

# Agricultural Exports Volume

## January 2017

Release date: 15<sup>th</sup> June 2017

	Jan 17	Dec16	Nov 16	Oct 16
Total volume (tonnes)	218.3	585.5	1,986.3	3,328.5 <sup>1</sup>

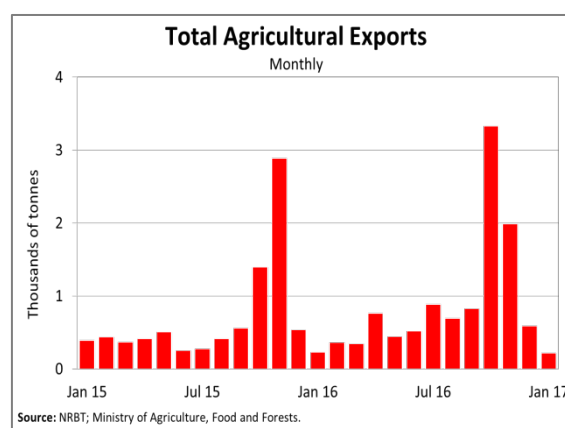
### Agricultural exports start the year with the usual slow growth

After a favourable squash season towards the end of 2016, January 2017 started with a sluggish growth in agricultural exports. This is a similar trend to previous years and could also be attributed to seasonality. The total volume of agricultural exports declined by 367.2 tonnes (62.7%) in January 2017 due to a decline in all major exported categories, root crops, vegetables and fruit products. This was mainly driven by a 309.3 tonnes (64.1%)

decrease in root crops particularly cassava by 242.9 tonnes (66.6%), yam by 30.2 tonnes (62.5%), giant taro by 19.4 tonnes (59.2%), and taro tarua by 11.7 tonnes (58.2%), and sweet potato by 7.7 tonnes (63.1%). In this category only swamp taro rose by 2.6 tonnes (64.1%). Other agricultural produce that also declined during the month included watermelon, coconut, kava, butternut, taro tarua leaves, and pele leaves. Domestic food prices in January rose by 2.9% in line with lower primary production during the month. However, vegetable products such as breadfruit, plantain, pineapple, and Indian mulberry juice increased. New Zealand remained the leading exports destination followed by Australia and Hawaii. The Indian mulberry juice was exported to Korea.

The decline in total export volume is in line with a \$1.7 million (58.3%) fall in receipts of export proceeds to \$1.2 million. However, \$1.1 million of the January proceeds are lagged payments for the substantial squash exports in the previous months.

Over the year, the total agricultural exported volume rose by 2,661.5 tonnes (32.2%) supported by the favourable squash season and better harvest of root crops. The continuous support from the Government through the low interest rate Government



<sup>1</sup> Data were slightly revised upward due to inclusion of some other agricultural produces

Development Loans contributed as well, reflecting a rise of \$2.5 million (38.6%) in business loans to the agricultural sector. The annual agricultural export receipts also rose by \$5.1 million (89.9%) to \$10.8 million. The higher export receipts were mainly 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, the export of kava-Tonga, coconuts, sandalwood, vanilla, onion, and pele leaves declined over the year.

On the outlook, the Reserve Bank anticipates that the volume of exports will increase in 2016/17 supporting the expected growth in the agricultural sector. The expansion of the squash market to China is expected to contribute to higher growth in the export of squash. 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 scheduled to sign the Pacific Agreement on Closer Economic Relations (PACER) Plus trade agreement in June 2017 which may contribute to growth in the sector. On the downside, the export of Kava Tonga will continue to decline due to its low supply as a result of the drought in 2015 which also affected the kava rootstock. Moreover, with the uncertain negotiations regarding the High Temperature Forced Air facility, low breadfruit exports is projected as well as other exported fresh fruits and vegetables.

Total Agricultural Export Volumes by Major Categories							
Tonnes							
	Month-ended*			Jan 16	Year-ended		Memo: Share
	Jan 17	Dec 16	Nov 16		Jan 17	Jan 16	
Total	218.3	585.5	1,986.3	225.9	10,935.2	8,273.8	100
Fruit products	40.2	95.3	1,571.4	96.1	5,795.6	5,635.5	53.0
Root vegetable products	173.1	482.3	404.1	120.2	5,012.2	2,403.9	45.8
Other vegetable products	1.8	2.5	3.3	1.2	23.6	16.2	0.2
Sandalwood	0.0	0.0	0.0	0.0	-	1.3	0.0
Vanilla	0.0	1.1	0.0	2.5	2.4	6.6	0.0
Other**	3.3	5.4	7.5	8.4	103.8	216.8	0.9

\* Series is volatile due to seasonality of crops  
\*\* Includes kava products and coffee beans.  
Source: Ministry of Agriculture, Food and Forests.