

Fiji: Selected Issues and Statistical Appendix

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FIJI

Selected Issues and Statistical Appendix

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Approved by the Asia and Pacific Department

July 22, 2002

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I. PUBLIC INVESTMENT AND ECONOMIC GROWTH¹

A. Introduction

1. In the 2002 budget, the government of Fiji announced that growth-enhancement would be a key pillar of its economic strategy. Specifically, the government established a target of raising the sustainable growth rate of real GDP to 5 percent per year, well above the average of barely 2 percent per year achieved over the past half decade. A key element in the implementation of the strategy is to significantly increase the rate of investment in the economy. In this context, the government set an objective of nearly doubling the share of capital expenditure in total government spending to 30 percent over the medium term.

2. This chapter examines the relationship between investment and long-term growth in Fiji. Section B reviews Fijian data, and indicates that the slowdown in the growth rate since independence has been associated with a decline in investment, particularly by the private sector. Section C reviews empirical research on the link between investment and growth, and presents additional evidence for the linkage in the context of small island economies (SIEs) in which tourism plays a major role. Section D concludes with comments on the application of the results to Fiji.

B. Background

3. Since independence in 1970, Fiji has experienced a decline in the average growth rate of real GDP from over 8 percent per year in the 1970s to under 3 percent in the 1980s and 1990s. As a result, the growth rate fell from slightly above the average for a group of SIEs to below the average (Figure 1a).²

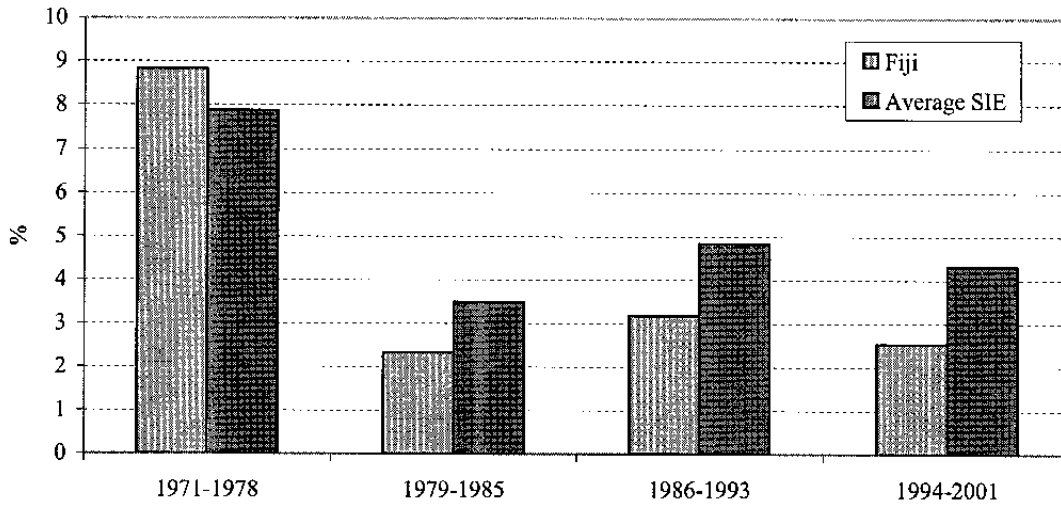
4. The decline in the economic growth rate has been associated with a marked decline in the share of investment in GDP in the 1980s (Figure 1b). Private-sector investment fell from around 14 percent of GDP through most of the 1970s to around 4 percent in the 1990s, with a sharp decline especially evident following the 1987 coups. Despite some increase in public-sector investment in the late 1980s, aggregate gross fixed investment fell from close to 20 percent of GDP in the 1970s to a little over 12 percent in the 1990s. As a result, the share of investment in GDP fell from being comparable to those for other SIEs in the 1970s and early 1980s to the lowest in the sample in the 1990s (Figure 2). The low rate of private investment appears to have reflected increased concerns regarding political stability and land leases following the 1987 coups. Other factors identified in a 1999 Reserve Bank of Fiji survey include bureaucratic impediments and delays, and shortages of skilled workers.

¹ Prepared by Kenichi Ueda (ext. 36368) and Eric Parrado (ext. 34423).

² The SIE sample consists of Barbados, Cyprus, Dominican Republic, Fiji, Jamaica, Maldives, Mauritius, Seychelles, and the Solomon Islands, selected on the basis of similarities in terms of economic structure, income per capita, and data availability.

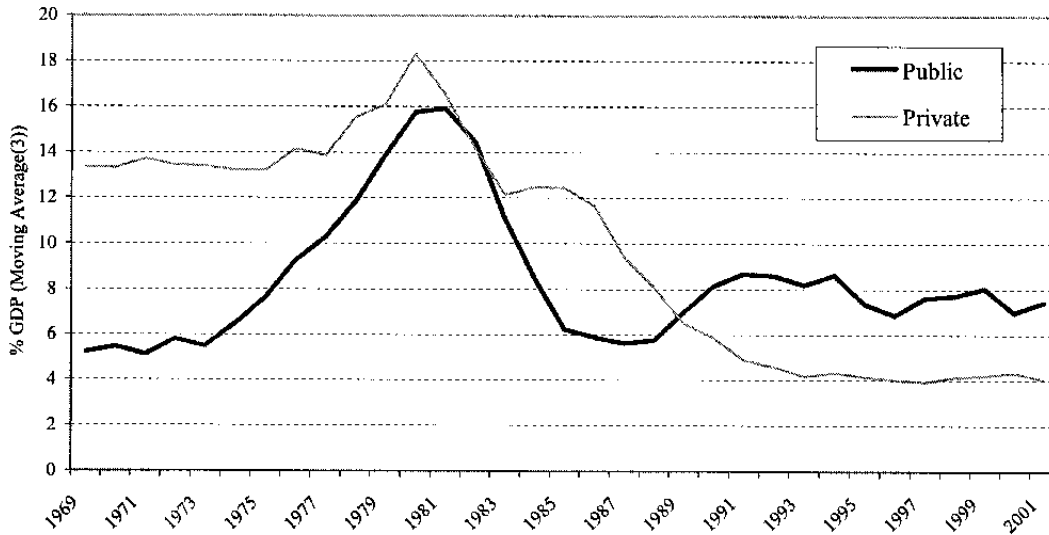
Figure I.1. Fiji: GDP and Investment

a) GDP Growth Rate: Fiji vs. Small Island Economies



Note: The small island countries considered in the unweighted average were: Barbados, Cyprus, Dominican Republic, Jamaica, Maldives, Mauritius, and Seychelles.

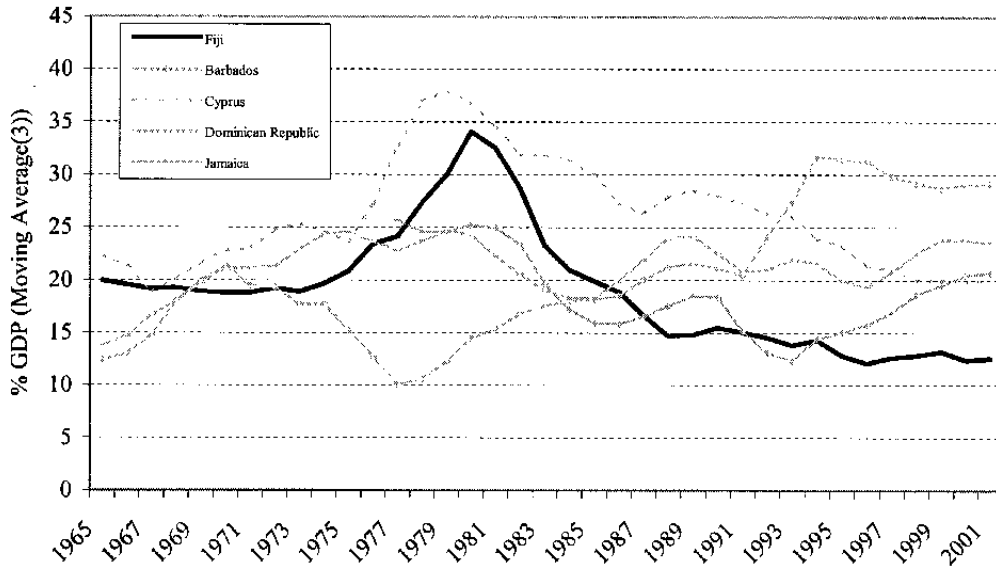
b) Investment in Fiji



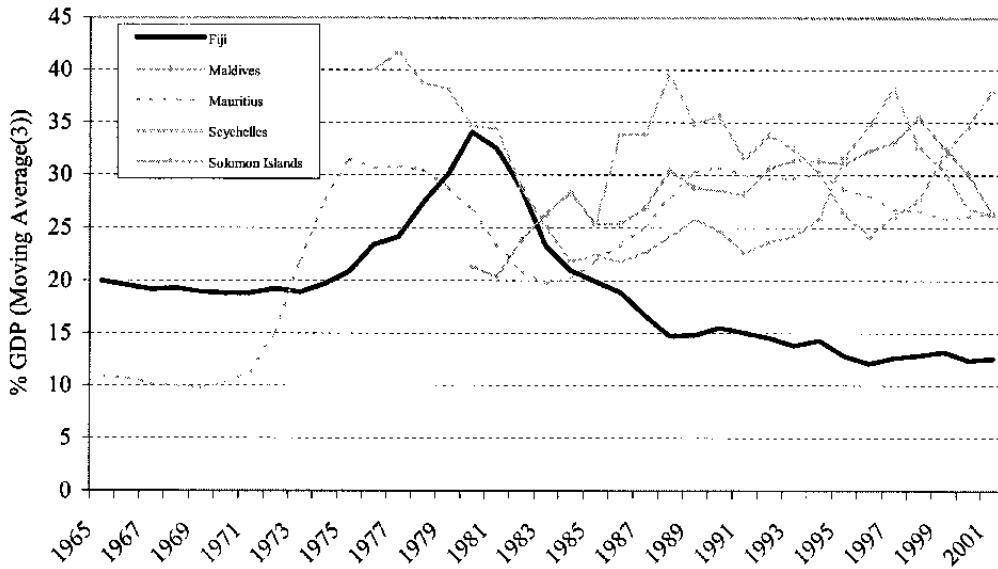
Source: International Financial Statistics.

Figure I.2. Fiji: Investment, 1965-2001

a) Investment: Fiji vs. Small Island Economies I



b) Investment: Fiji vs. Small Island Economies II



Source: International Financial Statistics.

C. Empirical Estimation

5. Most of the empirical literature on growth emphasizes the relationship between output growth and capital formation.³ In particular, several studies have presented evidence that there is a sizable improvement in potential growth after an expansion of public capital expenditure. For instance, Easterly and Rebelo (1993), using decade average data from 125 countries, show that a 1 percentage point increase in the ratio of general government investment to GDP raises the potential per capita real GDP growth rate by about 0.04–0.05 percentage points.⁴ Gupta *et al* (2002) focus on the 1990s experience of the 39 poorest countries in the world.⁵ Using annual data, they show that a 1 percentage point increase in the ratio of capital expenditure to GDP increases long-run per capita GDP growth by about 0.1 percentage points.

6. One difficulty with the use of annual data is the difficulty of separating the long-term supply-side effect of growth-enhancement from the short-run impact on demand of increased investment spending. In addition, the impact on long-run growth is likely to depend on the country's stage of development and other country-specific characteristics. Although many of the studies in the growth literature control for initial GDP levels, there are no recent cross-country reviews that consider economies with similar institutional characteristics, size, and degree of development as Fiji. Tourism-led SIEs such as Fiji may respond differently to social infrastructure development. Moreover, being a small and isolated country, Fiji is unlikely to experience an industrial transformation, which is usually considered the only source for rapid growth.⁶

7. With only limited scope for industrialization, it might be postulated that public capital expenditure would have less impact on growth in SIEs than in countries with greater scope for industrialization. At the same time, however, Fiji's endowment of natural resources gives it a comparative advantage for minerals, fishing, and forestry. Moreover, in the case of tourism, an increase in value as a resort destination could mean that public capital expenditure may raise the growth rate higher than the world average.

³ See, among others, Barro and Lee (1994) and, more recently, Collier and Gunning (1999) and Dewan and Hussein (2000).

⁴ Their estimates are about 0.4–0.5. However, since they use decade average data (to avoid the contemporaneous stimulus effect), a 1 percentage point increase in the public capital expenditure ratio in a given year yields only a 0.1 percentage point increase in the 10-year average public capital expenditure ratio. Thus, the impact of a one-year increase is 0.04–0.05 percent.

⁵ ESAF- and PRGF-supported countries during the period 1990–2000.

⁶ See Lucas (2000).

8. To capture the effect of capital expenditure in Fiji, a simple cross-country regression analysis is conducted for a sample of SIEs with significant tourist industries. Specifically, with limited availability of data, 1990–2000 data for nine countries are considered in the analysis.⁷ The regression equation is as follows:

$$RYG_i = \alpha + \beta CG_i + \gamma TG_i + \delta IY_i + \varepsilon_i,$$

where subscript *i* denotes each SIE, *RYG* indicates the five-year (1996–2000) average of the real GDP growth rate,⁸ *CG* represents the five-year (1991–1995) average of the ratio of capital expenditure to GDP, *TG* denotes the five-year (1991–1995) average of the ratio of total expenditure to GDP, *IY* denotes the logarithm of the initial (1990) per capita GDP level in U.S. dollars, and ε is the error term. Estimation results are shown in Table 1.

Table I.1. Regression of GDP Growth Rate on Expenditure 1/

Variables	Estimation without initial GDP level	Estimation with initial GDP level
Constant	2.46 (1.20)	0.39 (0.06)
Public capital expenditure/GDP	0.62 (3.49)	0.63 (3.23)
Total public expenditure/GDP	-0.10 (-1.56)	-0.10 (-1.40)
Initial GDP level (in logs)	-	0.25 (0.33)
Number of observations	9	9
R-square	0.67	0.68

1/ Numbers in parenthesis are t-statistics.

9. Several interesting results emerge. Table 1 indicates that capital expenditure in the SIEs increases long-term growth by a higher magnitude to, but not significantly different from, that found in the Easterly and Rebelo analysis: a sustained increase in public capital expenditure of 1 percent of GDP raises the sustainable growth rate by 0.6 percentage points. Other components of expenditure do not seem to affect the growth rate, as the coefficient for total expenditure is not statistically significantly different from zero. Moreover, the initial level of income does not affect potential growth either, probably because income levels in the nine countries are relatively similar.

⁷ The countries are listed in footnote 2.

⁸ Again, because of data limitations, the real GDP growth rate is used, not per capita data, unlike in other studies.

10. It should be noted also that, since the data are averaged over five years, a one-year-alone increase in public capital expenditure raises growth by only one-fifth of the estimate for a sustained, five-year increase in investment. In other words, a one-year-alone 1 percentage point increase in public capital expenditure boosts the potential growth rate by about 0.12 percentage points. In addition, since both current and capital expenditure should exhibit similar short-run demand stimulus effects, the finding of an insignificant coefficient on total expenditure suggests that the use of five-year averages for variables in the regression effectively eliminates the influence of the short-run effects of increased investment spending on growth, so that the results primarily reflect the impact of investment on long-term growth.

D. Concluding Remarks

11. The main finding of this chapter is that the effect of public capital expenditure on long-term growth in a sample of SIEs with large tourism sectors does not appear to differ substantially from the average for the much-more-heterogeneous sample used in Easterly and Rebelo (1993). Thus, it is possible to use the specific estimates as a rule of thumb to estimate how much Fiji's government has to invest in order to achieve a higher economic growth trajectory. Specifically, our estimates suggest that, *ceteris paribus*, it would be necessary to increase public capital expenditure to over 30 percent of GDP to approach the government's long-term real annual GDP growth target of 5 percent.

12. Inevitably, such estimates are subject to many caveats. One of particular concern in the Fijian context is the distinction between public and private investment. Much of the recent discussion of the effects of investment on growth is concerned with the impact of private investment. By contrast, the estimates in this chapter focus only on the public component of the investment rate. No allowance is made for the different effects of private and public investment on sustainable growth, nor for possible crowding-out or crowding-in effects as increased public investment either displaces or encourages private investment. Research that has allowed for both types of investment indicates that traditional government expenditure items tend to crowd-out private investment, while other items, such as transport and communication expenditures, crowd-in private investment in developing countries.⁹

⁹ See, among others, Habib and Miller (2000).

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II. SUGAR SECTOR ISSUES¹

A. Introduction

13. Cane sugar production has traditionally been one of Fiji's most important industries. Through most of the 1990s, the sugar sector contributed over 8 percent of GDP, nearly 40 percent of agricultural GDP, and over 20 percent of merchandise exports by value. In recent years, however, the sector has experienced a severe decline, with its shares in GDP and exports falling to less than 5 percent and 10 percent respectively. The decline of the sector is closely linked to problems of land tenure, as well as to inefficient and unprofitable production arrangements. Unless these problems can be resolved, the sector will continue to contract. This chapter outlines the issues involved and estimates the potential impact on GDP of a proposed restructuring of the industry.

B. Land Issues

14. To protect traditional society, the British colonial government prohibited sales of land owned by indigenous Fijians, with the result that little land is freely transferable today. In May 2000, 83 percent of all the land was owned by indigenous Fijians (native land), 13 percent by the government (Crown land), and only the remaining 4 percent was available to be bought or sold freely (freehold land). The colonial government was also reluctant to use indigenous Fijians for the workforce, and instead allowed sugar plantation owners to import indentured labor from India. Currently, over 90 percent of sugar cane is produced by Indo-Fijians, mostly on land leased from indigenous Fijians.

15. The native land and most of the Crown land is managed by the Native Lands Trust Board (NLTB). Terms of leases are based on the Agricultural Landlord and Tenants Act (ALTA), introduced in 1966 and amended in 1977. Although the ALTA secured land leases after Fiji's independence in 1970, lease terms were for 30 years without an automatic renewal clause. Rents were set with a formula giving a quarter of rents to the NLTB to cover administration costs, a quarter to heads of tribes and other traditional leaders, and the remaining half of rents to ordinary land owners.

16. The 30-year leases are now expiring. 4,221 leases (15 percent of the total) have already expired and 2,354 have been renewed. With poor prospects for long-term renewal of leases, farmers have cut back on investment and good husbandry (and some farmers have abandoned leases that have not yet expired). As a result, productivity and quality have fallen even on remaining cane farms, and this is reflected in a rise in the ratio of cane input to sugar output (Table 1).

¹ Prepared by Kenichi Ueda (ext. 36368).

Table II.1. Sugarcane Production and Growers' Income 1/

	1987– 1996 Average	1997	1998	1999	2000	2001	2002 Est.
<i>Sugarcane production</i>							
Area harvested (‘000 hectares)	71.2	73.4	57.0	64.6	66.9	66.1	64.4
<i>Sugarcane output</i>							
(‘000 metric tons)	3,743	3,280	2,098	3,958	3,786	2,805	2,800
(growth rate)	5.0	-25.1	-36.0	88.7	-4.3	-25.9	-0.2
<i>Average yield</i>							
(metric tons/hectare)	52.5	44.7	36.8	61.3	42.0	42.5	43.5
<i>Sugar output</i>							
(‘000 metric tons)	431.5	347.4	255.7	376.5	340.9	293.1	297.9
(growth rate)	2.1	-23.5	-26.4	47.2	-9.5	-14.0	1.6
<i>Cane/sugar ratio</i>							
	8.7	9.4	8.2	10.5	11.1	9.6	9.4
<i>Growers' income</i>							
Gross payments by FSC (F\$ mil.)	180.4	164.3	171.6	201.1	166.6	167.2	157.3
<i>Average prices to grower</i>							
(F\$/metric ton of cane)	48.5	50.1	81.8	50.8	44.0	42.5	56.2
<i>Number of growers</i>							
	22,946	22,100	22,146	22,178	22,179	21,034	21,886

Source: Fiji Sugar Corporation.

1/ Financial years beginning April 1.

C. Sugar Pricing Arrangements

17. Fiji currently receives preferential treatment from the EU, but the future of this treatment is uncertain, depending not only on negotiations with the EU but also on developments in WTO rules. The existing Sugar Protocol, annexed to the Lomé Convention and, after 2000, to the Cotonou Agreement, committed the EU to import agreed quantities of sugar from 71 African, Caribbean, and Pacific (ACP) countries. Under this agreement, Fiji was expected to export about 175,000 tons annually at the guaranteed price, which is well above the world market price. Apart from the Sugar Protocol, Fiji also receives preferential prices under the Special Preferential Sugar (SPS) Agreement. Under the SPS Agreement, ACP member countries export additional sugar to the EU over and above their Sugar Protocol quotas. Under the previous SPS Agreement, Fiji exported about 30,000 tons annually. Following the expiration of this agreement in June 2001, a new agreement was negotiated, effective from July 2001 to June 2006.

18. After the signing of the Cotonou Agreement in mid-2000, however, the EU announced proposals to extend duty- and quota-free access to products from 48 least developed countries (LDCs, of which 39 are ACP countries) to comply with WTO requirements as well as to assist the LDCs. Beginning in 2002, other ACP countries' SPS quotas started to be reduced and allocated to the LDCs. The EU plans to increase the LDCs' quotas gradually until 2009, while reducing the overall ACP quota by 40 percent. New

trading arrangements between ACP countries and the EU, known as Regional Economic Partnership Agreements, will enter into force by January 1, 2008, with formal negotiation scheduled to begin in September 2002.

D. Fiji Sugar Corporation

19. The Fiji Sugar Corporation (FSC), 68 percent owned by the government and 17 percent by the Fiji National Provident Fund, is the monopoly processor of sugar in Fiji. The FSC is required to process cane supplied regardless of quality, and growers are paid by weight of cane, not sugar content. Consequently, there is no incentive to produce high-quality cane, and little scope for the FSC to control its costs. As a result, the FSC has been losing money, and the government has been subsidizing its infrastructure spending, including on mill upgradation. The FSC reported losses of about F\$20 million per year in 2001–2002, and forecasts that losses will increase if no action is taken (Table 2).

Table II.2. Fiji Sugar Corporation Profit/Loss, After Tax 1/
(In millions of Fiji dollars)

	1997	1998	1999	2000	2001	2002 Prel.
<i>Profit / Loss</i>	-1.2	-3.0	2.0	-3.3	-20.8	-19.0
	2003	2004	2005	2006	2007	2008
<i>Profit / Loss projection 2/</i>	-11.0	-16.1	-18.7	-21.9	-32.0	-33.5

Source: Fiji Sugar Corporation.

1/ Financial years beginning April 1.

2/ Fiji Sugar Corporation forecasts under a “do-nothing” scenario.

E. Sugar Sector Restructuring Proposal

20. For the sugar industry to survive, not only must the land tenure problem be solved, but also the production process must be made efficient enough to generate profits without public assistance and, in five years’ time, to do so at the world market price. A restructuring plan proposed by the FSC seeks to address both of these issues. The main features of the restructuring proposal are below.

- The objective is for the sugar industry to survive and compete without government subsidies and at the world market price within five years.
- To achieve this, contractual arrangements must change. The establishment of four companies is proposed, one for each of the four existing mills. Each company would have a Board representing landowners, millers, and farmers. The companies would establish lease contracts with the NLTB and with millers, and wage contracts with farmers. The

NLTB would be required to assure the lease contract with each landowner. These land lease contracts would not necessarily be long-term.

- To restore productivity in the industry to internationally competitive levels, the mills would need to be upgraded, transportation improved, marginal land removed from production, husbandry improved, and automation increased in harvesting.
- Capital improvements would require sizable up-front investment, especially in the existing mills.² Profits in subsequent years would cover these costs within 20 years.

F. Contribution of Sugar Sector Restructuring to Growth

21. To gain a rough indication of the potential macroeconomic impact of sugar sector restructuring, the mission has estimated the contribution of the sector to GDP under a “do-nothing” scenario and a “restructuring” scenario (Table 3).³ These estimates reflect value-added by the industry, based on operating revenue and cost projections made by the FSC under the two scenarios. The estimates likely understate the gains from restructuring, since they take no account of positive spillovers to other sectors, or for the effects of differences in total employment under the two scenarios.

Table II.3. Sugar Sector and GDP
(In percentage points)

Scenarios	2003	2004	2005	2006	2007
<i>“Do -nothing” scenario</i>					
Real GDP growth	5.2	2.0	3.0	3.2	3.3
Sugar sector	-1.3	-5.2	-6.6	-24.6	-1.0
Other sectors	5.7	2.4	3.5	4.6	3.4
Share of sugar sector in GDP	5.6	5.2	4.8	3.5	3.3
Contribution of sugar sector to GDP growth	-0.1	-0.3	-0.3	-0.9	0.0
<i>“Restructuring” scenario</i>					
Real GDP growth	5.2	2.7	3.9	3.8	3.4
Sugar sector	-2.9	7.5	11.5	-9.1	2.2
Other sectors	5.7	2.4	3.5	4.6	3.4
Share of sugar sector in GDP	5.6	5.8	6.2	5.5	5.4
Contribution of sugar sector to GDP growth	-0.2	0.4	0.7	-0.5	0.1
<i>Difference between the two scenarios</i>					
Share of sugar sector in GDP	-0.1	0.6	1.5	2.0	2.1
Contribution of sugar sector to GDP growth	-0.1	0.7	1.0	0.4	0.2

Source: Staff estimates based on information provided by the Fiji Sugar Corporation.

² The upgrading cost would be much lower than the cost of building new mills.

³ These figures are based on the mission’s medium-term adjustment scenario.

22. The estimates suggest that, relative to the “do-nothing” scenario, restructuring of the sugar sector would boost real GDP growth by an average of a ½ percentage point per year over the medium term. In both cases, it may be noted, the termination of EU preferential treatment would cut value-added by the sector in 2006. Nonetheless, the estimates clearly underline the contribution that sugar sector restructuring could make to the authorities’ efforts to improve Fiji’s medium-term growth performance.

III. REFORM OF PUBLIC FINANCIAL MANAGEMENT, THE PUBLIC SERVICE, AND THE PUBLIC ENTERPRISES¹

A. Introduction

23. Reforms to the operation and management of the public service and the public enterprises, as well as to public-sector financial management, have been on Fiji's policy agenda for several years. The importance of making substantive progress in these endeavors, however, has been underscored by the announcement in the 2002 budget that the government is seeking to substantially increase Fiji's sustainable growth rate, partly through larger public investment. Shifting the government's spending priorities while simultaneously achieving fiscal consolidation will require firm financial control, highlighting the importance of improving public-sector financial management. Cutting government current spending and ensuring that the public sector contributes to higher productivity growth in the Fijian economy also underscores the need for far-reaching reforms to the public service and the public enterprise sector, including through privatization. This chapter reviews the government's current plans for strengthening internal financial controls, improving civil service efficiency, and reforming the nonfinancial public enterprise sector

B. Public Financial Management Reform

24. Achievement of the government's medium-term target of increasing the ratio of capital expenditure to total expenditure to 30 percent, from about 18 percent in 2001, while also reducing the ratio of government debt to GDP to 40 percent, from about 44 percent at end-2001, will require careful monitoring and management. Successful implementation of the fiscal strategy will depend, first, on political resolve and, second, on the establishment of effective information systems and financial accountability. Expenditures under the "grants and transfers" head, which accounted for about 7 percent of total spending and 38 percent of capital spending in 2001, pose one of several difficult challenges for performance-based monitoring. Weaknesses in financial reporting and control have been underscored by large fraud at the Ministry of Agriculture in mid-2001, by delays in the closure of the 2001 fiscal accounts (with large revisions to items such as interest payments and debt outstanding continuing into the second quarter of 2002), and by the authorities' inability to provide the mission with public debt statements disaggregated by instrument.

25. Public-sector financial management remains weak despite the pursuit of reforms since the late 1980s. Early attempts were characterized by a "big bang" approach that sought to transplant best practices from Australia and New Zealand. Such efforts stretched Fiji's limited administrative and accounting capacities. Lack of political will also limited progress and, on occasion, led to an erosion of the efficacy of predecessor arrangements. In light of

¹ Prepared by Ashok Bhatia (ext. 37626).

this experience, the current round of reforms is premised on retaining the basic system of checks and balances already in place, including an independent Auditor General tasked with the annual verification of government accounts with a lag of no more than six months, and a detailed framework of legislation and guidelines, including the Finance Act (1981), the Finance (Control and Management) Regulations (1982), and the Finance Instructions (1982).

26. The Public Finance Management Act (1999), which addresses areas ranging from fiscal responsibility to procurement, lays out a roadmap for reform. Implementation of the Act was held in abeyance by the government that took office in May 1999. Since then, consultations have been undertaken with several donor institutions, including the Pacific Financial Technical Assistance Centre (PFTAC), on the scope for a more gradual phasing-in of the measures laid down in the Act. In September 2001 the new government endorsed the Ministry of Finance and National Planning's financial management reform project, to be implemented in four phases, on a floating timeline.

- **Phase one** will focus on strengthening the financial management information system (FMIS) on a cash basis, and had been scheduled for completion by end-2002, although this has been pushed back to mid-2003. The FMIS, which will include a new software package and accounting system, is expected to facilitate interdepartmental communications and cut line ministries' expenditure-reporting lags to two-to-three weeks.
- **Phase two** will focus on partial implementation of accrual accounting under the Public Finance Management Act.
- **Phase three** will focus on the full implementation of accrual accounting in accordance with the methodologies laid down in the IMF *Government Finance Statistics Manual* (2001).
- **Phase four** will focus on the progressive decentralization of input controls, and is expected to be implemented after 2005.

27. The financial management reform project will be complemented by a review of legislation to ensure harmonization between the Public Finance Management Act, the Public Service (Amendments) Act (1999), and the Public Enterprise Act (1999), with amendments expected by about 2004. As advised by the Asian Development Bank, such a review might also revisit statutory ceilings on public debt (currently benchmarked against the debt levels of Fiji's five largest trading partners) in order to increase operational flexibility.

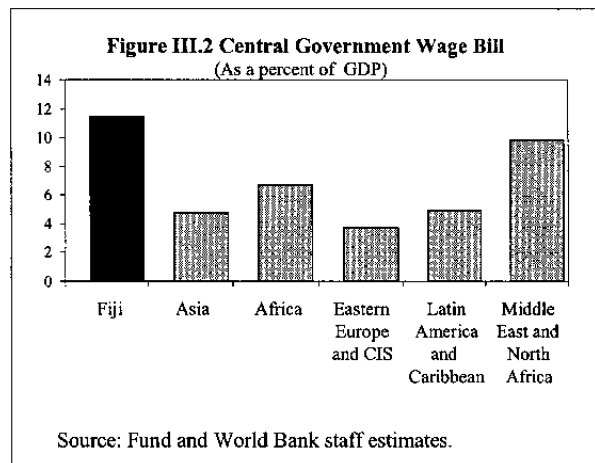
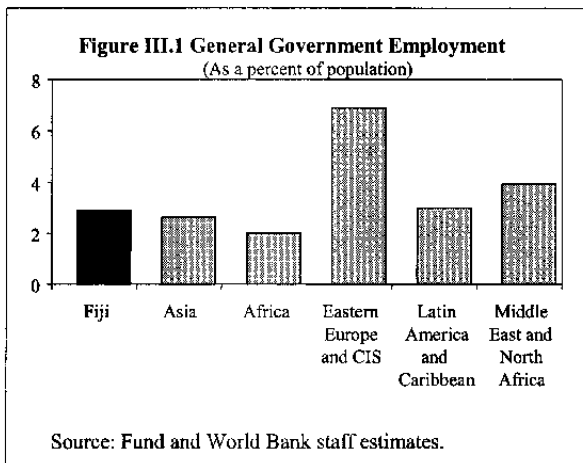
28. The PFTAC has been actively involved as a technical assistance provider, bringing to bear considerable regional as well as global expertise. In January–February 2002, the PFTAC conducted a full evaluation of public financial management in the light of domestic needs and the key principles of the IMF *Code of Good Practices on Fiscal Transparency*. Recommendations for the prioritization and sequencing of financial management reforms were submitted to the authorities on April 1, 2002. As full consideration by the authorities of

such recommendations will inevitably take some time, the mission advised the government to put in place interim monitoring arrangements ahead of the full FMIS.

C. Public Service Reform

29. Staff projections indicate that the achievement of the government's medium-term targets for capital expenditure and debt would require reductions in current expenditure by some 1 percent of GDP each year, sustained over a period of six-to-seven years. Cuts of such magnitude are unlikely to be realized without significant streamlining of the government bureaucracy, which currently employs about 7 percent of Fiji's workforce and whose wage bill, at 11.5 percent of GDP in 2001, accounts for about 47 percent of current expenditure.

30. Including teachers and doctors but excluding the military and the public enterprises, the public service consists of 18,000 permanent staff and about 6,000 "understudies" (Figures III.1 and III.2) spread over 26 ministries, of which the Ministries of Education and Health account for the largest shares. Under the Public Service Act, all hiring powers are vested in the Public Service Commission (PSC), which in turn delegates such powers to the ministries, except insofar as they concern support staff, who remain under the exclusive purview of the PSC. Voluntary retirement is at 55 years of age, and compulsory retirement at 60 years. Turnover is characterized as "fairly high." Unionization of the civil service is strong, with the Fiji Public Service Association (FPSA) enjoying a membership of 22,000.



31. Over the years, Fiji has instituted a series of gradual steps to improve civil service efficacy and accountability. A civil service reform strategy was approved by the PSC in 1994. A corporate planning drive, including the piloting of a performance management system (PMS), was launched in 1995. The civil service reform strategy was endorsed by the cabinet in 1996. Efforts gathered pace in 1997, with the establishment of a senior executive service unit, agreement on an industrial relations framework, and a delegation of powers by the PSC to permanent secretaries and heads of departments, accompanied by a pilot agreement with permanent secretaries. The Public Service Act was amended in 1999 to formalize the

delegation of powers. A second industrial relations framework was agreed in 2000, accompanied by a job evaluation exercise aimed at setting PMS parameters for the performance-monitoring of the senior executive service. The new framework for the senior executive service was test run in 2001, with permanent secretaries required to submit corporate plans, and a second delegation of powers was effected.

32. With preparatory work largely complete, the full senior executives reform is now scheduled for launch in January 2003. Permanent secretaries will be redesignated as chief executives, and will be made to sign three-year contractual agreements and to submit corporate plans against which their performance will be measured. The corporate plans are under preparation, with assistance from the Australian Agency for International Development and the New South Wales Government. Once the permanent secretary phase is complete, the next three tiers of managerial staff will also be shifted to a contractual basis.

33. Rationalization and downsizing of the civil service has not been attempted in any consistent manner. It is asserted, however, that the political leadership has now sanctioned for the process to move forward, in accordance with guidelines issued by steering committees chaired by the permanent secretary to the prime minister. One such committee is tasked with setting a target for the size of government, with preliminary assessments pointing to a possible reduction in the number of ministries from 26 currently to as few as seven.

34. The authorities have yet to assess whether reliance on attrition alone will suffice, or whether redundancy will form a necessary part of the downsizing strategy. Past government redundancy packages have varied from three months' pay outright plus two weeks' pay per year of service to one year's pay outright plus three weeks' pay per year of service. Characterizing such terms as "not generous," the FPSA is arguing for the establishment of a redundancy fund, possibly under the aegis of the Fiji National Provident Fund (FNPF). The PSC, in turn, seeks to build union ownership of the rationalization exercise. No comprehensive redundancy costing has yet been attempted.

D. Public Enterprise Reform

35. Integral to the government's medium-term growth strategy is a set of enterprise reforms aimed at improving service delivery, economic efficiency, and financial performance. Fiji's public enterprise sector consists of ten wholly-owned government commercial companies (including one financial entity, the Unit Trust of Fiji); five wholly-owned commercial statutory authorities (including the Housing Authority); five majority-owned government companies (including the Fiji Sugar Corporation, with 68 percent government ownership, and Air Pacific, with 51 percent); and six minority-owned companies (including Colonial National Bank, with 49 percent government ownership). As per the Companies Act (1985) and the Public Enterprise Act, responsibility for the monitoring of public enterprises is vested in the Ministry of Public Enterprises and Public Sector Reforms. Each year, enterprise Boards are required to submit statements of corporate intent, corporate plans and, at the end of the financial year (July–June), audited financial statements and

annual reports, with the latter reviewed by parliament. Mid-year reports and unaudited accounts are also a requirement.

36. The government's aggregate equity holdings in the nonfinancial entities at end-2000 amounted to the equivalent of 30 percent of GDP. The liabilities of "official entities" to the domestic financial system (including liabilities to the FNPF and other nonbank financial institutions) at end-2001 amounted to the equivalent of 28.7 percent of GDP. Although the financial performance of the public enterprises varies considerably, the average return on shareholders' funds, at 2.08 percent in 2000 (including the financial entities), remains low. The average return to the government on its equity investments, at 1.42 percent in 2000, remains well below its cost of borrowing.

37. The public enterprise sector's contribution to the budget takes place through dividend remittances, with the Public Enterprise Act requiring that these amount to at least 50 percent of annual profits. Government financial support to the sector takes place through net lending, standing debt guarantee arrangements (such as that activated by the Fiji Sugar Corporation in 2001), equity capital injections (such as that provided to Amalgamated Telecom Holdings in 2000), and explicit and timely guarantees on individual debt instruments, with the latter two provided on an *ad hoc* basis. The policy on the provision of sovereign guarantees to nonfinancial entities has been eased considerably by the current administration, but will remain in flux until new guidelines have been formulated. All borrowings by the Fiji Development Bank are government guaranteed.

38. Enterprise reforms have been pursued since at least 1990, and have focused on reorganization, corporatization, and privatization. The single largest asset sale to date has been the divestment in 1998 of 49 percent of Amalgamated Telecom Holdings to the FNPF (followed by the sale of a further 9.8 percent in 1999, mostly to the FNPF, and another 3.6 percent in 2002 to the FNPF and to private investors). The single largest true sale (i.e., not to the FNPF or other state-owned buyers) has been the divestment in 1998 of 28.6 percent of Air Pacific to a strategic investor, Qantas. At least one divested entity, Shipbuilding Fiji, from which 51 percent was sold in 1996, later required government financial assistance. Another, Airports Fiji, which was hived off from the Civil Aviation Authority of Fiji in 1999, was paid by the government to reinstate some 300 workers it had made redundant in the course of its restructuring.

39. Given the checkered track record on privatization, the current administration is emphatic that asset sales do not form an important part of its medium-term debt reduction strategy. Instead, the focus of enterprise reform is to be on clarity of objectives, performance monitoring and accountability, and management autonomy and authority. The one planned divestment, of part of the government's shareholding in Colonial National Bank, has been postponed. Beyond this, no further sales are contemplated. Should divestments recommence, the government has indicated that at least 50 percent of saleable assets would be offered in the first instance to indigenous Fijians and Rotumans, as part of its affirmative action program.

IV. FINANCIAL SYSTEM STRUCTURE, SUPERVISION, AND PERFORMANCE²

A. Introduction

40. Fiji's economy is highly intermediated by small-country standards. Its banking system is predominantly foreign-owned, with four out of its five banks operating as branches (not subsidiaries) of their overseas parents. Its pension fund, the Fiji National Provident Fund (FNPF), exceeds the combined size of its banking system, and plays a major role in savings mobilization. Depressed private-sector credit expansion in recent years led the mission to investigate whether weak asset quality or other structural factors have formed a serious impediment to bank lending activity. It was found that nonperforming loan (NPL) levels, although significant, are unlikely to create systemic instability; that the domestic prudential and supervisory frameworks are broadly adequate; and that limited risk appetite is more a reflection of political and policy uncertainty than of regulatory issues *per se*.

B. Structure

41. Fiji's financial system consists of five commercial banks (the Australia and New Zealand Banking Group, Westpac, Colonial National Bank, Bank of Baroda, and Habib Bank); three licensed credit institutions (Home Finance, Merchant Bank of Fiji, and Credit Corporation of Fiji); two life and eight general insurance companies; 13 restricted license holders; one term-lending institution (the Fiji Development Bank, FDB); the FNPF; and a number of smaller nonbank financial institutions.

42. Following the purchase by Colonial of a majority stake in the insolvent National Bank of Fiji in 1998, all commercial banks in Fiji are majority foreign-owned. ANZ and Westpac (both Australian owned), with a combined market share of about 80 percent, focus on corporate business. (ANZ also seeks to expand in the house finance segment.) Colonial National Bank (51 percent New Zealand owned, but with an Australian ultimate parent. The Fiji government owns the remaining 49 percent), holds the tender for the deposit-taking function of the postal system, and thereby dominates the rural segment. Bank of Baroda (Indian owned), with a

**Table IV.1. Assets of the Financial System
End-2001**

(As a percent share)

Commercial banks	35.2
Licensed credit institutions	3.6
Insurance companies	9.2
FDB	5.9
FNPF	45.4
Other	0.6
Financial system	100.0
(In millions of Fiji dollars)	(5,482.8)
(As a percent of GDP)	(142.8)

Source: Reserve Bank of Fiji.

² Prepared by Ashok Bhatia (ext. 37626).

market share of about 10 percent, focuses on small-scale credit. Habib Bank (Pakistani owned), with a market share of about 2 percent, concentrates on trade finance.

43. The licensed credit institutions are funded exclusively through time deposits, and focus on lease financing. The restricted license holders are confined to money-exchange and remittance business. The state-owned FDB, established under the FDB Act (1967), is funded through the issuance of sovereign-guaranteed bonds, is mandated to lend at the high risk, long end of the spectrum, and receives interest rate subsidies and other transfers from the government; to lower its cost of funds, it has applied for a deposit-taking license.

44. The FNPF, established under the FNPF Act (1966), is owned by its contributors. All employers are required to make annual contributions ranging from 16 percent to 30 percent of gross salary, with a maximum of 8 percent deductible from employees; in practice, employers pay the minimum 16 percent, and deduct the maximum 8 percent from employees. The FNPF is a “hybrid” fund: the level of annual benefits payments is determined upon retirement as a function of returns on investment, as is the case in defined-contributions schemes; however, with an annuity factor of 20 percent at present, benefits are fully funded for five years only, after which the FNPF enters into a defined-benefits situation. The annuity factor is to be reduced to 15 percent by 2009, at which point benefits will be fully funded for 6½ years.

C. Supervision

45. Under the Banking Act (1995) and the Insurance Act (1998), the commercial banks, the licensed credit institutions, the insurance companies, and the restricted license holders fall under the regulatory authority of the Reserve Bank of Fiji (RBF). ANZ, Westpac, Bank of Baroda, and Habib Bank—all of which are branch operations—are also subject to parent supervision, and are required to share their internal audits with the RBF. The prudential framework for deposit-taking entities is summarized below.

- **Capital adequacy.** All commercial banks, including the branch operations, are required to maintain minimum “local” paid-up capital of F\$2 million and a minimum risk-weighted capital adequacy ratio of 8 percent (10 percent for licensed credit institutions), reported quarterly.
- **Loan classification and specific provisions.** All commercial banks and licensed credit institutions are required to maintain the standard five-category loan classification, reported quarterly. Specific provisioning requirements are set at 20 percent for substandard accounts (at 90 days past due), 50 percent for doubtful accounts, and 100 percent for bad accounts, with first mortgage collateral adjustable against specific provisions in the doubtful and bad categories. There are no general provisioning requirements.

- **Loan concentration.** Commercial banks' single- and related-party exposures may not exceed 25 percent of global paid-up capital, reported quarterly. The use of global capital in the denominator, however, implies that there exist no effective concentration limits on the four branch operation banks (and may be one factor behind the absence of syndicated lending activity in Fiji). There are no limits on real estate or other sectoral exposures.
- **Foreign currency exposure.** Commercial banks' daily net open foreign exchange positions may not exceed 12.5 percent of local capital per currency (or F\$400,000, whichever is greater), and 25 percent for all foreign currencies (or F\$800,000, whichever is greater), reported monthly.

46. In addition to the prudential requirements listed above, commercial banks are also subject to two direct monetary instruments: a Statutory Reserve Deposit (SRD) ratio, requiring 6 percent of defined liabilities to be held in deposits at the RBF³; and an Export Credit Ratio, requiring 5 percent of liabilities to be lent to eligible export-oriented entities.

47. The Financial Institutions Department of the RBF consists of a policy and licensing unit, an insurance supervision unit, and two banking supervision units, with a combined staff strength of 25. For the commercial banks and licensed credit institutions, on-site inspections are conducted annually, and seek to examine 30 percent of accounts by value. For the insurance companies, there are no capital adequacy requirements, only solvency requirements, and supervision is off-site. The restricted license holders go largely unsupervised. The RBF does not conduct stress tests, but does assign CAMEL ratings. External auditors must be approved by the RBF.

48. The RBF has agreed to grant the FDB a deposit-taking license, subject to the condition that the government undertakes to top up its capital when necessary. The government, in turn, has contested the RBF's asset quality findings on definitional grounds, arguing that, as a development finance institution, the FDB should be subject to less stringent provisioning requirements. If and when the FDB begins deposit taking, it will automatically fall under the RBF's supervisory umbrella.

49. The FNPF is regulated by parliament, which reviews its annual reports. Its investment guidelines are laid down under the Trustee Act (1972), and an annual investment policy statement is prepared by its Board. The Trustee Act stipulates eligible currencies for investments (with the U.S. dollar proscribed), and delegates to the Minister of Justice the authority to "qualify" investments; companies may be qualified if they have authorized capital of F\$2 million or more and have made dividend payments in each of the preceding five years. Overseas investments are also subject to RBF exchange control approval.

³ SRD deposits are remunerated at the 91-day RBF note rate.

D. Performance

50. Weaknesses in monetary policy transmission are evidenced by rigidities in Fiji's interest rate structure, with a 620 basis point easing of the RBF's minimum lending rate (MLR) during 2001 failing to engender any significant reduction in commercial bank loan rates. A 6.4 percent contraction of nongovernment bank credit during 2001, accompanied by a near doubling of excess liquidity in the system, points to possible credit rationing. Reluctance to lend, in turn, may be explained by heightened risk aversion following the May 2000 coup, as well as by falling collateral values.

	1999	2000	2001
Interest rates (in percent per annum; end of period)			
RBF MLR	2.5	8.0	1.8
Savings deposits	1.2	0.9	0.8
5-year government bonds	5.3	5.8	4.6
Loans, weighted-average	8.5	8.4	8.2
Credit to private sector and official entities			
Percent change	1.4	13.3	-6.4
As a percent of GDP	30.9	37.6	31.3
Excess liquidity (as a percent of defined liabilities)			
Cash and deposits with RBF, excess over SRD ratio	10.2	6.6	10.7
Eligible securities, excess over ULAR	0.7	-1.5	-1.2
Asset quality (as a percent of loans and advances)			
Gross NPLs	3.4	7.1	6.5
Net NPLs	0.6	3.8	2.7
Charge-offs and profits (as a percent of average assets)			
Charges for bad & doubtful debts	0.3	1.0	0.5
Net profit after tax	2.1	1.7	2.2
Capital adequacy (percent of risk-weighted assets)			
Tier I and Tier II capital	10.3	11.5	16.0

Source: Reserve Bank of Fiji.

51. Commercial banks' gross NPLs (recognized at 90 days past due) doubled in 2000, triggering a wave of charge-offs that eroded profitability. Asset quality problems remain fairly concentrated, exemplified by a single exposure accounting for about 75 percent of one bank's gross NPLs. In the case of another bank, problems with three or four large customers pushed its gross NPL ratio to about 36 percent.

52. Asset quality trends in the commercial banking segment have been mirrored in other parts of the system.

Agriculture, forestry and fishery	2.4
Manufacturing	12.5
Building and construction	2.6
Real estate	5.2
Wholesale and retail trade	31.6
Private individuals	33.2
Other	12.5
All Sectors	100.0

Source: Reserve Bank of Fiji.

The gross NPL ratio of the licensed credit institution segment as a whole increased to 17.6 percent of loans and advances by end-2001. The situation at the FDB, reflecting its public policy role, is more difficult, with gross NPLs peaking at 26.8 percent at end-2001. Loans to the sugar sector, constituting about 8 percent of the FDB's portfolio, remain a cause for concern.

	1999	2000	2001
Commercial banks			
Gross	3.4	7.1	6.5
Net	0.6	3.8	2.7
Licensed credit institutions			
Gross	5.1	8.7	17.6
Net	0.0	0.0	6.8
FDB			
Gross	...	18.8	26.8
Net	...	8.7	15.3
All deposit-takers and FDB			
Gross	...	9.4	11.4
Net	...	4.3	5.5

Source: Reserve Bank of Fiji.

53. Foreclosure is permitted, and court processes are generally not obstructive of collateral attachment. Falling collateral values, however, are cited as a major problem, notably when security consists of land. Recovery rates for the NBF Asset Management Bank (NBFAMB), a state-owned resolution trust company established under the NBF Restructuring Act (1996) to manage the NPLs of the insolvent National Bank of Fiji, are informative. At 27 percent, its targeted ratio of cash recoveries to transfer value compares unfavorably with the 30–40 percent ratio targeted by the Indonesian Bank Restructuring Agency, and reflects poorly upon Fiji's political, economic, and judicial environment. About half of NBFAMB's remaining portfolio consists of one bad loan to a resort project, the disposal of which has been held up for years by the Native Lands Trust Board.

54. Asset quality data for the insurance companies and the restricted license holders are not available, while risk assets of the FNPF are small. At mid-2001, government and statutory body securities made up 65.1 percent of FNPF assets, while the share of loans and advances (mostly mortgages) stood at only 5.4 percent. Mortgages may not exceed two-thirds of the underlying property value and, when mortgages go bad, they must be covered by specific provisions

Government securities	53.4
Statutory body securities	11.7
Loans and advances	5.4
Term deposits	4.6
Equities	16.9
Investment properties	2.9
Other	5.0
Total assets	100.0

Source: Fiji National Provident Fund.

equivalent to the size of the mortgage less one-third of the property value.

55. The FNPF accounts are compiled on a currency (rather than residency) basis. As such, the precise magnitude of its overseas assets is unclear. The FNPF Board's investment policy statement recommends that overseas investments constitute about 15 percent of total assets. In compliance with RBF guidelines in the wake of the mid-2000 coup, however, US\$40 million was repatriated during 2000–01, such that external assets are now well below recommended levels. The FNPF does not hedge its foreign exchange exposures.

Table 1. Fiji: Gross Domestic Product by Industrial Origin, 1997–2001

(In millions of Fiji dollars; at constant 1989 prices)

	1997	1998	1999	2000	2001 Prov.
Agriculture, forestry, and fishery	321.4	298.8	346.7	343.7	349.7
Sugarcane	116.3	85.7	121.4	112.2	104.2
Other crops	38.5	39.3	45.2	47.4	52.6
Livestock products	15.9	17.6	17.2	17.4	16.6
Fishery	24.9	26.2	34.9	36.8	46.1
Forestry	16.9	19.7	16.4	17.7	16.5
Subsistence	108.9	110.3	111.5	112.1	113.6
Industry					
Mining and quarrying	62.7	50.2	59.5	51.1	52.0
Manufacturing	274.7	287.9	315.6	296.0	330.1
Sugar	47.4	35.0	49.2	45.9	42.3
Clothing and footwear	74.5	97.3	106.0	100.1	131.1
Other food industries	61.1	64.9	71.1	65.1	76.0
Other industries	85.2	84.1	82.6	78.1	73.8
Self-employed activity	6.5	6.6	6.7	6.8	6.9
Electricity and water	79.1	81.7	89.8	87.6	91.4
Building and construction	82.3	94.6	99.9	88.4	88.1
Services					
Distribution (incl. tourism)	315.8	335.6	368.9	382.0	395.5
Wholesale and retail trade	259.8	275.5	303.0	331.8	343.9
Hotels, cafes, etc.	56.0	60.1	65.9	50.2	51.6
Transport and communications	247.2	261.6	302.9	270.1	277.7
Transport	174.2	186.7	221.9	176.6	199.1
Communications	73.0	74.9	81.0	93.5	78.6
Finance and insurance	237.8	236.4	253.6	248.5	238.4
Finance	111.7	108.9	120.9	115.8	107.5
Insurance	12.1	12.7	14.2	14.7	13.6
Ownership dwelling	74.0	75.0	75.8	76.2	77.2
Real estate	40.0	39.8	42.7	41.8	40.1
Community and social services	364.6	363.5	367.2	373.9	385.0
Others	15.1	15.3	16.8	16.3	16.9
Less: Imputed bank service charges	121.4	118.4	131.4	125.8	116.8
GDP at factor cost	1,879.3	1,907.1	2,089.5	2,031.7	2,107.8

Sources: Fiji Islands Bureau of Statistics; and Ministry of Finance and National Planning, *Supplement to the 2002 Budget Address*.

Table 2. Fiji: Change in Gross Domestic Product by Industrial Origin, 1997–2001

(In percent change; at constant 1989 prices)

	1997	1998	1999	2000	2001 Prov.
Agriculture, forestry, and fishery	-13.0	-7.0	16.0	-0.9	1.7
Sugarcane	-23.5	-26.3	41.6	-7.5	-7.1
Other crops	-6.8	1.9	15.1	4.9	11.1
Livestock products	-18.0	10.8	-2.3	1.0	-4.8
Fishery	-13.6	5.2	33.2	5.6	25.2
Forestry	-17.9	16.8	-16.6	7.8	-6.8
Subsistence	1.5	1.3	1.1	0.5	1.4
Industry					
Mining and quarrying	2.4	-19.9	18.5	-14.1	1.7
Manufacturing	-0.8	4.8	9.6	-6.2	11.5
Sugar	-23.6	-26.2	40.8	-6.7	-7.8
Clothing and footwear	28.3	30.5	9.0	-5.6	31.0
Other food industries	-8.7	6.3	9.5	-8.4	16.7
Other industries	2.1	-1.2	-1.8	-5.4	-5.5
Self-employed activity	0.8	1.5	1.3	1.5	1.5
Electricity and water	2.6	3.4	9.9	-2.4	4.3
Building and construction	7.0	14.9	5.6	-11.5	-0.4
Services					
Distribution (incl. tourism)	2.5	6.3	9.9	3.6	3.5
Wholesale and retail trade	2.2	6.0	10.0	9.5	3.7
Hotels, cafes, etc.	4.2	7.3	9.7	-23.8	2.7
Transport and communications	4.6	5.8	15.8	-10.8	2.8
Transport	6.3	7.2	18.9	-20.4	12.7
Communications	0.9	2.5	8.2	15.4	-15.9
Finance and insurance	-6.8	-0.6	7.3	-2.0	-4.0
Finance	-11.5	-2.5	11.0	-4.3	-7.2
Insurance	-8.0	4.6	11.9	3.5	-7.5
Ownership dwelling	1.5	1.3	1.1	0.5	1.3
Real estate	-6.9	-0.5	7.3	-2.1	-4.0
Community and social services	2.3	-0.3	1.0	1.8	3.0
Others	-0.9	1.4	9.9	-3.0	3.7
Less: Imputed bank service charges	-11.5	-2.5	11.0	-4.3	-7.1
GDP at factor cost	-0.9	1.5	9.6	-2.8	3.8
Memorandum items:					
GDP excl. sugarcane and sugar production	2.0	4.1	7.4	-2.4	4.7
Nonsugar agriculture	-5.6	3.9	5.7	2.7	6.0
Nonsugar manufacturing	5.8	11.3	5.3	-6.1	15.1

Sources: Fiji Islands Bureau of Statistics; and Ministry of Finance and National Planning, *Supplement to the 2002 Budget Address*.

Table 3. Fiji: Gross Domestic Product by Expenditure, 1997–2000

	1997	1998	1999	2000
(In millions of Fiji dollars)				
Consumption	2714.9	2864.1	3116.7	2765.6
Private 1/	2208.3	2273.7	2518.4	2243.9
Government	507.5	574.1	588.2	611.0
Gross capital formation	346.5	516.6	441.7	422.8
Private	112.0	126.3	178.8	132.5
Government	95.6	110.1	94.8	117.9
Public enterprises	98.9	240.2	128.1	132.4
Change in stocks	40.0	40.0	40.0	40.0
Net exports	-1.4	-80.6	114.0	227.1
Exports of goods and nonfactor services	1765.1	1837.5	2119.0	2035.0
Imports of goods and nonfactor services	1766.5	1918.1	2005.0	1807.9
Statistical discrepancy	0.9	-16.3	-10.1	89.3
GDP at market prices	3060.9	3283.8	3662.3	3504.8
Subsidies less indirect taxes	443.76	476.6	525.5	421.3
GDP at factor cost	2,617.1	2,807.2	3,136.8	3,083.5
(In percent of GDP at market prices)				
Consumption 1/	88.7	86.7	84.8	81.5
Private 1/	72.1	69.2	68.8	64.0
Government	16.6	17.5	16.1	17.4
Gross fixed investment	11.3	15.7	12.1	12.1
Private	3.7	3.8	4.9	3.8
Government	3.1	3.4	2.6	3.4
Public enterprises	3.2	7.3	3.5	3.8
Changes in stocks	1.3	1.2	1.1	1.1
Net exports	0.0	-2.5	3.1	6.5
Exports of goods and nonfactor services	57.7	56.0	57.9	58.1
Imports of goods and nonfactor services	57.7	58.4	54.7	51.6

Sources: Fiji Islands Bureau of Statistics; and Reserve Bank of Fiji.

1/ Includes statistical discrepancy.

Table 4. Fiji: Sugarcane Production and Growers' Income, 1997–2001 1/

	1996	1997	1998	1999	2000	2001 Prov.
Sugarcane production						
Area harvested						
('000 hectares)	74.0	73.4	57.0	64.6	66.9	66.1
Sugarcane output						
('000 metric tons)	4,380	3,280	2,098	3,958	3,786	2,805
(percent change)	6.6	-25.1	-36.0	88.7	-4.3	-25.9
Average yield						
(metric tons/hectare)	59.2	44.7	36.8	61.3	56.6	42.4
Sugar output						
('000 metric tons)	454.0	347.4	255.7	376.5	340.9	293.1
(percent change)	-0.1	-23.5	-26.4	47.2	-9.5	-14.0
Cane/sugar ratio	9.6	9.4	8.2	10.5	11.1	9.6
Growers' income (F\$ millions)						
Gross payments by FSC	196.2	163.8	170.1	198.8	165.9	167.6
Average prices to growers						
(F\$/metric ton of cane)	44.8	49.9	81.1	50.2	43.8	59.8
Number of growers	22,304	22,100	22,146	22,178	22,179	21,882

Source: Fiji Sugar Corporation.

1/ Financial years beginning April 1.

Table 5. Fiji: Primary Production, 1997–2001

(In thousands of metric tons, unless otherwise indicated)

	1997	1998	1999	2000	2001 Prov.
Sugarcane 1/	3.4	2.3	3.8	3.6	2.8
Copra	11.5	13.7	16.2	13.2	16.6
Paddy	17.4	5.1	17.3	13.2	14.6
Ginger (matured)	1.1	2.2	1.1	1.7	0.9
Cocoa	0.1	0.1	0.0	0.0	0.0
Fish	13.2	13.9	20.5	21.1	...
Round logs ('000 cu. m.)	475.2	549.3	477.8	499.5	481.5
Livestock	14.0	11.7	12.0	11.7	11.8
Beef	3.3	3.2	3.0	2.7	2.9
Other 2/	10.7	8.6	9.0	9.0	8.9

Sources: Ministry of Agriculture, Forestry and Fishery; Fiji Islands Bureau of Statistics; and Fiji Sugar Corporation.

1/ In millions of metric tons.

2/ Chicken, pork, and goat.

Table 6. Fiji: Industrial Production, 1997–2001

(Index 1986 = 100)

	Weight	1997	1998	1999	2000	2001 1/ Prov.
Gold	5.0	178.9	142.6	169.6	145.3	148.0
Manufacturing	69.7	99.2	99.6	106.5	96.7	102.7
<i>Of which :</i>						
Sugar /2	14.8	70.0	53.9	72.4	66.8	58.4
Canned fish	1.6	129.6	131.8	177.6	163.6	336.2
Coconut oil	1.7	47.2	52.1	58.9	39.9	54.8
Flour	0.9	186.2	207.1	209.2	223.5	242.3
Beer	2.9	106.2	108.4	115.2	111.8	114.4
Cigarettes	2.4	85.1	75.6	82.2	72.9	71.7
Garments	3.4	932.4	1216.5	1325.5	1251.7	1639.1
Saw milling	6.6	90.2	93.1	68.4	68.2	66.5
Veneer	1.1	100.2	101.9	72.2	73.3	65.5
Soap	2.0	120.7	132.9	106.5	89.1	77.5
Cement	5.4	103.9	96.9	106.6	93.8	106.7
Electricity and water	25.3	171.7	177.6	194.6	189.9	201.6
All items	100.0	121.5	121.5	131.9	122.7	130.0
(Percent change)	n.a.	-1.1	0.0	8.6	-7.0	5.9

Sources: Fiji Islands Bureau of Statistics; and Fund staff estimates.

1/ Average for January–September.

2/ Index numbers from the Fiji Islands Bureau of Statistics may not tally with output data from the Fiji Sugar Corporation.

Table 7. Fiji: Tourism Statistics, 1997–2001

(In thousands, unless otherwise indicated)

	1997	1998	1999	2000	2001 Prov.
Hotel statistics (fourth quarter) 1/					
Room nights available	505	521	526	494	512
Room occupancy rate (in percent)	53.1	56.0	60.3	48.4	50.5
Visitor arrivals 2/					
Australia	80.4	100.8	118.3	76.9	98.2
Canada	13.4	12.8	13.6	10.5	10.8
Japan	44.8	35.8	37.9	19.7	20.4
New Zealand	68.1	70.8	72.2	49.5	66.5
Other Europe	32.8	29.3	28.4	22.5	21.0
Pacific Islands	20.4	22.9	26.1	21.5	23.6
United Kingdom	35.0	39.3	40.3	29.2	30.5
United States	44.4	48.4	62.1	52.5	57.7
Other	20.3	11.2	11.1	11.7	19.4
Total	359	371	410	294	348
(Percent change)	5.9	3.3	10.4	-28.3	18.4
Average length of stay (days)	8.1	8.5	8.4	8.5	8.6
Visitor days (millions)	2.9	3.2	3.4	2.5	3.0
Expenditure (F\$ millions)	446.7	482.5	558.6	413.5	495.5

Sources: Fiji Islands Bureau of Statistics; Reserve Bank of Fiji, *Quarterly Review*; and Ministry of Finance and National Planning, *Supplement to the 2002 Budget Address*.

1/ Excludes guest houses and hotels with fewer than 25 beds. Data for 2001 are for the second

2/ Excludes cruise ship passengers.

Table 8. Fiji: Consumer Prices, 1997–2001

(Annual average percentage change)

	Weight	1997	1998	1999	2000	2001
Food	35.4	2.8	13.4	-4.1	2.8	0.6
Drinks and tobacco	6.1	9.9	4.1	13.9	3.2	5.7
Housing	16.5	1.4	4.5	1.8	-0.7	2.8
Heating and lighting	4.9	-0.4	4.7	3.0	5.0	0.6
Durable household goods	6.5	-0.4	4.8	0.5	-1.2	0.4
Clothing and footwear	5.4	1.7	2.0	-0.2	0.8	0.9
Transportation	12.9	1.1	4.6	2.2	10.6	7.8
Services	7.6	1.1	4.0	2.8	5.4	-2.3
Miscellaneous	4.8	0.8	19.1	-1.6	-0.3	2.8
All items	100.0	2.9	8.1	0.2	3.0	2.3

Source: Reserve Bank of Fiji, *Quarterly Bulletin*.

Table 9. Fiji: Paid Employment by Sector, 1997–2000 1/

(In thousands of persons)

	1997	1998	1999	2000
By type of economic activity				
Agriculture, forestry, and fisheries	1.9	2.2	2.0	2.0
Mining and quarrying	2.6	2.0	2.1	1.6
Manufacturing	27.0	29.2	29.5	27.7
Electricity, gas, and water	1.9	1.9	2.0	1.7
Building and construction	5.5	4.9	5.0	4.8
Distribution (including tourism)	20.9	21.0	21.1	18.3
Transportation and communications	9.7	9.2	9.0	8.8
Finance and insurance	7.2	6.9	7.0	7.1
Other services	36.2	35.2	36.4	39.5
Total	112.9	112.5	114.1	111.5
By type of employer				
Wage earners	69.7	70.1	70.8	69.5
Public	16.1	11.6	11.7	11.5
Central government	9.4	8.8	8.9	8.7
Local government	0.6	0.5	0.5	0.5
Public enterprises	6.1	2.3	2.3	2.3
Private corporations	39.1	44.8	45.2	44.4
Other private sector	14.5	13.7	13.8	13.6
Salary earners	43.1	42.4	42.8	42.0
Public	26.8	25.1	25.3	24.9
Central government	21.6	21.4	21.6	21.2
Local government	0.3	0.3	0.3	0.3
Public enterprises	4.9	3.4	3.4	3.4
Private corporations	7.5	8.4	8.5	8.3
Other private sector	8.8	8.9	9.0	8.8
Memorandum items:				
Population	793.3	804.3	815.6	827.0
Labor force 2/	310.1	320.2	330.7	341.4
Employment 2/	289.8	296.6	305.7	300.0
Unemployment rate (In percent)	6.5	7.4	7.6	12.1

Source: Fiji Islands Bureau of Statistics; *Labour Market Quarterly Surveys*.

- 1/ Paid employment refers to wage and salary earners as opposed to subsistence workers and self-employed. Normally, the data are based on annual employment surveys of which 1996 was the last one published. The 1997 and 1998 reports are currently at the printers and their figures have been used in the above table. These surveys exclude most cane cutters and other seasonal and temporary workers whose period of employment does not coincide with the survey period which is the last week of June.
- 2/ Labor force estimated by Peoples Software Package using 1996 as the base. Numbers in employment include paid employees, unpaid workers estimated using slightly modified census proportions, and estimates of cane cutters. Unemployment is a residual item.

Table 10. Fiji: Wage and Salary Earnings, 1997–2000

	1997	1998	1999	2000
	(In Fiji dollars)			
Mean daily wages	17.52	16.24	17.49	17.08
Agriculture	12.88	12.88	13.81	13.19
Mining	24.48	21.76	23.49	23.24
Manufacturing	15.12	14.40	15.28	14.93
Construction	19.92	19.20	19.60	19.57
Electricity	26.00	25.76	25.46	25.74
Commerce	16.96	17.36	18.10	17.47
Transport	20.08	20.88	20.26	20.40
Services	18.40	17.44	18.32	18.05
Mean annual salaries	12,891	15,703	13,577	14,445
Agriculture	12,473	13,426	13,556	13,377
Mining	23,817	26,280	24,317	24,804
Manufacturing	13,603	14,210	13,496	13,709
Construction	16,395	17,038	16,184	16,539
Electricity	14,448	16,366	14,977	15,263
Commerce	11,856	11,927	11,663	11,815
Transport	14,614	15,126	14,658	14,799
Services	14,185	16,478	14,584	15,082
	(In percent change)			
Memorandum items:				
Wages	-6.4	-7.3	7.7	-2.3
Salaries	6.2	21.8	-13.5	6.4

Source: Data provided by the Fiji authorities.

Table 11. Fiji: Goods and Services Subject to Price Control, May 2002

Goods and services subject to maximum retail or wholesale prices

12 items, including:

Local butter, flour, tea, inter-islands shipping and barge rates, gasoline, biscuits (cabin crackers and breakfast crackers), bread, motor spirit, pre-mixed outboard fuel.

Goods subject to maximum ex-factory or landed prices

14 items, including:

Frozen chicken, tinned meat, edible oils, fish, flour, margarine, instant noodles, powdered and liquid milk, rice (imported and milled in Fiji), laundry soap, toilet paper.

Goods subject to maximum (wholesale and retail) percentage mark-up

48 items, including:

Frozen chicken, tinned meat, edible oils, fish, infant foods, margarine, ghee, milk, instant noodles, onions, potatoes, rice imported salt, sheep meat, sugar, agricultural pesticides, imported fertilizers, selected medicines, motor vehicle parts, kerosene.

Services rates subject to price control

Freight rates.

Goods requiring provision of 12 weeks notice of a price increase

All local manufactures not mentioned above, as well as telephone, postage, and electricity charges, and property rents.

Source: Counter Inflation Act; Legal Notice No. 137 of 1997; Legal Notice No. 79 of 1998; and memorandum from the authorities.

Table 12. Fiji: Central Government Finances, 1997–2002

	1997	1998	1999	2000	2001 Prov.	2002 Budget
(In millions of Fiji dollars)						
Total revenue and grants	803.5	1,141.2	1,004.5	911.0	900.5	1,003.8
Tax revenue	664.8	723.8	788.5	713.4	740.5	770.5
Other	138.7	417.5	216.0	197.6	160.1	233.3
<i>Of which: privatization</i>	0.0	279.8	20.3	0.0	0.0	76.0
Expenditure	1,004.8	988.4	1,027.1	1,024.3	1,147.6	1,254.5
Current	738.9	832.7	853.4	877.2	945.1	971.8
Wages and salaries	354.9	382.8	403.2	429.1	440.7	436.9
Interest	99.3	113.6	97.1	95.8	100.5	118.0
Subsidies, transfers, and pensions	115.1	132.3	133.1	142.5	176.0	181.4
Goods, services, maintenance, and others	120.2	145.9	159.2	150.0	163.9	154.9
VAT	49.4	58.1	60.8	59.8	64.1	80.6
Capital	265.9	155.7	173.7	147.1	202.5	282.7
Construction	78.0	90.0	87.9	81.1	104.4	144.2
Purchases	9.5	13.4	33.2	15.4	21.8	45.5
Grants and transfers	178.5	52.2	52.5	50.7	76.3	93.0
Overall Balance	-201.3	152.8	-22.5	-113.3	-247.1	-250.7
Financing	175.1	-136.3	2.5	106.8	132.0	251.7
Domestic	182.3	-122.9	32.4	125.1	142.0	234.3
External	-7.1	-13.5	-30.0	-18.3	-10.0	17.4
Memorandum items:						
Central government debt	1,356.2	1,306.2	1,355.2	1,433.9	1,680.0	...
Domestic	1,156.0	1,060.6	1,164.6	1,232.3	1,480.6	...
External	200.2	245.6	190.6	201.6	199.4	...
(In percent of GDP at market prices)						
Total revenue and grants	26.2	34.8	27.4	26.0	23.5	24.5
Tax revenue	21.7	22.0	21.5	20.4	19.3	18.8
Other	4.5	12.7	5.9	5.6	4.2	5.7
<i>Of which: privatization</i>	0.0	8.5	0.6	0.0	0.0	1.9
Expenditure	32.8	30.1	28.0	29.2	29.9	30.6
Current	24.1	25.4	23.3	25.0	24.6	23.7
Wages and salaries	11.6	11.7	11.0	12.2	11.5	10.7
Interest	3.2	3.5	2.7	2.7	2.6	2.9
Subsidies, transfers, and pensions	3.8	4.0	3.6	4.1	4.6	4.4
Goods and services	3.9	4.4	4.3	4.3	4.3	3.8
VAT	1.6	1.8	1.7	1.7	1.7	2.0
Capital	8.7	4.7	4.7	4.2	5.3	6.9
Construction	2.5	2.7	2.4	2.3	2.7	3.5
Purchases	0.3	0.4	0.9	0.4	0.6	1.1
Grants and transfers	5.8	1.6	1.4	1.4	2.0	2.3
Overall Balance	-6.6	4.7	-0.6	-3.2	-6.4	-6.1
Financing	5.7	-4.2	0.1	3.0	3.4	6.1
Domestic	6.0	-3.7	0.9	3.6	3.7	5.7
External	-0.2	-0.4	-0.8	-0.5	-0.3	0.4
Memorandum items:						
Central government debt	44.3	39.8	37.0	40.9	43.8	...
Domestic	37.8	32.3	31.8	35.2	38.6	...
External	6.5	7.5	5.2	5.8	5.2	...
GDP at market prices (F\$ millions)	3,060.9	3,283.8	3,662.3	3,504.8	3,835.8	4,102.2

Source: Data provided by the Fiji authorities.

Table 13. Fiji: Budget Expenditure by Functional Category, 1997–2002

(As a share of total expenditure)

	1997	1998	1999	2000	2001 Prov.	2002 Budget
General public service	14.4	15.3	15.4	14.5	20.3	16.5
Operating	13.2	13.8	13.6	13.5	18.7	14.2
Capital	1.3	1.4	1.8	0.9	1.5	2.3
Defense	4.7	4.9	4.8	7.1	7.5	4.9
Operating	4.7	4.9	4.8	7.1	7.4	4.8
Capital	0.0	0.0	0.0	0.1	0.0	0.1
Education	17.4	19.0	19.5	21.6	21.3	20.5
Operating	16.9	18.6	19.1	21.3	21.0	19.7
Capital	0.4	0.4	0.4	0.3	0.3	0.8
Health services	7.8	8.4	8.4	9.5	9.1	8.2
Operating	7.2	7.9	7.6	8.7	8.6	7.2
Capital	0.6	0.5	0.7	0.8	0.5	1.0
Social welfare	3.1	4.3	4.1	4.7	4.7	4.4
Operating	3.0	4.2	4.0	4.6	4.6	4.2
Capital	0.1	0.1	0.1	0.1	0.1	0.2
Housing	4.4	5.0	4.5	5.6	6.1	8.0
Operating	2.4	2.5	2.6	3.0	3.1	2.8
Capital	2.0	2.4	2.0	2.6	3.0	5.2
Energy and natural resources	7.1	8.5	8.3	6.9	7.1	6.9
Operating	4.6	6.0	6.1	4.5	4.7	4.3
Capital	2.5	2.5	2.2	2.5	2.4	2.6
Transportation and communication	7.1	7.4	6.0	6.1	6.9	6.8
Operating	2.9	2.5	2.3	2.6	2.4	2.2
Capital	4.2	4.9	3.7	3.5	4.5	4.6
Tourism, commerce, and trade	1.3	1.2	2.8	1.9	1.9	2.1
Operating	0.7	0.7	1.1	0.7	0.7	1.1
Capital	0.5	0.5	1.7	1.3	1.2	1.1
Other	32.8	26.0	26.2	22.0	15.1	21.7
Operating	16.8	23.3	20.8	19.0	10.0	15.5
Capital	16.0	2.7	5.4	3.0	5.1	6.2
Total expenditure	100.0	100.0	100.0	100.0	100.0	100.0
Operating	72.5	84.5	82.1	84.9	81.4	75.9
Capital	27.5	15.5	17.9	15.1	18.6	24.1

Source: Data provided by the Fiji authorities.

Table 14. Fiji: Central Government Revenue and Grants, 1997-2002

	1997	1998	1999	2000	2001 Prov.	2002 Budget
(In millions of Fiji dollars)						
Total revenue and grants	803.5	1141.2	1004.5	911.0	900.5	1003.8
Tax revenue	664.8	723.8	788.5	713.4	740.5	770.5
Income tax	224.2	239.9	256.3	275.0	253.9	322.9
Individual	129.3	145.5	144.3	139.6	132.1	151.8
Corporate	94.9	94.4	112.0	135.4	121.8	171.2
Taxes on goods and services	253.0	281.2	326.6	267.4	316.5	345.3
VAT	204.2	224.7	269.0	194.1	252.4	278.8
Excise duties	47.0	54.6	57.6	73.2	64.1	63.6
Turnover taxes	1.8	1.8	0.0	0.2	0.0	2.9
Taxes on international trade	170.8	171.6	191.9	152.5	139.5	153.7
Import duties	162.2	162.0	181.3	143.7	137.3	146.8
Export duties	8.6	9.6	10.6	8.8	2.3	7.0
Nontax revenue	131.2	124.4	171.0	180.7	155.4	150.2
Peacekeepers	17.9	15.2	20.2	33.4	17.0	7.9
RBF profits	11.5	11.9	30.9	25.6	31.5	20.0
FPTL dividends 1/	0.0	8.6	1.4	7.5	9.0	5.4
Other public enterprise dividends	9.0	8.4	2.7	12.9	2.0	6.7
Fees and charges	33.0	31.5	26.4	31.2	32.2	56.0
Other	59.8	48.7	89.3	70.0	63.7	54.2
Capital revenue	7.0	291.7	44.5	14.6	4.5	82.8
Grants	4.9	2.6	1.7	1.1	0.5	2.5
Capital	2.0	289.1	42.8	13.5	4.1	80.3
<i>Of which: privatization</i>	0.0	279.8	20.3	0.0	0.0	76.0
(In percent of GDP at current market prices)						
Total revenue and grants	26.2	34.8	27.4	26.0	23.5	24.5
Tax revenue	21.7	22.0	21.5	20.4	19.3	18.8
Income tax	7.3	7.3	7.0	7.8	6.6	7.9
Individual	4.2	4.4	3.9	4.0	3.4	3.7
Corporate	3.1	2.9	3.1	3.9	3.2	4.2
Taxes on goods and services	8.3	8.6	8.9	7.6	8.3	8.4
VAT	6.7	6.8	7.3	5.5	6.6	6.8
Excise duties	1.5	1.7	1.6	2.1	1.7	1.6
Turnover taxes	0.1	0.1	0.0	0.0	0.0	0.1
Taxes on international trade	5.6	5.2	5.2	4.4	3.6	3.7
Import duties	5.3	4.9	5.0	4.1	3.6	3.6
Export duties	0.3	0.3	0.3	0.3	0.1	0.2
Nontax revenue	4.3	3.8	4.7	5.2	4.1	3.7
Peacekeepers	0.6	0.5	0.6	1.0	0.4	0.2
RBF profits	0.4	0.4	0.8	0.7	0.8	0.5
FPTL dividends 1/	0.0	0.3	0.0	0.2	0.2	0.1
Other public enterprise dividends	0.3	0.3	0.1	0.4	0.1	0.2
Fees and charges	1.1	1.0	0.7	0.9	0.8	1.4
Other	2.0	1.5	2.4	2.0	1.7	1.3
Capital revenue	0.2	8.9	1.2	0.4	0.1	2.0
Grants	0.2	0.1	0.0	0.0	0.0	0.1
Capital	0.1	8.8	1.2	0.4	0.1	2.0
<i>Of which: privatization</i>	0.0	8.5	0.6	0.0	0.0	1.9

Source: Data provided by the Fiji authorities.

1/ Fiji Post and Telecom Limited.

Table 15. Fiji: Central Government Debt, 1997–2001

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000	2001 Prov.
Domestic debt	1,156.0	1,060.6	1,164.6	1,232.3	1,480.6
(In percent of GDP)	37.8	32.3	31.8	35.2	38.6
By instrument					
Treasury bills	41.0	44.3	118.0	73.7	178.0
Bonds	890.0	945.9	1,031.5	1,157.0	1,301.0
Inscribed stock	225.0	70.4	15.1	1.6	1.6
By holder					
Reserve Bank of Fiji	0.0	0.0	48.5	52.2	51.4
Treasury bills	0.0	0.0	0.0	0.0	51.4
Bonds	0.0	0.0	48.5	52.2	0.0
Commercial banks	86.8	107.0	116.8	92.3	130.1
Treasury bills	11.5	34.2	38.0	5.7	36.8
Bonds	75.3	72.8	78.8	86.6	93.3
Fiji National Provident Fund	960.8	823.4	835.9	922.8	1,106.7
Treasury bills	28.5	0.0	64.0	67.1	141.2
Bonds	707.3	753.0	756.8	854.1	963.9
Inscribed stock	225.0	70.4	15.1	1.6	1.6
Insurance companies	89.7	95.0	107.0	120.4	132.4
Treasury bills	1.0	0.1	0.0	0.9	0.0
Bonds	88.7	94.9	107.0	119.5	132.4
Sinking fund	0.0	10.0	0.0	0.0	0.0
Treasury bills	0.0	10.0	0.0	0.0	0.0
Bonds	0.0	0.0	0.0	0.0	0.0
Other	18.7	25.2	56.4	44.6	60.0
Treasury bills	0.0	0.0	16.0	0.0	0.0
Bonds	18.7	25.2	40.4	44.6	60.0
External debt	200.2	245.6	190.6	201.6	199.4
(In percent of GDP)	6.5	7.5	5.2	5.8	5.2
Total government debt	1,356.2	1,306.2	1,355.2	1,433.9	1,680.0
(In percent of GDP)	44.3	39.8	37.0	40.9	43.8
Memorandum item:					
Total government debt excluding amounts owed to sinking fund	1,356.2	1,296.2	1,355.2	1,433.9	1,680.0

Source: Data provided by the Fiji authorities.

Table 16. Fiji: State Guarantees and Contingent Liabilities, 1997–2000

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000
Loans and other guarantees	2,121.2	2,133.2	2,020.6	2,076.7
<i>Of which:</i>				
Fiji National Provident Fund	1,280.6	1,356.2	1,452.2	1,526.4
Fiji Electricity Authority	163.6	128.2	110.6	95.7
Fiji Development Bank	282.3	294.1	261.7	239.8
Housing Authority	127.9	116.8	116.4	117.9
National Bank of Fiji	128.2	158.2	19.5	14.9
NBF Asset Management Bank	92.8	7.7	0.6	0.4
Other contingent liabilities 1/	44.1	58.6	56.6	59.7
Total	2,165.3	2,191.8	2,077.2	2,136.3

Source: Data provided by the Fiji authorities.

1/ Principally subscriptions to international financial institutions.

Table 17. Fiji: Operating Profits and Losses of Major Public Enterprises, 1997–2001

(In millions of Fiji dollars)

	1997	1998	1999	2000	2001 Prov.
Nonfinancial public enterprises					
Agriculture, forestry, and fishery					
Fiji Meat Industry Board	3.9	3.9	...	...	...
Fiji Pine Limited	1.7	4.3	4.2	...	...
Fiji Sugar Corporation 1/ 2/	-1.3	-10.5	3.0	-5.3	-20.8
National Trading Corporation 1/ 2/	-0.4	-0.3	-1.0	0.9	...
Pacific Fishing Company 1/	-2.3	1.0	0.0	0.4	...
Rewa Rice Limited 2/	0.1	-2.5	-3.5	-0.3	0.1
Yaqara Pastoral Company Limited	-0.3	0.2	0.2	0.4	...
Housing and urban development					
Housing Authority	0.1	0.2	-3.4	-0.4	...
Public Rental Board	0.0	0.0	0.0	-0.6	-0.5
Infrastructure and aviation					
Civil Aviation Authority 3/	7.8	6.6	-59.5	0.2	...
Airports Fiji Limited	...	-0.4	0.5	2.0	...
Maritime and Ports Authority of Fiji	1.8	3.2	1.1	0.9	...
Ports Authority of Fiji	...	0.4	0.4	0.5	...
Air transportation					
Air Fiji Limited	0.2	0.3	1.3	...	...
Air Pacific Limited 2/	11.7	9.9	22.6	30.4	39.6
Electricity and telecommunications					
Fiji Electricity Authority	17.0	21.3	18.1	-4.9	...
Fiji International Telecommunications Limited 2/	19.7	23.5	22.3	24.2	27.4
Fiji Post and Telecommunications Limited	1.6	1.5	1.3	0.9	...
Fiji Broadcasting Commission	...	-1.6	0.1	0.2	...
Financial public enterprises					
Financial institutions					
Fiji Development Bank 1/ 3/	1.4	0.3	0.1	0.5	...
Home Finance Limited					
Banking institutions					
Colonial National Bank 3/	...	...	-1.0	1.2	2.5
Reserve Bank of Fiji	11.8	33.4	3.4	...	...
Fiji National Provident Fund 3/	0.3	0.3	0.3	...	...

Source: Data provided by the Fiji authorities.

1/ Operating profit is shown after interest, and before income tax and extraordinary items.

2/ Financial year beginning April 1.

3/ Financial year ending June 30.

Table 18. Fiji: Monetary Survey, 1997-2002

	1997	1998	1999	2000	2001				2002	
					Mar.	June	Sept.	Dec.	Mar.	May
(In millions of Fiji dollars, end of period)										
Net foreign assets	505	822	922	828	737	714	730	762	706	685
Domestic credit	1188	1124	1137	1359	1433	1387	1360	1325	1389	1377
Claims on government (net)	9	6	3	74	126	141	130	123	168	167
Claims on official entities	165	154	137	139	156	132	128	120	113	112
Claims on private sector	1014	964	997	1146	1151	1113	1103	1082	1108	1098
Broad money (M2)	1359	1354	1546	1514	1504	1466	1466	1467	1499	1508
Narrow money (M1)	445	494	694	594	619	598	595	621	640	649
<i>Of which: currency outside banks</i>	134	160	190	163	170	172	173	182	182	186
Quasi-money 1/	913	860	852	920	885	868	870	846	859	859
Reserve Bank notes	150	208	201	372	349	353	326	321	297	294
Other items (net)	184	384	312	301	317	282	299	298	299	260
(12-month percent change)										
Domestic credit	-10.1	-5.3	1.2	19.5	5.8	0.8	-4.1	-2.5	-3.1	-1.3
Claims on official entities	12.8	-6.1	-11.2	1.1	21.3	6.1	-10.0	-13.5	-27.8	-15.7
Claims on private sector	-13.0	-4.9	3.4	14.9	-2.3	-6.9	-6.3	-5.6	-3.7	-1.9
Broad money (M2)	-8.7	-0.3	14.2	-2.1	2.2	2.0	-1.4	-3.1	-0.4	0.5
Narrow money (M1)	-2.4	10.9	40.6	-14.5	7.6	13.1	4.3	4.6	3.4	5.5
Quasi-money	-11.5	-5.8	-1.0	8.0	-1.2	-4.5	-5.0	-8.0	-3.0	-3.0
(12-month change as a percent of M2 at beginning of period)										
Net foreign assets	-1.5	23.3	7.4	-6.1	-3.7	-3.2	-1.9	-4.4	-2.1	-1.8
Domestic credit	-9.0	-4.7	1.0	14.3	5.4	0.8	-3.9	-2.3	-2.9	-1.2
Memorandum items:										
Money velocity (M2) 2/	2.2	2.4	2.6	2.4	...	...	...	2.6	...	...
Money multiplier (M2) 3/	5.2	4.9	3.6	4.3	4.6	4.5	4.3	3.5	3.9	3.7
Reserve money (12-month percent change)	5.0	6.3	56.8	-18.9	17.8	15.2	8.6	19.3	18.8	26.8
Liquid assets (in percent of deposits) 4/	30.6	27.7	32.0	26.1	23.2	23.5	26.1	30.1	27.9	28.7
Deposit interest rate (in percent; end of period) 5/	2.7	1.8	1.4	1.2	0.8	0.8	0.8	0.8	0.7	0.6
Loan interest rate (in percent; end of period) 6/	10.2	9.1	9.1	8.7	8.5	8.4	8.3	8.2	8.2	8.1
Net foreign assets (US\$ mn.)	326	414	469	379	316	306	313	330	310.9	319.2

Source: Reserve Bank of Fiji.

1/ Includes capital accounts.

2/ Ratio of GDP to average M2.

3/ Ratio of M2 to reserve money.

4/ Commercial banks' vault cash, unremunerated deposits with monetary authorities, and holdings of government and official entity securities.

5/ On savings deposits.

6/ Weighted average rate charged by commercial banks on loans.

Table 19. Fiji: Assets of the Financial System, 1990–2001

(In millions of Fiji dollars; end of period) 1/

	Banking system			Nonbank financial institutions 3/			Financial system	
	Total	Of which:		Total	Of which:		Grand total	Percent of GDP 4/
		Central bank	Commercial banks 2/		Fiji National Provident Fund	Insurance companies		
1990	1,639.0 (53.4)	463.0 (15.1)	1,176.0 (38.3)	1,215.0 (39.6)	908.0 (29.6)	215.0 (7.0)	3,069.0 (100.0)	155.0
1991	1,822.0 (53.1)	478.0 (13.9)	1,344.0 (39.2)	1,373.0 (40.0)	1,018.0 (29.7)	234.0 (6.8)	3,429.0 (100.0)	167.9
1992	2,111.5 (53.8)	607.5 (15.5)	1,504.0 (38.3)	1,551.0 (39.5)	1,148.0 (29.3)	260.0 (6.6)	3,922.5 (100.0)	170.3
1993	2,182.3 (51.2)	532.3 (12.5)	1,650.0 (38.7)	1,793.0 (42.1)	1,287.0 (30.2)	284.0 (6.7)	4,259.3 (100.0)	168.9
1994	2,186.9 (48.4)	518.8 (11.5)	1,668.1 (36.9)	2,014.0 (44.6)	1,417.0 (31.4)	317.0 (7.0)	4,517.9 (100.0)	169.0
1995	2,412.0 (48.2)	629.9 (12.6)	1,782.1 (35.6)	2,234.0 (44.7)	1,559.0 (31.2)	354.0 (7.1)	5,000.0 (100.0)	178.6
1996	2,571.1 (49.3)	697.6 (13.4)	1,873.5 (35.9)	2,269.0 (43.5)	1,700.0 (32.6)	372.0 (7.1)	5,212.1 (100.0)	175.9
1997	2,385.3 (46.1)	662.4 (12.8)	1,722.9 (33.3)	2,426.0 (46.9)	1,855.8 (35.9)	365.0 (7.1)	5,176.3 (100.0)	169.1
1998	2,699.0 (46.8)	909.9 (15.8)	1,789.1 (31.0)	2,688.0 (46.6)	2,072.9 (35.9)	383.0 (6.6)	5,770.0 (100.0)	175.7
1999	3,138.5 (49.2)	1,056.4 (16.6)	2,082.1 (32.6)	2,798.0 (43.9)	2,221.3 (34.8)	443.0 (6.9)	6,379.5 (100.0)	174.2
2000	3,071.0 (47.5)	1,134.6 (17.5)	1,936.4 (29.9)	2,922.0 (45.2)	2,354.4 (36.4)	476.0 (7.4)	6,469.0 (100.0)	184.6
2001	3,036.7 (46.1)	1,104.9 (16.8)	1,931.8 (29.3)	3,044.0 (46.2)	2,491.7 (37.8)	507.0 (7.7)	6,587.7 (100.0)	171.7

Source: Reserve Bank of Fiji.

1/ Figures in parentheses reflect percentage shares in total financial system assets.

2/ Australia and New Zealand Banking Group; Bank of Baroda; Habib Bank (from 1991); Westpac Banking Corporation (from 1993); National Bank of Fiji (1993-96); Bank of Hawaii (1993-2001); and NBF Asset Management Bank and Colonial National Bank (from 1996).

3/ Fiji Development Bank; Fiji National Provident Fund; Home Finance Company Limited; Housing Authority; Merchant Bank of Fiji (from 1992); Unit Trust of Fiji; and Credit Corporation Limited (from 1993).

4/ GDP at market prices.

Table 20. Fiji: Balance Sheet of Monetary Authorities, 1997-2002

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000	2001				2002	
					Mar.	Jun.	Sep.	Dec.	Mar.	May
Foreign assets	557.8	764.6	827.0	898.1	810.1	776.5	779.0	846.0	785.9	758.6
Claims on government	0.0	0.0	52.0	56.1	57.3	64.9	66.2	66.2	66.3	66.2
Claims on official entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Claims on commercial banks	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.4	0.4
Unclassified assets	25.6	29.4	22.5	27.2	19.6	22.2	32.1	32.1	38.6	44.7
Assets = Liabilities	583.5	794.0	901.6	981.4	887.0	863.6	877.5	944.5	891.1	869.8
Reserve money	260.4	276.8	434.2	352.2	323.7	327.8	340.9	420.0	384.4	407.2
Currency	153.1	179.4	216.3	208.8	192.8	194.0	197.9	214.4	206.8	209.6
Outside banks	134.0	159.8	189.9	163.3	170.0	171.8	172.8	181.7	182.0	186.2
With banks	19.1	19.6	26.4	45.6	22.8	22.2	25.1	32.7	24.8	23.5
Bankers' deposits	107.3	91.9	210.9	128.6	125.7	124.2	142.8	200.6	177.4	191.1
Statutory reserves	77.0	70.5	78.7	75.3	74.1	74.1	71.3	74.0	74.9	75.5
Settlement balances	30.3	21.4	132.2	53.2	51.6	50.1	71.5	126.6	102.5	115.6
Deposits of official entities	0.0	5.5	7.0	14.7	5.2	9.7	0.2	5.0	0.1	6.5
Reserve Bank notes	210.7	252.9	255.8	415.7	364.1	376.9	366.8	338.6	320.3	315.8
Foreign liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government deposits	39.8	22.3	42.1	22.1	2.7	2.4	4.6	17.3	8.2	4.6
<i>Of which: sinking fund</i>	15.6	18.4	17.6	0.1	0.2	0.0	0.1	0.1	0.1	0.1
Unclassified liabilities	72.6	242.0	169.5	191.4	196.5	156.5	165.2	168.7	178.2	142.1
<i>Of which: capital accounts</i>	50.5	196.7	161.5	136.0	136.1	131.7	133.0	115.3	116.2	114.7

Source: Reserve Bank of Fiji.

Table 21. Fiji: Consolidated Balance Sheet of Deposit Money Banks, 1997-2001

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000	2001				2002	
					Mar.	June	Sept.	Dec.	Mar.	May
Reserves	126.4	111.5	237.3	174.2	148.5	146.4	167.9	233.3	202.2	214.5
Cash	19.1	19.6	26.4	45.6	22.8	22.2	25.1	32.7	24.8	23.5
Statutory reserves	77.3	70.5	78.7	76.6	76.1	76.0	73.2	76.0	78.5	76.0
Settlement balances	30.0	21.4	132.2	52.0	49.6	48.2	69.6	124.6	98.9	115.1
Reserve Bank notes	60.4	44.4	54.5	43.7	15.5	24.1	40.8	17.1	23.7	22.2
Foreign assets	138.4	162.4	247.0	177.2	223.6	224.2	243.1	194.4	201.2	217.0
Claims on government	87.0	107.0	117.8	95.3	102.6	113.0	101.0	129.9	150.7	151.1
Claims on official entities	164.5	154.4	137.1	138.7	156.4	131.9	127.6	120.0	113.0	111.7
Claims on private sector	1,013.9	1,072.2	1,143.3	1,145.9	1,150.9	1,113.4	1,102.6	1,081.8	1,108.1	1,098.0
Other assets	132.4	137.2	145.0	161.5	177.5	169.7	183.1	155.2	158.6	160.9
Assets = Liabilities	1,722.9	1,789.1	2,082.1	1,936.4	1,974.9	1,922.6	1,966.2	1,931.8	1,957.5	1,975.4
Demand deposits 1/	311.3	328.6	497.6	415.7	443.8	416.7	422.4	434.2	457.9	455.9
Time and savings deposits	913.2	859.9	851.6	920.1	885.3	867.9	870.4	846.2	858.7	859.3
Government deposits	37.8	78.6	122.5	54.6	31.0	33.6	32.7	56.1	40.5	45.2
Foreign liabilities	191.3	214.6	313.5	249.3	297.1	287.3	292.0	278.6	281.7	291.1
Other liabilities	269.2	307.5	296.8	296.5	317.6	317.1	348.7	316.8	318.7	323.9

Source: Reserve Bank of Fiji.

1/ Includes local bills payable.

**Table 22. Fiji: Consolidated Balance Sheet of Nonbank
Financial Institutions, 1997–2001 1/**

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000	2001
Cash	150.9	185.0	285.6	198.3	174.5
Claims on government	980.6	839.3	859.3	946.6	1,120.9
Claims on official entities	332.6	655.5	623.3	1,039.4	981.0
Claims on private sector	676.2	990.6	974.7	664.1	488.5
Assets = Liabilities	2,426.0	2,688.0	2,798.0	2,922.0	3,044.0
Contributions 2/	1,280.6	1,356.2	1,452.2	1,526.4	1,637.0
Borrowings from					
Government	2.4	0.0	0.0	0.0	0.0
Commercial banks	25.8	23.0	13.7	12.6	0.0
Foreign liabilities	40.5	43.7	41.4	37.5	34.3
Capital and reserves	664.8	788.6	852.3	904.9	927.6
Other items (net) 3/	-126.2	-458.9	-383.4	-366.9	-166.0

Source: Reserve Bank of Fiji.

1/ Includes the Fiji Development Bank, the Fiji National Provident Fund, the Housing Authority, the Home Finance Company Limited; the Unit Trust of Fiji and Credit Corporation Limited (from 1993); and the Merchant Bank of Fiji (from 1992); but excludes insurance companies.

2/ Fiji National Provident Fund.

3/ Includes insurance companies.

Table 23. Fiji: Balance Sheet of the Fiji National Provident Fund, 1997–2001

(In millions of Fiji dollars; end of period)

	1997	1998	1999	2000	2001
Cash	127.8	149.6	257.8	143.3	134.0
Claims on government	971.1	818.6	835.4	921.7	1,106.3
Claims on official entities	600.9	647.1	606.1	1,022.8	973.8
Claims on private sector	67.8	321.5	324.9	48.0	42.4
Assets = Liabilities	1,855.8	2,072.9	2,221.3	2,354.4	2,491.7
Contributions	1,280.6	1,356.2	1,452.2	1,526.4	1,637.0
Borrowings from					
Government	0.0	0.0	0.0	0.0	0.0
Commercial banks	0.0	0.0	0.0	0.0	0.0
Foreign liabilities	0.0	0.0	0.0	0.0	0.0
Capital and reserves	572.2	708.9	764.6	822.0	850.0
Other items (net)	3.0	7.8	4.5	6.0	4.8

Source: Data provided by the Fiji authorities.

Table 24. Fiji: Asset Quality Indicators, 1997–2002

	1997	1998	1999	2000	2001				2002
					Mar.	June	Sept.	Dec.	Mar.
Foreign-owned commercial banks									
Share of deposit base (in percent)	86.5	84.5	94.1	93.8	94.0	93.9	94.0	93.9	...
Share of advances (in percent)	84.1	78.8	87.1	88.0	88.0	87.9	87.8	87.6	...
Gross NPLs (as percent of advances) 1/	5.5	3.1	3.4	7.1	6.7	6.5	6.3	6.5	5.6
Provisions (as percent of gross NPLs)	44.5	100.0	83.2	46.8	51.9	57.3	59.6	59.1	69.7
General provisions	15.8	53.3	38.7	13.5	15.3	16.3	16.4	17.5	21.5
Specific provisions	28.7	46.7	44.6	33.4	36.6	41.0	43.2	41.6	48.3
Net NPLs (as percent of advances) 2/	3.0	0.0	0.6	3.8	3.2	2.8	2.5	2.7	1.7
Capital-adequacy ratio (in percent) 3/	11.6	10.7	10.3	11.5	12.0	12.8	13.9	16.0	14.4
State-owned commercial banks 4/									
Share of deposit base (in percent)	8.7	10.1	...	...	...	...	...	...	...
Share of advances (in percent)	8.3	8.4	...	...	...	...	...	...	...
Gross NPLs (as percent of advances) 1/	...	3.2	...	...	...	...	...	...	...
Provisions (as percent of gross NPLs)	...	15.0	...	...	...	...	...	...	...
General provisions	...	7.9	...	...	...	...	...	...	...
Specific provisions	...	7.1	...	...	...	...	...	...	...
Net NPLs (as percent of advances) 2/	...	-1.1	...	...	...	...	...	...	...
Capital-adequacy ratio (in percent) 3/	15.0	17.0	...	...	...	...	...	...	...
All commercial banks									
Share of deposit base (in percent)	95.2	94.6	94.1	93.8	94.0	93.9	94.0	93.9	...
Share of advances (in percent)	92.4	87.2	87.1	88.0	88.0	87.9	87.8	87.6	...
Gross NPLs (as percent of advances) 1/	...	3.1	3.4	7.1	6.7	6.5	6.3	6.5	5.6
Provisions (as percent of gross NPLs)	...	115.0	83.2	46.8	51.9	57.3	59.6	59.1	69.7
General provisions	...	61.2	38.7	13.5	15.3	16.3	16.4	17.5	21.5
Specific provisions	...	53.8	44.6	33.4	36.6	41.0	43.2	41.6	48.3
Net NPLs (as percent of advances) 2/	...	-0.1	0.6	3.8	3.2	2.8	2.5	2.7	1.7
Capital-adequacy ratio (in percent) 3/	12.1	11.8	10.3	11.5	12.0	12.8	13.9	16.0	14.4
Licensed credit institutions									
Share of deposit base (in percent)	4.8	5.4	5.9	6.2	6.0	6.1	6.0	6.1	...
Share of advances (in percent)	7.6	12.8	12.9	12.0	12.0	12.1	12.2	12.4	...
Gross NPLs (as percent of advances) 1/	7.2	9.3	5.1	8.7	16.7	13.2	17.4	17.6	...
Provisions (as percent of gross NPLs)	42.9	33.1	100.0	100.0	53.3	69.2	58.1	61.0	...
General provisions	21.4	18.0	43.7	25.9	13.6	16.3	18.4	13.7	...
Specific provisions	21.4	15.1	56.3	74.1	39.7	52.9	39.7	47.3	...
Net NPLs (as percent of advances) 2/	4.1	6.2	0.0	0.0	7.8	4.1	7.3	6.8	...
Capital-adequacy ratio (in percent) 3/	...	19.1	18.4	16.7	14.9	19.3	18.1	19.3	...
All deposit-takers									
Gross NPLs (as percent of advances) 1/	...	3.9	3.6	7.3	7.9	7.3	7.6	7.9	...
Provisions (as percent of gross NPLs)	...	82.0	86.3	54.4	52.3	59.9	59.2	59.6	...
General provisions	...	43.8	39.6	15.2	14.9	16.3	16.9	16.5	...
Specific provisions	...	38.2	46.7	39.2	37.4	43.6	42.2	43.2	...
Net NPLs (as percent of advances) 2/	...	0.7	0.5	3.3	3.8	2.9	3.1	3.2	...

Source: Reserve Bank of Fiji.

1/ Loans and advances overdue by 90 days or more.

2/ Gross nonperforming loans less provisions.

3/ Ratio of Tier I and Tier II capital to risk-weighted assets.

4/ Excludes NBF Asset Management Bank.

Table 25. Fiji: Loans and Advances of Deposit Money Banks, 1997–2002

	1997	1998	1999	2000	2001				2002	
					Mar.	June	Sept.	Dec.	Mar.	June
(In millions of Fiji dollars; end of period)										
Agriculture, forestry and fisheries	63.9	49.5	41.5	40.1	30.3	29.0	27.8	26.5	27.5	24.9
Mining and quarrying	1.5	1.5	5.7	5.2	6.2	6.1	6.0	5.0	5.2	5.0
Manufacturing	101.6	100.4	145.6	147.3	153.2	152.9	156.2	140.4	147.6	138.3
Building and construction	28.2	49.7	36.9	37.0	34.8	32.4	31.6	29.7	30.7	31.2
Real estate	31.6	28.9	32.4	47.2	65.8	62.9	55.4	58.2	57.6	57.1
Wholesale and retail trade 1/	318.8	342.2	356.3	359.9	367.1	348.9	350.9	356.5	362.9	368.8
Private individuals	288.3	302.1	366.5	373.3	380.9	378.2	374.2	374.1	374.9	370.6
General government	8.3	8.2	9.8	8.7	8.0	7.9	7.9	7.9	7.1	7.3
Other	177.8	188.9	179.6	170.1	165.1	149.0	146.2	128.3	132.4	142.9
Total	1,020.0	1,071.4	1,174.4	1,188.8	1,211.4	1,167.5	1,156.2	1,126.7	1,145.9	1,146.1
(12-month percentage change)										
Agriculture, forestry and fisheries	-38.4	-22.5	-16.1	-3.4	-27.6	-29.9	-32.2	-34.0	-9.3	-14.2
Mining and quarrying	-10.6	1.0	269.0	-8.5	-6.0	-31.3	-29.4	-3.3	-15.6	-18.6
Manufacturing	-23.6	-1.3	45.1	1.1	5.6	-0.9	4.9	-4.7	-3.7	-9.6
Building and construction	-26.7	76.6	-25.8	0.4	-10.2	-6.6	-14.0	-19.7	-11.8	-3.8
Real estate	-38.2	-8.5	11.9	45.6	91.3	40.5	18.5	23.4	-12.5	-9.3
Wholesale and retail trade 1/	-7.8	7.3	4.1	1.0	-3.2	-6.7	-2.3	-1.0	-1.1	5.7
Private individuals	-16.6	4.8	21.3	1.9	-1.7	-3.2	-4.2	0.2	-1.6	-2.0
General government	-19.5	-0.6	19.4	-11.7	-8.8	-9.5	-7.1	-8.9	-11.1	-7.3
Other	28.6	6.2	-4.9	-5.3	1.9	-8.7	-18.1	-24.6	-19.8	-4.1
Total	-12.7	5.0	9.6	1.2	0.6	-4.4	-5.1	-5.2	-5.4	-1.8
(As a percent of total)										
Agriculture, forestry and fisheries	6.3	4.6	3.5	3.4	2.5	2.5	2.4	2.4	2.4	2.2
Mining and quarrying	0.1	0.1	0.5	0.4	0.5	0.5	0.5	0.4	0.5	0.4
Manufacturing	10.0	9.4	12.4	12.4	12.6	13.1	13.5	12.5	12.9	12.1
Building and construction	2.8	4.6	3.1	3.1	2.9	2.8	2.7	2.6	2.7	2.7
Real estate	3.1	2.7	2.8	4.0	5.4	5.4	4.8	5.2	5.0	5.0
Wholesale and retail trade 1/	31.3	31.9	30.3	30.3	30.3	29.9	30.3	31.6	31.7	32.2
Private individuals	28.3	28.2	31.2	31.4	31.4	32.4	32.4	33.2	32.7	32.3
General government	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6
Other	17.4	17.6	15.3	14.3	13.6	12.8	12.6	11.4	11.6	12.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Reserve Bank of Fiji, *Quarterly Review*.

1/ Includes duty-free trade of hotels and restaurants.

Table 26. Fiji: Liquidity Position of Deposit Money Banks, 1997–2001

	1997	1998	1999	2000	2001
(In millions of Fiji dollars; end of period)					
Actual liquid assets	392.5	385.5	496.1	393.4	445.0
Vault cash	19.1	19.6	26.4	45.6	32.7
Deposits with monetary authorities	107.3	91.9	210.9	128.6	200.6
Statutory reserves	77.0	70.5	78.7	75.3	74.0
Settlement balance	30.3	21.4	132.2	53.2	126.6
Eligible assets 1/	266.1	274.0	258.8	219.2	211.7
Required liquid assets	282.4	293.6	326.4	316.5	310.9
SRD cash and deposits 2/	77.0	70.5	78.7	75.3	74.0
ULAR eligible assets 3/	205.4	223.1	247.8	241.1	236.9
Excess liquid assets	110.1	92.0	169.7	76.9	134.0
Cash and deposits	49.4	41.1	158.6	98.8	159.2
Eligible assets	60.7	50.9	11.0	-21.9	-25.2
Loans and advances	937.7	1,021.8	1,146.5	1,173.7	1,114.4
(As a percent of liability base)					
Excess liquid assets	8.6	6.6	11.0	5.1	9.1
Cash and deposits	3.8	2.9	10.2	6.6	10.8
Eligible assets	4.7	3.7	0.7	-1.5	-1.7
Memorandum item:					
Liability base for					
SRD and ULAR (F\$ millions) 4/	1,283.5	1,394.3	1,548.5	1,506.9	1,480.7

Sources: Reserve Bank of Fiji, *Quarterly Review*.

1/ Comprises government securities and bonds, promissory note issues of statutory bodies, and Reserve Bank notes.

2/ Since 1987, the Statutory Reserve Deposit is 6 percent of deposits and similar liabilities.

3/ Since 1985, the Unimpaired Liquid Assets Ratio is 16 percent of deposits and similar liabilities.

4/ Adjusted for checks in transit and includes bills payable.

Table 27. Fiji: Structure of Interest Rates, 1997–2002

(In percent per annum; end of period)

	1997	1998	1999	2000	2001				2002	
					Mar.	Jun.	Sep.	Dec.	Mar.	June.
Reserve Bank										
Minimum lending rate	1.9	2.5	2.5	8.0	6.0	6.0	6.0	1.8	1.8	1.8
Deposit rate ^{1/}	3.5	2.0	2.0	2.9	1.7	1.5	1.4	1.3	1.3	1.3
Commercial banks										
Interbank rate	1.3	1.3	1.3	1.0	0.9	1.0	0.5	1.0	1.0	...
Loan rates ^{2/}	10.2	9.1	8.5	8.4	8.5	8.4	8.3	8.2	8.2	8.1
Deposit rates										
Savings deposits	2.7	1.8	1.2	0.9	0.8	0.8	0.8	0.8	0.6	0.6
Small time deposits ^{3/}										
7 days–1 month	3.3	1.8	0.9	1.5	0.8	1.7	0.7	0.9	...	...
1–3 months	3.3	1.8	1.2	2.1	2.4	1.2	1.1	0.9	...	...
6–12 months	5.3	3.4	2.3	3.6	2.7	2.5	2.3	2.0	...	...
Government securities ^{4/}										
91-day Treasury bills	1.0	2.0	2.0	2.5	1.6	1.4	1.4	1.7	1.7	1.7
3-year bonds	7.5	...	4.9	5.5	4.3	3.7	3.3	3.3	3.2	3.0
5-year bonds	...	...	5.3	5.8	5.1	4.7	...	4.6	4.4	4.3
10-year bonds	...	...	6.8	6.9	6.6	6.1	...	5.9	5.9	5.9

Source: Reserve Bank of Fiji.

^{1/} Paid on statutory reserve deposits of commercial banks.^{2/} Weighted average.^{3/} Deposits smaller than F\$250,000.^{4/} Weighted average yield over the last quarter.

Table 28. Fiji: Balance of Payments Summary, 1997–2001

	1997	1998	1999	2000	2001 Prov.
	(In millions of U.S. dollars)				
Trade balance	-262	-192	-251	-183	-180
Exports, f.o.b.	557	423	532	530	484
<i>Of which</i> : garments	169	152	164	156	138
sugar	92	40	71	63	48
gold	51	35	39	36	38
Imports, f.o.b.	819	615	782	714	664
<i>Of which</i> : mineral fuels	136	80	139	140	119
Services and income, net	224	95	103	39	27
Nonfactor services (net)	296	177	203	79	110
<i>Of which</i> : travel earnings	248	196	224	117	157
Factor income	-72	-82	-100	-40	-83
Transfers (net)	73	91	63	41	93
Private	-11	-7	-11	-12	41
Official	84	98	74	54	52
<i>Of which</i> : EU sugar transfers	56	83	63	49	49
Current account	35	-6	-84	-103	-61
Capital (net)	-27	78	87	105	78
Official	-5	22	54	-11	-7
Other	-15	-15	72	95	43
Commercial banks	-8	12	1	-11	16
Trade credit	-7	-27	71	106	27
Direct investment	-7	70	-40	21	43
Errors and omissions	-36	-39	47	45	-31
Overall balance	-28	34	50	47	-13
	(As a percent of GDP at market prices)				
Trade balance	-12.4	-11.6	-13.5	-11.1	-10.7
Current account balance	1.6	-0.3	-4.5	-6.3	-3.6
Overall balance	-1.3	2.0	2.7	2.8	-0.8
External debt 1/	11.5	13.6	14.0	15.1	13.6
Debt-service ratio 2/	2.7	4.1	3.2	2.9	1.9
	(In millions of U.S. dollars)				
Memorandum items:					
External debt 1/	227	225	261	242	225
Gross official reserves	360	385	421	410	366
(In months of imports) 3/	3.5	4.8	4.2	4.4	4.3

Sources: Fiji Islands Bureau of Statistics; Reserve Bank of Fiji; and Fund staff estimates.

1/ Total medium- or long-term debt.

2/ In percent of exports of goods and nonfactor services.

3/ Imports of goods, f.o.b., and nonfactor services.

Table 29. Fiji: Merchandise Exports by Commodity, 1997-2001

(In millions of U.S. dollars)

	1997	1998	1999	2000	2001
Forestry products 1/	23.6	27.6	18.1	21.1	18.1
Fish	34.9	24.9	29.2	41.7	43.2
Gold	51.2	35.5	38.8	35.6	37.5
Sugar 2/	147.8	122.9	133.6	111.6	97.5
Molasses	8.8	5.3	6.3	4.6	4.2
Textiles and yarn	16.7	13.0	15.3	17.9	14.9
Garments	168.7	152.4	163.5	156.4	137.9
Other	73.1	74.2	76.3	92.9	89.3
Domestic exports	469.2	373.2	418.2	432.9	393.5
Re-exports	87.6	49.3	113.4	97.6	90.3
Total exports, f.o.b.	556.8	422.5	531.6	530.5	483.8
Memorandum items:					
Gold					
Volume ('000 fine oz)	148.2	120.9	138.9	116.8	128.5
Unit value (US\$/fine oz)	345.4	293.5	279.3	304.5	291.9
Sugar					
Volume ('000 tons)	307.6	237.1	354.6	317.0	255.0
Of which: to EU ('000 tons)	191.6	202.3	224.6	209.2	...
Unit value (US\$/ton) 2/	299.9	170.2	199.3	197.9	189.6

Sources: Fiji Islands Bureau of Statistics.

1/ Timber, cork and wood manufactures.

2/ Excludes EU sugar transfers.

Table 30. Fiji: Merchandise Imports by Commodity, 1997-2001

(In millions of U.S. dollars)

	1997	1998	1999	2000	2001
Consumer goods	537.9	396.8	449.8	455.9	420.9
Food, beverages and tobacco 1/	152.4	115.1	111.5	115.0	149.6
Manufactured goods 2/	385.5	281.7	338.2	340.9	271.3
Intermediate inputs	227.8	135.5	207.7	207.0	191.4
Mineral fuels	135.7	80.1	138.6	140.1	119.3
Chemicals	75.4	45.2	55.9	55.2	62.9
Crude materials	7.8	4.7	4.9	7.5	5.9
Other	9.0	5.4	8.3	4.3	3.2
Capital goods 3/	198.9	189.5	245.6	162.3	181.8
Total imports, c.i.f. 4/	964.7	721.8	903.1	825.2	794.1

Source: Fiji Islands Bureau of Statistics.

1/ Includes oils and fats.

2/ Includes miscellaneous manufactured goods.

3/ Machinery and transport equipment.

4/ Includes imports for re-export.

Table 31. Fiji: Direction of Trade, 1997–2000

(As percent of total)

	1997	1998	1999	2000
Merchandise exports, f.o.b. 1/				
Australia	38.0	37.4	40.6	32.9
New Zealand	5.5	4.3	4.8	5.6
European Union	25.5	28.9	25.7	21.7
United States	12.1	14.1	13.3	23.3
Japan	5.9	4.6	3.9	4.4
Other	13.0	10.6	11.8	12.1
Total	100.0	100.0	100.0	100.0
Merchandise imports, c.i.f. 2/				
Australia	45.2	40.2	41.1	39.3
New Zealand	15.4	14.1	13.3	16.5
European Union	4.3	2.4	2.3	3.3
United States	5.2	14.9	12.4	4.6
Japan	6.9	5.3	6.4	4.6
Other	23.0	23.1	24.5	31.7
Total	100.0	100.0	100.0	100.0

Sources: Reserve Bank of Fiji, *Quarterly Review*; and Fiji Islands Bureau of Statistics.

1/ Domestic exports only.

2/ Includes imports for re-export.

Table 32. Fiji: Services, Income and Transfers, 1997–2001

(In millions of U.S. dollars)

	1997	1998	1999	2000	2001 Prov.
Nonfactor services, net	296.2	177.2	203.3	78.6	109.3
Nonfactor service receipts	701.8	529.1	614.7	472.0	467.9
Transportation 1/	166.1	136.4	200.3	153.1	160.9
Travel	317.0	247.8	289.2	199.2	222.4
Government, n.i.e. 2/	52.0	31.4	20.5	28.0	16.8
Other	166.7	113.5	104.7	91.8	67.8
Nonfactor service payments	405.6	351.9	411.4	393.4	358.6
Transportation 1/ 3/	180.7	145.2	173.6	153.3	148.9
Travel	69.1	51.5	65.0	82.6	65.0
Government, n.i.e. 2/	24.1	21.2	23.5	12.2	12.1
Other	131.7	134.0	149.2	145.3	132.6
Income, net	-72.1	-81.9	-100.0	-40.1	-82.6
Income receipts	27.1	28.7	24.6	34.4	24.2
Public-sector interest	21.8	23.2	17.3	20.0	17.7
Flows on foreign direct investment	-4.2	-3.7	-4.7	-8.7	-2.6
Other	9.6	9.2	12.0	23.1	9.1
Income payments	99.2	110.6	124.6	74.5	106.8
Public-sector interest	7.8	7.2	11.4	10.8	8.9
Flows on foreign direct investment	90.9	103.0	110.7	61.6	91.6
Other	0.6	0.4	2.4	2.1	6.4
Private current transfers, net	-11.4	-7.0	-10.7	-12.4	40.7
Receipts	55.3	45.3	43.9	58.4	98.6
Payments	66.7	52.3	54.6	70.7	57.9
Official current transfers, net	84.2	98.1	73.9	53.5	52.0
Receipts	88.2	100.6	78.8	55.8	54.1
Of which: EU sugar transfers 4/	55.6	82.5	63.0	48.9	49.2
Payments	4.1	2.4	4.9	2.3	2.1

Source: Reserve Bank of Fiji.

1/ Freight, insurance, and other transport.

2/ Not included elsewhere.

3/ Freight and insurance payments calculated at flat rates of 11 percent and 2 percent of merchandise imports, c.i.f., respectively.

4/ Payments by EU in excess of world market prices.

Table 33. Fiji: Capital Account of the Balance of Payments, 1997–2001

(In millions of U.S. dollars)

	1997	1998	1999	2000	2001 Prov.
Total capital, net	-26.8	78.1	87.0	104.8	41.8
Official capital, net	-4.6	22.3	54.4	-11.4	-7.2
Government 1/	-2.8	-6.7	-15.2	-8.6	-4.4
Disbursement	8.1	5.4	3.1	7.0	4.5
Amortization	-10.9	-12.2	-18.3	-15.6	-8.9
Public enterprises	-1.8	29.1	69.6	-2.8	-2.8
Disbursement	0.6	32.5	75.7	0.0	0.0
Amortization	-2.4	-3.4	-6.1	-2.8	-2.8
Other capital, net	-14.8	-14.7	72.4	95.5	43.1
Deposit money banks	-7.8	12.1	1.4	-10.8	16.1
Change in liabilities 2/	13.3	24.2	44.4	-43.5	23.6
Change in assets (- = increase) 3/	-21.1	-12.1	-43.0	32.8	-7.6
Short-term trade credit	-7.1	-26.8	71.0	106.2	27.0
Change in liabilities	-2.6	-22.0	61.5	81.6	24.6
Change in assets (- = increase)	-4.4	-4.7	9.5	24.7	2.4
Direct investment, net	-7.3	70.4	-39.9	20.7	5.9
Equity	-0.8	74.6	-33.2	16.7	8.3
Foreign investment in Fiji	26.5	102.8	-3.6	-15.7	5.1
Equity capital	-23.1	11.4	-3.5	-3.1	-11.4
Real estate	1.2	2.2	1.3	0.8	5.2
Other investment	4.5	35.0	-62.6	-30.9	-6.6
Retained earnings	44.0	54.3	61.2	17.4	17.9
Fijian investment abroad (- = increase)	-27.4	-28.2	-29.5	32.5	3.2
Equity capital	-23.1	-24.5	-24.9	41.2	5.8
Retained earnings	-4.2	-3.7	-4.7	-8.7	-2.6
Loans	-6.5	-4.2	-6.7	3.9	-2.3
Disbursement	7.2	1.4	1.0	7.2	0.3
Amortization	-13.7	-5.6	-7.7	-3.2	-2.6

Source: Reserve Bank of Fiji.

1/ On direct debt and sinking fund.

2/ Liabilities include nonresidents' deposits in Fiji.

3/ Assets include residents' deposits abroad.

Table 34. Fiji: External Debt, 1997-2001

(In millions of U.S. dollars; end of period)

	1997	1998	1999	2000	2001
External debt	417.9	378.4	478.7	434.7	422.8
Medium- or long-term 1/	227.3	225.2	261.3	242.4	225.2
Public sector	145.7	139.6	108.1	100.7	92.9
Government	129.2	123.6	96.9	92.2	86.4
Multilateral creditors	112.5	108.6	93.2	82.5	77.9
Bilateral creditors	16.7	15.0	12.3	9.7	8.5
Private creditors	0.0	0.0	-8.6	0.0	0.0
Public enterprises	16.4	16.0	11.1	8.5	6.6
Financial system	9.1	9.7	7.0	4.1	3.4
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Deposit money banks 2/	9.1	9.7	7.0	4.1	3.4
Nonbank financial institutions	0.0	0.0	0.0	0.0	0.0
Nonfinancial private sector	72.5	75.9	146.3	137.5	128.9
Short-term 3/	190.6	153.2	217.4	192.3	197.6
Public sector	0.0	0.0	0.0	0.0	0.0
Government	0.0	0.0	0.0	0.0	0.0
Public enterprises	0.0	0.0	0.0	0.0	0.0
Financial system	114.3	98.4	152.5	109.9	117.2
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Deposit money banks	114.3	98.4	152.5	109.9	117.2
Nonresidents' demand deposits	20.0	26.9	38.8	28.5	36.7
Nonresidents' savings deposits	5.2	7.2	8.0	8.5	5.9
Other	89.1	64.3	105.8	72.9	74.6
Nonbank financial institutions	0.0	0.0	0.0	0.0	0.0
Nonfinancial private sector 4/	76.3	54.8	64.9	82.4	80.3
Memorandum items:					
External debt (as percent of GDP) 5/	19.7	22.9	25.7	26.4	25.1
External debt (as percent of exports) 6/	33.2	39.8	41.8	43.4	44.4

Sources: Reserve Bank of Fiji; and Fund staff estimates.

1/ Debt with original maturity of more than one year.

2/ Nonresidents' time deposits.

3/ Debt with original maturity of up to and including one year.

4/ Calculated as short-term trade credit received plus other short-term private capital.

5/ GDP at market prices.

6/ Exports of goods and nonfactor services.

Table 35. Fiji: External Debt Service, 1997–2001 1/

(In millions of U.S. dollars)

	1997	1998	1999	2000	2001
Debt service	41.9	42.2	39.6	31.2	18.0
Amortization	32.1	34.7	32.4	25.4	15.6
Public sector	13.3	14.7	22.0	20.3	11.7
Government	10.9	12.6	18.0	15.5	8.9
Multilateral creditors	8.5	10.0	15.8	13.1	8.1
Bilateral creditors	1.7	2.2	2.2	2.0	0.7
Private creditors	0.7	0.4	0.0	0.4	0.1
Public enterprises	2.4	2.1	4.0	4.8	2.8
Financial system	5.0	3.1	2.8	1.8	1.3
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Deposit money banks 2/	5.0	3.1	2.8	1.8	1.3
Nonbank financial institutions	0.0	0.0	0.0	0.0	0.0
Nonfinancial private sector	13.7	16.8	7.6	3.3	2.6
Interest	9.8	7.6	7.2	5.8	3.7
Public sector	7.7	6.6	6.7	5.4	4.4
Government	7.0	6.0	6.2	5.1	4.1
Multilateral creditors	6.0	5.5	5.7	4.7	3.9
Bilateral creditors	1.0	0.5	0.5	0.4	0.2
Private creditors	0.0	0.0	0.0	0.0	0.0
Public enterprises	0.7	0.6	0.5	0.3	0.3
Financial system	0.5	0.2	0.1	0.1	0.0
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Deposit money banks 2/	0.5	0.2	0.1	0.1	0.0
Nonbank financial institutions	0.0	0.0	0.0	0.0	0.0
Nonfinancial private sector	1.6	0.7	0.3	0.3	-0.7
Memorandum items:					
Debt service ratio 3/	2.9	4.1	3.2	2.9	1.9

Sources: Reserve Bank of Fiji; and Fund staff estimates.

1/ On medium- or long-term debt.

2/ On nonresidents' time deposits.

3/ Debt service as a percent of exports of goods and nonfactor services.

Table 36. Fiji: International Liquidity, 1997-2001

(In millions of U.S. dollars; end of period)

	1997	1998	1999	2000	2001
Net official reserves	360.5	385.7	428.9	409.9	366.6
Assets	360.5	385.7	428.9	409.9	366.6
Liabilities	0.0	0.0	0.0	0.0	0.0
Monetary authorities, net	360.4	385.4	428.7	409.7	366.6
Assets 1/	360.4	385.4	428.7	409.7	366.6
Liabilities	0.0	0.0	0.0	0.0	0.0
Central government, net	0.2	0.2	0.3	0.2	0.0
Assets	0.2	0.2	0.3	0.2	0.0
Liabilities	0.0	0.0	0.0	0.0	0.0
Deposit money banks, net	-10.9	-38.7	-40.5	-26.0	-36.4
Assets	89.3	81.8	125.7	81.1	84.2
Liabilities	100.2	120.5	166.2	107.1	120.6
Total, net	349.6	346.9	388.4	383.9	330.2
Assets	449.8	467.4	554.6	491.0	450.8
Liabilities	100.2	120.5	166.2	107.1	120.6
Memorandum items:					
Gross official reserves					
In months of imports 2/	3.5	4.8	4.3	4.4	4.3
As percent of original-maturity short term debt 3/	189.1	251.8	197.3	213.2	185.6
As percent of residual-maturity short term debt 4/	160.0	207.8	176.7	197.2	172.0
As percent of broad money (M2)	41.1	56.6	54.5	59.2	57.7

Source: Reserve Bank of Fiji.

1/ Includes monetary gold, national valuation.

2/ Imports of goods, f.o.b., and nonfactor services.

3/ External debt with original maturity of up to and including one year.

4/ Short-term external debt by original maturity plus amortization falling due on medium- or long-term external debt during subsequent 12 months.