ITC TRADE IN SERVICES SEMINAR

Opportunities and Challenges - Pacific experience

8-9 May 2014
Geneva
Pacific countries

○ 14 Pacific Island countries
○ 6 WTO members – 2 are LDCs:
  ● Papua New Guinea
  ● Solomon Islands
  ● Samoa
  ● Tonga
  ● Fiji
  ● Vanuatu
○ The 6 comprise 99% of the Pacific islands population of 9 million
Services Sector

Small open economies: depend on export markets

- Role of services in development growing
- Services contribution to:
  - GDP – average 40 -50%
  - Investment
  - Employment/Income
  - Technology
  - Skills

- Main sectors:
  - Tourism
  - Financial
  - Transport
  - recently Telecommunication
Opportunities

- Technological advances – e.g. telecommunication and internet:
  - New opportunities for trade – goods & services
  - Overcomes smallness and remoteness

- Emergence of ICT-based services
  - Outsourcing – banking

- Tourism – niche and secondary activities
- Cultural industries

- SMEs – access to markets
- Mode 4 – low skilled to skilled
Opportunities

- Emerging trends - intra-regional services investment (Mode 3) growing

- Coverage widening:
  - Tourism – hotel (PNG investment in Solomon Is and Fiji, Fiji in Vanuatu, Samoa)
  - Financial sector – banking (BSP, Credit Corp, BRED Bank
  - Retail – Fiji in Vanuatu and PNG
  - Computer/IT – Daltron and Datec in 4 countries
  - Communications – Fiji TV in PNG, and Solomon Is?
  - Entertainment – Fiji in PNG (Damodar cinemas)
  - Airline services – Air Niugini and Air Vanuatu

- ..these dynamics reinforce need for enhancing services growth
Challenges

Ques: How to enhance the growth and contribution of services to development

- Policy coherence
  - national and sectoral
- Sequencing of reforms – limited capacity
  - Identify priorities and promote synergy
  - Lower cost of doing business
- Regulatory Reforms costsly: 2 aspects
  - Technical regulations/regulatory bodies
  - Competition environment
- Adjustment to competition – minimise costs
  - Fiscal incentives
  - re-training of workers
Conclusion

- Pacific see potential for services growth
- taking cautious approach to services liberalisation because of challenges