



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
December 2019



Issued by: Tonga Statistic Department

P. O. Box 149

Nukuálofa

Tonga

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June 2020

Price: \$5.50

SPECIAL NOTES:

1. Tonga's Balance of Payments Statistics are compiled according to the IMF's principles in the 6th 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 (**Jul 18 – Jun 19**).
4. This report has revised some figures from earlier publications. The revision may fall into three broad categories:
 - a) Due to new or updated information becoming available
 - b) Due to new or updated benchmarks
 - c) Due to conceptual or methodology changes

DATA SOURCE:

1. Administrative Sources

- Tonga Revenue and Customs
- National Reserve Bank of Tonga
- Ministry of Finance
- Tonga Airport Limited
- Tonga Port Authority
- Ministry of Internal Affairs
- Civil Aviation

2. Tonga Statistic Department

- International Investment Survey
- Foreign Consulate Survey

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Balance of Payments Quarterly Report - December Quarter 2019

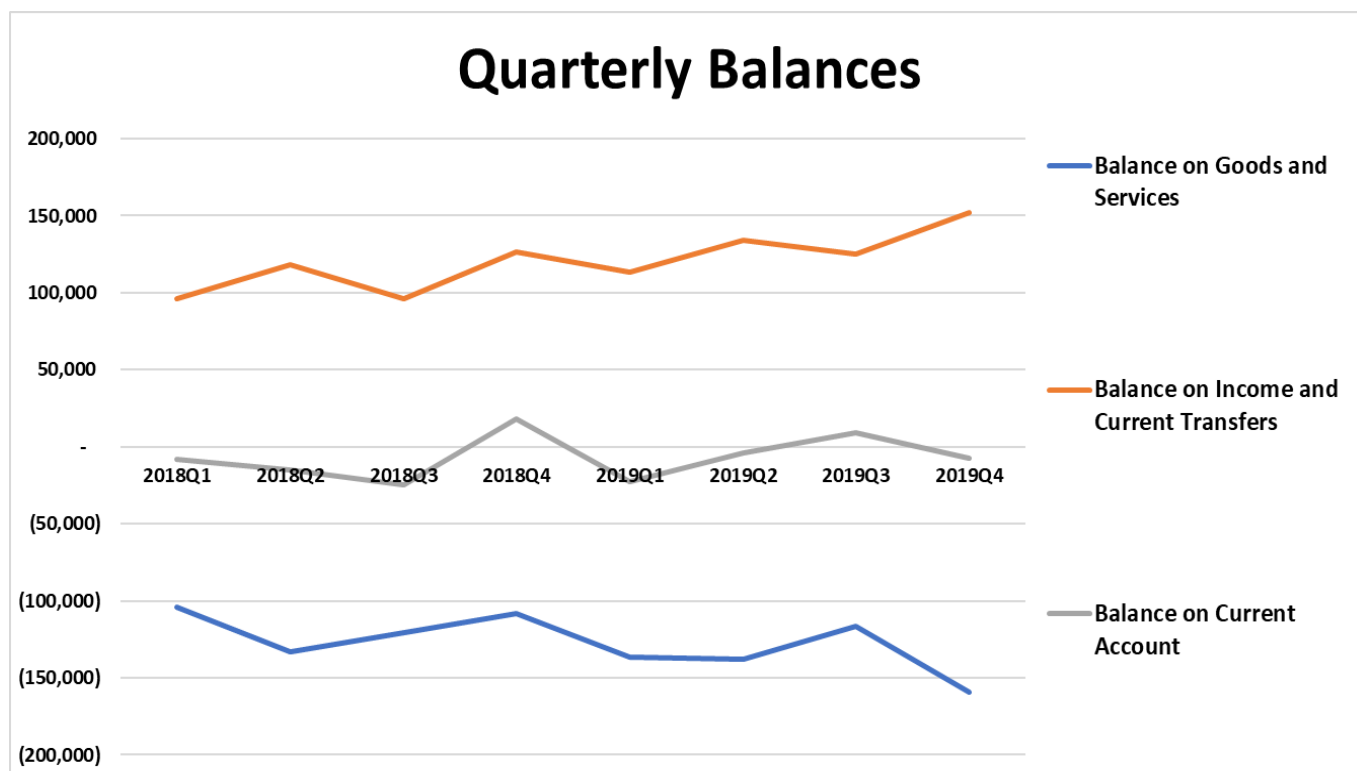


Figure 1: Quarterly Balances

Tongan's Balance of Payments in December Quarter 2019 recorded a Current Account Deficit of \$7.3 million which decreases from \$9 million surplus in September Quarter of 2019. The capital account recorded a surplus of \$10.3 million, net inflow, increasing from \$4.9 million in September Quarter of 2019 while decreasing by 77.6% when comparing to December Quarter of 2018. On the other hands, the official reserves show a slightly decrease of 0.7% from \$490.8 million in September Quarter of 2019 to \$487.4 million in December Quarter of 2019.

The Balance of Goods was recorded a deficit of \$138.6 million in December Quarter of 2019, indicating an increased in deficit from \$110.9 million (25%) in September Quarter of 2019 and when it is comparing to December Quarter of 2018 it also shows an increased in deficit from \$106.4 million by 30.3%. This increased in deficit was reflected from an extremely increasing in the values of import of goods comparing to a slight increasing in the values of export of good. By looking at the trend of the export of goods here in Tonga – Tonga earned \$14.5 million in this Quarter while it shows an increased by \$1.2 million in September Quarter of 2019 and also increased by \$4.7 million when comparing to December Quarter of 2018. Major Exports were Vegetables Products (\$8million), Live animals: Animal Products (\$3.8million) and Mineral Products (\$1million). Major Imports were Vehicles, aircraft & associated transport equipment (\$56.6million), Mineral Products (\$29.4million) and Prepared foodstuff, beverages, spirits & tobacco (\$18.9 million).

Services Balance was recorded a deficit of \$20.8 million in December Quarter of 2019 of which was increased by 285% from \$5.4 million deficit in September Quarter of 2019. The export of services was amounted to \$57.3 million in December Quarter 2019 of which was decreased by 5.8% from September Quarter 2019. The decreasing was respectively due to an extremely decreased in Travel in terms of Personal Reasons by \$5.3 million whereas followed by Telecommunication, Computer and Information Services by \$0.74 million and Transports by \$0.087 million. Import of Services was reported as \$78.1 million in December Quarter of 2019 while there was

a slight increase by 18% when compared to September Quarter of 2019. Major Imports of Services were basically based on Transports with \$21.4 million; of which \$12.2 million on Sea Transport, \$8.8 million on Air Transport and \$0.3 million on Postal and Courier Services whereas followed by Other Business Services by \$3.1 million and Government Goods and Services n.i.e by \$2.3 million when all compared to September Quarter of 2019.

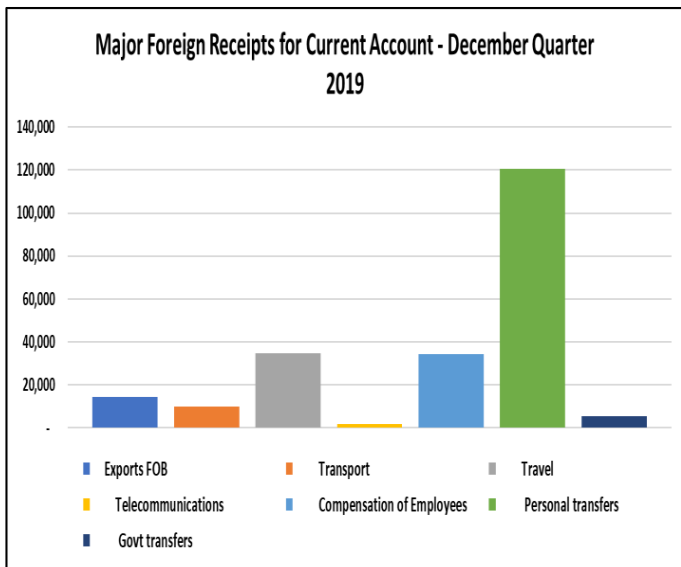


Figure 2: Major Foreign Receipts for Current Account

The above graph shows that Personal Transfer was recorded as the main foreign receipts amounted to \$120.7 million followed by Travel with \$34.9 million and Compensation of Employees at \$34.5 million.

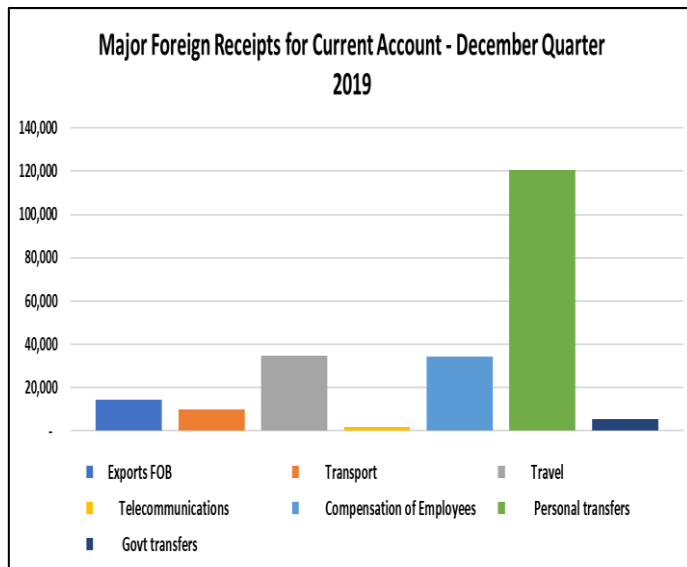


Figure 3: Major Foreign Payments for Current Account

The graph below shows that imports was reported with the highest value of \$153.1 million followed by travel payments with \$29.2 million and Transport with \$21.4 million.

Provided are detailed tables of quarterly Balance of Payments statistics for December Quarter of 2019. All values in this release are in Tongan Pa'anga (TOP).

Dr. Viliami Konifelenisi Fifita
Government Statistician

1. Balance of Payments Summary

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

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Current Account								
Balance on Goods and Services	(103,841)	(132,829)	(120,524)	(107,875)	(136,246)	(138,173)	(116,326)	(159,360)
Balance on Trade in Goods	(97,542)	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)
Exports f.o.b.	6,893	5,784	6,884	9,750	7,091	11,954	13,254	14,534
Imports f.o.b.	104,435	112,331	120,800	116,197	124,560	141,365	124,191	153,126
Balance on Trade in Services	(6,299)	(26,282)	(6,607)	(1,427)	(18,777)	(8,762)	(5,389)	(20,768)
Services credit	47,573	44,674	57,235	58,147	47,643	56,904	60,777	57,285
Services debit	53,872	70,957	63,841	59,574	66,421	65,667	66,166	78,053
Balance on Primary Income	20,672	21,419	18,272	22,106	25,755	25,196	22,067	34,408
Primary income credit	29,345	32,182	26,587	25,503	33,723	36,911	32,919	36,972
Primary income debit	8,673	10,763	8,315	3,398	7,968	11,715	10,852	2,564
Balance on Goods, Services and Income	(83,169)	(111,410)	(102,251)	(85,769)	(110,491)	(112,977)	(94,259)	(124,952)
Balance on Secondary Income	75,148	96,535	77,742	104,136	87,775	109,164	103,302	117,604
Secondary income credit	96,773	114,331	98,028	122,815	108,187	130,389	124,886	140,998
Secondary income debit	21,625	17,796	20,287	18,679	20,412	21,225	21,584	23,395
Balance on Current Account	(8,021)	(14,874)	(24,510)	18,367	(22,716)	(3,813)	9,044	(7,348)
Balance on Income and Current Transfer	95,820	117,955	96,014	126,242	113,530	134,360	125,370	152,012
Capital Account								
Capital account credit	25,970	25,077	7,962	46,949	11,541	32,684	5,326	11,001
Capital account debit	15	83	780	922	-	594	404	673
Balance on Capital Account	25,956	24,994	7,181	46,027	11,541	32,090	4,923	10,328
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	17,935	10,120	(17,328)	64,394	(11,175)	28,277	13,966	2,980

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Financial Account								
Financial Assets (net acquisitions)	16,643	5,196	(6,621)	21,585	(19,761)	38,161	422	10,570
Direct investment	917	(9,844)	(18)	250	1	3,060	156	580
Portfolio investment	-	-	100	-	-	11,200	8	11,200
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	(9,094)	(4,959)	6,548	(6,065)	(6,172)	4,132	(5,392)	2,171
Of which:								
Deposits/Deposit-taking corporations (Banks)	(5,701)	(920)	9,737	(1,348)	(6,609)	4,939	(4,251)	2,097
Deposits/Other non-financial corporations	(3,500)	(4,153)	(3,039)	(4,634)	1,012	(726)	(354)	195
Reserve assets	24,820	20,000	(13,250)	27,400	(13,590)	19,770	5,650	(3,380)
Financial Liabilities (net disposals)	37,372	3,199	163	(3,521)	337	1,184	4,960	3,919
Direct investment	29,273	1,359	(336)	1,046	1,070	1,131	940	-
Portfolio investment	-	-	263	-	-	2	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	8,099	1,839	236	(4,567)	(733)	51	4,021	3,919
Deposits	(1,348)	(1,034)	6,878	(5,818)	(2,165)	(982)	2,269	2,128
Loans	9,448	2,858	(6,691)	1,334	1,334	1,112	1,744	1,859
of which, Loans/General Government	7,610	1,700	(6,340)	310	214	420	733	783
Other liabilities	(1)	16	50	(83)	98	(78)	8	(68)
Net Lending (+)/Borrowing (-) from Financial Account	(20,729)	1,998	(6,784)	25,106	(20,098)	36,977	(4,539)	6,651
Net errors and omissions	(38,663)	(8,122)	10,544	(39,287)	(8,923)	8,700	(18,505)	3,671
NE&O as percent of goods trade	-34.7%	-6.9%	8.3%	-31.2%	-6.8%	5.7%	-13.5%	2.2%
Level of Official Reserves at end year	447,700	468,700	452,200	478,500	465,000	484,300	490,800	487,400

2. Goods and Services Accounts

Table 2: *Goods Account, TOP ('000)*

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Balance on Trade in Goods	(97,542)	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)
Exports FOB	6,893	5,784	6,884	9,750	7,091	11,954	13,254	14,534
General merchandise	6,893	5,784	6,884	9,750	7,091	11,954	13,254	14,534
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	104,435	112,331	120,800	116,197	124,560	141,365	124,191	153,126
General merchandise	104,435	112,331	120,800	116,197	124,560	141,365	124,191	153,126
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(12,187)	(13,295)	(13,981)	(13,381)	(14,616)	(16,432)	(14,497)	(20,144)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

Table 3: *Services Account, TOP ('000)*

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Balance on Trade in Services	(6,299)	(26,282)	(6,607)	(1,427)	(18,777)	(8,762)	(5,389)	(20,768)
Services Credit	47,573	44,674	57,235	58,147	47,643	56,904	60,777	57,285
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	48	1	63	10	7	9	22	49
Transport	10,405	8,178	9,724	10,398	9,490	11,055	10,239	10,152
<i>Sea transport</i>	3,432	3,822	5,051	5,077	5,496	5,840	5,357	4,843
<i>Air transport</i>	3,185	2,855	3,758	3,699	3,540	3,197	4,147	4,021
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	38	84	96	33	101	167	270	350
<i>Freight</i>	646	897	61,524	1,585	2,554	2,235	2,031	1,516
<i>Other</i>	5,932	5,696	7,189	7,158	6,381	6,635	7,203	6,998
Postal and courier services	3,788	1,500	916	1,622	454	2,019	735	1,288
Travel	23,096	25,478	35,586	33,865	27,745	32,022	40,602	34,947
Business	1,739	3,527	2,588	1,998	1,614	3,352	1,641	1,284
Personal	21,357	21,952	32,998	31,867	26,130	28,671	38,961	33,663
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	21,357	21,952	32,998	31,867	26,130	28,671	38,961	33,663
Telecommunications, computer, and information services	5,872	4,878	4,004	2,949	2,391	3,779	2,715	1,974
Construction	818	1,433	1,898	4,797	2,921	5,075	2,857	4,034
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	3,758	3,000	4,020	3,881	3,530	3,529	2,357	3,461
Personal, cultural, and recreational services	5	93	24	2	79	-	8	50
Government goods and services n.i.e	3,571	1,613	1,917	2,245	1,481	1,435	1,977	2,619

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Services Debit	53,872	70,957	63,841	59,574	66,421	65,667	66,166	78,053
Manufacturing services on physical inputs owned by residents	8	10	5	9	3	-	-	2
Maintenance and repair services n.i.e.	377	386	1,646	962	1,022	896	2,079	867
Transport	14,150	23,964	17,864	16,365	17,317	19,394	16,896	21,431
Sea transport	11,608	12,841	13,044	12,618	13,312	15,157	13,441	12,244
Air transport	2,314	11,041	4,734	3,675	3,971	4,195	2,422	8,848
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	458	9,848	3,605	2,574	2,507	3,025	933	817
Freight	12,085	13,177	13,846	13,350	14,496	16,283	14,365	19,979
Other	1,379	857	326	369	279	44	566	295
Postal and courier services	228	82	86	71	34	42	1,033	339
Travel	19,482	23,771	25,694	21,433	29,665	27,024	28,478	29,224
Business	7,234	8,447	6,981	6,944	9,123	9,962	9,307	9,758
Personal	12,248	15,324	18,714	14,488	20,542	17,062	19,171	19,466
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	12,248	15,324	18,714	14,488	20,542	17,062	19,171	19,466
Telecommunications, computer, and information services	5,439	3,808	2,265	2,331	3,119	3,954	4,353	5,722
Construction	397	19	528	573	980	12	73	74
Insurance and pension services	827	447	953	474	808	774	507	1,125
Financial services	-	-	3	-	-	4	0	-
Charges for the use of intellectual property	-	-	-	-	-	-	9	-
Other business services	9,614	14,132	11,965	12,117	9,369	8,667	10,306	13,450
Personal, cultural, and recreational services	94	350	73	407	24	279	216	655
Government goods and services n.i.e	3,485	4,069	2,846	4,903	4,115	4,661	3,249	5,502

3. Primary and Secondary Income Accounts

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

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Balance on Primary Income	20,672	21,419	18,272	22,106	25,755	25,196	22,067	34,408
Primary Income Credits	29,345	32,182	26,587	25,503	33,723	36,911	32,919	36,972
Compensation of Employees	27,066	29,832	24,312	23,046	31,606	34,723	32,883	34,540
Investment income	2,271	2,254	2,261	2,342	2,019	2,054	25	2,300
<i>Direct investment</i>	34	18	110	116	18	53	24	75
<i>Portfolio investment</i>	10	-	-	-	-	-	0	-
<i>Other investment</i>	1	11	1	-	1	-	1	-
<i>Reserve assets</i>	2,225	2,225	2,150	2,225	2,000	2,000	-	2,225
Other primary income	9	95	14	115	98	133	11	132
Primary Income Debits	8,673	10,763	8,315	3,398	7,968	11,715	10,852	2,564
Compensation of Employees	834	1,348	1,429	1,569	1,438	2,071	1,874	2,171
Investment income	7,839	9,415	6,886	1,828	6,530	9,643	8,978	393
<i>Direct investment</i>	1,921	8,605	1,037	1,285	982	8,931	2,342	75
<i>Portfolio investment</i>	-	-	4	8	-	-	-	-
<i>Other investment</i>	5,918	809	5,845	535	5,548	713	6,636	318
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Balance on Secondary Income	75,148	96,535	77,742	104,136	87,775	109,164	103,302	117,604
Secondary Income Credits	96,773	114,331	98,028	122,815	108,187	130,389	124,886	140,998
General government	15,900	15,900	2,165	20,829	701	12,822	2,549	5,483
Deposit-taking corporations and other sectors	80,873	98,430	95,863	101,986	107,486	117,567	122,337	135,516
<i>Personal transfers</i>	<i>71,656</i>	<i>84,492</i>	<i>84,674</i>	<i>90,674</i>	<i>96,674</i>	<i>102,674</i>	<i>111,674</i>	<i>120,674</i>
<i>Other current transfers</i>	<i>9,216</i>	<i>13,939</i>	<i>11,190</i>	<i>11,313</i>	<i>10,813</i>	<i>14,893</i>	<i>10,663</i>	<i>14,842</i>
Secondary Income Debits	21,625	17,796	20,287	18,679	20,412	21,225	21,584	23,395
General government	3,458	759	245	528	390	1,773	(34)	905
Deposit-taking corporations and other sectors	18,167	17,036	20,042	18,151	20,023	19,452	21,617	22,489
<i>Personal transfers</i>	<i>14,002</i>	<i>12,262</i>	<i>16,013</i>	<i>14,659</i>	<i>14,756</i>	<i>13,678</i>	<i>15,991</i>	<i>16,623</i>
<i>Other current transfers</i>	<i>4,164</i>	<i>4,775</i>	<i>4,028</i>	<i>3,492</i>	<i>5,267</i>	<i>5,774</i>	<i>5,626</i>	<i>5,867</i>

4. Capital Account

Table 6: *Capital Account, TOP ('000)*

	Qtr 1 2018r	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019p
Balance on Capital Account	25,956	24,994	7,181	46,027	11,541	32,090	4,923	10,328
Capital Account Credits	25,970	25,077	7,962	46,949	11,541	32,684	5,326	11,001
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	25,970	25,077	7,962	46,949	11,541	32,684	5,326	11,001
General government	21,375	21,375	4,582	44,076	1,484	27,132	3,436	7,389
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	21,375	21,375	3,659	35,200	1,185	21,668	-	-
Deposit-taking corporations and other sectors	4,595	3,702	3,380	2,873	10,057	5,551	1,891	3,612
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	4,595	3,702	3,380	2,873	10,057	5,551	1,891	3,612
Capital Account Debits	15	83	780	922	-	594	404	673
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	15	83	780	922	-	594	404	673
General government	10	58	185	264	-	35	45	332
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	10	58	185	264	-	35	45	332
Deposit-taking corporations and other sectors	5	25	596	658	-	558	358	341
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	5	25	596	658	-	558	358	341



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