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**Hon. Prime Minister and Minister for iTaukei Affairs and Sugar Industry**

**STATEMENT AT THE 46TH SESSION OF THE ISO COUNCIL**

**AGENDA ITEM 6 - NATIONAL POLICIES**

22 Berners Street Friday 28 November 2014

London W1T 3DD 0930 Hours

Mr. Chairman, Ministers, the Executive Director, Excellencies, Ladies and Gentlemen.

Bula vinaka and a very good morning to you all.

At the outset, let me echo my delegation’s congratulations to Ambassador Derek Haven for the successful 45th Council meeting held in Montego Bay last May. We still carry fond memories of our stay in Jamaica and the warmth of the welcome we received in your beautiful country.

Before I embark on my update of the Fijian Sugar Cane Industry, I have the honour to inform you all that since our last gathering, Fiji has returned to parliamentary rule after the first truly democratic election in our history. In that election, on 17 September, 2014, my political movement, FijiFirst, won 32 of the 50 seats in our new parliament or 64 per cent of the vote. It was a vote of confidence by the Fijian people in my Government’s reforms of the past eight years and our focus on service delivery and for that I am truly grateful.

The election was declared credible, free and fair by an international team of monitors and we have already had our first Parliamentary sitting. So we have entered a new and highly promising chapter in our history. Not only a new democracy with a common and equal citizenry but also a sustained period of economic growth matched only twice before in the 44 years since our Independence from Britain in 1970.

The Fijian economy is currently expanding by more than four per cent a year, confidence is high and we are witnessing a strong upsurge of investment in both the private and public sectors. This includes investment in national infrastructure – including the sugar industry - which constitutes an investment in the future of every Fijian.

That future has never been brighter. Nor has Fiji stood taller in the world - a pre-eminent Pacific Island nation making a disproportionate impact for our size through our United Nations peacekeeping efforts and our leadership in other UN and global forums.

This leadership was recognised only last week, when I had the privilege, on behalf of every Fijian, of hosting both the Prime Minister of India, Mr. Narendra Modi and the President of the Peoples Republic of China, Mr. Xi Jinping.

To have the leaders of the two most populous nations on earth in Fiji in the same week was a singular honour, which we also had the privilege of sharing with our Pacific neighbours, many of whose leaders joined us for our discussions. These visits were an outstanding success. They demonstrated beyond doubt that Fiji is on the move, our regional leadership is undisputed and there is great potential for Fijians and all Pacific islanders to benefit from more engagement in the region by these global economic powers.

As I keep stressing, there is room in the Pacific for everyone who shares our vision of protecting our unique environment and working with us to improve the living standards of our people. Both India and China have offered Fiji a range of further development assistance, including, in the case of India, a welcome boost for our sugar cane industry. India is providing Fiji with a 70-million US dollar line of credit to enable us to develop our co-generation project at Rarawai in the sugar cane belt of our main island, Viti Levu.

Mr Chairman, the Fiji sugar cane industry continues to be a significant contributor to our economy – contributing 8% towards our total export proceeds and providing livelihoods for about 200,000 Fijians or 25 per cent of the population.

The fact that I continue to be the Minister for Sugar in the new Government – as well as Prime Minister – demonstrates the importance that I attach to the welfare of the industry. Where others saw no viable future for sugar in Fiji, my Government was determined to not only keep the industry alive but to place it on a new and more secure footing.

The reform program hasn’t been easy. Indeed it has sometimes severely tested us. But I’m also pleased to report to you all today that through determination, innovation and a lot of hard work, those who work with me on the front line keeping this vital part of our economy turning have succeeded.

We have kept the faith with the 200,000 Fijians who looked to us to turn back the tide of neglect by successive previous Governments. We have provided them with new hope for the future with record prices last year for their crops. And we have acted to safeguard a vital part of our national economy on which the fortunes of every Fijian ultimately depends.

Notwithstanding this, many challenges remain. The abolition of EU sugar production quotas post 30 September, 2017 and the consequent adverse implications on sugar prices poses a very big challenge indeed. Moreover, EU sugar prices have already come under pressure, with significant falls compared to prevailing prices over a year ago. So suppliers like Fiji are having to prepare for a reduction in our export revenues even before 2017 – a sobering prospect for any developing nation.

But we are not waiting to be swamped by events. Our Industry is vigorously fast-tracking other initiatives to diversify and expand its revenue streams. We are moving away from our reliance on one commodity - raw sugar – because we know this is no longer viable. We need to be smarter, to add value to our crop, to exploit new revenue opportunities and open up new markets.

These initiatives include the establishment of bagasse-based electricity cogeneration at the Rarawai and Labasa Sugar mills; the establishment of a sugar refinery in Labasa to meet domestic and regional demand for refined sugar of between 18-25,000 metric tonnes; and the establishment of an ethanol plant at the Rarawai Mill, primarily to serve the domestic market.

All these initiatives are national priorities that we intend to begin coming on stream from the second half of 2015. It’s all about being smarter, more adaptable and embracing technology rather than simply standing by and being swamped by events.

An example. One of the projects that we have just started is the digital mapping of our 13,000 sugar cane farms to establish precisely where they are, what they produce and how we can improve their output.

Two weeks ago, I launched the Fiji Sugar Cane Industry WebGIS Portal, the first for any agricultural commodity in the South Pacific region. Using GPS satellite technology, we’re able to capture the lease boundaries of each cane farm and record the identity and contract details of the farmer, which sugar mill his cane is destined for, the precise area under cultivation, the cane variety and its age, areas that are fallow and could be exploited and areas under non-cane agriculture.

During the crush, we can now get live updates on such things as areas harvested and production per unit area. So we have a state of the art management tool to help the industry better and more accurately estimate the crop size, the likely yield, farm input costs, investment costs and a range of other information. It also helps our planners to measure the performance of each cane farmer, each of the four mills and the overall performance of the industry.

It’s an exciting project which my Government plans to extend in 2015 as we digitize another 12 of the 32 remaining sectors. And it’s all part of a revolution that in the space of a generation, has taken Fijian sugar cane farmers from using bullocks to plough their fields to using satellites to improve their yields.

An overall snapshot of the industry also shows that we are not only producing more cane but more importantly, producing more sugar from less cane and approaching international benchmarks.

Our 2014 national crushing season has just ended with the last of the four sugar mills, Rarawai, winding up its crush on 17th November.

Against an initial estimate of two million metric tonnes of cane, we crushed 1.83 million metric tonnes of cane and produced 226,000 metric tonnes of raw sugar with a TCTS of 8.0. This year our industry was hampered – along with other sectors – by a drought which started back in March and continued throughout the harvesting season from June to November.

But compared to the 2013 crushing season, these figures still represent an increase in cane production of 14.3%; an increase in sugar production of 25.6% and an improvement in TCTS of 11%. All extremely gratifying.

After receiving the final “wash-up” payment last October for the 2013 season, we were able to pay our cane farmers F$88.49 (or USD44) per tonne of cane. This is the highest ever payment to Fijian cane farmers during the entire 132-year history of our industry. So all in all, we have had an exceptionally good season.

Mr Chairman,

In conclusion, I want to pay tribute to all those Fijians who have contributed to the positive results our industry has achieved during the past three seasons - the management and staff of the Fiji Sugar Corporation, all those ancillary workers on which the industry depends and especially our hard-working growers and their families. I thank them as Prime Minister and Minister for Sugar for keeping the faith and for embracing the reforms we have made to keep our industry viable and sustainable.

My Government remains convinced that our industry is not only on the path to genuine recovery but that even greater days lie ahead if we stay focused, united and embrace change rather than fear it, just as greater days lie ahead for our beloved nation of Fiji.

Vinaka Vakalevu, Thank you.