FIJI

Fiji’s economic freedom score is 63.4, making its economy the 77th freest in the 2020 Index. Its overall score has increased by 1.2 points, primarily because of a higher government integrity score. Fiji is ranked 15th among 42 countries in the Asia-Pacific region, and its overall score is slightly above the regional and world averages.

The Fijian economy has earned a spot in the moderately free category for the fourth year in a row. GDP growth during the same period has also been progressing at a respectable rate, partly reflecting the normalization of agricultural and tourism export earnings following 2016’s Cyclone Winston.

To continue its positive trajectory in the moderately free rankings, the government will need to prioritize policies to lower tariffs, ease investment restrictions, and privatize state-owned enterprises. Additional measures to curb corruption are essential.

BACKGROUND: The former British colony of Fiji gained independence in 1970. Military strongman Commodore Frank Bainimarama, who has ruled this Pacific Island nation for more than a decade, maintained control of the government in the November 2018 general election. Although a reduced parliamentary majority for the ruling Fiji First Party could lead to greater oversight of government decision-making, no significant policy changes are expected. There is a long history of ethnic tension between the indigenous, mostly Christian population and a large minority of Hindu and Muslim Indo-Fijians. Fiji’s economy relies heavily on tourism, remittances, and the sugar industry. The government’s principal priority is infrastructure construction with a particular focus on the energy sector.

ECONOMIC FREEDOM SCORE

63.4 ▲ UP 1.2 POINTS

REGIONAL AVERAGE (ASIA-PACIFIC REGION) 61.1 WORLD AVERAGE 61.6

HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +8.7

RECENT FREEDOM TREND

QUICK FACTS

POPULATION: 0.9 million
GDP (PPP): $9.1 billion
3.2% growth in 2018
5-year compound annual growth 3.3%
$10,234 per capita

UNEMPLOYMENT: 4.2%
INFLATION (CPI): 4.1%
FDI INFLOW: $344.1 million
PUBLIC DEBT: 49.7% of GDP

2018 data unless otherwise noted. Data compiled as of September 2019.
**12 ECONOMIC FREEDOMS | FIJI**

### RULE OF LAW

<table>
<thead>
<tr>
<th>Property Rights</th>
<th>Judicial Effectiveness</th>
<th>Government Integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>69.9</td>
<td>42.6</td>
<td>45.6</td>
</tr>
</tbody>
</table>

Property rights are generally respected, although land tenure and usage in Fiji are highly complex and sensitive issues, and it is hard to obtain land titles. The judiciary, based on British law, is constitutionally independent but subject to executive influence. Corruption remains a serious problem, and officials can act with impunity. The law provides criminal penalties for corruption, but it is not implemented effectively.

### GOVERNMENT SIZE

<table>
<thead>
<tr>
<th>Tax Burden</th>
<th>Government Spending</th>
<th>Fiscal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>80.5</td>
<td>68.9</td>
<td>84.2</td>
</tr>
</tbody>
</table>

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 26.6 percent of total domestic income. Government spending has amounted to 32.2 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 49.7 percent of GDP.

### REGULATORY EFFICIENCY

<table>
<thead>
<tr>
<th>Business Freedom</th>
<th>Labor Freedom</th>
<th>Monetary Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>62.6</td>
<td>76.2</td>
<td>72.5</td>
</tr>
</tbody>
</table>

Businesses in Fiji have had to cope with increasing bureaucratic interference and a complex land ownership system. Members of the business community are often not consulted on policies that affect them. The labor force participation rate increased recently, but acute shortages of labor exist in skilled and, to a lesser extent, semiskilled occupations. In 2019, the government expanded its subsidy programs for agriculture.

### OPEN MARKETS

<table>
<thead>
<tr>
<th>Trade Freedom</th>
<th>Investment Freedom</th>
<th>Financial Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.8</td>
<td>55.0</td>
<td>50.0</td>
</tr>
</tbody>
</table>

The total value of exports and imports of goods and services equals 85.4 percent of GDP. The average applied tariff rate is 16.1 percent, and the benefits of open trade are further undermined by nontariff barriers. Market openness to foreign investment is below average. Market openness to foreign investment in the banking sector has gradually increased. Foreign exchange controls have been eased but still limit repatriation of capital and profits.