



BALANCE OF PAYMENT REPORT

- YEAR 2023

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Contents

Executive Summary.....	3
INTRODUCTION.....	4
THE ANALYSES.....	5
THE CURRENT ACCOUNT.....	5
THE INTERNATIONAL TRADE IN GOODS	6
THE EXTERNAL TRADE OF SERVICES.....	7
THE PRIMARY INCOME FLOWS	8
THE SECONDARY INCOME FLOWS	9
THE CAPITAL ACCOUNT.....	10
NET LENDING / BORROWING (CURRENT + CAPITAL ACCOUNTS BALANCES).....	11
ANNEX.....	12

ABBREVIATION

BPM6	Balance of Payments and International Investment Position Manual, sixth edition
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

Executive Summary

This report presents Tuvalu's Balance of Payments (BoP) statistics up to 2023, compiled in accordance with the IMF Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6). The BoP summarises the country's economic transactions with the rest of the world, covering the **Current Account**, **Capital Account**, and the overall **Net Lending/Borrowing position**.

Tuvalu's current account recorded a strong surplus in 2023, driven by higher inflows from fishing licence fees, trust fund earnings, and current grants. The primary and secondary income accounts continued to provide the largest positive contributions, while trade in goods and services remained in deficit due to high import dependence.

The capital account maintained a modest surplus, reflecting lower project-related grants following the completion of major donor-funded infrastructure works in previous years.

Combining the current and capital accounts, Tuvalu registered a net lending position of AU\$33.0 million in 2023, compared with AU\$8.1 million in 2022 and AU\$33.9 million in 2021. This result indicates that Tuvalu consistently earned more from its external transactions than it spent abroad, reinforcing its position as a net creditor economy.

The continued strength of Tuvalu's external sector is underpinned by stable and sustainable inflows from fishing licence revenues, development grants, and investment income generated through the Tuvalu Trust Fund, Consolidated Investment Fund, and Provident Fund. These inflows remain vital for maintaining the country's external stability and resilience in the face of global economic challenges.

The following sections describe the data sources, compilation process, and detailed analyses of Tuvalu's external sector performance.

INTRODUCTION

The Tuvalu Central Statistics Division (CSD), with the assistance of a Technical Advisor from the IMF, compiled Tuvalu's Balance of Payments (BoP) statistics up to 2023. The technical assistance mission commenced in January 2025.

It is noted that the institutions and departments listed below are the primary data sources for the compilation of Tuvalu's Balance of Payments statistics:

1. Tuvalu Trust Fund (TTF) and Falekaupule Trust Fund (FTF) Secretariat
2. Public Works Department
3. Central Project Management Office
4. Climate Change Department
5. National Fishing Corporation of Tuvalu (NAFICOT)
6. Tuvalu National Provident Fund (TNPF)
7. Tuvalu Customs Department (Customs)
8. Tuvalu Treasury Department (Treasury)
9. Tuvalu Planning, Budget and Aid Coordination Department (PBACD)
10. 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

Obtaining data and related financial reports from these sources remains a challenge. Strengthening coordination and regular communication with these data providers is therefore essential to ensure the timeliness, completeness, and quality of BoP statistics.

It should also be noted that the Balance of Payments figures presented in this report are subject to revision as additional or updated information becomes available from these institutions in future compilations.

This report provides a summary of the statistics compiled and analysed from 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. When credits exceed debits, the account is in surplus. And when debits exceed credits it is in deficit.

2021 2022 2023
Values in AU\$000

In **2023** the current account posted a **surplus of AU\$30.4 million**, that was driven by stronger income flows.

	24,395	-212	30,421
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Facts highly contributed to the 2023 surplus were mainly the rise in balances accounted for **primary income** (19%) and a recovery in **secondary income** (137%), which more than offset a larger deficits from goods and services.

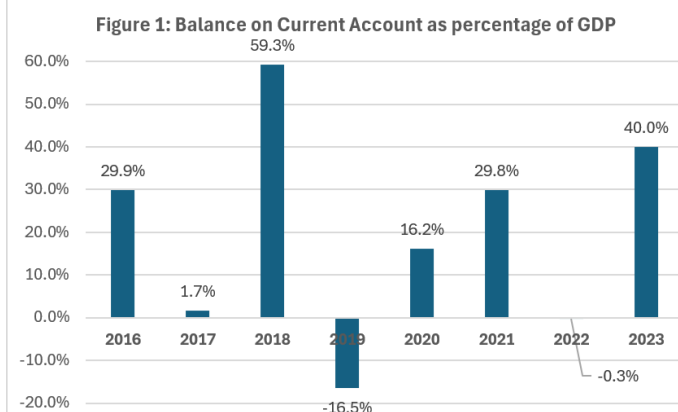
The 2022 decline in secondary income (falling by 57% to AU\$18.6 million), contributed to an overall deficit in the current account that year.

The primary and secondary income continued of constantly remaining surplus

Goods balance	-42,489	-36,889	-52,406
Services balance	-35,380	-42,478	-33,449
Primary income balance	59,106	60,537	72,069
Secondary income balance	43,158	18,619	44,207
Annual change (%) for goods balance		-13%	42%
Annual change % for services balance		20%	-21%
Annual change % for primary income balance		2%	19%
Annual change % for secondary income balance		-57%	137%

Longer-term perspective.

As a share of GDP, Tuvalu's current account shows large annual swings, a **deficit in 2019 (-16.5%)** followed by **surpluses in 2020-2021 (16.2% and 29.8%)**, an **almost zero balance in 2022 (-0.3%)**, and a **strong surplus in 2023 (40.0%)**. This pattern underscores that persistent surpluses in primary and secondary income are the key anchors of Tuvalu's external position, while goods and services continue to record structural deficits.



THE INTERNATIONAL TRADE IN GOODS

Trade in goods covers all merchandise imported to and exported from Tuvalu. Imports by non-residents are excluded from the Balance of Payments, as they represent non-resident-to-non-resident transactions; therefore, goods purchased by entities such as the Australian Embassy are not included.

	2021	2022	2023
	<i>Values in AU\$000</i>		
The goods balance	-42,489	-36,889	-52,406

The goods balance stood at -AU\$52.4 million in 2023, compared with -AU\$36.9 million in 2022 and -AU\$42.5 million in 2021, highlighting Tuvalu's continued reliance on imported goods and narrow export base.

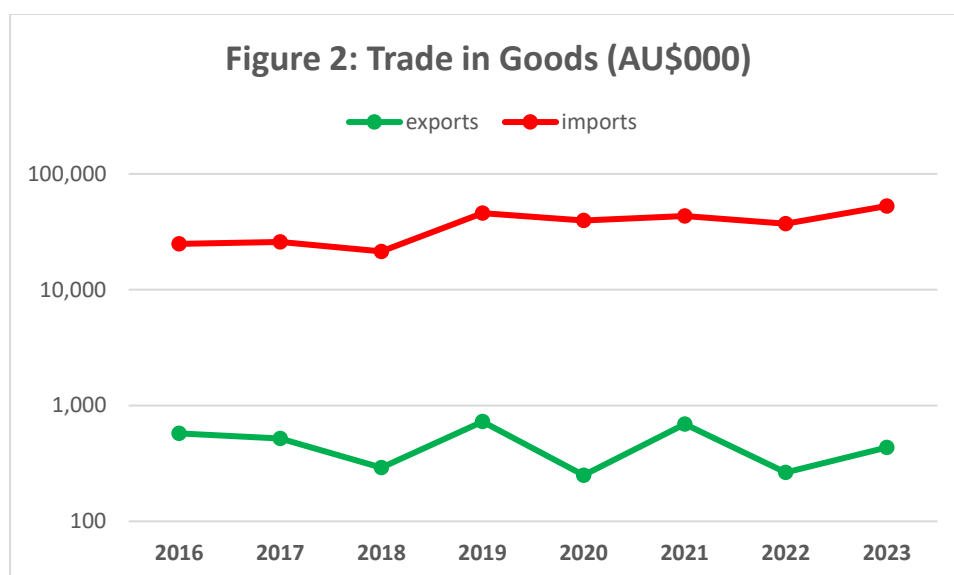
As in previous years, the trade in goods account remained in deficit, narrowing in 2022 as imports fell (AU\$43.2 million → AU\$37.2 million), widening again in 2023.

The goods debits	43,180	37,154	52,839
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The rebound in imports (to AU\$52.8 million) in 2023 was driven largely by higher construction-related goods of the 'Machinery & mechanical & electrical appliances & parts thereof' and fuel of the 'Minerals products'

The goods credits	691	265	433
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However, the value of fuel re-exports more than doubled in 2023, partially offsetting the widening deficit.



THE EXTERNAL TRADE OF SERVICES

Trade in services covers all intangible transactions between Tuvalu and the rest of the world, such as tourism, transport, communication, and financial services. These involve payments made or received for services used by either residents or non-residents.

	2021	2022	2023
	<i>Values in AU\$000</i>		
The services balance	-35,380	-42,478	-33,449

The services balance stood at **-AU\$33.4 million in 2023**, compared with **-AU\$42.5 million in 2022** and **-AU\$35.4 million in 2021**, showing a reduction in the deficit for the latest year.

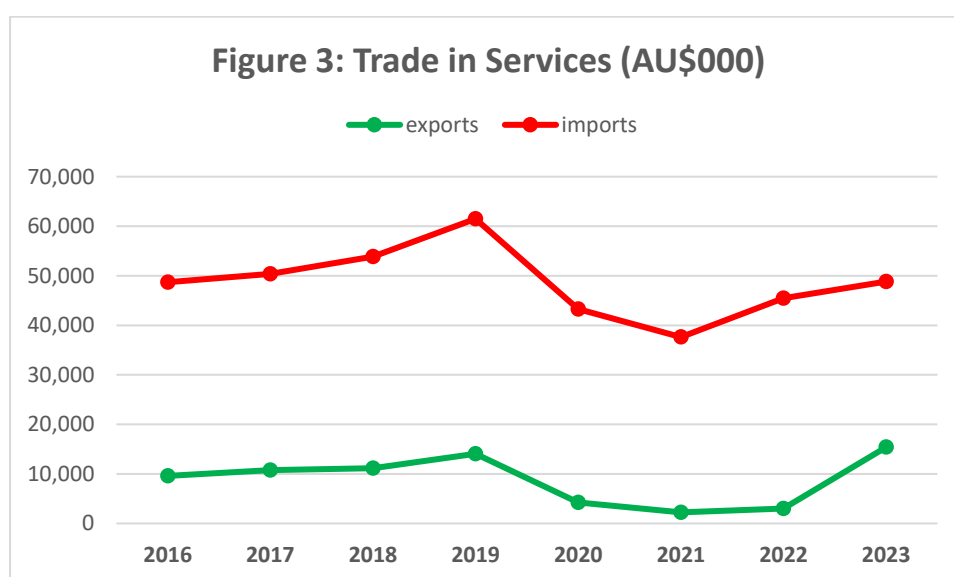
As in previous years, the trade in services account remained in deficit, widening in 2022 as service payments increased, and then narrowing in 2023 as service receipts rose sharply.

The services debits	37,619	45,482	48,835
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The total value of imported services continued to increase in 2023, reaching **AU\$48.8 million**, mainly reflecting higher transport and travel related expenditures.

The services credits	2,239	3,004	15,386
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Meanwhile, service exports increased fivefold to **AU\$15.4 million in 2023**, largely due to a rise in tourism-related activities. This significant increase helped offset part of the deficit.



Overall, while the services account continues to record a **structural deficit**, the strong growth in service receipts during 2023 marks a notable improvement compared with the previous year.

THE PRIMARY INCOME FLOWS

Primary income represents the net flow of profits, interest, and dividends from investments in other countries, together with income earned by Tuvaluan workers abroad.

	2021	2022	2023
	Values in AU\$000		
The primary income balance	59,106	60,537	72,069

The primary income balance recorded a **surplus of AU\$72.1 million in 2023**, up from **AU\$60.5 million in 2022** and **AU\$59.1 million in 2021**. The continued surplus reflects Tuvalu's strong external earnings from fishing licence revenues, the ".tv" internet domain, and investment income from overseas reserves, practically the Trust Fund.

The primary income account remained in surplus, with earnings increasing by **19% in 2023**, mainly driven by higher receipts from fishing licences and returns on government investments.

The primary income debits	416	392	387
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Outflows remained very low at **AU\$0.39 million in 2023**, reflecting small payments mainly for **compensation of foreign employees**.

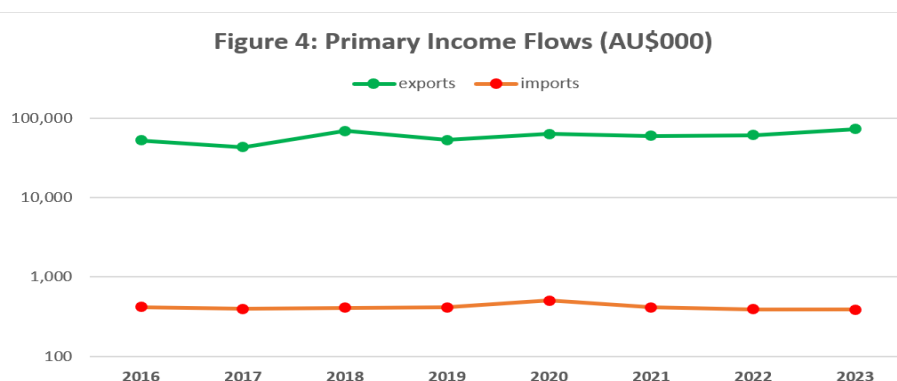
The primary income credits	59,522	60,929	72,457
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Primary income inflows rose to **AU\$72.5 million in 2023**, an increase of **19%** from the previous year, marking the highest level in the period. The growth was mainly driven by **other primary income**, which increased by **AU\$9.2 million**, reflecting higher **fishing licence revenues**. In addition, **investment income** rose by **AU\$2.1 million**, supported by returns from the **Tuvalu Trust Fund, Provident Fund, and Falekaupule Trust Fund**. The **compensation of employees** component remained broadly stable.

These combined effects highlight the continued strength of Tuvalu's major external income sources, particularly the steady performance of its trust fund investments and sustained earnings from fishing licences.

Details of Primary Income Credits

Compensation of employees	3,602	3,291	3,573
Investment income	11,684	13,899	15,961
Other primary income	44,236	43,739	52,923



Overall, the primary income account continues to be the main contributor to Tuvalu's current account surplus, driven by stable external income sources and minimal outflows.

(Figure 4 shows the trend in primary income inflows and outflows, 2016–2023.)

THE SECONDARY INCOME FLOWS

The secondary income account records all current transfers between residents and non-residents that directly affect Tuvalu’s gross national disposable income and its capacity to consume goods and services.

	2021	2022	2023
	<i>Values in AU\$000</i>		
The secondary income balance	43,158	18,619	44,207

The secondary income balance recorded a **surplus of AU\$44.2 million in 2023**, compared with **AU\$18.6 million in 2022** and **AU\$43.2 million in 2021**, showing a strong recovery following the decline in 2022.

As in previous years, the secondary income account remained in surplus, with the improvement in 2023 mainly reflecting a significant increase in current grants received by the general government.

The secondary income debits	4,278	3,647	4,528
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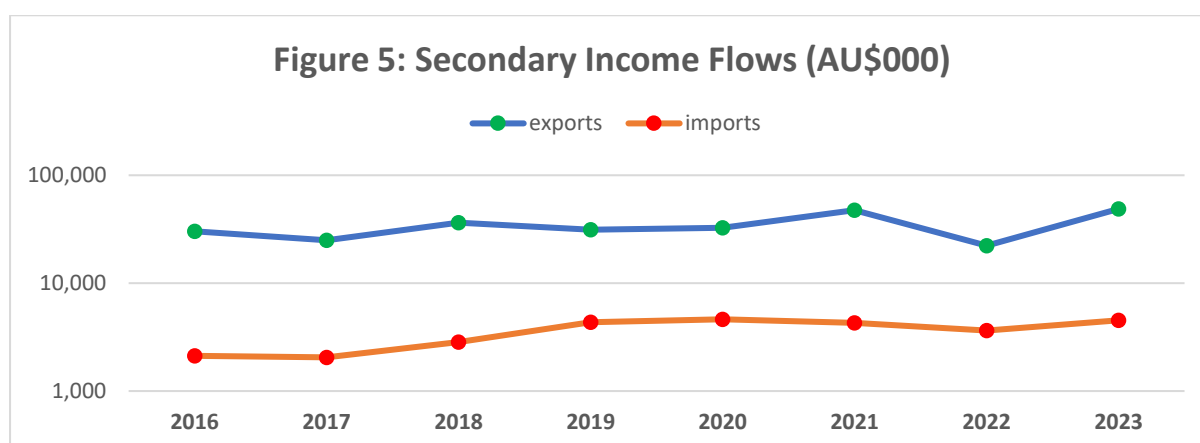
Payments under the secondary income account remained modest at **AU\$4.5 million in 2023**, reflecting the government’s **overseas grant payments** and other current transfers abroad.

The secondary income credits	47,436	22,266	48,735
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Receipts under secondary income **more than doubled** in 2023 to **AU\$48.7 million**, following a sharp drop in 2022. The **general government** continued to account for nearly all of these inflows - mainly **current grants** from **international organisations, development partners, and Taiwan**.

Major receipt of Secondary Income Credits

<i>General government (current grant)</i>	<i>47,034</i>	<i>21,917</i>	<i>48,329</i>
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Overall, the strong rebound in secondary income during 2023 highlights Tuvalu’s continued reliance on external grants and donor support, which remain vital for sustaining fiscal stability and national development.

(Figure 5 shows the trend in secondary income inflows and outflows, 2016–2023.)

THE CAPITAL ACCOUNT

The capital account records capital transfers and transactions involving the acquisition or disposal of non-produced, non-financial assets, such as land, licenses, and natural resource rights. These transactions represent one-off transfers that affect the ownership of national assets but do not influence income or production.

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

	2021	2022	2023
	Values in AU\$000		
Capital Account Balance	10,767	8,267	2,605

The capital account recorded a **surplus of AU\$2.6 million in 2023**, declining from **AU\$8.3 million in 2022** and **AU\$10.8 million in 2021**. The decrease reflects lower capital transfers received during the year, mainly due to a temporary decline in donor-funded infrastructure projects and capital grants to the Government of Tuvalu.

As in previous years, **no capital debits** were recorded, as Tuvalu did not make any capital transfers abroad. The 2023 capital inflows were primarily linked to **project grants and asset-related transfers** channelled through the **Consolidated Investment Fund (CIF)** and other government investment programs.

It should be noted that data for the Tuvalu Development Fund (TDF) were **not available for 2021 and 2023**. As a result, the reported capital account figures may underestimate actual capital inflows, since the TDF captures most donor-funded infrastructure and development project grants.

Overall, while the capital account remains in surplus, the lower value in 2023 suggests a temporary reduction in external project financing, following the completion of several major infrastructure initiatives in previous years.

NET LENDING / BORROWING (CURRENT + CAPITAL ACCOUNTS BALANCES)

Tuvalu recorded a net lending position of **AU\$33.0 million in 2023**, compared with **AU\$8.1 million in 2022** and **AU\$33.9 million in 2021**. This outcome reflects a strong recovery in the **current account surplus**, mainly supported by higher **primary income** from fishing licence fees and trust fund earnings, together with a rebound in **secondary income** from current grants.

Although capital inflows were lower in 2023 due to fewer project grants, these were offset by the solid performance of external income sources. The persistent **net lending position** shows that Tuvalu continued to earn more from its transactions with the rest of the world than it spent abroad.

This result confirms Tuvalu's standing as a **net creditor economy**, supported by sustainable inflows from fishing licence revenues, development grants, and investment returns from national funds. Such inflows remain important for maintaining the country's external stability and resilience against economic shocks.

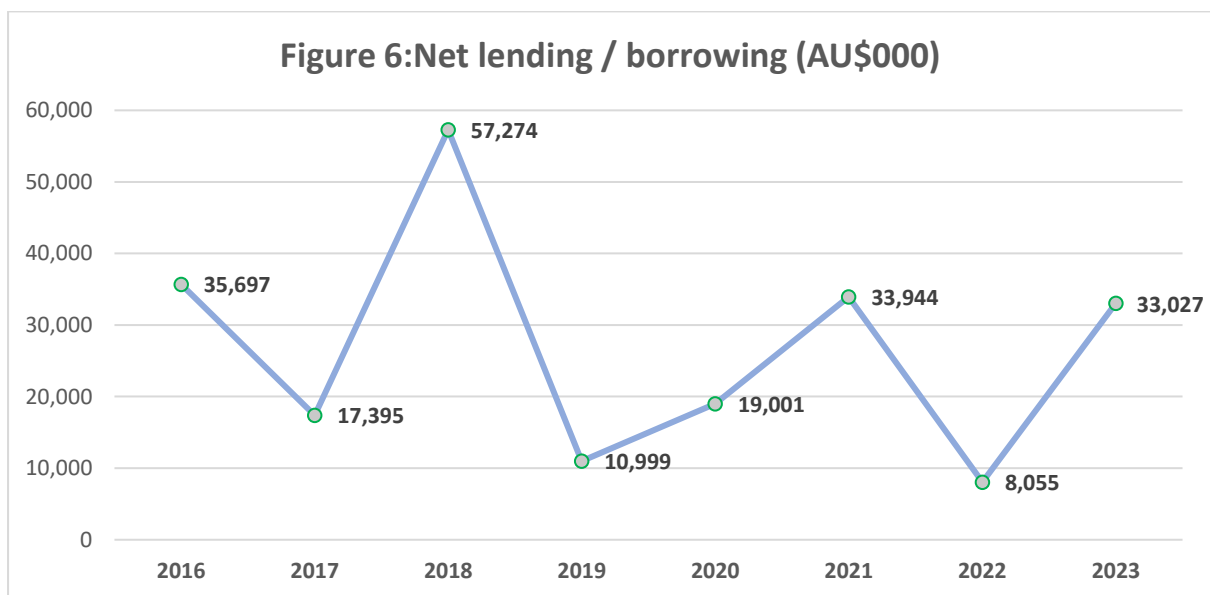


Table 1: Balance of Payments on BPM6 Basis for 2013 to 2021 (in AU\$000)

	2016	2017	2018	2019	2020	2021	2022	2023
Current Account	16,601	1,225	39,151	-17,264	12,294	23,177	-212	30,421
Goods	-24,280	-25,267	-21,130	-44,971	-39,257	-42,489	-36,889	-52,406
Export	576	517	290	726	250	691	265	433
Import	24,856	25,784	21,420	45,697	39,507	43,180	37,154	52,839
Service	-39,107	-39,610	-42,720	-47,429	-39,003	-35,380	-42,478	-33,449
Export	9,577	10,757	11,135	14,059	4,239	2,239	3,004	15,386
Import	48,684	50,366	53,856	61,488	43,242	37,619	45,482	48,835
Primary Income	51,861	43,112	69,474	48,260	62,572	57,888	60,537	72,069
Credit	52,279	43,507	69,884	48,677	63,077	58,304	60,929	72,457
Debit	418	395	410	416	505	416	392	387
Secondary Income	28,127	22,989	33,527	26,876	27,982	43,158	18,619	44,207
Credit	30,252	25,042	36,368	31,219	32,606	47,436	22,266	48,735
Debit	2,125	2,053	2,841	4,342	4,624	4,278	3,647	4,528
Capital Account, net	19,096	16,170	18,123	28,263	6,707	10,767	8,267	2,606
NET LENDING / BORROWING (CURRENT + CAPITAL ACCOUNTS BALANCES)								
	35,697	17,395	57,274	10,999	19,001	33,944	8,055	33,027
Financial Account	32,646	16,267	64,553	8,251	18,434	42,527	8,600	28,801
Assets	30,163	15,637	64,114	10,276	17,574	46,436	7,731	27,898
Direct Investment	-	629	2,672	-4,937	-2,074	-1,218	-	-
Portfolio Investment	16,330	12,077	53,364	13,463	9,605	18,492	22,447	15,448
Derivatives	-	-	-	-	-	-	-	-
Other Investment	-242	-152	160	7	136	627	25	556
Reserve Assets	14,076	3,084	7,919	1,743	9,907	28,536	-14,741	11,894
Liabilities	-2,482	-630	-439	2,025	-860	3,909	-869	-903
Direct Investment	-	-	-	-	-	-	-	-
Portfolio Investment	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-
Other Investment	-2,482	-630	-439	2,025	-860	3,909	-869	-903