



# 2011

ANNUAL REPORT



Pacific Islands  
Trade & Invest

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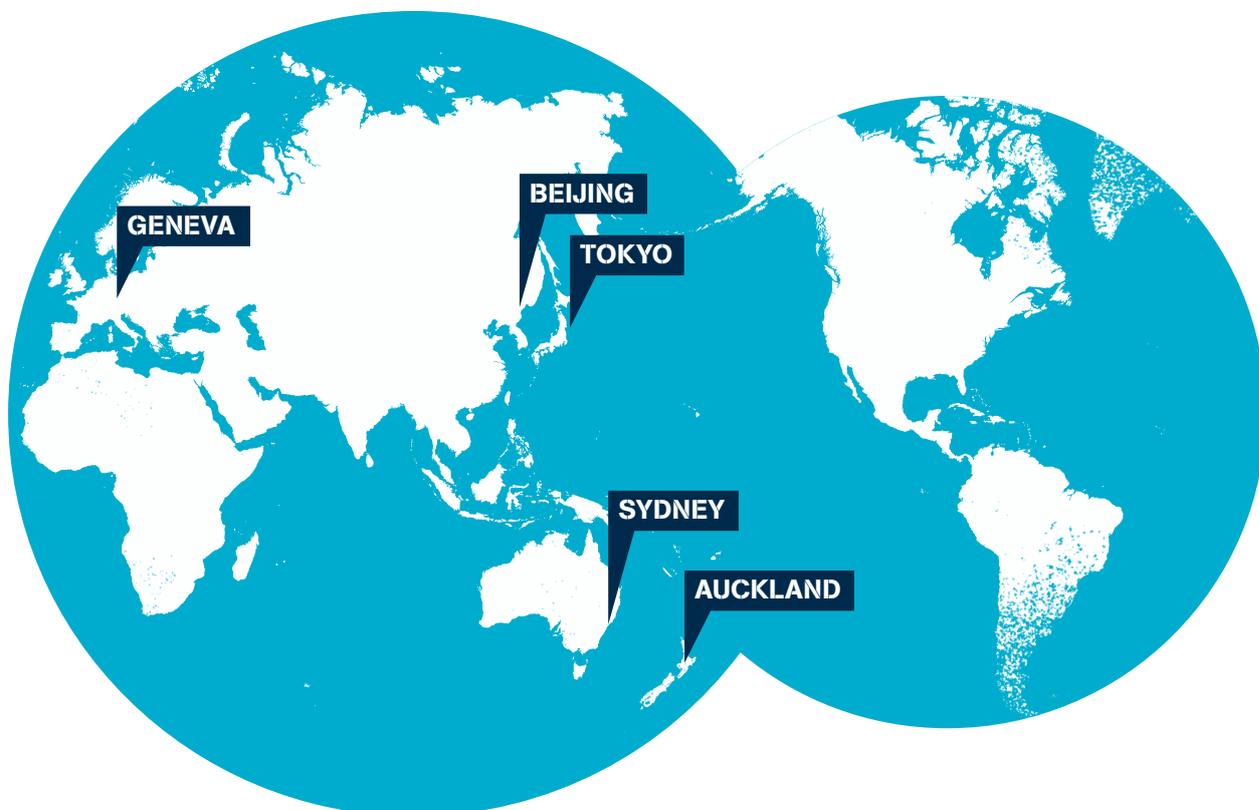
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**PACIFIC ISLANDS TRADE & INVEST IS THE INTERNATIONAL TRADE AND INVESTMENT PROMOTION AGENCY OF THE PACIFIC ISLANDS FORUM SECRETARIAT, WHICH IS BASED IN FIJI.**

**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



## I AM VERY PLEASSED TO PRESENT THE PACIFIC ISLANDS TRADE & INVEST (PT&I) ANNUAL REPORT FOR 2011.

PT&I 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 active promotion of Pacific products and services in key international markets. On this note, I wish to thank the host governments of the PT&I offices in Auckland, Beijing, Sydney and Tokyo for their ongoing support.

This is an exciting time of progress and evolution for PT&I. In 2011, the trade offices were strengthened and streamlined to enable them to work more closely with the private sector to increase opportunities for networking, mentoring and information sharing. The PT&I network, while being an integral part of the Forum Secretariat, has been structured in a manner that allows them to interact directly with the private sector in the region and promptly respond to their needs. I would very strongly encourage Forum Island Countries to make use of the PT&I network to reach out to lucrative export and investment markets and opportunities.

This year saw the Auckland Office work with the Government of New Zealand to host the Oceans of Opportunity Investment Summit, held on 6 September 2011, in Auckland, as part of the activities surrounding the Forum Leaders' Meeting. This successful initiative which focused on identifying opportunities to take the region forward by boosting investment in Forum Island Countries attracted more than 200 delegates from the tourism, banking, finance, shipping, logistics, cruises, agriculture, development, social entrepreneurship and non-government sectors.

The Summit also marked the launch of the Investment Opportunities in the Pacific Islands 2011 publication, which promoted a range of investment-ready proposals in the Forum Island Countries. The publication was supported by the Government of Japan and will be expanded in 2012, and translated into Chinese due to the high demand for investment opportunities we are seeing from China.

During 2011, in-principle agreement was reached with the Government of the People's Republic of China to rename the Pacific Islands Forum Trade Office in Beijing to Pacific Islands Trade & Invest. Rebranding and an upgrade of the Beijing Office will take place in 2012.

A highlight of the Beijing Office's work in 2011 was the successful completion of the Golden Ocean investment in a tuna loining factory in Kiribati. The factory will employ 100 local staff, making it one of the largest private sector employers in Kiribati. The Beijing Office was integral to the initiation and facilitation of this investment, and reaffirms the PT&I commitment to assist Smaller Island States increase their trade. I note that the investment was a direct outcome of the 2010 China-Forum Island Countries Trade and Investment Symposium. The Beijing Office continues to follow through the interest expressed in Forum Island Countries at the Shanghai World Expo in 2010.

The work of the Japan Office also progressed strongly, with noteworthy success in facilitating export shipments of seaweed (Mozuku) from Tonga to the Japanese market following the successful Pasifika Trade Show held during the Forum Trade Ministers' Meeting in Va'vau in May 2011.

The Sydney Office continued its work to promote niche tourism through online service providers. A significant achievement this year for the Sydney Office was the promotion of small tourism properties through Australia's largest online booking provider, Wotif. Since commencing this work, an additional 67 new properties from the Pacific have been listed on Wotif, with participants reporting an increase in bookings of around 40 per cent.

The Sydney Office also undertook a new initiative to help entrepreneurs access finance from commercial lenders to develop their exports. We were greatly encouraged by the positive outcomes of this initiative, which resulted in financing to small businesses in the Solomon Islands, the pilot, of approximately SB\$2million.

Tapping into the European market remains crucial for the Pacific's private sector. Throughout the year, work continued on extending the PT&I network to cover other key markets, including Europe. This work will be greatly assisted in 2012 with the establishment of a trade and investment promotions desk at the Permanent Delegation of the Pacific Islands Forum to the World Trade Organization (WTO) in Geneva. I thank the European Union for its funding support in this engagement.

I invite you to read more about the achievements of PT&I in 2011, as we continue to seek increased export and inflow of investments for our Pacific region of abundant business opportunities.

**Tuiroma Neroni Slade**  
Secretary General  
Pacific Islands Forum Secretariat

# TRADE COMMISSIONERS' FOREWORD



**AS THE INTERNATIONAL TRADE AND INVESTMENT PROMOTION AGENCY OF THE PACIFIC ISLANDS FORUM SECRETARIAT, PACIFIC ISLANDS TRADE & INVEST IS COMMITTED TO BUILDING A BETTER FUTURE FOR PACIFIC ISLAND COUNTRIES BY CREATING SUSTAINABLE ECONOMIC GROWTH AND GREATER PROSPERITY.**

2011 was a year of growth, refinement and cooperation for Pacific Islands Trade & Invest. Our client base grew by 12 per cent from 5509 client accounts in 2010 to 6185 in 2011\*. With a focus on achieving measurable outcomes, we delivered 775 services and recorded 286 milestones across the 14 Forum Island countries we represent. Our new website also attracted more than 168,000 visitors.

Much of our success in creating greater international opportunities for Pacific Island business can be attributed to the increased levels of collaboration between our offices in Auckland, Beijing, Geneva, Sydney and Tokyo. The addition of our new Trade Office in Geneva is of strategic importance for Pacific Island exporters particularly those exporting copra, cocoa, virgin coconut oil, coffee, creative arts and nutraceuticals to key European markets.

Of equal importance has been the upgrading of the former Pacific Islands Forum Trade Office in Beijing to a full Trade Commission. This move was approved by the Chinese Government in recognition of the vital role that the Office plays in facilitating closer friendship, cooperation and economic ties between China and Pacific Island countries. Concurrent with this upgrade, the Beijing office will join Sydney and Auckland in adopting the new brand strategy and will now be known as Pacific Islands Trade & Invest, Beijing.

Our client relationship management database underpins our business processes and continues to help us measure the impact of our work in terms of measureable outcomes.

Our 2011 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. Based on feedback from Forum Trade Ministers and Officials this year's Annual Report also features key highlights and success stories for each Pacific Islands country.

While the 2011 results are encouraging, we acknowledge that there is still much work to be done. It is with great pride and pleasure that we serve the people of the Pacific Islands and we look forward to achieving greater results in the years to come.

**Adam Denis**  
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

**Kanichiro Sohma**  
Trade Commissioner  
Pacific Islands Centre, Tokyo

\* Excludes CRM statistics from Tokyo and Geneva offices.

**Pacific Islands Trade & Invest provides services in export, investment, tourism promotion and creative arts with the aim of improving the livelihood of people in the Pacific Islands. We focus on the development of export-capable businesses and the international promotion and support of exporters in Pacific Island countries.**

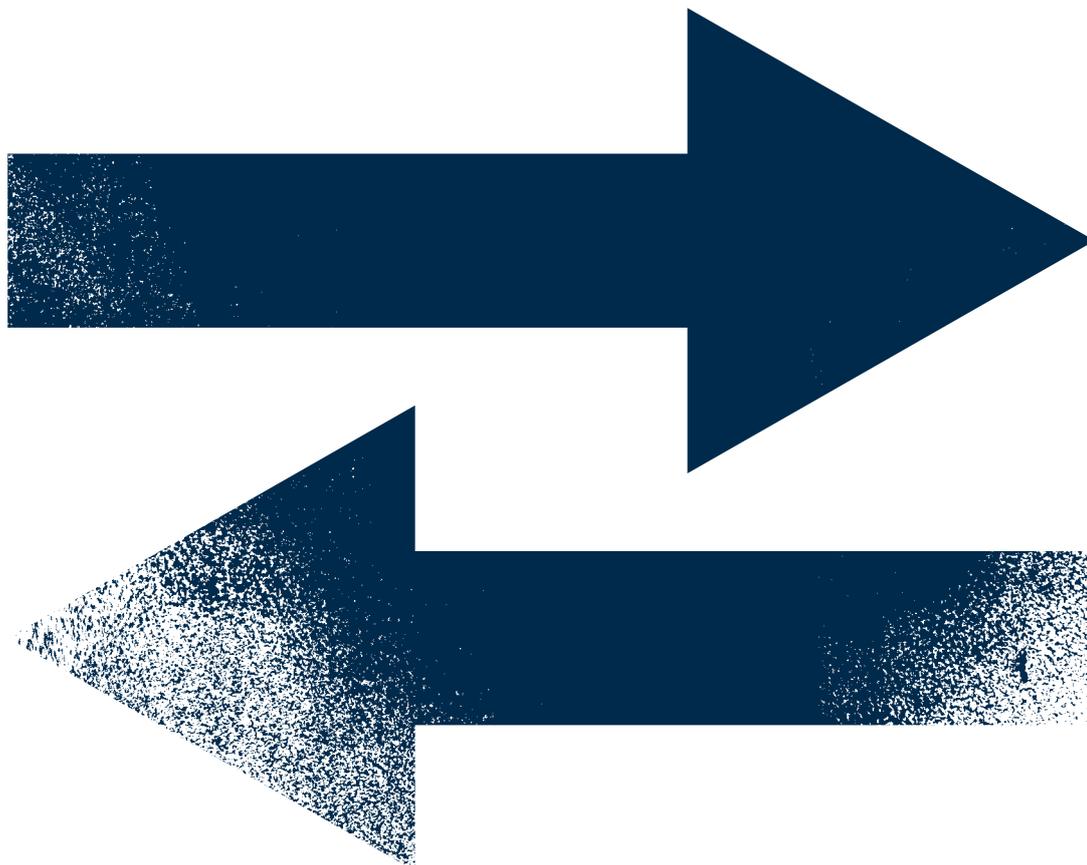
**BY FACILITATING SUCCESSFUL PARTNERSHIPS BETWEEN THE PRIVATE SECTOR AND GOVERNMENT AGENCIES AND BETWEEN EXPORTERS AND INVESTORS, WE ARE ABLE TO EXTEND THE POTENTIAL OF OUR SERVICE OFFERING AND THE BUSINESS OUTCOMES FOR OUR CLIENTS.**

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 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 and connecting export-ready businesses;
- Connecting exporters with international buyers;
- Facilitating the marketing of niche Pacific Island tourism services and products;
- 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 AND CONNECTING 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

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

### INTRODUCING 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. 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.

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# WEB STATISTICS

**THE NEW LOOK PACIFIC ISLANDS TRADE & INVEST WEBSITE LAUNCHED EARLY IN 2011. THE SITE MOVED ONTO THE MORE MODERN JOOMLA CONTENT MANAGEMENT SYSTEM FRAMEWORK, PROVIDING GREATER SECURITY AND SEARCH ENGINE OPTIMISATION.**

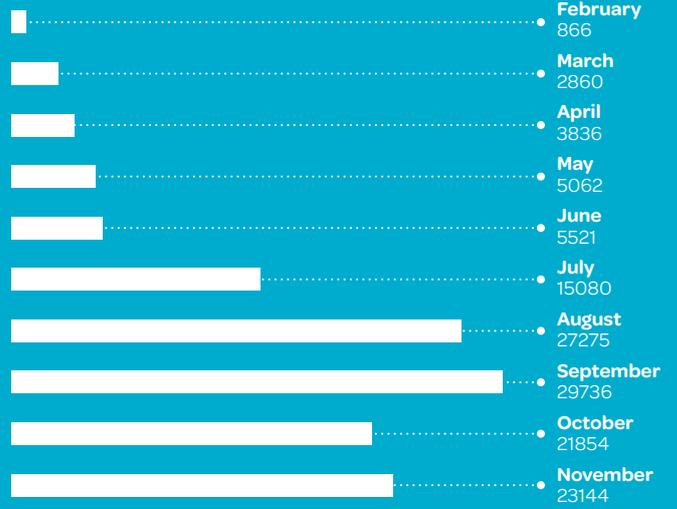
PT&I worked with both graphic designers and web design specialists in order to maximise our web presence and extend the reach of both our services and the products that the Pacific Islands have to offer the world.

The website was developed alongside a new collaborative newsletter that sees both these communication pieces tie together the 4 trade offices into a more cohesive organisation. The newsletter, Pacific Periscope, goes out to our subscriber base of nearly 6,000 contacts and links directly back to the website, driving visitor numbers higher and creating a knock on effect which helps boost SEO. You can see from the graphs that it appears the SEO optimisation began to propagate effectively in June where visitor numbers have grown dramatically a few short months after the website and newsletter's inceptions early in 2011.

### TOP 10 VISITORS BY COUNTRY

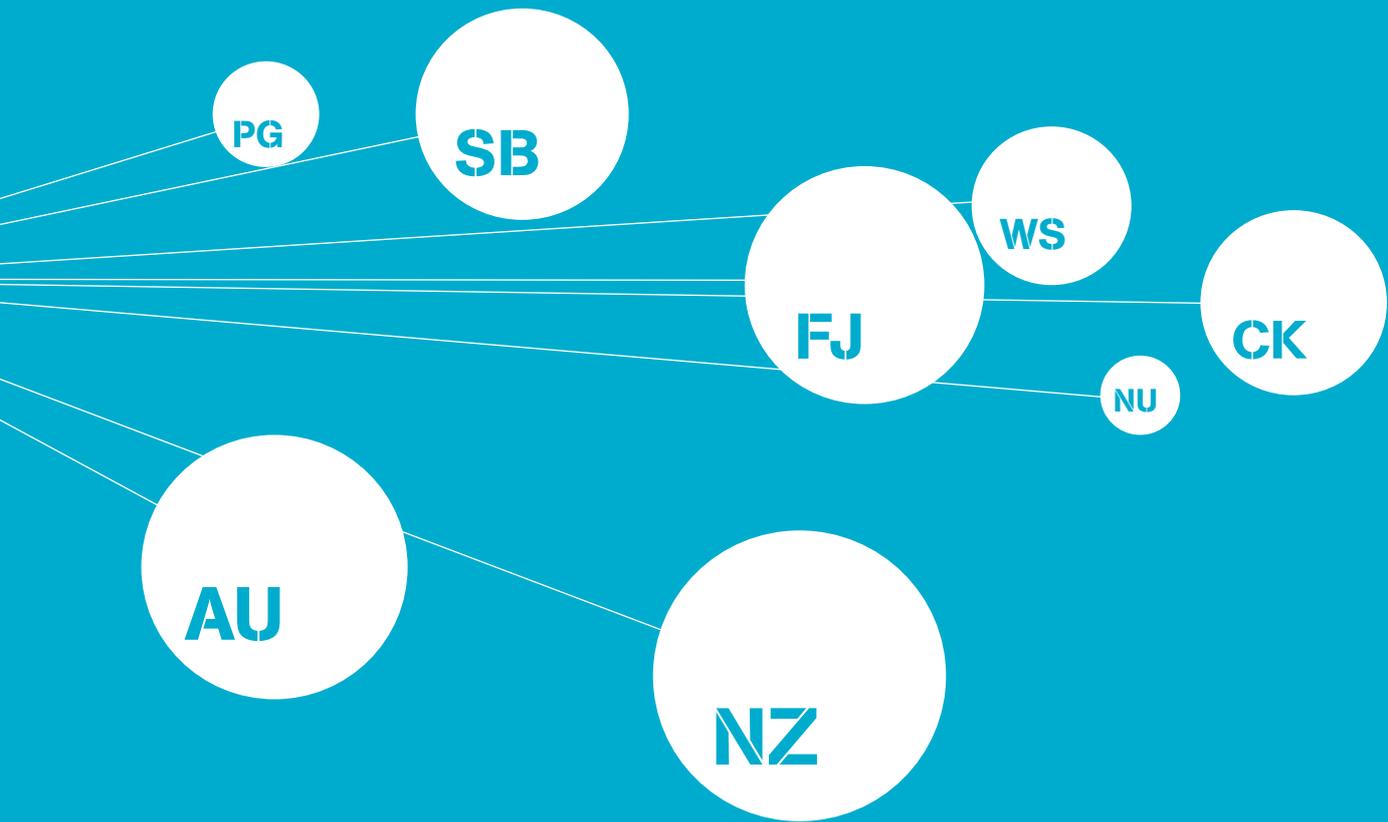
1. New Zealand (NZ)
2. Australia (AU)
3. Fiji (FJ)
4. Solomon Islands (SB)
5. Cook Islands (CK)
6. Samoa (WS)
7. India (IN)
8. Papua New Guinea (PG)
9. Niue (NU)
10. Greece (GR)

### MONTHLY VISITS



### HITS

- February 866
- March 2860
- April 3836
- May 5062
- June 5521
- July 15080
- August 27275
- September 29736
- October 21854
- November 23144



# EXPORT

## **PACIFIC ISLANDS TRADE & INVEST WORKS WITH EXPORT-READY BUSINESSES IN BOTH THEIR HOME AND EXPORT MARKETS TO BUILD THEIR EXPORT CAPACITY AND INVESTMENT POTENTIAL.**

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.

Many Pacific Island countries are small in size, geographically remote from global markets and vulnerable to environmental and economic shocks that affect exports. Through our work, we focus on helping 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.

Coconut, fish, palm oil, coffee, cocoa and vanilla rank as the Pacific Islands' best-performing commodity 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, coffee, pepper, vanilla and virgin coconut oil. Pacific Island entrepreneurs are also achieving success in exporting innovative and niche products such as mineral water, 'nutriceuticals', beauty products and high-quality indigenous art.

In 2011, Pacific Islands Trade & Invest facilitated tangible commercial outcomes for export-capable and export-ready businesses in the region, particularly through the promotion of export-ready businesses at Fine Food Australia.

Through our export advisory and support services in 2011 we:

- facilitated 12 exporters to be part of the Pacific Islands stand at Fine Food Australia;
- helped an essential oils company increase sales;
- established a market for a client exporting frozen vegetables and fresh taro;
- introduced a corned beef and mutton exporter to Australian distributors;
- found a buyer for a range of simmer sauces and garlic and ginger pastes;
- introduced an exporter of chilli paste to potential buyers; and
- assisted many more export-capable and export-ready businesses connect with international markets.

## **CASE STUDY: FINE FOOD AUSTRALIA**

In 2011, Pacific Islands Trade & Invest provided 12 Pacific Island exporters with the opportunity to travel to Australia and exhibit their products at Fine Foods Australia – the largest food and hospitality industry event in the region.

The event was attended by nearly 23,000 members of the retail, food service and hospitality industry from 38 countries. Pacific Islands Trade & Invest had its own stand with 12 Pacific Island exporters with products ranging from vanilla from Niue and Tonga, Noni juice and coffee from Samoa, coconut oil and coconut based products from Fiji, skin care products from Vanuatu, Tuna Jerky from Kiribati, and beer and coffee from Papua New Guinea to name a few.

With buyers from Australia, Singapore, Japan, Vietnam and Thailand 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 distribution agreements and orders placed by several exporters. Exhibitors also gained valuable insights into key factors such as international market requirements, branding, packaging, labelling, promotions and supply chain logistics.

Fine Food Australia moves to Melbourne in 2012 and Pacific Islands Trade & Invest will represent Pacific Island countries exporters.

**WITH BUYERS FROM AUSTRALIA, SINGAPORE, JAPAN, VIETNAM AND THAILAND IN ATTENDANCE, FINE FOODS WAS THE IDEAL FORUM TO PROMOTE PACIFIC ISLAND PRODUCTS, BUILD THEIR RESPECTIVE BRANDS AND SECURE DISTRIBUTION IN INTERNATIONAL MARKETS.**



**152**  
export services  
provided

# INVESTMENT

## **PACIFIC ISLANDS TRADE & INVEST FACILITATES INVESTMENT OPPORTUNITIES FOR OUR CLIENTS THROUGH THE IN-DEPTH KNOWLEDGE AND EXPERIENCE WE HAVE GAINED BY WORKING IN THE PACIFIC ISLANDS COMBINED WITH OUR PRESENCE AND EXTENDED BUSINESS NETWORKS IN FOUR KEY MARKETS.**

As highlighted in the Pacific Plan (2005), 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.

Our Investment Promotion Services assist our clients by:

- developing and improving their business documentation;
- enhancing their visibility in the investment marketplace;
- facilitating investor enquiries from Australia, China, Japan and New Zealand;
- highlighting opportunities for potential international investors through the *Investment Opportunities in the Pacific Islands 2011* guide; and
- encouraging networking amongst Pacific Island businesses and foreign investors at the *Pacific Islands Investment Summit*.

## **CASE STUDY: PATHWAYS TO FINANCE**

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.

Without access to credit to buy inventory and equipment and to extend terms of trade with customers, many businesses cannot start, let alone grow. The Pathways to Finance program aims to assist SMMEs in the Pacific Islands gain access to capital in order to facilitate business growth and increase employment opportunities within their communities.

Pacific Islands Trade & Invest partnered with the Solomon Islands Small and Medium Enterprise Council (SMEC) to pilot the program in 2011. By the end of the pilot, 44 business proposals were developed and submitted to the bank. The results were very encouraging:

- 21 loans were approved, including five for businesswomen;
- New financing amounted to approximately AU\$596,000 (SB\$2 million);
- 75 per cent of SMME respondents believed the program serviced their needs; and
- 88 per cent of respondents would recommend the program to others.

Based on the success of the pilot, Pacific Islands Trade & Invest has signed a second Memorandum of Understanding (MoU) with SMEC in 2012. As part of the program's goals, three additional MoUs have been signed with partner organisations in Vanuatu (Vanuatu Chamber of Commerce and Industry), Papua New Guinea (Port Moresby Chamber of Commerce and Industry) and Palau (Small Business Development Centre). These projects are currently underway and will conclude at the end of the 2012 calendar year.

**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.**

The Pacific Islands represent one of the world's least explored regions – both for natural resources and for the potential it offers in a range of investment sectors. Despite the many investment prospects it offers, the region is relatively unknown to the international investment community, particularly in the burgeoning South East and North East Asian markets.

Pacific Islands Trade & Invest encourages foreign investment by undertaking investment promotion activities, such as the Pacific Islands Investment Summit, across all five offices to engage relevant stakeholders and facilitate investments in the Pacific region. 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.

## **2011 PACIFIC ISLANDS INVESTMENT SUMMIT**

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 Summit to encourage networking amongst Pacific Island businesses and foreign investors.

Following the success of the inaugural Investment Summit, which was co-founded by NZAID in 2010, Pacific Islands Trade & Invest staged the event again in September 2011. Coinciding with the Pacific Islands Forum Leaders Meeting, the event was attended by more than 200 delegates – including investors, business owners and government officials – from Asia and the Pacific Rim.

The one-day event offered an excellent opportunity for delegates to gain practical insights into key issues affecting business and investment in the region. The program also included six panel sessions with influential industry leaders addressing key topics including: tourism, infrastructure, agribusiness, clean and affordable energy, fisheries and social entrepreneurship.



**51**

**services provided  
to investment clients**

# TOURISM PROMOTION

## **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.**

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.

Tourism has the greatest potential for growth in most Pacific Island countries and also offers significant opportunities to build women-owned businesses. Proving the strength of the tourism sector as a generator of economic growth and employment in the Pacific, the Cook Islands, Fiji, Palau and Samoa enjoyed record visitor arrivals in 2011.

This growth has been largely attributed to recent improvements in transport infrastructure coupled with greater flight frequency, particularly with Virgin Group's entry in the local market. The future is also looking bright for cruise tourism with Vanuatu due to welcome 100 cruise ships to its waters in 2012. Tourism investment has also been steady, despite the global economic slowdown.

In 2011 Pacific Islands Trade & Invest focused on improving the online presence of Pacific Island countries as well as developing a niche marketing approach to capitalise on the growing popularity of niche holidays across special interest areas including: health and wellbeing, agriculture, volunteer, adventure, science, war history and education-based tourism.

We also continued to build partnerships with key online travel players including TripAdvisor, 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.

## **CASE STUDY: PACIFIC FISHING TOURS**

In the remote reefs and atolls of the South Pacific Islands lie some of the best game fishing spots in the world and the perfect destination for unique adventure holidays for the experienced fisherman.

In alignment with our tourism promotion strategy, Pacific Islands Trade & Invest partnered with the national tourism offices throughout the Pacific to develop packaged fishing holidays for the Australian and New Zealand markets.

In 2011, we also partnered with a New Zealand-based wholesaler and supported a strategic drive to grow packaged holiday fishing charters into Fiji, Niue, Solomon Islands, Tonga and Vanuatu. Our involvement included assistance with promotional material along with dedicated support and advice. The result has been a significant growth in sales from NZ\$176,000 in 2010 to \$485,000 in 2011, with growth most notable in Tonga, Niue and Vanuatu.

**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.**



**1.5m**

**tourist arrivals –  
up 5.8% from 2010\***

\* Source: South Pacific Tourism  
Organisation

# CREATIVE ARTS

## PACIFIC ISLANDS TRADE & INVEST'S CREATIVE ARTS PROGRAM 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 working with creators and artists in the region to create new export networks and connect with international buyers.

Increasing exports in creative and indigenous knowledge products helps to both preserve traditional craft techniques and provide home-based income. This is particularly important for increasing women's participation in trade. For example, in Vanuatu, women make up 88 per cent of the handicrafts industry and 96 per cent of open-air vendors catering to tourists.

Through wide consultations and continuing dialogue with key entities in the Australian market, the Creative Arts program has identified a market for traditional art produced by contemporary creators from the Pacific Islands. There is particularly strong interest amongst Australian buyers for home ware or artisan wares including textiles, basketry, bilum and hand-carved products.

In 2011, Pacific Islands Trade & Invest expanded the Creative Arts program to engage a wider variety of Pacific Island artists and creators. The program has created business links between producers and buyers, built greater awareness of target market needs and promoted Pacific Island products through targeted activities, such as Marketi Ples.

Pacific Islands Trade & Invest aims to double the size of the market for creative industries and indigenous knowledge products from the Pacific Island over the next 10 years.

The Creative Arts is a dedicated program that seeks to:

- increase the commercial value of artworks produced by Pacific Island artists and artisans in international markets;
- increase the commercial value of products borne from the traditional knowledge and expressions of culture amongst Pacific creator communities;
- promote and create awareness of Pacific Island creators;
- present a professional event promoting the art works of Pacific Island creators; and
- expand the professional networks between creators living in the region with each other, Australian based partners and collaborators.

## CASE STUDY: MAKETI PLES 2011

Through the Creative Arts program, Pacific Islands Trade & Invest created Marketi Ples to introduce the work of artists and artisans from the Pacific Islands to the Australian market.

The commercial gallery model had not traditionally been seen as a stage for Pacific Island creative art, but through Marketi Ples it proved to be a successful marketing event for the promotion of the region's artisans directly to Australian consumers, designers, retailers, importers and the media.

"Marketi Ples cuts across a number of sectors – culture, environment, small business, education, community to mention a few. Regional events such as Marketi Ples also create new networks to increase the trade and collaborative work between Pacific Island countries including Australia," said Creative Arts Manager, Ms Ruth Choulai.

Two resoundingly successful Marketi Ples exhibitions have now been at Global Gallery in Sydney, Australia. Sales from the 2011 event topped AU\$20,000.

**WE ARE HELPING TO PLACE A COMMERCIAL VALUE ON THE PACIFIC ISLAND COMMUNITY'S TRADITIONAL KNOWLEDGE AND CULTURAL EXPRESSIONS BY WORKING WITH CREATORS AND ARTISTS IN THE REGION TO CREATE NEW EXPORT NETWORKS AND CONNECT WITH INTERNATIONAL BUYERS**



**\$112,344**  
in creative arts export  
sales (AU\$)



**PW**  
MELEKEOK

**FM**  
PALIKIR

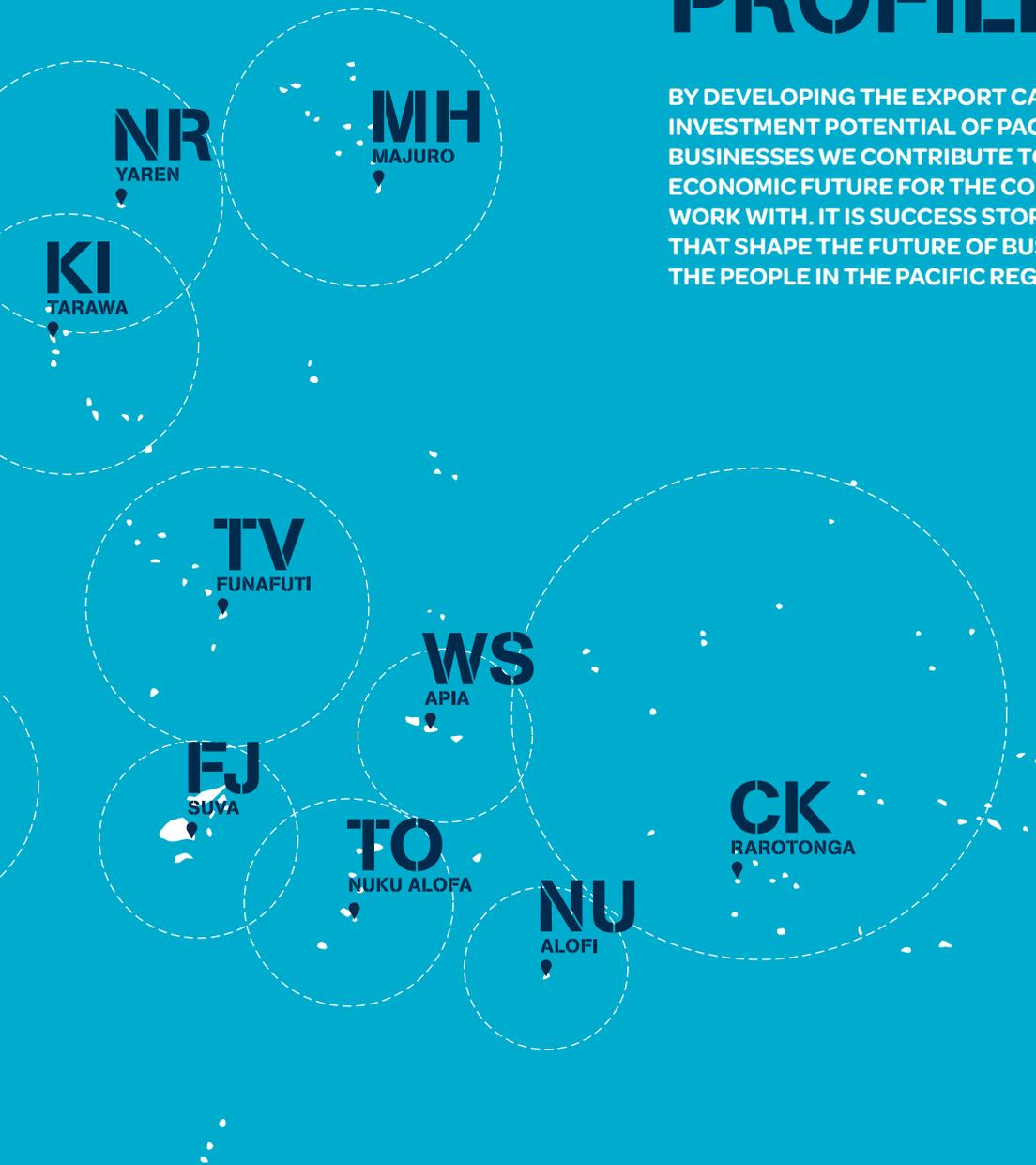
**PG**  
PORT MORESBY

**SB**  
HONIARA

**VU**  
PORT-VILA

# 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.



|           |                                |
|-----------|--------------------------------|
| <b>CK</b> | Cook Islands                   |
| <b>FM</b> | Federated States Of Micronesia |
| <b>FJ</b> | Fiji Islands                   |
| <b>KI</b> | Kiribati                       |
| <b>MH</b> | Marshall Islands               |
| <b>NR</b> | Nauru                          |
| <b>NU</b> | Niue                           |
| <b>PW</b> | Palau                          |
| <b>PG</b> | Papua New Guinea               |
| <b>WS</b> | Samoa                          |
| <b>SB</b> | Solomon Islands                |
| <b>TO</b> | Tonga                          |
| <b>TV</b> | Tuvalu                         |
| <b>VU</b> | Vanuatu                        |

# COOK ISLANDS

**THE COOK ISLANDS' PREMIUM TOURISM OFFERING CONTINUES TO FLOURISH AS THE MAINSTAY OF THE COUNTRY'S ECONOMY. ASSISTED BY DIRECT FLIGHTS FROM AUSTRALIA, NEW ZEALAND, TAHITI AND THE USA, TOURIST ARRIVALS GREW TO A RECORD OF MORE THAN 100,000 VISITORS IN 2011. AS EVIDENCE OF THIS, 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 also continue to be the main source of income for many Cook Island communities and a focus area for our business support services.

Through our Creative Arts program, we have also offered marketing and promotional assistance to local artists including Mii Quarter and Kay George who were part of the Maketi Ples exhibition in Sydney.

### Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Pearl industry, fruit processing, tourism, fishing, clothing, handicrafts |
| <b>Exports</b>                               | Pearls, pawpaw, clothing  |
| <b>Major export markets</b>                  | Japan, New Zealand, Australia   |
| <b>Imports</b>                               | Food, animals, machinery, mineral fuels                                   |
| <b>Major import markets</b>                  | New Zealand, Fiji, Australia  |
| <b>Emerging and potential growth sectors</b> | Wedding tourism   |

### CASE STUDY: MII QUARTER CREATES A BUZZ AT MAKETI PLES

Maketi Ples is the annual cornerstone event for Pacific Islands Trade & Invest's Creative Arts program. The inaugural event in 2011 created opportunities for Pacific Islands based fine artists and artisans such as Mii Quarter from the Cook Islands.

Mii Quarter came to the attention of Pacific Islands Trade & Invest thanks to a recommendation by the Cook Islands Chamber of Commerce. Her exquisite tivaevae (traditional quilting and embroidery art form) work was a natural inclusion in the Maketi Ples exhibition. Tivaevae is steeped in social and cultural meaning in the Cook Islands with the quilts exchanged as gifts and highly regarded as priceless heirlooms with the unique patterns and forms invested with meaning to each family.

Despite its cultural significance, tivaevae has not typically been recognised as an art form of mainstream market value. Maketi Ples allowed Mii Quarter the opportunity to represent her work and that of her fellow Cook Island artists to the attention of an international audience and find new markets for their work. The exhibition has sparked interest in tivaevae not just from private collectors but also from private galleries keen to exhibit the art form in Australia.

# 50%

**OF COOK ISLANDS CLIENTS ARE IN THE TOURISM INDUSTRY**



**ARTIST MII QUARTER AT MAKETI PLES, SYDNEY 2011**

# FEDERATED STATES OF MICRONESIA

**THE FEDERATED STATES OF MICRONESIA (FSM) IS UNIQUELY POSITIONED TO GROW ITS ALREADY STRONG TOURISM AND FISHING INDUSTRIES. WORLD-CLASS SURFING AND WRECK-DIVING SITES AT POHNPEI AND NAN MADOL HELPED DRAW MORE THAN 24,000 VISITORS TO FSM IN 2011.**

Recognising the potential for growth within the lucrative tuna fishing industry and the opportunity for further investment in the tourism sector, 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 2011 Sydney International Boat Show.

### Trade snapshot

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Fisheries, tourism, agriculture  |
| <b>Exports</b>                               | Fish, banana, copra, trochus shells/ meat, kava, and betel nut   |
| <b>Imports</b>                               | Food and live animals, mineral fuels, machines, transport and equipment, manufactured goods, textiles, beverages and tobacco |
| <b>Major import markets</b>                  | USA, Australia, Japan  |
| <b>Emerging and potential growth sectors</b> | Tourism (surfing and wreck diving), tuna fishing   |

### CASE STUDY: KOSRAE NAUTILUS RESORT SEALS NEW BUSINESS DEAL AT SYDNEY INTERNATIONAL BOAT SHOW

As a guest of Pacific Islands Trade & Invest, Kosrae Nautilus Resort was able to connect with a range of potential travel distributors and tourism operators at the Sydney International Boat Show in 2011.

Kosrae is the second largest island in the States of the Federated States of Micronesia. Pacific Islands Trade & Invest facilitated the attendance of Kosrae Nautilus Resort representative Mr Josh Beitz to exhibit on its stand at the Show.

Mr Beitz was able to network with a number of Dive Travel Distributors, as well as other Pacific tourism operators. As a direct result of the show, Kosrae Nautilus Resort is now represented by Sydney based travel agency Dive Adventures. This new business partnership with Dive Adventures will provide Kosrae Nautilus Resort with the marketing and sales support to help grow its business.

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**CLIENT RELATIONSHIPS IN FSM**

**MR. JO SH BEITZ OF KOSRAE NAUTILUS RESORT AT SYDNEY INTERNATIONAL BOAT SHOW, 2011**  
© CHRIS BRIMBLE



# FIJI

**FIJI CONTINUES TO PERFORM STRONGLY IN ITS KEY EXPORT MARKETS INCLUDING AGRIBUSINESS, GARMENT MANUFACTURING AND TOURISM. IN 2011, TOURIST ARRIVAL NUMBERS REACHED A RECORD-BREAKING HIGH OF 700,000 VISITORS, HIGHLIGHTING THE OPPORTUNITY FOR POTENTIAL GROWTH IN THE INTEGRATED RESORT DEVELOPMENT SECTOR.**

Throughout 2011 Pacific Islands Trade & Invest continued to work with export-ready businesses in Fiji, predominantly in the agricultural and fresh food production sectors. The majority of services provided to Fijian businesses included export advisory services, client needs' assessment studies and the identification of potential clients. Top performing clients included: Marvells Food Packages, Warwick Pleass, Make It In Fiji, Bula Island Food Supplies, Ram Karan Kava Dealers and Foods Pacific Pty Ltd.

## Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Tourism, sugar, clothing, copra, lumber, small cottage                                    |
| <b>industries</b>                            | Pearls, pawpaw, clothing  |
| <b>Exports</b>                               | Agribusiness, sugar, garments, gold, timber, fish, services                               |
| <b>Major export markets</b>                  | Singapore, Australia, United Kingdom  |
| <b>Imports</b>                               | Manufactured goods, machinery and transport equipment, petroleum products, food chemicals |
| <b>Major import markets</b>                  | Singapore, Australia, New Zealand   |
| <b>Emerging and potential growth sectors</b> | Information and Communication Technologies (ICT), integrated resort development           |

## CASE STUDY: IT'S A CAN DO FOR SECURING NEW EXPORT MARKETS FOR FOODS PACIFIC

As part of a market research project undertaken on behalf of Foods Pacific, Pacific Islands Trade & Invest successfully sourced a number of potential distributors of two Foods Pacific products, namely corned beef and corned mutton.

Following this initial market research phase Pacific Islands Trade & Invest organised a trade mission to introduce Foods Pacific to these pre-sourced distributors and expose them further to the Australian market. Only two weeks later Food Pacific had a distribution chain set in place and have been dispatching a container every month since.

Pacific Islands Trade & Invest continues to work with Foods Pacific to drive sales through providing further support in the areas of market development and needs assessment, market briefings and customer introductions. Foods Pacific has attributed more than AUD\$220,000 worth of sales to the support it has received from Pacific Islands Trade & Invest.

Following the success of the canned meat ventures, Pacific Islands Trade & Invest is working with Foods Pacific to secure new markets for its garlic, chilli, ginger paste and ready to use simmer sauces.

**A PRODUCT FROM THE FOODS PACIFIC RANGE**



# \$3.3m

**IN EXPORT SALES FACILITATED FOR FIJI (AU\$)**

# 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. THE TOURISM AND CLIMATE CHANGE ADAPTION TECHNOLOGY SECTORS OFFER SIGNIFICANT OPPORTUNITY FOR FUTURE ECONOMIC GROWTH AND INVESTMENT.**

In 2011, Pacific Islands Trade & Invest worked with clients such as Teikabuti Fishing Co Ltd, by exposing them to new international market opportunities for their tuna snacks.

**Trade snapshot**

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Tourism, fisheries, agriculture, remittances, copra  |
| <b>Exports</b>                               | Fish, copra, coconut oil, seaweed  |
| <b>Imports</b>                               | Food and live animals, machines, transport equipment, manufactured goods, mineral fuels, beverages and tobacco |
| <b>Major import markets</b>                  | Australia, Fiji, France  |
| <b>Emerging and potential growth sectors</b> | Climate change adaption technologies, tourism (fishing, bird watching and surfing)                             |

**CASE STUDY: TEIKABUTI FISHING COMPANY REELS IN NEW BUSINESS LEADS AT FINE FOOD AUSTRALIA**

Teikabuti Fishing Company was able to showcase its tuna jerky product to a range of international buyers and distributors at the Fine Food Australia show in 2011.

Its tuna jerky products are made from only natural ingredients and are low in fat and high in protein. With 50 per cent of the world’s tuna caught in South Pacific seas, the company also prides itself in the combination of old and new practices with the best-quality fish caught by traditional fishermen trained in modern fish handling techniques.

At the Fine Food show, Teikabuti representative Michael Savins was able to generate at least 12 new business leads and attract significant general interest in its tuna jerky product. “The first hand exposure to such an event and the immediate feedback that you obtain while meeting clients places you many months ahead in a very competitive industry,” he said.

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**CLIENT SERVICES DELIVERED TO KIRIBATI**



**50 PER CENT OF THE WORLD’S TUNA SUPPLY IS CAUGHT IN SOUTH PACIFIC SEAS**

© C&M FALLOWS / OCEANWIDEIMAGES.COM

# MARSHALL ISLANDS

**IN LATE 2011, THE REPUBLIC OF THE MARSHALL ISLANDS OPENED ITS DOORS FOR EXPANDED SCIENTIFIC, DIVING AND TOURISM INVESTMENT WHEN IT DECLARED A LARGE PART OF ITS SEAS WOULD BECOME THE WORLD'S LARGEST SHARK SANCTUARY.**

With an economy built on selling fishing rights to its waters, the Marshall Islands has approximately 2,500 vessels registered within its waters, making it the third-largest fishing fleet in the world.

Pacific Islands Trade & Invest is working with businesses in the Marshall Islands to explore the potential for other growing markets including the export of giant clams for aquarium purposes, building and construction, food processing and handicrafts produced by Women United Together Marshall Islands (WUTMI).

## Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Copra, tuna processing, tourism, craft items from seashells and pearls, remittances   |
| <b>Exports</b>                               | Copra, crude coconut oil, chilled frozen fish, handicrafts, trochus shell/meat  |
| <b>Major export markets</b>                  | Australia, Fiji, Guam, Japan, Hong Kong, New Zealand, Philippines, Singapore, Taiwan & US                                     |
| <b>Imports</b>                               | Mineral fuels and live animals, machinery and transport equipment, crude materials, manufactured goods, beverages and tobacco |
| <b>Major import markets</b>                  | Australia, Fiji, Guam, Japan, Hong Kong, New Zealand, Philippines, Singapore, Taiwan & US                                     |
| <b>Emerging and potential growth sectors</b> | Giant clams, handicrafts, food processing   |

## CASE STUDY: CRAFTING NEW MARKETS FOR MARSHALL ISLANDS' EXPORTS IN JAPAN

Through its work with Women United Together Marshall Islands (WUTMI), Pacific Islands Trade & Invest identified a strong opportunity to market handicrafts produced by Marshallese women in Japan.

Women United Together Marshall Islands (WUTMI) is a chartered non-government, not-for-profit organisation. It works to advance the causes and improve the lives of Marshallese women and their families.

Pacific Islands Trade & Invest facilitated the University Student Chamber of Japan (UNISC) to visit the Marshall Islands to meet with WUTMI and negotiate a JPY1 million deal to import a range of handicrafts to Japan. UNISC now sells these handicrafts through a national technology museum and online with Pacific Islands Trade & Invest's support.

A major highlight for the project was the sales achieved at the Pacific Cultural Art Festival held at Komazawa Olympic Park in July 2011. The event attracted 60,000 visitors many of whom purchased the handicrafts produced by WUMTI.



**HANDICRAFTS CREATED THROUGH THE WOMEN UNITED TOGETHER MARSHALL ISLANDS PROGRAM**

# 38%

**OF OUR CLIENTS IN MARSHALL ISLANDS ARE IN THE BUILDING AND CONSTRUCTION SECTOR**

# 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 THE PAYMENTS FOR FISHING RIGHTS WITHIN ITS EXCLUSIVE ECONOMIC ZONE (EEZ).**

However, worked out phosphate mines are providing opportunities in rehabilitation and development initiatives, and in 2011 phosphate exports helped boost GDP growth in Nauru to 4.0 per cent. 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.

### Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Phosphate mining, financial services, coconuts                                    |
| <b>Exports</b>                               | Phosphates, coconuts  |
| <b>Major export markets</b>                  | South Africa, South Korea & Canada  |
| <b>Imports</b>                               | Food and live animals, manufactured goods, building materials, fuel and machinery |
| <b>Major import markets</b>                  | South Korea, Australia, USA & Germany   |
| <b>Emerging and potential growth sectors</b> | Phosphate, coral  |

### CASE STUDY: NAURU REPRESENTED AT THE COMMONWEALTH BUSINESS FORUM

In October 2011, Pacific Islands Trade & Invest led a delegation of eight private sector representatives from the Pacific to the three day Commonwealth Business Forum that ran in conjunction with CHOGM in Perth, Western Australia. Included in the delegation was Lockley Denuga, CEO of the National Private Sector Organization in Nauru.

The meeting provided Mr Denuga the opportunity to meet with potential investors from across the Commonwealth and build on the momentum that was generated at the Pacific Islands Investment Summit in Auckland the previous month.

The visit also provided in-market briefings with two site visits to key Western Australian facilities and businesses that have relevance for the Pacific. Sites visited included an Aquaponics facility, an Aquaculture and fisheries school as well as a portable and scalable Recycling Waste Management system.



**CLIENT RELATIONSHIPS**



**MR. LOCKLEY DENUGA, CEO OF THE NATIONAL PRIVATE SECTOR ORGANIZATION IN NAURU, ATTENDED THE COMMONWEALTH BUSINESS FORUM IN AUSTRALIA IN OCTOBER 2011**

# 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 company, 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. In 2011, this programme saw the signing of a Memorandum of Understanding between New Zealand-based Pasifika Integrated Health Care and Niue's Department of Health for the training of health care workers.

### Trade snapshot

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Tourism, fisheries, agriculture  |
| <b>Exports</b>                               | Canned coconut cream, copra, honey, vanilla, pawpaw, root, crops, limes, stamps, handicrafts, fish |
| <b>Major export markets</b>                  | New Zealand, USA   |
| <b>Imports</b>                               | Food, live animals, manufactured goods, machinery, fuels, lubricants, chemicals, pharmaceuticals   |
| <b>Major import markets</b>                  | New Zealand, Japan, China, Australia   |
| <b>Emerging and potential growth sectors</b> | Tourism, handicrafts, food processing  |

### CASE STUDY: NIUE RECEIVES A HEALTH BOOST THROUGH OUR 'RETURN TO ROOTS' DIASPORA PROGRAM

A partnership between the Government of Niue's Department of Health and New Zealand based Pasifika Integrated Health Care (PIHC) will boost the capacity of Niue's health care system and improve the skills of its workforce.

Under the proposal, PIHC will work with the Health Department of Niue to deliver training and education programs to the country's health care workers in accordance with New Zealand certification standards. A Memorandum of Understanding (MoU) was signed between the two organisations after two years of negotiations as an outcome of Pacific Trade & Invest's 'Return to Roots' program in 2009.

The program encourages Pacific Island entrepreneurs living in New Zealand to invest back into their countries of origin to help create local jobs and wealth. Organised with the cooperation of New Zealand's Ministry of Pacific Island Affairs, the Niue Government and Niue Chamber of Commerce, the objective of the 2009 mission was to find opportunities to add value to existing businesses in Niue's fishing, tourism, health and agriculture sectors.

One of the delegates on the 2009 'Return to Roots' mission was the Managing Director of PIHC, Ms Dahlia Naepi. A trained nurse with 30 years experience in the field as well as running three healthcare service centres in Auckland, Ms Naepi, saw this as an opportunity to help Niue's residents access better healthcare without having to fly out to New Zealand for ailments that could be treated on the island.

"Developing critical workforce capacity on the island is inward investment as I see it," said Ms Naepi.

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**CLIENT SERVICES PROVIDED TO NIUE**



**MS DAHLIA NAEPI, MANAGING DIRECTOR OF PASIFIKA INTEGRATED HEALTH CARE**

# PALAU

## **PALAU'S BOUNTIFUL MARINE LIFE PROVIDES THE COUNTRY'S MAIN SOURCE OF REVENUE IN TERMS OF FISHERIES AND TOURISM.**

Tourism grew by 13 per cent in 2011 with more than 100,000 visitor arrivals from Japan, Taiwan, Korea and the US. The scheduling of weekly flights by four airlines connecting Palau with key markets in East Asia and the US has been attributed to this strong growth. In 2009, Palau also bolstered its already strong tourism industry by declaring its entire Exclusive Economic Zone (EEZ) of 600,900 square kilometres a shark sanctuary. This move will help open the doors to the development of eco- and adventure tourism in the country.

The bulk of Pacific Islands Trade & Invest's support service for Palau businesses in 2011 has been through the delivery of strategic advice and assistance with attendance at industry trade shows, such as the Sydney International Boat Show.

### **Trade snapshot**

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Agriculture, tourism, fishing                      |
| <b>Exports</b>                               | Handicrafts, agricultural goods, taro and coconut  |
| <b>Major export markets</b>                  | US, Japan, Taiwan                                  |
| <b>Imports</b>                               | Mineral fuels, manufactured goods, machinery, food |
| <b>Major import markets</b>                  | US, Singapore, Japan                               |
| <b>Emerging and potential growth sectors</b> | Ecotourism and diving tours                        |

## **CASE STUDY: PALAU DIVES INTO NEW MARKETS AT SYDNEY INTERNATIONAL BOAT SHOW**

Pacific Islands Trade & Invest played host to three marine tourism businesses from Palau at the Sydney International Boat Show in 2011.

Pacific Islands Trade & Invest selected Fish 'n' Fins Diving / OceanHunter Liveaboards, Sam's Tours and Palasia Hotel to attend the Boat Show following a visit to Palau where we were able to gain good insights into the country's most promising tourism operators.

Tova and Navot Bornovski, owners and operators of Fish 'n' Fins Diving and OceanHunter liveaboards; Marc Bauman of Sam's Tours; and Wayne Lim of the Palasia Hotel joined the Pacific Islands Trade & Invest stand to promote their businesses and tourism to Palau.

The 2011 Sydney International Boat Show attracted more than 68,000 visitors and provided exhibitors with a great opportunity to engage with Australian customers, outbound wholesalers and fellow operators.

**MR. WAYNE LIM FROM PALASIA HOTEL AND OWNER OF FISH 'N FINS, MRS. TOVA BORNOVSKI, ON THE PACIFIC ISLANDS TRADE & INVEST STAND AT THE 2011 SYDNEY INTERNATIONAL BOAT SHOW**

© CHRIS BRIMBLE



**PALAU PARTICIPATED IN THREE PT&I INTERNATIONAL EVENTS**

# PAPUA NEW GUINEA

**PAPUA NEW GUINEA (PNG) IS AT THE PEAK OF A RESOURCES BOOM THAT HAS SEEN IT BECOME ONE OF THE WORLD'S FASTEST GROWING ECONOMIES. THE US\$17.3 BILLION EXXON MOBIL LNG PROJECT IS A KEY DRIVER OF THIS SURGE IN GROWTH WITH PNG'S EXTENSIVE MINERAL AND PETROLEUM DEPOSITS (OIL, GOLD AND COPPER) AND OTHER NATURAL RESOURCES (FORESTS, AGRICULTURE, FISHERIES) ALSO PROVIDING THE POTENTIAL FOR STRONG FUTURE PROSPERITY.**

Alongside the growth in the resources sector, there are significant opportunities to expand and develop sustainable industries in forestry, fisheries and agribusiness. Tourism is also set to grow with plans by Carnival Cruises to include PNG on its itineraries and a joint marketing initiative with Far North Queensland (Australia).

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, Bilum Meri, Sai Arts and Vinz B through our creative arts program.

## Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Liquefied Natural Gas, mining of gold, silver and copper, Copra crushing, palm oil processing, plywood productions, wood chip production, crude oil production, petroleum refining, construction, tourism |
| <b>Exports</b>                               | Oil, gold, copper ore, logs, palm oil, coffee, cocoa, crayfish, prawns  |
| <b>Major export markets</b>                  | Australia, Japan, China, Philippines  |
| <b>Imports</b>                               | Machinery and transport equipment, manufactured goods, food, fuels, chemicals   |
| <b>Major import markets</b>                  | Australia, Singapore, China, Japan  |
| <b>Emerging and potential growth sectors</b> | Forestry, fisheries, agribusiness tourism   |



**PNG ARTISTS ACHIEVING INTERNATIONAL SALES**

## CASE STUDY: FINDING AN INTERNATIONAL MARKET FOR PNG'S ÖMIE ARTISTS

Pacific Islands Trade & Invest's Creative Arts Program is assisting a group of artists from Papua New Guinea to present their art to international art buyers and collectors in commercial gallery exhibitions.

Ömie Artists is a cooperative of tribeswomen from remote villages in the mountainous interior of Oro Province in Papua New Guinea who paint traditional ceremonial barkcloths. Now also produced for a high-end art market, the Ömie barkcloths are keenly sought after by international art institutions and private collectors.

International Representative of Ömie Artists, Brennan King, implemented a 100 per cent artist-owned cooperative business model similar to those used in indigenous Australian communities. This has seen greater financial returns for the artists, which in turn, has benefited their families, children and the wider community.

After the first successful exhibition to Australia in 2010, Pacific Islands Trade & Invest supported Ömie Artists again in 2011 with financial assistance for exhibitions in Singapore and Broome.

"This project fits with our vision of working together with Pacific Islands businesses to facilitate international opportunities in order to create greater prosperity for the people through more sustainable communities", said Ruth Choulai, Creative Arts Manager for Pacific Islands Trade & Invest's Sydney Office.



**THROUGH OUR CREATIVE ARTS PROGRAM, ÖMIE ARTISTS – A COOPERATIVE OF TRIBESWOMEN FROM REMOTE VILLAGES IN THE MOUNTAINOUS INTERIOR OF ORO PROVINCE IN PAPUA NEW GUINEA – HAVE EXHIBITED IN AUSTRALIA AND SINGAPORE**

© BRENNAN KING

# 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 marine tourism, 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 such as the national broadband network and the Scientific Research Organisation of Samoa and in doing so, is 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.

**Trade snapshot**

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Tourism, food processing, building, materials, automotive parts, remittances |
| <b>Exports</b>                               | Fish, coconut oil and cream, copra, taro, automotive parts, garments, beer   |
| <b>Major Export markets</b>                  | Australia, New Zealand, America Samoa  |
| <b>Imports</b>                               | Machinery and transport equipment, industrial supplies, foodstuffs           |
| <b>Major Import markets</b>                  | New Zealand, Australia, United States  |
| <b>Emerging and potential growth sectors</b> | Marine tourism, food processing, agribusiness                                |

**CASE STUDY: TAKING THE SAMOA FARMERS ASSOCIATION TO MARKET**

With continued economic instability around the globe, renewed attention has been given to farming in developing countries such as Samoa. With good growing conditions and practices producing very high quality crops, Samoa’s agriculture holds the key to increasing exports and improving the local economy.

With the support of Pacific Islands Trade & Invest, the Samoa Farmers Association (SFA) has successfully established a foothold in the New Zealand market. After the country saw a dramatic decrease in exports of its main crop, taro, in 1994, Samoa was forced to diversify its export products and markets. Since then Samoa has been successfully exporting agricultural products including copra, coconut products, and fish along with value added food products such as chips, honey, sauces, noni and chocolate.

Pacific Islands Trade & Invest has worked closely with the SFA in recent years to provide export advice, market research and buyer identification services. We have also assisted with marketing and promotion at trade events and helped negotiate supply agreements including that for a seasonal supply of fresh limes to a New Zealand importer.



**SINCE EXPORTS OF THE COUNTRY’S MAIN CROP, TARO, DECREASED IN 1994, THE SAMOA FARMERS ASSOCIATION HAS BEEN WORKING ON DIVERSIFYING THE COUNTRY’S EXPORT PRODUCTS AND MARKETS**

© GEORGE FETTING

**\$142,605**

**IN FOREIGN DIRECT INVESTMENT FACILITATED TO SAMOA (AU\$)**

# SOLOMON ISLANDS

**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. Solomon's 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.

Throughout 2011 Pacific Islands Trade & Invest continued to work with export-ready businesses in the Solomon Islands predominantly in tourism and manufacturing sectors. Top performing clients included tourism operators Dive Fish Snow Travel and Go Tours and building products supplier, South Pacific Timber.

## Trade snapshot

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Fisheries, copra, palm oil, gold, forestry and cocoa            |
| <b>Exports</b>                               | Timber, fish, copra, palm oil, cocoa                            |
| <b>Major export markets</b>                  | China, Thailand, Republic of Korea, Australia                   |
| <b>Imports</b>                               | Food, plant and equipment, manufactured goods, fuels, chemicals |
| <b>Major import markets</b>                  | Australia, Singapore, China, New Zealand                        |
| <b>Emerging and potential growth sectors</b> | Tourism (diving), gold, nickel and seafloor mining              |

## CASE STUDY: VITEX TIMBER BRANCHES OUT OF THE SOUTH PACIFIC

A long-term partnership between Pacific Islands Trade & Invest and South Pacific Timber has helped create a new source of agribusiness income for the Solomon Islands.

As New Zealand's largest stockist of timber mouldings, flooring weatherboard and building products, South Pacific Timber is also a significant importer of timber from the Pacific Islands.

South Pacific Timber recently approached Pacific Islands Trade & Invest with a proposal to introduce Vitex to the New Zealand market. Although the timber has been used for generations in the Solomon Islands to make drums and carvings, it had not been marketed as a high quality building products.

Pacific Islands Trade & Invest worked with South Pacific Timber on a cost share arrangement to develop a marketing strategy and identify buyers for the product. After a successful campaign targeting both consumers and the building industry, Vitex has entered the New Zealand market with demand growing every month.



**DEMAND FOR VITEX TIMBER FROM THE SOLOMON ISLANDS IS GROWING IN THE NEW ZEALAND MARKET**

© PHOTO COURTESY OF PETER MASSERTT

# \$166,392

**IN EXPORT SALES FACILITATED FOR SOLOMON ISLANDS (AU\$)**

# TONGA

**TONGA HAS INTRODUCED AN ENERGY ROADMAP TO REDUCE THE COUNTRY’S HEAVY DEPENDENCE ON FOSSIL FUELS WITH A FUTURE FOCUS ON DEVELOPING RENEWABLE ENERGY SECTORS SUCH AS SOLAR, WIND AND TIDAL.**

With daily flights from Australia and New Zealand, Tonga’s tourism figures grew to 45,000 visitors in 2011. Although the sector is currently underdeveloped it represents high potential for growth and is supported by government incentives for further investment in the sector.

In 2011, 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.

**Trade snapshot**

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Tourism, agriculture, fishing and manufacturing, remittances |
| <b>Exports</b>                               | Squash, fish, vanilla beans, root crops, coconut, tuna       |
| <b>Major export markets</b>                  | Hong Kong, New Zealand, United States, Australia             |
| <b>Imports</b>                               | Food, machinery and transport equipment, fuels, chemicals    |
| <b>Major import markets</b>                  | New Zealand, Singapore, United States, Australia             |
| <b>Emerging and potential growth sectors</b> | Tourism, renewable energy (solar, wind and tidal)            |

**CASE STUDY: JAPAN GETS A TASTE FOR TONGAN SEAWEED**

At the Pasifiki Trade Fair: Vava’u Lahi 2011 in May 2011, Pacific Islands Trade & Invest was impressed with the wide range of goods and services on exhibition. One of the key items that attracted attention, in particular due to its appeal to the Japanese market, was mozuku seaweed.

Following the Trade Fair, Pacific Islands Trade & Invest contacted a number of importers in Japan on behalf of Nishi Trading and generated strong interest in their product.

Tongan mozuku is renowned internationally for its flavour and quality. With many Japanese mozuku farms seriously affected by the 2011 earthquake, Tongan imports to Japan have helped address the local shortfall in supply.

With the assistance of Pacific Islands Trade & Invest, Nishi Trading negotiated a deal with Japanese importer Adachi Trading to export mozuku with three shipments made in the second half of 2011.

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**CLIENT SERVICES DELIVERED TO TONGAN BUSINESSES**

**EXPORTS OF TONGAN MOZUKU SEAWEED TO JAPAN ARE HELPING TO ADDRESS THE SHORTFALL IN LOCAL SUPPLY FOLLOWING THE 2011 EARTHQUAKE**



# TUVALU

**TUVALU'S PRIMARY SOURCES OF INCOME ARE DERIVED FROM ITS FISHING INDUSTRY, COPRA EXPORTS AND REMITTANCES.**

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.

**Trade snapshot**

|  |  |
|--|--|
| <b>Major industrial sectors</b>              | Fishing fees, remittances, copra   |
| <b>Exports</b>                               | Copra, stamps, handicrafts, domain name .tv  |
| <b>Major export markets</b>                  | Fiji, Australia, New Zealand   |
| <b>Imports</b>                               | Food and live animals, manufactured goods, mineral fuels and machines, transport and equipment |
| <b>Major import markets</b>                  | Fiji, Australia, New Zealand, Japan  |
| <b>Emerging and potential growth sectors</b> | Fishing  |

**CASE STUDY: INVESTING IN TUVALU'S FUTURE**

One of Pacific Islands Trade & Invest's key objectives is to drive foreign direct investment into the Pacific Region by developing and improving their business documentation and enhancing their visibility in the investment market.

Tuvalu was featured in Pacific Island Trade & Invest's first investment prospectus that showcased investment opportunities in the Pacific. With its nine tranquil coral atolls located halfway between Australia and Hawaii, Tuvalu is well positioned to expand its eco-tourism offering and showcase its natural beauty to the world. The prospectus identified an opportunity for an equity partner or joint venture to create an eco-style resort on Tuvalu's Fuafeke Island.

A strong mix of private and public sector representatives from Tuvalu attended the second annual Pacific Islands Trade & Invest Investment Summit held in Auckland in September 2011 that coincided with the Pacific Islands Forum Leaders Meeting.

Penieli Metia from Filamoa Lodge and Polau Kofe from money transfer business Sulani attended as part of the Private Sector Dialogue. Three additional delegates attended as guests of the New Zealand Ministry of Foreign Affairs & Trade (MFAT) and Pacific Islands Trade & Invest in support of small island developing states participation. These guest included Pese Maatia and Tapaa Mataio from Fuafeke Resort and Mafalu Loloua from Tuvalu Electricity Corporation.

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**CLIENT RELATIONSHIPS IN TUVALU**



**REPRESENTATIVES FROM TUVALU'S PUBLIC AND PRIVATE SECTORS ATTENDED THE SECOND ANNUAL PACIFIC ISLANDS TRADE & INVEST INVESTMENT SUMMIT IN AUCKLAND IN SEPTEMBER 2011**

# 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.**

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 2011, the majority of services provided by Pacific Islands Trade & Invest to businesses in Vanuatu were for tailored research and advice to support trade and investment ventures.

**Trade snapshot**

|  |   |
|--|---|
| <b>Major industrial sectors</b>              | Tourism, agriculture, offshore financial centres, fishing, forestry |
| <b>Exports</b>                               | Copra, beef, cocoa, timber, kava, coffee                            |
| <b>Major export markets</b>                  | Thailand, Japan, New Caledonia, Australia                           |
| <b>Imports</b>                               | Food, fuel, machinery and equipment                                 |
| <b>Emerging and potential growth sectors</b> | Telecommunications, tourism   |

**CASE STUDY: PACKAGING UP NEW EXPORT OPPORTUNITIES FOR SANTO MEAT PACKERS**

Pacific Islands Trade & Invest has been providing market development and in-country support to Vanuatu's Santo Meat Packers since 2008. Santo Meat Packers sources its stock from smallholder producers in Santo, providing these farmers with production support and access to new markets.

Santo Meat Packers is a Japanese-owned business that was originally set up specifically to slaughter, pack and export to the lucrative Japanese market. It now also exports to the Solomon Islands and Papua New Guinea (PNG) in part due marketing development support provided by Pacific Islands Trade and Invest.

Pacific Islands Trade & Invest has assisted Santo Meat Packers to increase business with an existing importer and helped the business establish ongoing orders with two new importer contacts.

Pacific Islands Trade & Invest targeted major food service businesses, manufacturers and retail distribution channels in PNG to help re-establish past customer relations and engage new import partners through helping Santo diversify its product offering.

Santo Meat Packers continues to build its business, capitalising on the introductions and connections Pacific Islands Trade & Invest makes as part of their ongoing relationship.



**CLIENTS RECEIVED TAILORED RESEARCH AND ADVICE IN VANUATU**

**COPRA IS VANUATU'S MOST IMPORTANT CASH CROP ACCOUNTING FOR 35 PER CENT OF THE COUNTRY'S EXPORTS**



# FINANCIAL STATEMENTS

|                 |           |  |
|-----------------|-----------|--|
| <b>SYDNEY</b>   | <b>33</b> | 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. |
| <b>AUCKLAND</b> | <b>36</b> |  |
| <b>BEIJING</b>  | <b>39</b> |  |
| <b>TOKYO</b>    | <b>42</b> |  |

## 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 2011, and the statement of cash flows for the year then ended, accompanying notes and the commissioner's and Secretary General's Statement.

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 opinion on them to the Secretary General of the Pacific Islands 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 judgment, 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 and 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  
August 7, 2012

### 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 2011, are drawn up in accordance with the Financial Regulations of the Commission, dated October 1994;
  - b) the Commission is not 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 2011 and the state of affairs at 31 December 2011 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 due.

August 7, 2012

# BALANCE SHEET SYDNEY

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

|                                  | 2011             | 2010           |
|----------------------------------|------------------|----------------|
| Currency:<br>AUD \$              |                  |                |
| <b>CURRENT ASSETS</b>            |                  |                |
| Cash                             | 1,056,170        | 56,287         |
| Term deposit                     | -                | -              |
| Accounts receivable              | 250              | 5,250          |
| Prepayments                      | 5,462            | 3,783          |
| Rental bond                      | -                | 32,594         |
| Other Investments                | -                | 6,600          |
| <b>TOTAL CURRENT ASSETS</b>      | <b>1,061,882</b> | <b>104,514</b> |
| <b>NON-CURRENT ASSETS</b>        |                  |                |
| Property plant and equipment     | 91,596           | 112,967        |
| Non-current asset                | 51,925           | -              |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>143,521</b>   | <b>112,967</b> |
| <b>CURRENT LIABILITIES</b>       |                  |                |
| Creditors and accruals           | 81,718           | 64,874         |
| Provisions                       | 15,888           | 14,214         |
| Deferred Income                  | 1,000,000        | -              |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>1,097,606</b> | <b>79,088</b>  |
| <b>TOTAL LIABILITIES</b>         | <b>1,097,606</b> | <b>79,088</b>  |
| <b>NET ASSETS</b>                | <b>107,797</b>   | <b>138,393</b> |
| <b>ACCUMULATED FUNDS</b>         |                  |                |
| Opening retained profits/surplus | 138,393          | 216,564        |
| Current retained profits/surplus | -30,596          | -78,171        |
| <b>TOTAL ACCUMULATED FUNDS</b>   | <b>107,797</b>   | <b>138,393</b> |

# STATEMENT OF INCOME AND EXPENDITURE SYDNEY

| Currency:<br>AUD \$ |                                       | Approved<br>2011 Budget | Over/(Under)<br>Expenditure | 2011<br>Actual   | 2010<br>Actual   |
|---------------------|---------------------------------------|-------------------------|-----------------------------|------------------|------------------|
|                     | <b>OPERATING REVENUE</b>              |                         |                             |                  |                  |
|                     | Government grants and funding         |                         |                             | 1,460,804        | 1,535,790        |
|                     | Interest                              |                         |                             | 24,521           | 26,040           |
|                     | Other                                 |                         |                             |                  | 12,342           |
|                     | <b>TOTAL OPERATING REVENUE</b>        |                         |                             | <b>1,485,325</b> | <b>1,574,172</b> |
|                     | <b>OPERATING EXPENDITURE</b>          |                         |                             |                  |                  |
|                     | <b>Personnel emoluments</b>           |                         |                             |                  |                  |
|                     | Personnel emoluments                  | 763,000                 | 5,518                       | 768,518          | 812,304          |
|                     | <b>Subtotal</b>                       | <b>763,000</b>          | <b>5,518</b>                | <b>768,518</b>   | <b>812,304</b>   |
|                     | <b>Administration</b>                 |                         |                             |                  |                  |
|                     | Computer                              | 19,500                  | -5,562                      | 13,938           | 11,791           |
|                     | Consulting                            | 5,000                   | 1,224                       | 6,224            | 4,764            |
|                     | Depreciation                          | -                       | 28,518                      | 28,518           | 27,636           |
|                     | Incidental and legal                  | 8,500                   | 6,667                       | 15,167           | 5,258            |
|                     | Insurances                            | 11,000                  | -1,684                      | 9,316            | 11,570           |
|                     | Workshop conference                   | 10,000                  | 921                         | 10,921           | 5,688            |
|                     | Office maintenance                    | 4,500                   | 166                         | 4,666            | 4,546            |
|                     | Office supplies                       | 10,550                  | 2,345                       | 12,895           | 10,175           |
|                     | Postage and freight                   | 4,000                   | 268                         | 4,268            | 3,989            |
|                     | Printing and stationery               | 12,200                  | 8,163                       | 20,363           | 11,961           |
|                     | Rent                                  | 155,000                 | -4,390                      | 150,610          | 138,082          |
|                     | Telephone, internet and fax           | 31,500                  | 1,129                       | 32,629           | 28,468           |
|                     | Travel and transport                  | 142,750                 | -39,792                     | 102,958          | 141,526          |
|                     | Utilities                             | 4,000                   | 1,993                       | 5,993            | 4,021            |
|                     | Miscellaneous                         | 46,500                  | 7,453                       | 53,953           | 50,573           |
|                     | <b>Auditing and financial charges</b> |                         |                             |                  |                  |
|                     | Audit and accounting                  | 6,500                   | -3,267                      | 3,233            | 16,224           |
|                     | Bank charges                          | 5,500                   | 929                         | 6,429            | 4,467            |
|                     | <b>Subtotal</b>                       | <b>477,000</b>          | <b>5,081</b>                | <b>482,081</b>   | <b>480,739</b>   |
|                     | <b>Work programme</b>                 |                         |                             |                  |                  |
|                     | <b>Core grant expenditure</b>         |                         |                             |                  |                  |
|                     | Exporter services                     | 45,000                  | 8,347                       | 53,347           | 29,691           |
|                     | Creative arts/publications            | 35,000                  | 6,727                       | 41,727           | 15,394           |
|                     | Investment promotion and seminars     | 25,000                  | 2,039                       | 27,039           | 31,232           |
|                     | Tourism promotion development         | 130,000                 | -1,845                      | 128,155          | 28,161           |
|                     | Knowledge and information management  | 15,000                  | 54                          | 15,054           | 20,183           |
|                     | Promotion – PIFS                      | -                       | -                           | -                | 234,639          |
|                     | <b>Subtotal</b>                       | <b>250,000</b>          | <b>15,322</b>               | <b>265,322</b>   | <b>359,300</b>   |
|                     | <b>TOTAL OPERATING EXPENDITURE</b>    | <b>1,490,000</b>        | <b>25,921</b>               | <b>1,515,921</b> | <b>1,652,343</b> |
|                     | <b>OPERATING PROFIT</b>               |                         | <b>-30,596</b>              | <b>-30,596</b>   | <b>-78,171</b>   |

# 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 4 to 12, which comprise the statement of movements in equity and 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.

The 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 Island Forum Secretariat those matters we are required to state 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 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 judgment, 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. The procedures selected depend on the auditor's judgment, 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 our capacity as auditor we have no relationship with or interests in Pacific Trade & Invest.

## OPINION

In our opinion the financial statements on pages 4 to 12 present fairly, in all material respects the financial position of Pacific Trade and Invest as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

## OTHER MATTER

The financial statements of Pacific Island Trade and Invest for the year ended 31 December 2010, were audited by another auditor who expressed an unmodified opinion on those statements on 2 August 2011.

## JSA Audit

July 2012  
Newmarket

# BALANCE SHEET AUCKLAND

|                                  | 2011           | 2010           |
|----------------------------------|----------------|----------------|
| Currency:<br>NZ \$               |                |                |
| <b>CURRENT ASSETS</b>            |                |                |
| Cash                             | 605,928        | 51,622         |
| Online account                   | 29,517         | 112,980        |
| Petty cash                       | 300            | 304            |
| Accounts receivable              | 60,787         | 2              |
| Prepayments                      | 5,750          | 6,111          |
| Accrued interest                 | 823            | -              |
| <b>TOTAL CURRENT ASSETS</b>      | <b>703,105</b> | <b>171,019</b> |
| <b>NON-CURRENT ASSETS</b>        |                |                |
| Property, plant and equipment    | 87,482         | 68,578         |
| Non-current asset                |                |                |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>87,482</b>  | <b>68,578</b>  |
| <b>CURRENT LIABILITIES</b>       |                |                |
| Creditors and accruals           | 14,916         | 10,049         |
| ANZ credit card                  | -              | 7,555          |
| Deposits received                | 496,735        | -              |
| Holiday leave accrual            | 36,666         | 35,322         |
| Provisions                       | 5,000          | 5,000          |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>553,317</b> | <b>57,926</b>  |
| <b>TOTAL LIABILITIES</b>         | <b>553,317</b> | <b>57,926</b>  |
| <b>NET ASSETS</b>                | <b>237,270</b> | <b>181,671</b> |
| <b>ACCUMULATED FUNDS</b>         |                |                |
| Opening retained profits/surplus | 181,672        | 192,288        |
| Current retained profits/surplus | 55,598         | -10,616        |
| <b>TOTAL ACCUMULATED FUNDS</b>   | <b>237,270</b> | <b>181,672</b> |

# STATEMENT OF INCOME AND EXPENDITURE AUCKLAND

| Currency:<br>NZ \$ |                                       | Approved<br>2011 Budget | Over/(Under)<br>Expenditure | 2011<br>Actual | 2010<br>Actual |
|--------------------|---------------------------------------|-------------------------|-----------------------------|----------------|----------------|
|                    | <b>OPERATING REVENUE</b>              |                         |                             |                |                |
|                    | Government grants and funding         | 895,000                 | 165,895                     | 729,105        | 889,973        |
|                    | Interest                              | 18,000                  | 8,703                       | 9,297          | 8,069          |
|                    | Other income                          | -                       | -                           | -              | 20,329         |
|                    | Other grants                          | -                       | -117,552                    | 117,552        |                |
|                    | <b>Total operating revenue</b>        | <b>913,000</b>          | <b>57,046</b>               | <b>855,954</b> | <b>918,371</b> |
|                    | <b>Personnel emoluments</b>           |                         |                             |                |                |
|                    | Personnel emoluments                  | 485,000                 | 121,988                     | 363,012        | 442,700        |
|                    | <b>Subtotal</b>                       | <b>485,000</b>          | <b>121,988</b>              | <b>121,988</b> | <b>121,988</b> |
|                    | <b>ADMINISTRATION</b>                 |                         |                             |                |                |
|                    | Cleaning                              | 3,500                   | 1,135                       | 2,365          | 5,481          |
|                    | Computer                              | 8,000                   | -15,650                     | 23,650         | 20,271         |
|                    | Consulting                            | 500                     | 500                         | -              | 2,563          |
|                    | Depreciation                          | -                       | -38,959                     | 38,959         | 28,809         |
|                    | Equipment rental – photocopier        | 5,700                   | 235                         | 5,465          | 5,180          |
|                    | Hospitality and entertainment         | 8,500                   | 1,644                       | 6,856          | 9,861          |
|                    | Insurances                            | 5,000                   | 1,712                       | 3,288          | 4,620          |
|                    | Legal costs                           | 2,500                   | 1,576                       | 924            | 150            |
|                    | Loss on disposal of assets            | -                       | 19,443                      | -19,443        | 1,675          |
|                    | Motor vehicle expenses                | 14,500                  | 61                          | 14,439         | 10,891         |
|                    | Office maintenance                    | 2,000                   | 196                         | 1,804          | 4,974          |
|                    | Postage and freight                   | 3,000                   | 140                         | 2,860          | 1,230          |
|                    | Printing and stationery               | 6,700                   | -4,126                      | 10,826         | 10,340         |
|                    | Publications                          | 3,500                   | -4,995                      | 8,495          | 685            |
|                    | Rent                                  | 68,000                  | 624                         | 67,376         | 66,034         |
|                    | Research and development              | 3,500                   | 3,500                       | -              | -              |
|                    | Security                              | 2,000                   | 976                         | 1,024          | 1,315          |
|                    | Staff training and education          | 5,000                   | -526                        | 5,526          | 9,279          |
|                    | Subscriptions                         | 2,500                   | -3,624                      | 6,124          | 6,204          |
|                    | Sundry expenses                       | 2,000                   | -2,612                      | 4,612          | 3,592          |
|                    | Telephone, internet and fax           | 15,000                  | -7,425                      | 22,425         | 16,972         |
|                    | Travel and transport                  | 90,000                  | 23,680                      | 66,320         | 65,455         |
|                    | Utilities                             | 4,500                   | 1,412                       | 3,088          | 3,456          |
|                    | Miscellaneous                         | 2,500                   | 89                          | 2,411          | 778            |
|                    | <b>AUDITING AND FINANCIAL CHARGES</b> |                         |                             |                |                |
|                    | Audit and accounting                  | 27,000                  | -1,940                      | 28,940         | 28,832         |
|                    | Bank charges                          | 2,500                   | 1,361                       | 1,139          | 1,488          |
|                    | <b>Subtotal</b>                       | <b>772,900</b>          | <b>100,415</b>              | <b>672,485</b> | <b>752,835</b> |
|                    | <b>WORK PROGRAMME</b>                 |                         |                             |                |                |
|                    | <b>Core grant expenditure</b>         |                         |                             |                |                |
|                    | Exporter services                     | 20,000                  | 20,000                      | -              | 13,589         |
|                    | Export marketing                      | 100,000                 | 100,000                     | -              | 93,331         |
|                    | Investment promotion and seminars     | 70,000                  | -7,919                      | 77,919         | 31,055         |
|                    | Tourism promo development             | 41,500                  | 26,437                      | 15,063         | -              |
|                    | Trade                                 | 60,000                  | 29,836                      | 30,164         | -              |
|                    | Communications                        | 40,000                  | 35,275                      | 4,725          | 38,177         |
|                    | <b>Subtotal</b>                       | <b>331,500</b>          | <b>203,629</b>              | <b>127,871</b> | <b>176,152</b> |
|                    | <b>TOTAL OPERATING EXPENDITURE</b>    | <b>1,104,400</b>        | <b>304,044</b>              | <b>800,356</b> | <b>928,987</b> |
|                    | <b>OPERATING PROFIT</b>               | <b>-191,400</b>         | <b>-246,998</b>             | <b>55,598</b>  | <b>-10,616</b> |

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Pacific Islands Forum Trade 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"

### II. The CPA's Responsibilities

Our responsibility is to express audit opinion about the financial statements on the base 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 responsibility 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 Forum Trade Office Beijing (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 2011 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 2,491,059.57.

- 1) Operating fund income: The amounts received from the Office Headquarters in February and December of 2011 were respectively USD 136,455.00 and USD 249,955.00, amounting to a total of USD 386,410.00,

which is equivalent to RMB 2,487,540.39, converted at the USD-RMB exchange rate of 6,43757 prevailing at the time the fund was received.

- 2) Interest income and VAT refund: The interest income from cash in bank in 2011 is RMB 698.29, and the tax refund income is RMB 3,519.18.

#### 2. Expenditures

The total expenditure incurred by the office in the current year is 964,026.11, including RMB 24,261.37 of financial expenses, RMB 85,546.15 of expenses incurred by Chief Representative and RMB 854,218.59 of operating expenses incurred by the office.

##### 1) Financial Expenses

The financial expenses incurred by the Office in the current year is RMB 24,261.37, which is composed of RMB 22,841.88 of exchange loss and RMB 1,419.49 of bank service charge.

##### 2) Expenses Incurred by Chief Representative

The expenses incurred by Chief Representative in the current year is RMB 85,546.15, including:

- a. RMB 42,625.00 of educational and house allowance – prepaid.
- b. RMB 42,921.15 of travel expenses.

##### 3) The office expenditure incurred by the office in the current year is RMB 854,218.59, including:

- a. RMB 425,100.00 of payroll, incurred for the payment of wages to Office employees.
- b. RMB 186,000.00 of office rental mainly incurred for paying the rent of the office.
- c. RMB 134,639.42 of transportation and travel expenses, including the accommodation expenses, car rental and other related expenses incurred for carrying out Forum-related activities.
- d. RMB 50,327.72 of communication charges.

#### 3. Balance of Income and Expenditure

##### 1) Opening Balance

The opening balance of the current year is RMB 45,501.43, including RMB 15,329.37 of cash on hand, RMB 4,200.17 of cash in bank, RMB 30,000.00 of loans receivable (including: RMB 20,000.00 of housing deposit for Trade Representative, RMB 10,000.00 of education deposit for Trade Representative) and RMB 4,028.12 of payables, all of which is daily office expenses.

##### 2) Balance of Current Year

The balance of the current year is RMB 1,527,731.75, which derived by subtracting current year expenditure RMB 964,026.11 from current year income RMB 2,491,757.86.

##### 3) Ending Balance

The ending balance is RMB 1,573,233.18, including RMB 5,426.74 of 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 Representative, RMB 10,000.00 of education deposit for Trade Representative).

#### 4. Miscellaneous

Because we have not obtained the rules on the use of relevant funds, we are unable to determine the soundness of the procedures 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, 2011 and the condition of its fund income and expenditures of 2011.

# BALANCE SHEET BEIJING

| Currency:<br>RMB \$ |                                  | 2011                | 2010             |
|---------------------|----------------------------------|---------------------|------------------|
|                     | <b>CURRENT ASSETS</b>            |                     |                  |
|                     | Cash                             | 1,539,233.18        | 19,529.55        |
|                     | Term deposit                     | -                   | -                |
|                     | Loans                            | 34,000              | 30,000           |
|                     | Loans                            | -                   | -                |
|                     | Rental bond                      | -                   | -                |
|                     | Other investments                | -                   | -                |
|                     | <b>TOTAL CURRENT ASSETS</b>      | <b>1,573,233.18</b> | <b>49,529.55</b> |
|                     | <b>NON-CURRENT ASSETS</b>        |                     |                  |
|                     | Property plant and equipment     | -                   | -                |
|                     | Non-current asset                | -                   | -                |
|                     | <b>TOTAL NON-CURRENT ASSETS</b>  | <b>-</b>            | <b>-</b>         |
|                     | <b>CURRENT LIABILITIES</b>       |                     |                  |
|                     | Creditors and accruals           | -                   | 4,028.12         |
|                     | Provisions                       | -                   | -                |
|                     | <b>TOTAL CURRENT LIABILITIES</b> | <b>-</b>            | <b>4,028.12</b>  |
|                     | <b>TOTAL LIABILITIES</b>         | <b>-</b>            | <b>4,028.12</b>  |
|                     | <b>NET ASSETS</b>                | <b>1,573,233.18</b> | <b>45,501.43</b> |
|                     | <b>ACCUMULATED FUNDS</b>         |                     |                  |
|                     | Opening retained profits/surplus | 45,501.43           | 64,639.78        |
|                     | Current retained profits/surplus | 1,527,731.75        | -19,138.35       |
|                     | <b>TOTAL ACCUMULATED FUNDS</b>   | <b>1,573,233.18</b> | <b>45,501.43</b> |

# STATEMENT OF INCOME AND EXPENDITURE BEIJING

| Currency:<br>RMB \$ |                                       | 2011                | 2010                |
|---------------------|---------------------------------------|---------------------|---------------------|
|                     | <b>OPERATING REVENUE</b>              |                     |                     |
|                     | Government grants and funding         | 2,487,540.39        | 1,879,933.45        |
|                     | Interest                              | 698.29              | 853.30              |
|                     | Other (VAT refund)                    | 3,519.18            | 14,365.36           |
|                     | <b>TOTAL OPERATING REVENUE</b>        | <b>2,491,757.86</b> | <b>1,895,152.11</b> |
|                     | <b>Personnel emoluments</b>           |                     |                     |
|                     | Personnel emoluments                  | 515,617.15          | 1,283,381.29        |
|                     | <b>Subtotal</b>                       | <b>515,617.15</b>   | <b>1,283,381.29</b> |
|                     | <b>ADMINISTRATION</b>                 |                     |                     |
|                     | Cleaning                              | -                   | 4,932               |
|                     | Exhibition and publicity              | -                   | 1,680               |
|                     | Fixed asset acquisition               | -                   | 34,200              |
|                     | Office supplies                       | 42,847.05           | 31,506.85           |
|                     | Postage and freight                   | 7,336.30            | 1,234               |
|                     | Rent                                  | 186,000             | 252,000             |
|                     | Storage costs                         | -                   | 7,716               |
|                     | Communication expense                 | 50,327.72           | 48,156.39           |
|                     | Travel and transport                  | 134,639.42          | 241,206.67          |
|                     | Utilities                             | 2,997.10            | 2,209.70            |
|                     | <b>AUDITING AND FINANCIAL CHARGES</b> |                     |                     |
|                     | Audit and accounting                  | -                   | -                   |
|                     | Financial expenses                    | 24,261.37           | 6,067.56            |
|                     | <b>Subtotal</b>                       | <b>448,408.96</b>   | <b>630,909.17</b>   |
|                     | <b>WORK PROGRAMME</b>                 |                     |                     |
|                     | <b>Core grant expenditure</b>         | -                   | -                   |
|                     | Exporter services                     | -                   | -                   |
|                     | Creative arts/publications            | -                   | -                   |
|                     | Investment promotion and seminars     | -                   | -                   |
|                     | Tourism promotion development         | -                   | -                   |
|                     | Knowledge and information management  | -                   | -                   |
|                     | Promotion – PIFS                      | -                   | -                   |
|                     | <b>Subtotal</b>                       | -                   | -                   |
|                     | <b>TOTAL OPERATING EXPENDITURE</b>    | <b>964,026.11</b>   | <b>1,914,290.46</b> |
|                     | <b>OPERATING PROFIT</b>               | <b>1,527,731.75</b> | <b>-19,138.35</b>   |

# 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

|                                   | 2011              | 2010              |
|-----------------------------------|-------------------|-------------------|
| Currency:<br>Yen (¥)              |                   |                   |
| <b>CURRENT ASSETS</b>             |                   |                   |
| 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                 | -                 | -                 |
| <b>TOTAL CURRENT ASSETS</b>       | <b>16,059,159</b> | <b>15,563,338</b> |
| <b>NON-CURRENT ASSETS</b>         |                   |                   |
| Property plant and equipment      | -                 | -                 |
| Non-current asset                 | -                 | -                 |
| <b>TOTAL NON-CURRENT ASSETS</b>   | <b>-</b>          | <b>-</b>          |
| <b>CURRENT LIABILITIES</b>        |                   |                   |
| Creditors and accruals            | 1,341,586         | 2,137,474         |
| Deposits received                 | 508,432           | 505,632           |
| Reserve for retirement allowances | 3,901,732         | 2,617,510         |
| Provisions                        | -                 | -                 |
| Deferred income                   | -                 | -                 |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>5,751,750</b>  | <b>5,260,616</b>  |
| <b>TOTAL LIABILITIES</b>          | <b>5,751,750</b>  | <b>5,260,616</b>  |
| <b>NET ASSETS</b>                 | <b>10,307,409</b> | <b>10,302,722</b> |
| <b>ACCUMULATED FUNDS</b>          |                   |                   |
| Opening retained profits/surplus  | 10,302,722        | 13,502,326        |
| Current retained profits/surplus  | 4,687             | -3,199,604        |
| <b>TOTAL ACCUMULATED FUNDS</b>    | <b>10,307,409</b> | <b>10,302,722</b> |

# STATEMENT OF INCOME AND EXPENDITURE TOKYO

Currency:  
Yen (¥)

|  | Approved<br>2011 Budget | Over/(Under)<br>Expenditure | 2011<br>Actual    | 2010<br>Actual    |
|--|-------------------------|-----------------------------|-------------------|-------------------|
| <b>OPERATING REVENUE</b>   |                         |                             |                   |                   |
| Government grants and funding  |                         |                             | 51,177,000        | 52,593,000        |
| Interest   |                         |                             | 4,687             | 12,883            |
| Income JATA World Travel Tour 2010 and<br>Pacific Islands Festa 2010 |                         |                             | -                 | 5,307,769         |
| <b>TOTAL OPERATING REVENUE</b>                                       |                         |                             | <b>51,181,687</b> | <b>57,913,652</b> |
| <b>Personnel emoluments</b>  |                         |                             |                   |                   |
| Personnel emoluments   | 26,475,000              | 802,234                     | 27,277,234        | 25,982,489        |
| <b>Subtotal</b>  | <b>26,475,000</b>       | <b>802,234</b>              | <b>27,277,234</b> | <b>25,982,489</b> |
| <b>ADMINISTRATION</b>  |                         |                             |                   |                   |
| Books and magazines  | 120,000                 | -38,977                     | 81,023            | 83,272            |
| Equipment rental   | 469,000                 | -65,068                     | 403,932           | 389,295           |
| Meeting (entertainment)  | 240,000                 | 10,730                      | 250,730           | 186,795           |
| Office supplies  | 120,000                 | 94                          | 120,094           | 149,165           |
| Rent   | 9,768,000               | -                           | 9,768,000         | 11,482,589        |
| Telephone, internet and fax  | 780,000                 | -352,796                    | 427,204           | 489,139           |
| Travel and transport   | 2,040,000               | 228,759                     | 2,268,759         | 873,954           |
| Utilities  | -                       | -                           | -                 | 108,395           |
| Miscellaneous  | 839,000                 | -95,976                     | 743,024           | 1,274,134         |
| <b>AUDITING AND FINANCIAL CHARGES</b>                                |                         |                             |                   |                   |
| Audit and accounting   | 1,329,000               | -489,000                    | 840,000           | 1,260,420         |
| <b>Subtotal</b>  | <b>15,705,000</b>       | <b>-802,234</b>             | <b>14,902,766</b> | <b>16,297,158</b> |
| <b>WORK PROGRAMME</b>  |                         |                             |                   |                   |
| <b>Core grant expenditure</b>  |                         |                             |                   |                   |
| Publications   | 1,223,000               | -411,375                    | 811,625           | 2,157,139         |
| Website  | 1,368,000               | 1,147,265                   | 2,515,265         | 2,144,575         |
| Exhibition and seminars  | 3,366,000               | -175,727                    | 3,190,273         | 4,440,722         |
| Project for developing exportable products to Japan                  | 3,040,000               | -560,163                    | 2,479,837         | 3,218,564         |
| <b>Subtotal</b>  | <b>8,997,000</b>        | <b>-</b>                    | <b>8,997,000</b>  | <b>11,961,000</b> |
| Strengthening PIC's function   | -                       | -                           | -                 | 23,184            |
| Pacific Islands Exhibition   | -                       | -                           | -                 | 1,510,155         |
| Expenditure JATA World Travel Tour and Pacific Islands Festa         | -                       | -                           | -                 | 5,307,769         |
| <b>Subtotal</b>  | <b>-</b>                | <b>-</b>                    | <b>-</b>          | <b>6,841,108</b>  |
| <b>TOTAL OPERATING EXPENDITURE</b>                                   | <b>35,472,000</b>       | <b>802,234</b>              | <b>51,177,000</b> | <b>61,081,755</b> |
| <b>OPERATING PROFIT</b>  | <b>-</b>                | <b>-</b>                    | <b>4,687</b>      | <b>-3,168,103</b> |





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