



BALANCE OF PAYMENT REPORT

ANALYSES BY 2022 REPORT

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ABBREVIATION

AIMS	AIDS Information Management System
BPM6	Balance of Payments and International Investment Position Manual, sixth edition
CCMU	Commercial Contract Monitoring Unit
CSD	Tuvalu Central Statistics Division
ESS	External Sector Statistics
GDP	Gross Domestic Product
HS	Harmonic System
IIP	International Investment Position
ITRS	International Transactions Reporting System
NIIP	Net International Investment Position
NAFICOT	National Fishing Corporation of Tuvalu
NBT	National Bank of Tuvalu
STA	IMF's Statistics Department
TDF	Tuvalu Development Fund

INTRODUCTION

The Tuvalu Central Statistics Division (CSD), with the assistance of a Technical Advisor from the IMF, compiled the Tuvalu Balance of Payment & International Investment Position (BoP & IIP) statistics for 2020 and 2021. The technical assistance mission commenced on 7th March 2022 and was completed on 18th March 2022. A significant portion of the mission was focused on data collection and validation. Execution of data collection was mostly facilitating via emails and internet sharing and multiple online meetings were conducted using the zoom application to validate data. Data was collected from the following institutions and departments:

1. Tuvalu Trust Fund (TTF) and Falekaupule Trust Fund (FTF) Secretariat
2. Tuvalu National Provident Fund (TNPF)
3. Tuvalu Customs Department (Customs)
4. Tuvalu Treasury Department (Treasury)
5. Tuvalu Planning, Budget and Aid Coordination Department (PBACD)
6. Public Enterprises Review and Monitoring Unit (PERMU)
 - a. National Bank of Tuvalu (NBT)
 - b. Development Bank of Tuvalu (DBT)
 - c. Tuvalu Post Limited (TPL)
 - d. Tuvalu Electricity Corporation (TEC)
 - e. Tuvalu Telecommunication Corporation (TTC)

The team was able to meet most of the stakeholders including representatives from the Central Contract Management Unit (CCMU) to discuss commercial contracts and the Ministry of Justice, Communication and Foreign Affairs to discuss compensation of employees in the Tuvalu Missions, who are residents (locals) of the country in which the Mission is established.

It was recommended in the mission's report that the identity of the importer should be made available on the imports dataset to help compilers identify non-resident to non-resident and resident to resident transactions. Furthermore, the AIMS database should be frequently updated to ensure the completeness of data specifically data on construction projects. In addition, CSD with the help of CCMU and Fisheries, must attempt to make available data on joint ventures and commercial contract particularly financial reports and statements. Lastly, CSD must revive entry of money transfer data in the ITRS and this should be a joint effort with all money transfer agencies.

This report provides a summary of the statistics produced from the mission. Sincere gratitude is extended to CSD staff who were engaged in this statistical analysis and in particular Mr. Lae Peleti, the Technical Advisor Mr. Rikardur Rikardsson, stakeholders and all who contributed to the success of the mission.



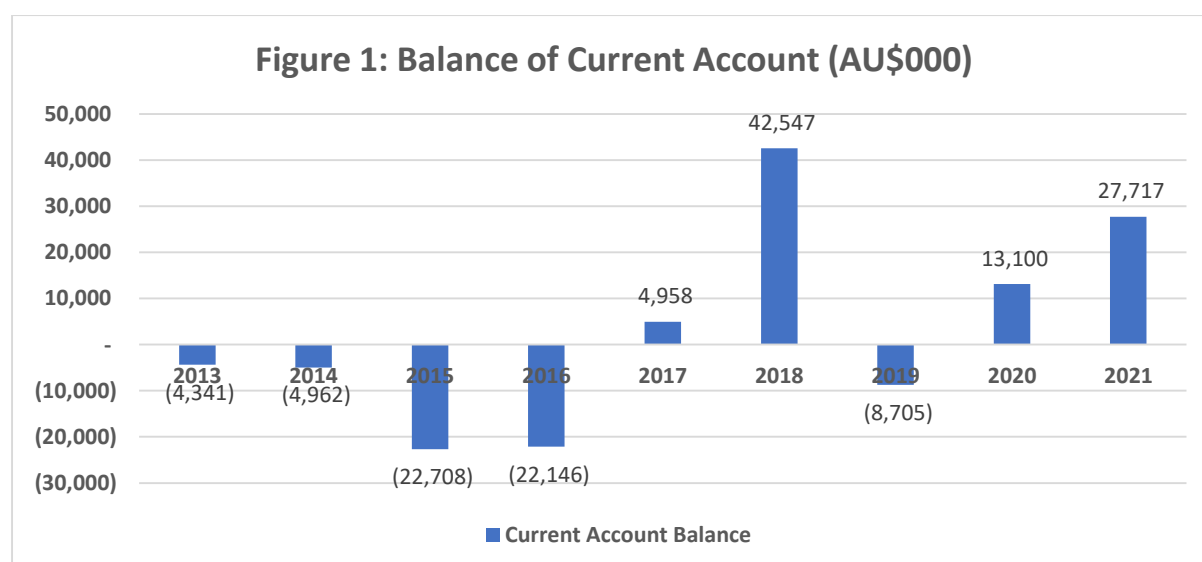
Ms. Grace Alapati
Government Statistician

THE ANALYSES

THE CURRENT ACCOUNT

The Current Account records the balances for goods and services plus investment income and transfer between Tuvalu and the rest of the world. If the Current Account does not balance it is either a Current Account Deficit – where credits are less than debits, or is in a Surplus – where credits are greater than debits.

	2020	2021
	<i>Values in AU\$000</i>	
The account recorded a surplus by 2021		27,717
The surplus was mainly due to excessive receipts from Primary and Secondary Income occurred in 2021, compared to the debits from Goods and Service		
<i>Primary Income credits</i>		54,545
<i>Secondary Income credits</i>		42,663
<i>Goods debits</i>		35,917
<i>Service debits</i>		32,225
However, the significant increase in the Current Account balance from 2020 to 2021 was mainly due to an immense escalation in Secondary income, followed by the drop of Goods imports in 2021 when compared to those of 2020	13,100	27,717
And similar to other years before 2021, the primary and secondary income continued of constantly remaining surplus in 2021		
Primary income balance		54,085
Secondary income balance		38,180



THE INTERNATIONAL TRADE IN GOODS

Trade in goods is basically referred to all the goods that are imported and exported between residents of Tuvalu and the rest of the world.

	2020	2021
	Values in AU\$000	
Similar to previous years, the net Trade in Goods was in deficit during 2021. The deficit was reduced in 2021 when compared to 2020	-39,260	-35,230

THE GOODS DEBITS

This deficit was mainly arising from the limited exports of goods not comparable to gigantic imports (FOB value) of Tuvalu. **39,507** **35,917**

And in addition to usual imports, the landing craft of Tuvalu, namely the MOEITEAVA was also factored in as part of the 2021 imported goods **1,500**

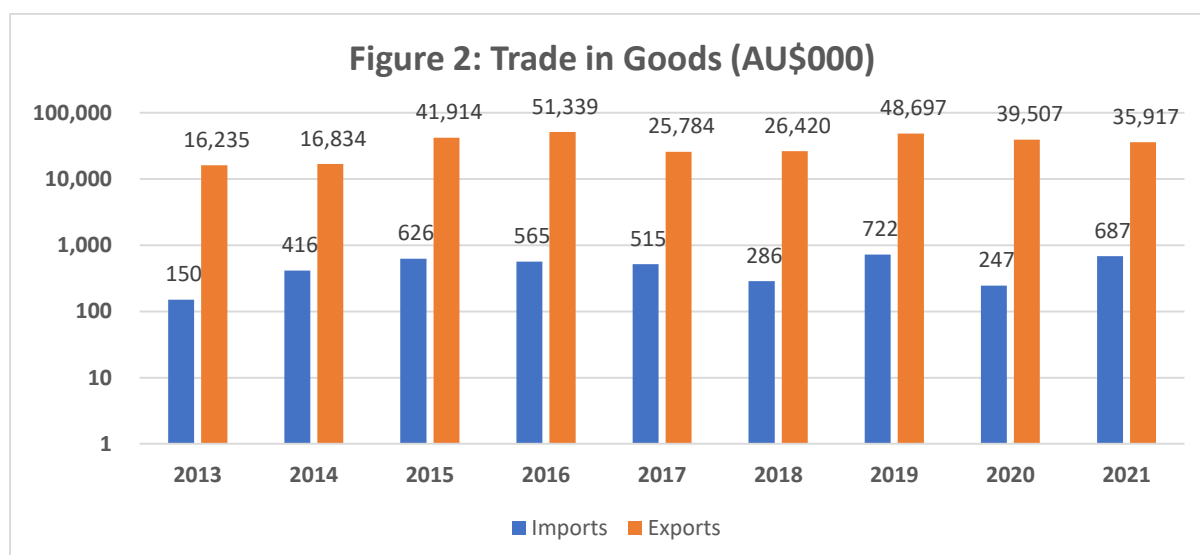
The imports of goods showed a decrease by \$3.6 million in 2021

The 2021 major imports (%) by HS Sections are as followed:

Mineral products (15.9%)	15.9%
Prepared foodstuffs, beverages, spirits & tobacco	15.4%
Machinery & mechanical & electrical appliances & parts thereof	12.9%
Photographic & optical, medical & surgical goods & clocks/watches & musical instruments	9.9%
Vegetable products	9.2%
Live animals: animal products	7.3%
Base metals & articles thereof	5.2%

THE GOODS CREDITS

Offsetting the deficit experienced in the Goods account, the fuel re-exports and coin sales were the main exports noticed.



THE EXTERNAL TRADE OF SERVICES

The trade in services is simply the intangible services (e.g., tourism) that are to accessed and used as explained below;

- are used by non-residents where the local residents have received money
- are used by the local residents where the non-residents have received money

	2020	2021
	Values in AU\$000	
Overall, the net trade in services recorded a deficit in 2021, with a decrease in deficit when comparing to the net trade in services of the previous year 2020.	-30,060	-29,319

THE SERVICES CREDITS

The inflows show an annual decrease of \$1.3 million in 2021.

4,239 2,906

The credits were mainly contributed by receipts pertaining of mainly the **Transport**, followed by the Transshipment monitoring of **Other business** services.

The credits based from **Travel** has observed to drop significantly starting during 2020. It used to have an average annual amount estimated at \$8 million. However in 2020, it decreases by 84%, and got worsened in 2021 with a 93% decrease. This is expected considering the travel restrictions due to covid-19

1,709 119

Note: The receipts from Travel were simply the expenses of the non-residents incurred in-country during their temporary visits. The Transport receipts however were mainly the collections based from vessels registrations together with the Stevedoring & Wharfage services.

THE SERVICE DEBITS

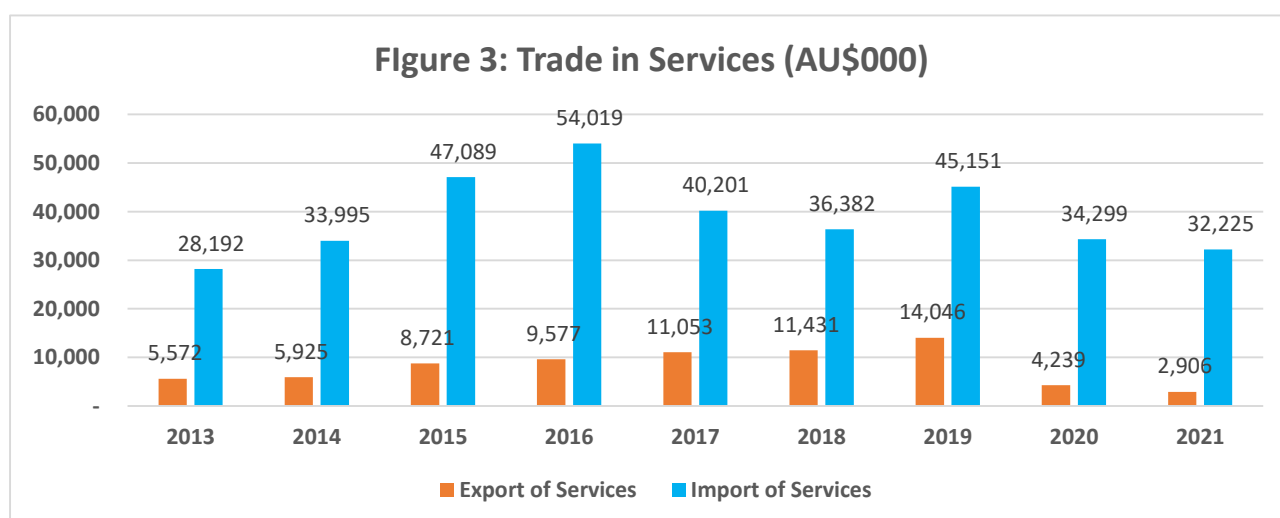
The Service debit shows a relatively drop of 6% in 2020.

34,299 32,225

The declined in services payments were mostly driven from a decrease in the payments acquired for freights of Imports and international passengers' fares of the **Transport**.

Transport payments (-14%)

11,373 9,833



THE PRIMARY INCOME FLOWS

Primary income is the net flow of profits, interest and dividends from investments in other countries and net remittance flows from migrant workers.

	2020	2021
	Values in AU\$000	
Overall, the net primary income has decreased by \$0.4 million in 2021.	54,438	54,085

THE PRIMARY INCOME CREDITS

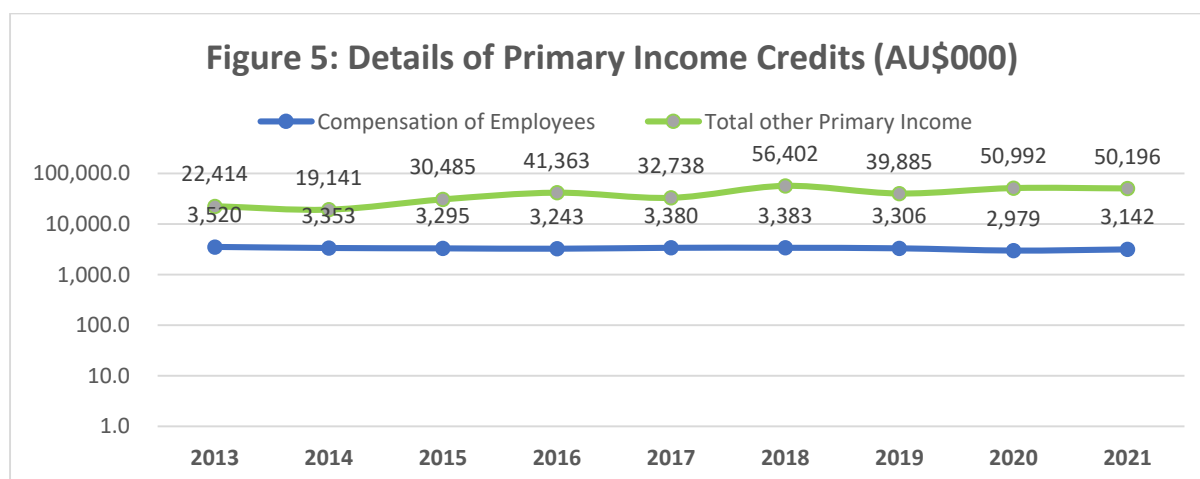
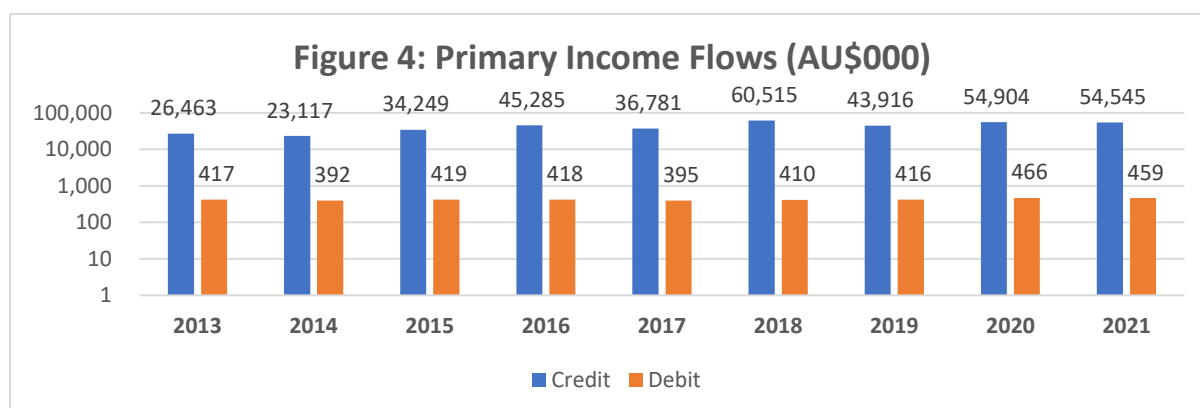
The Primary income inflow experienced a decrease of \$0.36 million in 2021.

This decrease was highly contributed from the annual reduction occurred to Fishing license and Dot TV revenue categorized as '**Total other primary income**' and reduction in Salary from abroad receipts categorized under the '**Compensation of employees**'

Total other primary income	50,992	50,196
Salary from abroad (of Compensation of employees)	877	747

THE PRIMARY INCOME DEBITS

The Primary Income outflow is observed of having very minimal values when compared to the inflows for years. They were mainly the payments related to Compensation of employees (i.e., payments of employees working in Tuvalu Missions abroad) and interests on offshore loans.



THE SECONDARY INCOME FLOWS

In the secondary income account, it included all transactions related to those current transfers between residents and non-residents that directly affect the level of gross national disposable income and thus influence the economy's ability to consume goods and services.

	2020	2021
	Values in AU\$000	
An annual increase of AU\$ 10.2 million (36%) is observed in the net secondary income during 2021.	27,982	38,180

THE SECONDARY INCOME CREDITS

The Secondary income inflow is estimated at **42,663**

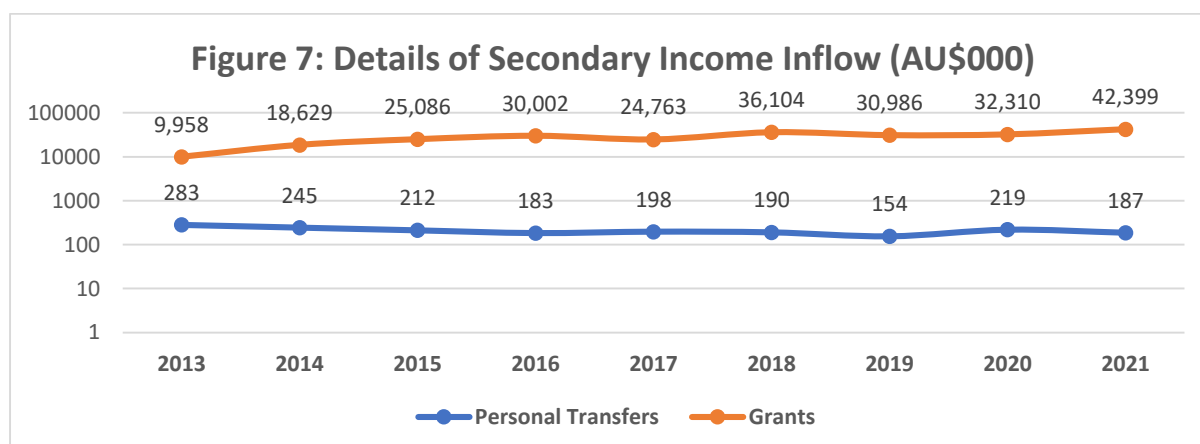
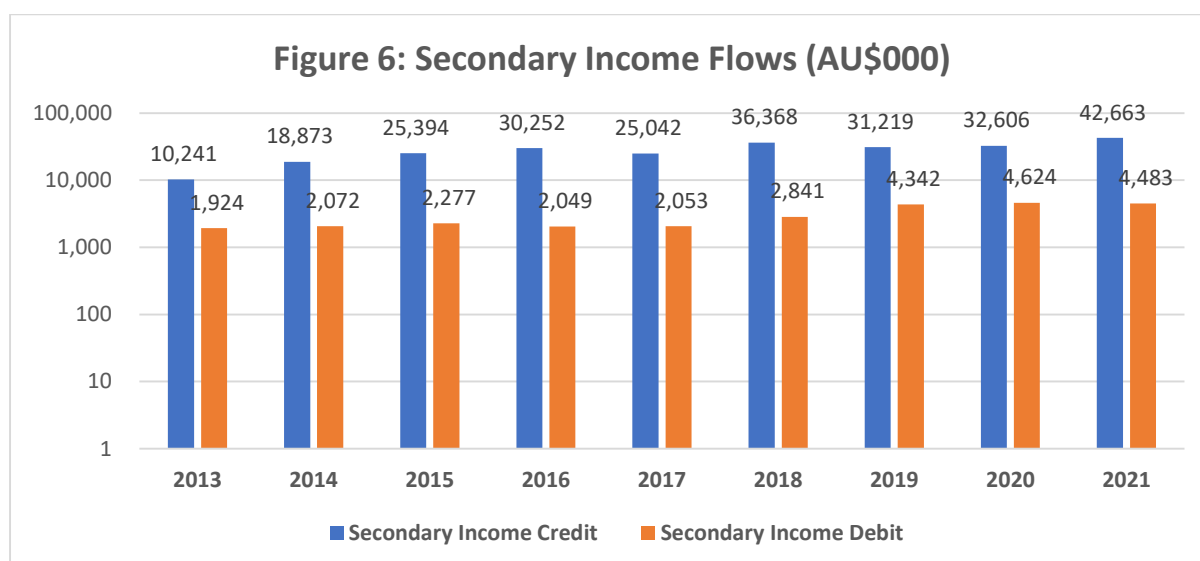
Almost all of these receipts (99.6%) were the External Assistance (and especially those from Taiwan) as the *Current Grants* receiving by the **General Government**. **42,399**

THE SECONDARY INCOME DEBITS

And on the other hand, the secondary income outflow for 2021 was **4,483**

It shows a decrease from it 2020 value by AU\$0.14 million **4,624**

The debits recorded were mainly the payments of the overseas contributions as **Grants & subsidies** of the General Government. **2,954**



THE CAPITAL ACCOUNT

The capital account measures transfer in assets and liabilities, or reflect the net change in ownership of national assets.

Important note: There are no transactions identified under the Capital account debits

	2020	2021
	Values in AU\$000	
The net Capital account has increased significantly by \$6.1 million in 2021	2,440	8,500

THE CAPITAL ACCOUNT CREDITS

The credits were mainly the **General Government** receipts based from mainly the contribution to TTF from abroad and a little from CIF contributions.

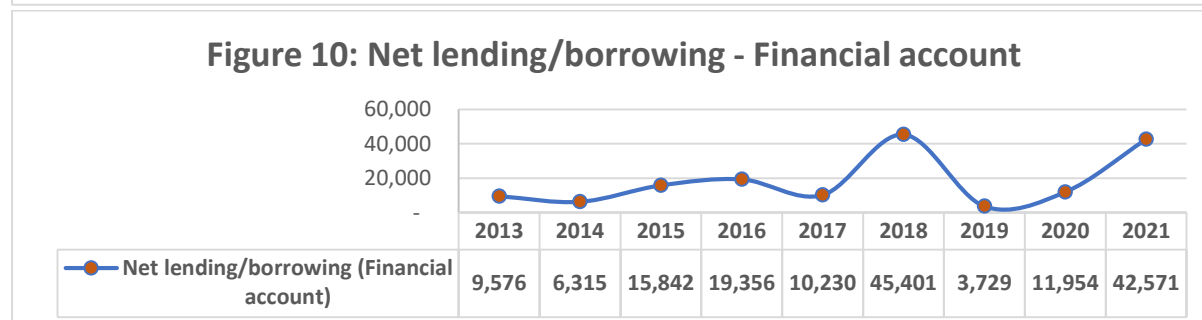
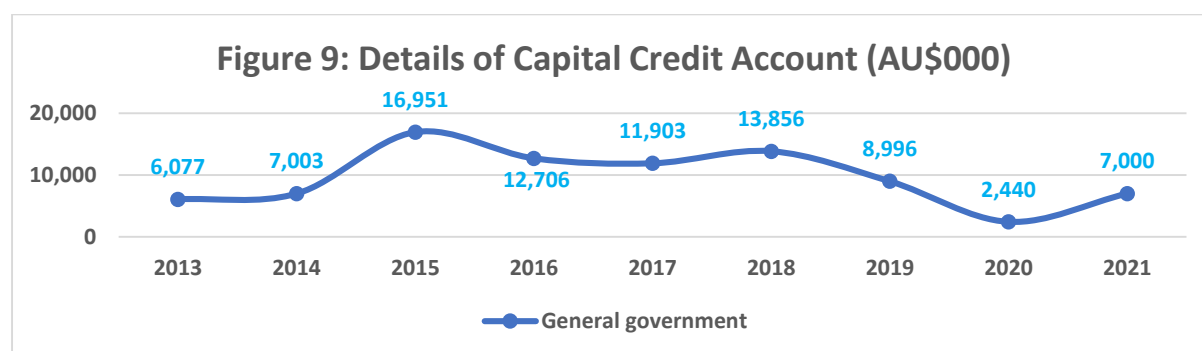
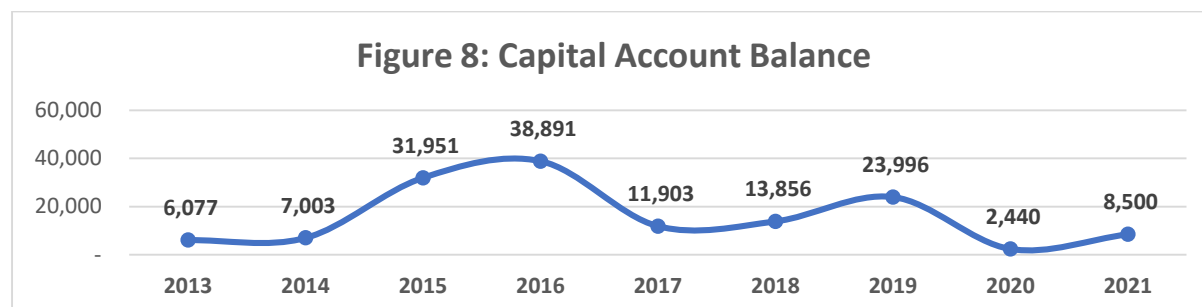
General Government	2,440	7,000
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IMPORTANT:

The data for TDF was not available for 2020 and 2021 as well as data on contributions to CIF for 2021. And therefore the 2020 and 2021 analyses are subject to huge changes and will be updating once data is available.

FINANCIAL ACCOUNTS (Net lending/borrowing)

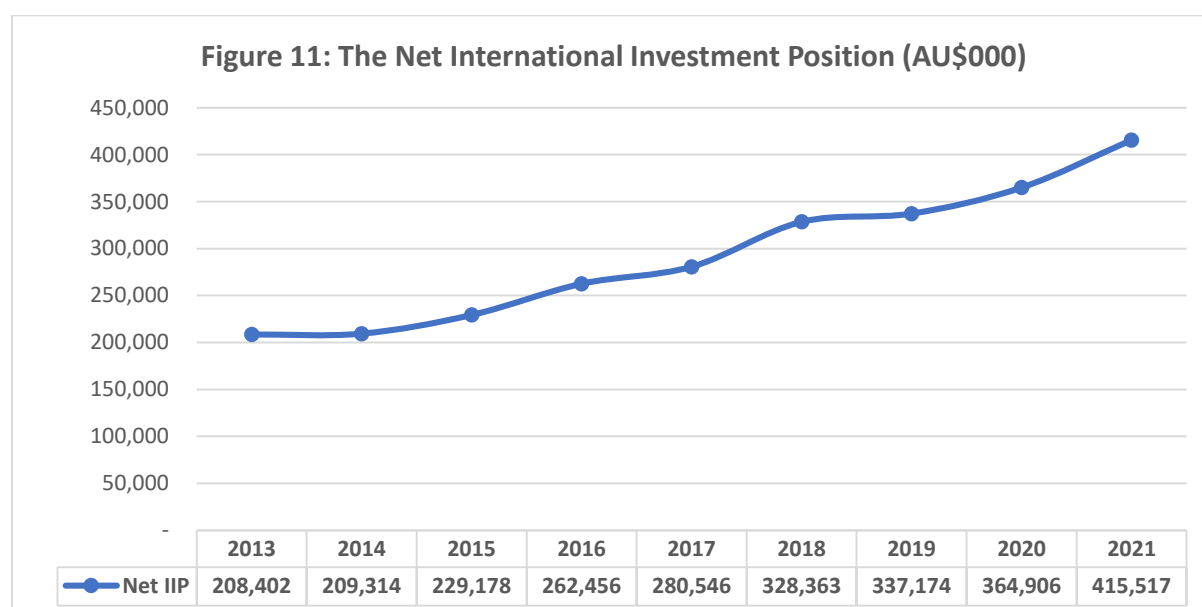
The financial account was increasing by \$30.6 million and it was mainly due to the increase in **reserve assets** and followed by **portfolio investment** of the financial assets.



THE INTERNATIONAL INVESTMENT POSITION

The International investment position (IIP) is a financial statement of the value and composition of its external financial assets and liabilities of a country. A positive NIIP value indicates that a nation is a creditor nation, while a negative value indicates that it is a debtor nation.

	2020	2021
	Values in AU\$000	
The net IIP in 2021 is recorded at		415,517
It proportions of the GDP is however estimated at		482%
The main reason for the extremely positive net position is a strong asset portfolio of trust funds with reserve overseas deposits of the banks, and a very low records of the debits.		



SUMMARY TABLES

Table 1: Balance of Payments on BPM6 Basis for 2013 to 2021 (in AU\$000)

<i>Thousands of AUD</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current Account	-4,341	-4,962	-22,708	-22,146	4,958	42,547	-8,705	13,100	27,717
Goods	-16,084	-16,418	-41,288	-50,774	-25,269	-26,134	-47,975	-39,260	-35,230
Export	150	416	626	565	515	286	722	247	687
Import	16,235	16,834	41,914	51,339	25,784	26,420	48,697	39,507	35,917
Service	-22,619	-28,070	-38,368	-44,442	-29,148	-24,951	-31,105	-30,060	-29,319
Export	5,572	5,925	8,721	9,577	11,053	11,431	14,046	4,239	2,906
Import	28,192	33,995	47,089	54,019	40,201	36,382	45,151	34,299	32,225
Primary Income	26,047	22,725	33,831	44,867	36,386	60,105	43,500	54,438	54,085
Credit	26,463	23,117	34,249	45,285	36,781	60,515	43,916	54,904	54,545
Debit	417	392	419	418	395	410	416	466	459
Secondary Income	8,317	16,801	23,117	28,203	22,989	33,527	26,876	27,982	38,180
Credit	10,241	18,873	25,394	30,252	25,042	36,368	31,219	32,606	42,663
Debit	1,924	2,072	2,277	2,049	2,053	2,841	4,342	4,624	4,483
Capital Account, net	6,077	7,003	31,951	38,891	11,903	13,856	23,996	2,440	8,500
Financial Account	9,576	6,315	15,842	19,356	10,230	45,401	3,729	11,954	42,571
Assets	9,081	5,898	15,254	16,874	9,601	44,963	5,754	11,404	46,775
Direct Investment	-	-	-	-	-	-	-	-	-
Portfolio Investment	-3,978	-5,360	4,826	3,070	6,698	36,869	4,017	1,246	12,739
Derivatives	-	-	-	-	-	-	-	-	-
Other Investment	-33	-86	471	-271	-181	175	-6	251	-63
Reserve Assets	13,091	11,343	9,958	14,076	3,084	7,919	1,743	9,907	34,100
Liabilities	-495	-417	-588	-2,482	-630	-439	2,025	-550	4,204
Direct Investment	-	-	-	-	-	-	-	-	-
Portfolio Investment	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-
Other Investment	-495	-417	-588	-2,482	-630	-439	2,025	-550	4,204
Errors and omission	7,839	4,275	6,599	2,611	-6,631	-11,002	-11,562	-3,585	6,355
Relative E&O	18%	8%	8%	3%	9%	13%	12%	4%	7%

Table2: The International Investment Position (IIP) by 2021 (AU\$000)

<i>Thousands of AUD</i>	2013	2014	2015	2016	2017	2018	2019	2020	2021
IIP, net	208,402	209,314	229,178	262,456	280,546	328,363	337,174	364,906	415,517
Assets	219,114	236,229	256,539	286,855	305,694	353,537	364,623	390,996	445,933
Direct Investment	-	-	-	-	-	-	-	-	-
Portfolio Investment	179,014	184,796	194,452	211,033	227,024	266,526	275,830	292,189	313,034
Derivatives	-	-	-	-	-	-	-	-	-
Other Investment	498	412	883	612	430	605	599	850	787
Reserve Assets	39,602	51,021	61,204	75,211	78,240	86,406	88,194	97,956	132,112
Liabilities	10,712	26,915	27,361	24,400	25,147	25,174	27,449	26,089	30,416
Direct Investment	-	-	-	-	-	-	-	-	-
Portfolio Investment	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-
Other Investment	10,712	26,915	27,361	24,400	25,147	25,174	27,449	26,089	30,416
Net IIP as % of GDP	242%	243%	266%	305%	326%	381%	392%	424%	482%