

**NATIONAL RESERVE BANK  
OF TONGA**

**Monetary Policy Statement  
September 2008**

Data finalized 19 September 2008

Issued by: National Reserve Bank of Tonga  
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# National Reserve Bank of Tonga

## Monetary Policy Statement September 2008

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## Monetary Policy Review

The current global financial climate is very uncertain. In the economies of the United States and the United Kingdom financial institutions are under pressure with some failing and some surviving only due to massive government-funded bailouts. As such, monetary policy around the world is taking a bit of a back seat as central banks focus on the function of maintaining financial stability.

The world economy is slowing down as response to the ensuing credit crunch, bringing with it lower official interest rates, lower stock market indices and lower commodity prices. The problem for central banks is that despite many lowering interest rates in an effort to stave of the financial crisis and encourage more lending and activity, many banks are not lending to each other and wholesale rates are in many cases rising. These outcomes underline the importance of maintaining financial stability where possible. Monetary Policy is a useful tool in maintaining monetary and price stability in normal circumstances, but when the banking system becomes dysfunctional monetary policy becomes very limited in its effectiveness.

While world economy struggles, the Tongan economy is estimated to have embarked on a modest path to recovery after several years of flat and negative growth. Much of this growth is, and will continue to be, spurred by new investment, especially construction aimed at the tourism sector. Along with renewed economic growth the Tongan economy is experiencing rising imports, rising inflation, rising non performing loans and falling foreign reserves to the end of July.

The new investment has been funded by increased lending, with credit to the business sector up more than 40 in the past year. Most construction projects need to import a large proportion of their inputs, so this investment has contributed to the run up in imports, and the funds from the banking system paying for these imports along with increased payments for higher-priced fuel have contributed to the run down in foreign reserves. Furthermore, the combination of rapid credit growth and rising non-performing loans contributed to tighter liquidity in the banking system. The National Reserve Bank of Tonga (NRBT) eased its monetary policy stance in February 2007 by removing credit ceilings in order to aid the reconstruction efforts and facilitate business growth after the events of November 16, 2006. Since then, annual credit growth increased from 4.9 percent to 19.9 percent at the end of July with credit growth to the business sector rising from 16 percent to 41 percent per annum respectively.

As the banking system had been constrained by the amount of funds that were available the NRBT saw a natural ceiling being imposed on lending growth, and expected that in due course lending growth would slow again. Through the middle of the year it became obvious that banks had reduced their lending and large debt repayments were expected to be received which provided the NRBT comfort in terms of further threat to external stability and the payment system.

Despite the increase in non-performing loans and the delay in the anticipated receipt of debt repayment the banking system in Tonga remains sound and strong. It is well capitalized and in compliance with minimum prudential standards.

**Table 1. Monetary Policy Indicators**

	Mar 2007	Jun 2007	Sep 2007	Dec 2007	Mar 2008	Jun 2008
<b>Foreign Reserves (TOPmillions)</b>	90.4	91.6	104.8	114.6	96.3	89.1
<b>- months of import cover</b>	4.6	4.5	4.8	5.1	4.1	3.6
<b>Exchange rate (NEER)*</b>	60.3	59.8	58.2	59.4	58.8	58.6
<b>Weighted average Deposit rate (%)</b>	5.74	5.70	5.69	5.70	5.85	5.64
<b>Weighted average Lending rate (%)</b>	12.22	12.36	12.32	12.34	12.36	12.67
<b>Consumer Price Inflation (apc)</b>	3.9	5.7	8.1	6.8	12.0	12.2
<b>- Domestic Inflation (apc)</b>	3.8	6.3	6.0	4.2	12.0	10.9
<b>- Imported Inflation (apc)</b>	3.9	5.4	9.3	8.2	12.0	12.9
<b>Money Supply (M3, apc)</b>	12.1	13.3	9.9	14.2	13.5	6.7
<b>Private Sector Debt (apc)</b>	6.6	9.5	12.2	15.9	16.1	18.0

\* Nominal Effective Exchange Rate, a trade weighted index of the TOP

apc = annual percent change

Inflation reached 12.6 percent in May, its highest rate since January 2004. Much of this inflation is due to the imported costs of fuel and food. Lately, these two factors have reduced in their impact on prices in Tonga and inflation appears to be gradually retreating from its peak falling to 9.3 percent in July. The movement of the value of the pa'anga within the basket has contributed to the easing of inflation pressures.

## **Outlook**

Overall, the outlook for Tonga is sound. Foreign reserves look set to remain comfortably above 3 months of imports for the foreseeable future, there will be adequate liquidity available in the banking system and inflation is expected to be moderating. The threat to these comes from the pace of lending growth, where the Reserve Bank must weigh up the benefits of investment and economic growth against lower reserves, higher inflation and an efficient payment system.

While foreign reserves have been falling up until July, there are large expected inflows from foreign aid and debt settlements that should see the current decline arrested shortly. The NRBT is pleased to see the increase of reserves, but is mindful of the effect that extra liquidity in the banking system will have on credit growth. Lending to the private sector is already growing at fast rates and an increase in available funds could see this growth reaccelerate.

A reacceleration of credit growth will put pressure on domestic resources, potentially leading to more inflation and tighter liquidity in the system if the increase in non performing loans is not reversed. More certain is that further increases in credit, especially for construction, will increase imports. These imports will again cause foreign reserves to lower and the nations import coverage ratio to drop. On top of the increased funds within the banking system there is the prospect of the Private Sector Reconstruction Fund (PSRF) being more fully utilized. The PSRF is expected to add about \$12.5 million to lending – and a significant proportion of that will be spent on imports.

The price of oil has fallen dramatically in the last two months which should slow the increase in import payments and inflation somewhat. However, large falls and rises are still common in this market and it is too early to count on lower oil prices being a permanent part of the financial landscape. The New Zealand dollar has depreciated 14 percent since February, providing some relief from rising imported food prices. Most forecasters expect the NZD to continue depreciating, but in the current global climate forecasts are especially uncertain. The NRBT expects inflation to continue to moderate over the next year, but this expectation is dependant on the events in global markets.

The NRBT will be closely monitoring the growth in lending and foreign payment commitments by the system to ensure financial stability and maintenance of adequate foreign reserves. Should lending start to grow at an unsustainable pace due to increase in funds in the banking system then the NRBT will commence the issue of NRBT Notes to mop up excess liquidity.

The Reserve Bank will continue to closely monitor developments in the banking system in order to promote internal and external monetary stability and promote a sound and efficient financial system.



**Siosi C. Mafi**  
**Governor**

# 1. International Economic Developments

## Major Economies

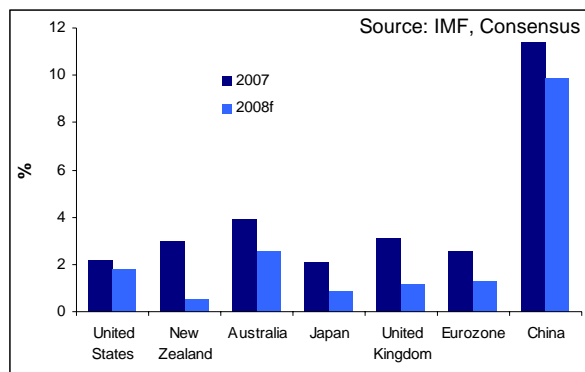
Since March, global growth has slowed significantly. GDP has contracted in many major economies, with weakness in activity affecting most of the world. Europe, Japan and New Zealand have seen growth contract while the United States, Australia and the United Kingdom are experiencing marked slowdowns. Asian economies are also showing signs of weakness as developed countries reduce demand for Asian-produced goods.

Contributing to this deterioration has been the continued tightness in global credit conditions, as well as strong increases in the cost of living that have dampened households' real incomes. In countries such as the United Kingdom and the United States, these conditions have exacerbated the dampening effects of housing market weakness.

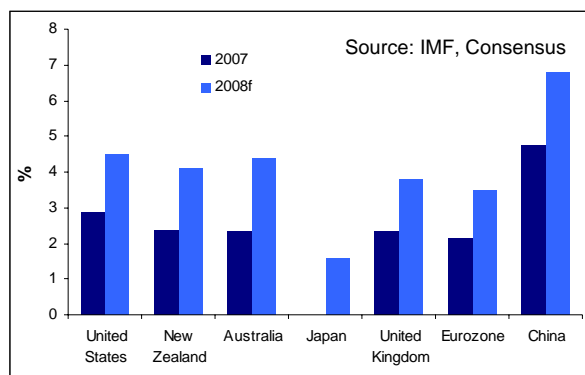
Despite softness in global activity, central banks around the world currently face the uncomfortable combination of high headline inflation. Recent annual CPI inflation figures in Australia, New Zealand, the United Kingdom and the euro area have been 4 percent or above, and well above 5 percent in the United States. Asian economies are faring worse, with China, Hong Kong and Taiwan registering annual inflation rates of about 6 percent, with annual inflation in India above 10 percent.

Much of the increase seen in inflation in recent quarters has been because of high commodity prices, which have eased somewhat since the middle of the year. While central banks in these economies remain mindful of the strength in inflation pressures, they have become increasingly conscious of the downside risks for growth.

## 1.1 Economic Activity in Major Economies



## 1.2 Inflation in Major Economies



## 1.3 Major Central Bank Interest rates

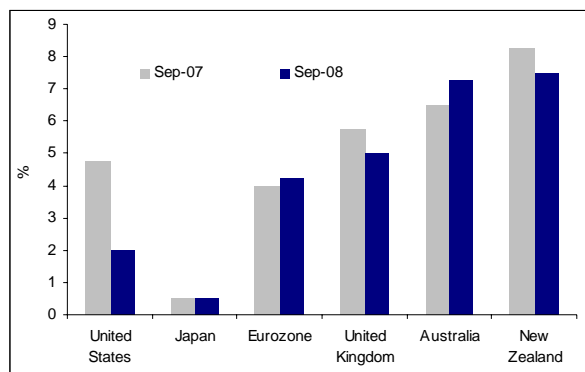


Table 2: World Data

	Real GDP (apc)			Consumer Prices (apc)			Interest Rates	
	2006	2007	2008(f)	2006	2007	2008(f)	90-day	10 year
<b>Australia</b>	2.7	4.2	2.6	3.5	2.3	4.4	7.2	5.8
<b>China</b>	11.6	11.9	9.9	1.5	4.8	6.8	7.5*	
<b>Eurozone</b>	3.0	2.6	1.3	2.2	2.1	3.5	5.0**	4.1**
<b>Japan</b>	2.4	2.0	0.9	0.2	0.0	1.6	0.8	1.5
<b>New Zealand</b>	1.6	3.1	0.5	3.4	2.4	4.1	8.1	6.0
<b>United Kingdom</b>	2.9	3.1	1.2	2.3	2.3	3.8	5.7	4.5
<b>United States</b>	2.8	2.0	1.8	3.2	2.9	4.5	1.7	3.7

\* 1-yr Base Lending Rate

\*\* euro rate in Germany

apc = annual percent change, f = forecast

Source: Consensus Forecasts, September 2008

## Pacific Economies

Like elsewhere in the world, economies in the Pacific are struggling with increasing inflation and slowing growth. Across the region growth is expected to be slow in the next year, with Papua New Guinea, fuelled by lower mineral exports, and Samoa expected to slow from previous healthy rates of growth, while Fiji should show some growth after two years of going backwards as tourism and exports to the European Union have faltered. The Solomon Islands central bank expects a large contraction in the coming year as production from forestry, fishing and palm oil all decline, despite IMF predictions of ongoing growth.

Pacific countries all have a high imported component in their CPI, and as such recent hikes in most major commodity prices have caused local inflation to rise sharply. With international prices seeming to have turned around, most Pacific central banks see inflation easing somewhat over the next year.

### Outlook

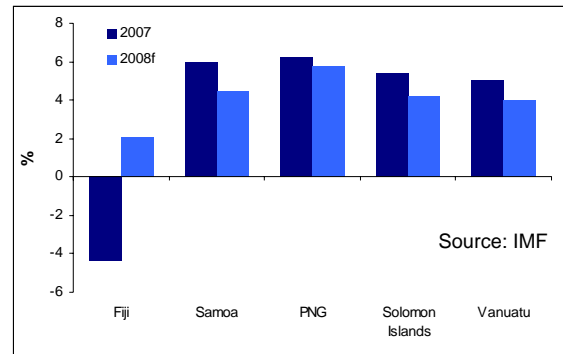
Worldwide, growth is expected to slow sharply over the remainder of 2008 and through 2009. Weakness in global growth is expected to be centered on developed economies including the United States, the United Kingdom and the euro area. In these economies, housing market corrections, tight credit conditions and strong inflation pressures are expected to soften activity over the projection period.

Weak growth in developed economies is also expected to contribute to lower growth in Asia, largely due to reduced export demand. Early signs of such a slowdown are already evident. However, in contrast to developed economies, growth in most Asian trading partners is still expected to slow only modestly.

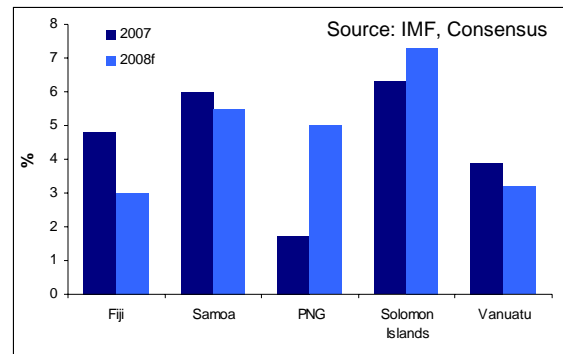
Rising costs and increases in interest rates over the past year have moderated domestic activity in Australia. Further softness in activity is expected over the coming year, eventually leading to inflation pressures gradually dissipating.

New Zealand is expected to experience economic contraction through much of 2008, and slowly recover through 2009. The slowdown in activity is expected to reduce inflation pressure, though a weakening NZ dollar will contribute to inflation being above the target range for some time.

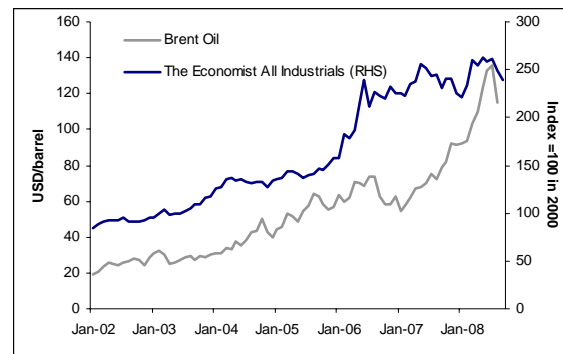
### 1.4 Growth in the Pacific



### 1.5 Inflation in the Pacific



### 1.6 Commodity prices



## 2. Tonga Economic Review

### Activity on the increase

Economic growth was estimated by the Ministry of Finance to have increased by 1.2 percent in 2007/08 compared to a contraction of 3.2 percent in 2006/07. The recovery in economic activity largely reflects positive growth in most sectors except agriculture.

The contraction in the Agriculture sector, which accounts for around a quarter of GDP, was mainly due to a decline in the production of squash and vanilla. However, root crops like taro and yam contributed positively to total exports. Total fish exports were also subdued for the year ending 2007/08.

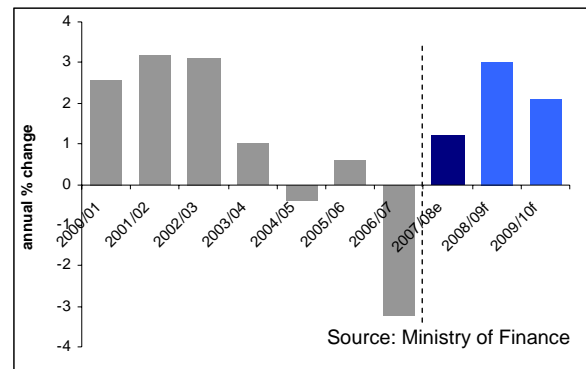
Construction activity is estimated to have risen as more rebuilding and tourism projects are to be completed. Housing construction also picked up which is consistent with the large increase in housing credit during 2006 and 2007. Lending to the business sector has been rising with an expected increase in investment, particularly buildings for tourism related activities to follow. Mining is also a positive contributor with exploration activities around Tonga on the increase.

According to surveys by the Reserve Bank, a slight increase in sales of household goods was recorded, whereas sales of vehicles have fallen during 2007/08, consistent with the Ministry of Finance's estimate of slow growth in the commerce sector, picking up over the next year.

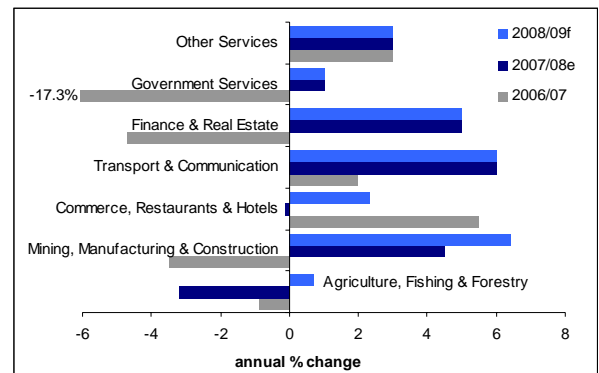
Businesses associated with tourist activities are expected to fare better over the next couple of years as investment in tourist infrastructure, notably some new hotels, and the rise in visitor arrivals provides some export earnings. Total visitor arrivals into the kingdom including returning nationals rose by 27 percent in 2007/08 as both air and cruise ship arrivals increased.

Government services have returned to positive contribution following the large negative contribution in 2006/07 as a result of the large number of civil service redundancies.

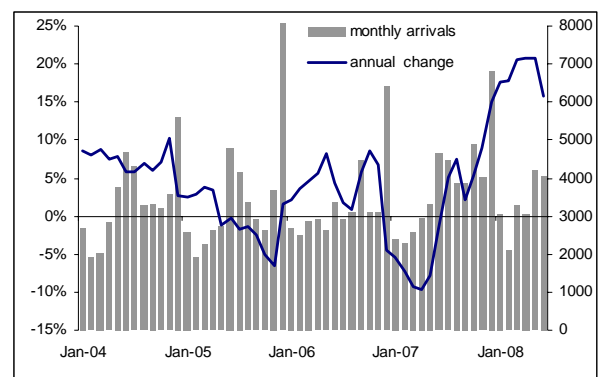
### 2.1 Economic growth (GDP)



### 2.2 Economic Growth by Sector



### 2.3 Visitor arrivals





## Inflation high

The Consumer Price Index measured headline inflation to be 12.2 percent in the year ending 2007/08, the highest since 2002/03 and up from 5.7 percent in the year ended June 2007. The average annual inflation rate was 9.6 percent compared to 5.1 percent recorded in the same period a year earlier. The rise in the rate of inflation was mainly due to higher prices of imported goods especially fuel and food prices. However, imported fuel costs have translated into higher costs for many domestically delivered items, especially electricity.

## Outlook

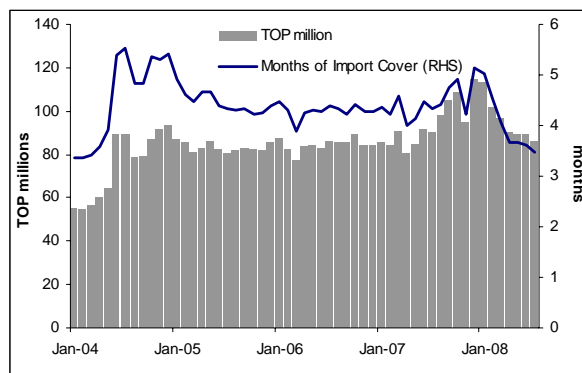
The outlook for the Tongan economy is considerably brighter than this time last year. After coping with significant economic shocks in the past two years, major investment is taking place and activity is on the upswing led by increased tourist numbers.

However, this renewed growth is funded by lending. Higher demand for funds at a time when banking system liquidity is low has pushed interest rates higher, which in turn could stifle further growth. Nevertheless, lending to the business sector is very high which provides confidence that domestic activity will be at least as strong as the Ministry of Finance projects. However, as most inputs to construction and other investment are imported there are the risks of growth being 'exported' and of lower foreign reserves.

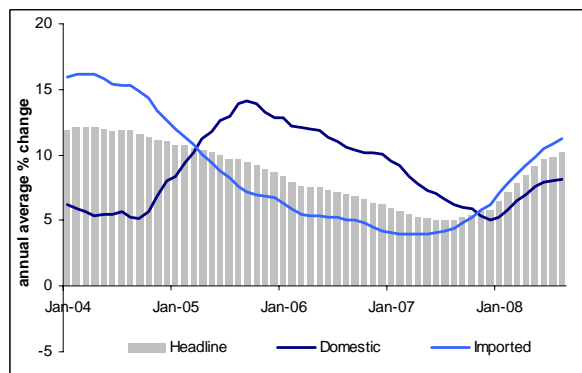
Inflation is already high and although imported food inflation is slowing, high oil prices will mean inflation remains relatively high for sometime. While domestic inflation is on the decline, a significant strain on resources due to a booming construction sector could see local prices rising faster again.

Overall, the Tongan economy looks set for a period of sustained growth, but funded by bank lending, supported by increased imports and at the risk of higher inflation. These factors will require close monitoring over the next two years.

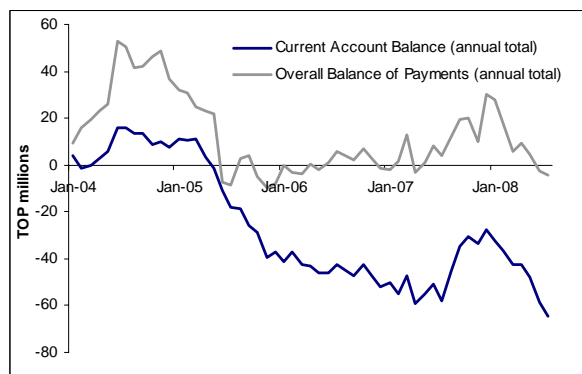
## 2.4 Foreign Reserves



## 2.5 CPI Inflation (annual average)



## 2.6 Balance of Payments (OET estimate)



### 3. Maintain Adequate Foreign Reserves

#### Official Foreign Reserves

Gross official foreign reserves have declined through the first half of 2008 to be \$86.3 million at the end of July. At 3.5 months of import cover, this is the lowest import coverage ratio since March 2004.

Foreign reserves topped \$100 million for the first time in September 2007 and reached as high as \$115 million in December 2007. However, this was largely due to deferrals of large import payments.

When the outstanding import payments were made, reserve levels dropped and along with a substantial rise in imports this year, the import coverage ratio dropped more dramatically. While Tonga's foreign reserves are adequate, the rise in imports through 2007/08 means that the import coverage ratio is sliding consistently.

#### Payments

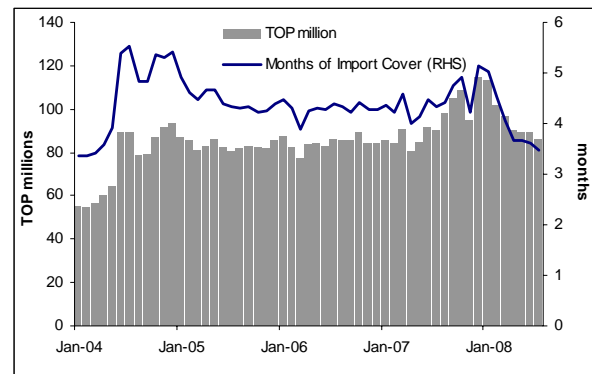
Import payments have been rising strongly. The price of fuel rose dramatically through the year, and demand also increased contributing to import payments (as estimated by OET) being T\$34.4 million higher in the year to July 2008 than the previous corresponding period.

There is a large and increasing discrepancy between the OET data collected by the NRBT and the official trade data published by the National Statistics Office. Some of this discrepancy can be explained by timing of payments. However, some is explained by the fact that trade data includes a value for imports of gifts – i.e remittances of goods. Given that these imports involve no payment it follows that the value of imports (measured by the trade data) will be higher than payments for imports (measured by the OET).

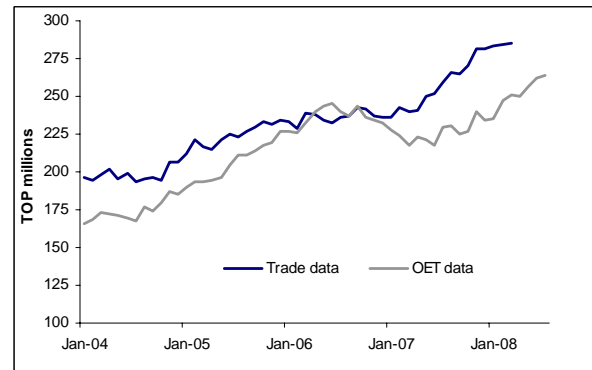
#### Receipts

While payments for imports are rising, the major receipts are not growing to the same extent. Annual remittances in July were \$9.9 million up on a year earlier, just over a quarter of the rise in imports. Since November annual remittances have fallen, down 4.5 percent in pa'anga terms. This is partly due to a weakening of the United States dollar as the USD value of remittances has only fallen 2.5 percent. As mentioned above, there seems to be an increase in remittances-in-kind which may explain the reduction in remittances of cash.

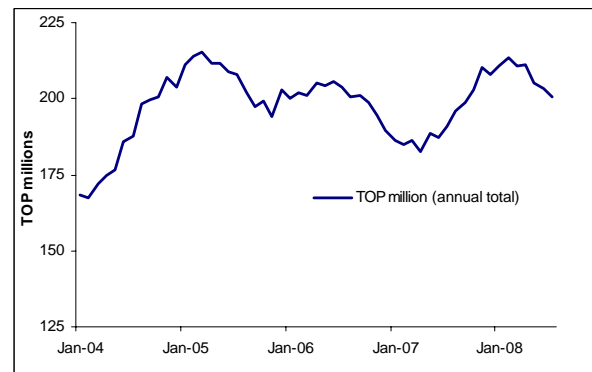
#### 3.1 Official Foreign Reserves



#### 3.2 Imports



#### 3.3 Remittances



Merchandise exports have been subdued, dropping \$3.3 million or 12.5 percent in the year to July (OET basis) as agriculture and fishing both struggle with poor production and muted markets. Tourism receipts have more than made up the difference, rising \$18.7 million or a significant 63.4 percent over the same period.

Tourist receipts include all transactions in Tonga made on overseas issued credit and debit cards. It is likely that this includes some withdrawals that are actually remittances and could also explain some of the fall in the remittances. However, this is expected to be small and there is no doubt that tourism has increased rapidly in the last year (backed up by arrival numbers).

### Balance of Payments

The rise in imports and falling overall current receipts has seen a significant widening of the current account deficit. However, increased investment and foreign aid inflows have seen an increase in the capital account surplus to leave the overall balance of payments with a deficit of only \$4 million in July 2008.

### Outlook

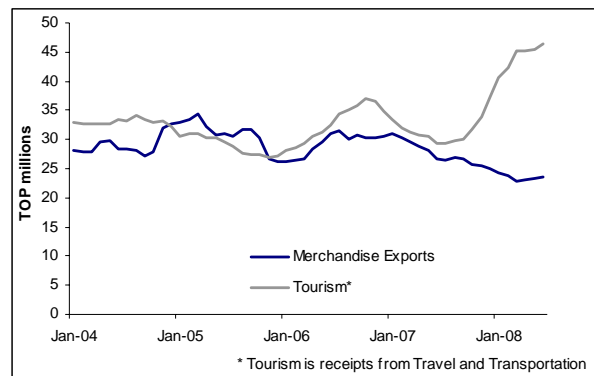
Foreign Reserves have recently come under pressure from the increased lending and the high import component of new investment. Lending and imports are expected to remain at elevated levels, putting downward pressure on foreign reserves. Substantial aid and debt repayment will ease that concern in the second half of 2008 and the import coverage ratio should improve toward the end of the year.

Further ahead, the prospect of ongoing large import bills is a concern. High fuel prices will continue to weigh on foreign reserves and ongoing global economic turmoil could put a dampener on remittances.

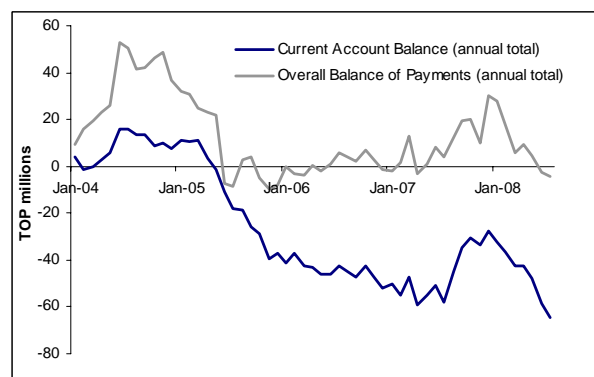
Countering this to some extent is an expected increase in remittances from New Zealand and Australia due to the seasonal worker schemes there. Also, private and official capital inflow are likely to rise from an expected increase in investment..

Overall, the maintenance of 3-4 months of import cover will be maintained for the foreseeable future.

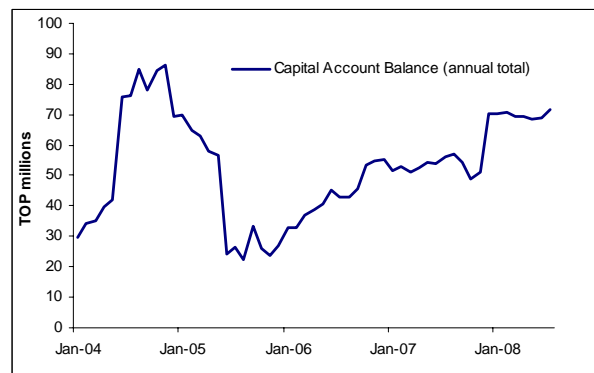
### 3.4 Exports (OET estimate)



### 3.5 Balance of Payments (OET estimate)



### 3.6 Capital Account Balance (OET Estimate)



## 4. Promote Monetary Stability

### Money Supply

Total broad money (M3), a broad measure of money supply, increased by 10.1 percent in the year-ended July 2008, around the average for the previous two years. Term deposits increased by 17.5 percent in the year and demand deposits rose 6.6 percent while saving deposits fell slightly over the same period. Cash in circulation rose very slightly.

### Private Sector Credit Growth

Demand for credit has been very strong in line with reconstruction efforts. However, banks have been constrained through large import payments, reducing their ability to lend as much as is being demanded. At the same time, non performing loans increased significantly in the six months ended June 2008. The combination of large import payments and increasing non performing loans has reduced liquidity in the banking system dramatically, constraining many banking activities. Banks have been able to access funds from increased deposits and through facilities offered by the NRBT where they can make short-term loans against Tonga Government bonds they hold or, in emergency cases, against their Statutory Required Reserves. Despite the constraint on funds, private sector credit rose 19.9 percent during the year to July 2008. Given that inflation was around 12 percent per annum in the first half of 2008, foreign reserves remained above 3 months of imports and the effort to encourage investment and economic activities, the Reserve Bank believes that this rate of private sector credit growth can be maintained in the short term if related economic indicators remain sustainable.

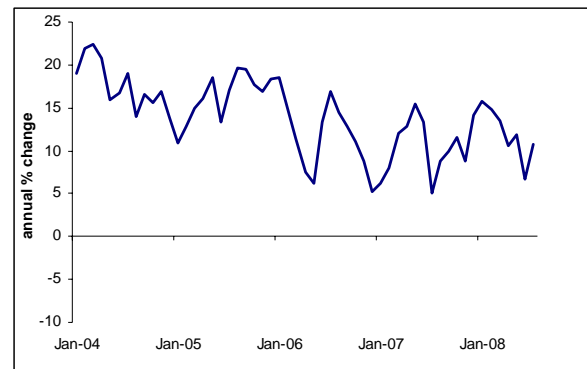
Throughout the past two years, lending by the banking system has been mostly directed toward the business sector, in line with reconstruction activities. Business credit grew by 41.2 percent in the year to July while household credit barely rose, up by 0.2 percent in the same period.

### Interest Rates

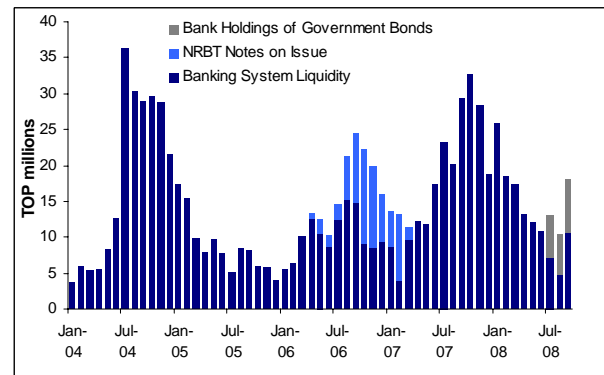
Retail interest rates have been very stable for two years now, with little movement in either deposit or lending rates until very recently.

Deposit rates for investors with less than \$50,000 have fallen in the last two months, despite banks' shortfall of funds. The largest fall is at the 6-month term with rates 0.4 percent lower than a year ago. Rates for 3-month deposits are down around a quarter of a percent. However, large depositors are demanding higher rates, pushing up the cost of funding for banks, as this small group commands a large portion of funds.

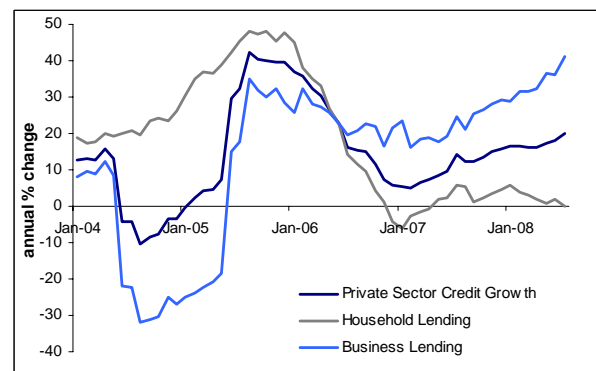
### 4.1 Money Supply (M3)



### 4.2 Banking System Liquidity



### 4.3 Private Sector Credit Growth



Meanwhile, lending rates have risen in the past few months, reflecting the tight liquidity and the higher funding costs. Rates for owner-occupied housing are now 12.28 percent – three quarters of a percent higher than a year earlier. Business lending rates are up also, the midpoint is higher by a quarter of a percent on last year.

### Outlook

The strong lending growth has occurred at a time when banks' funds are limited, and without fully utilising the special loan facilities set up especially for reconstruction loans.

Liquidity constraints do have a long lead time on constraining lending though. It takes about a year of low levels of funds to filter through the system, as shown in Figure 4.6. This is because not all loans are drawn-down when approved, or not all at once. We can expect that lending growth will slow over the next year, as this year's tight liquidity takes effect. However, the recent significant increase in liquidity in the banking system could cause lending growth to increase.

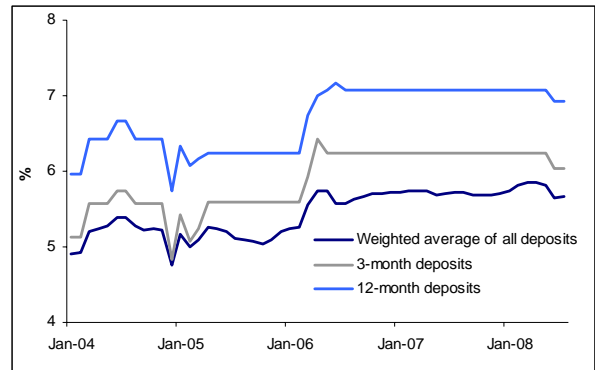
The funds set up specifically for reconstruction projects are yet to be fully accessed. In particular the \$13.5 million Private sector Reconstruction Fund set up by AusAid and NZAid has only had two approvals to date, but more are in the pipeline.

Despite ongoing large import payments expected, especially for oil with high international prices, banking system liquidity is expected to improve in the short term. Significant funds are expected to be received before the end of the year from official capital disbursements and loan repayments.

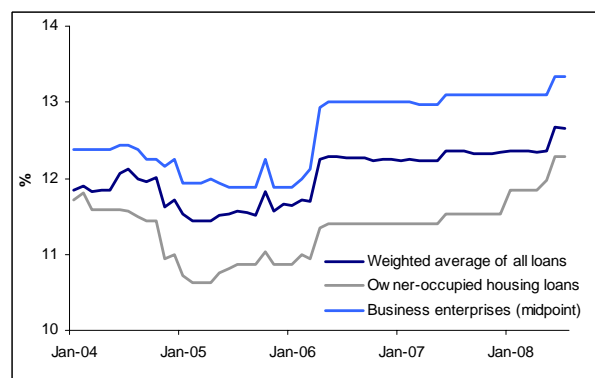
These injections of funds are cause for concern in that private sector credit is already growing at a fast pace. Any acceleration is likely to lead to pressure on resources and higher imports therefore lower foreign reserves and higher inflation.

Monetary policy has been accommodative in the past 18 months but should liquidity and lending rise significantly the Reserve Bank will reissue NRBT Notes to dampen lending growth.

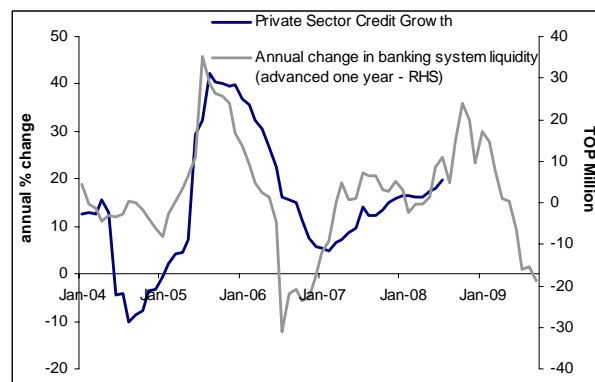
### 4.4 Retail Deposit Rates (Deposits <\$50,000)



### 4.5 Lending Rates



### 4.6 Liquidity and Lending Growth



## 5. Promote Price Stability

### Inflation

Inflation rose throughout 2007 on the back of higher prices for imported food and fuel. For the first half of 2008 headline inflation was around 12 percent as higher costs of imported goods flowed through into domestic prices. Electricity prices followed diesel prices up, and most other goods rose as prices for delivery, lighting and production rose.

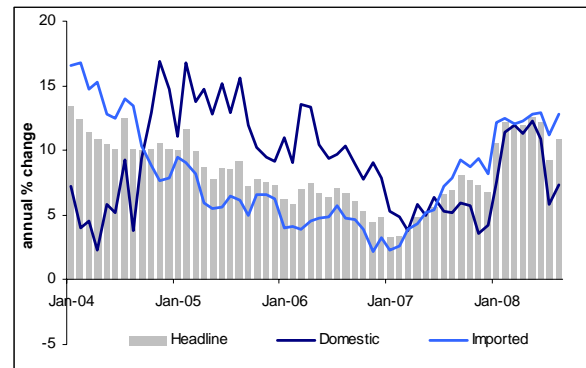
Imported prices make up two-thirds of the CPI basket in Tonga, with imported food nearly half of that. A stronger New Zealand dollar in 2007 contributed to imported food prices rising nearly 20 percent in the year to October, as most food imports come from New Zealand. International prices for crude oil jumped from an average of US\$64 per barrel in 2006/07 to reach as high as US\$145 per barrel in July 2008. Oil prices have since subsided a little but the contribution to inflation is clear, energy prices rising on average 27.3 percent in the year to August 2008.

Without these volatile items inflation has been more contained. A measure of 'core' inflation that excludes food and imported energy prices shows that inflation was 7.7 percent in the year to August 2008, while headline inflation was 10.3 percent over the same period. Headline inflation shows the effect to the consumer if their purchasing behaviour does not change. The 'core' inflation measure shows that by substituting away from pricier items, a consumer can reduce the impact of price rises. For example they may decide to use their vehicle less, or buy locally produced food rather than imported goods from the supermarket.

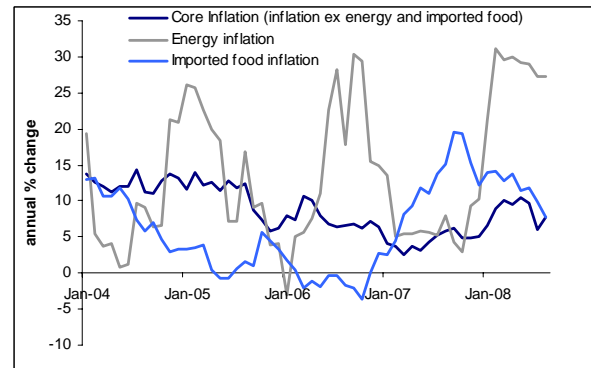
### Exchange Rate

Over the last year the Tongan pa'anga has been relatively stable, appreciating by 1.1% in trade-weighted terms in the year to August. This stability has reduced the effect of imported fuel prices on inflation in Tonga. Within the basket of currencies, the pa'anga appreciated against the USD through 2007, slowing the rise of oil prices at Tonga's borders. However, while it rose against the USD, it depreciated against the NZD causing food prices to rise. Since the beginning of 2008 these trends have reversed, with the pa'anga rising against the NZD, reducing imported food inflation, but falling against the USD, which exposes Tonga to more fuel price rises.

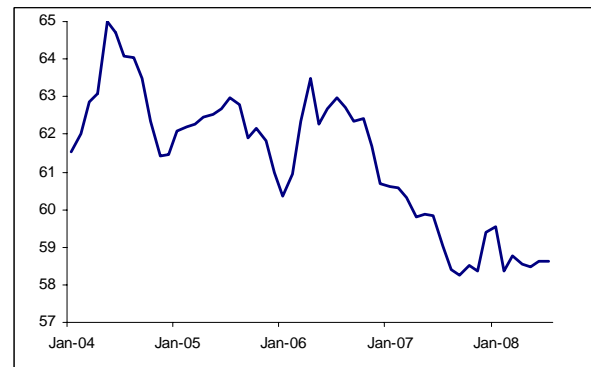
### 5.1 Inflation



### 5.2 Alternative Inflation measures



### 5.3 Nominal Effective Exchange Rate (NEER) (a trade weighted index of the pa'anga)



## Outlook

Inflation in Tonga is likely to fall from its current high rates, though there are significant risks to this outlook.

World oil prices have fallen sharply in the last couple of months, from around US\$140 a barrel in July to below US\$100 per barrel briefly in September. When translated into pa'anga terms, the oil price now has a very strong relationship with the price of petrol in Tonga in two months. As long as there are no dramatic increases in the world oil price we can expect that the price of petrol should fall over the next months, following the world oil price.

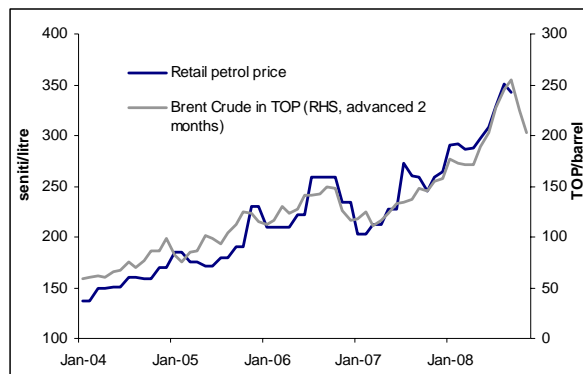
We can expect that energy will be a smaller driver of inflation over the next year as the weak global economy raises doubts about future demand for oil, and thus keeps a lid on the price. However, the oil market is very volatile at present so oil remains a risk to the inflation outlook. Further, high oil prices of the past six months have led to a price increase announced for electricity, meaning it will be some time before energy actually helps drag inflation down.

Another major driver of inflation over the past year is expected to aid in the reduction of inflation over the next year. The New Zealand dollar appears to have entered a depreciation cycle, which in turn should lower the cost of imports from there. As Figure 5.6 shows, imported food inflation closely follows changes in the NZD, with a lag of about 3 months. Thus we can expect that by the end of this year imported food inflation will be very low. The outlook for the NZD/TOP is also very uncertain. With such volatility in world financial markets at present we cannot confidently predict that the movements in the value of the NZD and thus the impact on the imported food inflation.

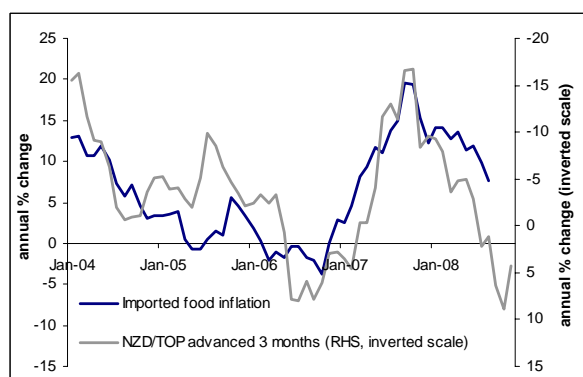
A significant risk to inflation that presents itself is the growth in lending. Lending, especially for construction, creates more demand for local resources such as labour and materials and can lead to higher domestic inflation.

Overall, it is likely that inflation will moderate over 2008/09, but the Reserve Bank will have to remain vigilant to ensure that high rates of lending growth is sustainable in the medium to long term and do not spill over into higher prices in the Tongan economy and tighter liquidity in the banking system.

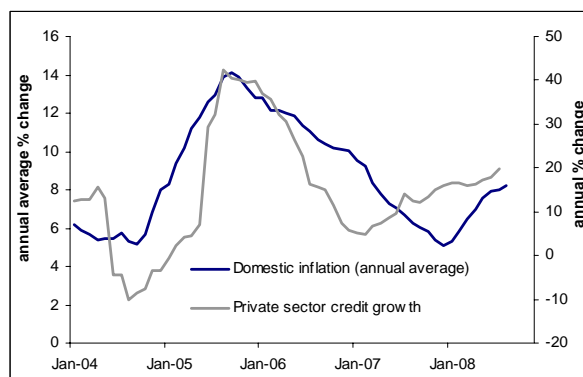
## 5.4 World Oil Price (TOP) & Local Petrol Price



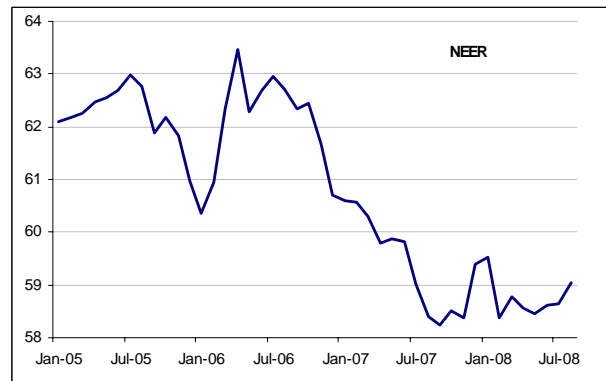
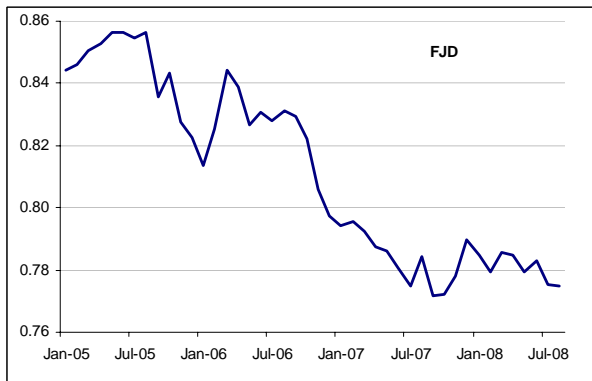
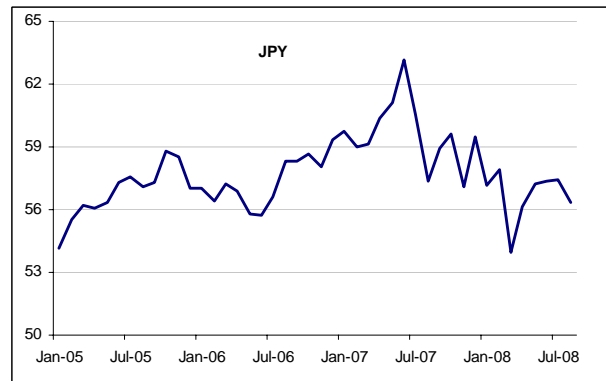
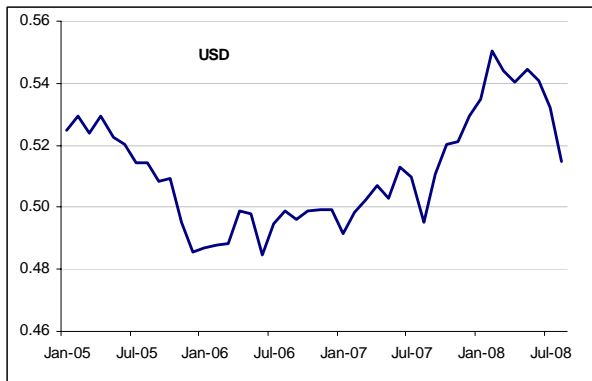
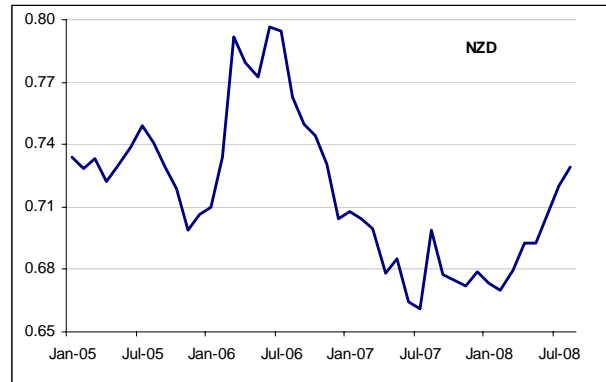
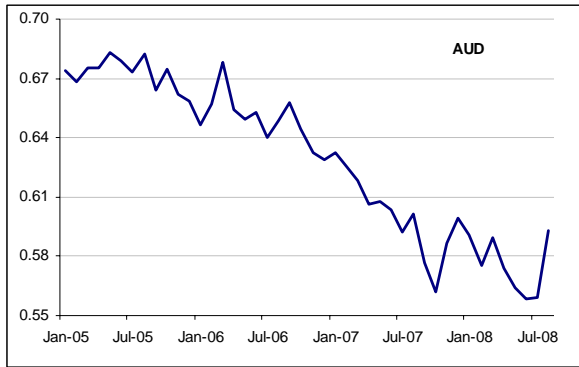
## 5.5 New Zealand Dollar & Imported Inflation



## 5.6 Private Sector Credit Growth & Domestic Inflation



## Appendix 1. Tongan Pa'anga exchange rates





## Appendix 2. Monetary Policy Objectives

The NRBT's obligations with respect to monetary policy are laid out in Section 4 of the National Reserve Bank Act, 1988 and the National Reserve Bank of Tonga (Amendment) Act 2007 which state that the principal objectives of the Bank shall be to:

- (a) maintain internal and external monetary stability; and
- (b) promote a sound and efficient financial system;

Section 4 also states that the Reserve Bank will conduct its activities in a manner that supports macroeconomic stability and economic growth. In addition, Section 30 of the Act gives the Reserve Bank the responsibility of maintaining an adequate level of foreign exchange reserves.

The Reserve Bank believes that it can best meet its responsibilities relating to monetary policy by maintaining internal and external monetary stability through maintaining official foreign exchange reserves and promoting price stability. Maintaining an adequate level of foreign reserves is vital for a small open economy such as Tonga, which is dependent on imports for the supply of most of its goods which are paid for in foreign currency.

An adequate level of foreign reserves also minimises volatility in the exchange rate and provides confidence that businesses and individuals in Tonga are able to meet their foreign currency obligations. The Reserve Bank considers foreign reserves equivalent to at least 3 to 4 months of imports to be adequate.

Given the high component of imported goods in the CPI (66 percent), changes in the prices of imported goods and the exchange rate have a significant influence on the overall level of domestic prices.

Price stability contributes to economic welfare and sustainable economic development in many ways. Stable prices protect the purchasing power of the currency for consumers and savers. By protecting purchasing power, monetary policy also makes an important contribution to social cohesion, as the most vulnerable members of society are generally the least able to protect their savings against inflation. Moreover, inflation has the effect of transferring wealth from savers to debtors, as savers face a loss in the value of their assets, while the real value of debts diminishes as a result of inflation. Maintaining price stability prevents such arbitrary redistributions of wealth and income brought about by inflation.

Price stability also contributes to better economic performance. When inflation is low and stable it is easier for people to distinguish changes in relative prices and to adjust their decisions regarding consumption, saving, and investment accordingly. Importantly, an environment of stable prices also reduces risk in long-term financial agreements, as lenders and investors will be less likely to demand a high inflation risk premium to compensate for the loss of purchasing power. This reduces the costs to borrowers and increases the incentives for businesses to invest.

The high proportion of Tonga's exports and imports as a share of production mean that domestic prices are likely to move closely with the prices of traded goods, which in turn depends closely on the value of the exchange rate. Vulnerability to external shocks such as oil price increases, adverse weather conditions, high dependence on imports and remittances heighten the importance of promoting external stability, exchange rate stability and therefore overall price stability.

By promoting external stability through maintaining an adequate level of foreign reserves and promoting price stability, the NRBT through its conduct of monetary policy can most effectively contribute towards macroeconomic stability.



# **Pangike Pule Fakafonua ‘a Tonga**

## **Fakamatala Fokotu’utu’u Ngaue Fakapa’anga**

**Sepitema 2008**

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## Vakai ki he Fokotu`utu`u Ngaue Fakapa`anga

Ko e tu`unga fakapa`anga fakamamani lahi `oku matu`aki veiveiua `i he lolotonga ni. `Oku faingata`a`ia `a e ngaahi kautaha fakapa`anga lahi `i `Amelika mo Pilitania, pea kuo to lalo `a e ni`ihi kae kei faingamalie pe `a e ni`ihi makatu`unga `i he ngaahi tokoni fakapa`anga lahi `a e pule`anga. Ko ia ai, `oku taafataha `a e tokanga `a e ngaahi Pangike Pule `o e ngaahi fonua `o mamani ki honau fatongia ke tauhi `a e ma`uma`uluta mo e falala`anga `o e tu`unga fakapa`anga honau ngaahi fonua.

`Oku holo `a e tu`unga faka`ekonomika fakamamani lahi makatu`unga `i he to lalo `a e ngaahi no, `o holo ai `a e ngaahi totongi tupu, ma`olalo `a e maketi fakapa`anga pea mo e ma`olalo ange mo e totongi `o e ngaahi koloa lalahi `oku fefakatau`aki fakamamani lahi. Neongo `a e feinga `a e ngaahi Pangike Pule ke holoki `a e ngaahi totongi tupu ke ta`ota`ofi `a e palopalema fakapa`anga pea mo faka`ai`ai `a e ngaahi no, ka `oku lahi `a e ngaahi Pangike ia `oku `ikai kenau feno`aki pea kake ai `a e totongi tupu fakalukufua. Ko e ngaahi ola eni `oku ha mahino mai ai `a e mahu`inga ke pukepuke ha tu`unga fakapa`anga `oku ma`uma`uluta mo falala`anga. Ko e fokotu`utu`u ngaue fakapa`anga, ko e me`angaue mahu`inga ia ki hono pukepuke `a e tu`unga lelei mo malohi fakapa`anga `a ia `oku ngaue lelei pe ia `i he ngaahi taimi `oku ngaue angamaheni ai `a e maketi fakapa`anga.

Lolotonga `a e faingata`a`ia `a e tu`unga faka`ekonomika fakamamani lahi, `oku fakafuofua ke fakalalakala `a e tu`unga faka`ekonomika `a Tonga, hili ha ngaahi ta`u `a e tu`uma`u mo e holo `a e tupu faka`ekonomika. Ko e konga lahi `a e tupu faka`ekonomika `oku lolotonga hoko pea `e hokohoko atu `i he kaha`u makatu`unga `I he lahi `a e ngaahi `inivesi fo`ou, tautautefito ki he ngaahi langa `oku fakataumu`a ki he tafa`aki takimamata. `I he taimi tatau, `oku `alu fakataha pe `a e tupu faka`ekonomika mo e lahi ange `a e koloa humai mei tu`apule`anga, hikihiki `o e totongi koloa, kake `a e ngaahi no palopalema, holo `a e pa`anga talifaki pea mo e si`isi`i ange `a e lahi `o e pa`anga ngaue `a e ngaahi pangike `i he a`u mai ki he faka`osinga `o Siulai.

Ko e ngaahi `inivesi fo`ou na`e fakapa`anga ia mei he lahiange `a e ngaahi no, `a ia na`e kake `o laka hake `i he peseti `e 40 `a e no ki he tafa`aki pisinisi `i he ta`u kuo`osi. Ko e konga lahi `a e ngaahi langa fo`ou`oku fiema`u ke humai mei tu`apule`anga `a e konga lahi `a e ngaahi naunau langa, `a ia `oku makatu`unga ai `a e kake `a e koloa humai, pea ko e pa`anga mei he ngaahi pangike `oku totongi `aki `a e koloa humai fakataha ko e ma`olunga `o e totongi `o e lolo, `o makatu`unga ai `a e holo `a e pa`anga talifaki `a e Pule`anga `i muli. `Ikai ngata ai ko hono fakataha`i `o e tupu vave `o e no pea mo e lahiange `a e ngaahi no palopalema `oku makatu`unga ai `a e holo `a e pa`anga ngaue `a e ngaahi pangike. Na`e fakangaloku `e he Pangike Pule Fakafonua `a Tonga `a `ene fokotu`utu`u ngaue fakapa`anga `i Fepueli 2007 `aki hono to`o `o e fakangatangata ki he no, ke tokoni ki he ngaahi langa fo`ou mo tokoni ki he ngaahi pisinisi, hili `a e moveuveu na`e hoko `i he `aho 16 Novema 2006. Na`e talu mei ai `a e kake `a e tupu fakata`u `i he ngaahi no mei he peseti `e 4.9 ki he peseti `e 19.9 `i Siulai, pea koe ngaahi no ki he tafa`aki pisinisi na`e kake mei he peseti `e 16 ki he peseti `e 41 `i he ta`u.

Makatu`unga `i he holo `a e lahi `o e pa`anga ngaue `a e ngaahi pangike, na`e mahino mai ki he Pangike Pule `e fakangatula pe `a e fakangatangata `o e ngaahi no, pea `oku fakafuofua `e holoange `a e tupu `i he ngaahi no `I he kaha`u. `I he lolotonga `o e ta`u, na`e mahino mai `a e hanga `e he ngaahi pangike `o ta`ota`ofi `a e ngaahi no pea fakataha mo e `amanaki ke ma`u mai `a e totongi fakafoki `o e ngaahi no lalahi `a ia na`e fakafiemalie ia ki he Pangike Pule `i he`ene tokanga ki he tauhi `a e ma`uma`uluta `o e fefakatau`aki pa`anga fakalotofonua pea mo tu`apule`anga.

**Tepile 1. Ngaahi Me`afua `o e fokotu`utu`u Ngaue Fakapa`anga**

	Ma'a 2007	Sun 2007	Sep 2007	Tis 2007	Ma'a 2008	Sun 2008
<b>Pa`anga Talifaki `a e Pule`anga `I Muli (TOP miliona)</b>	90.4	91.6	104.8	114.6	96.3	89.1
- Koloa Hu mai `I he Mahina	4.6	4.5	4.8	5.1	4.1	3.6
<b>Fakafetongi Pa`anga (NEER)*</b>	60.3	59.8	58.2	59.4	58.8	58.6
`Avalisi `o e Totongi Tupu `I he Fakahu Pa`anga (%)	5.74	5.70	5.69	5.70	5.85	5.64
`Avalisi `o e Totongi Tupu `I he No (%)	12.22	12.36	12.32	12.34	12.36	12.67
<b>Hikihiki `I he Tu`unga `o e Totongi Koloa (apc)</b>	3.9	5.7	8.1	6.8	12.0	12.2
- Hikihiki `I he Totongi Koloa Fakalotofonua (apc)	3.8	6.3	6.0	4.2	12.0	10.9
- Hikihiki `I he totongi Koloa Humai mei Tu`apule`anga (apc)	3.9	5.4	9.3	8.2	12.0	12.9
<b>Lahi `o e Pa`anga `a e fonua (M3, apc)</b>	12.1	13.3	9.9	14.2	13.5	6.7
<b>No ki he Ngaahi Tafa`aki Taautaha (apc)</b>	6.6	9.5	12.2	15.9	16.1	18.0

\*Tu`unga Fakanomipa `o e Fetongi Pa`ana mo Muli `o Fakatau ki he Fefakatau`aki `I he Pa`anga Tonga

apc = Nga`unu Fakapeseti Fakata`u

Neongo 'a e lahi 'a e ngaahi no palopalema pea mo e toloi 'a e ma'u mai 'o e totongi pa'anga mei muli, 'oku 'i he tu'unga malu mo malohi pe 'a e ngaahi pangike 'i Tonga ni. 'Oku lahi fe'unga 'enau pa'anga tefito pea 'oku nau tauhi ki he ngaahi tu'utu'uni ngaue 'a e Pangike Pule.

Na'e a'u ki he peseti 'e 12.6 'a e hikihiki fakata'u 'a e totongi koloa 'i Me, ko e ma'olunga taha ia talu mei Sanuali 2004. Ko e konga lahi 'o e hikihiki fakata'u 'o e totongi koloa ko e tupu mei he ma'olunga ange 'a e totongi lolo mo e me'atokoni humai, ka kimui ni mai na'e holo 'a e uesia 'e he ongo koloa ni 'a e totongi koloa 'i Tonga ni pea holo ai 'a e hikihiki fakata'u 'o e totongi koloa ki he peseti 'e 9.3 'i Siulai. 'Oku kau atu foki mo e fe'unuaki 'o e mahu'inga 'o e pa'anga, ki he holo 'a e hikihiki 'o e totongi koloa.

### **Fakafuofua ki he Kaha'u**

'I he fakakatoa, ko e fakafuofua ki he kaha'u 'o e tu'unga faka'ekonomika 'o Tonga 'e 'i he tu'unga 'oku lelei mo fakafiemalie. Ko e pa'anga talifaki 'e kei fe'unga pe mo e koloa hu mai 'o laka hake 'i he mahina 'e 3, pea 'e kei lahi fe'unga pe mo e pa'anga ngaue 'a e ngaahi pangike, pea ko e hikihiki fakata'u 'o e totongi koloa 'oku 'amanaki 'e tu'u pe 'i loto. Ko e pole ki he tu'unga fakafiemalie ko'eni, 'e makatu'unga ia mei lahi mo e vave 'a e tupu 'i he ngaahi no, 'a ia kuopau ai ki he Pangike Pule kene fuotautau 'a e ngaahi lelei 'o e 'inivesi pea mo e tupu faka'ekonomika fakafehoanaki ki he holo 'a e pa'anga talifaki 'i muli, tupu 'i he hikihiki 'a e totongi koloa pea mo e tu'unga lelei 'o e fefakatau'aki pa'anga 'a e fonua.

Lolotonga 'a e holo 'a e pa'anga talifaki 'o a'u mai ki Siulai, 'oku lahi 'a e ngaahi pa'anga hu mai, ko e tokoni, mo e totongi fakafoki 'o e ngaahi mo'ua, 'a ia tene fakakake ki 'olunga 'a e pa'anga talifaki. 'Oku fiefia 'a e Pangike Pule Fakafonua 'a Tonga 'i he kake lahi 'a e pa'anga talifaki, ka 'i he taimi tatau 'oku tokanga 'a e Pangike ki ha toe vave mo lahi ange 'a e tupu 'a e ngaahi noo makatu'unga 'i he toe lahiange 'a e pa'anga ngaue 'a e ngaahi pangike.

Ko e toe vaveange 'a e tupu 'i he ngaahi noo mei he tu'unga 'oku 'i ai 'i he taimi ni tene uesia 'a e lahi 'o e ngaahi koloa fakalotofonua, pea 'e malava ke toe lahi ange 'a e hikihiki 'i he totongi koloa pea si'isi' i ange 'a e pa'anga ngaue 'a e ngaahi pangike 'o kapau 'e 'ikai holoki 'a e lahi 'a e ngaahi no palopalema. Kuo fakapapau 'i ko e lahiange 'a e ngaahi no, tautautefito ki he no langa, 'e kake ai pe 'a e koloa hu mai mei tu'apule'anga, 'o fakatupunga ai 'a e holo 'a e pa'anga talifaki. 'Oku 'amanaki ke tanaki atu 'a e \$12.5 miliona tokoni 'a 'Aositelelia mo Nu'usila ki he pa'anga noo, 'a ia ko e konga lahi 'e fakamole ki ai ko e koloa hu mai mei tu'apule'anga.

Na'e holo lahi 'a e totongi 'o e lolo 'i he mahina 'e ua kuo'osi, 'a ia 'e tokoni ke holo 'a e totongi koloa hu mai, pea mo holo ai mo e hikihiki 'o e totongi koloa. Kaikehe 'oku lahi pe 'a e feto'aki 'a e totongi 'o e lolo 'i he maketi, 'a ia 'e kei feto'aki pe 'a e totongi lolo 'a Tonga. Na'e holo 'a e malohi 'o e pa'anga Nu'usila 'aki 'a e peseti 'e 14 talu mei Fepueli, 'a ia tene holoki ai 'a e kake 'a e totongi koloa me'atokoni hu mai mei Nu'usila. 'Oku pehe 'e he kau fakafuofua faka'ekonomika, 'e kei hokohoko atu pe 'a e holo 'a e mahu'inga 'a e pa'anga Nu'usila, ka 'i he tu'unga faka'ekonomika fakamamani lahi, 'oku veiveiua 'a e ngaahi fakafuofua 'i he taimi ni. 'Oku fakafuofua 'a e Pangike Pule 'e 'ikai ha toe fu'u kake 'i he hikihiki fakata'u 'o e totongi koloa 'i he ta'u kaha'u, ka ko e fakafuofua ko'eni 'e makatu'unga ia 'i he ngaahi me'a 'e hoko 'i he ngaahi maketi fakamamani lahi.

'E siofi 'e he Pangike Pule 'a e tupu 'i he ngaahi no fakatatau ki he ngaahi totongi pa'anga muli ke fakapapau 'i 'oku ma'uma'uluta 'a e tu'unga fakapa'anga pea mo pukepuke 'a e tu'unga fe'unga 'o e pa'anga talifaki 'a e Pule'anga 'i muli. 'Okapau 'e kake 'a e tupu 'i he ngaahi no ki ha tu'unga 'oku 'ikai ke fenapasi mo e ngaahi tafa'aki faka'ekonomika mo fakapa'anga 'a e fonua koe'uhi ko e toe lahi ange 'a e pa'anga ngaue 'i he ngaahi pangike, 'e kamata leva hono tukuatu 'e he Pangike Pule 'ene Nouti ke holoki 'aki 'a e hulu 'i he pa'anga ngaue 'a e ngaahi pangike.

'E kei hokohoko atu pe hono siofi 'e he Pangike Pule 'a e ngaahi fakalalakala 'i he tafa'aki fakapangike koe'uhi ke faka'ai'ai 'a e tu'unga fakapa'anga fakalotofonua mo fakatu'apule'anga 'oku malohi, ma'uma'uluta mo falala'anga.



Siosi C. Mafi  
**Governor**

# 1. Ko e Fakalalaka Faka`ekonomika 'i Tu`apule`anga

## 'Ekonomika Lalahi

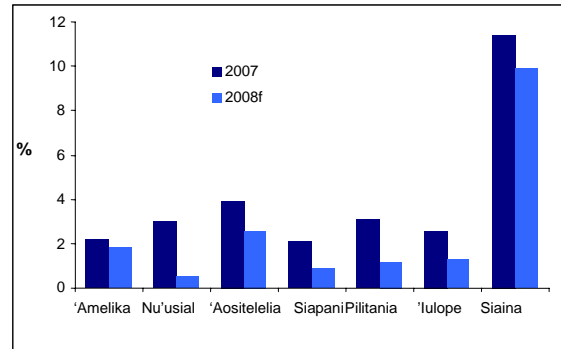
Talu mei Ma'asi mo e toe mamalie ange 'a e tupu fakalukufua fakamamani lahi. Na'e holo 'a e lahi koloa 'oku ngaahi fakalotofonua 'i he ngaahi fonua lalahi pea uesia ai 'ae ngaahi ngaue faka'ekonomika 'i he ngaahi konga lahi 'o mamani. Na'e 'ikai ke tupu 'a e tu'unga faka'ekonomika 'i 'Iulope, Siapani pea mo Nu'usila pea mamalie ange 'a e tupu faka'ekonomika 'i 'Amelika, 'Aositelelia pea mo Pilitania. 'Oku ha mai mo e ngaahi faka'ilonga vaivaiange 'i he tu'unga faka'ekonomika 'o 'Eisia tupu mei he holo 'a e fiema'u 'e he ngaahi fonua lalahi 'a e ngaahi koloa 'oku ngaahi mei 'Eisia.

'Oku kau atu ki he holo fakamamani lahi ko eni 'a e hokohoko atu 'a e tolalo 'a e tu'unga pa'anga no pea pehe foki ki he toe ma'olunga ange 'a e hikihiki 'i he totongi koloa pea holo ange ai 'a e pa'anga hu mai 'a e kakai. 'I he ngaahi fonua hange ko Pilitania pea mo 'Amelika, ko e ngaahi tukunga ko eni 'oku ne faka'asili 'ange ai 'a e uesia mei he holoa 'ae maketi fefakatau'aki 'o e ngaahi fale pe ko e ngaahi 'api nofo'anga.

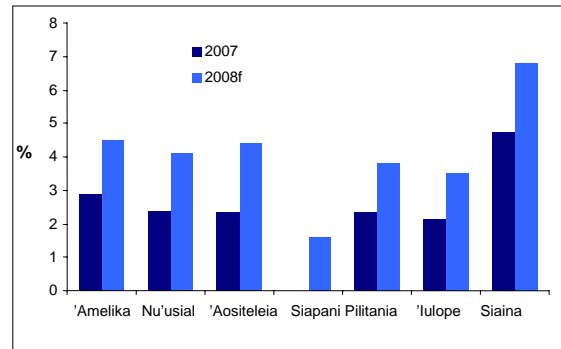
Neongo 'a e holo 'a e ngaahi ngaue faka'ekonomika fakamamani lahi, 'oku fehanga'anga 'a e ngaahi Pangike Pule 'o e ngaahi fonua lahi mo e ma'olunga'anga 'a e hikihiki 'i he totongi 'o e ngaahi koloa. Ko e hikihiki fakata'u 'i he tu'unga 'o e totongi koloa 'i 'Aositelelia, Nu'usila, Pilitania pea mo e ngaahi fonua fakatahataha 'o 'Iulope na'e peseti 'e 4 mo toe lahi ange, pea ma'olunga ange ia he peseti 'e 5 'i 'Amelika. Na'e toe ma'olunga ange 'a e hikihiki 'i he totongi 'o e ngaahi koloa 'i Siaina, Hongkong pea mo Taiwan 'a e na'e 'i he peseti 'e 6 pea ko e hikihiki 'i he totongi 'o e ngaahi koloa ki 'Initia na'e peseti 'e 10.

Ko e konga lahi 'o e ma'olunga ange 'a e hikihiki 'i he totongi 'o e ngaahi koloa 'i he ngaahi kuata ki mui mai na'e makatu'unga ia mei he ma'olunga 'o e totongi 'o e ngaahi koloa lalahi 'oku fefakatau'aki fakamamani lahi talu mei he lolotonga 'o e ta'u. Lolotonga 'a e tokonga lahi 'a e ngaahi Pangike Pule ki he ma'olunga ange 'a e hikihiki 'i he totongi 'o e ngaahi koloa, 'i he taimi tatau 'oku toe tokonga ki he ngaahi uesia 'e malava ke hoko mei he holoa ange 'a e tupu 'i he tu'unga faka'ekonomika 'o e ngaahi fonua.

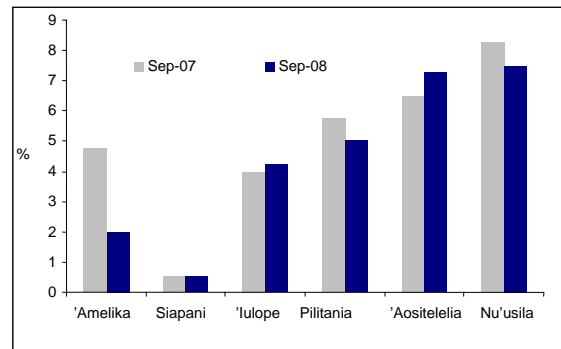
### 1.1 Ngaahi Ngaue Faka`ekonomika 'I he Ngaahi 'Ekonomika Lalahi



### 1.2 Hikihiki 'o e Totongi Koloa 'I he Ngaahi 'Ekonomika Lalahi



### 1.3 Totongi Tupu 'I he Ngaahi Pangike Lalahi



## Ko e 'Ekonomika 'i he Pasifiki

'Oku fekuki 'a e ngaahi fonua 'o e Pasifiki mo e toe ma'olunga ange 'a e hikihiki 'o e totongi koloa pea pehe ki he holoa ange 'a e tupu faka'ekonomika, hange pe ko e ngaahi fonua kehe 'i mamani. 'Oku fakafuofua 'e holo 'a e tupu faka'ekonomika 'i Papua Niukini tupu mei he holo 'i he hu atu 'enau makakoloa, pea ko Samoa 'oku 'i ai e 'amanaki 'e holo 'a e tupu faka'ekonomika mei he tu'unga ma'olunga 'i he ngaahi ta'u kimu'a, pea ko Fisi 'oku tonu ke ha mai ha tupu 'i he 'enau tu'unga faka'ekonomika hili 'a e holo 'i he ta'u 'e ua kuohili makatu'unga mei he to lalo 'a e tu'unga 'o 'enau takimamata mo e uta koloa ki he ngaahi fonua Pule'anga Fakatahataha 'Iulope. 'Oku fakafuofua 'e he Pangike Pule Fakafonua 'o Solomone, 'e holoa lahi 'a e tu'unga faka'ekonomika 'o e fonua makatu'unga 'i he holo 'a e koloa 'oku ma'u mei he vaotataa, toutai pea mo e lolo paame neongo 'a e fakafuofua 'a e IMF 'e hokohoko atu 'ene tupu faka'ekonomika 'a Solomone. Ko e ngaahi fonua pasifiki 'oku ma'olunga ai 'a e ngaahi koloa hu mai mei tu'apule'anga pea 'oku hoko 'a e kake ki 'olunga 'a e totongi 'o e ngaahi koloa lalahi 'oku fefakatau'aki fakamamani lahi kene fakatupu 'a e kake vave ki 'olunga 'a e hikihiki 'o e totongi koloa fakalotofonua. Kaikehe ko e ha mai 'a e holo hifo 'i he totongi 'o e ngaahi koloa ko'eni, 'oku fakafuofua ai 'e he ngaahi Pangike Pule 'o e Pasifiki 'e 'i ai 'a e holo 'i he hikihiki 'o e totongi koloa 'i he ta'u fo'ou.

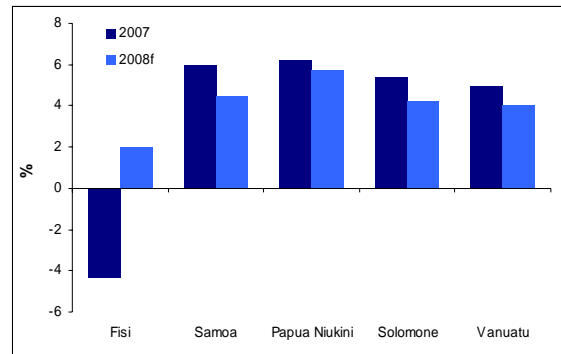
## Ko e Fakafuofua Ki he Kaha'u

'Oku fakafuofua 'e holo lahi 'a e tupu faka'ekonomika fakamamani lahi 'i he toenga 'o e 2008 mo e 2009. 'E fakatefito 'a e holo koeni 'i he ngaahi fonua lalahi kau ki ai 'a 'Amelika, Pilitania mo e ngaahi fonua 'o 'Iulope. 'Oku makatu'unga 'a e holo koeni mei he fakafuofua 'e kei holo ai pe 'a e maketi fale mo e 'api nofo'anga, holo 'a e lahi 'o e ngaahi no pea mo e ma'olunga 'a e hikihiki totongi koloa.

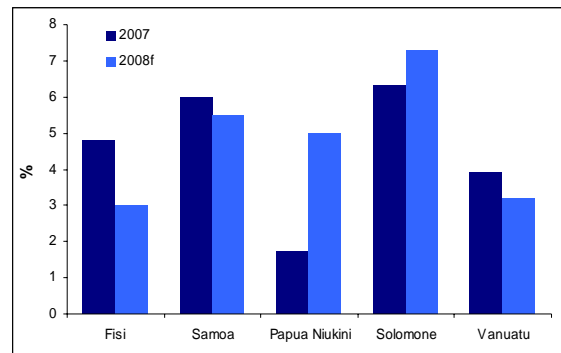
Ko e holo 'i he tupu faka'ekonomika 'i he ngaahi fonua lalahi 'oku 'amanaki kene holoki mo e tupu 'i he ngaahi fonua 'Esia, tupu mei he holo 'a e koloa hu atu ki muli mei 'Esia. Neongo kuo 'osi ha mai 'a e faka'ilonga 'o e holo koeni, 'e kei mamalie ange pe 'a e holo 'i he tupu faka'ekonomika 'i he ngaahi fonua 'o 'Esia 'i hono fakahoa ki he ngaahi fakalalakala lalahi.

Na'e tu'uma'u pe 'a e ngaahi ngaue faka'ekonomika 'i 'Aositelelia makatu'unga 'i he kake 'i he hikihiki 'i he totongi koloa mo e ngaahi fakamole 'i he ta'u kuohili. 'Oku fakafuofua 'e toe holo ange 'a e ngaahi ngaue fakalotofonua 'i

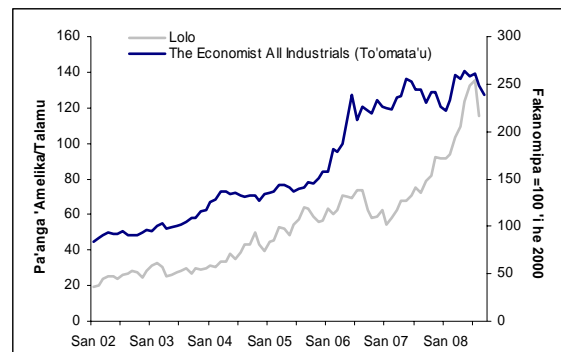
## 1.4 Fakalalakala 'I he Ngaahi Fonua Pasifiki



## 1.5 Hikihiki 'o e Totongi Koloa 'I he Ngaahi Fonua Pasifiki



## 1.6 Totongi 'o e Ngaahi Koloa Hu atu ki Tu'apule'anga



'Aositelelia 'a ia 'e hoko ia ke holo ai 'a e hikihiki 'i he totongi koloa. 'Oku fakafuofua ke holo ki lalo 'a e tupu faka'ekonomika 'a Nu'usila 'i he toenga 'o e 2008 pea 'e toki kamata ke fakaakeake hake 'i he 2009. Ko e holo 'i he ngaahi ngaue faka'ekonomika 'oku 'amanaki kene holoki 'a e tupu 'i he hikihiki 'o e totongi koloa, ka 'i he taimi tatau, ko e vaivai ange 'a e mahu'inga 'o e pa'anga Nu'usila 'e malava kene 'ohake 'e ia 'a e tupu 'o e hikihiki 'i he totongi koloa ki ha tu'unga 'oku ma'olunga ange 'i he taketi 'a e Pangike Pule 'a Nu'usila.

	Koloa 'oku Ngaohi Fakalotofonua(apc)			Hikihiki 'o e Totongi Koloa (apc)			Ngaahi Totongi Taautaha	
	2006	2007	2008(f)	2006	2007	2008(f)	90-'aho	Ta'u 10
<b>Aositelelia</b>	2.7	4.2	2.6	3.5	2.3	4.4	7.2	5.8
<b>Siaina</b>	11.6	11.9	9.9	1.5	4.8	6.8	7.5*	
<b>Iulope</b>	3.0	2.6	1.3	2.2	2.1	3.5	5.0**	4.1**
<b>Siapani</b>	2.4	2.0	0.9	0.2	0.0	1.6	0.8	1.5
<b>Nu'usila</b>	1.6	3.1	0.5	3.4	2.4	4.1	8.1	6.0
<b>Pilitania</b>	2.9	3.1	1.2	2.3	2.3	3.8	5.7	4.5
<b>Amelika</b>	2.8	2.0	1.8	3.2	2.9	4.5	1.7	3.7

\* Totongi Tupu 'I he No Ta'u 'e Taha

Ma'u'anga Fakamatala: Consensus Forecasts, Sepitema 2008

\*\* Tu'unga 'o e Fetongi Pa'anga 'I Siamane

apc = Nga'unu Fakata'u, f = Fakafuofua



## 2. Vakai ki he Tu`unga Faka`ekonomika `a Tonga.

### Kake `a e Ngaahi Ngaue Faka`ekonomika

Na`e fakafuofua `e he Potungaue Pa`anga `e kake peseti `e 1.2 `a e tupu faka`ekonomika `a e fonua ki he 2007/08 `o fakahoa ia mo e holo peseti `e 3.2 `i he 2006/07. Ko e fakalalakala `i he tu`unga faka`ekonomika, na`e makatu`unga ia mei he tupu `i he ngaahi sekitoa kotoa tukukehe `a e ngoue.

Ko e holo `a e ngaahi ngaue `i he tafa`aki ngoue, `a ia ko e vahe fa `e taha ia `o e fakakatoa `o e koloa `oku ngaahi fakalotofonua, ko e tupu mei he holo `a e ngoue hina mo e vanila. Neongo ia, na`e tokoni `ae ngaahi ngoue foha hange ko e talo mo e `ufi ki he koloa hu atu ki tu`apule`anga. Na`e holo foki mo e lahi fakakatoa `a e ika na`e hu atu ki tu`apule`anga `i he lolotonga e ta`u `o ngata ki he 2007/08.

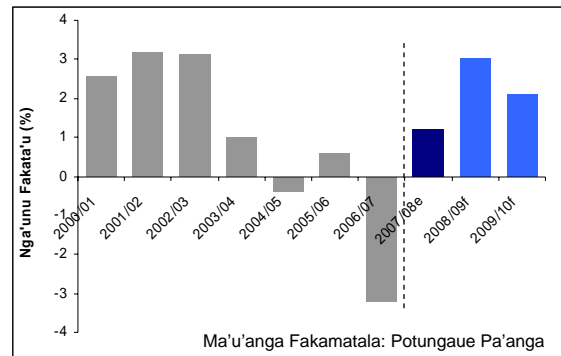
`Oku fakafuofua `e lahiange `a e ngaahi ngaue langa koe`uhi ko e langa fo`ou `o Nuku`alofa pea mo hono fakakakato `o e ngaahi langa faka takimamata. Na`e kake mo e ngaahi langa fale nofo`anga `o fenapasi ia mo e kake `i he no langa fale lolotonga `o e 2006 moe 2007. Na`e kake mo e ngaahi no ki he tafa`aki pisinisi koe`uhii ko e lahi `a e ngaahi `inivesi `oku `amanaki ke fakahoko, pea hoko atu mo e ngaahi langa ki he tafa`aki takimamata. Ko e fakalahi ko ia `o e fekumi maka koloa `oku fakahoko `i Tonga ni ko e faka`ilonga lelei ia.

Fakatautu ki he savea `a e Pangike Pule, na`e kake si`isi`i pe `a e ngaahi fakatau `o e koloa `api, ka e holo `a e ngaahi fakatau me`alele lolotonga `o e ta`u 2007/08, `a ia `oku fenapasi ia mo e fakafuofua `a e Potungaue Pa`anga ki he holo `a e tupu `i he tafa`aki fefakatau`aki, ka `e toki kake he ta`u kaha`u.

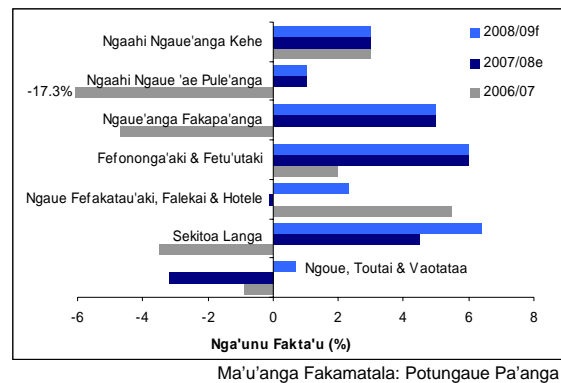
Ko e ngaahi pisinisi `oku felave`i mo e ngaahi ngaue fakatakimamata, `oku `amanaki ke leleiange `i he ngaahi ta`u ka hoko mai makatu`unga `i he ngaahi `inivesi `i he tafa`aki fakatakimamata, hange ko e ngaahi hotelee, pea mo e tokolahi ange `a e kau folau`eve`eva mai ki he fonua. `I he 2007/08, na`e kake peseti `e 27 `a e tokolahi `o e kau folau `eve`eva mai ki Tonga ni `o kau ai `a e kau Tonga foki mei muli. Na`e makatu`unga `eni tupu mei he tokolahi ange `a e kau folau vakapuna mo e kau folau vakatahi.

Na`e kake `a e ngaahi ngaue `a e Pule`anga, hili `a `ene holo `i he 2006/07 makatu`unga mei he tokolahi `a e kau ngaue fakapule`anga na`a nau kau he polokalama fakatokosi`i.

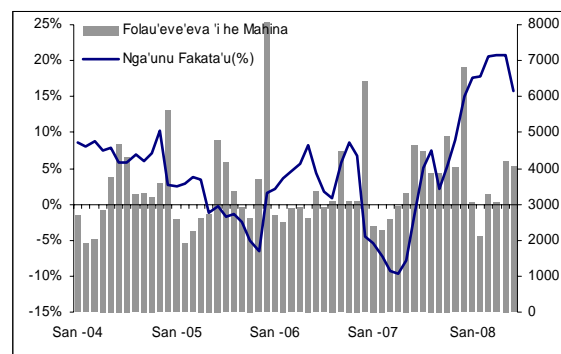
### 2.1 Fakalalakala Faka`ekonomika



### 2.2 Tupu Faka`ekonomika `a e Ngaahi Sekitoa



### 2.3 Kau Folau `Eve`eva



## Hikihiki Fakata`u `o e totongi koloa

Na`e peseti `e 12.2 `a e hikihiki fakata`u `a e totongi koloa, `i he ta`u 2007/08, ko e ma`olunga taha ia talu mei he 2002/03 pea ko e `alu hake ia mei he peseti `e 5.7 `i he ta`u `o ngata ki Sune 2007. Ko e `avalisi `o e hikihiki fakata`u `a e totongi koloa na`e peseti `e 9.6, `o fakahoa ia ki he peseti `e 5.1 `i he taimi tatau `o e ta`u kuo`osi. Ko e ma`olunga ange `i he hikihiki fakata`u `a e totongi koloa na`e makatu`unga `i he ma`olunga ange `a e totongi `o e koloa hu mai mei tu`apule`anga, tautautefito ki he totongi `o e koloa lolo mo e koloa me`atokoni. Kaikehe ko e hikihiki `o e totongi lolo, `oku ne fakatupunga `a e ma`olunga ange `a e totongi `o e ngaahi koloa fakalotofonua tautautefito ki he `uhila.

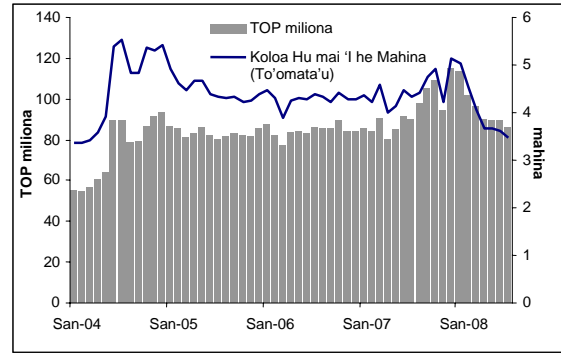
### Fakafuofua ki he Kaha`u.

`Oku ha lelei ange `a e fakafuofua ki he tu`unga faka`ekonomika `a Tonga ki he kaha`u mei he taimi tatau `o e ta`u kuo`osi. Hili `a e fehanga`anga `a e fonua mo e ngaahi faingata`a faka`ekonomika lalahi `i he ta`u `e ua kuohili, kuo lahi `a e ngaahi inivesi kuo fakahoko pea kake `a e ngaahi ngaue faka`ekonomika `a ia na`e tokoni lahi ki ai `a e kake `i he tokolahi ange `a e kau folau`eve`eva. Ka ko e tupu fo`ou ko `eni `oku fakapa`anga ia mei he no. Ko e lahi ange `a e fiema`u pa`anga `i he taimi `oku ma`olalo ai `a e lahi `o e pa`anga ngaue `a e ngaahi pangike na`e tupu ai `a e hiki `i he ngaahi totongi tupu. Ko e ngaahi no ki he tafa`aki pisinisi `oku fu`u ma`olunga, `a ia `e malohi ai `a e ngaahi ngaue faka`ekonomika fakalotofonua, `o hange ko e fakafuofua `a e Potungae Pa`anga. Kaikehe, ko e konga lahi `o e ngaahi naunau ki he ngaahi langa mo e ngaahi `inivesi kehe `oku hu mai ia mei tu`apule`anga, `a ia `oku malava ke hu atu ai ki tu`apule`anga `a e tupu faka`ekonomika pea mo holo `a e pa`anga talifaki `a e pule`anga `i muli.

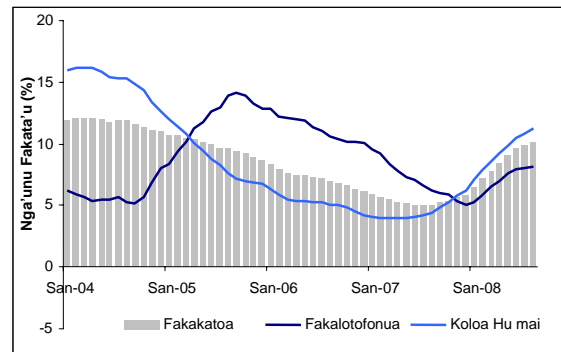
Kuo `osi ma`olunga pe `a e hikihiki fakata`u `o e totongi koloa, pea neongo `a e holo `a e totongi `o e koloa me`atokoni hu mai, ka ko e kei ma`olunga koia `a e totongi lolo `e kei ma`olunga ai pe `a e hikihiki `o e totongi koloa ki ha ngaahi taimi. Lolotonga `a e holo `a e ngaahi totongi koloa fakalotofonua, ko e kake `i he tafa`aki langa `e malava ke ne `ohake `a e ngaahi totongi koloa fakalotonua ke toe ma`olunga.

`I he fakakatoa, `e hokohoko atu `a e fakalalaka `i he tu`unga faka`ekonomika `a Tonga, ka `oku fakapa`anga mei he no mei he ngaahi Pangike, pea lahi ange mo e koloa hu mai pea `e malava ke toe ma`olunga ange ai `a e hikihiki fakata`u `o e totongi koloa. Ko e ngaahi me`a koeni `e fiema`u ke siofi `i he ta`u `e ua ka hoko mai.

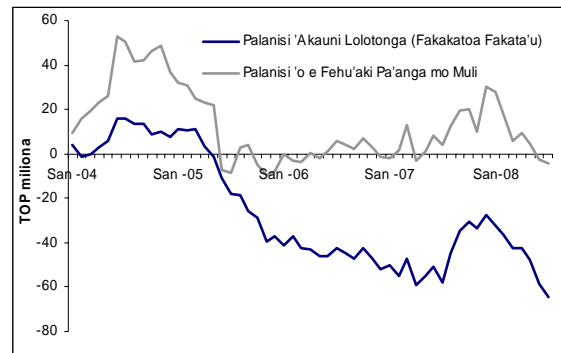
## 2.4 Pa`anga Talifaki `a e Pule`anga `i Muli



## 2.5 Hikihiki `o e Totongi Koloa (`avalisi fakata`u)



## 2.6 Palanisi `i he Fehu`aki Pa`anga mo Muli



### 3. Pukepuke 'a e Pa'anga Talifaki 'i he Tu'unga Fe'unga

#### Pa'anga Talifaki 'a e Pule'anga 'i Muli

Na'e holo 'a e pa'anga talifaki 'a e pule'anga 'i muli 'i he konga kimu'a 'o e ta'u 2008 'a ia ko e \$86.3 miliona 'i he faka'osinga 'o Siulai. Ko e 3.5 'o e koloa hu mai mei muli 'i he mahina ko e ma'ulalo taha 'eni talu mei Ma'asi 2004.

Ko e fuofua a'u hake 'eni 'a e pa'anga talifaki 'i muli ki he \$100 miliona 'i Sepitema 2007 pea a'u ki he ma'olunga ko e \$115 miliona 'i Tisema 2007. Kaikehe na'e makatu'unga 'a e a'u 'a e pa'anga talifaki ki he tu'unga ma'olunga koeni mei he lahi 'o e totongi koloa hu mai mei muli na'e toloi hono fakahoko.

'I hono fakahoko 'o e totongi toloi koeni fakataha mo e ma'olunga ange 'a e hu koloa mei muli 'i he ta'u ni, na'e holo ai 'a e tu'unga 'o e pa'anga talifaki pea pehe ki he lahi 'o e koloa hu mai 'e ala fakatau mai 'aki 'a e pa'anga talifaki. Lolotonga 'oku 'i he tu'unga fe'unga 'a e pa'anga talifaki 'a Tonga ko e kake 'i he koloa hu mai mei muli 'i he 2007/08 na'e makatu'unga ai 'a e hokohoko 'a e holo 'i he lahi 'o e koloa hu mai mei muli 'e fe'unga mo e pa'anga talifaki.

#### Pa'anga totongi atu

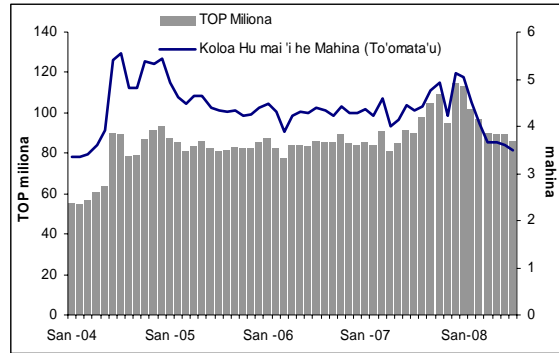
Na'e kake malohi 'a e lahi 'o e totongi koloa hu mai mei muli. Ko e totongi lolo na'e hiki lahi lolotonga 'o e ta'u pea kake mo e ngaahi fiema'u 'o makatu'unga ai 'a e ma'olunga ange 'aki 'a e T\$34.4 miliona (fakatatau ki he fefakatau'aki pa'anga mo muli) 'a e totongi koloa hu mai 'i he ta'u 'o a'u ki Siulai 2008 mei he taimi tatau 'o e ta'u kuo 'osi.

'Oku lahi 'a e ngaahi faikehekehe 'i he ngaahi lekooti mei he fefakatau'aki pa'anga 'a Tonga ni mo muli 'oku tanaki 'e he Pangike Pule pea mo e lekooti faka'ofisiale 'i he fefakatau'aki 'oku pulusi 'e he 'ofisi sitesitika Fakafonua 'a Tonga. Ko e konga 'o e faikehekehe ni 'oku malava pe ke hoko 'i he faifekehekehe 'a e taimi 'oku fai ai e totongi pa'anga. Ko e 'uhinga 'e taha 'o e faikehekehe koeni, he ko e fika 'o e fefakatau'aki 'oku kau ki ai mo e mahu'inga ki he hu koloa me'a'ofa mei muli. 'A ia 'oku 'ikai lekooti ha totongi pa'anga ki he koloa hu mai me'a'ofa koeni 'o makatu'unga ai 'a e ma'olunga ange 'a e koloa humai 'oku lekooti 'e he fefakatau'aki koloa mei he lekooti 'o e fefakatau'aki pa'anga.

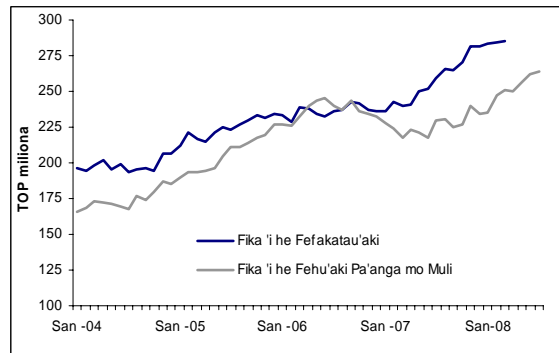
#### Pa'anga hu mai

Lolotonga 'a e 'alu hake 'i he totongi koloa hu mai mei muli 'oku 'ikai tupu ma'olunga tatau 'a e konga lahi 'o e paanga hu mai. Ko e pa'anga li mai mei ke kainga Tonga 'i muli ki he ta'u ki Siulai

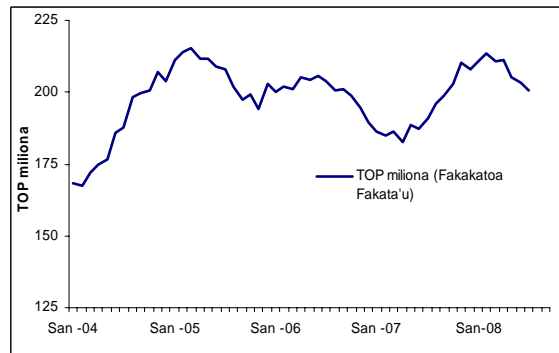
#### 3.1 Pa'anga Talifaki 'a e Pule'anga 'i Muli



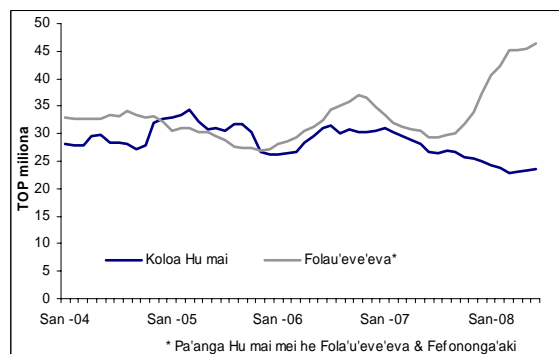
#### 3.2 Koloa Hu mai mei Tu'apule'anga



#### 3.3 Li Pa'anga mei Muli



#### 3.4 Koloa Hu atu ki Tu'apule'anga (Fakafuofua OET)



\* Pa'anga Hu mai mei he Fola'u'eva'eva & Fefononga'aki

na'e \$9.9 miliona ma'olunga ange 'i he ta'u kimu'a, 'a ia 'oku fe'unga pe ia mo e laka si'i hake 'i he kuata 'o e kake 'i he koloa hu mai. Na'e holo 'a e li pa'anga mai mei muli fakata'u 'aki 'a e peseti 'e 4 'i Novema 'i he mahu'inga 'o e Pa'anga. Ko e kongā 'o e holo koeni na'e tupu mei he holo 'a e mahu'inga 'o e pa'anga 'Amelika 'aki peseti 'e 2.5 pea 'oku 'i ai 'a e tui ko e 'uhinga 'e taha 'o e holo 'i he li pa'anga mei muli ko e lahi ange 'a e 'omai koloa me'a'ofa mei muli hange ko e fakamatala 'oku ha atu 'i 'olunga.

Na'e ma'ulalo 'a e koloa hu atu ki muli, 'a ia na'e holo 'aki 'a e \$3.3 miliona pe ko e peseti 12.5 'i he ta'u 'o a'u ki Siulai makatu'unga pe 'i he holo 'a e fua 'o e ngoue mo e toutai pea pehe ki he ngaahi maketi. Kaikehe na'e lahiange 'a e pa'anga hu mai 'i he folau 'eve'eva 'a ia na'e kake \$18.7 miliona pe ko e peseti 63.4 'i he taimi tatau 'o e ta'u kuo'osi.

Ko e pa'anga hu mai mei he folau'eve'eva 'oku kau ki ai mo e ngaahi toho pa'anga 'oku fakahoko 'aki 'a e ngaahi kaati toho pa'anga. 'E malava pe ko e kongā 'o e toho pa'anga kaati koeni ko e pa'anga me'a'ofa li mai ia mei muli. Kaikehe mahalo koe ki'i kongā si'isi'i pea ia he 'oku fenapasi pe 'a e lahiange 'a e pa'anga humai mei he folau'eve'eva mo e tokolahi ange 'a e kau folau 'eve'eva na'e folau mai ki Tonga ni 'i he ta'u kuo'osi.

### Palanisi 'o e Fehu'aki Pa'anga mo Muli.

Ko e kake 'i he koloa hu mai mei muli pea mo e holo 'i he totongi lolotonga fakalukufua na'e hoko ia ke toe fakalahi ange 'a e fe'amokaki 'i he 'akauni lolotonga. Ka ko e 'alu hake 'i he 'inivesi mo e tokoni hu mai mei muli na'ane fakalahi 'a e hulu 'i he 'akauni pa'anga tefito pea ne 'ohake ai 'a e tu'unga fe'amokaki falalukufua 'i he fefakatau'aki pa'anga mo muli ki he \$4 miliona 'i Siulai 2008.

### Ko e Fakafuofua Ki he Kaha'u

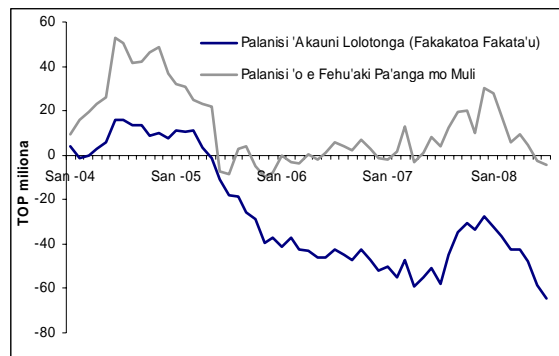
Na'e holo ki mui ni mai 'a e pa'anga talifaki 'a e pule'anga 'i muli tupu mei he 'alu hake 'a e no mo e ma'olunga ange 'a e hu koloa mei muli. 'Oku 'amanaki ke tu'uma'u pe 'a e tu'unga 'o e no mo e koloa hu mai mei muli 'i he tu'unga ma'olunga 'i he kaha'u, 'a ia 'e malava kene holoki hifo 'a e pa'anga talifaki 'i muli. Kaikehe ko e ngaahi tokoni mo e totongi fakafoki mo'ua ko ia 'oku 'amanaki ke ma'u mai 'i he kongā hono ua 'o e 2008, tene 'ohake 'a e lahi 'o e pa'anga talifaki pea pehee ki he lahi 'o e koloa hu mai mei muli 'e malava ke humai 'aki 'a e pa'anga talifaki koia.

'Oku tokonga 'a e Pangike ki he tu'unga ma'olunga 'oku 'i ai 'a e totongi pa'anga ki he koloa humai mei muli pea pehe ki he tu'unga ma'olunga 'o e totongi lolo 'a ia tene uesia 'a e pa'anga talifaki 'i muli. 'Ikai ngata ai, ka ko e fakafuofua 'e toe holo ange 'a e tu'unga faka'ekonomika fakamamani lahi, 'a ia 'e malava kene uesia 'a e lahi 'o e li pa'anga mai mei muli hotau kainga Tonga.

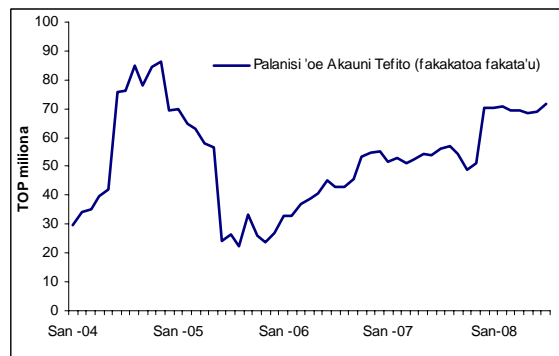
Ka 'i he tafa'aki 'e taha, 'oku 'amanaki ke 'alu hake 'a e li pa'anga mai mei muli mei Nu'usila pea mo 'Aositelelia makatu'unga 'i he polokalama ngaue toli fakataimi mo e ongo fonua koeni. Pea pehe foki ki he fakafuofua 'e toe lahi ange 'a e pa'anga tefito 'e humai makatu'unga 'i he fakafuofua 'e toe lahiange 'a e ngaahi ngaue faka'ekonomika 'i he kaha'u.

'I hono fakalukufua, 'e kei nofo pe 'a e lahi 'o e koloa hu mai mei muli 'i he mahina 'e 3-4 'i he tu'u ki he kaha'u.

### 3.5 Palanisi 'o e Fehu'aki Pa'anga mo Muli (Fakafuofua OET)



### 3.6 Palanisi 'o e 'Akauni Tefito (Fakafuofua OET)



## 4. Fakatupulekina 'a e tu'unga fakapa'anga 'oku lelei mo malohi

### Pa'anga Fakalukufua 'a e Fonua

Na'e kake peseti 'e 10.1 'a e me'afua ki he lahi 'o e pa'anga fakalukufua 'a e fonua (M3) 'i he ta'u 'o ngata ki Siulai 2008, 'a ia 'oku 'i he 'avalisi 'o e ta'u 'e ua kuohili. Na'e kake peseti 'e 17.5 'a e fakahu pa'anga tu'upau 'i he ta'u pea kake peseti 'e 6.6 'a e fakahu pa'anga taimi nounou pea 'i he taimi tatau na'e ki'i holo si'isi'i 'a e fakahu pa'anga tohi pangike kae ki'i kake si'isi'i 'a e lahi 'o e pa'anga 'oku fiema'u 'e he ngaahi pangike ke tukuatu kenau ngaue'aki.

### Tupu 'i he ngaahi no ki he tafa'aki taautaha

Na'e fakautuutu 'a e ngaahi fiema'u no ki he ngaahi langa fo'ou. Ka na'e fakangatngata pe 'a e lahi 'o e pa'anga no atu 'a e ngaahi pangike koe'uhi ko e to e ma'olunga ange 'a e totongi pa'anga ki tu'apule'anga ki he koloa hu mai. 'I he taimi tatau, na'e 'alu hake lahi 'a e tu'unga 'o e ta'e totongi 'o e ngaahi no 'i he mahina 'e ono 'o ngata ki Sune 2008. Na'e hoko 'a e lahi ange 'a e totongi pa'anga ki he koloa humai fakataha mo e holo 'a e totongi fakafoki 'o e ngaahi no, ke ne holoki lahi 'a e pa'anga mo e ngaahi ngaue 'a e ngaahi pangike. Ka neongo ia, na'e tokoni ki he ngaahi pangike 'a e toe lahi ange 'a e fakahupa'anga pea pehe ki he no taimi nounou 'oku tukuange atu mei he Pangike Pule kae malu'i 'aki 'a e ngaahi ponite 'a e Pule'anga Tonga, pea 'i ha fiema'u fakatu'upake 'e malava ke malu'i 'aki 'a e pa'anga talifaki 'a e ngaahi pangike 'oku fakahu 'i he Pangike Pule. Neongo 'a e holo 'a e lahi 'o e pa'anga ngaue 'a e ngaahi pangike, na'e kake peseti 'e 19.9 'a e ngaahi no ki he tafa'aki taautaha 'i he ta'u ngata ki Siulai 2008.

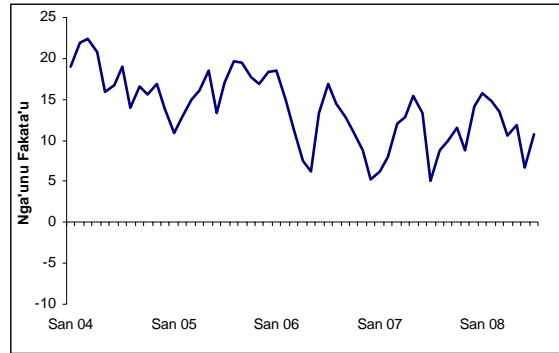
Lolotonga 'a e ta'u 'e ua kuohili, na'e lahitaha pe 'a e tupu 'i he no 'a e ngaahi pangike ki he tafa'aki fakapisinisi ke tokoni ki he langalanga fo'ou 'o Nuku'alofa. Na'e kake peseti 'e 41.2 'a e no ki he tafa'aki fakapisinisi 'i he ta'u 'o ngata ki Siulai kae kake si'isi'i pe 'a e no ki he tafa'aki taautaha 'aki 'a e peseti 'e 0.2.

### Ngaahi Totongi Tupu

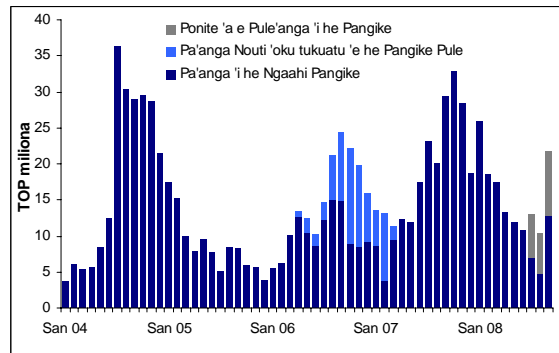
Ko e ta'u eni 'e ua mo e 'ikai ha fu'u liliu 'i he tu'unga ngaahi totongi tupu fakamovetevete (retail interest rates) ka 'i he konga kimui ni mai, na'e ha mai 'a e liliu 'i he tu'unga totongi tupu 'a e ngaahi pangike 'a ia na'e toki 'i ai 'ene ki'i nga'unu mai kimui ni 'i he totongi tupu fakahu pa'anga mo e totongi tupu 'i he ngaahi no.

Neongo 'a e holo 'a e pa'anga ngaue 'a e ngaahi pangike, na'e holo 'a e totongi tupu 'i he fakahu pa'anga si'isi'i hifo he \$50,000 'i he mahina 'e ua kuohili. Na'e holo lahi taha ai 'a e totongi tupu ki

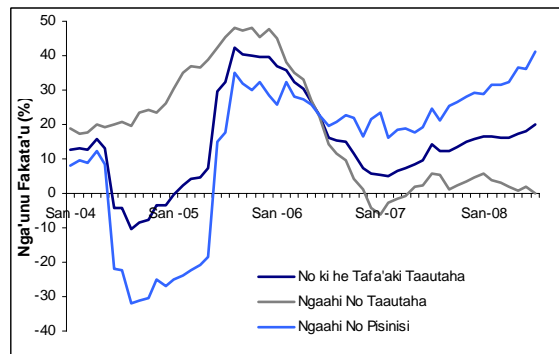
### 4.1 Pa'anga Fakalukufua 'a e Fonua (M3)



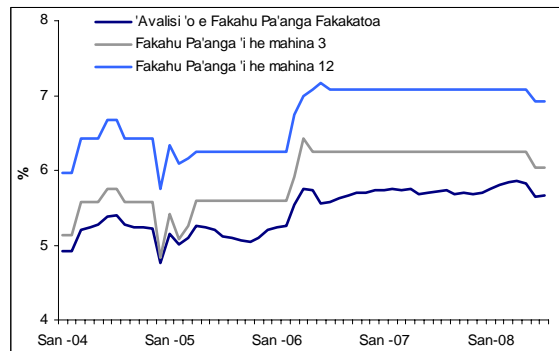
### 4.2 Pa'anga 'I he Ngaahi Pangike



### 4.3 Tupu 'I he Ngaahi No ki he Tafa'aki Taautaha



### 4.4 Tupu 'I he Fakahu Pa'anga Taautaha (Fakahu Pa'anga < \$50,000)



he fakahu pa'anga ki he mahina 'e 6 'a ia na'e holo'aki 'a e peseti 'e 0.4 mei he ta'u kuohili. Na'e holo mo e totongi tupu ki he fakahu pa'anga mahina 'e 3 'aki 'a e peseti 'e 0.25. Kaikehe ko e kau fakahu pa'anga lalahi na'a nau fiema'u 'a e totongi tupu 'oku toe ma'olunga ange 'a ia na'a ne hiki hake ai 'a e fakamole fakapa'anga 'a e ngaahi pangike.

'I he taimi tatau, na'e kake hake 'a e totongi tupu ki he ngaahi no makatu'unga 'i he holo 'a e pa'anga ngaue 'a e ngaahi pangike pea mo e ma'olungaange 'a e fakamole ki he totongi tupu ki he kau fakahupa'anga. Ko e totongi tupu ki he ngaahi no langafale 'oku 'i he peseti 'e 12.28 'a ia 'oku laka hake ia 'aki 'a e peseti 'e 0.75 'i he ta'u kuohili. Na'e kake hake mo e totongi tupu ki he no fakapisinisi 'aki 'a e peseti 'e 0.25.

### Fakafuofua ki he kaha'u

Ko e tupu lahi ko eni 'a e ngaahi no 'a e ngaahi pangike 'oku hoko ia lolotonga 'oku holo 'a e lahi 'enau pa'anga ngaue pea te'eki ai kenau ngaue'aki 'a e pa'anga tokoni makehe ki hono langa fo'ou 'o Nuku'alofa.

Ko e tu'unga holo 'i he lahi 'o e pa'anga ngaue 'a e ngaahi pangike, 'oku toki ha mahino mai 'ene uesia 'a e lahi 'o e ngaahi no hili ha meimei ta'u 'e taha, 'o hange ko 'ene ha 'i he fakatata 4.6. Ko hono 'uhinga he 'oku 'ikai ke toho 'a e ngaahi no kotoa kuo tali 'i he taimi pe 'e taha, pea 'oku 'ikai ke toho faka'angataha pe 'a e ngaahi no kuo tali. 'A ia 'oku 'i ai 'a e fakafuofua 'e holo ange 'a e tupu 'a e ngaahi no 'i he ta'u fo'ou tupu mei he holo ko ia 'a e pa'anga ngaue 'i he ta'u ni. Kaekehe 'e malava ke hoko 'a e toe lahiange ko ia 'a e pa'anga ngaue 'a e ngaahi pangike 'i he ngaahi mahina kimui ni mai ke toe tupu lahi ange ai 'a e tupu 'i he ngaahi no.

'Oku te'eki ai ke lahi hano ngaue'aki 'a e pa'anga tokoni ki hono langa fo'ou 'o Nuku'alofa kae tautautefito ki he \$13.5 miliona tokoni 'a 'Aositelelia mo Nu'usila 'a ia ko e fo'i kole pe eni 'e ua kuo tali ke ngaue'aki mei he pa'anga koeni, ka 'oku kei lahi pe 'a e ngaahi kole 'oku lolotonga fai ki ai 'a e ngaue.

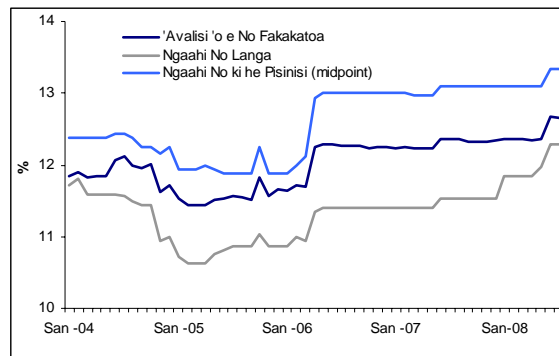
Neongo 'a e fakafuofua 'e hokohoko atu pe 'a e lahi 'o e pa'anga totongi koloa hu mai, tautautefito ki he lolo, 'oku fakafuofua ke kake hake 'a e pa'anga ngaue 'a e ngaahi pangike 'i ha taimi vave ni mai. 'Oku 'i ai 'a e 'amanaki 'e ma'u mai ia kimu'a 'i he faka'osinga 'o e ta'u 'a e pa'anga tokoni ki he Pule'anga mo e pa'anga totongi fakafoki 'o e ngaahi no.

Ko e ngaahi pa'anga humai koeni, 'e malava ke makatu'unga ai ha toe lahi ange 'a e tupu 'i he ngaahi no, lolotonga ko ia kuo 'osi a'u 'a e tupu 'i

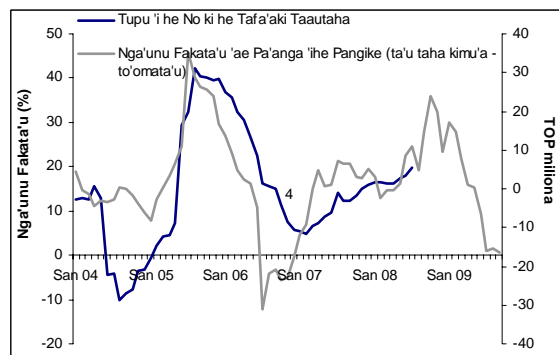
he ngaahi no ki he tu'unga vave mo ma'olunga. 'Okapau 'e toe lahi ange 'a e tupu 'i he ngaahi no, tene uesia 'a e lahi 'o e ngaahi koloa fakalotofonua, lahi ange mo e koloa humai, pea holo ai 'a e pa'anga talifaki 'a e Pule'anga pea toe ma'olunga ange 'a e hikihiki 'i he totongi 'o e koloa.

Na'e fe'unga pe 'a e ngaahi fokotu'utu'u ngaue fakapa'anga 'i he mahina 'e 18 kuohili, ka 'okapau 'e toe kake lahi 'a e pa'anga ngaue 'a e ngaahi pangike pea toe lahi ange mo e tupu 'i he ngaahi no, 'e toe tuku atu leva 'e he Pangike Pule 'ene ngaahi pa'anga nouti ke ta'ota'ofi 'aki 'a e tupu 'i he ngaahi no.

### 4.5 Totongi Tupu 'I he No



### 4.6 Pa'anga 'I he Ngaahi Pangike mo e Tupu 'I he Ngaahi No



## 5. Ta'ota'ofi 'a e hikihiki 'o e Totongi koloa

### Hikihiki 'i he Totongi Koloa

Na'e hokohoko ai pe 'a e hikihiki fakata'u 'a e totongi koloa ki he ta'u 2007 tupu mei he hikihiki 'a e totongi lolo mo e koloa me'atokoni hu mai mei tu'apule'anga. 'I he konga 'uluaki 'o e 2008 na'e a'u ai 'a e hikihiki fakata'u 'i he tu'unga 'o e totongi koloa ki he peseti 'e 12 'a ia na'e makatu'unga ia mei he hikihiki 'a e totongi 'o e koloa me'atokoni fakalotofonua tupu mei he hikihiki 'i he totongi 'o e ngaahi koloa hu mai mei tu'apule'anga. Na'e hiki mo e totongi 'o e 'uhila tupu mei he hiki 'i he totongi lolo tisolo pea hiki mo e totongi 'o e ngaahi koloa kehe tupu mei he hiki 'a e totongi 'o e 'uhila, pea pehe ki hono ngaahi mo hono fetuku holo 'o e koloa.

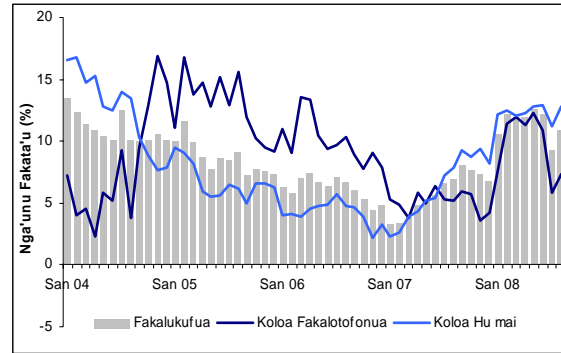
Ko e totongi koloa humai ko e vahe tolu 'e ua ia 'o e me'afua ki he hikihiki fakakatoa 'o e totongi koloa (CPI) pea ko e vaeua 'o e totongi koloa humai ko e ngaahi koloa me'akai hu mai mei tu'apule'anga. Ne hiki 'aki 'a e peseti 'e 20 'a e totongi 'o e ngaahi koloa me'akai hu mai mei tu'apule'anga 'i he a'u mai ki 'Okatopa tupu mei he ma'olunga ange e mahu'inga 'a e pa'anga Nu'usila 'i he 2007 'a ia ko e konga lahi 'o e koloa humai mei tu'apule'anga ko e koloa mei Nu'usila. Na'e hiki 'a e totongi fakamamanilahi 'o e lolo mei he 'avalisi ko e pa'anga 'Amelika \$64.00 ki he talamu 'i he 2006/07 ki he ma'olunga ko e pa'anga 'Amelika \$145 ki he talamu 'i Siulai 2008. Neongo kuo ha mai 'a e ki'i holo 'i he totongi lolo 'oku mahino pe 'a 'ene kaunga lahi ki he hikihiki 'o e totongi koloa 'i Tonga ni. Na'e faka'avalisi ki he peseti 'e 27.3 na'e hikihiki 'aki 'a e totongi 'o e ngaahi koloa lolo 'i he ta'u 'o a'u mai ki 'Akosi, 2008.

Ka na'e 'ikai 'a e feto'aki 'i he ngaahi totongi koloa koeni na'e mei si'isi'i ange 'a e hikihiki 'i he totongi koloa fakalotofonua. 'I hono ngaue'aki 'a e me'afua ki he totongi koloa 'o 'ikai kau ai 'a e koloa me'akai mo e ngaahi koloa lolo humai mei tu'apule'anga, na'e peseti pe 'e 7.7 na'e hiki 'aki 'e he ngaahi totongi koloa 'i he'ene a'u mai ki 'Akosi, 2008 fakafehoanaki ia mo e peseti 'e 10.3 'a e hikihiki 'o e totongi koloa kau ai 'a e koloa me'atokoni mo e koloa lolo humai mei tu'apule'anga 'i he taimi tatau pe. 'I he 'ene pehee, 'e malava ke toe ma'ama'a ange ki he kakai 'o kapau tenau fili ke fakatau 'a e koloa me'akai fakalotofonua pea fakasi'isi'i 'a e ngaue'aki 'o e ngaahi me'alele ki he'enu fefononga'aki.

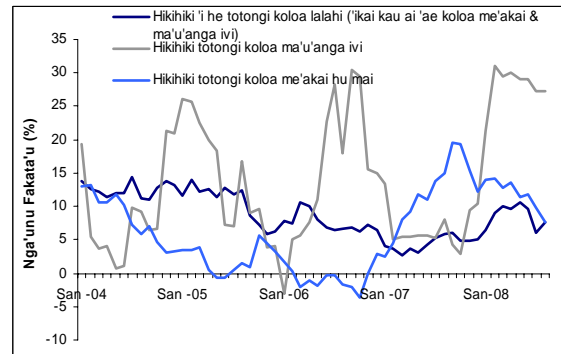
### Fakafetongi Pa'anga

Na'e meimei tu'uma'u pe 'a e mahu'inga 'o e pa'anga Tonga 'i he ta'u kuo 'osi 'a ia na'e kake 'aki 'a e peseti 1.1 'i he'ene a'u mai ki 'Akosi.

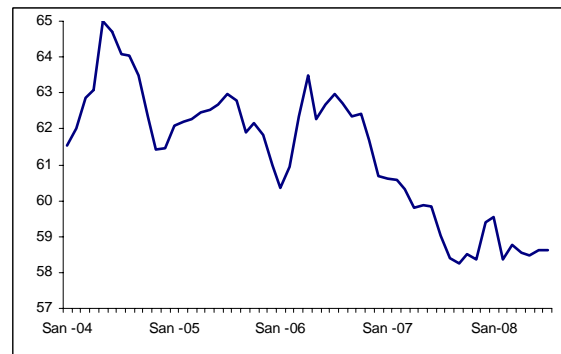
### 5.1 Hikihiki 'I he Totongi Koloa



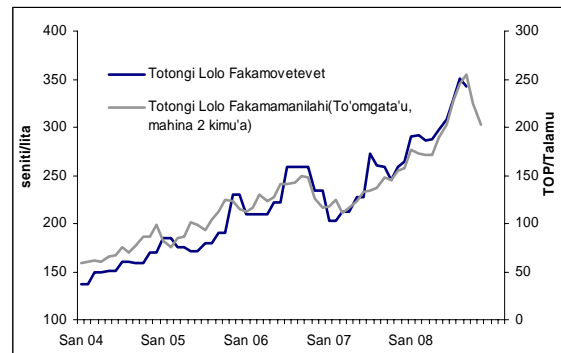
### 5.2 Me'afua Fakaangaanga ki he Hikihiki 'o e Totongi Koloa



### 5.3 Tu'unga Fakanomipa 'o e Fetongi Pa'anga



### 5.4 Totongi Lolo Fakamamanilahi & Totongi Fakalotofonua



'Oku tokoni 'a e tu'uma'u 'a e malohi 'o e pa'anga Tonga ki hono ta'ota'ofi 'a e 'alu ki 'olunga 'a e hikihiki 'o e totongi 'o e koloa 'i Tonga ni 'oku fakafou mai mei hikihiki 'o e totongi 'o e lolo hu mai mei tu'apule'anga. 'I he 2007, na'e malohi ange 'a e pa'anga Tonga 'i hono fakafehoanaki ki he Pa'anga 'Amelika 'o ne holoki hifo ai 'a e hiki 'i he totongi 'o e lolo 'i Tonga ni. Ka 'i he taimi tatau, na'e holo 'a e mahu'ing ia 'o e pa'anga Tonga fakafehoanaki ki he pa'anga Nu'usila 'a ia na'e kaunga ia ki he hiki hake 'a e totongi 'o e koloa me'akai hu mai mei Nu'usila. Ka 'i he kamata'anga 'o e ta'u ni na'e malohiange 'a e pa'anga Tonga 'i hono fakafehoanaki ki he pa'anga Nu'usila kae holo 'i hono fakafehoanaki ki he pa'anga 'Amelika.

### Fakafuofua ki he kaha'u

'Oku fakafuofua 'e holo hifo 'a e hikihiki 'o e totongi koloa mei he tu'unga ma'olunga 'oku 'i ai, ka 'i he taimi tatau 'oku 'i ai 'a e pole lahi 'e malava kene uesia 'a e fakafuofua koeni ki he kaha'u.

Na'e holo lahi 'aupito 'a e totongi lolo fakamamani lahi 'i he ngaahi mahina kuo maliu atu mei he US\$140 ki he talamu 'i Siulai ki he US\$100 ki he talamu 'i Sepitema. 'I hono liliu ki he pa'anga Tonga, 'oku ha mahino mai ai 'a e nga'unu fakatata 'a e totongi lolo fakamamani lahi mo e totongi lolo fakalotofonua fakafuofuo 'i he mahina 'e ua. Ka tu'u ma'u ai pe 'a e totongi lolo 'o 'ikai toe hiki, 'oku 'i ai e fakafuofua 'e holo ai pe totongi lolo fakalotofonua 'i he ngaahi mahina ka hoko mai.

'Oku 'i ai 'a e fakafuofua 'e hoko 'a e holo 'i he tu'unga faka'ekonomika fakamamanilahi ke ne ta'ota'ofi 'a e fiema'u 'o e koloa lolo pea 'e tokoni ia ke ta'ota'ofi 'a e hiki hake 'a e totongi fakamamani lahi 'o e lolo. Kaikehe, 'oku kei feto'aki pe 'a e maketi lolo pea 'e kei malava pe ke uesia lahi 'a e fakafuofua ki he totongi koloa ki he kaha'u tupu mei he feto'aki koeni 'i he maketi lolo. 'Ikai ngata ai, ka ko e hiki ko ia 'o e totongi 'uhila 'i he mahina 'e ono kuo maliu atu tene pukepuke 'e ia 'i 'olunga 'a e hikihiki 'i he totongi koloa.

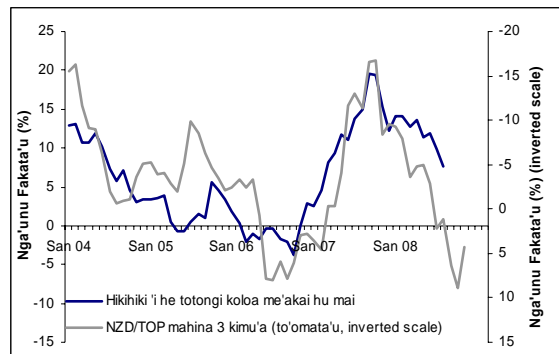
Ko e 'uhinga 'e taha 'o e fakafuofua ke holo 'a e hikihiki 'o e totongi koloa ki he kaha'u 'oku makatu'unga ia 'i he fakafuofua 'e hokohoko atu 'a e holo 'i he mahu'inga 'o e pa'anga Nu'usila 'a ia 'e tokoni ke holoki 'a e totongi 'o e koloa humai mei Nu'usila. Fakatatau ki he fakatata 5.6 'oku ha mahino mai ai 'a e nga'unu tatau 'a e hikihiki 'i he totongi koloa hu mai mei tu'apule'anga mo e mahu'inga 'o e pa'anga Nu'usila hili ha mahina 'e tolu. 'A ia 'oku totonu ke holo hifo 'a e hikihiki 'i he totongi koloa hu mai mei tu'apule'anga 'i he a'u

ki he faka'osinga 'o e ta'u ni. Kaikehe makatu'unga 'i he tu'u veiveiua mo feto'aki 'a e maketi pa'anga fakamamani lahi, 'e tu'u veiveiua ai pe mo e fakafuofua ki he tu'unga 'o e totongi koloa 'i Tonga ni ki he kaha'u.

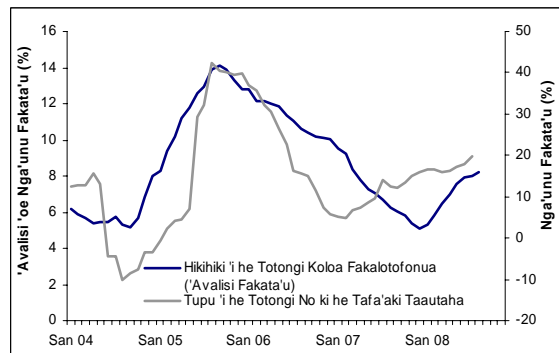
Ko e taha 'o e me'a tene uesia 'a e hikihiki 'i he totongi koloa fakalotofonua, ko e tupu lahi 'a e no mei he ngaahi pangike. Ko e lahi ange 'a e ngaahi no ki he ngaahi langa fo'ou, 'oku ne fakatupulekina ai pe 'a e lahi 'a e ngaahi fiema'u koloa fakalotofonua hange ko e kau ngaue mo e ngaahi naunau langa fakalotofonua 'a ia 'e hoko ia ke to e hikihiki ai pe 'a e totongi 'o e koloa fakalotofonua.

'I hono fakakatoa, 'oku fakafuofua 'e meimei nofo ma'u pe 'ae hikihiki 'o e totongi koloa 'i he 2008/09, ka kuopau ke tokanga 'aupito 'a e Pangike Pule ke fakapapau'i 'e malava ke fua 'e he fonua 'a e lahi 'o e tupu 'i he ngaahi no 'i he kaha'u pea fakangatangata 'ene uesia 'a e hikihiki 'o e totongi koloa mo e lahi fe'unga 'o e pa'anga ngaue 'a e ngaahi pangike.

### 5.5 Pa'anga Nu'usila & Hikihiki Fakata'u 'o e Koloa Hu mai

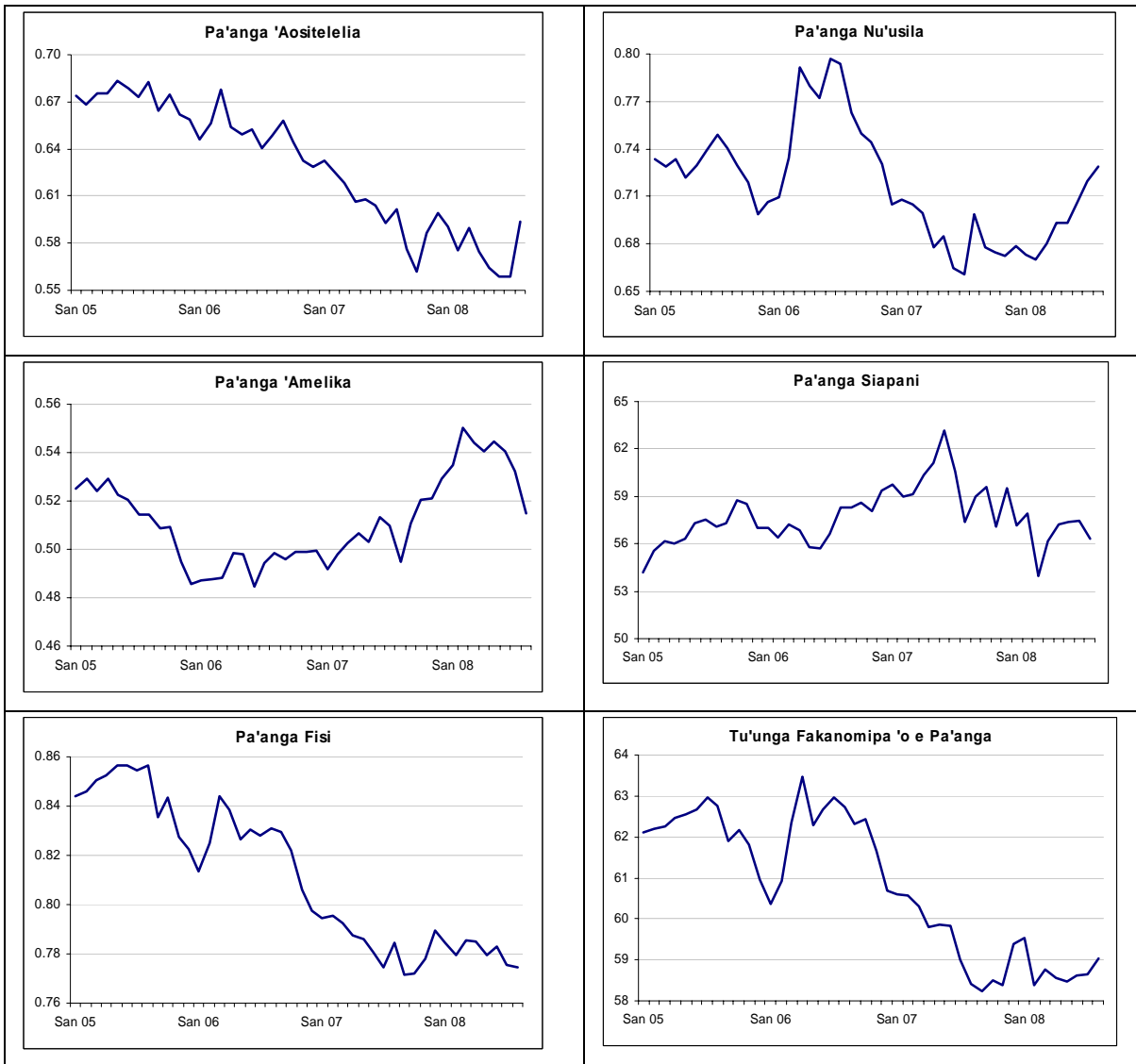


### 5.6 Tupu 'I he Ngaahi No ki he Tafa'aki Taautaha & Hikihiki Fakata'u 'o e Koloa Fakalotofonua





# Fakalahi 1. Fakafetongi Pa'anga Tonga



## Fakalahi 2. Ngaahi Taumu'a 'o e Fokotu'utu'u Ngaue Fakapa'anga

Ko e ngaahi fatongia 'o e Pangike Pule Fakafonua 'o Tonga felave'i mo e fokotu'utu'u ngaue fakapa'anga 'oku ha ia 'i he Kupu 4 'o e Lao ki he Pangike Pule Fakafonua 'o Tonga 1988 pea mo e Fakatonutonu 'a e Lao ki he Pangike Pule Fakafonua 'o Tonga 2007, 'a ia 'oku fakaha ai ko e ngaahi tefito'i taumu'a 'o e Pangike ko hono:

- (a) pukepuke ke ma'uma'uluta 'a e tu'unga fakapa'anga fakalotofonua mo faka-tu'apule'anga; mo
- (e) langa hake ha sistemi fakapa'anga 'oku malu mo lele lelei;

'Oku toe fakaha 'e he Kupu 4 kuo pau ke fakahoko 'e he Pangike Pule 'ene ngaahi ngaue 'i ha founa 'oku ne tokoni'i 'a e malu 'a e tu'unga faka'ekonomika fakalukufua mo e tupu faka'ekonomika. 'Oku toe kau ki ai mo e Kupu 30 'o e Lao 'a ia 'oku tuku ki he Pangike Pule 'a e fatongia ki hono fakapapau'i 'oku 'i he tu'unga fakafiemalie 'a e pa'anga talifaki 'a e pule'anga 'i muli.

'Oku tui 'a e Pangike Pule ko e founa lelei taha ke fakahoko'aki 'ene fokotu'utu'u ngaue fakapa'anga ko hono fakapapau'i 'a e tu'unga lelei mo malohi fakapa'anga fakalotofonua mo fakatu'apule'anga 'aki 'a hono fakapapau'i 'oku 'i he tu'unga fakafiemalie 'a e pa'anga talifaki 'a e pule'anga 'i muli pea mo ta'ota'ofi 'a e hikihiki 'i he tu'unga 'o e totongi koloa. Ko hono fakapapau'i 'oku 'i he tu'unga fakafiemalie 'a e pa'anga talifaki 'a e pule'anga 'i muli, 'oku mahu'inga ia ki he 'ekonomika 'o ha fonua si'isi'i hange ko Tonga, 'a ia 'oku fakafalala ki he ngaahi koloa hu mai mei tu'apule'anga ke fakaai 'ene ngaahi fiema'u koloa, 'a ia kuopau ke totongi atu ia 'i he pa'anga muli.

'Oku tokoni foki 'a e tu'unga fakafiemalie 'a e pa'anga talifaki 'a e pule'anga 'i muli ke fakasi'isi'i 'a e feto'aki 'i he fakafetongi pa'anga pea ke 'i he tu'unga falala'anga mo pau ke malava 'e he ngaahi pisinisi mo e kakai taautaha 'i Tonga 'o feau 'enau ngaahi fiema'u pa'anga muli. 'Oku tui 'a e Pangike Pule ko e tu'unga fakafiemalie 'i he pa'anga talifaki 'a e pule'anga 'i muli 'oku tatau mo e koloa hu mai ki he mahina 'e 3 ki he 4.

Tupu mei he lahi 'a e ngaahi koloa hu mai 'oku ngaue'aki 'i he me'afua totongi koloa fakalukufua (peseti 'e 66), ko e ngaahi fe'unuaki 'i he ngaahi totongi koloa hu mai mo e fakafetongi pa'anga 'oku 'i ai 'ene kaunga lahi ki he tu'unga fakalukufua 'o e ngaahi totongi koloa fakalotofonua.

Ko hono ta'ota'ofi 'a e hikihiki 'i he tu'unga 'o e totongi koloa, 'oku tokoni ia ki he ola lelei 'a e tu'unga faka'ekonomika mo e fakalakalaka faka'ekonomika 'oku tu'otu'atau. 'Oku hanga 'e he tu'unga fakafiemalie 'i he totongi koloa 'o pukepuke 'a e ivi fakatau 'o e pa'anga ki he kau fakatau mo e kau fakahu pa'anga. 'I he'ene pehe, 'oku mahu'inga 'a e tokoni 'a e fokotu'utu'u ngaue fakapa'anga ki he fa'unga fakasosiale koe'uhi ko e tu'u lavea ngofua 'a e tokolahi 'o e kau memipa 'i he sosaieti 'oku 'ikai ke nau malava ke malu'i 'enau pa'anga 'oku tanaki mei he hikihiki 'i he tu'unga 'o e totongi koloa. 'Ikai ko ia pe, ka 'oku 'i ai mo e kaunga 'a e hikihiki 'i he totongi koloa ki hono 'ave 'o e koloa meia kinautolu 'oku tanaki 'enau koloa kia kinautolu 'oku no koe'uhi ko e mole 'a e mahu'inga totonu 'o 'enau ngaahi koloa pea 'i he taimi tatau 'oku holo 'a e mahu'inga totonu 'o e ngaahi mo'ua 'o e kau no tupu mei he hikihiki 'i he totongi koloa. Ko hono ta'ota'ofi 'a e hikihiki 'i he tu'unga 'o e totongi koloa 'oku ne ta'ota'ofi ai 'a e faingamalie ki he tufotufa koloa pa'anga hu mai ta'efakapotopoto pehe ni.

'Oku tokoni foki hono ta'ota'ofi 'o e hikihiki 'i he tu'unga 'o e totongi koloa ki he lelelange 'a e ngaahi ngaue faka'ekonomika. 'Oku faingofuaange ki he kakai ke nau fakafaikehekehe'i 'a e ngaahi liliu 'i he ngaahi totongi koloa pea ke liliu 'enau fai tu'utu'uni fekau'aki mo e fakatau koloa, fakahu pa'anga mo e 'inivesi, 'i he taimi 'oku ma'ulalo ai mo 'ikai feluuluaki lahi ai 'a e hikihiki 'i he totongi koloa. Ko e me'a 'oku mahu'inga, ko ha 'ataakai 'oku ta'ota'ofi ai 'a e hikihiki 'i he tu'unga 'o e totongi koloa, 'oku si'isi'iange ai 'a e faingata'a 'o e aleapau fakapa'anga taimi loloa, koe'uhi 'e si'isi'iange ha fiema'u 'e he kau no pa'anga atu mo e kau 'inivesitoa ha fu'u totongi ma'olunga ke malu'i'aki ha holo 'a e ivi fakatau 'o e pa'anga. 'Oku ne fakasi'isi'i leva 'a e ngaahi totongi ki he kau no pa'anga pea hiki hake hono faka'ai'ai 'a e ngaahi pisinisi ke nau 'inivesi.

Ko e tu'unga ma'olunga ko ia 'o e lahi 'o e ngaahi koloa hu atu mo e ngaahi koloa hu mai 'a Tonga 'oku fiema'u ki he'ene fakatupu koloa 'oku 'uhinga ia ko e ngaahi totongi koloa fakalotofonua 'oku ngalingali ke nga'unu vaofi mo e totongi koloa hu mai, 'a ia 'oku makatu'unga ia 'i he mahu'inga 'o e fakafetongi pa'anga. Koe'uhi ko e tu'u lavea ngofua ko ia 'a e fonua 'i he ngaahi fakatamaki 'oku 'ikai ke ne malava 'o mapule'i, hange ko e hikihiki 'i he totongi lolo, ngaahi fakatu'utamaki fakaenatula, lahi 'a e fakafalala ki he ngaahi koloa hu mai mei tu'apule'anga mo e li pa'anga mai mei muli, 'oku mahu'inga ai hono faka'ai'ai 'a e tu'unga lelei mo malohi 'i he fehu'aki pa'anga mo muli, fakafetongi pa'anga mo e tu'unga fakalukufua 'o e totongi koloa.

Ko hono fakapapau'i ko ia 'a e tu'unga lelei mo malohi 'a e tu'unga fefakatau'aki fakapa'anga mo tu'apule'anga 'aki hono pukepuke 'a e pa'anga talifaki 'a e pule'anga 'i muli 'i he tu'unga 'oku fakafiemalie pea mo ta'ota'ofi 'a e hikihiki 'i he tu'unga 'o e totongi koloa, ko e founa lelei taha ia 'e malava ai 'a e ngaahi fokotu'utu'u ngaue fakapa'anga 'a e Pangike Pule ke tokoni'i mo faka'ai'ai 'a e tu'unga ma'uma'uluta mo falala'anga 'a e tu'unga faka'ekonomika fakalukufua 'a e fonua.