

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI RELEASES 2010 ANNUAL REPORT

The Prime Minister and Minister for Finance, Commodore Josaia Voreqe Bainimarama tabled the 2010 Annual Report of the Reserve Bank of Fiji in Cabinet on 19 July, 2011. The Report includes the audited accounts and the operations of the Reserve Bank for the year ended 31 December 2010. The Governor and Chairman of the Reserve Bank Board, Mr. Barry Whiteside, noted that the global economy has recovered from the worst recession in 60 years but downside risks including high crude oil and food prices, unemployment in advanced countries and possible overheating in emerging economies could dampen global growth prospects, moving forward.

Domestically, the Governor stated that economic growth of 0.6 percent in 2010 was broad-based, while the 2.7 percent growth anticipated for 2011 is expected to be driven largely by the turnaround in the agriculture & forestry, manufacturing and fishing sectors. Mr. Whiteside remarked that, "early indications show that 2011 will be another challenging year as much of Fiji's performance will depend on developments abroad as well as the success of its own reform programs".

The twin objectives of monetary policy remained intact in 2010. Foreign reserves reached a new historical high of \$1,307.4 million in November 2010 before falling slightly to \$1,302.7 million by year-end, adequate to cover 4.1 months of goods and non-factor services. Inflation rose from 6.8 percent at the end of 2009 and peaked at 10.5 percent in April last year, before moderating to 5.0 percent at the end of 2010. Despite these outcomes, the Governor cautioned that monetary policy formulation has become increasingly challenging as the Reserve Bank attempts to balance the risks imposed by high commodity and food prices on local prices with the need to grow the domestic economy.

The 2010 Annual Report also highlighted the Reserve Bank's focus on its wider role of developing the economy, with the creation of the Import Substitution and Export Finance facility to support domestic agricultural production and the establishment of a National Financial Inclusion Taskforce to promote greater financial inclusion in Fiji. Initiatives to develop small and medium enterprises, in partnership with private and public stakeholders, also continued via microfinance expositions during the year. The Reserve Bank also drove the implementation of the e-Money Fiji project and oversaw the establishment of Local Advisory Boards of commercial banks.

Governor Whiteside noted that despite the macroeconomic challenges, Fiji's financial system remains strong and continues to grow. Total assets of the financial system (excluding the RBF) rose by 1.9 percent to \$10.5 billion in 2010.

The Report also noted that the Reserve Bank transferred \$38.9 million to Government. This comprised its entire profit of \$21.5 million for the financial year ended 2010 and one fifth of the balance of the Revaluation Reserve Account of \$17.4 million.

Governor Whiteside concluded that, "monetary policy will be continuously assessed with the view to revive the economy as well as maintaining macroeconomic stability. Domestic reforms that are now being implemented need to continue their momentum. We need the cooperation and support of Government, financial institutions, relevant stakeholders and all citizens in order to achieve better growth for Fiji and a higher standard of living".