



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
June 2020



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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 after the latest Quarterly Report released.
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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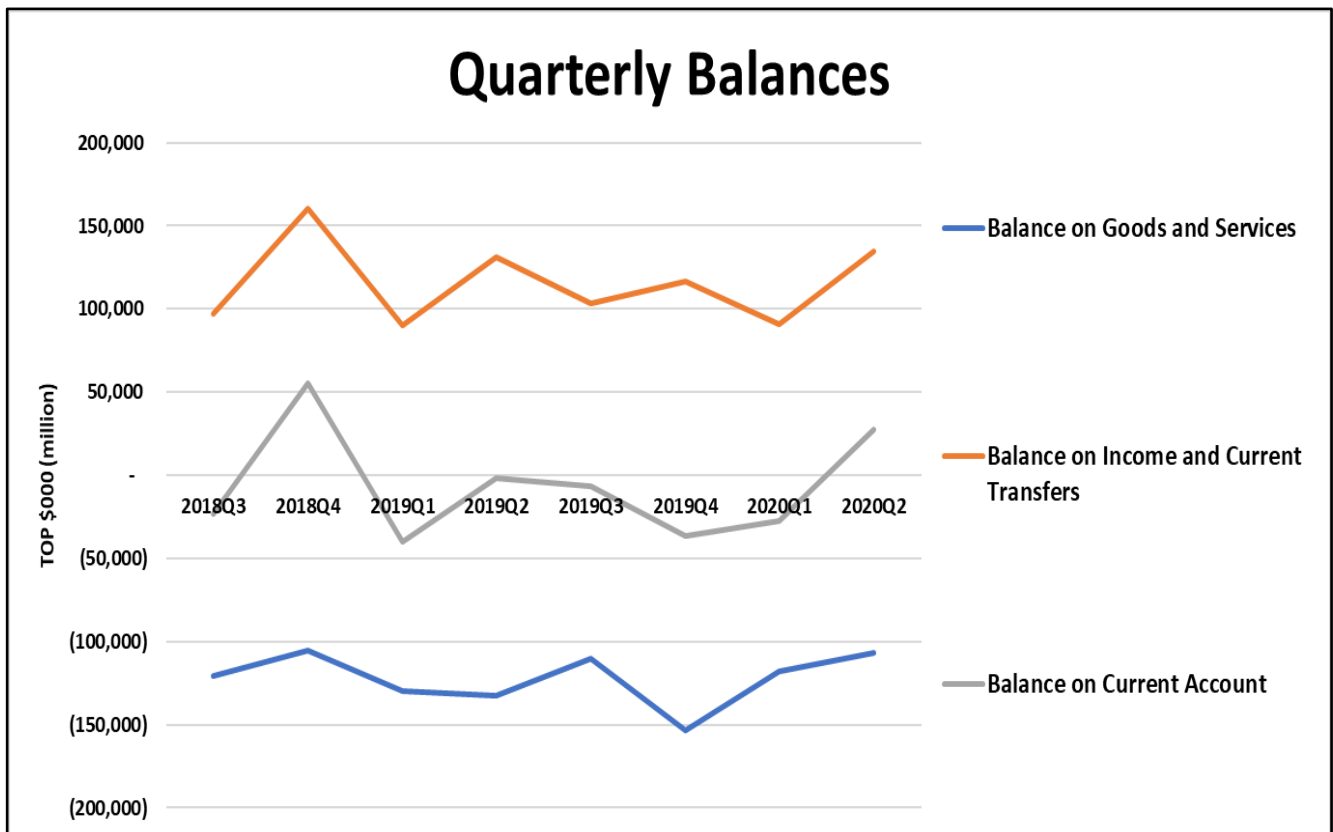


Figure 1: Quarterly Balances

Tongan’s Balance of Payments in June Quarter 2020 recorded a Current Account Surplus of \$27.3 million which shows an enormous increase from \$27.5 million deficit in March Quarter of 2020. The capital account recorded a surplus of \$86.1 million, net inflow, a massive increasing from \$28.8 million in March Quarter of 2020 while at the same time it’s also indicates a huge increased by 270% when comparing to June Quarter of 2019. On the other hands, again the official reserves have also shown a giant escalation of 61.4% from \$337 million in March Quarter of 2020 to \$543.8 million in June Quarter of 2020.

The Balance of Goods was recorded a deficit of \$88.3 million in June Quarter of 2020, indicating a decreased in deficit from \$104.1 million (15.2%) in March Quarter of 2020 and it is also showing a huge decrease in deficit from \$129.4 million by 31.8% when comparing to June Quarter of 2019. Consequently, this decreased in deficit was continuously followed with the impact of the epidemic that occurred worldwide as it is started from the 1st Quarter of this year. Followed by the continuous impact of Covid-19, Tonga has still maintained to closed every transaction occurred between their border with the International Borders. Within that restriction, most of our regular activities has been affected especially our trading goods and services with our International Trading Partners. By looking at the trend of the export of goods here in Tonga – Tonga earned \$3.9 million in this Quarter while it shows a huge reduction by \$5.9 million in March Quarter of 2020. In addition, it’s also shows a giant drop of \$8.1 million when comparing to June Quarter of 2019. Major Exports were Vegetable Products (\$2.8m), Live animals: Animal Products (\$0.79m) and Base metals & articles thereof (\$0.07m). Major Imports were Mineral Products (\$22.6m), Machinery & mechanical & electrical appliances & parts thereof (\$17m) and Prepared foodstuff, beverages, spirits & tobacco (\$15.1m).

Services Balance was recorded a deficit of \$18 million in June Quarter of 2020 of which was increased by 27.7% from \$14.1 million deficit in March Quarter of 2020. The export of services was amounted to \$18 million in June Quarter 2020 of which there was a massive drop by 50.7% when it is comparing to March Quarter of 2020. This massive decreasing was continuously reflected from the restriction of the Covid-19 whereas the impact of Covid-19 has affected most of our exports and imports of Services. These was indicated by the extremely decreased in our Travel Receipts by \$14.7 million whereas followed by Transport Receipts by \$3.3 million and Other business Services by \$2 million. Import of Services was reported of \$36 million in June Quarter of 2020 while there was an enormous drop by 28.9% when compared to March Quarter of 2020. Continuously, this enormous drop was also reflected from the impact of the pandemic that still spread around the world. Due to the impact of the Covid-19, most of the major components of our Import Services was decreased except for the Telecommunication, computer, and Information Services as it is shown an a massive increased by 85.2% and also Other business Services as it's indicating a slightly increased by 2.5% when it is both compared to March Quarter of 2020.

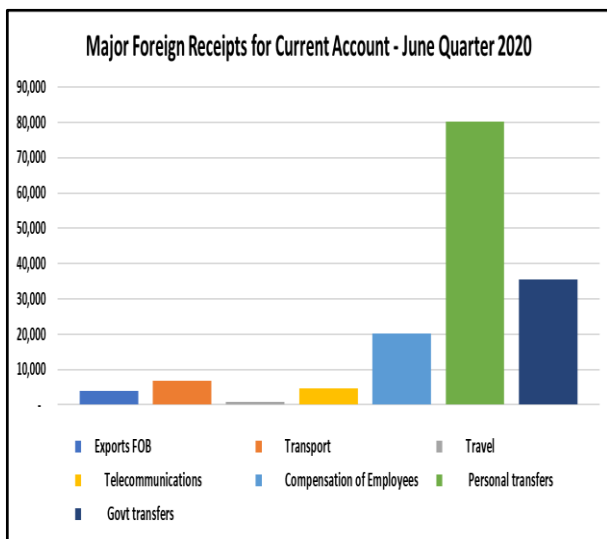


Figure 2: Major Foreign Receipts for Current Account

The above graph shows that Personal Transfer was recorded as the main foreign receipts amounted to \$80.1 million followed by Government Transfer with \$35.5 million and also Compensation of Employees with \$20.1 million.

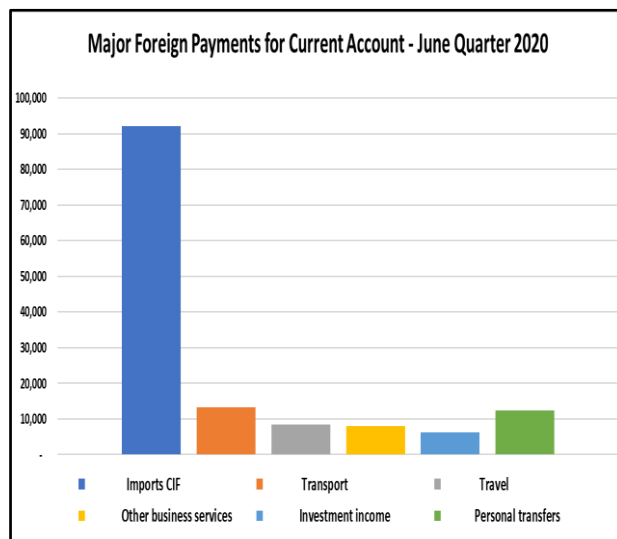


Figure 3: Major Foreign Payments for Current Account

The graph below shows that Imports was reported with the highest value of \$92.2 million whereas followed by Transport Payments with \$13.2 million and Personal Transfer with \$12.3 million.

Provided are detailed tables of quarterly Balance of Payments statistics for June Quarter of 2020. 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 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Current Account								
Balance on Goods and Services	(120,524)	(105,227)	(129,646)	(132,894)	(110,389)	(153,524)	(118,045)	(107,123)
Balance on Trade in Goods	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)
Exports f.o.b.	6,884	9,750	7,091	11,954	13,254	14,534	9,758	3,912
Imports f.o.b.	120,800	116,197	124,560	141,365	124,191	153,126	113,844	92,211
Balance on Trade in Services	(6,607)	1,221	(12,177)	(3,483)	548	(14,932)	(13,959)	(18,825)
Services credit	57,235	58,147	47,643	56,904	60,777	57,285	36,638	17,997
Services debit	63,841	56,926	59,821	60,388	60,229	72,217	50,597	36,823
Balance on Primary Income	20,473	19,265	26,535	24,055	24,657	30,933	25,016	15,181
Primary income credit	27,337	26,178	34,622	37,810	35,819	37,647	35,011	23,146
Primary income debit	6,864	6,913	8,087	13,755	11,162	6,714	9,995	7,964
Balance on Goods, Services and Income	(100,051)	(85,962)	(103,111)	(108,839)	(85,732)	(122,591)	(93,029)	(91,942)
Balance on Secondary Income	76,448	141,303	63,317	107,345	78,825	85,747	65,565	119,193
Secondary income credit	96,735	159,982	83,730	128,571	100,409	109,142	89,482	136,735
Secondary income debit	20,287	18,679	20,412	21,225	21,584	23,395	23,917	17,543
Balance on Current Account	(23,602)	55,341	(39,794)	(1,494)	(6,907)	(36,844)	(27,465)	27,250
Balance on Income and Current Transfer	96,921	160,567	89,852	131,400	103,482	116,680	90,580	134,374
Capital Account								
Capital account credit	18,864	4,429	20,980	23,915	20,889	25,362	28,806	86,080
Capital account debit	780	922	-	594	404	673	-	3
Balance on Capital Account	18,084	3,507	20,980	23,321	20,485	24,689	28,806	86,078
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	(5,518)	58,848	(18,814)	21,828	13,578	(12,155)	1,341	113,328

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Financial Account								
Financial Assets (net acquisitions)	(1,877)	15,185	(15,570)	41,008	(3,177)	15,990	(31,384)	76,327
Direct investment	(18)	250	1	3,060	156	580	600	77
Portfolio investment	100	-	-	11,200	8	11,200	-	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	6,548	(6,065)	(6,172)	4,132	(5,392)	2,171	269	(1,592)
Of which:								
Deposits/Deposit-taking corporations (Banks)	9,737	(1,348)	(6,609)	4,939	(4,251)	2,097	1,505	(1,471)
Deposits/Other non-financial corporations	(3,039)	(4,634)	1,012	(726)	(354)	195	(36)	(831)
Reserve assets	(8,505)	21,000	(9,399)	22,617	2,052	2,039	(32,253)	77,841
Financial Liabilities (net disposals)	1,179	453	3,522	(14,736)	7,508	17,825	(19,217)	(6,151)
Direct investment	680	5,020	4,255	(6,052)	3,487	7,326	969	(2,009)
Portfolio investment	263	-	-	2	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	236	(4,567)	(733)	(8,686)	4,021	10,499	(20,186)	(4,142)
Deposits	6,878	(5,818)	(2,165)	(982)	2,269	8,708	(2,913)	(854)
Loans	(6,691)	1,334	1,334	(7,626)	1,744	1,859	(17,310)	(3,305)
of which, Loans/General Government	(6,340)	310	214	(8,318)	733	783	(6,070)	(1,660)
Other liabilities	50	(83)	98	(78)	8	(68)	37	17
Net Lending (+)/Borrowing (-) from Financial Account	(3,056)	14,732	(19,092)	55,744	(10,685)	(1,835)	(12,167)	82,478
Net errors and omissions	2,462	(44,116)	(278)	33,916	(24,263)	10,319	(13,508)	(30,850)
NE&O as percent of goods trade	1.9%	-35.0%	-0.2%	22.1%	-17.7%	6.2%	-10.9%	-32.1%
Level of Official Reserves at end year	452,200	478,500	465,000	484,300	490,800	487,400	337,000	543,800

2. Goods and Services Accounts

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

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Balance on Trade in Goods	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)
Exports FOB	6,884	9,750	7,091	11,954	13,254	14,534	9,758	3,912
General merchandise	6,884	9,750	7,091	11,954	13,254	14,534	9,758	3,912
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	120,800	116,197	124,560	141,365	124,191	153,126	113,844	92,211
General merchandise	120,800	116,197	124,560	141,365	124,191	153,126	113,844	92,211
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(13,981)	(13,381)	(14,616)	(16,432)	(14,497)	(20,144)	(13,247)	(10,597)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

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

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Balance on Trade in Services	(6,607)	1,221	(12,177)	(3,483)	548	(14,932)	(14,050)	(18,016)
Services Credit	57,235	58,147	47,643	56,904	60,777	57,285	36,536	18,005
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	63	10	7	9	22	49	7	12
Transport	9,724	10,398	9,490	11,055	10,239	10,152	10,212	6,909
<i>Sea transport</i>	5,051	5,077	5,496	5,840	5,357	4,843	5,325	3,283
<i>Air transport</i>	3,758	3,699	3,540	3,197	4,147	4,021	2,874	436
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	96	33	101	167	270	350	882	2
<i>Freight</i>	1,524	1,585	2,554	2,235	2,031	1,516	2,299	855
<i>Other</i>	7,189	7,158	6,381	6,635	7,203	6,998	5,018	2,862
Postal and courier services	916	1,622	454	2,019	735	1,288	2,012	3,190
Travel	35,586	33,865	27,745	32,022	40,602	34,947	15,653	930
<i>Business</i>	2,588	1,998	1,614	3,352	1,641	1,284	1,473	170
<i>Personal</i>	32,998	31,867	26,130	28,671	38,961	33,663	14,180	760
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	32,998	31,867	26,130	28,671	38,961	33,663	14,180	760
Telecommunications, computer, and information services	4,004	2,949	2,391	3,779	2,715	1,974	2,235	4,561
Construction	1,898	4,797	2,921	5,075	2,857	4,034	2,435	2,067
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	4,020	3,881	3,530	3,529	2,357	3,461	3,835	1,837
Personal, cultural, and recreational services	24	2	79	-	8	50	4	-
Government goods and services n.i.e	1,917	2,245	1,481	1,435	1,977	2,619	2,155	1,689

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Services Debit	63,841	56,926	59,821	60,388	60,229	72,217	50,586	36,021
Manufacturing services on physical inputs owned by residents	5	9	3	-	-	2	-	-
Maintenance and repair services n.i.e.	1,646	962	1,022	896	2,079	867	1,136	249
Transport	17,864	16,365	17,317	19,394	16,896	21,431	15,765	13,202
Sea transport	13,044	12,618	13,312	15,157	13,441	12,244	12,031	10,298
Air transport	4,734	3,675	3,971	4,195	2,422	8,848	2,545	700
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	3,605	2,574	2,507	3,025	933	817	1,195	5
Freight	13,846	13,350	14,496	16,283	14,365	19,979	13,120	10,507
Other	326	369	279	44	566	295	262	486
Postal and courier services	86	71	34	42	1,033	339	1,189	2,204
Travel	25,694	18,784	23,065	21,745	22,541	23,348	18,897	8,344
Business	6,981	6,944	9,123	9,962	9,307	9,758	8,978	5,143
Personal	18,714	11,840	13,942	11,783	13,234	13,590	9,919	3,201
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	18,714	11,840	13,942	11,783	13,234	13,590	9,919	3,201
Telecommunications, computer, and information services	2,265	2,331	3,119	3,954	4,353	5,722	1,975	3,941
Construction	528	573	980	12	73	74	-	48
Insurance and pension services	953	474	808	774	507	1,125	1,035	457
Financial services	3	-	-	4	0	-	-	-
Charges for the use of intellectual property	-	-	-	-	9	-	-	-
Other business services	11,965	12,117	9,369	8,667	10,306	13,450	7,905	8,058
Personal, cultural, and recreational services	73	407	24	279	216	655	26	-
Government goods and services n.i.e	2,846	4,903	4,115	4,661	3,249	5,542	3,847	1,723

3. Primary and Secondary Income Accounts

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

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Balance on Primary Income	20,473	19,265	26,535	24,055	24,657	30,933	25,016	15,181
Primary Income Credits	27,337	26,178	34,622	37,810	35,819	37,647	35,011	23,146
Compensation of Employees	24,312	23,046	31,606	34,723	32,883	34,540	31,976	20,081
Investment income	3,011	3,016	2,918	2,954	2,925	2,974	2,966	2,962
<i>Direct investment</i>	110	116	18	53	24	75	67	62
<i>Portfolio investment</i>	-	0	0	0	0	-	-	-
<i>Other investment</i>	1	1	1	1	1	-	-	-
<i>Reserve assets</i>	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Other primary income	14	115	98	133	11	132	69	103
Primary Income Debits	6,864	6,913	8,087	13,755	11,162	6,714	9,995	7,964
Compensation of Employees	1,429	1,569	1,438	2,071	1,874	2,171	1,938	1,794
Investment income	5,435	5,343	6,649	11,684	9,288	4,542	8,057	6,170
<i>Direct investment</i>	2,422	5,066	3,863	11,340	6,314	4,224	5,115	5,897
<i>Portfolio investment</i>	4	8	-	-	-	-	-	-
<i>Other investment</i>	3,009	269	2,786	344	2,973	318	2,942	273
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Balance on Secondary Income	76,448	141,303	63,317	107,345	78,825	85,747	65,565	119,193
Secondary Income Credits	96,735	159,982	83,730	128,571	100,409	109,142	89,482	136,735
General government	2,066	65,415	2,066	32,394	2,066	6,201	2,066	35,498
Deposit-taking corporations and other sectors	94,669	94,567	81,663	96,177	98,343	102,941	87,415	101,237
<i>Personal transfers</i>	<i>83,479</i>	<i>83,254</i>	<i>70,851</i>	<i>81,283</i>	<i>87,680</i>	<i>88,099</i>	<i>71,717</i>	<i>80,149</i>
<i>Other current transfers</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>	<i>15,699</i>	<i>21,088</i>
Secondary Income Debits	20,287	18,679	20,412	21,225	21,584	23,395	23,917	17,543
General government	245	528	390	1,773	(34)	905	1,986	1,053
Deposit-taking corporations and other sectors	20,042	18,151	20,023	19,452	21,617	22,489	21,931	16,490
<i>Personal transfers</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>14,476</i>	<i>12,343</i>
<i>Other current transfers</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>	<i>7,455</i>	<i>4,147</i>

4. Capital Account

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

	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p	Qtr 2 2020p
Balance on Capital Account	18,084	3,507	20,980	23,321	20,485	24,689	28,806	86,078
Capital Account Credits	18,864	4,429	20,980	23,915	20,889	25,362	28,806	86,080
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	18,864	4,429	20,980	23,915	20,889	25,362	28,806	86,080
General government	15,484	1,556	10,922	18,364	18,998	21,750	25,279	83,473
<i>Debt forgiveness</i>	8,738	-	8,738	8,738	-	-	-	-
<i>Other capital transfers</i>	6,747	1,556	2,185	9,626	18,998	21,750	25,279	83,473
Deposit-taking corporations and other sectors	3,380	2,873	10,057	5,551	1,891	3,612	3,526	2,607
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	3,380	2,873	10,057	5,551	1,891	3,612	3,526	2,607
Capital Account Debits	780	922	-	594	404	673	-	3
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	780	922	-	594	404	673	-	3
General government	185	264	-	35	45	332	-	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	185	264	-	35	45	332	-	-
Deposit-taking corporations and other sectors	596	658	-	558	358	341	-	3
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	596	658	-	558	358	341	-	3



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