



Fiji's Tourism Industry

According to the World Travel & Tourism Council, in 2016, travel and tourism's¹ total contribution to the *global economy* stood at US\$7.6 trillion, supporting 292 million jobs worldwide (approximately 1 in 10 of all jobs) and represents 10.2 percent of the world's Gross Domestic Product (GDP).

For the *Pacific Islands*, tourism is one of the region's most economically viable sectors, with 1.37 million tourists (mainly from Australia and New Zealand) visiting 11 Pacific Island Countries with Fiji, Papua New Guinea, Palau, Samoa and Vanuatu making up the top five destinations in 2014 alone. According to a recent World Bank report, "Pacific Possible: Tourism", by the year 2040, income from tourism is estimated to reach around US\$1.8 billion, creating 128,000 new jobs.

Tourism in Fiji

Tourism contributes significantly to Fiji's economy. The tourism industry constitutes activity in a large number of sectors that provide diverse products and services to visitors. These sectors include transport & storage; wholesale & retail trade; manufacturing; real estate; administration & support and the arts, entertainment & recreation activities. However, these businesses also provide products and services to local residents. As such, measuring the total size and output of the tourism industry is not as straightforward as measuring output from the other industries such as manufacturing and agriculture.

The direct contribution of tourism to Fiji's GDP is measured through the accommodation

& food services activities sector (which includes short term accommodation activities of hotels & resorts as well as food & beverage serving activities), which has increased from an average of 3.0 percent in the 1980-1990s to 6.4 percent of GDP in the 2011-2016 period.

Importantly, the tourism industry's combined direct and indirect contributions to GDP averaged above 30.0 percent, over the past seven years. Additionally, the industry provides direct and indirect employment to an estimated 45,000 people.

Visitor Arrivals

International visitor arrivals to Fiji have shown steady growth in the last six decades, rising from a total of 14,272 in 1960 to 548,589 in 2006 and further to 754,835 in 2015. Despite the prevalence of natural disasters, such as the tropical cyclone Winston and the floods in April 2016, visitor arrivals reached a record high of 792,320 in 2016 and are expected to grow by a further 5.0 percent in 2017.

In the year to May 2017, a total of 296,088 tourists visited Fiji, an annual growth of 7.0 percent. In terms of monthly visitor arrivals, there is a distinct seasonal variation in the given periods, with arrivals peaking in July (Chart 1). Fiji also benefits from the number of Australian and New Zealand visitors taking advantage of Fiji's warmer climate during their winter season (June to August).

Purpose of visit and average length of stay

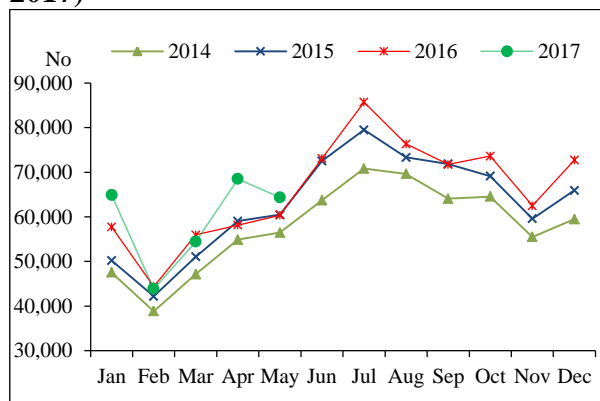
The majority of our visitors enter the country for holiday purposes (75.8% in 2016). Others visit Fiji to meet friends and family (8.6%), do official business such as attending conferences (5.9%), attend education/training

¹ Travel & tourism refers to all activities of travelers on trips outside of their usual daily life - for leisure, business or other purposes with duration of less than one year.



programs (1.0%) and for other reasons (8.7%).² In 2016, visitors to Fiji stayed for an average 9.5 days.

Chart 1: Monthly Visitor Arrivals (2014-2017)



Source: Fiji Bureau of Statistics

Source Markets

Australia continues to be the main tourist source market for Fiji whose market share rose significantly from 37.3 percent in 1970 to 48.7 percent in 2015 and has slightly declined to 45.5 percent last year. Since 2013, Fiji has received an average of 354,000 visitors per year from Australia.

New Zealand, has increased its market share from just 8.6 percent in 1985 to around 21.0 percent in 2016, and continues to be the second largest source market for visitor arrivals to Fiji. From 2013-2016, Fiji received an average of over 133,000 visitors per annum from New Zealand.

In the 1960-1964 period, the *United States (US)* was Fiji's largest source market, accounting for around 33.0 percent of total arrivals in 1962. Nonetheless, while its market share has fallen over the years, it continues to be Fiji's third top source country for international arrivals whose contribution to total visitor arrivals averaged around 9.0

percent in the 2013-2016 period, or 64,000 US visitors to Fiji on average, annually.

The *Pacific Islands* and *China* follow in fourth and fifth place with each contributing around 6.0 percent to total visitor arrivals in 2016. Visitor arrivals from China have increased significantly over the years from just over 4,000 visitors in 2009 to above 49,000 Chinese visitors in 2016. Starting in 2015, Rosie Holidays, in partnership with Fiji Airways commenced direct charter flights during the Chinese New Year period. This augurs well for the local tourism market as it is outside Fiji's peak season.

The above top five markets (Australia, New Zealand, US, Pacific Islands and China) accounted for 87.4 percent of Fiji's overseas visitors in 2016 with the remaining 12.6 percent visitors coming from Canada, the United Kingdom, Japan, India, Continental Europe, South Korea, Hong Kong and the 'Rest of Asia'.

Tourism Earnings

Over the years, the tourism industry has become Fiji's largest source of foreign exchange earnings in comparison to earnings from other traditional industries such as sugar, fisheries, garments and forestry. In 2010, earnings from tourism crossed the billion dollar mark at \$1.2 billion. For the 2011-2015 period, gross earnings from the tourism industry averaged around \$1.4 billion. Last year, tourism earnings grew further to around \$1.6 billion, equivalent to 16.0 percent of GDP.

Conclusion

Tourism continues to be one of the largest revenue earner and employer in Fiji. The industry creates a multiplier effect in the local economy and supports business activity and livelihoods of many people working in many

² Also includes transit to other Pacific Islands.



other industries such as agriculture and transport. The Government supports growth and development in the tourism industry through grants to Tourism Fiji - the Government's tourism marketing arm (\$36 million in the 2016/2017 National Budget). Tourism Fiji is working towards diversifying its tourism products to attract more visitors and at the same time increasing flights and connectivity to other non-traditional source markets. Fiji is working towards reaching the target of one million visitors and/or a \$2.2 billion industry by 2021.