh fish remained the dominant export commodity for Samoa although its share fell for the fourth month in a row, to 55 percent in November 2007 from 67 percent in the preceding month. Nonu juice followed with a

share of 15 percent, up from 10 percent in the previous month, ahead of beer whose share remained at 11 percent in the month under review. The share of coconut cream rose to 8 percent from 5 percent whilst the share of 'Other' exports went up to 5 percent from 3 percent. The ratio of nonu fruit exports dropped to 2 percent from 3 percent and those of taro and cigarettes recorded shares of 1 percent each in November 2007. (See Graph 6 and Table 2A & B.)

nonu juice exports) from 1 percent in October 2007. (See Graph 7 and Table 3.)



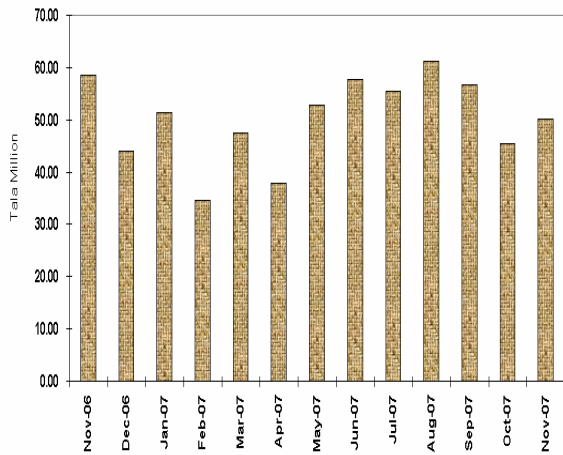
2.2 DIRECTION OF EXPORTS

The Pacific region remained the largest export destination despite its share falling to 75 percent in November 2007, from 84 percent in the previous month. Likewise, the share of American Samoa tumbled to 51 percent from 64 percent followed by the USA, which jumped to 21 percent from 15 percent reflecting higher nonu juice exports to that country. 'Other Pacific Islands' which is dominated by Tokelau, registered a share of 12 percent, down from 13 percent in the previous month. The share of New Zealand remained unchanged at 7 percent while that of Australia increased to 4 percent from 1 percent in October 2007. The share of Japan went up to 3 percent (due to

3. IMPORTS

The total value of imports rebounded 10 percent (\$4.6 million) to \$50.1 million in November 2007. The growth in imports was due to a substantial increase in petroleum imports, which rose by 37 percent (or \$3.2 million) to \$12.0 million and non petroleum private sector imports which increased 7 percent (or \$2.4 million) to \$37.9 million. These rises more than outweighed an 89 percent (or \$1.1 million) drop in Government imports to \$131 thousand in the month under review. However, when compared with November last year, total import payments were 15 percent (\$8.5 million) lower. Likewise, for the first five months of 2007/08, total imports fell 8 percent or (\$22 million compared to the first five months of last year reflecting the slowdown in imports of construction materials and motor vehicles in the month under review. (See Graph 8 and Table 4.)

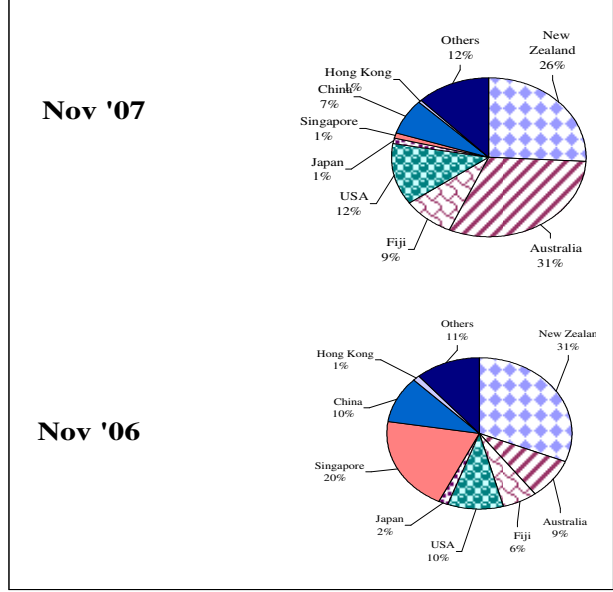
Graph 8.
IMPORTS



3. 1 SOURCE OF IMPORTS

With the increase in petroleum imports from Australia, the share of that country leapt to 31 percent from 10 percent, overtaking New Zealand as the main source of imports for Samoa. As a result, New Zealand’s share fell to 26 percent from 29 percent in the previous month. The proportion of imports from the US edged up to 13 percent from 12 percent in the preceding month. At 9 percent, Fiji’s share was slightly higher than the 8 percent in October 2007 while the share of ‘Other Asian countries’ increased to 8 percent from 7 percent in October 2007. Japan, Singapore, Taiwan and ‘Other European Countries’ recorded shares of 1 percent each in the month under review. (See Table 5 and Graph 9.)

Graph 9.
SOURCE OF IMPORTS



4. SELECTED INTERNATIONAL COMMODITY PRICES.

4.1 FOOD ITEMS

In line with inflationary pressures due to rising world oil prices, the prices for most of Samoa’s internationally traded commodities increased in November 2007. On the export side, the prices of coconut oil, copra, and cocoa increased by 13 percent, 15 percent and 3 percent respectively to US\$1,143.0 per metric ton, US\$758.0 per metric ton and US196.8 cents per kilogram in that order.

On the import side, the prices of rice, sugar, beef and lamb also increased by 4 percent, 3 percent, 2 percent and 1 percent respectively to US\$342.0 per metric ton, US72.93 cents per kilogram, US260.3 cents per kilogram and US445.3 cents per kilogram in that order. On the downside, the price of wheat decreased by 4 percent to US321.8 cents per kilogram in November 2007.

4.2 FUEL : PETROLEUM

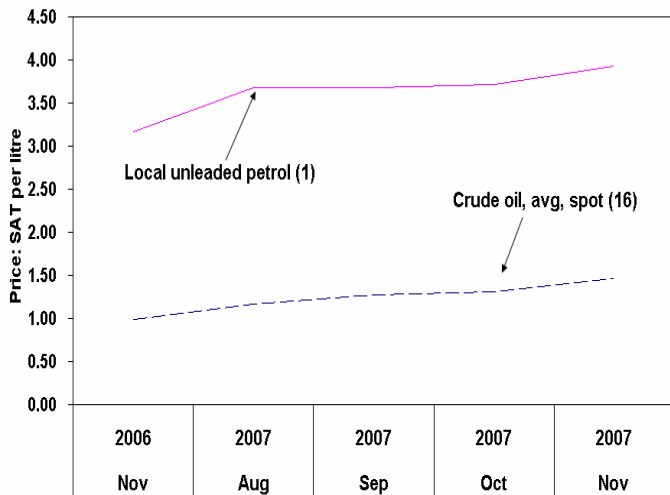
The average spot price of crude oil continued its record setting pace by recording its highest yet price since the mid 1970’s, at US\$91.34 per barrel in November 2007, after setting another

record high of \$81.97 per barrel in October 2007. And, when converted into Samoan tala, the rise in the average spot price of crude oil was virtually the same at 11.2 percent (to \$1.46 per litre). Consequently, local consumers can expect to see an upward trend in the local price of petroleum in future months. (See Graph 10.)

in the same month of 2006. The lower level of arrivals in the month under review reflected the decline in the 'Visiting friends and relatives' category (by 28 percent), 'Holiday' (by 15 percent), and 'Other purposes' (by 30 percent). On the other hand, 'Business' visitors rose by 16 percent and the 'Sports' category went up by 8 percent. (See Table 7 and Graph 11.)

Graph 10:

Fuel Prices



4.3 OTHER NON-FOOD ITEMS

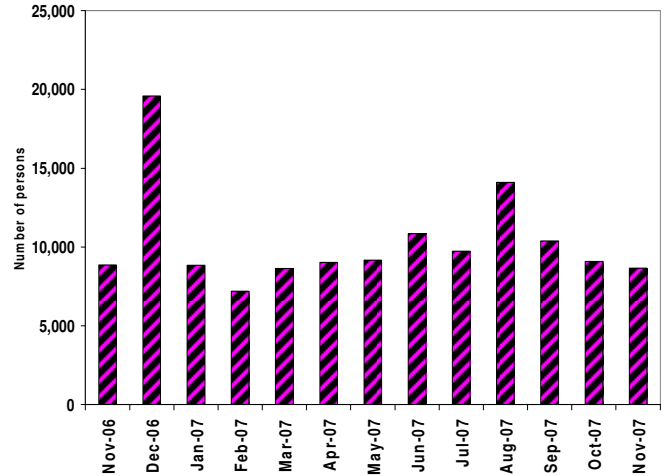
On other non-food items, the price of potassium chloride rose 5 percent to US\$230.0 per metric ton and that of DAP fertilizers increased 15 percent to US\$521.0 per metric ton in November 2007. The price of plywood went up 3 percent to US\$674.1 cents per sheet while the price of sawn wood timber fell by 1 percent to US\$806.3 cents per cubic metre in the month under review.

The prices of steel rebar and steel wire rod also increased 4 percent and 1 percent respectively to US\$569.0 per metric ton and US\$555.0 per metric ton in that order while that of steel coil sheet remained unchanged at \$550.0 per metric ton. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

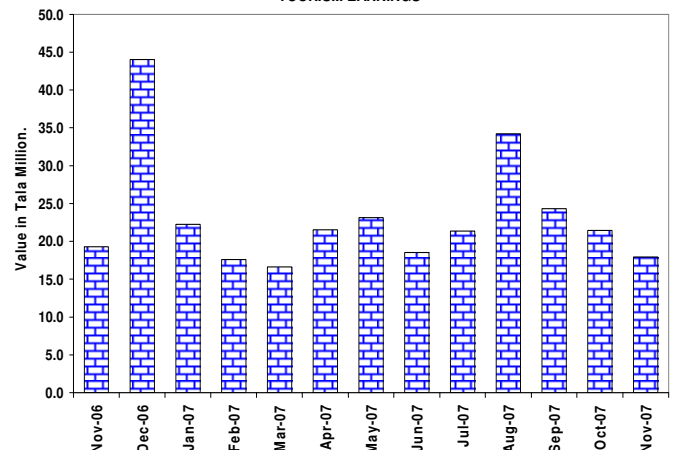
Tourist arrivals dropped 5 percent to 8,651 in November 2007 to a level 2 percent lower than

Graph 11. TOTAL ARRIVALS



In addition to the contraction in tourist arrivals, the seasonal fall in average tourist expenditure (by 12 percent) in November 2007 saw tourism revenues drop by 16 percent (\$3.5 million) to \$17.9 million. Furthermore, at this level, it was also 7 percent (or \$1.4 million) lower than total earnings in November 2006. (See Graph 12.)

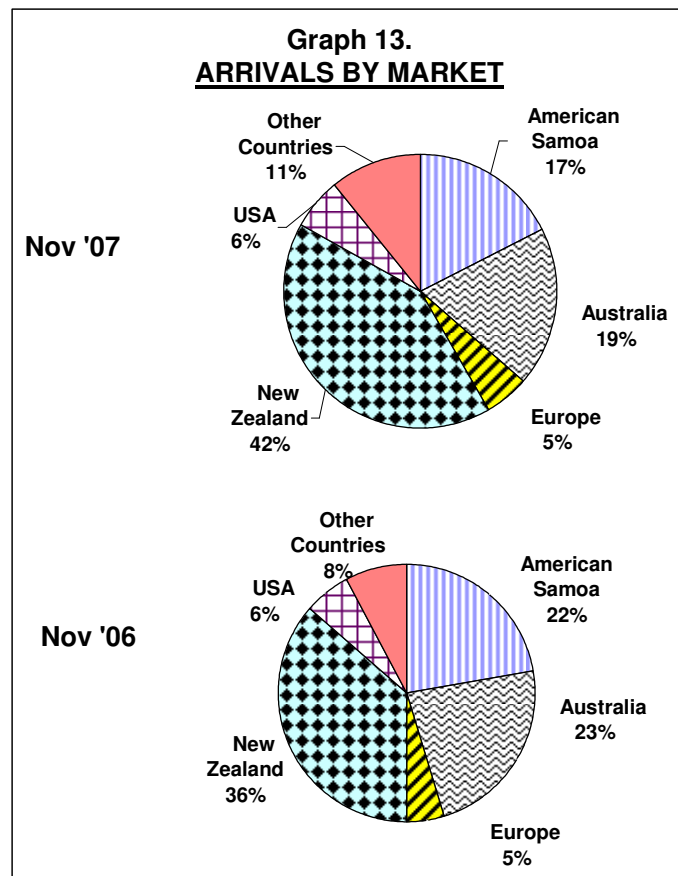
Graph 12. TOURISM EARNINGS



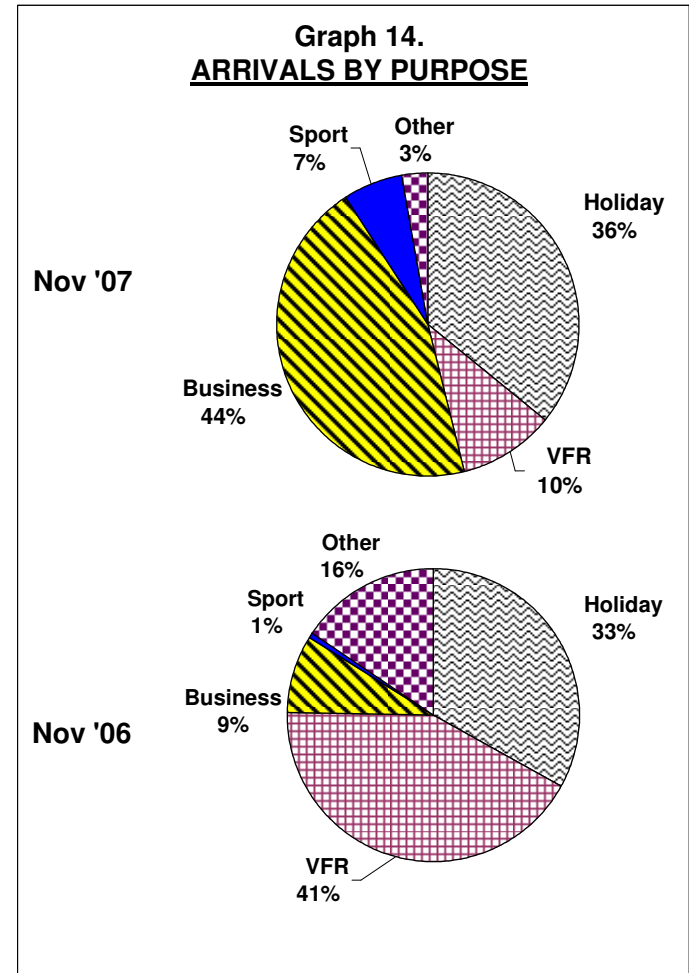
5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

Tourist arrivals from most of the major source countries fell in November 2007. Although it remained the main visitor source in November 2007, New Zealand recorded the largest drop of 13 percent (or 555) to 3,598 followed by American Samoa which fell 15 percent (373) to 1,512 following the disruption of flights from Pago Pago when the South Pacific Express Airline was grounded. The USA also registered a drop of 10 percent (or 57) to 530 in November 2007. On the other hand, arrivals from 'Other' countries, Europe and Australia increased by 49 percent, 51 percent and 6 percent respectively to 926, 451 and 1634 in that order in November 2007. (See Graph 13.)

percent, 7 percent and 3 percent in that order. (See Graph 14.)



The majority of tourists during the month under review were 'business' visitors and 'holiday makers', accounting for 45 percent and 36 percent respectively of total arrivals. The 'visiting friends and relatives', 'sports' and 'other purposes' categories accounted for 10

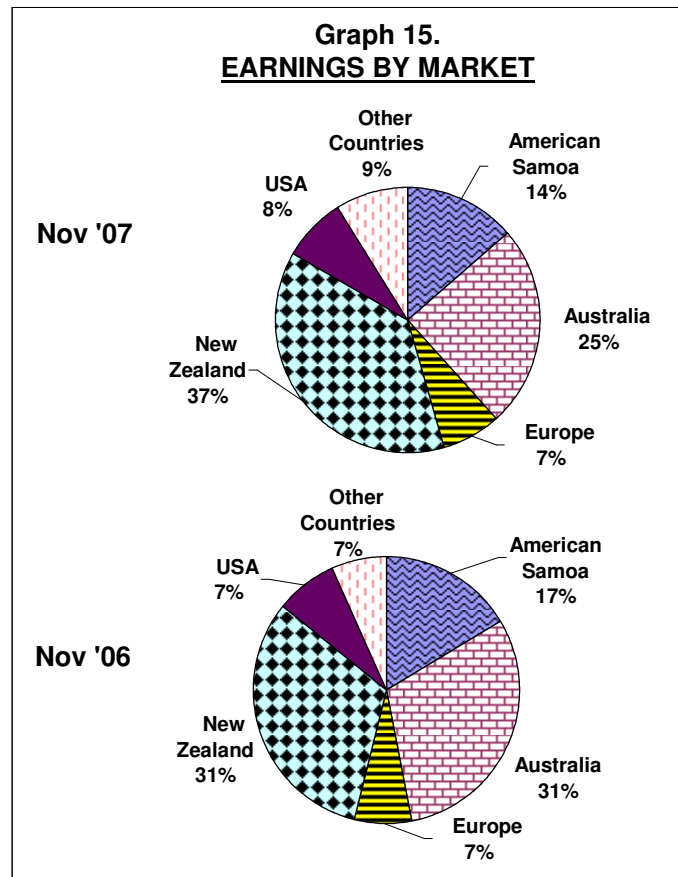


5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

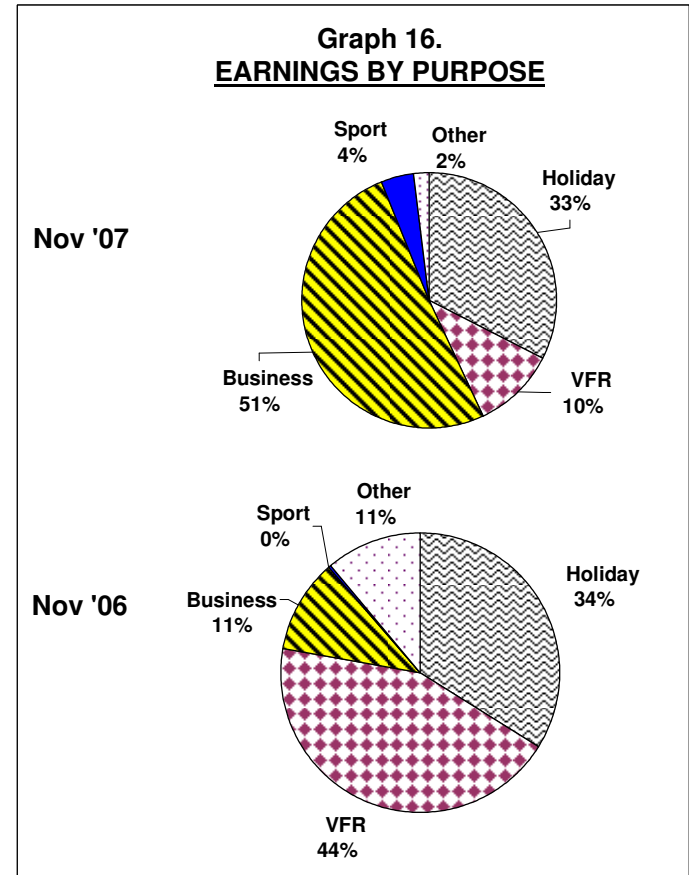
The lower level of arrivals during the month under review (compared to October 2007) and a seasonal downturn in average tourist spending led to a drop in tourism earnings from most of the source countries. Proceeds from the New Zealand market dropped 37 percent (\$4.1 million) to \$6.8 million due to a 13 percent fall in its arrivals plus a 28 percent decline in its average seasonal tourism expenditure. Revenue from the United States and American Samoan markets also declined by 20 percent (or \$0.3 million) and 9 percent (or \$0.2 million) respectively to \$1.4 million and \$2.4 million in that order in the month under review. The lower earnings for the above two countries reflected declines in their arrivals by 10 percent and 20

percent respectively and reduced average expenditures of 11 percent and 12 percent in that order. On the upside, revenues from 'Other' countries, Europe and Australia increased 48 percent, 52 percent and 3 percent respectively to \$1.6 million, \$1.3 million and \$4.4 million respectively. This was due to increases in their arrivals of 49 percent, 51 percent and 11 percent which outweighed decreases of 1 percent and 3 percent in the average expenditure for 'Other' and Australian tourists respectively while that for European tourists went up 1 percent in November 2007. (See Graph 15.)

million in the month under review. (See Graph 16.)



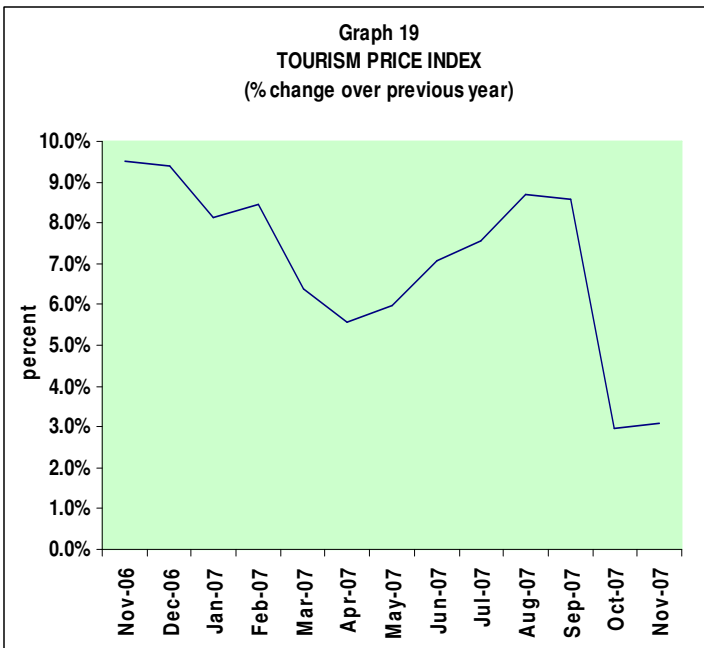
Earnings from 'holiday and 'visiting friends and relatives' recorded the biggest declines of 26 percent (\$2.1 million) and 50 percent (\$1.8 million) respectively to \$5.8 million and \$1.9 million in that order in November 2007. Revenues from the 'sports', and 'others' categories also dropped by 52 percent and 49 percent respectively to \$0.8 million and \$0.3



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 November 2007, the overall TPI remained steady with slight gains in the 'Meals and drinks', 'Car rentals' and 'Other transportation' categories, which edged up by 1 percent each. And, when compared to the same month last year, the TPI in November 2007 was again unchanged reflecting a big drop in the 'Accommodation' sub-index, which was offset by small increases all other categories. (See Graph 17 and Table 7.)



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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
18 January 2008