

**PRESENTATION TO THE SYMPOSIUM ON FOOD  
SECURITY AND EXPORT-LED GROWTH  
FOR RESOURCE-BASED SECTORS**

**OVERVIEW OF THE ECONOMY VIS-À-VIS  
AGRICULTURE AND EXPORT MARKETS**



**Mr. Sada Reddy**

**Governor**

**Reserve Bank of Fiji**



# OUTLINE

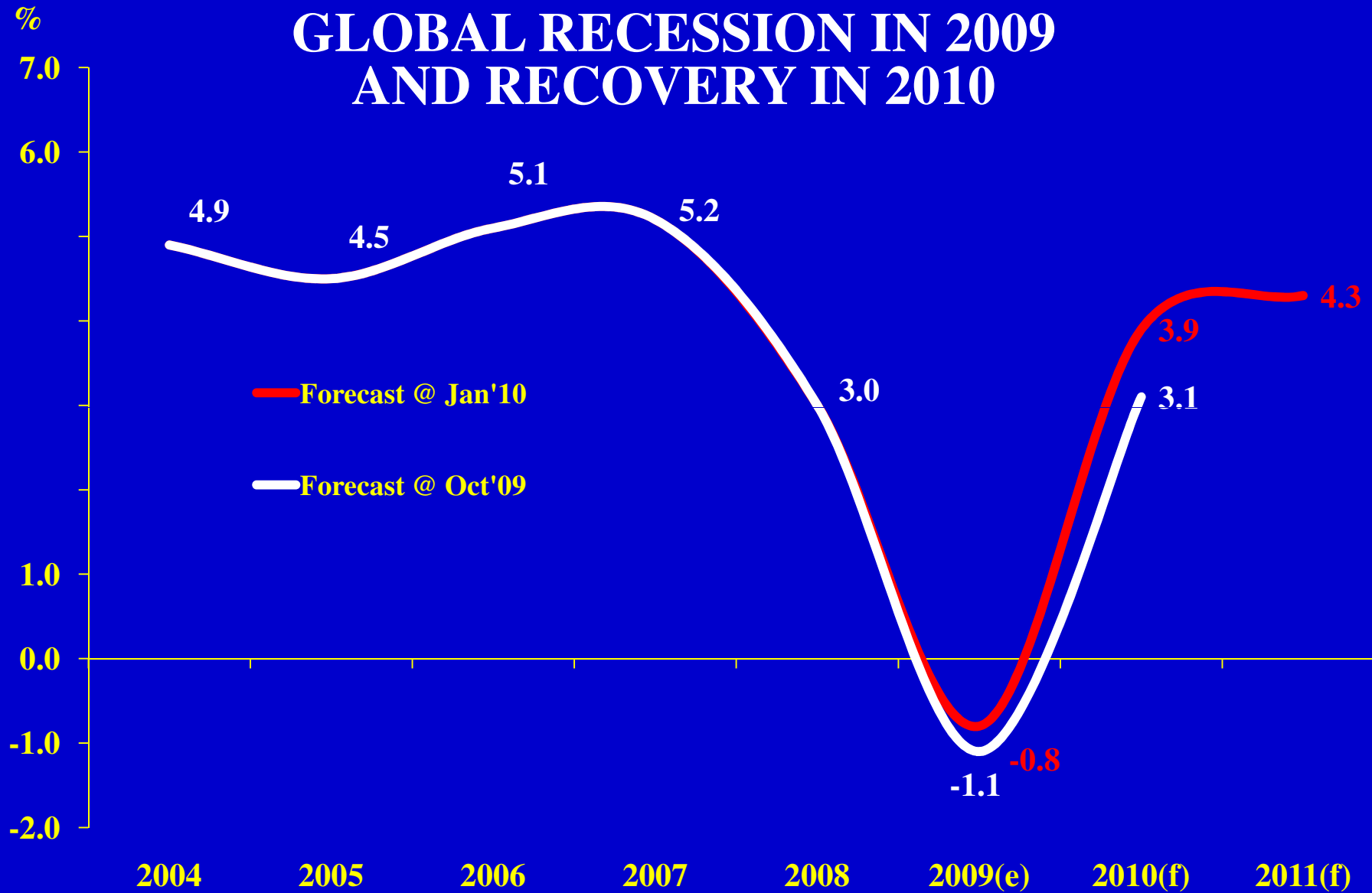
- **GLOBAL ECONOMIC OUTLOOK**
- **DOMESTIC ECONOMY: PERFORMANCE & OUTLOOK**
- **FIJI'S MAJOR MACROECONOMIC CHALLENGE**
- **PERFORMANCE OF AGRICULTURE, FORESTRY & FISHERIES SECTORS**
- **DEMAND & SUPPLY OF SELECTED FOOD PRODUCTS IN FIJI**
- **MEDIUM TERM TARGETS FOR RAISING EXPORTS AND REDUCING IMPORTS IN AGRICULTURE, FORESTRY & FISHERIES SECTORS**
- **CONCLUDING REMARKS**



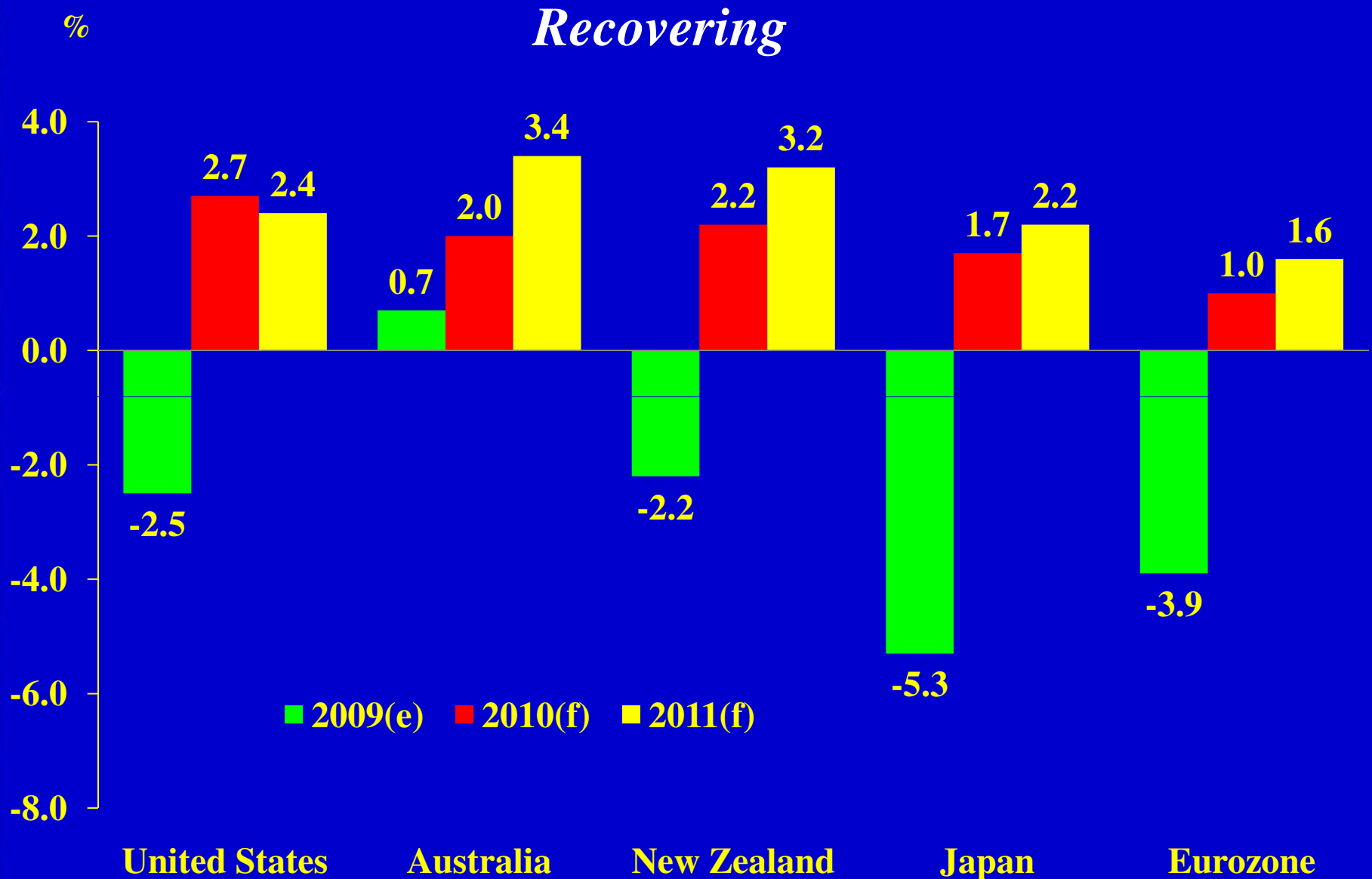
# GLOBAL ECONOMIC OUTLOOK

# WORLD GDP GROWTH

## GLOBAL RECESSION IN 2009 AND RECOVERY IN 2010

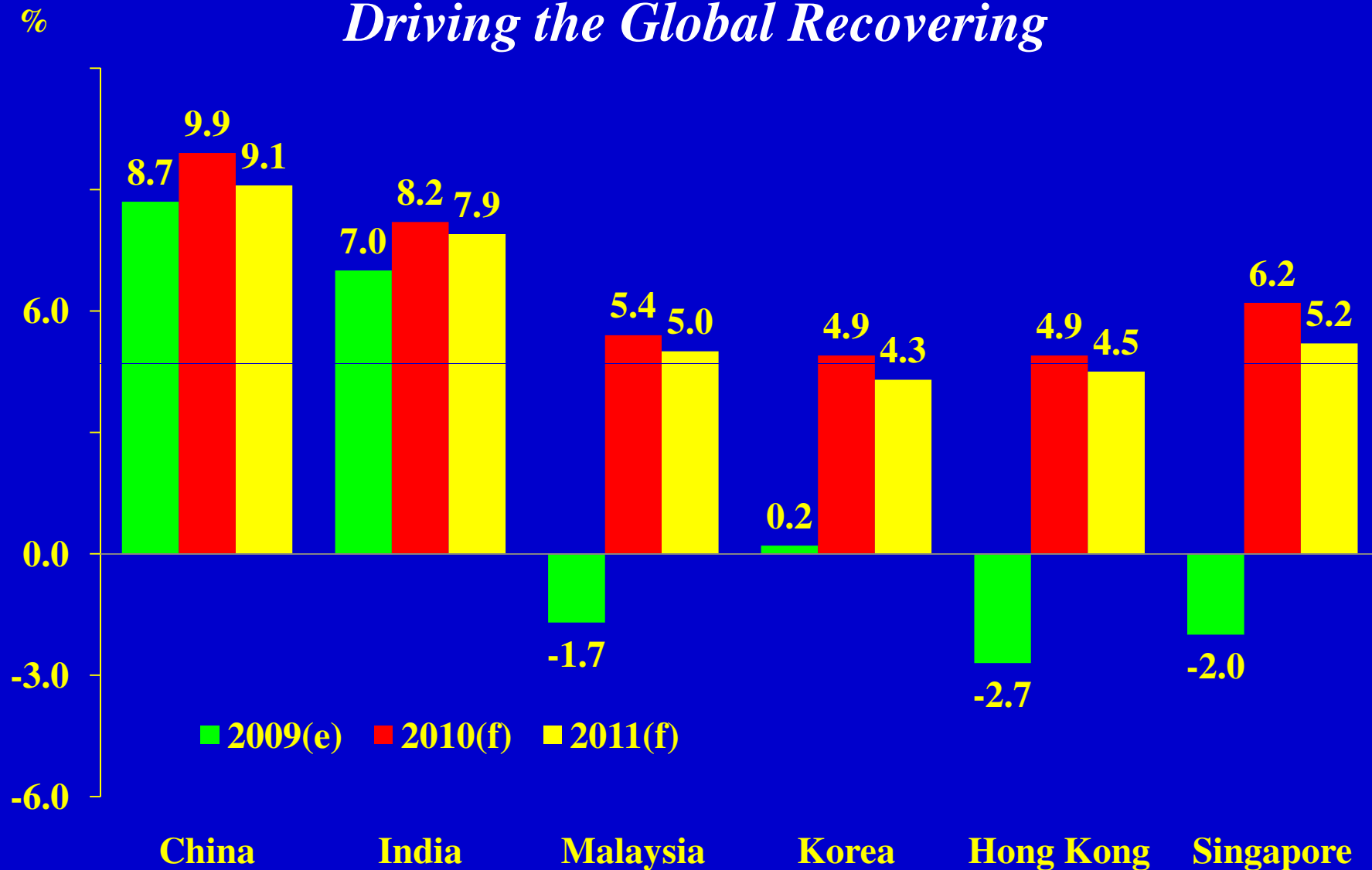


# TRADING PARTNERS' OUTLOOK



# SELECTED EMERGING ECONOMIES

## *Driving the Global Recovering*



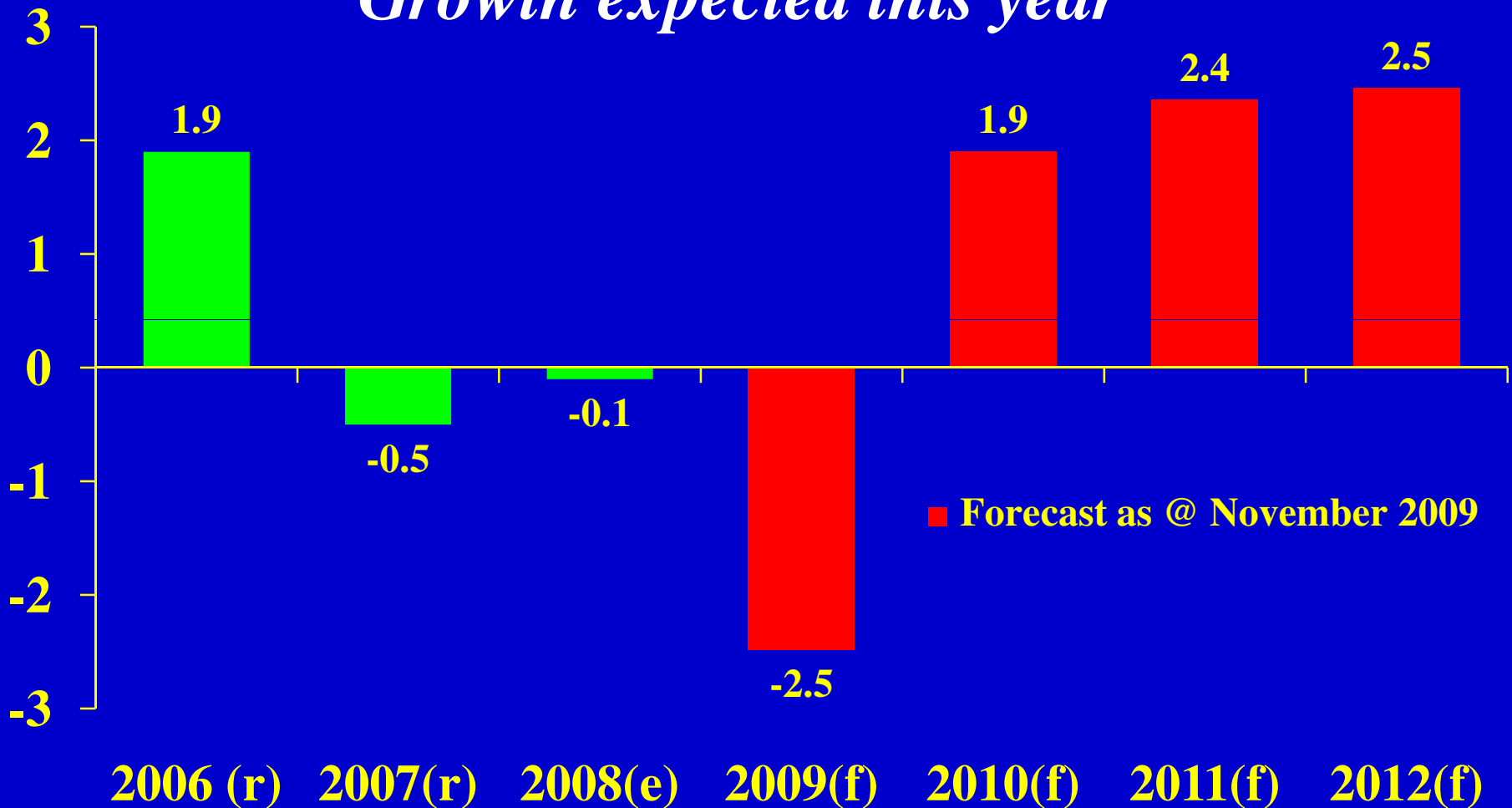


# **DOMESTIC ECONOMY: PERFORMANCE & OUTLOOK**

# GDP GROWTH 2006-2012

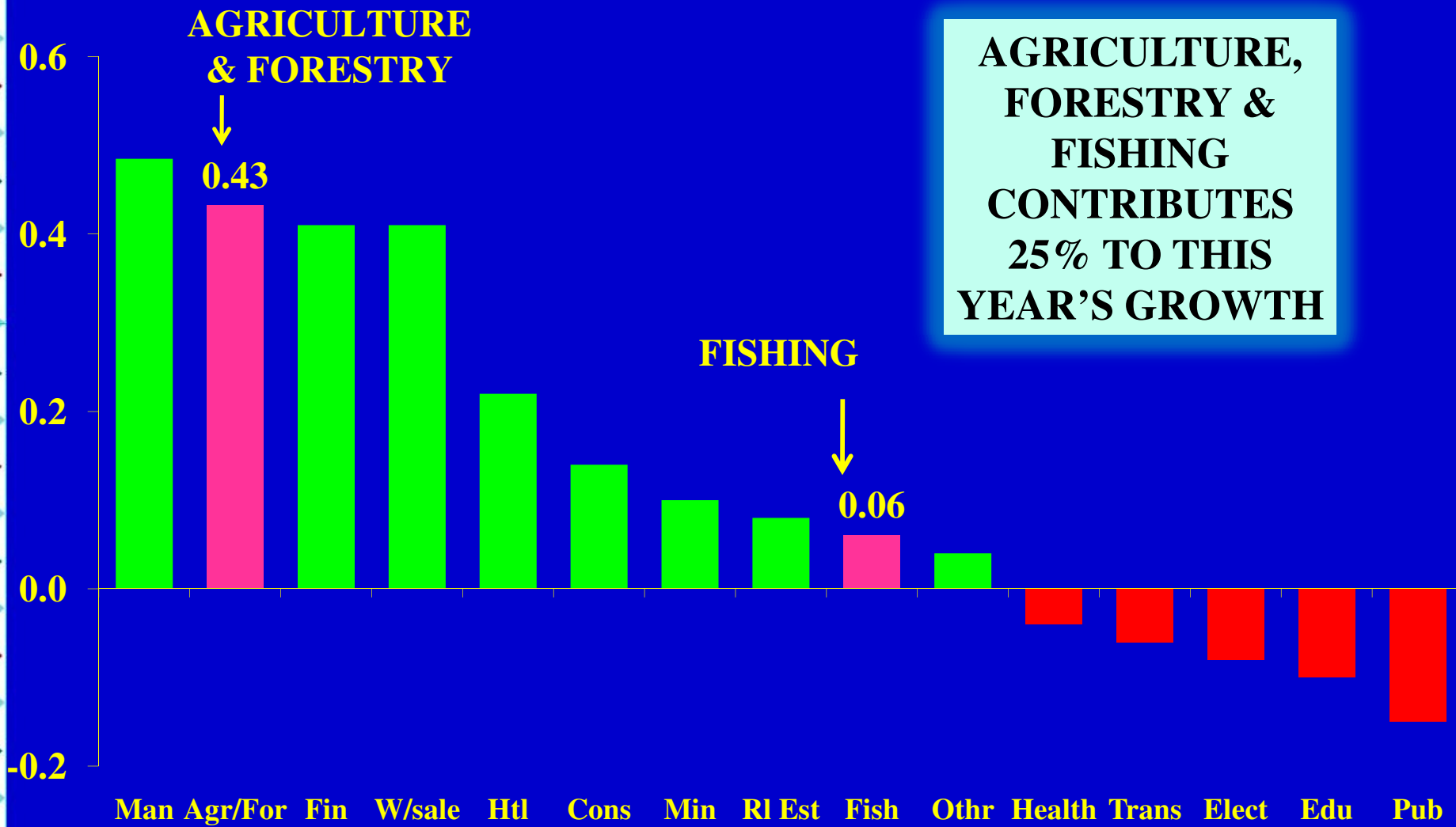
Percentage points

*Growth expected this year*



# 2010: CONTRIBUTION TO 1.9% GROWTH

Percentage points



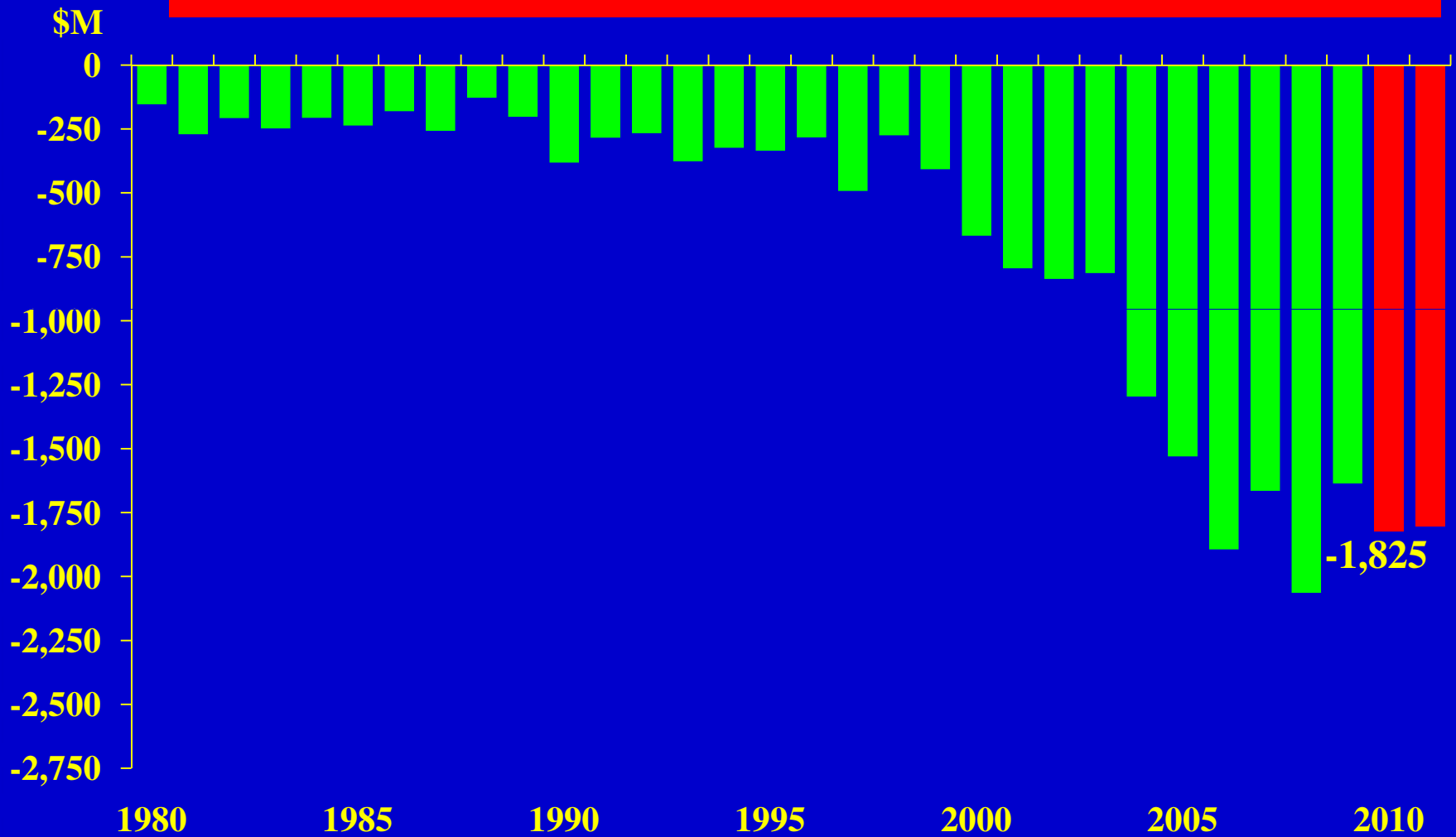


# **FIJI'S MAJOR MACROECONOMIC CHALLENGE**

# TRADE BALANCE

## \$2 BILLION DEFICIT

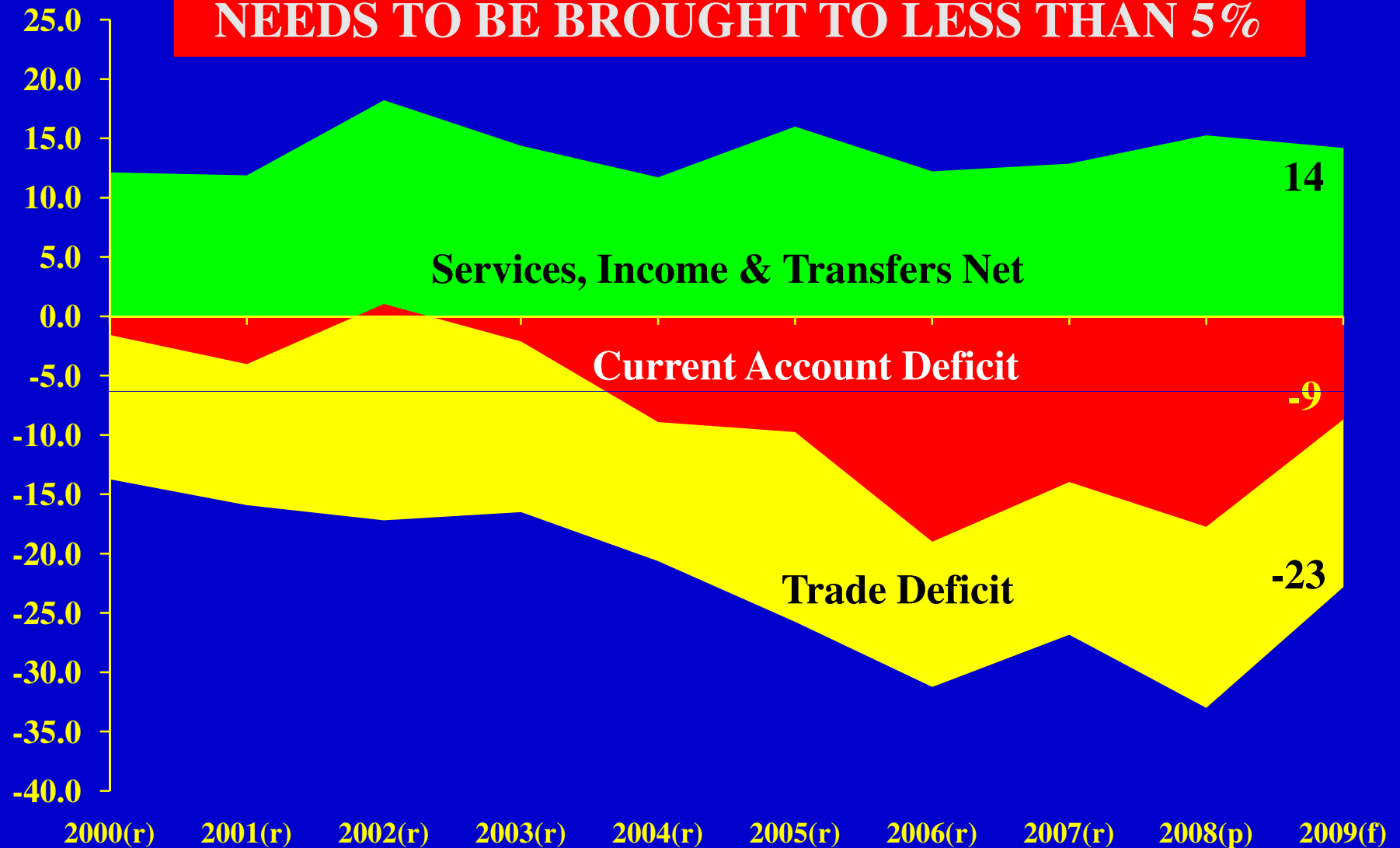
UNSUSTAINABLE AT CURRENT LEVELS



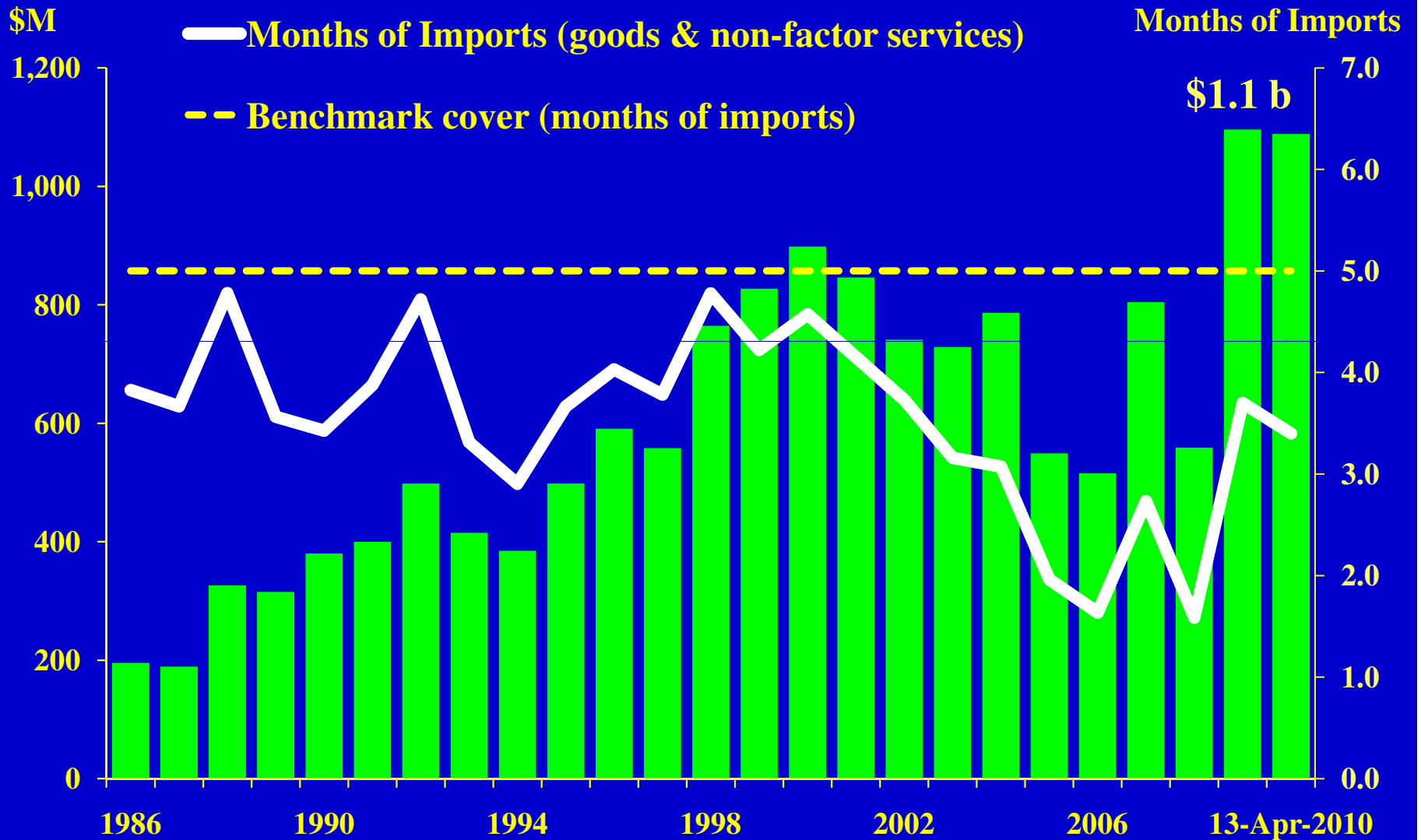
# CURRENT ACCOUNT

% of GDP

**NEEDS TO BE BROUGHT TO LESS THAN 5%**



# FOREIGN EXCHANGE RESERVES



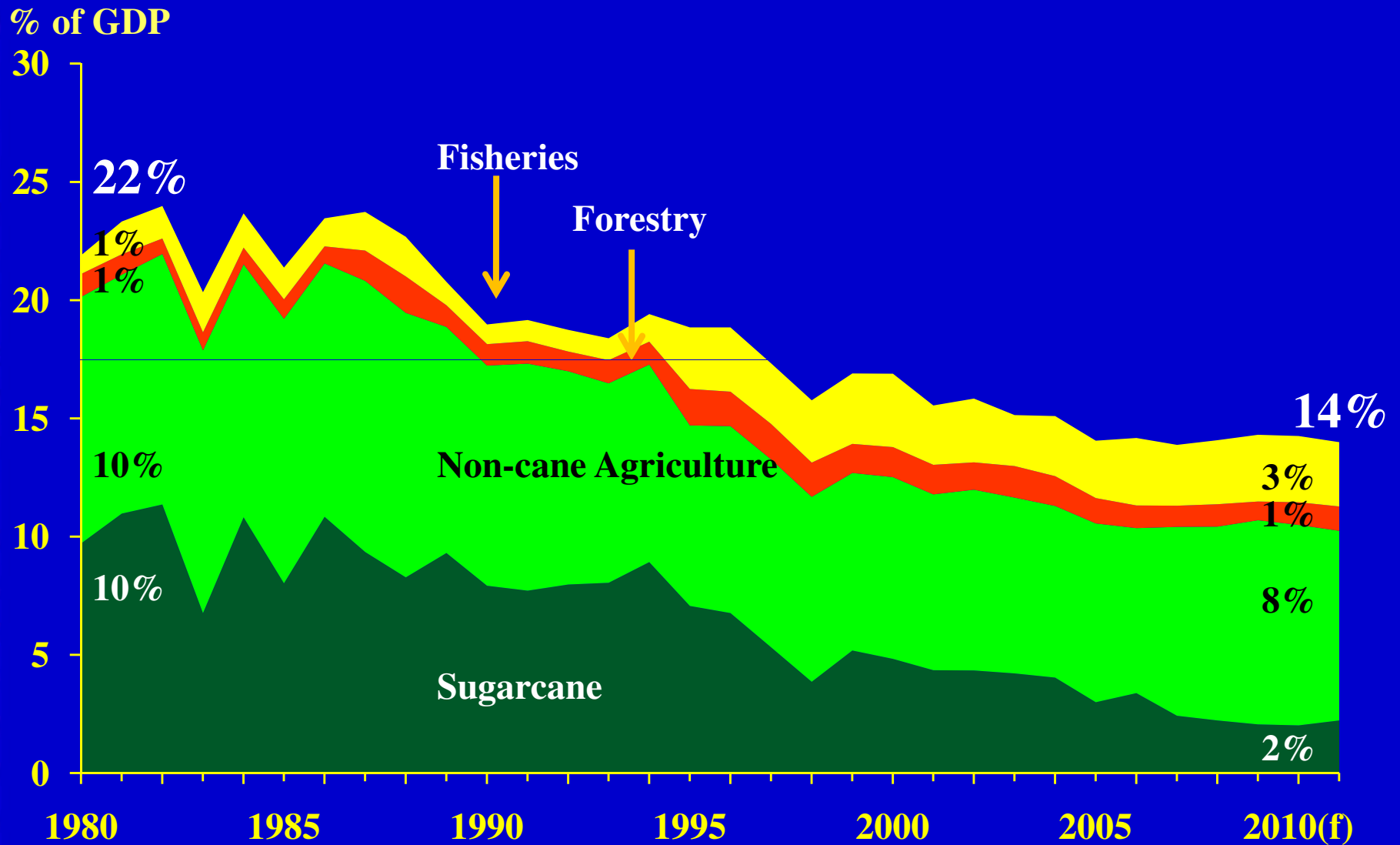
# FIJI'S MAJOR MACROECONOMIC CHALLENGE

- **THE NEED TO IMPROVE TRADE BALANCE**
- **IT IS EXTREMELY IMPORTANT THAT THE CURRENT ACCOUNT DEFICIT OF BOP IS BROUGHT DOWN FROM 9% TO BELOW 5% IN NEXT 3 YEARS**
- **IF THIS IS NOT DONE, THEN THE ECONOMY CANNOT GROW TO THE TARGET OF 5%**



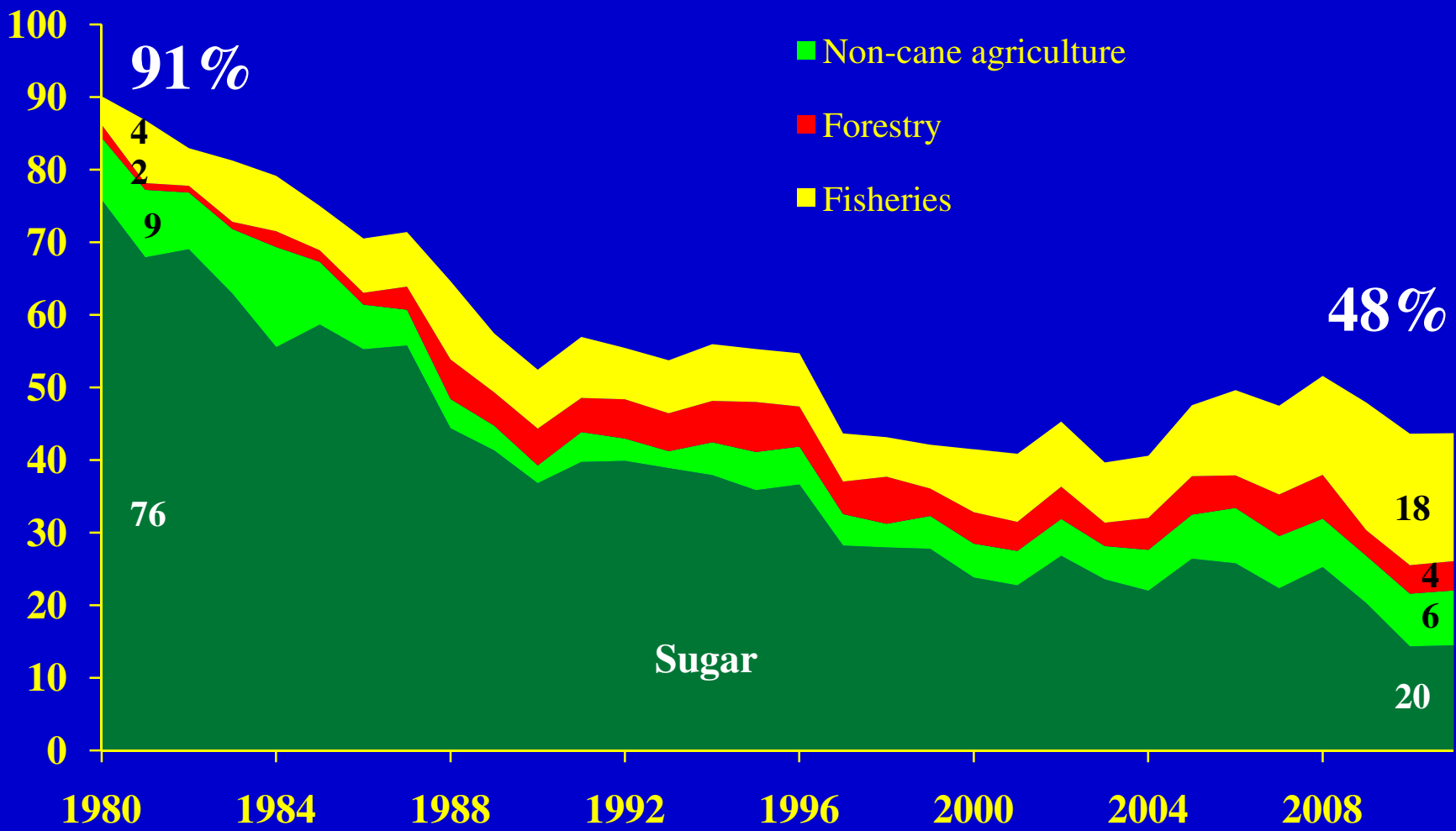
# **PERFORMANCE OF THE AGRICULTURE, FORESTRY & FISHERIES SECTORS**

# AGRICULTURE, FORESTRY & FISHERIES (% of GDP)



# AGRICULTURE, FORESTRY & FISHING (% of DOMESTIC EXPORTS)

% of Domestic Exports



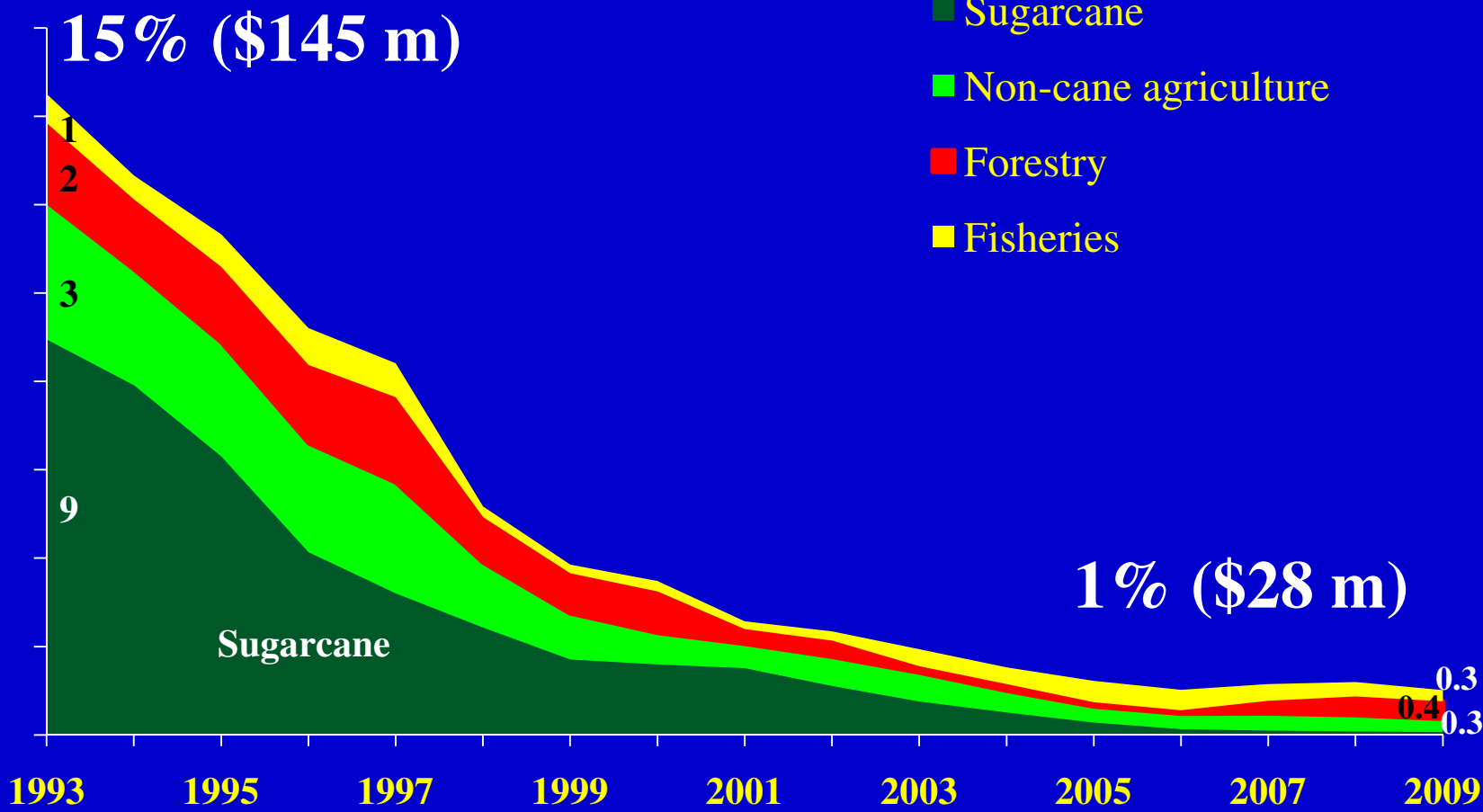
# COMMERCIAL BANKS LENDING FOR AGRICULTURE, FORESTRY & FISHERIES (% of TOTAL LENDING)

% of total lending

16.0  
14.0  
12.0  
10.0  
8.0  
6.0  
4.0  
2.0  
-

**15% (\$145 m)**

- Sugarcane
- Non-cane agriculture
- Forestry
- Fisheries



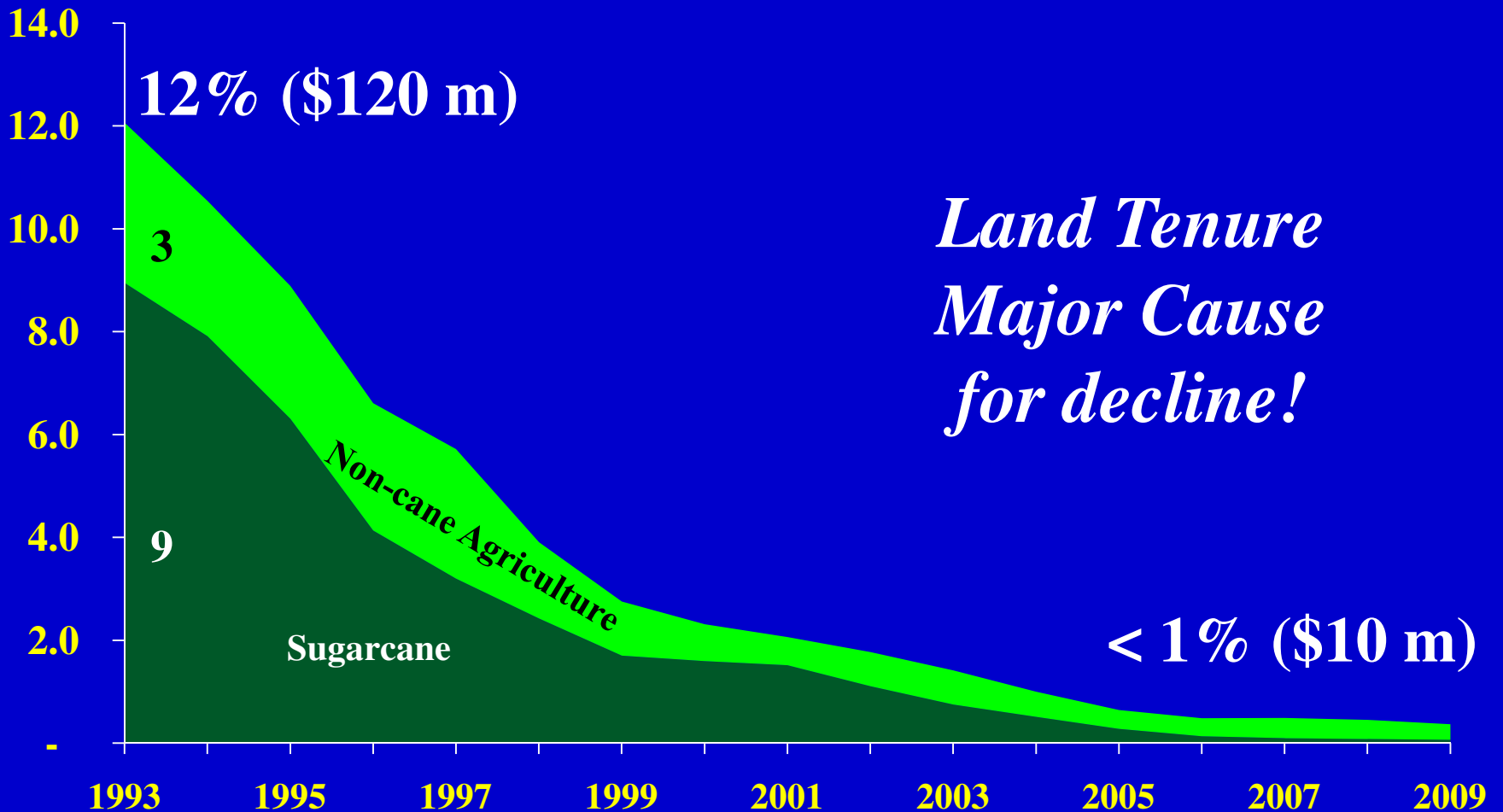
**1% (\$28 m)**

Sugarcane

0.3  
0.4  
0.3

# COMMERCIAL BANKS LENDING FOR AGRICULTURE

% of total lending



*Land Tenure  
Major Cause  
for decline!*

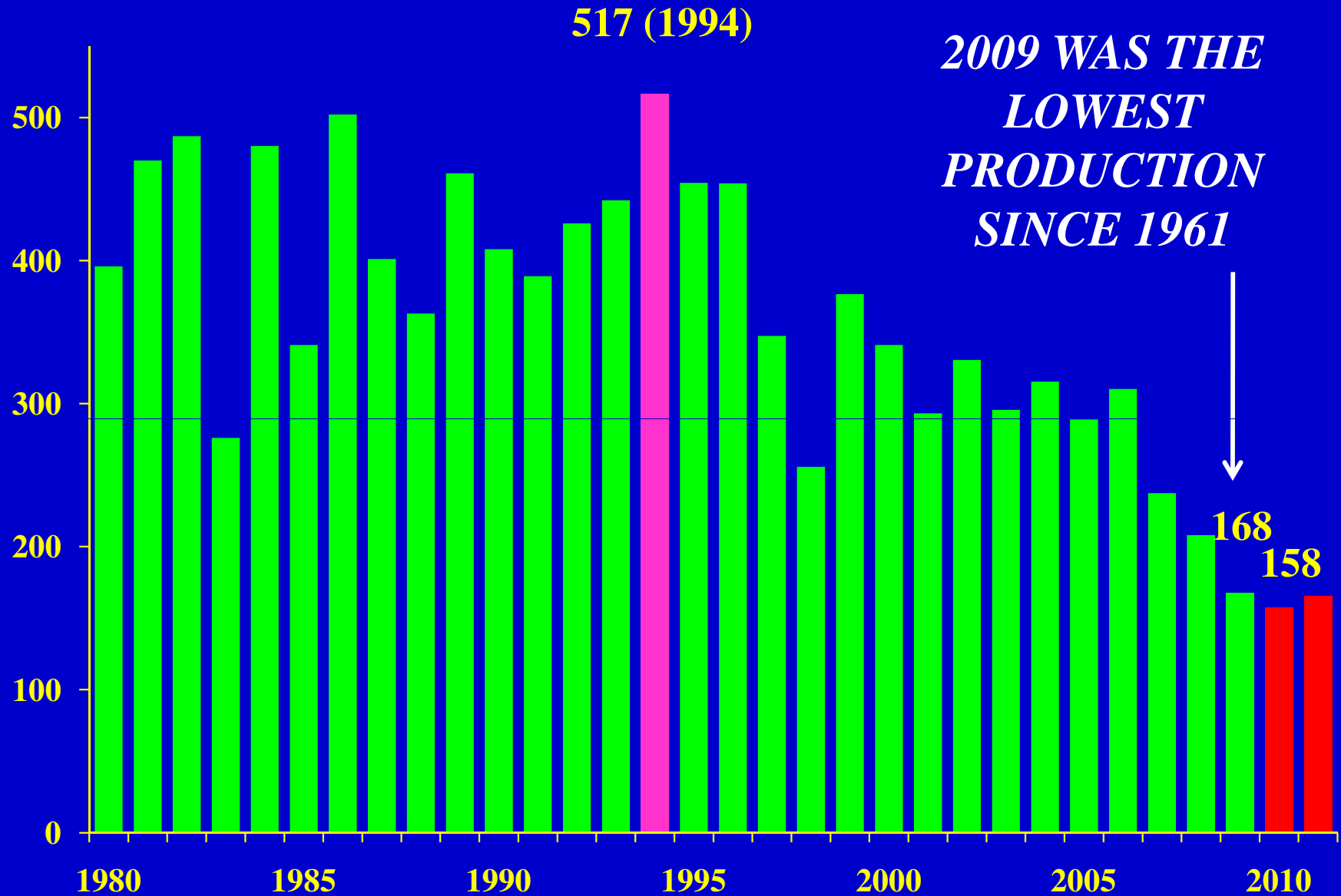
**< 1% (\$10 m)**



# **SECTORAL PERFORMANCE SINCE 1980's**

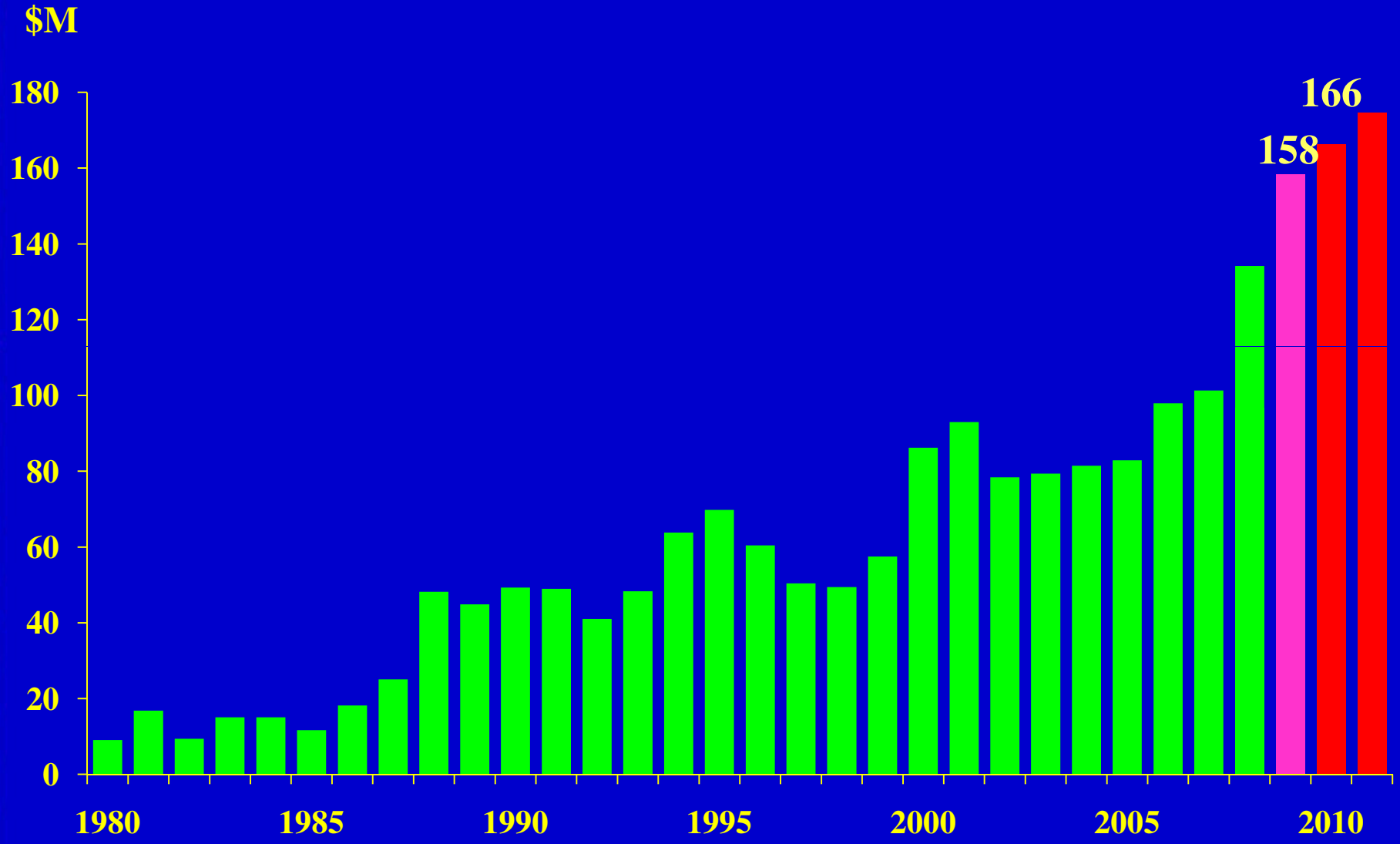
# SUGAR PRODUCTION

'000 Tonnes





# FISH EXPORTS





# YAQONA EXPORTS

\$M

8

6

4

2

0

1991

1993

1995

1997

1999

2001

2003

2005

2007

6

5

Reserve Bank of Fiji

Sources: Fiji Island Bureau of Statistics and Macroeconomic Committee



# GINGER EXPORTS

\$M

10

8

6

4

2

0

2000

2001

2002

2003

2004

2005

2006

2007

2008

8

6

Reserve Bank of Fiji

Sources: Fiji Islands Bureau of Statistics & the Ministry of Agriculture

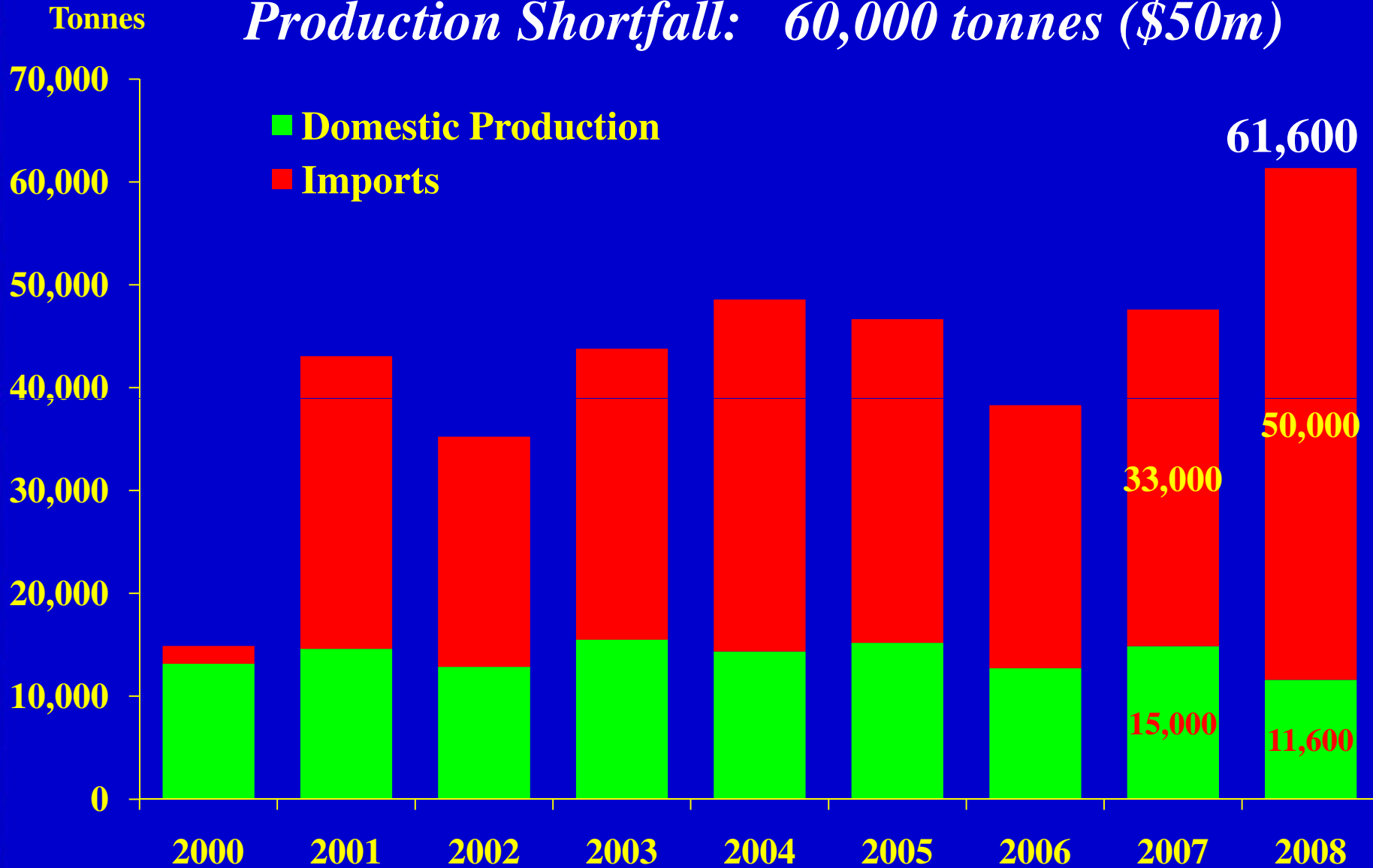




# **DEMAND & SUPPLY OF SELECTED FOOD PRODUCTS IN FIJI**

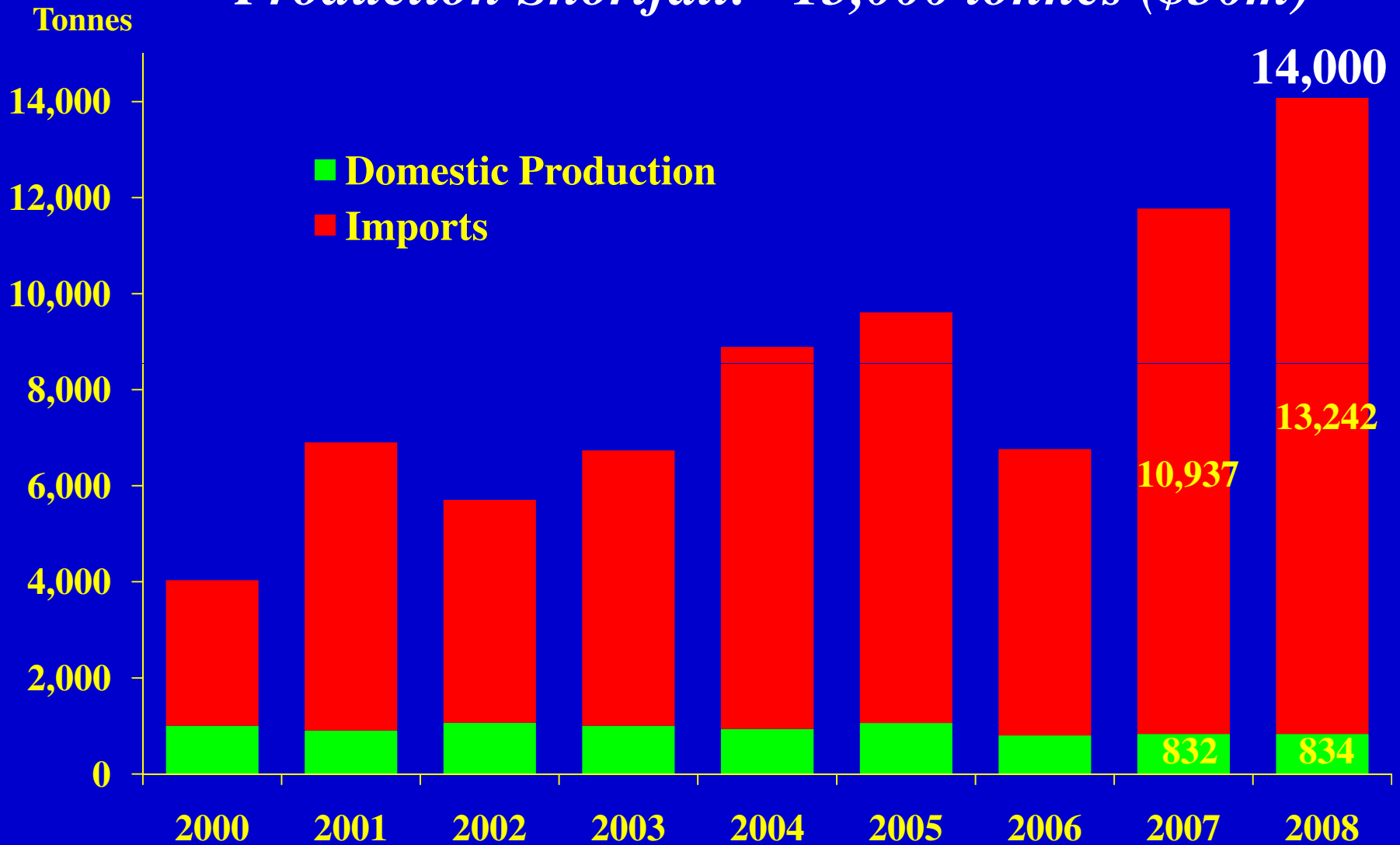
# RICE DEMAND

*Production Shortfall: 60,000 tonnes (\$50m)*



# DAIRY PRODUCTS DEMAND

*Production Shortfall: 15,000 tonnes (\$50m)*

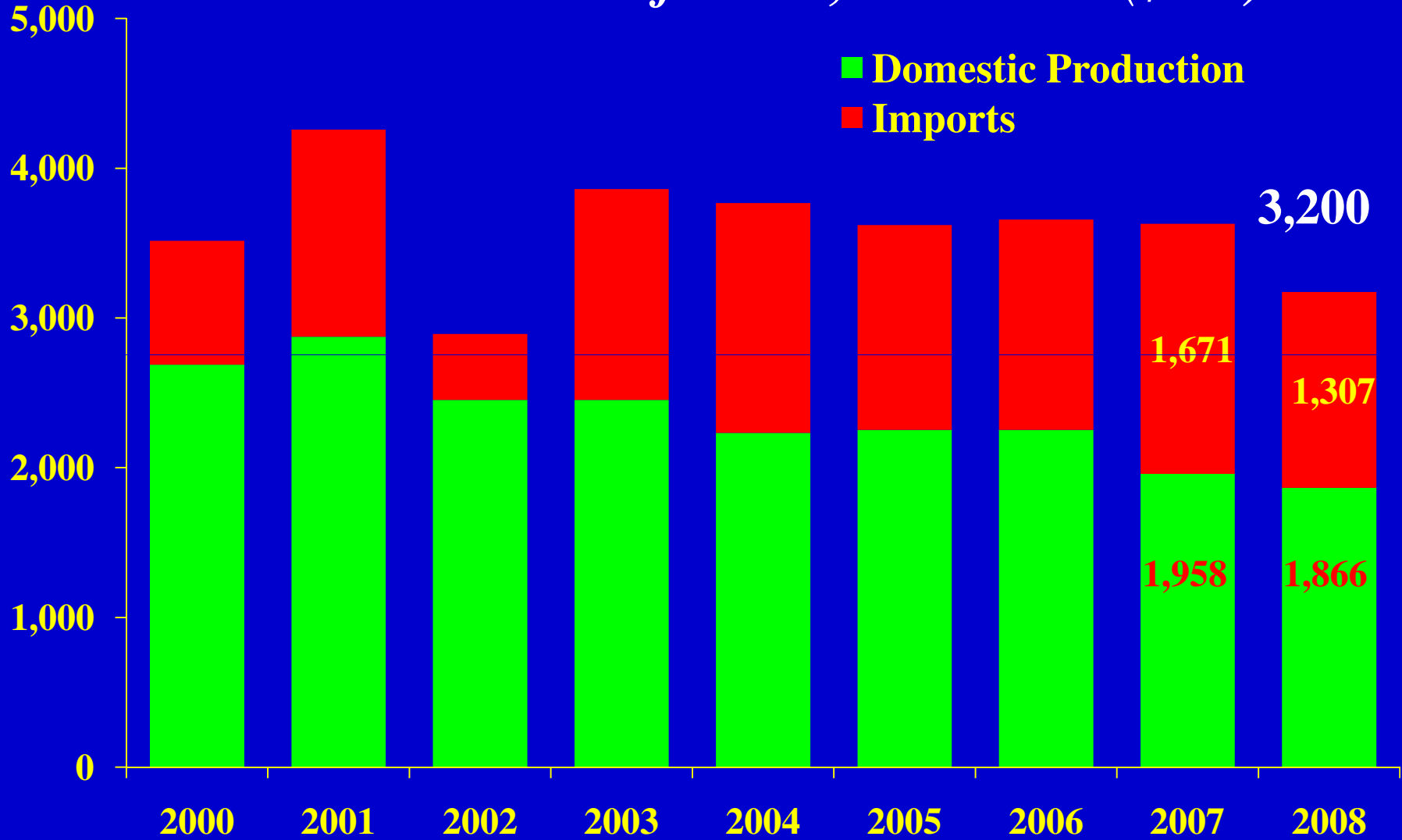


# BEEF DEMAND

Tonnes

*Production Shortfall: 1,600 tonnes (\$6m)*

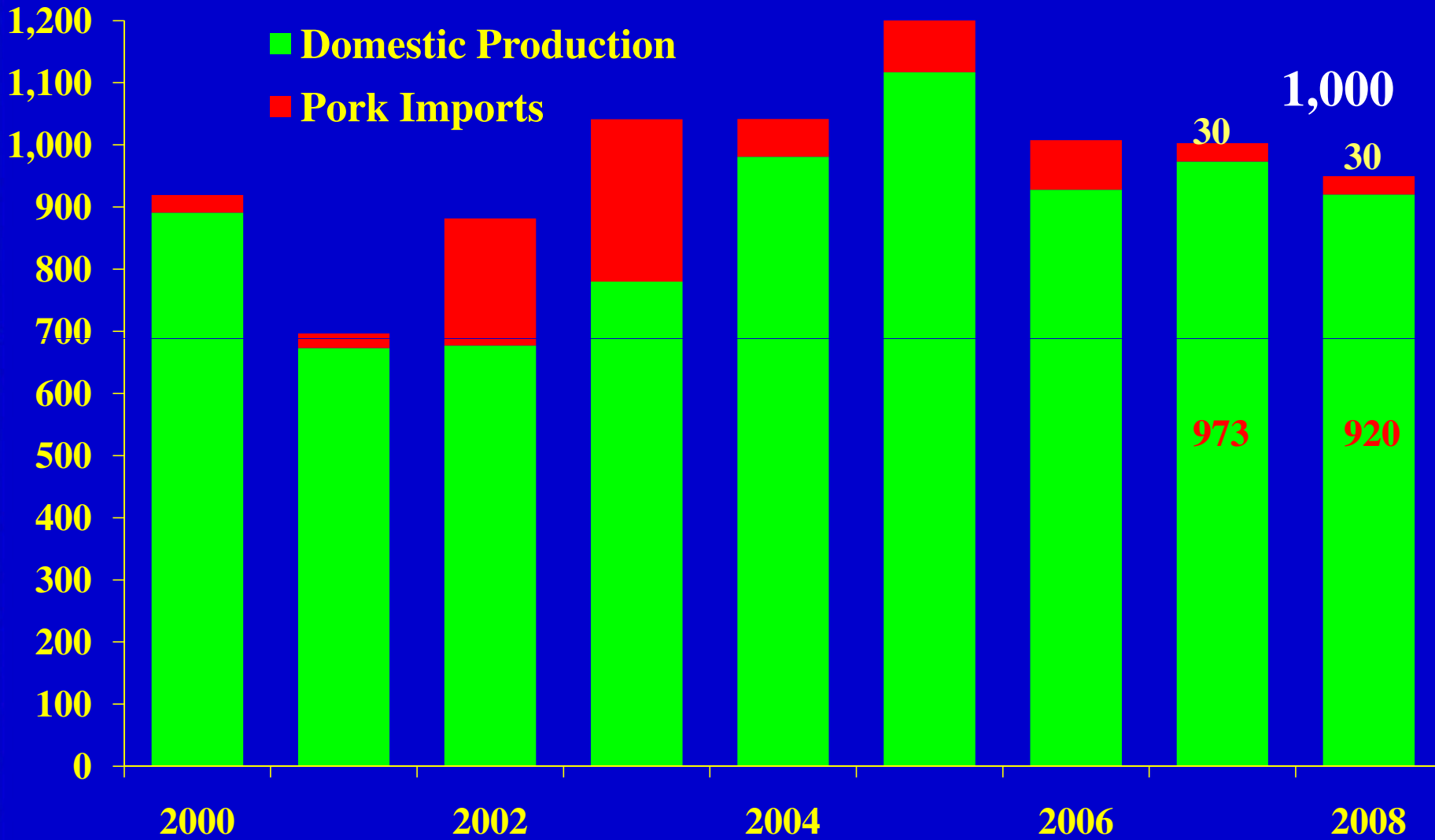
■ Domestic Production  
■ Imports



# PORK DEMAND

*Production Shortfall: 50 tonnes (\$0.4m)*

Tonnes



# LAMB DEMAND

*Shortfall: 5,000 tonnes (\$20m)*

*Local Production  $\approx$  1% of total demand*

Tonnes

8,000

7,000

6,000

5,000

4,000

3,000

2,000

1,000

0

2000

2001

2002

2003

2004

2005

2006

2007

2008

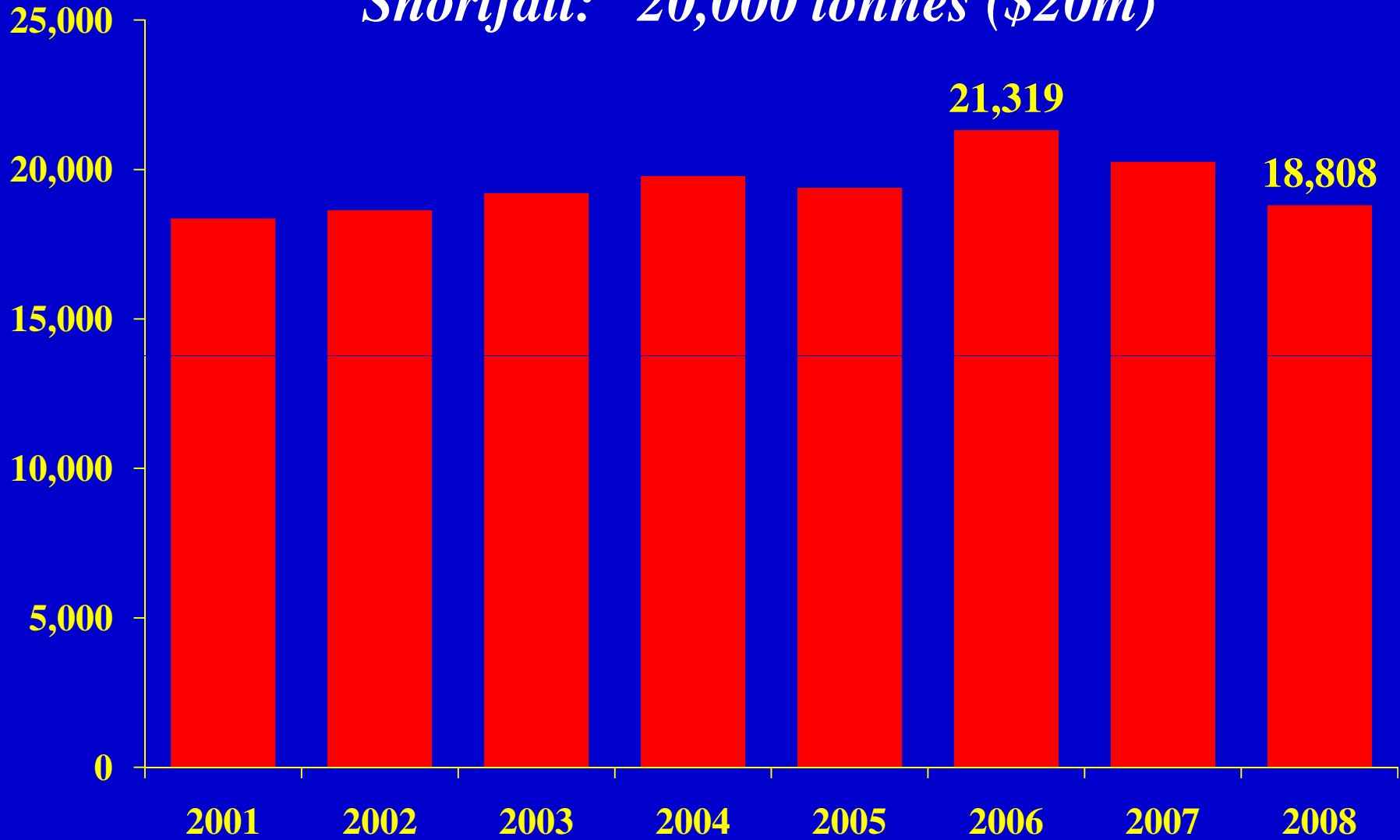
6,530

2,458

# POTATOES DEMAND

Tonnes

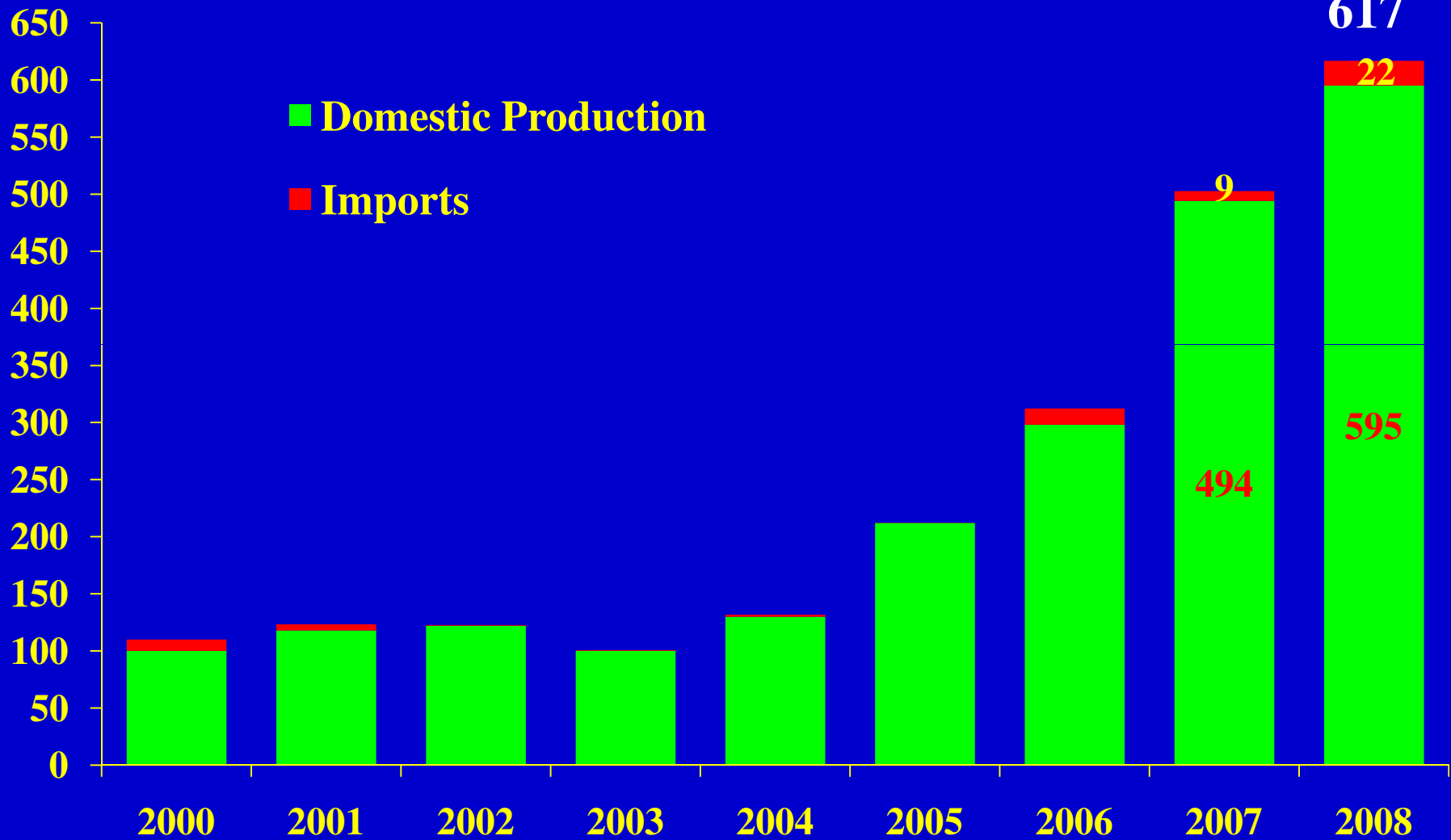
*Shortfall: 20,000 tonnes (\$20m)*



# HONEY DEMAND

*Shortfall: 25 tonnes (\$160k)*

Tonnes



# OTHER IMPORTS (2008)

2008 Imports	Qty (Tonnes)	Value
Tomatoes	163	\$0.5m
Cucumber	5.3	\$0.6m
Mangoes, Guavas & Watermelons	138	\$0.6m
Oranges, Lemon & Lime	465	\$0.8m
Lettuce, Cabbage & Cauliflower	516	\$1.5m
Carrots	2,308	\$2.1m
Garlic & Onions	9,300	\$7.8m
<b>Total</b>		<b>\$14.0m</b>



**MEDIUM TERM TARGETS  
FOR RAISING EXPORTS &  
REDUCING IMPORTS IN  
THE AGRICULTURE,  
FORESTRY & FISHERIES  
SECTORS**

# EXPORT POTENTIAL (BY 2012)

COMMODITY	CURRENT PRODUCTION	TARGET	EXPORT VALUE
SUGAR (TONNES)	168,000	500,000	\$470m
TIMBER (m <sup>3</sup> )	361,000	600,000	\$170m
FISH (TONNES)	13,000	30,000	\$200m
YAQONA (TONNES)	3,000	6,000	\$10m
DALO (TONNES)	71,000	100,000	\$25m
GINGER (TONNES)	2,800	6,000	\$20m
PAWPAW (TONNES)	7,000	10,000	\$3m
OTHER FRUITS & VEGETABLES (TONNES)	5,000	12,000	\$20m
			<b>\$920M</b>

**\$500M**  
**ADDITIONAL**  
**FOREIGN**  
**EXCHANGE**  
**EARNINGS**

# **IMPORT REDUCTION POTENTIAL (BY 2012)**

<b>COMMODITY</b>	<b>Qty</b>	<b>Value</b>
<b>POTATOES</b>	<b>18,000 tons</b>	<b>\$16m</b>
<b>BEEF</b>	<b>2000 tons</b>	<b>\$7m</b>
<b>RICE</b>	<b>42,000 tons</b>	<b>\$35m</b>
<b>DAIRY</b>	<b>12,000 tons</b>	<b>\$50m</b>
<b>LAMB</b>	<b>6,000 tons</b>	<b>\$18m</b>
<b>HONEY</b>	<b>25 tons</b>	<b>\$160k</b>
<b>Total</b>		<b>\$126m</b>



# CONCLUDING REMARKS

# SUMMARY

- **SHARE OF AGRICULTURE IN FIJI'S ECONOMY HAS DECLINED**
- **CONTRIBUTION OF FORESTRY SECTOR HAS REMAINED STABLE, BUT LOW – NEEDS TO BE STRENGTHENED**
- **SIGNIFICANT IMPROVEMENT HAS BEEN NOTED IN THE CONTRIBUTION OF THE FISHERIES SECTOR, BUT A LOT MORE CAN BE DONE**

# SUMMARY

- **ISSUES TO ADDRESS TO BOOST PRODUCTION AND EXPORTS OF AGRICULTURE, FORESTRY & FISHERIES SECTOR:**
  - **NEED TO DEVELOP LONG TERM STRATEGY FOR AGRICULTURE**
  - **LAND AVAILABILITY**
  - **MORE INVESTMENT IN INFRASTRUCTURE**
  - **EXPLORE JOINT VENTURES WITH SUCCESSFUL FOREIGN COMPANIES**
  - **LARGE SCALE COMMERCIAL FARMING**
  - **CONTRACTED GROWERS (EG. SOUTHERN DEVELOPMENT CO & CENTRAL MANUFACTURING - NOW BRITISH AMERICAN TOBACCO)**
  - **IMPROVE PRODUCTIVITY**
    - **IMPROVE EXTENSION SERVICES**
    - **INCREASE TRAINING**
    - **INVEST IN RESEARCH & DEVELOPMENT**
    - **AVAILABILITY OF SEEDS**
  - **MARKETING AND BRANDING**

# **MERITS IN STRENGTHENING FIJI'S AGRICULTURAL SECTOR**

- **DIRECTLY SUPPORTS HIGHER GROWTH OUTCOMES**
- **WILL BOOST EXPORTS & REDUCE IMPORTS**
- **ENSURES FOOD SECURITY**
- **INCREASES RURAL SECTOR INCOMES**
- **REDUCES UNEMPLOYMENT, URBAN DRIFT & POVERTY**
- **SUPPORTS FIJI'S BOP**



**THANK YOU**

