



TWN

Third World Network

MEDIA STATEMENT

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Fiji's high debt levels calls for collective action

Fiji is grappling with a profound and complex debt burden that requires a collective response to help strike a balance between basic needs and developmental aspirations. The Pacific Network on Globalisation (PANG), Third World Network (TWN), and national civil groups, see this as a timely need for the inclusion of civil society and state actors in contributing to how the Fiji Government manages its debt levels.

We would like to acknowledge contributing groups that have supported this important launch of "Debt Dynamics in Fiji: Impacts, Challenges and Strategies for Sustainable Economic Development" - a Fiji Debt White Paper which we hope will be part of the process of on-going engagement with the government of Fiji and other relevant stakeholders.

While growth in Fiji's Gross Domestic Product is important in regards to debt sustainability, how that growth and development takes place is benefited by long-term planning. The current process of formulating a National Development Plan in Fiji is one such process that needs to include civil society perspectives on both debt and development pathways.

Fiji's debt levels reached above 90% of GDP at its peak during COVID-19, and will remain elevated at more than three quarters of the GDP in the foreseeable future. This will impact monies collected by the government, having to be channelled to pay for the hefty interests on its debt, as well as to pay down on the principal as they become due.

Whilst the Fiji Government has responded by raising taxes and being cautious with its spending, we see this having a direct impact on Fijian communities through increasing the cost of living with the recent tax hikes and indirectly through reduced provision of services like health, education, and other social services.

The Fiji Debt White Paper highlights how monies collected by the government will have to be channeled to pay for the significant interest on its debt (about 16% of its revenue, or FJ\$ 536.6mn), as well as to pay down on the principal as they become due. This leaves little policy and fiscal space to deal with shocks such as natural disasters.

The White Paper also cautions on the government’s fiscal targets being reliant on a certain level of economic growth for Fiji, but this in turn depends on a few key sectors of the economy which are also vulnerable to forces beyond the country’s control.

If growth does not materialize, the extent to which the country can bear its debt burden will also deteriorate and the government may be forced to tighten its belt even more, while business outlook and prospects will diminish, impoverishing the economy further.

It is paramount that the country has a clear development plan and priorities that will transform the economy, raise productivity and incomes, and deepen its productive capacity, resulting in higher paying jobs with thriving industries and businesses.

We believe that our input will help key government institutions to make informed decisions to ensure that there is prudent fiscal management and the benefits of debt are maximised for all Fijians.

The paper can be found at www.tradepac.org

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