

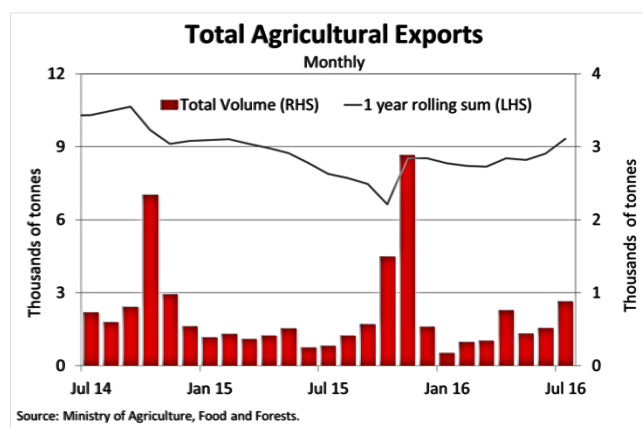
Agricultural Exports Volume July 2016

Release date: 31 October 2016

	Jul 16	Jun 16	May 16	Apr 16
Total volume (tonnes)	879.9	514.4	437.9	759.5

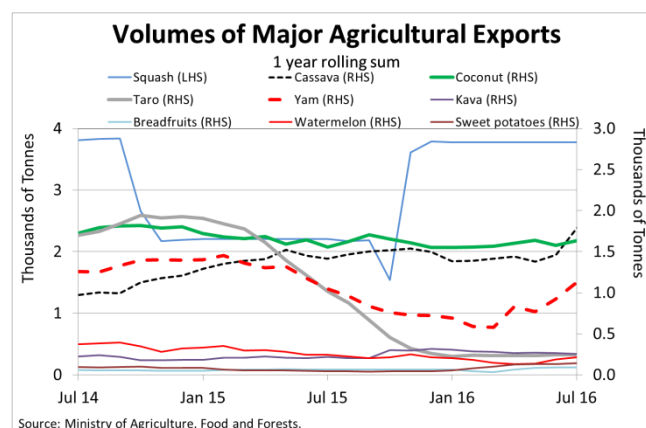
Higher exports at beginning of financial year

By end of July 2016, the agricultural exports volume recorded 879.9 tonnes, this is the highest monthly exports for 2016, 365.5 tonnes (71.1%) more compared to the previous month. This was mainly due to a significant increase in the volume of cassava exports, rising by 283.2 tonnes (200.8%). In addition, exports of yam continued to rise by 87.4 tonnes (46.6%) particularly on late yam. This supports the NRBT's outlook for the agricultural sector to grow by 3% in 2016/17, up from 2% in 2015/16. Despite the short supply in kava, export increased by 11.3 tonnes (188.0%). The high supply in agricultural export volume is consistent with a 2.3% decline in domestic food prices.



Higher agricultural export volume is in line with an increase in export proceeds to \$0.38 million in July from \$0.14 million (54.5%) last month, due to an increase in receipts denominated in New Zealand dollar, U.S dollar and Tongan pa'anga.

Over the year, total agricultural export volume continued to increase by 1,441.8 tonnes (18.3%) mainly driven by an increase in exports of fruit products. Higher exports of Tongan squash drove the rise in the total squash volume by 1,568.7 tonnes (71.2%) in year ended terms. Other fruit products had increased over the year includes coconut, breadfruit, mulberry juice and papaya. In addition, exports of cassava increased by 370.3 tonnes (26.2%),



sweet potatoes rose by 94.7 tonnes (206.3%) and yams increased by 76.2 tonnes (7.3%). High exports of kava-Tonga in October 2015 was due to re-opening of the market in Europe which caused the export volume to rise by 35.6 tonnes (16.3%). The favourable weather conditions contributed to the higher exports during the year. The annual agricultural export receipts rose by \$1.7 million (36.5%) to \$6.31 million. This was 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) recently approved by Cabinet. The re-opening of the HTFA facility at the Fua'amotu airport would support the exportation 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 fruit 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. The rainfall is expected to remain normal (usual) in October 2016 to March 2017. This poses a risk to the agricultural sector outlook.

Total Agricultural Export Volumes by Major Categories

	Tonnes							Memo: Share
	Month-ended*				Year-ended			
	Jul 16	Jun 16	May 16	Jul 15	Jul 16	Jul 15		
Total	879.9	514.4	437.9	273.1	9,328.4	7,887.0	100	
Fruit products	143.8	162.5	174.2	56.1	5,758.1	4,102.3	61.7	
Root vegetable products	717.8	344.9	248.4	186.5	3,294.1	3,525.2	35.3	
Other vegetable products	1.0	1.1	0.9	1.9	21.1	33.6	0.2	
Sandalwood	0.0	0.0	0.0	0.0	0.6	6.9	0.0	
Vanilla	0.0	0.0	0.0	0.5	5.4	4.1	0.1	
Other**	17.4	6.0	14.5	28.7	254.6	219.0	2.7	

* Series is volatile due to seasonality of crops

** Includes kava products and coffee beans.

Source: Ministry of Agriculture, Food and Forests.