



QUARTERLY DEBT BULLETIN as at 31 December 2013

This report summarises the Government's (GoT) debt position during the FY 2013/14 from 1 July to 31 December 2013, in millions of Pa'anga. Comparisons have been made to the previous quarter (September 2013), and to the previous year (31 December 2012). The information covers external, domestic, on-lent and guaranteed debt.

1. Total public disbursed outstanding debt (DOD) as at 31 December 2013 is estimated at \$378.7m (*at 44.7% of GDP*). **Total public debt increased** by \$8.6m between September 2013 and December 2013. This was mainly due to depreciation of the Pa'anga against the major borrowing currencies: to Chinese Yuan Renminbi CNY by 11.8% and to Special Drawing Rights SDR¹ (7.4%).

2. External debt is recorded at \$349.2 (*41.2% of GDP*) with the **main creditors** of Export-Import Bank of China (EXIM) at \$225.6m (*65%*), the Asian Development Bank (ADB) at \$64.5m (*19%*) and IDA (International Development Agency, World Bank) at \$42.1m (*12%*). The **main outstanding loan currency denomination** is in the CNY at \$233.2m (*66.8%*), SDR at \$115.4m (*33.0%*). The **significant movement of the Pa'anga** against the borrowing currencies during December 2012 to December 2013, showed a **depreciation of the Pa'anga** against the **EUR (10.7%)**; **CNY (8.7%)**; **GBP (8.3%)**; **SDR (6.0%)** and **USD (5.8%)**. With **appreciation** against the **JPY (12.5%)**; and **AUD (9.1%)**. There were **no external loan payment arrears**.

3. Domestic debt is recorded at \$29.5m (*3.5% of GDP*), for GoT bonds on issue. The **main bond holders** are Financial Institutions at \$17.3m (*59%*), Retirement Fund Board at \$6.7m (*23%*) and Individuals at \$5.4m (*18%*). There were **no domestic loan payment arrears**.

4. Total debt service (expenditure) as at 31 December 2013 is estimated at \$6.57m, mainly for *external debt* at \$5.9m (*90%*) and for *domestic debt* at \$0.7m (*10%*). This is equivalent to 0.8% of *GDP* (at \$879m), in ratio to recurrent revenue (GoT) of 8.1% (at \$81.6m) and in ratio to recurrent expenditure of 7.7% (at \$85.8m).

For *external debt*, the main projected repayment months are September 2013 at \$3.08m (*23.9%*) and March 2014 at \$3.1m (*24.3%*) being mainly to EXIM; and for *domestic debt* is April 2014 at \$5.3m (*71%*) and June 2014 at \$1.3m (*17%*) for bond principal and interest payments.

Table 1: Sovereign Debt Sustainability Indicators

Indicators	IMF-GoT Threshold (%)	FYTD 2013/14 (%)
<i>NPV of external debt as</i>		
% of GDP (& remittances)	36	33
% of exports (& remittances)	120	93
% of recurrent revenue	250	214
<i>Debt Service as:</i>		
% of exports (& remittances)	16	1.8
% of recurrent revenue	20	4.0

Chart 1: Total Public Debt to GDP as at 31 December 2013

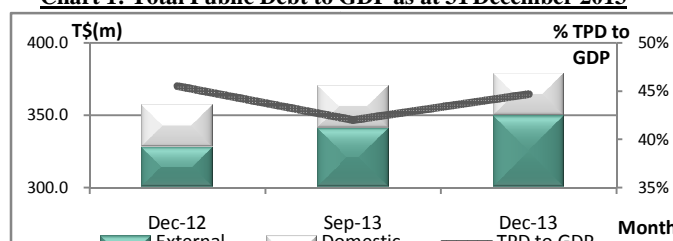


Chart 2: External DOD by Creditor as at 31 December 2013

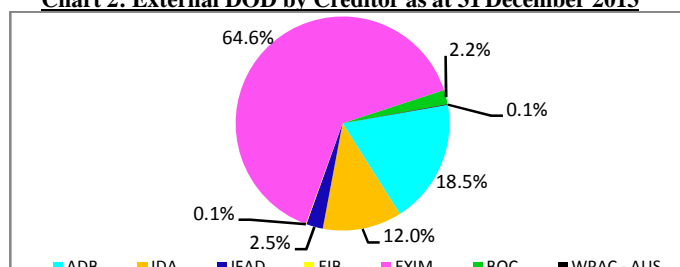


Chart 3: External DOD by Currency as at 31 December 2013

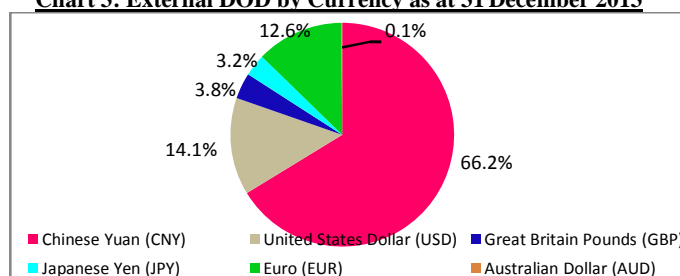
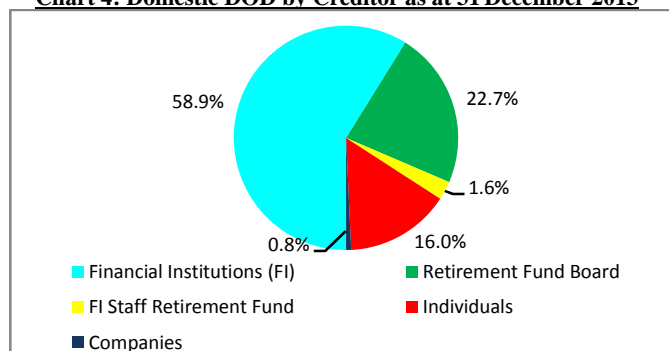


Chart 4: Domestic DOD by Creditor as at 31 December 2013



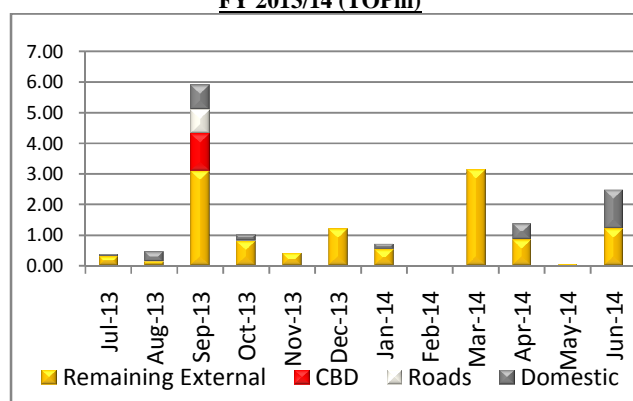
¹ SDR Currency Weighting: (USD 41.9%, EUR 37.4%, GBP 11.3%, JPY 9.4%)



MINISTRY OF FINANCE AND NATIONAL PLANNING
Government of Tonga

The following Chart shows position of the annual debt service over the FY 2013/14, excludes any fluctuation of FC rates also deferred repayments for China loans pending final terms to be formalised soonest on advice from PRC officials.

Chart 5: Total Public Debt Service
FY 2013/14 (TOPm)



5. Total on-lent loans as at 31 December 2013 due to the GoT from various public and other enterprises is estimated at \$63.3m (7% of GDP; and 18% of total

external loans). The main Borrowers are Tungi Colonnade (Tungi Arcade) at \$16.6 (26%), Janfull International Dateline Hotel Ltd. at \$11.5m (18%), OG Sanft Ltd. at \$10.3m (16%), MF Taumoepeau Ltd. at \$7.2m (11%), City Assets (Molisi) at \$6.8m (11%) and also to Royco Amalgamated Co. Ltd at \$2.2m (4%) for portion of external loans from EXIM China. The **total on-lent loan payment arrears** is estimated at \$15.9m, for loans due from Janfull Ltd. at \$9.0m (57%) and Seastar Ltd. at \$6.0m (38%), and repayments due from CBD projects at \$0.88m (5%). **Total debt service (revenue)** as at 31 December 2013 is estimated at \$1.19m, for on-lent loan repayments from Tonga Communications Corporation (TCC) \$0.92m as settlement of their on-lent loan in August (77%), from Tonga Development Bank (TDB) \$0.21m (18%) and Royco \$0.05 (5%).

6. Total guaranteed debt as at 31 December 2013 is estimated at \$0.15m (0.02% of GDP and 0.04% of total public debt). The only borrower is TDB for prior bond issues. There were **no guaranteed loan payment arrears**.

Table 2: Summary Debt Ratios

Particulars	Dec-12	Sept-13	Dec-13	QTR change (%)	YTD change (%)
Total Public Debt (USD\$)	205.2	205.9	205.8	0.1	0.3
Total Public Debt (TOP\$)	356.9	370.2	378.7	2.3	6.1
Domestic Debt	29.5	29.5	29.5	-	-
External Debt	327.5	340.7	349.2	2.5	6.6
Total Public Debt to GDP (%)	45.5	42.0	44.7	2.3	-1.8
External Debt to GDP	41.7	38.7	41.2	2.5	-1.3
Domestic Debt to GDP	3.8	3.5	3.5	-	-7.5
Total Debt Service (\$)	11.7	4.0	3.6	-10.0	-69.2
Principal	8.0	1.1	3.1	181.8	-61.3
Interest	3.7	2.9	0.5	-82.8	-86.5
External	5.6	3.5	5.9	68.6	5.4
Domestic	5.9	0.5	0.7	40.0	-88.1
External Debt by Creditor category (\$)	356.9	340.2	349.2	2.5	6.6
Multilateral	327.5	114.5	115.7	1.0	1.8
Bilateral	29.5	225.7	233.1	3.3	9.3
Commercial	0.5	0.4	0.4	-2.8	-13.2
Debt Composition by Instrument Type (\$)	356.9	370.2	378.7	2.3	6.1
Loans	327.5	340.7	349.2	2.5	6.6
Bonds/Notes	29.5	29.5	29.5	-	-
Foreign Currency Risk (%)					
% of debt in Chinese Yuan	65.1	66.2	66.8	0.8	2.5
% of debt in SDR	34.6	33.5	33.0	-1.5	-4.5
% of debt in other currencies	0.3	0.2	0.2	-4.6	-22.6
% of Foreign Debt	91.7	92.0	92.2	0.2	0.5
Fiscal Indicators (%)					
Total Debt Service to Expenditure	6.5	2.0	1.8	-10.0	-72.1
Total Debt Service to Revenue	7.4	2.5	2.2	-10.0	-70.2
Interest to Expenditure	0.5	1.5	0.3	-82.8	-49.7
Interest to Revenue	2.3	1.8	0.3	-82.8	-86.7
Vulnerability Indicators (%)					
Reserves to External Debt	77.5	75.9	74.6	-2.1	-3.7
External Debt Service to Exports/Remittances	2.1	1.2	1.6	29.3	-26.4
External Debt Service to Exports	3.7	2.2	3.6	64.7	-3.1

Source: MoFNP and NRBT