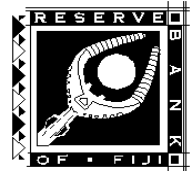


RESERVE BANK OF FIJI



PRESS RELEASE

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MONETARY POLICY STATEMENT RELEASED

The Reserve Bank of Fiji (RBF) released its November Monetary Policy Statement today.

The bi-annual Monetary Policy Statement explains the key macroeconomic outcomes that underpinned the monetary policy stance in the last six months. In particular, it assesses the outcomes of inflation and foreign reserves, the Bank's dual objectives. The Statement also explains the reasons for various monetary policy decisions taken to date.

The Governor and Chairman of the Board, Mr. Savenaca Narube, highlighted his growing concern over the impact of the global financial crisis on Fiji's economy, saying that "the economic impact of the global financial crisis will further weaken our economy and growth prospects may likely be revised downward as we enter the New Year." Mr. Narube added that the repercussions of the international financial crisis are likely to exert considerable pressure on the balance of payments, which was already very weak.

However, the Governor noted that foreign reserves remained adequate at \$832 million, which was able to cover 3.1 months of imports of goods. On a positive note, Mr. Narube stated that global oil prices have plummeted, which is expected to ease domestic inflation from a 20-year high in September to 7.5 percent by the end of the year and further to 4.5 percent in 2009.

He maintained that "the primary focus of monetary policy in the medium term will continue to be on protecting our foreign reserves position. The credit ceiling remains the key instrument in alleviating the pressure on foreign reserves by dampening credit to non-priority sectors, particularly for consumption activity." The Governor also mentioned that while monetary policy concentrated on financial stability, fiscal policy has moved to promote growth and investment. As a result, growth is expected to increase to 2.4 percent in 2009 from a forecast of 1.2 percent this year.

Mr. Narube believes that the current fiscal and monetary policy mix "is sustainable and appropriate for Fiji in our combined effort to preserve financial stability but at the same time lift economic growth."

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