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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
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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 up-dated 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

Developments in the world economy turned out better than expectations in 2005 recording an estimated growth of 4.8 percent. Growth has been broadly based and is continued to be driven by the US and China as the main engines for growth. Most countries reported strong growth in the final quarter of 2005 and in many countries growth is attributed to accommodative monetary policy stance. The strong growth in 2005 is surprising given that it has come at a time where the world is experiencing a large and sustained increase in world oil price, and natural disasters. The outlook for 2006 remains favorable as according to the International Monetary Fund (IMF)'s April 2006 World Economic Outlook, the world economy will grow by 4.9 percent in 2006. Indicators continued to point to continued growth in the first quarter of 2006. However, there is evidence that growth is likely to slow markedly in the second half of the year as monetary policy stance has been tightened in many countries.

The year 2005 closed with yet another year of positive real GDP growth, marking the third consecutive year of positive growth for the domestic economy. Economic growth in 2005 appeared mixed with growth mainly driven by the services and industry sectors; collectively they more than offset a negative contribution from agriculture sector. Looking ahead, the domestic economy is expected to continue to grow in 2006 with growth being estimated at over 3 percent. All sectors of the economy, including agriculture, are expected to contribute positively to growth in 2006.

Developments in the first quarter of 2006, as compared to the preceding quarter, saw the agriculture sector picking up slightly, mainly for copra, beef and kava sub-sectors. The cocoa sub sector, on the other hand, has indicated a weak performance as compared to the previous quarter due to seasonality factor. The services sector, principally tourism has been estimated to have performed favorably during this quarter, driven by cruise-ship arrivals.

The fiscal operation of the Government indicated a budget surplus of VT643.8 million in the quarter under review. This is favorably compared with VT589.7 million recorded during the corresponding quarter of 2005. This positive outturn in the Government's fiscal position was underpinned by a decrease of 3.5 percent in expenditures, which more than compensated for the 0.8 percent decline in revenue and grants, both over the corresponding quarter of 2005. The quarter under review saw the Government rolled over a one year bond for another term.

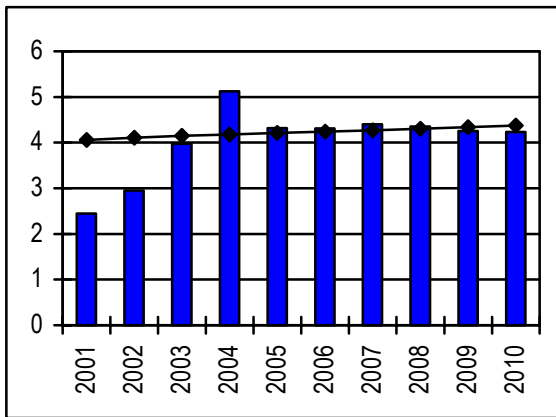
Total money supply grew for the 11th consecutive quarter in March 2006 recording a 1.8 percent growth compared with 1.1 percent in the preceding quarter. The expansion of total money supply during the quarter was caused by growths in total net foreign assets and expansion in private sector credit, offset however by an improvement in the Government's net lending position with the banking system. On a year-on-year growth basis, total money supply grew by 9.3 percent. On March 15th 2006 the Bank eased its Monetary Policy stance by reducing its rediscount rate from 6.25 percent to 6.00 percent. Commercial banks' liquidity has also improved during the quarter driven by a decline in currency in circulation and surpluses in the balance of payments. Reflecting this improvement in liquidity, short-term interest rates have declined during the quarter.

On the external front, the current account deficit has been estimated to have improved, underpinned by improvement in the transfer account. The trade deficit is also estimated to have improved. Although exports were down by 23.0 percent, imports have decreased by 9.0 percent. Official international reserves have increased further to six months of import cover.

2. THE INTERNATIONAL ECONOMY

The World economy continues to grow strongly with most countries reporting strong growth in the final quarter of 2005. It is now apparent that global growth has exceeded 4% for three consecutive years. This has not occurred since 1976. All the OECD indicators continue to point towards continued growth in the first few months of 2006.

Figure 1: World Real Economic Growth



Source: IMF World Economic Outlook, September 2005.

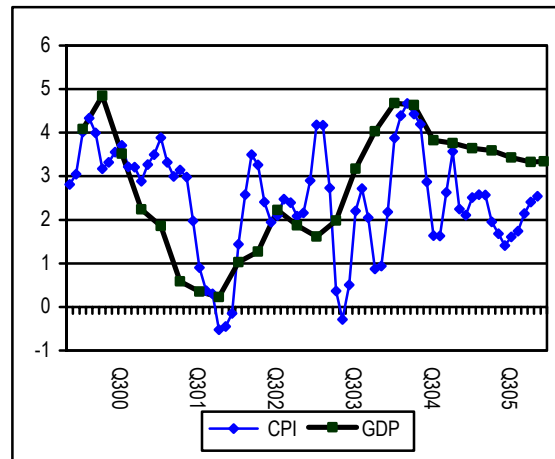
The strong performance of the world economy is surprising given that it has come at a time where the world is experiencing a large and sustained increase in the price of oil. Growth in many countries can be attributed mainly to some very accommodative monetary policies. The other main contributor to world growth has been the rapid growth of the developing world, developing countries have contributed 57% of the growth in the world economy over the past ten years.

There is evidence that growth is likely to slow markedly in the second half of 2006 as monetary policy has been tightened in many countries. The US has seen an increase in interest rates to 5% and Europe has also been increasing rates. The US housing market is also showing signs that it will start to gradually decline.

The US Economy

The end of 2005 saw a slight slowdown on the US economy as Hurricanes Katrina and Rita continued to have an effect on the economy. However 2006 saw the economy rebound strongly. A warm winter and gulf coast reconstruction have been the two main factors behind the rebound. Growth in quarter one is forecasted at around 4.5%.

Figure 2: US GDP and CPI



Source: IMF World Economic Outlook, April 2006

Employment has grown strongly and the unemployment rate has remained low at 4.8%, this has driven an acceleration in earnings to 3.5% annual growth. Durable goods orders and resident building permits have also both shown increases. All this paints a rosy picture for growth in the first half of 2006. However, growth is expected to moderate in the second half of the year.

The housing boom has continued but it cannot last forever and most analysts predict that it will come to an end in the latter half of the year.

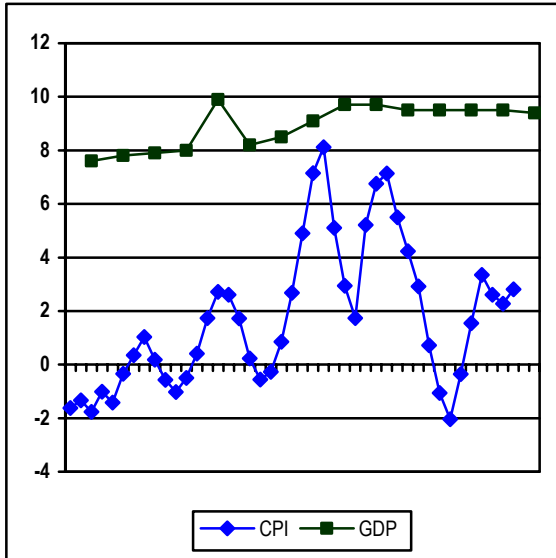
Asia

The outlook for the Asian region remains positive with solid economic growth expected to continue. However, many analysts predicted that Asian inflation will begin to pick up in 2006. Inflation has been rising steadily over the past few months and there are four main reasons to expect that it will keep on doing so in the foreseeable future.

The first of the factors is that commodity prices are high this will increase the cost of manufacturing. Oil prices are also likely to remain high. The second factor is the recovery of Japan's economy. Japan used to act as a deflationary force in Asia but its economy is now starting to turn a corner and it is likely that inflation will begin to increase. China is the third factor behind the anticipated inflationary pressure, until now China has kept world inflation very low due to its exports of cheap consumer goods. Chinese producers are now likely to feel the increased costs of high oil prices and will start to increase prices.

This increase in inflation is likely to lead to increasing interest rates in many Asian economies.

Figure 3: Chinese GDP and CPI



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

Japan

Japan’s economy has been going from strength to strength since it began its recovery in mid 2005. The Bank of Japan was able to announce the end of the Quantitative easing policy in March. The Bank of Japan is now using interest rates as an anchor for inflation which it is targeting at 1%-2%.

The end of quantitative easing means that the Bank of Japan will now be able to gradually mature the bills it created as and when they expire.

The economic recovering is continuing at a steady pace, the March survey of business conditions showed buoyant expectations. Industrial production is increasing at 3% annually and corporate profits are also on the up.

Europe

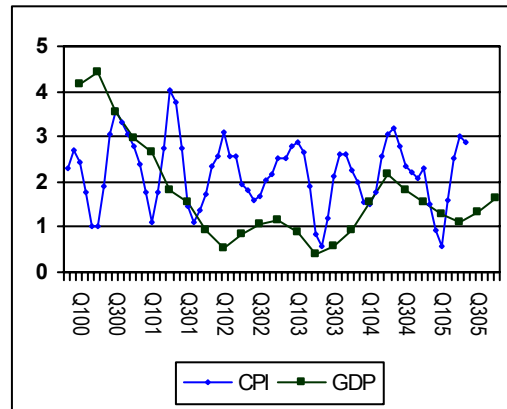
Growth in the Eurozone was disappointing in 2005 reaching only a paltry 1.4%. The poor growth performance was driven mainly by slow growth in the German and Italian economies.

Despite this poor performance, confidence surveys in Europe have been showing very positive signs, all the forward looking indicators are pointing towards a recovery in the future. This has been reflected in the increased growth forecasts for the Euro-area to around 2%.

European national governments have been resorting to protectionism to try and protect their failing economies, many governments are now under threat of legal action if they don’t curb their anti-competition behaviour.

Inflation has moderated in the Euro area and unemployment has been decreasing steadily. The rate of inflation now stands at 2.2% with unemployment at 8.2%.

Figure 4: Euro-area GDP and CPI



Source: IMF World economic Outlook, September 2005.

The UK economy showed renewed signs of growth towards the end of 2005 but growth over the year remained subdued at 1.8% for the year. The outlook does look good for 2006 with consumer demand, government spending and business spending all expecting to lead to further growth.

The only risk to the economy in the near term is the possibility of a drop in retail sales. But the housing market and the recovery in employment in 2005 are causes for optimism. Monetary policy has been unchanged since a rate cut in August. But inflationary pressures are beginning to creep up and inflationary expectations are very high among the public. Further cuts are therefore unlikely.

Australia

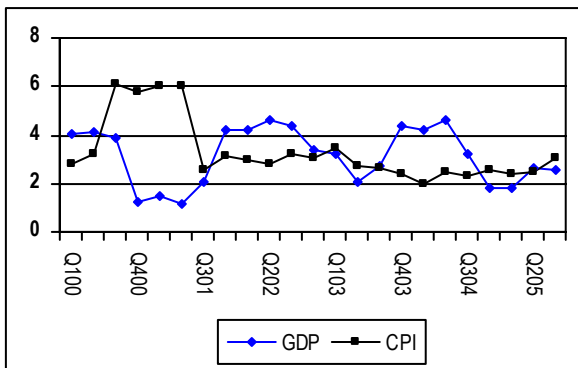
Annual GDP in Australia in 2005 was of 2.7% which represents the fifth consecutive quarter of growth below 3%. This all comes despite a huge commodity price boom

which has left Australia enjoying its best terms of trade in 32 years.

The main reason for the low growth rate is the segregated nature of the economy where by the profits from the mining boom are getting through only to a handful of the larger mining companies which only operate in three states, there has been no real growth in the domestic sector to match the export growth and the non-exporting states have been left lagging behind.

The retail, manufacturing, dwelling construction and the rural sector have been struggling as higher interest rates, high petrol prices, the end of the house price boom, the strong A\$ and the intense competition from abroad have all taken their toll.

Figure 5 Australia CPI and GDP



Source: Reserve Bank of Australia

The three states in Australia in the midst of the export boom have been recording high rates of growth, in contrast the three remaining states, NSW, Vic, SA, ACT, have been stalling. NSW is the worst performing state of all with house prices dropping and the state government recording a substantial deficit.

The future does look somewhat optimistic however as the soft sectors regain momentum. The forecasts are of growth of 2.9% for this year with a further acceleration to 3.8% in 2007.

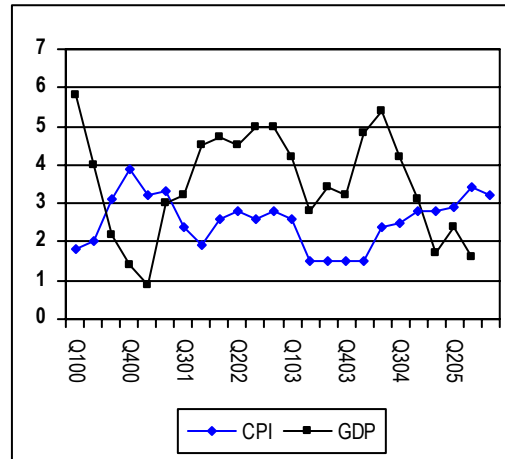
New Zealand

The New Zealand economy has continued in its flat patch. Economic activity stalled over the second half of 2005. However it seems unlikely that this pause in economic activity will last too long.

Figures from the underlying economy remain good, unemployment is low at 3.6%. Corporate cash-flow

balance sheets remain strong. Confidence in the economy has now started to pick up which should encourage consumers to begin spending again.

Figure 6 New Zealand CPI and GDP



Source: Reserve Bank of New Zealand.

However, consumer, corporate and rural spending trends are not expected to match those seen in the past. Building consents are down 30% and this decline has not yet fully filtered through to the construction industry. House prices are also cooling which is likely to reduce consumer spending.

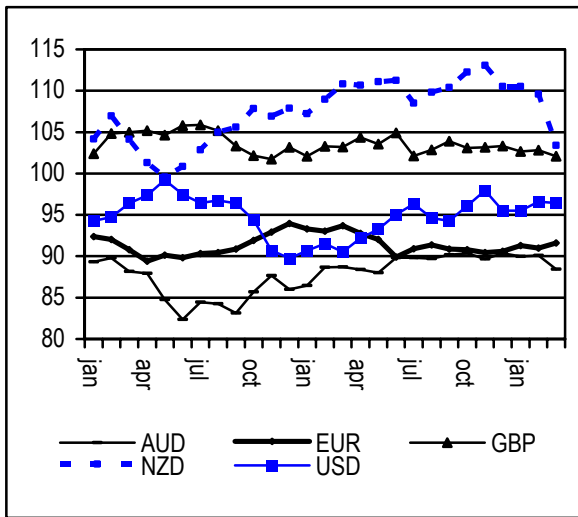
Financial markets have responded to the economies woes as the New Zealand dollar has fallen heavily. This lower NZ dollar will support continued momentum and may lay platform to the next economic upswing.

Financial Markets.

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

The most striking feature of the exchange rate patterns for the first quarter of 2006 is the large drop in the value of the New Zealand Dollar, especially from February to march. The NZD started in June at an index value of 110.51 but dropped 6.4% to reach 103.39 in March. This reflects the current economic situation in New Zealand, it is expected though that the drop in the NZD should gradually stabilise.

Figure 7 Exchange Rates



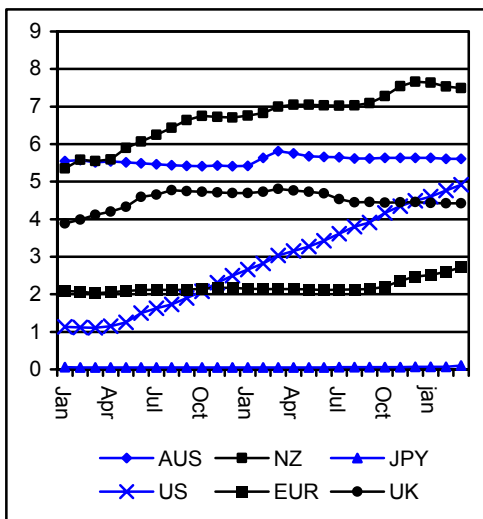
Source: Bank of England

Most of the other currencies remained broadly stable over the period the Australian dollar and British pound saw slight depreciations of 1.6% and 0.5% respectively. The Euro and US dollar both saw appreciations of 0.3% and 0.99% respectively.

Short Term Interest Rates

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

Figure 8 Short Term interest Rates



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

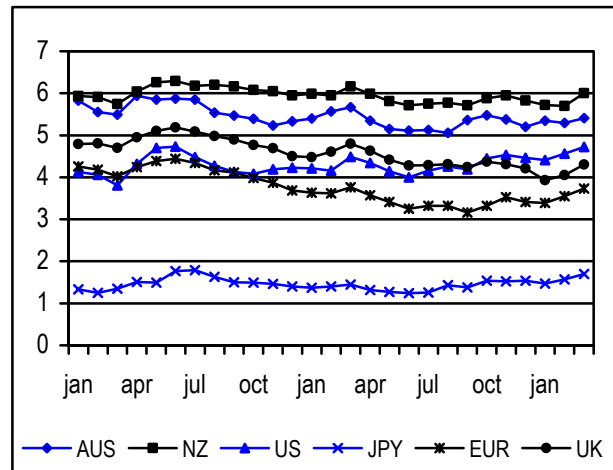
Short term interest rates have seen some interesting changes over the quarter. One notable change was the Japanese interest rate which continued to increase. It went from 0.07% to 0.1% which signals Japan's continued economic recovery. The US interest rates also increased from 4.6% to 4.92% as it continues to follow the Fed's increases in the cash rate. The EU rates also continued on their upward trend from 2.51% to 2.72%.

The other notable change has been the decrease in the short term rates in New Zealand, they fell from 7.64% to 7.49% which signals the economic downturn and the fall in the New Zealand dollar. The other rates remained broadly stable over the period.

Long term interest rates.

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

Figure.9 Long-Term Interest Rates



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

The long term interest rates saw increases for every country over the first quarter of 2006. The largest increase was the one in the United Kingdom where rates went up by 0.5 percentage points. The second largest increase was in Europe where rates went up 0.34 percentage points to 3.73%.

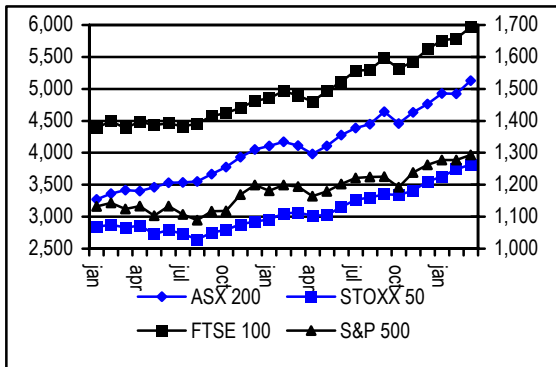
An interesting development in the United States was that short term rates increased above long term rates. Short

term rates now stand at 4.92% where as the long term rates stand at 4.72%.

Stock Markets

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

Figure 10: Stock Markets

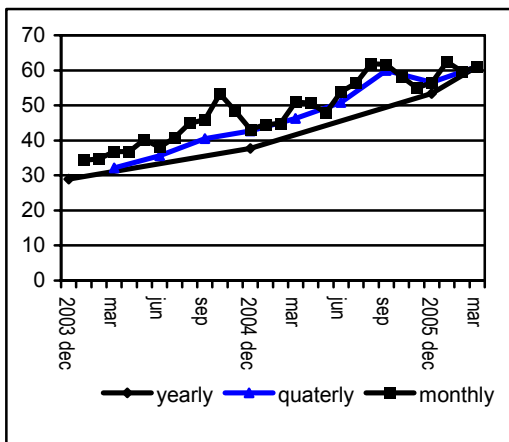


Source: Financial Times, European Central Bank, Reserve Bank of Australia. All the stock market indices increased in the first quarter of 2006. The largest increase was in the STOXX 50, the European stock index, which increased 5.18%. This reflects the increased business confidence in Europe as the region starts on the road to economic recovery. The ASX 200 increased 4.05% despite the slowing of growth in Australia. The FTSE 100 increased 3.54% where as the S&P 500 only increase 1.25%.

Oil Markets

The price of oil has continued on its upward trend this quarter.

Figure 11: Average Spot Price for Crude Oil



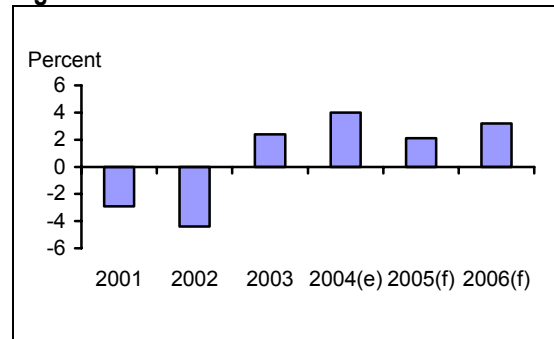
Source: World Bank Pink Sheet

The price of oil has seen a decrease over the quarter as it started the year at a level of \$62.46 a barrel but dropped to \$60.93 in March. However prices did increase from last quarter, they ended 2005 at a quarterly average of \$56.55 but rose to \$61.03 in the first quarter of 2006.

3. THE DOMESTIC ECONOMY

3.1 Real Economy

Fig. 12. GDP Growth Rate



Source: Ministry of Finance and Economic Management (MFEM)

After a strong performance in 2004 led by the Agriculture and Services sectors, Vanuatu's gross domestic product (GDP) continued to increase in 2005 by over 2 percent. The level of growth in 2005, was largely attributed to the Industry and services sectors, although the agriculture sector, was projected to have declined by 7.5, notably due a significant decline in the copra sector. The downtrend in the copra sector, was largely undermined by low prices. Meanwhile, a change in policy by VCMB aimed at restricting copra exports to a single entity has also affected internal copra trade and confidence within the sector. In 2006, GDP growth is projected to increase by over 3 percent, with the services sector being expected to have dominant effect on growth.

During the first quarter of 2006, the agriculture sector is slowly picking up, particularly for copra, beef and kava sectors. The cocoa sector on the other hand, indicated a weak performance as compared to the previous quarter due to seasonality factor. The services sector, principally tourism is expected to perform well during this quarter as cruise-ship arrivals have increased, although increasing fuel prices are expected to impact on operational costs, and consumer prices are also projected to increase to reflect on energy price changes.

3.1a Copra and Coconut Oil

During the last quarter of 2005, total copra production fell substantially as a result of domestic policy changes in copra marketing and, the decline in the world copra price. The new policy allows only VCMB to trade in copra, and therefore restricts other private entities with trading permits to trade in copra. VCMB has however engaged in trading agreements with farmers cooperatives who will be buying copra directly from farmers. The policy also has an objective to provide the best farm gate price for farmers, at a time when the copra price is low.

Accordingly total copra production recorded by VCMB, noted a growth of 1.1 percent from the previous quarter to level at 3,503 tons, as shown in Figure 1.1. Though total copra production increased during the quarter, total value received was somewhat lower by 1.5 percent or amounted to VT64.2 million as compared to VT65.2 million recorded in the previous quarter. This trend was so, as the average domestic price per tons decline from VT20000 per ton to VT19018 per ton during the quarter. Despite the growth during this quarter, total production dropped substantially by 30.2 percent on a year-on-year basis.

While the average domestic price of copra has declined, world average price of copra recorded, increased from US\$380.1 per tons to US\$383.3 per tons from the previous quarter.

VCMB, has although, been producing oil for the domestic biofuel market.

Following the increase in the average world price of copra, the current world price of coconut oil moreover increased from US\$574 per ton to US\$578.3 per ton during the quarter.

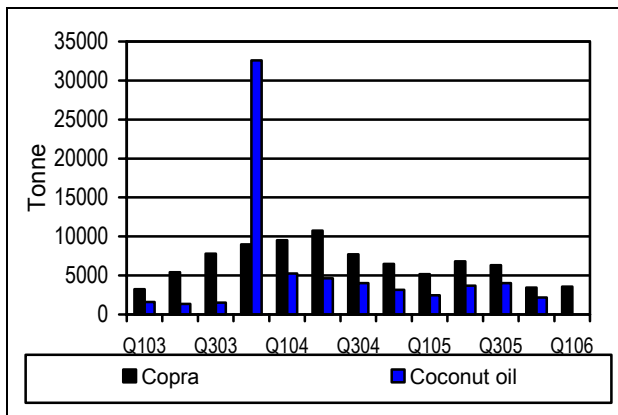
3.1b Cocoa

Cocoa production recorded a drastic decline of 81.9 percent or by 177.7 tons during the quarter under review. The current level of production was similarly lower by 9.8 tons as compared to the previous year's level. This decline is expected, owing to seasonality factors. As a result of the decline in production, total value of cocoa production drop from VT17.7 million in the previous quarter to VT2.9 million during this quarter. Furthermore, the purchased average price per ton paid by VCMB was also reduced by VT10,784 to VT72,407 per ton. Whilst domestic prices have been reduced, the world price of Cocoa on the other hand increased from 147c per kg to 155.5c per kg.

3.1c. Kava

Following increases during the first three quarters of 2005. Kava exports dropped substantially by 65.2 percent to 89 tonnes during the fourth quarter of 2005. This trend was so, as a consequence of the Fiji ban on Vanuatu Kava, which was later repealed during the same quarter. Following the revoking of the Fiji ban on Vanuatu kava late last year, production is expected to increase during the first quarter of 2006. Therefore Kava exports are projected to rise to 130 tonnes.

Fig. 13 Copra & Coconut Oil Production



Source: VCMB, National Statistics Office

Due to the indefinite closure of the main coconut oil mill, Coconut Oil Productions Limited(COPV) in early February, coconut oil production declined dramatically. Vanuatu Coconut Products Limited(VCPL), a subsidiary of the

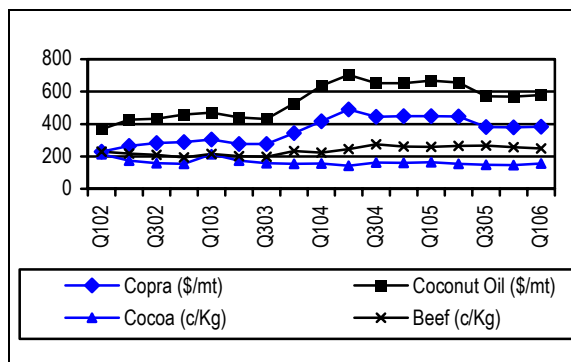
Selected Indicators

Annual					
	2001	2002	2003	2004	2005(e)
Real GDP Growth	-2.9	-4.4	2.4	3.8	2.1
Annual inflation rate	2.3	2.3	2.9	0.8	1.7
<u>Production</u>					
Copra(t)	20,234	25,608	28,925	36,822	21,536
Cocoa(t)	797	868	1,346	865	926
Beef(t)	3,028	2,531	3,099	2,984	3,030
Coconut oil exports (t)	8,733	9,856	7,725	17,111	11,500
Air arrivals(no.)					
	53,300	49,462	50,400	60,670	62,082
Cruise arrivals(no.)					
	52,778	49,447	51,995	37,870	63,554
Hotel Occ. Rate					
	49.80%	44.20%	46.50%	51.90%	49.00%
Energy Consumption					
	42,281	41,874	41,341	42,849	42,095
<u>Quarterly</u>					
	<u>2005</u>			<u>2006</u>	
	Q105	Q205	Q305	Q405(e)	Q106(e)
Real GDP Growth	-	-	-	-	-
inflation rate	1	1.3	0.6	0.2	n.a
<u>Production</u>					
Copra(t)	5,017	6,601	6,310	3,464	3,503
Cocoa(t)	49	125	535	217	39.3
Beef(t)	676	963	935	917	721
Coconut oil exports(t)	2457	3,700	4,016	3,550	n.a
Tourist arrivals(no.)					
	12,648	13,309	18,507	13,582	13,962
Cruise arrivals(no.)					
	19,454	12,686	17,017	17,500	20,200
Hotel Occ. Rate (room)					
	55.20%	49.40%	72.40%	52.00%	56.00%
Energy Consumption					
	12,664	10,920	10,059	10,500	n.a

3.1c. Beef

After a decline in production recorded during the fourth quarter of 2005, the beef industry during this quarter slightly pick up in production by 0.3 percent to 722 tons. This level was also higher by 21.7 percent against the corresponding quarter of last year. This increase in production during this reviewed quarter was mainly attributed by an increase in the number of cattle slaughter in Port Vila abattoir. In terms of world prices, the average price of beef declined from 256.3c per kg in the previous quarter to 249.3c per kg during the reviewed quarter.

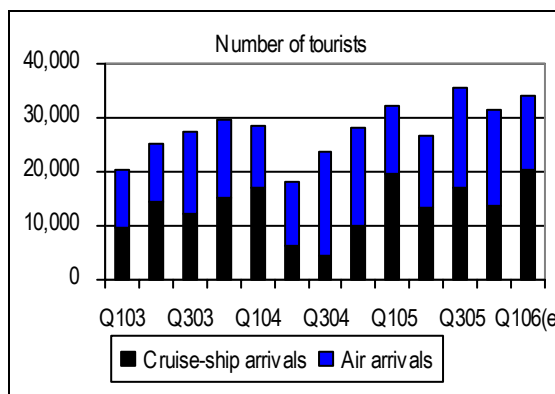
Figure 14: World Commodity Price



3.1d Tourism

Revised tourism figures for the fourth quarter of 2005, showed that total visitors arrival declined by 11.6 percent to 31,415. Both air arrivals and day visitors recorded declines of 4.8 percent and 18.9 percent, respectively. Provisional tourism figures for the first quarter of 2006 indicated that the total number of visitor's arrivals is projected to increase by 8.7 percent to 34,162. The increase was mainly contributed by day visitors, notably cruise ship arrivals which are estimated to increase significantly by 46.4 percent from the previous quarter. During December 2005, P&O cruise ships has introduced an additional vessel to its fleet. Accordingly, during this reviewed quarter, a total of 16 cruise ships have visited the country. Air arrivals on the other are projected to have declined by 20.7 percent during this quarter seeing that this quarter is usually a low season for air travelers.

Fig 15. Non-resident Visitors Arrivals



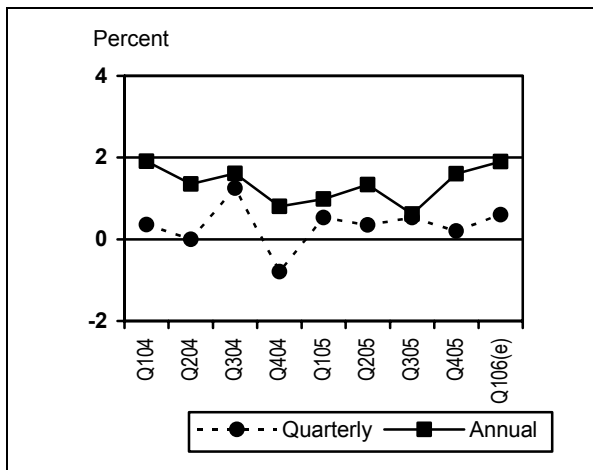
Source: National Statistic Office

3.1e. Inflation

The Consumer price index (CPI) for December 2005, recorded an increase of 0.4 percent over the September quarter and a 1.8 percent increase over the same quarter of 2004. The main items which contributed to this increase are; food which recorded an increase of 0.7 percent, housing and utilities (0.4 percent), transport and communication (0.3 percent) and drinks and tobacco (0.2 percent).

Preliminary projected annual inflation rate for the first quarter of 2006 was recorded at 1.9 percent and 0.6 percent, from the previous quarter. Port Vila and Luganville recorded increases of 1.9 percent and 2.5 percent respectively. The major factors contributing to this increase were expected increases shown in major expenditure categories; such as, Housing & utilities (2.5%), Food (2.2%), Drinks & Tobacco (1.9%), Transport & Communication (0.5%), Recreation, Education & Health (0.3%) and Clothing & footwear category (0.2%). Household supplies category alternatively recorded a negative growth of 1.1 percent. Further more, increased fuel oil prices are expected to reflect in the increase in inflation in the reviewed quarter.

Fig. 16 Inflation rate



3.2. FISCAL OPERATION

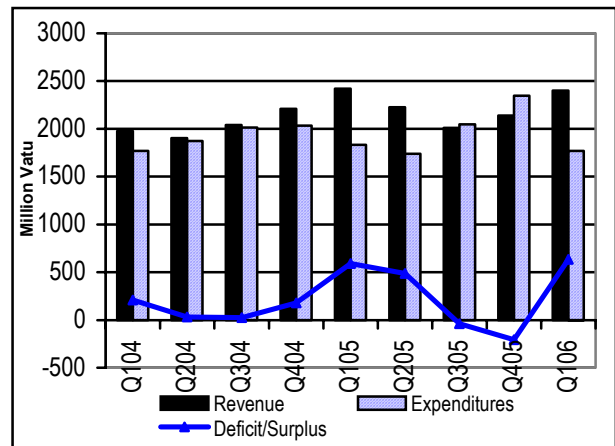
The Government fiscal strategy report for 2006 depicted that the domestic economy is expected to remain positive following on from positive growth in 2005. The

Government expects to operate a balance budget for 2006.

While no new revenue initiatives were introduced to boost domestic recurrent revenue, however, it is anticipated that revenue collection from taxes will continue to improve with the projected positive economic growth. Strengthening and improvement of administrative systems and compliance in all Government ministries is also an important factor that is expected to contribute to improved revenue collection.

For the first quarter of 2006, the central Government overall fiscal operations depicted a surplus of VT634.8 million compared to VT589.7 million recorded during the corresponding quarter of 2005. This improved fiscal position stemmed mainly from a decrease of 3.5 percent in expenditures, which more than compensated for the 0.8 percent decline in revenue and grants, both over the corresponding quarter of 2005.

Figure 17: Government Expenditures and Revenue.



The Vanuatu Government has not taken up any new external debt since 1998, and has not any indicated on any initiatives for 2006. There are no planned borrowing from the domestic market, although, the Government is planning to retire more domestic debt this year. This there means that there will be roll over of maturing bonds with no new borrowing. This quarter witnessed the rescheduling of a government domestic debt into one year bond.

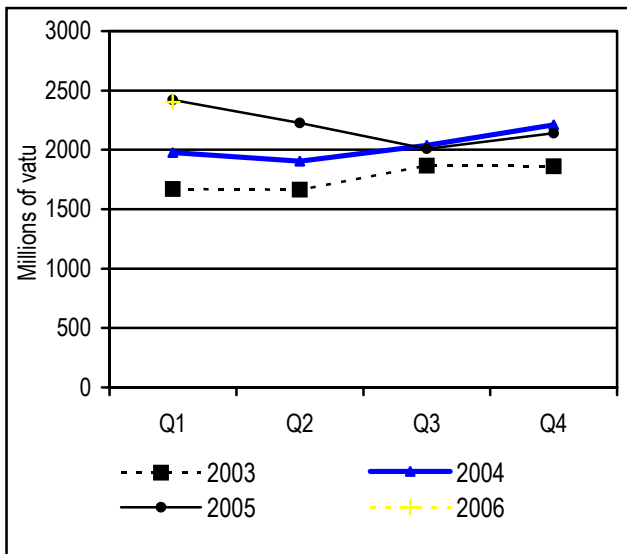
Net claims on government had vastly improved over the corresponding quarter of 2005. The improvement in NCG

is attributed to the increases in Government deposits with both the Reserve Bank and commercial banks.

3.2a. Revenue

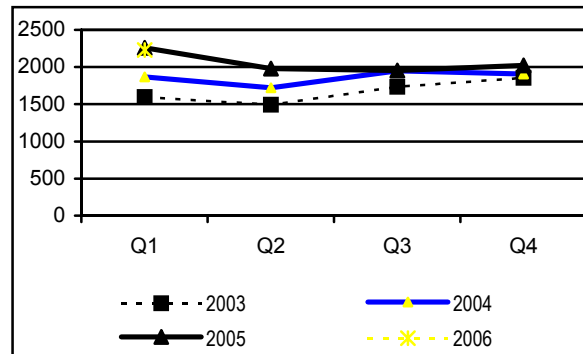
During the quarter under review, overall revenue (including grants from abroad) amounted to VT2,402.2 million, 0.8 percent lower than the amount attained in the corresponding quarter of 2005. Actual recurrent revenue collected for the first three months of this year accounts for 27.2 percent, which is more than the 25.0 percent quarterly distribution expected over the year. The good performance of revenue collection during this quarter is reflects on improved compliance by Government Ministries.

Figure 18: Revenue and Grants



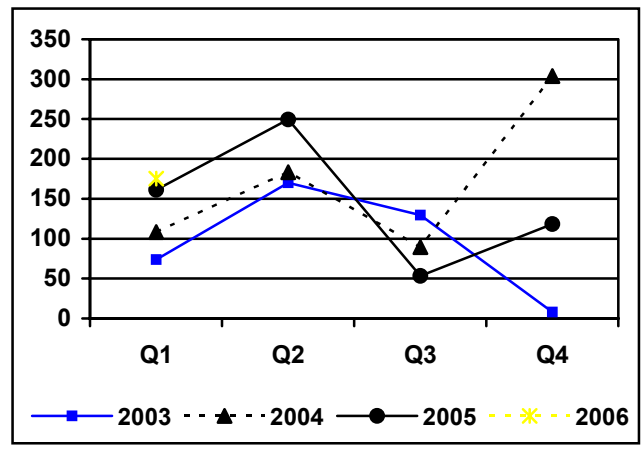
Of the total recurrent revenue collected in the first quarter, tax revenue accounted for 91.7 percent, slightly lower compared to 93.4 percent recorded in the same period of last year. Of this,, value added tax (VAT) accounted for 34.7 percent, while tax on international trade accounted for 28.1 percent and other taxes at 37.2 percent.

Figure 19: Domestic Revenue



Non-tax revenue which constituted the remaining 8.3 percent of total recurrent receipts, increased by 24.3 percent over the corresponding quarter of 2005.

Figure 20: Grants



Meanwhile, grants received for this quarter totaled VT175.3 million, indicating an increase 8.8 percent over the corresponding period of 2005.

3.2b. Expenditures

Total outlays for the review quarter showed a decrease as compared to the corresponding quarter of 2005, due principally to a decrease of 51.3 percent in capital expenditures. Expenditure to date totaled 20.3 percent of the budget.

Wages and salaries, accounting for 55.7 percent of total recurrent expenditure in the quarter, showed an increase by 4.2 percent vis-à-vis the corresponding quarter of 2005. This increase is more in line with normal salary and wages payments for new political appointees and civil servants under the public service commission.

3.2c. Financing

The fiscal surplus incurred for the first three months of 2006 was recorded at VT634.8 million. Additional financing of the budget was mainly from bond issues.

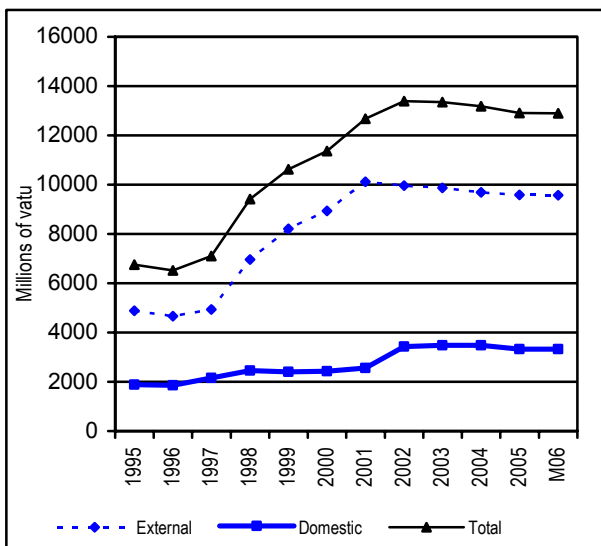
Two of the main instruments commonly utilized by the central government to finance its deficits are domestic bond issues and the overdraft facility at the Reserve Bank of Vanuatu. Through the first vehicle, the Vanuatu Government rolled over VT120 million of the existing bonds into one year bond. The government had not resorted to the overdraft facility as it continues to maintain a positive operating account.

3.2d. Outstanding Government Debt

As at end-March 2006, total outstanding public debt stood at approximately VT12.9 billion, of which 24.0 percent, or VT3.1 billion is domestic debt. Total estimated outstanding public debt represents 33.8 percent of nominal GDP.

Domestic debts in terms of bond holding and domestic loans total VT3,103.0 million. From this total bond holding, holding of the RBV accounted for 27.8 percent, commercial banks at 27.0 percent, corporate bodies at 45.1 percent and others at 0.1 percent.

Figure 21: Public Debt



Total external debt of the country stood at approximately VT9,571.0 million, which is equivalent to 74.2 percent of total public debt. External debt consists of bilateral and multilateral loans arrangements.

3.3 MONETARY DEVELOPMENTS

Total money supply continues to maintain growth yet for another consecutive quarter in March 2006. During the reviewed quarter, total money supply recorded a growth of 1.8 percent, compared to the 1.1 percent growth recorded during the preceding quarter. On a year-on-year basis, total money supply there was a significant growth of 9.3 percent.

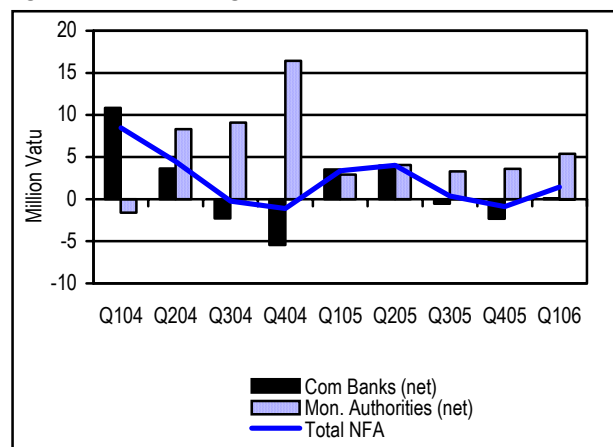
The increase in total money supply was attributed to expansion in both domestic credit and net foreign assets. Commercial banks' liquidity also improved during the quarter, due to the decline in currency in circulation and inflows through the balance of payments. With this improvement in liquidity, short-term interest rates have decline during the quarter. Furthermore the increase in the level of liquidity prompted the RBV to assume proactive liquidity management through open market operation, resulting in an increase in outstanding RBV notes at the end of the quarter.

3.31 Determinants of money supply

3.31a. Net Foreign Assets

Despite a moderate decline in the last quarter of 2005, total net foreign assets increased by 1.4 percent to VT29,908.8 million during the March quarter 2006. This increase was attributed to positive NFA positions of both the commercial banks and the monetary authorities which increased by 0.1 percent and 5.4 percent, respectively. In comparison the same period, total NFA grew by 4.9 percent.

Figure 22: Net Foreign Assets



The Monetary authorities' NFA position continues to maintain an increasing trend during the March quarter following persistent positive growth in the last twelve months. The net position of Vt7,745.6 million, indicates an increase by VT395 million from previous quarter. The source of growth in foreign exchange inflows was mainly through inflows from the Government, Commercial banks foreign embassy, and interest received by the Reserve Bank on foreign assets. The current level of reserves is sufficient to cover 5.86 months of import cover, which is an improvement from 5.8 months recorded during the December quarter.

Commercial banks' NFA expanded to VT22163 million due to increases in their assets held abroad with non-residents banks by 0.2 percent, while non-residents non-banks assets 35.7 percent, respectively.

Despite the above increase Commercial banks liabilities in terms of demand deposits in foreign currency also grew during the quarter, and therefore contributing to the increase in Commercial banks net foreign assets. Commercial banks' NFA expanded by 1.2 percent over the corresponding quarter of the preceding year.

3.31b. Domestic Credit

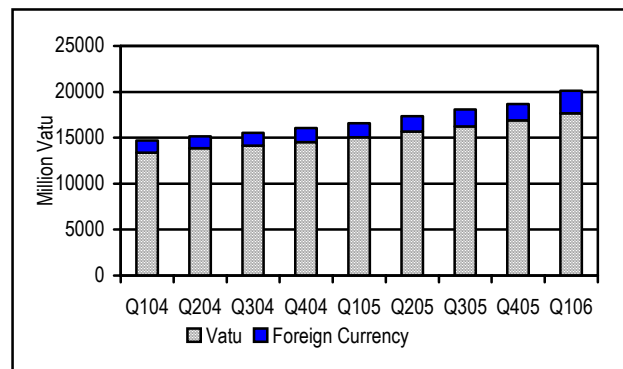
Total domestic credit grew by 6.0 percent or by VT1,114.7 million from the previous quarter, indicating a positive steady trend, although there was a significant growth in credit by 14.5 percent in comparison to the corresponding quarter of 2005. The increase was mainly due increases in loans and advances to the private sector, non financial public enterprises and municipalities. Net credit to the Government, however declined during the first quarter of 2006.

The Government's net lending position vis-à-vis the banking system continued to improve from the December quarter. Net claims on Government declined substantial by VT347.9 million. This decline was attributed to the Governments' improved net lending position with both the monetary authorities and the commercial banks. The Government's net lending position vis-à-vis the banking system declined substantially by 193 percent from the corresponding quarter of the previous year. The improvement in the Government's net lending position with the monetary authorities continues to depict the healthy state of the Government budget surplus. Government deposits with the RBV also increased by 26.8 percent.

Loans and advances extended to the private sector grew by a further VT1465 million, or by 7.8 percent compared to level registered in the previous quarter. Private sector credit also grew at a substantial 21.4 percent from the previous year's level. The current level of growth is indicative of the current positive growth in the economy.

Loans to individual and household were mainly in the categories of housing and land increased by a further VT136.2 million against the December quarter level. Loans to other personal sectors increased by VT143.9 million, while loans and advances to business and individuals indicated a growth of 8.0 percent during the reviewed quarter.

Figure 23: Private Sector Loans



Of total disbursement by commercial Banks, credit to Entertainment & Catering accounted for a considerable growth of 98.6 percent. This trend reflected on ongoing positive developments in the prominent tourism sector. Credit to the Agriculture sector also grew by 82.7 percent with loans to the copra , cocoa and livestock and dairying sectors. Loans to the Transport sector increased by 43 percent, , and other sectors which have recorded expansion include fisheries at 28.3 percent, tourism at 23.8percent, manufacturing at 3.2%, construction at 2.4%, and distribution by 1.6%.

The four major sectors which comprise the greater share of total loans are housing and land purchases which comprises of 23 percent share of total loans, other personal sectors with 19.3 percent. The construction sector claimed 15 percent of total loans, while the tourism sector comprised 11 percent.

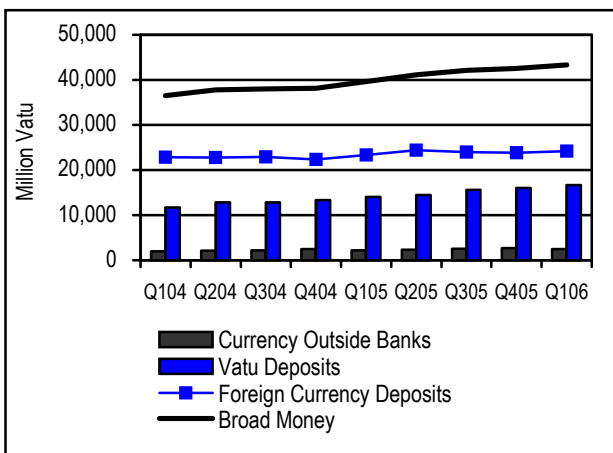
3.3c Components of Money Supply

Money supply growth in the March quarter stemmed from growths associated with both of its components, of which narrow money expanded by 3.9 percent, while quasi-money noted a slight growth of 0.8 percent.

The growth in narrow money was attributed to an increase in demand deposits. Demand deposits grew by 6.5 percent during the quarter, as both its components, of which demand deposits denominated in the local and foreign currency had shown increases of 8.2 percent and 5.3 percent, respectively. The trend in demand deposits reflected inflows into the economy in terms of investment and development purposes. Currency outside banks conversely declined by 6.9 percent from the previous quarter, signifying that part of the currencies which have been circulating outside the banks during the previous quarter are flowing back into the banking system, consequently this trend partly contributed to the growth in demand deposits as already mentioned. With the abovementioned developments, Narrow money noted an annual growth rate of 6.4 percent.

In terms of Quasi-money, time and savings deposits in foreign currency remain virtually unchanged as in the previous quarter. This trend was offset by the slight growth of 2.0 percent, in time and savings deposits denominated in local currency, thus contributed to the moderate growth in quasi-money. This development may have indicated that resident's investment in interest bearing deposits have remained moderate as in the previous quarter; however, a considerable growth of 10.9 percent was noted against the previous year's level.

Figure 24: Money Supply



3.3d Deposits with Commercial Banks

Deposits of residents (excluding Government deposits) held with the commercial banks at the end of the reviewed quarter grew by 2.4 percent to VT40,834.8 million from the previous quarter level. Foreign currency deposits continue to dominate the share of total deposits with 59.2 percent, while local currency deposits accounted for the remaining 40.8 percent Overall deposits expanded by 9.1 percent against the previous year's level.

With respect to ownership of deposits, individuals still consume the major share of total deposits with 45 percent, although, declining by 2.1 percent from the previous level. Deposits of Private businesses accounted for 41.4 percent, marking an increase of 0.9 percent from the previous quarter, non financial public enterprises and other sectors accounted for 13.1 percent of total deposits. On the other hand, municipalities held the least share of 0.1 percent.

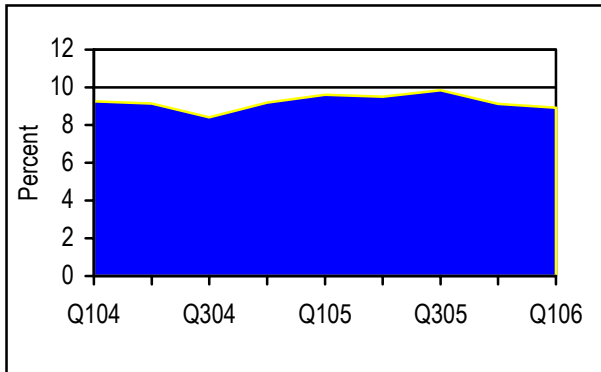
3.3e Interest Rates

Deposits interest rate for commercial remained virtually unchanged(see table 8) against the previous quarter, although it was noted that the upper interest rates paid on maturities above 6 months, declined by 0.5 percent points to 6.5 percent. Meanwhile, the overall weighted average for total bank deposits to increase by 0.03 percent to 2.28 from 2.25 in the previous quarter. This increase was due to an increase in fixed deposit interest rate by 0.4 percent. The Reserve Bank of Vanuatu has relaxed its monetary stance in March 2006, by reducing the discount rate from 6.25 percent to 6.00 percent.

On the contrary, commercial banks lending rates showed a increase with the weighted interest rate increasing by 0.17 percent to 11.20 percent from 11.03 in the previous quarter. This was due to an rise by 0.5 percent to 25.50 percent in the maximum lending rates by commercial banks to personal lending. Other Interest rates ranges charged on other loans remained unchanged compared to the previous quarter. The inter-bank interest rates remain unchanged compared to the previous quarter at 5.50 percent.

3.3f Interest Rate Spread

Figure 25: Interest Rate Spread

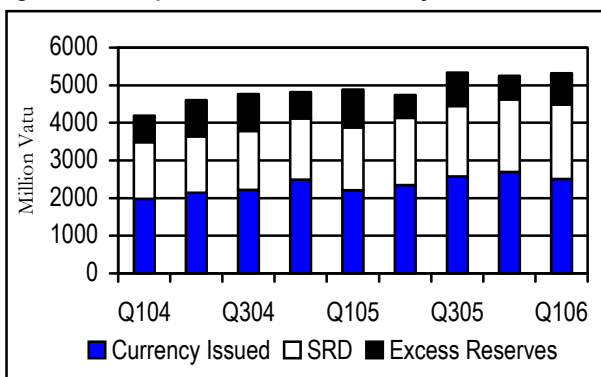


The resulting effect of the reduction in the weighted average rate of interest on advances against an increase in the weighted average rate of interest for total bank deposits has effectively caused the interest rate spread to decline to 8.92 percent from 9.12 percent in the previous quarter, as depicted in figure 7.

3.3g Reserve Money

Reserve money ¹ contracted during the March quarter by VT243 million or by 4.1 percent to VT5,694.2 million from VT5,406 million in the previous quarter. although decline was due to in currency outside banks by 6.9 percent. Statutory reserve deposits and excess reserves recorded expansions by 2.6 percent and 33.2 percent, respectively.

Figure 26: Components of Reserve Money



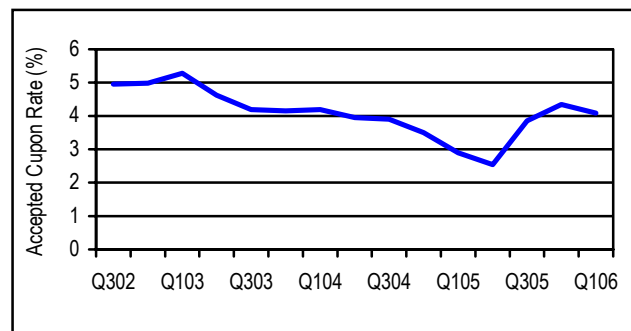
The considerable increase in excess reserves was due to: a) the decline in currency in circulation b) inflows of foreign exchange through the BOP. Residents average

vatu deposits as well as their demand deposits in foreign currency increased over the months of January and February 2006 thus contributed to the increase in SRD at the end of the quarter.

3.3h RBV Notes

In the March quarter, the RBV issued a total of VT1,355 million of RBV notes, of which, allotments made were as follows; VT345 million to 14-days maturity, VT335 million to 28-days and 63-days maturities and VT340 million to 91-days maturity. The RBV notes outstanding at the end of the quarter was VT710 million compared to VT590 million at the end of last quarter of 2005.

Figure 27: 91-days RBV Notes Yield



The average weighted Yield on all RBV notes dropped to 4.16% during the March quarter from 4.46% in the previous quarter. The decline stemmed from the reduction in currency in circulation which had an increasing effect on liquidity in banking system. At end March, the yield on 91-days maturity stood at the same level as the last quarter of 2005 at 4.34% while the yields on 14-days, 28-days and 63-days maturities positioned at 4.25%, 4.28% and 4.31% respectively.

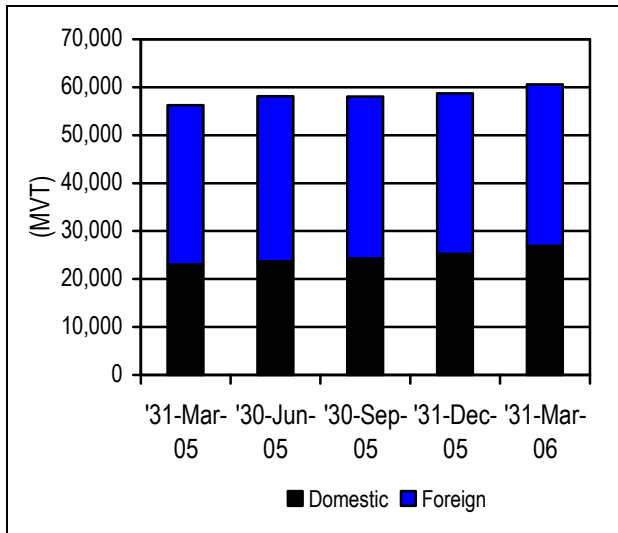
¹ Reserve Money comprises of currency in circulation (including commercial banks vault cash), statutory reserve deposits (SRD) and excess reserves.

3.4 FINANCIAL DEVELOPMENTS

3.41 Domestic Banks

3.41a Balance Sheet

Fig: 28 Asset Position – Domestic Banks



March 2006 quarter showed slight movements in the industry’s balance sheet. The industry’s total assets grew by 3.1 percent to Vt60.6 billion (Vt58.7 billion, Dec-05). The increase was mainly attributable to a 6.8 percent rise in total domestic assets from Vt25.2 billion in the December quarter of 2005 to Vt26.9 billion in the March quarter of 2006. These changes reflected on Claims on Private sector by 7.9 percent to Vt20 billion from Vt18.5 billion in the last quarter.

Banks’ balances with the Reserve Bank also increased by 9.5 percent to Vt3 billion from Vt2.8 billion in the previous quarter, while claims on Central Government also went by 8.6 percent to Vt1.3 billion.

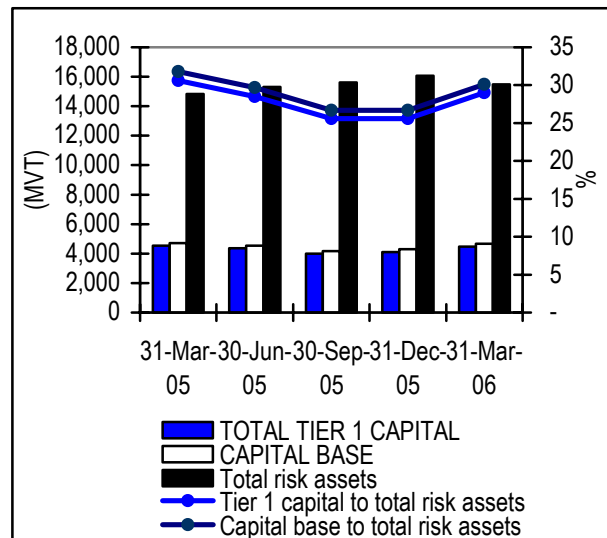
Total Foreign assets also went up by 0.3 percent to Vt33.6 billion from Vt33.5 billion in the previous quarter. The bulk of the industry’s assets are foreign assets which represents 55.6 percent of total assets.

On the liability side, the industry’s domestic and foreign liabilities rose slightly, up 2.7 percent to Vt42.9 billion (Vt41.8 billion, Dec-05) and 2.2 percent

to Vt11.2 billion (Vt11 billion, Dec-05) respectively. The increase in domestic liabilities reflects mainly growth in vatu deposits by 2.7 percent to Vt16.9 billion (Vt16.4 billion, Dec-05).

Capital

Figure 29: Capital Adequacy Ratio & Tier 1 Ratio



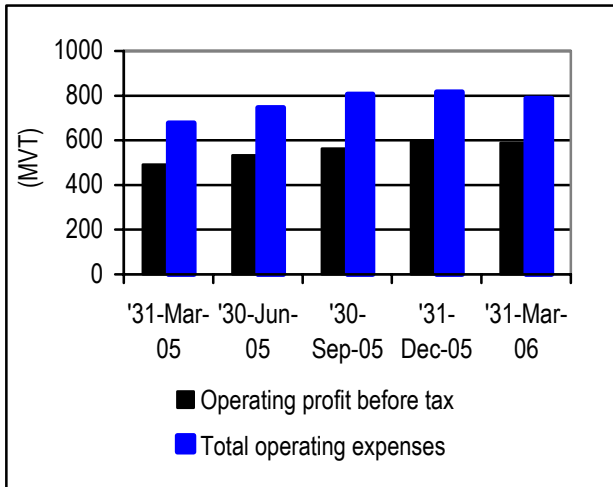
The industry recorded a total capital base of Vt4.7 billion; an increase of 8.6 percent from Vt4.3 billion (Dec-05). The increase mainly reflects growth in reserves and retained earnings by 11.6 percent to Vt3.6 billion from Vt3.2 billion in the last quarter.

The industry’s overall capital adequacy ratio is 30.1 percent; which is well above the minimum requirement. The ratio of tier 1 capital to total risk weighted assets is also well maintained at 29.0 percent.

² Revised

3.41b. Profit

Figure 30: Earnings – Domestic Banks

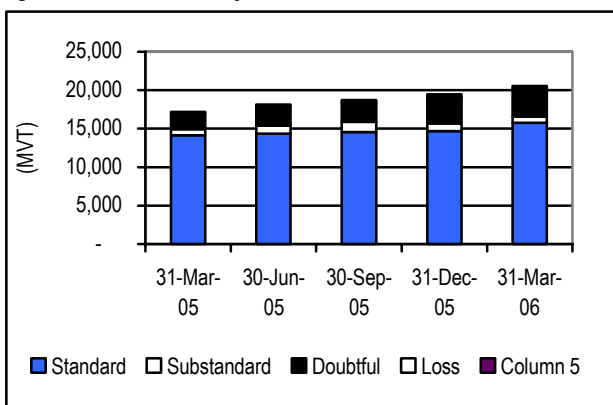


The industry’s operating profit (before tax, write offs and provisions) during the March 2006 quarter dropped slightly by 0.6 percent to Vt589.5 million to Vt593 million in the last quarter of 2005. The decrease reflected on a decline in net interest income by 8.8 percent to Vt514 million from Vt563 million in the last quarter. .

The industry’s net operating income dropped by 3.1 percent to Vt568.7 million, driven by a significant increase on charges for provisions recorded over the quarter by 327.7 percent to Vt30.5 million (Vt7142, Dec-05).

3.41c Asset Quality

Figure 31: Asset Quality – Domestic Banks

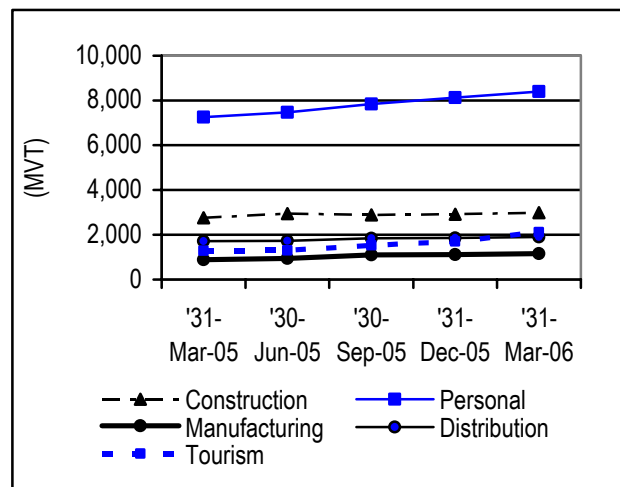


Total lending of the industry increased by 5.5 percent over the quarter to Vt20.5 billion from Vt19.4 billion in the December quarter of 2005. Of this total, standard loans accounted for 76.8 percent or Vt15.8 billion, while substandard loans accounted for 3.8 percent or 784.3 million. Doubtful loans accounted 17.8 percent or Vt3.7 billion while loss accounted for 1.5 percent or Vt316 million.

The level of asset quality deteriorated slightly with impaired assets recording a 4.9 percent increase over the quarter to Vt4.0 billion from Vt3.8 billion in the last quarter. As a result, specific and general provisions increased by 19.8 percent (from Vt733 million (Dec-05) to Vt878 million (Mar-06)) and 162.3 percent (Vt15 million (Dec-05) to Vt41 million (Mar-06)) respectively. Security held by the industry also increased by 2.1 percent to Vt12.6 billion (Vt12.6 billion, Dec-05).

3.41d Sectoral Lending

Figure 32: 5 Largest Sector Claims Domestic Banks



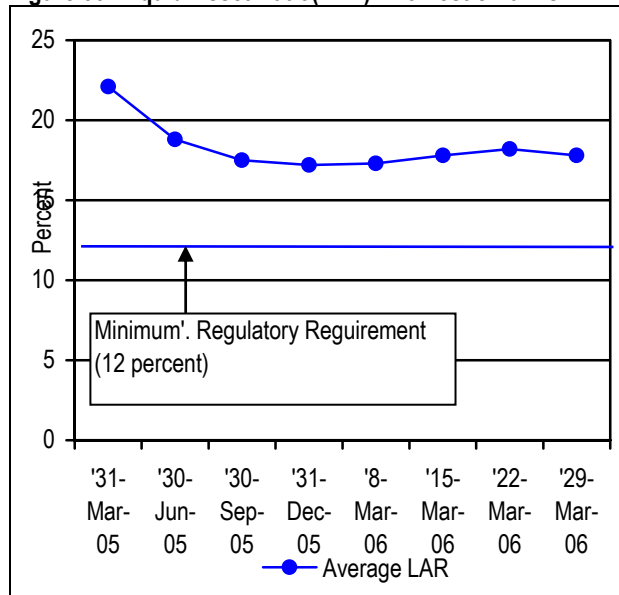
The five largest recipient sectors of industry lending are personal loans by 41.7 percent, construction by 14.8 percent, tourism by 10.5 percent, distribution by 9.4 percent personal, and manufacturing by 5.8 percent.

During the quarter, lending to the transport and tourism sectors recorded the highest growth of 42.8 percent and 23.9 percent to Vt893.4 million and Vt2.1

billion respectively. Lending to personal, manufacturing and distribution sectors also recorded growth of 3.4 percent, 3.2 percent and 1.6 percent respectively.

3.41e Liquidity

Figure 33: Liquid Asset Ratio(LAR) –Domestic Banks



The industry’s level of liquidity as expressed in its “Liquid Asset Ratio” (LAR) at the end of March 2006 remained well above the minimum regulatory requirement at 17.8 percent. This picture reflects improvement of the tight liquidity position of banks from the previous quarter.

3.42 International Banks

Overview

For the quarter ended 31 March 2006, Reserve Bank remains proactive in ensuring that international banks comply with the conditions of their licenses. The Bank together with the IMF Team evaluated laws and policies governing the industry to assess the level of compliance with international requirements and standards.

Over the quarter, the Bank issued one new license and continues to receive numerous requests from

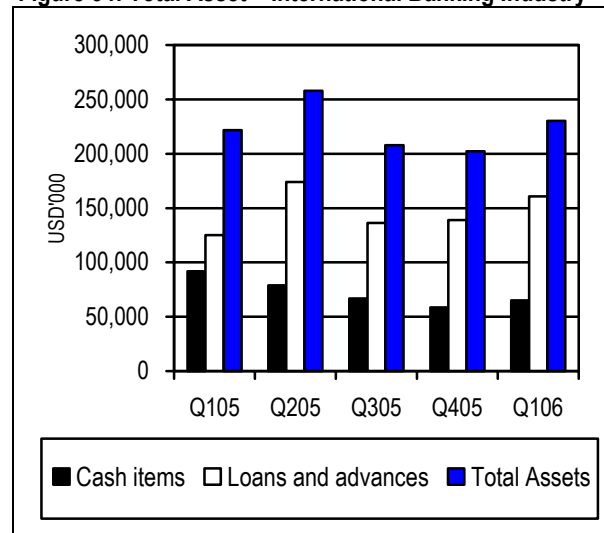
investors wanting to establish international banks within the country.

3.42a. Balance Sheet

The March 2006 quarter showed an increase in the industry’s balance sheet footings of 13.7% to USD230.1 million (USD202.3 million, Dec-05). The increase was mainly attributable to increase in loans and advances by 15.6% to USD160.7 million (USD139.1 million Dec-05) on the asset side. There is also an increase of 11.41% in cash items to USD65.2 million, (USD58.5 million Dec-05).

The major components of the industry’s assets still remain as loans and advances and cash items each consisting of 69.8% and 28.3% of total assets respectively. (Refer figure 1).

Figure 34: Total Asset – International Banking Industry



On the liability side, the industry’s total liabilities (excluding shareholders equity) also increased by 14.6% to USD217.5 million (USD189.8 million, Dec-05). The increase is mainly attributable to increase in deposits by 17.5% to USD205.6 million (USD175 million, Dec-05).

The major component of liabilities is deposits from corporations, which accounted for 89.3% of total liabilities and shareholders equity. (Refer to figure 2).

Figure 35: Total Liabilities – International Banking Industry

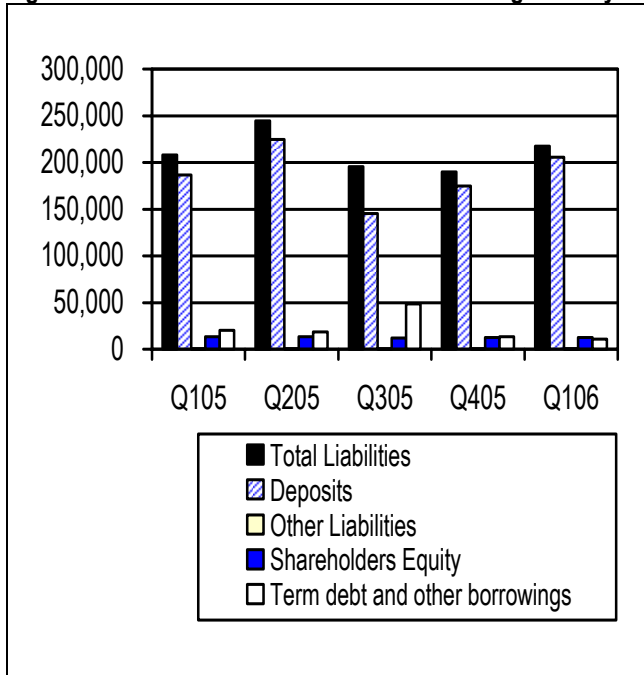
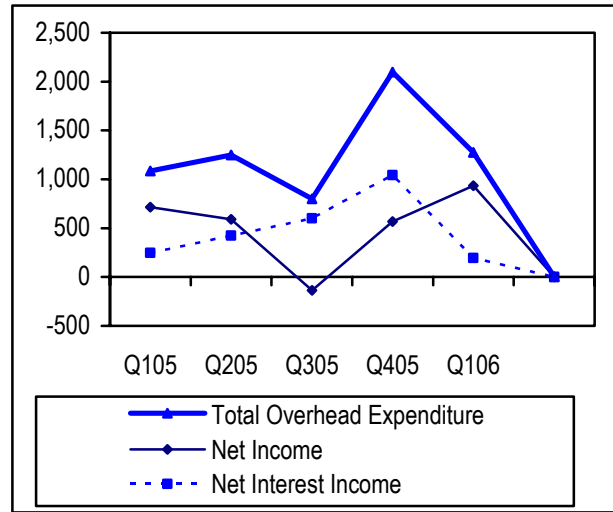


Figure 36: Income – International Banking Industry



3.42c Earnings

The industry recorded a net profit of USD0.7 million for the reviewed quarter. This is an increase of 255.3% from the December 2005 quarter (net loss of USD0.5 million). The increase is attributable to increase in Gains on securities of 247% to USD0.3 million (loss of USD0.2 million Dec-05). The total net gains on securities and foreign exchange recorded for the reviewed period is USD0.4 million (net loss of USD0.6 thousand, Dec-05).

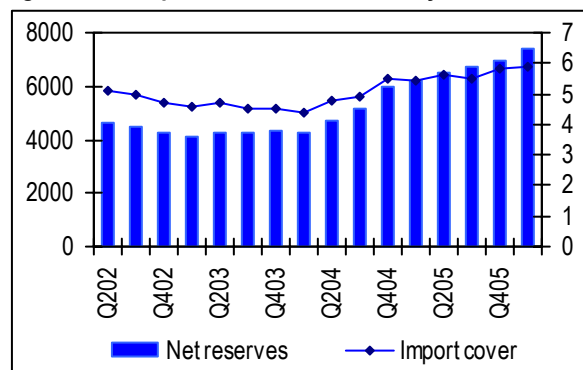
Over the quarter, net interest income of the industry decreased significantly by 81.4% to USD0.2 million (USD1.0 million Dec-05). Non-interest income also recorded a decrease of 17.0 % to USD0.5 million (USD0.62 million, Dec-05). Similarly, total expenditure dropped by 77.8% to USD0.3 million, (USD1.5 million Dec-05). Refer to figure 3.

The industry’s ROA and ROE increased to 0.3 percent (-0.2 percent, Dec-05) and 5.9 percent (-3.8 percent, Dec-05) respectively over the period.

3.5 BALANCE OF PAYMENTS

At end March 2006, the official international reserves had increased to an adequate level of 5.9 months of import cover, up from 5.8 at the end of December 2005. The current level of reserves reflected the improving economic conditions, although the positive position is also attributed to an expansion in inflows through official Government transfers, commercial banks sales (due to high FX liquidity) and investment returns of the Reserve Bank. The increase in transfers account effectively reduced the high deficit in the Current account.

Figure 37: Components of Reserve Money



3.51 Merchandise trade

Estimated deficits of the trade account declined by 3.5 percent in the reviewed quarter, with a resulting effect

from a decline in imports by 9 percent, which more than offset a 23 percent drop in exports. Despite a decline in most import categories during the quarter, imports of machinery & transport equipment and mineral fuels went up. However, the overall trend for the foreseeable portrays a general increase.

3.52 Services Account

The services account remained positive, with tourism as main source of foreign exchange earnings. Net services however, dropped by 4 percent reflecting a 6 percent and 6.2 percent drop in transportation and inward travel (tourism earnings) respectively. The decrease in the above item was contributed by seasonal factors, while slight depreciation of the Australian dollar against the Vatu in March quarter also have also contributed to the low impact from Australian tourists during the period. All other items of the services account recorded increases.

3.53 Income Account

On the debit side, investment income through foreign direct investments expanded by 22 percent and other investment interest payments went down by 6.5 percent which mainly came through other securities, rather than loans and deposits. Income receipts from other investment dropped by 7 percent resulting from declines in other income and deposits.

5.34 Current Transfers Account

While a large proportion of inflows was in the transfer account represented official grant flows in the quarter, the increase in the March quarter of 2006 more than double to the estimate of the last quarter. Of total transfers, significant increases came through the Government shipping registry and private sector inflows. The official transfers are contra-entries to the contribution of the government to Vanuatu's official reserves.

5.35 Capital and Financial Account

The March quarter witnessed a decline in project goods from overseas donors, while a net outflow of migrant's transfers was also recorded by the private sector. In March quarter, a substantial increase of foreign direct investment was recorded both in terms of new investments and reinvested earnings. In portfolio investments, there were matured bonds and money

market instruments during the quarter which resulted in the decline in liabilities. The March quarter also record draw down in currency and deposits by other sectors caused by other investment assets and increase in loans.

3.56 Medium Term outlook

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

3.57 International Investment Position

By end March 2006, Vanuatu's International Investment Position (IIP) reduced its net borrowing position to VT9599 million, from VT9783 million last quarter. The new position reflected expansion of assets and a reduction of liabilities.

3.6 EXCHANGE RATE DEVELOPMENT

Developments in international financial markets over the quarter saw the US Dollar recovered in March however there is growing concern about its current account deficit, coupled with reduced support from interest rate expectations. These events had various impacts on the movements of major currencies relevant to the exchange rate of the Vatu.

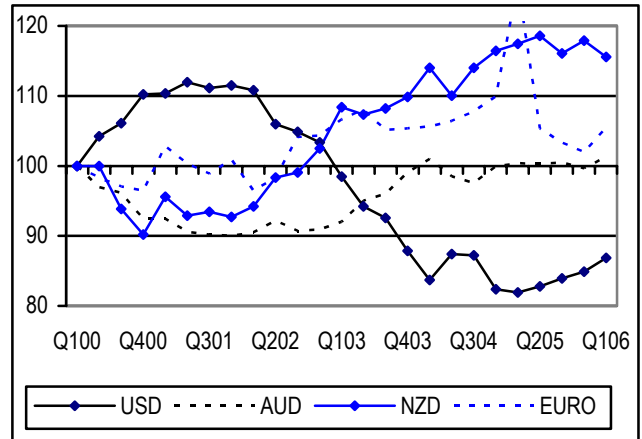
The US appreciated against the vatu in early January, although it began loose grounds towards late March. It closed by 1.9 percent up from December quarter and 5.9 percent up from March 2005. Following a strong rebound this quarter, current indicators shows that the USD is expected to slow down in the coming months and quarters.

The Australian dollar came under downward pressure as the interest rate differential reduced with respect to the US dollar. By end March 2005, the AUD fell by 0.5 percent against the vatu from end December 2005, and by 1.8 percent vis-à-vis the March quarter of 2005. Whilst in this reporting, there was a 25 basis points interest rate hike in

May, and therefore, the AUD is expected to rebound against the USD and other currencies including the vatu in the coming months.

By close of March quarter, the vatu appreciated against the AUD by 0.5 % and NZD by 8.4 %. It went down to USD by 1.9%; sterling by 3.3%; Yen by 2.3%; and Euro by 4.7%.

Figure 38: Exchange Rate Movement against the vatu. (Percent)



Quarterly Exchange rate of vatu against currencies of major trading partners

Period	USD	GBP	AUD	JPY	NZD	EUR
Average for 1st Qtr 2006	113.81	199.54	84.14	0.974	75.67	136.97
Average for 4th Qtr 2005	111.23	194.6	82.8	0.949	77.2	132.3
% Change	2.32	2.54	1.62	2.63	-1.98	3.53
Closing rate on 31.03.06	114.49	200.03	81.85	0.9758	70.15	139.32
Closing rate on 31.12.05	112.33	193.68	82.29	0.9534	76.62	133.07
Closing rate on 31.03.05	108.09	203.14	83.31	1.0057	76.53	139.69
Quarterly % Change	1.9	3.3	-0.5	2.3	-8.4	4.7
Yearly % Change	5.9	-1.5	-1.8	-3	-8.3	-0.3
Low for 1st Quarter-2006	110.14	193.55	81.51	0.9322	69.75	132.79
	16-Jan	3-Jan	29-Mar	3-Feb	29-Mar	3-Jan
High for 1st Quarter-2006	115.65	201.84	83.55	0.9899	76.96	139.32
	29-Mar	28-Mar	1-Feb	28-Mar	16-Jan	31-Mar

CHRONOLOGY OF MAJOR EVENTS

NO.	<u>BRIEF DESCRIPTION OF EVENTS</u>	EFFECTIVE DATE
1.	The Millennium Challenge Corporation has approved a five-year US\$65.69 million Compact with Vanuatu. The Millennium Challenge Program is expected to increase average income per capita by 15% within five years directly making an impact on the lives of more than 65,000 rural people in Vanuatu. This compact will consist up to 11 infrastructure projects including roads, wharfs, an airstrip and warehouses that will help local producers and providers of tourist-related goods reduce transportation costs and improve access to the wider markets. MCC expects to sign the compact with Vanuatu in February.	7 January, 2005
2.	Pacific Star is the latest addition to the P&O Cruise ships due to make calls to Vanuatu. 2005 has been a record year for the P&O calls to Vanuatu with 4 vessels with 5700 people on board. In 2005, it is estimated that cruise ship visitors brought Vt1.6 billion to economy. In 2005, P&O Cruises have 134 calls to Vanuatu. Calls to Vanuatu may be reduced after May 2006 when the cruise ship Pacific Sky is sold with a new replacement vessel, Regal Princess. Despite this, there is will still be an expected increase in the number of cruise-ship calls in 2006 and 2007 since P&O have received enquiries from US based cruise-ships.	8 January, 2006
3.	The country is in the process of exporting its first 500 tonnes of manganese since Independence, 25 years ago. The "Export of Manganese Regulation order No. 60 of 2005" was signed by the Minister of Geology and Mines, which will allow 22 containers consisting of 500 tonnes of manganese in the history of the country. This is the first load from piles of extracted manganese that was abandoned by the French company, which operated the Manganese Mine at Forari in North East Efate until the early 1970's.	11 January, 2006
4.	The Reserve Bank of Vanuatu has announced that in exercise of the powers conferred by under the International Banking Act No. 4 of 2002, it has issued to Great Asia Pacific Bank Limited a license to carry on International banking business subject to the provision of the International Banking Act No. 4. This license is issued on January 18, 2006 to be effective on January 20, 2006.	19 January, 2006

5. Unelco has advised its valued customers that due to variation in price of fuel, of material indices and of the exchange rate for vatu, electricity tariffs for the 1st quarter 2006 will increase by 6.39% as compared to the previous quarter, that is a base rate of 44.1 vatu/kWh. 19 January, 2006

6. The Minister for Trade declared that 2006 is again the year of Tourism. The extension of tourism programs to promote tourism industry to the two main centres of Vanuatu as well as the six provinces. It is confirmed that the best building competition with the private sector expected to participate fully in. This year, 2006 is another year of Tourism as pronounced by the National Tourism Office (NTO). Manager of NTO confirms that last year, tourism incentive involves working with communities to promote tourism. 2006 will look at tourism projects that will look at beautification of the main towns, Port Vila, Luganville and Lenakel, Tanna. That will help promote tourism, especially in the seen increased number of cruise ship tourists to these towns. 28 January, 2006

7. Kava producing countries in the Pacific will incur an accumulated loss of US\$1.2 billion in revenue by the end of 2006 due to the kava ban imposed by the European countries. On a positive note the Pacific international Kava Executive Council (IKEC) believes that with the recent scientific studies commissioned by the council proves that kava is not toxic and will help convince Germany to lift the ban on kava. Pacific countries hope that Germany's decision will have a flow on effect on other European countries. Co-chairman of IKEC, Eddie Wilson says the kava ban could be lifted by as early as the end of 2006. The IKEC meeting Suva also resolved to see that kava producing countries in the region (Fiji, Samoa, Tonga, Vanuatu) are prepared to supply the market as soon as the ban is lifted and also increase kava production to meet market demands. 3 February 2006

8. VIPA has advised that from 2004 to 2005, the number of approved projects increased by 14%, from 151 projects to 177. The number of proposed local employees rose from 462 in 2002 to 4,240 in 2005. In relation to the proposed investment value annually, VIPA confirmed that the proposed investment value in 2005 increased significantly in value over the previous year. This shows a sharp increase of 83.9% from 2004. The proposed employment totaled to 4,245 – an increase of 81.4% over the previous year. The VIPA office in its response said that the actual 2005 annual report will be released sometime by the end of March. 5 January 2006

- 9 The signing of the Millennium compact agreement for access to 7 billion vatu funding (amounted US\$65 million) from the Millennium Challenge Corporation took place on Thursday 2nd of March, 2006 at the Parliament house by the Prime Minister, Honorable Ham Lini and Vice President for Department of Accountability, Charles Sethness. The ceremony took place in the Government Restaurant witnessed by the US Ambassador to PNG, Solomon Is and Vanuatu, Robert Fitts, members of the MCC delegation, members of the cabinet and Parliament, Heads of all Diplomatic Missions and representatives of Private Sector. The MCC program is expected to have a transformative impact on Vanuatu's economic development by increasing average income per capita by 15% within 5 years and directly impacting the lives of more than 65,000 rural inhabitants. 5 March 2006

Article

Factors determining Vanuatu Imports – a brief analysis

By: A. Kaltongga (Economist)

Introduction

Vanuatu is a developing country with a population of 186,687³. It has an economy open to international trade and capital movements with a virtual absence of exchange controls. Most of Vanuatu's Gross Domestic Product comes from the service sector of the economy. However, approximately 70 percent of the population depend on agriculture for their daily living. Vanuatu relies on international trade (75 percent of GDP) with imports 4 to 5 times the volume of exports. Considering its small size, its dependency on imports is large.

International trade in Vanuatu can be described as an engine to economic growth. It promotes domestic efficiency, international specialization and competitiveness. The process of economic growth creates growing demand for capital and consumer goods as well as raw materials to sustain expansion. It is important to sustain levels of consumption, investment and production as growth progresses. Vanuatu is too small to produce all its necessary commodities and therefore has to import a large quantity from overseas. Local demand cannot be fulfilled by domestic supply alone and overseas goods are essential to fill the gap between domestic supply and demand. Therefore, imports are important in international trade and economic development.

Vanuatu's import share as percentage of GDP has been increasing rapidly over the past few years. Over this period, imports have fluctuated in line with changes in aggregate demand. It is important that we make sure that adequate foreign reserves are available to meet our import needs. The important role imports play in economic developments has generated an interest in explaining the determinants of imports in Vanuatu. While several authors acknowledge that import demand is strongly related to import price in developing countries this brief article will look into what factors determine import demand in Vanuatu. It is important that we understand the factors determining demand for imports and what causes its growth and fluctuations. This will enable us to accurately project the movement of imports and facilitate allocations

of foreign exchange for financing them, in order to avoid huge balance of payments deficits.

Imports in the Balance of Payments

One of the main objectives of monetary policy in Vanuatu is to maintain adequate level of foreign reserves. Forecasting the level of Reserves requires substantive analysis of the Balance of payments. Improvements in the balance of payments can eventuate through changes in the current account or the capital account. Within the trade component of the current and the capital/financial account, a positive change is usually determined by a reduction in imports or an expansion in exports. Hence it is important when formulating policy advice, to identify trends in imports and exports in relation to other balance of payments items. This helps to predict the level of foreign reserves. This study will identify the factors contributing to import growth. It is important because some understanding of import demand will assist in formulating policy on current and capital account liberalization in Vanuatu. It can help to understand the extent to which changes in economic activity are likely to reduce or increase the amount of foreign currency flowing from and into the country. A model or exercise that facilitates the projections of these figures is a useful tool in anticipating BOP movements. It also facilitates foreign reserves forecasting (which is often done by the Reserve Bank of Vanuatu).

In most studies of other developing countries, they found that domestic activity/income and relative prices have a strong correlation with imports with many of these countries finding that income is the principal determinant of imports⁴.

This paper serves to introduce empirical research into the determinants of imports in Vanuatu.

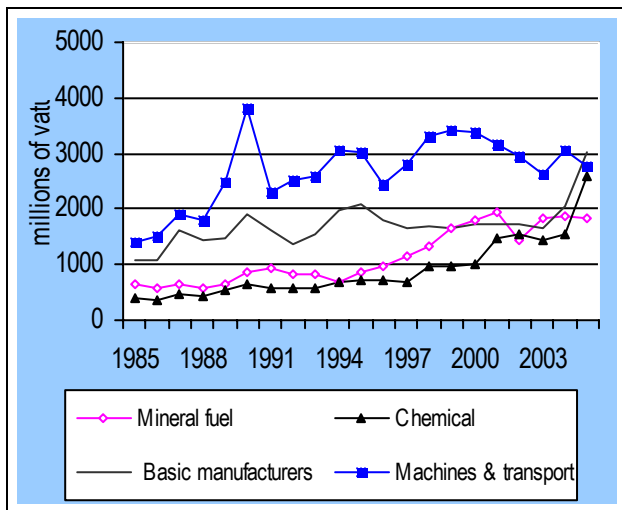
We will look into the value of imports from 1980 – 2005 and see how they relate to economic activity, the real effective exchange rate, import tariffs and oil prices. Unfortunately data on the volume of imported goods and price of Vanuatu imported goods is not available.

2 Vanuatu imports trend 1990- 2005

³ Vanuatu National Statistic Office census Survey 1999

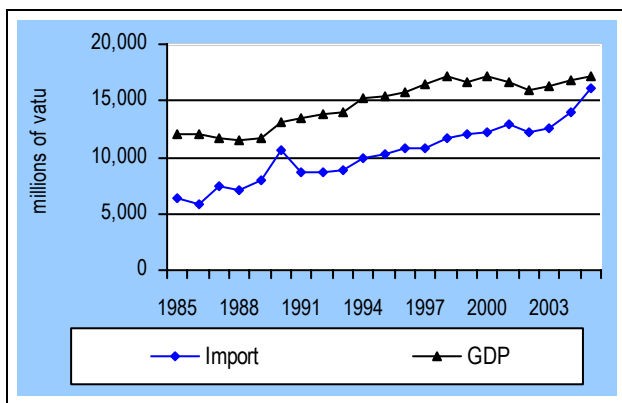
⁴ Vanuatu Economic Performance and Challenges Ahead – ADB Report 2002

Figure 1. Imports for domestic consumption



Vanuatu has been recording rapid import growth, with the imports of machines and transportation equipment, food and live animals, basic manufacturers and chemicals, and mineral fuel being the most important components.

Figure 2. Imports and Economic Growth



It is also important to understand the reasons of this continuous increase. It is worth noting here that, 50% of the consumer items in the CPI basket are imported goods.. Vanuatu imports mainly originate from Australia followed by New Zealand, Fiji, Japan and Singapore. These four main countries have consistently been the source of approximately 70 percent of all imports for the past 10 years. However countries like France and New Caledonia were also major import destinations a few years after independence.

2.1 Vanuatu Domestic Activity

Figure 2 shows the relationship between real imports (domestic consumption) and economic activity where real GDP is compared with imports for the years 1985-2005. Regression analysis shows that, approximately 79 percent of the changes in imports are explained by changes in GDP. This means that a 1 million vatu increase in GDP would increase imports by 1.1316million Vatu, keeping all other variables constant. Fig. 2 also shows that there is a strong correlation between real GDP and imports. It is evident that changes in imports are correlated to changes in GDP.

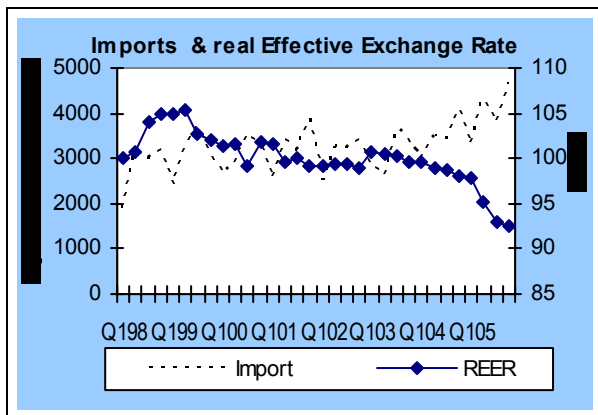
The graph is also telling us that when the economy picks up; it is usually accompanied by higher imports. Theory on the marginal propensity to import suggests that a certain proportion of an increase in income will be spent on import purchases⁵. An example of this in Vanuatu was during the Vanuatu National Provident Fund pay out in 1998. It increased income in the country causing people to increase spending. This increased demand at a faster rate than domestic supply and importers were forced to increase their imports to meet the high demand. In fig. 2 very high imports were recorded in 1990 during the tenth anniversary independence of Vanuatu, in 1998- during the VNPF pay outs and 2005- during the silver jubilee anniversary. It has also been noted during periods of high economic activity.

2.2 Real Effective Exchange Rate

The price normally used in the measurement of a country's competitiveness is the price of tradable goods, i.e. imports and exports, relative to the price of non-tradable goods. However, often it is difficult to define non-tradable goods. In order to overcome this problem, the average price of labour (unit labour cost) is often taken as a price of non-tradable goods (labour can be considered as a non-tradable factor of production. The disadvantage of this measurement for prices is that data for unit labour costs are only available for a selected number of industrialized countries. Therefore as a second best measurement the consumer price index (CPI) can be used. Although the CPI does not present a pure measure of prices of domestically produced goods, the index has the advantage that it is published frequently and is available in almost all countries.

⁵ Todaro, Michael P- Economic development-importance of international trade and finance
Imports Value-Reserve Bank of Fiji working paper.

Vanuatu's Real Effective Exchange Rate was first measured in 1998. It is a measure of competitiveness of Vanuatu, and takes Vanuatu's CPI and compares it with the CPI of the country's main trading partners, adjusted for exchange rate movements. The unit labor costs would be a better competitive indicator than the CPI, but because of the non-availability of data for the price of labor, the REER makes use of the CPI. Vanuatu's international trade performance is also influenced by a stable real effective exchange rate (REER), probably because of its smallness. In theory, movements in the REER are positively correlated to the growth in imports. However, it has not been so in Vanuatu from Q198 – Q405. Depreciation is expected to reflect a higher cost of imports which should lead to a reduction in the volume demand. This implies that the figure below should be showing imports decreasing.



The figure on the left shows that through out the period of the study, the REER has not influenced imports. This could be due to the relative stability of the REER over the period. It could also be due to the poor quality of inflation statistics in Vanuatu. Increased imports could also include imports of Capital projects funded by Aid donors and personnel effects.

Even though most imports come from Australia in the period studied, the depreciation of the REER did not reduce the volume of imports.

2.3 Import tariffs

Trade policy reform or liberalization can bring benefits through a number of ways, such as: improved resource allocation within and across industries, technical change, learning, and growth. Thus leading to improved productivity growth. There is also another channel by which trade liberalization can be expected to provide major benefits and that is by creating domestic

competition on pricing. Trade policy can therefore be viewed as an effective policy to promote competition⁶. The recent world trend has been for a general decline in the level of tariffs as organizations such as the WTO keep pushing their agenda and more regional partnerships are formed. Vanuatu will have to learn to adapt to increased competition in world trade especially if it ratifies the EPA, PICTA and PACER trade agreements and joins the WTO.

Vanuatu has made several policy changes as part of the Comprehensive Reform program to promote international trade. It is not surprising that Vanuatu's imports have been expanding over the last decade. Vanuatu's involvement in external trade agreements means that it has begun to be part of the trade liberalization movement and part of accession process to join the WTO. Several trade agreements are under negotiation. Free trade under the auspices of the Melanesian Free Trade Agreement between Melanesian countries took effect for Vanuatu and Solomon Islands in 2003. A proposal for free trade among the Forum Island countries via a Pacific Island countries Trade agreement (PICTA) was concluded while the Pacific Area Commercial and Economic Relations (PACER) arrangement was accepted and endorsed in the September 2001 meeting of the Pacific Island Forum. Ratifications of these agreements and discussions on new bilateral trade agreements which are still in progress will significantly reduce import tariffs and expand imports.

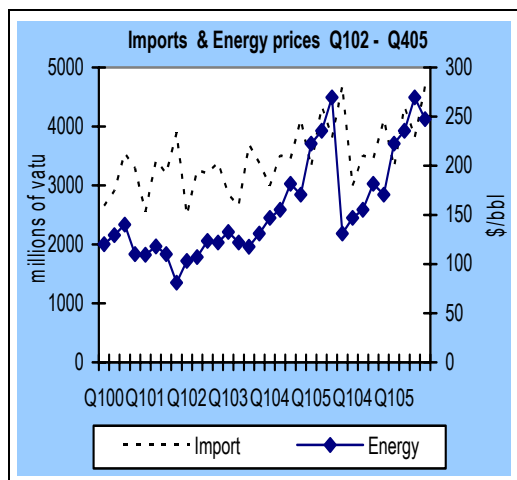
The import duty structure in Vanuatu consists of eight rates, ranging from zero to 30%, and the 30% rate applies to most goods. Most basic items that were previously duty-free are subject to a 5% duty. Approved goods imported under the Melanesian Spearhead Group Trade Agreement, the Fiji/Vanuatu Bilateral Trade Arrangement and the PICTA are duty-free. A 35% duty applies to certain imported products under the protected goods category, except for six items covered under the Melanesian Spearhead Group Trade Agreement, to which a 40% duty applies. Additionally, a 40% duty, which is to be decreased by 5% a year, is levied on a few items and duties of VT 350 and VT 315 a liter are applied to fuel and paint, respectively. For this paper, it was not possible to put together an average tariff statistics in order to compare its movement with imports, however it is important to note that tariffs are cut to promote international competitiveness of domestically produced goods. Thus, it is difficult to note in this paper the

⁶ Frankel J 1996 – Trade and Growth – and empirical investigation

magnitude of import tariffs contribution to Vanuatu growing imports.

2.4 Energy Prices

The price of energy (including oil which is imported as mineral fuel in Vanuatu) has been rising over the past years. In Vanuatu mineral fuel imports are high in the middle of the year, before the July Independence Celebration and sometimes towards the end of the year in preparation for the festive season. Fuel is brought into the country through small oil tankers. The graph below shows both energy and imports have an upward trend. However, when we study the detailed quarterly movement between 2000 and 2005, most quarters are negatively related. The series might include periods of oil shocks which would have an effect on import levels, however, in 1992 and 1998 when the price of oil fell, imports were still high due to the recovery of the economy after the Vanuatu National Provident Fund Crisis. A lot of economic activity was taking place during this time which was creating high disposable income and fuelling spending. It is evident that energy price and imports do not correlate in Vanuatu.



Conclusion

The study put together some of the variables that determine the volume of imports in Vanuatu. These include domestic activity, real effective exchange rate, import tariffs and energy prices.

The data used in this article came from the Reserve Bank of Vanuatu quarterly economic review and the World Bank commodity prices. The forecasting power of the model developed here is constrained by a lack of reliable data, especially the CPI, but it is the most accurate model that can be made given these constraints and is still useful for policy purposes.

Thus, this article integrates real GDP, REER, Import tariffs and Energy prices. The findings of the study show that the movements in domestic demand predominantly explain the movements of imports in Vanuatu.

This emphasizes the strong impact of domestic activity on imports. Vanuatu's economy is heavily dependent on a few major sectors such as beef, copra, kava and tourism and aid. Fluctuations in production and earnings from these sectors and less aid will lead to fluctuations in overall output of the economy which could result in swings in imports and balance of payments position. It is thus important that effective monetary and fiscal policies are in place to help us achieve a steady and sustainable growth in GDP and moderate our imports and foreign reserves.

TABLE 1: ASSETS AND LIABILITIES OF RESERVE BANK OF VANUATU

(Millions of Vatu)

End of Period	2002	2003	2004	2005	2005				2006
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Foreign Assets	4,854.4	4,953.5	6,614.6	7,595.6	6,824.2	7,084.1	7,342.3	7,595.6	7,993.8
Foreign Exchange	4,259.1	4,364.6	6,018.2	6,988.5	6,225.4	6,482.8	6,738.2	6,988.5	7,383.3
RTP with IMF	445.0	434.5	434.5	434.5	434.5	434.5	434.5	434.5	434.5
SDR Holdings	150.3	154.4	161.8	172.6	164.3	166.8	169.6	172.6	176.1
Claims on Government	1,240.8	1,471.0	1,418.0	1,184.5	1,260.9	1,235.1	1,233.5	1,184.5	1,182.6
Claims on NFPE	319.6	-	-	-	-	-	-	-	-
Claims on Commercial Banks	-	100.0	-	-	-	-	-	-	-
Other Assets	355.4	339.9	433.8	483.0	358.2	311.1	319.9	483.0	427.2
TOTAL ASSETS	6,770.2	6,864.4	8,466.4	9,263.1	8,443.3	8,630.3	8,895.7	9,263.1	9,603.6
Reserve Money	4,478.9	4,828.6	5,295.1	5,937.4	5,294.2	5,086.1	5,659.3	5,937.4	5,694.2
Currency outside Banks	1,916.1	2,108.4	2,490.1	2,690.7	2,208.7	2,342.1	2,577.6	2,690.7	2,504.2
Commercial Banks' Vault Cash	357.3	450.8	477.1	687.6	409.0	344.7	319.8	687.6	374.0
Commercial Banks Deposits with RBV	2,205.5	2,269.4	2,327.9	2,559.1	2,676.5	2,399.3	2,761.9	2,559.1	2,816.0
Foreign Liabilities	248.9	215.9	201.7	245.0	223.7	215.2	247.5	245.0	248.2
Government Deposits, of which	868.0	832.9	1,091.4	1,727.7	1,340.5	1,647.4	1,735.1	1,727.7	2,191.0
Contribution to RTP with IMF	445.0	434.5	434.5	434.5	434.5	434.5	434.5	434.5	434.5
Deposits of NFPE	0.7	0.8	-	-	-	-	-	-	-
RBV Notes	323.9	99.1	1,068.6	585.4	820.5	1,019.1	546.2	585.4	704.4
Other Liabilities	849.8	887.1	809.6	767.6	764.4	662.5	707.6	767.6	765.8
TOTAL LIABILITIES	6,770.2	6,864.4	8,466.4	9,263.1	8,443.3	8,630.3	8,895.7	9,263.1	9,603.6

TABLE 2: ASSETS AND LIABILITIES OF COMMERCIAL BANKS

(Millions of Vatu)

End of Period	2002	2003	2004	2005	2005				2006
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Reserves	2,563	2,720	2,805	3,247	3,086	2,744	3,082	3,247	3,190
Vault Cash	357	451	477	688	409	345	320	688	374
Deposits with RBV	2,206	2,269	2,328	2,559	2,677	2,399	2,762	2,559	2,816
RBV Notes	324	99	1,069	585	821	1,019	546	585	704
Foreign Assets 1/	28,727	27,209	28,061	29,279	28,897	30,356	29,733	29,279	29,404
Claims on non-resident banks		-							
Claims on non-resident nonbanks		-							
Claims on Government	1,191	773	813	838	813	838	838	838	838
Claims on Municipalities	2	5	6	13	16	11	10	13	12
Claims on NFPE	15	16	29	27	25	23	22	27	25
Claims on private sector	13,265	14,558	15,953	18,545	16,435	17,217	17,978	18,545	20,012
Inter-bank claims	370	-	-	-	-	-	-	-	-
Other Assets	725	1,169	1,485	1,543	1,503	1,425	1,380	1,543	1,676
TOTAL ASSETS	47,181	46,550	50,221	54,078	51,595	53,634	53,590	54,078	55,862
Demand Deposits	9,608	10,067	10,243	11,349	11,503	12,617	11,464	11,349	12,085
Local currency	3,749	3,763	4,067	4,734	4,501	4,298	4,479	4,734	5,120
Foreign currency	5,859	6,304	6,176	6,615	7,002	8,319	6,985	6,615	6,966
Savings Deposits	2,630	2,698	2,989	2,954	2,963	3,045	3,005	2,954	2,868
Local currency	2,316	2,283	2,378	2,497	2,344	2,501	2,530	2,497	2,441
Foreign currency	314	415	611	457	619	544	476	457	427
Time Deposits	20,855	19,855	22,426	25,568	22,972	23,166	25,058	25,568	25,881
Local currency	4,929	5,527	6,883	8,815	7,228	7,658	8,572	8,815	9,100
Foreign currency	15,926	14,328	15,543	16,753	15,744	15,508	16,486	16,753	16,781
Foreign Liabilities	8,685	7,268	6,899	7,142	6,989	7,573	7,072	7,142	7,241
Government Deposits 2/	244	283	185	457	182	260	380	457	340
Credit from RBV	-	100	-	-	-	-	-	-	-
Other Liabilities	5,160	6,280	7,480	6,607	6,986	6,973	6,610	6,607	7,446
TOTAL LIABILITIES	47,181	46,550	50,221	54,078	51,595	53,634	53,590	54,078	55,862

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					2005				2006
	2002	2003	2004	2005	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
NET FOREIGN ASSETS	24,744.4	24,679.1	27,575.1	29,488.2	28,508.7	29,651.9	29,756.0	29,488.2	29,908.8
'Monetary Authorities	4,702.5	4,737.6	6,412.8	7,350.6	6,600.5	6,868.9	7,094.8	7,350.6	7,745.6
Reserve Bank of Vanuatu(a-b)	4,605.5	4,737.6	6,412.8	7,350.6	6,600.5	6,868.9	7,094.8	7,350.6	7,745.6
'(a) Foreign Assets	4,854.4	4,953.5	6614.5	7595.6	6824.2	7084.1	7342.3	7595.6	7993.8
'(b) Foreign Liabilities	248.9	215.9	201.7	245	223.7	215.2	247.5	245	248.2
'Treasury Foreign Assets	97.0	0.0	0.0	0.0	0	0	0	0	0
'Commercial Banks (Net) 1/ (a-b)	20,041.9	19,941.5	21,162.3	22,137.6	21,908.2	22,783.0	22,661.2	22,137.6	22,163.2
'(a) Foreign Assets	28,726.8	27,209.0	28060.9	29279.1	28896.8	30355.7	29733.2	29279.1	29404.2
'(b) Foreign Liabilities	8,684.9	7,267.5	6898.6	7141.5	6988.6	7572.7	7072	7141.5	7241
DOMESTIC CREDIT	15,092.8	15,888.1	17,093.5	18,546.5	17,171.8	17,547.1	18,092.8	18,546.5	19,661.2
'Claims on Government (Net)	1,319.6	1,128.6	954.5	-162.5	551	167.3	-43.4	-162.5	-510.4
'Claims on NFPE 2/	334.2	16.2	29.4	26.5	24.9	23.3	22.1	26.5	25.2
'Claims on Private Sector 3/	13,437.0	14,737.9	16103.4	18669.1	16579.5	17345.4	18103.7	18669.1	20134.1
'Claims on Municipalities	2.0	5.4	6.2	13.4	16.4	11.1	10.4	13.4	12.3
TOTAL LIQUIDITY	35,009.1	34,729.3	38,147.6	42,562.4	39,646.9	41,170.0	42,104.9	42,562.4	43,339.0
'Money	11,524.5	12,176.3	12,733.3	14,040.0	13,712.0	14,958.9	14,041.5	14,040.0	14589.5
'Currency outside Banks	1,916.1	2,108.4	2490.1	2690.7	2208.7	2342.1	2577.6	2690.7	2504.2
'Demand deposits	9,608.4	10,067.9	10,243.2	11,349.3	11,503.3	12616.8	11463.9	11349.3	12085.3
'Local currency	3,749.6	3,764.0	4067.2	4733.9	4500.9	4298.3	4479.4	4733.9	5119.8
'Foreign currency	5,858.8	6,303.9	6176.0	6615.4	7002.4	8318.5	6984.5	6615.4	6965.5
'Quasi-money	23,484.6	22,553.0	25,414.3	28,522.4	25,934.9	26,211.1	28,063.4	28,522.4	28749.5
'Time & Savings deposits in Vatu	7,245.0	7,810.0	9261.0	11312.5	9572.3	10159.4	11101.7	11312.5	11541.3
'Time & Savings deposits in FC	16,239.6	14,743.0	16153.3	17209.9	16362.6	16051.7	16961.7	17209.9	17208.2
OTHER ITEMS (Net)	4,828.1	5,837.9	6,521.0	5,906.8	6,033.6	6,029.0	5,743.9	5,472.3	6,231.0

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.

TABLE 4: DOMESTIC MONEY SUPPLY AND COMPONENTS

(Millions of Vatu)

End Period		2002	2003	2004	2005	2005				2006
						Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Notes	(1)	1,872	2,134	2,544	2,928	2,194	2,257	2,457	2,928	2,665
Coins	(2)	401	425	-	450	424	430	441	450	214
Total	(3) (1+2)	2,273	2,559	2,937	3,378	2,618	2,687	2,898	3,378	2,878
Cash in hand with Banks	(4)	357	451	447	688	409	345	320	688	374
Currency with Public in Vatu	(5) (3-4)	1,916	2,108	2,490	2,691	2,209	2,342	2,578	2,691	2,504
Demand deposits of resident in Vatu (D dV)1/	(6)	3,750	3,764	4,067	4,734	4,501	4,298	4,479	4,734	5,120
M1 (Narrow Measure)	(7) (5+6)	5,666	5,872	6,557	7,425	6,710	6,640	7,057	7,425	7,624
Demand deposits of residents in FC (DdF)2/	(8)	5,859	6,304	6,176	6,615	7,002	8,319	6,985	6,615	6,966
M2	(9) (7+8)	11,525	12,176	12,733	14,040	13,712	14,959	14,042	14,040	14,590
Savings & time deposits of residents in Vatu (T dV)	(10)	7,245	7,810	9,261	11,313	9,572	10,159	11,102	11,313	11,541
MV (Vatu liquidity)	(11) (7+10)	12,911	13,682	15,818	18,737	16,282	16,800	18,159	18,737	19,165
M3	(12) (9+10)	18,770	19,986	21,994	25,353	23,284	25,118	25,143	25,353	26,131
Savings & time deposits of residents in FC (TdF)	(13)	16,240	14,743	16,153	17,210	16,363	16,052	16,962	17,210	17,208
Mf (Foreign currency liquidity)	(14) (8+13)	22,098	21,047	22,329	23,825	23,365	24,370	23,946	23,825	24,174
M4 (Broad Measures)	(15) (12+13)	35,009	34,729	38,148	42,562	39,647	41,170	42,105	42,562	43,339

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

2/ Excludes Government deposits and deposits of exempt institutions.

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

(Millions of Vatu)

End Period	VATU DEPOSITS 1/				'FOREIGN CURRENCY DEPOSITS 1/				PERCENTAGE DISTRIBUTION			Government Deposits 2/
	Demand	Savings	Time	Total	Demand	Savings	Time	Total	Vatu Deposits	Foreign Currency Deposits	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
2002	3,748.9	2,315.8	4,929.2	10,993.9	5,858.8	313.8	15,925.8	22,098.4	33.2	71.9	105.1	244.1
2003	3,763.2	2,282.9	5,527.1	11,573.2	6,303.9	415.4	14,327.6	21,046.9	35.5	64.5	100.0	282.5
2004	4,067.2	2,378.3	6,883.0	13,328.5	6,176.0	610.8	15,542.5	22,329.3	37.4	62.6	100.0	185.1
2005	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3
2004												
Qtr 1	3,665.5	2,182.4	5,911.2	11,759.1	6,343.6	451.3	16,021.5	22,816.4	34.0	66.0	100.0	197.5
Qtr 2	4,304.3	2,293.9	6,232.1	12,830.3	5,765.8	709.8	16,320.4	22,796.0	36.0	64.0	100.0	228.3
Qtr 3	4,098.0	2,233.0	6,514.2	12,845.2	6,056.8	630.4	16,246.0	22,933.2	35.9	64.1	100.0	196.8
Qtr 4	4,067.2	2,378.3	6,883.0	13,328.5	6,176.0	610.8	15,542.5	22,329.3	37.4	62.6	100.0	185.1
2005												
Qtr 1	4,500.9	2,344.0	7,228.4	14,073.3	7,002.4	618.8	15,743.8	23,365.0	37.6	62.4	100.0	182.4
Qtr 2	4,298.3	2,501.3	7,658.1	14,457.7	8,318.5	543.7	15,508.0	24,370.2	37.2	62.8	100.0	259.7
Qtr 3	4,479.4	2,529.7	8,572.0	15,581.1	6,984.5	475.5	16,486.2	23,946.2	39.4	60.6	100.0	379.8
Qtr 4	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3
2006												
Qtr 1	5,119.8	2,441.2	9,100.0	16,661.0	6,965.5	426.9	16,781.4	24,173.8	40.8	59.2	100.0	340.0

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 2/
BY MATURITY PERIOD 1/

(Millions of Vatu)

\ MATURITY \ PERIOD END OF\ PERIOD \	Up to and Inclusive of 7 days	Over 7 days and up to 1 Month	1 to 2 Months	2 to 3 Months	3 to 6 Months	6 to 12 Months	Over one Year	Total 2/
2002	189.9	1,062.3	459.7	601.5	458.9	447.2	568.0	3,787.5
2003	350.5	1,377.5	537.5	644.8	1,091.2	962.1	691.3	5,654.9
2004	525.2	1,306.1	780.2	554.2	961.0	1,755.6	1,056.7	6,939.0
2005	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4
2003								
Qtr 1	61.8	723.9	707.9	582.4	474.8	436.0	545.9	3,532.7
Qtr 2	72.5	972.2	246.2	444.7	691.4	616.4	531.2	3,574.6
Qtr 3	285.5	1,329.9	362.3	354.4	1,079.1	1,261.0	683.1	5,355.3
Qtr 4	350.5	1,377.5	537.5	644.8	1,091.2	962.1	691.3	5,654.9
2004								
Qtr 1	552.1	1,250.2	468.6	477.4	1,382.4	1,159.4	691.9	5,982.0
Qtr 2	310.8	1,499.1	668.0	530.7	1,105.4	1,205.6	929.4	6,249.0
Qtr 3	285.8	1,313.0	725.0	531.8	1,196.9	1,424.1	1,092.8	6,569.4
Qtr 4	525.2	1,306.1	780.2	554.2	961.0	1,755.6	1,056.7	6,939.0
2005								
Qtr 1	623.2	1,176.2	920.3	670.5	1,437.7	1,818.7	644.0	7,290.6
Qtr 2	813.1	2,054.7	635.1	705.8	923.5	1,497.8	1,099.9	7,729.9
Qtr 3	650.4	1,630.8	1,496.7	1,171.8	1,201.7	2,026.6	574.7	8,752.7
Qtr 4	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4
2006								
Qtr 1	344.5	1,097.5	936.1	742.4	1,531.2	2,832.2	718.2	8,202.1

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

From (Qtr 3 2002) Data covers 2 out of the 3 banks (2 banks Merged). From Qtr42003 data covers all commercial banks

2/ Includes deposits of the Vanuatu Government

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

(Millions of Vatu)

SECTOR	2002	2003	2004	2005	2005				2006
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Agriculture	243	241	245	304	262	243	275	304	556
Fisheries	5	31	27	27	28	20	20	27	35
Mining & Quarrying	-	-	11	-	6	3	-	-	-
Manufacturing	412	852	488	1,117	883	943	1,098	1,117	1,153
Tourism	960	1,314	1,315	1,707	1,285	1,298	1,523	1,707	2,114
Entertainment & Catering	157	163	205	59	207	201	151	59	116
Transport	590	589	667	626	682	677	591	626	893
Public Utilities	396	10	8	7	7	7	7	7	6
Construction	2,760	2,731	2,710	2,918	2,751	2,946	2,882	2,918	2,987
a) Government	2	6	1	9	1	2	2	9	5
b) Public Corporation	4	9	44	47	37	47	46	53	49
Financial Institutions	35	49	139	122	138	137	137	122	122
Professional & Other Services	960	917	916	916	919	919	911	916	898
Housing & Land Purchases	2,095	2,261	3,593	4,387	3,875	4,073	4,169	4,387	4,523
Distribution	1,642	1,781	1,601	1,863	1,714	1,725	1,844	1,863	1,893
Personal: Others	2,691	3,424	3,147	3,737	3,385	3,405	3,677	3,737	3,880
Miscellaneous	169	204	933	828	385	691	720	828	908
TOTAL	13,120	14,580	16,047	18,671	16,564	17,337	18,054	18,677	20,139
Of which: Vatu	10,897	13,216	14,503	16,886	15,034	15,663	16,228	16,886	17,652
Private shares & Bonds	-	-	-	-	-	-	-	-	-
Government Bonds	1,195	773	813	838	773	838	838	838	838
Claims on Non-reporting banks /1	-	-	-	-	-	-	-	-	-
Grand Total	14,315	15,353	16,860	19,509	17,337	18,175	18,892	19,515	20,977

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

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

End Period	DEPOSIT RATES					ADVANCES RATES 2/				LOCAL INTER-BANK RATES	
	VATU					Foreign Currencies (Australian Dollar)	Vatu only				
	Savings	1 month	2-6 Months	Above 6 months	Weighted average rate of interest for total bank deposits	1 month (Locally quoted)	Commercial	Personal	Housing	Weighted average rate of interest for bank loans	Call or Overnight
2002	0.50-2.00	1.00-5.00	1.00-5.75	1.75-6.25	2.07	3.13-4.09	10.00-16.00	9.75-25.00	5.90-12.50	11.58	5.50
2003	0.50-2.00	1.50-6.00	1.50-6.00	1.75-4.75	2.18	3.55-4.425	6.50-16.00	9.75-25.00	5.90-18.50	11.73	5.50
2004	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.55	2.40	3.55-4.55	8.50-16.00	12.00-25.00	5.90-14.75	11.59	5.50
2005	0.50-2.00	2.00-6.50	2.00-7.00	2.25-7.00	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50
2005											
Qtr 1	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.00	2.24 r	3.55-4.55	8.00-16.00	12.00-25.00	5.90-14.75	11.74	5.50
Qtr 2	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	2.14	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.65	5.50
Qtr 3	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	2.12	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.96	5.50
Qtr 4	0.50-2.00	2.00-6.50	2.00-7.00	2.75-7.00	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50
2006											
Qtr 1	0.50-2.00	2.00-6.50	2.00-7.00	2.75-6.5	2.28	3.50-4.55	8.25-16.00	12.00-25.50	8.25-14.75	11.20	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 vatu advances ranging from the minimum 6.00 percent also reflect rates offered to their staff.

r: Revised

TABLE 9: DENOMINATIONS OF CURRENCY ON ISSUE

(Millions of Vatu)

End Period	Total Notes & Coins							Coins
		N VT100	O VT200	T VT500	E VT1,000	S VT5,000	Total	
2002	2,273.5	23.8	47.8	111.3	892.0	765.1	1,872.4	401.1
2003	2,559.2	23.8	54.7	119.3	1,005.6	898.1	2,133.8	425.4
2004	2,967.2	23.7	63.6	131.6	1,140.5	1,184.5	2,543.9	423.3
2005	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0
2005								
Qtr1	2,617.6	23.7	58.3	119.8	1,007.8	984.5	2,194.1	423.5
Qtr2	2,686.8	23.7	59.0	121.5	1,029.5	1,023.0	2,256.7	430.1
Qtr3	2,897.5	23.7	65.6	131.5	1,134.8	1,101.0	2,456.6	440.9
Qtr4	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0
2006								
Qtr1	2,878.2	23.7	61.7	128.6	1,102.8	1,113.8	2,430.6	447.6

TABLE 10: NET OFFICIAL RESERVES

(Millions of Vatu)

End of Period	1. Net Official Reserves						2. Net Foreign Assets of Commercial Banks		
	Foreign Exchange of RBV (1)	Special Drawing Rights (2)	Reserve Position in IMF (3)	Total Holdings (4) (1+2+3)	Foreign Liabilities (5)	Net Position (6) (4-5)	Foreign Assets (7)	Foreign Liabilities (8)	Net Position (9) (7-8)
2002	4,259.1	150.3	445.0	4,854.4	248.9	4,605.5	28,726.8	8,684.9	20,041.9
2003	4,364.6	154.4	434.5	4,953.5	215.9	4,737.6	27,209.0	7,267.5	19,941.5
2004	6018.2	161.8	434.5	6,614.5	201.7	6,412.8	28,060.9	6,898.6	21,162.3
2005	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6
2005									
Qtr1	6225.4	164.3	434.5	6,824.2	223.7	6,600.5	28,896.8	6,988.6	21,908.2
Qtr2	6482.8	166.8	434.5	7,084.1	215.2	6,868.9	30,355.7	7,572.7	22,783.0
Qtr3	6738.2	169.6	434.5	7,342.3	247.5	7,094.8	29,733.2	7,072.0	22,661.2
Qtr4	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6
2006									
Qtr1	7383.3	176.1	434.5	7,993.9	248.2	7,745.7	29,404.2	7,241.0	22,163.2

TABLE 11: RESERVE BANK NOTES ISSUED IN PRIMARY MARKET

Date of Issue	Period of Original Maturity	Date of Maturity	Amount Issued (Million Vatu)		Weighted Average Yield of Accepted Tenders	Notes Outstanding (Million Vatu) 1/	
			Received	Accepted			
12/10/2005	14 days	26/10/05	45	0	-		
	28 days	09/11/05	40	0	-		
	63 days	14/12/05	70	35	4.00		
	91 days	11/01/06	60	30	4.00		
	Total		215	65			
26/10/05	14 days	09/11/05	100	100	4.60		
	28 days	23/11/05	100	100	4.73		
	63 days	28/12/05	50	0	-		
	91 days	25/01/06	50	0	-		
	Total		300	200			565
16/11/05	14 days	30/11/05	100	50	4.50		
	28 days	14/12/05	100	50	4.59		
	63 days	18/01/06	50	50	4.74		
	91 days	15/02/06	50	50	4.70		
	Total		300	200			
28/11/05	14 days	14/12/05	100	50	4.43		
	28 days	28/12/05	100	50	4.47		
	63 days	01/02/06	50	50	4.42		
	91 days	01/03/06	50	50	4.60		
	Total		300	200		470	
7/12/2005	14 days	21/12/05	90	40	4.38		
	28 days	04/01/06	90	60	4.40		
	63 days	08/02/06	100	50	4.40		
	91 days	08/03/06	100	50	4.40		
	Total		380	200			
20/12/05	14 days	04/01/06	100	50	4.25		
	28 days	18/01/06	100	50	4.28		
	63 days	22/02/06	100	50	4.31		
	91 days	22/03/06	100	50	4.34		
	Total		400	200			770.0

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

TABLE 12: COMMERCIAL BANKS' LIQUIDITY

End of Period	Liquid Assets			Statutory Reserve Deposits (SRD)	RBV Notes	Total
	Vault Cash	Deposits with RBV (Excess Reserves)	Total			
	(1)	(2)	(1+2) (3)	(4)	(5)	(3+4+5) (6)
2002	357.3	817.3	1,174.6	1,388.1	323.9	2,886.6
2003	450.8	772.4	1,223.2	1,497.0	99.1	2,819.3
2004	477.1	703.8	1,180.9	1,624.1	1,068.6	3,873.6
2005	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1
2005						
Qtr1	409.0	1,007.7	1,416.7	1,668.8	820.5	3,906.0
Qtr2	344.7	609.7	954.4	1,789.6	1,019.5	3,763.5
Qtr3	319.8	891.6	1,211.4	1,870.3	546.2	3,627.9
Qtr4	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1
2006						
Qtr1	374.0	831.1	1,205.1	1,984.9	704.4	3,894.4

TABLE 13: INTERNATIONAL BANKS - BALANCE SHEET

TOTAL ASSETS	Million US Dollars									
	2004				2005				2006	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	
1 CASH ITEMS	102,174	100,058	102,690	103,551	91,803	79,018	66,921	58,516	65,192	
1.1 Cash	9,639	4,705	5,339	5,236	2,816	1,549	454	737	874	
1.2 Balances with and CDs issued by banks	49,652	49,438	51,128	46,291	40,388	32,788	29,857	30,312	38,888	
1.3 Gold and silver bullion	-	-	-	-	-	-	-	-	-	
1.4 Cash items in process of collection	42,883	45,915	46,223	52,024	48,599	44,681	36,610	27,467	25,430	
2 MARKETABLE SECURITIES	726	613	664	711	454	462	517	518	-	
(up to 1 yr. Original Maturity)										
2.1 Zone A: Other public sector	-	-	-	-	-	-	-	-	-	
2.2 Zone A: Bank Securities	-	-	-	-	-	-	-	-	-	
2.3 Other securities	726	613	664	711	454	462	517	518	-	
3 LOANS AND ADVANCES	276,609	210,534	164,742	169,682	125,252	174,129	136,174	139,085	160,714	
3.1 Public sector	-	-	-	-	-	-	-	-	-	
3.2 Banks	135,713	169,489	127,856	130,294	92,295	146,431	79,608	117,927	140,415	
3.3 Other loans and advances	140,896	41,045	36,886	39,388	32,957	27,698	56,566	21,158	20,299	
4 INVESTMENTS	9,162	9,353	10,187	8,965	4,159	4,063	4,051	4,063	4,118	
(over 1 year original maturity for debt instrument)										
4.1 Zone A Public Sector & Bank Securities	-	-	-	-	-	-	-	-	-	
4.2 Affiliated Institutions	4,824	3,919	3,920	1,780	1,698	1,567	1,581	4,019	1,547	
4.3 Other securities	4,294	5,390	6,223	7,141	2,417	2,452	2,426	0	0	
4.4 Other equities	44	44	44	44	44	44	44	44	44	
5 OTHER ASSETS	161	92	114	101	94	184	158	149	63	
5.1 Equipment and other fixed assets (net of accumulated depreciation)	64	55	57	56	48	1	61	62	25	
5.2 Accrued interest receivable	15	20	28	26	14	114	21	68	25	
5.3 Other assets	82	17	29	19	32	69	76	19	13	
6 TOTAL ASSETS	388,832	320,650	278,397	283,010	221,762	257,856	207,821	202,331	230,087	
TOTAL LIABILITIES										
1 DEPOSITS	282,463	273,661	232,804	236,171	186,752	224,595	145,511	174,999	205,557	
1.1 Banks	298	16,395	17,060	17,948	-	-	-	-	-	
1.2 Corporations	145,607	136,264	92,757	89,849	70,204	123,758	57,713	98,298	109,281	
1.3 Trusts	25,884	-	-	-	-	-	-	-	-	
1.4 Individuals	110,674	121,002	122,987	128,374	116,548	100,837	87,798	76,701	84,993	
1.5 Negotiable certificates of deposits	-	-	-	-	-	-	-	-	-	
1.6 Other	-	-	-	-	-	-	-	-	-	
2 TERM DEPT AND OTHER BORROWINGS	44,418	29,610	29,486	29,067	20,233	18,782	48,685	13,460	10,869	
2.1 Unsecured subordinated debt (over 5 years original term maturity)	-	-	-	-	-	-	-	-	-	
2.2 Other notes and bonds	-	-	-	-	-	-	-	-	-	
2.3 Other borrowings (including loans, overdrafts, commercial papers)	44,418	29,610	29,486	29,067	20,233	18,782	48,685	13,460	10,869	
3 ACCRUED LIABILITIES	10,279	68	30	31	14	116	23	69	27	
3.1 Accrued interest payable	224	19	27	25	12	114	21	68	25	
3.2 Dividend payable	10,000	-	-	-	-	-	-	-	-	
3.3 Other accrued expenses	55	49	3	6	2	2	2	1	2	
4 OTHER LIABILITIES	893	853	707	1,559	544	452	579	598	333	
5 LOSS RESERVES	2,103	460	460	460	724	703	706	697	700	
5.1 General loan loss reserves	1,860	460	460	460	460	460	460	0	460	
5.2 Other loss reserves	243	-	-	-	264	243	246	697	240	
6 TOTAL LIABILITIES	340,156	304,652	263,487	267,288	208,267	244,648	195,504	189,823	217,486	
7 SHAREHOLDERS EQUITY	48,676	15,998	14,910	15,722	13,495	13,208	12,317	12,508	12,601	
7.1 Issued and fully paid up common stock (at par or nominal value)	21,163	11,286	9,950	9,984	9,056	9,001	9,007	8,984	8,993	
7.2 Additional paid up capital in excess of par or nominal value	214	214	214	214	214	214	214	1,095	29	
7.3 Unappropriated retained earnings	25,676	3,741	3,778	3,897	3,757	3,827	3,837	3,045	2,855	
7.4 Current year's net income/(loss)	1,623	757	968	1,627	468	166	-741	-616	724	
7.5 Perpetual on-cumulative issued and fully paid up preference share	-	-	-	-	-	-	-	-	-	
8 TOTAL SHAREHOLDERS EQUITY	48,676	15,998	14,910	15,722	13,495	13,208	12,317	12,508	12,601	
9 TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	388,832	320,650	278,397	283,010	221,762	257,856	207,821	202,331	230,087	

TABLE 14: DOMESTIC BANKS

CONSOLIDATED CAPITAL - 1/	Million Vatu											
	2001	2002	2003	2004				2005				2006
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
TIER 1												
Paid-up capital	806	906	862	863	865	864	860	861	862	862	863	864
Disclosed reserves & retained earnings	1,655	1,257	2,711	2,733	2,726	2,762	3,785	3,078	2,578	1,836	2,885	2,931
Other	-	183	259	494	735	1,045	303	599	925	1,296	358	687
Less goodwill etc												
TOTAL TIER 1 CAPITAL	2,461	2,346	3,832	4,090	4,326	4,671	4,948	4,538	4,365	3,994	4,106	4,482
TIER 2												
Asset revaluation reserves												
Premises ⁽¹⁾	23	-	-	-	-	-	-	-	-	-	-	-
General provisions for doubtful debts												
- Gross												
- Eligible	117	92	110	111	112	163	169	168	175	179	185	177
Term subordinated debt etc												
- Gross	-	-	-	-	-	-	-	-	-	-	-	-
- Eligible	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL TIER 2 CAPITAL	139	92	110	111	112	163	169	168	175	179	185	177
TOTAL TIER 1 & TIER 2	2,600	2,438	3,942	4,202	4,439	4,835	5,117	4,706	4,540	4,173	4,291	4,659
Less holdings of other banks capital instruments	0	-	-	-	-	-	-	-	-	-	-	-
CAPITAL BASE	2,600	2,438	3,942	4,202	4,439	4,835	-	4,706	4,540	4,173	4,291	4,659
Total risk weighted assets	9,304	7,431	9,902	10,002	10,648	14,261	14,630	14,824	15,308	15,612	16,071	15,482
ASSETS QUALITY												
1 Asset Quality												
Standard	11,124	11,492	11,167	11,860	12,327	12,131	13,587	14,125	14,339	14,570	14,685	17,774
Substandard	621	9,511	2,620	2,564	990	965	846	803	1,070	1,323	981	784
Doubtful (D)	255	260	1,039	1,057	2,688	2,740	2,013	2,038	2,513	2,497	3,467	3,658
Loss (L)	174	247	231	256	240	236	194	209	229	329	320	316
Total lending assets	12,174	12,951	15,056	15,738	16,245	16,071	16,639	17,175	18,151	18,719	19,454	20,533
Total risk weighted assets 2/	15,671	13,882	15,148	15,373	16,302	20,180	20,979	21,310	22,058	15,619	22,795	23,716
Restructured items	-	100	186	209	56	58	40	49	97	68	76	74
Non-accrual items (D + L) 3/	429	507	1,270	1,313	2,928	2,975	2,207	2,247	2,742	2,826	3,787	3,974
2 Provisioning												
Provisions (specific)	152	221	502	505	554	577	592	596	589	614	733	879
Provisions (general)	220	176	38	37	37	43	43	37	26	24	16	41
Security	2,773	5,427	10,759	10,815	10,783	10,902	-	11,045	11,346	11,667	12,350	12,611

1/ - Excluding branches of foreign banks

2/ - Including branches of foreign banks

3/ - Impaired assets

TABLE 15: Vanuatu Government Fiscal Operations

(Millions of Vatu)

ITEMS	2001	2002	2003	2004	2005	2005				2006
						Qtr1	Qtr2	Qtr3	Qtr 4	Qtr1
REVENUE AND GRANTS	7365.2	7258.3	7061.7	8129.7	8795.8	2420.7	2227.2	2008.2	2139.7	2402.2
Domestic Revenue	6682.9	6530.4	6680.3	7444.9	8213.5	2259.6	1977.7	1954.7	2021.5	2226.9
Tax Revenue	5793.0	5845.5	6024.6	6621.6	7342.8	2110.8	1739.7	1668.1	1824.2	2042.0
Non Tax Revenue	889.9	684.9	655.7	823.3	870.7	148.8	238.0	286.6	197.3	184.9
Sales of fixed capital assets	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants from abroad	670.0	727.9	381.4	684.8	582.3	161.1	249.5	53.5	118.2	175.3
EXPENDITURE AND NET LENDING	8612.6	7958.6	7682.4	7685.8	7964.2	1831.0	1740.1	2046.2	2346.9	1767.4
Recurrent Expenditure	7198.6	7236.5	7239.7	7272.5	7502.6	1668.6	1656.2	1905.2	2272.6	1688.3
Lending minus repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent transfer to Gov. bodies	225.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development Expenditure	1189.0	722.1	442.7	413.3	461.6	162.4	83.9	141.0	74.3	79.1
DEFICIT/SURPLUS	-1247.4	-700.3	-620.7	443.9	831.6	589.7	487.1	-38.0	-207.2	634.8

Source : Department of Finance

TABLE 16: GOVERNMENT REVENUE CLASSIFIED BY MAJOR SOURCES

(Millions of Vatu)

ITEMS	2001	2002	2003	2004	2005	2004				2005				2006
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
TOTAL REVENUE AND GRANTS	7366.0	7308.0	7061.7	8129.7	8795.8	1977.0	1903.1	2039.6	2210.0	2420.7	2227.2	2008.2	2139.7	2402.2
Total Recurrent Revenue	6683.7	6565.6	6680.3	7444.9	8213.5	1868.7	1719.7	1950.3	1906.2	2259.6	1977.7	1954.7	2021.5	2226.9
Tax Revenue	5793.9	5773.3	6024.6	6621.6	7342.8	1739.5	1504.5	1648.1	1729.5	2110.8	1739.7	1668.1	1824.2	2042.0
Taxes on Use of Goods	3413.4	3442.5	3666.3	3995.4	4776.4	1122.0	866.7	1023.4	983.3	1514.4	1071.6	1087.9	1102.5	1418.1
Value Added Tax	2358.2	2236.7	2356.8	2475.3	2813.4	578.3	578.5	643.7	674.8	639.9	685.7	723.2	764.6	707.9
Business Licenses	111.1	141.4	124.6	150.0	290.6	91.9	9.4	46.0	2.7	258.9	13.2	16.7	1.8	147.7
Turnover Tax	43.1	117.0	97.9	122.8	146.3	98.3	5.9	9.9	8.7	103.0	6.4	26.7	10.2	151.3
Other	901.0	947.4	1087.0	1247.3	1526.1	353.5	272.9	323.8	297.1	512.6	366.3	321.3	325.9	411.2
Tax on International Trade	2291.8	2279.9	2283.5	2519.6	2412.0	591.4	605.1	597.3	725.8	551.3	626.6	544.1	690.0	574.3
Import duties	2287.9	2279.3	2283.4	2519.6	2412.0	591.4	605.1	597.3	725.8	551.3	626.6	544.1	690	571.0
Export duties	3.9	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
Other taxes	88.7	50.9	74.8	106.6	154.4	26.1	32.7	27.4	20.4	45.1	41.5	36.1	31.7	49.6
Non Tax Revenue	889.8	792.3	655.7	823.3	870.7	129.2	215.2	302.2	176.7	148.8	238.0	286.6	197.3	184.9
Property income: of which	418.1	391.7	239.4	323.4	316.9	7.4	67.5	193.3	55.2	17.6	106.3	159.5	33.5	7.0
Dividends	246.2	188.6	101.3	133.2	229.0	5.0	20.1	90.0	18.1	15.0	99.5	90.1	24.4	2.8
Other	171.9	203.1	138.1	190.2	87.9	2.4	47.4	103.3	37.1	2.6	6.8	69.4	9.1	4.2
Administrative fees & Charges	447.4	386.6	379.4	467.7	527.4	109.4	140.1	102.3	115.9	126.4	123.5	119.9	157.6	170.2
Other	24.3	14.0	36.9	32.2	26.4	12.4	7.6	6.6	5.6	4.8	8.2	7.2	6.2	7.7
Grants from abroad	670.0	720.3	381.4	684.8	582.3	108.3	183.4	89.3	303.8	161.1	249.5	53.5	118.2	175.3

Source : Department of Finance

TABLE 17: GOVERNMENT EXPENDITURE CLASSIFIED BY MAJOR CATEGORY

(Millions of Vatu)

ITEMS	2000	2001	2002	2003	2004	2005	2004				2005				2006
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
TOTAL EXPENDITURE	9773.0	8612.6	7958.6	7682.4	7685.8	7964.2	1769.2	1872.2	2012.9	2031.5	1831.0	1740.1	2046.2	2346.9	1767.4
Total Recurrent Expenditure	7197.8	7198.6	7236.5	7239.7	7272.5	7502.6	1677.8	1731.8	1890.9	1972.0	1668.6	1656.2	1905.2	2272.6	1688.3
Goods and services: of which	5658.3	5592.4	5834.3	5683.3	5580.9	5942.9	1300.8	1338.6	1455.8	1485.7	1265.4	1358.5	1516.9	1802.1	1288.2
Salaries & Wages	3747.2	3734.4	3929.1	4072.2	4053.8	4222.1	940.3	960.4	1052.9	1100.2	902.1	984.5	1134.8	1200.7	940.4
Interest payments	267.0	281.4	318.7	308.2	397.7	349.0	117.3	47.4	89.4	115.1	121.9	48.2	77.0	101.9	113.8
Domestic	182.0	172.9	217.7	195.4	304.2	272.2	90.8	31.0	59.5	85.0	96.6	34.6	69.6	71.4	88.7
External	85.0	108.5	101.0	112.8	93.5	76.8	26.5	16.4	29.9	30.1	25.3	13.6	7.4	30.5	25.1
Subsidies and transfers: of which	971.0	1141.0	1004.0	1118.1	1163.1	883.3	247.2	312.5	314.3	289.1	227.3	182.1	246.7	227.2	235.4
Provinces	210.4	199.3	202.7	206.8	197.1	200.5	48.9	49.3	53.5	45.4	44.8	47.4	56.4	51.9	46.3
Acquisition of fixed capital assets	301.5	183.8	79.5	85.9	159.3	327.4	12.5	33.3	31.4	82.1	54.0	67.4	64.6	141.4	50.9
Lending minus repayments	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent transfers to Gov.bodies	50.0	225.0	458.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Development Expenditure	2525.2	1189.0	722.1	442.7	413.3	461.6	91.4	140.4	122.0	59.5	162.4	83.9	141.0	74.3	79.1

Source : Department of Finance

TABLE 18: VANUATU GOVERNMENT BONDS OUTSTANDING

(Thousands of Vatu)

Period Ended	BOND HOLDERS				
	Reserve Bank of Vanuatu	Commercial (1). Banks	Public Corporation	Others	Total Outstanding
1997	397,500	479,800	1,242,000	37,200	2,156,500
1998	1,027,500	1,081,400	320,000	31,600	2,460,500
1999	1,027,500	990,400	380,000	8,300	2,406,200
2000	845,500	1,087,400	490,000	8,300	2,431,200
2001	805,500	863,400	886,100	6,200	2,561,200
2002	902,200	816,000	1,386,100	3,100	3,107,400
2003	902,500	773,000	1,581,100	2,500	3,259,100
2004	862,500	813,000	1,581,100	2,500	3,259,100
2005	862,500	838,000	1,400,000	2,500	3,103,000
2001 Qtr1	805,500	1,163,400	455,000	7,300	2,431,200
Qtr2	805,500	913,400	455,000	7,300	2,181,200
Qtr3	805,500	863,400	506,100	6,200	2,181,200
Qtr4	805,500	863,400	886,100	6,200	2,561,200
2002 Qtr1	802,500	776,800	1,086,100	3,800	2,669,200
Qtr2	802,500	1,064,800	1,086,100	3,800	2,957,200
Qtr3	902,200	865,800	1,120,000	3,100	2,891,100
Qtr4	902,200	816,000	1,386,100	3,100	3,107,400
2003 Qtr1	902,200	868,000	1,386,100	3,100	3,159,400
Qtr2	702,200	1,003,000	1,451,100	3,100	3,159,400
Qtr3	902,500	773,000	1,481,100	2,500	3,159,100
Qtr4	902,500	773,000	1,581,100	2,500	3,259,100
2004 Qtr1	862,500	813,000	1,581,100	2,500	3,259,100
Qtr2	862,500	813,000	1,581,100	2,500	3,259,100
Qtr3	862,500	813,000	1,581,100	2,500	3,259,100
Qtr4	862,500	813,000	1,581,100	2,500	3,259,100
2005 Qtr1	862,500	813,000	1,541,100	2,500	3,219,100
Qtr2	862,500	838,000	1,516,100	2,500	3,219,100
Qtr3	862,500	838,000	1,516,100	2,500	3,219,100
Qtr4	862,500	838,000	1,400,000	2,500	3,103,000
2006 Qtr1	862,500	838,000	1,400,000	2,500	3,103,000

TABLE 19: 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							
January	76.23	129.09	139.70	213.65	1.0847	76.05	130.55
February	77.10	127.41	137.00	201.33	1.0834	76.47	128.74
March	76.97	128.18	138.40	201.86	1.0698	76.85	127.78
April	78.28	125.80	139.34	200.60	1.0500	77.56	127.37
May	79.15	121.33	144.42	200.74	1.0285	79.25	122.46
June	80.35	120.45	137.78	198.60	1.0067	80.04	120.56
July	79.43	121.63	138.25	196.66	1.0118	79.97	120.68
August	78.94	123.20	134.11	194.46	1.0498	79.46	121.94
September	80.82	119.16	138.19	198.58	1.0756	80.04	121.09
October	81.53	116.51	135.55	197.60	1.0730	81.53	117.50
November	82.39	114.04	135.79	195.40	1.0444	82.43	115.23
December	83.73	111.81	140.31	198.76	1.0442	83.04	112.52
2004							
January	83.36	109.57	135.95	198.97	1.0343	84.35	109.65
February	83.71	108.55	134.95	202.09	0.9904	84.14	108.30
March	83.79	111.19	135.30	203.06	1.0520	83.29	110.98
April	82.26	114.01	136.43	202.23	1.0364	83.58	112.24
May	81.74	114.36	140.06	209.84	1.0361	81.36	115.30
June	80.36	116.34	140.58	210.23	1.0749	80.64	115.98
July	80.96	115.75	139.48	211.15	1.0360	81.57	113.81
August	80.63	115.28	138.98	207.02	1.0489	81.15	114.31
September	81.15	113.21	139.62	203.77	1.0211	80.50	114.60
October	82.40	110.41	140.74	202.05	1.0387	81.78	111.58
November	83.65	106.79	141.74	202.13	1.0380	83.33	108.37
December	83.06	106.53	145.34	205.30	1.0328	82.58	107.62
2005							
January	83.39	107.72	140.40	203.32	1.0409	82.88	108.19
February	83.80	106.50	141.07	204.36	1.0122	83.77	107.28
March	83.31	108.09	139.69	203.14	1.0057	83.67	106.42
April	83.52	107.30	138.38	204.59	1.0111	83.27	107.68
May	83.04	109.18	136.19	199.09	1.0111	83.05	108.50
June	83.68	109.74	132.52	198.34	0.9940	83.72	109.25
July	83.68	110.48	132.71	191.45	0.9813	83.34	110.89
August	82.83	110.61	135.19	197.58	0.9945	83.46	109.67
September	83.67	110.14	132.58	194.03	0.9740	83.66	109.36
October	83.17	109.88	133.41	195.89	0.9518	83.25	110.34
November	82.45	111.69	131.64	192.01	0.9337	82.45	111.69
December	82.29	112.33	133.07	193.68	0.9534	82.73	111.35
2006							
January	83.06	110.97	134.18	196.27	0.9435	83.02	110.73
February	82.91	112.48	133.26	195.65	0.9678	82.89	111.71
March	81.85	114.49	139.32	200.03	0.9758	82.46	113.39

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 20 : Summary of Balance of Payments

estimate

	2004	2005	Q104	Q204	Q304	Q404	Q105	Q205	Q305	Q405	Q106
CURRENT ACCOUNT	(2,702)	(3,963)	(382)	(723)	(771)	(826)	(325)	(1,317)	(683)	(1,638)	(1,392)
A Trade Balance	-8291	(10,094)	(1,717)	(2,172)	(1,905)	(2,497)	(1,928)	(2,876)	(2,325)	(2,965)	(2,943)
Export (fob)	4,264	4,226	927	1,023	1,164	1,150	1,013	927	1,118	1,168	847
Imports (fob)	12,555	14,320	2,644	3,195	3,069	3,647	2,941	3,803	3,443	4,133	3,790
B. Services	5,746	6,515	1294	1246	1532	1674	1684	1316	1811	1704	1639
Services Credit	12,709	14,504	2,866	2,921	3,356	3,566	3,429	3,371	3,863	3,841	3,643
C Services Debit	6,963	7,989	1,572	1,675	1,824	1,892	1,745	2,055	2,052	2,137	2,004
	-	-	-	-	-	-	-	-	-	-	-
C. Income	(1,764)	(2,475)	-347	-189	-708	-520	-567	-526	-632	-750	-902
Income Credit	3,038	3,132	760	696	774	808	672	782	825	853	766
Income debit	4,802	5,607	1,107	885	1,482	1,328	1,239	1,308	1,457	1,603	1,668
D. Current transfers	1,607	2,091	388	392	310	517	486	769	463	373	814
Current transfer cr.	2,726	2,864	649	683	598	796	774	910	602	578	990
Current transfer dr.	1,119	773	261	291	288	279	288	141	139	205	176
	-157	-384	-	-	-	-	-	-	-	-	-
Capital & Financial Account	2,175	4,440	(128)	146	847	1,310	452	1,190	1,113	1,685	1,169
	-	-	-	-	-	-	-	-	-	-	-
E. Capital Account	(351)	(177)	-176	-5	-76	-94	-33	-85	80	-139	-22
Capital account cr.	1,409	1,478	322	419	345	323	379	328	496	275	392
C Capital account dr.	1,760	1,655	498	424	421	417	412	413	416	414	414
F. Financial Account	2,526	4,617	48	151	923	1,404	485	1,275	1,033	1,824	1,191
Direct Investment Abroad	(85)	(84)	-22	-21	-21	-21	-21	-21	(21)	(21)	(21)
Direct investment in Vanuatu	1,985	1,463	602	504	517	362	240	389	44	790	976
Portfolio Investment Assets	23	(117)	-9	0	-4	36	16	-58	-46	(29)	11
Portfolio Investment Liabilities	75	(35)	75	0	0	0	-29	0	0	-6	-61
Other Investment Assets	(150)	5,193	-1816	894	298	474	2,084	169	1,960	980	293
Other Investment Liabilities	2,340	(821)	1,145	(828)	600	1,423	(1,595)	1,056	(646)	364	391
Reserve Assets	(1,662)	(982)	73	(398)	(467)	(870)	(210)	(260)	(258)	(254)	(398)
Net errors and omissions	527	(477)	510	577	(76)	(484)	(127)	127	(430)	(47)	223
Memorandum items:											
Gross Official reserves	6,615	7,596	4884	5279	5744.9	6615	6824	7,084	7342	7596	7994
Net Reserves (Vatu)	6,018	6,988	4290	4686	5103.4	6018	6225	6483	6738	6988	7363
Net Reserves (USD)	53.7	63.8	39.1	41.0	44.7	55.8	58.0	59.0	61.3	62.8	65.7
Exchange rate (VT/USD) end period average	112.00	109	109.64	114.4	114.24	107.91	107.40	109.8	110	111.3	112
Projected monthly import cover.	5.5	5.8	4.4	4.7	4.9	5.5	5.7	5.9	5.6	5.8	5.9

TABLE 21: DOMESTIC EXPORTS BY COUNTRY OF DESTINATION

(Millions of vatu)

Period (Yr/Qtr)	EEC Countries	Japan	Australia	South Korea	New Zealand	New Caledonia	Bangladesh	Singapore	Other MSG	Others	Total
2001	187	272	525	38	88	124	185			869	2,267
2002	229	227	621	4	72	192	104			677	2,126
2003	259	168	356	6	20	158	50			692	1,709
2004	1,214	184	327	3	46	124	0	79	225	807	2,705
2001	187	272	525	38	88	124	185	0	0	869	2,267
Qtr1	37	36	108	13	23	29	29			145	420
Qtr2	60	129	109	11	15	31	0			198	532
Qtr3	39	60	70	14	28	28	44			245	528
Qtr4	51	47	238	0	22	36	112			281	787
2002	229	227	621	4	72	192	104	0	0	677	2126
Qtr1	9	31	72	4	7	24	2			79	228
Qtr2	52	90	299	0	23	28	0			173	665
Qtr3	58.73	44.97	106.67	0.09	31.47	38.64	0			239.3	520
Qtr4	109	61	143	0	11	101	102			186	713
2003											
Qtr1	136	34	114	2	7	32	45			79	449
Qtr2	99	62	135	4	7	36	5			271	619
Qtr3	22	66	88	0	5	89	0			201	471
Qtr4	2	6	19	0	1	1	0			141	170
2004	1214	184	327	3	46	124	0	79	225	807	2705
Qtr1	171	49	120	3	9	14	0			309	675
Qtr2	487	41	82	0	7	38	0	17	88	118	773
Qtr3	314	44	59	0	0	26	0	0	0	167	610
Qtr4	242	50	66	0	30	46	0	62	137	213	647
2005	1013	151	428	0	39	219	0	0	438	623	2911
Qtr1	239	13	121	0	9	34	0	0	65	191	672
Qtr2	289	49	93	0	14	65	0	0	125	72	707
Qtr3	282	43	87	0	7	50	0	0	210	140	819
Qtr4	203	46	127	0	9	70	0	0	38	220	713
	Percentage share of export by Country										
2001	8.2	12.0	23.2	1.7	3.9	5.5	8.2			38.3	100.0
2002	10.8	10.7	29.2	0.2	3.4	9.0	4.9			31.9	100.0
2003	15.2	9.8	20.8	0.4	1.2	9.2	2.9			40.5	100.0
2004	44.9	6.8	12.1	0.1	1.7	4.6	0.0	2.9	8.3	29.8	100.0
2005	34.8	5.2	14.7	0.0	1.3	7.5	0.0	0.0	15.0	21.4	100.0

Source: Vanuatu Statistics Office

TABLE 22: IMPORTS CLEARED FOR HOME CONSUMPTION BY COUNTRY OF CONSIGNMENT

(Millions of Vatu)

Period (Yr/Qtr)	Australia	New Zealand	Japan	France	Fiji	New Caledonia	Hong Kong	Singapore	Others	Total					
2001	6,570	2,469	617	0	1,047	300	209	701	2,221	14,806					
2002	4,907	2,153	477	654	959	307	171	602	1,352	12,235					
2003	5,142	2,054	574	606	1,061	241	235	861	1,274	12,571					
2004	6,022	1,845	615	557	1,214	186	259	884	1,882	14,067					
2002	4,907	2,153	477	654	959	307	171	602	1,352	12,235					
Qtr1	870	428	86	291	212	49	27	112	15	2,382					
Qtr2	1,381	559	137	114	253	125	37	202	332	3,254					
Qtr3	1,314	601	135	133	272	58	19	24	522	3,209					
Qtr4	1,342	565	119	116	223	75	88	263	483	3,389					
2003	5,142	2,054	574	606	1,061	241	235	861	1,274	12,571					
Qtr1	1,101	443	124	232	233	76	29	220	154	2,844					
Qtr2	995	430	165	123	223	55	58	164	322	2,658					
Qtr3	1,578	740	169	133	290	44	63	267	276	3,693					
Qtr4	1,468	441	116	118	315	66	85	210	522	3,376					
2004	6,022	1,845	615	557	1,214	186	259	884	1,882	14,067					
Qtr1	1,236	434	153	154	184	59	41	180	397	2,992					
Qtr2	1,539	478	160	106	317	36	49	241	432	3,510					
Qtr3	1,445	414	188	131	361	46	59	251	424	3,450					
Qtr4	1,802	519	114	166	352	45	110	212	629	4,115					
2005	6,055	0	2,248	285	0	542	0	1,293	247	353	0	1,150	3,733	0	16,151
Qtr1	1,196	534	50	149	259	33	37	381	426	3,310					
Qtr2	1,750	545	88	130	330	71	95	287	1,038	4,334					
Qtr3	1,247	570	61	134	266	48	61	147	1,279	3,813					
Qtr4	1,862	599	86	129	438	95	160	335	990	4,694					
<i>Percentage share of import</i>															
2001	44.4	16.7	4.2	#	0.0	7.1	2.0	1.4	4.7	15.0	100.0				
2002	40.1	17.6	3.9		5.0	7.8	2.5	1.4	4.9	11.0	100.0				
2003	40.9	16.3	4.6		4.8	8.4	1.9	1.9	6.8	10.1	100.0				
2004	42.8	13.1	4.4		4.0	8.6	1.3	1.8	6.3	13.4	100.0				
2005	41.3	#	13.9	1.8	#	3.4	#	8.0	#	1.5	2.2	7.1	23.1	#	100.0

Source: Vanuatu Statistics Office

TABLE 23: FINANCE CENTRE INSTITUTIONS: LOCAL EXPENDITURE, VALUE-ADDED, EMPLOYMENT AND TOTAL ASSETS

(In Thousands of Vatu)

INSTITUTIONS	Total Local Expenditure (8+12+13)	RECURRENT EXPENDITURE							TAXES AND LEVIES				CAPITAL EXPENDITURE	VALUE OF TOTAL ASSETS IN VANUATU	TOTAL LOCAL EMPLOYMENT (No.)			
		Total Wages & Salaries	:Ni Vanuatu Wages & Salaries	Rent	Interest	Total (3+4+5)	Other Recurrent Expenditure	TOTAL (6+7)	Central Government Fees	Import Duties	Local Government Revenue	TOTAL (9+10+11)			Expat.	Ni-Van.	TOTAL (15+16)	
(1)	(2)	(3)	(3a)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Banks																		
2005	Qtr1	431,035	114,727	89,487 e	26,173	0	140,900	197,510	338,410	34,045	1,898	832	36,775	55,850	42,441,002	21	298	319
	Qtr2	392,159	122,203	95,318 e	24,452	0	146,655	130,814	277,469	31,876	988	729	33,593	81,097	45,902,343	23	299	322
	Qtr3	396,257	119,672	93,344 e	22,108	0	141,780	114,634	256,414	33,712	1,148	125	34,985	104,858	45,789,969	23	299	322
	Qtr4	420,977	125,329	97,757 e	21,842	0	147,171	144,346	291,517	33,728	875	73	34,676	94,784	45,494,935	23	299	322
2006	Qtr1	368,248	121,154	94,500 e	22,015	0	143,169	169,639	312,808	43,633	867	1,065	45,565	9,875	44,544,343	23	308	331
Trust & Insurance Companies																		
2005	Qtr1	191,322	72,898	43,739 e	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 e	5,564	3	70,926	184,281	255,207	2,100	0	87	2,187	7,899	1,277,195	12	113	125
	Qtr3	222,152	65,914	39,548 e	5,278	3	71,195	142,917	214,112	2,148	55	78	2,281	5,759	1,168,035	12	113	125
	Qtr4	295,521	71,274	42,764 e	5,580	3	76,857	213,354	290,211	1,531	41	0	1,572	3,738	1,220,210	13	113	126
2006	Qtr1	195,718	65,136	39,082 e	5,679	3	70,818	120,765	191,583	5,354	0	749	0	4,135	1,264,742	17	114	131
Accounting Firms																		
2005	Qtr1	120,802	93,533	18,707 e	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 e	7,447	4,158	107,901	23,547	131,448	3,778	7	0	3,785	4,773	521,145	29	87	116
	Qtr3	131,531	96,358	19,272 e	7,711	4,470	108,539	21,001	129,540	3,365	7	0	3,372	-1,381	487,655	29	89	118
	Qtr4	125,333	99,104	19,885 e	7,562	3,977	110,643	12,193	122,836	4,006	7	0	4,013	-1,516	498,616	28	88	116
2006	Qtr1	126,317	98,711	19,742 e	8,315	4,311	111,337	7,467	118,804	3,487	7	0	3,494	4,019	562,064	28	88	116
Legal Firms/ offshore instns																		
2005	Qtr1	153,746	30,786	6,773 e	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 e	1,560	920	30,467	8,257	38,724	74,086	0	600	74,686	369	285,438	9	39	48
	Qtr3	65,407	28,974	6,374 e	1,560	915	31,449	13,915	45,364	19,063	0	671	19,734	309	270,680	9	40	49
	Qtr4	54,772	29,841	6,565 e	1,560	263	31,664	11,844	43,508	10,540	0	600	11,140	124	273,261	9	40	49
2006	Qtr1	156,827	28,936	6,366 e	2,410	1,442	32,788	9,702	42,490	112,448	470	1,300	114,218	119	346,404	9	37	46
GRAND TOTAL																		
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
	Qtr3	815,347	310,918	158,538	36,657	5,388	352,963	292,467	645,430	58,288	1,210	874	60,372	109,545	47,716,339	73	541	614
	Qtr4	896,603	325,548	166,971	36,544	4,243	366,335	381,737	748,072	49,805	923	673	51,401	97,130	47,487,022	73	540	613
2006	Qtr1	847,110	313,937	159,690	38,419	5,756	358,112	307,573	665,685	164,922	1,344	3,114	163,277	18,148	46,717,553	77	547	624

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

TABLE 24:TRENDS IN BUSINESS TURNOVER/FOREIGN EXCHANGE EARNINGS OF FINANCE CENTRE INSTITUTIONS

(Millions of Vatu)

End of Period	Commercial Banks												Trust/Insur. Companies		Accounting/Legal & C		Gov. foreign	Total	Total
	Earnings on			Payments on			Net foreign exchange	Gross income	Net foreign exchange	Gross income	Net foreign exchange	exchange Receipts	Total Gross Earnings	Total Net foreign exchange					
	Resident Assets	Non Resident Assets	Total (1+2)	Resident Liabilities	Non Resident Liabilities	Total (4+5)									Net foreign Earnings (2-5)	Net foreign Earnings	Net foreign Earnings	Net foreign Earnings	Gov. foreign Receipts from Exempt Institutions (12)
	(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					
2005	3466.0	1716.5	5182.5	1293.2	358.8	1652.0	1357.7	1030.5	312.1	816.4	321.1	201.8	7029.4	2192.7					
2004 Qtr1	922.8	180.4	1103.2	323.3	66.8	390.1	113.6	100.5	58.7	240.7	69.9	113.0	1444.4	355.2					
Qtr2	748.7	380.6	1129.3	504.1	-10.0	494.1	390.6	98.0	93.0	213.3	87.1	74.2	1440.6	644.9					
Qtr3	827.8	404.9	1232.7	323.3	-10.4	312.9	415.3	111.8	82.2	168.3	78.5	26.9	1512.8	602.9					
Qtr4	857.0	447.9	1304.9	323.3	64.7	388.0	383.2	122.2	95.1	143.8	92.8	3.6	1570.9	574.7					
2005 Qtr1	804.6	410.1	1214.7	323.3	122.4	445.7	287.7	219.8	57.2	246.8	71.8	108.7	1681.3	525.4					
Qtr2	863.4	450.0	1313.4	323.3	21.3	344.6	428.7	278.1	99.2	248.5	88.0	70.7	1840.0	686.6					
Qtr3	860.9	393.2	1254.1	323.3	221.4	544.7	171.8	252.7	70.4	166.6	83.6	14.6	1673.4	340.4					
Qtr4	937.1	463.2	1400.3	323.3	-6.3	317.0	469.5	279.9	85.3	154.5	77.7	7.8	1834.7	640.3					
2006 Qtr1	903.8	478.0	1381.7	323.3	6.1	329.4	471.8	290.0	95.4	252.8	83.8	109.3	1924.5	760.4					

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

TABLE 25: 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
2005	155	149	596	134.8
2002 Qtr1	33	11	550	151.6
Qtr2	29	69	510	34.9
Qtr3	32	9	533	16.2
Qtr4	25	43	515	15.5
2003 Qtr1	23	12	526	113.0
Qtr2	35	14	547	39.7
Qtr3	26	13	560	11.9
Qtr4	23	20	563	13.0
2004 Qtr1	35	14	584	109.7
Qtr2	31	14	601	19.5
Qtr3	27	41	587	14.3
Qtr4	27	24	590	-1.5
2005 Qtr1	75	68	597	104.7
Qtr2	19	15	601	20.9
Qtr3	30	30	601	5.4
Qtr4	31	36	596	3.8
2006 Qtr1	24	30	590	106.7

Source: Vanuatu Maritime Services Limited

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

Table 26: 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				2006				
		2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
Local		1302	1,351	1,303	1,369	1,371	1320	1351	1342	1369	1402	1354	1364	1371	1,412
Exempt		174	186	152	129	116	148	141	132	129	130	123	122	116	112
Overseas		26	26	24	25	27	24	24	25	25	26	26	27	27	27
International Companies		4,156	4,504	4,310	4,464	4,625	4,280	4,327	4,451	4,464	4,527	4,561	4,666	4,625	4,672
Total:		5,658	6,067	5,789	5,987	6,139	5,772	5,843	5,950	5,987	6,085	6,064	6,179	6,139	6,223
Of Which Hold Licenses as:															
a) Exempt Banks		51	34	14	7	7	9	9	9	7	7	7	7	7	7
b) Exempt Financial Institutions		2	0	2	2	1	2	2	2	2	2	2	2	1	1
c) Insurance Companies		45	45	45	47	39	43	43	43	47	47	39	39	39	37
d) Trust Companies		13	10	11	10	10	11	11	10	10	10	11	11	10	11

PART B: Company Registration during individual Year/ Quarter

Type of Company	End of	2004					2005				2006				
		2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
1. Number of Fresh Registrations															
(Total)		674	616	562	573	536	113	140	189	131	144	117	141	134	98
a) Local Companies		111	74	79	141	177	29	35	38	39	46	32	41	58	49
b) Overseas Companies		1	1	0	1	2	0	0	0	1	1	0	1	0	0
c) Exempt Companies		5	9	6	7	3	2	0	1	4	1	2	0	0	1
of which: (I) Banks		0	2	0	0	0	0	0	0	0	0	0	0	0	0
d) International Companies		557	532	477	424	354	82	105	150	87	96	83	99	76	48
2. Number of Struck off															
(or otherwise deregistered)		195	876	847	665	254	123	79	78	385	14	94	27	119	8
(All categories)															
3. Exempt Companies															
converted to international companies		0	0	0	0	0	0	1	1	0	0	0	0	0	0

Source: Vanuatu Financial Services Commission

TABLE 27: COCONUT PRODUCTS AND PRICES

Period	2001	2002	2003	2004	2005	2005				2006
						Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr1
Santo										
Smoked	-	-	-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,704.6	25,264.2	25,417.3	34,446.3	21,536.0	5,172.6	6,809.6	6,310.0	3,464.0	3,503.0
Total	19,704.6	25,264.2	25,417.3	34,446.3	21,536.0	5,172.6	6,809.6	6,310.0	3,464.0	3,503.0
TOTAL COPRA PRODUCTION	19,725.2	25,265.6	25,417.2	34,446.3	21,536.0	5,172.6	6,809.6	6,310.0	3,464.0	3,503.0
Smoked	-	-	-	-	-	-	-	-	-	-
Hot Air/ Sun Dry	19,725.2	25,265.6	25,417.3	34,446.3	21,536.0	5,172.6	6,809.6	6,310.0	3,464.0	3,503.0
Percentage of Hot-air to Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL VALUE (Millions of Vatu)	494.4	596.0	690.3	896.6	467.3	122.382	146.9	132.9	65.2	64.2
Average domestic Price(Vt / tonne)	24,725	22,830	27,160	26,028	21,700	23,660	21,566	21,060	20,000	19,018
World Bank's Copra Market Prices.										
Average US\$/Tonne	202.0	266.2	300.0	450.0	413.8	447.8	446.4	380.7	380.1	383.3
End Period US\$/Tonne	196.3	273.0	400.0	449.0	413.8	474.0	431.3	425.0	413.8	383.3
COCONUT OIL EXPORT (Tonnes)	8,516.0	10,346.7	7,721.9	17,111.0	13,723.0	2457	3,700.0	4,016.0	3,550.0	n.a
World Bank's Coconut oil Prices.										
Average US\$/Tonne	318.2	421.4	467.3	672.4	617.0	667.3	654.9	571.7	574.0	578.3
End Period US\$/Tonne	313.8	426.0	582.0	650.0	569.7	710.0	638.8	631.3	569.7	578.3

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

TABLE 28: COCOA PRODUCTION FOR EXPORTS AND PRICES

Period	2001	2002	2003	2004	2005	2005				2006
						Qtr 1	Qtr2	Qtr3	Qtr4	Qtr1
COCOA PRODUCTION (Tonnes)										
Export Quality										
1st Grade	461.6	403.7	-	-	-	-	-	-	-	-
2nd Grade	194.1	513.6	-	-	-	-	-	-	-	-
Sub Total	655.8	917.3	-	-	-	-	-	-	-	-
TOTAL	796.4	867.0	1418.0	803.9	926.4	49.1	125.3	535.0	217.0	39.3
Value of Output (Millions of Vatu)	76.1	84.0	49.0	83.5	75.7	3.9	9.1	45.0	17.7	2.9
VT/Tonne	95,508.5	96,885.8	96,837.9	103,912.2	81,736.8	79,430	73,009	83,618	83,191	72,407

Source: VCMB

TABLE 29 : COMMERCIAL MEAT PRODUCTION

Period	2001	2002	2003	2004	2005	2004				2005				2006
						Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
PORT VILA ABATTOIR														
Cattle Slaughter														
No. of Heads	5,627	6,709	6,864	7678.0	5921.0	1,757.0	1618.0	2093.0	2,210.0	2,033.0	1,965.0	2,325.0	1,863.0	2,101.0
Weight (Tonnes)	1,533	1,412	1,548	1715.9	1697.6	390.9	344.0	481.0	500.1	386.9	423.9	481.7	405.2	456.3
Percentage Change	-13.0	-7.9	9.7	10.9	-1.1	6.5	-12.0	39.8	4.0	-22.6	9.6	13.6	-15.9	12.6
Pig Slaughter														
No. of Heads	640	985	600	864.0	na	159.0	179	211.0	315.0	na	185.0	211.0	250.0	196.0
Weight (Tonnes)	38	51	31	46.2	na	9.5	10.0	12.3	14.4	na	10.1	12.8	14.9	12.9
Percentage Change	-22.3	34.4	-38.2	47.6	na	-21.5	5.6	22.8	16.8	na	na	26.9	16.4	-13.4
SANTO ABATTOIR														
Cattle Slaughter														
No. of Heads	4,709	4,902	7,790	5935.0	6969.0	1,391.0	1350.0	1474.0	1,720.0	1,143.0	1,630.0	2,088.0	2,108.0	1,468.0
Weight (Tonnes)	1,494	1,120	1,579	1267.5	1332.5	292.7	262.0	338.0	374.7	206.2	332.4	479.2	314.6	265.3
Percentage Change	-62.4	-25.1	41.0	-19.7	5.1	-30.1	-10.5	29.0	10.9	-45.0	61.2	44.2	-34.4	-15.7
TOTAL BEEF PRODUCTION														
No. of Heads	10,336	1,120	14,654	13613.0	15155.0	3,148	2,968	3,567	3,930.0	3,176.0	3,595.0	4,413.0	3,971.0	3,569.0
Weight (Tonnes)	3,028	1,120	3,127	2983.4	3030.1	683.6	606.0	819.0	874.8	593.1	756.3	960.9	719.8	721.6
Percentage Change	-23.8	-63.0	179.2	-4.6	1.6	-13.0	-11.4	35.1	6.8	-32.2	27.5	27.1	-25.1	0.3

Source: Vanuatu Quarantine and Inspection Services

TABLE 30: WORLD PRICES OF COMMODITIES RELEVANT TO VANUATU'S EXPORTS

Period	Commodity / Unit Prices					
	Copra	Cocoa	Coconut Oil	Coffee Robusta	Beef (US)	
	US\$ / tonne	US cents / Kg	US\$ / tonne	US cents / Kg	US cents / Kg	
Annual Average :						
2002		266.3	177.7	421.0	66.2	213.1
2003		299.9	175.1	467.3	81.5	211.4
2004		450.0	155.0	662.1	80.0	250.4
2005		413.8	153.8	615.9	111.5	261.1
Quarterly Average :						
2004: Qtr 1		417.7	156.7	647.0	86.3	225.6
Qtr 2		489.7	142.1	703.3	82.9	245.0
Qtr 3		444.3	161.2	647.7	76.6	270.0
Qtr 4		448.3	159.9	650.3	74.3	261.1
2005: Qtr 1		447.8	164.7	667.3	93.9	258.9
Qtr2		446.4	154.5	654.9	122.6	264.8
Qtr3		380.7	149.1	571.7	115.2	266.8
Qtr4		380.1	147.0	569.7	114.2	256.3
2006 Qtr 1		383.3	155.5	578.3	136.7	249.3
Monthly Average :						
2005: January		429.5	155.2	646.0	81.5	254.1
February		440.0	163.4	646.0	90.9	258.8
March		474.0	175.5	710.0	109.2	263.9
April		460.0	158.6	679.0	111.9	260.7
May		446.3	150.8	647.0	123.6	267.8
June		431.25	153.95	639	127.6	266.0
July		425	148.7	606.0	127.6	270.6
August		371	148.1	550.0	114.6	264.6
September		346	150.5	559.0	103.3	265.1
October		384	145.7	586.0	104.8	256.8
November		384	144.3	580.8	113.4	257.9
December		373	150.2	540.0	124.3	254.1
2006 January		373	157.3	569.0	139.8	250.5
February		393	154.6	591.0	138.8	253.0
March		385	154.5	575.0	131.4	244.5

Source: World Bank Commodity Prices

TABLE 31: SELECTED TOURISM STATISTICS

	2001	2002	2003	2004	2005	2005				2006
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1
Total Non-resident Visitor Arrivals:	105,705	99,488	100,830	98,540	125,636	32,102	26,595	35,524	31,415	34,162
Visitor arrivals	52,927	49,461	50,400	60,670	62,082	12,648	13,309	18,507	17,618	13,962
Day visitors:	52,778	50,027	50,430	37,870	63,554	19,454	13,286	17,017	13,797	20,200
Cruiseship	52,758	50,027	50,430	37,870	63,554	19,454	13,286	17,017	13,797	20,200
Air/ yachts	20	-	-	-	-	0	0	0	0	0
Air arrivals by purpose of visit:	52,928	49,462	50,400	60,613	62,082	12,648	13,309	18,507	17,618	13,962
Stop-over	1,108	611	835	1,521	1,326	393	343	370	220	295
Holiday	41,319	38,740	38,924	46,806	47,865	9,625	9,873	14,104	14,263	11,032
Visiting freinds	3,677	3,563	3,887	4,594	4,451	804	1,068	1,314	1,265	885
Business/ Meetings	6,557	6,544	6,746	7,686	8,411	1,797	2,025	2,719	1,870	1,750
Other Purposes	111	1	6	6	29	29	-	-	-	-
Not Stated	156	3	2	-	-	-	-	-	-	-
Air arrivals by Usual Country of Residence:	52,927	49,461	50,400	60,668	62,082	12,648	13,309	18,507	17,618	13,962
Australia	33,492	29,730	29,492	35,782	38,073	7,864	8,438	10,694	11,077	8,345
New Zealand	7,485	7,263	7,729	8,209	7,651	943	1,837	2,743	2,128	1,544
New Caledonia	3,956	4,704	5,050	6,519	6,815	1,591	1,209	2,049	1,966	1,755
Other Pacific	2,190	1,828	2,034	3,208	2,731	852	405	853	621	830
Europe	2,651	2,948	3,003	3,361	3,503	670	700	1,167	966	672
North America	1,400	1,438	1,625	1,930	1,625	357	345	490	433	401
Japan	789	731	571	586	583	113	136	195	139	155
Other Countries	927	803	881	1,073	1,100	258	239	316	287	260
Not Stated	37	16	15	-	1	-	-	-	1	-
Facilities at end of period:										
Hotels	29	29	29	29	29	27	23	29	29	29
Rooms	1,008	992	899	888	893	883	894	974	847	873
Room nights offered	92,828	91,945	82,229	84,406	86,024	80,718	85,126	81,554	75,463	79,560
Occupancy rate	49.8%	44.2%	48.2%	51.6%	51.6%	44.8%	41.8%	60.9%	59.0%	51.0%
Beds	2,910	2,658	2,348	2,320	2,317	2,119	2,444	2,550	2,164	2,450
Bed nights offered	256,395	242,001	217,453	212,478	211,967	202,463	222,833	222,833	201,777	219,000
Occupancy rate	35.6%	32.8%	35.3%	40.9%	41.7%	38.3%	33.3%	47.2%	48.0%	39.0%

Source: Vanuatu Statistics Office

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

Expenditure Group	Region	Average					2004				2005				
		2001	2002	2003	2004	2005	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Food		0.6	0.2	1.0	0.5	0.2	0.1	0.0	3.2	-1.4	-1.8	0.6	0.6	1.6	0.7
	Port Vila	0.5	0.1	1.0	0.5	0.7	0.1	0.1	3.4	-1.7	0.2	1.1	0.6	0.8	
	Luganville	1.2	0.2	0.8	0.5		0.5	-0.5	2.4	-0.5	3.1	0.3	0.3		
Drinks & Tobacco		0.3	1.8	2.3	0.1	1.1	0.2	0.2	0.0	0.0	1.5	0.5	1.0	1.4	0.3
	Port Vila	0.3	1.8	2.4	0.1	0.5	0.0	0.3	0.1	0.0	-0.4	1.3	1.2	0.0	
	Luganville	0.5	1.9	1.4	0.2		0.9	-0.2	-0.1	0.0	3.7	0.9	-0.2		
Clothing etc		0.4	0.1	0.2	1.0	-0.2	-0.5	-0.6	0.1	0.0	0.6	0.0	-0.1	3.5	0.2
	Port Vila	0.4	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	1.0	-0.2	0.0	
	Luganville	0.4	0.5	0.1	-0.8		-0.2	-3.5	0.8	-0.1	0.7	0.9	0.0		
Rent, Water, Electricity		1.5	-0.2	0.0	-0.4	0.9	0.0	0.1	0.2	-1.7	3.3	1.1	0.9	-1.8	0.5
	Port Vila	1.3	-0.2	0.0	-0.5	0.4	-0.1	0.1	0.2	-2.1	-0.5	1.1	0.8	0.0	
	Luganville	2.4	-0.5	-0.2	0.2		0.0	0.3	0.2	0.3	1.9	3.6	1.2		
Household Supplies		-0.4	-0.2	0.1	-0.1	-0.1	-0.2	-0.1	-0.1	0.0	0.8	-1.7	0.2	0.3	0.4
	Port Vila	-0.5	-0.2	-0.1	-0.1	-0.1	-0.2	-0.1	0.0	0.0	-1.7	1.0	0.2	0.0	
	Luganville	0.0	-0.2	0.7	-0.1		-0.1	-0.2	-0.4	0.1	0	-1.9	0.3		
Transport & Comm.		0.5	1.9	0.2	0.3	0.1	0.5	0.0	0.5	0.1	0.3	-0.3	0.3	0.0	0.1
	Port Vila	0.6	2.0	0.2	0.3	0.5	0.7	0.0	0.5	0.0	0.2	1.2	0.7	0.0	
	Luganville	0.3	1.0	0.4	0.2		-0.1	0.0	0.4	0.4	-0.6	0.0	-1.3		
Recreation, Educ., Health etc		0.0	0.9	0.9	0.9	0.0	2.9	0.1	0.4	0.0	2.7	0.2	0.0	-2.9	-0.7
	Port Vila	0.1	1.0	0.6	0.9	0.3	3.1	0.0	0.4	0.0	0.1	1.1	0.0	0.0	
	Luganville	-0.8	0.5	2.4	0.3		1.1	0.3	-0.2	0.0	2.7	0.2	0.5		
ALL GROUPS		0.6	0.6	0.7	0.2	0.4	0.4	0.0	1.2	-0.8	0.5	0.4	0.5	0.3	0.6
	Port Vila	0.5	0.6	0.8	0.4	0.7	0.4	0.1	1.2	0.0	-0.2	1.1	0.5	1.2	
	Luganville	0.9	0.3	0.7	0.4		1.0	-0.3	0.9	-0.1	2.1	0.8	0.2		

Source: Vanuatu Statistics Office

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

Expenditure Group	Region	End year					2004				2005				
		2001	2002	2003	2004	2005	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1
Food		2.4	0.6	4.0	1.9	0.4	4.5	3.4	3.8	1.9	-0.1	0.5	-2.2	0.4	2.2
	Port Vila	1.9	0.5	4.1	1.9	-0.8	4.2	3.2	3.8	1.9	4.1	-0.1	-3.3	-0.8	
	Luganville	4.8	0.7	3.0	1.9		5.7	3.8	4.1	1.9	4.6	5.4	0.3		
Drinks & Tobacco		1.2	7.3	9.1	0.4	3.1	0.4	0.4	0.2	0.4	1.7	1.9	2.9	3.1	1.9
	Port Vila	1.2	7.1	9.7	0.4	2.9	0.0	0.0	0.0	0.4	9.7	-0.3	2.7	2.9	
	Luganville	2.0	7.9	5.6	0.7		2.5	2.3	1.4	0.7	3.4	4.6	4.4		
Clothing etc		1.6	0.4	1.0	-1.0	0.6	0.4	-0.4	-1.5	-1.0	0.1	0.7	0.5	0.6	0.2
	Port Vila	1.6	0.0	1.2	0.0	0.2	0.6	0.3	-0.3	0.0	1.2	0.0	0.2	0.2	
	Luganville	1.7	1.9	0.2	-4.7		0.2	-3.5	-5.7	-4.7	-2	2.4	1.6		
Rent, Water, Electricity		6.1	-0.9	-0.1	-1.4	5.3	0.2	-0.1	-0.3	-1.4	1.8	2.8	3.5	5.3	2.5
	Port Vila	5.4	-0.6	0.2	-1.9	5.0	0.0	-0.4	-0.3	-1.9	0.1	-0.1	2.8	5.0	
	Luganville	9.7	-2.1	-0.8	0.6		1.1	1.4	0.1	0.6	2.5	6.0	7.3		
Household Supplies		-1.5	-0.8	0.2	-0.4	-0.7	-0.4	-0.9	-1.6	-0.4	0.6	-1.0	-0.8	-0.7	-1.1
	Port Vila	-1.8	-0.7	-0.4	-0.3	-0.6	-0.4	-0.6	-2	-0.3	-0.4	-0.1	-0.6	-0.6	
	Luganville	-0.1	-1.0	2.6	-0.5		-0.5	-2.3	0.0	-0.5	-0.4	-2.2	-1.6		
Transport & Comm.		2.2	7.5	0.9	1.1	0.7	0.9	0.8	1.3	1.1	0.9	0.6	0.4	0.7	0.5
	Port Vila	2.3	8.2	0.7	1.2	0.8	0.9	0.8	1.3	1.2	0.7	0.0	0.8	0.8	
	Luganville	1.3	3.9	1.5	0.7		0.7	0.7	0.4	0.7	0.2	0.2	-1.5		
Recreation, Educ., Health etc		0.0	3.8	3.4	3.4	3.6	2.6	2.5	3.4	3.4	3.1	3.3	2.8	3.6	0.3
	Port Vila	0.5	4.1	2.6	3.6	2.8	2.8	2.6	3.7	3.6	2.6	0.0	2.8	2.8	
	Luganville	-3.0	2.1	9.7	1.6		1.0	1.4	1.2	1.6	3.3	3.1	3.4		
ALL GROUPS		2.3	2.3	2.9	0.8	1.7	1.9	1.4	1.6	0.8	1.0	1.3	0.6	1.7	1.9
	Port Vila	2.0	2.4	3.0	1.8	1.2	1.8	1.4	1.6	1.8	3.0	-0.1	0.1	1.2	
	Luganville	3.8	1.3	2.7	0.8		2.7	1.7	1.6	0.8	2.7	3.8	3.0		

Source: Vanuatu Statistics Office

TABLE 34: SELECTED ECONOMIC INDICATORS

		Production(Tonnes)					CPI	Tourism		Balance of Payments(MVT)		
		Copra	C. Oil	Cocoa	Beef	Kava	Inflation (%)	Total Visitors	Hotel Room occ. rate(%)	Exports	Imports	Trade Balance
Annual							Dec - Dec					
	2000	27,293.9	1,812.1	1,558.4	3,753.8	1,736.0	4.1	107,174	56.5	3,622.0	11,957.0	-8,335.0
	2001	19,725.2	8,516.0	796.4	3,027.5	1,035.0	2.3	105,705	56.9	2,894.0	12,608.0	-9,714.0
	2002	25,265.6	10,346.7	724.7	2,531.4	1,225.0	2.3	99,488	35.2	2,793.0	12,235.0	-9,442.0
	2003	25,417.2	7,721.9	1,398.8	3,126.5	481.9	2.9	100,830	51.3	3,249.0	11,161.0	-7,912.0
	2004	34,446.3	17,111.0	803.9	2,983.4	825.0	0.8	98,538	52.3	4,264.0	12,492.0	-8,228.0
2004	Qtr1	9,507.0	5,256.0	33.0	683.6	87.0	0.4	28526	48.2	927.0	2,644.0	-1,717.0
	Qtr2	10,732.0	4,641.0	310.0	606.0	189.0	0.0	18333	44.3	1,023.0	3,195.0	-2,172.0
	Qtr3	7,717.1	4,038.0	163.0	819.0	269.0	1.2	23544	51.9	1,164.0	3,069.0	-1,905.0
	Qtr4	6,490.2	3,176.0	297.9	874.8	280.0	-0.8	28135	64.6	1,150.0	3,584.0	-2,434.0
2005	Qtr1	5,172.6	2,457.0	49.1	593.1	64.0	0.5	32,102.0	44.8	1,013.0	2,941.0	-1,928.0
	Qtr2	6,809.6	3,700.0	125.3	756.3	148.0	0.4	26,595.0	41.8	926.0	3,803.0	-2,877.0
	Qtr3	6,310.0	4,016.0	535.0	960.9	197.0	0.5	35,524.0	60.9	1,118.0	3,443.0	-2,325.0
	Qtr4	3464.0	3550.0	217.0	719.8	na	1.7	31415.0	59.0	1168.0	4133.0	-2965.0
2006	Qtr1	3503.0	na	39.3	721.6	na	1.9	34,162	51.0	847	3790	-2943

		Monetary aggregates(MVT)											
		Money Supply				Res. Bank		Comm Banks		Interest Rates		Average Exchange Rates	
		Net Foreign Assets	Currency with Public	Vatu Liquidity	Broad Money (M4)	Deposits	Com.Banks' Loans & Adv	Weighted Avg Deposit Rate	Interest Rates Lending Rates	Average Vatu / \$US	Exchange Rates \$US / \$AUS		
Annual													
	2000	24,676.7	1,834.1	11,333.5	33,734.9	31,737.1	11,637.0	3.4	13.5	137.82	80.09		
	2001	29,462.4	1,941.0	11,429.3	35,608.0	33,617.3	12,331.3	2.1	13.4	145.72	75.47		
	2002	25,399.4	1,864.5	12,645.5	35,247.4	33,092.3	12,793.4	2.1	11.6	139.12	75.68		
	2003	24,679.1	2,108.4	13,682.4	34,729.3	32,619.9	14,580.0	2.2	11.7	122.20	79.39		
	2004	27,575.1	2,490.1	15,818.3	38,147.6	35,657.8	16,047.3	2.4	11.6	111.90	82.36		
Quarterly													
2004	Qtr1	26,768.3	1983.9	13743.0	36,559.4	34575.5	14684.1	2.35	11.60	109.64	83.93		
	Qtr2	27,959.4	2141.9	14972.3	37,768.3	35626.3	15157.2	2.41	11.55	114.51	81.86		
	Qtr3	27,890.5	2217.8	15063.0	37,996.2	35778.4	15526.4	2.43	10.84	114.24	81.07		
	Qtr4	27,575.1	2490.1	15818.3	38,147.6	35657.8	16047.3	2.40	11.59	109.19	82.56		
2005	Qtr1	28,508.7	2,208.7	16,281.9	39,646.9	37,438.3	16,564.2	2.24	11.74	107.30	83.44		
	Qtr2	29,651.9	2,342.1	16,799.8	41,170.0	38,827.3	17,337.4	2.14	11.65	108.48	83.35		
	Qtr3	29,756.0	2,577.6	18,158.7	42,104.9	39,527.3	18,054.3	2.12	11.96	109.97	83.49		
	Qtr4	29,488.2	2690.7	18737.0	42562.0	39871.7	18677.0	2.25	11.37	111.35	82.73		
2006	Qtr1	29,908.2	2,504.2	19,165.0	43,339.0	40834.8	20169	2.28	11.20	113.39	82.46		