



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Annual Report
2019 – 20



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P. O. Box 149

Nukuálofa

Tonga

Website: www.tonga.stats.gov.to

Email: dept@stats.gov.to



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Preface

This bulletin presents the Tonga Balance of Payments Statistics for the year 2019 – 20.

This report contains an introductory note which explains the Balance of Payments statements and the sources of data. It is then followed by Technical Notes on the scope and methodology of the statistics and a short analysis and graphs of selected items together with referenced tables.

I wish to thank all organizations both in Government and in the Private sector, which have supplied basic data, and in particular, the Overseas Exchange Transactions Divisions of the Commercial banks and the National Reserve Bank of Tonga. Special mention must be made of the hard work and devotion of the staff members of Balance of Payments Division in the compilation of this report.

The Department would welcome any comments and suggestions to improve the contents, coverage and the quality of the statistics published in this report.



Sione Lolohea
.....
Sione Lolohea
Assistant Government Statistician.

Statistics Department
P.O. BOX 149
Nuku'alofa
TONGA

Telephone No.: (676) 23-300
(676) 23-913

Fax No. : (676) 24-303

E-mail dept@stats.gov.to

Website www.tongastats.gov.to

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Symbols and Abbreviations used

The following symbols and abbreviations are used throughout the bulletin.

-	Nil
...	Not available
r	Revised
T\$	Tongan Pa'anga
000	Thousand
f.o.b	Free on Board in the exporting country
n.i.e.	Not Identified Elsewhere
TBOP	Tonga Balance of Payment
OET	Overseas Exchange Transaction

PART 1: Introductory and Technical Notes

I Introduction

Confidentiality of Information

The Tonga Balance of Payment (TBOP) report is published in a form that prevents any particular item from being identifiable as relating to any particular organization or person. Based on these considerations, the release of some information in detailed form is restricted to the standard form shown in the tables.

II Technical Notes

Balance of Payments statements in this publication record economic transactions between Tonga and the rest of the world (or in other words, transactions of residents of Tonga with non-residents). They show the value of goods, services, income, transfers and changes in Tonga's claims on the liabilities with foreigners.

TBOP is based on principles set out in the "Balance of Payments Manual 6" published by the Monetary Fund.

Sources of information

The statistics presented here are from many sources. The major ones are:

- Statistics on International Merchandise Trade compiled by the Statistics Department from custom entries completed for all goods exported and imported across the Tonga frontier.
- The Monthly Overseas Exchange Transaction records, prepared by all commercial banks in Tonga and the National Reserve Bank of Tonga. These records show all transactions made with the overseas countries through the banking system.
- The monthly returns of Tonga Government agencies located overseas.

Geographic Area

The geographic areas covered by TBOP include all island groups of Tongatapu, Vava'u, Ha'apai, 'Eua and the Niuas.

Accounting System

A double entry is used to prepare the TBOP, that every transaction result in a pair of equal credit and debit entries. Any entries, which are not automatically paired, such as grants and gifts, are deliberately furnished with special offsetting entries. The sum of all credit entries in the statement is thus in principle numerically equal to the sum of all the debit entries, with any inequality that may rise being attributable to net statistical errors and omissions.

Residence

The concept of residence used in TBOP includes the general government, all individuals, private non-profit bodies serving as public and private individual enterprises, and mobile equipment located or operating within the territory of Tonga.

The general Government of Tonga includes Tongan Embassies, Consulates and other entities of general government located abroad. Embassies and consulate representatives of foreign governments located in Tonga are not considered as Tongan residents.

The concept of residence adopted for individuals includes all persons who may be expected to consume goods and services, participate in the production of goods and services or engage in economic activities in Tonga.

The resident individuals in Tonga are considered to comprise all persons living within the territory of Tonga for at least one year. Thus tourists, crew members of vessels or aircrafts engaged in international trade, commercial travelers and employees of non-resident enterprise (except students and diplomats) who come to Tonga for less than one year and vice versa are non-residents. Employees of foreign governments and international bodies, such as diplomatic and consulate representatives and other foreign government personnel are treated as non-residents. Tongan citizens who are employed by foreign embassies and reside in Tonga are regarded as Tongan residents employed by foreigners. Tongan resident enterprises are actual or notional units engaged in:

- i. Production of goods and services in Tonga.
- ii. Transactions in land located within the territory of Tonga.
- iii. Transactions in leases, rights, concessions, patents, copyrights, and similar non-financial intangible assets issued by the Tongan Government.

Valuation

Balance of Payments accounts are valued at market prices, a valuation system common to that used by the National Accounting Convention.

Market price is defined as the amount of money that a willing buyer pays to acquire something from a willing seller in a commercial transaction.

One important category of transaction worth mentioning is the one-sided transactions. In such transactions, one party provides nothing on which an economic value is placed in return for a real or financial asset received from the other party. An example is the provision of capital equipment received by the Government of Tonga or the private sector, from a donor country under bilateral aid programmes (e.g. New Zealand, Australia etc.). The value of such equipment appears in the TBOP as an import and the value of freight under transportation. The value placed on this type of transaction is the cost to the donor country of the goods provided or services involved. In the example the value entered in the TBOP would be the cost of acquiring the commodity and placing it on board a ship and the freight cost of that said commodity by the donor country.

The counter entry to this type of transaction appears in the item transfers the same value as the original transaction.

Taxes, duties, subsidies, rebates, discounts, and the like are a form of the incidental cost that maybe included in a transaction and taken into account in establishing its market value. Alternatively, they may be regarded as a separate transaction. The IMF recommended that the incidental costs of the kind mentioned above be included in the original transaction in order to maintain a uniform system of valuation and TBOP follows this recommendation.

Time of recording

To achieve simultaneous recording of the two entries for a given transaction in the double-entry system of balance of payments, rules must be adopted governing the time at which a transaction is deemed to have taken place. It should be noted that, in practice, the two entries representing a transaction are often derived independently from separate sources of data, for which the principle of timing used could be different. The time of legal change of ownership of the various assets provided under a contract is generally considered to be the most relevant.

Unit Account

Data on the values of transactions in real resources and financial instruments from which TBOP is compiled are expressed in a variety of currencies. In order to compile TBOP statements, these data must be converted to a common currency or unit of account.

Since Balance of payments statements need to be comparable with the other economic statistics of the nation, this indicates using the national currency as the unit of account. Thus Tonga uses the Tongan pa'anga (dollar) as the unit of account.

Measure of Balance

As previously noted, balances shown by selected combinations of balance of payments accounts are of considerable interest to analysts and government officials.

A term widely used in analyzing balance of payments statements is the term 'balance'. A balance is calculated by adding the credit entries, for selected components and subtraction of the debit entries, for the same components. For example, the balance of services is the sum of all credit entries, minus all debit entries, for those components in the statement, which represent transaction in services.

A balance, which shows a net credit, is termed a 'surplus' and one showing a net debit is termed a 'deficit'.

In the analytical presentation, components are arranged in a column. Components that comprise an analytic category are grouped together. Thus, it is possible to obtain a balance by drawing a horizontal line after the last component of an analytical category and summing all the components above the line, hence the expressions 'above the line' and 'below the line'.

There are two major balances in the Tonga analytical presentation. The first is the balance of current account. The current account items (above the line) include the components of goods, services, income and current transfers while the components of capital transfers and financial claims and liabilities comprise the Capital and Financial account (below the line). The balance on current account measures the net flow of real resources between Tonga and the rest of the world (above the line) with the flow of financial instruments between Tonga and the rest of the world being below the line. The items below the line include components of movements in capital transfers, reserve assets and official borrowing.

Statistical discrepancies or errors and omissions

Compiling TBOP presents some difficult problems and errors and omissions normally occur in two major areas, namely (i) coverage and (ii) valuation.

(i) **Coverage:** Despite attempts to gather data on all items, some international transactions are not reported. One category of transaction that probably is often substantially under-reported is purchases and sales of short-term financial claims. It is widely believed that unreported movements of short-term capital contribute a great deal to total errors and omissions. In addition, there has been no attempt to collect complete data on certain other transactions, which are estimated by balance of payments statisticians. The sample observations, on which estimates are based, are sometimes of doubtful reliability, and even the best sampling and estimating techniques will not prevent errors of estimation.

(ii) **Valuation:** Although imports documents may state a precise value for a particular commodity, a different amount may eventually be paid to the exporter. These types of discrepancy can arise for a number of reasons, ranging from default by the importer to incorrect valuation of the merchandise on the import documents.

Because of problems of coverage and valuation, total recorded debits do not equal total recorded credits in the actual balance of payments accounts in any year.

To accommodate such discrepancies, a residual account, statistical discrepancy, is created. An excess of credits in all other accounts is offset by an equivalent debit to this account, or an excess of debits in other accounts is offset by an equivalent credit to this account.

The statistical discrepancy account thus serves at least two purposes; it gives the balance of payments analyst an indication of the net error in the balance of payments data, and further it provides a means of satisfying the requirement of double entry book keeping that the total debits must equal total credits.

III Components of the analytic presentation of the Tonga Balance of Payments (TBOP)

Exports/Imports

Details of the composition of Tonga's trade (derived from customs data) can be found in the reports of International Merchandise Trade Statistics. However, some goods are believed to pass the Tongan frontier without customs entry and the TBOP makes adjustments to cover unrecorded imports or exports.

Foreign Trade statistics values imports c.i.f. (cost, insurance and freight) while in balance of payments statistics imports are valued at f.o.b. (free on board) in their country of export. For balance of payments purposes, an estimate is made of the cost of insurance and the freight components of imports, (c.i.f.) to place these data on an f.o.b. basis. This adjustment comprises most of the negative entry in the debit column. The counterparts to the adjustment are made under transportation and insurance services.

Services

Items included under services comprise all transactions on transport, insurance, travel, communication, financial, computers and information, royalties and license fees, other business services, personal and government services not included elsewhere. The largest component is travel, mainly comprising "tourist" expenditure in Tonga.

Transport

Transport includes freight and other distribution services in connection with merchandise. In addition various services are included under the heading "transport", including services performed by carriers, principally for the carriage of passengers, which are not classified under the heading "travel", together with goods and services acquired by carriers and consumed in their operations.

Travel

Travel covers primarily spending by travelers (tourist and business visitors) during visits of less than one year in that economy. The goods and services are purchased by, or on behalf of, the traveler or provided, without a quid pro quo, for international carriage of travelers, which is covered in passenger services under transport.

Other Services

Other Services includes all transactions in services not included elsewhere.

The main categories are divided into Private and Government Transactions which are then further divided as below:

Private Transactions includes;

- Communication services
- Construction services
- Insurance services
- Financial services
- Computer and information services
- Royalties and license fees
- Other business services including merchant and trade related services, operational leasing and miscellaneous business, professional and technical services.
- Personal, cultural and recreational services

Government Transactions such as;

- Expenses of embassies and consulates, military units and Agencies abroad, and other official entities located abroad; and other services provided to or obtained by government. Included here are transactions of the type included in the private transactions listed above, but where one of the parties to the transaction is a government.

Embassies and Consulates:

Transactions consist of wages and salary payments, representing labour income of local staffs and personal expenditures by diplomatic and consular staffs and their dependents in Tonga. Other expenditures by diplomatic and consular staffs for goods and services such as office supplies, furnishings, fuel, utilities, and rent or purchases or sales of embassy and other buildings, official cars, (including operation and maintenance) and official entertainment.

Military Units and Agencies abroad:

These are treated in the same way as embassies and consulates.

Other official entities located abroad:

These entries cover offices of general government, which are not integrated with the embassy organization.

Other services provided to or obtained by government:

Included here are transactions of the type included in the private transactions listed above, but where one of the parties to the transaction is a government.

Income

Income covers income of non-residents from the financial assets invested in Tonga (debit) and income of Tongan residents from their financial assets invested abroad (credit). Sub-components of income are:

Compensation of employees, Investment Income: including direct investment, portfolio investment and other investment income.

The OET data only record cash remittances. Reinvested profits of direct investment enterprises in Tonga are therefore currently excluded from the income component, although they should be included as a debit entry.

Current transfers

These are transfers undertaken without a quid pro quo (for instance, a donation, a remittance by an emigrant worker, or a country's contribution to an international organization).

Private current transfers include remittances, contributions and other current transfers.

Government current transfers include the counter entry from various foreign countries to Tonga government pension payments.

Balance on current account

The balance on current account is calculated as the difference between the sum of all debits and the sum of all credits representing merchandise trade, services, income and current transfers.

The Capital and Financial Account

The capital and financial account is divided into two main categories: the capital account and the financial account.

The capital account covers all transactions that involve the receipt or payment of capital transfers and acquisition/disposal of non-produced, non-financial capital. The financial account covers all transactions associated with changes of ownership in the foreign financial assets and liabilities of an economy. Such changes include the creation and liquidation of claims on, or by, the rest of the world.

The financial account excluding reserves covers direct investment, portfolio investment, and other investment, which make up a long term and short-term investment.

The main data source for the Capital and Financial account is the Overseas Exchange Transactions (OET) record of all the commercial banks of Tonga and the National Reserve Bank of Tonga (NRBT), supplemented by data provided by Ministry of Finance.

Reserves

This reserve covers assets that are available for use by the central authorities either to finance payment imbalances directly or to manage the size of such imbalances by intervening to influence the exchange rate for the national currency.

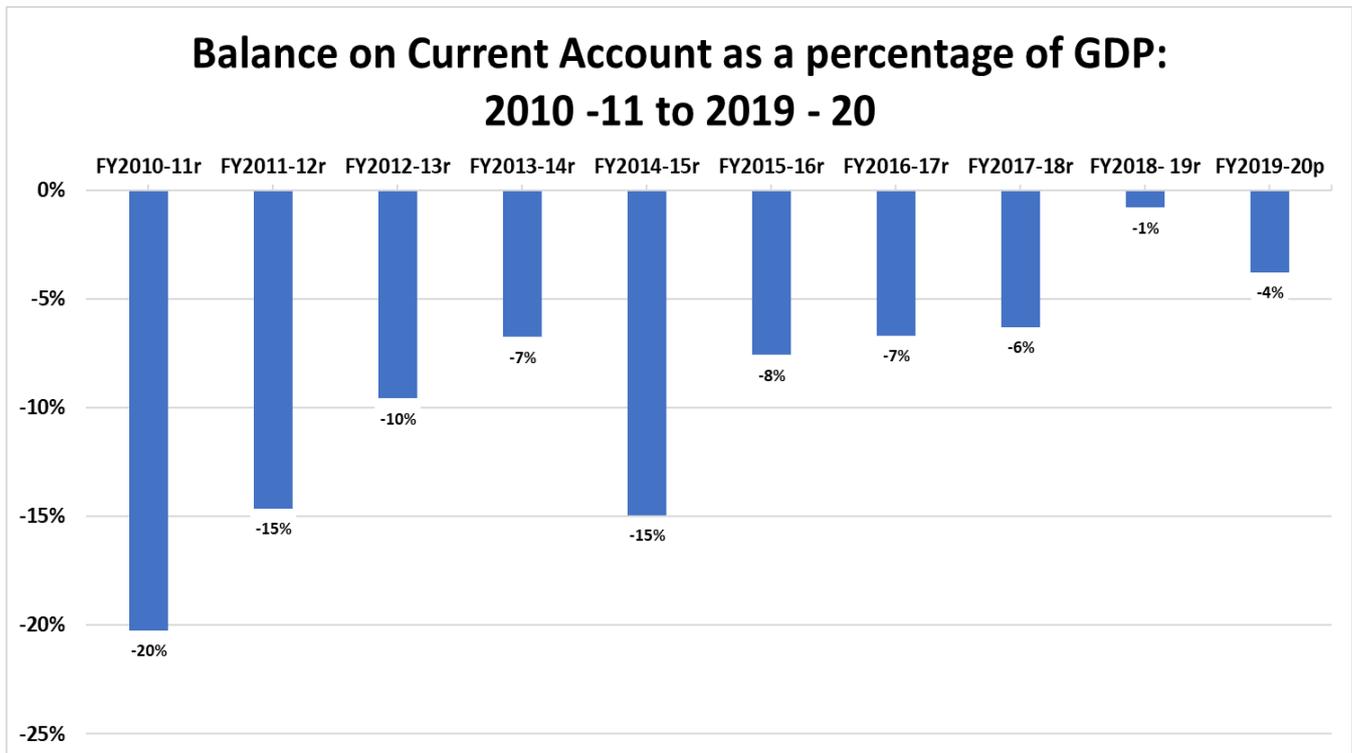
Prior to the formation of the NRBT the Bank of Tonga held foreign exchange assets, as agent of the Government of Tonga. Thus, these overseas exchange assets are included in reserves.

Other foreign assets held by the authorities are also classified under the reserve category. Prior to the creation of the NRBT, these assets included securities held by the Treasury and other Government bodies, which are readily negotiable claims on foreigners. Since July 1989, the NRBT holds most of the Kingdom's external reserves.

PART 11 – Analysis and Graphs

All Values in this release are in Tongan Pa’anga (TOP).

Figure 1. Current Account as a Percentage of GDP



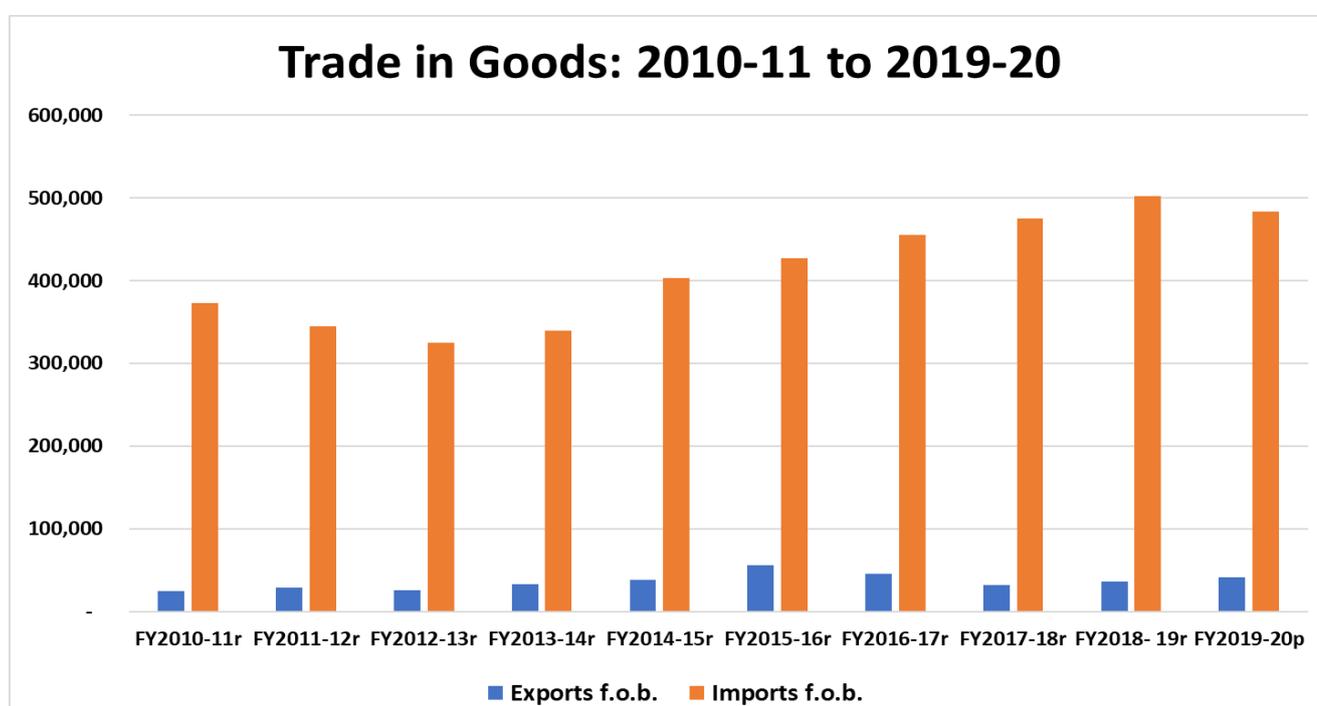
The Current Account records the balances for goods and services plus investment income and transfer between Tonga and the rest of the world. If the Current Account does not balance it is either a Current Account Deficit – where credits are less than debits, or is in a Surplus – where credits are greater than debits.

In regard to the above graph, it is shown that the Current Account records a deficit in which was increased from \$9.5 million deficit in 2018-19 to \$44 million deficit in 2019-20 Fiscal year by \$34.5 million. The highly increased in the Current Account Deficit was mainly due to a massive escalation in the value of Importing Services rather than Exporting of Services. It is shown in Table 2: Balance of Payments Summary, that the Import of Services (Service Debit) are estimated to be \$219.9 million in 2019-20 year while the Export of Services (Service Credit) are estimated to be \$172.7 million of which leads to a vast deficit of \$47.2 million. However, at the same time, Secondary Income was also become the main component that contributes to a giant increased in Current Account Deficit in 2019-20. While Import of

Services increased the income received from the General Government under Secondary Income Inflows has been highly declined when compared to 2018 – 19 Fiscal Year.

From the above graph, it shows that the Current Account Deficit was at its highest in 2010 – 11 and then it lessens in the following 3 consecutive years before it escalates again in year 2014 – 15. However, again the Current Account Deficit has started to decline from year 2014 – 15 up-to year 2018 – 19 until it started to escalate in its current Fiscal Year 2019 – 20. For year 2018 - 19, the Current Account Deficit represents a -0.8% of GDP as the lowest in deficit ever recorded of which was increased to -3% in year 2019 – 20.

Figure 2. External Trade in Goods

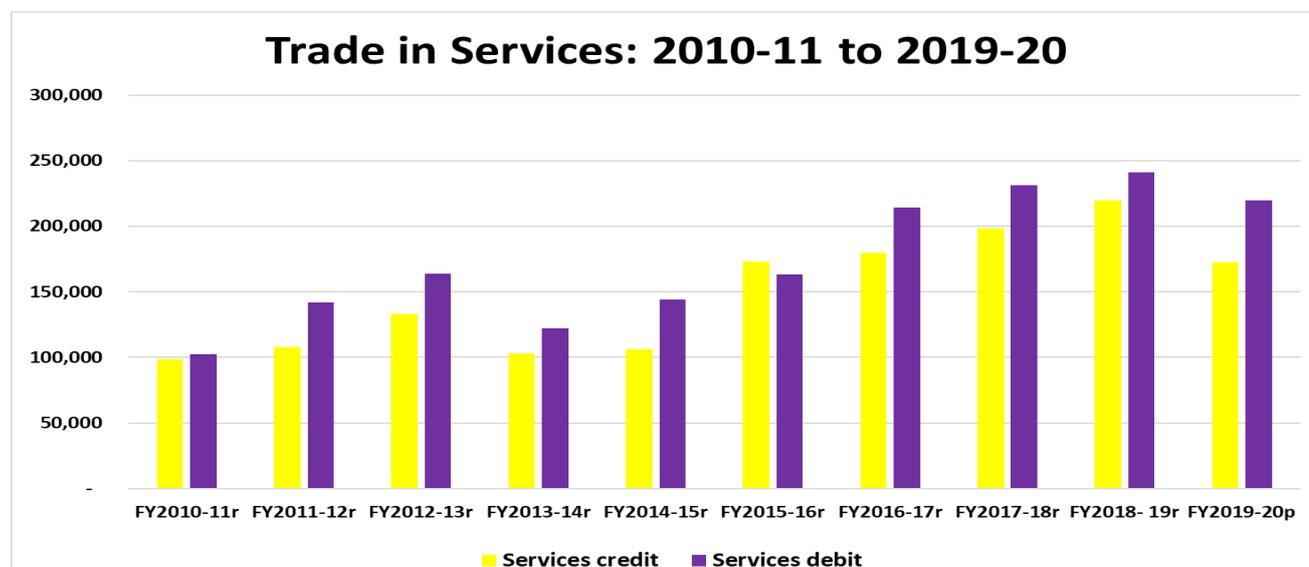


Trade in goods is basically referred to all the goods that are produced locally here in Tonga and exported it to overseas market. In respect to the impact of Covid-19 as there were some delayed in shipment occurred which leads the Exports of goods here in Tonga to be relatively increased by \$5.8 million (16.2%) from \$35.7 million in 2018 – 19 to \$41.5 million in 2019 – 20. This relatively increased was highly contributed from exporting of Other Domestic Exports and followed by a comparatively increased in the exported of Fish of which was highly contributed from Other fresh fish or chilled. The major exports commodities are as follows: Fish was \$11.1 million, Other Domestic Exports was \$6.7 million, Root Crops was \$5.8 million, Kava was \$5.4 million and the Squash Pumpkins was \$5.3m.

On the other hands, Imports of Goods are basically referred to all the goods that we consumed here in Tonga but it was all brought from the international market or overseas. The imports of good shows a minor declined by \$19.5 million (3.9%) to \$483.4 million in 2019 – 20. This slight declined were mainly contributed from giant drops in imported of Electric motors and generators and followed by huge drop in imported of Vehicles in either new or used. The major imports by Sections of HS includes are as followed: Mineral Products was \$109.2 million, Machinery & mechanical & electrical appliances & parts thereof were \$85.4 million, Vehicles, aircraft & associated transport equipment was \$81.3 million, prepared foodstuffs, beverages, spirits & tobacco were \$66.7 million and the Live animals: animal products were \$52.6 million.

Overall, the net Trade in Goods was a deficit of \$441.9 million in fiscal year 2019 – 20. This represents a reduction in deficit of the Net Trade in Goods by \$25.3 million (5.4%) from \$467.2 million in 2018 – 19.

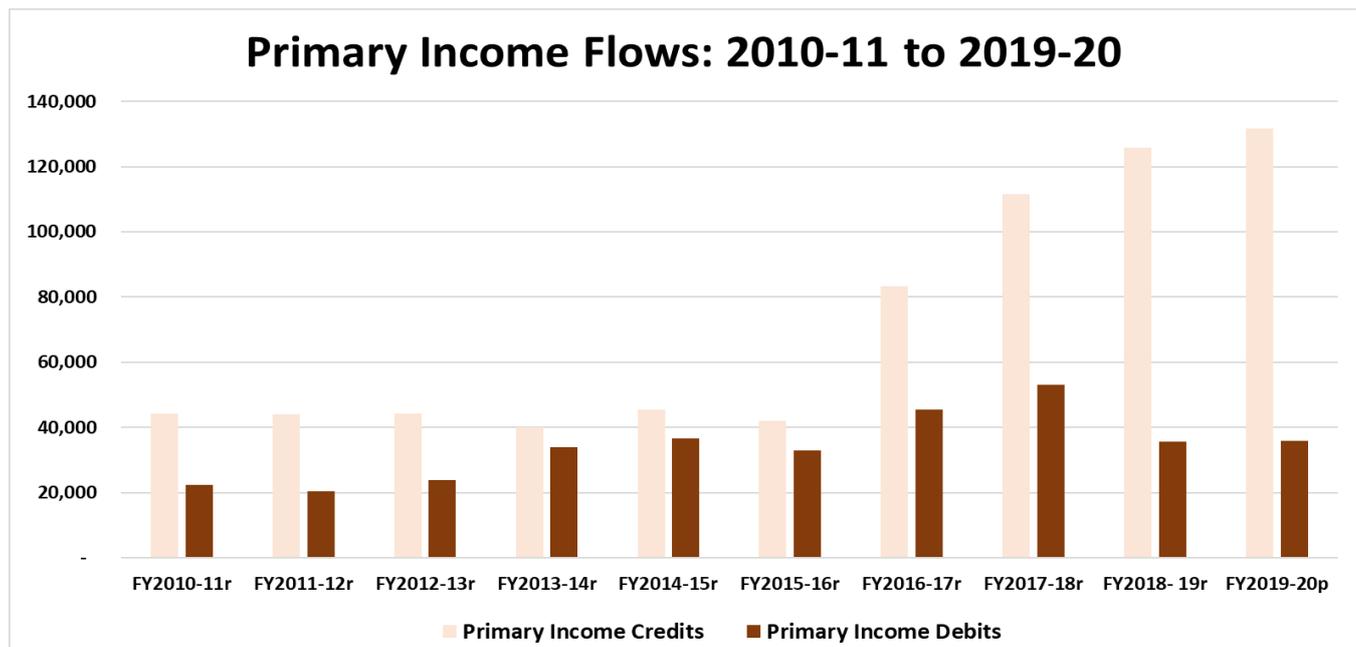
Figure 3. External Trade in Services



Services credits inflows decreased by \$47.2 million (21.5%) to \$172.7 million in 2019 – 20. The declined in service receipts was mainly contributed by Travel Receipts of which was deteriorated by \$37.1 million (28.7%) to \$92.1 million of which \$87.6 million fall was came from Personal Reasons and the rest was came from Business Reasons. The declined in Travel Receipts was all due respect to the Lockdown of the border in terms of the epidemic that spreads around the world. Since the restriction for being closing our border are still strong, all receipts from services are not always high as it used to be.

However, Service debit also shows a relatively drop by \$21.1 million (8.8%) to 219.9 million in 2019 – 20. The small decline in services payments were mostly driven from a decrease in Travel payments by \$16.2 million and followed by Transport Payments by \$3.6 million. Overall, the net trade in services recorded a deficit of \$47.2 million, a \$26.2 million increase in deficit when comparing to the Net trade in services of the previous fiscal year 2018 – 19.

Figure 4. Primary Income Flows



Primary income represents the return that accrues to resident institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to non-resident institutional units. In regard to the above graph, Primary income inflow has slightly increased by \$5.7 million (4.5%) from \$125.9 million to \$131.6 million in fiscal year 2019 – 20. This increase was highly contributed from the Compensation of Employees by \$5.8 million (5.1%). It is confirmed that this increase from Compensation of Employees was all driven from Other wages and salaries from Seasonal Worker Programs.

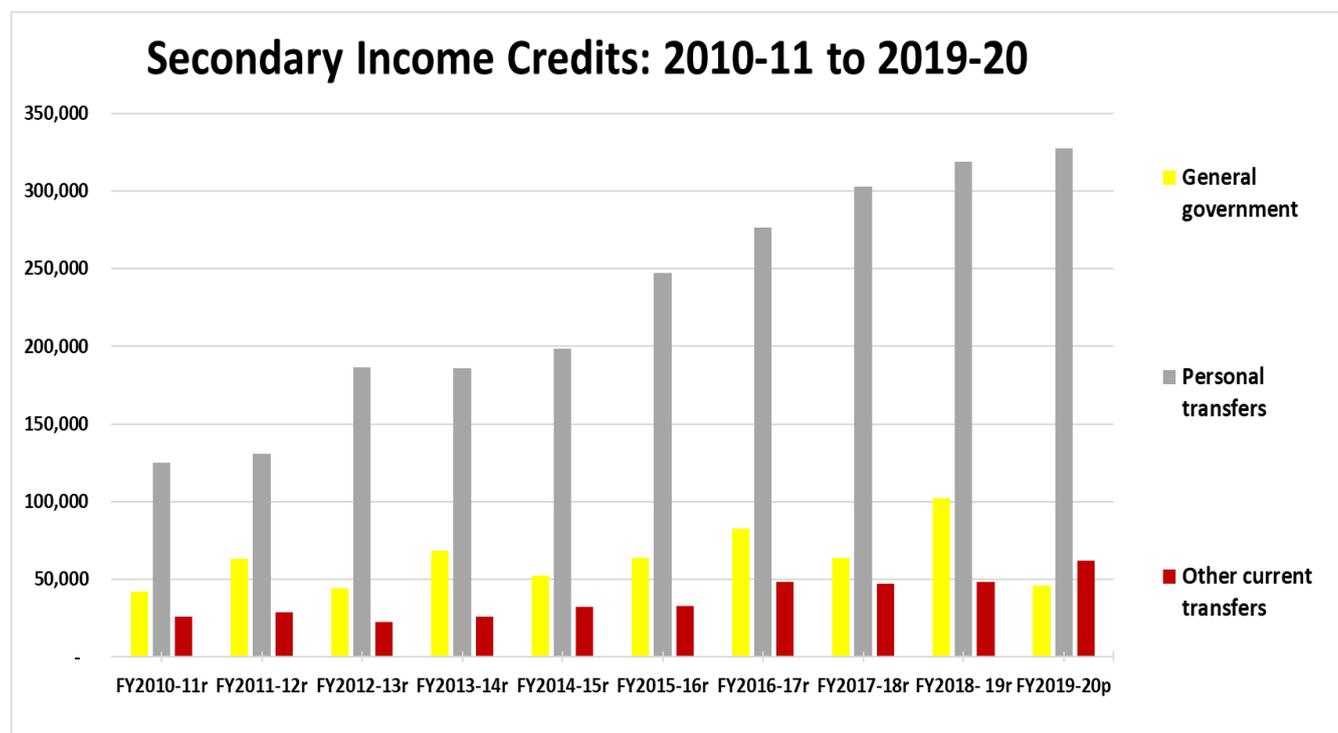
The seasonal worker program has been going on for a decade now and we also be able to get better coverage data from both the Recognized Seasonal Employers Scheme (RSE) in New Zealand and the Seasonal Worker Program (SWP) in Australia. But since the border are still lockdown, there is a declined

in the number of Seasonal Workers in this fiscal year 2019 – 20. However, the improvement in data sources has still enable us to capture the income received from this component as in the above graph.

Nonetheless, Primary Income Outflow shows a minor increased by \$0.2 million (0.56%) to \$35.8 million in 2019 – 20. This insignificant increased was mostly contributed from Investment Income by \$28.1 million of which was \$21.6 from Direct Investment and \$6.5 million from Other Investment.

Overall, the net primary income increased by \$5.5 million from \$90.3 million to \$95.8 million in 2019 – 20.

Figure 5. Secondary Income Credits



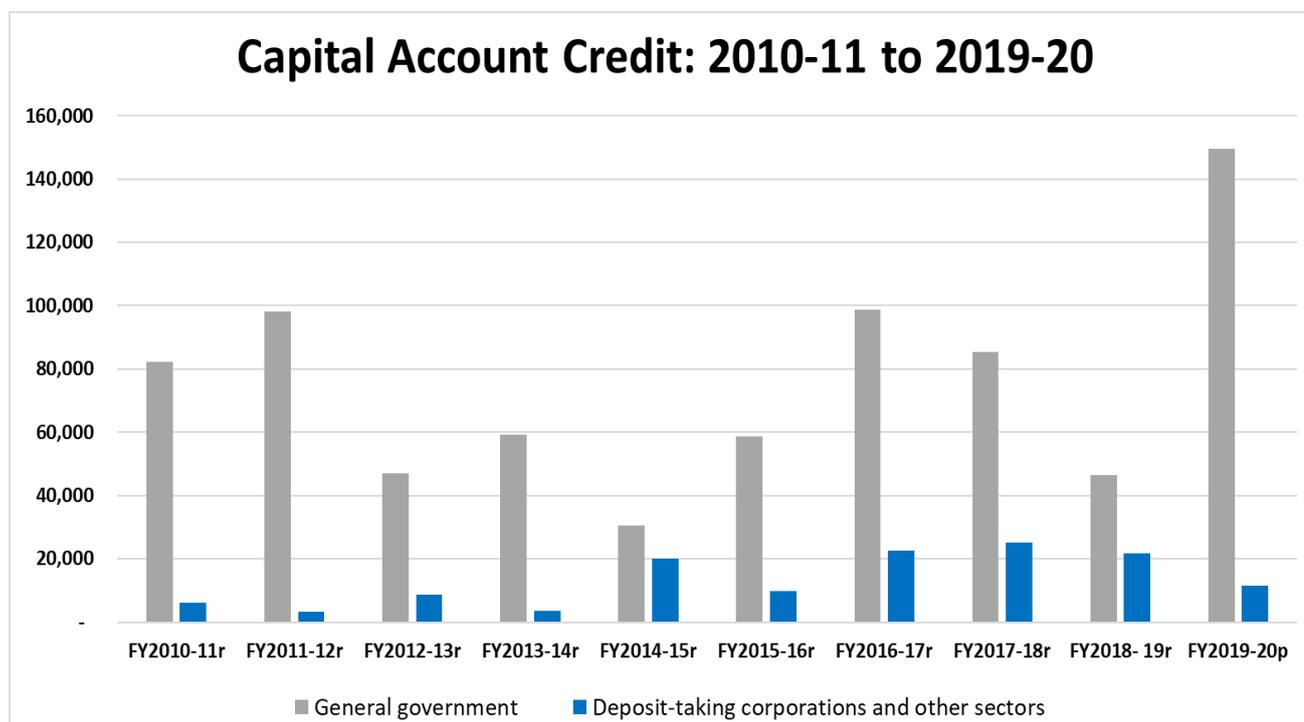
In the secondary income account, it included all transactions related to those current transfers between residents and non-residents that directly affect the level of gross national disposable income and thus influence the economy’s ability to consume goods and services. Within the secondary income account, it comprises two components which are General Government and Other Sectors which either from Personal Transfers or from Other Current Transfers.

In due respect to the above graph, the balance of secondary income recorded a declined in the income received by \$39.1 million (10.1%) from \$388.4 million to \$349.3 million in 2019 – 20. This minor

decreased has mainly based on a slightly fall by 7.1% in the secondary income inflows while there was an increase by 7.2% in the secondary income outflows.

A slightly fall in the secondary income inflows was highly contributed by a declined in the income received from General Government by 55.1% while at the same time, Other Sector shows a minor increase by \$22.8 million of which 2.7% came from Personal Transfers mainly from family support and 29.3% came from Other Current Transfers such as transfers to Churches or Non-profit Organizations.

Figure 6. Capital Account Credits

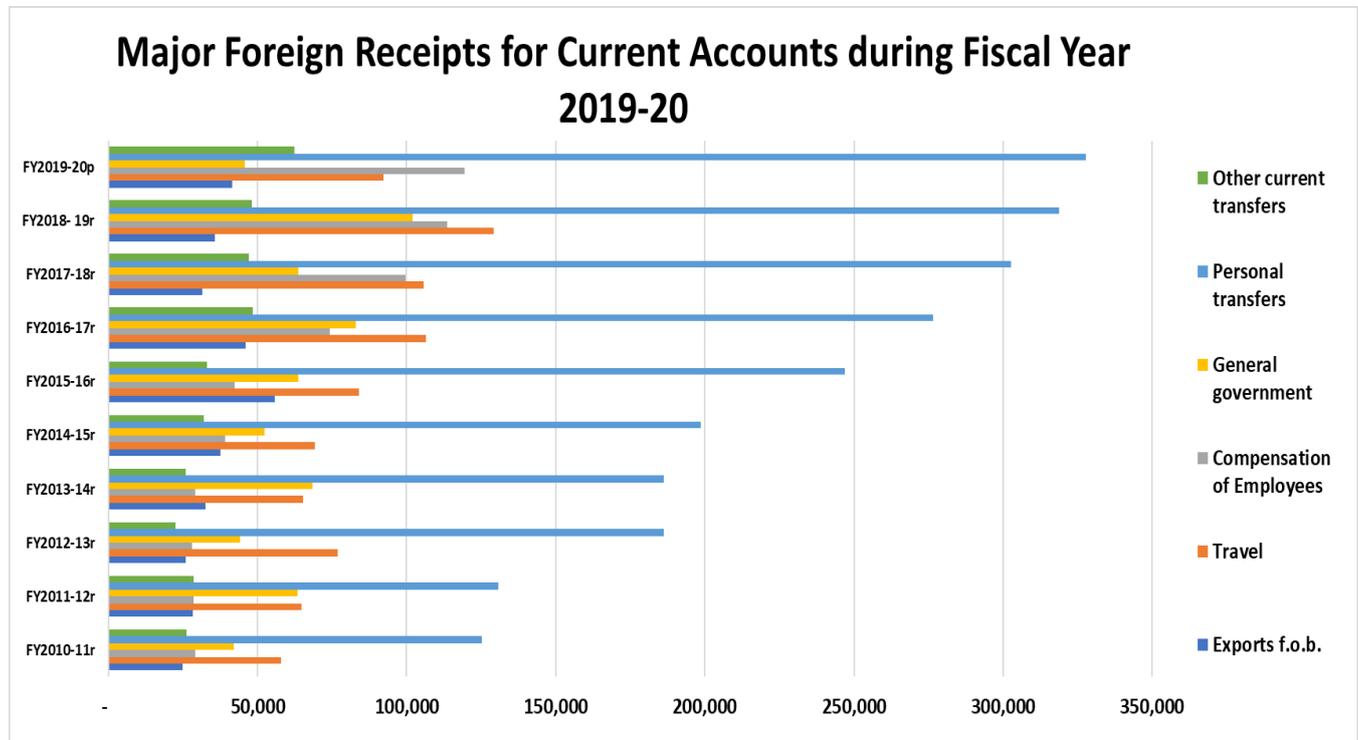


The capital account measures transfer in assets and liabilities and somehow the Capital account can also involve the purchase of securities and liabilities.

The capital account inflow indicates a massive growth of \$92.9 million in 2019 – 20 when compared to the previous fiscal year. This massive growth was mainly contributed by a giant increased by \$129.4 million in Other Capital transfers under General Government which came from Capital Transfers. This massive increase was all due when the work started on rebuilding every house that was damaged by the Gita Cyclone. In addition to that massive growth, we somehow received many aids or/ grants from foreign country to assist our country in recovery from damaged that also caused by Haroti Cyclone.

By looking at the trend observed in Deposit-taking corporations and other sectors under Capital account inflow it shows a declined by \$10.3 million (47%) from \$21.9 million to \$11.6 million in 2019 – 20.

Figure 7. Major Receipts for Current Accounts



In regard to the above graph (*Figure 7: Major Receipts for Current Accounts*) it indicated all the components that has a contribution to the Current Accounts of our Country. As shown by the graph, Personal Transfers was the most component who highly contributed to the improvement of our Current Account with \$327.6 million in 2019 – 20, followed by the receipts from the Compensation of Employees with \$119.5 million, Travel Receipts with \$92.1 million, Other Current Transfer with \$62.3 million, General Government with \$45.8 million and last but not the least is Exports (F.O.B) with \$41.5 million.

1. BALANCE OF PAYMENT SUMMARY

Table 1: Balance of Payments Ratio

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Exports f.o.b/current account credits (percent)	6.9%	7.0%	5.7%	7.1%	8.0%	9.1%	6.4%	4.2%	4.2%	5.3%
Imports f.o.b / current account debits (percent)	72.4%	66.3%	61.2%	66.7%	67.3%	62.4%	58.1%	57.8%	58.5%	58.6%
Goods and services credits / GDP (percent)	16.2%	17.1%	20.4%	17.0%	17.0%	24.5%	22.2%	21.4%	22.0%	18.4%
Current account balance / GDP (percent)	-20.2%	-14.7%	-9.6%	-6.8%	-15.0%	-7.6%	-6.7%	-6.3%	-0.8%	-3.8%
Reserve at end of period / imports of goods and services (percent)	42.9%	50.6%	53.8%	59.4%	52.9%	60.1%	60.9%	66.3%	65.1%	77.3%

Table 2: Balance of Payments Summary, TOP ('000)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Current Account										
Balance on Goods and Services	(351,689)	(350,229)	(329,959)	(326,693)	(403,605)	(361,769)	(444,248)	(477,234)	(488,291)	(489,081)
Balance on Trade in Goods	(347,751)	(316,298)	(299,005)	(307,520)	(365,951)	(371,504)	(409,464)	(444,132)	(467,244)	(441,913)
Exports f.o.b.	24,824	28,388	25,917	32,421	37,684	55,809	45,972	31,382	35,678	41,458
Imports f.o.b.	372,575	344,686	324,922	339,941	403,635	427,313	455,436	475,515	502,922	483,371
Balance on Trade in Services	(3,938)	(33,931)	(30,954)	(19,173)	(37,654)	9,736	(34,784)	(33,102)	(21,046)	(47,168)
Services credit	98,492	107,810	133,121	102,864	106,334	172,879	179,512	198,274	219,930	172,697
Services debit	102,430	141,741	164,075	122,037	143,988	163,143	214,296	231,375	240,976	219,865
Balance on Primary Income	22,013	23,490	20,460	6,252	8,945	9,284	37,701	58,453	90,328	95,787
Primary income credit	44,240	43,906	44,201	40,057	45,571	42,130	83,233	111,624	125,947	131,622
Primary income debit	22,227	20,416	23,740	33,805	36,625	32,847	45,531	53,171	35,619	35,835
Balance on Goods, Services and Income	(329,676)	(326,739)	(309,499)	(320,441)	(394,660)	(352,485)	(406,546)	(418,781)	(397,963)	(393,294)
Balance on Secondary Income	175,895	209,854	234,655	266,554	267,689	281,671	338,488	351,105	388,413	349,329
Secondary income credit	193,209	222,912	252,889	280,670	282,977	343,635	407,752	413,364	469,017	435,767
Secondary income debit	17,314	13,058	18,234	14,116	15,289	61,964	69,264	62,260	80,603	86,438
Balance on Current Account	(153,781)	(116,884)	(74,844)	(53,887)	(126,971)	(70,814)	(68,058)	(67,676)	(9,549)	(43,965)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Capital Account										
Capital account credit	88,306	101,455	55,704	62,772	50,420	68,523	121,367	110,676	68,188	161,136
Capital account debit	363	2,532	2,681	1,928	3,697	144	1,620	2,987	2,296	1,079
Balance on Capital Account	87,943	98,923	53,023	60,843	46,723	68,379	119,747	107,689	65,892	160,057
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	(65,838)	(17,961)	(21,821)	6,956	(80,248)	(2,435)	51,689	40,013	56,343	116,092
Financial Account										
Financial Assets (net acquisitions)	38,000	41,340	16,092	11,617	16,912	67,128	54,209	18,665	38,747	57,756
Direct investment	-	-	5,859	1,503	3,500	(266)	1,264	(9,107)	3,292	1,413
Portfolio investment	-	-	-	-	-	-	3	-	11,300	11,208
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-	-
Other investment	690	(420)	(5,397)	4,514	1,412	(6,131)	(2,892)	(19,698)	(1,558)	(4,544)
Of which:										
Deposits/Deposit-taking corporations (Banks)	690	(2,733)	(4,816)	5,612	1,412	11,788	12,835	(6,324)	6,719	(2,120)
Deposits/Other non-financial corporations	-	2,313	(581)	(1,098)	-	(25,097)	(11,403)	(13,670)	(7,388)	(1,026)
Reserve assets	37,310	41,760	15,630	5,600	12,000	73,525	55,834	47,470	25,713	49,679
Financial Liabilities (net disposals)	45,083	56,216	(2,784)	22,098	3,187	61,120	(9,546)	54,417	(9,581)	(35)
Direct investment	13,867	(1,363)	10,834	13,982	20,503	23,297	(8,957)	43,510	3,903	9,773
Portfolio investment	-	-	-	-	-	(3)	0	(1,337)	265	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-	-	-
Other investment	31,215	57,579	(13,619)	8,116	(17,317)	37,825	(589)	12,243	(13,749)	(9,808)
Deposits	(15,555)	6,542	(2,849)	11,830	(2,630)	21,650	(15,065)	(2,651)	(2,088)	7,209
Loans	46,770	51,006	(10,769)	(3,721)	(14,732)	10,602	14,303	14,880	(11,648)	(17,011)
of which,										
Loans/General Government	65,520	53,499	(4,550)	(1,511)	(7,486)	9,860	11,700	9,340	(14,134)	(6,214)
Other liabilities						5,574	172	14	(13)	(6)
Net Lending (+)/Borrowing (-) from Financial Account	(7,082)	(14,876)	18,876	(10,481)	13,725	6,008	63,755	(35,752)	48,328	57,791
Net errors and omissions	58,755	3,085	40,697	(17,438)	93,973	8,444	12,066	(75,765)	(8,015)	(58,301)
<i>NE&O as percent of goods trade</i>	<i>14.8%</i>	<i>0.8%</i>	<i>11.6%</i>	<i>-4.7%</i>	<i>21.0%</i>	<i>1.7%</i>	<i>2.4%</i>	<i>-14.9%</i>	<i>-1.5%</i>	<i>-11.1%</i>
Level of Official Reserves at end year	203,800	246,100	263,300	274,400	289,700	354,900	407,900	468,700	484,300	543,800

2. GOODS AND SERVICES ACCOUNT

Table 3: Goods Account, TOP ('000)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14- 15r	FY 15- 16r	FY 16-17r	FY 17- 18r	FY 18-19r	FY 19-20p
Balance on Trade in Goods	(347,751)	(316,298)	(299,005)	(307,520)	(365,951)	(371,504)	(409,464)	(444,132)	(467,244)	(441,913)
Exports FOB	24,824	28,388	25,917	32,421	37,684	55,809	45,972	31,382	35,678	41,458
General merchandise	24,824	28,388	25,917	32,421	37,684	55,809	45,972	31,382	35,678	41,458
Net exports under merchandising	-	-	-	-	-	-	-	-	-	-
Goods acquired under merchandising (negative exports)	-	-	-	-	-	-	-	-	-	-
Goods sold under merchandising	-	-	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-	-	-
Imports FOB	372,575	344,686	324,922	339,941	403,635	427,313	455,436	475,515	502,922	483,371
General merchandise	372,575	344,686	324,922	339,941	403,635	427,313	455,436	475,515	502,922	483,371
Nonmonetary gold	-	-	-	-	-	-	-	-	-	-
of which:										
Classification adjustment (c.i.f./f.o.b.)	(19,058)	(20,725)	(20,740)	(21,698)	(25,764)	(49,916)	(53,091)	(55,396)	(58,410)	(58,485)
Coverage adjustments	73,973	20,000	-	-	-	-	-	-	-	-
Valuation adjustments	32	-	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-	-	-

Table 4: Services Account, TOP ('000)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14- 15r	FY 15- 16r	FY 16-17r	FY 17- 18r	FY 18-19r	FY 19-20p
Balance on Trade in Services	(3,938)	(33,931)	(30,954)	(19,173)	(37,654)	9,736	(34,784)	(33,102)	(21,046)	(47,168)
Services Credit	98,492	107,810	133,121	102,864	106,334	172,879	179,512	198,274	219,930	172,697
Manufacturing services on physical inputs owned by others	-	-	-	-	138	9	-	-	-	-
Maintenance and repair services n.i.e.	-	-	-	191	1,524	1,319	591	59	88	90
Transport	14,236	16,332	22,357	19,279	21,685	27,000	33,335	37,981	40,667	37,511
Sea transport	6,162	7,082	11,110	6,341	10,533	12,209	15,607	15,417	21,463	18,808
Air transport	8,054	9,243	11,173	12,938	11,152	14,578	15,765	13,745	14,194	11,478
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
<i>Passenger</i>	2,007	3,116	4,465	4,190	3,301	3,037	649	304	397	1,504
<i>Freight</i>	-	-	-	-	2,248	1,833	4,615	3,717	7,897	6,701
<i>Other</i>	12,229	13,216	17,892	15,089	16,136	21,917	26,109	25,141	27,363	22,081
Postal and courier services	20	7	74	-	-	213	1,963	8,818	5,010	7,225
Travel	57,978	64,839	76,933	65,182	69,302	113,580	106,510	105,675	129,217	92,131
Business	5,855	8,091	6,062	4,808	4,921	10,671	9,103	8,619	9,551	4,568
Personal	52,123	56,747	70,870	60,374	64,380	102,909	97,407	97,056	119,666	87,564
<i>Health related</i>	0	0	0	0	0	0	0	0	0	0

<i>Education related</i>	0	0	0	0	0	0	0	0	0	0
<i>Other</i>	52,123	56,747	70,870	60,374	64,380	102,909	97,407	97,056	119,666	87,564
Telecommunication, computer, and information services	2,189	1,086	3,988	2,460	3,766	8,948	17,358	32,202	13,123	11,485
Construction	2,314	4,175	3,476	692	2,542	7,251	4,383	3,221	14,691	11,393
Insurance and pension services	-	-	-	-	-	-	-	-	-	-
Financial services	241	13	1,383	468	328	22	157	-	-	-
Charges for the use of intellectual property	-	-	-	292	2,218	-	-	5	-	-
Other business services	10,048	10,455	18,539	7,481	-	6,142	7,172	10,444	14,959	11,490
Personal, cultural, and recreational services	1,423	1,234	2,054	3,772	208	217	183	159	105	62
Government goods and services n.i.e	10,063	9,677	4,393	3,048	4,625	8,391	9,823	8,528	7,078	8,440
Services Debit	102,430	141,741	164,075	122,037	144,142	163,143	214,296	231,375	240,976	219,865
Manufacturing services on physical inputs owned by residents	-	-	-	-	151	378	1	20	17	2
Maintenance and repair services n.i.e.	-	-	-	182	1,854	3,190	2,025	1,253	4,527	4,331
Transport	45,779	47,304	45,095	39,032	38,064	59,391	62,021	69,935	70,940	67,294
Sea transport	23,116	22,383	24,346	17,921	22,384	46,147	48,446	52,417	54,131	48,014
Air transport	22,633	24,875	20,728	21,049	15,392	12,936	13,331	17,152	16,575	14,515
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
<i>Passenger</i>	21,166	24,127	19,347	16,965	13,920	7,368	7,518	11,511	11,711	2,950
<i>Freight</i>	17,470	18,998	19,011	19,890	23,617	49,468	52,696	54,992	57,975	57,971
<i>Other</i>	7,113	4,525	6,716	2,114	238	2,248	1,563	3,066	1,019	1,609
Postal and courier services	30	74	21	63	289	307	244	366	234	4,765
Travel	21,386	25,333	31,501	37,271	37,392	45,473	75,842	78,470	89,289	73,130
Business	17,473	18,483	15,344	14,371	9,128	12,128	26,210	28,193	33,010	33,186
Personal	3,913	6,850	16,157	22,900	28,265	33,345	49,631	50,277	56,278	39,944
<i>Health related</i>	-	-	-	-	-	-	-	-	-	-
<i>Education related</i>	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	3,913	6,850	16,157	22,900	28,265	33,345	49,631	50,277	56,278	39,944
Telecommunications, computer, and information services	3,382	7,703	2,406	2,764	3,787	7,978	18,667	15,630	11,670	15,991
Construction	1,097	4,788	21,174	12,358	218	908	1,337	544	2,093	196
Insurance and pension services	2,876	2,960	3,005	4,399	3,859	2,127	2,951	3,403	3,009	3,124
Financial services	2,776	6,732	8,540	5,617	573	1,211	134	1	7	0
Charges for the use of intellectual property	-	-	-	258	276	10,843	-	0	-	9
Other business services	8,881	29,407	34,864	13,388	39,892	22,609	36,660	46,293	42,117	39,719
Personal, cultural, and recreational services	4,143	2,618	2,557	883	833	2,384	271	1,397	783	896
Government goods and services n.i.e	12,110	14,477	14,934	5,885	17,242	6,650	14,388	14,430	16,525	14,362

3. PRIMARY AND SECONDARY ACCOUNT

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

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Balance on Primary Income	22,013	23,490	20,460	6,252	8,945	9,284	37,701	58,453	90,328	95,787
Primary Income Credits	44,240	43,906	44,201	40,057	45,571	42,130	83,233	111,624	125,947	131,622
Compensation of Employees	29,078	28,708	27,996	29,176	39,072	32,939	74,273	99,725	113,688	119,479
Investment income	15,162	15,198	15,338	10,362	6,326	8,976	8,742	11,769	11,900	11,827
Direct investment	-	-	1,973	-	1,366	1,182	483	145	298	228
Portfolio investment	-	-	-	-	-	-	-	10	0	0
Other investment	10,653	9,681	7,178	3,283	-	-	2	17	4	1
Reserve assets	4,509	5,516	6,187	7,078	4,960	7,794	8,257	11,598	11,598	11,598
Other primary income	-	-	867	519	172	215	218	130	360	315
Primary Income Debits	22,227	20,416	23,740	33,805	36,625	32,847	45,531	53,171	35,619	35,835
Compensation of Employees	110	95	90	2,591	2,811	4,471	6,149	4,103	6,507	7,778
Investment income	22,117	20,321	23,650	31,214	33,815	28,376	39,383	49,068	29,112	28,057
Direct investment	13,866	11,732	11,799	21,011	24,365	14,690	28,822	35,344	22,691	21,551
Portfolio investment	-	-	-	-	19	371	-	-	13	-
Other investment	8,251	8,590	11,852	10,203	9,431	13,315	10,561	13,725	6,408	6,506
Other primary income	-	-	-	-	-	-	-	-	-	-

Table 6: Secondary Income Account, TOP ('000)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Balance on Secondary Income	175,895	209,854	234,655	266,554	267,689	281,671	338,488	351,105	388,413	349,329
Secondary Income Credits	193,209	222,912	252,889	280,670	282,977	343,635	407,752	413,364	469,017	435,767
General government	41,921	63,499	44,055	68,516	52,380	63,600	82,911	63,602	101,941	45,831
Other sectors	151,288	159,413	208,834	212,153	230,598	280,035	324,841	349,762	367,076	389,936
Personal transfers	125,118	130,791	186,208	186,091	198,545	246,908	276,581	302,769	318,868	327,644
Other current transfers	26,170	28,622	22,626	26,062	32,053	33,127	48,261	46,993	48,208	62,292
Secondary Income Debits	17,314	13,058	18,234	14,116	15,289	61,964	69,264	62,260	80,603	86,438
General government	4,059	3,623	3,649	3,134	1,084	3,689	3,216	5,150	2,936	3,910
Other sectors	13,255	9,435	14,585	10,981	13,959	58,275	66,048	57,110	77,667	82,528
Personal transfers	11,165	7,640	11,721	7,710	11,312	52,202	53,822	41,707	59,107	59,433
Other current transfers	2,090	1,795	2,863	3,271	2,646	6,073	12,226	15,403	18,560	23,095

4. CAPITAL ACCOUNT

Table 6: Secondary Income Account, TOP ('000)

	FY 10-11r	FY 11-12r	FY 12-13r	FY 13-14r	FY 14-15r	FY 15-16r	FY 16-17r	FY 17-18r	FY 18-19r	FY 19-20p
Balance on Capital Account	87,943	98,923	53,023	60,843	46,723	68,379	119,747	107,689	65,892	160,057
Capital Account Credits	88,306	101,455	55,704	62,772	50,420	68,523	121,367	110,676	68,188	161,136
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-	-	-
Capital transfers	88,306	101,455	55,704	62,772	50,420	68,523	121,367	110,676	68,188	161,136
General government	82,293	98,065	46,900	59,300	30,450	58,600	98,700	85,500	46,326	149,500
Debt forgiveness	-	-	-	-	-	-	-	-	26,213	-
Other capital transfers	82,293	98,065	46,900	59,300	30,450	58,600	98,700	85,500	20,114	149,500
Deposit-taking corporations and other sectors	6,013	3,390	8,804	3,472	19,971	9,923	22,667	25,176	21,862	11,636
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	6,013	3,390	8,804	3,472	19,971	9,923	22,667	25,176	21,862	11,636
Capital Account Debits	363	2,532	2,681	1,928	3,697	144	1,620	2,987	2,296	1,079
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-	-	-
Capital transfers	363	2,532	2,681	1,928	3,697	144	1,620	2,987	2,296	1,079
General government	-	534	231	100	16	-	93	68	485	377
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	534	231	100	16	-	93	68	485	377
Deposit-taking corporations and other sectors	363	1,997	2,451	1,828	3,682	144	1,527	2,919	1,812	702
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	363	1,997	2,451	1,828	3,682	144	1,527	2,919	1,812	702

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 19 – Jun 20**).
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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