

Agricultural Exports Volume

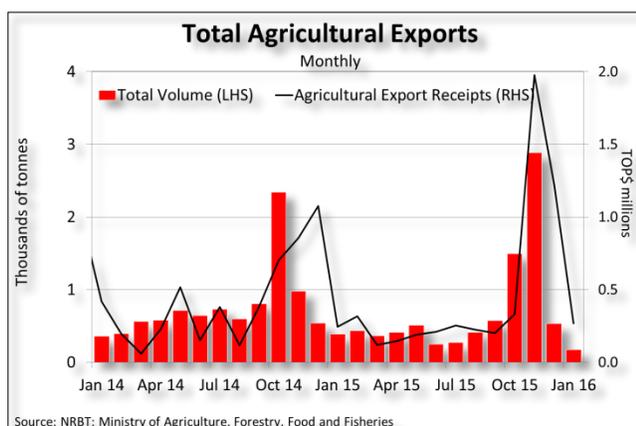
January 2016

Release date: 8 April 2016

	Jan 16	Dec 15	Nov 15	Oct 15
Total volume (tonnes)	171.7	533.0	2,885.8	1,496.5

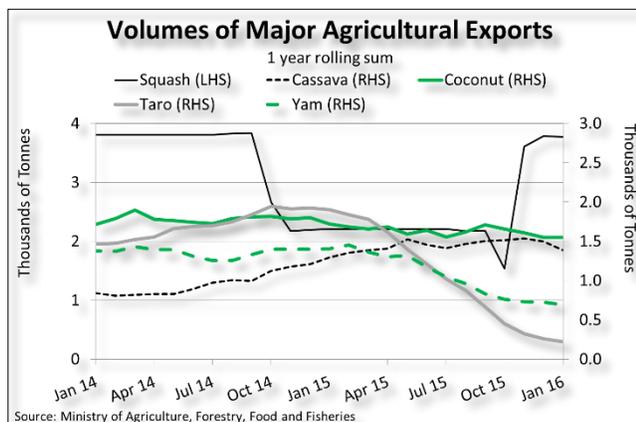
Exports continue to fall

Total agricultural exports volume continued to significantly decline by 67.8% to 171.7 tonnes over the month indicating seasonality. This was mainly driven by decreases in fruit products by 75.7% particularly on breadfruit by 81.6% and coconuts (brown and green) by 36.9%. There were no exports of mulberry juice, squash and watermelon recorded during the month. In addition, kava powder, taro (giant, swamp, tarua), yam, and cassava also contributed to the overall decline of exports over the month with kava powder declining the fastest by 82.2%. Tropical Cyclone Ula occurred during the month may also have contributed to the fall in agricultural productions. Domestic food prices in January rose by 2.6% in line with lower primary production during the month. However, vegetable products such as cured beans and pele leaves increased. The decline in exports volume is in line with a 78.1% fall in receipts of export proceeds to \$0.3 million, driven by a 92.9% decline in proceeds denominated in Japanese Yen, reflecting the end of the squash season. The agricultural export receipts sourced from New Zealand and the US were the main contributors to the total receipts of export proceeds which amounted to \$0.15 million and \$0.05 million respectively.



In year-ended terms, total agricultural export volume decreased by 10.3% to 8,312.6 tonnes as a result of declines in exports of sandalwood, other vegetable products and also root vegetable products with sandalwood declining the fastest by 85.9%. The main

contributor to the decrease in other vegetable products was a decrease in the export of leave products such as pele leaves by 59.8% and taro tarua leaves by 78.0%. Additionally, exports of root vegetables declined over the year, including taro by 88.3% (giant, Japanese, swamp, tarua), yam by 50.7% (sweet and other) and sweet potatoes by 38.3%. The adverse weather conditions throughout the year had also affected the agricultural output. On the other hand, there were slightly offsetting contributions from the fruit products by 30.1% mainly driven by rises in squash and vanilla exports over the year. Despite the



lower total agricultural export volume, the volume of squash, vanilla and fruit exports rose significantly over the year. As a result, the receipts of export proceeds rose by 11.3% to \$5.5 million. The strengthening of the U.S. dollar, Japanese Yen, and Australian Dollar against the Tongan Pa'anga supported the higher export receipts.

As 2015/16 has seen better weather conditions than that of the previous year, the NRBT maintains its forecast of a rebound in the agricultural sector for 2015/16 financial year. The higher squash exports during the 2015 squash season supports this projection. Additionally, the possibility of a new market for Tonga squash exports to China may boost total agricultural exports volumes. The initiatives from the Agricultural Annual Conference held in January 2016 to improve the existing infrastructures for farmers and to re-open the HTFA machine at the airport in February 2016 should also support the forecast of higher agricultural output. However, the latest revised media release by the Meteorology Division advised that El Niño conditions (drier than normal) is now at moderate levels and likely to end in the second quarter of 2016. The outlook indicated that neutral conditions are slightly favoured ahead of La Niña for the second half of 2016 and rainfall for the next 3 months will remain below normal. This poses a risk for the outlook of the agricultural sector.

Total Agricultural Export Volumes by Major Categories

Tonnes

	Month-ended*			Jan 15	Year-ended		Memo: Share
	Jan 16	Dec 15	Nov 15		Jan 16	Jan 15	
Total	171.7	533.0	2,885.8	385.8	8,312.6	9,263.8	100
Fruit products	95.3	391.5	2,666.3	130.7	5,630.0	4,325.9	67.7
Root vegetable products	66.9	106.8	206.2	237.2	2,350.0	4,683.7	28.3
Other vegetable products	3.6	1.2	1.5	4.2	22.7	60.3	0.3
Sandalwood	0.0	0.0	0.0	0.0	1.3	9.5	0.0
Vanilla	2.5	0.0	0.0	0.0	6.6	2.9	0.1
Other**	6.0	33.5	11.9	13.7	308.5	184.3	3.7

* Series is volatile due to seasonality of crops

** Includes kava products and coffee beans.

Source: Ministry of Agriculture, Forestry, Food, and Fisheries