



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
March 2021



Issued by: Tonga Statistic Department

P. O. Box 149

Nukuálofa

Tonga

Website: <https://tongastats.gov.to>

Email: dept@stats.gov.to



August 2021

Price: \$5.50

SPECIAL NOTES:

1. Tonga's Balance of Payments Statistics are compiled according to the IMF's principles in the 6th Edition of the Balance of Payments Manual.
2. Data may not sum to stated totals due to rounding.
3. All tables' values in this report can be revised 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

Table of Contents

Balance of Payments Quarterly Report – March Quarter 2020.....	1-2
1. Balance of Payments Summary	3-4
2. Goods and Services Accounts.....	5-7
3. Primary and Secondary Income Accounts.....	8-9
4. Capital Accounts.....	10

List of Figures

Figure 1 Quarterly Balances.....	1
Figure 2 Foreign Receipts.....	2
Figure 3 Foreign Payments.....	2

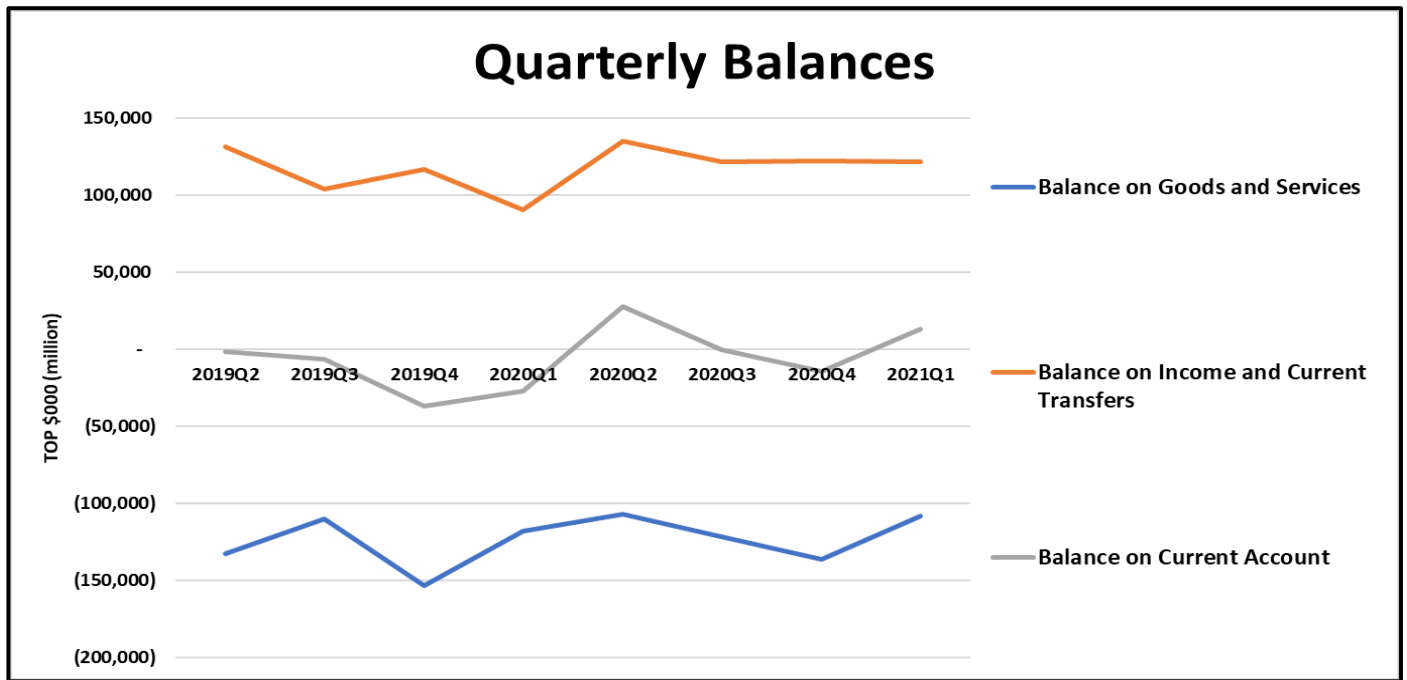


Figure 1: Quarterly Balances

The Balance of Payments is the statement of all transactions made between entities in one country with the rest of the world over a define period of time. Balance of Payment (BOP) in Tonga however, recorded a Current Account Surplus of \$12.7 million in this Quarter of which it has showed an enormous increase from \$14.4 million deficit when it is compared to December Quarter of 2020. This enormous increased was derived from the highly decreased in our Balance of Goods and Services and also an improvement in our Balance on Income and Current Transfers.

In terms of our Trade Balance for Goods, it has recorded a deficit of \$106.6 million in March Quarter of 2021 of which it has indicated a significant decrease from a deficit of \$133.5 million (20.1%) in December Quarter of 2020 while on the other hands it shows a slight increase by 2.5% in deficit from \$104.1 million in March Quarter of 2020. By looking at the trend of our exported goods here in Tonga – Tonga has earned \$7.4 million in this Quarter of which it has decreased by \$5 million (40.3%) when it is compared to December Quarter of 2020. This declined was highly contributed by a highly drop in exporting of our Live Animals: Animal Product such as fish and so forth with 53.7%, followed by our Vegetable Product with 32.4%. However, we had suggested that there will be an improvement in our exported goods for the next following Quarter, since UN’s International Fund for Agricultural Development (IFAD) has provided us some supported projects that encourages local food crop farming in Tonga. In addition, Tonga is also now preparing for the new edition of the Harmonized System (HS 2022) that will be very supportive in classifying traded goods in their most accurate type of goods. According to our current HS, our major exports are mostly from these types of Goods: Vegetable Product (\$4.6m), Live Animal: Animal Product (\$1.9m) and Wood, cork & articles thereof & plaiting material (\$0.2m). Alternatively, our major import of good are highly from the Prepared Foodstuffs, beverages, spirits & tobacco (\$23.7m), followed by Mineral Products (\$21.4m) and also Live Animal: Animal Products (\$16.6m).

In reference to our Service Balance – it has recorded a deficit of \$1.4 million of which it has indicated a highly decreased from \$3.6 million by 61.1% when it is compared to December Quarter of 2020. The export of services was amounted to \$88.4 million in this Quarter as its shows a minor drop by 30.2% from \$67.9 million in December Quarter

of 2020. This declined was mostly derived from declining in our Government Goods and Services n.i.e with 54.8% and also followed by our Telecommunication, Computer, and Information Services with 38.4%. Additionally, our import of services was reported of \$89.8 million in this Quarter as its shows an increased by 25.6% from \$71.5 million in December Quarter of 2020. This increase was contributed by the increasing in our payments for Telecommunication, Computer, and Information Services by 85.2% and also followed by our Travel Payment with 52.1%.

Additionally, Balance on Income and Current Transfers is the sum up of the total for our Primary Income and also our Secondary Income. In due respect for our Primary Income, it recorded a surplus of \$31.2 million of which has indicated an extremely increased by 101.3% from the previous Quarter and this was mostly contributed by the increased in our Investment Income through Direct Investment. Additionally, our Secondary Income – it has recorded a surplus of \$90.1 million in this Quarter of which was decreased by 15.3% from \$106.4 million in December 2020. This was mostly derived from a significant decline in our Personal Transfers throughout our Remittances.

Graphs indicated below are the major foreign receipts and the major foreign payments that contributed to our Current Account in total for this Quarter 2021.

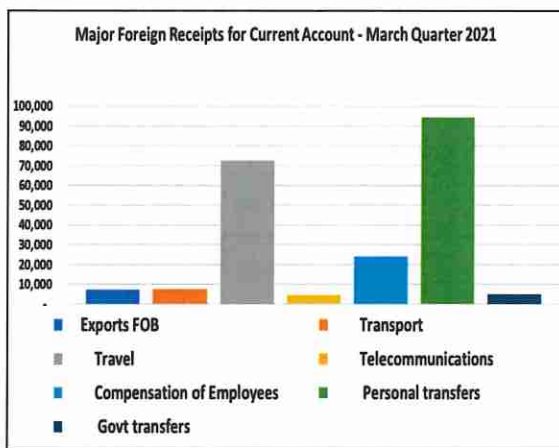


Figure 2: Major Foreign Receipts for Current Account

The above graph shows that Personal Transfer was recorded as the main foreign receipts amounted to \$94.3 million followed by Travel Receipts with \$72.6 million and also Compensation of Employees with \$24.2 million.

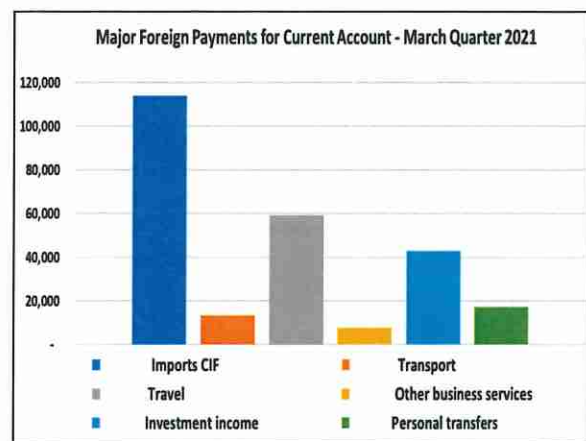


Figure 3: Major Foreign Payments for Current Account

The graph below shows that Imports was reported with the highest value of \$114.1 million whereas followed by Travel Payments with \$59.1 million and Investment Income with \$43 million.

Lastly, our capital account recorded a surplus of \$28 million, net inflow, a slight decreasing from \$29.3 million in December Quarter of 2020 and it's also indicated a slight decreased by 2.8% when comparing to March Quarter of 2020. Yet, again the official reserves have also shown a minor increase of 1.5% from \$675.6 million in December Quarter of 2020 to \$685.7 million in March Quarter of 2021.

Provided are detailed tables of quarterly Balance of Payments statistics for March Quarter of 2021. All values in this release are in Tongan Pa'anga (TOP).

Dr. Viliami Konifelenisi Fifita

Dr. Viliami Konifelenisi Fifita
Government Statistician (GS)



1. Balance of Payments Summary

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Current Account								
Balance on Goods and Services	(132,894)	(110,389)	(153,524)	(118,136)	(106,314)	(122,604)	(137,124)	(108,050)
Balance on Trade in Goods	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)	(109,985)	(133,476)	(106,643)
Exports f.o.b.	11,954	13,254	14,534	9,758	3,912	9,759	12,351	7,418
Imports f.o.b.	141,365	124,191	153,126	113,844	92,211	119,744	145,827	114,062
Balance on Trade in Services	(3,483)	548	(14,932)	(14,050)	(18,016)	(12,618)	(3,648)	(1,407)
Services credit	56,904	60,777	57,285	36,536	18,005	36,471	67,886	88,389
Services debit	60,388	60,229	72,217	50,586	36,021	49,089	71,534	89,796
Balance on Primary Income	24,055	24,657	30,933	25,016	15,589	21,299	15,466	31,186
Primary income credit	37,810	35,819	37,647	35,011	23,553	36,707	51,846	75,314
Primary income debit	13,755	11,162	6,714	9,995	7,964	15,409	36,381	44,128
Balance on Goods, Services and Income	(108,839)	(85,732)	(122,591)	(93,121)	(90,725)	(101,305)	(121,659)	(76,864)
Balance on Secondary Income	107,345	78,825	85,747	65,565	119,193	99,948	106,376	90,134
Secondary income credit	128,571	100,409	109,142	89,482	136,735	120,834	129,175	113,751
Secondary income debit	21,225	21,584	23,395	23,917	17,543	20,886	22,798	23,617
Balance on Current Account	(1,494)	(6,907)	(36,844)	(27,465)	27,658	(343)	(14,432)	12,728
Balance on Income and Current Transfer	131,400	103,482	116,680	90,580	134,781	121,247	121,842	121,320
Capital Account								
Capital account credit	23,915	20,889	25,362	28,806	86,080	29,964	29,580	28,036
Capital account debit	594	404	673	-	3	430	286	29
Balance on Capital Account	23,321	20,485	24,689	28,806	86,078	29,534	29,294	28,007
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	21,828	13,578	(12,155)	1,250	114,545	28,177	14,012	41,277

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Financial Account								
Financial Assets (net acquisitions)	41,008	(3,177)	15,990	(31,384)	76,091	104,142	288,919	292,052
Direct investment	3,060	156	580	600	77	11	(282)	112
Portfolio investment	11,200	8	11,200	-	-	24,000	60,012	96,000
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	6,000	15,000	24,000
Other investment	4,132	(5,392)	2,171	269	(1,592)	33,782	77,862	120,605
Of which:								
Deposits/Deposit-taking corporations (Banks)	4,939	(4,251)	2,097	1,505	(1,471)	5,775	4,615	1,053
Deposits/Other non-financial corporations	(726)	(354)	195	(36)	(831)	(1,841)	(653)	(288)
Reserve assets	22,617	2,052	2,039	(32,253)	77,605	40,349	136,327	51,334
Financial Liabilities (net disposals)	(14,736)	7,508	17,825	(19,217)	(6,151)	65,244	168,131	285,746
Direct investment	(6,052)	3,487	7,326	969	(2,009)	385	2,695	996
Portfolio investment	2	-	-	-	-	24,000	60,000	96,000
Financial derivatives and employee stock options	-	-	-	-	-	6,000	15,000	24,000
Other investment	(8,686)	4,021	10,499	(20,186)	(4,142)	34,859	90,435	164,750
Deposits	(982)	2,269	8,708	(2,913)	(854)	(385)	1,217	(290)
Loans	(7,626)	1,744	1,859	(17,310)	(3,305)	5,193	14,136	45,130
of which, Loans/General Government	(8,318)	733	783	(6,070)	(1,660)	5,347	14,400	45,549
Other liabilities	(78)	8	(68)	37	17	30,050	75,082	119,911
Net Lending (+)/Borrowing (-) from Financial Account	55,744	(10,685)	(1,835)	(12,167)	82,242	38,899	120,788	6,306
Net errors and omissions	33,916	(24,263)	10,319	(13,508)	(31,493)	9,708	105,927	(34,429)
NE&O as percent of goods trade	22.1%	-17.7%	6.2%	-10.9%	-32.8%	7.5%	67.0%	-28.3%
Level of Official Reserves at end year	484,300	490,800	487,400	337,000	543,800	576,500	675,600	685,700

2. Goods and Services Accounts

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Balance on Trade in Goods	(129,411)	(110,937)	(138,592)	(104,086)	(88,298)	(109,985)	(133,476)	(106,643)
Exports FOB	11,954	13,254	14,534	9,758	3,912	9,759	12,351	7,418
General merchandise	11,954	13,254	14,534	9,758	3,912	9,759	12,351	7,418
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	141,365	124,191	153,126	113,844	92,211	119,744	145,827	114,062
General merchandise	141,365	124,191	153,126	113,844	92,211	119,744	145,827	114,062
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(16,432)	(14,497)	(20,144)	(13,247)	(10,597)	(13,878)	(16,898)	(13,366)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Balance on Trade in Services	(3,483)	548	(14,932)	(14,050)	(18,825)	(11,605)	(3,648)	(1,407)
Services Credit	56,904	60,777	57,285	36,536	17,997	37,038	67,886	88,389
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	9	22	49	7	12	50	1	-
Transport	11,055	10,239	10,152	10,212	6,909	7,993	9,405	7,604
<i>Sea transport</i>	5,840	5,357	4,843	5,325	3,283	3,754	3,437	4,149
<i>Air transport</i>	3,197	4,147	4,021	2,874	436	480	593	646
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	167	270	350	882	2	20	19	17
<i>Freight</i>	2,235	2,031	1,516	2,299	855	1,207	949	1,498
<i>Other</i>	6,635	7,203	6,998	5,018	2,862	3,007	3,061	3,280
Postal and courier services	2,019	735	1,288	2,012	3,190	3,759	5,376	2,809
Travel	32,022	40,602	34,947	15,653	930	18,451	45,811	72,591
<i>Business</i>	3,352	1,641	1,284	1,473	170	6,058	15,241	24,025
<i>Personal</i>	28,671	38,961	33,663	14,180	760	12,393	30,570	48,566
Health related	-	-	-	-	-	6,000	15,000	24,000
Education related	-	-	-	-	-	6,000	15,000	24,000
Other	28,671	38,961	33,663	14,180	760	393	570	566
Telecommunications, computer, and information services	3,779	2,715	1,974	2,235	4,561	5,723	7,305	4,497
Construction	5,075	2,857	4,034	2,435	2,067	1,620	319	358
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	3,529	2,357	3,461	3,835	1,837	2,046	1,896	1,948
Personal, cultural, and recreational services	-	8	50	4	-	-	76	-
Government goods and services n.i.e	1,435	1,977	2,619	2,155	1,689	587	3,073	1,391

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Services Debit	60,388	60,229	72,217	50,586	36,823	48,643	71,534	89,796
Manufacturing services on physical inputs owned by residents	-	-	2	-	-	-	-	4
Maintenance and repair services n.i.e.	896	2,079	867	1,136	249	500	186	34
Transport	19,394	16,896	21,431	15,765	13,202	15,435	18,920	13,456
Sea transport	15,157	13,441	12,244	12,031	10,298	12,702	15,359	11,770
Air transport	4,195	2,422	8,848	2,545	700	1,305	1,479	1,620
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	3,025	933	817	1,195	5	154	46	105
Freight	16,283	14,365	19,979	13,120	10,507	13,745	16,745	13,238
Other	44	566	295	262	486	108	47	46
Postal and courier services	42	1,033	339	1,189	2,204	1,427	2,082	66
Travel	21,745	22,541	23,348	18,897	8,344	21,309	38,862	59,144
Business	9,962	9,307	9,758	8,978	5,143	5,563	4,295	5,954
Personal	11,783	13,234	13,590	9,919	3,201	15,746	34,567	53,190
Health related	-	-	-	-	-	6,000	15,000	24,000
Education related	-	-	-	-	-	6,000	15,000	24,000
Other	11,783	13,234	13,590	9,919	3,201	3,746	4,567	5,190
Telecommunications, computer, and information services	3,954	4,353	5,722	1,975	3,941	3,203	2,686	4,969
Construction	12	73	74	-	48	-	14	-
Insurance and pension services	774	507	1,125	1,035	457	700	1,018	810
Financial services	4	0	-	-	-	-	-	-
Charges for the use of intellectual property	-	9	-	-	-	-	31	-
Other business services	8,667	10,306	13,450	7,905	8,058	4,565	5,385	7,586
Personal, cultural, and recreational services	279	216	655	26	-	-	-	2
Government goods and services n.i.e	4,661	3,249	5,542	3,847	1,723	3,376	4,431	3,791

3. Primary and Secondary Income Accounts

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Balance on Primary Income	24,055	24,657	30,933	25,016	15,589	21,299	15,466	31,186
Primary Income Credits	37,810	35,819	37,647	35,011	23,553	36,707	51,846	75,314
Compensation of Employees	34,723	32,883	34,540	31,976	20,488	21,300	18,691	24,176
Investment income	2,954	2,925	2,974	2,966	2,962	14,975	33,055	51,041
<i>Direct investment</i>	53	24	75	67	62	6,075	15,126	24,079
<i>Portfolio investment</i>	0	0	-	-	-	6,000	15,000	24,000
<i>Other investment</i>	1	1	-	-	-	-	30	63
<i>Reserve assets</i>	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Other primary income	133	11	132	69	103	432	100	98
Primary Income Debits	13,755	11,162	6,714	9,995	7,964	15,409	36,381	44,128
Compensation of Employees	2,071	1,874	2,171	1,938	1,794	1,659	1,984	1,088
Investment income	11,684	9,288	4,542	8,057	6,170	13,750	34,397	43,040
<i>Direct investment</i>	11,340	6,314	4,224	5,115	5,897	7,117	18,986	18,399
<i>Portfolio investment</i>	-	-	-	-	-	6,001	15,000	24,000
<i>Other investment</i>	344	2,973	318	2,942	273	632	411	641
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Balance on Secondary Income	107,345	78,825	85,747	65,565	119,193	99,948	106,376	90,134
Secondary Income Credits	128,571	100,409	109,142	89,482	136,735	120,834	129,175	113,751
General government	32,394	2,066	6,201	2,066	35,498	7,802	2,066	5,138
Deposit-taking corporations and other sectors	96,177	98,343	102,941	87,415	101,237	113,032	127,109	108,612
<i>Personal transfers</i>	<i>81,283</i>	<i>87,680</i>	<i>88,099</i>	<i>71,717</i>	<i>80,149</i>	<i>98,780</i>	<i>106,273</i>	<i>94,262</i>
<i>Other current transfers</i>	<i>14,893</i>	<i>10,663</i>	<i>14,842</i>	<i>15,699</i>	<i>21,088</i>	<i>14,252</i>	<i>20,836</i>	<i>14,350</i>
Secondary Income Debits	21,225	21,584	23,395	23,917	17,543	20,886	22,798	23,617
General government	1,773	(34)	905	1,986	1,053	607	662	811
Deposit-taking corporations and other sectors	19,452	21,617	22,489	21,931	16,490	20,280	22,137	22,806
<i>Personal transfers</i>	<i>13,678</i>	<i>15,991</i>	<i>16,623</i>	<i>14,476</i>	<i>12,343</i>	<i>15,592</i>	<i>17,862</i>	<i>17,403</i>
<i>Other current transfers</i>	<i>5,774</i>	<i>5,626</i>	<i>5,867</i>	<i>7,455</i>	<i>4,147</i>	<i>4,688</i>	<i>4,275</i>	<i>5,403</i>

4. Capital Account

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

	Qtr 2 2019r	Qtr 3 2019r	Qtr 4 2019r	Qtr 1 2020r	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021p
Balance on Capital Account	23,321	20,485	24,689	28,806	86,078	29,534	29,294	28,007
Capital Account Credits	23,915	20,889	25,362	28,806	86,080	29,964	29,580	28,036
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	23,915	20,889	25,362	28,806	86,080	29,964	29,580	28,036
General government	18,364	18,998	21,750	25,279	83,473	26,818	24,457	23,745
<i>Debt forgiveness</i>	8,738	-	-	-	-	-	-	-
<i>Other capital transfers</i>	9,626	18,998	21,750	25,279	83,473	26,818	24,457	23,745
Deposit-taking corporations and other sectors	5,551	1,891	3,612	3,526	2,607	3,146	5,123	4,292
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	5,551	1,891	3,612	3,526	2,607	3,146	5,123	4,292
Capital Account Debits	594	404	673	-	3	430	286	29
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	594	404	673	-	3	430	286	29
General government	35	45	332	-	-	-	96	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	35	45	332	-	-	-	96	-
Deposit-taking corporations and other sectors	558	358	341	-	3	430	190	29
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	558	358	341	-	3	430	190	29



Printed by: TONGA STATISTICS DEPARTMENT

Nukuálofa, TONGA - 2021