



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
March 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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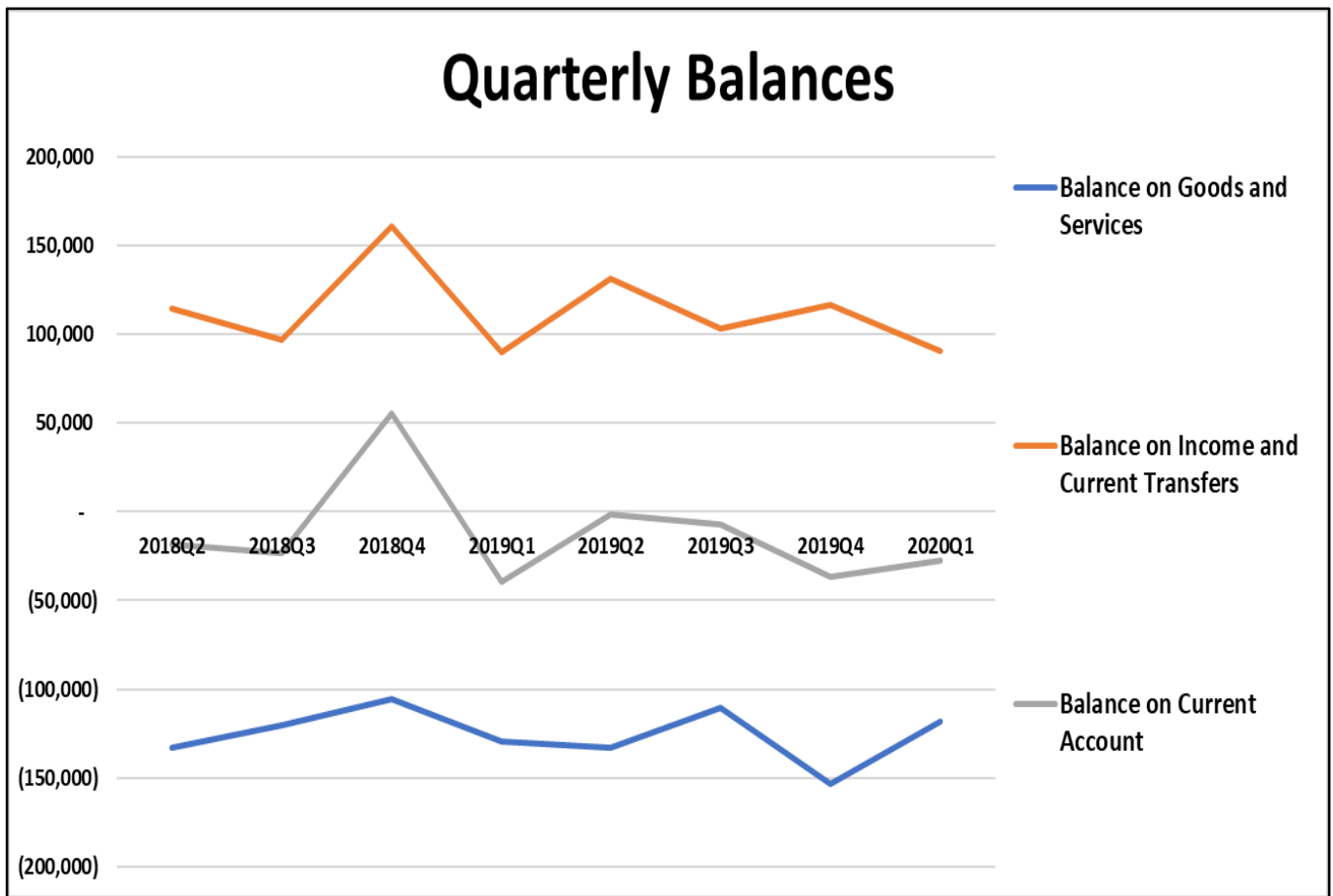


Figure 1: Quarterly Balances

Tonga’s Balance of Payments in March Quarter 2020 recorded a Current Account Deficit of \$27.5 million which decreases from \$36.8 million deficit in December Quarter of 2019. The capital account recorded a surplus of \$28.8 million, net inflow, increasing from \$24.7 million in December Quarter of 2019 while at the same time it’s also indicates a massive increased by 37.1% when comparing to March Quarter of 2019. On the other hands, again the official reserves have also shown an enormous dropped of 30.9% from \$487.4 million in December Quarter of 2019 to \$337 million in March Quarter of 2020.

The Balance of Goods was recorded a deficit of \$104.1 million in March Quarter of 2020, indicating a decreased in deficit from \$138.6 million (24.9%) in December Quarter of 2019 and when it is comparing to March Quarter of 2019 it also shows a slightly decrease in deficit from \$117.5 million by 11.4%. Consequently, this decreased in deficit was reflected from the impact of the epidemic that occurred worldwide. By the time when Covid-19 has spread around the world, Tonga has also increased their restriction by starting to lockdown our border nearly at the end of March, 2020. With that restriction, most of our daily activities has been delayed 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 \$9.8 million in this Quarter while it shows a huge reduction by \$4.7 million in December Quarter of 2019 whereas alternatively it’s shows a slight increased of \$2.7 million when comparing to March Quarter of 2019. Major Exports were Live animals: Animal Product (\$5.2m), Vegetable Products (\$3.4m) and Mineral Products (\$0.59m). Major Imports were Machinery & mechanical & electrical appliances & parts thereof (\$32.1m), Mineral Products (\$27.3m) and Prepared foodstuff, beverages, spirits & tobacco (\$13.7m).

Services Balance was recorded a deficit of \$14.1 million in March Quarter of 2020 of which was a minor decreased by 5.4% from \$14.9 million deficit in December Quarter of 2019. The export of services was amounted to \$36.5 million in March Quarter 2020 of which there was a massive fall by 36.3% when it is comparing to December Quarter 2019. This massive decreasing was also followed by the restriction of the Covid-19 of which was causing an extremely decreased in Travel by \$19.2 million whereas followed by Construction by \$1.6 million and the Government Goods and Services n.i.e by \$0.46 million. Import of Services was reported of \$50.6 million in March Quarter of 2020 while there was an enormous drop by 29.9% when compared to December Quarter of 2019. This enormous drop was also reflected from the impact of epidemic occurring around the world. Due to the impact of the epidemic, most of the major components of our Import Services was decreased except the Maintenance and Repair Services as it is shown an increased by 22.2% when compared to December Quarter of 2019.

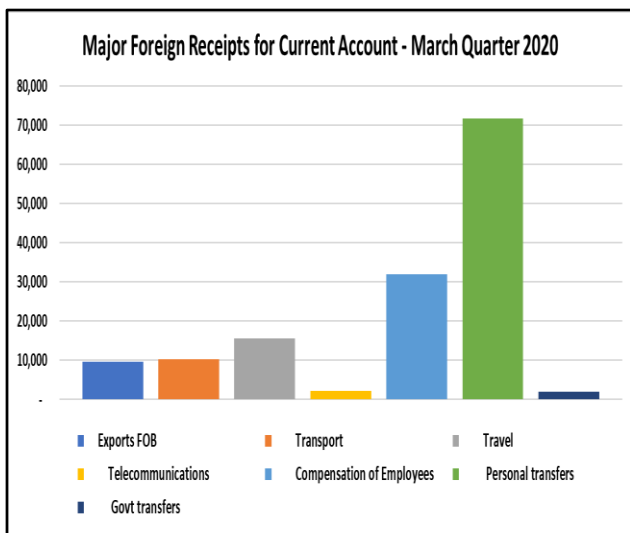


Figure 2: Major Foreign Receipts for Current Account

The above graph shows that Personal Transfer was recorded as the main foreign receipts amounted to \$71.7 million followed by Compensation with Employees with \$32 million and Travel Receipts with \$15.7 million.

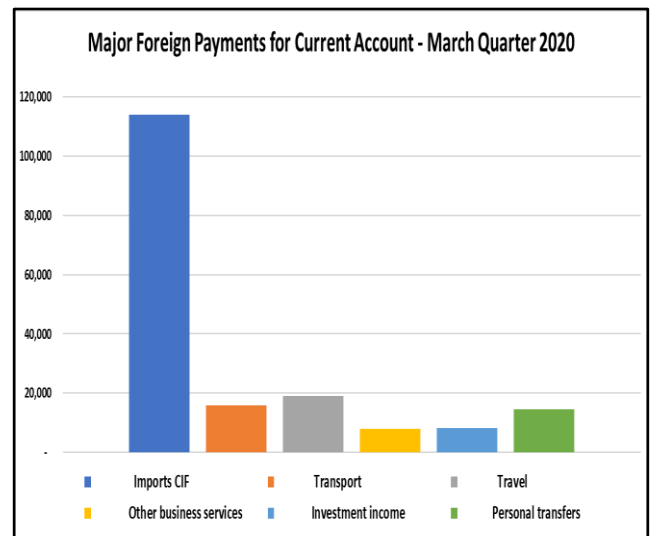


Figure 3: Major Foreign Payments for Current Account

The graph below shows that Imports was reported with the highest value of \$113.8 million whereas followed by travel payments with \$18.9 million and Transport with \$15.8 million.

Provided are detailed tables of quarterly Balance of Payments statistics for March 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 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Current Account								
Balance on Goods and Services	(132,829)	(120,524)	(105,227)	(129,646)	(132,894)	(110,389)	(153,524)	(118,045)
Balance on Trade in Goods	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)
Exports f.o.b.	5,784	6,884	9,750	7,091	11,954	13,254	14,534	9,758
Imports f.o.b.	112,331	120,800	116,197	124,560	141,365	124,191	153,126	113,844
Balance on Trade in Services	(26,282)	(6,607)	1,221	(12,177)	(3,483)	548	(14,932)	(13,959)
Services credit	44,674	57,235	58,147	47,643	56,904	60,777	57,285	36,638
Services debit	70,957	63,841	56,926	59,821	60,388	60,229	72,217	50,597
Balance on Primary Income	17,807	20,473	19,265	26,535	24,055	24,657	30,933	25,016
Primary income credit	32,856	27,337	26,178	34,622	37,810	35,819	37,647	35,011
Primary income debit	15,049	6,864	6,913	8,087	13,755	11,162	6,714	9,995
Balance on Goods, Services and Income	(115,022)	(100,051)	(85,962)	(103,111)	(108,839)	(85,732)	(122,591)	(93,029)
Balance on Secondary Income	96,535	76,448	141,303	63,317	107,345	78,825	85,747	65,565
Secondary income credit	114,331	96,735	159,982	83,730	128,571	100,409	109,142	89,482
Secondary income debit	17,796	20,287	18,679	20,412	21,225	21,584	23,395	23,917
Balance on Current Account	(18,486)	(23,602)	55,341	(39,794)	(1,494)	(6,907)	(36,844)	(27,465)
Balance on Income and Current Transfer	114,342	96,921	160,567	89,852	131,400	103,482	116,680	90,580
Capital Account								
Capital account credit	25,077	18,864	4,429	20,980	23,915	20,889	25,362	28,806
Capital account debit	83	780	922	-	594	404	673	-
Balance on Capital Account	24,994	18,084	3,507	20,980	23,321	20,485	24,689	28,806
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	6,508	(5,518)	58,848	(18,814)	21,828	13,578	(12,155)	1,341

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Financial Account								
Financial Assets (net acquisitions)	3,395	(1,877)	15,185	(15,570)	41,008	(3,177)	15,990	(31,384)
Direct investment	(9,844)	(18)	250	1	3,060	156	580	600
Portfolio investment	-	100	-	-	11,200	8	11,200	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	(4,959)	6,548	(6,065)	(6,172)	4,132	(5,392)	2,171	269
Of which:								
Deposits/Deposit-taking corporations (Banks)	(920)	9,737	(1,348)	(6,609)	4,939	(4,251)	2,097	1,505
Deposits/Other non-financial corporations	(4,153)	(3,039)	(4,634)	1,012	(726)	(354)	195	(36)
Reserve assets	18,198	(8,505)	21,000	(9,399)	22,617	2,052	2,039	(32,253)
Financial Liabilities (net disposals)	7,485	1,179	453	3,522	(14,736)	7,508	17,825	(19,217)
Direct investment	5,646	680	5,020	4,255	(6,052)	3,487	7,326	969
Portfolio investment	-	263	-	-	2	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	1,839	236	(4,567)	(733)	(8,686)	4,021	10,499	(20,186)
Deposits	(1,034)	6,878	(5,818)	(2,165)	(982)	2,269	8,708	(2,913)
Loans	2,858	(6,691)	1,334	1,334	(7,626)	1,744	1,859	(17,310)
of which, Loans/General Government	1,700	(6,340)	310	214	(8,318)	733	783	(6,070)
Other liabilities	16	50	(83)	98	(78)	8	(68)	37
Net Lending (+)/Borrowing (-) from Financial Account	(4,090)	(3,056)	14,732	(19,092)	55,744	(10,685)	(1,835)	(12,167)
Net errors and omissions	(10,598)	2,462	(44,116)	(278)	33,916	(24,263)	10,319	(13,508)
NE&O as percent of goods trade	-9.0%	1.9%	-35.0%	-0.2%	22.1%	-17.7%	6.2%	-10.9%
Level of Official Reserves at end year	468,700	452,200	478,500	465,000	484,300	490,800	487,400	337,000

2. Goods and Services Accounts

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

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Balance on Trade in Goods	(106,547)	(113,917)	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)
Exports FOB	5,784	6,884	9,750	7,091	11,954	13,254	14,534	9,758
General merchandise	5,784	6,884	9,750	7,091	11,954	13,254	14,534	9,758
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	112,331	120,800	116,197	124,560	141,365	124,191	153,126	113,844
General merchandise	112,331	120,800	116,197	124,560	141,365	124,191	153,126	113,844
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(13,295)	(13,981)	(13,381)	(14,616)	(16,432)	(14,497)	(20,144)	(13,247)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

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

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Balance on Trade in Services	(26,282)	(6,607)	1,221	(12,177)	(3,483)	548	(14,932)	(14,050)
Services Credit	44,674	57,235	58,147	47,643	56,904	60,777	57,285	36,536
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	1	63	10	7	9	22	49	7
Transport	8,178	9,724	10,398	9,490	11,055	10,239	10,152	10,212
<i>Sea transport</i>	3,822	5,051	5,077	5,496	5,840	5,357	4,843	5,325
<i>Air transport</i>	2,855	3,758	3,699	3,540	3,197	4,147	4,021	2,874
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	84	96	33	101	167	270	350	882
<i>Freight</i>	897	1,524	1,585	2,554	2,235	2,031	1,516	2,299
<i>Other</i>	5,696	7,189	7,158	6,381	6,635	7,203	6,998	5,018
Postal and courier services	1,500	916	1,622	454	2,019	735	1,288	2,012
Travel	25,478	35,586	33,865	27,745	32,022	40,602	34,947	15,653
<i>Business</i>	3,527	2,588	1,998	1,614	3,352	1,641	1,284	1,473
<i>Personal</i>	21,952	32,998	31,867	26,130	28,671	38,961	33,663	14,180
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	21,952	32,998	31,867	26,130	28,671	38,961	33,663	14,180
Telecommunications, computer, and information services	4,878	4,004	2,949	2,391	3,779	2,715	1,974	2,235
Construction	1,433	1,898	4,797	2,921	5,075	2,857	4,034	2,435
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	3,000	4,020	3,881	3,530	3,529	2,357	3,461	3,835
Personal, cultural, and recreational services	93	24	2	79	-	8	50	4
Government goods and services n.i.e	1,613	1,917	2,245	1,481	1,435	1,977	2,619	2,155

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Services Debit	70,957	63,841	56,926	59,821	60,388	60,229	72,217	50,586
Manufacturing services on physical inputs owned by residents	10	5	9	3	-	-	2	-
Maintenance and repair services n.i.e.	386	1,646	962	1,022	896	2,079	867	1,136
Transport	23,964	17,864	16,365	17,317	19,394	16,896	21,431	15,765
Sea transport	12,841	13,044	12,618	13,312	15,157	13,441	12,244	12,031
Air transport	11,041	4,734	3,675	3,971	4,195	2,422	8,848	2,545
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	9,848	3,605	2,574	2,507	3,025	933	817	1,195
Freight	13,177	13,846	13,350	14,496	16,283	14,365	19,979	13,120
Other	857	326	369	279	44	566	295	262
Postal and courier services	82	86	71	34	42	1,033	339	1,189
Travel	23,771	25,694	18,784	23,065	21,745	22,541	23,348	18,897
Business	8,447	6,981	6,944	9,123	9,962	9,307	9,758	8,978
Personal	15,324	18,714	11,840	13,942	11,783	13,234	13,590	9,919
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	15,324	18,714	11,840	13,942	11,783	13,234	13,590	9,919
Telecommunications, computer, and information services	3,808	2,265	2,331	3,119	3,954	4,353	5,722	1,975
Construction	19	528	573	980	12	73	74	-
Insurance and pension services	447	953	474	808	774	507	1,125	1,035
Financial services	-	3	-	-	4	0	-	-
Charges for the use of intellectual property	-	-	-	-	-	9	-	-
Other business services	14,132	11,965	12,117	9,369	8,667	10,306	13,450	7,905
Personal, cultural, and recreational services	350	73	407	24	279	216	655	26
Government goods and services n.i.e	4,069	2,846	4,903	4,115	4,661	3,249	5,542	3,847

3. Primary and Secondary Income Accounts

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

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Balance on Primary Income	17,807	20,473	19,265	26,535	24,055	24,657	30,933	25,016
Primary Income Credits	32,856	27,337	26,178	34,622	37,810	35,819	37,647	35,011
Compensation of Employees	29,832	24,312	23,046	31,606	34,723	32,883	34,540	31,976
Investment income	2,929	3,011	3,016	2,918	2,954	2,925	2,974	2,966
<i>Direct investment</i>	18	110	116	18	53	24	75	67
<i>Portfolio investment</i>	-	-	0	0	0	0	-	-
<i>Other investment</i>	11	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	95	14	115	98	133	11	132	69
Primary Income Debits	15,049	6,864	6,913	8,087	13,755	11,162	6,714	9,995
Compensation of Employees	1,348	1,429	1,569	1,438	2,071	1,874	2,171	1,938
Investment income	13,701	5,435	5,343	6,649	11,684	9,288	4,542	8,057
<i>Direct investment</i>	12,891	2,422	5,066	3,863	11,340	6,314	4,224	5,115
<i>Portfolio investment</i>	-	4	8	-	-	-	-	-
<i>Other investment</i>	809	3,009	269	2,786	344	2,973	318	2,942
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Balance on Secondary Income	96,535	76,448	141,303	63,317	107,345	78,825	85,747	65,565
Secondary Income Credits	114,331	96,735	159,982	83,730	128,571	100,409	109,142	89,482
General government	15,900	2,066	65,415	2,066	32,394	2,066	6,201	2,066
Deposit-taking corporations and other sectors	98,430	94,669	94,567	81,663	96,177	98,343	102,941	87,415
<i>Personal transfers</i>	<i>84,492</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>Other current transfers</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>	<i>15,699</i>
Secondary Income Debits	17,796	20,287	18,679	20,412	21,225	21,584	23,395	23,917
General government	759	245	528	390	1,773	(34)	905	1,986
Deposit-taking corporations and other sectors	17,036	20,042	18,151	20,023	19,452	21,617	22,489	21,931
<i>Personal transfers</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>14,476</i>
<i>Other current transfers</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>	<i>7,455</i>

4. Capital Account

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

	Qtr 2 2018r	Qtr 3 2018r	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020p
Balance on Capital Account	24,994	18,084	3,507	20,980	23,321	20,485	24,689	28,806
Capital Account Credits	25,077	18,864	4,429	20,980	23,915	20,889	25,362	28,806
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	25,077	18,864	4,429	20,980	23,915	20,889	25,362	28,806
General government	21,375	15,484	1,556	10,922	18,364	18,998	21,750	25,279
<i>Debt forgiveness</i>	-	8,738	-	8,738	8,738	-	-	-
<i>Other capital transfers</i>	21,375	6,747	1,556	2,185	9,626	18,998	21,750	25,279
Deposit-taking corporations and other sectors	3,702	3,380	2,873	10,057	5,551	1,891	3,612	3,526
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	3,702	3,380	2,873	10,057	5,551	1,891	3,612	3,526
Capital Account Debits	83	780	922	-	594	404	673	-
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	83	780	922	-	594	404	673	-
General government	58	185	264	-	35	45	332	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	58	185	264	-	35	45	332	-
Deposit-taking corporations and other sectors	25	596	658	-	558	358	341	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	25	596	658	-	558	358	341	-



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