PROMOTING INVESTMENT IN THE PACIFIC ISLANDS
- CHALLENGES & PERCEPTIONS -

Pacific Islands Update
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Promoting Investment in the Pacific Islands
- Challenges & Perceptions -

Macro factors (social & political) affect Pacific Islands as investment locations. Prevailing circumstances affecting Islands’ ability to attract investment include:

* small markets
* high cost of business
* low domestic savings
* non competitiveness
* relative inexperience in international business affairs
* complex land related issues
* changing global trading terms/conditions etc...

Country risks (Pacific Is. included) have changed since 9/11.
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Common perceptions affecting investment as an economic activity in the Islands, include:

1. That investment only involves capital input in a project.

2. That investment is always short or medium term.

3. That it is trade / export and not investment which is important to an Island’s economy.
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4. That there is no relationship between trade / export & investment.

5. That investment is always associated with foreigners / outsiders.

6. Value of domestic investment not readily understood and often under-estimated.
7. That foreign investment is a threat to the social and cultural integrity of Pacific Islands.

8. That only external or foreign consultants / accountants can or are capable of preparing project profiles / feasibility studies.

9. That investment means providing land, being a silent partner, being a director on board and receiving dividend payments.
10. That only large companies or those with lots of money can invest or become investors.

11. That investment can only be in resources (fisheries, timber, minerals etc) or infrastructure incl. properties.

12. That only Governments can / should invest on the people’s behalf therefore only Government funds / capital can or should be used for investment.
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13. That investment using donor / external aid is free therefore not subject to repayment, interest etc.

14. Foreign investors blame local IPAs for “not doing enough” to improve overall business / investment environment.

15. Landowners or local shareholders blame local IPAs (as certifiers) for foreign investors’ misdemeanours.
16. Membership & management of business associations / CCIs in Islands remain in the domain of foreign / corporate entities.

17. Island governments doing more to effect onshore processing to promote investment in infrastructure, expand local manufacturing base, reduce import reliance etc.

18. More Islands looking to attract Asian investment because of their more understanding and approachable attitude towards Pacific Islands.
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19. Many people in the Islands nearly always over value their contribution to business / investment.

20. Island businesses see it as unfair when foreign investors readily seek changes to terms of investment agreements with Governments because bottom line targets not achievable in short term.
CONCLUDING REMARKS

Perceptions continuing to (adversely) affect / influence trade and investment development in the Islands.

Perceptions have developed into attitudes and mind sets hence more difficult to deal with / change.

Paradigm shift to assist minimise / negate effects of perceptions and attitudes on economic development which may take two or more generations to effect.