
SUMMARY

1. Fiji is an archipelago classified as an upper middle income country, with a high human development index. Its economy is largely exposed to the effects of climate change and frequent extreme weather episodes. In 2016, for example, a tropical cyclone destroyed physical infrastructure and led to a significant loss in agricultural production. Investments related to post cyclone reconstruction work contributed to GDP growth. Furthermore, substantial stimulus packages, including tax reduction and concessional loans, were devised to support economic activities.

2. GDP growth rates were positive from 2016 through 2018, as the expansionary fiscal and monetary stance lifted private consumption and further reinvigorated investments. Construction, finance, food, and accommodation activities were the main growth engines. However, in 2019, the economy contracted by 0.6% due to poor performance in the manufacturing sector. Furthermore, the COVID 19 pandemic took a significant toll, due to a fall in tourism activities and rippling effects to other economic sectors. Supply chain disruption in the manufacturing sector also played a role, and the economy further contracted in 2020 and 2021 by 17% and 5.1%, respectively. In 2022, Fiji's economic activities rebounded, and the recovery is set to continue in 2023. Inflation in Fiji is generally driven by food and fuel prices. Its rate stood over 3% from 2016 to 2018, before falling in 2019 and 2020. Post cyclone stimulus packages have led to a further deterioration of the country's fiscal deficit in recent years. The same dynamic has also prevailed for the current account deficit.

3. Fiji's strategic vision, as highlighted in its Development Plan, places emphasis on, inter alia, promoting MSMEs' development, empowering youth and women, and building an environmentally sustainable economy. International merchandise trade (imports and exports) stood at over 100% in 2019 but was affected by the COVID 19 pandemic. Primary agricultural products and agri food preparations are the main export products, and the top export destinations are the United States, Australia, and New Zealand. Imports are mostly sourced from Asia/Oceania. The leading import categories are food products, petroleum products, machinery and electrical equipment, and transport equipment.

4. In December 2022, a new government was formed after a general election, and the previous Ministry of Commerce, Trade, Tourism and Transport was reorganized as the Ministry of Trade, Co operatives, and Small and Medium Enterprises (MTCSME). The Prime Minister became responsible for foreign affairs, climate change, environment, civil service, information, public enterprises, and veteran affairs. During the review period, Fiji also enacted some new or amended trade related laws in areas such as investment, commerce, customs, taxation, standards, intellectual property, agriculture, land, energy, environment, health, financial services, telecommunications and audiovisual services, road and maritime transport, and tourism.

5. The MTCSME is responsible for formulating and implementing Fiji's external trade policy. It is also responsible for industry, investment, co operative businesses, micro and small enterprises, metrology, standards, consumer protection, and all trade negotiations. The MTCSME consults with other ministries and trade related agencies mainly through semi regular meetings of the Cabinet mandated inter ministerial Trade and Development Committee. The private sector and civil society continue to interact formally and informally with the Government.

6. The National Development Plan, issued in 2017 and currently under review, sets out both short and long term plans with a view to pursuing a progressive, vibrant, and inclusive society. The National Export Strategy, also currently under review, continues to serve as a guideline to achieve sustainable growth in export competitiveness, value addition, and diversification; the Strategy provides grant funding targeted to businesses that are currently exporting or intend to export.

7. Fiji fully supports, and is committed to, the multilateral trading system. Fiji is an original Member of the WTO, and grants at least MFN treatment to all of its trading partners. It is neither a party to the Information Technology Agreement nor to the Agreements on Government Procurement and Trade in Civil Aircraft. In WTO negotiations, Fiji is part of the Small, Vulnerable Economies group; the African, Caribbean and Pacific (ACP) Group; Friends of Fish; and one of the so called "W52" sponsors. Fiji has not been involved in any formal disputes. During the review period, Fiji made several WTO notifications, although some are outstanding.

8. Fiji has five regional trade agreements in force. During the review period, one such agreement entered into force. On 14 March 2019, Fiji signed an Interim Economic Partnership Agreement (IEPA) with the United Kingdom to replicate the IEPA between the European Union and the Pacific States.

9. On 3 June 2021, the Parliament adopted the Investment Act 2021, replacing the Foreign Investment Act 1999 and other subsequent acts and regulations. The new Act entered into force on 1 August 2022. According to the authorities, the Act was framed on international benchmarks.

10. Fiji ratified the Agreement on Trade Facilitation (TFA) in 2017 and subsequently notified its related commitments to the WTO. Fiji implemented several customs modernization reforms, including a digital and organizational transformation of the Fiji Revenue and Customs Service to meet future challenges of increased traffic and trade, as well as to take advantage of digitalization opportunities. As at September 2022, Fiji had fulfilled 97.1% of its TFA implementation commitments. The two remaining commitments concern test procedures for goods declared for importation (definitive implementation date: 31 December 2023) and the establishment of a single window (31 December 2025).

11. Fiji has bound 47.5% of its tariff lines. A significant difference remains between the average bound tariff (40.1% in 2022) and the average applied MFN tariff (6.2% in 2022, compared with 11.2% in 2015). The simple average applied MFN tariff for agricultural products (WTO definition) was 7.5% in 2022 and for non-agricultural goods 6.0%. For several tariff lines, the applied MFN rate exceeds the bound rate. The VAT applies to most imports at zero, 9%, or 15%. Excise duties, at 5%, 10%, or 15%, apply to a range of products, whether imported or manufactured domestically.

12. Fiji has substantial tariff concessions in the form of partial and full exemptions and remissions. According to the authorities, duty and tax concessions granted to imports resulted in forgone revenue in the range of FJD 250 million (around USD 115 million) over the 2016-22 period. Although declining, revenue losses on import related concessions amounted to approximately 15% of total fiscal revenue and some 33% on average for the last past three years (2020-22) of revenue collections by Fiji Customs.

13. Several import prohibitions, restrictions, and licensing requirements for health, security, and moral reasons remain in place. Fiji has few standards and technical regulations, mostly adopted from Australia and New Zealand. Several products, such as fisheries and agricultural products, are subject to export licensing requirements. Fiji continues to have export incentive schemes and other extensive tax incentives. Some of these incentives target priority sectors and are occasionally subject to minimum local content or export requirements. Fiji did not take anti-dumping or countervailing actions during the review period and has no safeguards legislation.

14. Fiji's competition law addresses competition affairs, consumer protection, and price controls. In general, the legislation prohibits restrictive business practices, misuse of dominant market position, bid rigging, exclusive dealing, resale price maintenance, and price discrimination. It has established and empowered the Fijian Competition and Consumer Commission to discharge various functions such as (i) competition adjudication and enforcement; (ii) consumer protection and enforcement; (iii) price control and monitoring; and (iv) economic regulation in certain industries, including specific provisions to protect women, rural dwellers, and other disadvantaged groups. Goods and services under price control in Fiji include various commodities, energy bills, infrastructure services fees (e.g. telecommunications, postal), and transport fees. State owned enterprises remain active in a few sectors.

15. Some changes occurred in intellectual property rights legislation. The introduction of the three new pieces of legislation (Trademarks Act (Act No. 36 of 2021); Patents Act (Act No. 37 of 2021); and Designs Act (Act No. 38 of 2021)) in Parliament on 19 August 2021 in relation to intellectual property rights is considered as a timely intervention for Fiji to meet its international commitments. While the legislation has been passed, no commencement date has yet been given; therefore, the acts are still not in effect.

16. Agriculture in Fiji is characterized by the large subsistence sector, the predominance of small farms (of less than one hectare), low mechanization, high input costs, poor farming and husbandry practices, inadequate infrastructure, marketing inefficiencies, and lack of access to credit. Between 2016 and 2021, the annual contribution of agriculture, forestry, and fishing to Fiji's GDP averaged

14.7%; the sector employs, directly or indirectly, close to two thirds of the labour force. Subsistence farming and sugarcane production have traditionally been important for Fiji's agriculture. Support policies include infrastructure and mechanization assistance, equity support, and relatively high tariffs on some foodstuffs. Fiji made no domestic support reduction commitments in the WTO; all of its support measures have been notified under the "Green Box". It does not provide export subsidies. Commercial farming is dominated by sugarcane. Processing and importation of unrefined sugar are the monopoly of the government owned Fiji Sugar Corporation (FSC). In September 2017, the European Union terminated the application of country specific quotas for sugar imports from ACP countries. The FSC is seeking alternative markets.

17. Fisheries accounted for 0.9% of GDP in 2021 (same in 2016). In terms of exports and re-exports in tonnes, fisheries accounted for around 10% of merchandise exports, which consist mainly of frozen and (canned) prepared or preserved tuna. On 21 November 2019, the Aquaculture Strategy (as a part of the Ministry of Fisheries Strategic Development Plan 2019-2029) was launched as a strategic development plan for the fisheries sector. According to the Strategy, there is capacity for significant growth in the industry with supports from the Ministry of Fisheries to stimulate large and small scale production. The Government provides several tax incentives that apply to newly incorporated entities engaged in a new business in certain areas between 1 January 2018 and 31 December 2028. In 2018, Fiji ratified the Agreement on Port State Measures.

18. More than half of electricity generated originates from renewable energy resources, while the rest depends on imported fossil fuel powered energy. Reducing energy imports is one of the Government's policy objectives. Tax incentives are granted to promote development of renewable energy resources. Prices are regulated, and subsidies are granted to small domestic consumers and schools.

19. Manufacturing accounts for 14.3% of GDP and 25.7% of goods exports. The main industries are food processing, tobacco, and beverages (mostly bottled water); apparel; and wood based products. The Government grants tax incentives and concessionary credit to promote manufacturing. The manufacturing industry has also benefited from marketing grants provided by the Government and an average applied MFN tariff rate of 6.2%. Apparel exports have been boosted by improved market access under Australia's Developing Country Preference scheme.

20. The services sector is the main pillar of Fiji's economy, as it contributes to two thirds of GDP and accounts for 51% of total exports. The sector is mainly made up of tourism, transport and storage, finance, and business services. The financial services industry performed relatively well during the review period, and almost all financial institutions contributed to its growing assets. Banking remains the main channel of funding in the economy, and the quality of lending was stable until 2019. However, the COVID-19 pandemic led to an increase in non-performing loans. The prudential framework for the financial sector was further improved during the review period. Offshore lending is not permitted unless approved by the central bank. Tourism is the largest contributor to GDP overall and foreign exchange earnings and is a major provider of jobs. The main source markets are Australia and New Zealand. Visitor arrivals slumped in 2020 and 2021, due to pandemic related restrictions.

21. Fiji's commitments under the GATS cover only hotels and other tourist accommodations and restaurants. State involvement in services remains significant (mainly in transport and telecommunications). For example, the state owned Airports Fiji Ltd manages international airports, and the 51% government owned Air Terminal Services Fiji is the only provider of ground handling services. A state owned company also holds a dominant position in both fixed and mobile phone industries. However, in the port management industry, since 2013, a concession has been granted to a private company to provide port services, previously in the hands of a state owned monopoly. In general, foreigners participate in services activities under the same conditions as their domestic counterparts. Maritime cabotage is not permitted, but a foreign ship may apply for a permit to engage in coastal shipping, provided there are no domestic equivalent services. Banking and insurance are relatively open, with subsidiaries and branches allowed. Under the Foreign Investment Regulations, there is a minimum investment threshold for a foreign investor wishing to engage in certain tourism related activities. In addition, foreign investments are not allowed in homestay lodging services and backpacker operator businesses, which are reserved for citizens.