

## THE FORCES BEHIND RISING PRICES PART 1

The rising cost of living is now one of the most pressing issues facing Fijian households.

Families are feeling the strain – with many daily essentials costing more than they did a year ago.

While relief measures – ranging from VAT-free basic foods and price-controlled staples to electricity and bus-fare subsidies, and expanded social-welfare allowances – soften the blow for those on modest incomes, they cannot fully shield consumers from the deeper, structural forces driving prices higher.

Understanding *why* prices continue to rise – even when policy measures are in place – is essential to navigating this challenging environment.

### The Factors Driving Higher Costs

#### 1.Global Inflation and Supply Chain Pressures

Fiji, like many small island economies, relies heavily on imports. What happens globally inevitably flows into our domestic prices.

In recent years, a combination of global inflation, disrupted supply chains, and soaring freight costs have created a “perfect storm” for price increases:

**Freight Costs:** For example, shipping from Sri Lanka to Fiji now costs 42% more. Significantly more compared to pre-pandemic times!

**Commodity Prices:** International prices for dairy, edible oils, and grains have risen due to demand surges, climate disruptions, and geopolitical tensions.

**Currency Movements:** Fluctuations in foreign exchange rates can impact the cost of Fiji’s imports, even when product prices abroad remain stable.

**Import Dependencies:** Fiji relies heavily on imported goods, with many products not being produced locally. This makes the cost of goods susceptible to fluctuations in international shipping costs, fuel prices, and global trade dynamics.

These external shocks mean that goods land in Fiji at a higher cost – costs which, despite local VAT relief or controls, inevitably pass through to retail shelves.

**Example:** Powdered milk prices rose sharply in 2025, not because of local factors, but due to global demand surges, especially from China.

The price of tea increased as climate impacts reduced crop yields in traditional tea-growing regions.

### What Does This Mean for Consumers?

Price increases often reflect genuine cost pressures. Understanding this prevents misplaced blame and promotes informed consumer choices. Where possible, supporting Fijian-made products reduces exposure to international price volatility.

Consumers can rest assured that FCCC continues to monitor the market to ensure that price changes are fair, justified, and transparent. When unjustified price hikes or exploitative practices are detected, FCCC will act decisively under its regulatory mandate.

### Final Thoughts

In a deeply interconnected world, no single policy measure – including VAT exemptions – can isolate Fiji from global market dynamics. Protecting consumers requires a combination of relief measures, regulatory vigilance, local production strengthening, and informed public participation.

FCCC’s commitment is clear:

- To monitor, investigate, and act where necessary.
- To educate and empower consumers to navigate the current landscape with clarity and confidence.
- FCCC undertakes research to analyse price movements and market dynamics, which helps inform policies that aim at ensuring fair pricing in the market for all participants, and keep goods and services as affordable as possible for consumers.

Understanding the forces shaping the cost of living is the first step toward protecting your household and building economic resilience.

In the next edition of FCCC Market Matters, we will continue this series by exploring local factors affecting prices and what consumers can expect in the months ahead.






*Stay tuned for Part 2 – coming next week!*

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### TRACKING PRICES FROM YOUR GROCERY BASKET. EXPLAINING THE WHY.

PRODUCT	OLD PRICE	NEW PRICE	SOURCE MARKET	WHY THE PRICE CHANGED
 RAJENDRA PRASAD LONG GRAIN RICE (10KG)	\$15.03	\$17.01	India	Global supply & freight cost spikes.
 FMF FULL CREAM INSTANT MILK POWDER (400G)	\$5.22	\$5.93	NZ	Increased demand in the Chinese market.
 ANCHOR UHT LIQUID MILK (1L) – PUNJAS	\$3.21	\$3.33	NZ	Higher global dairy feed costs.
 PUNJAS CEYLON TEA (200G)	\$3.22	\$3.34	Sri Lanka	Climate + USD strength.
 NATURAL GOODNESS SOYBEAN OIL (1L) – ASHABHAI	\$3.52	\$4.05	Malaysia	Demand & currency pressure.