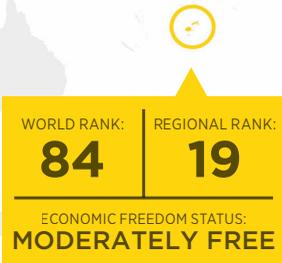


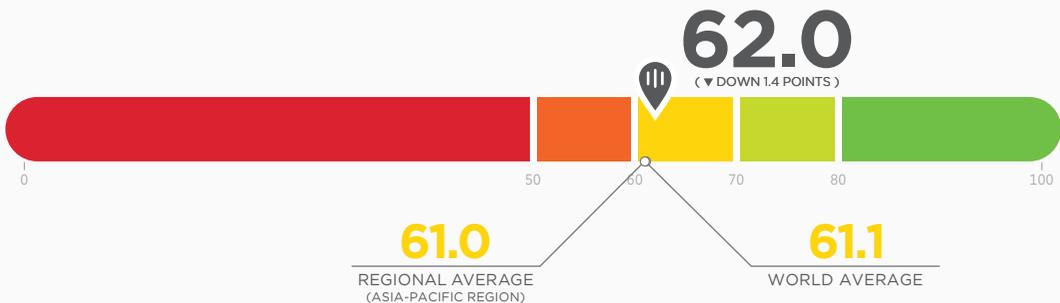
FIJI

Fiji's economic freedom score is 62.0, making its economy the 84th freest in the 2018 *Index*. Its overall score has decreased by 1.4 points, with a plunging score for **fiscal health** and declines in the **government spending** and **monetary freedom** indicators overwhelming improvements in **judicial effectiveness** and **government integrity**. Fiji is ranked 19th among 43 countries in the Asia-Pacific region, and its overall score is just above the regional and world averages.

A devastating cyclone early in 2016 caused widespread damage to housing, infrastructure, and crops, and the cost of rebuilding weighs heavily on public finances. Recovery is further hampered by underperforming institutions, structural and policy weaknesses, and weak rule of law. In an effort to enhance regulatory efficiency, the government implemented a series of pro-business reforms, including simplification of the business start-up process, but the pace of reform had slowed even before the storm.



ECONOMIC FREEDOM SCORE

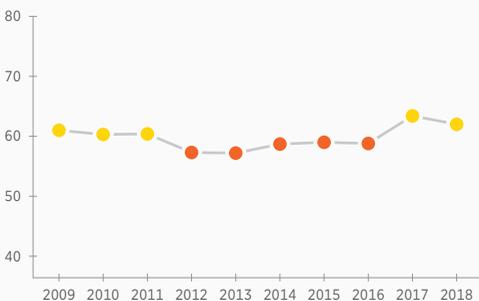


NOTABLE SUCCESSES:
Monetary Stability

CONCERNS:
Government Integrity,
Judicial Effectiveness, and
Financial Freedom

**OVERALL SCORE CHANGE
SINCE 2014:**
+3.3

FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$8.3 billion
2.0% growth in 2016
5-year compound
annual growth 3.5%
\$9,268 per capita

UNEMPLOYMENT:
7.9%

INFLATION (CPI):
3.9%

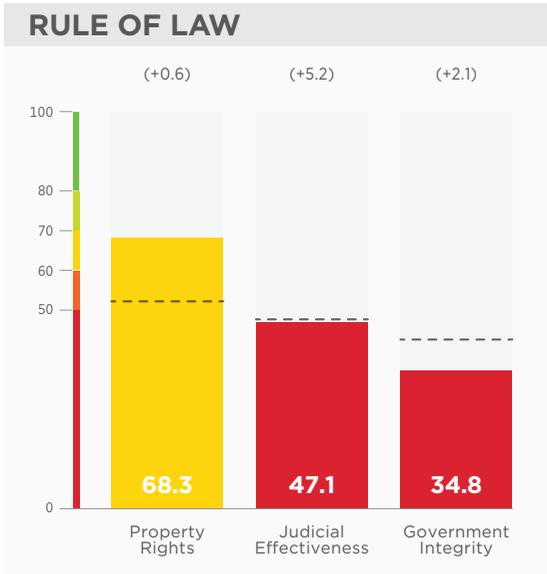
FDI INFLOW:
\$269.5 million

PUBLIC DEBT:
49.6% of GDP

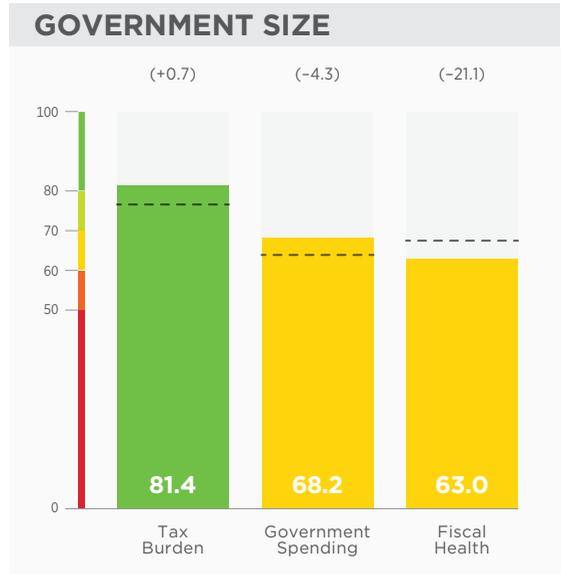
2016 data unless otherwise noted. Data compiled as of September 2017

BACKGROUND: The former British colony of Fiji gained independence in 1970. Military strongman Commodore Frank Bainimarama has ruled the Pacific island nation for more than a decade. There is a long history of ethnic tension between the indigenous, mostly Christian population and a large minority of Hindu and Muslim Indo-Fijians. Sanctions imposed in 2006 by Fiji's main trading partners, including the European Union and Australia, in reaction to the coup that installed Bainimarama hurt vital agriculture, apparel, and fishing industries. In 2014, in Fiji's first election since 2006, Bainimarama was elected prime minister. Soon after the election, Australia and the United States lifted their sanctions. Fiji's economy relies heavily on tourism, remittances, and the sugar industry.

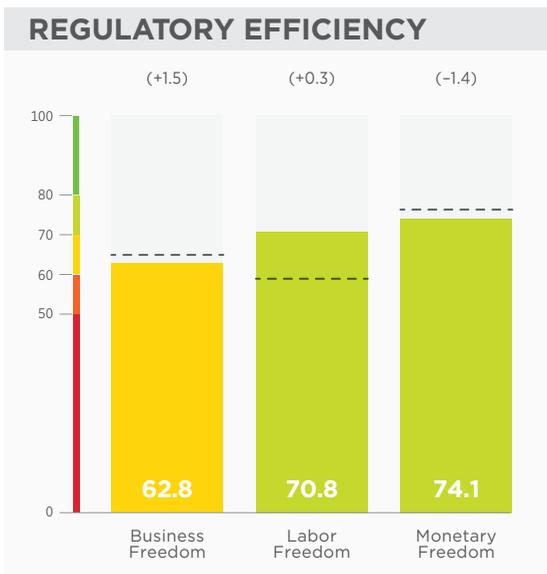
12 ECONOMIC FREEDOMS | FIJI



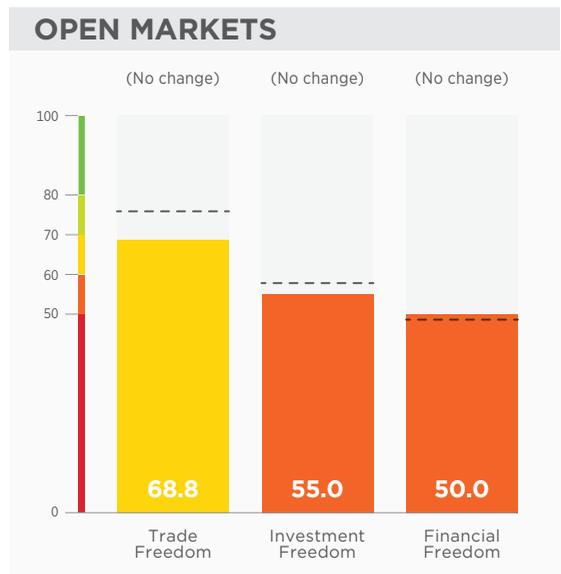
Protection of property is highly uncertain. Obtaining land titles is difficult: Only 8 percent is freehold; the rest, indigenous and government land, can only be leased. The constitutionally independent judiciary is subject to executive influence. The law provides criminal penalties for corruption by officials, but the government does not enforce the law effectively, and officials sometimes engage in corrupt practices with impunity.



The top individual income tax rate is 29 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and land sales taxes. The overall tax burden equals 24.8 percent of total domestic income. Over the past three years, government spending has amounted to 32.6 percent of total output (GDP), and budget deficits have averaged 4.5 percent of GDP. Public debt is equivalent to 49.6 percent of GDP.



Fiji's credit bureau suspended operations in 2016, making it harder to obtain credit, but the process for starting a business was made less costly and time-consuming. Labor regulations remain rigid, and an efficient labor market has not been developed. The government continues to fund subsidies for the rebuilding of roads, bridges, water supplies, and sanitation damaged by the 2016 cyclone, as well as for rural electrification.



Trade is extremely important to Fiji's economy; the combined value of exports and imports equals 110 percent of GDP. The average applied tariff rate is 10.6 percent. Nontariff barriers impede some trade. Government openness to foreign investment is below average. The government has withdrawn from commercial banking, and foreign participation is significant. Foreign exchange controls have been eased, but they still limit repatriation of capital and profits.