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BALANCE OF PAYMENT



Quarterly Bulletin
June 2019

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SPECIAL NOTES:

1. Tonga's balance of payment statistics are compiled according to the IMF's principles in the sixth edition of the *Balance of Payments Manual*.
2. Data may not sum to stated totals due to rounding.
3. All tables' values in this report can be revised at the end of every Fiscal Year.

DATA SOURCES:

1. Administrative sources:
 - Tonga Revenue and Customs
 - National Reserve Bank of Tonga
 - Ministry of Finance
 - Tonga Airport Limited
 - Port's Authority Tonga
 - Ministry of Internal Affairs
2. Tonga Statistics Department:
 - International Investment Survey
 - Foreign Consulate Survey

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Balance of Payments Quarterly Report - June Quarter 2019

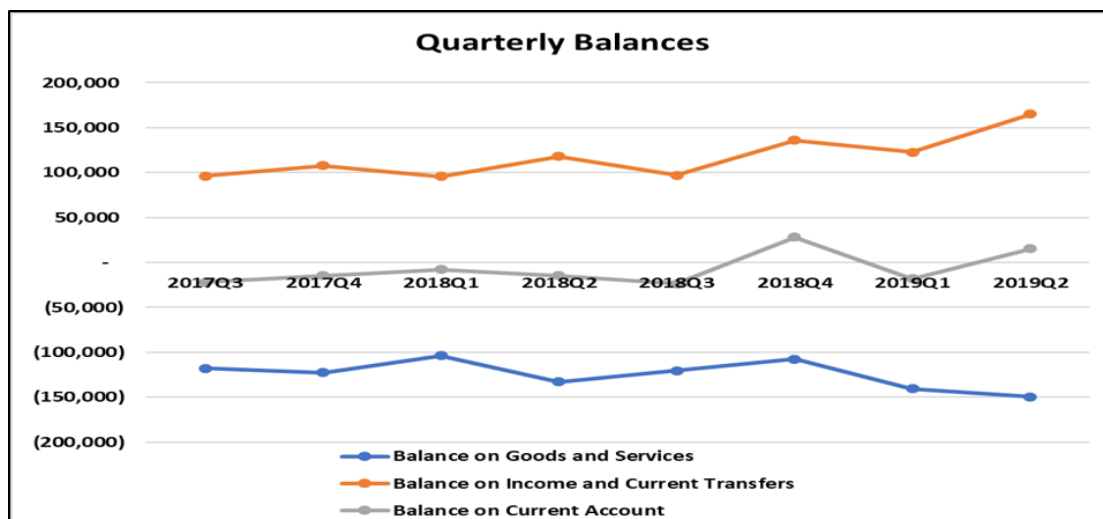


Figure 1: Quarterly Balances

Balance of Payments in June Quarter 2019 recorded a Current Account Surplus of \$2.6 million which decreases from \$21.4 million deficit in March Quarter of 2019. The capital account recorded a surplus of \$26.6 million, net inflow, increasing from \$11.2 million in March Quarter of 2019 and also increased by 7% when comparing to June Quarter of 2018. In addition, the official reserves show an increase of 4.15% from \$465 million in March Quarter of 2019 to \$484.3 million in June Quarter of 2019 as well.

The Balance of Goods was recorded a deficit of \$129.4 million in June Quarter of 2019, indicating an extremely increased in deficit from \$117.4 million (10.2%) in March Quarter of 2019 and when it is comparing to June Quarter of 2018 it also shows an increased in deficit from \$106.5 million (21.5%). This increased in deficit can be reflected from high values shown in import of goods than export of goods. By looking at the trend of the export of goods here in Tonga – Tonga earned \$11.9 million in this Quarter while it shows an increased by \$4.9 million in March Quarter of 2019 and also increased by \$6.2 million when comparing to June Quarter of 2018. Major Exports were Vegetables Products (\$4.2million), Live animals: Animal Products (\$3.7million) and Machinery & Mechanical & Electrical appliances & parts thereof (\$1.2million). Major Imports were Machinery & Mechanical & Electrical appliances & parts thereof (\$33.7million), Mineral Products (\$31.1million) and Prepared foodstuff, beverages, spirits & tobacco (\$16.7million).

Services Balance was recorded a deficit of \$8 million in June Quarter of 2019 of which was decreased by 95.7% from \$18.7 million deficit in March Quarter of 2019. The export of services was amounted to \$56.9 million in June Quarter 2019 of which was increased by 19.5% from March Quarter 2019. The increasing was respectively due to an extremely increased in Travel in terms of Personal Reasons by \$4.2 million whereas followed by Construction by \$2.1 million and Transport using Postal and Courier Services by \$1.5 million. Import of Services was reported as \$65.6 million in June Quarter of 2019 while there was a slight decrease by 1.2% when compared to March Quarter of 2019. Major Imports of Services were basically base on Transport on using Sea Transport by \$2.0 million followed with Telecommunication, computer and Information Services by \$0.83 million and Government Goods and Services n.i.e by \$0.54 million when all compared to March Quarter of 2019.

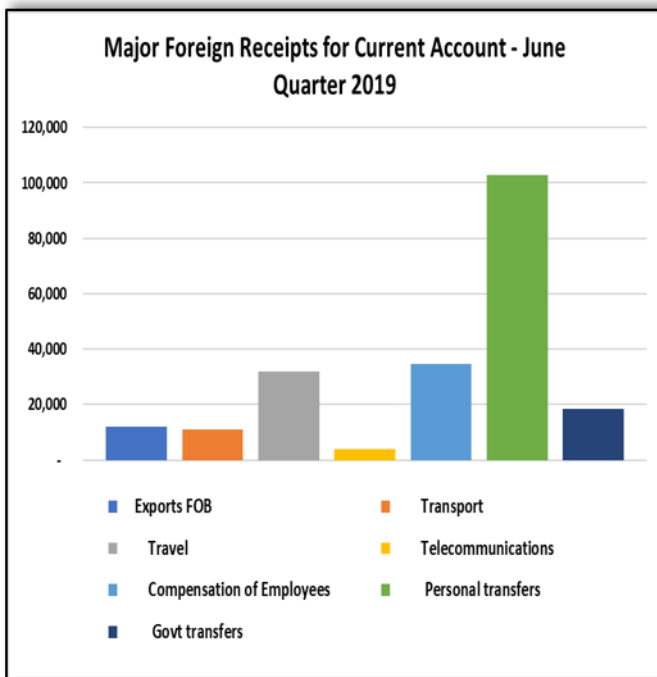


Figure 2: Major Foreign Receipts for Current Account - June Quarter 2019

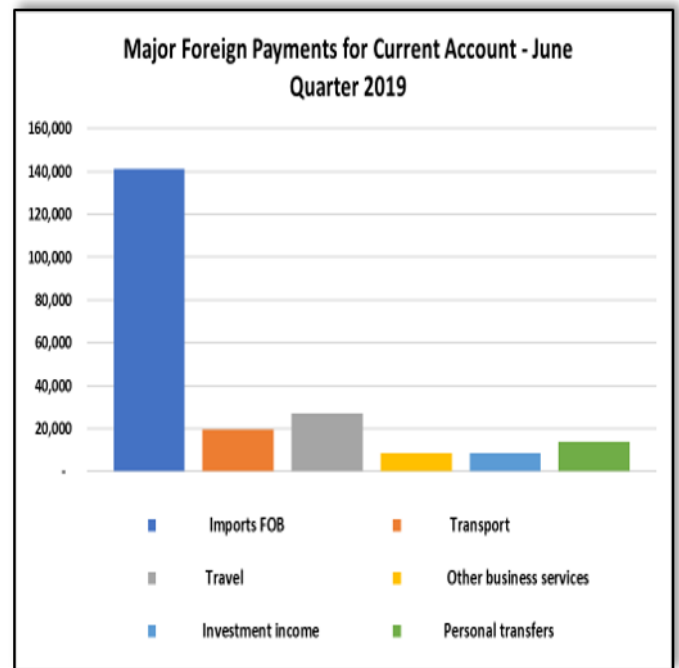


Figure 3: Major Foreign Payments for Current Account - June Quarter 2019

Figure 2 shows that Personal transfers was recorded as the main foreign receipts amounted to \$102.6 million followed by Compensation of Employees at \$34.7 million and Travel with \$32.0 million.

Figure 3 shows that imports was reported with the highest value of \$141.3 million followed by travel payments with \$27.0 million and Transport with \$19.3 million.

Provided in this report are detailed tables of quarterly Balance of Payments statistics for June Quarter of 2019.

Dr. Viliami Konifelenisi Fifita
Government Statistician

1 Balance of Payments Summary

Table 1: Balance of Payments Summary, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Current Account								
Balance on Goods and Services	(118,049)	(122,515)	(103,841)	(132,829)	(120,524)	(107,875)	(136,246)	(138,173)
Balance on Trade in Goods	(126,570)	(113,473)	(97,542)	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)
Exports f.o.b.	9,192	9,513	6,893	5,784	6,884	9,750	7,091	11,954
Imports f.o.b.	135,762	122,987	104,435	112,331	120,800	116,197	124,560	141,365
Balance on Trade in Services	8,521	(9,042)	(6,299)	(26,282)	(6,607)	(1,427)	(18,777)	(8,762)
Services credit	64,167	41,859	47,573	44,674	57,235	58,147	47,643	56,904
Services debit	55,646	50,901	53,872	70,957	63,841	59,574	66,421	65,667
Balance on Primary Income	10,361	14,008	20,672	21,419	18,272	23,070	26,720	26,161
Primary income credit	25,093	22,308	29,345	32,182	26,587	25,502	33,722	36,910
Primary income debit	14,732	8,300	8,673	10,763	8,315	2,432	7,002	10,749
Balance on Goods, Services and Income	(107,688)	(108,507)	(83,169)	(111,410)	(102,251)	(84,805)	(109,527)	(112,012)
Balance on Secondary Income	85,672	93,749	75,148	96,535	78,664	113,012	88,074	114,628
Secondary income credit	102,331	99,930	96,773	114,331	98,951	131,692	108,486	135,853
Secondary income debit	16,659	6,180	21,625	17,796	20,287	18,679	20,412	21,225
Balance on Current Account	(22,016)	(14,758)	(8,021)	(14,874)	(23,587)	28,207	(21,453)	2,615
Balance on Income and Current Transfer	96,033	107,757	95,820	117,955	96,937	136,082	114,793	140,788
Capital Account								
Capital account credit	28,189	31,440	25,970	25,077	7,039	38,073	11,242	27,220
Capital account debit	189	2,700	15	83	780	922	-	594
Balance on Capital Account	28,000	28,740	25,956	24,994	6,259	37,151	11,242	26,626
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	5,983	13,982	17,935	10,120	(17,328)	65,358	(10,211)	29,241
Financial Account								
Financial Assets (net acquisitions)	(4,036)	13,740	16,643	5,196	(6,621)	21,585	(19,039)	38,222
Direct investment	(105)	(75)	917	(9,844)	(18)	250	1	3,060
Portfolio investment	-	-	-	-	100	-	-	11,200
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	(1,951)	(3,694)	(9,094)	(4,959)	6,548	(6,065)	(6,172)	4,132
Of which:								
Deposits/Deposit-taking corporations (Banks)	(369)	666	(5,701)	(920)	9,737	(1,348)	(6,609)	4,939
Deposits/Other non-financial corporations	(1,577)	(4,441)	(2,028)	(2,407)	(3,039)	(4,634)	1,012	(726)
Reserve assets	(1,980)	17,510	24,820	20,000	(13,250)	27,400	(12,868)	19,830
Financial Liabilities (net disposals)	3,449	(306)	37,372	3,199	163	(4,461)	(603)	245
Direct investment	1,387	787	29,273	1,359	(336)	106	130	191
Portfolio investment	-	(1,337)	-	-	263	-	-	2
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	2,062	243	8,099	1,839	236	(4,567)	(733)	51
Deposits	(501)	233	(1,348)	(1,034)	6,878	(5,818)	(2,165)	(982)
Loans	2,553	21	9,416	2,834	(6,691)	1,334	1,334	1,112
of which, Loans/General Government	15	15	7,610	1,700	(6,340)	310	214	420
Other liabilities	10	(11)	(1)	16	52	(83)	98	(78)
Net Lending (+)/Borrowing (-) from Financial Account	(7,484)	14,047	(20,729)	1,998	(6,784)	26,046	(18,437)	37,977
Net errors and omissions	(13,468)	65	(38,663)	(8,122)	10,544	(39,312)	(8,226)	8,736
NE&O as percent of goods trade	-9.3%	0.0%	-34.7%	-6.9%	8.3%	-31.2%	-6.2%	5.7%
Level of Official Reserves at end year	403,000	422,500	447,700	468,700	452,200	478,500	465,000	484,300

2 Goods and Services Accounts

Table 2: Goods Account, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Balance on Trade in Goods	(126,570)	(113,473)	(97,542)	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)
Exports FOB	9,192	9,513	6,893	5,784	6,884	9,750	7,091	11,954
General merchandise	9,192	9,513	6,893	5,784	6,884	9,750	7,091	11,954
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	135,762	122,987	104,435	112,331	120,800	116,197	124,560	141,365
General merchandise	135,762	122,987	104,435	112,331	120,800	116,197	124,560	141,365
Nonmonetary gold	-	-	-	-	-	-	-	-
<i>Of which:</i>								
<i>Classification adjustment c.i.f./f.o.b.</i>	(15,579)	(14,336)	(12,187)	(13,295)	(13,981)	(3,381)	(14,616)	(16,432)
<i>Coverage adjustments</i>	-	-	-	-	-	-	-	-
<i>Valuation adjustments</i>	-	-	-	-	-	-	-	-
<i>Timing adjustments</i>	-	-	-	-	-	-	-	-

Table 3: Services Account, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Balance on Trade in Services	8,521	(9,042)	(6,299)	(26,282)	(6,607)	(1,427)	(18,777)	(8,762)
Services Credit	64,167	41,859	47,573	44,674	57,235	58,147	47,643	56,904
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	5	6	48	1	63	10	7	9
Transport	9,777	9,621	10,405	8,178	9,724	10,398	9,490	11,055
Sea transport	3,798	4,364	3,432	3,822	5,051	5,077	5,496	5,840
Air transport	3,936	3,769	3,185	2,855	3,758	3,699	3,540	3,197
Other modes of transport	-	-	-	-	-	-	-	-
<i>Of which:</i>								
<i>Passenger</i>	141	40	38	84	96	33	101	167
<i>Freight</i>	1,240	934	646	897	1,524	1,585	2,554	2,235
<i>Other</i>	6,353	7,159	5,932	5,696	7,189	7,158	6,381	6,635
Postal and courier services	2,042	1,488	3,788	1,500	916	1,622	454	2,019
Travel	35,643	21,458	23,096	25,478	35,586	33,865	27,745	32,022
Business	2,376	977	1,739	3,527	2,588	1,998	1,614	3,352
Personal	33,267	20,481	21,357	21,952	32,998	31,867	26,130	28,671
<i>Health related</i>	-	-	-	-	-	-	-	-
<i>Education related</i>	-	-	-	-	-	-	-	-
<i>Other</i>	33,267	20,481	21,357	21,952	32,998	31,867	26,130	28,671
Telecommunications, computer, and information services	15,239	6,213	5,872	4,878	4,004	2,949	2,391	3,779
Construction	237	734	818	1,433	1,898	4,797	2,921	5,075
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	5	-	-	-	-	-	-	-
Other business services	1,713	1,973	3,758	3,000	4,020	3,881	3,530	3,529
Personal, cultural, and recreational services	57	3	5	93	24	2	79	-
Government goods and services n.i.e	1,493	1,851	3,571	1,613	1,917	2,245	1,481	1,435
Services Debit	55,646	50,901	53,872	70,957	63,841	59,574	66,421	65,667
Manufacturing services on physical inputs owned by residents	-	1	8	10	5	9	3	-
Maintenance and repair services n.i.e.	448	42	377	386	1646	962	1022	896
Transport	16,512	15,309	14,150	23,964	17,864	16,365	17,317	19,394
Sea transport	14,726	13,242	11,608	12,841	13,044	12,618	13,312	15,157
Air transport	1,772	2,024	2,314	11,041	4,734	3,675	3,971	4,195
<i>Of which:</i>								
<i>Passenger</i>	757	448	458	9848	3605	2574	2507	3025
<i>Freight</i>	15,473	14,257	12,085	13,177	13,846	13,350	14,496	16,283
<i>Other</i>	269	561	1,379	857	326	369	279	44
Postal and courier services	14	42	228	82	86	71	34	42
Travel	20,685	14,532	19,482	23,771	25,694	21,433	29,665	27,024
Business	6,844	5,667	7,234	8,447	6,981	6,944	9,123	9,962
Personal	13,841	8,865	12,248	15,324	18,714	14,488	20,542	17,062
<i>Health related</i>	-	-	-	-	-	-	-	-
<i>Education related</i>	-	-	-	-	-	-	-	-
<i>Other</i>	13,841	8,865	12,248	15,324	18,714	14,488	20,542	17,062
Telecommunications, computer, and information services	2,752	3,631	5,439	3,808	2,265	2,331	3,119	3,954
Construction	128	-	397	19	528	573	980	12
Insurance and pension services	1,211	918	827	447	953	474	808	774
Financial services	1	-	-	-	3	-	-	4
Charges for the use of intellectual property	0	-	-	-	-	-	-	-
Other business services	10,614	11,934	9,614	14,132	11,965	12,117	9,369	8,667
Personal, cultural, and recreational services	58	895	94	350	73	407	24	279
Government goods and services n.i.e	3,236	3,640	3,485	4,069	2,846	4,903	4,115	4,661

3 Primary and Secondary Income Accounts

Table 4: Primary Income Account, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Balance on Primary Income	10,361	14,008	20,672	21,419	18,272	23,070	26,720	26,161
Primary Income Credits	25,093	22,308	29,345	32,182	26,587	25,502	33,722	36,910
Compensation of Employees	22,814	20,013	27,066	29,832	24,312	23,046	31,606	34,723
Investment income	2,261	2,287	2,271	2,254	2,261	2,341	2,018	2,053
<i>Direct investment</i>	34	58	34	18	110	116	18	53
<i>Portfolio investment</i>	-	-	10	-	-	-	-	-
<i>Other investment</i>	1	4	1	11	1	-	-	-
<i>Reserve assets</i>	2,225	2,225	2,225	2,225	2,150	2,225	2,000	2,000
Other primary income	18	8	9	95	14	115	98	133
Primary Income Debits	14,921	8,300	8,673	10,763	8,315	2,432	7,002	10,749
Compensation of Employees	713	1,207	834	1,348	1,429	1,569	1,438	2,071
Investment income	14,018	7,093	7,839	9,415	6,886	863	5,564	8,678
<i>Direct investment</i>	8,919	5,195	1,921	8,605	1,037	346	42	7,991
<i>Portfolio investment</i>	-	-	-	-	4	8	-	-
<i>Other investment</i>	5,099	1,898	5,918	809	5,845	509	5,522	687
Other primary income	-	-	-	-	-	-	-	-

Table 5: Secondary Income Account, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Balance on Secondary Income	85,672	93,749	75,148	96,535	78,664	113,012	88,074	114,628
Secondary Income Credits	102,331	99,930	96,773	114,331	98,951	131,692	108,486	135,853
General government	15,900	15,900	15,900	15,900	3,088	29,705	1,000	18,286
Deposit-taking corporations and other sectors	86,430	84,029	80,873	98,430	95,863	101,986	107,486	117,567
<i>Personal transfers</i>	76,094	70,527	71,656	84,492	84,674	90,674	96,674	102,674
<i>Other current transfers</i>	10,337	13,502	9,216	13,939	11,190	11,313	10,813	14,893
Secondary Income Debits	16,659	6,180	21,625	17,796	20,287	18,679	20,412	21,225
General government	245	687	3,458	759	245	528	390	1,773
Deposit-taking corporations and other sectors	16,414	5,493	18,167	17,036	20,042	18,151	20,023	19,452
<i>Personal transfers</i>	12,908	2,535	14,002	12,262	16,013	14,659	14,756	13,678
<i>Other current transfers</i>	3,506	2,958	4,164	4,775	4,028	3,492	5,267	5,774

4 Capital Account

Table 6: Capital Account, TOP('000)

	Qtr 3 2017r	Qtr 4 2017r	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019p
Balance on Capital Account	28,000	28,740	25,956	24,994	6,259	37,151	11,242	26,626
Capital Account Credits	28,189	31,440	25,970	25,077	7,039	38,073	11,242	27,220
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	28,189	31,440	25,970	25,077	7,039	38,073	11,242	27,220
General government	21,375	21,375	21,375	21,375	3,659	35,200	1,185	21,668
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	21,375	21,375	21,375	21,375	3,659	35,200	1,185	21,668
Deposit-taking corporations and other sectors	6,814	10,065	4,595	3,702	3,380	2,873	10,057	5,551
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	6,814	10,065	4,595	3,702	3,380	2,873	10,057	5,551
Capital Account Debits	189	2,700	15	83	780	922	-	594
Gross acquisitions of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	189	2,700	15	83	780	922	-	594
General government	-	-	10	58	185	264	-	35
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	-	-	10	58	185	264	-	35
Deposit-taking corporations and other sectors	189	2,700	5	25	596	658	-	558
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	189	2,700	5	25	596	658	-	558



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