



PRESS RELEASE

January 11, 2008

FIRCA refers to the criticisms made of it by Natural Waters of Viti Limited (commonly called “Fiji Water”) contained in its latest Press Release and repeated to a substantial extent on the front page of today’s Fiji Sun, and at the fourth page of today’s Fiji Times.

The criticisms by Natural Waters of Viti Limited firstly relate to the blocking of its exports by FIRCA on a number of occasions since December 2006. The Press Release by the company asserts “as a Fijian company that represents over 15% of Fiji’s exports, getting our product to our global market is critically important to the Fiji economy. Each week our product is blocked from leaving the country represents 3-4 million FJD in lost exports for Fiji.”

Before proceeding further it should be noted that Natural Waters of Viti Limited is not a Fijian company, but the company wholly owned by American interest.

The same theme set out by Natural Waters of Viti Limited is echoed by the Fiji Sun which asserts “Fiji stands to lose millions of dollars in export earnings after (FIRCA) blocked the shipment of 200 containers of locally produced water”, and is repeated as if it were a fact in the Fiji Times which states “Fiji is losing 3-4 million dollars a week in exports after consignment of bottled water have been stopped by (FIRCA)”.

The assertion of loss is however false. In actual fact, having regard to the pricing policies adopted by Natural Waters of Fiji Limited, there is no gain, to the foreign reserves of Fiji occasioned by the exports carried out by the company. This is because it sells its product to its American parent company, which is the only entity to which it exports, at or below cost **landed in USA at about US\$4 per carton**. The products are then sold in America at very greatly enhanced prices **up to US\$50 per carton**. The result of this practice is that the foreign reserves are not enriched by the exports of Natural Waters of Viti Limited; they are substantially reduced. The balance of payments, reflecting the differential between exports and imports and which is so crucial to Fiji's economic survival, is damaged and not enhanced by this practice.

The public of Fiji should be aware that the mere fact that a company exports substantial quantities of water from Fiji does not itself benefit Fiji, if there is no contribution to the balance of payments or enhancement of foreign reserves, and a gain if the entity has tax free status.

Natural Waters of Viti Limited secondly asserts that FIRCA is acting on poor advice based on incorrect information and speculation. This assertion is refuted. The advice on which FIRCA is acting is directed to the preservation of Fiji's reserves and is wholly in accordance with mandatory provisions of law enacted in the public interest. Documentation relied on is the documentation of Natural Waters of Viti Limited, or the Fiji Water Group, or produced with the authority of those entities, or otherwise irrefutable.

Thirdly, Natural Waters of Viti Limited go on to say "We remain confident that the advice we receive from Baker McKenzie , a world class law firm who conducted a major economic study on our transfer price, is fair and accurate for Fiji and for all of our markets and is consistent with global practices of fair trade." In other words, the company relies upon a Baker McKenzie study to justify its pricing structure.

With the greatest respect to Baker McKenzie, the validity of any opinion given will depend entirely on what instructions were given for same and what information is supplied for the purposes of same. A meaningful transfer pricing methodology can only be constructed on a basis of known facts.

The purpose of a transfer pricing study is to reveal appropriate profitability. FIRCA has been attempting for a considerable period of time to obtain from Natural Waters of Viti Limited the necessary information to conduct its own transfer pricing analysis, it having access to the appropriate Australasian expertise which FIRCA regards as second to none or to that of Baker McKenzie.

FIRCA will not passively accept the verdict of Baker McKenzie without itself having access to the information on which same is based, and to the instructions on which same is based, and without the opportunity to conduct its own transfer pricing study based on such matters and upon the profitability of Natural Waters of Viti Limited.

Yet further, the transfer pricing methodology actually endorsed by Baker McKenzie is itself, to use a neutral phrase, exceedingly far from being a favoured option in the relevant area of law.

To sum up, FIRCA rejects the assertion of loss of foreign earnings arising from its actions, which were only undertaken in the public interest; FIRCA rejects the assertion of bad advice; FIRCA rejects any suggestion of subservient acceptance of the Baker McKenzie opinion.

FIRCA intends to continue to uphold the public interest in priority over any private or sectional interest in this matter.

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