



High Commission of the Republic of the Fiji Islands London

AGRICULTURE

Agriculture remains the single largest sector of the economy, accounting for 43 per cent of Fiji's foreign exchange earnings. It provides 50 per cent of the country's total employment and contributes 19 per cent to Fiji's Gross Domestic Product (GDP). The decline in sugar production created an economic crisis sending the economy into negative growth of - 4 per cent. With the crop back to normal this year, the economy as a whole has recovered and latest estimates so far are of a 3 - 3.5 per cent growth this year. Similar patterns have emerged in previous years where sugar production has been reflected in healthy economic growth overall.

Fiji has a total land area of 1.8 million hectares. Only 16 per cent is suitable for farming and are found mainly along coastal plains, river deltas and valleys of the two main islands of Viti Levu and Vanua Levu. The rest can be found in the smaller out lying islands of the group.

Of the arable land, 24 per cent are under sugar cane, 23 per cent coconut and the remaining 53 per cent under other crops. About 83 per cent of the land in Fiji is owned by the indigenous people. And through the Land Lord and Tenants Act (ALTA), the Indian farmers have had the privilege to farm on arable Fijian land through long term leases. Government will set up a Land Use Commission. The sole purpose of the Commission is to work with landowners and the NLTB in encouraging and facilitating the productive use of all available arable land. Government will see to it that the landowners receive a fair economic return on the lease of their land. The opening up of these lands will create new opportunities for those without jobs, or those seeking to enhance their family welfare by engaging in agricultural undertakings and primary production. The development of the "Commodity Development Framework" (CDF) is a reflection of the Government's recognition of the agriculture, fisheries and forests sub-sectors as a logical and potential springboard for increased growth and employment generation within the Fiji economy.

SUGAR

The sugar industry, which has been the principal export of Fiji since 100 years ago, continues to occupy a dominant position in the economy. An

improvement in yields through effective use of fertilizers and cane quality, together with favourable weather and increased investment has collectively contributed to the annual rise in output of cane and sugar.

The industry is mainly centred around the cane growing areas of Ba, Lautoka, Sigatoka, Nadi, Tavua, Rakiraki, Labasa and Seaqaqa. Sugar is processed by the Fiji Sugar Corporation which is fully owned by government. There are four mills located at Lautoka, BA, Rakiraki and Labasa.

This year's cane crop estimated is around 4.0 million tonnes, producing about 410,000 tonnes of sugar. The crop rehabilitation scheme has achieved both its 1999 (17,000 ha) and year 2,000 (4,000 ha) targets of 21,000 hectares of plant cane. An extra 8,000 hectares will be targeted this year for the 2,000 crop.

Fiji has already secured contracts and quotas for the sale of current sugar production to the following markets: United Kingdom - 175,000 t, Portugal - 50,000 t, United States - 18,000 t, Japan - 75,000 t and Domestic and Regional countries - 45,000 t.

On sugar marketing overseas, the ultimate guarantee for access to markets and for remunerative prices depends upon the quality of our sugar and reliability as a regular supplier.

For Fiji and other ACP suppliers, the attractiveness of the Lome Convention Sugar Protocol is the very high prices Fiji gets for sugar. The current international free market price for sugar is 5.6 cents a pound. The Lome Sugar Protocol price is about 23 cents a pound. The 175,000 tonnes of sugar Fiji sells to the European Union as the regular quota under the Sugar Protocol comprises around 43 per cent of the total sugar exports.

This year, if added to 175,000 tonnes, and another 50,000 as special quota because of the shortfall in Mauritius, the total export to the European Union of 225,000 tonnes, Fiji would be 55 per cent of the total anticipated sugar production of 411,000 tonnes this year.

The general indications from European Commission is that the special subsidized Lome sugar prices will last another 15 to 20 years. The country will take full advantage also of special markets like the United States (which is currently paying 22 cents a pound) and will seek to renew the special sugar contracts the country used to have with Malaysia, New Zealand and People's Republic of China.

COPRA AND COCONUT OIL

The Coconut Industry is worth more than \$20 million. Around 40,000 households rely to a greater or lesser extent upon coconuts as a source of cash income. Coconuts are grown throughout Fiji and according to the 1991 agricultural census, Fiji has 65,000 ha of coconuts compared with 95,000 ha of sugar cane. The industry has steadily improved from a production of 11,551

metric tonnes in 1997 to 17,041 metric tonnes in 1998, a 47.5 per cent increase. The Taveuni Coconut Centre has been able to provide selected hybrid seed nuts. These hybrid nuts have double the yield of traditional variety. Under the current coconut rehabilitation program, it is targeted that the industry is to produce 25,000 tonnes of copra. There are 65,000 ha of coconut trees with approximately 6 million trees. Copra production is targeted to 25,000 tonnes by the year 2000 and coconut oil export earnings to increase from \$4 million in 1996 to \$8 million towards the year 2000.

COCOA

Cocoa bean production has fallen from 2000 tonnes in 1994 to 100 tonnes in 1995. Poor production of cocoa is directly attributed to a number of factors including high production and processing costs, high incidence of black pod disease and fluctuating weather conditions which affect the flowering of trees. Most farmers are abandoning their crop and turning to lucrative alternatives due to high costs of cocoa production. However, major efforts to rehabilitate major cocoa nucleus projects are currently underway in the Northern Division which should see production increasing to 160 tonnes in 1997.

GINGER

Ginger has proved to be the most successful diversification crop to date. It has emerged as a major growth industry and a strong contributor to the national drive for increased exports. It also represents a vehicle for increasing Fijian participation in the economy. It has a high labour absorption capacity and contributes significantly to value added output. In recent times ginger production has declined due to pests and diseases such as nematodes and bacterial wilt. Additionally the lack of good planting material is constraining the cultivation of good ginger crop. Despite this slight reduction in production, fresh mature ginger exports increased from 760 tonnes to 1,000 tonnes in 1995. Total export value for the 1995 crop was \$1,445,000. For processed ginger, exports increased from 628 tonnes to 690 tonnes. Total export value for the 1995 was approximately \$2,950,000. It is forecasted that the same level of production and exports will be achieved for both crops in 1999. The Ginger Council is an example of private sector involvement where all matters relating to ginger production right up to marketing can be capably handled by the Council.

YAGONA & DALO

Root crops and Kava represent a sudden strength of the economy with a total value of \$110 million in 1995. Potentially lucrative export opportunities exist for exports of root crops and kava provided that continuity of supply and quality are vigorously maintained. The target by the year 2000 is to increase in value of root crops export from \$8 million to \$15 million, increase in

yagona acreage from 3,000 ha to 6,000 ha and increase in yagona export earnings from \$6 million to \$15 million.

RICE

Production of paddy slightly decreased from 17,370 tonnes in 1997 to 5,176 tonnes in 1998. The increase in production largely attributed to increased demand for the traditional variety of rice. Good weather condition also contributed to this increase. The production of rice locally has been described as disappointing particularly that of irrigated rice in Viti Levu where much of Government investment has been made. The Northern Division accounts for 70 per cent of total national rice production. On the other hand non-irrigated or subsistence rice which accounts for 90 per cent of total production remains viable.

The Government's own rice milling company, Rewa Rice Limited, has also suffered as a result of the decline in the industry, to the extent that the company is in receivership.

Government is looking at ways to revive Rewa Rice. The company will play a crucial role in providing facilities for the milling of local paddy.

A task force headed by the Department of Public Enterprises has been established to draw up a business plan for Rewa Rice.

FRUITS AND VEGETABLES

Although the promotion of fruits and vegetables over the years has not recently attracted much private sector attention, there is however potential for their export. Fruits such as mango, pawpaw and pineapple are currently grown by the Tailevu Development Company in Nadi for the fresh fruit market particularly in New Zealand and Japan. In fruit processing the involvement of SIAS - MPA with South Pacific Foods for the production of banana, mango and guava purees has been a success with exports of 1,000 tonnes of frozen product valued at \$1 million, to markets in Europe, Australia and New Zealand. On vegetables, Fiji has been able to supply temperate vegetables during New Zealand off- season. Export opportunities to Canada are also promising following the recent relaxation of the transshipment of Fiji's fresh produce through Hawaii. Export for 1998 is approximately 7,394 tonnes. The recent establishment of an industry owned and operated Hot Force Air Treatment [HFAT] quarantine treatment facility at Nadi Airport certainly boosted further exports in fresh fruits and vegetables.

DAIRY

Total dairy production in tonnes of milk fat equivalent achieved in 1998 was 535.9 tonnes as compared to 494 tonnes in 1997, indicating an improvement

in production. The increase in output was largely contributed by increases in the quantity of whole milk supplied. Total imports in 1998 also increased to 4,300 tonnes.

The industry is now increasing its concentration on milk production. Import licensing requirements for all dairy products except bulk butter and powdered milk products have been lifted and full deregulation enforced.

FISHERIES

The fisheries sub sector is currently the fourth largest export industry, and the estimated gross earnings in 1998 was \$200 million. This sector offers an excellent potential for further development for local and export markets.

To further improve the contribution of this industry, the Ministry of Agriculture has identified selected commodities in two major program - Capture and Aquaculture. Under food security, with reference to fish products, an important task of Fisheries Division is to establish appropriate regimes for the proper conservation and management of fisheries resources. These include offshore, inshore and freshwater resources.

Fisheries has contributed to the national program by organizing markets for marine products to move closer to production sites. This makes it easier and cheaper for rural dwellers to sell their products. Ascertaining a reliable source of income will guarantee an improvement in living standards. On decentralization, the most common feature of these fisheries development is that they have a wide geographical spread, and would be undertaken where resources are abundant.

According to the Bureau of Statistics, the current employment level in this sector is about 22,000. It is estimated that a further 20,000 is likely to be employed through the development programs in the fisheries sector. On foreign exchange, all identified commodities in this sector have potential export markets. Based on the current level of production, seaweed alone can contribute \$200 million by the year 2002. The whole fisheries sub-sector, if continued to be encouraged and supported should be earning well over \$1 billion by the year 2004. Seaweed - Food Machinery Corporation (FMC) the biggest company in the world involved in seaweed, is willing to establish a processing plant in Fiji provided our production exceeds 10,000 metric tonnes. The export of canned tuna has made a significant contribution to Fiji's foreign exchange earnings during the last few years. Since 1987 export has more than doubled with the industry expanding significantly. In 1989 a can manufacturing plant operated by the Pacific Packaging Ltd. was opened at Levuka, site of Fiji's tuna industry. The majority government owned Pacific Fishing Company (PAFCO) entered into a joint venture with investors from Thailand, Taiwan and Australia to form Pacific Packaging. Fiji's other main fishery export commodity is trochus shell and trochus shell button. This industry suffered severe problems in 1992 following huge drop in world prices. The government is seriously viewing the introduction of legislative measures to protect this fishery. The domestic trends were characterized by increasing worries about the status of inshore fishery resources.

Whilst Fiji's reefs and lagoons are generally fished at levels which are, overall, much below the level of optimum sustainable yield for the ecosystem, concerns about localized overfishing prompted several customary fishing rights areas (qoliqoli) to restrict the use of gillnets and limit the numbers of commercial fishermen in these qoliqoli. Domestic fish prices have stabilized and individual fishermen are currently enjoying the increased costs and limitation on fishing.

Fresh sashimi tuna which is also exported, contributed to a large extent to the growth of the fishing industry in the last 8 years. Since 1989, significant increase in the export of fresh and chilled tuna increased from 53 tons in 1989 to over 3000 tonnes in 1995. Foreign investors are coming into this industry and the government is encouraging local investors to be involved in this enterprising business so as to stop the dollar slipping out of the country.

FORESTRY

The forestry sector at the current level contributes over 2.5 per cent of the GDP. Given the appropriate means and opportunities, the forest industries can support fisheries and agricultural sectors in boosting foreign exchange earnings. Export earnings for the forestry sector continue to increase over the years from \$37 million in 1997 to \$62 million in 1998. It is expected that earnings for 1999 will exceed that of previous years. Fiji's forest cover is approximately 935,000 hectares, in relation to a total land mass of 1.8 million hectares and almost all forest is on communally owned native land with 27,570 hectares on private freehold, 10,270 hectares on government land.

This sector has played , and will continue to play a vital role towards the development of the national economy. The Forestry Department's policies and strategies are driven towards the sustainable management of forest resources for the benefit of the rural community in particular the land owners. High priority will be given to eco - tourism and other micro - development in villages, districts and provinces.

The Ministry's policy is to ensure that this sector becomes more dynamic by expanding its focus to include the depressed economies of the provinces, and to contribute to the national economy. The policy includes the development of hardwood plantation, indigenous logging industry and also to foster the development of the use of wood by - product.

Almost five decades ago, substantial investments in the industrial plantations nationwide have been sustaining our forest development. The country has been self - sufficient with the surplus being exported. The pine plantations including pine schemes have an estimated area of 43,700 hectares. Under the Fiji Pine Limited, these plantations have been supporting our local timber consumption with surplus exported as wood chips. Under Fiji Hardwood Corporation Limited (FHCL), the maturing of hardwood plantations will provide high value decorative timber which will generate substantial foreign exchange earnings. Export earnings for the forest sector continue to increase over the years from \$37 million in 1997 to \$62 million in 1998. It is expected

that earnings for 1999 will exceed that of previous years and with the planned processing of hardwood species like mahogany, a further increase will occur in the year 2000.