



2008 Minerals Yearbook

FIJI

THE MINERAL INDUSTRY OF FIJI

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Fiji's mining activities mainly involved the production of cement, gold, limestone, sand and gravel, and silver. The country also showed potential for offshore oil deposits. None of the minerals produced in Fiji in 2008 was of world significance (table 1).

According to the ANZ Pacific Quarterly, Fiji's real gross domestic product (GDP) growth rate for 2008 was 1.2%, and the inflation rate was 7.8%. The economic and political environment of Fiji was dominated by restricted consumer credit, uncertainty regarding the domestic political situation, the effects of the downturn in the global economy, and the modest activity in the local economy. Investment continued to slow down because the global financial crisis made acquiring credit more inconvenient and expensive for foreign investors, and some investors revised their proposed projects and delayed or canceled them. Nevertheless, Fiji's gold production was expected to increase in 2008 because of the country's mining tradition and financial need for the mineral export revenue (ANZ Pacific Quarterly, 2008, 2009). According to the Fiji Islands Bureau of Statistics' National Accounts Office, the output value of the mining and quarrying sector, which decreased by 97.9% in 2007, contributed about 0.01% of the GDP in 2007 (the latest year for which data were available) compared with about 0.5% of the GDP in 2006 and about 1% of the GDP in 2005 (Fiji Islands Bureau of Statistics, 2008d).

Production

Fiji produced 638 kilograms (kg) of gold and 265 kg of silver in 2008, which were significant increases compared with output in 2007. The increase in production was owing to the reopening of the Vatukoula Mine in 2008. The country's annual production of cement was 143 thousand metric tons, which was a decrease of 1.4% from the 145 thousand metric tons produced in 2007 (table 1; Fiji Islands Bureau of Statistics, 2008c).

According to the Fiji Islands Bureau of Statistics, production in the mining and quarrying sector increased gradually during the year; the sector's quarterly industrial production index (IPI) for all four quarters of 2008 were 10.6, 18.0, 36.6, and 48.0, respectively. The IPI is based on the output of representative commodities from each industrial sector and does not reflect changes in prices. A comparison of Fiji's annual IPI for 2007 and 2008 (using the same statistical scale) indicates that, in 2008, the country's gold production increased by 2,278% and concrete production increased by 10%; the output of the quarrying sector was unchanged. In addition, gas production decreased by 26%; fertilizer production, by 15%; and cement production, by 1% (Fiji Islands Bureau of Statistics, 2008b).

Structure of the Mineral Industry

Fiji had been a major regional gold producer for more than 80 years, and mining was an integral part of Fiji's economy.

Gold exports were the country's second most valuable export. The country's mineral industry consisted of one British-owned gold mining company, one locally operated cement company, and several locally operated small industrial minerals quarries (company names and their production capacities were not available) that produced such construction materials as limestone, sand and gravel, and other construction aggregates. The country hosts several major porphyry copper-gold and epithermal gold mineralized areas (Register of Indo-Pacific Mining, 2009, p. 24).

Government Policies and Programs

The Ministry of Lands, Mineral Resources, and Environment (MLMRE) is the main Government agency that implements the country's mineral development policies under the Mining Act of 1978, which was revised in 1985. Under the MLMRE, the Mineral Resources Department (MRD) develops mining policies and provides geologic information to assist mining sector investors. The MRD also facilitates the exploration and development of mineral and petroleum resources in the country (Mineral Resources Department, 2007).

Mineral Trade

Fiji was a net importer in 2008. The value of mineral imports increased by 28% to \$701 million from \$547 million in 2007, and the value of mineral exports increased by 4% to \$4,972,240 from \$4,800,320 in 2007. The main trading partner countries for imports were Singapore (35%), Australia (20%), New Zealand (13%), the United States (7%), China (4%), and India (3%). The main trading partner countries for exports were the United Kingdom (15%), Australia (12%), New Zealand (6%), the United States (5.3%), Tonga (5.2%), and Japan (4%) (Fiji Islands Bureau of Statistics, 2008e).

Fijian imports of mineral fuels included automobile distillate fuels, aviation fuel, industrial distillate fuels, and motor spirits (gasoline). Mineral fuel imports were valued at \$684.4 million and accounted for 33.9% of the total value of imports in 2008 compared with \$536.6 million, or 33.2% of the total import value in 2007, which was an increase of \$147.8 million, or 27.5%. Imports of industrial distillate fuel were valued at \$288.7 million and accounted for 42.2% of the value of imported mineral fuels. Imports of aviation turbine fuel were valued at \$245.8 million and accounted for 35.9% of the value of imported mineral fuels. These increases were driven mainly by the growing tourist industry and increases in the traditional processing of sugar, and the manufacturing of textiles, garments, and fish.

Gold was Fiji's major export mineral commodity. Gold exports were valued at \$150 million and accounted for about 1.8% for the country's exports in 2008 compared with only \$1.6 million and about 0.3% of the country's exports in 2007 (Fiji Islands Bureau of Statistics, 2008a).

Commodity Review

Metals

Gold and Silver.—In 2008, most of Fiji's gold and silver production was exported. The Vatukoula gold mine, which was closed in December 2006, was reopened in October 2007 by Westech Gold Pty Ltd., which was renamed Vatukoula Gold Mines plc (VGM) on October 1, 2008, to reflect the local significance of the gold project to the Fijian economy. VGM was a 100%-owned subsidiary of River Diamonds PLC of the United Kingdom, which therefore held 100% interest in the Vatukoula gold mine. The mine is located 60 kilometers northeast of Nadi in Viti Levu Province and was the country's primary producing gold and silver mine. The mine contains about 23,800 kilograms (kg) of gold reserves, and its gold resources totaled 16.84 million metric tons at an average grade of 9.49 grams per metric ton (g/t) gold, or about 142,000 kg of gold (Vatukoula Gold Mines plc, 2008a).

On May 18, 2008, the company had its first operational gold pour from the Vatukoula gold mine since the mine was placed on care-and-maintenance status in December 2006. The gold pour was from concentrates produced through the mill's recommissioned flotation, roaster, and calcine circuits. The pour totaled about 22 kg of gold ore (including 18.17 kg of fine gold and 3.43 kg of fine silver), which was in line with production targets. The pour represented the final step in the recommissioning of operations at the mine. By the end of 2008, VGM had three operating shafts and a decline, plus more than 450 kg of underground drives. VGM was ramping up to increase production to 3,100 kilograms per year of gold. Operations within the mine had reached a steady-state condition; ore from both the underground and open pit operations was being supplied to the mill on a daily basis. The mine employed approximately 750 people, and VGM also recruited an operational management team to complement the existing management in Fiji. The company was looking forward to continuing with gold operations at the mine (Vatukoula Gold Mines plc, 2008b, c).

Newcrest Mining Ltd. engaged in an advanced exploration project in the Namosi region. Its work was focused on two key areas. The first area of focus involved exploration of the Waisoi deposit, which included a study to test possible depth extensions of the previously identified mineralization. The study was to evaluate potential open pit and underground mining exploitation options, as well as the infrastructure, permitting, and services requirements. For the second area of focus, exploration was conducted on the remaining 723.5-square-kilometer tenement, with an emphasis on the more than 15 significant copper and gold prospects already identified during previous reconnaissance exploration. The Government renewed the special prospecting license for the Namosi project area in 2007 until March 2010 (Newcrest Mining Ltd., 2009).

Industrial Minerals

Cement.—Crushed stone, dimension stone, limestone, and sand and gravel were produced and consumed domestically by the construction industry. All limestone produced was consumed

as raw material by Fiji's single cement producer, Fiji Industries Ltd. (FIL).

Based in Lami, which is located just outside the capital Suva, FIL was the only supplier of cement and related products in Fiji and was the preferred supplier to the Pacific island countries. FIL's major products were general purpose portland cement and general purpose blended cement. In 2008, FIL was involved in several projects, including supplying 14,000 metric tons (t) of cement to two projects of the Fiji Electricity Authority: one project involved the construction of a new hydroelectric dam in Nadarivatu, and the other was for the improvement of the country's main hydroelectric dam at Monasavu. FIL also provided 12,000 t of cement to the Natadola Marine Resort project and 9,000 t of cement to the Laucala Island resort project (Fiji Industries Ltd., 2008).

Outlook

According to Fiji Islands Bureau of Statistics, 2009 is expected to be a difficult year for the economy of Fiji. GDP growth is likely to fall well below the official forecast of 2.4%. In line with the global economic development, all Fiji's major trading partners are expected to experience economic difficulties in 2009. The country expected a decrease in imports as well as a continuing decrease in exports owing to falling global demand and supply-side constraints. The activity of the Fiji mining sector is likely to remain at least at the 2007 production level, and to begin to show modest recovery owing to the planned increase in gold production from the Vatukoula gold mine, and development of the copper-gold mine in the Namosi region (Fiji Government Online, 2009; Fiji Islands Bureau of Statistics, 2009f).

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TABLE 1
FIJI: PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²		2004	2005	2006	2007	2008
Cement, hydraulic ^e	metric tons	120,000	143,000	143,000	145,000	143,000
Gold, mine output, Au content	kilograms	3,731	2,793	1,430 ^e	16 ^e	638
Limestone ^e	metric tons	180,000	215,000	215,000	220,000	215,000
Sand and gravel ^e	cubic meters	280,000	330,000	300,000	310,000	300,000
Silver, mine output, Ag content	kilograms	1,901	1,418	750 ^e	3 ^e	265

^eEstimated; estimated data are rounded to no more than three significant digits.

¹Table includes data available through June 22, 2009.

²In addition to the commodities listed, bauxite, coral sand, crushed and dimension stone, marble, and other construction materials are produced, but data are insufficient to make reliable estimates of output.

TABLE 2
FIJI: STRUCTURE OF THE MINERAL INDUSTRY IN 2008

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity ^e
Cement	Fiji Industries Ltd. (FIL) (an affiliate company of Holcim Group)	Lami, Suva, Fiji	145
Gold	kilograms Vatukoula Gold Mines plc (River Diamonds PLC, 100%)	Vatukoula, on the island of Viti Levu	1,700
Silver	do. do.	do.	340

^eEstimated. do. Ditto.

