

Series No. SDT: 32-23



GOVERNMENT OF TONGA

# BALANCE OF PAYMENTS



## ANNUAL REPORT

### 2015-16

**Issued by : Statistics Department**

P.O.Box 149

Nuku'alofa

Tonga

Website: [www.spc.int/prism/tonga/](http://www.spc.int/prism/tonga/)

Email: [dept@stats.gov.to](mailto:dept@stats.gov.to)

June 2017

Price: \$25

## Preface

This bulletin presents the Tonga Balance of Payments statistics for the year 2015-16

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.



.....  
Dr. Viliami Konifelenisi Fifita  
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](mailto:dept@stats.gov.to)  
Website <http://www.spc.int/prism/country/to/>

# Table of Contents

Preface.....	1
Table of Contents .....	2
Symbols and Abbreviations used .....	3
<b>PART I</b>	
Introductory and Technical Notes .....	4-11
<b>PART II</b>	
Analysis and Graphs .....	12-18
<b>PART III</b>	
Summary Tables	
Table 1	Balance of Payments Ratio.....19
Table 2	Balance of Payment Summary.....19
Table 3	Goods Account.....20
Table 4	Services Account.....20
Table 5	Primary Income Account.....21
Table 6	Secondary Income Account.....21
Table 7	Capital Account.....21

## **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 results 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 arise 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 (eg 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.

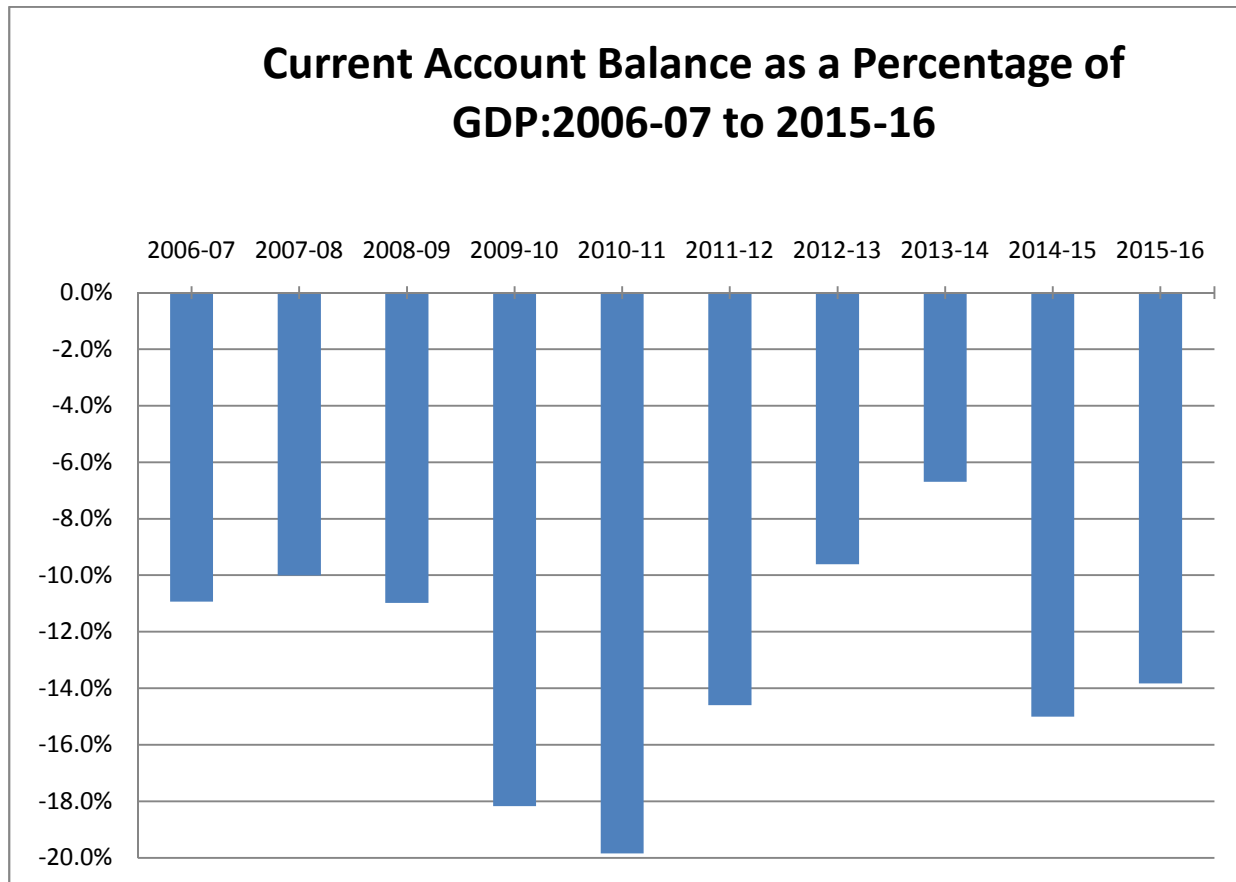
Prior to the formation of the NRBT the Bank of Tonga held foreign exchange assets, as agent of the Government of Tonga. Thus these overseas exchange assets are included in reserves.

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

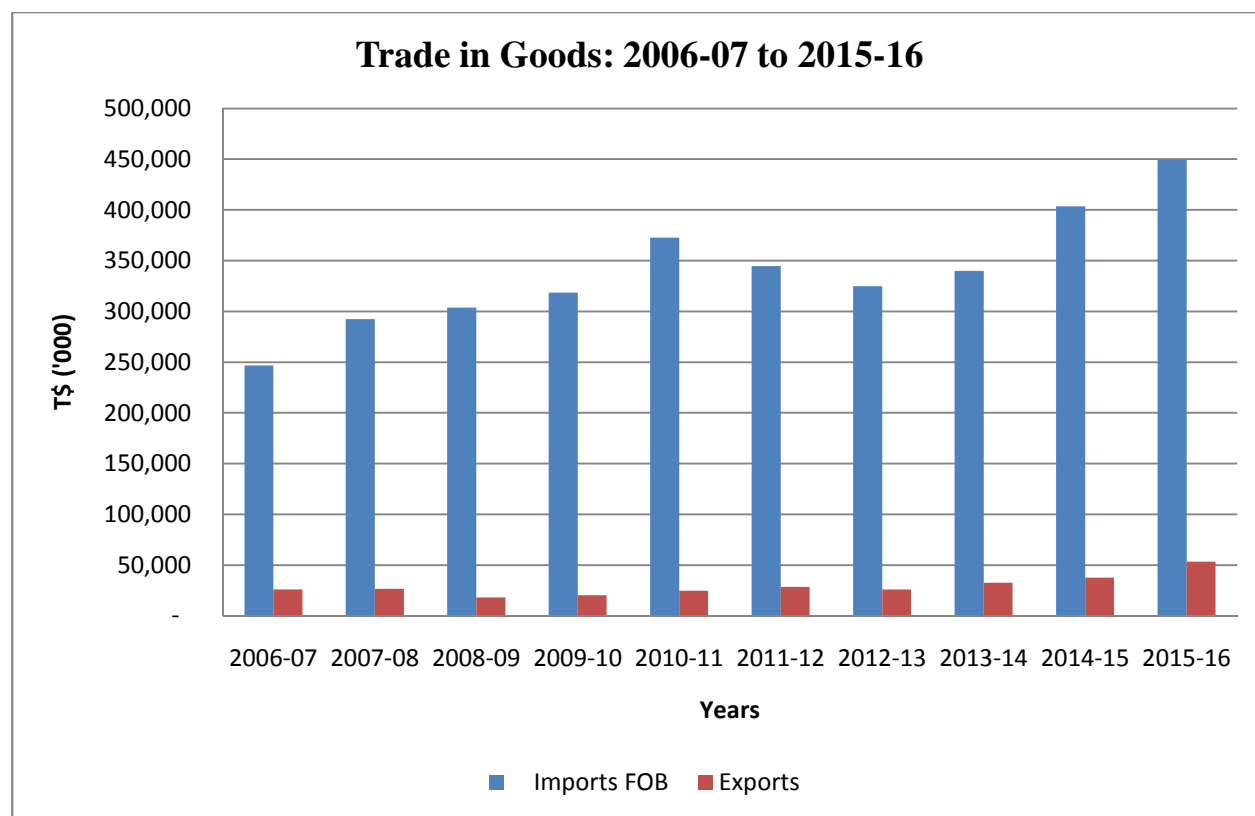
All Values in this release are in Tongan Pa'anga (TOP).

Figure 1. Current Account as a Percentage of GDP



The current account records the value of Tonga's transactions with the rest of the world in goods, services, primary and secondary income. Current account balance showed a net outflow of \$123 million for the fiscal year 2015-16. The current account deficit declined by 3% from \$126 million for the previous financial year. The slight fell in current account deficit was main contributed by an improvement in export receipts and trade in services credits. From the above graph, current account deficit was at its highest in 2010-11 and then it lessen in the following 3 consecutive years before it escalate again in financial year 2014-15. For the financial year 2015-16, the current account deficit represents a -13.8 % of GDP compared to -15% in 2014-15.

**Figure 2. External Trade in Goods**

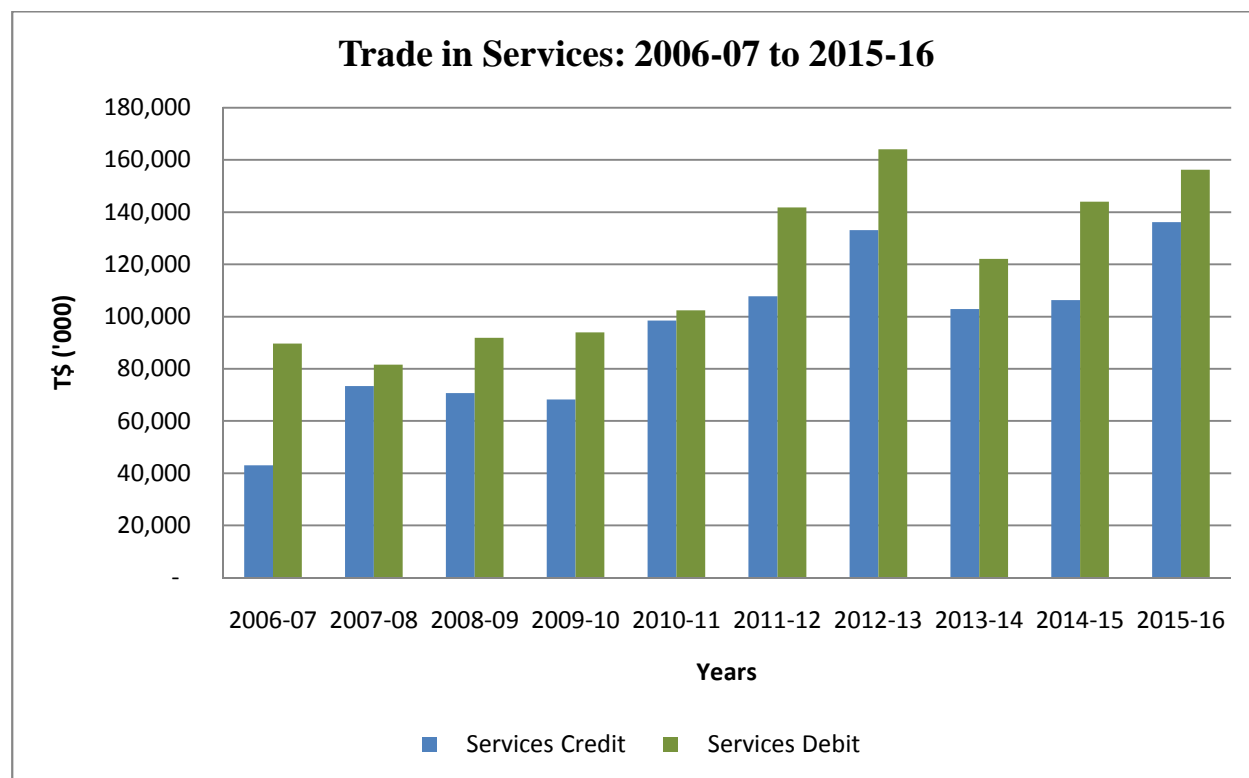


The net trade in goods was a deficit of \$396.3 million in the fiscal year 2015-16. The deficit increased by \$30.3 million (8.3%) from \$365.9 million in 2014-15. The exports of goods increased by \$15.7 million (41.6% ) to \$53.3 million.

The major exports commodities as follows: Fish was amounted to \$8.4 million, Kava was \$6.2 million, Squash Pumpkins was \$3.4 million, and Root crops was \$3.1 million of which \$1.7 million was from Yams and \$0.8 million for Cassava. Fresh brown coconuts was 0.78 million.

The imports of goods increased by \$46 million (11.4%) to \$449.6 million in 2015-16. The 5 major imports groups as follows: Machinery & mechanical & electrical appliances & parts thereof was \$83.5 million, Mineral products was \$83.1 million, Prepared foodstuffs, beverages, spirits & tobacco amounted to \$68.2 million, Vehicles, aircraft & associated transport equipment was \$50.4 and Live Animals: animal products was \$48.5 million.

**Figure 3: Trade in Services**

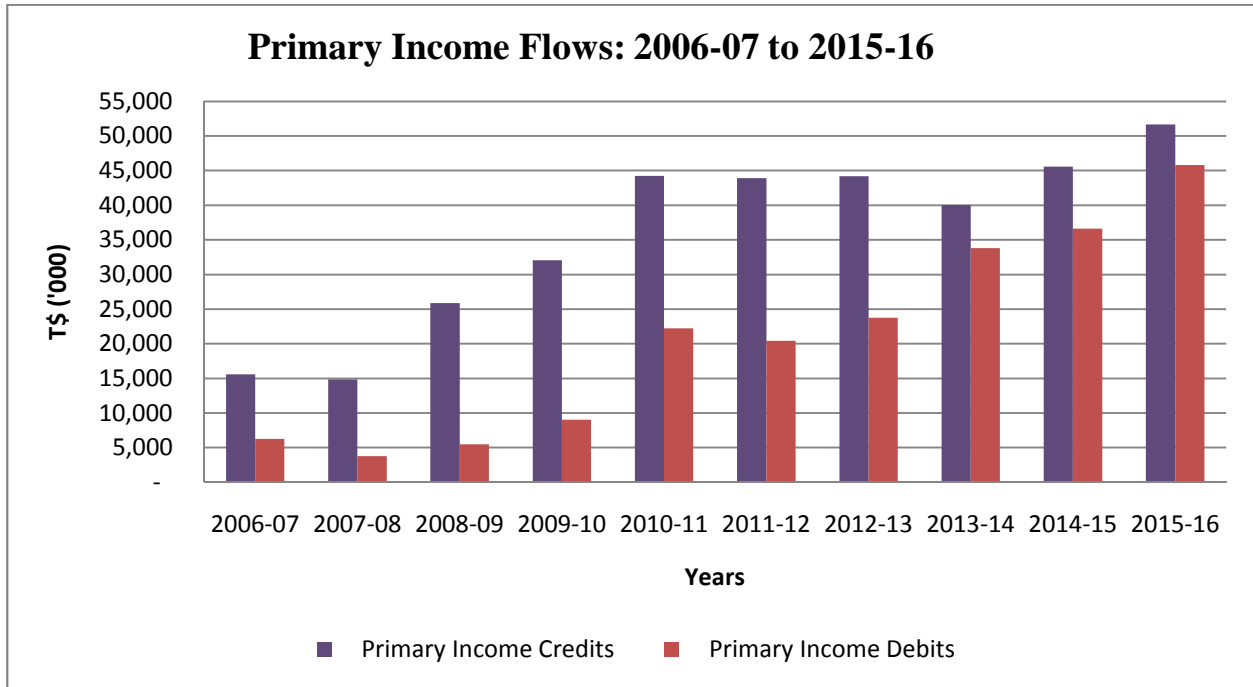


The net trade in services was narrowed by \$17.7 million (46.7%) to a surplus of \$20 million 2015-16. Services credits inflows increased over the year by \$30 million (28.1%) to \$136.2 million. The increase was mainly contributed by Travel services receipts rose by \$14.8 million (21.4%) to \$84.1 million. Travel receipts capture the overseas tourists spending while in Tonga and spending of visitors' visiting relatives during family reunions, church conferences and other major events or celebrations that took place during the financial year like the Liahona Alumni Celebration, 120<sup>th</sup> Anniversary of Seventh Day Adventist Church Education in Tonga, Late Queen Mother's 90<sup>th</sup> Birthday and the Tupou College 150<sup>th</sup> Anniversary etc. Telecommunications, computer and information services rose by \$5.2 million to \$8.9 million, construction services receipts also rose by \$4.7 million to \$7.2 million as major construction activities such as the ongoing upgrading of the Fuaa Wharf, St. George's building and the Ha'apai reconstruction.

Services debits rose by \$12.3 million (8.5%) to \$156.3 million in 2015-16. The increase in services payments were contributed mainly by an increase in Transport services payments,

Travel, Telecommunications, computer and information services and Charges for use of intellectual property. Over the financial year, transport services payment rose by \$8.9 million (23.3%) to \$46.8 million of which \$26.2 million was for sea transportation and \$20.3 million for air transportation of which \$26.3 million was for freight and \$17.9 million for passenger services. Travel services payments rose by \$7.7 million to \$45.1 million of which \$32.9 million was for personal travel and \$12.2 million for business travel. Telecommunications, computer and information services rose by \$4.2 million to \$7.9 million while other business services payments sharply fell by \$17.3 million to \$22.6 million a decline of 43.4%.

**Figure 4. Primary Income Flows**

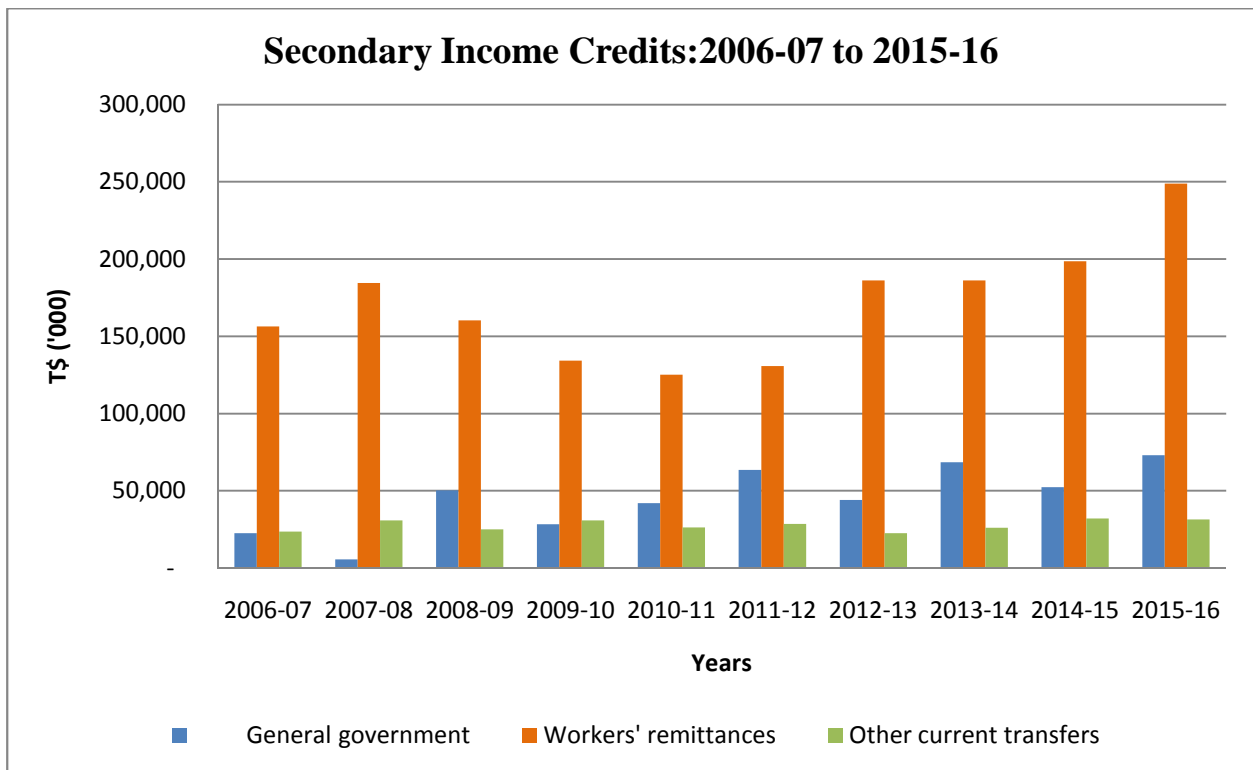


The balance of the primary income was a surplus of \$5.8 million (34.7%) less than it was in the previous financial year 2014-15. Over the year ended June 2016, Primary income credits rose by \$6 million (13.3%) to \$51.7 million. Major income credits was Compensation of Employees which rose by \$3.3 million (8.5%) to \$42.3 million which largely contributed by Seasonal worker Program. Investment income rose by \$2.7million (43.1%) to \$9.1 million, this increase was mainly due to an increase in Reserve Assets by \$2.9 million (58.7%) to \$7.8 million, this represents a rise by 69% (\$6 million) when compared to 2013-14.



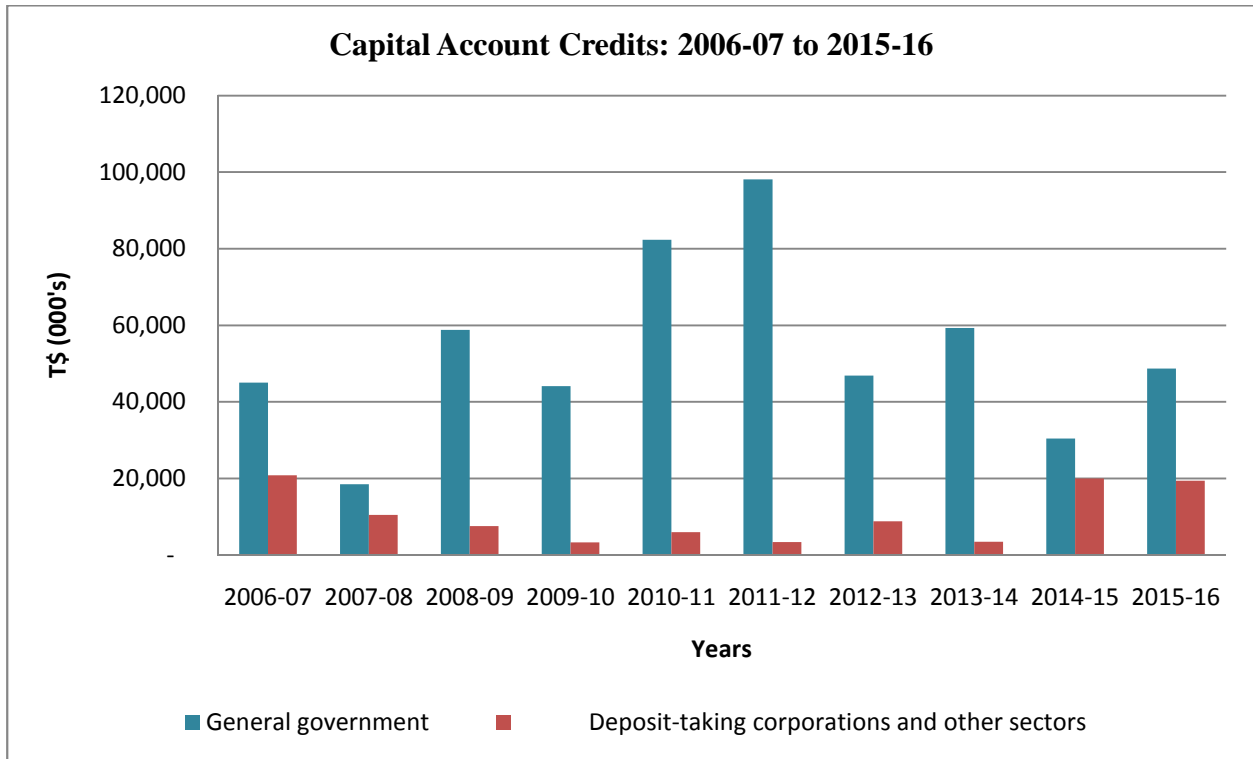
Primary income debits rose by \$9.2 million (25.1%) to \$45.8 million which was mainly contributed by an increase in Investment income payments by \$8.1 million (24%) to \$41.9 million in which Direct Investment income debits a component of investment income rose by 15% to \$28.2 million and Other Investment debits increased by \$3.9 million (41.4%) to \$13.3 million. Compensation of employees rose by \$1 million (37.5%) to \$3.8 million.

**Figure 5. Secondary Income Credits**



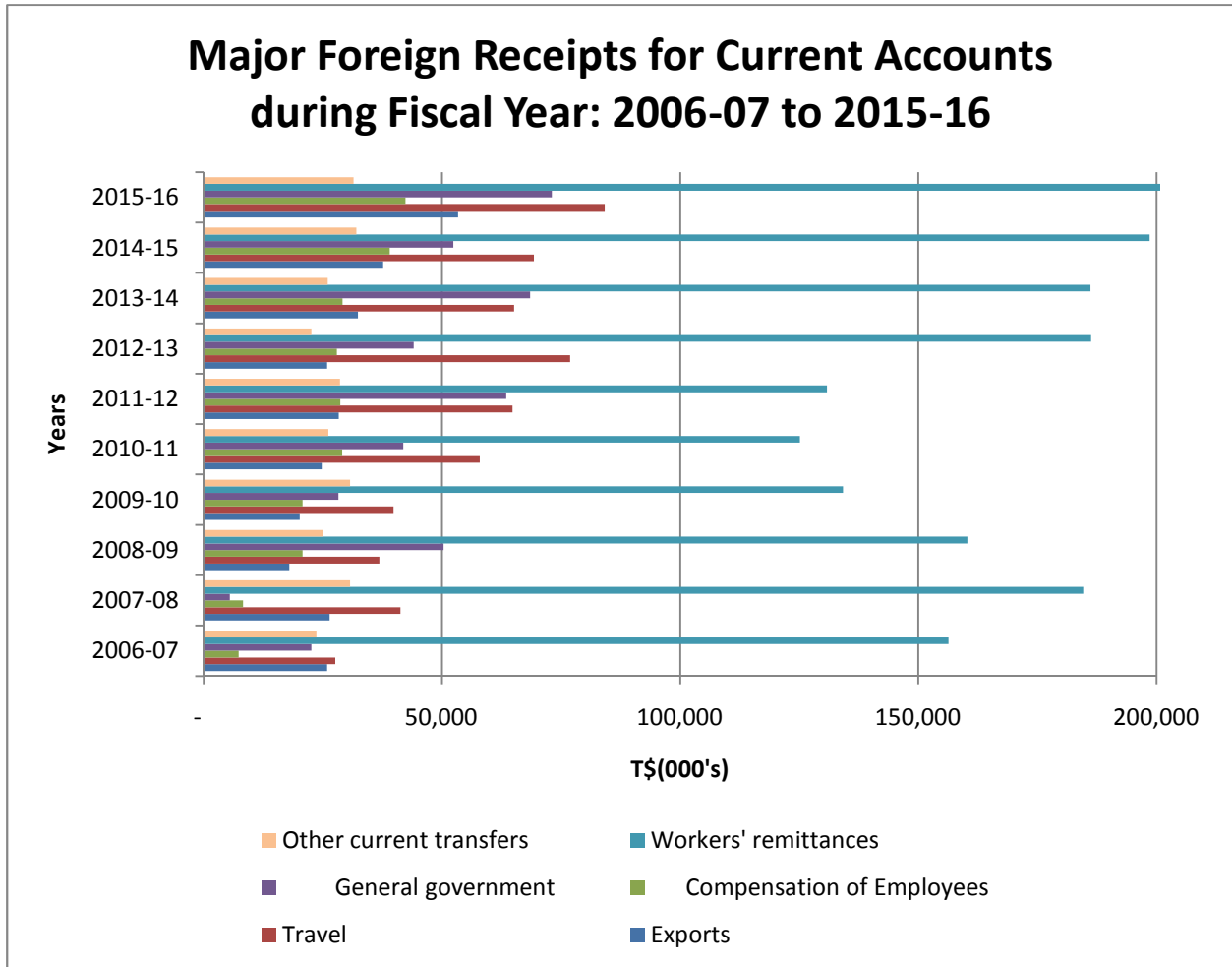
The balance of secondary income rose by \$19.8 million (7.4%) to \$287.5 million surplus in 2015-16. Over the year ended June 2016, secondary income credits was \$70.4 million (25%) higher than the previous financial year and was attributed mostly to Personal Transfers which was \$248.8 million, this income is from the receipts of Seasonal workers and Tongan residents salaries from non-resident employers. General Government Transfers rose by \$20.7 million (39.6%) to \$73.1 million.

**Figure 6. Capital Account Credits**



The Capital Account credits for the financial year 2015-16 rose by \$17.7 million (35.1%) to \$68.1 million and was attributed mostly to capital transfers to the General Government which was \$18.3 million (60%) higher than previous financial year while capital transfers to Deposit-taking corporations and other sectors slightly fell by 3% to \$19.4 million.

**Figure 7. Major Receipts for Current Accounts**



The major foreign receipts for current accounts were Worker’s remittances together with remittances from friends and relatives abroad, which recorded the highest value in 2016 as \$248.8 million, followed by receipts from Travel services of \$84.1 million, General Government Transfers of \$73.1 million, Exports of goods was \$53.3 million and other current transfers at \$31.5 million. Remittances has always been the highest contributor to current account receipts and it was still so during the last decade.

**Table 1: Balance of Payments Ratio**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
Exports f.o.b./current account credits (percent)	22.7%	7.9%	5.1%	6.4%	6.9%	7.0%	5.7%	7.1%	8.0%	9.0%
Imports f.o.b / current account debits (percent)	68.1%	72.6%	71.8%	71.9%	72.4%	66.3%	61.2%	66.7%	67.3%	62.7%
Goods and services credits / GDP (percent)	15.1%	12.9%	11.0%	14.7%	12.2%	12.0%	17.4%	18.8%	19.8%	16.7%
Current account balance / GDP (percent)	-10.9%	-10.0%	-11.0%	-18.2%	-19.8%	-14.6%	-9.6%	-6.7%	-15.0%	-13.8%
Reserve at end of period / imports of goods and services (percent)	27.4%	24.0%	34.4%	41.3%	42.9%	50.6%	53.8%	59.4%	52.9%	58.6%

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
<b>Current Account</b>										
Balance on Goods and Services	(261,792)	(266,309)	(306,894)	(324,104)	(351,689)	(350,229)	(329,959)	(326,693)	(403,605)	(416,340)
Balance on Trade in Goods	(220,625)	(265,853)	(285,785)	(298,446)	(347,751)	(316,298)	(299,005)	(307,520)	(365,951)	(396,270)
Exports f.o.b.	25,941	26,474	18,013	20,184	24,824	28,388	25,917	32,421	37,684	53,370
Imports f.o.b.	246,566	292,327	303,798	318,630	372,575	344,686	324,922	339,941	403,635	449,640
Balance on Trade in Services	(41,168)	(455)	(21,110)	(25,658)	(3,938)	(33,931)	(30,954)	(19,173)	(37,654)	(20,070)
Services credit	47,114	78,211	70,743	68,283	98,492	107,810	133,121	102,864	106,334	136,212
Services debit	88,282	78,666	91,852	93,941	102,430	141,741	164,075	122,037	143,988	156,282
Balance on Primary Income	14,377	7,172	20,417	23,024	22,013	23,490	20,460	6,252	8,945	5,841
Primary income credit	20,619	10,963	25,888	32,056	44,240	43,906	44,201	40,057	45,571	51,653
Primary income debit	6,243	3,791	5,471	9,033	22,227	20,416	23,740	33,805	36,625	45,812
Balance on Goods, Services and Income	(247,416)	(259,137)	(286,477)	(301,080)	(329,676)	(326,739)	(309,499)	(320,441)	(394,660)	(410,498)
Balance on Secondary Income	181,722	192,684	213,622	171,618	175,895	209,854	234,655	266,554	267,689	287,519
Secondary income credit	20,612	220,809	235,735	193,201	193,209	222,912	252,889	280,670	282,977	353,390
Secondary income debit	20,889	28,125	22,113	21,584	17,314	13,058	18,234	14,116	15,289	65,871
Balance on Current Account	(65,693)	(66,453)	(72,855)	(129,463)	(153,781)	(116,884)	(74,844)	(53,887)	(126,971)	(122,979)
<b>Capital Account</b>										
Capital account credit	65,876	29,035	66,428	47,441	88,306	101,455	55,704	62,772	50,420	68,112
Capital account debit	8,343	3,690	635	1,099	363	2,532	2,681	1,928	3,697	2,455
Balance on Capital Account	57,533	25,344	65,793	46,342	87,943	98,923	53,023	60,843	46,723	65,657
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	(8,160)	(41,108)	(7,062)	(83,121)	(65,838)	(17,961)	(21,821)	6,956	(80,248)	(57,323)
<b>Financial Account</b>										
Financial Assets (net acquisitions)	8,389	(2,476)	41,815	28,070	38,000	41,340	16,092	11,617	16,912	63,606
Direct investment	-	-	-	-	-	-	5,859	1,503	3,500	2,100
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-	-
Other investment	-	-	(5,345)	(1,760)	690	(420)	(5,397)	4,514	1,412	11,746
Of which:										
Deposits/Deposit-taking corporations (Banks)	-	-	(5,345)	(1,253)	690	(2,733)	(4,816)	5,612	1,412	11,746
Deposits/Other non-financial corporations	-	-	-	(506)	-	2,313	(581)	(1,098)	-	-
Reserve assets	8,389	(2,476)	47,160	29,830	37,310	41,760	15,630	5,600	12,000	49,760
Financial Liabilities (net disposals)	29,959	51,060	40,036	33,371	45,083	56,216	(2,784)	22,098	3,187	31,655
Direct investment	30,866	9,572	(405)	8,909	13,867	(1,363)	10,834	13,982	20,503	24,260
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-	-	-
Other investment	(907)	41,488	40,442	24,462	31,215	57,579	(13,619)	8,116	(17,317)	7,396
Deposits	-	-	4,844	(5,876)	(15,555)	6,542	(2,849)	11,830	(2,630)	22,036
Loans	-	-	35,598	30,338	46,770	51,006	(10,769)	(3,721)	(14,732)	(14,639)
of which, Loans/General Government	-	-	37,100	31,730	65,520	53,499	(4,550)	(1,511)	(7,486)	(7,778)
Other liabilities	-	-	-	-	-	-	-	-	-	-
Net Lending (+)/Borrowing (-) from Financial Account	8,626	(2,788)	1,779	(5,301)	(7,082)	(14,876)	18,876	(10,481)	13,725	31,951
Net errors and omissions	13,410	12,428	8,841	77,820	58,755	3,085	40,697	(17,438)	93,973	89,273
NE&O as percent of goods trade	4.9%	3.9%	2.7%	23.0%	14.8%	0.8%	11.6%	-4.7%	21.0%	17.7%
Level of Official Reserves at end year	91,616	89,140	136,300	170,500	203,800	246,100	263,300	274,400	289,700	354,900

1. Tonga's balance of payment statistics are compiled according to the IMF's principles in the sixth edition of the *Balance of Payments Manual*.

2. Data may not sum to stated totals due to rounding.

3. This report have revised some figures from earlier publications. The revisions may fall into 3 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

Symbol: r revised

Source: Tonga Statistics Department

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
Balance on Trade in Goods	(220,625)	(265,853)	(285,785)	(298,446)	(347,751)	(316,298)	(299,005)	(307,520)	(365,951)	(396,270)
Exports FOB	25,941	26,474	18,013	20,184	24,824	28,388	25,917	32,421	37,684	53,370
General merchandise	26,850	26,481	18,013	20,184	24,824	28,388	25,917	32,421	37,684	53,370
Net exports under merchating	(909)	(8)	-	-	-	-	-	-	-	-
Goods acquired under merchating (negative exports)	(1,387)	(9)	-	-	-	-	-	-	-	-
Goods sold under merchating	478	1	-	-	-	-	-	-	-	-
Nonmonetary gold	-	-	-	-	-	-	-	-	-	-
Imports FOB	246,566	292,327	303,798	318,630	372,575	344,686	324,922	339,941	403,635	449,640
General merchandise	246,566	292,327	303,798	318,630	372,575	344,686	324,922	339,941	403,635	449,640
Nonmonetary gold Of which:										
Classification adjustment (c.i.f./f.o.b.)	(15,097)	(18,421)	(18,561)	(17,145)	(19,058)	(20,725)	(20,740)	(21,698)	(25,764)	(28,700)
Coverage adjustments	10,044	3,720	12,942	49,673	73,973	20,000	-	-	-	-
Valuation adjustments	2	14	73	348	32	-	-	-	-	-
Timing adjustments	-	-	-	-	-	-	-	-	-	-

**Table 4: Services Account, TOP('000)**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
Balance on Trade in Services	(41,168)	(455)	(21,110)	(25,658)	(3,938)	(33,931)	(30,954)	(19,173)	(37,654)	(20,070)
Services Credit	47,114	78,211	70,743	68,283	98,492	107,810	133,121	102,864	106,334	136,212
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-	138	9
Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	191	1,524	1,319
Transport	6,104	13,768	12,683	13,119	14,236	16,332	22,357	19,279	21,685	29,247
Sea transport	2,364	7,059	6,118	5,669	6,162	7,082	11,110	6,341	10,533	12,237
Air transport	3,721	6,673	6,550	7,432	8,054	9,243	11,173	12,938	11,152	16,797
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
Passenger	757	817	884	1,603	2,007	3,116	4,465	4,190	3,301	3,037
Freight	-	-	-	-	-	-	-	-	2,248	1,833
Other	5,327	12,951	11,799	11,516	12,229	13,216	17,892	15,089	16,136	24,377
Postal and courier services	20	36	15	18	20	7	74	-	-	213
Travel	27,604	41,335	36,901	39,835	57,978	64,839	76,933	65,182	69,302	84,145
Business	24,249	36,409	2,953	3,435	5,855	8,091	6,062	4,808	4,921	6,570
Personal	3,355	4,926	33,948	36,400	52,123	56,747	70,870	60,374	64,380	77,575
Health related	-	-	-	-	-	-	25	-	0	8
Education related	-	14	11	49	1	-	82	105	497	92
Other	97	2,436	33,937	36,351	52,122	56,747	70,764	60,269	63,883	77,475
Telecommunications, computer, and information services	2,050	3,598	1,566	1,831	2,189	1,086	3,988	2,460	3,766	8,948
Construction	1,022	47	613	699	2,314	4,175	3,476	692	2,542	7,251
Insurance and pension services	-	-	-	-	-	-	-	-	-	-
Financial services	318	1,017	148	53	241	13	1,383	468	328	22
Charges for the use of intellectual property	-	-	-	-	-	-	-	292	2,218	-
Other business services	1,910	8,680	11,423	7,675	10,048	10,455	18,539	7,481	-	-
Personal, cultural, and recreational services	724	2,084	3,878	1,358	1,423	1,234	2,054	3,772	208	217
Government goods and services n.i.e	7,381	7,680	3,532	3,713	10,063	9,677	4,393	3,048	4,625	5,054
Services Debit	88,282	78,666	91,852	93,941	102,430	141,741	164,075	122,037	143,988	156,282
Manufacturing services on physical inputs owned by residents	-	-	-	-	-	-	-	-	151	21
Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	182	1,854	3,190
Transport	36,983	46,435	42,973	47,044	45,779	47,304	45,095	39,032	37,911	46,762
Sea transport	16,251	33,159	26,817	22,969	23,116	22,383	24,346	17,921	22,384	26,187
Air transport	20,713	13,253	16,120	24,016	22,633	24,875	20,728	21,049	15,238	20,267
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
Passenger	19,874	11,543	14,272	22,250	21,166	24,127	19,347	16,965	13,767	17,899
Freight	13,839	16,886	17,014	15,716	17,470	18,998	19,011	19,890	23,617	26,309
Other	3,252	17,984	11,650	9,018	7,113	4,525	6,716	2,114	238	2,248
Postal and courier services	19	23	37	60	30	74	21	63	289	307
Travel	19,685	17,507	20,412	17,739	21,386	25,333	31,501	37,271	37,392	45,103
Business	3,080	12,343	13,342	12,501	17,473	18,483	15,344	14,371	9,128	12,232
Personal	9,650	6,819	7,070	5,238	3,913	6,850	16,157	22,900	28,265	32,872
Health related	1,748	1,753	320	214	420	462	774	1,011	199	863
Education related	1,923	4,364	1,033	1,931	1,842	2,127	2,312	3,826	3,340	5,458
Other	3,537	3,158	5,717	3,092	1,651	4,261	13,071	18,063	24,726	26,550
Telecommunications, computer, and information services	2,202	2,288	3,711	5,976	3,382	7,703	2,406	2,764	3,787	7,978
Construction	97	211	2,130	396	1,097	4,788	21,174	12,358	218	582
Insurance and pension services	2,663	2,508	2,816	2,649	2,876	2,960	3,005	4,399	3,859	4,323
Financial services	469	1,495	1,407	801	2,776	6,732	8,540	5,617	573	1,204
Charges for the use of intellectual property	-	-	-	-	-	-	-	258	276	10,637
Other business services	1,040	1,773	9,433	9,342	8,881	29,407	34,864	13,388	39,892	22,584
Personal, cultural, and recreational services	771	2,020	2,081	1,872	4,143	2,618	2,557	883	833	822
Government goods and services n.i.e	21,973	2,250	6,890	8,123	12,110	14,477	14,934	5,885	17,242	13,076

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
<b>Balance on Primary Income</b>	<b>14,377</b>	<b>7,172</b>	<b>20,417</b>	<b>23,024</b>	<b>22,013</b>	<b>23,490</b>	<b>20,460</b>	<b>6,252</b>	<b>8,945</b>	<b>5,841</b>
<b>Primary Income Credits</b>	<b>20,619</b>	<b>10,963</b>	25,888	<b>32,056</b>	<b>44,240</b>	<b>43,906</b>	<b>44,201</b>	<b>40,057</b>	<b>45,571</b>	<b>51,653</b>
Compensation of Employees	7,367	8,273	20,791	20,757	29,078	28,708	27,996	29,176	39,072	42,386
Investment income	13,252	2,690	5,097	11,299	15,162	15,198	15,338	10,362	6,326	9,052
Direct investment	-	5	0	-	-	-	1,973	-	1,366	1,182
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Other investment	13,252	2,685	2,420	9,465	10,653	9,681	7,178	3,283	-	-
Reserve assets	-	-	2,677	1,834	4,509	5,516	6,187	7,078	4,960	7,870
Other primary income	-	-	-	-	-	-	867	519	172	215
<b>Primary Income Debits</b>	<b>6,243</b>	<b>3,791</b>	<b>5,471</b>	<b>9,033</b>	<b>22,227</b>	<b>20,416</b>	<b>23,740</b>	<b>33,805</b>	<b>36,625</b>	<b>45,812</b>
Compensation of Employees	131	109	113	154	110	95	90	2,591	2,811	3,866
Investment income	6,112	3,682	5,357	8,879	22,117	20,321	23,650	31,214	33,815	41,946
Direct investment	0	4	-	35	13,866	11,732	11,799	21,011	24,365	28,243
Portfolio investment	-	-	-	-	-	-	-	-	19	371
Other investment	6,111	3,678	5,357	8,844	8,251	8,590	11,852	10,203	9,431	13,332
Other primary income	-	-	-	-	-	-	-	-	-	-

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

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
<b>Balance on Secondary Income</b>	<b>181,722</b>	<b>192,684</b>	<b>213,622</b>	<b>171,618</b>	<b>175,895</b>	<b>209,854</b>	<b>234,655</b>	<b>266,554</b>	<b>267,689</b>	<b>287,519</b>
<b>Secondary Income Credits</b>	<b>202,612</b>	<b>220,809</b>	<b>235,735</b>	<b>193,201</b>	<b>193,209</b>	<b>222,912</b>	<b>252,889</b>	<b>280,670</b>	<b>282,977</b>	<b>353,390</b>
General government	22,633	5,499	50,341	28,322	41,921	63,499	44,055	68,516	52,380	73,109
Other sectors	179,978	215,310	185,394	164,879	151,288	159,413	208,834	212,153	230,598	280,281
Personal transfers	156,335	184,565	160,305	134,150	125,118	130,791	186,208	186,091	198,545	248,816
Of which: Workers' remittances	156,335	184,565	160,305	134,150	125,118	130,791	186,208	186,091	198,545	248,816
Other current transfers	23,643	30,744	25,089	30,729	26,170	28,622	22,626	26,062	32,053	31,465
<b>Secondary Income Debits</b>	<b>20,889</b>	<b>28,125</b>	<b>22,113</b>	<b>21,584</b>	<b>17,314</b>	<b>13,058</b>	<b>18,234</b>	<b>14,116</b>	<b>15,289</b>	<b>65,871</b>
General government	249	147	1,828	5,350	4,059	3,623	3,649	3,134	1,084	4,930
Other sectors	20,641	27,978	20,285	16,234	13,255	9,435	14,585	10,981	13,959	60,941
Personal transfers	18,337	24,933	18,095	14,291	11,165	7,640	11,721	7,710	11,312	56,703
Of which: Workers' remittances	18,337	24,933	18,095	14,291	11,165	7,640	11,721	7,710	11,312	56,703
Other current transfers	2,304	3,045	2,190	1,943	2,090	1,795	2,863	3,271	2,646	4,237

**Table 7: Capital Account, T\$(thousands)**

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12r	2012-13r	2013-14r	2014-15r	2015-16
<b>Balance on Capital Account</b>	<b>57,533</b>	<b>25,344</b>	<b>113,793</b>	<b>46,342</b>	<b>87,943</b>	<b>98,923</b>	<b>53,023</b>	<b>60,843</b>	<b>46,723</b>	<b>65,657</b>
<b>Capital Account Credits</b>	<b>65,876</b>	<b>29,035</b>	<b>66,428</b>	<b>47,441</b>	<b>88,306</b>	<b>101,455</b>	<b>55,704</b>	<b>62,772</b>	<b>50,420</b>	<b>68,112</b>
Gross disposals or nonproduced nonfinancial assets	-	-	48,000	-	-	-	-	-	-	-
Capital transfers	65,876	29,035	66,428	47,441	88,306	101,455	55,704	62,772	50,420	68,112
General government	45,012	18,521	58,827	44,089	82,293	98,065	46,900	59,300	30,450	48,731
Debt forgiveness	-	-	1,186	-	-	-	-	-	-	-
Other capital transfers	45,012	18,521	57,642	44,089	82,293	98,065	46,900	59,300	30,450	48,731
Deposit-taking corporations and other sectors	20,864	10,513	7,601	3,352	6,013	3,390	8,804	3,472	19,971	19,381
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	20,864	10,513	7,601	3,352	6,013	3,390	8,804	3,472	19,971	19,381
<b>Capital Account Debits</b>	<b>8,343</b>	<b>3,690</b>	<b>635</b>	<b>1,099</b>	<b>363</b>	<b>2,532</b>	<b>2,681</b>	<b>1,928</b>	<b>3,697</b>	<b>2,455</b>
Gross acquisitions or nonproduced nonfinancial assets	-	-	-	-	-	-	-	-	-	-
Capital transfers	8,343	3,690	635	1,099	363	2,532	2,681	1,928	3,697	2,455
General government	4,728	3,443	159	782	-	534	231	100	16	155
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	4,728	3,443	159	782	-	534	231	100	16	155
Deposit-taking corporations and other sectors	3,615	247	476	317	363	1,997	2,451	1,828	3,682	2,300
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	3,615	247	476	317	363	1,997	2,451	1,828	3,682	2,300

1. Tonga's balance of payment statistics are compiled according to the IMF's principles in the sixth edition of the *Balance of Payments Manual*.

2. Data may not sum to stated totals due to rounding.

3. This report have revised some figures from earlier publications. The revisions may fall into 3 broad categories:

- Due to new or updated information becoming available
- Due to new or updated benchmarks
- Due to conceptual or methodology changes

**Symbol:** r revised

**Source:** Tonga Statistics Department



Printed by: STATISTICS DEPARTMENT  
Nuku'alofa, TONGA -2017