



**MINISTRY OF TRADE & ECONOMIC
DEVELOPMENT**

ANNUAL REPORT 2021 - 2022



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LIST OF ABBREVIATIONS

ADB	:	Asia Development Bank
AfT	:	Aid for Trade
AGO	:	Attorney General’s Office
ASYCUDA	:	Automated System Customs Data
BTM	:	Buy Tonga Made
CEO	:	Chief Executive Officer
CIIE	:	China International Import Expo
COVID-19	:	Co- Corona, VI – Virus, D – Disease, 19 – 2019 (2019 novel coronavirus)
CSD	:	Corporate Services Division
DWCP	:	Decent Work Country Program
EIPO	:	World Intellectual Property Organization
ERAC	:	Employment Relations Advisory Committee
FYMP	:	Financial Year Management Plan
IEPA	:	Interim Economic Partnership Agreements
ILO	:	International Labour Organisation
ILS	:	International Labour Standards
KPI	:	Key Performance Indicators
LPG	:	Liquefied Petroleum Gas
MSME	:	Micro, Small, and Medium Enterprises
MTED	:	Ministry of Trade and Economic Development
PHAMA	:	Pacific Horticultural and Agricultural Market Access
PICTA	:	Pacific Island Countries Trade Agreement
PIFS	:	Pacific Islands Forum Secretariat
PPD	:	Public Private Dialogue
PPSA	:	Personal Property Security Act
PTI	:	Pacific Trade Investment
QSMH	:	Queen Salote Memorial Hall
RIPO	:	Registry and Intellectual Property Office
RoO	:	Rules of Origin
RSE	:	Recognised Seasonal Employer
SWP	:	Seasonal Worker Program
TFA	:	Trade Facilitation Agreement
TNTCC	:	Tonga National Tripartite Consultation Committee
TPR	:	Tonga Policy Review
TSDF II	:	Tonga Strategic Development Framework II
TTPF	:	Tonga Trade Policy Framework
UNCTAD	:	United Nations Conference on Trade and Development
WTO	:	World Trade Organisations

MINISTER'S STATEMENT



With the first Covid-19 case registered in Tonga on 29th October, 2021, together with the Hunga Tonga Hunga Ha'apai (i.e., HTHH) Volcanic eruption on 15th January 2022, Tonga's resilience to these unprecedented times is purely by the grace of God.

“It is with that faith in god that we are saved” and with that it gives me great pleasure to submit the Annual Report of the Ministry of Trade & Economic Development (MTED) for the financial year July, 2021 – June, 2022 which highlights the achievements and challenges of the Ministry.

The Covid-19 cases detected in Tonga resulted in Consumers panic buying, many if not all business had to operate under strict Covid-19 protocols which resulted in a decline in business activity. In addition, the HTHH volcanic eruption, resulted in Tonga's internet cable being badly damaged and the therefore, Kingdom being disconnected from the rest of the world.

Despite these difficult times, the Ministry continues its partnership with its stakeholders to further identify ways to improve our business environment in order to promote inclusive, sustainable and resilient growth.

With the combined efforts and leadership of the Prime Minister and Cabinet, government expertise across the civil service, development partners, the Ministry will continue to provide business assistance to affected businesses with the goal to ease the economic shocks due the unprecedented events mentioned above and further promote economic recovery.

I am confident that despite the challenges that lie ahead, through a one government approach and the dedication of the CEO, Mrs. Distaquaine Tu'ihalamaka and staff who continue to provide strong, competent leadership and dedication, MTED will continue to deliver core functions of the Ministry and support economic recovery and growth.

Respectfully,

Hon. Dr. Viliami Uasike Latu

Minister for Trade and Economic Development



WORD FROM THE CEO



The Ministry's Annual Report for the 2021-2022 Financial Year is prepared in accordance with section 13 F of the Public Service Act 2020 where it reports and captures the performance of the Ministry with regards to its key deliverables stated in the Ministry of Trade & Economic Development Corporate Plan for the 2021-2022 financial year.

This report highlights assistance provided by the Ministry to local businesses to encourage productivity, targeting support programs that increase and diversify our Tongan exports and further promote foreign direct investments amongst other MTED initiatives.

The Ministry of Trade & Economic Development provided much needed business assistance to communities/businesses due to the impacts of Covid-19 lockdown and Hunga Tonga Hunga Ha'apai Volcanic eruption with the aims of promoting an economy that is more productive, resilient and sustainable.

Work undertaken in the 2020-2021 financial year would not have been possible without the support and leadership of the former minister for MTED Hon. Tatafu Toma Moe'aki and the current minister Hon. Dr. Viliami Uasike Latu who assumed office on 29th December, 2021.

With the combined efforts of all relevant stakeholders, MTED will continue to strive to contribute to achieving the TSDF II national vision of a *"more progressive Tonga supporting higher quality of life for all"*.

Respectfully,

A handwritten signature in black ink, appearing to read 'Distaquaine', written over a horizontal dotted line.

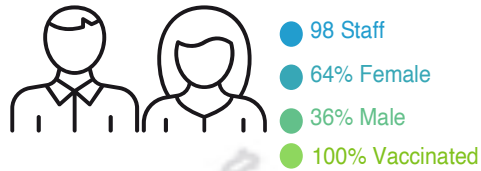
Distaquaine Tu'ihalamaka

Chief Executive Officer

Ministry of Trade and Economic Development



MTED DASHBOARD



	2020/21 FY	2021/22 FY
% of Expenditure	93%	97% of \$7.48m
% of Revenue collected	95%	93% of \$664k
Procurement	85%	80%
Asset Registry	\$1.46m	\$1.53m



Economic Overview

- GDP Negative growth of 2.5% compared to previous 1.2%
- 13% Inflation surpassing the highest inflation rate recorded in 2008 (12.2%)
- Agriculture exports increase in May 2022 with 319 tonnes root crops

Financial Summary

COVID-19 Assistance

Approximately \$8.5 million distributed to businesses and wage subsidy



Achievements

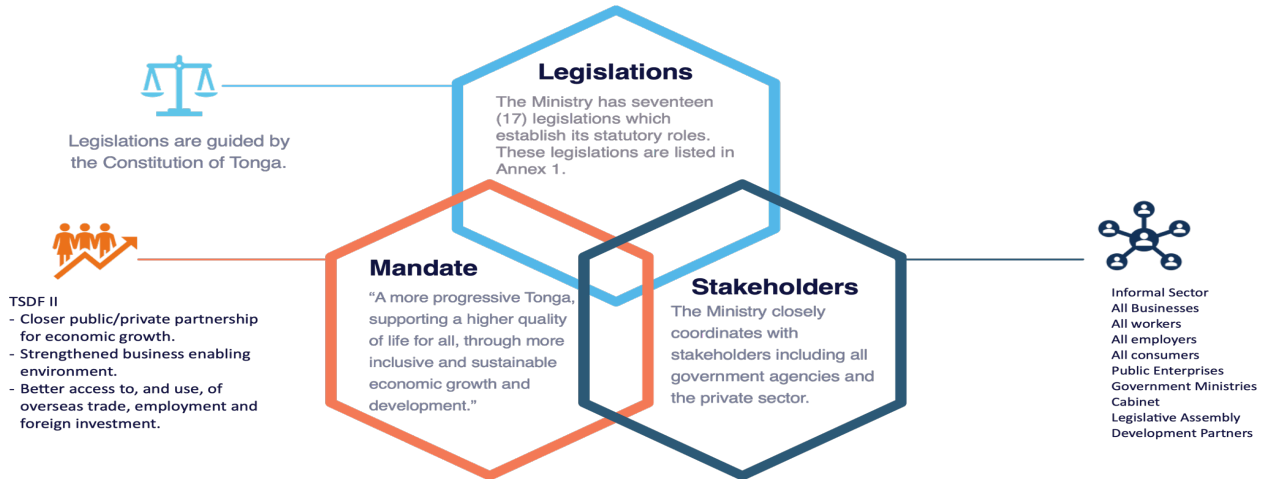
- Lapaha district Packhouse
- Sugar import substitution initiatives
- KAVA labeling assistance
- Foreign Investment Regulation 2021
- Approval of Annual Report 2020/21 by Legislative Assembly on 31 August

Key Data

36 New Company Registrations	696 New Business Licences	13 New Foreign Investors	72 New Incorporated Society
60 Employment Visas Processed	112 Job Seeker Placements	206 Consumer complained resolved	11 Export Containers
3 New Farmers Cooperatives	143 Trademarks	3 Patents	3 New Product added to CA

OVERVIEW OF THE MINISTRY

The Ministry operates in an environment guided by the Constitution of Tonga and the seventeen (17) legislations which establishes its statutory roles. Key functions of the Ministry are stipulated under these 17 legislations which are listed in **Annex 1**.



The Ministry’s mandates are based on the Tonga Strategic Development Framework II national economic outcome; “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.



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



Leader in enabling private sector growth and development



Teamwork
Innovation
Performance Oriented
Accountability
Whole Ministry - Responsibility

ORGANISATIONAL STRUCTURE

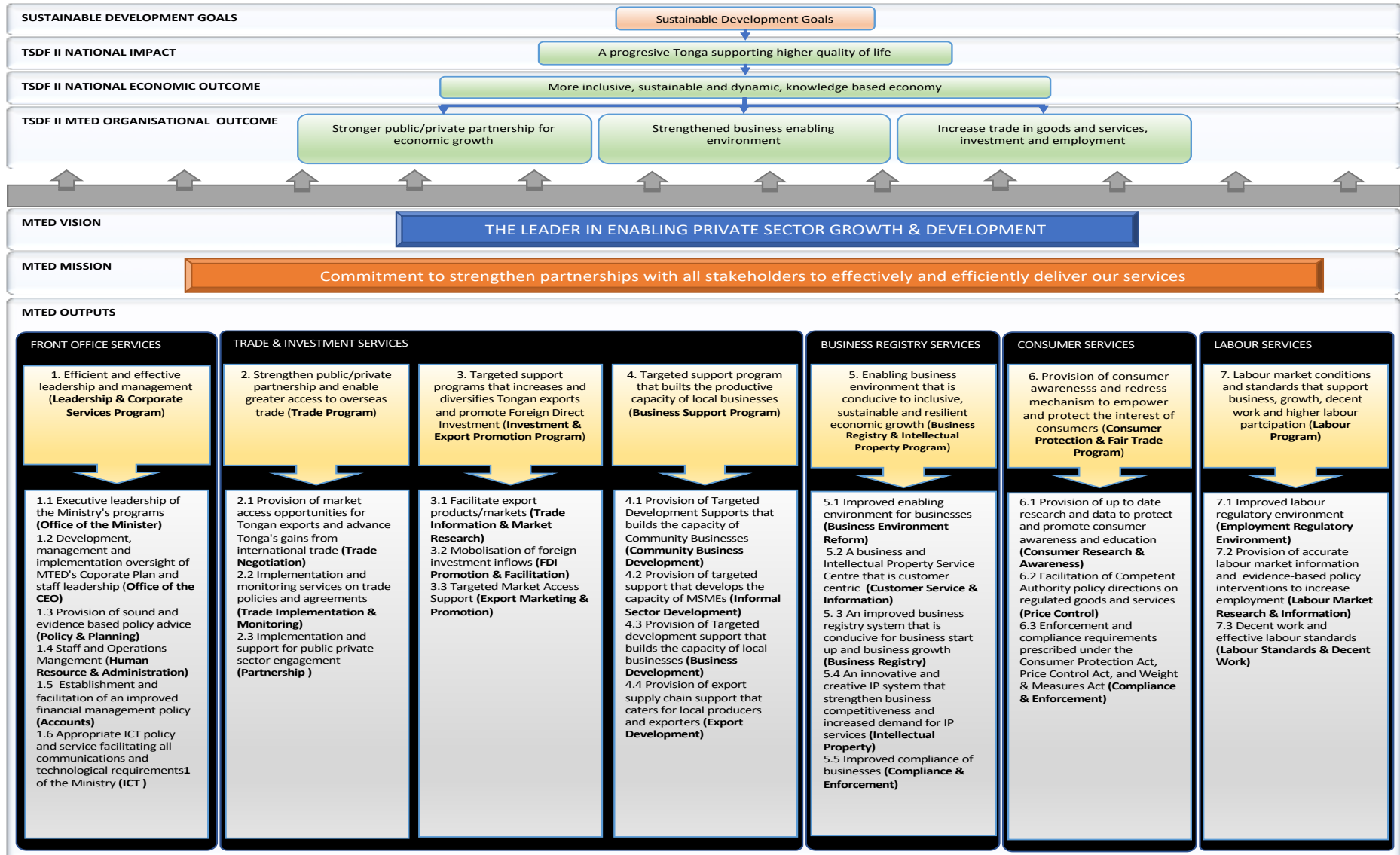


SDG GOAL 8 – DECENT WORK AND ECONOMIC GROWTH

The Ministry supports the TSDF II goal of **"building a more progressive Tonga that supports a greater standard of living for all."** The national commitment to fostering and advancing a more diverse, sustainable, and dynamic knowledge-based economy is the Ministry's targeted national economic outcome. Through these three (3) organizational objectives, the Ministry helps to attain the national vision.



MTED RESULT MAP



The Ministry's three (3) outcomes as illustrated in the Result Map, articulate our contribution to making a progressive Tonga supporting higher quality of life. This is supported by the Ministry's seven (7) key organizational outputs:

1. *Efficient and effective leadership and management;*
2. *Strengthen public/private partnership and enable greater access to overseas trade;*
3. *Targeted support programs that increases and diversifies Tongan exports and promote Foreign Direct Investment (FDI);*
4. *Targeted support programs that builds the productive capacity of local businesses;*
5. *An enabling business environment that is conducive to inclusive, sustainable and resilient economic growth;*
6. *Provision of consumer awareness and redress mechanism to empower and protect the interest of consumers; and*
7. *Labour market conditions and standards that support business, growth, decent work and higher labour participation.*

The Ministry has set a clear vision of being the leader in enabling private sector growth and development with an obligation to strengthen our working partnership with all our stakeholders, to ensure that the Ministry delivers its services effectively and efficiently so that all can attain a higher quality of life.

SUMMARY OF MTED PLANNED MAJOR REFORM PROGRAMS

The Government, through the Ministry of Finance, have set its priorities agenda (GPA) in the “Budget Strategy and Funding Envelope 2020/21” with the theme, “Stronger Partnership for a more inclusive growth and sustainable Tonga.”

The Ministry has redesigned its organizational structure, outputs and activities and proposes some new initiatives in its corporate plan that will refocus resources to align with the GPA.

Under the Economic Development, the GPA highlighted the need for continued investment in the development of Agriculture, Fisheries and Tourism. The Ministry have reviewed its relevant activities that will assist in these areas. Specifically, this is under the **Business Support Division** which handles developments in community businesses, informal sector, local businesses and the export sector.

The **Investment and Export Division**, through its trade information and market research activities, and export marketing promotion activities is also in line with this GPA. A market representative is being proposed for the New Zealand and Australian market to increase market access for Tongan exports particularly for exports from grassroots communities in Tonga in these three economic sectors.

The GPA have also highlighted the need for a clear Investment Policy to facilitate economic development. The Ministry is in full support of this priority and is in the forefront of encouraging investments with the development of the Foreign Investment Act.

The Business Registry Division also wishes to upgrade their Business Online Registration System to facilitate online payment gateway and Foreign Investment Registry. This activity will increase foreign investment into the country with the ease of doing business in Tonga.

MTED also takes the wellbeing of its staff very seriously and a new initiative is being proposed to compact non-communicable diseases. The Ministry appreciate that this is being highlighted in the GPA as a high risk in terms of having a severe impact on the performance of government. Government should be the leading agency in compacting this crisis as unhealthy staff does not only decrease productivity, but it is also costly to government.

The Ministry's proposed new initiatives are shown in the table below:

Source of Funding	PROPOSAL	RESPONSIBLE DIVISION	TIMEFRAME	Traffic Light Assessment (Not Completed / Ongoing/ Completed
Government	PACER Plus Product Opportunities	Business Support	FY2021/22- FY2023/24	Ongoing
	Electronic Inspection Monitoring System and Legal Metrology (Weights and Measures)	Business Registry and Intellectual Property Consumer Protection and Fair Trade	FY2021/22- FY2023/24	Ongoing
	Employment Relations Act Implementation and Enforcement Program	Labour	FY2021/22- FY2023/24	Ongoing
	Renewal of Main Office	Leadership and Corporate Services	FY2021/22- FY2023/24	Completed
	Petroleum Reform Program	Consumer Protection and Fair Trade	FY2021/22- FY2023/24	Ongoing
Development	COVID-19 Business Recovery Stimulus Program and Employment Recovery Program	Labour Trade	FY2021/22- FY2023/24	Completed

ECONOMIC OVERVIEW

ECONOMY

The economy experienced a slight positive growth in FY 2020 at 0.7 percent despite borders being closed, before declining in FY 2021 by 1.2 percent due to the prolonged impact of border restrictions; and further worsening in FY 2022 by 2.5 percent due to the double negative impact of the Hunga Tonga Hunga Ha'apai (HTHH) volcanic eruption and tsunami, and the COVID-19 outbreak¹.

Latest developments however show a slight pick-up since HTHH particularly in the agriculture sector, through increased exports of root crops such as cassava, yam, and taro. The volume of agricultural exports increased over the course of the month in May 2022 by 72.8% or 319.4 tonnes².

EMPLOYMENT

According to the National Reserve Bank, there were 54 more vacant positions throughout the course of the month, a rise of 163.6% mainly in government³. Although this may indicate a rise in the demand for labor as the economy begins to recover after the HTHH catastrophe and the pandemic, the source of these vacancies should also be considered carefully to reflect the recovery in both the public and particularly the private sectors.

INFLATION

Inflation in Tonga and many other nations across the world is extremely high, latest at 13% in July 2022⁴. Global prices are raised by imbalances in supply and demand brought on by the prolonged epidemic and geopolitical unrest between Russia and Ukraine. Tonga is particularly exposed to these global shocks because of its import-dependent economy and price taker status. The sustainability of local supplies is further impacted by regular natural disasters, adding to the pressure on prices.

The headline inflation rate has surpassed the highest inflation rate recorded at 12.2% in June 2008 during the global financial crisis. Both domestic and imported prices contributed to the highest inflation rate, mainly the domestic price hikes from local food products and electricity; while the cost of imported goods was due to fuel prices, food, building supplies, and liquefied petroleum gas⁵.

¹ Government Budget Statement 2022/23, Ministry of Finance, [Budget Statement FY2023 Final AfterPrivyCouncil.pdf \(finance.gov.to\)](#)

² Monthly Economic Review for May 2022, NRBT, [Monthly Economic Review for May 2022 - National Reserve Bank of Tonga](#)

³ Ibid

⁴ Consumer Price Index Report for July 2022, Tonga Statistics Department, [Consumer Price Index | Tonga Statistics Department \(tongastats.gov.to\)](#)

⁵ Ibid

PROGRAM 1: LEADERSHIP & CORPORATES SERVICES



**Outcome
Output**

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



The Leadership and Corporate Services program has six (6) subprograms with the following functions:

- 1.1 Executive leadership of the Ministry's programs (Office of the Minister)
- 1.2 Development, management and implementation oversight of MTED's Corporate Plan and staff leadership (Office of the CEO)
- 1.3 Provision of sound and evidence-based policy advice (Policy & Planning)
- 1.4 Staff and Operations Management (Human Resource & Administration)
- 1.5 Establishment and facilitation of an improved financial management policy. (Accounts)
- 1.6 Appropriate ICT policy and service facilitating all communications and technological requirements of the ministry. (ICT)

Reforms Undertaken

Planning and Reporting is transferred from Program 2 to this program to become subprogram number 3. Human Resource and Administration was also merged to become subprogram 4.

Major Customers

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

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

KEY DELIVERABLES

1.1 Policy and Planning

- All Planning requirements submitted on time and Annual Report for 2020/21 FY was approved by Legislative Assembly on 31st August, 2021.

1.2 Human Resource and Administration

- Fourteen (14) internal promotions which is a Ministry record
- Maintenance to Office building including the removal of Asbestos roof was complete.

1.3 Accounts

- Budget Utilization of 97% (\$7.2m), highest spending in the last three years.

1.4 ICT

- Intergrade fingerprint system to generate automatic attendance reports via color codes (green on time, red for being late) etc.
- Further the automating of leave, where you can apply for leave electronically.

1.1 HUMAN RESOURCE AND ADMINISTRATION

The Ministry of Trade and Economic Development welcomed the Leadership and guidance of Hon. Dr. Viliami Uasike Latu who assumed duty on the 29th December, 2021. The CEO, Mrs Distaquaine Tu'ihalamaka is currently contracted via four (4) years contract since the 23rd March, 2020 until the 23rd March, 2024.

The Minister and CEO is supported by an executive team which consist of seven (7) Deputy CEOs managing the seven (7) programs of the Ministry.



(L-R) Mr. Tevita Lautaha (Deputy CEO / **Business Support**), Mrs. Pauline Siasau (Deputy Director / **Investment and Marketing Promotion**), Mrs. Sandradee Fifita (Director of Consumer Protection/ **Consumer Protection & Fair Trade**), Mrs. Distaquaine Tu'ihalamaka (**Chief Executive Officer**), Hon. Dr. Viliami Uasike Latu (**Hon. Minister**), Ms. Kolotia Fotu (Deputy CEO / **Labour**), Mrs. Poinisetia Paongo (Deputy Registrar / **Business Registry & Intellectual Property**), Mrs. Lorraine Kauhenga (Deputy CEO / **Trade Negotiation & Policy**), Mr. Charles Lavemaau (Deputy CEO, **Leadership & Corporate Services**).

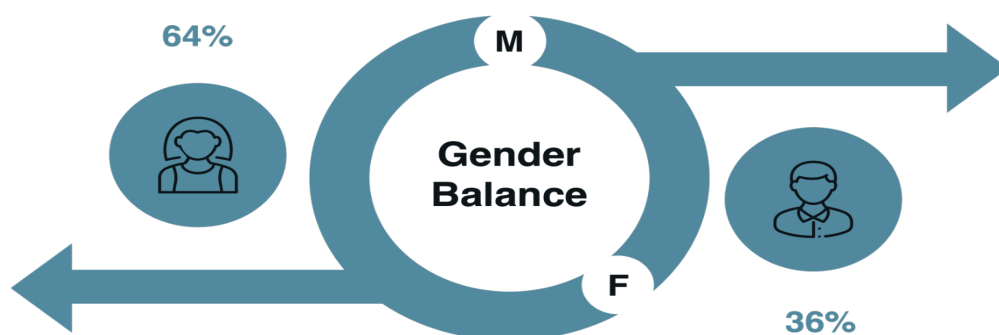
1.1.1 NUMBER OF STAFF & COMPOSITION

As of 30th June 2022, the Ministry had a total of eighty-five (85) permanent staff, six (6) professional contracted employees, seven (7) daily paid laborers and nine (9) vacant positions yet to be filled. The composition of staff by division is as follows:

	DIVISION	PERMANENT STAFF	PROFESSIONAL CONTRACTED STAFF	DAILY PAID LABOURERS	VACANCIES
1	Leadership & Corporate Services	27	2	2	5
2	Trade Negotiation & Policy	7	-	-	1
3	Investment & Marketing Promotion	3	1	-	-
4	Business Support	10	2	2	1
5	Business Registry & Intellectual Property	18	1	-	-
6	Consumer Protection & Fair Trade	14	-	2	2
7	Labour	6	-	1	-
	TOTAL	85	6	7	9

Staff composition by Gender

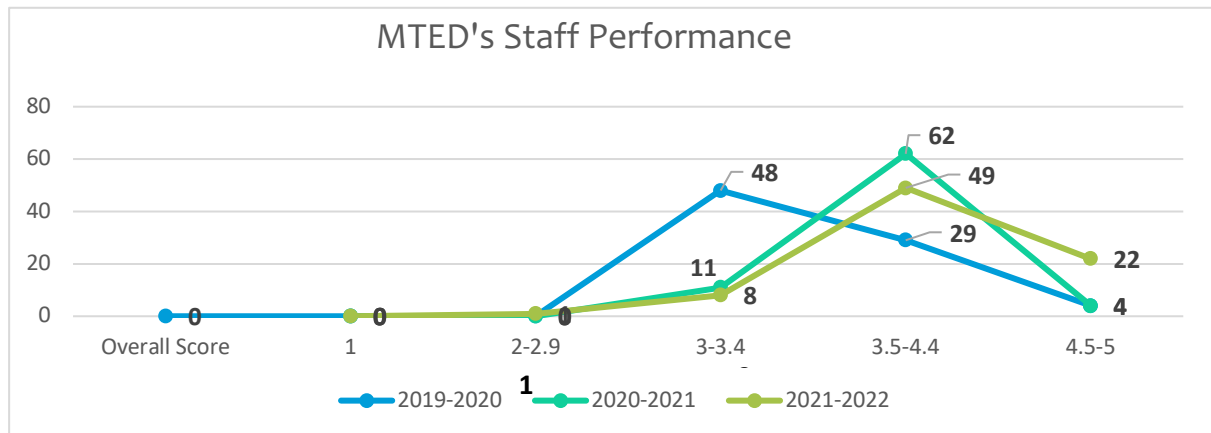
Out of the 98-staff employed by MTED, it is mainly female dominated as shown below. The 36% of male employees is mostly made up of junior positions (i.e. cleaner and driver). Senior and top management positions are mostly dominated by females. This is apparent with only two (2) male HODs in comparison to the remaining five (5) female HODs.



1.1.2 STAFF PERFORMANCE

In comparison the 2019/20 and 2020/21 FY it is evident that there is a reduction in the number of staff scoring 1.5% and an increase by thirty-three (33) staff that had scored 3%. The overall trend of the Ministry performance is that it continues to improve, four staff scored 5% for both the 2019/20 and 2020/21 FY so regardless of the many challenges faced in the last FY, the Ministry was still able to perform well which is reflected in the achievements of key outputs. It should be noted that the PMS marks for the 2021/22 FY is subject to moderation and has yet to be finalized by PSC.

NUMBER OF STAFF PER PERFORMANCE RATINGS FROM 2019/20 TO 2021/22



1.1.3 STAFF MOVEMENTS

Compared to the past three (3) financial years, the 2021/22 FY sees the most promotions of internal staff within the ministry which was made possible due to the lift of the freeze of recruitment plus the close collaboration of the HR unit and PSC and Finance.

New Appointments

	Name	Post Title	Band	Effective date
1	Mrs. Lisa Fisilau	Inspectorate Officer	M	16 th November, 2021
2	Mrs. Mele Tatafu	Assistant Inspectorate Officer	P	8 th March, 2022
3	Ms. Kathleen Walters	Policy Analyst	K	22 nd March, 2022
4	Ms. Milika Sinamoni	Consumer Awareness & Edu Officer	L	12 th April, 2022
5	Ms. Mafi Finau	Assistant Registrar	L	12 th April, 2022

Staff Promotions

	Name	Promotion Post	Band	Effective date
1	Mrs. 'Anaseini Tautuiaki	Senior Accounting Officer	L	10 th September, 2021
2	Mrs. 'Aloisia Lemoto	Sub Price Control Officer	M	12 th October, 2021
3	Mrs. Lavinia Kaufononga	Assistant Accountant	M	27 th October, 2021
4	Mr. 'Ofa Puloka	Senior Inspectorate Officer	K	1 st December, 2021
5	Mrs. Velonika Moniati	Assistant Business Development Officer	M	11 th January, 2022
6	Mrs. Esterlina 'Alipate	Principal Trade Officer	I	22 nd March, 2022
7	Ms. 'Ana Mahe	Senior Business Development Officer	J	6 th April, 2022
8	Mr. Tu'ifonualava 'One'one	Assistant Ground Safety Officer	O	26 th April, 2022
9	Mrs. Katokakala Langi	Administrative Support Officer	M	26 th April, 2022
10	Ms. Fofongaola 'Anisi	Senior Policy Analyst	J	24 th May, 2022

11	Ms. 'Ilaisaane Mila	Senior Price Control Officer	J	31 st May, 2022
12	Mr. Mohulamu Lolomana'ia	Senior Business Development Officer	J	14 th June, 2022
13	Mrs. Tofa Finau	Assistant Accountant	M	27 th June, 2022
14	Mrs. Sisilia Tuai	Assistant Inspectorate Officer	M	27 th June, 2022

Transfers from MTED to other Government Ministries

	Name and Title	Transfer to	Band	Effective date
1	Ms. Mele Tovi, Inspector of Weights & Measures	Ministry of Finance	L	1 st April, 2022
2	Mr. Setefano Fifita, Administrative Support Officer		M	
3	Mr. Kitiosi Tupou, Assistant Ground Safety Officer		O	

Resignations

	Name	Post Title	Band	Effective date
1	Ms. Mele Fonua	Consumer Awareness & Education Officer	L	25 th March, 2022
2	Ms. Edwina Tangitau	Senior Price Control Officer	J	10 th May, 2022

Retirement

	Name	Post Title	Band	Effective date
1	Mr. 'Aminiasi Hoa	Plumber / Carpenter	M	17 th August, 2021

Cessation of Services on Medical Grounds

	Name	Post Title	Band	Effective date
1	Mrs. 'Ana Fetu'u'aho	Research & Statistical Assistant	M	3 rd June, 2022

1.1.4 STAFF DEVELOPMENT & TRAININGS

The global pandemic COVID-19, resulted in no training programs provided for staff overseas. However, trainings were being provided virtually and the Ministry continued to engage local trainers as well as attend inter-ministry training programs, with the intentions of upskilling staff.

A Code of Ethics and Conduct training was conducted in September, 2021 for all staff in Nuku'alofa and the outer island offices. In October, 2021 the executive team including the CEO underwent a six (6) weeks Leadership training on the “15 invaluable laws of growth” carried out by the Tapuaki Mei Langi Consultancy Group. In addition, a two (2) days First Aid Training for all staff in Tongatapu was held in the month of November, 2021.



1.1.5 CORPORATE SOCIAL RESPONSIBILITIES

New office in Vava'u



The Ministry's Vava'u branch relocated from the TDB building to Fungalelea Business Complex which was commissioned by His Majesty on the 28th July, 2021. The MTED Office was amongst the few tenants that was fully furnished and operational the following day.

Staff Wellbeing Program

The Ministry values the wellbeing of its staff and continuously strives to give back to the community and further promote a healthy workforce. After the events that unfolded in the beginning of 2022, the Administration team sought the importance of engaging staff in a “Wellness Program” to ensure that they are well transitioned back to work from the lock down periods to a healthy environment. Two sessions of exercise have been held weekly for all staff after working hours. Cash prizes were also awarded to staff in the month of June for most weight loss and a Health checkup was done also from the Ministry of Health.



COVID 19 Vaccination and confirmed cases

As of June, 2022 100% of the Ministry staff have completed their second doses of COVID 19 vaccines. The Ministry fully supports the commitment of the Government to ensure safety of the public and country from the global pandemic of the COVID 19. Nevertheless, 35% of staff still contacted the virus and was confirmed positive with COVID 19 during the financial year.

1.2 FINANCIAL REPORT

1.2.1 STATEMENT OF RESPONSIBILITIES

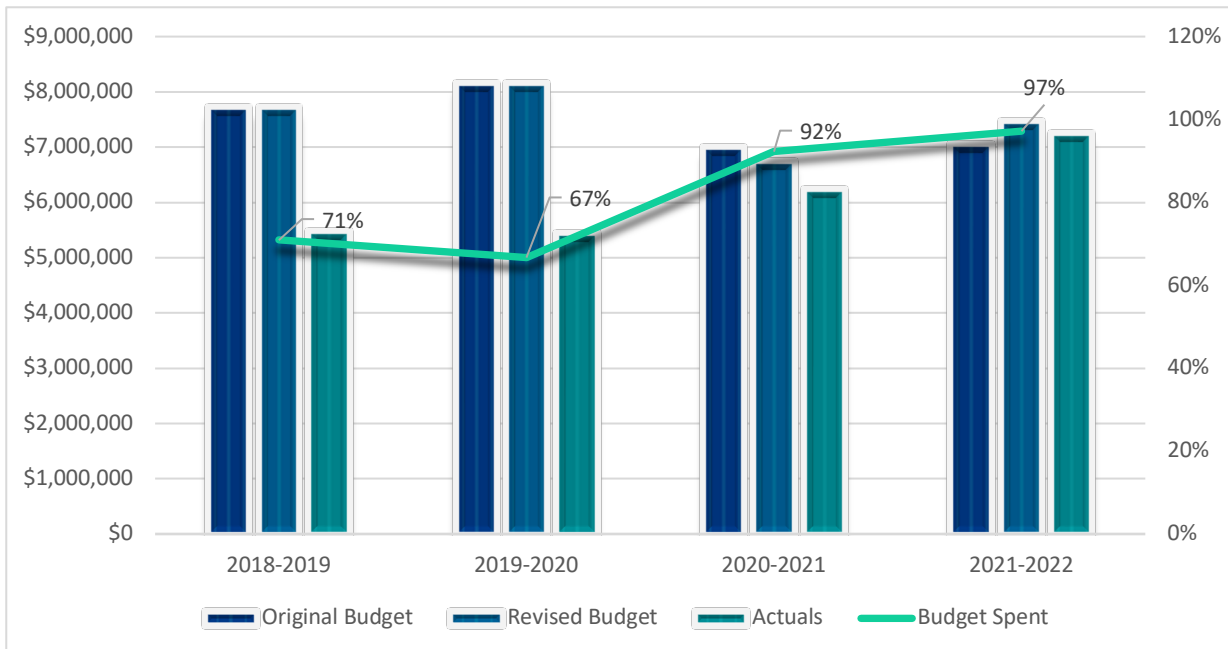
The CEO, Deputy CEO for Corporate Services and the head of the Accounts section together with supporting staff is responsible for the prudent management of the financial affairs of the Ministry. The accounts team continues to work closely with the Ministry of Finance to ensure that financial procedures are followed according to the Public Finance Management Act 2020, Treasury Instructions 2020 and the Procurement Regulations 2020. The Ministry of Finance provides the final statement of cash receipts and payments which should be subject to annual audits, however the financial statement is set below;



Key Activities

- Prepare financial reports regarding receipts and payments
- Update Asset Registry
- Prepare budget estimates and budget forecast requirements for the MOF.

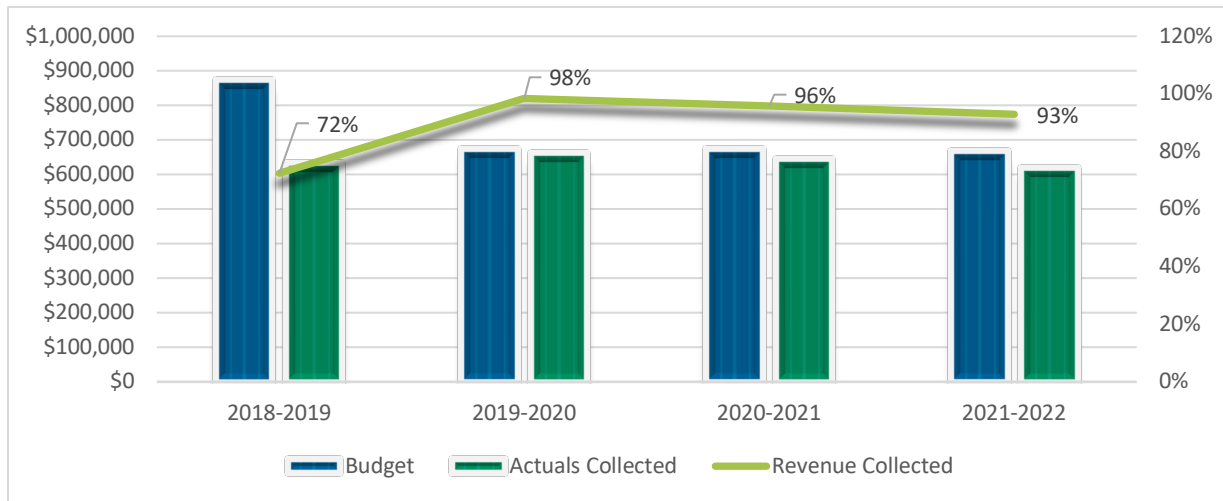
1.2.2 OVERALL BUDGET EXPENDITURE



Over the past three (3) financial years, this is the highest budget spent by the Ministry at 97% (\$7.2m). Contributing factors to this high percentage of budget spent was the unprecedented events of the HTHH volcanic eruptions and the COVID-19 pandemic.

MTED was quick to refocus it’s priorities and divert majority of its Community Development funds to assist the communities affected by the tsunami. Furthermore, support was provided through our freight assistance programs to assist exporters with the increase freight cost due to the restrictions in place in different borders due to the pandemic.

Historical Trend on Revenue



There is a decline in revenue compared to the 2020-21 FY but that was to be expected considering the challenges we had faced. It should be noted that Businesses were given the opportunity to renew their license free of charge as part of the Ministry’s support to the businesses during the aftermath of the Hunga Tonga Hunga Ha’apai volcanic eruption and the effect of the COVID-19. Had government not provided subsidies for the renewal of businesses licenses, revenue collection would have been much worst.

1.2.3 BUDGET TRANSFERS

All budget transfers were processed according to the Public Finance Management Act 2020 and the guidelines provided by the Ministry of Finance. It should also be noted that the substantial amounts transferred to category 13xx (Maintenance & Operation) and 14xx (Purchase of Goods % Services) was supported by the Ministry of Finance and approved through Cabinet.

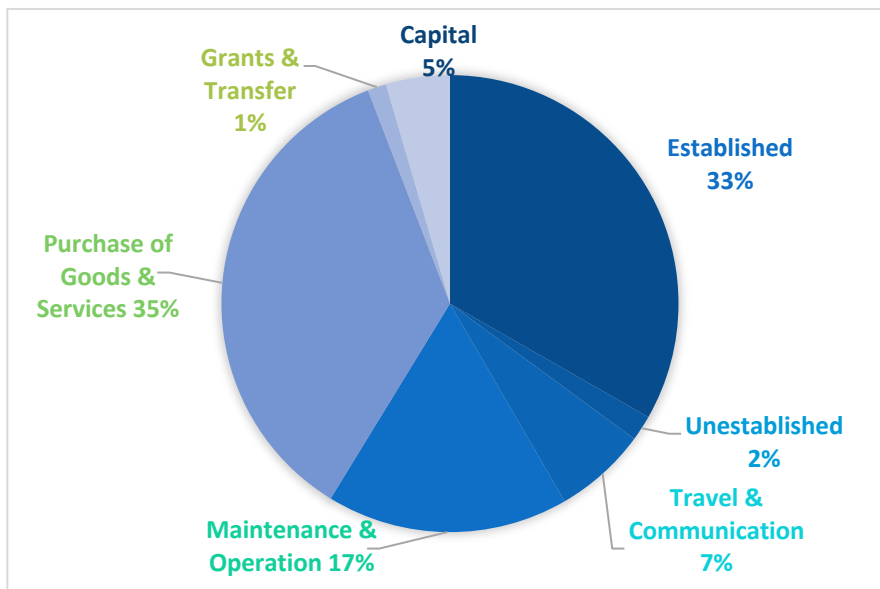
#	CATEGORY	Original Budget	Contingency Fund	Revised Budget	Actuals to date	Remaining Balance
10xx	Established	\$2,783,100	\$0	\$2,478,431	\$2,472,089	\$6,341
11xx	Unestablished	\$365,800	\$0	\$134,237	\$120,995	\$13,242
12xx	Travel & Communication	\$611,900	-\$70,800	\$488,469	\$431,001	\$57,468

13xx	Maintenance & Operation	\$304,800	\$195,000	\$1,274,518	\$1,249,338	\$25,180
14xx	Purchase of Goods & Services	\$2,436,400	\$319,000	\$2,637,598	\$2,533,905	\$103,693
15xx	Grants & Transfer	\$178,000	\$0	\$98,290	\$96,290	\$2,000
20xx	Capital Expenditure	\$368,800	-\$43,200	\$337,256	\$335,796	\$1,460
	Grand Total	\$7,048,800	\$400,000	\$7,448,800	\$7,239,415	\$209,385

Budget per DIVISION

DIVISIONS	Original Budget 2021/22	Contingency Fund	Revised Budget 2021/22	Actuals as of 30th June 2022	Remaining Balance
Leadership & Corporate Service Program	\$2,438,200	-\$60,800	\$2,599,695	\$2,592,047	\$7,648
Trade Program	\$620,000	-\$10,500	\$468,342	\$453,390	\$14,952
Investment and Export Promotion	\$494,700	\$227,000	\$732,610	\$655,310	\$77,300
Business Support Program	\$1,402,500	\$342,000	\$1,770,423	\$1,678,613	\$91,810
Business Registry and Intellectual Properties	\$952,600	-\$31,700	\$809,901	\$807,328	\$2,573
Consumer Protection & Fair Trade	\$782,100	-\$44,000	\$740,926	\$737,991	\$2,935
Labour Program	\$358,700	-\$22,000	\$326,903	\$314,735	\$12,168
Grand Total	\$7,048,800	\$400,000	\$7,448,800	\$7,239,415	\$209,385

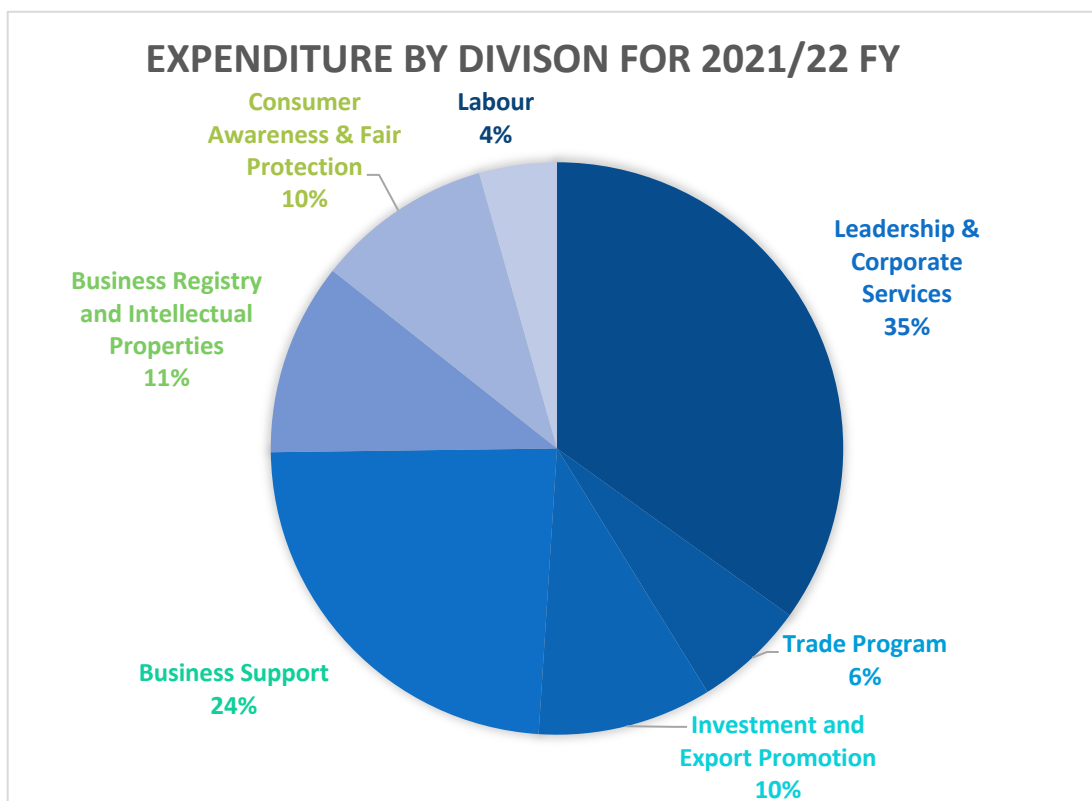
Spending by CATERGORY



This graph illustrates the share of spending by the main categories of the Ministry. Top three (3) categories that spent the most is tabled below;

Percentage	CATEGORY	Driving Factors
35% (\$2.5m)	Purchase of Goods & Services	Community Development Program (\$1.1m), Contract Service (\$274k)
33% (\$2.4m)	Established	Ministry budget is 45% Salary and 55% operation
17% (\$1.2m)	Maintenance & Operation	Freight (\$588k), Maintenance Building (\$482k)

Expenditure by DIVISION



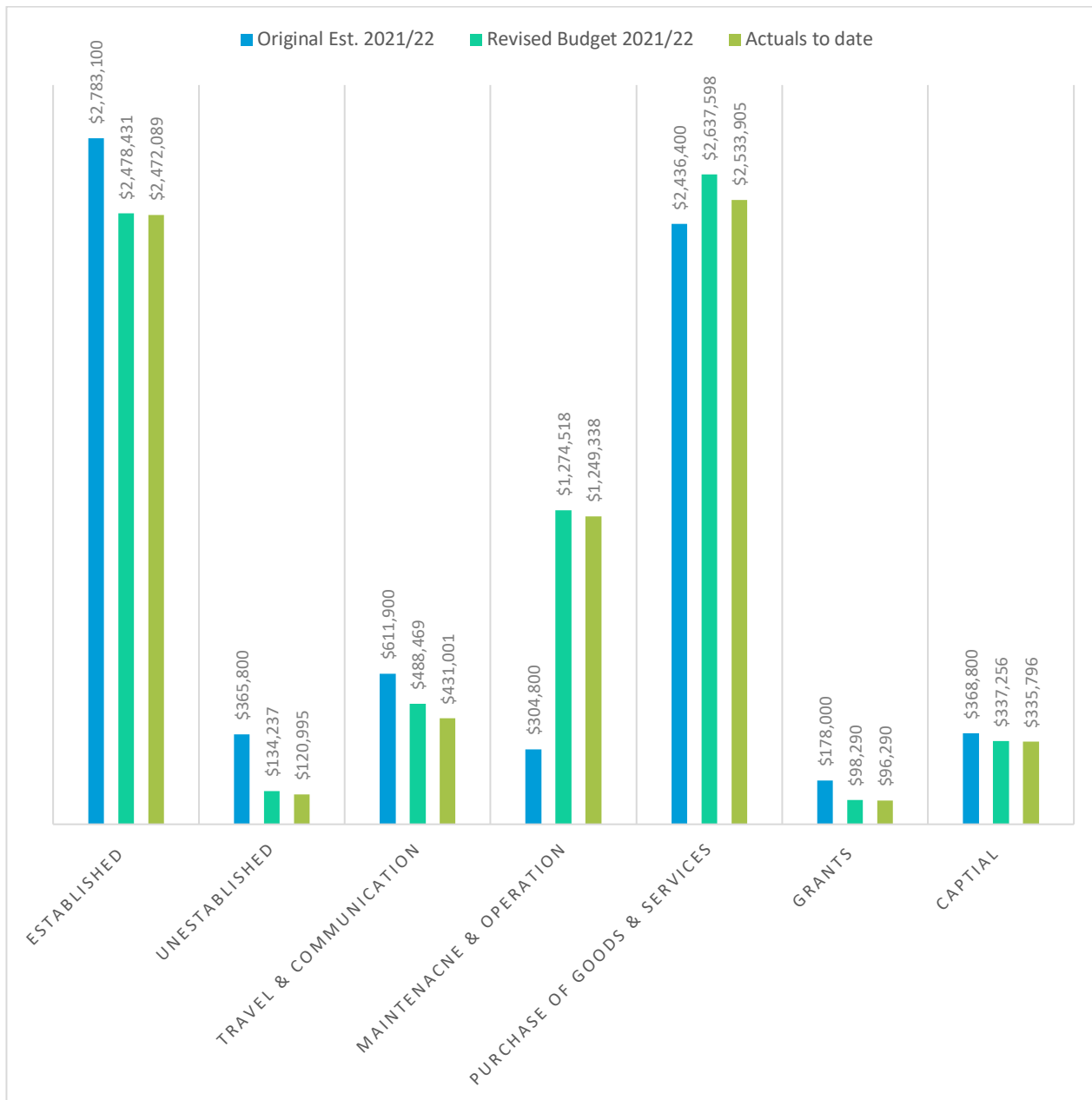
The above graph illustrates the share of spending by each of the seven (7) programs for the Ministry. Top three (3) divisions that spent the most is tabled below;

Percentage	Division	Driving Factors
35% (\$2.5m)	Leadership & Corporate Services	Highest number of Staff (\$641k) & Maintenance of Building
24% (\$1.6m)	Business Support	Mostly due to Community Development Cost (\$1.1m)
11% (\$807k)	Business Registry & Intellectual	Salary (\$400k) & Contract Service (\$151k)

Ministry of Trade and Economic Development - Statement of Revenue and Expenditure for the year ended 30th June 2022

	2020-2021 (\$)	2021-2022 (\$)
REVENUE TARGET	\$672,000	\$664,000
Industrial Properties Registration	\$160,779	\$164,590
Business License	\$279,895	\$291,751
Company Registration	\$152,366	\$112,543
Price Control/Weight & Measures	\$39,423	\$30,193
Foreign Investment License	\$9,285	\$17,855
Sales of Produce & Products	-	-
TOTAL REVENUE COLLECTED	\$641,784	\$616,931
% REVENUE COLLECTED	95%	93%
Total Recurrent Budget	6,992,300	7,448,800
EXPENDITURE		
Established Staff	2,430,425	2,478,431
Unestablished Staff	101,975	134,237
Travel & Communication	312,614	488,469
Maintenance & Operations	350,183	1,274,518
Purchase of Goods & Services	2,729,599	2,637,598
Grants & Transfers	12,990	98,290
Capital	328,346	337,256
TOTAL EXPENDITURE	6,266,135	7,239,415
% OF EXPENDITURE	93%	97%

1.2.4 ORIGINAL BUDGET VS ACTUAL



The graph above shows the original budget allocation and how much was actually spent in 2020/2021 by spending category. Evidently, spending on Purchase of Goods and Services was the highest category as MTED used the Community Development funds to assist the communities affected by the tsunami. Established staff was the second highest category with \$2.4m actually spent. Note the high spending in the Maintenance and Operation category was due to freight assistance provided to relevant stakeholders.

1.2.5 ASSET REGISTRY

The MTED fixed assets has a total book value of \$1,459,961 compared to \$1,310,872 in the 2020/2021 financial year. This 10% difference is mainly due to the depreciation cost of computer hardware, 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.

MTED Asset Registry 30 th June, 2022	
Building	\$168,375
Vehicles	\$446,881
Computer Software	-
Computer Hardware	\$168,852
Furniture & Fittings	\$95,366
Office Equipment	\$227,017
Other Plant & Equipment	\$204,379
TOTAL	<u>\$1,310,872</u>

PROCUREMENT

The Ministry continues to follow Procurement Regulations 2020 regarding purchases above the procurement threshold. Of the seven (7) proposals submitted to the Central Procurement Unit five (5) proposals were endorsed as compliance with procurement regulations resulting in an eighty (80) percent compliance rate. The two (2) non-compliance proposals were the two Contract variations regarding the Lapaha pack house and the Asbestos removal & reroofing which required a change in the specifications of the original contract for safety measures which were carried out prior to endorsement from Finance. Overall, the MTED continues to promote proper procurement measures even with purchases below the procurement threshold.

Project Name	Amount
Contract Variation for Lapaha pack House	\$52,460
New Bathroom	\$60,574
Annual Petroleum Fuel and LPG Price Review	NZD\$24,765
Annual Renewal of Business Registry online system	NZD\$77,308
Asbestos removal & reroofing	\$194,500
Contract variation of Asbestos removal & reroofing	\$51,000
Purchase of Forklift Machine	NZD\$21,150

PROGRAM 2: TRADE NEGOTIATION & POLICY

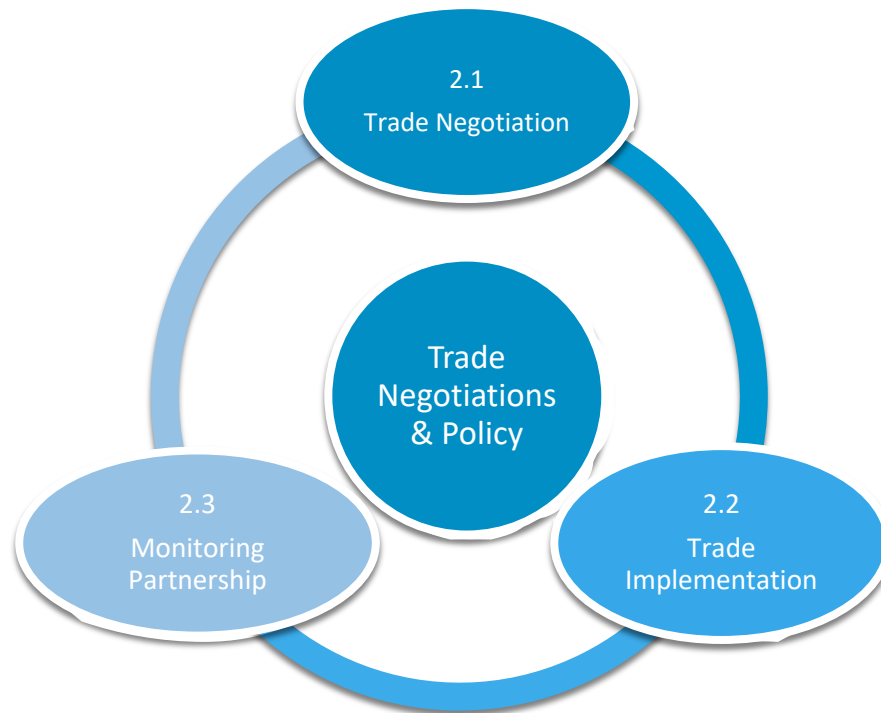


Outcome

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 Program has three (3) subprograms with the following updated activities:

2.1 Provision of market access opportunities for Tongan exports and advance Tonga's gains from international trade (Trade Negotiation)

2.2 Implementation and monitoring services on trade policies and agreements (Trade Implementation and Monitoring)

2.3 Implementation and support for public private sector engagement (Policy & Partnership)

Reforms Undertaken

- a. Policy and Planning is no longer a separate division. Planning is transferred to the Corporate Services Division and becomes a unit but with the policy and partnership activities remaining in this program
- b. Program 2 becomes Trade Negotiation & Policy. Trade negotiations and agreements activities are transferred to this program from Program 7 in the previous structure. These activities are split into two functions with one looking after negotiations, and the other to monitor the implementations of various projects under agreements which Tonga is a party of.

Major Customers:

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

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

2.1 TRADE NEGOTIATION

2.1.1 Participation at the Twelfth Ministerial Conference



The Twelfth WTO Ministerial Conference was finally convened in person from 12-15 June 2022 and further extended to the 17 June in Geneva Switzerland after delays due to the unprecedented global pandemic, COVID-19. The Government of Tonga was represented by Mrs. Distaquaine Tuihalamaka, CEO MTED (Head of Delegation) and Mrs. Esterlina Alipate, Principal Trade Officer.

The Minister's recorded statement for the WTO MC12 emphasized the areas of importance to Tonga which included the WTO Response to COVID-19 Pandemic, Fisheries Subsidies Negotiations, Extension of the Small Vulnerable Economies Work Programme, Extension of the Moratorium of customs duties on electronic transmissions, Agriculture and the exemption from export restrictions of the World Food Programme (WFP) purchases for humanitarian reason and Reform of the WTO. The intervention delivered by the CEO MTED emphasized Tonga's position in the session for the challenges facing the Multilateral Trading System and the Fisheries Subsidies Negotiations.

2.1.2 Joint Statement Initiatives (JSI) and Ministerial Declarations (MD) co-sponsored

- i. JSI for Micro Small and Medium Enterprises,
- ii. MD for Fossil Fuel Subsidies Reform and
- iii. MD for Plastic Pollutions.

2.1.3 WTO Trade Facilitation Agreement (TFA) and Trade Related Intellectual Property Rights (TRIPS)

The process for ratification of the WTO TFA and TRIPS has been initiated but has been delayed due to requisite requirements that remain outstanding from the Ministry of Foreign Affairs to further the process. The Division is optimistic that the process will be completed in the next financial year.

The Deputy Chief Executive Officer, Lorraine Kauhenga, virtually delivered a presentation at the WTO Trade Facilitation Committee on the implementation of the expedited shipments project to facilitate the importation of COVID Vaccines, 21 October 2021.

2.1.4 WTO Notification Obligations



The Division continued to update Tonga's outstanding and periodic WTO notification obligations with eleven (11) notifications submitted for this financial year. Out of which eight (8) were regular/periodic notifications whilst the following three (3) obligations were outstanding notifications and has now been completed.

- i. TRIMS Art 6.2
- ii. Trade Facilitation Agreement (TFA) Art 16
- iii. Trade Facilitation Agreement (TFA) Art 1.4, 10.4.3, 10.6.2 and 12.2.2 (4)

The WTO congratulated Tonga for the publication of her first SPS notification which was also completed in this FY.

2.1.5 Pacific Island Forum Secretariat

On the 6th June 2022, the Host Agreement between the Pacific Islands Forum Secretariat and the Government of Tonga was signed to host the SPIRIT Trade Adviser for the Polynesian Sub-region. This has been made possible through the European Union (EU) funded SPIRIT project ('Strengthening Pacific Intra-Regional and International Trade') under the Pacific Regional Integration Support (PRISE) Programme.

Representatives from the Attorney General's Office, Fisheries and Trade virtually attended the WTO MC12 preparatory briefing for Trade & Fisheries Officials held on 12 April and the PIFS-WTO-CSSO Pacific Regional Preparatory Workshop for the WTO 12th Ministerial Conference (MC12), 25 - 26 May 2022.

The Ministry facilitated the participation of 15 private and government officials at the Regional Trade Facilitation Strategy for the Pacific Island Countries Virtual National Consultation, 19th May 2022. Tonga also participated in the PIFS Virtual Regional Trade Facilitation Strategy Inception Workshop, 10-12 November 2021.





In addition to the above, the Ministry invited 19 Public and Private agencies to attend the virtual presentation conducted by PIFS on the Draft Report: Comprehensive Review of Trade Arrangements and the Draft Report: PICTA Product Specific Mapping Assessment, 14 April 2022. The completion of the reports will greatly assist Tonga especially in its exploration of interests in regional trade integration and assessing its declaration of the PICTA Agreement.

2.1.6 PACER PLUS

The following projects under this agreement was carried out:

- i. Submission of proposals for funding of national activities for the FY22-23 under the DEC Work Programme. A total of 16 activities has been endorsed by the Joint Committee. In addition to this, 15 regional activities were also endorsed. In total, 31 activities will be implemented concerning Tonga.
- ii. Tonga requested for a PACER Plus National Coordinator and was approved by the Joint Committee. Recruitment to be facilitated by the PACER Plus Implementation Unit (PPIU).
- iii. Tonga continued to attend and participate in the Joint Committee and Subsidiary Meetings.
- iv. Tonga chairs the Labour Mobility Working Group Committee Meetings for 2022.
- v. Minister for MTED was chairman of the PACER Plus Ministerial 2021 and presented the communique at the Forum Trade Ministers Meeting in July 16 and also voiced issues of importance to Tonga.
- vi. Tonga also participated and attended the Virtual Pacific Labour Mobility Annual Meeting (PLMAM) in 7-10 December 2021.
- vii. Tonga Trade Portal website already in place. This website is being monitored and updated by MTED and MORC Customs.



2.1.7 Pacific Island Countries Trade Agreement (PICTA)

Tonga has yet to trade under PICTA. This is on hold while a product mapping study is being conducted and also a review on Trade Arrangements coordinated by the Pacific Islands Forum Secretariat.

2.1.8 Interim Economic Partnership Agreement (iEPA)

Tonga has expressed to the EU-Pacific Trade Committee its intention to expedite accession to the agreement. Work is progressing with the assistance of the trade adviser (SPIRIT Polynesian sub-regional Trade Adviser) employed by the Pacific Island Forum Secretariat under the Strengthening Pacific Intra Regional and International Trade” program, or SPIRIT. The trade adviser is responsible for the Polynesian sub-region and Tonga is hosting the adviser. The hosting agreement was signed between the Ministry of Trade and Economic Development on behalf of the Government of Tonga and the Pacific Island Forum Secretariat (PIFS) on 6 June 2022. The Ministry is also the focal contact point for the SPIRIT program and responsible for liaising with the Pacific Island Forum Secretariat in coordinating and implementing the activities under the SPIRIT program.



2.1.9 OACP-EU Partnership Agreement (SAMOA Agreement)

Negotiation on the OACP-EU Partnership Agreement have concluded and signing is scheduled to be held in Samoa by the end of 2022 or early 2023. This agreement replaces the Post Cotonou Agreement and will be known as the SAMOA Agreement. The Ministry will be working with relevant stakeholders on ensuring Tonga’s clearance to sign the agreement in time for the signing.

2.1.10 High Level Meetings

The Ministry participated in the following high-level meetings:

- i. Virtual Pacific ACP Trade Ministers Meeting (PACPTMM), 15 July 2021
- ii. Virtual Forum Trade Ministers Meeting (FTMM) and Joint Forum Trade and Economic Ministers Meeting (FTEMM), 16 July 2021
- iii. APIBC – FFA – PTI Fisheries Webinar, 26 October 2021
- iv. Virtual Pacific ACP WTO Trade Ministers Meeting, 2 June 2022
- v. Pacific ACP WTO Trade Ministers Briefing for WTO MC12 ,11 June 2022, Geneva Switzerland,
- vi. Twelfth World Trade Organization Ministerial Conference 12-15 June 2022, Geneva Switzerland
- vii. Commonwealth Head of Governments Meeting (CHOGM) 21-22 June 2022, Kigali Rwanda

2.2 TRADE IMPLEMENTATION & MONITORING

2.2.1 Tonga Trade Policy Framework

Conducting status assessment on the implementation of ‘action matrix’ provided in the Tonga Trade Policy Framework as part of the monitoring responsibility of the division. This involved consultation with the leading agencies of each action identified in the framework. The result of this work is aimed at assisting the Ministry in identifying gaps and priorities especially when consulting with development partners on Tonga’s technical assistance needs.



2.2.2 COVID-19 Business Support Fund Phase 3

The Ministry completed its final report on the COVID-19 Business Recovery Assistance Program Phase 3 and was approved by Cabinet in October 2021. A total of \$8,620,800 were paid out under this funding program, benefiting 295 businesses, 402 employees and 6,381 informal businesses. Other COVID programs under the Ministry were administered by Business Support Division and the Investment and Export Promotion Division. Funding for these programs were from the Ministry’s budget, Ministry of Finance and the Australian Government (Department of Foreign Affairs and Trade). The total amount for COVID-19 support (grants and other programs delivered by the Ministry), was \$10,325,639.

Phase 3 Business Recovery Assistance Program Disbursements

Phase 3 Business Recovery Assistance Programs	Approved Budget (TOP\$)	Actual Disbursements (TOP)	Variance (TOP)
Continued Support Programs from Phase 1 & 2			
Business Loss Grants (295)	\$3,500,000	\$5,013,300*	-\$1,513,300
Wage Subsidy (402)	\$1,500,000	\$402,000	\$1,098,000
Informal Business Support (6,381)	\$500,000	\$3,205,500	-\$2,705,500
New Initiatives			
Business Partnership	\$200,000	\$248,358	-\$48,358
Manufacturing Business Support	\$1,000,000	\$192,400	-\$184,281
Export Business Support		\$547,381	
Cooperatives		\$444,500	
Implementation Support	\$300,000	\$300,000	\$0
TOTAL	\$7,000,000	\$10,353,439	-\$3,353,439

2.2.3 Other COVID assistance

Businesses affected by Nuku'alofa Port omission- National Emergency Management Committee (NEMC) approved the request of TOP\$186,577.07 to assist businesses affected by the Nuku'alofa Port Omission which was submitted through the Ministry.

2.2.4 E-commerce Project

The Ministry participated in a Virtual Validation Workshop for Pacific Regional E-commerce Strategy and Roadmap for 2021-2026 on the 21-23 July, 2021. The Pacific Forum Secretariat has been tasked to coordinate the implementation of the Pacific Region E-commerce Strategy and Roadmap in Forum Island countries including Tonga.



The Ministry in collaborations with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) conducted a Legal and technical readiness assessments for cross-border paperless trade in Tonga. A preparatory national consultation was conducted on the 13th August, 2021 to introduce to relevant stakeholders how the readiness assessment will be conducted and how it could support Tonga's journey towards the cross-border paperless trade.

The division also completed a Regional E-Commerce training on E-Commerce Laws and Regulation 28th March – 25th April, 2022 together with participants from AGO, MEIDECC and MORC. Graduation ceremony is to be hosted by the Pacific Island Forum Secretariat in August 2022.

The most significant accomplishment in this area is the approval of the Tonga E-Commerce Strategy and Roadmap (TESR) by Cabinet on 18th February 2022 and has been published online for accessibility. The TESR was made available through the assistance of the Government of Australia (DFAT) whom engaged TradeWorthy to conduct the work together with local consultants.

In addition to the development of the TESR, a legal options paper on e-commerce was also developed under the same project and this was endorsed by Cabinet on 6th of May, 2022. The Options Paper provides a description of the status of e-commerce related laws in Tonga in relation to electronic transactions, consumer protection, data protection, privacy, cybercrime, cybersecurity and identified key elements in line with international standards.

2.2.5 Paperless Trade

The Ministry in collaborations with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) conducted a Legal and technical readiness assessments for cross-border paperless trade in Tonga. A preparatory national consultation was conducted on the 13th August, 2021 to introduce to relevant stakeholders how the readiness assessment will be conducted and how it could support Tonga's journey towards the cross-border paperless trade. The Readiness Assessment report is being reviewed.



2.2.6 Pacific Quality Infrastructure (PQI)

The Ministry of Trade and Economic Development is the main focal point for PQI projects. Components under this project include Standards, Metrology, Testing and Quality Promotion. Focal points from relevant agencies for these components have been established and various activities have been implemented under these components. For example, surveys, trainings, workshops and mentoring. Quality Infrastructure (QI) has been identified as one of the priorities of the Pacific Aid for Trade Strategy 2020-2025 due to its significance to promoting and sustaining trade development. The PQI project started in October 2020 with funding provided by the Enhanced Integrated Framework (EIF), DFAT and the EU, and technical assistance by Germany through PTB, the National Metrology Institute of Germany.

The PQI project aims to strengthen a demand-oriented QI and access to services that enhance trade competitiveness in the Pacific region. The project is achieving this by:

- a. establishing regional QI frameworks for standardisation, metrology, conformity assessment, and quality promotion, and by
- b. identifying quality challenges in selected value chains in key export sectors which shall be addressed through targeted project measures at national and regional level.

2.3 POLICY & PARTNERSHIP

2.3.1 Informal Sector Survey

Ministry sought the assistance of ADB to conduct an Informal Sector Survey and a local company was recruited, Survey Statistical Solutions Management Tonga (SSSMT), to conduct the survey. This is the first of its kind to be conducted in Tonga. The information will assist the Ministry and Government in ensuring informed decision making and planning are facilitated. The survey final report was approved by Cabinet 6 May 2022 and made available on the Ministry's website.



2.3.2 TCCI Partnership



Memorandum of Understanding was signed with the Tonga Chamber of Commerce and Industry during the Trade Week on 24 August 2021. This MOU is regarding the facilitation of a Public Private Consultative Platform to encourage and strengthen public private partnership engagement. The Ministry is prepared to provide funding support under the MOU. The Ministry approved \$50,000 as the total funding to be granted to TCCI where 50%

(\$25,000) payment for the Grant to Tonga Chamber of Commerce and Industry has been paid and a meeting with TCCI is to be held as soon as possible to determine workplan in line with the signed MOU. The MOU is an arrangement for various consultation platforms to be organised and coordinated by TCCI and MTED

2.3.3 MTED Trade Week

On the 4 June 2021, Cabinet approved for the Ministry to host it's very first Trade Week. The event was held on June 24-27, 2021 and was successfully completed. The Trade Week was developed with the following objectives:

- To provide a platform for all organisations that are involved in facilitating economic and trade activities to come together and showcase to the general public and businesses the type of services they can access from each respective organisation;
- To consistently improve the relationships of all stakeholders in the economic sector;
- To provide an opportunity for an informal but meaningful dialogue between government and the private sector;
- To provide programs and activities that will allow youths to start thinking about their future and the economy.



The theme of Trade Week 2021 was “Investing in Tonga’s Economic Recovery”. This theme was developed by the Ministry to capture the government’s vision of not only assisting the private sector in recovering, but also in a pace that will ensure the impact of COVID-19 is mitigated as much as possible. The faster the economy picks up, the better. At the same time, it is with the idea that this will not happen in isolation. It will need consolidated efforts from all involved to make it happen.

The following were included in the program of the Trade Week:

- Launching of new activities/programs of the Ministry:
 1. Buy Tonga Made Business Directory
 2. Business - Consumer Relations Guide
 3. Buy Tonga Made Facebook Platform
 4. Tonga Trade Portal Website
 5. MTED Website
 6. Receipt of the Exporter Freight Assistance Program Presentation
 7. Katoanga Koloa Fakatonga Initiative Presentation

- MTED Trade Week Business License Special where the Ministry provided business license, company registration, foreign investment registration free of charge.
- Exhibitions by private sector members and trade related Ministries and agencies
- Memorandum of Understanding between the Ministry and
 1. Tonga Chamber of Commerce and Industry (TCCI)
 2. Mainstreaming of Rural Development Innovation (MORDI Tonga)
- School Visits
- MTED Business Awards
 1. Exporters of the Year Awards
 2. Business Compliance and Customer Service Awards
- Trade Day where exhibitors were able to sell their displays
- Trade Week Competitions
 1. Video Advertisement Competition
 2. Poem Competition
 3. Song Competition
 4. Booth Competition
- Closing and Award Ceremony



Report on the event have been approved by Cabinet and it is expected that this will be an annual event.

PROGRAM 3: INVESTMENT & MARKETING PROMOTION



Outcome

Better access to, and use of overseas Trade and Employment and Foreign Investment

Output

Targeted support programs that increase and diversify Tongan exports and promote Foreign Direct Investment



The Investment & Marketing Promotion Program has three (3) subprograms with the following updated activities:

- 3.1 Facilitation of export products and export markets (Trade Information and Market Research)
- 3.2 Mobilization of Foreign Investment inflows (FDI Promotion and Facilitation)
- 3.3 Targeted Market Access Support for businesses and exporters (Export Marketing and Promotion)

Reforms Undertaken

- a. Investment and Export Promotion was previously Trade and Investment. With the need to increase the Ministry's efforts on these two activities, the Trade Negotiation was moved to Program 2.
- b. Investment and Export Promotion is moved to Program 3 to reflect its key function under Trade and Investment Services output and its close collaboration with the Trade program and the Business Support Program.

Major Customers:

The key clients of the Investment & Export Promotion are stakeholders who are engaged in international trade in goods and services. These include:

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

KEY DELIVERABLES:

3.1 TRADE INFORMATION & MARKET RESEARCH

3.1.1 Consultation with relevant stakeholders on Trade Information

The Ministry in collaboration with relevant stakeholders conducted the monthly and quarterly meetings between MTED and MAFF, MOF, Statistic Department and MORC on options for shared up-to-date trade statistics for our database. An up-to-date trade statistic is crucial for the development of quarterly trade information update report for key stakeholders, in which the Division has successfully completed 2 out of 4 reports during the review period pending the last 2 quarters due to delay in the release of raw data from key stakeholders.

3.1.2 Sugar Import Substitution Initiative

The Ministry in collaboration with MAFF conducted the study on Sugar Import Substitution Initiative in Vava'u in August 2021. In response to the shortage of imported sugar in Tonga in mid-2021, His Majesty requested the Minister, Hon. Tatafu Moeaki to explore the possibility of producing sugar locally as substitutes for imported sugar. The trial processing of sugar production from coconut sap and sugarcane in Vava'u was conducted using traditional method at MAFF headquarters in Vava'u.



The trial outcomes concluded that it's not economically viable to produce sugar in the traditional method compared to imported sugar. Consequently, the initiatives will be crucial for COVID-19 readiness preparedness for most of the remote islands if there is any lockdown during the time of crisis. The report was submitted to Cabinet on 3rd of September 2021, endorsed by Cabinet and further recommended to inform the recommendation to His Majesty's Privy Council for Information. Privy Council Decision on the 4th of October 2021 noted and approved the submission.

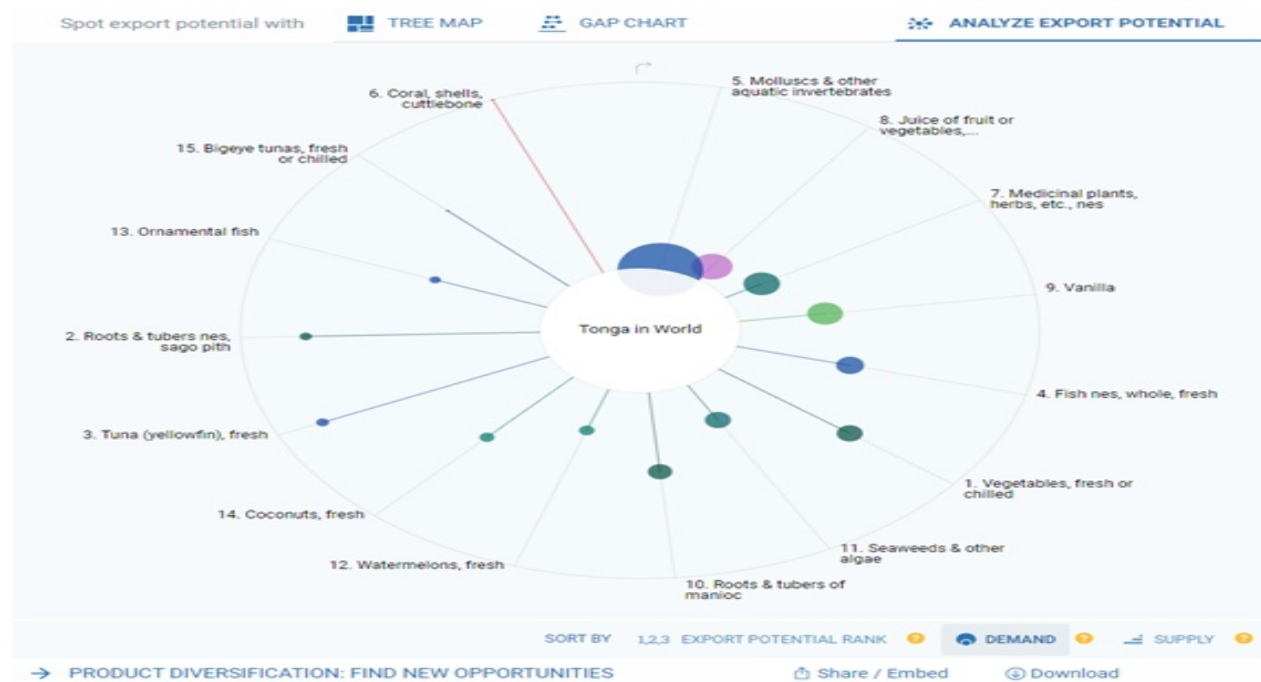
3.1.3 Bilateral discussion on potential trade opportunities with Tuvalu

The Division initiated the bilateral discussion and exchange of trade information with Government of Tuvalu via the Ministry responsible for trade. The discussion was based on the need to explore potential export opportunities for root crops and fisheries products from Tonga in exchange for fresh fisheries products from Tuvalu. Negotiation concluded that importing fresh fish from Tuvalu

was economically viable compared to the price of fresh fish of the same kind at the local market, however, intra-regional freight connections and other shipping logistics prevents Tonga from securing a commercial deal with Tuvalu market.

3.1.4 Market Intelligence for Tonga Potential Product

The Division conducted desktop research with the aim to identify the potential product for export from Tonga to other international markets using data and tools available from the International Trade Centre (ITC). ITC Trade Map provided useful trade statistics for international business development, indicators on export performance, international demand and competitive markets, as well as a directory of potential importing and exporting companies.



ITC Export Potential Map provided useful information on export opportunities for trade development such as identification of untapped export potential and opportunities for export diversification. The top 5 products with the greatest export potential from Tonga to the World that has the world demand potential for the last 5 years have been recorded in the Table below. The Ministry has commenced with promotion of 2 commodities out of the 5 commodities with the greatest export potential including kava and vanilla.

World Demand Potential for Tonga products

Product Name	Actual Export (USD)	Export Potential (USD)	Untapped Potential (USD)
Sea-cucumber	531,000	1.2m	1.1m
Noni Juice	124,000	622,000	498,000
Kava	358,000	785,000	592,000
Vanilla	259,000	547,000	401,000
Snapper	1.5m	1.7m	1.2m

3.1.5 Facts Finding Mission - Vava'u

Following the commencement of the commercial kava export pilot program to Australia in December 2021, the Division convened a fact-finding mission in May 2022 in Vava'u led by the Minister, Hon. Viliami Uasike. The aim of the mission was to examine the pathway for kava and vanilla starting from production to point of export and explore the potential for commercial export of these commodities. Meetings were conducted face to face with kava and vanilla growers in Vava'u. The outcome of the consultation was positive yet challenging in the sense that whole Government coordination is key to address these challenges. The following concern was raised during the meeting:

- Limited market opportunities for kava in the formal market
- Limited volume of kava production for export
- Limited knowledge of the pathways, biosecurity requirements and labelling standards for kava commercial export to Australia
- Limited technical and financial assistance for the industry

3.1.6 Market Intelligence for fresh and frozen root crops, watermelon and butternut

The Ministry in collaboration with Pacific Trade Invest (PTI New Zealand) conducted a market intelligence for root crops including watermelon and butternut and possible trading opportunities in New Zealand in the future.

The Ministry collated the retail and wholesale prices for crops currently exported to New Zealand such as taro, giant taro, and cassava and identify whether there is any shortage in the New Zealand market for possible supply from Tonga. This is part of the Ministry effort to explore new market for root crops to accommodate excess production from cooperatives in Tongatapu and the outer islands of Vava'u, Ha'apai and 'Eua. The data identified other potential products for export into New Zealand, given the increased demand however Tonga has yet to export these commodities. These includes candlenut, taro leaves and Pacific cabbage as priority commodities for export in the next financial year.

3.2 INVESTMENT FACILITATION & PROMOTION

3.2.1 Foreign Investment Regulation 2021

With the Foreign Investment Act 2020 receiving royal assent the Ministry started working on the Foreign Investment regulations in August 2021 with the aim to reduce the reserved list and move some to the restricted list to attract more foreign investors, capital, much-needed knowledge and business experience to help the private sector growth.

Cabinet approved the Foreign Investment Regulation 2021 in October 2021.



3.2.2 Tonga's Investment Promotion and Facilitation Strategy (TIPFS)

The Ministry requested the technical assistance from the Commonwealth Secretariat, the Secretariat has approved funding of approximately £60,000 to develop Tonga's Investment Facilitation, Investment Promotion strategy and profiling prospect in mid-2021. In phase 1, the project aims to develop an investment facilitation and promotion strategy for Tonga.

Phase 1: Tonga's Investment Promotion and Facilitation Strategy (TIPFS)

A validation workshop on the 13rd of August 2021 to discuss the first draft of the investment promotion & facilitation strategy and sector profiles. A policy paper was submitted to Cabinet on Tonga Investment Facilitation and Promotion Strategy (TIFPS) for endorsement. The TIFPS was endorsed by Cabinet on the 13th of May on CD. No 296.

3.2.3 Foreign Investment Projects

The Ministry conducted series of consultations with relevant stakeholders on 2 major investment project proposals in Tonga namely i) Pacific Kingdom-Mo'ui Ma'a Tonga, and ii) Tonga's First Major Five Star Beachfront Resort-Fua'amotu. Cabinet approved in principle, the Government of Tonga support for these 2 investors. Details of the Government support was open to be negotiated and agreed to between the parties subject to completion of due diligence, secured investment funds and other important requirements. The Division will continue to monitor the progress in close consultation with key stakeholders and update Cabinet for final approval.

3.3 EXPORT MARKETING & PROMOTION

3.3.1 Business Support Program for businesses and exporters

The Business Support Assistance Program to assist exporters and businesses with the payment of freight costs for commercial export of products to the international market. A total of 60 applications were assisted during the Financial Year 2021-22 for both the kava export program and freight assistance for other root crops. Out of the total 60 applications, 30 applications were kava-related assistance and 30 applications for the freight program. Conversely, a total of 57 applications for the FY 2021-22 and the total estimated pa'anga awarded for businesses under the assistance program was TOP\$646,476.42.



Business Support Detail for FY 2021-22

Program	Application	Tongatapu	Vava'u	Eua	Total
Freight Export Assistance	30	17	9	1	T\$439,467.17
Kava Pilot Program	27	12	12	3	T\$207,009.25
	57	29	21	4	T\$646,476.42

3.3.2 Australia's Commercial Kava Pilot Program

Australia's Commercial Kava Pilot program started in December 2021 for 2 years. With that, the Ministry approved the kava labelling assistance program to assist kava exporters in terms of kava label graphic design, kava label printout, packaging materials and barcoding. In addition, the Ministry has extended the freight subsidy program for exporters to include kava exporters during this kava pilot program.



The Ministry took the lead in ensuring the kava label meets the labelling requirement of the Australia Government under the 2 years commercial kava pilot program. PHAMA Plus program hired HACCP Australia to assist the Pacific Island countries including Tonga with label review to ensure full compliance with labelling standards and requirements of Australia. This includes the development of Lot Code for approved kava packhouses for kava processing in the kava label. To date, the Ministry have assisted kava stakeholders

approximately TOP\$207,009.25 for freight and kava label.

3.3.3 Tonga Trade and Investment Board

The Ministry has successfully completed the development of the terms of reference for the establishment of Tonga Trade and Investment Board. The Tonga Trade & Investment Board will be established as an independent body responsible for stabilizing the market access of Tonga's exports to key trading markets and consideration of other relevant destinations where Tonga could perform better with a dedicated marketing body.

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 Program has four (4) subprograms with the following updated activities:

4.1 Provision of targeted development supports that built the capacity of community businesses (Community Business Development)

4.2 Provision of targeted supports that develops the capacity of MSMEs (Informal Sector Development)

4.3 Provision of targeted development support that builds the capacity of local businesses (Business Development)

4.4 Provision of exports supply chains support that caters for local producers and exporters (Export Development)

Reforms Undertaken

The organizational structure for Business Support Program remains the same, however only changes to the names is Informal Sector Development to Business Incubation and local business development to become business accelerator. Note the need to reword and amend to actual changes.

Major Customers:

The key customers of the Cooperatives and Business Support Program are local businesses and entrepreneurs both in the informal as well as in the formal sectors. These include:

1. Existing and potential informal MSMEs	5. Women entrepreneurs
2. Existing and potential cooperatives and credit unions	6. Handicrafts makers
3. Agricultural smallholder farmers	7. Youth entrepreneurs
4. Artisan fisherman and aquaculture farmers	8. Local manufacturers
	9. Local exporters

KEY DELIVERABLES:

4.1 COMMUNITY BUSINESS DEVELOPMENT

4.1.1 Registration of new Farmers Cooperatives in Tongatapu:

Completed rounds of Promotional Meetings and hosted the first AGM meetings of the three new Farmers' Cooperative Societies in Tongatapu – 1. Halatahi Farmer's Cooperative Society, 2. Fangalongonoa Farmer's Cooperative Society, 3. Halaliku Farmer's Cooperative Society. Have elected Executive Board Committees for the three FCS and completed the formal registrations of their Cooperatives under the Ministry's Cooperatives and Business Registry. The Division also assisted the 3 FCSs with setting up and opening of their new Bank Accounts and development of their Farmers Cooperatives Development Plans.

4.1.2 Farmers Cooperatives Empowerment Scheme:

Completed the payments of the Ministry's Farmers Cooperatives Empowerment Grant to the 3 new FCS in Tongatapu. A total of T\$100,000 per FCS and therefore a grant of total of T\$300,000 was paid out to the three FCS Tongatapu. The grant is set up to provide micro financing platform to facilitate small farmers' access to financial capitals for crop productions targeted the export markets. Completed rounds of Farmers Coop Empowerment Scheme 'Walk Through' meetings and trainings for the 'Eua Farmers' Cooperative Society. The \$100,000 grants for the 'Eua FCS have already paid in the first six months of the FY 2021-2022, where the small farmers and members of the Ha'apai FCS and the 'Eua FCS have started utilizing the funds that they borrowed through the FC micro financing platform for their crop preparations and productions.

4.1.3 Harvest & Exports:

The on-going monitoring of the FCS crop production has led to the harvesting and exporting of the first lots of crops from the two FCS in Vava'u (Fatafata Mafana FCS and the Lolo 'a Halaevalu FCS) to MG Marketing NZ. A total of more than 30 local Farmers in the island of Vava'u contributed to the volumes of root crops and coconuts were exported to the NZ market during the last 6 months period.

4.2 INFORMAL MSME INCUBATION

4.2.1 Informal MSME Post Tsunami Recovery Project

Completed the procurement of payments, sourcing and distributed of business support assistances including tools, equipment and capital items to support the recovery of informal businesses were affected in Tongatapu, 'Eua and Ha'apai by the Hunga Tonga and Hunga Ha'apai Tsunami in January 2022. A total of 344 Informal MSME households were surveyed and confirmed with the NEMO surveyed list and were provided with the MTED Informal MSME Post Tsunami Recovery Project (176 Tongatapu, 42 'Eua and 126 Ha'apai). The maximum value per project was T\$1,000 for the costs of tools and equipment requested in which the total overall project amount for the 344 households was T\$344,000. The Division worked with Town officers to distribute the assistances to the affected informal MSMEs.

4.2.2 Informal MSME Business Training

In partnership with the Division together with Labour Division established a Working Committee together with Project Partners including ILO, UNESCO, IFAD and UNDP. The Division recruited a total beneficiary of 140 Micro Informal MSMEs from the Informal Agricultural Sector and the Creative Arts Sector for Informal Economies Recovery project. The first part of the project was focused on Training of the Trainers that was held in early October 2021.

The Division completed the Micro MSME Business Training Sessions for the Eastern District of Tongatapu (Vahe Hihifo) with five (5) Training Centers and participated by more than 175 informal MSMEs from the surrounding villages of the Hihifo District. The Division also conducted the Micro MSME Business Training for Town District (Vahe Kolo) and so far have conducted four (4) Training Centers participated by around 120 informal MSMEs from the villages of Havelu, Tofoa, Fangaloto and Popua.

4.3 BUSINESS ACCELERATOR

4.3.1 Business Trainings

The Ministry in collaborations with Projects funded by the Government of Australia – Market Development Facility (MDF) and the Pacific Labour facility (PLF) delivered 5 Days Training sessions to 18 selected local MSMEs. The trainings were based on the four (4) key business areas including Business Strategic Planning, Financial Managements, Human Resource Managements, and Sales & Marketing. The 18 businesses were graduated with a certificate of completion that marked their completion of the Business Training Program and the development of their Business Recovery Plans.

4.3.2 Business Mentoring Services

The Ministry formally engaged four (4) Local Business Mentors to deliver more than 200 work hours of business mentoring services to 18 local businesses within a period of three months. The businesses were access to weekly business advisory services from the Mentors through by making available time windows to assist through providing of mentoring services to the business's needs.

4.3.3 MTED Business Support Projects

A total of 23 projects were approved under the MTED Business Support Projects including projects from across the manufacturing sector such as, farming, poultry, bakery, handicrafts, constructions, food processing, and women weavings. The total amount per project was \$7,000. The Ministry paid a total of more than \$240,000 to supplier companies of tools, equipment, capital items, facilities and services that were approved for the 23 projects. The MTED Business Support Project was aimed to provide immediate business recovery supports to businesses that have approached the Ministry with request for assistance to revive and recovery of their business operation given the effect of the COVID-19 and the volcanic eruptions.

4.4 EXPORT DEVELOPMENT

4.4.1 MTED Exports Shipments

Due to the effect of the Hunga Tonga Hunga Ha'apai volcanic eruptions and the COVID-19 pandemic that visited our shores the flow of trade into and from Tonga to overseas markets was severely affected due to disruptions in the communications and transportation networks. The MTED Exports shipments were further affected by the decreased in the crop productions and yields in the first part of the year 2022 caused by the ash falls from the volcanic eruptions. Only two (2) shipments were able to processed and exported during this period (January – June 2022) and they were fresh root crops shipments (mix taro and coconuts).

A total of nine (9) Exports Containers were processed and exports to markets in NZ and Australia during the period of July to December 2021 period, in which one (1) is a frozen mix crops Container to Australia, four (4) mix fresh root crop containers were send to the MG Marketing in NZ and four (4) watermelon containers were send to Fresh Direct Market in NZ. The inconsistency and ongoing changes in the shipping schedule is continued to become a major challenge to the export operation.

4.4.2 Established of MTED Exports Set Up in Vava'u

Procured tools, equipment and facilities for exports processing and packing and set up at the MAFF Quarantine Office in Vava'u. Recruited staff and workers to manned MTED Exports Operation in Vava'u, and the Ministry maintained the close working partnerships with the key stakeholders in Vava'u including the growers and the two Farmers Cooperatives in Vava'u and together with the MAFF Offices in Vava'u.

4.4.3 Watermelon Exports

Completed the registrations of the MTED Watermelon Growers for the 2022 watermelon season. Work in collaborations with the Tonga Watermelon Taskforce (TWET) into arranging and conducting of trainings for stakeholders in different areas of the watermelon pathways from productions to post harvesting and quality controls. Worked in partnerships with TWET and MAFF to review and get the approvals of NZ MPI on the Tonga Watermelon Export Plan for 2022 Season.

4.4.4 Exporters Local Freight Subsidy Scheme (ELFSS)

The Exporter Local Freight Subsidy Scheme (ELFSS) is still ongoing. Three (3) Exporters were using the ELFSS during the first half of the Financial Year for freighting of their produce from the islands of Vava'u and Ha'apai for processing in Tongatapu for exports, and for sending of rejected

watermelons from Tongatapu to the outer islands. The three exporters were, Tinopai Farm, Saimone Vuki and Taufa 'Ahome'e. However due to the very low exports volumes in the last half of the Financial Year, only two (2) exporter companies were able to utilize the ELFSS and they were the Tinopai Farming and Saimone Vuki's Recycling Business.

4.4.5 Pack houses:

The Ministry continued its active participation to the PHAMA Plus Tonga Market Access Working Group (TMAWG) meetings where continued dialogues and collaborations with the Australian Government through DFAT and the Project Partners (Reeves) who is spearheading the implementing of the Tonga Central Packhouse Facility. The Ministry recruited a full-time labour worker to provide caretaking services and maintenance of the Lapaha District Packhouse. Follow up visits to potential land allotments in Vava'u the Ministry is aimed to formalize the ownership arrangements for the purpose of building a proper Packhouse facility for the island of Vava'u.

The works on the construction of the Lapaha District Pack House was completed in 2021. The final inspection of the building was conducted on the 30th of September 2021 and Packhouse was officially opened on the 15th of November 2021.

PROGRAM 5: BUSINESS REGISTRY & INTELLECTUAL PROPERTY



**Outcome
Output**

Strengthened business enabling environment

Enabling business environment that is conducive to inclusive, sustainable and resilient economic growth



The Business Registry & Intellectual Property Program has five (5) subprograms with the following updated activities:

5.1 Improved enabling environment for businesses (Business Environment Reform)

5.2 A business and Intellectual Property service centre that is customer centric. (Customer Service Information)

5.3 An improved business registry environment that is conducive for business start-up and business growth. (Business Registry)

5.4 An innovative and creative IP system that strengthen business competitiveness and increased demand for IP services (Intellectual Property)

5.5 Improved compliance of businesses (Business Compliance and Enforcement)

Reforms Undertaken

Labour was in Program 5 in the previous financial year. It is now Business Registry and Intellectual Property. It previously had only 4 units but now has 5 with Business Environment Reform unit is being established to ensure reform programs is efficiently carried out.

Major Customers:

The Business Registry and IP Program serves a wide range of formal business enterprises. They include the followings:

1. Sole traders	6. Foreign investors & potential investors
2. Companies	7. Credit Unions and Cooperatives
3. Partnerships	8. Charitable Trusts
4. Potential entrepreneurs	9. Incorporated Societies
5. Inventors and creators	10. IP owners

KEY DELIVERABLES

5.1 BUSINESS ENVIRONMENT REFORM

The major legal reform was the review of Foreign Investment Regulation (2006). The new Foreign Investment Regulations 2021 was completed and endorsed by the Cabinet in October 2021. The new regulation and the Foreign Investment Act 2020 has not been in force as the preparation work for its implementation is still ongoing. The new Act and Regulation is designed for an online registry which would be an addition to Tonga's online integrated business registries.

5.2 CUSTOMER SERVICE & INFORMATION

We continue to receive and screen applications for all registrations (business license, business name, companies, foreign investment, incorporated societies, charitable trust, co-operative societies, trademarks, patents, industrial designs, utility models) on a daily basis.

We have improved our processing time to 24hrs and this has greatly benefitted our clients. Our focus has always been customer centric and to achieve this is an accomplishment that we aspire to maintain.

Under the Business Recovery Assistance that was targeted to businesses affected by the COVID-19 lockdown and the aftermath of the HTHH volcanic eruption, businesses were allowed to renew their business licenses for 2022 free of charge. The revenue forfeited by this assistance was borne by government. This free renewal is still ongoing and will end in November 2022.

Details of renewal of business license free of charge

Month	No of businesses	Amount
February	325	\$18,687.50
March	287	\$16,502.50
April	121	\$6957.50
May	83	\$4772.50
TOTAL	816	\$46,920.00

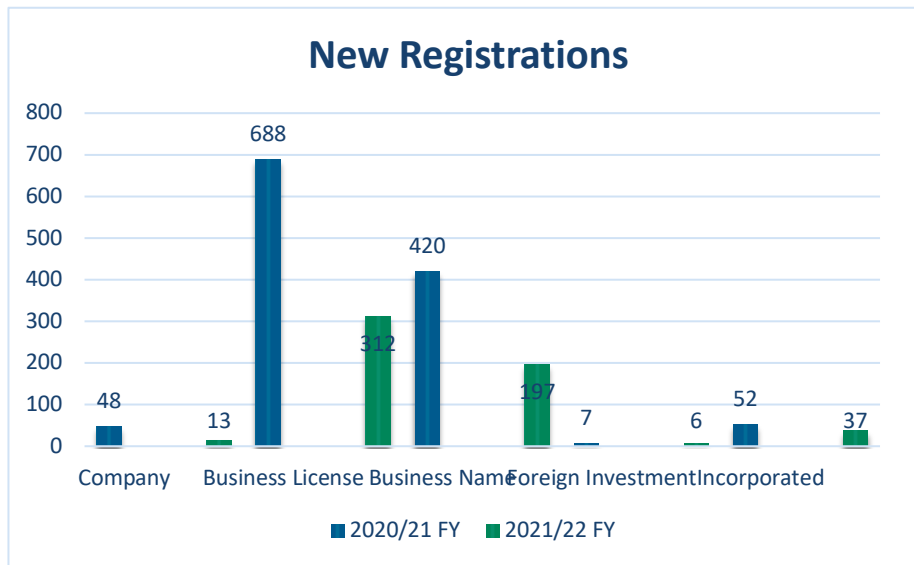
5.2 BUSINESS REGISTRY

We continue assessing and registering of all completed applications received through our Business Customer Service and Information Unit. These would be new applications for registrations for all

administered legislations; renewals; annual returns; financial statements; amendments and cancellations. We prepare and distributed data requested from stakeholders, other line Ministries and within MTED.

We conducted a presentation during a workshop organised by the Tonga Electricity commission with the SPC Pacific Centre for Renewable Energy and Energy Efficiency (PCREE). The presentation focused on the requirements and registration of business license and was also extended to the outer islands. We coordinated with the team from PCREE to deliver this workshop here in Tonga and also in the outer islands. This workshop provided businesses in this industry the knowledge and resources to comply with the requirements that is expected from a registered business.

New Registration from July 2021 – June 2022



Registration of new businesses increased during the month of September to October 2021. This is an outcome of the Trade Week promotion that offered businesses to register their business free of charge.

A decrease in registrations during the month of January to March 2022 as compared to the same months in 2021 is a result of the COVID-19 pandemic and the tsunami caused by the Hunga-Tonga Hunga-Ha’apai volcanic eruption. The registration of business license picked up again starting on the month of April as most businesses diverted from their primary business activities to other business activities.

Details of new business license registered during the free registration period

	No. registered	Amount
Business License	76 (Tongatapu, Ha’apai, Eua)	\$10,465
	16 (Vava’u)	
Business Name	59 (Tongatapu, Ha’apai, Eua)	\$3565
	3 (Vava’u)	
Companies	7	\$2,852
TOTAL	161	\$16,882

Free registration of business license

	No. registered	Amount
Business License	81 (Tongatapu, Ha'apai, Eua) 13 (Vava'u)	\$10,810
Business Name	44 (Tongatapu, Haapai, Eua) 3 (Vavau)	\$2702.50
Companies	4	\$2576.00
TOTAL	145	\$16,088.50

Business Recovery Assistance: This assistance was specifically targeted towards businesses that were affected by the tsunami caused by the Hunga-Tonga Hunga-Ha'apai volcanic eruption.

Businesses that received the assistance under the Business Recovery Program

Detail	No of businesses	Amount
Large	44	\$144,000
Small	47	\$92,500
TOTAL	91	\$236,500

The Business Relief Support Program: The implementation of the Occupational Safety and Health (OSH) with a target to assist businesses in normalizing their operation during COVID19 was successfully completed. A total of 1549 businesses benefitted from this grant assistance where a total of \$907,000 was paid out to businesses, please refer table below for details. The program was opened for both the large (business that charged taxes) and small businesses (business that do not charge taxes).

Businesses that applied and received funding under the OSH Support Funding

	No of Businesses	Small	Large	Pay-out Amount
Lot 1	87	58	29	\$58,000
Lot 2	62	41	21	\$41,500
Lot 3	113	88	25	\$69,000
Lot 4	132	112	20	\$76,000
Lot 5	90	79	11	\$50,500
Lot 6	109	92	17	\$63,000
Lot 7	118	105	13	\$85,000
Lot 8	164	138	26	\$95,000
Lot 9	203	184	19	\$111,000
Lot 10	58	54	4	\$31,000
Lot 11	69	61	8	\$38,500
Lot 12	52	44	8	\$30,000
Lot 13	62	60	2	\$32,500
Lot 14	97	91	6	\$51,500
Lot 15	94	85	9	\$51,500
Lot 16	28	21	7	\$17,500
Lot 17	11	10	1	\$6000
TOTAL	1549	1323	226	\$907,500

5.4 INTELLECTUAL PROPERTY

We continue to process applications for registration and renewals of trademarks, industrial designs and patents. We have improved our processing time to a month from the previous three months. We have also improved our publications from once every quarter to once every month.

Registration of Industrial Properties continue to be the Ministry's largest revenue source. For the FY2021/2022 we had received 143 new applications claiming protections in 406 classes. A total of \$72496, a total of 156 trademarks in 335 classes were renewed to which \$33500 was collected, 4 patents were granted to which \$1654 were received and registration of

New Registrations for Trademarks and Patents from July 2021 – June 2022

	Trademark				Patents
	New applications	Class(es)	Renewal applications	Class(es)	No. of granted patents
July	6	16	4	12	1
August	16	62	21	45	
September	11	62	12	25	
October	6	20	17	23	
November	16	42	4	12	
December	10	30	4	11	
January	12	30	27	32	
February	8	20	7	17	
March	15	30	7	9	
April	9	25	21	69	1
May	30	64	9	21	1
June	4	5	23	59	1

We continue to provide daily data update to the global database. We conducted virtual meetings with WIPO in preparation for digitization of Patent and Industrial Design applications. This is being done to enable agents and businesses to file and access their information online.

Geographical Indication (GI) project specifically for Kava is being carried out. Staff from the Intellectual Property Unit, Business Support Division, Trade and Policy Division is currently undergoing a training session with WIPO on this project. The target here is to protect Kava as a GI for Tonga.

Trainings and meetings:

IP team joined several trainings and meetings virtually

- i. In-depth GI training, 8 November- 9 December.
- ii. Workshop on Korea Copyright System in Support of Creative Start-up Companies in the Music Industry, 21 April.
- iii. E-Forum for Trademark Examination Community in Asia and the Pacific Region which was held on the 27 June and 4 July.

- iv. Regional High-level Meeting on New Development and Tools for Supporting Creative Enterprises on the 29 June.

5.5 COMPLIANCE & ENFORCEMENT

We continue to carry out monitoring and inspection of businesses for both new businesses as well as routine inspection of existing businesses. These routine inspections of existing businesses are important as it ensures business compliance and especially renewal of their business licence. The table below provides a record of the inspections that conducted the financial year.

Number of businesses inspected from July 2021 – June 2022

	New Businesses	Existing Businesses
July	30	124
August	43	118
September	69	219
October	33	10
November	40	120
December	20	80
January	14	4
February	-	-
March	12	3
April	22	5
May	32	7
June	20	33

The inspection of businesses decreases starting from the month of January as a result of the COVID-19 and the tsunami caused by the Hunga-Tonga Hunga-Ha’apai volcanic eruption. The compliance team also inspected the compliance level of businesses that were issued with a permit to operate from the Ministry of Health during the COVID-19 lock-down period. A total of 75 businesses were inspected during this challenging period and were found to be in compliance with the requirement set out by the Ministry of Health.

We coordinated a training with the Business Support Division for the Co-operative (Farmers) on basic record keeping prior to preparing of their financial statement. We also developed a book keeping template to be used by the farmer’s co-operative in an effort to ensure they comply with the requirements of the Cooperative Societies Act. We also continue the auditing and inspection of Co-operative Societies.

PROGRAM 6: CONSUMER PROTECTION & FAIR TRADE



**Outcome
Output**

More inclusive, sustainable and dynamic knowledge-based economy

A robust consumer protection and fair-trade regime that shapes consumer and business behaviour



The Consumer Protection & Fair-Trade Program has three (3) subprograms with the following updated activities:

6.1 Provision of up-to-date research and data to protect and promote consumer awareness and education (Consumer Research & Awareness)

6.2 Facilitation of Competent Authority policy directions on regulated goods and services (Price Control)

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

Reforms Undertaken

This division remains at program 6. Two subprograms in the previous financial year namely Consumer Protection Regulatory Environment and Consumer Awareness and Education is now merged to one subprogram called Consumer Research and Awareness.

Major Customers:

The key clients of the Consumer Protection and Fair-trade Program are primarily consumers. However, the program also provides services to registered businesses including:

1. Distributors (wholesalers, importers) 2. Retailers (shops and services stations) 3. Regulated service providers (taxi, heavy trucks, buses)	4. Suppliers of petroleum and LPG 5. Power Utility
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KEY DELIVERABLES

6.1 CONSUMER RESEARCH AND AWARENESS

6.1.1 Consumer Policy Developments

CD # 912 4 October, Cabinet noted the Tonga Petroleum Supply optimisation report and approved to proceed with next steps (1) section 5 of the report while the rest (section 2-4) were put on hold until after the General election. Contract signed with H&T to continue section 2-4 of the Petroleum Reform program in June and is targeted to be completed by the December 2022.

Special training of all Staff was carried out on the 11th November with the AG Office prosecution team on the provisions under the Consumer Protection, Weight and Measures and Price and Wage Control Act.

6.1.2 Consumer Awareness and Education Program

The main highlight for our consumer awareness and education program was our participation at the MTED Trade Week program with the following activities to help promote consumer and business awareness and compliance

- a. Booth display from the 24th – 27th August, MTED Grounds
- b. Special business awards to Compliance with the Consumer Protection Act, Price & Wage Control Act and the Weight and Measures Act
- c. Special Business Customer Service Awards
- d. Launch of the Consumer Business Guide Booklet both in English and Tongan to help business better understanding key provisions under the Consumer related legislations (consumer protection Act, Weight and Measures Act & Price& Wage Control Act) to improve compliance.

First Consumer Awareness programs in Ha'apai that covers 'Otumu'omu'a, Lulunga, Vahe Kauvai, Vahe Uiha/Felemea with school presentations, awareness posters in retail stores and community presentations from the 5th – 29th October. We conducted special consumer awareness activities carried out through the radio, consumer facebook page during the lockdown period to promote and protect consumers with daily updates on consumer issues including prices of regulated goods.

Our Ministry Consumer Facebook Update as of end of the financial year our followers were 10k. The most reach would be on our weekly stories, petroleum and LPG prices, details on expired and best before goods, joint taskforce programs with Food Authority.

We have also connected our new Toll-free number commenced in April both for TCC and Digicel to assist with Consumer Complaints report.

Consumer Complaints registered July 2021 – June 2022

	TBU	Vava’u	Ha’apai	‘Eua	TOTAL
Goods/Price	70	14	9	15	108
Weight	9	1	10	5	25
Expire/damaged/label	26	5	4	4	39
Services/wages	24	7		3	34
Referred to other Dept	7				7
	136	27	23	27	213

6.2 PRICE CONTROL

6.2.1 Petroleum Triennial review report July 2021

TCA endorsement (July 2021) of the Annual Review Report 2021 recommendations and implementation of the updated Petroleum price template on the August monthly petroleum pricing. Reduction of the Govt Petroleum levy from 75 to 65 seniti per litre (26th July 2021)

6.2.2 Annual LPG Review Report 2020 and 2021

TCA endorsement (July 2021) of the Annual LPG Review report 2020 and new template updated and incorporated in the September LPG quarterly price. TCA endorsement (16 June 2022) of the Annual LPG Review report 2021 and new template updated and incorporated on the June LPG quarterly price.

6.2.3 Special Petroleum Taskforce Inspections for Outer Islands

Special Petroleum Taskforce directed by TCA Members implemented and included TCA members on (MTED (Consumer & Business Registry Divisions), MOI (Building Code), MEIDECC (Energy & Environment), Fire Dept) and started in Tongatapu in September and continued to Vava’u (25-27 Oct), Ha’apai (27-30 Oct) and Eua (9th November). Reports endorsed by TCA and directed to be distributed to relevant authorities for enforcement. TCA direction to continue with Special Petroleum Taskforce on a quarterly basis.

6.2.4 Monthly Petroleum and LPG quarterly price

All monthly Petroleum pricing and quarterly LPG pricing implemented according to TCA approved dates (18th unless falls in the weekend or public holiday, defer to the next working day.)

6.2.5 Secretariat to TCA

CA meetings and circulations. A total of 8 TCA meetings plus 7 circulation papers were approved and endorsed by the Competent Authority.

6.2.6 New Regulated goods approved

Products	Effective Date
Bottled water	17 th January 2022
Cement	1 st July 2022
Deformed Bar	1 st July 2022

6.3 CONSUMER BUSINESS COMPLIANCE AND ENFORCEMENT

6.3.1 Special Taskforce programs

Special Taskforce program with the Business Registry was carried out during the lockdown period on the first week of November. Total of 15 Supermarkets (6 in Nuku'alofa, 2 Vaheloto, 2, Hahake and 5 from Hihifo) were covered during the period of the lock down. Joint taskforce program continued with Food Authority to seize expired, damaged goods and non-English labelled goods

6.3.2 Prosecutions under the Consumer Protection Division administered Acts

Following the special training carried out with the AG office in November 2021, the Enforcement Unit started compiling prosecutions of business non-compliance and submit to the Police Prosecution Team. A special Court for Consumer Protection was established and 3 Court hearing was held in December 2021 and in June 2022. The Consumer Protection's Enforcement Team will continue to work with the Police Prosecution on Business non-compliance issues. At the end of the financial year we have prosecuted 12 businesses with a total of 88 tickets.

6.3.3 Business Inspections and Revenue collection

	Tongatapu	Vava'u	Ha'apai	Eua	Total
Business inspected	320	180	82	85	690
Notification	62	7		45	114
Follow up	137	23	42	42	222
Taskforce	10	21		2	33
Boats inspected		7			7
Pump Tested	1185	103	20	29	1337
VGM	41				41
Weight/Scale	351	147	9	52	559
Measure/Length	273	42	3	3	323
REVENUE COLLECTION					
VGM	\$621				\$621
Weight/scale	\$5629.75	\$1759.5	\$552	\$408	\$8349.25
Measure/Length	\$3004	\$713	\$34.50	\$57.5	\$3809
Volume	\$11,167	\$1264.5	\$621	\$230	\$13282.5
TOTAL	\$20421,75	\$3737	\$1207.5	\$695.5	\$26,061.75

PROGRAM 7: LABOUR

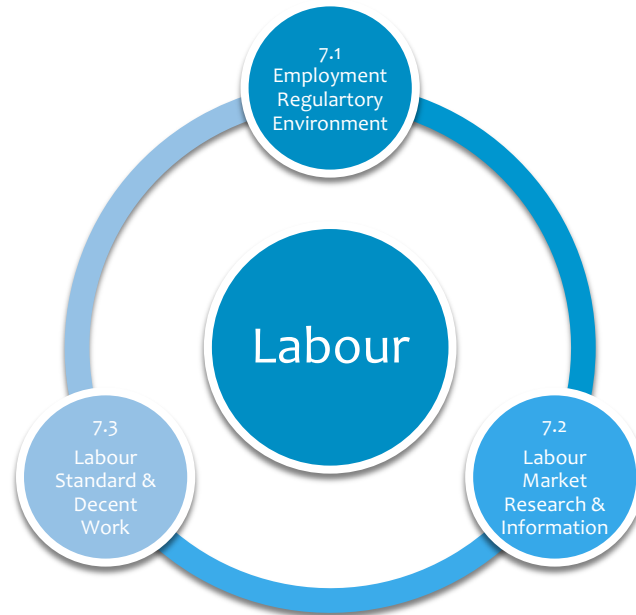


Outcome

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 program has three (3) subprograms with the following updated activities:

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

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

Reforms Undertaken

Labour moved from program 5 to 7. The employment services has been re-established under the labour program to implement active labour market policy on domestic job search and placements for job seekers.

Major Customers

The key clients of the Labour Program are stakeholders in the labour market. These include:

1. Workers in the domestic labour market (both locals and foreign, and formal workers	3. Workers associations
2. Registered businesses and employers	4. Employers Association
	5. Unemployed working population

KEY DELIVERABLES

7.1 EMPLOYMENT REGULATORY ENVIRONMENT

The Employment Relations Act 2020 is pending royal assent since its approval by Parliament in 2020.

7.2 LABOUR MARKET RESEARCH AND INFORMATION

The assessment of new applications for employment visa from foreigners to work in Tonga continued under the work arrangement with the Ministry of Foreign Affairs.

There has been a significant decline in the number of new applications since 2020 because of the onset of the COVID-19 pandemic. The number remains low as the

Tonga border continues to close, and international travel restrictions. Most of the applications this year were on-shore, *i.e.*, from foreigners currently in Tonga, whose visa were in a different category and were seeking employment visa to remain and work in Tonga during the pandemic period while waiting for travel restrictions to be lifted.

The Ministry continued as it did in FY2020/2021 to adopt a soft policy approach for on-shore applications and gave considerations to short-term employment visa of up to 1 year for most of these applicants. As shown in the Figure 7.2 below over 50% of the applications since the onset of the COVID-19 were for employment in the construction and retail sectors. This FY2021/2022 majority of the applications (over 30%) were for construction work.

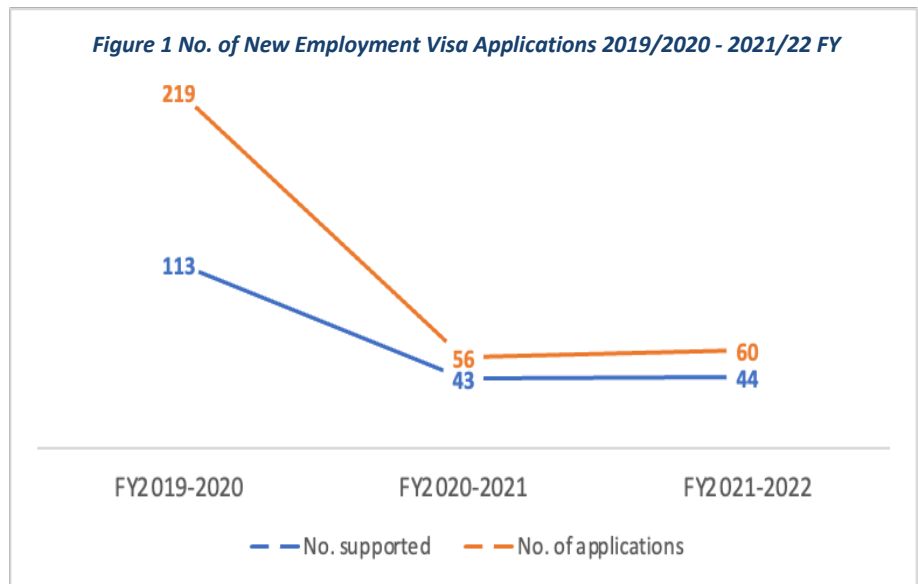
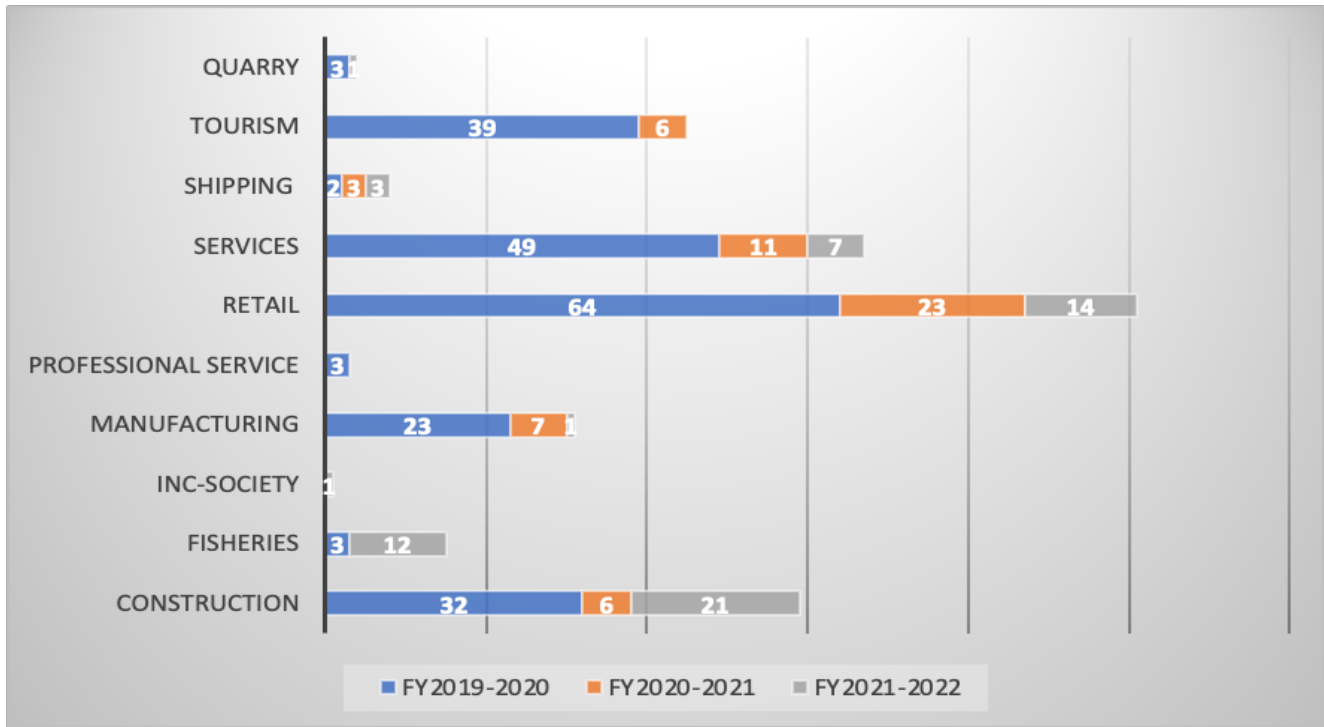


Figure 2 No. of New Employment Visa Applications by Sector

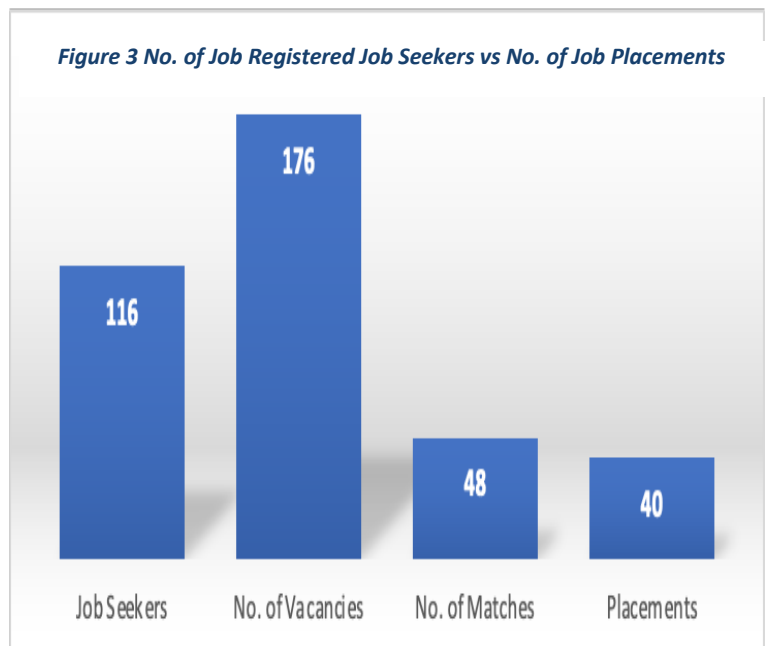


7.3 LABOUR STANDARDS AND DECENT WORK

7.3.1 Employment

Despite the disasters of January 2022 – undersea volcanic eruption, ensuing tsunami, and then COVID-19 community transmission – the number of job seekers for the second half of this year, January – June 2022 declined significantly. A total of 116 job seekers registered during the reporting year and only 2 in the second half.

As shown in Figure 7.3. below, the number of job vacancies identified remains high for the period, whilst the number of job seekers that successfully secured employment remained relatively low.



7.3.2 Human Trafficking/Trafficking In Person (Tp)

The Labour division represents the MTED in the Migration for Sustainable Development Policy (MSDP) sub-committee on Countering Human Trafficking. Through this representation, the division is involved in the collection of data and information, and reporting on national Trafficking In Person (TIP). The leading agency is the Ministry of Police. Tonga recorded zero cases for FY2020/21 and submitted its first report in December 2021.

7.3.3 Disaster Response Projects

Following the disasters of January 2022, the division proposed three (3) projects to assist government's recovery efforts, with focus on the socioeconomic sector(s).

1. Occupational Safety & Health (OSH) Support.
2. Emergency Relief Support (ERS).
3. Community Based Employment Assistance (CBEA).

The OSH and ERS programs were implemented by the Business Registry Office of the MTED and the Ministry of Finance respectively. The division implemented the CBEA.

7.3.4 Community Based Employment Assistance (CBEA)

The Mango Is community was selected for the CBEA program. The community was relocated to Tongatapu following the tsunami in January. The program provided employment services and hardware equipment to assist families of the community re-enter the labour market through informal and formal employment. Job offers were confirmed with employers in Tonga including the Tonga Port Authority, Tonga Post, Talamahu Market, Punjas Ltd and other private employers.



7.3.5 Business Development Support (Informal Sector)

The MTED through the Labour division partnered with the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD) to implement a business development support (BDS) for COVID-19 affected agriculture and creative art enterprises in the informal sector, funded by the United Nation.



The project included business training, capacity building of trainers (ToT) to support through coaching informal enterprises, developing business continuity plans by sector and purchasing of hardware equipment. Subsequently, these enterprises continued operation despite the COVID-19 pandemic, and generated incomes and employment in the informal sector. One hundred and twenty-four (124) individual enterprises benefited from the project.



7.3.6 Occupational Safety & Health (OSH) Awareness

The 28th April 2022 was the World Day for Occupational Safety & Health (OSH). It was an opportunity to increase awareness of OSH principles and promote workplace safety practices. The division engaged with private sector businesses in the construction and utility sectors, key government Ministries, social media and



local radio/television to promote the theme “*hazardous and covid-19 free workplaces.*” Additionally, the MTED extended its OSH support program for businesses from 29th April to 31st May 2022.

7.3.7 Tonga’s reporting obligations to the ILO

Tonga’s obligations to the International Labour Organization (ILO) includes the following:

- ♦ *Reporting under Article 19 of the ILO Constitution:* Tonga’s obligated to submit to the national competent authority the Conventions and Recommendations (“instruments”) adopted by the International Labour Conference (ILC) in 2017 & 2019. These instruments are, (i) the Employment and Decent Work for Peace and Resilience Recommendation, 2017 (R205), (ii) the Violence and Harassment Convention, 2019 (C190), and (iii) the Violence and Harassment Recommendation, 2019 (R206). Tonga’s report is yet to be submitted.

- ♦ *Reporting under Article 22 of the ILO Constitution:* Tonga's obligated to report on the application of Conventions it has ratified. To date, Tonga's only ratified 1 Convention – the Worst Forms of Child Labour Convention (C180). Tonga's report is due in September, 2022.
- ♦ *Annual Review under the 1998 ILO Declaration:* Tonga's obligated to report annually on the state of affairs re the 1998 ILO Declaration, enshrined in the 8 core Conventions of the ILO.

SIGNIFICANT ISSUES AND CHALLENGES

- Unprecedented events of Covid-19 reaching our shores together with the HTHH volcanic eruption meant that the Ministry had to divert its resources to providing business support to the affected communities which resulted in the delay/change of work priorities across line divisions.
- External factors that adversely affected the Ministry deliverables, such as freight cost increasing drastically due to shipping routes affected due to the pandemic and the tensions between Russia and Ukraine. This put a strain in our exports.
- Staff turnover is high compared to last FY. Most staff resigned from the Ministry to seek employment in the private sector, together with three (3) MTED staff being permanently redeployed to Ministry of Finance.
- Shortage of staff in the Investment and Export division which operate with three (3) permanent staff.

DISCLOSURE AND LEGAL COMPLIANCE

- All procurement matters are processed according to Procurement Regulations 2022.
- All cash receipts and expenditures are processed according the Public Finance Management Act and Treasury Instructions 2022.

CONCLUSION

The Financial Year 2021/2022 has been an unprecedented year for the Ministry and the country as a whole with Covid-19 reaching our shores together with the eruption of the Hunga Tonga Hunga Ha'apai volcano.

Despite these challenges, the Ministry of Trade and Economic Development together with relevant government agencies continues to provide business support to improve our business environment in order to promote a more inclusive, sustainable and dynamic, knowledge-based economy.

The budget utilized for the 2021/2022 financial year was 97% of the approved budget, which is the highest expenditure compared to recent years. The main driver for this high cost, was due to financial support provided to communities affected by the tsunami and the support provide through our freight assistance programs to assist exporters with the increase freight cost due to the restrictions in place in different boarders due to the pandemic.

The achievements of the Ministry are due to the combined efforts and leadership of the former (i.e., Hon. Tafa'u Moe'aki) and current Minister (i.e., Hon. Dr. Vilimami Uasike Latu), the commitment of the executive team, together with the support and dedication of MTED staff.

It is anticipated that the 2021/2022 financial year will be another challenging year, however with the boarders scheduled to be open in August, 2022 it is anticipated this will provide a boost to the local economy with an expected rise in business activities.

We are certain that the ministry will be able to carry out its primary responsibilities and produce another prosperous fiscal year thanks to close cooperation with government ministries, donor partners and the support of all stakeholders.

ANNEX 1: MINISTRY'S LEGISLATIONS

	Legislations	Main Purpose
1	<ul style="list-style-type: none"> i) Business License Act 2002 ii) Business License (Amendment) Act 2007 iii) Business License (Amendment) Act 2010 iv) Business License (Amendment) Act 2012 	To provide for the licensing of all business activities in the country.
	<ul style="list-style-type: none"> i) Business License Regulations 2007 ii) Business License (Amendment) Regulations 2010 iii) Business License Regulations 2012 	For the administration and enforcement of the Business License Act and amendments.
2	<ul style="list-style-type: none"> i) Registration of Business Name Act 2002 ii) Registration of Business Name (Amendment) Act 2012 	To provide for the registration of all registered businesses business names.
	<ul style="list-style-type: none"> i) Registration of Business Name Regulation 2008 ii) Registration of Business Name Regulations 2014 	For the administration of Business Names registration.
3	<ul style="list-style-type: none"> i) Companies Act 1995 ii) Companies (Amendment No. 1) Act 1999 iii) Companies (Amendment) Act 2001 iv) Companies (Amendment) Act 2009 	For the incorporation of companies.
	<ul style="list-style-type: none"> i) Companies Regulations 1999 ii) Companies (Liquidation) Regulations 1999 iii) Companies (Amended) Regulations 2003 iv) Companies (Amended) Regulations 2009 v) Companies (Amended) Regulations 2010 	For the administration of the Companies Act.
4	<ul style="list-style-type: none"> i) Foreign Investment Act 2002 ii) Foreign Investment (Amendment) Act 	Investment promotion and attraction and to protect local investors/Tongans' businesses in activities that are reserved for Tongans.
	<ul style="list-style-type: none"> i) Foreign Investment Regulation 2006 ii) Foreign Investment Regulation 	For the administration of the Foreign Investment Act.
5	Consumer Protection Act 2000	To protect consumer interests and to establish measures to enable consumers to obtain redress.
6	Prices & Wages Control Act 1988	To establish the Competent Authority and to ensure measures to regulate prices and wages.
7	Weights & Measures Act 1988 <ul style="list-style-type: none"> i) Weights & Measures (Amendment) Act 1997 Weights & Measures (Amendment) Act 1998 	To provide a uniform standard and units of measurement to be used in the country.
8	Incorporated Societies Act 1988	For incorporation of non-profit organization.
	<ul style="list-style-type: none"> i) Incorporated Societies Regulations ii) Incorporated Societies (Amendment) Regulations 2010 	For the administration of the Incorporated Societies Act.

9	Charitable Trust Act 1993	For registration of a trust board for charitable purposes.
	Charitable Trust Regulations 2010	For the administration of the Charitable Trust Act.
10	i) Industrial Property Act 1994 ii) Industrial Property (Amendment) Act 1999 iii) Industrial Property (Amendment) Act 2002 iv) Industrial Property (Amendment) Act 2009	For the protection of industrial properties, namely- patent, integrated circuit, industrial design and trademarks.
	i) Industrial Property Regulations 2000 ii) Industrial Property (Amendment) Regulations 2010	For the administration of the industrial property Act-patent, integrated circuit, industrial design and trademarks.
11	Copyrights Act 2002	For the protection of literary and artistic works.
12	Geographical Indications Act 2002	For the protection of particular products which are of such qualities that corresponds to a specific place of origin.
	Geographical Indications Regulations 2008	For the administration of the Geographical Indication Act.
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.
	Protection of Layout Designs (Topographies) of Integrated Circuits Regulations 2009	To regulate the Protection of Lay-out Designs Act.
14	Protection against Unfair Competitions Act 2002	For the protection against Unfair Competitions between businesses.
15	Personal Property Securities Act 2010	For the registration of personal properties using as collateral to ensure first priorities
	Personal Property Securities Regulations 2009	For the administration of Personal Property Securities Act.
16	Cooperative Societies Act 1973	To regulate the operations of Cooperative Societies in Tonga.
17	Credit Unions Act 1977	To regulate the operations of Credit Unions in Tonga.