

RESERVE BANK OF FIJI

PRESS RELEASE



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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC COMMITTEE AND GOVERNOR OF THE RESERVE BANK OF FIJI

REVISED GROWTH PROJECTIONS FOR FIJIAN ECONOMY: 2018-2021

The Fijian economy is poised to continue expanding for the tenth consecutive year after an estimated growth of 4.2 percent in 2018. Real gross domestic product (GDP), the broadest measure of economic activity, is forecast to grow by 2.7 percent in 2019, down from the earlier projection of 3.4 percent.

The Governor of the Reserve Bank and Chairman of the Macroeconomic Committee¹, Mr Ariff Ali stated that, “the revised lower growth in 2019 reflects moderation in domestic economic activity and is in line with the slowdown anticipated for the global economy. The International Monetary Fund, in its April World Economic Outlook downgraded the global growth forecast for 2019 to 3.3 percent from the previous forecast of 3.5 percent.”

He further stated that, “overall growth in aggregate demand will be modest this year based on partial indicators for the first quarter of this year, slowdown in private sector credit and the expected fiscal consolidation in the 2019-20 National Budget.”

Nonetheless, the agriculture, manufacturing, information & communication, accommodation & food services and the wholesale & retail trade sectors are expected to contribute positively to domestic economic growth in 2019. The favourable performance of the agriculture sector is envisaged to be driven by an increase in cane production coupled with increases anticipated in the production of most agricultural crops and livestock. Following a decline in 2018, a turnaround is anticipated for sugar manufacturing in anticipation of higher production given the absence of any major natural disasters so far this year. In addition, while the tourism sector will continue to contribute positively to economic growth, a deceleration in visitor arrivals is envisaged.

The mining sector, however, is projected to contract due to lower gold production forecast for Vatukoula Gold Mine as a consequence of the consecutive declines noted in gold production in the first three months of the year. Activity in the construction sector is also expected to moderate following the completion of reconstruction of schools and buildings damaged by TC Winston.

¹The Macroeconomic Committee comprises Heads and senior representatives from the Ministry of Economy, Fiji Bureau of Statistics, Ministry of Industry & Trade and Tourism, Office of the Prime Minister, Investment Fiji, Ministry of Infrastructure & Transport, Fiji Revenue & Customs Service and the Reserve Bank of Fiji.

The Chairman added that, “the Fiji economy is forecast to achieve a broad based growth of around 3.0 percent in 2020 and 2021 with major contributions from the agriculture, manufacturing, information & communication, wholesale & retail trade and the accommodation & food services sectors.”

The revised economic projections has been calculated using the 2014 GDP base released by the Fiji Bureau of Statistics in March 2019 which was compiled with the assistance of IMF’s Pacific Financial Technical Assistance Centre. The earlier forecast was based on the 2011 GDP base.

The Macroeconomic Committee will continue to monitor global and domestic developments and review the macroeconomic projections again in October 2019.

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