

# Agricultural Exports Volume

## June 2016

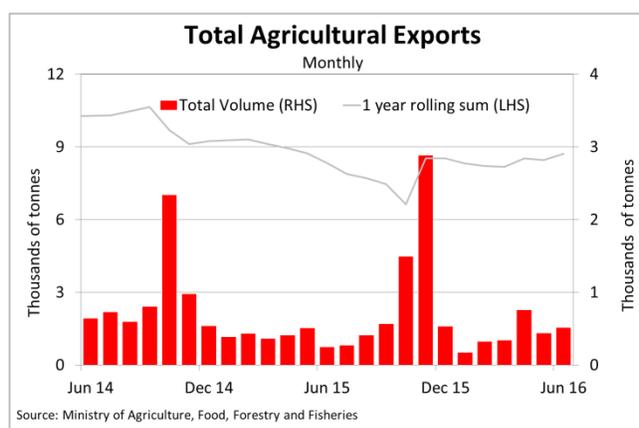
Release date: 5 September 2016

	Jun 16	May 16	Apr 16	Mar 16
Total volume (tonnes)	514.4	437.9	759.5	340.3

## Agricultural exports recovered in 2015/16 financial year

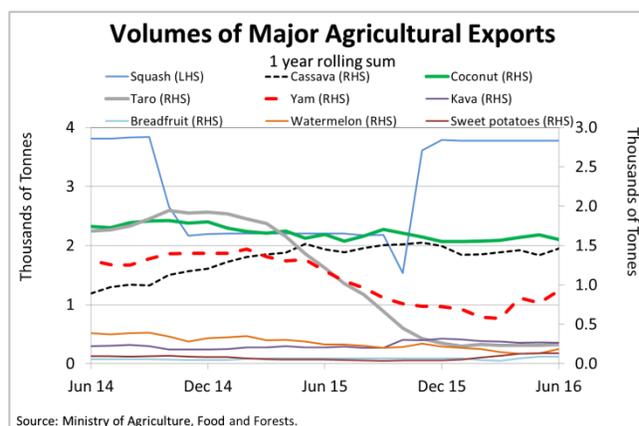
The performance in the agricultural sector rebounded in 2015/16 financial year, in line with the National Reserve Bank of Tonga's (NRBT) estimated growth of 2.0%.

Total volume of agricultural exports increased over the month by 76.5 tonnes (17.5%) to 514.4 tonnes. This stemmed mainly from an increase in exports of root crops and vegetables which offset the decline in fruits and kava products. Specifically, exports of yams rose by 110.6 tonnes (143.4%) particularly late yams. In addition, exports of other vegetable products such as pele leaves rose by 0.2 tonnes (20.5%).



Notably, the total volume of agricultural exports for the month of June 2016 doubled compared to June 2015, owing mainly to significant increases in exports of late yams and cassava. The outcome reflects the favourable weather conditions during the year compared to previous year.

Conversely, agricultural export proceeds fell by \$0.1 million (23.4%) to \$0.25 million over the month, reflecting lagged effects of the receipt of export proceeds. The deterioration in export proceeds resulted mainly from a decline in receipts denominated in New Zealand (NZ) and United States (US) dollar.



In the year to June 2016, total agricultural exports volume rose by 379.8 tonnes (4.6%) to 8721.5 tonnes. This attributed mainly to higher export volume of squash, sweet potatoes, breadfruit and kava products which outweighed a decline in exports of taro, yam, coconut, water melon, taro tarua leaves and sandalwood. Squash exports increased the most by 1,568.7 tonnes (71.2%) followed by kava powder exports rising by 60.7 tonnes (29.7%) despite the on-going shortage in supply of kava. This was driven by higher exports of kava powder recorded in October 2015 due to the re-opening of the market in Europe. Similarly, total agricultural export receipts increased over the year by \$1.4 million (30.2%) to \$6.2 million, particularly higher receipts from squash and kava exports. The strengthening of the Japanese Yen, New Zealand Dollar, United States Dollar and Australian Dollar against the Tongan Pa'anga also supports the higher export receipts.

In the outlook, NRBT anticipates that both volume for export and domestic production will increase in 2016/17 supporting the expected 3% 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 exports volumes. In addition, Tonga is currently negotiating the Pacific Agreement on Closer Economic Relations (PACER) Plus which may have 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. 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 to the agricultural sector outlook.

**Total Agricultural Export Volumes by Major Categories**

Tonnes

	Month-ended*				Year-ended		Memo: Share
	Jun 16	May 16	Apr 16	Jun 15	Jun 16	Jun 15	
Total	514.4	437.9	759.5	249.2	8,721.5	8,341.8	100
Fruit products	162.5	174.2	194.7	144.6	5,670.4	4,193.9	65.0
Root vegetable products	344.9	248.4	554.2	93.7	2,762.8	3,892.1	31.7
Other vegetable products	1.1	0.9	1.6	0.6	22.0	41.5	0.3
Sandalwood	0.0	0.0	0.0	0.1	0.6	9.3	0.0
Vanilla	0.0	0.0	0.0	0.0	5.9	3.6	0.1
Other**	6.0	14.5	9.0	10.1	265.9	205.1	3.0

\* Series is volatile due to seasonality of crops

\*\* Includes kava products and coffee beans.

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