

Ministry of Trade and Economic Development



2022- 2023-

Financial Year Annual Report

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LIST OF ABBREVIATION

CP Corporate Plan	IMF International Monetary Fund
FY Fiscal Year	JV Joint Ventures
KPI Key Performance Indicator	PPP Public Private Partnership
ADB Asian Development Bank	TERM Tonga Energy Road Map
AMP Annual Management Plan	WB World Bank
CRF Corporate Registry Forum	WTO World Trade Organization
FDI Foreign Direct Investment	ILO International Labour Organization
HDI Human Development Index	ILC International Labour Conference
EPA Economic Partnership Agreement	MSME Micro Small Medium Enterprises
MDA Ministries, Departments and Agencies	PICTA Pacific Island Countries Trade Agreement
NIIP National Infrastructure Investment Plan	WIPO World Intellectual Property Organization
ICT Information Communication Technology	PPIU PACER Plus Implementation Unit
TSDF Tonga Sustainable Development Framework	PSDI Private Sector Development Initiative
MTED Ministry of Trade and Economic Development	PACER Plus Pacific Agreement for Closer Economic Relations

It is with great pleasure, that I present to you the Annual Report for the Ministry of Trade and Economic Development for the fiscal year 2022- 2023. The Ministry of Trade and Economic Development remains resolute in its commitment to lead the charge in fostering private sector growth and driving economic development in Tonga.

Our steadfast dedication to fortifying partnerships with all stakeholders to ensure the efficient and effective delivery of services has charted our course and guided our actions. Over the past fiscal year, the Ministry has made significant strides in advancing towards our targeted outcomes. The contents of this annual report spotlight the invaluable assistance extended through the Ministry, aligning its core functions seamlessly with the overarching budget theme for the 2022/2023 fiscal year – “Accelerating Tonga’s Climate and Disaster Resilience through COVID-19 Recovery”.

Our commitment to strengthening partnership with all stakeholders to effectively and efficiently deliver our services has set our path and our directions and over the last financial year we have continued to make clear progress in achieving the targeted outcomes.

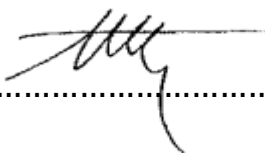
This annual report highlights the assistance extended through the Ministry, aligning its core functions seamlessly with the overarching budget theme for the 2022/2023 fiscal year.

This aspiration is realized through our focus on three key organization outcomes:

1. Closer Public Private Partnership for Economic Growth: By fostering stronger collaboration between the Government, the business community, and market destinations, we are propelling swifter and more robust economic expansion. The pooling of resources, knowledge and partnerships is at the heart of our endeavors
2. Strengthened Business Enabling Environment: Our efforts continue to center on creating an environment that nurtures and empowers businesses. This nurturing setting is fundamental for economic vibrancy, growth and innovation.
3. Enhanced Access to Overseas Trade, Employment, and Foreign Investment: The Ministry’s unwavering commitment to facilitating access to global trade opportunities, employment avenues, and foreign investments underscores our dedication to expanding Tonga’s economic horizons. As Tonga grapples with and rebounds from economic vulnerabilities stemming from the pandemic, the tsunami and the external and global shocks, my confidence is unwavering. The steadfast commitment of our CEO and the remarkable Executive Team and Staff, combined with the concerted efforts and collaboration between the Hon. Prime Minister, Cabinet, business communities and our development partners, assures me that Tonga’s economy will not only endure but will also flourish.

In unity and determination, we forge ahead, steadfast in our pursuit of a stronger and more prosperous Tonga.

Respectfully,



Hon. Dr. Viliami Uasike Latu
Minister for Trade and Economic Development

MESSAGE FROM THE MINISTER



Hon. Dr. Viliami Uasike Lātu

Honourable Minister for
Trade and Economic Development

WORD FROM THE CEO



Distaquaine Tu'ihalamaka

Chief Executive Officer
Ministry of Trade and Economic
Development

This annual report is a testament to the remarkable strides we have taken at the Ministry of Trade and Economic Development in alignment with the targeted outputs we had established in the Ministry's 2022/2023 Corporate Plan.

The report has been presented with the intention of actively engaging all relevant stakeholders. It offers a comprehensive overview of the core functionalities and accomplishments of the Ministry. At its heart lies our unwavering commitment to realize the objectives of the TSDF II, thereby enhancing access to lucrative economic opportunities overseas- ranging from trade prospects and employment opportunities to foreign investments.

We have continued to invest in our industry sectors, to lift their potential and resilience; to help secure the markets and development we need. An example is the invaluable support extended to Kava Growers and Exporters. This support has significantly strengthened the domestic production of Kava, positioning it as a sought-after export commodity, all while adeptly catering to the escalating market demands. Tonga is currently leading in export of Kava to Australia. These accomplishments, among others, are eloquently captured in the forthcoming highlights section of this report. Each stride we have taken serves to underpin economic resurgence and foster growth. Working with key agencies, MTED implemented the first ever National Business Conference where outcomes are being considered in the development plans of relevant economic agencies including MTED.

The establishment of the National Trade Facilitation Committee to ensure coordination of relevant agencies in ensuring Trade Policy are vetted before its approved by Cabinet and

implemented by the right agencies. These pieces of work contribute towards Government intention of having better access to and use of overseas trade.

The importance of Labour Mobility and its viable contribution to the socio-economic development of Tonga through enabling the temporary movement of Tonga workers to meet labour shortages in developed countries such as Australia and New Zealand was recognized. With that the Government through MTED commissioned the development of the Tonga Labour Mobility Supply Management Strategy (TLMSMS) to improve labour mobility supply management into the future.

This Annual Report touches on the breadth of the work MTED undertake and the efforts they make to grow an inclusive, sustainable and prosperous Tonga for today and the for future generations.

I would like to acknowledge with sincere gratitude, the guidance of the Hon. Dr. Viliami Uasike Latu and the dedicated and remarkable efforts of our Executive Team and staff and the invaluable collaboration of our stakeholders. It is their synergy and collaborations that has resulted in the accomplishments narrated in this report.

Respectfully,

A handwritten signature in dark ink, appearing to read 'Distaquaine', followed by a long horizontal line. The signature is positioned above a dotted line.

Mrs. Distaquaine Tu'ihalamaka
Chief Executive Officer

ECONOMIC OVERVIEW

Economic Growth was negative at the end of the 2021/2022 financial year by 2.5%, primarily due to the impacts of the volcanic eruptions of Hunga Tonga Hunga Ha'apai (HTHH) and the COVID-19 pandemic. However, by the end of the 2022/2023 financial year, Tonga experienced a positive growth of 2.8%, which indicates an increase in economic activities resulting from the reopening of the border in September 2022. The Construction sector played a major role in this positive economic growth. For instance, in May 2023, an increase of \$9.5 million (144.7%) in construction permits was observed, primarily due to the construction of both residential buildings and projects initiated by the Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communications. These ongoing reconstruction and government development projects have proven to have positive effects on various other industries.

INFLATION

The Consumer Price Index rose by 1.7%, indicating an increase in demand and spending by both households and businesses during the month. This rise was influenced by national events and festivities for the month of June. Additionally, there was a further increase in inflation from 6.6% in May 2023 to 7.4% in June 2023 due to ongoing supply shortages. Within the domestic market, local food items, catering services, local transport services, secondary school tuition fees, and labor costs were the main contributors to the overall inflation rate, accounting for 5.2 percentage points.

On the other hand, lower electricity tariffs helped to lessen inflationary pressures over the year. Regarding imported components, they contributed 2.2 percentage points to the headline inflation, primarily due to lower prices of imported food items, international airfares, construction materials, alcoholic beverages, clothing (school uniforms), and goods for personal care. In June 2023, core inflation reached a new record high of 10.9%. This increase was mainly driven by rising prices of international airfares, clothing (school uniforms), construction materials, household items such as dishwashing liquid, batteries, and detergent, as well as the local costs associated with the operation of personal transport equipment. On a positive note, food and energy inflation declined from 5.4% in the previous month to 5.0% in June 2023. This reduction was supported by lower energy prices, including electricity and fuel.

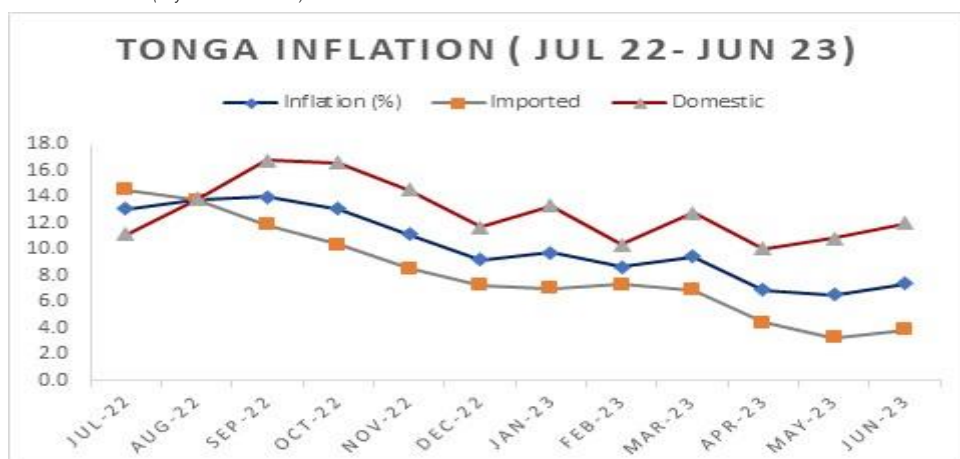
JUNE 2023

Inflation	7.4%
Domestic	12.0%
Imported	3.9%

OUTLOOK

The Annual headline inflation is expected to decrease slightly below 7% in July and August 2023, while the core inflation is on the rise. However, there are uncertainties regarding the global oil and commodity prices as well as domestic food supply, which pose a risk to this outlook. The financial system is stable, with sufficient liquidity, and credit growth is improving. Banks are well capitalized and can withstand further shocks. As of June 2023, foreign reserves are reported to be over 13 months of imports, which is above the optimal level of 7.3 months recommended by the IMF.

Chart 1: Inflation Trend (July 2022 – June 2023)



Source: Statistics Department, 2023

Reserve Bank of Tonga. (n.d.). Economic updates. Retrieved August 31, 2023, from <http://www.reservebank.to/index.php/97-economic/indicators/941-economic-updates.html>

OVERVIEW OF THE MINISTRY

The Ministry consist of (99) ninety nine employees altogether with staff located at all the outer islands including Niuatoputapu and Niuafo'ou.

MISSION

Commitment to strengthen partnership with all stakeholders to effectively and efficiently deliver our services.

VISION

Our Vision is to be a "Leader in enabling private sector growth and development" in Tonga.

VALUES



TEAMWORK



INNOVATION



PERFORMANCE
ORIENTED



ACCOUNTABILITY



WHOLE OF MINISTRY
RESPONSIBILITY

MANDATE



"A more progressive Tonga, supporting a higher quality of life for all, through more inclusive and sustainable economic growth and development."

TSDf II

- Closer public/private partnership for economic growth
- Strengthened business enabling environment
- Better access to, and use, of overseas trade, employment and foreign investment



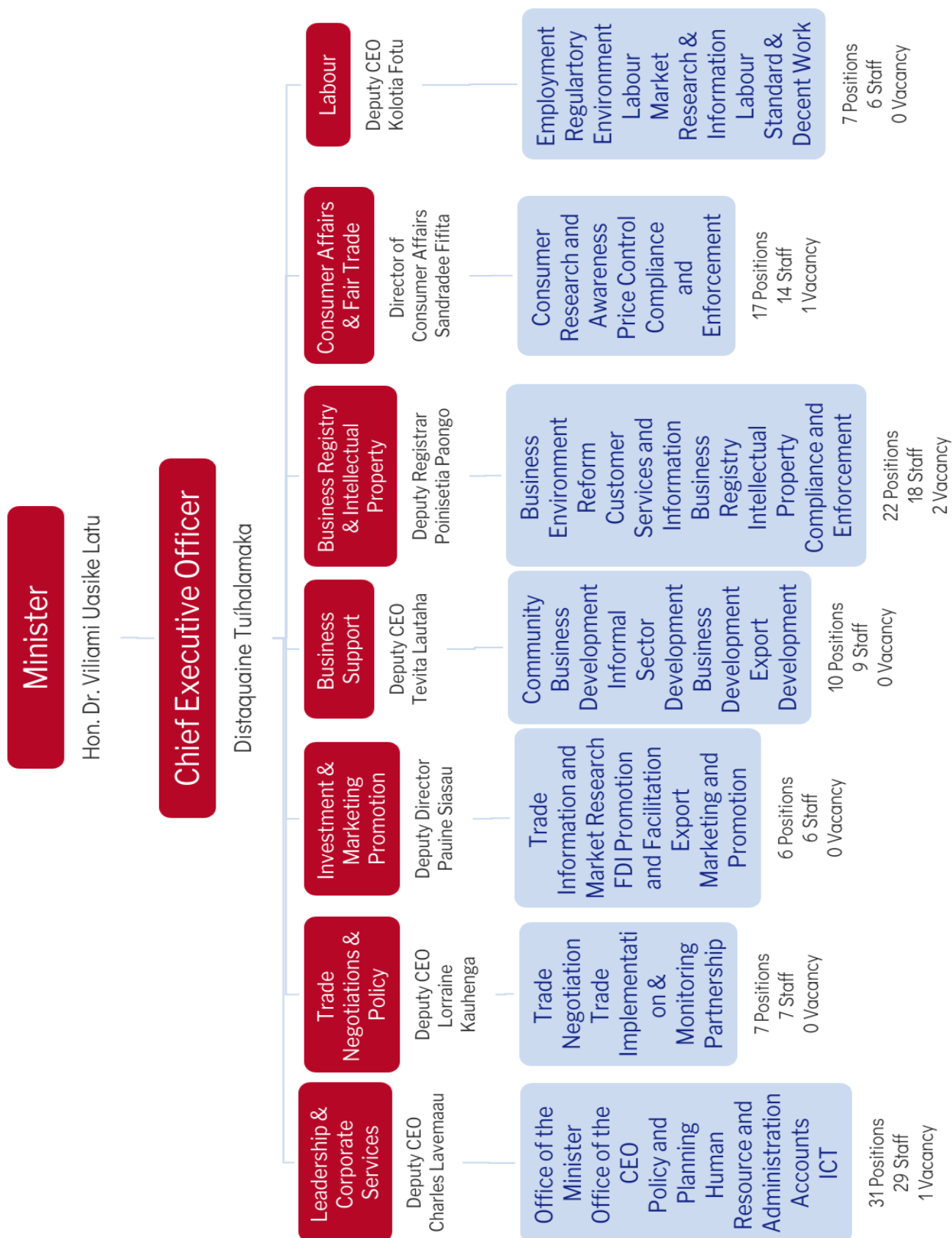
The Ministry has nineteen (19) legislation which establishes its statutory roles. Key functions of the Ministry are stipulated under these 19 legislations which are listed in Annex 1. Legislation are guided by the Constitution of Tonga.



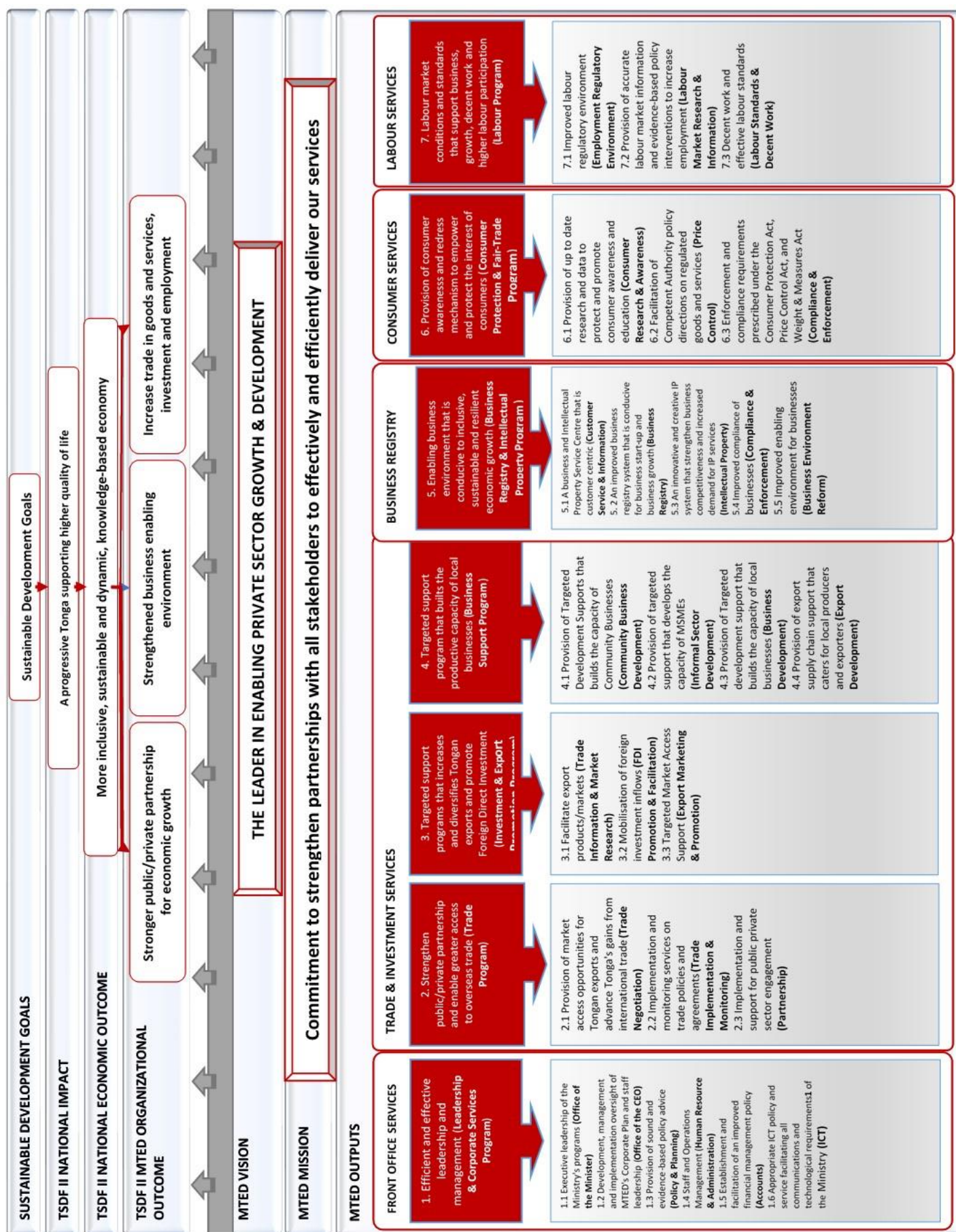
The Ministry closely coordinates with stakeholders including all government agencies and the private sector.

- | | |
|-------------------|-------------------------|
| • Informal Sector | • Public Enterprises |
| • All Businesses | • Government Ministries |
| • All Workers | • Cabinet |
| • All Employers | • Legislative Assembly |
| • All Consumers | • Development Partners |

ORGANISATIONAL STRUCTURE



MTED RESULT MAP

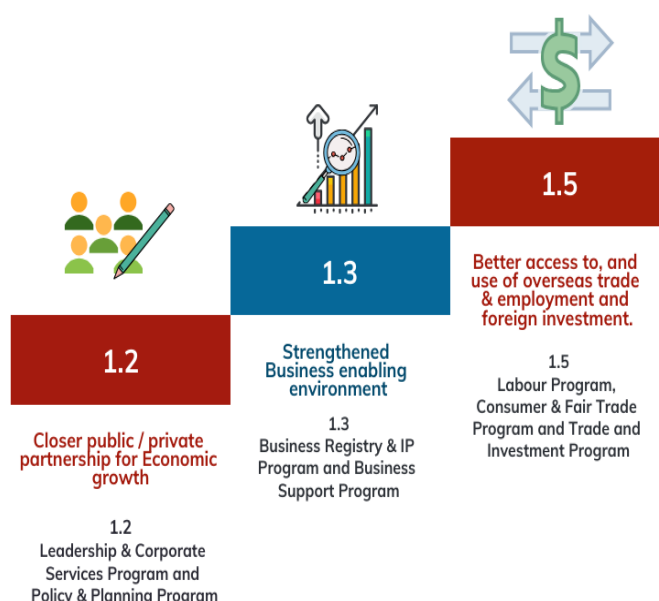


SDG GOAL 8: DECENT WORK AND ECONOMIC GROWTH

The Ministry helps realize the TSDF II goal of "building a more progressive Tonga that supporting a higher quality of life for all."

The national commitment to fostering and advancing a more diverse, sustainable, and dynamic knowledge-based economy is one of the Ministry's main goals.

Through these three (3) organizational outcomes, the Ministry helps to attain the national vision.



7 KEY ORGANIZATIONAL OUTPUT

All these programs contribute to the TSDF II organizational outcome for promoting a closer and effective public private partnership that supports economic growth.

As indicated in the Ministry's result map, the Ministry has made set a clear mission in this corporate plan to strengthen the working partnership with all the stakeholders, to ensure that the Ministry delivers its services effectively and efficiently.



SUMMARY OF MTED PLANNED **MAJOR REFORM PROGRAM**

The Government, through the Ministry of Finance, have set its priorities agenda (GPA) in the “Budget Strategy and Funding Envelope 2022/23” with nine (9) government priority agendas which are grouped into three areas;

- i. National Resilience
- ii. Quality of Service and Affordability and
- iii. Challenges and Opportunities for Progressive Economic Growth.

Under the Economic Development, the GPA highlighted the need for continued investment in the development of Agriculture, Fisheries and Tourism. The Ministry reviewed its activities which assisted in these areas, this is under the Business Support division which handles developments in Community businesses. Informal sector, local businesses and the export sector.

The GPA have also highlighted the need for a clear investment policy to facilitate economic development, which the Ministry supported by encouraging investments with the development of Foreign Investment Act.

The following new initiatives was proposed in the Corporate Plan 2022/23 FY, in which the following progress is stated below;

MTED All Staff 2023



MTED Management Team 2023

PROPOSED NEW INITIATIVES

PROPOSAL	DESCRIPTION	TIMEFRAME	UPDATED REMARKS
INFORMAL BUSINESS INCUBATION PROGRAM (.5m)	Strengthening of Business Incubation Programs	FY 2022-2023	Informal Business Incubation Program was proposed as new initiative for FY2022-2023 but was not approved. As such, this proposal was put on hold due to financial constraints. Ongoing assistance to informal business incubation program was considered and funded from the recurrent budget of the Ministry for FY2022-2023
ACCELERATOR PROGRAM (.1m)	Strengthening of Business Accelerator Programs	FY 2022-2023	Accelerator Program was proposed as new initiative for FY2022-2023 but was not approved. As such, this proposal was put on hold due to financial constraints. Part of the proposed program was funded from the recurrent budget of the Ministry for FY2022-2023 in terms of assistance to local businesses on product development and training and mentoring programs for local businesses
EMPLOYMENT SERVICES PROGRAM (1M)	Employment Services	FY 2022-2023	This initiative was targeted for financial support from ILO but the project did not come through as planned.
EXPORT PROMOTION (2m or 4.4m)	Tonga Trade and Investment Board; Strengthening of Exports Marketing Program	FY 2024-2025	Tonga Trade and Investment Board was proposed as new initiatives for FY2024-2025 but was not approved. The proposal was to fund the institutional set up of TTIB but proposal however given the proposal was not approved, the same proposal was submitted to PPIU Office for funding consideration and was approved. Proposed program is expected to be implemented in the next financial year.
	COVID-19 International Freight Assistance Package for exporters; Marketing Consultancy Services in Australia & New Zealand	FY 2022-2023	COVID 19 International Freight Assistance Package was proposed as new initiative for FY2022-2023 but was not approved. The proposal included the freight assistance for exporters and the recruitment of a marketing consultancy services in Australia and New Zealand to undertake marketing services as well as research for the Ministry. Given the proposal was not approved, the Ministry funded and implemented the COVID-19 International Freight Assistance package for exporters from the recurrent budget for FY2022-2023. Over 60 applications were received by the Ministry and Ministry provided the necessary financial assistance to cover freight cost of exporters both sea and air freight of approximately TOP\$20,000 per exporter. This program was considered not to be continued in the next FY. In addition, the marketing consultancy services in New Zealand and Australia is put on hold subject to availability of funds.
	Kava Packaging and Labelling Grants;	FY 2022-2023	Kava Packaging and Labelling Grants was proposed as new initiative for FY2022-2023 but was not approved. The proposal was funded from the recurrent budget for FY2022-2023 to cater for purchasing of kava packaging materials and labelling of kava product to meet the labelling requirements of the Government of Australia under the 2 year pilot program for Australia commercial kava import. Proposed program is expected to be continued this financial year to ensure exporters full compliance with labelling requirements of Australia.
	Packhouse for Vava'u	FY2022-2023	Packhouse for Vava'u was not approved and the Ministry could not secure donor support for it. With that it has been put on hold but it is still a priority for Vava'u.
	Vanilla Development Grants	FY2022-2023	Vanilla Development Grants was proposed as new initiative for FY2023-2024 but was not approved. As such, this proposal is put on hold due to financial constraints.
COOPERATIVES ASSISTANCE (.7m)	Packhouse equipment for Lapaha, Vava'u and 'Eua Packhouses	FY2022-2023	Packhouse equipment for Lapaha, Vava'u and Eua was proposed as new initiative for FY2022-2023 but not approved. As such, the Ministry funded from the recurrent budget for FY2022-2023 the procurement of the equipment such as forklift for Lapaha packhouse and 3 tonnes vehicle for export for Vava'u packhouse. Due to financial constraints, the Ministry is expected to procure the remaining equipment for Eua packhouse in the next FY from the recurrent budget of the Ministry.
IMPORT SUBSTITUTION (1m)	Multipurpose Processing Facility; Public Private Partnership Investment	FY 2022-2023 FY 2023-2024	Multipurpose Processing Facility was proposed as new initiative for FY2022-2023 and FY2023-2024 but not approved. Due to financial constraints, this proposal is to be on hold subject to availability of funds. In addition, Kava and vanilla assistance was implemented in the FY2022-2023 and was considered necessary to hold the multipurpose processing facility until this project is completed.
SECONDARY PROCESSING FACILITY (1.5m)	Kava processing plants for Vava'u and 'Eua	FY 2023-2024	Kava processing plants for Vava'u was proposed as new initiatives for FY2023-2024 focusing on the development of Secondary Processing Facility but was not approve. As such, the proposal was put on hold awaiting completion of the Primary Kava and Vanilla processing facilities in Vava'u and Eua during the FY2022-2023 before revisiting this proposal.
PETROLEUM REFORM PROGRAM	Tonga Petroleum Supply Optimization and Medium Ranger Development	DEC 2022	Reform program was proposed to be on hold due to the increasing fluctuations in the petroleum prices and incidents that affected the international prices. It was considered not a good timing to negotiate with suppliers on the MR Development. Proposed program is expected to be implemented this financial year.

MTED's KEY HIGHLIGHTS

ACHIEVEMENTS



Hon Minister with PPIU Team



National Conference 2023



The National E-commerce Sub-committee



Tsunami Informal Business Grant

- The first National Business Conference successfully completed. It brought together businesses from the three (3) main economic sectors and government officials to discuss priority areas for them and foster collaboration to promote economic growth.
- Trade Fair Week successfully completed. There were increased in participation and great feedback from all stakeholders in preparation for the next one.
- PACER Plus Activities for the fiscal year were completed and proposals submitted for the fiscal year 23/24 were approved. This included proposals from 5 different organizations including MTED, Ministry of Tourism, Tonga Tourism Authority, MAFF and MORC.
- Local Freight Subsidy Scheme program for local exporters successfully completed. Program provide financial incentives to exporters to reduce their transportation costs, thereby making their products more competitive in international markets. An initiative to support local businesses and encourage export activities.
- Establishment of the National Trade Facilitation and Policy Committee, Trade in Goods Sub-Committee and E-Commerce Sub-Committee. This is a crucial component in promoting efficient trade, reducing barriers and ensuring effective policymaking in the context of international trade. These committees play vital roles in enhancing trade policy development, coordination and implementation.
- Royal Agriculture Fisheries Tourism and Trade Show successfully completed for Tongatapu and Eua. After a few years of not having it the public and the outer islands were all out in participation.
- Review of Weight and Measures Act/Development of Standardization Road Map. This process is crucial for ensuring fairness, accuracy, and consistency in commerce and industry. Both initiatives play essential roles in consumer protection, trade facilitation and economic growth.
- Consumer Protection and Competition Policy developed. The development of an effective consumer protection and competition policies is crucial for creating a fair and competitive marketplace that benefits consumers and businesses alike.
- Development of the Tonga Labour Mobility Supply Management Strategy (TLMSMS) completed and launched in April 2023. Tonga was the first to have a strategy for labour supply management strategy to improve domestic labour supply management to meet international labour demands while supporting long term private sector development.
- MTED successfully recruited 24 permanent staff where 11 were staff promotions and 13 were new appointments. Also included in these recruitments were staff that have been on maximum for over two decades.

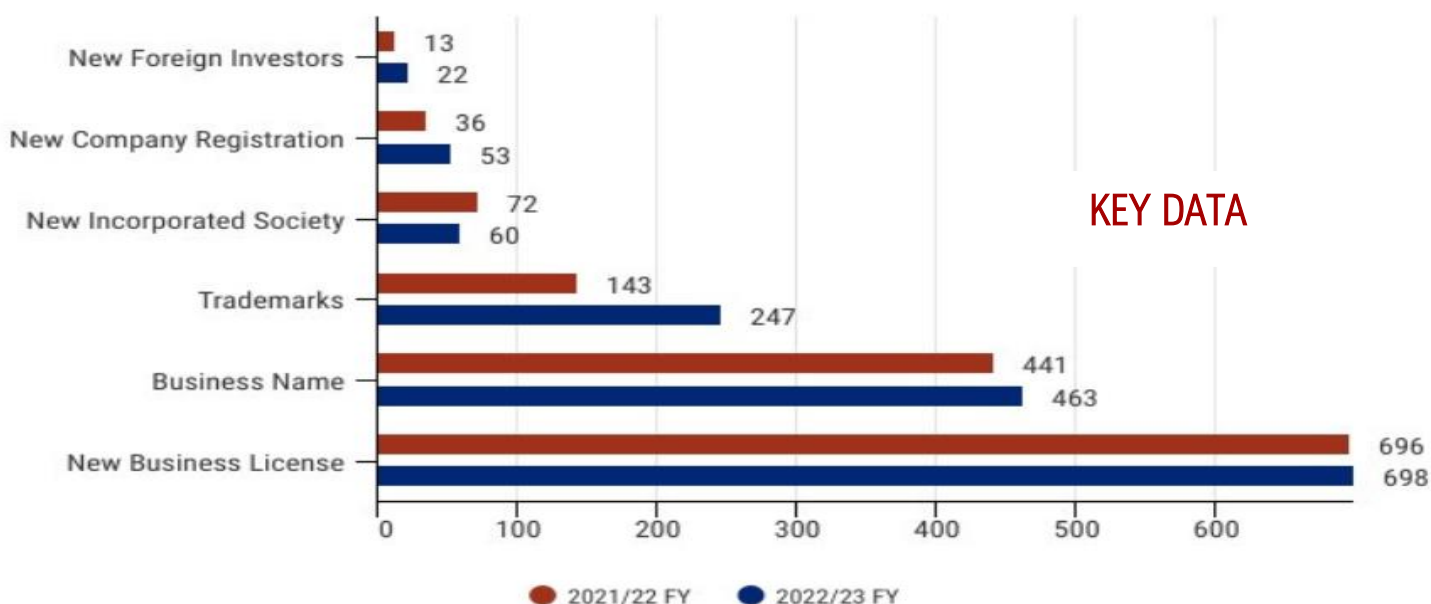
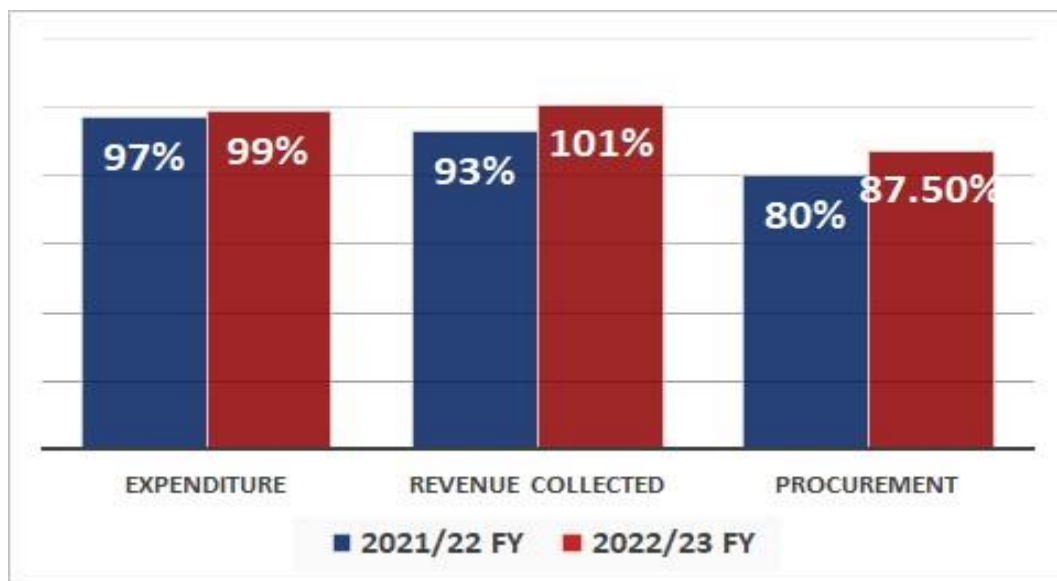


TLMSMS Launch

MTED's KEY HIGHLIGHTS

FINANCIAL SUMMARY

MTED's Original Budget was \$7.095m. During the FY, an additional \$155k was requested hence a revised budget of \$7.25m. Actuals spent by the end of FY by MTED was \$7.24m (i.e., 99%) with a remaining budget of \$29,628. Out of the past three (3) FY's this is the highest percentage of the budget MTED has spent to date. Furthermore this is the first time for MTED to exceed its revenue target of \$664k by \$11,000.



KEY DATA



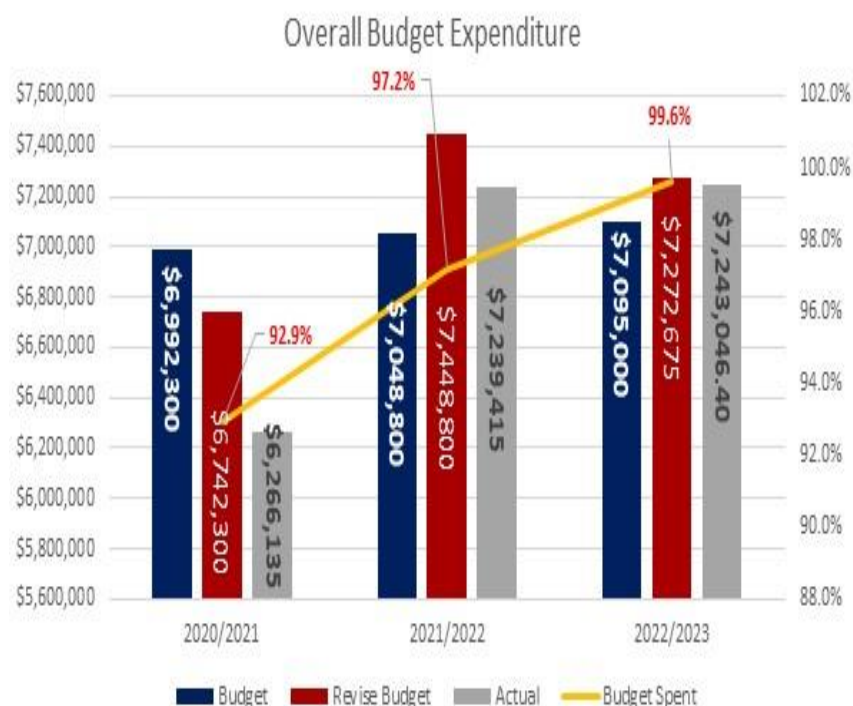
Before and After Kava Processing Facility ('Eua)



FINANCIAL PERFORMANCE

The CEO, Head of Corporate Services and the Accounts Unit take prudent approach to the management of the financial affairs of the Ministry. The accounts team continues to work closely with the Ministry of Finance to ensure that financial procedures are followed in accordance with the Public Finance Management Act 2020, Treasury Instructions 2020 and the Procurement Regulations 2020. The total expenditure and revenue for the financial year 2022-2023 FY was provided by the Ministry of Finance which is subject to independent audit from the Tonga Office of the Auditor General.

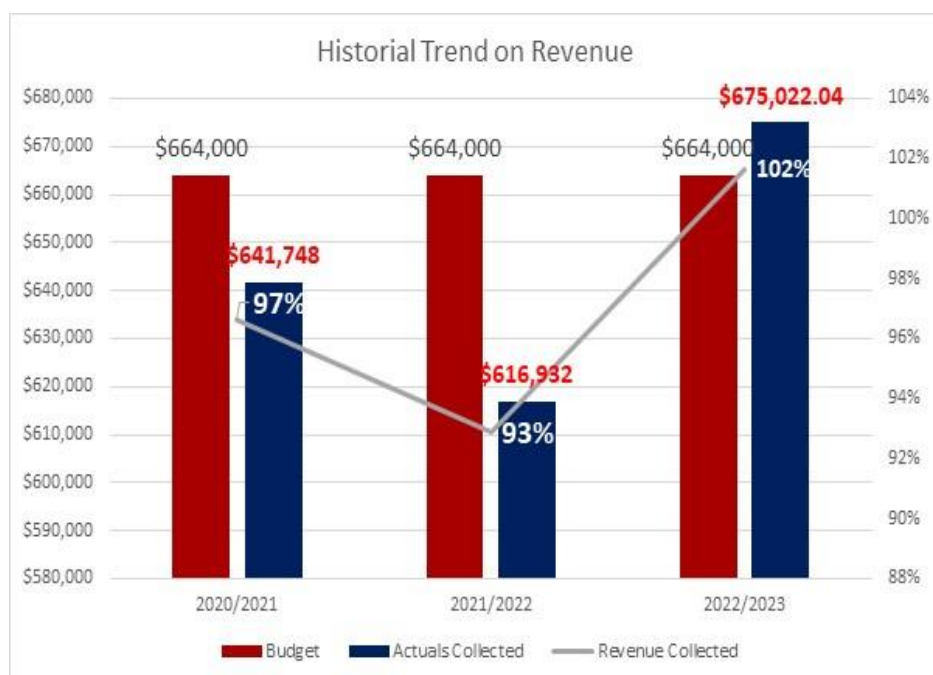
Overall Budget Expenditure



Over the past three (3) financial years, this is the highest budget spent by the Ministry at 99.6% (i.e., \$7.24m). Furthermore, MTED was one out of eight Ministries that exceeded their original budget allocation (i.e., \$7.095m). Further supporting the budget theme by “Accelerating Tonga’s Climate and Disaster Resilience through COVID -19 Recovery” MTED continued to provide grant assistance to local businesses, communities that were from the HTHH and freight subsidy assistance given the shocks of the COVID-19 pandemic.

Total grant assistance provided from MTED recurrent budget was \$1.09m. There were also funds that were centralized at the Ministry of Finance under the Public Private Partnership funds which MTED was able to gain access to approximately (i.e., \$800k) to further provide support to Kava growers in terms of providing capital to increase local production and boost exports to meet international standards.

Revenue



There is a decline in revenue in the 2020-21 FY and that was to be expected considering the challenges we had faced given the aftermath of the Hunga Tonga Hunga Ha’apai volcanic eruption and the COVID-19 pandemic.

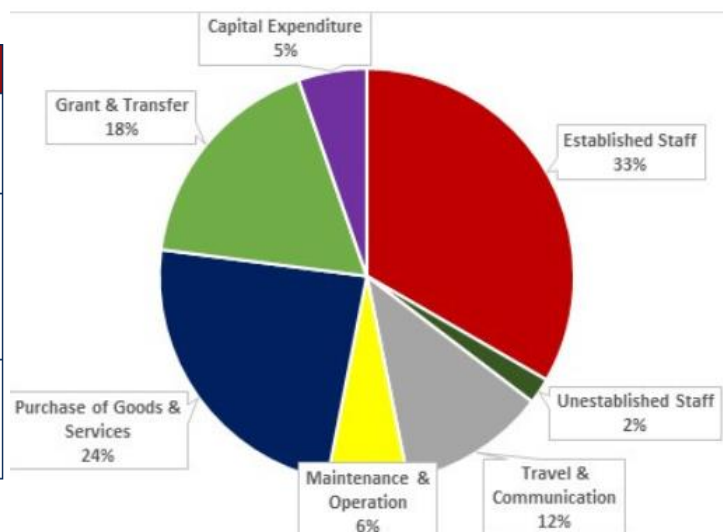
However last FY, with the government efforts to recover and boost economic growth, the 2022/23 FY saw the Ministry reach and exceed its revenue target for the first time in the past three years. Revenue line items that exceeded its original target included Industrial Properties Registration and Foreign Investment.

It is envisioned that MTED will continue to reach and exceed their revenue target for the 2023-2024 FY.

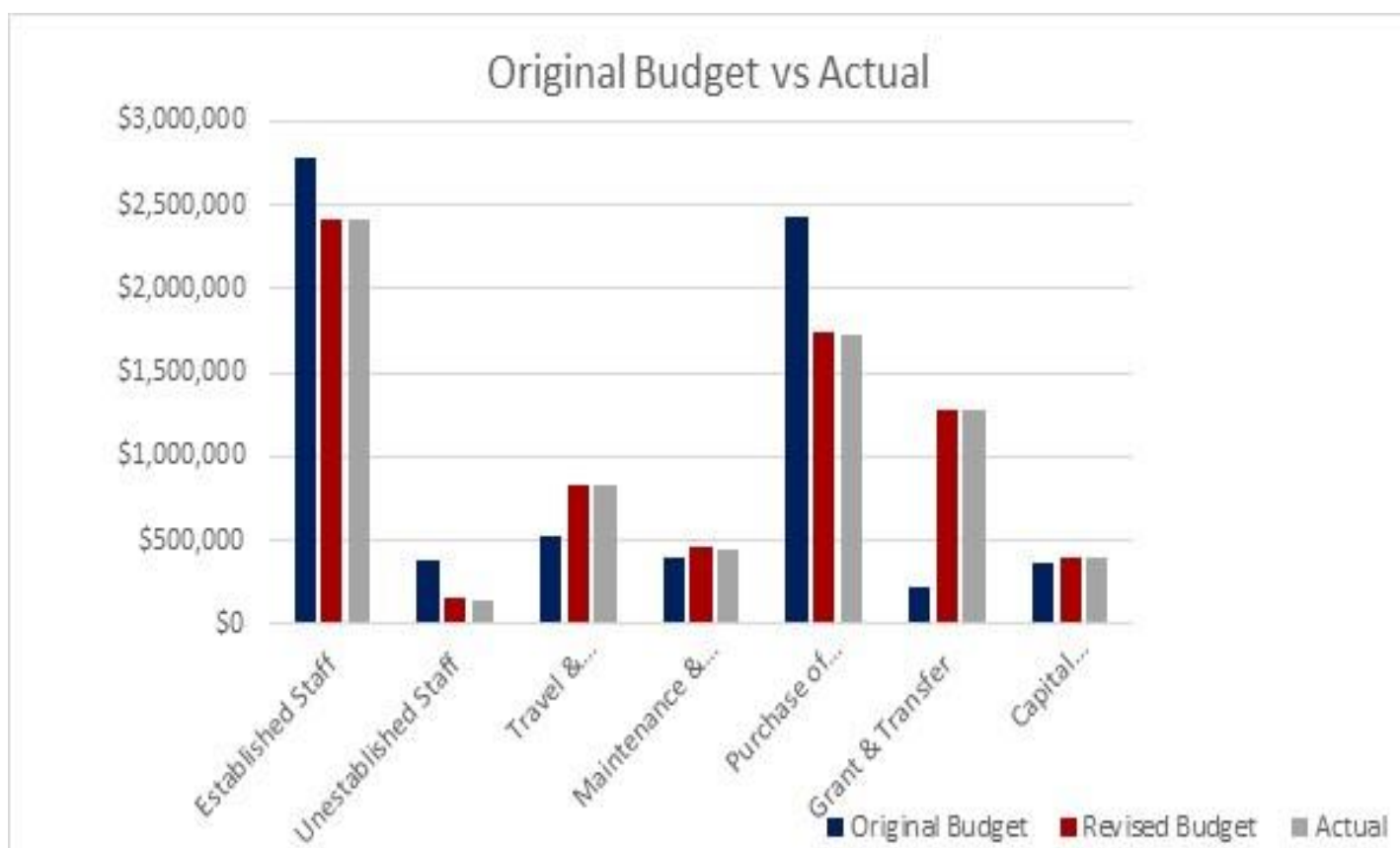
FINANCIAL PERFORMANCE

Budget by Category

Percentage	CATEGORY	Driving Factors
33% (\$2.4m)	Established Staff	11 staff promotions 13 new appointments
24% (\$1.7m)	Purchase of Goods & Services	Increase utilities bill (Electricity-\$109K) Contract service for Foster Moore \$146K and Hale & Twomey \$120K
18% (\$1.2m)	Grant & Transfer	Tsunami 100 per family MSME 15k per business Business Assistance 20k per business



Budget vs Actual 2022/2023



The above graph reflects the following key changes by Budget Category;

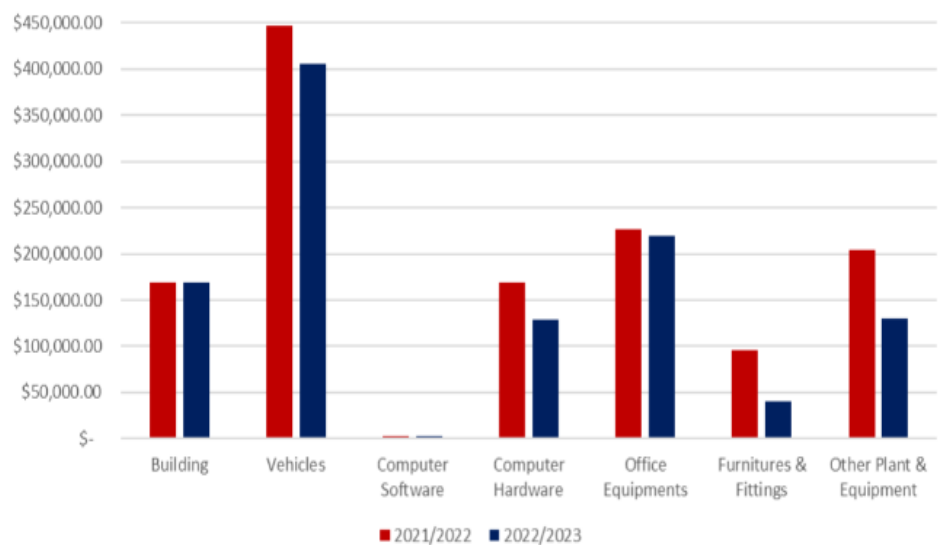
1. Travel & Communication – Shows an increase in the revised budget reflecting the opening of the borders, which resulted in overseas travels. This was not included in the original forecast due to Covid-19 pandemic at the time.
2. Purchase of Goods and Services – reflects a transfer of Community Development funds to the vote grant under Grants and Transfers as advised by Tonga Office of the Auditor General.

Asset Registry

The MTED fixed asset has a total book value of \$1,087,202.04 (62%) compared to \$1,098,901.81 (65%) of the 2021/2022 FY.

This \$11699.77 (3%) difference is mainly due to the depreciation cost of Vehicles, Computer hardware, and furniture and fittings. All fixed Assets are recorded according to relevant sections of the Treasury Instructions 2020.

All revenue collected from the sales of disposed fixed assets is returned back to the government general revenue funds.



PROCUREMENT RESULT

MTED continues to strive to uphold the Procurement Regulations 2020 regarding any government purchases above the threshold of \$20,000. Procurement Compliance for the 2021/2022 FY was eighty percent (80%). This has improved in the 2022/2023 FY to eighty-seven point five (87.5%) percent.

It is important to note that out of the seven proposals that complied with procurement regulations only one proposal that was non-compliant was due to matters outside of the Ministry is control and the agreement with the central procurement unit that it was best to process, as this contract was due to be renewed in the current financial year.



\$49,000 TOP

Purchases of a 3-ton truck to cater for the Ministry's export development shipments in Vava'u.



\$117,317.54 TOP

Hale and Twomey consulting services for provision of "Comprehensive Petroleum Fuel and LPG Pricing Review".



\$22,000 TOP

This was the contract of security services provided within 2022/2023 FY



\$45,000 TOP

Review the regulated goods under the Tonga Competent Authority



\$66,136 TOP

MTED purchased a 20ft container of wooden bins for exporting of crops products and watermelon from Pukekohe Timber Packaging Limited, New Zealand.



\$84,786 TOP

Purchased an electric forklift machine to cater for the exports of root crops



\$110,080.73 TOP

Renewal of Hosting of business registry online system with Foster Moore



\$45,000 TOP

Renovating of MTED Ha'apai flat



\$54,000 TOP

A new fence of Ha'apai flat.

EXPENDITURE & REVENUE

REVENUE	2021/22	2022/23
REVENUE TARGET	\$664,000	\$664,000
Industrial Properties Registration	\$164,590	\$201,570
Business License	\$291,751	\$250,794.89
Company Registration	\$112,543	\$149,599.79
Price Control / Weight & Measures	\$30,193	\$36,844.58
Foreign Investment License	\$17,855	\$36,212.78
TOTAL REVENUE COLLECTED	\$616,931	\$675,022.04
% OF REVENUE COLLECTED	93%	102%
Total Recurrent Budget	\$7,448,800	\$7,272,675

EXPENDITURE	2021/22	2022/23
Established Staff	\$2,478,431	\$2,410,857.19
Unestablished Staff	\$134,237	\$146,825.73
Travel & Communication	\$488,469	\$833,029.88
Maintenance & Operations	\$1,274,518	\$452,170.37
Purchase of Goods & Services	\$2,637,598	\$1,732,424.18
Grants & Transfers	\$98,290	\$1,277,934.68
Capital	\$337,256	\$389,804.37
% OF EXPENDITURE	97%	99.6%
Total Expenditure	\$7,239,415	\$7,243,046.40

Subject to the Audit from the Tonga Office of the Audit General

Program 1: Leadership and Corporate Services

Outcome	Closer public / private partnership for economic growth
Output	Efficient and effective leadership and management

The Leadership and Corporate Services has six (6) sub-programs which are including the following:



1.1 Office of the Minister
Executive leadership of the Ministry's programs



1.2 Office of the CEO
Development, management and implementation oversight of MTED's Corporate Plan and staff leadership

MAJOR CUSTOMERS:

The key clients of the Leadership and Corporate Services Program includes the following internal and external stakeholders:

1. Divisions of the Ministry
2. Legislative Assembly
3. Cabinet
4. Government's Partners
5. Development Team
6. Businesses
7. Consumers
8. Investors



1.3 Planning & Policy
Provision of sound and evidence-based policy advice



1.4 Human Resource/Administration
Staff and Operations Management



1.5 Accounts
Establishment and facilitation of an improved financial management policy



1.6 ICT
Appropriate ICT policy and service facilitating all communications and technology requirements of the Ministry

Key Highlights:

1. **Planning & Procurement**
 - First Ministry to get its Annual Report 2021/2022 FY approved by the LA on 31 October 2022
2. **HR and Administration**
 - Efficient Recruitment
 - 11 – Staff Promotions; Including addressing 5 of the 7 people on Max.
 - 13 – new appointments including staff that were on daily paid contracts for several years.
 - Renovation of Ha'apai Govt Flat
3. **Accounts**
 - MTED's Original Budget was \$7.095m. During the FY, an additional \$155k was requested hence a revised budget of \$7.25m. Actuals spent by the end of FY by MTED was \$7.24m (i.e., 99%) with a remaining budget of \$29,628.
4. **ICT**
 - Completion of an Online Leave Application app which will be launched mid August.

Head of Divisions

Mr. Charles Lavemaau
Deputy CEO
Corporate Services



Mrs. Lorraine Kauhenga
Deputy CEO
Trade Negotiation/Policy



Mrs. Pauline Siasau
Deputy Director
Investment/Export
Promotion & Business
Support



Mrs. Poinisetia Paongo
Deputy Registrar
Business
Registry/Intellectual
Property



Mrs. Sandradeo Fifita
Director of Consumer
Protection/Fair Trade



Ms. Kolotia Fotu
Deputy CEO
Labour



1.1.1 Number of Staff and Composition

As of 30th June 2023, the Ministry had a total of eighty-eight (88) permanent staff, eleven (11) daily paid labourers, and four (4) vacant positions yet to be filled. MTED is dominated by female individuals which is reflected in both senior and junior levels. The 36% of male employees is mostly in junior positions.

NO.	DIVISION	PERMANENT STAFF	DAILY PAID LABOURER	VACANCIES
1	Leadership & Corporate Services	29	2	1
2	Trade Negotiation & Policy	7	-	-
3	Investment & Marketing Promotion	5	1	1
4	Business Support	9	1	-
5	Business Registry & Intellectual Property	18	4	2
6	Consumer Protection & Fair Trade	14	3	1
7	Labour	6	-	-
Total:		88	11	4

1.1.3 Staff Performance

This graph demonstrates the increase (↑) in the number of staffs that scored 5%, it is further projected that for 2022/23 FY staff scoring 5% will further increase to 15 - 20 employees. Throughout the years there has been no underperformers for MTED.

1.1.4 Staff Development & Training

MTED continues to provide generic trainings to staff, with new employees having to undergo a mandatory in-house induction training to familiarize them with internal procedures and government policies. HR recognizes that importance of its staff and their well-being, hence, a



NEMO: Evacuation Training



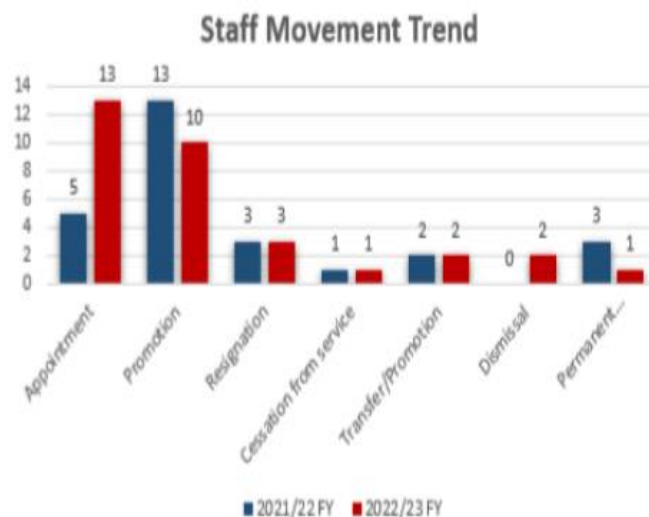
Internal Induction Training



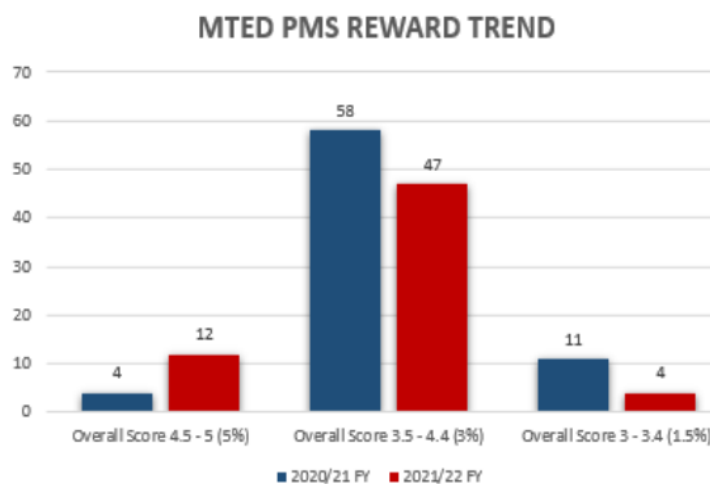
Mental Health Awareness Session

Mental Health Awareness session took place, introducing proven strategies to staff on how to handle and cope with stress within the workplace. Staffs from respective divisions especially with the opening of the borders continue to attend relevant trainings/seminars related to their core duties as MTED supports the continuous process of upskilling their respective staff.

1.1.2 Staff Movement



MTED continues to process its HR recruitment in an efficient manner in consultation with PSC and Finance. Key highlights were the successful transition of six (6) daily paid labourers who were employed by the Ministry for over four (4) years to permanent positions. This contributed to the increase in appointment cases this FY. Furthermore, the Ministry was able to address five (5) staffs that were on max by way of promotions through the normal recruitment process.



Program 2 : Trade Negotiation & Policy

Outcome	Closer and effective public / private partnership that supports economic growth
Output	Efficient and effective organisation in delivering its outputs with the available resources

The Trade Negotiation & Policy has three (3) sub-programs which are including the following:



2.1 Trade Negotiation

Provision of market access opportunities for Tongan exports and advance Tonga's gains from international trade

MAJOR CUSTOMERS:

The key clients of the Trade Program includes the following internal and external stakeholders:

1. Divisions of the Ministry
2. Government's Partners
3. Development Partners
4. Businesses
5. Consumers
6. Investors



2.2 Trade

Implementation & Monitoring

Implementation and monitoring services on trade policies and agreements



2.3 Policy & Partnership

Implementation and support for public private sector engagement

2.1 TRADE NEGOTIATION UNIT

The Trade Negotiation Unit has been actively engaged in several significant initiatives within the scope of its work. This includes participating in discussions and negotiations at the WTO, as well as engaging in activities within the purview of regional trade agreements such as PACER Plus and iEPA. The unit consistently attends regional and multilateral meetings to represent Tonga's interests effectively. Below provides an overview of Tonga's notable involvement in trade-related activities and developments at national, regional, and international levels.

2.1.1 World Trade Organization (WTO)

WTO Trade Facilitation Agreement (TFA)

The WTO Agreement on Trade Facilitation (TFA), entered into force on 22 February 2017 and its implementation is binding on all WTO Members, which Tonga is a member. The process for ratification of the WTO TFA is near its completion stage, awaiting a couple of requisite requirements from other authorities before finalizing Tonga's ratification.

Despite this, the implementation of the TFA has been ongoing with technical support being provided from development partners. The TFA relates to Customs and other Border Authority's regulatory procedures. It contains provisions for expediting the movement, release, and clearance of goods, including goods in transit.

Notifications Obligations

Ongoing efforts were made to update Tonga's outstanding and periodic WTO notification obligations during the current financial year. A total of six (6) notification were submitted, out of which five were outstanding notifications whilst one revision of existing notification submitted.

Key Highlights:

1. **Trade Negotiation**
 - Ensure communications and relationships with Regional and International Organizations are maintained
 - Submission of WTO notifications and obligations
 - Establishment of the National Trade Facilitation and Policy Committee and Trade in Goods Sub-Committee
2. **Trade Implementation & Monitoring**
 - Stocktake of the Tonga Trade Policy Framework (TTPF) action matrix were completed
 - National Ecommerce Readiness Assessment matrix
 - PACER Plus activities
 - Review of Legislations regarding E-commerce
 - Establishment of the National E-commerce Sub-committee
3. **Policy and Partnership**
 - Implement the National Business Conference
 - Lead the Implementation of the MTED Trade Fair

These notifications include:

- Trade-Related Aspects of Intellectual Property Rights (TRIPS), Article 63.2
- Agreement on Import Licensing Procedures (LIC), Article 7.3
- Trade Facilitation Agreement (TFA), Article 1.4, 12.2.2 and 22.3
- Integrated Database (IDB)-Modalities and operation of the Integrated Database on imports.
- Export Subsidies (ES) Article 10 and Article 18.2
- Customs Valuation-Decision on the treatment of interest charges in the customs value of imported goods.

Inclusion in the World Trade Organization list of Net Food Import Developing Countries (NFIDC)

During the World Trade Organization Agriculture Committee Meeting on the 27-28 March 2023, Tonga's request for inclusion in the list of NFIDC was approved. The NFIDC list comprises of Least-developed countries recognized by the UN Economic and Social Council, along with developing country World Trade Organization Members that have notified their request and submitted relevant statistical data as net importers of basic foodstuffs. Tonga's request was presented by Her Excellency Fanetupouvava'u Tu'ivakano, Tonga High Commissioner to London.

Tonga stands to benefit from the associated advantages of being in the NFIDC. WTO recognizes that the NFIDCs are always vulnerable to external food shocks whether price or supply shocks. In this regard, WTO can lay out trade rules that do not disadvantage NFIDC from accessing food supply at affordable prices and provide flexibility to use policies to develop food security needs, and that on the basis of these needs, the technical and financial from multilateral and regional financial institutions assistance play an important role. Overall, being on the list will enable Tonga to use NFIDC provisions that may be adopted in the future.

WTO Funded Internship program

Mrs. Esterlina 'Alipate, Principal Trade Officer, is presently stationed at the World Trade Organization in Geneva as part of a ten-months attachment through the Netherlands Trainee Programme (NTP). Throughout this duration, she will be working with the Development Division's Aid for Trade Unit and the Market Access Division's Trade Facilitation Unit. The aim of the NTP is to assist in the economic and social development of least developed countries, low-income countries and comparable poor small and vulnerable economies in areas of trade policy.

WTO National Seminar

From the 22 to 24 August 2022, Mr. Edwini Kessie, Director of the Agriculture and Commodities Division and Head of the Delivery Unit for the WTO, conducted a three-day seminar on the World Trade Organization principles, the Twelfth Ministerial Conference outcomes, and the Agreement on Agriculture.

The primary objective of the seminar was to strengthen the knowledge and competencies of government officials, academia, businesses, and non-government organizations regarding the fundamental principles of the World Trade Organization, as well as outcomes of Twelfth Ministerial Conference and their direct relevance to their respective roles and daily duties. The seminar witnessed enthusiastic involvement from pertinent stakeholders in both the public and private sectors, who greatly gained from the valuable insights and outcomes of the event.

2.1.2 Pacific Agreement on Closer Economic Relations (PACER) Plus

Sixth PACER Plus Joint Committee Meeting

The Sixth PACER Plus Joint Committee Meeting was held in person from 30 May to 1 June 2023 in Niue, marking the first meeting for the Committee since the onset of the COVID-19 pandemic and entry into force of the Agreement.

Tonga's delegation was led by Michael Cokanasiga, CEO for the Ministry of Revenue and Customs accompanied by Fofonga Ola 'Anisi, Senior Policy Analyst, 'Eva Liava'a, Senior Policy Analyst and Maile Tu'itavuki, National Coordinator. The meeting was attended by officials from Australia, Kiribati, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu whilst Cook Islands participated remotely. Fifteen (15) Activity proposals submitted by Tonga for the financial year 23/24 were approved for implementation during the meeting.

Tonga Trade Information Portal

The Tonga Trade Portal is a website which provides information on export and import procedures in Tonga. The portal was developed in the context of the PACER Plus agreement, with technical assistance from UNCTAD (United Nations Conference on Trade and Development) and funding from Australia and New Zealand. The implementation of the portal is handled by the Ministry in collaboration with the Ministry of Revenue and Customs and the Ministry of Agriculture, Food and Forests. Work is still on going in collecting and updating the Trade Information Portal and relevant trainings continued throughout the year with the support of the UNCTAD.

Harvesting Bins

On the 8th of February 2023, the Head of the PACER Plus Implementation Unit, Mr. Roy Lagolago handed over 1000 harvesting bins to the Minister of Agriculture, Food and Forests, Lord Fohe, during a handover ceremony held at the Ministry of Agriculture, Food and Forests. The harvesting bins will help local farmers in minimizing postharvest damage and loss of produce due to lack of proper equipment for handling/transporting of produce. This support is part of the PACER Plus Sanitary and Phytosanitary related technical assistance to Tonga and other PACER Plus parties.

PACER Plus Implementation Unit (PPIU) official visit to Tonga

On 6 February 2023, Tonga's Minister for Trade and Economic Development, Hon. Dr. Viliami Uasike Latu, welcomed the Head of the PACER Plus- Implementation Unit, Mr. Roy Lagolago, and his team to Tonga. During their visit, Mr. Lagolago had meetings with key government ministries and private sector stakeholders to discuss PACER Plus issues and strengthen public-private sector working relationships. The Honorable Minister underscored the significance of the PACER Plus agreement for Tonga, specifically highlighting the opportunities it presents for Trade and Labour mobility, and expressed a willingness to cooperate with Mr. Lagolago's team in promoting local products internationally.

Pacific Labour Mobility Annual Meeting (PLMAM)

The Pacific Labour Mobility Annual Meeting, a four-day event from the 7 to 10 November 2022 was held in person in Apia, Samoa. The theme of the meeting "Reinvigorating Labour Mobility Cooperation for Development".



Pacific Labour Mobility Annual Meeting 2022

It was a special meeting as not only was the first-time people met in person since the onset of the COVID-19 pandemic, but it was also the opportunity for Pacific labour stakeholders to come together, start afresh and work together to improve and harness

the benefits of labour mobility for everyone involved. The Government of Tonga Delegation was led by Lorraine Kauhenga, Deputy CEO of the Division, Tanginitopa Tu'ifua, Labour Division and Leinolo Lakai from the Ministry of Internal Affairs.

Recruitment of the Tonga National PACER Plus Coordinator

Tonga requested to the PACER Plus Implementation Unit (PPIU) to appoint a national coordinator for PACER Plus in Tonga. On 22nd August 2022, Ms. Maile Tu'itavuki was welcomed as the PACER Plus National Coordinator for Tonga by the CEO of the Ministry of Trade and Economic Development. The national coordinator, funded by the PPIU, will be hosted by the Ministry for duration of 12 months and will work in coordination with the Trade Negotiation and Policy Division. Ms. Tu'itavuki's role involves program coordination, management of PACER Plus activities, stakeholder engagement, and monitoring, evaluation, learning, and adaptation processes.

PACER Plus Contact Points Meeting with PPIU, 14 September 2022

The PACER Plus Contact Points held three meetings during the financial year. The PACER Plus Contact Points include members from:

1. Ministry of Trade and Economic Development
2. Ministry of Internal Affairs
3. Ministry of Revenue and Customs
4. Ministry of Agriculture, Food and Forests
5. Ministry of Tourism

The PACER Plus contact points assists in improving collaboration and coordination between line Ministries regarding the implementation of the PACER Plus Agreement, including the development and implementation of activities facilitated under the agreement.

A Capacity Building Workshop for PACER Plus contact points on PPIU activity proposal development and Tonga's implementation matrix under the PACER Plus Agreement was held on the 10th of February 2023, conducted by Mr. Lachlan Parsons (PPIU) during the PPIU's official visitation to Tonga.

MAFF E-Phyto Project

Two rounds of in-country E-Phyto training was conducted in Tonga on September 2022 and February 2023 by Mr. Peter Neimanis (PPIU) and attended by both government officials and private stakeholders. The first training held in September was on Generic E-Phyto National Systems and the second training focused on using E-Phyto for exports and included separate training sessions for biosecurity officials and exporters. This activity also included scoping the need for IT equipment for Tonga to assist with utilization of E-Phyto to be supported by PACER Plus

in the next financial year. This support is a part of the PACER Plus Sanitary and Phytosanitary related technical assistance to Tonga and other PACER Plus parties.

Tonga Labour Mobility Supply Management Strategy

Tonga's Labour Mobility Supply Management Strategy (TLMSMS) was endorsed by Cabinet on the 24th of March 2023 and officially launched by the Prime Minister of Tonga, Hon. Hu'akavameiliku, on the 13th of April 2023. TLMSMS provides a roadmap for Tonga to efficiently manage its labour mobility supply, including improved governance, worker selection, reintegration programs, skills development, private sector engagement and labour market data management. The development of the TLMSMS was funded by the PACER Plus Implementation Unit.

PACER Plus Workshops/Trainings

The following trainings were conducted by PACER Plus:

- PACER Plus National workshop for Sanitary Phyto Sanitary and Technical Barriers to Trade was successfully completed on the 16-17 August 2022 at Tanoa Hotel.
- PACER Plus National Trade in Services Workshop, 7-9 September 2022.
- UNCTAD conducted a Trade Information Portal training for the PACER Plus Contact Points for Trade in Goods, Trade in Services, Sanitary PhytoSanitary and Technical Barriers to Trade on their obligation under the agreement and the portal, 26 September 2022 and 13 March 2023.
- Regional Introductory Investment Workshop, 27 – 29 March 2023, Sydney, Australia.
- Regional Workshop on Trade in Services, 8 – 11 May 2023, Apia, Samoa.
- PACER Plus National Rules of Origin Training, 16-17 May 2023.

2.1.3 Interim Economic Partnership Agreement (IEPA)

IEPA Market Access Offer

Tonga is in the process of acceding to the IEPA. Throughout the year, the Ministry, together with the Polynesian Trade Adviser and the Ministry of Revenue and Customs, consulted with relevant stakeholders to verify and finalise Tonga's Market Access Offer. The final Market Access Offer is scheduled to be tabled at the Tonga National Trade Committee meeting for approval before submitting to the European Union for consideration. Should the European Union consider the offers

acceptable, this will signal the completion of the technical negotiation and will trigger the process for completing the necessary domestic procedures before Tonga officially become a member of the agreement. This domestic procedure includes the review of domestic legislations in relation to the agreement, in which a technical and financial support is being provided by the Pacific Islands Forum Secretariat through the Strengthening Pacific Intra-Regional and International Trade (SPIRIT) project to conduct this review exercise.

2.1.4 Pacific Islands Trade Agreement (PICTA)

Tonga is yet to declare its readiness to trade under PICTA, this had been delayed due to requisite requirements from the capital. Negotiations between the member countries is ongoing till all members fully ratify the agreement and maximize its benefits.

2.1.5 Pacific Meetings

US Pacific Trade and Investment Dialogue

Tonga participated in the first iteration of the Trade and Investment Dialogue between the United States and the Pacific, remotely on February 28, 2023. Tonga was represented by officials from the Ministry and the Ministry of Fisheries. The dialogue focused on the challenges, opportunities and priorities in trade and investment for the Pacific States.

(i) Trade Facilitation Agreement Facility Workshop "The WTO Trade Facilitation Agreement: Supporting Strategic and Effective Implementation in the Pacific Region.

(ii) PACP Trade and Fisheries Officials Technical Briefing on WTO Fisheries Subsidies Agreement.

This meeting was held on the 20th September 2022 and it was held virtually with an objective was to brief PACP WTO Officials on the provisions of the Fisheries Subsidies Agreement adopted at the MC12.

(iii) The Joint PIFS, WBG, TFAF Workshop was held on 13-16 December 2022, Sydney, Australia and the representatives from Tonga included Siutoni Tupou, Ministry of Agriculture, Food and Forests, Palatasa Havea, Ministry of Revenue of Customs and Esterlina 'Alipate from the Ministry.

The workshop focused on enhancing cooperation among border agencies, involving the private sector in trade facilitation reforms, and sharing best practices and lessons learned. The ultimate goal is to make trade procedures more efficient, inclusive for all traders involved in exporting, importing, or transporting goods and aligned with international standards. The workshop also looked at reviewing the draft Pacific Islands Trade Facilitation Strategy and identifying areas for improvement. This in turn should allow for the effective streamlining of trade regulations and processes

whereby making it easier for businesses to engage in international trade.

2.1.6 High Level Meetings

Commonwealth Senior Trade Officials and Trade Ministers Meeting, London

The Minister for the Ministry, Hon. Dr. Viliami Uasike Latu, CEO, Mrs. Distaquaine Tu'ihalamaka and the Deputy CEO for Trade, Mrs. Lorraine Kauhenga, attended the 2023 Commonwealth Trade Ministers Meeting (CMTT) held 5 – 6 June 2023 in London. In preparation for the CMTT, the Commonwealth Senior Trade Officials Meeting (STOM) held its meeting on 2 – 3 June 2023.

The purpose of the 2023 Commonwealth Trade Ministers Meeting is to provide an opportunity for Ministers to take stock of developments in Commonwealth trade and investment since the 2022 Commonwealth Heads of Government Meeting (CHOGM), reflect on the opportunities for mutual cooperation to increase intra commonwealth trade, and provide guidance on the way forward in advance of the 2024 Commonwealth Heads of Government Meeting (CHOGM).

Special WTO Forum Trade Minister's Meeting on Fisheries Subsidies, Fiji

The CEO for the Ministry, Mrs. Distaquaine Tu'ihalamaka and the Principal Trade Officer, Mrs. Esterlina Alipate attended the WTO High-Level Event on Fisheries Subsidies which was held in-person in Nadi, Fiji from the 16 to 18 November 2022. The first two days of the event was a Capacity-Building Workshop for the six Pacific WTO Members (Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu) where their senior officials were given a detailed understanding of the FSA from the WTO Secretariat. The event also provided an opportunity for the Pacific region to reflect on the other MC12 outcomes that make up the Geneva Package and collectively consider its priorities in the post-MC12 work, in the lead up to MC13.

PACER Plus Minister's Meeting

The Acting Minister for Trade and Economic Development, Hon. Samiu Kuita Vaipulu together with Senior Officials from MTED, attended the PACER Plus Trade Ministers Meeting which was held virtually on July 27, 2022. Through a communique, PACER Plus Ministers reiterated their commitment to collaborate within the framework of PACER Plus. Their shared goal is to address challenges and develop innovative solutions that facilitate market access, support economic recovery, and enhance connectivity beyond the levels prior to the COVID-19 pandemic.

2.2 TRADE IMPLEMENTATION AND MONITORING UNIT

2.2.1 National Trade Committees

In 2021, a review of the national trade committees were conducted and submitted to Cabinet for approval as directed by the Tonga National Trade Negotiation Committee (TNTNC). In this regard, Cabinet approved in September 2022 the termination of previous trade committees and to be replaced with the establishment of the Tonga National Trade Committee (TNTC) and its Terms of Reference, and the establishment of the National Trade Facilitation and Policy Committee. In addition to this, technical committees were to be established under the approval of the TNTC.

Tonga National Trade Committee (TNTC)

The TNTC is the national apex body for trade related matters and its composition includes the Minister for MTED and Minister for Finance (co-chairs) and Chief Executive Officers of relevant Ministries relating to trade and the Governor for the National Reserve Bank. The TNTC reports directly to Cabinet through the office of MTED.

Due to competing priorities on recovery efforts from the COVID-19 pandemic and the Hunga Tonga Hunga Ha'apai volcanic eruption, the TNTC was not able to hold a meeting in this financial year.

National Trade Facilitation and Policy Committee (NTFPC)

On February 20, 2023, an in-person meeting on the establishment of the National Trade Facilitation and Policy Committee took place under the leadership of Mrs. Distaquaine Tu'ihalamaka, the CEO of the Ministry, and co-chaired by Michael Cokanasiga, the CEO of the Ministry of Revenue and Customs.

The NTFPC serves as the working committee for the Tonga National Trade Committee, providing advice on trade matters at the national, regional and international levels, while ensuring that trade-related initiatives effectively contribute to Tonga's development objectives sustainably. Additionally, the National Trade Facilitation committee requires under the WTO Trade Facilitation Agreement, Article 23.2., the NTFPC will oversee the implementation of trade agreements and activities, as well as providing the platform for discussing trade issues. The NTFPC may also recommend to the TNTC for approval, the establishment of permanent or temporary sub-committees to complement the implementation of its roles. Representatives from both the public and private sectors attended the meeting.

To assist members and relevant stakeholders in their role in the committee, an UNCTAD e-Learning Course on the WTO Trade

Facilitation Agreement was conducted October 2022 – April 2023. Participants received a certificate of completion.

Trade in Goods, Rules of Origin and Customs Procedures (TGC) Sub-Committee

The Trade in Goods, Rules of Origin, and Customs Procedures Sub-Committee had its inaugural meeting on May 12, 2023. The meeting was chaired by Michael Cokanasiga, CEO of the Ministry of Revenue and Customs, the purpose of the meeting was to formally establish the committee and define its terms of reference. The sub-committee will act as the technical body responsible for addressing and overseeing issues related to trade in goods, rules of origin, verification, and customs procedures. Representatives from both the public and private sectors who are members of the committee attended the meeting.

National E-commerce Sub-Committee

The very first National E-commerce Sub-Committee was established on the 1st February 2023, where it held its first meeting (public and private sector attended the meeting). Strategic output 1.3 of the Tonga E-Commerce Strategy & Roadmap shows to establish an E-Commerce committee to oversee monitoring and implementation of related policies. This committee consists of technical staff from the public and private sector, a coordinated approach is key into achieving measures in the strategy. They will also provide recommendations to relevant MDAs to facilitate implementation of the strategy. The committee will meet twice a year, next meeting is yet to be held this financial year.

2.2.2 Tonga Trade Policy Framework

The Tonga Trade Policy Framework (TTPF) was launched in August 2020. This framework sets out to enable Tonga to create an inclusive, sustainable and competitive trading environment leading to better trade. A “Needs Assessment” was completed in consultation with relevant MDAs to determine measures that has been completed and where priority support is needed. This exercise is to be conducted on a quarterly basis to monitor Tonga's implementation progress.

2.2.3 National E-commerce Readiness Assessment

The National E-Commerce Readiness Assessment was also launched in August 2020 together with the TTPF. The National E-Commerce Readiness Assessment showcases the status of e-Commerce here in Tonga. Similar to the TTPF, a “Needs Assessment” was also conducted.

2.2.4 Tonga E-Commerce Strategy and Roadmap

The Tonga E-Commerce Strategy & Roadmap was launched in August 2022. The strategy was completed as one of the measures in the National E-Commerce Readiness Assessment, it paves the way into having a more inclusive environment for E-Commerce in Tonga.

To assist in monitoring the activities in the roadmap, a National E-Commerce Committee was established on the 1st February 2023, which is one of the measures in the strategy to implement. In addition, the review of the ecommerce legislative framework is in the strategy and relevant E-Commerce legislations are being revised under MEIDECC and the Consumer's Affairs Division. In the area of skills development, Tonga is the first country in the Pacific to be a part of “Digital Skills” online courses funded by the Commonwealth Secretariat and implemented through the Simplilearn e-learning platform. The platform provides free courses online targeting “youths” to enhance their digital skills. This opportunity is for one year and only 200 slots are available. As of date, 118 have registered on the platform for the course. The Ministry is administering the platform.

2.2.5 Pacific Quality Infrastructure

The Pacific Quality Infrastructure (PQI) Initiative is led by Pacific Islands Forum Secretariat (PIFS) which aims to strengthen, educate and inform quality infrastructure across Forum Island Countries. The Ministry is the focal point for the PQI program with implementation of its workplan being carried together with other relevant organisations/Ministries such as the Ministry of Agriculture, Food and Forest.



The National E-commerce Sub-committee (Committee) held its first introductory meeting on the 1st February 2023.

2.3 POLICY AND PARTNERSHIP UNIT

2.3.1 Tonga Trade Fair

Tonga Trade Fair successfully completed, held 24 – 26 November 2022. The theme of the Tonga Trade Fair 2022 was “Building Tonga Better Together” (Ke tau langa ha Tonga ‘oku tu’ulua). The success of the Trade Fair was largely due to the willingness of the private sector, other government and non-government organisations, and the general public to participate in the event. The Trade Fair realised the need and demand for such an event to be held in Tonga and as such, the Ministry is prioritising to hold this event annually.



Trade Fair 2022

2.3.2 National Business Conference

On the 15-16 February 2023, the Ministry hosted the first annual National Business Conference (NBC) at Faónelua Convention Center, in collaboration with the Tonga Chamber of Commerce and Industry. The conference adopted “Building Tonga Better Together” theme from the Tonga Trade Fair to reemphasise the importance of working together for Tonga’s recovery efforts.



First National Business Conference at Faónelua Convention Center

2.3.3 Tonga Export Shipping Taskforce

The availability and affordability of shipping is a fundamental constraint to Tonga’s agricultural trade. The export of fresh produce from Tonga to overseas markets has been increasingly restricted in recent times by escalating costs and limited availability of shipping services and equipment. This constraint is a particular issue for watermelon exports from Tonga to New Zealand. In this regard, a Tonga Export Shipping Taskforce was established under the chairmanship of the Ministry, to address the shipping constraints faced by exporters with the support of the PHAMA Plus program (Pacific Horticultural Agricultural Market Access Plus).



MTED supports Mate Maá Tonga

Program 3 : Investment & Export Promotion

Outcome	Better access to, and use of overseas Trade, Employment and Foreign Investment
Output	Targeted support programs that increase and diversify Tongan exports and promote Foreign Direct Investment

The Investment & Marketing Promotion has three (3) sub-programs which are including the following:



3.1 Trade Information and Market Research

Facilitation of export products and export markets

MAJOR CUSTOMERS:

The key clients of the Investment & Export Promotion Program includes the following internal and external stakeholders:

1. Small-scale exporters
2. Export-ready businesses who have not exported
3. Importers
4. Foreign Investors
5. Domestic businesses / investors
6. Labour mobility workers / unemployed
7. General Public
8. WTO and FTA parties



3.2 FDI Promotion and Facilitation

Mobilization & Facilitation Domestic / Foreign Investment inflows



3.3 Export Marketing and Promotion

Targeted Market Access Support for businesses and exporters

3.1 Trade Information and Market Research Unit

3.1.1 Research on market price for root crops in Australia

The Ministry in collaboration with Australia Pacific Trade Invest (PTI) collated the information pertaining to wholesale price of root crops which provides very useful information to assist the Ministry in pre price analysis and finalization of bidding price for our market in Australia. The Ministry was able to finalize its bidding price both maximum and break-even price for the market of frozen root crops for both SSM International and Food Quality Supplies Limited in Australia. MTED established the following maximum price for its market in Australia including profit margin.

PRODUCT	Retail Price (AUD)	Wholesale Price (AUD)	MTED Price (AUD)
White Cassava	4.00	3.00	2.00
Yellow Cassava	4.50	3.37	2.25
Taro Pink	6.50	4.84	3.22
Yam	7.50	5.65	3.75

Table 1: Market intelligence on retail and wholesale price of root crops in Australia (2022)

Key Highlights:

1. Export Supply Chain

- Thirteen (13) container exported to overseas market in 2022/2023 FY
- Implementation of Kava & Vanilla Project for 40 registered businesses in 'Eua and Vava'u at TOP\$20,000 per business
- Implement Local Freight Subsidy Scheme program for local exporters

2. Export Promotion and Marketing

- Secure one (1) new market for fresh root crops in New Zealand (Fresh Direct) and 2 market for frozen root crops in Australia
- International Freight Subsidy Scheme for over 60 applications at TOP\$20,000 per business
- Labelling and Packaging Assistance for kava export to Australia during the kava import pilot program

3.1.2 Kava Market Access Exploration Mission to Fiji

The Ministry organized the kava market access exploration mission to Fiji in December 2022. The delegation was led by the Minister, Hon. Viliami Latu and accompanied by Mohulamu Lolomanaia, Senior Business Support Officer, and Sione Pamaka, the Founder of Uho ó Vavaú Kava- Trading. The objective of the mission was to explore market access requirements for kava and attend pre-arranged appointments with recommended kava processing facilities and kava bounding machine companies to observe processes and best practices to implement in Tonga.

Following this mission, the Ministry has been working very closely with bounding machines companies in Fiji to procure the machines for kava processing facilities.

Pacific Islands Forum Secretariat (PIFS) provided assistance with appointment/meetings logistics with kava processing companies in Fiji.

3.2 Export Promotion and Marketing

3.2.1 MTED Business Assistance Program-Freight Assistance Program

A total of 31 applications were received by the Ministry related to request for international freight assistance. The Ministry assessed and processed the 39 applications with total grant of TOP\$379,477.98 during the review period. Out of the 39 applications for freight, 12 applications were kava related with export to Australia and the United States.

3.2.2 Kava Labelling Assistance Program

The Ministry continued to provide ongoing support for kava stakeholders on kava labelling for export to Australia. This support includes review of the labelling in the kava packaging to meet the labelling requirements of Australia. The Ministry reviewed and provided comments on 11 kava label and issued 8 lot codes for kava exporters to incorporate in their labelling of kava packages for export to Australia. With this assistance program, Tonga reached 100% compliance with labelling requirement. The Ministry will continue to provide this assistance to ensure full compliance with kava labelling requirements, given Government of Australia is monitoring the compliance rate with kava imports to Australia to determine the continuity of the pilot program beyond December 2023.

Country of export	Number of Inspections	Compliance Rate
Fiji	9	77.8%
Papua New Guinea	2	50.0%
Samoa	2	50.0%
Tonga	5	100.0%
Vanuatu	3	100.0%

Table 2: Compliance rate by month of Inspection - March 2023

Tonga continued to export the highest volume of kava to Australia from December 2021 to 31 March 2023 as summarized in table 3 below.

Country of Export	Total Quantity (KG)	Number of Suppliers	Number of Consignments
Tonga	109,108.2	62	98
Fiji	54,928.0	160	314
Vanuatu	31,328.0	13	59
New Zealand	12,248.7	33	49
Papua New Guinea	2,050.0	2	2
Samoa	282.0	3	3
Solomon Islands	30.0	1	1
USA *	1.0	1	1
Grand Total	209,975.9	271	524

Table 3: Quantities exported to Australia from 1 December 2021 - 31 March 2023

3.2.3 Market Negotiation

a) Quality Food Supplies

The Ministry has finalized the market price of frozen root crops for Quality Food Supplies in Australia as provided in Table 1 above, the market demand from Quality Food Supplies for the first consignment for this year; 6,000kg of white cassava; 2,000kg of yellow cassava and 4,000 kg of yam. In preparation for the first consignment to Quality Food Supplies, the Division is struggling to secure yams from local growers for export due to tsunami and volcanic ash. Export of frozen root crops is currently on hold pending results of the monitoring exercise conducted by the Division. Cassava in both white and yellow is available in high quantities for export but not yam.

In addition, the Ministry is securing 1kg and 10kg plastic bags for cassava from either Fiji or New Zealand to meet the demand of the market. Logistics in terms of blast freezer to use for frozen

produce for export to Australia is currently underway as part of the market requirement.

b) Fresh Direct Market (Fresh root crops)

The Ministry managed to negotiate with Fresh Direct Market on the export of fresh root crops during the next quarter. Fresh Direct market is interested in taro, tarua and dry coconuts in addition to watermelon.

The Ministry finalized its bidding price and initiated the negotiation with Fresh Direct. To date, the market has yet to convince on the price. Ongoing negotiation with Fresh Direct market for a new strategy for product treatment, packaging requirements, volume per shipment, branding, supply timetable and pricing structure.



c) MG Marketing (Root crops and Dry Coconuts)

Finalized price of root crops and coconuts for shipment to MG Marketing in January 2023 from Vava'u. The Ministry was able to process 1 20ft container of mix taro and dry coconuts in January 2023. The Ministry paid the growers in full before the vessel arrived in New Zealand. The Ministry has received the full payment from the market for every shipment.

The Ministry is working very closely with the Cooperatives in Vava'u to ensure sufficient production is available for export and supply to the market one (1) container every month in order to confirm export in the next quarter once export bin arrives.

3.2.4 New market in Australia for export

A new market for root crops in Australia based in Brisbane. SSM International is one of the major importers and national

distributor of frozen root crops in Australia. SSM and MTED wishes to engage in an exclusive agreement of supply and distribution, in which SSM International will promote Tonga's True South Pacific brand in Australia. With this arrangement, the Ministry will no longer supply its current market (Quality Food Supplies Limited) in Australia once agreement is finalized.

The Ministry has finalized the price of root crops for SSM International Australia. SSM International ordered 3-4 20ft container of frozen root crops including cassava (yellow and white), yams and taro (pink and white) however Tonga cannot be able to supply. Our current capacity is 1 20ft container per month with anticipation to increase in April 2023 when Feleoko 'a Maui Cooperative starts exporting. Export volume is expected to increase.



3.2.5 Review of MTED Export Brand

In collaboration with PTI NZ, the Ministry was able to provide its comments on the final concept note for the review of MTED Export brand.



Program 4 : Business Support

Outcome	Better access to, and use of overseas Trade and Employment and Foreign Investment
Output	Targeted support programs that builds the productive capacity of local businesses

The Business Support has four (4) sub-programs which are including the following:



4.1 Community Business Development

Provision of targeted development supports that built the capacity of community businesses

MAJOR CUSTOMERS:

The key clients of the Business Support Program includes the following internal and external stakeholders:

1. Existing and potential Informal MSMEs
2. Existing and potential cooperatives and credit unions
3. Agricultural smallholder farmers
4. Artisan fishermen and aquaculture farmers
5. Women entrepreneurs
6. Handicraft makers
7. Youth entrepreneurs
8. Local Manufacturers
9. Local exporters



4.2 Informal Sector Development

Provision of targeted supports that develops the capacity of MSMEs



4.3 Business Development

Provision of targeted development support that builds the capacity of local businesses



4.4 Export Development

Provision of exports supply chains support that caters for local producers and exporters

4.1 Community Business Development

The Ministry conducted training and implementation of the Empowerment Scheme towards various crop production plans for each of the three (3) Newly Established Farmer's Cooperative Societies in Tongatapu (Halaliku, Halatahi and Fangalongonoa).

The Ministry assisted and supported each FCS's in Tongatapu on the release of the empowerment scheme. Facilitated the implementation of the Annual General Meeting (AGM), follow up and monitoring site visit to Farmer's Cooperative Societies in Ha'apai and Vava'u in collaboration with the Ministry of Agriculture, Food and Forests.

4.2 Informal Sector Development (Business Incubator)

Mango Island Distribution of Informal

The impact of the volcanic eruption on the 15th of January 2022 caused evacuation of 16 households on the island and resided at Longolongo in Tongatapu. The Ministry financially assisted the 16 households through distribution of tools and equipment worth \$1,000 per household. These tools includes lawn mower machines, weed eater machines, wheel barrows and rakes.

Key Highlights:

1. **Business Incubator**
 - 142 Informal Entrepreneurs - MTED Post Tsunami Informal Business Recovery Project; Total average of \$142,000 budget spent
 - 60 Informal MSME Support were delivered in Vava'u, Ha'apai and 'Eua (20 each)
2. **Business Accelerator**
 - Implement MTED Business Assistance Program for over 20 businesses
 - 37 local businesses were included in the Business Development Assistance of TOP\$15,000 per business (TBU: 15, 'Eua: 7, Hp: 6 & Vv.:9)
 - Co-hosted the Royal Agriculture, Fisheries, Tourism and Trade Show 2023 in Tongatapu and 'Eua
3. **Export Development**
 - 13 containers exported to New Zealand Market
 - Implementation of kava/vanilla assistance for over 40 kava stakeholders of approximately \$20,000.00 per grower.

Completion MSME Post Tsunami Recovery Project Informal MSME Post Tsunami Recovery Project

The Ministry collated and distributed the capital items amongst the 142 households that were affected by tsunami but were not included in the first distribution during the FY2021-2022. Of the 142 households, 83 households were from Ha'apai; 23 from 'Eua and 36 from Tongatapu. The total average cost of this project was of \$142,000.

Informal MSMEs Product Development Assistant Project.

Facilitated basic business training to Informal MSMEs in the outer islands of Vava'u Ha'apai and 'Eua. Survey conducted and selected top 20 informal MSMEs from each islands with total of 60 recipients with threshold amount of \$1,000 each.

The table show the islands and distribution of the informal MSMEs Product Development Assistant Project.

NAME OF ISLANDS	AMOUNT	NUMBER OF RECIPIENTS	TOTAL
Vava'u	\$1000	20	\$20000
Ha'apai	\$1000	20	\$20000
'Eua	\$1000	20	\$20000
TOTAL		60	\$60,000

4.3 Local Business Development (Business Accelerator)

Buy Tonga Made (BTM) Product Development Assistance project was developed to promote and develop locally made products, enhance, expand and strengthening the capacity of local businesses into production of products that are made in Tonga and available for sale at both local and export markets. This program was a series of steps that includes the conceptualization, design, development and marketing of newly created or newly rebranded goods or services including the product's entire journey -- from the initial idea to after its market release.

Buy Tonga Made Product Development Project was one of the key programs under the Business Accelerator, which developed to address part of the operational and technical gaps that were identified to hinder the effective functioning of the small local manufacturing businesses.

The Ministry conducted a BTM business survey in Tongatapu and Vava'u to gather information on businesses to assist the Ministry in determining the eligibility of businesses for BTM Product Development Assistance Project.

A total of 37 businesses were selected to participate in the BTM Product Development Project with financial assistance of TOP\$15,000 per business. Of the 37 businesses, 15 were selected from Tongatapu, 7 from 'Eua, 6 from Ha'apai and 9 from Vava'u. The total cost of this project for the FY2022-2023 was TOP\$555,000.

The Ministry implemented the business site visits, survey and assessment of over 20 local businesses in Tongatapu and Vava'u as part of the requirement for MTED Business Assistance program. The survey was delivered to gather information regarding the operation of businesses and to determine their eligibility for Business Assistance.

At the completion of the survey, a total of over 20 local businesses were selected as beneficiaries of MTED Business Assistance Program with maximum financial assistance of TOP\$20,000 per business. The estimated total cost for MTED Business Assistance Program for the FY2022-2023 was TOP\$247,508.98.

The Ministry co-hosted Royal AFTT Show 2023 in collaboration with Ministry of Agriculture, Food and Forests (MAFF), Ministry of Fisheries (MOF), Ministry of Tourism (MOT) and Ministry of Trade and Economic Development (MTED). The objective of the Show was to promote local productions and trading of agricultural, fisheries, handicrafts and locally manufactured products produce in Tonga.

In addition, the Show focused on ensuring food security for the local population and to further encourage trading and exporting of primary and processed produce as source of livelihood and income for Tonga.

The theme for 2023 was "Langa-fonua mei he Hunga Tonga Hunga Ha'apai mo e COVID-19". This reflects the recovery effort of key economic sectors such as agriculture, fisheries, tourism and trade in Tonga post tsunami and COVID-19. The Ministry co-hosted the show in Tongatapu on Saturday 3rd June 2023 and 'Eua on Saturday 10th June 2023.



Royal Agriculture Show 2023

The Ministry's participation in the show has proven to be successful in terms of increased level of exposure and raise awareness of the public on the array of products that were manufactured locally. The Ministry organized competitions to be held during the show on two (2) categories namely the Informal businesses and the Buy Tonga Made businesses with prizes ranging from TOP\$300-\$1,500 for best innovative booth.



The Ministry paid the growers on the following price for each product line; swamp taro at \$2.20 per kilo, tarua at \$2.00 per kilo and coconuts (XL) at 0.90 seniti per kilo; coconuts (L) at 0.80 seniti per kilo and watermelon at \$1.90 per kilo. All costs related to processing of the 13 containers were paid in full to growers and suppliers from the Private Sector Marketing Trust Fund Accounts of the Ministry.

The Ministry facilitated the implementation of Exporter Local Freight Subsidy Scheme. This assistance was provided to exporters following the approval of Cabinet on 23rd September 2020. The purpose of the initiative was to assist local exporters and producers to increase their exports from the outlying islands of Vava'u, Ha'apai, 'Eua, and the Niuas, and to support export businesses. Exporters were entitled to \$20,000 under the scheme, in which the Ministry paid the freight cost to local shipping agencies for transporting the exporters produce from the outer islands to Tongatapu.

A total of 7 applications were received and processed by the Ministry during the FY2022-2023.

During the FY2022/23, the Ministry was able to acquire a 3-ton vehicle from Vaitohi Enterprises. This vehicle has been transferred to Vava'u to support the export operation in Vava'u. In addition, a forklift was acquired from Spare Parts Zone Ltd in order to assist with export operations at the Lapaha Packhouse in Tongatapu. The Ministry secured these equipments from the recurrent budget of the Ministry.

As part of the requirements for HACCP certification of Lapaha packhouse, plastic containers and other materials, such as plastic pallets, will be sourced for use in the Packhouse.

The Ministry assisted watermelon growers through purchasing of watermelon seeds and chemicals for MTED approved watermelon growers. Seeds and chemicals were distributed to growers according to the SOP for watermelon for spraying and monitoring the produce for export to New Zealand.

4.4 Export Development

The Ministry exported 13 x 20-foot containers of agricultural products, including swamp taro, tarua and coconuts during the financial year (2022/23) according to the order received from the market (MG marketing and Fresh Direct market in New Zealand) on a monthly basis. The Ministry in collaboration with Farmer's Cooperatives Societies in Vava'u, 'Eua and Tongatapu managed to supply the Ministry on a monthly basis thus enable the Ministry to process 8 containers of fresh root crops consisting of taro, tarua, coconut and 5 containers of watermelon during the FY 2022-2023.

The Ministry purchased the produce from the growers and weighted the produce on a price per kilo.



Kava Processing Facility in 'Eua



Program 5 : Business Registry & Intellectual Property

Outcome	Strengthened business enabling environment
Output	Enabling business environment that is conducive to inclusive, sustainable and resilient economic growth

The Business Registry & Intellectual Property has five (5) sub-units which includes the following:



5.1 Business Environment Reform

Continuous work on looking into Acts & Legislations mandated under the Business Registry & Intellectual Property. The ADB, PSDI is assisting the Business Registry with finalising work on the forms and other requirement prior to the Foreign Investment Act and Regulation coming into effect. Work is also being carried out for the Foreign Investment to be included to the registry online system.

5.2 Customer Service and Information

Receive and screen applications for all registration (business license, business name, foreign investment, incorporated societies, charitable trust, co-operative societies, trademarks) on a daily basis. Receipt of all filings received and prepare pay-in

Address all enquiries (by phone and walk-in customers) regarding registering of a business license, company, business name, incorporated societies, foreign investment, co-operative societies and trademark)

Renewal of business license was free of charge under the Business Recovery Assistance. This free renewal started in the month of February and ended in November 2022. Fee for these renewals was paid from the Business Registries & Intellectual Property Division's budget allocation.

Month	No of businesses	Amount
Jul - Sep	305	\$17537.5
Oct - Dec	236	\$13570

Table 1: The following table Totals the free renewal of business license for Quarter 1 & 2 2022.

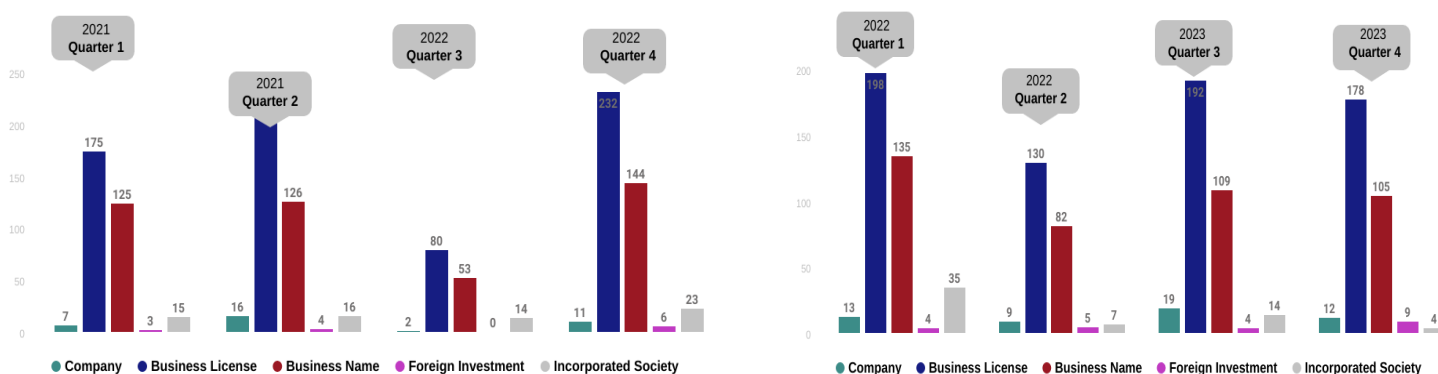
Key Highlights:

1. **Business Environment Reform**
2. **Customer Service & Information**
 - Streamlined business registration processes
 - Requirement for ancillary permits removed
 - Upgrade kiosk (Vava'u/Ha'apai)
 - Revenue collection target achieved
3. **Compliance & Enforcement**
 - Increase in business compliance
 - Exceed Revenue Target
4. **Business Registry**
 - Training staff for Co-operative Societies (Farmers Co-op)
 - Investment website completed
5. **Intellectual Property**
 - IP Day
 - Preparation work to acceding to the Madrid Protocol
 - IPAS system

5.3 Business Registry

Registration of new businesses shows an increase for January - March 2023 compared to the same period of 2022 as shown on the diagrams below. The low number of business registration in 2022 attributes to the natural disasters that occurred in January of 2022 (Volcanic eruption & Tsunami). Streamlining the business registry processes also contributes to the increase of business registrations as the Business Registry is offering a more favorable and conducive business environment to businesses.

Diagram 1 & 2 : Graphs below Totals New Registration from July 2022 – June 2023 compared to July 2021 – June 2022



5.4 Intellectual Property

IP team participated in a virtual meeting on 'Different Ways to Implement Patent Application Examination at the National Level: Experiences from the South Pacific Island Countries'. Participants were able to share their experiences and expertise on the how to examine Patent applications and ways of determining approval and granting of Patents.

A training on IP Policy Development, Patent and Trademark Administration was held in Washington DC during the first week of February. The IP Division was privileged to be able to attend this training and had received assistance in regards to providing awareness materials to be used and adapted into Tongan language. In preparation to Tonga acceding to the Madrid Protocol, the IP Division conducted their endorsement prior to acceding the Madrid Protocol.

	New Applications		Renewals	
	No. Application	Class(es)	No. Application	Class(es)
Quarter 1 2022	75	146	53	114
Quarter 2 2022	32	117	22	29
Quarter 3 2023	61	129	34	115
Quarter 4 2023	79	162	34	115

Table 2: The table below Totals the Registration for Trademarks from July 2022 - June 2023

5.5 Compliance and Enforcement

Continuation of business inspection, mainly for new businesses as well as routine inspection of existing businesses for conducted consultation with businesses and agents to get their views regarding the Madrid Protocol. They have also reached out to the Ministry of Foreign Affairs for their endorsement prior to acceding the Madrid Protocol.

With the additional staff joining the inspection team they were able to carry out inspections as well as contacting businesses via phone to follow-up and remind them about their renewal obligations.

The Business Registry is now seeing an increase in business compliance as businesses are coming in to file renewals, amendments as well as submitting ancillary permits from other Ministries.

	Enforcement Report			
	New Business	Amendment	Compliances	Co-operative Society
Quarter 1 2022	78	17	158	3
Quarter 2 2022	110	82	295	5
Quarter 3 2023	78	28	275	7
Quarter 4 2023	62	38	323	3

Table 3: The table below Totals the No. of Businesses inspected from July 2022 - June 2023

Program 6: Consumer Protection & Fair Trade

Outcome	More inclusive, sustainable and dynamic knowledge-based economy
Output	A robust consumer protection and fair-trade regime that shapes consumer and business behaviour

The Consumer Protection & Fair Trade has three (3) sub-programs which are including the following:



6.1 Consumer Research and Awareness

Provision of up-to-date research and data to protect and promote consumer awareness and education

MAJOR CUSTOMERS:

The key clients of the Consumer Protection & Fair Trade Program includes the following internal and external stakeholders:

1. Distributors (wholesales, importers)
2. Retailers (Shops and service stations)
3. Regulated service providers (taxis, heavy trucks, buses)
4. Suppliers of petroleum and LPG
5. Power Utility



6.2 Price Control

Facilitation of Competent Authority policy directions on regulated goods and services



6.3 Compliance and Enforcement

Enforcement and compliance requirements prescribed under the Consumer Protection Act, Price Control Act and Weight & Measures Act

6.1 Consumer Research and Awareness

6.1.1 Development of the Consumer Protection and Competition Policy

The Consultations on the development of the Consumer Protection and Competition Policy started in January 23rd – 27th and 17th – 21st April with the Technical assistance with the ADB Private Sector Development Initiative (PSDI).

The Tonga National Policy on Consumer Protection and Competition has been developed and is now subject to the endorsement of the Minister before it is submitted to Cabinet. According to the proposed Policy, next phase of work will be the Review of the Consumer Protection Act 2001 and Regulation 2006.

6.1.2 Proposal to PACER Plus Implementation Unit

In our efforts to improve work programs of the Division, proposals were submitted to the PPIU for policy development on the following areas:

1. Metrology – need for the regulatory review of the Weights and Measures Act 1988 and provide capacity building for the Inspectors.

Key Highlights:

1. **Consumer Research and Awareness Unit**
 - Draft Consumer Protection and Competition Policy developed
 - Approved 3 proposals with PACER Plus
 - Review of Weight and Measures Act
 - Development of Standardization
 1. Roadmap for Tonga
 2. Capacity Building in Metrology activities
2. **Price Control Unit**
 - Include cement and deformed bar in the regulated goods
 - Implementation of the review of regulated goods
3. **Compliance and Enforcement Unit**
 - Improved business enforcement as a result of increased number of prosecutions with non-compliance of Consumer Protection & Price Control Legislation and consultation programs with businesses to better understand required provisions under the Acts
 - Developed of the Enforcement Application

2. Standardisation – development of a Standardisation Roadmap for Tonga to improve exports and economic growth as well as to protect consumers.

The above proposals has been successful and work is expected to commence in the next financial year.

6.1.3 Comprehensive review of the Regulated goods and Services under the Competent Authority

A technical Advisor has been assigned to carry out the comprehensive review of the Regulated Goods and Services (except petroleum and LPG). The Review Report is expected to develop a system in place and processes to address the ongoing issues in the market with business non-compliance on the regulated goods. Consultations has been carried out in Tongatapu and will continue to the outer islands. Final report to be completed by the first quarter of the next financial year.

6.1.4 Pacific Quality Infrastructure (PQI) Program

The Division is the focal point for Metrology and Standards under the Pacific Quality Infrastructure Program and has become members of the Pacific Islands Standards Committee (PISC) and the Pacific Islands Metrology Committee.

We have participated in various virtual meetings and trainings throughout the year and the first face to face PISC meeting was held in New Caledonia from the 29th May – 2nd June. As a Member of PISC, we have submitted our request to become a member of Pacific Area Standards Congress (PASC) on the 30th June 2023.

6.1.5 Contract for the Petroleum Advisor

The annual contract for the Petroleum Advisor has been updated and endorsed by Finance. The Petroleum Advisor continues to provide advise and support as well as capacity building for the implementation of the monthly, quarterly and annual Review of the Petroleum and LPG under the Competent Authority.

6.1.6 Consumer Awareness and Education Programs

Consumer Help Desk – we continue to provide services to consumers with our help desk to register complaints directly to the office, via phone or to the Facebook page. Our offices in Ha'apai, Eua, Vava'u and NTT also can register and investigate consumer complaints.

Toll Free number – the Consumer Toll free number 0800600 provides free calls from both TCC and Digicel customers.

SMS Text – Our 3 weekly sms text blast with Digicel is still ongoing where we provide updates and inform consumers of issues and to help them become more responsible consumers.

Special Radio talk back and TV programs – special radio and TV programs were held to mark the World Consumers Rights Day on the 15th of March.

Participation in key events – we participated at the Royal Agricultural Show in Tongatapu and Eua, and also participated at the World Food Day Exhibits in October to promote awareness to Consumers.

6.2 Price Control

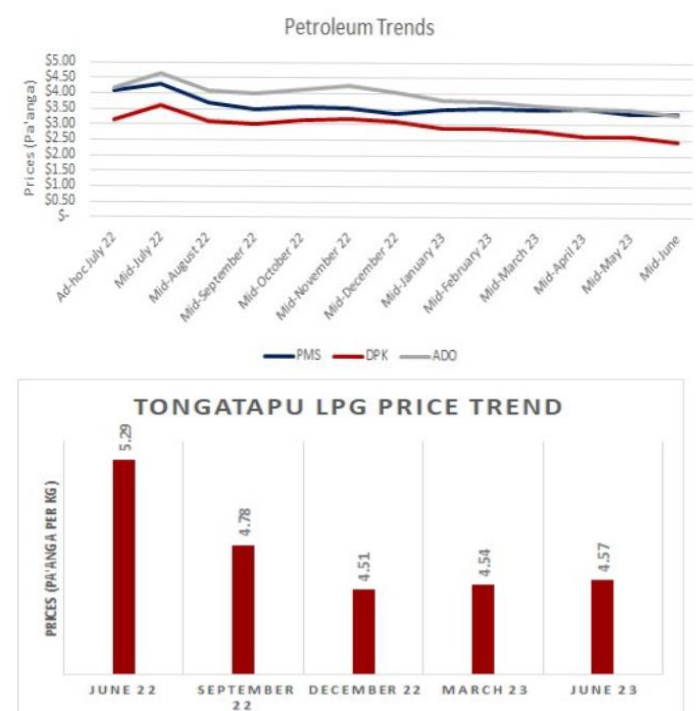
6.2.1 The Government Petroleum Subsidy

It was implemented effective 1st July 2022 and was completed on the 17th October. This subsidy was 20 seniti per litre for Petrol and diesel and was help the Tongan consumers with the continuous increase in petroleum prices.

The Price Control unit worked closely with both Suppliers and Ministry of Finance to verify the sales document before reimbursement of funds to both suppliers. The summary of the Total Government Petroleum subsidy was a total of \$608,298.71 shared between the 2 suppliers (PE \$1,586,298.71 /Total \$608,298.71)

6.2.2 Petroleum & LPG Price Review

The petroleum and LPG pricing instruments were successfully implemented according to schedule. The Annual Petroleum Review program 2022 Report was endorsed by the Competent



Authority and the updated template was incorporated on the August Price review. The LPG Annual price review was on hold due to the delay in submission of the Tonga Gas's audited financials. Final report has been prepared and is subject to the endorsement of the Competent Authority before the template is update.

6.2.3 List of regulated goods and Services

The Competent Authority approved to include cement and deformed bar in the regulated list effective 1st July 2022. The Competent Authority also approved to increase the mark up for Flour and Milk effective on the 9th March 2022.

Product	Old Mark up	New Mark up	Others
Flour (all standards flour)	5% wholesale 3.5% retail	10% wholesale 12.5% retail	2.5% other costs on the price template
Milk (liquid/powder)	5% wholesale 7.5% retail	10% wholesale 12.5% retail	2.5% other costs on the price template

6.2.4 Comprehensive Review of Regulated Goods under the Competent Authority

A Technical advisor has been assigned to implement the review of the list of regulated goods and services under the competent Authority. Consultations in Tongatapu was carried out in June with the outer islands in July. The review report is expected to be submitted for the endorsement of the Competent Authority in September.

6.3 Compliance and Enforcement

6.3.1 Prosecutions of non-compliant businesses

The prosecutions of non-compliant business in Tongatapu continued and started in Vava'u in October 2022. The Office in Vava'u joined the Ministry of Police Prosecution office in Vava'u in the implementation of their first prosecutions. Enforcement Officer from Tongatapu travelled to Vava'u to provide training in the Vava'u Office for the collection of evidences and preparations of prosecution documents to be submitted to the Policy Magistrate Office. A total of 20 businesses were prosecuted with total penalty charges of over \$18,000.

6.3.2 Enforcement Application (App)

The development of the Enforcement App has been completed. The objective of the development of the App is to improve efficiency in the daily enforcement inspections with increased number of inspections implemented, improved reporting and save costs from the use of printed forms for inspections.

The contractor, Mr. Arthur Cocker carried out 2 trainings on how to use the App with the Inspectors.

Further trainings will be carried before the implementation of the Enforcement App.

6.3.3 Government Inter-Agency Taskforce Program

A special joint taskforce inspection was carried out with the Food Division, MAFF from the 22nd – 24th of June 2023. They inspected a total of 28 businesses



Mr A. Cocker train the enforcement team on how to use the Enforcement App

The purpose of this Inspection is to monitor the market during the busy events of the year with the Church Conferences.

6.3.4 Registration and calibrations of Legal Metrology Equipment

The enforcement continues with the monthly testing of service station pumps and the 6 monthly registration of new measurements (scales and lengths) under the Weight and Measures Act.



Consumer Protection & Fair Trade Team

Program 7: Labour

Outcome	Better access to, and use of overseas Trade and Employment and Foreign Investment
Output	Labour market conditions and standards that support business growth, decent work and higher labour participation

The Labour has three (3) sub-programs which are including the following:



7.1 Employment Regulatory Environment

Improved strategies to improve the labour regulatory environment are developed and implemented

MAJOR CUSTOMERS:

The key clients of the Labour Program includes the following internal and external stakeholders:

1. Workers in the domestic labour market (both locals and foreign, and formal workers in both the formal and informal sector)
2. Registered business and employers
3. Workers association
4. Employer's association
5. Unemployed working population



7.2 Labour Market Research and Information

Strategies to provide accurate labour market information for evidence-based policy recommendations to increase employment and job placements of the unemployed are developed and implemented



7.3 Labour Standards and Decent Work

Strategies to promote decent work and effective labour standards are developed and implemented

7.1 Employment Regulatory Environment

The activities of the Employment Regulatory Environment Unit was designed to deliver outputs that 'improve the labour regulatory environment by establishing labour standards to promote increased business growth and job creation.' Three (3) key outputs were implemented by this Unit.

7.1.1 The Employment Relations Act 2020

Since the removal of national restrictions on COVID-19 in August 2022, the MTED and AGO worked closely on preparing and resubmitting the Employment Relations Act 2020 to the Privy Council for royal assent consideration. Decision is pending.

7.1.2 Tonga's Labour Mobility Supply Management Strategy (TLMSSMS)



Tonga Launches Labour Mobility Supply Management Strategy

Key Highlights:

1. **Employment Regulatory Unit**
 - Above 80% target timeliness & accuracy of Policy Advice on Employment Visa for Foreigners
2. **Employment Regulatory Unit**
 - Above target achievement of Employment Services:
 - JS Registration – Target (70) Actual (443)
 - 1 JS & Employer workshop (new)
 - Job Placement Target (5) Actual
3. **Labour Standards and Decent Work Unit**
 - Decent Work Country Program (DWCP) for Tonga:
 - Re-establishment of the Tonga National Tripartite Consultation Committee (TNTCC)

Tonga became the first labour sending country in the Pacific to develop a labour supply management strategy to improve domestic labour supply management to meet international labour demands while supporting long term private sector development. Development of Tonga's TLMSMS was funded by the PACER Plus Implementation Unit (Samoa), with technical contributions from experts in labour mobility and labour migration from Australia and New Zealand, supported by a technical working group of government officials from the MTED, MIA, MET and Tonga Statistics Department. The LMSMS was endorsed by Government and launched by the Prime Minister in April, 2023.

7.1.3 Policy Advice on Employment Visa for Foreigners

The number of new employment visa applications this FY was four times higher since the COVID-19 lockdown period, FY2020 – FY2021. Similarly, the number of visa applications supported was over three (3) times higher in the same period. This trend is shown below in Figure 7.1.

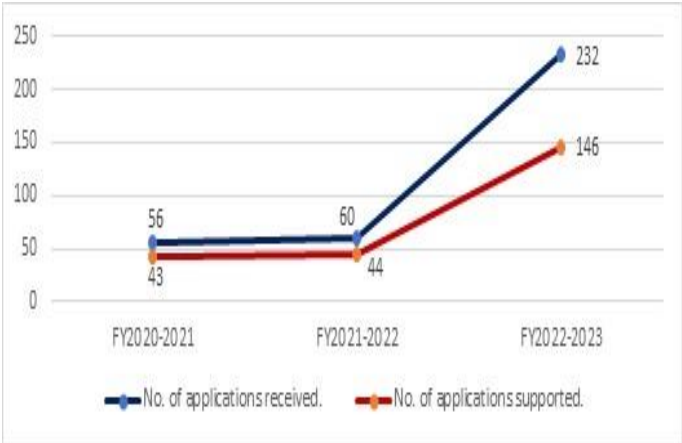


Figure 7.1: Number of New Employment Visa Applications from FY2020/2021 to FY2022/2023.

The graph above shows the last trends in the last two financial period, the main recruiting sectors are; retail and distribution, tourism, construction, and services.

7.2 Labour Market Research and Information Sub-Program

The Labour Market Research and Information Unit implemented two (2) key outputs to contribute to its strategic outcome of 'providing accurate labour market information for evidence-based policy advice, and providing employment services to increase employment in Tonga.'

7.2.1 Labour Market Information

Key indicators of the labour market were updated to reflect details of the 2021 Census that was launch towards the end of 2022. Additional data were collected from a rapid assessment survey of over 160 businesses in the development of Tonga's Labour Mobility Supply Management Strategy in February, 2023. The key findings from this indicated a lack of skills and skills mismatch in the labour market.

7.2.2 Employment Services

The number of job seekers registered exceeded the target set for this reporting period, and increased by almost four (4) times the number in FY2021-2022. Number of new vacancies recorded almost doubled, and although the number of job placements also exceeded the target this year, in comparison to previous year, there was a decrease in placement. Details are Figure 7.2. below.

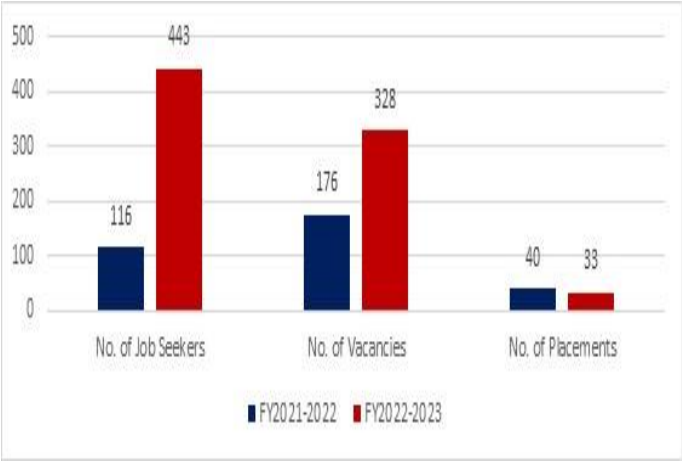


Figure 7.2: No. of Job Registered Job Seekers v No. of Job Placements (Employed)

Eighty-two per cent (82%) of registered job seekers were females and most job seekers were at the age of between 18 to 30 with secondary school qualification. To further assist matching of job seekers with suitable jobs, the first workshop between job seekers and employers with vacancies was held in February 2023.

7.3 Labour Standards and Decent Work Sub-Program

The activities of the Labour Standards and Decent Work Unit revolved around two (2) key outputs, in order to achieve its strategic goal of 'promoting, developing and implementing decent work and effective labour market standards.'

7.3.1 Re-establishment of the Tonga National Tripartite Consultation Committee (TNTCC)

After three (3) years since its last meeting, and for a longer period of trying to maintain regular meetings and social dialogue, the Tonga National Tripartite Consultation Committee (TNTCC) was successfully re-established under a revised Terms of Reference. One change in membership of all tripartite groups – Government, Employers and Workers – was made.

In its first meeting, the TNTCC approved the recommendation to assess three (3) Conventions – Minimum Age (C138), Employment Policy (C122), and the Maritime Labour Convention, 2006 to determine suitability and benefits of ratification for Tonga. The TNTCC also endorsed the recommendation for Tonga to be represented and engage in select meetings of the International Labour Conference (ILC) in Geneva, Switzerland.

7.3.2 Representation in the 111th Session of the International Labour Conference (ILC)

Tonga was represented at the International Labour Organization's 111th session of the International Labour Conference (ILC) in Geneva, Switzerland, June 2023 by a tripartite delegation led by the Minister for Trade and Economic Development, Hon. Dr. Viliami Uasike Lātu , and included two (2) Government officials from the MTED, the President of the Tonga Chamber of Commerce and Industries, and the President of the Friendly Islands Teachers Association. The Minister addressed the Conference and affirms Tonga's commitment to the decent work agenda and improving labour standards. The Minister also calls on the ILO to support Tonga's efforts to implement labour standards measures, and discussed these in detail in a bilateral meeting with the Assistant Director General of the ILO and Director of the Asia-Pacific Region. The outcome of the Conference included the adoption of 1 new instrument - Quality Apprenticeships Recommendation, 2023 (No.208), and two (2) amendments – Safety and Health Working Environment (Consequential Amendments) Convention, 2023 (No.191), and Safe and Healthy Working Environment (Consequential Amendments) Recommendation, 2023 (No.207). The Conference also approved the abrogation of one (1) international labour Convention and withdrawal of four (4) international labour Conventions, one (1) Protocol, and eighteen (18) international labour Recommendations.



Representation in the 111th Session of the International Labour Conference (ILC)

SIGNIFICANT ISSUES AND CHALLENGES

- High freight cost due to global external factors outside of the Ministry continues to increase the cost of doing trade.
- Shortage of local business trainers with the business expertise in the areas of micro MSME development.
- Lack of technical staff and the need to upskill the current skill set of staff. Also the need to recruit more inspection officers to promote business compliance and consumer compliance.
- Changing priorities due to the COVID-19 and Hunga Tonga Hunga Ha'apai Tsunami meant that the Ministry had to redirect its resources to address these unforeseen circumstances.
- Financial resources had to be rediverted to cater for the sudden implementation of the Royal Agriculture, Fisheries Tourism and Trade Show 2023.

DISCLOSURE AND LEGAL COMPLIANCE

- All procurement matters are processed according to the Procurement Regulations 2020.
- All cash receipts, expenditures and grants are processed according to the Public Finance Management Act and Treasury Instructions.
- Audit Inspection for the main office for July 2021 – July 2023 is currently being undertaken as of 15th August, 2023 in which the findings will be reported in the Annual Report 2023/24.

CONCLUSION

The 2022/23 FY was guided by the budget theme of “Accelerating Tonga’s Climate and Disaster Resilience through COVID-19 Recovery” given the 2021/22 FY was clouded with COVID-19 and the Hunga Tonga Hunga Ha’apai volcano. It was important for government to aid boost the economy by promoting a more inclusive, sustainable and dynamic, knowledge-based economy. MTED was able to achieve this goal by making the ease to do business easier, this ultimately contributed to the Ministry being able to exceed its Revenue target of \$664k by \$11k for the first time in the past three financial years.

The budget utilized for the 2022/2023 financial year was 99% of the revised budget, in which MTED was one of the eight ministries that exceeded their original budget. MTED was also able to access funds (i.e., approx. \$800k) from the growth committee funds centralized in the Ministry of Finance to aid Kava manufactures and further provide freight subsidies for the export of Kava amongst other assistances provided to local business.

The achievements of the Ministry are due to the combined efforts and leadership of Hon. Dr. Vilimami Uasike Latu, the commitment of the executive team, together with the support and dedication of MTED staff.

2023/24 FY will be another challenging year, as we continue to recover from the global shocks of the COVID-19, HTHH and the disruption of the oil supply given the Russia -Ukraine war which continues to contribute to our inflation. However we are optimistic that as we continue to rebuild as a nation, economic growth should steadily improve with the assistance of relevant stakeholders and the combined efforts of our fellow citizens, we can continuously strive towards a more progressive Tonga supporting a higher quality of life in the next financial year.

ANNEX 1 MINISTRY'S LEGISLATIONS

NO.	LEGISLATION	MAIN PURPOSE
1	Business Licenses	Licensing of business activities
	Business Licenses Regulations	Implementation of the Business Licenses Act
2	Charitable Trusts Act	Incorporation and registration of religious, educational and other charitable trusts and societies
	Charitable Trusts Regulations 2009	Implementation of the Charitable Trusts Act
3	Companies Act	Incorporation of companies and related matters
	Companies Regulations	Implementation of the Companies Act
	Companies (Liquidation) Regulations	Liquidation of companies
4	Consumer Protection 2000	Protection of consumer interests
	Consumer Protection (Product Safety and Labelling Standards) Regulations	Product safety and labelling standards
5	Cooperative Societies Act	Formation of Cooperatives and the regulation of their operation
	Cooperative Societies Rules	Rules to be adopted by cooperative societies
6	Copyright Act	Protection of literary and artistic works
7	Credit Unions Act	Formation of credit unions and their regulation
8	Foreign Investment Act	Facilitation of foreign investment and reservation of certain business activities for Tongans
	Foreign Investment Regulations	Implementation of the Foreign Investment Act
9	Incorporated Societies Act	Incorporation of non-profit organizations
10	Industrial Property Act	Protection of industrial properties, patents, integrated circuits, industrial designs and trademarks

MINISTRY'S LEGISLATIONS

NO.	LEGISLATION	MAIN PURPOSE
	Industrial Property Act	Implementation of the Industrial Property Act
11	Personal Property Securities Act	Facilitation of business and consumer credit by allowing the use of personal property as security
	Personal Property Securities Regulations	Implementation of the Personal Property Securities Act
12	Price and Wage Control Act	Regulation of the price of goods and services and wage rates
13	Protection of Lay-out Designs (Topographies) of Integrated Circuits Act 2002	For the protection of plans which show the three dimensional location of the electronic components of an integrated circuit.
14	Protection of Geographical Indications Act 2002	Protection of signs used on products that have a specific geographical origin
	Protection of Geographical Indications Regulations	Implementation of the Geographical Indications Act
15	Protection of Layout-Designs (Topographies) of Integrated Circuits Act	Protection of plans which show the three dimensional locations of the electronic components of an integrated circuit
	Protection of Layout-Designs (Topographies) of Integrated Circuits Regulations	Implementation of the Protection of Layout-Designs (Topographies) of Integrated Circuits Act
16	Receivership Act 2015 (not yet in force)	Appointment of receivers, their powers and duties
17	Registration of Business Names Act 2013	Registration of business names
	Registration of Business Names Regulations	Implementation of the Business Names Act
18	Weights and Measures Act	Uniform standard and units of measurement
19	International Arbitration Act 2020	Dispute settlement option for commercial businesses

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