

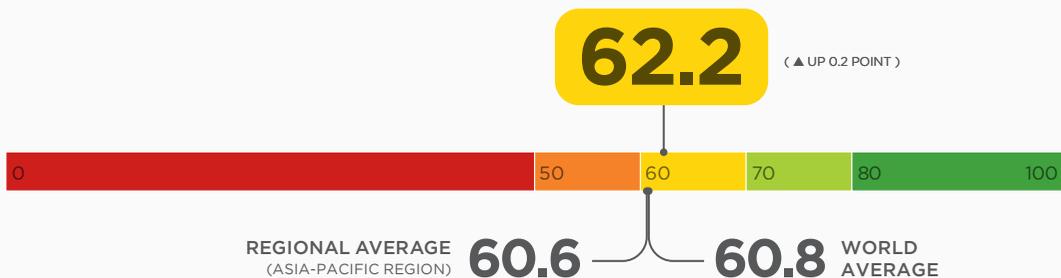
# FIJI

**F**iji's economic freedom score is 62.2, making its economy the 81st freest in the 2019 *Index*. Its overall score has increased by 0.2 point, with a spike in **fiscal health** exceeding a sharp drop for **government integrity** and a lower score for **trade freedom**. Fiji is ranked 18th among 43 countries in the Asia-Pacific region, and its overall score is just above the regional and world averages.

After a series of cyclones in the past few years that caused widespread damage to housing, infrastructure, and crops, the government's goal is to develop Fiji's physical infrastructure both to improve resilience to tropical storms and to support economic growth. The cost of reconstruction has weighed heavily on public finances. Recovery is further hampered by underperforming institutions, structural and policy weaknesses, and weak rule of law. To enhance regulatory efficiency, the government has implemented a series of pro-business reforms.



## ECONOMIC FREEDOM SCORE



**RELATIVE STRENGTHS:**  
Fiscal Health and Tax Burden

**HISTORICAL INDEX SCORE CHANGE (SINCE 1995):**  
+7.5

**CONCERNS:**  
Government Integrity and Judicial Effectiveness

## FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.9 million

**GDP (PPP):**  
\$8.7 billion  
3.8% growth in 2017  
5-year compound annual growth 3.7%  
\$9,777 per capita

**UNEMPLOYMENT:**  
6.3%

**INFLATION (CPI):**  
3.4%

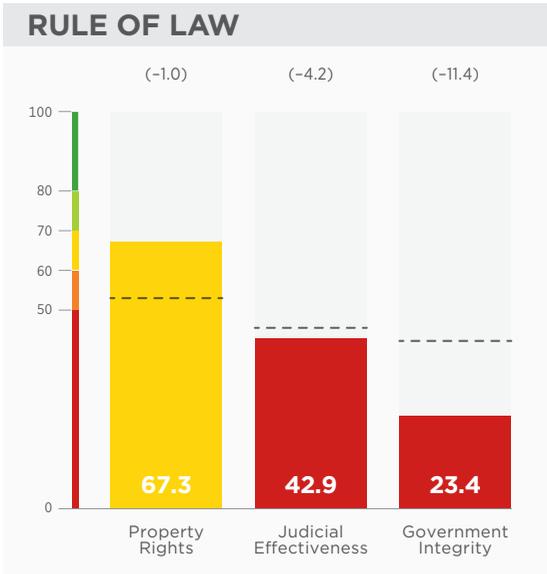
**FDI INFLOW:**  
\$299.0 million

**PUBLIC DEBT:**  
46.6% of GDP

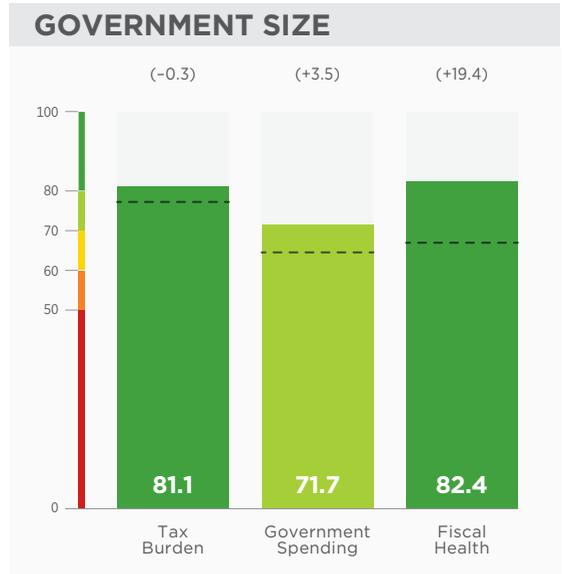
*2017 data unless otherwise noted. Data compiled as of September 2018*

**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, and his FijiFirst party retained its parliamentary majority in November 2018 elections. 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. The sanctions were lifted after Bainimarama was elected prime minister in 2014. Fiji's economy relies heavily on tourism, remittances, and the sugar industry.

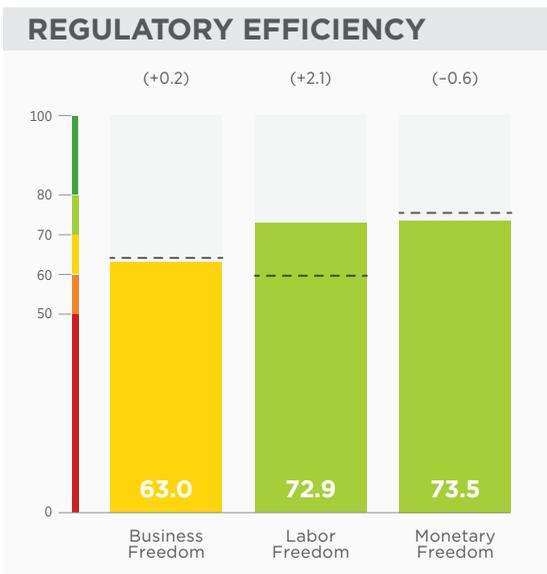
# 12 ECONOMIC FREEDOMS | FIJI



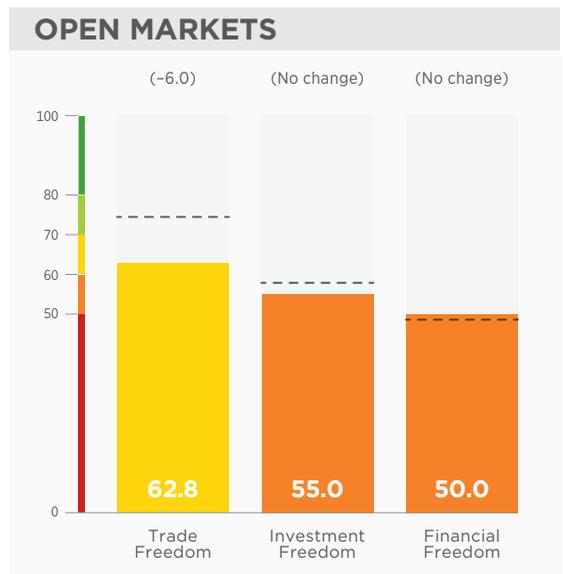
Protection of property is highly uncertain. Obtaining land titles is difficult and time-consuming. Constitutional provisions meant to improve the quality and protection of land leases have unintentionally weakened the legal structure surrounding leases. The judiciary is constitutionally independent but subject to executive influence, and the constitution restricts the jurisdiction of the courts. Enforcement of anticorruption statutes is ineffective.



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 25.5 percent of total domestic income. Over the past three years, government spending has amounted to 30.7 percent of the country's output (GDP), and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 46.6 percent of GDP.



Despite some progress, procedures for establishing and running a private enterprise are still time-consuming and costly. Businesses in Fiji must cope with increasing bureaucratic interference and a complex land ownership system. Labor regulations remain rigid, and an efficient labor market has not been developed. The government has increased sugarcane subsidies and launched a program to subsidize electronic transactions.



The combined value of exports and imports is equal to 78.0 percent of GDP. The average applied tariff rate is 11.1 percent. Foreign investment is screened, and investment in land is restricted. State-owned enterprises distort the economy. The government of Fiji has withdrawn from commercial banking, and foreign participation is significant. Foreign exchange controls have been eased.