

FIJI

Capital:	Suva
Land Area (km²)	18,272
Sea Area/EEZ (million km²)	1.26
Islands (No.)	322 (110 are inhabited)
Population (No.)	824,700 (2000)
Annual Growth (%)	1.6
Density (inhabitants/km²)	45
Rural Population (% of total population)	54
GDP (US\$ million)	1,902.4 (1997)
Agricultural GDP (% of total GDP)	16
GDP per caput (US\$)	2,320 (1997)
Currency:	Fiji Dollar

A. General

Fiji is an archipelagic nation comprising about 320 islands with a total land area of 18,300 km² and a surrounding EEZ of about 1.3 million km². The group includes two large islands, several medium-sized islands, and numerous small islands and atolls. Most of the islands are surrounded by fringing and barrier coral reefs: some are of coralline origin. There are three substantial rivers, a few lakes and some man-made impoundments where fishing and aquaculture take place, but marine fisheries are predominant.

The largest sector of the economy is agriculture. Sugar exports, a growing tourist industry as well as garment exports are major sources of foreign exchange. Sugar processing alone makes up about one third of industrial activity.

B. The Agricultural Sector: Constraints and Strategic Options

Agriculture in the Economy. Despite increasing urbanization, agriculture remains the most important sector in the economy. Sector contribution (excluding fisheries and forestry) to total GDP is approximately 16%. Sugar and subsistence are still the dominant activities of the sector. Foreign exchange earnings from agriculture, fisheries and forestry have remained fairly constant in real terms at approximately 55% of gross exports. Low foreign exchange leakages from agriculture mean that the sector's share of net foreign exchange earnings is substantially higher than tourism or garments. Although agricultural workers are frequently under-employed, the sector remains the main source of employment throughout the country contributing to the distribution of national income.

Land Use, Farming Systems and Institutions. Approximately 2,900 km² of land (16% of the total) is suitable for arable agriculture and a further 7,900 km² (43%) can be used for tree crops and grazing. Some 83% of the land is owned by indigenous Fijians held under

“customary” communal tenure by land-owning groups (mataqali). Land, which is administered by the Native Land Trust Board (NLTB), cannot be sold but some of it can be leased to non-Fijians (and to Fijians as individuals). The largest portion of land in commercial agriculture is leased in the sugar cane areas, mainly to Indian farmers. This land is administered under the Agricultural Landlord and Tenant Act (ALTA). These leases are beginning to expire. The uncertainty of future leasehold tenure is a major contributing factor to the lack of investment in the sugar sector and increasing agricultural land degradation.

According to the 1991 Agricultural Census only 45% of arable land in Fiji is currently farmed as 95,400 farms. This is more than in previous years and confirms the trend that over the last 25 years land use was increasing faster than rural population and agricultural production. There is underutilization and inefficiency in agricultural land use that stem from unequal distribution of land ownership across all forms of land tenure.

Despite greater environmental awareness there is increasing land degradation. The major problem is widespread and indiscriminate burning. Farming on excessive slopes continues to cause serious soil erosion problems in traditional ginger/root crop areas, and marginal sugar lands. Some of this land is now becoming unusable for agriculture due to a combination of land degradation and economic pressure.

Historically, forests played a central role in the subsistence economy providing food, shelter and medicine. For villages close to the remaining tropical forest this continues to be the case. Although, the commercial value of timber resources has long been recognised, it is only now that the substantial commercial potential of renewable non-timber products is being recognised. Remaining area of natural forest is estimated at 860,000 hectares, representing around 50% of total area.

Within Fiji’s 200 n miles EEZ some 1.3 million km² of ocean are rich marine resources for commercial exploitation and to meet subsistence needs.

Inshore fishery mainly comprises reef and inshore pelagic fish which are mainly for subsistence. The coastal pelagic resource in recent years has come under strain from the fishing practices of tuna long liners, some of whom are operating illegally within Fiji’s EEZ. There has also been a net reduction in the mangrove area as this land has been converted to other uses (sugar cane, tourism developments, and urbanization). Some of the fringe reefs are under pressure from pollution, coral mining and hurricane damage.

The principal offshore fishery is tuna. There is also a significant deep-water bottom fish resource (particularly snappers) on the outer slope of the reefs and on the sea mounts. Fiji has developed in recent years a substantial industry based on the export of large tunas (yellow fin and big eye) to the Japanese and Korean sashimi market. Skipjack and albacore tuna (caught in Fiji’s EEZ and imported) are canned by the Pacific Fishing Co (PAFCO). Resource assessments by the South Pacific Commission indicate that the tuna resource is fished at levels well below the maximum sustainable biological yield. However there are indications that long lining methods used for the large tunas are having adverse impact on the resource and on other species.

Major Challenges and Constraints. The most challenging food security issues for Fiji towards 2010 are sustaining domestic food production levels in line with food demand and market potential, and continuing the transition from subsistence to commercial agriculture.

Fiji's ability to meet this challenge is greatly enhanced by its comparative advantage in the production of traditional food crops. This advantage is based on farmers' ability to grow traditional crops, consumer preference, and unavailability or high cost of imported substitutes. If grown in the traditional manner, without chemicals and in rotation, these are highly sustainable activities.

Although farmers are well versed in growing traditional crops further improvements in research and extension can have high dividends, particularly in pest or diseases and making farmers aware of unsustainable agricultural practices. Quarantine has a crucial role to play in minimizing the risk of these introductions. Strategically located roads can open up significant markets for traditional food crops and provide an incentive for increased production of food crops as past road developments have shown. The nutritional value of traditional food compared with imported and processed food needs to be continually brought to the attention of the community. Farmers need to be made fully aware of the devastating consequences of indiscriminate burning on the productivity of food gardens. The rapid expansion in commercial taro production has brought with it unsustainable production practices which need to be addressed through education and in some cases through regulatory enforcement. The status of traditional foods and farming systems needs to be enhanced through school curricula, youth training programs, and via the media. The employment generating youth training programs currently being promoted by government should give priority to traditional food crop production as a high return/low risk activity. The traditional food production sector has as much to gain as any other from the demand generated from outward looking economic policies that lead to sustained economic growth. As incomes rise, so will the demand for high value traditional food.

Sugar is the most important agricultural export industry. However at best it faces the prospect of continuing erosion of preferential prices with the EU, or at worst the complete loss of these preferences. The impending shakeout of the world sugar economy may not necessarily be unfavourable for Fiji. Future viability for the Fiji industry will depend on being able to produce sugar at a profit at world market prices. Unlikely to survive are low yielding heavily indebted farms located on degraded land a long way from the mills. The remainder of the cane farms is expected to remain viable if costs can be reduced. Most of these farmers are likely to continue to see cane, with its minimal risk, as the preferred land use option. However in a more competitive environment they are more likely to be receptive to diversification possibilities. Fortunately, with the right incentives there is ample scope for the sugar industry to improve efficiency, particularly in the cane-growing sector of the industry. However the necessary investment required, to increase productivity will not occur unless there is long term security of land tenure.

Profitable opportunities have been identified for exporting certain high value niche products. Such products are not new to Fiji. More significant examples are fresh ginger to North America, mangoes to Japan, taro to New Zealand, egg plant to Canada, coconuts to Australia, organic banana puree to France, and kava to Germany. The lesson from this long experience is that marketing and not markets per se has been the major constraint. Quality, volume and continuity of supply are seen as marketing problems and for high value exports; they are the hallmarks of success, even more important than price competitiveness. Fiji, as a small producer, must always be at the premium end of quality scale. The net gains to the exporter and grower attributed to quality can be huge and usually represents the difference in terms of viability. Fiji's past experience has shown that high value export markets cannot be developed and sustained with small exporters securing supplies from farmers in an informal ad

hoc fashion. With the present structure of Fijian agriculture development of horticultural and other high-value export industries will be best undertaken by small farmers for marketing through commercial exporters and processors.

Strategic Options. Provided the issue of expiring land leases can be satisfactorily resolved a significant portion of the existing sugar industry can remain viable in the future, even at world market prices. However this will require significant, but achievable, reductions in costs. Thus the appropriate policy emphasis should be on improving the efficiency of the existing industry and not on encouraging large-scale transfer of lands out of sugar. This is indeed fortunate for no single crop or group of crops have been identified that could replace sugar in the foreseeable future. Yet, while recognising the continued existence of sugar, there is an urgent need to accelerate Fiji's diversification efforts. These efforts need to be directed in the areas where the country has a sustainable competitive advantage.

As a small island economy, Fiji faces obstacles in the development process that are not present in larger countries. It is inherently less diversified which makes it more vulnerable to both internal and external shocks. With a small population, economies of scale are difficult to achieve in domestic markets and investment in infrastructure more costly and often uneconomic. In addition to problems of smallness, Fiji is relatively isolated, is prone to natural disasters, and operates under a land tenure system that constrains availability, investment and hence productivity. However there are offsetting advantages that stem from climate, location, a relatively pest free and unpolluted environment, natural beauty, and an ability to grow a wide range of nutritional, traditional foods. Fiji's appropriate long-term agricultural strategy should be focused on minimizing the disadvantages of size and isolation and maximizing the advantages of Fiji's location and environment. The areas that best satisfy these requirements are traditional food production and high value niche exports. With suitable conditions in the right location these are the crops that can give the highest returns to farmers' land and labour resources and provide the greatest possible level of food security.

Despite the unfavourable future prospects for sugar, and other bulk commodities such as copra, agriculture has realistic potential to be a lead sector in growth and employment generation to Year 2010. Based on Fiji's identified competitive advantage relating to climate, location and environment some product growth opportunities have been identified. These include: fresh and processed fruit; root crops; spices and herbs; kava; indigenous nuts, floriculture; non copra coconut products; vegetables; handicraft raw materials; certified organic products; fresh fish exports; and value added timber products. The development of these opportunities depends on the private sector (farmers, fishermen, traders, processors, and exporters). Government and other agencies have a facilitating role in this development. Four key strategic functions for government have been identified to support the agricultural led growth and development. These are: safeguarding and enhancing Fiji favourable quarantine status; creating an environment for private sector investment; ensuring agricultural, fisheries, and marine development takes place within environmentally sustainable limits; and, facilitating the development and transfer of technology.

C. Project Interventions: Income Generation Activities

I. Development of Honey Production in Fiji

Honey has significant potential in Fiji, which has been confirmed by recent FAO, which confirmed the commodity's comparative advantage. Presently, the country imports

approximately US\$3 million honey annually, due to the inability of domestic producers to meet demand. There is considerable recognised potential for expanding the 200 honeybee farms in the country supply both local and export markets.

The local contribution includes: Local staff supervising the project, training facilities and office for project staff.

Success Indicators.

- Increased supply of honey;
- In the local market increased production by small farmers;
- Expanded employment opportunities in the farming sector as a result of the enhanced income generating capacity of the project participants; and
- Enhanced Income source for the local farmers.

II. Small Scale Backyard Gardening for Urban Areas and Settlements

Attaining food security remains to be one of the biggest problems faced by people in urban areas and settlements. Urban migration from rural areas has increased by 40 percent in the last ten years as a result of more people moving to urban areas in search of employment opportunities. Most of these people live in poverty stricken areas and do not have access to knowledge and resources to produce enough food for their families.

The project would involve the promotion of new technologies to improve food production at household level. Backyard gardening through the use of improved planting materials will be promoted to people in urban areas.

Success Indicators

- Increased in the supply of locally grown vegetables and root crops;
- Improved nutrition to urban households;
- Improved backyard gardening techniques introduced to urban households;
- Expanded employment opportunities for people in urban areas as a result of the enhanced income generating capacity of the project;
- Increased contribution by the agriculture sector to the livelihood of people in urban areas.

Local contribution includes: staff to oversee the training and implementation of the project, office and training facilities.

III. Beef Development Project

The beef industry has an important role in terms of enhancing food security in rural as well as in urban areas as it is widely consumed by approximately 70 percent of the population.

In addition, there is a significant market for local beef for the local hotel tourist market. Currently domestic demand outstrips local supply as approximately F\$3 million is spent to import beef from overseas.

This project will revitalize the ailing beef industry through the improvement in the quality of breeding animals to farmer's, improvement of infrastructure, and provision of necessary inputs to farmers to ensure improved beef production.

Success Indicators

- Increased supply of quality beef for the domestic market;
- Improved foreign exchange position by reducing beef imports;
- Enhanced linkage with local processors by increasing production of corned beef for exports;
- Improved quality of local beef to service the needs of the tourism market;
- Expanded employment opportunities for people in rural areas as a result of the enhanced income generating capacity of the project;
- Increased contribution by agriculture to the livelihood of people in rural areas.

Local contribution includes: staff to oversee the training and implementation, office and training facilities.