



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report

March 2022



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SPECIAL NOTES:

1. Tonga's Balance of Payments Statistic 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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BALANCE OF PAYMENTS STATISTICS March Quarter 2022

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. However, Tonga's Balance of Payments (BOP) Statistics shows the value of Tonga's transaction with the rest of the world in goods, services, primary income, secondary income and capital accounts. It also shows changes in Tonga's financial claims on assets and liabilities to the rest of the world.

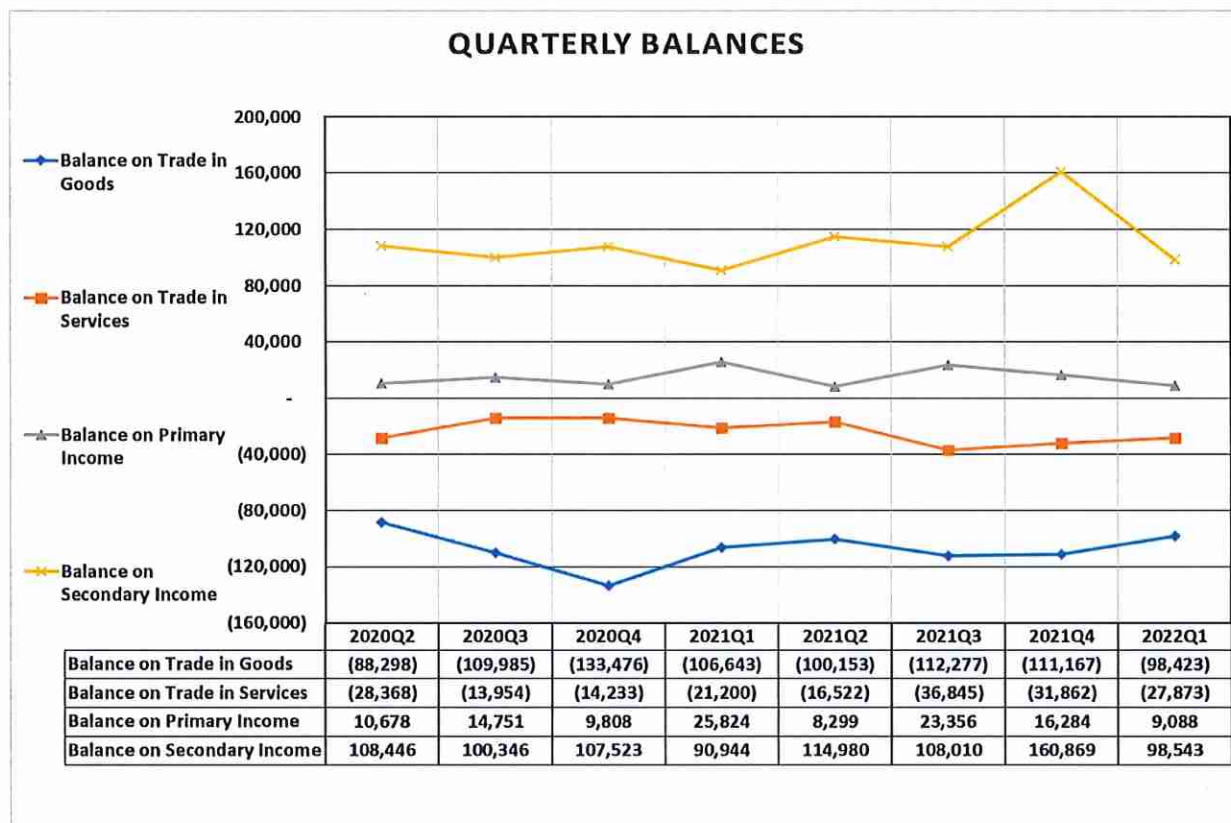


Figure 1: Quarterly Balances

In terms of our Trade Balance of Goods, it has recorded a deficit of \$98.4 million in this Quarter of which it has indicated a trivial declined from a deficit of \$111.2 million in December Quarter of 2021 and also a 7.7% decreased in deficit when it is comparing to March Quarter of 2021. Consequently, by looking at the trend of our exported goods here in Tonga – Tonga earns \$5.4 million in this Quarter of which it has shown a huge decline by \$8.4 million when it is compared to the previous Quarter. The massive deterioration was all due to the Hunga Tonga-Hunga Ha'apai erupted violently impacts and also Tonga responded to COVID-19 at that time as a result of border closure impacts. So far, in our current Harmonized System, it shows that our major exports are mostly derived from the Vegetable products with 4.1 million, followed by the Live Animals: Animal Products with \$0.7 million and also the Wood, cork & articles thereof & plaiting material with \$0.2 million. While on the other hands, our major imports are mainly from Mineral products with \$20.8 million and also followed by Prepared foodstuff, beverages, spirits & tobacco with \$18.3 million and the Live Animals: Animal Product with \$17.8 million.

With reference to our Trade Balance of Services, it has recorded a deficit of \$27.8 million of which it has indicated a minor decreased from \$31.8 million deficit by 12.5 % when it is compared to December Quarter of 2021. The export of Services Credit was amounted to \$22 million in this Quarter of which it has shown a huge degenerated by 38.9 % from \$36 million when compared to the previous quarter. This following declined was mostly derived from decreasing the Construction with 91.8 % and also followed by our Business Services with 75.8 and also the travel services with 48.9 decreasing. Alternatively, our import of services was amounted to \$49.8 million in this Quarter of which it has shown a decreasing when comparing to the previous quarter with 67.9. This decline was contributed from decreasing in a Personal, cultural, and recreation services with 65.8 % and also followed by the other Business Services with 65.8 % also the Transport Services with 29.4 %.

On the subject of our Primary Income, it has recorded a surplus of \$9.01 million of which it has indicated a huge declined of 44 % from the previous quarter and this was mostly resulted from a declined in the receipts received from our Direct Investment with 60 % and also the other Investment 53 % following by the Compensation of Employee with 25 %.

However, in relation to our Secondary Income – it has recorded a surplus of \$98.5 million in this Quarter of which was also a massive decreasing by \$62.3 million from \$160 million in December Quarter of 2021. This decline from the current grants received by our General Government with 79.4 % and also followed by the receipts received from our Personal Transfers with 36.7 %.

So, in general, Tongan's Balance of Payments shows in Figure 2 that our Current Account Balance has recorded a deficit of \$18.6 million in this Quarter of which it has shown a huge decreasing from \$34.1 million surplus in December Quarter of 2021. The lower was mainly contributed from the decreasing in the Balance of Secondary Income under General Government and Personal Transfers. Nevertheless, our balance of Capital Account has also recorded a surplus of \$76.9 million, net inflow, increasing from \$28.9 million in December Quarter of 2021.

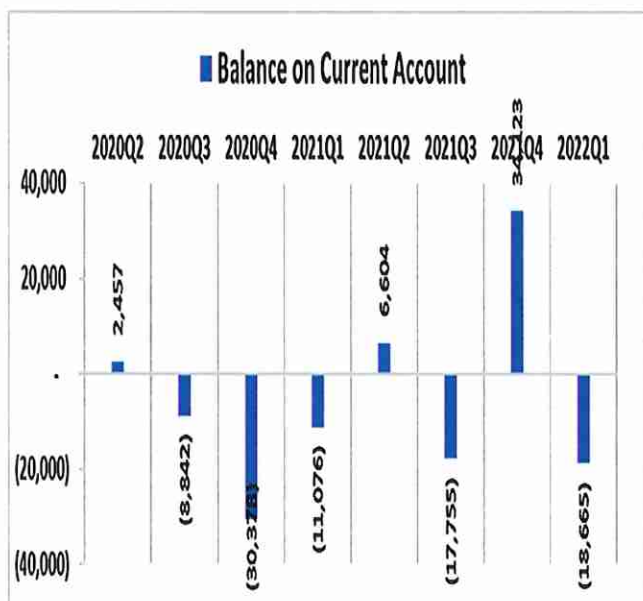


Figure 2: Balances on Current Accounts

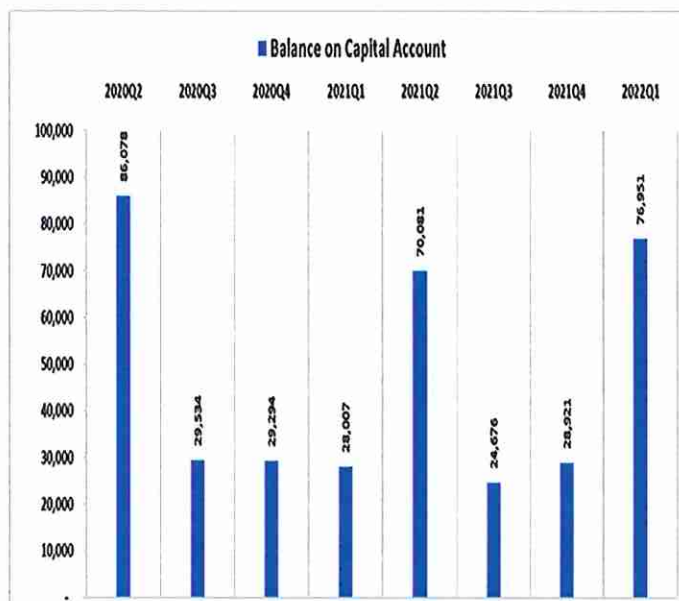


Figure 3: Balances on Capital Account

Finally, again the official reserves have also shown an increase of 5.4 % from \$817 million in December Quarter Of 2021 to \$861.4 million in March Quarter of 2022.

Provided are detailed tables of quarterly Balance of Payments statistics for March Quarter of 2022. All values in this release are in Tongan Pa'anga (TOP). The information used in this report is mostly from administrative sources. However, all source of information should always be acknowledged in all modes of presentation.



Sione Lolohea

Acting Government Statistician (AGS)

1. Balance of Payments Summary

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

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Current Account								
Balance on Goods and Services	(116,666)	(123,939)	(147,709)	(127,844)	(116,675)	(149,122)	(143,029)	(126,296)
Balance on Trade in Goods	(88,298)	(109,985)	(133,476)	(106,643)	(100,153)	(112,277)	(111,167)	(98,423)
Exports f.o.b.	3,912	9,759	12,351	7,418	7,360	7,497	13,969	5,469
Imports f.o.b.	92,211	119,744	145,827	114,062	107,513	119,775	125,136	103,892
Balance on Trade in Services	(28,368)	(13,954)	(14,233)	(21,200)	(16,522)	(36,845)	(31,862)	(27,873)
Services credit	17,075	23,633	27,552	20,544	25,232	20,395	36,039	22,016
Services debit	45,443	37,587	41,785	41,744	41,753	57,239	67,901	49,889
Balance on Primary Income	10,678	14,751	9,808	25,824	8,299	23,356	16,284	9,088
Primary income credit	18,642	20,273	16,189	22,615	28,306	30,106	22,506	17,253
Primary income debit	7,964	5,522	6,381	(3,209)	20,007	6,750	6,222	8,165
Balance on Goods, Services and Income	(105,988)	(109,188)	(137,901)	(102,020)	(108,376)	(125,766)	(126,746)	(117,209)
Balance on Secondary Income	108,446	100,346	107,523	90,944	114,980	108,010	160,869	98,543
Secondary income credit	125,439	120,382	129,023	113,536	134,953	131,286	179,917	111,568
Secondary income debit	16,993	20,036	21,500	22,592	19,973	23,276	19,049	13,024
Balance on Current Account	2,457	(8,842)	(30,378)	(11,076)	6,604	(17,755)	34,123	(18,665)
Balance on Income and Current Transfer	119,124	115,097	117,331	116,768	123,279	131,367	177,152	107,631
Capital Account								
Capital account credit	86,080	29,964	29,580	28,036	70,081	24,801	29,030	77,219
Capital account debit	3	430	286	29	-	125	109	268
Balance on Capital Account	86,078	29,534	29,294	28,007	70,081	24,676	28,921	76,951
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	88,535	20,692	(1,084)	16,931	76,685	6,921	63,044	58,286

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Financial Account								
Financial Assets (net acquisitions)	76,091	32,142	108,907	4,052	37,246	35,086	65,072	62,777
Direct investment	77	11	(282)	112	23	(1,979)	1,106	473
Portfolio investment	-	-	-	-	9,035	300	300	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	(1,592)	3,782	2,862	605	(1,032)	(4,457)	(6,193)	3,252
Of which:								
Deposits/Deposit-taking corporations (Banks)	(1,471)	5,775	4,615	1,053	2,554	(3,948)	(2,175)	5,573
Deposits/Other non-financial corporations	(831)	(1,841)	(653)	(288)	(2,333)	(514)	(1,984)	(2,015)
Reserve assets	77,605	28,349	106,327	3,334	29,220	41,222	69,858	59,052
Financial Liabilities (net disposals)	(6,152)	1,356	3,132	21,746	(8,356)	2,210	5,695	27,918
Direct investment	(2,009)	2,498	2,695	996	(5,514)	3,038	3,503	(1,068)
Portfolio investment	-	-	-	-	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	(4,143)	(1,142)	436	20,750	(2,842)	(828)	2,192	28,986
Deposits	(855)	(386)	1,218	(290)	(2,158)	1,714	4,151	(2,761)
Loans	(3,305)	(807)	(864)	21,130	(636)	(2,520)	(1,999)	(7,751)
of which, Loans/General Government	(1,660)	(653)	(600)	21,549	(800)	(1,380)	(1,450)	(7,460)
Other liabilities	17	50	82	(89)	(48)	(22)	40	39,499
Net Lending (+)/Borrowing (-) from Financial Account	82,243	30,787	105,775	(17,694)	45,602	32,876	59,376	34,859
Net errors and omissions	(6,292)	10,095	106,859	(34,625)	(31,084)	25,954	(3,667)	(23,427)
NE&O as percent of goods trade	-6.5%	7.8%	67.6%	-28.5%	-27.1%	20.4%	-2.6%	-21.4%
Level of Official Reserves at end year	543,800	576,500	675,600	685,700	715,200	757,000	817,500	861,400

2. Goods and Services Accounts

Table 2: Goods Account, TOP ('000)

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Balance on Trade in Goods	(88,298)	(109,985)	(133,476)	(106,643)	(100,153)	(112,277)	(111,167)	(98,423)
Exports FOB	3,912	9,759	12,351	7,418	7,360	7,497	13,969	5,469
General merchandise	3,912	9,759	12,351	7,418	7,360	7,497	13,969	5,469
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-
Imports FOB	92,211	119,744	145,827	114,062	107,513	119,775	125,136	103,892
General merchandise	92,211	119,744	145,827	114,062	107,513	119,775	125,136	103,892
Nonmonetary gold	-	-	-	-	-	-	-	-
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(10,597)	(13,878)	(16,898)	(13,366)	(12,289)	(13,938)	(14,672)	(12,020)
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

Table 3: Services Account, TOP ('000)

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Balance on Trade in Services	(28,368)	(13,954)	(14,233)	(21,200)	(16,522)	(36,845)	(31,862)	(27,873)
Services Credit	17,075	23,633	27,552	20,544	25,232	20,395	36,039	22,016
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	12	50	1	-	15	2	-	-
Transport	6,909	7,993	9,405	7,604	7,768	5,931	6,059	5,866
<i>Sea transport</i>	3,283	3,754	3,437	4,149	3,939	3,828	4,828	4,485
<i>Air transport</i>	436	480	593	646	904	827	845	847
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	2	20	19	17	24	13	53	27
<i>Freight</i>	855	1,207	949	1,498	1,341	1,943	1,978	2,266
<i>Other</i>	2,862	3,007	3,061	3,280	3,478	2,698	3,643	3,039
Postal and courier services	3,190	3,759	5,376	2,809	2,925	1,277	385	533
Travel	-	5,613	5,477	4,746	4,890	4,972	7,325	3,738
<i>Business</i>	-	425	361	-	163	401	1,266	306
<i>Personal</i>	-	5,188	5,116	4,746	4,726	4,571	6,059	3,432
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	-	5,188	5,116	4,746	4,726	4,571	6,059	3,432
Telecommunications, computer, and information services	4,561	5,723	7,305	4,497	7,279	5,312	17,128	6,264
Construction	2,067	1,620	319	358	670	336	631	51
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	1,837	2,046	1,896	1,948	2,913	2,844	3,544	5,048
Personal, cultural, and recreational services	-	-	76	-	5	-	-	2
Government goods and services n.i.e	1,689	587	3,073	1,391	1,692	998	1,352	1,047

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Services Debit	45,443	37,587	41,785	41,744	41,753	57,239	67,901	49,889
Manufacturing services on physical inputs owned by residents	-	-	-	4	21	4	3	2
Maintenance and repair services n.i.e.	249	500	186	34	56	148	116	2,721
Transport	22,367	15,435	18,920	13,456	12,415	27,638	30,023	21,185
Sea transport	10,298	12,702	15,359	11,770	11,624	21,497	26,447	19,837
Air transport	9,865	1,305	1,479	1,620	658	1,824	1,988	1,143
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	9,170	154	46	105	65	157	137	50
Freight	10,507	13,745	16,745	13,238	12,169	23,076	28,192	20,926
Other	486	108	47	46	48	88	106	4
Postal and courier services	2,204	1,427	2,082	66	133	4,316	1,588	204
Travel	8,601	9,807	9,112	11,756	13,752	12,369	10,788	11,519
Business	5,143	5,563	4,295	5,954	7,502	7,196	4,818	3,643
Personal	3,458	4,244	4,818	5,802	6,251	5,173	5,971	7,876
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	3,458	4,244	4,818	5,802	6,251	5,173	5,971	7,876
Telecommunications, computer, and information services	3,941	3,203	2,686	4,969	3,973	4,687	6,813	6,012
Construction	48	-	14	-	12	-	0	-
Insurance and pension services	457	700	1,018	810	604	649	862	392
Financial services	-	-	-	-	-	32	21	-
Charges for the use of intellectual property	-	-	31	-	-	-	-	-
Other business services	8,058	4,565	5,385	7,586	6,304	6,281	14,303	4,888
Personal, cultural, and recreational services	-	-	-	2	60	605	390	61
Government goods and services n.i.e	1,723	3,376	4,431	3,128	4,556	4,829	4,581	3,111

3. Primary and Secondary Income Accounts

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

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Balance on Primary Income	10,678	14,751	9,808	25,824	8,299	23,356	16,284	9,088
Primary Income Credits	18,642	20,273	16,189	22,615	28,306	30,106	22,506	17,253
Compensation of Employees	16,968	18,077	14,086	20,293	25,794	28,768	21,066	15,800
Investment income	1,571	1,764	2,003	2,225	2,159	1,330	1,403	1,416
<i>Direct investment</i>	62	75	126	79	70	129	172	68
<i>Portfolio investment</i>	-	-	-	-	-	-	-	-
<i>Other investment</i>	-	-	30	63	5	35	6	3
Reserve assets	1,509	1,689	1,847	2,083	2,084	1,165	1,226	1,346
Other primary income	103	432	100	98	353	9	37	36
Primary Income Debits	7,964	5,522	6,381	(3,209)	20,007	6,750	6,222	8,165
Compensation of Employees	1,794	1,659	1,984	1,752	2,198	1,848	2,214	1,824
Investment income	6,170	3,863	4,397	(4,960)	17,809	4,902	4,008	6,342
<i>Direct investment</i>	5,897	3,230	3,986	(5,601)	17,475	3,509	3,472	277
<i>Portfolio investment</i>	-	1	-	-	-	-	-	-
<i>Other investment</i>	273	632	411	641	334	1,393	537	6,065
Other primary income	-	-	-	-	-	-	-	-

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

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Balance on Secondary Income	108,446	100,346	107,523	90,944	114,980	108,010	160,869	98,543
Secondary Income Credits	125,439	120,382	129,023	113,536	134,953	131,286	179,917	111,568
General government	35,498	7,802	2,066	5,138	8,818	2,066	38,200	7,831
Deposit-taking corporations and other sectors	89,941	112,580	126,957	108,397	126,135	129,220	141,718	103,736
<i>Personal transfers</i>	80,149	98,780	106,273	94,262	108,566	112,807	121,162	76,692
<i>Other current transfers</i>	9,792	13,800	20,684	14,135	17,569	16,414	20,555	27,044
Secondary Income Debits	16,993	20,036	21,500	22,592	19,973	23,276	19,049	13,024
General government	1,053	607	662	811	1,849	180	316	1,139
Deposit-taking corporations and other sectors	15,940	19,430	20,839	21,781	18,124	23,096	18,733	11,886
<i>Personal transfers</i>	12,343	15,592	17,862	17,403	12,513	17,833	15,166	9,111
<i>Other current transfers</i>	3,597	3,838	2,977	4,378	5,611	5,263	3,567	2,775

4. Capital Account

Table 6: Capital Account, TOP ('000)

	Qtr 2 2020r	Qtr 3 2020r	Qtr 4 2020r	Qtr 1 2021r	Qtr 2 2021r	Qtr 3 2021p	Qtr 4 2021p	Qtr 1 2022p
Balance on Capital Account	86,078	29,534	29,294	28,007	70,081	24,676	28,921	76,951
Capital Account Credits	86,080	29,964	29,580	28,036	70,081	24,801	29,030	77,219
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	86,080	29,964	29,580	28,036	70,081	24,801	29,030	77,219
General government	83,473	26,818	24,457	23,745	67,267	21,336	24,591	75,038
Debt forgiveness	-	-	-	-	-	150	-	1,500
Other capital transfers	83,473	26,818	24,457	23,745	67,267	21,186	24,591	73,538
Deposit-taking corporations and other sectors	2,607	3,146	5,123	4,292	2,814	3,465	4,439	2,181
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	2,607	3,146	5,123	4,292	2,814	3,465	4,439	2,181
Capital Account Debits	3	430	286	29	-	125	109	268
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	3	430	286	29	-	125	109	268
General government	-	-	96	-	-	-	-	-
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	-	-	96	-	-	-	-	-
Deposit-taking corporations and other sectors	3	430	190	29	-	125	109	268
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	3	430	190	29	-	125	109	268



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