

Agricultural Exports Volume

March 2016

Release date: 3 June 2016

	Mar 16	Feb 16	Jan 16	Dec 15
Total volume (tonnes)	340.3	325.0	171.7	533.0

Brown coconut and breadfruit continue to drive rise in exports

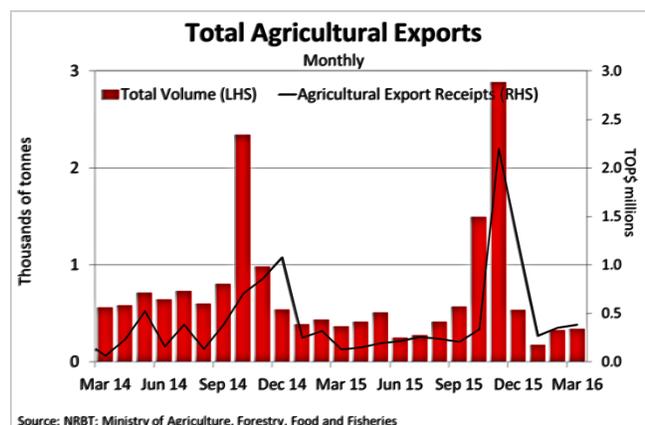
Higher exports in fruit products drove a rise in total agricultural exports volume by 15.3 tonnes (4.7%) to 340.3 tonnes over the month. Specifically, exports of brown coconut rose by 15.2 tonnes (15.0%) and breadfruits increased by 11.2 tonnes. The High Temperature Forced Air (HTFA) machine, which resumed operation at the Fua'amotu International Airport, assisted the higher exports of breadfruits.

Exports of Kava powder increased by 1.7 tonnes (19.8%) in March. The National Reserve Bank of Tonga's (NRBT) liaison program with growers has indicated that the drought in the past 3 years affected the kava production. The low production of kava-Tonga has caused a significant rise in the local price hence the main driver for domestic inflation. NRBT also identified

from its liaison program the main markets for Kava-Tonga exports which are Europe, US, NZ and Australia.

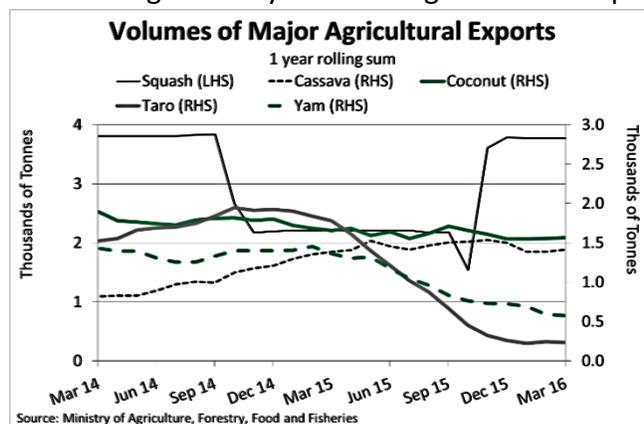
Other vegetable products also rose by 0.2 tonnes (34.0%) particularly taro tarua and pele leaves. Root vegetable products exports however fell by 10.8 tonnes (5.5%) mainly on lower exports of taro compared to a 32.1 tonnes rise in the previous month. The rise in exports volume is in line with a \$0.03 million (9.1%) increase in receipts of agricultural export proceeds to \$0.38 million. The proceeds denominated in New Zealand dollar and Australian dollar both rose, reflecting the higher exports of breadfruits.

In year-ended terms, total agricultural export volume decreased by 928.8 tonnes (10.2%) as a result of a significant fall in exports of root vegetable products by 2,259.1 tonnes (49.3%). This is



mainly due to decreases in exports of taro by 1,547.7 tonnes (87.0%) and a fall in yam exports by 783.5 tonnes (57.6%). The export of vegetable products also fell by 34.1 tonnes (61.0%) driven by lower exports of taro tarua and pele leaves. Sandalwood also declined over the year by 7.6 tonnes (87.5%). The adverse weather conditions had significantly affected agricultural output

during the year and also contributed to a 19.4% increase in domestic food prices over the year. In contrast, there were slightly offsetting contributions from the fruit products exports by 1,298.8 tonnes (30.5%) of which squash exports rose by 1,568.7 tonnes (71.2%) over the year. Kava powder exports increased as well by 72.2 tonnes (34.7%). The re-opening of the market in Europe explained the higher export of kava-



Tonga. Despite the lower total agricultural export volume over the year, the receipts of agricultural export proceeds increased by \$0.9 million (17.2%) to \$6.0 million. The strengthening of the U.S. dollar, Japanese Yen, and Australian Dollar against the Tongan Pa'anga supported the higher export receipts mainly from squash and kava-powder products.

The 2015/16 year has seen better weather conditions than that of the previous year, the NRBT maintains its forecast of a rebound in the agricultural sector for 2015/16. The higher squash exports during the 2015 squash season supports this projection. Additionally, the re-opening of the HTFA facility at the Fua'amotu airport helps the exportation of breadfruit, papaya, tomatoes and the new products to introduce such as chillies and eggplant. The possibility of a new market for Tonga squash exports to China may boost total agricultural exports volumes. The initiatives from the Agricultural Annual Conference held in January 2016 to improve the existing infrastructures for farmers should also support the forecast of higher agricultural output. In contrast, exports of kava-Tonga are expected to decline as liaisons with growers have indicated low expectations for the next 3 years due to the drought. However, the latest revised media release by the Meteorology Division advised that El Niño conditions (drier than normal) is now at moderate levels and likely to end in the second quarter of 2016. The outlook indicated that neutral conditions are slightly favoured ahead of La Niña for the second half of 2016 and rainfall for the next 3 months will remain below normal. This poses a risk for the outlook of the agricultural sector.

Total Agricultural Export Volumes by Major Categories

Tonnes

	Month-ended*			Mar 15	Year-ended		Memo: Share
	Mar 16	Feb 16	Jan 16		Mar 16	Mar 15	
Total	340.3	325.0	171.7	365.1	8,179.1	9,107.9	100
Fruit products	142.6	118.5	95.3	187.9	5,551.4	4,252.5	67.9
Root vegetable products	186.6	197.4	66.9	163.6	2,322.7	4,581.8	28.4
Other vegetable products	0.9	0.6	3.6	1.3	21.8	56.0	0.3
Sandalwood	0.0	0.0	0.0	0.2	1.1	8.7	0.0
Vanilla	0.0	0.0	2.5	0.0	6.6	2.9	0.1
Other**	10.2	8.5	6.0	12.0	282.1	208.8	3.4

* Series is volatile due to seasonality of crops

** Includes kava products and coffee beans.

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