

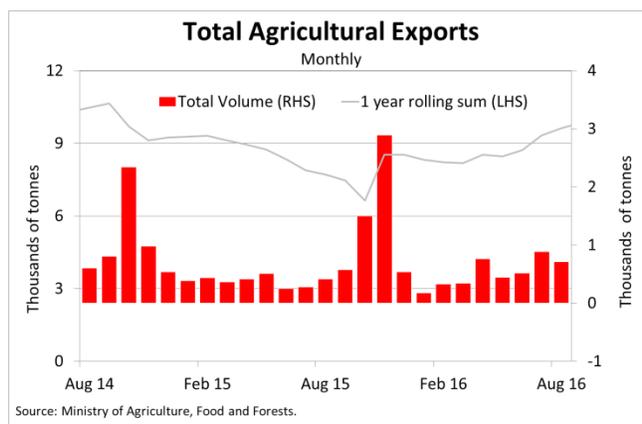
Agricultural Exports Volume August 2016

Release date: 11 November 2016

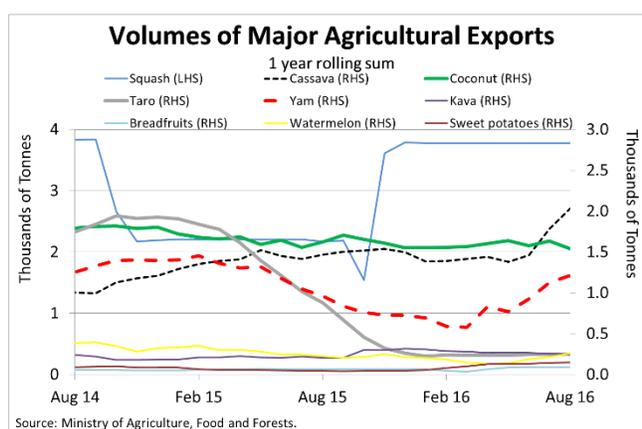
| | Aug 16 | Jul 16 | Jun 16 | May 16 |
|-----------------------|--------|--------|--------|--------|
| Total volume (tonnes) | 707.3 | 879.9 | 514.4 | 437.9 |

Yam exports driving monthly decline

The total volume of agricultural exports declined over the month by 173.0 tonnes (19.7%) to 707.3 tonnes, indicating a slowdown in harvesting season. All categories of root crops decreased with yam recording the highest decline of 117.8 tonnes (42.8%), particularly late yams. This reflected the impact of a slowdown from the high exports of yams in July. The monthly trend here is similar in the past years reflecting the harvesting season. A 0.7% rise in domestic food prices at the end of the month also indicate lower supply of food and support the lower primary production during the month.



The exports of brown coconuts also decreased by 21.1 tonnes (20.8%) over the month. Liaison with one of the major coconut exporters confirmed the fall in exports is a result of prolonged dry weather affecting supply. Furthermore, the continuous shortage of kava-Tonga contributed to the fall in the exports of kava-powder by 13.9 tonnes (80.2%) in August 2016.



In contrast, the exports of watermelon, butternut squash, green coconuts, taro tarua leaves, chillies and breadfruit increased over the month. The harvesting of squash has commenced in August 2016 and is expected to result in an increase the volume of exports in the coming months.

The decline in exports volume is consistent with a \$0.1 million (25.4%) fall in receipts of agricultural export proceeds to \$0.29 million, due to a decrease in receipts denominated in U.S dollar, Australia dollar and Tongan pa'anga.

In year-ended terms, total agricultural export volume rose by 1,919.5 tonnes (24.9%). This was attributed mainly to higher export volume of fruit products and root crops. The improved weather conditions during the year have assisted the lively agricultural sector. Total squash export volume rose by 1,602.7 tonnes (73.8%), mainly Tongan and butternut squash. The export of root crops also increased by 289.2 tonnes (8.6%) driven by higher exports of cassava, yam and sweet potatoes. Despite the recent shortage in kava-Tonga, high exports in October 2015 contributed to the overall annual increase in exports volume of kava powder by 48.3 tonnes (24.0%). This reflected the re-opening of the market in Europe. On the other hand, exports of taro, coconuts, sandalwood and taro tarua leaves decreased over the year. Similarly, the receipts of agricultural export proceeds increased by \$1.6 million (34.6%) to \$6.37 million, supported by the strengthening of the Japanese Yen and US dollar against the Tongan Pa'anga.

On the outlook, NRBT anticipates that both volume for export and domestic production will increase in 2016/17 supporting the expected growth in the agricultural sector. This is supported by the Tonga Agricultural Sector Plan (TASP) that was recently approved by Cabinet. The re-opening of the High Temperature Forced Air facility at the Fua'amotu Airport would support the export of breadfruit, papaya, tomatoes and the new products to be introduced such as chillies and eggplant. The initiatives from the January 2016 Agricultural Annual Conference to improve the existing infrastructure for farmers should also support the forecast of higher agricultural output, including the opening of the multi-purpose pack house in 'Eua. The biogas demonstration farm set up with the assistance of the Chinese Government would provide organic fertilizer that may support the production of high quality fruits such as seedless watermelons

Furthermore, the possibility of a new market for Tonga squash exports to China may boost total agricultural export volumes. The introduction of the Air New Zealand Boeing 777-200 aircraft provides extra capacity for more exports volume going forward. In addition, Tonga is currently negotiating the Pacific Agreement on Closer Economic Relations (PACER) Plus which may contribute to the increase. On the contrary, the exports of kava-Tonga are expected to decline as liaisons with growers have indicated low supply for the next 3 years due to the drought in past years. The August 2016 Climate update by the Meteorology Division advised that a weak La Nina (more rainfall than usual during summer) remains possible in 2016 and the rainfall is expected to remain normal (usual) in October 2016 to March 2017. The weather uncertainty poses a risk to the agricultural sector outlook.

Total Agricultural Export Volumes by Major Categories

Tonnes

| | Month-ended* | | | Aug 15 | Year-ended | | Memo: Share |
|--------------------------|--------------|--------|--------|--------|------------|---------|----------------|
| | Aug 16 | Jul 16 | Jun 16 | | Aug 16 | Aug 15 | |
| Total | 707.3 | 880.3 | 514.4 | 413.8 | 9,622.4 | 7,702.9 | 100 |
| Fruit products | 139.8 | 144.2 | 162.5 | 185.2 | 5,713.2 | 4,116.7 | 59.4 |
| Root vegetable products | 561.3 | 717.8 | 344.9 | 219.0 | 3,636.5 | 3,347.3 | 37.8 |
| Other vegetable products | 2.7 | 1.0 | 1.1 | 1.0 | 22.8 | 29.6 | 0.2 |
| Sandalwood | 0.0 | 0.0 | 0.0 | 0.0 | 0.6 | 6.9 | 0.0 |
| Vanilla | 0.5 | 0.0 | 0.0 | 0.0 | 5.9 | 4.1 | 0.1 |
| Other** | 3.5 | 17.4 | 6.0 | 8.6 | 249.4 | 202.4 | 2.6 |

* Series is volatile due to seasonality of crops

** Includes kava products and coffee beans.

Source: Ministry of Agriculture, Food and Forests.