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Fiji's Intraregional Trade Outcomes



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Synonyms

[Export base](#); [Trade in goods](#); [Trade in services](#)

Brief Definition

Imports of goods: these are foreign goods purchased by the citizens of our country.

Exports of goods: these are the local goods purchased by the citizens in the foreign country.

Introduction

Trade in the Pacific Island countries (PICs) is characterized by heavy dependence on imports and a narrow base of exports (Pacific Island Forum Secretariat 2020). According to the Standard Trade Model, the differences in the factor inputs are the driver of production possibility frontiers and trade outcomes. Similarly, in the context of the PICs, geographical isolation, lack of resource, and factor inputs inhibit the export potential of the PICs. The level of intraregional trade is quite limited among the PICs, and it is

expected to grow in the future. With the establishment of the Pacific Islands Forum (PIF), it is evident that the intraregional trade is likely to expand in the future (Pacific Island Forum Secretariat 2020). The main aim of this essay is to examine and discuss Fiji's trade of merchandise and services over the last 10 years. This essay will also add a critical dimension to the intraregional trade outcomes by assessing Fiji's trading partners over the last 10 years. It will also explore the level and direction of intraregional trade by assessing PIFs of member country's intraregional trade outcomes. The 18 member countries of the PIFs are (1) Vanuatu, (2) Tonga, (3) Tuvalu, (4) Palau, (5) Papua New Guinea (PNG), (6) Kiribati, (7) Nauru, (8) New Zealand, (9) New Caledonia, (10) Australia, (11) the Federated States of Micronesia, (12) Fiji, (13) Cook Islands, (14) French Polynesia, (15) Niue, (16) the Republic of Marshall Islands, (17) Samoa, and (18) Fiji (Pacific Island Forum Secretariat 2020).

Fiji's Annual Exports, Imports, and Balance of Trade (BoT)

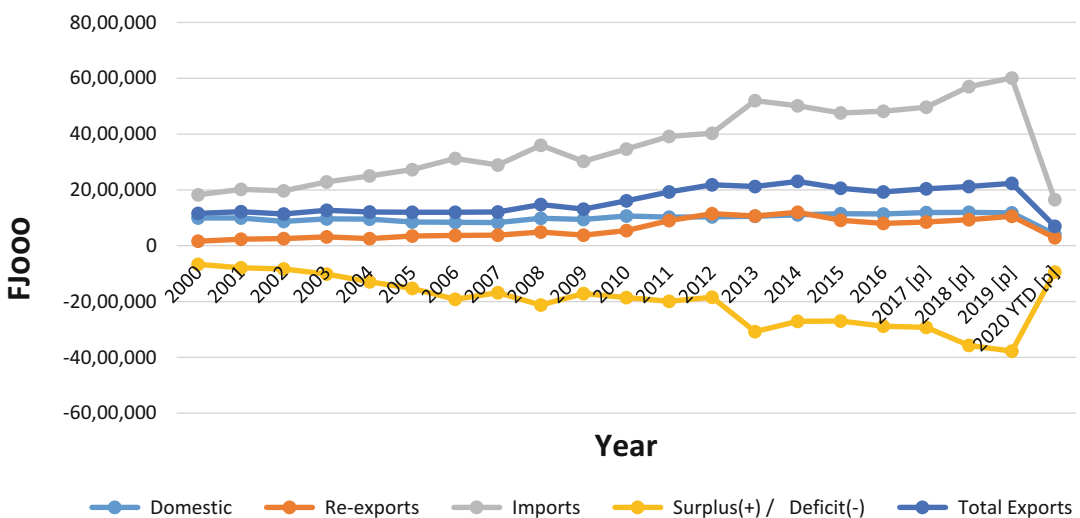
Over the last decade, Fiji is consistently recording a balance of trade deficit. In the year 2010, Fiji's trade deficit was FJ\$1,859,231,000, and this trade deficit recorded a whopping increase of FJ\$3,781,704,000 in the year 2019 (Bureau of Statistics Database 2020). The trade deficit over the last 10 years has increased by 103.40%. One

of the main reasons for the rise in the trade deficit is that imports have significantly increased relative to exports. Two commodities that have significantly increased Fiji's trade deficit are imports of airplanes and helicopters and gas oil. As compared to the imports of machinery, electrical appliances, base metals, live animals, and chemical products, the imports of airplanes, helicopters, and gas oil have been highly volatile. According to the Bureau of Statistics Database (2020), the import of airplanes and helicopters was FJ\$1044.5 million in the year 2019, while the import of gas oil was FJ\$473.3 million for the same period. Gold and mineral water remain as two top export commodities for the Fiji Islands. There is wide export potential, and scope for the exports of mineral water as the export revenues from this commodity has increased over the last decade. In the year 2019, the mineral water export revenues were recorded at FJ\$293.5 million, and gold earnings were recorded at FJ\$108.6 million (Bureau of Statistics Database 2020). Figure 1 shows the widening BoT deficit for the Fiji Islands.

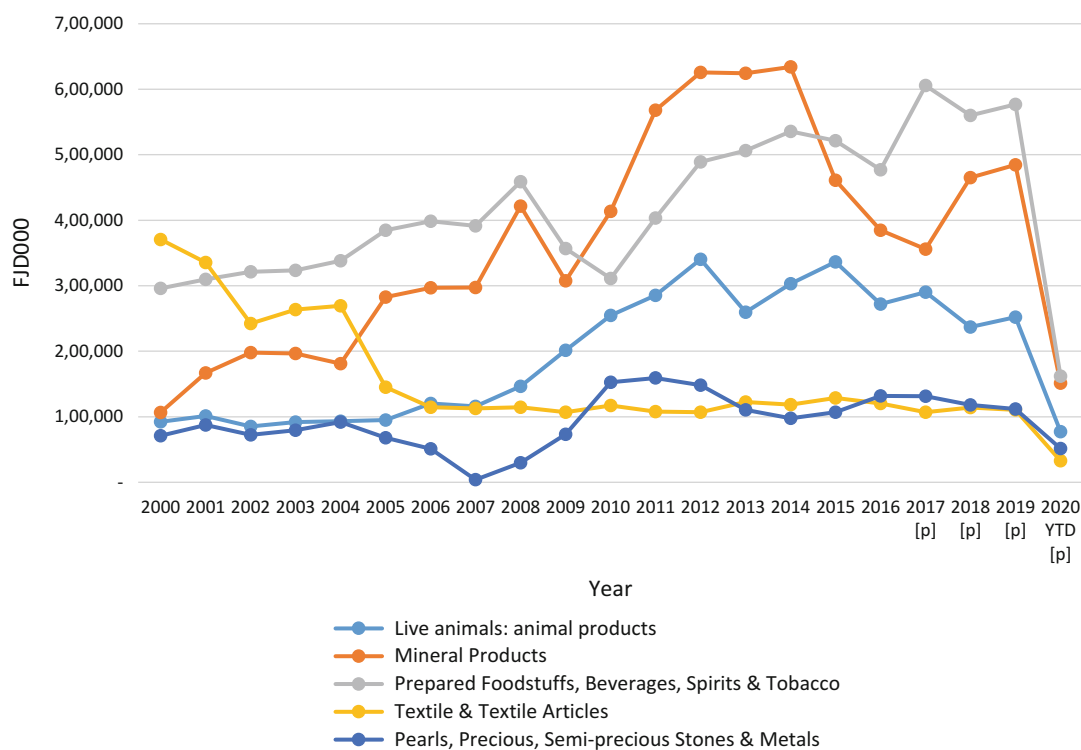
Fiji's Exports and Imports of Merchandise

Fiji's Exports of Merchandise

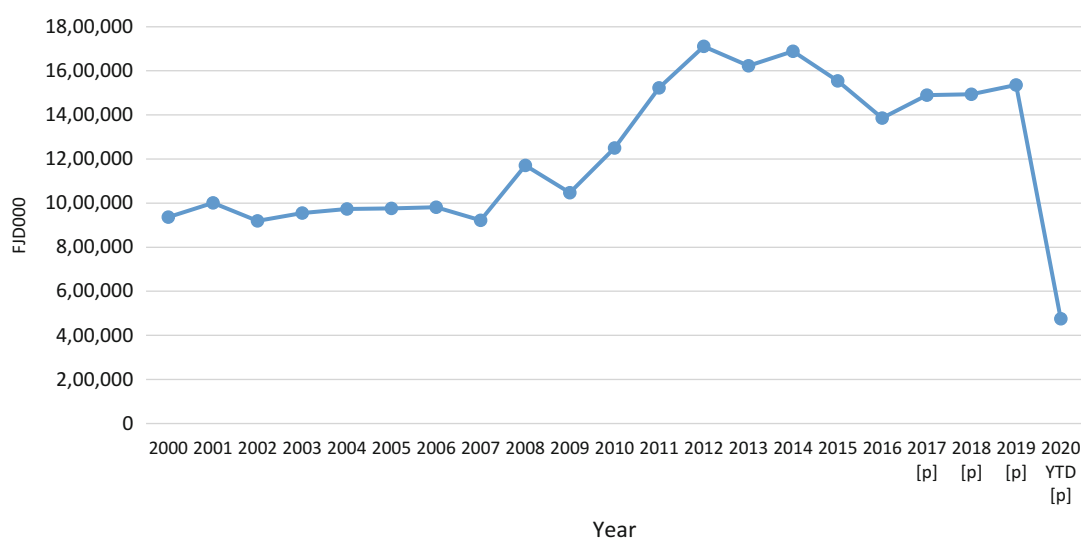
Furthermore, Fiji's top 5 exports by Harmonized System (HS) categories for the last 10 years are (1) prepared foods, tobacco, spirits, and beverages; (2) mineral products; (3) animal products; (4) pearls and precious stones; and (5) textiles (see Figs. 2 and 3) (Bureau of Statistics Database 2020). The ranking of these categories of exports has consistently changed within the top 5 exports by HS categories. The main export items for all of these categories are mineral water, sugar, gold, sharps and flour, garments, and fresh fish. Except for slight variations, these export items have continually been the main export items for the HS categories over the last 10 years. Generally, the percentage contribution from these five categories of exports to the total exports has declined from 77.86% in the year 2010 to 68.91% in the year 2019 (see Fig. 4) (Bureau of Statistics Database 2020). However, the total contribution from these five categories of exports has increased from FJ\$1,249,909,000 in the year 2010 to



Fiji's Intra-regional Trade Outcomes, Fig. 1 Fiji's annual balance of trade (BoT) for all items. (Source: Bureau of Statistics Database (2020))



Fiji's Intra-regional Trade Outcomes, Fig. 2 Top 5 key exports of Fiji. (Source: Bureau of Statistics Database (2020))



Fiji's Intra-regional Trade Outcomes, Fig. 3 Total contribution by the top 5 key exports. (Source: Bureau of Statistics Database (2020))

FJ\$1,535,774,000 in the year 2019 (see Fig. 3). In addition to the top 5 categories, Fiji is also involved in exporting wood chips, mahogany, cartons, dement, insulated wires, paints, coconut oil, bauxite, skincare products, electric accumulators, sailboats, bricks, and pebbles. These products fall under the 16 categories illustrated in Fig. 5 (Bureau of Statistics Database 2020).

Fiji's Imports of Merchandise

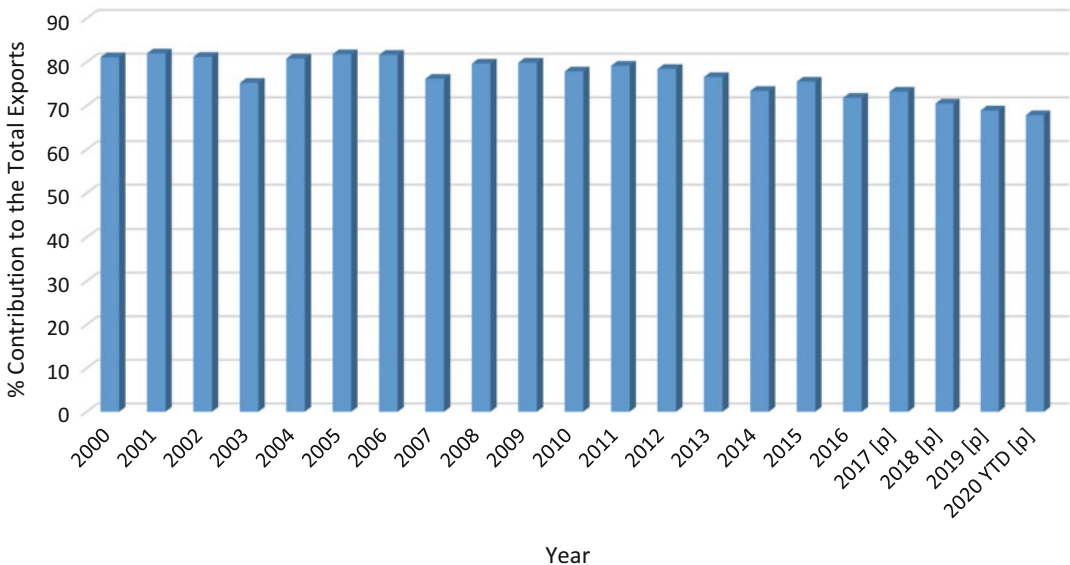
Moreover, the five key categories of imports by HS categories for Fiji are (1) mineral products; (2) machinery and electrical appliances; (3) vehicles, aircraft, and transport equipment; (4) base metals; and (5) live animals (see Figs. 6 and 7) (Bureau of Statistics Database 2020). The ranking of these categories of imports has consistently changed within the top 5 imports by HS categories. Over the last 10 years, the import of mineral products has consistently remained high for Fiji. The specific mineral products imported are diesel, turbine fuel, motor spirit, heavy fuel oil, and liquefied butanes. As far as the percentage contribution of these five categories of the products to the total exports is concerned, this has increased from 61.84% in the year 2010 to 67.63% in the year 2019 (see Fig. 8). The total contribution from

these five categories of imports increased significantly from FJ\$3,464,614,000 in the year 2010 to FJ\$6,010,521,000 in the year 2019 (see Fig. 7) (Bureau of Statistics Database 2020). In addition to the top 5 categories of imports, Fiji is also involved in the imports of pharmaceutical products, perfumes, cosmetics, wheat, meslin, rice, potatoes, onions, plastics, tires, and plastic articles. These products fall in the 16 categories of imports illustrated in Figs. 9 and 10.

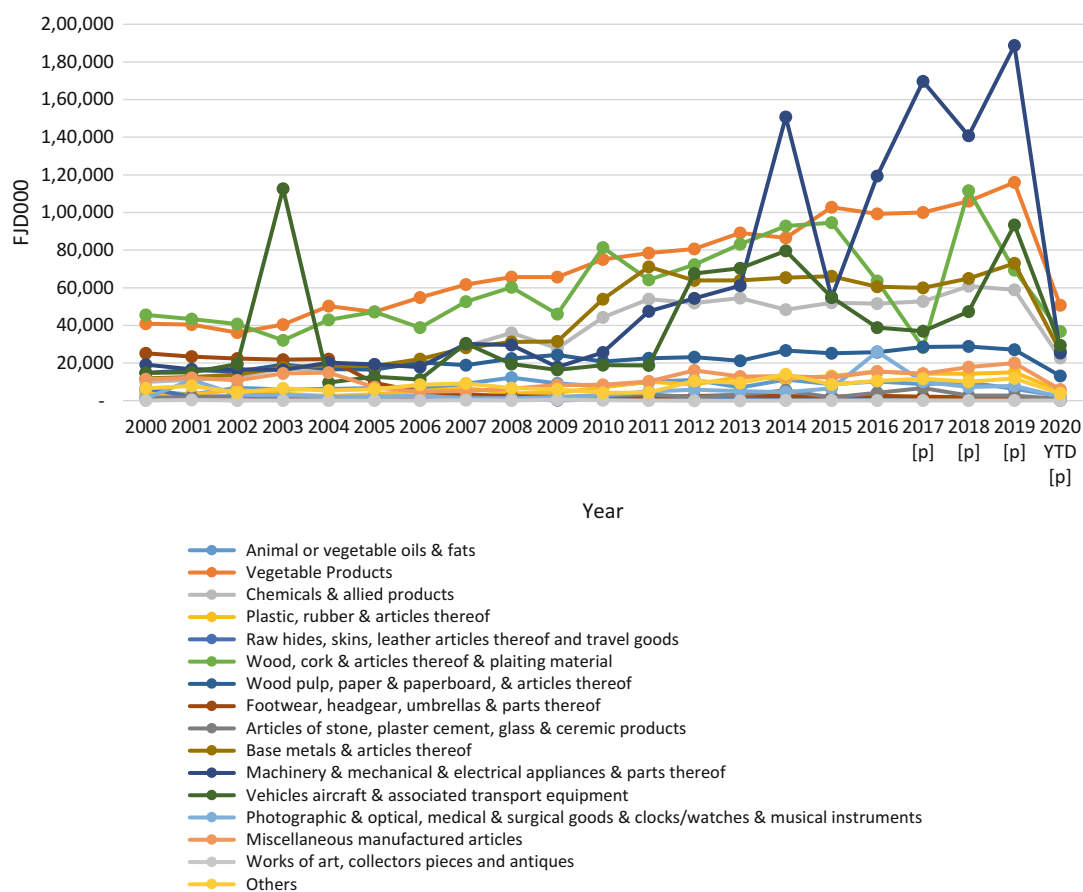
Fiji's Exports and Imports of Services

Fiji's Exports of Total Services

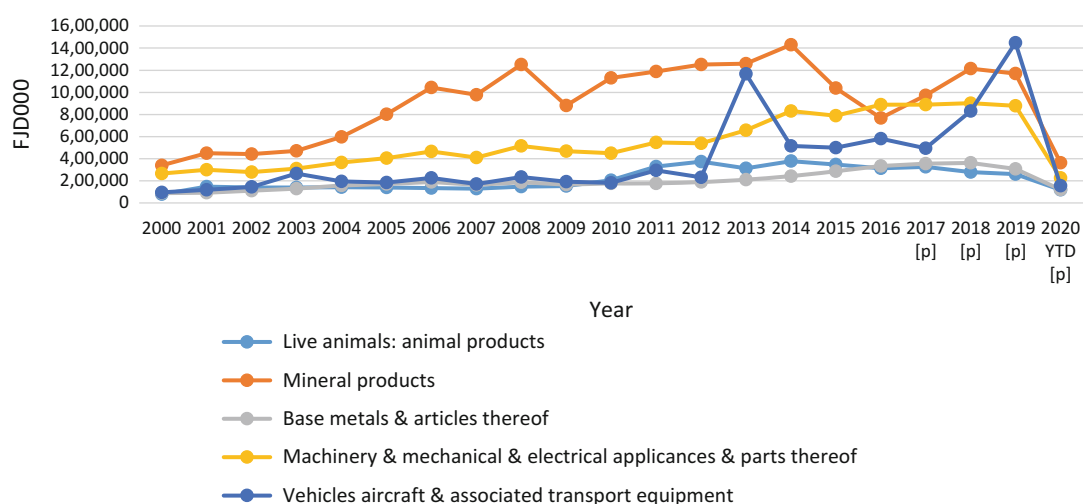
Furthermore, Fiji's total export of services has significantly increased from FJ\$1,891.4 million in the year 2010 to FJ\$3,487.5 million in the year 2019 (Bureau of Statistics Database 2020). The five key exports of services for Fiji are (1) travel services; (2) transportation; (3) government goods and services; (4) telecommunications, computer, and information service; and (5) other business services (see Fig. 11). From the year 2010 to 2019, there has been a slight variation noticed in the ranking of the export of services from Fiji. Over the last 10 years, the growth in the export of services is attributed to the sustained



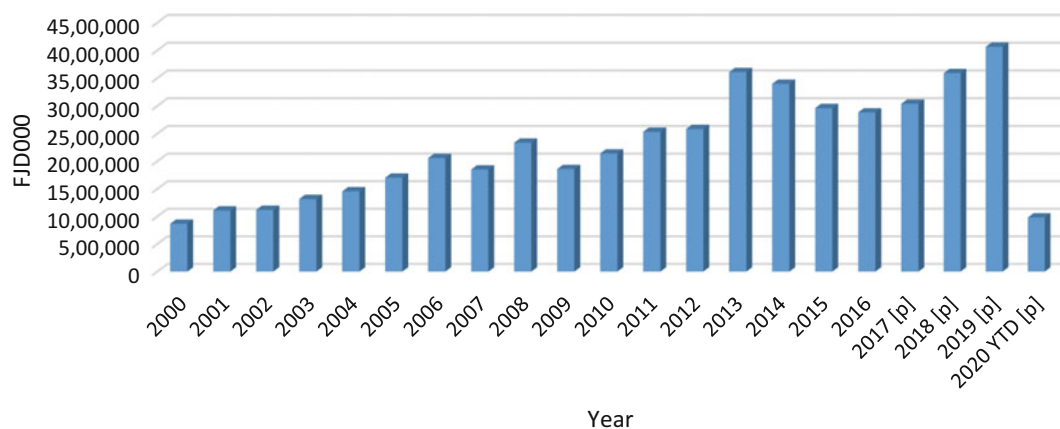
Fiji's Intraregional Trade Outcomes, Fig. 4 Percentage contribution by the top 5 key exports to the total exports. (Source: Bureau of Statistics Database (2020))



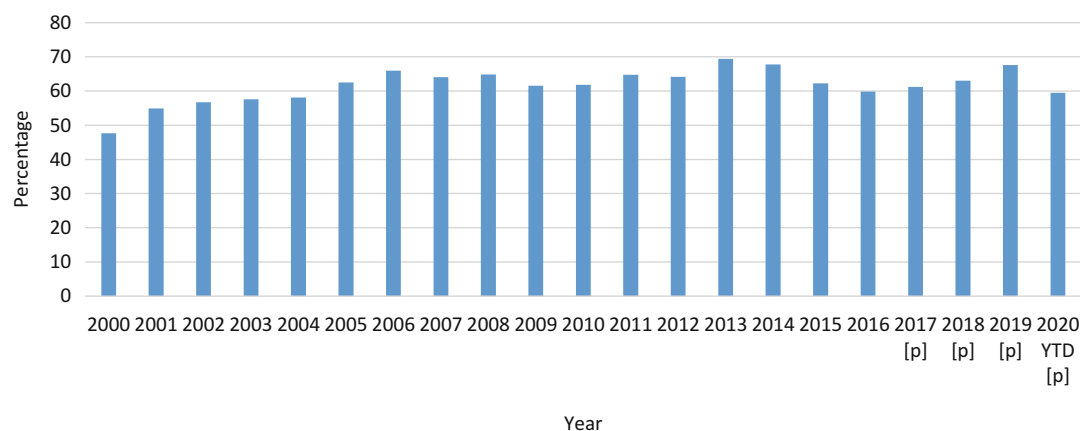
Fiji's Intra-regional Trade Outcomes, Fig. 5 Fiji's key exports exclusive of the top 5 export list. (Source: Bureau of Statistics Database (2020))



Fiji's Intra-regional Trade Outcomes, Fig. 6 Top 5 key merchandise imports of Fiji. (Source: Bureau of Statistics Database (2020))



Fiji's Intra-regional Trade Outcomes, Fig. 7 Total contribution by the top 5 key imports. (Source: Bureau of Statistics Database (2020))



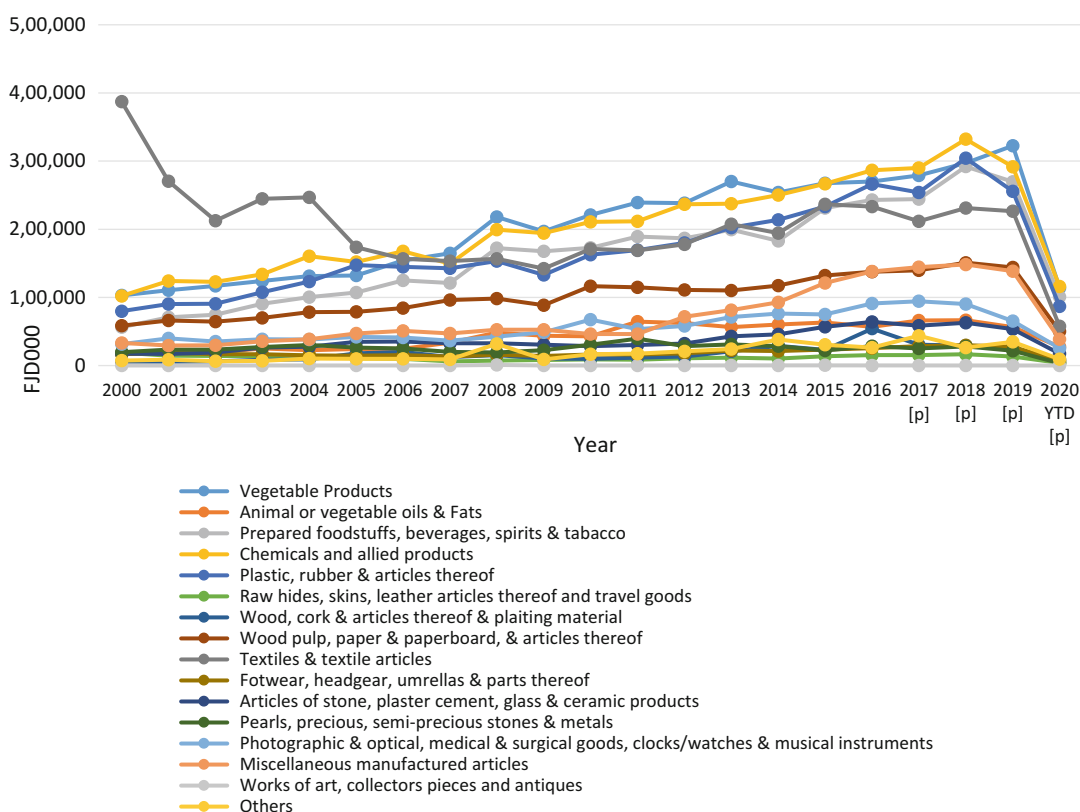
Fiji's Intra-regional Trade Outcomes, Fig. 8 Percentage contribution by the top 5 key imports to the total imports. (Source: Bureau of Statistics Database (2020))

increase in transportation and travel services. The provision of transportation and travel services increased from FJ\$472.4 million and FJ\$1,215.9 million in the year 2010 to FJ\$1,044.4 million and FJ\$2,080.50 million in the year 2019 (Bureau of Statistics Database 2020). Exports of travel services are divided into four categories: (1) business conferences, (2) personal services, (3) health services, and (4) education-related services (Bureau of Statistics Database 2020). The total travel services increased from FJ\$1,891.4 million in the year 2010 to FJ\$3,487.5 million in the year 2019 (see Fig. 10). In addition to the export of these

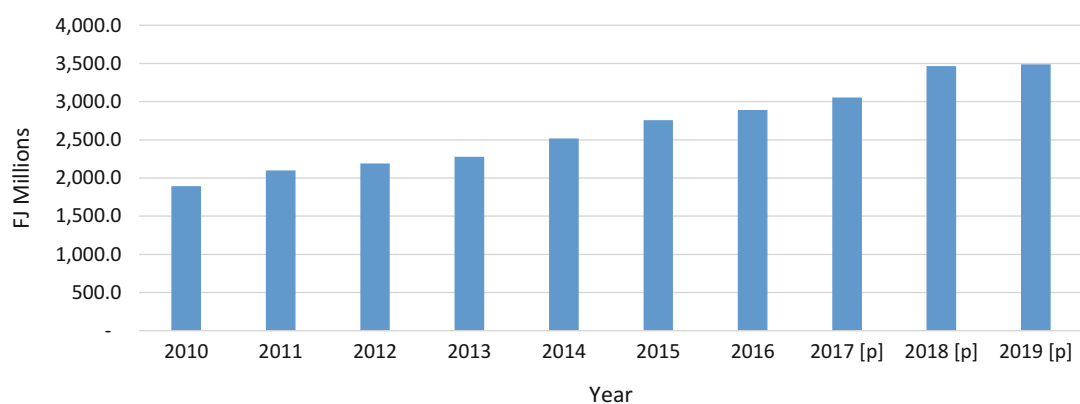
services, Fiji also focuses on exporting manufacturing and maintenance services, construction services, insurance and financial services, charges for intellectual property rights, and cultural services (Bureau of Statistics Database 2020) (Fig. 12).

Fiji's Imports of Services

Over the last 10 years, the five key categories for the imports of services are (1) transportation services, (2) travel services, (3) insurance and pension services, (4) telecommunications and information services, and (5) other business services (see Figs. 13 and 14). From the year 2010 to



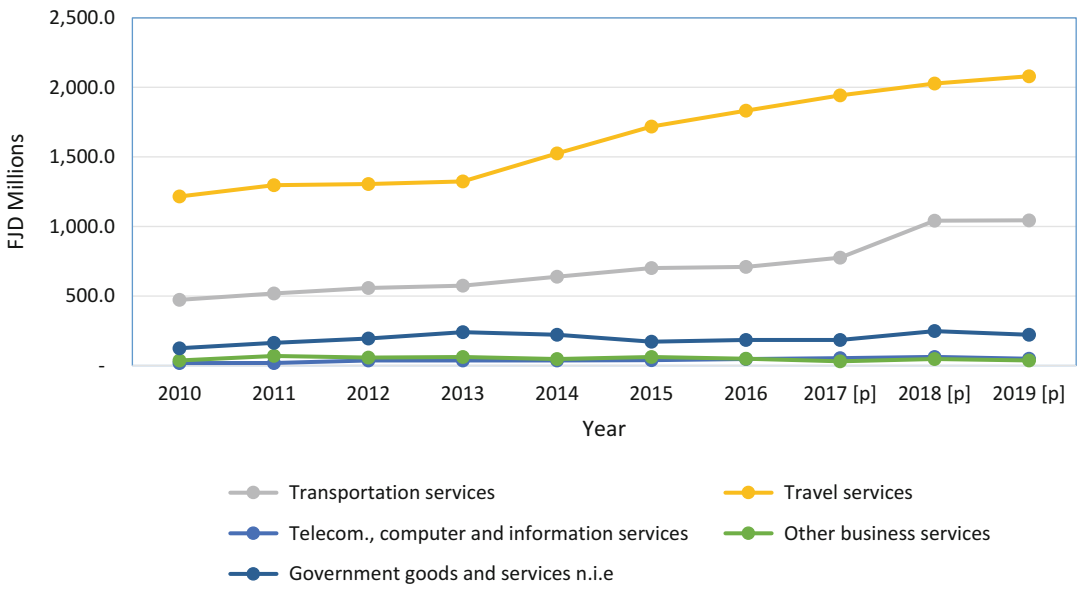
Fiji's Intra-regional Trade Outcomes, Fig. 9 Fiji's key imports exclusive of the top 5 import list. (Source: Bureau of Statistics Database (2020))



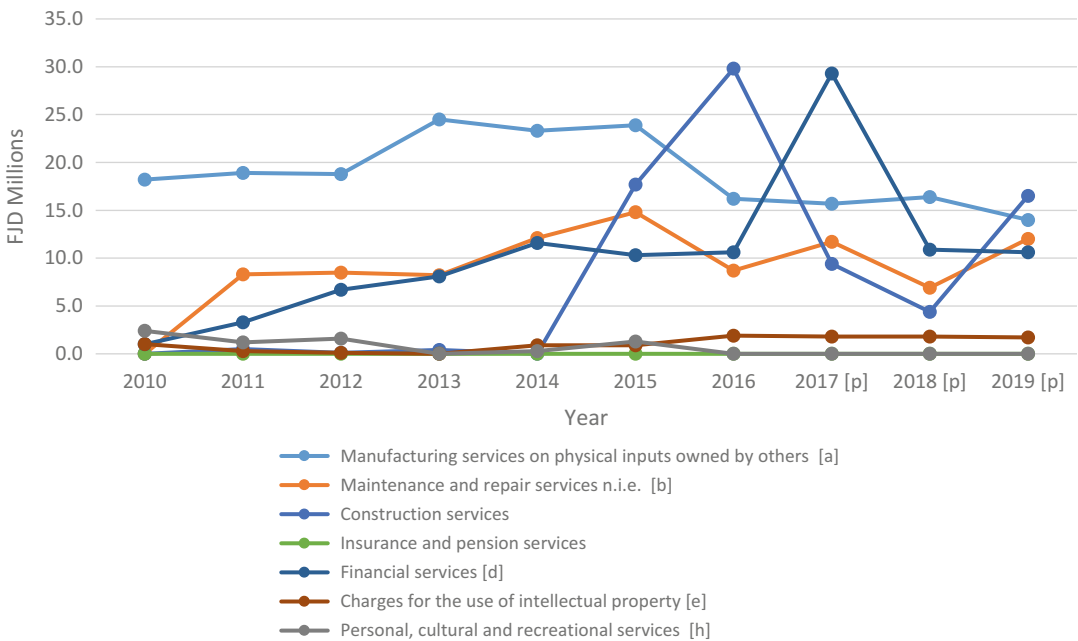
Fiji's Intra-regional Trade Outcomes, Fig. 10 Exports of total services. (Source: Bureau of Statistics Database (2020))

2019, there has been a slight variation noticed in the ranking of the import of services to Fiji. The imports of services have increased from FJ\$859.30 million in the year 2010 to

FJ\$1,714.90 million in the year 2019 (see Fig. 13) (Bureau of Statistics Database 2020). Apart from the top 5 key categories of imports of services, Fiji also specializes in importing



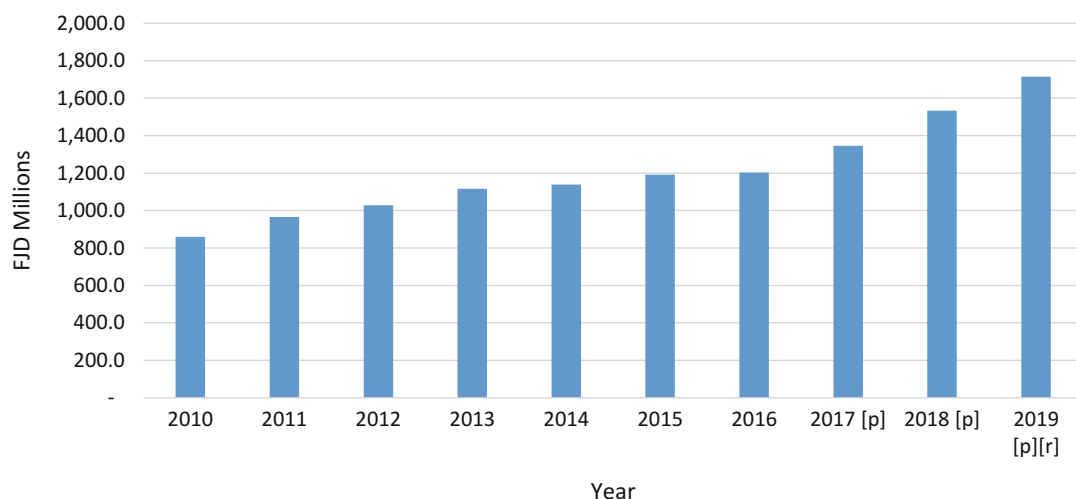
Fiji's Intra regional Trade Outcomes, Fig. 11 Top 5 key exports of services in Fiji. (Source: Bureau of Statistics Database (2020))



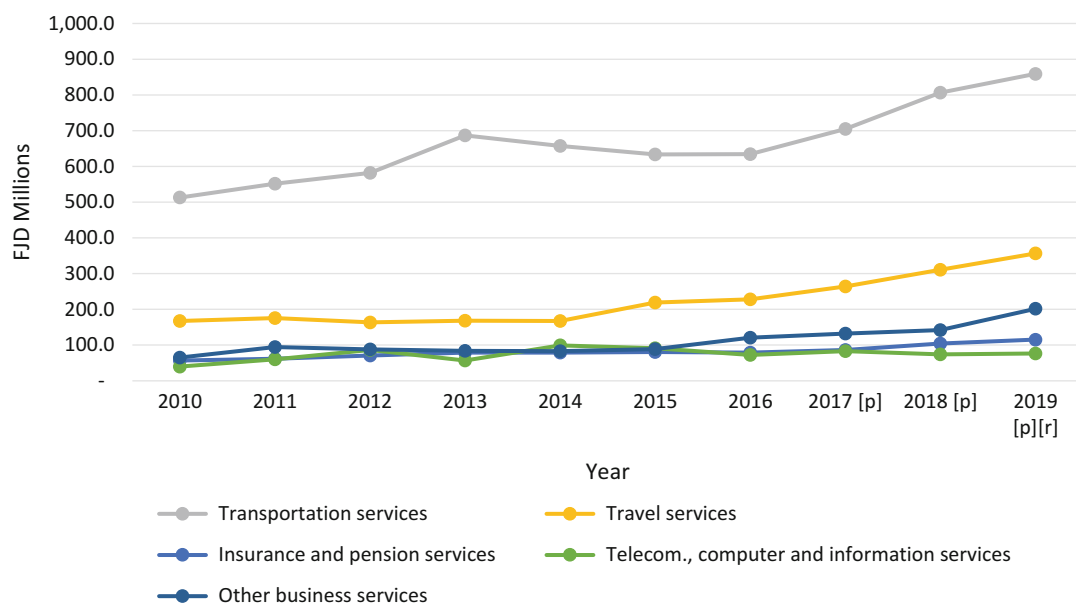
Fiji's Intra regional Trade Outcomes, Fig. 12 Fiji's exports of services exclusive of the top 5 service export list. (Source: Bureau of Statistics Database (2020))

manufacturing and maintenance services, construction services, financial services, charges for intellectual property, personal and recreational

services, and government services (see Fig. 15). Imports of transportation services have dominated all the categories of the imports of services. The



Fiji's Intraregional Trade Outcomes, Fig. 13 Imports of total services. (Source: Bureau of Statistics Database (2020))

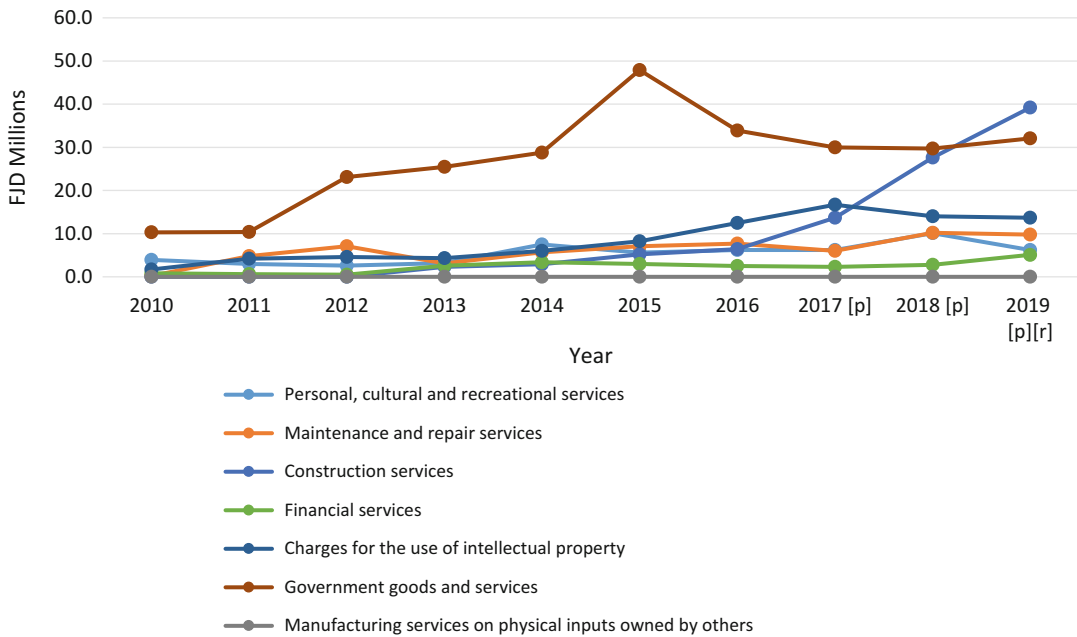


Fiji's Intraregional Trade Outcomes, Fig. 14 Top 5 key imports of services in Fiji. (Source: Bureau of Statistics Database (2020))

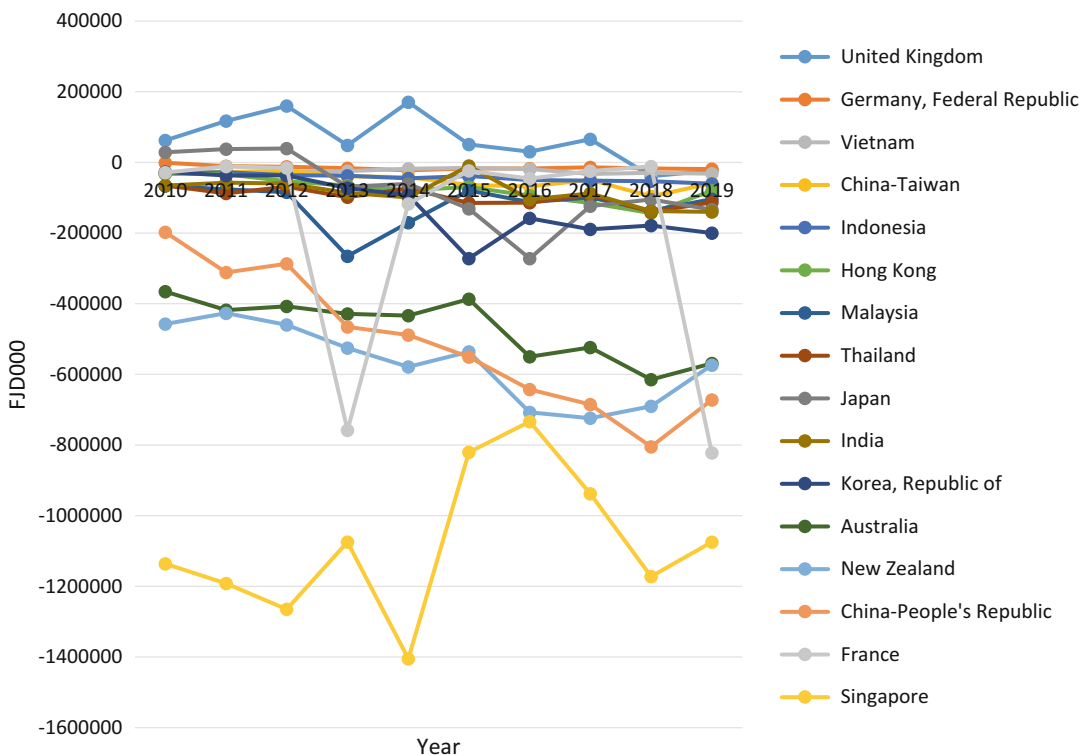
transportation services increased from FJ\$512.90 in the year 2010 to FJ\$859.1 million in the year 2019, resulting in a growth of 67.50% (Bureau of Statistics Database 2020) (Fig. 16).

Fiji's Major Trading Partners

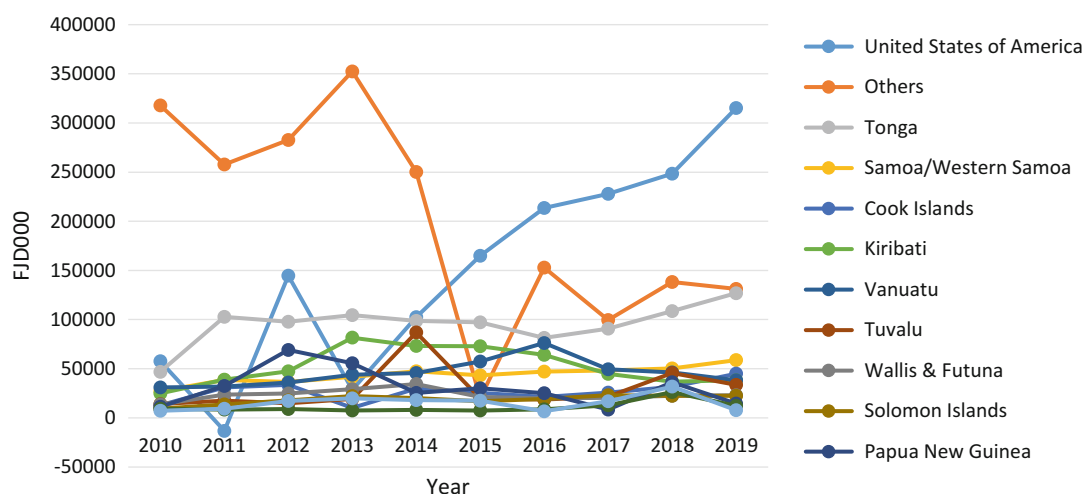
Over the last 10 years, Fiji has been consistently reporting a balance of trade surplus with the United States, Tonga, Samoa/Western Samoa, Cook Islands, Kiribati, Vanuatu, Tuvalu, Spain, Wallis and Futuna, Solomon Islands, Papua New Guinea, French Polynesia, and New Caledonia



Fiji's Intra regional Trade Outcomes, Fig. 15 Fiji's imports of services exclusive of the top 5 service import list. (Source: Bureau of Statistics Database (2020))



Fiji's Intra regional Trade Outcomes, Fig. 16 Major trading partners of Fiji based on trade deficit. (Source: Bureau of Statistics Database (2020))



Fiji's Intraregional Trade Outcomes, Fig. 17 Major trading partners of Fiji based on trade surplus. (Source: Bureau of Statistics Database (2020))

(see Fig. 17) (Bureau of Statistics Database 2020). It has also been recording sustained trade deficits with Germany, Federal Republic, United Kingdom, Vietnam, China-Taiwan, Indonesia, Hong Kong, Malaysia, Thailand, Japan, India, Republic of Korea, Australia, New Zealand, People's Republic of China, France, and Singapore (Bureau of Statistics Database 2020) (see Fig. 16). The top 7 major trading partners of Fiji are Singapore, France, the People's Republic of China, New Zealand, Australia, Malaysia, and the Republic of Korea. However, over the last 10 years, there have been variations noticed in the list of top 7 major trading partners. For instance, in the year 2011, Thailand and India were part of the top 7 list of major trading partners of Fiji, while France and the Republic of Korea were pushed out from the top 7 list.

As of the year 2019, the top 5 countries that have recorded the highest trade deficit with Fiji are Singapore (FJ\$1,074,332,000), France (FJ\$822,268,000), People's Republic of China (FJ\$671,911,000), New Zealand (FJ\$573,625,000), and Australia (FJ\$568,716,000), respectively (Bureau of Statistics Database 2020). In the year 2010, the trade deficit for Singapore was FJ\$1,135,936,000, followed by FJ\$365,569,000 for Australia, FJ\$456,906,000 for New Zealand, FJ\$197,435,000 for the People's

Republic of China, and FJ\$28,689,000 for France (Bureau of Statistics Database 2020).

As far as the 10-year outlook on the major trading partners of Fiji based on the BoT surplus is concerned, the top 5 countries for the year 2019 are the United States (FJ\$315,206,000), Tonga (FJ\$126,922,000), Samoa (FJ\$58,737,000), Cook Islands (FJ\$44,927,000), and Kiribati (FJ\$38,314,000). In the year 2010, the BoT surplus of Fiji for these countries was FJ\$57,703,000 for the United States, FJ\$46,862,000 for Tonga, FJ\$27,140,000 for Western Samoa, FJ\$12,727,000 for the Cook Islands, and FJ\$24,930,000 for Kiribati (Bureau of Statistics Database 2020).

Fiji's Intraregional Trade Outcomes

Furthermore, Fiji's current intraregional trade outcomes can be easily related to the promotion of regionalism after Fiji gained its independence from the British colony (Gounder and Prasad 2011). The South Pacific Commission and the Pacific Islands Forum were two organizations conceived immediately after Fiji's independence to promote regionalism among the Pacific Island countries. According to Gounder and Prasad (2011), Pacific Island countries can be easily

Fiji's Intraregional Trade Outcomes,
Table 1 Melanesian, Micronesian, and Polynesian groups

Groups	Pacific Island countries
Melanesian	Vanuatu, Solomon Islands, Fiji, Papua New Guinea (PNG), and Timor Leste
Micronesian	Federated States of Micronesia, Marshall Islands, Palau, and Tuvalu
Polynesian	Cook Island, Samoa, and Tonga

(Gounder and Prasad 2011)

divided into three main categories. These categories are Melanesian, Micronesian, and Polynesian. Table 1 shows the Pacific Island countries included under each of these categories.

Consequently, in recognition of the importance of regionalism to enhance economic welfare among the PICs, Fiji has developed its national Trade Policy Framework that provides strategies for achieving competitive advantage while engaging in intraregional and international trade. As stipulated in the Trade Policy Framework of Fiji, the goal of committing to Regional Trade Agreements (RTAs) is to achieve sustainable economic growth by stimulating investment and trade facilitation in Fiji's export sector. The Fijian Government has already committed resources, capabilities, and key competencies to make Fiji the hub of Pacific Islands trade-related activities. Specifically, this involves creating a conducive business environment and deploying the right trade policy instruments to facilitate regional trade among the PICs (Ministry of Industry, Trade, and Tourism 2015). Fiji needs to address production and supply-side constraints before the nation is able to harness the opportunities that intraregional trade provides to the national economy. In particular, the immediate trade outcomes that can be achieved are an increase in the private sector investment, foreign exchange earnings, wealth, and job creation (Ministry of Industry, Trade, and Tourism 2015).

Additionally, the Fiji Government recognizes that the RTAs will help to eradicate poverty and secure a healthy and sustainable future for all Fijians. Fiji's commitment to intraregional trade facilitation is reflected in its participation in the

following RTAs (Ministry of Industry, Trade, and Tourism 2015):

- Pacific Islands Countries Trade Agreement (PICTA)
- Melanesian Spearhead Group Trade Agreement (MSG)
- Pacific ACP (PACP)-European Union (EU) Economic Partnership Agreement (EPA)
- Pacific Agreement on Closer Economic Relations (PACER) Plus
- South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)

Above all, the SPARTECA trade agreement is one of the oldest regional trade agreements signed in the year 1980 and implemented immediately in the year 1981, with the key objective of providing duty-free access to all the products produced in the Forum Island countries (FICs) to the Australia and New Zealand markets. Indeed, this is one of the longest, nondiscriminatory, and nonreciprocal preferential trade agreements that exist among the FICs (Ministry of Industry, Trade, and Tourism 2015). The FICs have acknowledged that this RTA has helped to expand the market base by helping the small island economies to gain wider export market access to Australia and New Zealand. Table 2 provides Fiji's data on the level and direction of trade with Australia and New Zealand.

Table 2 shows that over the last 10 years, Fiji has been recording a sustained trade deficit with Australia and New Zealand. Fiji has been exporting textiles, clothing, kava, and pharmaceutical products to New Zealand (Fiji Consulate General and Trade Commission 2020b). Similarly, Fiji's major exports to Australia are gold and textile clothing (Fiji Consulate General and Trade Commission 2020a).

Certainly, the clothing, textile, and footwear sector exporters significantly benefitted from this preferential trade agreement, particularly between the years 2001 and 2014. According to the Fijian Government (2015), the SPARTECA-TFC provides employment to 5,500 workers, and most of these workers are women and vulnerable groups

Fiji's Intraregional Trade Outcomes, Table 2 Fiji's level and direction of trade with Australia and New Zealand

Year	Australia FJD000			New Zealand FJD000		
	Total exports	Total imports	Deficit (-)/ surplus (+)	Total exports	Total imports	Deficit (-)/ surplus (+)
2010	337,947	703,516	-365,569	93,457	550,363	-456,906
2011	348,444	766,326	-417,882	111,377	537,912	-426,535
2012	330,610	738,139	-407,529	99,304	558,962	-459,658
2013	277,784	706,570	-428,786	109,175	634,511	-525,336
2014	279,641	713,014	-433,373	104,746	683,199	-578,453
2015	284,443	671,544	-387,101	87,635	623,562	-535,927
2016	290,494	840,181	-549,687	135,954	842,983	-707,029
2017	301,987	825,609	-523,622	134,177	858,149	-723,972
2018	280,999	895,577	-614,578	142,646	832,753	-690,107
2019	284,876	853,592	-568,716	162,221	735,846	-573,625

Source: Bureau of Statistics Database (2020)

in society. In the year 2015, SPARTECA-TFC was replaced by the Developing Country Preference Scheme (DCPS) (Ministry of Industry, Trade, and Tourism 2015). Together with Fiji, the FICs that are part of the SPARTECA trade agreement are Vanuatu, Tonga, Tuvalu, Palau, Papua New Guinea (PNG), Kiribati, Nauru, New Caledonia, the Federated States of Micronesia, Cook Islands, French Polynesia, Niue, the Republic of Marshall Islands, and Samoa (Ministry of Industry, Trade, and Tourism 2015; ESCAP 2012). Fiji's Trade Policy Framework only captures the benefits of the RTAs while ignoring the disadvantages of these trade agreements. According to Oxfam (2009), the SPARTECA trade agreement is too restrictive on its rules of origin requirements and has proven to be administratively burdensome to the trading partners. For example, for products to gain access to the Australia and New Zealand markets, around 50% of the value of the product should be produced in Fiji (Oxfam, 2009).

Furthermore, the Melanesian Spearhead Group (MSG) was initially formed in the year 1986, but the trade agreement was signed in the year 1993. The member countries that form part of the MSG are Fiji, Vanuatu, Papua New Guinea (PNG), and the Solomon Islands. Intraregional trade and economic integration became the top priority item for the MSG countries when Fiji took over the leadership of this regional group (Ministry of Industry,

Trade, and Tourism 2015). Specifically, Fiji is working toward strengthening the MSG group by implementing the Skills Movement Scheme (SMS). The primary objective of the SMS is to encourage the temporary movement of skilled labor among the MSG for taking up employment opportunities. Fiji is also working with the member countries to strengthen the investment negotiations and enhance trade facilitation among the members (Melanesian Spearhead Group 2020). One of the main setbacks of the MSG trade agreement is that it is based on the negative list approach of providing preferential tariffs to the member countries. This implies that all the products of the member countries that are in the negative list will not qualify for the preferential tariffs. At the moment, Fiji does not have any items on the negative list, thus putting other member countries at a disadvantage relative to Fiji (Investment Fiji 2020). Table 3 provides the trade data on the MSG member countries.

Table 3 shows that Fiji has been recording BoT surplus with the MSG member countries. In particular, the BoT surplus has been volatile as several intraregional factors are driving the changes in intraregional trade outcomes. In most of the trading years, Fiji has recorded the highest BoT surplus with Vanuatu as compared to the Solomon Islands and PNG. For example, intraregional relations, changes in trade agreements, natural disasters, wars, and political tensions are few factors

Fiji's Intra-regional Trade Outcomes, Table 3 Fiji's level and direction of trade with MSG member countries

Year	Vanuatu FJD000			Solomon Islands FJD000			Papua New Guinea FJD000		
	Total exports	Total imports	Deficit (-)/surplus (+)	Total exports	Total imports	Deficit (-)/surplus (+)	Total exports	Total imports	Deficit (-)/surplus (+)
2010	34,712	3,731	30,981	11,605	2,220	9,385	19,021	7,777	11,244
2011	39,172	7,251	31,921	16,127	2,552	13,575	36,051	3,669	32,382
2012	43,707	7,628	36,079	23,660	5,862	17,798	73,571	4,414	69,157
2013	52,084	8,315	43,769	25,202	3,123	22,079	62,869	7,208	55,661
2014	50,182	4,419	45,763	24,943	4,658	20,285	32,608	7,044	25,564
2015	62,479	5,223	57,256	22,627	5,584	17,043	38,747	8,772	29,975
2016	81,257	5,028	76,229	24,240	4,861	19,379	35,746	10,615	25,131
2017	65,380	15,869	49,511	26,711	3,610	23,101	18,813	10,348	8,465
2018	63,625	17,292	46,333	26,193	3,724	22,469	49,780	13,611	36,169
2019	62,629	24,391	38,238	25,201	2,811	22,390	26,302	11,676	14,626

Source: Bureau of Statistics Database (2020)

that are changing the direction and level of trade (Kim and Osgood 2019; Grynberg and Kabutaulaka 2019).

Moreover, the Pacific Island Countries Trade Agreement's (PICTA) objective is to strengthen and foster trade integration among the FICs. The parties to PICTA are Fiji, Kiribati, Vanuatu, Cook Islands, Fiji, Nauru, Niue, Palau, Papua New Guinea, Tonga, Tuvalu, Samoa, Solomon Islands, Tonga, Republic of Marshall Islands, and Federated States of Micronesia (Ministry of Industry, Trade, and Tourism 2015). This trade agreement was signed in the year 2001, but the implementation commenced in the year 2007. Although 11 Pacific Island countries have ratified the PICTA, only 7 countries are participating in this agreement. These countries are Vanuatu, Tuvalu, Solomon Islands, Fiji, Niue, Samoa, and the Cook Islands. One of the setbacks of the PICTA is that countries have to make legislative changes to adhere to the provisions of the PICTA. This process is administratively cumbersome, consumes a lot of time, and requires essential government resources (United Nations ESCAP 2018). Table 4 shows Fiji's trade with countries that are participating in the PICTA trade agreement.

Tables 3 and 4 show that over the last 10 years, Fiji has maintained BoT surplus with FICs. In most of the years, Fiji has recorded the highest BoT surplus with Samoa, followed by the Cook Islands and Tuvalu. Although subject to volatility,

the increase in Fiji's BoT surplus over the last 10 years is attributed to the gradual decline in the tariffs among the FICs. As part of the PICTA, the participating countries are required to reduce tariffs to zero gradually (APTIAD 2012).

Also, the Pacific ACP-European Union Economic Partnership Agreement was signed after the expiry of the Cotonou Agreement to help facilitate economic integration and trade by providing duty-free and quota-free market access to the products originating from Fiji and Papua New Guinea (PNG). Fiji signed the interim EPA in December 2009 to avoid export disruptions and has ensured that it continues with its comprehensive EPA negotiations (Ministry of Industry, Trade, and Tourism 2015). According to Borrmann and Busse (2007), the institutional process required to adhere to the conditions of this trade agreement is lengthy and cumbersome and requires a strong institutional framework. It will be challenging for Pacific and African, Caribbean, and Pacific Group of States (ACP) countries to adhere to these conditions as the institutional framework of the developing countries is characterized by red tape and bureaucracy that inhibits the efficient functioning of the public service.

Similarly, the Pacific Agreement on Closer Economic Relations (PACER) Plus enhances regional trade integration by guaranteeing the long-term duty- and quota-free access to the

Fiji's Intraregional Trade Outcomes, Table 4 Fiji's level and direction of trade with countries participating in the PICTA

Year	Tuvalu FJD000			Cook Islands FJD000			Samoa FJD000		
	Total exports	Total imports	Deficit (-)/surplus (+)	Total exports	Total imports	Deficit (-)/surplus (+)	Total exports	Total imports	Deficit (-)/surplus (+)
2010	14,282	141	14,141	12,827	100	12,727	30,662	3,522	27,140
2011	17,606	228	17,378	31,057	124	30,933	39,482	746	38,736
2012	15,020	216	14,804	33,783	11	33,772	36,855	229	36,626
2013	19,289	138	19,151	11,988	1,785	10,203	42,411	518	41,893
2014	87,322	495	86,827	30,325	503	29,822	48,024	513	47,511
2015	19,935	193	19,742	25,317	34	25,283	44,086	760	43,326
2016	18,778	64	18,714	21,683	375	21,308	47,327	328	46,999
2017	21,670	37	21,633	26,534	877	25,657	48,894	520	48,374
2018	45,751	53	45,698	31,714	13	31,701	50,992	642	50,350
2019	33,808	120	33,688	44,968	41	44,927	59,198	461	58,737

Source: Bureau of Statistics Database (2020)

combined market for 36.5 million people worldwide. Fiji joined the PACER Plus negotiations in September 2014 to secure preferential market access and improve trade facilitation arrangements (Lal 2014; Ministry of Industry, Trade, and Tourism 2015). This trade agreement builds on the weakness of the SPARTECA trade agreement. According to the Australian Government (2020), the Rules of Origin (RoO) for PACER Plus is flexible and less restrictive than the SPARTECA. However, for the case of Fiji, these RoO are still restrictive as it requires approximately 40% of value-adding to take place within Fiji.

An assessment of Fiji's intraregional trade outcomes indicates that the governments and policymakers are focusing extensively on the benefits of the regional trade agreements but have failed to provide how these agreements may have negative repercussions on economic efficiency and world economic welfare. Viner (1950) argued that discriminatory RTAs harm the world welfare. Bhagwati and Panagariya (1996) found that countries are better off engaging in RTAs with the geographically distant countries as compared to the neighboring countries. The Trade Policy Framework of Fiji should account for both the positive and negative impacts of RTAs on the national economy.

Conclusion

To conclude, imports of airplanes and gas oil are the two key drivers of Fiji's trade deficit over the last 10 years. The two key export commodities for Fiji are gold and mineral water. Over the last 10 years, Fiji's export of services has increased as a result of the sustained increase in transportation and travel services. Fiji's imports of transportation services are dominating all the categories of the imports of services. The Trade Policy Framework of Fiji recognizes that intraregional trade creates employment, earns foreign exchange earnings, and helps to achieve Sustainable Development Goals (SDGs). Fiji has entered into several RTAs, namely, the Pacific Islands Countries Trade Agreement (PICTA), Melanesian Spearhead Group Trade Agreement (MSG), Pacific ACP (PACP)-European Union (EU) Economic Partnership Agreement (EPA), Pacific Agreement on Closer Economic Relations (PACER) Plus, and South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), to foster trade facilitation and economic integration among the members of the FICs. There are both advantages and disadvantages to the RTAs. The current Trade Policy Framework is designed entirely on the positive implications of the RTAs on the national economy of Fiji. Fiji's Trade Policy Framework must account for the negative

implications of the RTAs on the national economy of Fiji.

Cross-References

- [Export promotion](#)
- [Trade policy](#)

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