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Q1 Respondent

TONGA

Q2 About you

Name

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Page 7: SECTION 1: AID-FOR-TRADE PRIORITIES (YOUR GOVERNMENT'S AID-FOR-TRADE PRIORITIES)

Q3 Does your national development strategy include trade priorities ? (i.e. Aid-for-Trade priorities)

Yes

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Q4 If yes, please indicate your Aid-for-Trade priorities: Below are listed the most common priority areas grouped according to broad Aid-for-Trade categories. Please rank the top 5 priority areas among the ones listed below. (1 being the most important)

Export diversification
 Industrialization
 Network and/or transport infrastructure of a cross border nature
 Trade facilitation
 Transport infrastructure (airport, roads, rail, port)
 Please specify further the priorities that you selected above as well as the main problems/obstacles encountered in furthering them and provide a weblink to the relevant strategy.

2
 1
 3
 4
 5

It is Industrialization and product diversification that are extremely important for Tonga, because of our high reliance on imports, and the need to close the huge trade deficit, and the trade gap between Imports and Exports. The Government's long term Development Strategy Framework is focusing on private sector development to create more new jobs and to replace imports with locally processed products.

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Q5 Have your Aid-for-Trade priorities changed since 2016?

Yes,

Please specify further the priorities that you selected above, as well as the main problems/obstacles encountered in furthering them. Please include a weblink to the relevant strategy.:

The Ministry of Trade and Economic Development is focusing more on the supply side connectivity with the emphasis on value chain development, industrialization transformation, and manufacturing to increase our products export value and to try to substitute imports.

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Q6 If yes, please rank the top 3 drivers of these changes :(Please choose no more than 3 options)

Change of government

1

Economic diversification

2

Industrialization objectives

3

Additional information on the top 3 drivers of changes in your Aid-for-Trade priorities since 2016.:

The new democratic Government of Tonga is focusing more on developing of our Trade, Tourism and Investment potential to attract big multinational investors, to diversify and expand our economic base, and to modernize our manufacturing capability and increase capacities.

Q7 Have these changes been reflected in your dialogue with development partners?

Yes,

Additional information on how changes in your Aid-for-Trade priorities have been reflected in your dialogue with development partners.:

We have registered our interest to lead the Supply Side Connectivity program of the Commonwealth Secretariat, and again on our negotiation and intention for accession to the Economic Partnership Agreement (EPA) with the European Union (EU)

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Q8 Please provide names, titles, references or weblinks to policy documents relevant to Aid for Trade in your country.

The recent Private Sector Development Strategy (PSDS) report commissioned by the Ministry of Trade and Economic Development and the Asian Development Bank, the National Trade Policy statement submitted to WTO and is subject for revision, Tonga Foreign Direct Investment Bill, and the National Investment Policy Statement which is under review for update . The latest Investment Policy statement was 2008.

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Q9 Is economic diversification a priority in your national or regional development strategy?

Yes,

If yes, please provide additional information (including as to how economic diversification is defined and measured).: Tonga has been exporting Copra, Banana, Vanilla Beans, Kava, and Squash for the last 45 years . Tonga's main sources of income are remittances from diaspora, agricultural export, fisheries export, and handcraft export. We failed to diversify and add more value to primary commodities and that is why we change the focus into industrialization transformation.

Q10 What are the main constraints to economic diversification identified in your national or regional development strategy?(You may tick more than 1 box)

High input costs ,

High trade costs ,

Limited agricultural production capacity ,

Limited inward foreign direct investment ,

Limited industrial or manufacturing capacity ,

Limited services capacity,

Limited standards compliance ,

Low levels of training and skills ,

Poor international competitiveness,

Small domestic market ,

Transport infrastructure (airport, roads, rail, port) ,

Additional information on the main constraints to economic diversification as identified in your national or regional development strategy.:

In addition, is the lack of technical and technology know how, in-available and high costs of spare parts, and high costs of repair and maintenance.

Q11 Please indicate in which of category(ies) of aid-for-trade financing you receive aid-for-trade support for economic diversification.(You may tick more than 1 box and/or leave boxes unticked if you do not receive support)

Trade policy and regulations (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards)

,

Regional trade agreements (RTAs)

Trade education/training,

Communications infrastructure,

Agriculture,

Fishing,

Additional information on which category(ies) of aid-for-trade financing you receive aid-for- trade support for economic diversification.:

We need aid for trade on Quality Assurance infrastructure (laboratory), technology and high advanced technical processing and manufacturing equipment, and a common processing Center for R& D.

Q12 Does the aid-for-trade support you receive for economic diversification align with the priorities established in your national or regional trade and development strategy(ies)?

No

Q13 Has your government recorded progress in economic diversification since the launch of the Aid-for-Trade initiative in 2006?

No

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Q14 If yes, please specify in which area(s):(You may tick more than 1 box)

Respondent skipped this question

Q15 If yes, please also indicate in which sector(s): (You may tick more than 1 box)

Respondent skipped this question

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Q16 In which category(ies) of Aid for Trade is the support you receive impactful for economic diversification?(You may tick more than 1 box and/or leave boxes unticked if you do not receive support)

Regional trade agreements (RTAs) ,
Multilateral trade negotiations ,
Trade education/training,
Communications infrastructure,
Business support services

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Q17 What factors contribute to the success of the aid-for-trade support you receive for economic diversification?(You may tick more than 1 box. Please limit your answer to the top five factors)

National/regional coordination,
 Additional information on the factors that contribute to the success of the aid-for-trade support you receive for economic diversification. :
 We did not receive any Aid for Trade that directly support our economic diversification

Q18 What factors may limit the success of the aid-for-trade support you receive for economic diversification?(You may tick more than 1 box. Please limit your answer to the top five factors.)

Diverging priorities between partner and donor ,
Inadequate infrastructure,
Failure to mobilize domestic private investment ,
Inability to leverage foreign direct investment ,
Lack of country ownership ,
Lack of donor interest in specific projects/programmes ,
Limited financing for the private sector ,
Poor alignment of aid-for-trade received with national/regional priorities ,
Poor coordination among donors ,
Time horizon too short ,
Weak institutional capacity

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Q19 Does the Aid for Trade you receive help mobilize other forms of development finance for economic diversification (i.e. non-concessional financing, foreign direct investment, remittances, trade finance, etc.).

No

Q20 Which development partner(s) are the most important source of aid-for-trade financing for economic diversification?(You may tick more than 1 box)

Australia,
European Union,
Japan,
New Zealand
OTHER BILATERAL,
MULTILATERAL/REGIONAL,
Asian Development Bank (AsDB),
Food and Agricultural Organization of the UN (FAO),
Global Environment Facility (GEF),
International Fund for Agricultural Development (IFAD),
International Labour Office (ILO),
Silk Road Fund,
United Nations Development Programme (UNDP),
World Bank,
World Trade Organization (WTO)

Q21 Which South-South partner(s) are the most important source of financing for your economic diversification?(You may tick more than 1 box)

Additional information on the South-South partner(s) that are important sources of financing for your economic diversification.:
None of the South South have invested significantly on our economic diversification shortfalls.

Q22 Looking ahead, in which sector(s) will future support for economic diversification be most required? (You may tick more than 1 box)

Agriculture,
Industry,
Services,
Fisheries,
Other, (please specify) ,

Additional information on the sector(s) that will require most support for economic diversification.:
and handcrafts

Q23 Looking ahead, in which category of aid-for-trade financing do you think that your government will require aid-for-trade support for economic diversification. (You may tick more than 1 box and/or leave boxes unticked if you do not receive support)

Trade policy and regulations (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards)

,

Trade policy and administrative management ,

Trade facilitation,

Multilateral trade negotiations ,

Trade-related infrastructure (Including physical infrastructure)

,

Transport and storage infrastructure ,

Energy supply and generation infrastructure ,

Business support services,

Banking and financial services ,

Building productive capacity ,

Agriculture,

Fishing,

Industry,

Travel and tourism ,

Trade related adjustment (Including supporting developing countries to put in place accompanying measures that assist them to benefit from liberalized trade)

,

Additional information on which category(ies) of Aid for Trade you think your government will require further aid-for-trade support for economic diversification.:

Including certification into international quality requirements for market access.

Q24 Is there any Aid-for-Trade project or programme for economic diversification that you would like to showcase as an example of best practice?(Please provide additional information and include weblinks as relevant)

None at the moment

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Q25 Is economic empowerment a priority in your national or regional development strategy? **Yes**

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Q26 For which groups does your national or regional development strategy seek to promote economic empowerment?(You may tick more than 1 box)

Women's economic empowerment ,

Micro, Small and Medium Sized Enterprises ,

Youth economic empowerment

Q27 Does the national or regional development strategy propose any indicators to track economic empowerment or include any targets to achieve?

Yes,
If yes, please provide additional information on the indicators, or targets, on economic empowerment that are included in your national or regional development strategy.:
the increase in youth and women in Business engagements.

Q28 Does the national or regional development strategy link economic empowerment to participation in international trade?

Yes,
If yes please provide additional information on how your national or regional development strategy links economic empowerment to participation in international trade. :
The Pacific Region actions plan for your entrepreneurship and Women in Business

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Q29 Please indicate in which category(ies) of aid-for-trade financing you receive aid-for-trade support for economic empowerment.(You may tick more than 1 box and/or leave all boxes unticked if you do not receive support)

Business support services,

Travel and tourism

Q30 Does the aid-for-trade support you receive for economic empowerment align with the empowerment priorities established in your national or regional trade and development strategy(ies)? **Yes**

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Q31 How best can Aid for Trade make a contribution to women's economic empowerment?(You may tick more than 1 box. Please limit your answer to the top five factors)

- ☐ Improving access to information
- ☐ Improving access to foreign markets
- ☐ Improving access to global value chains
- ☐ Improving digital connectivity
- ☐ Improving the provision of services
- ☐ Improving the flow of goods at borders (Trade Facilitation)
- ☐ Providing access to finance
- ☐ Supporting the growth and economic development of women
- ☐ Supporting rural trade
- ☐ Supporting the elaboration of gender-sensitive policies
- ☐ Upgrading business skills,
- ☐ Upgrading ICT skills
- ☐ Upgrading the energy infrastructure
- ☐ Upgrading the transport infrastructure

Q32 What forms of aid-for-trade financing, in your view, best support women's economic empowerment?(You may tick more than 1 box and/or leave all boxes unticked if you do not receive support)

Trade policy and regulations (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards).

,

Trade facilitation,

Regional trade agreements (RTAs) ,

Multilateral trade negotiations ,

Trade education/training,

Trade-related infrastructure (Including physical infrastructure)

,

Communications infrastructure,

Energy supply and generation infrastructure ,

Trade development (Including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.)

,

Business support services,

Banking and financial services ,

Agriculture,

Fishing,

Industry,

Travel and tourism

Q33 What factors contribute to the success of Aid for Trade in promoting women's economic empowerment? (You may tick more than 1 box. Please limit your answer to the top five factors)

Alignment of aid-for-trade support with national/regional priorities ,

Capacity to draft funding applications ,

Coordination among donors ,

Country ownership,

Donor interest in specific projects/programmes ,

Good digital and ICT connectivity ,

Mobilization of domestic private investment ,

National/regional coordination,

Services capacity,

Sufficient funding and appropriate implementation timelines

Q34 How best can Aid for Trade make a contribution to the economic empowerment of MSMEs?(You may tick more than 1 box. Please limit your answer to the top five factors)

Improving the flow of goods at borders (Trade Facilitation)

,

Providing access to finance

Supporting the growth and economic development of women

,

Supporting rural trade

Supporting the elaboration of gender-sensitive policies

,

Supporting the growth and economic development of Youth

,

Upgrading business skills,

Upgrading ICT skills

Upgrading the energy infrastructure

Upgrading the transport infrastructure,

Improving access to information

Improving access to foreign markets

Improving access to global value chains

Improving digital connectivity

Improving the provision of services

Q35 What forms of aid-for-trade financing, in your view, best support the economic empowerment of MSMEs? (You may tick more than 1 box and/or leave all boxes unticked if you do not receive support)

Business support services,

Banking and financial services ,

Building productive capacity ,

Agriculture,

Trade policy and regulations (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards).

,

Trade policy and administrative management ,

Regional trade agreements (RTAs) ,

Multilateral trade negotiations ,

Trade education/training,

Trade-related infrastructure (Including physical infrastructure)

,

Transport and storage infrastructure ,

Communications infrastructure,

Energy supply and generation infrastructure ,

Trade development (Including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.)

,

Industry,

Travel and tourism

Q36 What factors contribute to the success of Aid for Trade in promoting the economic empowerment of MSMEs? (You may tick more than 1 box. Please limit your answer to the top five factors)

- ☐ **Alignment of aid-for-trade support with national/regional priorities**
- ☐ **Capacity to draft funding applications**
- ☐ **Coordination among donors**
- ☐ **Country ownership,**
- ☐ **Donor interest in specific projects/programmes**
- ☐ **Good digital and ICT connectivity**
- ☐ **Good trade-related infrastructure**
- ☐ **Leveraging of foreign direct investment**
- ☐ **Mobilization of domestic private investment**
- ☐ **Institutional capacity to implement projects**
- ☐ **National/regional coordination,**
- ☐ **Services capacity**

Q37 How best can Aid for Trade make a contribution to Youth economic empowerment?(You may tick more than 1 box. Please limit your answer to the top five factors)

Improving the flow of goods at borders (Trade Facilitation)

,

Providing access to finance

Supporting the growth and economic development of women

,

Supporting rural trade

Supporting the elaboration of gender-sensitive policies

,

Supporting the growth and economic development of Youth

,

Upgrading business skills,

Upgrading ICT skills

Upgrading the energy infrastructure

Upgrading the transport infrastructure,

Improving access to information

Improving access to foreign markets

Improving access to global value chains

Improving digital connectivity

Improving the provision of services

Q38 What forms of aid-for-trade financing, in your view, best support to Youth economic empowerment?(You may tick more than 1 box and/or leave all boxes unticked if you do not receive support)

Business support services,
Building productive capacity ,
Agriculture,
Trade policy and administrative management ,
Trade facilitation,
Regional trade agreements (RTAs) ,
Trade education/training,
Trade-related infrastructure (Including physical infrastructure) ,
Transport and storage infrastructure ,
Communications infrastructure,
Energy supply and generation infrastructure ,
Trade development (Including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.) ,
Fishing,
Industry,
Travel and tourism

Q39 What factors contribute to the success of Aid for Trade in promoting to Youth economic empowerment? (You may tick more than 1 box. Please limit your answer to the top five factors)

Alignment of aid-for-trade support with national/regional priorities ,

Capacity to draft funding applications ,

Coordination among donors ,

Country ownership,

Donor interest in specific projects/programmes ,

Good trade-related infrastructure ,

Mobilization of domestic private investment ,

Institutional capacity to implement projects ,

National/regional coordination,

Services capacity,

Sufficient funding and appropriate implementation timelines

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Q40 In your view, can Aid for Trade make a contribution to the achievement of the 2030 Sustainable Development Agenda ?

Yes,
Please provide a weblink to the relevant national strategy or policy document in which SDGs are referred to.:
The Tonga Strategic Development Framework (TSDF) is the national policy that links our national priorities to our SDGs commitment .

Q41 If yes, please specify which Sustainable Development Goal or Goals (SDGs) Aid for Trade can help to achieve. (You may tick more than 1 box) Sustainable Development Goals:

1. No ☐ ,
poverty
2. Zero hunger, ☐
3. Good health and well-being ☐
4. Quality education, ☐
5. Gender ☐ ,
equality
6. Clean water and ☐ ,
sanitation
7. Affordable and clean ☐ ,
energy
8. Decent work and economic ☐ ,
growth
9. Industry, innovation and ☐ ,
infrastructure
10. Reduce ☐ ,
inequalities
11. Sustainable cities and ☐ ,
communities
12. Responsible consumption and ☐ ,
production
13. Climate ☐ ,
action
14. Life below ☐ ,
water
15. Life on ☐ ,
land
16. Peace, justice and strong ☐ ,
institutions
17. Partnership for the ☐ ,
goals

Q42 Which donor(s) are now the most important source aid-for-trade financing for your economic empowerment.(You may tick more than 1 box)

Australia,
European Union,
Japan,
New Zealand,
OTHER BILATERAL,
MULTILATERAL/REGIONAL,
Asian Development Bank (AsDB),
Food and Agricultural Organization of the UN (FAO),
Global Environment Facility (GEF),
International Fund for Agricultural Development (IFAD),
International Labour Office (ILO),
International Monetary Fund (IMF),
OPEC Fund for International Development (OFID),
World Bank,
World Trade Organization (WTO),
United Nations Development Programme (UNDP)

Q43 Which South-South partner(s) are the most important source of financing for your economic empowerment?(You may tick more than 1 box)

Additional information on the South-South partner(s) that are important sources of financing for your economic empowerment.:
None

Q44 Looking ahead, in which category(ies) of aid-for-trade financing do you think that further support for economic empowerment will be required. (You may tick more than 1 box and/or leave boxes unticked if you do not receive support)

Business support services,

Building productive capacity ,

Agriculture,

Trade policy and regulations (Including training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards).

,

Trade policy and administrative management ,

Trade facilitation,

Regional trade agreements (RTAs) ,

Multilateral trade negotiations ,

Trade education/training,

Trade-related infrastructure (Including physical infrastructure)

,

Transport and storage infrastructure ,

Communications infrastructure,

Energy supply and generation infrastructure ,

Trade development (Including investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development.)

,

Fishing,

Industry,

Travel and tourism

Q45 Please provide any additional information that you think may be relevant.(Please references in the form or weblinks, document symbols etc.)

Tonga's new Democratic Government is focusing on empowering the poor, creating new jobs and develop new industries to eliminate and eradicate poverty

Q46 Is there any Aid for Trade project or programme for economic empowerment you would like to showcase as particularly important for your country or as an example of best practice?(Please provide any relevant additional information and include weblinks as relevant)

None

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Q47 CONSULTATION (Other ministries/agencies consulted in preparing this questionnaire reply):

None
