

FIJI

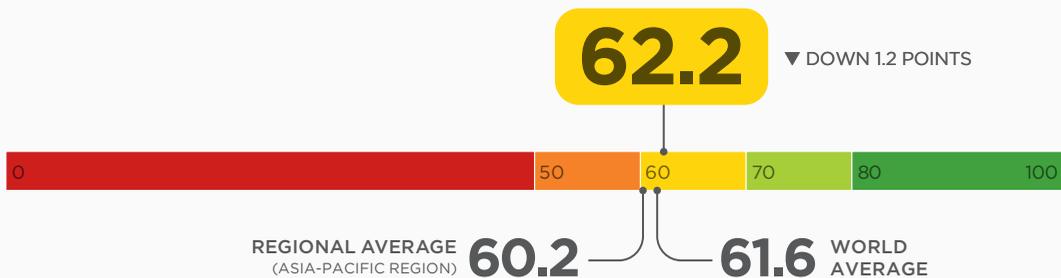
Fiji's economic freedom score is 62.2, making its economy the 87th freest in the 2021 *Index*. Its overall score has decreased by 1.2 points, primarily because of a decline in **fiscal health**. Fiji is ranked 15th among 40 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

This year, the Fijian economy clung to its ranking in the moderately free category for the fifth year in a row. To return to a positive trajectory for greater economic freedom, the government needs to rein in spending, improve judicial effectiveness, curb corruption, and prioritize policies to ease investment restrictions and privatize state-owned enterprises.

IMPACT OF COVID-19: As of December 1, 2020, two deaths had been attributed to the pandemic in Fiji, and the economy was forecast to contract by 21.0 percent for the year.

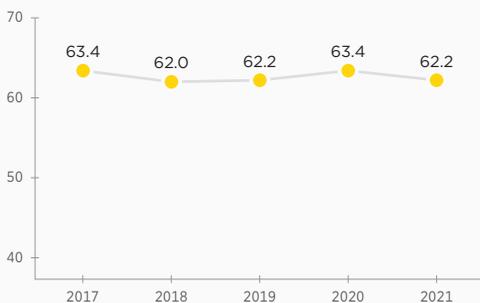


ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$10.6 billion
0.5% growth in 2019
5-year compound
annual growth 3.3%
\$14,428 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.9%

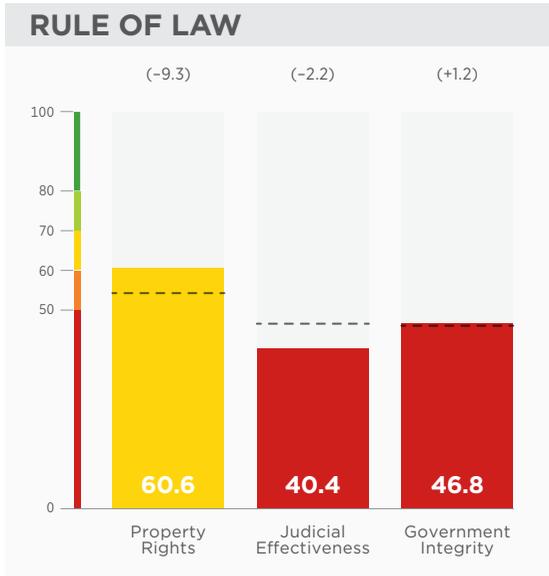
FDI INFLOW:
\$321.3 million

PUBLIC DEBT:
48.8% of GDP

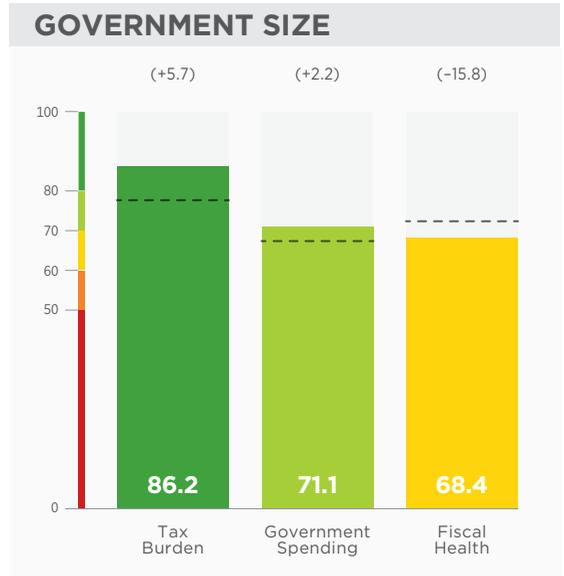
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: The former British colony of Fiji gained independence in 1970. Military strongman Frank Bainimarama, who has ruled this Pacific Island nation continuously since a December 2006 coup, 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.

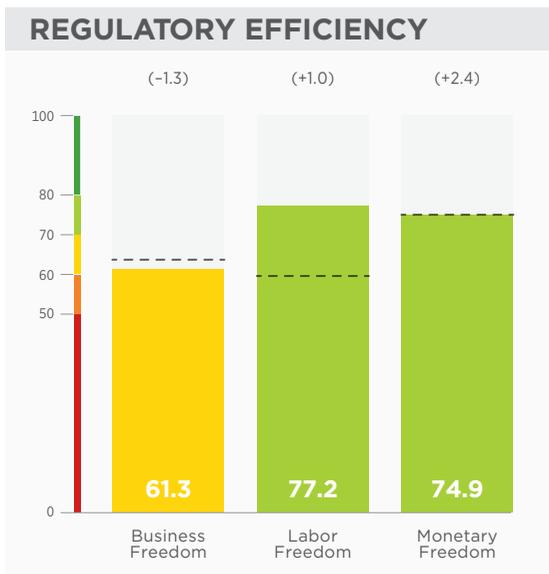
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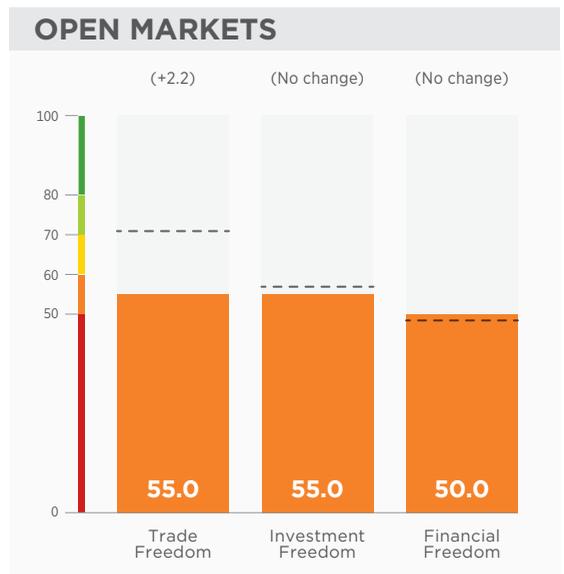
Private property rights are respected, but enforcement is uncertain. Obtaining land titles is difficult, time-consuming, and complicated by issues related to the titling of customary lands. The judiciary is constitutionally independent but subject to executive influence. The constitution itself restricts the jurisdiction of the courts. Given Fiji's relatively small population and circles of power, the effectiveness of safeguards against corruption is limited.



The top individual income tax rate has been cut to 20 percent, and the top corporate tax rate is also 20 percent. Other taxes include value-added and land sales taxes. The overall tax burden equals 24.2 percent of total domestic income. Government spending has amounted to 31.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 48.8 percent of GDP.



The business environment in Fiji has been moderately free since 2013 but is suffering in comparison to those of other countries where business environments are improving. Labor force participation increased in 2019, and tourism and overseas remittances continue to drive the economy. The government subsidizes the state-owned electricity and water companies.



Fiji has four preferential trade agreements in force. The trade-weighted average tariff rate is 15.0 percent, and numerous nontariff barriers hinder trade flows. Foreign investment is screened, and investment in land remains restricted. State-owned enterprises distort the economy. The government has withdrawn from commercial banking, and foreign participation has gradually been growing. Foreign exchange controls have been eased.