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Trade Policy Review Body

**TRADE POLICY REVIEW**

REPORT BY THE SECRETARIAT

FJI

*Revision*

This report, prepared for the third Trade Policy Review of Fiji, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Fiji on its trade policies and practices.

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**CONTENTS**

<b>SUMMARY .....</b>	<b>6</b>
<b>1 ECONOMIC ENVIRONMENT .....</b>	<b>11</b>
1.1 Recent Developments .....	11
1.2 Trade Performance and Investment.....	14
1.2.1 Trade in goods and services .....	14
1.2.2 Foreign direct investment.....	16
1.3 Outlook.....	17
<b>2 TRADE AND INVESTMENT REGIME .....</b>	<b>18</b>
2.1 General Institutional and Legal Framework.....	18
2.2 Trade Policy Formulation and Objectives .....	18
2.3 Trade Agreements and Arrangements.....	21
2.3.1 WTO .....	21
2.3.2 Regional Trade Agreements.....	22
2.3.2.1 Other arrangements .....	24
2.3.3 Investment regime .....	25
<b>3 TRADE POLICIES AND PRACTICES BY MEASURE.....</b>	<b>28</b>
3.1 Measures Directly Affecting Imports .....	28
3.1.1 Customs procedures and requirements .....	28
3.1.2 Customs valuation .....	29
3.1.3 Rules of origin .....	29
3.1.4 Tariffs .....	29
3.1.4.1 MFN applied tariff.....	29
3.1.4.2 Bound tariff.....	33
3.1.4.3 Preferential tariff.....	34
3.1.4.4 Other taxes, duties and concessions .....	34
3.1.5 Import prohibitions, and licensing .....	36
3.1.6 Contingency trade measures .....	38
3.1.7 Standards and other technical requirements .....	39
3.1.8 Labelling and marking .....	40
3.1.9 Sanitary and phytosanitary requirements .....	40
3.1.10 Trade-related investment measures.....	41
3.2 Measures Directly Affecting Exports.....	41
3.2.1 Export procedures and requirements .....	41
3.2.2 Export duties .....	42
3.2.3 Export prohibitions, restrictions, and licensing.....	42
3.2.4 Export assistance and promotion.....	43
3.3 Measures Affecting Production and Trade .....	45
3.3.1 Incentives .....	45
3.3.2 Competition policy, consumer protection, and price controls.....	45

3.3.3	State trading, state-owned enterprises, and privatization.....	47
3.3.4	Government procurement .....	49
3.3.5	Intellectual property rights.....	52
3.3.5.1	Patents.....	53
3.3.5.2	Trademarks.....	54
3.3.5.3	Copyright.....	54
<b>4</b>	<b>TRADE POLICIES BY SECTOR.....</b>	<b>56</b>
4.1	Agriculture .....	56
4.1.1	Main features .....	56
4.1.2	Policy objectives .....	56
4.1.3	Support measures.....	58
4.1.4	Sugar sector .....	59
4.2	Fisheries .....	60
4.2.1	Main features .....	60
4.2.2	Policy and legal framework.....	61
4.3	Energy.....	63
4.3.1	Electricity .....	63
4.3.2	Hydrocarbons.....	64
4.4	Manufacturing.....	65
4.4.1	Overview and policy objectives .....	65
4.4.2	The textile and clothing industry .....	66
4.4.3	Food processing.....	67
4.4.4	Beverages .....	67
4.5	Services.....	67
4.5.1	Main features and GATS commitments.....	67
4.5.2	Financial services.....	68
4.5.2.1	Banking.....	70
4.5.2.2	Insurance .....	71
4.5.2.3	Capital market.....	73
4.5.3	Telecommunications.....	74
4.5.4	Transport .....	76
4.5.4.1	Road transport .....	77
4.5.4.2	Maritime transport and ports .....	77
4.5.4.3	Air transport and airports .....	79
4.5.5	Tourism.....	81
	<b>REFERENCES .....</b>	<b>85</b>
<b>5</b>	<b>APPENDIX TABLES .....</b>	<b>87</b>

**CHARTS**

Chart 1.1 Composition of merchandise trade, 2009 and 2014 .....	15
Chart 1.2 Direction of merchandise trade, 2009 and 2014.....	16
Chart 3.1 Distribution of MFN applied tariff rates, 2009 and 2015 .....	30
Chart 3.2 Average applied MFN tariff rates, by HS Section, 2009 and 2015.....	31
Chart 3.3 Tariff escalation by 2-digit ISIC industry, 2015.....	32
Chart 3.4 Share and average of bound tariff lines, by HS Section.....	33

**TABLES**

Table 1.1 Selected economic indicators, 2009-14.....	12
Table 1.2 Balance of payments, 2009-14.....	13
Table 1.3 FDI, 2010-14.....	17
Table 2.1 Main trade-related legislation.....	20
Table 2.2 Fiji's notifications, 2009-15.....	22
Table 2.3 Fiji's RTAs in force.....	23
Table 3.1 Structure of MFN tariff in Fiji.....	31
Table 3.2 Tariff lines where MFN applied rates exceed bound rates.....	33
Table 3.3 Excise duties, 2015 .....	35
Table 3.4 Prohibited imports.....	36
Table 3.5 Licensed imports.....	37
Table 3.6 Exports requiring a licence, 2015.....	42
Table 3.7 State-owned enterprises, 2015 .....	47
Table 3.8 Number of contracts by procurement method, 2011-2014.....	51
Table 4.1 Trade in major agricultural products <sup>a</sup> , 2009-14.....	57
Table 4.2 Fiji's services indicators, 2009-2014 .....	67
Table 4.3 Gross assets of Fiji's financial system, 2009-14 .....	69
Table 4.4 Licensed financial entities (including branches and agencies), 2009-14 .....	69
Table 4.5 Minimum solvency requirements for insurance companies, 2015 .....	72
Table 4.6 Fiji telecommunication indicators, 2008 and 2013 .....	74
Table 4.7 Fiji's tourism indicators, 2009-2014 .....	82
Table 4.8 Tourism incentives, 2015 .....	83

**BOXES**

Box 2.1 FDI reserved and restricted activities .....	26
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**APPENDIX TABLES**

Table A1.1 Merchandise exports by product group, 2009-14.....	87
Table A1.2 Merchandise re-exports by product group, 2009-14.....	88

Table A1.3 Merchandise domestic exports by product group, 2009-14 .....	89
Table A1.4 Merchandise exports by destination, 2009-14.....	90
Table A1.5 Merchandise re-exports by destination, 2009-14.....	91
Table A1.6 Merchandise domestic exports by destination, 2009-14.....	92
Table A1.7 Merchandise imports by product group, 2009-14 .....	93
Table A1.8 Merchandise imports by origin, 2009-14 .....	94
Table A3.1 Fiji's MFN applied tariff summary, 2015 .....	95
Table A3.2 Tax and customs incentives .....	97
Table A3.3 Goods and services under price control.....	103

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## SUMMARY

1. The economy of Fiji has performed well since its second Trade Policy Review in 2009, based on a relatively open trade regime, sound macroeconomic policies, and structural reforms. Fiji's return to parliamentary democracy in 2014, after successful elections put an end to almost eight years of interim government, has further boosted its investment and growth prospects. Fiji's reliance on trade and tourism make it vulnerable to external shocks, while high transportation costs (poor infrastructure and remoteness), the small size of its economy, and the frequency of natural disasters also constrain its economic growth prospects. Further reforms are therefore necessary to reduce the bottlenecks in the economy, strengthen its resilience to shocks, foster competitiveness, improve the investment climate, and raise potential GDP growth. It is hoped that Fiji's first ever Trade Policy Framework 2015-2025, launched in July 2015, will help address some of these challenges. Overall, Fiji's trade policies have remained stable during the review period while the institutional framework has been strengthened.

2. After contracting 1.4% in 2009 mainly due to the global financial crisis, Fiji's real GDP growth rate averaged 3.5% annually between 2010 and 2014 (4.3% is expected for 2015) underpinned by strong private consumption and investment activity. While economic growth has been broad-based, transport and storage, financial and insurance activities, and the public administration and defence sectors have been the main drivers of GDP growth over the last few years. During the review period, Fiji has improved its human development indicators, achieving broad coverage in the provision of basic services, with declining overall poverty levels even though progress in rural areas is lagging.

3. The Reserve Bank of Fiji (RBF) conducts monetary policy focusing on the twin objectives of safeguarding foreign reserves and keeping inflation low. It "targets" the nominal exchange rate and not inflation, and the primary monetary policy goal remains preserving Fiji's vulnerable balance of payments. The annual average inflation rate in Fiji was 3.6% during 2009-14 supported by the pegged exchange rate of the Fijian dollar (F\$). Nonetheless, inflation has also been kept artificially low by price controls that represent, by weight, almost half of the consumer price index basket. For 2015, an average inflation rate of 2.8% is expected, within the RBF's comfort range of around 3%. Some foreign exchange restrictions have recently been eliminated but others remain.

4. Fiji reduced its overall budget deficit from 4.1% in 2009 to 0.5% in 2013 largely due to strong tax revenue collection and despite an increase in infrastructure, health and education spending. In 2014, however, the deficit jumped to 1.9% of GDP due to an expansionary budget and the fact that privatization receipts were lower than expected. To reduce the budget deficit to sustained levels without exceptionally high donor support, further measures seem necessary such as broadening the tax base, and significantly curtailing income-tax holidays and tax incentives that have narrowed the direct tax base and added complexity to the tax system.

5. Traditionally, Fiji has had a persistent merchandise trade deficit that increased from US\$628 million in 2009 to US\$1,094 million in 2014, in line with movements of the real effective exchange rate during the period. The current account deficit, as a percentage of GDP, went from as low as 1.1% in 2012 to 20.7% in 2013 partly due to the purchase of aircrafts by Fiji Airways. Fiji is a net exporter of services. Despite some disruptions due mainly to floods, tourism receipts have increased regularly during the period reaching US\$745 million in 2014 (18% of GDP).

6. The Fijian economy is highly dependent on international trade: the ratio of merchandise trade (exports and imports) to GDP averaged 130.6% during 2012-14. Its trade has become slightly less concentrated geographically and more diversified in terms of products. In 2014, the share of its three major export markets (Australia, the European Union, and the United States) was 32.5% of total exports (43% in 2009), while merchandise imports from Asia and Pacific economies accounted for 85.9% of the total (90.6% in 2009). In 2014, over 72.3% of Fiji's total merchandise exports (including re-exports) were fish, sugar and other primary products (75.5% in 2009). Manufactures represented 55.6% of Fiji's total merchandise imports in 2014 (51.9% in 2009).

7. Over the last few years, Fiji has taken some measures to boost FDI inflows and improve its business environment. For example, the minimum investment required for foreign investors was eliminated in 2013, and the investment registration process is being simplified through the

creation of the "single window clearance" application system available online since July 2015. Nonetheless, Fiji's FDI inflows have remained low by international standards averaging some US\$336 million per year during 2010-14, largely due to investor uncertainty over political and economic stability, and exchange rate restrictions. Moreover, certain economic activities remain either reserved wholly for Fijian citizens and 100% Fijian-owned entities or restricted.

8. Important political and legislative developments have occurred since Fiji's Review in 2009. A new Constitution was enacted in September 2013, while ministerial and departmental reshuffles occurred. Fiji has also enacted some new trade-related laws in areas such as competition, government procurement, foreign investment, SPS measures, standards, agriculture, and shipping, while amending others, including on intellectual property rights.

9. Responsibility for formulating and implementing Fiji's external trade policy lies with the Ministry for Industry, Trade, and Tourism (MITT). It is also responsible for: investment policies through Investment Fiji; internal trade and commerce; small business development; consumer protection; and for all trade negotiations. MITT consults with other ministries and trade-related agencies mainly through semi-regular meetings of the Cabinet-mandated inter-ministerial Trade and Development Committee. The private sector and civil society continue to interact formally and informally with the Government.

10. The National Export Strategy (NES) is being implemented to achieve sustainable growth by encouraging exports, competitiveness, value adding, and export diversification in six priority areas: agro-business; forestry; marine products; mineral water; information and communication technologies (ICT); and audiovisual services. The NES is administered and implemented by the MITT which also assists micro, small and medium sized enterprises within the prioritized sectors on a cost-sharing basis with an emphasis on addressing supply-side constraints (e.g. product development, packaging, infrastructure, marketing and training).

11. Fiji is strongly committed to the multilateral trading system. To foster its participation in the WTO, it opened a Permanent Mission in Geneva in June 2014. Fiji is an original Member of the WTO, and grants at least MFN treatment to all its trading partners. It is neither a party to the Information Technology Agreement (ITA) nor to the Agreements on Government Procurement (GPA) and Trade in Civil Aircraft. In the WTO negotiations, Fiji is part of the Small, Vulnerable Economies (SVEs) group and is one of the so-called "W52" sponsors. It has not been involved in any formal disputes, but has been a third party in three cases related to sugar. At the end of 2014, Fiji had 54 outstanding notifications (70 in 2009).

12. Fiji has four regional trade agreements (RTAs) in force encompassing 41 partners (some of them are non-WTO Members). Fiji has notified its RTAs to the WTO either under the Enabling Clause or under GATT Article XXIV. These four RTAs are overlapping, increasing risks of raising business costs by creating complex trade regimes that may result in more trade (and investment) diversion than creation.

13. At the end of November 2015, Fiji was yet to make its notification of Category A commitments under the Agreement on Trade Facilitation. Fiji is moving towards the single customs window concept in three stages. The first stage includes the full automation of the customs clearance process in all border regulatory agencies. Recently, Customs launched ASYCUDA World, which for the moment is operational only in the capital Suva, but is planned to roll out to other ports later. The other two stages will be the port single window and the national single window.

14. Goods imported into Fiji are subject to customs tariffs, VAT, and excise duties. Nearly all applied tariff lines have *ad valorem* rates, thereby contributing to the tariff's transparency. Non-*ad valorem* rates (4.5% of total lines, same as in 2009) consist of alternate (mixed) duties levied on 177 lines (down from 181 in 2009) and specific tariffs on 92 lines (up from 80 in 2009). Tariff rates range from zero to 32% without *ad valorem* equivalents (AVEs), while the highest rate including AVEs (based on 2013 import data) is 1,257% on certain beverages, spirits and tobacco. Fiji does not maintain any tariff quotas, and there are no seasonal tariffs.

15. Fiji has bound 49.5% of tariff lines. There remains a significant difference between the overall bound average of 40.2% and Fiji's applied MFN tariff of 11.2% in 2015 (11.3% in 2009). Fiji bound its tariff lines on agricultural products (WTO definition) at a final simple average rate of

40.6% (compared with a simple average applied MFN rate of 12.5%); the final simple average bound tariff rate for non-agricultural products is 40% (simple average applied MFN rate of 11%). For some 42 lines, mostly alcoholic beverages, MFN applied tariff rates exceed bound rates when using AVEs.

16. Fiji applies excise duties to 545 tariff lines (9.1% of the total) at rates of 15% (mostly alcoholic and non-alcoholic beverages), 10% (e.g. on trunks, suitcases, and other cases), and 5% (mainly on new motor vehicles). While called excise duties they do not apply to domestically produced items and thus are akin to tariffs. According to the authorities, the rationale for their introduction, in 2006, was to protect government revenue, dampen domestic demand, and stimulate domestic industries in the medium term. Fiji also applies specific excise taxes to domestically made "sin" products, i.e. alcoholic beverages and tobacco products.

17. Fiji has substantial tariff concessions in the form of partial and full exemptions and remissions. Total customs revenue forgone from all concessions went from F\$66.2 million in 2009 to F\$252.4 million in 2014. A larger number of import prohibitions, restrictions, and licensing requirements for health, security, and moral reasons remain in place. Fiji has few standards and technical regulations, mostly adopted from Australia and New Zealand. It has taken no anti-dumping or countervailing action during the review period, and has no safeguards legislation.

18. Exports are controlled by an extensive export licensing system. To promote domestic downstream processing and thus value-added, export duties of 3% apply to sugar, molasses, and other gold and silver manufacturing products. There are administrative difficulties, including delays, in the provision of VAT refunds on inputs used in exports. Fiji continues to have various export incentive schemes.

19. Incentives are also seen as an integral part of Fiji's industrial policy, and a wide range of investment incentives are offered to both domestic and foreign investors. Some apply more generally to businesses while incentives that are more generous target specific activities or sectors. Moreover, some investment incentives are sometimes subject to minimum local-content or export requirements.

20. In 2010, Fiji introduced a new comprehensive competition law that addresses competition affairs, consumer protection, and price controls. It established the Fiji Commerce Commission (FCC) as an independent statutory body. In general, the new law prohibits restrictive business practices, misuse of dominant market position, bid rigging, exclusive dealing, resale price maintenance, and price discrimination. Fiji continues to have extensive price controls on basic food items and services such as milk, butter, sugar, fish, rice, pharmaceutical products, electricity, water, and telecommunications. An evaluation as to whether price control continues to be the most effective approach in relation to particular markets would be desirable.

21. Recognizing the significant impact of procurement policies and practices on the efficiency and accountability of public expenditure, Fiji has recently modernized its procurement system in order to align it with international best practices. Important progress was made both in the legal and institutional frameworks. Value for money is the fundamental goal pursued in government procurement in Fiji and the system does not generally discriminate against foreign products and suppliers.

22. Since 2009, important amendments were made to the intellectual property right regime in Fiji, particularly on trademarks. Nonetheless, Fiji has yet to accept the Protocol Amending the WTO TRIPS Agreement that establishes a new pathway for the export of generic medicines. Under the WTO TRIPS Council, Fiji has various outstanding review questions.

23. Agriculture continues to play a key role in the Fijian economy, with subsistence farming accounting for about a third of output and agricultural products, predominately sugar, for 45% of goods exports. Nevertheless, Fiji remains a net importer of food products. Some of the challenges facing Fijian agriculture are low productivity, high input costs, and land lease insecurity. Revitalizing agriculture and promoting food security are key government objectives. Support policies include extension services, marketing assistance, concessionary loans, and relatively high tariffs on some foodstuffs. Fiji made no domestic support reduction commitments in the WTO; all

its support measures have been notified under the "Green Box"; it does not provide export subsidies.

24. Commercial farming is dominated by sugarcane. Processing and importation of unrefined sugar are the monopoly of the government-owned Fiji Sugar Corporation (FSC). Over the review period, the sugar industry was affected by milling inefficiencies, lack of investment, the phasing-out of market preferences and declining world prices. The FSC had to be bailed out by the Government in 2010. Reforms implemented since then have led to management improvements and increased production.

25. Fisheries account for some 13% of merchandise exports, consisting mainly of tuna. Offshore tuna fishing is done by longline vessels, which must be licensed and land their catch in Fiji. A new decree and regulations were issued during the review period to ensure sustainable management of fisheries. According to the authorities, Fiji is in the process of "domesticating" its fishing fleet and licences are to be granted only to Fiji-flagged vessels; however, the foreign-flagged vessels that already have a licence will be allowed to continue fishing. Foreign investment in fisheries-related businesses is capped at 70% of equity. In addition to tax concessions, the Government assists the fishing industry through relatively high import tariffs for fresh (15%) and processed fish (32%).

26. Manufacturing makes up 14% of GDP and 23% of merchandise exports. Besides sugar, other main manufacturing industries are fish processing, garments, chemicals, wood products, and more recently, mineral water and confectionary. To promote diversification and value addition, the Government grants tax incentives (some linked to local content) and concessionary credit to manufacturing. Despite stiff competition from low-cost countries, Fiji's garment industry has managed to grow and increase exports in the past few years, due to more flexible preferential access to its major market, Australia, and government support in the form of marketing grants. The average applied tariff on clothing is 30.6%.

27. Fiji relies heavily on imported fuels to meet its energy requirements, so reducing energy imports is one of the Government's policy objectives. Tax incentives are granted to promote development of renewable energy resources, which already account for half of power generation. The state-owned Fiji Electricity Authority (FEA) is both the regulator and major power supplier. The Government is considering options for a partial divestment of FEA and for the transfer of its regulatory functions to a multisector regulator. The Fiji Commerce Commission reviews retail tariffs proposed by FEA; subsidies are granted to small domestic consumers and schools.

28. The services sector remains the main contributor to GDP; it is a net foreign exchange earner and accounts for 51% of total exports. Fiji's commitments under the GATS cover only hotels and other tourist accommodation and restaurants. State involvement in services activities continues to be significant, especially in telecommunications and transport.

29. Fiji's telecommunications market, mainly mobile telephony and broadband services, expanded significantly during the review period. In 2008, the sector was liberalized and a new regulator established. Since then, regulatory and policy changes, including a National Broadband Plan (2011), technology upgrades, and the FCC's control over interconnection rates have made mobile telecoms more affordable and accessible to the population. Nevertheless, the state maintains a substantial presence in the market; it owns the sole provider of fixed-line services and its mobile operator holds 75% of the market, while another of its companies has significant market power in the international gateway. Hence, continuous regulatory oversight is critical to ensure competitive conditions and maximize the benefits of the sector's liberalization.

30. Road is the main inland transport mode in Fiji. Poor road conditions and lack of maintenance result in high transport costs and delays, but efforts have been undertaken to address these shortcomings including the introduction of a road levy to fund maintenance (2009) and the establishment of a new authority to manage the road network (2013).

31. Fiji is a maritime transshipment hub for the Pacific Islands region. A new maritime transport regulator was established in 2011 and legislation was passed in 2013. Under new regulations, coastal/inter-island shipping is licensed only to Fiji citizens or a company incorporated under Fijian laws in which Fiji citizens own at least 50% of the shares, and the ship must be registered in Fiji. Cabotage is prohibited, but may be permitted if no domestic equivalent service is available. The

state-owned Fiji Ports Corporation Ltd. has jurisdiction over all ports; however, in 2013 a foreign private company was granted a concession to handle cargo operations at the two main ports, previously in the hands of a state-owned stevedoring monopoly. The FCC reviews port rates.

32. The air transport sector is poised to grow driven by the expansion of tourism. Measures to modernize the aviation industry include upgrading airport infrastructure, plans to divest shares in the state enterprise that manages airports, and revamping the national carrier. Fiji has 28 air services agreements, none of which is "open skies", and it is not a party to the Pacific Islands Air Services Agreement. The state-owned Airport Fiji Ltd. owns and operates Fiji's two international airports. Air Terminal Services is the sole provider of ground-handling services at the Nadi airport.

33. Fiji has a stable financial sector, which is overseen by the Reserve Bank of Fiji (RBF). Since the last review, the RBF has strengthened the regulatory and supervisory framework for the sector to align it with international best practices. Foreign banks and insurance companies can operate in Fiji through branches or subsidiaries, and there are no limits on foreign ownership of equity shares. Licensing requirements are the same for local and foreign institutions. Offshore placement of insurance is prohibited unless approved by the RBF. No restrictions apply on contracting reinsurance abroad. The domestic capital market remains small and underdeveloped; it was placed under the supervision of the RBF in 2009.

34. Tourism is the largest single contributor to GDP and foreign exchange earnings, and a major source of jobs. The number of tourist arrivals, mostly from Australia and New Zealand, increased during the review period, boosted by more regular air services. Considered as a priority sector, tourism benefits from a range of investment incentives and tax concessions. Fiji seeks to diversify its source markets and tourism products, and cater for high-end tourism to enable continued and sustainable growth. A new development plan for the sector is currently being developed.

## 1 ECONOMIC ENVIRONMENT

### 1.1 Recent Developments

1.1. At the time of its second Trade Policy Review (TPR) in 2009, Fiji had experienced erratic and generally sluggish economic growth, averaging about 1% annually during 2003-08. A coup in December 2006 had established an interim government in January 2007. This added to political instability, with adverse economic consequences for an already weakening economy as the coup especially hit tourism and investment.<sup>1</sup> The 2008-09 global economic crisis, natural disasters and other structural impediments contributed to Fiji's problems. The appreciation of the real exchange rate of the Fijian dollar, until 2008, had also undermined Fiji's global competitiveness, which resulted in rising trade and current account deficits.<sup>2</sup>

1.2. In September 2014, Fiji returned to parliamentary democracy after successful elections (section 2.1). This has further boosted Fiji's investment and growth prospects (section 1.3), and the country is also expected to improve its access to concessional development finance from traditional development partners such as the Asian Development Bank, the World Bank, and Australia. Over the past few years, the Export-Import (EXIM) Banks of China and Malaysia have been Fiji's main source of external resources to finance mainly infrastructure projects.<sup>3</sup>

1.3. Fiji is generally classified by the World Bank as a middle-income country with a GDP per capita estimated at F\$7,429 (around US\$4,000) in 2014. The economy is relatively diversified, with services, led by tourism (a major net foreign exchange earner), as the most important sector in terms of contribution to GDP (70.9% in 2014). Manufacturing, including sugar-related industries, contributed 13.3% to GDP and almost a quarter to the total value of merchandise exports (section 1.2.1). Agriculture and related activities remains a key sector with a 10.2% share of real GDP in 2014 and almost 45% of total export earnings. The mining, quarrying and energy sectors are being developed. The Government recognizes that the cost of energy is a critical factor for Fiji's international competitiveness, and various projects are under way (e.g. hydro, wind and solar energy) to reduce Fiji's dependence on fossil fuels (section 4.3).

1.4. After contracting 1.4% in 2009 mainly due to the spillover effects of the global economic slowdown, Fiji's real GDP growth rate averaged around 3.5% annually between 2010 and 2014. In 2014, the economy grew by 5.3% (up from 4.7% in 2013) underpinned by strong private consumption and investment activity. While economic growth has been broad-based, transport and storage, financial and insurance activities, and the public administration and defence sectors were the main drivers of GDP growth in 2014.<sup>4</sup> The positive economic performance has also been the result of sound macroeconomic policies and structural reforms implemented in recent years, for example in the sugar industry (section 4.1.4). Nonetheless, the authorities acknowledge that further reforms are necessary to reduce the bottlenecks in the economy, improve the investment climate, broaden the export base, and raise Fiji's potential economic growth (section 1.3). Fiji's first Trade Policy Framework was launched in July 2015 to address some of these challenges (section 2.2).

1.5. Over the last few years, Fiji has improved its human development indicators, achieving broad coverage in the provision of basic services, with declining overall poverty levels even though progress in rural areas is lagging.<sup>5</sup> Fiji ranks 88<sup>th</sup> (out of 187 countries) on the latest UNDP Human Development Index.<sup>6</sup>

1.6. The Reserve Bank of Fiji (RBF) conducts monetary policy focusing on the objectives of safeguarding foreign reserves and keeping inflation low. It "targets" the nominal exchange rate

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<sup>1</sup> Economic growth in the past decade was also constrained by external factors such as the reduction in sugar preferential prices and the erosion of tariff margins for Fiji's textiles and clothing exports.

<sup>2</sup> WTO (2009), *Trade Policy Review of Fiji*, Geneva.

<sup>3</sup> IMF (2014), Article IV Consultation, Country Report No. 14/321. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2014/cr14321.pdf>.

<sup>4</sup> Additionally, record visitor arrivals and increased activity in tourism-related sectors, as well as improved cane and sugar industry output contributed to GDP growth in 2014.

<sup>5</sup> IMF (2014)

<sup>6</sup> UNDP online information. Viewed at: <http://hdr.undp.org/en/countries/profiles/FJI>.

and not inflation, and the primary monetary policy goal continues to be preserving the balance of payments; foreign reserves of around four months of import cover are generally sought. The annual average inflation rate in Fiji was 3.6% during 2009-14, but declined from as high as 7.3% in 2011 to 0.5% in 2014 (Table 1.1), supported by the pegged exchange rate of the Fijian dollar (F\$) under a currency board arrangement.<sup>7</sup> Inflation has also been subdued by price controls that cover 48.6% by weight of the consumer price index basket (section 3.3.2).<sup>8</sup> For 2015, the IMF expects an average inflation rate of 2.8%<sup>9</sup>, within the RBF's comfort range of around 3%.

**Table 1.1 Selected economic indicators, 2009-14**

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
<b>Real sector</b>						
GDP at market prices (US\$ million)	2,871	3,143	3,783	3,978	4,197	4,536
GDP at market prices (F\$ million)	5,614	6,025	6,768	7,120	7,727	8,553
GDP per capita (F\$)	5,531	5,663	6,732	6,793	7,078	7,429
Real GDP (% change)	-1.4	3.0	2.7	1.4	4.7	5.3
Consumer prices (average; % change)	3.7	3.7	7.3	3.4	2.9	0.5
<b>Share of GDP (%)</b>						
Agriculture	8.8	8.2	8.2	8.0	8.2	7.6
Forestry and logging	0.8	0.9	0.6	0.5	0.7	0.8
Fishing and aquaculture	2.3	2.1	2.1	2.0	1.9	1.8
Mining and quarrying	0.8	1.0	1.6	1.5	1.0	0.9
Manufacturing	14.4	14.7	14.1	13.6	13.8	13.3
Electricity, gas, water supply, sewerage	1.1	1.3	1.9	2.0	2.0	1.9
Construction	3.0	3.1	2.7	2.4	2.7	2.8
Services	68.8	68.7	68.8	70.0	69.7	70.9
<b>Money and banking (% change)</b>						
Broad money (M3)	7.1	3.5	11.5	5.9	19.0	10.4
Reserve Bank of Fiji's discount rate	3.5	3.0	1.0	1.0	1.0	1.0
Commercial bank lending rate	7.5	7.4	7.4	6.6	5.9	5.7
<b>Government finance (% of GDP)<sup>b</sup></b>						
Revenue	25.2	25.5	26.7	27.2	27.2	27.9
Expenditure	29.3	27.7	28.0	28.3	27.6	29.8
Fiscal balance	-4.1	-2.2	-1.4	-1.1	-0.5	-1.9
Total debt outstanding	55.8	56.2	52.7	51.7	49.7	47.7
<b>Savings and investment (% of GDP)</b>						
National savings	9.8	10.5	11.2	14.7	2.3	8.4
Public	1.8	3.5	6.2	6.5	7.3	6.9
Private	8.0	7.1	5.0	8.2	-5.0	1.5
Gross investment	13.2	14.4	16.6	19.5	29.0	25.0
Public	6.6	10.8	6.6	8.3	14.8	5.3
Private	6.6	3.6	10.0	11.2	14.2	19.7
Foreign savings	4.2	4.5	5.3	1.8	20.7	10.2
<b>External sector</b>						
F\$/US\$ (period average)	1.95	1.92	1.79	1.79	1.84	1.89
Real effective exchange rate (average)	94.8	91.3	95.3	97.2	98.0	96.9
Oil price (US\$ per barrel)	63.1	79.8	112.2	112.1	108.2	96.9
Current account (% of GDP)	-4.2	-4.1	-4.9	-1.1	-20.7	-9.0
Gross official reserves (US\$ million)	565	716	831	915	937	911
In months of retained imports	4.4	4.7	5.3	5.7	5.8	4.7

a Provisional.

b Central Government. On a calendar year basis; excludes interest and investment income.

Source: IMF (2014), Article IV Consultation, Country Report No. 14/321. Viewed at: <http://www.imf.org/external/pubs/ft/scr/2014/cr14321.pdf>; and information provided by the Fijian authorities.

1.7. According to the IMF, although the RBF has been successful in managing the currency board arrangement and the real exchange rate appears to be generally in line with economic

<sup>7</sup> Since April 1975, the exchange rate of the F\$ has been linked to a basket of the currencies of Fiji's five major trading partners, the Australian, New Zealand and US dollars; the pound sterling (replaced by the euro in 1999); and the Japanese yen. The weights used in the basket, based mainly on the value of trade and tourist transactions, are reviewed annually. The exchange rate of the F\$ against the US\$ is determined daily by the RBF in relation to the currency basket. IMF (2014).

<sup>8</sup> Fiji Commerce Commission adjusts the prices in response to international price developments (often with a few months' lag). IMF (2014)

<sup>9</sup> IMF (2015), *Economic Outlook*, October 2015, Washington DC.

fundamentals, more exchange rate flexibility might be desirable in the medium term given Fiji's reliance on trade and tourism that make it susceptible to external shocks. As such, the authorities see merit in allowing greater exchange rate flexibility to prevent overvaluation and the disruptive large devaluations of the past.

1.8. Exchange and capital controls were tightened significantly in 2009 following the 20% devaluation of the Fijian dollar.<sup>10</sup> Since then, some of the exchange restrictions have been eliminated. According to the IMF, exchange restrictions weaken the business climate and dampen foreign investment. Remaining restrictions arise from the Fiji Revenue and Customs Authority (FRCA) tax certification requirements on the transfer abroad of profits and dividends, on the proceeds of airline ticket sales, and on the making of external debt and maintenance payments and from limits on large payments, such as oil imports and dividends repatriation of foreign banks. The Fijian authorities are working with the IMF to bring these measures in line with requirements under the Fund's Article VIII.<sup>11</sup>

1.9. Despite being affected by the global economic crisis, floods and other recent natural disasters, Fiji's international reserves increased from 4.4 months of imports in 2009 to 5.8 months of imports in 2013 (Table 1.1). In 2014, reserves declined to 4.7 months of imports owing to strong import growth, but as at June 2015 they had increased to 5 months of imports. Strong remittances and tourism receipts have provided offsetting inflows.<sup>12</sup>

1.10. According to the IMF, the current account deficit, as a percentage of GDP, was 9% in 2014; it went from as low as 1.1% in 2012 to 20.7% in 2013 partly due to the purchase of aircrafts by Fiji Airways.<sup>13</sup> For 2015, the IMF estimates the current account deficit at 6.3% of GDP.<sup>14</sup> The current account deficit reflects Fiji's surplus of gross investment over national savings (Table 1.1). Traditionally, Fiji has had a persistent merchandise trade deficit which increased from US\$629 million in 2009 to US\$1,437 million in 2014 (Table 1.2), in line with movements of the real effective exchange rate during the period.

**Table 1.2 Balance of payments, 2009-14**

(US\$ million)

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
<b>Trade balance<sup>b</sup></b>	-629	-674	-852	-819	-1,358	-1,437
Exports (f.o.b.)	616	884	1,063	1,158	1,021	1,221
Sugar <sup>c</sup>	96	37	63	87	77	107
Re-exports	172	283	504	639	580	635
Other exports	348	564	496	432	364	480
Imports (f.o.b.)	1,245	1,558	1,915	1,976	2,380	2,658
Retained imports (excluding fuels)	898	950	1,032	936	1,581	1,285
Purchase of aircrafts	0	3	40	8	443	77
Mineral fuels for domestic consumption	243	363	343	349	344	423
Imports for re-export	104	245	539	691	455	950
<b>Services and income (net)</b>	330	446	515	505	529	475
Non-factor services (net)	342	543	629	647	609	636
Tourism credit	435	623	719	726	716	745
Factor income (net)	-190	-247	-258	-354	-286	-424
<b>Transfers (net)</b>	179	149	144	212	206	263
Workers' remittances	123	95	88	123	146	171
<b>Current account<sup>b</sup></b>	-120	-79	-194	-102	-624	-700
<b>Capital account (net)</b>	2	3	6	4	5	5

<sup>10</sup> On 15 April 2009, the F\$ was devalued by 20% against the basket of Fiji's five major trading partners.

<sup>11</sup> IMF (2014).

<sup>12</sup> Remittances have increased recently due to demand from the UN for Fiji peacekeepers.

<sup>13</sup> According to the RBF, Fiji's current account deficit, as a percentage of GDP, was 1.3% in 2012, 9.8% in 2013, and 7.2% in 2014; 8.4% is estimated for 2015.

<sup>14</sup> IMF (2015).

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
<b>Financial account (net)</b>	452	290	473	335	416	249
FDI (net)	139	344	403	374	268	246
Portfolio investment (net)	-1	-1	101	-34	-23	-31
Other investment (net) <sup>b</sup>	314	-53	-30	-5	171	34
Net loans to the Government	2	23	57	66	46	82
<b>Errors and omissions</b>	-137	-20	-169	-202	255	650
<b>Overall balance</b>	198	194	116	35	-51	-381

a Provisional.

b Includes purchase of aircraft by Fiji Airways.

c Including EU sugar transfer payments and re-exports of sugar purchased abroad to comply with the EU quota.

Source: Information provided by the Fijian authorities.

1.11. Fiji's overall fiscal deficit, as a percentage of GDP, fell from 4.1% in 2009 to 0.5% in 2013 largely due to strong tax revenue collections and despite an increase in infrastructure, health and education spending. In 2014, however, the deficit jumped to 1.9% of GDP due to an expansionary budget and the fact that privatization receipts were lower than expected.<sup>15</sup> The total debt outstanding decreased from 55.8% of GDP in 2009 to 47.7% in 2014 (Table 1.1).

1.12. During the next few years, Fiji aims to gradually proceed with fiscal consolidation while remaining supportive of public investment spending to address severe infrastructure backlogs. The IMF has pointed out that Fiji's medium-term fiscal sustainability could be further strengthened, *inter alia*, by broadening the tax base, and significantly curtailing income-tax holidays and tax incentives that have narrowed the direct tax base and added complexity to the tax system.<sup>16</sup>

## 1.2 Trade Performance and Investment

### 1.2.1 Trade in goods and services

1.13. Fiji's economy is highly dependent on international trade: the ratio of merchandise trade (exports and imports) to GDP averaged 123.5% during 2011-13. In 2013, Fiji ranked 125<sup>th</sup> among world merchandise exporters and 120<sup>th</sup> among importers (considering EU member States as one and excluding intra-EU trade).<sup>17</sup> Fiji's total merchandise exports (including re-exports) and imports more than doubled during the 2009-14 period as compared to the 1990s.

1.14. Fiji's re-exports jumped from US\$170.5 million in 2009 to US\$722 million in 2014 (Table A1.2) largely due to higher re-exports of petroleum products, and the inclusion of fish following reclassification into the same category. In 2009, 74% of re-exports consisted of petroleum products other than crude oil, while in 2014 this share dropped to 48% because of an increase in re-exports of fish and other commodities during the period. Re-exports represented 52.6% of Fiji's total merchandise exports in 2014 (27.1% in 2009).

1.15. Fiji's total merchandise exports (including re-exports) have become less concentrated in food and other primary products, which represented 72.3% of total exports in 2014, down from 75.5% in 2009 (Chart 1.1 and Table A1.1). Agricultural products, predominantly fish and sugar, decreased their export share from 54.6% to 44.8% over 2009-14. Fuel re-exports to visiting ships, aircraft, and other South Pacific islands accounted for 25% of merchandise exports in 2014 (against 20.1% in 2009), while the share of manufacturing also increased from 20.6% to 23.2% during the review period.

1.16. Exports (including re-exports) have become more diversified geographically since 2009. The share of the current three major markets, Australia, the EU (especially the United Kingdom), and the United States decreased from 43% of total merchandise exports in 2009 to 32.5% in 2014

<sup>15</sup> Delays to planned partial privatizations meant that the one-off revenue boost from asset sales largely failed to materialize, although spending plans were trimmed to help offset the fiscal impact. The Economist Intelligence Unit, *Country Report: Fiji*, 10 April 2015, London.

<sup>16</sup> IMF (2014).

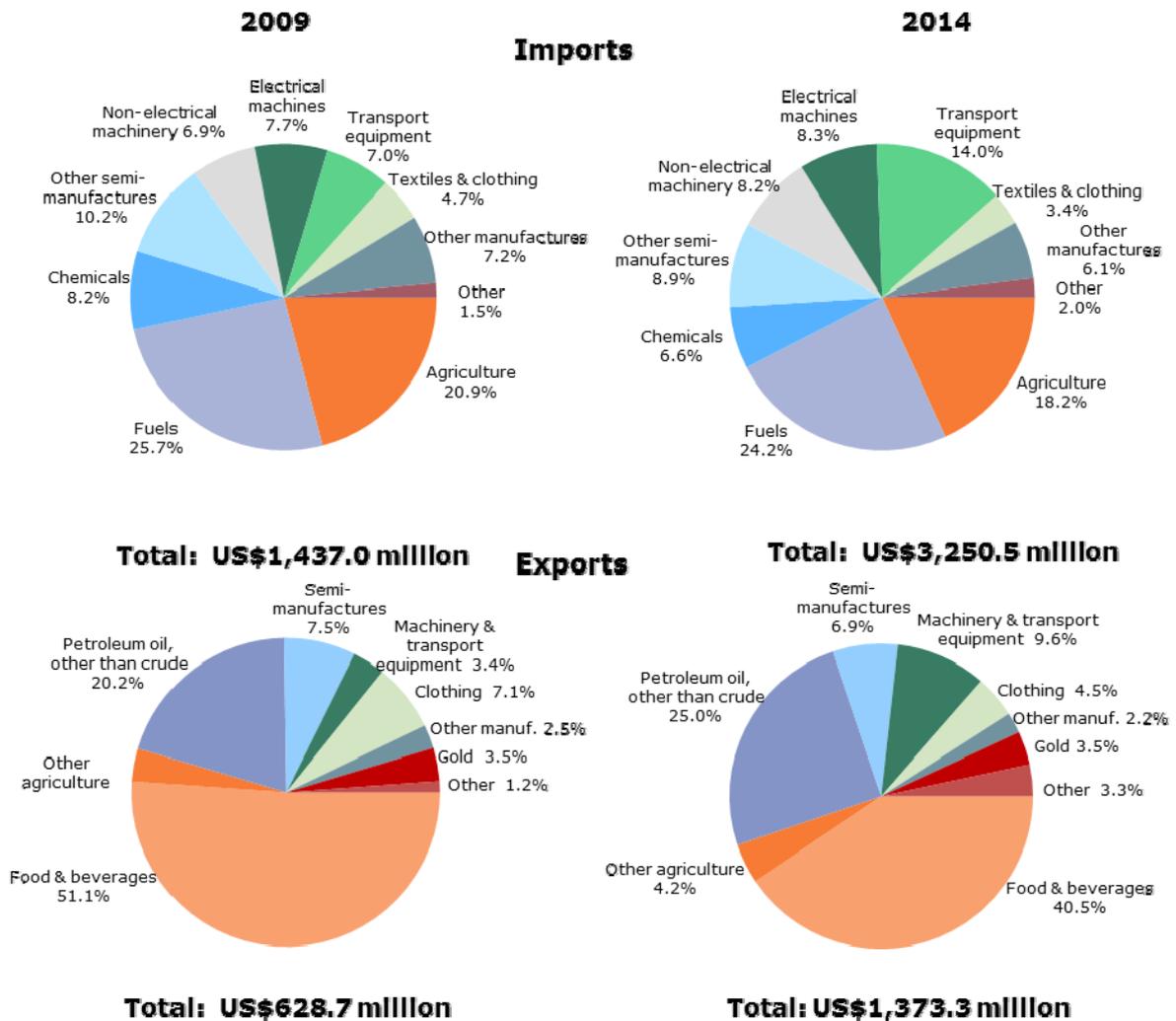
<sup>17</sup> WTO Statistics database, "Trade Profiles: Fiji". Viewed at: <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=FJ>.

(Chart 1.2 and Table A1.4). The United States displaced Singapore as Fiji's major export destination, representing 12.4% of exports (11.1% in 2009). Fiji's share of exports to South Pacific island economies increased from 17.4% in 2009 to 28.6% in 2014, due mainly to re-exports of petroleum products.

1.17. Manufactures continue to dominate Fiji's total merchandise imports, with machinery and transport equipment accounting for 30.5% of total merchandise imports in 2014 (up from 21.6% in 2009), followed by other semi-manufactures (Chart 1.1). The share of agricultural imports, led by fish products, averaged some 20% of total merchandise imports during 2009-14, while that of mineral fuels averaged 27.5% over the same period (Table A1.7).

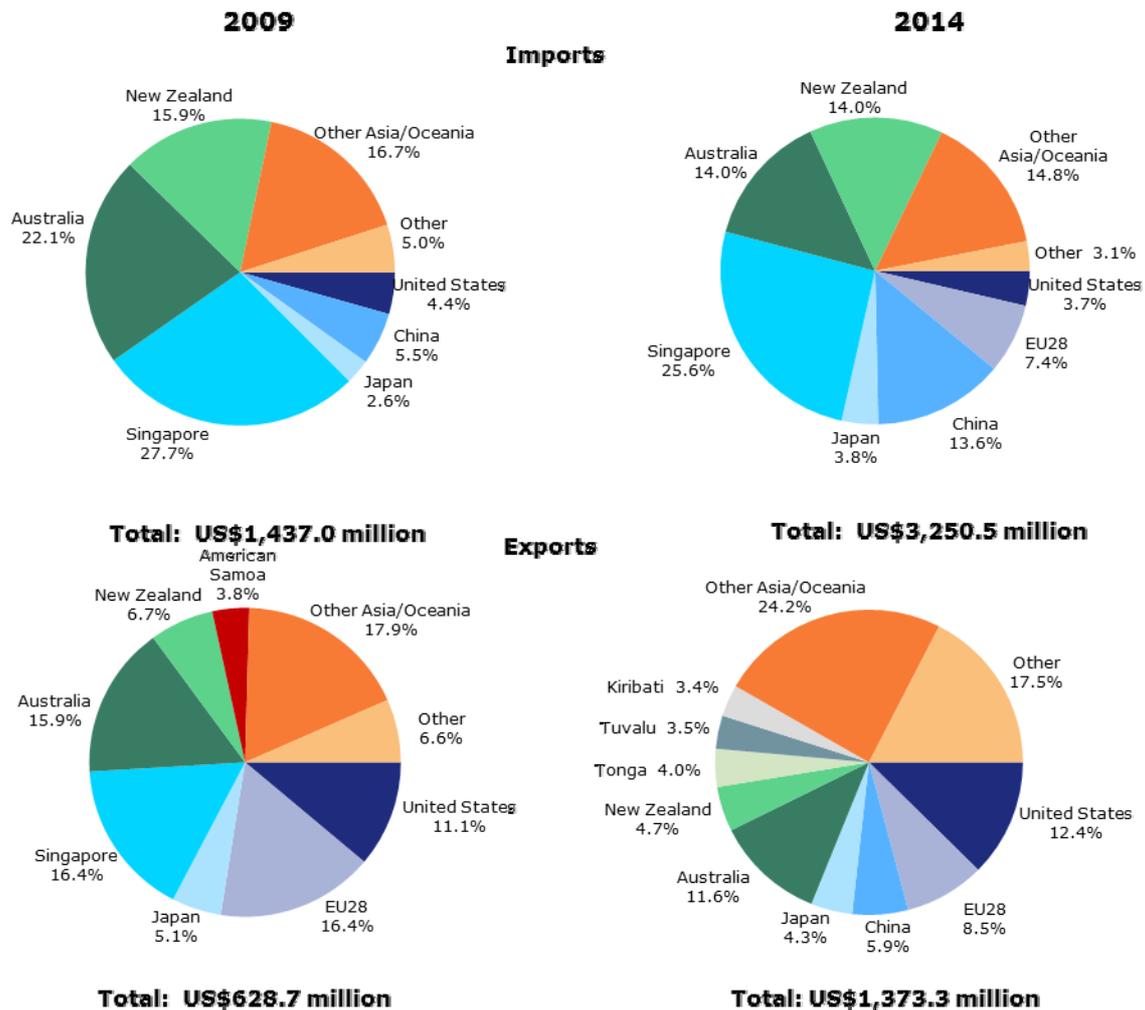
1.18. Fiji's merchandise imports continue to be sourced almost entirely from Asia and Pacific economies even though their share went down from 90.6% in 2009 to 85.9% in 2014. The United States' participation fell from 4.4% in 2009 to 3.7% in 2014. Singapore remains the main source of Fiji's merchandise imports, accounting for 25.6% in 2014 (27.7% in 2009), followed by Australia and New Zealand with 14% each (Chart 1.2 and Table A1.8).

**Chart 1.1 Composition of merchandise trade, 2009 and 2014**



Source: UNSD Comtrade database (SITC Rev.3).

Chart 1.2 Direction of merchandise trade, 2009 and 2014



Note: "Other" under re-exports includes "Bunkers", which are ship stores and aircraft supplies consisting mostly of fuels and food.

Source: UNSD Comtrade database (SITC Rev.3).

1.19. In services trade, Fiji ranked 96<sup>th</sup> as exporter and 124<sup>th</sup> as importer in the world (considering EU member States as one and excluding intra-EU trade).<sup>18</sup> Balance of payments data indicate that Fiji is a net exporter of services with a surplus that increased from US\$330 million in 2009 to US\$475 million in 2014. Despite some disruptions due mainly to floods, tourism receipts have increased regularly during the period reaching US\$745 million in 2014 (18% of GDP).

### 1.2.2 Foreign direct investment

1.20. FDI remains an important factor in Fiji's development as it improves labour and total factor productivity by increasing the amount of capital labour has to work with and by providing a vehicle for disseminating new technology and working methods. The success of Fiji in attracting significant FDI inflows, however, has been hampered in recent years by investor uncertainty over political and economic stability, and exchange rate restrictions (section 1.1). Moreover, there are certain economic activities which remain either reserved wholly for Fijian citizens and 100% Fijian-owned entities or restricted subject to specified conditions (section 2.3.3). In addition, external sources

<sup>18</sup> WTO Statistics database, "Trade Profiles: Fiji". Viewed at: <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=FJ>.

indicate that there remains considerable scope for Fiji to improve its business climate.<sup>19</sup>

1.21. Fiji's FDI inflows have been low by international standards averaging some US\$336 million per year during 2010-14 (Table 1.3), about the same as in 2005-07 (US\$340 million). Fiji has no statistics on actual FDI inflows by country or sector but work is under way to improve the information database. The only inward FDI figures are registered levels, which are usually a poor indicator of actual levels. FDI registrations increased from F\$117 million in 2010 to F\$261 million in 2014, and employment proposals, expected to be created through the approved projects, went from 2,706 to 4,041 during the same period.

**Table 1.3 FDI, 2010-14**

(US\$ million)

	2010	2011	2012	2013	2014
FDI inflows	350	403	376	272	279
FDI inward stock	2,692	3,104	3,541	3,612	3,713
FDI inward stock (% of GDP)	83.5	82.7	92.0	89.5	88.2
FDI outflows	6	1	2	4	1
FDI outward stock	47	48	51	52	51
FDI outward stock (% of GDP)	1.3	1.3	1.3	1.3	1.2

Source: UNCTAD (2015), *World Investment Report 2015*, Geneva.

### 1.3 Outlook

1.22. The IMF estimates Fiji's real GDP growth at 4.3% for 2015 and 3.7% for 2016.<sup>20</sup> These rates are slightly above Fiji's estimated potential economic growth rate of 2.5%.<sup>21</sup> Fiji's Macroeconomic Committee forecast economic growth rates of 3.3% for 2015, 3.2% for 2016 and 3% for 2017.<sup>22</sup> Although Fiji's economy is relatively diversified and has a more varied production structure than most Pacific island economies, it remains dependent on tourism and sugar, which account for 5.7% and 2% of GDP, respectively.<sup>23</sup>

1.23. Fiji's GDP growth prospects are also constrained by high transportation costs, the small size of its economy, and the frequency of natural disasters. Therefore, accelerating the structural reforms seems necessary to support increased investment, raise the productive capacity of the economy, improve the business environment to foster Fiji's competitiveness, strengthen its resilience to shocks, and raise Fiji's potential GDP growth rate. The Fijian Trade Policy Framework (FTPF) 2015-2025 provides the overall policy guide to the Government in order to enhance trade, investment and the business environment (section 2.2).

1.24. The authorities have stated their commitment to continuing to drive the reform process particularly in the following areas: (i) land reform in order to increase the efficiency in utilization of land and provide a predictable and stable supply of land for long-term investment; (ii) a new Energy Policy for 2014-2020 that aims to address Fiji's increasing energy needs through reliable energy supply while ensuring that the sector remains resource efficient, cost effective and environmentally sustainable (section 4.3); (iii) the Sugar Cane Industry Action Plan 2013-22 which aims to raise sugar output and exports, prepare the industry for the withdrawal of EU preferential prices in 2017, and sustain the industry over the next ten years (section 4.1.4); (iv) better market access for textiles, clothing and footwear, manufactured food and non-food items, and bottled water; and (v) improvement of the investment approval process (section 2.3.3).

<sup>19</sup> Fiji ranks 81<sup>st</sup> (out of 183 economies) in the World Bank's Ease of Doing Business 2015 Index (compared with 39<sup>th</sup> out of 181 economies in 2009). World Bank Group online information. Viewed at: [www.doingbusiness.org/data/exploreeconomies/fiji/](http://www.doingbusiness.org/data/exploreeconomies/fiji/).

<sup>20</sup> IMF (2015).

<sup>21</sup> IMF (2014).

<sup>22</sup> Ministry of Finance (2014), *Economic and Fiscal Update: Supplement to the 2015 Budget Address*, Suva.

<sup>23</sup> These 2015 figures, obtained from the Fijian authorities, represent the contribution to GDP of accommodation and food services, and of sugarcane and sugar production, respectively.

## 2 TRADE AND INVESTMENT REGIME

### 2.1 General Institutional and Legal Framework

2.1. Fiji is a parliamentary representative democratic republic, with the powers of the State divided among the executive, legislative and judicial branches. The President is the head of State and the Prime Minister is the head of Government. The executive power is exercised by the Government, composed of a cabinet presided over by the Prime Minister. The Constitution vests sole legislative authority in a single chamber with 50 seats. Parliamentarians are elected for a four-year period using an open-list system of proportional representation. The judiciary is independent of the executive and the legislature, with judicial power vested in the following courts: Supreme Court, Court of Appeal, High Court, Magistrates Court, and such other courts or tribunals as created by law.

2.2. Important political and constitutional developments have occurred since Fiji's Review in 2009.<sup>1</sup> Fiji's new Constitution was promulgated in September 2013.<sup>2</sup> It is the first to eliminate race-based electoral rolls, race-based seat quotas, district-based representation, the unelected upper chamber, and the role of the hereditary Council of Chiefs. It is also the first Constitution ever to grant the right to multiple citizenship (in effect since 2009 by decree, on abrogation of the 1997 Constitution), and lowered the voting age to 18.

2.3. On 17 September 2014, Fiji had general elections ending nearly eight years of interim government since the coup in 2006. With return to democracy, relations with traditional development partners and access to concessional finance have improved, which in turn have boosted Fiji's investment and economic growth prospects (section 1.1).

2.4. Some ministerial and departmental reshuffles have occurred since Fiji's last Review, notably the sugar industry is now the responsibility of the Prime Minister's Office (section 4.1.4).<sup>3</sup>

### 2.2 Trade Policy Formulation and Objectives

2.5. Formulating and implementing Fiji's external trade policy lies with the Ministry for Industry, Trade, and Tourism (MITT).<sup>4</sup> It is also responsible for investment policies through Investment Fiji (section 2.3.3); internal trade and commerce; small business development; consumer protection and fair-trading; and for all trade negotiations. MITT consults with trade-related agencies such as the Reserve Bank of Fiji (RBF, the central bank), and other ministries including the Ministry of Foreign Affairs; the Ministry of Agriculture, Rural and Maritime Development and National Disaster Management; the Ministry of Fisheries and Forests; the Ministry of Infrastructure and Transport; the Ministry of Lands and Mineral Resources; the Ministry of Employment, Productivity and Industrial Relations; and the Ministry of Finance. Consultations are carried out mainly through semi-regular meetings of the Cabinet-mandated inter-ministerial Trade and Development Committee (TDC).<sup>5</sup>

2.6. The private sector and civil society continue to interact formally and informally with the Government. In July 2015, the MITT launched the Fijian Trade Policy Framework (FTPF) 2015-2025 which sets out a structure for such interaction and for the implementation of its policy recommendations and other trade-related issues. The National Economic Development Council (NEDC) is the main formal consultative mechanism and has representatives from the Fiji Chamber of Commerce and Industry, Fiji Indigenous Business Council, Fiji Manufacturers Association, and

<sup>1</sup> See WTO (2009).

<sup>2</sup> Fiji's first constitution, implemented in 1970 at the time of independence from the United Kingdom, contained negotiated provisions to enshrine the political supremacy of the minority indigenous population. When an Indo-Fijian dominated government was elected despite these safeguards in 1987, Fiji's first two back-to-back military coups took place, resulting in even tighter measures in the 1990 Constitution. Widespread Indo-Fijian dissent, coupled with a population shift back to an indigenous majority, prompted a more inclusive approach in the 1997 Constitution.

<sup>3</sup> At the time of the previous TPR of Fiji, responsibility for sugar was transferred from the Ministry of Finance and National Planning to the Ministry of Agriculture, Fisheries and Forestry. A major sugar reform programme was also initiated under the oversight of a Parliamentary Select Committee.

<sup>4</sup> The MITT was previously the Ministry for Industry, Tourism, Trade, and Communication (MITTC).

<sup>5</sup> There is a "focused" TDC which comprises government representatives, while an "extended" TDC includes private-sector stakeholders.

numerous trade union and NGO representatives.<sup>6</sup> No independent body publicly evaluates or advises the Government on trade policies or sectoral assistance. There are no government-funded independent economic research institutes.

2.7. The FTPF 2015-2025<sup>7</sup> aims to help achieve the Government's vision of a "Better Fiji for All" through the following policy objectives<sup>8</sup>:

- transforming Fiji into a vibrant, diversified and internationally competitive export-led growth-oriented economy, by increasing the contribution to GDP of manufacturing, services and other priority sectors;
- facilitating the engagement of Fiji in bilateral, regional and multilateral trade arrangements with a view to expanding and securing meaningful market access for Fijian goods and services;
- attracting domestic and foreign investment into export-oriented areas in which Fiji has comparative advantage to boost total factor productivity and induce innovation and technology transfer into its economy;
- stimulating and encouraging value-addition activities through R&D with a view to increasing export earnings, and improving Fiji's external current account position and job creation;
- assisting domestic firms to help them improve their efficiency and competitiveness in international markets;
- facilitating the development of micro, small and medium-sized enterprises (MSMEs) as a backbone of the Fijian economy;
- improving trade-related infrastructure and reducing the cost of doing business to position Fiji as a strategic location for global value chains and a hub of the Pacific; and
- promoting human capital development in all the priority sectors, as well as mainstreaming of gender, environmental protection and other related policies.

2.8. The FTPF envisages the following market access policy targets: securing at least one new or alternative market for sugar by the end of 2016; increasing the number of Fijian goods eligible under the United States GSP; negotiating a long-term preferential market access scheme with the United States by 2025; concluding negotiations for a comprehensive Economic Partnership Agreement (EPA) with the EU; concluding negotiations for a Pacific Agreement on Closer Economic Relations (PACER) Plus; implementing the fully-fledged Melanesian Spearhead Group (MSG) Trade Agreement and Pacific Island Countries Trade Agreement (PICTA); and concluding preferential market access scheme negotiations with China. Regarding value addition, Fiji aims to increase the contribution of both the primary sector (including agriculture, forestry and fisheries) and manufacturing to GDP from about 14% (each) at present to 20% by 2020. As regards trade facilitation, the key targets are: ratifying the Trade Facilitation Agreement by the end of 2015; implementing the "Single Window" clearance system by 2016; and reducing the maximum time taken to clear sea cargo from 5 days to 3 days by 2020.<sup>9</sup>

<sup>6</sup> The NEDC, formed under the finance ministry in 2005, meets quarterly and includes other public- and private-sector representatives such as NGOs. The NEDC has five sub-committees (Trade and Investment Facilitation, Agriculture, Services, Manufacturing, and Sustainable Development) and nine working groups, including on macroeconomic management and state institutions; structural reforms; rural development; poverty and social justice; infrastructure; and natural resources.

<sup>7</sup> The need for the first FTPF became clearer during Fiji's TPR in 2009, with the WTO Secretariat Report as an important reference document for its drafting. OECD (2011), *Aid-For-Trade Case Study: Fiji*. OECD online information. Viewed at: [www.oecd.org/aidfortrade/48338234.pdf](http://www.oecd.org/aidfortrade/48338234.pdf).

<sup>8</sup> In 2020, the FTPF will have a mid-term review to monitor progress and make possible adjustments to ensure that its objectives are met. MITT (2015), *Fijian Trade Policy Framework (2015-2025): A vibrant, dynamic and internationally competitive economy serving as the hub of the Pacific*, Suva.

<sup>9</sup> MITT (2015).

2.9. The National Export Strategy (NES) is being implemented to achieve sustainable growth by encouraging exports, competitiveness, value adding, and export diversification in six priority areas: agro-business; forestry; marine products; mineral water; information and communication technologies (ICT); and audiovisual services. The NES is administered and implemented by the MITT, which also assists MSMEs within the prioritized sectors on a cost-sharing basis with an emphasis on addressing supply-side constraints (e.g. product development, packaging, infrastructure, marketing and training).<sup>10</sup>

2.10. Since 2009, some new trade-related laws have been enacted in areas such as competition, government procurement, foreign investment, SPS measures, standards, agriculture, audiovisual services, and shipping. Fiji's legislation is published in the Government Gazette, and many ministries and departments have websites to disseminate information.

**Table 2.1 Main trade-related legislation**

Area	Legislation
<b>Agriculture</b>	Agricultural Marketing Authority Act 2004
	Banana Export and Marketing Act (Cap. 155)
	Coconut Industry Development Decree, 2010
	Co-operative Dairy Companies Act (Cap. 119)
	Copra Industry Loans Act (Cap. 153)
	Dairies Act (Cap. 118)
	Fiji Sugar Corporation (Repeal) Act 2005
	Fruit Export and Marketing Act (Cap. 154)
	Ginger Council of Fiji Act 1996
	Meat Industry Act (Cap. 237)
	Sugar Industry Act (Cap. 206)
<b>Audiovisual</b>	Film Fiji Act 2002
<b>Air transport</b>	Civil Aviation Act (Cap. 174)
	Civil Aviation Authority of Fiji Act (Cap. 174)
	Civil Aviation Reform Act 1999
<b>Quarantine and SPS</b>	Biosecurity Promulgation 2008
	Quarantine Act (Cap. 112)
<b>Financial services</b>	Food Safety Act 2003
	Banking Act 1995
	Bankruptcy Act (Cap. 48)
	Broadcasting Commission Act (Cap. 105)
	Insurance Act 1998
	Insurance Law Reform Act 1996
	Capital Markets Decree 2009
	Reserve Bank of Fiji Act (Cap. 210)
	Consumer Credit Act 1999
	Exchange Control Act (Cap. 211)
	Fiji Development Bank Act (Cap. 214)
	Marine Insurance Act (Cap. 218)
	Companies Act (Cap. 247)
<b>Commerce</b>	Business Licensing Act (Cap. 204)
	Commerce Commission Decree, 2010
	iTaukei Development Fund Act (Cap. 121)
	Public Enterprise Act 1996
	Public Private Partnerships Act 2006
	Small and Micro Enterprise Development Decree 2002
	Dumping and Countervailing Duties Act 1998
<b>Customs</b>	Excise Act 1986
	Fiji Islands Revenue and Customs Authority Act 1998
	Commerce Commission Decree 2010
<b>Competition</b>	Electricity Act (Cap. 180)
<b>Energy</b>	Ozone Depleting Substances Act 1998
<b>Environment</b>	Endangered and Protected Species Act 2002
	Fisheries Act (Cap. 158)
<b>Fisheries</b>	Marine Spaces Act (Cap. 158)
	Marine Spaces (Foreign Fishing Vessels) Regulation
	Forest Decree 1992
<b>Forestry</b>	Procurement Regulations 2010
<b>Government procurement</b>	Foreign Investment Act 1999
<b>Investment</b>	

<sup>10</sup> Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

Area	Legislation
	Foreign Investment (Amendment) Act 2004
	Foreign Investment (Amendment) Regulation 2013
<b>Intellectual property</b>	Copyright Act 1999
	Merchandise Marks Act (Cap. 241)
	Patents Act (Cap. 239)
	United Kingdom Designs (Protection) Act (Cap. 242)
	Trade Marks Act (Cap. 240)
<b>Land</b>	Land Development Act (Cap. 142)
	Land Sales Act (Cap. 137)
	Land Transfer Act (Cap. 131)
	iTaukei Lands Act (Cap. 133)
	iTaukei Lands Amendment Act 2002
<b>Mining</b>	Fiji National Petroleum Company Limited Decree 1991
	Mining Act (Cap. 146)
	Petroleum (Exploration and Exploitation) Act (Cap. 148)
	Petroleum (Exploration and Exploitation) (Amendment) Act 1995
<b>Maritime transport Standards</b>	Maritime Transport Decree 2013
	Dangerous Drugs Act (Cap. 114)
	Food Safety Act 2003
	Pesticides Act (Cap. 157)
	Medicinal Products Decree 2011
	National and Trade Measurement Decree 1989
	Trade Standards and Quality Control Decree 1992
<b>Taxation</b>	Income Tax Act (Cap. 201)
	Value Added Tax Decree 1991
	Capital Gains Tax Decree 2011
	Services Turnover Tax Decree 2012
	Tax Administration Decree 2009
<b>Tourism</b>	Tourism Fiji Act 2004
	Income Tax Act (Hotel Incentives Amendment) Promulgation 2007
	Hotel Aids Act
<b>Road transport</b>	Land Transport Act 1998

Source: Information provided by the Fijian authorities.

## 2.3 Trade Agreements and Arrangements

### 2.3.1 WTO

2.11. Fiji is an original Member of the WTO, and grants at least MFN treatment to all its trading partners. It is neither a party to the Information Technology Agreement (ITA) nor to the plurilateral Agreements on Government Procurement (GPA) and Trade in Civil Aircraft. To further foster its participation in the WTO, Fiji opened a Permanent Mission in Geneva on 2 June 2014.

2.12. Fiji fully supports the multilateral trading system and endorses the ongoing Doha Development Agenda where its main interests include: further liberalizing trade in agricultural products by substantially reducing domestic support by developed countries, eliminating export subsidies by developed countries, and reducing tariffs and non-tariff barriers (NTBs) on products of export interest to Fiji; reducing or eliminating tariffs and NTBs on industrial products, particularly of export interest for developing countries; reaching a satisfactory agreement on GATS mode four (labour mobility); clarifying and improving rules on contingency trade measures, RTAs and the DSU; ratifying the Trade Facilitation Agreement; strengthening all special and differential treatment provisions by making them precise, effective and operational; and further protection of IPRs.<sup>11</sup> In the WTO negotiations, Fiji is part of the Small, Vulnerable Economies (SVEs) group and is one of the so-called "W52" sponsors.<sup>12</sup>

<sup>11</sup> MITT (2015).

<sup>12</sup> Fiji sponsors a proposal for "modalities" in negotiations on geographical indications (establishing a multilateral register for wines and spirits, and extending the higher level of protection beyond wines and spirits) and "disclosure" (requiring patent applicants to disclose the origin of genetic resources and traditional knowledge used in the inventions).

2.13. Fiji has not been involved in any formal disputes, but has been a third party in three cases: (i) EC – Export subsidies on sugar (Australia as complainant)<sup>13</sup>; (ii) EC – Export subsidies on sugar (Brazil as complainant)<sup>14</sup>; and (iii) EC – Export subsidies on sugar (Thailand as complainant).<sup>15</sup>

2.14. During the review period, Fiji made few WTO notifications (Table 2.2). To the detriment of transparency, at the end of 2014 (15 February 2015 for notifications on agriculture) it had 54 outstanding notifications (compared with 70 in 2009).<sup>16</sup> Fiji has regularly submitted tariff data to the WTO Integrated Data Base (IDB).

**Table 2.2 Fiji's notifications, 2009-15**

Agreement	Requirement	Periodicity	WTO documents
<b>GATT 1994</b>			
Article XXIV:7(a)	FTA	Ad hoc	WT/REG302/N/1, 19.10.11 WT/REG302/N/1/Add.1, 19.09.14
<b>Agreement on Agriculture</b>			
Articles 10 and 18.2	Export subsidies (ES:1)	Annual	G/AG/N/FJI/7, 28.10.10 G/AG/N/FJI/9, 06.12.11 G/AG/N/FJI/10, 09.01.12
Articles 18.2 and 18.3	Domestic support (DS:1)	Annual	G/AG/N/FJI/8, 28.07.11 G/AG/N/FJI/11, 09.02.12
<b>Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping)</b>			
Article 16.4	Anti-dumping actions taken over the past six months	Semi-annual	G/ADP/N/158/Add.1/Rev.5, 01.08.12
<b>Agreement on Sanitary and Phytosanitary Measures</b>			
Article 7, Annex B	SPS regulations	Ad hoc	G/SPS/N/FJI/4, 15.07.09

Source: WTO Secretariat.

### 2.3.2 Regional Trade Agreements

2.15. Fiji views regional integration as a key stepping stone towards fuller participation in the increasingly liberalized global economy. As an island country with a small market, Fiji considers that its RTAs will help increase market access and investment inflows in support of its economic diversification efforts.

2.16. Fiji has four RTAs in force: (i) Interim Economic Partnership Agreement (IEPA) EU–Papua New Guinea/Fiji; (ii) Melanesian Spearhead Group (MSG); (iii) Pacific Island Countries Trade Agreement (PICTA); and (iv) South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). Some of the main features of these RTAs are summarized in Table 2.3.

2.17. The IEPA is the only agreement that entered into provisional application on 28 July 2014 for Fiji. It provides duty-free and quota-free market access to all products from Fiji except for sugar and rice, which are subject to longer transitional periods. It also provides for improved rules of origin, especially in fisheries, allowing investors based in Fiji to use fish caught using any boats (global sourcing) and export it to the EU, provided the fish is landed and processed (canned) in Fiji. A comprehensive Economic Partnership Agreement to deepen Fiji's trade relationship with the EU over time is also under negotiation.

2.18. Fiji has fully liberalized its trade with MSG partners. Under Fiji's leadership, trade became the priority for MSG that led to the removal of duties by Papua New Guinea and Vanuatu in 2012. The Solomon Islands is expected to fully liberalize its trade by 2017.<sup>17</sup>

<sup>13</sup> WTO document series WT/DS265.

<sup>14</sup> WTO document series WT/DS266.

<sup>15</sup> WTO document series WT/DS283.

<sup>16</sup> WTO documents G/L/223/Rev. 17, 15 March 2010; and G/L/223/Rev. 22, 16 March 2015.

<sup>17</sup> MITT (2015).

Table 2.3 Fiji's RTAs in force

<b>EU–Papua New Guinea/Fiji</b>	
Title	Interim Economic Partnership Agreement EU – Papua New Guinea / Fiji
Parties	EU, Papua New Guinea, and Fiji
Date of signature/entry into force	EU and Papua New Guinea signed on 30 July 2009, Fiji on 11 December 2009 / Provisional application started 20 December 2009 for EU and Papua New Guinea, and on 28 July 2014 for Fiji
End of transition period	2023
Services	Not included
Selected features	Customs and trade facilitation; TBT; SPS; dispute settlement; and institutional provisions. In 2017, the EU preferential purchase agreement on sugar from Fiji will expire.
WTO consideration status	Factual presentation not distributed
WTO document series	WT/REG302
<b>Fiji–Papua New Guinea–Solomon Islands–Vanuatu</b>	
Title	Melanesian Spearhead Group (MSG)
Parties	Fiji; Papua New Guinea; Solomon Islands; Vanuatu
Date of signature/entry into force	22 July 1993/1 January 1994
End of transition period	1994
Services	While the MSG excludes services it was agreed in 2005 to consider a multilateral air services agreement.
Selected features	Accession; anti-dumping and countervailing measures; competition; customs-related procedures; rules of origin; safeguard measures; subsidies and state aid; dispute settlement; general exceptions; and institutional provisions
WTO consideration status	Factual presentation not distributed
WTO documents	WT/COMTD/N/9, 3 August 1999 and WT/COMTD/21, 7 October 1999
<b>Cook Islands–Fiji–Kiribati–Micronesia–Nauru–Niue–Papua New Guinea–Samoa–Solomon Islands–Tonga–Tuvalu–Vanuatu</b>	
Title	Pacific Island Countries Trade Agreement (PICTA)
Parties	Cook Islands, Fiji, Kiribati, Micronesia, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu
Date of signature/entry into force	18 August 2001 / 13 April 2003 (although dates of signature and of entry into force are specific to each PICTA member)
End of transition period	2021
Services	Not included. However, it is expected that the coverage of PICTA will expand to include trade in services, movement of capital and labour
Selected features	Covers trade in goods except trade in alcohol and tobacco products. Government procurement is also excluded. The Agreement also provides a list of exceptions to ensure that the Forum Island Countries (FICs) can continue to restrict trade for the usual range of reasons generally allowed in international trade agreements. This includes the prohibition of dangerous goods (e.g. explosives or restriction of trade necessary to protect human or animal health)
WTO consideration status	Factual presentation not distributed
WTO document series	WT/COMTD/N/29, 17 September 2008 and WT/COMTD/21, 7 October 1999
<b>Australia–Cook Islands–Fiji–Kiribati–Marshall Islands–Micronesia–Nauru–New Zealand–Niue–Papua New Guinea–Samoa–Solomon Islands–Tonga–Tuvalu–Vanuatu</b>	
Title	South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)
Parties	Australia, Cook Islands, Fiji, Kiribati, Micronesia, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu
Date of signature/entry into force	14 July 1980/1 January 1981
End of transition period	1981
Services	Not included
Selected features	Accession; anti-dumping and countervailing measures; competition; customs-related procedures; rules of origin; safeguard measures; subsidies and state aid; dispute settlement; general exceptions; and institutional provisions
WTO consideration status	Factual presentation not distributed
GATT document	L/5100, 20 February 1981

Source: WTO Secretariat and information provided by the Fijian authorities.

2.19. In general, the implementation of PICTA started in 2007. However, only Fiji and six other of its 14 members (i.e. Cook Islands, Niue, Samoa, Solomon Islands, Tuvalu, and Vanuatu) are currently implementing the agreement. Fiji remains committed to assisting other PICTA members

in implementing the trade in goods part of PICTA. Following this, Fiji will shift its focus to the implementation of trade in services within PICTA.<sup>18</sup>

2.20. SPARTECA is a non-reciprocal and non-discriminatory trade agreement whereby Australia and New Zealand provide duty-free access to all products originating in the 14 Forum Island Countries (FICs)<sup>19</sup>, except sugar in the case of Australia. SPARTECA has played an integral part in Fiji's development. During 2001-14, the Fijian textile, clothing and footwear (TCF) sector benefitted under the SPARTECA-TCF scheme, which since has been replaced by the Developing Country Preference Scheme (in 2015 in the case of Australia).<sup>20</sup>

2.21. In September 2014, Fiji joined the Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations as part of its efforts to secure a long-term preferential market.<sup>21</sup> The PACER is not a free trade agreement but a framework ("umbrella") agreement for cooperation on trade and economic integration between the FICs, Australia and New Zealand, with a view to the development of a single regional market of about 37 million people. Fiji aims for a PACER Plus that would allow the easing of mobility of Fijian labour in the region, larger FDI inflows into Fiji, and improved trade facilitation arrangements for Fijian exporters.<sup>22</sup>

2.22. Overall, Fiji's RTAs in force encompass 41 partners (some of them are non-WTO Members): Australia, Cook Islands, EU-28, Kiribati, Micronesia, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Fiji's RTAs have been notified to the WTO either under the Enabling Clause or under GATT Article XXIV. These RTAs are overlapping, increasing risks of raising business costs by creating complex trade regimes that may result in more trade (and investment) diversion than creation.

2.23. In 2014, merchandise trade with RTA partners accounted for about 7.2% of Fiji's total imports and 8.8% of total exports.

### 2.3.2.1 Other arrangements

2.24. Fiji is also a member of the Pacific Islands Forum (PIF).<sup>23</sup> It aims to increase sustainable regional trade (including in services) and investment to promote pro-poor economic growth by lowering trade barriers among members, including physical (e.g. border) and technical (e.g. quarantine, import taxes and passport requirements) measures. On 2 May 2009, Fiji was suspended from participating in the PIF. The suspension was lifted on 22 October 2014 after Fiji's general election.

2.25. Fiji is pursuing a preferential trading arrangement with China. Fiji is also trying to diversify its trading markets by engaging with other neighbouring developing countries under the South-South Cooperation.<sup>24</sup>

2.26. Fiji is not a member of the Global System of Trade Preferences (GSTP) and provides no preferential tariff treatment to developing countries or least developed countries.

2.27. During the review period, Fiji received GSP treatment from Australia, Canada, Japan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey, and the United States.<sup>25</sup>

<sup>18</sup> MITT (2015).

<sup>19</sup> The FICs combined population is about 9 million people.

<sup>20</sup> MITT (2015).

<sup>21</sup> PACER Plus negotiations commenced in early 2010 without Fiji. Under the PACER Plus negotiations, common priority issues for discussions are: rules of origin; development assistance, focusing on physical infrastructure for trade; trade development and promotion; trade facilitation; SPS; TBT; services (e.g. health, education, telecommunications, air and maritime transport, and regional labour mobility (beyond mode 4)); investment; economic cooperation; and environment, including renewable energy.

<sup>22</sup> MITT (2015).

<sup>23</sup> PIF includes Australia, New Zealand and the 14 FICs. French Polynesia, New Caledonia and Tokelau are associate members, while American Samoa, Guam, Timor-Leste, and Wallis and Futuna are special observers. PIC Secretariat online information. Viewed at: <http://www.forumsec.org.fj>.

<sup>24</sup> Fiji contributes to South-South Cooperation through its exports, exchange of resources, technology, and institutional capacity building with other developing countries in the South Pacific region.

<sup>25</sup> WTO PTA Database. Viewed at: <http://ptadb.wto.org/>.

### 2.3.3 Investment regime

2.28. Investment Fiji, a statutory organization created in 1980 under the Economic Development Board Act No. 11<sup>26</sup>, operates independently as the marketing arm of the Government to provide services and assistance to promote, facilitate and stimulate investments and exports. It also undertakes regulatory functions, in terms of registration of foreign investors, promotional activities, and advisory and information services. Investment Fiji acts as liaison between government, the private sector and regional and international agencies.

2.29. The Foreign Investment Act (FIA) 1999, the Foreign Investment (Amendment) Act 2004, and the Foreign Investment (Amendment) Regulation 2013 lay down the guidelines by which a foreign investor can invest in Fiji.

2.30. Prior to the commencement of the business, a foreign investor has to apply for and obtain approval from the following agencies: the Registrar of Companies for reservation and registration of a company/business name; Investment Fiji for a foreign investment registration certificate; the Department of Immigration for work permits; Fiji Revenue and Customs Authority (FRCA) for the registration of tax and VAT; RBF for the issue of capital; local town/city councils for a business licence to operate in the respective area; and Fiji National Provident Fund for employer/employee registration. The foreign investor may also require an approval/permit/licence from other relevant agencies depending on the scope of the business.<sup>27</sup>

2.31. Investment Fiji is currently focusing on simplifying the registration process for investments in Fiji through the creation of the "single window clearance" application system for Tier 1 agencies (e.g. the Registrar of Companies, Investment Fiji, FRCA, Reserve Bank of Fiji) which has been available online to investors since July 2015.<sup>28</sup>

2.32. Over the last few years, Fiji has taken some measures to boost FDI inflows. For example, the minimum investment required for foreign investors was eliminated in 2013<sup>29</sup>, and the corporate-tax rate payable by a foreign firm establishing/relocating its headquarters to Fiji was reduced from 20% to 17%. Under the Foreign Investment (Amendment) Regulation 2013, foreign equity limitations were removed, except in the fishing sector where a foreign equity ceiling of 70% is imposed.<sup>30</sup> In 2014, the corporate tax rate for companies listed on Fiji's South Pacific Stock Exchange (SPSE) was reduced from 20% to 10%.<sup>31</sup> Also, the 2015 budget includes enhancements to existing incentives aimed at the agriculture, information technology, tourism and biofuel sectors. Nonetheless, in recent years Fiji's FDI inflows have been affected by factors such as investor uncertainty over political and economic stability, and exchange rate restrictions (section 1.1).

2.33. In December 2014, the Land Sales (Amendment) Act 2014 was passed by Parliament whereby land within town and city boundaries for residential purposes is not allowed to be sold, transferred or leased to non-residents. However, any state land or freehold land within town and city boundaries may only be sold, transferred or leased to a non-resident for the acquisition of a strata or unit title. Land may only be leased with approval of the Lands Department.<sup>32</sup>

<sup>26</sup> Investment Fiji was previously known as Fiji Islands Trade and Investment Bureau (FTIB).

<sup>27</sup> For the checklist of documents required and application fees charged to start a business see Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

<sup>28</sup> It provides services for both investment registration and payments, and consolidates the investment requirements for Tier 1 agencies.

<sup>29</sup> In January 2009, the lowest investment level was increased to F\$250,000 (five times the 2005 rate). In November 2012, as part of the 2013 Budget, the Government eliminated this minimum investment requirement. Asian Development Bank (2013), *Re-invigorating Private Sector Investment. A Private Sector Assessment for Fiji*. Viewed at: <http://www.adb.org/documents/re-invigorating-private-sector-investment-private-sector-assessment-fiji>.

<sup>30</sup> There was a ceiling of 70% equity in manufacturing and 60% in agriculture. Office of the Chief Trade Adviser (2014), *Regulatory Audit of Services and Investment Regimes: Fiji*, 3-7 November 2014, Suva.

<sup>31</sup> Income earned from trading of shares in SPSE is exempted from Income and Capital Gains Taxes.

<sup>32</sup> Land in Fiji is managed through three complementary systems: native land, freehold land, and crown land. Native land and crown land cannot be bought/sold; they are available only on a leasehold basis. Leasehold land can be developed through long-term lease (often 99 years). Freehold land can be bought and sold for business purposes but has restrictions for residential purposes.

Representatives from the business sector have warned that these changes may deter foreign investors from future land purchases.<sup>33</sup>

2.34. Under the Foreign Investment (Amendment) Regulation 2013, certain activities are reserved for Fijian citizens only, while others are restricted, i.e. have conditions which must be met by foreign investors who wish to pursue them (Box 2.1).

### Box 2.1 FDI reserved and restricted activities

#### I. Reserved activities (only for Fijian citizens):

Milk bars or cafeteria businesses; taxi businesses; kava businesses; retail sale via stalls and markets; handicraft businesses; tailor shops; repair of personal and household goods; plumbing businesses; electrical businesses; plant nurseries and care; day-care centres; internet cafes and amusement and gaming centres; home-stay lodging services; bakery businesses, other than those operated within the vicinity of a hotel/resort and/or operated by foreign-owned hotels/resorts; backpacker operations; nightclubs, other than those operated within the vicinity of a hotel/resort and/or operated by foreign owned hotels/resorts; and liquor bars, other than those operated within the vicinity of a hotel/resort and/or operated by foreign owned hotels/resorts.

#### II. Restricted activities:

##### 1. Fishing

At least 30% equity held by Fiji citizen(s) and the foreign investor must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

##### 2. Forestry (plant management and logging)

A foreign investor must undertake value adding and must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

##### 3. Manufacturing (tobacco production)

A foreign investor must use at least 75% (up from 50% in 2009) locally grown and processed tobacco in all domestic cigarette production and must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

##### 4. Tourism (cultural heritage)

Any activity involving investment in the cultural heritage of the Fiji islands must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

##### 5. Real estate management

A foreign investor engaging in real estate management and real estate agents must have at least F\$1 million in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought within Fiji within the implementation period. A foreign investor engaging in the above real estate management activities needs to be certified under the Real Estate Agents Act. A foreign investor engaging in the real estate activity of renting out homes/villas/apartment/bures to tourists only must have at least F\$250,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought within Fiji within the implementation period.

##### 6. Real estate development

A foreign investor engaging in real estate development must have at least \$5m in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought within Fiji within the implementation period.

##### 7. Construction

A foreign investor engaging in the construction industry must have at least F\$1m in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought within Fiji within the implementation period.

##### 8. Earthmoving Business

A foreign investor engaging in earthmoving business must have at least F\$1m in owner's contribution or

<sup>33</sup> Economist Intelligence Unit (2015).

paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

**9. Inter-island shipping and passenger services (exclusive of tourism support services)**

A foreign investor engaging in inter-island shipping and passenger services must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought within Fiji within the implementation period.

Note: Apart from these reserved and restricted activities, all other activities fall under unspecified activities. In line with the 2013 Budget, under unspecified activities the F\$250,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period of the business has been waived. Projects having a minimum financial threshold below F\$2.5 million will be given a 12-month implementation period whereas projects having a minimum investment financial threshold above F\$2.5 million will be given 18 months for implementation.

Source: Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/resources/uploads/embeds/file/FIRCBooklet2015.pdf>.

2.35. Fiji has traditionally offered a wide range of investment incentives to both domestic and foreign investors (section 3.3.1 and Table A3.2).

2.36. Fiji has concluded double taxation agreements with Australia, Japan, Korea (Rep. of), Malaysia, New Zealand, Papua New Guinea, Singapore, and the United Kingdom, and is negotiating similar agreements with India and the United States.<sup>34</sup> Fiji does not have any investment promotion and protection agreements.

2.37. Fiji is not a party to any investment agreements, as it considers that its domestic regulatory framework provides adequate protection to foreign investors who have access to Fijian courts for the resolution of any investment-related disputes.<sup>35</sup> Although Fiji is a long-standing signatory of the ICSID Convention and member of the World Bank Multilateral Investment Guarantee Agency (MIGA), no projects have been guaranteed in Fiji.

2.38. Fiji's RTAs in force do not currently have investment provisions. Nonetheless, there is interest in including a chapter on investment under both MSG and PACER Plus.<sup>36</sup>

<sup>34</sup> Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

<sup>35</sup> Office of the Chief Trade Adviser (2014).

<sup>36</sup> Office of the Chief Trade Adviser (2014).

### 3 TRADE POLICIES AND PRACTICES BY MEASURE

#### 3.1 Measures Directly Affecting Imports

##### 3.1.1 Customs procedures and requirements

3.1. The Fiji Revenue and Customs Authority (FRCA) is responsible for all customs matters.<sup>1</sup> The Customs Act 1986 (revised in 2013), the Customs Tariff (Amendment) Decree 2013, and the Customs Excise (Amendment) Decree 2013 represent the main legislative framework governing Customs in Fiji.

3.2. The FRCA is moving towards the single window concept in three stages. The first stage includes the full automation of the customs clearance process in all border regulatory agencies. Recently, the FRCA launched a new system called ASYCUDA World, which for the moment is operational only in Suva, but is planned to roll out to other ports later in 2015.<sup>2</sup> The other two stages of the single customs window concept will be the port single window and the national single window.

3.3. Commercial importers and customs agents must register with the FRCA and have a Tax Identification Number (TIN). A Single Administrative Document (SAD), used to declare commercial goods of over F\$100<sup>3</sup>, may be submitted electronically or manually. The fee for processing the SAD is F\$7.15.<sup>4</sup> In addition to the SAD, other documents are required (e.g. invoice, packing slip, bill of lading, and the C45 declaration form). For some products additional documents may be required, such as certificates of origin (section 3.1.3) and import licences (section 3.1.5). Goods are released as soon as the customs declaration is processed and duty is collected.

3.4. Temporary importation, re-importation, and bonded and customs warehouses are allowed.<sup>5</sup> FRCA has the authority to stop any goods from entering Fiji if they do not comply with the country's SPS and TBT regulations, or if they infringe IPRs (section 3.3.5). Appeals on all customs matters are handled by the Court of Review, and its decisions may be appealed to the High Court.

3.5. Customs clerks, who are authorized to clear documentation of imports (and exports), must meet certain qualification requirements (Diploma in Customs Business from Fijian Institute) and, customs agents, brokers, and customs carriers must be licensed by the FRCA. Goods valued over F\$80,000 are automatically channelled through the Yellow Lane for documentation check. Based on importer profiles built into ASYCUDA, goods selected to pass through the Red Lane are physically inspected. In 2014, 8.6% of SADs were automatically selected to pass through the Red Lane (47% in 2007), while 39.4% went into the Yellow Lane (20% in 2007). The remaining 52% followed the Green Lane (33% in 2009).

3.6. Fiji ranks 116<sup>th</sup> (out of 189 economies) in the World Bank's Trading Across Borders 2015 Index. Importing a standard container of goods requires 10 documents, takes 22 days and costs US\$753.<sup>6</sup>

3.7. At the end of November 2015, Fiji was yet to make its notification of Category A commitments under the WTO Agreement on Trade Facilitation.

3.8. Fiji has been a member of the World Customs Organization since July 1997. It has acceded to the Convention on the Harmonized Commodity Description and Coding System, the Customs Convention on the Temporary Importation of Scientific Equipment, and in 2009 to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).<sup>7</sup>

<sup>1</sup> FRCA was previously the Customs Service of the Fiji Islands Revenue & Customs Authority (FIRCA).

<sup>2</sup> ASYCUDA World will be used as a platform to integrate all border regulatory agencies.

<sup>3</sup> Products for personal use worth at least F\$1,000 must be declared.

<sup>4</sup> The list of fees and charges is available on the FRCA website: [www.frca.org.fj](http://www.frca.org.fj).

<sup>5</sup> In the case of temporary imports, an acceptable deposit or security must be provided. For re-imports, any overseas materials used in the goods will be levied the tariff applicable to them based on their added cost.

<sup>6</sup> World Bank Group online information. Viewed at: <http://doingbusiness.org/data/exploreconomies/Fiji>.

<sup>7</sup> According to the authorities, FRCA is about 90% compliant with the Revised Kyoto convention.

### 3.1.2 Customs valuation

3.9. Fiji's legislation on customs valuation has not changed during the review period. It is still based on Clause 1 (10–12) of Schedule 1, Customs Tariff Act, 1986, inserted in 1997. Customs value is primarily assessed based on the transaction value. Where the FRCA suspects undervaluation it creates an audit trail to scrutinize the goods to determine the correct value, and large penalties, of up to one-third of the good's value, can be imposed. Importers also have the right to appeal against the value determined by the FRCA.

3.10. Imported used clothing and second-hand motor vehicles are subject to alternate tariffs; on the latter, this increases with engine size, which ensures the minimum tariff rate is 32%. These alternate rates are aimed at addressing under-declared values (and consequent tariff evasion).

3.11. Fiji does not require preshipment inspection of imports.

### 3.1.3 Rules of origin

3.12. Fiji has notified the WTO that it does not have non-preferential rules of origin.<sup>8</sup>

3.13. Fiji's preferential rules of origin are contained in its specific regional trade agreements. Rules of origin under the Interim Economic Partnership Agreement (IEPA) between the EU, Papua New Guinea and Fiji are prescriptive, as they indicate the origin of products in terms of wholly obtained or sufficiently processed. Cumulation of origin gives a possibility to source materials from other countries after the fulfilment of necessary requirements.

3.14. The Melanesian Spearhead Group (MSG) has rules of origin requiring a change in 4-digit HS classification, with special processes defined as not constituting originating products; these include packing, marking and labelling, mixing of products, simple assembly of parts of articles, and slaughter of animals.

3.15. Under the Pacific Island Countries Trade Agreement (PICTA), the rules of origin require the good to be wholly produced or obtained in the exporting country, or that the final process of manufacture is performed in the exporting partner country with at least 40% of the goods' factory cost being originating materials, labour, and overhead costs.

3.16. General rules of origin under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) require the last manufacturing process to have been made in Fiji and at least 50% of a product's factory cost to represent "allowable expenditure" in the Fiji qualifying area.<sup>9</sup> In January 2015, the SPARTECA – Textile, Clothing and Footwear Scheme was superseded by the Developing Countries Preference Scheme (DCPS). DCPS provides for liberal rules of origin, allowing manufacturers to source raw materials from more economical sources.

### 3.1.4 Tariffs

#### 3.1.4.1 MFN applied tariff

3.17. Imports may be subject to customs tariffs, VAT, and excise duties. According to information provided by the authorities, VAT receipts averaged 26% of total tax revenues in 2014, followed by excise duties (25%), and customs tariffs (17%).

3.18. Fiji's MFN tariff rates are contained in Schedule 2 (Parts 1-3) of the Customs Tariff Act, 1986. They are amended annually by the FRCA at the end of each calendar year (usually November) for the following year, as part of budget deliberations. Tariff rate changes must be approved by Parliament and become operative when the legislation is passed, usually during the budget sitting.<sup>10</sup> As part of the budget process the Ministry of Finance invites stakeholders to make tariff proposals and also undertakes budget consultations for the forthcoming budget, and these

<sup>8</sup> WTO document G/RO/N/17, 10 April 1997.

<sup>9</sup> In addition to Fiji, this area includes other Forum Island Countries (FICs), Australia, New Zealand and Papua New Guinea. However, in the case of New Zealand, only to the extent of qualifying Australian materials.

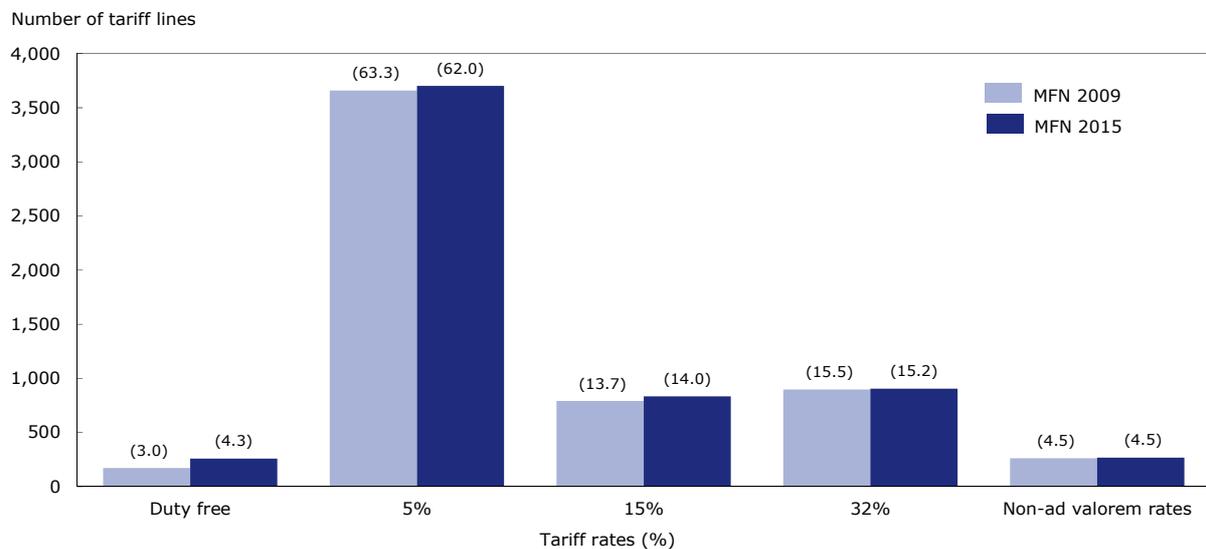
<sup>10</sup> Parliament passes these as legislative changes to the Customs Tariff Act.

are assessed in the Revenue Technical Committee (consisting of the Ministry of Finance and the FRCA officials).

3.19. Fiji's tariff has 5,968 lines (up from 5,782 lines in 2009)<sup>11</sup>: 5,440 lines have *ad valorem* rates (91.2% of the total), 259 are duty free (4.3% of the total), and 269 are non-*ad valorem* (4.5% of the total) (Table 3.1). *Ad valorem* tariffs are applied on the c.i.f. customs value. Specific duties are levied on 92 lines (up from 80 in 2009), including on alcoholic beverages and tobacco products. Alternate (mixed) duties are levied on 177 lines (down from 181 in 2009), in goods such as iron and steel tubes and used transport equipment.

3.20. Overall, 66.3% of tariff lines are within the range 0-5%; the modal (most frequent) rate being 5% (Chart 3.1). The tariff structure is relatively disparate overall, with a standard deviation of 10.5 (Table A3.1). By HS Section, the highest tariff rates are arms and ammunition, followed by footwear and headgear, prepared food, and transport equipment (Chart 3.2).

**Chart 3.1 Distribution of MFN applied tariff rates, 2009 and 2015**

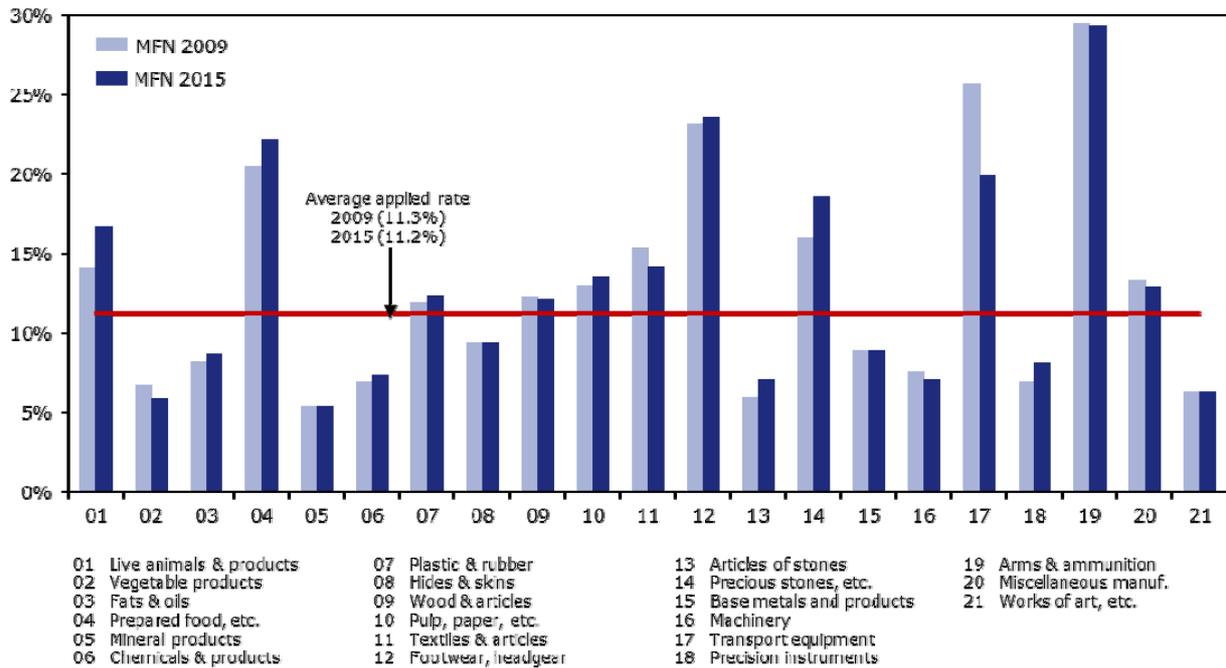


Note: Figures in parentheses denote the percentage share of total lines.

Source: WTO Secretariat calculations, based on data provided by the authorities.

<sup>11</sup> The 2009 tariff is based on HS07 nomenclature, while the 2015 tariff is based on HS12.

Chart 3.2 Average applied MFN tariff rates, by HS Section, 2009 and 2015



Note: Calculations exclude specific rates and include the *ad valorem* part of alternate rates. 2009 tariff schedule is based on HS07 nomenclature, 2015 on HS12.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.21. Fiji's simple average applied MFN rate is 11.2% (11.3% in 2009).<sup>12</sup> Using the WTO definition<sup>13</sup>, applied MFN tariffs average 12.5% on agricultural products and 11% on non-agricultural products in 2015 (Table 3.1). Tariff rates range from zero to 32% without *ad valorem* equivalents (AVEs), while the highest rate including AVEs is 1,257% on certain beverages, spirits and tobacco (Table A3.1).<sup>14</sup> Fiji does not participate in the Information Technology Agreement (ITA).

Table 3.1 Structure of MFN tariff in Fiji

(%, unless otherwise indicated)

	MFN applied		Final bound <sup>a</sup>
	2009	2015	
Bound tariff lines (% of all tariff lines)	49.5	49.5	49.5
Simple average rate	11.3	11.2	40.2
WTO agricultural products	11.5	12.5	40.6
WTO non-agricultural products	11.3	11.0	40.0
Duty-free tariff lines (% of all tariff lines)	3.0	4.3	0.0
Simple average rate of dutiable lines only	11.7	11.7	40.2
Domestic tariff "peaks" (% of all tariff lines) <sup>b</sup>	0.0	0.0	0.0
International tariff "peaks" (% of all tariff lines) <sup>c</sup>	18.5	18.0	48.9
Overall standard deviation of tariff rates	10.6	10.5	2.1
Coefficient of variation of tariff rates	0.9	0.9	0.1
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0

<sup>12</sup> The tariff is calculated excluding specific rates, and including the *ad valorem* part of alternate rates.

<sup>13</sup> WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products (HS Chapter 3, 0508, 0511.91, 1504.10, 1603-1605 and 2301.20) plus some selected products (HS 2905.43, 2905.44, 2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5105-5103, 5201-5203, 5301, and 5302).

<sup>14</sup> The AVEs are calculated using average unit prices, i.e. the ratio of specific duties to import unit values, estimated by the ratio of import to import quantities/volumes for the latest available year: 2013 import data for the 2015 tariff (51 AVEs are included out of 92 specific rates; while 85 AVEs are included out of 166 alternate rates, for the remaining alternate lines the *ad valorem* part is used). The Fijian authorities provided the import data.

	MFN applied		Final bound <sup>a</sup>
	2009	2015	
Non-ad valorem tariffs (% of all tariff lines)	4.5	4.5	0.6
Nuisance applied rates (% of all tariff lines) <sup>d</sup>	0.0	0.0	0.0
<b>Number of lines</b>	5,782	5,968	2,952 <sup>e</sup>
<i>Ad valorem</i> rates	5,350	5,440	2,918
Duty-free lines	171	259	0
Non- <i>ad valorem</i> rates	261	269	34
Specific	80	92	32
Alternate	181	177	2

- a Final bound rates are based on the 2015 tariff schedule in HS12 nomenclature. Calculations are based on bound rates only.
- b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.
- c International tariff peaks are defined as those exceeding 15%.
- d Nuisance rates are those greater than zero, but less than or equal to 2%.
- e Referring to bound tariff lines only.

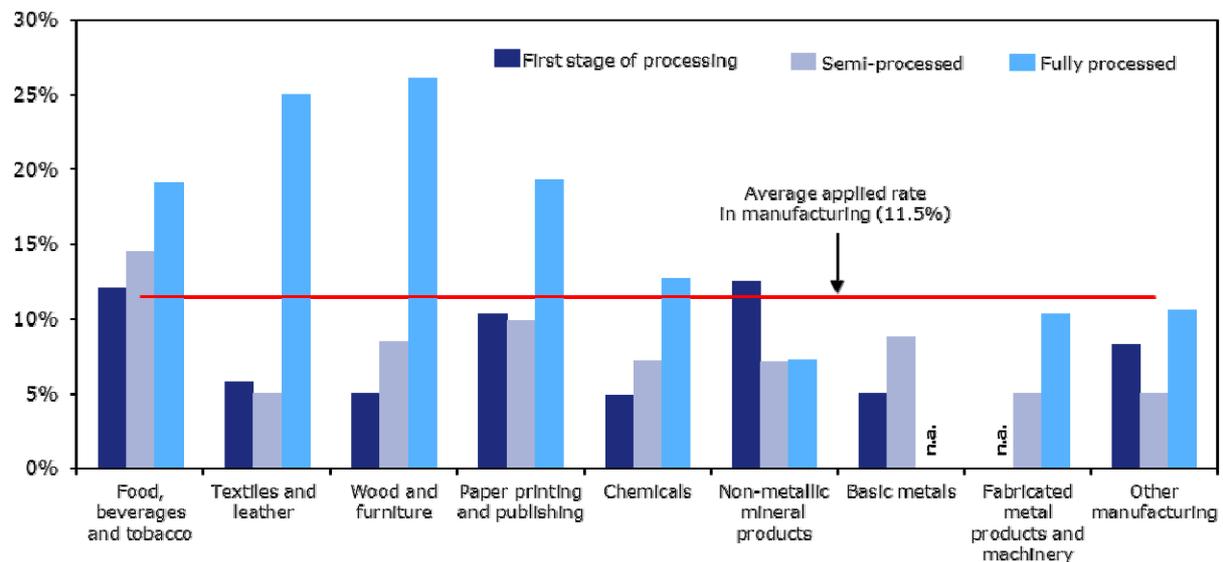
Note: Excluding specific rates, and including the *ad valorem* part of alternate rates. 2009 tariff schedule is based on HS07 nomenclature and 2015 is based on HS12.

Source: WTO calculations, based on data provided by the Fiji authorities.

3.22. In aggregate, the applied MFN tariff displays mixed escalation (Table A3.1): negative from first-stage processed goods with an average tariff rate of 8.2% to semi-finished products on which tariffs average 7.5%, and positive from the latter to fully processed products (13.9%). Further disaggregation reveals that tariff escalation is positive in some manufacturing industries, with escalation more pronounced in wood and furniture, followed by food, beverages and tobacco, and chemicals, thereby providing higher levels of effective protection to those industries than that reflected by the nominal rates (Chart 3.3).

3.23. Fiji does not maintain any tariff quotas, and there are no seasonal tariffs.

**Chart 3.3 Tariff escalation by 2-digit ISIC industry, 2015**



n.a. Not applicable.

Note: Calculations exclude specific rates and include the *ad valorem* part of alternate rates.

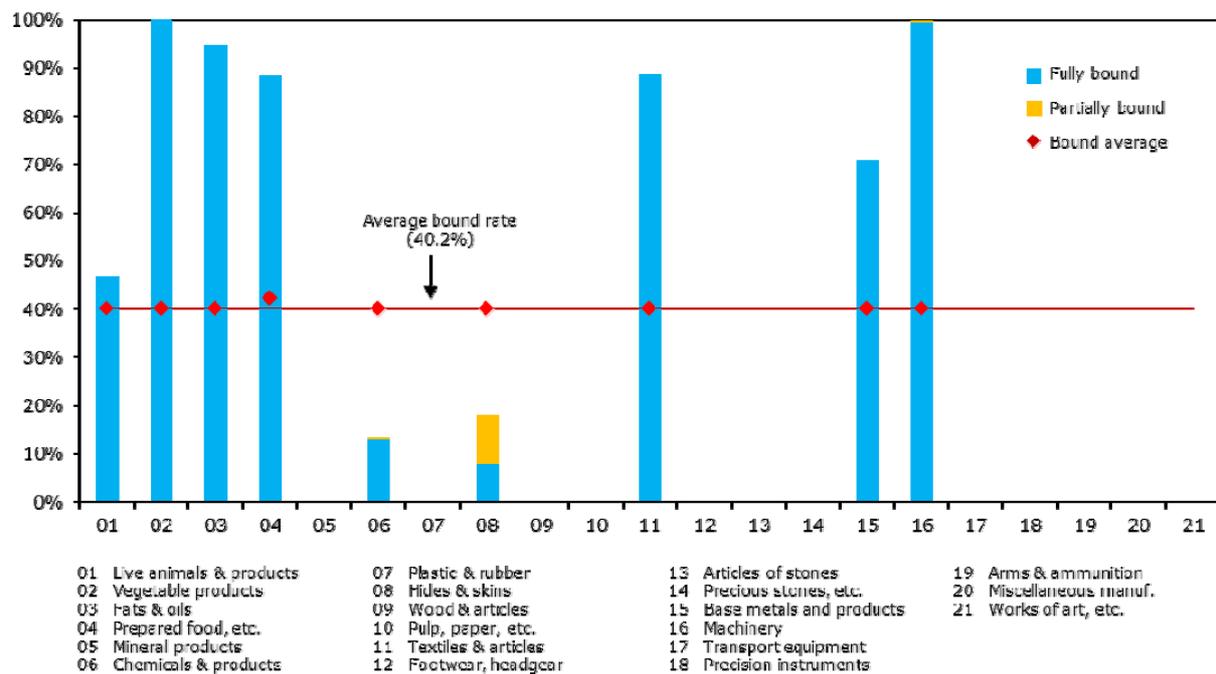
Source: WTO Secretariat calculations, based on data provided by the authorities.

### 3.1.4.2 Bound tariff

3.24. Fiji has bound 49.5% of tariff lines (Table 3.1). Bindings are most pronounced in vegetable products (HS Section 2) where all tariff lines are bound, followed by machinery (HS Section 16), agriculture (HS Sections 01, 02, 03, and 04), and textile products (HS Section 11) (Chart 3.4). Greater coverage of bindings would increase tariff predictability.

3.25. There remains a significant difference between the overall bound average of 40.2% and the simple average applied MFN tariff of 11.2% (Table 3.1). Fiji bound its tariff lines on agricultural products (WTO definition) at a final simple average rate of 40.6% (compared with a simple average applied MFN rate of 12.5%); the final simple average bound tariff rate for non-agricultural products is 40% (simple average applied MFN rate of 11%).

**Chart 3.4 Share and average of bound tariff lines, by HS Section**



Note: Calculations are based on the 2015 tariff schedule. HS Sections 5, 7, 9, 10, 12, 13, 14, 17, 18, 19, 20, and 21 are fully unbound.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.26. For some 42 lines, mostly alcoholic beverages, MFN applied tariff rates exceed bound rates when using AVEs based on 2013 import data (Table 3.2).

**Table 3.2 Tariff lines where MFN applied rates exceed bound rates**

HS code	MFN applied 2015	AVE <sup>a</sup>	Bound rate	AVE <sup>a</sup>
21069032	\$62.93 per litre	..	\$15/litre	..
21069039	\$100.19 per litre of alcohol	..	\$25/litre of alcohol	..
22030010	\$2.95 per litre	97.4	70%	
22030090	\$4.02 per litre	198.7	70%	
22041090	\$6.27 per litre	73.0	40%	
22042190	\$5.56 per litre	50.4	40%	
22042990	\$5.56 per litre	68.1	40%	
22060022	\$3.84 per litre	93.6	40%	
22060092	\$3.84 per litre	51.4	40%	
22060099	\$5.56 per litre	41.3	40%	
22071000	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22072010	\$62.93 per litre	1251.7	\$15/litre	298.3
22072090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22082020	\$62.93 per litre	146.7	\$15/litre	35.0

HS code	MFN applied 2015	AVE <sup>a</sup>	Bound rate	AVE <sup>a</sup>
22082090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22083010	\$2.49 per litre	74.2	70%	..
22083020	\$62.93 per litre	208.5	\$15/litre	49.7
22083090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22084010	\$2.49 per litre	91.0	70%	..
22084020	\$62.93 per litre	325.4	\$15/litre	77.6
22084090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22085020	\$62.93 per litre	364.5	\$15/litre	86.9
22085090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22086020	\$62.93 per litre	296.8	\$15/litre	70.7
22086090	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22087012	\$62.93 per litre	247.5	\$15/litre	59.0
22087019	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22087022	\$62.93 per litre	..	\$15/litre	..
22087029	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22089021	\$62.93 per litre	..	\$15/litre	..
22089029	\$62.93 per litre	187.5	\$15/litre	44.7
22089091	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
22089099	\$110.19 per litre of alcohol	..	\$25/litre of alcohol	..
24011000	\$193.03 per kg	..	\$40/kg	..
24012000	\$193.03 per kg	1194.9	\$40/kg	247.6
24013000	\$193.03 per kg	..	\$40/kg	..
24021000	\$124.28 per kg	12.8	\$30/kg	3.1
24029010	\$124.28 per kg	24.5	\$30/kg	5.9
24031100	\$124.28 per kg	..	\$30/kg	..
24031900	\$124.28 per kg	119.7	\$30/kg	28.9
24039990	\$124.28 per kg	32.4	\$30/kg	7.8
73089090	32% or \$2.50 per kg <sup>b</sup>	79.0	40%	..

a AVE calculated using 2013 import value and volume provided to the IDB.

b Whichever is greater.

.. No import data available.

Source: WTO calculations based on data provided by the Fijian authorities.

### 3.1.4.3 Preferential tariff

3.27. Preferential tariff rates are not specified in the Customs Tariff Act. Instead, they are provided for under Code 122, which refers to preferential tariff rates for any good produced or manufactured in any Forum Island Country (FIC) or any other country approved by the Minister, and granted ministerial approval under Section 10 of the Customs Tariff Act.

3.28. Fiji has preferential trading agreements with 41 partners: Australia, Cook Islands, EU-28, Kiribati, Micronesia, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu (section 2.3.2). According to the authorities, with the exception of the Interim Economic Partnership Agreement (IEPA) with the EU and Papua New Guinea, the rest of Fiji's RTAs in force are duty free.

3.29. Fiji is not a member of the Global System of Trade Preferences (GSTP) and provides no preferential tariff treatment for developing countries (including least developed countries), but goods originating in Fiji benefit from the Generalized System of Preferences (GSP) of Australia, Canada, Japan, New Zealand, Norway, the Russian Federation, Switzerland, Turkey, and the United States (section 2.3.2.1).

### 3.1.4.4 Other taxes, duties and concessions

3.30. In addition to customs tariffs, certain imports are subject to VAT and excise duties. Most imports are subject to VAT levied on domestic goods and some services; the rate was raised from 12.5% to 15% as from 2011. VAT applies to 5,905 tariff lines (98.9% of the total). The exceptions are: (i) powdered milk; (ii) tea; (iii) wheat and meslin, wheat and meslin flour; (iv) rice; (v) certain vegetable oils (e.g. soya-bean oil, ground-nut oil, olive oil, sunflower oil, maize oil); (vi) prepared/preserved fish; caviar and caviar substitutes; and (vii) audio-frequency electric amplifiers and electric sound amplifier sets.

3.31. The VAT tax base for imports is the tariff-inclusive c.i.f. price plus any other taxes or charges. VAT also applies to services, except financial services (banking, insurance, stock dealings and credit provision), domestic rents, and education services. Exports, including of services, are zero-rated i.e. subject to a zero VAT rate, enabling exporters to claim tax credits for VAT paid on inputs, including those imported.

3.32. Fiji applies import excise duties to 545 tariff lines (9.1% of the total) at rates of 15%, 10% and 5% as follows:

- 15% applied to 265 tariff lines mainly on beverages (non-alcoholic and alcoholic); tobacco and tobacco products (except 2 tariff lines for cigarettes where excise duty is F\$132.73/kg); and motor vehicles for persons and used motor vehicles for goods.<sup>15</sup>
- 10% applied to 205 tariff lines mainly on trunks, suitcases, and other cases; wood sawn or chipped lengthwise of a thickness > 6mm; footwear; and tube/pipes of iron or steel.<sup>16</sup>
- 5% applied to 75 tariff lines mainly on new motor vehicles.<sup>17</sup>

3.33. While called excise duties they do not apply to domestically produced items and thus are akin to tariffs. According to the authorities, the rationale for their introduction was to protect government revenue, dampen domestic demand, and stimulate domestic industries in the medium term.

3.34. Specific excise taxes apply to domestically made "sin" products, i.e. alcoholic beverages and tobacco products. Because excise taxes are not levied separately on equivalent imports, the excise is implicitly included in the specific tariff (the excise component of the tariff). The protective component of the tariff on such products is thus effectively reduced by the excise component, i.e. the amount of excise paid on domestic goods. Nevertheless, specific tariffs still afford substantial protection in *ad valorem* terms (Table 3.3).

**Table 3.3 Excise duties, 2015**

Product	2015 rate
Ale, beer, stout and other fermented liquors of an alcoholic strength of less than 3%	1.90
Ale, beer, stout and other fermented liquors of an alcoholic strength of 3% or more	2.22
Potable spirit not exceeding 57.12 GL	41.88
Potable spirit exceeding 57.12 GL	73.33
Wine	
- still	2.95
- sparkling	3.37
Other fermented beverages	
- still	2.95
- sparkling	3.37
Ready to drink mixtures of any alcoholic beverages of any alcoholic strength by volume of 11.49% or less	1.36
Cigarettes from local tobacco	128.69
Cigarettes from imported tobacco	193.03
Manufactured tobacco containing tobacco grown outside Fiji	111.22
Manufactured tobacco containing tobacco grown in Fiji	65.34

<sup>15</sup> Other products subject to 15% excise rate are: sugar confectionary; chocolate and other food preparations containing cocoa; prepared food of cereal products; biscuits; waffles; prepared potatoes; plastic articles of the packing/conveyance of goods; plastic household articles; cordage/ropes of plastic; cool-room freezer panels; electric filament or discharge lamps; and tables/machines constructed for games.

<sup>16</sup> Other products subject to 10% excise rate are: natural honey; alcoholic preparations used in the manufacture of alcoholic beverages; cement; exposed and developed cinematographic film; certain tubes and pipes of plastics; leather articles of apparel; leather belts and bandoliers; articles of kitchenware of aluminium; fans; air-conditioning machines; dish-washing (household type) and washing machines; electrical appliances (e.g. electric accumulators, food grinders and mixers, shavers, water heaters, hair-dryers, microwave ovens, toasters, microphones, loudspeakers, headphones, video apparatus, radios); certain furniture and mattresses; articles for billiards; spa baths and swimming pools.

<sup>17</sup> Other products subject to 5% excise rate are: motor vehicles for the transport of 23 persons or more; machinery and mechanical appliances (e.g. refrigerators/freezers; new cranes; new work trucks; new bulldozers and other new moving, grading, levelling, excavating, etc. machinery).

Product	2015 rate
Manufactured tobacco containing foreign tobacco and tobacco grown in Fiji	
- foreign portion	111.22
- local portion	65.34
Carbonated drinks	5 cents/litre

Source: Information provided by the Fijian authorities.

3.35. Fiji has substantial tariff concessions in the form of partial and full exemptions and remissions. The Minister of Finance may remit a tariff fully or partially if recommended by Customs and if the goods are imported by a statutory body incorporated for public purposes (e.g. charities) or the Minister considers that the imports will benefit the country (duty remission in cases causing "serious hardship" is no longer allowed (Section 10 of the Customs Tariff Act)).<sup>18</sup> Fiji provides concessions on raw materials for manufacturing. Total customs revenue forgone from all concessions increased from F\$66.2 million in 2007 to F\$252.4 million in 2014.

### 3.1.5 Import prohibitions, and licensing

3.36. Authority to regulate or prohibit imports is provided in the Customs Act (Section 64) and Customs (Prohibited Imports and Exports) Regulations, 1986. The importation of some products (e.g. narcotics; dangerous weapons; blasphemous, indecent or obscene material; gambling machines; certain manufactured fireworks) are prohibited for various reasons, such as health, environment, public security and order, cultural heritage or the fulfilment of international obligations (Table 3.4). None of these products is allowed to be produced in Fiji (Schedule 1 of the Customs Regulations).

**Table 3.4 Prohibited imports**

Description
All goods having thereon or on the cover any words, marks or designs of a seditious nature, or of a nature in the opinion of the minister to disturb Fiji's peace and order
Counterfeit coin, imitation or counterfeit bank notes
Dangerous drugs, including raw opium, any seed of the opium poppy or any portion of the plant; Indian Hemp ( <i>Cannabis Sativa</i> or <i>Cannabis Indica</i> ) and its resin, seed or any portion of the plant; cocoa leaf and any such seed or portion of the plant; prepared opium, opium pipes or other utensils for its smoking or used to prepare it for consumption; lysergide (N.N. Diethyl-lysergamide); mescaline (3,4,5-trimethyloxy-phenethylamine); peyotl (any part of the plant of the species <i>laphophora williamsi</i> or <i>laphophora lewini</i> )
Goods that in the Minister's opinion are dangerous and a menace to the community e.g. daggers, electronic shock sticks, flick knives, gravity knives, knuckle dusters, sword sticks, attaché cases capable of discharging electric shocks of 30,000 volts, and taser public defenders
Goods that, whether of their own nature or having regard to any literary or other work or matter that is embodied, recorded or reproduced in, or can be reproduced from the goods, are blasphemous, indecent or obscene, unduly emphasize matters of sex, horror, violence or crime, or are likely to encourage depravity. The book <i>Satanic Verse</i> is a prohibited import
Machines for playing games of chance, being games that require no action by any player other than the actuation or manipulation of the machine
Manufactured fireworks containing potassium chlorate or other chlorates mixed with sulphur or any sulphides, phosphorous or aluminium powder with or without the addition of other substances
Matches made from yellow or white phosphorous
Thalidomide and its preparations
Chemical warfare gas and devices and apparatus designed to use such gas
All tubers, bulbs, corns, rhizomes, peanuts, and other oil seeds not including any product composed of or made therefrom, intended for human consumption, that have been subject to manufacturing processes other than or in addition to rolling, flaking, pearling or milling
All cereals, pulses (dried leguminous vegetables, shelled, whether or not skinned or split) and legumes and products composed or made from them, including stock feed (excluding polished rice and pulses intended for human consumption and products made from or composed of cereals, pulses, and legumes intended for human consumption, that have been subject to any manufacturing process other than or in addition to

<sup>18</sup> The applicant must apply in writing to the Comptroller providing details of the concession requested and the savings in tariff revenue as well as the benefits it would provide to the country.

Description
rolling, flaking, pearling or milling) from all countries except Australia, Canada, Chinese Taipei, Japan, Mexico, New Zealand, the United States and all Pacific territories other than French Pacific Territories and Vanuatu (flour and sharps made in mills and by a process approved by the permanent Secretariat for Primary Industries may be imported from France)
Phenacetin or any drug combination or substance containing Phenacetin
Weights or measures, or weighing or measuring instruments, graduated in Imperial or in both imperial and metric units, and used for trade purposes
The drug Novalgin containing the active ingredient dipyron or any drug combination or substance containing dipyron

Source: Schedule 1 of Customs (Prohibited Imports and Exports) Regulations, 1986; and information provided by the Fijian authorities.

3.37. The import of the products listed in Table 3.5 is subject to a licence issued by various authorities (Schedule 2 of the Customs Regulations). An applicant for an import licence may submit an online application at any time. No quantitative restrictions are stipulated in the authorizations. The decision to issue a licence, or to refuse one, is made within seven working days of the date of the presentation of all the necessary documents. The validity of the licence is for each shipment. Some licences vary from 6 months to 1 year, according to the type of authorization required. Importers must possess the licence prior to the arrival of the goods.

**Table 3.5 Licensed imports**

Description	Conditions, restrictions or requirements
Fireworks (other than those prohibited)	Import licence from the Principal Inspector of Mines. Goods must be imported through the Port of Suva and be physically examined, and are subject to the issue of a removal licence by the Principal Inspector of Mines
Margarine or any other mixture of edible fats, oils and water, prepared in the form of a solid or semi-solid emulsion, including every substance made in the imitation of butter or ghee (clarified butter) and every other preparation resembling butter or ghee, the fat content of which is not derived from milk	Must comply with the Pure Food Act or all regulations made thereunder
Sweetened/unsweetened condensed milk, dried milk, reconstituted milk, separated or dried separated milk, and milk substitute or any other product containing skim milk and any fat other than butter fat	Must comply with the Pure Food Act or all regulations made thereunder
Methylated spirits	Import licence issued under the Methylated Spirits Act
Radio communication equipment constructed or adapted for emission	Import licence issued by the telecommunications authority
Radioactive substances other than luminous dials of watches, clocks or other instruments	Written permission from the permanent Secretariat of Health, meeting specified conditions
Spirits of brandy, whisky and rum	Importer must prove maturity in wood for at least three years for brandy and whisky, and two years for rum. Production of certificate issued in the exporting country will be sufficient
Whale's teeth (Tabua)	Imported by Ministry of Fijian Affairs or in accordance with an import licence issued by the Ministry
Apparatus or device designed to detect advanced warning of the presence of any lawfully established radar check point	Import licence issued by the telecommunications authority
Mechanical cane harvesters classified in HS items 8433.51.00, 8433.52.00, 8433.53.00 and 8433.59.00	Import licence from the permanent Secretary for Primary Industries
Branches and leaves from all trees originating in Queensland (Australia) and Papua	Import certificate from the New Guinea or Solomon Islands appropriate agricultural authority stating that they are free of pests and disease and do not belong to the family <i>Meliaceae</i> or the group <i>Coniferae</i>

Description	Conditions, restrictions or requirements
Apparatus or device to receive radio or TV transmission, other than domestic broadcasts	Import licence from the telecommunications authority
Salt classified in HS 2501.00.00	Import permit from the Permanent Secretariat for Health
Gold items classified in HS 7108.11.00, 12.00, 13.00, 7108.20.00 and 7109.00.00, sweepings, residues, lemls, and other waste and scraps of gold classified in HS items 7112.20.00 and gold coin classified in HS 7118.90.11, 90.21, 90.90	Import licence from the Minister of Finance
Galvanized or zincalume pre-coated metal coil sheet classified in HS 7210.20.10, 90, 30.10, 90, 41.20, 90, 49.10, 90, 50.10, 90, 61.10, 9069.10, 90	Import licence from the Permanent Secretary for Industry, Trade and Tourism
Cyclonic crew fasteners, washers and seals for roof and wall cladding, classified in HS 7317.00.90, 73.18.15.00, 19.00, 22.00, 29.00	Import licence from the Permanent Secretary for Industry, Trade and Tourism
Photocopying apparatus with an optical system or of the contact type, and thermocopying to produce full colour copies classified in HS 9009.21.90, 22.90, 30.00	Import licence from the Minister of Finance
Cigarette lighters and other lighters, either mechanical or electrical, under HS 96.13	Import licence from the Minister of Finance
Lubricants, transformer and circuit-breaker oils	Import licence from the Permanent Secretary for Industry, Trade and Tourism
Animals, animal products, manure, packing material, fittings or fodder	Written permission of Assistant Director of Agriculture (Animal Health and production) or in accordance with regulations under the Animals Importation Act
Arms and ammunition	Import licence issued by Commissioner of Police subject to Arms and Ammunition Act
Copyright in any published literary, dramatic or musical work	Copyright (Customs Regulations) (Page 6839 Vol. X)
Dangerous drugs covered by part IV	In accordance with the Dangerous Drugs Act
Excisable goods	In accordance with a licence issued by the Comptroller of Customs under Excise Act 1986
Currency notes and certificate of title	In accordance with exchange control regulations issued by the Reserve bank under the Exchange Control Act
Explosives	Import licence under the Explosive Act
Trade mark material	Merchandise Marks Act
Plants and plant material, bacteria, viruses, soil, sand, clay, earth, plant pests or other invertebrate animals	In accordance with Plant Quarantine Act
Rags, second-hand clothing and bedding	Must be properly disinfected under official supervision at importer's expense or accompanied by a Health Certificate from exporting country stating that the goods have been properly disinfected prior to export (Quarantine Act)
Pharmaceuticals and poisons	In accordance with the Pharmacy and Poisons Act.

Source: Schedule 2 of Customs (Prohibited Imports and Exports) Regulations, 1986; and information provided by the authorities.

### 3.1.6 Contingency trade measures

3.38. Fiji's legislative framework on anti-dumping and countervailing measures remains unchanged since its previous review. The Dumping and Countervailing Duties Act states that countervailing duties that would be inconsistent with WTO rules cannot be imposed; no such provisions exist for anti-dumping measures. Responsibility for administering this legislation currently lies with the Ministry of Industry, Trade and Tourism; this responsibility is in the process of being transferred to the Fiji Revenue and Customs Authority (FRCA).

3.39. Fiji has no general (GATT Article XIX) safeguards legislation. However, under its customs legislation, domestic producers may request the FRCA to extend relief against imports causing material injury. FRCA investigations and recommended remedies must be completed within six months.

3.40. Fiji has never taken anti-dumping, countervailing or safeguard measures.

3.41. The Fijian Trade Policy Framework 2015-2025 has undertaken to establish mechanisms that will monitor and where necessary invoke contingency trade measures based on the relevant WTO Agreements. The National Trade Remedies Committee, comprising officials from various Ministries and trade-related agencies, is to be established to handle cases on anti-dumping, countervailing and safeguards.

### 3.1.7 Standards and other technical requirements

3.42. The legal and institutional framework on standards and technical regulations in Fiji has remained largely unchanged since its last review. Fiji's legal framework includes the Trade Standards and Quality Control Decree 1992, as well as the National Trade Measurement Decree 1989 and its associated regulations.<sup>19</sup>

3.43. The Department of National Trade Measurement and Standards (DNTMS)<sup>20</sup>, under the Ministry of Industry, Trade and Tourism, administers standards and measurement. The DNTMS is also the WTO TBT enquiry point. Fiji is yet to notify the WTO of its acceptance of the Code of Good Practice (Annex 3 of the TBT Agreement). Fiji has never submitted any notifications to the TBT Committee. No specific trade concerns have been raised in the Committee regarding Fiji.

3.44. The DNTMS signed a Memorandum of Understanding with Standards Australia International in 1998, which gave Fiji a platform from which it approached standardization issues.<sup>21</sup> The Trade Standards Advisory Council (TSAC), consisting of private sector and consumer representatives, makes recommendations to the Minister on standards, including processes, practices, composition, labelling, and codes of practice. This includes voluntary and mandatory standards as well as other quality and safety issues related to trade (e.g. declaration of dangerous goods, temporary bans, and issuance of defect notices and warnings). Mandatory standards must be approved by Cabinet.

3.45. During the review period, Fiji adopted three standards on: the minimum requirements for biodiesel and ethanol produced, imported, sold, used or exported to other countries; the minimum requirements for toothpaste imported, manufactured and marketed for use in Fiji; and on hot water bottle safety.<sup>22</sup> Up to September 2015, Fiji had 12 mandatory standards (technical regulations)<sup>23</sup> and 72 voluntary standards (e.g. for telecommunication, occupational health and safety, and electricity) of which 65 have been directly adopted from international standards. Voluntary and mandatory standards are published on official websites.<sup>24</sup>

3.46. The National Trade Measurement Laboratory is the only authorized testing laboratory for weighing and measuring instruments used for trade in Fiji. It maintains the primary standards for all weights and measures used in Fiji (e.g. time and frequency, length, mass, and volume).

3.47. Manufacturers needing products tested use accredited laboratories in Australia or New Zealand, or the University of the South Pacific's Institute of Applied Science (USP/IAS)

<sup>19</sup> These are: National Trade Measurement (Units & Standards) Regulations 1989; National Trade Measurement (Pre-packed Articles) (Packaging) Regulations 1989; National Trade Measurement Bread Regulations 1989; National Trade Measurement Misleading Markings and Deceptive Packaging Regulations 1989; and National Trade Measurement Fees and Charges 2010.

<sup>20</sup> DNTMS was previously known as Fiji Trade Standards and Quality Control Office (FTSQCO).

<sup>21</sup> The MoU gave DNTMS the opportunity to adopt and modify Australian Standards as Fiji Standards. This site is maintained and administered by Standards Australia on behalf of DNTMS. DNTMS online information. Viewed at: <http://www.pasc.standards.org.au>.

<sup>22</sup> DNTMS online information. Viewed at: <http://www.pasc.standards.org.au/FijiStandards.aspx>.

<sup>23</sup> These mandatory standards are on fireworks labelling, bottled water, fuel, biodiesel and ethanol, household electric refrigerating appliances, hot water bottle safety information, batteries, second hand vehicle import certification, roofing coil, fasteners and screws, fortification of wheat, and toothpaste.

<sup>24</sup> Fijian standards are published on [www.pasc.standards.org.au](http://www.pasc.standards.org.au) and technical regulations on [www.mit.gov.fj](http://www.mit.gov.fj).

laboratory, which is limited to approved chemical tests. Test results from approved laboratories are required for Fijian bottled water, battery, roofing coils, etc.

3.48. Preparing, packing, keeping, conveying, selling or giving free-of-charge food that is unsafe, unhygienic, adulterated or unfit for consumption and without prescribed labelling requirements is prohibited. The Central Board of Health may declare any food as unfit for consumption if it does not comply with Codex food standards, or has been proven unfit based on scientific evidence. These food safety standards and codes are deemed regulations unless modified by the Board. Importers of processed foods that are non-compliant, including with labelling requirements (see below), may have to forfeit the products and may be criminally prosecuted. Board permits are required to import raw or semi-processed food for further processing, and to remove original packaging for re-packaging.

3.49. Fiji has no drug registration process, and all pharmaceuticals are imported. Import (and production) comes under the Fiji Pharmacy and Poisons Act. Imports are permitted provided the label states compliance with either the British Pharmacopoeia or United States Pharmacopoeia standards; only licensed wholesalers in Fiji may import pharmaceuticals.

3.50. The DNTMS has affiliation/membership with the following international organizations: International Organization for Standardization (ISO), International Electrotechnical Commission (IEC), Pacific Area Standards Congress (PASC), International Organization of Legal Metrology (OIML), National Measurement Institute (NMI), and Asia Pacific Metrology Programme (APMP).

### 3.1.8 Labelling and marking

3.51. All imported goods must be labelled with the country and company of make, and, for clothing, display washing instructions and fabric content. Packaged goods must be labelled with quality certification and weight. The Food Safety Act also covers regulations for labelling and packaging of food products e.g. manufacturers', importers', packers' and distributors' name, ingredients, prescribed nutritional information, shelf-life expiry date, and other mandatory Codex labelling requirements. If not met, importers may be directed to re-label within 30 days. All beverage products in Fiji require use-by-date labelling and details of contents on packaging.

3.52. Fiji has no food labelling requirements for GMO foods or restrictions on their importation or production; this issue is currently under discussion.

### 3.1.9 Sanitary and phytosanitary requirements

3.53. Fiji's legal framework on sanitary and phytosanitary requirements includes: Biosecurity Promulgation 2008 which merged the Plant Quarantine Act 1982 (as amended) and Regulations, as well as the Animal Importation Act 1978 and Regulations; the Animal Contagious Diseases Act 1985; the Quarantine Act 1970; the Food and Safety Act 2003; and the Food Safety Regulation 2009.

3.54. Fiji AgTrade, under the Ministry of Agriculture, Rural and Maritime Development and National Disaster Management (Ministry of Agriculture), is the enquiry point under the WTO SPS Agreement.<sup>25</sup> So far, Fiji has submitted four notifications to the SPS Committee (up to November 2015).<sup>26</sup>

3.55. Fiji is a member of the Codex Alimentarius Commission, the World Organization for Animal Health (OIE), and the International Plant Protection Convention (IPPC).<sup>27</sup>

3.56. The statutory Biosecurity Authority of Fiji (BAF), created under the Biosecurity Promulgation 2008, replaced the Department of Quarantine and Inspection Services as the body responsible for animal and plant protection. Health and quarantine regulations in Fiji apply to most food products, especially meats and fresh produce.

<sup>25</sup> WTO document G/SPS/ENQ/26, 11 March 2011.

<sup>26</sup> WTO document series G/SPS/N/FJI.

<sup>27</sup> WTO document G/SPS/GEN/49/Rev.12, 20 January 2015.

3.57. Fiji has bilateral quarantine agreements with: Australia on papaya, fresh ginger and other fresh and frozen produce; New Zealand on papaya, eggplant, chillies, herbs, pineapple, breadfruit, mango, and other fresh and frozen products; Papua New Guinea on coffee and copra; Tonga on watermelon, yams, and vanilla; and Vanuatu on any animal products. Fiji also has a bilateral agreement regarding apple and pear imports from China, and general bilateral quarantine agreements (BQA) on cooperation with Australia, Indonesia, Japan, New Zealand, and the Philippines.

3.58. Imports of pork and pork products of New Zealand origin and poultry products of Australian origin are not allowed entry into Fiji.<sup>28</sup> Live cattle, sheep, goats, and all ruminants and their semen from Australia require written permission from the BAF. Imported frozen chicken and chicken by-products, including eggs, are prohibited from countries affected by Newcastle disease, and/or where poultry is vaccinated against other animal diseases exotic to Fiji, such as Australia (except possibly from Western Australia) and the United States (including baby foods containing chicken or eggs). These imports are subject to a risk assessment in line with OIE requirements.

3.59. Import permits are required for all animals and their products, including fresh/chilled/frozen/preserved meat and poultry; processed meat (e.g. sausages) and poultry; noodles containing albumen and/or natural meat/poultry flavours; natural beef base and stock; canned meat/poultry; dairy products (milk, cheese, yoghurt, butter, whey, etc.); semen; hides; feathers; natural bristles; eggs (including albumen); embryos/ova; animal feeds (e.g. meat and bone meal); and honey. Imports shipped without permits and veterinary certification will be re-shipped or destroyed at the importer's expense. Imported honey is prohibited unless it is imported for processing.

3.60. Imported plants and plant products may require import permits; new commodities also need an import risk analysis (IRA) carried out by the BAF. Imports of all fruits and vegetables, cut flowers, coconuts, mushrooms, rice and other grains, nuts, and kernels require a quarantine permit and a phytosanitary certificate from the exporting country, many of which (e.g. citrus fruit) must be treated with methyl bromide in the exporting country. Fruit and vegetables must be grown and packed in areas at least 80 km from fruit fly infestation areas (currently only applies to Australia) or be subject to methyl bromide treatment or be held in cool storage for 14 days at 0°C before shipment. All seed imports or plant and plant parts are subject to mandatory IRA. In addition to its BQA with New Zealand, Fiji's plant protection legislation covers mandatory biosecurity and quality control of exported plant products. Fiji has developed a system approach standard on the entire BQA systems pathway in order to address pests of concern and also export quality for chillies, eggplants, leafy vegetables, prickly mangoes, and okra to ensure that export-market requirements are met.

### **3.1.10 Trade-related investment measures**

3.61. Some of Fiji's investment incentives are tied to minimum local-content or export requirements. For example, a foreign investor must use at least 75% (up from 50% in 2009) locally grown and processed tobacco in all domestic cigarette production (Box 2.1). Tax free factories (TFF) and/or firms located in tax free zones (TFZ) exporting at least 70% of their production also benefit from certain incentives (section 3.2.4).

## **3.2 Measures Directly Affecting Exports**

### **3.2.1 Export procedures and requirements**

3.62. All commercial exporters must be registered with the FRCA and have a tax identification number (TIN). Exporters of some goods must be registered with the appropriate authority. These are mainly specific agricultural products exported to certain markets under bilateral quarantine arrangements whereby governments insist Fiji impose such requirements to address SPS concerns (section 3.1.9). Export valuations may be checked by the FRCA, e.g. for goods subject to export taxes.

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<sup>28</sup> BAF online information. Viewed at: <http://www.baf.com.fj>.

3.63. According to the latest estimates from the World Bank, exporting a standard container of goods requires 11 documents, takes 19 days and costs US\$790.<sup>29</sup>

### 3.2.2 Export duties

3.64. Export duties are provided for in the Customs Act (Sections 92(2) and 93(3)) and the Customs Tariff Act (Section 3(b)) (rates are specified in Schedule 2). They are applied to 16 tariff lines (0.3% of total tariff lines) at a rate of 3%: cane or beet sugar and chemically pure sucrose, in solid form (5 lines); molasses resulting from the extraction or refining of sugar (2 lines); silver, unwrought or in semi-manufactured forms or in powder forms (3 lines); base metals clad with silver, not further worked than semi-manufactured (1 line); gold, unwrought or in semi-manufactured forms or in powder forms (4 lines); and base metals or silver, clad with gold, not further worked than semi-manufactured (1 line).

### 3.2.3 Export prohibitions, restrictions, and licensing

3.65. The Customs Act provides authority to prohibit and regulate exports (Section 64(2)). Prohibited exports are dangerous drugs (i.e. narcotics) (Customs (Prohibited Imports and Exports) Regulations, 1986, Schedule 6), as well as all live fish, and turtle flesh and shells not meeting certain size limits. Exports of controlled ozone-depleting substances of CFCs, halons, carbon tetrachloride, and methyl chloroform were banned from 2000, and those of HCFC will be included from 2031 (Ozone Depleting Substances Act, 1998). Exports of these ozone-depleting substances require a permit from the Ministry of Environment. Certain exports are also banned or require a permit from the Fiji Management Authority under CITES (Fiji Endangered and Protected Species Act, 2002). Exports of round logs are banned for environmental reasons and to promote downstream processing, which provides an implicit subsidy to processors at the expense of forest owners, by lowering the domestic price.

3.66. Some exports, including a wide range of agricultural products, require a licence from the relevant authority (Table 3.6).

**Table 3.6 Exports requiring a licence, 2015**

Description	Conditions, restrictions or requirements
All birds (other than domestic fowl, ducks, turkeys, geese and pigeons) alive or dead and the plumage or any part of the plumage of such birds	Written permission from the Secretary for Primary Industries
All live cattle	Export licence from the Secretary for Primary Industries
All reptiles (except for marine turtles), amphibians (except for toads), bats, and the Fiji Gos Hawk	Export licence from the Secretary for Primary Industries
Whales' teeth (Tabua), breast plates of pearl and ivory	Written permission from the Secretary for Fijian Affairs
Unprocessed turtle shell	Export licence from the Secretary for Primary Industries
Fiji manufactured sugar in any consignment exceeding 5 kg	Export licence from the Comptroller of Customs
Copra	Export permit from the Coconut Board
Wheat bran classified in HS 2302.00.00	Export licence from the Secretary for Primary Industries
Oil cake and meal of copra classified in HS 2304.00.01	Export licence from the Secretary for Primary Industries
All Fijian weapons made for war, forks of bone, ivory or wood made for eating human flesh, artefacts made from whales' tooth including breast plates, pendants, necklaces, food hangers, and human and animal figures, all stone adzes and pounders, and all wooden or stone carvings of human or animal figures, except replicas made for the souvenir trade	Export licence from the Secretary for Housing and Urban Affairs
Wood and wood products classified in 84 eight-digit tariff items within HS Chapter 44,	Export licence from the Conservator of Forests

<sup>29</sup> World Bank Group online information. Viewed at: <http://doingbusiness.org/data/exploreconomies/Fiji>.

Description	Conditions, restrictions or requirements
covering unprocessed (round) logs and timber Coffee in any form classified in HS 0901.00.01, 0901.00.09, 2101.02.01 and 2101.02.09	Certificate from the Secretary for primary Industries in accordance with the rules of the International Coffee Organization
Unprocessed Trochus shells classified in HS 0508.00.20	Licence from Secretary of Trade and Commerce
Arms and ammunition	Licence from the Commissioner of Police subject to Arms and Ammunition Act
Dangerous drugs covered by Part IV	Authorization in accordance with the Dangerous Drugs Act
Gold coin, bullion, currency notes of Fiji or any other country	Written permission from Reserve Bank, excluding travellers taking abroad foreign currency notes of up to F\$5,000 per person, all consignments of goods exceeding F\$1,000 f.o.b. except in accordance with the provisions of the Exchange Control Act
Explosives	Licence under the Explosive Act
Fisheries	Live fish of any kind; turtle flesh; turtle shell of length less than 45.72 cm; any shell of the Trochus species measuring less than 8.89 cm across the whorl, and of some other species
Minerals	Permit from Director of Mines endorsed with a certificate indicating that all royalties have been paid or secured, or that no royalties are payable, in accordance with the Mining Act
Monuments or objects of archaeological and palaeontological interest	Permit issued by the Board of Trustees established under the Fiji Museum Act, in accordance with the Preservation of Archaeological and Palaeontological Interest Act

Source: Schedule 6 of Customs (Prohibited Imports and Exports) Regulations, 1986.

### 3.2.4 Export assistance and promotion

3.67. Fiji continues to have various export incentive schemes with the aim of increasing investment in exporting activities. The Short-Term Export Profit Deduction Scheme, administered by the Ministry of Finance, exempts from income tax a set share of net profits on exports of goods and services (excluding re-exports) (Section 21 of the Income Tax Act). This share has been reduced gradually from 100% in 2001-02 to 10% in 2015 (as from 2016 export profits will be fully taxed). Revenue forgone from the Scheme increased from F\$6 million in 2007 to F\$42.4 million in 2014. It was introduced to cushion the impact of the 2001 withdrawal of investment incentives on goods and services to tax free factories (TFF) or firms located in tax free zones (TFZ) tied to export performance (Section 11, Fifth Schedule, Income Tax Act). However, because TFF/TFZ firms exporting at least 70% of production received duty-free exemptions (including of VAT) on imported inputs, and income tax holidays for 13 years, existing beneficiaries will be assisted until 2015. The scheme also provides a full tax rebate on exports (excluding re-exports) of manufactured, processed, and assembled goods (with at least 30% domestic value added or as otherwise determined by the Minister), services, manufacture or produce of deep-sea fishing, production of agricultural products (excluding sugar or copra, but not their manufactured derivatives), and timber where export growth over the previous year exceeded F\$10,000.<sup>30</sup> These schemes have been regularly notified to the WTO Committee on Subsidies and Countervailing Measures. Fiji has been granted extensions, the last until end-2015.<sup>31</sup> Exporters also benefit from general investment incentives, such as the 40% investment allowance (section 3.3.1).

3.68. In July 2010, the Reserve Bank of Fiji (RBF) rationalized its Export Finance Facility and Import Substitution Facility into an Import Substitution and Export Finance Facility (ISEFF). In addition, the RBF has further reduced the administrative requirements and streamlined the approval process for funding under the scheme.<sup>32</sup> The ISEFF assists exporters, large-scale

<sup>30</sup> Export profits on timber were deemed to equal 10% of the f.o.b. value of all "arms-length" exports up to a maximum of 50% of the income arising from total timber sales. Exporters claiming incentives are ineligible for the Short-Term Export Profit Deduction Scheme. The Minister of Industry, Trade and Tourism could extend the 13-year period by up to 5 years if considered necessary to market the export adequately and to facilitate foreign exchange earnings.

<sup>31</sup> WTO document G/SCM/N/243/FJI, 4 October 2012.

<sup>32</sup> Reserve Bank of Fiji (2010), *Import Substitution and Export Finance Facility Guidelines*, Suva.

commercial agricultural farming and renewable energy businesses to obtain credit at concessional interest rates. The export finance part of ISEFF aims to advance competitiveness and ensure the availability of credit to the export sector. Likewise, the import substitution component of ISEFF aims to promote both domestic commercial agricultural production and the competitiveness of local agricultural produce (section 4.1.3).<sup>33</sup>

3.69. The ISEFF provides back-to-back finance through commercial banks, licensed credit institutions (LCIs)<sup>34</sup>, and the state-owned Fiji Development Bank (FDB). The interest rate charged on ISEFF advances is currently 2% per year. The commercial banks, LCI and FDB, can borrow from RBF at this rate and on-lend to businesses with a maximum margin of 5%. The total amount available for this facility is F\$80 million. Loans are limited to a maximum of F\$1 million per business and will be allocated on a first-in basis. Funding is available for the export of all goods by primary and secondary exporters (primary exporters produce/manufacture while secondary exporters act as agents and distributors for their clients) and certain professional services e.g. architectural, engineering and maritime services.<sup>35</sup>

3.70. The Export Credit Ratio (ECR), administered by the Ministry of Finance, aims to extend greater credit access to eligible exporters and not to provide concessionary credit, since commercial banks provide the credit. They must hold at least 5% of their average deposit and similar liabilities in outstanding loans to eligible exporters of goods (excluding traditional exports) and services (including construction and refurbishment of hotels and specific tourist-related operations, as well as architectural, engineering, and maritime services). Eligible borrowers must have at least 40% domestic value added.

3.71. The FDB launched its own export credit facility in December 2007. It provides pre-shipment export finance by way of loans of up to F\$20,000 to eligible producers/exporters (excluding traditional exports of sugar, molasses, gold, green logs, and rough unprocessed sawn timber) at concessionary interest rates, currently 6% annually. It also allows eligible exporters to discount export bills as a means of obtaining post-shipment export finance. The Government has allocated F\$1.5 million to the facility.

3.72. A duty drawback scheme has been in operation since 1986 (Section 101, Customs Act). FRCA is in charge of this scheme. There are two types of drawback, depending on whether the imported goods are exported or processed. Normal drawback applies where imported inputs are exported without undergoing any domestic processing, while industrial drawback applies on imported inputs that undergo processing before export. Exporters must meet several requirements to receive drawback, and the amount of duty refunded is based on a formula derived and agreed between customs and the exporters, which may be company-specific.

3.73. The export income deduction rate was increased from 40% during 2012-14 to 50% as from 2015. The deduction is available to all exporters except for re-exports. Export income means net profits derived by a taxpayer from the business of exporting goods and services. The export income deduction is only allowed if the Commissioner of Inland Revenue is satisfied that the export earnings will be remitted to Fiji.<sup>36</sup>

3.74. The Duty Suspension Scheme (DSS), introduced in 2002, is used mainly by exporters, and enables them to import inputs (raw materials) free of tariffs and VAT if they are "substantially transformed" and exported. New machines and equipment directly used for manufacturing are also free of tariffs (but VAT is payable). Agriculture and mining are excluded from the scheme. The value of duty- and VAT-free imports is the ratio of the share by value of approved imported inputs required to produce the exports (the Entitled Proportion, or EP) to the value of exports. The EP ratios are product-based. The DSS is administered by the Fiji Export Council, established primarily

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<sup>33</sup> Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

<sup>34</sup> LCIs include Credit Corporation Fiji Limited, Merchant Finance Limited, BSP Finance (Fiji), and Kontiki Finance Limited.

<sup>35</sup> Advances to eligible businesses are at the risk of the lender with no recourse to RBF. The amount of the advance under the ISEFF is now at the discretion of the lending institutions based on their respective credit assessments. RBF reserves the right to award loan amounts greater than F\$1 million in special circumstances. The maximum loan term is six months and can be rolled over for up to five years.

<sup>36</sup> Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/pages.cfm/for-exporters/export-opportunities-in-fiji/incentives.html>.

for this purpose and to improve Fiji's export competitiveness.<sup>37</sup> Only DSS licensed exporters are eligible for duty suspension.

3.75. Tax free region incentives, administered by the Ministry of Finance and FRCA, apply to newly incorporated entities engaged in a new trade, business or manufacturing activity established in certain areas.<sup>38</sup> To be eligible for a licence the company must be a newly incorporated entity engaged in a new trade, business or manufacturing activity; the minimum initial investment required is F\$250,000 since 2010. Investment in any new activity approved and established during 2010-14 is exempted from tax as follows: capital investment from F\$250,000 to F\$1 million for a period of 5 consecutive fiscal years; capital investment from F\$1 million to F\$2 million for a period of 7 consecutive fiscal years; capital investment above F\$2 million for a period of 13 consecutive fiscal years. The income of any new activity approved and established from 1 January 2015 is exempted from tax for a period of 13 consecutive fiscal years with an initial capital investment of F\$2 million or more.<sup>39</sup>

3.76. The National Export Strategy (NES), administered by the Ministry of Industry, Trade and Tourism, aims to achieve sustainable growth by encouraging exports, competitiveness, value adding, and export diversification in areas where there are competitive advantages. Fiji has identified six key areas: agro-business; forestry; marine products; mineral water; information and communication technologies (ICT); and audiovisual services. The NES assists small and medium-sized enterprises (SMEs) within the prioritized sectors on a cost-sharing basis with an emphasis on addressing supply-side constraints (e.g. product development, packaging, infrastructure, marketing and training).<sup>40</sup>

### 3.3 Measures Affecting Production and Trade

#### 3.3.1 Incentives

3.77. Incentives are seen as an integral part of Fiji's industrial policy. Fiji offers a wide range of investment incentives to both domestic and foreign investors. Some apply more generally to businesses while more generous incentives target specific activities or sectors (Table A3.2).

3.78. Fiji has notified tax incentives for the film and audiovisual industries to the WTO and Members have agreed to their extension until end-2015.<sup>41</sup>

#### 3.3.2 Competition policy, consumer protection, and price controls

3.79. In 2010, Fiji introduced a new competition law, the Commerce Commission Decree (CCD) to integrate the functions of several laws into a single comprehensive one.<sup>42</sup> It addresses competition

<sup>37</sup> Shareholders are the Fiji Australia Business Council, the Fiji Chamber of Commerce and Industry, the Fiji Employers Federation, the Fiji Indigenous Business Council, the Fiji New Zealand Business Council, the Fiji PNG Business Council, the Fiji USA Business Council, and the Textile Clothing and Footwear Council.

<sup>38</sup> These are: Vanua Levu (also includes Taveuni, Rabi, Kioa and other islands generally included for the Government's administrative purposes); Rotuma; Kadavu; Levuka; Lomaiviti; and Lau. Any company may apply to the Minister for Finance for an operating licence using a prescribed form. Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/pages.cfm/for-exporters/export-opportunities-in-fiji/incentives.html>.

<sup>39</sup> Other benefits under tax free regions are: import duty exemption on the importation of raw materials, machinery and equipment (including parts and materials) for the establishment of the business in the tax free region; an additional 5 years of income tax exemption is available to any company granted a licence and having Indigenous iTaukei landowner equity of at least 25%; and an additional 7 years of income tax exemption is available to any hotel developer granted a licence and having indigenous Fijian landowner equity of at least 25%. Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/pages.cfm/for-exporters/export-opportunities-in-fiji/incentives.html>.

<sup>40</sup> Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

<sup>41</sup> WTO document G/SCM/N/243/FJI, 4 October 2012.

<sup>42</sup> The Decree is available at the official website of the Fiji Commerce Commission. Viewed at: <http://www.commcomm.gov.fj/wp-content/uploads/2015/04/ccd-2010.pdf>. This repealed previous individual laws including the Fair Trading Decree 1992, the Fair Trading Amendment Act 1998, the Fair Trading Amendment Act 2005, the Commerce Act 1998, the Commerce Amendment Promulgation 2008, and the Counter Inflation Act 1978. Similar to Fiji's legislation in other areas, the CCD has been modelled on the legislation of its neighbour countries with due adaptation to its own specific situation.

affairs, consumer protection, and price controls. The Government is reviewing the CCD and considering specifying the details of its implementation such as rules and guidelines.

3.80. Under the CCD, the Fiji Commerce Commission (FCC) was created in 2010 as an independent statutory body to administrate the implementation of the Decree. The objectives of the FCC outlined by the CCD are to promote: the interests of the consumers; the effective and efficient development of industry, trade or commerce; and the effective competition in industry, trade or commerce. It also aims to ensure equitable returns for businesses with fair and reasonable prices charged to consumers.

3.81. In general, the CDD prohibits restrictive business practices such as: contracts, arrangements, or understandings that restrict dealings, affect competition or fix prices; misuse of dominant market position to eliminate or substantially damaging a competitor, or prevent a competitor's entry into a market or competitive conduct; bid rigging; exclusive dealing; resale price maintenance; and price discrimination.

3.82. With regard to mergers, the CDD provides the requirements that mergers and acquisitions must meet. Firms engaging in acquisition, directly or indirectly, of any shares in capital or any assets, need to acquire clearance from the FCC before finalizing the deal. The FCC will conduct an analysis and assessment of the merger proposal. Mergers that will result in obtaining or strengthening a dominant position in a market will not be approved. Since 2013, the FCC has received and authorized three acquisitions.<sup>43</sup> The UNCTAD peer review suggests that to reduce the workload of the regulator, merger regulation should only be made subject to a mandatory notification process over a set turnover threshold.

3.83. Proposed access agreements must be notified to the FCC for assessment at least 30 days before they take effect. Valid agreements must be registered at the FCC. Failure to do so will lead to invalidity and unenforceability of the agreement. When negotiation is conducted between parties to an access agreement, the FCC may, upon the request of the parties, attend the negotiations and facilitate agreement between the two sides. Where a dispute exists with regard to an access regime, it may be referred to arbitration procedures under the Arbitration Act.

3.84. In July 2015, UNCTAD carried out a peer review of Fiji's competition regime and proposed the following amendments: (i) inclusion of a definition of the term "market" and "consumer" in the CDD; (ii) careful consideration of whether Fiji should enact more specific cartel provisions, or whether the current provisions should be modernized; (iii) further consideration of the provision on the misuse of market power; (iv) repeal of price discrimination prohibitions, as they inhibit price flexibility; and (v) introduction of a leniency policy for cartel conduct.<sup>44</sup>

3.85. So far, there have been no court cases on competition provisions in Fiji. All matters have been resolved via the FCC decisions. The UNCTAD peer review believes that this suggests a lack of awareness about the competition provisions of the CDD and recommends that the FCC extend its awareness workshops and seminars to the subject of competition policy, to raise the level of understanding of consumers and business about this area.

3.86. The FCC is actively pursuing arrangements for international cooperation mechanisms. To this effect, Fiji and Austria have recently agreed to have a Memorandum of Understanding. The FCC is a member of the International Competition Network (ICN). Since 2010, it has also participated in a number of training programmes and conferences jointly organized by the OECD and the Korea Policy Centre (KPC), and by the Small States Network for Economic Development (SSNED).

3.87. The CCD also gave the FCC the authority to regulate prices replacing the Prices and Incomes Board. Prices of a wide range of goods and services products continue to be regulated, such as milk, butter, sugar, fish, rice, pharmaceutical products, fuels, electricity, water, and telecommunications (Table A3.3). In reviewing and determining the prices of regulated products, the FCC first publishes orders authorizing the price control of various products, and then reviews

<sup>43</sup> FCC (2014), *Annual Report of the Fiji Commerce Commission 2013*, Suva.

<sup>44</sup> Currently, Fiji and UNCTAD are working on a technical assistance programme on competition policy for Fiji for the next few years. UNCTAD (2015), *Bipartite Voluntary Peer Review of Competition Law and Policy: Fiji and Papua New Guinea Comparative Report, 2015*, Geneva.

and determines the prices of the products. The frequency of price review and the calculation methods vary from product to product depending on the features of the product and the market. The FCC provides the Ministry for Industry, Trade, and Tourism (MITT) with recommendations. The FCC monitors prices via daily on-site inspections.<sup>45</sup> Traders have the right to challenge price decisions by the FCC in court.

3.88. The Government's rationale for price controls stems from its view that anticompetitive practices are common in small developing countries such as Fiji where the lack of sufficient competition enables market participants to earn abnormally high profits. In their view, price controls are therefore necessary to protect the interests of low-income users. Price controls, however, might also distort market signals, discourage investment, and encourage low-quality production. Many of the products currently under price control are agricultural items that could be produced in Fiji. According to UNCTAD, Fiji's price control policy is generally appropriate, but FCC should reconsider whether price control continues to be the most effective approach in relation to particular markets.

### 3.3.3 State trading, state-owned enterprises, and privatization

3.89. Fiji has not notified the WTO of whether or not it has state-trading enterprises as defined in GATT Article XVII and the Understanding on the Interpretation of Article XVII. The Fiji Sugar Corporation is the only licensed importer of unrefined sugar (section 4.1.4).

3.90. State-owned enterprises (SOEs) continue to play a significant role in the Fijian economy.<sup>46</sup> They include commercial statutory authorities and government commercial companies. In addition, the Government has an ownership stake in a number of private companies. The Government's SOE interests encompass infrastructure services as well as other commercial activities such as rice milling, cattle farming, sugar milling, fish processing, coconut milling, telecommunications, and broadcasting (Table 3.7). They contribute some 4% of GDP. At least 50% of annual profits must be paid to the Government as dividends.

**Table 3.7 State-owned enterprises, 2015**

Category/entity	Core activities and social obligations	Government shareholding (%)
<b>Government commercial companies</b>		
Airports Fiji Ltd <sup>a</sup>	Manages the operation of Nadi and Nausori international airports and 13 outer island airstrips in Fiji. In addition, it manages air traffic management facilities for Fiji, Vanuatu, Kiribati and Tuvalu.	100
Fiji Broadcasting Corporation Ltd <sup>a</sup>	Operates four commercial radio stations and television services.	100
Fiji Ports Corporation Ltd <sup>a</sup>	Provides and manages port infrastructure and services within declared ports. It also repairs ships and provides for ship building services.	100
Unit Trust of Fiji (Management) Ltd.	Administers and makes investment decision.	100
Viti Corp Corporation Ltd <sup>a</sup>	Produces and processes agricultural food products for both export and domestic markets.	100
Yaqara Pastoral Company Ltd <sup>a</sup>	Produces and supplies beef, engages in cattle breeding and bee keeping, supplies meat products of sheep and goats, and produces horticultural crops.	100
Post Fiji Ltd. <sup>a</sup>	Provides postal, courier and agency services, and post shop operations.	100
Food Processors (Fiji) Ltd <sup>a</sup>	Processing and value added of locally grown agro-food (e.g. fruits, vegetables, seafood and root crops) for sale in the local and export markets.	100
Rewa Rice Ltd <sup>a</sup>	Milling and sale of rice and poultry feed.	100
Fiji Public Trustee Corporation Ltd. <sup>a</sup>	Acts as custodian and provides administrative services to estates persons who are deceased, or are	100

<sup>45</sup> In 2013, it conducted 27,232 inspections of which 3,096 traders did not comply with the CCD, of which 1,503 failed to have prices indicated and 1,246 offered a price exceeding the maximum approved.

<sup>46</sup> An SOE is a corporatized entity with a commercial mandate in which the state holds a controlling equity stake.

Category/entity	Core activities and social obligations	Government shareholding (%)
	incapable of conducting their own affairs. It also provides educational and medical assistance to beneficiaries who are under 21 years through the annual pay out from Fiji National Provident Funds.	
Fiji Hardwood Corporation Ltd.	Responsible for managing all operations regarding the planting, growing, harvesting and sale of mahogany timber on mahogany plantation land. It also provides services and expertise on the management of mahogany plantation lands and the development of the mahogany industry.	100
<b>Commercial statutory authorities</b>		
Fiji Electricity Authority <sup>a</sup>	Provides energy solutions to customers in Fiji through the use of all types of energy sources.	100
Housing Authority <sup>a</sup>	Produces lots and housing units, and provides for mortgage financing for low income earning customers.	100
Public Rental Board <sup>a</sup>	Provides and manages rental housing for low and middle-income earners.	100
Fiji Meat Industry Board	Constructs and operates public slaughtering facilities for the protection, preservation and expansion of the meat industry in Fiji. In addition, it purchases and trades in livestock, meat and by products.	100
<b>Reorganized Entities</b>		
Water Authority of Fiji	Provides access to drinking water and waste-water services to over 144,000 residential and non-residential customers covering more than 700,000 people.	100
Biosecurity Authority of Fiji	Manages quarantine controls at the borders to minimize the risk of exotic pests and diseases entering Fiji. It also provides import and export inspection and certification to help retain Fiji's favourable animal, plant and human status and wide access to overseas export markets.	100
Maritime Safety Authority of Fiji	Oversees and acts as a regulator for the maritime sector.	100
<b>Majority-owned Government companies</b>		
Fiji Airways Limited	Operates international and domestic airline services in the Pacific, North America, and Japan.	51.0
Fiji Pine Ltd.	Owns and operates sawmill and chip plant and produces woodchips.	99.8
Fiji Sugar Corporation Ltd.	Sugar milling company with the monopoly on production of all raw sugar in Fiji.	68.0
Pacific Fishing Company Ltd. <sup>a</sup>	Processes loin and fish (Tuna) canning for local and overseas markets.	99.4
Copra Millers Fiji Ltd.	Manufactures and distributes coconut oil and other related products.	96.0
Air Terminal Services (Fiji) Limited	Only ground handling company and flight catering operation in Fiji that provides total ground handling services.	51.0
<b>Minority-owned companies</b>		
Amalgamated Telecom Holdings Ltd	Provides various telecom services such as fixed, mobile, Internet and data related services, sale and service of customer premises equipment for voice, and data. It also offers transaction management through the marketing and sale of prepaid services, directory services, business processing outsourcing, including call centre services.	34.6

a State-owned entities monitored by the Department of Public Enterprises and Public Sector Reforms.

Source: Information provided by the Fijian authorities.

3.91. Portfolio responsibility for SOEs is with the Ministry of Public Enterprise (MPE) following its merger with the Asset Management Unit under the Ministry of Finance in 2014. Fiji's Roadmap for Democracy and Sustainable Socio-Economic Development 2009–2014 announced an ambitious

plan to accelerate public enterprise reform, including a programme of SOE divestment, corporatization of water and roads, and increased outsourcing to the private sector. So far the following has been achieved: merger of Fiji Ships and Heavy Industries into Fiji Ports Corporation in 2009; corporatization of the Water and Sewage Division of the Ministry of Public Utilities into a commercial statutory authority (Fiji Water Authority) in 2010; and the privatization of Fiji Dairy in 2012.<sup>47</sup>

3.92. Restructuring efforts also began in 2012 to align Fiji Hardwood Corporation's operations with the functions outlined in the Mahogany Industry Development Decree 2011.<sup>48</sup> The Government has also introduced a comprehensive programme to reform the sugar industry and return the Fiji Sugar Corporation to profitability (section 4.1.4).

3.93. The MPE has indicated its intention to fully/partially divest ownership in nine SOEs (Fiji Meat Industry Board, Food Processors (Fiji), Posts Fiji, Airports Fiji, Fiji Ports Corporation, Fiji Broadcasting Corporation, Rewa Rice, Yaqara Pastoral Company, and Pacific Fishing Company) and to liquidate some other SOEs (e.g. National Trading Corporation, and Shipbuilding Fiji). In addition, some state entities have been reorganized, such as the Fiji Road Authority (FRA), the Biosecurity Authority of Fiji (BAF), and the Maritime Safety Authority of Fiji (MSAF).<sup>49</sup>

3.94. In March 2014, the Cabinet approved the revision of the Public Enterprise Act, *inter alia*, to strengthen the monitoring of public enterprises in general, including oversight of majority owned government companies. MPE is currently working with Asian Development Bank to finalize key policy principles for revision of the Act. The authorities acknowledge that the Public-Private Partnerships (PPP) Act also needs a formal review to bring it in line with international best practices.<sup>50</sup>

### 3.3.4 Government procurement

3.95. The annual value of government procurement ranged from F\$40 million in 2009 to F\$167 million in 2014, i.e. about 7% of GDP on average over the period. Recognizing the significant impact of procurement policies and practices on the efficiency and accountability of public expenditure, the Government has undertaken great efforts to reform its procurement sector with the aim of modernizing its procurement system and bringing it in line with international best practices and standards. Important progress has been made in terms of both legal and institutional developments in this regard. Value for money is the fundamental goal pursued in government procurement in Fiji and the system does not generally discriminate against foreign products and suppliers.

3.96. Fiji is not a party or observer to the WTO Agreement on Government Procurement (GPA). Currently, Fiji has not entered into any international obligations with other countries in relation to government procurement.

3.97. The Financial Management Act 2004 lays the foundation for government procurement policies and authorizes the Minister of Finance to make regulations to give effect to the Act. New Procurement Regulations came into force on 1 August 2010 repealing the Service and Supplies Regulations 2005 and the Public Works Regulations 2005. The authorities state that new

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<sup>47</sup> In 2010, the Government restructured the Rewa Cooperative Dairy Company Limited (RCDCL) into two entities: Fiji Dairy (processing company), and Fiji Cooperative Dairy (farmer's cooperative). The Government sold its 80% share in Fiji Dairy to Southern Cross Foods (SC Foods) for F\$10 million on 30 August 2012. Under the conditions of the sale, SC Foods will purchase all the milk produced by the FCDL for the next 10 years. It also ensures that the 20% Class B shares in Fiji Dairy held by the farmers will not be diluted. Asian Development Bank (2013).

<sup>48</sup> Eventually, all mahogany re-forestation, harvesting, processing and marketing activities will be done by the private sector. Fiji Hardwood will focus on the core tasks of forest management, licensing and establishing a global brand for Fiji mahogany.

<sup>49</sup> The Department of Roads is now FRA, a statutory authority governed by a Board that reports to the Minister for Infrastructure and Transport. BAF and MSAF are now governed by their respective Boards. The MSAF Decree and BAF Promulgation mandate their key responsibilities.

<sup>50</sup> Within the region, Fiji has been an early implementer of SOE reform and a leader in PPP projects.

Regulations are based on international best practices and the UNCITRAL model law. The Procurement Regulations were amended in 2012 to adopt certain adjustments and flexibilities.<sup>51</sup>

3.98. The new Procurement Regulations apply to all procurements of goods, services and works by ministries and departments at the central government level. Local governments, state-owned enterprises and statutory authorities are governed by their own sets of financial rules and procedures. The Regulations identify five guiding principles that any procurement should follow: (i) value for money; (ii) maximising economy and efficiency and the ethical use of government resources; (iii) promoting open and fair competition amongst suppliers and contractors; (iv) promoting integrity, fairness and public confidence in the procurement process; and (v) achieving accountability and transparency in procurement procedures. To facilitate the implementation of the Regulations, a series of guidelines have been published to explain specific procedural aspects of the Regulations at a more detailed level.<sup>52</sup>

3.99. Additionally, the Fiji Procurement Office (FPO) was established under the Ministry of Finance to regulate and administer all procurements for the Government of Fiji. The Government Tender Board (GTB) was also established under the Regulations to consider and approve procurements of goods, services and works valued above F\$50,000.<sup>53</sup>

3.100. For the purposes of predictability, transparency and efficient management, government agencies are required to submit individual annual procurement plans summarizing their expected procurement during the year, the estimated costs, timing and the proposed methods of procurement, to the FPO for approval. Each ministry and department is responsible for organizing its own procurements when the contract value does not exceed F\$50,000. The GTB is responsible for all contracts above F\$50,000. Ministries or Departments are not allowed to split any single contract in order to avoid the application of this threshold.<sup>54</sup>

3.101. The promotion of competition is a requirement of all procurements. For procurements valued at less than F\$1,000, verbal quotes are acceptable; for procurements valued at between F\$1,000 and F\$50,000, a minimum of three written competitive quotes must be received for one procurement. But for both cases, the requirement for quotation might be waived by a Permanent Secretary or Head of Department where: (i) there is only one capable supplier; (ii) there is already a binding annual contract with a particular supplier; (iii) the supplier has been nominated by an aid agency that is funding at least 50% of the procurement; or (iv) the supplier has previously provided a specialized service to the Government by utilizing its intellectual property and the current procurement is a recurrence of the previous service. For procurements valued at more than F\$50,000, a tender is obligatory.

3.102. The Regulations identify five types of tendering methods: open tendering, two-stage tendering, pre-qualified tendering, selective tendering and single source procurement. Open tendering is the preferred tender method unless the nature of the tender or its complexity justifies the use of other methods by the procuring agency. For common use goods and services procured for more than one ministry/department, a tender can be called for the supply of such goods or services for one year or an even longer period through a standing offer contract. A two-envelope

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<sup>51</sup> The amendment was made through the Procurement (Amendment) Regulations 2012, which were published in the Government Gazette on 12 June 2012. The amendments mainly raise the threshold values below/above which different procurement methods apply and confer the approval of procurements to different levels of government agencies. They also give more discretion to authorities responsible for procurements of relatively low value.

<sup>52</sup> Key guidelines include the Guide to the Procurement Policy Framework 2010, the Guide to the Tender and Evaluation Process 2010, and the Guide to Overseas Procurement and Logistics 2012. All relevant acts, regulations, policies and guidelines are publicly available at FPO's website: <http://www.fpo.gov.fj>.

<sup>53</sup> The GTB, normally chaired by the Permanent Secretary for Infrastructure and Transport, comprises representatives from other ministries and agencies. Decisions are made collectively through voting. When necessary, a sub-committee may be established to consider and recommend specialized or technical tenders for civil or capital works or tenders exclusively called for a procuring entity. GTB may also co-opt experts from within and outside the public service to provide advice on tenders of a technical and complex nature.

<sup>54</sup> In 2014, after it was noted that the procurement regulations had been violated through cost splitting, a policy paper on the splitting of contracts was published by the Ministry of Finance to assist government agencies in identifying what constitutes contract or cost splitting.

tender may be used as a form of open tender.<sup>55</sup> In the case of extreme emergencies, procurements may be conducted with certain procedural flexibilities. The number of contracts awarded using the different procurement methods during 2011-14 is detailed in Table 3.8.

**Table 3.8 Number of contracts by procurement method, 2011-2014**

Procurement method	Number of contracts							
	2011		2012		2013		2014	
	Local	Foreign	Local	Foreign	Local	Foreign	Local	Foreign
Open tendering	136	32	169	34	101	39	154	22
Two-stage tendering	6	-	-	-	1	-	3	-
Pre-qualified tendering	-	-	-	-	-	-	-	-
Selective tendering	-	-	-	-	-	-	-	-
Single source	6	5	11	17	16	12	15	12
<b>Total</b>	<b>148</b>	<b>37</b>	<b>180</b>	<b>51</b>	<b>118</b>	<b>51</b>	<b>172</b>	<b>34</b>

Source: Information provided by the Fijian authorities.

3.103. For complex procurements of high value and high risk, two-stage tendering is usually used. At its first stage, the procuring agency publishes a notice of expression of interest to collect market information about the procured goods, services or works. The procuring agency may adjust its requirements to make them more accurate and appropriate based on responses that have been received. At the second stage, the procuring agency issues a tender request and interested suppliers submit their offers or proposals.

3.104. Sometimes prequalification of suppliers may be conducted in order to enhance the efficiency of procurement. Only pre-qualified bidders are allowed to participate in the tender proceedings. The pre-qualification proceedings must be advertised so that all interested suppliers are able to submit their application for pre-qualification.<sup>56</sup>

3.105. The procuring agency is also allowed to use selective tendering in which only tenderers that have already satisfied certain pre-set requirements are invited to participate in the tendering. The selection is done by the process of expression of interest. The procuring agencies are required to select potential suppliers in a non-discriminatory manner and from the largest practicable number of potential suppliers.

3.106. Single source tenders are used in exceptional conditions where there is only one supplier capable of supplying the goods, services or works. It can also be used when the procuring agency needs to purchase from the same supplier or manufacturer for compatibility purposes.

3.107. In organizing a tender, the procuring agency publishes the invitation for expression of interest or the tender notice, which includes all useful information, such as the specifications of that particular procurement and the evaluation criteria, in at least one national newspaper at least 10 working days, but not more than 30 working days, in advance of the deadline for submitting a pre-qualification application or a bid. Wherever possible, advertisements are also published on a government website. Tender documents are obtained by bidders either free of charge or at a reasonable fee. A tender deposit may be required but will be refunded to unsuccessful bidders. All valid bids are opened on the pre-published date. The overall evaluation criteria shall be value for money. It may not necessarily be the initial cost, but a whole-of-life value for money assessment. Negotiations may be used by the procuring agency if it has been indicated in the tender notice or documentation, or if it appears from the evaluation that no tender is the most advantageous in terms of the specific evaluation criteria.

3.108. When the selection process has been completed, the procuring agencies will promptly publish or inform the bidders of the contract award decision. Upon written request from an unsuccessful bidder, the Director of the GTB must promptly provide reasons for the rejection or the advantages of the successful bidder. Tendering documents and records will be properly maintained and kept for at least five years.

<sup>55</sup> In a two-envelope tender, bidders submit their bids in two separate envelopes, one containing their technical proposal and the other containing their price. Technical proposals are evaluated first. Only tenders that meet the technical requirements of the procurement will be admitted to the price evaluation.

<sup>56</sup> This tendering method is normally used by the Ministry of Health for the procurement of pharmaceutical products where interested suppliers have to meet international standards and best practices.

3.109. The FPO and the GTB are the competent authorities for reviewing suppliers' complaints. Before a contract comes into effect, any supplier or contractor can bring a complaint in writing to the reviewing body to claim that it has suffered or may suffer from loss or injury due to a breach of duty by the procuring agency. The complaint should be submitted within 20 working days of the day the complainant became or should have become aware of the circumstances giving rise to the complaint. The reviewing authority should, within 30 days of the submission of the complaint, issue a written decision. The complainant may instigate court proceedings where: (i) the reviewing authority fails to issue a decision within the period of 30 days; (ii) the complainant is dissatisfied with the decision; or (iii) the procurement contract has entered into force.

3.110. For major infrastructure and certain services, public private partnerships (PPP) may be used. The use of PPP is regulated by the Public Private Partnerships Act 2006. In implementing a PPP project, the Ministry responsible for the project makes "authorization regulations" to authorize the development of a PPP proposal and specify the conditions that must be met by the PPP. A summary of the authorization regulations will be published so that interested parties are informed of the PPP project. After carrying out initial consultations with interested parties, the responsible Ministry will issue implementation regulations for the proposed project to prescribe the framework and parameters under which the PPP will be operated. Then a tender evaluation team will be established by the Ministry to pre-qualify and appraise tenderers. Up to half of the team may be public officers. Ranking of offers takes into consideration the suitability of various tenderers to implement the project, their compliance with the implementation regulations, and how they achieve the purposes of PPP. The Cabinet makes its decision based on recommendations which have reflected the views of relevant agencies.

3.111. The PPP controlling company must be registered in Fiji, have direct or indirect control of the entities described in the implementation regulations, and be under Fijian control (i.e. Fiji interests holding and able to exercise at least 51% of its shareholder voting rights or having the right to appoint more than 50% of its directors) or have a "Fiji share" held by the Minister of Finance. The Fiji shareholder has the right to veto specified actions proposed by the PPP, be consulted on certain matters, and give prior written approval for the PPP to undertake specified decisions.

3.112. The authorities state that Fiji does not maintain any discriminatory measures against foreign products, suppliers or service providers. For the reasons of getting cheaper options through bulk purchases and getting products/services that are not available locally, the Government often needs to procure from overseas. In fact, a major portion of procurement budgets is spent on procuring goods and services from overseas. In July 2010, the Government endorsed a broad outsourcing policy with the main objectives of reducing the government's operational expenses and improving efficiency in service delivery. Infrastructural and works contracts are identified as priorities in this regard. The procurement method and evaluation factors are generally the same as for normal procurement but the tender advertisements are published more widely in order to raise awareness among foreign suppliers/service providers. The Logistics Unit of the Fiji Procurement Office plays an important role in facilitating the relevant import process.

3.113. The Government supports the engagement of small and medium-sized enterprises (SMEs) in government procurement. It is ensured that SMEs have appropriate opportunities to compete for government contracts and are not unfairly discriminated against. Nevertheless, value for money is still the fundamental principle in selecting a supplier and there are no policies specifically in favour of SMEs in government procurement.

3.114. E-tenders are also used in government procurement and an administration fee may be charged by the Fiji Procurement Office for uploading tenders.

### 3.3.5 Intellectual property rights

3.115. There are three main laws governing IP in Fiji: the Patents Act 1879, the Trade Marks Act 1933, and the Copyright Act 1999.<sup>57</sup> Since the last review, these three laws have been amended.<sup>58</sup>

<sup>57</sup> WIPO LEX, online information. Viewed at: <http://www.wipo.int/wipolex/en/details.jsp?id=1542>.

<sup>58</sup> Government Gazette, Vol. 13, Nos. 94, 95 and 126.

3.116. Fiji notified its Copyright Act in June 2001.<sup>59</sup> The WTO TRIPS Council started the review of Fiji's legislation in June 2001. During the review process, 46 questions were posed to Fiji by Japan, Canada, Switzerland, the United States and the European Union.<sup>60</sup> Fiji has provided responses to 22 of 46 questions.<sup>61</sup> The remaining questions cover all fields of IPRs, especially IP enforcement. The review will be concluded in 2015.

3.117. Fiji has not yet accepted the Protocol Amending the TRIPS Agreement that was submitted to WTO Members for acceptance by means of a General Council Decision unanimously adopted by the WTO membership on 6 December 2005 (WT/L/641). By depositing its instrument of acceptance to the Protocol, Fiji would contribute to advancing the entry into force of the TRIPS amendment which establishes a new pathway for the export of generic medicines, a measure that may assist countries in its region gaining access to medicines.

3.118. Fiji is party to four WIPO treaties: the WIPO Convention, the Berne Convention (for the Protection of Literary and Artistic Works), the Rome Convention (for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations) and the Geneva Convention (for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms). Fiji acceded on 24 October 2012 to the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, which was adopted by the Conference of the Parties to the Convention on Biological Diversity on 29 October 2010 and entered into force on 12 October 2014.<sup>62</sup>

### 3.3.5.1 Patents

3.119. Fiji currently recognizes two types of patent application: national patent applications and re-registrations of existing United Kingdom (UK) patents. To be eligible for patent protection, an invention shall be new and of utility. A patent shall not be granted or shall be revoked if the patent applicant is not the true and first inventor, or if the petition or any specification contains a wilfully false statement. The inventor includes the heirs, executors, administrators or assigns of an inventor. While the substantive patent examination of all national applications for letters patent is currently conducted by the Australian Patent Office (IP Australia), and upon satisfying the necessary requirements, a certificate is issued by the Attorney-General.

3.120. All UK patentees may apply to the Solicitor-General within three years of the date of the issue of a UK patent to have the patent registered in Fiji upon providing certified copies of the documents containing the specifications and a certificate of the Comptroller-General of the United Kingdom Patent Office giving full particulars of the issue of the patent on such specification or specifications.

3.121. The patent rights include the sole and exclusive rights of using, selling, or making the patent invention and licensing these rights to others. The duration of patent protection is a period of 14 years from the date of letters patent, while a UK patent is valid and in force only so long as the patent remains in force in the United Kingdom.

3.122. The Patents Act provides that the Attorney-General may annul letters patent if the invention is proved to be prejudicial to the public interests or if the special conditions on which the patent has been granted are not observed.

3.123. The amendment of the Fijian Patents Act in July 2012 transferred the responsibility for its administration to the Solicitor-General from the Administrator-General. The Solicitor-General principally administers the Intellectual Property Office (FIPO), which is charged with the responsibility of maintaining an up-to-date register of all patent applications in Fiji. To date, FIPO has received 1,213 patent applications inclusive of both UK and local applications.

<sup>59</sup> Circulated in WTO document IP/N/1/FJI/C/1, 12 July 2001.

<sup>60</sup> These questions were circulated in WTO documents IP/C/W/258, 27 April 2001 (Japan); IP/C/W/261, 9 May 2001 (Canada); IP/C/W/263, 14 May 2001 and IP/C/W/263/Add.4, 7 February 2002 (Switzerland); IP/C/W/268, 31 May 2001 (United States); and IP/C/W/274, 12 June 2001 (European Union).

<sup>61</sup> The responses are contained in WTO document IP/C/W/311, 11 October 2001.

<sup>62</sup> CBD, online information. Viewed at: <https://www.cbd.int/countries/default.shtml?country=fj>.

### 3.3.5.2 Trademarks

3.124. The Fijian Trade-Marks Act was last amended in 2012, which provides for the applications, registrations and regulations of a trademark and its related matters. It also provides that if a trademark contains parts not separately registered by the proprietor as trademarks or if it contains matter common to the trade or otherwise of a non-distinctive character, the registrar or the court may require the proprietor to disclaim any right to the exclusive use of any part or parts of such trademark or of all or any portion of such matter to the exclusive use of which they hold the proprietor not to be entitled.

3.125. A trademark is registrable when it is used or proposed to be used upon or in connection with goods or services. Similar to that of the patents system, Fijian trademark law allows for two types of trademark applications, firstly national trademarks applications and secondly the recognition of existing United Kingdom (UK) trademarks by issuing a certificate of registration upon necessary application. A national trademark registration needs to be renewed after 14 years, while the UK registration can be renewed upon the renewal of the original UK registration.

3.126. Fiji significantly amended the provisions of its Trade-Marks Act in 2012 by prohibiting registration of trademarks using the word "Fiji" or any word that makes reference or implies geographic origin; words or marks making reference to or implying an approval from the State for which the proprietor is entitled to disclaim all or any portion of such matter separately or together with other words; or a body corporate's name or trading names duly registered under the Companies Act. Nevertheless, such use might be approved by the Minister responsible for administering the Trade-Marks Act on certain terms and conditions, such as if the mark is necessary for the public interest or the mark complies and is in accordance generally with approved marks and brands recognized and licensed in accordance with written laws; the registration of the trademark will develop Fiji's economy and technology; or the company seeking registration of its company name as a trademark is a government-owned entity. The decision of the Minister is final and this amendment has no retrospective effect on existing trademarks which use the word "Fiji".

3.127. The amendment of the Fijian Trade-Marks Act in July 2012 transferred the responsibility for its administration to the Solicitor-General from the Administrator-General. The Solicitor-General principally administers the Intellectual Property Office (FIPO), which is also charged with the responsibility of maintaining an up-to-date register of all trademark applications in Fiji. FIPO received 731 trademark applications in 2014 and a separate register is maintained for each year, inclusive of both UK and local applications.

3.128. In May 2012, Fiji Airways (Fiji's national flag carrier airline, formerly known as Air Pacific) successfully rebranded its aircraft by using Fijian traditional motifs—Fijian Masi.

### 3.3.5.3 Copyright

3.129. Compared to the Patents Act and Trade-Marks Act, Fiji has a modern copyright law which was enacted in 1999. Under the Copyright Act, copyright protection exists in original works of the following descriptions: literary, dramatic, musical, or artistic works; sound recordings; audiovisual works; broadcasts; cable programmes; and typographical arrangements of published editions. Copyright does not exist in a literary, dramatic or musical work unless and until the work is recorded in writing or otherwise.

3.130. The copyright owner has the exclusive right to copy; to issue copies to the public; to publicly perform; to broadcast; to communicate to the public; and to adapt his/her work. The term of copyright protection in a literary, dramatic, musical or artistic work is the life of the author and 50 years after the author's death. If the work is a photograph, copyright expires at the end of 50 years after the taking of the photograph. If the work is computer-generated, copyright expires at the end of 50 years after the authorized publication of the work, or, if there is no authorized publication within 50 years after the making of the work, at the end of 50 years after its making.

3.131. Two types of copyright infringement are provided for in the Copyright Act: primary and secondary infringements. Primary copyright infringement mainly includes unauthorized copying, issue of copies to the public, performance, broadcast, and making an adaptation or an act done in

relation to an adaptation of the copyright work. Secondary infringement includes importing infringing copy; possessing or dealing with infringing copy; providing means for making infringing copies; permitting use of premises for infringing performance; and provision of apparatus for infringing performance.

3.132. The Copyright Act provides for the possibility of using protected works in particular cases without having to obtain the authorization of the copyright owner and without having to pay any remuneration for such use. Such exceptions include incidental copying of copyright work; criticism, review and news reporting; and research or private study.

3.133. In June 2003, Fiji issued its Copyright (Border Protection) Regulation, which establishes a detailed enforcement mechanism to enable the copyright owner to obtain the cooperation of customs administrations to prevent the release of infringing products at the border. Fiji also established the Copyright Enforcement Unit within the Fijian Intellectual Property Office (FIPO). The Copyright Enforcement Unit makes great efforts in stopping the importation and distribution of copyright infringing products, and addresses a number of issues: legislative amendments; awareness programmes and outreach; enforcement; government agency policies; and capacity building. Under these various headings, the Unit has deadlines which are used as performance indicators.<sup>63</sup>

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<sup>63</sup> The Government has provided a contact point to the general public known as the Government Information Centre. The FIPO uses this contact point to provide information on intellectual property rights including the protection and enforcement of copyright.

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## 4 TRADE POLICIES BY SECTOR

### 4.1 Agriculture

#### 4.1.1 Main features

4.1. Between 2009 and 2014, agriculture's annual contribution to Fiji's GDP averaged 8.1%. The sector continues to play a key role in the economy: it generates foreign exchange earnings, supplies raw materials for agro-processing industries, and employs, directly or indirectly, nearly two-thirds of the labour force. Subsistence farming accounts for about a third of agricultural output.<sup>1</sup> Commercial agriculture is still dominated by sugarcane, although its production has declined in recent years; it also includes coconut, meat and some export-oriented and niche market crops. Other agricultural products include root crops (taro, cassava (manioc), yams and sweet potato); tropical fruits (mainly pineapple and pawpaw); vegetables; spices; ginger; cocoa; livestock (cattle, poultry, pigs, sheep and goats); dairy; honey; and rice.

4.2. Fiji's main agro-exports are: sugar - which represents about a third of total exports of farm products; mineral water; sweet biscuits; wheat; manioc and taro; ginger; prepared food and meat; and pasta (Table 4.1). Fiji is a net importer of agricultural products. Main imports include wheat and meslin; concentrated milk and cream; rice; sheep and goat meat; soya bean oil; butter and other milk fats; potatoes; and animal fodder. Rice is one of the main sources of calories in Fiji, but despite costly efforts to increase its production through irrigation and other incentive schemes, most rice demand is met through imports.

4.3. Agriculture has lower labour productivity compared to other sectors of the Fijian economy. This partly reflects a number of long-standing structural impediments to agricultural development, including the large subsistence sector, the predominance of small farms (of less than one hectare), low mechanization, high input costs, poor farming and husbandry practices, inadequate infrastructure, marketing inefficiencies, and lack of access to credit.

4.4. Insecurity in the land tenure system constitutes a further constraint on agricultural growth. Indeed, 88% of the land in Fiji is "native land" (owned by tribal groups) which cannot be sold but only leased; 4% is held by the state; and 8% is freehold. The iTaukei Land Trust Board (TLTB) administers the leasing of native land for agricultural use under the Agricultural Landlords and Tenants Act. Agricultural leases last for up to 30 years and may be extended for another 20 years. Obtaining a lease can be a cumbersome process hence much native land remains idle, and given the uncertainty regarding the renewal of land leases, farmers have been reluctant to make further investments causing production to decrease in certain sectors, such as sugar cane and the dairy industry.

4.5. Land market reform is therefore crucial for agricultural development. Some steps in this direction were taken during the review period: The Native Land Trust (Amendment) Decree 2010 transferred some power from the tribal chiefs to the Government in deciding on native land matters within the TLTB. In the same year, a Land Use Unit was established in the Ministry of Lands to operate the Land Bank. The bank offers native landowners more attractive conditions for leasing their land, including higher rental rates and longer lease periods (up to 99 years), thus encouraging them to lease more land for productive uses.

#### 4.1.2 Policy objectives

4.6. Revitalizing the agricultural sector remains at the core of the Government's socio-economic development policies. The overarching goal of the 2020 Agriculture Sector Policy Agenda, issued in August 2014, is to establish a diversified, economically and environmentally sustainable agricultural economy in Fiji. For this purpose, five objectives and strategic actions have been set: (i) to build a modern organized agricultural sector; (ii) to develop an integrated system of supporting infrastructure; (iii) to strengthen agriculture support services; (iv) to enhance

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<sup>1</sup> Fiji Bureau of Statistics online information. Viewed at: <http://www.statsfiji.gov.fj/index.php/economic/45-economic-statistics/national-accounts/100-fiji-national-accounts-summary-table>.

capabilities to secure domestic and foreign investment; and (v) to improve planning and policy formulation.<sup>2</sup>

**Table 4.1 Trade in major agricultural products<sup>a</sup>, 2009-14**

HS code		2009	2010	2011	2012	2013	2014
Total exports	US\$ million	628.7	841.4	1,069.5	1,220.6	1,108.0	1,373.3
<b>Agricultural exports</b>	US\$ million	232.0	209.7	280.2	335.4	303.8	372.0
2201 - Waters, excluding added sugar	US\$ million	41.5	62.5	71.2	89.7	85.4	113.1
1701 - Cane or beet sugar in solid form	US\$ million	95.8	37.3	71.7	97.6	64.3	111.1
	% of agriculture	41.3	17.8	25.6	29.1	21.2	29.9
1905 - Sweet biscuits and other bakers' ware	US\$ million	25.6	26.8	36.3	30.6	27.6	28.4
	% of agriculture	11.0	12.8	12.9	9.1	9.1	7.6
1101 - Wheat or meslin flour	US\$ million	9.3	12.2	12.8	13.2	15.4	16.5
	% of agriculture	4.0	5.8	4.6	3.9	5.1	4.4
0714 - Manioc, taro, and similar roots	US\$ million	12.3	14.4	14.5	14.9	15.1	14.6
	% of agriculture	5.3	6.9	5.2	4.5	5.0	3.9
1904 - Certain prepared food	US\$ million	3.9	5.5	6.2	7.5	7.9	9.8
	% of agriculture	1.7	2.6	2.2	2.2	2.6	2.6
0910 - Ginger, and other spices, mixtures thereof	US\$ million	3.7	4.1	4.2	5.5	2.1	8.0
	% of agriculture	1.6	2.0	1.5	1.6	0.7	2.2
1602 - Prepared or preserved meat (excluding sausages)	US\$ million	4.0	3.1	6.1	5.8	4.5	7.1
	% of agriculture	1.7	1.5	2.2	1.7	1.5	1.9
1902 - Pasta	US\$ million	2.3	2.5	4.7	20.0	16.4	7.1
	% of agriculture	1.0	1.2	1.7	6.0	5.4	1.9
2202 - Waters incl. added sugar/other non-alcoholic beverages	US\$ million	2.4	3.0	4.1	5.6	5.4	6.1
	% of agriculture	1.0	1.4	1.5	1.7	1.8	1.7
Total imports	US\$ million	1,437.0	1,808.5	2,181.9	2,252.6	2,825.7	3,250.5
<b>Agricultural imports</b>	US\$ million	259.8	277.8	331.3	327.4	348.1	382.1
1001 - Wheat and meslin	US\$ million	38.9	50.0	61.4	60.6	68.9	61.4
	% of agriculture	16.8	23.8	21.9	18.1	22.7	16.5
0402 - Milk and cream, concentrated/sweetened	US\$ million	11.7	17.5	23.1	20.5	20.8	38.0
	% of agriculture	5.1	8.3	8.2	6.1	6.9	10.2
1006 - Rice	US\$ million	17.7	19.6	20.2	19.9	21.4	23.1
	% of agriculture	7.6	9.3	7.2	5.9	7.0	6.2
0204 - Meat of sheep or goats	US\$ million	14.5	13.4	15.4	14.6	15.6	19.3
	% of agriculture	6.2	6.4	5.5	4.4	5.1	5.2
1507 - Soya bean oil	US\$ million	4.5	5.2	7.8	13.8	12.7	14.1
	% of agriculture	1.9	2.5	2.8	4.1	4.2	3.8
0405 - Butter and other fats/oils derived from milk	US\$ million	6.5	12.3	11.5	7.9	8.6	13.6
	% of agriculture	2.8	5.9	4.1	2.4	2.8	3.6
0701 - Potatoes, fresh or chilled	US\$ million	7.3	8.6	11.1	9.6	11.8	12.6
	% of agriculture	3.1	4.1	4.0	2.9	3.9	3.4
2309 - Prepared animal fodder	US\$ million	3.0	1.7	2.6	2.1	3.4	9.7
	% of agriculture	1.3	0.8	0.9	0.6	1.1	2.6
2208 - Spirits, whiskies, vodka, liqueurs, etc.	US\$ million	4.4	6.5	7.0	6.8	6.6	9.0
	% of agriculture	1.9	3.1	2.5	2.0	2.2	2.4
1517 - Margarine; edible preparations of animal or vegetable fats or oils	US\$ million	6.6	6.8	9.5	8.1	6.9	8.6
	% of agriculture	2.9	3.2	3.4	2.4	2.3	2.3

a Refers to WTO agriculture definition.

Source: UNSD Comtrade database.

4.7. The Ministry of Agriculture (MoA) is the leading government agency for the sector. There are over 30 pieces of legislation relating to the agricultural sector, many of which are outdated and awaiting review. MoA's statutory functions are to: accelerate product diversification into higher-value crops and livestock products with competitive advantage; facilitate private sector development; promote food security; and ensure sustainable development of the non-sugar sector. According to the MoA's Annual Corporate Plan (ACP) 2015, food security is to be promoted through the provision of agricultural extension and research services; the recovery of the non-sugar and livestock sectors is to be facilitated through the delivery of demand-driven services, and poverty is to be alleviated through capacity building for farmers to increase output. Other ACP policy goals are to strengthen the links between agriculture and the tourism industry, reduce the

<sup>2</sup> Ministry of Agriculture (2014), *Fiji 2020 Agriculture Sector Policy Agenda: Modernizing Agriculture*, August. Viewed at <http://www.agriculture.gov.fj/>.

import bill for agricultural produce, and strengthen bilateral quarantine agreements and commodity protocols to promote exports.<sup>3</sup>

#### 4.1.3 Support measures

4.8. In recent years, Fiji's support policy for agriculture has placed more emphasis on demand-driven measures such as agricultural extension and advisory services to improve productivity. Other support measures include marketing assistance, the provision of concessionary loans to facilitate import substitution and promote exports, infrastructure projects, and tariffs. Subsidies apply to some agro-inputs such as fertilizer, chemicals, and livestock feed, as well as for land preparation and farm mechanization.

4.9. The Agricultural Marketing Authority (AMA), established in 2004 under the AMA Act No. 2, aims to facilitate the purchase, sale and export of agro-produce. By acting as a single buyer, AMA is expected to reduce marketing costs while at the same time protecting the interests of small-scale agricultural producers *vis-à-vis* private traders. In practice, however, there already seems to be significant competition among private traders/exporters in the local market.<sup>4</sup> Under the 2015 Budget, AMA was allocated F\$1.5 million. The authorities have indicated that about 33% of agricultural output is bought and marketed by AMA.

4.10. In order to promote food security, Fiji continues to implement an import substitution programme. In July 2010, the programme was merged with the export finance programme to form the Import Substitution and Export Finance Facility (ISEFF), operated by the Reserve Bank of Fiji. Under the ISEFF, new and existing agricultural businesses involved in import substitution may apply for concessional loans for the production of fruits, vegetables, root crops, dairy produce, beef, aquaculture and renewable energy. In November 2011, the Facility was extended to poultry, honey and pig farming. The ISEFF is not available for businesses that produce goods in which Fiji is self-sufficient (such as canned meat) unless they produce for export. Loans are provided through commercial banks, the Fiji Development Bank, and other licensed credit institutions, with the Reserve Bank providing back-to-back finance. Individual loans are granted for up to F\$1 million. The Export Finance arm of the ISEFF seeks to promote the competitiveness of, and ensure availability of finance for, primary and secondary exporters (section 3.2.4).

4.11. Tariffs continue to be the main border assistance measure and are relatively high. The simple average applied MFN tariff on agriculture was 12.5% in 2015 (18.9% taking into account *ad valorem* equivalents (AVEs) based on 2013 prices), up from 11.5% in 2009 (section 3.1.4). The product group "beverages and tobacco" commanded the highest applied tariffs. Fiji does not apply tariff quotas nor has it resorted to special safeguard measures for agricultural products. Fiji's simple average final bound tariff for agriculture is 40.6%.

4.12. Fiji did not make any domestic support reduction commitments under the WTO Agreement on Agriculture. In February 2012, Fiji notified all domestic support measures it applied during the period 1999-2009 as falling under the Green Box.<sup>5</sup> Fiji has also notified the WTO that it did not provide export subsidies to agricultural products during the years 2009, 2010 and 2011.<sup>6</sup>

4.13. Under the 2015 Budget of the Ministry of Agriculture, 47 capital projects were earmarked for funding for a total amount of F\$32.1 million. Some of the largest allocations were for: drainage and flood protection, the drainage subsidy, land clearing, the Agricultural Marketing Authority capital grant, maintenance of irrigation schemes, the export promotion and import substitution programme, the food security programme, the agro-inputs subsidy, the rural and outer islands development programme<sup>7</sup>, and the livestock rehabilitation programme.<sup>8</sup>

<sup>3</sup> Ministry of Agriculture (2015), *Annual Corporate Plan 2015*. Viewed at: <http://www.agriculture.gov.fj/>.

<sup>4</sup> ADB (2012), *Fiji 2012. Revitalizing the Fiji Economy*, Pacific Studies Series, Manila.

<sup>5</sup> WTO document G/AG/N/FJI/11, 9 February 2012.

<sup>6</sup> WTO documents G/AG/N/FJI/7, 28 October 2010, G/AG/N/FJI/9, 6 December 2011 and G/AG/N/FJI/10, 9 January 2012.

<sup>7</sup> The Rural and Outer Islands Programme aims to enhance the livelihoods of people living in rural areas and the most remote islands through farming. The commodities targeted are root crops, papaya, vegetables and livestock (beef, poultry, pig, sheep and goat) and honey.

<sup>8</sup> Ministry of Agriculture (2015).

4.14. Investment in agricultural activities is promoted through tax incentives. Commercial farming and agro-processing businesses approved and established between 1 January 2015 and 31 December 2018 enjoy income tax holidays for 5, 7 or 13 years depending on the amount of capital invested. In addition, imports of agricultural inputs by commercial farming and agro-processing businesses are duty-free. New undertakings by businesses to process agricultural commodities into biofuels (e.g. ethanol) approved from 1 January 2009 to 31 December 2018 enjoy a ten-year tax holiday, provided the businesses invest at least F\$1 million and employ 20 or more local workers. They also benefit from duty-free imports of machinery and equipment for their initial establishment and of chemicals needed for biofuel production.

#### 4.1.4 Sugar sector

4.15. Sugar production and related activities remain a key sector of Fiji's economy. About 75% of Fiji's arable land is planted with sugar cane. The sugar sector contributes around 2% to GDP and has linkages to other economic sectors. About a fourth of the population derive their livelihood directly or indirectly from the sugar industry. However, for several years the industry has been struggling to keep abreast, affected by a number of ailments, including milling inefficiencies, land lease insecurity, lack of investment, declining productivity, regular plantation flooding and declining world prices for sugar. Over the last ten years, sugar cane production has almost halved. It fell by almost a quarter between 2009 and 2013, while the share of sugar exports in total goods exports declined from over 15% in 2009 to 8% in 2014.

4.16. The sugar sector has also felt the impact of the reform of the European Union (EU) sugar regime on preferential market access for ACP countries since 2006, which has led to a sharp drop in sugar prices. Moreover, after the imminent expiry in 2017 of the EU country-specific quotas for sugar imports from ACP countries, Fiji will be competing in the global market with large sugar exporters such as Brazil and Australia, among others. Today, 91% of Fiji's sugar exports go to the EU (mostly the United Kingdom); 4.5% to the United States under preferential tariff quotas; 4% to Asia; and the rest to other Pacific Islands.

4.17. Exports of sugar and molasses were subject to an export tax of 3% until 2011, when this tax was abolished as part of the measures to help revive the sugar sector.<sup>9</sup>

4.18. The Fiji Sugar Corporation (FSC), created by an Act of Parliament in 1972, is a majority (68%) government-owned enterprise. It has the monopoly of raw sugar production, owns and operates the country's four mills and their railway systems, and is the sole licensed importer of unrefined sugar. The FSC is also in charge of storage, delivery and sale of raw sugar. Since 2009, the FSC has taken over the marketing operations that were previously handled by the Fiji Sugar Marketing Company, which ceased to exist in March 2009.<sup>10</sup>

4.19. Sugar cane growers are allocated a minimum tonnage of cane or "farm basic allotment" (FBA), which they are to produce based on land capacity. The FSC must purchase the FBA from each grower, and may agree to buy additional amounts if needed to fulfil Fiji's sugar quota to the EU. Under the Sugar Industry Act 1984, the Sugar Industry Tribunal establishes the "master award" regulating contractual relationships between the FSC and sugar cane growers, according to which 70% of the FSC's net revenue is paid to farmers.

4.20. Faced with operational problems at the mills and declining milled volumes, the FSC incurred huge losses in past years and became insolvent. Significant financial and other official support has been needed to keep the FSC in business.<sup>11</sup> In 2010, the Government assumed most of FSC's debts and took over full control of the corporation. In addition, in February 2013, the Cabinet endorsed the Sugar Cane Industry Action Plan in an attempt to revitalize the sugar sector. The Plan includes measures to improve farm productivity and mill efficiency, reduce FSC's operating costs, and a long-term strategy to restructure the industry allowing FSC to focus on its core function of sugar cane processing and generate revenue from sugar refining, ethanol production and electricity generation. The Plan also envisages consideration of the eventual re-privatization of the FSC in the long term.<sup>12</sup> For now, the sugar industry has been placed under the responsibility of

<sup>9</sup> Information provided by the Ministry of Finance.

<sup>10</sup> The Sugar Commission of Fiji was also wound up in 2009.

<sup>11</sup> Total FSC's funding requirements for the years 2011 and 2012 were to the tune of F\$170 million.

<sup>12</sup> Ministry of Agriculture (2014).

the Prime Minister's Office to oversee its recovery. Some progress has been made in increasing the mills' efficiency, rationalizing operating costs, improving management of the FSC, and increasing sugar production. However, much remains to be done in order to increase the sugar industry's productivity and international competitiveness.

## 4.2 Fisheries

### 4.2.1 Main features

4.21. Fisheries accounted for 2.1% of GDP in 2013 (down from 2.4% in 2008), for nearly 4% of total employment and about 13% of merchandise exports, which consist mainly of fresh, frozen and canned tuna. The total annual catch (excluding subsistence fisheries) averaged 14,143 metric tonnes during the review years, less than half its peak volume in 2005.<sup>13</sup>

4.22. Fisheries comprise the following activities: subsistence fishing; coastal artisanal/commercial fishing; offshore/industrial fishing; and aquaculture. Subsistence and coastal fishing take place in internal waters or native (iTaukei) customary fishing grounds, targeting mainly finfish, bêche-de-mer, octopus, seaweed, lobster, crab and molluscs. These activities make a large contribution to employment and food supply for coastal and maritime Fijian islands communities.<sup>14</sup> While most production is consumed locally, there are some exports from coastal commercial fishery (bêche-de-mer, snapper, aquarium fish, trochus and coral).

4.23. Offshore/industrial fishing accounts for over 80% of fish exports and targets mostly tuna species (albacore, yellowfin and bigeye).<sup>15</sup> Albacore tuna represents 65% of the tuna catch. Fish is either caught by Fiji licensed fishing vessels in Fiji's Exclusive Economic Zone (EEZ), or by Fijian vessels licensed to fish in the EEZs of neighbouring countries or on the high seas whose catch is landed in Fiji. Tuna is exported in canned, frozen (including processed) or chilled form, mainly to Japan, China and the United States. Other markets are Hong Kong, China; Chinese Taipei; Australia; New Zealand; and the European Union.

4.24. In recent years, the Fijian offshore fishing industry has suffered from reduced fish stocks, low tuna prices and stiff competition from foreign fishing vessels. Most fishing companies have had to substantially scale back their fishing operations. On a more positive note, since December 2012, the Fiji Tuna Boat Owners Association (FTBOA) and the Fiji Offshore Fisheries Association (FOFA) have enjoyed the benefits of "sustainable certification" for their albacore longline fishery by the Marine Stewardship Council (MSC).<sup>16</sup> The industry expects this will open access to markets that source seafood products from certified fisheries, promote value addition (e.g. by processing albacore loins instead of exporting frozen whole fish), create jobs and increase export earnings.<sup>17</sup>

4.25. The majority government-owned Pacific Fishing Company Ltd. (PAFCO) is the largest fish cannery; it has recently entered into a partnership with US-based cannery Bumble Bee Foods to upgrade PAFCO's facilities, including a new cold storage.<sup>18</sup>

4.26. The Government promotes the development of aquaculture through various schemes, including subsidies, concessional loans and investments. The objective is to improve the nutritional status of rural communities, generate supplementary income, reduce inshore fishing pressure and substitute imports. The main aquaculture products include tilapia, carps, freshwater prawns,

<sup>13</sup> Fiji Bureau of Statistics Online Information – Key Statistics: December 2014. Table 3.3 (A) Primary Production: Selected Agricultural Products. Viewed at: <http://www.statsfiji.gov.fj/>.

<sup>14</sup> The direct contribution of subsistence and coastal fishing to GDP is about F\$73 million (nearly eight times greater than from offshore/industrial fishing). Gillet R., Lewis A. and Cartwright I. (2014), *Coastal Fisheries in Fiji. Resources, issues, and enhancing the role of the Fisheries Department*, August. Viewed at: <http://www.gillettprestonassociates.com/GPA%20%20Review%20of%20Fiji%20Coastal%20Fisheries.pdf>.

<sup>15</sup> Other exports from offshore fisheries are: snapper, swordfish, blue marlin, mahi-mahi and sunfish.

<sup>16</sup> MSC is an international certification for fisheries and seafood meeting sustainability standards.

<sup>17</sup> WWF online article, "Fiji's Path to A Sustainable Fishery", posted on 27 May 2013. Viewed at: <http://wwf.panda.org/?208824/Fijis-Path-To-A-Sustainable-Fishery>.

<sup>18</sup> The upgrading works will require an investment of US\$25 million, which will be financed through a loan from the Government, a long-term soft loan from Bumble Bee, and a loan from a commercial bank. Viewed at:

<http://www.blueaquaint.com/detail.php?WP=q3AZq21yM250G2zDrYyj4T15q2IZn21IM2I0qTymrTSjoJ0zqmuZZJ0kM090xTz5rBOjMT1cq3EZoz1uM3E0ozyirTZo7o3Q>.

shrimps, clams, gold fish, pearl oysters, mud crabs and seaweed. Lack of technical expertise, inappropriate infrastructure and marketing are some of the factors constraining the growth of this subsector. Aquaculture production was estimated at F\$12 million (2009).<sup>19</sup> An Aquaculture Decree is expected to be promulgated in the near future.

#### 4.2.2 Policy and legal framework

4.27. The Ministry of Fisheries and Forests, through the Department of Fisheries, is the leading agency responsible for policy formulation, implementation and management of fisheries. The Offshore Fisheries Management Decree (OFMD) of 2012 and the Offshore Fisheries Management Regulations (OFRM) of 2014 are the main legislation regulating the fisheries sector.<sup>20</sup> Both instruments incorporate Fiji's international and regional obligations regarding the sustainable management of highly migratory fish stock that passes through Fiji fisheries waters.

4.28. The 2012 Decree aims to ensure sustainable management and use of fisheries. It applies to fishing and related activities by Fijian citizens and foreigners. Licences and authorization requirements are set out for Fijian vessels fishing in Fiji waters and international waters, and for foreign fishing vessels, including when they are used by Fiji nationals on the high seas. The Minister responsible for Fisheries is mandated to provide general policy guidelines and declare a fishery as a "designated fishery" requiring management measures. The Permanent Secretary responsible for Fisheries may make allocations for any fishing activity, management plan or access agreement, and is in charge of issuing licences and setting their conditions. The Director of Fisheries is responsible for preparing a Fisheries Management Plan. The 2012 Decree established the Offshore Fisheries Advisory Council to advise the Minister on policy matters relating to fisheries management and sustainable use. Strengthened monitoring and surveillance procedures are set out as well as high penalties and fines for breaches to deter potential offenders.

4.29. The Tuna Development and Management Plan, as revised in 2014, aims at maximizing long-term economic returns to Fijians from tuna fishing. The Plan sets sustainable catch limits, an annual cap on the number of licences issued, and licence fees to support management of the fishery. The total allowable catch (TAC) limit within Fiji's EEZ is 12,000 metric tonnes of tuna (albacore, bigeye and yellowfin). In order to prevent overfishing and depletion of fish stocks, the cap on the number of licences was reduced from 110 to 70 in 2011 and to 60 in 2014. Accordingly, a total of 60 licences were issued in 2015, of which 51 for Fiji-flagged vessels and nine for foreign-flagged vessels exclusively chartered by locals.

4.30. Virtually all offshore tuna fishing is done by longline vessels, which must be licensed and land their catch in Fiji. Licences are allocated according to three categories of criteria: mandatory criteria (all matters affecting the management of fisheries resources); corporate criteria (all aspects pertaining to the applicant companies, aimed at ensuring authenticity of owners); and statutory criteria (monitoring, enforcement and compliance with Fijian laws).<sup>21</sup> Among the mandatory criteria is the requirement that at least 50% of the seagoing officers and 50% of the crew must be locals, with this percentage increasing by 12.5% per year for four consecutive years. The local crew requirement may be waived if the Department of Fisheries deems it to be a hindrance to production.

4.31. The authorities have indicated that Fiji is in the process of "domesticating" its fishing fleet and that licences will only be granted to Fiji-flagged vessels. Nonetheless, the nine foreign-flagged vessels that already have a fishing licence will be allowed to continue their operations.

4.32. Fiji-registered fishing vessels with 100% local ownership (increased from 51% in 2012), having less than 40 m<sup>3</sup> of carrying capacity and a maximum of 2,500 hooks may fish in Fiji's archipelagic waters and territorial seas; all other vessels outside these parameters may only fish

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<sup>19</sup> Ministry of National Planning (2009), *Roadmap for Democracy and Sustainable Socio-economic Development 2010-2014*, December. Viewed at <http://www.fiji.gov.fj/getattachment/Govt--Publications/Peoples-Charter/RSSSED.pdf.aspx>.

<sup>20</sup> The OFMD and the OFMR repealed parts of the Fisheries Act 1942, the Marine Spaces Act 1987, and the Marine Spaces (Foreign Vessels) Regulations 1985.

<sup>21</sup> Requirements of each category can be found at the Department of Fisheries website. Viewed at: [http://www.fisheries.gov.fj/images/Legislation/License\\_requirements.pdf](http://www.fisheries.gov.fj/images/Legislation/License_requirements.pdf).

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within Fiji's EEZ. Licensed foreign-flagged vessels are limited to the EEZ and have to be under bareboat charter by locals or under bilateral or multilateral arrangements.

4.33. Foreign investors interested in practising tuna longline fishing in Fiji must obtain an investment certificate issued by Investment Fiji pursuant to the Foreign Investment Act, before they can apply for a fishing licence. Local investors may submit their licence application directly to the Department of Fisheries. Only vessels that are under exclusive charter arrangements (bareboat charter), where the local charterer assumes full control of the operation of the vessel, may apply for a licence to participate in Fiji fisheries. Licences may be transferred subject to meeting the conditions laid down under regulation 25 of the OFMR. Licences are approved for a period of 36 months subject to annual renewal under the OFMD. A new set of fees for offshore fisheries and the import and export of fish and fishery products was established under the OFMR (Schedule 7).

4.34. Under Fiji's 2009 Foreign Investment Regulations, foreign investment in fisheries-related businesses is limited to 70% of equity (i.e. 30% of equity must be held by Fijian citizens). In addition, the foreign investor must have at least F\$500,000 in owner's contribution, or paid-up capital in the case of a company, in the form of cash from the operational date and the money must be fully brought into Fiji within 12 to 15 months.

4.35. Exports of fish and other marine products require an export permit from the Department of Fisheries, and exports of certain species are prohibited on conservational and environmental grounds. In order to access the lucrative EU fish market – from which Fijian exports were temporarily banned in 2008 on SPS grounds –, Fiji has designated the Food Unit of the Ministry of Health as the competent authority to ensure that fish and fishery products exported to the EU meet the relevant SPS standards, and the Fisheries Department as the competent authority to ensure that products exported are not associated with any illegal, unreported and unregulated (IUU) fishing activities. In the ongoing negotiations of the Economic Partnership Agreement (EPA) with the EU, Fiji continues to strive for the establishment of more flexible rules of origin – than in the interim EPA – that would allow for global sourcing of fisheries raw materials.<sup>22</sup>

4.36. Import tariffs on canned, prepared or preserved fish were increased from 15% to 32% during the period under review, thereby substantially increasing effective protection for fish processing industries. The import duty on fresh fish remains at 15%. Import duty rates for shrimps and prawns are also high at 32%.

4.37. Fiji applies a number of tax concessions to assist the fishing industry; these include an exemption of the import duty (F\$0.02/litre) on bunker fuel for local fishing vessels; zero-rate import duty on imports of all spare parts for maritime vessels; and duty-free importation of specialized machinery/equipment directly used by the fishing industry, provided a letter of approval is issued by Department of Fisheries in relation to such machinery/equipment. In addition, the 2015 Budget provided for import duty concessions for machinery used by companies involved in canning and pouch packaging of fish.

4.38. Fiji is party to several international treaties relating to the management of fisheries. Under the Treaty on Fisheries between the Governments of Certain Pacific Island States and the Government of the United States, Fiji is committed to allowing access to US purse seiners licensed pursuant to this treaty to fish within Fiji's EEZ against the payment of fishing fees; this treaty is currently being renegotiated. Other conventions and agreements to which Fiji is a party include the United Nations Convention on the Law of the Sea (UNCLOS); the United Nations Fish Stock Agreement (UNFSA); the Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (WCPFC); the Convention for the Prohibition of Fishing with Long Driftnets in the South Pacific; and the Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific Region. Fiji is also a member of the Pacific Island Forum Fishing Agency (FFA), from which it receives technical assistance in matters relating to fisheries compliance and management, and the Secretariat to the Pacific Community (SPC), provider of scientific research in fisheries and the marine ecosystem.

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<sup>22</sup> Information provided by the Fijian authorities.

### 4.3 Energy

4.39. Fiji relies heavily on imported fuels to meet its energy requirements for transportation, industrial and commercial activities, and to supplement electricity generation for households. Renewable energies are the main sources of electricity generation: hydropower, biomass (from wood), bagasse (from sugar) and wind account for over 60% of the electricity produced (2013).<sup>23</sup>

4.40. Rural electrification initiatives over the last two decades have achieved positive results, however some 10% of the population are still without access to electricity and remote islands do not have access to it in a sustainable manner.<sup>24</sup> Supply of electricity to rural areas is done through national grid extensions, diesel-based mini-grids (operated by the Public Works Department or community cooperatives) and solar home systems maintained by private contractors and financed from monthly household charges and a subsidy from the Government.

4.41. The Department of Energy at the Ministry of Infrastructure and Transport is responsible for policy formulation and strategic planning, and for off-grid rural electrification. The Commerce Commission is responsible for economic regulation, including competition and the approval of fuel and electricity prices. The sector's current policy framework is complex and outdated, and has been under review over the last few years. A Draft National Energy Policy 2014-2020 and a Draft Strategic Action Plan finalized by the end of 2013 are currently awaiting Cabinet endorsement.

4.42. Reportedly, the main goal of the 2013 Draft Policy (which, if approved, will replace the 2006 Energy Policy) is to meet Fiji's energy needs, while ensuring the sector is resource efficient, cost effective, and environmentally sustainable. The reduction of energy import costs is also one of the key objectives. Priority policies for the energy sector include to: promote private sector investment in electricity generation; strengthen transparency and effectiveness of the regulation; develop an electrification master plan and an electrification fund; promote fuel efficiency of land transport; reduce the cost of imported petroleum; and maintain a comprehensive assessment of Fiji's renewable resources and make data publically available.<sup>25</sup>

#### 4.3.1 Electricity

4.43. Electricity generation accounts for nearly 2% of GDP. In 2014, Fiji's total power generation was 891 GWh. The power generation mix was: 45.44% from renewable sources (hydropower and wind); 50.91% from thermal power (diesel and heavy fuel oil); and 3.65% from independent power producers (IPPs), namely Tropik Wood Industries Ltd. (using forestry waste) and Fiji Sugar Corporation (converting bagasse, a sugar by-product, into electricity).<sup>26</sup>

4.44. The electricity market is dominated by the Fiji Electricity Authority (FEA), which is a vertically integrated, government-owned power utility, established under the Electricity Act 1966. FEA owns the national grid, generates virtually all electricity in Fiji, and transmits and distributes electricity to 90% of the population. The rest obtain their supplies from self-generation or through small village grids. FEA's total installed capacity is 263 MW across three main hydro systems in the islands of Viti Levu, Vanua Levu and Ovalau, as well as a number of diesel plants. In order to meet increasing demand, Fiji's electricity system requires significant investment over the next ten years<sup>27</sup>, which cannot all be financed by the public sector, hence the Government's emphasis on attracting private investors and donors.

4.45. Improving the regulatory framework for the electricity sector would be a step in the right direction. Indeed, Fiji has no independent electricity regulator. Instead, FEA is by far the main market operator and has, at the same time, regulatory functions. Through its Regulatory Unit, FEA is responsible for licensing IPPs; inspecting and licensing electrical generation equipment; monitoring industry compliance with the Electricity Act and technical standards; registering and

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<sup>23</sup> FEA (2014), *Annual Report 2013*. Viewed at: <http://www.fea.com.fj/wp-content/uploads/2014/08/FEA-Annual-Report-2013.pdf>.

<sup>24</sup> Some 20% of the population relies exclusively on wood fuels.

<sup>25</sup> Economic Consulting Associates (2013), *Review of Fiji National Energy Policy. Draft Energy Policy*, July. Viewed at: [www.energy.gov.fj/images/NEP2013/draft%20national%20energy%20policy%202013.pdf](http://www.energy.gov.fj/images/NEP2013/draft%20national%20energy%20policy%202013.pdf).

<sup>26</sup> FEA (2015), *Annual Report 2014*. Viewed at: <http://www.fea.com.fj/wp-content/uploads/2015/09/FEA-Annual-Report-2014.pdf>.

<sup>27</sup> Estimated at F\$1.5 billion according to Fiji's Power Development Plan (2010-2020).

licensing electricians; and testing imported electrical appliances and fittings. The Government is considering options to transfer FEA's regulatory functions to a new multisector regulator; this transfer is likely to be effected through legislative changes. The Ministry of Public Enterprises is processing expressions of interest received in June 2015 for the partial divestment of FEA.

4.46. FEA purchases electricity from IPPs on the basis of wholesale tariff agreements, approved by the Commerce Commission and subject to review by the Cabinet. Currently, the Fiji Sugar Corporation and Tropik Wood Industries Limited are the only two IPPs supplying electricity to FEA. The minimum feed-in tariff for FEA's purchases of electricity from IPPs was F 25.65 cents per unit in 2013; it was raised to 33.08 cents per unit in May 2014 by the Commerce Commission.

4.47. Retail tariffs are charged for electricity used by each consumer category (domestic, commercial, industrial, institutional and street light), with subsidies granted to small domestic consumers and schools. The Commerce Commission is responsible for approving the tariff rates proposed by FEA. Given that tariffs are fixed according to government policy, they have not always been set at cost-recovery levels, thus affecting FEA's financial position. FEA's funding comes from state budget allocations and operational revenues; its debts are guaranteed by the Government.

4.48. Between 2010 and 2012, electricity tariffs were increased a few times to make them more cost reflective. As FEA's returns increased due to additional generation capacity (40 MV) from the Nadarivatu Hydro Scheme commissioned in September 2012, tariffs were reduced by 5% across all user categories on 1 January 2013.<sup>28</sup> At the same time, a subsidy (17.64 cents per unit) was granted to all domestic customers using up to 75 kWh per month; this threshold was increased to 85 kWh in 2015. Because of abundant use of hydropower, Fiji's electricity tariffs are among the lowest in the Pacific region.

4.49. FEA's internal restructuring measures aimed at improving efficiency, its control of operational expenditure, and the returns derived from the new Nadarivatu Hydro Project allowed the company to improve its finances and record a financial profit of F\$32.5 million after tax in 2013.<sup>29</sup> However, in 2014 the company saw a significant reduction in its financial profit to F\$0.97 million due mainly to high fuel costs.<sup>30</sup>

4.50. Fiji grants tax incentives in order to promote the development of renewable energy sources. A five-year tax holiday is available to businesses undertaking a new activity in renewable energy and cogeneration power projects. Imports of renewable energy equipment (solar, hydro, biomass, biogas, wind, geothermal, solar heaters, solar water pumps, etc.) are duty free for five years. In addition, energy efficient equipment (e.g. energy saving lights, bicycles and other electrical appliances and materials) can also be imported duty free for a five-year period.<sup>31</sup>

4.51. There are no minimum investment requirements for foreign investors in the energy sector pursuant to the 2009 Foreign Investment Regulations and the Foreign Investment (Amendment) Regulations 2013.

### 4.3.2 Hydrocarbons<sup>32</sup>

4.52. Fiji relies on imported petroleum products to meet nearly half of its energy requirements. Increasing domestic consumption of these products and their high price volatility are a concern, hence one of the Government's priorities in this sector is to reduce the volume and cost of imported petroleum products. In 2014, Fiji imported fuels for US\$787.7 million (up from US\$369.4 million in 2009), representing 24% of the country's import bill. The transport sector is the main consumer of imported fuels, accounting for more than 60% of Fiji's total petroleum consumption.

<sup>28</sup> Fiji Commerce Commission (2012), *Final Determination on Electricity Tariffs*, FEA, December. Viewed at: <http://www.commcomm.gov.fj/wp-content/uploads/2012/07/final-Determination-for-FEA.pdf>.

<sup>29</sup> FEA, *Annual Report 2013*. Viewed at: <http://www.fea.com.fj/wp-content/uploads/2014/08/FEA-Annual-Report-2013.pdf>.

<sup>30</sup> Faced with a prolonged dry spell in 2014, FEA had to scale down its hydro operations and increase its diesel generation to meet demand, which resulted in an all-time high fuel cost of F\$180 million. The reduction in profit was also due to the increase in the IPP's feed-in tariff in May 2014. FEA (2015).

<sup>31</sup> Investment Fiji online information. Viewed at <http://www.investmentfiji.org.fj/>.

<sup>32</sup> This subsection draws mostly on Economic Consulting Associates (2013).

4.53. Fuel and other petroleum products are supplied by three major international oil companies, each owning their own storage facilities in Fiji: Mobil Oil, Total Oil and British Petroleum (BP). Supply is provided by medium-range tankers from refineries in Australia, New Zealand and Singapore. About half of imports are consumed and distributed at wholesale and retail levels in Fiji, while the rest is re-exported to other Pacific Island countries. In 2014, Fiji re-exported US\$344.6 million of fuels.

4.54. The main imported fuels are diesel, aviation fuel, and gasoline (motor spirit). Fiji also imports kerosene, heavy fuel oil and liquefied petroleum gas (LPG). LPG is used mainly for cooking, but some land transport vehicles also use it as fuel (2%). LPG is imported from New Zealand and distributed by two companies: Fiji Gas and Bluegas.

4.55. Retail fuel prices are regulated by the Commerce Commission on the basis of quarterly proposals submitted by the oil companies taking into account the cost of supply plus a return on investment. Prices vary by geographical area. Large users, such as FEA, purchase their petroleum through negotiated bulk arrangements with importers.

4.56. There have been attempts to cut back on petroleum imports through the use of locally produced biofuels. Under Fiji's Biofuel Programme diesel standards have been modified to allow diesel to be blended with biodiesel (maximum 5%). Likewise, new standards allow for gasoline to be mixed with ethanol (maximum 10%). Currently such standards are voluntary, since insufficient biofuel production prevents mandatory application. The production of coconut oil to be blended with diesel as a fuel substitute for vehicles and the production of ethanol from sugar molasses have also been encouraged.<sup>33</sup>

4.57. Several tax incentives are granted to promote biofuel production. A ten-year tax holiday is provided to businesses undertaking a new activity in processing agricultural commodities into biofuels from 1 January 2014 to 31 December 2026, provided the businesses invest a minimum of F\$1,000,000 and hire at least 20 local employees for every income year. Other incentives include: duty-free importation of plant, machinery and equipment for the initial establishment of a factory as well as duty-free importation of chemical products required for biofuel production.

4.58. An *ad valorem* 5% import duty applies to crude oil, kerosene and aviation turbine fuel. Specific duties apply to imports of gasoline (44 cents/litre), automotive diesel oil (18 cents/litre), industrial diesel oil (18 cents/litre) and residual fuel oil (10 cents/litre).

4.59. During the 1970s and 1980s, petroleum exploration was carried out in Fiji and reserves were estimated at 1 billion barrels per oil bearing structure. No further exploration has been undertaken since then. In 2007, the Cabinet decided to place a moratorium on the issuance of any exploration licences until an Offshore Minerals Policy was formulated and adopted; accordingly, no licences have been issued.<sup>34</sup>

## 4.4 Manufacturing

### 4.4.1 Overview and policy objectives

4.60. The contribution of manufacturing to Fiji's GDP averaged 14% during the review period. The sector accounts for almost a quarter of the total value of merchandise exports and provides around 28,000 direct jobs. The main manufacturing activities are food processing (mainly sugar, fish and meat, and more recently biscuits), tobacco and beverages (mostly mineral water), textiles and clothing, chemicals and wood-based products.

4.61. Within its policy of import substitution, the Government's objectives are to expand manufacturing activities and value addition, particularly through the production of items that are heavily imported but can be produced or grown locally.<sup>35</sup> To this end, Fiji grants generous tax incentives (tax holidays, duty exemptions and other tax concessions) as well as concessionary

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<sup>33</sup> In addition to these efforts, the authorities have indicated that improvements to the road network (both highways and rural roads) have resulted in less fuel usage as travel times have been reduced.

<sup>34</sup> For a description of Fiji's licensing scheme for petroleum and gas exploration see WTO (2009).

<sup>35</sup> Investment Fiji, online information. Viewed at: <http://www.investmentfiji.org.fj/pages.cfm/for-investors/sector-industry-profiles/manufacturing-industry.html>.

credit to promote investment and exports in manufacturing industries (section 3.3.1). Some incentives are conditional upon the use of local materials. For example, in order to qualify for tax concessions, an investment in food processing or forestry must utilize 50% of local produce in the production process.

4.62. Since 2009, the Government has put in place the "Fijian Made and Buy Fijian Campaign" to promote and raise the profile of Fijian made goods and produce in the domestic and international markets through a national branding strategy. Under the Industry Emblem Decree and Regulations 2011, several brand categories, each subject to specific compliance criteria, are established: "Fijian Made", "Fijian Product", "Fijian Packed", "Fijian Crafted", "Fijian Grown", "Fijian Assembled", "Fijian Designed" and "Fijian Sewn". The Government also seeks to promote SMEs that manufacture niche products in the cosmetic and health sectors, such as coconut virgin oil and honey.

4.63. In general, the manufacturing sector is open to foreign investment. However, in the tobacco industry, in addition to local content, a minimum investment requirement applies. Pursuant to the 2009 Foreign Investment Regulations and Foreign Investment (Amendment) Regulation 2013, a foreign investor must use at least 75% (up from 50% in 2009) locally grown and processed tobacco in all domestic cigarette production and must have at least F\$500,000 in owner's contribution, or paid-up capital for companies, in the form of cash from the operational date, to be fully brought into Fiji within the implementation period.

4.64. Fiji's average applied MFN tariff on manufacturing products (ISIC 3 definition) is 11.5% (12.5% taking into account AVEs based on 2013 prices), with tariffs ranging between zero and 32% (section 3.1.4).

#### 4.4.2 The textile and clothing industry

4.65. The textiles and clothing industry has traditionally been one of the major manufacturing sectors in Fiji. Predominantly export-oriented and heavily reliant on preferential market access, the industry declined in the 2000s due to a number of factors, including the reduction of tariff preferences margins in the Australian and New Zealand markets; the end of the quota system under the Agreement on Textiles and Clothing and the full integration of textiles into the WTO; and increased competition in the US market from Sub-Saharan African countries under the AGOA scheme, as well as from low-cost Asian countries.

4.66. The industry has, nevertheless, maintained its position as an important contributor to the Fijian economy and trade. From 2009 to 2014, it contributed on average 1.2% to GDP and currently employs some 7,000 workers. Fijian clothing exports actually increased from US\$50.5 million in 2009 to US\$71.1 million in 2014, although their relative share in total merchandise exports declined from 7.1% to 4.5%. Australia remains the most important market, accounting for about 85% of total Fijian exports of textiles and clothing; followed by New Zealand and other Pacific Islands.

4.67. Recently, Fijian exports of textiles and clothing have been boosted by improved access conditions to the Australian market with the implementation of Australia's Developing Country (DC) Preferences effective from 1 January 2015. The DC Preferences replaced the South Pacific Regional Trade and Economic Cooperation Agreement–Textile, Clothing and Footwear Scheme (SPARTECA-TFC), providing for easier and more flexible origin requirements for duty-free entry to the Australian market. Under the new scheme, Fijian exporters are allowed to source raw materials from more efficient and cost-effective sources outside the Pacific region and then transform them into finished garments for duty-free export to Australia. The new scheme includes wool products, a long-standing request from Fiji.<sup>36</sup>

4.68. Over the past few years, the Government has supported the textile and clothing industry through marketing grants to the tune of F\$100,000 a year under the National Export Strategy. The grants aim at improving the industry's image in overseas markets and supporting its participation in trade fairs.

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<sup>36</sup> WTO (2009).

4.69. According to industry representatives, improved market access conditions under the DC and the Government's marketing grants have contributed to the sector's steady growth over the last two years, the expansion of investment and the creation of new jobs. Reportedly, most factories have employed additional workers (with a general increase of 1,500 jobs from 2014 to 2015), some companies have announced major expansion plans over the next two years, and a few new factories are expected to start operations in 2016.

4.70. Imports of textiles and clothing command relatively high tariffs: the average applied MFN tariff on textiles is 8.4% (8.5% including AVEs) and 30.6% on clothing (with tariffs ranging from 5% to 32%).

#### 4.4.3 Food processing

4.71. Within the food processing sector, the most important activity remains the sugar industry. It contributes about 2% to GDP, provides the livelihood, directly or indirectly, for about a quarter of the population, and accounts for 8% of total merchandise exports (2014). The industry has faced major challenges causing its decline in past years, however, measures taken by the Government to restructure the sugar sector and increase productivity are gradually yielding results and helping the industry recover (section 4.1.4). Other important food industries are fish processing and confectionary. In particular, biscuit production is an emerging industry.

#### 4.4.4 Beverages

4.72. During the review period, the local beverages industry continued to grow, mainly driven by the expanding production of bottled mineral water. This is mostly destined for exports (98%), which have surged in recent years benefiting from the popularity of the "Fiji water" brand. Fijian exports of bottled mineral water more than doubled from US\$41.1 million in 2009 to US\$98.6 million in 2014, and accounted for over 8% of the total value of merchandise exports that year.<sup>37</sup> The outstanding performance of mineral water exports has attracted new investments in bottling plants. The sector is expected to further grow as a number of international companies have applied for rights to explore for underground water resources.

4.73. In 2010, the Government introduced an extraction tax on bottled water in a move to increase the benefits to the Fijian population from the exploitation of national aquifer resources. An international company (Natural Waters of Viti Ltd.) is responsible for most exports of bottled water from Fiji.

### 4.5 Services

#### 4.5.1 Main features and GATS commitments

4.74. The services sector remains the most important contributor to the Fijian economy, accounting for over two-thirds of GDP in 2014. The main services subsectors are: wholesale, retail and repair, financial and insurance activities, accommodation and food services, transport and storage, and information and communication (Table 4.2). During the review period, the most dynamic subsector was transport and storage. The services sector, led by the tourism industry, is a net foreign exchange earner. Services exports accounted for 51.4% of Fiji's total exports (of goods and services) in 2014.

**Table 4.2 Fiji's services indicators, 2009-2014**

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
Services (% of current GDP)	68.4	68.1	66.8	66.3	66.4	66.2
Wholesale and retail and repair of motor vehicles and motor cycles	12.7	12.7	12.3	12.4	12.4	12.2
Transport and storage	4.8	5.9	6.3	6.7	7.0	7.0
Accommodation and food service activities	5.4	6.4	6.8	7.0	7.2	7.2
Information and communication	7.6	6.9	6.4	6.4	6.3	6.4
Financial and insurance activities	11.8	11.4	11.1	10.3	10.7	10.7
Real estate activities	5.8	5.6	5.3	5.1	4.8	4.7
Professional, scientific and technical activities	2.0	2.1	2.1	2.2	2.1	2.1

<sup>37</sup> Fiji Bureau of Statistics online information. Viewed at <http://www.statsfiji.gov.fj/>.

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
Administrative and support services	2.1	2.2	2.2	2.2	2.1	2.1
Public administration and defence; compulsory social security	6.6	5.9	5.7	5.7	5.6	5.6
Education	4.8	4.6	4.4	4.4	4.4	4.3
Human health and social work activities	1.9	1.8	1.8	1.7	1.7	1.7
Arts, entertainment and recreation activities	0.4	0.4	0.4	0.4	0.4	0.4
Other service activities	2.3	2.2	2.1	1.9	1.8	1.8
Services (% growth rate, constant 2008 GDP)	-0.8	2.9	2.0	1.7	4.9	4.3
Wholesale and retail and repair of motor vehicles and motor cycles	-5.6	1.0	-0.6	1.8	3.2	3.2
Transport and storage	-18.7	22.2	6.7	7.0	10.1	4.6
Accommodation and food service activities	-5.8	8.1	7.2	0.2	2.2	5.3
Information and communication	32.1	-2.9	1.6	4.0	5.4	6.2
Financial and insurance activities	-6.0	1.7	3.8	-3.4	11.1	5.5
Real estate activities	1.0	1.6	0.6	1.1	0.7	1.7
Professional, scientific and technical activities	4.3	4.8	8.4	7.2	1.1	3.9
Administrative and support services	-1.3	8.8	4.3	7.3	0.4	3.2
Public administration and defence; compulsory social security	5.3	-2.8	-5.6	5.6	4.9	4.3
Education	-3.7	3.4	3.2	0.4	3.8	4.3
Human health and social work activities	5.3	5.1	0.8	-2.8	-1.5	4.1
Arts, entertainment and recreation activities	10.4	5.3	0.4	3.2	3.3	1.8
Other service activities	1.1	-2.9	0.4	-1.7	0.4	1.5
Services exports/total goods and services exports (%)	56.7	54.6	52.4	50.2	52.1	51.4
Services imports/total goods and services imports (%)	27.2	22.4	22.0	22.5	20.8	21.4

a Provisional.

Source: Fiji Bureau of Statistics online information; IMF, BOP Statistics online information; and data provided by the authorities.

4.75. The scope of Fiji's specific commitments under the GATS is very limited, covering only hotels, motels, other tourist accommodation (CPC641) and restaurants (CPC642).<sup>38</sup> For these two subsectors, Fiji lodged no limitations on market access and national treatment in modes 1, 2 and 3, except for the requirements of normal government approval and registration for all foreign investors. Regarding mode 4, in the case of hotels and other accommodation, entry is limited to top management and skilled employees where these are unavailable locally. Skilled employees are allowed entry for three years and extension is subject to applicable immigration requirements. Fiji did not inscribe any MFN exemptions in its schedule. Information about Fiji's applied services regime seems to indicate that the sector has undergone important reforms and is considerably more open now than it was at the time Fiji adopted its schedule of commitments.<sup>39</sup>

#### 4.5.2 Financial services

4.76. Fiji has a stable financial sector, which is one of the most developed among the Pacific Island countries. It accounted, on average, for 11% of GDP during the reviewed years. The financial system's gross assets expanded from F\$10.3 billion in 2009 to F\$14.4 billion in 2014 (Table 4.3).<sup>40</sup> The banking industry dominates the financial sector with 50.6% of gross assets, followed by the Fiji National Provident Fund (33.6%) and the insurance sector (9.3%).

<sup>38</sup> WTO document GATS/SC/32, 15 April 1994.

<sup>39</sup> WTO online information, I-TIP Services database. Viewed at: [http://i-tip.wto.org/services/\(S\(0o1fb4oe40m0n4yhqx2oxmhd\)\)/SearchResult.aspx](http://i-tip.wto.org/services/(S(0o1fb4oe40m0n4yhqx2oxmhd))/SearchResult.aspx).

<sup>40</sup> Reserve Bank of Fiji, *Annual Report 2013* and *Annual Report 2014*. Viewed at: [http://www.rbf.gov.fj/getattachment/Publications-\(1\)/Reserve-Bank-Annual-Reports/RBF-Annual-Report-2013.pdf.aspx](http://www.rbf.gov.fj/getattachment/Publications-(1)/Reserve-Bank-Annual-Reports/RBF-Annual-Report-2013.pdf.aspx), and [http://www.rbf.gov.fj/getattachment/Publications-\(1\)/Reserve-Bank-Annual-Reports/2014.pdf.aspx](http://www.rbf.gov.fj/getattachment/Publications-(1)/Reserve-Bank-Annual-Reports/2014.pdf.aspx).

**Table 4.3 Gross assets of Fiji's financial system, 2009-14**

(F\$ million)

	2009	2010	2011	2012	2013	2014 <sup>a</sup>
Regulated financial entities						
Commercial banks	4,452	4,514	4,954	5,389	6,222	7,281
Credit institutions	372	418	448	506	546	252
Insurance companies	921	940	1,044	1,212	1,307	1,344
Fiji National Providence Fund (FNPF)	3,841	3,928	4,077	4,235	4,521	4,846
Insurance brokers	31	34	34	41	62	55
Total	9,617	9,834	10,557	11,383	12,658	13,778
Non-regulated financial entities						
NBFIs <sup>b</sup>	690	692	621	635	648	622
Total	690	692	621	635	648	622
Total financial system <sup>c</sup>	10,307	10,526	11,178	12,018	13,306	14,400

a Preliminary.

b Non-banking financial institutions: includes Fiji Development Bank, Housing Authority, Asset Management Bank (from 2010), and microfinance institutions governed under different legislation.

c Excludes Reserve Bank of Fiji.

Source: Reserve Bank of Fiji, *Annual Report 2014*. Viewed at: [http://www.rbf.gov.fj/getattachment/Publications-\(1\)/Reserve-Bank-Annual-Reports/2014.pdf.aspx](http://www.rbf.gov.fj/getattachment/Publications-(1)/Reserve-Bank-Annual-Reports/2014.pdf.aspx).

4.77. The Reserve Bank of Fiji (RBF), under the RBF Act (1983) and the RBF (Amendment) Decree 2009 is responsible for promoting a safe and sound financial system by regulating and supervising financial institutions and market players. Regulated financial institutions comprise banks, credit institutions, insurance companies and intermediaries, foreign exchange dealers and money changers, the Fiji National Provident Fund (FNPF), the South Pacific Stock Exchange (SPSE) and capital market intermediaries (Table 4.4). Under sector-specific legislation<sup>41</sup>, the RBF is empowered to issue licences, regulations, prudential guidelines and directives as well as to conduct on- and off-site examinations of all regulated institutions.

4.78. Since 2009, the RBF has reviewed and issued a number of supervision policy statements, prudential standards and guidelines aimed at strengthening the regulatory framework of the financial sector, and aligning it with international best practices.<sup>42</sup> The central bank is currently working on the review of the Reserve Bank of Fiji Act (1983) and the RBF (Amendment) Decree 2009, the Insurance Act (1998) and the Capital Markets Decree (2009). In addition, the RBF is currently drafting a Financial Sector Development Plan for 2015-2025 in consultation with relevant stakeholders.

**Table 4.4 Licensed financial entities (including branches and agencies), 2009-14**

	2009	2010	2011	2012	2013	2014
Commercial banks <sup>a</sup>	5	5	4	5	5	6
- Branches	63	63	63	60	64	71
- Agencies and agent banking	57	51	43	38	110	104
- ATMs	164	202	212	226	259	280
- EFTPOS (Electronic Transfer at Point of Sale)	1,785	1,896	2,937	3,639	4,907	5,340
Credit institutions	3	3	3	3	3	3
- Branches	12	13	14	15	17	13
- Agencies	0	0	0	2	1	0
Life insurance companies	2	2	2	2	2	2
General insurance companies <sup>b</sup>	8	8	8	8	7	7
Insurance brokers	4	4	4	4	4	4
Insurance agents <sup>c</sup>	320	329	357	312	334	356
Foreign exchange dealers	7	8	8	8	8	9
Money changers	3	3	3	2	2	2
Securities exchange	1	1	1	1	1	1
Unit trusts	2	2	2	2	2	2
Property trusts	1	1	1	0	0	0
Investment advisors	11	10	11	11	11	11

<sup>41</sup> Banking Act (1995), Insurance Act (1998), Insurance (Amendment) Act (2003), Exchange Control Act (Rev. 1985), Capital Markets Decree (2009), FNPF Decree (2011), and Companies Act (2015).

<sup>42</sup> Policies and guidelines can be found at <http://www.rbf.gov.fj/Regulatory-Framework/Prudential-Standards-and-Guidelines>.

	2009	2010	2011	2012	2013	2014
Stock brokers	3	3	3	3	3	3
Dealers	2	3	3	3	3	3
Managed fund representatives	7	7	9	11	12	12
Stock broker representatives	10	16	18	16	14	15
Investment advisor representatives	15	20	22	21	19	19

- a Assets Management Bank (AMB) is excluded from 2010, when it was under the controllership of the RBF. It is currently being wound up.
- b Includes FAI Insurance (Fiji) Limited until 2012.
- c An agent may hold more than one licence to sell various classes of insurance in a calendar year.

Source: Reserve Bank of Fiji.

#### 4.5.2.1 Banking

4.79. There are six commercial banks operating in Fiji (five in 2009); four of them operate as foreign branches of their parent companies (two from Australia, and one each from India and Papua New Guinea), one is a subsidiary of a French bank, and the other is Fijian-owned. The Government withdrew from the commercial banking sector after it sold its 49% stake in Colonial National Bank to an Australian financial services group in 2006. In 2014, Cabinet approved the winding up of the National Bank of Fiji's Asset Management Bank (AMB) and the conclusion of its controllership by the RBF via an Executive Order.<sup>43</sup>

4.80. Total assets of the banking system expanded during the review period, amounting to F\$7.3 billion in 2014 (up from F\$4.4 billion in 2009); two banks account for some 65% of total bank assets. The banking industry is sound and profitable, and liquidity levels remain high. The capital adequacy ratio of the industry was 13.9% in 2014. The quality of banks' assets is satisfactory, with classified exposures representing 1.6% of the industry's gross loans in 2014 and provisions covering 65.4% of classified exposures.<sup>44</sup>

4.81. Bank credit experienced broad-based growth over the review period, in particular in the last two years. Gross loans increased by 15.8% in 2013 and 27% in 2014, amounting to F\$5.1 billion. Total deposits also saw an important increase (13.9%), reaching a record high of F\$6 billion in 2014. Interest rate margins on savings and deposits have shown a declining trend since 2010, supported by high liquidity as well as competition and improvements in efficiency in the banking industry. The interest spread for banks was 4% in 2014 (compared to 5.4% in 2009). Since March 2012, commercial banks have been required to hold 4% of their deposits and similar liabilities in loans to agricultural, forestry and fisheries activities and 2% in loans to the renewable energy sector.

4.82. Under the current legislation, foreign banks may operate in Fiji as branches or subsidiaries or by acquiring a domestic bank. There are no restrictions on foreign ownership of equity shares. The RBF's bank licensing requirements do not differentiate between domestic and foreign banks.<sup>45</sup> All banks, including foreign branches, must have a minimum capital of F\$2 million and a minimum risk weighted capital (Tier I and Tier II) adequacy ratio of 12% (increased from 8% in May 2010).<sup>46</sup> Banks are also subject to minimum information disclosure requirements.

4.83. Only commercial banks and credit institutions are allowed to accept deposits from the public. There are no restrictions on the type of products offered by commercial banks incorporated in Fiji to residents in Fiji. Lending offshore is prohibited unless RBF approval is obtained.<sup>47</sup> The provision of cross-border banking services to residents in Fiji also requires approval from the RBF.

<sup>43</sup> The state-owned National Bank of Fiji was bailed out by the Government in 1998.

<sup>44</sup> Reserve Bank of Fiji (2015), *Annual Report 2014*. Viewed at: [http://www.rbf.gov.fj/getattachment/Publications-\(1\)/Reserve-Bank-Annual-Reports/2014.pdf.aspx](http://www.rbf.gov.fj/getattachment/Publications-(1)/Reserve-Bank-Annual-Reports/2014.pdf.aspx).

<sup>45</sup> Requirements for a banking licence are available at: <http://www.rbf.gov.fj/getattachment/Left-Menu/Regulatory-Framework/Prudential-Standards-and-Guidelines/Licensing-Checklists/Checklist-of-Requirements-for-Application-for-a-Licence-to-Conduct-Banking-Business-in-Fiji.pdf.aspx>.

<sup>46</sup> Credit institutions are required to maintain a minimum capital adequacy ratio of 15% (up from 12%).

<sup>47</sup> Exchange Control Guidelines, section on Offshore Investment online information. Viewed at: <http://www.rbf.gov.fj/>.

4.84. During the review period, the RBF continued strengthening the prudential framework for banks and credit institutions. It reviewed and developed several policy statements and guidelines, including some intended to increase transparency and accountability of licensed financial institutions (LFI). The main banking policies issued since 2009 were: Policy Guideline on Complaints Management (2009); Minimum Requirements for the Management of Operational Risk for LFIs (2010); Interest Spread Disclosure Requirements for Banks (2010); Minimum Requirements for Appointing Heads of LFIs (2010); Accountability and Disclosure Guidelines on Interest Rates and Fees and Charges for Licensed Banks (Revised 2011); Accountability and Disclosure Guidelines on Interest Rates and Fees and Charges for Licensed Credit Institutions (Revised 2012); Agent Banking Guidelines (2013); Minimum Requirements for the Management of Market Risk (2014); and Minimum Requirements for the Management of Money Laundering and Terrorist Financing Risk (Revised 2014).

4.85. In addition to the above regulatory developments, as part of its supervisory functions, the RBF conducted a number of on- and off-site examinations of LFIs during the review period to check compliance with regulatory and prudential requirements.

#### 4.5.2.2 Insurance

4.86. The insurance sector includes life and general insurance companies, brokers and agents. There are seven general insurers: two are Fijian-owned<sup>48</sup>, four are locally incorporated subsidiaries of foreign parent companies (two from Australia, one from New Zealand and one from Papua New Guinea), and one is a branch from an Indian insurance company.<sup>49</sup> Only two life insurers operate: one is a Fijian-incorporated subsidiary of a Papua New Guinea company, and the other is a branch of an Indian insurer. There are four insurance brokers, of which only one is fully Fijian-owned.

4.87. Fiji's insurance industry is sound, with solvency surpluses and adequate capital and liquidity levels. In 2013, total assets of the insurance industry amounted to F\$1.3 billion (of which 73.3% were held by the life insurance companies). The industry's combined gross premium income was F\$288.7 million, equivalent to 3.9% of GDP (2013). General insurance accounts for 55.5% of gross premiums.<sup>50</sup>

4.88. The RBF regulates and supervises the insurance industry under the Insurance Act 1998, the Insurance Regulations 1998, and the RBF (Amendment) Decree 2009, with the aim of ensuring the financial soundness of the industry and individual entities, and protecting policyholders.

4.89. The Insurance Act 1998 requires all industry participants (i.e. insurers, insurance brokers and agents) to be licensed by the RBF. Licences are valid for 12 months and subject to yearly renewals upon payment of fees. In 2013, new, higher fees were approved; the current fee for an insurance company licence is F\$15,000 (up from F\$3,000). Licensing requirements do not distinguish between local and foreign companies. New applicants must provide economic justification for their entrance into the market and meet other prescribed criteria.

4.90. A licensed insurance company may only conduct the type of insurance business (life or general) for which it has obtained a licence. An insurer can however provide life and general insurance if it obtains separate licences for each of these services through two separate companies. Insurance companies licensed to carry out any class of insurance business are not allowed to also engage in banking and other financial services.

4.91. Under the Insurance Act 1998, the RBF may issue a licence to conduct insurance business to a company incorporated in Fiji or a company incorporated abroad that is registered under Fiji's Companies Act, provided that it satisfies all the prescribed criteria.<sup>51</sup> There are no limits on foreign ownership of equity shares. An applicant must meet the solvency requirements established in

<sup>48</sup> FAI Insurance Ltd. was wound up in 2012 under a special scheme approved by the RBF in 2001.

<sup>49</sup> See list of licensed institutions, including insurers at <http://www.rbf.gov.fj/Left-Menu/Regulatory-Framework/Licensed-Institutions.aspx>.

<sup>50</sup> Reserve Bank of Fiji (2014), *Insurance Annual Report 2013*. Viewed at: [http://www.rbf.gov.fj/getattachment/Publications-\(1\)/Insurance-Annual-Reports/RBF-Insurance-AR-2013-compressed.pdf.aspx](http://www.rbf.gov.fj/getattachment/Publications-(1)/Insurance-Annual-Reports/RBF-Insurance-AR-2013-compressed.pdf.aspx).

<sup>51</sup> Licensing requirements can be found at: <http://www.rbf.gov.fj/getattachment/Left-Menu/Regulatory-Framework/Prudential-Standards-and-Guidelines/Licensing-Checklists/2014Insurance-Companies.pdf.aspx>.

Section 31 of the Insurance Act 1998 (Table 4.5).<sup>52</sup> At the end of 2013, the insurance industry solvency surplus over the minimum required solvency margin was F\$224.3 million (up from F\$125.1 million in 2009).<sup>53</sup>

4.92. General and life insurance companies incorporated in Fiji must also have at all times paid-up capital of at least F\$1 million. In order to protect policyholders against unforeseen circumstances, licensed insurance companies must maintain a statutory deposit with a market value of not less than the surplus of their assets over liabilities or net adjustable assets required under Section 31 of the Insurance Act 1998.

**Table 4.5 Minimum solvency requirements for insurance companies, 2015**

	Paid-up capital	Surplus of assets over liabilities
Life insurer	F\$1 million	Whichever is the greater of: <ul style="list-style-type: none"> <li>• F\$1 million; or</li> <li>• The sum of 5% of the amount of net liabilities under life policies (in Fiji if the life insurer is incorporated outside Fiji) up to net liabilities of F\$100 million plus 2.5% of the amount of net liabilities under life policies (in Fiji if the life insurer is incorporated outside Fiji) that exceed F\$100 million.</li> </ul>
General insurer	F\$1 million	Whichever is the greater of: <ul style="list-style-type: none"> <li>• F\$1 million; or</li> <li>• 20% of net premium income derived in Fiji in the last 12 months; or</li> <li>• 15% of net claims outstanding provision.</li> </ul>

Source: Reserve Bank of Fiji.

4.93. Insurers are free to set insurance premiums and do not need regulatory approval to do so.

4.94. Offshore placement of insurance is in principle prohibited, unless approved by the RBF and subject to certain minimum requirements. These are established in Section 17 of the Insurance Act 1998 and further guidelines are provided in the Insurance Supervision Policy Statement No. 2, as revised in 2009.<sup>54</sup> Essentially, to obtain approval an applicant must demonstrate that no locally licensed insurer provides the service or, if so, that it is in the "public interest" that the application be allowed, or that the local premium is more than 15% of the offshore premium (excluding overseas insurance tax). Applicable taxes on offshore insurance placements include a non-resident withholding tax (NRWT) at a rate of 15%<sup>55</sup> and a stamp duty (depending on the class of insurance rates vary between 5% and 15%). A fire service levy of 0.06% on the sum insured also applies to specific insurance classes. In 2014, the RBF approved a total of 1,139 applications valued at F\$32.5 million for offshore placements.<sup>56</sup>

4.95. Insurers are required to have in place at all times reinsurance arrangements for risks insured in conducting their business in Fiji. There are no reinsurance companies established in Fiji, therefore all locally registered insurance companies must obtain reinsurance from overseas. No restrictions apply on contracting reinsurance policies abroad, provided the requirements of the RBF are met. Parent companies incorporated overseas normally make sure that the reinsurance policies of their subsidiaries in Fiji comply with RBF's requirements.

4.96. The RBF has developed a body of insurance supervision policy statements and guidelines to regulate the industry.<sup>57</sup> During the review period, it developed new policies concerning: minimum requirements for risk management frameworks for licensed insurers (2010); guidelines on

<sup>52</sup> Further guidance on the calculation of solvency requirements is provided in the Insurance Supervision Policy Statements No. 3A (for life insurance) and No. 3B (for general insurance). Viewed at: [http://www.rbf.gov.fj/docs/insurance\\_sup3a.pdf](http://www.rbf.gov.fj/docs/insurance_sup3a.pdf) and [http://www.rbf.gov.fj/docs/insurance\\_sup3b.pdf](http://www.rbf.gov.fj/docs/insurance_sup3b.pdf).

<sup>53</sup> Reserve Bank of Fiji (2014).

<sup>54</sup> Insurance Supervision Policy Statement No. 2, Offshore Placement of Insurance Business. Viewed at: <http://www.rbf.gov.fj/docs2/RBF%20Insurance%20Policy%20No%202%20Revised%20Policy%20on%20Offshore%20Placement%20of%20Insurance%20Business%20%28%29.pdf>.

<sup>55</sup> Offshore insurance placements made through a licensed broker attract a NRWT of 3%, which is derived by calculating 15% (the normal NRWT rate) of 20% (the company tax rate).

<sup>56</sup> Reserve Bank of Fiji (2015).

<sup>57</sup> These can be found at: <http://www.rbf.gov.fj/Regulatory-Framework/Prudential-Standards-and-Guidelines/Insurance-Policy-and-Supervision.aspx>.

complaints management (2010); the role of actuaries (2011), disclosure requirements (2011); and requirements for the appointment and supervision of insurance agents (2013).

4.97. In 2013, the Reserve Bank completed the review of the Insurance Act 1998 and submitted the proposed amendments to the Solicitor General's Office for approval. The RBF has also revised the Minimum Solvency Requirements for Life and General Insurers, which are currently under consultation with the industry. In addition, the Reserve Bank continued its compliance monitoring functions through off-site supervision and on-site examinations.

#### 4.5.2.3 Capital market

4.98. The domestic capital market remains small and underdeveloped. It consists mainly of the stock exchange, two unit trusts, eleven investment advisors, three stockbrokers and three dealers.<sup>58</sup> Fijian Government debt instruments account for more than 80% of the value of bonds issued.

4.99. The South Pacific Stock Exchange (SPSE) is the only licensed securities exchange in Fiji. At the end of 2014, there were 17 companies listed on the SPSE, with a market capitalization of F\$907.2 million, exceeding the 2009 level. The top five listed securities made up 81% of the stock market, with Amalgamated Telecom Holdings Limited (ATH) alone accounting for 45%.<sup>59</sup> Overseas companies wanting to be listed on the SPSE must be listed on a recognized foreign stock exchange<sup>60</sup>; establish a Fiji share register and maintain a percentage of shares ascertained by the SPSE in the register; meet all the requirements under the listing rules<sup>61</sup>; and obtain approval from the RBF. Trading in securities is regulated by the SPSE Business Rules 2000. Securities traded include listed company shares; government bonds; statutory authority bonds; treasury bills; statutory authority promissory notes; Reserve Bank notes; and tradable term deposits. There are no derivatives or futures markets.

4.100. During the period under review, the sector was governed by the Capital Markets Decree 2009, which put an end to the operations of the Capital Markets Development Authority and transferred the responsibility for regulating the domestic capital market to the Reserve Bank of Fiji (repealing thereby the Capital Markets Development Authority Act 1996 and the Capital Markets Development Authority Rules 1997). Under the Capital Markets Decree 2009, licences were renewed for five categories of market participants: the SPSE, unit trusts, investment advisors, brokers, dealers and their representatives. The Capital Markets Decree 2009, as well as the Unit Trust Act 1997, was subsequently repealed by the new Companies Act 2015, which contains provisions regulating the securities industries.

4.101. Since it was entrusted with the responsibility for overseeing the capital markets industry, the Reserve Bank has developed a number of supervision policy statements and guidelines including on the role of external auditors in the supervision of licensed persons (2010); complaints management (2010); requirements for capital raising through issue of debt securities (2011); requirements for capital raising through issue of equity securities (2011); fit and proper requirements for market participants (2011); preparation of a managed investment schemes prospectus (2011); trustee requirements for managed investment schemes (2011); and an asset investment management policy (2011).

4.102. The Fiji National Provident Fund (FNPF) is the country's public pension fund, operating under the supervision of the Reserve Bank. The FNPF has systemic importance due to the magnitude of its holdings and its capacity to mobilize domestic savings. By end-2014, the Fund's assets were valued at F\$4.8 billion, accounting for a third of the entire financial sector's assets. Investments represent almost 90% of the Fund's assets base, and government securities account for nearly 77% of its portfolio of investments.<sup>62</sup>

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<sup>58</sup> Information provided by the Fijian authorities.

<sup>59</sup> Reserve Bank of Fiji (2015).

<sup>60</sup> An application from a foreign company not listed in any exchange may be considered if it meets all the requirements and its admission is approved by the RBF and any other relevant authorities.

<sup>61</sup> Listing rules are available at: <http://www.spse.com.fj/Listing-On-The-SPSE/SPSE-Listing-Rules.aspx>.

<sup>62</sup> Reserve Bank of Fiji (2015).

4.103. In past years, the FNPF experienced a sizable actuarial imbalance because its annuity pay-out rates had been fixed too high. In April 2010, a reform plan was put in place to address this imbalance and put the FNPF on a financially sustainable path. Proposed reforms included reducing the pension rate (from 15% to 10% per annum), rehabilitating some non-performing assets, diversifying the Fund's investments, and updating legislation. As a result, a new aged-based pension rate was put in place in March 2012; the Fiji National Provident Fund Decree was issued in 2011; and portfolio investments were made in the real estate and tourism sectors. Having received authorization from the RBF to invest F\$150 million in foreign markets, the Fund has started to make overseas investments and is advocating for approval to invest up to 20% of its assets abroad in the long term.<sup>63</sup> The Reserve Bank monitors closely the implementation of the FNPF reform plan and has undertaken consultations on the draft of a new Pensions Savings Act, which would grant it more specific powers to supervise the superannuation industry.

#### 4.5.3 Telecommunications

4.104. Among the Pacific Island countries, Fiji has a relatively more developed and reliable telecommunication system with access to the Southern Cross submarine cable, which links it to Australia, New Zealand and North America and positions it as a potential regional telecom hub. During the review period, mobile telephony and mobile broadband services showed substantial expansion with penetration rates reaching 101.1 and 53.5 per 100 inhabitants respectively in 2013, while the fixed-line telephone and broadband market saw important reductions in line with global trends (Table 4.6). Legislative and policy changes introduced by the Government, including the launching of a National Broadband Plan (2011), as well as technology upgrades, have made mobile telecommunications more affordable and available to a larger portion of the population. Moreover, as a result of increased mobile broadband availability and the introduction of telecentres providing free access, internet penetration rose threefold during the review period. According to the ICT Development Index (IDI) published by the ITU, Fiji was one of the most dynamic countries in 2013, increasing its position in the IDI by 12 ranks to 91, due to the significant increase in wireless broadband penetration.<sup>64</sup> Nonetheless, some remote islands and inland rural areas still lack broadband connection.

**Table 4.6 Fiji telecommunication indicators, 2008 and 2013**

	2008	2013
Fixed-telephone subscriptions per 100 inhabitants	15.3	8.5
Mobile-cellular subscriptions per 100 inhabitants	71.1	101.1
Fixed (wired)-broadband subscriptions per 100	1.5	1.2
Mobile-broadband subscriptions per 100 inhabitants	0.9	53.5
Households with a computer (%)	n.a.	34.2
Households with Internet access at home (%)	n.a.	26.7
Individuals using the Internet (%)	13.0	37.1

n.a. Not available.

Source: ITU ICT-Eye. Viewed at: <http://www.itu.int/icteye>.

4.105. The structure of the domestic telecommunications market has seen some changes during the review period, with the state increasing and consolidating its presence through the group Amalgamated Telecom Holdings Ltd (ATH).<sup>65</sup> Telecom Fiji Limited (TFL), a fully owned subsidiary of ATH, is the sole provider of domestic fixed-line telephone services and owns the entire fixed-line network. Fiji International Telecommunications (FINTEL) is the sole supplier of international voice and data transmission services and, until 2010, had exclusive access to the Southern Cross Cable; FINTEL is 100% owned by ATH.<sup>66</sup> There are two operators offering mobile telephony and internet services: Vodafone Fiji (100% owned by ATH)<sup>67</sup>, which holds about 75% of the mobile market; and Digicel, a private international telecom company which entered the Fijian market in 2008. In addition, there are three Internet service providers (ISP) offering fixed Internet access: Connect, a

<sup>63</sup> ADB (2013), *Re-invigorating Private Sector Investment. A Private Sector Assessment for Fiji*. Viewed at: <http://www.adb.org/documents/re-invigorating-private-sector-investment-private-sector-assessment-fiji>.

<sup>64</sup> ITU (2014), *Measuring the Information Society Report 2014*. Viewed at: [http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2014/MIS2014\\_without\\_Annex\\_4.pdf](http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2014/MIS2014_without_Annex_4.pdf).

<sup>65</sup> ATH is itself a subsidiary of the Fiji National Pension Fund.

<sup>66</sup> ATH owned 51% of FINTEL and acquired the remaining 49% from Cable and Wireless in March 2012.

<sup>67</sup> Recently, the international Vodafone group sold its share in Vodafone Fiji.

fully-owned subsidiary of TFL; Unwired, a private locally-registered company; and Kidanet, a subsidiary of FINTEL.<sup>68</sup>

4.106. Since the deregulation of Fiji's telecom sector in 2008 (see below), prices for mobile and internet services have decreased. In fact, Fiji has one of the most affordable prices in the Pacific Island countries for both types of services. A 2013 study showed that Fiji was among the PICs with the cheapest deals for low-level mobile use and mobile data usage.<sup>69</sup> The least expensive fixed broadband plan price was US\$16.6 monthly (2013) and for mobile broadband F\$0.004 per MB.<sup>70</sup>

4.107. Fiji's telecommunication sector was deregulated and opened to competition with the adoption of the Telecommunications Promulgation 2008 and the conclusion of the Radisson Accord, a settlement deed which ended (after a two-year transition period) the exclusivity arrangements enjoyed until then by three telecom operators, with different levels of state ownership.<sup>71</sup> The Telecommunications Promulgation 2008 established a separate regulator, the Telecommunications Authority of Fiji (TAF), tasked with, *inter alia*, issuing licences and technical standards, allocating radio spectrum and frequencies, providing policy advice and representing the Government internationally. TAF also issues permits for imports of telecommunications equipment.<sup>72</sup>

4.108. The Telecommunications (Licensing) Regulations 2012 replaced the previous licensing regime (2008). The WTO Secretariat could not obtain information about the requirements for obtaining telecommunications licences under the new regime. Residents of Fiji, firms incorporated under the Companies Act and Fijian government agencies or statutory bodies may apply for a telecommunications licence. Licences have a validity of between 12 and 15 years and can be renewed.

4.109. The Minister for Communications<sup>73</sup> is responsible for policy formulation and implementation, including in relation to legislation, fiscal incentives, investment promotion, rural development and other areas affected by telecommunications policy, and for the management of the national spectrum.<sup>74</sup> The Minister is also in charge of promoting Fiji as a regional telecom hub, and discharges these responsibilities through the Department of Communications.<sup>75</sup> In October 2011, the Government launched the National Broadband Policy establishing a roadmap for the further development and uptake of broadband. Among the policy goals are providing all primary and secondary schools with broadband access by 2016, and eventually covering 95% of the population, and providing affordable broadband service to users with a basic download speed of 256 kbps.<sup>76</sup> The Government is also working on a draft national ICT policy.

4.110. A universal service scheme, established by the Telecommunications Promulgation 2008, seeks to provide all Fijians with access to telecommunication services on an equitable and affordable basis. Geographic areas where costs prevent the provision of services on a commercially viable basis must be declared as eligible for universal service benefits. The provision of universal services is tendered. Such services are funded from the Universal Service Fund to which licensed operators contribute by paying a licence fee of 1.5% of their annual gross revenue net of settlement charges paid to other licensees.

<sup>68</sup> In April 2013, FINTEL acquired the assets and liabilities of its subsidiary Kidanet, and kept the brand.

<sup>69</sup> Hansen, S. (2013), "Mobile connectivity and affordability in the Pacific: the 2013 update", Network Strategies, Telecommunication Strategies, April (presentation). Viewed at: [https://www.itu.int/ITU-D/asp/CMS/Events/2013/PacificForum/ITU-APT-S1\\_Suella\\_Hansen.pdf](https://www.itu.int/ITU-D/asp/CMS/Events/2013/PacificForum/ITU-APT-S1_Suella_Hansen.pdf) (no longer available online).

<sup>70</sup> Fife, E., ed. (2013), Broadband in Fiji: A Micromarket Case Study, *Pacific Telecommunications Council Broadband Reports*, No. 1. Viewed at: [https://www.ptc.org/images/pdf/Broadband\\_in\\_Fiji-PTC-Broadband-Report\\_No-1.pdf](https://www.ptc.org/images/pdf/Broadband_in_Fiji-PTC-Broadband-Report_No-1.pdf).

<sup>71</sup> The companies with exclusive rights were: TFL for domestic voice (local and long-distance) and data services, FINTEL for international voice and data transmission services, and Vodafone Fiji for mobile services.

<sup>72</sup> TAF was separated from the Ministry of Public Enterprises in 2010.

<sup>73</sup> Currently the Minister of Finance, Public Enterprises, Public Service, Communications, Trade and Tourism.

<sup>74</sup> Relevant legislation includes the National Spectrum Decree 2009 and Regulation of National Spectrum (Amendment) Decree 2011.

<sup>75</sup> Department of Communications. Viewed at <http://www.communications.gov.fj>.

<sup>76</sup> For further details on the implementation of the plan see Fife, E., ed. (2013).

4.111. In January 2011, the Government introduced a levy of F\$0.03 per minute on all incoming international calls. In 2015, the levy was charged at F\$0.09 per minute. The purpose of the levy is to contribute to the funding of universal service so as to increase penetration of ICT services.

4.112. The Fiji Commerce Commission regulates wholesale prices for fixed broadband access services with the ultimate objective of making the prices affordable to the final consumer. Indeed, in November 2013, the Commission determined maximum wholesale bandwidth charges for 2014 and 2015, which show significant decreases.<sup>77</sup> Retail prices are not regulated. Under the Commerce Act, the Commission regulates other competition aspects of the telecommunication market such as authorizations of acquisitions of shares; restrictive trade practices and agreements; misuse of market power; interconnection agreements (including rates) and resolution of disputes; and consumer protection.<sup>78</sup> The Commission must monitor regularly the situation of competition in the market, and when it identifies operators with substantial market power, it is authorized to request them to provide a reference interconnection offer, subject to its approval, and to have any interconnection agreement published on the Commission's website.

4.113. Under ministerial orders (2009 and 2012), the Commerce Commission has been specifically empowered to control the prices or rates of interconnection services of different classes, quantities and qualities; at the time of writing this report, the latest price control order was due to expire on 24 October 2015.<sup>79</sup> During the review period, the Commission issued several authorizations of interconnection rates that operators charge to each other.<sup>80</sup>

4.114. Also, in a significant move to increase competition in the market, in 2010 the Commerce Commission determined to open up FINTEL's landing station thus allowing any operator to procure data transmission capacity directly from the Southern Cross Cable. This was further confirmed in the Commission's Final Determination on Prices and Access for Southern Cross Capacity and Network in November 2013, whereby it classified FINTEL as having significant market power with respect to wholesale bandwidth access.<sup>81</sup>

4.115. The deregulation of the telecommunications sector and the actions of the Commerce Commission have led to some competition in the mobile and internet markets, and helped reduce prices. Nevertheless, as noted above, state participation in the market remains substantial; fixed-line telephony services and infrastructure are still in the hands of one operator (this may constrain further Internet uptake through dial-up and ADSL services which rely on fixed telephone lines); one of the two mobile operators holds around 75% of the market, and FINTEL is deemed to have significant market power in the international gateway. Hence, continuous regulatory oversight is critical for ensuring competitive market conditions, so that the benefits of the telecom liberalization are, in fact, realized.<sup>82</sup>

#### 4.5.4 Transport

4.116. The Ministry of Infrastructure and Transport is in charge of policy formulation and implementation as well as regulatory oversight of all modes of transport in Fiji. Transport is considered a key element in facilitating trade in goods and services and thus enhancing Fiji's economic prosperity. The Ministry's ultimate goal is to "provide an integrated transport system that is safe, efficient, affordable, accessible to all and environmentally sustainable".<sup>83</sup> The Transport Planning Unit (TPU), within the Ministry, is responsible for coordinating transport planning, monitoring policy and providing strategic advice to the Government in all transport matters. TPU consults with industry stakeholders, mainly through the National Transport Coordinating Committee and the National Transport Consultative Forum.

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<sup>77</sup> Commerce Commission Final Determination. Viewed at [http://www.commcomm.gov.fj/wp-content/uploads/2012/07/Final-determination\\_Access-to-Capacity-and-Network\\_Nov-2013.pdf](http://www.commcomm.gov.fj/wp-content/uploads/2012/07/Final-determination_Access-to-Capacity-and-Network_Nov-2013.pdf).

<sup>78</sup> Commerce (Amendment) Act 2007.

<sup>79</sup> Commerce (Control of Prices for Interconnection Services Rates) Order 2012.

<sup>80</sup> These can be found at: <http://www.commcomm.gov.fj/press-release/telecom>.

<sup>81</sup> Commerce Commission Final Determination. Viewed at: [http://www.commcomm.gov.fj/wp-content/uploads/2012/07/Final-determination\\_Access-to-Capacity-and-Network\\_Nov-2013.pdf](http://www.commcomm.gov.fj/wp-content/uploads/2012/07/Final-determination_Access-to-Capacity-and-Network_Nov-2013.pdf).

<sup>82</sup> Reddy, M. (undated), "Telecommunications Market in Fiji: Is there Competition?", Powerpoint presentation. Viewed at: [http://www.picisoc.org/wp-content/uploads/2012/05/Tel-Pap-USP-ICT-221112\\_Dr-Mahendra-Reddy.pdf](http://www.picisoc.org/wp-content/uploads/2012/05/Tel-Pap-USP-ICT-221112_Dr-Mahendra-Reddy.pdf).

<sup>83</sup> Ministry of Infrastructure and Transport online information. Viewed at: <http://www.transport.gov.fj/bgground.htm>.

#### 4.5.4.1 Road transport

4.117. Road transport is the main form of transport in Fiji. The national road network (about 5,000 km) connects all major cities and towns, but 70% of it remains unpaved and outer islands lack adequate road infrastructure. Poor road conditions and insufficient maintenance results in high transport costs, representing an impediment to competitiveness and integration to local and regional markets. In order to help fund road maintenance, the Government introduced a road levy in 2009, and in 2010 it issued the Land Transport (Road Levy Amendment) Decree, which set up the Infrastructure Rehabilitation and Development Fund, requiring the road levies to be used exclusively for road maintenance and development.

4.118. The Land Transport Unit is responsible for the implementation of the Land Transport Act 1998 and the National Road Safety Act, and for developing regulations. Until the end of 2012, the Department of National Roads (DNR) was in charge of road maintenance and carried out a number of infrastructure projects, including road and bridge upgrades in the Suva-Nausori corridor. The DNR lacked, however, the capacity to properly manage the road network and it was corporatized in 2013. Since then, the Fiji Roads Authority (FRA) took over responsibility for all roads, bridges and public jetties. Further improving road maintenance, monitoring road quality standards, and increasing accountability in contracting out road repairs remain key challenges.<sup>84</sup> The authorities have indicated that foreign contractors that have been authorized to operate in Fiji may participate in tenders for work with the FRA.

#### 4.5.4.2 Maritime transport and ports

4.119. International maritime transport is of key importance not only to Fiji's own connectivity, but also to the country's role as a cargo transshipment hub for other Pacific Island countries (PICs). Cargo imports and exports are carried through Fiji in containers along the major shipping routes connecting PICs and countries in Asia, Australia, New Zealand, North America and Europe. On the other hand, domestic shipping services are less developed, and the most remote islands, where shipping routes are often non-profitable, are not adequately connected. Ensuring reliable and efficient shipping services to Fiji's outer islands remains a priority of the Government's maritime transport policy.

4.120. Fiji's maritime transport sector underwent important reforms during the review period. A key change was the establishment of the Maritime Safety Authority of Fiji (MSAF), through a decree published in November 2011, replacing the former Fiji Islands Maritime Safety Administration (FIMSA).<sup>85</sup> The new MSAF is a commercial statutory authority that acts as the sector's regulator and has a broad set of responsibilities covering maritime transport and safety, protection of the marine environment, search and rescue, and hydrographical services. Its specific functions include registration and certification of vessels, certification of maritime services providers, licensing and certification of seafarers, and vessel traffic management. MSAF is also responsible for Fiji's compliance with international maritime conventions.

4.121. The legal framework for the maritime sector was also reviewed and updated. The Marine Act of 1986 and its subsidiary regulations were repealed. The Maritime Transport Decree and the Ship Registration Decree were gazetted in June 2013. The Maritime Transport Decree 2013 governs all aspects of maritime activity, including safety, shipping, salvaging, protection of the marine environment and management of marine pollution. The Ship Registration Decree prescribes the requirements for registration of ships in Fiji. In addition, 30 new maritime regulations and four marine regulations were developed and came into force on 1 January 2015.<sup>86</sup>

4.122. All ships involved in a commercial activity must be registered in Fiji. Under the Ship Registration Decree 2013, a ship can be registered under Fiji's Register only if it is a Fiji-owned ship<sup>87</sup> and not registered in any other country. Nevertheless, a ship that is not Fiji-owned may be registered if it is a pleasure craft (i.e. not commercial), or if it calls at ports in Fiji and is normally

<sup>84</sup> ADB (2012).

<sup>85</sup> Maritime Safety Authority of Fiji Decree 2009 (Decree No. 2 of 2010), gazetted on 11 November 2011.

<sup>86</sup> These regulations can be found at: <http://www.msaf.com.fj/>.

<sup>87</sup> "Fiji-owned ship" includes, *inter alia*, a ship owned by a Fiji citizen or a body corporate established by or under the laws of Fiji.

engaged on a qualifying route with its operations managed by a ship agent on behalf of its owners from a place of business located in Fiji.<sup>88</sup> A chartered vessel with crew may only be registered by the appointed agent, who must be a Fiji resident and 70% of the crew must be Fijian if the vessel trades overseas, or 90% if the vessel trades locally.

4.123. Coastal and inter-island shipping services are usually operated by the Government or by small shipping companies. However, because of remoteness and low levels of traffic, such services are often commercially unviable for private operators. In order to address this situation, in 2003 the Government introduced the Fiji Shipping Franchise Scheme, under which it provides subsidies to shipping operators servicing uneconomical routes. The government-owned Fiji Shipping Corporation Ltd. administers the scheme by contracting out the services to commercial operators who submit tenders on the basis of the amount needed to run the service. In 2013, subsidies provided under the scheme amounted to F\$1.7 million. The Department of Government Shipping Services provides marine navigation aid services and runs a small government fleet of specialized vessels, which transport government officials and cargo at non-commercial rates. Both the franchise scheme and the shipping freight rates have been reviewed in recent years.

4.124. The Maritime Transport Decree 2013 and the Maritime (Coasting-trade) Regulations 2014 prescribe the licensing system for commercial shipping services within Fiji's waters. Under the system, administered by the MSAF, a coasting-trade licence (CTL) may be granted to local operators to engage in inter-island shipping for the transport of passengers and cargo, provided the operator is a Fiji citizen or a corporate body established under the laws of Fiji in which at least 50% of the shares are owned by Fiji citizens, and the ship is registered in Fiji. Ship owners applying for a CTL are to be given priority over charter operators. Licences are valid for 12 months, and they are granted on a "one licence per owner/operator/per route" basis.

4.125. Cabotage is in principle not permitted. However, a foreign registered ship may apply for a coasting-trade permit (CTP) to engage in coastal shipping for carrying passengers or cargo, or both, in a specified area, provided that no domestic equivalent services are available. An applicant for a CTP must provide evidence as to why the proposed services cannot be carried out by a Fiji ship. Permits are only valid for the service, voyage and specific ship for which they have been issued. Foreign ships must also obtain a permit to provide pushing and towing services.

4.126. The Foreign Investment Regulations 2009 stipulate that a foreign investor engaging in inter-island shipping and passenger services (except for tourism support services) must have at least F\$500,000 in owner's contribution or paid-up capital for companies in the form of cash from the operational date, to be fully brought into Fiji within the implementation period (section 2.3.3).

4.127. Given that most domestic shipping routes are operated by a monopoly, passenger fares and freight rates are regulated through orders by the Commerce Commission; the last order was issued in 2014.

4.128. Fiji has six ports of entry: Suva, Lautoka, Levuka, Malau, Rotuma and Wairiki. Suva and Lautoka are the main and busiest ports and operate as cargo transshipment hubs for other Pacific Island countries.<sup>89</sup> Upgrades to their infrastructure and equipment (new container and cargo handling and storage facilities) in 2006 have led to efficiency gains and improved intra-regional trade.

4.129. The Fiji Ports Corporation Limited (FPCL) – set up in 2004 as a government-owned commercial enterprise – owns, operates and has jurisdiction over all declared ports in Fiji in accordance with the Sea Ports Management Act 2005 (SPMA 2005) and the Sea Ports Management Regulations 2008.<sup>90</sup> Ports Terminal Ltd., which used to be a wholly-owned subsidiary of FPCL until

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<sup>88</sup> Ship Registration Decree 2013, Section 4 (2) and (3).

<sup>89</sup> In 2012, 1,530 foreign-going vessels, including over 700 cargo carrying vessels, called at the ports of Suva and Lautoka, representing a total gross tonnage of 12,149,831 tonnes. FPCL online information. Viewed at: <http://www.fijiports.com.fj/wp-content/uploads/2014/06/Ports-2012-Annual-Report.pdf>.

<sup>90</sup> Levuka is a fishing port; Malau is operated by the Fiji Sugar Corporation to ship bulk sugar and molasses; Wairiki is managed by Tropik Woods; and Rotuma handles exports of root crops.

mid-2013, is in charge of the cargo operations of the two main ports. Around 95% of Fiji's imports and exports are traded through FPCL's ports.<sup>91</sup>

4.130. As part of its efforts to modernize port administration and management, in May 2013 the Government put in place a private-public partnership arrangement, through which Aitken Spence PLC, a Sri Lankan conglomerate, acquired 51% of Ports Terminal Ltd., while FPCL retained the remaining 49%. In 2015, Ports Terminal Ltd. was rebranded and named as Fiji Ports Terminal Ltd. (FPTL). Following the concession arrangement (which will last 15 years), FPCL has become a landlord port, i.e. it owns the infrastructure, performs the harbourmaster function and provides services such as pilotage, vessel traffic services and anchorage, safety and security; while FPTL manages the cargo operations of the ports of Suva and Lautoka, including the provision of stevedoring, cargo handling machinery and storage services. As a result of these reforms, port efficiency has improved, with the number of containers handled per hour increasing from seven in 2014 to 15 in 2015.<sup>92</sup>

4.131. Port rates are set by the FPCL in consultation with shipping companies. The proposed rates are reviewed by the Commerce Commission and ultimately approved by the Cabinet. The last rates review took place in August 2015 resulting in increases. The Commerce Commission is considering a shift in policy from direct control of rates to a voluntary compliance framework, whereby ports would set their own fares following self-regulating guidelines based on competition and transparency principles. A pilot framework is expected to be implemented in March 2016, and could be extended to other price regulated sectors.

4.132. According to the World Bank Doing Business Report 2015, Fiji's cost to import a 20-foot container is US\$753, higher than the cost in some other Pacific Islands (Palau, Seychelles, Samoa, Tonga, and Marshall Islands), although lower than in others (Vanuatu, Papua New Guinea, Comoros, Kiribati and Solomon Islands). The Report also indicates that port and terminal handling for importing a 20-foot container at Fiji's ports takes on average 22 days; this is more than the time required in Kiribati, Solomon Islands and Seychelles, but less than in Papua New Guinea, Palau and Samoa.<sup>93</sup>

4.133. A factor contributing to Fiji's relatively high freight rates are the surcharges – the port services charge (2012) and the port congestion surcharge (2013) – collected by shipping companies on all containers coming in and out of Fiji, reportedly to make up for costs due to delays and congestion at the ports. The charges had been increasing in recent years<sup>94</sup>, until the Commerce Commission ordered their removal in 2014. Increased competition due to the privatization of port cargo operations could also contribute to reducing shipping freight rates.

4.134. Fiji Ships and Heavy Industries Limited, a subsidiary of FPCL, provides slipway, ship repair and maintenance services as well as heavy industrial and engineering works. The ship maintenance and repair industry is open to both local and foreign services suppliers, and some foreign firms are already operating in Fiji.

#### 4.5.4.3 Air transport and airports

4.135. Air transport services are crucial to Fiji's international connectivity, in particular to the tourism industry which relies heavily on air travellers (more than 90% of visitors to Fiji arrive by plane). The air transport sector is poised to grow driven by the current expansion of tourism. Government measures to reform and modernize the aviation industry include investments to upgrade and expand airport infrastructure, divestment of shares in the state enterprise that manages airports, and revamping the national carrier.<sup>95</sup>

<sup>91</sup> FPCL's online information. Viewed at: <http://www.fijiports.com.fj/fiji-ports-corporation-limited/>.

<sup>92</sup> Information provided by the authorities.

<sup>93</sup> World Bank Group (2015), *2015 Doing Business*. Viewed at: <http://www.doingbusiness.org/~media/GIAWB/Doing%20Business/Documents/Profiles/Regional/DB2015/DB15-Small-Island-States.pdf>.

<sup>94</sup> ADB (2013).

<sup>95</sup> Ministerial statement by the Attorney-General, also Minister for Civil Aviation, Aiyaz Sayed-Khaiyum, 12 February 2015. Viewed at: <http://fijisun.com.fj/2015/02/14/how-our-aviation-sector-is-taking-off-strongly/>.

4.136. Fiji Airways, formerly Air Pacific<sup>96</sup>, is the national airline. It is based in Nadi and operates international and domestic services, together with its subsidiary Fiji Link, serving 48 destinations in 12 countries (including code-share) around the Pacific Ocean basin.<sup>97</sup> Fiji Airways transports 64% of all visitors who fly to Fiji every year and employs over 1,000 staff. The Government owns 52% of the airline, Qantas 46%, and the remainder is held by Air New Zealand and the governments of several Pacific Island nations. Over the past few years, the national airline has undergone significant restructuring, comprising a change of name, increased frequencies and destinations, and investments in new aircraft, all of which have allowed it to return to profitability.

4.137. Internationally, the Fiji Islands are serviced regularly by some 10 foreign airlines including Virgin Australia, Air New Zealand, Korean Airlines, Air Vanuatu, Solomon Airlines, Air Niugini, Air Nauru, Air Kiribati, Air Marshall Islands and Air Caledonia International. The Australian budget airline Jetstar commenced operations to Fiji in March 2010. Domestically, there are regular and charter services between Nadi and Suva, and between these and other Fiji Islands. Fiji Link (called Pacific Sun until June 2014) is the main domestic operator.<sup>98</sup>

4.138. In order to provide more and affordable connections to the outer islands, the Government implements a subsidy scheme for air services to eight routes deemed uneconomical via a tender process open to all domestic airlines. The airlines bid the cost of operating such services and the government subsidises any shortfalls in the total revenue generated on a trip. The award of tenders takes into account factors such as the cost of operations, including the airline's profit margin, the aircraft capacity, airfares and the ability of the airline to generate revenue on the tendered route. The 2015 budget provided F\$1.69 million to pay for these subsidies.

4.139. International air cargo services for all types of commodities are available on all aircraft operating out of Nadi International Airport. Minimum air cargo rates are prescribed after consultation with the International Air Transport Association (IATA). Reduced commodity rates are negotiable with the transporters on the basis of bulk and frequency, and certain transporters offer special cheaper consolidated rates based on a grouping system.

4.140. The Department of Civil Aviation is responsible for policy formulation and economic regulation of air transport, including licensing of international air services operators. The Department also handles relations with foreign aviation authorities, negotiates air services agreements, and oversees Fiji's compliance with the standards of the International Civil Aviation Organization (ICAO) and other international conventions relating to civil aviation to which Fiji is a party. Fiji is also a member of the Pacific Aviation Safety and Security Organization.

4.141. The Air Transport Licensing Board (ATLB) of the Department of Civil Aviation is in charge of licensing domestic air services pursuant to the criteria stipulated in the Civil Aviation (Licensing of Air Services) Regulations Rev. 1985. In considering a licence application, the ATLB conducts an economic needs test to determine whether the routes proposed are adequately serviced and whether there is any demand for additional air services. The route that the applicant intends to service must not be adequately serviced by an existing airline. The duration of the licence is determined by the Board. The ATLB also determines the airfares to be charged on the domestic routes, taking into account factors such as the cost of operating the service, the cost of aircraft spare parts, the cost of fuel and the financial status of the airline.

4.142. International carriers operate in Fiji on the basis of bilateral air services agreements (ASAs). Currently, Fiji has 28 ASAs<sup>99</sup> and is negotiating some others (i.e. with Russia and with the United Arab Emirates). However, only a few of these agreements are actually used by the designated airlines of partner countries. The Minister of Civil Aviation issues licences for international airlines providing services into and out of Fiji in accordance with the respective ASAs. A total of 10 foreign airlines have been issued licences allowing them to operate air services. Fiji is

<sup>96</sup> In June 2013, the airline was rebranded Fiji Airways to reinforce its role as the national airline of Fiji.

<sup>97</sup> Destinations include Australia; New Zealand; the United States; Hong Kong, China; Samoa; Tonga; Tuvalu; Kiribati; Vanuatu; and Solomon Islands.

<sup>98</sup> Other domestic airlines are Northern Air, Pacific Islands Air Ltd., Coral Airways, Turtle Airways, Air Wakaya and Laucala Air. Some of these airlines offer non-scheduled flights to tourist resorts.

<sup>99</sup> With Australia; Canada; Chile; China; Cooks Island; France; Germany; Hong Kong, China; India; Japan; Kiribati; Malaysia; Marshall Islands; Nauru; New Zealand; Niue; Papua New Guinea; Samoa; Singapore; Solomon Islands; Republic of Korea; Thailand; Tonga; Turkey; Tuvalu; United Kingdom; United States; and Vanuatu.

not a party to the plurilateral Pacific Islands Air Services Agreement. The Fijian Government considers that Fiji is not yet prepared to enter into open skies agreements. It does not favour granting fifth and sixth freedom rights because "...they can have deleterious effects on Fiji Airways and Fijian interests."<sup>100</sup>

4.143. In 2012, Fiji passed a new decree concerning the ownership and control of national airlines.<sup>101</sup> Pursuant to it, no air carrier may operate under the laws of Fiji unless it is a citizen of Fiji. For this purpose, "citizen of Fiji" means: (a) the Government of Fiji or any institution of the State; (b) an individual who is a citizen of Fiji; (c) a partnership each of whose partners is an individual who is a citizen of Fiji; or (d) a corporation or association of which at least 51% of the voting interest is owned and controlled by persons who are citizens of Fiji, at least two-thirds of the board of directors are citizens of Fiji, and such corporation or association is under actual and effective control of citizens of Fiji.

4.144. The Civil Aviation Authority of Fiji (CAAF) is responsible for the technical regulation of the air transport sector in order to ensure compliance with national and international aviation safety standards. Under the Civil Aviation Authority of Fiji Act 1979 and other relevant legislation<sup>102</sup>, CAAF's functions include registration and certification of aircraft and operators; licensing of aircrew; certification of airports and aerodromes; and control of air traffic, among others. CAAF underwent important re-organization and reforms before 2008, which entailed the gradual separation of its regulatory functions from its business activities. It now operates as a statutory body directly accountable to the Minister of Civil Aviation, who appoints its board of directors.

4.145. Airports Fiji Limited (AFL) took over the management of airports from CAAF in 1999. AFL is a state-owned enterprise that owns and operates Fiji's two international airports at Nadi and Nausori (Suva) and administers 13 other government airports in the outer islands. The company has plans to invest some \$250 million over the next five years to improve the infrastructure of the 15 airports. The project focuses on the modernization of the international airports at Nadi (works are scheduled to be completed by mid-2016) and Nausori. Over the past few years, AFL has increased its profitability thanks to revenue restructuring and reductions in operational costs. The Government plans to divest some of its shares in AFL. It is hoped that the divestment and AFL's increased profits will enable the company to take over the capital costs of the outer islands airports, which up to now have been funded by the Government.<sup>103</sup> An airport departure levy of F\$200 per passenger applies.

4.146. Air Terminal Services Fiji Ltd. (ATSFL) is the only company providing ground-handling services to international carriers at the Nadi Airport. Its services include aircraft maintenance, catering and cabin services, baggage handling, passenger check-in, ramp services, and freight sales and handling. The company is owned by the Government (51%) and the employees (49%). Fiji Airways provides ground-handling services at the Nausori Airport. More competition in terminal services could help improve efficiency.

#### 4.5.5 Tourism

4.147. The tourism industry is a vital pillar of the Fijian economy. It remains the largest contributor to economic output and foreign exchange earnings, and a major source of job creation. According to the World Travel and Tourism Council, the travel and tourism sector directly contributed 13.7% to GDP in 2014, with the sector's total contribution estimated at 37% of GDP. The sector also accounted directly and indirectly for about a third of total employment in 2014. Notwithstanding some disruptions due to natural disasters and stiff regional competition, the number of tourist arrivals in Fiji increased over the review period to reach 692,630 visitors in 2014, boosted in part by more frequent air services and investments. Room occupancy rates and

<sup>100</sup> Ministerial statement by the Attorney-General, also Minister for Civil Aviation, Aiyaz Sayed-Khaiyum, 12 February 2015. Viewed at: <http://fijisun.com.fj/2015/02/14/how-our-aviation-sector-is-taking-off-strongly/>.

<sup>101</sup> Civil Aviation (Ownership and Control of National Airlines) Decree No. 26 of 2012.

<sup>102</sup> The Civil Aviation Act 1976, the Civil Aviation (Security) Act 1994, and the Civil Aviation Reform Act 1999 (as amended).

<sup>103</sup> Ministerial statement by the Attorney-General, also Minister for Civil Aviation, Aiyaz Sayed-Khaiyum, 12 February 2015. Viewed at: <http://fijisun.com.fj/2015/02/14/how-our-aviation-sector-is-taking-off-strongly/>.

hotel receipts were also on the rise. In 2014, total foreign earnings from tourism were F\$1,404.6 million (about US\$775 million<sup>104</sup>) or 18% of GDP (Table 4.7).

4.148. The main source markets are Australia (50% of visitor arrivals in 2014) and New Zealand (18%), given their geographical proximity and greater responsiveness to short term getaway vacations.<sup>105</sup> The United States and Canada make up 10.7% of the market, Europe (including the United Kingdom) 6.8%, Asia 7.6%, and the Pacific Islands 5.7%. China is an emerging market; benefitting from better flight connections, it has seen its share increase from less than 1% in 2009 to 4% in 2014.<sup>106</sup> Most visitors to Fiji enter the country for holidays and recreational purposes.

4.149. The Ministry of Industry, Trade and Tourism is responsible for overseeing the tourism sector. Within the Ministry, the Department of Tourism is in charge of formulation and administration of tourism policies, plans and initiatives. It also undertakes research, data collection, product development and strategies to encourage investment in the tourism industry. The Department monitors the performance of Tourism Fiji, a government corporation which is tasked with promoting Fiji as a tourist destination, mainly through marketing campaigns.<sup>107</sup>

**Table 4.7 Fiji's tourism indicators, 2009-2014**

	2009	2010	2011	2012	2013 <sup>b</sup>	2014 <sup>b</sup>
Visitor arrivals (numbers) <sup>a</sup>	542,186	631,868	675,050	660,590	657,706	692,630
Visitor departures (numbers)	536,889	625,779	667,729	652,502	647,234	680,289
Average length of stay (days)	9.8	9.6	9.4	9.4	9.5	9.5
Room occupancy rate (%)	42.2	45.8	47.4	47.2	48.1	50.1
Hotel receipts (F\$ millions)	517.6	648.6	756.2	792.7	835.3	875.2
Earnings from tourism (F\$ millions)	848.9	976.7	1,286.5	1,300.0	1,318.2	1,404.6

- a Visitor arrivals and departure numbers are sourced from the Immigration Department. Cruise ship passengers are not included in the total arrivals and departures since they are only transiting.  
b Preliminary.

Source: Fiji Bureau of Statistics online information. Viewed at: <http://www.statsfiji.gov.fj/index.php/migration-a-tourism/10-migration-statistics/migration-a-tourism/118-tourismearningsfjd-million>; and information provided by the authorities.

4.150. Legislation governing the tourism sector includes the Hotels and Guest House Act 1973, the Hotels and Guest House (Amendment) Act 2006, the Fiji Islands Visitors Bureau Act 2004, the Fiji Islands Visitors Bureau (Amendment) Promulgation 2009, the Foreign Investment Regulations 2009 (as amended in 2013) as well as other activity or project specific decrees.<sup>108</sup> Under the GATS, Fiji adopted specific commitments for hotels, motels, other tourist accommodation and restaurants with no limitations on market access and national treatment in modes 1, 2 and 3, except for the requirements of normal government approval and registration for all foreign investors. In mode 4, entry is limited to managers and skilled employees, who are required to train locals on the job.

4.151. The Hotels and Guest House Act prohibits the use of any premises as hotel accommodation unless the manager has obtained a licence in respect of those premises from the Hotels Licensing Board under the jurisdiction of the Office of the Attorney General, as well as many other authorizations by other government departments. Reportedly, more than 60 licences are required for hotel businesses to start operations, making approval for new tourism projects a slow and cumbersome procedure.<sup>109</sup>

<sup>104</sup> Calculated using the average exchange rate for 2014: US\$1=F\$1.89 (see Table 1.1 in section 1).

<sup>105</sup> Fiji Bureau of Statistics online information. Viewed at: <http://www.statsfiji.gov.fj/index.php/migration-a-tourism/10-migration-statistics/migration-a-tourism/115-visitor-arrivals-statistics>.

<sup>106</sup> Fiji Airways has direct flights to Hong Kong, China, and in February 2015 it operated the first ever direct charter flight to mainland China (Shanghai).

<sup>107</sup> The former Fiji Islands Visitors Bureau was renamed as Tourism Fiji in 2009 through the Fiji Islands Visitors Bureau (Amendment) Promulgation 2009.

<sup>108</sup> These include: Regulation of Surfing Areas Decree 2010, Superyacht Charter Decree 2010, and Denarau (Nadi River) Development Decree 2011.

<sup>109</sup> ADB (2012).

4.152. Under the Foreign Investment Regulations 2009, home-stay lodging services, backpacker operators, taxi businesses and handicraft businesses are activities reserved for Fijians. Access to other tourism-related activities is the same for local and foreign investors. The latter are required to get a Foreign Investment Certificate. In addition, a foreign investor wishing to engage in an activity related to the cultural heritage of Fiji must have at least F\$500,000 in owner's contribution, or paid-up capital in the case of a company, in the form of cash from the operational date, to be fully brought into Fiji within the implementation period of the investment project.

4.153. The Government considers tourism as a priority sector to help boost the economy and has implemented a number of strategies and plans to encourage its growth. During the review period, the Fijian Tourism Development Plan 2007-2016 set the framework for the sustainable development of the tourism sector. Fiji is seeking to diversify its source markets (especially to emerging countries in Asia), to further differentiate tourism services (e.g. ecotourism, spa tourism, specialized and boutique resorts) and to cater for the high-end tourism market with the aim of increasing visitors' spending and the average length of stay. Further integrating local producers of food and handicrafts into the main tourist areas would also help increase value added. Overall, improving transport infrastructure and connectivity at national and international levels is crucial to attract more tourism.

4.154. At the time of writing this report, a new Fijian Tourism Development Plan 2016-2021 was being developed and expected to be finalized in late 2015. The Plan will provide an integral approach to address the issues in the tourism sector so as to enable its continued and sustainable growth. The vision is to turn tourism into an F\$2 billion industry by 2021, by focusing on marketing, investments, infrastructure development, and capacity building, among other issues. The Government has also invested in new initiatives such as the Fijian Tourism Expo (FTE) and "Fiji International", in a bid to stimulate growth and develop niche markets. The FTE was especially designed to showcase Fijian products.

4.155. Over the years, the tourism industry and related activities have benefited from a range of investment incentives and tax concessions, which have had a significant cost in terms of revenue forgone, but somewhat limited results in attracting investment. Most of these incentives continue to apply (Table 4.8). A cost-benefit study and a rationalization of incentives might help better target desired investment and yield more effective results. On the other hand, new taxes have been introduced or their scope has been extended: a 5% turnover tax applied only to hotels until 2012, now applies to all tourism-related services<sup>110</sup>, and more tourism services are now subjected to the value added tax. In addition, the airport departure tax has been steadily increased from F\$75 in 2009 to F\$200 in 2015.<sup>111</sup>

**Table 4.8 Tourism incentives, 2015**

Programme	Beneficiaries	Benefits
Standard Allowance	Hotels and international retiree facilities	Deduction of 55% of total capital expenditure (in addition to ordinary depreciation) against business income provided there is no shift of tax revenue to other countries. Applies to building of new facilities, including renovations, refurbishment or extensions of existing hotel and international retiree facilities and buying and selling of residential units in hotel and integrated tourism developments.
Short Life Investment Package (SLIP)	Hotels, international retiree facilities and hospital resorts	Ten-year tax holiday for capital investments of not less than F\$7 million. Import duty exemption on all capital goods (equipment, plant and machinery) not available in Fiji. It does not apply to furniture or motor vehicles. SLIP incentives are also available for retiree facilities, hospital resorts and new apartments provided the length of stay is not more than six months.
Backpacker operators	Backpacker hotels	Income tax exemptions for operators with an annual sales turnover of up to F\$1 million. Duty exemption on importation of raw materials and equipment used for the establishment of a

<sup>110</sup> Service Turnover Tax Decree 2012, gazetted on 10 January 2012.

<sup>111</sup> Airport Departure Tax (Amendment) Decree 2013, gazetted on 22 November 2013.

Programme	Beneficiaries	Benefits
Maritime Vessel Allowance	Vessels transferring tourists from ports to resorts	backpacker hotel. Duty concessions on imported materials used in the construction of vessels.
Small and Micro Enterprises	Sea cruise and river tour operators	Income tax exemptions applicable to tourism sea cruise and river tour operators with a maximum turnover of F\$500,000.

Source: Investment Fiji online information. Viewed at: <http://www.investmentfiji.org.fj/>.

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## 5 APPENDIX TABLES

Table A1.1 Merchandise exports by product group, 2009-14

	2009	2010	2011	2012	2013	2014
Total exports (US\$ million)	628.7	841.4	1,069.5	1,220.6	1,108.0	1,373.3
	(% of total)					
Total primary products	75.5	71.6	74.1	74.5	73.5	72.3
Agriculture	54.6	45.2	43.3	45.2	42.5	44.8
Food	51.1	40.2	39.9	42.0	39.1	40.5
0342 Fish, frozen (excl. fillets and minced fish)	9.7	10.2	5.4	9.9	8.1	9.2
1110 Non-alcoholic beverage, n.e.s.	7.0	7.8	7.0	7.8	8.2	8.7
0611 Sugars, beet/cane, raw	15.2	4.4	6.7	8.0	5.8	8.1
0484 Bread, baked goods	4.1	3.2	3.4	2.5	2.5	2.1
0341 Fish, fresh, chilled, whole	2.1	2.2	5.6	3.0	1.6	1.6
0461 Flour of wheat or of meslin	1.5	1.5	1.2	1.1	1.4	1.2
0363 Molluscs, and aquatic invertebrates	1.0	1.9	1.9	0.7	0.5	1.1
0548 Vegetable products, roots, etc., n.e.s.	2.3	2.0	1.7	1.5	1.4	1.1
0371 Fish, prepared, preserved, n.e.s.	0.5	0.1	0.1	0.4	1.1	0.9
Agricultural raw material	3.4	5.0	3.4	3.3	3.5	4.2
2461 Wood in chips or particles	0.9	2.4	1.3	1.2	0.6	1.9
2484 Wood of non-coniferous, sawn thick >6 mm	1.5	2.0	1.5	1.4	1.8	1.6
Mining	20.9	26.4	30.8	29.2	30.9	27.6
Ores and other minerals	0.6	0.9	1.3	1.8	1.7	1.7
Non-ferrous metals	0.1	0.2	0.7	0.5	0.6	0.8
Fuels	20.2	25.3	28.8	26.9	28.7	25.1
3340 Petroleum oils, other than crude	20.2	25.3	28.7	26.8	28.6	25.0
Manufactures	20.6	18.9	18.2	18.5	21.2	23.2
Iron and steel	0.4	0.3	0.3	0.2	0.3	0.3
Chemicals	3.1	3.0	3.1	2.6	3.0	2.7
Other semi-manufactures	3.9	4.0	3.7	3.4	3.7	3.9
6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres	0.6	1.2	1.4	1.3	1.4	1.2
Machinery and transport equipment	3.4	2.8	3.6	5.6	6.4	9.6
Power generating machines	0.0	0.1	0.0	0.2	0.4	0.2
Other non-electrical machinery	0.5	0.3	0.3	0.3	0.5	0.4
Office machines & telecommunication equipment	0.8	0.4	1.0	0.9	0.9	4.4
7763 Diodes, transistors, etc.	0.1	0.0	0.0	0.0	0.0	2.6
7638 Sound/video recording/reproducing apparatus	0.0	0.0	0.6	0.6	0.3	1.3
Other electrical machines	0.7	0.6	1.1	0.9	1.2	1.5
7731 Insulated wire, cable; optical fibre cables	0.4	0.3	0.7	0.5	0.7	0.9
Automotive products	0.2	0.1	0.1	0.2	0.2	1.7
7812 Motor vehicles for the transport of persons, n.e.s.	0.1	0.0	0.1	0.0	0.0	1.5
Other transport equipment	1.1	1.2	1.1	3.1	3.4	1.5
Textiles	0.9	0.8	0.7	0.6	0.6	0.7
Clothing	7.1	6.5	4.8	4.4	5.4	4.5
8452 Garments of fabrics of 657.1, 657.2, 657.32 to 657.34	2.3	2.2	1.2	1.0	1.2	1.0
8414 Trousers, bib and brace overalls, breeches and shorts	1.4	1.7	1.2	1.0	1.3	0.9
Other consumer goods	1.6	1.4	2.0	1.8	1.8	1.5
Other	3.9	9.5	7.7	7.0	5.3	4.4
9710 Gold, non-monetary (excl. gold ores and concentrates)	3.5	9.3	7.5	6.3	4.1	3.5

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.2 Merchandise re-exports by product group, 2009-14

	2009	2010	2011	2012	2013	2014
Total re-exports (US\$ million)	170.5	286.5	506.6	640.3	579.0	722.0
	(% of total)					
Total primary products	83.1	87.4	86.0	82.0	78.0	72.7
Agriculture	9.0	12.8	23.3	28.2	21.1	22.1
Food	8.6	12.5	23.1	28.1	21.0	22.0
0342 Fish, frozen (excluding fillets and minced fish)	3.7	5.2	10.1	17.5	13.5	16.8
0341 Fish, fresh, chilled, whole	0.5	1.5	8.0	4.4	1.4	1.3
0481 Cereal grains, prepared n.e.s.	0.2	0.0	0.0	0.6	0.7	0.9
Agricultural raw material	0.4	0.3	0.1	0.1	0.1	0.1
Mining	74.1	74.6	62.8	53.9	57.0	50.6
Ores and other minerals	0.1	0.1	1.1	1.8	1.0	1.4
2789 Minerals, crude, n.e.s.	0.1	0.1	1.1	1.9	1.0	1.3
Non-ferrous metals	0.1	0.5	1.1	0.8	1.0	1.5
6823 Copper bars, rods, profiles	0.0	0.3	0.7	0.4	0.8	1.1
Fuels	74.0	74.1	60.6	51.3	54.9	47.7
3340 Petroleum oils other than crude	74.0	74.1	60.6	51.1	54.7	47.6
Manufactures	16.1	12.5	13.9	17.2	20.8	26.3
Iron and steel	0.1	0.1	0.2	0.1	0.1	0.1
Chemicals	3.4	2.5	2.8	2.3	3.3	3.2
5334 Paints and varnishes; plastics in solution; etc.	0.1	0.3	0.7	0.7	0.8	0.7
Other semi-manufactures	3.2	2.7	3.6	3.0	3.7	3.4
6924 Reservoirs, tanks, vats of iron, steel or aluminium, <= 300 litres	1.8	2.0	2.8	2.4	2.7	2.4
Machinery and transport equipment	6.1	4.4	4.7	9.5	10.8	17.2
Power generating machines	0.1	0.3	0.0	0.4	0.7	0.4
Other non-electrical machinery	1.0	0.4	0.4	0.4	0.8	0.7
Office machines & telecommunication equipment	1.7	0.3	1.5	1.5	1.4	8.2
7763 Diodes, transistors, etc.	0.2	0.0	0.0	0.0	0.0	5.0
7638 Sound/video recording/reproducing apparatus; video recording/reproducing apparatus	0.0	0.0	1.2	1.1	0.6	2.6
Other electrical machines	0.4	1.0	1.7	1.2	1.7	2.0
7731 Insulated wire, cable etc.; optical fibre cables	0.1	0.8	1.5	1.0	1.3	1.6
Automotive products	0.6	0.4	0.2	0.4	0.3	3.2
7812 Motor vehicles for the transport of persons, n.e.s.	0.5	0.0	0.1	0.0	0.0	2.9
Other transport equipment	2.4	2.0	0.9	5.6	5.9	2.7
7929 Parts, n.e.s., (excl. tyres, engines, Electrical parts) of 792	1.7	0.8	0.0	0.6	1.3	1.4
7922 Aeroplanes, etc. (excl. helicopters), ≤2,000 kg unladen	0.0	0.0	0.0	0.0	0.0	0.7
Textiles	1.0	0.8	0.4	0.3	0.5	0.5
Clothing	1.1	0.9	0.1	0.2	0.3	0.3
Other consumer goods	1.2	1.1	2.1	1.9	2.0	1.5
Other	0.8	0.1	0.0	0.7	1.2	1.1

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.3 Merchandise domestic exports by product group, 2009-14

	2009	2010	2011	2012	2013	2014
Total domestic exports (US\$ million)	458.1	554.8	562.8	580.3	529.0	651.3
	(% of total)					
Total primary products	72.6	63.5	63.3	6.1	68.5	72.0
Agriculture	71.6	61.9	61.3	64.1	66.1	69.9
Food	67.0	54.5	55.0	57.3	58.9	61.1
1110 Non-alcoholic beverage, n.e.s.	9.6	11.8	13.4	16.4	17.2	18.3
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	20.9	6.6	12.6	16.8	12.1	17.1
0484 Bread, baked goods	5.4	3.9	5.0	5.2	5.2	4.3
0461 Flour of wheat or of meslin	2.0	2.2	2.3	2.3	2.9	2.5
0363 Molluscs, and aquatic invertebrates	1.3	2.8	3.5	1.5	1.0	2.3
0548 Vegetable products, roots, etc., n.e.s.	3.1	3.0	3.2	3.1	2.9	2.3
0341 Fish, fresh, chilled, whole	2.6	2.6	3.5	1.5	1.9	1.9
0371 Fish, prepared, preserved, n.e.s.	0.7	0.1	0.2	0.3	2.0	1.9
0352 Fish salted or in brine	0.8	0.8	0.3	0.0	0.5	1.3
0752 Spices (except pepper and pimento)	0.8	0.7	0.8	1.0	0.4	1.2
Agricultural raw material	4.6	7.5	6.3	6.8	7.2	8.8
2461 Wood in chips or particles	1.2	3.7	2.5	2.5	1.4	4.1
2484 Wood of non-coniferous, sawn of a thickness > 6 mm	1.9	3.0	2.8	3.0	3.8	3.2
Mining	1.1	1.5	2.0	2.0	2.4	2.1
Ores and other minerals	0.8	1.3	1.6	1.9	2.3	2.0
2851 Aluminium ores and concentrates	0.0	0.0	0.0	0.7	1.6	1.3
Non-ferrous metals	0.1	0.1	0.3	0.1	0.1	0.1
Fuels	0.2	0.1	0.1	0.0	0.0	0.0
Manufactures	22.3	22.2	22.1	20.0	21.6	19.9
Iron and steel	0.6	0.5	0.5	0.4	0.5	0.5
Chemicals	3.0	3.2	3.5	3.0	2.7	2.1
Other semi-manufactures	4.2	4.7	3.8	3.8	3.6	4.5
6421 Packing containers, of paper, paperboard, cellulose wadding etc.	1.4	1.1	1.2	1.2	1.3	1.5
6612 Portland cement and similar hydraulic cements	0.9	0.7	0.6	0.8	0.9	1.2
Machinery and transport equipment	2.4	1.9	2.7	1.4	1.6	1.2
Power generating machines	0.0	0.0	0.0	0.1	0.0	0.0
Other non-electrical machinery	0.4	0.2	0.2	0.1	0.1	0.1
Office machines & telecommunication equipment	0.5	0.4	0.5	0.2	0.3	0.2
Other electrical machines	0.8	0.4	0.5	0.6	0.6	0.8
Automotive products	0.1	0.0	0.0	0.1	0.0	0.0
Other transport equipment	0.6	0.7	1.3	0.4	0.6	0.2
Textiles	0.9	0.8	0.9	0.8	0.7	0.9
Clothing	9.4	9.4	8.9	9.0	10.9	9.1
8452 Garments of fabrics of 657.1, 657.2, 657.32 to 657.34	3.1	3.4	2.4	2.0	2.5	2.1
8414 Trousers, bib and brace overalls, breeches and shorts	1.9	2.4	2.2	1.9	2.7	1.9
8438 Underwear, nightwear, bathrobes, etc.	1.4	1.1	1.4	1.3	1.3	1.0
8453 Jerseys, pullovers, cardigans, etc., knitted/crocheted	0.3	0.2	0.1	0.3	0.7	0.9
Other consumer goods	1.7	1.6	1.9	1.6	1.6	1.6
Other	5.1	14.4	14.6	13.9	9.9	8.1
Gold, non-monetary (excl. gold ores and concentrates)	4.6	14.0	14.2	13.2	8.5	7.5

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.4 Merchandise exports by destination, 2009-14

	2009	2010	2011	2012	2013	2014
Total exports (US\$ million)	628.7	841.4	1,069.5	1,220.6	1,108.0	1,373.3
	(% of total)					
America	12.4	14.6	12.6	15.6	14.5	13.7
United States	11.1	11.4	9.7	12.3	13.3	12.4
Other America	1.3	3.1	2.9	3.3	1.2	1.3
Europe	16.4	5.8	7.9	8.9	8.4	8.5
EU-28	16.4	5.6	7.9	8.9	8.0	8.5
United Kingdom	15.0	5.0	7.4	8.3	5.3	7.7
EFTA	0.0	0.2	0.0	0.0	0.4	0.0
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.1	0.0	0.0	0.0	0.0	0.0
Africa	0.3	0.7	0.4	0.3	0.1	0.2
Middle East	0.2	0.2	0.3	0.1	0.2	0.5
Asia/Oceania	65.9	58.3	58.5	55.7	56.9	61.6
China	1.1	0.8	0.7	1.3	2.6	5.9
Japan	5.1	7.2	5.9	5.9	2.8	4.3
Hong Kong, China	1.4	1.6	1.8	1.4	1.4	2.2
Chinese Taipei	1.1	1.0	1.3	1.4	1.2	1.5
Thailand	0.5	1.2	0.9	0.8	0.6	1.1
Singapore	16.4	0.7	0.7	0.9	1.0	1.1
Other Asia/Oceania	40.0	45.2	46.8	43.3	46.9	44.9
Australia	15.9	21.1	18.2	14.8	13.6	11.6
New Zealand	6.7	5.8	5.8	4.5	5.3	4.7
Tonga	2.1	3.0	5.5	4.5	5.1	4.0
Tuvalu	0.9	0.9	0.9	0.7	0.9	3.5
Kiribati	1.3	1.6	2.0	2.2	4.0	3.4
Samoa	2.6	1.9	2.1	1.7	2.1	2.6
Nauru	0.1	0.2	0.7	0.7	1.3	2.5
Vanuatu	2.5	2.2	2.0	2.0	2.5	2.4
American Samoa	3.8	2.7	1.7	2.4	2.6	1.8
Papua New Guinea	1.0	1.2	1.9	3.4	3.1	1.7
Wallis and Futuna Islands	0.4	0.8	1.2	1.1	1.4	1.5
Solomon Islands	0.8	0.7	0.8	1.1	1.2	1.4
Cook Islands	0.2	0.8	1.6	1.5	0.6	1.2
New Caledonia	0.5	0.5	0.5	0.8	1.3	0.8
Other	4.8	20.4	20.3	19.3	19.8	15.4
Bunkers	0.0	9.9	19.5	17.7	0.0	14.8

Note: Bunkers are ship stores and aircraft supplies, which consist mostly of fuels and food.

Source: UNSD, Comtrade database.

Table A1.5 Merchandise re-exports by destination, 2009-14

	2009	2010	2011	2012	2013	2014
Total re-exports (US\$ million)	170.5	286.5	506.6	640.3	579.0	722.0
	(% of total)					
America	3.8	6.5	5.4	10.5	6.2	3.7
United States	1.8	1.4	1.9	7.3	5.6	3.0
Other America	2.0	5.1	3.5	3.2	0.6	0.8
Haiti	0.0	0.0	0.0	0.0	0.0	0.4
Europe	0.3	0.4	0.1	0.6	0.4	0.2
EU-28	0.3	0.4	0.1	0.6	0.4	0.2
EFTA	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0	0.0	0.0
Africa	0.2	0.8	0.4	0.1	0.0	0.1
Middle East	0.0	0.0	0.0	0.0	0.0	0.7
Iran, Islamic Rep. of	0.0	0.0	0.0	0.0	0.0	0.7
Asia/Oceania	81.3	32.7	51.1	51.9	55.6	66.0
China	3.0	1.4	1.1	1.1	2.2	8.2
Japan	0.9	2.5	7.6	8.1	3.8	5.2
Thailand	0.1	0.3	0.6	1.0	0.7	2.0
Chinese Taipei	0.5	0.8	2.3	2.7	1.7	1.8
Singapore	57.8	0.5	0.2	1.0	1.3	1.5
Korea, Rep. of	0.0	0.3	0.2	0.4	0.2	0.5
Hong Kong, China	0.2	0.1	0.1	0.2	0.5	0.4
Malaysia	0.0	0.0	0.0	0.0	0.1	0.2
Other Asia/Oceania	18.8	26.8	39.0	37.3	45.1	46.1
Tonga	2.1	5.6	9.2	7.2	8.1	6.1
Tuvalu	1.2	1.2	1.1	0.8	1.2	5.9
Kiribati	1.2	2.2	2.7	2.6	5.9	4.6
Australia	3.8	4.6	5.8	3.6	4.6	4.4
Nauru	0.1	0.2	1.2	0.8	2.0	4.2
New Zealand	3.2	3.1	3.4	2.5	3.7	3.7
Samoa	1.8	1.6	1.8	1.6	2.1	3.2
American Samoa	0.9	0.7	2.4	3.7	3.6	2.4
Wallis and Futuna Islands	0.2	1.1	1.8	1.5	1.9	2.1
Cook Islands	0.2	1.9	3.2	2.8	0.9	2.1
Papua New Guinea	1.2	1.4	2.3	4.8	4.0	1.9
Vanuatu	1.2	1.7	1.5	1.3	1.7	1.4
Solomon Islands	0.3	0.4	0.7	1.0	1.3	1.3
New Caledonia	0.6	0.5	0.6	1.2	2.0	1.1
Viet Nam	0.0	0.1	0.2	0.4	0.7	0.8
Norfolk Islands	0.1	0.1	0.3	0.3	0.7	0.5
Other	14.4	59.6	42.9	36.8	37.8	29.2
Bunkers	0.0	29.0	41.2	33.7	0.0	28.1

Note: Bunkers are ship stores and aircraft supplies, which consist mostly of fuels and food.

Source: UNSD, Comtrade database.

**Table A1.6 Merchandise domestic exports by destination, 2009-14**

	2009	2010	2011	2012	2013	2014
Total domestic exports (US\$ million)	458.1	554.8	562.8	580.3	529.0	651.3
	(% of total)					
America	15.7	18.7	19.0	21.2	23.7	24.8
United States	14.6	16.6	16.8	17.8	21.8	22.9
Other America	1.1	2.1	2.2	3.4	1.9	1.9
Dominican Rep.	0.4	0.4	0.5	0.8	1.1	1.1
Canada	0.2	0.3	0.7	0.6	0.6	0.8
Europe	22.4	8.6	14.9	18.0	17.2	17.6
EU-28	22.4	8.3	14.8	18.0	16.3	17.6
United Kingdom	20.6	7.6	14.0	17.3	11.0	16.1
The Netherlands	0.7	0.2	0.3	0.2	0.6	0.6
EFTA	0.0	0.3	0.1	0.0	0.9	0.0
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.1	0.0	0.0	0.0	0.1	0.1
Africa	0.3	0.6	0.3	0.5	0.3	0.3
Middle East	0.2	0.3	0.5	0.2	0.3	0.4
Asia/Oceania	60.1	71.6	65.3	59.9	58.4	56.8
China	0.4	0.5	0.3	1.6	3.0	3.3
Japan	6.7	9.6	4.4	3.5	1.7	3.4
Hong Kong, China	1.8	2.3	3.3	2.6	2.4	4.1
Chinese Taipei	1.2	1.1	0.3	0.1	0.6	1.1
Singapore	1.0	0.8	1.1	0.7	0.7	0.6
Other Asia/Oceania	47.8	54.7	53.8	49.9	48.9	43.5
Australia	20.4	29.5	29.3	27.3	23.4	19.5
New Zealand	7.9	7.2	7.9	6.8	7.1	5.9
Vanuatu	2.9	2.4	2.6	2.7	3.5	3.7
Kiribati	1.3	1.2	1.5	1.7	1.9	2.1
Samoa	2.9	2.1	2.3	1.8	2.1	1.9
Tonga	2.2	1.6	2.0	1.7	1.9	1.7
Papua New Guinea	1.0	1.1	1.5	1.8	2.1	1.6
Solomon Islands	1.0	0.9	1.0	1.2	1.1	1.6
American Samoa	4.9	3.8	1.0	1.0	1.4	1.2
Tuvalu	0.8	0.8	0.8	0.6	0.7	0.8
Wallis and Futuna Islands	0.4	0.7	0.7	0.7	0.9	0.8
French Polynesia	0.7	0.8	0.8	0.8	0.7	0.7
Nauru	0.1	0.2	0.4	0.5	0.5	0.6
Other	1.2	0.1	0.0	0.1	0.0	0.1

Source: UNSD, Comtrade database.

Table A1.7 Merchandise imports by product group, 2009-14

	2009	2010	2011	2012	2013	2014
Total imports (US\$ million)	1,437.0	1,808.5	2,181.9	2,252.6	2,825.7	3,250.5
	(% of total)					
Total primary products	47.7	51.6	52.0	52.6	40.7	43.3
Agriculture	20.9	18.7	21.1	21.4	16.4	18.2
Food	20.6	18.4	20.9	21.1	15.9	17.7
0342 Fish, frozen (excl. fillets and minced fish)	1.1	1.7	4.6	5.5	3.3	5.4
0412 Other wheat and meslin, unmilled	2.7	2.8	2.8	2.4	2.4	1.9
0222 Milk concentrated or sweetened	0.8	1.0	1.1	0.9	0.7	1.2
0423 Rice, milled, semi-milled	1.0	1.1	0.9	0.9	0.8	0.7
0121 Meat of sheep or goats	1.0	0.7	0.7	0.6	0.6	0.6
Agricultural raw material	0.3	0.3	0.2	0.3	0.5	0.5
Mining	26.7	32.8	30.8	31.2	24.4	25.1
Ores and other minerals	0.4	0.5	0.4	0.5	0.5	0.4
Non-ferrous metals	0.6	0.6	0.6	0.6	0.5	0.5
Fuels	25.7	31.8	29.8	30.1	23.4	24.2
3340 Petroleum oils, other than crude	24.7	30.6	28.8	28.9	22.4	23.2
3425 Butanes, liquefied	0.9	1.2	1.0	1.1	0.9	0.9
Manufactures	51.9	47.9	47.5	46.5	58.6	55.6
Iron and steel	2.2	2.1	1.7	1.7	1.5	1.9
Chemicals	8.2	8.3	7.5	7.9	6.4	6.6
5429 Medicaments, n.e.s.	0.7	0.7	0.6	0.9	0.5	0.7
Other semi-manufactures	8.0	7.3	6.4	7.1	6.0	7.0
6612 Portland cement/similar hydraulic cements	0.4	0.4	0.2	0.4	0.3	0.6
Machinery and transport equipment	21.6	18.1	21.3	18.9	35.0	30.5
Power generating machines	0.8	0.6	1.3	0.6	1.5	1.8
7165 Generating sets	0.3	0.2	0.3	0.2	0.3	1.1
Other non-electrical machinery	6.1	5.1	5.5	5.2	4.6	6.4
7232 Mechanical shovels, etc., self-propelled	0.2	0.3	0.5	0.4	0.4	0.6
Agricultural machinery and tractors	0.2	0.2	0.1	0.2	0.2	0.3
Office machines & telecommunication equipment	4.9	4.1	4.0	4.6	4.0	6.0
7763 Diodes, transistors, etc.	0.1	0.0	0.1	0.1	0.0	1.3
7643 Radio or television transmission apparatus	0.6	0.6	0.5	0.5	0.6	0.7
7638 Sound/video recording/reproducing apparatus; video recording/reproducing apparatus	0.2	0.2	0.5	0.5	0.2	0.7
Other electrical machines	2.8	2.3	2.4	2.1	2.1	2.3
Automotive products	3.3	2.7	3.0	3.7	4.8	5.4
7812 Motor vehicles for the transport of persons, n.e.s.	1.6	1.3	1.1	1.4	1.8	2.2
7821 Goods vehicles	0.6	0.5	0.8	1.2	1.9	1.9
Other transport equipment	3.8	3.2	5.1	2.7	18.1	8.6
7923 Aeroplanes, etc. (excl. helicopters), >2t and ≤15t unladen	0.0	0.2	1.9	0.2	0.1	3.7
7924 Aeroplanes, etc. (excl. helicopters), >15,000 kg unladen	0.0	0.0	0.0	0.0	15.6	1.7
7932 Ships, boats, etc. (excl. pleasure craft, tugs, etc.)	0.2	0.3	0.7	0.4	0.3	1.0
7929 Parts, n.e.s., (excl. tyres, engines, electrical parts) of 792	2.1	1.4	1.3	1.0	1.2	0.9
Textiles	3.5	3.6	3.3	3.4	2.9	2.5
Clothing	1.1	1.2	1.0	1.0	1.1	0.9
Other consumer goods	7.2	7.2	6.3	6.6	5.8	6.1
Other	0.4	0.6	0.5	0.9	0.6	1.1

Source: UNSD, Comtrade database (SITC Rev.3).

Table A1.8 Merchandise imports by origin, 2009-14

	2009	2010	2011	2012	2013	2014
Total imports (US\$ million)	1,437.0	1,808.5	2,181.9	2,252.6	2,825.7	3,250.5
	(% of total)					
America	5.6	4.2	5.6	3.7	5.1	4.3
United States	4.4	3.6	5.1	3.0	4.5	3.7
Other America	1.1	0.5	0.5	0.6	0.6	0.7
Canada	0.8	0.3	0.2	0.4	0.3	0.5
Europe	2.4	2.7	2.5	2.7	17.4	7.9
EU-28	2.2	2.2	1.9	2.2	16.8	7.4
France	0.4	0.8	0.3	0.4	14.6	4.2
Spain	0.0	0.0	0.0	0.0	0.0	1.1
Germany	0.3	0.1	0.4	0.4	0.4	0.5
United Kingdom	0.5	0.5	0.6	0.5	1.2	0.5
Italy	0.6	0.2	0.1	0.2	0.2	0.4
EFTA	0.2	0.5	0.5	0.4	0.6	0.6
Switzerland	0.2	0.5	0.5	0.4	0.6	0.6
Other Europe	0.0	0.0	0.0	0.0	0.0	0.0
Commonwealth of Independent States (CIS)	0.0	0.0	0.0	0.0	0.0	0.1
Africa	0.4	0.5	0.4	0.3	0.7	0.7
Swaziland	0.0	0.0	0.1	0.1	0.6	0.6
Middle East	0.2	0.3	0.3	0.3	0.2	0.2
Asia/Oceania	90.6	91.2	87.3	88.4	75.0	85.9
China	5.5	6.1	8.3	8.8	10.0	13.6
Japan	2.6	2.5	1.9	2.2	2.4	3.8
Singapore	27.7	33.1	30.8	31.8	21.0	25.6
Malaysia	2.0	1.9	2.0	2.2	5.1	3.4
Hong Kong, China	2.1	1.6	1.7	2.1	1.8	2.3
Korea, Rep. of	3.1	1.1	1.2	1.2	1.5	2.1
Thailand	3.4	2.5	2.7	2.2	2.1	1.7
Chinese Taipei	1.1	1.3	1.3	1.4	1.2	1.4
Other Asia/Oceania	43.1	41.0	37.4	36.5	29.8	31.9
Australia	22.1	20.3	19.6	18.3	13.6	14.0
New Zealand	15.9	15.9	13.8	13.9	12.2	14.0
India	2.0	1.9	1.6	1.7	1.7	1.8
Indonesia	1.3	0.9	0.8	0.9	0.8	0.9
Viet Nam	0.8	1.0	0.8	0.8	0.6	0.5
Other	0.8	1.2	4.0	4.6	1.5	0.8

Source: UNSD, Comtrade database.

Table A3.1 Fiji's MFN applied tariff summary, 2015

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)	Share of bound rates
<b>Total</b>	<b>5,968</b>	<b>11.2 (12.3)</b>	<b>0-32 (0-1,251.7)</b>	<b>10.5 (27.1)</b>	<b>4.3</b>	<b>49.5</b>
<b>HS 01-24</b>	986	13.9 (19.2)	0-32 (0-1,251.7)	10.4 (60.5)	4.3	77.4
<b>HS 25-97</b>	4,982	10.6 (10.9)	0-32 (0-317.2)	10.5 (12.6)	4.4	43.9
<b>By WTO category</b>						
WTO agricultural products	829	12.5 (18.9)	0-32 (0-1,251.7)	11.3 (66.2)	5.1	95.8
Animals and products thereof	114	17.7	0-32	11.8	5.3	100.0
Dairy products	39	26.7	0-32	10.7	5.1	100.0
Fruit, vegetables, and plants	211	8.4	0-32 (0-39.4)	7.4 (7.5)	1.9	100.0
Coffee and tea	28	15.1	5-32	9.9	0.0	100.0
Cereals and preparations	102	15.5	0-32	12.6	4.9	100.0
Oils seeds, fats, oil and their products	90	7.2	0-32	5.9	16.7	98.9
Sugars and confectionary	17	32.0	32-32	0	0.0	100.0
Beverages, spirits and tobacco	84	31.1 (100.9)	5-32 (2.5-1,251.7)	4.8 (213.9)	0.0	100.0
Cotton	5	5.0	5-5	0	0.0	100.0
Other agricultural products, n.e.s.	139	4.9	0-15	2	7.2	100.0
WTO non-agricultural products	5,139	11.0 (11.2)	0-32 (0-317.2)	10.4 (12.4)	4.2	41.3
Fish & fishery products	225	16.0	5-32	4.6	0.0	1.3
Minerals & metals	1,012	8.5	0-32 (0-79)	8.7 (8.9)	3.2	45.7
Chemicals & photographic supplies	900	8.2	0-32	8.6	4.0	6.1
Wood, pulp, paper & furniture	312	13.7	0-32	12.2	2.9	0.0
Textiles	618	8.4 (8.5)	0-32 (0-37.5)	8.5	1.1	79.0
Clothing	235	30.6	5-32	5.9	0.0	100.0
Leather, rubber, footwear & travel goods	181	14.5 (14.7)	5-32 (5-60.5)	12.1 (12.6)	0.0	0.0
Non-electric machinery	587	6.3	0-32	4.4	8.3	99.3
Electric machinery	277	8.8	0-32	7.3	2.2	99.3
Transport equipment	323	20.1 (22.7)	0-32 (0-152.3)	12.2 (19.6)	1.9	0.0
Non-agricultural products, n.e.s.	436	10.3 (11.6)	0-32 (-317.2)	10.3 (20.6)	16.5	5.3
Petroleum	33	5.0 (7.8)	5-5 (0-30.9)	0.0 (6.0)	0.0	0.0
<b>By ISIC sector</b>						
ISIC 1 - Agriculture, hunting & fishing	381	8.4 (11.5)	0-32 (0-1,194.9)	7.5 (61.3)	6.3	75.3
ISIC 2 - Mining	103	5.5	5-15 (0-15)	2.2	0.0	90.0
ISIC 3 - Manufacturing	5,483	11.5 (12.5)	0-32 (0-1,251.7)	10.8 (23.2)	4.3	48.6
Manuf. excluding food processing	4,839	10.8 (11.1)	0-32 (0-317.2)	10.6 (12.7)	4.5	45.0
ISIC 4 - Electrical energy	1	5.0	5-5	0.0	0.0	0.0
<b>By stage of processing</b>						
First stage of processing	756	8.2 (9.8)	0-32 (0-1,194.9)	6.4 (43.9)	3.3	53.0
Semi-processed products	1,877	7.5	0-32	7.6 (7.5)	1.2	37.5
Fully processed products	3,355	13.9 (15.5)	0-32 (0-1,251.7)	11.9 (28.8)	6.3	55.7
<b>By HS Section</b>						
01 Live animals & products	355	16.7	0-32	8.7	2.3	46.8
02 Vegetable products	311	5.9	0-32	4.8	5.8	100.0
03 Fats & oils	55	8.7	0-32	7.2	27.3	94.5
04 Prepared food, beverages & tobacco	265	22.2 (42.1)	0-32 (0-1,251.7)	10.9 (116.3)	0.4	88.3
05 Mineral products	183	5.4 (5.8)	5-32 (0-32)	2.6 (3.6)	0.0	0.0
06 Chemicals & products thereof	825	7.4 (7.3)	0-32	8.0 (7.9)	7.4	13.3
07 Plastics, rubber, & articles thereof	249	12.4 (12.5)	5-32 (5-60.5)	11.3 (11.7)	0.0	0.0
08 Raw hides & skins, leather	77	9.4	5-32	7.8	0.0	18.2
09 Wood & articles of wood	125	12.2	5-32	11.7	0.0	0.0
10 Pulp of wood, paper & paperboard	167	13.6	0-32	12.3	5.4	0.0
11 Textiles & textile articles	840	14.2	0-32 (0-37.5)	12.6	0.6	88.7
12 Footwear, headgear, etc.	48	23.6	5-32	10.8	0.0	0.0

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)	Share of bound rates
13 Articles of stone, plaster, cement	160	7.1	5-32	6.1	0.0	0.0
14 Precious stones & metals, pearls	57	18.6	5-32	7.9	0.0	0.0
15 Base metals & articles thereof	644	8.9 (9.0)	0-32 (0-79)	9.4 (9.8)	1.4	70.8
16 Machinery, electrical equipment, etc.	866	7.1	0-32	5.6	6.4	99.8
17 Transport equipment	334	19.9 (22.4)	0-32 (0-152.3)	12.2 (19.5)	1.8	0.0
18 Precision equipment	242	8.1	0-32	8.8	19.8	0.0
19 Arms & ammunition	20	29.3	5-32	8.1	0.0	0.0
20 Miscellaneous manufactured articles	137	12.9 (17.0)	0-32 (0-317.2)	11.4 (33.1)	17.5	0.0
21 Works of art, etc.	8	6.3	5-15	3.3	0.0	0.0

Note Excluding specific rates and including the ad valorem part of alternate rates. Figures in brackets include AVEs, as available.

Source: WTO Secretariat calculations, based on data provided by the Fijian authorities.

Table A3.2 Tax and customs incentives

<b>TAX AND CUSTOMS INCENTIVES</b>		
<b>1. 2009-2015 INVESTMENT PACKAGE</b>		
<b>Corporate tax rate reduction</b>		
Year	Resident companies	Non-resident companies
2009	From 31% to 29%	From 31% to 29%
2010	From 29% to 28%	From 29% to 28%
2011	28%	28%
2012	From 28% to 20%	From 28% to 20%
2013	20%	20%
2014	20%	20%
2015	20%	20%
A foreign company that establishes/relocates its headquarters to Fiji will be subject to a low corporate tax rate of 17%.		
A listed company on the South Pacific Stock Exchange (SPSE) will be subject to a low corporate tax rate of 10%.		
Income earned from trading of shares in SPSE will be exempted from Income Tax and Capital Gains Tax.		
<b>Resident taxpayers: 2015 PAYE and SRT structure</b>		
Chargeable income (F\$)	PAYE tax payable (F\$)	Social responsibility tax (SRT) payable
0-16,000	Nil	
16,001-22,000	7% of excess over 16,000	
22,001-50,000	420 + 18% of excess over 22,000	
50,001-270,000	5,460 + 20% of excess over 50,000	
270,001-300,000	49,460 + 20% of excess over 270,000	23% of excess over F\$270,000
300,001-350,000	55,460 + 20% of excess over 300,000	6,900 + 24% of excess over F\$300,000
350,001-400,000	65,460 + 20% of excess over 350,000	18,900 + 25% of excess over F\$350,000
400,001-450,000	75,460 + 20% of excess over 400,000	31,400 + 26% of excess over F\$400,000
450,001-500,000	85,460 + 20% of excess over 450,000	44,400 + 27% of excess over F\$450,000
500,001-1,000,000	95,460 + 20% of excess over 500,000	57,900 + 28% of excess over F\$500,000
1,000,001 +	195,460 + 20% of excess over 1,000,000	197,900 + 29% of excess over F\$1,000,000
<b>Non-resident taxpayers: 2015 PAYE and SRT structure</b>		
Chargeable income (F\$)	PAYE tax payable (F\$)	Social responsibility tax (SRT) payable
0-16,000	20% of excess over 0	
16,001-22,000	3,200 + 20% of excess over 16,000	
22,001-50,000	4,400 + 20% of excess over 22,000	
50,001-270,000	10,000 + 20% of excess over 50,000	
270,001-300,000	54,000 + 20% of excess over 270,000	23% of excess over F\$270,000
300,001-350,000	60,000 + 20% of excess over 300,000	6,900 + 24% of excess over F\$300,000
350,001-400,000	70,000 + 20% of excess over 350,000	18,900 + 25% of excess over F\$350,000
400,001-450,000	80,000 + 20% of excess over 400,000	31,400 + 26% of excess over F\$400,000
450,001-500,000	90,000 + 20% of excess over 450,000	44,400 + 27% of excess over F\$450,000
500,001-1,000,000	100,000 + 20% of excess over 500,000	57,900 + 28% of excess over F\$500,000
1,000,001 +	200,000 + 20% of excess over 1,000,000	197,900 + 29% of excess over F\$1,000,000
<b>Investment allowance</b>		
Investment allowance (excluding cost of labour) of 40% for extension and renovation expenses with a minimum qualifying capital expenditure of F\$50,000. This is only available to existing businesses in Vanua Levu.		
<b>Accelerated depreciation</b>		
Accelerated depreciation for buildings erected before 2001 has been extended to 2015. 20% depreciation for buildings used for agricultural, commercial or industrial purposes can be written off within any 5 of 8 years. 100% write-off will be available in the year the expenditure was incurred on water storage facilities and renewable energy plant and machineries.		
This will also be available to new plant and machinery used for manufacturing purposes.		
<b>Export income deduction</b>		
"Export income" means net profits derived by a taxpayer from the business of exporting goods and services but excludes re-exports. Deduction shown below:		

<b>TAX AND CUSTOMS INCENTIVES</b>	
<b>Year of assessment</b>	<b>Percentage of export income to be deducted</b>
2011	50%
2012	40%
2013	40%
2014	40%
2015	40%
Export income deduction will only be allowed if the Commissioner of Inland Revenue is satisfied that the export earnings will be remitted to Fiji.	
<b>Loss carried forward</b>	
Loss carried forward can be claimed up to 4 years. Loss carried forward by a company is allowed if that entity satisfies the continuity of ownership test or the same business test.	
<b>Duty concessions</b>	
<b>Production inputs</b>	
All goods used as raw materials in the manufacture of approved goods not available locally will attract 3% fiscal duty + 15% VAT, and all raw material used for manufacturing by companies outside of Viti Levu will attract 0% fiscal duty + 15% VAT.	
<b>Capital items</b>	
Duty rates on capital items (which refer to machinery used for converting / processing raw materials) will attract 0% fiscal duty + 15% VAT.	
<b>Duty suspension scheme</b>	
Enables exporters to have access to inputs without having to pay for duties upfront.	
Imported goods are conditionally relieved from payment of fiscal duty and VAT on the basis that such goods will be substantially transformed through manufacturing or processing and subsequent exportation.	
The Scheme would entitle exporters to import duty free an amount equal to the proportion of approved imported inputs required to produce exports. This is called entitled proportion (EP).	
Administered by the Fiji Export Council, which is a private sector led organization.	
Zero fiscal duty on new machinery and equipment that are directly related to the production process.	
<b>2. HOTEL INDUSTRY INCENTIVES</b>	
<b>Standard allowance</b>	
Investment allowance (in addition to ordinary depreciation) of 55% of total capital expenditure is allowed as a deduction provided there is no shift of tax revenue to other countries.	
Applicable to building of new hotels including renovations or refurbishments or extensions of existing hotels and international retiree facilities.	
Investment allowance can only be written-off against the income of the hotel business or income from the hotel premises.	
Losses carried forward extended to 8 years.	
Recipients of the provisional approval for standard allowance to commence implementation of project within one year.	
Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approved plan.	
<b>New short life investment package</b>	
10-year tax holiday for capital investments not less than F\$7 million.	
Import duty exemption on all capital goods (including capital equipment, plant & machinery) not available in Fiji but this does not include furniture or motor vehicles that are used in carrying out the investment.	
Short life investment package (SLIP) incentives are also available for retirement facilities and hospital resorts.	
Recipients of the provisional approval for Standard Allowance to commence implementation of project within one year.	
Investors would only need to provide a sketch plan to obtain provisional approval for the investment allowance, and not necessarily a certified approved plan.	
<b>Backpacker operations</b>	
Income tax exemptions for locally owned backpacker operators with annual sales turnover of F\$1m or less.	
Duty exemption on the importation of raw materials and equipment used for the establishment of a backpacker hotel. (This incentive will only be available to backpacker businesses that are granted the income tax holiday).	
<b>3. AUDIOVISUAL INCENTIVES</b>	
<b>Income tax deductions</b>	
150% deduction for capital expenditure on an F1 audiovisual production.	
125% deduction for capital expenditure on an F2 audiovisual production.	
<b>Levels of expenditure in Fiji for an audiovisual production for F1 and F2 status should not be less than:</b>	
- 40% for a large format film, a feature film or broadcast television programmes;	
- 50% for a direct to video programme or video disk programme; and	
- 55% for an audio recording.	
<b>Income tax exemption</b>	
Net income from an F1 production is exempt until the taxpayer has received a 60% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.	
Net income from an F2 production is exempt until the taxpayer has received a 50% return on capital expended. Thereafter, net income will be fully taxed at the marginal rate.	
<b>Studio city zone concessions</b>	

**TAX AND CUSTOMS INCENTIVES**

Any sole proprietor, partnership or company that carries on a production activity (the production of, distribution of or supply of services to audiovisual productions) may qualify for an operating licence in the Studio City Zone and be entitled to an exemption from tax on the income from the production activity carried on in the Zone.

Tax free status for "permanent residents" of the Studio City Zone on income derived as earnings from audiovisual productions.

**For residence in the Zone to be approved, in the case of citizens, the individual must be:**

resident in the Zone for at least 183 days;  
have pre-tax audiovisual earnings in excess of F\$100,000;  
have fixed assets in the Zone in excess of F\$250,000; and  
maintain a primary place of residence in the Studio City Zone.

**For residence in the Zone to be approved, in the case of non-citizens (or a citizen who derives a minimum of 80% of audiovisual earnings from outside Fiji), the individual must be:**

resident in the Zone for at least 60 days;  
have pre-tax audiovisual earnings in excess of F\$100,000;  
have fixed assets in the Zone in excess of F\$250,000; and  
maintain a permanent place of residence in the Studio City Zone.

**Film tax rebate****Summary Part IV, 6<sup>th</sup> Schedule – Income Tax Act****Fiji Film Tax Rebate Bill**

Rebate amount	47% tax rebate or credit on production costs spent in Fiji: paragraph 68(1)
Eligibility	Films and television productions, as per existing Sixth Schedule: paragraph 69
Minimum spend in country	Minimum spend in Fiji F\$250,000 for feature films and broadcast television; and F\$50,000 for production intended as an advertising programme or commercial in at least one significant international market: paragraph 69(e)
Maximum rebate	F\$11.75 million, so even if more than F\$25 million spent in Fiji the maximum rebate is still F\$11.75 million: paragraph 68(2).
Exclusions	Where a producer has chosen to access the film tax rebate, the producer will not be able to obtain any other tax concessions under Part 3 of Sixth Schedule: paragraph 67(2).

**Additional incentives (allowable expenditures):**

Allowable expenditure incurred for services rendered by the producers (producer's fees) – provided that such expenditure shall not exceed 10% of the total Fiji expenditure. Producers are not restricted to remain in Fiji throughout the production of the film.

75% of the expenditure incurred to purchase costumes, make-up and set design properties not available in Fiji that will be used in relation to the film production in Fiji provided that any such costumes, make-up and set design properties shall be left in Fiji at the end of the production.

Expenditure incurred to purchase the writer's story and rights for the production of the film provided that the producer submits the following documentary evidence:

- Notarized legal contract with the writer which is registered in Fiji with the Registrar of Deeds upon payment of the appropriate stamp duty;
- Evidence of payment made directly into the writer's bank account from the Fiji bank account; and
- Receipt of acknowledgement of payment received.

Approved post-production expenditure on the film paid from a Fiji bank account to the extent that it is incurred or reasonably attributable to approved post-production services in relation to the completing of the film made in Fiji. The maximum payable in rebate shall be granted upon the production of documentary evidence of the expenditure. Rebate is around 2%-2.5% of production budget.

Expenditures incurred on hiring of cameras and filming equipment from outside Fiji, where such cameras and filming equipment are not available in Fiji.

**Additional requirements**

Companies should engage audio visual agents.

Fiji as a location needs to be accredited and acknowledged in the film's credits and other accreditation as stipulated by Film Fiji in their approval letter.

**4. AGRICULTURAL INCENTIVES****Commercial agriculture and agro-processing**

The importation of all agricultural items will be subject to zero duty.

**New business from 2009 onwards**

The income of any new activity in commercial agricultural farming and agro-processing approved and established from 1 January 2010 to 31 December 2014 shall be exempt from tax for 10 consecutive fiscal years with a capital investment of F\$2,000,000 or more.

**Biofuel production**

10 year tax holiday is available to a taxpayer undertaking a new activity in processing agricultural commodities into biofuels as approved by the Commissioner from 1 January 2009 to 31 December 2014. To qualify, the taxpayer must have:

- Minimum level of investment of F\$1,000,000; and
- Employ 20 local employees or more for every income year.

Duty free importation of plant, machinery and equipment for initial establishment of the factory.

Duty free importation of chemical required for biofuel production.

**5. SMALL AND MICRO ENTERPRISES**

Income tax exemption to be applicable to selected sectors with maximum turnover threshold of F\$500,000. The sectors include:

**TAX AND CUSTOMS INCENTIVES**

- Agriculture and fishing (sugar cane farmers; coconuts; rice; ginger; yaqona; fishing; raising livestock; vegetables; dalo, cassava and other root crops production; farming and bee keeping).
- Tourism (sea cruise and river tour operators).
- Community and social services (amusement, recreation services; traditional handicraft producers (not "middleman" or agents)).
- Supportive projects to tourism industry (flora, fauna and other natural characteristics of Fiji; and history, traditions, cultures and ways of life of its peoples).

**6. TAX FREE REGION (TFR) INCENTIVES****TFR incentives****Who will qualify for this incentive?**

This incentive is available to a newly incorporated entity engaged in a new trade, business or manufacture established in the following areas:

- Vanua Levu – included Taveuni, Rabi, Kioa and other islands generally included for the government's administrative purposes as being in the Northern Division.
- Rotuma
- Kadavu
- Levuka
- Lomaiviti
- Lau; and
- East of Viti Levu (Korovou-Tavua region)

Any company may apply to the Minister for Finance using a prescribed form (Form 6) for an operating licence.

**Criteria for grant of licence**

The company is a newly incorporated entity engaged in a new trade, business or manufacture.  
The minimum initial level of investment should be F\$250,000 from 1 January 2010.

**Tax exemptions available**

The income of any new activity approved and established between 1 January 2010 to 31 December 2018 shall be exempt from tax as follows:

- capital investment from F\$250,000 to F\$1,000,000, for a period of 5 consecutive fiscal years; or
- capital investment from F\$1,000,000 to F\$2,000,000, for a period of 7 consecutive fiscal years; or
- capital investment above F\$2,000,000 for a period of 13 consecutive fiscal years.

**Duty exemption**

Import duty exemption on the importation of raw materials, machinery and equipment (including parts and materials) insofar as they are required for the establishment of the business in the Tax Free Region.

**Other benefits under the TFR**

Additional 5 years of income tax exemption is available to any company granted a licence and having indigenous Fijian landowner equity of at least 25%.

Additional 7 years of income tax exemption is available to any hotel developer granted a licence and having indigenous Fijian landowner equity of at least 25%.

**7. INFORMATION COMMUNICATION TECHNOLOGY (ICT) INCENTIVES**

The income of any new operator who is granted a licence from 1 January 2009 to be exempt from tax for a period of 13 years.

Any new operator may apply and pay a licence fee of F\$1,000 per annum to the Commissioner of Inland Revenue. The tax exemption is granted from the date of the initial licence.

Income tax exemption is available to investors under the following criteria:

- the business employs 50 employees or more for any 6 months within the income year; and
- 60 percent of its total services is exported.

Duty free importation of computer, computer parts & accessories, plant, equipment & fittings, and specialized furniture for initial establishment and during its ongoing operations to approved ICT/BOP business operators from 1 January 2009.

**8. MANUFACTURERS INCENTIVES****Food processing & forestry**

100% of the amount of investment as a deduction for investing in food processing as well as forestry. Re-investment will also be allowed for expansion purposes. In order to qualify, the investor should utilize 50% of local produce in its production process.

**Renewable energy projects and power co-generation**

5-year tax holiday is available to a taxpayer undertaking a new activity in renewable energy projects and power co-generation as approved by the Commissioner.

Duty free importation of renewable energy goods is also available.

**9. OTHER INCENTIVES****Shipping companies – maritime shipping**

100% of the amount of investment as a deduction for investing in food processing as well as forestry. Re-investment will also be allowed for expansion purposes. In order to qualify, the investor should utilize 50% of local produce in its production process.

**Unit trust companies – withholding tax and capital gains tax waiver**

Withholding taxes and capital gains taxes on interest income distribution to investors of the unit trusts will be waived.

**Fiji My Second Home Programme**

**TAX AND CUSTOMS INCENTIVES**

This Programme is open to citizens of other countries recognized by Fiji in the "Fiji My Second Home Programme" as administered by the Reserve Bank of Fiji.

Interest income is exempt from tax under the following criteria:

- Age below 50 years old: Minimum deposit of F\$150,000 and maintain the deposit in Fiji for a minimum of two years.
- Age 50 years and above: Minimum deposit of F\$100,000 and maintain the deposit in Fiji for a minimum of two years.

To qualify the applicant must maintain a minimum balance of F\$50,000 from the third year onwards and throughout the entire stay in Fiji.

**Foreign Currency Account Scheme**

Interest income is exempt from tax which accrues to or in favour of non-residents (including former Fiji residents) who hold funds in Fiji commercial bank accounts under the following criteria:

- For foreign currency accounts, interest income for deposit above the equivalent of F\$150,000;
- For Fiji Dollar accounts, any amount of interest income.

**Other incentives**

**Employment Taxation Scheme** – 150% of the salary and wages paid by an employer within 1 January 1997 and 31 December 2018 are tax deductible. The deduction is restricted to salary and wages paid in respect of a 12-month period commencing from the date of the appointment of the employee provided he or she has not previously been in full-time paid employment. This is extended to trainees and apprentices.

**Donation of new computers, laptops & tablets** - 150% and 200% tax deductions for donation of computers to schools registered with the Ministry of Education, will be available with the following features:

- 200% tax deduction relates to donation to schools in rural areas.
- 150% tax deduction relates to donation to schools in urban areas
- Donations to be between F\$10,000 to F\$100,000.

**Voluntary contribution for disaster relief** - 150% tax deduction for voluntary contribution of cash donation by businesses towards a Disaster Relief Fund. The threshold will range from a minimum contribution of F\$10,000 to a maximum contribution of F\$100,000.

**Sports sponsorship** - 150% tax deduction for sports sponsorship with a minimum cash sponsorship of \$50,000.

**Sponsorship of hiring of international coaches** – 150% tax deduction for sponsorship between F\$100,000 and F\$200,000 towards the hiring of international sporting coaches.

**Cash contribution towards housing projects** - 150% tax deduction for cash contributions up to \$50,000 towards any government sanctioned housing project for squatters and informal settlements.

**Incentives for senior citizens** - All senior citizens (over 55 years) and pensioners will be exempted from paying resident interest withholding tax on interest income of up to F\$16,000 from bank deposits, provided this is their only source of income.

**10. OTHER CUSTOMS CONCESSIONS****Newly introduced concessions**

Items	Descriptions	Fiscal duty	VAT (%)
Food supplements	Reduce fiscal duty on food supplements from 32% to 0%. Food supplements include essential vitamins and fortifications which are predominantly used by pregnant mothers, senior citizens and chronically ill patients.	0%	15%
Baby feeding bottles	Reduce fiscal duty on baby feeding bottles from 32% to 0%. To reduce importation of cheap low quality baby bottles that may cause health risks.	0%	15%
Shipping incentives	Duty on the importation of all spare parts for maritime vessels is reduced to 0%.	0%	15%
Promote domestic fishing industry	Exemption of bunker fee of 2 cents/litre for local fishing vessels; Duty concession on specialized fishing items/equipment which are currently not covered under the existing concession for the fishing industry.	-	-
Agriculture	Duty on the importation of all agricultural items will be reduced to 0%.	0%	15%
Adult sanitary diapers	Duty on the importation of all sanitary diapers will be reduced to 0%.	0%	15%
Prefabricated homes (kit homes)	Duty on prefabricated homes will be reduced from 32% to 3% and duty on prefabricated concrete products and iron panels for commercial use will be reduced from 32% to 5%.	Prefab homes (3%) Prefab concrete & iron panels (5%)	15%

<b>TAX AND CUSTOMS INCENTIVES</b>			
Duty concession for returning residents	Duty concession under code 220 (0% fiscal duty, 0% import excise, 0% VAT) on importation of household effects and vehicles by returning residents. This concession is subject to certain conditions under Code 220.	0%	Free
<b>OTHER EXISTING CONCESSIONS</b>			
<b>Industry</b>	<b>Items</b>	<b>Fiscal duty</b>	<b>VAT (%)</b>
Agriculture & dairy	Specialized agriculture, livestock and dairy machinery, equipment and agricultural inputs excluding those that attract duty rates of 0% fiscal duty and 0% import excise in the tariff. The importation under concession is subject to the condition that a letter of approval is issued by the Ministry of Agriculture in relation to goods under concession.	Free	15%
Bus operators	Bus operators holding a Road Service Licence operating under scheduled trips approved by Land Transport Authority. Refund of duty on gas oil (diesel) having sulphur content not exceeding 500 ppm purchased ex-duty paid stock.	2 cents per litre refund	
Fisheries & forestry	Specialized machinery directly used for fishery and forestry purposes. The importation under concession is subject to the condition that a letter of approval is issued by Department of Fisheries & Department of Forests in relation to goods under concession.	Free	15%
Maritime Safety Authority of Fiji (MSAF)	Life jackets procured from local manufacturers operating under TFF or DSS. The imported raw materials incorporated in the manufacture of life jackets.	Free	15%
Sports supplements	Protein shakes and sporting tablets/capsules that will enhance athletic performance by supplying nutrients to the body which are lost in the process of strenuous training and fitness programmes. This concession does not extend to the products Powerade, Gatorade, Red Bull, V-Drink and Mother, etc.	Free	15%

Source: FRCA (2914), 2014 Fiji Tax and Customs Incentives, Suva; and information provided by the Fijian Authorities.

Table A3.3 Goods and services under price control

Description	Specifications
<b>Basic food items</b>	
Rice – imported	Specific quantities of 1 kg, 2 kg, 10 kg Wholesale quantities: 1 kg, 2 kg, 10 kg, 40 kg, 45 kg and 50 kg Premium product is not subject to price control.
Sugar – imported	Regulate the allowable mark up at wholesale and retail level (percentage level)
Sugar – local	Regulate the allowable mark up at wholesale and retail level (percentage level)
Salt – imported	500 g, 907 g, 1 kg only.
Dried leguminous vegetables shelled, whether or not skinned or split – imported	Only spilt peas and blue peas are controlled in 500 g, 1 kg, and 2 kg quantity. Wholesale quantity: 10 kg, 25 kg, 45.36 kg and 50 kg
Potatoes – imported	Wholesale and retail prices are subject to control.
Onions – imported	Wholesale and retail prices are subject to control.
Garlic – imported	Wholesale and retail prices are subject to control.
Baby milk of all types – imported/locally packed	Specific quantity of 350 g, 400 g, 900 g
Canned fish – imported	Tuna: 142 g, 170 g, 185 g Sardines: 106 g, 155 g, 425 g Tin fish: 155 g, 425 g In natural oil, water and tomato sauce only. Brine and other premium types are excluded.
Tea of all types – local/imported (excepting Masala tea)	Specific quantity 100 g, 200 g tea leaves. Tea bags are excluded
Powdered milk – imported	Specific quantity of 250 g, 300 g, 450 g and 500 g
Liquid milk blue packet (12 x 1 L)	Regulate the retail prices.
Liquid milk white packet (12 x 1 L)	Regulate the retail prices.
Corned beef and corned mutton (canned) (with or without other ingredients) – imported/local	Specific quantity 200 g, 326 g, and 340 g
Edible oil – imported	Only soya bean and canola oil are now controlled Specific quantity: 250 ml, 500 ml, 750 ml, 1 L, 2 L, 3 L, 4 L and 5 L.
Margarine all types – imported	250 g, 500 g
Butter	Only retail prices are controlled: 125 g, 250 g, 500 g
Bread	Only 3 types and quantity are controlled – long loaf (white), slice white medium and wholemeal
Wheat products	Ex-factory wholesale, wholesale and retail prices are subject to control – 1 kg, 2 kg, 4 kg, 5 kg, 10 kg, 25 kg & 50 kg
Biscuits – breakfast crackers	Wholesale and retail prices are subject to control.
<b>Stationery</b>	Stationery and related commodities (imported) described hereunder: <ul style="list-style-type: none"> <li>• exercise books</li> <li>• chalks</li> <li>• crayons</li> <li>• colour pencils</li> <li>• pencil sharpener</li> <li>• rubbers</li> <li>• erasers</li> <li>• pencils</li> <li>• ring binders</li> <li>• book keeping cash books</li> <li>• journal ledger</li> <li>• ball pens</li> <li>• compass</li> <li>• protectors</li> <li>• rulers</li> <li>• ruled foolscaps</li> <li>• stencils</li> <li>• mathematical sets</li> <li>• set squares</li> <li>• dividers</li> <li>• drawing books</li> <li>• note books</li> <li>• brown paper</li> <li>• vanguard sheets</li> <li>• sellotape</li> <li>• duplicating paper</li> <li>• duplicating ink</li> <li>• correcting fluid</li> <li>• maps</li> <li>• gum</li> <li>• water colours</li> </ul>
	Text books used by educational institutions in Fiji (imported)
<b>Agricultural pesticides and fertilizers</b>	Agricultural pesticides of all type imported Fertilizers imported falling within chapters 81 of tariff act.
<b>Spare parts</b>	Tyre and tubes (imported) Storage batteries (imported) <ul style="list-style-type: none"> <li>• Spark plugs</li> <li>• Contact points</li> <li>• Condenses</li> <li>• Seal beams</li> <li>• Oil filters</li> <li>• Air filters</li> <li>• Fuel filters</li> <li>• Shock absorbers</li> <li>• Blubs</li> <li>• Exhaust pipes and silencers</li> <li>• Wiper motors and linkages</li> <li>• Wiper blades</li> <li>• Wiper refills</li> <li>• Brake and clutch washers</li> <li>• Master cylinder kits</li> <li>• Brake kits</li> <li>• Clutch and slave</li> <li>• Carburettor kits</li> <li>• Coils</li> <li>• Fuse</li> <li>• Clutch plates</li> <li>• Pressure plates</li> </ul>

Description	Specifications		
<b>LPG</b>	<ul style="list-style-type: none"> <li>• Wiper arms</li> </ul>	<ul style="list-style-type: none"> <li>• Tie rod ends</li> </ul>	
	Domestic cylinder 4.5kg and 12kg		
	Autogas		
	Bulk		
<b>Petroleum products</b>	Unleaded motor spirit		
	Diesel		
	Premix		
	Kerosene		
<b>Inter-island shipping</b>	Passenger and freight rates		
<b>Ports</b>	Marine / navigation charges (overseas vessels)		
	Wharfage charges		
	Dockage charges		
	Security charges		
	Local vessels tariff		
	Ancillary charges		
	Stevedoring charges		
	Vehicle discharge/ loading charges		
	Container handling & machine hiring charges		
	Storage/ demurrage charges		
<b>Electricity</b>	Electricity rates;		
	Ancillary services:		
	Installation licence fee		
	Electrical contractors licence		
	Wireman's licence		
	Re-inspection and test of work on consumer's installation		
	New connection fees/installation of metering system		
	Metering system costs		
	Reconnection of supply to consumer's installation – broken mains		
	Reconnection following disconnection for non-payment of electricity account		
	Disconnection/reconnection of supply at consumers request		
	Minimum electricity charge		
	Meter testing & adjustments of accounts		
	Administration charges		
<b>Aeronautical services</b>	Air navigation charges		
	Terminal navigation fee		
	Airfield charges – domestic & international landing fee		
	Incinerator fees		
	International and domestic parking fees		
	Airport development charge and airport security charge		
<b>Marina</b>	Marina management services on:		
	Passenger levies on commercial ships;		
	Levies on cargo transportation;		
	Services to local commercial operators and users in Fiji.		
<b>Cement</b>	Ex-factory bag & bulk cement		
<b>Steel</b>	Ex-factory grade 300 & 500 reinforcement steel rods		
<b>Postal services</b>	Domestic letters		
	Sea/surface parcel		
	Air parcel		
	International mail		
	Private mail box		
<b>Telecommunication</b>	Access to capacity and network charges,		
	Interconnection rates: international inbound call minute, ICT levy, special handling levy, mobile termination rate, fixed termination rate		
	Wholesale bandwidth rates		
	Interoperability fees for e-ticketing services		
<b>Water &amp; sewerage</b>	Water rates		
	Domestic sewage		
	Liquid trade waste		
<b>Pharmaceutical items</b>	75 product categories:		
	Allopurinol	100 mg	Tablets
	Amoxicillin	250 mg, 500 mg	Capsules
	Amoxicillin	125 mg/5 ml	Suspension/powder
	Aspirin	300 mg	Tablets
	Atenolol	50 mg	Tablets
	Cough mixture		Syrup
	Benzyl benzoate	25%	Lotion
	Bisacodyl	5 mg	Tablets/suppository
	Bisacodyl	10 mg	Suppository
	Carbamazapine	200 mg	Tablets
	Carbimazole	5 mg	Tablets
	Chloramphenicol	250 mg	Capsules
	Chloramphenicol	125 mg/5 ml	Suspension

Description	Specifications		
	Colchicine	0.5 mg	Tablets
	Co-trimoxazole	240 mg/5 ml	Suspension
	Co-trimoxazole	480 mg	Tablets
	Diazepam	5 mg	Tablets
	Digoxin	250 mcg, 62.5 mcg	Tablets
	Econazole	1%	Cream
	Econazole	150 mg	Pessary
	Enalapril	5 mg	Tablets
	Erythromycin	250 mg	Tablets
	Erythropoietin injection	N/A	Injection
	Erythromycin (estolate base)	125 mg/5 ml	Suspension
	Ferrous sulphate	200 mg	Tablets
	Flucloxacillin	250 mg, 500 mg	Capsules
	Frusemide	40 mg	Tablets
	Glibenclamide	5 mg	Tablets
	Glipizide	5 mg	Tablets
	Glyceryl trinitrate	600 mcg	Tablets
	Griseofulvin	125 mg, 500 mg	Tablets
	Hydrochlorothiazide	25 mg	Tablets
	Hydrocortisone	1%	Cream
	Ibuprofen	400 mg	Tablets
	Insulin neutral	1000 u/10 ml	Injection
	Insulin isophane	1000 u/10 ml	Injection
	Mixed (biphasic 70/30)	1000 u/10 ml	Injection
	Indomethacin	25 mg	Capsules
	Isosorbide dinitrate	10 mg	Tablets
	Mebendazole	100 mg	Tablets
	Metformin	500 mg	Tablets
	Methyldopa	250 mg	Tablets
	Metronidazole	200 mg	Tablets
	Antacid +/- simethicone	N/A	Suspension/tablets
	Neomycin	1%/0.5%	Ointment
	Nifedipine	20 mg	Tablets
	Oral rehydration salt	For 1L prep	Crystal
	Paracetamol 500mg / Codine 8mg	500 mg/8 mg	Tablets/caplets
	Paracetamol	120 mg/5 ml	Suspension
	Paracetamol	500 mg	Tablets/caplets
	Tylenol	500 mg	Tablets
	Penicillin	250 mg	Tablets
	Penicillin	125 mg/5 ml	Syrup
	Potassium chloride	600 mg	Tablets
	Prednisolone	5 mg	Tablets
	Prochlorperazine	5 mg	Tablets
	Promethazine	1 mg/1 ml	Elixir
	Promethazine	10 mg	Tablets
	Propranolol	10 mg, 40 mg	Tablets
	Ranitidine	300 mg	Tablets
	Salbutamol	2 mg/5 ml	Elixir
	Salbutamol	100 mcg	Inhaler
	Salbutamol	4 mg	Tablets
	Sodium valproate (enteric coated)	200 mg	Tablets
	Tetracycline	250 mg	Capsules
	Warfarin	1 mg, 3 mg, 5 mg	Tablets
	Loperamide	2 mg	Capsule/tablets
<b>Hardware products</b>	<b>Cladding &amp; boards</b>		
	Masonite board 2450 X 1225 X 4.5 mm/ 3 mm/ 4 mm		
	S/Flex cement board 2400 X 1200 X 4.5 mm/ 6 mm		
	<b>Concrete blocks</b>		
	Bond beam 400 mm x 200 mm x (100/150/200)mm		
	Standard whole 400 mm x 200 mm x (100/150/200)mm		
	Cementstik 4 Ltr/ 750 ml		
	<b>Electrical products</b>		
	2' w/proof tubelight frame		
	Tube light fitting 2FT and 4FT		
Zelmit boards 14"x12"			
Meter box galv 14x12 single/galv 18x20 double			

Description	Specifications
	Neutral link 5 hole
	Gang switch w/light 10 A and 15 A
	One/two/three gang switch 10 A, 15 A and 20 A
	GPO with light switch
	Junction box
	Main entry box 2 terminal
	35 amps single pole main switch
	Main switch 40 amps S/P LEGEND
	10 amps and 16 amps ELCB with base
	Earth rod 4'6"X16 mm RMS casco/ earth Clip 16 mm
	Fuse wire HPM card R1202
	35 amps HPM main switch S/P
	65a single pole main switch
	Batten holder
	Plain to screwed adaptor 25 mm with lock
	Plain coupling 20 mm and 25 mm
	Conduit bends 20 mm, 25 mm, 32 mm, 40 mm and 50 mm
	M/C breaker 10 amps and 16 amps
	DC141 2.5 mm/6 mm PVC single black coil
	1 mm TPS light wire/switch wire coil
	2.5 mm TPS festoon wire coil
	2.5 mm twin + earth - STD
	0.75 mm 3 core grey flex coil
	6 mm twin H/D main wire coil
	PVC conduit pipe grey/orange (16 mm, 20 mm, 25 mm and 32 mm)(MD/HD)
	Cable pin clip no.1, no. 2 and no. 3 (100's)
	<b>Fasteners</b>
	Barrel bolt brass (50 mm/ 75 mm) w/screws
	L/duty z/c plated butt hinges (4")/ tee hinges (150 mm/100 mm)
	Tylok plate 4T10 72X115 L/Lok/ 8T15 110X235L/LOK
	Strapping 10 Mtr x 1.2 mm L/Lok
	Thru bolt M6.5 X 35/ M6 X 58/ M10 X (48/75/98)mm/ Thru bolt M12 X (58/75/98/129) mm
	Wire nails 40 mm / 75 mm/ 100 mm/ 150 mm J/H or F/H
	Galvanised nails 25 mm/ 40 mm/ 50 mm/ 75 mm/ 100 mm/ 150 mm J/H
	Galv clout nail 20 mm/ 25 mm x 2.8
	Panel pin J/H or F/H 20 mm/ 25 mm
	Concrete nail 25 mm/ 40 mm/ 75 mm/ 100 mm
	Twisted/ plain shank roofing nails
	Roof screw 14x65 type 17 unassembled/ (R/D)
	Night latch/ mortise lock
	Black/ galv binding wire 20G/ 16G
	Silock PVC glue 100 grms
	<b>Louver Frames</b>
	Louvre frame 3 blade s/c / 8 blade d/c
	3/ 8 blade alumn.l/frame w/screws
	Louvre blade (24/30/36)mm x 6 x 5 mm clear
	<b>Paint</b>
	Paint brush maroon handle 25 mm/ 75 mm/ 100 mm
	Paint roller sleeve 9" GP
	Roller handle 9" L/Duty
	Paint tray 230 mm (light type)
	Paint roller kit 9" standard
	APCO no frill high/semi-gloss white 10 Ltr/ 4 Ltr
	No frill HG 4L assorted colours
	Taubmans prokote high/semi-gloss white 4 Ltr/ 10 Ltr
	Prokote HG 4L assorted colours
	Thrift high/ semi-gloss white - 4 LT/ 10 LT
	Thrift flat plastic ( block sealer) - 4 LT/ 10 LT
	Thrift high gloss 4 LT assorted colours
	Thrift pink primer/ white undercoat- 4 LT
	Thrift anti rust (chassis) black/ grey/ red - 1 LT/ 4 LT
	Colourshop HG 4LT assorted colours
	<b>Plumbing</b>
	PVC pressure pipe 15 mm/ 20 mm/ 25 mm/ 40 mm/ 50 mm
	PVC vent cowl 50 mm/ 100 mm waste
	PVC gully trap 100 mm wst
	PVC boss on trap 100x50 mm wst
	PVC p trap 40 mm waste
	PVC s & p trap 40x32/ 50 mm/ 40 mm waste
	PVC waste pipe 32 mm/ 40 mm/ 50 mm/ 100 mm/ 150 mm
	PVC gutter 2.9 mtr
	PVC gutter bracket/ joiner, PVC gutter stop end lh / rh

Description	Specifications
	PVC plain rain head
	PVC gutter external angle/ internal angle
	PVC downpipe junction/ clip/ socket/ bend 95 deg/ 112 deg
	PVC down pipe 80 mm white
	Brass bib/ stop/ hose cock 15 mm
	Brass bib tap/ hose tap 15 mm
	Brass gate valve 15 mm
	Caroma toilet seat black/white
	Caroma toilet pan white p-trap
	Zagros s/s s/bowl 4' sink + grati/ d/bowl 6' sink + grati
	Toilet cistern
	<b>Plywood</b>
	Interior plywood 2100 x 900 x 3 mm/4 mm
	Interior plywood 2400 x 1200 x 3 mm/ 4 mm/ 6 mm/ 9 mm/ 12 mm
	Exterior plywood 2100 x 900 x 3 mm/ 4 mm
	Exterior plywood 2400 x 1200 x 3 mm/ 4 mm/ 6 mm/ 9 mm/ 12 mm
	<b>Roofing</b>
	Ridge cap galvanised/ Zinalume 26G x 6ft
	Flashing galvanised/ Zinalume 6'x 26G
	Roofing iron galvanised/ Zinalume (26 gauge) per feet
	Single sided sesalation 1.250x60m
	Double sided FR aluminium foil insulation
	<b>Timber</b>
	H3 dressed/ rough pine timber of assorted sizes
	Treated pine post of assorted sizes (max 4 m x 125 mm)
	Rough boxing timber of assorted sizes (max 300 mm x 50 mm)
	Treated pine decking/ flooring 100 mm/ 75 mm x 25 mm
	Treated pine weather board 150 mmx 25 mm
	Treated pine lining 100 mm/ 150 mm x 25 mm
	Pine shiplap 100 mm x 25 mm
	Skirting 75 mm x 25 mm
	1/4 and 1/2 round
	<b>Tools</b>
	Firmer chisel 12mm plastic handle
	Brick laying trowel type 200 mm
	Plastering trowel flat 250 x 100 mm
	Tape measure 3m
	Tubuler handle hacksaw frame 300 mm/ hacksaw blade
	Claw hammer wooden handle 27 mm
	Alumn (yellow) level 24"
	Trowel plasterer w/h 280 x 115 mm
	Hacksaw tubular 300 mm aluminium frame
	Handsaw cushion grip tri cut 22"x 10p
	300mm comb square
	Hand saw 650 mm

Source: Information provided by the Fijian authorities.