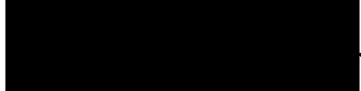


~~CONFIDENTIAL / NO OFFICIALS ONLY / SECRETARY INFORMATION~~

25X1A2g

Date: 7 July 1953



COUNTRY: Fiji Islands

SUBJECT: Economic

PLACE ACQUIRED:

DATE OF INFO: Jun 53

DATE ACQUIRED: [redacted] 25X1A6a

This unevaluated information for US Officials pgs.  
Only is supplied for the possible interest of  
your analysts. It does not warrant dissemi-  
nation by [redacted] 25X1A2g

25X1X6



"THE COLONY OF FIJI

1. "The British Crown Colony of Fiji is a group of 322 islands, only 106 of which are populated, situated about 1,100 miles north of New Zealand. The two largest islands, Viti Levu and Vanua Levu, have areas respectively of about 4,000 and 2,000 square miles, and support the great majority of the population, which at the end of 1951 totalled 301,999.

"The native Fijians, still living a feudal and communal existence under their chiefs, have been outnumbered by the Indians who now form the largest racial component, numbering 143,000 against 133,000 native Fijians. Indians were originally introduced to Fiji to work the sugar plantations, and the present community includes those who elected to stay after their indentures expired, their descendants, and those admitted under quota after the indenture system was abolished in 1920. In addition there are 6,000 white people of European origin (mainly from the UK, Australia, and New Zealand) who manage the main industries and provide the executive staff for the public service, 4,000 Chinese, and several thousand natives from other polynesian islands. If existing trends are maintained, population should exceed 500,000 by 1970, and so rapid an increase is likely to strain the present structure of the Colony unless efforts are made to develop its resources.

"Government

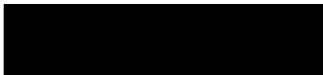
2. "As a Crown Colony, Fiji is administered by a Governor directly responsible to the United Kingdom Colonial Office. Since he exercises very wide powers, in theory at least the office in London may impose on the Colony any laws it wishes. But in practice, and in accordance with the British principle of encouraging ultimate self-government, the residents of Fiji have a considerable influence on the law-making of the Colony through a Legislative Council of 31 members, six of whom are elected, nine nominated by the Governor and sixteen, including the Governor, government officials who hold office ex officio.

**RETURN TO CIA  
LIBRARY**

~~CONFIDENTIAL / NO OFFICIALS ONLY / SECRETARY INFORMATION~~

**IDENTI**

~~CONFIDENTIAL/US OFFICIALS ONLY/SECURITY INFORMATION~~



Fijians, Indians, and Europeans are represented separately on the Council. Under this system, for a long period of years Fijian public finances have followed a sound and rather unspectacular course. As in many other countries, external inflationary forces have affected them both directly and indirectly.

"FIJIAN ORDINARY BUDGET

(Including expenditure from past surplus budgets)

	1951 Actual £ F000	1952 Rev. Estimate £ F000	1953 Budget Estimate £ F000
Revenue:			
Customs and Excise	1,675	1,896	2,055
Income tax	745	950	950
Post Office	104	115	127
Other	<u>1,089</u>	<u>1,075</u>	<u>908</u>
	<u>3,613</u>	<u>4,036</u>	<u>4,040</u>
Expenditure	3,574	4,129	4,050
Surplus +			
Deficit -	+ 39	- 93	- 10

"Customs revenue and income tax receipts have been stimulated by high prices in external trading, and local administration costs have also risen. Customs duties are the largest single revenue item, yielding 51% of current receipts in the 1953 estimates, while income tax, which is on a relatively low scale, will provide only 23%.

"Development Plans

3. "In general, the Fijian Government has remained financially independent. But since the war, in accordance with the broad aim of the Colonial Development and Welfare Act, the British Government has been prepared to provide special financial assistance.

"Within the framework of the new policy, Fiji prepared a detailed programme of desirable public works and special research and survey projects. Initially, a total expenditure of £4.5m. spread over ten years was contemplated, and it was expected that finance could be provided wholly outside the ordinary budget by contributions from accumulated surplus balances. Subsequently it was decided to provide £50,000 per year from the ordinary budget, and the original plan has been reviewed on several occasions, and considerably recast. Some

~~CONFIDENTIAL/SECURITY INFORMATION/US OFFICIALS ONLY~~

-3-

of the most important projects, including the damming of the Navua River for hydroelectric power production at a total cost of £2.3m, £0.6m. of which was included in the development budget, have been abandoned, and rising costs have caused a recasting of a number of other schemes.

"The report of the most recent Committee of Review opens by pointing out that the original scheme placed too much emphasis on welfare, and too little on projects with an economic basis. Subsequently this emphasis was changed, although the most important welfare schemes were left, such as the erection and equipping of a Medical Centre in Suva. On abandonment of the Navua River Scheme, which was found to be impractical on closer examination, the allocation between economic projects and welfare schemes again became unbalanced, and a further review of the whole plan was made. What effect this will have on the costs and financing of the scheme is not yet clear, but it seems likely that the final total cost to the end of 1958 will be rather more than £5m. if all the schemes projected are to be completed. In the present year it is proposed to spend £942,000.

#### "Industry and Trade

4. "The economy of Fiji is based on four main commodities, all entering into world trade - sugar, copra, gold, and fruits. Of these, sugar has been by far the most important to Fiji. From small farms covering a total of about 90,000 acres, Indian small-holders produce cane yielding annually some 130,000 tons of raw sugar, although crops in recent years have been rather lower because of unsatisfactory seasonal conditions. In the current year it is hoped to harvest a crop of about 170,000 tons. The Colonial Sugar Refining Co, Ltd, which first operated in the Colony in 1882, owns all the sugar mills and so controls the industry. It conducts research and plant breeding stations, gives technical advice to cane farmers, finances farmers and engages in numerous activities designed to improve the welfare of those connected with the industry and to raise efficiency. Labour is almost entirely Indian. Contracts with the British Ministry of Food and the terms of the Commonwealth Sugar Agreement assure a ready market for all the sugar Australia can produce up to 1957.

"While the sugar industry is almost entirely dependent on Indian labour, the main native Fijian industry is cocoanut growing. In addition to the direct export of copra, two mills are producing cocoanut oil, copra cake and meal, and the value of oil exports now exceeds that of copra. The British Ministry of Food has contracted to take the whole export surplus of copra and cocoanut oil up to 1958, with a commencing price of £stg48 per ton f o b (copra basis) and annual price adjustments not exceeding 10%.

"While the industry remains the second most important, and is likely to continue so, it is declining mainly because a large proportion of the palms on non-Fijian plantations are already over 50 years old, and many are over 70. If production is to be maintained, new planting is essential, but European plantation owners in particular appear to have doubts on the economic future

~~CONFIDENTIAL/SECURITY INFORMATION/US OFFICIALS ONLY~~

~~CONFIDENTIAL/US OFFICIALS ONLY/SECURITY INFORMATION~~

of the crop, and refuse to risk further capital in it.

"Bananas are the most important fruit crop, and the bulk of the annual output is sent to New Zealand, which has been willing and able to absorb all the bananas which Fiji could supply since the war, but has been unable to lift the whole crop because of shipping difficulties. A new ship entered the run late in 1951, but in January 1952 virtually the whole crop was destroyed in a hurricane which also caused serious damage in Suva. Its effect was magnified because almost the entire crop is now grown in the south-east of Viti Levu. This concentration followed the imposition of a heavy import duty by Australia in 1920, which wholly closed this market to Fijian bananas - a blow from which the industry has never really recovered.

"Gold mining, the fourth main industry, did not begin until 1932, but has since progressed steadily. Though the gold bearing area is limited, there is probably considerable scope for further developments, given a measure of government co-operation in tax policy or the importation of necessary equipment. Gold exports are fairly steady at about £1m. annually.

"Fiji has very little secondary industry except for the processing of primary products consumed locally or exported. As a result, imported goods cover a very wide range and are derived mostly from the UK and Australia. Principal markets for exports are the UK, New Zealand, US, and Canada.

5. "Principal Exports

Commodity	Unit	1938		1950		1951	
		Quantity	£FOOO	Quantity	£FOOO	Quantity	£FOOO
Sugar	000 tons	134	1,338	114	3,751	73	2,625
Copra	"	33	271	10	544	15	908
Cocoanut Oil	"	-	3	10	946	10	1,034
Cocoanut Meal	"	-	-	5	62	5	91
Gold	000 fine oz.	89	701	103	1,421	94	1,296
Bananas	000 bunches	315	74	261	102	338	137

"Generally speaking, the Colony's exports have been virtually static in quantity, but the value has risen greatly since the war.

6. "Imports

"Imports cover a very wide range, and we have information only as to value in broad classes. Principal items in 1951 were Food, Drink, and Tobacco (£2.5m), Metals and Metal Manufactures (£2.2m.) and Fibres, Yarns, and Textiles (£1.7m.).

7. "Statistics of total overseas trade in 1938 and post-war years are set out below:

~~CONFIDENTIAL/US OFFICIALS ONLY/SECURITY INFORMATION~~

~~CONFIDENTIAL/US OFFICIALS ONLY/SECURITY INFORMATION~~

	<u>Imports</u> <u>£ F000</u>	<u>Exports</u> <u>£ F000</u>	<u>Surplus of</u> <u>Imports</u> <u>£ F000</u>	<u>Surplus of</u> <u>Exports</u> <u>£ F000</u>
1938	1,675	2,535		860
1946	3,571	3,604		33
1947	5,116	6,143		1,027
1948	5,945	7,790		1,845
1949	6,991	6,844	147	
1950	6,961	7,812		851
1951	9,368	7,313	2,055	

8. General Outlook

"Because Fiji is dependent on oversea trade to an even greater extent than Australia and New Zealand, The Colony relies almost entirely on the prosperity of her export industries and the terms on which these exchange for other world products needed, to maintain living standards.

"At present the prices being received for sugar, copra, and gold seem attractive and great comfort is drawn from the long-term contracts with the British Ministry of Food. To quote a former Governor, 'Fiji is now in a position of comparative economic security such as has never been attained by any Colony in the past.' But the real security can be over-emphasized. The contract prices, which are adjustable annually, could get out of line with the price of imports, despite limited changes each year. Local production costs are increasing fairly rapidly and Fiji cannot escape the rising cost of her import requirements, as is indicated by movements in the unofficial cost of living index set out below.

	<u>Indian Workmen Earning</u> <u>Less than 50/- weekly</u> <u>in 1943</u>	<u>European</u> <u>Families</u>
	<u>Suva</u>	<u>Country</u>
August 1939	100	100
October 1945	166	140
October 1946	174	151
October 1947	196	164
October 1948	209	174
October 1949	211	179
October 1950	219	189
September 1951	251	212
June 1952	263	221

~~CONFIDENTIAL/US OFFICIALS ONLY/SECURITY INFORMATION~~

~~CONFIDENTIAL//NO OFFICIALS ONLY/SECURITY INFORMATION~~

-6-

"The emphasis in the Government's economic policy today is obviously on 'development' in accordance with broad colonial policy laid down in Whitehall. That word is open to many different meanings and the Fijian administration has rather happily taken the view that it need not involve any radical departure from existing practices nor any purely spectacular innovations. The present development programme is designed to improve the productive efficiency and therefore the economic resilience of the Colony, but how fast it can be pursued at the present time without further forcing up wage rates all round, and thus encouraging inflation, is rather more open to doubt. In that respect, Fiji has a problem common to her larger neighbours, although seemingly less serious at present."

- end -

~~CONFIDENTIAL//NO OFFICIALS ONLY/SECURITY INFORMATION~~