

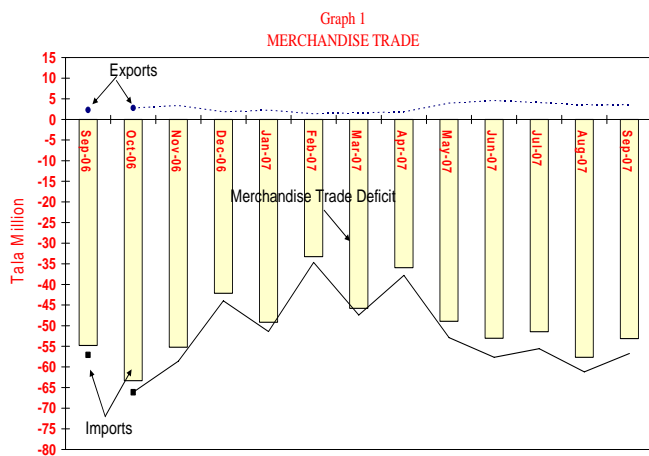
FOREIGN TRADE & TOURISM EARNINGS
REPORT

SEPTEMBER 2007

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1. MERCHANDISE TRADE DEFICIT

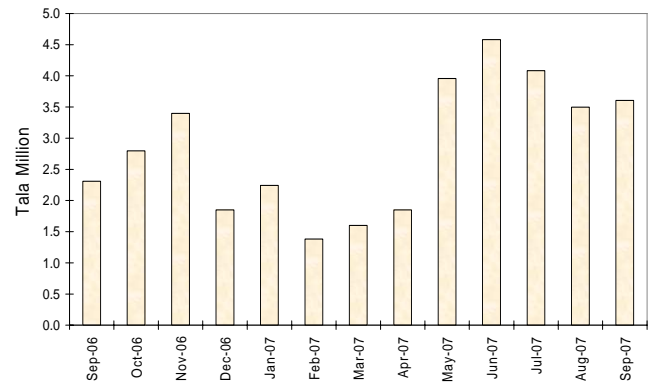
After rising 12 percent (\$6.2 million) to \$57.7 million in the preceding month, the merchandise trade deficit narrowed 8 percent (\$4.6 million) to \$53.1 million in September 2007. The reduction was due to a decline in imports plus an expansion in exports earnings. (See Graph 1 and Table 1.) And, when compared with the same month of 2006, the merchandise trade deficit in September 2007 was 3 percent lower.



2. EXPORTS

The total value of exports (including re-exports) increased 3 percent (\$108 thousand) to \$3.6 million in September 2007. And, at this level, it was also 56 percent (\$1.3 million) higher than in September 2006. (See Graph 2 and Table 2-A.) The increase in total export earnings was mainly due to the expansion in earnings from fresh fish, beer, nonu fruits, coconuts and Samoan cocoa.

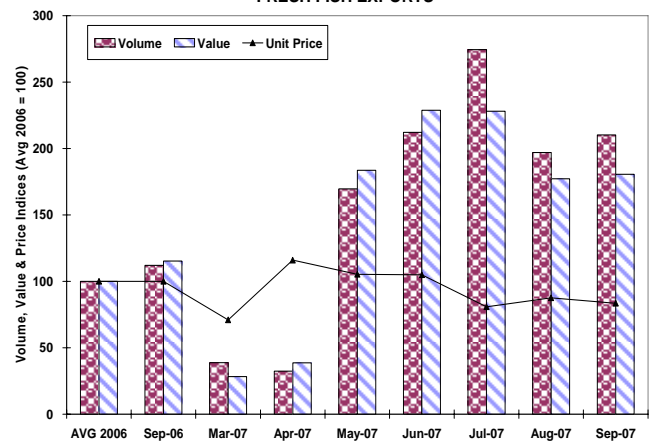
Graph 2
EXPORTS



These improvements outweighed declines in proceeds from nonu juice, taro, soft drinks and handicrafts. In addition, revenues from re-exports dropped 25 percent (\$82 thousand) to \$250 thousand in September 2007.

Despite a 5 percent decrease in its (international) price, revenues from fresh fish increased 2 percent (or \$42 thousand) to \$2.3 million due to a 7 percent rise in its export volume. The lower export price of fish reflected the bulk being the cheaper unprocessed fish sold to American Samoa canneries. Compared with September 2006, the volume and value of fish exports in September 2007 were much higher. (See Graph 3 and Table 2-A.)

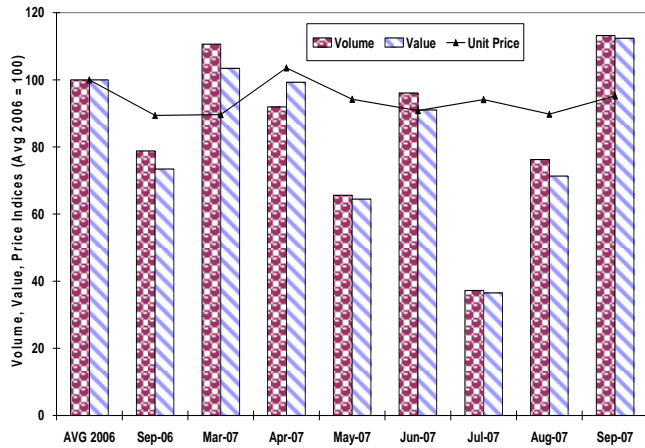
Graph 3.
FRESH FISH EXPORTS



Proceeds from beer also jumped 57 percent (or \$119 thousand) to \$326 thousand due to a 49 percent surge in its export volume plus a 6

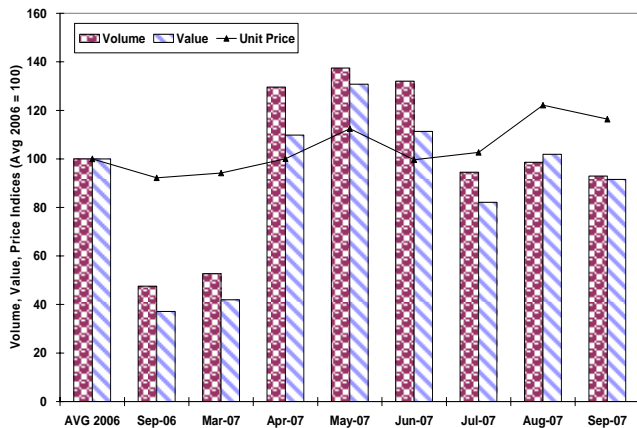
percent improvement in its international price. In addition, earnings from nonu fruits, coconuts and Samoan cocoa soared 93 percent, 162 percent and 100 percent respectively to \$117 thousand, \$34 thousand and \$4 thousand in that order in September 2007. (See Graph 4 and Table 2-A.)

Graph 4. BEER EXPORTS



On the downside, earnings from nonu juice fell 10 percent (down \$34 thousand) to \$301 thousand due to decreases in its export volume and price by 6 percent and 5 percent respectively in the month under review. (See Graph 5 and Table 2-A.)

Graph 5. NONU JUICE EXPORTS



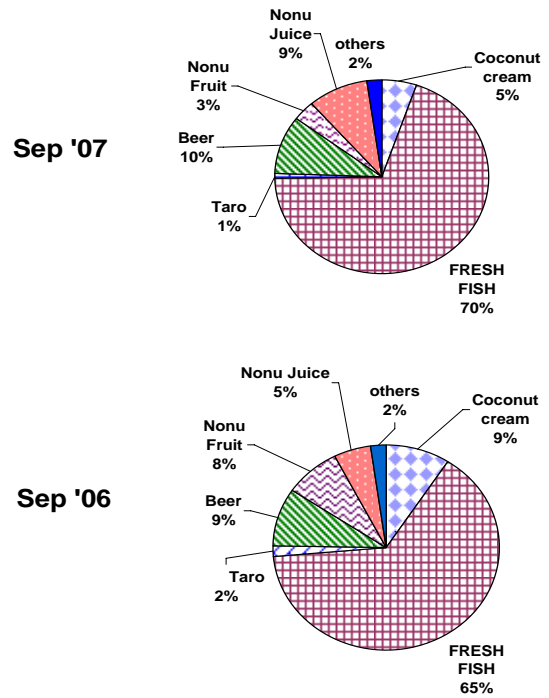
Export proceeds from taro also dropped 29 percent (or \$12 thousand) to \$30 thousand due to a 27 percent fall in its export volume plus a 2

percent decrease in its international price. Revenues from soft drinks fell 19 percent (or \$3 thousand) to \$13 thousand while none was recorded for handicraft export in contrast to a value of \$4 thousand in August 2007.

2.1 COMPOSITION OF EXPORTS

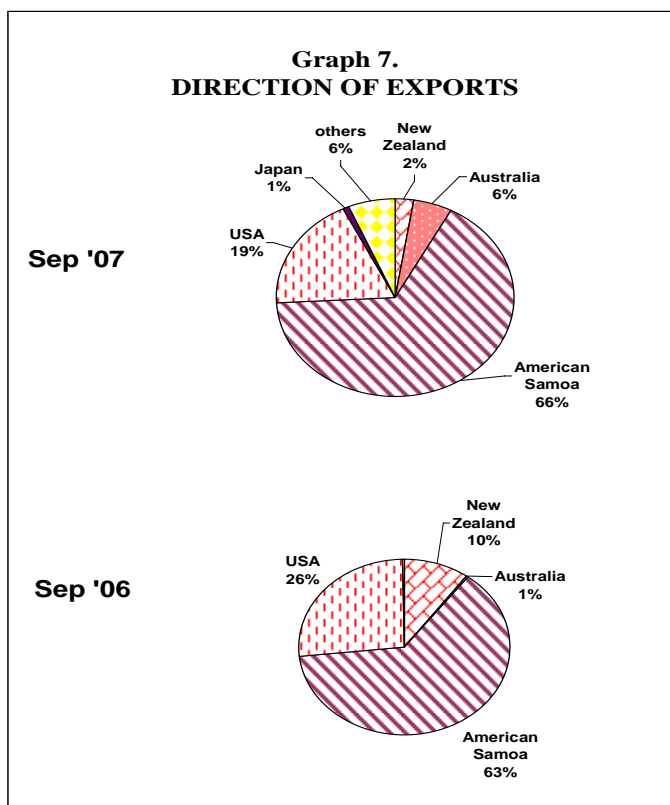
Fresh fish remained the dominant export commodity for Samoa although its share declined to 69 percent in September 2007 from 72 percent in August 2007. Beer followed with a share of 10 percent, up from 7 percent in the previous month, ahead of nonu juice whose share decreased to 9 percent from 11 percent in August 2007. The share of coconut cream also decreased to 5 percent from 6 percent whilst those of taro and 'other exports' remained steady at 1 percent and 2 percent in that order in September 2007. (See Graph 6 and Table 2A & B.)

Graph 6. EXPORT COMPOSITION



2.2 DIRECTION OF EXPORTS

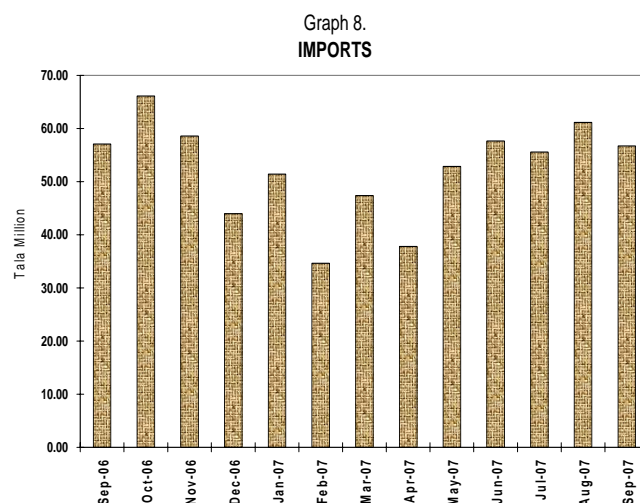
The Pacific region remained the largest export destination with its share virtually unchanged at around 81 percent in September 2007. The share of American Samoa increased to 66 percent from 65 percent followed by the USA which remained steady at 19 percent. The share of Australia jumped to 6 percent from 1 percent while that of New Zealand dropped to 2 percent from 5 percent in August 2007. The share of 'Other Pacific island' countries also fell to 6 percent from 10 percent while that of Japan amounted to 1 percent (due to non-juice exports) in contrast to nil in August 2007. (See Graph 7 and Table 3.)



3. IMPORTS

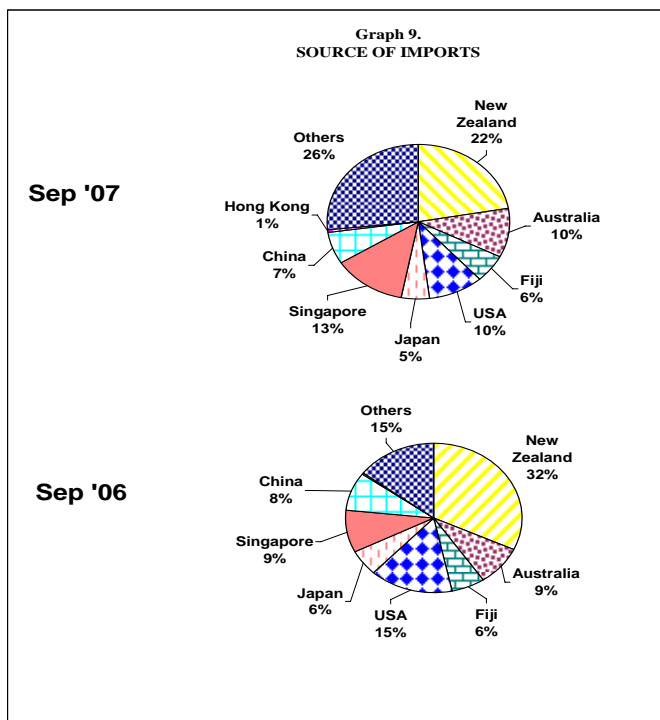
The total value of imports weakened, by 7 percent (\$4.4 million) to \$56.7 million in September 2007. The contraction in imports was due to a substantial decline in both non-petroleum imports of the private sector and

Government imports by 21 percent (or \$10.7 million) and 75 percent (or \$1.8 million) respectively to \$40.5 million and \$609 thousand in that order. This fall outweighed a more than twofold (or \$8.1 million) jump in petroleum imports to \$15.6 million in the month under review. Compared with September last year, imports were also 1 percent (\$374 thousand) lower. (See Graph 8 and Table 4.)



3.1 SOURCE OF IMPORTS

New Zealand continued to be the main source of imports for Samoa, although its share fell to 22 percent from 35 percent in the previous month. The Middle East (mainly Iran) and Singapore accounted for 16 percent and 13 percent respectively. The latter's share was unchanged from the preceding month while that of the former jumped from only 1 percent, following the huge petroleum consignments. At 10 percent each in the month under review, Australia's share was slightly higher than the 9 percent in August 2007 while that of the USA fell from 13 percent. The share of 'other Asian countries' and China increased to 9 percent and 7 percent respectively from 6 percent and 5 percent in that order in August 2007. On the downside, those of Fiji and Japan decreased to 6 percent and 5 percent respectively in August 2007 while those of Europe, Hong Kong and Taiwan remained steady at 1 percent each in the month under review. (See Table 5 and Graph 9.)



4. SELECTED INTERNATIONAL COMMODITY PRICES.

4.1 FOOD ITEMS

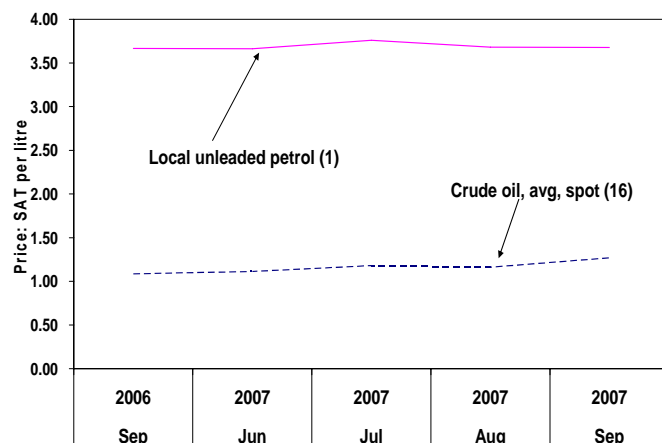
In line with inflationary pressures due to rising world oil prices, the prices for most of Samoa’s internationally traded commodities increased in September 2007. On the export side, the prices of cocoa, coconut oil, copra and banana went up by 2 percent, 2 percent, 3 percent and 18 percent respectively to US\$193.4 cents per kilogram, US\$927.8 per metric ton, US\$613.8 per metric ton and US\$1,107.0 per metric ton in that order in September 2007.

On the import side, the prices of sugar and lamb also increased by 2 percent and 4 percent respectively to US\$69.04 cents per kilogram and US\$429.5 cents per kilogram in that order. On the downside, the prices of beef and rice decreased by 0.1 percent and 0.8 percent respectively to US\$260.7 cents per kilogram and US\$325.0 per metric ton in that order in September 2007.

4.2 FUEL : PETROLEUM

The average spot price of crude oil jumped by a record high of 9.5 percent to US\$76.76 per barrel in September 2007, after falling 5 percent in August 2007. And, when converted into Samoan tala, the rise in the average spot price of crude oil was slightly lower at 9.2 percent (to \$1.27 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 upward trend in the price of petroleum in future months. (See Graph 10.)

Graph 10: **Fuel Prices**



4.3 OTHER NON-FOOD ITEMS

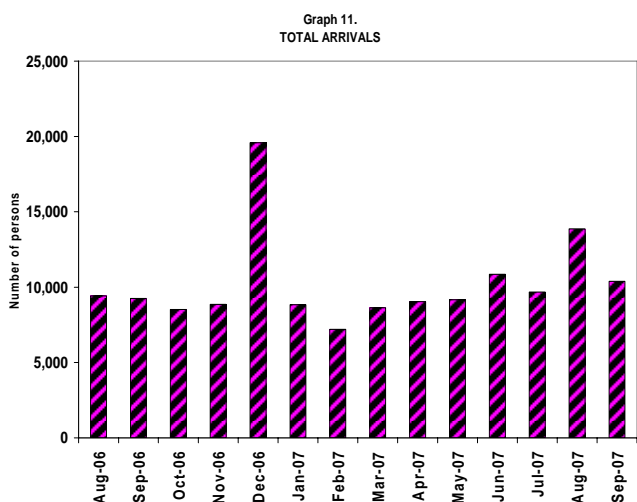
On other non-food items, the price of potassium chloride remained steady at US\$212.5 per metric ton while that of DAP fertilizers increased 1 percent to US\$431.9 per metric ton in September 2007. The prices of plywood and sawn wood timber also increased by 2 percent and 0.4 percent respectively to US\$660.8 cents per sheet and US\$819.6 cents per cubic metre in that order in the month under review.

The price of steel rebar also rose 15 percent to US\$545.0 per metric ton while those of steel wire rod and steel coil sheet remained unchanged

at US\$550.0 per metric ton each in September 2007. (See Table 6.)

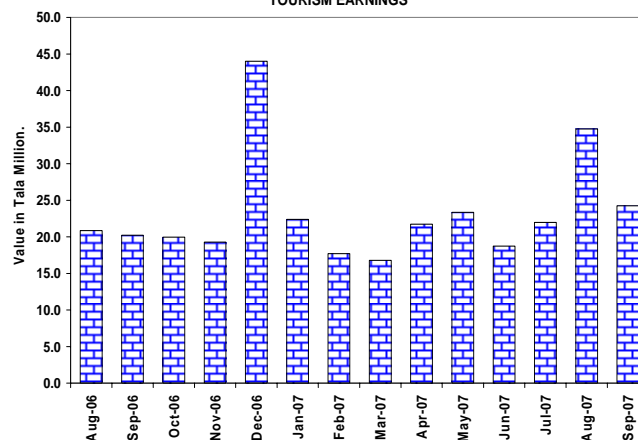
5. TOURIST ARRIVALS AND EARNINGS

Following the influx of athletes and officials for the Thirteenth South Pacific Games in the preceding month, tourist arrivals dropped 25 percent to 10,391 in September 2007. However, at this level, it was 12 percent higher than the level in the same month of 2006. The lower level of arrivals in the month under review reflected the decline in all the categories namely ‘sports’ (by 61 percent), ‘other purposes’ (by 26 percent), ‘business’ (by 14 percent), ‘visiting friends and relatives’ (by 11 percent) and ‘holiday makers’ (by 10 percent). (See Table 7 and Graph 11.)



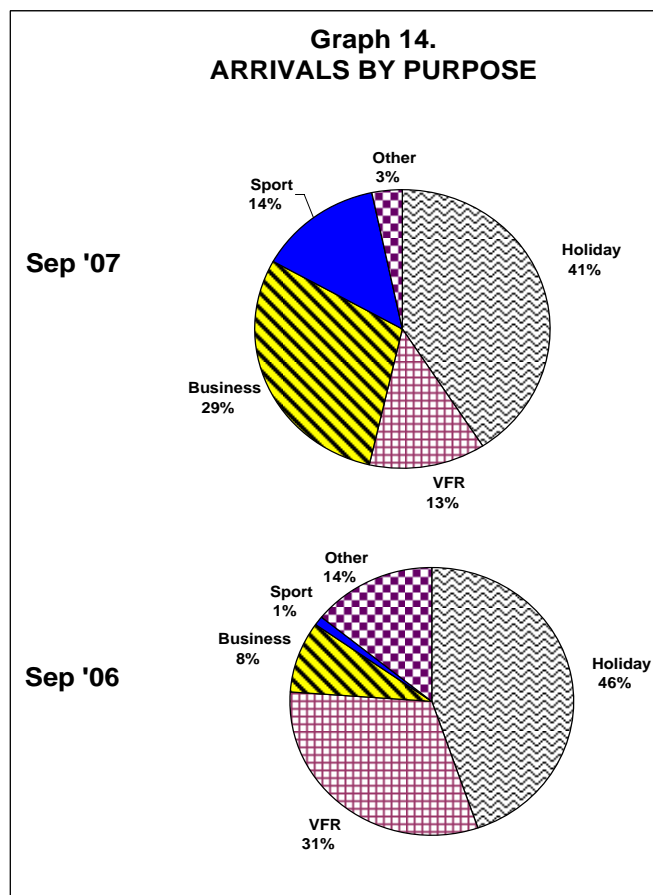
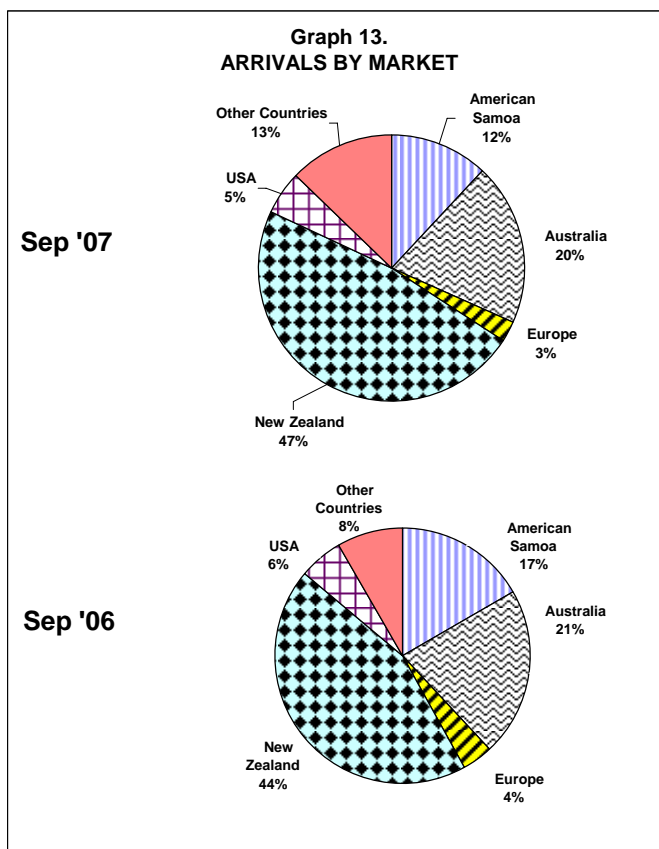
In addition to the contraction in tourist arrivals, the seasonal fall in average tourist expenditure (by 13 percent) in September 2007 saw tourism revenues dropped by 30 percent (\$10.5 million) to \$24.2 million. However, at this level, it was 20 percent (or \$4.0 million) higher than total earnings in September 2006. (See Graph 12.)

Graph 12. TOURISM EARNINGS



5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

The tourist arrivals from most of the major source countries fell in September 2007. The largest drop was in the ‘other countries’ category which tumbled 64 percent (or 2,350) to 1,333 after the influx of athletes and officials for the Games in August 2007. Tourists from American Samoa, Europe and the USA also registered declines of 50 percent (or 1245), 40 percent (or 183) and 24 percent (or 166) respectively to 1,243, 271 and 539 in that order in September 2007. Arrivals from Australia and New Zealand, on the other hand, increased by 11 percent and 6 percent respectively to 2,043 and 4,962 in that order in September 2007. (See Graph 13.)

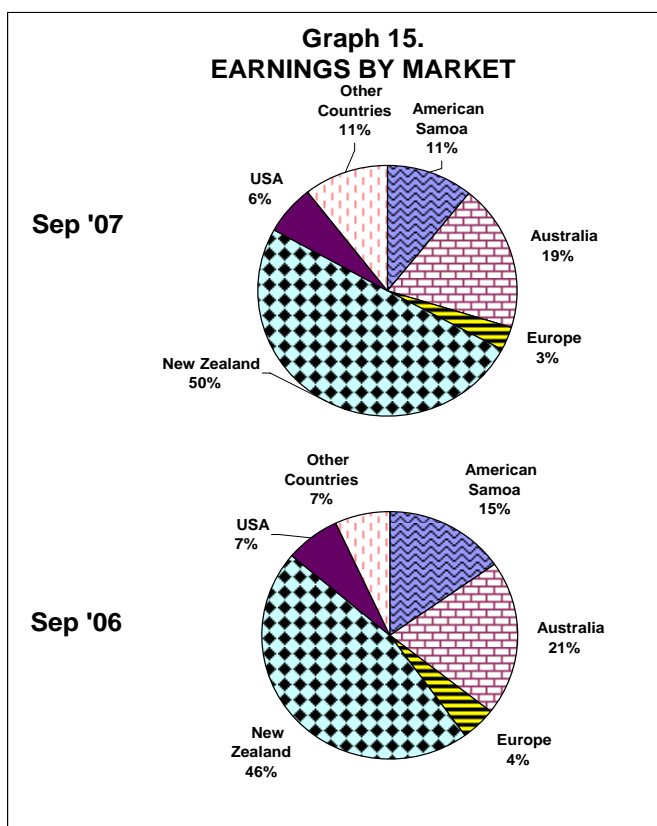


The majority of tourists during the month under review were ‘holiday makers’ and ‘business’ visitors, accounting for 41 percent and 29 percent respectively of total arrivals. The ‘sports’, ‘visiting friends and relatives’ and ‘other purposes’ categories accounted for 14 percent, 13 percent and 3 percent in that order in September 2007. (See Graph 14.)

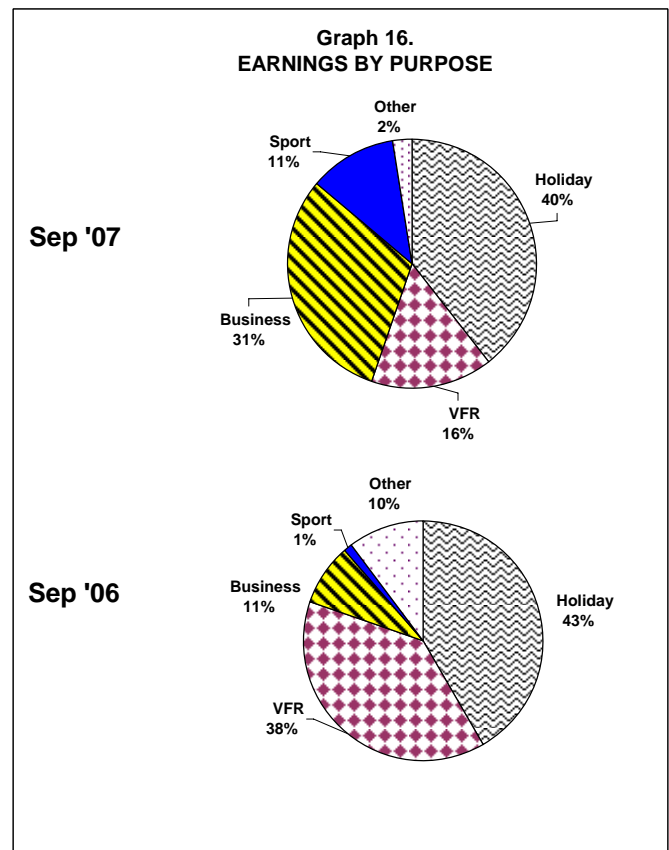
5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

The lower level of arrivals during the month under review (compared to August 2007) consequently saw a fall in tourism earnings from most of the source countries. Reflecting the drop in arrivals from Pacific Island countries for the SPG, earnings from the ‘other countries’ category tumbled 75 percent (\$7.9 million) to \$2.6 million in September 2007. This was due to declines in both its arrivals and average expenditure of 64 percent and 32 percent respectively in September 2007. Proceeds from the American Samoan market dropped 42 percent (\$1.9 million) to \$2.6 million due to a 50 percent fall in its arrivals which outweighed a 16 percent expansion in its average seasonal tourism expenditure. Proceeds from the United States and European markets also declined by 32 percent (or \$0.7 million) and 26 percent (or \$0.3 million) respectively to \$1.5 million and \$0.7 million in that order in September 2007. The lower earnings for the above two countries

reflected the decline in their arrivals by 24 percent and 40 percent respectively. The USA average expenditure also decreased 11 percent while that of Europe rose 24 percent. On the upside, New Zealand and Australian tourism revenues increased 1 percent each to \$12.3 million and \$4.6 million respectively. This was due to increases in their arrivals of 6 percent and 11 percent which outweighed decreases of 4 percent and 9 percent in their average expenditure in that order in September 2007. (See Graph 15.)



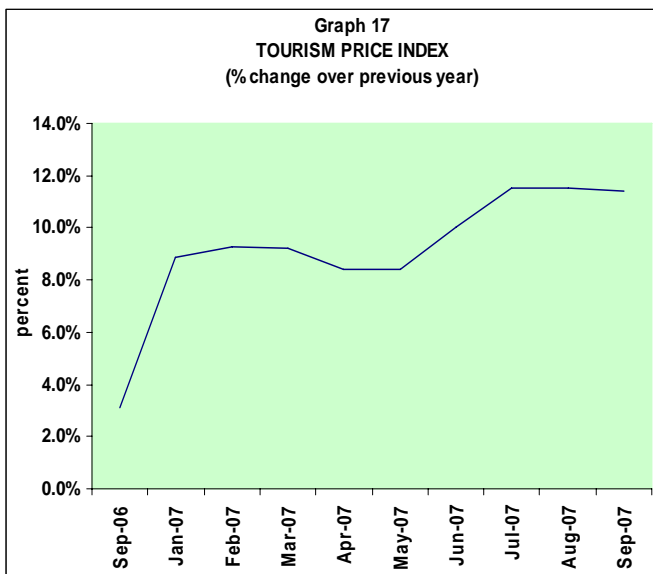
Earnings from all the categories fell with 'sports' and 'other purpose' recording the highest declines of 70 percent (\$6.5 million) and 33 percent (\$0.3 million) respectively to \$2.8 million and \$0.6 million in that order in September 2007. Proceeds from the 'visiting friends and relatives', 'business' and the 'holiday makers' categories also dropped by 21 percent, 18 percent and 11 percent respectively to \$3.8 million, \$7.5 million and \$9.6 million in that order in September 2007. (See Graph 16.)



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 September 2007, the overall TPI remained steady as most sub-indices remained unchanged except 'Meals and drinks' and 'Other transportation' which edged down by 1 percent each. But, when compared to the same month last year, the TPI in September 2007 was 11 percent higher. This sharp rise reflected increases in most categories of expenditures, particularly steep rises in the 'Accommodation' and 'Meals and drinks' sub-indices by 18 percent and 9 percent respectively. (See Graph 17 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.

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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
8 November 2007