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Q4 December 1986	The System of National Accounts of the Republic of Vanuatu: Data Sources, Methodology, and Assumptions
Q1 March 1987	Press Announcement from Minister of Finance concerning The Cyclone UMA – Economic recovery program
	<ol style="list-style-type: none"> 1. (A) Duty Exemptions on replacement materials & equipment (B) Duty Exemptions on New Projects 2. Insurance settlements / Loss adjustment disputes 3. Future cyclone insurance cover in Vanuatu 4. Banking Loans for reconstruction 5. Business License fees 1988
Q3 September 1988	Budget of the Government of Vanuatu for 1989
Q3 September 1988	Vanuatu National Provident Fund: First year of operations
Q1 March 2000	The Reserve Bank's Exchange Rate Policy
Q2 June 2000	Money Laundering
Q3 September 2000	Governor's Speech on the Exhibition of the "Mani Blong Yumi" Money in Vanuatu Society
Q3 September 2000	Notice to Commercial Banks concerning Money Laundering
Q4 December 2000	Money is Lubricant of the economy
Q4 December 2000	Capital Adequacy
Q1 March 2001	Update on Basel Capital Adequacy Reform Proposals
Q2 June 2001	Capital Adequacy
Q3 September 2003	International Banks – Overview of Developments
Q4 December 2003	Monetary Policy Statement by the Governor
Q1 March 2004	International Banking Act No. 4
Q1 March 2004	The Association of Financial Supervisors of Pacific Countries in collaboration with PFTAC
Q2 June 2004	Governor's Speech for Education Economics Workshop
Q2 June 2004	Governor's Speech for Media Freedom Day

Q2 June 2004	Press Release on Biri Group
Q3 September 2004	Bank Supervision Policy Guideline 3, Supervision of the Adequacy of Liquidity of Banks
Q3 September 2004	Reserve Bank Undertakes Major Review
Q4 December 2004	Governor's speech on overcoming Vanuatu's economic challenges, 2004 business forum
Q4 December 2004	Governor's speech for the association of financial supervisors of the pacific countries meeting
Q4 December 2004	The formulation of monetary policy in Vanuatu
Q4 December 2004	What are reserve bank notes
Q4 December 2004	Excess reserves
Q1 March 2005	Challenges to the Monetary Policy: The case of Vanuatu presented To the regional seminar on Monetary Policy implementation
Q1 March 2005	Summary of Business Survey March 2005
Q1 March 2005	Monetary Policy Instruments – The case for Vanuatu
Q1 March 2005	What is the Balance of Payments?. How is it compiled in Vanuatu. What is its importance.

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TECHNICAL NOTES

Statistical data in the Quarterly Economic Review are based on the latest available information, and several statistical tables are substantially updated and amended from time to time to reflect figures revised by respective sources.

Abbreviations used are:

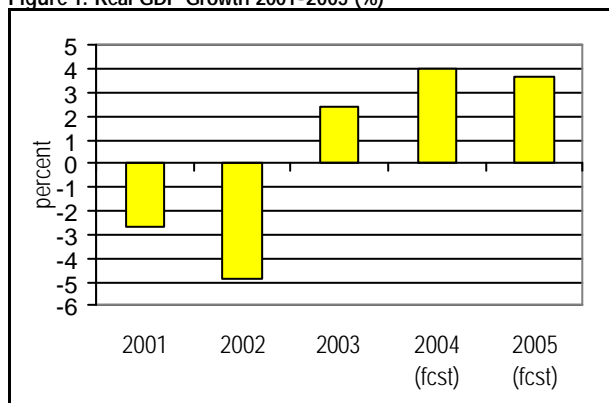
e	=	Estimated
n.a.	=	Not yet available
E	=	Estimated by Source
n.e.i.	=	Not elsewhere included
p	=	Provisional
-	=	Nil
r	=	Revised
..	=	Negligible/Almost
R	=	Revised by Source

1. Executive Summary

The global economy continued to grow strongly but lost some of its momentum in the first half of 2005 due to regional growth disparities. Moreover many countries are showing signs of slower growth owing to, among other factors, record levels of world prices for oil and a series of fiscal and monetary tightening. Consequently, growth in the United States and China, the economies driving world growth, have somewhat moderated whereas growth in Europe and Japan continues to be sluggish. Closer to home, Australia and New Zealand also showed signs of moderation following strong growth in 2004. Nevertheless, the domestic economy continues to benefit from the strong global economy through continued high world commodity prices, increased tourism arrivals and capital investment inflows.

According to the Ministry of Finance and Economic Management (MFEM), the domestic economy is forecasted to grow by around 3.7 percent in 2005. Development in the domestic economy during the first half of 2005 generally points to this direction, although sector developments appear to be mixed so far. For instance, output in the agricultural sector in general, was slower than it was this time last year. But this was partly due comparing with a high base year as production of copra in particular was artificially boosted in the first half of 2004 because of the increased nuts felled by Cyclone IVY. On the other hand the services sector should be assisted by the improvement in the tourism sector and activity in the lands and property markets.

Figure 1: Real GDP Growth 2001-2005 (%)



Source: Ministry of Finance and Economic Management

The effect of the cyclone is expected to disappear soon and production should pick up in the second half of the year. Copra production was high compared with previous quarter and so is coconut oil production. Kava also recorded an

increase from last year with exports increasing by 20.1 percent.

The tourism sector saw strong growth on this time last year, with day visitors showing a dramatic increase following a slump last year. This uptrend should provide a boost to foreign exchange earning as tourism is an important engine of growth in the domestic economy.

Inflation continues to be low but headline inflation has increased from 1.0 percent to 1.3 percent in the second quarter partly related to increase in petroleum prices. On the other hand, core inflation has dropped below headline inflation in the second quarter.

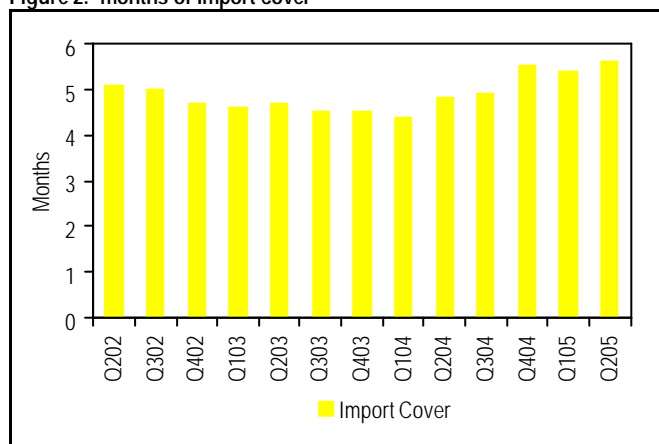
Further improvements were recorded in the Government's fiscal position due to revenue collections above target levels, inflows of donor funds and continuing expenditure control measures of the Department of Finance. During the first six months of 2005, actual recurrent revenue collection was slightly higher than forecast while grants were 54.9 percent higher than last quarter. As a result, preliminary data showed another budget surplus during the quarter amounting to VT486.2 million. This development was reflected as an improvement in Government deposits with the Banking system. However, there are extra expenditure pressures to come. It is anticipated that these will be financed with any revenue over and above budget levels and continued expenditure control measures.

The growth in money continued to be high but this should moderate as the fiscal position continues to improve. Total money supply increased further in the second quarter by 3.8 percent after having recorded 3.9 percent growth in the first quarter. Moreover, the year-on-year growth rate that fell to 8.4 percent in the first quarter of 2005 from 9.8 percent in the last quarter of 2004 increased to 9.0 percent in the second quarter of 2005. The quarter on quarter expansion in money supply is largely associated with a 9.1 percent growth in narrow money and 1.1 percent expansion in quasi money. On the other side, an increase in the banking systems' net foreign assets by 4.0 percent and an increase in banks' lending to the private sector by 4.6 percent continue to underpin the increase in money supply in the second quarter. The Government's contribution to money supply continued to be negative because Government net lending from the banking system showed a decrease by a hefty 67.3 percent from last quarter and 86.9 percent from the comparable quarter of last year due to large improvements in Government deposits with the banking system. Moreover, the liquidity overhang which persisted over the previous quarters has continued through this

quarter and consequently contributed to further increase in the amount of outstanding RBV notes and further downward pressure on short-term interest rates. Furthermore the spread between weighted average interest rates for deposits and the weighed average interest rates of loans has decreased from 9.61 percent to 9.51 percent.

Vanuatu's current account deficit widened further in the second quarter of 2005. A large deficit in the trade balance underpinned the deterioration in the current account as exports were down by 9 percent due to the fall in copra, cocoa and timber exports. On the other hand, imports increased by a significant 31 percent. Nevertheless, the deterioration in the trade balance was slightly offset by surpluses in the services account and current transfer account. The surplus in the services account was mainly attributed to foreign exchange earnings from tourism whereas the surplus in the current transfers account was underpinned by an increase in inflow of donor funds to the Government.

Figure 2: months of import cover



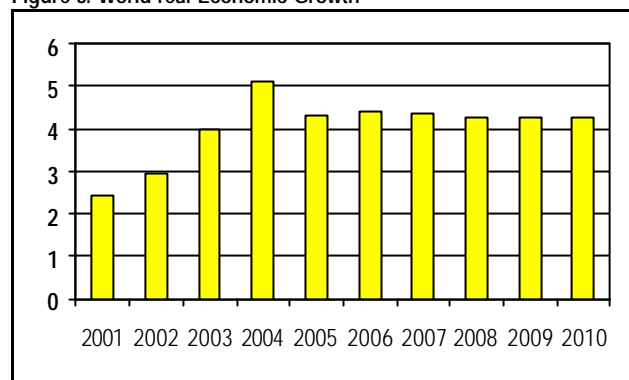
Source: Reserve Bank of Vanuatu

However, the overall balance of payments of the country was in surplus due to surpluses in the capital and financial account. There was an increase in project goods from donors while there was a continuous net outflow of migrant's transfers by the private sector in the second quarter. Further, there was an increase in other investment assets and further improvement in the Reserve Bank's foreign exchange holdings. These developments led to an overall balance of VT260 million which is equivalent to 5.6 months of import cover from 5.4 months of import cover in the preceding quarter.

2. The International Economy

After growing by 5.1% in 2004, the world economy has lost some of its momentum.

Figure 3: World real Economic Growth



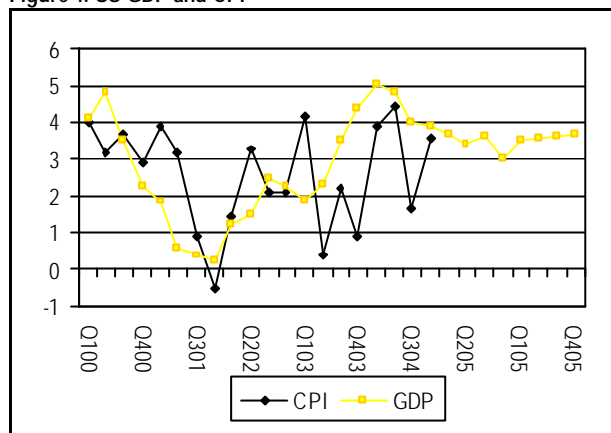
Source: IMF World Economic Outlook, April 2005.

Figures show that world growth in the first half of the year is at an annualized growth rate of 4.5%. The causes of the growth slowdown are fourfold. Firstly, the continued high demand led to a further increase in oil prices with anticipation they will remain high for some time. Secondly, the fiscal stimulus adopted in most countries after 2001 is fading and cycles of tightening are going to have to begin around the world. Thirdly, the major impetus for world growth, China's economy, has showed signs of slowing and being re-orientated more towards domestic consumption. Fourthly, the monetary tightening cycle by the Fed has caused US short-term rates to more than double in the last year.

The US Economy

It appears that fears of a dramatic slowdown in the US economy stemming from weak indicators in the first quarter of 2005 appear to have been largely misplaced, as the economy showed better performance over quarter 2 2005. It now appears that the weak indicators came from an early Easter which caused early adjustments. Growth to June 2005 has been at an annual rate of 3.4%.

Figure 4: US GDP and CPI



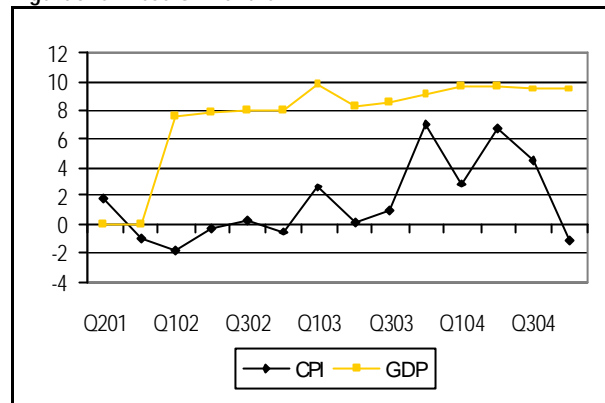
Source: IMF World Economic Outlook, April 2005.

But there are increasing signs that the US Economy will slow in the second half of 2005: there has been a weakening in manufacturing growth; there have been four consecutive declines in the index of leading economic indicators, and there has been a slowdown in economic growth. However, employment growth has remained robust and unemployment is low at just 5%, domestic demand has also remained strong. The housing sector also remains strong, and house price growth has been more modest than in many countries, this will provide a buffer for the growth slowdown. The continued high inflationary pressures coming from high oil prices accompanied by the encouraging figures on domestic demand and job creation mean that the Fed are likely to continue the cycle of monetary policy tightening with further rate rises. Given the above considerations, economists have forecast US growth at 3% for 2005.

Asia

Growth in East Asia is expected to be modest in 2005 due to tight monetary policy and lower external demand. The exception is Indonesia where growth is likely to remain higher. China is also set to continue growing at a fast pace, although it is anticipated that the pace will be slightly slower than in previous years and may fall below the 9% mark. Expectations are for Chinese growth of 8.5% in 2005.

Figure 5: Chinese GDP and CPI



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

There are mounting pressures from the US for China to revalue its currency with claims that it has been undervalued, giving Chinese exports an unfair advantage. China may therefore begin to try and re-orientate growth towards the domestic markets in anticipation of a revaluation which could take place in the second half of the year. It is not expected however that there will be any large movements in China's currency. In Singapore, following a growth rate of 8.4% in 2004, the economy contracted by 5.6% annual rate in the first quarter of 2005 due to a strong slowdown in manufacturing. The growth forecast for Singapore for 2005 is now at 4%.

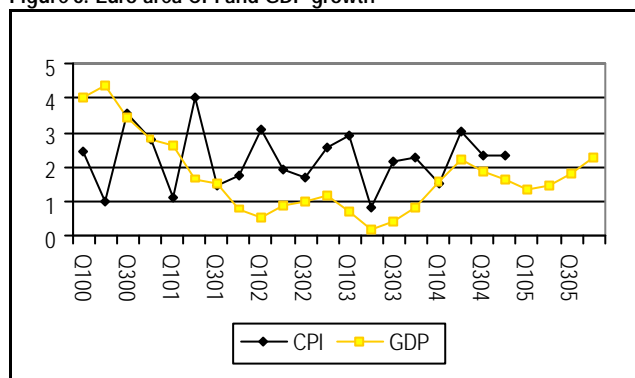
Japan

Japan's growth in 2004 started off brightly but very quickly dissipated. It seems however that a reverse has happened this year. The year began with slow growth in quarter one but now appears to have improved. In the second quarter growth picked up, mainly fuelled by a pick up in domestic demand due to an increase in employment, and a pick up in corporate profitability and has led to an increase in business confidence. Exports remains weak nonetheless due to low demand for IT products, but there are signs that this has bottomed out. Japan is however facing some inflationary pressure as it is more affected by high oil prices than most economies and it has shifted many of the inventories that have caused deflation in the past. Japan's growth forecast for 2005 has now been revised upwards to 2% for 2005.

Europe

The slow growth in the Euro area looks set to continue. Economic activity in the area has continued to fall below expectations.

Figure 6: Euro-area CPI and GDP growth



Source: IMF, World Economic Outlook, April 2005

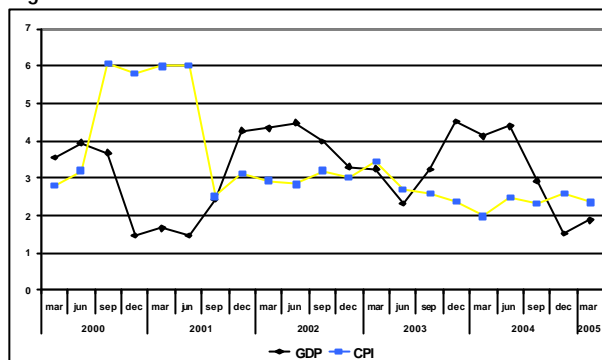
Exports are depressed due to the continuing strength of the Euro. They grew just 6% in 2004. Business surveys point to continuous weakness as growth in the first quarter registered a marginal 0.5%. This weakening is also related to high oil prices have affected the Euro economies worse than other economies. Unemployment remains high at 8.8 percent but there is little room to cut interest rates as they are already low at 2% and inflationary pressure are growing. Europe's problems look likely to continue into the future as the rejection of the constitution in both France and the Netherlands shows a lack of public support for Brussels which is likely to slow or put off reform initiatives including much needed structural reforms. These developments have resulted in down-ward revisions to Euro-area growth forecasts, from 1.7% at the start of the year to 1.5% in April. As of June 2005 it has been revised further downwards to 1.2%. Britain has fared a lot better than the euro-zone but there are signs that growth of its economy is slowing. Growth of GDP to March has gone down to 2.8% and employment growth has softened. The booming housing market has also slowed appreciably. It is therefore likely that the Bank of England will choose to cut interest rates which are much higher than the euro-zone's at 4.75%.

Australia

The Australian economy appears to be slowing after a strong performance last year. However, most analysts

predict that the slowing will only be small and is necessary to prevent the economy from over-heating.

Figure 7: Australia GDP and CPI



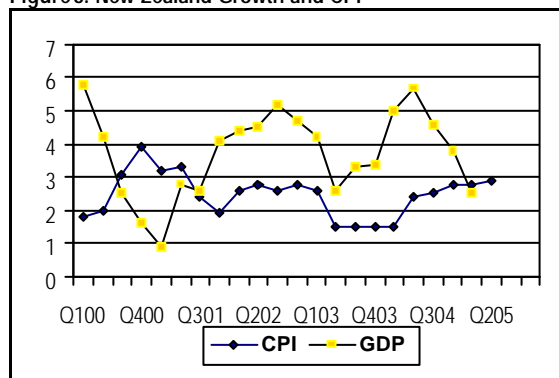
Source: Reserve Bank of Australia

The RBA increased interest rates in March but kept them on hold for the 2nd quarter as the hike hit consumer confidence hard. Business sentiment however has remained robust throughout and the rate of employment has continued to increase. Australia's growth is currently very imbalanced with strong domestic demand and weak exports, despite Australia facing its best terms of trade in 10 years due to high commodity prices. But there are signs of some corrections, with domestic demand slowing. Demand for housing also began to go down in the second quarter of 2005 after the March rate rise. The forecast for growth for 2005 is of a robust 2.6%.

New Zealand.

The New Zealand economy looks set to slow following high growth in the past.

Figure 8: New Zealand Growth and CPI



Source: Reserve Bank of New Zealand

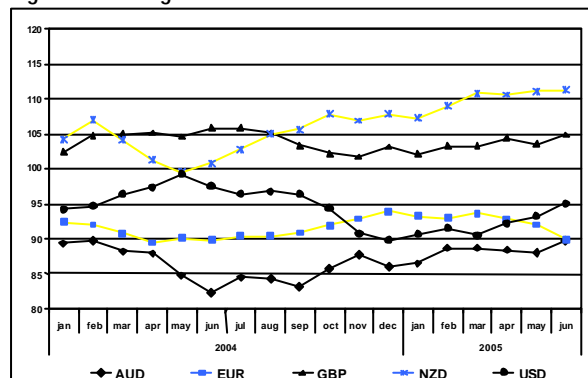
A key reason has been supply side constraints. Unemployment is at a 19 year low, there are skills shortages and a limited labour supply and capacity utilization is nearing record high levels at over 90%. Monetary conditions are very tight in New Zealand with interest rate highest among developing countries. This is likely to remain unchanged as inflationary pressures continue to build and the limited labour supply continues to bid wages upwards. Confidence surveys have started to take a turn for the worse and business confidence is low which is likely to undermine investment and employment in the near future. The export industry has also been affected by an over-valued currency with no sign that this is about to change. These factors mean that growth is likely to grow at a slower pace of 2.5 percent.

Financial Markets

Exchange Rates

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

Figure 9: Exchange Rates



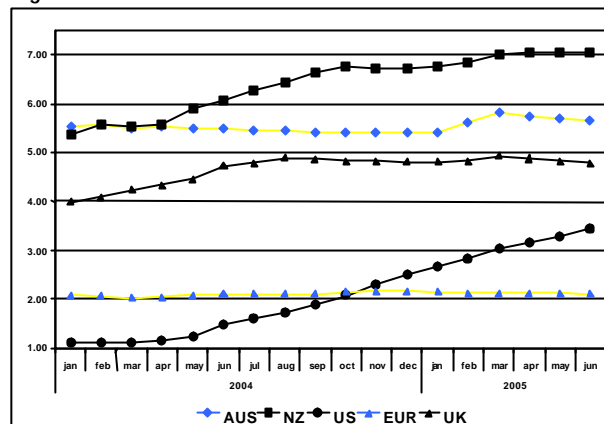
Source: Bank of England

The US dollar ended the quarter at a value of 90.52. It rose consecutively in the three months of the second quarter to reach a value of 95.04 in June, a rise of some 5%. This rise in the US Dollar was matched by a depreciation of the euro which dropped in the three months of quarter two by 4.2%. The New Zealand dollar appeared to have stabilized after a period of rapid appreciation, growing by only 0.4% within the quarter. The British Pound has also been fairly stable where as the Australian dollar showed slight appreciation in June.

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 10: Short Term Interest Rates



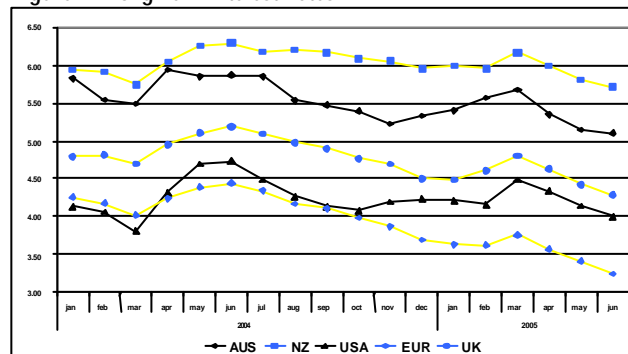
Source: Reserve Bank of Australia, Reserve Bank of New Zealand, European Central Bank, Bank of England

The US short term rate rose from 3.03% in March to 3.43% in June, an increase of 40 basis points, as the Fed continue to increase interest rates due to inflationary concerns. The short-term rate in the UK has started to decline which is evidence that the Bank of England could soon reduce interest. The UK short term rate fell from 4.92% in March to 4.78% in June. Short-term rates in New Zealand, Euro-Area and Australia remained stable over the period.

Long term interest Rates

Long term interest rates (graph below) in terms of 10 year bond rate have gone down in major economies. This contrasts with the pictures of rising short-term rates especially in the US, a 'conundrum' according to Chairman of the Federal Reserve, Alan Greenspan.

Figure 11: Long Term Interest Rates



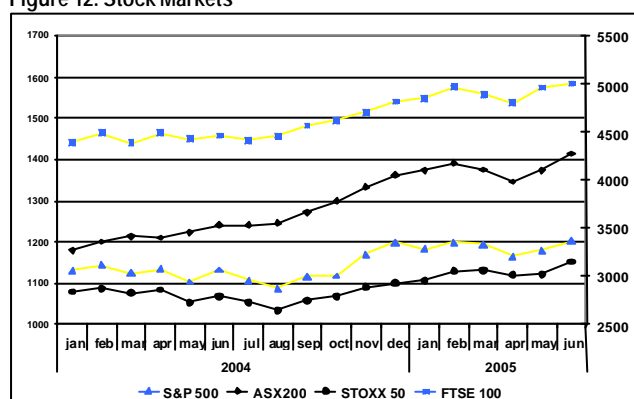
Source: Reserve Bank of Australia, Reserve Bank of New Zealand, Bank of England, European Central Bank.

Low bond rates usually signify low GDP growth, but we are currently in a recovery period and growth in most countries remains robust (Eurozone excluded). Greenspan is confident that the low bond rates do not point to a US recession as the economic indicators remain strong. Analysts believe that the low world bond rates are simply a result of the forces of demand and supply. There is currently a huge demand for savings in the world as the baby-boomers save for retirement. In addition, there is a massive demand from India and China who have just joined the world market, and have led to a short supply of attractive investment projects to absorb savings. This has driven up the demand for bonds and driven down their yield. The phenomenon of low bond yields and high GDP growth is a new phenomenon that we are going to experience for some time.

Stock Markets

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

Figure 12: Stock Markets



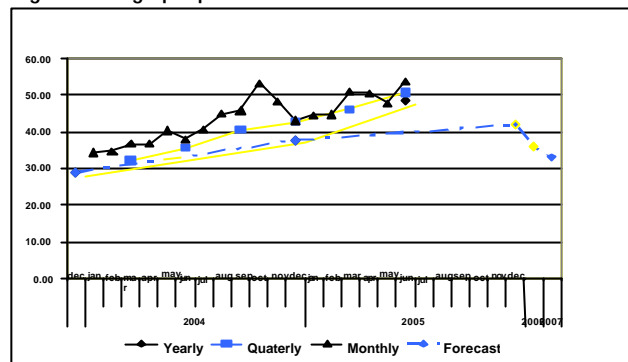
Source: European Central Bank, Reserve Bank of Australia, Reserve Bank of New Zealand, London Stock Exchange.

The S&P 500 is measured on the left axis while the other indices are measured on the right axis. The graph shows that in the second quarter of 2005 shares generally performed well as major market showed increases from the levels in March, the largest increase was from the Australian ASX200 index which increased 7.4% from April to June, the S&P500 was the slowest mover with just 3.2%, the UK FTSE 100 and European STOXX50 moved at 4.2% and 4.5% respectively.

Oil Markets

The recent trend in high oil prices shows no signs of abating as it grew again between March and June, Spot prices for Crude Oil actually fell in April and May before rebounding strongly in June to reach \$53.89 a barrel.

Figure 13: Avg Spot prices for Crude Oil



Source: The World Bank Pink Sheet August 2005.

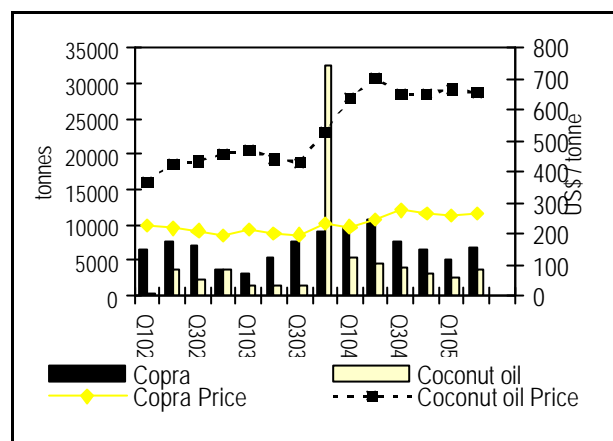
This represents a quarter to quarter increase of 9.8% and an increase of 9.6% on this time last year. It looks likely that high oil prices are set to stay until at least the end of the year with forecasts of an average for \$42 a barrel for 2005 but then dropping to \$36 and \$33 a barrel for 2006 and 2007 respectively. The high oil prices are likely have a down-side effect on world growth this year and a source of upward pressure on inflation in many countries.

2. Domestic Economic Development

2.1 Real Economy

Growth in the first two quarters of this year appears to be on track for the projected level of 2.9%. The agricultural sector has been a lot slower, kava excepted, than it was this time last year but this is to be expected as production, especially of Copra, was artificially boosted in the first half of 2004 as Cyclone IVY felled many nuts, in comparison with previous years however production is high. The tourism sector has seen strong growth on this time last year, especially day visitors which increased dramatically following a slump last year.

Figure 14: Copra & Coconut Oil Production



Copra production registered an increase of 31.65% on the level seen in the first quarter of 2005, which represents a decrease of 36 percent on last year, this is due to cyclone Iy. Following the increase in Copra, coconut oil production also increased by 50.6% on last quarter, but decreased by 20.3 percent in comparison to this time last year. The high increases on a quarter to quarter basis mainly reflect the seasonality of production which tends to be higher in the latter half of the year. The world prices of Copra and Coconut oil (as shown on the graph) have remained fairly stable since last quarter declining by 0.45 percent and 1.8 percent respectively, where as the domestic price for Copra declined by 8.9% on last quarter to Vt 21,558 a ton.

Cocoa production was also down on last year's level by 65%, this is mainly due to the cyclone last year which damaged many Cocoa plants. It is also planting season for the farmers which means less cocoa is being harvested. There is hope that production next year should be more stable due to the growth of cooperatives. The domestic price for Cocoa also declined year on year, by 21.2 percent to reach Vt73,067 a ton, the world price for Cocoa also declined by 6.2% to reach 154.5 c/kg.

Table 1 Domestic Production Summary

Domestic Data

Annual

	2000	2001	2002	2003	2004
Real GDP Growth	2.7	-2.7	-4.9	2.4	3.2
Annual inflation	2.5	2.3	2.3	2.9	0.8
Production					
Copra(t)	27,294	20,234	25,608	28,925	36,822
Cocoa(t)	1,557	797	868	1,346	865
Beef(t)	3,753	3,028	2,531	3,099	2,984
Coconut oil	8,733	8,733	9,856	7,725	17111
Kava	555	935	601	491	828
Air arrivals(no.)	57,591	53,300	49,462	50,400	60,611
Cruise arrivals(no.)	47,648	52,778	49,447	51,995	37,870
Hotel Occ. Rate	52.0%	49.8%	44.2%	46.5%	51.9%

Energy Consumption 42,281 41,874 41,341 42,849

Quarterly

	2005				
	q204	q304	q404	Q105	Q205
Real GDP Growth	-	-	-	-	
inflation rate	2.3	2.9	0.8	1.0	1.3
Production					
Copra(t)	11,597	9,434	6,587	5,017	6,601
Cocoa(t)	357	180	296	49	125
Beef(t)	607	819	875	593.1	756.3
Coconut oil	4,641	4,038	3176	2457	3700
Kava	189	269	283	113	227
Tourist	11,893	19,005	18,225	12,648	13309
Cruise arrivals(no.)	6,436	4,540	9,909	19,454	12686
Hotel Occ. Rate	49.5%	70.1%	78%	55.5%	49.4
Energy	10,495	9,968	10,319	14,053	10,920

Kava

Kava was the only agricultural commodity to see an increase on last year's level, with exports increasing from 189 tons last year to 227 tons this year, a 20.1% increase. Production also increased on last quarter but this just represents the natural seasonality of the kava root, production is usually lower at the start of the year.

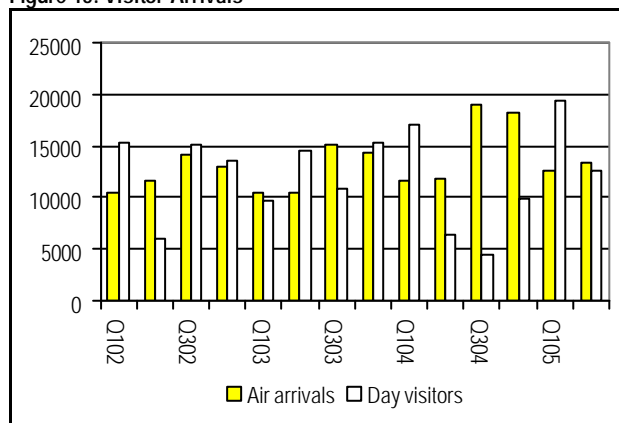
Tourism

The tourism statistics for quarter one and two have now been compiled and the figures for both air and day arrivals are encouraging. The first quarter is usually the slowest quarter for tourism therefore quarter to quarter drops in tourist numbers from the fourth quarter are usually expected. This was observed in air arrivals which dropped 30.6 percent from quarter 4 2004 to quarter 1 2005. However, this represents an increase of 9.5 percent on quarter one 2004. Day visitors in the first quarter of 2005 however saw a large increase on the fourth quarter of 2004, by 96.3 percent, this represents an increase of 14.5 percent on quarter one 2004.

The second quarter tourism figures continued on the impressive upward trend of the first with air arrivals increasing 12.4 percent on a year ago and day visitors increasing 97 percent over the same period.

The large increase in day visitors was caused by the increase in the number of port calls by cruise ships, which suffered a large drop in 2004.

Figure 15: Visitor Arrivals



Inflation

Headline CPI in the second quarter of 2005 increased from 1.0 percent in quarter one to 1.3 percent in quarter two, where as headline inflation actually declined from 1.0 percent in quarter one to 0.7 percent in quarter two.

The increase in CPI for this quarter comes mainly from price increases in Lugainville which went up 3.8 percent compared to 0.8 percent in Port Vila. The main cause of the

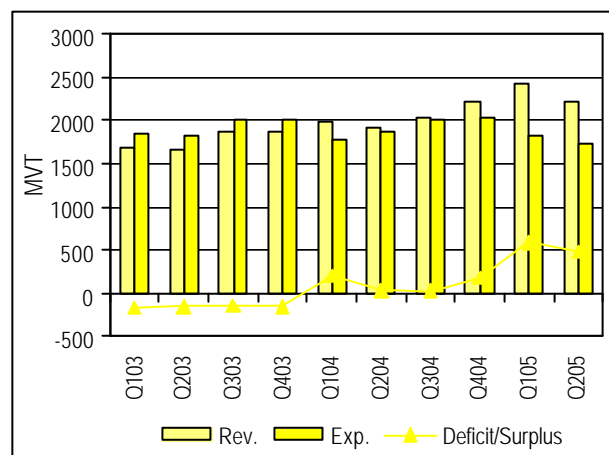
increase in total CPI was an increase in recreation, education and health, by 3.2 percent, housing and utilities rose 2.7 percent, drinks and tobacco also increase, by 1.9 percent. The only item to decrease from last year was household supplies which went down by 0.9 percent. There were also increases in food (0.46%), clothing and footwear (0.7%) and transport and communication (0.6%).

3.2. Fiscal Operations

The Vanuatu Government fiscal position continued to improve following the trend experienced during the first quarter of 2005. The quarter under review witnessed another budget surplus as a result of continuing improved revenue collection, continuing tight expenditure control measures and increase inflow of donor funds.

This improved government position had contributed to an improvement in net claims on government resulting from improved government deposits compared to the same period of previous year. Apart from prudent fiscal control by the Department of Finance, this is an indication of improvement within the domestic economy.

Figure 16: Government Expenditures and Revenue.

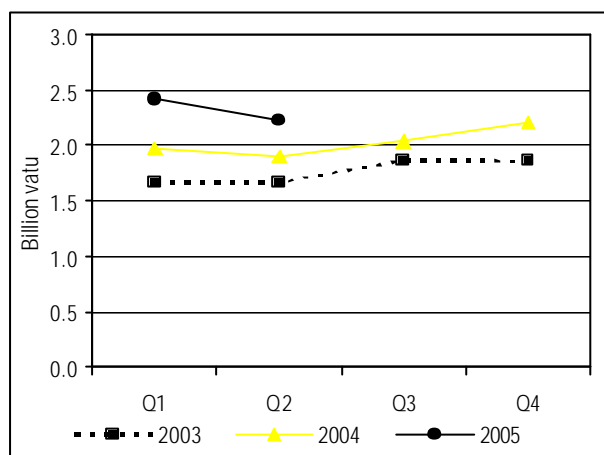


For the second quarter of 2005, the central government overall fiscal operations depicted another surplus of VT486.2 million as compared to a surplus of VT30.9 million recorded during the corresponding quarter of 2004. This improved fiscal position stemmed mainly from a decrease of 7.1 percent in expenditures, with an increase of 17.0 percent in revenue and grants, both over the corresponding quarter of 2004.

3.2a. Revenue

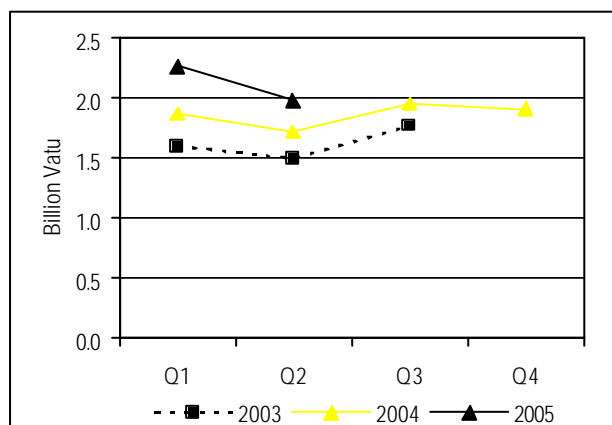
During the quarter under review, overall revenue (including grants from abroad) amounted to VT2226.3 million, 17.0 percent higher than the level attained in the corresponding quarter of 2004. This improvement is attributed to increase in tax revenue by 15.6 percent over the corresponding quarter of 2004, reflecting strengthened collection efforts, strengthened economic activity and increase donor funding.

Figure 17: Revenue and Grants



Of the budgetary account, actual recurrent revenue for the first six months of 2005 accounted for 53.6 percent, which is slightly higher than the amount of revenue collection expected for this period.

Figure 18: Domestic Revenue

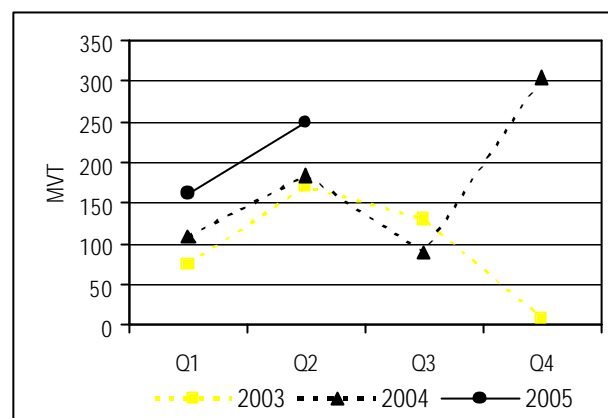


Revenues from non-tax sources which constituted the remaining 12.0 percent of total recurrent receipts increased by 10.2 percent from the corresponding quarter of 2004.

Grants received for this quarter totaled VT249.5 million, displaying increases of 36.0 percent and 54.9 percent over the corresponding period of 2004 and first quarter of 2005,

respectively. The increase in grant aid for this quarter is partly attributed to budget support from the abroad.

Figure 19: Grants



3.2b. Expenditures

Total outlays displayed a decrease of 7.1 percent as compared to the corresponding quarter of 2004. This is due principally to decreases in both recurrent and capital expenditures by 4.4 percent and 40.4 percent, respectively. Total expenditures and net lending totaled 43.6 percent of the budget.

By economic classification, salary and wages, which accounted for 56.6 percent of total recurrent expenditures increased by 2.5 percent from the corresponding quarter of 2004. This increase is attributed to Member of Parliament allowance backdate payments during the month of June.

3.2c. Financing

A fiscal surplus of VT486.2 million was incurred for the second quarter of 2005. The Government had an overdraft arrangement for a limit of VT400 million with the Reserve Bank of Vanuatu, for any short term cash shortages.

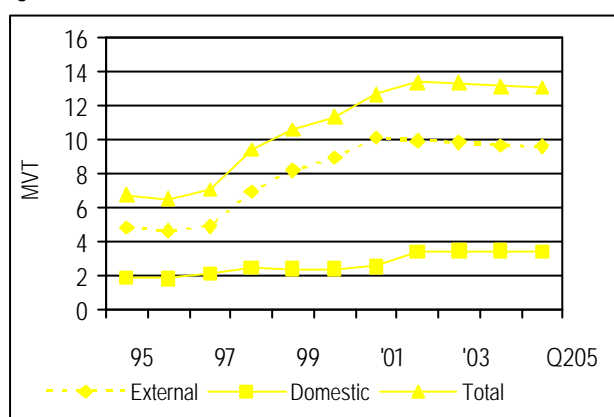
During the second quarter the Government rolled over VT200 million of maturing bonds. As a result commercial banks net claims on the Government improved by 2.1 percent and 5.2 percent from first quarter of 2005 and same quarter of 2004, respectively. This improvement stemmed mainly from the improvement in government deposits.

3.2d. Outstanding Government Debt

At the end June 2005, total outstanding public debt stood at approximately VT13.1 billion, of which 26.3 percent, or VT3.4 billion is domestic debt. Total estimated outstanding public debt represents 34.7 percent of nominal GDP.

Domestic debts in terms of bond holding total VT3,219.1 million. From this total bond holding, the RBV has a share of 26.8 percent, commercial banks 26.0 percent, corporate bodies 47.1 percent and others 0.1 percent.

Figure 20: Public Debt



Total external debt of Vanuatu is approximately VT9.6 billion and representing 73.7 percent of total public debt. External debt consists of bilateral and multilateral loans arrangement.

Monetary developments

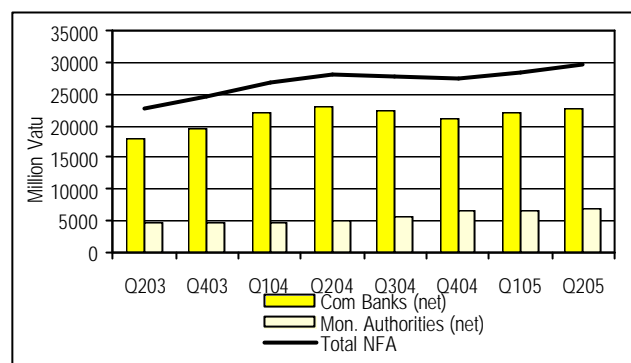
Following its increase by 3.9 percent in the preceding quarter, total money supply continued to grow strongly in the June quarter by 3.8 percent to VT41170.0 million. Inflows through the balance of payments and expansion in domestic credit continue to underpin the monetary expansion in the second quarter. Moreover, the liquidity overhang which was experienced over the previous quarters has continued through this quarter and consequently contributed to further downward trend in short-term interest rates. The downward pressure on interest rates coupled with other developments triggered the Reserve Bank to reduce its discount rate by 0.25 basis points.

Determinants of money supply

Net Foreign Assets

The inflows through the balance of payments were reflected in the growth of total net foreign assets (NFA) by 4.0 percent as the NFA positions of the monetary authorities and the commercial banks each recorded increases of 4.0 percent during the review quarter. Over the year to June 2005, total net foreign assets grew by 6.1 percent.

Figure 21: Net Foreign Assets



The NFA position of the monetary authorities expanded for the fifth consecutive quarter, adding VT268 million or 4.0 percent. The increase, which was 43 percent higher on last quarter, was driven mostly by purchases of foreign exchange from the Government and others which more than offset outflows through commercial banks to cover import bills. Foreign exchange purchases from the Government were mostly receipts of foreign fishing licenses and inflows of donor funds to the Government. Reflecting the increase in the monetary authorities' NFA, the official reserves are currently sufficient to cover 5.88 months of import, up from 5.58 months of import cover in the previous quarter. Over the last twelve months, the monetary authorities' NFA position expanded by a substantial 36.1 percent. Net foreign exchange purchases from commercial banks as well as notable inflows through the Government, especially inflows of Chinese grants to the Government during the year were responsible for the increase.

Commercial banks' NFA also depicted a comparable growth rate to the monetary authorities' NFA. This trend was contributed mainly by a 5.1 percent increase in commercial banks' claims on other banks and financial institutions outside Vanuatu, while their due's to those banks and financial institutions overseas fell by 23.7 percent. Likewise, Commercial bank's liabilities in terms of demand deposits in foreign currency have shown growth. Despite this increase, the current level of commercial Banks NFA was somewhat lower by 0.5 percent from the same quarter of 2004.

Domestic Credit

Total domestic credit grew further by 2.4 percent during the quarter under review. This growth was contributed mainly by loans to private sector. Net credit to the Government and credit to non-financial public enterprises and municipalities indicated decreases from the previous quarter. Over the year to June 2005, domestic credit rose by 5.9 percent.

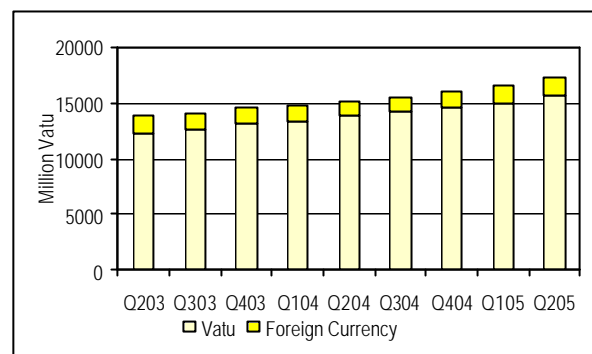
Net claims on Government vis-à-vis the banking system substantially improved from the previous quarter by 67.3 percent. The quarter-to-quarter improvement stemmed mainly from the Governments' net lending position with the monetary authorities and to a lesser extent its net position with the commercial banks. The Government's net position with the banking system also improved from the same quarter of the previous year by a vast 86.9 percent.

Improvements in Government revenues and grants over its expenditures during the quarter were the main reasons for the improvement in the Government's net lending position with the banking system. As a result, Government deposits with the Reserve Bank grew by 6.2 percent from the previous quarter. The factors that contributed to the favorable outcome of Government finances include; a) grants from Chinese government and budget support from the European Union and b) increase in revenue collection. Furthermore, the Government refrained from operating an overdraft with the Reserve Bank since April 2005 up till the end of this quarter.

Private sector credit grew further by 4.6 percent in the June quarter to VT17345.3 million. This level was also up by 13.6 percent from the past twelve months. This growth trend reflects the positive growth in the economy. Furthermore, of all total loans extended, 85 percent are classified performing while the remaining 15 percent are classified as non-performing. This trend also implies that the rate of return on investment over the previous quarter may have been positive.

The only sector which contributed to the above quarterly growth was individual and households sector which received an increase in loans and advances of VT2.1 million or 38.2 percent. These loans are geared for personal requirements, particularly lending for housing and land purchases which recorded a quarterly growth of 5.1 percent and other personal sectors which marginally increased by 0.6 percent. Loans and advances for businesses and others category (non-profit entities) recorded reduction in credit by 13.1 percent and 3.7 percent, respectively.

Figure 22: Private Sector Loans



In terms of credit to various economic sectors, the aforesaid growth was experienced in credit to manufacturing which rose by 6.8 percent, this development was also related to the increase in imports for basic manufactures products, miscellaneous manufacturer goods and chemical products. The Distribution sector recorded a 0.7 percent rise which was concentrated in retail outlets. The Tourism sector also noted a 1.0 percent rise; this was mainly contributed to by an increase in loans for tourism related activities, apartments and hotels. Finally the construction sector received an increase by 7.1 percent in credit; the bulk of the increase came from land development.

Loans extended for housing and land purchases continued to consume the largest share of private sector credit with 23.5 percent. This share remains virtually unchanged as in the previous quarter. Personal loans followed with 19.9 percent a decline of 0.5 basis points. Construction sector increased its share to 17.0 percent while distribution sector reduced its share to 9.9 percent from the previous quarter.

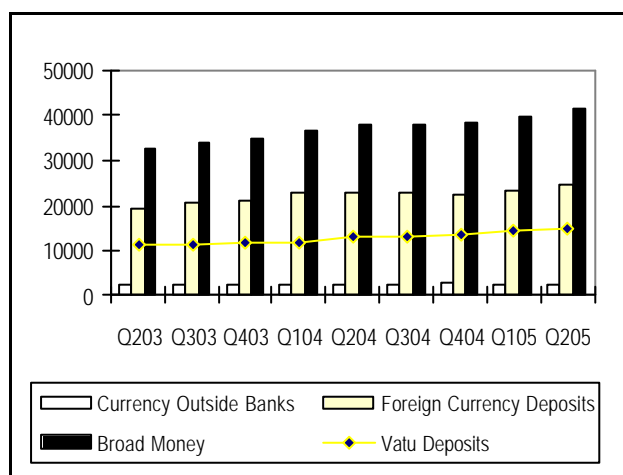
Components of Money Supply

The money supply growth during the reviewed quarter was also reflected by increases in all its components, of which narrow money increased by 9.1 percent and quasi-money by 1.1 percent. Over the last twelve months to June 2005, narrow money expanded by 22.5 percent and quasi-money by 2.6 percent. The expansion in narrow money denoted that money continues to flow in to the economy to support transactions that are taking place.

The growth in narrow money was affected by all its components of which both currency outside banks and demand deposits grew; by 6.0 percent and 9.7 percent respectively. The increase in currency outside banks follows the high demand for currency by the public.

In terms of deposits denomination Demand deposits in local currency fell by 4.5 percent over the quarter while, demand deposits in foreign currency grew by 18.8 percent. Time and savings deposits in local currency increased by 1.6 percent in contrast to a decline in its foreign currency component by 1.9 percent. The decline in demand deposits in local currency and the decline in time and savings deposits in foreign currency indicated that residents may be converting their demand deposits in local currency to foreign currency or may be switching long-term deposits in foreign currency to demand deposits to cater for overseas transactions, particularly imports which increase dramatically during the quarter.

Figure 23: Money Supply



Deposits with Commercial Banks

Overall deposits of residents (excluding Government deposits) held with the commercial banks at the end of the quarter recorded a growth of 3.7 percent or VT1389.6 million to VT38827.9 million. The trend in deposits was mainly contributed to by foreign currency deposits which increased by VT1005.2 million, and to a lesser extent local currency deposits which increased by VT384.4 million.

In terms of ownership of deposits, individuals continued to account for the largest share with 47.0 percent, though its share declines from 53.9 percent from the previous quarter. Private businesses followed with 39.3 percent, an increase in share by 3.1 basis points. Deposits of non-financial public

enterprises and others category comprises 7.6 and 5.8 percent, while deposits of municipalities and the Government makeup the least share of 0.1 percent and 0.5 percent, respectively.

Interest Rates

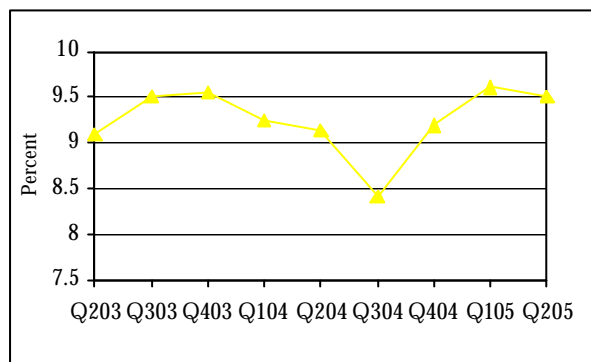
In the June quarter, the interest rate ranges for various commercial bank deposits and commercial banks loans noted few changes. Interest rate ranges for savings deposits and few maturities of the fixed deposits were maintained as in the previous quarter. However, the maximum rate on maturities from two to six months indicated a decline of 0.25 percentage points to a range of 2.00-5.75 percent. The minimum interest on maturities above six months also noted a drop of 0.5 percentage points to 2.25-7.00 percent. Due to the aforesaid movements the weighted average interest rates on all deposits during the quarter was down by 0.10 percentage points to 2.14 percent. (Note that the weighted average interest rates for last quarter was revised to 2.24 percent from 2.13 percent as previously reported)

On the lending side, the minimum interest rate on commercial loans was up by 0.25 percentage points to a new range of 5.25-16.00 percent while the lower interest rate on housing loans was up by 3.05 percentage points to range between 8.25 percent and 14.75 percent. Despite the increases in interest rates for few loans as already mentioned, weighted average interest rates for total bank loans was reduced slightly by 0.1 percentage points to 11.65 percent.

Interest Rate Spread

The interest rate spread as depicted in figure 7, fell from 9.61 in the previous quarter to 9.51 in the reviewed quarter. This indicated that interest rate spread is slightly narrowed as contributed by the decline in weighted average interest in deposit rate and a slight fall in the weighted average interest on total bank loans.

Figure 24: Interest Rate Spread



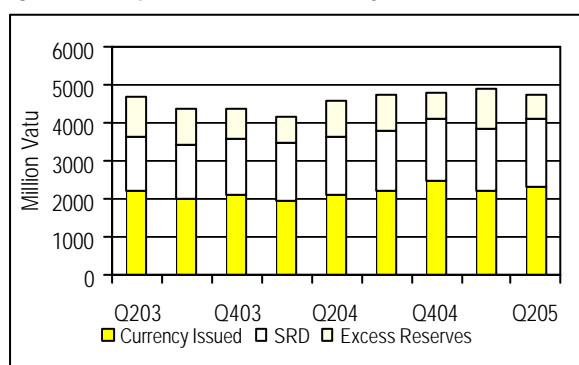
Reserve Money

Reserve money¹ registered a decline in the second quarter of 3.9 percent to VT5086.1 million, the current level was higher by 3.7 percent compared to the same quarter of last year. The main contributing factor to the decline comes from excess reserves which dropped dramatically by 39.5 percent. SRD and currency outside banks on the other hand recorded growths during the quarter.

The considerable contraction in excess reserves was contributed by a) an improvement in net credit to the Government with the Reserve Bank, and b) an increase in outstanding RBV notes.

An increase in SRD indicated that resident's deposits denominated local currency as well as their demand deposits in foreign currency expanded over the period of April and May 2005.

Figure 25: Components of Reserve Money

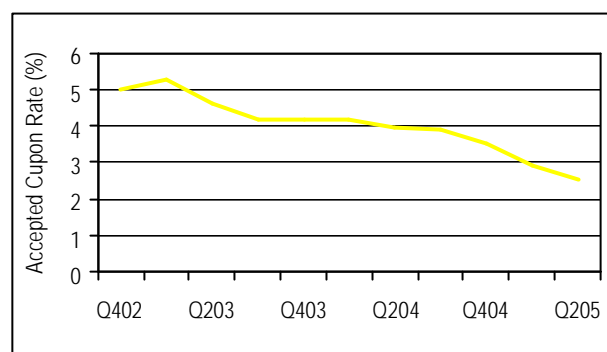


¹ Reserve Money comprises of currency outside banks, statutory reserve deposits (SRD) and excess reserves.

RBV Notes

By end of the second quarter, 2005, the RBV notes outstanding stood at VT1,025 million compared to VT825 million at the end of the first quarter. Consequently, the liquidity level within the banking system has declined considerably by VT398 million during this same period. This decline in liquidity is also attributed by the improvement in the Government's overall position with the Reserve Bank during the second quarter.

Figure 26: 91-days RBV Notes Yield



The total accepted tender for the quarter was VT1,600 million, out of which VT250 million was allotted to 14-days, VT325 million to 28-days, VT425 million to 63-days, VT350 million to 91-days and VT250 million to 119-days.

The weighted average yields on RBV notes for 14-days, 28-days, 63-days and 91-days maturities have all decreased from 3.18 percent, 3.14 percent, 3.14 percent and 3.15 percent in the previous quarter to 2.65 percent, 2.64 percent, 2.76 percent and 2.54 percent respectively in the second quarter. The 119-days RBV notes were re-introduced during this quarter due to the high liquidity level which persisted during most of the previous quarter and its weighted average yield for the quarter stood was 2.62 percent. Overall, the weighted average yield on RBV notes continued to trend downwards to 2.65 percent in the second quarter.

Domestic Banks

Balance Sheet

June 2005 quarter depicted a growth in the industry's balance sheet footings by 3 percent to Vt58.1 billion (Vt56.6 billion, Mar'05). This was driven mainly from an increase in claims on private sector and balance due from other banks by 5 percent and 4 percent to Vt17.2 billion and Vt33.8 billion respectively. On the liability side, domestic deposit liabilities increased by 3.9 percent to Vt39.1 billion (Vt37.6 billion, Mar'05). Refer to figure 1.

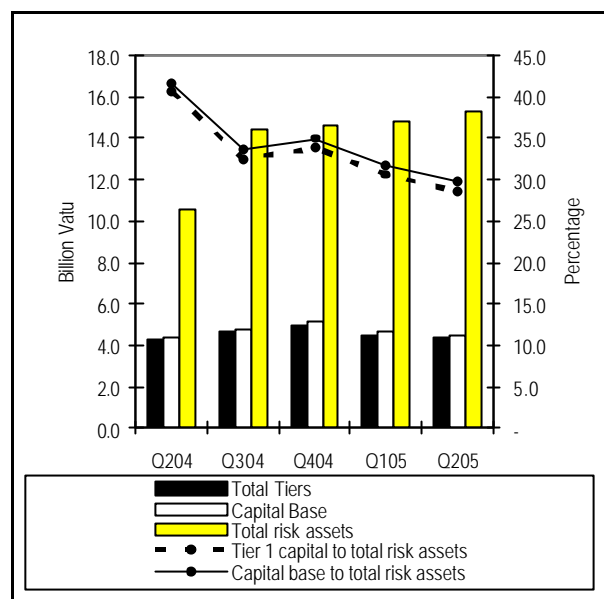
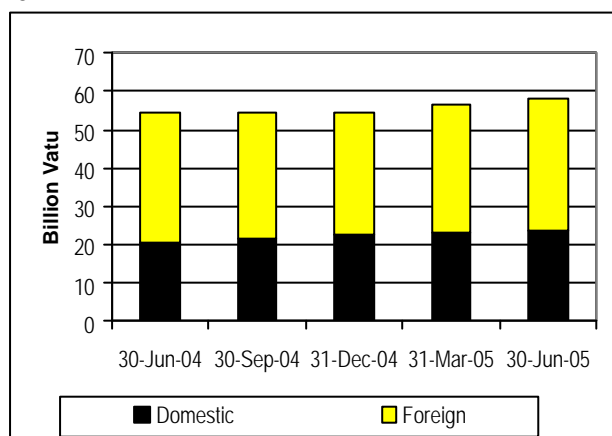


Figure 27: Asset Position - Domestic Banks



Capital Adequacy

The Domestic banking industry's capital base recorded a marginal decline over the quarter ending June 2005 by 3.5 percent to Vt4.5 billion from Vt4.7 billion. Total risk weighted assets increased by 3.5 percent to Vt15.3 billion which consequently reduced capital adequacy ratio by 6.7 percent to 29.7 percent (31.8 percent, Mar'05).

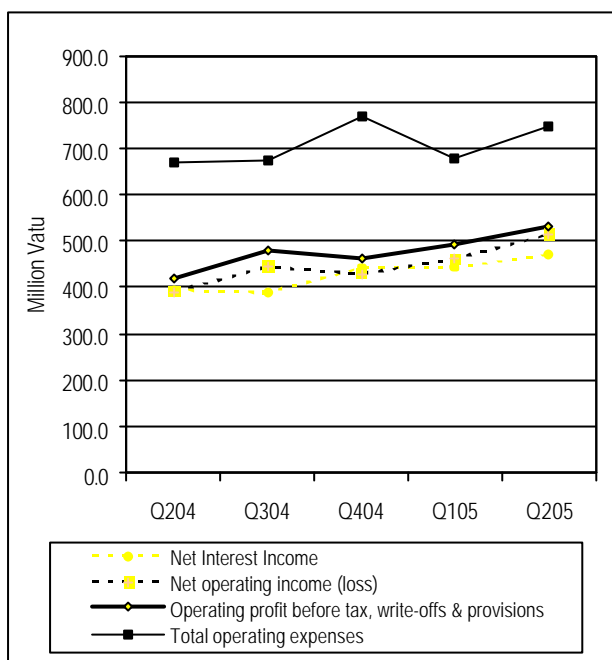
Figure 28: Capital Adequacy - Domestic Banks

Earnings

Earnings for this quarter increased by 11.5 percent to Vt514.5 million (Vt461.3 million, Mar'05). The growth sourced mainly from an increase in non - interest income by 14.4 percent to Vt456.0 million (Vt398.7 million, Mar'05) and a significant decline in bad debt written - off by 109.3 percent to negative Vt303 thousand (Vt3.2 million, Mar'05) (see figure 3).

The growth this quarter impacted on the industry's ROA, which increased from 0.88 percent to 0.93 percent and ROE from 7.68 percent to 8.62 percent.

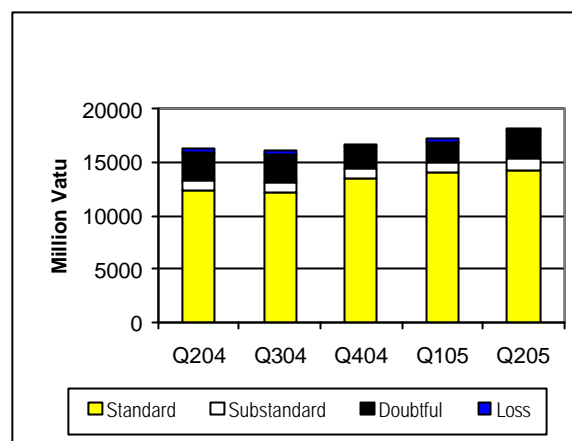
Figure 29: Profit - Domestic Banks



Impaired Assets

The quality of the industry's asset deteriorated further over the reviewed quarter. Total lending assets were reported at Vt18.2 billion of which impaired assets (doubtful and loss loans) represents 15.1 percent (Vt2.7 billion) compared to Vt2.2 billion at the end of March 2005 quarter. Standard and substandard loans accounts for 79.0 percent (Vt14.3 billion) and 5.9 percent (Vt1.1 billion) of the total lending assets, respectively. Total security held against the exposures increased slightly by 2.7 percent to Vt11.3 billion over the last quarter. Refer to figure 4. It appears that the impaired assets are well covered by the security held by the banks.

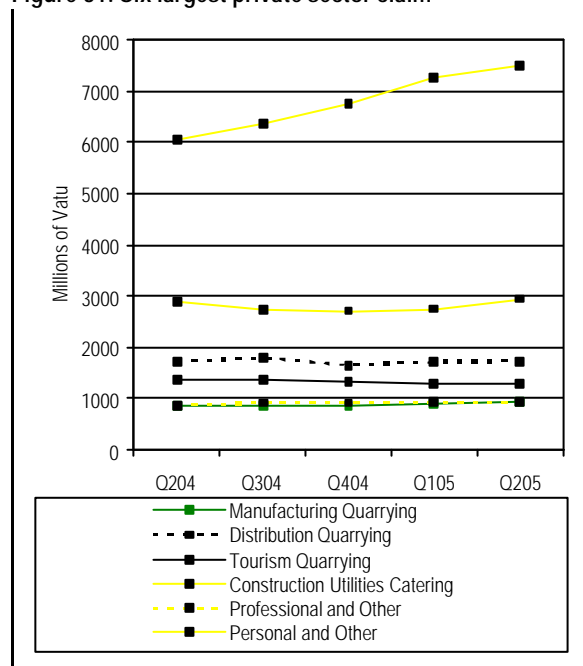
Figure 30: Asset Quality Domestic Banks



Sectoral lending

The industry's lending distribution over the last quarter (refer to figure5) continues to show a high concentration to personal sector at Vt7.5 billion. This is followed by construction and distribution sectors at VT2.9 billion and Vt1.7 billion respectively.

Figure 31: Six largest private sector claim



The major growths reported over the reviewed period were, construction and manufacturing sectors. Both recorded a 7 percent growth against lending to fisheries and agriculture sectors, which reported a fall of 28 percent and 7 percent respectively at the end of the period.

International Banks

Overview

The June quarter was dominated by the off-site inspections of the international bank's compliance with the International Banking Act, the Financial Transactions Reporting Act and the Prudential Guidelines issued by the Reserve Bank.

Few developments over the quarter highlighted the entry of a new international bank to operate under the International Banking Act. The Reserve Bank of Vanuatu, in exercise of the powers conferred by Section 7(1) of the International Banking Act No. 4 of 2002 issued an international banking license to Bekoz Bank Limited on 03rd June 2005. This brings a total of 7 international banks to conduct banking business from Vanuatu.

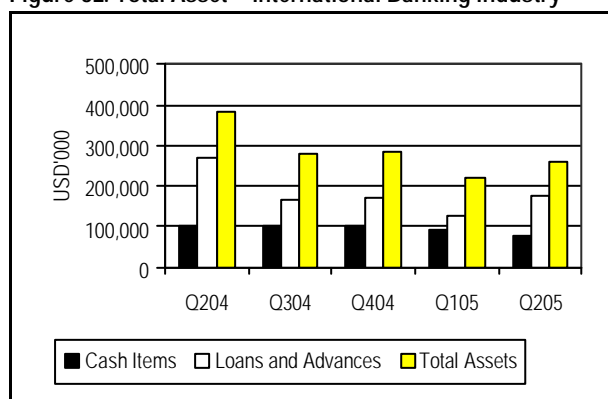
A number of inquiries to set up international banks in Vanuatu were also received by the Reserve Bank over the quarter.

Balance Sheet

June 2005 highlighted a slight improvement in the industry's balance sheet footings by 16.3 percent to USD258 million (USD222 million, Mar'05). The growth was driven mainly from a 39.0 percent rise in the industry's loan and advances to USD174 million over the last quarter.

The two major components of the industry's assets still remain to loans and advances and cash items which account for 67.5 percent and 30.6 percent of the total assets respectively. Refer to figure x below.

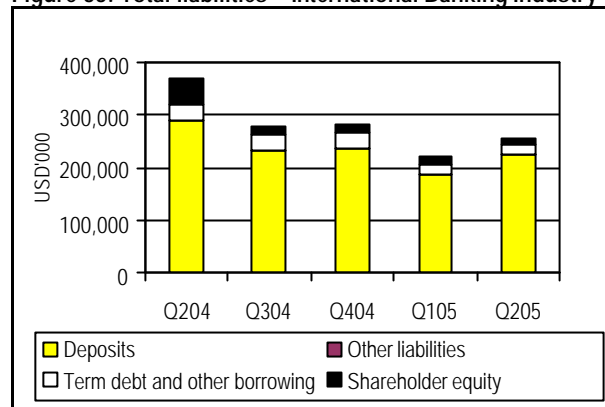
Figure 32: Total Asset – International Banking Industry



On the liability side, deposits from corporations make up the bulk of the industry's liabilities over the last quarter. Total

deposits accounts for 87.1 percent (USD 225 million) of the total liabilities. Refer to figure y.

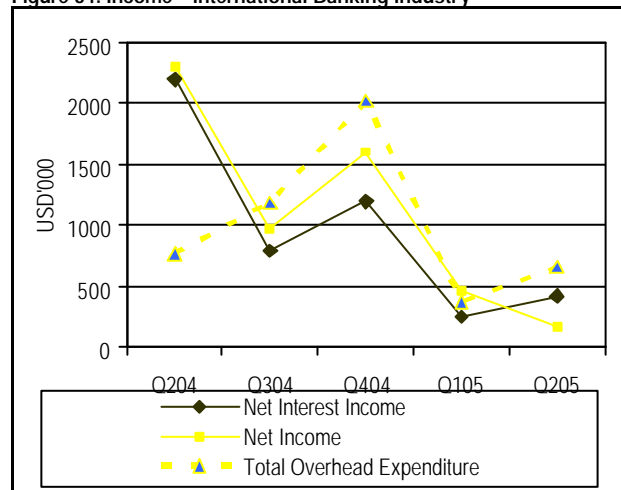
Figure 33: Total liabilities – International Banking Industry



Earnings

The industry's net income continues to decline by 64.5 percent to USD 166 thousand during the reviewed quarter (USD467 thousand, Mar'05). This resulted from an increase in the industry's overhead expenses by 76.9 percent to USD 658 thousand over the last period. The industry's total interest income improved over the June 2005 quarter by 71.7 percent to USD424 thousand. Refer to figure 34.

Figure 34: Income – International Banking Industry



3.4. Financial Development

3.4.1. Total Local Expenditures

Total estimated local expenditures of Finance Centre institutions recorded a quarterly increase of 1.6 percent and an annual increase of 22.0 percent. The increase from the previous quarter of 2005 was attributed to an increase of 4.6 percent in total recurrent expenditures.

From the estimated total expenditures of VT865.4 million, the banking sector continues to dominate with 43.0 percent, followed by trust and insurance companies with 29.1 percent, accounting firms with 15.4 percent and legal firms and offshore institutions with 12.5 percent.

Estimated taxes and levies paid by Finance center institutions and other private companies, showed annual and quarterly decreases of 11.0 percent and 26.9 percent, respectively. This decline came from decreases of 26.6 percent in central government fees, 53.6 percent in import duties and 27.9 percent in local government revenue.

There was an increase in total estimated capital expenditures of finance institutions and other private sector institutions by 37.6 percent from first quarter of 2005. This increase was recorded in all the sectors except trust and insurance companies which recorded a decline of 12.3 percent.

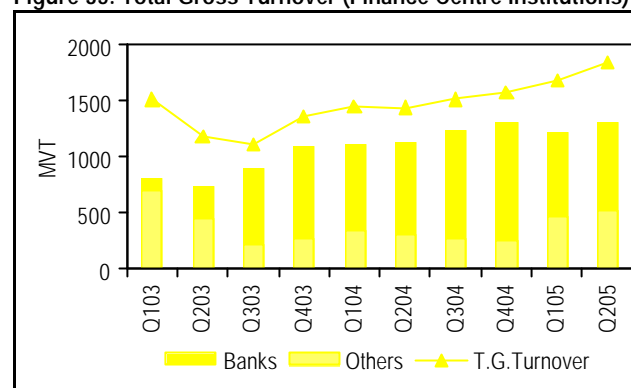
Estimated Value of total assets of Finance Centres and other private sector institutions increased by 6.7 percent from the previous quarter but decreased by 3.2 percent from the corresponding quarter of 2004.

The estimated number of employees in the finance centre institutions increased to a new high of 611 from 600 recorded during the first quarter of 2005. Ni-Vanuatu employees made up approximately 88.1 percent of this total.

3.4.2. Total Gross Turnover

Estimates of total gross earnings of Finance Centre Institutions showed an increase of 9.4 percent from the previous quarter and 27.7 percent from year ago level. This increase was attributed to increases in total earnings of commercial banks by 8.1 percent and gross income of trust and insurance companies by 26.5 percent from first quarter of 2005.

Figure 35. Total Gross Turnover (Finance Centre Institutions)



Total estimated net foreign exchange earnings increased by 6.5 percent from the corresponding quarter of 2004 and by 30.7 percent from the first quarter of 2005. This increase was attributed to increases of net foreign exchange earnings of commercial banks by 49.0 percent, trust & insurance companies by 73.4 percent and accounting, legal and offshore institutions by 22.7 percent.

3.4.3. Shipping Registrations

The shipping registry recorded a modest increase in the number of ships to 601 vessels, compared to 597 during the previous quarter and matching the same number a year ago. The increase was attributed to the addition of 19 new ships to the registry, while 15 ships de-registered.

There was an increase in net shipping fee figures by 7.2 percent from VT19.5 million recorded during the corresponding quarter of 2004. The average sized of a vessel at the registry had remained slightly larger than 4,500 GRT.

There remain certain issues to resolve between the Vanuatu government and registry in New York regarding reciprocal port tax treaties, Chile's ban of open registry vessels whose flag state has not entered into agreement with Chile, fishing legislation and regulations, regional fishing oversight bodies and sanitary certification of the fishing fleet. 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.

3.4.4. Company Registration

The number of companies registered with the Vanuatu Financial Services Commission (VFSC) recorded a total of 6,064 companies in the second quarter of 2005. This represents net increases of 221 from the same quarter of

2004, and a decline of 21 from March quarter of 2005. The number of new registrations was 117 companies, while 94 companies deregistered with the VFSC.

From the total number of companies, international² companies represent 75.2 percent, local companies made up 22.3 percent, while exempt³ and overseas⁴ companies accounted for 2.5 percent.

2.5 Balance of Payments

The developments in the external sector further expanded the country's official reserves although they had an adverse effect on the current account. All major accounts recorded net inflows but could not offset the large deficit occurred in the trade account.

The Capital and Financial account depicted more financing through investment and continued to drive the account into surplus.

2.52 The Merchandise trade

The deterioration of this major account was caused by a large trade deficit associated with the tight supply and strength in global demand for oil. In addition, demand growth in the quarter was driven by consumption and equipment investment whereby imports continued to expand at a faster pace than exports.

Imports:

Domestic imports went up significantly, by 31 percent, with food and live animals (24%), Basic manufacturers (55%) and Machines & transport (64%) equipments showing the largest increases. The high increase in this quarter was close to the anticipated value as the level of imports in the previous quarter had been low. The country's silver jubilee celebrations in July also added to the high import tally as many vehicles were imported for ministers and dignitaries.

Exports:

Domestic exports were down by 9 percent. The major commodities that contributed to this decline were copra (42%), cocoa(79%), and timber (72%).

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.

The reduction in the value of these goods offset increases in the value of coconut oil (57%) and beef (134%).

2.53 Services Account

Vanuatu's main foreign exchange earnings come from tourism and any fluctuations in tourism earnings will have an impact on the services account. In the quarter under review, net services marginally dropped by 1.5 percent reflecting the 13 percent decrease in tourism earnings. The depreciation of the Vatu against the Australian dollar during the June quarter contributed to the low earnings spent by Australian tourists during the period.

On the debit side freight payment was up by 32 percent over the quarter reflecting high import variance during the period.

2.54 Income Account

The income account is usually in deficit due to the large outflows of investment income. Although payments from investments are not leaving the country, they are regarded as earnings of foreigners and treated like interest paid to liabilities, therefore they appear as outflows on the balance of payments. When the stock of foreign liabilities is expanded, reinvested earnings is expected to increase in tandem, however the economic and political stability in Vanuatu do also contribute a lot to this item.

Income receipts from investment dropped by 13 percent this quarter which was probably due to the low returns earned from foreign currency denominated assets especially on currency and deposits. The fall could also reflect a reduction in the stock of foreign assets during the quarter.

2.54 Current Transfers Account

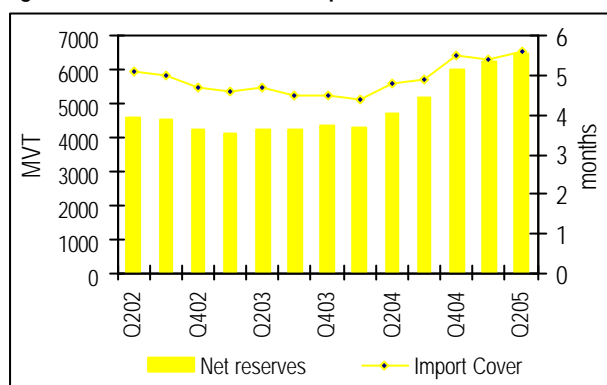
As a large proportion of current transfers represent official grant flows the level is driven by donor grants to the government of Vanuatu. In the June quarter there was an increase in grants offsetting decreases in other official transfers which led to an expansion of the whole government transfers.

2.55 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. The June quarter saw an increase in project goods provided by donors while continuous net outflows of migrant's transfers was recorded by the private sector.

The Financial account registered an increase in other investment assets as compared to a huge reduction in the last quarter and a further increase in the Reserve Bank foreign holdings. Other investment liabilities also increased in addition to FDI inflows creating a surplus in the quarter review. However, this level was not capable of meeting the current accounts deficit so the balance of payments statement produced an estimated error and omissions – a difference of the financing value.

Fig 36: Net official reserves & Import cover



The above development in the June quarter reflected an overall balance of VT260 million which further boosted Vanuatu's months of import cover to sustain 5.6 months from 5.4 months at the end of the previous quarter.

2.6 Exchange Rate Developments

The US dollar strengthened across the board during the period under review and in June in particular, consumer confidence and their insatiable appetite to spend money underpinned continued growth of the US economy. The US dollar is also expected to strengthen against the vatu in the coming months.

The development of the US dollar dominated the foreign exchange markets in the first half of 2005 and had a large bearing on the movement of the Vatu against the currencies of its major trading partners. At the time of writing this report, following China's abandoning its dollar peg, there has not been any impact of the US dollar against the vat.

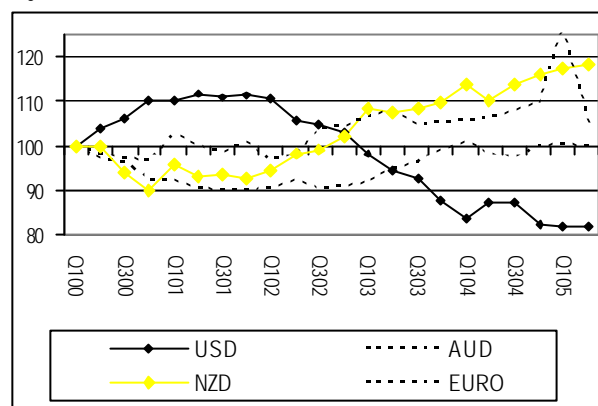
Fig 38: the Nominal and Real Effective Rate

However, further revaluation may see impacts against the vatu and other currencies.

At the close of the June quarter, the Vatu depreciated against the US dollar by (1.5%); AUD(0.4%) and NZD(0.4%) while it appreciated against the GBP (2.4%), JPY (and %) and EURO (5.1%).

The USD recorded low at 106.79 on April 25th while peaked at 110.46 on Jun 2nd. Australian dollar was low at 18- May and high at 84.41 on 22nd June.

Fig.37 Bilateral Exchange rate movement of Vatu against major currencies



3.7 Nominal and Effective Exchange Rate

The Nominal Effective Exchange Rate (NEER), which reflects aggregate exchange rate movements between the vatu and other major currencies rose marginally over the quarter indicating an appreciation of the vatu against the basket of currencies.

However, the Real Effective Exchange Rate which adjusts the NEER for inflation differentials between Vanuatu and its major trading partners again depreciated in the period review. When corrected for price differences, the real effective exchange rate of the Vatu showed continued improvement.

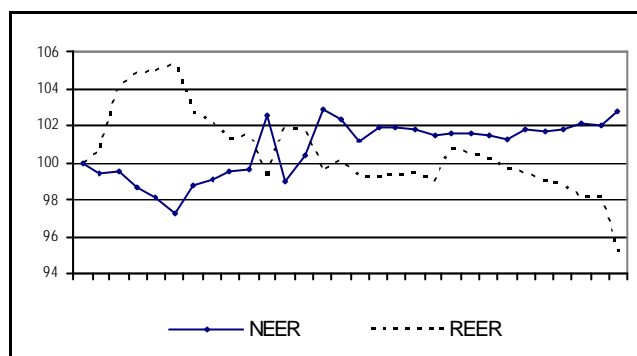


Table 2: Exchange rate of vatu against major trading partners' currencies

Period	USD	GBP	AUD	JPY	NZD	EUR
Average for 2nd Qtr 2005	108.47	201.34	83.35	1.0088	77.63	136.68
Average for 1st Qtr 2005	107.30	202.93	83.44	1.0276	76.88	140.75
% Change	1.09	-0.78	-0.11	-1.83	0.98	-2.89
Closing rate on 31.6.05	109.74	198.34	83.68	0.994	76.85	132.52
Closing rate on 31.01..05	108.09	203.14	83.31	1.0057	76.53	139.69
Closing rate on 31.06.04	116.34	210.23	80.36	1.0749	73.38	140.58
Quarterly % Change	1.5	-2.4	0.4	-1.2	0.4	-5.1
Yearly % Change	-5.7	-5.7	4.1	-7.5	4.7	-5.7
Low for 2nd Quarter*	106.79	197.42	82.66	0.9934	76.64	131.37
	25-Apr	23-Jun	18-May	21-Jun	4-Apr	24-Jun
High for 2nd Quarter*	110.46	206.39	84.41	1.0242	78.73	140.5
	2-Jun	20-Apr	22-Jun	4-May	9-May	20-Apr

A CHRONOLOGY OF MAJOR EVENTS

<u>NO.</u>	<u>BRIEF DESCRIPTION OF EVENTS</u>	<u>EFFECTIVE DATE</u>
1.	<p>Visitor arrival increases</p> <p>Vanuatu was one of six countries in the 12-member South Pacific Tourism Organisation (SPTO) that recorded increases in visitor numbers last year. Tourism arrival figures from the National Statistics Office show that the number of visitors to the country in 2004 was 61,453. This was an increase of 11,053 from the 2003 figures. The figures for the two years show that there was a 22 percent growth in visitor arrivals to Vanuatu in 2004 from 2003.</p> <p>SPTO further stated that while most of the tourism destinations in the Pacific were growing, and are led by Fiji and Vanuatu. It said that growth was being driven by increased air capacity and competition through the introduction of low cost carriers, but also by stronger country and regional marketing and growing consumer demand for safe destinations.</p>	14 May, 2005

2. **Government must overcome obstacle for more economic growth, UN report says** 16 May, 2005

The economy of Vanuatu went through growth of 2.4 percent in 2003 and further by 3.2 percent in 2004 following economic declines in 2001 and 2002.

According to a report for 2005 by the United Nations ESCAP, the upturn was helped by sound macroeconomic management, a recovery in the agriculture sector, and increase tourism and land development around the capital.

However, the report stated that high population growth rate has led to stagnation in per capita income leading to a fall in the average GDP per capita from 20 years ago.

This has been blamed on continuing political instability, difficulties in mobilizing land for investment and the presence of monopolies which are mainly state-owned in key areas, particularly essential services.

While an estimated \$19 million in foreign direct investment or about 8 percent of GDP was attracted in 2003 compared to 6.6 percent in 2002. However the report warned that the Government needed to overcome some of the obstacles already identified if economic growth was to improve.

In the issue of influx of tourists into the country following more frequent airline services from Australia and New Zealand. However, the report pointed out that the country is a high-priced destination owing to the relatively high exchange rate. It recommended that in the management of exchange rate, a critical decision has to be made whether to continue to favor existing activities to allow other activities such as tourism and agriculture to become more internationally competitive.

The UN ESCAP findings show that the Government's ability to promote development has been reduced by increased current spending, mainly on wages and salaries.

(Vanuatu Daily Post May 16 2005)

3. **National Bank of Vanuatu announces 2004 as good financial year** 29 May, 2005

The state-owned National Bank of Vanuatu (NBV) revealed that financial year 2004 was one of the busiest in its history. The Bank, which was restructured during the 1998 reform program said its profitability increased by 32.2 percent in 2004. The Bank also announced that there was an expectation of VT20,000,000 to be paid shortly in dividends. NBV is also the only Bank delivering service to the wider economy with 20 branches in the outer islands as well as in the two urban areas.

4. **Reserve Bank of Vanuatu reduces official interest rates** 2 June, 2005

The Board of Directors of the Reserve Bank of Vanuatu met on the 26th of May 2005, and decided to reduce the Reserve Bank of Vanuatu's discount rate from 6.5 percent to 6.25 percent. The discount rate is the

policy indicator rate of the Reserve Bank of Vanuatu. In making this decision, the Board took into consideration development in various economic variables that the Bank monitors against the policy setting of the Reserve Bank. This is a follow-up to an assessment made in December 2004.

It was noted that the international economic conditions have strengthened considerably in 2004, in 2005 growth is expected to be lower but still above trend. The US dollar has further depreciated in the world foreign exchange market and interest rates have started to increase. World commodity prices have remained high. Domestic growth has responded well to the strong world economic growth with the current growth forecast at 3.2 percent. Economic growth is projected to continue to increase in 2005. Despite high world prices domestic inflation decelerate to 0.8 percent in 2004.

The fiscal risk concerns on 2005 budget as previously seen in December have disappear following donor grants in direct to budget support. Official reserves increase to cover 5.7 months of imports in the first quarter of 2005 and is projected to still be comfortable at the end of 2005. 2004 was a period of high money growth, this had continued through to the first quarter of 2005 with ample growth in liquidity. This liquidity overhang resulted in the decline in short-term interest rates which causes the margin between them and the discount rate of the RBV to widen further. Macroeconomic stability appears intact in both 2004 and the first three months of 2005. Given the above assessment the balance of risk tend to be on the low side and therefore the Board considered the reduction in the discount rate but is subject to review after six months.

6 **New Zealand increases aid to Vanuatu** June 10, 2005

The New Zealand High Commission in Port Vila announced that New Zealand NZAID will increase its Development program to Vanuatu from NZ\$6.7 million to NZ\$16.4 million. It noted that the increase signified a new phase in the Bilateral relationship between the two countries.

6. **National Bank of Vanuatu launches Electronic Banking Services** 16 January, 2005

The National Bank of Vanuatu announces its introduction of electronic banking to its customers. Customers will now have access to the Automatic teller machines (ATM) and Electronic Transfer at of sale (EFTPOS) services after an agreement signed with Westpac Bank branch in Vanuatu. This now means that the three banks operating in Vanuatu all offer electronic banking services to their customers.

VANUATU GOVERNMENT REVENUE COLLECTION FROM TAXES

Article contributed by Shadrack Welegtabi⁵

INTRODUCTION

The Vanuatu government fiscal operation is predominantly supported by revenue collected from domestic sources to finance its recurrent budget and external grant aid funding, mainly for development purposes and specific projects. The bulk of domestic revenue is collected from taxes, followed by non-tax revenue and grant aid.

Revenue from taxes has been the integral part of domestic revenue since independence in 1980. The Department of Customs and Inland Revenue in the Ministry of Finance and Economic Management is the Government principal tax-implementing agency. The main two taxes that generated 67.7 percent of recurrent revenue in 2004 were import duties and value added tax (VAT). There are also non-tax revenues that contribute to recurrent revenue. However, non-tax revenue will not be discussed in this paper.

In recent years revenue from import taxes has been declining whilst import levels (and their value) on the other hand have been increasing. This decline began after the introduction of VAT in 1998. This paper attempts to outline the trend of tax revenue over the years. The paper also discusses tax elasticity by examining how a change in the tax base affects Government tax revenue.

TAX REVENUE COLLECTION

In 1980 tax revenue amounted to Vt943 million of which eighty four percent came from import duties. The ratio declined to 38% in 2004.

Over the years other taxes, such as VAT (1998) and Excise Tax (2004), have increased their overall share of total taxes. While the share of taxes to total revenue has increased the share of import duties has been declining.

Import duties formed the bulk of tax revenue until 1998 but it has been declining since the early 1980s due principally to the introduction and increase shares of other taxes.

The introduction of the Comprehensive Reform Program (CRP) in 1998 witnessed the introduction of the value added tax (VAT) of 12.5 percent on all goods and services in an attempt to broaden the tax base. VAT is a form of indirect tax on goods and services. In Vanuatu it applies to all companies and firms that make a turnover of more than 4 million vatu per annum.

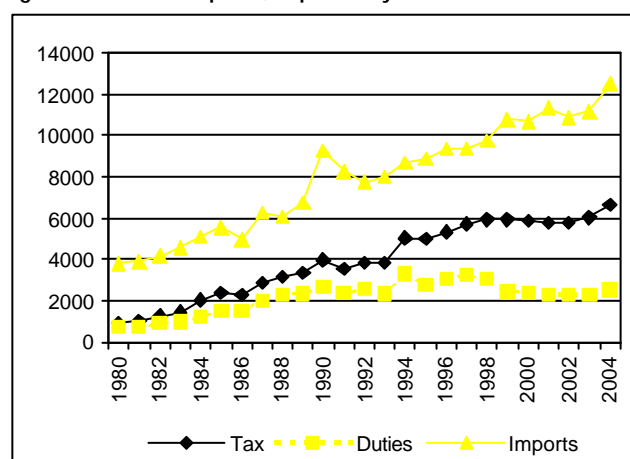
Other changes that were also undertaken include a review of tariffs on some imported goods. These changes were introduced after amendments to Acts of Parliament.

In 1998, service tax on some imports was abolished and some tariff charges were increased. Tariff on basic food items such as rice and flour were zero rated until 2004 when an import duty of 5% was introduced as well as VAT payable on these goods.

REVENUE TREND FROM TAXES

Over the years 2001 and 2003 the trend of import tax revenue displayed a declining trend, while the value of imports showed a continuous increase (figure 1). This is a worrying trend since on average 88.9 percent of domestic recurrent revenue is collected from taxes alone.

Figure 1: Value of Imports, Import Duty and Tax Revenue



At present there are no direct (income) taxes but a study undertaken by Dr. Neil Warren in 1994, had recommended

⁵ The Author is an Economist with the Department of Research and Statistics of the Reserve Bank of Vanuatu. All views expressed are those of the author and do not necessarily represent the official view of the Reserve Bank of Vanuatu.

that a 3 percent wages and salaries tax can be imposed on incomes of all persons.

Import duties are charged on all imports into the country, except for exempted items. Any change in the value of imports should lead to a shift in import duties. However, import duties have been declining as a ratio of total recurrent revenue and GDP (table 3) even though import levels have been rising. Although it was anticipated that import duties will decrease and stabilized during the introduction of the VAT in 1998 its trend over the years has been a continuous decline.

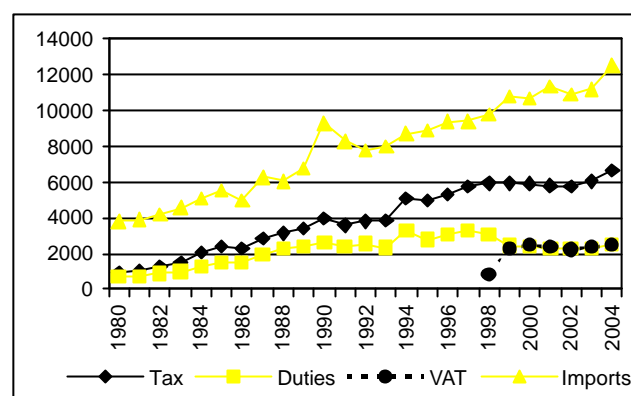
Table 1: Import Duties as Percentage of Recurrent Revenue and GDP 1999 - 2004

Items	1999	2000	2001	2002	2003	2004
R. Revenue	36.1	36.3	35.9	32.8	34.2	33.8
GDP	8.1	7.6	7.1	6.8	6.8	7.0

One reason given for the decline is the volume of goods entering the country under the Melanesian Free Trade Agreement (MSG Countries of Fiji, PNG & Solomon Islands) which are exempted from import duties. The other reason is the amount of discretionary exemption granted to other goods such as machineries, materials and equipment for development projects which tended to be high valued domestically.

Data obtained from the Department of Customs and Inland Revenue confirmed a lot of duty exemptions were granted for goods imported for economic relief and miscellaneous conditional relief in 2000 and 2002. In 2000, Vt523 million were lost through duty exemption, Vt473 million in 2001 and Vt575 million in 2002. These exemptions translate to approximately 4.4 percent of total imports in 2000, 3.8 percent of total imports in 2001 and 4.6 percent of total imports in 2002 as shown in figure 2 below.

Figure 2: Value of Imports, Import Duties, VAT and Tax Revenue including Duty Exemption



Up to 2004 food items such as rice and flour constituted part of import exemptions. In 2000, Vt569.5 million worth of rice and Vt115.5 million worth of flour were imported into the country compared to Vt498.4 million worth of rice and Vt142.8 million worth of flour in 2001.

As seen in Figure 2 above, when loss of revenue by duty exemption was incorporated into the graph it changed the trend of tax revenue up to 2000. However, tax revenue continued to decline in 2001 and 2002 and picked up again in 2003 and 2004. The biggest decline in taxes was from VAT and not so much in import duties, even though VAT was applied across the board on all imports including imports under the exempt category and imports free from duties.

As can be seen in Figure 2, VAT has been declining over the years to 2002 and picked up again in 2003 and 2004.

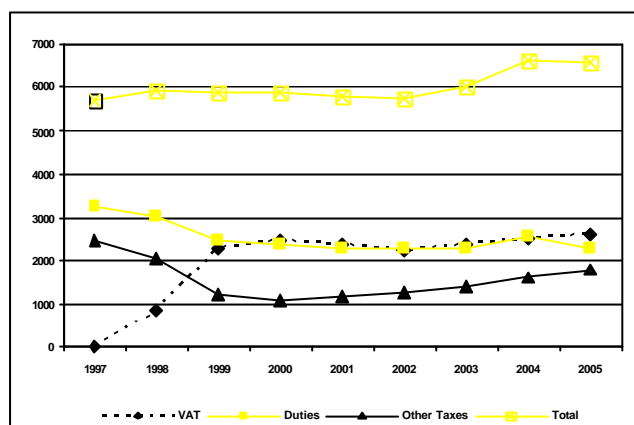
Table 2: VAT as Percentage of Recurrent Revenue and GDP, 1998 – 2002

Items	1999	2000	2001	2002	2003	2004
R. Revenue	33.8	37.2	37.0	32.4	35.3	33.2
GDP	7.6	7.7	7.3	6.7	7.0	7.0

Since its peak in 2000 (graph above) VAT collections as a percentage of total recurrent revenue and GDP have been declining. Since VAT is charged on all goods and services including exempted and duty free imports, its down-trend show there may be potential problems with VAT collection. A reason given by both the Department of Customs and Inland Revenue and the Ministry of Finance is the issue of compliance with importers.

With the introduction of the excise tax and adjustment to import duties on some items there has been less reliance on the two main taxes (import duty and VAT).

Figure 3: Vanuatu Government Revenue from Taxes 1997 – 2005 (projected).



TAX ELASTICITY ANALYSIS

As can be seen from the above graph, when VAT was introduced in 1998, import tax began to decline. However, in 2001 revenue obtained from VAT started to decline after a steady increase over the last 3 years. In an attempt to explain the behavior of the tax system on revenue, tax elasticity is used in this case. Tax elasticity is calculated using percentage change in revenue over percentage change in tax base. Based on this, the following conclusions are drawn about tax elasticity in Vanuatu:

Between 1997 and 1998, the tax system was elastic ($e = 2.8$), indicating that revenues grew faster than the tax base;

Between 1998 and 1999, the tax system was very elastic ($e = 41.3$), revenues grew faster than the tax base;

Between 1999 and 2000, the tax system was inelastic ($e = -8.4$), revenues grew slower than the tax base;

Between 2000 and 2001, the tax system was elastic ($e = 2.6$) implying that revenues grew faster than the tax base;

Between 2001 and 2002, the tax system was again elastic ($e = 4.9$) implying that revenues grew faster than the tax base;

Between 2002 and 2003, the tax system was inelastic ($e = 0.4$), indicating that revenue will grow slower than the tax base.

Between 2003 and 2004, the tax system was elastic ($e = 1.2$), indicating that revenues grew faster than the tax base.

Between 2004 and 2005 (estimates), the tax system is expected to be inelastic ($e = -4.6$), implying that revenues will grow slower than the tax base.

CONCLUSIONS

From the above observation, the only years that the tax system was elastic whereby revenue grew faster than the tax base was between 1997 and 1999. This was the period in which VAT was introduced and other adjustments were made to the taxation system. From 1999 to 2000, there were no major adjustments undertaken with the taxation system and therefore the tax system remained elastic. This is also the period that the Vanuatu government received the last tranche of the ADB loan which was partially used to support the recurrent budget. From 2000 to 2001, the tax system was elastic indicating that revenue grew faster than the tax base. This is the period where government revenue from taxes was experiencing a slow decline.

From the period 2001 to 2002, the tax system was elastic. It corresponded to the period when tax revenue from other taxes started to pick up from the previous year. The period 2002 to 2003 experienced another drop in taxes (where the tax system was inelastic) resulting from poor performances of VAT and import duties. From 2003 to 2004, the Government introduced some adjustments to the tax system and introduced excise tax. This resulted in an improvement in total revenue collection from taxes. The tax system during this period was elastic.

It is anticipated that in 2005 the tax system would be inelastic. This would result from the new developments within the VAT Office and improved compliance by importers. The introduction of excise tax in 2003 and

continue improvement of the whole taxation system had began to increase the contribution of taxes to total revenue. It must be noted also that the Department of Customs and Inland Revenue had adjusted some duties on other goods such as food items.

It is obvious from this report that VAT has been performing poorly for the last 3 years despite the anticipated high outcome from this tax. Therefore, more emphasis should be given to addressing the areas where policing and monitoring of this tax can be further improved. With recent improving with compliance by importers and other improvement with the VAT Office, there has been a turnaround in 2003 and

2004. Revenue collection from VAT is beginning to improve and increasing total revenue from taxes.

The Vanuatu government decision to temporarily hold back from the MSG agreement on trading between the MSG countries should also improve government revenue. Some items that were previously exempted from tariff are now back on the list with import duties. The effects of excise tax and adjustment to duty on rice and flour in 2004 had an impact on the domestic scene with prices of some goods increasing and having a flow on effect on other goods.

TABLE 1: ASSETS AND LIABILITIES OF RESERVE BANK OF VANUATU

(Millions of Vatu)

End of Period	2000	2001	2002	2001		2004				2005	
				2003	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Foreign Assets	5,583.3	5,531.3	4,854.4	4,953.5	5,531.3	4,880.7	5,278.1	5,744.9	6,614.6	6,824.2	7,084.1
Foreign Exchange	5,019.9	4,920.3	4,259.1	4,364.6	4,920.3	4,290.1	4,685.8	5,150.7	6,018.2	6,225.4	6,482.8
RTP with IMF	448.0	464.4	445.0	434.5	464.4	434.5	434.5	434.5	434.5	434.5	434.5
SDR Holdings	115.4	146.6	150.3	154.4	146.6	156.1	157.8	159.7	161.8	164.3	166.8
Claims on Government	1,442.0	1,150.8	1,240.8	1,471.0	1,150.8	1,526.3	1,565.1	1,469.6	1,418	1,260.9	1,235.1
Claims on NFPE	58.2	293.6	319.6	0.0	293.6	0.00	0.00	0.00	0.00	0.00	0
Claims on Commercial Banks	0.0	0.0	0.0	100.0	0.0	0.00	0.00	0.00	0.00	0.00	0
Other Assets	346.7	301.3	355.4	339.9	301.3	294.9	316.4	267.4	433.8	358.2	311.1
TOTAL ASSETS	7,430.2	7,277.0	6,770.2	6,864.4	7,277.0	6,701.9	7,159.6	7,481.9	8,466.4	8,443.3	8,630.3
Reserve Money	4,381.5	4,437.5	4,478.9	4,828.6	4,437.5	4,512.6	4,902.3	5,058.5	5,295.1	5,294.2	5,086.1
Currency outside Banks	1,834.1	1,941.0	1,916.1	2,108.4	1,941	1,983.9	2,141.9	2,217.8	2,490.1	2,208.7	2,342.1
Commercial Banks' Vault Cash	276.1	297.4	357.3	450.8	297.4	323.7	296.1	380.9	477.1	409	344.7
Commercial Banks Deposits with RBV	2,271.3	2,199.1	2,205.5	2,269.4	2,199.1	2,205.0	2,464.3	2,459.8	2,327.9	2,676.5	2,399.3
Foreign Liabilities	228.4	272.5	248.9	215.9	272.5	219.3	229.3	236.9	201.7	223.7	215.2
Government Deposits, of which	1,782.0	1,261.3	868.0	832.9	1,261.3	946.7	902.1	911.8	1,091.4	1,340.5	1,647.4
Contribution to RTP with IMF	448.0	464.4	445.0	434.5	464.4	434.5	434.5	434.5	434.5	434.5	434.5
Deposits of NFPE	163.7	49.7	0.7	0.8	49.7	0.0	0.0	0.0	0.0	0.0	0
RBV Notes	99.1	446.3	323.9	99.1	446.3	223.2	372.7	571.2	1,068.6	820.5	1,019.1
Other Liabilities	775.5	809.7	849.8	887.1	809.7	800.1	753.2	703.5	809.6	764.4	662.5
TOTAL LIABILITIES	7,430.2	7,277.0	6,770.2	6,864.4	7,277.0	6,701.9	7,159.6	7,481.9	8,466.4	8,443.3	8,630.3

TABLE 2: ASSETS AND LIABILITIES OF COMMERCIAL BANKS

(Millions of Vatu)

End of Period	2001	2002	2003	2004	2004			2005	
					Qtr2	Qtr3	Qtr4	Qtr 1	Qtr 2
Reserves	2,496.5	2,562.8	2,720.2	2805.0	2760.4	2840.7	2805.0	3085.5	2744.0
Vault Cash	297.4	357.3	450.8	477.1	296.1	380.9	477.1	409.0	344.7
Deposits with RBV	2,199.1	2,205.5	2,269.4	2327.9	2464.3	2459.8	2327.9	2676.5	2399.3
RBV Notes	446.3	323.9	99.1	1068.6	372.7	571.2	1068.6	820.5	1019.1
Foreign Assets 1/	25,114.7	28,726.8	27,209.0	28060.9	29357.7	28682.5	28060.9	28896.8	30355.7
Claims on non-resident banks	0.0		0.0						
Claims on non-resident nonbanks	0.0		0.0						
Claims on Government	1,107.8	1,190.9	773.0	813	838.0	813	813	773	838
Claims on Municipalities	4.8	2.0	5.4	6.2	-1.7	5.5	6.2	16.4	11.1
Claims on NFPE	28.0	14.6	16.2	29.4	28.9	26.3	29.4	24.9	23.3
Claims on private sector	12,295.2	13,264.9	14,558.4	15953	15106.9	15434.8	15953	16435.2	17217.1
Inter-bank claims	0.0	370.0	0.0	-	0.0	0.0	0.0	0.0	0
Other Assets	1,653.8	725.0	1,168.8	1485.3	865.6	1322.5	1485.3	1542.9	1425.2
TOTAL ASSETS	43,147.1	47,180.9	46,550.1	50221.4	49328.5	49696.5	50221.4	51595.2	53633.5
Demand Deposits	5,974.2	9,607.7	10,067.1	10,243.2	10070.1	10154.8	10243.2	11503.3	12616.8
Local currency	3,094.7	3,748.9	3,763.2	4067.2	4304.3	4098	4067.2	4500.9	4298.3
Foreign currency	2,879.5	5,858.8	6,303.9	6176	5765.8	6056.8	6176	7002.4	8318.5
Savings Deposits	2,021.0	2,629.6	2,698.3	2,989.1	3003.7	2863.4	2989.1	2962.8	3045.0
Local currency	1,894.9	2,315.8	2,282.9	2378.3	2293.9	2233	2378.3	2344	2501.3
Foreign currency	126.1	313.8	415.4	610.8	709.8	630.4	610.8	618.8	543.7
Time Deposits	25,622.1	20,855.0	19,854.7	22,425.5	22552.5	22760.2	22425.5	22972.1	23166.1
Local currency	4,449.0	4,929.2	5,527.1	6883	6232.1	6514.2	6883	7228.3	7658.1
Foreign currency	21,173.1	15,925.8	14,327.6	15542.5	16320.4	16246	15542.5	15743.8	15508
Foreign Liabilities	4,177.5	8,684.9	7,267.5	6898.6	6447.1	6300.0	6898.6	6988.6	7572.7
Government Deposits 2/	292.4	244.1	282.5	185.1	228.3	196.8	185.1	182.4	259.7
Credit from RBV	0.0	0.0	100.0	-	-	-	-	-	-
Other Liabilities	5,059.9	5,159.6	6,280.0	7479.9	7026.8	7421.3	7479.9	6986	6973.2
TOTAL LIABILITIES	43,147.1	47,180.9	46,550.1	50221.4	49328.5	49696.5	50221.4	51595.2	53633.5

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: A CONSOLIDATED STATEMENTS OF ACCOUNTS OF THE MONETARY INSTITUTIONS

(Millions of Vatu)

End of Period	2001	2002	2003	2004	2004			2005	
					Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
NET FOREIGN ASSETS	26,312.4	24,744.4	24,679.1	27,575.1	27,959.4	27,890.5	27,575.1	28,508.7	29,651.9
'Monetary Authorities	5,375.2	4,702.5	4,737.6	6,412.8	5,048.8	5,508.0	6,412.8	6,600.5	6,868.9
Reserve Bank of Vanuatu(a-b)	5,258.8	4,605.5	4,737.6	6,412.8	5,048.8	5,508.0	6,412.8	6,600.5	6,868.9
'(a) Foreign Assets	5,531.3	4,854.4	4,953.5	6614.5	5278.1	5744.9	6614.5	6824.2	7084.1
'(b) Foreign Liabilities	272.5	248.9	215.9	201.7	229.3	236.9	201.7	223.7	215.2
'Treasury Foreign Assets	116.4	97.0	0.0	0.0	0.0	0.0	0.0	0	0
'Commercial Banks (Net) 1/ (a-b)	20,937.2	20,041.9	19,941.5	21,162.3	22,910.6	22,382.5	21,162.3	21,908.2	22,783.0
'(a) Foreign Assets	25,114.7	28,726.8	27,209.0	28060.9	29357.7	28682.5	28060.9	28896.8	30355.7
'(b) Foreign Liabilities	4,177.5	8,684.9	7,267.5	6898.6	6447.1	6300	6898.6	6988.6	7572.7
DOMESTIC CREDIT	13,481.9	15,092.8	15,888.1	17,093.5	16,570.0	16,800.7	17,093.5	17,131.8	17,547.1
'Claims on Government (Net)	704.9	1,319.6	1,128.6	954.5	1272.7	1174	954.5	511	167.3
'Claims on NFPE 2/	321.6	334.2	16.2	29.4	28.9	26.3	29.4	24.9	23.3
'Claims on Private Sector 3/	12,450.6	13,437.0	14,737.9	16103.4	15270.1	15594.9	16103.4	16579.5	17345.4
'Claims on Municipalities	4.8	2.0	5.4	6.2	-1.7	5.5	6.2	16.4	11.1
TOTAL LIQUIDITY	35,608.0	35,009.1	34,729.3	38,147.6	37,768.3	37,996.2	38,147.6	39,646.9	41,170.0
'Money	7,964.9	11,524.5	12,176.3	12,733.3	12,212.0	12,372.6	12,733.3	13,712.0	14,958.9
'Currency outside Banks	1,941.0	1,916.1	2,108.4	2490.1	2141.9	2217.8	2490.1	2208.7	2342.1
'Demand deposits	6,023.9	9,608.4	10,067.9	10,243.2	10,070.1	10,154.8	10,243.2	11,503.3	12616.8
'Local currency	3,144.4	3,749.6	3,764.0	4067.2	4304.3	4098	4067.2	4500.9	4298.3
'Foreign currency	2,879.5	5,858.8	6,303.9	6176.0	5765.8	6056.8	6176.0	7002.4	8318.5
'Quasi-money	27,643.1	23,484.6	22,553.0	25,414.3	25,556.3	25,623.6	25,414.3	25,934.9	26,211.1
'Time & Savings deposits in Vatu	6,343.9	7,245.0	7,810.0	9261.0	8526.1	8747.2	9261.0	9572.3	10159.4
'Time & Savings deposits in FC	21,299.2	16,239.6	14,743.0	16153.3	17030.2	16876.4	16153.3	16362.6	16051.7
OTHER ITEMS (Net)	4,186.3	4,828.1	5,837.9	6,521.0	6,761.1	6,695.0	6,521.0	5,993.6	6,029.0

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.

4/ Other financial institutions comprise of Vanuatu National Provident Fund etc.

TABLE 4: DOMESTIC MONEY SUPPLY AND COMPONENTS

(Millions of Vatu)

End Period		2001	2002	2003	2004	2004			2005	
						Qtr2	Qtr3	Qtr4	Qtr 1	Qtr 2
Notes	(1)	1,850.3	1,872.4	2,133.8	2,543.9	2,040.3	2,189.3	2,543.9	2,194.2	2,256.6
Coins	(2)	388.1	401.0	425.4	-	397.7	409.4	393.3	423.5	430.0
Total	(3) (1+2)	2,238.4	2,273.4	2,559.2	2,937.2	2,438.0	2,598.7	2,937.2	2,617.7	2,686.6
Cash in hand with Banks	(4)	297.4	357.3	450.8	447.1	296.1	380.9	447.1	409.0	344.7
Currency with Public in Vatu	(5) (3-4)	1,941.0	1,916.1	2,108.4	2,490.1	2,141.9	2,217.8	2,490.1	2,208.7	2,342.1
Demand deposits of resident in Vatu (D dV)1/	(6)	3,144.4	3,749.6	3,764.0	4,067.2	4,304.3	4,098.0	4,067.2	4,500.9	4,298.3
M1 (Narrow Measure)	(7) (5+6)	5,085.4	5,665.7	5,872.4	6,557.3	6,446.2	6,315.8	6,557.3	6,709.6	6,640.4
Demand deposits of residents in FC (DdF)2/	(8)	2,879.5	5,858.8	6,303.9	6,176.0	5,765.8	6,056.8	6,176.0	7,002.4	8,318.5
M2	(9) (7+8)	7,964.9	11,524.5	12,176.3	12,733.3	12,212.0	12,372.6	12,733.3	13,712.0	14,958.9
Savings & time deposits of residents in Vatu (T dV)	(10)	6,343.9	7,245.0	7,810.0	9,261.0	8,526.1	8,747.2	9,261.0	9,572.3	10,159.4
MV (Vatu liquidity)	(11) (7+10)	11,429.3	12,910.7	13,682.4	15,818.3	14,972.3	15,063.0	15,818.3	16,281.9	16,799.8
M3	(12) (9+10)	14,308.8	18,769.5	19,986.3	21,994.3	20,738.1	21,119.8	21,994.3	23,284.3	25,118.3
Savings & time deposits of residents in FC (TdF)	(13)	21,299.2	16,239.6	14,743.0	16,153.3	17,030.2	16,876.4	16,153.3	16,362.6	16,051.7
Mf (Foreign currency liquidity)	(14) (8+13)	24,178.7	22,098.4	21,046.9	22,329.3	22,796.0	22,933.2	22,329.3	23,365.0	24,370.2
M4 (Broad Measures)	(15) (12+13)	35,608.0	35,009.1	34,729.3	38,147.6	37,768.3	37,996.2	38,147.6	39,646.9	41,170.0

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

End Period	(1)	(Millions of Vatu)									
		2001	2002	2003	2004	2004				2005	
						Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
VATU DEPOSITS ^{1/}											
Demand	(2)	3,094.7	3,748.9	3,763.2	4,067.2	3,665.5	4,304.3	4,098.0	4,067.2	4,500.9	4,298.3
Savings	(3)	1,894.9	2,315.8	2,282.9	2,378.3	2,182.4	2,293.9	2,233.0	2,378.3	2,344.0	2,501.3
Time	(4)	4,449.0	4,929.2	5,527.1	6,883.0	5,911.2	6,232.1	6,514.2	6,883.0	7,228.4	7,658.1
Total	(5)	9,438.6	10,993.9	11,573.2	13,328.5	11,759.1	12,830.3	12,845.2	13,328.5	14,073.3	14,457.7
FOREIGN CURRENCY DEPOSITS ^{1/}											
Demand	(6)	2,879.5	5,858.8	6,303.9	6,176.0	6,343.6	5,765.8	6,056.8	6,176.0	7,002.4	8,318.5
Savings	(7)	126.1	313.8	415.4	610.8	451.3	709.8	630.4	610.8	618.8	543.7
Time	(8)	21,173.1	15,925.8	14,327.6	15,542.5	16,021.5	16,320.4	16,246.0	15,542.5	15,743.8	15,508.0
Total	(9)	24,178.7	22,098.4	21,046.9	22,329.3	22,816.4	22,796.0	22,933.2	22,329.3	23,365.0	24,370.2
PERCENTAGE DISTRIBUTION											
Vatu Deposits		28.1	33.2	35.5	37.4	34.0	36.0	35.9	37.4	37.6	37.2
Foreign Currency Deposits		71.9	66.8	64.5	62.6	66.0	64.0	64.1	62.6	62.4	62.8
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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 ^{1/} AND BY MATURITY PERIOD

MATURITY	(Millions of Vatu)									
	2001	2002	2003	2004	2004				2005	
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Up to and Inclusive of 7 days	267.6	189.9	350.5	525.2	552.1	310.8	285.8	525.2	623.2	813.1
Over 7 days and up to 1 Month	1,809.5	1,062.3	1,377.5	1,306.1	1,250.2	1,499.1	1,313.0	1,306.1	1,176.2	2,054.7
1 to 2 Months	320.7	459.7	537.5	780.2	468.6	668.0	725.0	780.2	920.3	635.1
2 to 3 Months	545.2	601.5	644.8	554.2	477.4	530.7	531.8	554.2	670.5	705.8
3 to 6 Months	451.6	458.9	1,091.2	961.0	1,382.4	1,105.4	1,196.9	961.0	1,437.7	923.5
6 to 12 Months	371.5	447.2	962.1	1,755.6	1,159.4	1,205.6	1,424.1	1,755.6	1,818.7	1,497.8
Over one Year	60.8	568.0	691.3	1,056.7	691.9	929.4	1,092.8	1,056.7	644.0	1,099.9
Total	3,826.9	3,787.5	5,654.9	6,939.0	5,982.0	6,249.0	6,569.4	6,939.0	7,290.6	7,729.9

1/ Includes deposits of Vanuatu Government

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

(Millions of Vatu)

SECTOR	2001	2002	2003	2004	2004			2005	
					Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Agriculture	269.2	243.4	240.7	244.6	241.3	208.8	244.6	261.5	243.4
Fisheries	1.8	4.8	30.9	26.6	28.0	29.3	26.6	27.5	19.8
Mining & Quarrying	-	-	-	11.2	7.5	15.2	11.2	5.7	3.4
Manufacturing	430.5	411.6	852.4	487.6	864.9	847.1	487.6	882.9	942.8
Tourism	924.8	960.2	1,313.7	1,314.6	1,353.3	1,363.4	1,314.6	1,285.1	1,298.1
Entertainment & Catering	185.2	157.2	163.3	205.4	164.1	208.4	205.4	207.2	201.3
Transport	981.6	589.6	588.9	667.0	623.3	608.0	667.0	682.4	677.1
Public Utilities	231.8	396.1	9.9	7.5	8.0	7.7	7.5	7.3	7.0
Construction	2,338.0	2,759.7	2,731.3	2,710.0	2,880.4	2,744.0	2,710.0	2,751.2	2,946.4
a) Government	79.7	2.0	5.9	0.9	0.6	0.6	0.9	0.5	2.3
b) Public Corporation	9.3	3.5	8.5	43.7	37.8	39.6	43.7	36.5	46.7
Financial Institutions	36.3	35.3	48.6	138.7	64.0	65.9	138.7	138.4	136.6
Professional & Other Services	961.0	959.9	917.1	915.7	861.7	916.7	915.7	918.8	918.6
Housing & Land Purchases	2,290.1	2,095.1	2,260.5	3,592.7	2,859.9	3,314.5	3,592.7	3,875.0	4,073.2
Distribution	1,706.4	1,641.7	1,780.6	1,600.6	1,712.8	1,792.4	1,600.6	1,713.6	1,725.0
Personal: Others	1,911.5	2,691.1	3,423.9	3,147.3	3,189.4	3,063.1	3,147.3	3,385.4	3,404.5
Miscellaneous	(25.8)	168.8	203.8	933.2	260.2	301.7	933.2	385.2	691.2
TOTAL	12,331.3	13,120.0	14,580.0	16,047.3	15,157.2	15,526.4	16,047.3	16,564.2	17,337.4
Of which: Vatu	9,801.6	10,897.1	13,216.1	14,503.1	13,850.7	14,129.2	14,503.1	15,034.1	15,663.2
Private shares & Bonds	-	-	-	-	-	-	-	-	-
Government Bonds	813.4	1,195.2	773.0	813.0	863.0	813.0	813.0	773.0	838.0
Claims on Non-reporting banks /1	-	-	-	-	-	-	-	-	-
Grand Total	13,144.7	14,315.2	15,353.0	16,860.3	16,020.2	16,339.4	16,860.3	17,337.2	18,175.4

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

TABLE 8. SELECTED RATES FOR LOCAL COMMERCIAL BANKS^{1/}

End Period	2001	2002	2003	2004	2004				2005	
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
DEPOSIT RATES										
VATU										
Savings	0.50 - 4.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00	0.50-2.00
1 month	1.25 - 3.86	1.00-5.00	1.50-6.00	2.00-5.00	1.50-6.00	1.50-6.00	1.50-6.00	2.00-5.00	2.00-5.00	2.00-5.00
2-6 Months	1.25 - 5.50	1.00-5.75	1.50-6.00	2.00-6.00	1.50-6.00	1.50-7.00	1.50-7.00	2.00-6.00	2.00-6.00	2.00-5.75
Above 6 months	1.50 - 7.00	1.75-6.25	1.75-4.75	2.75-7.55	2.75-7.00	2.25-7.25	2.75-7.55	2.75-7.55	2.75-7.00	2.25-7.00
Foreign Currencies (Australian Dollar)										
Weighted average rate of interest for total bank deposits	2.13	2.07	2.18	2.40	2.35	2.41	2.43	2.40	2.24 r	2.14
ADVANCES RATES^{2/}										
Vatu only										
1 month (Locally quoted)	2.66 - 3.86	3.13-4.09	3.55-4.425	3.55-4.55	3.55-4.40	3.55-4.43	3.55-4.425	3.55-4.55	3.55-4.55	3.55-4.55
Commercial	9.75 - 18.00	10.00-16.00	6.50-16.00	8.50-16.00	10.00-16.00	10.00-16.00	8.50-16.00	8.50-16.00	8.00-16.00	8.25-16.00
Personal	11.75 - 25.00	9.75-25.00	9.75-25.00	12.00-25.00	12.00-25.00	12.00-25.00	12.00-25.00	12.00-25.00	12.00-25.00	12.00-25.00
Housing	6.00 - 16.25	5.90-12.50	5.90-18.50	5.90-14.75	8.95-14.75	8.75-14.75	8.95-14.75	5.90-14.75	5.90-14.75	8.95-14.75
Weighted average rate of interest for bank loans	13.43	11.58	11.73	11.59	11.60	11.55	10.84	11.59	11.74	11.65
LOCAL INTER-BANK RATES										
Call or Overnight	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	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 valu 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	2001	2002	2003	2004	2004				2005	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Total Notes & Coins	2,238.4	2,273.5	2,559.2	2,967.2	2,307.6	2,438.0	2,598.9	2,967.2	2,617.6	2,686.8
Notes										
VT 100	23.9	23.8	23.8	23.7	23.7	23.8	23.8	23.7	23.7	23.7
VT 200	45.5	47.8	54.7	63.6	50.5	54.1	57.8	63.6	58.3	59.0
VT 500	115.6	111.3	119.3	131.6	109.6	118.1	125.2	131.6	119.8	121.5
VT 1,000	894.8	892.0	1,005.6	1,140.5	896.1	966.6	1,027.7	1,140.5	1,007.8	1,029.5
VT 5,000	738.2	765.1	898.1	1,184.5	773.1	877.7	954.8	1,184.5	984.5	1,023.0
Total	1,850.4	1,872.4	2,133.8	2,543.9	1,885.3	2,040.3	2,189.3	2,543.9	2,194.1	2,256.7
Coins										
	388.0	401.1	425.4	423.3	422.3	397.7	409.6	423.3	423.5	430.1

TABLE 10: NET OFFICIAL RESERVES

End of Period		2000	2001	2002	2003	2004	2004				2005			
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2		
(Millions of Vatu)														
Net Official Reserves														
Foreign Exchange of RBV	(1)	5,019.9	4,920.3	4,259.1	4,364.6	6,018.2	4,290.1	4,685.8	5,150.7	6,018.2	6,225.4	6,482.8		
Special Drawing Rights	(2)	115.4	146.6	150.3	154.4	161.8	156.1	157.8	159.7	161.8	164.3	166.8		
Reserve Position in IMF	(3)	448.0	464.4	445.0	434.5	434.5	434.5	434.5	434.5	434.5	434.5	434.5		
Total Holdings	(4) (1+2+3)	5,583.3	5,531.3	4,854.4	4,953.5	6,614.5	4,880.7	5,278.1	5,744.9	6,614.5	6,824.2	7,084.1		
Foreign Liabilities	(5)	228.4	272.5	248.9	215.9	201.7	219.3	229.2	236.9	201.7	223.7	215.2		
Net Position	(6) (4-5)	5,354.9	5,258.8	4,605.5	4,737.6	6,412.8	4,661.4	5,048.9	5,508.0	6,412.8	6,600.5	6,868.9		
Net Foreign Assets of Commercial Banks														
Foreign Assets	(7)	22,940.1	22,490.2	28,726.8	27,209.0	28,060.9	28,934.2	29,357.7	28,682.5	28,060.9	28,896.8	30,355.7		
Foreign Liabilities	(8)	3,734.5	4,177.5	8,684.9	7,267.5	6,898.6	6,827.3	6,447.1	6,300.0	6,898.6	6,988.6	7,572.7		
Net Position	(9) (7-8)	19,205.6	18,312.7	20,041.9	19,941.5	21,162.3	22,106.9	22,910.6	22,382.5	21,162.3	21,908.2	22,783.0		

TABLE 11: RESERVE BANK NOTES ISSUED IN PRIMARY MARKET

	Period of Original Note						Notes Outstanding
	14 days	28 days	63 days	91 days	119 days	182 days	
2001 Received			1635		3075		
Accepted			900		1825		
Average Yield			2.8		3.3		
2002 Received			1220		1220	170	170
Accepted			730		945	150	150
Average Yield			3.8		43.6	5.6	6.0
2003 Received			1400		700		
Accepted			800		450		
Average Yield			4.3		4.6		
2004 Received	1850	2330	1725	1000			
Accepted	1125	1225	1000	725			
Average Yield	3.9	3.9	3.9	4.0			
2005							
Qtr1 Received	2650	1250	1030	430		820.5	
Accepted	1850	850	450	275			
Average Yield	2.9	3.1	3.1	3.2			
Qtr2 Received	300	2650	375	675	100		
Accepted	250	1850	225	425	50		
Average Yield	2.6	2.9	2.6	2.6	2.5	1025	

TABLE 12: COMMERCIAL BANKS' LIQUIDITY

(Millions of Vatu)

		2001	2002	2003	2004	2004				2005		
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	
Liquid Assets												
Vault Cash	(1)	297.4	357.3	450.8	477.1	323.7	296.1	380.9	477.1	409.0	344.7	
Deposits with RBV (Excess Reserves)	(2)	1,094.4	817.3	772.4	703.8	2,205.0	966.2	984.5	703.8	1,007.7	609.7	
Total	(1+2)	(3)	1,391.8	1,174.6	1,223.2	1,180.9	2,528.7	1,262.3	1,365.4	1,180.9	1,416.7	954.4
Statutory Reserve Deposits (SRD)	(4)	1,104.6	1,388.1	1,497.0	1,624.1	1,503.1	1,498.1	1,565.2	1,624.1	1,668.8	1,789.6	
RBV Notes	(5)	446.3	323.9	99.1	1,068.6	223.2	372.7	571.2	1,068.6	820.5	1,025.0	
Total	(3+4+5)	(6)	2,942.7	2,886.6	2,819.3	3,873.6	4,255.0	3,133.1	3,501.8	3,873.6	3,906.0	3,769.0

TABLE 13. INTERNATIONAL BANKS - BALANCE SHEET

	Thousands of US Dollars									
	2003				2004				2005	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
1 CASH ITEMS	108,086	124,242	115,582	96,094	102,174	100,058	102,690	103,551	91,803	79,018
1.1 Cash	5,912	5,338	5,967	614	9,639	4,705	5,339	5,236	2,816	1,549
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
1.3 Gold and silver bullion	228	235	273	324	-	-	-	-	-	-
1.4 Cash items in process of collection	36,888	39,190	39,740	43,053	42,883	45,915	46,223	52,024	48,599	44,681
2 MARKETABLE SECURITIES (up to 1 yr. Original Maturity)	824	963	1,276	1,508	726	613	664	711	454	462
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
3 LOANS AND ADVANCES	1,302,201	643,930	632,375	285,290	276,609	210,534	164,742	169,682	125,252	174,129
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
3.3 Other loans and advances	203,393	289,309	253,902	147,657	140,896	41,045	36,886	39,388	32,957	27,698
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
4.1 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	3,920	1,780	1,698	1,567
4.3 Other securities	2,443	2,242	4,239	4,656	4,294	5,390	6,223	7,141	2,417	2,452
4.4 Other equities	1,963	2,241	1,505	44	44	44	44	44	44	44
5 OTHER ASSETS	21,422	24,733	12,924	1,910	161	92	114	101	94	184
5.1 Equipment and other fixed assets (net of accumulated depreciation)	405	371	306	69	64	55	57	56	48	1
5.2 Accrued interest receivable	16,462	20,634	7,559	141	15	20	28	26	14	114
5.3 Other assets	4,555	3,728	5,059	1,700	82	17	29	19	32	69
6 TOTAL ASSETS	1,442,079	807,017	773,570	394,977	388,832	320,650	278,397	283,010	221,762	257,856
7 DEPOSITS	1,249,951	542,273	555,486	295,408	282,463	273,661	232,804	236,171	186,752	224,595
7.1 Banks	603,646	82,617	151,196	52,813	298	16,395	17,060	17,948	-	-
7.2 Corporations	408,906	203,971	184,079	136,456	145,607	136,264	92,757	89,849	70,204	123,758
7.3 Trusts	-	22,535	728	-	25,884	-	-	-	-	-
7.4 Individuals	187,890	189,743	177,011	106,139	110,674	121,002	122,987	128,374	116,548	100,837
7.5 Negotiable certificates of deposits	-	43,222	42,287	-	-	-	-	-	-	-
7.6 Other	49,509	185	185	-	-	-	-	-	-	-
8 TERM DEPT AND OTHER BORROWINGS	158,349	146,500	144,129	34,537	44,418	29,610	29,486	29,067	20,233	18,782
2.1 Unsecured subordinated debt (over 5 years original term maturity)	1,925	2,086	2,682	-	-	-	-	-	-	-
2.2 Other notes and bonds	129,414	117,796	108,730	-	-	-	-	-	-	-
2.3 Other borrowings (including loans, overdrafts, commercial papers)	27,010	26,618	32,717	34,537	44,418	29,610	29,486	29,067	20,233	18,782
9 ACCRUED LIABILITIES	12,044	7,471	8,291	893	10,279	68	30	31	14	116
3.1 Accrued interest payable	11,258	7,244	8,075	815	224	19	27	25	12	114
3.2 Dividend payable	448	-	-	-	10,000	-	-	-	-	-
3.3 Other accrued expenses	338	227	216	78	55	49	3	6	2	2
10 OTHER LIABILITIES	2,887	48,323	3,772	1,406	893	853	707	1,559	544	452
11 LOSS RESERVES	208	3,621	2,130	2,111	2,103	460	460	460	724	703
5.1 General loan loss reserves	-	3,399	1,860	1,860	1,860	460	460	460	460	460
5.2 Other loss reserves	208	222	270	251	243	-	-	-	264	243
12 TOTAL LIABILITIES	1,423,439	748,188	713,808	334,355	340,156	304,652	263,487	267,288	208,267	244,648
13 SHAREHOLDERS EQUITY	18,640	58,829	59,762	60,622	48,676	15,998	14,910	15,722	13,495	13,208
7.1 Issued and fully paid up common stock (at par or nominal value)	7,458	19,869	19,883	22,537	21,163	11,286	9,950	9,984	9,056	9,001
7.2 Additional paid up capital in excess of par or nominal value	1,734	908	1,405	1,388	214	214	214	214	214	214
7.3 Unappropriated retained earnings	7,111	32,542	32,618	27,984	25,676	3,741	3,778	3,897	3,757	3,827
7.4 Current year's net income/(loss)	-30	3,145	2,684	5,337	1,623	757	968	1,627	468	166
7.5 Perpetual on-cumulative issued and fully paid up preference share	2,367	2,365	3,172	3,376	-	-	-	-	-	-
14 TOTAL SHAREHOLDERS EQUITY	18,640	58,829	59,762	60,622	48,676	15,998	14,910	15,722	13,495	13,208
15 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

Table 14: DOMESTIC BANKS

CONSOLIDATED CAPITAL - 1/

	Thousands of Vatu							
	2002	2003	2004				2005	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
TIER 1								
Paid-up capital	905,664	862,000	863,000	865,000	864,000	860,000	861,000	862,000
Disclosed reserves & retained earnings	1,257,081	2,710,702	2,733,411	2,726,499	2,762,418	3,784,961	3,077,883	2,577,858
Other	182,981	259,000	494,000	735,000	1,045,000	303,000	599,000	925,000
Less goodwill etc	-	-	-	-	-	-	-	-
TOTAL TIER 1 CAPITAL	2,345,726	3,831,702	4,090,411	4,326,499	4,671,418	4,947,961	4,537,883	4,364,858
TIER 2								
Asset revaluation reserves								
(1) Premises	-	-	-	-	-	-	-	-
General provisions for doubtful debts								
- Gross	-	-	-	-	-	-	-	-
- Eligible	91,972	110,451	111,249	112,297	163,437	169,185	168,069	175,392
Term subordinated debt etc								
- Gross	-	-	-	-	-	-	-	-
- Eligible	-	-	-	-	-	-	-	-
TOTAL TIER 2 CAPITAL	91,972	110,451	111,249	112,297	163,437	169,185	168,069	175,392
TOTAL TIER 1 & TIER 2	2,437,698	3,942,153	4,201,660	4,438,796	4,834,855	5,117,146	4,705,952	4,540,250
Less holdings of other banks capital instruments								
CAPITAL BASE	2,437,698	3,942,153	4,201,660	4,438,796	4,834,855	5,117,146	4,705,952	4,540,250
Total risk weighted assets	7,430,663	9,901,757	10,001,532	10,648,422	14,260,970	14,630,348	14,824,091	15,308,273

1/ - Excluding branches of foreign banks

TABLE 15: ASSETS QUALITY

	Thousands of Vatu							
	2002	2003	2004				2005	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
1. Asset Quality								
Standard	11,492,229	11,166,575	11,860,473	12,326,912	12,131,034	13,587,061	14,124,786	14,339,119
Substandard	9,510,981	2,619,707	2,564,400	989,884	964,809	845,805	803,006	1,069,999
Doubtful (D)	260,135	1,039,438	1,056,778	2,687,856	2,739,599	2,012,945	2,037,998	2,512,613
Loss (L)	246,965	230,530	255,995	240,322	235,602	193,618	209,396	229,377
Total lending assets	12,951,310	15,056,250	15,737,646	16,244,974	16,071,044	16,639,429	17,175,186	18,151,108
Total risk weighted assets 1/	13,881,663	15,147,757	15,372,532	16,302,422	20,179,970	20,979,348	21,310,091	22,058,273
Restructured items	99,726	185,918	209,374	55,967	58,226	40,418	49,480	97,008
Non-accrual items (D + L) 2/	507,100	1,269,968	1,312,773	2,928,178	2,975,201	2,206,563	2,247,394	2,741,990
2. Provisioning								
Provisions (specific)	220,985	502,079	504,776	554,497	576,502	592,102	595,575	589,424
Provisions (general)	175,650	37,549	37,249	37,297	43,437	43,185	37,069	26,102
Security	5,426,626	10,759,087	10,815,393	10,782,658	10,901,783	10,789,480	11,045,254	11,346,010

1/ - Including branches of foreign banks

2/ - Impaired 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
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	34.9r	31.8	29.7
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	33.8r	30.6	28.5
2 Asset quality													
Nonperforming loans net of provisions to capital r/	8.3	11.7	19.5	12.2	10.8	20.4	19.5	19.2	56.5r	54.0r	33.4r	32.3r	45.7
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
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
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
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
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
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

1/ - Excluding branches of foreign banks
r/ - Revised

TABLE 16: PROFIT

	2001	2002	2003	2003				2004				2005	
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Thousands of Vatu													
1 Income													
Interest Income	454,502	687,505	673,526	692,256	692,122	676,088	673,526	734,640	703,740	705,328	772,775	769,060	824,346
Non-Interest Income	234,324	283,392	414,979	378,431	370,663	367,465	414,979	355,100	383,178	448,149	460,925	398,701	456,018
Total Operating Income	688,826	970,897	1,088,505	1,070,687	1,062,785	1,043,553	1,088,505	1,089,740	1,086,918	1,153,477	1,233,700	1,167,761	1,280,364
2 Expenses													
Interest Expense	187,168	298,548	275,759	286,592	279,094	274,195	275,759	312,356	308,801	316,973	330,158	326,235	354,671
Operating Expenses (Excluding bad debts & provisions charges)	252,230	331,550	393,738	345,052	349,439	342,770	393,738	360,720	361,108	356,528	439,232	350,852	392,724
Total Operating Expenses	439,398	630,098	669,497	631,644	628,533	616,965	669,497	673,076	669,909	673,501	769,390	677,087	747,395
Net Interest Income	267,334	388,957	397,767	405,664	413,028	401,893	397,767	422,284	394,939	388,355	442,617	442,825	469,675
3 Profit and Loss Statement													
Operating Profit before tax, write-offs & provisions	249,428	340,799	419,008	439,043	434,252	426,588	419,008	416,664	417,009	479,976	464,310	490,674	532,969
Provisions	12,524	26,268	33,197	24,485	29,574	29,838	33,197	26,767	21,087	33,944	29,409	26,181	18,821
Extraordinary Items	-	-	-	-2,845	-	-	-	-	-	-	-	-	-
Bad debts written - off	3,654	6,211	4,410	13,196	38,846	12,579	4,410	7,529	5,080	1,336	5,887	3,241	303
Bad debts recovered	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Profit	233,250	308,320	381,401	404,207	365,832	384,171	381,401	382,368	390,842	444,696	429,014	461,252	514,451

TABLE 17: Vanuatu Government Fiscal Operations

(Millions of Vatu)

ITEMS	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
REVENUE AND GRANTS	7,366.0	7,308.0	7,061.7	8,129.7	1,669.7	1,665.2	1,865.6	1,861.2	1,977.0	1,903.1	2,039.6	2,210.0	2,420.3	2,226.3
Domestic Revenue	6,683.7	6,565.6	6,680.3	7,444.9	1,595.8	1,495.2	1,736.1	1,853.2	1,868.7	1,719.7	1,950.3	1,906.2	2,259.2	1,976.8
Tax Revenue	5,793.9	5,773.3	6,024.6	6,621.6	1,482.1	1,359.3	1,494.2	1,689.0	1,739.5	1,504.5	1,648.1	1,729.5	2,110.6	1,739.7
Non Tax Revenue	889.8	792.3	655.7	823.3	113.7	135.9	241.9	164.2	129.2	215.2	302.2	176.7	148.6	237.1
Sales of fixed capital assets	12.3	22.1	16.1	12.5	2.6	2.7	5.2	5.6	7.2	2.0	1.5	1.8	0.3	-
Grants from abroad	670.0	720.3	381.4	684.8	73.9	170.0	129.5	8.0	108.3	183.4	89.3	303.8	161.1	249.5
EXPENDITURE AND NET LENDING	8,612.6	7,958.6	7,682.4	7,685.8	1,839.8	1,814.0	2,012.7	2,015.9	1,769.2	1,872.2	2,012.9	2,031.5	1,831.7	1,740.1
Recurrent Expenditure	7,198.6	7,236.5	7,239.7	7,272.5	1,752.6	1,684.9	1,886.0	1,916.2	1,677.8	1,731.8	1,890.9	1,972.0	1,669.0	1,656.4
Lending minus repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-recurrent transfer to Gov. bodies	225.0	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Expenditure	1,189.0	722.1	442.7	413.3	87.2	129.1	126.7	99.7	91.4	140.4	122.0	59.5	162.7	83.7
DEFICIT/SURPLUS	-1246.6	-650.6	-620.7	443.9	-170.1	-148.8	-147.1	-154.7	207.8	30.9	26.7	178.5	588.6	486.2

Source : Department of Finance

TABLE 18: GOVERNMENT REVENUE CLASSIFIED BY MAJOR SOURCES

(Millions of Vatu)

ITEMS	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
TOTAL REVENUE AND GRANTS	7,366.0	7,308.0	7,061.7	8,129.7	1,595.8	1,495.2	1,736.1	1,853.2	1,977.0	1,903.1	2,039.6	2,210.0	2,420.3	2,226.3
Total Recurrent Revenue	6,683.7	6,565.6	6,680.3	7,444.9	1,595.8	1,495.2	1,736.1	1,853.2	1,868.7	1,719.7	1,950.3	1,906.2	2,259.2	1,976.8
Tax Revenue	5,793.9	5,773.3	6,024.6	6,621.6	1,482.1	1,359.3	1,494.2	1,689.0	1,739.5	1,504.5	1,648.1	1,729.5	2,110.6	1,739.7
Taxes on Use of Goods	3,413.4	3,442.5	3,666.3	3,995.4	967.5	816.0	896.3	986.5	1,122.0	866.7	1,023.4	983.3	1,514.2	1,071.6
Value Added Tax	2,358.2	2,236.7	2,356.8	2,475.3	584.2	511.1	602.2	659.3	578.3	578.5	643.7	674.8	639.7	685.7
Business Licenses	111.1	141.4	124.6	150.0	93.9	5.8	18.0	6.9	91.9	9.4	46.0	2.7	258.9	13.2
Turnover Tax	43.3	117.0	97.9	122.8	44.5	14.3	30.9	8.2	98.3	5.9	9.9	8.7	103.0	6.4
Other	901.0	947.4	1,087.0	1,247.3	244.9	284.8	245.2	312.1	353.5	272.9	323.8	297.1	512.6	366.3
Tax on International Trade	2,291.8	2,279.9	2,283.5	2,519.6	498.9	524.8	580.5	679.3	591.4	605.1	597.3	725.8	551.3	626.6
Import duties	2,287.9	2,279.3	2,283.4	2,519.6	498.8	524.8	580.5	679.3	591.4	605.1	597.3	725.8	551.3	626.6
Export duties	3.9	0.6	0.1	-	0.1	-	-	-	-	-	-	-	-	-
Other taxes	88.7	50.9	74.8	106.6	15.7	18.5	17.4	23.2	26.1	32.7	27.4	20.4	45.1	41.5
Non Tax Revenue	889.8	792.3	655.7	823.3	113.7	135.9	241.9	164.2	129.2	215.2	302.2	176.7	148.6	237.1
Property income: of which	418.1	391.7	239.4	323.4	12.7	38.4	146.1	42.2	7.4	67.5	193.3	55.2	17.6	106.2
Dividends	246.2	188.6	101.3	133.2	11.3	15.1	68.7	6.2	5.0	20.1	90.0	18.1	15.0	99.5
Other	171.9	203.1	138.1	190.2	1.4	23.3	77.4	36.0	2.4	47.4	103.3	37.1	2.6	6.7
Administrative fees & Charges	447.4	386.6	379.4	467.7	92.9	89.1	84.7	112.7	109.4	140.1	102.3	115.9	126.2	123.1
Other	24.3	14.0	36.9	32.2	8.1	8.4	11.1	9.3	12.4	7.6	6.6	5.6	4.8	7.8
Grants from abroad	670.0	720.3	381.4	684.8	73.9	170.0	129.5	8.0	108.3	183.4	89.3	303.8	161.1	249.5

Source: Department of Finance

TABLE 19: GOVERNMENT EXPENDITURE CLASSIFIED BY MAJOR CATEGORY

(Millions of Vatu)

ITEMS	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
TOTAL EXPENDITURE	8612.6	7958.6	7682.4	7685.8	1839.8	1814.0	2012.7	2015.9	1769.2	1872.2	2012.9	2031.5	1831.7	1740.1
Total Recurrent Expenditure	7198.6	7236.5	7239.7	7272.5	1752.6	1684.9	1886.0	1916.2	1677.8	1731.8	1890.9	1972.0	1669.0	1656.4
Goods and services: of which	5592.4	5834.3	5683.3	5580.9	1328.6	1332.9	1479.5	1542.3	1300.8	1338.6	1455.8	1485.7	1266.2	1358.7
Salaries & Wages	3734.4	3929.1	4072.2	4053.8	952.2	912.8	1080.3	1126.9	940.3	960.4	1052.9	1100.2	902.3	984.5
Interest payments	281.4	318.7	352.4	369.2	132.1	48.0	88.8	83.5	117.3	47.4	89.4	115.1	121.9	48.2
Domestic	172.9	217.7	241.5	266.3	102.0	25.6	52.5	61.4	90.8	31.0	59.5	85.0	96.6	34.6
External	108.5	101.0	110.9	102.9	30.1	22.4	36.3	22.1	26.5	16.4	29.9	30.1	25.3	13.6
Subsidies and transfers: of which	1141.0	1004.0	1118.1	1163.1	275.6	293.8	305.4	243.3	247.2	312.5	314.3	289.1	227.3	182.1
Provinces	199.3	202.7	206.8	197.1	51.8	47.5	57.0	50.5	48.9	49.3	53.5	45.4	44.8	47.4
Acquisition of fixed capital assets	183.8	79.5	85.9	159.3	16.3	10.2	12.3	47.1	12.5	33.3	31.4	82.1	53.6	67.4
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	0.0
Non-recurrent transfers to Gov.bodies	225.0	458.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Development Expenditure	1189.0	722.1	442.7	413.3	87.2	129.1	126.7	99.7	91.4	140.4	122.0	59.5	162.7	83.7

Source : Department of Finance

TABLE 20: 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
1998					
Qtr1	1,027,500	1,435,400	320,000	41,600	2,824,500
Qtr2	1,027,500	1,435,400	320,000	41,600	2,824,500
Qtr3	1,027,500	1,371,400	320,000	41,600	2,760,500
Qtr4	1,027,500	1,081,400	320,000	31,600	2,460,500
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
1999					
Qtr1	1,027,500	1,046,400	320,000	31,600	2,425,500
Qtr2	1,027,500	996,400	320,000	12,200	2,356,100
Qtr3	1,027,500	990,400	335,000	8,300	2,361,200
Qtr4	1,027,500	990,400	380,000	8,300	2,406,200
2000					
Qtr1	845,500	1,037,400	515,000	8,300	2,406,200
Qtr2	845,500	1,037,400	515,000	8,300	2,406,200
Qtr3	845,500	1,087,400	515,000	8,300	2,456,200
Qtr4	845,500	1,087,400	490,000	8,300	2,431,200
2003	902,500	773,000	1,581,100	2,500	3,259,100
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

TABLE 21: 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
2003	83.73	111.81	140.31	198.76	1.04	79.39	122.20
2004							
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

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 22: SUMMARY OF BALANCE OF PAYMENTS

	2002	2003	2003				2004				2005	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
CURRENT ACCOUNT	(2,665.0)	(3,464.0)	(895.0)	(485.0)	(1,018.0)	(878.0)	(382.0)	(723.0)	(429.0)	(196.0)	(325.0)	(993.0)
A Trade Balance	(7,773.0)	(7,912.0)	(1,883.0)	(1,623.0)	(2,416.0)	(1,990.0)	(1,717.0)	(2,172.0)	(1,905.0)	(2,434.0)	(1,928.0)	(2,877.0)
Export (fob)	2,793.0	3,249.0	627.0	745.0	838.0	1,039.0	927.0	1,023.0	1,164.0	1,150.0	1,013.0	926.0
Imports (fob)	10,881.0	11,161.0	2,510.0	2,368.0	3,254.0	3,029.0	2,644.0	3,195.0	3,069.0	3,584.0	2,941.0	3,803.0
B. Services	5,004.0	4,999.0	973.0	1,056.0	1,400.0	1,570.0	1,294.0	1,246.0	1,584.0	1,955.0	1,684.0	1,667.0
Services Credit	11,302.0	11,617.0	2,646.0	2,617.0	3,168.0	3,186.0	2,866.0	2,921.0	3,274.0	3,614.0	3,429.0	3,362.0
Services Debit	6,298.0	6,618.0	1,673.0	1,561.0	1,768.0	1,616.0	1,572.0	1,675.0	1,690.0	1,659.0	1,745.0	1,695.0
C. Income	(1,344.0)	(1,254.0)	(250.0)	(288.0)	(198.0)	(518.0)	(347.0)	(189.0)	(418.0)	(208.0)	(567.0)	(499.0)
Income Credit	3,115.0	2,960.0	777.0	763.0	764.0	656.0	760.0	696.0	774.0	808.0	672.0	783.0
Income debit	4,459.0	4,214.0	1,027.0	1,051.0	962.0	1,174.0	1,107.0	885.0	1,192.0	1,016.0	1,239.0	1,282.0
D Current transfers	1,488.0	891.0	265.0	370.0	196.0	60.0	388.0	392.0	310.0	491.0	486.0	716.0
Current transfer cr.	2,708.0	2,099.0	568.0	667.0	502.0	362.0	649.0	683.0	598.0	770.0	774.0	872.0
Current transfer dr.	1,220.0	1,208.0	303.0	297.0	306.0	302.0	261.0	291.0	288.0	279.0	288.0	156.0
Capital & Financial Account	3,615.0	3,381.0	1,091.0	936.0	877.0	477.0	(128.0)	146.0	1,037.0	592.0	32.0	575.0
E. Capital Account	(312.0)	(567.0)	(135.0)	(149.0)	(153.0)	(130.0)	(176.0)	(5.0)	(110.0)	(121.0)	(109.0)	(111.0)
Capital account cr.	1,481.0	1,275.0	330.0	314.0	315.0	316.0	322.0	419.0	345.0	323.0	334.0	328.0
Capital account dr.	1,793.0	1,842.0	465.0	463.0	468.0	446.0	498.0	424.0	455.0	444.0	443.0	439.0
F. Financial Account	3,927.0	3,948.0	1,226.0	1,085.0	1,030.0	607.0	48.0	151.0	1,147.0	713.0	141.0	686.0
Direct Investment Abroad	(79.0)	(82.0)	(19.0)	(21.0)	(21.0)	(21.0)	(22.0)	(21.0)	(21.0)	(21.0)	(21.0)	(21.0)
Direct investment in Vanuatu	1,752.0	1,879.0	447.0	436.0	451.0	545.0	602.0	504.0	691.0	546.0	840.0	807.0
Portfolio Investment Assets	(46.0)	249.0	27.0	(3.0)	76.0	149.0	(9.0)	-	(4.0)	36.0	16.0	(58.0)
Portfolio Investment Liabilities	-	-	-	-	-	-	75.0	-	-	-	(29.0)	-
Other Investment Assets	(479.0)	6,016.0	2,542.0	1,155.0	2,830.0	(511.0)	(1,816.0)	894.0	348.0	1,199.0	1,137.0	(358.0)
Other Investment Liabilities	2,103.0	(3,768.0)	(1,648.0)	(393.0)	(2,293.0)	566.0	1,145.0	(828.0)	600.0	(177.0)	(1,595.0)	522.0
Reserve Assets	676.0	(346.0)	(123.0)	(89.0)	(13.0)	(121.0)	73.0	(398.0)	(467.0)	(870.0)	(207.0)	(206.0)
G: Net errors and omissions	(950.0)	83.0	(196.0)	(451.0)	141.0	401.0	510.0	577.0	(608.0)	(396.0)	293.0	418.0
H: Memorandum items:												
Gross Official reserves	4,854.0	4,954.0	4,731.0	4,819.0	4,832.0	4,954.0	4,884.0	5,279.0	5,744.9	6,615.0	6,824.0	7,084.0
Net Reserves (Vatu)	4,259.0	4,339.0	4,132.0	4,234.0	4,245.0	4,339.0	4,290.0	4,686.0	5,103.4	6,018.0	6,225.0	6,483.0
Net Reserves (USD)	31.5	39.8	31.8	34.3	35.1	39.8	39.1	41.0	44.7	55.8	58.0	59.0
Exchange rate (VT/USD) end period average	139.2	109.0	129.8	123.4	121.0	109.0	109.6	114.4	114.2	107.9	107.4	109.8
Projected monthly import cover.	4.7	4.9	4.6	4.7	4.5	4.5	4.4	4.7	4.9	5.5	5.7	5.9

r Means Revised

p Means Provisional

* statistics of a few companies

TABLE 23: PRINCIPAL EXPORTS

	2002	2003	2003				2004				2005	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Domestic exports, f.o.b.	2,132	2,597	449	619	687	842	786	880	879	845	670	708
Copra	174	282	48	70	88	76	121	117	70	138	64	37
Volume (metric tons)	7,339	2,655	1,652	2,453	3,502	3,013	4,077	4,119	2,506	4,402	2,213	1,284
Unit value (vatu/ton)	na	26,986	29,056	28,536	25,128	25,224	29,679	28,405	27,933	31,349	28,920	28,816
Cocoa	144	296	15	143	76	62	12	24	72	52	18	5
Volume (metric tons)	756	383	34	702	404	392	66	152	481	312	223	28
Unit value (vatu/ton)	182,848	247,791	441,176	203,704	188,119	158,163	181,818	157,895	149,688	166,667	80,717	178,571
Beef	193	287	49	74	66	98	58	66	58	104	38	89
Volume (metric tons)	684	1,021	166	238	223	394	173	229	194	331	111	279
Unit value (vatu/ton)	282,512	287,700	295,181	310,924	295,964	248,731	335,260	288,210	298,969	314,199	342,342	318,996
Timber	198	249	26	63	89	71	82	55	62	48	65	18
Volume (Cubic meter)	3,690	na	508	na	na	na	na	na	na	na	na	na
Unit value (vatu/cubic meter)	219,467	na	51,181	na	na	na	na	na	na	na	na	na
Kava	435	223	39	38	56	90	34	85	161	158	64	148
Volume (metric tons)	1,226	529	80	92	135	222	87	189	269	280	113	227
Unit value (vatu/ton)	371,053	430,191	487,500	413,043	414,815	405,405	390,805	449,735	598,513	564,286	566,372	651,982
Coconut oil	470	382	90	61	71	160	219	318	299	190	148	233
Volume (metric tons)	5,329	7,722	1,587	1,364	1,512	3,259	5,256	4,641	4,038	3,176	2,457	3,700
Unit value (vatu/ton)	25,798	49,293	56,711	44,721	46,647	49,095	41,667	68,520	74,047	59,824	60,236	62,973
Other	518	878	182	170	241	285	260	215	157	155	273	178
Re-exports	661	652	178	126	151	197	141	143	285	305	342	219
Total	2,793	3,249	627	745	838	1,039	927	1,023	1,164	1,150	1,012	927

Source: Vanuatu Statistics Office

Re-exports are projected figures

TABLE 24 COMPOSITION OF IMPORTS

	2002	2003	2003				2004				2005	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Imports, c.i.f	12,433	12,703	2,856	2,670	3,723	3,454	3,005	3,665	3,508	4,125	3,317	4,346
For domestic composition	12,235	12,570	2,844	2,658	3,692	3,376	2,991	3,508	3,449	4,117	3,312	4,334
Food and live animals	2,215	2,490	498	504	689	799	506	688	593	969	653	807
Beverages and tobacco	456	713	269	98	178	168	164	145	89	153	117	118
Crude mtrls, excl.fuels	169	134	24	24	45	41	28	86	54	73	66	61
Mineral fuels	1,442	1,846	417	368	532	529	243	539	645	444	526	504
Animal, veg., and oil fats	53	61	8	14	18	21	16	13	16	24	21	12
Chemicals	1,560	1,454	329	342	436	347	399	365	359	435	462	715
Basic manufacturers	1,724	1,658	382	380	420	476	447	494	486	629	495	652
Mach. and transpt.equip.	2,960	2,621	574	587	885	575	757	671	825	804	587	964
Miscellaneous	1,450	1,354	254	302	427	371	254	478	312	427	308	420
Goods not specified	206	239	89	39	62	49	177	29	70	159	77	81
Imports for re-exports	198	133	12	12	31	78	14	157	59	8	5	12

Source: Vanuatu Statistics Office/ Air Vanuatu

TABLE 25: 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	187.0	272.0	525.0	38.0	88.0	124.0	185.0	-	-	869.0	2,267.0
2002	228.5	227.3	620.7	3.8	72.4	192.1	103.6	-	-	677.3	2,125.7
2003	259.0	168.0	356.0	6.0	20.0	158.0	50.0	-	-	692.0	1,709.0
2004	1,214.0	184.0	327.0	3.0	46.0	124.0	-	79.0	225.0	807.0	2,705.0
2001 Qtr1	37.0	36.0	108.0	13.0	23.0	29.0	29.0	-	-	145.0	420.0
Qtr2	60.0	129.0	109.0	11.0	15.0	31.0	-	-	-	198.0	532.0
Qtr3	39.0	60.0	70.0	14.0	28.0	28.0	44.0	-	-	245.0	528.0
Qtr4	51.0	47.0	238.0	-	22.0	36.0	112.0	-	-	281.0	787.0
2002 Qtr1	8.8	31.4	72.1	3.7	7.1	24.3	1.6	-	-	78.7	227.5
Qtr2	52.0	90.0	298.9	-	22.9	28.2	-	-	-	173.3	665.3
Qtr3	58.7	45.0	106.7	0.1	31.5	38.6	-	-	-	239.3	519.9
Qtr4	109.0	61.0	143.0	-	11.0	101.0	102.0	-	-	186.0	713.0
2003 Qtr1	136.0	34.0	114.0	2.0	7.0	32.0	45.0	-	-	79.0	449.0
Qtr2	99.0	62.0	135.0	4.0	7.0	36.0	5.0	-	-	271.0	619.0
Qtr3	22.0	66.0	88.0	-	5.0	89.0	-	-	-	201.0	471.0
Qtr4	2.0	6.0	19.0	-	1.0	1.0	-	-	-	141.0	170.0
2004 Qtr1	171.0	49.0	120.0	3.0	9.0	14.0	-	-	-	309.0	675.0
Qtr2	487.0	41.0	82.0	-	7.0	38.0	-	17.0	88.0	118.0	773.0
Qtr3	314.0	44.0	59.0	-	-	26.0	-	-	-	167.0	610.0
Qtr4	242.0	50.0	66.0	-	30.0	46.0	-	62.0	137.0	213.0	647.0
2005 Qtr1	239.0	13.0	121.0	-	9.0	34.0	-	-	65.0	191.0	672.0
Qtr2	289.0	49.0	93.0	-	14.0	65.0	-	-	125.0	72.0	707.0
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	-	2.9	8.3	29.8	100.0

Source: Vanuatu Statistics Office

TABLE 26: IMPORTS CLEARED FOR HOME CONSUMPTION BY COUNTRY OF CONSIGNMENT

Period (Yr/Qtr)	Australia	New Zealand	Japan	France	Fiji	EU	New Caledonia	Hong Kong	Singapore	Others	Total
2001	6,570	2,469	617	0	1,047	672	300	209	701	2,221	14,806
2002	4,907	2,153	477	654	959	653	307	171	602	1,352	12,235
2003	5,142	2,054	574	606	1,061	523	241	235	861	1,274	12,571
2004	6,022	1,845	615	557	1,214	603	186	259	884	1,882	14,067
2001											
Qtr1	1,318	388	64		107	85	49	30	117	277	2,435
Qtr2	1,465	587	135		197	184	36	51	124	533	3,312
Qtr3	2,253	984	270		280	194	127	65	274	835	5,282
Qtr4	1,534	510	148		463	209	88	63	186	576	3,777
2002											
Qtr1	4,907	2,153	477	654	959	653	307	171	602	1,352	12,235
Qtr2	870	428	86	291	212	291	49	27	112	15	2,382
Qtr3	1,381	559	137	114	253	114	125	37	202	332	3,254
Qtr4	1,314	601	135	133	272	133	58	19	24	522	3,209
2003											
Qtr1	5,142	2,054	574	606	1,061	523	241	235	861	1,274	12,571
Qtr2	1,101	443	124	232	233	232	76	29	220	154	2,844
Qtr3	995	430	165	123	223	123	55	58	164	322	2,658
Qtr4	1,578	740	169	133	290	133	44	63	267	276	3,693
2004											
Qtr1	6,022	1,845	615	557	1,214	603	186	259	884	1,882	14,067
Qtr2	1,236	434	153	154	184	154	59	41	180	397	2,992
Qtr3	1,539	478	160	106	317	152	36	49	241	432	3,510
Qtr4	1,445	414	188	131	361	131	46	59	251	424	3,450
2005											
Qtr1	1,802	519	114	166	352	166	45	110	212	629	4,115
Qtr2	1,196	534	50	149	259	245	33	37	381	426	3,310
Qtr4	1,750	545	88	130	330	0	71	95	287	1,038	4,334
<i>Percentage share of import</i>											
2001	44.4	16.7	4.2	0.0	7.1	4.5	2.0	1.4	4.7	15.0	100.0
2002	40.1	17.6	3.9	5.0	7.8	5.3	2.5	1.4	4.9	11.0	100.0
2003	40.9	16.3	4.6	4.8	8.4	4.2	1.9	1.9	6.8	10.1	100.0
2004	42.8	13.1	4.4	4.0	8.6	4.3	1.3	1.8	6.3	13.4	100.0

Source: Vanuatu Statistics Office

TABLE 27: FINANCE CENTRE INSTITUTIONS: LOCAL EXPENDITURE, VALUE-ADDED, EMPLOYMENT AND TOTAL ASSETS

(In Thousands of Vatu)

INSTITUTIONS	Total Local Expenditure (8+12+13)	Total Wages & Salaries (9)	Ni-Vanuatu Wages & Salaries (3)a	Rent (4)	Interest (5)	Total (3+4+5)	Other Recurrent Expenditure (7)	TOTAL (6+7)	TAXES AND LEVIES			CAPITAL EXPENDITURE (13)	VALUE OF TOTAL ASSETS IN VANUATU (14)	TOTAL LOCAL EMPLOYMENT (No.)				
									Central Government Fees (9)	Import Duties (10)	Local Government Revenue (11)			TOTAL (9+10+11)	Expat. (15)	Ni-Van. (16)	TOTAL (15-16)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Banks																		
2004	Qtr1	432,739	147,963	115,411	22,368	0	170,331	202,853	373,184	29,444	220	1,924	31,588	27,967	48,740,648	26	306	332
	Qtr2	353,255	117,691	91,799	20,100	0	137,791	166,228	304,019	36,039	603	983	37,625	11,611	47,775,242	32	280	312
	Qtr3	385,579	114,515	89,322	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	20,982	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	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	24,452		146,655	130,814	277,469	31,876	988	729	33,593	81,097	45,902,343	23	299	322
Trust & Insurance Companies																		
2004	Qtr1	76,243	31,725	19,035	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	4,200	55	57,250	81,903	139,153	2,581	95	156	2,832	8,599	1,199,352	13	75	88
	Qtr3	167,573	80,801	48,481	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	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	5,061	84	78,043	100,663	178,706	3,527	0	78	3,605	9,011	1,792,103	13	113	126
	Qtr2	265,293	65,359	39,215	5,564	3	70,926	184,281	255,207	2,100	0	87	2,187	7,899	1,277,195	12	113	125
Accounting Firms																		
2004	Qtr1	142,961	91,237	18,247	7,336	2,452	101,025	30,376	131,401	7,260	243	14	7,517	4,043	429,268	29	64	93
	Qtr2	131,128	95,701	19,140	7,503	3,242	106,446	14,977	121,423	7,375	7	0	7,382	2,323	465,204	26	76	102
	Qtr3	132,332	91,784	18,357	7,611	2,825	102,220	22,361	124,581	5,692	7	0	5,699	2,052	450,183	26	76	102
	Qtr4	133,633	94,259	18,852	7,928	2,523	104,710	23,093	127,803	3,509	7	0	3,516	2,314	457,297	25	75	100
2005	Qtr1	120,802	93,533	18,707	7,852	3,413	104,798	8,937	113,735	3,542	7	0	3,549	3,518	464,686	26	85	111
	Qtr2	140,006	96,296	19,259	7,447	4,158	107,901	23,547	131,448	3,778	7	0	3,785	4,773	521,145	29	87	116
Legal Firms/ offshore instns																		
2004	Qtr1	157,300	24,298	5,346	1,310	1,059	26,667	12,065	38,732	116,421	242	1,766	118,429	139	110,659	10	36	46
	Qtr2	111,906	21,857	4,809	1,310	1,048	24,215	4,718	28,933	78,774	0	1,713	80,487	2,486	122,975	10	36	46
	Qtr3	72,876	29,517	6,494	2,390	784	32,691	8,257	40,948	29,471	0	600	30,071	1,857	265,659	9	36	45
	Qtr4	47,414	29,357	6,459	2,390	784	32,531	5,569	38,100	6,388	0	1,069	7,457	1,857	273,220	9	35	44
2005	Qtr1	153,746	30,786	6,773	2,390	788	33,964	7,168	41,132	111,265	240	1,053	112,558	56	291,132	9	35	44
	Qtr2	113,779	27,987	6,157	1,560	920	30,467	8,257	38,724	74,086	0	600	74,686	369	285,438	9	39	48
GRAND TOTAL																		
2004	Qtr1	809,243	295,223	158,039	32,769	3,605	331,597	280,119	611,716	156,702	732	3,843	161,277	36,250	50,089,072	80	479	559
	Qtr2	746,873	288,244	147,545	33,113	4,345	325,702	267,826	593,528	124,769	705	2,852	128,326	25,019	49,562,773	81	467	548
	Qtr3	758,360	316,617	162,654	34,947	3,650	355,214	229,395	584,609	69,391	1,154	1,937	72,482	101,269	44,374,751	81	464	545
	Qtr4	740,849	284,392	142,219	36,160	3,381	323,933	308,154	632,087	45,667	668	1,516	47,851	60,911	44,213,328	74	451	525
2005	Qtr1	896,905	311,944	158,706	41,476	4,285	357,705	314,278	671,983	152,379	2,145	1,963	156,487	68,435	44,988,923	69	531	600
	Qtr2	911,237	311,845	159,949	39,023	5,081	355,949	346,899	702,848	111,840	995	1,416	114,251	94,138	47,986,121	73	538	611

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

TABLE 28: TRENDS IN BUSINESS TURNOVER/FOREIGN EXCHANGE EARNINGS OF FINANCE CENTRE INSTITUTIONS

(Millions of Vatu)

End of Period	Commercial Banks												Trust/Insur. Companies		Accounting/Legal & Offsh. Instn.		Government's	Total Gross Earnings (3+8+10) (13)	Total Net foreign exchange Earnings (7+9+11+12) (14)
	Earnings on			Payments on			Net foreign exchange Earnings (2-5) (7)	Gross income (8)	Net foreign exchange Earnings (9)	Gross income (10)	Net foreign exchange Earnings (11)	foreign exchange Receipts from Exempt Institutions (12)							
	Resident Assets (1)	Non Resident Assets (2)	Total (1+2) (3)	Resident Liabilities (4)	Non Resident Liabilities (5)	Total (4+5) (6)													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)					
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					
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				

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

TABLE 29: 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 VMSL (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
2002	Qtr1	33	11	151.6
	Qtr2	29	69	34.9
	Qtr3	32	9	16.2
	Qtr4	25	43	15.5
2003	Qtr1	23	12	113.0
	Qtr2	35	14	39.7
	Qtr3	26	13	11.9
	Qtr4	23	20	13.0
2004	Qtr1	35	14	109.7
	Qtr2	31	14	19.5
	Qtr3	27	41	14.3
	Qtr4	27	24	-1.5
2005	Qtr1	75	68	104.7
	Qtr2	19	15	20.9

Source: Vanuatu Maritime Services Limited

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

Table 30: 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	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Local		1302	1,351	1,303	1,369	1320	1351	1342	1369	1402	1354
Exempt		174	186	152	129	148	141	132	129	130	123
Overseas		26	26	24	25	24	24	25	25	26	26
International Companies		4,156	4,504	4,310	4,464	4,280	4,327	4,451	4,464	4,527	4,561
Total:		5,658	6,067	5,789	5,987	5,772	5,843	5,950	5,987	6,085	6,064
Of Which Hold Licenses as:											
a) Exempt Banks		51	34	14	7	9	9	9	7	7	7
b) Exempt Financial Institutions		2	0	2	2	2	2	2	2	2	2
c) Insurance Companies		45	45	45	47	43	43	43	47	47	39
d) Trust Companies		13	10	11	10	11	11	10	10	10	11

PART B: Company Registration during individual Year/ Quarter

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

Source: Vanuatu Financial Services Commission

TABLE 31: COCONUT PRODUCTS AND PRICES

Period	2001	2002	2003	2004	2003				2004				2005		
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	
PRODUCTION (Tonnes)															
Vila															
Smoked	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air/ Sun Dry	20.6	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	20.6	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-
Santo															
Smoked	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,704.6	25,264.2	25,417.3	34,446.3	3,234.3	5,403.8	7,779.3	8,999.8	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	
Total	19,704.6	25,264.2	25,417.3	34,446.3	3,234.3	5,403.8	7,779.3	8,999.8	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	
TOTAL COPRA PRODUCTION															
Smoked	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,725.2	25,265.6	25,417.3	34,446.3	3,234.3	5,403.8	7,779.3	8,999.8	9,507.0	10,732.0	7,717.1	6,490.2	5,172.6	6,809.6	
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	100.0	
TOTAL VALUE (Millions of Vatu)	494.4	596.0	690.3	896.6	81.9	120.0	265.9	222.5	254.2	289.9	196.7	155.706	122.382	146.9	
Average domestic Price (Vt / tonne)															
	24,725	22,830	27,160	26,028	25,324	22,212	34,177	24,725	26,743	27,014	25,491	23,991	23,660	21,566	
World Bank's Copra Market Prices.															
Average US\$/Tonne	202.0	266.2	300.0	450.0	303.7	276.0	276.1	344.0	417.7	489.7	444.3	448.3	447.8	446.4	
End Period US\$/Tonne	196.3	273.0	400.0	449.0	291.0	279.0	274.3	400.0	450.0	471.0	448.0	449.0	474.0	431.3	
COCONUT OIL EXPORT (Tonnes)															
	8,516.0	10,346.7	7,721.9	17,111.0	1,587.0	1,363.7	1,512.2	3,259.0	5,256.0	4,641.0	4,038.0	3,176.0	2,457	3,700.0	
World Bank's Coconut oil Prices.															
Average US\$/Tonne	318.2	421.4	467.3	672.4	470.7	440.0	430.3	528.0	685.0	703.3	651.0	650.3	667.3	654.9	
End Period US\$/Tonne	313.8	426.0	582.0	650.0	441.0	459.0	431.0	582.0	736.0	658.0	657.0	650.0	710.0	638.8	

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

TABLE 32: COCOA PRODUCTION FOR EXPORTS AND PRICES

Period	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr2	Qtr 3	Qtr 4	Qtr1	Qtr2	Qtr 3	Qtr 4	Qtr 1	Qtr2
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	74.0	672.0	429.0	243.0	33.0	310	163.0	297.9	49.1	125.3
Value of Output (Millions of Vatu)	76.1	84.0	49.0	83.5	7.0	63.0	40.0	24.0	4.0	28.0	17.0	34.5	3.9	9.1
VT/Tonne	95,508.5	96,885.8	96,837.9	103,912.2	94,595	93,750	93,240	98,765	121,212	90,323	104,294	115,928	79,430	73,009

TABLE 33: COMMERCIAL MEAT PRODUCTION

Period	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr3	Qtr 4	Qtr 1	Qtr 2
PORT VILA ABATTOIR														
Cattle Slaughter														
No. of Heads	5,627	6,709	6,864	7,678.0	1,856.0	1,561.0	1,884.0	1,563.0	1,757.0	1,618.0	2,093.0	2,210.0	2,033.0	1,965.0
Weight (Tonnes)	1,533	1,412	1,548	1,715.9	437.0	340.0	404.0	367.0	390.9	344.0	481.0	500.1	386.9	423.9
Percentage Change	-13.0	-7.9	9.7	10.9	37.4	-22.2	18.8	-9.2	6.5	-12.0	39.8	4.0	-22.6	9.6
Pig Slaughter														
No. of Heads	640	985	600	864.0	109.0	94.0	166.0	231.0	159.0	179	211.0	315.0	na	185.0
Weight (Tonnes)	38	51	31	46.2	6.0	4.2	9.0	12.2	9.5	10.0	12.3	14.4	na	10.1
Percentage Change	-22.3	34.4	-38.2	47.6	-49.3	-30.4	115.9	35.1	-21.5	5.6	22.8	16.8	na	na
SANTO ABATTOIR														
Cattle Slaughter														
No. of Heads	4,709	4,902	7,790	5,935.0	1,129.0	1,997.0	2,409.0	2,255.0	1,391.0	1,350.0	1,474.0	1,720.0	1,143.0	1,630.0
Weight (Tonnes)	1,494	1,120	1,579	1,267.5	250.0	434.0	476.0	418.6	292.7	262.0	338.0	374.7	206.2	332.4
Percentage Change	-62.4	-25.1	41.0	-19.7	-32.7	73.6	9.7	-12.1	-30.1	-10.5	29.0	10.9	-45.0	61.2
TOTAL BEEF PRODUCTION														
No. of Heads	10,336	1,120	14,654	13,613.0	2,985	3,558	4,293	3,818.0	3,148	2,968	3,567	3,930.0	3,176.0	3,595.0
Weight (Tonnes)	3,028	1,120	3,127	2,983.4	687.0	774.0	880.0	785.5	683.6	606.0	819.0	874.8	593.1	756.3
Percentage Change	-23.8	-63.0	179.2	-4.6	-0.4	12.7	13.7	-10.7	-13.0	-11.4	35.1	6.8	-32.2	27.5

Source: Vanuatu Quarantine and Inspection Services

TABLE 34: WORLD PRICES OF COMMODITIES RELEVANT TO VANUATU'S EXPORTS

Period	Commodity / Unit Prices					
	Copra	Cocoa	Coconut Oil	Coffee Robusta	Other Milds	Beef (US)
	US\$ / tonn	US cents / US\$ / tonn	US\$ / tonn	US cents / Kg	US cents / Kg	US cents / Kg
Annual Average :						
2001	202.1	106.9	318.3	60.7	137.3	212.9
2002	266.3	177.7	421.0	66.2	135.7	213.1
2003	299.9	175.1	467.3	81.5	141.6	211.4
2004	450.0	155.0	662.1	80.0	175.3	250.4
Quarterly Average :						
2003: Qtr 1	303.7	213.6	470.7	87.5	142.4	214.8
Qtr 2	276.0	174.4	440.0	80.4	141.1	201.0
Qtr 3	276.1	158.3	430.3	80.1	142.0	197.8
Qtr 4	344.0	154.1	528.0	77.8	140.7	232.1
2004: Qtr 1	417.7	156.7	647.0	86.3	163.8	225.6
Qtr 2	489.7	142.1	703.3	82.9	167.1	245.0
Qtr 3	444.3	161.2	647.7	76.6	168.3	270.0
Qtr 4	448.3	159.9	650.3	74.3	202.1	261.1
2005: Qtr 1	447.8	164.7	667.3	93.9	266.8	258.9
Qtr2	446.4	154.5	654.9	122.6	278.6	264.8
Monthly Average :						
2004: January	388.0	162.9	584.0	87.8	160.3	238.0
February	415.0	156.9	672.0	87.0	165.0	219.4
March	450.0	150.4	685.0	84.0	166.0	219.4
April	500.0	143.8	736.0	80.2	167.4	225.1
May	498.0	142.0	716.0	80.6	166.9	252.7
June	471.0	140.5	658.0	87.9	167.1	257.1
July	445.0	156.4	671.0	79.4	165.2	267.6
August	440.0	172.8	615.0	74.8	162.3	279.4
September	448.0	154.5	657.0	75.5	177.4	262.9
October	447.0	148.0	642.0	69.8	177.6	262.9
November	449.0	165.9	659.0	72.1	199.0	261.0
December	449.0	165.8	650.0	81.0	228.8	259.4
2005: January	429.5	155.2	646.0	81.5	236.2	254.1
February	440.0	163.4	646.0	90.9	266.5	258.8
March	474.0	175.5	710.0	109.2	297.7	263.9
April	460.0	158.6	679.0	111.9	285.6	260.7
May	446.3	150.8	647.0	123.6	284.1	267.8
June	431.25	153.95	639	127.6	242.4	266.01

TABLE 35: CONSUMER PRICE INDICES BY EXPENDITURE GROUP (Quarter to previous quarter)

Expenditure Group	Region	Average					2003				2004				2005	
		2000	2001	2002	2003	2004	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Food		0.5	0.6	0.2	1.0	0.5	-0.4	1.1	2.8	0.5	0.1	0.0	3.2	-1.4	-1.8	0.6
	Port Vila	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
	Luganville	0.4	1.2	0.2	0.8	0.5	-2.0	1.3	2.1	1.7	0.5	-0.5	2.4	-0.5	3.1	
Drinks & Tobacco		2.1	0.3	1.8	2.3	0.1	8.8	0.2	0.2	-0.2	0.2	0.2	0.0	0.0	1.5	0.5
	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
	Luganville	0.6	0.5	1.9	1.4	0.2	4.0	0.0	0.9	0.7	0.9	-0.2	-0.1	0.0	3.7	
Clothing etc		-0.3	0.4	0.1	0.2	-0.3	0.1	0.2	1.2	-0.5	-0.5	-0.6	0.1	0.0	0.6	0.0
	Port Vila	2.8	0.4	0.0	0.3	0.0	0.6	0.3	0.6	-0.3	0.0	0.0	0.0	0.0	-0.3	1.0
	Luganville	-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	
Rent, Water, Electricity		1.8	1.5	-0.2	0.0	-0.4	-0.3	0.4	0.4	-0.5	0.0	0.1	0.2	-1.7	3.3	1.1
	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
	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	
Household Supplies		1.2	-0.4	-0.2	0.1	-0.1	0.4	0.4	0.7	-1.3	-0.2	-0.1	-0.1	0.0	0.8	-1.7
	Port Vila	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
	Luganville	2.1	0.0	-0.2	0.7	-0.1	3.0	1.6	-2.6	0.6	-0.1	-0.2	-0.4	0.1	0	
Transport & Comm.		1.7	0.5	1.9	0.2	0.3	0.4	0.2	0.0	0.3	0.5	0.0	0.5	0.1	0.3	-0.3
	Port Vila	1.7	0.6	2.0	0.2	0.3	0.4	0.2	-0.1	0.2	0.7	0.0	0.5	0.0	0.2	1.2
	Luganville	1.6	0.3	1.0	0.4	0.2	0.7	0.0	0.6	0.2	-0.1	0.0	0.4	0.4	-0.6	
Recreation, Educ., Health etc		0.4	0.0	0.9	0.9	0.9	3.8	0.2	-0.5	0.0	2.9	0.1	0.4	0.0	2.7	0.2
	Port Vila	0.2	0.1	1.0	0.6	0.9	2.9	0.2	-0.6	0.1	3.1	0.0	0.4	0.0	0.1	1.1
	Luganville	1.5	-0.8	0.5	2.4	0.3	9.8	0.0	0.0	-0.1	1.1	0.3	-0.2	0.0	2.7	
ALL GROUPS		1.0	0.6	0.6	0.7	0.2	1.4	0.5	1.0	0.0	0.4	0.0	1.2	-0.8	0.5	0.4
	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
	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	

Source: Vanuatu Statistics Office

TABLE 36: CONSUMER PRICE INDICES BY EXPENDITURE GROUP (Quarter to same quarter of previous year)

Expenditure Group	Region	End-year					2002				2004				2005	
		2000	2001	2002	2003	2004	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Food		1.9	2.4	0.6	4.0	1.9	2.1	0.8	2.2	4.0	4.5	3.4	3.8	1.9	-0.1	0.5
	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
	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	
Drinks & Tobacco		8.7	1.2	7.3	9.1	0.4	10.3	8.3	9.1	9.1	0.4	0.4	0.2	0.4	1.7	1.9
	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
	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	
Clothing etc		-1.3	1.6	0.4	1.0	-1.0	1.8	0.9	1.7	1.0	0.4	-0.4	-1.5	-1.0	0.1	0.7
	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
	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	
Rent, Water, Electricity		7.3	6.1	-0.9	-0.1	-1.4	-1.6	-1.5	0.4	-0.1	0.2	-0.1	-0.3	-1.4	1.8	2.8
	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
	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	
Household Supplies		4.8	-1.5	-0.8	0.2	-0.4	0.6	-1.1	-0.6	0.2	-0.4	-0.9	-1.6	-0.4	0.6	-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
	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	
Transport & Comm.		6.8	2.2	7.5	0.9	1.1	8.0	5.8	5.7	0.9	0.9	0.8	1.3	1.1	0.9	0.6
	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
	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	
Recreation, Educ., Health etc		1.5	0.0	3.8	3.4	3.4	6.0	5.8	4.9	3.4	2.6	2.5	3.4	3.4	3.1	3.3
	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
	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	
ALL GROUPS		4.1	2.3	2.3	2.9	0.8	3.5	2.4	3.2	2.9	1.9	1.4	1.6	0.8	1.0	1.3
	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
	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	

Source: Vanuatu Statistics Office

TABLE 37: SELECTED TOURISM STATISTICS

	2001	2002	2003	2004	2003				2004				2005	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Total Non-resident Visitor Arrivals:	105,705	99,488	100,830	98,540	20,277	25,055	25,842	29,656	28,528	18,333	23,544	28,135		
Visitor arrivals	52,927	49,461	50,400	60,670	10,490	10,529	15,055	14,326	11,543	11,897	19,004	18,226	12,648	13,309
Day visitors:	52,778	50,027	50,430	37,870	9,787	14,526	10,787	15,330	16,985	6,436	4,540	9,909		
Cruiseship	52,758	50,027	50,430	37,870	9,787	14,526	10,787	15,330	16,985	6,436	4,540	9,909	19,454	13,286
Air/ yachts	20	-	-	-	0	0	0	0	0	0	0	0		
Air arrivals by purpose of visit:	52,928	49,462	50,400	60,613	10,490	10,529	15,055	14,326	11,543	11,839	19,005	18,226	12,648	13,309
Stop-over	1,108	611	835	1,521	126	139	318	252	76	64	710	671	393	343
Holiday	41,319	38,740	38,924	46,806	8,218	8,020	11,653	11,033	9,060	9,003	14,647	14,096	9,625	9,873
Visiting freinds	3,677	3,563	3,887	4,594	689	839	1,102	1,257	868	1,057	1,205	1,464	804	1,068
Business/ Meetings	6,557	6,544	6,746	7,686	1,454	1,529	1,982	1,781	1,533	1,715	2,443	1,995	1,797	2,025
Other Purposes	111	1	6	6	1	2	0	3	6	-	-	-	29	-
Not Stated	156	3	2	-	2	0	0	0	-	-	-	-	-	-
Air arrivals by Usual Country of Residence:	52,927	49,461	50,400	60,668	10,490	10,529	15,055	14,326	11,543	11,897	19,004	18,224	12,648	13,309
Australia	33,492	29,730	29,492	35,782	6,344	6,102	8,553	8,493	7,474	6,888	9,940	11,480	7,864	8,438
New Zealand	7,485	7,263	7,729	8,209	1,291	1,847	2,575	2,016	1,043	1,670	3,299	2,197	943	1,837
New Caledonia	3,956	4,704	5,050	6,519	1,161	962	1,400	1,527	1,286	1,281	2,028	1,924	1,591	1,209
Other Pacific	2,190	1,828	2,034	3,208	478	387	533	636	539	521	1,215	933	852	405
Europe	2,651	2,948	3,003	3,361	614	554	1,016	819	596	611	1,270	884	670	700
North America	1,400	1,438	1,625	1,930	275	395	530	425	251	531	749	399	357	345
Japan	789	731	571	586	136	135	169	131	121	142	182	141	113	136
Other Countries	927	803	881	1,073	183	143	276	279	233	253	321	266	258	239
Not Stated	37	16	15	-	8	4	3	-	-	-	-	-	-	-
Facilities at end of period:														
Hotels	29	29	29	29	29	29	29	29	29	29	29	29	27	23
Rooms	1,008	992	899	888	924	889	888	895	873	892	939	847	883	894
Room nights offered	92,828	91,945	82,229	84,406	84,084	85,580	81,431	77,821	79,554	86,004	96,604	75,463	80,718	85,126
Occupancy rate	49.8%	44.2%	48.2%	52.3%	46.6%	38.8%	53.8%	53.7%	48.2%	44.3%	51.9%	64.6%	44.8%	41.8%
Beds	2,910	2,658	2,348	3,352	2,375	2,324	2,324	2,370	2,327	2,412	2,476	6,193	2,119	2,436
Bed nights offered	256,395	242,001	217,453	212,478	216,125	212,676	213,554	227,457	214,010	215,710	219,621	200,569	202,463	77,478
Occupancy rate	35.6%	32.8%	35.3%	40.9%	31.7%	31.4%	41.2%	36.7%	35.2%	33.9%	46.0%	48.5%	38.3%	33.3%

Source: Vanuatu Statistics Office

Table 38: Energy Consumption

Period	2001	2002	2003	2004	2003				2004				2005	
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
<i>('000 Kwh)</i>														
Port-Vila	33,731	35,288	34,385	35,615	9,330	8,776	7,667	8,612	10,121	8,682	8,232	8,580	10,835	9,255
Luganville	8,550	6,587	6,303	6,512	1,665	1,734	1,453	1,451	1,750	1,636	1,572	1,554	1,626	1,475
Malekula	-	221	445	509	96	122	106	121	141	122	112	134	146	135
Tanna	-	111	208	214	48	51	56	53	56	54	53	51	57	56
TOTAL	42,281	42,207	41,341	42,850	11,139	10,683	9,282	10,237	12,068	10,494	9,969	10,319	12,664	10,921
Imports Cleared for Home Consumption ('000 litres)														
Petrol	5,539	4,836	5,809	3,006	1,333	1,094	1,707	1,675	420	1,509		1,077	988	897
Fuel	28,131	24,940	23,799	22,789	5,314	4,802	7,653	6,030	3,526	8,397	7,100	3,766	6,640	4,510
Kerosene	707	786	911	783	440	88	222	161	199	226	207	151	93	106

TABLE 39: SELECTED ECONOMIC INDICATORS

Year	Production (Tonnes)			CPI	Tourism		Balance of Payments (M/T)			Money Supply			Money Stock			Monetary aggregates (M/T)			Average Exchange Rates Mal./S.U.S. Val./M.U.S.				
	Cocoa	C.Oil	Beef		Total	Hotel	Boat	Exports	Imports	Trade	Official	Reserve	Current	Reserve	Reserve	Reserve	Reserve	Reserve		Reserve			
2000	27,269	1,874	1,594	1,730	41	107,074	595	3,620	11,670	8,250	5,582	57	24,057	1,841	11,325	30,749	31,731	11,627	34	135	137.6	801	
2001	10,252	8,060	7,864	3,025	1,050	23	105,705	593	2,940	12,860	9,710	53	29,402	1,840	11,429	30,080	33,013	12,313	21	134	148.7	755	
2002	25,266	10,367	7,947	2,531	1,230	23	99,488	352	2,780	12,280	9,420	48	25,384	1,845	12,565	30,274	33,023	12,784	21	116	139.1	757	
2003	25,472	7,219	1,268	2,125	491	29	100,020	513	3,240	11,150	7,920	46	24,021	2,104	13,824	34,733	32,819	14,500	22	117	122.2	784	
2004	34,463	17,110	8,039	2,924	830	03	98,528	523	4,250	12,420	8,220	55	27,021	2,491	15,013	38,176	38,627	16,073	24	116	111.9	824	
Quarterly																							
2000	8,951	251	191	282	370	05	24,210	482	800	2,920	1,820	51	24,152	1,743	10,821	32,455	30,510	10,848	46	123	124.4	801	
01Q	7,902	839	945	597	700	13	28,295	618	940	2,780	1,820	53	23,917	1,793	10,598	31,522	29,747	10,976	45	120	138.5	808	
02Q	6,035	346	510	948	550	18	26,215	629	1,050	3,400	2,350	49	22,835	1,830	11,029	31,549	29,552	11,233	43	130	130.0	789	
03Q	4,320	374	251	942	1,540	06	28,224	521	870	3,780	2,280	57	24,027	1,841	11,325	32,749	31,731	11,627	41	137	144.4	768	
2001	4,510	1,261	300	725	210	13	24,620	565	520	2,450	1,600	52	24,073	1,792	11,264	32,062	31,741	11,812	37	131	146.6	783	
01Q	4,234	2,225	345	740	200	08	25,295	541	880	3,300	2,520	49	23,753	1,755	10,703	32,354	30,593	12,151	36	130	146.6	753	
02Q	6,924	1,114	1,061	947	990	00	28,722	611	750	3,080	2,380	53	25,793	1,833	11,046	32,151	32,712	12,390	37	130	146.6	750	
03Q	4,104	3,069	2,947	734	340	03	28,246	553	950	3,750	2,800	53	29,424	1,940	11,429	32,080	33,013	12,313	36	134	146.1	749	
2002	6,915	382	113	654	730	03	25,637	474	390	2,380	1,950	51	25,306	1,255	11,217	32,055	34,946	12,534	20	134	146.1	752	
01Q	7,979	3,771	2,841	597	350	15	17,787	414	650	3,250	2,390	51	28,940	1,871	12,924	32,707	34,946	12,584	20	134	128.5	766	
02Q	7,892	2,388	2,693	593	670	02	29,224	618	820	3,200	2,530	50	25,884	1,845	12,565	32,274	33,822	12,784	187	137	137.4	754	
03Q	3,024	3,886	320	699	340	03	26,210	502	680	3,280	2,500	47	24,744	1,981	12,907	32,081	33,023	13,120	207	118	126.4	756	
2003	3,233	1,570	250	687	500	16	26,677	477	570	2,500	1,680	47	24,021	1,842	13,140	34,703	32,234	13,027	206	114	126.0	785	
01Q	5,403	1,937	861	774	500	05	25,655	421	740	2,380	1,620	49	22,368	1,842	13,326	32,828	30,807	13,688	215	112	122.5	780	
02Q	7,703	1,572	245	880	550	10	25,842	618	830	3,250	2,450	48	24,183	2,002	13,263	33,656	31,651	14,072	224	115	121.2	789	
03Q	3,888	3,250	243	786	248	00	28,655	527	1,030	3,030	1,900	45	24,021	2,184	13,824	34,733	32,819	14,500	218	113	115.1	823	
2004	9,570	5,250	300	656	870	04	26,528	462	970	2,940	1,710	49	25,793	1,933	12,740	32,594	34,755	14,841	226	110	106.6	839	
01Q	10,220	4,610	310	690	890	00	18,633	443	1,020	3,180	2,120	47	27,624	2,113	14,923	32,628	34,755	15,172	241	115	114.5	819	
02Q	7,171	4,030	1,620	810	280	12	22,544	519	1,940	3,090	1,950	49	27,905	2,173	15,020	37,342	33,734	15,264	249	104	114.2	811	
03Q	6,492	3,760	267	878	200	-03	28,155	646	1,950	3,840	2,430	61	27,671	2,401	15,013	38,176	36,678	16,073	240	115	109.2	820	
2005	5,126	2,470	491	581	640	05	32,102	448	1,010	2,940	1,920	62	29,987	2,087	16,219	39,249	37,493	16,242	224	114	107.30	844	
01Q	6,900	3,700	1,53	763	480	04	28,555	418	920	3,800	2,670	70	29,619	2,241	16,790	41,700	39,073	17,327	214	115	106.49	835	