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FOREIGN TRADE & TOURISM EARNINGS REPORT

SEPTEMBER 2009

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FOREIGN TRADE & TOURISM EARNINGS REPORT SEPTEMBER 2009

This report is a monthly release of the latest available indicators on foreign trade and tourism earnings, with information sourced from the Central Bank, Samoa Bureau of Statistics and the Ministry of Revenue.

Report No. FTTR 09/09

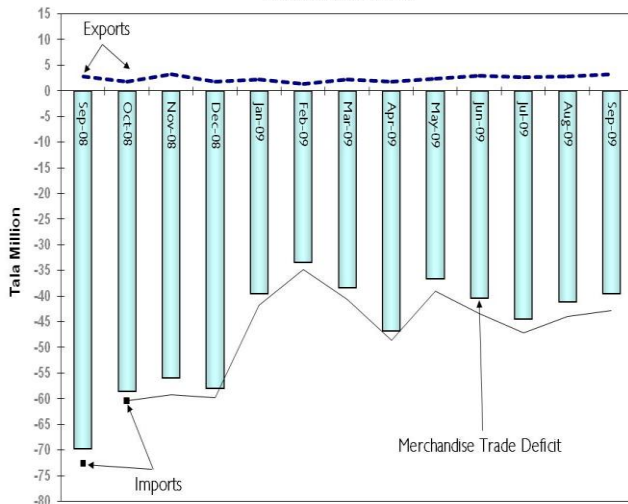
September 2009

1. MERCHANDISE TRADE DEFICIT

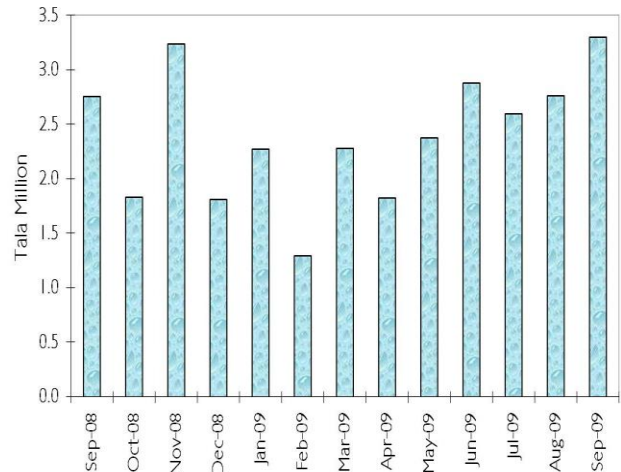
A further gain in export revenues and a drop in import payments in September 2009 generated another positive outcome for the merchandise trade balance, which narrowed 4 percent, following a 7 percent reduction in the previous month. At \$39.6 million, the merchandise trade deficit in the month under review was also 43 percent (\$30.3 million) smaller than the merchandise trade deficit in September 2008. (See Graph 1 and Table 1.)

The higher export earnings in the month under review mainly reflected increased proceeds from the export of coconut 'cooking' oil, beer, re-exports, coconuts, drinking coconut and Samoan cocoa, as well as a shipment of copra meal after an absence from the export scene in August 2009. These were partially offset by reduced earnings from fresh fish, coconut cream, soft drinks, taro and handicraft exports as well as the absence of nonu juice and nonu fruit exports in the month under review.

Graph 1
MERCHANDISE TRADE



Graph 2
EXPORTS



2. EXPORTS

The total value of exports (including re-exports) expanded a further 19 percent (\$537 thousand) to \$3.3 million in September 2009 after improving 6 percent in the previous month. And, at this current level, it was 19 percent higher than in September 2008, contributing a 4 percent increase in total export revenues in the first three months of 2009/10 compared to the same period of 2008/09. (See Graph 2 and Table 2-A.)

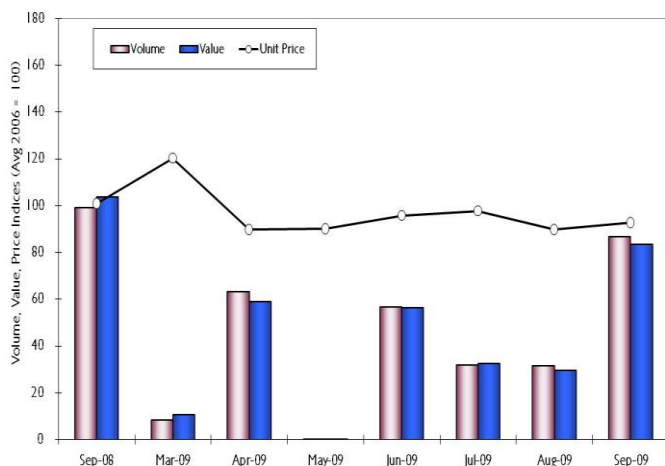
For the nine months to September 2009, the total value of exports grew 7 percent to \$21.6 million from \$20.1 million in the same period ending September 2008.

Coconut oil, which resumed trading with a \$23 thousand worth of shipment in August 2009 since its last consignment in April 2009, recorded a significant \$920 thousand increase to \$942 thousand in September 2009. This favourable outcome, which reflected the largest monthly consignment (of 825

metric tons) of coconut ‘cooking’ oil produced by the Pacific Oil Company Limited since its operations started in March 2008 was exported to Malaysia in the month under review compared to just 0.5 metric tons that was shipped to New Zealand in August 2009.

Also recording higher export revenue in the month under review was **beer** exports, which increased by \$157 thousand to \$243 thousand following higher export volume and unit price from August 2009. However, when compared to September 2008, the current value of beer exports, which was destined solely to American Samoa, was 19 percent lower consequent of decreased volume (down 12 percent) and unit price (down 8 percent) over the year. (See Graph 3 and Table 2-A.)

Graph 3
BEER EXPORTS



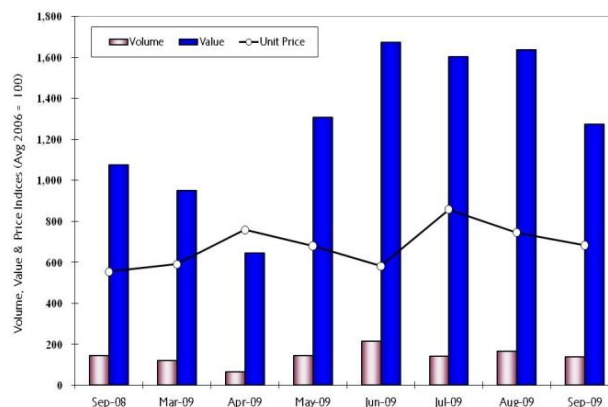
Likewise, the value of **re-exports**, which improved \$118 thousand in the previous month, gained another \$93 thousand to \$262 thousand in September 2009. This month’s higher proceeds solely reflected the value of external trade with the Tokelau Islands, which resumed after two months absence when the country’s ferry boat underwent maintenance work. However, at this current level, the value of re-exports was 46 percent (\$227 thousand) lower when compared to September 2008.

Other export commodities that contributed to the increased export revenue in September 2009 were **coconuts** (up \$12 thousand to \$43 thousand), **drinking coconuts** (up \$11 thousand to \$23 thousand) and **Samoan cocoa** (up \$2 thousand to \$7 thousand). **Copra meal**, which was absent from the export scene in

the previous month, recorded a \$43 thousand worth consignment that was destined to New Zealand.

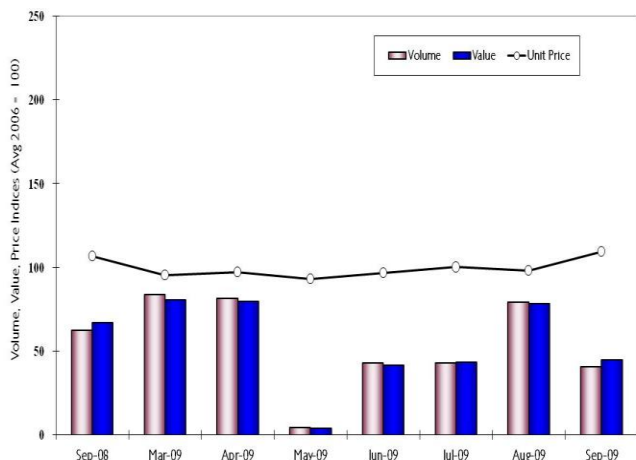
Partially offsetting these increased export proceeds in September 2009 was a \$449 thousand decrease to \$1.6 million in the value of **fresh fish** exports. This development reflected a 15 percent decrease in the volume of fish exports (to American Samoa and mainland USA) and an 8 percent reduction in the international price. However, when compared to a year ago, the current value of fish exports was 18 percent higher mainly due to a 23 percent increase in the unit price in contrast to a 4 percent drop in the export volume over the year. (See Graph 4 and Table 2-A).

Graph 4
FRESH FISH EXPORTS

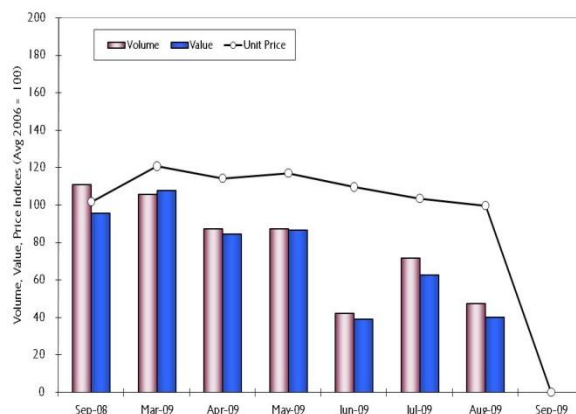


Coconut cream exports, after recording the largest increase in August 2009, decreased \$66 thousand to \$89 thousand in the month under review following a 49 percent tumble in its export volume that more than offset a 12 percent increase in its unit price. And, when compared to a year ago, the value of coconut cream exports in September 2009 was 33 percent lower reflecting a 34 percent decrease in its export volume that was partially stemmed by a 3 percent rise in its unit price. (See Graph 5 and Table 2-A).

Graph 5
COCONUT CREAM EXPORTS

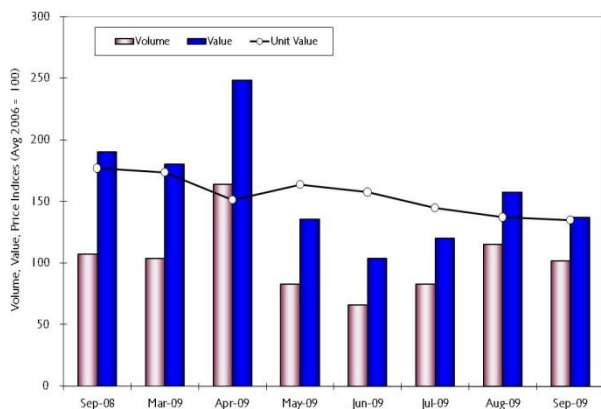


Graph 7
NONU JUICE EXPORTS

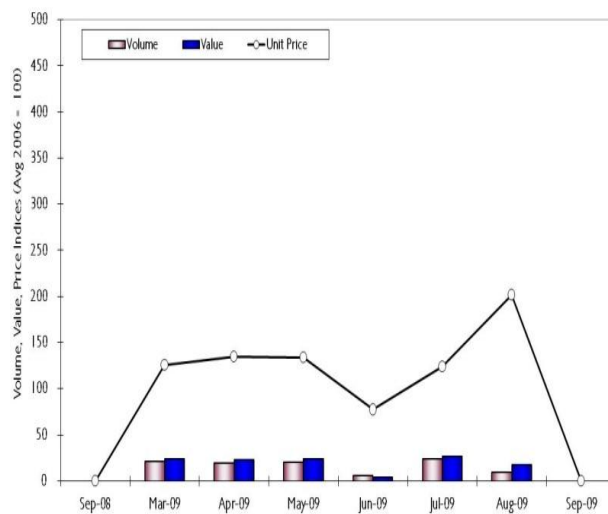


Similarly, revenue from **taro** exports dropped \$10 thousand to \$68 thousand in the month under review after both its export volume and unit price fell 11 percent and 2 percent respectively. At this current level, the value of taro exports was \$26 thousand lower than in September 2008 consequent to a 5 percent decrease in the export volume and a 24 percent decline in the unit price over the year. (See Graph 6 and Table 2-A.)

Graph 6
TARO EXPORTS



Graph 8
NONU FRUIT EXPORTS



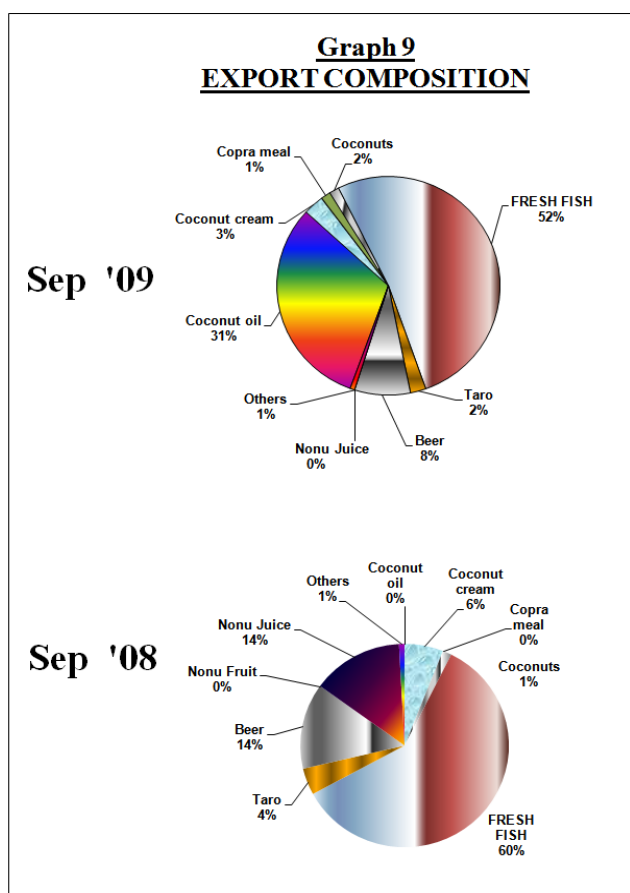
Also recording lower export revenues in September 2009 were decreased proceeds from **soft drinks** (down \$16 thousand to \$8 thousand) and **handicraft** (down \$0.6 thousand to \$0.4 thousand). And, after their shipments in August 2009, there were no exports of nonu juice and nonu fruit in the month under review. (See Graphs 7 & 8 and Table 2A and B.)

2.1 COMPOSITION OF EXPORTS

Although fresh fish exports remained the major export earner in September 2009, its share, corresponding to its lower proceeds, declined to 51.6 percent from 77.7 percent in August 2009 and 58.4 percent in September 2008. Accounting for this loss in export share from fresh fish was a significant shift up to second place in coconut oil, with its share recorded at 31.0 percent from 0.9 percent in the previous month. Likewise, the share of beer exports increased to 8.0 percent in September 2009 from 3.3 percent in August 2009 but was lower than its 13.3 percent share a year ago. Declining from its 6.0 percent share in the

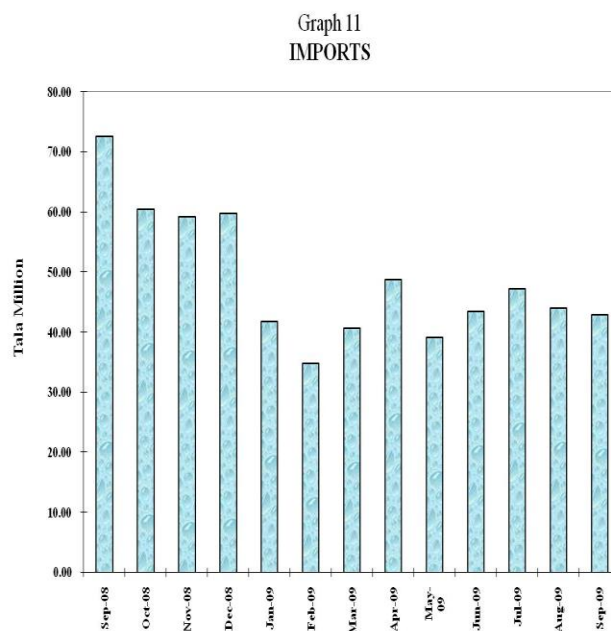
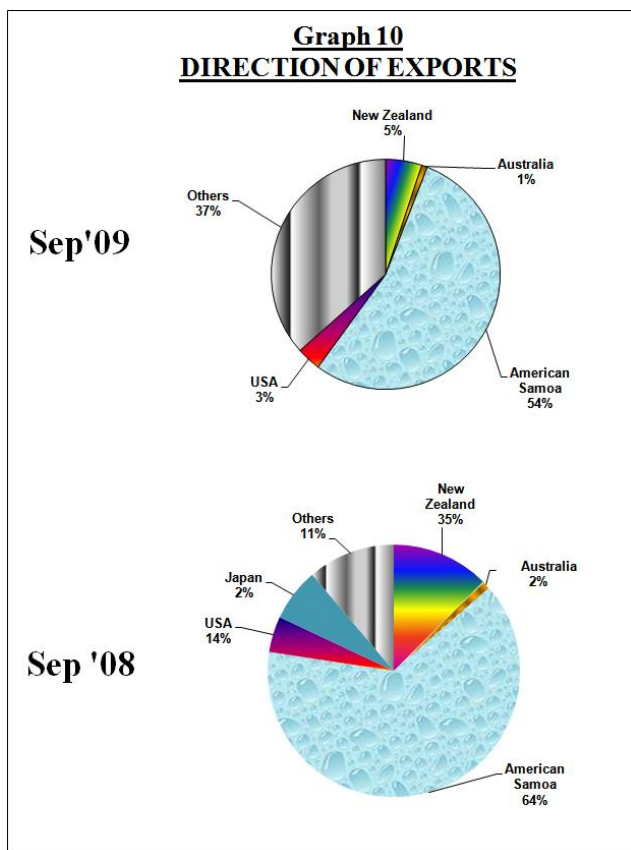
previous month was coconut cream exports, which accounted for 2.9 percent of total exports in September 2009, which was also lower than its 5.9 percent ratio in September 2008. Similarly, taro exports recorded a lower share of 2.2 percent from 3.0 percent and 4.1 percent respectively in August 2009 and September last year. Coconuts and copra meal each contributed 1.4 percent of this month's total exports with the share of the former export commodity higher than its 1.2 percent share in the previous month. Drinking coconuts and 'other exports' each accounted for modest shares of 0.8 percent and 0.7 percent respectively in September 2009 compared to their shares of 0.5 percent and 0.8 percent in that order last year. (See Graph 9 and Table 2A & B.)

region's lower share in the month under review were decreased exports to American Samoa (particularly fish, taro and coconut cream), which accounted for 54.2 percent of total exports, down from its 75.0 percent share in the previous month and 63.8 percent share in September last year. New Zealand, likewise, recorded a lower share of 5.1 percent in September 2009 compared to its share of exports in August 2009 (11.0 percent) and September 2008 (12.5 percent) – an outcome that reflected decreased exports of coconut cream in contrast to increased exports of drinking coconuts to that country in the month under review. Also recording a lower share, albeit at a smaller magnitude, were decreased exports of coconuts to Australia, which accounted for 0.8 percent of total exports compared to its shares of 1.6 percent in the previous month and 1.1 percent in September last year. Partially offsetting these lower shares in the Pacific region was an 8.0 percent share of total exports to 'other Pacific Island countries' (primarily the Tokelau Islands) after an absence of external trading in the previous two months. Shifting to second place in the regional standings was the **Asian** region, with a significant jump in its share of total exports to 28.6 percent in September 2009, from 4.0 percent in August 2009 and 6.8 percent in September 2008. Mainly responsible for this region's higher export share was the \$942 thousand worth of coconut 'cooking' oil consignment to Malaysia. This favourable regional outcome made up for the absence in usual external trading with Japan (due to no exports of nonu juice and nonu fruit in September 2009) and other Asian countries (such as Taiwan, Korea and China for the re-export of scrap metals). **North America** accounted for the remaining 3.4 percent of total exports in September 2009 following a continued absence of exports to the **European** region for the sixth consecutive month. Mainland USA represented the 3.4 percent share for the North American region, which was lower than its 8.3 percent and 4.6 percent shares respectively in August 2009 and September 2008 reflecting decreased exports of fresh fish to that country as well as the absence of nonu exports in the month under review. (See Graph 10 and Table 3.)



2.2 DIRECTION OF EXPORTS

The **Pacific** region remained the main destination of Samoa's exports in September 2009 despite its lower export share of 68.1 percent compared to its shares of 87.7 percent and 87.1 percent respectively in August 2009 and September 2008. Largely responsible for this



And, following this month's decreased imports, the latest available data for the first nine months of 2009 showed a 20 percent decline to \$382.4 million from \$479.8 million in the same period of 2008.

3. IMPORTS

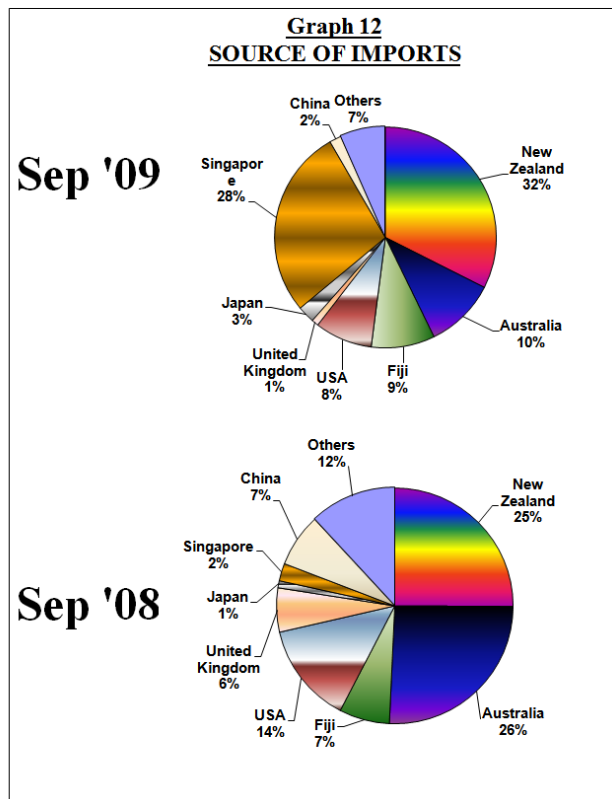
The total value of imports continued its downward trend for the second consecutive month, dropping 2 percent (\$1.1 million) to \$42.9 million in September 2009. At this current level, it was also 41 percent lower than in September 2008, contributing to a 32 percent decrease to \$134.0 million in total import payments in the first three months of fiscal year 2009/10 compared to \$198.2 million in the same period of 2008/09. (See Graph 11 and Table 5.) Accounting mainly for this month's lower payments was a \$2.7 million reduction in 'other' imports to the private sector and a \$0.7 million drop in Government imports, which more than offset a \$2.3 million increase in petroleum imports.

3.1 SOURCE OF IMPORTS¹

Although the **Pacific** region remained the main source of imports in September 2009, its share of total imports continued to slide for the second consecutive month, accounting for 53.1 percent of total imports compared to 69.5 percent in August 2009 and 58.8 percent in September 2008. This region's lower share in the month under review was mainly due to decreased imports from Australia, which accounted for 10.4 percent of total imports, down from its 27.3 percent and 25.7 percent shares respectively in the previous month and a year ago. This country's huge drop in import ratio reflected the shift to Singapore as the main source of petroleum imports in September 2009. Imports from New Zealand, likewise, fell in the month under review with its 32.8 percent share of total imports that was lower than its 33.5 percent share in August 2009 but higher than its 25.1 percent share a year ago. The share of imports from American Samoa also tumbled in September 2009 with 0.1 percent

¹ Starting August 2009, imports are sourced according to "Country of Exports" instead of "Country of Origin" as previously done.

compared to its 0.2 percent shares each in the previous month and September 2008. On the other hand, increased imports from Fiji accounted for 9.4 percent of total imports compared to 8.3 percent in August 2009 and 6.9 percent in September last year. The remaining 0.4 percent of imports from the Pacific region represented imports from 'other Pacific Island countries' (such as Papua New Guinea and Tonga), which was higher than its 0.1 percent share in the previous month but lower than its 0.9 percent ratio a year ago. Strengthening its second position as the regional source of imports was the **Asian** region, with a 36.6 percent share that was more than doubled its 17.0 percent share in August 2009 and 15.3 percent share in September 2008. Underpinning this region's higher share was a significant increase in imports from Singapore which, as the primary source of petroleum imports in September 2009, accounted for a 27.9 percent share compared to its 2.4 percent shares each in the previous month and September last year. Japan and 'other Asian countries' also contributed to the region's higher share in the month under review with their respective shares of 2.5 percent and 3.3 percent relatively higher than their shares of 2.2 percent and 3.0 percent in that order in August 2009 and 1.0 percent and 3.2 percent respectively in September 2008. On the other hand, decreased imports from China, Hong Kong and Taiwan were reflected in their lower shares of 1.8 percent, 1.0 percent and 0.1 percent in September 2009, from 5.2 percent, 3.6 percent and 3.0 percent respectively in the previous month and 7.3 percent, 1.2 percent and 0.3 percent in that order in September last year. A continued decline in imports from mainland USA drove the share of imports from the **North American** region further down to 8.6 percent in the month under review, from its share in August 2009 (13.1 percent) and September 2008 (13.8 percent). The remaining 1.5 percent of total imports in September 2009 was sourced from **Europe**, higher than its 0.3 percent share in August 2009 but lower than its 11.9 percent share in September 2008. (See Table 5 and Graph 12.)



4. SELECTED INTERNATIONAL COMMODITY PRICES

While mixed price trends continued to be recorded in the international commodity markets in September 2009, most of Samoa's tradable commodities were on the downside, particularly food and fuel products.

4.1 FOOD ITEMS

The combination of the weakening US dollar, volatile supply levels of most internationally traded food commodities as well as increased demand were responsible for the mixed trends in food prices in the month under review.

The price levels of Samoa's exportable commodities showed mixed trends in the international scene in September 2009. In particular, the prices of cocoa and banana rose 6 percent and 5 percent respectively to US\$313.30 cents per kilogram and USD\$1,130.00 per metric tonne whereas those for coconut oil and copra declined 6 percent and 5 percent in that order to USD\$701.00 per metric tonne and USD\$466.00 per

metric tonne. The continued increase in cocoa prices reflected the combined market fundamentals of low production levels and increased demand for chocolate as the global economy slowly recovers. Higher banana prices in the global markets, on the other hand, reflected low supplies from major producing countries due to internal working conditions, export restrictions, unfavourable weather conditions and to a lesser extent, more favourable prices in the local markets.

There were encouraging trends in Samoa’s import scene with most of the internationally traded commodities recording decreased prices. Posting the largest decrease in September 2009 was a 10 percent drop in wheat prices, which at USD\$190.40 per metric tonne, was 36 percent lower than its September 2008 price level. Mainly responsible for this price drop was soaring US spring crop production levels, which combined with higher than expected yields and quality wheat production in the northern hemisphere harvest, is expected to further ease prices in the future. Sugar prices, likewise, declined in the month under review, down 4 percent to US\$54.30 cents per kilogram, a level that was 24 percent below that of a year ago. Rice prices also continued to ease, dropping another 2 percent to USD\$518.80 per metric tonne. Imported frozen products such as chicken, lamb and beef were also cheaper in September 2009 with prices for these commodities edging down 2 percent, 1 percent and 0.3 percent respectively to US\$170.10 cents per kilogram, US\$450.10 cents per kilogram and US\$272.70 per kilogram.

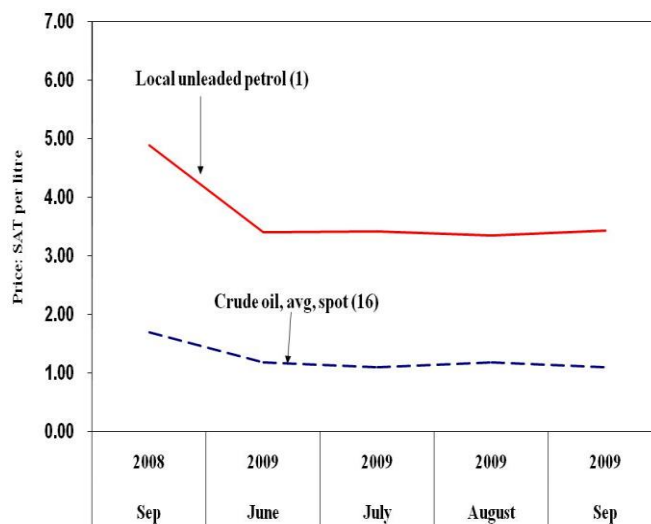
4.2 FUEL: PETROLEUM

Oil prices fell below USD\$70 per barrel in September 2009 as weak data on the US economy and high US oil inventories fuelled doubts about a potential rebound in global oil consumption.

Consequent to these factors, the average crude oil price in the international markets slumped 5 percent to USD\$68.35 per barrel, a level that was 31 percent lower than in September 2008 and well below the USD\$147 high reached in July 2008. When converted into Samoan Tala, the average spot price of crude oil was 6.9 percent lower at SAT\$1.10 per litre. (See Graph 13.) However,

reflecting the local pricing mechanism used for pricing imported fuel, the cost for unleaded petrol rose 7.9 percent to \$2.33 per litre, a level that was 27 percent lower than a year ago.

Graph 13
Fuel Prices



4.3 OTHER NON-FOOD ITEMS

Although prices of most non-food commodities such as timber and fertilisers were moderately mixed, those for base metals remained largely unchanged from their levels in August 2009.

Fertilizer prices recorded moderate declines in September 2009 with diammonium phosphate (DAP) edging down 0.6 percent to USD\$316.80 per metric tonne while the cost of potassium chloride fell 0.8 percent to USD\$428.90 per metric tonne.

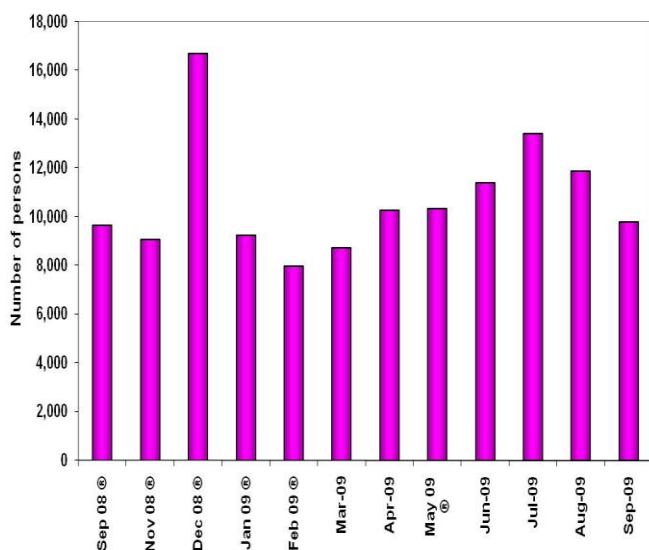
On the other hand, timber prices trended in opposite directions with plywood timber dropping 0.2 percent to US\$560.70 cents per sheet while that of Malaysian sawn wood increased 2.2 percent to US\$784.30 cents per cubic metre.

For base metals, the cost of steel wire rod, steel hot rolled coil sheet and steel rebar remained steady at USD\$850.00 per metric tonne, USD\$600.00 per metric tonne and USD\$500 per metric tonne respectively – levels that were all significantly lower than those in September 2008. (See Table 6.)

5. TOURIST ARRIVALS AND EARNINGS

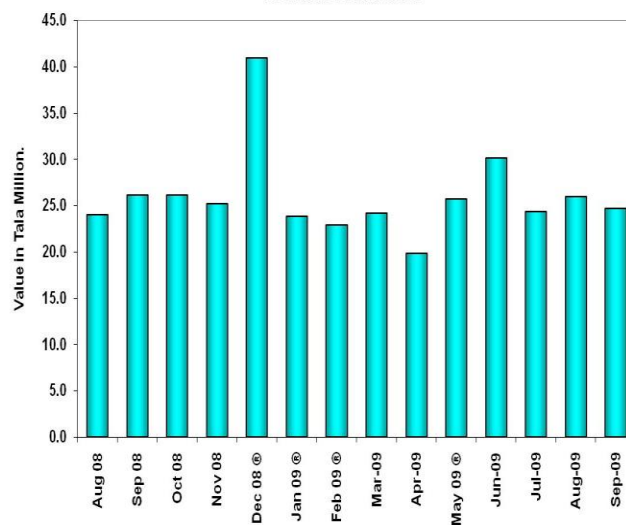
Tourist arrivals recorded another seasonal downturn in September 2009 with a 17 percent reduction to 9,796 reflecting decreased number of travellers from all the targeted tourists markets. When categorised by purpose of travel, the lower number of tourists in the month under review represented a seasonal drop in those arriving for holidays, to ‘visit friends and relatives’ and for ‘business/conference’. The current tourist arrivals in September 2009, on the other hand, were 2 percent higher than in September 2008, which contributed to a 5 percent increase to 35,046 in the total number of travellers in the first three months of 2009/10 from 33,417 in the same period of 2008/09. (See Table 7 and Graph 14.)

Graph 14
TOTAL ARRIVALS



And, with the lower number of travellers in the month under review more than offsetting a 15 percent increase in average expenditure, tourism earnings of \$24.7 million was 5 percent lower than in August 2009 and September 2008. When accounting for the first three months of fiscal year 2009/10, total tourism proceeds rose 4 percent to \$75.1 million from \$72.2 million in the first three months of 2008/09. (See Graph 15.)

Graph 15
TOURISM EARNINGS



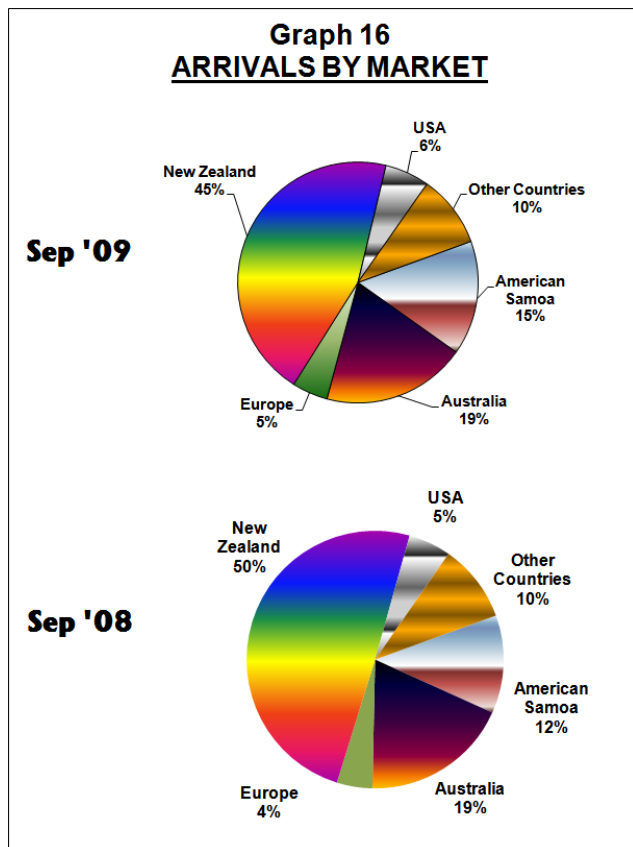
5.1. TOURIST ARRIVALS BY MARKET AND BY PURPOSE

The lower tourist arrivals in September 2009 reflected decreased travellers from **USA** (down 26 percent to 586), **Australia** (down 24 percent to 1,896), **Europe** (down 22 percent to 471), **American Samoa** (down 19 percent to 1,505), **New Zealand** (down 14 percent to 4,387) and ‘**other countries**’ (down 7 percent to 951). (See Table 7.)

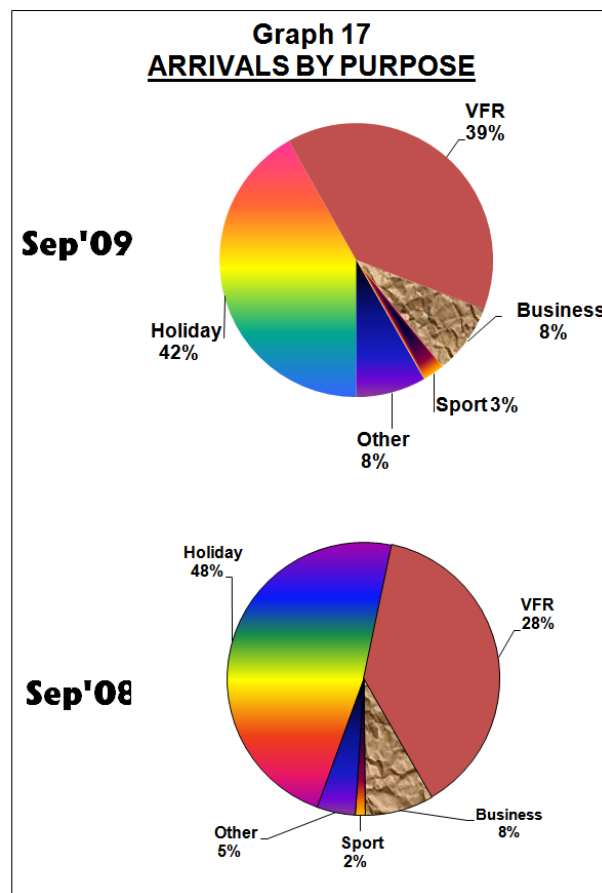
While the composition of travellers in the month under review was similar to historical trends, slight changes were recorded from each tourist markets. In particular, the New Zealand market continued to contribute the bulk of the total tourist arrivals in September 2009, with a 44.8 percent share that was higher than its 43.1 percent share in August 2009 but lower than its 49.5 percent share in September 2008. The Australian market represented the second main source of tourists in the month under review, accounting for 19.4 percent of total tourist arrivals, which was lower than its 20.9 percent share in the previous month but higher than its 18.6 percent share a year ago. The drop in travellers from American Samoa in September 2009 was mirrored by a reduction in its share of total tourists, which at 15.4 percent was lower than its 15.6 percent share in August 2009 but higher than its 12.3 percent share in September last year. Travellers from ‘other countries’ represented 9.7 percent of the 9,796 tourists in September 2009, which was higher than its

8.7 percent share in August 2009 and just below its 9.8 percent share a year ago. At fifth place as the main tourist market was USA, with the lower number of travellers in September 2009 reducing its share to 6.0 percent from 6.6 percent in the previous month but above its 5.3 percent share in September 2008. The remaining 4.8 percent of total tourists in the month under review travelled from Europe, a share that was lower than the 5.1 percent in August 2009 but just above its 4.5 percent share in the previous year. (See Graph 16.)

4.2 percent respectively in the previous month and 8.2 percent and 4.5 percent in that order in September 2008. The remaining 2.6 percent of total arrivals in September 2009 represented those that came for 'sporting events', which was higher than their shares of 1.5 percent in August 2009 and 1.2 percent in September last year. (See Graph 17.)



There was a shift in the composition of travellers when analysed by purpose, with those arriving for 'holidays' accounting for 41.8 percent of total arrivals, which was higher than its 39.3 percent share in the previous month but lower than its 47.7 percent share a year ago. This increased share for holidaymakers pushed those that 'visited friends and relatives' down to second place as the main purpose of travel in September 2009 with its share of 39.1 percent lower than its 40.1 percent share in August 2009 but higher than its 38.4 percent share in September last year. Accounting for 8.3 percent each of the total number of travellers in the month under review were those that arrived for 'business' and 'other purposes' compared to their shares of 9.3 percent and



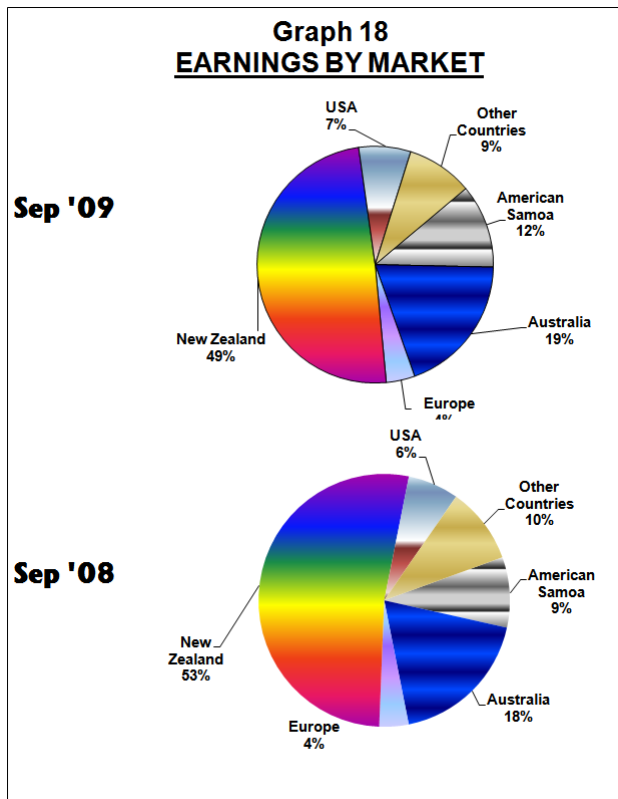
5.2. TOURISM EARNINGS BY MARKET AND BY PURPOSE

Reflecting the lower tourism earnings in September 2009 were decreased proceeds from travellers from all the main markets excluding increased receipts from those travelling from New Zealand and 'other countries'.

Underpinning this month's decreased tourism earnings was a \$1.0 million drop to \$4.8 million in proceeds from the Australian market consequent to its lower number of travellers that more than offset a seasonal 8 percent rise in average tourist spending.

Likewise, a \$0.5 million drop to \$1.0 million in tourism earnings from the European market reflected both decreased travellers and a 17 percent seasonal decline in average expenditure. Lower tourism earnings in September 2009 were also sourced from the USA and American Samoa markets, with decreases of \$0.4 million and \$0.3 million respectively to \$1.8 million and \$2.8 million – both reflecting lower number of travellers from these markets that more than offset seasonal increases of 9 percent and 10 percent respectively in their average tourist expenditures. On the other hand, increased tourism revenues of \$0.5 million each were recorded for travellers from New Zealand and ‘other countries’, which at \$12.2 million and \$2.2 million respectively, were consequent of seasonal increases of 21 percent and 40 percent in that order, in average tourist expenditures compared to lower arrivals from these markets.

Reflecting these movements, the composition of tourism revenue by source countries recorded some moderate changes. The increased tourism proceeds from the New Zealand market underpinned its first position as main tourism revenue earner in the month under review with its share increasing to 49.3 percent from 44.9 percent in August 2009 but lower than its 52.5 percent share in September 2008. Further behind at second place and reflecting its decreased tourism revenue in September 2009 was a 19.2 percent share for the Australian market, which was lower than its 22.3 percent contribution in the previous month but higher than its 18.4 percent share a year ago. Likewise, the lower tourism revenue from American Samoa in the month under review was reflected by its share of 11.4 percent compared to its 12.2 percent share in August 2009 and 9.0 percent share in September last year. On the other hand, increased proceeds by tourists from ‘other countries’ drove its share to 9.0 percent in September 2009 from 6.6 percent in the previous month but lower than its 9.8 percent contribution a year ago. Decreased tourism revenue from the USA and European markets reduced their shares of total tourism earnings in the month under review to 7.1 percent and 3.9 percent respectively compared to their 8.3 percent and 5.8 percent shares in that order in August 2009 and 6.5 percent and 3.8 percent in September 2008. (See Graph 18.)



When classified by purpose of travel, those that arrived for ‘holiday’ contributed the most to the lower tourism revenue in September 2009 with a \$3.5 million decrease to \$9.0 million reflecting decreased arrivals and a seasonal 18 percent reduction in average expenditures by these types of tourists. Similarly, travellers coming on ‘business’ trips fell by \$1.3 million to \$1.9 million reflecting lower arrivals and a seasonal 19 percent drop in average spending. On the other hand, those arriving for ‘other purposes’ and ‘sporting events’ recorded decreased earnings of \$0.6 million and \$0.1 million respectively to \$0.6 million each mainly consequent to reductions of 38 percent and 19 percent in that order in their average tourist expenditures in contrast to the higher arrivals in these categories. Tourism proceeds from those ‘visiting friends and relatives’ increased \$4.2 million to \$12.7 million largely as a result of a seasonal 86 percent increase in average expenditures in contrast to the lower number of travellers in the month under review.

A proportional analysis of total tourism revenue in September 2009 showed a shift in the main tourism earner when categorised by purpose. In particular, the increased earnings from those ‘visiting friends and relatives’ in September 2009 elevated its position and

