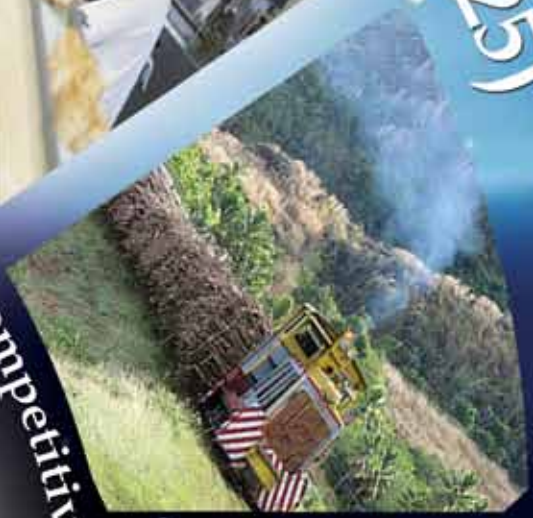
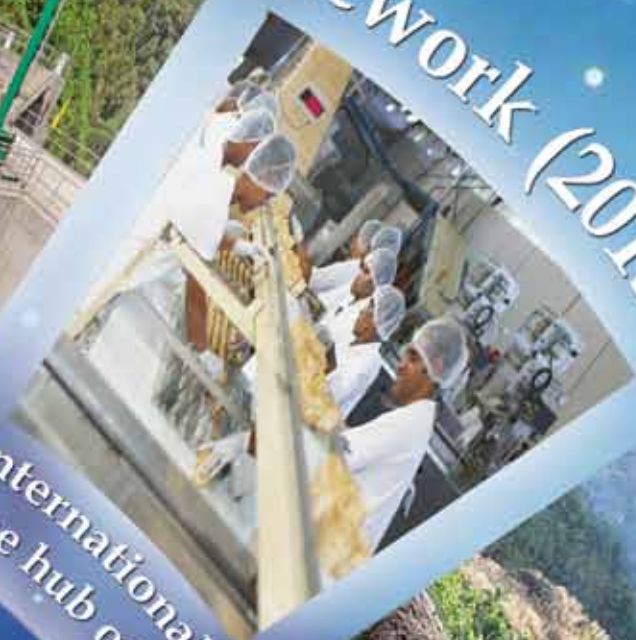
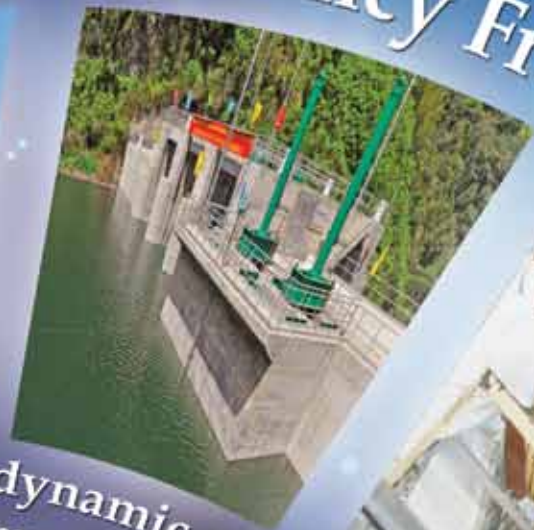


# Fijian Trade Policy Framework (2015-2025)

A vibrant, dynamic and internationally competitive economy serving as the hub of the Pacific







# **Fijian Trade Policy Framework**

(2015 - 2025)

*A vibrant, dynamic and internationally competitive  
economy serving as the hub of the Pacific*

July 2015



**MESSAGE FROM THE PRIME MINISTER**



The Fijian Trade Policy Framework represents our shared interest towards the common goal of improving our trade performance and enhancing Fiji’s position as the hub of the Pacific. The Framework will capitalise on the positive reforms that the Fijian Government has already made in improving the general business environment and trade related infrastructure. It will determine how to connect all the dots and address our production capacity, and supply-side constraints with the ultimate objective of enhancing Fiji’s position in global trade. Harnessing our opportunities in international trade will mean more demand for Fijian-made goods and services leading to increased investment from the private sector and the creation of jobs and wealth. With a strong national economy and a healthy export trade, we will ultimately raise the living standards of all Fijians, put an end to poverty and give every Fijian child hope for a better and more sustainable future.

A handwritten signature in black ink, which appears to read "Bainimarama". The signature is written in a cursive style with a long horizontal stroke at the end.

.....  
**Rear Admiral (Ret.) Josaia Voreqe Bainimarama**  
**Hon. Prime Minister**

## FOREWORD BY THE MINISTER FOR INDUSTRY, TRADE AND TOURISM



Fiji has been undertaking reforms since 2007. As part of the reform package, we now have a dedicated Trade Policy Framework to guide Fiji's trade with the rest of the world. In 2010, the Fijian Government saw it necessary to develop Fiji's first Trade Policy Framework to spell out Government's long term vision of inclusive growth for all the key sectors of the economy, and Fiji's engagement in bilateral, regional and multilateral trading arrangements.

In this context, the Fijian Government has put in place this dedicated Trade Policy Framework that outlines policy measures and strategies that will drive the Fijian economy for the period 2015 to 2025. This is aimed at maximizing development gains by enhancing growth in the Fijian industrial base, investment, exports of goods and services address the supply-side capacity constraints as well as facilitate the smooth integration environment.

This Framework will work towards contributing to the fulfilment of the Fijian Government's vision of a **"Better Fiji for All"**. The underlying motivation is to develop Fiji into a vibrant, dynamic and internationally competitive economy serving as the hub of the Pacific.

The Fijian Government through this Framework recognises the private sector as the engine for economic growth and strongly believes that a robust and healthy economy can be built through coordination and collaboration between and among all the players in the economy.

The Framework seeks to capitalize and build on the positive reforms that the Government has been doing in advancing Fiji's overall development agenda. It provides a single reference point for all stakeholders on Fiji's roadmap towards a modern and all-inclusive development agenda which promotes trade expansion opportunities, industrial growth, domestic and foreign investment and general improvement in the business environment for private sector growth.

The implementation of the Trade Policy Framework will require cooperation and collaboration with stakeholders from both public and private sector to achieve our Vision of a **"Better Fiji for All"**. It will certainly be a challenging task but I am confident that with the support of all Fijians, working together as **One Nation, One Team and Team Fiji**, we will make Fiji stronger and better.

.....

**Faiyaz Siddiq Koya**  
**Hon. Minister for Industry, Trade and Tourism**

## STATEMENT FROM THE PERMANENT SECRETARY



Fiji's first ever comprehensive Trade Policy Framework is a final product of extensive and thorough consultations with various Government ministries and departments, statutory organisations, private sector and civil society. I therefore, sincerely thank and acknowledge their invaluable contributions made to this process. A comprehensive list is annexed.

The Framework acknowledges the challenges that we all face in our respective sectors and endeavours to seek coordinated solutions as we all unify and work towards realising the Fijian Government's vision of a "Better Fiji for All".

The policy shall guide any future agreements between Fiji and her trading partners with the aim of improving and securing meaningful international market access, which promotes the production and export of value added products in order to contribute to job and wealth creation.

The Trade Policy Framework is premised on the following guiding principles:

- ❖ Maintain coherence with national policies and laws;
- ❖ Pro-growth and Pro-development;
- ❖ Job creation and poverty alleviation ;
- ❖ Raising the standard of living for all Fijians;
- ❖ An enabling and open business environment for private sector growth;
- ❖ Export growth and diversification, and enhancement of international competitiveness;
- ❖ Sound and stable fiscal and balance of payment position;
- ❖ Promote competitiveness of domestic firms and enhancement of domestic production and service provision;
- ❖ Improve human capital and technical skills; and
- ❖ Ensure sustainable development and environmental protection

I, on behalf of the Ministry of Industry, Trade and Tourism, would like to thank the Commonwealth Secretariat's Hub and Spokes Programme and the European Union for their financial assistance to enable us undertake diagnostic work, which was a critical step towards formulating this Framework. I would also like to recognise the initial analytical research conducted by Prof. Robert Scollay, University of Auckland and the facilitating role played by the Pacific Island Forum Secretariat (PIFS), who partnered with the Fijian Ministry of Industry, Trade and Tourism from the initial stages of the process.

I reaffirm that this Framework intends to charter Fiji in a new direction of a vibrant, dynamic and internationally competitive economy where there are equal opportunities for all. The Ministry of Industry, Trade and Tourism cannot achieve this alone and will again call on the stakeholder's expertise, support and cooperation to implement this Framework.

Vinaka Vakalevu

A handwritten signature in black ink, appearing to read "Shaheen Ali". The signature is written in a cursive style and is positioned above a horizontal dotted line.

**Shaheen Ali**

**Permanent Secretary for Industry, Trade and Tourism**

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## ABBREVIATIONS AND ACRONYMS

ACP	African Caribbean and Pacific Group of States
AFL	Airports Fiji Limited
AIS	Automated Identification System
ASEAN	Association of Southeast Asian Nations
BES	Business Expectation Survey
BQA	Bilateral Quarantine Agreement
CCD	Commerce Commission Decree
CE	Cultural Expressions
CITES	Convention on International Trade in Endangered Species
CMT	Cut Make and Trim
DCPS	Developing Countries Preference Scheme
DDA	Doha Development Agenda
DSS	Duty Suspension Scheme
EPA	Economic Partnership Agreement
EPC	Engineering - Procurement - Construction
EU	European Union
FCC	Fiji Commerce Commission
FCTC	Framework Convention on Tobacco Control
FDI	Foreign Direct Investment
FICs	Forum Island Countries
FICAC	Fiji Independent Commission Against Corruption
FNPF	Fiji National Provident Fund
FIAS	Foreign Investment Advisory Service
FLNKS	Front de Liberation National Kanak Socialist
FNTSP	Fiji National Transport Sector Plan
FPCL	Fiji Ports Corporation Limited
FRCA	Fiji Revenue and Customs Authority
FSC	Fiji Sugar Corporation
FSC	Forestry Stewardship Council
FSM	Federated States of Micronesia
FTDP	Fiji Tourism Development Plan
GDP	Gross Domestic Product
GVC	Global Value Chain
HRD	Human Resource Development
ICT	Information Communication Technology
IPO	Intellectual Property Office
IUU	Illegal Unreported and Unregulated
LAC	Local Area Content
MEA	Multilateral Environment Agreement
MEC	Macroeconomic Committee
MEED	Mineral Exploration and Exploitation Decree
MFN	Most Favoured Nation
MITT	Ministry of Industry, Trade and Tourism
MLAC	Minimum Local Area Content
MOU	Memorandum of Understanding
MSAF	Maritime Safety Authority of Fiji
MSG TA	Melanesian Spearhead Group Trade Agreement
NAMA	Non-Agriculture Market Access
NCD	Non-Communicable Diseases
NTDC	National Trade and Development Council
OHS	Occupational Health and Safety
PACER	Pacific Agreement on Closer Economic Relations
PNA	Parties to the Nauru Agreement

PICTA	Pacific Island Countries Trade Agreement
PICs	Pacific Island Countries
PNG	Papua New Guinea
PTAs	Preferential Trade Agreement
PML	Prospective Mining Licenses
RBF	Reserve Bank of Fiji
RMI	Republic of Marshall Islands
RGDP	Real Gross Domestic Product
RTAs	Regional Trade Agreements
SMEs	Small Medium Enterprises
SMS	Skills Movement Scheme
SPARTECA	South Pacific Regional Trade & Economic Cooperation Agreement
SPL	Special Mining Licenses
SPS	Sanitary and Phytosanitary
SVC	Service Value Chain
SVE	Small Vulnerable Economies
TBT	Technical Barriers to Trade
TCF	Textile Clothing and Footwear
TFA	Trade Facilitation Agreement
TK	Traditional Knowledge
TLTB	iTaukei Land Trust Board
TRIPS	Trade Related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
UNCAC	United Nations Convention Against Corruption
US GSP	United States Generalized System of Preference
VAT	Value Added Tax
WHO	World Health Organisation
WIPO	World Intellectual Property Office
WTO	World Trade Organisation

# 1. POLICY FRAMEWORK

## 1.1. Background

Fiji is an open economy generally classified as a middle income<sup>1</sup> country with a total population of 837,271 (2008 census) and a real gross domestic product (RGDP) per capita of FJ\$6,246.2<sup>2</sup>. The Fijian economy adopted policy changes after getting its independence in 1970. Economic policies during the early post-independence period (1970 to late-1980s) were based on import-substitution, self-sufficiency, and extensive Government involvement in business. Strong growth early in this period was followed by over a decade of low average growth. From the late 1980s Fiji switched to a more market-oriented, outward-looking development strategy, with an emphasis on trade liberalisation, deregulation, investment promotion and an increased role for the private sector. The ongoing commitment to development of a more efficient, outward-looking economy requires the reduction or removal of well-established interventions including tariffs, tax and customs exemptions, and incentives.

Following periods of low growth and investments hastened with political events in 1987, Fiji embarked on intensive trade liberalisation and adopted export-oriented growth policies aimed at improving operational efficiency and lowering cost for both private and public sectors. Aggressive trade reforms were further embraced in the 1990s following Fiji's entry into the World Trade Organisation (WTO). Fiji continued to adopt an outward-looking approach to trade by lifting import restrictions and favouring export marketing and promotion. These reforms were being undertaken without a dedicated trade policy to guide Fiji's trade with the rest of the world.

In 2010, the Government saw it necessary to consolidate its trade-related policies and to put in place the country's first overarching Trade Policy Framework to spell out the Fijian Government's long term vision for the priority sectors and Fiji's engagement in bilateral, regional and multilateral trading arrangements.

In this context, the Fijian Government put in place this dedicated Trade Policy Framework with an accompanied implementation matrix, and spells out policy measures and strategies that will drive and enhance domestic and international trade and recognises the private sector as the engine for economic growth and development. The policy shall be the guiding document towards any future agreements between Fiji and her trading partners with the aim of improving and securing meaningful international market access which promotes the production and export of value added products in order to contribute to job and wealth creation.

## 1.2. Situational Analysis

The Fijian economy is predominantly made up of services (70%) followed by the industry<sup>3</sup> sector constituting 15% and the primary sectors (including agriculture, forestry and fisheries) representing 14%.

Since independence in 1970, the Fijian economy has been growing at an average rate of 2.4 per cent until 1999. During the period 2000 to 2009, the economy had an average growth of 1.1%.

<sup>1</sup> Based on World Bank classifications

<sup>2</sup> GDP per capita in 2011 calculated on 2008 rebase figures

<sup>3</sup> Manufacturing constitute of 14.7% of the total industry component

The economic growth decline was partly caused by the spillover effects of the global slowdown, impacts of natural disasters and other structural impediments. Growth in the past decade was also constrained by external factors such as the reduction in sugar preferential prices and the erosion of tariff margins for textiles and clothing exports.

It is worth noting that the Fijian economy recovered strongly from the economic glooms of the past decade. The medium term outlook looks very promising and the economy has remained resilient due to Government sound macro-economic policies coupled with improvement in the general business environment for private sector growth.

As at 2014, the Fijian economy is experiencing one of the best growth cycles since independence and recorded its fifth year of consecutive growth from 2010 to 2014 which averaged around 3%. The growth of 4.6% in 2013, was the highest experienced by the Fijian economy since 2001. The growth rate for 2014 was 4.2% (provisional) against a forecasted growth rate of 3.8%<sup>4</sup>.

The key indicators supporting growth for 2014<sup>5</sup> include; Government capital expenditure (43.5%), investment lending (11.3%), imports of investment goods (45.6%), new jobs advertised (12.8%), personal remittances (13.0%), visitor arrivals (5.6%) and domestic cement sales (17.6%).

Other contributors to the growth for 2014 include increase in new commercial bank lending (43.8%), sugar production (25.8%), new vehicle sales (12.3%), new consumption lending (72.8%) and electricity consumption (1.9%).

The other major fundamental factor which will also contribute to the sustained increase in growth is derived from clearly business friendly initiatives by the Government (including tax breaks and incentives) and accommodative policies playing a part in higher investment levels. Government's commitment to democratic tenets and commitment to fostering investor confidence are also critical ingredients.

The December 2012 Reserve Bank of Fiji (RBF) Business Expectation Survey (BES) outlook for general business conditions results suggested an overall improvement in business confidence amongst the major sectors of the economy. Sentiments for general business conditions in the short and medium term improved in comparison to the previous survey.

In the short-term, a net 46.0 percent of respondents expected general business conditions to improve, a pick-up of 6.0 percentage points in comparison to June 2012 survey. Expectations from all sectors expected the tourism sector to support the favorable short term outlook.<sup>6</sup>

In the medium-term, a net 67.0 percent of the respondents expected improved business conditions. Sentiments from the finance, manufacturing, wholesale & retail trade, transport, communications, garment, insurance, tourism and building & construction sector underpinned this positive outlook. Other key indicators of business activity (part of this survey) also pointed to an overall improvement in the medium term.<sup>7</sup>

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<sup>4</sup> Macroeconomic Committee

<sup>5</sup> December 2014

<sup>6</sup> Business Expectation Survey, 2012, Reserve Bank of Fiji

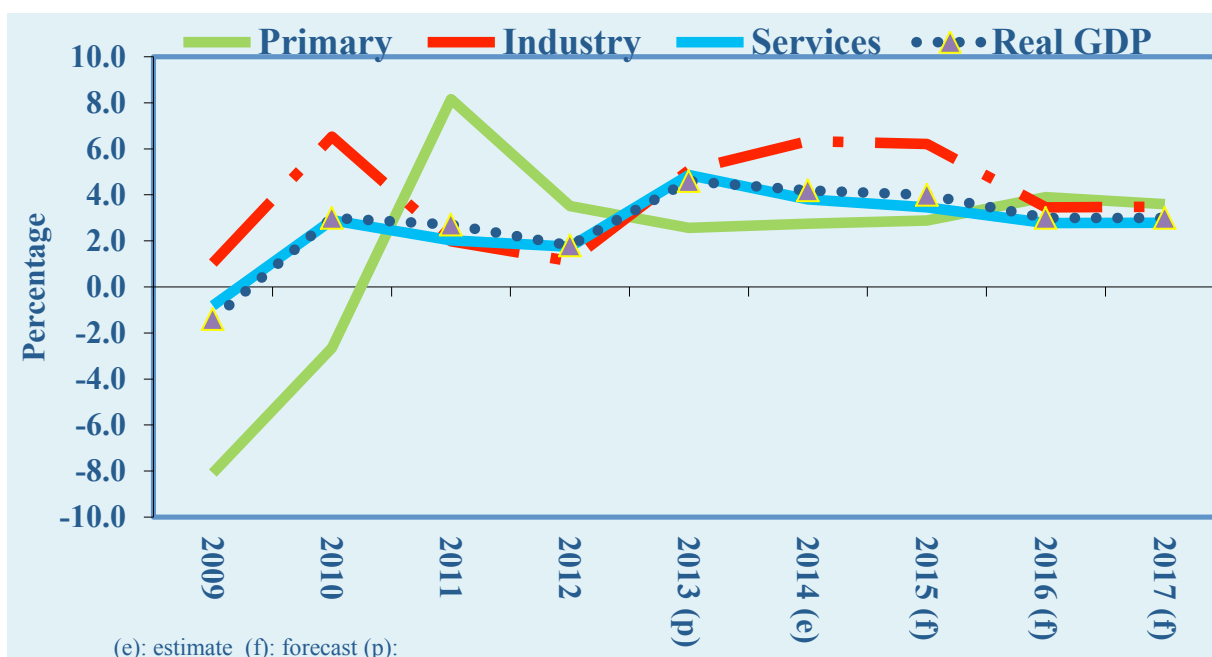
<sup>7</sup> *ibid*

The June 2014 RBF BES outlook for general business conditions results suggested an overall improvement in business confidence over and above the December 2012 RBF Business Expectation Survey. In the short term a net 53.0 percent of the respondents expected improvement in business conditions. This was a pick-up of 7.0 percentage points in comparison to December 2012. On the other hand, in the medium term the 2014 RBF BES indicated that 75.0 percent of the respondents expected improved business conditions. This was a pick-up of 8.0 percent point in comparison to December 2012 RBF BES.

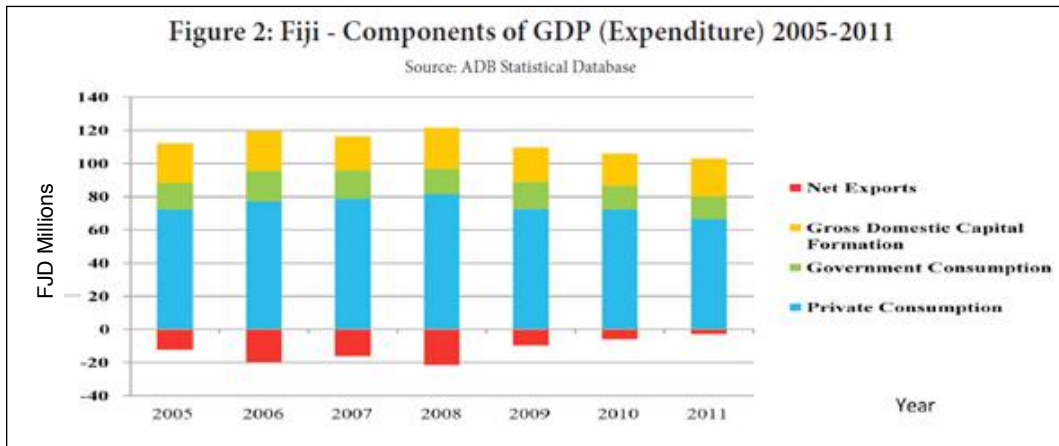
With respect to the sectoral growth, the movements in sectoral growth rates for the period 2009-2017 are shown in Figure 1. Growth in the services sector tends to move in parallel with the growth of the economy. Growth in the manufacturing sector on the other hand ran parallel to the overall economy growth rate but at a higher level in 2010 and was generally projected to do so in the following years as well. The agriculture sector showed a firm rebound from 2009 through to 2011, but was followed by a drop associated with flooding in 2012. The sector posted positive growth from 2012 and is expected to remain stable.

**Figure 1: Fiji Actual & Projected Growth Rates of Key Sectors of GDP 2009-2017**

(Source: FBOS & Macro Economic Committee)

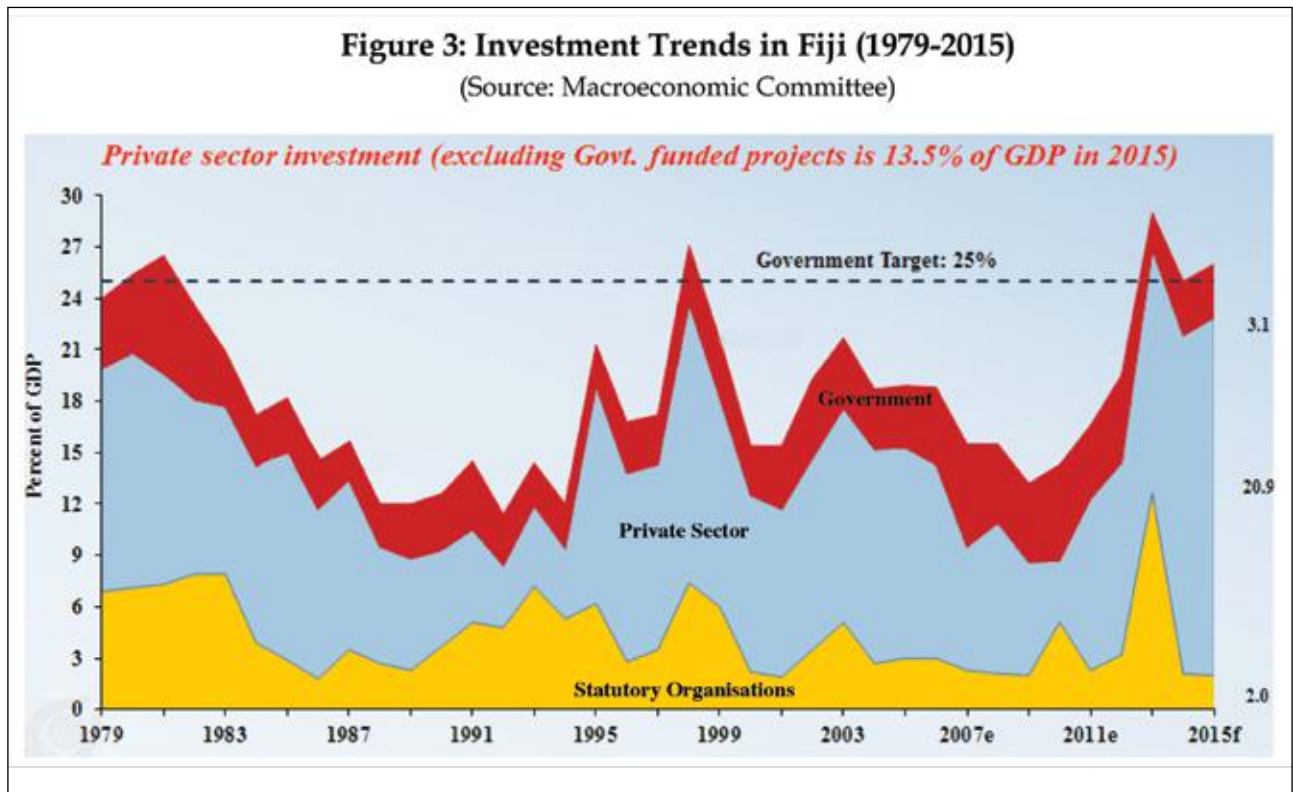


Another perspective on the factors behind the growth of the economy is provided by the analysis of expenditure on GDP in Figure 2, showing the components of final demand in the economy. Private consumption consistently accounted for over 70% of GDP from 2005 to 2010, rising to a peak of just over 80% in 2008 before falling away to only 66% in 2011. Government final consumption as a component of final demand also fell away somewhat after 2009. Matching these falls in consumption expenditure as a contribution to final demand, the negative contribution of net exports steadily diminished after 2008, reflecting the steady improvement in the current account. The contribution of gross domestic capital formation (investment) fluctuated over the period, peaking in 2008 before falling away in 2009 and 2010, but then recovered again in 2011.



A continuation of the favourable trends in net exports and investment observed at the end of the period covered by Figure 2 will be positive for the growth performance of the economy. The use of trade policy to improve trade performance is of utmost importance to Fiji.

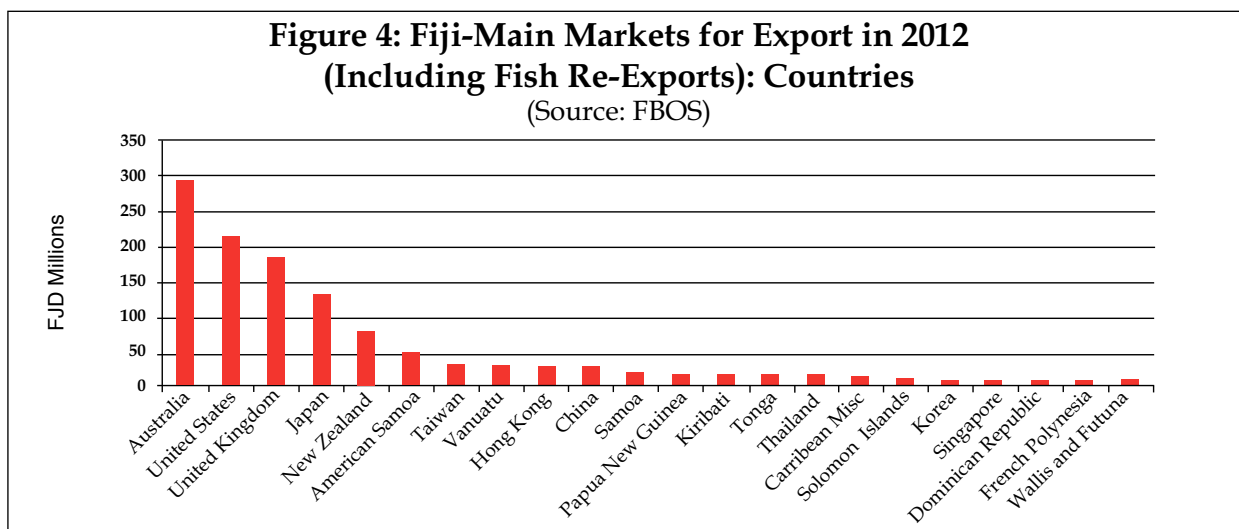
Investment levels as a percentage of GDP since the late 1970s are illustrated in Figure 3. Between the late 1970's and early 1980's, investment averaged around 18.6 percent of GDP and reached a historical high of 26.6 percent of GDP in 1981. Investment during this period was mainly driven by both Government and private sector investments in large public sector projects such as the construction of Fiji's largest hydro-electricity dam (Monasavu) and the tar sealing of truck roads around the main islands of Viti Levu and Vanua Levu. Average investment levels declined marginally to around 17% of GDP in the 1990s, averaging around 17% of GDP, before rising slightly to around 18% of GDP between 2000 and 2005.





It is worth noting that, the Macroeconomic Policy Committee of Fiji predicted that the target of raising investment to 25% of GDP would be achieved starting 2013. Figure 3, illustrates investment estimates in 2013 reaching 29% of GDP, comprising 13% from the private sector, 10.2% from statutory bodies and public enterprises, and 5% from Government. In 2014 the estimated investment is above 25% of GDP. The forecasted investment in 2015 is also above 25% of GDP. In this regard, Fiji is on track to maintain the investment target of above 25% of GDP for the third consecutive year.

With regards to export performance, Fiji’s export markets, are highly concentrated, with the largest three export markets (Australia, the United States of America and the United Kingdom) accounting for 52% of the export total in 2012, and the largest five export markets (the top three plus New Zealand and Japan) accounting for almost 70% of the total. Furthermore, three of the top four export markets are dominated by a single commodity, sugar in the case of the United Kingdom, mineral water in the case of the United States, and fish in the case of Japan.

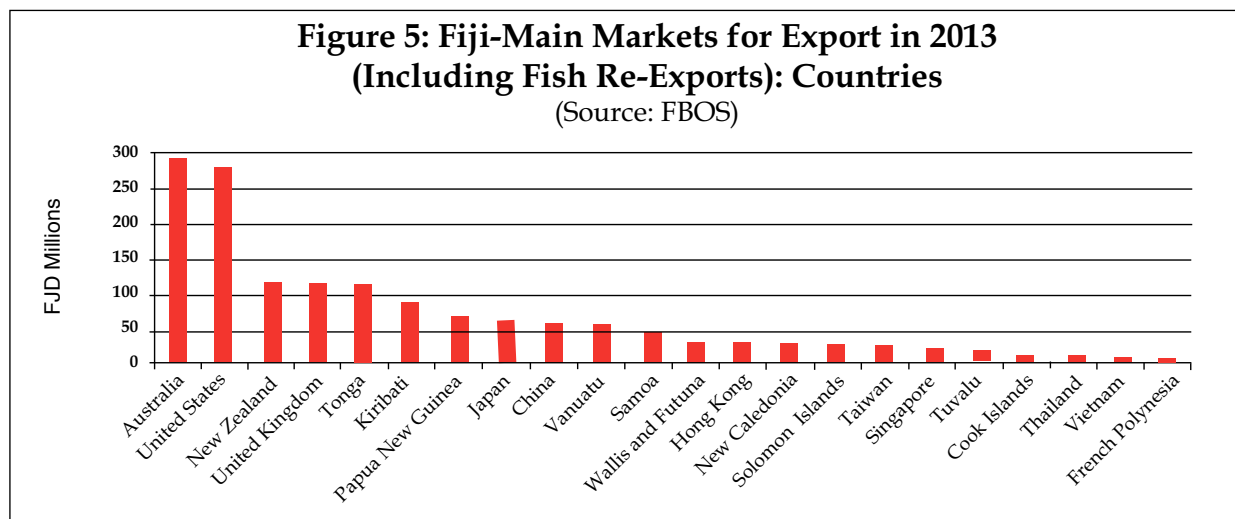


The performance of exports in 2013 saw a slight shift in the export destinations rankings, with the largest three export markets( Australia, United States of America and New Zealand) accounting for 42% of the export total. The largest five export markets for 2013 (Australia, United States of America, New Zealand, United Kingdom and Tonga) accounted for 60% of the total exports.

In 2014, Fiji’s total exports grew by 28.8% with United States of America, Australia and United Kingdom being the top three export destinations accounting for 42% of total exports. The top five export markets for 2014 accounted for 56% of total exports and these are the United States of America, Australia, United Kingdom, China and New Zealand.

Among the rest of the major export countries, American Samoa was highest with almost 4%, and then followed by sixteen markets each accounting for between 0.5% and 2.5% of total exports, or between F\$7 million and F\$30 million annually. Vanuatu is the second largest Pacific Island market for Fiji exports, followed by a cluster of markets all recording very similar export levels: Samoa, Papua New Guinea, Tonga, and Kiribati. Exports to Vanuatu were larger than exports to China, while exports to Wallis and Futuna were not far short of exports to Singapore and Korea.

**Figure 5: Fiji-Main Markets for Export in 2013  
(Including Fish Re-Exports): Countries**  
(Source: FBOS)

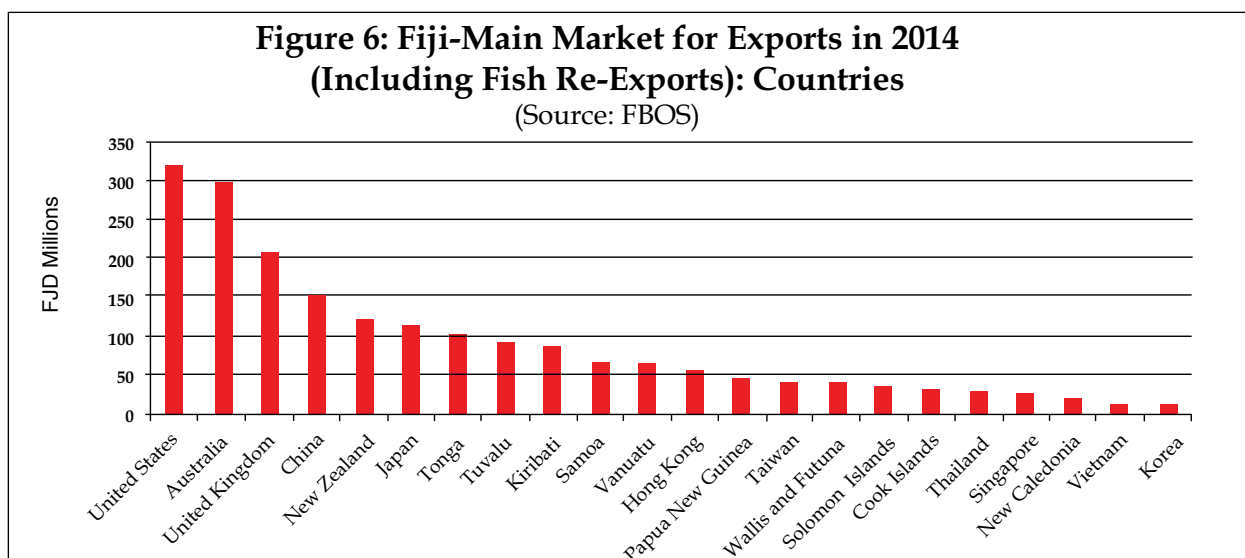


For 2013 and 2014, Fiji’s exports to its largest 22 export markets are ranked by value in Figure 5 and Figure 6 respectively. In 2013, Australia, the United States of America, New Zealand, the United Kingdom and Tonga, accounted for 19% 18%, 8%, 8% and 7% of total Fiji exports respectively.

In 2014, the United States of America, Australia, United Kingdom, China and New Zealand, accounted for 16%, 15%, 11%, 8% and 6% of total Fiji exports.

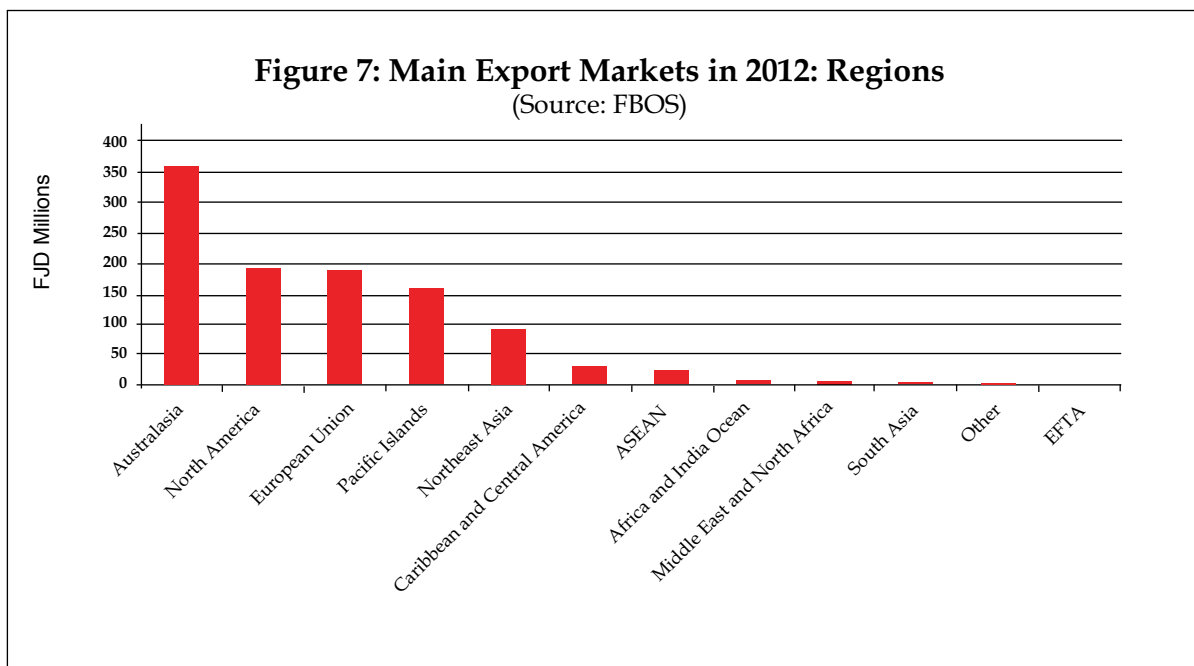
Despite the reduction in percentage terms, the values in absolute terms have increased in the top five export destinations. The trend from 2012 to 2014 depicts diversification in Fiji export markets where emerging Pacific export destinations have also contributed to the increasing export receipts which are usually dominated by key traditional markets such as Australia and New Zealand.

**Figure 6: Fiji-Main Market for Exports in 2014  
(Including Fish Re-Exports): Countries**  
(Source: FBOS)



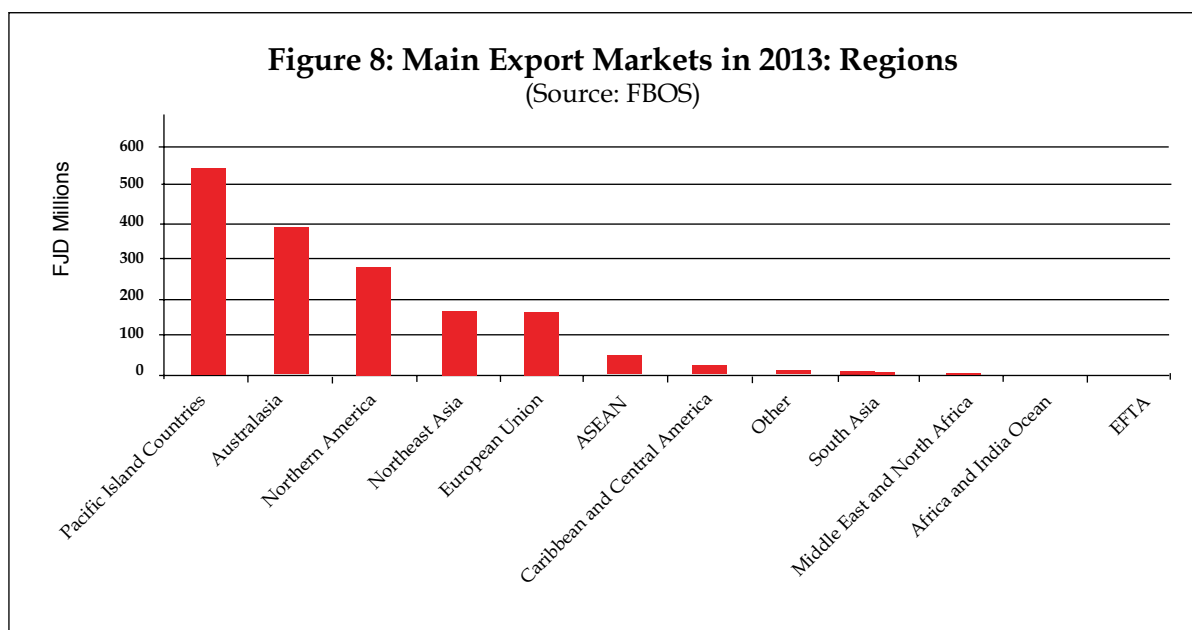
In this connection, the importance of Pacific Island markets becomes even more evident when exports are grouped by region as demonstrated in Figures 7, 8 and 9. In 2012, the combined Pacific Islands share of Fiji exports (15%) places them as the fourth largest region.

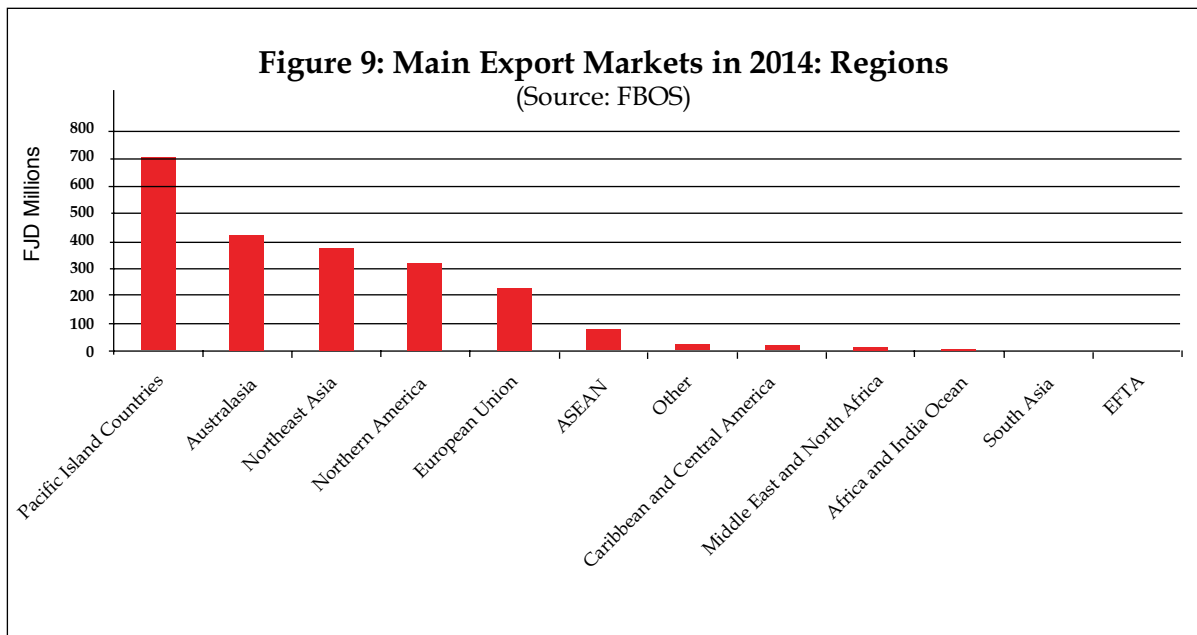
Australasia (Australia and New Zealand) stood out as the leading regional market for Fiji exports, accounting for 28% of the total.



The other three regions contain the world's major economies: North America (17%), Northeast Asia, including China, Japan, Korea, Taiwan, Hong Kong and Macau (also 17%) and the European Union (14%). The rest of the regions accounted for less than 3% of total exports, which is the share recorded by the dynamic ASEAN economies of Southeast Asia.

A further analysis of Figures 8 and 9 shows the Pacific island region emerging as the dominant and largest destination of exports from Fiji. In 2013, the Pacific region accounted for about 27%, Australasia about 19%, North America about 14%, Northern Asia about 8%, European Union about 8% and ASEAN about 3%. In 2014 Pacific region accounted for about 32%, Australasia about 19%, Northeast Asia about 17%, Northern America about 15% and European Union about 10%.





With respect to major export commodities, exports of specific individual commodities from 2008 to 2014 are depicted in Figure 10, showing separately both domestic fish exports and the combined total of domestic exports and re-exports of fish. A comparison between the two clearly shows the difference in the path of fish exports from 2010 onward if re-exports of fish are included.

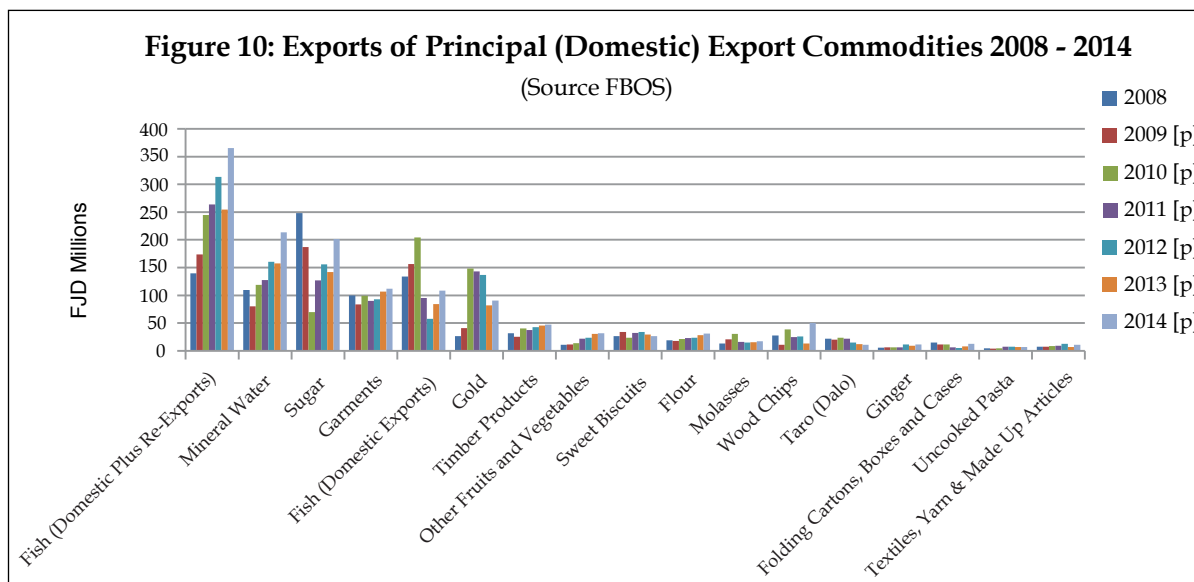


Figure 11 shows the major exports commodities when subdivided into a number of categories. The “big five” major exports which have dominated the export mix in recent years are mineral water, sugar, garments, fish and gold. These five exports on average accounted for 73% of total domestic exports over the period 2008-2014, or 76% of total exports if fish re-exports are included, up from 73% in 2000-2002.

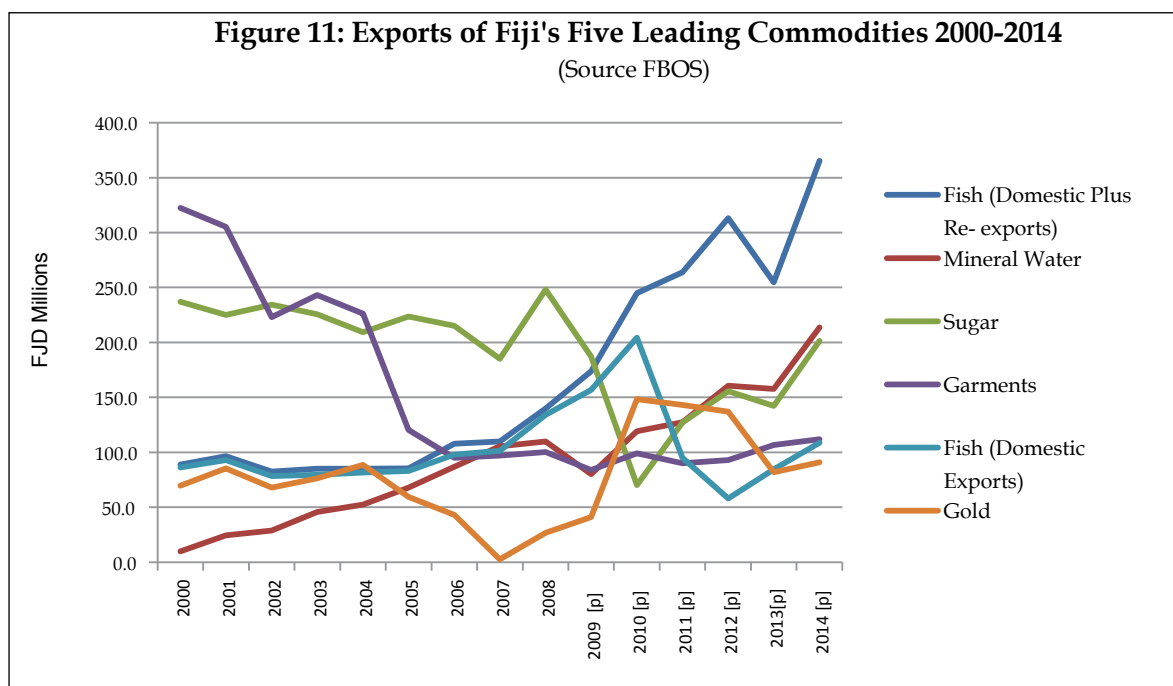


Table 1 details Fiji's imports from its leading import sources in 2012, 2013 and 2014 with the European Union and Pacific Islands expressed as single groups.

Table 1: Imports By Source Country/ Region 2012, 2013 and 2014						
Country/ Region	2012 (FJ \$ Million)	2013 (FJ \$ Million)	2014 (FJ \$ Millions)	2012 (Percent of Total)	2013 (Percent of Total)	2014 (Percent of Total)
Singapore	1,284	1,095	1,573	31.83	21.03	25.61
Australia	738	707	859	18.29	13.58	14.00
New Zealand	559	635	858	13.86	12.20	13.97
China	356	519	837	3.02	9.97	13.63
United States of America	122	236	224	3.02	4.53	3.65
Japan	90	127	234	2.23	2.44	3.81
European Union	87	870	443	2.16	16.71	7.21
Malaysia	88	268	207	2.18	5.15	3.37
Thailand	87	110	105	2.16	2.11	1.71
Hong Kong	83	94	139	2.06	1.81	2.26
Rep. of Korea	48	80	129	1.19	1.54	2.10
Indonesia	38	41	54	0.94	0.79	0.88
Viet Nam	31	1	31	0.77	0.02	0.50
Pacific Islands	21	29	28	0.52	0.56	0.46
Others	402	394	420	9.97	7.57	6.84
<b>Total World</b>	<b>4,034</b>	<b>5,206</b>	<b>6,141</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: FBOS

Singapore, being the main source of Fiji's fuel imports, accounted for 25.61% of imports in 2014, followed by Australia which accounted for 14% of imports and New Zealand 13.97%.

The combined total of imports from Australia and New Zealand represented 28% of total imports. China accounted for 13.63% of imports in 2014. The European Union accounted for nearly 7.21% of total imports, mainly due to the purchase of aircrafts.

The share of the United States in 2014 was 3.65%. The share of imports from individual East Asian countries such as Japan, Malaysia, Thailand and Hong Kong, Korea and Vietnam ranged between 0.5% and 3.8% of total imports in 2014. The Pacific Islands as a whole accounted for only 0.5% of total imports in 2014.

### **1.3. Vision**

The overall vision of the Trade Policy Framework is to develop Fiji as:

**“A vibrant, dynamic and internationally competitive economy serving as the hub of the Pacific.”**

In achieving this vision, the Government will put in place measures and strategies requiring Fiji to be competitive in every aspect of operations, moving goods and people across the border, internal logistics, world class transport and communications links and low costs of doing business, development of broad-based export markets in the economies of other trading partners.

In realizing this vision, the Government will build on Fiji’s existing advantages in geographic location and regional transportation linkages, and its proven credentials as a manufacturing hub supplying regional markets such as Pacific Island Countries, Australian, New Zealand, as well as international markets. These attributes will be complemented by infrastructure and efficient logistic facilities that meet international standards, an efficient and competitive manufacturing and service sector, strategic center of global value chains, and the implementation of policies on human resource development and training and investment facilitation designed to facilitate large and sustained increases in productivity.

### **1.4. Rationale**

The development of the Trade Policy Framework is necessary to guide Fiji’s trade with the rest of the world. The country’s trade policy has been guided over the years by bilateral, regional, and multilateral trading arrangements to which the country is a signatory, and likewise the complex array of trade-related laws and regulations often administered by Government agencies. The policy also takes into account recent changes that have taken place in the macroeconomic environment and on the trade, industrial and investment front and is consistent with the green growth framework. The Policy works within the parameters of the Fijian Constitution and shares the objectives to guarantee social and economic rights for the achievement of a “Better Fiji for All”.

In this connection, the Government considered it necessary to put in place a trade policy framework with an accompanied implementation matrix, which specifies policy measures and strategies that will position trade to be the key driver for growth and development. The policy will achieve this mainly through development of a vibrant domestic trading sector and seeking enhanced and guaranteed export markets for Fijian products address supply side constraints and create an enabling environment for private sector growth.

Further, the Government will use the Trade Policy Framework in conjunction with other related policies for attraction of investment in the key sectors of the economy and positioning Fiji as a key player and regional center for global value chains processes, with the ultimate objective of enhancing Fiji's position in regional and global trade.

International trade makes vital contribution to enabling a country to make best possible use of its available resources. Trade is especially vital for a small open economy like Fiji, which cannot produce all the goods and services required by its community. Trade policy provides the framework for a country to make the best use of international trade, by addressing the issues relating to a country's access to its overseas markets and the terms on which its trading partners have access to its own markets, and by promoting the mobilisation of resources to take advantage of the opportunities open to the country through international trade.

This policy will be the guiding document towards any future agreements between Fiji and her trading partners to ensure effective participation in the changing regional and global trading environment, as well as to enhance the country's economic dynamism.

### **1.5. Policy Objectives**

1. To transform Fiji into a vibrant, diversified and internationally competitive export-led growth oriented economy, by enhancing the performance of the manufacturing and services sectors contribution to economic growth, as well as, focusing on other growth areas in the priority sectors;
2. To facilitate the engagement of Fiji in bilateral, regional and multilateral trade frameworks with a view to expand and securing meaningful market access for Fiji's growing industrial base and integrate the Fijian economy into the global trading environment;
3. To use trade policy to contribute to creating the conditions for the sustained increase in the contribution of investment and the increase in total factor productivity (i.e. the efficiency with which the economy utilizes its available resources), that will be required in order for Fiji to realize its long term growth aspirations;
4. To stimulate and encourage value-addition activities through research and development with a view to increasing national export earnings, improve current account position and creating employment opportunities;
5. To assist domestic firms to increase their levels of efficiency and competitiveness, and therefore withstand increasing competition in domestic and international markets;
6. To facilitate for the growth of the micro, small and medium enterprises development as backbone of the Fijian economy;
7. To support the improvement of trade related infrastructure aimed at facilitating the smooth flow of trade thereby reducing the cost of doing business, positioning Fiji as a strategic location for global value chains and hub of the Pacific.
8. To support investment promotion and facilitation aspects to attract both domestic and foreign direct investments with a view to stimulate investment flows into export-oriented areas in which Fiji has comparative advantages and use this as a strategy for inducing innovation and technology transfer in the national economy;

9. To facilitate capacity building development in human capital in all the priority sectors to ensure high level productivity; and
10. To facilitate the mainstreaming of gender, environmental protection and other related policies to ensure coordination and policy coherence.



## **2. GUIDING PRINCIPLES**

The development of the Fijian Trade Policy Framework is guided by the following fundamental principles, which serve as the foundation for the development of the trading and commercial sectors:

- 1) Maintain coherence with national policies and laws;
- 2) Pro-growth and Pro-development;
- 3) Job creation and poverty alleviation;
- 4) Raising the standard of living for all;
- 5) An enabling and open business environment for private sector growth;
- 6) Export growth and diversification, and enhancement of international competitiveness;
- 7) Sound and stable fiscal and balance of payment position;
- 8) Promote competitiveness of domestic firms and enhancement of domestic production and service provision;
- 9) Improve human capital and technical skills; and
- 10) Ensure sustainable development and environmental protection.

### 3. MILESTONES AND TARGETS

Government will aim to fulfill the following policy targets through the implementation of the Trade Policy Framework:

**1) Market Access:** Securing and maintaining improved market access to the regional and international markets for Fijian goods and services by:

- a) Securing at least 1 new or alternative market for sugar by end of 2016;
- b) Pushing for the continuation of the United States Generalized System of Preference (US GSP) and increase in Fijian goods eligible under the scheme;
- c) Negotiating a long term and sustainable preferential market access scheme with the United States of America by 2025;
- d) Successfully concluding negotiations on a development friendly comprehensive Economic Partnership Agreement with the European Union;
- e) Successfully concluding negotiations on a development friendly PACER Plus agreement;
- f) Working towards finalising and implementing a fully-fledged comprehensive Melanesian Spearhead Group Trade Agreement (MSGTA);
- g) Working towards consolidating and implementing a fully-fledged Pacific Island Countries Trade Agreement (PICTA); and
- h) Concluding negotiations with China on the preferential market access scheme.

**2) Value Addition:** Broadening the export base through the promotion of value addition and diversification with targets to increasing the:

- a) Manufacturing sector contribution to 20 percent of GDP by 2020; and
- b) Primary sector contribution to 20 percent of GDP by 2020.

**3) Trade Facilitation:** Facilitate the efficient flow of trade through the:

- a) Compliance with the WTO Trade Facilitation Agreement (TFA) by the end of 2015;
- b) Successful implementation of the 'Single Window' clearance system by 2016; and
- c) Reduction of the maximum time taken to clear sea cargo from 5 days to 3 days by 2020.

**4) Trade Promotion:** Promoting and enhancing the competitiveness of Fijian products and services in the international markets by:

- a) Organizing at least one dedicated trade and investment mission to current or potential overseas market(s) every year; and
- b) Deployment of Trade Commissioners to at least 2 key potential markets for Fijian products and services and sources of FDI by 2016.

5) **Capacity Building:** Strengthening capacities of trade support institutions particularly those directly engaged with trade policy, customs, standards, trade facilitation, competition, consumer protection and provision of trade-related information.

6) **Information Sharing:** Providing trade or market information to traders and all the business community to enable them to make prudent and optimal investment decisions through the creation of a Trade Information Portal by 2017.

## **4. TRADE POLICY INSTRUMENTS**

Trade policy instruments are important tools and integral part of the Fijian Trade Policy. The key instruments are tariffs, import permits, duty suspension scheme, export taxes, anti-dumping, safeguards and countervailing measures. Fiji as a developing country uses and have recourse to these instruments to promote trade, industrial development, to protect domestic industry from unfair competitive practices, as well as, sudden increase of imports to the detriment of the domestic industry.

### **4.1. Tariffs**

Fiji's tariff structure has four ad valorem bands: 0%, 5%, 15% and 32%. These tariffs are applied on a Most Favoured Nation (MFN) basis. The Fijian economy, considering its level of development, is relatively very open and about 70% of the tariff lines attract duties between 0% to 5% ad valorem. There are also 5% of tariff lines subject to a specific duty rate.

In order to maintain optimal tariff levels that are business and consumer friendly and market enabling, both for industrial growth and promotion of trade, the Government shall undertake tariff policy reviews consistent with its economic development aspirations and priorities.

In view of the importance of tariff policy to the economy, the Government will endeavour to commission a review of tariff policy in Fiji and its effects on the Fijian economy. The review will take into account Fiji's need to improve the international competitiveness of its economy, as well as, the need to minimise potential adverse effects on consumers and businesses.

The Fijian Government will ensure that any tariff policy area that require reforms, will take into account, the potential risks to revenue, industrial growth, employment and social conditions as well as facilitation of private sector adjustment.

It is worth noting that any tariff reform will not be considered in isolation, but will form part of a policy package based on a comprehensive economic strategy for achieving not only the goals of tariff reform but the full range of the Government's economic and social objectives.

### **4.2. Import Permit**

An import permit is a document issued by the Government authorizing the importation of certain goods into Fiji. The Government has placed import permit requirement on goods, which are considered to be harmful to the environment and sanitary and phytosanitary (SPS) among others. The Fijian Government will continue to review the items requiring import permits in order to facilitate trade.

### **4.3. Duty Suspension Scheme**

The Duty Suspension Scheme (DSS) is an initiative of the Fijian Government that was implemented in 2002. The DSS was introduced as an investment package to enable Fijian exporters use world-priced capital and inputs in their production process and to improve international competitiveness. In addition, the scheme releases cash tied-up with import duty and VAT, thus enabling exporters to operate at their maximum potential. The Fijian

Government will continue to support this initiative as it increases the private sector confidence leading to higher investment in capital equipment increasing output at competitive prices.

#### **4.4. Export Taxes**

Export tax is a tool often used by countries to promote and encourage value addition of unprocessed raw materials and primary products with a view to boost export earnings. Fiji currently has export taxes on gold and raw sugar. Revenue generated from export taxes may be used in supporting research and training in value-added processing of exported raw materials. The Government shall continuously review its export taxes policy to promote valued addition in the few selected products in order to achieve Fiji's industrial growth aspiration.

#### **4.5. Anti - Dumping Measures**

Dumping is the sale of a product in a foreign market at less than the normal price in the domestic market of the exporter. Dumping is widely regarded as unfair, because the practice can disrupt markets and injure producers of comparable products in Fiji. To protect Fijian producers against this unfair practice, the Fijian Government shall establish appropriate mechanism that will monitor the behaviour of imports, its impact on domestic producers and where necessary invoke anti - dumping measures.

#### **4.6. Safeguard Measures**

Safeguard measures are imposed where a surge in imports cause damage to a domestic industry, or threatens to do so. The conditions, under which such measures may be applied, are set out in the Safeguards Agreement. Fiji may take a "safeguard" action (i.e. restrict imports of a product temporarily) to protect a specific domestic industry from an increase in imports of any product which is causing, or which is threatening to cause serious injury to the industry. The Fijian Government shall establish appropriate mechanism to monitor and where necessary invoke safeguard measures.

#### **4.7. Countervailing Measures**

Countervailing duties can be imposed to neutralise the effects of trade distorting subsidies granted on the product concerned in the exporting country. Conditions for the imposition of countervailing duties are contained in Article VI and Countervailing Duties and the Agreement on Subsidies and Countervailing Measures. An investigation must demonstrate the existence of a subsidy, an actual or threatened damage to a domestic industry and a causal relationship between the two. The Government shall establish appropriate mechanism to monitor and invoke countervailing measures where necessary.

The Fijian Government shall establish a National Trade Remedies Committee, comprising of appropriate Ministries and Agencies to handle cases related to dumping, safeguards and trade distorting subsidies.

## 5. INTERNATIONAL TRADE AND MARKET ACCESS

The Fijian Government acknowledges the utmost importance of international trade as it fosters bilateral, regional and multilateral integration with like – minded countries. The Fijian Government recognises that international trade is a pinnacle for Fiji to achieve sustainable economic growth, diversifying exports, generating employment, achieving international competitiveness and establishing Fiji as the hub of the Pacific. The Fijian Government endeavours to increase international trade and maintain market access to its traditional markets and create pathways in emerging markets.

### 5.1. Multilateral Trade

Multilateral trade centres around the World Trade Organisation (WTO), which was established in 1995 and Fiji acceded to the WTO in 1996. The WTO promotes the principle of non-discrimination, liberalise trade and reduction or elimination of non-trade barriers through its systems and procedures. Fiji as an active member will continue to adhere and promote these principles. To ensure full participation and enhance its representation at the multilateral level, Fiji established a diplomatic mission in Geneva, Switzerland. Fiji participates in the Doha Development Agenda (DDA) negotiations as a member of the Small Vulnerable Economies (SVE) group. Fiji is also a member of the African Caribbean and Pacific (ACP), G-90 and G-77 Groups.

Fiji will continue pursuing its country positions in the WTO DDA and would ensure that the final outcome contains the following positions among others:

- Agricultural trade: Further liberalise trade in agricultural products by; a) substantially reducing domestic support by developed countries; (b) eliminating export subsidies by developed countries; and (c) reducing tariffs or customs duties and non-tariff barriers on products of export interest to Fiji;
- Non-Agriculture Market Access (NAMA): Reduce or eliminate tariffs on industrial products, including the elimination of tariff peaks and escalations, and non-tariff barriers particularly on products of export interest to developing countries;
- Trade in Services: Reach a satisfactory agreement on mode four-movement of natural persons (labour mobility);
- WTO rules: Relating to (a) anti-dumping (b) subsidies and countervailing measures (c) regional trade agreements; clarify and improve the provisions of these rules;
- Trade facilitation: Implement the modalities of the Bali package which takes into account Fiji's interest;
- Dispute settlement understanding: Clarify and improve provisions of the dispute settlement understanding;
- Special and differential treatment: Strengthen all special and differential treatment provisions by making them precise, effective and operational; and
- Trade Related Aspects of Intellectual Property Rights (TRIPS): Protect intellectual and property rights and promote innovation.

Fiji will continue advancing its areas of interest in ensuring that meaningful market access is achieved and the outcome of the negotiations support the development aspirations of Fiji and ultimately facilitate the smooth integration of the country into a rules-based global trading system.

## **5.2. Regional Trade**

Fiji has entered into Regional Trade Agreements (RTAs) with its neighbouring Pacific Islands Countries (PICs) such as, the Melanesian Spearhead Group Trade Agreement, Pacific Islands Countries Trade Agreement (PICTA), and is negotiating the Pacific ACP (PACP) – European Union (EU) Economic Partnership Agreement (EPA). To deepen regional integration and broaden guaranteed market access, Fiji will continue participating in the Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations. The Fijian Government remains committed to the success of regional integration and will seek avenues to broadening its guaranteed market access base with like-minded countries.

### **5.2.1. Melanesian Spearhead Group Trade Agreement**

The Melanesian Spearhead Group (MSG) was conceived in 1986 between the three Melanesian Pacific Island Countries (PICs) namely Papua New Guinea (PNG), Vanuatu and the Solomon Islands. The Melanesian Spearhead Group Trade Agreement (MSGTA) was agreed in 1993 by these countries. Noting MSG's cultural, historical, political and trade importance, Fiji acceded to the group in 1996 and the MSGTA in 1998. New Caledonia is represented by FLNKS as an observer to the group. Fiji has fully liberalised its trade with the MSG partners.

Trade amongst the MSG parties under the MSGTA was limited. However, under Fiji's leadership in 2012, trade became the key agenda for the MSG. This led to MSG members making commitments to the regional trade agenda and subsequent removal of duty by PNG and Vanuatu, which led to trade under the agreement to boom. Solomon Island is expected to fully liberalise by 2017. The MSG region provides a combined market of approximately 8.2 million people (excluding New Caledonia). Fiji as part of its commitment will work towards solidifying the MSG by implementing the Skills Movement Scheme (SMS) and advancing negotiations in investment, Government procurements and trade facilitation. The Fijian Government remains committed to the MSG processes and will encourage New Caledonia's full participation in the MSG.

### **5.2.2. Pacific Island Countries Trade Agreement (PICTA)**

PICTA is an essential instrument agreed to by Forum Island Countries (FICs) to promote regional cooperation and integration via trade. The membership of PICTA comprises of Cook Islands, Federated States of Micronesia (FSM), Fiji, Kiribati, Nauru, Niue, Republic of Marshall Islands (RMI), Palau, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

PICTA was signed in 2001 and the implementation of the agreement commenced in 2007. However, only seven countries namely Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Tuvalu and Vanuatu have announced their readiness to trade under PICTA and are currently implementing the Agreement. The FICs combined population is approximately 9 million people and is a very important market for Fijian products. In the true Pacific spirit, Fiji will remain committed to assisting other FICs to implement PICTA Trade in Goods.

Following the successful implementation of PICTA Trade in Goods, Fiji will shift its focus and resources to the implementation of PICTA Trade in Services.

### **5.2.3. Pacific ACP-European Union Economic Partnership Agreement**

Following the expiry of Cotonou Agreement, which guided trade and economic relations between the EU and the ACP, Fiji as part of PACP endeavored to finalise a WTO compatible regional EPA with the EU. The EU is a traditional market for Fijian sugar and lately, Fijian fish, garments, mineral water and a few agricultural commodities are also establishing their presence in this lucrative market of approximately 507 million people comprising 28 EU member states. Fiji in 2009 signed the Interim EPA to avoid market disruptions of its exports and continued in the regional effort to conclude a development friendly and mutually beneficial Comprehensive EPA negotiation.

Fiji did not initially ratify the Interim EPA due to contentious issues such as the non-availability of development cooperation and global sourcing for fresh, frozen and chilled tuna. The Interim EPA also included clauses such as limitation on Export Taxes, Circulation of Goods, Non-Execution clause, MFN clause and Infant Industry Protection to name a few which impinges on Fiji's policy space to realise its development and industrial growth aspiration. As commitment to the process, Fiji in 2014 provisionally applied the Interim EPA to avoid trade disruptions. Fiji is committed to the regional efforts to quickly conclude a development friendly Comprehensive EPA benefitting both the PACPs and EU.

### **5.2.4. Pacific Agreement on Closer Economic Relations (PACER) Plus**

A successful negotiated development friendly Pacific Agreement on Closer Economic Relations (PACER) Plus envisages to enhance regional trade and economic integration and guarantee a long term duty and quota free access to a combined market of approximately 36.5 million people to Fijian exporters. The membership of the PACER Plus includes Australia, New Zealand and the fourteen FICs.

PACER Plus negotiations commenced in early 2010. It is worth noting that Fiji was not part of early rounds of negotiations. In order to strengthen and consolidate regional integration, Fiji joined the PACER Plus negotiations in September 2014 as part of its effort to secure a guaranteed preferential market. Apart from guaranteeing long term market access, Fiji would like to see that a truly development friendly PACER Plus is realised. In addition, Fiji envisages easing mobility of Fijian labour into PACER Plus member countries, increase Foreign Direct Investment (FDI) and improved trade facilitation arrangements that act as barriers to Fijian exporters.

### **5.3. Preferential Trade Arrangements (PTAs)**

Preferential Trade Arrangements (PTAs) are often on a unilateral basis offered by Developed or Large Developing Countries to Developing and Least Developed Countries, where the offer includes no or reduced tariffs and quota free or allocated quota on the products specified by the offering country. Fiji currently benefits from PTAs such as the Generalised System of Preferences (GSP) offered by all Developed and some large Developing Countries and SPARTECA offered by Australia and New Zealand.



### **5.3.1. Generalised System of Preferences (GSP)**

GSP is a unilateral non-reciprocal and non-discriminatory system of preferences in favour of the developing countries, including special measures in favour of the least developed countries accorded by Developed and some Large Developing Countries with objective of increasing the beneficiary's export earnings, promoting industrialization and accelerating economic growth. Fiji currently benefits from GSP accorded by countries such as Australia, Canada, Japan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey and the United States of America to name a few. The Fijian Government will continue to encourage its exporters to take full advantage of the GSP schemes and improve their competitiveness in those respective markets and increase Fiji's export earnings.

### **5.3.2. South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)**

SPARTECA is a non-reciprocal and non-discriminatory trade agreement where Australia and New Zealand provides duty free access to all products originating in the FICs (except sugar in case of Australia). SPARTECA has played an integral part in Fiji's development and achievement of sustainable economic growth. The Agreement was signed in 1980 and implemented in 1981. Fiji continues to export under SPARTECA and has led to the growth of various sectors. From 2001 to 2014, the Fijian Textile, Clothing and Footwear (TCF) sector had benefitted under SPARTECA-TCF scheme which has since been replaced by the Developing Country Preference Scheme (DCPS) in 2015 in the case of Australia.

### **5.3.3. Preferential Trade with People's Republic of China (PRC)**

China is one of the major global players and trade ties between China and Fiji has been steadily growing over time. China is increasingly becoming an important trading partner not only for Fiji but the region as a whole. Fijian products with export potential to China include; fisheries and related products, noni and pearl jewellery among others. However, Fijian products are disadvantaged due to high tariffs faced by her exports to China. In this regard, Fiji will pursue bilateral and regional initiatives to seek a preferential trading arrangement with China and request for "early harvest" access for its key exports.

## 6. TRADE DIPLOMACY

Fiji lacks trade expertise in overseas missions with trade interest, thus, trade has not been given the necessary attention it deserves.

It is worth noting that overseas representation of Fijian trade and investment interests is part of the core mandate of the Fijian Government, in promoting exports and exploring investment opportunities, as well as attracting foreign direct investments.

The responsibility for diplomatic appointments lies with the Ministry of Foreign Affairs, whereas responsibility for trade commissioner appointments lies with the Ministry of Industry, Trade and Tourism. However, there has been no formal mechanism for ensuring that diplomatic appointments for trade positions are made with a view to maintaining an adequate level of trade expertise among personnel.

In this regard, the Government shall take necessary steps to ensure that diplomatic appointments for trade positions are coordinated between the Ministry of Foreign Affairs and the Ministry of Industry, Trade and Tourism to ensure that trade experts are appointed or seconded to foreign missions to advance Fijian trade and investment interests.

Furthermore, in order to fully capitalise on the opportunities presented in various markets, Fiji has established Trade Commissions in key locations such as China, Taiwan and USA. Fiji is in the process of establishing a Trade Commission in PNG and will endeavour to establish further Trade Commissions in Australia, New Zealand, Singapore and Pacific Islands Countries (roving trade commissioner) in the future. Fiji shall continue to undertake trade and investment missions to priority markets to promote Fijian goods and services, establish contacts and attract FDI.

## 7. PRIORITY SECTORS

The Government as part of its strategy to diversify its exports and improve its earnings will encourage value addition processes in the manufacturing sector. The manufacturing sector forms an important component of the total contribution to GDP of the Fijian economy and in 2013 contributed about 14.7% to RGDP.

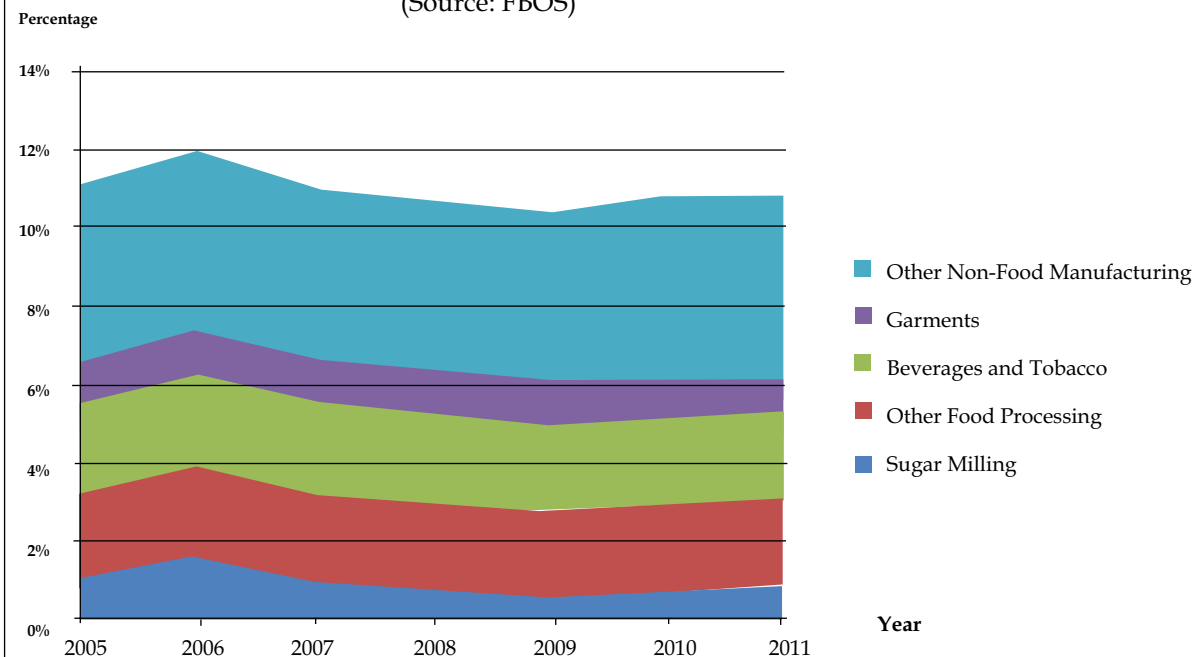


The growth of the entire industrial sector, particularly the manufacturing sector, will be required in the medium to long term to ensure sustained economic growth and employment creation. This will be realized by creating additional layers for processing of primary products to value added manufactured form.

From the trends as illustrated in Figure 12, the contributions from the other main components of the manufacturing sector remained relatively stable through the period 2005-2011, except for a slight decline in the contribution of the garment industry at the end of the period. Food processing and beverage and tobacco products each accounted for just over 2% of GDP throughout the period, for a combined contribution of just under 4.5%. Other non-food manufacturing industries accounted for 4-4.5% of GDP throughout the period.

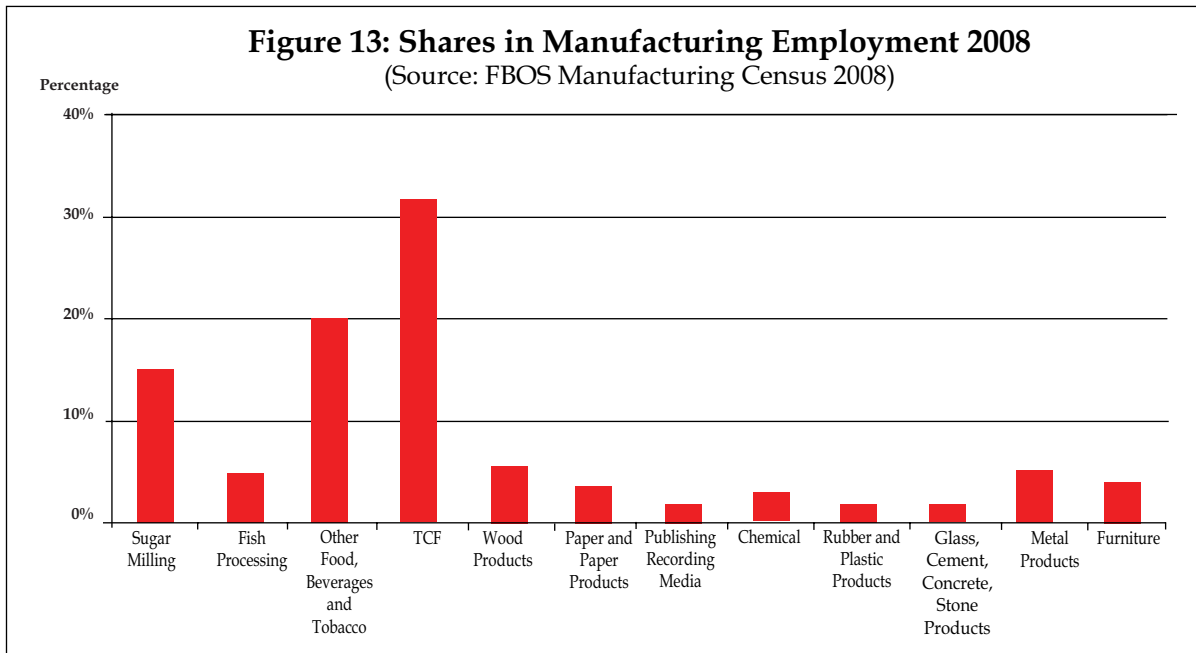


**Figure 12: Trends in Structure of Fiji Manufacturing  
Main Components: Share of GDP 2005-2011**  
(Source: FBOS)



<b>Table 2: Employment in Manufacturing as per Manufacturing Censuses 2002 - 2008</b>							
<i>Source : FBOS</i>							
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Sugar Refining</b>	2,528	3,341	3,741	3,743	4,454	3,728	3,725
<b>Fish Processing and Preserving</b>	1,423	1,430	1,323	1,312	1,258	1,180	1,179
<b>Other Food, Beverages and Tobacco</b>	4,478	4,827	4,350	4,630	4,477	4,829	4,892
<b>Food, Beverages and Tobacco</b>	8,429	9,598	9,414	9,685	10,189	9,737	9,796
<b>Wearing Apparel</b>	8,088	8,816	9,764	8,476	8,355	6,795	6,831
<b>Footwear</b>	722	816	878	876	932	928	924
<b>TCF</b>	8,810	9,632	10,642	9,352	9,287	7,723	7,755
<b>Wood Products except Furniture</b>	955	989	1,022	849	849	987	1,387
<b>Paper and Paper Products</b>	580	586	586	636	636	842	842
<b>Publishing, Printing and Recorded Media</b>	878	898	781	787	789	832	475
<b>Chemicals and Chemical Products</b>	668	677	574	556	613	732	721
<b>Rubber and Plastic Products</b>	425	450	370	360	405	408	405
<b>Glass, Cement, Concrete and Stone Products</b>	438	498	477	494	463	395	393
<b>Metals and Metal Products</b>	1,136	1,229	1,133	1,265	1,459	1,326	1,211
<b>Machinery including repairs</b>	231	268	272	230	260	251	233
<b>Motor Vehicles</b>	63	69	108	82	88	71	92
<b>Shipbuilding and repairs</b>	266	242	184	197	166	166	186
<b>Furniture</b>	1,100	1,375	1,191	1,186	1,220	945	943
<b>Miscellaneous Manufacturing</b>	381	245	223	218	174	182	216
<b>TOTAL</b>	<b>24,360</b>	<b>26,756</b>	<b>26,977</b>	<b>25,897</b>	<b>26,598</b>	<b>24,597</b>	<b>24,655</b>

Table 2 provides the employment numbers in the various industries within the manufacturing sector from 2002 to 2008, while Figure 13 shows the corresponding shares of each industry in total manufacturing employment in 2008. Textiles, clothing and footwear (TCF) industry accounted for 31% of manufacturing employment, indicating a very high degree of labour intensity in this industry. Sugar milling, fish processing, and other food processing and beverage and tobacco manufacturing accounted respectively for 15%, 5% and 20% of manufacturing employment, making a total of 40% for the food, beverage and tobacco industries. These industries combined with the TCF industry accounted for just over 70% of employment in manufacturing in 2008.



To this end, Government through consultations with the private sector and key stakeholders identified key priority sectors that require strategic prioritization and focus. The Fijian Government aims to develop a competitive, export-led growth approach by providing targeted incentives and supervision that will support private sectors activities in these priority sectors, to improve production, generate export earnings and create employment opportunities within the Fijian economy. The key priority sectors identified in this policy are: Sugar; Agriculture (Non-Sugar); Forestry; Fisheries; Mineral Water; Textile, Clothing and Footwear (TCF); Mineral Resources; Audio Visual; and Tourism.

### 7.1. Sugar

The sugar sector, which was traditionally Fiji's largest foreign exchange earner, remains a critical component of our export portfolio and livelihoods. The sector supports both directly and indirectly approximately 200,000 Fijians and around 25 percent of Fiji's population.



Contribution from the sector over the years has been weakening and this is largely attributed to a range of internal and external factors including; movement from sugarcane belts to urban centers, non-renewal of land leases; reduction in export price to the European Union; and the rising level of inefficiency in sugar production, milling and transportation.

However, current Government-led reforms towards the revitalization of the sugar industry remain priority for Fiji in the medium to long term. To revitalize the industry, Government together with other industry stakeholders has adopted a restructuring plan, the 'Sugar Cane Industry Strategic Action Plan (2013-2022)'. The Plan covers reform areas extending from the field to raw sugar for export. Key elements of the reforms include:

- The adoption of a system of quality payments for cane to provide an incentive for the production of better quality cane;
- Support for the improvement of farming methods (including improved seed varieties, better use of fertilizer and mechanization);
- Measures to increase the availability of land and facilitate the amalgamation of farming units;
- Improving efficiencies at the sugar mills;
- Upgrading of supporting transport infrastructure;
- Development of human resource capacities; and
- Upgrading research and development capability including the establishment of new testing facility to support the development of new technologies and new cane varieties.

A major reform by the Government has been the restructure of Fiji Sugar Corporation (FSC) under the Sugar Industry Reform Framework (SIRF) from 2010 to 2012. As at 31st December, 2012, Government had provided \$153.7 million to FSC for mill rehabilitation, improving sugarcane production and restructuring debt. With the reform, FSC recorded a positive financial turnaround in 2013. As of 2012 Government's guarantees and contingent liabilities to FSC was worth \$111.8 million. In addition, the Government in 2013 contributed its share of \$6 million towards the Crop Development Revolving Fund. In 2014 Government committed \$8.6 million towards the Sugar Development Programme among others, supporting rental subsidies and concessional road user levies for cane trucks. An additional \$5 million has been allocated in the 2015 National Budget, amongst other initiatives, to plant 3000 hectares of new crop.

It is worth noting, that the successful implementation of the above initiatives has led to improvement in the total cane to total sugar (TCTS) ratio from 13.5 in 2010 to 8.1 in 2014 and farmers received one of the highest cane payments in the history.

Traditionally, the major market for raw sugar exports for Fiji had been the European Union. The EU provided a guaranteed price and duty free access for African, Caribbean and Pacific (ACP) exporters. This ensured that price of Fijian raw sugar was maintained at more than twice the world market price. However, the EU had been compelled by the WTO to undertake internal market reforms to reduce subsidies to sugar industry which was deemed incompatible with the trading rules. As a result, the reduction of subsidies led to a 36 percent cut in the guaranteed price to Fiji and other ACP countries sugar exports.

The EU on the other hand has been pressing ahead with plans to reform its sugar market regime, as part of the overall process of reforming its Common Agricultural Policy. The key development has been the decision to eliminate domestic sugar production quotas in 2017. This means that efficient European sugar producers, who are currently highly profitable, will be able to increase production, leading to an anticipated fall in the price of sugar in Europe, so that the inefficient producers will be obliged to exit the industry. The European sugar price will effectively become market-determined rather than controlled by the various intervention instruments of the European Commission, as in the past.

### *Policy Recommendations:*

#### **The Government will:**

- Focus on the identification of new or alternative markets for sugar to assure outlets for the substantially increased output being projected by the FSC in future;
- Prioritize continuation of efforts to secure further assistance from the EU and other sources to support measures aimed at reducing sugar production costs in Fiji, diversifying products and markets, and addressing social impacts of change in the sugar industry;
- Strengthen and improve research capacity to international standards, focusing on the development of resilient high yield varieties with favorable characteristics (high yield, pest resistant);
- Continue programmes for training of farmers in best practice farming methods that will lower production costs, improve crop yields and improve cane quality; and
- Continue efforts to diversify production and revenue sources by developing new product lines, new sources of revenue (such as production of ethanol and refined sugar, co-generation of electricity, and developing alternative uses of molasses), and by securing rights to market under brands that command premium prices.

## **7.2. Agriculture (Non-Sugar)**

The non-sugar agriculture sector is emerging from predominantly subsistence base and on average contributes 8 percent to the GDP, and accounting for around 3.8 percent of domestic exports.

Main commodities in this sector include root crops (dalo, cassava, yams, sweet potato and yaqona), tropical fruits (pineapple, pawpaw and mango), vegetables, pulses, ginger, tobacco, rice, spices, cocoa, and coconut products.

The livestock industry includes beef, dairy, pork, poultry meat, eggs, sheep, goat and bee products. Major contributors to exports are fruits (pawpaw) and vegetables, including taro. A small but growing volume of certified organic products, including coconut and fruit products and nutraceuticals are exported. However, growth in the sector has been volatile.



The performance of the sector continues to be challenged by a combination of factors such as vulnerability to natural disasters, incursion of pest and diseases, inadequate infrastructure, restrictive bio security measures by trading partners, high production and transportation costs, poor husbandry practices, market deficiencies and limited access to finance by farmers.

Fiji encounters difficulties in exporting its products due to restrictive and additional biosecurity requirements from importing countries. Fiji currently has 28 Bilateral Quarantine Agreements (BQAs) covering exports of various products to New Zealand, Australia, Vanuatu, Tonga and Papua New Guinea.

However, revitalization of the domestic agricultural sector is at the heart of the Government's strategy for the rural sector focusing on growth and poverty alleviation. The Government has taken steps to providing enabling environment for the growth of the agriculture sector, such as provision of adequate infrastructure. In addition, the Government's focus has extended to modernization of the agriculture sector through the adoption of the 'Fiji 2020 Agriculture Sector Policy Agenda' which focuses on the following key objectives:

- a.) Build modern agriculture in Fiji as an organized system of producing, processing and marketing crops, livestock and agriculture products;
- b.) Develop integrated production, processing, energy and transport infrastructure support system for agriculture;
- c.) Improve delivery of agriculture support services;
- d.) Enhance capabilities to generate fund and secure investment through foreign investment, public private partnership and other innovative business arrangements; and,
- e.) Improve project implementation and policy formulation capability within the Ministry of Agriculture and its partner institution.

#### ***Policy Recommendations:***

##### **The Government will:**

- Review existing Bilateral Quarantines Agreements (BQAs) and refine the processes for seeking new BQAs, with the view to ensuring that all opportunities are fully exploited and to eliminate avoidable delays in the processes;
- Utilize avenues of political action and any other feasible action to overcome unreasonable restrictions that are holding back exports of certain commodities (for instance - dalo, ginger and kava);
- Support the commercialization of the agriculture sector through the successful implementation of the 'Fiji 2020 Agriculture Policy Agenda';
- Strengthen synergies or potential synergies between the agriculture sector and other sectors connected to the trade policy (such as tourism);
- Ensure coordination among the various participants in the export pathways including: producers, packers, exporters, transport and logistics operators; and



- Facilitate finance for new producers (particularly SMEs) and development of new markets for existing producers.

### 7.3. Forestry

Fiji has a standing forest cover of 1,045,419 hectares (representing 58 percent of the total land mass) which includes:

- 899,229 hectares of native forest (86 percent of the total),
- 52,419 hectares of hardwood plantations (5 percent of the total), the majority of which consists of mahogany,
- 50,000 hectares of softwood plantations mainly Caribbean pine (4.8 percent of the total), and
- 38,742 hectares of mangrove forests (3.7 percent of the total).



Mahogany and wood chips are Fiji’s principal wood exports products. The principal market for mahogany in 2014 was the United States, accounting for 54 percent of the total, while Caribbean and Asian markets accounted for another 46 percent of the total.

Woodchips are exported almost exclusively to Japan (69 percent) and China (31 percent). Exports of total wood products in 2014 were spread widely across a number of markets, including Japan (28 percent), Pacific (20 percent), USA (18 percent), China (13 percent) Dominican Republic (10 percent), New Zealand (5 percent) and Australia (2 percent).

Challenges facing the forestry sector includes: the development of downstream processing industry; economic recognition of the real value of forest ecosystem services; compliance to international standards for forest certification and the slow rate of reforestation taken by the industry players.

There is scope for enhanced export receipts if focus on forestry mainstreaming and value addition is strengthened. Fiji has the largest sustainable mahogany plantation in the world, which is CITES compliant. Substantial portion of mahogany are exported in raw form to the Caribbean markets where they are processed into finished products and further exported to the United States, taking advantage of the preferences available between the Caribbean countries and the United States. The current pattern of utilization of forestry resource is of great concern to the Government as it does not reflect the best economic use of these resources.

The Government recognizes that certification of timber produced from sustainably managed forests and legal logging operations are important in maintaining access to export markets.

Certification by the Forestry Stewardship Council (FSC) is one of the options being considered. Fiji, however has registered its own “Fiji Pure Mahogany” brand in 22 countries and associated certification process for its unique and sustainable mahogany resource.

## ***Policy Recommendations:***

### **The Government will:**

- Ensure that policy on the utilization and exporting of wood resources are developed on the basis of rigorous and clearly defined principles that emphasize the maximization of the economic return to Fiji from its forest resources;
- Discourage the exports of raw or sawn timber and work towards increasing value adding focusing on high yield products;
- Identify high value niche markets for Fiji's forest products;
- Promote the proper certification of forestry resources; and
- Promote and cultivate Fijian branded mahogany.

### **7.4. Fisheries**

The fisheries sector has been one of the strongest sources of export growth in recent years, with exports increasing from F\$57.8 million in 2012 to F\$108.7 million in 2014, an increase of 88 percent.



Tuna is the principal resource exploited by the industry accounting for 67 percent of total production in the industrial fisheries sector.

The species composition of the tuna catch is primarily made up of albacore (typically more than 60%), followed by Yellow-fin and Big-eye. Artisanal fisheries and aquaculture accounted for 28 percent and 5 percent of production respectively.

Apart from tuna, other smaller exports from the industry include beche-de-mer, aquarium fish, reef fish, seaweed and black pearls. There is potential to develop exports of other species of oceanic fish beside tuna. Aquaculture also offers potential for development, and attention needs to be given to introduction of appropriate legislation to support this.

Fiji's main export market for fisheries products in 2014 include; Hong Kong (43%), US (29%), EU (5%), China (5%) and Japan (4%).

The certification of Fiji's Albacore long-line fishery by the Marine Stewardship Council (MSC) in 2012 and the establishment of a Competent Authority ensure that no illegally caught fish enters the supply chain. At the same time, Fiji is undertaking proactive domestic, sub-regional and regional measures to combat illegal, unreported and unregulated (IUU) fishing and to ensure sustainability of limited fisheries resources.

Fiji will utilize its advantageous location, infrastructure and international transport links to establish itself as a regional hub for processing and export of fish caught not only in its own waters but also in waters of its neighboring states such as the Parties to the Nauru Agreement (PNA) member countries. Realization of this potential requires coordination between industry and the Government across a range of issues in order to address and overcome the various constraints on expansion.

In addition to the tuna fishery, Government will focus attention on expanding inshore fisheries and aquaculture. Inshore fisheries in more remote areas have greater potential for expansion and attention will be on infrastructure, logistics and business capacity requirements for developing and marketing products from these more remote regions.

### *Policy Recommendations:*

#### **The Government will:**

- Develop and implement a coherent plan for the expansion of Fiji's fishing industry, based on the concept of a "win-win" scenario for both Fiji and the neighbouring states, benefiting the latter by allowing them to take advantage of Fiji's processing facilities and transport links;
- Work towards concluding the Comprehensive EPA negotiations with the EU to:
  - Retain the preferential access to the EU market; and
  - Secure and extend "global sourcing" provisions in the rules of origin from cooked and canned fish to fresh, frozen and chilled fish.
- Initiate policies that increase the return to Fiji from the value addition created from the export of fisheries resources, including the possibility of new cannery operations;
- Ensure that future policies on fish exports are based on sound principles of maximizing the economic return to Fiji, and at the same time ensuring sustainability of resources;
- Encourage the development of aquaculture and cage-fishing to lessen pressure on the inshore fishery;
- Encourage Governments at the regional level to take a proactive action over licensing to prevent overfishing and combat Illegal, Unreported and Unregulated (IUU) fishing; and
- Take a proactive role in fisheries management issues at national, sub-regional and regional level, aimed at restraining over-fishing that could adversely affect the long-term sustainability of fishing enterprises in the region.

### **7.5. Mineral Water**

Mineral water has been a success story in terms of being one of the top export commodities in Fiji. Fiji Water, registered as Natural Waters of Viti Ltd, pioneered this trade and is by far the dominant exporter. Around 98 percent of production is exported with the remaining 2 percent supplied to the local market. Other significant players in the sector, include among others, Pleass Global Limited, Carpenters Waters (Fiji) Limited and Frezco Beverages.

Approximately 90 percent of exports are



directed to the United States market. There is also growing emphasis on diversifying to other markets, especially in Asian countries such as Singapore, Hong Kong, China and Japan. More recently marketing efforts have also been directed toward the Middle East and Latin America.

The Government recognizes that market diversification increases the range of regulatory and administrative barriers as well as natural barriers that have to be addressed. Asian markets for example can be more challenging because they have more restrictive requirements than the United States and Europe on the chemical analysis of the water content.

### *Policy Recommendations:*

#### **The Government will:**

- Facilitate negotiations on bottled water tariffs with potential export markets;
- Encourage establishment of a fully functional mineral water companies' association;
- Continue supporting the interests of mineral water exporters and in planning for future trade promotion activities; and
- Facilitate the development of a database on the potential export market information for mineral water – which will contain information such as geographical location, household consumption, population, duty rates, major import products and regulatory standards and compliance. The database will be structured within the proposed Trade Information Portal.

## **7.6. Textiles, Clothing and Footwear**

Textiles, Clothing and Footwear (TCF) exports is still one of Fiji's largest manufactured export despite a downsizing of the industry, which has seen the number of factories fall from a peak of 130 in 1999 to between 35-40 (in 2014) factories producing for the export and local markets. The TCF Council



estimates indicated that the largest 6-8 firms in the industry account for 85 percent of the industry's exports and around 80 percent of total employment in the industry. A downturn in 2009 in the wake of the global financial crisis saw the number of workers in the industry shrink from the 2008 level of 5,500 to a low of 4,000-4,500. The industry started bouncing back in 2011 and as at 2014, the employment levels increased to over 6,000. The TCF Council estimates that around 80 percent of the employees in the industry are women.

The industry recognises the challenges to compete in the market for mass-produced standard garments, which is now dominated by supplying countries such as China, Cambodia and Bangladesh.

The Fijian garment industry's future lies rather in niche markets for premium products

where the customer requires quick deliveries and small production runs, perhaps also with specialised technical requirements.

While basic items like uniforms continue to be produced and traditional cut make and trim (CMT) activities remain significant, the product mix of the industry and of individual firms is increasingly shifting toward upmarket high quality product lines, competing in export markets like the United States with producers from Italy and Hong Kong rather than China and Bangladesh.

Australia is by far the largest market for the industry, accounting for around 85 percent of exports, and this is expected to remain the case for the foreseeable future. New Zealand is second, while exports to Europe are confined to specialty items like thermal garments. With the shift in the industry toward production of upmarket higher quality lines, the United States is emerging again as a promising market, and the Pacific Islands is seen as a market with unexploited potential.

The industry is heavily dependent on a number of highly specific trade policy initiatives. Access to the Australian market was based around South Pacific Regional Trade and Economic Agreement (SPARTECA) and its TCF-specific modification known as SPARTECA-TCF Scheme.

Since 2015 the SPARTECA-TCF Scheme has been replaced by the Developing Countries Preference Scheme (DCPS). The DCPS provides more flexible rules of entry as opposed to the SPARTECA-TCF, as it has reduced administrative burden on exporters.

The Fijian Government has since 2010 supported the TCF sectors' bid to explore new markets, through the provision of an annual marketing grant of \$100,000. This has enabled the sector to undertake tradeshows in countries, such as, the US, Australia and New Zealand.

### ***Policy Recommendations:***

#### **The Government will:**

- Ensure better, improved and predictable rules of origin and guaranteed market access for Fijian TCF products under the PACER Plus Agreement;
- Continue facilitating TCF related tradeshows to key potential markets;
- Prioritise the development of training programmes to meet the training needs of the TCF industry, to support the technological and organisational upgrading of the industry;
- Strongly support efforts in Washington DC to press for reinstatement and continuation of the United States GSP scheme and increase efforts to expand the list of Fijian eligible products;
- Support regional efforts aimed at securing improved access into the United States market, in particular, improving the rules of origin that provide “global sourcing” for fabric and accessories; and
- Encourage and support the Fiji Fashion Council and the establishment of a fully-fledged fashion industry.

## 7.7. Mineral Resources

The Mineral resource sector in Fiji is widely recognized as an emerging sector that has the potential to become one of the key sectors for growth in future. Current mining activities are focused on gold, bauxite and iron sand. However, prospective mining licenses (PML) and special mining licenses (SPL) for other minerals such as copper, silver, manganese, molybdenum, limestone/marble, petroleum, gas, and geothermal heat have also been granted. Investors are also intensifying exploration interests in deep-sea mining.



Fiji's central geographic location on the major trade routes, coupled with the strategic geological setting, has normally attracted multinational exploration companies to invest and prospect for potential mineral deposit in Fiji. The mineral sector growth model is grounded on the understanding that to grow the sector, exploration (conducted in a sustainable manner)<sup>9</sup> must grow first. Government's emphasis on exploration will ensure rapid discoveries of new prospects and encourage advancement of existing projects towards mining. It will also explore the possibility of extending the mining life of currently operating mines, such as the case in discovery of new gold deposits in Vatukoula.

The Government has so far granted 4 SPL which includes: iron sand mining in the Ba Delta, bauxite mining in Nawailevu, Bua and 2 gold mining licenses for Vatukoula and Wainivesi in Tailevu. Other prospects identified for graduation from exploration stage to mining includes: Namosi Joint Venture for gold, copper and molybdenum mining in Waisoi (Namosi) and Waikava (Naitasiri); Mount Kasi gold mine in Dawara, Cakaudrove and Viti Mining Limited for manganese mining in Nasaucoko, Navosa.

Key challenges facing the industry include: issues relating to resources ownership; the lack of value addition on exported mineral products and lack of readily available specialized skills.

The Government acknowledges that mining and private investment tends to be attracted to those areas with good geological potential, transparent fiscal policies, and political stability. The Government also recognizes the importance of a sound regulatory environment to support the development of the mining industry. Strong domestic laws will ensure that environmental and social impact assessment, occupational health and safety standards and stake holder engagements are undertaken prior to commencement of mining projects. Government is also focused on developing an appropriate fiscal regime that will address (amongst others) issues such as equitable resource tax, incentives and royalties.

<sup>9</sup> Government acknowledges that growth in the sector cannot be progressed unless done in a sustainable manner. The 3 pillars of sustainability include social, environmental and economic factors must be addressed.

## ***Policy Recommendations:***

### **The Government will:**

- Ensure that appropriate fiscal regimes, which enables equitable returns for the state are established in anticipation of possible large-scale mining operations for exports;
- Promote value addition for exported mineral products; and
- Ensure that adequate expertise is made available to administer all facets of the legal and regulatory framework governing mining operations.

### **7.8. Tourism**

Tourism is by far the most significant service sector in terms of size and value in Fiji's international trade. Earnings from tourism in 2013 and 2014 stood at \$1.318 billion and \$1.405 billion, respectively. The sector also contributes (directly and indirectly) close to one third of Fiji's total labor force.<sup>10</sup>

It is worth noting that, Australia was the largest source of tourism earnings, accounting for over half of total earnings from 2012-2014.

Comparative analysis between 2013 and 2014 shows a general increase in earnings from key markets. These include Australia, which increased from \$704.9 million to \$757.5 million (7.5%); New Zealand increased from \$207.9 million to \$224.9 million (8.2%); the US increased from \$106.5 million to \$110.9 million (4.1%) and Continental Europe increased from \$61.8 million to \$66.1 million (7.0%).

In 2014 alone, Australia and New Zealand contributed 70 percent of total earnings, with Australia accounting for 54 percent and New Zealand 16 percent. The United States contributed around 7.9 percent of earnings, Continental Europe 4.7 percent, Pacific Islands 3.6 percent, China and UK each contributed 3.2 percent and several other countries contributed between 0.1 percent and 1.9 percent.

In terms of total contribution, holiday-makers generate the largest share of tourism earnings. In 2014, it contributed around 82 percent of the total, while business and conference visits, and visits to friends and relatives each accounted for around 5.5 and 6 percent respectively.



<sup>10</sup> This includes direct employment in the tourism industry, such as in hospitality and accommodation sectors, as well as jobs in other sectors of the economy that provide indirect services for the tourism industry. This includes sectors such as agriculture which supply hotel restaurants with fresh food for guests.

In addition, tourism remains the largest earner of foreign exchange in Fiji. Growth in tourism earnings will continue to be a critical contributing factor in maintaining the external sustainability of the Fijian economy.

To maintain the growth of the industry, the Fijian Government will work towards finalizing the Fijian Tourism Development Plan (FTDP). The Plan clearly outlines the roadmap towards achieving the vision of a \$2 billion industry by 2020. This will be achieved by focusing on quality and high yielding tourist markets.

### ***Policy Recommendations:***

#### **The Government will:**

- Ensure that the Trade Policy Framework takes into account the FTDP and recognises the linkage with trade policies; and
- Ensure that the Trade Policy Framework encourages coordination among stakeholders as the tourism sector moves into a more complex phase of its development, seeking to maximise its yield per visitor by diversifying the range of its clientele while at the same time seeking to both defend and expand its traditional short-haul markets in Australia and New Zealand.

### **7.9. Audio Visual**

The audio – visual sector plays a vital role in the sustainable growth of the economy. Evidence shows that for every \$1 invested in production of a film, it generates about \$2.6 through the multiplier effect.

In recognising the importance of the sector which is complemented by Fiji’s natural scenic beauty, availability of basic infrastructure and talented people. The Fijian Government in 2010 put in place a lucrative 47 percent tax rebate scheme for film production in Fiji. This incentive has led to a boost in productions. In 2013 a total of 27 productions were shot in Fiji, which included Bollywood feature films, short – films and television shows thereby generating new economic activity of \$9.3 million and 322 new employments during the productions. In 2014, the number of productions increased to 53 and the total income increased to \$45.6million and created over 700 jobs during the productions.



The other significant change was that the level of production spending within Fiji increased from 44 percent in 2013 to 79 percent of total production cost in 2014. The promotion of film and show productions increases Fiji’s visibility in the international stage, which promotes and boosts the tourism sector in terms of higher visitor arrivals.

Film Fiji is the statutory organisation established under the Film Fiji Act of 2002, responsible for promoting and developing the audio–visual industry in Fiji. According to the law, audio–visual industry means the production and distribution of large format films, theatrical feature films, show films, documentary films, television programs, direct to video or video



disk programs, radio audio recordings, and computer software and includes the establishment of interactive web sites and other electronic commerce business. The core responsibility of the Film Fiji includes:



- i. Develop and promote Fiji's audio visual industry locally and internationally;
- ii. Administer the various tax incentives;
- iii. Provide Film Location Services;
- iv. Set up an Audio Visual School;
- v. Be a one stop shop for the Industry;
- vi. Build a new Industry and broaden Fiji's economic base; and
- vii. Ensure that there is an effective communication system in place for all stakeholders including the Government.

Despite offering one of the best tax rebate schemes in the world and scenic beauty, Fiji still faces challenges in attracting bigger budget film productions. This has been compounded by the fact that Fiji lacks the necessary infrastructure such as film studios, large water tank (for underwater filming), adequately trained and skilled crew support and support actors.

### ***Policy Recommendations:***

#### **The Government will:**

- Ensure a consolidated approach towards promotion of Fiji as an attractive filming destination;
- Encourage Film Fiji to play a proactive role in the Trade in Services Subcommittee of the National Trade and Development Council;
- Endeavour to seek resources to establish film studio, filming water tank and post production studio facilities;
- Enhance the capacity of Fiji National University (FNU) audio-visual school to produce quality crew and actors;
- Assess the possibility of film producers to seek commercial loans for film production; and
- Promote the audio-visual sector under the National Export Strategy (NES) grant and other such schemes.

## 8. INVESTMENT PROMOTION

International competitiveness is of paramount importance for Fiji's future trading aspiration. The need for international competitiveness arises from the requirements for establishing itself as "hub of the Pacific", and from the increasing competitive pressure that Fiji will face in future in all of its existing major markets, as well as in new markets that it may seek to develop.

International competitiveness originates from the way labour, capital, natural resources and technology are deployed in the production of goods and services, which in turn is influenced by many dimensions of Government policy. The degree to which goods and services markets are open to international competition is of fundamental importance in determining the extent to which producers are constrained to operate at internationally competitive cost levels.

The spread of global value chains (GVC) has further accentuated the importance of international competitiveness and Fiji will be exploring areas where it can tap into the GVC. Countries seeking to insert themselves in global value chains need to be able to offer internationally competitive production conditions in the segments of the value chains that they are targeting. This will be a major focus for Fiji.

To progress this, the Government recognizes that a range of other factors are also important. This includes, the "ease of doing business" in creating an efficient and predictable business environment in Fiji, where firms can transact their business without being subject to unnecessary costs, delays or interference.

The current two-tier Foreign Investment approval process is lengthy and cumbersome. In this regard, the Government in early 2015 adopted an ambitious approach to streamline and improve the current system with the "online registration and approval system", in order to remedy the bottlenecks and delays with the existing foreign investment approval regime.

### *Policy Recommendations:*

#### **The Government will undertake the following:**

- Prioritize completion of the one stop shop concept for investment approvals through, inter alia, establishing online system and information sharing by both Tier One and Tier Two agencies;
- Develop an investment policy, which supports both the growth of domestic and foreign owned industries;
- Undertake a review of the Foreign Investment Act;
- Collaborate with the Foreign Investment Advisory Service (FIAS), with the aim of identifying possible reform elements in the current investment regime to improve implementation of foreign investments;

- Learn from Singapore's Economic Development Board and the one stop shop model;
- Undertake analysis to identify reasons for the generally low rate of conversion of registered foreign investment to implemented foreign investment, the low rate of implemented foreign investment in the tourism sector in recent years. The analysis will inform the development of policy responses to improve these outcomes;
- Improve database on foreign investment projects by linking Investment Fiji to agencies, such as, RBF, Fiji Revenue and Customs Authority (FRCA), Fiji National Provident Fund, Department of Immigration and Registrar of Companies, to enable better monitoring of status of implementation, capital inflow and job created;
- Review the lists of Reserved and Restricted Activities under the Foreign Investment Act to ensure that they are consistent with the objectives of the Trade Policy Framework as well as Government's wider economic and social objectives;
- Develop stronger relationships with international agencies such as the United Nations Conference on Trade and Development (UNCTAD) that can provide useful guidance on issues in foreign investment policies and legislation, including advice on the design of investment provisions in trade agreements, as well as information on global trends in foreign investment; and
- Take account of the linkages between investment policy and policy in areas like infrastructure and logistics development, ease of doing business, electricity pricing and Information Communication Technology (ICT) development, all of which can significantly affect the attractiveness of Fiji as an investment destination.

## 9. OTHER TRADE-RELATED AND THEMATIC ISSUES

A number of other issues that are crucially important in the governance, regulation and promotion of international trade and general trade policy include; Transport and Logistics Infrastructure; Energy; ICT; Infrastructure; Competition Policy; Intellectual Property Protection; Government Procurement; Land; Human Resource Development; Sustainable Development; Labour and Environment; Health & Safety; Gender; and Anti-Corruption.

### 9.1 Transport and Logistics Infrastructure

An efficient internal transport and logistics infrastructure is essential to support economic activity in Fiji, including the tourism industry and other vital export industries. A national strategy to coordinate the work of the different agencies is clearly desirable, but the Fiji National Transport Sector Plan (FNTSP), established in 1993 and partially updated in 2004, is now



outdated. The Government has been making substantial commitments to the upgrading of Fiji's road system and this is further emphasized in the 2015 Budget. The Government has also recognized that a comprehensive update of the FNTSP is necessary.

Upgrading and expansion of Fiji's international port infrastructure will provide another boost to Fiji's international competitiveness and will be vital for the long term realisation of the full potential of Fiji's role as "hub of the Pacific". The immediate priority for the Government will be the improvement of the performance of Fiji's international ports. Fiji Ports Corporation



Ltd (FPCL) administers the international ports and is responsible for the provision of port facilities and cargo handling at Suva, Lautoka, Savusavu and Malau ports, through its subsidiary Port Terminals Ltd. In recent years FPCL has invested several million dollars in new lifting machinery and forklifts at Suva, where the main cargo wharf was also rehabilitated. However, congestion problems had increased. The Government through FPCL responded to the crisis by entering into a successful public-private-partnership with a Sri Lankan company, Atkins Spence, to manage the port facilities, enhance productivity and efficiency and reduce congestion problems.

The Government through FPCL is now developing a Ports Master Plan, setting out proposals for addressing future requirements for port facilities, including alternative configurations of the port expansion and development.

The ongoing work programme of the upgrading of the international airports at Nadi and Suva by Airports Fiji Limited (AFL) is of vital importance for the tourism industry and for the airfreighted component of Fiji's export trade. Government remains committed and will continue supporting this programme.

## 9.2 Energy

The Government recognizes that the cost of energy is a critical factor for Fiji's international competitiveness. Reliance on diesel for electricity generation results in expensive electricity and adds significantly to Fiji's import bill, adding to the challenge of external sustainability. Fiji's target will be to completely replace fossil fuels as the energy source for electricity generation by renewable energy sources: hydro, wind and solar. Hydro is the main potential source for lower cost electricity. Solar power is more



expensive at today's costs, but the Government will continue promoting solar power as a viable alternative to diesel in the outer islands, where hydro generation is not feasible. Development of wind farms is also beginning in Viti Levu. The Government through the Fiji Development Bank operates a Sustainable Energy Financing Facility to support locally owned sustainable energy projects.

With the addition of the Nadarivatu station to the earlier Monasavu facility, hydro generation now supplies a significant portion of the electricity demand on Viti Levu. Fiji Electricity Authority (FEA) is looking to expand, amongst other sources of renewable energy, the capacity of its hydro power generation to meet the remaining demand on Viti Levu and Vanua Levu. There are a number of hydro related projects in Vanua Levu and Viti Levu that are in the pipeline and are at various stages of development, from feasibility stages to commissioning. The Government will prioritise these projects to lessen our dependency on fossil fuels.

The Government will work towards the goal of achieving 100% of Fiji's electricity needs from economically viable and sustainable renewable sources to support its productive sectors and industrialization process. In this connection, the Government is seeking to restructure the FEA, with a view to inviting experienced and reputable private partners to participate in Fiji's energy sector. The prime objective will be to enhance the provision of this essential service to all Fijians.

## 9.3 Information and Communications Technology Infrastructure

Provision of efficient information and communications technology (ICT) infrastructure is essential for a modern internationally competitive economy. It is a critical component in the establishment of global value chains, and consequently for Fiji's prospects of participation in these value chains. Government recognizes that this will be vitally important for successful development of Fiji's role as "hub of the Pacific".

Government will undertake to analyse Fiji's current and future ICT needs. In this regard, Government will emphasize on the investment in appropriate technology, efficient regulation, foreign investment and skills development programmes commensurate with the Trade Policy Framework objectives of international competitiveness and establishment and maintenance of Fiji's position as "hub of the Pacific".

## **9.4 Competition Policy**

Competition policy is a natural complement to trade policy. Whereas trade policy focuses on the elimination of Government-imposed barriers that limit market access in international trade, the purpose of competition policy is to ensure that markets operate under conditions of competition. It does so by targeting business conduct that limits market access and reduces actual and potential competition.

Fiji has an independent competition regulator, the Fiji Commerce Commission (“FCC”) established under Section 7 of the Commerce Commission Decree 2010 (“Decree”, or “CCD2010”) that promotes effective competition and informed markets, encourages fair trading, and protects consumers and businesses from restrictive practices and regulated industries and other markets where competition is lessened or limited.

It is worth noting the Commission’s capacity to do more in promoting competition is constrained by factors such as the lack of a competition and prevalence of market imperfections that are not supportive of the Commission’s objectives. The Commission sees the lack of a proper competition policy framework as a weakness in the approach to competition policy. In this regard, the Government will undertake to put in place a solid and sound Competition and Consumer Protection Policy Framework.

## **9.5 Micro, Small and Medium Enterprises**

The development of Micro, Small and Medium Enterprises (MSMEs) is vital to the Fijian industrialization process, due to its potential to generate economic activities along the manufacturing and service provision value chains. Government recognizes that MSME is an essential component of the Fijian economy given its important contribution to employment creation for both rural and urban population, income generation and poverty alleviation.

MSMEs are market path finders and are crucial in developing new areas of business, innovation, development of appropriate technologies and processes and diversification as well as exports for niche products.

The 2004 Fiji Bureau of Statistics economic survey covered 7,061 enterprises of which 48% were micro enterprises, 24% registered as small enterprises and 7% as medium enterprises. Therefore, the total registered MSME amounted to 79%. In order to undertake a holistic approach to MSME development, Government will put in place strategies to formalize all informal sectors as they are an integral part of the overall Government industrialization agenda.

Access to finance for investment has been a major bottleneck to MSME growth. In this regard, Government has put in place strategies to support MSMEs to gain access to finance. However, there is a lack of appropriate regulatory and legal framework that requires immediate Government action.

Government will also work towards supporting mechanisms to strengthen linkages between the MSMEs supplying raw and intermediate materials and large manufacturing firms in order to ensure sustained domestic value chains. Government acknowledges the need for micro-level approaches that address specific challenges facing small-scale entrepreneurial activity.

Government also recognizes that the MSME sector, specially small and micro enterprises, are highly susceptible to failures due to factors such as the lack of targeted policy support with appropriate mechanisms to deliver; smallness of operations, limited market exposure, inadequate management capabilities, limited financial capability, limited or lack of knowledge of support systems, absence of on-time delivery of supplies, prohibitive cost of transportation, high interest rates for loans, inability to operate on a commercial basis and unable to recover from shocks such as fires or natural disasters.

In terms of the institutional mechanism, the National Centre for Small and Micro Enterprises Development (NCSMED) is an institution created by the Small and Micro Enterprise Development Act 2002. NCSMED has developed and orchestrated an array of business support resources and services to accelerate the successful development of the MSME sector. NCSMED's extensive MSME focused initiatives include: finance, training, mentoring, counselling, advisory services, business clustering, business incubators, supply chain development and market support.

### **9.6 Cooperatives**

A cooperative is one of the instrumental tools contributing towards the economic, social and cultural development as well as human capacity advancement in Fiji. The Government recognises the role played by cooperatives that encourages integration of grass roots people in the modern business system.

Cooperatives are prominent in key sectors of the economy such as agriculture, fisheries, financial, retail, forestry. There are currently over 400 registered cooperatives in Fiji which allows for the members to combine resources, reduce cost, increase volumes to be traded and enhance their bargaining powers thus, increasing profitability levels.

The major challenge of cooperatives in Fiji is the long - term sustainability as many do not find success and die a natural death. Noting the importance of cooperatives and the direct positive impact it has on the lives of many grass roots, the Government will continue to enhance awareness and financial literacy curriculums as part of its outreach program. Cooperatives play a vital role in empowering rural communities and in particular women and the youth and it also fulfils the Government's vision of positioning the growth of the micro, small and medium enterprises development as backbone of the economy.

### **9.7 Standards and Metrology**

Standards are an important aspect to both domestic and international trading system. At the multilateral level, aspects of standards, technical regulations and conformity assessment are governed by the World Trade Organization (WTO) Agreement on Technical Barriers to Trade. A Standard is considered an official document, but that compliance with it by the supplier is always voluntary. However, compliance can be made mandatory with a Technical Regulation also an official document. To this end, the supplier by law has to comply with a technical regulation.

In the present environment, globalisation demands a sound and efficient legal metrology and standards conformance infrastructure to encourage growth in business. It is also necessary to meet certain Government objectives such as; public health, safety, nutrition, consumer protection, environment protection and to gain access to international markets.

For consumers, standards provide information, eliminate misleading conduct on the part of enterprises and help ensure quality.

The Government recognises that no products will jeopardise the health and safety of consumers or impact negatively on the environment. However, it may occur that markets sometimes let consumers down due to sub-standard and quality of products which consequently harms consumers or damage the environment. As a consequence, Governments, world over, have the right and the obligation to intervene in the marketplace. This intervention in terms of which Government determines and control the technical requirements of products that have health, safety and environmental implications take the form of technical regulations.

Many markets at a global level rely on more specific technical requirements, which are product specific before they are released in the market place. It is worth noting that one major obstacle to accessing global markets is the inability to adhere to internationally acceptable standards and use of associated or attendant technology. Progressively, worldwide consumers demand products and services that meet rigorous advanced standards of quality, not only to ensure that such products integrate flawlessly with others in the supply chain, but also to satisfy consumer expectations and comply with a web of technical regulations in importing countries.

The Fijian Government recognizes that standardization and conformity assessments associates have a very important role to play in technological progress, productivity and trade. In this connection, it is essential that the standards are internationally recognized in the international markets. The use of trade measurement, standards and ensuring the traceability of those standards and measurement, provide the basis for confidence, ensures credibility for the business community, and encourage a conducive business environment that is critical to promote economic growth.

In this regard, the Government will continue prioritizing standards and conformance and put in place an integrated national metrology system and ensure that industries and exporters comply with these requirements and specifications that are recognized and internationally supported by accredited reports that are accepted in other markets.

The Department of National Trade Measurement and Standards (DNTMS) is responsible for protection of consumers from unsafe and poor quality products and creating favorable conditions for exchange of goods. At the same time, it maintains the national system of units and standards of measurements on physical quantities to provide for the fair and just use of units of measurements, standards, measuring instruments and pre-packed articles.

Fiji faces major challenges to successfully implement its trade measurement, traceability and standards and conformance infrastructure. Due to resource constraints and skills gap in development of standards, quite often many developing countries such as Fiji voluntarily adopt international standards used in other countries and where possible make appropriate modifications to suit Fiji requirements. For example, this has been done for buildings and building materials by taking into account the cyclonic and earthquake requirements. With the growth of innovation and technological development, trade measurement and standards have improved dramatically outpacing developing countries ability to maintain the momentum to update their traceability and standard systems. In this regard, the



Government will undertake a comprehensive review of the DNTMS in delivering its services to traders and consumers.

As part of Government's long term strategy, it will work towards transforming DNTMS into a leading business service provider to organizations within Fiji and the rest of the Pacific countries by offering a range of services for management system certification, product testing, and standardization.

### **9.8 Intellectual Property Rights**

Responsibility for intellectual property protection in Fiji rests with the Solicitor General's Office, known for this purpose as the Fiji Intellectual Property Office (FIPO), an arrangement that has come about partly because of the need to update Fijian laws to comply with Fiji's obligations under the WTO's TRIPs agreement entered into in 1996, and partly also to its compliance with the Berne Convention on the Protection of Literary and Artistic Works, which entered into force on 10 October 1970 ('Berne Convention'), International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations ('Rome Convention') entered into force on 11 April 1972, the Convention for the Protection of Producers of Phonograms Against Unauthorised Duplication of their Phonograms (Phonograms Protection) which was entered into on 18 April 1973, and more importantly its membership under the Convention Establishing the World Intellectual Property Office on 11 March 1972 ('WIPO Convention').

Currently, Fiji's trademark and patent laws, derived from earlier British models dating back to 1933, are being amended with WIPO assistance. With these amendments, the laws will expand the subject matter and scope of protection, including, to a limited extent, issues pertaining to TRIPS and Public Health.

Copyright protection on the other hand is governed under the Copyright Act 1999 and is enforced by the Police with the assistance of the FIPO, protecting property rights with the following descriptions: literary, artistic, musical and dramatic works, sound recordings, audio visual works, broadcast, cable programmes and typographical arrangements of published editions. As at July 2014, there had been success in local enforcement, with fines of \$10,000 targeting local music piracy and raising awareness of the legal implications for breaches under the Copyright Act 1999. However, the intellectual property office does not have a border presence and so lacks capacity itself to enforce copyright laws at the border. As a short term measure, it has a MoU with FRCA for this purpose.

Other intellectual property laws being drafted and to be revised with WIPO assistance will protect creativity and originality in designs and plant varieties. The Government envisages that intellectual property protection under these frameworks will be significant for the local economy, more specifically for agriculture and the value-adding industries like manufacturing. Fiji has also introduced 'sui generis' laws on product specific collective trademarks and geographical indications. The 'Fijian Made', 'Fijian Crafted', 'Fijian Grown', 'Fijian Sewn', 'Fijian Product', 'Fijian Assembled', 'Fijian Packed', and 'Fijian Design' logos are used by local producers or manufacturers and encourages innovation and value addition.

The laws regarding the licensing and certification, felling and processing of Mahogany ensure that the intellectual property regarding the planting, silvicultural practices and

felling of mahogany is protected in addition to its processing. The trademarks used identify the product as 'Fiji Pure Mahogany'.

Fiji does have an interest in protection of intellectual property associated with traditional knowledge (TK) and Cultural Expressions (CE). With the growing need for access and benefit sharing and prior consent, the draft laws on TK and CE will complement intellectual property to ensure indigenous communities are recognized and their expressions and traditions are not in any way abused or misappropriated but commercialized with the prior consent given and benefits realized by the traditional owners.

In addition to bringing Fiji's intellectual property laws in line with international obligation, the Fijian Government through the FIPO will continue to raise awareness on the importance of creativity and innovation and its benefits to the economy, and the associated need for intellectual property protection and compliance with the laws governing intellectual property.

### **9.9 Government Procurement**

As in other countries, the Government represents a significant share of the domestic market in Fiji. Adoption of Government procurement policies and practices based as far as possible on international best practice taking into account the needs and aspirations of the country, and in particular, on the principles of value for money, transparency, and due process, is of utmost importance to the economic interests of Fiji.

In achieving the above principles, the Government will undertake to review existing practices in Fiji while safeguarding the interests of local citizens. An initial step to prepare for this will be to review existing legislation, regulations and policies related to Government procurement, with a view to encouraging local participation and promotion of joint ventures with foreign enterprises.

### **9.10 Land**

The iTaukei land comprises 88 percent of all the land in Fiji. The iTaukei land cannot be sold outright or permanently alienated but can only be used by the state for Government purposes to facilitate development and infrastructural programs. The iTaukei land is available for public use by lease agreement. Leases terms can vary from 30 - 50 years for agricultural purposes and up to 99 years for most other uses including residential, tourism, commercial and industrial leases.

As Fiji continues to grow and makes its presence felt in the world of tourism, agriculture and in commerce, it is a virtual certainty that the need for the utilization of iTaukei land will expand dramatically.

However, the TLTB faces major challenges in administering iTaukei land. The challenges include among others:

- Accessibility issues related to lack or inadequate basic infrastructure in the provision of roads, telephones, water to the areas;
- Inadequate surveyors to properly survey land and value appropriately;

- Lack of planning, zoning and co-ordinated approach with respect to agencies involved in the land leasing process;
- Lack of knowledge or information among land owner's on sustainable land use practices;
- Low productivity & efficiency of use by farmers & other users;
- Slow pace to dispose of cases before the Agricultural Tribunal which is responsible to adjudicate on disputes and issues affecting agricultural holdings;
- Landowners allowing occupation of itaukei land without formal leases from the iTaukei Land Trust Board (TLTB) hence creating squatting settlements and other consequential social ills; and
- Lack of coordinated approach to monitoring and enforcement of bad husbandry practices on leases holds and outside leases.

### **9.11 Human Resource Development**

Government recognizes that investment in Human Resource Development (HRD) is a key ingredient in enhancing Fiji's competitiveness, as human capital is a major contributor to productivity growth and can be the source of unique competitive advantages.

The quality and adaptability of Fiji's labour force will be a key driver in creating a favourable environment for both domestic and foreign enterprises to grow through new investment and to adapt quickly to changing circumstances.

Human resource development includes multiple dimensions covering: educational attainment, workforce skills, population health and the set of employment/labour policies for businesses and workers. It is the Government's view that HRD policies are inter-related and cannot be framed in isolation – they must be developed in consistence with Fiji's broader development policies. HRD needs to be tackled through a coherent and comprehensive strategy that takes full account of the relevant linkages.

One of the current realities for employers in Fiji is the emigration of skilled workers and professionals, which creates a vacuum in various industries. Another challenge faced by businesses particularly in the manufacturing sector is the skills gap resulting from the shift of focus from technical skills and trade training to business and finance related programs. This has resulted in a shortage of skilled with the technical, cognitive, and non-cognitive skills needed to fill current vacancies.

In this regard, the Government recognizes that creating the necessary conditions and environment to become competitive in the knowledge-based industries is important because individual and enterprise competitiveness depends largely on the acquisition and application of knowledge.

Key areas identified as priorities for human resource development include, inter alia:

- Trade policy capacity development: ensuring adequate skills training in areas of trade policy formulation and negotiations both for local and overseas based mission staffs;

- Customs: integration of ASYCUDA World and WTO customs valuation requirements into training and formal accreditation for customs agents;
- Capacity building for border agencies;
- Trade facilitation: Capacities needed for implementation of WTO's Trade Facilitation Agreement, with emphasis on improving customs clearance and border management;
- Agencies/ areas responsible for improvements in ease of doing business;
- Higher value adding activities sectors in services value chains (SVCs);
- TCF: Technicians and internationally accredited designers;
- Audio visual: Internationally accredited cameramen, makeup artists, back up crews;
- Manufacturing: Sugar technologists, chemists and engineers;
- Cross border surveillance: Technical skills to man the integration of the Automated Identification System (AIS) by MSAF;
- Mineral resources: Mining engineers, hydrologists;
- Airlines: Commercial marketing, revenue forecasting and more local pilots; and
- Construction: Engineers, surveyors, architects and skilled construction workers.

### **9.12 Sustainable Economic Development**

The Fijian Government recognizes the fundamental principle that the Trade Policy Framework must be consistent with the sustainable economic development of Fiji. In implementing the trade policy, the Government will ensure that the needs of the present generation do not compromise the needs of the future generation in creating opportunities for all Fijians taking into account environmental protection through optimal management and exploitation of mineral and natural resources.

The Trade Policy Framework will be conducted in accordance with sound environment policies and in compliance with various Multilateral Environmental Agreements (MEAs) such as the Convention on International Trade in Endangered Species of flora and fauna (CITES) and the Montreal Protocol on trade in ozone-depleting substances. The Trade Policy Framework will also be conducted in accordance with precautionary principles and also take into account the environmental, ecological, socio, cultural, and economical aspects of Fiji.

Fiji will welcome provisions in trade agreements that encourage consistency between trade and sound environment policies and will endeavour to ensure that such provisions do not attempt to use measures as disguised trade restrictions. Fiji will also use the Trade Policy Framework to address effective measures to combat Environmental Crimes and related activities

The Government will promote and pay particular attention towards addressing sustainability in development in accordance with environment policies and the Fiji Green Growth Framework. The Government will also undertake to build capacity in technical areas such as waste management, developing workforce skills of technical environmental officers, testing equipment and acquiring technical expertise.

### **9.13 Labour**

The need for international trade and trade policy to be conducted in accordance with international norms for respecting labour rights and in conformity with sound environment policies is today widely recognised. It is worth noting that labour reforms in Fiji are currently underway and the process is almost finalised. Fiji is benchmarking its structures to ISO 9001 as a drive towards productivity as it modernizes its labour laws in line with international best practices. Fiji has distinguished itself in the area of labour laws with respect to child labour and the Government will continue upholding this principle.

### **9.14 Health**

There is increasing concern that international trade should be regulated in ways that are consistent with public health objectives. In addition to global concerns over health issues surrounding tobacco products, Fiji and other Pacific Islands have concerns over trade in products that are seen as potentially increasing susceptibility to non-communicable diseases (NCDs).



Fiji will continue engaging on issues related to the Protocol on illicit trade in tobacco as part of the WHO Framework Convention on Tobacco Control. However, the Government will ensure that as it seeks to implement FCTC decisions, it adopts a gradual approach in order to achieve the health objectives without creating immediate challenges to the affected subsectors, trade and revenue objectives of the country. Trade policy measures to address these concerns will be designed in conformity with the relevant international obligations, including those under GATT Article XX and the WTO Agreements on Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT).

### **9.15 Gender**

The importance of fostering increased participation of women in business and international trade is an important principle that has been recognised in the Fijian Trade Policy Framework. The interests of women (as well as other disadvantaged groups) will be taken into account in trade policy formulation and trade negotiations.

The quality of Fiji's trade policies and its implementation will directly determine the positive and negative impact they will have on women and their welfare. This is important given the declining state of gender equality in Fiji where according to the latest Global Gender Gap Report 2013, Fiji's ranking dropped from 103 in 2009 to 117 in 2013, particularly in terms of economic empowerment. Fiji's ranking for women's economic participation dropped from 111 in 2009 to 120 in 2013.

The Government will work towards using trade policies to complement inclusive growth policies in order to increase the potential for reversing the widening of Fiji's gender gap and improving the economic position of Fijian women.

In order to enhance the mainstreaming of gender policy into the Trade Policy Framework, preparation for a mid-term review of the Trade Policy Framework will take into account gender aspects when analysing the performance of current trade agreements, i.e MSG.

## 9.16 Anti-Corruption

The Fijian Government will continue maintaining its zero tolerance stance against corruption in all its shape and form due to the potential and actual social and economic costs it has on the economy and lives of Fijians.

The Fiji Independent Commission Against Corruption (FICAC) stresses that trade and trade policy must be conducted at all times in conformity with the laws of the Republic of Fiji, including the Prevention of Bribery Promulgation No. 12 of 2007 and the United Nations Convention Against Corruption (UNCAC) which Fiji has ratified, and common law principles upholding principles of integrity, transparency and accountability.

### *Policy Recommendations:*

**The Government will undertake the following:**

#### **Transport and Logistics Infrastructure**

- Prioritise the updating of the Fiji National Transport Sector Infrastructure Plan (FNTSIP) under the technical assistance to be provided by the Asian Development Bank, and subsequent implementation of the 20 year Investment Plan to be developed on the basis of the review;
- Ensure that all reasonable steps are taken to ensure the success of the public-private partnership in minimising congestion problems at Suva port;
- Prioritise completion of the review of requirements for expanding Fiji's international port facilities based on assessments of future trade increases and associated traffic increases, so that the most suitable model can be selected and plans developed to enable a financing strategy to be formulated and pursued, leading to implementation of the plans as a high priority; and
- Ensure that plans for the upgrading of operations at Fiji's ports include provision for the following:
  - Installation of cranes at all major ports, backed up by expansion of the current limited space so that cranes to operate simultaneously thereby contributing to port efficiency;
  - Installation of reliable container tracking systems at the ports to avoid further delay;
  - Transformation of the ports into 24 hours a day 7 days a week operation;
  - Provision of formal training for customs, freight and forwarding officers;
  - Strengthening of dialogue between FRCA and customs clearing agencies;
  - Recognition of Customs Brokers and Forwarders Council of Fiji as a body authorised to certify customs brokers and agents to operate in Fiji;
  - Promotion of joint inspections at the ports to avoid overlaps e.g. Ministry of Health and Bio Security Authority of Fiji;

- Allowance for adequate port storage facilities when planning and implementing the port expansion programmes; and
- Establishment of an Automated Identification System (AIS) for safety and monitoring purposes.

### **Energy**

- Prioritise the achievement of the objective of meeting 100% of Fiji's electricity needs from economically viable renewable energy sources through the gradual expansion of hydro generation facilities on Viti Levu and Vanua Levu, supplemented by the development of alternative renewable energy sources on both the main and outer islands;
- Ensure that resulting cost savings are passed on to industrial and household users; and
- Support the restructure of FEA to ensure more private sector and energy technologists participation in Fiji's energy sector, leading to comprehensive extension and consistency of service delivery.

### **Information and Communications Technology Infrastructure**

- Ensure that the Fijian Trade Policy Framework is supported by ongoing evolution of the ICT infrastructure, including investment in appropriate technology, development of an efficient regulatory framework, foreign investment and skills development programmes, commensurate with the Trade Policy Framework objectives of international competitiveness and establishment and maintenance of Fiji's position as "hub of the Pacific".

### **Competition Policy**

- Respond to the significant increase in competitive pressure in the Fijian economy anticipated from implementation of the Trade Policy Framework geared to international competitiveness, by reviewing the mandate of the Commission and the relevant laws and regulations, with a view to making changes where necessary to ensure consistency with the Trade Policy Framework. This is aimed at ensuring that markets are able to work efficiently to facilitate adjustment to international competition;
- Consider the introduction of a comprehensive competition policy framework in Fiji; and
- Ensure that the Commission is able to acquire the expertise needed to adequately carry out the core functions of a competition agency in an internationally competitive economy, including functions such as the investigation of cartels.

### **Micro, Small and Medium Enterprises**

- Review the SME Policy Framework, together with streamlining the functions of National Centre for Small and Micro Enterprises Development (NCSMED) and improving its functional capabilities to meet the demands of the sector and its stakeholders;
- Development of Micro-finance Regulatory Framework;

- Sensitize potential and existing MSMEs on the benefits of registering their businesses. This is aimed at facilitating graduation of the informal sector to formal sector, thereby widening the tax base as well as coverage of enterprises that would require government support;
- Establish and maintain MSME database;
- Support the promotion of business incubation centers and other institutional support mechanisms by institutions such as Ministry of Agriculture, Biosecurity of Fiji etc;
- Streamline the general MSME regulatory regime;
- Integration of registration and licensing of business establishments in order to create a single registration point. The initiative is to simplify procedures to reduce the time-lag and costs involved in starting a new business. The initiative will also enhance formalization as registration will be mandated as pre-requisite to licensing;
- Better resource allocation and targeted assistance schemes for MSMEs;
- Assist and support MSMEs to better manage costs and resource constraints;
- Encourage large local and foreign investors to consider engaging MSMEs in their supply chain; and
- Catalyst Programme to create homegrown champions through a targeted approach with support in the area of access to finance, market access and Fijian Made licensing.

### **Cooperatives**

- Enhance financial literacy programs which will allow cooperatives to be accountable, transparent and prudent thus, ensuring their longevity;
- Secure resources to establish the Cooperative College at tertiary level with appropriate courses and trainers;
- Encourage Cooperatives to take advantage of various Government grant and incentives and increase their value-addition capacity;
- Establish the partnership with private sector, donor agencies and non-Government organisations for co-operatives capacity building and marketing;
- Promote the establishment co-operatives within high schools which builds strong foundation for future co-operative ventures; and
- Encourage the establishment of the National Cooperatives Federation.

### **Intellectual Property Rights**

- Continue the updating, and where appropriate, strengthening of Fiji's intellectual property law and associated enforcement procedures, with a view to ensuring compliance with Fiji's international obligations in relation to international property protection and consistency with the need to foster innovation and creativity in Fiji's economy and society;
- Pay particular attention to the need for intellectual property protection law and



enforcement to reflect the realities of the digital revolution and the pervasive role of the internet in modern economies and societies; and

- As resources permit, take a more proactive approach to introducing improved intellectual property protection of traditional knowledge and cultural expressions, and to exploring the potential of intellectual property protection measures that can support the safeguarding of biodiversity.

### **Standards and Meteorology**

- Complete the review of the DNTMS by also focusing on the human resource component;
- Capacitate the Department with appropriate metrology equipment;
- Restructure the Department to bring it in line with international best practices;
- Invest in human resource development to meet the current demand of services;
- Document the legal and physical metrology resources and capabilities currently available with particular reference to the legislative framework, institutional infrastructure, staff, equipment and operating budgets;
- Determine the legal and physical metrology needs and priorities of each in the context of existing resources and capabilities, domestic and international trade flows, Government regulatory requirements and policy priorities;
- Alignment of the metrology framework to major trade markets such as Australia and New Zealand;
- Identify opportunities for regional cooperation which would meet the collective needs and priorities;
- Evaluate options for public/private sector or contract services (or a combination) to provide the legal and physical metrology support infrastructure;
- Set out criteria for evaluating solutions to integrate the legal and physical metrology infrastructure at national or regional level; and
- Long term vision of turning the standards body into a leading business services provider to organizations within Fiji and the rest of the Pacific countries.

### **Government Procurement**

- Encourage the potential benefit to Fiji of increased application to Government Procurement of the principles of value for money, transparency and due process; and
- As a first step toward a more proactive approach to Government Procurement, review existing Government laws and practice in Fiji, with a view to recommending changes where necessary to align them more closely with international best practice.

### **Land**

- Establish a Land Use Council drawing membership from all Sectors of the Economy including TLTB;

- Prioritise freeing up leased lands that are leased but not being cultivated or productively utilized;
- Prioritise reducing costs of land development for industrial, commercial, agricultural and residential subdivisions, to attract investments in these areas;
- Give priority to providing roads and amenities and access to undeveloped areas (lands) to facilitate development and use for all purposes;
- Demarcate and zone areas appropriately to avoid conflicting uses of land in the same locality;
- Investment Fiji to consider partnering with TLTB in local and overseas trade shows and exhibitions to showcase and market its land products and packages;
- The Ministries of Trade, Industry and Tourism and Foreign Affairs to assist TLTB in the marketing of undeveloped TLTB tourism sites abroad;
- Aggressive monitoring to be pursued by Investment Fiji, Ministry of Trade, Industry and Tourism, Ministry of Lands and TLTB of major investments and developments approved for overseas investors, to ensure that they comply with the relevant investment and development proposals;
- Create an environment for the equal and equitable distribution in Viti Levu and Vanua Levu of integrated major tourism developments as in Denarau;
- Establish more tax free zones and financial incentives to encourage investments in other areas;
- Prioritise sustainable land use practices, use of technology and productivity in land for other agriculture production as well as in the sugar cane sector; and
- Review the role of the Agricultural Tribunal to ensure disputes before it are expeditiously adjudicated, thereby avoiding negative effects on agricultural holdings of delays in dispute resolution.

### **Human Resource Development**

- Government to ensure adequate allocation of resources for skills development for trade officials in order to create and widen the cadre of experts in trade policy formulation and negotiations. Training to be provided in areas including trade policy development, trade negotiation skills, WTO Agreements and negotiations, FTAs, dispute settlement;
- Human resource development policies for employers and employees should be developed beyond the need to upgrade the skills of the current workforce, to embrace also the equipping of future entrants into the workforce with necessary skills;
- HRD policies must be adaptable and constantly fine-tuned in order to respond quickly to the changing skill needs created by new challenges and to ensure that the potential contribution of investment to development is realised. This necessitates close co-operation between policy makers and the main stakeholders and periodic assessments of the impact of HRD policies on the business and investment environments; and

- Higher education and learning institutions must respond quickly to the needs of the labour market. In this regard, stronger links between universities, businesses and other stakeholders can help reshape course offerings to stay closely in line with evolving demands for specific skills. Co-operation can also bring other benefits such as promoting an environment conducive to innovation and the quick diffusion of new knowledge.

### **Sustainable Economic Development**

- Ensure that the Trade Policy Framework will be fully consistent with the sustainable development of the Fijian economy;
- Ensure that the Trade Policy Framework is consistent with relevant environmental policies, including conformity with multilateral environmental agreements such as the Convention on International Trade in Endangered Species (CITES) and the Montreal Protocol;
- Ensure that the Trade Policy Framework implementation is conducted in accordance with sustainable development principles and also take into account the environmental, ecological, socio, cultural, and economical aspects of Fiji and to address effective measures to combat Environmental Crimes and related activities;
- Resist attempts by trading partners to introduce into trade agreements provisions on environment as disguised trade restrictions; and
- Promote and pay particular attention towards addressing sustainability in development in accordance with environment policies and the Green Growth Framework.

### **Labour**

- Ensure that the Trade Policy Framework is consistent with relevant international norms regarding labour rights; and
- Resist attempts by trading partners to introduce into trade agreements provisions on labour as disguised trade restrictions.

### **Health**

- Ensure that trade measures introduced to address public health concerns are consistent with Fiji's international obligations under GATT Article XX and the WTO Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT).

### **Gender**

- Ensure that the Trade Policy Framework takes account of the relevant provisions of the National Gender Policy; and
- Ensure representation of the Department of Women in the NTDC subcommittees.

### **Anti-Corruption**

- Ensure that the Trade Policy Framework incorporates requirement for conformity with both the laws of Fiji and with the UNCAC, as well as governance standards upholding the principles of integrity, transparency and accountability.

## 10. IMPLEMENTATION FRAMEWORK

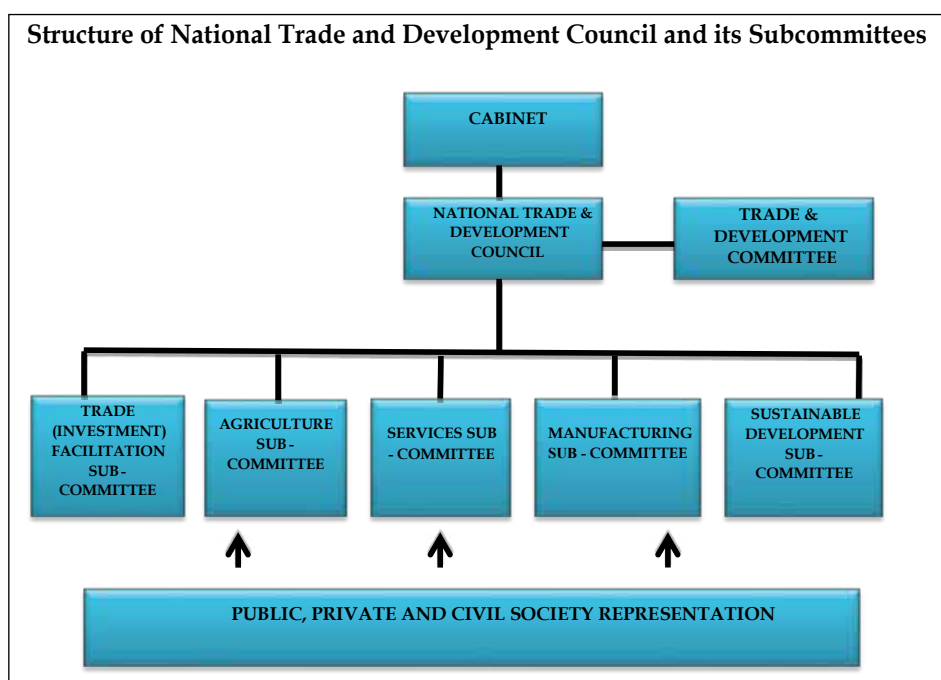
### 10.1. Time Frame for Implementation

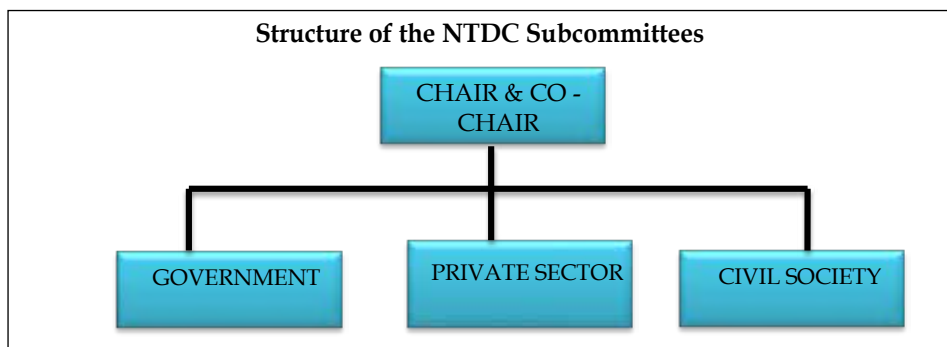
The Trade Policy Framework will be implemented over a ten-year period, from January, 2015 to December, 2025. The Policy will have a mid-term review in 2020 to monitor progress and possible adjustments in the strategies to ensure set objectives and goals are achieved during the implementation period.

The Fijian Government will align the implementation of this policy with national development plans, other Government initiatives and programmes. The Government will also ensure that programmes supported by our development partners are well aligned with the Trade Policy Framework to ensure coherence with policy objectives and overall vision.

### 10.2. Institutional Arrangements

The Ministry of Industry, Trade and Tourism, which is the principle arm of the Government for industry and trade will be responsible for implementing this policy and where necessary will collaborate with other institutions responsible for implementation of other aspects of the policy. The main institutional framework to implement the Fijian Trade Policy Framework will be the National Trade and Development Council (NTDC) chaired by the Minister for Industry, Trade and Tourism and will meet on a regular basis and report to the Fijian Cabinet. The Trade and Development Committee (TDC), chaired by the Permanent Secretary for Industry, Trade and Tourism will be the executive arm of the NTDC and will meet as and when required to provide direction to the Subcommittees and advice to the NTDC. The Subcommittees will be the technical bodies of the NTDC. The Subcommittees, like the NTDC, will be inclusive and representative of all relevant stakeholders.





### **10.3. Resource Mobilization**

The Government will allocate resources to implement the policy through its general national budget process and the Ministry of Industry, Trade and Tourism will liaise with the Ministry of Finance to mobilize additional resources from development partners and international organizations.

### **10.4. Monitoring and Evaluation**

The Ministry of Industry, Trade and Tourism will serve as the principal institution responsible for the implementation, monitoring and evaluation of the Fijian Trade Policy Framework on behalf of the Government of the Republic of Fiji. The key instrument that will be used to undertake monitoring and evaluation will be the Implementation Matrix. The respective responsible ministry or agency will take the lead role in implementing specific areas of intervention as indicated in the Implementation Matrix. The Government through the Ministry of Industry, Trade and Tourism will collaborate with the respective responsible ministries/ agencies through the National Trade and Development Council which is the established public-private-civil society dialogue mechanism to periodically monitor progress and implementation of the Fijian Trade Policy Framework.

## 11. ANNEXES

### Annex 1: Minor Exports by Destination Country: 2013 & 2014

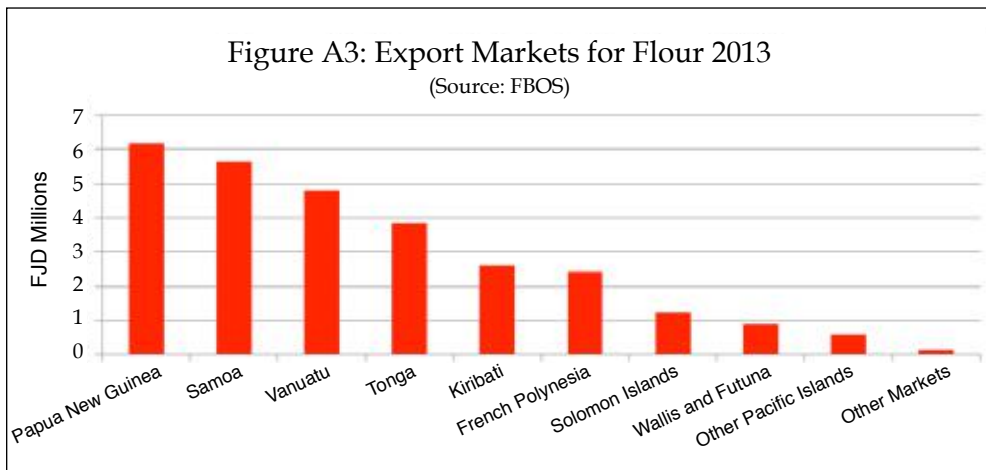
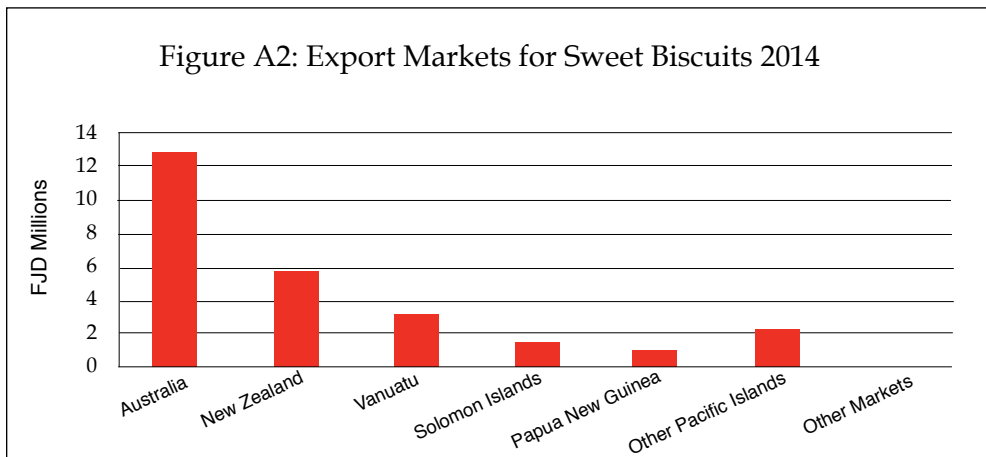
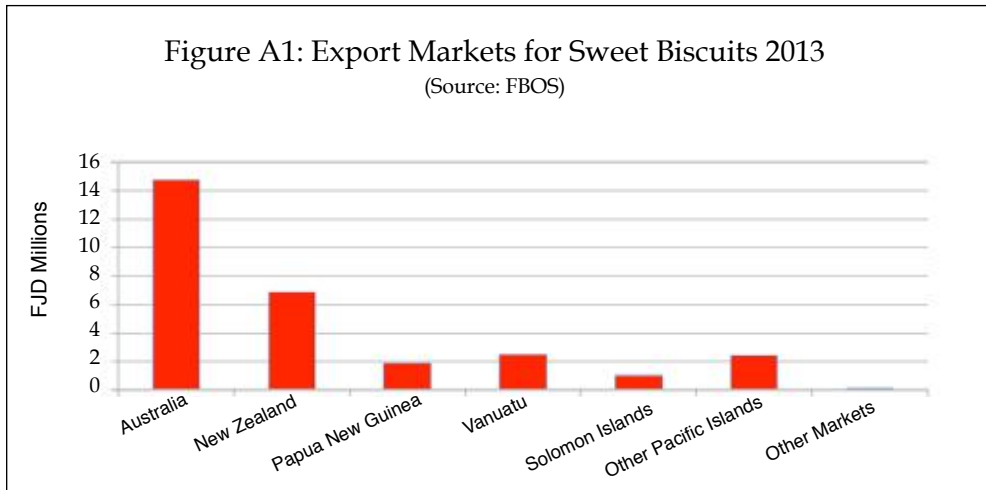


Figure A4: Export Markets for Flour 2014

(Source: FBOS)

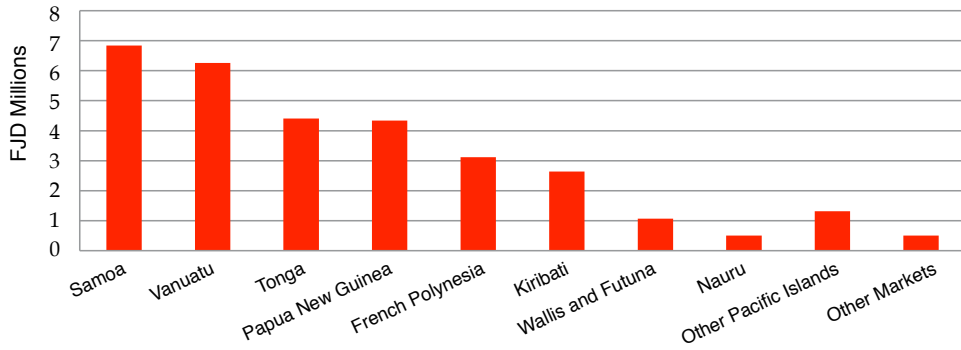


Figure A5: Export Markets for Uncooked Pasta 2013

(Source: FBOS)

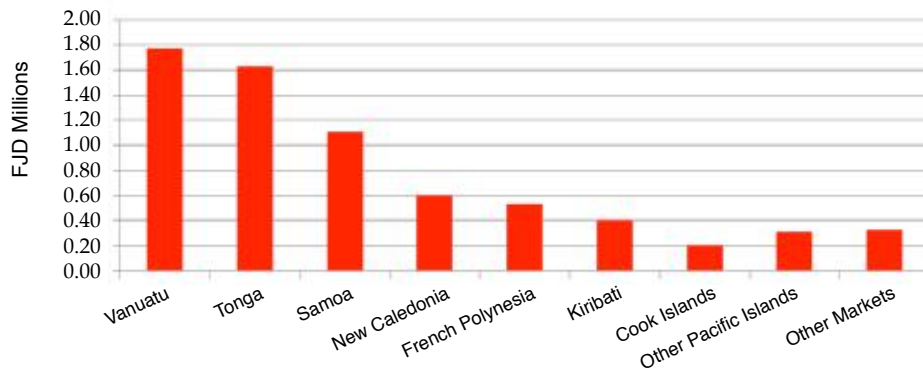
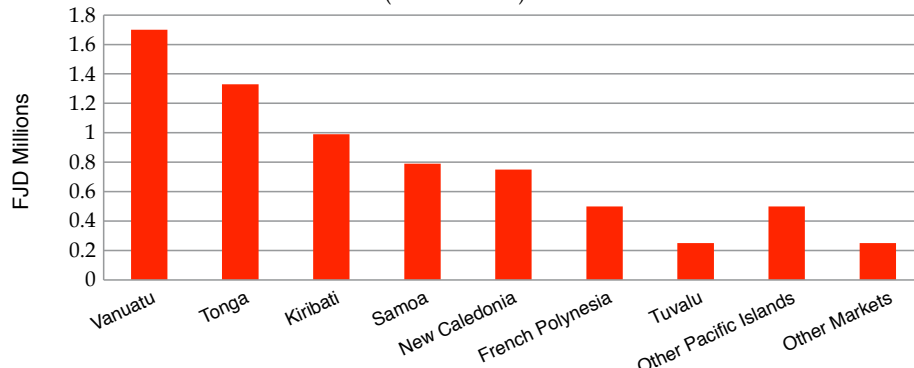
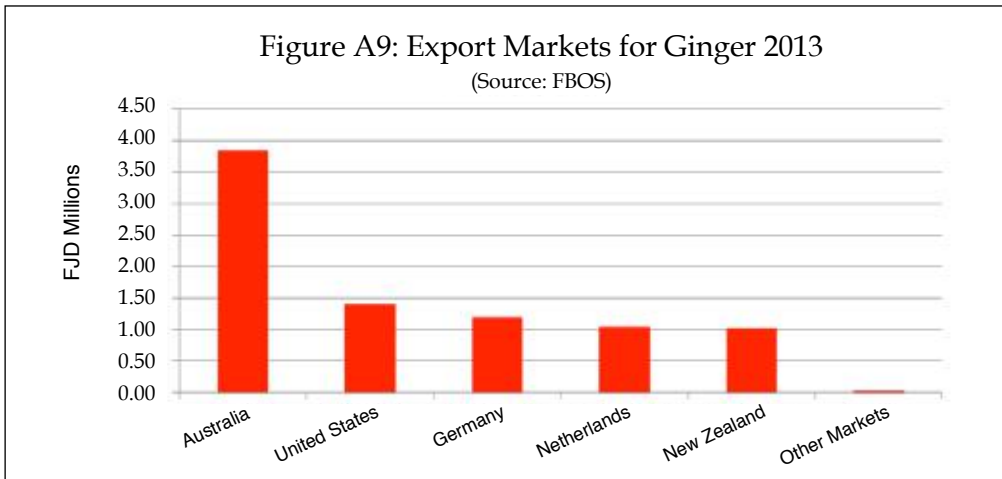
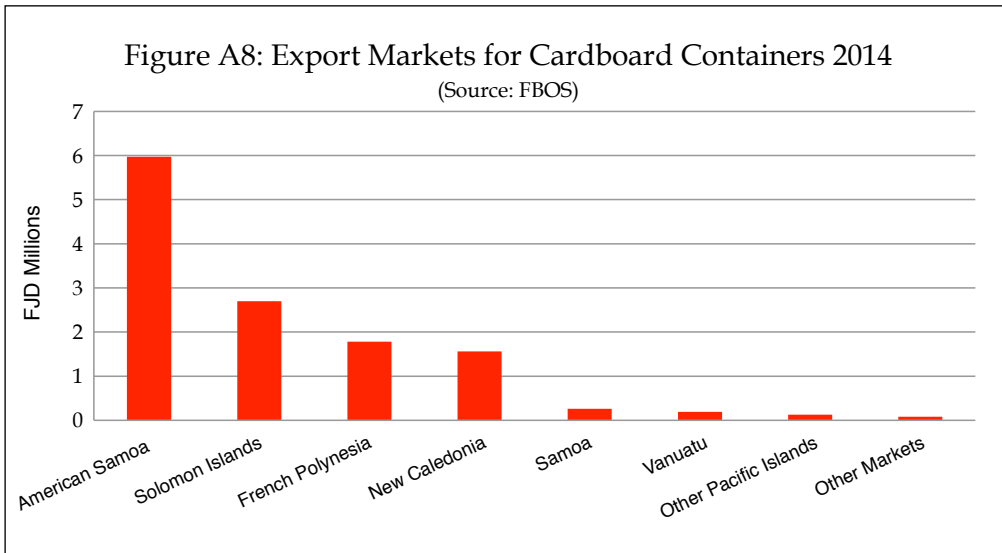
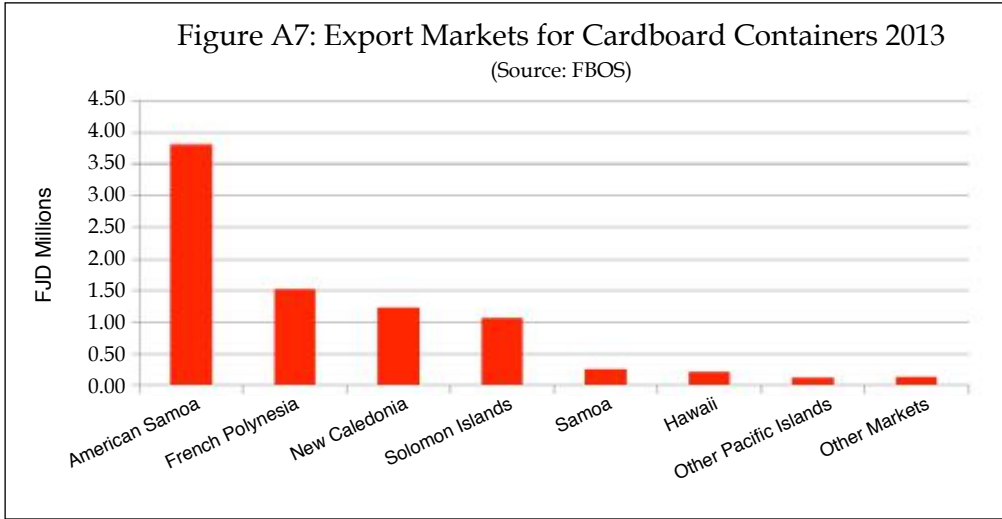


Figure A6: Export Markets for Uncooked Pasta 2014

(Source: FBOS)







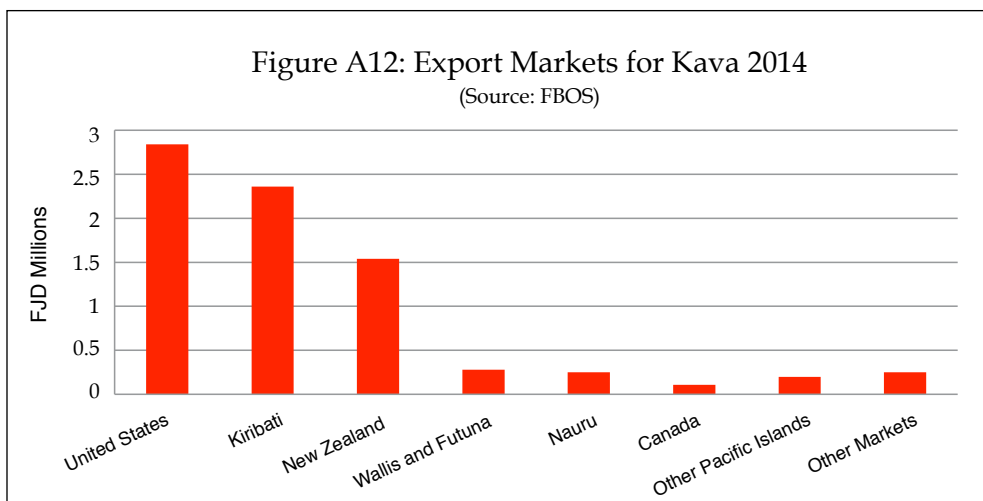
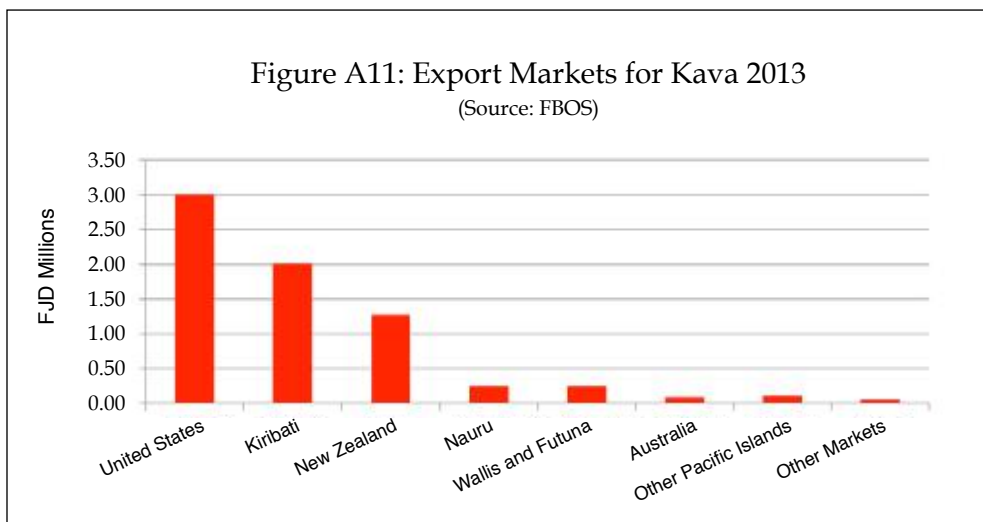
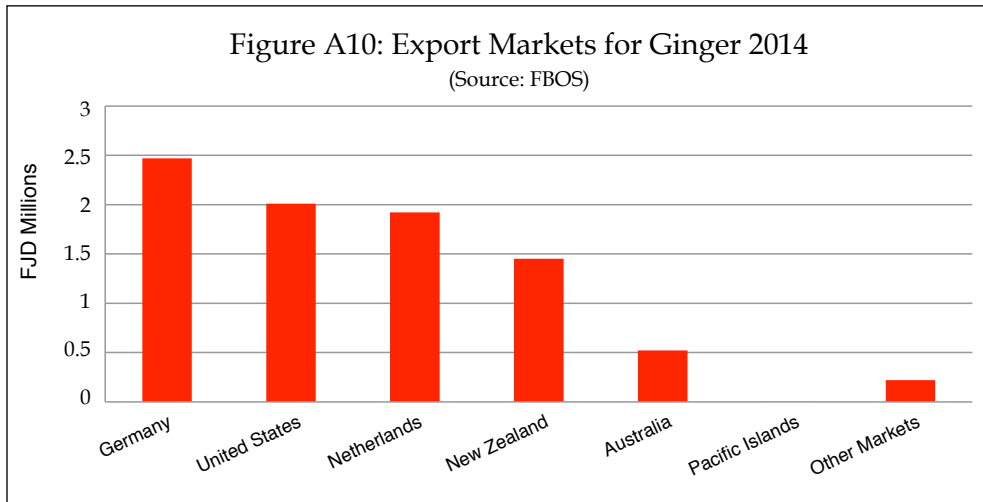


Figure A13: Export Markets for Taro (Dalo) 2013

(Source: FBOS)

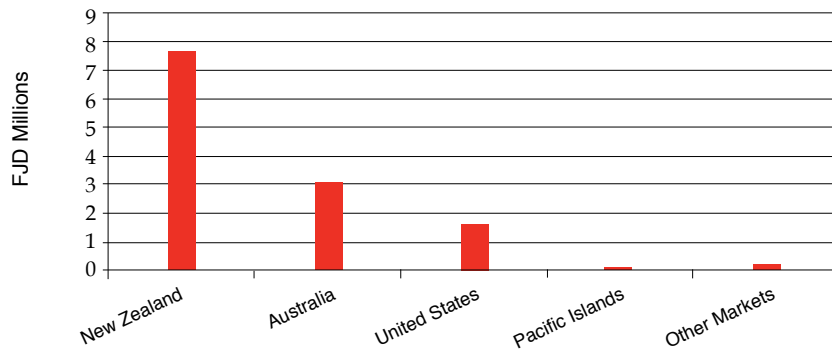


Figure A14: Export Markets for Taro (Dalo) 2014

(Source: FBOS)

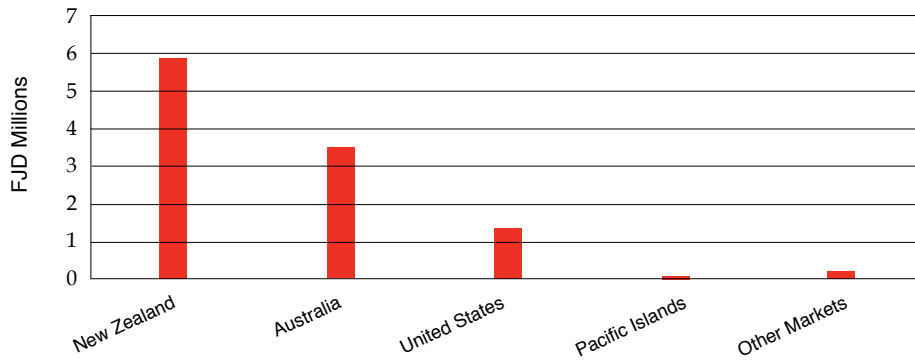


Figure A15: Export Markets for Mahogany 2013

(Source: FBOS)

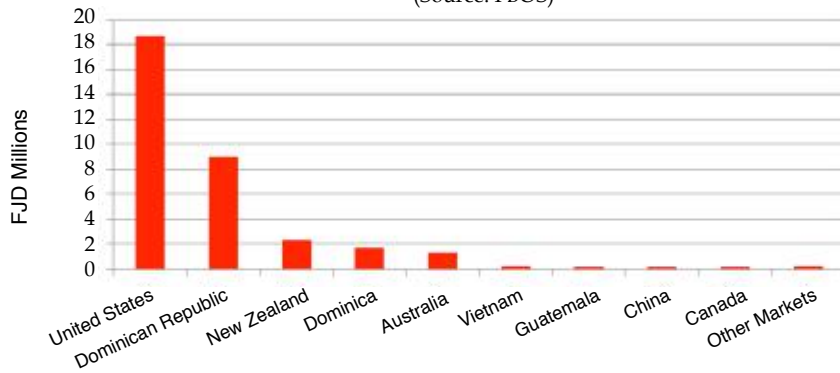
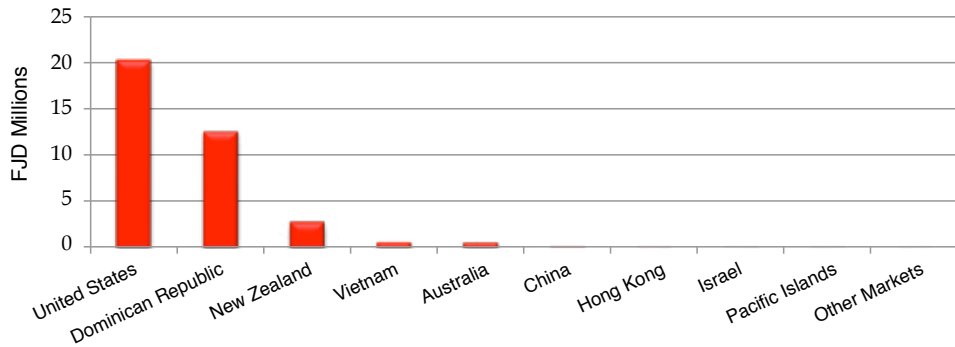


Figure A16: Export Markets for Mahogany 2014

(Source: FBOS)



## **Annex 2: List of Institutions Consulted**

### **Government Ministries**

- 1) Ministry of Agriculture
- 2) Ministry of Defence, National Security and Immigration
- 3) Ministry of Education, National Heritage, Culture and Arts
- 4) Ministry of Finance
- 5) Ministry of Fisheries and Forests
- 6) Ministry of Foreign Affairs
- 7) Ministry of Health
- 8) Ministry of Industry, Trade and Tourism
- 9) Ministry of Information
- 10) Ministry of i'Taukei Affairs
- 11) Ministry of Justice
- 12) Ministry of Labour, Industrial Relations and Employment
- 13) Ministry of Lands and Mineral Resources
- 14) Ministry of Local Government, Urban Development, Housing and Environment
- 15) Ministry of Public Enterprise and Tourism
- 16) Ministry of Rural and Maritime Development
- 17) Ministry of Social Welfare, Women and Poverty Alleviation
- 18) Ministry of Strategic Planning, National Development and Statistics
- 19) Ministry of Sugar
- 20) Ministry of Works, Transport and Public Utilities
- 21) Ministry of Youth and Sports
- 22) Office of the Prime Minister
- 23) Office of the Solicitor General
- 24) Public Service Commission

### **Statutory Organisations**

- 25) Biosecurity Authority of Fiji (BAF)
- 26) Consumer Council of Fiji (CCF)
- 27) Fiji Agriculture Marketing Authority
- 28) Fiji Airways
- 29) Fiji Commerce Commission (FCC)
- 30) Fiji Development Bank (FDB)
- 31) Fiji Electricity Authority (FEA)
- 32) Fiji Independent Commission Against Corruption (FICAC)
- 33) Fiji National Provident Fund (FNPF)
- 34) Fiji Ports Corporation Limited (FPCL)
- 35) Fiji Revenue and Customs Authority (FRCA)
- 36) Fiji Roads Authority (FRA)
- 37) Fiji Sugar Corporation (FSC)
- 38) Film Fiji
- 39) Investment Fiji
- 40) iTaukei Land Trust Board (TLTB)
- 41) Maritime Safety Authority of Fiji (MSAF)
- 42) National Centre for Small & Micro-Enterprises Development (NCSMED)
- 43) Pacific Fishing Company Limited (PAFCO)
- 44) Registrar of Companies
- 45) Reserve Bank of Fiji (RBF)
- 46) Telecommunications Authority of Fiji (TAF)
- 47) Water Authority of Fiji (WAF)

## Private Sector

- 48) Adi Chocolates
- 49) Association of Banks in Fiji (ABIF)
- 50) Australia New Zealand Bank (ANZ)
- 51) Ben's Trading Limited
- 52) British American Tobacco
- 53) Carpenters Group of Companies
- 54) Celtrock Holdings Limited
- 55) Comfort Home Furnishing
- 56) Customs Brokers and Forwarders Council of Fiji (CBFCF)
- 57) Dahia Footwear Industries Limited
- 58) Daltron
- 59) Digicel (Fiji) Limited
- 60) Fiji Chamber of Commerce and Industry (FCCI)
- 61) Fiji Commerce & Employers Federation
- 62) Fiji Crop and Livestock Council (FCLC)
- 63) Fiji Exports Council (FEC)
- 64) Fiji Hoteliers & Tourism Association (FHTA)
- 65) Fiji International Telecommunications Limited (FINTEL)
- 66) Fiji Manufactures Council
- 67) Fiji Nursing Association
- 68) Fiji Offshore Fisheries Association
- 69) Fiji Tuna Boats Owners Association
- 70) Fijian Holdings Limited (FHL)
- 71) Flour Mills of Fiji (FMF)
- 72) Food Processors Limited
- 73) Foods Pacific Limited
- 74) Foundation for Rural Integration Enterprises & Development (FRIEND)
- 75) Frespac Ginger (Fiji) Limited
- 76) Gold Hold Limited
- 77) Golden Ocean (Fiji) Limited
- 78) Hangton Pacific Co Limited
- 79) Home Finance Company (HFC)
- 80) Jacks of Fiji
- 81) Kahuna Herbal Products
- 82) KPMG
- 83) Labasa Farm Fresh
- 84) Lapita Marketing Limited
- 85) Manufacturing Council of Fiji
- 86) Mark One Apparel
- 87) Medica Pacifica Limited
- 88) Mind Pearl Fiji
- 89) Morris Hedstrom
- 90) Naisoso Island Resort
- 91) Natural Waters of Viti
- 92) Natures Way Cooperative (Fiji) Limited
- 93) Neelesh Kamal Co. Limited
- 94) Nestle (Fiji) Limited
- 95) Organic Earth Fiji Limited
- 96) Pacific Batteries Limited
- 97) Pacific Green Industries
- 98) Pleass Beverages Limited
- 99) Punja & Sons
- 100) Pure Fiji

- 101) R C Manubhai & Co Limited
- 102) Rotuma Enterprise Marketing Co-operative Limited (REMCOL)
- 103) Sea Quest Limited
- 104) Solander (Pacific) Limited
- 105) South Pacific Stock Exchange
- 106) Southern Cross Foods Limited
- 107) Sugar Cane Growers Council (SCGC)
- 108) Sustainable Mahogany Industries Limited
- 109) Textile, Clothing & Footwear (TCF) Council
- 110) Tropic Wood Industries Limited
- 111) Unit Trust of Fiji (UTOF)
- 112) Vatukoula Gold Mines
- 113) Vinod Patel
- 114) Vodafone (Fiji) Limited

#### **Academic Institutions**

- 115) Higher Education Commission of Fiji
- 116) Fiji National University (FNU)
- 117) University of Fiji
- 118) University of the South Pacific (USP)

#### **Non-Government Organisations**

- 119) Fiji Council of Social Services (FCSS)
- 120) National Council of Women (NCW)
- 121) International Union for the Conservation of Nature (IUCN)
- 122) Pacific Council of Churches (PCC)
- 123) Pacific Network on Globalization (PANG)

#### **International/Regional Organisations**

- 124) Pacific Horticultural and Agricultural Market Access Program (PHARMA)
- 125) Pacific Islands Forum Secretariat (PIFS)
- 126) Pacific Islands Private Sector Organisation (PIPSO)
- 127) South Pacific Tourism Organisation (SPTO)



