



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report
September 2023

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June 2024

PREFACE

This quarterly report on the Balance of Payments (BOP) provides an in-depth analysis of the country's economic transactions with the rest of the world for the period of **Quarter 3, 2023**. The BOP is a critical indicator of the economic health of a nation, reflecting all financial flows between residents of our country and the global economy.

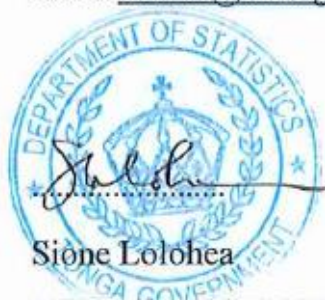
This report is structured to offer a comprehensive overview of the three main components of BOP which is Current Account and Capital Account, and the Financial Account and the good and services, Primary and Secondary Income and Capital Account. Each section delves into the specifics of exports and imports of goods and services, income from investments, financial transfers, and capital flows. By examining these elements, we aim to present a clear picture of the economic activities that influence our external economic position.

Throughout this period, our goal is to highlight key trends, significant shifts, and underlying factors that have impacted the BOP. This includes analyzing changes in trade balances, fluctuations in foreign investments, and movements in foreign exchange reserves. The insights provided here are intended to assist policymakers, economists, and stakeholders in making informed decisions that contribute to the country's economic stability and growth.

The data presented in this report is sourced from the relevant national statistics agency, ensuring accuracy and reliability. We extend our gratitude to the institutions and individuals whose contributions and diligence in data collection and analysis have made this report possible.

We hope this report serves as a valuable resource for understanding the dynamics of our country's international economic engagements and aids in the formulation of strategic economic policies.

Tonga Statistics Department would welcome any comments and suggestion for future improvement of the contents of this report. Please contact the Balance of Payment Division, Statistics Department at this address: P. O. Box 149, Nuku'alofa, Tonga, or telephone (676)23-300, Fax (676) 24303 or email akama@stats.gov.to.



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TONGA GOVERNMENT STATISTICIAN (GS)

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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

- Ministry of Revenue and Customs
- National Reserve Bank of Tonga
- Ministry of Finance
- Tonga Airport Limited
- Tonga Port Authority
- Ministry of Internal Affairs
- Foreign Embassies in Tonga

2. Internal Data Sources

- Migration Statistics Unit
- Trade statistics Unit

BALANCE OF PAYMENTS STATISTICS SEPTEMBER Quarter 2023

The Balance of Payments is the statement of all transactions made between entities in one country with the rest of the world over a defined period. 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.

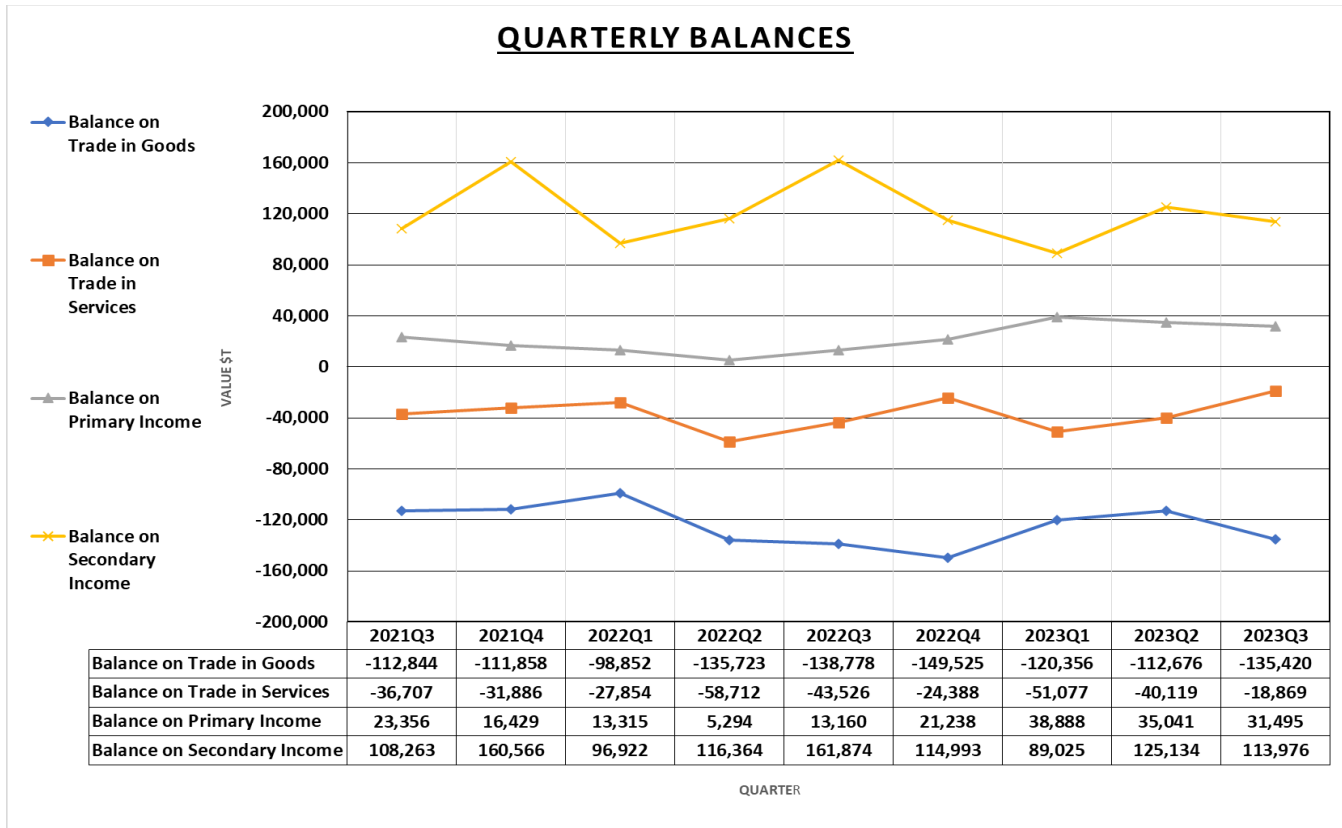


Figure 1: Quarterly Balances

In terms of our Balance on Trade in Goods, it has recorded a deficit of \$135.4 million in this Quarter, which has \$22.7 million deficit higher than the previous quarter. This is mainly due to a significant rise in imports of goods by \$23.9 million from \$119.9million in Quarter 2 to \$143.9 million in this quarter as more family and caterings services such as church conferences occurred. Conversely, when comparing the export of goods between quarter, it shows a slightly increase of \$1.2 million which still less than the proportion of a rise in imports which lead to a decline in the overall balance of Balance of Trade in Goods signifying on the above trends in Figure 1.

On the other hand, Balance on Trade in Services has recorded a deficit of \$18.9 million, of which an increasing from \$40.1 million deficit when compared to June quarter of 2023 as illustrated on the trend on the above graph. This improvement was causing by a rise in export of services by \$11.9

million from \$55.1.9 million in previous quarter to \$66.9 million. This growth, was mostly driven by a substantial increase in total Travel Receipts services by \$11 million from \$29.9 million from previous Quarter to \$40.8 million as more families and tourists from overseas attending church conferences, school anniversary celebrations and the Uike Heilala festivals during this duration followed by also a rise in total Transport services by \$2.6 million since both sea and air transport receipts recently increases.

Alternatively, the import of services equated to \$85.8 million in this Quarter, which is decreased by \$9.3 million when comparing to the previous quarter. This decline was contributed by a decrease in our payment for both Business and Personal Travel Services which led to a reduction in the total Travel import services from \$33.3 million to \$29.4 million. Additionally, the total Transport payment decline by \$4.6 million from previous quarter followed by \$1.8 million reduction in Telecommunications, computer and information import services.

In terms of Balance on Primary income, it recorded a surplus of \$31.4 million in this quarter, which is a decrease from the previous quarter's surplus of \$34.8 million. This was attributed to a significant decline in compensation of employee's receipts by \$14.3 million when do compared to previous Quarter as there are no seasonal workers arrived in New Zealand for the month of July and August 2023 according to the Ministry of Internal Affairs which reduce the receipts from seasonal workers abroad along with the slightly decrease in wages and salaries received by local staff of foreign embassies which decline the Primary Income receipts from \$51.9 million in Quarter 2 to only \$37.9 million in this Quarter that tend to decrease the total Balance on Primary Income as demonstrated on the trends from the graph in Figure 1.

However, in relation to Balance on Secondary Income – it has recorded a surplus of \$114.0 million in this Quarter of which was decrease by \$11.2 million from \$125.1 million in June Quarter of 2023. This decrease was contributed by a huge reduction in General Government receipts by \$7.8 million and the Other current transfers by \$ 2.8 million when compared with the previous quarter.

In general, Tongan’s Balance of Payments shows in Figure 2 the Current Account Balance has recorded a deficit of \$8.9 million in this Quarter of which it has shown a decrease from \$7.1 million surplus in June Quarter of 2023. The ultimate reduction was mainly contributed from the continuously the rise in Balance of Goods and Services deficit from \$152.8 million to \$154.3 million deficit, a decline by \$3.4 million in the total Balance on Primary Income and an unfavorable reduction in the total Balance on Secondary Income by \$11.2 million. Nevertheless, the balance on Capital Account has also recorded a surplus of \$4.7 million which a significant decline from \$69.3 million in previous Quarter caused by a huge fall in Capital Transfers receipts through Government by \$59.2 million when do compared to Quarter June 2023.

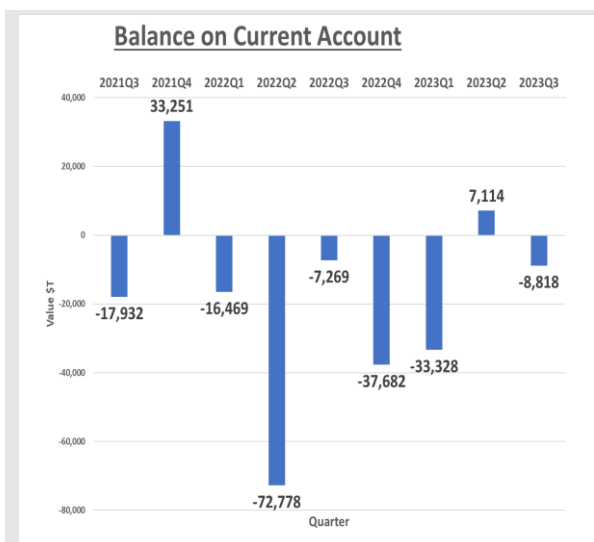


Figure 2: Balance on Current Accounts

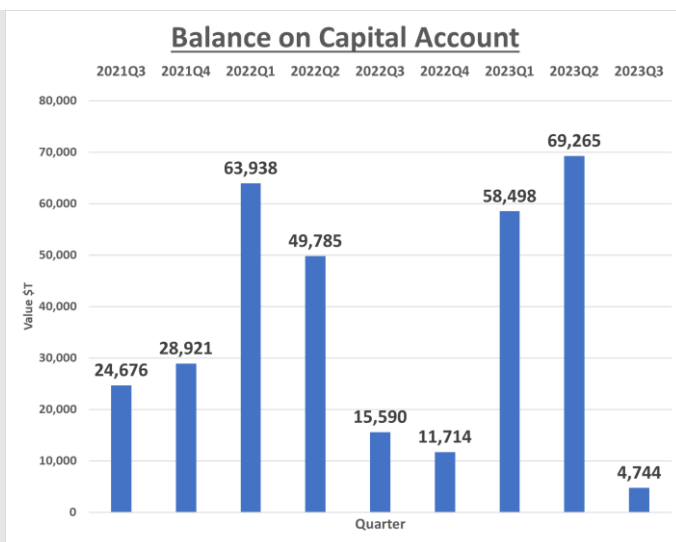


Figure 3: Balance on Capital Account

Provided are detailed tables of quarterly Balance of Payments statistics for June Quarter of 2023. All values in this release are in Tongan Pa’anga (TOP). The information used in this report is mostly from administrative sources. However, all sources of information should always be acknowledged in all modes of presentation.

1. Balance of Payments Summary

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

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Current Account								
Balance on Goods and Services	(143,744)	(126,706)	(194,435)	(182,304)	(173,913)	(171,433)	-152,795	-154,289
Balance on Trade in Goods	(111,858)	(98,852)	(135,723)	(138,778)	(149,525)	(120,356)	-112,698	-135,420
Exports f.o.b.	13,969	5,469	7,573	8,385	9,996	5,114	7,181	8,385
Imports f.o.b.	125,827	104,321	143,296	147,163	159,521	125,470	119,880	143,805
Balance on Trade in Services	(31,886)	(27,854)	(58,712)	(43,526)	(24,388)	(51,077)	-40,096	-18,869
Services credit	36,015	22,035	22,987	36,551	55,352	47,652	55,046	66,929
Services debit	67,901	49,889	81,699	80,077	79,741	98,729	95,142	85,797
Balance on Primary Income	16,429	13,315	5,294	13,160	21,238	38,888	34,775	31,495
Primary income credit	22,506	20,245	19,762	22,596	28,283	47,724	51,883	37,815
Primary income debit	6,077	6,930	14,468	9,436	7,045	8,836	17,108	6,320
Balance on Goods, Services and Income	(127,316)	(113,391)	(189,141)	(169,143)	(152,675)	(132,545)	-118,020	-122,794
Balance on Secondary Income	160,566	96,922	116,364	161,874	114,993	89,025	125,134	113,976
Secondary income credit	180,722	110,360	133,487	184,617	137,439	113,350	149,316	137,297
Secondary income debit	20,155	13,438	17,124	22,743	22,446	24,325	24,182	23,320
Balance on Current Account	33,251	(16,469)	(72,778)	(7,269)	(37,682)	(43,520)	7,114	(8,818)
Balance on Income and Current Transfer	176,995	110,237	121,658	175,035	136,231	127,914	159,908	145,471
Capital Account								
Capital account credit	29030	64206	50901	15921	11714	58498	69,781.30	10,487.45
Capital account debit	109	268	1115	331	0	0	516.37	5,743.33
Balance on Capital Account	28,921	63,938	49,785	15,590	11,714	58,498	69,264.93	4,744.12
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	62,172	47,469	(22,992)	8,321	(25,968)	14,979	76,378.74	(4,073.44)

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Financial Account								
Financial Assets (net acquisitions)	63,949	46,642	(3,976)	24,679	(6,864)	15,075	46,572	(15,794)
Direct investment	1,106	473	1,346	1,064	825	32	782	113
Portfolio investment	0	-	-	(206)	(155.26)	-	-	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-
Other investment	(7,015)	3,689	(14,916)	2,661	4,869	(4,400)	800	9,488
Of which:								
Deposits/Deposit-taking corporations (Banks)	(2,938)	5,430	(14,930)	(443)	4,771	(5,247)	721	(411)
Deposits/Other non-financial corporations	(1,984)	(2,015)	414	166	(529)	4,687	(5,678)	(8,887)
Reserve assets	69,858	42,480	9,593	21,160	(12,402)	19,444	44,991	(25,396)
Financial Liabilities (net disposals)	7,123	(893)	(4,344)	16,804	(1,845)	3,432	29,217	(26,837)
Direct investment	3,503	11,175	(693)	1,092	2,834	14,078	4,074	1,164
Portfolio investment	-	-	-	-	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	3,620	(12,067)	(3,650)	15,713	(4,679)	(10,646)	25,143	(28,002)
Deposits	4,151	(2,653)	(1,445)	2,141	(1,418)	(923)	27,226	(1,909)
Loans	(1,636)	(9,414)	(1,917)	13,725	(3,328)	(9,688)	(2,018)	(26,104)
of which, Loans/General Government	(1,450)	(9,020)	(1,386)	(7,932)	(1,321)	(8,087)	(2,168)	(21,479)
Other liabilities	1,104	0	(289)	(153)	67	(35)	(65)	11
Net Lending (+)/Borrowing (-) from Financial Account	56,827	47,534	367	7,874	(5,018)	11,643	17,355	11,043
Net errors and omissions	(5,345)	66	23,359	(447)	20,949	(3,335)	(59,024)	15,116
NE&O as percent of goods trade	-3.8%	0.1%	15.5%	-0.3%	12.4%	-2.6%	(0)	0
Level of Official Reserves at end year	817,500	861,400	871,200	757,000	817,500	861,400	871,200	757,000

2. Goods and Services Accounts

Table 2: Goods Account, TOP ('000)

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Balance on Trade in Goods	(111,858)	(98,852)	(135,723)	(138,778)	(149,525)	(120,356)	(112,698)	(135,420)
Exports FOB	13,969	5,469	7,573	8,385	9,997	5,114	7,181	8,385
General merchandise	13,969	5,469	7,573	8,385	9,996	5,114	7,181	8,385
Net exports under merchanting	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	0	-	4	4
Imports CIF	125,827	104,321	143,296	147,163	159,521	125,470	119,880	143,805
General merchandise	125,827	104,321	143,296	147,163	159,521	125,409	119,555	143,789
Nonmonetary gold	-	-	-	-	-	61	324	16
Of which:								
Classification adjustment (c.i.f./f.o.b.)	(13,981)	(11,591)	(15,922)	(16,351)	26,125	21,340	25,263	20,175
Coverage adjustments	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-

Table 3: Services Account, TOP ('000)

	Qtr 4 2021	Qtr 1 2022	Qtr 2 2022	Qtr 3 2022	Qtr 4 2022	Qtr 1 2023	Qtr 2 2023	Qtr 3 2023p
Balance on Trade in Services	(31,886)	(27,854)	(58,712)	(43,526)	(24,388)	(51,077)	(40,096)	(18,869)
Services Credit	36,015	22,035	22,987	36,551	55,352	47,652	55,046	66,929
Manufacturing services on physical inputs owned by others	-	-	-	-	-	0	0	20
Maintenance and repair services n.i.e.	-	-	2	-	-	7	3	0
Transport	6,059	5,866	5,223	7,193	7,738	7,648	7,122	9,746
<i>Sea transport</i>	4,828	4,485	4,092	5,122	4,697	4,030	3,693	5,875
<i>Air transport</i>	845	847	862	1,427	2,872	3,377	3,379	3,692
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-
Of which:								
<i>Passenger</i>	53	27	43	91	210	351	677	400
<i>Freight</i>	1,978	2,266	1,741	2,605	2,421	2,051	1,601	3,138
<i>Other</i>	3,643	3,039	3,170	3,853	4,939	5,005	4,794	6,029
Postal and courier services	385	533	269	643	169	241	50	179
Travel	7,301	3,757	6,361	15,201	30,776	27,150	29,862	40,782
<i>Business</i>	1,245	308	627	645	1,057	1,232	1,836	2,078
<i>Personal</i>	6,056	3,449	5,733	14,556	29,719	25,918	28,026	38,704
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	6,056	3,449	5,733	14,556	29,719	25,918	28,026	38,704
Telecommunications, computer, and information services	17,128	6,264	6,083	7,470	6,706	4,841	6,587	6,598
Construction	631	51	192	761	3,156	596	3,213	1,618
Insurance and pension services	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	3,544	5,048	3,916	4,580	4,886	6,021	6,378	6,308
Personal, cultural, and recreational services	-	2	51	87	203	155	389	207
Government goods and services n.i.e	1,352	1,047	1,159	1,260	1,886	1,234	1,492	1,650

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Services Debit	67,901	49,889	81,699	80,077	79,741	98,729	95,142	85,797
Manufacturing services on physical inputs owned by residents	3	2	16	-	8	-	-	-
Maintenance and repair services n.i.e.	116	2,721	812	531	2,484	4,297	755	746
Transport	30,023	21,185	38,401	37,961	23,013	27,256	27,970	23,385
Sea transport	26,447	19,837	26,221	27,654	17,711	19,055	23,849	18,761
Air transport	1,988	1,143	3,132	4,146	4,130	2,981	3,160	3,245
Other modes of Transport	-	-	-	-	-	-	-	-
Of which:								
Passenger	137	50	511	1,476	2,493	642	1,521	1,686
Freight	28,192	20,926	28,718	30,198	19,299	21,340	25,263	20,175
Other	106	4	124	126	48	54	224	146
Postal and courier services	1,588	204	9,048	6,160	1,172	5,219	961	1,378
Travel	10,788	11,519	13,757	16,243	23,387	32,573	33,322	29,391
Business	4,818	3,643	3,988	3,941	6,154	12,664	13,384	9,481
Personal	5,971	7,876	9,769	12,302	17,233	19,910	19,938	19,910
Health related	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-
Other	5,971	7,876	9,769	12,302	17,233	19,910	19,938	19,910
Telecommunications, computer, and information services	6,813	6,012	5,388	9,301	4,159	7,434	5,576	3,787
Construction	0	-	68	281	-	79	-	-
Insurance and pension services	862	392	652	563	3,183	2,071	1,953	2,447
Financial services	21	-	-	-	-	-	45	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-
Other business services	14,303	4,888	14,252	9,618	15,785	19,449	20,791	19,884
Personal, cultural, and recreational services	390	61	1,093	1,523	1,122	306	478	963
Government goods and services n.i.e	4,581	3,111	7,261	4,057	6,599	5,264	4,251	5,195

3. Primary and Secondary Income Accounts

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

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Balance on Primary Income	16,429	13,315	5,294	13,160	21,238	38,888	34,774.50	31,494.77
Primary Income Credits	22,506	20,245	19,762	22,596	28,283	47,724	51,882.88	37,814.92
Compensation of Employees	21,066	15,800	15,130	15,914	23,792	42,785	47,307.52	33,004.60
Investment income	1,403	4,409	4,522	6,571	4,447	4,902	4,499.80	4,699.00
<i>Direct investment</i>	172	68	101	2,092	48	-	-	-
<i>Portfolio investment</i>	-	-	-	-	-	-	-	-
<i>Other investment</i>	6	3	-	27	-	330	-	5.04
<i>Reserve assets</i>	1,226	4,338	4,421	4,453	4,399	4,572	4,499.80	4,693.96
Other primary income	37	36	110	111	44	36	75.56	111.32
Primary Income Debits	6,077	6,930	14,468	9,436	7,045	8,836	17,108.38	6,320.15
Compensation of Employees	2,214	1,824	2,346	1,834	2,159	1,829	2,010.55	1,989.06
Investment income	3,863	5,106	12,121	7,603	4,886	7,007	15,097.83	4,331.09
<i>Direct investment</i>	3,472	2,136	11,557	4,669	4,342	4,279	14,568.66	1,760.60
<i>Portfolio investment</i>	-	-	-	-	-	9	-	-
<i>Other investment</i>	392	2,970	564	2,933	544	2,719	529.16	2,570.48
Other primary income	-	-	-	-	-	-	-	-

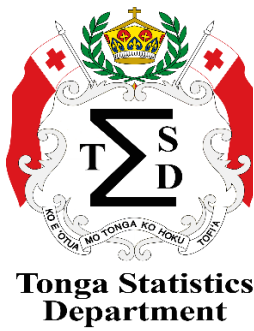
Table 5: Secondary Income Account, TOP ('000)

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Balance on Secondary Income	160,566	96,922	116,364	161,874	114,993	89,025	125,134	113,976
Secondary Income Credits	180,722	110,360	133,487	184,617	137,439	113,350	149,316	137,297
General government	38,200	5,765	10,199	43,000	-	-	10,733	2,943
Deposit-taking corporations and other sectors	142,522	104,595	123,288	141,617	137,439	113,350	138,583	134,353
<i>Personal transfers</i>	121,162	76,692	101,982	118,093	121,519	110,930	119,965	124,176
<i>Other current transfers</i>	21,359	27,903	21,307	23,524	15,920	2,421	18,618	10,177
Secondary Income Debits	20,155	13,438	17,124	22,743	22,446	24,325	24,182	23,320
General government	316	1,139	1,007	1,717	650	536	1,192	1,609
Deposit-taking corporations and other sectors	19,840	12,299	16,117	21,026	21,796	23,789	22,990	21,711
<i>Personal transfers</i>	15,166	9,111	12,533	17,982	15,959	13,944	13,400	14,981
<i>Other current transfers</i>	4,673	3,188	3,584	3,044	5,837	9,845	9,590	6,730

4. Capital Account

Table 6: Capital Account, TOP ('000)

	Qtr 4 2021r	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p
Balance on Capital Account	28,921	63,938	49,785	15,590	11,714	58,498	69,265	4,744
Capital Account Credits	29,030	64,206	50,901	15,921	11,714	58,498	69,781	10,487
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	29,030	64,206	50,901	15,921	11,714	58,498	69,781	10,487
General government	24,591	62,025	49,194	13,748	10,639	58,498	67,499	9,347
Debt forgiveness	-	1,500	30	-	-	-	-	-
Other capital transfers	24,591	60,525	49,164	13,748	10,639	58,498	67,499	9,347
Deposit-taking corporations and other sectors	4,439	2,181	1,707	2,173	1,075	-	2,282	1,141
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	4,439	2,181	1,707	2,173	1,075	-	2,282	1,141
Capital Account Debits	109	268	1,115	331	-	-	516	5,743
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	109	268	1,115	331	-	-	516	5,743
General government	-	-	858	-	-	-	-	56
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	-	-	858	-	-	-	-	56
Deposit-taking corporations and other sectors	109	268	258	331	-	-	516	5,688
Debt forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	109	268	258	331	-	-	516	5,688



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