

SOME AUSTRALASIAN COMPANIES WITH SIGNIFICANT INVESTMENTS IN FIJI

- ANZ Bank
- Carlton & United Beverages
- Commonwealth Bank Group
- Fletcher Challenge Group
- Goodman Fielder
- Qantas
- Village Roadshow
- Virgin Blue
- Westpac



INTRODUCTION

A land of opportunity

After turbulent episodes in recent years, Fiji is a country starting to believe it can compete on the world stage.

SUCCESS in a range of fields is raising Fiji's profile internationally and instilling an unprecedented confidence in its people. The world's number one golfer hails from Fiji, not a bad achievement for a country of less than a million people. Vijay Singh had a record-breaking 2004 and, although he now resides in Florida, his every achievement places Fiji more firmly on the map.

In other spheres, business visitor and tourist numbers have rocketed since 2001, Fiji's international peacekeeping contingent is highly regarded and its companies are starting to demand recognition. In the case of Natural Waters of Viti Levu (sold under the FIJI Water brand), that recognition came resoundingly last year in the form of an outstanding award for corporate excellence from the US Government. It is not the only Fiji brand that is flying the flag internationally.

SWIFT RECOVERY

These achievements are outstanding when you recall the coup that occurred in May 2000. George Speight, a Fijian nationalist, attempted a parliamentary coup and took 30 government hostages. As the crisis drew out, there were fears that Fiji would disintegrate into a failed state.

On the contrary, it recovered swiftly, thanks partly to the support it received from neighbouring Australia (to which it has since expressed its appreciation). Relations between the two are still warm and Australia will provide an estimated A\$18 million in bilateral aid to Fiji in 2004-5, destined for areas such as rural education and health care.

SOLID GROWTH

The current Prime Minister is Laisenia Qarase, a former banker with the Fiji Development Bank and Merchant Bank of Fiji, who has set about rebuilding investor confidence, streamlining the

public sector and investing in infrastructure. Investment levels are climbing steadily (currently at 16% of GDP) and the country has made a sure-footed entry into the new technology economy. GDP growth for 2004 is estimated at a solid 3.8%.

CHALLENGES AHEAD

There are still major problems to be tackled by the Qarase government: an ailing sugar industry, the loss of skilled workers overseas (especially among the Indo-Fijian population), uncertainty in land rights (Fiji's unique land ownership system places limits on freehold ownership of land by non-indigenous Fijians), and a law and order situation which, if anything, appears to be worsening. Furthermore, political tensions are still simmering in advance of the watershed 2006 elections.

And yet, when you talk to overseas investors already established in Fiji, their mood is almost exclusively buoyant, with many from Australia — such as Emperor Mines, Quest (ANZ), Air Pacific (Qantas) and Mark One Apparel — planning major new investments.

A NATURAL PARTNER

Fiji has always been a natural market for Australia and New Zealand, not just because of its proximity, but also because its banking, legal and financial structures are familiar and it is English-speaking. It is also home to the University of the South Pacific (the Pacific's premier provider of tertiary education), and has long been a hub for the region.

These natural advantages are now complemented by a healthy business climate. Investment laws such as the *Foreign Investment Act 1999* are being reviewed to make them more workable and business-friendly. The financial system is strong (Australian banks ANZ, Westpac and the Commonwealth all have significant local presences), and in April 2002, Moody's Investors Service

upgraded Fiji's Ba2 rating from negative to stable, based on the low level of external debt and sound monetary policy. Moody's did note, however, that 'ethnic and political divisions seriously affect the investment climate'.

Investors concerned with sovereign risk may be reassured by Fiji's 1997 Constitution, which prohibits expropriation of private property except in emergencies, and only then with appropriate compensation. The Fiji government has also publicly committed itself to reaching investment protection agreements with its key trading partners, and is a signatory to both the World Bank's Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.

INVESTMENT OPPORTUNITIES

The main investment opportunities for Australasian businesses at present are in areas such as tourism, construction, information and communications technologies (ICT), textiles, clothing & footwear (TCF), resources, and the food industry. There are also many opportunities for Australasian companies to sell goods and services, especially with the Fiji tourism industry growing at around 20% per annum.

The high degree of local investor confidence (see in particular the section on Tourism Development, pages 12–14) is at odds with the continued misgivings of global financial institutions such as the World Bank. Would-be foreign investors would do well to treat themselves to a trip to the 'islands of true relaxation' in order to make their own assessment.



‘Fiji is the land of opportunity at the moment [for investors from Australia and New Zealand].’

John Velegrinis,
country manager (Fiji), ANZ



‘If we market mahogany properly, then it can overtake sugar in the contribution it makes to the economy ... strategic alliances with Australian and New Zealand companies will be important to realise its full potential.’

Joseph Singh, chairman, Fiji Islands Trade and Investment Bureau (FTIB)



‘Whilst we are consolidating our existing business with Australia in areas such as textiles and agriculture, there are new opportunities in ICT and mahogany.’

Tomasi Vuetilovoni, Minister of Commerce, Business Development and Investment

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‘The calibre of Fiji's young dynamic workforce ... the Southern Cross Cable infrastructure and Fiji's location and time zone make [it] ideal for investments [in call centres and back office operations].’

Lailun Khan, chief executive officer, Fiji Islands Trade and Investment Bureau (FTIB)

FJI—KEY STATISTICS

Full name	Republic of Fiji
Area	18,300 sq km
Population	880,000
Capital city	Suva
People	Indigenous Fijian 50% Indo-Fijian 45%
GDP	US\$1.9 billion
GDP growth in 2004	3.8% (estimated)
Inflation	3.5% (estimated, December 2004)
Exchange rate	A\$1.00=F\$1.281 (January 2005)
Major export markets	USA (23.7%) Australia (18.4%) United Kingdom (14.6%)
Major import markets	Australia (35.1%) Singapore (19.2%) New Zealand (17.2%)
Head of State	President Ratu Josefa Iloilo
Head of Government	Prime Minister Laisenia Qarase

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