

VALUE ADDITION IN MANUFACTURING AND COMMERCE

Fact Sheet

BACKGROUND

The manufacturing sector encompasses a wide range of industries, including textiles, food processing, furniture production, and automotive manufacturing. These industries not only cater to domestic demand but also contribute significantly to the country's export earnings. With the availability of skilled labour and favourable investment policies, multinational companies have also set up operations in Fiji, further boosting the manufacturing sector's growth. Additionally, the retail sector has experienced rapid expansion, with shopping malls, supermarkets, and boutique stores popping up in urban centres. This has not only created employment opportunities but also provided consumers with a wide variety of products and services. Overall, the manufacturing and commerce sectors continue to play a vital role in Fiji's economy, driving economic growth and improving the standard of living for its citizens.

CURRENT STATUS

The sector brings in second-most of Fiji's GDP. Its average GDP contribution has been 19.8% for the past nine years. Fiji suffered from the COVID-19 epidemic, which halted the world economy. Due to the pandemic, the economy decreased by 0.6 percent in 2019 and 17.0 percent in 2020. Due to tight borders and corporate restrictions, the sector declined. The epidemic has highlighted the need for economies to diversify and adopt robust business practices. The industry employs 13.9 percent (25,301 Fijians) of major industries' paid labour and is primarily male (54.9%) compared to female (45.1%). Statistics like this show gender discrepancies and suggest inclusiveness solutions. Over 400 agricultural, consumer, union, and service cooperatives are registered and operating. The Government actions continue to shape Fiji's industrial and commerce sector.

CHALLENGES

1. *Inadequate Infrastructure:* The inferior transportation systems, lack of reliable power supply, and limited access to raw materials can hinder the growth and competitiveness of manufacturing sectors.
2. *Insufficient Digital Connectivity:* Limit businesses' ability to engage in e-commerce activities, resulting in missed opportunities for growth and global market expansion.
3. *Market Competition:* Intense competition in the market affects both manufacturers and businesses engaged in commerce, such as retailers or wholesalers faces pricing strategies, geopolitical tensions, product differentiation, supply chain optimization.
4. *Loss of skill labour:* The rapid advancement of technology which will lead to automation and the replacement of human workers with machine and also outsourcing and exodus of labour.
5. *Disproportionate wages:* Hinders the cost of production and decreases the competitiveness within the market leading to social and economic inequalities,

OPPORTUNITIES

1. *Foreign Direct Investment:* Various investment opportunities to attract FDI to foster entrepreneurship.
2. *Workforce development:* Promoting innovation and entrepreneurship like MSMEs among local communities and expansion of market access.
3. *Market accesses:* increasing the potential to export its locally produced goods and services to international markets. This can help in boosting the economy but also creates job opportunities.
4. *Modernising Processing Infrastructure:* Investing in state-of-the-art technologies

improves efficiency, consistency, and competitiveness of sugar production.

5. *Quality Guarantee*: Elevating quality standards throughout the value chain ensures access to high-end international markets standard.
6. *Collaborative Innovation*: A holistic, forward-thinking approach involving policymakers, industry stakeholders, and the community is essential transforming the manufacturing and commerce industry.

FUTURE POLICIES AND STRATEGIES

- **Enhance expansion of the Manufacturing and commerce industry:**
 - ✓ Encourage research and development in new technologies to improve the sector.
 - ✓ Improve industry governance through introduction of relevant legislation to support reform expansion of this industry.
 - ✓ Negotiate trade agreements and explore new export opportunities with international countries.
 - ✓ Promote Public Private Partnership projects.
 - ✓ Implement and promote quality technical skill development.
 - ✓ Encourage adoption of new technologies.
 - ✓ Develop business linkage.
- **Strengthen policies and regulations:**
 - ✓ Strengthen existing policies on immigration of skill labourers.
 - ✓ Review of policies reforms.