

RESERVE BANK OF FIJI



PRESS RELEASE

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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC POLICY COMMITTEE AND GOVERNOR OF THE RESERVE BANK OF FIJI

REVISED ECONOMIC PROJECTIONS

The Chairman of the Macroeconomic Policy Committee and Governor of the Reserve Bank of Fiji, Mr Savenaca Narube, today announced that “The domestic economy is now projected to contract by 0.3 percent in 2009 compared with the 2.4 percent growth announced in November last year”.

“The economy has been severely impacted by flash floods earlier in the year and by a deteriorating global economy. The major sectors that are particularly affected are tourism, sugar and other agricultural production. This is translated to the decline in the wholesale & retail trade, hotels & restaurants; manufacturing; and agriculture, forestry, & fishing sectors. There is also a decline projected in the finance, insurance, real estate and business service sector. Collectively, the weaker performances in these sectors will more than offset the growth in the mining & quarrying; transport & communication; electricity & water; community, social & personal services; and building & construction sectors.”

The Governor added that the growth for last year has also been revised downwards to 0.2 percent from the 1.2 percent forecast announced in the 2009 National Budget. “The downward revision was because of lower growth in the agriculture, forestry, & fishing sector and the more than expected declines in the manufacturing (sugar, clothing & footwear, beverage & tobacco and other food industries) and electricity & water sectors.

The Chairman added that, “the real GDP growth projections for 2010 and 2011 remain basically unchanged at 1.8 percent in 2010 and 1.6 percent in 2011”.

On trade, Mr Narube explained that, “With falling international demand, exports are projected to decline by 12.2 percent in 2009 with all major export sectors expected to be affected. Fortunately, driven by the lower oil prices, imports are also expected to decline by 10.6 percent.”

Mr Narube also highlighted that “The lower prices for oil, wheat and domestic market items have helped reduce the annual inflation at the end of the first quarter to 0.5 percent, a 75 month low.”

Mr Narube concluded by saying that, “Official foreign reserves at the end of February were \$674 million, equivalent to around 2.7 months of imports of goods”.

The next revision of these forecasts will be announced in July this year.

Savenaca Narube
Chairman of Macroeconomic Policy Committee

The Macroeconomic Committee is made up of representatives from the Ministry of Finance, Ministry of National Planning Office, Fiji Islands Bureau of Statistics, Ministry of Commerce & Industry, Ministry of Foreign Affairs & External Trade, Prime Minister’s Office, Fiji Island Trade and Investment Bureau, Fiji Islands Revenue & Customs Authority and Reserve Bank of Fiji.