



GOVERNMENT OF TONGA

BALANCE OF PAYMENTS



Quarterly Report

March 2024

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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 1, 2024**. The BOP is a critical indicator of the economic health of a nation, reflecting all financial flows between residents of our country here in Tonga 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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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 MARCH QUARTER 2024

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, and capital accounts. It also shows changes in Tonga's financial claims on assets and liabilities to the rest of the world.

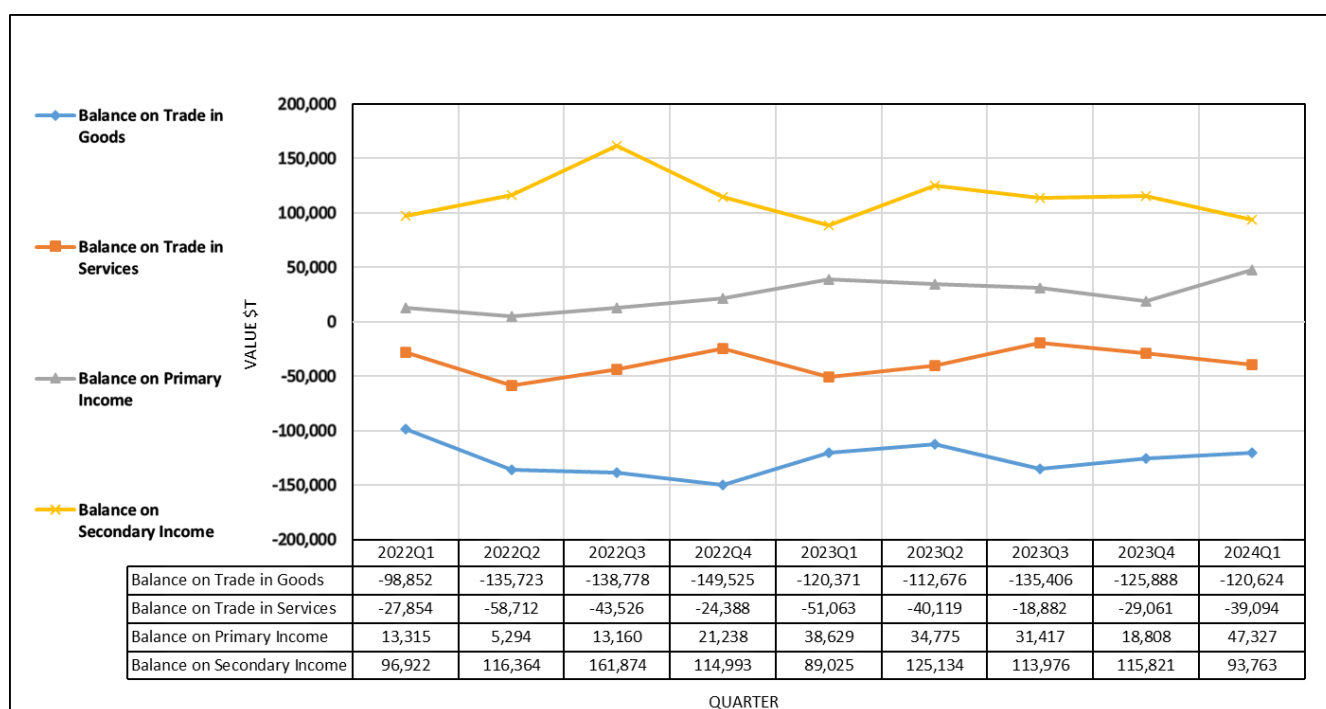


Figure 1: Quarterly Balances

In terms of our Balance on Trade in Goods, it has recorded a deficit of \$120.6 million in this quarter which is \$T 5.3 (4.18%) million lower than the previous quarter. This is mostly due to a significant decrease in both import and export of products. The export of goods decreases by \$ 5.1 million from \$10 million in the previous quarter to \$4.9 million in this quarter, as well imports of products have also decreased by \$10.4 million, from \$135.9 million in the previous quarter to \$125.5 million in this quarter. The graph figure 1 above shows a modest drop in the trends.

On the other hand, Balance on Trade in Services has recorded a deficit of \$39.1 million in this quarter, which is \$T10 (34.5%) million higher than the previous quarter. This is mainly due to an import is exceed than the export during this period which is the import is \$96.3 million while the export is \$57.2 million. When comparing the imports of trade in services to the previous quarter, it indicates an increase of \$1.03 million, which is an increase from \$95 million in the previous quarter to \$96.3 million in this quarter. Most of this rise was due to total transportation, both sea and air, which

increased from \$26 million in the previous quarter to \$31.5 million in this quarter. When comparing the export of services between this quarter and the previous quarter, it shows a decrease from \$65.9 million in the previous quarter to \$57.2 million in this quarter. This drop down, was mostly driven from the construction by \$23.3 million followed by the telecommunication, computer, and information services from \$6.9 million to \$4.4 million in this quarter.

In terms of Balance on Primary income, it recorded a surplus of \$47.3 million in this quarter, which is a huge increase of \$28.5 million from the previous quarter's surplus of \$18.8 million. This was attributed to a significant increase in the export of primary income when compared to the previous quarter it was \$33.2 million while \$45 million in this quarter. The compensation of employees is one of the factors that cause the increase of primary income in this period, it is increase by \$24.5 million when compared to the previous quarter, which \$28.5 million while this quarter has \$40.4 million.

In relation to Balance on Secondary Income – it has recorded a surplus of \$93.8 million in this quarter of which is decrease by \$22.1 million from \$115.8 million in Dec quarter of 2023 to \$93.8 million in this quarter. The main cause of this huge decrease was contributed by the export of secondary income which decreased by \$19.4 million followed by the other sector which decreased by \$31.2 million when compared to the previous quarter.

In general, Tongan's Balance of Payments shows in Figure 2 the Current Account Balance has recorded a deficit of \$18.6 million in this Quarter, which it has shown a decrease in deficit from \$20.3 million from the previous quarter. On the other hand, the balance on Capital Account has also recorded a surplus of \$11.9 million it is showing a decrease from \$12.9 million in previous quarter caused by the decrease of general government from \$12.1 million in previous quarter to \$10.7 million in this period.

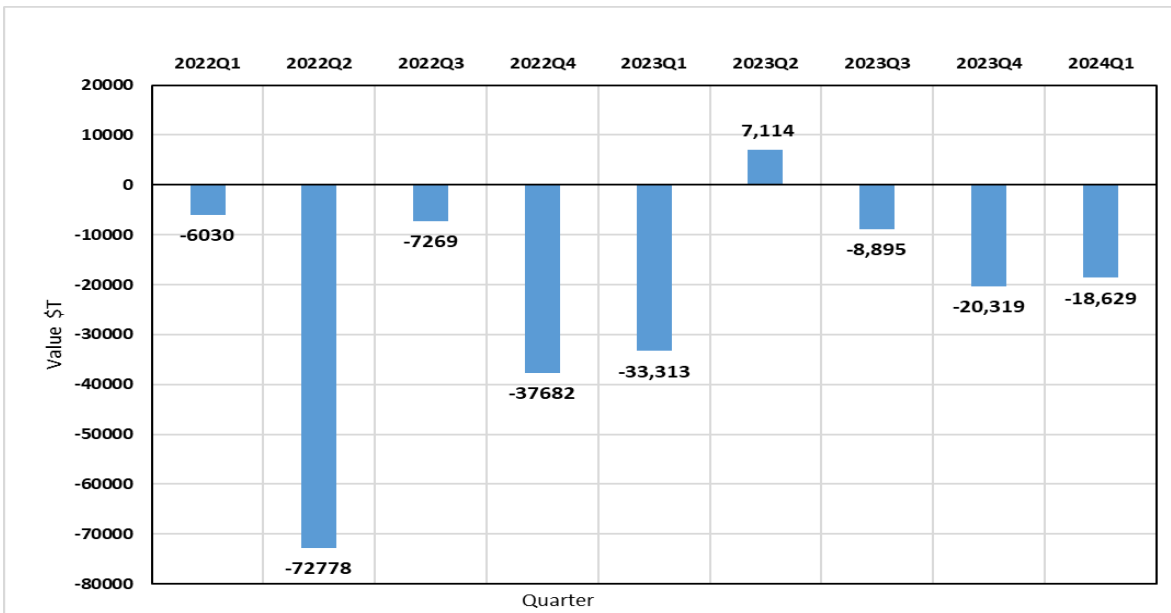


Figure 2: Balance on Current Account

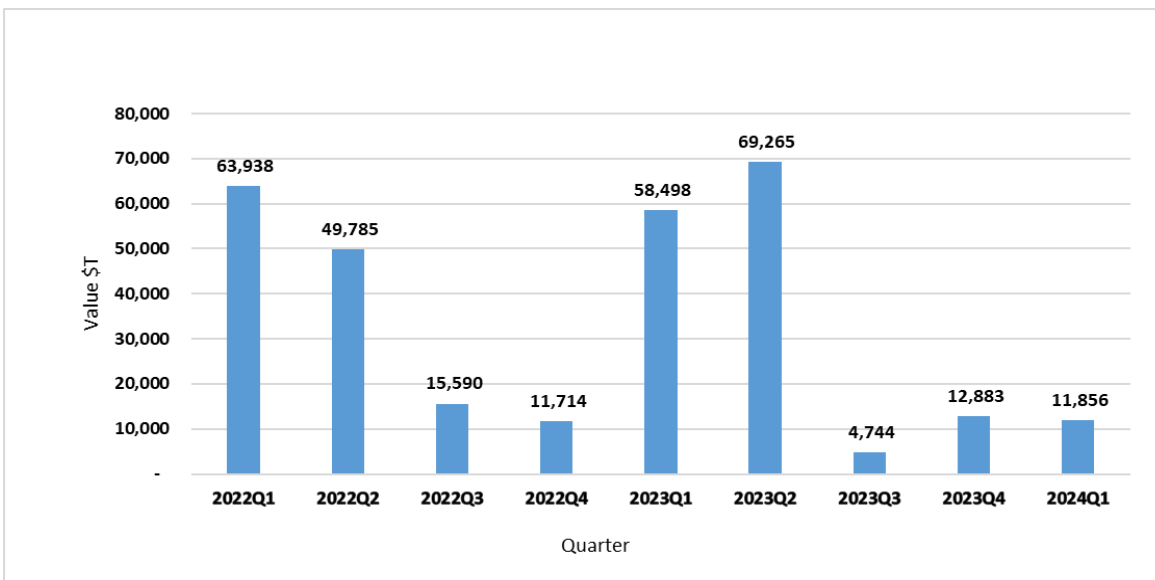


Figure 3: Balance on Capital Account

Provided are detailed tables of quarterly Balance of Payments statistics for March Quarter of 2024. 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 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Current Account									
Balance on Goods and Services	(126,706)	(194,435)	(182,304)	(173,913)	(171,433)	-152,795	-154,288	(154,949)	(159,719)
Balance on Trade in Goods	(98,852)	(135,723)	(138,778)	(149,525)	(120,356)	-112,676	-135,406	(125,888)	(120,624)
Exports f.o.b.	5,469	7,573	8,385	9,996	5,114	7,204	8,399	10,009	4,866
Imports f.o.b.	104,321	143,296	147,163	159,521	125,470	119,880	143,805	135,897	125,491
Balance on Trade in Services	(27,854)	(58,712)	(43,526)	(24,388)	(51,077)	-40,119	-18,882	(29,061)	(39,094)
Services credit	22,035	22,987	36,551	55,352	47,652	55,023	66,914	65,891	57,200
Services debit	49,889	81,699	80,077	79,741	98,729	95,142	85,797	94,952	96,294
Balance on Primary Income	13,315	5,294	13,160	21,238	38,888	34,775	31,417	18,808	47,327
Primary income credit	20,245	19,762	22,596	28,283	47,724	51,883	37,815	33,182	45,025
Primary income debit	6,930	14,468	9,436	7,045	8,836	17,108	6,398	14,374	(2,302)
Balance on Goods, Services and Income	(113,391)	(189,141)	(169,143)	(152,675)	(132,545)	-118,020	-122,871	(136,140)	(112,392)
Balance on Secondary Income	96,922	116,364	161,874	114,993	89,025	125,134	113,976	115,821	93,763
Secondary income credit	110,360	133,487	184,617	137,439	113,350	149,316	137,297	137,418	118,032
Secondary income debit	13,438	17,124	22,743	22,446	24,325	24,182	23,320	21,597	24,269
Balance on Current Account	(16,469)	(72,778)	(7,269)	(37,682)	(43,520)	7,114	(8,895)	(20,319)	(18,629)
Balance on Income and Current Transfer	110,237	121,658	175,035	136,231	127,914	159,908	145,393	134,629	141,090
Capital Account									
Capital account credit	64206	50901	15921	11714	58498	69,781	10,487	12,932	11,856
Capital account debit	268	1115	331	0	0	516	5,743	49	-
Balance on Capital Account	63,938	49,785	15,590	11,714	58,498	69,265	4,744	12,883	11,856
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	47,469	(22,992)	8,321	(25,968)	14,979	76,379	(4,150)	(9,924)	(6,773)

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Financial Account									
Financial Assets (net acquisitions)	46,642	(3,976)	24,679	(6,864)	15,075	46,572	(15,794)	30,828	(12,483)
Direct investment	473	1,346	1,064	825	32	782	113	352	-
Portfolio investment	-	-	(206)	(155.26)	-	-	-	-	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-
Other investment	3,689	(14,916)	2,661	4,869	(4,400)	800	9,488	19,573	19,019
Of which:									
Deposits/Deposit-taking corporations (Banks)	5,430	(14,930)	(443)	4,771	(5,247)	721	(411)	(485)	(621)
Deposits/Other non-financial corporations	(2,015)	414	166	(529)	4,687	(5,678)	(8,887)	(3,758)	(15,58)
Reserve assets	42,480	9,593	21,160	(12,402)	19,444	44,991	(25,396)	10,903	(31,50)
Financial Liabilities (net disposals)	(893)	(4,344)	16,804	(1,845)	3,432	29,217	(26,837)	5,420	(1,326)
Direct investment	11,175	(693)	1,092	2,834	14,078	4,074	1,164	9,222	(2,619)
Portfolio investment	-	-	-	-	-	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-	-
Other investment	(12,067)	(3,650)	15,713	(4,679)	(10,646)	25,143	(28,002)	(3,802)	1,293
Deposits	(2,653)	(1,445)	2,141	(1,418)	(923)	27,226	(1,909)	759	269
Loans	(9,414)	(1,917)	13,725	(3,328)	(9,688)	(2,018)	(26,104)	(4,567)	976
of which, Loans/General Government	(9,020)	(1,386)	(7,932)	(1,321)	(8,087)	(2,168)	(21,479)	(1,365)	56
Other liabilities	0	(289)	(153)	67	(35)	(65)	11	6	48
Net Lending (+)/Borrowing (-) from Financial Account	47,534	367	7,874	(5,018)	11,643	17,355	11,043	25,407	(11,16)
Net errors and omissions	66	23,359	(447)	20,949	(3,335)	(59,024)	15,116	35,331	(4,383)
NE&O as percent of goods trade	0.1%	15.5%	-0.3%	12.4%	-2.6%	(0)	0	0	(0)
Level of Official Reserves at end year	861,400	871,200	757,000	817,500	861,400	871,200	757,000	817,500	861,40

2. Goods and Services Accounts

Table 2: Goods Account, TOP ('000)

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Balance on Trade in Goods	(98,852)	(135,723)	(138,778)	(149,525)	(120,356)	(112,676)	(135,406)	(125,888)	(120,624)
Exports FOB	5,469	7,573	8,385	9,997	5,114	7,204	8,399	10,009	4,866
General merchandise	5,469	7,573	8,385	9,996	5,114	7,204	8,399	10,009	4,866
Net exports under merchanting	-	-	-	-	-	-	-	-	-
Goods acquired under merchanting (negative exports)	-	-	-	-	-	-	-	-	-
Goods sold under merchanting	-	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	0	-	4	4	7	2
				-					
Imports CIF	104,321	143,296	147,163	159,521	125,470	119,880	143,805	135,897	125,491
General merchandise	104,321	143,296	147,163	159,521	125,409	119,555	143,789	135,794	125,430
Nonmonetary gold	-	-	-	-	61	324	16	103	60
Of which:						-	-	-	-
Classification adjustment (c.i.f./f.o.b.)	(11,591)	(15,922)	(16,351)	26,125	21,340	25,263	20,175	23,729	-
Coverage adjustments	-	-	-	-	-	-	-	-	-
Valuation adjustments	-	-	-	-	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-	-

Table 3: Services Account, TOP ('000)

	Qtr 1 2022	Qtr 2 2022	Qtr 3 2022	Qtr 4 2022	Qtr 1 2023	Qtr 2 2023	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Balance on Trade in Services	(27,854)	(58,712)	(43,526)	(24,388)	(51,077)	(40,119)	(18,882)	(29,061)	(39,094)
Services Credit	22,035	22,987	36,551	55,352	47,652	55,023	66,914	65,891	57,200
Manufacturing services on physical inputs owned by others	-	-	-	-	0	0	20	6	-
Maintenance and repair services n.i.e.	-	2	-	-	7	3	0	-	-
Transport	5,866	5,223	7,193	7,738	7,648	7,099	9,731	7,938	9,851
<i>Sea transport</i>	4,485	4,092	5,122	4,697	4,030	3,693	5,875	4,305	5,606
<i>Air transport</i>	847	862	1,427	2,872	3,377	3,356	3,678	3,623	3,683
<i>Other modes of transport</i>	-	-	-	-	-	-	-	-	-
Of which:									
<i>Passenger</i>	27	43	91	210	351	677	400	381	644
<i>Freight</i>	2,266	1,741	2,605	2,421	2,051	1,601	3,138	1,514	3,341
<i>Other</i>	3,039	3,170	3,853	4,939	5,005	4,771	6,014	6,033	5,303
Postal and courier services	533	269	643	169	241	50	179	10	562
Travel	3,757	6,361	15,201	30,776	27,150	29,862	40,782	35,452	30,911
<i>Business</i>	308	627	645	1,057	1,232	1,836	2,078	1,632	1,745
<i>Personal</i>	3,449	5,733	14,556	29,719	25,918	28,026	38,704	33,820	29,167
Health related	-	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-	-
Other	3,449	5,733	14,556	29,719	25,918	28,026	38,704	33,820	29,167
Telecommunications, computer, and information services	6,264	6,083	7,470	6,706	4,841	6,587	6,598	6,886	4,398
Construction	51	192	761	3,156	596	3,213	1,618	4,284	1,948
Insurance and pension services	-	-	-	-	-	-	-	-	-
Financial services	-	-	-	-	-	-	-	-	-
Charges for the use of intellectual property	-	-	-	-	-	-	-	-	-
Other business services	5,048	3,916	4,580	4,886	6,021	6,378	6,308	9,546	7,591
Personal, cultural, and recreational services	2	51	87	203	155	389	207	35	59
Government goods and services n.i.e	1,047	1,159	1,260	1,886	1,234	1,492	1,650	1,744	2,441

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Services Debit	49,889	81,699	80,077	79,741	98,729	95,142	85,797	94,952	96,294
Manufacturing services on physical inputs owned by residents	2	16	-	8	-	-	-	-	-
Maintenance and repair services n.i.e.	2,721	812	531	2,484	4,297	755	746	913	213
Transport	21,185	38,401	37,961	23,013	27,256	27,970	23,385	25,973	31,538
Sea transport	19,837	26,221	27,654	17,711	19,055	23,849	18,761	22,050	24,756
Air transport	1,143	3,132	4,146	4,130	2,981	3,160	3,245	3,285	6,194
Other modes of Transport	-	-	-	-	-	-	-	-	-
Of which:									
Passenger	50	511	1,476	2,493	642	1,521	1,686	1,294	999
Freight	20,926	28,718	30,198	19,299	21,340	25,263	20,175	23,729	29,951
Other	4	124	126	48	54	224	146	312	0
Postal and courier services	204	9,048	6,160	1,172	5,219	961	1,378	639	588
Travel	11,519	13,757	16,243	23,387	32,573	33,322	29,391	31,473	34,896
Business	3,643	3,988	3,941	6,154	12,664	13,384	9,481	9,372	10,274
Personal	7,876	9,769	12,302	17,233	19,910	19,938	19,910	22,101	24,622
Health related	-	-	-	-	-	-	-	-	-
Education related	-	-	-	-	-	-	-	-	-
Other	7,876	9,769	12,302	17,233	19,910	19,938	19,910	22,101	24,622
Telecommunications, computer, and information services	6,012	5,388	9,301	4,159	7,434	5,576	3,787	6,448	3,930
Construction	-	68	281	-	79	-	-	-	-
Insurance and pension services	392	652	563	3,183	2,071	1,953	2,447	2,687	2,720
Financial services	-	-	-	-	-	45	-	-	28
Charges for the use of intellectual property	-	-	-	-	-	-	-	-	-
Other business services	4,888	14,252	9,618	15,785	19,449	20,791	19,884	20,680	17,976
Personal, cultural, and recreational services	61	1,093	1,523	1,122	306	478	963	502	186
Government goods and services n.i.e	3,111	7,261	4,057	6,599	5,264	4,251	5,195	6,277	4,807

3. Primary and Secondary Income Accounts

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

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Balance on Primary Income	13,315	5,294	13,160	21,238	38,888	34,775	31,417	18,808	47,327
Primary Income Credits	20,245	19,762	22,596	28,283	47,724	51,883	37,815	33,182	45,025
Compensation of Employees	15,800	15,130	15,914	23,792	42,785	47,308	33,005	28,514	40,444
Investment income	4,409	4,522	6,571	4,447	4,902	4,500	4,699	4,591	4,543
<i>Direct investment</i>	68	101	2,092	48	-	-	-	-	-
<i>Portfolio investment</i>	-	-	-	-	-	-	-	-	-
<i>Other investment</i>	3	-	27	-	330	-	5	-	-
<i>Reserve assets</i>	4,338	4,421	4,453	4,399	4,572	4,500	4,694	4,591	4,543
Other primary income	36	110	111	44	36	76	111	77	38
Primary Income Debits	6,930	14,468	9,436	7,045	8,836	17,108	6,398	14,374	(2,302)
Compensation of Employees	1,824	2,346	1,834	2,159	1,829	2,011	2,067	2,287	1,716
Investment income	5,106	12,121	7,603	4,886	7,007	15,098	4,331	12,088	(4,018)
<i>Direct investment</i>	2,136	11,557	4,669	4,342	4,279	14,569	1,761	11,589	(4,027)
<i>Portfolio investment</i>	-	-	-	-	9	-	-	-	9
<i>Other investment</i>	2,970	564	2,933	544	2,719	529	2,570	498	0
Other primary income	-	-	-	-	-	-	-	-	-

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

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Balance on Secondary Income	96,922	116,364	161,874	114,993	89,025	125,134	113,976	115,821	93,763
Secondary Income Credits	110,360	133,487	184,617	137,439	113,350	149,316	137,297	137,418	118,032
General government	5,765	10,199	43,000	-	-	10,733	2,943	-	11,863
Deposit-taking corporations and other sectors	104,595	123,288	141,617	137,439	113,350	138,583	134,353	137,418	106,169
<i>Personal transfers</i>	76,692	101,982	118,093	121,519	110,930	119,965	124,176	120,290	96,564
<i>Other current transfers</i>	27,903	21,307	23,524	15,920	2,421	18,618	10,177	17,128	-
									9,606
Secondary Income Debits	13,438	17,124	22,743	22,446	24,325	24,182	23,320	21,597	
General government	1,139	1,007	1,717	650	536	1,192	1,609	284	24,269
Deposit-taking corporations and other sectors	12,299	16,117	21,026	21,796	23,789	22,990	21,711	21,313	1,282
<i>Personal transfers</i>	9,111	12,533	17,982	15,959	13,944	13,400	14,981	15,274	22,987
<i>Other current transfers</i>	3,188	3,584	3,044	5,837	9,845	9,590	6,730	6,039	13,977

4. Capital Account

Table 6: Capital Account, TOP ('000)

	Qtr 1 2022r	Qtr 2 2022r	Qtr 3 2022r	Qtr 4 2022r	Qtr 1 2023r	Qtr 2 2023r	Qtr 3 2023p	Qtr 4 2023p	Qtr 1 2024p
Balance on Capital Account	63,938	49,785	15,590	11,714	58,498	69,265	4,744	12,883	11,856
Capital Account Credits	64,206	50,901	15,921	11,714	58,498	69,781	10,487	12,932	11,856
Gross disposals of non-produced nonfinancial assets	-	-	-	-	-	-	-	-	-
Capital transfers	64,206	50,901	15,921	11,714	58,498	69,781	10,487	12,932	11,856
General government	62,025	49,194	13,748	10,639	58,498	67,499	9,347	12,138	10,719
<i>Debt forgiveness</i>	1,500	30	-	-	-	-	-	-	-
<i>Other capital transfers</i>	60,525	49,164	13,748	10,639	58,498	67,499	9,347	12,138	10,719
Deposit-taking corporations and other sectors	2,181	1,707	2,173	1,075	-	2,282	1,141	794	1,137
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	2,181	1,707	2,173	1,075	-	2,282	1,141	794	1,137
Capital Account Debits	268	1,115	331	-	-	516	5,743	49	-
Gross acquisitions of non-produced nonfinancial assets	-	-	-	-	-	-	-	-	-
Capital transfers	268	1,115	331	-	-	516	5,743	49	-
General government	-	858	-	-	-	-	56	-	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	-	858	-	-	-	-	56	-	-
Deposit-taking corporations and other sectors	268	258	331	-	-	516	5,688	49	-
<i>Debt forgiveness</i>	-	-	-	-	-	-	-	-	-
<i>Other capital transfers</i>	268	258	331	-	-	516	5,688	49	-



Government of Tonga
Tonga Statistics Department

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