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Fiji: Economic Growth and Diversification Built Under Stable Governance

The nation of Fiji, with about 890,000 inhabitants living on over 300 islands in the South Pacific, is not the typical image of a country facing food insecurity. The Fiji Islands are in many ways much better off than other small nations in the Pacific Ocean. Compared its other neighbors, Fiji is blessed with ample wood and mineral resources, as well as larger areas of land for grazing and growing crops. However, it faces many of the same issues as other island nations: an economy built around only a handful of fragile industries, significant dependence on foreign aid, vulnerability to natural disasters that occur more and more often, and the threat of climate change affecting its small island ecosystem (Barnett).

Food insecurity is not necessarily a pressing issue currently, but it is definitely looming down the road. Years ago, native Fijians were mostly self-sufficient, growing various fruits and crops, and catching fish for their own consumption. Most people subsisted on what they produced themselves, and therefore had a generally simple, but very healthy diet. Now, in the quest for economic prosperity, the country has embraced other industries instead to bring in money. Fiji has developed industries for logging, mining and quarrying, tourism, large-scale fishing, cattle-raising, and production of sugar. These large-scale practices put a strain on the environment, as well as raise questions about their sustainability. Deforestation, land overuse, and uncertain rain patterns have all become concerns. With these profitable industries at risk, as well as the loss of local food production, Fiji could be facing a future of being totally dependent on imports of food and major products, as well as other forms of foreign aid.

To combat this, the country must work to strengthen its current economic state, as well as work towards long-term diversification coupled with environmental sustainability. The biggest obstacle in the way at the moment is the body that should be leading the effort: the Government of Fiji itself. Since Fiji was granted independence from British rule back in 1970, its government has been rocked by no less than five coups that overthrew its leaders. Even today, the country is still not democratically governed, which has hurt its economy. If Fiji wants to control its own destiny in the future, the government must stabilize and help lead the way.

In 2005, out of a workforce of approximately 321,000 Fijians, only about 125,000 were currently employed in “formal jobs”. The vast majority of these workers were in the services field (41,000), followed by retail (27,000), and manufacturing (25,000). Altogether, agriculture, forestry, and fishing only account for around 1,300 direct jobs. Most of the country’s agriculture production takes place on the two largest islands, Viti Levu and Vanua Levu. The vast majority of production is sugarcane, which Fiji produced 2,089,000 tons of in 2009. Other lesser crops include copra, rice, taro, cassava, pineapple, and pawpaw. Most livestock production comes in the form of beef or chicken. Additionally, Fiji produced over 13,200,000 tons of fish in 2009 (*Fiji Facts and Figures as at 1st July 2010*).

Manufacturing is the second largest part of Fiji’s economy after transportation, and brought in \$594 million in Fijian dollars (approx. \$163 million USD) in 2009. Much of the manufacturing consists of processing of raw agricultural products like sugar. Processing plants also produce beverages from the islands’ sugar, as well as butter and ice cream from the nation’s cattle industry, and over 20 million rolls of toilet paper from wood logged on the islands. Between 2008 and 2009, most of these areas of the manufacturing sector declined sharply, probably because of the global recession of that year reduced demand for Fijian products by many of its larger trading partners (*Fiji Facts and Figures as at 1st July*

2010). However, even more troubling are the statistics of the largest area of manufacturing, the sugar industry. Ever since 2006, the sugar industry as a whole has declined steadily (Narsey), which is a worrying sign for the nation's economic stability.

The third major area of Fiji's economy is tourism. In 2009, the nation's lush South Pacific environment drew just over 542,000 visitors, down about 8.4% from the year before. Totalled up, the tourism sector brought in \$816.9 million FJD (~\$43 million USD) (*Fiji Facts and Figures as at 1st July 2010*).

Since most of the country's labor force is not formally employed, there are tens of thousands of people who don't have a steady income. Most of them live in small towns and a few small cities, mainly on the coast of the largest island, Viti Levu ("Fiji." *USAID Pacific Islands*). Many who don't have official employment are instead classified as subsistence workers. In fact in 2009, over 230,000 Fijians were included under this category (*Fiji Facts and Figures as at 1st July 2010*). Most of these workers either rove from job to job, manage their own tiny plots of land, make money selling things to tourists, or eke out a living from whatever they can. These are the people who are most at risk if local production slows, and Fiji becomes even more dependent on costly foreign food imports. In 2009, the country already imported over twice as as it exported. (\$633 million USD in exports against \$1.48 billion in imports) (*Fiji Facts and Figures as at 1st July 2010*)

More and more people who live in urban areas have become exposed and accustomed to diets of food imported from other countries. As of 2005, food costs had steadily expanded to over 40% of an average family's overall budget (*Fiji Facts and Figures as at 1st July 2010*). Besides the more traditional Fijian food staples of fish, tropical fruit, and other plant foods, urban citizens have embraced greater amounts of bread and cereals, butter, oils, and processed food from outside sources (Kado).

This steady change in diet has been illustrated over time. Although overall life expectancy has continued to rise ("Population of Fiji." *Worldstat Info*), health surveys taken in 2007 illustrated that over 24,000 people in Fiji , or about 2.4% of the population, now had diabetes, and as of 2009, over 60% of those people were not controlling the condition well enough (Saketa, *Ministry of Health Annual Report 2010*). At the same time, from 2002 to 2008, household self-sufficiency, or the ability of people to produce their own food and other things, declined rapidly from 27% of Fijian households to only 19%. During the same time period, household health expenditures also declined by 17% (Narsey, *Report on the 2008-09 Household Income and Expenditure Survey*). All of these statistics showed that even though many people needed more medical care, many couldn't afford the extra expense, and put it off.

The same survey looked the education of Fijian citizens and found more encouraging results in that area. Between 2002 and 2008, educational expenditures increased greatly, enrollment in primary schools remained strong at 97% of 6-13 year-old children, and enrollment in secondary schools grew from 76% to 80% of children aged 14 to 18 years old (Narsey, *Report on the 2008-09 Household Income and Expenditure Survey*). Collectively, the average Fijian has about 8.3 years of formal education ("Fijian Education Statistics"). The country also boasts an adult literacy rate of 94.2% (*Education (all Levels) Profile- Fiji*), as well as its own post-secondary institutions like the University of Fiji and the University of the South Pacific (*Fiji Facts and Figures as at 1st July 2010*).

All of these facts and figures show that the Republic of Fiji's economy and people are currently in better condition than most other small Pacific nations, but current trends are troubling, and show that the country is vulnerable. Many of these worries are tied to problems with the government.

Fiji officially gained independence from Britain in 1970, and enjoyed 17 years of stability until 1987 when the elected coalition government was overthrown in two successive coups led by a man named Sitiveni Rabuka ("Government of Fiji."). The underlying cause of the instability was racial tension between the country's two major ethnic groups, indigenous Fijians who are descended from the islands' native inhabitants, and Indo-Fijians descended from Indian indentured laborers ("Fiji Profile." *BBC News*). Rabuka and the indigenous people were unhappy with the mostly Indo-Fijian dominated government, and replaced it with a new republic. After several more years of political turmoil, a new constitution was signed with wide support in 1998. The next year, elections resulted in a new Indo-Fijian prime minister named Mahendra Chaudhry ("Government of Fiji.>").

Fiji's third government coup occurred the following year in 2000, when Prime Minister Chaudhry and his cabinet were held hostage for several weeks by forces led by a businessman named George Speight. The alarming conflict greatly damaged the economy and cast the nation in a very bad light on the international stage. In the following years, several thousand Indo-Fijians left the country, leaving indigenous Fijians as the major ethnic group ("Fiji Profile." *BBC News*).

Unfortunately, the problems continued, and in 2006 the government was again taken over, this time by military members led by Commodore Frank Bainimarama, who then took control as prime minister. In 2009, the Fiji High Court declared that his government was against the law. In response, Fiji's president, Josefa Iloilo, simply ignored the constitutional power of the judiciary and removed the court altogether ("Troubles and Problems in Fiji."). That September, Fiji was suspended from the Commonwealth Nations because of its actions ("Fiji Profile." *BBC News*). Later in November, Prime Minister Bainimarama forced diplomats from Australia and New Zealand to leave the country after their governments imposed sanctions against the Republic of Fiji ("Troubles and Problems in Fiji.>").

In 2012, the government finally made plans to draft a new constitution and hold free elections in 2014, but it remains to be seen whether that will happen. Currently, the Fijian military maintains that it will interfere in political affairs whenever it deems necessary, leaving the people's future in doubt ("Fiji Profile." *BBC News*). The major problems that the people of Fiji face are growing dependence on foreign imports and foreign aid, steady population shifting to urban areas, over reliance on certain industries in its economy, and threats from climate change. At this point, the national government has not done enough to solve these problems.

As of 2009, Fiji relied on the countries of Australia, New Zealand, and Singapore for almost *two-thirds* of its imports (*Fiji Facts and Figures as at 1st July 2010*). Australia and New Zealand also provide the lion's share of foreign assistance to the country, with New Zealand pumping in \$5 million in 2011 ("Fiji." *The New Zealand Aid Programme*), and Australia currently allocating over \$53 million in aid for 2013. Australia alone has injected over \$122 million into Fiji in the last three years. Interestingly, Australia makes a point of not giving any aid to the Fijian Government, and instead gives it directly to private organizations. While Fiji relies more and more on this aid, in 2012, the Australian government downsized its aid program by \$3.5 million to cut costs ("Fiji." *Australian Aid*).

Secondly, Fiji's population movement also poses a problem. Over time, many people have moved from the rural areas of the islands to urban areas looking for a better life. A lot of these migrants are former sugarcane farmers whose leases expired. At the present time, many of these migrant families are living on the outskirts of the capital, Suva, and many other towns because they can't find work ("Fiji." *USAID Pacific Islands*). These people are the approximately 230,000 Fijian subsistence workers mentioned earlier.

Many of these people cannot find work because the Fijian economy still struggles to diversify and grow. Thousands have left the sugar industry as it has shrunk during the past few years, manufacturing has not grown to fill the gap because a lack of natural resources to feed it, and the tourism industry has to overcome the bad reputation the military dictatorship has given the country.

The fourth issue facing the Fiji Islands are the varied and sometimes subtle effects of climate change. The island of Vanua Levu sustained over \$30 million in damage from a cyclone in 2003 ("Troubles and Problems in Fiji."), heavy flooding in January of 2009 caused considerable harm to much of the country's infrastructure ("Fiji." *The New Zealand Aid Programme*), and in 2012 Fiji was hit by Cyclone Evan ("Fiji." *Australian Aid*). In every one of these disasters, much of the rebuilding was done with the help of foreign aid. In 2010, Fiji's Ministry of Health began a study document the impact of "water stress", or the dramatic shifts from too much water during floods to too little water during droughts, on diseases like typhoid fever, which have spread rapidly in the last decade (Saketa). Additionally, patterns of El Nino and La Nina ocean currents have caused wide swings of weather, from seasons of extreme drought to other seasons of intense flooding (*Republic of Fiji- National Climate Change Policy*).

The Government of Fiji can and must help solve these problems. The single biggest thing it can do now is simply to reform itself. It must keep its promise to hold free elections in 2014, and then it must maintain a strong, open, democratically-elected government. In order to do this, Fiji's current corrupt leadership must step aside. If any members of the current government remain, there will always be a suspicion of illegitimacy by the people. Secondly, steps must be taken to separate the powers of the military from the civilian government. Democracy and freedom help foster new ideas, growth, and confidence. With the citizens and government actively involved together, Fiji can address its problems and solve them.

Once open democracy is restored, then Fiji can aggressively encourage foreign investment in its economy. Foreign investors will be much more eager to put capital into a developing nation with a strong democratic government than one ruled by dictators. Nations like Australia can work *with* the Fijian Government to apply aid where it is needed, instead of trying to avoid it. Three of the country's four main problems, including reliance on foreign aid and imports, population changes, and lack of economic diversity, can be solved together.

First foreign aid and domestic government funds can be used to help revitalize the rural lands of Fiji. Many former farmers whose land leases expired and could not be renewed in previous years could be awarded new leases at lower costs, and be encouraged to grow native, traditional crops that were previously left behind by sugarcane. These farmers would be helped out by new investments in rural infrastructure like roads and bridges that would make markets for these crops more accessible. At the same time, the already established Agricultural Marketing Authority (AMA) could continue its work at establishing local markets for produce in rural areas that aren't usually reached by the outside export market (*Agriculture: Fiji*). To further the growth of these new agriculture markets, investments could be made in the already existing agro-processing industry to include manufacturing of new ag-based products that would provide new jobs.

While strengthening its economy domestically, The Fijian Government then could help further grow the country by marketing itself to the outside world. As a free, democratic nation, Fiji would be much more attractive on the world stage, and could negotiate new trade agreements and deals with international partners that would open Fijian products to new markets. Meanwhile, the Government could promote its growing tourism industry to the world. Increased tourism, while benefiting from less political strife, would also further promote Fiji's advantages to outside visitors.

Finally, the National Government would be able to take an aggressive and involved role in addressing climate change. Steps could be taken to educate the ordinary public about what to do in the event of disasters like flooding and cyclones, and to develop more effective warning systems that would save lives. Additional work could be undertaken to protect the nation's waterways from flash flooding and erosion. These steps would also protect vital land resources as well. New public works investments could be made in water treatment and waste-water facilities that would be able to withstand disasters like floods, instead of becoming overwhelmed by Mother Nature and contaminating the water supply. Lastly, to help combat and prepare for future problems, the government could undertake more in-depth and detailed research on the effects of future climate change on Fiji individually.

All of the previous suggestions are likely best-case scenarios, but they are possible to at least some degree if and only if Fiji's government reforms and becomes a democratically elected body. The Republic of Fiji faces several problems: lack of economic diversity, slumping local food production, increasing dependence on foreign aid, and threats from a changing climate. At the same time, it has huge potential. Fiji can become a catalyst for growth in the South Pacific. To do this, it needs help. With foreign investment and aid, and a cooperative, open government, Fiji can grow itself into an economic success story.

If 2014 comes and the government reneges on its promise to hold elections, or if the new government is held hostage by the military once again, then Fiji risks falling into a deeper cycle of constant political instability and possible long term economic stagnation. The islands will then become a population of people whose overall outlook is increasingly bleak. Fiji can't hope that countries like Australia and New Zealand will simply inject capital into it for an indefinite amount of time.

Fiji is only a small Pacific island nation, nothing like the poor suffering regions of Sub-Saharan Africa, or many countries in Asia that suffer from massive and deadly starvation. Fiji is much better off today, but it faces a dangerous future. With the right leadership, and cooperation between the government, the business, and the people, Fiji can grow into a strong, secure, shining example of what democracy and freedom can spawn when nurtured.

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