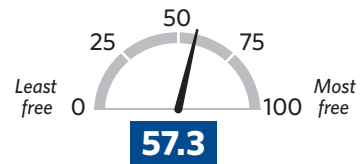


Economic Freedom Score



World Rank: **105** Regional Rank: **18**

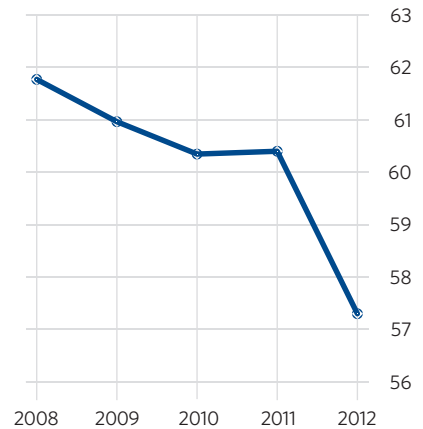
Fiji's economic freedom score is 57.3, making its economy the 105th freest in the 2012 *Index*. Its overall score is 3.1 points lower than last year due to considerable declines in property rights and freedom from corruption. Fiji is ranked 18th out of 41 countries in the Asia-Pacific region, and its overall score is below the world and regional averages. Fiji recorded the fifth largest score decline in the 2012 *Index*.

Performing notably worse across the 10 economic freedoms, the island economy is no longer one of the "moderately free" economies in the *Index*. The quality of the judicial framework has deteriorated considerably, severely hampered by the lack of judicial independence or any strong political will to eradicate corruption. With the judiciary becoming more vulnerable to political interference, corruption has become a serious cause for concern and undermines the foundations for long-term economic development.

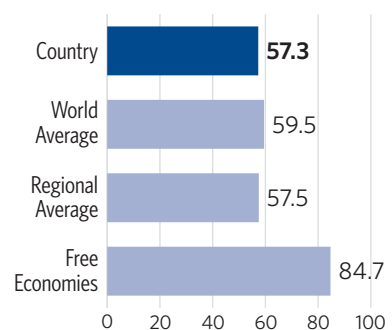
Regulatory uncertainty and the lack of effective open-market policies continue to cause economic stagnation. Public debt has surpassed 50 percent of GDP, a level higher than that in most regional neighbors. Inefficient government-owned enterprises in sugar, electricity, and transportation significantly impede fiscal stability. Monetary freedom remains constrained by state meddling through price controls.

BACKGROUND: The Pacific island nation of Fiji is ruled by an interim government headed by military strongman Commodore Frank Bainimarama, who has dominated island politics for a decade. Fiji has long suffered from ethnic tension between the indigenous, mostly Christian population and a large minority of Hindu or Muslim Indo-Fijians. Sanctions imposed by Fiji's main trading partners, including the European Union and Australia, have hurt the vital agriculture, clothing, and fishing industries. In September 2009, Fiji was suspended from the Commonwealth of Nations. The government began to implement industry reform in 2010, but it has done little to improve Fiji's slowing economy.

Freedom Trend



Country Comparisons



Quick Facts

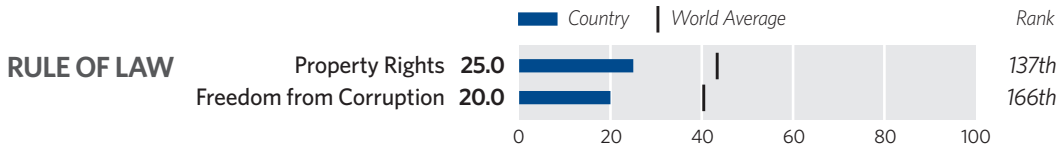
- Population:** 0.9 million
- GDP (PPP):** \$3.9 billion
- 0.1% growth in 2010
- 5-year compound annual growth -0.3%
- \$4,347 per capita
- Unemployment:** n/a
- Inflation (CPI):** 5.4%
- FDI Inflow:** \$128.9 million
- Public Debt:** 55.8% of GDP

How Do We Measure Economic Freedom?

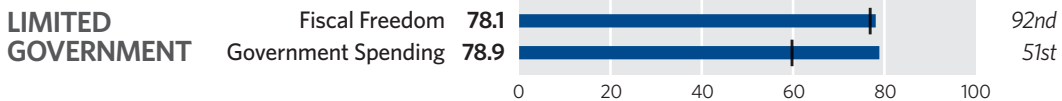
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
Data compiled as of September 2011.

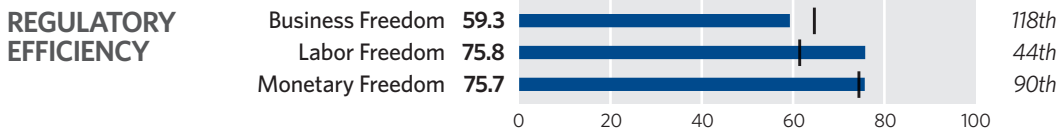
THE TEN ECONOMIC FREEDOMS



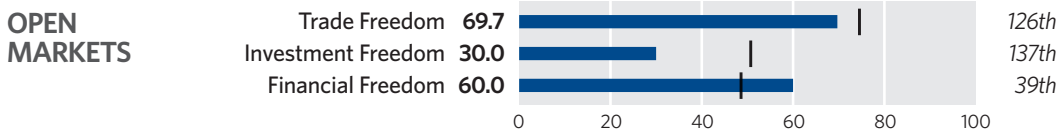
Protection of property is highly uncertain. The backlog of cases is significant, and there is a shortage of prosecutors. Government actions undermine the judiciary’s independence. Obtaining land titles is difficult, and the enforcement of intellectual property rights is inadequate. Limited accountability for corruption and lack of effective disciplinary processes pose challenges to entrepreneurs.



The top income tax rate is 31 percent, and the top corporate tax rate has been cut to 28 percent. Other taxes include a value-added tax (VAT) and a land sales tax. The overall tax burden is equal to 21.2 percent of total domestic income, and government spending is equivalent to 26.5 percent of total domestic output. Deficits have narrowed to 3.1 percent of GDP, with public debt amounting to 55.8 percent of GDP.



Fiji’s regulatory environment has improved, but more reforms are necessary to boost private investment and increase employment. Procedures for establishing and running a private enterprise are time-consuming and costly. The 2008 Employment Relations Act consolidated and updated the labor codes. However, labor regulations remain rigid, and an efficient labor market is not fully developed. Price controls are imposed on various goods.



The trade weighted tariff rate is quite high at 10.1 percent, and non-tariff barriers raise the cost of trade. All foreign investment must be approved by the state, and the investment environment remains discouraging. The government withdrew from commercial banking, and foreign participation in banking is significant. Foreign exchange controls limit the amount of investment profit and capital that may be repatriated, but some controls have been eased.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-5.0	Fiscal Freedom	0	Business Freedom	-3.9	Trade Freedom	-0.1
Freedom from Corruption	-20.0	Government Spending	-2.4	Labor Freedom	+0.1	Investment Freedom	0
				Monetary Freedom	-0.4	Financial Freedom	0