



2012

ANNUAL REPORT



Pacific Islands
Trade & Invest

**COVER:
SOLOMON ISLANDERS
SELLING LOCALLY
GROWN FRUIT
AND VEGETABLES
ON A SHIFT
PLATFORM AT THE
BACK OF A BOAT
HAVING PADDED
TO IT IN THEIR
DUGOUT CANOES.**

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PACIFIC ISLANDS TRADE & INVEST IS THE LEADING REGIONAL TRADE AND INVESTMENT PROMOTION AGENCY FOR THE PACIFIC ISLANDS. THE NETWORK IS AN AGENCY OF THE PACIFIC ISLANDS FORUM SECRETARIAT, WHICH IS BASED IN FIJI.

WITH OFFICES IN AUCKLAND, BEIJING, SYDNEY, TOKYO AND GENEVA WE ARE THE ONLY PACIFIC ISLANDS AGENCY ENTRUSTED BY THE PACIFIC LEADERS TO DEVELOP, GROW AND PROMOTE BUSINESSES IN THE REGION. WE DO THIS BY FOCUSING ON FOUR KEY AREAS INCLUDING: EXPORT, INVESTMENT, TOURISM PROMOTION AND CREATIVE ARTS.

WITH THE AIM TO IMPROVE THE LIVELIHOODS OF PEOPLE IN THE PACIFIC ISLANDS, WE WORK WITH THE PRIVATE SECTOR TO BUILD A BETTER FUTURE THROUGH MORE SUSTAINABLE COMMUNITIES AND GREATER PROSPERITY.

LETTER FROM SECRETARY GENERAL



IT IS WITH PLEASURE THAT I PRESENT THE PACIFIC ISLANDS TRADE & INVEST ANNUAL REPORT FOR 2012.

As the international trade and investment promotion agency of the Pacific Islands Forum Secretariat, Pacific Islands Trade & Invest network of offices supports our vision of a better future and prosperity for Pacific Islands' communities through increased trade and investment.

Pacific Islands Trade & Invest continues to play an important role in attracting investment to our region's small island economies, while providing technical support for the development of export markets. This service to the region includes the active promotion of products and services from the Pacific Islands in key international markets.

This very important regional service cannot be provided without the funding assistance from our host country governments and key development partners. I wish to thank the governments of Australia, Japan, New Zealand, Peoples Republic of China, and the European Union for their much valued and ongoing support to the network.

Pacific Islands Trade & Invest's presence in Auckland, Beijing, Sydney, and Tokyo, and a desk in Geneva allows the Forum Secretariat to provide coverage of respective markets. Through Pacific Islands Trade & Invest, the Forum Secretariat is committed to increasing support for increased investment, trade development and promotion for the benefit of Pacific Island Countries.

In recent years we have successfully streamlined operations across our five offices through the development of an integrated strategy and the introduction of new performance and evaluation systems. These efforts have seen greater collaboration and communication between the PT&I offices resulting in greater opportunity and successful business outcomes for clients.

With a clear focus on developing strategic relationships with partner organisations, in 2012 Pacific Islands Trade & Invest offices during 2012 were able to multiply the impact of their work and extend the potential of their service offering. This focus has resulted in a number of successful new partnerships between the private sector and technical agencies, and between exporters and investors within and outside the region.

Our annual flagship and keystone event for the creative arts programme, Maketi Ples, is delivering remarkable results. It is a practical initiative that provides economic development opportunities for people at the grassroots levels. This report outlines many other achievements of the network with results that benefit the people of the Pacific directly.

We will continue to work tirelessly to deliver real outcomes for Pacific Island businesses by continuing to help grow export, tourism and investment in the region. On behalf of the Pacific Islands Forum Secretariat, I extend our thanks to the Trade Commissioners and Representatives and their team for the hard work and commitment to seeking new business opportunities for the Pacific.



Tuiloma Neroni Slade
Secretary General
Pacific Islands Forum Secretariat

TRADE COMMISSIONERS' FOREWORD



WITH A FOCUS ON INCREASED COLLABORATION BETWEEN OUR OFFICES AND WITH STRATEGIC PARTNERS, PACIFIC ISLANDS TRADE & INVEST DELIVERED A RECORD NUMBER OF SERVICES ACROSS THE REGION IN 2012. THROUGH THE WORK OF OUR OFFICES IN SYDNEY, AUCKLAND, BEIJING, TOKYO AND GENEVA, WE HAVE CONTRIBUTED TO EXPORT SALES AND FACILITATED INVESTMENTS FOR PACIFIC ISLANDS BUSINESSES BEYOND PREVIOUS YEARS' FIGURES.

We have launched new initiatives including our investment database and an e-commerce tourism marketing project; produced six new export guides for agricultural producers from the Pacific Islands; built 49 websites for tourism operators; and extended our services to support new and emerging industries such as Fiji's film industry and an Aquaponics demonstration site in Rarotonga.

By actively developing and strengthening partnerships with public and private sector organisations who, like us are committed to building a better future for Pacific Island countries, we have been able to multiply the impact of our work.

In 2012, we collaborated with partners including the Food and Agriculture Organization of the United Nations (FAO), the South Pacific Tourism Organisation (SPTO), Pacific Horticultural and Agricultural Market Access (PHAMA) and the Secretariat of the Pacific Community (SPC) to develop programs and projects to support the economic growth and development of countries in the region.

Our client base grew from 6,185 contacts in 2011 to more than 9,000 contacts in 2012*.

With a focus on achieving measurable outcomes, we delivered 1,009 services to 552 businesses across the 14 Forum Island countries we represent. As a result of our new e-newsletter, our website traffic also continues to grow with an 80 per cent increase on visits to the site in the last year.

Our Creative Arts program is growing from strength-to-strength with export sales of AU\$127,251 in 2012. In supporting the commercial viability of the creative arts sector, the program is also helping to preserve the traditional knowledge and cultural expressions of Pacific Island communities.

Although many of Pacific Island countries still face many trade challenges due to lack of viable exports and investment-ready projects, our tourism strategy continues to capitalise on emerging tourism trends and niche markets.

Our 2012 Annual Report highlights the programs and services delivered by our Offices in the key areas of exporter services, investment facilitation, tourism promotion and creative arts. The Report also features key highlights and success stories for each of the Pacific Islands countries we support.

It is with great pride and pleasure that we serve the people and businesses of the Pacific Islands and we look forward to achieving greater results in the years to come.

Adam Dennis
Trade Commissioner
Pacific Islands Trade
& Invest, Auckland

Caleb Jarvis
Trade Commissioner
Pacific Islands Trade
& Invest, Sydney

Sam Savou
Trade Commissioner
Pacific Islands Trade
& Invest, Beijing

Kazuyoshi Ogawa
Director
Pacific Islands Centre, Tokyo

* Excludes CRM statistics from Tokyo and Geneva offices.

ABOUT US

Pacific Islands Trade & Invest provides services in export, investment, tourism promotion and creative arts with the aim of growing businesses which improves the livelihoods of people in the Pacific Islands.

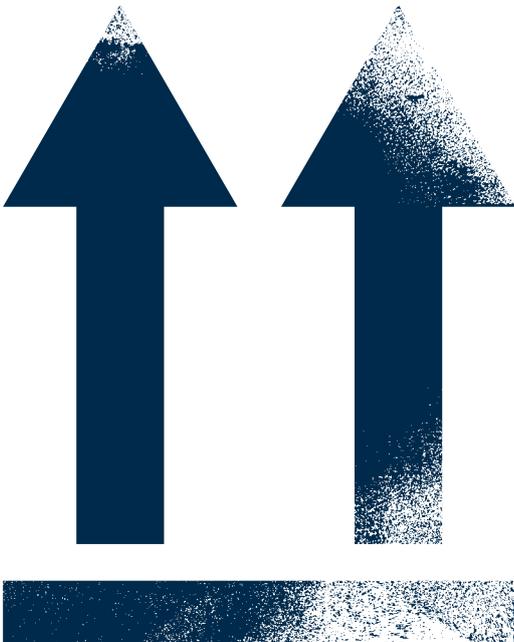
OUR LONG-TERM DEVELOPMENT GOALS ARE TO:

- 1. INCREASE THE DIVERSIFICATION OF EXPORTS AND INVESTMENT FOR BUSINESSES IN THE PACIFIC ISLANDS;**
- 2. INCREASE TRADE, TOURISM AND INVESTMENT OPPORTUNITIES FOR WOMEN IN THE PACIFIC ISLANDS;**
- 3. INCREASE THE DEMAND FOR CREATIVE INDUSTRIES AND INDIGENOUS KNOWLEDGE PRODUCTS FROM THE PACIFIC ISLANDS; AND**
- 4. IMPROVE THE CAPACITY FOR TOURISM PROMOTION IN PACIFIC ISLAND COUNTRIES.**

Our offices in Auckland, Geneva, Sydney, Beijing and Tokyo work with exporters from the Pacific Islands to promote their products and services as well as attract investment to Pacific Island businesses.

WE DO THIS BY:

- Developing export-capable businesses;
- Promoting export-capable businesses;
- Connecting exporters with international buyers;
- Facilitating the marketing of niche Pacific Island tourism services and products;
- Promoting investment-ready projects from the Pacific Islands;
- Introducing potential investors to the Pacific Islands;
- Promoting the value of Pacific Island artists and artisans work;
- Providing promotional support, networks and technical expertise; and
- Facilitating shared understanding between markets.



WHAT WE DO

DEVELOPING EXPORT-CAPABLE BUSINESSES

Pacific Islands Trade & Invest works with businesses in both their home and export markets to build export capacity and investment potential. We help our clients achieve their business outcomes through sharing innovative business ideas and approaches, combined with our in-depth understanding of the diverse situations and challenges faced by businesses in the Pacific Islands.

We are committed to increasing the diversity of our clients through the promotion of women entrepreneurs, creative arts and Indigenous and traditional knowledge to international markets.

PROMOTING EXPORT-READY BUSINESSES

Pacific Islands Trade & Invest understands the export potential and customer base for Pacific Islands businesses in the five markets in which we operate. Through innovative and creative approaches, we bring exporters to the market and help the market find their products.

We work with producers in-country by helping them develop their products and proposals, connecting them with buyers, assisting in meeting quarantine requirements, negotiating shipping and clearance issues, and helping with other logistical and operational needs.

CONNECTING EXPORTERS WITH INTERNATIONAL BUYERS

With an international network and on-the-ground professional services in high priority markets, Pacific Islands Trade & Invest can fast track the growth of Pacific Islands businesses. We can provide contacts for logistics, assist with customs clearance and quarantine requirements, and arrange business matches through our extensive knowledge of market needs and demand. Our services include both identifying buyers for Pacific Island producers and identifying suppliers to meet new and emerging foreign market demand.

FACILITATING THE MARKETING OF NICHE PACIFIC ISLAND TOURISM SERVICES AND PRODUCTS

By assisting tourism-related businesses market their product (particularly in the online/ digital space) and forging strong relationships with travel industry partners, we enable Pacific Island countries to draw on their diverse cultures to build strong niche markets. Pacific Islands Trade & Invest works to promote tourism in Pacific Island countries with a particular focus on the independent traveller and adventure markets.

INTRODUCING AND PROMOTING POTENTIAL INVESTORS TO THE PACIFIC ISLANDS

The in-depth knowledge gained through our experience working in the Pacific Islands, combined with our presence in five key markets, enables us to facilitate investment opportunities for our clients. Pacific Islands Trade & Invest promotes investment-ready projects from across the 14 Pacific Island countries. By being located in-market in Australia, New Zealand, China, Japan and Europe, we are better able to access key Pacific Islands investor markets. With the goal of raising awareness and creating new opportunities for the region, Pacific Islands Trade & Invest has facilitated events such as the Pacific Investment Symposium and the 'Pathways 2 Finance' program to encourage networking amongst Pacific Island businesses and foreign investors.

PROMOTING THE VALUE OF PACIFIC ISLAND ART AND ARTISANS' WORK

Pacific Islands Trade & Invest offers a dedicated creative arts program that seeks to increase and promote the work of local artists in international markets.

By encouraging investment in the creative arts sector, we are helping to place a commercial value on the Pacific Island community's traditional knowledge and cultural expressions. We are also working with creators and artists in the region to create new export networks, connecting individuals with international partners and collaborators.

PROVIDING PROMOTIONAL SUPPORT, NETWORKS AND TECHNICAL EXPERTISE

Pacific Islands Trade & Invest offers trade promotion services, business networking opportunities and technical expertise either directly by our staff or through the procurement of specialised skills to meet client needs. These services include support in areas such as graphic design, branding, standards and compliance, customs and quarantine requirements, and product development.

FACILITATING SHARED UNDERSTANDING BETWEEN MARKETS

Our extensive experience and in-depth knowledge allows us to provide credible and constructive advice and support for exporters and investors alike. Through awareness-raising seminars, training workshops, trade missions and country promotion, Pacific Islands Trade & Invest fosters new market opportunities for Pacific Island businesses and investment opportunities for foreign investors.

PARTNERING FOR SUCCESS

By facilitating successful partnerships between the private sector and government agencies and regional organisations, and between exporters and investors, we are able to extend the potential of our service offering and the business outcomes for our clients.

Our partnership philosophy is based on effective communication, capacity building and a commitment to developing and strengthening relationships for sustainable economic growth in the Pacific region.

Our work would not be possible without the support of our strategic partners including:

- Forum Member governments;
- The governments of Australia, China, Japan and New Zealand;
- Multilateral agencies;
- Development partners;
- Non-government organisations;
- Council of Regional Organisations of the Pacific (CROP) agencies;
- Business Associations and Councils;
- National Tourism Organisations;
- Investment Promotion Authorities; and
- Other regional organisations and service providers.

2012 PARTNERSHIP HIGHLIGHTS

In 2012, Pacific Islands Trade & Invest collaborated on projects with a number of key strategic partners including:

FOOD AND AGRICULTURE ORGANIZATION (FAO) OF THE UNITED NATIONS

The Food and Agriculture Organization (FAO) is a specialised agency of the United Nations that leads international efforts to defeat hunger. Serving both developed and developing countries, FAO acts as a neutral forum for its 191 Member states to negotiate agreements and debate policy. FAO helps developing countries and countries in transition modernise and improve agriculture, forestry and fisheries practices.

Pacific Islands Trade & Invest worked in conjunction with the FAO on an extensive research project resulting in the publishing of six new market guides for exporters of agricultural products in the Pacific Islands during 2012.

In collaboration with the FAO sub-regional office in Samoa, we also hosted a series of site visits in Auckland for the Pacific Islands delegation who attended the 15th FAO Roundtable Meeting on Agricultural Trade and Sustainable Development for the Pacific Island Countries in September 2012.

INCREASING AGRICULTURAL COMMODITY TRADE (IACT) PROJECT

Launched in 2011, the four-year Increasing Agricultural Commodity Trade (IACT) project is jointly implemented by the Land Resources and Fisheries, Aquaculture and Marine Ecosystems Divisions of the Secretariat of the Pacific Community (SPC).

Funded by the European Union, the IACT projects aims to strengthen the export capacity of Pacific countries in the primary industries of agriculture, forestry and aquaculture. Pacific Islands Trade & Invest has worked with IACT in accessing the export capability of IACT workshop participants and collaborated to bring 11 exporters from the Pacific Islands to exhibit at the largest food sector industry event in the region, Fine Food Australia. (See Case Study, Hot Samoan Chilli Boys spice up Fine Food Australia, page 09.)



THROUGH ATTENDANCE AT FINE FOOD AUSTRALIA 2012 FACILITATED BY PACIFIC ISLANDS TRADE & INVEST, NEW-ZEALAND BASED EXPORTS XOX PACIFIC HAVE SECURED DISTRIBUTION DEALS IN AUSTRALIA FOR THEIR SAMOAN-GROWN AND PRODUCED BRAND OF CHILLI SAUCE, HOT SAMOAN BOYS.

COMMONWEALTH BUSINESS COUNCIL

With more than 100 member companies in 54 countries across five continents, the Commonwealth Business Council (CBC) provides leadership in increasing international trade and investment flows, creating new business opportunities, promoting good governance and corporate social responsibility, reducing the digital divide and integrating developing countries into the global market.

Our Auckland Office worked with CBC to produce a comprehensive investment guide targeting the international business audience to invest in Pacific Islands projects.

SOUTH PACIFIC TOURISM ORGANISATION (SPTO)

Mandated as the inter-governmental organisation for the tourism sector in the South Pacific, the South Pacific Tourism Organisation (SPTO) represents the interests of both the public and private sector including more than 200 major tourism operators in the region.

In December 2012, Pacific Islands Trade & Invest signed a letter of collaboration with the SPTO to focus on the promotion of tourism investment opportunities across all Pacific Island countries under the SPTO's administration of the Pacific Regional Tourism Capacity Building Project. (See case study, page 23 – Kiribati.)

SECRETARIAT OF THE PACIFIC COMMUNITY (SPC) – HUMAN DEVELOPMENT PROGRAMME – CULTURE

The Secretariat of the Pacific Community (SPC) works across areas including public health, geoscience, agriculture, forestry, water resources, disaster management, fisheries, education, statistics, transport, energy, ICT, media, human rights, gender, youth and culture to help Pacific Island people achieve sustainable development.

SPC's Human Development Programme – Culture aims to nurture an all-inclusive approach across all sectors to maximise the development potential of the entire community and help people achieve a better quality of life. The Pacific Regional Cultural Strategy is the region's guiding framework for cultural policy formulation and development that sets out to guide the integration of culture in development in the Pacific region. The endorsement by regional Ministers of Culture in 2012 and the Forum Leaders the same year was an important step in delivering on the Pacific Plan's pillar for economic growth and sustainable development. Promoting the cultural industries is a key priority of the Programme.

Our Creative Arts program aims to promote the creative industries as a development strategy for income generation and the retaining of Traditional Knowledge of Pacific Islands communities.

SOLOMON ISLANDS SMALL AND MEDIUM ENTERPRISE COUNCIL (SMEC)

In identifying that access to working capital is a key impediment to growth for the majority of Pacific Island small, medium and micro-enterprises (SMMEs), Pacific Islands Trade & Invest developed the Pathways to Finance program.

Since the program was launched with a pilot program in partnership with the Solomon Islands Small and Medium Enterprise Council (SMEC) in 2009, MoUs have been signed with additional partner organisations in Vanuatu (Vanuatu Chamber of Commerce and Industry) and Palau (Small Business Development Centre). To date the program has supported more than 450 businesses and entrepreneurs in the Pacific Islands. This has resulted in successful commercial loan applications totalling more than AU\$600,000. (See case study, page 27.)

PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA)

The Pacific Horticultural and Agricultural Market Access (PHAMA) program is a trade facilitation program funded by AusAID to assist the Pacific Island countries and territories to address market access issues.

In 2012, Pacific Islands Trade & Invest collaborated with PHAMA on a number of export development initiatives including branding, marketing and market research projects. (See case study, page 31.)

PACIFIC HIGH COMMISSIONS IN NEW ZEALAND

In 2012, the Auckland Office started an annual visitation program to the five Pacific High Commissions (for Cook Islands, Fiji, Niue, Samoa and Papua New Guinea) in Wellington, New Zealand. The visits were designed to provide the Missions with an update on Pacific Islands Trade & Invest activities in their respective countries including information about market trends and opportunities for exports in the New Zealand market.

INVESTMENT PROGRAMS WITH BUSINESS MENTORS NEW ZEALAND

We have worked in partnership with Business Mentors New Zealand (BMNZ) to develop trade and investment development programs to assist the Pacific Islands region. Through their business development program in the Pacific, BMNZ is assisting with the referral of export-ready and export-capable clients to Pacific Islands Trade & Invest.

EXPORT

ALTHOUGH MANY PACIFIC ISLAND COUNTRIES ARE SMALL IN SIZE, GEOGRAPHICALLY REMOTE FROM GLOBAL MARKETS AND VULNERABLE TO ENVIRONMENTAL AND ECONOMIC SHOCKS THAT AFFECT EXPORTS; THE GROWING GLOBAL DEMAND FOR HIGH QUALITY ORGANIC AND FAIR TRADE PRODUCTS OFFERS EXCELLENT PROSPECTS FOR ORGANIC GROWERS AND EXPORTERS FROM THE REGION – ESPECIALLY IN PREMIUM PRODUCTS LIKE CACAO, SPICES, COFFEE, PEPPER, VANILLA AND VIRGIN COCONUT OIL.

Pacific Islands Trade & Invest works with export-ready businesses in both their home and export markets to build their export capacity and investment potential.

In our role as an export facilitator, we are guided by the export development strategies and national development plans of the countries we represent. To this end we collaborate with key government agencies and national private sector organisations to help Pacific Island countries to expand and diversify their markets and products for export to offset the inherent challenges of the region's market size and distance from larger markets.

Through our export advisory and support services, we focus on the development of export-capable businesses and the international promotion and support of exporters to enable sustainable economic growth and increased trade for Pacific Island countries.

Fish, palm oil, coffee, coconut, cocoa and vanilla continue to rank as the Pacific Islands' best-performing commodity exports. Pacific Island entrepreneurs are also achieving success in exporting innovative niche and added value Pacific-branded products such as mineral water, nutraceuticals, beauty products and high quality indigenous art and chili sauce. (See case study, page 09)

Through our work with Pacific Island exporters in the last year we have found that:

- Strengthening domestic product brands provides a quality assurance standard for a country's exports.
- Collaboration with key government agencies and national private sector organisations are essential pathways to building stronger partnerships.
- The domestic costs of doing business are high.
- A large percentage of exports fail to reach their third or fourth shipment due to a lack of domestic systems and structures fragmenting export supply chains.
- Access to smartphones is changing the way the Pacific Islands do business.
- Market access issues and stringent quarantine regulations create set backs for export growth industries (e.g. some agriculture and marine exports continue to face set backs in the New Zealand market).

2012 EXPORT HIGHLIGHTS

TARO EXPORTS FROM SAMOA TO NEW ZEALAND RE-ESTABLISHED

Our Auckland Office partnered with the Samoa Trade Commission to re-establish exports of taro from Samoa to New Zealand. (See case study, page 29)

INCREASING AGRICULTURAL COMMODITY TRADE (IACT) PROJECT

We worked with the Increasing Agricultural Commodity Trade (IACT) program to strengthen the export capacity of Pacific countries in the primary industries of agriculture, forestry and aquaculture.

SIX NEW EXPORT GUIDES FOR AGRICULTURE PRODUCERS

The Auckland and Sydney Offices of Pacific Islands Trade & Invest collaborated with the Food and Agriculture Organization of the United Nations to research and produce six new export guides for agriculture exporters from the Pacific Islands.

DURING 2012 PACIFIC ISLANDS TRADE & INVEST ALSO:

- Facilitated the attendance of 11 exporters from the Pacific Islands at Fine Food Australia, resulting in immediate sales of more than AU\$34,000.
- Hosted a visit from the US Ambassador to Australia, Ambassador Jeffrey Bleich, to the Pacific Islands stand at Fine Food Australia 2012.
- Helped facilitate the export of fruit wine and liquor from Vitis Industries, Papua New Guinea to China through our Beijing Office. (See case study, page 28.)
- Helped Fijian business, Herbex Ltd, export noni juice to China through our Beijing Office;
- Continued to facilitate sourcing for inputs into manufacturing and sourcing as a lower cost market for manufactured goods.
- Introduced several seafood suppliers to Australian distributors.
- Found buyers for a number of virgin coconut oil companies, coffee and vanilla producers.
- Hosted a number of visitors from the Pacific Islands for familiarisation tours of Australia including market advice, tours to retail and wholesale operations and meetings with key industry buyers.
- Established a research program through our Auckland Office to contribute to export market development initiatives and provide in-market support for exporters.
- Sourced a New Zealand importer for the re-entry of Tongan yams.
- On the request of the Cook Islands government, assisted with the re-establishment of pawpaw exports to New Zealand from the Cook Islands.
- Assisted many more export-capable and export-ready businesses connect with international markets.

PACIFIC ISLAND ENTREPRENEURS ARE ACHIEVING SUCCESS IN EXPORTING INNOVATIVE NICHE AND ADDED VALUE PACIFIC-BRANDED PRODUCTS

CASE STUDY: SAMOAN CHILLI BOYS SAUCE SPICE UP FINE FOOD AUSTRALIA

Following on from the success of our first attendance at Fine Food Australia in 2011, Pacific Islands Trade & Invest provided the opportunity for Pacific Island exporters with the opportunity to promote their products at the high profile event held in Melbourne during September 2012.

The Pacific Islands stand hosted 11 exporters from Papua New Guinea, Samoa, Niue, Solomon Islands, Fiji, Tonga and Vanuatu showcasing a range of products including vanilla, virgin coconut oil, coffee, chocolate and cacao nibs.

Attended by more than 20,000 members of the retail, food service and hospitality industry from more than 50 countries, Fine Food Australia is the largest event for the food and beverage industry in the region.

“For Pacific Island exporters in the food and beverage sector, attendance at Fine Food Australia is one of the most cost effective ways to generate new sales and develop strong business leads,” said Jeremy Grennell, Export Services Manager at Pacific Islands Trade & Invest’s Sydney Office.

With 3,791 interstate buyers from Australia as well as 1,392 international buyers in attendance, the show was the ideal forum to promote Pacific Island products, build their respective brands and secure distribution in international markets. The event helped expand exporter networks and connections within the region, with exhibitors gaining valuable insights into key factors such as international market requirements, branding, packaging, labelling, promotions and supply chain logistics.

More than AU\$34,000 in distribution agreements and orders were secured by several exporters during Fine Food Australia with further sales leads to be followed up after the event.

One of the successful exhibitors at this year’s event was XOX Pacific (with love from the Pacific) –a New Zealand-Pacific family-owned business with a passion to source, distribute and promote special treats from the Pacific to the New Zealand market.

Owners of XOX Pacific, Stella and Robert Muller, launched their Hot Samoan Chilli Boys brand of chilli sauce in New Zealand in 2011. Produced from birdseye chillies grown, harvested and bottled in Samoa, Hot Samoan Boys Chilli is a good example of an added value Pacific-branded export product.

“It has a very strong brand positioning that differentiates it from the more commercial brands on the market,” said Mr. Grennell in explaining why Pacific Islands Trade & Invest invited XOX Pacific to attend Fine Food Australia 2012.

After securing a major retail presence in Wellington via Moore Wilson, XOX Pacific sought to expand their exports into Australia but faced the challenge of how to establish relationships with distributors, be listed by retailers and educate consumers about their product.

As a result of their attendance at Fine Food Australia, XOX Pacific took an initial order of AU\$9,000 from an Australian distributor, launched their brand at IGA Supermarkets in Sydney and are in continuing conversation with other distributors about other channels to market their brand.



247

Pacific export companies serviced

INVESTMENT

**WE AIM TO ENSURE
GREATER EFFICIENCY
IN PROMOTING
THE REGION AS A
CREDIBLE INVESTMENT
DESTINATION**

PACIFIC ISLANDS TRADE & INVEST PROMOTES INVESTMENT OPPORTUNITIES AND FACILITATES INVESTMENT ENQUIRIES FOR OUR CLIENTS. WE DO THIS BY DRAWING ON OUR IN-DEPTH KNOWLEDGE AND EXPERIENCE WE HAVE GAINED BY WORKING IN THE PACIFIC ISLANDS COMBINED WITH OUR PRESENCE AND EXTENDED BUSINESS NETWORKS IN FIVE KEY MARKETS.

As the Pacific Plan (2005) highlighted, private sector investment that leads to sustainable economic growth and employment is vital to reducing poverty in the Pacific Islands. To that end, Pacific Islands Trade & Invest has focused on providing support to Pacific Islands businesses with the key objective of driving foreign direct investment into the region.

In 2012, we promoted investment-ready projects through the second "Investment Opportunities in the Pacific Islands" publication, the 2012 Samoa Investment Summit and the development of the first regional online Pacific Islands investment directory (see case study, page 11). By collaborating with the public and private sectors, business networks and development partners, we aim to ensure greater efficiency in promoting the region as a credible investment destination.

Our Investment Promotion Services assist our Pacific Islands based clients by:

- Developing and improving their business documentation (i.e. P2F program);
- Enhancing their visibility in the investment marketplace;
- Facilitating investor enquiries;
- Promoting foreign direct investment opportunities from Australia, China, Japan, New Zealand and Europe into Pacific Island countries and businesses;
- Working with the investment promotion agencies (or other relevant agencies) of all countries to promote investment ready projects to foreign investors;
- Highlighting opportunities for potential international investors through the *Investment Opportunities in the Pacific Islands 2012* guide;
- Building an online, searchable database of investment opportunities across the 14 Pacific Island countries we represent; and
- Encouraging networking amongst Pacific Island businesses and foreign investors.

2012 INVESTMENT HIGHLIGHTS

PATHWAYS TO FINANCE

2102 was a busy year for our Pathways to Finance program in the region. Over 250 SMME entrepreneurs from Solomon Islands, Palau and Vanuatu received financial literacy training and professional financial assistance under this program. Five small businesses, (two in Solomon Islands and three in Vanuatu) have been successful in receiving commercial loans as a result of P2F, with 23 awaiting approval from the banks.

CHINESE TELEVISION SERIES SHOT IN FIJI

Our Beijing Office initiated and facilitated a FJ\$2.6 million investment for the creation of a 50-episode Chinese movie series shot on location in Fiji. With the aim of promoting the Fiji's tourism offering to Chinese audiences, the project has also bolstered Fiji's capacity as a destination for future film productions. (See case study, page 22.)

RETURN TO ROOTS PROJECT

Encouraging New Zealanders of Pacific Island origin to invest back in their home countries, the Return to Roots program helps facilitate the investment process on behalf of participants. The program has resulted in several investment projects across five countries.

SUPPORTING RECOGNISED SEASONAL EMPLOYERS (RSE)

Our Auckland Office worked with RSE scheme workers from the Pacific Islands in New Zealand to manage their money and facilitate investment in small and micro enterprises in their home countries.

FEASIBILITY STUDY FOR TONGA'S FIRST CONTACT CENTRE

Pacific Islands Trade & Invest's Auckland and Tokyo Offices assisted a New Zealand-Pacific enterprise with a feasibility study into the establishment of the first-ever Business Process Outsourcing (BPO) centre in Tonga, coinciding with the completion of a major fibre optic project in the country in early 2013. (See case study, page 31.)

INVESTSAMOA 2012 SUMMIT

Pacific Islands Trade & Invest worked closely with the Samoan government to host the first InvestSamoa 2012 Summit in Auckland. The two-day conference aimed to attract foreign investors to Samoa by promoting business and investment opportunities available in the country. (See case study, page 29.)

THE PACIFIC ISLANDS' FIRST SUCCESSFUL AQUAPONICS SYSTEM

Our Auckland Office worked with New Zealand Aid and Melbourne-based Aquaponic Solutions on the creation of the first successful aquaponics system in the region. Addressing food security concerns, the project is also a model for sustainable inward investment and import substitution initiatives. (See case study, page 20.)

NEW INVESTMENT GUIDES

Through our partnership with the UK-based Commonwealth Business Forum in 2011, our Sydney Office produced a comprehensive investment guide targeting international business audiences. In 2012 we independently produced the second annual *Investment Opportunities in the Pacific Islands* publication, which has been downloaded from our website more than 1,000 times. (See case study, page 25.)

CASE STUDY: RAISING THE AWARENESS OF INVESTMENT POTENTIAL IN THE PACIFIC

In seeking to address the lack of awareness and understanding of the investment opportunities in the Pacific Islands, Pacific Islands Trade & Invest’s Sydney Office developed an online database of investment opportunities from across the 14 Pacific Island countries. Launched in 2012, it is the only investment database of its kind allowing investors to search for projects across a range of sectors in the region and make an enquiry in the same place.

Developed in partnership with national tourism organisations, investment promotion agencies and private sector organisations, the database acts as a centralised point to represent investment opportunities in all 14 Pacific Islands countries.

“The online database is an excellent way of attracting investor interest in the region and demonstrating that the Pacific Islands are open for business,” said Tim Martin, Executive Manager – Investment and Tourism at Pacific Islands Trade & Invest.

The database is an online extension of our well-received *Investment Opportunities in the Pacific Islands* publication providing wider reach and increased exposure for businesses seeking joint venture partners, equity participation or a buyer. As an online tool it can be accessed by anyone with an internet connection, meaning that Pacific Island businesses do not have to meet potential investors personally to disseminate promotional materials, making it more cost effective than producing printed copies.

The database is also social media-enabled with the ability to post and embed video content to social media platforms such as YouTube and Google maps.

To date more than 100 projects to the value of AU\$350 million have been uploaded onto the site and it is generating significant enquiries from potential overseas investors.

The technology will be further developed in partnership with the South Pacific Tourism Organisation (SPTO) to roll out a joint Tourism Investment Directory in 2013, which will focus solely on tourism investment projects.

ON THE SET OF “LOVE IN FIJI” PRODUCED BY BEIJING XING HONG CENTURY TOGETHER WITH SSS INTERNATIONAL HOTEL, FIJI. SEE CASE STUDY ON PAGE 22.



AU\$350m
in investment projects promoted

TOURISM PROMOTION

PACIFIC ISLANDS TRADE & INVEST'S TOURISM PROMOTION PROGRAM AIMS TO DEVELOP AND IMPROVE THE ONLINE MARKETING AND VISIBILITY OF PACIFIC ISLAND TOURISM OPERATORS, THUS INCREASING THE NUMBER OF TOURISTS VISITING THE REGION. SPTO DATA INDICATES THAT THERE WAS A FIVE PER CENT GROWTH IN TOURISM ARRIVALS TO THE REGION IN 2012.

The strength of the tourism sector as a generator of economic growth and employment in the Pacific is evidenced by the overall growth in visitor arrivals from Australia, New Zealand and China in recent years. The South Pacific Tourism Organisation (SPTO) reported increased international visitor arrivals (Quarter 2, 2012) for Cook Islands, Niue, Palau, Samoa, Solomon Islands and Vanuatu*.

Tourism growth in the region has been attributed to the booming popularity of cruise holidays and improvements in transport infrastructure coupled with greater flight frequency, particularly through Virgin Group's entry into the local market, direct Air New Zealand flights to the Cook Islands, the launch of a new Palauan airline as well as the entry of new airlines into Palau. Major events such as the Pacific Arts Festival in the Solomon Islands and the royal visit by Prince William and the Duchess of Cambridge drew further attention to the region.

Many Pacific Island countries are perfectly positioned to take advantage of emerging tourism trends, especially the growth in ecotourism and increasing demand for authentic, off-the-beaten-track, cultural experiences that lend themselves to many of the Pacific economies.

Special interest segments such as adventure, culture and nature-based tourism are also penetrating traditional tourism markets. The International Ecotourism Society (TIES) reports that ecotourism ('responsible tourism to natural areas which conserves the environment and sustains the well-being of local people') has become the fastest growing sector of the tourism industry, growing at a rate three times faster than traditional tourism.

Tourism also offers many opportunities for income and employment generation in local communities, particularly through links to the local economy with sectors supplying services consumed by tourists (such as retail, recreational, ground transport, agriculture, cultural and handicrafts). The sector also offers significant opportunities to build women-owned businesses.

Pacific Islands Trade & Invest works to promote tourism in Pacific Island countries by helping tourism-related businesses market their product and forge strong relationships with travel industry partners.

In 2012 Pacific Islands Trade & Invest continued to focus on improving the online presence of Pacific Island countries as well as developing a specialised marketing approach to capitalise on the growing popularity of niche holidays across special interest areas including: health and wellbeing, food tourism, volunteering, adventure and interactive tourism.

By enabling Pacific Island countries to draw on their diverse cultures to build strong niche markets, our tourism promotion strategy has focused on marketing niche adventure holidays in the Pacific Islands to international travellers.

Water-based sports and activities – such as fishing, surfing, sailing, whale watching and windsurfing – continue to be a strong drawcard for visitors and we believe there is potential to further develop the tourism potential of these activities.

We also continued to work with the South Pacific Tourism Organisation (SPTO) and build partnerships with key online travel players including TripAdvisor, Booking.com, Wotif, WHL, Lonely Planet, major online travel agents and specialist niche online travel sellers, to ensure that with improved visibility there is a clear and direct pathway to bookings results for Pacific Island tourism businesses.

2012 TOURISM HIGHLIGHTS

SMME E-MARKETING PROJECT

In partnership with SPTO, a new e-commerce project launched by Pacific Islands Trade & Invest will help small and medium tourism operators from the Pacific region improve their online marketing and distribution. The project was launched with pilot projects in the Cook Islands and Kiribati, with more than AU\$30,000 in bookings generated in 2012.

In talking about the value of the project to SMMEs, the owner of the Sunny Beach Lodge in the Cook Islands, Mr. Aroha Ramea, said "For me the benefit of this programme is that we got a better online presence and unlike other website designers we get better access to our site so we can make changes ourselves. Some of the small accommodators here in the Cook Islands can't afford the initial set up of a website and this programme is free to get the design and launch of a website which would be otherwise be too expensive for them".

ATTENDANCE AT INTERNATIONAL TOURISM EVENTS

In collaboration with SPTO, we attended the following international tourism events to promote the Pacific Islands:

- Beijing International Tourism Expo, Beijing (see Case Study, opposite);
- China International Travel Mart, Shanghai (the largest international tourism fair in Asia);
- Nanjing International Travel Fair, Nanjing;
- Guangzhou Dive Show, Guangzhou; and
- World Travel Fair, Shanghai.

PROMOTING FOOD TOURISM

In 2010, Pacific Islands Trade & Invest played a major facilitation role in the creation of the first cookbook published by New Zealand chef and restaurateur, Robert Oliver, *Me'a Kai: The foods and food culture of the South Pacific*. In 2011, the book was awarded the 'Best Cookbook in the World' at the Gourmand World Cookbook Awards in Paris. Based on the success of this project and the growing trend in food tourism we are now in discussion with other interested parties to expand the potential for this niche tourism sector in the Pacific Islands.

MANY PACIFIC ISLAND COUNTRIES ARE PERFECTLY POSITIONED TO TAKE ADVANTAGE OF EMERGING TOURISM TRENDS

* Source: SPTO International Visitor Arrivals in SPTO Member Countries Quarter 2, 2012 Report.

TARGETING SPECIALIST WATERSPORTS OPERATORS IN NEW ZEALAND

Capitalising on the popularity of water-based activities in the Pacific Islands, our Auckland office has launched a new initiative that identifies niche and specialist tourist operators in New Zealand and partners them with local tourism operators to implement new concepts aimed at increasing tourist numbers.

Two new initiatives – a sailing project in Aitutaki (Cook Islands) and game fishing activities in Niue – have both received wide national and international media coverage and enough consumer demand to scale up these activities in the near to medium term. We also conducted a one-week exploratory visit to the Cook Islands with Auckland’s Madloop Windsurf Centre. Already one of the biggest windsurfing schools in the region, the purpose of the visit was to seek suitable locations and potential business partners to expand Madloop’s operations. Owner, Alan McIntosh, is planning the next windsurfing tour to the Cook Islands in 2013.

TREASURES OF THE SOUTH PACIFIC ROAD SHOW

Our Sydney office sponsored the Treasures of the South Pacific road show which provided approximately 200 Australian retail travel agents with in-depth information about the Pacific’s tourist offering specifically the Cook Islands, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu.

Richard Skewes from the Niue Tourism Office said, “Without this group we could never dream of reaching this number of agents on our own. This kind of introduction is vital to the success of tourism for our small island nation”.

WATER-BASED SPORTS AND ACTIVITIES – SUCH AS SURFING CONTINUE TO BE A STRONG DRAWCARD FOR VISITORS.

CASE STUDY: PACIFIC ISLANDS SHOWCASED AT BEIJING INTERNATIONAL TOURISM EXPO

In June 2012, Pacific Islands Trade & Invest attended the Beijing International Tourism Expo in conjunction with Tahiti Tourisme, Samoa Tourism Authority and Vanuatu Tourism Office.

With more than 43,000 visitors including 220 hosted buyers, the Expo is Asia’s leading annual travel and tourism event and one of the fastest growing industry events of its kind in the world. On the strength of China’s growing outbound tourism industry, the Expo it is also becoming an important and influential platform for tourism networking and business transactions.

Amongst the 929 exhibitors from 80 countries, the Pacific Islands stand was the recipient of the ‘Most Popular Booth’ award.

Pacific Islands Trade & Invest organised all on-the-ground arrangement for delegates from the national tourism offices attending. We also assisted with the production of marketing materials and information flyers suitable for the Chinese market.

In the lead up to the Expo, a satellite Pacific Specialist workshop was held in partnership with the South Pacific Tourism Organisation. The workshop allowed the National Tourism Office representatives of Samoa, Tahiti and Vanuatu to promote their destinations directly to the Chinese travel agents and wholesalers.

The response from the Pacific Island delegation was positive. A representative from the Samoa Tourism Authority, who attended the event with private sector members Samoa Scenic and Polynesian Xplorer, reported that the main objectives in attending were to establish connections with Chinese tour operators. They also said it was important to facilitate links between Samoa’s private sector and the Chinese travel trade given its important role in promoting Samoa’s tourism products and services to Chinese operators.



CREATIVE ARTS

PACIFIC ISLANDS TRADE & INVEST'S CREATIVE ARTS PROGRAM SEEKS TO INCREASE AND PROMOTE THE WORK OF LOCAL ARTISTS IN INTERNATIONAL MARKETS.

By investing resources in the creative arts sector, we are helping to place a commercial value on the Pacific Island communities' traditional knowledge and cultural expressions. We work with creators and artists in the region to create new export networks and connect with international buyers.

Established in 2009, the program's highly targeted approach is proving that there is a strong and growing international market for art from the Pacific Islands. Furthermore, it is demonstrating that the creative arts are able to make an ethical and sustainable contribution to the economic development of creator communities in Pacific Island countries.

"Increasing exports in creative and indigenous knowledge based products helps to both preserve traditional craft techniques and provide home-based income, which is particularly important for increasing women's participation in trade," said Pacific Islands Trade & Invest's Creative Arts Manager, Ms. Ruth Choulai.

2012 HIGHLIGHTS

Over the past 12 months, the Creative Arts program has enhanced the international profile of numerous artists and creators in the Pacific Islands through the staging of special events and on-going consultation and dialogue with international buyers. These activities have helped to create export market opportunities for the region's creative and cultural sectors.

Highlights included:

MAKETI PLES 2012, AUSTRALIA

Staged over three weeks at Global Gallery in Sydney, the second annual Maketi Ples created opportunities for 20 Pacific Island artists including 12 first time exhibitors. The 2012 event expanded to include a series of mini events with key partners and was supported by the development of a new dedicated website, www.maketiples.com. The event resulted in more than AU\$25,000 in sales for Pacific Island artists. (See case study, page 21.)

FESTIVAL OF PACIFIC ARTS, SOLOMON ISLANDS

Recognised as a major international cultural event and the largest gathering of Pacific Island peoples in the region, the hosting of the 11th Festival of Pacific Arts (FOPA 2012) in Honiara in July 2012 was the largest tourism event in the Solomon Islands ever with attendance by more than 3,000 artists and creators from 27 countries. (See case study, page 30.)

Our Creative Arts Program Manager attended FOPA 2012 to source new contacts in the creative and cultural sector as well as to renew existing networks in the creative arts, cultural sector, performing arts and associated Arts and Culture Ministries and agencies from the Pacific Region. Expressions of Interest to attend Maketi Ples 2013 were distributed to artists and artisans during FOPA.

CAIRNS INDIGENOUS ART FAIR, AUSTRALIA

The Cairns Indigenous Art Fair (CIAF) is Australia's premier art fair for Aboriginal and Torres Strait Island art. In 2012, the two-day event attracted 65,000 visitors with reported sales in excess of AUD\$600,000.

Our Creative Arts Program Manager travelled to Far North Queensland to assess the viability of staging a second Australian creative arts event for creators from the Pacific Islands alongside the CIAF. Preliminary scoping has been conducted and work is underway to secure extra budget and event partners.

ATTENDANCE AT INTERNATIONAL WORKSHOPS, CONFERENCES AND FORUMS

The success of the Creative Arts program in highlighting the practical outcomes for creators in the Pacific Islands has attracted the attention of other development agencies and organisations in the region. As a result of this attention the Creative Arts Program Manager, Ruth Choulai, has been invited to present at numerous international workshops, conference and forums – including the Festival of Pacific Arts in the Solomon Islands (see case study, page 30), an entrepreneurial workshop for the Northern Pacific Creative Producers in Guam (see case study, page 24) and the National Symposium on "Art and Craft in Development", Papua New Guinea.

As a result of the above speaking engagements, exciting partnerships have been formed with key institutions in the Pacific Islands – providing new audiences and recognition of the creative and cultural industries as an important, but under-valued, tool for the development of Pacific Island communities.

CASE STUDY: GETTING AHEAD WITH NEW NICHE MARKET STRATEGIES AND PARTNERSHIPS

Sydney-based milliner, Rosie Boylan, has been commissioned to create headwear for fashion, TV, stage, opera and movie productions including Baz Luhrman's *Great Gatsby*, *Moulin Rouge*, *Australia*, *The Piano*, *Peter Pan* and *Oscar and Lucinda*.

Ms. Boylan also creates contemporary street and casual headwear from her retail outlet, Boylan Headwear Studio. Through a partnership facilitated by our Creative Arts program, a 'headwear from the Pacific' range of hats will be released through the Boylan Headwear Studio label.

The objective of initiative is to identify and mentor export-capable headwear creators living and creating in Forum Island Countries. A call for expressions of interest from headwear creators will be released in 2013 and a selection of the 'most promising' headwear will feature in the 2014 Maketi Ples exhibition.

THE CREATIVE ARTS ARE ABLE TO MAKE AN ETHICAL AND SUSTAINABLE CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF CREATOR COMMUNITIES IN PACIFIC ISLAND COUNTRIES



TRADITIONAL PACIFIC ISLANDS DANCE PERFORMANCE AT THE OPENING OF MAKETI PLES 2012 EXHIBITION AT GLOBAL GALLERY IN SYDNEY, AUSTRALIA.

AU\$127,251
in export sales
facilitated

KNOWLEDGE, COMMUNICATIONS & INFORMATION MANAGEMENT

THROUGH OUR KNOWLEDGE, COMMUNICATIONS AND INFORMATION MANAGEMENT FUNCTION, PACIFIC ISLANDS TRADE & INVEST SEEKS TO BUILD A COMMUNICATIONS NETWORK AMONGST OUR KEY STAKEHOLDERS, CLIENTS, POTENTIAL BUYERS, INVESTORS AND THE MEDIA.

An important component of this function is to keep our clients informed about key opportunities, emerging trade trends, policy changes and other factors that will potentially impact their business. We do this by partnering with other trade support, development and private sector organisations to conduct research; facilitate forums, thought leadership and networking events; and sharing knowledge, information and best-practice experiences within our network.

In order to fulfil our mandate to promote businesses in the Pacific Islands and attract inward investment, we also seek to build our own profile amongst key audiences within the region and internationally.

In 2012 our database of Pacific Island businesses, international buyers, distributors, partners, government contacts, logistical service providers, advisors, financial institutions, media representatives and other integral contacts grew to more than 9,000 contacts. As our reach and influence grows we are able to more effectively make the right connections at the right time. This has been evident in the growing number of business from the Pacific Islands who have sought our support and achieved real business outcomes through our services.

Our multi-channel communications platforms and services include:

- **pacifictradeinvest.com**

Since it was launched in 2011, traffic to our new website has grown exponentially. In 2012, the site received more than 1.7 million hits (number of requests made to the server) and 294,868 visits (actual number of visits by users) representing an 80 per cent growth in site visitation since 2011.

- **Online investment database**

Our website also houses a searchable database of investment opportunities throughout the Pacific Islands. (See case study, page 11.)

- **Social media platforms**

Through our social media platforms – including Facebook and YouTube – we provide multiple contact points for access to information, updates and resources (such as photography galleries, reports, news releases etc.).

- **Pacific Periscope**

Distributed to more than 9,000 stakeholders, business people, institutions and Pacific media outlets, our weekly e-newsletter and blog informs readers about trade news in the region.

- **Trade Winds**

Our quarterly e-publication provides updates on Pacific Islands Trade & Invest's activities and includes detailed case studies and reports. It has been acknowledged as a valuable news and information source for businesses – especially for information about business, investment and policy developments within the region that are hard to come by in the mainstream media.

- **Specialist publications**

Our information resources include research reports, market intelligence reports and exporter guides across our four key focus areas – export, investment, tourism promotion and creative arts (in both print and e-publication formats).

- **Media relations**

Through engaging with media representatives in the Pacific Islands and internationally, we have helped disseminate information about trade-related issues and built awareness of business success stories in the region. Media exposure in several regional and international magazines, radio programs, and websites has also helped build our profile and awareness about the services Pacific Islands Trade & Invest delivers to support private sector development in the region.

2012 HIGHLIGHTS

- 9,000+ contacts on our international database (up from 8,387 in 2011)
- 294,868 visits to website (up from 163,417 visits in 2011)
- 552 companies supported
- 1,009 services delivered
- 348 clients reported positive outcomes
- 48 newsletters to 7,500+ contacts

AS OUR REACH AND INFLUENCE GROWS WE ARE ABLE TO MORE EFFECTIVELY MAKE THE RIGHT CONNECTIONS

9,000+
contacts in our database

2012
294,868
HITS

2011
163,417
HITS

WEB STATISTICS

IN 2012 OUR WEBSITE TRAFFIC GREW BY 80 PER CENT, WITH THE NUMBER OF VISITS INCREASING FROM 163,417 TO 294,868.

MONTHLY VISITS

	2011	2012
January	—	18,681
February	866	30,342
March	2,860	33,146
April	3,836	35,338
May	5,062	33,066
June	5,521	21,621
July	15,080	15,491
August	27,275	17,962
September	29,736	21,823
October	21,854	20,512
November	23,144	24,528
December	28,156	22,358

* January 2011 Data not available (changed to a new website and tracking system)



PW

Melekeok

FM

Palikir

PG

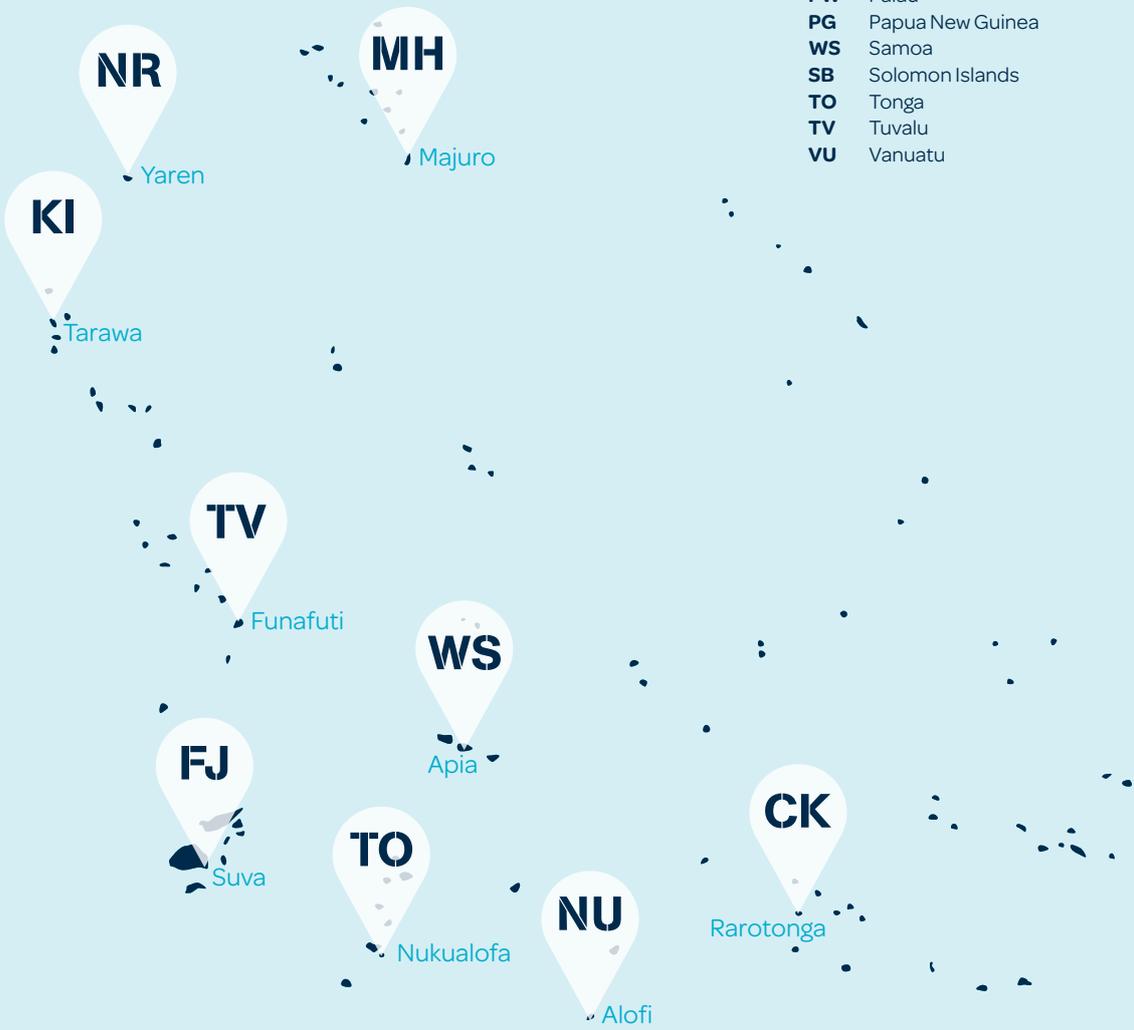
Port Moresby

SB

Honiara

VU

Port-Vila



	PAGE
CK Cook Islands	20
FM Federated States Of Micronesia	21
FJ Fiji Islands	22
KI Kiribati	23
MH Marshall Islands	24
NR Nauru	25
NU Niue	26
PW Palau	27
PG Papua New Guinea	28
WS Samoa	29
SB Solomon Islands	30
TO Tonga	31
TV Tuvalu	32
VU Vanuatu	33

COUNTRY PROFILES

BY DEVELOPING THE EXPORT CAPACITY AND INVESTMENT POTENTIAL OF PACIFIC ISLAND BUSINESSES WE CONTRIBUTE TO A SUSTAINABLE ECONOMIC FUTURE FOR THE COMMUNITIES WE WORK WITH. IT IS SUCCESS STORIES LIKE THESE THAT SHAPE THE FUTURE OF BUSINESSES AND THE PEOPLE IN THE PACIFIC REGION.

COOK ISLANDS

THE COOK ISLANDS' PREMIUM TOURISM OFFERING CONTINUES TO FLOURISH AS THE MAINSTAY OF THE COUNTRY'S ECONOMY. ACCORDING TO SPTO STATISTICS, INTERNATIONAL VISITOR ARRIVALS FOR THE SECOND QUARTER OF 2012 GREW BY 8.5 PER CENT ON THE SAME PERIOD IN 2011*.

While 50 per cent of our clients from the Cook Islands are engaged in tourism-related businesses; other key sectors such as the pearl industry, fruit processing and handicrafts continue to be the main source of income for many Cook Island communities and a focus area for our business support services.

\$22,249

IN ONLINE SALES FOR TOURISM OPERATORS

2012 COUNTRY HIGHLIGHTS

- Pacific Islands Trade & Invest and the Governments of the Cook Islands and Tonga are working closely together to develop national branding for the countries' products.
- A new e-commerce initiative by Pacific Islands Trade & Invest in partnership with SPTO was launched with a pilot project in the Cook Islands. The 35 new websites built for tourism operators in the country have resulted in more than AU\$20,000 of new bookings.
- Market research is in progress as part of a research partnership with the Ministry of Agriculture to examine the viability of re-establishing the Cook Islands pawpaw export industry.
- Our Auckland office conducted market research to examine the export potential of canned tuna products from the Cook Islands. Given the high level of competition in the market, Pacific Islands Trade & Invest is continuing its work with the exporter to address pricing, labelling and marketing challenges.
- Through a new initiative launched by our Auckland office to further develop the potential of develop watersports as a niche tourism attraction, we generated significant media exposure for a sailing project in Aitutaki and conducted a one-week exploratory visit to the Cook Islands with Auckland's Madloop Windsurf Centre.
- Business advisory services were provided to a fashion company to improve retail management systems and we also worked with an exporter of beauty products from the Cook Islands on the development and execution of market entry strategies into New Zealand.
- Through our Creative Arts program we supported Cook Islands visual artist, Kay George, through her inclusion in the Maketi Ples exhibition in Sydney. As one of the series of 'pod events' held alongside Maketi Ples, entrepreneurs, Julie Ankers and Wendy Crane launched their 'Statement Journey' guided tour of the Cook Islands with a specific focus on the country's creative sector.

- Pacific Islands Trade & Invest funded NZ\$10,000 towards the development of a website and pre-production sales and marketing support for the launch of the 'Film Raro – Pacific Paradise Film Challenge'. The global campaign was initiated by Drum Production Cook Islands to promote the country as a destination for post-production film assignments.

CASE STUDY: AQUAPONICS PROVES A FERTILE SOLUTION FOR FOOD SECURITY IN THE PACIFIC

The development of the first successful aquaponics system in the Pacific Islands is helping to address food security concerns in the region while at the same time boosting the local economy. It has also proven to be a model for sustainable inward investment and import substitution initiatives.

Pacific Islands Trade & Invest's Auckland Office partnered with New Zealand Aid and Aquaponic Solutions to conceptualise, design and build the first scientific aquaponics system at a commercial farm in the Cook Islands.

Through an assessment by Auckland University economics graduates, the project has been deemed an economically viable and sustainable business activity. It has created local employment and trade opportunities, and provided a solution to tackling many of the environmental impact issues associated with the export of agricultural products in the region.

Integrating two forms of developed farming methods – aquaculture and hydroponics – aquaponics creates a sort of symbiotic system of production that brings together the best of both systems to cultivate both fish (protein) and plants.

Without the use of herbicides, pesticides or hormones and 100 per cent usage of the nutrients added, the aquaponics is incredibly efficient. The technique addresses environmental impact, soil erosion, freshwater shortage, productivity issues, and tackles many of the existing biohazard issues related to soil within the Pacific's agricultural export industry.

The designer of the aquaponics systems in Rarotonga, Dr Wilson Lennard, said, "Rarely do we find growing techniques that increase yield without having some negative impact such as increased land clearing or chemical use. None of this is the case with aquaponics."

Two businesswomen in Rarotonga who received technical training from our Auckland Office in to how to commercially run the aquaponics facility are now running the business. The company has already begun harvesting the produce – including more than 20 varieties of vegetables and herbs – for supply to local customers including the hospitality sector.

* Source: SPTO International Visitor Arrivals in SPTO Member Countries Quarter 2, 2012 Report.

FEDERATED STATES OF MICRONESIA

RECOGNISING THE OPPORTUNITY FOR FURTHER INVESTMENT IN NICHE AREAS OF THE FSM TOURISM INDUSTRY, PACIFIC ISLANDS TRADE & INVEST HAS WORKED WITH CLIENTS IN FSM TO PROVIDE INFORMATION AND ADVICE, MARKETING AND PROMOTIONAL ASSISTANCE AND SUPPORT AT TRADE EVENTS SUCH AS THE 2012 SYDNEY INTERNATIONAL BOAT SHOW.

2012 COUNTRY HIGHLIGHTS

- Through the support of our Creative Arts program, visual artist Yvonne Neth was represented in the 2012 Maketi Ples exhibition in Sydney (see case study below).
- Participants from the Federated States of Micronesia were invited to Guam to attend an entrepreneurial workshop for the Northern Pacific Creative Producers through an initiative between SPC’s Human Development Programme, the Pacific Islands Forum Secretariat and Pacific Islands Trade & Invest’s Geneva Office. (See case study, page 24.)

CASE STUDY: MAKETI PLES DRAWS INTERNATIONAL INTEREST IN PACIFIC ARTS AND CULTURE

Launched in 2011 as an initiative of the Creative Arts program, Maketi Ples was created to introduce the work of artists and artisans from the Pacific Islands to the Australian market. Since then the event has proven to be a success in promoting the region’s artisans directly to Australian consumers, designers, retailers, importers and the media.

Sales from the second annual event at Global Gallery in Sydney were in excess of AU\$25,000. The prestigious Australian Museum and Queensland’s Gallery of Modern Art also acquired artworks for their collections. Attendance at the event was up on previous years with 400 visitors and buyers recorded from Australia, Canada, Germany, the USA, Hawaii, New Zealand, Fiji and Papua New Guinea.

Showcasing 20 Pacific Island artists, including 12 first time exhibitors, the 2012 event included a series of new mini events with key partners including artist talks, a cocktail reception with the International Finance Corporation and a guided tour of the Pacific Collection at the Australian Museum.

In 2012, event organisers sought to engage artists from Pacific Island countries that had not previously attended. Yvonne Neth was the first fine artist from the Micronesian region to participate in Maketi Ples.

Born on the island of Pohnpei in the Federated States of Micronesia (FSM), Ms. Neth is a self-taught mixed-media artist. A trained pilot, she works as the Operations Inspector for the FSM Division of Civil Aviation, but through her artwork is committed to the preservation of Pacific Island culture.

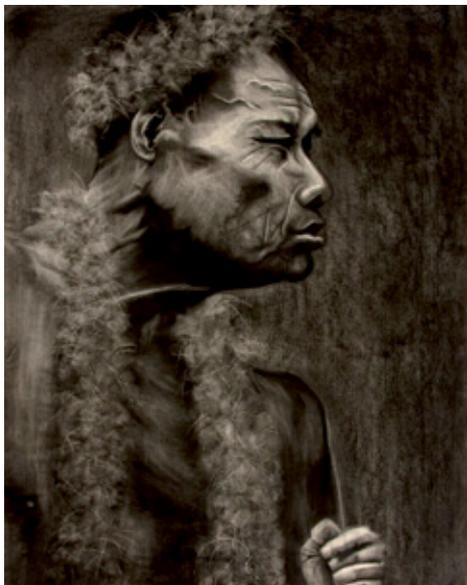
“It is the fear of watching the cultures of the Pacific rapidly diminish that commands my hand and inspires me to keep creating art. Micronesians are a little-known minority in this vast world, their cultures in a furious state of flux and now intermingled with the complexities of the modern age. My hope is that my images will be successful in capturing aspects of cultures that are quickly vanishing and simultaneously commemorate the people of the past,” says Ms. Neth.

Six of Ms. Neth’s original charcoal works were exhibited at Maketi Ples 2012. Her first work, ‘Pohnpeian Elder’ (pictured) was sold prior to the opening of the exhibition and another was sold later to a private collector from New Zealand after the event. As a result of her participation in Maketi Ples and the associated media exposure generated, Ms. Neth also received an expression of interest in purchasing her work from the Museum of Contemporary Art in Australia and an invitation from the Commonwealth Council for Arts and Culture in Saipan to exhibit and sell at the 2012 Flame Tree Festival.

Ms. Neth said that, “Pacific Islands Trade & Invest has changed my life as an artist. To say they have ‘opened doors for me’ would be an understatement and an exhausted cliché. They went beyond what most art galleries would do. They have taken my work, provided professional framing, ensured a great deal of public exposure and promoted my artwork long after the closing of the exhibition”.

“The services they offer and their genuine interest in the support and promotion of Pacific Artists, is a gift to the art community. I believe they will grow in status, for their services are advantageous to and highly influential in the art community as a whole,” said Ms. Neth.

‘POHNPEIAN ELDER’ WAS THE FIRST OF TWO CHARCOAL PAINTINGS BY FSM FINE ARTIST, YVONNE NETH, SOLD AT 2012 MAKETI PLES.



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CLIENT RELATIONSHIPS

FIJI

THE MAJORITY OF SERVICES PROVIDED TO FIJIAN BUSINESSES IN 2012 INCLUDED EXPORT ADVISORY SERVICES, CLIENT NEEDS' ASSESSMENT STUDIES, THE IDENTIFICATION OF POTENTIAL CLIENTS AND INVESTMENT FACILITATION.

Through facilitating investment and on-the-ground support for the production of a Chinese movie television series in Fiji, we have also identified new opportunities to create linkages between the tourism and film production services (see Case Study following).

2012 COUNTRY HIGHLIGHTS

- The Export Services Manager from our Sydney Office travelled to Fiji twice in 2012 to meet with prospective exporters including some of Fiji's largest manufacturing companies to provide market access advice and assistance for entering the Australian market.
- Our Sydney Office hosted a seafood buyers' mission to Fiji in October, which resulted in two Fijian companies receiving substantial ongoing export orders to Australia.
- Through our Creative Arts program, Fijian business *Dahia* exhibited and promoted a new product line based on their collaboration with a Fijian masi painter at the 2012 Maketi Ples exhibition in Sydney. *Dahia Shoes* exhibited alongside the region's artworks as an example of the potential for the ethical commercialisation of the traditional knowledge and expressions of culture that exists in the Pacific region.
- Our Auckland Office sponsored the attendance of Fijian artists, Mason Lee, at the Haere Mai I Okai in New Zealand which generated NZ\$4,000 in sales.
- Fiji Mana virgin coconut oil exhibited at Fine Food Australia.
- Our Beijing Office worked with noni juice exporter, Herbex Limited, to develop a new brand name and marketing strategies specific for the Chinese market. The promotional campaign has successfully resulted in export sales to China.
- Through our Auckland Office a New Zealand manufacturer and exporter of food packaging solutions is working with a Fijian food products manufacturer to upgrade the Fijian company's technology. The company has since increased its productivity threefold and is now exporting its new system from Fiji to neighbouring Pacific Island countries.

- In July, our Export Services Managers from Sydney and Auckland attended the Trade Pasifika 2012 regional trade show in Nadi where we participated in a seminar on 'improving access to export markets' and made useful contacts with producers from the region.
- Our Auckland Office has a representative on the New Zealand-Fiji Business Council.

CASE STUDY: FIJI'S FILM INDUSTRY CREATING A BIG SCENE

The growth in inbound tourism to Fiji from China has created an unforeseen opportunity for Fiji's film production industry.

In 2012, Pacific Islands Trade & Invest initiated and facilitated a FD\$ 2.6 million investment on behalf of Chinese travel agency, Suzhou Youth Travel Service, to shoot a 50-part television movie series on location in Fiji. The *Love in Fiji* series will promote Fiji as a tourism destination to an audience of more than a million Chinese viewers when it is screened in 2013.

Further to facilitating the investment required to film the series, we also worked with the Chinese production company, Beijing Xinghong Century Culture Development Co Ltd, to secure on-the-ground support in Fiji.

As this was the first Chinese film shoot ever conducted in the South Pacific region, the key challenge for the production company was understanding the local environment and the nuances of doing business in Fiji. Through our Beijing Office, we assisted Beijing Xinghong Century Culture Development Co to engage with local service providers, source equipment and facilitate meetings between the Producer, Mr. Qin Lihua, and Fijian companies including Air Pacific and South Pacific Recreations who provided services to the crew.

On the success of our working relationship with Beijing Xinghong Century Culture Development Co Ltd, our Beijing Office is now working on preparations for a five-part documentary series on the Pacific Islands featuring the Fiji, Cook Islands, Federated States of Micronesia, Niue, Papua New Guinea, Samoa, Tonga and Vanuatu.

The Fijian Government offers a Film Tax Rebate to overseas production companies, recognising the potential of the film industry to boost the local economy by creating jobs and stimulating demand for services across the hotel, transport and retail sectors.

At the launch of production of *Love in Fiji*, Pacific Islands Trade & Invest's Beijing Office Trade Commissioner, Mr Sam Savou, said the Fijian Government's support "will ensure that this industry is adequately resourced and that its development is supported fully so that more people in Fiji will benefit directly from it and raise their standard of living as a result".

AU \$4m +

IN TARO AND VIRGIN COCONUT OIL (VCO)
EXPORTS FACILITATED

KIRIBATI

THE REPUBLIC OF KIRIBATI IS MAKING THE MOST OF ITS VAST AREA OF SOVEREIGN TERRITORY IN THE NORTHERN SOUTH PACIFIC OCEAN. WITH A WEALTH OF MARINE LIFE, FISHING LICENCE FEES ARE A MAJOR SOURCE OF REVENUE FOR KIRIBATI. WHILE THE CLIMATE CHANGE ADAPTION TECHNOLOGY SECTOR OFFERS A SIGNIFICANT OPPORTUNITY FOR FUTURE ECONOMIC GROWTH AND INVESTMENT, TOURISM ALSO HAS GOOD POTENTIAL. NEW AIR SERVICES LAUNCHED VIA NAURU'S OUR AIRLINE HAVE MADE KIRIBATI ACCESSIBLE TO THE AUSTRALIAN MARKET WITH DIRECT FLIGHTS CONNECTING BRISBANE WITH TARAWA, VIA NAURU.

In 2012, Pacific Islands Trade & Invest focused on developing partnerships with organisations such as the South Pacific Tourism Organisation (SPTO), to enhance the tourism promotion potential of countries in the region (see Case Study following). Recognising the need for investment in Kiribati's tourism sector, Pacific Islands Trade & Invest's Sydney Office has been working with the World Bank Group's International Finance Corporation (IFC) to promote investment in the country's premier hotel – the State-owned, Otintaa Hotel.

2012 COUNTRY HIGHLIGHTS

PILOT FOR NEW E-COMMERCE TOURISM PROJECT

Kiribati and the Cooks Island were pilot countries for the launch of a new e-commerce project launched in conjunction with SPTO to help small and medium tourism operators from the Pacific region improve their online marketing and distribution. Through the project e-commerce enabled websites have been developed for 14 accommodation providers from Kiribati resulting in more than AU\$11,000 in online bookings in the first six months.

CAPACITY BUILDING FOR THE CREATIVE ARTS SECTOR

Representatives of the Northern Pacific Creative Producers from Kiribati were invited to attend an entrepreneurial workshop in Guam.

CASE STUDY: TEAMING UP TO PROMOTE PACIFIC TOURISM OPPORTUNITIES

In December 2012, Pacific Islands Trade & Invest signed a letter of collaboration with the SPTO to focus on the promotion of tourism investment opportunities in the 14 Pacific Island countries under the SPTO's administration.

The collaboration has further strengthened our partnership with SPTO and our aim to strengthen national capacities in the tourism sector by identifying and promoting investment opportunities.

In early 2012, SPTO commenced the implementation of the Pacific Regional Tourism Capacity Building Project (PRTCBP), which is one of four components under the South Pacific Economic Integration Through Trade program.

The agreement will remain in place until the completion of the PRTCBP in December 2014 and will include a number of joint initiatives including:

- The development and management of an online database of tourism investment projects in Pacific Island countries;
- The identification and promotion of opportunities that will enhance the development of inward tourism investments in the region including capacity building, education and training; and
- The cross promotion of activities and programs to multiply the impact of our individual efforts to promote tourism in the Pacific Islands.

By combining our contacts to promote the database we will reach wider markets and strengthen our relationship with the regional tourism sector. The collaboration is expected to result in increased interest amongst international investors willing to invest in the Pacific Islands' tourism sector.

(L-R) SPTO CEO, MR. ILISONI VUIDREKETI, WITH TRADE COMMISSIONER OF THE PACIFIC ISLANDS TRADE & INVEST SYDNEY OFFICE, MR. CALEB JARVIS, AT THE SIGNING OF THE JOINT AGENCY AGREEMENT IN SUVA ON 12 DECEMBER 2012.



SERVICES DELIVERED

MARSHALL ISLANDS

WITH AN ECONOMY BUILT ON SELLING FISHING RIGHTS, THE MARSHALL ISLANDS HAS APPROXIMATELY 2,500 VESSELS REGISTERED WITHIN ITS WATERS, MAKING IT THE THIRD-LARGEST FISHING FLEET IN THE WORLD.

In declaring a large part of its seas would become the world's largest shark sanctuary in 2011, the Republic of the Marshall Islands opened its doors for expanded scientific, diving and tourism investment.

In 2012 it was announced that the Marshall Islands will host the 2013 Pacific Islands Forum providing the country with a prime opportunity to highlight trade and tourism opportunities to an audience of regional and global leaders. The event coincides with the launch of new flights to Majuro via Nauru's flag carrier, Our Airline. The new weekly flights connecting Majuro to Brisbane (via Nauru) are paving the way for increased trade and tourism flows.

Pacific Islands Trade & Invest continues to work with businesses in the Marshall Islands to increase the export potential for key commodities including copra, crude, coconut oil, chilled frozen fish and trochus shell and meat. Through our Creative Arts program we are also enhancing the potential of emerging sectors such as arts and handicrafts (see Case Study below).

2012 COUNTRY HIGHLIGHTS

- Five tourism investment projects in the Marshall Islands were promoted via our new online database. (See case study, page 11)
- Our Sydney Office designed marketing collateral for an SME resort property on behalf of the Ministry of Resources and Development.

CASE STUDY: GUAM VISIT CREATES NEW OPPORTUNITIES FOR ARTISTS AND CREATORS

In October, 50 artists and creators from the Northern Pacific attended a workshop on entrepreneurial development for creative producers.

The workshop, funded by the European Union, was a joint initiative between the South Pacific Community (SPC), the Pacific Islands Forum Secretariat (PIFS) in Suva and Pacific Trade & Invest's Geneva and Sydney Offices.

Participants from the Federated States of Micronesia, Marshall Islands, Palau, Saipan, Kiribati and Guam had the opportunity to meet with representatives from various government agencies and small business advisory services to learn about business development training programs and other opportunities available to arts communities in the northern Pacific.

Highlighting small business data gathered by the Guam University, the three-day business workshop included sessions on business planning, business-building tools and marketing strategies. Participants were also introduced to a variety of small business resources and services provided by the United States government, SPC, PIFS, Pacific Islands Trade & Invest and other regional organisations.

As part of the workshop program, our Creative Arts Program Manager, Ruth Choulai, presented a paper on 'Domestic vs. International markets' and facilitated discussions with participants on value chain concepts and how to develop effective business plans and strategies to market their products.

The workshop also included a session encouraging participants to become change agents within their own countries by establishing national organisations, lobbying government agencies and impacting policy-decisions on issues important to the creative sector.

Elefa Handicraft and other specular woven artisan works will be exhibited in Maketi Ples 2013 as a result of the visit.

5

TOURISM INVESTMENT PROJECTS PROMOTED VIA NEW ONLINE DATABASE

ARTISANS AND NATIONAL ARTISAN ASSOCIATION MEMBERS DURING A BREAKOUT SESSION WITH ROBYN EKSTROM, TRADE ADVISOR FROM PACIFIC ISLANDS TRADE & INVEST'S GENEVA OFFICE AT THE ENTREPRENEURS WORKSHOP GUAM.



NAURU

SINCE THE SCALING DOWN OF THE PHOSPHATE MINING BOOM THAT BOOSTED NAURU'S ECONOMY IN THE 1980S, THE COUNTRY'S FISHING INDUSTRY HAS TAKEN OVER AS THE MAJOR SOURCE OF REVENUE EARNING ACTIVITY. THIS IS PARTICULARLY THROUGH PAYMENTS FOR FISHING RIGHTS WITHIN ITS EXCLUSIVE ECONOMIC ZONE (EEZ). MORE RECENTLY, THE REOPENING OF AN AUSTRALIAN GOVERNMENT ASYLUM-SEEKER DETENTION CENTRE HAS BOOSTED NATIONAL INCOME AND REVIVED NAURU'S ECONOMY.

However, worked out phosphate mines remain to provide opportunities in rehabilitation and development initiatives. Further mining of the secondary levels of phosphate (for production of tiles and blocks) and the production of crushed coral aggregate and cut-coral products is an area for future growth.

Capitalising on Nauru's strong trade, investment and development assistance from Australia, Pacific Islands Trade & Invest has been working with the National Private Sector Organisation to help secure potential investors through initiatives such as our *Investment Opportunities in the Pacific Islands* publication (see Case Study, below).

CASE STUDY: OCEAN OF INVESTMENT OPPORTUNITIES IN THE PACIFIC

Featuring 60 investment-ready opportunities across various sectors in the 14 Pacific Islands Forum countries, our *Investment Opportunities in the Pacific Islands* publication has proven to be a valuable tool in our role to promote inward investment to the region.

The second edition of the publication was launched in August 2012, by the Secretary General of the Pacific Islands Forum Secretariat, Mr. Tuiloma Neroni Slade.

At the launch, Mr. Slade said, "The Pacific continues to provide an ocean of opportunities for international investors that are as diverse as the region itself".

The publication specifically highlights the region's strengths in terms of investment potential:

- **A thriving tourism platform** with scope for future growth.
- **Abundant natural resources** providing potential investors with the opportunity to capitalise on the growing global demand for high quality organic and fair trade products – especially premium products such as tropical fruits and vegetables, cacao, coffee, pepper, vanilla and virgin coconut oil.
- **Proximity to Asia** – despite the Pacific's geographic isolation from the traditional European and North American markets, in the 'Asian Century' future global economic growth is predicted to emanate largely from Asia. This proximity to Asia provides real prospects and opportunities for growth in trade between Asia and the Pacific, despite the relatively small size of Pacific island economies.
- **A strengthening ICT sector** – technology is playing a part in addressing the geographical isolation of the region with improving internet connectivity and new undersea fibre optic cables being laid.

Complementary to the publication, Pacific Islands Trade & Invest developed a searchable, online database of investment opportunities across the 14 Forum Island Countries which was completed in September 2013. (See case study, page 11.) The online database allows Pacific businesses looking for joint venture partners, equity participation or a buyer to promote investment in their business free-of-charge. Since it was launched, the database has attracted unprecedented investor interest and enquiries.

The publication highlighted two investment opportunities in Nauru for manufacturing businesses – Nauruans Rock and Bytekiwi. Discussions are currently taking place between the proponent of Nauruans Rock and potential investors for the development of a phosphate cutting factory on Nauru.

37%

OF OUR CLIENTS ARE IN THE TOURISM INDUSTRY

TIM MARTIN, EXECUTIVE MANAGER OF INVESTMENT AND TOURISM AT PACIFIC ISLANDS TRADE & INVEST'S SYDNEY OFFICE WITH THE 'INVESTMENT OPPORTUNITIES IN THE PACIFIC ISLANDS' PUBLICATION.



NIUE

NIUE HAS A STRONG INTERNATIONAL EXPORT BASE FOR HIGH-VALUE AGRICULTURAL PRODUCE INCLUDING VANILLA, HONEY, NONI AND NIUEAN PINK TARO. WITH THE OPENING OF A FISH PROCESSING PLANT IN 2004, NIUE IS NOW DEVELOPING THE FISHING INDUSTRY FOR DOMESTIC AND OFFSHORE MARKETS.

Other potential growth sectors include food processing, handicrafts and tourism. The majority of Pacific Islands Trade & Invest's services to businesses in Niue are in the area of client referrals to external service providers such as the provision of public relations assistance to one of the South Pacific's leading dive and fishing travel companies, Dive Fish Snow Travel.

Through our 'Return to Roots' program, Pacific Islands Trade & Invest is encouraging the Niuean diaspora to invest in existing and emerging business opportunities for the benefit of local communities.

2012 COUNTRY HIGHLIGHTS

- Through our Sydney Office, Niue Vanilla International was invited to exhibit at Fine Food Australia in Melbourne. As a result, the exporter secured distribution agreements with two Australian companies with the first order placed for more than AU\$5,000. Stanley Kalauni from Niue Vanilla said, "Fine Food 2012 has given our business the opportunity to establish genuine contacts and more upper-end buyers and distributors".
- Our Auckland Office facilitated introductions for vanilla exporters to buyers in New Zealand.

CASE STUDY: PACKAGED HOLIDAYS A BIG HOOK FOR FISHING TOURISM IN THE PACIFIC

In 2011, Pacific Islands Trade & Invest partnered with national tourism offices throughout the Pacific to develop packaged fishing holidays for the Australian and New Zealand markets. As part of this initiative, our Auckland office worked with a New Zealand-based wholesale and specialist niche tourism operator, Dive Fish Snow, to grow packaged holiday fishing charters into Niue, Tonga, Vanuatu, Solomon Islands and Fiji.

The initial NZ\$10,000 investment in this project saw tourist numbers in this sector grow from zero to more than 100, netting more than NZ\$250,000 in spend with local businesses. The sector is expected to grow by 20-30 per cent according to Dive Fish Snow's estimates.

Pacific Fishing Tours reported that 2012 was its best year ever with a 15 per cent increase on 2011 sales the year before. The company attributed this growth to the introduction of new initiatives to boost the online profile of the selected fishing destinations. These included a new corporate fishing program and the addition of Samoa as a destination to the popular e-books and web chat online resources for visitors.

With Tonga currently the top selling destination for fishing holidays, the appeal of Niue is growing through proactive marketing programmes.

CASE STUDY: NIUE CHEF LEARNS RECIPE FOR SUCCESS DURING NZ INTERNSHIP

Through our commitment to supporting the professional development of the Pacific Island's people, our Auckland Office facilitated a three-month training internship for Niuean chef, Robert (BJ) Rex, to one of Auckland's top restaurants, *Euro*.

The objective of the internship program is to build the capacity of the region's hospitality sector through further training, professional development and experience in high-end establishments.

Through his experience at *Euro*, BJ has updated his culinary skills and developed knowledge that he will pass on to other local chefs in Niue via workshops and other training opportunities. Based on their positive experience of BJ's skills and enthusiastic commitment to the program, *Euro* has expressed an interest in providing similar opportunities for other suitable candidates in the future.

VANILLA EXPORTERS, TEUILA AND STANLEY KALAUNI FROM NIUE VANILLA AT FINE FOOD 2012.

AU \$9,700

OF VANILLA EXPORTS FACILITATED



PALAU

TOURISM AND FISHERIES CONTINUE TO BE THE PALAU'S MAIN SOURCE OF REVENUE.

According to the South Pacific Tourism Organisation (SPTO) 'International Visitor Arrivals in SPTO Member Countries, Quarter 2, 2012' report, tourist arrivals grew by 13.6 per cent on 2011 figures.

This strong growth has been attributed to the creation of a new national airline and the scheduling of weekly flights by six airlines connecting Palau with key markets in Japan, China, Korea, the US and Europe. The Palau Visitors Authority (PVA) has also targeted the German, Russian and Swiss markets through attendance at international trade shows.

After bolstering its already strong tourism industry by declaring its entire Exclusive Economic Zone (EEZ) of 600,900 square kilometres as a shark sanctuary in 2009, the country is also growing in popularity as a eco- and adventure tourism destination through the promotion of the Ngaremeduu Conservation area, historical sites and watersports (such as fishing, diving and kayaking).

The bulk of Pacific Islands Trade & Invest's support service for Palau businesses in 2012 has been through the delivery of strategic advice, assistance with attendance at industry trade shows such as the Sydney International Boat Show and access to finance for business through our Pathways to Finance program (see case study following).

2012 COUNTRY HIGHLIGHTS

- Creative artists from Palau were invited to attend a workshop in Guam for the Northern Pacific Creative Producers. (See case study, page 24.)
- Seven tourism investment projects in Palau were promoted via our new online database. (See case study, page 11.)
- A Memorandum of Understanding was signed with Palau's Small Business Development Centre with 12 Palauan businesses subsequently receiving business counseling and training through our Pathways to Finance program (see below).

CASE STUDY: PUTTING PACIFIC BUSINESSES ON THE RIGHT PATH TO BUSINESS SUCCESS

Pacific Islands Trade & Invest identified that access to working capital is a key impediment to growth for the majority of Small, Medium and Micro Enterprises (SMMEs) in the Pacific Islands. Businesses need credit to buy inventory and equipment and to extend terms of trade with customers. Without it, many cannot start, let alone grow.

Despite that limited access to finance is due to functional and financial illiteracy, inadequate record keeping and a lack of confidence to approach the formal banking sector; we believe that with expert advice and training, SMMEs have the potential to clearly present their business strengths to financial institutions and improve their chances of accessing finance.

Through our Pathways to Finance (P2F) program we aim to enable SMMEs in the Pacific Islands to gain access to capital in order to facilitate business growth and increase employment opportunities within their communities.

Through the P2F program, SMMEs are matched with a suitable partner organisation that is responsible for sourcing an accountant to train the participants and work with them to get the business 'loan-ready'.

Pacific Islands Trade & Invest partnered with the Solomon Islands Small and Medium Enterprise Council (SMEC) to pilot the program in 2011. On the basis of the successful partnership with SMEC, a second Memorandum of Understanding (MoU) was signed with them in 2012. In alignment with the program's goals, two additional MoUs have been signed in 2012 with partner organisations including the Vanuatu Chamber of Commerce and Industry and Palau's Small Business Development Centre (SBDC). These projects are currently underway with training programs and plans to convert the training into loans in 2013.

Early feedback from Palau suggests that the program has come at an opportune time. The devastation caused by Cyclone Bopha in late 2012 resulted in a number of small businesses suffering financially. The P2F program funds will be made available via the SBDC to help get these businesses back on their feet in 2013.



**AN AERIAL VIEW
OF PALAU'S
ROCK ISLANDS**



PAPUA NEW GUINEA

PACIFIC ISLANDS TRADE & INVEST IS ACTIVELY SUPPORTING A NUMBER OF PNG BUSINESSES PARTICULARLY THROUGH EVENT PARTICIPATION AND ADVISORY SERVICES.

A key focus for our work in PNG is on supporting local artists such as Ömie Artists (see below) through our creative arts program.

2012 COUNTRY HIGHLIGHTS

- Maketi Ples 2012 – In 2012, the PNG National Cultural Commission supported their creators by sponsoring their attendance for the duration of their visit to the Maketi Ples exhibition in Sydney. Annie's Pottery exhibited contemporary ceramic works by Jimmy Amamao which generated multiple enquiries. For the second year, the Queensland's Gallery of Modern Art (QLD) acquired a bilumwear garment from PNG Bilum artist, Florence Jaukae Kamel.
- With the support of our Sydney Office, PNG exporters, Ethica Coffee and Amruqa (coconut Oil) attended Fine Food Australia 2012.
- Our Beijing Office assisted Vitis Industries facilitate fruit and wine liquor exports to China (see case study below).
- Our Auckland Office is working with a New Zealand company to develop markets for coconut products and spices from PNG. We are also working with an established coffee exporter from PNG to expand into the New Zealand market. We also have a representative from our Auckland office on the PNG Business Council in New Zealand.
- The Export Services Manager from our Sydney Office travelled to PNG to meet with prospective exporters.

Marketing and branding exposure is one of the biggest challenges Vitis faces in establishing itself in the highly competitive Chinese market, which is dominated by global brands. With the support of Pacific Islands Trade & Invest's Beijing Office, Vitis had the opportunity to attend the 2011 China Agricultural Fair on the recommendation of the Papua New Guinea Investment Promotion Authority. By showcasing their products at the Fair, Vitis was able to meet with prospective distribution partners, test its products and gauge the level of interest from Chinese consumers and potential buyers.

Vitis has subsequently exported two containers of products to China, opened up a shop in Linyi city and with their subsidiary company now established in Qingdao are looking to expand its product range in line with the demands of the Chinese market.

CASE STUDY: INVESTING IN THE PACIFIC'S FUTURE LEADERS

We believe that the people of the Pacific Islands are one of its greatest assets and, through our internship program, are committed to supporting the professional development of the region's future leaders.

In 2011, Pacific Islands Trade & Invest's Sydney Office launched our internship program through the Prime Minister's Pacific Australia (PMPA) Awards. As part of the Australia Awards – one of the world's most prestigious 'leadership for development' scholarship programs – the AusAID-funded PMPA Awards are offered to leaders, or potential leaders, from Pacific Island countries. Managed by Austraining International, the Awards provide work placements and leadership training opportunities in Australia for selected Australia Awards scholars upon completion of their university studies.

In 2012, we hosted our second intern – Nina Giheno from Papua New Guinea (PNG). With a Masters of International Trade & Development from the University of Adelaide and her professional work experience at PricewaterhouseCoopers and Coca Cola, Ms. Giheno added significant value to our Sydney Office.

On the strength of the internship program, Pacific Islands Trade & Invest is in discussions with Austraining International and Australian Volunteers International about the possibility of mobilising a skilled Australian volunteer to a host partner organisation in the Pacific Islands, such as a government department or non-government organisation.

NEW MARKETS FOR PNG'S ÖMIE ARTISTS

2012 proved that the highly targeted and selective promotional approach to managing the Ömie Artists brand has increased their profile amongst key international art buyers in Singapore, the United States and the United Kingdom. A major acquisition of 12 works by the Museum of Archaeology and Anthropology, Cambridge University boosted their net sales exponentially. In 2013 Ömie Artists will exhibit in Alice Spring, Brisbane, New York City and Singapore.

MORE THAN AU \$110,000

OF CREATIVE ARTS SOLD
(BY 9 DIFFERENT PNG ARTISTS)

CASE STUDY: SWEET TASTE OF SUCCESS FOR PNG DRINKS COMPANY

With the assistance of Pacific Islands Trade & Invest and the Papua New Guinea Investment Promotion Authority, PNG-based beverage manufacturer and distributor, Vitis Industries Limited, is expanding its export base into Australia, Japan and now China.

Vitis manufactures and distribute its own fruit based alcohol spirits, natural wines, flavouring essences and low-alcohol beverages. They also distribute imported spirits, wine, beer, ready-mixed drinks, soft drinks and foodstuffs through their five retail outlets.

With an established domestic market in PNG and export sales to Australia and Japan, Vitis decided to expand its operations in 2011 with the establishment a subsidiary company in Qingdao to take advantage of the growing Chinese consumer market.

SAMOA

TOURISM IS THE CORNERSTONE OF THE SAMOAN ECONOMY REPRESENTING 20-25 PER CENT OF THE COUNTRY'S GDP. ON THE STRENGTH OF YAZAKI SAMOA'S PRESENCE IN THE COUNTRY, SAMOA ALSO HAS ALSO BEEN SUCCESSFULLY EXPORTING AUTOMOTIVE COMPONENTS TO AUSTRALIA FOR THE PAST 20 YEARS.

Potential growth sectors include the marine, food processing and growing agribusiness industries. Assisted by Samoa's graduation out of Least-Developed Country status in 2014, the government has made significant investment in infrastructure projects such as the national broadband network and the Scientific Research Organisation of Samoa that are paving the way for the development of a knowledge-based economy.

Pacific Islands Trade & Invest actively supports Samoan businesses across a range of industries including manufacturing, fashion, tourism and agriculture. With the future looking bright for the country, a core area of our work has also been in the facilitation of foreign investment for export-ready businesses.

2012 COUNTRY HIGHLIGHTS

- Our Auckland Office collaborated with the Pacific Horticultural and Agricultural Market Access (PHAMA) to provide in-market support and data to assist a research project examining the potential for exporting fresh pineapples, lemons, and floriculture from Samoa to New Zealand.
- Groundwork has started on a future research partnership with the Pacific Agribusiness Research for Development Initiative (PARDI) and the Scientific Research Organisation of Samoa. In 2013 our Auckland Office will conduct consumer taste tests of selected varieties of taro from Samoa.
- We partnered with the Samoa Trade Commission in Auckland to reestablish the exports of taro from Samoa to New Zealand (see case study below).
- Through our Auckland Office, negotiations are in progress for beverage exports from Samoa to New Zealand.
- With the support of our Sydney Office, Samoan exporters – Wilex (cacao nibs and hot chocolate) and Hot Samoan Boys Chilli (hot chilli sauce) – exhibited at Fine Food Australia. (See case study, page 09.)
- In collaboration with the FAO sub-regional office for the Pacific Islands, our Auckland Office facilitated the in-market research program to examine the New Zealand market access for pineapple exports from Tonga and Samoa.
- Pacific Islands Trade & Invest also has a representative from our Auckland Office on the Samoa Business Council in New Zealand.

CASE STUDY: RENEWED MARKET FOR SAMOAN TARO TAKES ROOT IN NZ

Through the support of Pacific Islands Trade & Invest, exports of taro to Australia and New Zealand are being re-established as the industry recovers from the devastating impact of a fungal disease outbreak more than a decade ago.

In 1992, taro exports brought some AU\$4 million in revenue to Samoa, but almost overnight the industry was destroyed by the impact of the taro leaf blight. Since then Samoan taro growers have worked on developing five resistant varieties of taro but re-entry into the New Zealand market proved difficult. After the ban on Samoan taro imports into New Zealand was lifted, the industry faced fierce competition from Fijian taro.

Pacific Islands Trade & Invest received a request for assistance from John Low at Samoa Agro Marketing (SAM) – a dedicated agency that works with government agencies to facilitate exports of agriculture commodities from Samoa to New Zealand, Australia and the United States.

We assisted the SAM team with on-ground assistance, introductions to potential buyers, tailored advice to support the client, and financial assistance for marketing. Working with the Samoa Trade Commission Office in Auckland, this collaborative effort fostered a long-term relationship with one distributor and successful export sales of more than NZ\$100,000.

CASE STUDY: SHARING SAMOA'S INVESTMENT STORY AT INAUGURAL SUMMIT

In 2012, Pacific Islands Trade & Invest worked closely with the Samoa Trade Commission Office to host the inaugural investSAMOA Summit in Auckland.

The two-day conference and trade show was attended by more than 200 delegates, including an official delegation of 20 government officials who were present to meet with potential investors.

In opening the event, Samoa's Prime Minister Tuilaepa Fatialofa Lupesoliai Sailele Malielegaoi highlighted Samoa's well-recognised political stability, high development indices achievement, good governance and planned rollout of the country's broadband network in 2013.

As sponsors of the event, Pacific Islands Trade & Invest helped edit, design and produce a 24-page glossy dossier of investment opportunities in tourism, manufacturing, agribusiness, fisheries and infrastructure.

AU \$88,000

IN TARO EXPORTS FACILITATED

SOLOMON ISLANDS

THROUGHOUT 2012 PACIFIC ISLANDS TRADE & INVEST CONTINUED TO WORK WITH EXPORT-READY BUSINESSES IN THE SOLOMON ISLANDS, PREDOMINANTLY IN THE TOURISM AND MANUFACTURING SECTORS.

Economic reform in the Solomon Islands has seen the growth of the country's private sector in recent years. While traditional industries such as logging have declined there is strong interest amongst international mining companies in the country's gold, nickel and seafloor deposits.

There has also been significant growth in the country's palm oil, copra and tuna exports. The Solomon Islands' tourism industry is also growing. As part of the WWF Coral Triangle Initiative, its reefs are some of the most protected in the world and with some of the most dense concentrations of World War II wrecks, the country is establishing an enviable reputation as a diving holiday destination.

2012 COUNTRY HIGHLIGHTS

- With the support of our Sydney Office, coconut oil exporter, Kokonut Pacific, attended Fine Food Australia.
- Our Auckland Office worked closely with the Pacific Horticultural and Agricultural Market Access programme in the Solomon Islands to identify potential suppliers of coconuts for a New Zealand importer.
- Pathways to Finance (P2F) funds were disbursed via the Solomon Islands Small and Medium Enterprise Council for the second year. The program funded 126 workshop participants with two SMEs receiving loans totalling AU\$14,000.

CASE STUDY: SMALL BUSINESS OWNERS SHOWN THE WAY TO BUILD BUSINESS SKILLS

After partnering with the Solomon Islands Small and Medium Enterprise Council (SMEC) in 2011 to pilot Pacific Islands Trade & Invest's Pathways to Finance (P2F) programme, we signed a second Memorandum of Understanding with the SMEC in 2012.

In 2012, the P2F program trained 130 small business owners in basic business documentation and commercial bank lending requirements. The project was also extended beyond Honiara for the first time to include the regional provinces of Temotu, Makira and Ulawa, and Malaita. From these participants two businesses have already secured SB\$105,000 in working capital, and SMEC estimates this number will grow significantly as the P2F program rolls into 2013.

In talking about the success of the program, Director of SMEC, Ms. Leilana Firisua said, "Pacific Islands Trade & Invest has been a great partner to roll out the Pathways to Finance program with here in the Solomons. We have had a strong relationship with the Sydney office since piloting SME development projects in 2008. Using the funds provided under the P2F program, we have been able to continue to help SMEs develop the skills they need to run their businesses and proceed to get bank loans to grow their businesses".

CASE STUDY: FESTIVAL OF PACIFIC ARTS, SOLOMON ISLANDS

In July 2012 the Solomon Islands government hosted the 11th Festival of Pacific Arts in Honiara.

Recognised as a major international cultural exchange event and the largest gathering of Pacific Island peoples in the region, the Festival was the largest tourism event ever held in the Solomon Islands. The event was attended by more than 3,000 artists and creators from 27 member countries of SPC including the US, French and NZ territories.

Held every four years in a different host country, the Festival includes a 14-day program of traditional performances, contemporary music, theatre, fashion, exhibitions of contemporary art and artisan work and knowledge sharing in areas such as medicine, cuisine, construction and the building of ocean-going vessels.

Festival of Pacific Arts provided the opportunity for our Creative Arts Program Manager, Ruth Choulai, to meet new creators and learn about new innovative creative works from the Pacific region for the purpose of promoting art forms at Maketi Ples 2013.

On the invitation of the Pacific Institute of Public Policy (PIPP), Ms. Choulai, also participated in an open forum on "Building the Creative Economy" held during the Festival.



NEW CALEDONIAN ARTIST, ILIE POINDIPENDA PAINTING ON THE WALLS OF THE SOLOMON ISLANDS NATIONAL ART GALLERY, HONIARA DURING THE FESTIVAL OF PACIFIC ARTS.

AU \$144,905

OF SUSTAINABLE TIMBER EXPORTS FACILITATED

TONGA

IN 2012, THE MAJORITY OF PACIFIC ISLANDS TRADE & INVEST SERVICES PROVIDED TO TONGAN EXPORT BUSINESSES WERE IN THE AREAS OF RESEARCH MARKETING AND PROMOTIONAL SUPPORT INCLUDING REFERRALS TO EXTERNAL PROVIDERS AND EVENT ATTENDANCE.

2012 COUNTRY HIGHLIGHTS

- Tongan exporters – Heilala Vanilla and Taste of Tonga (coconut oil) exhibited at Fine Food Australia. Both companies made sales during the event with numerous leads to follow up afterwards.
- In 2012, we worked with Tonga Trade to support the attendance of four Tongan artists at the Maketi Ples exhibition in Sydney. New exhibitor, Vola Tuamei’uta, was the most successful exhibitor at the event. Vola’s bone-carved body adornment pieces were in demand from the opening of the exhibition and continued after the event. The Australian Museum also acquired pieces by Vola and fellow Tongan artist, John Maileseni.
- Through a partnership with the Pacific Horticultural and Agricultural Market Access (PHAMA), Tonga’s Ministry of Labour, Commerce and Tourism (MLCT), our Auckland Office has helped successfully facilitate exports of fresh watermelons and squash from Tonga to South Korea and Japan worth approximately NZ\$1.7 million. (See case study below.)
- Our Auckland Office accessed key decision makers to facilitate the participation of an incoming delegation from Tonga led by the Ministry of Labour, Commerce & Tourism at the Pasifika Festival. The delegation achieved export sales worth approximately NZ\$45,000.
- As part of the Recognised Seasonal Employees (RSE) scheme, our Auckland Office organised financial literacy workshops attended by Tongan workers in the Napier and Hastings area of New Zealand’s North Island.
- Pacific Islands Trade & Invest sits on the New Zealand Tonga Business Council in Auckland.

CASE STUDY: NEW NATIONAL AGRICULTURAL EXPORT BRAND FOR TONGA

Through a partnership with the Pacific Horticultural and Agricultural Market Access (PHAMA), Tonga’s Ministry of Labour, Commerce and Tourism (MLCT), our Auckland Office is working on the development of a new national agriculture export brand for the retail market – *Kingdom of Tonga: The True South Pacific*.

PHAMA is a trade facilitation programme by AusAID to assist the Pacific Islands address market access issues and expand export market opportunities for horticultural and other agricultural commodities. Working in close collaboration with PHAMA and MLCT, we provided in-market project support to develop fresh produce stickers for export with design skill input from our Sydney Office.

The collaboration has helped successfully facilitate exports of fresh watermelons and squash from Tonga to South Korea and Japan.

CASE STUDY: TONGA TO BE CENTRE OF THE PACIFIC ISLANDS’ FIRST MAJOR BUSINESS OUTSOURCING VENTURE

Our Auckland Office is helping to set up the Pacific Islands’ first major business process outsourcing (BPO) operation in Tonga.

We have worked with New Zealand-Pacific Island enterprise to develop a business plan for a new contact centre on the Island following completion of a major World Bank/Asian Development Bank undersea fibre option project due for completion in early 2013.

Completion of the business plan helped the company obtain NZ\$20,000 in funding to conduct a feasibility study as a mandatory requirement for financing applications to the New Zealand Partnership Development Fund.

CASE STUDY: HELPING EXPATS PUT BACK INTO TONGAN ECONOMY

Our Return to Roots program encourages New Zealanders of Pacific Island origin to invest back in their home countries. The program helps to facilitate the investment process on behalf of participants and continues to generate successful investment into the Pacific Islands.

Through the Return to Roots program in 2007, a New Zealand-Tongan entrepreneur, Pasefika Consulting, acquired a feed milling project in Tonga. Pacific Islands Trade & Invest provided guidance on the development of a business plan and financial projections. With this support the company invested approximately NZ\$20,000 in Tonga.

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SERVICES DELIVERED TO TONGAN CLIENTS

‘GROWN IN THE KINGDOM OF TONGA’ STICKERS DESIGNED WITH ASSISTANCE FROM PT&I SYDNEY.



TUVALU

FISHING, COPRA EXPORTS AND REMITTANCES CONTINUE TO BE THE PRIMARY SOURCES OF INCOME FOR TUVALU.

Fishing licence agreements with the governments of Taiwan, Japan, New Zealand and the United States provide an important source of foreign exchange. There is also opportunity for further commercialisation of the country's fishing industry.

Pacific Islands Trade & Invest's work with businesses in Tuvalu has focused on services including business capacity and needs analysis, marketing and promotional support and the facilitation of access to government representatives, influencers and key decision makers.

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CLIENT RELATIONSHIPS

(L-R) MS. AHLING ONORIO, CHAIRPERSON OF KIRIBATI ORGANIC FARMERS ASSOCIATION WITH MR. TAKEHIRO KUROSAKI, DEPUTY DIRECTOR OF THE PACIFIC ISLANDS CENTRE IN JAPAN DURING THE OFFICIAL VISIT TO TUVALU IN AUGUST 2012.



2012 COUNTRY HIGHLIGHTS

- Four investment opportunities in Tuvalu were promoted online across the tourism, agricultural (noni fruit) and fishery sectors.

CASE STUDY: TOKYO OFFICE TAKES FIRST OFFICIAL TRIP TO TUVALU

In August 2012, representatives from our Tokyo Office made their first official visit to Tuvalu and Kiribati following the successful hosting of the Pacific Islands Festa 2012 held in conjunction with the Sixth Pacific Islands Leaders Meeting in Japan earlier in the year.

Deputy Director of the Pacific Islands Centre in Japan, Mr. Takehiro Kurosaki, met with relevant government officials and private sector representatives to discuss investment opportunities for small-scale industrial development projects in the country. During his visit to Tuvalu, Mr. Kurosaki met with two participants from Pacific Islands Festa – Noni juice producer, Non Tuvalu Ltd. and the Tuvalu Philatelic Bureau – about online sales opportunities.

Mr. Kurosaki met with the Ministry in charge of Line & Phoenix Islands and the Ministry of Industry in relation to the expansion of salt exports from Kiritimati Islands to Japan.

Preparation plans for the Pacific Islands Festa 2015 were also discussed during the visit. As a result of the visit, our Tokyo Office will cooperate with Tokyo University and Meiji University to present a lecture about Tuvalu with the intention of increasing public awareness about the country.

CASE STUDY: THE JAPANESE MARKET IS SOLD ON PACIFIC ISLANDS EXHIBITION & FESTA 2012

With the aim to promote trade, investment and tourism between Pacific Islands Countries and Japan, the Pacific Islands Exhibition & Festa 2012 was held in conjunction with the Six Pacific Islands Leaders meeting held in Nago, Okinawa in May 2012.

Our Tokyo Office hosted the Pacific Islands Exhibition with the Japan External Trade Organization (JETRO). Twelve companies from Pacific Island countries (including Cook Islands, Niue, Tonga, Samoa, Tuvalu, Marshal Islands, Federated States of Micronesia, Palau, Papua New Guinea, Vanuatu and Fiji) were invited to exhibit at the event. As a result, two business contracts were signed between Pacific Island businesses and Japanese importers, with an additional 47 potential contracts to be signed.

As part of the event, the Pacific Island Centre hosted Pacific Festa 2012 in the foyer of the exhibition hall. This event gave visitors including Japanese business people the opportunity to learn about traditional culture and products from the Pacific Islands. At the same time it promoted business exchanges between the Pacific Islands and Japan at events such as the Vanuatu Tourism Seminar.

The event was attended by more than 35,000 visitors and received significant media exposure in the Japanese market. The retail booth sold JP¥6,300,000 of products from the Pacific Islands.

VANUATU

THE POPULARITY OF THE PACIFIC ISLANDS AS A CRUISING DESTINATION AND VANUATU'S ABILITY TO ATTRACT HIGH VOLUMES OF CRUISE SHIPS HAS CEMENTED TOURISM AS THE CORNERSTONE OF VANUATU'S ECONOMY. THE SOUTH PACIFIC TOURISM ORGANISATION (SPTO) REPORTED THAT TOURIST ARRIVALS WERE UP 14 PER CENT ON 2011 FIGURES FOR THE SECOND QUARTER OF 2012*.

Copra remains the most important cash crop accounting for 35 per cent of the country's exports. Other new sources of income include the beef industry and real estate investment. The recent signing of a deal to connect the country with the high-capacity Southern Cross undersea cable will assist the potential growth of Vanuatu's telecommunications sector and its position as a potential e-business hub.

In 2012, the majority of services provided by Pacific Islands Trade & Invest to businesses in Vanuatu were for identifying and introducing potential customers or investors.

2012 COUNTRY HIGHLIGHTS

- Through our Pathways to Finance program in Vanuatu (see case study, Palau, page 27), more than 130 workshop participants were trained in small business and basic accounting. While three entrepreneurs were successful in attaining commercial loans for their small business, 23 participants are still awaiting confirmation from the commercial banks about their loan applications.
- The Export Services Manager from our Sydney Office travelled to Vanuatu to meet prospective exporters and attend an organic cacao farming workshop.
- Exporters – Venui Vanilla and Tanna Coffee – attended Fine Food Australia. Both companies made sales during the event with leads to follow up afterwards.
- Through the Recognised Seasonal Employers (RSE) scheme workers from Vanuatu attended financial literacy workshops hosted by Pacific Islands Trade & Invest (see Case Study, below).
- Our Auckland Office hosted a month-long internship for Ni-Vanuatu tertiary student, Murielle Kalsakau, to complement her studies in New Caledonia.
- Ten investment-seeking businesses in Vanuatu were promoted through our online investment promotion platforms. Coconut Oil Production Santo Limited (COPSL) was promoted through our Online Investment Matching service which generated three serious enquiries. Overall, Pacific Islands Trade & Invest profiled and promoted investment in six tourism projects, three agricultural projects and one satellite television company.

CASE STUDY: TURNING SEASONAL WORKERS' EARNINGS INTO INWARD INVESTMENT

As part of our commitment to building the capacity of the Pacific Islands' workforce, we have worked with the Recognised Seasonal Employers (RSE) scheme for a number of years to provide financial literacy workshops for RSE workers.

In 2012, we held workshops for RSE workers from Vanuatu and Tonga in the Napier and Hastings area of New Zealand's North Island. Training sessions covered topics including how to transfer money across borders cost-effectively, how to save while working in New Zealand and how to invest in small enterprises in their home countries.

Consul General of the Republic of Vanuatu, McKenzie Kalotit, said the financial literacy workshops has "proved very fruitful and has dramatically changed their [RSE workers] lives in all aspects."

Returned workers from Vanuatu who attended the Pacific Islands Trade & Invest-sponsored seminar have invested in several small businesses such as fishing, peanut production, a shuttle bus for the community, small stores and handicrafts.

We are now planning workshops for the returning workers introducing small entrepreneurial activity that addresses both social and economic development issues such as food security.

CASE STUDY: VANUATU'S VOLCANIC EARTH PRODUCTS IN HOT DEMAND

Based in Port Vila, Volcanic Earth is a manufacturer, wholesaler, retailer and exporter of organic skin care products.

For a number of years, Volcanic Earth has sold directly to the consumer through its online store and visitors to its factory and retail outlets in Vanuatu. Through the support of AusAID's Enterprise Challenge Fund, Volcanic Earth expanded its processing and production facilities to meet overseas market demand for its products in the wholesale and retail sectors of Australian, New Zealand, USA and Canada.

Now, with the support of our Tokyo Office, Volcanic Earth is exporting to Japan.

After Volcanic Earth exhibited at the 2012 Foodex Japan exhibition, organised by our Tokyo Office, Rebula started communicating with Volcanic Earth. They signed a contract in May 2012 at the Pacific Islands Exhibition & FESTA, which was also organised by the Pacific Islands Centre.

Rebula has now introduced a range of chocolate cosmetic products made from Vanuatuan cocoa. Launched in Japan under the Volcanic Earth brand, the product has a retail presence in leading department stores Mitsukoshi, Isetan and Marui.

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**INTRODUCED
TEN NEW BUYERS
TO NI-VANUATU
EXPORTERS**

* Source: SPTO International Visitor Arrivals in SPTO Member Countries Quarter 2, 2012 Report.

An aerial photograph of the Palau Rock Islands, showing several small, forested islands surrounded by clear, turquoise water. The water transitions from a light blue near the shore to a deeper blue further out. The islands are densely covered in green vegetation. The sky is a clear, pale blue with a few wispy clouds near the horizon.

PALAU ROCK ISLANDS



FINANCIAL STATEMENTS

SYDNEY	37	IN THE INTERESTS OF OUR STAKEHOLDERS AND DEVELOPMENT PARTNERS, PACIFIC ISLANDS TRADE & INVEST PROVIDES AUDITED FINANCIAL STATEMENTS FROM EACH OF OUR OFFICES. THIS ENSURES THE CREDIBILITY AND TRANSPARENCY OF OUR FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEMS. INDEPENDENT AUDITS HAVE BEEN PERFORMED ON THE FINANCIAL PERFORMANCE OF EACH OFFICE, AS DISCLOSED IN THIS DOCUMENT.
AUCKLAND	40	
BEIJING	43	
TOKYO	46	

INDEPENDENT AUDITOR'S REPORT TO THE SECRETARY GENERAL, PACIFIC ISLANDS FORUM SECRETARIAT

SCOPE

We have audited the accompanying financial report, being a special purpose financial report, of Pacific Islands Trade & Investment Commission, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes and the Commissioner's and Secretary General's Statement, set out on pages 3 to 12.

The Commission's management is responsible for the preparation and fair presentation of the financial report and also designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances. The Forum Secretariat and the Government of Australia have determined that the accounting policies used and described in Note 1(a) to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the needs of the Secretary General. We have conducted an independent audit of the financial statements in order to express an opinion on them to the Secretary General of the Pacific Island Forum Secretariat on their preparation and presentation.

The financial report has been prepared for distribution to the Secretary General for the purpose of fulfilling the requirements of the financial regulations of the Commission. We disclaim any assumption of responsibility for any reliance on this report, or on the financial report to which it relates to any person other than the Secretary General, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial

report. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1 (a), to the financial report. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDIT OPINION

In our opinion, the financial report of Pacific Islands Trade & Investment Commission are properly drawn up:

- a) So as to give a true and fair view, in accordance with the accounting policies described in Note 1(a) to the financial statements;
- b) in accordance with applicable Accounting Standards. Other Accounting Standards have only been applied to the extent described in Note 1 (a) to the financial statements; and
- c) in accordance with the provisions of the financial regulations, dated 31 October 1994.

Mark Schiliro, Director

MNSA PTY LIMITED
Chartered Accountants
Sydney
Dated this 21st day of February 2013.

COMMISSIONER'S AND SECRETARY GENERAL'S STATEMENT

- 1 In the opinion of the Commissioner and the Secretary General, Pacific Islands Forum Secretariat:
 - a) the accompanying accounts of the Commission for the year ended 31 December 2012, are drawn up in accordance with the Financial Regulations of the Commission, dated October 1994;
 - b) the Commission is not a reporting entity;
 - c) the financial statements, set out on pages 4 to 12, are drawn up so as to give a true and fair view of the results of the Commission for the financial year ended 31 December 2012 and the state of affairs at 31 December 2012 of the Commission in accordance with the basis of accounting described in Note 1(a); and
 - d) at the date of this statement, there are reasonable grounds to believe that the Commission will be able to pay its debts as and when they fall.

Dated this 21st day of February 2013.

Signed in accordance with a resolution of the Commissioner and the Secretary General:

Commissioner
Secretary General

BALANCE SHEET SYDNEY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

Currency: AUD \$		2012	2011
	CURRENT ASSETS		
	Cash	56,111	1,056,170
	Term deposit		
	Accounts receivable	250	250
	Prepayments	6,596	5,462
	Rental bond	-	-
	Other investments	-	-
	TOTAL CURRENT ASSETS	62,957	1,061,882
	NON-CURRENT ASSETS		
	Property plant and equipment	76,837	91,596
	Other assets	57,787	51,925
	TOTAL NON-CURRENT ASSETS	134,624	143,521
	CURRENT LIABILITIES		
	Creditors and accruals	61,340	81,718
	Provisions	66,817	15,888
	Deferred income		1,000,000
	TOTAL CURRENT LIABILITIES	128,157	1,097,606
	TOTAL LIABILITIES	128,157	1,097,606
	NET ASSETS	69,424	107,797
	ACCUMULATED FUNDS		
	Opening retained profits/surplus	107,797	138,393
	Current retained profits/surplus	-38,373	-30,596
	TOTAL ACCUMULATED FUNDS	69,424	107,797

STATEMENT OF INCOME AND EXPENDITURE SYDNEY

Currency: AUD \$		Approved 2012 Budget	Over/(Under) Expenditure	2012 Actual	2011 Actual
	OPERATING REVENUE				
	Government grants and funding			1,486,637	1,460,804
	Interest			28,318	24,521
	Other			-	-
	TOTAL OPERATING REVENUE			1,514,955	1,485,325
	PERSONNEL EMOLUMENTS				
	Personnel emoluments				
	Personnel emoluments	795,000	39,711	834,711	768,518
	Subtotal	795,000	39,711	834,711	768,518
	Administration				
	Computer	16,500	-1,957	14,543	13,938
	Consulting	5,000	-4,923	77	6,224
	Depreciation	-	28,224	28,224	28,518
	Incidental and legal	8,500	-4,770	3,730	15,167
	Insurances	11,000	-254	10,746	9,316
	Workshop conference	10,000	-1,420	8,580	10,921
	Office maintenance	4,500	-149	4,351	4,666
	Office supplies	17,500	-1,115	16,385	12,895
	Postage and freight	14,500	-4,413	10,087	4,268
	Printing and stationery	7,500	1,033	8,533	20,363
	Rent	155,000	29,163	184,163	150,610
	Telephone, internet and fax	34,000	-9,500	24,500	32,629
	Travel and transport	123,500	617	124,117	102,958
	Utilities	5,000	-1,067	3,933	5,993
	Miscellaneous	16,500	1,064	17,564	53,953
	Auditing and financial charges				
	Audit and accounting	13,000	-1,018	11,982	3,233
	Bank charges	3,000	-757	2,243	6,429
	Subtotal	445,000	28,758	473,758	482,081
	Work programme				
	Core grant expenditure				
	Exporter services	50,000	-12,888	37,112	53,347
	Creative arts/publications	50,000	-7,679	42,321	41,727
	Investment promotion and seminars	50,000	-23,769	26,231	27,039
	Tourism promotion development	50,000	-16,635	33,365	128,155
	Knowledge and information management	50,000	-40,230	9,770	15,054
	Promotion – PIFS		64,229	64,229	-
	Japanese funds	34,661	-2,830	31,831	-
	Subtotal	284,661	-39,802	244,859	265,322
	TOTAL OPERATING EXPENDITURE	1,524,661	28,667	1,553,328	1,515,921
	OPERATING PROFIT	-	-	-38,373	-30,596

AUDITOR'S REPORT AUCKLAND

INDEPENDENT AUDITOR'S REPORT

To the Pacific Island Forum Secretariat of Pacific Islands Trade and Invest.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Pacific Island Trade and Invest on pages 2 to 10, which comprise the statement of financial position as at 31 December 2012, and the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Pacific Islands Forum Secretariat, as a body. Our audit has been undertaken so that we might state to the Pacific Islands Forum Secretariat those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Pacific Islands Forum Secretariat as a body, for our audit work, for this report, or for the opinions we have formed.

TRADE COMMISSIONER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Trade Commissioner is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Trade Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand).

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with or interests in Pacific Trade and Invest.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw your attention to Note 8 Subsequent Events which details potential changes to existing funding arrangements and future funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern.

OPINION

In our opinion the financial statements on pages 2 to 10 present fairly, in all material respects the financial position of Pacific Trade and Invest as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

JSA Audit

May 2013
Newmarket

BALANCE SHEET AUCKLAND

	2012	2011
Currency: NZ \$		
CURRENT ASSETS		
Cash	238,967	605,928
Online account	75,558	29,517
Petty cash	321	300
Accounts receivable	-	60,787
Prepayments	5,750	5,750
Bond	2,363	-
Accrued interest	1,202	823
TOTAL CURRENT ASSETS	324,161	703,105
NON-CURRENT ASSETS		
Property, plant and equipment	144,275	87,482
Non-current asset	-	-
TOTAL NON-CURRENT ASSETS	144,275	87,482
CURRENT LIABILITIES		
Creditors and accruals	10,822	14,916
ANZ credit card	4,212	-
Deposits received	-	496,735
Holiday leave accrual	27,766	36,666
Provisions	4,656	5,000
TOTAL CURRENT LIABILITIES	47,456	553,317
TOTAL LIABILITIES	47,456	553,317
NET ASSETS	420,980	237,270
ACCUMULATED FUNDS		
Opening retained profits/surplus	237,270	-
Current retained profits/surplus	183,709	237,270
TOTAL ACCUMULATED FUNDS	420,979	237,270

STATEMENT OF INCOME AND EXPENDITURE AUCKLAND

Currency:
NZ \$

	Approved 2012 Budget	Over/(Under) Expenditure	2012 Actual	2011 Actual
OPERATING REVENUE				
Government grants and funding	890,004	-214,352	1,104,356	729,105
Interest	9,996	3,643	6,353	9,297
Other income	-	-	-	-
Other grants	54,996	-50,385	105,381	117,552
Total operating revenue	954,996	-261,094	1,216,090	855,954
Personnel emoluments				
Personnel emoluments	314,004	17,989	296,015	363,012
Subtotal	314,004	17,989	296,015	363,012
ADMINISTRATION				
Cleaning	5,004	2,755	2,249	2,365
Computer	34,992	13,847	21,145	23,650
Consulting	-	-	-	-
Depreciation	-	-44,076	44,076	38,959
Equipment rental – photocopier	5,700	369	5,331	5,465
General expenses	8,004	4,397	3,607	-
Hospitality and entertainment	5,004	-2,283	7,287	6,856
Insurances	7,008	5,949	1,059	3,288
Legal costs	3,996	3,996	-	924
Loss on disposal of assets	-	482	-482	-19,443
Motor vehicle expenses	17,988	4,346	13,642	14,439
Office maintenance	-	-18,270	18,270	1,804
Postage and freight	3,000	-1,282	4,282	2,860
Printing and stationery	6,696	485	6,211	10,826
Publications	-	-	-	8,495
Rent	90,000	18,325	71,675	67,376
Repairs and maintenance	-	-2,021	2,021	-
Research and development	3,504	3,504	-	-
Security	2,496	1,022	1,474	1,024
Staff training and education	5,004	4,461	543	5,526
Subscriptions	2,496	-8,920	11,416	6,124
Sundry expenses	-	-519	519	4,612
Telephone, internet and fax	20,004	-3,125	23,129	22,425
Travel and transport	57,000	23,174	33,826	66,320
Utilities	5,496	3,828	1,668	3,088
Miscellaneous	-	-	-	2,411
AUDITING AND FINANCIAL CHARGES				
Audit and accounting	33,996	7,100	26,896	28,940
Bank charges	3,504	1,291	2,213	1,139
Subtotal	634,896	36,824	598,072	672,485
WORK PROGRAMME				
Core grant expenditure				
Aquaponics	110,004	-192,598	302,602	-
Export marketing	-	-	-	-
Investment promotion and seminars	114,996	96,338	18,658	77,919
Tourism promo development	51,504	2,899	48,605	15,063
Trade	60,000	14,059	45,941	30,164
Communications	39,996	21,493	18,503	4,725
Subtotal	376,500	-57,809	434,309	127,871
TOTAL OPERATING EXPENDITURE	1,011,396	-20,985	1,032,381	800,356
OPERATING PROFIT	-56,400	-240,109	183,709	55,598

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Pacific Islands Trade & Invest Office Beijing (hereinafter the "Office").

I. The Management's Responsibility to Financial Statements Preparation

The Office's management is responsible for preparation of the financial statements according to 'Accounting Standards for Business Enterprises' and 'Accounting System for Business Enterprises', which includes (1) to design, implement and maintain the internal control relevant to the financial statements, so that the financial statements are free from material misstatement due to frauds or mistakes; (2) to choose and adopt suitable accounting policies; (3) to make reasonable accounting estimates.

II. The CPAs' Responsibilities

Our responsibility is to express audit opinion about the financial statements on the basis of our audit work, which we conducted in accordance with the Auditing Standards for Chinese Certified Public Accountants. The Auditing Standards for Chinese Certified Public Accountants require CPAs to abide by professional ethics, to plan and perform audit to acquire a reasonable basis for audit opinion.

Our audit work is to implement audit procedures to collect audit evidence about the amounts and disclosures of the financial statements. We choose audit procedures with our own professional judgment including evaluating material misstatement risks caused by frauds and mistakes. When we were evaluating risks to design suitable audit procedures we considered the Company's internal control relevant to the financial statements preparation while we did not intend to express opinion on the validity of the Company's internal control. Our audit procedures also included assessing the accounting policies suitability adopted by the management and reasonability of accounting estimate made by the management, and assessing the financial statements' general display.

We believe that we have acquired sufficient and appropriate audit evidence, which provide a reasonable basis for our opinion.

III. Office Profile

Pacific Islands Trade and Invest (hereinafter the "Office") was established by the South Pacific Forum Secretariat and the People's Republic of China government in accordance with the Agreement between South Pacific Forum Secretariat and the People's Republic of China government on the Establishment of the Forum's Trade.

Office in China signed in Tarawa Island on October 31, 2000 for the purpose of strengthening and developing the friendly cooperative relationship between the Forum and China. The "Office" was set up in Beijing, and intended to function as an affiliate organization of the Forum Secretariat. The Office is managed and operated under the leadership of the Forum Secretariat, and intended to serve the function of promoting and strengthening the cooperation between the Forum Island Countries and China in economy, trade, investment and other areas without engaging in any commercial activities.

IV. Results of Audit

The accounting year of the Office coincides with the calendar year, i.e. from January 1 to December 31 of the Gregorian calendar. The Office adopts Renminbi as the standard currency for accounting. We have accepted your appointment to perform audits on the balance sheet of the Office as of December 31, 2012 and the status of related income, expenditure and balance for the year then ended. The result of our audit is as follows:

1. Income

In the current year, the total income of the Office is RMB 35,916.92.

Interest income and VAT refund. The interest income from cash in bank in 2012 is RMB 1,131.57, and the tax refund income is RMB 34,785.35.

2. Expenditures

The total expenditure incurred by the Office in the current year is 1,507,829.44, including RMB -2,675.17 of financial expenses, RMB 148,334.20 of deferred remuneration (2010) to Trade commissioner incurred and RMB 1,362,170.41 of operating expenses incurred by the Office.

1) Financial Expenses

The financial expenses incurred by the Office in the current year is RMB -2,675.17, which is composed of RMB -4,533.7 of exchange loss and RMB 1,858.53 of bank service charge.

2) Deferred Remuneration (2010) to Trade commissioner in the current year is RMB 148,334.20.

3) The office expenditure incurred by the Office in the current year is RMB 1,362,170.41, including:

- RMB 242,004.66 of Fixed asset, incurred for purchasing a car;
- RMB 535,700.00 of payroll, incurred for the payment of wages to Office employees;
- RMB 210,000.00 of office rental, mainly incurred for paying the rent of the Office;
- RMB 217,335.78 of Work program expenses: RMB 105,227.40 of Investment department, RMB 29,189.00 of Tourism department, RMB 5,982.00 of Trade department, RMB 76,937.38 of other expenses; and
- RMB 157,129.97 is communication charges and other expenditures (Income and expenditure approved see table).

3. Balance of Income and Expenditure

1) Opening Balance

The opening balance is RMB 1,573,233.18, including RMB 5,426.74 cash on hand, RMB 1,533,806.44 of cash in bank, RMB 34,000.00 of loans receivable (including RMB 24,000.00 of housing deposit for Trade commissioner, RMB 10,000.00 of education deposit for Trade commissioner).

2) Balance of Current Year

The balance of the current year is RMB -1471.91252, which derived by subtracting current year expenditure RMB 1,507,829.44 from current year income RMB 35,915.92.

3) Ending Balance

The ending balance is RMB 101,320.66 including RMB 51,452.01 of cash on hand, RMB 1,876,392.12 of cash in bank, RMB 55,500.00 of loans receivable (including RMB 24,000.00 of housing deposit for Trade Commissioner, RMB 10,000.00 of education deposit for Trade Commissioner, RMB 21,500.00 of housing deposit for Deputy Trade Commissioner); RMB 1,882,003.47 of payable to South Pacific Tourism. The ending balance is RMB 101,320.66.

4. Miscellaneous

Because we have not obtained the rules on the use of relevant funds, we are unable to determine the soundness of the procedure for expenditure approval. Save as the above, we believe this report reflects in all material respects the financial position of the office on December 31, 2012 and the condition of its fund income and expenditures of 2012.

BALANCE SHEET

BEIJING

Currency: RMB \$		2012	2011
	CURRENT ASSETS		
	Cash	1,927,854.13	1,539,233.18
	Term deposit	-	-
	Loans	-	34,000
	Loans	55,500	-
	Rental bond	-	-
	Other receivables	-	-
	TOTAL CURRENT ASSETS	1,983,354.13	1,573,233.18
	NON-CURRENT ASSETS		
	Property, plant and equipment	-	-
	Non-current asset	-	-
	TOTAL NON-CURRENT ASSETS	-	-
	CURRENT LIABILITIES		
	Creditors and accruals	1,882,033.47	-
	Provisions	-	-
	TOTAL CURRENT LIABILITIES	1,882,033.47	-
	TOTAL LIABILITIES	1,882,033.47	-
	NET ASSETS	101,320.66	1,573,233.18
	ACCUMULATED FUNDS		
	Opening retained profits/surplus	1,573,233.18	-
	Current retained profits/surplus	-1,471,912.52	1,573,233.18
	TOTAL ACCUMULATED FUNDS	101,320.66	1,573,233.18

STATEMENT OF INCOME AND EXPENDITURE BEIJING

	2012	2011
Currency: RMB \$		
OPERATING REVENUE		
Government grants and funding	–	2,487,540.39
Interest	1,131.57	698.29
Other (VAT refund)	34,785.35	3,519.18
TOTAL OPERATING REVENUE	35,916.92	2,491,757.86
Personnel emoluments		
Personnel emoluments	684,034.20	515,617.15
Subtotal	684,034.20	515,617.15
ADMINISTRATION		
Cleaning	–	–
Exhibition and publicity	–	–
Fixed asset acquisition	242,004.66	–
Office supplies	65,739.25	42,847.05
Postage and freight	12,640.70	7,336.30
Rent	210,000	186,000
Storage costs	–	–
Communication expense	57,067.02	50,327.72
Travel and transport	18,779.50	134,639.42
Utilities	2,903.50	2,997.10
AUDITING AND FINANCIAL CHARGES		
Audit and accounting	–	–
Financial expenses	–2,675.17	24,261.37
Subtotal	606,459.46	448,408.96
WORK PROGRAMME		
Core grant expenditure	–	–
Exporter services	–	–
Trade department	5,982	–
Investment promotion and seminars	105,227.40	–
Tourism promo development	29,189	–
Others	76,937.38	–
Promotion – PIFS	–	–
Subtotal	217,335.78	–
TOTAL OPERATING EXPENDITURE	1,507,829.44	964,026.11
OPERATING PROFIT	–1,471,912.52	1,527,731.75

AUDITOR'S REPORT TOKYO

REPORT OF INDEPENDENT AUDITOR

We have verified the accompanying balance sheets of The South Pacific Economic

Exchange Support Centre (the "Centre") as of March 31, 2012 and the statements of changes in fund balances for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to report the conclusion relating to the compliance with accounting policies described in the Article 9 of the Financial rule of the Centre.

We conducted our verifications in accordance with auditing standards generally accepted in Japan and the "Research Report on the Assurance Engagement provided by CPAs and others" (JICPA issued, on July 1, 2009). A verification includes examining, on a test basis, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheets and the statements of changes in fund balances presentation. We believe that our verifications provide a reasonable basis for reporting our conclusion.

In our conclusion, the financial statements referred to above are presented in all material respects, in conformity with accounting policies described in the Article 9 of the Financial rule of the Centre.

Neither we nor any of our executive members have any interest in the Centre which should be disclosed in compliance with the Certified Public Accountants Act.

Mr Kanichiro Sohma

Director of The South Pacific Economic Exchange
Support Centre

June 15, 2012

	2012	2011
Currency: Yen (¥)		
CURRENT ASSETS		
Cash	148,219	49,744
Term deposit	15,904,940	13,401,224
Accounts receivable	-	-
Prepayments	6,000	2,110,750
Payment in advance	-	1,620
Other investments	-	-
TOTAL CURRENT ASSETS	16,059,159	15,563,338
NON-CURRENT ASSETS		
Property, plant and equipment	-	-
Non-current asset	-	-
TOTAL NON-CURRENT ASSETS	-	-
CURRENT LIABILITIES		
Creditors and accruals	1,341,586	2,137,474
Deposits received	508,432	508,432
Reserve for retirement allowances	3,901,732	3,901,732
Provisions	-	-
Deferred income	-	-
TOTAL CURRENT LIABILITIES	5,751,750	6,547,638
TOTAL LIABILITIES	5,751,750	6,547,638
NET ASSETS	10,307,409	9,015,700
ACCUMULATED FUNDS		
Opening retained profits/surplus	10,302,722	10,302,722
Current retained profits/surplus	4,687	-
TOTAL ACCUMULATED FUNDS	10,307,409	10,302,722

STATEMENT OF INCOME AND EXPENDITURE TOKYO

Currency:
Yen (¥)

	Approved 2012 Budget	Over/(Under) Expenditure	2012 Actual	2011 Actual
OPERATING REVENUE				
Government grants and funding			51,177,000	51,651,000
Interest			4,687	7,451
Income JATA World Travel Tour 2010 and Pacific Islands Fest 2010				
TOTAL OPERATING REVENUE			51,181,687	51,658,451
Personnel emoluments				
Personnel emoluments	26,475,000	802,234	27,277,234	26,866,081
Subtotal	26,475,000	802,234	27,277,234	26,866,081
ADMINISTRATION				
Books and magazines	120,000	-38,977	81,023	130,863
Equipment rental	469,000	-65,068	403,932	551,476
Meeting (entertainment)	240,000	10,730	250,730	298,392
Office supplies	120,000	94	120,094	149,575
Rent	9,768,000	-	9,768,000	9,768,000
Telephone, internet and fax	780,000	-352,796	427,204	379,526
Travel and transport	2,040,000	228,759	2,268,759	2,226,186
Utilities	-	-	-	-
Miscellaneous	839,000	-95,976	743,024	965,404
AUDITING AND FINANCIAL CHARGES	-	-	-	-
Audit and accounting	1,329,000	-489,000	840,000	840,000
Subtotal	42,180,000	-	42,180,000	15,309,422
WORK PROGRAMME				
Core grant expenditure				
Publications	1,223,000	-411,375	811,625	1,087,800
Website	1,368,000	1,147,265	2,515,265	1,009,685
Exhibition and seminars	3,366,000	-175,727	3,190,273	4,981,193
Project for developing exportable products to Japan	3,040,000	-560,163	2,479,837	2,392,322
Subtotal	8,997,000	-	8,997,000	9,471,000
Strengthening PIC's function	-	-	-	23,184
Pacific Islands Exhibition	-	-	-	1,510,155
Expenditure JATA World Travel Tour and Pacific Islands Festa	-	-	-	10,615,538
Subtotal	-	-	-	12,148,877
TOTAL OPERATING EXPENDITURE	77,652,000	802,234	51,177,000	63,795,380
OPERATING PROFIT	-	-	4,687	-12,136,929

