RESERVE BANK OF FIJI

Progressive and Resilient Central Bank, Trusted by Our People

PRESS RELEASE

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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC COMMITTEE[1] AND GOVERNOR OF THE RESERVE BANK OF FIJI

REVISIONS TO THE MACROECONOMIC PROJECTIONS FOR THE FIJIAN ECONOMY (2025-2027)

The Macroeconomic Committee (MC) has undertaken a robust assessment of the economy. However, it has been a challenge given the ongoing trade wars, geopolitical tensions, the downward revisions to our trading partners' growth outlook, and the varying speeds at which some Central Banks have reacted.

Domestically, data for the first five months have been generally positive except for visitor arrivals. The Committee's earlier assessment was that visitor arrivals would further rise by 4.0 percent in 2025 following record arrivals in 2024. However, based on the recent trend and industry feedback, visitor arrivals are now forecast to be flat in 2025.

On the upside, Government expenditure has boosted demand, and expectations are that the upcoming National Budget will remain supportive of growth. Consumption remains strong while accommodative monetary policy is supportive of investment activity. Partial indicators such as domestic VAT collections, wage and salary, employment, remittances and bank credit show notable growth and support the revised economic projection.

Taking these factors into account including the global slowdown, the Fijian economy is now expected to grow by 3.2 percent in 2025, marginally lower than the 3.4 percent forecast earlier. For 2026 and 2027, growth is expected to be broad-based and return to its long-term trend of around 3.0 percent. The service sectors remain the main contributors to growth, followed by the industrial and primary sectors.

The Committee has also reviewed the 2024 growth rate, and the economy is now estimated to have expanded by 4.0 percent. The key drivers of economic growth were the public administration, transport & storage, accommodation, ICT, wholesale & retail trade, financial services, manufacturing and agriculture sectors. The Chair clarified that the Gross Value Added (GVA)[2] contribution to growth for 2024 was 2.3 percentage points, while indirect taxes account for 1.7 percentage points to the growth outturn.

The MC will review these projections in the last quarter of 2025.

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Chairman of the Macroeconomic Committee

[1] The MC is made up of heads and senior representatives from the Ministry of Finance, Strategic Planning, National Development and Statistics; Fiji Bureau of Statistics; Ministry of Trade, Co-operatives and Small and Medium Enterprises and Communications; Ministry of Tourism and Civil Aviation; Office of the Prime Minister; Investment Fiji; Fiji Revenue & Customs Service and the Reserve Bank of Fiji.

[2] Gross Value Added (GVA) is the total of value of goods and services produced from different sectors in an economy.

FIJI'S ECONOMY

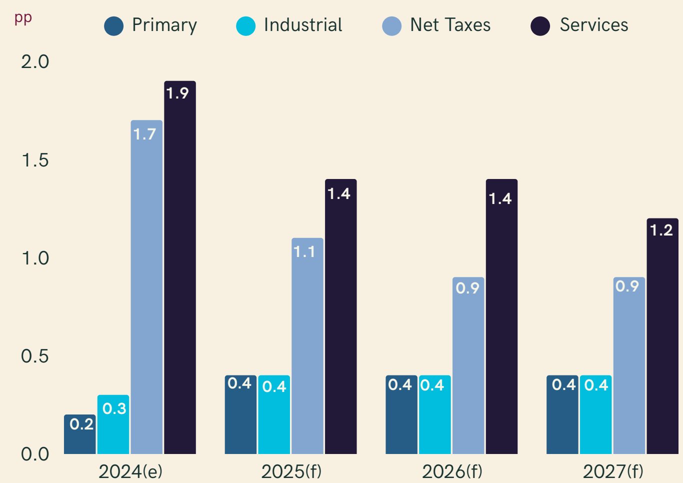
Real GDP growth for 2025 has been revised down based on the latest global and domestic developments as well as industry feedback and data

REVISION TO GROWTH

Sources: Fiji Bureau of Statistics & Macroeconomic Committee

Contribution to growth by categories

*pp is percentage points (the absolute difference between two percentages)



CONTRIBUTORS TO GROWTH

Major contributors to the 3.2% growth in 2025 (in pp)

0.3pp Finance & Insurance

0.3pp Agriculture

0.3pp Public Admin

0.2pp Wholesale & Retail

0.2pp Information & Communication

0.1pp Manufacturing

0.1pp Electricity

0.1pp Transport & storage

0.1pp Real Estate

0.1pp Construction

0.1pp Education

0.1pp Professional

0.2pp Others**

1.1pp Net Taxes

**Forestry, Fishing, Mining, Water, Accommodation, Administrative, Health, Arts, Other services

RISKS TO THE OUTLOOK

UPSIDE

- Reduction in US Tariffs & reaching new trade agreements
- Cautious optimism of a potential rebound in visitor arrivals starting from the second quarter

DOWNSIDE

- Elevated geopolitical tensions & Trade policy uncertainty
- Further slowdown in trading partner economies
- Reduced capacity to absorb future shocks by economies
- Sluggish visitor arrivals
- Natural disasters