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**Prime Minister of Fiji and Minister for Finance, Strategic Planning, National Development and Statistics, the Public Service, People’s Charter and Change and Progress, Information, iTaukei Affairs, Sugar Industry and Lands and Mineral Resources**

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KEY NOTE ADDRESS AT THE OPENING OF THE TRADE AND INVESTMENT SEMINAR

**Gateway Hotel**  **Wednesday 17th April, 2013**

**Port Moresby, Papua New Guinea**

Minister for Trade, Commerce and Industry, Honourable Richard Maru;

Honourable Ministers;

PNG and Fiji Business Community;

Members of the Diplomatic Corps and Regional and International Agencies;

Senior Government Officials;

Ladies and Gentlemen.

Bula Vinaka and a very good morning to you all.

It’s wonderful to be in Papua New Guinea again and I would first like to thank our hosts for their warm welcome and the hospitality you’ve bestowed upon the Fijian delegation. We were already very close friends and partners before this visit. But there’s no doubt that those ties have been strengthened and we have a great future ahead of us, as we work together for the benefit of our peoples.

This inaugural State Visit and Trade and Investment Mission are important milestones not just for Fiji and Papua New Guinea, but the entire Pacific region. We’re opening a new chapter in our relations, which began formally 38 years ago when our two newly-independent nations established diplomatic ties in September 1975.

Ladies and Gentlemen, our relations have been strongly enhanced through our membership of the Melanesian Spearhead Group, which Fiji joined in 1997. The MSG is now an important regional and international grouping and Fiji attaches enormous value to both our membership and our contribution to its success. The organisation was further strengthened in 2005 by the signing of the revised MSG Trade Agreement to foster economic development through trade.

As the major economies in the region, Fiji and PNG are now driving the MSG Trade Agreement towards the first fully fledged Free Trade Area (FTA) in the region. By creating stronger trade and economic links between our two countries, we are laying the foundation for a new era of trade and economic development and cooperation within the MSG.

What do we both bring to this relationship? PNG comprises 76% of the total population of the region, 87% of the total landmass and 15% of the Pacific’s Exclusive Economic Zone. For its part, Fiji is the hub of the Pacific in terms of transportation and infrastructure, and has a strong manufacturing and service sector. We strongly believe that cooperation and coordination between our two countries will lead to stronger economic growth for our MSG sub-region and the Pacific region as a whole.

Ladies and Gentlemen, Fiji’s trade with the other Pacific Island countries has grown from less than 1% (of total trade) in 2000 to around 4.5% in 2010. Most of that is trade with the other MSG countries. In dollars terms, Fiji-PNG trade in 2012 amounted to $23 million, which accounts for 20% of total trade with the Pacific region. We expect major growth in the trade figures for 2013 and 2014, especially with the removal of most duties by PNG under the MSG Trade Agreement.

More broadly, the Fijian and PNG Governments – along with our respective private sectors – share a bold vision, which is a truly integrated Pacific, pursuing common goals that grow our economies, increase our regional and global influence and, benefit all our peoples.

This transformation has been staggering over the years. We (the MSG) have moved from a three item list on our trade schedule (tin fish, sugar and beef) to trade in thousands of goods and service. This has surpassed even our most optimistic expectations. So much so that the cynicism which first met our efforts to encourage trade with each other has now been replaced with awe and envy at how successful we have been.

We are mindful that the growth and prosperity of our region is dependent on trade and economic cooperation between all countries. It provides jobs for our people, it puts food on the table, and enables our Governments to provide basic services like health, education and infrastructure.

As I’ve said – Ladies and Gentlemen - our vision for the Pacific is a common economic union, where we operate as a single common market with free movement of goods, services, labour and capital. The MSG Trade Agreement has now incorporated and is facilitating temporary movement of skills and looking at new areas for trade that includes services and government procurement.

Furthermore, the MSG countries are collectively looking at developing policies for product regulation and standards, which can be led by Fiji and PNG, as both our countries have well-established laws governing standards and compliance. This will safeguard our consumers from inferior products. It stands to reason that a common economic union will increase economic efficiency and also establish closer political and cultural ties between our countries.

And so let me come to the immediate objectives of this Trade and Investment Mission. There is enormous potential not only for Fijian businesses in PNG but for PNG businesses in Fiji. So our Trade and Investment delegation is here to build on the opportunities available for both Fijian and PNG companies and to create better trade and investment links, for the benefit of both our nations.

Yesterday, I witnessed the acquisition of shares in BeMobile, PNG by the Fiji National Provident Fund (FNPF). This is an indication of Fiji’s commitment to PNG and the region. And, a manifestation of the growing investment opportunities between our two countries. A number of Fijian companies have invested in PNG and this Mission includes many more who are interested in doing the same. As for PNG investment in Fiji, it exceeded more than $218-million between 2005 and 2012. And recent projects such as the Grand Pacific Hotel, the Pearl Resort and Bank of South Pacific are clear evidence of the confidence Papua New Guinea has in the Fijian economy and my Government’s policies.

Ladies and Gentlemen, Fiji has become a more attractive destination for foreign investment. In order to reduce the cost of doing business, my Government has amended and modernised laws to reduce bureaucracy and red tape in the trade and investment systems and processes.

We are also acting decisively to improve our Infrastructure, which is crucial for trade and development, including adequate port facilities and roads. In the 2013 budget, I announced a major spending initiative of $420 million – the single largest in Fiji’s history - to fix our road network, ports and bridges, which have been neglected for many years. My government in the next few weeks will announce far-reaching reforms in the management of Fiji Ports Corporation Ltd to bring about efficiency benchmarked to international standards in order to maximise and facilitate trade.

Business also needs state-of-the-art comunications. So we are upgrading our information technology systems to pave the way for the introduction of a portal for ‘E-Services’. This will enable most Government services to go online and be hosted on a single platform. This will include Investment Approval Agencies and applications for Foreign Investment Registration Certificates.

The most exciting development, as part of this project, is the creation of a national switch, called “Fiji Pay,” to which all key agencies, including banks and financial institutions will be required to connect to. This interchange network will facilitate easier and inexpensive electronic transactions. This will also allow competitors to more easily join the market.

We have simplified the tax system to make it more transparent and eliminate fraud and tax evasion. The Fijian corporate tax is one of the lowest at 20% with a further reduced corporate tax rate of 17% for foreign companies that establish regional or global headquarters in Fiji. The ANZ Bank has already taken advantage of this incentive by shifting its Regional Headquarters from Melbourne to Fiji.

The Tax Free Regions in the Northern part of Fiji and the recently announced region from the Eastern to the North-Western area in Viti Levu provides for companies to enjoy tax free status for 13 years and 20 years if the investment is in the dairy industry.

Ladies and Gentlemen, Fiji is in the process of putting in place a new Constitution, with extensive public consultation taking place as I speak. For the first time, we will have a document that recognises all Fijians as equal. It provides for not only civil and political rights but also a wide range of socio-economic rights.

It will enshrine a number of accountability provisions including the Fiji Independent Commission Against Corruption, give more powers to the independent judiciary and have transparent and accountable obligations placed on public office holders.

Indeed the commitment by Prime Minister, the Honourable Peter O’Neill yesterday of a 50 million Kina grant to assist in the 2014 Fijian Elections under the new Constitution is most appreciated and welcomed.

My Government looks forward to working with the Government of Papua New Guinea and other Pacific nations to further strengthen our social, economic and political ties.

Ladies and Gentlemen, I’m delighted to see the strong interest in this Mission generated from both sides.

There is a comprehensive programme to enable businesses to get all of the information they need and I urge all of you to take advantage of the opportunities presented.

I especially encourage Papua New Guinea businesses and the public to visit the exhibition that showcases the offerings of Fijian businesses.

I now have great pleasure in officially opening the Trade and Investment Seminar and Exhibition.

Vinaka vakalevu.