

Fiji Economy: Challenges and Path to Recovery

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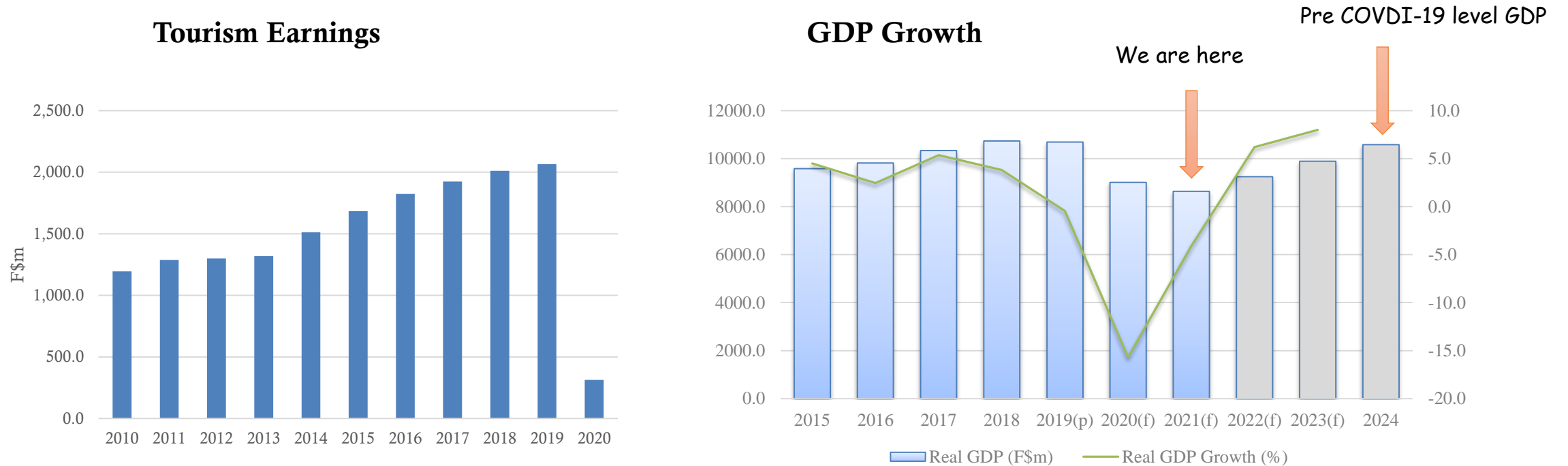
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Outline of the Presentation

- State of the Economy
- 2021/2022 Budget
- Missed Opportunities
- Path to Macroeconomic Recovery
- Challenges for Macroeconomic Recovery
- Concluding Remarks

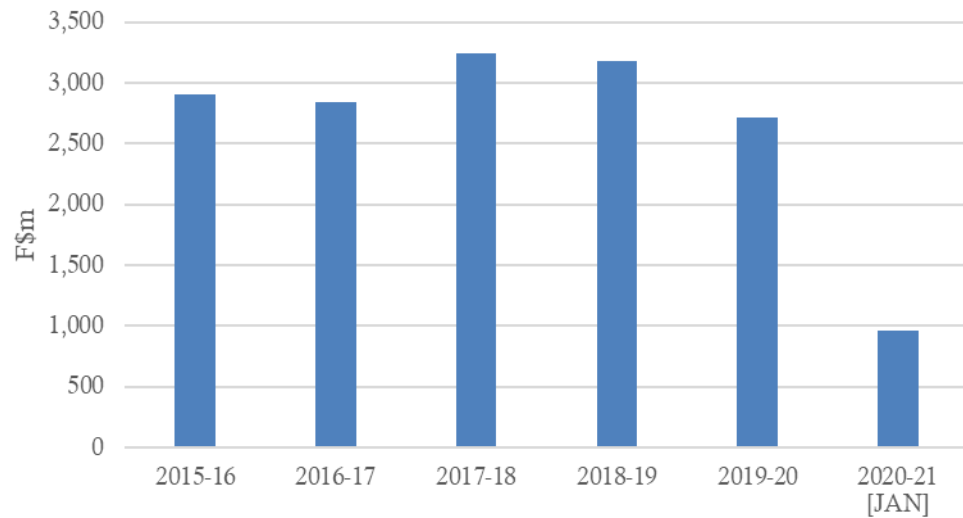
1. State of the Economy



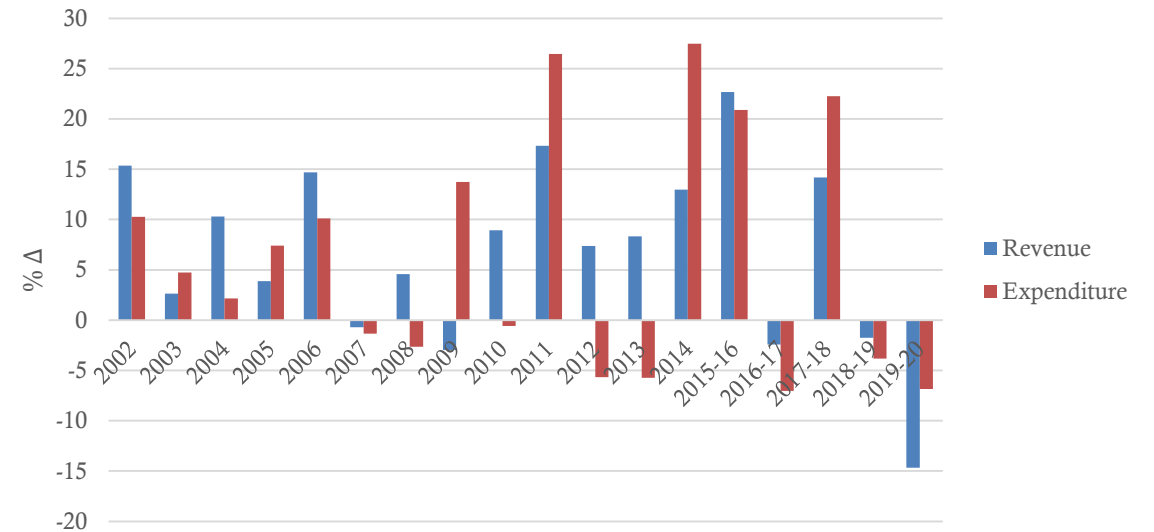
Source: Fiji Bureau of Statistics (2021); Economic and Fiscal Update: Supplement to the 2021-2022 Budget Address (2021)

1. State of the Economy

Government Revenue



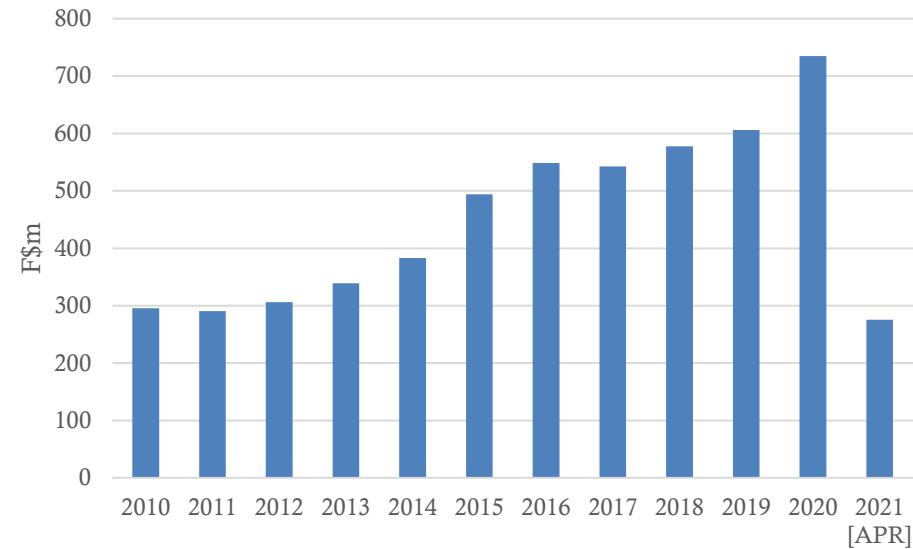
% Δ in Government Revenue and Expenditure



Source: Fiji Bureau of Statistics

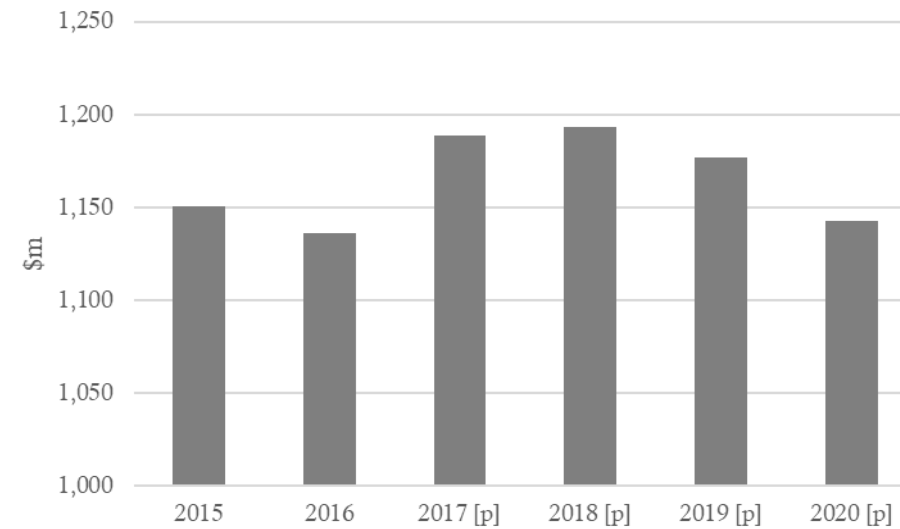
1. State of the Economy

Personal Remittances



Source: Fiji Bureau of Statistics

Domestic Exports



Source: Fiji Bureau of Statistics

2. 2021/2022 National Budget

- Assumptions:
 - Budgetary support from abroad (very important)
 - Revival of tourism and opening of borders (How likely ?)
 - Asset sales (What does the past indicate and how it is used?)
 - Fiscal discipline (What does the past indicate?)
- Are we being realistic ?

2. 2021/2022 National Budget

- Notable allocations in Health Expenditure and Security.
- What does the recent budget mean for the poor and vulnerable ?
- Does 2021/2022 budget address existing challenges for the business sector?
- Shortage and high cost of raw materials, lower local and international demand. See statistical release on FIBOS website (COVID-19 Business Impact in Fiji).

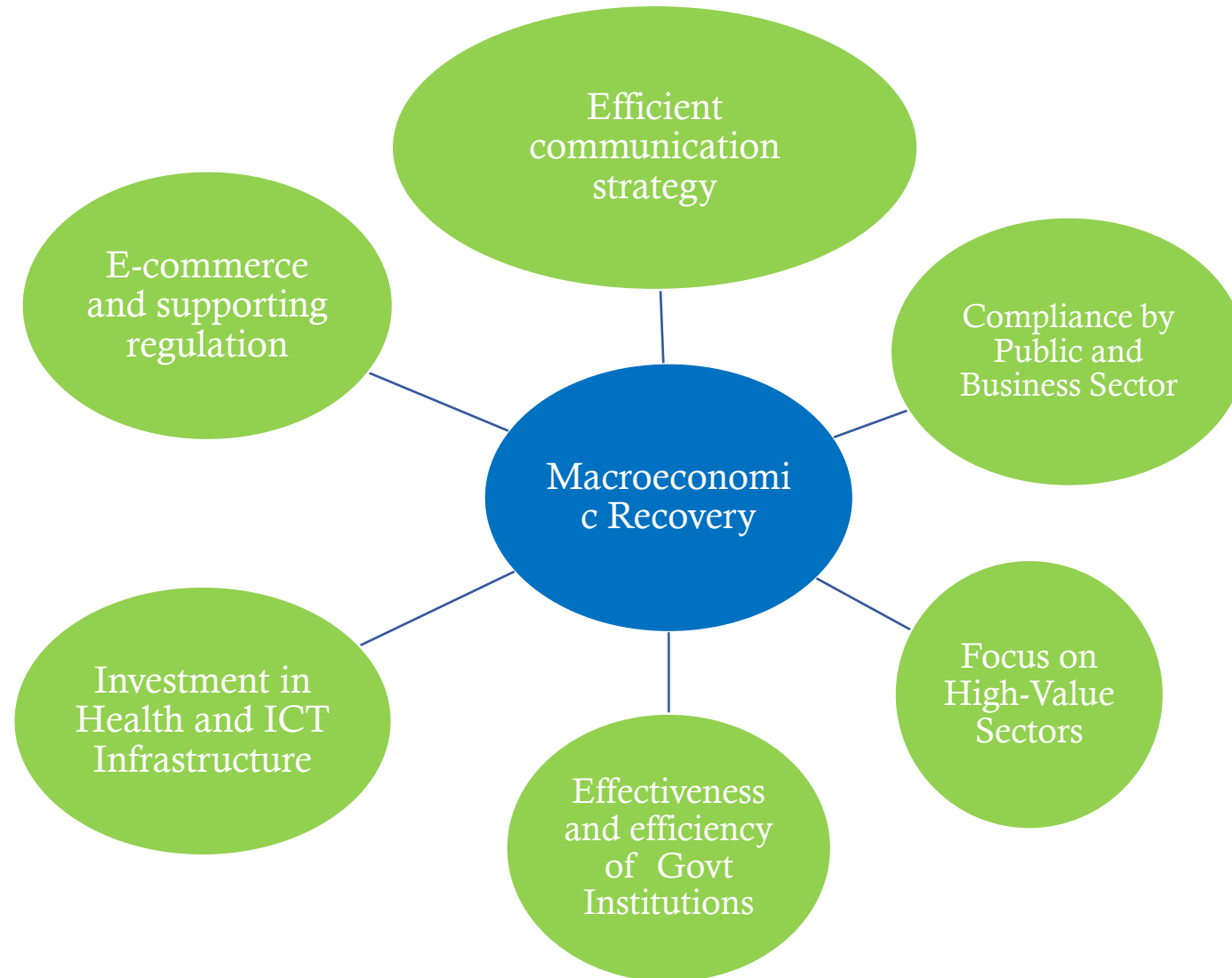
3. Missed opportunities

- Unconditional social protection will support economic recovery.
 - Tax payers expect unconditional social support.
 - Job losses vs Unemployment assistance.
- Private sector needs to play a role and provide incentives for employees to get vaccinated.
- Reform of Government Statutory Bodies.

4. Path to Macroeconomic Recovery

- Current economic crisis is essentially due to a health crisis leading to significant uncertainty regarding :
 - ✓ spending, investment and labor market conditions.
 - ✓ international economic conditions and opening of international borders.
- Major challenge is to address uncertainty and restore confidence
 - ✓ efficient flow of relevant and correct information.
 - ✓ transparency.
- Cash-handouts are important but not sufficient to support economy recovery. More transparent and targeted approach to assist the poor and vulnerable.
- Need for development partners to work with civil society organizations.

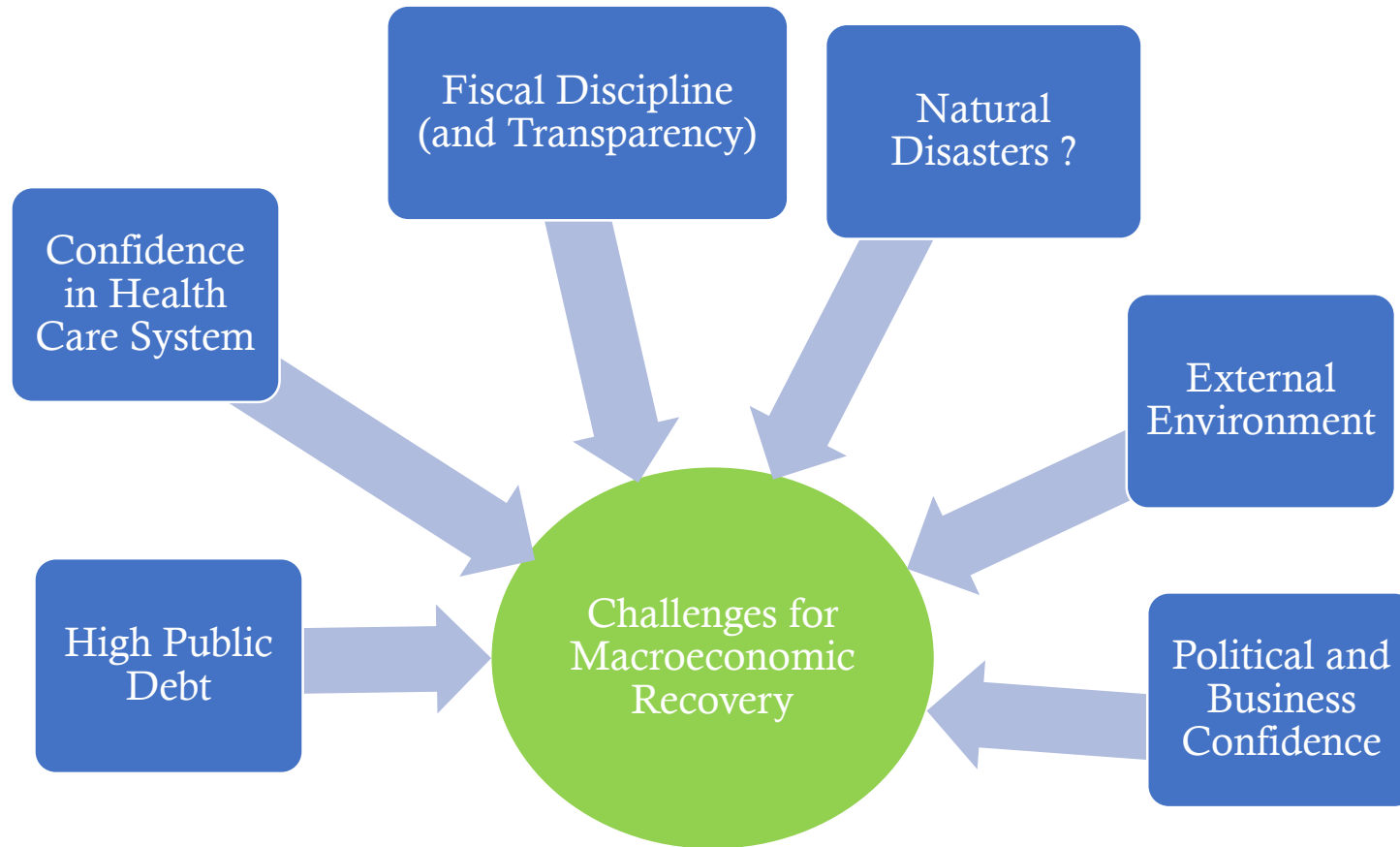
5. Macroeconomic Recovery in Fiji



5. Macroeconomic Recovery in Fiji

- Macroeconomic recovery in Fiji over the next few years at best will be conditional.
- Restore confidence :
 - ✓ Getting 100% of eligible population fully vaccinated.
 - ✓ Improve compliance by public and businesses. Use and publish existing administrative data to improve compliance. What is the level of compliance ? Across sectors and different areas, etc.
 - ✓ Investment in health and ICT infrastructure.
 - ✓ Support for e-commerce ; Need for supportive regulations.
- Key is to restore confidence of the private sector, foreign investors and international community.

6. Challenges for Macroeconomic Recovery



7. Concluding Remarks

- Some macroeconomic recovery is **possible** over the next few years, as 100 % of eligible population gets fully vaccinated. Resumption of local businesses and domestic & international tourism should support growth.
- Cautious and gradual approach to easing of restrictions is necessary to regain confidence and support economic recovery.
- Need for evidence-based approach underpinned by innovative partnership between government, private sector and non-government organizations.

Thanks for Listening !