


THE FIJIAN ECONOMY AN UPDATE AND OUTLOOK

Fiji Australia Business Council - 22 July



Governor
Barry Whiteside

PRESENTATION OUTLINE

- THE GLOBAL ECONOMY
- THE FIJIAN ECONOMY
- KEY CHALLENGES/RISKS
- FIJI-AUSTRALIA TRADE
- SUMMARY

THE GLOBAL ECONOMY

Key messages:

- World Growth forecast downgraded again
- Slowdown continues in major developed economies
- Consolidation in emerging economies at lower growth levels
- Low interest rates and accommodative monetary policy stances



THE FIJIAN ECONOMY

A Nutshell RBF view now:

- Growing sense of *optimism and confidence* about our Economy
- People and Businesses *are spending* (both for Consumption and Investment)
- Certain sectors are on the *uptrend* (though others remain sluggish)

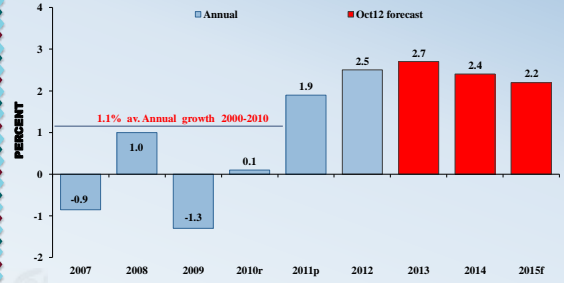
Why is this so?

- Pent up demand from previous years
- Sense that businesses must now take their opportunities to step in
- Liquidity is high and interest rates are low
- Monetary and Fiscal Policies accommodative towards spending and investment
- Continuing commitment to the various Reform programmes
- Elections look to be on course

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GDP GROWTH (2007-2015)

Growth is broad based across the sectors



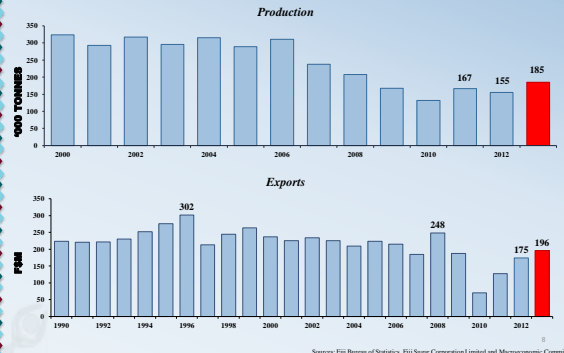
Sources: Fiji Bureau of Statistics and Macroeconomic Committee

SECTORAL PERFORMANCES

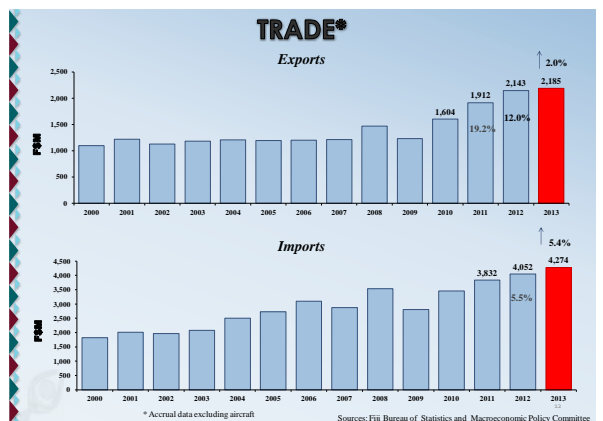
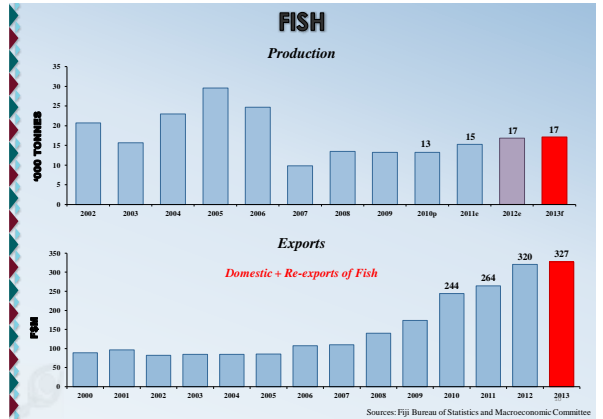
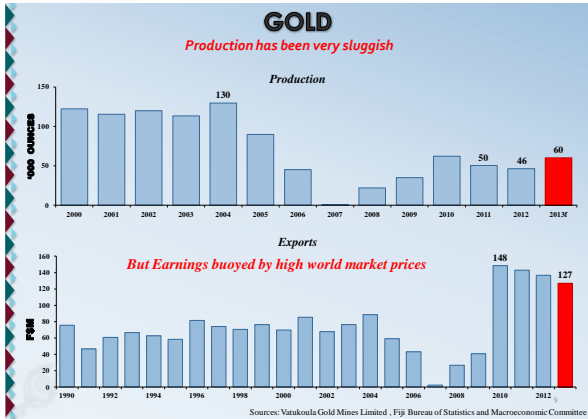
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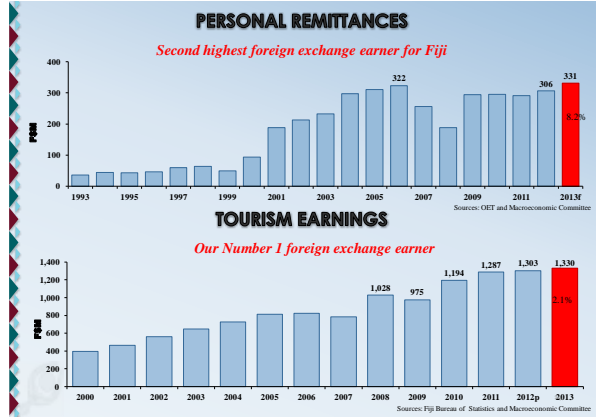
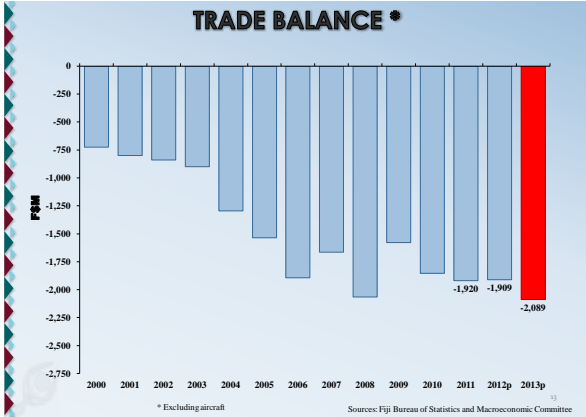
SUGAR

Reforms in the industry are on-going and recovery is somewhat slow



Sources: Fiji Bureau of Statistics, Fiji Sugar Corporation Limited and Macroeconomic Committee





ACTIVITY INDICATORS

Investment

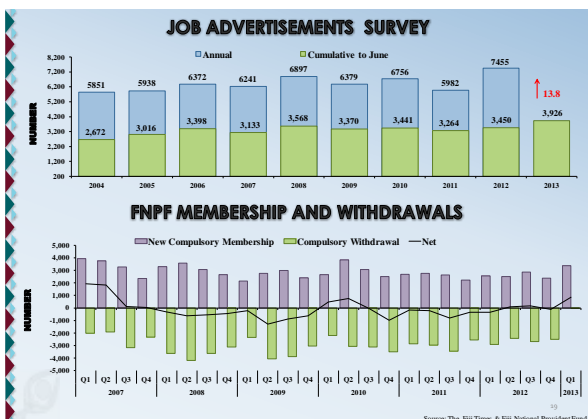
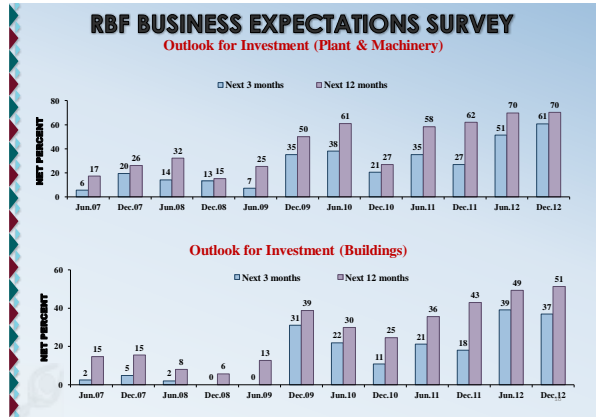
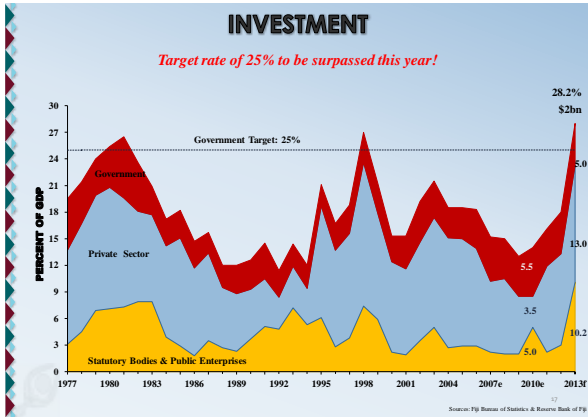
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INVESTMENT INDICATORS

Indicators reflect growing sense of optimism and confidence about our Economy

- New lending for investment purposes (Cum to May 2013): +161.5%
- New lending to the B&C sector (Cum to May 2013): + 347.9%
- Domestic cement sales (Cum to Apr 2013): + 19.4%
- Value of Work put in place (Qtr 1, 2013): +10.2%
- New lending to real estate sector (Cum to May 2013): +57.0%
- Imports of investment goods (Cum to Apr): +14.3%

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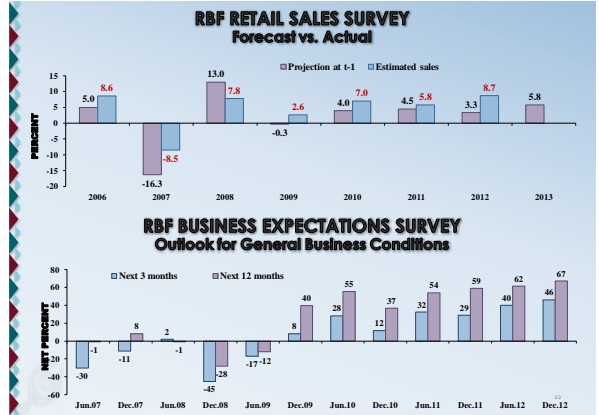
ACTIVITY INDICATORS

Consumption

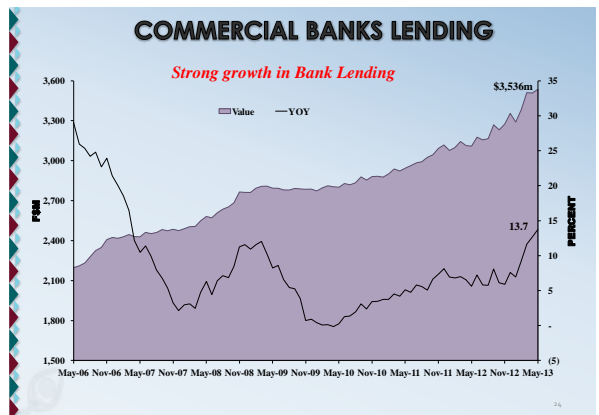
CONSUMPTION INDICATORS

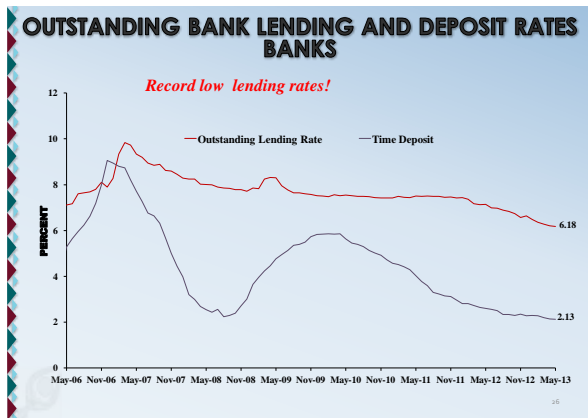
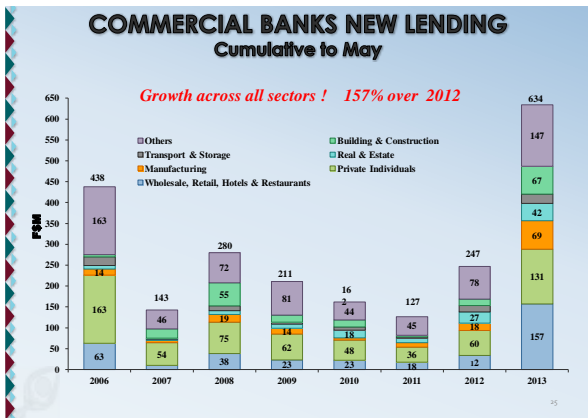
Partials show Consumption activity is also strong

- Net VAT collections (Cum to May 2013): +23.4%
- New consumption lending (Cum to May 2013): +270.5%
- New vehicle sales (Cum to May 2013): +58.6%
- Imports of consumption goods (Cum to Apr 2013): +20.2%
- Personal Remittances (Cum to Apr 2013): +24.7%

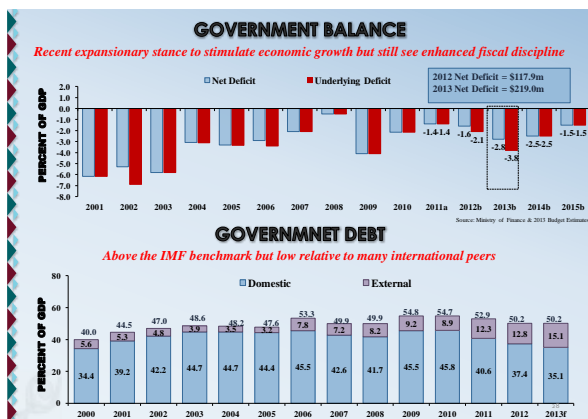


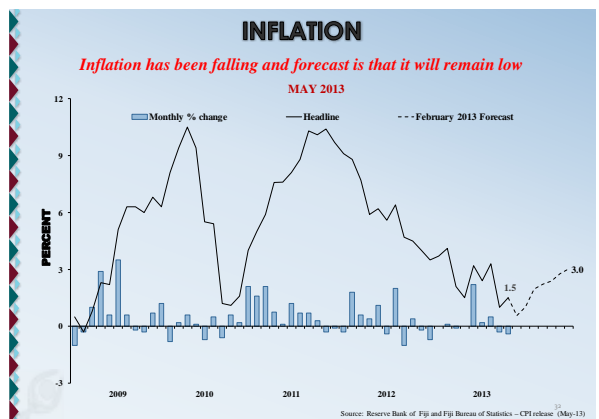
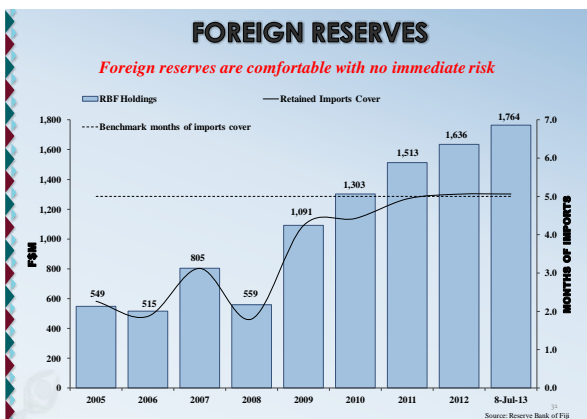
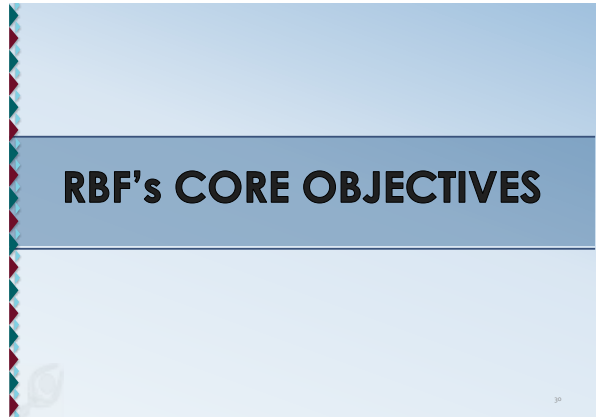
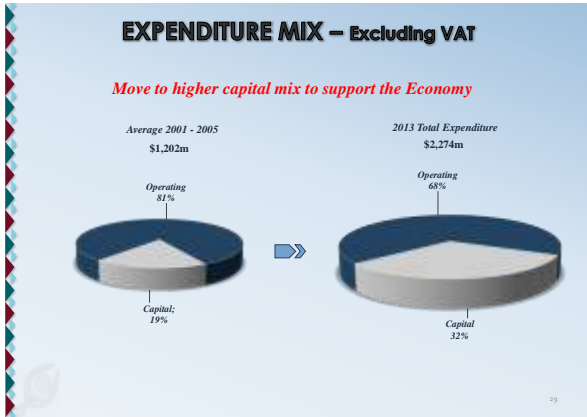
FINANCIAL INDICATORS





GOVERNMENT'S TARGETS





KEY CHALLENGES

Key Challenges

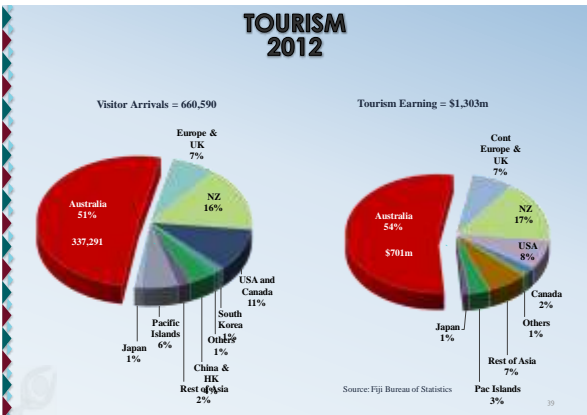
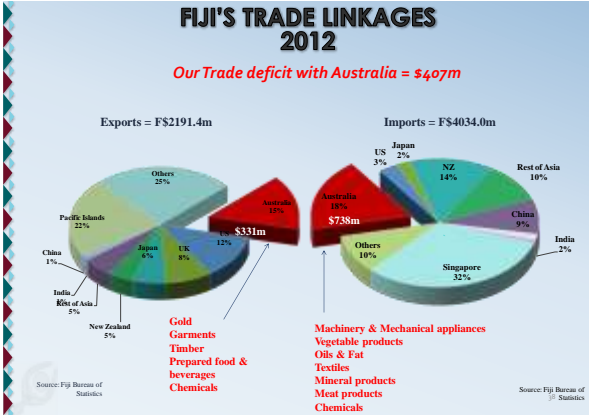
- **INVESTMENT** (sustain 25% target)
 - We must continue to improve on EASE OF DOING BUSINESS (ensure an enabling environment)
 - Continue Government-enabling incentives and support within budgetary constraints
 - Continue Monetary policy support within our Reserves and inflation boundaries
- **SUGAR INDUSTRY** (reforms must continue)
- **MINING INDUSTRY** (can we fast track new developments?)
- **TIMBER INDUSTRY** (is sustainability becoming an issue?)
- **TOURISM INDUSTRY** (continue to work traditional markets but also develop other source markets)

THE RISKS

THE RISKS

- **WEAK GLOBAL ECONOMIC GROWTH** (currently quite fragile)
- **COMMODITY PRICE RISES** (Oil & food price rises impact BOP & inflation)
- **ELECTIONS** (Must meet all commitments to Sept 2014 deadline)
- **REVERSAL/WITHDRAWAL OF GOVERNMENT INCENTIVES** (for Business etc.)
- **NATURAL DISASTERS** (Out of our hands – but we can prepare well and ensure effective response and business resumption procedures)


FIJI-AUSTRALIA TRADE



SUMMARY

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- ✓ Positive economic growth & favorable economic prospects
- ✓ Preparations for 2014 Elections are on track
- ✓ Increased Fiscal Discipline
- ✓ Increasing Private Sector Investment and optimism
- ✓ Effective Maintenance of Foreign Reserves as well as Price Stability
- ✓ Strong commitment towards reform - Restructuring of key Sectors
- ✓ Low Levels of External Debt Relative to International Peers
- ✓ Significant expansion & continued strong potential for the Tourism Industry
- ✓ Credit Rating stable, potential for upgrade



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THANK YOU

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