



UNDER EMBARGO UNTIL 12.00 HRS., BANGKOK TIME, THURSDAY, 28 APRIL 2016

FIJI

GDP (current US\$, billions):	\$4.53	Population (thousands):	886
Share of GDP in developing Asia-Pacific:	0.03%	GDP per capita (current US\$):	\$5,112.32
Share of GDP in Pacific island developing economies:	24.6%	Average inflation (2015)	1.4%

- Economic growth in Fiji moderated to a still high rate of 4% in 2015 compared with 5.3% in 2014. Dry conditions relating to the El Niño event resulted in a decline in the production of sugar, while much lower global prices for gold and sugar weighed down exports.
- The services industry, especially the transport, accommodation and restaurants sectors, dominated economic activity in 2015, supported by buoyant tourism demand. Visitor arrivals increased by 9% in 2015 compared with 2014, driven by a greater number of tourists from traditional markets, such as Australia and New Zealand, which account for three quarters of the total number of visitors.
- Both public and private investment buoyed the construction sector and created employment. Eased consumer credit conditions and low inflation also supported consumer spending.
- The economy is projected to slow to a 2.2% growth rate in 2016 before rebounding to 3.1% in 2017.
- Cyclone Winston affected Fiji in February 2016, causing damage to agricultural output and tourism services in some parts of the country. The prolonged drought conditions are also expected to adversely affect production of sugarcane and other crops.
- The projected expansion in 2016 is supported by post-cyclone reconstruction efforts, increased foreign aid, and higher remittances sent from families abroad.
- Inflation is expected to rise in the first half of 2016 due to reduced food supply, although low oil prices and the reduction in the value-added tax rate from 15% to 9% would help to keep price rises at manageable levels.
- The major drivers of economic growth in 2017 will be the tourism-linked sectors, particularly additional investment in hotel rooms, and projects to upgrade road and airport infrastructure and air carriage capacity. Exports of sugar would, however, be constrained by the end of preferential access of Fiji's sugar to the European Union scheduled to take place in 2017.
- Sustaining strong medium-term growth will depend on effective implementation of reforms to improve the business climate, particularly in areas that facilitate new business start-ups and the grant of construction permits. To promote business investment, the Government improved access to land for investment by providing an opportunity for indigenous landowners to deposit their land and benefit from lease payments for the use of such land.
- Civil service reforms are currently under way, which would help to enhance productivity and the efficiency of public service delivery.