



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
September 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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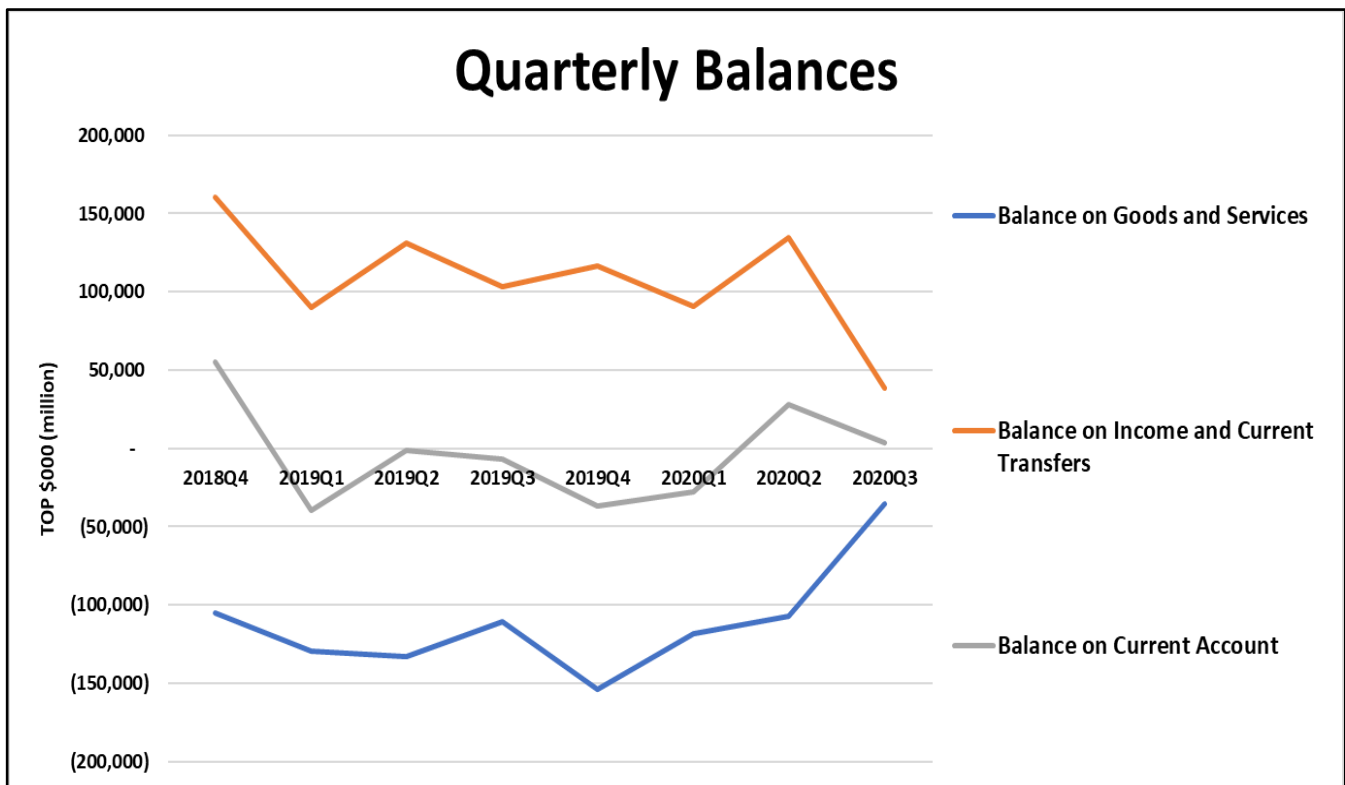


Figure 1: Quarterly Balances

Tonga’s Balance of Payments in September Quarter 2020 recorded a Current Account Surplus of \$3.3 million which shows an enormous decrease from \$27.7 million surplus when it is compared to June Quarter of 2020. The capital account recorded a surplus of \$8.8 million, net inflow, a massive decreasing from \$86.1 million in June Quarter of 2020 while at the same time it’s also indicates a huge decreased by 57.1% when comparing to September Quarter of 2019. On the other hands, again the official reserves have also shown a minor increase of 6% from \$543.8 million in June Quarter of 2020 to \$576.5 million in September Quarter of 2020.

The Balance of Goods was recorded a deficit of \$31.5 million in September Quarter of 2020, indicating a huge decreased in deficit from \$88.3 million (64.3%) in June Quarter of 2020 and it is also showing an immense decrease in deficit from \$110.9 million by 71.6% when comparing to September Quarter of 2019. Therefore, this enormous decreased in deficit was endlessly followed by the impact of Covid-19 whereas the impact of the Covid-19 leads Tonga to remain closed our borders with the International Countries. 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 \$3.8 million in this Quarter while it shows a slight reduction of \$0.1 million (2.7%) when compare to June Quarter of 2020. In addition, it’s also shows a giant drop of \$9.5 million (71.4%) when comparing to September Quarter of 2019. However, the major exports are mostly from these items: Vegetable Products (\$6.6m), Live animals: Animal Products (\$1.6m) and Machinery & mechanical & electrical appliances & parts thereof (\$0.5m). Major Imports were Machinery & mechanical & electrical appliances & parts thereof (\$24.3m), Prepared foodstuff, beverages, spirits & tobacco (\$19.5m) and Live Animals: Animal Product (\$16.6m).

Services Balance was recorded a deficit of \$4.0 million in September Quarter of 2020 of which was highly decreased by 78.7% from \$18.8 million deficit in June Quarter of 2020. The export of services was amounted to \$9.0 million in September Quarter 2020 of which there was a massive drop by 50% when it is comparing to June Quarter of 2020. This massive decreasing was continuously reflected from the restriction of the Covid-19 whereas indicated by the extremely decreased in our Transport Receipts by \$4.7 million, followed by Telecommunication, computer, and information services by \$3.0 million and also the Government goods and services by \$1.4 million. Import of Services was reported of \$13.3 million in September Quarter of 2020 were there was an enormous drop by 63.1% when compared to June Quarter of 2020. This enormous drop is mainly contributed from a huge decreased in our Travel Receipts whereas some of our industries such as Hotel, Restaurant are heavily relied on the revenue they received from the non-resident. In regards to the graphs indicated below are the major foreign receipts and the major foreign payments that contributed to our Current Account in total.

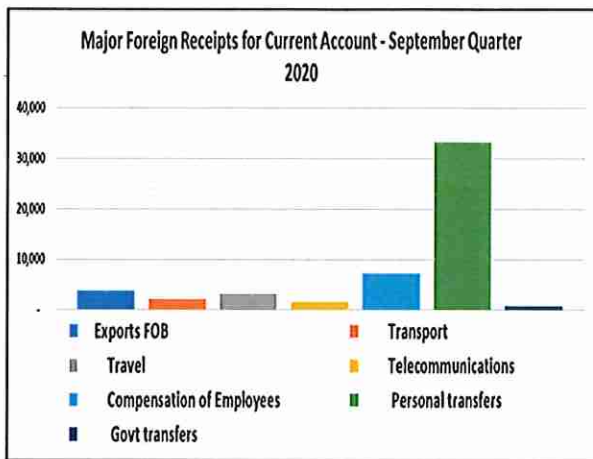


Figure 2: Major Foreign Receipts for Current Account

The above graph shows that Personal Transfer was recorded as the main foreign receipts amounted to \$33.3 million followed by Compensation of Employees with \$7.2 million and also Exports (FOB) with \$3.8 million.

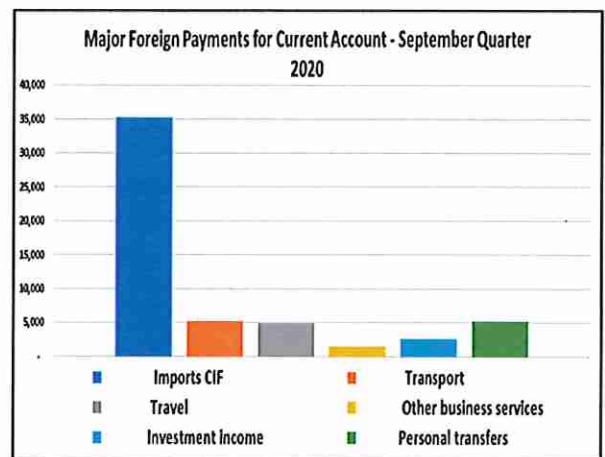


Figure 3: Major Foreign Payments for Current Account

The graph below shows that Imports was reported with the highest value of \$35.3 million whereas followed by Transport Payments with \$5.3 million and Personal Transfer with \$5.2 million.

Provided are detailed tables of quarterly Balance of Payments statistics for September Quarter of 2020. All values in this release are in Tongan Pa'anga (TOP).

CEO for
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 Assistant Government Statistician

1. Balance of Payments Summary

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Current Account								
Balance on Goods and Services	(105,227)	(129,646)	(132,894)	(110,389)	(153,524)	(118,045)	(107,123)	(35,448)
Balance on Trade in Goods	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)	(31,481)
Exports f.o.b.	9,750	7,091	11,954	13,254	14,534	9,758	3,912	3,781
Imports f.o.b.	116,197	124,560	141,365	124,191	153,126	113,844	92,211	35,262
Balance on Trade in Services	1,221	(12,177)	(3,483)	548	(14,932)	(13,959)	(18,825)	(3,967)
Services credit	58,147	47,643	56,904	60,777	57,285	36,638	17,997	8,960
Services debit	56,926	59,821	60,388	60,229	72,217	50,597	36,823	12,928
Balance on Primary Income	19,265	26,535	24,055	24,657	30,933	25,016	15,589	7,389
Primary income credit	26,178	34,622	37,810	35,819	37,647	35,011	23,553	10,543
Primary income debit	6,913	8,087	13,755	11,162	6,714	9,995	7,964	3,154
Balance on Goods, Services and Income	(85,962)	(103,111)	(108,839)	(85,732)	(122,591)	(93,029)	(91,535)	(28,059)
Balance on Secondary Income	141,303	63,317	107,345	78,825	85,747	65,565	119,193	31,357
Secondary income credit	159,982	83,730	128,571	100,409	109,142	89,482	136,735	38,104
Secondary income debit	18,679	20,412	21,225	21,584	23,395	23,917	17,543	6,747
Balance on Current Account	55,341	(39,794)	(1,494)	(6,907)	(36,844)	(27,465)	27,658	3,298
Balance on Income and Current Transfer	160,567	89,852	131,400	103,482	116,680	90,580	134,781	38,746
Capital Account								
Capital account credit	4,429	20,980	23,915	20,889	25,362	28,806	86,080	8,775
Capital account debit	922	-	594	404	673	-	3	-
Balance on Capital Account	3,507	20,980	23,321	20,485	24,689	28,806	86,078	8,775
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	58,848	(18,814)	21,828	13,578	(12,155)	1,341	113,735	12,073

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Financial Account								
Financial Assets (net acquisitions)	15,185	(15,570)	41,008	(3,177)	15,990	(31,384)	76,091	26,853
Direct investment	250	1	3,060	156	580	600	77	-
Portfolio investment	-	-	11,200	8	11,200	-	-	4,000
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	1,000
Other investment	(6,065)	(6,172)	4,132	(5,392)	2,171	269	(1,592)	3,069
Of which:								
Deposits/Deposit-taking corporations (Banks)	(1,348)	(6,609)	4,939	(4,251)	2,097	1,505	(1,471)	(885)
Deposits/Other non-financial corporations	(4,634)	1,012	(726)	(354)	195	(36)	(831)	(1,082)
Reserve assets	21,000	(9,399)	22,617	2,052	2,039	(32,253)	77,605	18,784
Financial Liabilities (net disposals)	453	3,522	(14,736)	7,508	17,825	(19,217)	(6,151)	11,864
Direct investment	5,020	4,255	(6,052)	3,487	7,326	969	(2,009)	233
Portfolio investment	-	-	2	-	-	-	-	4,000
Financial derivatives and employee stock options	-	-	-	-	-	-	-	1,000
Other investment	(4,567)	(733)	(8,686)	4,021	10,499	(20,186)	(4,142)	6,631
Deposits	(5,818)	(2,165)	(982)	2,269	8,708	(2,913)	(854)	852
Loans	1,334	1,334	(7,626)	1,744	1,859	(17,310)	(3,305)	521
of which, Loans/General Government	310	214	(8,318)	733	783	(6,070)	(1,660)	560
Other liabilities	(83)	98	(78)	8	(68)	37	17	5,258
Net Lending (+)/Borrowing (-) from Financial Account	14,732	(19,092)	55,744	(10,685)	(1,835)	(12,167)	82,242	14,989
Net errors and omissions	(44,116)	(278)	33,916	(24,263)	10,319	(13,508)	(31,493)	2,916
NE&O as percent of goods trade	-35.0%	-0.2%	22.1%	-17.7%	6.2%	-10.9%	-32.8%	7.5%
Level of Official Reserves at end year	478,500	465,000	484,300	490,800	487,400	337,000	543,800	576,500

2. Goods and Services Accounts

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Balance on Trade in Goods	(106,448)	(117,469)	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)	(31,481)
<hr/>								
Exports FOB	9,750	7,091	11,954	13,254	14,534	9,758	3,912	3,781
General merchandise	9,750	7,091	11,954	13,254	14,534	9,758	3,912	3,781
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
<hr/>								
Imports FOB	116,197	124,560	141,365	124,191	153,126	113,844	92,211	35,262
General merchandise	116,197	124,560	141,365	124,191	153,126	113,844	92,211	35,262
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(13,381)	(14,616)	(16,432)	(14,497)	(20,144)	(13,247)	(10,597)	(4,118)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Balance on Trade in Services	1,221	(12,177)	(3,483)	548	(14,932)	(14,050)	(18,825)	(3,967)
Services Credit	58,147	47,643	56,904	60,777	57,285	36,536	17,997	8,960
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	10	7	9	22	49	7	12	29
Transport	10,398	9,490	11,055	10,239	10,152	10,212	6,909	2,182
<i>Sea transport</i>	5,077	5,496	5,840	5,357	4,843	5,325	3,283	994
<i>Air transport</i>	3,699	3,540	3,197	4,147	4,021	2,874	436	105
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	33	101	167	270	350	882	2	5
<i>Freight</i>	1,585	2,554	2,235	2,031	1,516	2,299	855	332
<i>Other</i>	7,158	6,381	6,635	7,203	6,998	5,018	2,862	763
Postal and courier services	1,622	454	2,019	735	1,288	2,012	3,190	1,082
Travel	33,865	27,745	32,022	40,602	34,947	15,653	930	3,109
<i>Business</i>	1,998	1,614	3,352	1,641	1,284	1,473	170	1,015
<i>Personal</i>	31,867	26,130	28,671	38,961	33,663	14,180	760	2,094
Health related	-	-	-	-	-	-	-	1,000
Education related	-	-	-	-	-	-	-	1,000
Other	31,867	26,130	28,671	38,961	33,663	14,180	760	94
Telecommunications, computer, and information services	2,949	2,391	3,779	2,715	1,974	2,235	4,561	1,593
Construction	4,797	2,921	5,075	2,857	4,034	2,435	2,067	700
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	3,881	3,530	3,529	2,357	3,461	3,835	1,837	610
Personal, cultural, and recreational services	2	79	-	8	50	4	-	-
Government goods and services n.i.e	2,245	1,481	1,435	1,977	2,619	2,155	1,689	251

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Services Debit	56,926	59,821	60,388	60,229	72,217	50,586	36,021	13,305
Manufacturing services on physical inputs owned by residents	9	3	-	-	2	-	-	-
Maintenance and repair services n.i.e.	962	1,022	896	2,079	867	1,136	249	6
Transport	16,365	17,317	19,394	16,896	21,431	15,765	13,202	5,256
Sea transport	12,618	13,312	15,157	13,441	12,244	12,031	10,298	3,720
Air transport	3,675	3,971	4,195	2,422	8,848	2,545	700	423
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	2,574	2,507	3,025	933	817	1,195	5	0
Freight	13,350	14,496	16,283	14,365	19,979	13,120	10,507	4,079
Other	369	279	44	566	295	262	486	64
Postal and courier services	71	34	42	1,033	339	1,189	2,204	1,112
Travel	18,784	23,065	21,745	22,541	23,348	18,897	8,344	4,910
Business	6,944	9,123	9,962	9,307	9,758	8,978	5,143	1,721
Personal	11,840	13,942	11,783	13,234	13,590	9,919	3,201	3,189
Health related	-	-	-	-	-	-	-	1,000
Education related	-	-	-	-	-	-	-	1,000
Other	11,840	13,942	11,783	13,234	13,590	9,919	3,201	1,189
Telecommunications, computer, and information services	2,331	3,119	3,954	4,353	5,722	1,975	3,941	809
Construction	573	980	12	73	74	-	48	-
Insurance and pension services	474	808	774	507	1,125	1,035	457	131
Financial services	-	-	4	0	-	-	-	-
Charges for the use of intellectual property	-	-	-	9	-	-	-	-
Other business services	12,117	9,369	8,667	10,306	13,450	7,905	8,058	1,522
Personal, cultural, and recreational services	407	24	279	216	655	26	-	-
Government goods and services n.i.e	4,903	4,115	4,661	3,249	5,542	3,847	1,723	671

3. Primary and Secondary Income Accounts

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Balance on Primary Income	19,265	26,535	24,055	24,657	30,933	25,016	15,589	7,389
Primary Income Credits	26,178	34,622	37,810	35,819	37,647	35,011	23,553	10,543
Compensation of Employees	23,046	31,606	34,723	32,883	34,540	31,976	20,488	7,188
Investment income	3,016	2,918	2,954	2,925	2,974	2,966	2,962	2,990
<i>Direct investment</i>	116	18	53	24	75	67	62	1,023
<i>Portfolio investment</i>	0	0	0	0	-	-	-	1,000
<i>Other investment</i>	1	1	1	1	-	-	-	-
<i>Reserve assets</i>	2,900	2,900	2,900	2,900	2,900	2,900	2,900	967
Other primary income	115	98	133	11	132	69	103	365
Primary Income Debits	6,913	8,087	13,755	11,162	6,714	9,995	7,964	3,154
Compensation of Employees	1,569	1,438	2,071	1,874	2,171	1,938	1,794	603
Investment income	5,343	6,649	11,684	9,288	4,542	8,057	6,170	2,550
<i>Direct investment</i>	5,066	3,863	11,340	6,314	4,224	5,115	5,897	1,400
<i>Portfolio investment</i>	8	-	-	-	-	-	-	1,001
<i>Other investment</i>	269	2,786	344	2,973	318	2,942	273	150
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Balance on Secondary Income	141,303	63,317	107,345	78,825	85,747	65,565	119,193	31,357
Secondary Income Credits	159,982	83,730	128,571	100,409	109,142	89,482	136,735	38,104
General government	65,415	2,066	32,394	2,066	6,201	2,066	35,498	689
Deposit-taking corporations and other sectors	94,567	81,663	96,177	98,343	102,941	87,415	101,237	37,415
<i>Personal transfers</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>33,258</i>
<i>Other current transfers</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>	<i>4,157</i>
Secondary Income Debits	18,679	20,412	21,225	21,584	23,395	23,917	17,543	6,747
General government	528	390	1,773	(34)	905	1,986	1,053	134
Deposit-taking corporations and other sectors	18,151	20,023	19,452	21,617	22,489	21,931	16,490	6,612
<i>Personal transfers</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>5,193</i>
<i>Other current transfers</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>	<i>1,419</i>

4. Capital Account

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

	Qtr 4 2018r	Qtr 1 2019r	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020p
Balance on Capital Account	3,507	20,980	23,321	20,485	24,689	28,806	86,078	8,775
Capital Account Credits	4,429	20,980	23,915	20,889	25,362	28,806	86,080	8,775
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	4,429	20,980	23,915	20,889	25,362	28,806	86,080	8,775
General government	1,556	10,922	18,364	18,998	21,750	25,279	83,473	7,649
<i>Debt forgiveness</i>	-	8,738	8,738	-	-	-	-	-
<i>Other capital transfers</i>	1,556	2,185	9,626	18,998	21,750	25,279	83,473	7,649
Deposit-taking corporations and other sectors	2,873	10,057	5,551	1,891	3,612	3,526	2,607	1,126
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	2,873	10,057	5,551	1,891	3,612	3,526	2,607	1,126
Capital Account Debits	922	-	594	404	673	-	3	-
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	922	-	594	404	673	-	3	-
General government	264	-	35	45	332	-	-	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	264	-	35	45	332	-	-	-
Deposit-taking corporations and other sectors	658	-	558	358	341	-	3	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	658	-	558	358	341	-	3	-



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