

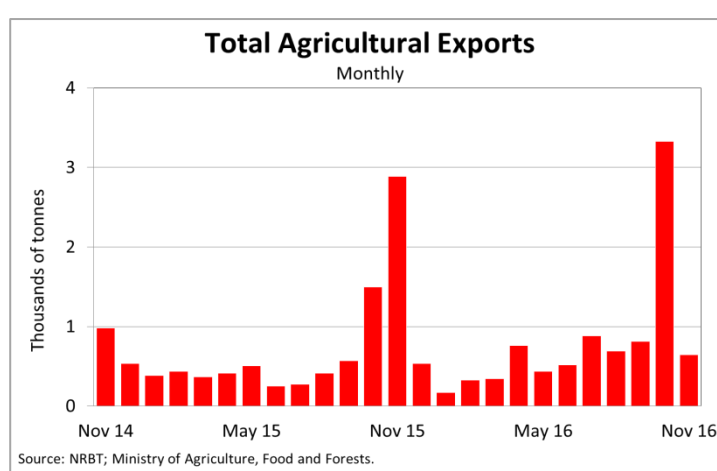
Agricultural Exports Volume November 2016

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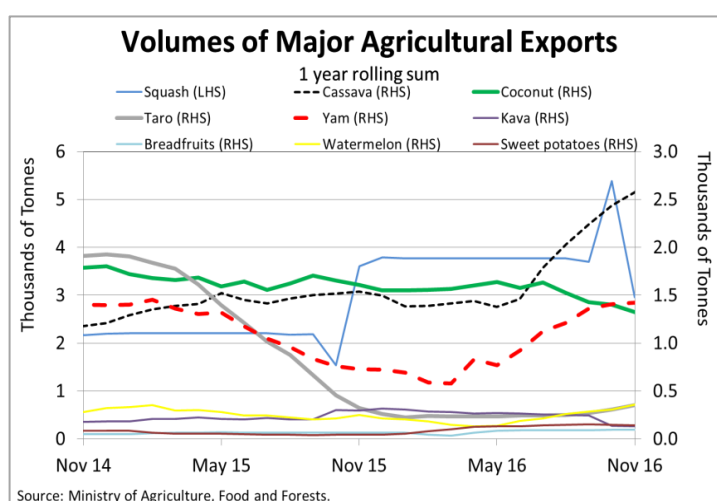
| | Nov 16 | Oct 16 | Sept 16 | Aug 16 |
|-----------------------|--------|--------|---------|--------|
| Total volume (tonnes) | 641.5 | 3327.4 | 814.0 | 689.0 |

Agricultural export plunges as Tongan squash season ends

November's agricultural exports volume has declined immensely by 81%. This significant decline is explained by the squash season coming to an end therefore the amount of squash exported overseas fell by 97.8% from 2693.2 tonnes in October to only 59.8 tonnes in November. The Tongan squash season is towards the end of the year hence October 2016 recorded the highest volume of Tongan squash exported, which accounted for 80% of the total agricultural exports of the previous month with no Tongan squash exported during the month of November.



In addition, other exported agricultural commodities also showed a decline during the month of November. These included cassava, yam, sweet yam, sweet potato, brown and green coconuts, and cured beans. In the same month of the two previous years, these root crops exported volume declined reflecting the seasonality of the root crops. The export of green coconuts was exceptionally high in the previous month with 32 tonnes but has decreased in November 2016 to its average exported volume of 18 tonnes.



However, despite these decreases there were other exported agricultural produce that increased from October to November. Watermelon was the leading produce with a total of 99.0 tonnes, an increase of 107.7% from the previous month. So far this is the highest record of watermelon exported for the year 2016 reflecting favourable harvesting season this year. Similar trend are shown for giant taro/'kape', as it rose by 71.1% with a total of 49.9 tonnes exported. Notably, there had been favourable agricultural produce of watermelon and giant taro in Vava'u. Other

exported commodities that increased by more than 50% during the month of November included taro tarua, pele leaves, taro tarua leaves, papaya, breadfruit, butternut, kava powder, and mulberry juice.

The favourable watermelon season was exported to New Zealand (NZ). NZ also remained the leading export destination for Tonga's agricultural exported produce, followed by exports to Australia and the United States.

Nonetheless, receipts of agricultural export proceeds continued to increase over the month from \$1.6 million in October to \$2.0 million (23%) in November 2016. This reflects the sharp rise in squash exports in the previous month, as \$1.6 million of the proceeds are for squash exports.

In year ended terms, total agricultural export volume rose by 903.5 tonnes (10.6%) reflecting an increase in the root vegetable category. Other categories showed a slight decrease in volume of export compared to the same period of the previous year. The continuous support from the Government through the low interest rate Government Development Loans contributed as well reflecting a rise of \$2.9 million (41.0%) in business loans to the agricultural sector. The annual agricultural export receipts also rose by \$2.6 million (47.4%) to \$8.1 million. The higher export receipts were for squash and crops (root crops and traditional crops) supported by the strengthening of the Japanese Yen and US dollar against the Tongan Pa'anga.

On the other hand, exports of taro, kava-Tonga, coconuts, sandalwood, mulberry juice, vanilla, and pele leaves declined over the year. Liaisons with growers have indicated that drop of these various produce is due to the drought in past years which affected the produce and seedlings.

On the outlook, NRBT anticipates that both volume for export and domestic production will increase in 2016/17 supporting the expected growth in the agricultural sector. The higher squash exports during the squash season supports this projection. The latest revised climate update released by the Meteorology Division forecasted a period of more rainfall than usual for the upcoming three to six months, which is an advantage for growers to start planting various crops. The year 2016/17 has seen better weather conditions than that of the previous year which will likely have favourable effects on the agricultural sector's growth. In addition, Tonga is currently negotiating the Pacific Agreement on Closer Economic Relations (PACER) Plus which may contribute to the increase. On the downside, the export of Kava Tonga and coconuts will continue to decline due to low supply as a result of unfavourable weather conditions in the past years.

Total Agricultural Export Volumes by Major Categories

| | Tonnes | | | | | | <i>Memo: Share</i> |
|--------------------------|--------------|---------|--------|------------|---------|---------|------------------------|
| | Month-ended* | | | Year-ended | | | |
| | Nov 16 | Oct 16 | Sep 16 | Nov 15 | Nov 16 | | |
| Total | 641.5 | 3,327.4 | 814.0 | 2,885.8 | 9,434.0 | 8,530.6 | 100 |
| Fruit products | 227.2 | 2,826.9 | 185.1 | 2,666.3 | 4,784.0 | 5,574.4 | 50.7 |
| Root vegetable products | 404.1 | 492.5 | 615.6 | 206.2 | 4,496.4 | 2,630.0 | 47.7 |
| Other vegetable products | 2.8 | 1.7 | 2.5 | 1.5 | 20.5 | 25.0 | 0.2 |
| Sandalwood | 0.0 | 0.0 | 0.0 | 0.0 | - | 4.9 | 0.0 |
| Vanilla | 0.0 | 0.4 | 0.5 | 0.0 | 3.9 | 4.1 | 0.0 |
| Other** | 7.5 | 6.3 | 10.9 | 11.9 | 133.2 | 296.2 | 1.4 |

* Series is volatile due to seasonality of crops

** Includes kava products and coffee beans.

Source: Ministry of Agriculture, Food and Forests.