



Tonga's Trade and Investment Overview

MINISTRY OF TRADE AND ECONOMIC DEVELOPMENT



Policy Context



- TSDFII 2015 - 2025, national outcome of a more inclusive, sustainable and dynamic knowledge-based economy, supported by the organisational outcome of 'better access to economic opportunities overseas including, trade, employment and foreign investment.
- Gov. Budget Statement
- Tonga Trade Policy Framework 2017 - 2025, an action-oriented approach for a whole-of-government collaboration in the mainstreaming of trade into the TSDF
- Tonga Investment Promotion and Facilitation Strategy 2021
- Tonga Ecommerce Strategy and Roadmap 2021
- Tonga Labour Mobility Supply Management Strategy 2023

Trade and Investment Scene



- Trade Agreements include, WTO member since 27 July 2007, South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) 1981, Pacific Island Countries Trade Agreement (PICTA) 2003, Pacific Agreement on Closer Economic Relations (PACER Plus) 2020 and Tonga - United Kingdom BIT in 1997
- Under WTO: Trade Facilitation Agreement and Fisheries Facilitation Agreement not yet ratified but intend.
- Concluded technical negotiations with EU to be a member of the interim Economic Partnership Agreement
- New Post Potonou Agreement to be signed in Samoa. EU and the ACP Countries.
- Advisory bodies - Tonga National Trade Committee, National Trade Facilitation and Policy Committee and relevant sub-committees - established 2021

Trade and Investment Scene - cont



- Tonga is open to foreign trade
- Customs duties remain relatively low - average applied tariff rate is 15% and there are no major trade barriers
- Approximately 22% duties are set at 0%
- Exports continue to be dominated by commodities
- Export performance very competitive, niche market still an option
- Exploring trade in services
- Stronger interest in development assistances, trade facilitation, promotion activities and labour mobility than free trade agreements

Main trade products (2022)



- Tonga imports more than it exports - trade deficit 198 million USD (WTO/WB, 2023)
- GDP growth rate -2.7% (2021), 3.21 decline from 2020
- Agricultural and food products, including fish, make up more than two-thirds of total exports

Main imports	Main exports
1. Refined Petroleum (23%)	1. Kava (31%)
2. Meat (8%)	2. Fish (18%)
3. Vehicles (6%)	3. Root crops (18%)
4. Preparation of meat and fish (2%)	4. Squash Pumpkins (7%)
5. Wood (2%)	5. Tongan Mats and Tapa Cloth (4%)
	6. Tonga Handicraft (3%)

Trade Values By Quarter 2016 - 2022



Major Trading Partners (2022)



- The major export partners were

1. New Zealand (12.2%)
2. United States (31.5%)
3. Australia (16.1%)
4. Taiwan (5%)
5. Korea (5%)
6. Japan (4%)
7. Fiji (1%)

- The major import partners were

1. New Zealand (24%)
2. Singapore (23%)
3. China (13%)
4. United States (11%)
5. Fiji (8%)
6. Australia (7%)
7. Japan (5%)

Trade and Investment Scene - cont



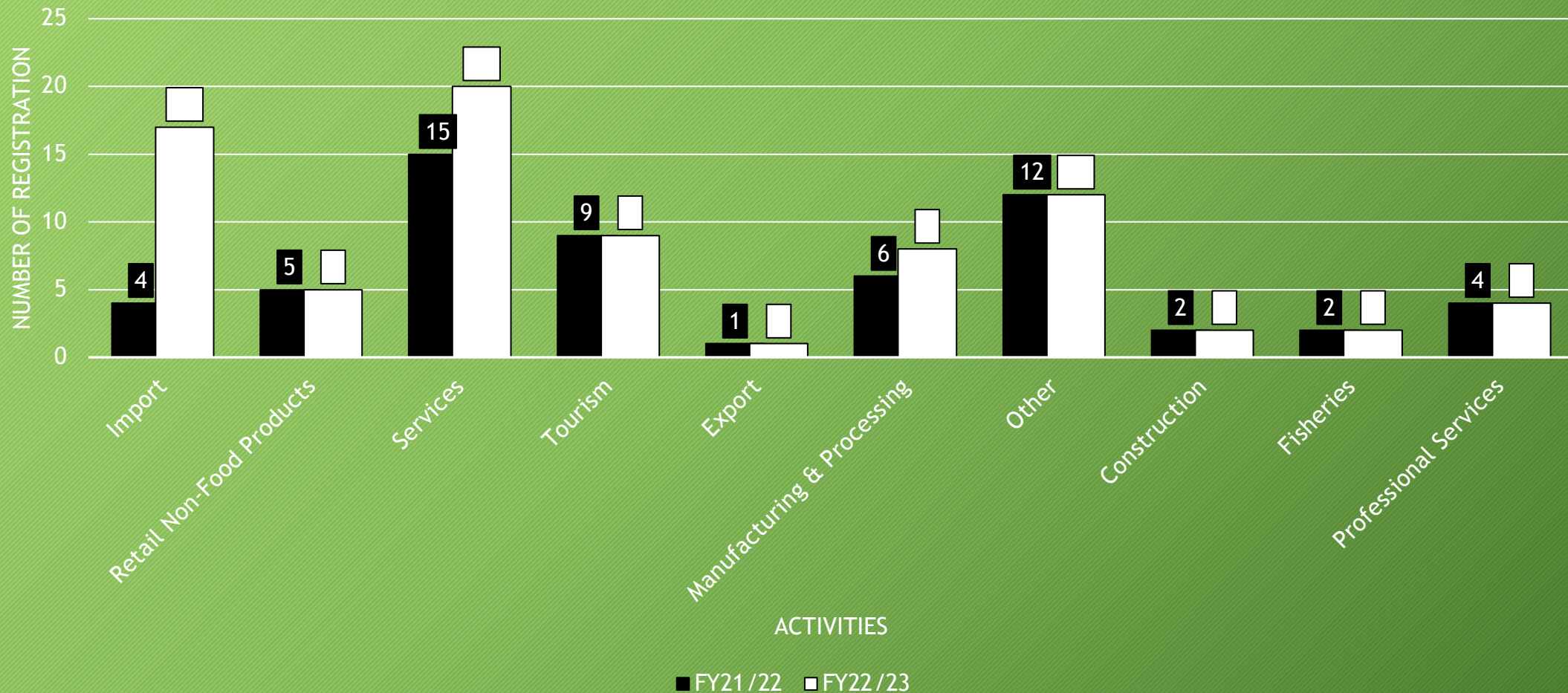
- Foreign Direct Investment - Foreign Investment Act - revised regulation on reserved and restricted list for a more open investment
 - Reserved - 13 to 8
 - Restricted - 4 to 3
 - Registration fee - \$100 to \$500
- 42 total number of countries investing in Tonga \$3,582m
- Despite having a strategy in place, implementation workplan not yet developed
- New regulation not yet implemented
- Online registration to be incorporated to business registry website
- Possibility of establishing an entity for investment



Top Four Countries Investing in Tonga



Investment by Activities FY21/22 & FY22/23



Investment Priority Areas

- Tourism
- Fisheries
- Agri-processing



Questions & Thank you

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