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KINGDOM OF TONGA

BALANCE OF PAYMENTS

Quarterly Bulletins
December 2010

Statistics Department,
P.O Box 149
Nuku'alofa
Tonga.
Email : dept@stats.gov.to
Website : www.spc.int/prism/tonga/

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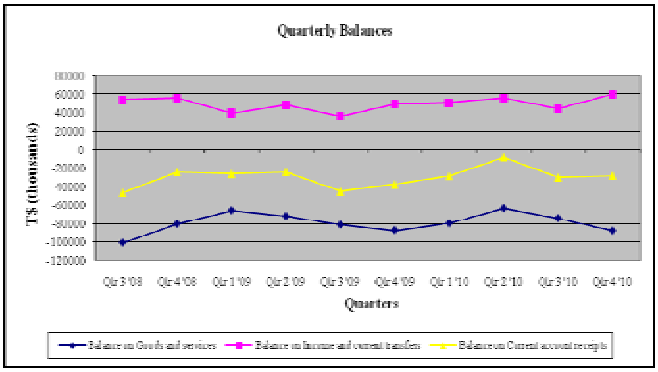
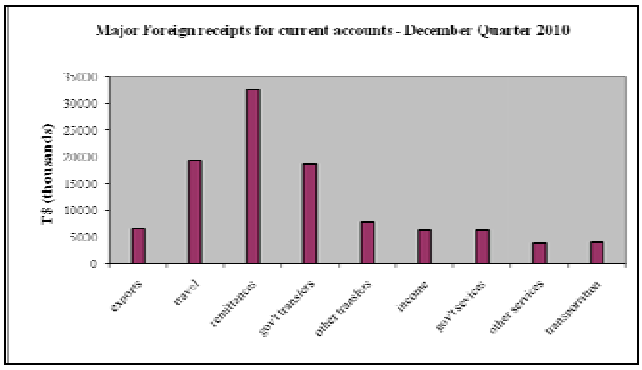
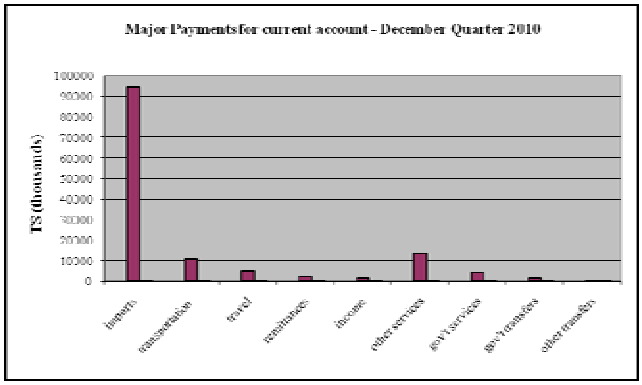
Balance of Payments Statistics
December Quarter 2010





The above graph shows remittances with the highest value of T$32.6 million, travel with T$19.3 million, government transfers with T$18.7 million, other transfers with T$7.7 million, exports with T$6.5 million, and the rest shared the remaining T$20.0 million.



The above graph shows imports with the highest value of T$94.6 million, other services with T$13.1 million, transportation services with T$10.9 million, travel with T$5.0 million, government services with T$4.1 million and the rest shared the remaining T$5.4 million.

These estimates by the Statistics Department showed the Balance of Payment in December Quarter 2010 recorded current account deficit of T$28.2 million, compared to deficit of $38.2 million in the December 2009 quarter, and a deficit of T$30.3 million in the September 2010 quarter. The capital account recorded a surplus of T$59.8 million, net inflow, double the value of the December 2009 quarter and almost double the value of the September 2010 quarter. The official reserves increased by T$4.8 million from September 2010 quarter to T$177.5 million at the end of the December 2010.

The goods balance was a deficit of T$88.1 million in the December 2010 quarter, an increase from T$80.9 million or 8.8% in the December 2009 quarter and again an increase of 6.5% from T$82.7 million in the September 2010 quarter. Tonga earned T$6.5 million from exports in the December 2010 quarter, an increase of 26.6% from T$5.1 million in the December 2009 quarter, and an increase of 26.1% from T$5.1 in the September 2010 quarter. Major exports were fish products, pumpkins, vanilla, paints and varnishes, root crops, coconuts (fresh brown nuts) and ground kava. Imports of goods also increased, to T$94.6 million.

The balance on services was a surplus of T$0.1 million compared to the September 2010 quarter surplus of T$8.3 million. The surplus was driven down due to increase in services imports in the December 2010 quarter. The exports of services were T$33.2 million in the December 2010 quarter, an increase of 6.7% from T$31.1 million in the September 2010 quarter, and was almost double the value of T$17.8 million in the December 2009 quarter. This was principally due to increase in travel services and other business services.

Imports of services were T$33.1 million in the December 2010 quarter, up 44.8% from T$22.9 million in the September 2010 quarter; and increase of 36.7% from T$24.2 million in the December 2009 quarter. Transportation services imports was the main contributor with T$10.9 million, an increase of 7.4% from the September 2010 quarter of T$10.1 million and a decrease of 24.6% from the December 2009 quarter of T$14.4 million.

The net earnings from income (primary and secondary); were made up of T$4.6 million from primary income and T$55.1 million from secondary income transfers in the December 2010 quarter. This was an increase from T$0.9 million and T$43.3 million respectively in the September 2010 quarter. Remittances from friends and relatives (workers) decreased in the December 2010 quarter from T$32.6 million compared to T$34.2 million in the September 2010 quarter.

Provided are detailed tables of quarterly Balance of Payments statistics for December Quarter 2010.

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Mr 'Ata'ata M. Finau
GOVERNMENT STATISTICIAN.

Table 1 : Balance of Payments Summary

T$'(000)

ITEMS	July-Sept Qtr 3 2008	Oct-Dec Qtr 4 2008	Jan-Mar Qtr 1 2009	Apr-June Qtr 2 2009	July-Sept Qtr 3 2009	Oct-Dec Qtr42009	Jan-Mar Qtr 1 2010	Apr-June Qtr 2 2010	July-Sept Qtr 3 2010	Oct-Dec Qtr 4 2010
Current Account										
Balance on Goods and Services	***(100,936)***	***(80,474)***	***(66,124)***	***(72,339)***	***(81,446)***	***(87,422)***	**(79,884)**	**(63,887)**	**(74,465)**	**(87,980)**
Balance on Trade in Goods	***(89,421)***	***(72,412)***	***(60,392)***	***(65,991)***	***(74,683)***	***(80,951)***	***(74,015)***	***(66,672)***	***(82,740)***	***(88,095)***
Exports f.o.b.	5,808	7,545	3,275	1,650	4,621	5,109	2,888	2,253	*5,129*	*6,466*
Imports f.o.b.	95,230	79,957	63,667	67,641	79,304	86,060	76,904	68,926	87,870	94,561
Balance on Trade in Services	***(11,514)***	***(8,061)***	***(5,732)***	***(6,348)***	***(6,763)***	***(6,471)***	***(5,869)***	***2,786***	***8,276***	***115***
Services credit	21,049	16,799	18,346	16,807	17,106	17,762	18,567	21,924	31,154	33,243
Services debit	32,564	24,860	24,078	23,155	23,869	24,233	24,436	19,138	22,879	33,128
Balance on Primary Income	***3,159***	***3,671***	***2,951***	***3,577***	***222***	***1,368***	***3,436***	***2,608***	***865***	***4,609***
Primary income credit	4,571	6,111	5,079	5,522	4,433	5,389	7,546	4,997	6,420	6,200
Primary income debit	1,412	2,440	2,128	1,945	4,211	4,060	4,110	2,389	5,555	1,590
Balance on Goods, Services and Income	***(97,777)***	***(76,802)***	***(63,173)***	***(68,762)***	***(81,224)***	***(86,054)***	***(76,448)***	***(61,279)***	***(73,600)***	(83,371)
Balance on Secondary Income	***50,737***	***52,319***	***36,774***	***44,707***	***35,880***	***47,833***	***47,515***	***52,853***	***43,326***	***55,133***
Secondary income credit	57,136	57,759	42,060	48,995	50,062	53,966	50,134	56,758	45,426	58,969
Secondary income debit	6,398	5,440	5,286	4,288	14,182	6,133	2,620	3,905	2,101	3,836
Balance on Current Account	**(47,040)**	**(24,483)**	**(26,399)**	**(24,055)**	**(45,344)**	***(38,220)***	**(28,933)**	**(8,426)**	**(30,274)**	**(28,237)**
Balance on Current Account (excluding reinvested earnings)	*(47,040)*	*(24,483)*	*(26,399)*	*(24,055)*	*(45,344)*	*(38,220)*	*(28,933)*	*(8,426)*	*(30,274)*	(28,237)
Capital Account										
Capital account credit	66,353	10,592	31,423	28,965	29,576	26,036	49,972	23,342	34,506	60,001
Capital account debit	159	45	385	41	303	1,791	525	136	115	165
Balance on Capital Account	**66,194**	**10,547**	**31,039**	**28,924**	**29,273**	**24,245**	**49,447**	**23,206**	**34,391**	**59,836**
Net Lending (+)/Borrowing (-) from Current and Capital Accounts	**19,154**	**(13,936)**	**4,640**	**4,869**	**(16,071)**	**(13,976)**	**20,514**	**14,780**	**4,117**	**31,599**
Financial Account										
Financial Assets	**12,404**	**(9,255)**	**7,142**	**5,696**	**26,478**	**(5,903)**	**(9,843)**	**8,190**	**2,202**	**13,190**
Direct investment	-	-	-	-	-	-	-	-	-	-
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Financial derivatives (other than reserves) and employee stock options	(26,956)	(4,655)	442	(4)	(522)	(3,003)	(4,943)	(6,810)	-	8,386
Other investment	-	-	-	-	-	-	-	-	2	4
Reserve assets	39,360	(4,600)	6,700	5,700	27,000	(2,900)	(4,900)	15,000	2,200	4,800
Financial Liabilities	**(26,742)**	**(967)**	**(2,539)**	**(2,391)**	**19,564**	**(3,400)**	**(12,264)**	**5,482**	**(8,163)**	**(5,552)**
Direct investment	59	512	448	(424)	0	(69)	(152)	8,451	345	5,097
Portfolio investment	-	-	-	-	-		-	-	-	-
Financial derivatives and employee stock options	-	-	-	-	-		-	-	-	-
Other investment	(26,801)	(1,479)	(2,987)	(1,967)	19,564	(3,331)	(12,112)	(2,969)	(8,508)	(10,649)
Net Lending (+)/Borrowing (-) from Financial Account	**39,146**	**(8,288)**	**9,681**	**8,087**	**6,914**	**(2,503)**	**2,420**	**2,708**	**10,365**	**18,742**
Net errors and omissions	***(19,992)***	***(5,648)***	***(5,042)***	***(3,218)***	***(22,985)***	***(11,473)***	***18,093***	***12,072***	***(6,247)***	***12,857***
NE&O as percent of goods trade	*-19.8%*	*-6.5%*	*-7.5%*	*-4.6%*	*-27.4%*	*-12.6%*	*22.7%*	*17.0%*	8.0%	*12.7%*
Level of Official Reserves at end year	**128,500**	**123,900**	**130,600**	**136,300**	**163,300**	**160,400**	**155,500**	**170,500**	**172,700**	**177,500**

Table 2: Goods Account, T$(thousands)

	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Qtr 3 2008	Qtr 4 2008	Qtr 1 2009	Qtr 2 2009	Qtr 3 2009	Qtr 4 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010
Balance on Trade in Goods	***(89,421)***	***(72,412)***	***(60,392)***	***(65,991)***	***(74,683)***	***(80,951)***	***(74,015)***	***(66,672)***	***(82,740)***	***(88,095)***
Exports FOB	**5,808**	**7,545**	**3,275**	**1,650**	**4,621**	**5,109**	**2,888**	**2,253**	**5,129**	**6,466**
General merchandise	4,125	6,346	3,296	2,397	5,025	6,104	2,998	2,375	5,161	6,469
Net exports under merchanting	1,683	1,199	(21)	(748)	(403)	(994)	(109)	(122)	(32)	(3)
Goods acquired under merchanting (negative exports)	(112)	(123)	(137)	(867)	(1,266)	(1,148)	(144)	(147)	(39)	(35)
Goods sold under merchanting	1,795	1,323	115	120	863	154	35	26	8	33
Nonmonetary gold	-	-	-	-	-	-	-	-	-	-
Imports FOB	**95,230**	**79,957**	**63,667**	**67,641**	**79,304**	**86,060**	**76,904**	**68,926**	**87,870**	**94,561**
General merchandise	95,230	79,957	63,667	67,641	79,304	86,060	76,904	68,926	87,870	**94,561**
Nonmonetary gold	-	-	-	-	-	-	-	-	-	-
Of which:										
Classification adjustment (c.i.f./f.o.b.)	*(6,078)*	*(5,103)*	*(4,063)*	*(4,315)*	*4,652*	*(5,031)*	*(3,621)*	*(3,988)*	*(4,836)*	*(5,501)*
Coverage adjustments	-	-	-	-	6,395	7175	*19,960*	*6,405*	*12,095*	*8,385*
Valuation adjustments	*5*	*5*	*15*	*47*	34	*62*	*213*	*38*	*6*	-
Timing adjustments	-	-	-	-	-	-	-	-	-	-

Table 3: Services Account, T$(thousands)

	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Qtr 3 2008	Qtr 4 2008	Qtr 1 2009	Qtr 2 2009	Qtr 3 2009	Qtr 4 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010
Balance on Trade in Services	***(11,514)***	***(8,061)***	***(5,732)***	***(6,348)***	***(6,763)***	***(6,471)***	***(5,869)***	***2,786***	***8,276***	***115***
Services Credit	**21,049**	**16,799**	**18,346**	**16,807**	**17,106**	**17,762**	**18,567**	**21,924**	**31,154**	**33,243**
Manufacturing services on physical inputs owned by others	-	-	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	-	-	-
Transport	1,857	3,118	2,511	1,952	3,130	3,035	3,289	3,794	3,636	3,903
Sea transport	714	802	561	620	715	673	648	680	630	972
Air transport	1,136	2,314	1,944	1,329	2,410	2,358	2,638	3,107	3,006	2,927
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
Passenger	*125*	*580*	*353*	-	746	496	*874*	*1,123*	*905*	842
Freight	-	-	-	-	-	-	-	-	-	-
Other	*1,725*	*2,536*	*2,152*	*1,949*	2,379	*2,535*	*2,412*	*2,664*	*2,730*	*3,057*
Postal and courier services	7	2	6	3	5	4	3	7	1	4
Travel	14,204	7,470	7,555	7,434	9,075	8,340	11,296	11,469	17,659	19,353
Business	10,912	4,619	4,624	4,849	7,269	7,065	9,530	9,970	16,519	18,060
Personal	3,292	2,851	2,932	2,585	1,806	1,275	1,767	1,499	1,140	1,292
Health related	-	-	-	-	4	8	-	-	-	-
Education related	-	-	-	*11*	13	11	*23*	*2*	-	-
Other	*3,292*	*2,851*	*2,932*	*2,574*	1,789	1,255	*1,744*	*1,497*	*1,140*	1,292
Telecommunications, computer, and information services	667	217	572	327	537	393	288	678	72	409
Telecommunications	666	217	572	321	526	378	287	676	68	385
Computer and information services (no split available)	1	-	-	6	10	15	1	3	4	25
Construction	35	86	871	178	-	182	68	449	953	679
Insurance and pension services	-	-	-	-	-	-	-	-	-	-
Financial services	16	720	9	31	-	15	3	36	26	41
Charges for the use of intellectual property	-	-	-	-	-	-	-	-	-	-
Other business services	1,105	2,072	3,208	1,739	1,575	2,111	1,149	1,578	1,688	2,189
Personal, cultural, and recreational services	765	266	551	616	226	313	175	681	343	459
Government goods and services n.i.e	2,401	2,850	3,070	4,530	2,563	3,373	2,298	3,238	6,777	6,210
Services Debit	**32,564**	**24,860**	**24,078**	**23,155**	**23,869**	**24,233**	**24,436**	**19,138**	**22,879**	**33,128**
Manufacturing services on physical inputs owned by residents	-	-	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e.	-	-	-	-	-	-	-	-	-	-
Transport	17,027	12,795	9,263	11,001	10,865	14,435	10,272	9,739	10,129	10,880
Sea transport	5,816	6,446	4,805	5,091	5,254	5,270	3,051	3,850	4,590	5,127
Air transport	11,203	6,341	4,448	5,890	5,573	9,255	7,212	5,883	5,535	5,748
Other modes of transport	-	-	-	-	-	-	-	-	-	-
Of which:										
Passenger	*10,460*	*5,849*	*4,089*	*5,586*	5,155	*8,880*	*6,855*	*5,413*	*5,205*	5,390
Freight	*5,572*	*4,678*	*3,724*	*3,955*	*4,264*	*4,612*	*3,319*	*3,656*	*4,433*	5,042
Other	*987*	*2,259*	*1,440*	*1,440*	*1,408*	*1,032*	*89*	*664*	*486*	442
Postal and courier services	7	8	11	20	38	*18*	9	6	5	6
Travel	3,561	3,310	4,559	3,453	3,342	*3,379*	5,880	3,855	3,966	5,017
Business	1,719	2,219	2,396	2,070	2,041	*1,997*	2,899	2,394	2,482	3,490
Personal	1,842	1,091	2,163	1,382	1,301	1,382	2,981	1,461	1,485	1,527
Health related	*175*	*152*	*81*	*227*	106	219	*775*	*291*	*351*	217
Education related	*601*	*363*	*522*	*659*	503	457	*1,224*	*567*	*723*	862
Other	*1,066*	*576*	*1,560*	*496*	692	706	*982*	*603*	*411*	449
Telecommunications, computer, and info	908	1,431	1,052	2,016	3,722	1,824	885	679	533	708
Telecommunications	729	831	1,049	2,016	3,722	1,806	876	634	448	562
Computer and information services (no	179	601	3	-	-	*19*	9	45	85	146
Construction	215	437	498	514	172	172	48	12	4	106
Insurance and pension services	848	789	636	565	803	708	571	596	734	734
Financial services	987	342	741	124	322	77	116	281	619	729
Charges for the use of intellectual prope	-	-	-	-	-	-	-	-	-	-
Other business services	1,495	990	1,586	1,212	1,611	1,874	2,819	1,083	897	9,141
Personal, cultural, and recreational servi	520	505	282	156	381	338	420	557	468	1,732
Government goods and services n.i.e	7,004	4,260	5,460	4,114	2,651	1,318	3,426	2,349	5,529	4,082

Table 4: Primary Income Account

	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Qtr 3 2008	Qtr 4 2008	Qtr 1 2009	Qtr 2 2009	Qtr 3 2009	Qtr 4 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010
Balance on Primary Income	***3,159***	***3,671***	***2,951***	***3,577***	***222***	***1,368***	***3,436***	***2,608***	***865***	***4,609***
Primary Income Credits	**4,571**	**6,111**	**5,079**	**5,522**	**4,433**	**5,428**	**7,546**	**4,997**	**6,420**	**6,200**
Compensation of Employees	2,813	2,350	1,894	1,905	2,098	2,584	1,733	2,126	2,523	3,331
Investment income	1,758	3,761	3,186	3,617	2,335	2,845	5,813	2,871	3,897	2,869
Direct investment	-	-	0	-	-	-	-	-	-	-
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Other investment	1,758	3,761	3,185	3,617	2,335	2,845	5,813	2,871	3,897	2,869
Reserve assets	-	-	-	-	-	-	-	-	-	-
Other primary income	-	-	-	-	-	-	-	-	-	-
Primary Income Debits	**1,412**	**2,440**	**2,128**	**1,945**	**4,211**	**4,060**	**4,110**	**2,389**	**5,555**	**1,590**
Compensation of Employees	25	98	32	38	532	784	636	8	52	15
Investment income	1,387	2,341	2,096	1,907	3,679	3,276	3,474	2,381	5,503	1,575
Direct investment	-	-	-	-	2	35	-	-	-	-
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Other investment	1,387	2,341	2,096	1,907	3,678	3,241	3,474	2,381	5,503	1,575
Other primary income	-	-	-	-	-	-	-	-	-	-

Table 5: Secondary Income Account

	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Qtr 3 2008	Qtr 4 2008	Qtr 1 2009	Qtr 2 2009	Qtr 3 2009	Qtr 4 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010
Balance on Secondary Income	***50,737***	***52,319***	***36,774***	***44,707***	***35,880***	***47,833***	***47,515***	***52,853***	***43,326***	***55,133***
Secondary Income Credits	**57,136**	**57,759**	**42,060**	**48,995**	**50,062**	**53,966**	**50,134**	**56,758**	**45,426**	**58,969**
General government	4,925	5,970	4,195	5,661	11,485	10,068	15,257	10,749	5,347	18,684
Deposit-taking corporations and other sectors	52,211	51,788	37,865	43,335	38,577	43,898	34,877	46,009	40,079	40,285
Personal transfers	45,610	45,317	31,927	37,152	31,180	35,976	28,359	36,671	34,193	32,592
Of which: Workers' remittances	*45,610*	*45,317*	*31,927*	*37,152*	*31,180*	*35,976*	*28,359*	*36,671*	*34,193*	*32,592*
Other current transfers	6,600	6,471	5,938	6,183	7,397	7,922	6,518	9,339	5,886	7,693
Secondary Income Debits	**6,398**	**5,440**	**5,286**	**4,288**	**14,182**	**6,133**	**2,620**	**3,905**	**2,101**	**3,836**
General government	333	670	330	28	9,866	2,163	693	1,098	20	1,415
Deposit-taking corporations and other sectors	6,066	4,770	4,956	4,260	4,316	3,970	1,926	2,807	2,080	2,421
Personal transfers	5,546	3,912	4,514	3,962	3,650	3,447	1,525	2,450	1,593	1,987
Of which: Workers' remittances	*5,546*	*3,912*	*4,514*	*3,962*	*3,650*	*3,447*	*1,525*	*2,450*	*1,593*	*1,987*
Other current transfers	520	858	442	298	667	523	402	357	488	434

Table 6: Capital Account, T$(thousands)

	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept	Oct-Dec
	Qtr 3 2008	Qtr 4 2008	Qtr 1 2009	Qtr 2 2009	Qtr 3 2009	Qtr 4 2009	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010
Balance on Capital Account	*66,194*	*10,547*	*31,039*	*28,924*	*29,273*	*24,245*	*49,447*	*23,206*	*34,391*	*59,836*
Capital Account Credits	**66,353**	**10,592**	**31,423**	**28,965**	**29,576**	**26,036**	**49,972**	**23,342**	**34,506**	**60,001**
Gross disposals of nonproduced nonfinancial assets	48,000	-	-	-	-	-	-	-	-	-
Capital transfers	18,353	10,592	31,423	28,965	29,576	26,036	49,972	23,342	34,506	60,001
General government	9,779	1,719	23,054	21,785	21,756	17,036	48,903	22,923	32,013	47,235
Debt forgiveness	-	-	1,186	-	-	-	-	-	-	-
Other capital transfers	9,779	1,719	21,868	21,785	21,756	17,036	48,903	22,923	32,013	47,235
Deposit-taking corporations and other	8,574	8,873	8,369	7,180	7,820	9,000	1,069	419	2,493	12,766
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	8,574	8,873	8,369	7,180	7,820	9,000	1,069	419	2,493	12,766
Capital Account Debits	**159**	**45**	**385**	**41**	**303**	**1,791**	**525**	**136**	**115**	**165**
Gross acquisitions of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-	-	-
Capital transfers	159	45	385	41	303	1,791	525	136	115	165
General government	159	-	-	-	281	500	1	-	-	-
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	159	-	-	-	281	500	1	-	-	-
Deposit-taking corporations and other	-	45	385	41	23	1,291	524	136	115	165
Debt forgiveness	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	45	385	41	23	1,291	524	136	115	165

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