

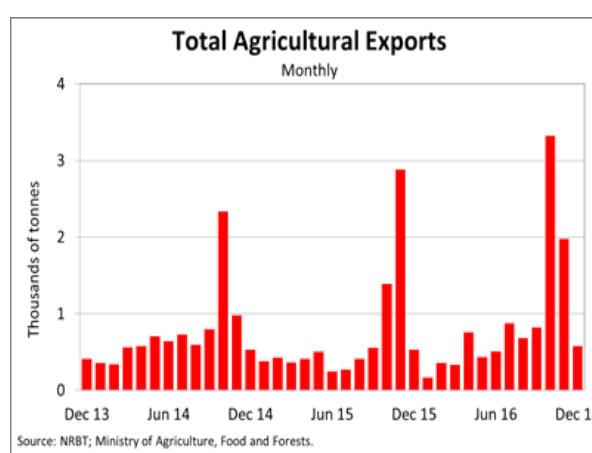
# Agricultural Exports Volume December 2016

Release date: 9<sup>th</sup> June 2017

	Dec16	Nov 16	Oct 16	Sept 16
Total volume (tonnes)	583.3	1,983.9 <sup>1</sup>	3,327.4	823.0

## Agricultural exports volume return to its usual trend

The total volume of agricultural exports in December 2016 declined to 583.3 tonnes. However, this was still above the average agricultural export of 477.7 tonnes during December for the past 4 years. Therefore, December 2016 surpassed the agricultural exports in the same month of these years with the highest level of 536.8 tonnes recorded in December 2014.



Lower exports during the month were mainly due to decline in exports of squash

by 1,374.6 tonnes (99.8%) reflecting the squash season winding down. Additionally, watermelon exported volume fell by 62.7 tonnes (63.3%) largely reflecting lower demand from the relevant overseas market. This is similar to trends in previous years as the watermelon season in New Zealand, which is Tonga's major watermelon export market, commences in late December of every year. Other produce that decreased over the month included giant taro, swamp taro, breadfruit, kava powder, and brown coconuts. Although these produce decreased in terms of exported volume, reports from the Ministry of Agriculture, Food, and Forestry showed that the produce at the domestic agricultural market increased in December with various crops and other agricultural produce.

In contrast, the export of root crops such as cassava, taro tarua, yam, and sweet potato increased over the month supporting the agricultural exports during December. Other agricultural exports that also rose over the month included pele leaves, green coconuts, and cured beans. Although New Zealand (NZ) remained the leading exports destination but exports to Australia rose considerably by 79.9 tonnes (62.3%) over the month.

<sup>1</sup> Revised upward by 1,000 tonnes of exported squash

Nonetheless, receipts of agricultural export proceeds continued to increase over the month from \$2.0 million in November to \$2.9 million (44.2%) in December 2016. This continued to reflect the substantial squash exports in the previous months, as \$2.7 million of the December proceeds are for squash exports.

Over the year, the total agricultural export volume rose by 2,450.7 tonnes (29.1%) supported by the favourable squash season and better harvest of root crops. The continuous support from the Government through the low interest rate Government Development Loans contributed as well, reflecting a rise of \$3.3 million (49.8%) in business loans to the agricultural sector. The annual agricultural export receipts also rose by \$4.2 million (74.1%) to \$9.9 million. The higher export receipts were for squash and crops (root crops and traditional crops) supported by the strengthening of the Japanese Yen and US dollar against the Tongan Pa'anga.

On the other hand, exports of kava-Tonga, coconuts, sandalwood, mulberry juice, vanilla, and pele leaves declined over the year but were offset by the increase in root crops, squash, and breadfruit. According to liaisons with growers, the lower exports of these various produce is due to the drought in past years which affected the produce and seedlings.

On the outlook, the Reserve Bank anticipates that the volume of exports will increase in the remainder of 2016/17 supporting the expected growth in the agricultural sector. The December climate update released by the Meteorology Division forecasted a period of more rainfall than usual for the upcoming months, which is an advantage for growers to start planting various crops. The year 2016/17 has seen better weather conditions than that of the previous year which will likely have favourable effects on the agricultural sector's growth. In addition, Tonga is currently negotiating the Pacific Agreement on Closer Economic Relations (PACER) Plus which may contribute to the increase. On the downside, the export of Kava Tonga will continue to decline due to low supply as a result of unfavourable weather conditions in the past years. Moreover, with the uncertain negotiations regarding the HTFA, low breadfruit exports is projected for the breadfruit season including other exported fresh fruits and vegetables.

**Total Agricultural Export Volumes by Major Categories**

	Tonnes							<i>Memo: Share</i>
	Month-ended*				Year-ended			
	Dec 16	Nov 16	Oct 16	Dec 15	Dec 16	Dec 15		
Total	583.3	1,983.9	3,327.4	534.0	10,870.0	8,419.1	100	
Fruit products	93.4	1,569.6	2,826.9	392.5	5,837.4	5,655.8	53.7	
Root vegetable products	482.3	404.1	492.5	106.8	4,906.0	2,520.9	45.1	
Other vegetable products	3.2	2.8	1.7	1.2	22.6	23.3	0.2	
Sandalwood	0.0	0.0	0.0	0.0	-	1.3	0.0	
Vanilla	1.1	0.0	0.4	0.0	4.9	4.1	0.0	
Other**	4.3	7.5	6.3	33.5	104.0	217.8	1.0	

\* Series is volatile due to seasonality of crops

\*\* Includes kava products and coffee beans.

Source: Ministry of Agriculture, Food and Forests.