



**Australian Government**

**Department of Foreign Affairs and Trade**

# **VUVALE ECONOMIC PILLAR A DYNAMIC RELATIONSHIP**

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Friday 2 September 2022

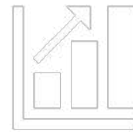
## VUVALE ECONOMIC PILLAR

This presentation considers four points for discussion in the **evolving economic relationship** between Australian and Fiji



### RESURGENCE

Consider economic recovery in a post-pandemic world.



### TRENDS

Analyse key trends in the economic relationship across trade, investment and people.



### PRIVATE SECTOR

Understand Australian support for private sector development in Fiji: PHAMA, PDEP, IFC, AIFFP, policy settings and budget support



### OPPORTUNITIES

Identify the risks as well as the opportunities for evolving the relationship.

## ECONOMIC IMPACT OF COVID-19

Fiji experienced one of the **largest economic contractions** in the world following the closure of borders in 2020

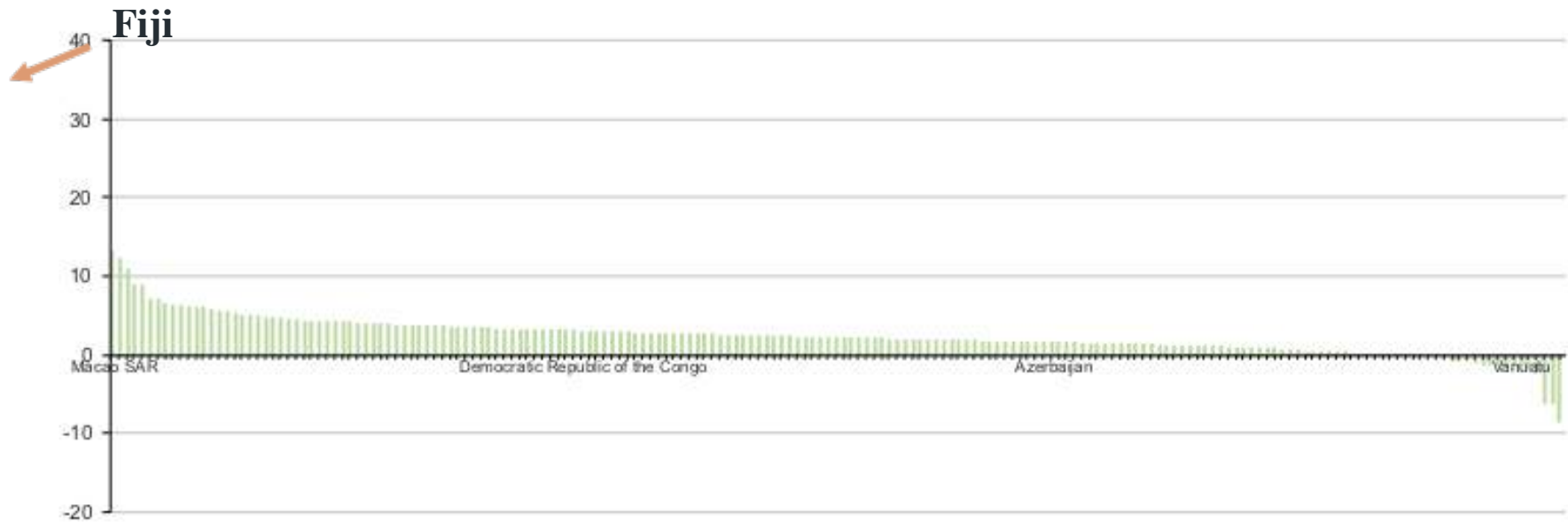
Percentage change in GDP in 2020, all countries



## ECONOMIC OUTLOOK

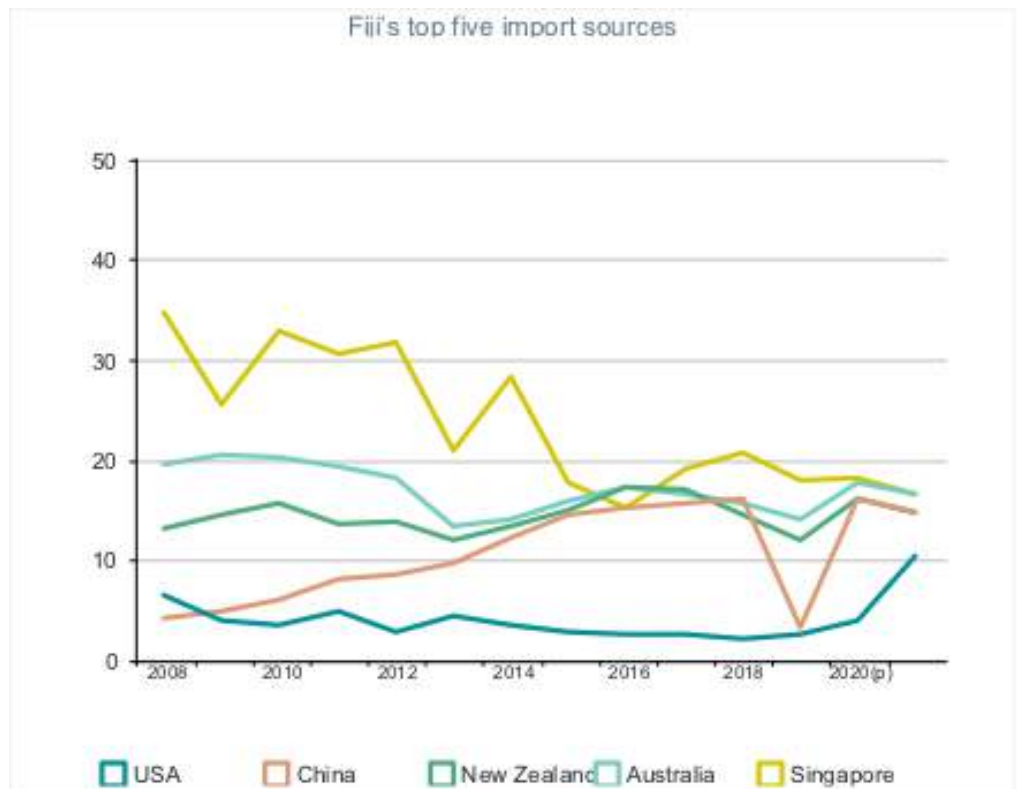
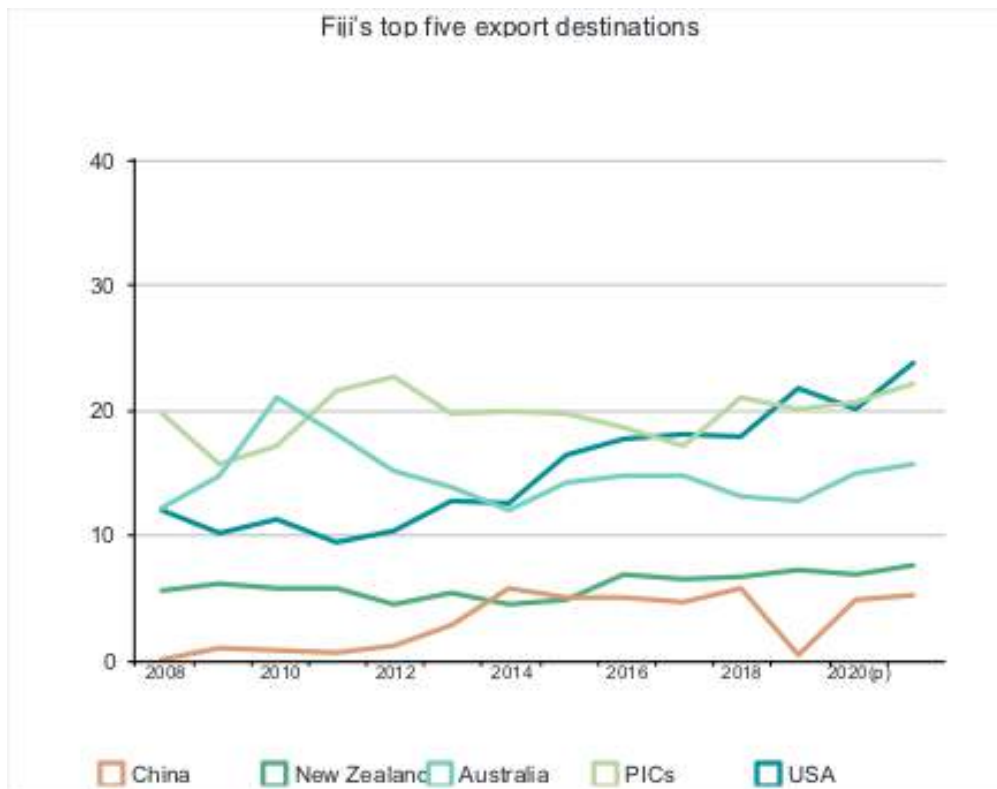
In 2022, Fiji is projected to be the **third fastest growing country** in the world

Percentage change in GDP in 2022 (forecasts), all countries



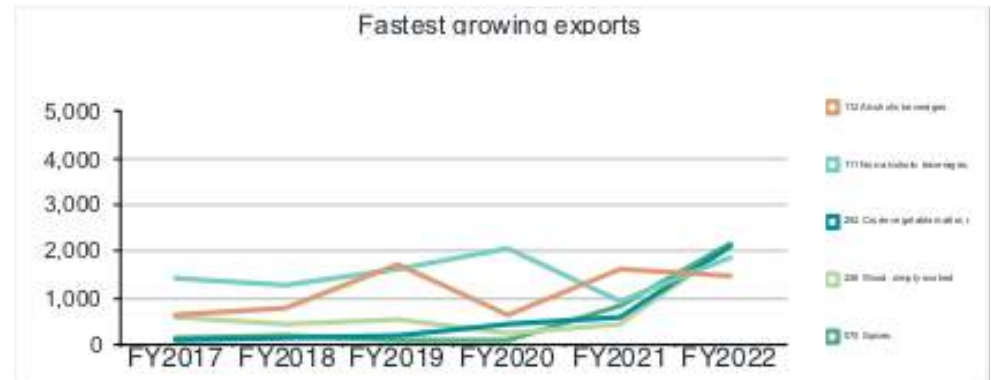
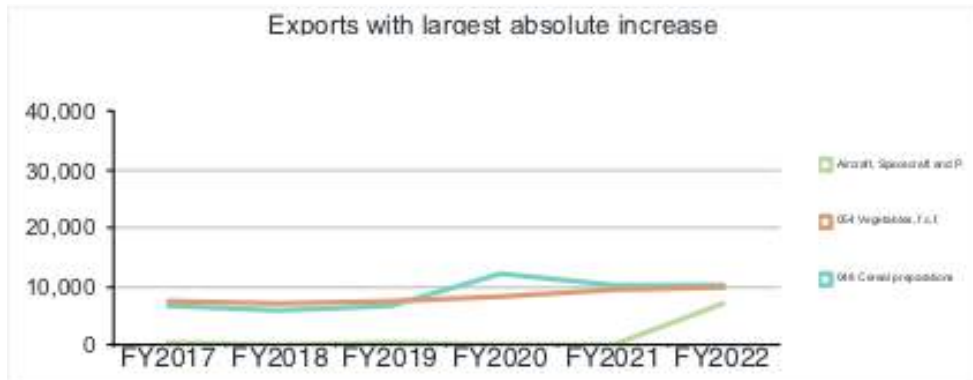
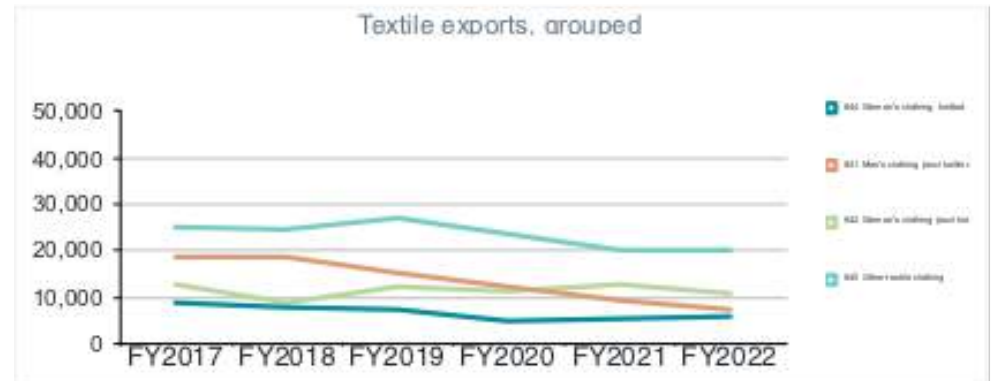
## TRENDS IN EXPORT AND IMPORT DESTINATIONS

Australia role as a trading partner has evolved since 2008; we are Fiji's **third largest export partner** and **second largest import partner**



## TRENDS IN FIJIAN EXPORTS TO AUSTRALIA

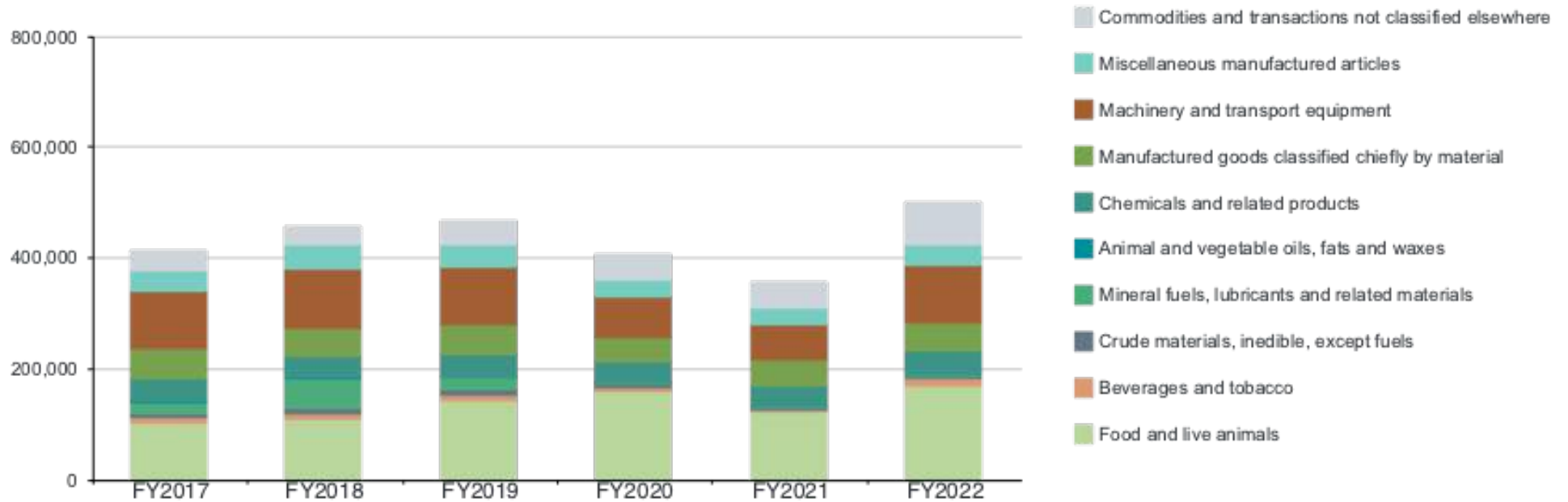
Gold is Fiji's primary export to Australia; textiles are trending downwards but more than compensated by growth in other goods



## AUSTRALIAN EXPORTS TO FIJI

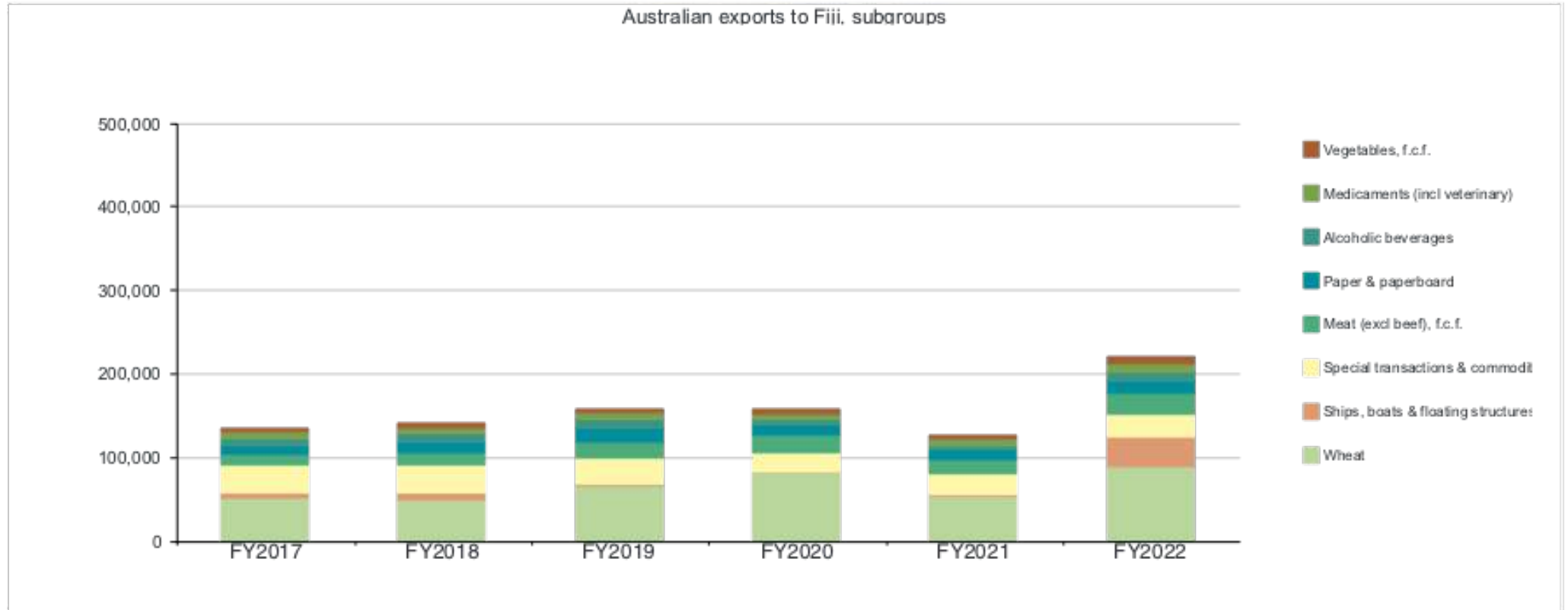
Australian exports to Fiji have increased markedly in the last financial year

Australian exports to Fiji, high level groups



## AUSTRALIAN EXPORTS TO FIJI

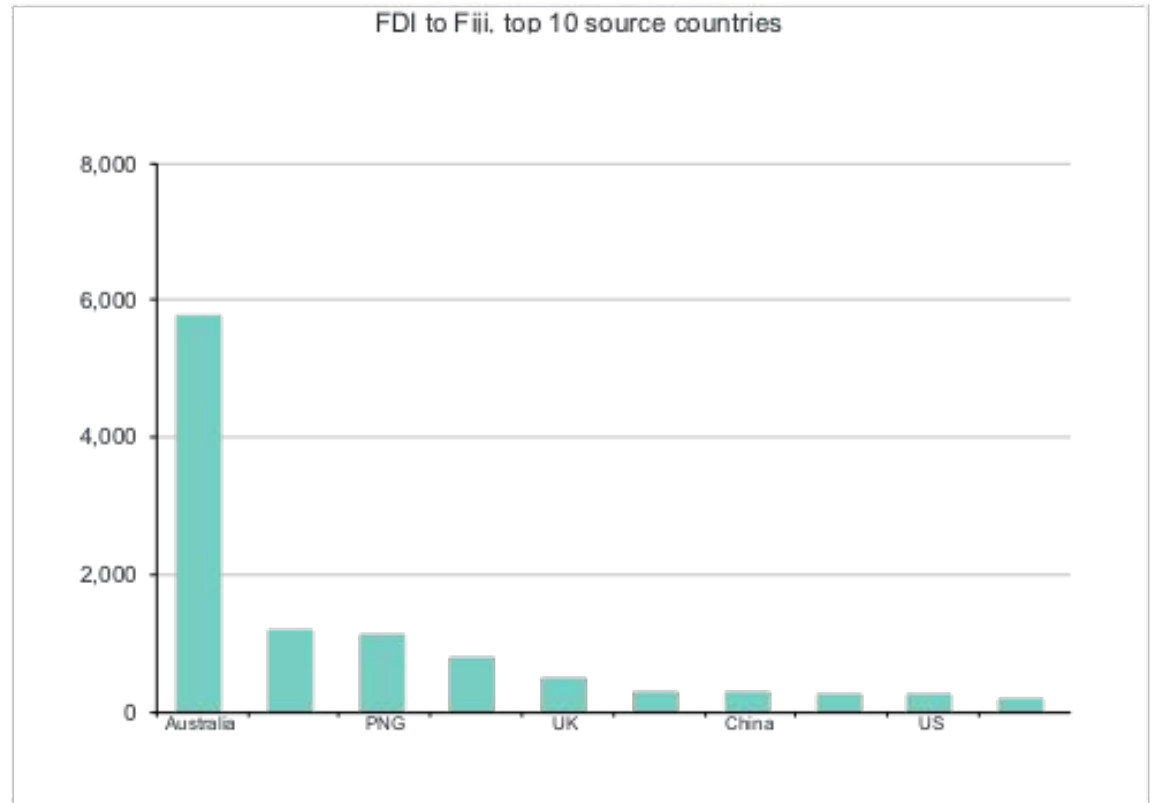
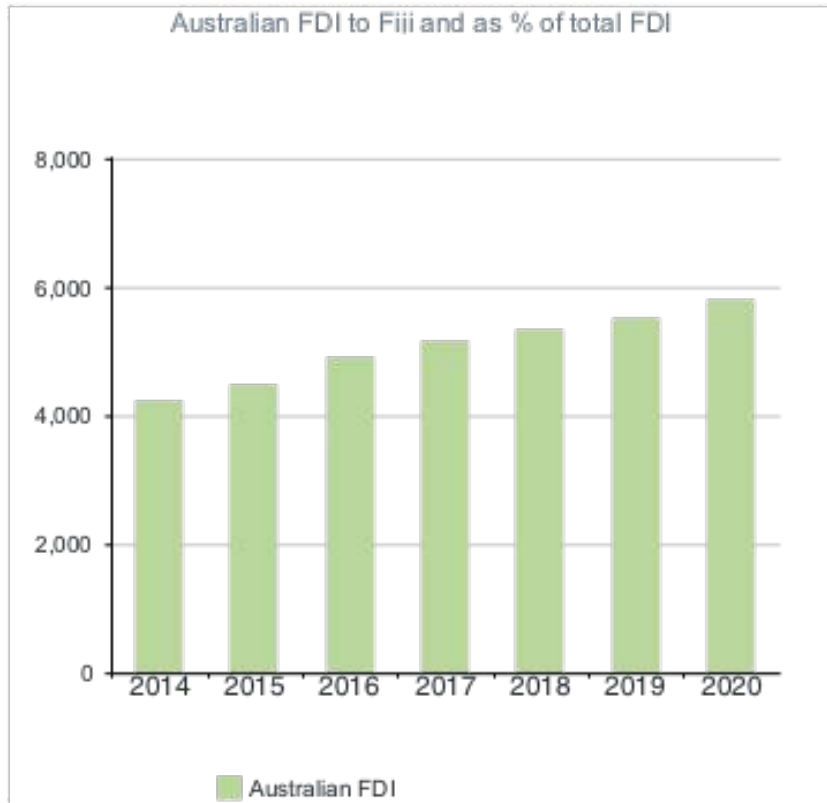
Wheat is the primary export to Fiji and increasing; ship and boat exports grew significantly in the last financial year





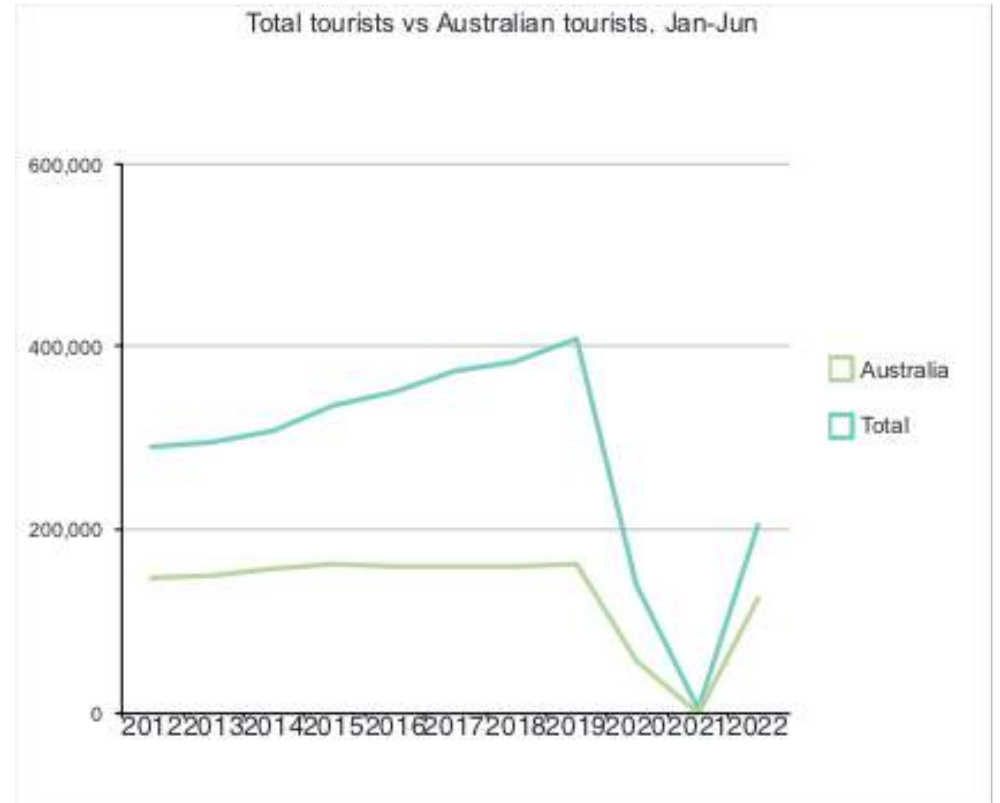
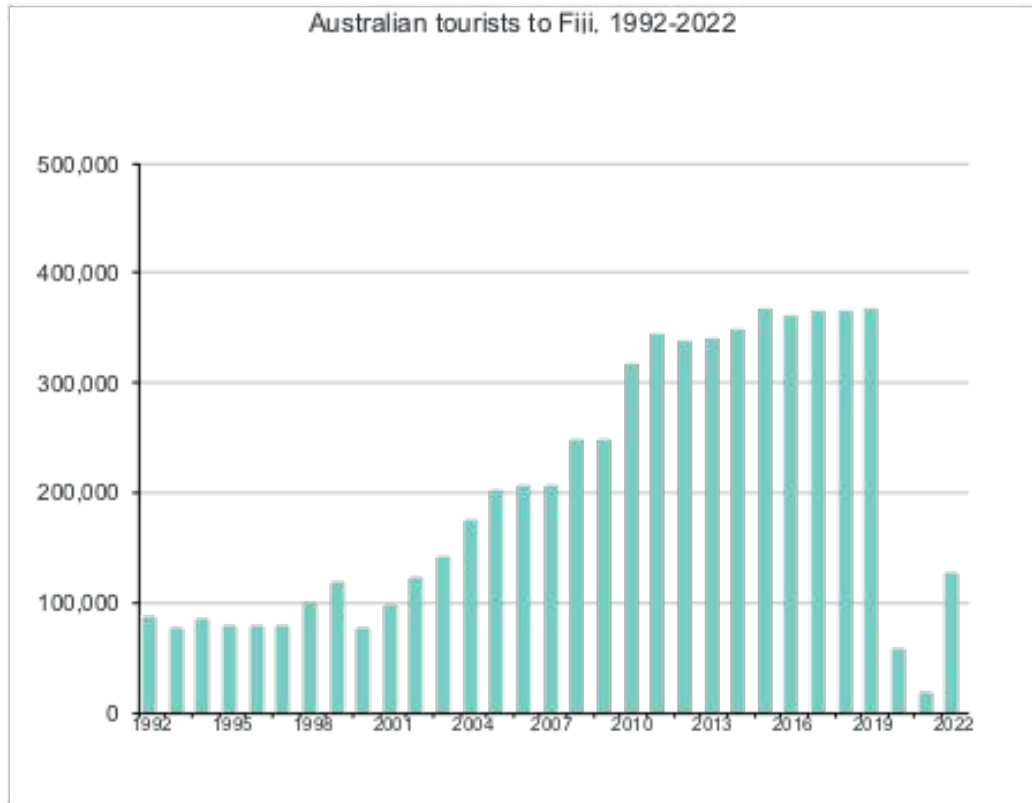
## FOREIGN DIRECT INVESTMENT

Australian is Fiji's **number one investment partner** but our share of total foreign direct investment is declining



## TOURISM (1/4)

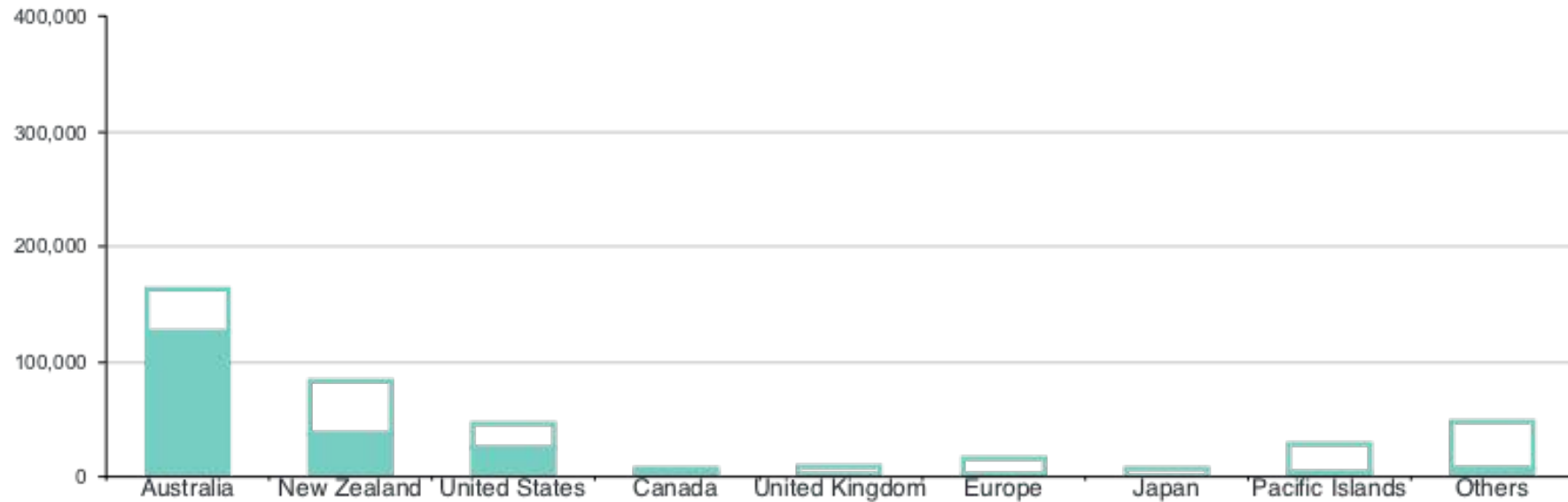
Australian tourists to Fiji grew in absolute terms but declined as a proportion of total tourists from 2010 until the pandemic in 2020



## TOURISM (2/4)

Australia has recouped **77% of 2019 tourist levels** in 2022 thus far, while all other source countries have recouped considerably less

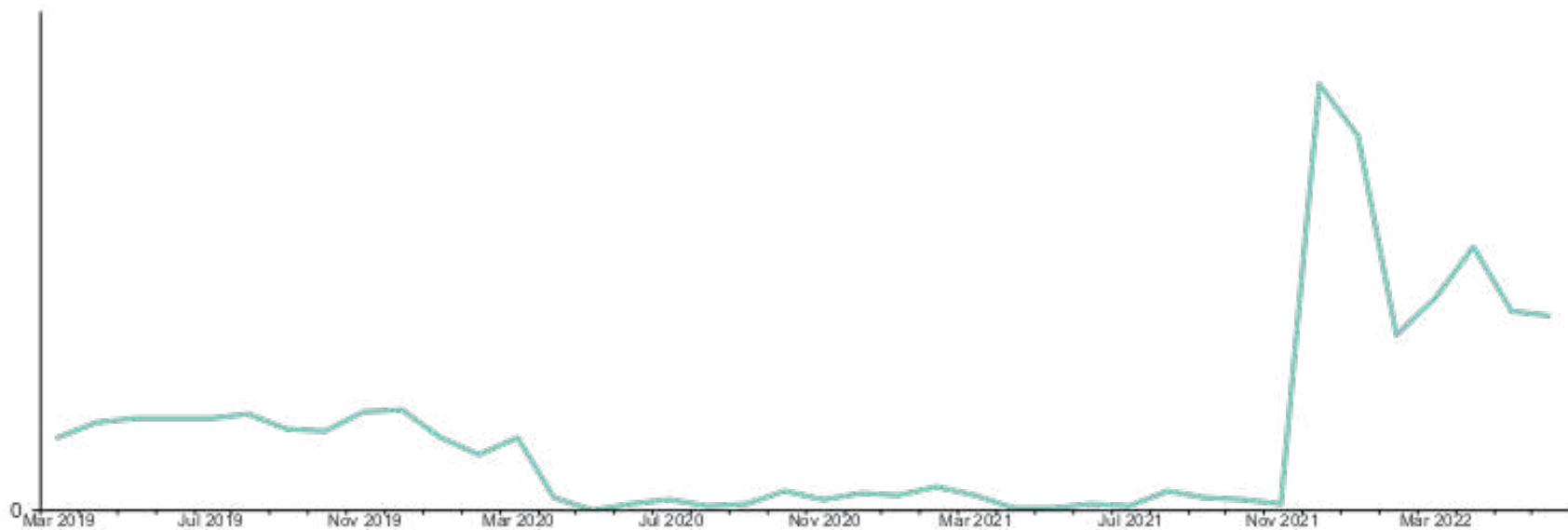
Arrivals by country, 2019 vs 2022 (Jan to Jun)



## TOURISM (3/4)

Fiji's market share of Australian tourists has increased from around 3% before COVID to around 8% since Australian borders reopened

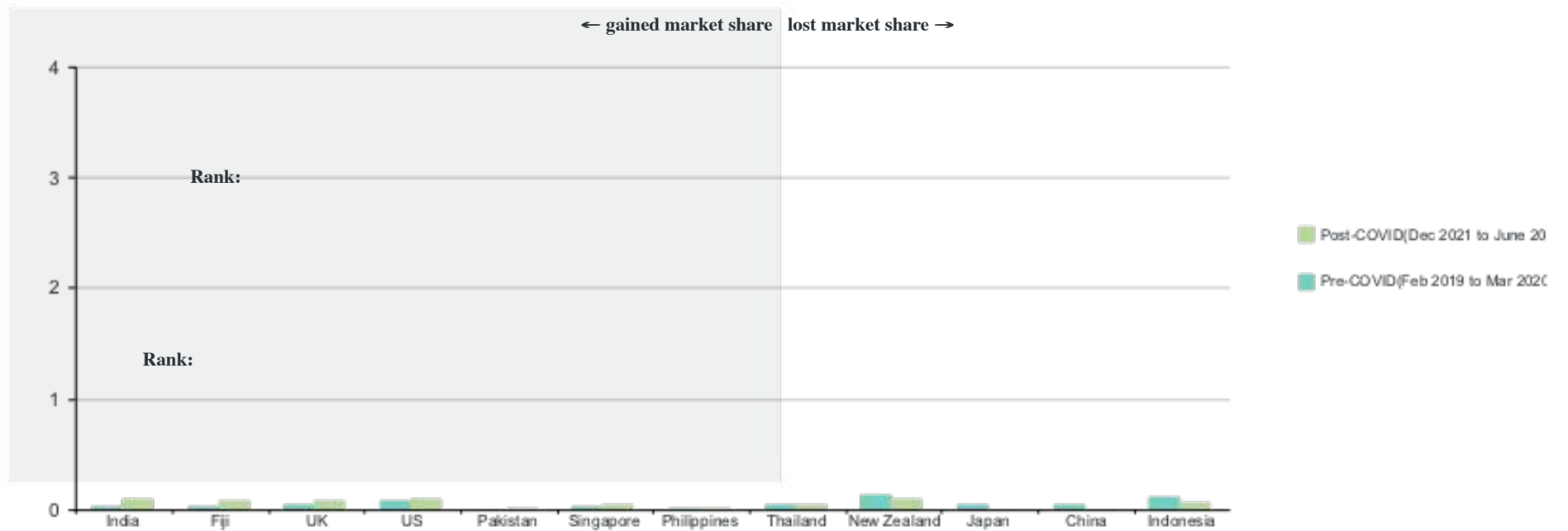
Fiji's market share of Australian travellers



## TOURISM (4/4)

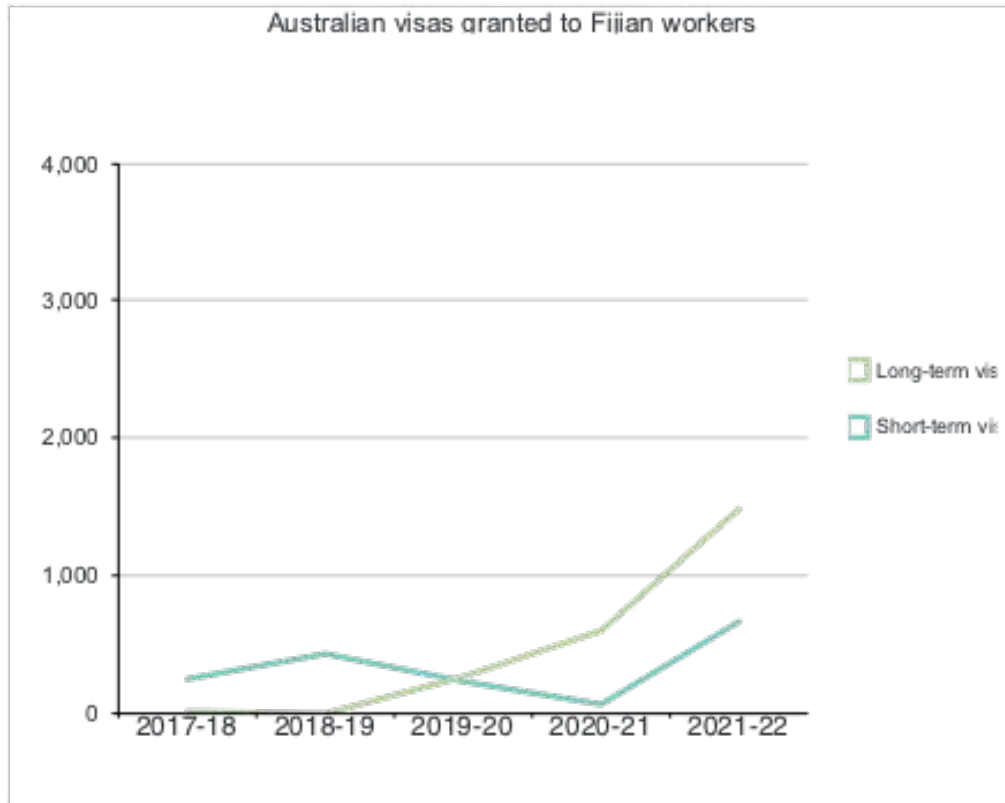
Fiji was Australia's tenth most popular travel destination prior to COVID; **now, it is ranked fourth**

Top 10 destinations for Australian travellers by market share



## LABOUR MOBILITY

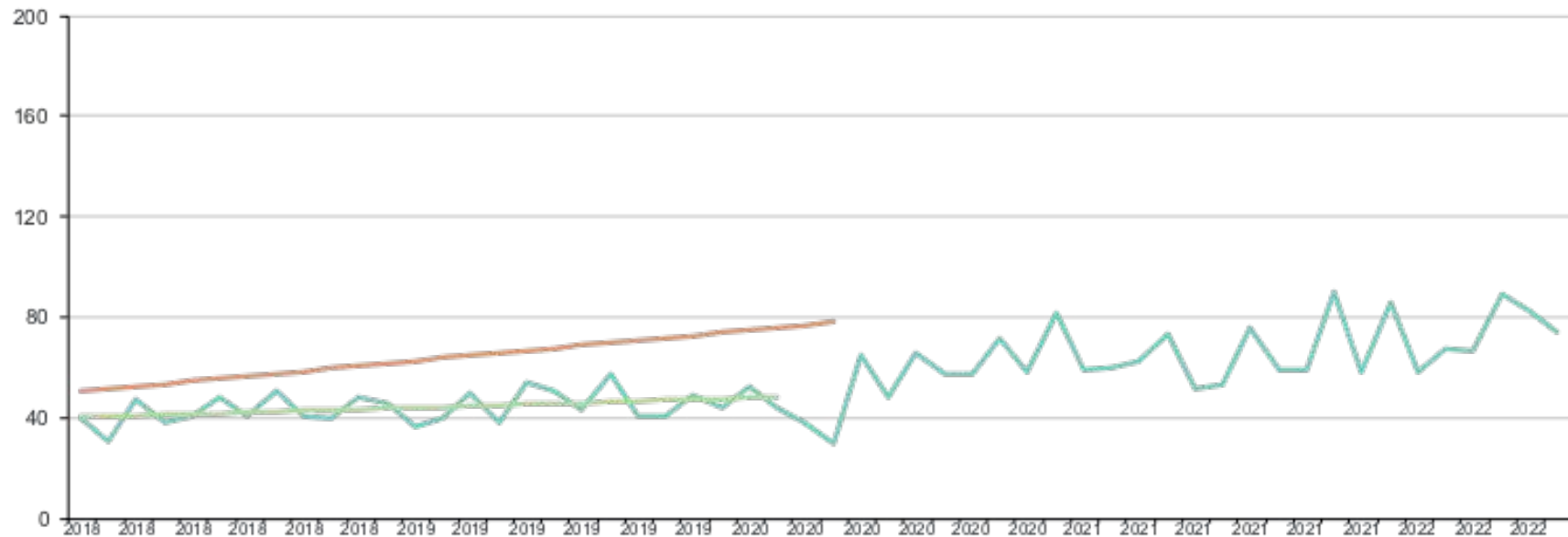
Since the pandemic, more visas have been granted to Fijian workers; consequently, more workers have arrived in country



## REMITTANCES

Pre-COVID, personal remittances averaged F\$45 million per month; now, **remittances are averaging around F\$64 million per month**

Personal remittances, pre- and post-pandemic



## AUSTRALIAN SUPPORT FOR PRIVATE SECTOR DEVELOPMENT IN FIJI

- Pacific Digital Economy Program
- International Finance Corporation
- Australian Infrastructure Finance Facility for the Pacific
- Pacific Horticulture and Agriculture Market Access
- Market Development Facility

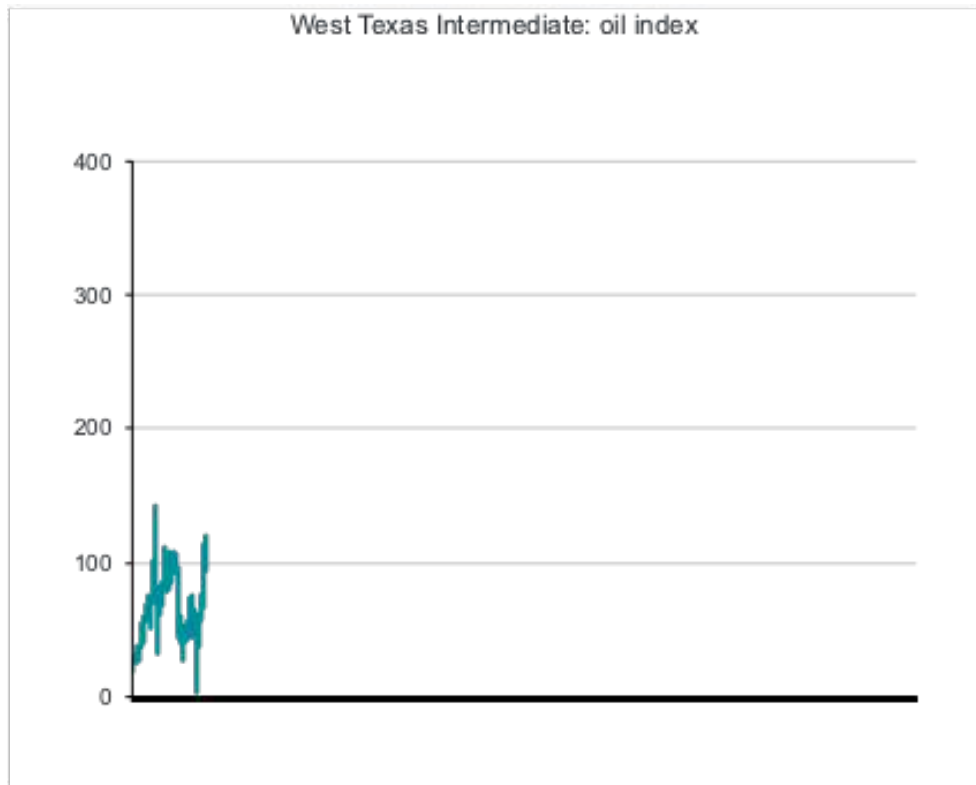


## CHALLENGES AND OPPORTUNITIES

- Fundamental constraints to growth
- Global uncertainty
- Impact of global price shocks

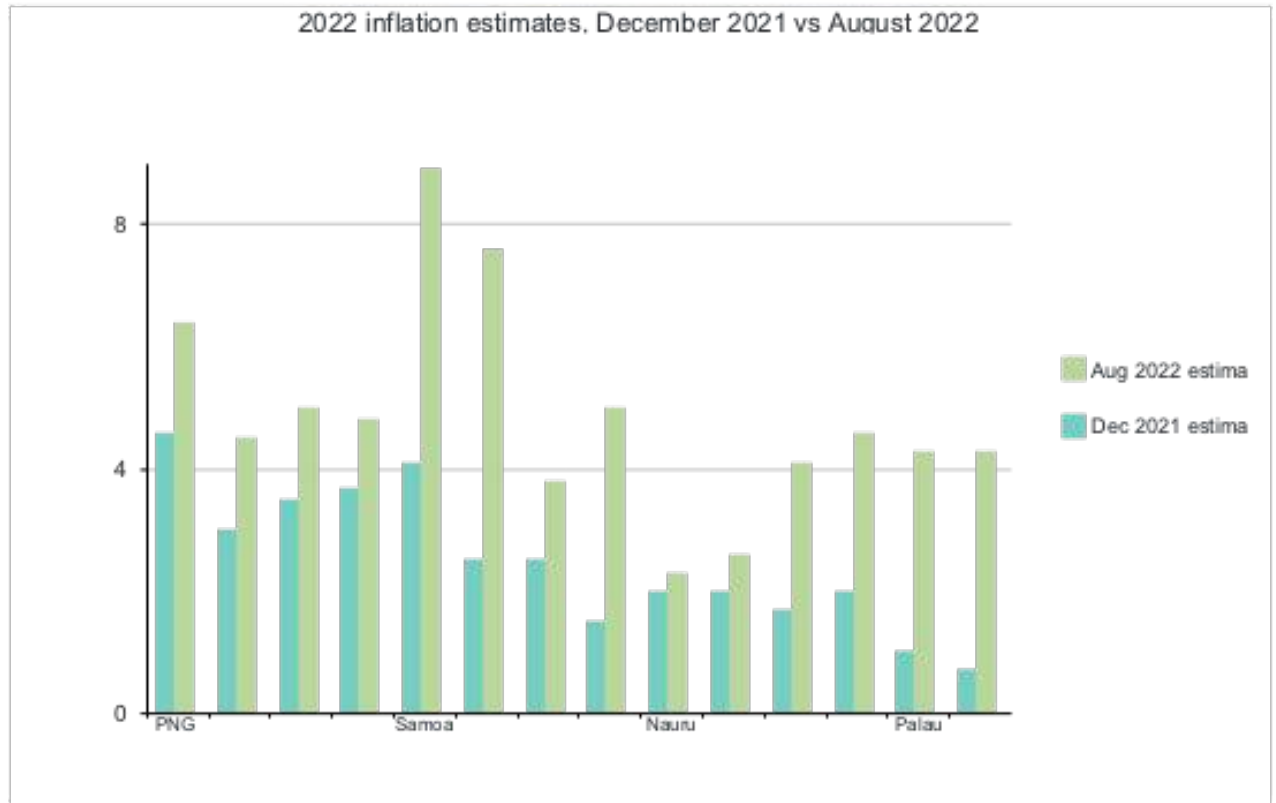
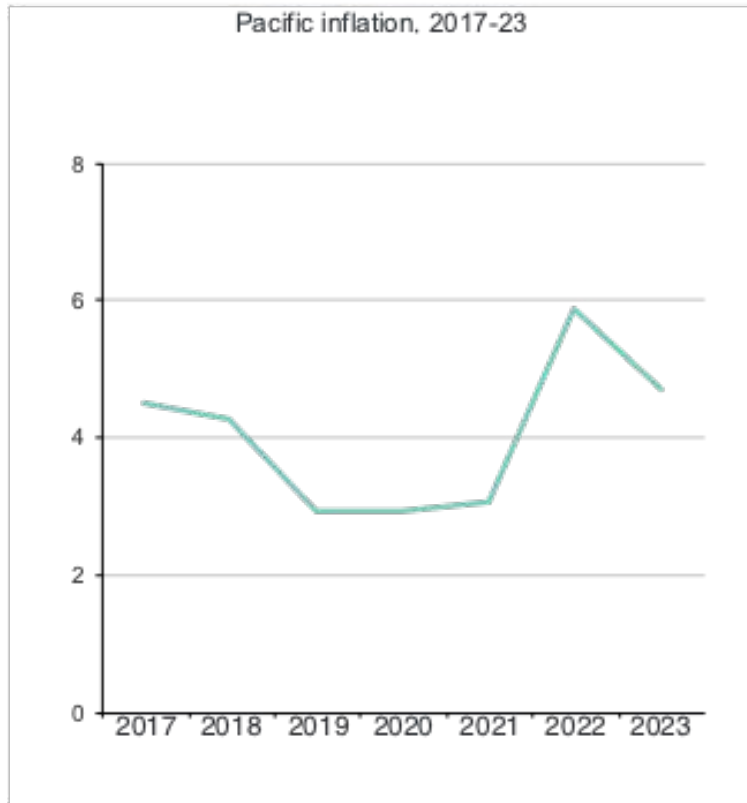
## PRICE SHOCK (1/2)

Russia's invasion of Ukraine and ongoing lockdowns in China have put pressure on global food and fuel prices



## PRICE SHOCK (2/2)

Global fuel and food shocks worsened existing inflationary trends, felt acutely in the Pacific due to its high import reliance



## OPPORTUNITIES

- Trade playing to strengths – high value/high density and Fiji’s unique global brand
- New Frontiers in Agriculture
- The upside of high global prices
- The Green-Economy (priority under the IPEF)
- Tourism – building on ‘first mover advantage’
- Business Processing Outsourcing – A unique proposition
- Labour Mobility – moving beyond remittances

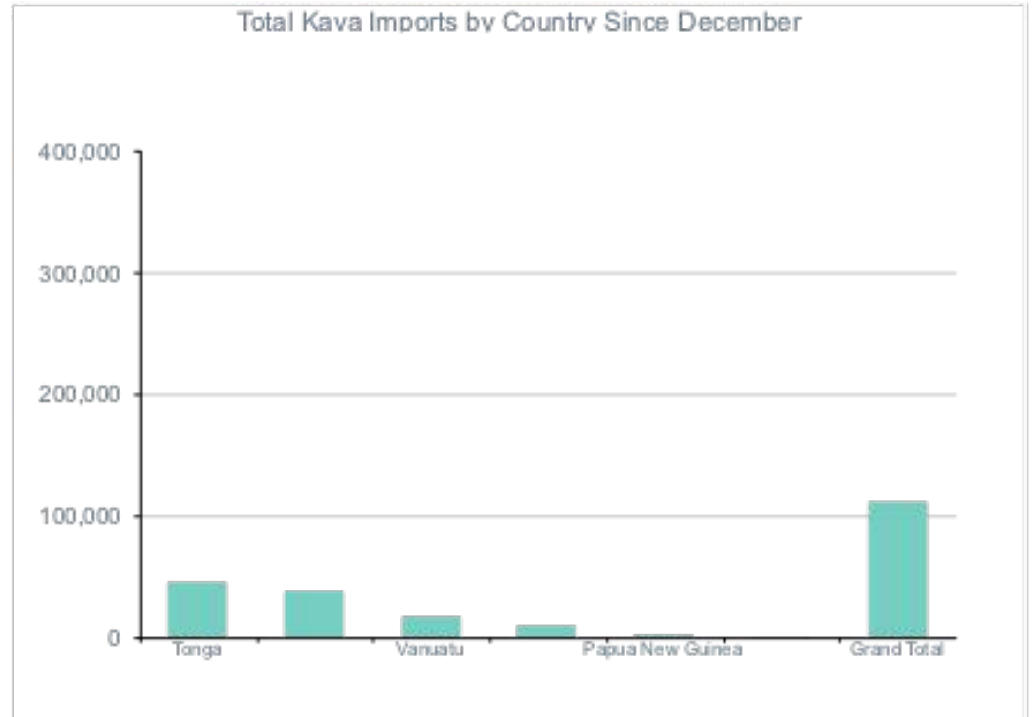
### SPECIAL INTEREST – KAVA!

Pre-COVID, personal remittances averaged F\$45 million per month; now, **remittances are averaging around F\$64 million per month**

Monthly Kava imports into Australia



Total Kava Imports by Country Since December





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