

MINISTRY OF FINANCE AND TREASURY



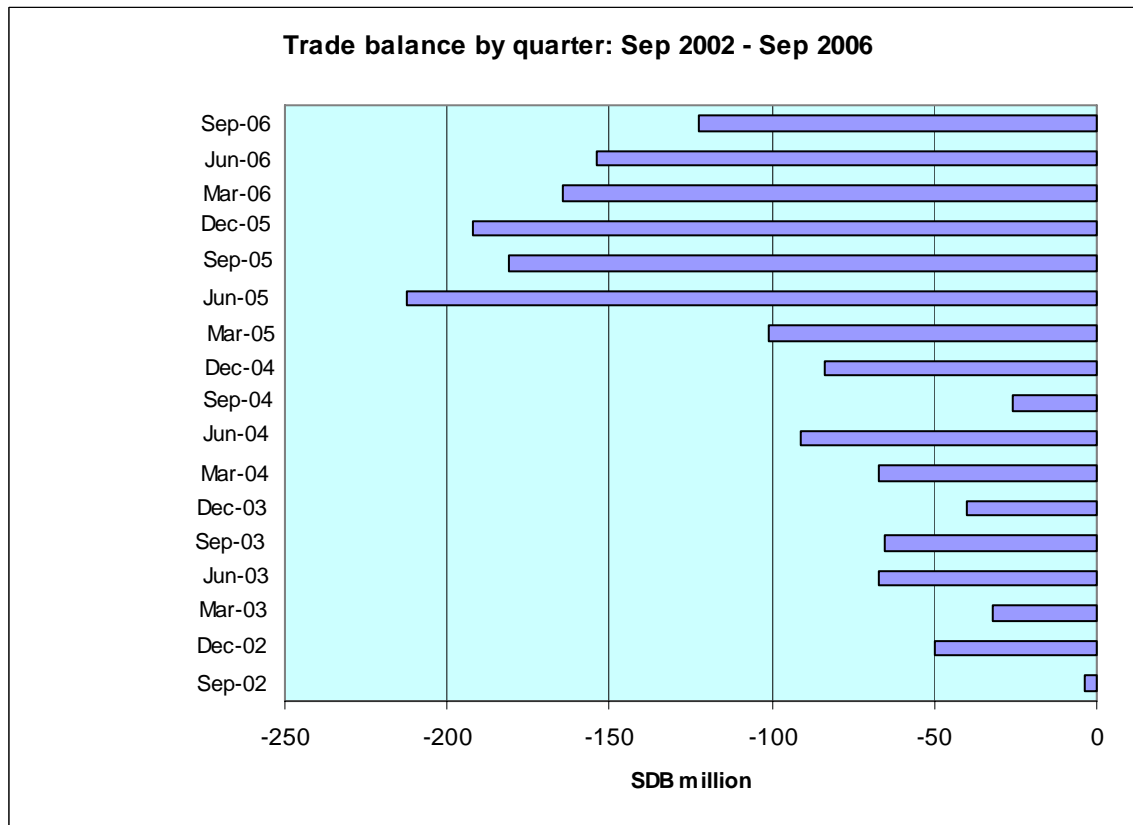
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INTERNATIONAL MERCHANDISE TRADE

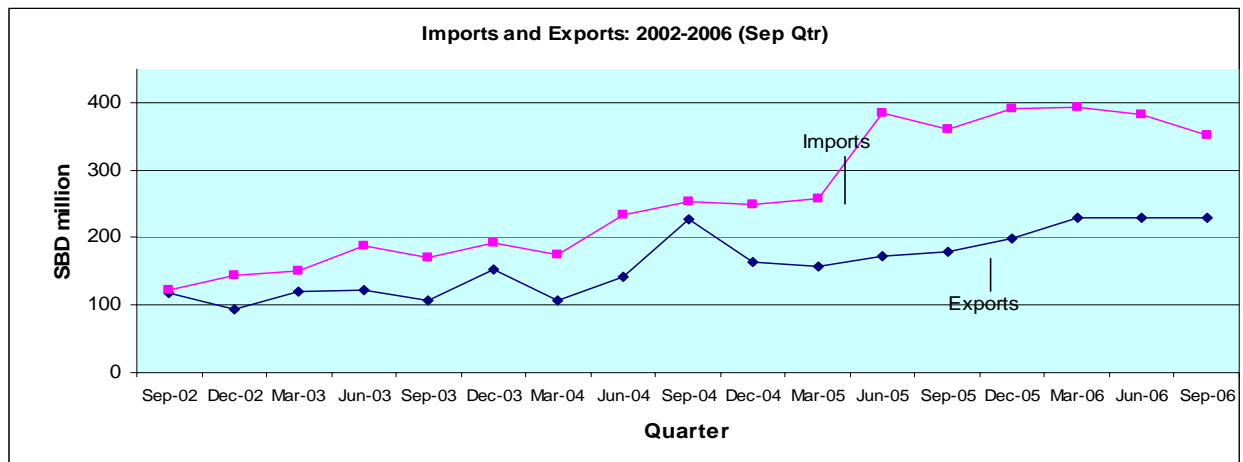
SEPTEMBER QUARTER 2006

The Statistics Office of the Ministry of Finance and Treasury has today released the International Merchandise Trade Statistics for the third Quarter (September) 2006.

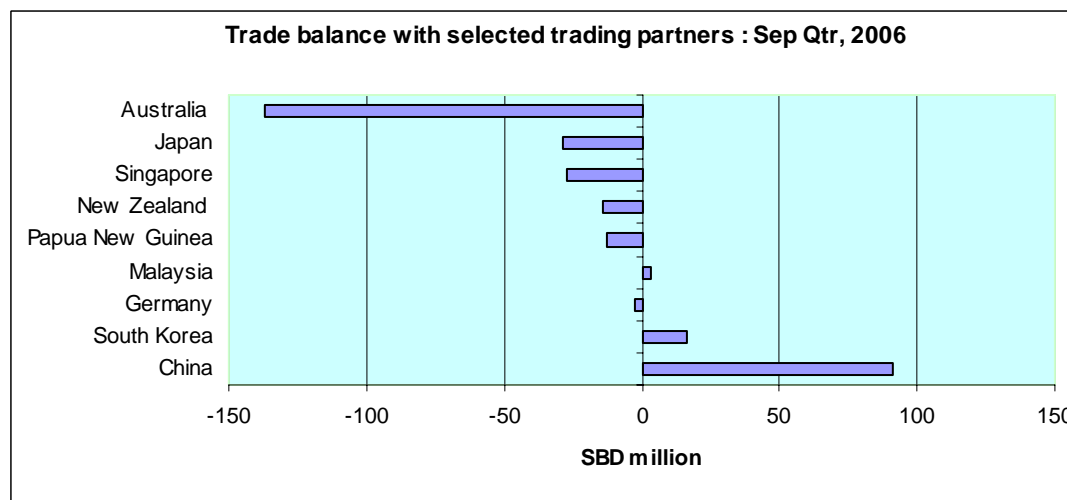
MAJOR HIGHLIGHTS



The merchandise trade balance reported in the September quarter recorded a deficit of \$122.8 million, a decrease of 20% from the preceding quarter. This is a drop of \$29.8 million (19%) from the previous corresponding quarter. Total exports for the September quarter is \$228.6 million, a marginal increase of 0.1 % from the preceding quarter.



The quarterly deficit trend which began to increase as of the December 2004 quarter, and which continued to widen through 2005 and 2006, is now starting showing signs of narrowing that trade gap.



Merchandise trade balance with major trading partners recorded relatively higher deficits with Australia, Japan, Singapore, New Zealand and Papua New Guinea whilst China, Malaysia and South Korea continue to show relatively strong trade surpluses when ranked with other major trading partners.

The trade balance as compared to the corresponding quarter a year ago records the following:

- The deficit with Australia increased by \$4.3m (up 3 25%) to \$136.7m.
- The deficit with Singapore decreased by \$11.3m (down 29.11%) to \$27.5m.
- The deficit with New Zealand decreased by \$13.1m (down 48.24%) to \$14.1m.
- The deficit with Papua New Guinea decreased by \$6.4m (down 34%) to \$12.4m
- The surplus with Japan decreased by \$54.3m (down 214 %) to a deficit of \$28.9m. This was due to increased imports of machinery & Equipment coupled with a drop in round log exports to Japan.
- The surplus with South Korea rose by \$2.6m (up 13.8%) to \$16.1m.
- The surplus with China increased by \$25m (up 37.8%) to \$91.3m.
- The surplus with Malaysia rose by \$2 m (up 12.7%) to \$14.2 million

Merchandise trade by major commodities compared to the September quarter 2005 recorded the following:

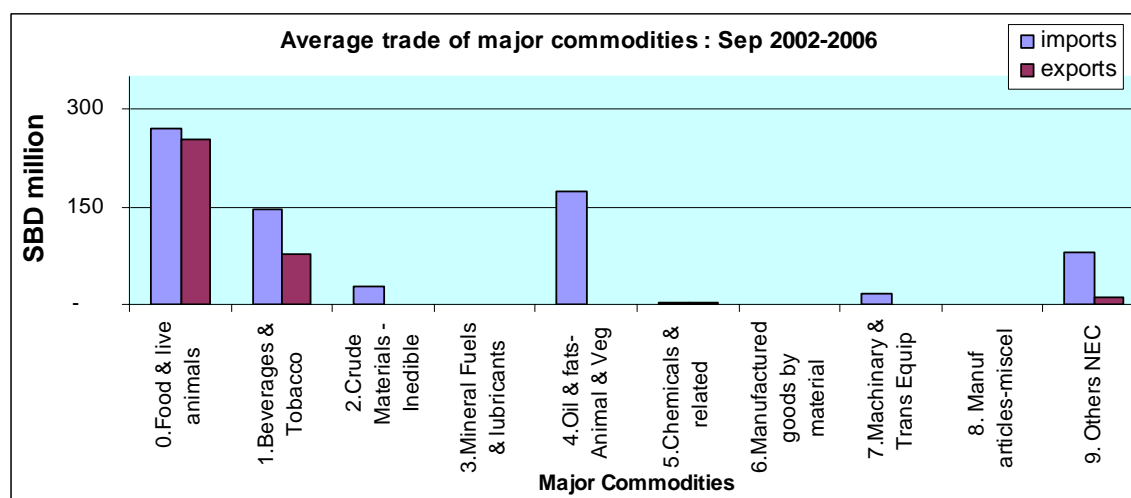
Major Exports

- Total of fresh fish, canned, and smoked/dried fish increased by \$32.8m (up 212.8%) to \$48.3m. This is reflected in the major commodity group of Food.
- Total of timber exports including round logs & sawn timber increased by \$28.6m (up 23.7%) to \$149.3m. This is reflected in the major category of Crude Materials.

Major Imports

- Food imports decreased by \$3.7m (down 5%) to \$66.3m due mainly to a drop in rice imports.
- Mineral fuels, mainly petroleum products, decreased by \$56m (down 56%) to \$43.7m.
- Machinery & Transport Equipment increased by \$51m (up 60%) to \$135.7m.
- Beverages and tobacco increased by \$0.8m (up 17.8%) to \$5.3m.

Merchandise Trade- Year Ended June 2002-2006



Merchandise trade for the last five years ending September reported an average trade deficit of \$324.1m. This is 43.3% of average exports for the period.

Average merchandise trade balance by selected major trading partner countries for the same period recorded a relatively higher deficit with Australia and surplus with China.

The average value of imports by major commodities for the last five years ending September show that machinery & transport equipment, mineral fuels & lubricants, food and manufactured material goods are the predominant import commodities while crude materials are the predominant export commodities.

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