

1. EXECUTIVE SUMMARY

The global economy continues to expand favorably in the fourth quarter of 2005. Global growth continues to be driven by the United States, with the support of China and other Asian economies; however, global growth has now become more broadly based. The regional divergence in growth reported in the previous publication seems to have redressed slightly as economic conditions in Japan have improved markedly with growth estimates for 2005 currently standing at 2.6 percent. Also, the euro area appears to have shown signs of improvement in the latter part of 2005. Although the risks to global economic expansion remain, the world economy seems to have weathered the risks well and is estimated to have grown above average during 2005, and global economic expansion is expected to continue in 2006. In its September world economic outlook, the International Monetary Fund (IMF) expects the global economy to grow by 4.3 percent. However, the risks to the outlook remain and could impede growth.

With improving world economic conditions most of the world's major economies have begun their cycle of monetary tightening, led by the US. Reflecting the cycle of monetary tightening, world short term interest rates have also increased. On the other hand, long term interest rates have remained stable and some have even been declining.

On the domestic front, domestic economic indicators continue to point to positive real GDP growth in 2005, albeit at a lower rate than in 2004. According to estimates by the Ministry of Finance and Economic Management (MFEM), real GDP is forecasted to have grown 3.0 percent in 2005. Positive contributions to real GDP growth have been forecasted for the industry and services sectors. The agriculture sector, on the other hand, is expected to register negative growth in 2005.

Production indicators for the fourth quarter continue to show an overall decline in the Agriculture sector, led by copra which fell by 45 percent from the previous quarter and 47 percent from the comparable quarter of 2004. The decline in copra production was caused by a combination of a mild drought in the third quarter, problems of shipping from outer islands, and low domestic prices for copra. Within the services sector, tourism arrivals registered a decline in the fourth quarter, caused mainly by air arrivals. As a result the hotel occupancy rate dropped to 52.0 percent from 72.4

percent in the September quarter. However, the fourth quarter also saw a high number of cruise ship visitors due to increased port calls to Vila and other islands by cruise ships.

Value Added Tax (VAT), which is consumption based, continues to record strong growth with an annual rate of increase of 14.0 percent in December. Also, the demand for currency continues to increase, and this was reflected by repeated increases in currency in circulation since July 2005. Furthermore, borrowings by the private sector continue to record strong annual growth, especially borrowing by private businesses which recorded an annual growth of 32.8 percent.

The domestic annual headline inflation, as measured by the consumer price index (CPI), has increased from 0.6 percent in the previous quarter to 1.6 percent. Even with the increase, the domestic inflation rate remained subdued and well below the Bank's maximum comfortable level of 4.0 percent.

The year-on-year growth of money increased to 11.6 percent in the fourth quarter from 10.8 percent in the preceding quarter. Monetary expansion in the fourth quarter was largely associated with expansion in quasi money. The main sources of growth of money have been the net foreign assets of the banking system and private sector credit, offset, however, by the reduction in net credit to Government.

Overall, the Government operated a budget surplus in 2005, in spite of a quarterly deficit recorded in the last quarter of the year. This improvement reflected above budget performance in revenue collection, underpinned by the continued growth of the economy and improvement in compliance. On the other hand, there are also better expenditure control measures in terms of release of warrants. Reflecting this improvement, the Government's net lending position with the banking system has improved significantly, as the Government accumulated deposits with the banking system and retired some of its domestic debts.

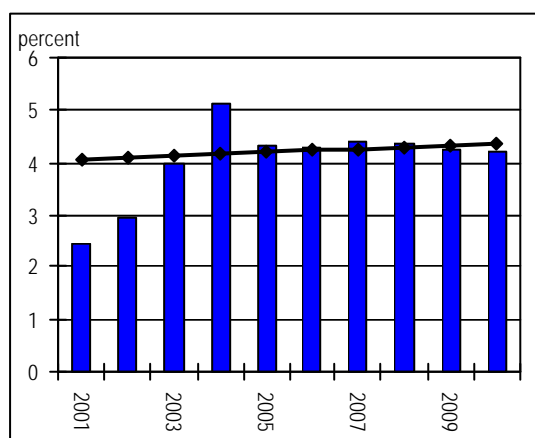
At the close of 2005, official international reserves have risen to 5.8 months of import cover from 5.5 months of import cover reported in the previous quarter. This increase further improved the Bank's international reserves position away from the minimum comfortable level of 4 months of import cover. This increase is attributable to improving domestic and external economic conditions, in particular through improvements in the tourism

sector, inflows through official Government transfers, and investment returns of the Bank.

2. THE INTERNATIONAL ECONOMY.

The start of 2005 was full of economists' doomsday predictions about the likely economic catastrophes with many pointing to the widening US current account deficit, increasing oil prices, and global growth imbalances as the great terrors that could potentially throw the world economy into a downward spiral. 2005 has been and gone and none of these threats have materialized. The US current account has continued to widen but the US growth rate has remained unaffected. There was a large increase in oil prices but the world's economies seem to have weathered that storm as they continue growing and the global growth imbalances, although still severe, seem to have redressed slightly. Growth in 2005 was down on the very high levels seen in 2004 with most economists estimating growth of between 3.5 and 4% for 2005.

Figure 1: World Real Economic Growth



Source: IMF World Economic Outlook, September 2005.

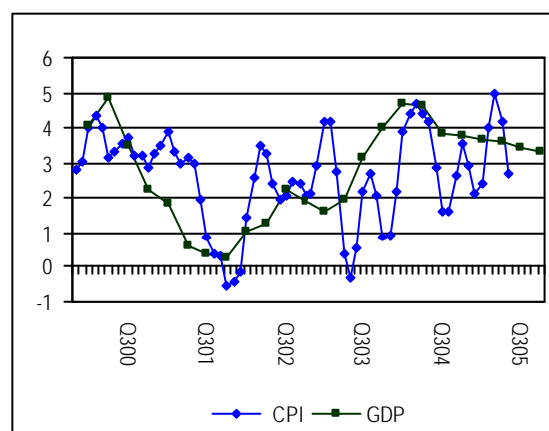
2006 now looms with many economists again lining up with the same doomsday predictions and they are right, a number of threats still exist to the world economy namely oil prices, the global imbalances and the large amounts of investments being poured into vulnerable emerging markets. A crisis in any one of these three areas could cause growth to come crashing down but IMF and World Bank predictions still remain fairly robust at around 3.5% growth for 2006. Therefore, provided none of the aforementioned risks materialise, it is expected that the world economy will keep on growing in 2006, albeit at a slightly slower pace than in previous years.

The US Economy

The US posted above trend growth in 2005 at 3.5 % although the quarterly growth rate did dip to 0.3 % in the December quarter. Recent data is suggesting that the hurricanes have left little lasting impact on the US economy as prices are now returning to normal after spikes in September 2005, the jobs market also appears to be returning to normal with an unemployment rate of just 4.7. There are still upside risks to inflation coming from the still high oil prices as well as the pick ups in the labour market and industrial production. Annual inflation did slow in the December quarter from 2.3% in 2004 to 2.0%, but the core prices accelerated in December lifting core inflation to 2.2% in December.

All this comes despite the continued rate rises by the Fed. The inflation risks mean that the Fed is likely to increase the rates further in March. House price growth in the US has softened but there appear to be no signs of an imminent crash. Consumer spending remains robust and is expected to increase into early 2006.

Figure 2: US GDP and CPI



Source: IMF World Economic Outlook, September 2005

The current account deficit widened yet again in December to post another record for 2005, but this appears sustainable due to the high rates of growth in emerging markets and developing countries. The expectation is that the US economy will continue to grow strongly into 2006 with forecasts ranging from 3.5 to 4% growth for the year.

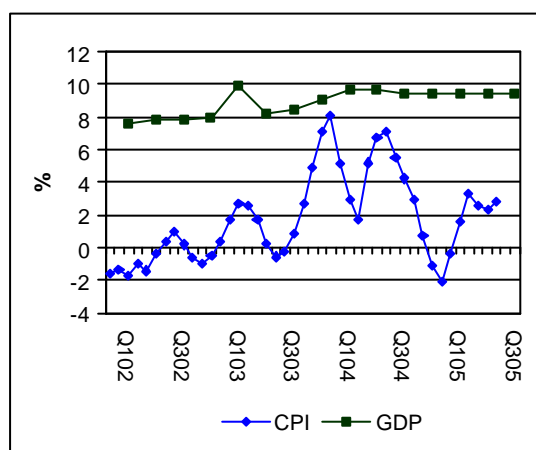
Asia

By all indications Asia is set to have another year of strong growth in 2006, led mainly by its largest economy, China. Economic activity in Asia in the

December quarter accelerated as evidenced by export and industrial production. Much had been made of the possible negative impacts that the weakening US economy could have had on the Asian economies, but the US economy continues to grow robustly and the economic impact of the Hurricanes has not been too severe. Forecasts for Europe show that it should grow a little faster in 2006 which will also provide a boost to Asian exports.

China has been a major contributor to the Asian growth, as estimates show that it grew by almost 10% in 2005. This is according to new figures that have been derived as a result of China's recent census. The data revisions have propelled China to the rank of the world's fourth largest economy, surpassing the UK.

Figure 3: Chinese GDP and CPI



Source: IMF World Economic Outlook September 2005 and Chinese National Bureau of Statistics.

The data also suggests that the composition of spending in China is more balanced than previously appeared. The IMF and World Bank have modified their estimates of Chinese growth for 2006 to 9.2% as a result of the new data.

Inflation remains low in China and the merchandise surplus continues to increase. But 2006 could also be a promising year for some of the other Asian economies such as Indonesia and the Philippines.

Japan

The Japanese economy has continued its recovery, with growth estimates for the year 2005 currently standing at 2.6%. In the December quarter exports and industrial production both increased, with

exports showing an increase of 10% on the year to December.

Household conditions have also strengthened with consumption growing 2% over the year to September quarter. Data in retail sales is also encouraging with department store sales up 3.2% in the year to November and 0.9% in the year to December.

Also very encouraging was the 0.1% price increase registered in the CPI over the year to November and December. This has not been achieved since mid 1998. Forward indicators continue to be good for the Japanese economy with forecasts showing that growth is set to increase pace in 2006. This may mean that the Bank of Japan will begin returning to normal monetary policy.

Europe

The eurozone economies appear to have turned a corner and have fared much better in the latter part of the 2005 than they did at the start. Annual growth posted 1.6% with net exports contributing 0.3% to the growth in the September quarter of 0.6%. This is the highest annual rate of growth for the eurozone since 2001.

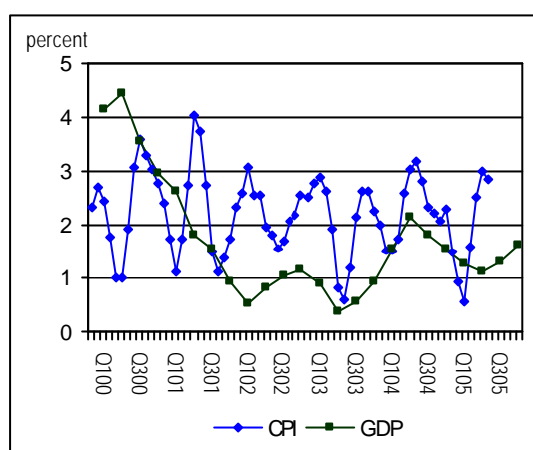
GDP growth has picked up in both Germany and France as stronger external demand and a weak euro have supported production, industrial production grew by 2.5% over the year to November. Consumer demand remains a problem however with wage growth slow, consumer spending increased only 0.7% over the year to December. Unemployment does appear to be reducing though having dropped from 8.9% in August to 8.4% in December.

Inflation has begun dropping again after an increase to 2.6% in September, largely due to the high oil price, it has now dropped to 2.4%. The ECB raised its policy interest rate to 2.25% in its December meeting due to concerns over the rapidly increasing money supply.

Recovery in the Eurozone is set to continue modestly into 2006 with predicted growth rates of around 2%.

The slowdown in the UK economy does not appear to have been as bad as first feared. The economy saw a strong December quarter pushing annual growth up to 1.7%. Strong profitability and increased external demand have supported activity in the business sector although industrial production is slow this is being compensated for by the strong services sector.

Figure 4: Euro-area GDP and CPI



Source: IMF World economic Outlook, September 2005.

House prices have also started to pick up again after falling in 2005. Inflation however remains fairly subdued growing only 1.2% over the year to December. Consumer spending was higher than expected in the December quarter of 2005 and should carry on into 2006. The forecast is that the UK economy should grow about 2.1% in 2006 meaning that the Bank of England will probably leave rates unchanged as it has since August 2005.

Australia

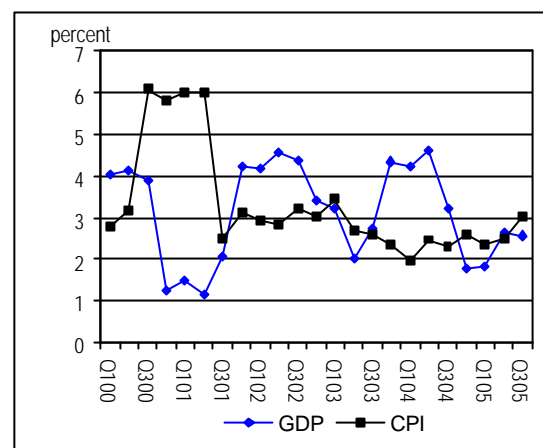
Growth in Australia slowed in 2005, growing an estimated 2.4% in 2005 compared with 3.75% in 2004. The slowdown was caused by a slowdown in the number of dwelling constructions, which have decreased by 4% from their peak at the start of 2004, and the reduction in consumer spending associated with the softening of the house price boom. Consumer spending increased by 2.7% over the year to September compared to 6.5% in 2004. The household savings rate also saw an increase of 2.25% since the end of 2004.

Business investment and income remained robust however which bodes well for growth in 2006. Business Investment rose 17% in real terms over the year to September quarter and mining companies are planning to increase investment by 20% in 2006. The rate of capacity utilisation appears to be nearing its peak.

Unemployment has been relatively flat throughout 2005, remaining at a rate of around 5.1% all year. Total employment grew by 1.6% over the year and the participation rate remained high.

There are some suggestions that Australia may be reaching full capacity which means that the Reserve Bank of Australia will have to increase interest rates to prevent the economy from over heating. They will also have to guard against inflation threats.

Figure 5: Australia CPI and GDP



Source: Reserve Bank of Australia

The Consumer Price Index rose 0.5% in the December quarter, to be 2.8% higher over the year. However surveys have shown that business expectations of inflation remain contained now that the fuel price hikes have subsided.

2006 should therefore see a continuing of the more moderate growth seen in 2005 with the RBA continuing to slowly tighten monetary policy.

New Zealand

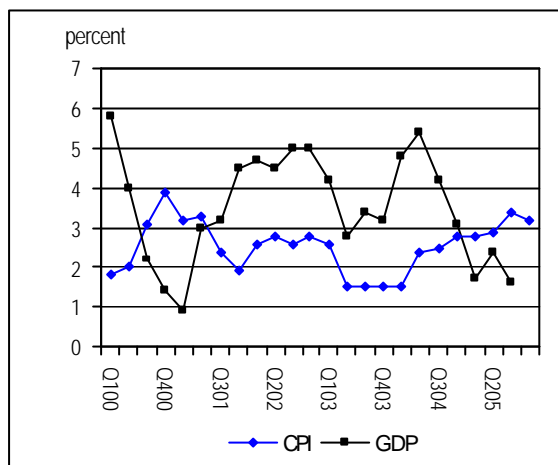
The troubles of the New Zealand have persisted in the December quarter to make 2005 a bad year with many forecasters also reducing their growth prospects for 2006. GDP in the September quarter registered an increase of just 0.2%. The year on year growth rate for the September quarter was 1.6%.

Retail sales have fallen in two out of the last three months and the housing market is continuing to cool. Business and consumer confidence surveys have plummeted and surveys of firms own activities suggest that growth may have stalled in the December quarter. Business confidence surveys are also pointing to declining investment and staffing intentions for the future.

Despite the deceleration of growth, inflation still remains a heavy concern with consumer prices rising 0.7% in the December quarter bringing inflation up to

3.2% for the year. Despite the prognosis of slow growth inflation expectations persist, the Reserve Bank will therefore have very little leeway to decrease the interest rate which currently stands at 7.25%.

Figure 6: New Zealand CPI and GDP



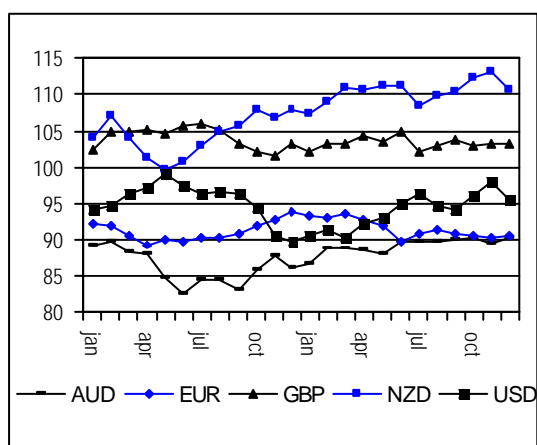
Source: Reserve Bank of New Zealand.

Economic growth in New Zealand is forecasted to be at around 1.5% in 2006 but there are warnings that any adverse shocks such as an oil or commodity price shock could cause the economy to dip into a recession.

Financial Markets.

The pattern of monthly exchange rate movements of some of the world's larger currencies is shown below in trade weighted terms.

Figure 7: Exchange Rates



Source: Bank of England

The Australian dollar again saw a very stable quarter registering only a minute increase. It is

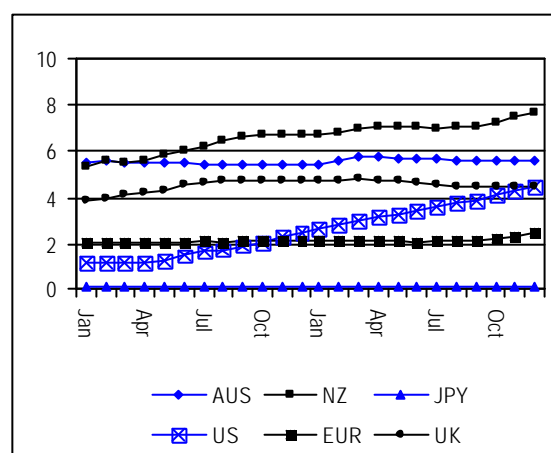
expected that the Australian dollar will stay relatively stable for the first half of 2006 before dropping back to its long term average rate of \$0.70 against the US dollar. The US dollar has had a more volatile quarter appreciating in November before dropping in December, however it only registered a tiny change on a quarter to quarter basis. The US dollar is expected to stay strong over the next few months as the American recovery continues but should start to decline over the latter half of 2006.

The other major currencies have all been very stable, the largest move was a decrease in the value of the New Zealand dollar by 1.5%.

Short Term Interest Rates

The graph below shows the pattern for short term interest rates for some of the world economies relevant to Vanuatu, the rate shown in each case is a 3 month money market rate.

Figure 8: Short Term interest Rates



Source: Reserve Bank of Australia, Reserve Bank of New Zealand, European Central Bank, Bank of England

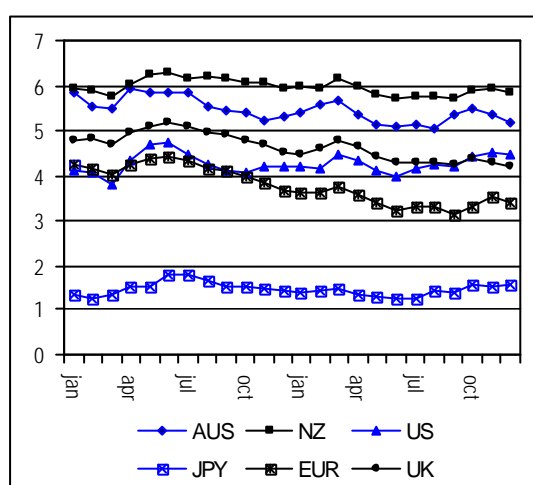
Most of the world's major economies have now well and truly begun their cycles of monetary tightening; this is reflected in most of the short term interest rate figures. Interest rates increased by 0.38 percentage points to 7.66% in New Zealand, reflecting the quarter percentage point increases by the Reserve Bank of New Zealand in both October and December. Rates also increased in the US, by 0.32 percentage points to 4.49% reflecting the Fed's 14th consecutive rate rise of 0.25%. There is widespread belief that these increases are set to continue under the new Federal Reserve Chairman. The Euro interest rates also increased, by 0.27 percentage points to 2.47%, reflecting the ECB's rate rise in December.

There was also a slight increase to 0.07% in Japan which points to Japan's continued economic recovery and the possibility of a return to normal monetary policy. Interest rates in the UK and Australia have been a lot more stable, with the UK increasing by just 0.02 percentage points to 4.46% and Australia staying stable at 5.63%.

Long term interest rates.

The graph below shows the changes in long term interest rates in some of the world's major economies.

Figure 9: Long-Term Interest Rates



Source: Reserve Bank of Australia, Reserve Bank of New Zealand, Bank of England, European Central Bank.

Long term interest rates are on the whole declining at the moment. They dropped 0.28 percentage points in Australia to 5.2%, 0.05 percentage points in New Zealand to 5.83% and 0.16 percentage points in the UK to 4.21%.

There were some increases though in the US, by 0.01 percentage points to 4.46% and the EU by 0.09 percentage points to 3.41%. Japan's long term rate stayed the same at 1.54%.

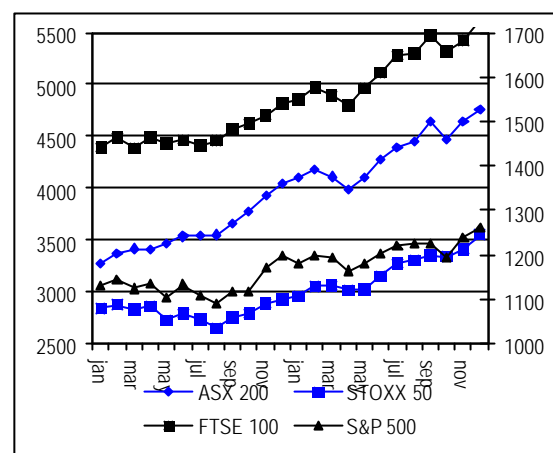
Stock Markets

The following graph shows the movements in share indices from some of the world's largest markets.

Despite drops in October, the stock markets of the four economies shown above all climbed in the fourth quarter. The largest increase came from the Australian ASX 200 index which increased 6.8% as growth in the fourth quarter exceeded expectations and the continue demand from China boosted

shares in companies such as BHP hillington. The European STOXX 50 also improved as there were signs that some of the larger economies may be starting to turn around, it increased 6.3% over the quarter. The US S&P 500 index and FTSE 100 also increased by 5.9% and 5.6% respectively.

Figure 10: Stock Markets

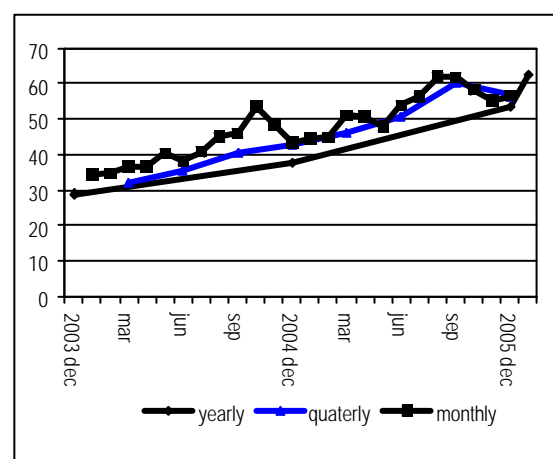


Source: Financial Times, European Central Bank, Reserve Bank of Australia.

Oil Markets

The price of oil has continued on its upward trend this quarter. The average spot price of oil for the year 2005 ended at \$53.39 a barrel compared to an average of \$37.73 in 2004, this is an increase of 41.5% over the year.

Figure 11: Average Spot Price for Crude oil



Source: World Bank

The forecast at the start of the year predicted a price of just \$42 a barrel, prices were therefore 27% above the level forecasted.

The price declined over by 5.7% the fourth quarter of 2005 to reach an average of \$56.55 a barrel. The monthly price of oil has also been declining since it hit its peak in September. It declined in October and November but saw a slight increase in December to leave the level at \$56.43 a barrel at the end of the month.

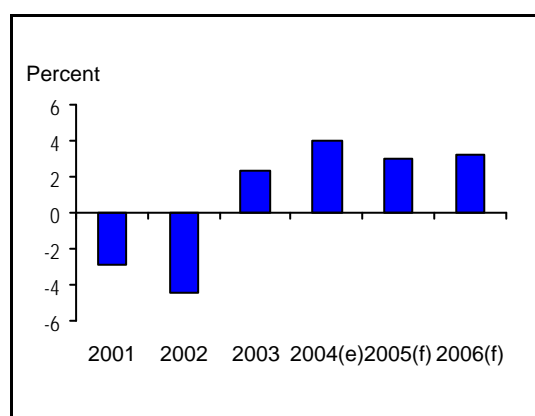
Oil prices are predicted to continue on their increasing trend through 2006 as Chinese demand keeps growing.

3. DOMESTIC ECONOMIC DEVELOPMENT

3.1. REAL SECTOR

Domestic economic growth continues to remain positive with positive contributions expected from the services and industry sectors. The Agriculture sector, on the other hand, has been forecasted to decline, and indicators of production in 2005 are pointing to this direction. However, the Ministry of Finance and Economic Management's forecasts for real GDP growth remained at 3.0 percent for 2005. Year on year comparison shows that this year's growth is lower than in 2004, largely due to the reduced performance in the agricultural sector.

Fig. 12. GDP Growth Rate



Source: Ministry of Finance and Economic Management (MFEM)

The high production of copra in 2004 was largely explained by the effects of cyclone Ivy which caused ample coconuts to fall, boosting both copra and coconut oil production. 2005 have seen lower production towards the latter part of the year from main copra production areas, partially affected by a mild drought in quarter 3, problems of shipping from outer islands, and lower domestic price for copra. Accordingly, coconut oil production has declined from the previous quarter due to reduced copra supply. Cocoa production made a slight decline

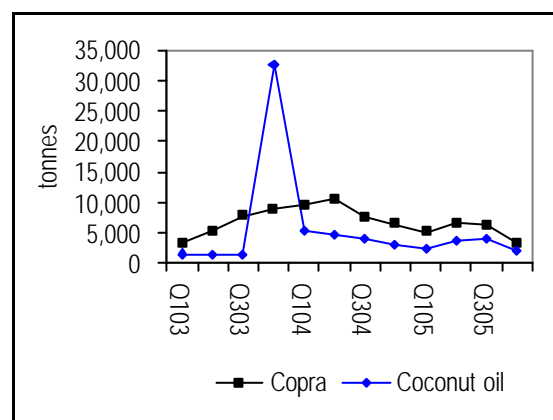
after the ample production in the previous quarter. Although production remains subdued, kava exports declined slightly mainly to Fiji Markets, after Fiji placed a ban on Vanuatu Kava over the retaliation of Vanuatu ban on Fiji biscuit.

Activities in the tourism sector continues to grow, largely driven by the high number of cruise-ship visitors over the previous quarter after the P&O cruise-ships resumed with high number of port calls to Port Vila and other islands.

Copra and Coconut Oil

Copra production showed a decline of 45 percent and 47 percent on quarterly and yearly basis respectively. Latest statistics from the Vanuatu Commodities Marketing Board (VCMB) has shown that copra production amounted to 3,464 tons in quarter 4 (Fig. 1.1). This represented a decline by 45 percent from 6310 tons in the previous quarter. The domestic price in Luganville currently averages around VT20,000 to VT22,000. The average world price for copra declined to US\$380.1 per ton, a drop of 0.2 percent from the previous quarter. The current world price for copra is lower than the same period of 2004 at US\$448.33 per ton.

Fig. 13 Copra & Coconut Oil Production



Source: VCMB, National Statistics Office

Due to the decline in copra production, coconut oil production has declined by 49 percent over the previous quarter to 2,172 tons from 4,218 tons. Coconut oil production has declined mainly due to lower copra supply. Coconut Oil exports are expected to be lower over the comparable period last year, since Santo Unelco power station currently runs on 10% of coconut oil bio-fuel supplied from Vanuatu Coconut Oil Production Limited (VCOPL). The current world price for coconut oil has dropped from the previous quarter to US\$569.7 from US\$571.7.

Cocoa

The cocoa sector has seen a decline in production from 534.2 tons in the previous quarter to 217 tons, representing a decrease of 59 percent in quarter 4, and lower by 27 percent over the comparable quarter of last year, expected from seasonal cocoa production trend. World commodity price for cocoa has made a drop from 149.1c per kg to 147c per kg.

Table 1 Domestic Data

Annual	2001	2002	2003	2004	2005e
Real GDP					
Growth	-2.9	-4.4	2.4	4.0	3.0
Annual inflation rate	2.3	2.3	2.9	0.8	1.6
<u>Production</u>					
Copra(t)	20,234	25,608	28,925	36,822	21,536
Cocoa(t)	797	868	1,346	865	926
Beef(t)	3,028	2,531	3,099	2,984	15,296
Coconut oil exports (t)	8,733	9,856	7,725	17,111	11,500
Air arrivals(no.)	53,300	49,462	50,400	60,611	58,046
Cruise arrivals(no.)	52,778	49,447	51,995	37,870	66,657
Hotel Occ. Rate	49.8%	44.2%	46.5%	51.9%	49.0%
Energy Consumption	42,281	41,874	41,341	42,849	42,095
<u>Quarterly</u>	<u>2004</u>	<u>2005</u>			
	<u>Q404</u>	<u>Q105</u>	<u>Q205</u>	<u>Q305</u>	<u>Q405e</u>
Real GDP					
Growth	-	-	-	-	-
inflation rate	0.8	1	1.3	0.6	0.2
<u>Production</u>					
Copra(t)	6,587	5,017	6,601	6,310	3,464
Cocoa(t)	296	49	125	535	217
Beef(t)	875	676	963	935	917
Coconut oil exports(t)	3176	2457	3,700	4,016	3,550
Tourist arrivals(no.)	18,225	12,648	13,309	18,507	13,582
Cruise arrivals(no.)	9,909	19,454	12,686	17,017	17,500
Hotel Occ. Rate (room)	78%	55.2%	49.4%	72.4%	52.0%

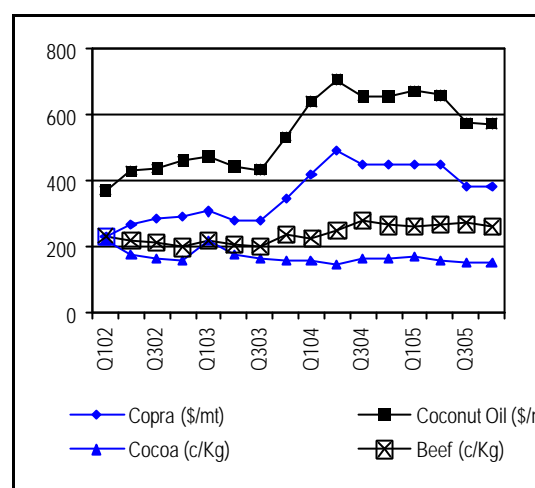
Kava

Kava production for export in quarter 4 has seen a decline from the previous quarter by 11.3 percent following the Fiji ban on Vanuatu Kava which was later removed in the same quarter. Kava production for export is expected to decrease to 220 tons from 256 tons in the previous quarter. This is lower by 22 percent from the same quarter of the previous year.

Beef

The beef Industry has made a decline in production in quarter 4 by 1.9 percent from 935 tons in the previous quarter to 917 tons. This is, however, higher by 4.8 percent from the same quarter of last year largely due to higher number of cattle slaughter in the latter part of the year. The average commodity price of beef declined to 256.3c per kg from 266.8c per kg in the previous quarter.

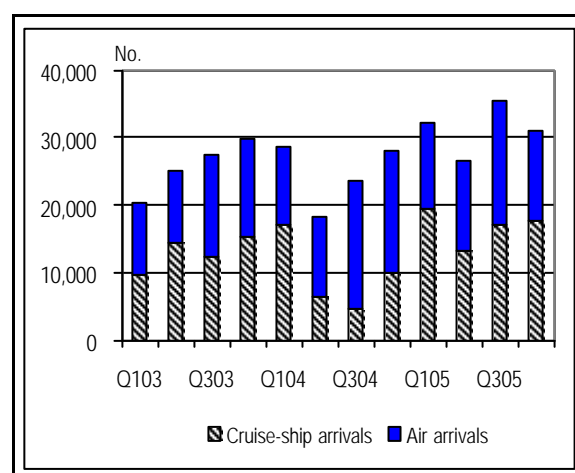
Figure 14: World Commodity Price



Tourism

Total visitor arrivals in the fourth quarter are estimated to have declined by 23 percent from the previous quarter mainly due to slight decline in air arrivals. Despite the decline, Air Vanuatu has introduced an additional flight per week to Auckland, New Zealand to cater for the peak season.

Fig 15. Number of Visitors Arrivals



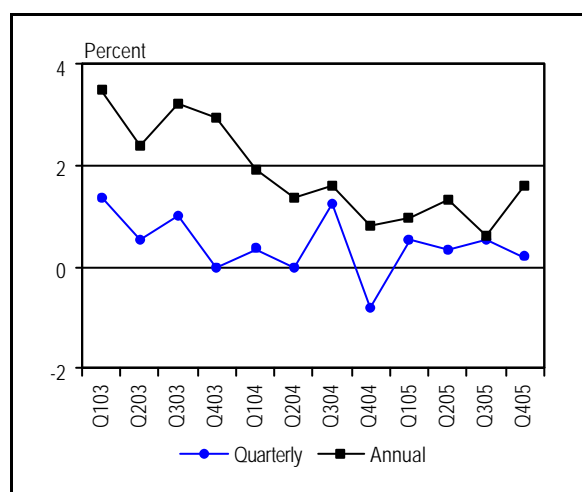
Source: National Statistic Office

Growth in the tourism industry is encouraged by the expected increase in Day visitors, especially cruise ship visitors, largely due to the resumed port calls made by P&O Cruise-ships which has recently introduced an additional vessel to its fleet of cruise-ships in December. Cruise ship visitors arrivals are expected to increase by 5.8 percent from the previous quarter and higher by 77 percent from the same quarter last year. This huge growth in cruise-ship arrivals has contributed to the high tourist arrivals in 2005 over the comparable period of the previous year.

Inflation

The estimated inflation rate in quarter 4 has recorded an increase of 0.2 percent from the previous quarter, and in comparison with the same quarter of 2004, inflation has increased by 1.6 percent. The main casual factor contributing to the quarterly increase was Housing & Utilities (0.3 percent) and Drinks and Tobacco (0.1percent), whereas an expected decline recorded in food (0.4) and household supplies expenditure group (0.2 percent).

Fig 16: Inflation rate

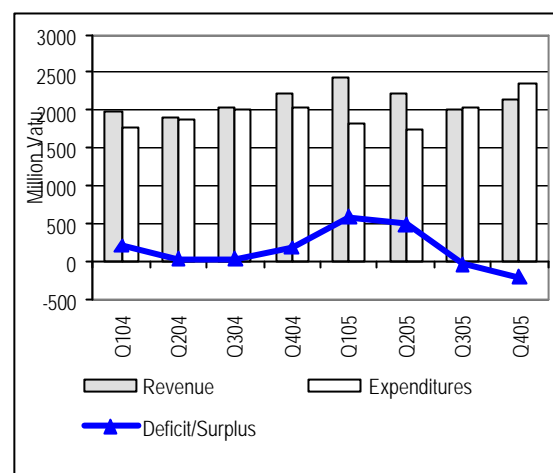


3.2. FISCAL OPERATIONS

The Government operated a budget deficit during the fourth quarter of 2005 due mainly to higher expenditures, especially on goods and services. Despite this quarter's deficit, there have been vast improvements in the Government's net position with the Reserve Bank of Vanuatu. This was mirrored by an increase in Government deposits with the Bank. The Bank's net claims on Government was VT-343.7 million compared with VT474.0 million for

the same quarter of 2004. Overall, the Government's fiscal position for 2005 depicted a budget surplus of VT619.9 million. Following the improvements in its fiscal position, the Government has refrained from using the overdraft facility at the Bank, and retired some of its domestic debts.

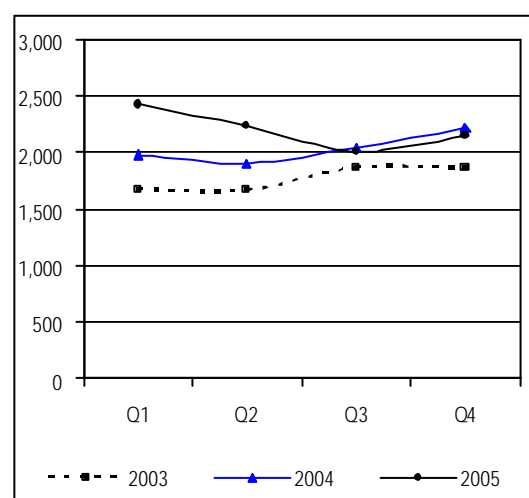
Figure 17: Government Expenditures and Revenue.



For the fourth quarter of 2005, the central Government's overall fiscal operations depicted a deficit of VT207.2 million as compared to a surplus of VT178.5 million recorded during the corresponding quarter of 2004. The deterioration of the Government's position for this quarter resulted from a decrease of 3.2 percent in revenue and grants, with an increase of 15.5 percent in expenditures and net lending, both over the corresponding quarter of 2004.

Revenue

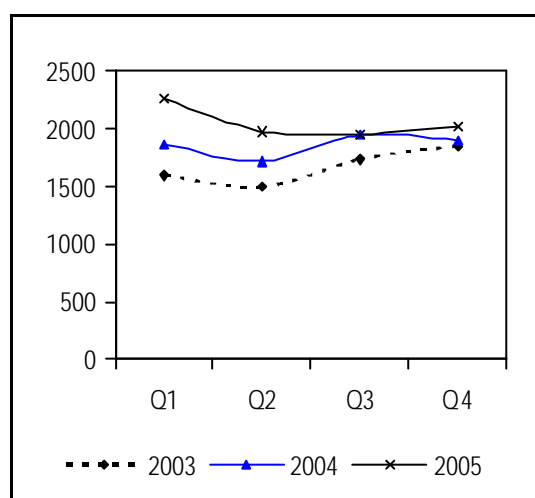
Figure 18: Total revenue and grants(MVT)



During the quarter under review, overall revenue (including grants from abroad) amounted to VT2139.7 million, 3.2 percent lower than the level attained in the corresponding quarter of 2004. This decline in revenue is attributed mainly to lower grant aid of VT118.2 million for this quarter when compared to VT303.8 million for the corresponding quarter of 2004.

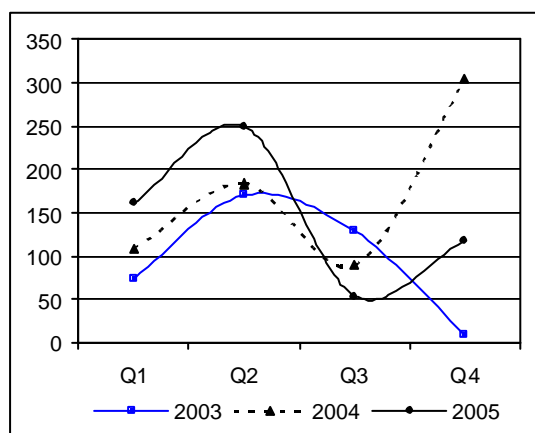
Of the budgetary account, actual recurrent revenue collected for 2005 accounted for 106.7 percent, which is higher than the expected revenue collection for the year.

Figure 19 : Domestic Revenue



Revenues from non-tax sources which constituted the remaining 9.8 percent of total recurrent receipts, increased by 11.7 percent from the corresponding quarter of 2004.

Figure 20: Grants



Grants received for this quarter totaled VT118.2 million, a decline of 61.1 percent over the corresponding period of 2004.

Expenditures

Total outlays displayed an increase of 15.5 percent as compared to the corresponding quarter of 2004. This is due principally to increases in both recurrent and capital expenditures by 15.2 percent and 24.9 percent, respectively. Total expenditures and net lending totaled 97.2 percent of the budget.

By economic classification, salary and wages, which accounted for 56.3 percent of total recurrent expenditures increased by 3.0 percent from the corresponding period of 2004. This increase is expected as there is a rise in the minimum wages from VT16,000 to VT20,000 per month for all government workers.

Financing

A budget surplus of VT619.9 million was achieved for 2005. Despite an overdraft arrangement with the Reserve Bank of Vanuatu the Government continued to operate a positive operating account for most of 2005.

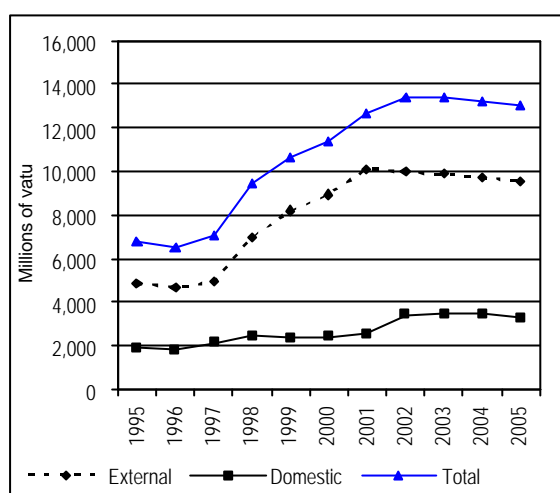
The Government rolled over VT320 million and retired VT156.1 million of maturing bonds in 2005. As a result commercial banks net claims on the Government improved by 20.4 percent from the previous quarter. The overall net claims of the Government on the banking system showed a vast improvement stemmed mainly from the increase in Government deposits.

Outstanding Government Debt

As at end of 2005, total outstanding public debt stood at approximately VT13.1 billion, of which 25.5 percent or VT3.3 billion is domestic debt. Total estimated outstanding public debt represents 34.4 percent of nominal GDP.

Domestic debts in terms of bond holding and domestic loans totaled VT3,103.0 million, representing a decline from VT3219.1 million in the previous quarter. From this total bond holding, the RBV has a share of 27.8 percent, commercial banks 27.0 percent, corporate bodies 45.1 percent and others 0.1 percent.

Figure 21: Public Debt



Total external debt of the country stood at approximately VT9.6 billion and representing 73.3 percent of total public debt. External debt consists of bilateral and multilateral loans arrangement.

3.3. MONETARY DEVELOPMENTS

Total money supply grew for the 10th consecutive quarter in December 2005. While money supply continued to grow; the growth in the fourth quarter of 2005 however was rather slow by 1.1 percent as compared to 2.3 percent growth during the preceding quarter and 3.8 percent in the June quarter of 2005. Nevertheless on a year-on-year growth basis, total money supply growth accelerated to 11.6 percent in December 2005 from 10.8% in the previous quarter.

Monetary expansion during the quarter was attributed to an expansion in domestic credit, dampened, however, by a slight decline in net foreign assets, owing to a reduction in the level of foreign assets of the commercial banks during the quarter. Commercial banks' liquidity has also improved during the quarter, however due to unequal distribution of liquidity amongst the banks, as few banks are facing liquidity shortages, short term interest rates have increased during the mid quarter but tended to trend downwards towards the end of the quarter. Despite this downward trend short-term interest are still high compared to the previous quarter's level. Furthermore the Reserve Bank is active in its Open Market Operation resulting in the increase in RBV notes outstanding during the quarter.

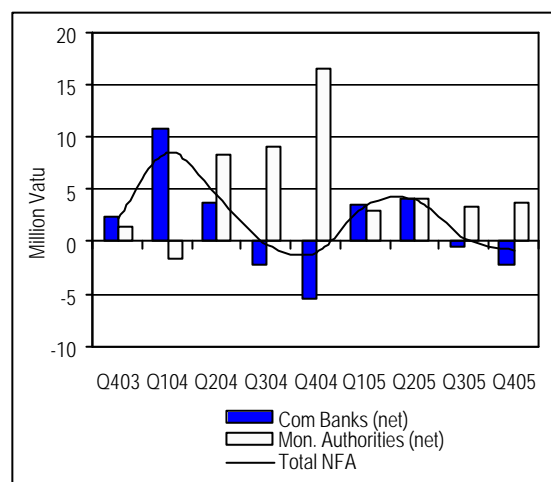
Determinants of money supply

Net Foreign Assets

Following its expansion during the previous three consecutive quarters of 2005, total net foreign assets narrowed marginally by 0.9 percent to VT29488.2 million during this quarter. This downward trend was associated with the decline in commercial banks' NFA position by 2.3 percent. Since commercial banks' NFA comprises more than 70 percent of the entire NFA of the banking system, this decline more than offsets the 3.6 percent growth in the NFA position of the monetary authorities. Despite the decline during this quarter, total NFA grew by 6.9 percent from the previous year's level.

The Monetary authorities' NFA position has persistently been increasing throughout 2005 as well as from the corresponding quarter of the preceding year. At the end of this quarter the level increased to VT7350.6 million, adding another VT256 million to that recorded over the previous quarter.

Figure 22: Net Foreign Assets



This trend clearly indicates that foreign exchange inflows have been sustained throughout the quarter, principally from inflows through the Government, a foreign embassy, others and interest received by the Reserve Bank on foreign assets. With these inflows the level of reserves was sufficient to cover 5.8 months of import cover against 5.5 months recorded during the September quarter.

Commercial banks' NFA, in contrast, contracted during the quarter as their holdings of assets with non-resident banks were reduced by VT430 million. Also, commercial banks' liabilities to non-resident

banks rose by a substantial VT272 million. On the other hand, commercial banks' foreign currency liabilities to residents especially demand and savings deposits, have registered quarterly declines, therefore partly explains the reduction in commercial banks' NFA. Regardless of this quarter's decline, commercial banks' NFA expanded by 4.6 percent over a year ago as bank's foreign assets increased more than their foreign liabilities.

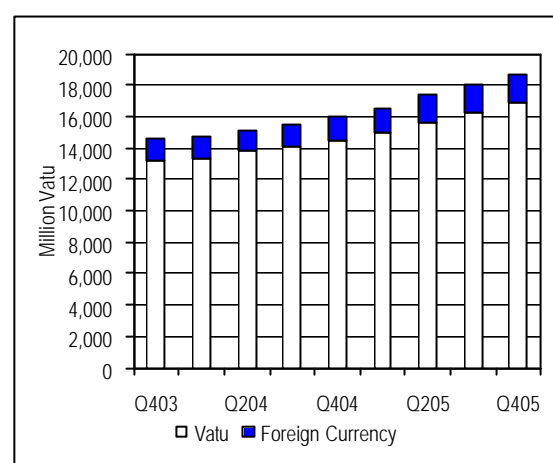
Domestic Credit

Total domestic credit grew further by 2.60 percent or VT463 million during the reviewed quarter and 8.6 percent from the corresponding quarter of 2004. This expansion was largely represented by increase in loans and advances to the private sector, non financial public enterprises and municipalities. Net credit to the Government, on the other hand, noted a significant decline during the quarter. The Government's net lending position vis-à-vis the banking system continued to improve extensively from the September quarter to this quarter, as net claims on Government declined by a sizeable 274 percent or VT119 million. The quarter-to-quarter improvement was attributed to the Governments' net lending position with both the monetary authorities and the commercial banks. The Government's net position with the banking system moreover improved from the same quarter of the previous year by a vast 117 percent. Net claims on Government has been declining for the fourth consecutive quarter as Government finances improved greatly during this year as compared to 2004. For this reason, the Government has abstained from resorting to the overdraft facility with the Reserve Bank since April 2005 up till the end of this quarter. Furthermore, at the end of 2005 the Reserve Banks' claims on the Government, in particular the level of non-interest bearing notes was reduced by 47.2 million therefore contributed to the quarterly decline in the Reserve Bank's net claims on Government, though Government deposits were slightly down by 0.4 percent against the previous quarter's level.

Loans and advances extended to the private sector grew further by 3.1 percent adding another VT565.4 million to the level registered during the previous quarter. Private sector credit also grew by a sizeable 15.9 percent from the previous year's level. Figure 5, depicted that private sector credit has been on an increasing trend since the previous two years. The growth in December was

contributed mainly by loans and advances to individuals & households and others category. These loans were mainly in the categories of housing and land purchases which added another VT218 million against the September quarter and loans to other personal sectors which rose by VT59 million. Loans and advances to business indicated a minor growth. Though loans to business grew slightly during this quarter, it still consist of more than 62 % of the share in total loans, loans to individual/households followed with 36%, while others category claimed the lowest share of 2%. These growth trends reflected the positive status of the economy.

Figure 23: Private Sector Loans



With respective to credit extended to various economic sectors, fisheries sector saw a considerable growth of 33% in loans. This trend reflected the numerous fisheries projects that are sprouting up in most provinces in the country in light of the abundant marine resources which provide easy income for the fishermen. Credit to the tourism sector increased by 12 percent, notably loans to owners and operators of hotels to accommodate for the increasing number of visitors during the quarter. Loans to the agriculture sector noted the third biggest increased in credit growth by 11 percent; the increase was contributed to particularly by lending to farmers engaging in the production of vegetables, food crops and fruits. Other sectors which also noted minor increases in credit growth are; manufacturing (2%), distribution (1%), transport (5%), construction (1%) and professional and other services (1%).

The four major sectors which comprise the bulk of the share of total loans includes, housing and land purchases which comprises of 23 percent of total loans, other personal sectors follows with 20 percent. The Construction sector claimed third position with 16

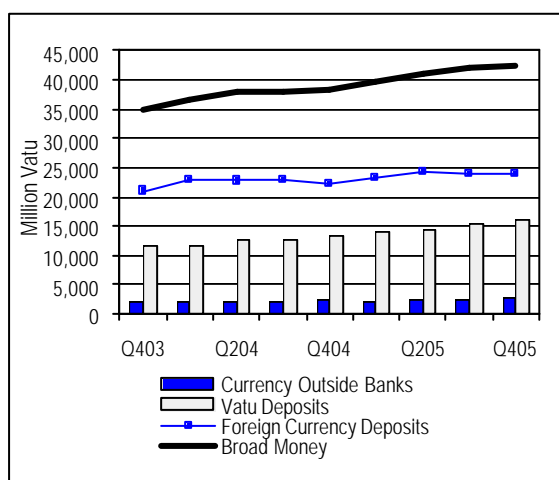
percent while the fourth position of is taken up by the distribution sector with a 10 percent share.

Components of Money Supply

Money supply growth during the review quarter was largely associated with quasi-money, which expanded by 1.6 percent from the previous quarter, whilst an annual growth rate of 12 percent was recorded. Narrow money, on the contrary has remained virtually unchanged from the preceding quarter. Nonetheless, a considerable growth of 10 percent was noted against the previous year's level.

Demand deposits contracted slightly by 0.9 percent which contributed to the overall trend in narrow money. Currency outside banks, on the other hand, rose by 4.4 percent from the previous quarter. The rise coincided with the Christmas festivities towards the end of December. Currency outside banks was also higher by 8.1 percent compared to that in December 2004. Demand deposits in foreign currency contracted by 5.3 percent which also contributed to the overall trend in demand deposits. Demand deposits denominated in the local currency however, grew by 5.7 percent. The upward trend in the latter could possibly be due to a) residents may be converting their foreign currency deposits to local currency to be more easily accessible to cater for economic transactions currently taking place as reflected in growth in private sector credit b) residents may be switching demand deposits in foreign currency to fixed deposits in foreign currency to earn better returns c) importers capitalized their demand deposits in foreign currency to cater for more overseas transactions

Figure 24: Money Supply



While residents are accommodating for the increased activities that are occurring within the economy, as reflected in the increase in currency outside banks and growth in demand deposits (local currency), they are simultaneously investing in longer term interest bearing deposits. Accordingly, time and savings deposits in both the local and foreign currency expanded by 1.9 percent and 1.5 percent, respectively during the quarter.

Deposits with Commercial Banks

Overall deposits of residents (excluding Government deposits) held with the commercial banks at the end of the reviewed quarter grew by 0.9 percent which added another VT350 million to the level recorded during the preceding quarter to reach VT39872 million. Though foreign currency deposits accounted for approximately 60 percent of the total share of deposits, its slight decline by 0.5 percent was offset by the increase in local currency deposits by 3.0 percent. While overall deposits grew slightly during the quarter, a substantial expansion by 12 percent was noted against the previous year's level.

With respect to ownership of deposits, individuals still hold the largest share of total deposits with 47.1 percent, an increase of 0.2 percentage points from the previous quarter. Private business followed with 40.5 percent, an increase from 39.1 percent from the previous quarter. Non financial public enterprises claimed third place with 6.7 percent, while the other loans category claimed fourth position with 5.6 percent, where as the smallest share of 0.1 percent goes to municipalities

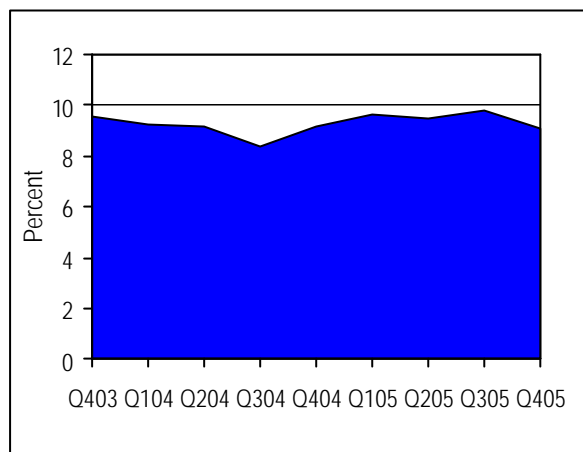
Interest Rates

Commercial banks have indicated slight movements in their deposits interest rates from the previous quarter (see table 8). Notably for interest rates paid on the one month maturity in which the upper interest rate was increased by 1.50 percentage points. For maturities above 6 months the minimum rate also rose by 0.5 percentage points. Interest rates on savings deposits were maintained as in the previous quarter. Due to the abovementioned movement in interest on fixed deposits, the weighted average rate on fixed deposits rose by 0.38 percentage points from the previous quarter to 4.85 percent. This uptrend in rates on fixed deposits furthermore triggered the overall weighted average interest for total bank deposits to increase by 0.13 percentage points to 2.25 percent during the quarter.

Commercial banks lending rates, on the other hand, were maintained as in the previous quarter as yet indicated in table 8. Though lending rates ranges remained unchanged, the weighted average rate of interest rates for bank loans was somehow reduced by 0.59 percentage points to 11.37 percent.

Interest Rate Spread

Figure 25: Interest Rate Spread



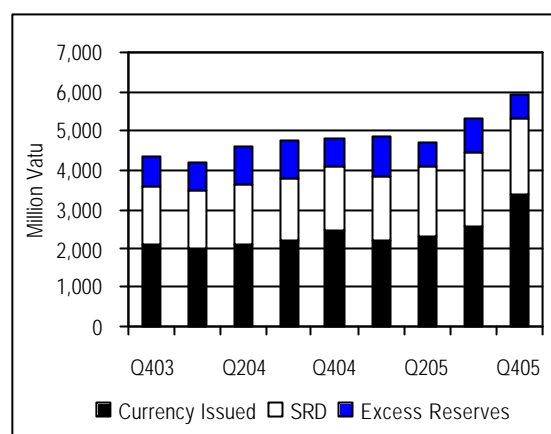
The reduction in the weighted average rate of interest on advances more than outweighed the increase in the weighted average rate of interest for total bank deposits thus contributed to the reduction in the interest rates spread to 9.12 percent from 9.84 percent during the previous quarter, as depicted in figure 7.

Reserve Money

Reserve money¹ expanded further by 4.9 percent or added an extra VT278 million to that recorded over the preceding quarter. Likewise a huge growth of 12.1 percent was registered against the level a year ago. The quarter-to-quarter growth was contributed mainly by currency in circulation which rose considerably by 16.6 percent and statutory reserve deposits which expanded by 3.4 percent. Conversely excess reserves of commercial banks with the Reserve Bank declined sharply by 30.0 percent.

¹ Reserve Money comprises of currency in circulation (including commercial banks vault cash), statutory reserve deposits (SRD) and excess reserves.

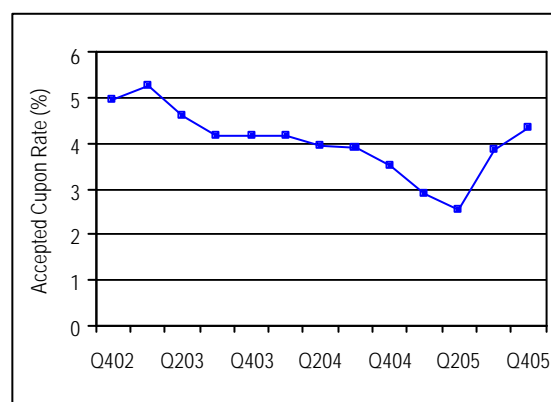
Figure 26: Components of Reserve Money



The expansion of currency in circulation was mainly attributed to the Christmas spending at the end of 2005. Though currency in circulation was high during the quarter, banks have recorded growth in deposits over the period of October and November 2005, as represented by the expansion in SRD. Several developments contributed to the substantial decline in excess reserves during the quarter; a) the offsetting movement in currency in circulation and SRD b) increase in outstanding RBV notes and c) Government continues to destroy liquidity in the system as reflected in the continuous improvements in the Government's net position with the Reserve Bank. Figure 8 signifies that Reserve money was at the highest level during this quarter as compared to the levels recorded over the corresponding quarters over the last two years.

RBV Notes

Figure 27: 91-days RBV Notes Yield



Total RBV notes issued during the last quarter of 2005, amounted to VT1,065 million, out of which the allotments were made as follows; VT290 million to

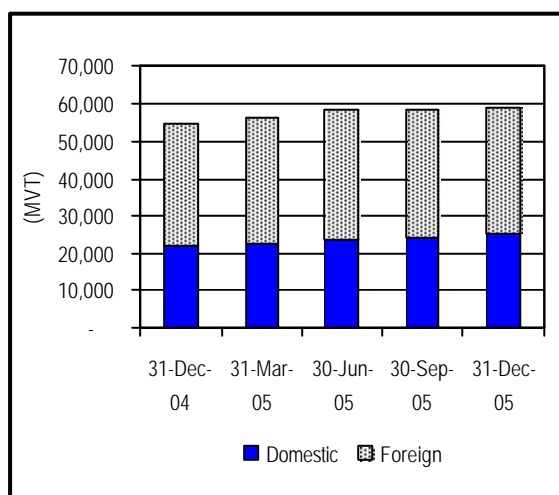
14-days, VT310 million to 28-days, VT235 million to 63-days and VT230 million 91-days maturity. By end of the December quarter, 2005, the RBV notes outstanding stood at VT590 million.

Yields on RBV notes reached their peaks during the last quarter with the 63-day maturity recording the highest rate for 2005 at 4.74% in mid quarter. These increases were triggered by the liquidity constraints in the banking system which led to inter-bank activity that persisted throughout the quarter. By the end of the quarter, yields started to trend downwards compared to the positions during the quarter. The 91-day maturity yield stood at 4.34% by the end of December, 2005, while the 14-days, 28-days and 63-days positioned at 4.25%, 4.28% and 4.31% respectively. Figure 9 clearly depicts that though the interest rates on the 91-day note which is the indicator rate were high during the last quarter of 2005, these rates were somewhat lower than the rates recorded during the last quarter of 2004 and the first quarter of 2003 due to the unequal distribution of liquidity in the system.

DOMESTIC BANKS

Balance Sheet

Figure 28: Asset Position - Domestic Banks



The industry's balance sheet recorded no significant movements over the last quarter. Total assets increased slightly by 1.1 percent to VT58.7 billion from VT58.1 billion during the previous quarter. During the year, the industry reported an increase of 7.3 percent. The quarterly increase was mainly attributable to a 3.8 percent rise in domestic assets to VT25.2 billion. On the other hand, the industry's foreign assets declined by 0.8 percent to

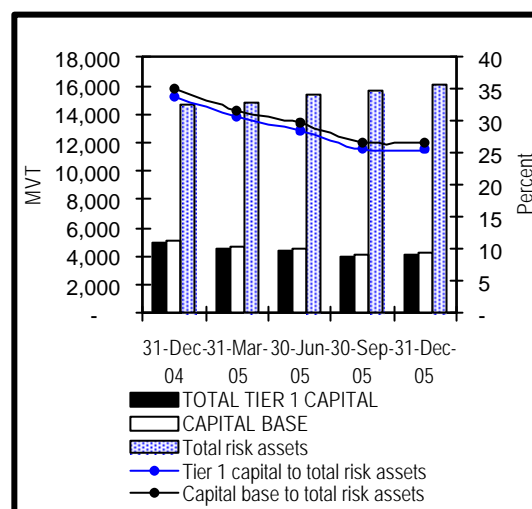
VT33.5 billion at the end of the period. Refer to chart 28.

Capital

The industry remained well capitalized during the last quarter though its capital adequacy ratio dropped slightly by 0.1 percent to 26.7 percent. During the year, the bank recorded a drop of 16.0 percent. The slight quarterly drop in the industry's capital adequacy ratio was due to growth in the total risk weighted assets by 2.9 percent to VT16.1 billion.

Capital base increased by 2.8 percent to VT4.3 billion. This reflected increases in both the industry's tier 1 capital by 2.8 percent to VT4.1 billion and tier 2 capital by 3.3 percent to VT184.5 million respectively over the last quarter. The industry's tier 1 ratio for the reviewed quarter is 25.6 percent. Refer to chart 2.

Figure 29: Capital Adequacy & Tier 1 Ratio Domestic Banks



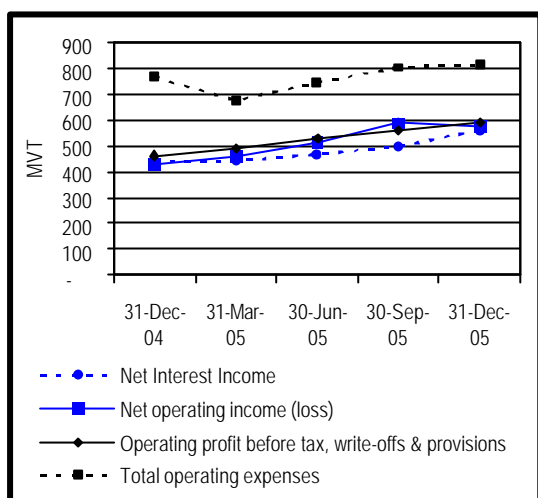
Profit

The industry recorded a quarterly increase in its operating profit (before tax, write-offs and provisions) by 5.3 percent to VT592.8 million from VT563.0 at the end of September 2005. This increase was attributable to growth in interest income by 8.5 percent to VT951.8 million.

However net operating income declined during the reviewed quarter by 2.2 percent to VT 577.7 million from VT590.7 million during September 2005 quarter. This decline is attributable to the increase in provisions by 164.3 percent to VT16.4 million (negative VT25.6 million, Sept'05). Over the 12

months, net operating income increased by 25.2 percent (Vt429.0 million, Dec'04). Refer to chart 3.

Figure 30: Earnings – Domestic Assets

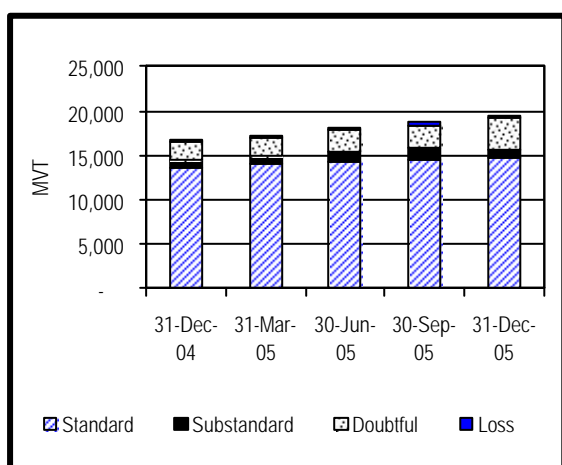


During the last quarter, both ROA and ROE of the industry increased by 4.8 percent to 1.0 percent and 6.7 percent to 10.1 percent respectively.

Asset Quality

Total lending from the domestic industry increased further at the end of December 2005 by 3.9 percent to Vt19.5 billion. This comprised of 75.5 percent standard loans, 5.0 percent sub-standard loans, 17.8 percent doubtful loans and 1.6 percent loss loans respectively. Refer to chart 4.

Figure 31: Asset Quality – Domestic Banks



The level of impaired assets increased significantly both quarterly and annually by 34.0 percent and 71.6 percent respectively to Vt3.8 billion (Vt2.8 billion, Sept'05; Vt2.2 billion, Dec'04). The increase

was the result of a 38.8 percent increase in the industry's doubtful loans to Vt3.5 billion over the last quarter. The increase in doubtful loans was mainly attributable to the declines in substandard loans by 25.8 percent to Vt981.1 million and loss loans by 2.8 percent to Vt319.9 million respectively.

Total industry's general provisions increased significantly this quarter by 216.1 percent to Vt15.5 million. Furthermore, both specific provisions and security held by the industry increased by 19.5 percent to Vt733.5 million and 5.9 percent to Vt12.4 billion over the period.

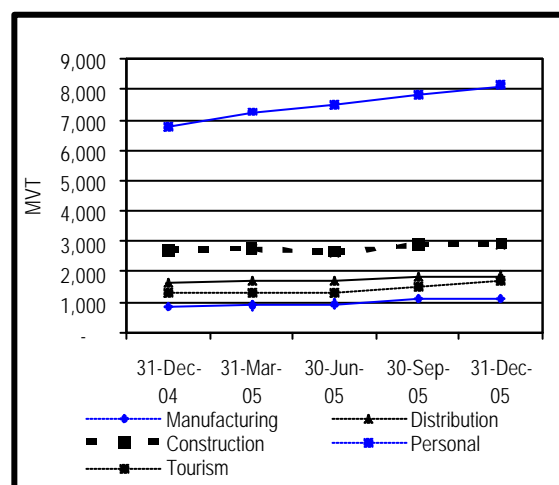
Sectoral Lending

The majority of the industry's lending portfolio still remains to the personal (43.5 percent), construction (15.6 percent) and distribution (10.0 percent) sectors over the last quarter.

At the end of the period, loans to the personal sector increased by 3.5 percent to Vt8.1 billion, loans to the construction sector increased by 1.2 percent to Vt2.9 billion and loans to distribution sector increased by 1.0 percent to 1.9 billion.

The other major lending sectors were tourism and manufacturing sectors. Over the last period loans to tourism and manufacturing sector increased by 12.1 percent to Vt1.7 billion and 1.8 percent to Vt1.1 billion respectively. Refer to chart 5.

Figure 32: 5 Largest Sector Claims Domestic Banks

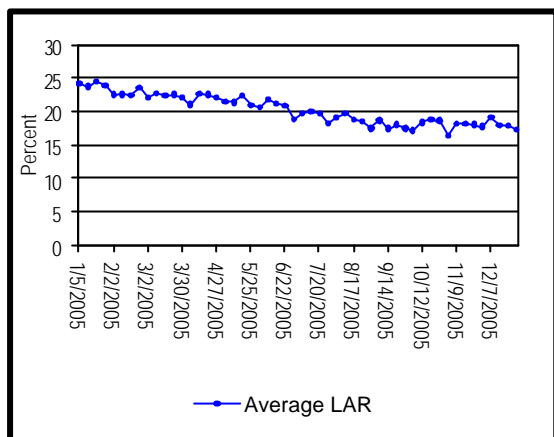


Liquidity

The industry's average liquid asset ratio (LAR) at the end of the last quarter remains well above the regulatory requirement at 17.2 percent; down from

17.5 percent during the pervious quarter. Despite the high LAR position, the yearly trend is slightly downward sloping. Refer to chart 6.

Figure 33: Liquid asset Ratio – Domestic Banks



December 2005 quarter also reveals negative short term liquidity mismatch for the industry.

International Banks

Overview

For the quarter ended 31 December 2005, the Reserve Bank remains proactive in ensuring that international banks comply with the conditions of their licenses. Over the quarter, the Bank conducted several prudential consultations to assess risks associated with banks, and to determine banks' compliance with the International Banking Act (IBA), the Financial Transactions Reporting Act (FTRA) and the Prudential Guidelines (PG) issued by Reserve Bank of Vanuatu. In addition, the Reserve Bank accompanied the Financial Intelligence Unit (FIU) to conduct an anti-money laundering spot check to international banks to verify compliance with Vanuatu's regulatory requirements.

Over the quarter, Reserve Bank of Vanuatu received a number of enquiries from interested clients hoping to set up international banks in Vanuatu.

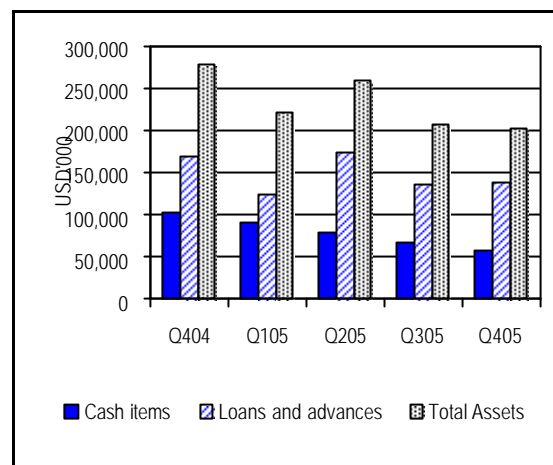
Balance Sheet

The December 2005 quarter showed a decrease in the industry's balance sheet footings of 2.6% to USD202.3 million (USD207.8 million, Sep-05). The

decrease was mainly attributable to decline in cash items by 12.6% to USD58.9 million on the asset side.

The major components of the industry's assets still remain as loans and advances and cash items each consisting of 68.7% and 28.9% of total assets respectively. (Refer to graph below)

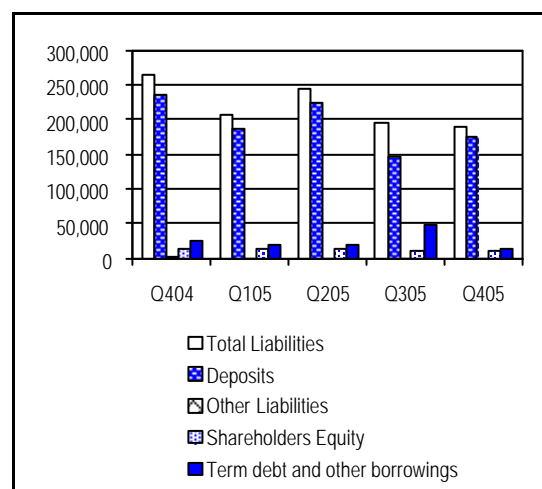
Figure 34: Total Asset – International Banking



On the liability side, the industry's total liabilities (excluding shareholders equity) also declined by 2.9% to USD189.8 million (USD195.5 million, Sep-05). The decrease is mainly attributable to decline in term debt and other borrowings by 72.3% to USD13.5 million (USD48.7 million, Sep-05).

The major component of liabilities is deposits from corporations, which accounted for 86.5% of total liabilities and shareholders equity. Over the quarter, this has increased by 20.3% to USD175.0 million (USD145.5 million, Sep-05). (Refer to graph below)

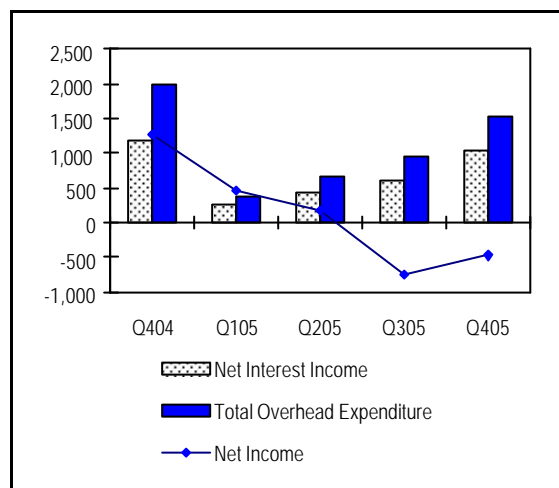
Figure 35: Total Liabilities – International Banking Industry.



Earnings

Despite improvements in the industry's financial position this quarter, the industry continues to record a net loss of USD 477 thousand; an increase of 35.5% from the September quarter (net loss of USD740 thousand). The increase is attributable to increase in operating income of 107.0% to USD1.7 million (USD802 thousand Sep-05).

Figure 36: Income – International Banking Industry



Over the quarter, net interest income of the industry increased significantly by 73.4% to USD1.0 million (USD602 thousand Sep-05).

3.4. FINANCIAL DEVELOPMENT

Total Local Expenditures

Total estimated local expenditures of Finance Centre Institutions recorded increases of 10.0 percent and 21.0 percent from the previous quarter of 2005 and the corresponding quarter of 2004, respectively. This improvement was attributed to a quarterly increase of 16.0 percent of total recurrent expenditures.

From the estimated total expenditures of VT896.5 million, the banking sector continues to dominate with 47.0 percent, followed by trust and insurance companies with 33.0 percent, accounting firms with 14.0 percent and legal firms and offshore institutions with 6.0 percent.

Estimated taxes and levies paid by Finance Center Institutions and other private companies, showed an annual increase of 6.3 percent and a quarterly

decline of 15.7 percent. The quarterly decline was attributed to decreases of 15.5 percent in central Government fees, 23.7 percent in import duties and 23.0 percent in local government revenue.

There was an increase in total estimated capital expenditures of finance institutions and other private sector institutions by 59.0 percent from the same quarter of 2004 and a decline of 11.6 percent from the previous quarter.

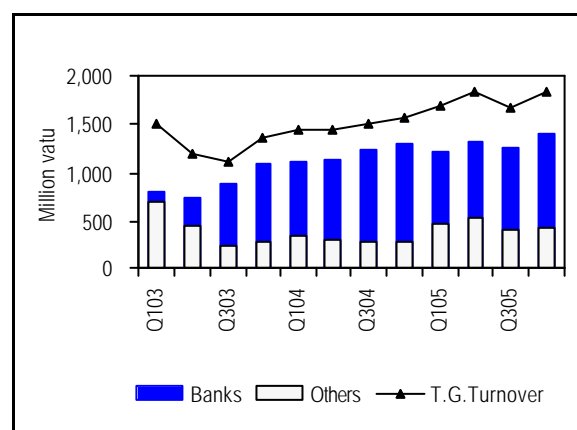
Estimated value of total assets of finance centers and other private sector institutions decreased by 0.5 percent from the previous quarter but recorded an increase by 7.4 percent from the corresponding quarter of 2004.

Estimated number of employees in finance centre institutions decreased to 613 from the high of 614 recorded during the third quarter of 2005. Ni-Vanuatu employees made up approximately 88.1 percent of this total.

Total Gross Turnover

Estimates of total gross earnings of Finance Centre Institutions increased by 9.9 percent and 17.0 percent from the previous quarter of 2005 and corresponding quarter of 2004. The quarterly improvement was attributed to increases in total earnings of commercial banks by 12.0 percent and gross income of trust and insurance companies by 10.8 percent from previous quarter.

Figure 37: Total Gross Turnover (Finance Centre Institutions)



Total estimated net foreign exchange earnings recorded increases of 8.7 percent from the corresponding quarter of 2004 and 83.5 percent from previous quarter of 2005. This improvement was

attributed to increases of net foreign exchange earnings of commercial banks by 173.3 percent and trust & insurance companies by 21.2 percent.

Shipping Registrations

The shipping registry recorded a decline in the number of ships which decreased from 601 in the previous quarter to 596 vessels this quarter. However, there is a net increase of 6 vessels when compared to 590 recorded during the corresponding quarter of 2004. The registry recorded the addition of 31 new ships, whilst 36 ships de-registered during the reviewed quarter. In 2005, 155 vessels were added to the registry while 149 vessels de-registered.

There was an improvement in net shipping fees for this quarter as compared to a negative figure recorded during the corresponding quarter of 2004. The average sized vessel at the registry remained at 4,500 GRT.

There remain certain issues to resolve between the Vanuatu Maritime Authority in collaboration with the Vanuatu Government, Tuna Fishing (Vanuatu) Limited and the registry in New York regarding reciprocal port tax treaties, Chile's ban of Vanuatu vessels, fishing legislation, regional fishing oversight bodies, sanitary certification of the fishing fleet, rescission of Ministerial Order 13 of 2005 and revisions of Ministerial Order 35 of 2005. According to the international shipping registry office in New York, action on the above is needed to ensure the growth of the registry if not in gross tonnage but in the number of vessels.

Company Registration

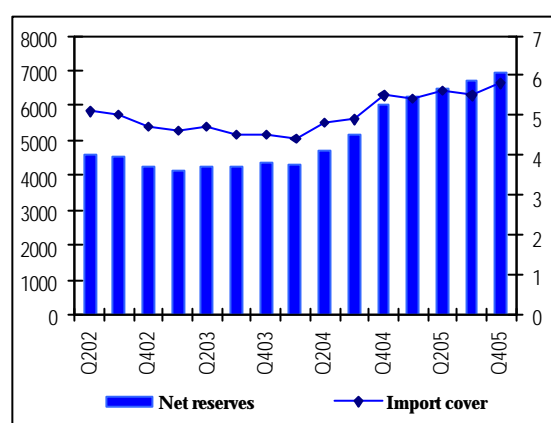
The number of companies registered with the Vanuatu Financial Services Commission (VFSC) recorded a total of 6,139 companies during the reviewed quarter. This represents net increases of 189 from the same quarter of 2004, and a decline of 40 companies from the previous quarter. The number of new registrations was 134 companies, while 119 companies deregistered with the VFSC. 2005, witnessed the registration of 536 companies with the VFSC while 254 companies deregistered.

From the total number of companies, international² companies represent 75.3 percent, local companies made up 22.3 percent, while exempt³ and overseas⁴ companies accounted for 2.3 percent.

3.5. BALANCE of PAYMENTS.

The official international reserves increased to a more than adequate level of 5.8 months of import cover at the end of December 2005, from 5.5 months of import cover in the preceding quarter. With this increase, official reserves are comfortably above the Reserve Bank's minimum target level of 4 months of import cover. This is one of the key indicators of monetary stability for the country. The improvement in reserves reflected the improving economic conditions caused by an expansion of inflows through official Government transfers and investment returns of the Reserve Bank. Despite an expansion in the current account deficit, financing was adequate.

Figure 38: Net Reserves & Import Cover



Merchandise trade

The trade deficit expanded by an unpredicted 31.0 percent in the December quarter, reflecting import growth of 20 percent while exports fell by 2.0 percent from the previous quarter. High import bills were recorded for basic manufactures, machines & transport equipments, food and live animals and chemicals. The overall trend for imports is an

² Companies incorporated under the international Companies Act and do not operate business in the country.

³ Companies registered or re-registered as exempt companies and do business overseas.

⁴ Companies incorporated outside Vanuatu and do business in the country.

upsurge slope and is expected to continue with this trend in the future.

Services Account

Vanuatu's main foreign exchange earning is tourism - one of the main factors contributing to the consistent surplus of the services account. However this quarter the surplus or net services dropped by 26 percent reflecting a 24 percent drop in inward travel (tourism earnings) as compared to a 25 percent increase in the September quarter. The decrease in the above item was caused by a seasonal drop in the number of tourists. The slight depreciation of the Australian dollar against the Vatu in December quarter also contributed to the low earnings from Australian tourists during the period. All the other items of the services account also recorded decreases.

Income Account

Foreign enterprises' reinvested earning is the major item contributing to the consistent deficit of this account. On the debit side, investment income through foreign direct investments expanded by 14 percent and other investment interest payments increased by 5 percent. This increase mainly came through other securities rather than loans and deposits. Income receipts from investment rose by 4 percent, mainly stemming from currency and deposits.

Current Transfers Account

As a large proportion of current transfers represent official grant flows, the level is driven by donor grants to the Government of Vanuatu. The quarter in review recorded another decrease in grants from abroad. Technical assistance, aid in cash and aid-in-kind and other official transfers all recorded decreases in the December quarter.

Capital and Financial Account

The capital account measures the transfers of non financial assets in and out of Vanuatu, as well as the purchase and sale of intangible assets. In 2004 and 2005, Vanuatu had been experiencing huge sales of non-financial assets which had not been fully captured in this account, hence contributing to the errors and omissions.

The December quarter saw a decrease in project goods provided by donors while continuous net

outflows of migrant's transfers was recorded by the private sector.

The Financial account records flows of transactions through external assets and liabilities. In December quarter, there was a substantial decrease reflecting reductions in foreign direct investment, portfolio investment and other investments. Foreign direct investment showed significant inflows, however slightly less than inflows of September. Other investment assets also decreased. This was caused by a reduction in currency and deposits. Other investment liabilities recorded a slight increase as compared to a large reduction last quarter.

Medium Term outlook

Within the medium term (2006/2007), the current account is expected to improve. Imports will continue to grow, reflecting expansion of the economy as large amounts of capital investment are injected into capital projects. The projected improvement in tourism earnings in 2006 will continue to provide a boost to the services account while reinvested earnings of foreign enterprises will continue to create deficits in net factor income. The capital and financial account is forecasted to continue in surplus into the medium term. Barring adverse unforeseen circumstances, official international reserves are therefore expected to remain healthy at around five to six months of import cover into the medium term.

International Investment Position

By end December 2005, the IIP extended its net borrowing position to VT 5324 million, from VT4753 million last quarter. The new position reflected an expansion of liabilities in December, particularly on foreign direct investment.

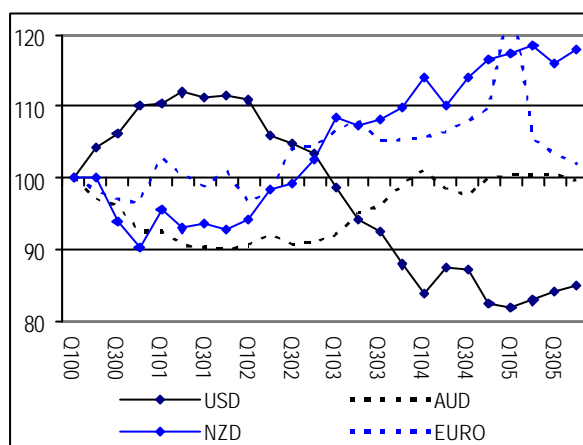
3.6 EXCHANGE RATE DEVELOPMENT .

Events in international financial markets over the quarter had various impacts on the movements of major currencies relevant to the exchange rate of the Vatu. The foreign currency market was relatively flat in the second week of October ahead of the much-anticipated (and highly debated) interest rate decision by the Federal Reserve. As investors focus on interest rate and growth differentials favouring the United States, the US dollar has been picking up well against its major international currencies.

The US dollar fluctuated against the Vatu across the months of the December quarter. The developments

saw the US dollar rate close up 1.9 percent from the September quarter and up 3.4 percent from December 2004. The US dollar is expected to strengthen moderately against the Vatu and by the time of writing this report, the US dollar fluctuates around the November average.

Figure 39: Bilateral Exchange Rate Movement of the Vatu against its major currencies.



Most analysts expect the Australian dollar to come under downward pressure as the interest rate differential with respect to the US narrows. In the intervening time, the Japanese yen marginally appreciated against the Vatu while EURO and NZ dollar continues to fluctuate.

Quarterly Exchange rate of vatu against currendes of major trading partners.

Period	USD	GBP	AUD	JPY	NZD	EUR
Average for 4th Qtr 2005	111.23	194.6	82.8	0.949	77.2	132.3
Average for 3rd Qtr 2005	109.97	196.29	83.48	0.9888	75.98	134.04
% Change	1.13	-0.87	-0.82	-4.19	1.58	-1.32
Closi ng rate on 30.12.05	112.33	193.68	82.29	0.9534	76.62	133.07
Closing rate on 30. 09.05	110.14	194.03	83.67	0.974	76.07	132.58
Closing rate on 30.12.04	106.53	205.3	83.06	1.0328	76.54	145.54
Quarterly % Change	1.9	-0.2	-1.7	-2.2	0.7	0.4
Yearly % Change	3.4	-5.5	0.7	-5.7	-0.6	-8.9
Low for 4th Quarter-2005	109.88	191.94	81.93	0.9133	76.02	129.86
	28-Oct	28-Oct	28-Dec	7-Dec	28-Dec	5-Dec
High for 4th Quarter -2005	113.09	197.62	83.99	0.9701	79.36	134.11
	28-Dec	4-Nov	4-Oct	7-Oct	6-Dec	3-Nov

CHRONOLOGY OF MAJOR EVENTS

NO.	BRIEF DESCRIPTION OF EVENTS	EFFECTIVE DATE
1.	Vanuatu removed all restrictions imposed on Fiji made biscuits in October. This order was approved by the council of ministers, after a commitment made at the recent Melanesian Spearhead Group meeting in PNG where the two countries would resolve their differences. Fiji was urged to take the issue up with its cabinet to withdraw the ban on kava imports from Vanuatu, while Port Vila promised to remove the 100 tonne quota imposed on Fiji made biscuits exported to the country. For the past two months, Vanuatu has lost US\$300,000 in kava exports.	8 October, 2005
2.	<p>The government of Vanuatu confirmed that it will open its service sector to more competition after a workshop conducted by the South Pacific Forum Secretariat. The services sector accounts for more than 70% of GDP.</p> <p>A major benefit of opening to trade in services would be easier and increased competition in some of the monopoly sectors such as telecommunication, water and electricity prompting potential for lower prices in the long run. Another would be increased investment and opportunities for technology transfers due to its open inward investment policy with VT 4.7 bn of foreign direct investment into the country in 2004.</p>	14 October, 2005
3.	After a period of consultation and exchanging of ideas the Vanuatu Tourism Office (VTO), The Vanuatu Tourism Association (VTA), the Vanuatu Hotel & Resorts Association (VHRA) and Airlines (Air Vanuatu and Pacific Blue) launched a 40% off sale into the Australian and New Zealand Markets. The program focuses on 40% reduction on accommodation deals with substantial airlines savings on airfares. The program is designed to fill gaps in occupancy across the pre Christmas period and the period from the end of January until the end of January until the end of March 2006. Funding will be provided by parties to the agreement to our Australian Wholesalers advertising through campaigns schedules on Sydney and Brisbane radio and a direct email campaign initiated by empowered in Australia.	5 November, 2005
4.	Vanuatu is among the 23 countries chosen by the United States to receive the Millennium Challenge Corporation (MCC) fund. This announcement follows a 8 th November meeting of the MCC board of directors in Washington. MCC administers the Millennium Challenge Account (MCS), an imitative by President George Bush to promote democratic change and sound economic policies in developing countries. Vanuatu is qualified because its application demonstrated its commitment to ruling justly, investing in people	14 November, 2005

and encouraging economic freedom.

5. Japan approved VT69 million in aid to finance 13 development projects in Vanuatu. Contracts were signed between the Japanese Government and Vanuatu at the Department of Foreign Affairs on the 16th of December in the presence of Hiroshi Watanabe, the 2nd Secretary in the Japanese Embassy in Fiji. The funds have been made available through the Japanese Grass Roots Human Security Project Programme and are designed to improve the living standards and welfare of people in Vanuatu. 19 December, 2005
6. Vanuatu's loyalty to China's One-China policy was rewarded in July with an agreement for 32.4 million Vatu (US\$319,000) worth of uniforms, equipment and vehicles for the police (mobile force). This was followed in August with China's cancellation of two loans totaling more than 400 million Vatu (US\$366, 972). China's minister for video, film and television, Wang Taihua, was in Port Vila in August to launch the opening of a television service transmitted to Vanuatu by satellite of an English language service supplied by Central China Television (CCTV). December, 2005
7. Vanuatu Abattoirs is to receive a UD\$160,000 European Union grant to assist sales of organic meat to the European market. Three years ago it became the first developing country to meet quarantine rules for the export of its meat to Australia. (Islands Business, December, 2005) December, 2005

Table1: Assets and Liabilities of the Reserve Bank of Vanuatu

End of Period	(Millions of Vatu)								
					2004	2005			
	2002	2003	2004	2005	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Foreign Assets	4,854.4	4,953.5	6614.6	7595.6	6614.6	6824.2	7084.1	7342.3	7595.6
Foreign Exchange	4,259.1	4,364.6	6018.2	6988.5	6018.2	6225.4	6482.8	6738.2	6988.5
RTP with IMF	445.0	434.5	434.5	434.5	434.5	434.5	434.5	434.5	434.5
SDR Holdings	150.3	154.4	161.8	172.6	161.8	164.3	166.8	169.6	172.6
Claims on Government	1,240.8	1,471.0	1418	1184.5	1418	1260.9	1235.1	1233.5	1184.5
Claims on NFPE	319.6	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Claims on Commercial Banks	0.0	100.0	0.0	0	0.00	0.00	0	0	0
Other Assets	355.4	339.9	433.8	483	433.8	358.2	311.1	319.9	483
TOTAL ASSETS	6,770.2	6,864.4	8,466.4	9,263.1	8,466.4	8,443.3	8,630.3	8,895.7	9,263.1
Reserve Money	4,478.9	4,828.6	5,295.1	5,937.4	5,295.1	5,294.2	5,086.1	5,659.3	5,937.4
Currency outside Banks	1,916.1	2,108.4	2490.1	2690.7	2490.1	2208.7	2342.1	2577.6	2690.7
Commercial Banks' Vault Cash	357.3	450.8	477.1	687.6	477.1	409	344.7	319.8	687.6
Commercial Banks Deposits with RBV	2,205.5	2,269.4	2327.9	2559.1	2327.9	2676.5	2399.3	2761.9	2559.1
Foreign Liabilities	248.9	215.9	201.7	245	201.7	223.7	215.2	247.5	245
Government Deposits, of which	868.0	832.9	1091.4	1727.7	1091.4	1340.5	1647.4	1735.1	1727.7
Contribution to RTP with IMF	445.0	434.5	434.5	434.5	434.5	434.5	434.5	434.5	434.5
Deposits of NFPE	0.7	0.8	0.0	0	0.0	0.0	0	0	0
RBV Notes	323.9	99.1	1068.6	585.4	1068.6	820.5	1019.1	546.2	585.4
Other Liabilities	849.8	887.1	809.6	767.6	809.6	764.4	662.5	707.6	767.6
TOTAL LIABILITIES	6,770.2	6,864.4	8,466.4	9,263.1	8,466.4	8,443.3	8,630.3	8,895.7	9,263.1

Table2: Assets and Liabilities of the Commercial Banks

(Millions of Vatu)

End of Period	2002	2003	2004	2005	2004	2005			
					Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Reserves	2,562.8	2,720.2	2805.0	3246.7	2805.0	3085.5	2744.0	3081.7	3246.7
Vault Cash	357.3	450.8	477.1	687.6	477.1	409.0	344.7	319.8	687.6
Deposits with RBV	2,205.5	2,269.4	2327.9	2559.1	2327.9	2676.5	2399.3	2761.9	2559.1
RBV Notes	323.9	99.1	1068.6	585.4	1068.6	820.5	1019.1	546.2	585.4
Foreign Assets 1/	28,726.8	27,209.0	28060.9	29279.1	28060.9	28896.8	30355.7	29733.2	29279.1
Claims on Government	1,190.9	773.0	813	838	813	813	838	838	838
Claims on Municipalities	2.0	5.4	6.2	13.4	6.2	16.4	11.1	10.4	13.4
Claims on NFPE	14.6	16.2	29.4	26.5	29.4	24.9	23.3	22.1	26.5
Claims on private sector	13,264.9	14,558.4	15953	18545.4	15953	16435.2	17217.1	17978.4	18545.4
Inter-bank claims	370.0	0.0	-	0	0.0	0.0	0.0	0.0	0
Other Assets	725.0	1,168.8	1485.3	1543.4	1485.3	1502.9	1425.2	1379.5	1543.4
TOTAL ASSETS	47,180.9	46,550.1	50221.4	54077.9	50221.4	51595.2	53633.5	53589.5	54077.9
Demand Deposits	9,607.7	10,067.1	10,243.2	11,349.3	10243.2	11503.3	12616.8	11463.9	11349.3
Local currency	3,748.9	3,763.2	4067.2	4733.9	4067.2	4500.9	4298.3	4479.4	4733.9
Foreign currency	5,858.8	6,303.9	6176	6615.4	6176	7002.4	8318.5	6984.5	6615.4
Savings Deposits	2,629.6	2,698.3	2,989.1	2,954.3	2989.1	2962.8	3045.0	3005.2	2954.3
Local currency	2,315.8	2,282.9	2378.3	2497.1	2378.3	2344	2501.3	2529.7	2497.1
Foreign currency	313.8	415.4	610.8	457.2	610.8	618.8	543.7	475.5	457.2
Time Deposits	20,855.0	19,854.7	22,425.5	25,568.1	22425.5	22972.1	23166.1	25058.2	25568.1
Local currency	4,929.2	5,527.1	6883	8815.4	6883	7228.3	7658.1	8572	8815.4
Foreign currency	15,925.8	14,327.6	15542.5	16752.7	15542.5	15743.8	15508	16486.2	16752.7
Foreign Liabilities	8,684.9	7,267.5	6898.6	7141.5	6898.6	6988.6	7572.7	7072	7141.5
Government Deposits 2/	244.1	282.5	185.1	457.3	185.1	182.4	259.7	379.8	457.3
Credit from RBV	0.0	100.0	-	0	-	-	-	0	0
Other Liabilities	5,159.6	6,280.0	7479.9	6607.4	7479.9	6986	6973.2	6610.4	6607.4
TOTAL LIABILITIES	47,180.9	46,550.1	50221.4	54077.9	50221.4	51595.2	53633.5	53589.5	54077.9

1/ Includes small amounts of claims on foreign monetary authorities in the form of foreign currency notes and coins.

2/ Government deposits in Vatu and foreign currency.

r: Revised

Table 3: Monetary Survey: The consolidated statements Accounts of Monetary Institutions

(Millions of Vatu)

End of Period	2002	2003	2004	2005	2004	2005			
					Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
NET FOREIGN ASSETS	24,744.4	24,679.1	27,575.1	29,488.2	27,575.1	28,508.7	29,651.9	29,756.0	29,488.2
'Monetary Authorities	4,702.5	4,737.6	6,412.8	7,350.6	6,412.8	6,600.5	6,868.9	7,094.8	7,350.6
Reserve Bank of Vanuatu(a-b)	4,605.5	4,737.6	6,412.8	7,350.6	6,412.8	6,600.5	6,868.9	7,094.8	7,350.6
'(a) Foreign Assets	4,854.4	4,953.5	6614.5	7595.6	6614.5	6824.2	7084.1	7342.3	7595.6
'(b) Foreign Liabilities	248.9	215.9	201.7	245	201.7	223.7	215.2	247.5	245
'Treasury Foreign Assets	97.0	0.0	0.0	0.0	0.0	0	0	0	0
 'Commercial Banks (Net) 1/ (a-b)	 20,041.9	 19,941.5	 21,162.3	 22,137.6	 21,162.3	 21,908.2	 22,783.0	 22,661.2	 22,137.6
'(a) Foreign Assets	28,726.8	27,209.0	28060.9	29279.1	28060.9	28896.8	30355.7	29733.2	29279.1
'(b) Foreign Liabilities	8,684.9	7,267.5	6898.6	7141.5	6898.6	6988.6	7572.7	7072	7141.5
 DOMESTIC CREDIT	 15,092.8	 15,888.1	 17,093.5	 18,546.5	 17,093.5	 17,171.8	 17,547.1	 18,092.8	 18,546.5
'Claims on Government (Net)	1,319.6	1,128.6	954.5	-162.5	954.5	551	167.3	-43.4	-162.5
'Claims on NFPE 2/	334.2	16.2	29.4	26.5	29.4	24.9	23.3	22.1	26.5
'Claims on Private Sector 3/	13,437.0	14,737.9	16103.4	18669.1	16103.4	16579.5	17345.4	18103.7	18669.1
'Claims on Municipalities	2.0	5.4	6.2	13.4	6.2	16.4	11.1	10.4	13.4
 TOTAL LIQUIDITY	 35,009.1	 34,729.3	 38,147.6	 42,562.4	 38,147.6	 39,646.9	 41,170.0	 42,104.9	 42,562.4
'Money	11,524.5	12,176.3	12,733.3	14,040.0	12,733.3	13,712.0	14,958.9	14,041.5	14,040.0
'Currency outside Banks	1,916.1	2,108.4	2490.1	2690.7	2490.1	2208.7	2342.1	2577.6	2690.7
'Demand deposits	9,608.4	10,067.9	10,243.2	11,349.3	10,243.2	11,503.3	12616.8	11463.9	11349.3
'Local currency	3,749.6	3,764.0	4067.2	4733.9	4067.2	4500.9	4298.3	4479.4	4733.9
'Foreign currency	5,858.8	6,303.9	6176.0	6615.4	6176.0	7002.4	8318.5	6984.5	6615.4
'Quasi-money	23,484.6	22,553.0	25,414.3	28,522.4	25,414.3	25,934.9	26,211.1	28,063.4	28,522.4
'Time & Savings deposits in Vatu	7,245.0	7,810.0	9261.0	11312.5	9261.0	9572.3	10159.4	11101.7	11312.5
'Time & Savings deposits in FC	16,239.6	14,743.0	16153.3	17209.9	16153.3	16362.6	16051.7	16961.7	17209.9
 OTHER ITEMS (Net)	 4,828.1	 5,837.9	 6,521.0	 5,906.8	 6,521.0	 6,033.6	 6,029.0	 5,743.9	 5,472.3

1/ Monetary Authorities' foreign currency holdings with commercial banks are not included as part of their foreign assets here.

2/ Including claims on Vanuatu Commodities Marketing Board (VCMB).

3/ Including claims on RBV staff.

TABLE 4: DOMESTIC MONEY SUPPLY AND COMPONENTS

(Millions of Vatu)

End Period		2002	2003	2004	2005	2004	2005			
						Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Notes	(1)	1,872.4	2,133.8	2543.9	2928.3	2543.90	2194.2	2256.6	2456.60	2928.30
Coins	(2)	401.0	425.4	0.0	450.0	393.30	423.5	430.0	440.90	450.00
Total	(3) (1+2)	2,273.4	2,559.2	2937.2	3378.3	2937.2	2617.7	2686.6	2897.5	3378.3
Cash in hand with Banks	(4)	357.3	450.8	447.1	687.6	447.10	409.0	344.7	319.80	687.60
Currency with Public in Vatu	(5) (3-4)	1,916.1	2,108.4	2490.1	2690.7	2490.1	2208.7	2342.1	2577.60	2690.70
Demand deposits of resident in Vatu (D dV)1/	(6)	3,749.6	3,764.0	4067.2	4733.9	4067.20	4500.9	4298.3	4479.40	4733.90
M1 (Narrow Measure)	(7) (5+6)	5,665.7	5,872.4	6557.3	7424.6	6557.3	6709.6	6640.4	7057.0	7424.6
Demand deposits of residents in FC (DdF)2/	(8)	5,858.8	6,303.9	6176.0	6615.4	6176.00	7002.4	8318.5	6984.50	6615.40
M2	(9) (7+8)	11,524.5	12,176.3	12733.3	14040.0	12733.3	13712.0	14958.9	14041.5	14040.0
Savings & time deposits of residents in Vatu (T dV)	(10)	7,245.0	7,810.0	9261.0	11312.5	9261.00	9572.3	10159.4	11101.70	11312.50
MV (Vatu liquidity)	(11) (7+10)	12,910.7	13,682.4	15818.3	18737.1	15818.3	16281.9	16799.8	18158.7	18737.1
M3	(12) (9+10)	18,769.5	19,986.3	21994.3	25352.5	21994.3	23284.3	25118.3	25143.2	25352.5
Savings & time deposits of residents in FC (TdF)	(13)	16,239.6	14,743.0	16153.3	17209.9	16153.30	16362.6	16051.7	16961.70	17209.90
Mf (Foreign currency liquidity)	(14) (8+13)	22,098.4	21,046.9	22329.3	23825.3	22329.3	23365.0	24370.2	23946.2	23825.3
M4 (Broad Measures)	(15) (12+13)	35,009.1	34,729.3	38147.6	42562.4	38147.6	39646.9	41170.0	42104.9	42562.4

1/ Excludes deposits of Government but includes Vatu deposits on non-reporting (i.e. exempt) banks and other institutions held with reporting banks.

2/ Excludes Government deposits and deposits of exempt institutions.

TABLE 5: DISTRIBUTION OF VATU AND FOREIGN CURRENCY DEPOSITS OF RESIDENTS BY CATEGORIES

(Millions of Vatu)

	VATU DEPOSITS 1/				'FOREIGN CURRENCY DEPOSITS 1/				PERCENTAGE DISTRIBUTION			
End Period	Demand	Savings	Time	Total	Demand	Savings	Time	Total	Vatu Deposits	Foreign Currency Deposits	Total	Government Deposits 2/
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
2002	3,748.9	2,315.8	4,929.2	10,993.9	5,858.8	313.8	15,925.8	22,098.4	33.2	71.9	105.1	244.1
2003	3,763.2	2,282.9	5,527.1	11,573.2	6,303.9	415.4	14,327.6	21,046.9	35.5	64.5	100.0	282.5
2004	4,067.2	2,378.3	6,883.0	13,328.5	6,176.0	610.8	15,542.5	22,329.3	37.4	62.6	100.0	185.1
2005	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3
2004												
Qtr 4	4,067.2	2,378.3	6,883.0	13,328.5	6,176.0	610.8	15,542.5	22,329.3	37.4	62.6	100.0	185.1
2005												
Qtr 1	4,500.9	2,344.0	7,228.4	14,073.3	7,002.4	618.8	15,743.8	23,365.0	37.6	62.4	100.0	182.4
Qtr 2	4,298.3	2,501.3	7,658.1	14,457.7	8,318.5	543.7	15,508.0	24,370.2	37.2	62.8	100.0	259.7
Qtr 3	4,479.4	2,529.7	8,572.0	15,581.1	6,984.5	475.5	16,486.2	23,946.2	39.4	60.6	100.0	379.8
Qtr 4	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3

1/ Excludes deposits of the Vanuatu Government.

2/ Government deposits in Vatu and Foreign currencies.

TABLE 6: TIME DEPOSITS IN VATU OF RESIDENTS WITH COMMERCIAL BANKS 2/
BY MATURITY PERIOD 1/

(Millions of Vatu)

1/ MATURITY 1/ PERIOD END OF 1/ PERIOD 1/	Up to and Inclusive of 7 days	Over 7 days and up to 1 Month	1 to 2 Months	2 to 3 Months	3 to 6 Months	6 to 12 Months	Over one Year	Total 2/
2002	189.9	1,062.3	459.7	601.5	458.9	447.2	568.0	3,787.5
2003	350.5	1,377.5	537.5	644.8	1,091.2	962.1	691.3	5,654.9
2004	525.2	1,306.1	780.2	554.2	961.0	1,755.6	1,056.7	6,939.0
2005	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4
2004								
Qtr 4	525.2	1,306.1	780.2	554.2	961.0	1,755.6	1,056.7	6,939.0
2005								
Qtr 1	623.2	1,176.2	920.3	670.5	1,437.7	1,818.7	644.0	7,290.6
Qtr 2	813.1	2,054.7	635.1	705.8	923.5	1,497.8	1,099.9	7,729.9
Qtr 3	650.4	1,630.8	1,496.7	1,171.8	1,201.7	2,026.6	574.7	8,752.7
Qtr 4	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4

1/ As from (Qtr 1 1999), Data covers only 3 of the 4 commercial banks

From (Qtr 3 2002) Data covers 2 out of the 3 banks (2 banks Merged). From Qtr 4 2003 data covers all commercial banks

2/ Includes deposits of the Vanuatu Government

TABLE 7: COMMERCIAL BANKS SECTORAL DISTRIBUTION OF LOANS & ADVANCES IN VATU AND FOREIGN CURRENCY

(Millions of Vatu)

SECTOR	2002	2003	2004	2005	2004	2005			
					Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Agriculture	243.4	240.7	244.6	304.2	244.6	261.5	243.4	275.1	304.2
Fisheries	4.8	30.9	26.6	26.9	26.6	27.5	19.8	20.3	26.9
Mining & Quarrying	-	-	11.2	0	11.2	5.7	3.4	0.0	0.0
Manufacturing	411.6	852.4	487.6	1117.4	487.6	882.9	942.8	1097.9	1117.4
Tourism	960.2	1,313.7	1,314.6	1706.8	1,314.6	1,285.1	1,298.1	1523	1706.8
Entertainment & Catering	157.2	163.3	205.4	58.5	205.4	207.2	201.3	151.4	58.5
Transport	589.6	588.9	667.0	625.5	667.0	682.4	677.1	591.2	625.5
Public Utilities	396.1	9.9	7.5	6.6	7.5	7.3	7.0	6.8	6.6
Construction	2,759.7	2,731.3	2,710.0	2917.6	2,710.0	2,751.2	2,946.4	2882.1	2917.6
a) Government	2.0	5.9	0.9	8.8	0.9	0.5	2.3	1.9	8.8
b) Public Corporation	3.5	8.5	43.7	46.8	43.7	36.5	46.7	46.1	52.8
Financial Institutions	35.3	48.6	138.7	121.6	138.7	138.4	136.6	136.9	121.6
Professional & Other Services	959.9	917.1	915.7	916.4	915.7	918.8	918.6	911.1	916.4
Housing & Land Purchases	2,095.1	2,260.5	3,592.7	4386.5	3,592.7	3,875.0	4,073.2	4168.9	4386.5
Distribution	1,641.7	1,780.6	1,600.6	1862.9	1,600.6	1,713.6	1,725.0	1844.2	1862.9
Personal: Others	2,691.1	3,423.9	3,147.3	3736.5	3,147.3	3,385.4	3,404.5	3677.1	3736.5
Miscellaneous	168.8	203.8	933.2	828.4	933.2	385.2	691.2	720.3	828.4
TOTAL	13,120.0	14,580.0	16,047.3	18,671.4	16,047.3	16,564.2	17,337.4	18,054.3	18,677.4
Of which: Vatu	10,897.1	13,216.1	14,503.1	16886.2	14,503.1	15,034.1	15,663.2	16228.2	16886.2
Private shares & Bonds	-	-	-	-	-	-	-	-	-
Government Bonds	1,195.2	773.0	813.0	838.0	813.0	773.0	838.0	838.0	838.0
Claims on Non-reporting banks ^{1/}	-	-	-	-	-	-	-	-	-
Grand Total	14,315.2	15,353.0	16,860.3	19,509.4	16,860.3	17,337.2	18,175.4	18,892.3	19,515.4

^{1/} Non-reporting banks includes Trust companies, Insurances etc.

TABLE 8: SELECTED INTEREST RATES FOR LOCAL COMMERCIAL BANKS 1/

End Period	DEPOSIT RATES						ADVANCES RATES 2/				LOCAL INTER-BANK RATES
	VATU					Foreign Currencies (Australian Dollar)	Vatu only				
	Savings	1 month	2-6 Months	Above 6 months	Weighted average rate of interest for total bank deposits	1 month (Locally quoted)	Commercial	Personal	Housing	Weighted average rate of interest for bank loans	Call or Overnight
2002	0.50-2.00	1.00-5.00	1.00-5.75	1.75-6.25	2.07	3.13-4.09	10.00-16.00	9.75-25.00	5.90-12.50	11.58	5.50
2003	0.50-2.00	1.50-6.00	1.50-6.00	1.75-4.75	2.18	3.55-4.425	6.50-16.00	9.75-25.00	5.90-18.50	11.73	5.50
2004	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.55	2.40	3.55-4.55	8.50-16.00	12.00-25.00	5.90-14.75	11.59	5.50
2005	0.50-2.00	2.00-6.50	2.00-7.00	2.25-7.00	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50
2004											
Qtr 4	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.55	2.40	3.55-4.55	8.50-16.00	12.00-25.00	5.90-14.75	11.59	5.50
2005											
Qtr 1	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.00	2.24 r	3.55-4.55	8.00-16.00	12.00-25.00	5.90-14.75	11.74	5.50
Qtr 2	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	2.14	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.65	5.50
Qtr 3	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	2.12	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.96	5.50
Qtr 4	0.50-2.00	2.00-6.50	2.00-7.00	2.75-7.00	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50

Source: Local Commercial banks returns:

1/ From (Qtr 3, 2002) Data covers 2 out of 3 banks (2 banks merged). From Qtr 4 2003 data covers all commercial banks

2/ Interest rates relating to vatuu advances ranging from the minimum 6.00 percent also reflect rates offered to their staff.

r: Revised

TABLE 9: DENOMINATIONS OF CURRENCY ON ISSUE

(Millions of Vatu)

End Period	Total Notes & Coins	N	O	T	E	S	Total	Coins
		VT100	VT200	VT500	VT1,000	VT5,000		
2000	2,110.2	23.9	37.9	97.9	861.7	685.3	1,739.1	371.1
2001	2,238.4	23.9	45.5	115.6	894.8	738.2	1,850.4	388.0
2002	2,273.5	23.8	47.8	111.3	892.0	765.1	1,872.4	401.1
2003	2,559.2	23.8	54.7	119.3	1,005.6	898.1	2,133.8	425.4
2001 Qtr4	2,238.4	23.9	45.5	115.6	894.8	738.2	1,850.4	388.0
2002 Qtr4	2,273.5	23.8	47.8	111.3	892.0	765.1	1,872.4	401.1
2004	2,967.2	23.7	63.6	131.6	1,140.5	1,184.5	2,543.9	423.3
2004								
2004	2,109.6	23.8	47.6	105.2	831.7	669.4	1,710.1	399.5
2004	2,209.8	23.8	50.0	110.3	884.6	704.9	1,806.0	403.8
2004	2,314.2	23.8	52.2	115.7	930.2	747.4	1,901.6	412.6
2004	2,559.2	23.8	54.7	119.3	1,005.6	898.1	2,133.8	425.4
2005	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0
2004								
Qtr1	2,307.6	23.7	50.5	109.6	896.1	773.1	1,885.3	422.3
Qtr2	2,438.0	23.8	54.1	118.1	966.6	877.7	2,040.3	397.7
Qtr3	2,598.9	23.8	57.8	125.2	1,027.7	954.8	2,189.3	409.6
Qtr4	2,967.2	23.7	63.6	131.6	1,140.5	1,184.5	2,543.9	423.3
2005								
Qtr1	2,617.6	23.7	58.3	119.8	1,007.8	984.5	2,194.1	423.5
Qtr2	2,686.8	23.7	59.0	121.5	1,029.5	1,023.0	2,256.7	430.1
Qtr3	2,897.5	23.7	65.6	131.5	1,134.8	1,101.0	2,456.6	440.9
Qtr4	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0

TABLE 10: NET OFFICIAL RESERVES

(Millions of Vatu)

End of Period	1. Net Official Reserves						2. Net Foreign Assets of Commercial Banks		
	Foreign Exchange of RBV	Special Drawing Rights	Reserve Position in IMF	Total Holdings	Foreign Liabilities	Net Position	Foreign Assets	Foreign Liabilities	Net Position
	(1)	(2)	(3)	(4) (1+2+3)	(5)	(6) (4-5)	(7)	(8)	(9) (7-8)
2002	4,259.1	150.3	445.0	4,854.4	248.9	4,605.5	28,726.8	8,684.9	20,041.9
2003	4,364.6	154.4	434.5	4,953.5	215.9	4,737.6	27,209.0	7,267.5	19,941.5
2004	6018.2	161.8	434.5	6,614.5	201.7	6,412.8	28,060.9	6,898.6	21,162.3
2005	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6
2004									
Qtr4	6018.2	161.8	434.5	6,614.5	201.7	6,412.8	28,060.9	6,898.6	21,162.3
2005									
Qtr1	6225.4	164.3	434.5	6,824.2	223.7	6,600.5	28,896.8	6,988.6	21,908.2
Qtr2	6482.8	166.8	434.5	7,084.1	215.2	6,868.9	30,355.7	7,572.7	22,783.0
Qtr3	6738.2	169.6	434.5	7,342.3	247.5	7,094.8	29,733.2	7,072.0	22,661.2
Qtr4	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6

TABLE 11: RESERVE BANK NOTES ISSUED IN PRIMARY MARKET

Date of Issue	Period of Original Maturity	Date of Maturity	Amount Issued (Million Vatu)		Weighted Average Yield of Accepted Tenders	Notes Outstanding (Million Vatu) 1/
			Received	Accepted		
14/09/05	14 days	28/09/05	45	0	-	
	28 days	12/10/05	40	0	-	
	63 days	16/11/05	35	35	3.30	
	91 days	14/12/05	30	30	3.30	
	Total		150	65		
27/09/05	14 days	12/10/05	25	25	4.00	
	28 days	26/10/05	25	25	4.00	
	63 days	30/11/05	25	25	3.85	
	91 days	28/12/05	25	25	3.85	
	Total		100	100		
						550.0
31/12/05	14 days					
	28 days					
	63 days					
	91 days					
	Total		0	0		
12/10/2005	14 days	26/10/05	45	0	-	
	28 days	09/11/05	40	0	-	
	63 days	14/12/05	70	35	4.00	
	91 days	11/01/06	60	30	4.00	
	Total		215	65		
25/10/05	14 days	09/11/05	100	100	4.50	
	28 days	23/11/05	100	100	4.73	
	63 days	28/12/05	50	0	-	
	91 days	25/01/06	50	0	-	
	Total		300	200		
						565
15/11/05	14 days	30/11/05	100	50	4.50	
	28 days	14/12/05	100	50	4.59	
	63 days	18/01/06	50	50	4.74	
	91 days	15/02/06	50	50	4.70	
	Total		300	200		
28/11/05	14 days	14/12/05	100	50	4.43	
	28 days	28/12/05	100	50	4.47	
	63 days	01/02/06	50	50	4.42	
	91 days	01/03/06	50	50	4.50	
	Total		300	200		
						470
7/12/2005	14 days	21/12/05	90	40	4.38	
	28 days	04/01/06	90	50	4.40	
	63 days	08/02/06	100	50	4.40	
	91 days	06/03/06	100	50	4.40	
	Total		380	200		
20/12/05	14 days	04/01/06	100	50	4.25	
	28 days	18/01/06	100	50	4.28	
	63 days	22/02/06	100	50	4.31	
	91 days	22/03/06	100	50	4.34	
	Total		400	200		
						770.0

1/ Amount of RBV Notes outstanding at the end of the month.

TABLE 12: COMMERCIAL BANKS' LIQUIDITY

End of Period	Liquid Assets			Statutory Reserve Deposits (SRD)	RBV Notes	Total
	Vault Cash	Deposits with RBV (Excess Reserves)	Total			
	(1)	(2)	(1+2) (3)	(4)	(5)	(3+4+5) (6)
2002	357.3	817.3	1,174.6	1,388.1	323.9	2,886.6
2003	450.8	772.4	1,223.2	1,497.0	99.1	2,819.3
2004	477.1	703.8	1,180.9	1,624.1	1,068.6	3,873.6
2004	174.4	363.7	538.1	1,049.0	197.5	1,784.6
2004	168.2	1,046.1	1,214.3	1,045.6	148.6	2,408.5
2004	221.8	898.9	1,120.7	1,053.3	248.0	2,422.0
2004	276.1	1,192.7	1,468.8	1,078.6	350.0	2,897.4
2004						
2004	226.6	899.8	1,126.4	1,117.8	350.0	2,594.2
2004	214.6	978.4	1,193.0	1,116.0	372.9	2,681.9
2004	277.5	932.5	1,210.0	1,147.3	793.1	3,150.4
2004	297.4	1,094.4	1,391.8	1,104.6	446.3	2,942.7
2004						
2004	231.3	1,131.9	1,363.2	1,100.1	397.4	2,860.7
2004	211.8	1,182.4	1,394.2	1,256.6	528.0	3,178.8
2004	260.8	952.1	1,212.9	1,407.9	659.3	3,280.1
2004	357.3	817.3	1,174.6	1,388.1	323.9	2,886.6
2004						
2004	263.4	1,114.3	1,377.7	1,408.2	296.8	3,080.7
2004	267.2	1,072.1	1,339.3	1,419.2	297.8	3,056.3
2004	314.0	920.7	1,234.7	1,460.3	347.1	3,042.1
2004	450.8	772.4	1,223.2	1,497.0	99.1	2,819.3
2005	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1
2004						
Qtr1	323.7	2,205.0	2,528.7	1,503.1	223.2	4,255.0
Qtr2	296.1	966.2	1,262.3	1,498.1	372.7	3,133.1
Qtr3	380.9	984.5	1,365.4	1,565.2	571.2	3,501.8
Qtr4	477.1	703.8	1,180.9	1,624.1	1,068.6	3,873.6
2005						
Qtr1	408.0	1,007.7	1,416.7	1,668.8	820.5	3,906.0
Qtr2	344.7	609.7	954.4	1,789.6	1,019.5	3,763.5
Qtr3	319.8	891.6	1,211.4	1,870.3	546.2	3,627.9
Qtr4	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1

TABLE 13: INTERNATIONAL BANKS - BALANCE SHEET

TOTAL ASSETS		Thousands of US Dollars											
		2003				2004				2005			
		Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
1 CASH ITEMS		108,086	124,242	115,582	96,094	102,174	100,058	102,690	103,551	91,803	79,018	66,921	58,516
1.1 Cash		5,912	5,338	5,967	614	9,639	4,705	5,339	5,236	2,816	1,549	454	737
1.2 Balances with and CDs issued by banks		65,058	79,479	69,602	52,103	49,652	49,438	51,128	46,291	40,388	32,788	29,857	30,312
1.3 Gold and silver bullion		228	235	273	324	-	-	-	-	-	-	-	-
1.4 Cash items in process of collection		36,888	39,190	39,740	43,653	42,883	45,915	46,223	52,024	48,599	44,681	36,610	27,467
2 MARKETABLE SECURITIES (up to 1 yr. Original Maturity)		824	963	1,276	1,508	726	613	664	711	454	462	517	518
2.1 Zone A: Other public sector		136	94	96	95	-	-	-	-	-	-	-	-
2.2 Zone A: Bank Securities		323	264	242	274	-	-	-	-	-	-	-	-
2.3 Other securities		365	605	938	1,139	726	613	664	711	454	462	517	518
3 LOANS AND ADVANCES		1,302,201	643,930	632,375	285,290	276,609	210,534	164,742	169,682	125,262	174,129	136,174	139,085
3.1 Public sector		-	-	6,378	3,750	-	-	-	-	-	-	-	-
3.2 Banks		1,098,808	354,621	372,095	133,883	135,713	169,489	127,856	130,294	92,295	146,431	79,608	117,927
3.3 Other loans and advances		203,393	289,309	253,902	147,657	140,896	41,045	36,886	39,388	32,967	27,698	56,566	21,158
4 INVESTMENTS (over 1 year original maturity for debt instrument)		9,546	13,149	11,413	10,175	9,162	9,353	10,187	8,965	4,159	4,063	4,051	4,063
4.1 Zone A Public Sector & Bank Securities		1,761	1,249	1,064	1,071	-	-	-	-	-	-	-	-
4.2 Affiliated Institutions		3,379	7,417	4,605	4,404	4,824	3,919	3,820	1,780	1,698	1,567	1,581	4,019
4.3 Other securities		2,443	2,242	4,239	4,666	4,294	5,390	6,223	7,141	2,417	2,452	2,426	0
4.4 Other equities		1,963	2,241	1,505	44	44	44	44	44	44	44	44	44
5 OTHER ASSETS		21,422	24,733	12,924	1,910	161	92	114	101	94	184	168	149
5.1 Equipment and other fixed assets (net of accumulated depreciation)		405	371	306	69	64	55	57	56	48	1	61	62
5.2 Accrued interest receivable		16,462	20,634	7,559	141	15	20	28	26	14	114	21	68
5.3 Other assets		4,555	3,728	5,059	1,700	82	17	29	19	32	69	76	19
6 TOTAL ASSETS		1,442,079	807,017	773,570	394,977	388,832	320,650	278,397	283,010	221,762	257,856	207,821	202,331

TOTAL LIABILITIES		Thousands of US Dollars											
		2003				2004				2005			
		Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
1 DEPOSITS		1,319,951	542,272	550,456	265,408	252,962	222,491	232,894	236,171	156,752	224,693	143,511	174,596
1.1 Banks		903,648	52,517	151,196	52,613	258	16,585	17,081	17,548	-	-	-	-
1.2 Corporations		409,205	203,571	184,078	136,455	145,507	136,254	92,757	99,349	70,204	123,759	67,719	99,209
1.3 Trusts		-	22,556	728	-	26,394	-	-	-	-	-	-	-
1.4 Individuals		167,850	189,743	177,011	106,189	110,574	121,022	122,667	128,374	116,646	100,837	87,769	76,701
1.5 Negotiable certificates of deposits		-	43,222	42,287	-	-	-	-	-	-	-	-	-
1.6 Other		49,509	135	185	-	-	-	-	-	-	-	-	-
2 TERM DEBT AND OTHER BORROWINGS		190,249	146,300	144,126	34,837	44,416	25,610	23,416	23,967	30,253	15,732	40,887	13,488
2.1 Unsecured subordinated debt (over 5 years original term maturity)		1,825	2,098	2,892	-	-	-	-	-	-	-	-	-
2.2 Other notes and bonds		129,414	117,739	136,730	-	-	-	-	-	-	-	-	-
2.3 Other borrowings (including loans, overdrafts, commercial papers)		27,010	26,518	32,717	34,637	44,416	25,610	23,416	23,967	30,253	15,732	40,887	13,488
3 ACCRUED LIABILITIES		12,044	7,471	5,351	893	10,370	85	30	31	11	118	32	59
3.1 Accrued interest payable		11,235	7,244	5,075	815	224	19	27	25	12	114	21	59
3.2 Dividend payable		449	-	-	-	10,100	-	-	-	-	-	-	-
3.3 Other accrued expense		359	227	216	78	65	46	3	6	2	2	2	1
4 OTHER LIABILITIES		2,587	48,283	3,772	1,408	562	303	707	1,599	644	402	976	799
5 LOSS RESERVES		306	3,321	2,136	2,114	2,103	490	480	460	734	733	708	697
5.1 General loan loss reserves		-	3,393	1,900	1,930	1,990	490	480	460	480	480	460	0
5.2 Other loss reserves		206	222	236	251	243	-	-	-	254	253	248	697
6 TOTAL LIABILITIES		1,623,439	740,182	713,308	334,389	340,466	304,632	253,487	267,335	207,337	244,948	195,604	199,023
7 SHAREHOLDERS' EQUITY		10,640	56,325	58,752	59,892	45,370	15,968	14,810	15,722	13,426	13,216	12,317	12,608
7.1 Issued and fully paid up common stock (at par or nominal value)		7,459	19,593	19,888	22,597	21,163	11,293	9,690	9,594	5,055	5,001	6,007	8,894
7.2 Additional paid up capital in excess of par or nominal value		1,704	908	1,405	1,599	214	214	214	214	214	214	214	1,095
7.3 Unappropriated retained earnings		7,111	32,542	28,518	27,694	26,576	3,741	3,778	3,527	3,757	3,827	3,837	3,045
7.4 Current year's net income (loss)		-30	3,145	2,864	5,337	1,823	757	990	1,927	480	168	741	-918
7.5 Perpetual or cumulative issued and fully paid up preference share		2,357	2,355	3,172	3,379	-	-	-	-	-	-	-	-
8 TOTAL SHAREHOLDERS' EQUITY		10,640	56,325	58,752	59,892	45,370	15,968	14,810	15,722	13,426	13,216	12,317	12,608
9 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,442,079	807,017	773,570	394,977	388,832	320,650	278,397	283,010	221,762	257,856	207,821	202,331

TABLE 14: DOMESTIC BANKS

CONSOLIDATED CAPITAL - 1/

Thousands of Valu

	2003							2004				2005			
	2001	2002	2003	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
TIER 1															
Paid-up capital	905,664	905,664	862,000	901,664	836,000	8,696,000	862,000	863,000	865,000	864,000	860,000	861,000	862,000	862,000	863,000
Disclosed reserves & retained earnings	1,655,427	1,257,081	2,710,702	1,946,972	2,511,823	1,877,577	2,710,702	2,733,411	2,726,499	2,762,418	3,784,961	3,077,883	2,577,858	1,836,277	2,885,145
Other	-	182,981	259,000	379,431	-	852,000	259,000	494,000	735,000	1,045,000	303,000	599,000	925,000	1,296,000	358,000
Less goodwill etc	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL TIER 1 CAPITAL	2,461,091	2,345,726	3,831,702	3,228,067	3,347,823	3,595,577	3,831,702	4,090,411	4,326,499	4,611,418	4,947,961	4,537,883	4,364,858	3,994,277	4,108,145
TIER 2															
Asset revaluation reserves															
(1) Premises	22,778	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General provisions for doubtful debts															
- Gross	182,272	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Eligible	116,588	91,972	110,451	103,988	109,145	101,201	110,451	111,249	112,297	163,437	169,185	168,069	175,382	178,633	184,517
Term subordinated debt etc															
- Gross	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Eligible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL TIER 2 CAPITAL	139,366	91,972	110,451	103,988	109,145	101,201	110,451	111,249	112,297	163,437	169,185	168,069	175,382	178,633	184,517
TOTAL TIER 1 & TIER 2	2,600,457	2,437,698	3,942,153	3,332,065	3,456,968	3,696,778	3,942,153	4,201,660	4,438,796	4,834,855	5,117,146	4,705,952	4,540,250	4,172,910	4,290,662
Less holdings of other banks capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CAPITAL BASE	2,600,457	2,437,698	3,942,153	3,332,065	3,456,968	3,696,778	3,942,153	4,201,660	4,438,796	4,834,855	5,117,146	4,705,952	4,540,250	4,172,910	4,290,662
Total risk weighted assets	9,304,039	7,430,863	9,901,757	8,285,677	8,670,808	9,167,064	9,901,757	10,001,532	10,648,422	14,260,870	14,630,348	14,824,091	15,306,273	15,611,938	16,071,125

1/ - Including branches of foreign banks

ASSETS QUALITY

Thousands of Yen															
	2003				2004				2005						
	2001	2002	2003	Qtr1	Qtr2	Qtr3	Qtr4	2001	Qtr1	Qtr2	Qtr3	2001	Qtr1	Qtr2	Qtr3
1 Assets Quality															
Resident	11,124,213	11,469,229	11,169,526	11,892,944	12,768,480	11,402,423	11,186,576	11,852,472	12,328,942	12,141,054	13,837,061	14,124,736	14,389,119	14,862,686	14,885,464
Unresident	850,559	959,991	2,617,437	670,208	799,211	1,650,420	2,319,787	2,594,400	962,894	854,608	946,935	829,576	1,238,949	1,762,668	981,070
Doubtful (1)	255,137	260,125	1,334,436	854,623	710,688	1,214,838	1,054,450	1,052,779	2,897,868	2,730,609	2,712,046	2,037,386	2,572,613	2,467,242	3,467,345
Loss (1)	172,673	240,955	220,590	272,949	162,979	169,027	293,530	255,095	343,222	336,902	185,918	235,390	225,577	320,124	319,948
Total (including assets 1/)	12,153,374	12,689,345	15,080,320	13,718,081	14,587,119	13,481,658	13,653,353	14,797,882	16,334,844	16,071,664	18,658,438	17,189,704	18,629,168	17,870,676	19,886,832
Total risk weighted assets 1/	16,371,826	13,851,363	16,442,757	14,738,877	15,368,690	14,716,264	15,347,937	16,272,892	16,302,422	20,193,078	20,576,346	21,390,801	22,078,273	22,418,737	22,794,129
Risk-weighted items	-	98,726	186,510	179,822	120,510	217,743	185,918	206,374	53,987	56,235	40,418	40,490	87,006	89,120	75,502
Non-resident items (1-1)22	598,070	607,100	1,388,849	857,862	865,312	1,234,289	1,285,942	1,212,775	2,888,176	2,890,281	2,738,683	2,237,364	2,741,840	2,553,966	3,767,281
2 Provisions															
Provisions (general)	154,560	270,065	529,079	632,011	523,356	452,529	602,079	604,776	554,467	570,892	592,102	595,575	539,424	613,624	735,479
Provisions (special)	224,671	176,820	37,534	22,409	12,965	28,358	27,498	27,215	37,267	45,467	63,186	37,038	26,742	23,645	10,817
Securities	2,773,496	6,428,626	10,756,087	8,759,605	6,285,522	6,344,666	10,760,027	10,615,339	10,782,569	10,621,783	10,738,497	11,045,254	11,245,610	11,865,629	12,280,079

1/ - Including branches of foreign banks

2/ - Including assets

TABLE 15: DOMESTIC BANKING INDUSTRY

The Core set of Financial soundness Indicators (%)

	2001	2002	2003	2003				2004				2005			
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Deposit-taking instruments															
1 Capital adequacy															
Regulatory capital to risk-weighted assets 1/	32.2	32.8	39.8	40.1	39.9	40.3	39.8	42.0	41.7	33.7	34.9 ⁿ	31.8	29.7	26.7	26.7
Regulatory Tier 1 Capital to risk-weighted assets 1/	30.9	31.6	38.7	38.9	38.6	39.2	38.7	40.9	40.6	32.5	33.8 ⁿ	30.6	28.5	25.6	25.6
2 Asset quality															
Nonperforming loans net of provisions to capital 1/	8.3	11.7	19.5	12.2	10.8	20.4	19.5	19.2	56.5	54.0	33.4	35.6	50.9	54.4	83.3
Nonperforming loans to total gross loans	3.8	3.9	8.4	6.8	6.3	8.2	8.4	8.4	18.1	18.5	13.3	13.1	15.1	15.1	19.5
3 Earnings and profitability															
Return on assets	0.7	1.1	0.8	1.4	1.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0
Return on equity	4.4	6.0	7.7	7.4	7.0	8.2	7.7	7.3	7.0	7.7	7.2	7.7	8.6	9.5	10.1
Interest margin to gross income	73.0	70.8	61.9	64.7	65.1	64.8	61.9	67.4	64.8	61.2	62.6	65.9	64.4	64.1	67.5
Noninterest expenses to gross income	37.1	34.1	36.2	32.2	32.9	32.8	36.2	33.1	33.2	38.9	35.6	30.0	30.7	31.3	30.4
4 Liquidity															
Liquid assets to total assets	27.9	21.9	18.1	25.4	23.5	21.2	18.1	17.9	19.8	21.4	23.4	22.1	18.8	17.5	17.2

1/- Excluding branches of foreign banks

n/- Revised

PROFIT

Thousands of Veta

	2001	2002	2003	2003				2004				2005			
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Income															
Interest income	454,502	487,505	679,526	652,230	632,122	676,038	673,255	724,640	733,740	705,229	772,775	708,030	624,246	677,516	651,810
Non-interest income	254,254	283,362	414,579	379,451	370,330	387,455	414,579	365,100	383,178	446,149	480,925	228,701	426,016	431,425	457,583
Total Operating Income	698,698	770,867	1,094,105	1,031,681	1,002,452	1,063,493	1,087,834	1,089,740	1,116,918	1,151,378	1,253,700	936,731	1,050,262	1,108,941	1,109,393
Expenses															
Interest Expense	187,189	239,548	275,758	266,582	279,094	274,185	275,758	312,356	308,801	315,879	330,159	336,235	354,671	373,736	399,738
Operating Expenses (Excluding audit fees & provisions charges)	252,230	331,890	333,738	345,052	349,030	342,770	339,738	390,730	391,108	359,528	439,232	350,952	382,754	429,048	427,854
Total Operating Expenses	439,419	571,438	609,496	611,634	628,124	616,955	615,496	703,086	699,909	675,391	769,391	687,187	737,425	802,784	827,592
Net Interest Income	267,313	240,917	418,767	385,649	353,028	401,853	397,237	377,384	384,839	439,399	448,317	249,828	241,489	279,163	252,072
Profit and Loss Statement															
Operating Profit before tax, write-offs & provisions	259,258	239,368	478,306	416,047	383,362	439,308	411,638	397,604	417,808	435,859	444,316	249,869	241,489	279,163	252,072
Provisions	12,524	28,309	52,187	34,485	29,574	29,833	33,197	36,797	21,067	33,944	33,400	33,181	16,721	25,552	19,427
Extraordinary items	-	-	-	-2,845	-	-	-	-	-	-	-	-	-	-	-
End debt written-off	3,854	6,211	4,410	13,166	30,346	12,578	4,410	7,528	5,060	1,280	5,387	5,241	-308	-2,108	-1,398
End debt recovered	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Profit	273,688	206,268	426,119	401,562	353,788	406,903	381,441	360,305	396,741	402,914	415,916	211,349	204,461	250,518	231,254

TABLE 16: VANUATU GOVERNMENT FISCAL OPERATIONS

(Millions of Vatu)

ITEMS	2000	2001	2002	2003	2004	2005	2004				2005			
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
REVENUE AND GRANTS	7423.1	7365.2	7258.3	7061.7	8129.7	8795.8	1977.0	1903.1	2039.6	2210.0	2420.7	2227.2	2008.2	2139.7
Domestic Revenue	7023.9	6882.9	6530.4	6680.3	7444.9	8213.5	1868.7	1719.7	1950.3	1906.2	2259.6	1977.7	1954.7	2021.5
Tax Revenue	5901.4	5793.0	5845.5	6024.6	6621.6	7342.8	1739.5	1504.5	1648.1	1729.5	2110.8	1739.7	1668.1	1824.2
Non Tax Revenue	1122.5	889.9	684.9	655.7	823.3	870.7	129.2	215.2	302.2	176.7	148.8	238.0	286.6	197.3
Sales of fixed capital assets	21.6	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from abroad	377.6	670.0	727.9	381.4	684.8	582.3	108.3	183.4	89.3	303.8	161.1	249.5	53.5	118.2
EXPENDITURE AND NET LENDING	9773.0	8612.6	7958.6	7682.4	7688.8	7964.2	1769.2	1872.2	2012.9	2031.5	1831.0	1740.1	2046.2	2346.9
Recurrent Expenditure	7197.8	7198.6	7236.5	7239.7	7272.5	7502.6	1677.8	1731.8	1890.9	1972.0	1868.6	1656.2	1905.2	2272.6
Lending minus repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent transfer to Gov. bodies	50.0	225.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Expenditure	2525.2	1189.0	722.1	442.7	413.3	461.6	91.4	140.4	122.0	59.5	162.4	83.9	141.0	74.3
DEFICIT/SURPLUS	-2349.9	-1247.4	-700.3	-620.7	443.9	831.6	207.8	30.9	26.7	178.5	589.7	487.1	-38.0	-207.2

Source : Department of Finance

TABLE 17: GOVERNMENT REVENUE CLASSIFIED BY MAJOR SOURCES

(Millions of Vatu)

ITEMS	2000	2001	2002	2003	2004	2005	2004				2005			
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
TOTAL REVENUE AND GRANTS	7423.1	7366.0	7308.0	7061.7	8129.7	8795.8	1977.0	1903.1	2039.6	2210.0	2420.7	2227.2	2008.2	2139.7
Total Recurrent Revenue	7023.9	6683.7	6565.6	6680.3	7444.9	8213.5	1868.7	1719.7	1950.3	1906.2	2259.6	1977.7	1954.7	2021.5
Tax Revenue	5901.4	5793.9	5773.3	6024.6	6621.6	7342.8	1739.5	1504.5	1648.1	1729.5	2110.8	1739.7	1668.1	1824.2
Taxes on Use of Goods	3441.0	3413.4	3442.5	3666.3	3995.4	4776.4	1122.0	866.7	1023.4	983.3	1514.4	1071.6	1087.9	1102.5
Value Added Tax	2465.4	2358.2	2236.7	2356.8	2475.3	2813.4	578.3	578.5	643.7	674.8	639.9	685.7	723.2	764.6
Business Licenses	135.7	111.1	141.4	124.6	150.0	290.6	91.9	9.4	46.0	2.7	258.9	13.2	16.7	1.8
Turnover Tax	44.6	43.1	117.0	97.9	122.8	146.3	98.3	5.9	9.9	8.7	103.0	6.4	26.7	10.2
Other	795.3	901.0	947.4	1087.0	1247.3	1526.1	353.5	272.9	323.8	297.1	512.6	366.3	321.3	325.9
Tax on International Trade	2384.5	2291.8	2279.9	2283.5	2519.6	2412.0	591.4	605.1	597.3	725.8	551.3	626.6	544.1	690.0
Import duties	2384.2	2287.9	2279.3	2283.4	2519.6	2412.0	591.4	605.1	597.3	725.8	551.3	626.6	544.1	690.0
Export duties	0.3	3.9	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other taxes	75.9	88.7	50.9	74.8	106.6	154.4	26.1	32.7	27.4	20.4	45.1	41.5	36.1	31.7
Non Tax Revenue	1122.5	889.8	792.3	655.7	823.3	870.7	129.2	215.2	302.2	176.7	148.8	238.0	286.6	197.3
Property income: of which	633.3	418.1	391.7	239.4	323.4	316.9	7.4	67.5	193.3	55.2	17.6	106.3	159.5	33.5
Dividends	402.0	246.2	188.6	101.3	133.2	229.0	5.0	20.1	90.0	18.1	15.0	99.5	90.1	24.4
Other	231.3	171.9	203.1	138.1	190.2	87.9	2.4	47.4	103.3	37.1	2.6	6.8	69.4	9.1
Administrative fees & Charges	473.7	447.4	386.6	379.4	467.7	527.4	109.4	140.1	102.3	115.9	126.4	123.5	119.9	157.6
Other	15.5	24.3	14.0	36.9	32.2	26.4	12.4	7.6	6.6	5.6	4.8	8.2	7.2	6.2
Grants from abroad	377.6	670.0	720.3	381.4	684.8	582.3	108.3	183.4	89.3	303.8	161.1	249.5	53.5	118.2

Source : Department of Finance

TABLE 18: GOVERNMENT EXPENDITURE CLASSIFIED BY MAJOR CATEGORY

(Millions of Vatu)

ITEMS	2000	2001	2002	2003	2004	2005	2004				2005			
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
TOTAL EXPENDITURE	9773.0	8612.6	7958.6	7682.4	7685.8	7964.2	1769.2	1872.2	2012.9	2031.5	1831.0	1740.1	2046.2	2346.9
Total Recurrent Expenditure	7197.8	7198.6	7236.5	7239.7	7272.5	7502.6	1677.8	1731.8	1890.9	1972.0	1668.6	1656.2	1905.2	2272.6
Goods and services: of which	5658.3	5592.4	5834.3	5683.3	5580.9	5942.9	1300.8	1338.6	1455.8	1485.7	1265.4	1358.5	1516.9	1802.1
Salaries & Wages	3747.2	3734.4	3929.1	4072.2	4053.8	4222.1	940.3	960.4	1052.9	1100.2	902.1	984.5	1134.8	1200.7
Interest payments	267.0	281.4	318.7	308.2	397.7	349.0	117.3	47.4	89.4	115.1	121.9	48.2	77.0	101.9
Domestic	182.0	172.9	217.7	195.4	304.2	272.2	90.8	31.0	59.5	85.0	96.6	34.6	69.6	71.4
External	85.0	108.5	101.0	112.8	93.5	76.8	26.5	16.4	29.9	30.1	25.3	13.6	7.4	30.5
Subsidies and transfers: of which	971.0	1141.0	1004.0	1118.1	1163.1	883.3	247.2	312.5	314.3	289.1	227.3	182.1	246.7	227.2
Provinces	210.4	199.3	202.7	206.8	197.1	200.5	48.9	49.3	53.5	45.4	44.8	47.4	56.4	51.9
Acquisition of fixed capital assets	301.5	183.8	79.5	85.9	159.3	327.4	12.5	33.3	31.4	82.1	54.0	67.4	64.6	141.4
Lending minus repayments	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Non-recurrent transfers to Gov.bodies	50.0	225.0	458.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Total Development Expenditure	2525.2	1189.0	722.1	442.7	413.3	461.6	91.4	140.4	122.0	59.5	162.4	83.9	141.0	74.3

Source : Department of Finance

TABLE 19: VANUATU GOVERNMENT BONDS OUTSTANDING

(Thousands of Vatu)

Period Ended	BOND HOLDERS				
	Reserve Bank of Vanuatu	Commercial (1). Banks	Public Corporation	Others	Total Outstanding
1997	397,500	479,800	1,242,000	37,200	2,156,500
1998	1,027,500	1,081,400	320,000	31,600	2,460,500
1999	1,027,500	990,400	380,000	8,300	2,406,200
2000	845,500	1,087,400	490,000	8,300	2,431,200
2001	805,500	863,400	886,100	6,200	2,561,200
2002	902,200	816,000	1,386,100	3,100	3,107,400
2003	902,500	773,000	1,581,100	2,500	3,259,100
2004	862,500	813,000	1,581,100	2,500	3,259,100
2005	862,500	838,000	1,400,000	2,500	3,103,000
2001 Qtr1	805,500	1,163,400	455,000	7,300	2,431,200
Qtr2	805,500	913,400	455,000	7,300	2,181,200
Qtr3	805,500	863,400	506,100	6,200	2,181,200
Qtr4	805,500	863,400	886,100	6,200	2,561,200
2002 Qtr1	802,500	776,800	1,086,100	3,800	2,669,200
Qtr2	802,500	1,064,800	1,086,100	3,800	2,957,200
Qtr3	902,200	865,800	1,120,000	3,100	2,891,100
Qtr4	902,200	816,000	1,386,100	3,100	3,107,400
2003 Qtr1	902,200	868,000	1,386,100	3,100	3,159,400
Qtr2	702,200	1,003,000	1,451,100	3,100	3,159,400
Qtr3	902,500	773,000	1,481,100	2,500	3,159,100
Qtr4	902,500	773,000	1,581,100	2,500	3,259,100
2004 Qtr1	862,500	813,000	1,581,100	2,500	3,259,100
Qtr2	862,500	813,000	1,581,100	2,500	3,259,100
Qtr3	862,500	813,000	1,581,100	2,500	3,259,100
Qtr4	862,500	813,000	1,581,100	2,500	3,259,100
2005 Qtr1	862,500	813,000	1,541,100	2,500	3,219,100
Qtr2	862,500	838,000	1,516,100	2,500	3,219,100
Qtr3	862,500	838,000	1,516,100	2,500	3,219,100
Qtr4	862,500	838,000	1,400,000	2,500	3,103,000

TABLE 20: EXCHANGE RATES: VATU PER UNIT OF FOREIGN CURRENCIES

Period (Yr/Mth)	End of Period Rates					Averages	
	Australian Dollar	US Dollar	ECU / Euro	Pound Sterling	Japanese Yen	Australian Dollar	US Dollar
2002	75.60	139.00	131.84	209.47	1.1158	75.68	139.12
January	74.62	147.24	126.92	208.39	1.1082	75.07	145.18
February	75.31	145.76	126.23	207.11	1.0848	74.99	146.19
March	75.85	143.58	125.33	204.57	1.0817	75.58	144.07
April	76.02	140.98	127.44	205.72	1.1010	76.12	142.10
May	77.08	136.73	128.17	200.45	1.1090	76.60	138.99
June	76.11	134.90	133.31	206.31	1.1275	77.03	134.40
July	75.02	137.90	135.57	216.93	1.1468	75.60	135.95
August	75.75	137.10	135.00	212.37	1.1594	75.07	138.52
September	75.10	138.18	135.57	215.22	1.1265	75.40	137.72
October	75.58	136.62	134.44	212.80	1.1114	75.42	137.10
November	75.56	135.79	134.46	210.09	1.1099	75.78	134.99
December	75.21	133.17	139.66	213.68	1.1239	75.52	134.17
2003							
January	76.23	129.09	139.70	213.65	1.0847	76.05	130.55
February	77.10	127.41	137.00	201.33	1.0834	76.47	128.74
March	76.97	128.18	138.40	201.86	1.0698	76.85	127.78
April	78.28	125.80	139.34	200.60	1.0500	77.56	127.37
May	79.15	121.33	144.42	200.74	1.0285	79.25	122.46
June	80.35	120.45	137.78	198.60	1.0067	80.04	120.56
July	79.43	121.63	138.25	196.66	1.0118	79.97	120.68
August	78.94	123.20	134.11	194.46	1.0498	79.46	121.94
September	80.82	119.16	138.19	198.58	1.0756	80.04	121.09
October	81.53	116.51	135.55	197.60	1.0730	81.53	117.50
November	82.39	114.04	135.79	195.40	1.0444	82.43	115.23
December	83.73	111.81	140.31	198.76	1.0442	83.04	112.52
2004							
January	83.36	109.57	135.95	198.97	1.0343	84.35	109.65
February	83.71	108.55	134.95	202.09	0.9904	84.14	108.30
March	83.79	111.19	135.30	203.06	1.0520	83.29	110.98
April	82.26	114.01	136.43	202.23	1.0364	83.58	112.24
May	81.74	114.36	140.06	209.84	1.0361	81.36	115.30
June	80.36	116.34	140.58	210.23	1.0749	80.64	115.98
July	80.96	115.75	139.48	211.15	1.0360	81.57	113.81
August	80.63	115.28	138.98	207.02	1.0489	81.15	114.31
September	81.15	113.21	139.62	203.77	1.0211	80.50	114.60
October	82.40	110.41	140.74	202.05	1.0387	81.78	111.58
November	83.65	106.79	141.74	202.13	1.0380	83.33	108.37
December	83.06	106.53	145.34	205.30	1.0328	82.58	107.62
2005							
January	83.39	107.72	140.40	203.32	1.0409	82.88	108.19
February	83.80	106.50	141.07	204.36	1.0122	83.77	107.28
March	83.31	108.09	139.69	203.14	1.0057	83.67	106.42
April	83.52	107.30	138.38	204.59	1.0111	83.27	107.68
May	83.04	109.18	136.19	199.09	1.0111	83.05	108.50
June	83.68	109.74	132.52	198.34	0.9940	83.72	109.25
July	83.68	110.48	132.71	191.45	0.9813	83.34	110.89
August	82.83	110.61	135.19	197.58	0.9945	83.46	109.67
September	83.67	110.14	132.58	194.03	0.9740	83.66	109.36

Note: With effect from September 1981, the vatu was linked to the special drawing rights (SDR) at a rate of SDR 1 = 106.20. This rate was revised to SDR 1 = Vt100.50 with effect from March 12, 1984, to SDR 1 = Vt110.0 from April 1, 1985 to SDR 1 = Vt122.0 from February

Table 21: SUMMARY OF BALANCE OF PAYMENTS

	#	2004	2005	Q105	Q205r	Q305	Q405
estimate							
CURRENT ACCOUNT		(2,702)	(4,193)	(325)	(1,317)	(683)	(1,868)
A Trade Balance		-8291	(10,166)	(1,928)	(2,876)	(2,325)	(3,037)
Export (fob)		4,264	4,154	1,013	927	1,118	1,096
Imports (fob)		12,555	14,320	2,941	3,803	3,443	4,133
B. Services		5,746	6,357	1684	1316	1811	1546
Services Credit		12,709	14,178	3,429	3,371	3,863	3,515
C Services Debit		6,963	7,821	1,745	2,055	2,052	1,969
			-				
C. Income		(1,764)	(2,475)	-567	-526	-632	-750
Income Credit		3,038	3,132	672	782	825	853
Income debit		4,802	5,607	1,239	1,308	1,457	1,603
D. Current transfers		1,607	2,091	486	769	463	373
Current transfer cr.		2,726	2,864	774	910	602	578
Current transfer dr.		1,119	773	288	141	139	205
			-				
Capital & Financial Account		2,175	4,440	452	1,190	1,113	1,685
			-				
E. Capital Account		(351)	(177)	-33	-85	80	-139
Capital account cr.		1,409	1,478	379	328	496	275
C Capital account dr.		1,760	1,655	412	413	416	414
F. Financial Account		2,526	4,617	485	1,275	1,033	1,824
Direct Investment Abroad		(85)	(84)	-21	-21	(21)	(21)
Direct investment in Vanuatu		1,985	1,463	240	389	44	790
Portfolio Investment Assets		23	(117)	16	-58	-46	(29)
Portfolio Investment Liabilities		75	(35)	-29	0	0	-6
Other Investment Assets		(150)	5,193	2,084	169	1,960	980
Other Investment Liabilities		2,340	(821)	(1,595)	1,056	(646)	364
Reserve Assets		(1,662)	(982)	(210)	(260)	(258)	(254)
Net errors and omissions		527	(247)	(127)	127	(430)	183
Memorandum items:							
Gross Official reserves		6,615	7,596	6824	7,084	7342	7596
Net Reserves (Vatu)		6,018	6,988	6225	6483	6738	6988
Net Reserves (USD)		53.7	63.8	58.0	59.0	61.3	62.8
Exchange rate (VT/USD) end period average		112.00	109	107.40	109.8	110	111.3
Projected monthly import cover.		5.5	5.8	5.7	5.9	5.6	5.8

r Means Revised

p Means Provisional

* statistics of a few companies

Table 22: DOMESTIC EXPORTS BY COUNTRY OF DESTINATION

(Millions of vatu)

Period (Yr/Qtr)	EEC Countries	Japan	Australia	South Korea	New Zealand	New Caledonia	Bangladesh	Singapore	Other MSG	Others	Total
2001	187	272	525	38	88	124	185			869	2,267
2002	229	227	621	4	72	192	104			677	2,126
2003	259	168	356	6	20	158	50			692	1,709
2004	1,214	184	327	3	46	124	0	79	225	807	2,705
2001	187	272	525	38	88	124	185	0	0	869	2,267
Qtr1	37	36	108	13	23	29	29			145	420
Qtr2	60	129	109	11	15	31	0			198	532
Qtr3	39	60	70	14	28	28	44			245	528
Qtr4	51	47	238	0	22	36	112			281	787
2002	229	227	621	4	72	192	104	0	0	677	2,126
Qtr1	9	31	72	4	7	24	2			79	228
Qtr2	52	90	299	0	23	28	0			173	665
Qtr3	58.73	44.97	106.67	0.09	31.47	38.64	0			239.3	520
Qtr4	109	61	143	0	11	101	102			186	713
2003											
Qtr1	136	34	114	2	7	32	45			79	449
Qtr2	99	62	135	4	7	36	5			271	619
Qtr3	22	66	88	0	5	89	0			201	471
Qtr4	2	6	19	0	1	1	0			141	170
2004	1214	184	327	3	46	124	0	79	225	807	2705
Qtr1	171	49	120	3	9	14	0			309	675
Qtr2	487	41	82	0	7	38	0	17	88	118	773
Qtr3	314	44	59	0	0	26	0	0	0	167	610
Qtr4	242	50	66	0	30	46	0	62	137	213	647
2005											
Qtr1	239	13	121	0	9	34	0	0	65	191	672
Qtr2	289	49	93	0	14	65	0	0	125	72	707
Qtr3	282	43	87	0	7	50	0	0	210	140	820
Percentage share of export by Country											
2001	8.2	12.0	23.2	1.7	3.9	5.5	8.2			38.3	100.0
2002	10.8	10.7	29.2	0.2	3.4	9.0	4.9			31.9	100.0
2003	15.2	9.8	20.8	0.4	1.2	9.2	2.9			40.5	100.0
2004	44.9	6.8	12.1	0.1	1.7	4.6	0.0	2.9	8.3	29.8	100.0

Source: Vanuatu Statistics Office

Table 23: IMPORTS CLEARED FOR HOME CONSUMPTION BY COUNTRY OF CONSIGNMENT

(Millions of Vatu)

Period (Yr/Qtr)	Australia	New Zealand	Japan	France	Fiji	New Caledonia	Hong Kong	Singapore	Others	Total
2001	6,570	2,469	617	0	1,047	300	209	701	2,221	14,806
2002	4,907	2,153	477	654	959	307	171	602	1,352	12,235
2003	5,142	2,054	574	606	1,061	241	235	861	1,274	12,571
2004	6,022	1,845	615	557	1,214	186	259	884	1,882	14,067
2001	6,570	2,469	617		1,047	300	209	701	2,221	14,806
Qtr1	1,318	388	64		107	49	30	117	277	2,435
Qtr2	1,465	587	135		197	36	51	124	533	3,312
Qtr3	2,253	984	270		280	127	65	274	835	5,282
Qtr4	1,534	510	148		463	88	63	186	576	3,777
2002	4,907	2,153	477	654	959	307	171	602	1,352	12,235
Qtr1	870	428	86	291	212	49	27	112	15	2,382
Qtr2	1,381	559	137	114	253	125	37	202	332	3,254
Qtr3	1,314	601	135	133	272	58	19	24	522	3,209
Qtr4	1,342	565	119	116	223	75	88	263	483	3,389
2003	5,142	2,054	574	606	1,061	241	235	861	1,274	12,571
Qtr1	1,101	443	124	232	233	76	29	220	154	2,844
Qtr2	995	430	165	123	223	55	58	164	322	2,658
Qtr3	1,578	740	169	133	290	44	63	267	276	3,693
Qtr4	1,468	441	116	118	315	66	85	210	522	3,376
2004	6,022	1,845	615	557	1,214	186	259	884	1,882	14,067
Qtr1	1,236	434	153	154	184	59	41	180	397	2,992
Qtr2	1,539	478	160	106	317	36	49	241	432	3,510
Qtr3	1,445	414	188	131	361	46	59	251	424	3,450
Qtr4	1,802	519	114	166	352	45	110	212	629	4,115
2005										
Qtr1	1,196	534	50	149	259	33	37	381	426	3,310
Qtr2	1,750	545	88	130	330	71	95	287	1,038	4,334
Qtr3	1,247	570	61	134	266	48	61	147	1,279	3,813
<i>Percentage share of import</i>										
2001	44.4	16.7	4.2	0.0	7.1	2.0	1.4	4.7	15.0	100.0
2002	40.1	17.6	3.9	5.0	7.8	2.5	1.4	4.9	11.0	100.0
2003	40.9	16.3	4.6	4.8	8.4	1.9	1.9	6.8	10.1	100.0
2004	42.8	13.1	4.4	4.0	8.6	1.3	1.8	6.3	13.4	100.0

TABLE 24: FINANCE CENTRE INSTITUTIONS: LOCAL EXPENDITURE, VALUE-ADDED, EMPLOYMENT AND TOTAL ASSETS

(In Thousands of Vatu)																	
INSTITUTIONS	Total Local Expenditure (8+12+13)	RECURRENT EXPENDITURE						TAXES AND LEVIES				CAPITAL EXPENDITURE	VALUE OF TOTAL ASSETS IN VANUATU	TOTAL LOCAL EMPLOYMENT (No.)			
		Total Wages & Salaries	NI Vanuatu Wages & Salaries	Rent	Interest	Other Recurrent Expenditure	TOTAL	Central Government Fees	Import Duties	Local Government Revenue	TOTAL			Expat	NI-Van.	TOTAL	
(1)	(2)	(3)	(3a)	(4)	(5)	(6+5)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(15+16)
Banks																	
2001 Qtr4	322,938	113,244	84,933 e	17,747	0	130,981	145,498	276,489	5,290	1,801	3,535	10,426	36,023	30,374,663	20	293	313
2002 Qtr4	462,242	126,507	97,410 e	23,766 r	0	150,273	208,521 r	368,794	24,907 r	541 r	682 r	26,130	77,318 r	42,681,238 r	28 r	304 r	332
2003 Qtr4	446,865	101,344	79,048 e	17,246	0	118,590	275,326	386,916	17,583	579	965	18,117	32,832	39,639,289	29	287	316
2004 Qtr1	432,739	147,963	115,411 e	22,368	0	170,331	202,853	373,184	29,444	220	1,904	31,588	27,967	48,740,648	26	306	332
Qtr2	353,255	117,691	91,799 e	20,100	0	137,791	166,228	304,019	36,039	803	983	37,625	11,611	47,775,242	32	280	312
Qtr3	385,579	114,515	89,322 e	20,771	0	135,286	127,615	262,901	29,936	1,146	1,409	32,491	90,187	42,464,419	33	275	308
Qtr4	432,570	113,573	88,587 e	20,862	0	134,555	215,312	349,867	30,665	661	358	31,684	51,019	42,265,837	27	265	292
2005 Qtr1	431,035	114,727	89,487 e	26,173	0	140,900	197,510	338,410	34,045	1,898	832	36,775	55,850	42,441,002	21	298	319
Qtr2	392,159	122,203	95,318 e	24,452	0	146,655	130,814	277,469	31,876	988	729	33,593	81,097	45,902,343	23	299	322
Qtr3	396,257	119,672	93,344 e	22,108	0	141,780	114,634	256,414	33,712	1,148	125	34,985	104,858	45,789,969	23	299	322
Qtr4	420,977	125,329	97,757 e	21,842	0	147,171	144,346	291,517	33,728	875	73	34,676	94,784	45,494,935	23	299	322
Trust & Insurance Companies																	
2001 Qtr4	120,775	28,971	17,962 e	2,122	3	31,096	2,408	33,504	2,537	0	88	2,625	84,646	707,670	9	53	62
2002 Qtr4	177,872	44,131	26,479 e	4,823	3	48,967	42,636 r	91,593	3,056 r	0	188 r	3,244	83,035 r	773,499 r	11 r	60 r	71
2003 Qtr4	71,588	28,599	18,483 e	2,416	94	31,109	34,084	65,203	2,751	12	88	2,851	3,534	775,498	12	66	78
2004 Qtr1	76,243	31,725	19,035 e	1,755	94	33,574	34,825	68,399	3,577	27	139	3,743	4,101	808,497	15	73	88
Qtr2	150,584	52,995	31,797 e	4,200	55	57,250	81,903	138,153	2,581	95	156	2,832	8,599	1,199,352	13	75	88
Qtr3	167,573	80,801	48,481 e	4,175	41	85,017	71,162	156,179	4,292	1	-72	4,221	7,173	1,194,490	13	77	90
Qtr4	127,232	47,203	28,322 e	4,860	74	52,137	64,180	116,317	5,105	0	89	5,194	5,721	1,216,974	13	76	89
2005 Qtr1	191,322	72,898	43,739 e	5,061	84	78,043	100,863	178,706	3,527	0	78	3,605	9,011	1,792,103	13	113	126
Qtr2	265,293	65,359	39,215 e	5,564	3	70,926	184,281	255,207	2,100	0	87	2,187	7,899	1,277,195	12	113	125
Qtr3	222,152	65,914	39,548 e	5,278	3	71,195	142,917	214,112	2,148	55	78	2,281	5,759	1,168,035	12	113	125
Qtr4	285,521	71,274	42,764 e	5,580	3	76,857	213,354	290,211	1,531	41	0	1,572	3,738	1,220,210	13	113	126
Accounting Firms																	
2001 Qtr4	123,965	85,675	17,135 e	6,381	1,661	93,717	22,311	116,028	5,342	7	226	5,575	2,362	395,641	27	72	99
2002 Qtr4	119,096	88,842	15,992 e	6,260	1,508	97,030	13,798	110,828	5,455	7	226	5,688	2,550	395,751	27	73	100
2003 Qtr4	124,534	86,759	17,352 e	6,198	2,474	95,431	21,028	116,459	5,554	7	226	5,787	2,288	427,946	30	80	90
2004 Qtr1	142,961	81,237	19,247 e	7,338	2,452	101,025	30,376	131,401	7,360	243	14	7,517	4,040	428,289	29	64	93
Qtr2	131,139	85,701	19,140 e	7,500	3,342	106,448	14,877	121,325	7,375	7	0	7,382	2,320	405,204	28	78	102
Qtr3	132,332	81,794	18,357 e	7,611	2,625	102,228	22,361	124,589	5,692	7	0	5,699	2,052	408,180	28	78	102
Qtr4	135,833	84,259	18,852 e	7,308	2,520	104,719	23,868	127,800	3,909	7	0	3,916	2,314	457,297	25	75	100
2005 Qtr1	120,802	85,533	19,707 e	7,862	3,413	104,708	6,307	112,756	3,562	7	0	3,549	3,518	404,698	28	95	111
Qtr2	140,806	90,296	19,289 e	7,447	4,159	107,691	23,547	131,238	3,779	7	0	3,785	4,773	421,146	29	97	116
Qtr3	131,531	90,369	19,272 e	7,711	4,470	108,028	21,981	129,640	3,365	7	0	3,372	4,381	407,056	29	99	118
Qtr4	124,290	89,424	18,895 e	7,062	4,068	111,035	11,270	122,411	3,804	7	0	3,801	4,716	430,448	28	98	116
Legal Firms' offices in Vanuatu																	
2001 Qtr4	182,413	24,803	4,801 e	2,219	3,034	28,347	18,886	46,433	81,297	0	0	81,297	2,583	198,285	18	35	45
2002 Qtr4	82,854	22,859 r	4,412 e	1,219 r	1,032 r	24,280	10,417 r	34,907	25,874 r	0	781 r	27,635	1,452 r	198,975 r	13 r	24 r	44
2003 Qtr4	60,000	23,852	5,270 e	1,319	1,000	25,296	10,620	36,916	21,304	0	1,713	22,817	297	118,257	18	38	46
2004 Qtr1	157,300	34,288	5,348 e	1,319	1,059	26,867	12,865	38,752	115,421	242	1,796	118,429	139	118,659	19	38	46
Qtr2	111,806	21,857	4,809 e	1,319	1,048	24,215	4,736	28,833	78,774	0	1,713	80,487	2,486	122,975	19	38	46
Qtr3	77,503	25,517	6,494 e	2,388	754	32,691	12,884	45,575	29,471	0	880	30,671	1,857	265,659	9	38	45
Qtr4	47,414	29,357	6,869 e	2,388	754	32,691	5,989	38,300	6,388	0	1,989	7,457	1,857	273,229	9	35	44
2005 Qtr1	153,745	30,786	6,775 e	2,388	789	30,964	7,986	41,152	111,265	240	1,853	112,559	56	291,132	9	35	44
Qtr2	115,779	27,967	6,157 e	1,508	800	30,487	6,257	38,724	74,088	0	880	74,888	369	285,438	9	39	48
Qtr3	65,407	28,874	6,374 e	1,508	815	31,440	13,915	45,364	19,063	0	871	19,734	308	279,688	9	40	49
Qtr4	55,768	29,844	6,595 e	1,508	363	31,767	12,884	44,651	10,490	0	880	11,890	57	289,594	9	40	49
GRAND TOTAL																	
2001 Qtr4	870,854	281,860	124,831	28,938	4,936	285,151	189,363	474,454	64,588	1,698	3,349	70,623	125,614	21,694,229	64	453	517
2002 Qtr4	1,023,674	281,538	144,258	36,159	2,852	339,659	275,372	596,022	80,292	548	1,857	42,697	154,355	44,031,363	76	471	547
2003 Qtr4	702,917	240,855	130,353	27,179	3,801	271,426	341,980	612,494	48,302	586	2,382	50,572	38,951	40,952,569	81	448	530
2004 Qtr1	889,243	295,223	168,839	32,768	3,805	321,597	280,119	611,718	160,702	732	3,345	91,277	38,259	50,089,072	89	479	569
Qtr2	746,672	288,244	147,545	30,113	4,345	325,702	267,826	589,529	154,769	705	2,362	128,326	35,019	48,952,773	91	497	548
Qtr3	762,967	315,817	162,864	34,947	3,800	355,214	234,822	588,238	69,394	1,154	1,937	72,482	101,289	48,374,751	91	494	545
Qtr4	740,849	284,392	142,219	35,168	3,391	323,903	288,154	622,067	45,697	689	1,516	47,861	68,941	44,213,209	74	451	525
2005 Qtr1	896,305	311,344	181,705	41,478	4,295	357,705	314,270	671,363	152,379	2,145	1,983	196,487	68,435	44,589,321	69	521	600
Qtr2	911,237	311,345	189,949	39,023	5,081	355,949	346,889	702,948	111,940	865	1,416	114,251	94,138	47,585,121	73	528	611
Qtr3	915,247	310,919	181,538	35,657	5,388	352,963	292,407	645,438	59,288	1,210	374	60,372	108,545	47,716,339	73	541	614
Qtr4	896,522	325,871	186,871	35,544	4,315	369,030	381,860	748,790	49,273	323	473	50,869	98,982	47,468,194	73	548	613

Sources: Commercial Banks, Trust Companies, Accounting Firms, Legal Firms and Offices Institutions

TABLE 25: TRENDS IN BUSINESS TURNOVER/FOREIGN EXCHANGE EARNINGS OF FINANCE CENTRE INSTITUTIONS

(Millions of Vatu)

End of Period	Commercial Banks														Trust/Insur. Comp.	Accounting/Legal	Gov. foreign	Total	Total
	Earnings on			Payments on			Net foreign	Gross	Net	Gross	Net	exchange	Gross	Net foreign					
	Resident	Non	Total	Resident	Non	Total	exchange	income	foreign	income	foreign	Receipts	Earnings	exchange					
	Assets	Resident		Liabilities	Resident							from							
	Assets	(1+2)		Liabilities	(4+5)	(2-5)		Earnings	exchange	Earnings	Earnings	Institutions	(3+8+10)	(7+9+11+12)					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)					
1997	617.5	1534.6	2152.1	881.0	484.9	1365.9	1049.7	347.0	162.9	757.3	227.8	126.4	3256.4	1566.8					
1998	807.8	1646.7	2454.5	841.1	552.4	1393.5	1094.3	413.1	220.1	763.3	178.5	179.9	3630.9	1672.8					
1999	1384.8	1532.7	2917.5	642.2	414.3	1056.5	1118.4	795.1	168.8	848.7	111.6	160.2	4561.3	1559.0					
2000	999.1	1447.5	2446.6	956.7	696.6	1653.3	750.9	670.4	273.2	963.6	115.0	356.6	4080.6	1495.7					
2001	1332.2	1352.2	2684.3	716.0	568.3	1284.3	783.9	770.2	212.9	897.4	103.3	308.6	4351.9	1408.7					
2002	1403.0	1023.3	2426.3	505.0	285.3	790.3	738.0	1233.1	535.0	786.9	111.9	47.9	4446.3	1665.4					
2003	2490.2	1030.9	3521.1	851.6	316.5	1168.1	714.4	877.3	600.6	773.9	127.4	253.4	5172.3	1695.8					
2004	3356.3	1413.8	4770.1	1474.0	111.1	1585.1	1302.7	432.5	329.0	766.1	328.3	217.7	5968.7	2177.7					
2005	3466.0	1716.5	5182.5	1293.2	358.8	1652.0	1357.7	1030.5	312.1	820.3	305.4	201.8	7033.4	2177.1					
2003	Qtr1	506.0	294.6	800.6	102.5	88.3	190.8	206.3	454.1	398.8	255.7	31.1	118.6	1510.4	754.8				
	Qtr2	511.5	226.7	738.2	102.5	88.3	190.8	138.4	218.5	53.8	229.5	31.1	92.4	1186.2	315.7				
	Qtr3	550.6	344.2	894.8	323.3	73.1	396.4	271.1	68.1	110.9	149.1	31.3	24.5	1112.0	437.8				
	Qtr4	922.1	165.4	1087.5	323.3	66.8	390.1	98.6	136.6	37.1	139.6	33.9	17.9	1363.7	187.5				
2004	Qtr1	922.8	180.4	1103.2	323.3	66.8	390.1	113.6	100.5	58.7	240.7	69.9	113.0	1444.4	355.2				
	Qtr2	748.7	380.6	1129.3	504.1	-10.0	494.1	390.6	98.0	93.0	213.3	87.1	74.2	1440.6	644.9				
	Qtr3	827.8	404.9	1232.7	323.3	-10.4	312.9	415.3	111.8	82.2	168.3	78.5	26.9	1512.8	602.9				
	Qtr4	857.0	447.9	1304.9	323.3	64.7	388.0	383.2	122.2	95.1	143.8	92.8	3.6	1570.9	574.7				
2005	Qtr1	804.6	410.1	1214.7	323.3	122.4	445.7	287.7	219.8	57.2	246.8	71.8	108.7	1681.3	525.4				
	Qtr2	863.4	450.0	1313.4	323.3	21.3	344.6	428.7	278.1	99.2	248.5	88.0	70.7	1840.0	686.6				
	Qtr3	860.9	393.2	1254.1	323.3	221.4	544.7	171.8	252.7	70.4	166.6	83.6	14.6	1673.4	340.4				
	Qtr4	937.1	463.2	1400.3	323.3	-6.3	317.0	469.5	279.9	85.3	158.4	62.0	7.8	1838.7	624.7				

Sources: Commercial Banks, Trust Companies, Insurance Companies, Accounting Firms and Legal Firms

TABLE 26: SHIPPING REGISTRATION

Period		Fresh Ship Registration During the Year/ Quarter	Ships Deregistered during the Year/ Quarter	Number of Ships on the Registry at end of the period	Amount of Net Shipping Fees Collected by VM SL (Vatu in Millions)
2001		112	69	528	214.8
2002		119	132	515	218.2
2003		107	59	563	177.6
2004		120	93	590	142.0
2005		155	149	596	134.8
2002	Qtr1	33	11	550	151.6
	Qtr2	29	69	510	34.9
	Qtr3	32	9	533	16.2
	Qtr4	25	43	515	15.5
2003	Qtr1	23	12	526	113.0
	Qtr2	35	14	547	39.7
	Qtr3	26	13	560	11.9
	Qtr4	23	20	563	13.0
2004	Qtr1	35	14	584	109.7
	Qtr2	31	14	601	19.5
	Qtr3	27	41	587	14.3
	Qtr4	27	24	590	-1.5
2005	Qtr1	75	68	597	104.7
	Qtr2	19	15	601	20.9
	Qtr3	30	30	601	5.4
	Qtr4	31	36	596	3.8

Source: Vanuatu Maritime Services Limited

Note: Shipping fees are calculated using the average US\$ exchange rates for the 3 months in each quarter.

Table 27: COMPANY REGISTRATION IN VANUATU

Part A: Number of Companies at the Registry at end of each Year/Quarter

Type of Company	End of						2004				2005			
		2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Local		1302	1,351	1,303	1,369	1,371	1320	1351	1342	1369	1402	1354	1364	1371
Exempt		174	186	152	129	116	148	141	132	129	130	123	122	116
Overseas		26	26	24	25	27	24	24	25	25	26	26	27	27
International Companies		4,156	4,504	4,310	4,464	4,625	4,280	4,327	4,451	4,464	4,527	4,561	4,666	4,625
Total:		5,658	6,067	5,789	5,987	6,139	5,772	5,843	5,950	5,987	6,085	6,064	6,179	6,139
Of Which Hold Licenses as:														
a) Exempt Banks		51	34	14	7	7	9	9	9	7	7	7	7	7
b) Exempt Financial Institutions		2	0	2	2	1	2	2	2	2	2	2	2	1
c) Insurance Companies		45	45	45	47	58	43	43	43	47	47	39	39	58
d) Trust Companies		13	10	11	10	10	11	11	10	10	10	11	11	10

PART B: Company Registration during individual Year/ Quarter

Type of							2004				2005			
Company	End of	2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
1. Number of Fresh Registrations														
(Total)		674	616	562	573	536	113	140	189	131	144	117	141	134
a) Local Companies		111	74	79	141	177	29	35	38	39	46	32	41	58
b) Overseas Companies		1	1	0	1	2	0	0	0	1	1	0	1	0
c) Exempt Companies		5	9	6	7	3	2	0	1	4	1	2	0	0
of which: (i) Banks		0	2	0	0	0	0	0	0	0	0	0	0	0
d) International Companies		557	532	477	424	354	82	105	150	87	96	83	99	76
2. Number of Struck off														
(or otherwise deregistered)		195	876	847	665	254	123	79	78	385	14	94	27	119
(All categories)														
3. Exempt Companies														
converted to international companies		0	0	0	0	0	0	1	1	0	0	0	0	0

Source: Vanuatu Financial Services Commission

TABLE 28: COCONUT PRODUCTS AND PRICES

Period	2001	2002	2003	2004	2005	2004				2005			
						Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Santo													
Smoked	-	-	-	-		-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,704.6	25,264.2	25,417.3	34,446.3	21,536.0	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	6,310.0	3,464.0
Total	19,704.6	25,264.2	25,417.3	34,446.3	21,536.0	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	6,310.0	3,464.0
TOTAL COPRA PRODUCTION	19,725.2	25,265.6	25,417.2	34,446.3	21,536.0	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	6,310.0	3,464.0
Smoked	-	-	-	-		-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,725.2	25,265.6	25,417.3	34,446.3	21,536.0	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	6,310.0	3,464.0
Percentage of Hot-air to Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL VALUE (Millions of Vatu)	494.4	596.0	690.3	896.6	467.3	254.2	289.9	196.7	155.706	122.382	146.9	132.9	65.2
Average domestic Price(Vt / tonne)	24,725	22,830	27,160	26,028	21,700	26,743	27,014	25,491	23,991	23,660	21,566	21,060	20,000
World Bank's Copra Market Prices.													
Average US\$/Tonne	202.0	266.2	300.0	450.0	413.8	417.7	489.7	444.3	448.3	447.8	446.4	380.7	380.1
End Period US\$/Tonne	196.3	273.0	400.0	449.0	413.8	450.0	471.0	448.0	449.0	474.0	431.3	425.0	413.8
COCONUT OIL EXPORT (Tonnes)	8,516.0	10,346.7	7,721.9	17,111.0	13,723.0	5,256.0	4,641.0	4,038.0	3,176.0	2457	3,700.0	4,016.0	3,550.0
World Bank's Coconut oil Prices.													
Average US\$/Tonne	318.2	421.4	467.3	672.4	627.5	685.0	703.3	651.0	650.3	667.3	654.9	571.7	615.9
End Period US\$/Tonne	313.8	426.0	582.0	650.0	569.7	736.0	658.0	657.0	650.0	710.0	638.8	631.3	569.7

Sources: VCMB, COPV and Trading & Shipping (Vanuatu) Ltd

TABLE 29: COCOA PRODUCTION FOR EXPORTS AND PRICES

Period	2001	2002	2003	2004	2005	2004				2005			
						Qtr1	Qtr2	Qtr 3	Qtr 4	Qtr 1	Qtr2	Qtr3	Qtr4
COCOA PRODUCTION (Tonnes)													
Export Quality													
1st Grade	461.6	403.7	-	-	-	-	-	-	-	-	-	-	-
2nd Grade	194.1	513.6	-	-	-	-	-	-	-	-	-	-	-
Sub Total	655.8	917.3	-	-	-	-	-	-	-	-	-	-	-
TOTAL	796.4	867.0	1418.0	803.9	926.4	33.0	310	163.0	297.9	49.1	125.3	535.0	217.0
Value of Output (Millions of Vatu)	76.1	84.0	49.0	83.5	75.7	4.0	28.0	17.0	34.5	3.9	9.1	45.0	17.7
VT/Tonne	95,508.5	96,885.8	96,837.9	#####	81,736.8	121,212	90,323	104,294	115,928	79,430	73,009	83,618	83,191

Source: VCMB

TABLE 30: COMMERCIAL MEAT PRODUCTION

	2001	2002	2003	2004	2005	2004				2005			
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
Total Non-resident Visitor Arrivals	105,705	99,466	100,830	99,540	125,303	28,538	18,333	23,544	28,135	32,102	26,595	35,524	31,082
Visitor arrivals	52,927	49,461	50,400	58,046	49,127	11,543	11,897	19,004	18,226	12,649	13,309	18,507	13,582
Day visitors	52,778	50,027	50,430	37,870	67,257	16,965	6,436	4,540	9,909	19,454	13,296	17,017	17,500
Cruise ship	52,758	50,027	50,430	37,870	67,257	16,965	6,436	4,540	9,909	19,454	13,296	17,017	17,500
Air/yachts	20	-	-	-	-	0	0	0	0	-	-	-	-
Air arrivals by purpose of visit	52,928	49,462	50,400	60,613	-	11,543	11,839	19,005	18,025	12,649	13,309	18,507	0
Stop-over	1,108	611	635	1,521	-	76	64	710	671	393	343	370	-
Holiday	41,319	38,740	38,924	46,806	-	9,060	9,003	14,647	14,056	9,625	9,873	14,104	-
Visiting friends	3,677	3,563	3,967	4,594	-	968	1,057	1,205	1,464	804	1,068	1,314	-
Business/Meetings	6,557	6,544	6,746	7,686	-	1,533	1,715	2,443	1,955	1,797	2,025	2,719	-
Other Purposes	111	1	6	6	-	6	-	-	-	29	-	-	-
Not Stated	156	3	2	-	-	-	-	-	-	-	-	-	-
Air arrivals by Usual Country of Residence:	52,927	49,461	50,400	60,688	58,046	11,543	11,897	19,004	18,024	12,649	13,309	18,507	13,582
Australia	33,452	29,730	29,492	35,782	-	7,474	6,696	9,940	11,480	7,864	8,438	10,694	-
New Zealand	7,465	7,263	7,729	8,209	-	1,043	1,670	3,259	2,197	943	1,837	2,743	-
New Caledonia	3,956	4,704	5,050	6,519	-	1,286	1,281	2,028	1,924	1,591	1,209	2,049	-
Other Pacific	2,190	1,828	2,034	3,209	-	539	521	1,215	933	852	405	653	-
Europe	2,651	2,948	3,003	3,361	-	596	611	1,270	884	670	700	1,167	-
North America	1,400	1,438	1,625	1,930	-	251	531	749	399	357	345	195	-
Japan	789	731	571	586	-	121	142	182	141	113	136	316	-
Other Countries	927	803	881	1,073	-	233	253	321	266	259	239	-	-
Not Stated	37	16	15	-	-	-	-	-	-	-	-	-	-
Facilities at end of period													
Hotels	29	29	29	29	27	29	29	29	29	27	23	29	29
Rooms	1,009	952	899	888	-	873	852	939	847	893	894	974	-
Room nights offered	92,828	91,945	82,229	84,406	53.6%	79,554	86,004	96,604	75,453	80,718	85,126	81,554	59.0%
Occupancy rate	49.6%	44.2%	48.2%	51.6%	-	48.2%	44.3%	51.9%	64.6%	44.8%	41.8%	60.9%	-
Beds	2,910	2,658	2,349	3,352	-	2,327	2,412	2,476	6,193	2,119	2,436	2,550	-
Bed nights offered	256,395	242,001	217,453	212,478	-	214,010	215,710	219,621	200,569	202,463	222,478	222,833	-
Occupancy rate	35.6%	32.6%	35.3%	40.9%	-	35.2%	33.9%	46.0%	48.5%	38.30%	33.30%	47.20%	-

Source: Vanuatu Statistics Office

Table 31: Energy Consumption

Period	'000 Kwh / x 1000 Kwh					Imports Cleared for Home Consumption (000 litres)		
	Port-Vila	Luganville	Malekula	Tanna	TOTAL	Petrol	Fuel	Kerosene
2001	33,731	8,550	-	-	42,281	5,539	28,131	707
2002	35,288	6,587	221	111	42,207	4,836	24,940	786
2003	34,385	6,303	445	208	41,341	5,809	23,799	911
2004	na	na	na	na	na	3,518	17,090	512
2002 Qtr 1	9,507	1,889	-	-	11,176	1,275	6,253	353
Qtr 2	8,848	1,629	-	-	10,277	1,372	7,389	220
Qtr 3	8,954	1,673	106	63	10,796	1,139	5,747	133
Qtr 4	8,179	1,616	115	48	9,958	1,050	5,551	80
2003 Qtr 1	9,330	1,665	96	48	11,139	1,333	5,314	440
Qtr 2	8,776	1,734	122	51	10,683	1,094	4,802	88
Qtr 3	7,867	1,453	106	56	9,282	1,707	7,853	222
Qtr 4	8,612	1,451	121	53	10,237	1,675	6,030	161
2004 Qtr 1	10,121	1,750	141	56	12,068	420	3,526	199
Qtr 2	8,682	1,636	122	54	10,494	1,509	8,397	226
Qtr 3	8,232	1,572	112	53	9,969	1,700	7,100	207
Qtr 4	8,580	1,554	134	51	10,319	1,077	3,766	151
2005 Qtr 1	10,835	1,626	146	57	12,664	988	6,640	93
Qtr 2	9,255	1,475	135	56	10,921	897	4,510	106
Qtr 3	8,384	1,497	123	56	10,060	491	2,121	161
Qtr 4	na	na	na	na	na	1,142	3,819	152

(1) Includes White Spirit / Y compris le White Spirit

Table 32: CONSUMER PRICE INDICES BY EXPENDITURE GROUP
(Quarter to previous quarter)

Expenditure Group	Region	Average						2003				2004				2005			
		2000	2001	2002	2003	2004	2005	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Food	Port Vila	0.5	0.6	0.2	1.0	0.5	-0.3	-0.4	1.1	2.8	0.5	0.1	0.8	3.2	-1.4	-1.9	0.6	0.6	-0.4
	Luganville	0.6	0.5	0.1	1.0	0.5		0.0	1.1	2.9	0.2	0.1	0.1	3.4	-1.7	0.2	1.1	0.6	
Drinks & Tobacco	Port Vila	0.4	1.2	0.2	0.9	0.5		-2.0	1.3	2.1	1.7	0.5	4.5	2.4	-0.5	3.1	0.3	0.3	
	Luganville	2.1	0.3	1.8	2.3	0.1	0.8	8.8	0.2	0.2	-0.2	0.2	0.2	0.0	0.0	1.5	0.5	1.0	0.1
Clothing etc	Port Vila	2.4	0.3	1.8	2.4	0.1		9.7	0.3	0.1	-0.4	0.0	0.3	0.1	0.0	-0.4	1.3	1.2	
	Luganville	0.8	0.5	1.9	1.4	0.2		4.0	0.0	0.9	0.7	0.9	4.2	-0.1	0.0	3.7	0.9	-0.2	
Rent, Water, Electricity	Port Vila	-0.3	0.4	0.1	0.2	0.1*	-0.2	0.1	0.2	1.2	-0.5	-0.5	-0.8	0.1	0.0	0.6	0.0	-0.1	0.8
	Luganville	2.8	0.4	0.8	0.3	0.8		0.6	0.3	0.6	-0.2	0.0	0.8	0.0	0.0	-0.3	1.0	-0.2	
Household Supplies	Port Vila	-1.0	0.4	0.5	0.1	-0.8		-2.0	0.2	3.2	-1.1	-0.2	-3.5	0.8	-0.1	0.7	0.9	0.0	
	Luganville	1.8	1.5	-0.2	0.0	-0.4	1.8	-0.3	0.4	0.4	-0.5	0.0	0.1	0.2	-1.7	2.3	1.1	0.9	0.3
Transport & Comm.	Port Vila	1.6	1.3	-0.2	0.0	-0.5		0.1	0.5	0.1	-0.4	-0.1	0.1	0.2	-2.1	-0.5	1.1	0.8	
	Luganville	2.6	2.4	-0.5	-0.2	0.2		-1.9	0.0	1.3	-0.2	0.0	0.3	0.2	0.3	1.9	3.6	1.2	
Recreation, Educ., Health etc	Port Vila	1.2	-0.4	-0.2	0.1	-0.1	-0.2	0.4	0.4	0.7	-1.3	-0.2	-0.1	-0.1	0.0	0.8	-1.7	0.2	-0.2
	Luganville	1.0	-0.5	-0.2	-0.1	-0.1		-0.2	0.1	1.4	-1.7	-0.2	-0.1	0.0	0.0	-1.7	1.0	0.2	
ALL GROUPS	Port Vila	2.1	0.0	-0.2	0.7	-0.1		-2.0	1.6	-2.6	0.6	-0.1	-0.2	-0.4	0.1	0	-1.9	0.3	
	Luganville	1.7	0.5	1.9	0.2	0.3	0.1	0.4	0.2	0.8	0.3	0.5	0.0	0.5	0.1	0.3	-0.3	0.3	0.1
	Port Vila	1.7	0.6	2.8	0.2	0.3		0.4	0.2	0.1	0.2	0.7	0.0	0.5	0.0	0.2	1.2	0.7	
	Luganville	1.6	0.3	1.9	0.4	0.2		0.7	0.0	0.8	0.2	-0.1	0.0	0.4	0.4	-0.6	0.0	-1.3	
	Port Vila	0.4	0.0	0.9	0.9	0.9	0.7	3.8	0.2	-0.5	0.0	2.9	0.1	0.4	0.0	2.7	0.2	0.0	0.1
	Luganville	0.2	0.1	1.0	0.6	0.8		2.9	0.2	-0.6	0.1	3.1	0.0	0.4	0.0	0.1	1.1	0.0	
	Port Vila	1.5	-0.8	0.5	2.4	0.3		0.8	0.0	0.0	-0.1	1.1	0.3	-0.2	0.0	2.7	0.2	0.5	
	Luganville	1.0	0.6	0.6	0.7	0.2	0.4	1.4	0.5	1.0	0.0	0.4	0.5	1.2	-0.8	0.5	0.4	0.5	-0.2
	Port Vila	1.1	0.5	0.6	0.8	0.4		1.7	0.5	1.0	-0.2	0.4	0.1	1.2	0.0	-0.2	1.1	0.5	
	Luganville	1.0	0.9	0.3	0.7	0.4		0.3	0.6	1.0	0.7	1.0	-0.3	0.9	-0.1	2.1	0.8	0.2	

Source: Vanuatu Statistics Office

Table 33: CONSUMER PRICE INDICES BY EXPENDITURE GROUP
(Quarter to same quarter of previous year)

Expenditure Group	Region	End year						2003				2004				2005			
		2000	2001	2002	2003	2004	2005	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Food		1.9	2.4	0.6	4.0	1.9	-1.1	2.1	0.8	2.2	4.0	4.5	3.4	3.8	1.9	-0.1	0.5	-2.2	-1.1
	Port Vila	2.3	1.9	0.5	4.1	1.9		2.0	0.6	2.3	4.1	4.2	3.2	3.8	1.9	4.1	-0.1	-3.3	
	Luganville	1.4	4.8	0.7	3.0	1.9		2.4	2.1	1.6	3.0	5.7	3.8	4.1	1.9	4.6	5.4	0.3	
Drinks & Tobacco		8.7	1.2	7.3	9.1	0.4	3.0	10.3	8.3	9.1	9.1	0.4	0.4	0.2	0.4	1.7	1.9	2.9	3.0
	Port Vila	9.7	1.2	7.1	9.7	0.4		11.1	9.0	9.8	9.7	0.0	0.0	0.0	0.4	9.7	-0.3	2.7	
	Luganville	2.3	2.0	7.9	5.6	0.7		5.9	5.0	5.9	5.6	2.5	2.3	1.4	0.7	3.4	4.6	4.4	
Clothing etc		-1.3	1.6	0.4	1.0	-1.0	0.5	1.8	0.9	1.7	1.0	0.4	-0.4	-1.5	-1.0	0.1	0.7	0.5	0.5
	Port Vila	10.9	1.6	0.0	1.2	0.0		2.4	1.6	1.5	1.2	0.6	0.3	-0.3	0.0	1.2	0.0	0.2	
	Luganville	-4.1	1.7	1.9	0.2	-4.7		-0.9	-1.9	2.7	0.2	0.2	-3.5	-5.7	-4.7	-2	2.4	1.6	
Rent, Water, Electricity		7.3	6.1	-0.9	-0.1	-1.4	5.5	-1.6	-1.5	0.4	-0.1	0.2	-0.1	-0.3	-1.4	1.8	2.8	3.5	5.5
	Port Vila	6.6	5.4	-0.6	0.2	-1.9		-1.2	-1.2	0.5	0.2	0.0	-0.4	-0.3	-1.9	0.1	-0.1	2.8	
	Luganville	10.7	9.7	-2.1	-0.8	0.6		-3.4	-3.2	-0.6	-0.8	1.1	1.4	0.1	0.6	2.5	6.0	7.3	
Household Supplies		4.8	-1.5	-0.8	0.2	-0.4	-1.0	0.6	-1.1	-0.6	0.2	-0.4	-0.9	-1.6	-0.4	0.6	-1.0	-0.3	-1.0
	Port Vila	3.9	-1.8	-0.7	0.4	-0.3		0.3	-1.5	-0.4	-0.4	-0.4	-0.6	-2	-0.3	-0.4	-0.1	-0.6	
	Luganville	8.5	-0.1	-1.0	2.6	-0.5		2.0	0.4	-0.7	2.6	-0.5	-2.3	0.0	-0.5	-0.4	-2.2	-1.6	
Transport & Comm.		6.8	2.2	7.5	0.9	1.1	0.4	8.0	5.8	5.7	0.9	0.9	0.8	1.3	1.1	0.8	0.6	0.4	0.4
	Port Vila	6.8	2.3	8.2	0.7	1.2		8.9	6.3	6.1	0.7	0.9	0.8	1.3	1.2	0.7	0.0	0.3	
	Luganville	6.5	1.3	3.9	1.5	0.7		3.8	3.8	4.3	1.5	0.7	0.7	0.4	0.7	0.2	0.2	-1.5	
Recreation, Educ., Health etc		1.5	0.0	3.8	3.4	3.4	2.9	6.0	5.8	4.9	3.4	2.6	2.5	3.4	3.4	3.1	3.3	2.8	2.9
	Port Vila	0.8	0.5	4.1	2.6	3.6		5.5	5.2	3.6	2.6	2.8	2.6	3.7	3.6	2.6	0.0	2.8	
	Luganville	6.1	-3.0	2.1	9.7	1.6		9.5	10.2	10.5	9.7	1.0	1.4	1.2	1.6	3.3	3.1	3.4	
ALL GROUPS		4.1	2.3	2.3	2.9	0.8	1.6	3.5	2.4	3.2	2.9	1.9	1.4	1.6	0.6	1.0	1.3	0.6	1.6
	Port Vila	4.3	2.0	2.4	3.0	1.8		3.8	2.5	3.3	3.0	1.8	1.4	1.6	1.8	3.0	-0.1	0.1	
	Luganville	4.3	3.8	1.3	2.7	0.8		2.2	2.0	2.5	2.7	2.7	1.7	1.6	0.8	2.7	3.8	3.0	

Source: Vanuatu Statistics Office