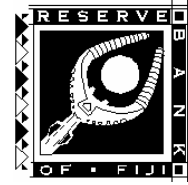


RESERVE BANK OF FIJI



PRESS RELEASE

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MONETARY POLICY STATEMENT

The Reserve Bank released its December 2007 Monetary Policy Statement today. The Statement is the Bank's official release that articulates the current stance of monetary policy and explains the underpinning factors that necessitate such a stance.

According to the Governor and Chairman of the Reserve Bank Board, Mr Savenaca Narube, "the Reserve Bank remains on a tightening bias and the focus of monetary policy will continue to be aimed largely at preserving the Balance of Payments (BOP) position".

The Governor explained that the credit ceiling put in place at the end of last year and the contracting economy have been the key factors in containing excessive credit growth, slowing import growth and relieving pressures on foreign reserves. The policy objectives of low inflation and an adequate level of foreign reserves remained intact in the review period. Accordingly, it has been possible for the Bank to relax certain exchange control measures during the year.

Nevertheless, exports are still performing below potential and a firm and significant export growth remains to be seen. Against this backdrop, pressures on foreign reserves remain. Therefore, despite inflation projected to be around 3.5 percent and foreign reserves forecast at around \$917 million at the end of the year, the Reserve Bank has continued to adopt a monetary policy tightening bias.

The Bank is in the process of reviewing its overall policy package, including the credit ceiling on commercial banks. Looking ahead into 2008, the direction of monetary policy will continue to be based on the outlook of economic fundamentals, namely balance of payments and inflation.

The Reserve Bank will continue to monitor economic developments closely and devise policies to maintain macroeconomic stability and preserve Fiji's financial position.

Reserve Bank of Fiji

To obtain copies of the full Monetary Policy Statement, interested parties are requested to contact Ms Lorraine Seeto, Chief Manager Corporate Planning and Assurance on phone 3223413 or email lorraine@rbf.gov.fj or Mrs Disusu Delana, Acting Manager Corporate Communications on phone 3223225 or email disusu@rbf.gov.fj. The report contains a detailed account of monetary policy decisions and includes a comprehensive summary of key economic developments. It is also available on our website www.reservebank.gov.fj