

2014 Annual Report



Pacific Islands
Trade & Invest

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Pacific Islands Trade & Invest is the leading regional trade and investment promotion agency for the Pacific Islands. The network is an agency of the Pacific Islands Forum Secretariat, which is based in Fiji.

With offices in Auckland, Beijing, Sydney, Tokyo and Geneva we are the only

Pacific Islands agency entrusted by the Pacific Leaders to develop, grow and promote businesses in the region. We do this by focusing on four key areas including: export, investment, tourism promotion and creative arts.

With the aim to improve the livelihoods of people in the Pacific Islands, we

work with the private sector to build a better future through more sustainable communities and greater prosperity.



LETTER FROM THE SECRETARY GENERAL



Dame Meg Taylor, DBE
Secretary General
Pacific Islands Forum Secretariat

I believe that increased trade and investment activity are two of the best ways to ensure a prosperous, healthy and happy Pacific. Every deal sealed between a Pacific islands producer and a new buyer, contributes in its own unique way, to the greater benefit of all people in the region. The PT&I network is deeply engaged in assisting local producers find new trade and investment opportunities, and in doing so they create positive change in the lives of many around us.

This year has been a big one for PT&I. The network has facilitated trade and growth across the region by profiling Pacific cultural industry products; improving financial literacy standards among the private sector in selected Forum Island Countries; empowering women in agri-business and other sectors including tourism; and more broadly by creating export opportunities for Pacific exporters in new markets. The PT&I network has brought the Pacific to new audiences in Australia, China, Europe, Japan, New Zealand and within the Pacific Islands.

Over the years, the network has gained international recognition for its role in facilitating increased trade, tourism and investment opportunities for Pacific businesses and a good example of this is its role in the Asia-Pacific Business Forum in linking Pacific and Asian economies.

A major responsibility for the Forum Secretariat and its PT&I Offices is working with Forum Members to establish clear directions for the enhancement and stimulation of economic growth and the sustainable development of all member countries. Forum Leaders have made private sector development a priority, as demonstrated through the annual high level dialogue Leaders and Economic Ministers now have with private sector representatives

As a Secretariat, we face immense pressure to continually deliver results that are of the highest quality, sustainable, and impact our region on a scale that we can all be proud of. During my visits to the Forum Member countries, Leaders have consistently agreed on the fundamental contribution of trade and investment to economic growth. The commitment by the PT&I network to help businesses realise their potential through dedicated service offerings is a milestone in itself.

I'm pleased to present this Pacific Trade & Invest (PT&I) annual report which captures some of the key highlights of our many achievements across the last twelve months. I would like to extend my deepest appreciation to the PT&I staff who continue to ensure that their work is executed to the highest of standards.

TRADE COMMISSIONER'S FOREWORD - AUCKLAND



Michael Greenslade

2014 has been a holding year by and large for New Zealand Pacific Islands Trade & Invest.

I formally started as Trade Commissioner in November just four weeks prior to the Christmas break.

I would like to formally acknowledge Shiu Raj for holding the fort and to Manuel Valdez for taking on the role of Acting Trade Commissioner.

In the Overview summary document for the year it was acknowledged that P T & I Auckland were active in 11 of our 14 member countries over the year with multiple programs being delivered in Fiji , Papua New Guinea , Samoa and Tonga.

Our measures are numerical and in the course of the year 511 Service Offerings were provided and we achieved 60 Milestones.

In terms of our Output measures set in conjunction with the New Zealand Ministry of Foreign Affairs and Trade we have three distinct Classifications. In 2014 in Export Trade Facilitation the Auckland Office met or exceeded its targets for seven of the eight measures.

In 2014 in Investment Facilitation the Auckland Office met or exceeded its targets for five of the seven measures.

In terms of Deal Value, however, it is worth noting that the Auckland Office more than doubled the combined target for Investment and Trade for the year.

Output Three related to the work of our Communications Team and whilst these are specific to Publications all measures were achieved at the end of the year.

In terms of program delivery we worked with over a dozen Pacific Island Trade Organisations and/ or authorities to deliver Programmes such as Path to Market, Trade Personnel Internships and in addition delivered Operational MOUs with Private Sector Organisations. In terms of Investment it is clear that Tourism Infrastructure plays an important part and Auckland PT&I were delighted to have two significant projects get over the line in Samoa during this period.

Industry Focus is also a valuable outcome with good progress being made in the Garment Sector in Fiji and Value Added Food products utilising Coconuts.

Seeds have also been planted for future programmes in Micronesia and some

work will continue around Financial and Investment Workshops. Internship programmes and Path to Market will continue subject to funding.

It is worth noting that the three highest services delivered to our clients are Market Focused. By and large, these involve interactions that are face to face.

1. Market Information / Advice
2. Market Connections / Introductions
3. Market Growth Opportunities

Once again I would like to thank the team for their support towards my appointment and I look forward to building a stronger team with a longer term sustainable relationship with our New Zealand partner the Ministry of Foreign Affairs, who I would also like to acknowledge and thank for their support.

Finally thanks go to the network of PT&I Trade Commissioners and their team, all of whom I am looking forward to working with in 2015.

| | Export Trade Facilitation (Output One) | Investment Facilitation (Output Two) |
|------------------------------|---|---|
| Deals Assisted | NZD \$3.4 Million | NZD \$11.9 Million |
| Services Delivered | 422 | 89 |
| New Exporters(Projects) | 20 | 50 |
| Events | 9 | 10 |
| Number of Businesses Engaged | 110 | - |
| In Market Programmes | 6 | 5 |
| Customer Testimonials | 20 | 10 |
| Milestones | 30 | 30 |

TRADE COMMISSIONER'S FOREWORD - BEIJING



Samuela Savou

The Beijing office has now completed its second full year under the Pacific Islands Trade & Invest system and network, a move which has enabled us to more effectively and accurately track the assistance that we have been providing to the region.

Interest from the private sector in the possibilities for business opportunities with China continue to remain strong and steady with 352 service offerings delivered by the Beijing office this year and 68% consisting of advisory and promotional services.

There is a strong demand for initiatives that provide insight into where the opportunities are and how to engage in business. These two factors hold true for both Chinese businesses looking outward to the Pacific Islands and for Pacific Island businesses looking inward to China. Efforts for this year have focused on raising awareness and understanding between China and the Pacific Islands about the opportunities and how to engage in business in the context of Chinese and Pacific Island culture.

To achieve this, collaboration and focus have been a necessity. Working together with organizations with mutual goals and focusing on areas where the Pacific Islands offer a clear comparative advantage have been vital to ensuring maximum impact.

Tourism is one area which offers significant potential for the region. China is the fastest growing tourism source market in the world and the largest tourism spender, and for the Pacific Islands the tourism industry is a major contributor to GDP.

Efforts with our key partners focused on increasing awareness amongst specific segments of Chinese travellers by building effective partnerships with outbound travel agents. Joint initiatives with the South Pacific Tourism Organisation included the implementation of two regional seminars in the main cities of Shanghai and Guangzhou. Work was also undertaken with the International Finance Corporation to develop nationwide tourism marketing campaigns with selected outbound travel agencies in China.

We now have a community of outbound travel agencies from China who have developed short and medium term strategies for developing outbound tourism to the Pacific Islands. This is something that we will continue to build on in collaboration with our tourism partners.

Tourism has also been a great way to introduce to China what the Pacific Islands have to offer with the visual imagery of the destinations further reinforcing where the opportunities lie for trade and investment.

Trade in goods between China and the Pacific Islands reached US\$4.5 billion in 2014. Exports from the Pacific Islands Countries in to China continue to grow year on year. Last year they were valued at US\$2 billion and were dominated by timber, nickel and seafood.

Under the European Union Pacific Integration Technical Assistance Programme, the Beijing office contributed to the exporter education programme - Pacific Path to Market held in Fiji, Vanuatu and Papua New Guinea and the investment education programme - Roads to Investment held in Tonga. Industry experts from China travelled to the region to provide insights and perspectives on opportunities, strategies and approaches for doing business with China. Thirty companies expressed an interest in doing business with China and an assessment process was undertaken to determine the level of preparedness of each company to engage in business with China. Both programmes will continue for a further

second year with the support of the European Union as part of efforts to grow Pacific Island exports and attract foreign direct investment.

Niche opportunities for the Pacific Islands in the health products sector have dominated export success stories for the Beijing office. This year another Noni Juice brand from the Pacific was established by a Chinese company with the untouched and pristine environment of the Pacific Islands being a key selling point in the promotion of the product to health conscious consumers in China.

This is now the third commercial brand of Noni Juice sourced from the Pacific Islands that has been able to penetrate the China market. This is an indicator of business and consumer confidence in product quality and a growing level of familiarity and understanding between China and the Pacific Island businesses. We anticipate further growth in the health products segment with existing importers seeking to add additional health products from the Pacific Islands to their product offering over time.

Developments between China and the Pacific hit a significant milestone towards the end of 2014 with the first China – Pacific Island Leaders meeting held in Fiji in November. Nearly 150 Chinese companies are operating in Pacific island countries with a total investment of nearly US\$1 billion. We expect to see the impact of President Xi Jinping's visit begin to materialize in 2015 and anticipate increased commercial activity between China and the Pacific as a result.

Doing business with China requires a relationship based approach where building friendships comes first before the transaction. The journey is just as important as the destination. As we head into 2015, the team at PT&I Beijing remain committed to building on the work of 2014 and assisting businesses in both the Pacific Islands and in China on their journey.

TRADE COMMISSIONER'S FOREWORD - SYDNEY



Jeremy Grennell

Pacific Islands Trade and Invest Australia has four long-term development goals:

- Increase the diversification of Exports and Investment for businesses in the Pacific Islands
- Increase Trade, Tourism and Investment for women in the Pacific Islands
- Increase demand for Creative Industries products and Indigenous Knowledge Products
- Improve Capacity for Tourism Promotion in Pacific Island Countries

In order to achieve these long-term goals PT&I pursues five different strategic focus areas:

- Trade
- Investment
- Tourism
- Creative Industries
- Knowledge Management

2014 was an exciting year for PT&I Australia and the businesses of the 14 Pacific Island countries that we work with. February saw Maketi Ples for the fourth year running. With sales of over A\$30,000 generated during and after the event for seven Pacific Island Countries and 17 artists confirms the strategic positioning of the creative arts from the region in the Sydney market. It is a practical initiative that enables economic development and creates opportunities for broad-based economic growth.

A continued collaboration with other PT&I offices saw the launch of Pacific Path to Market, an export capability building programme for Pacific companies in Suva, Fiji in March. This was rolled out to Vanuatu and Papua New Guinea later in the year. Over 150 enterprises attended the 3 workshops.

Over A\$1.9m in export sales was facilitated by the Sydney office in 2014. Eleven exporters from seven different countries attended Fine Food Australia in Melbourne in September 2014 with new, high value niche products such as

sea grapes and chocolate introduced to Australian and International buyers at the event. Exporter visits to Australia were facilitated as well as buyer visits to the Pacific Islands.

In terms of tourism promotion, we continued to work with key online travel players such as Booking.com, TripAdvisor, World Hotel Link (WHL) and other major online travel agents and specialist niche online travel sellers, to ensure that with improved visibility there is a clear and direct pathway to booking results for Pacific Island tourism businesses. Treasures of the South Pacific Australian roadshow attracted our continued support.

On the investment front PT&I introduced U.S. micro finance company Kiva to the region with market visits to Papua New Guinea and Fiji. Over \$300m in investments are profiled on the Regional Online Investment Directory.

2014 saw the end of the tenure of our Trade Commissioner Caleb Jarvis.

Our work would not be possible without the invaluable support and funding of the Pacific Islands Forum Secretariat and the Australian Department of Foreign Affairs and Trade.

PIC DIRECTOR'S FOREWORD - TOKYO



Kazuyoshi Ogawa

One of the most significant highlights between Forum Island Countries and Japan in 2014 was the first LNG shipment from PNG to Japan in May-June 2014.

Following this first shipment to TEPCO, a second shipment went to Osaka Gas in July and deliveries continue smoothly. TEPCO will import LNG 1.8Mt per year while Osaka Gas receives 1.5Mt every year. Together with a lot of effort of all stakeholders, the persevering assistance by PIC for more than a decade enormously contributed to this great success.

Following the LNG shipment, another historical event with Japan took place in July 2014. The Japanese Prime Minister Shinzo Abe visited PNG on 10-12 July. It was the first Japanese PM's visit to a Forum Island Country (FIC) since 1985. During this historic visit, the Pacific Islands Centre (PIC) organised a 55-member business leaders' delegation to accompany PM Abe and facilitated various joint and bilateral business meetings between PNG and Japan. During PM Abe's visit, one MOU ethanol development was signed between the Government of PNG and Sojitz Co. Ltd. It is expected to be worth 100 billion yen.

In May 2014, a Japan-Tonga Trade Symposium was held in Nuku'alofa with more than 100 participants. While it was organised by the two governments, PIC has been involved in this project from the very beginning. At this occasion, PIC arranged an Economic Exchange Mission with 14 members from various sectors such as energy, business planning, ICT, agriculture, hotel investment, water business and others. PIC facilitated bilateral business meetings to seek new business partnership at this occasion. It was warmly welcomed by Tongan officials and counterparts, and new business development have been in consideration. Further to this trade promotion on Tonga, new VCO exports from Vava'u to Japan were started and were well received in the Japanese market.

In 2014, PIC participated in three major tourism and trade shows in Japan. The Private Label Trade Show in February 2014 received 51,468 visitors, with 51,598 people for the Marine Diving Fair and 157,589 people for the Tourism Expo Japan. PIC also organised four seminars in Tokyo focusing on particular topics such as 'Trade and Invest in Vanuatu' and 'Investment in PNG' (with IPA delegation). One of the PIC's new approaches at the above mentioned Private Label Trade Show was an "All Pacific Approach". Besides four Pacific companies from Fiji, RMI and Tonga, five Japanese companies jointly participated at the show. They have imported products from Kiribati, Vanuatu, Solomon Islands, Tonga, Samoa and PNG, and have been regularly promoting them in Japan.

Such arrangements lead to new business partnerships among participants in the booths, along with the usual business meetings with visitors to the Show.

PIC has also organised, participated in, or made a total number of 28 presentations/ public seminars/ workshops/ exhibitions in 2014. It included three PIC Meeting Seminars focusing on FSM, Vanuatu and Palau. PIC has provided information to the Japanese public through exhibition space, publications and web information. The total number of visitors to PIC in 2014 was 4,176, visitors to PIC web site - 189,125 (Japanese page only). As a result of the increased number of seminar and promotional activities, one of the notable achievements in 2014 was the first group tour from Japan to Niue in July. It was well attended and the tour operator decided to repeat this tour again in 2015. Another notable outcome was the direct shipment from Nauru to Japan of phosphate. It was the first time after a couple of decades.

In addition to Trade, Investment and Tourism, PIC plays a role to connect Pacific and Japan in various fields. In 2014, one of the notable projects was the 'Tomodachi' project assisting the Palau Embassy in Tokyo to facilitate a major campaign for relief fund raising after Cyclone Haiyan hit Palau in November 2013. Within three months, nearly US\$ 400K was donated from about 4,500 Japanese individuals for the victims in Palau.

REPORT FROM PT&I GENEVA DESK



Robyn Ekstrom

The Geneva desk provided support and services for trade promotion of the international food and beverage show Salon International de l'Alimentation (SIAL 2014) in Paris France. This created targeted opportunities with European importers for Pacific Islands food and beverage exporters.

Thanks to PITAP funding, PT&I Geneva developed and managed the first Pacific Islands Trade booth at SIAL between 19 and 23 October 2014, held at Parc des Expositions de Paris Nord Villepinte, Paris, France.

Pacific Islands food and beverage exporters, including those that have the capacity to supply northern hemisphere markets, have comparatively limited market presence and few cost effective direct marketing opportunities from which to access potential importers / distributors and retail chains in Europe.

SIAL is a two-yearly food exhibition, held in alternation with the Allgemeine Nahrungs- und Genussmittel-Ausstellung (Anuga). In combination, these events constitute the world's largest and most important commercial food and beverage trade show platform. SIAL is open to verified trade visitors only.

The inaugural Pacific Islands Trade stand at SIAL 2014 provided a cost

effective and targeted stage for the commencement of the ongoing development of increased market penetration and demand creation activities for 7 qualified Pacific Islands entities from Fiji, Niue, Papua New Guinea and Tonga.

Mr Stanley Kalauni, Managing Director of the Alofi North based boutique organic vanilla producer and exporter, Niue Vanilla International said he had, "... An amazing experience. It was a very exciting place to do business and an eye opener, particularly the variety and quality of products. I received great feedback from customers and everyone involved".

Mr Kalauni reported that he obtained over 85 trade leads, signed four supply contracts and finalized over 5,000 Euro of sales during the trade fair. He indicated that he has over 40 solid leads to pursue and is looking forward to continuing to work on developing his brand opportunities in the European market.

Additionally participants reported that they accrued a number of benefits via exposure to this international event.

"It was just amazing experience (even) more than the sales activity. We have gained tremendous information of brand marketing and packaging necessary on our products especially so by talking customers from all over the world. We got a solid sales opportunity to a company in US which has offices in Switzerland, UK, Costa Rica and Canada. We are currently working on a deal," said Tomo Zukoshi, Fijiana Cacao & Adi Chocolate Fiji

Other highlights for 2014

- Fiji Produced food product range (15 SKUs) launched in Bestway depots across UK and Scotland, 70 "cash-n-carry" depots and 400 Bestone

retail outlets. (Delayed from early 2014 due to technical compliance – packaging / labelling realignment.)

- The office represented PIC businesses at the BioFach Organic trade fair; the Vitalfoods (Nutraceutical and functional ingredients) trade fair; and SIAL Paris 2014 (for non-attending businesses)
- Business matching and targeted technical and market research assistance to the IACT programme, Government departments responsible for Trade (Fiji, Vanuatu, Papua New Guinea and the Solomon Islands) and exporters and industry bodies from Niue, Papua New Guinea, Vanuatu and Samoa;
- A contact point for the negotiation of the PIFS managed Pacific Islands regional Pavilion at the Expo Milano 2015;
- Facilitation of enhanced cooperation between the PIFS and international agencies including; ITC (MoU signed), CBI Netherlands (MoU pending) and WIPO;
- Project development, technical and implementation advice for the ITC Women in Trade projects (Papua New Guinea, Samoa and Vanuatu); and
- Project and logistics support for the first Netherlands based Centre for the Promotion of Imports from developing countries (CBI) engagement in the Pacific; the Exporting Pacific Workshop (Papua New Guinea) which was mounted in conjunction with the Papua New Guinea Pacific Pathways to Market Workshop; and facilitation and delivery of a CBI / PT&I feasibility / gap analysis program targeting food ingredient export industry.
- EU / German Contemporary Indigenous Fine Art market/industry penetration by a PNG Artists collective resulting in sales to the value of Euro 29,000.00.

ABOUT US

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.

OUR LONG-TERM DEVELOPMENT GOALS ARE TO:

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

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

WE CAN DO THIS BY:

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



Niue Vanilla's Stanley Kalauni (R) speaks with a potential Australian buyer at the Fine Food Australia 2014 in Melbourne. PT&I has facilitated a collective Pacific Islands stand featuring Pacific Island food and beverage exporters at Fine Food Australia for five years.

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.

FACILITATING THE EXPORT PROCESS

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 markets 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 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.

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 specialized 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 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 goals of raising awareness and promoting investment opportunities in the region, Pacific Islands Trade & Invest has facilitated events such as the Samoan Investment Summit and developed programmes like the 'Pathways to Finance' to help Pacific Island businesses to grow,

both through foreign investment and commercial financing.

PROMOTING THE VALUE OF PACIFIC ISLAND ART AND ARTISANS WORK

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

By encouraging investment in the creative sector, we 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.

FACILITATING SHARED UNDERSTANDING BETWEEN MARKETS

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

PARTNERING FOR SUCCESS

By facilitating successful partnerships between the private sector and government agencies and 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 throughout the Pacific Islands region.

2014 PARTNERSHIP HIGHLIGHTS

Our work would not be possible without the support of our key donors and strategic partners. In 2014 they included:

KEY DONORS:

Australian Department of Foreign Affairs and Trade
European Union
Forum Island Countries
Government of the People's Republic of China
↔
New Zealand Ministry of Foreign Affairs and Trade

2014 KEY PARTNERSHIPS

AIR NIUGINI (TOKYO OFFICE)

As one of the key carriers for Japanese visitors to the region, Air Niugini has worked closely with our Tokyo office to promote the Pacific Islands as a tourism destination.

ART GALLERY OF NEW SOUTH WALES (AGNSW)

Our Sydney office continues to work with the AGNSW on the coordination of events such as Maketi Pies through our Creative Arts programme.

ASIAN DEVELOPMENT BANK (ADB)

We have been in consultation with the ADB in regard to the establishment of a Regional Business Investment Fund and an agricultural investment fund in Samoa.

AUSTRALIAN MUSEUM

Our relationship with the Pacific Collection team at the Australian Museum remains ongoing. The museum added to its collection some of the work of Pacific Island artists that were exhibited during the Maketi Ples 2014 event in Sydney. PT&I also helps facilitate cultural oversight and clearance from communities and Pacific Islands Cultural officers in regards to new and exhibited objects.

BUSINESS TRADE AND INVESTMENT BOARD

Our Auckland Office has been working with the Cook Islands' Business Trade and Investment Board to gather and compile investment opportunities.

CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

Our Geneva office provided advice and assistance to the Netherlands Ministry of Foreign Affairs agency regarding the development of the Ingredients Value Chain project in Papua New Guinea and Samoa.

INTERNATIONAL TRADE CENTRE (ITC)

Our offices in Sydney, Auckland and Geneva worked together to facilitate scoping missions of the ITC's Woman and Trade Programme to Samoa, Vanuatu and Papua New Guinea.

INVESTMENT PROMOTION AUTHORITY (IPA) OF PAPUA NEW GUINEA

Our Tokyo office worked closely with the PNG Embassy in Tokyo.

Our Auckland Office worked closely with Papua New Guinea on investment facilitation and promotion of investment projects. We are currently updating the investment opportunities profile which we started and published in 2011.

INVESTMENT FIJI

Our Auckland Office coordinated and worked with InvestmentFiji to facilitate investors from Auckland that are interested to invest in Fiji.

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

Through meetings between our Tokyo office and JICA's headquarters in Tokyo, we have cooperated in various aid, trade and industrial promotion programmes, such as the dispatch of an experienced biotechnology specialist to SROS in Samoa.

MINISTRY OF RESOURCES & DEVELOPMENT, REPUBLIC OF THE MARSHALL ISLANDS

Our Auckland Office partnered with the Ministry of Resources & Development on a capacity building initiative through an attachment programme for Ministry officials to build their skills in line with the Ministry's "Be Marshallese, Buy Marshallese" Programme.

MEIJI UNIVERSITY, JAPAN

Our Tokyo office cooperated with Meiji University to present six public seminars on the Pacific Islands at the University's Liberty Academy.

MINISTRY OF COMMERCE, LABOUR & TOURISM (MCLT), GOVERNMENT OF TONGA

Our Auckland Office and the China Offices partnered with MLCT to organise a workshop on "Roads to Investment Workshop". The Auckland Office provided resources to assist in the training of small entrepreneurs in writing professional business plans, to aid in their business loan applications.

PACIFIC BUSINESS TRUST (PBT), NEW ZEALAND

Our Auckland office continues to be represented on the Board of the Pacific Business Trust, which provides economic development services for Pacific businesses and business people within New Zealand.

PACIFIC COOPERATION FOUNDATION (PCF)

Our Auckland Office continued to work with the Pacific Cooperation Foundation on a number of initiatives including in country missions and market promotion of Pacific Island products in New Zealand.

PACIFIC HORTICULTURAL AND AGRICULTURAL MARKET ACCESS (PHAMA)

Our offices in Auckland, Beijing and Sydney continued working with PHAMA across a number of projects relating to market access for agricultural projects.

PALAU CHAMBER OF COMMERCE

Our Auckland Office introduced an investor to the Palau's Chamber of Commerce that is interested to do business in Palau. We also asked the staff to give us a list of potential investment projects which can be promoted to foreign investors.

PERMANENT MISSION OF SOLOMON ISLANDS TO THE UNITED NATIONS OFFICE AT GENEVA (UNOG), WORLD TRADE ORGANIZATION (WTO) AND OTHER INTERNATIONAL ORGANISATIONS

Our Geneva office provided contacts and assisted engagements with Geneva based UN and WTO agencies, and the provision of ministerial briefing notes for a bilateral meeting with the International Trade Centre (ITC).

QUEENSLAND GALLERY OF MODERN ART (QGOMA)

Our Sydney office has an ongoing relationship with QGOMA across specific areas of mutual interest, including the facilitation by QGOMA of the Asia Pacific Triennial series.

RAUTENSTRAUCH – JOEST MUSEUM, GERMANY

Our Geneva office helped facilitate the work of 26 contemporary Pacific Island artists and artisans being featured in an

embedded virtual exhibition along with historical pieces in 'Made in Oceania: Tapa – Art and Social Landscapes'.

SAMOA MINISTRY OF INDUSTRY, COMMERCE AND LABOUR

Our Auckland Office has worked with the Samoa's Ministry of Industry, Commerce and Labour in looking for potential investment projects in Samoa.

SECRETARIAT OF THE PACIFIC COMMUNITY (SPC)

Pacific Islands Trade & Invest is represented on the Board of IACT to assess the export capability of IACT enterprises. We collaborated to bring 11 exporters from the Pacific Islands to exhibit at the largest food sector industry event in the region, Fine Food Australia.

SOLOMON ISLANDS SMALL AND MEDIUM ENTERPRISE COUNCIL (SMEC)

We have partnered with SMEC for the past six years to deliver the Pathways to Finance project to small, medium and micro enterprises (SMMEs) in the Solomon Islands.

SOLOMON ISLANDS VISITORS BUREAU (SIVB)

As part of the SPTO/Pacific Islands Trade & Invest Tourism SME e-marketing project, our Sydney office funded the building of additional e-commerce enabled websites in Auki (Malaita province).

SOUTH PACIFIC TOURISM ORGANISATION (SPTO)

Our Auckland office helped with the hosting of the first South Pacific Tourism Expo including media relations work as well as participating in training workshops as faculty on social media promotions.

TREASURES OF THE SOUTH PACIFIC

We co-fund this annual Australia tourism roadshow representing Pacific Island member countries including the

Cook Islands, Niue, Papua New Guinea, Samoa, Tonga and Vanuatu.

VANUATU CONSULATE OFFICE IN AUCKLAND

Our Auckland Office partnered with the Vanuatu Consulate Office in Auckland to host a Recognised Seasonal Employer Scheme (RSE) Financial Literacy and Investment Opportunities Seminar in Blenheim and Hastings for RSE workers.

VANUATU INVESTMENT PROMOTION AUTHORITY

Our Auckland Office worked closely with Vanuatu Investment Promotion Authority in looking for investment opportunities in Vanuatu. We also coordinated with the IPA to organise and prepare the ground work for Chinese investors who did a business scoping in Vanuatu last year.

OTHER PARTNERSHIPS AND STAKEHOLDERS

Air New Zealand, Austrade, Australia Pacific Islands Business Council, Australia PNG Business Council, Australia Fiji Business Council, French New Zealand Chamber of Commerce & Industry, International Finance Corporation, New Zealand Fiji Business Council, New Zealand Pacific Business Council, New Zealand Papua New Guinea Business Council, New Zealand Tonga Business Council, New Zealand Trade and Enterprise, Papua New Guinea High Commission in New Zealand, Pacific Islands Heads of Mission in Australia and New Zealand, Samoan Trade & Investment Commission, Sasakawa Peace Foundation, Sendai Association of Corporate Executives, Sendai Chamber of Commerce and Industry, Tohoku Economic Federation, United Airline.

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.

In our role as an export facilitator, we are guided by the export development strategies and national development

plans of the countries we represent. To this end we collaborate directly with exporters, key government agencies and national private sector organisations to help Pacific Island Countries to expand and diversify their markets and products for exports. This offsets the inherent challenges of the region's market size and distance from larger markets.

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

\$3,570,520
2014 EXPORT SALES

\$10,951,784
2014 INVESTMENTS FACILITATED

INVESTMENT

PACIFIC ISLANDS TRADE & INVEST'S INVESTMENT FUNCTION FOCUSES ON PROVIDING SUPPORT TO PACIFIC ISLANDS BUSINESSES WITH THE KEY OBJECTIVE OF DRIVING FOREIGN DIRECT INVESTMENT.

We are able to facilitate investment opportunities for our clients on the strength of our presence and extended business networks in five key markets, and the in-depth knowledge and experience we have gained by working in the Pacific Islands over the past 35 years.

By collaborating with the public and private sectors, business networks

and development partners, we aim to ensure greater efficiency in promoting the region as a credible investment destination.

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

- Developing and improving their business documentation (such as through our Pathways to Finance programme);
- Enhancing their visibility in the investment marketplace;
- Facilitating investor enquiries and supporting foreign direct investment opportunities from Australia, China, Europe, Japan and New Zealand into Pacific Island countries and businesses;

- Working with investment promotion agencies (and other relevant agencies) of all countries to promote investment-ready projects to foreign investors;
- Highlighting tourism investment opportunities to potential international investors through the region's first online Tourism investment Directory;
- Our online, searchable database of investment opportunities across the 14 Pacific Island countries we represent; and
- Encouraging networking amongst Pacific Island businesses and foreign investors at regional investment events.



COMMUNICATIONS, TOURISM, ARTS

THROUGH OUR COMMUNICATIONS PROGRAMME, PACIFIC ISLANDS TRADE & INVEST HAS BUILT A NETWORK AMONGST OUR KEY STAKEHOLDERS, CLIENTS, BUYERS, INVESTORS AND THE MEDIA.

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

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

As our reach and influence grows we are able to more effectively make the right connections at the right time. Our database of Pacific Island businesses, international buyers, distributors, partners, government contacts, logistical service providers, advisors, financial institutions, media representatives and other stakeholders grew to more than 10,000 contacts.

TOURISM PROMOTION

PACIFIC ISLANDS TRADE & INVEST WORKS TO PROMOTE TOURISM IN PACIFIC ISLAND COUNTRIES BY HELPING TOURISM BUSINESSES MARKET THEIR PRODUCTS INTERNATIONALLY AND FORGE STRONG RELATIONSHIPS WITH TRAVEL INDUSTRY PARTNERS.

By supporting Pacific Island countries to draw on their diverse cultures to build strong niche markets, our tourism promotion strategy focuses on

marketing holidays in the Pacific Islands to international travellers.

CREATIVE ARTS

CENTRAL TO THE PACIFIC ISLANDS TRADE & INVEST'S CREATIVE ARTS PROGRAMME IS TO INCREASE AWARENESS AND PROMOTE THE WORK OF LOCAL ARTISTS IN INTERNATIONAL MARKETS.

By investing resources in the creative arts sector, we are helping to place a commercial value on the Pacific Island communities' traditional knowledge and cultural expressions. We work with creators and artists in the region to create new export networks and connect with international buyers. This programme is part of the regional focus to enhance the cultural industry to become a key driver of economic growth.





COUNTRY PROFILES

| | |
|----|--------------------------------|
| 17 | COOK ISLANDS |
| 18 | FEDERATED STATES OF MICRONESIA |
| 19 | REPUBLIC OF FIJI |
| 20 | KIRIBATI |
| 21 | REPUBLIC OF MARSHALL ISLANDS |
| 22 | NAURU |
| 23 | NIUE |
| 24 | PALAU |
| 25 | PAPUA NEW GUINEA |
| 26 | SAMOA |
| 27 | SOLOMON ISLANDS |
| 28 | TONGA |
| 28 | TUVALU |
| 29 | VANUATU |

438
MILESTONES
ACHIEVED

1164
SERVICE
OFFERINGS

COOK ISLANDS

The tourism sector is the main contributor to Cook Islands' GDP. As much as 60-75 per cent of the GDP has come from this single sector over the past few years. Tourism is a key priority for the Cook Islands Government. The country is celebrating the golden jubilee of its independence in 2015, and has several activities planned around the milestone this year. In 2014, the country received 121,458 visitors, with New Zealanders making up the majority of tourists. The Cook Islands Port Authority's \$24 million Avatiu Port Redevelopment completed in 2013 is beginning to bear fruit with more cruise ships calling in at the port on the main island of Rarotonga. While the Cook Islands most high profile export is pearls, the country also exports small volumes of copra, citrus, pineapples, tomatoes, beans, pawpaws, bananas, yams, taro, coffee, fish, poultry and other livestock. The country's industrial sector exports processed fruit, clothing and handicraft. Over the past few years, the country has been in negotiations with international companies for exploration rights for undersea mining tenements.

2014 Country Highlights

- Pacific Islands Trade & Invest assisted an exporter of fashion

apparel from the Cook Islands with marketing and promotion in the New Zealand market with eight shipments generating total export sales worth \$45,000.

- Pacific Islands Trade & Invest helped facilitate a training session for the Cook Islands Tourism Office on the use of Social Media for tourism promotion during the inaugural South Pacific Tourism Expo in Auckland.
- The Windsurfing Aitutaki project that Pacific Islands Trade & Invest initiated has opened up a new stream of tourism revenue.
- Our offices provided 24 services to businesses in the Cook Islands in 2014.

Case Study

The Pacific Islands Trade & Invest facilitated Windsurfing Aitutaki project has opened up a new stream of tourism revenue to the picturesque island of Aitutaki in the Cook Islands. This activity brought in NZ\$100,000 in additional revenue to the nation's economy besides establishing a new attraction for tourists.

The project concluded in 2014 after a three-year stint that resulted in new adventure tourists visiting Aitutaki for the first time. Since 2012 some 40

people had attended the wind and kite surfing tours, an average of 13 new tourists annually staying 5-7 days with an average spend of \$1,500 to \$2,000 per person.

The activity also resulted in a new business partnership, the local school children were offered free lessons, the local sailing club receiving equipment and the interisland flights, hotels, restaurants and car hire companies received a boost from the extra tourist dollars. The overall outcome of the project was the demonstration of the potential for the development of niche tourism in windsurfing, the development of a new business opportunity for a local business entrepreneur and relationship building with the local community.



FEDERATED STATES OF MICRONESIA

Situated squarely in the 'tuna zone', the Federated States of Micronesia (FSM) has rich fisheries resources, especially skipjack, yellow fin and big eye tuna. Fish exports are mainly to Japan. FSM also earns about US\$20 million annually from the licensing of foreign vessels fishing in its Exclusive Economic Zone. It has fishing agreements with the United States, Japan, Taiwan and Korea. Japan has financially helped the development of port infrastructure in FSM. Pacific Islands Trade & Invest's Japan office has had significant engagement with FSM.

Niche tourism is on the rise in the FSM, particularly in water-based and eco-tourism activities. Pacific Islands Trade & Invest has teamed up with other regional organisations like the South Pacific Tourism Organisation (SPTO) to build this industry with advice and tools to help market the industry internationally. Helping develop

websites for small tourism operators and promoting them has been one of these initiatives.

2014 Key Highlights

- In March 2014, The Pacific Islands Centre (PIC) in Tokyo invited FSM Ambassador H.E. John Fritz as a guest speaker for the 14th PIC Meeting to speak about FSM to about 150 Japanese individuals and companies interested in the region.
- The PIC published a guidebook for tourism promotional activities, which the FSM embassy in Japan uses as a promotional tool. PIC has also helped develop other information resources.
- Working closely with the Embassy, PIC also assisted the Ministry of Research & Development of FSM to develop a new investment guidebook in the Japanese language in late 2014.

- Our offices delivered 8 services to the private sector in FSM in 2014.

Case Study

Following the FSM Embassy establishing ties with Kochi Prefecture in Japan, our Pacific Islands Centre sent a mission to Kochi for further enhancement of the relationship with FSM. This has led to various activities in trade as well as student and sports exchanges between FSM and Kochi.

This activity generated enough interest in Japan to merit the compilation of an investment guidebook in the Japanese language to help Japanese investors keen on making investments in FSM. This activity has set the ball rolling for many more interactions between FSM and Japanese businesses in the years to come.



REPUBLIC OF FIJI

In anticipation of democratic elections after eight years in 2014, the mood was upbeat in Fiji's business circles throughout the year. As one of the most diversified economies in the region, foreign direct investment is expected to grow in the coming years with a concomitant rise in industrial activity. Investment in infrastructure and its well established tourism sector are expected to drive growth in the country. Visitor arrivals continued to grow in 2014 and the tourism sector received a good measure of investment proposals.

In 2014, Pacific Islands Trade & Invest helped Fijian companies export A\$ 2,032,290 worth of merchandise while facilitating A\$ 1,407,717 worth of investments into the country. One of the many activities that the network conducted in Fiji was the Path2Market workshop, which brought together several export and export-ready companies to learn about supply chain management, branding and marketing in international markets.

Jason Chandra, Group Export Manager of Flour Mills of Fiji, one of the country's biggest exporters said, "It was very well organised, the content was extremely relevant and for those of us who are in the business it was a great refresher to keep ourselves abreast of the latest developments."

2014 Highlights

- Our assistance in packaging development has helped members of a fresh produce cooperative in Fiji, export to Australia. The industry packaging project has contributed to an improved brand profile in the

market as well as cost savings for the exporters.

- We connected the Agroprocessing Marketing Authority of Fiji with NZ firm Blue Coconut Limited in 2014. The relationship saw an increase in the export deal to a revised order of \$25,000 per month for VCO (after the Vanuatu cyclone) for 6 months.
- We helped conduct a feasibility study on developing exports of selected products to China, and annual planning and coordination discussions.
- We worked with several Fiji based food product exporters to exhibit their range at the Fine Food 2014 show in Melbourne.
- Our Path to Market workshop was conducted in Fiji, attended by export ready enterprises, government ministries and experts in the logistics, marketing, supply chain and packaging sectors.
- A New Zealand company has invested in Fiji to set up an advertising business to help generate for five town councils. The deal was facilitated by Pacific Islands Trade & Invest.
- We introduced U.S. micro finance company Kiva to the region with introduction visits to Fiji in August 2014.
- The network delivered 295 services to businesses in Fiji in 2014.
- PT&I facilitated exports worth \$2,032,290 from Fiji.
- Inward investment facilitation by the network brought in \$1,407,717 into Fiji.
- The inaugural Pacific Islands Trade stand at International Food Show SIAL 2014 provided a cost

effective and targeted stage for the commencement of the ongoing development of increased market penetration and demand creation activities for seven qualified Pacific Island entities from Fiji, Niue, Papua New Guinea and Tonga.

Case Study

The Pacific Islands Trade & Invest facilitated Pacific Path2Market was greatly welcomed by participants. More than 95 per cent of the 60 participants who completed a post-workshop survey said the seminars, the breakout session and one-on-one interactions with international experts was useful. The two-and-a-half day workshop addressed market compliance constraints and highlighted specific solutions to enhance exporters' capacity. The importance of branding, cost-effective packaging, dealing with logistics and effective supply chain management were also discussed in substantial detail. More than fifty one-on-one meetings were held between the participants, the international speakers, our staff and Pacific Islands Forum officials.

Participants were also able to establish contacts with potential buyers and suppliers for their products during the event. The workshop was made possible through funding assistance from the European Union, under the Pacific Integration Technical Assistance Project (PITAP) implemented by the Pacific Islands Trade & Invest network. This inaugural workshop led to other workshops in Vanuatu and Papua New Guinea later in the year.

KIRIBATI

One of the remotest countries in the Pacific Ocean, the atoll nation of Kiribati has been in the news for the perceived threat to it because of climate change. Primarily a subsistence economy, the country has seen some investment in a fish processing plant that has begun exporting. The country also has a small boat building industry, with boats exported to Australia. It also has also a few commercial fish farming initiatives.

In 2013, Otintaai the largest hotel in Tarawa, the capital of Kiribati, got a new private sector partner under the Government's Public Private Ownership initiative. Renovations have been under way in 2014 and the refurbished hotel is expected to attract more tourists to the nation.

Kiritimati (Christmas) Island, situated in the eastern group of atolls, has a salt pan industry that received a fillip last year with possibilities of exports to Japan.

2014 Key Highlights

- Renewed efforts to export salt from Kiribati's Christmas Island to Japan's niche food markets have been under way.
- Exports are expected to take place in 2015
- The network delivered 5 services to the Kiribati private sector in 2014.

Case Study

Salt from Christmas Island is one of the success stories to open up Japanese

market through the effort of many stakeholders since 1990s. Now, new approaches are being tried in the Japanese market to project the novelty of salt from a little known nation in the middle of the Pacific Ocean. The Pacific Island Centre of the Pacific Islands Trade & Invest network is assisting in the positioning of Kiribati salt with such product ideas as 'Japanese Noodles with Christmas Island salt', 'Christmas Cake with Christmas Island salt' and 'Potato Chips with Christmas Islands salt'. In 2014, one renowned soy-source producer in Japan tried using Christmas Island salt for their new soy-source line up. The product would be in the market with trials in 2015.



From the Pacific Ocean in Kiribati's Christmas Island to food stores in Japan: Christmas Island salt will find itself flavouring Japanese products as diverse as noodles and soya sauce.

REPUBLIC OF MARSHALL ISLANDS

Copra, coconut, chilled and frozen fish are the mainstay of Marshall Islands' small economy. The resurgence in demand for copra has resulted in increased production of the commodity since 2013. Shipping and air links remain a challenge for the islands both outside the region and within.

In 2014, Pacific Islands Trade & Invest partnered with Yap and Marshall Islands Small Business Development Centre, funding a total of US\$17,500 to the country. The funding was to help provide for a business advisor who is tasked with assisting suitable Small, Medium and Micro Enterprises (SMMEs) to develop professional funding submissions.

The New Zealand office of Pacific Island Trade & Invest also took in a Marshall Islands Trade Facilitation Officer as an intern in Auckland.

A trade and investment mission from the Marshall Islands visited Fiji in June 2014. The Pacific Islands Centre in Japan also engaged with a Marshall Islands company with connections in opening up potential exports in Japan.

2014 Key Highlights

- Pacific Islands Centre, Japan helped Marshall Islands' Tobolar Copra Processing Authority develop a strategy and method to open the Japanese market to their products. As a result, one Japanese company has moved to work on a feasibility study as well as an assessment of the quality of product to explore the Japanese market.
- In March 2014, a cruise ship with 620 passengers from Japan called on Majuro. Following this visit, the Marshall Islands authorities and the Japan International Cooperation Agency (JICA) have set up a special programme to attract

Japanese visitors.

- Honda Motor approached the Marshall Islands Government for testing its newly developed solar car experimental project. Pacific Islands Centre provided various information and advice for stakeholders to move the project forward. In October 2014, Honda and the Government of RMI signed a MOU for the joint project.
- The network delivered 11 services to the Marshall Islands' private sector.

Case Study 1

Since 2008, PT&I has been running the Pathways to Finance (P2F) programme, which helps SMMEs to develop professional funding submissions in a personalised manner. The funding (originating from a programme of the Government of Japan) goes toward enabling the partner organisation for conducting training and one-on-one consultations with SMME business owners. The aim of the training is to help them get their business documentation in order and up-to-date.

The funding helps provide for a business advisor who is tasked with assisting suitable SMMEs to develop professional funding submissions. By engaging a trusted, local business advisor and targeting loan-ready participants, banks and other lending institutions are better able to access the credit-worthiness of the SMME, thus optimising their chances of loan approval.

Last year, PT&I partnered with Yap and Marshall Islands Small Business Development Centre, funding a total of US\$17,500. The fund (originating from a programme of the Government of Japan) was used for targeting suitable, loan-ready SMMEs to engage the services of a trusted, local business advisor to carry out the training. This would then be used to apply for

commercial loans with banks or other lenders, with the aim of growing their businesses.

Case Study 2

Hatty Kabua, Trade Facilitation Officer from the Ministry of Resource and Development of the Government of the Marshall Islands was hosted as an intern at the Pacific Islands Trade & Invest New Zealand office in Auckland. The PT&I Internship Programme aims to help build the capacity of Pacific trade officials in trade promotion and increase their understanding of the international market and trade facilitation processes.

Hatty's internship was in response to the RMI Government's recent endorsement of its Trade Policy Framework with a focus on the Marshall Islands' new "Be Marshallese Buy Marshallese" national campaign. Hatty's time in Auckland was an opportunity to determine export opportunities in the marketplace that led to the development of a national export strategy following its national brand campaign.

The internship has already provided a roadmap to key outcomes. One is her work with brand and marketing designs that has given her the technical capability to create the RMI "Be Marshallese Buy Marshallese" marketing material that focuses not only on a local campaign but with a view to an export strategy. Hatty also met with a Pacific fashion house in NZ who has expressed interest to buy Marshall Islands handicrafts, specifically coconut frond baskets and fans.



Hatty Kabua of the Marshall Islands interned at PT&I's Auckland offices as part of the Network's internship programme. Here Hatty (R) is seen at Pacific Island garment store Mena in Auckland.

NAURU

Exploitation of secondary phosphate deposits on Nauru has led to exports of the natural resource over the past few years. Last year, the country exported sizable shipments to New Zealand. The country, however, has been more in the news for hosting Australia's offshore immigration processing centre. This activity is a significant revenue earner for the country.

In 2014, Nauru Government officials were in talks with the New Zealand Government to finalise arrangements to include Nauru citizens in the Recognised Seasonal Worker Programme to work in New Zealand's horticulture sector.

The country's flag carrier, which was renamed Nauru Airlines in August 2014, added an all freight jet aircraft shortly

thereafter. The country also established the Nauru Trust Fund and made moves to join the International Monetary Fund and World Bank.

2014 Key Highlights

- Shipments of phosphate between Nauru and Japan resumed after the collapse of the trade in the 1990s. Pacific Islands Trade & Invest network helped re-establish the trade.
- The network delivered three service offerings to Nauru in 2014.

Case Study

Since Nauru restarted phosphate production through RONPHOS, Pacific Islands Trade & Invest network office in Japan, the Pacific Islands Centre, began looking for potential importers in Japan,

leading to the re-establishment of the phosphate business between Nauru and Japan after trade collapsed in early 1990s.

With three years of careful arrangement, in May 2014, the first direct shipment of phosphate from Nauru to Japan arrived at Moji Port, Japan. The second direct shipment arrived in August.

Dr. Takehiro Kurosaki, Deputy Director of Pacific Islands Centre, visited Nauru and as a result of increased engagement, a Japanese fertiliser company is considering importing Nauru phosphate. We are hopeful of an increase in the volume and frequency of Nauruan phosphate exports to Japan in the coming years.



NIUE

With a resident population of just about 1400, Niue's major income is from tourism. The country is a major attraction for underwater adventure sport and has been drawing increasing numbers of international tourists over the past few years. Air New Zealand, which provides the only air connectivity with the outside world with links to Auckland, has added a second weekly flight in the tourist season to address the growing influx.

The Pacific Islands Trade & Invest network carried out initiatives to find new tourist markets with a group of tourists and tourism operators from Japan in 2014, who have been impressed enough to market the destination in the Japanese adventure tourism market. The Auckland office also helped showcase Niue as a destination for unique Pacific cuisine, at the island's first ever international food festival.

2014 Key Highlights

- Our Tokyo-based Pacific Islands Centre organised the first ever group tour from Japan to Niue in July 2014.
- Pacific Islands Trade & Invest NZ sponsored the 'KaiMakete' (tasting

market) event at Niue's first ever international food festival.

- The New Zealand office provided a trade brief to Ms Jenna Priore, newly appointed NZ Deputy High commissioner to Niue on the network's trade activities in 2014 mainly around the collaboration with the Niue Chamber of Commerce/Niue Tourism around the Niue Food Festival and client work with Niue Honey and Niue Vanilla International.
- The Australia office helped host Niue Vanilla at the Fine Food Festival 2014 in Melbourne, where the company received a large number of enquiries and established contact with a range of Australian food industry importers.
- PT&I facilitated exports worth \$121,052 from Niue.
- The inaugural Pacific Islands Trade stand at International Food Show SIAL 2014 provided a cost effective and targeted stage for the commencement of the ongoing development of increased market penetration and demand creation activities for seven qualified Pacific Island entities from Fiji, Niue, Papua New Guinea and Tonga.

Case Study

The first ever Kai Niue Food Festival held in 2014 was a delicious culinary success for all involved. Pacific Islands Trade & Invest NZ Trade Development Manager Mona Mato attended the four-day event on behalf of the network. The New Zealand office sponsored the 'Kai Makete' event on the first day of the four day festival.

The event organised by the Niue Chamber of Commerce in Association with Niue Tourism and local organisations, aimed to promote local ingredients in contemporary cuisine and to inspire local chefs into putting a new spin on traditional menus. Top New Zealand Pacific Chef Michael Meredith, International Culinary Cookbook writer Robert Oliver and Auckland's Beach House chef Alex Kaihea were special guests flown in to judge cooking events, share new ideas, culinary practices, tastes and create a menu of their own using locally grown ingredients.

Kai Niue was a grand showcase to also promote other local produce including Niue honey and vanilla to the international chefs and worldwide. Mr Oliver highlighted the event in July 2014 with a programme for his TV series Real Pasifika featuring the food cultures of the Pacific.

PALAU

Palau, part of the Micronesia island group, is located in the Western Pacific Ocean, with a population of 21,000 scattered across 250 islands. Palau enjoyed strong growth in tourist numbers in 2014, an increase of nearly 30 per cent over the previous year.

Nearly 70 per cent of tourists have traditionally come to Palau to snorkel and dive in the globally famous aquamarine waters with pristine corals. The growth in tourist numbers in 2014 is attributed to increased numbers from China.

Palau has been praised for its commitment to reduce commercial fishing and declaring its waters as a shark sanctuary. This is paying good

dividends with a study by the Australian Institute of Marine Science estimating that a single reef shark contributed almost US\$2m in its lifetime to the economy of Palau. Palau earns about US\$18m from 'shark tourism', which is 8 per cent of the island's gross domestic product.

Palau's population enjoys a per capita income almost double that of the Philippines and much of Micronesia. In July 2014, Palau successfully hosted the Annual Pacific Islands Forum Leaders meeting on its capital Koror.

The island nation is striving to build air links with Asia, with a spurt of tourist numbers from China. It was also in talks with Papua New Guinea for an Air

Services Agreement in 2014. In 2014, satellite communications provider O3b Networks announced a multi-year agreement to provide additional trunking services to the Palau National Communications Corporation (PNCC).

2014 Key Highlights

- Introduced Maiden Palau skincare manufacturing company to a Sydney based distributor.
- PT&I met with a distributor and presented skincare samples then facilitated the introduction to Maiden Palau.
- Discussions are ongoing.



PAPUA NEW GUINEA

Papua New Guinea's natural resources sector has been the main driving force behind the country's economic growth for more than a decade. Nearly two-thirds of PNG's export earnings come from mineral deposits like copper, gold, oil and natural gas. The country continues to attract the interest of investors from across the world.

In 2014, Pacific Islands Trade & Invest Network office in Japan, the Pacific Islands Centre organised a 55-member delegation of Japanese business leaders to accompany Japan's Prime Minister to PNG. Presidents and CEOs of major Japanese companies took part in the delegation and in high level bilateral meetings. Investment projects discussed included fisheries, LNG related businesses, construction and infrastructure.

A seminar on PNG organised by the Centre in Tokyo attracted more than 100 Japanese companies expecting to establish businesses in PNG. Some of these companies sent business delegations to PNG seeking investment opportunities in the months following the seminar.

Following the Pacific Islands Centre's advice, the Japan International Cooperation Agency and PNG's Invest Promotion Agency (IPA) published the Investment Guidebook, which was launched in July 2014.

2014 Key Highlights

- Pacific Islands Centre organised a 55 member of Japanese business

leaders' delegation to accompany Japan's Prime Minister during his trip to Papua New Guinea

- The PNG Investment Guidebook launched in July 2014.
- Investment Seminar on PNG in Tokyo attracted 100 Japanese corporations leading to several visits to PNG seeking investment projects and opportunities.
- PNG intern at Pacific Islands Trade & Invest New Zealand office helped generate export enquiries for PNG commodities into New Zealand.
- Our Path to Market Programme in PNG led to several PNG companies participating and developing strategies for export of PNG products into New Zealand, Australia, China and Japan.
- Food and beverage companies from Papua New Guinea exhibited their products at the Fine Food 2014 show in Melbourne at the Pacific Islands Trade & Invest sponsored stand.
- We introduced U.S. micro finance company Kiva to the region with introduction visits to PNG in August 2014.
- The network delivered 93 service offerings to the private sector in Papua New Guinea in 2014.
- PT&I facilitated \$143,266 worth of exports from Papua New Guinea.
- The inaugural Pacific Islands Trade stand at International Food Show SIAL 2014 provided a cost effective and targeted stage for the commencement of the ongoing development of increased market penetration and demand creation

activities for seven qualified Pacific Island entities from Fiji, Niue, Papua New Guinea and Tonga.

Case Study

The Auckland office of Pacific Islands Trade & Invest hosted an intern from Papua New Guinea (PNG) in 2014. Ken Pep, Senior Trade Marketing Officer with PNG's Investment Promotion Authority was based at the office as part of PT&I Internship Programme. The initiative aims to help build the capacity of Pacific trade officials in trade promotion and increase their understanding of the international market and trade facilitation processes.

Ken spent several weeks working with the Auckland team as well as visiting potential importers of PNG products in New Zealand and developing suggested export marketing strategies to their export promotion agencies in their home countries. While in Auckland he laid the foundations for potential export deals from PNG into New Zealand.

Ken developed strong export leads for PNG coffee from a New Zealand importer as well as a couple of leads for vanilla and cocoa beans. Ken's internship also identified key constraints faced by PNG imports into NZ. Feedback from importers reiterated their own issues around inconsistencies of supplies and inferior products arriving at the border.



As an intern at PT&I's Auckland offices, PNG's Ken Pep helped identify key constraints faced by PNG imports into New Zealand. He also conducted a study for the prospects of PNG coffee in the NZ market.

SAMOA

About 127,000 tourists visited Samoa --close to the number received in 2013, according to the Asian Development Bank. Tourism is the country's top revenue earner and much of the tourists come from New Zealand.

The third UN World Conference on Small Island Developing States (SIDS) in September 2014 attracted over 3,000 international delegates from all corners of the world to Apia. The opening of the largest solar photovoltaic site in Samoa was also held during the conference.

Among commodity exports, the country's star performer was coconut oil, which garnered 20 times higher revenues than it did in the previous year. Taro values to New Zealand and American Samoa were also higher than in the previous year. The Government of Samoa moved to improve shipping by purchasing a 50 per cent stake in the Pacific Forum Line with Neptune Pacific and improving shipping visits from 36 to 48 annually.

Pacific Islands Trade & Invest assisted with the marketing of a major investment project in Samoa's hospitality sector in the Auckland market. This was the new \$40 million development adjacent to the popular Sinaiei Resorts in Samoa.

The private sector and the Samoa Association of Manufacturers and Exporters (SAME) launched a permanent trade exhibition "Buy Samoa Made" display in its Consulate office in Auckland. The display is a precursor to a much larger multi-million dollar retail, office and consular complex scheduled to be completed in 2016.

2014 Key Highlights

- Pacific Islands Trade & Invest office in New Zealand assisted in the launch of the private sector and the Samoa Association of Manufacturers and Exporters (SAME) of a permanent "buy Samoa Made" trade exhibition display in Auckland.
- Our New Zealand office helped produce marketing collaterals for the new \$40 million Sinaiei Premium Villas development in Samoa for the Auckland investor market.
- Pacific Islands Trade & Invest helped Samoan beauty products manufacturer Mailelani develop a retail promotion campaign in 2014. With PT&I's assistance, sales increased by 50 per cent.
- The network carried out several profile building initiatives in the Samoan and regional media ahead of and during the Third UN World Conference on Small

Island Developing States (SIDS) in September 2014.

- The network delivered 108 services to the Samoan private sector.
- PT&I facilitated \$292,615 worth of exports from Samoa.
- PT&I facilitated \$9,365,289 worth of inward investment into Samoa.

Case Study

Mailelani products are all handmade in Samoa using organic virgin coconut oil, ethically sourced from farmers and villages in Samoa. Mailelani achieved its first major export order in 2014 with products now stocked in nine specialty stores including Wise Cicada, Eco Store and Huckleberry Farms – all upmarket stores in New Zealand's commercial capital Auckland.

Pacific Islands Trade & invest helped Mailelani develop a retail promotion campaign in 2014. A special custom made wooden box was created for a choice of Mailelani products along with a card.

With our assistance, sales increased by 50 per cent. Owners Kitioni and Sylvie Salanoa acknowledged our contribution with finance, technical advice, guidance and suggestions that have had a positive impact on the local communities.



SOLOMON ISLANDS

Devastating floods in the Solomon Islands in April 2014 set the country's economy back considerably. But the nation's administration has been praised for working with international agencies to restore normalcy rapidly. An ANZ Bank assessment found that the country had emerged from the natural disaster in better shape than was expected.

The New Zealand office of Pacific Islands Trade & Invest worked with the New Zealand representative of the Solomon Islands based cocoa growing company C Corp in its efforts to process the single origin cocoa into chocolate for the New Zealand's specialty retail market. The office publicised the product through the media especially around the Coffee & Chocolate show in Auckland.

The office also worked with the Solomon Islands timber industry to

plan a tour for timber exporters to New Zealand to take place in 2015.

2014 Key Highlights

- Pacific Islands Trade & Invest worked with C Corp helping to procure equipment to process single origin cocoa from the Solomon Islands for the manufacture of chocolate for the retail market in New Zealand.
- We worked with the country's timber industry to plan a fact-finding and meet-the-buyer trip to New Zealand scheduled for 2015
- The network delivered 47 services to the Solomon Islands private sector in 2014.

Case Study

Pacific Islands Trade & Invest worked with the New Zealand operations of Solomon Islands based C Corp, which grows coffee and cocoa with

local farmers on the main island of Guadalcanal. The office helped C Corp's Tauranga based factory to acquire specialised equipment to process the cocoa beans into chocolate, which was test marketed successfully in Auckland. Celebrity chefs appreciated the quality of the chocolate and a couple of them have been using it regularly since.

The office also worked with C Corp to promote the product through media coverage before and during C Corp's participation at the Coffee & Chocolate Show in Auckland, where the company was able to generate considerable interest in the boutique café and grocery network. This experience also led the company to think in terms of launching a Solomon Islands branded chocolate in the retail market in the following year.



Glenn Yeatman of C-Corp NZ with a fresh shipment of dry cocoa beans from the Solomon Islands in the company's factory in Tauranga, New Zealand. C-Corp processes cocoa into a range of chocolate products for the NZ market. The products were well received at the Coffee & Chocolate 2014 show in Auckland. PT&I has worked with C-Corp in several business activities.

TONGA

Tropical Cyclone Ian hit Tonga's Ha'apai Islands in January 2014 leaving behind a trail of destruction and the loss of life. In the aftermath of the cyclone, Tonga requested that New Zealand and Australia increase the number of temporary seasonal workers on recognized employment schemes. Nearly 3,000 workers on the scheme were estimated to have earned around US\$20 million and remitted back to Tonga.

In April 2014, the Asian Development Band predicted an economic rebound in 2014 with a 1.5 per cent economic growth on the back of a multi-million upgrade of the Fua'amotu International Airport by the World Bank and the reconstruction on Ha'apai Islands following the cyclone, funded by development partners.

On the tourism front international interisland flights between Fiji and Tonga were resumed. The country's iconic Dateline Hotel was re-tendered for development after the Tanoa Hotel Group pulled out of a deal in 2013.

2014 Key Highlights

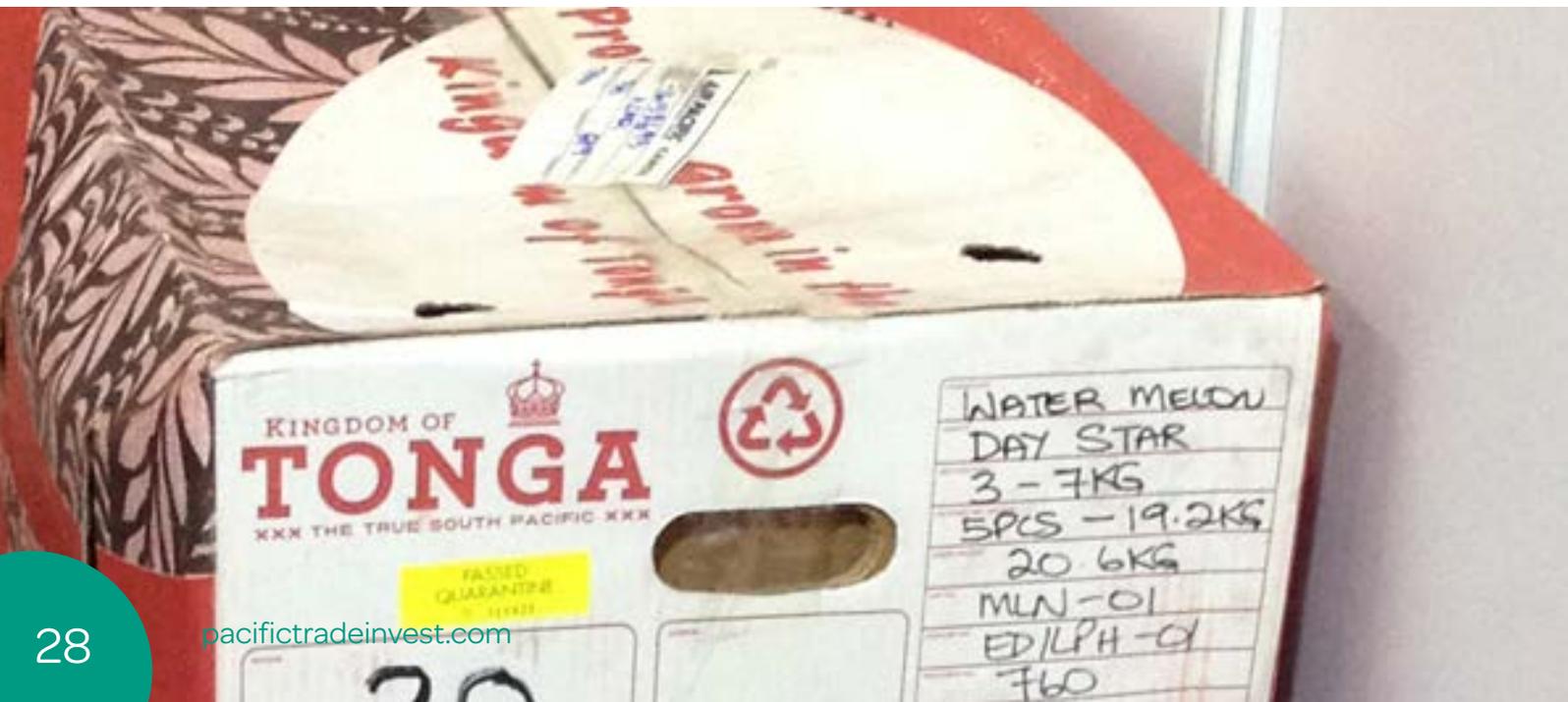
- The Japan based Pacific Islands Centre helped organise and coordinate the Japan-Tonga Trade Symposium and a Japanese Trade Mission consisting of private sector representatives to Tonga.

- The centre promoted Tongan Virgin Coconut Oil (VCO) to the Japanese market resulting in the Tokyo Central Trading Company importing one tonne of (VCO) from Vava'u in September 2014.
- Vanilla producer Heilala Vanilla's Japanese agents also began importing VCO in October 2014, followed by vanilla products.
- Pacific Islands Trade & Invest New Zealand worked closely with the Government of Tonga and PHAMA (Pacific Horticultural and Agricultural Market Access) to create new purpose designed cartons for exporting agricultural produce.
- The New Zealand office PT&I helped develop watermelon labels for the Tongan trade mission to Samoa and also facilitated media promotion for the trade mission.
- The Auckland and Beijing offices of Pacific Islands Trade and Investment collaborated with the Government of the Kingdom of Tonga to host The Road to Investment Workshop in July 2014.
- The network delivered 68 services to the Tongan private sector in 2014.
- PT&I facilitated \$622,698 worth of exports from Tonga.
- The inaugural Pacific Islands Trade stand at International Food Show SIAL 2014 provided a cost effective and targeted stage for the

commencement of the ongoing development of increased market penetration and demand creation activities for seven qualified Pacific Island entities from Fiji, Niue, Papua New Guinea and Tonga.

Case Study

In 2014, Pacific Islands Trade & Invest worked closely with the Government of Tonga and PHAMA (Pacific Horticultural and Agricultural Market Access) to create new purpose designed cartons for exporting agricultural produce. The lack of proper packaging had been a major constraint in successfully exporting Tongan produce to international markets as they failed to meet the key basic requirements for packaging and labeling. It had prevented fresh produce from being exported to the formal and established markets such as supermarkets and retail outlets in New Zealand, Australia and the US. Tonga's Ministry of Tourism and Labour had worked closely with key stakeholders from the agricultural export sector towards winning projects under the PHAMA project and developing market access and pathways into the formal markets in New Zealand and Australia. The sturdy cardboard boxes are distinctly labeled as products from Tonga, easily recognizable whilst also meeting the required export market standards in the different markets.



TUVALU

Tuvalu comprises a group of nine coral atolls of which eight are inhabited. The country, which has poor soil conditions not conducive to agriculture, crucially depends on imported food as well as fuel. Tuvaluans' main economic activity is subsistence farming and fishing. Unlike other Pacific islands, tourism has not taken root in Tuvalu with fewer than 1,000 tourists visiting annually. The country's income largely is received annually from the Tuvalu Trust Fund (TTF) an international trust fund established in 1987. Tuvalu obtains a

royalty income from the lease of its top country level internet domain ".tv".

2014 Key Highlights

- In 2014 Pacific Islands Trade & Invest continued to research the feasibility and potential for mature coconut exports following on from initial ground work carried out in 2013. This work involved sourcing coconut buyers throughout New Zealand via the informal market working closely with a coconut importer. The research was carried

out in collaboration with the Tuvalu High Commission's office in Wellington and the Tuvalu Coconut Traders Cooperative in Tuvalu to provide a coordinated approach and to determine the viability of exporting mature coconuts to New Zealand.

- PT&I provided an update on market information to assist in the development of Tuvalu's National Trade Policy Framework.



VANUATU

Tourism has grown to be one of Vanuatu's significant revenue earners, particularly since its national airline signed air services agreements with airlines in New Zealand and Australia. Vanuatu's varied landscape offers a variety of tourism options from cruise ships to adventure tourism. Many of the islands in the archipelago hold their own unique attractions.

Agribusiness is slowly on the rise and increased volumes of fresh produce and livestock are making their way into export markets. The opening up of the seasonal labour market has seen increasing numbers of Vanuatu citizens work in the horticulture sector in New Zealand and Australia over the past few years.

One such relationship between a seasonal worker and his employer resulted in an agribusiness joint venture in Vanuatu in 2014. Pacific Islands Trade & Invest facilitated the formation of the joint venture, which has been showcased as a successful example of an inward investment initiative involving multiple stakeholders. The relationship was also showcased at the Third Small Islands Developing States conference in Samoa in July 2014.

2014 Key Highlights

- Pacific Islands Trade & Invest organised a Path2Market workshop in Vanuatu following the success of such a workshop in Fiji a few months earlier.
- We facilitated the formation of a joint venture in Vanuatu between a seasonal worker from Vanuatu and his employer from New Zealand.
- Our Path to Market workshop was conducted in Vanuatu, attended by export ready enterprises, government ministries and experts in the logistics, marketing and packaging sectors.
- The New Zealand office continued its annual workshops for Vanuatu workers in New Zealand on financial literacy and investment in business.
- The network delivered 76 services to the Vanuatu private sector in 2014.
- PT&I facilitated \$152,839 worth of services from Vanuatu.
- PT&I facilitated \$178,778 worth of investment into Vanuatu.

Case Study

An employer and a worker of New Zealand's successful RSE (Recognised Seasonal Employer) scheme established the first ever joint venture

of its kind in the Pacific. The JV was established on the island of Tanna in Vanuatu in April 2014.

South Island grape grower company Vinepower's partners Jono Bushell and Jason Kennard teamed up with RSE worker Seth Kaurua to form the Tanna Famas Company. Pacific Islands Trade & Invest New Zealand offices, which has been associated with the RSE scheme since inception, and Vanuatu's Commissioner of Labour together assisted in the formation of the JV.

The farmers planted some 7 hectares of coffee plants. The company will also produce high quality coconut oil for niche markets in New Zealand, which it planned to launch in 2015.



The joint venture between a New Zealand horticulturist and his ni-Vanuatu employee working under the Recognised Seasonal Employer is a success story. The employer and employee collaborated to form the JV, which exports virgin coconut oil and other products grown and made in Tanna, Vanuatu in the NZ market. PT&I helped with the JV and also showcased the enterprise at the Private Sector Forum ahead of the Third Small Islands Development States conference in Samoa in 2014.

REGIONAL INITIATIVES

In 2014, as in previous years, PT&I engaged with member nations on a range of region-wide initiatives targeted at export promotion and capacity building. Path to Market, Maketi Ples, Fine Food and tourism promotion initiatives were the significant region wide programmes that were implemented in 2014.

Path to Market (P2M) Programme

The P2M Programme is an export capability building initiative that combines the range of export facilitation services provided by PT&I with a wide spectrum of expertise from relevant businesses and organisations to help export ready/export capable businesses enter new markets. The PT&I Trade Development teams from Australia, China, New Zealand and the Forum Secretariat ran three-day workshops in Fiji, Vanuatu and PNG. The programme is designed to expose export ready/capable businesses to new markets; meet with market experts and address key challenges around market compliance.

The 2014 workshops were designed in response to exporters' requests for information and guidance on issues relating to market access and trade facilitation. A total of 155 participants from 113 businesses and organisations received training under the P2M programme. As a direct result of the workshops, export sales of Euro 200,000 to Oceania was achieved by the end of 2014.

Five companies with export potential were assisted with the development of export packaging as part of a wider export strategy for securing supply agreements. Two export ready companies from Fiji were selected to attend the SIAL China 2014 Trade Show. Five companies supplied samples for evaluation potential in Asia, including Noni, Coconut Oil, Tamanu Oil, Coffee and Beer.

Of 124 participants who returned evaluation forms, 91.9% agreed that the workshops had met expectations and added value to their businesses. Of the most importance to the participants were preparing to export, buyer's perspectives, international markets and branding models. Among the participants, 37.9% were existing

exporters. The workshops also gained widespread media coverage gained in Fiji, Vanuatu, PNG and New Zealand.

The P2M initiative was funded by the European Union through the 10th European Development Fund, under the Pacific Integration Technical Assistance Project (PITAP) implemented by the Pacific Islands Forum Secretariat. PITAP is a component of the Strengthening Pacific Economic Integration through Trade (SPEITT).

Maketi Ples

In recent years, development agencies have increasingly recognised arts and crafts as drivers of development through employment creation, poverty alleviation, empowerment of women and income generation mechanisms at the grassroots level.

The vision of the Pacific Regional Culture Strategy, Investing in Pacific Cultures 2010-2020 was that Pacific Cultures are valued, cherished and supported – now and in the future. Part of its mission was to contribute to the economic and social development of the region. In its guiding values and principles it was recognised that "...culture has an intrinsic value but is also a means of achieving economic well-being, sustainable livelihoods and national development."

Pacific Islands Trade & Invest's Maketi Ples, started in 2005 was not only a showcase for Pacific island artists and artisans, but acted as a commercial vehicle for Pacific islands art, driving the development of employment opportunities for women and communities and alleviating poverty through income generation in their home countries.

In 2014, Maketi Ples was held in Sydney for the fourth successive year, becoming a significant event on the Sydney arts calendar. The annual event conceived and managed by PT&I promotes the work of Pacific Island-based artists and artisans directly to Australian consumers, designers, retailers, importers and to the Australian media. The 2014 event featured 17 artists and artisans from seven island member nations featuring crafts like the distinctive bilum creations from PNG and a range of unique crafts from Samoa, Vanuatu, Fiji, Marshall Islands

besides other island nations. The event generated sales of AUS\$30,000.

The growing success of the initiative underscores the important contribution that arts and crafts can make to local economies, creating employment and leading to overall economic development. The ongoing annual show has helped Pacific artists find exposure for their arts and crafts at prestigious venues like the Australian Museum and other art galleries across Sydney. As a direct result of the 2014 show, at least one not for profit organisation is negotiating with PNG and Marshall Islands art sources for procuring their wares for display and sale in Australia.

Fine Food 2014

Products from as many as 11 Pacific Island food and beverage enterprises were on show during Australia's largest annual food industry trade expo – the Fine Food show in Melbourne in September 2014. The show attracted over 20,000 visitors from 50 countries.

The PT&I office in Sydney in collaboration with the European Union and Secretariat of the Pacific Community (SPC) through the Increasing Agricultural Commodity Trade (IACT) project coordinated and managed the participation of the Pacific enterprises at the show.

A continuous stream of potential buyers, new business contacts and interested parties were seen throughing the collective Pacific Islands booth that housed island participants. Exhibitors ranged from coffee and cocoa growers, chocolatiers, honey producers and coconut product makers to manufacturers of packaged foods, bottled water, beverages and even alcoholic drinks.

Exhibitors were unanimous in their view that participation brought excellent dividends, having resulted in several new contacts, even orders and ideas for product development. A couple of past years' participants at the PT&I-facilitated Pacific Islands booth have done well enough at the show to warrant going in for their own independent, standalone booths – which indeed is a measure of how successful participating in the show has been for them.



FINANCIAL STATEMENTS

| | |
|----------|----|
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| TOKYO | 43 |

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.

AUDITOR'S REPORT - AUCKLAND

Independent Auditor's Report

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

Report on the financial statements

We have audited the financial statements of Pacific Island Trade and Invest on pages 2 to 10, which comprise the statement of financial position as at 31 December 2014, and the statement of financial performance, statement of movements in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Trade Commissioner's responsibility for the financial statements

The Trade Commissioner is responsible for the preparation and fair presentation of these financial statements in accordance with generally

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

Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 in our capacity as auditor we have no relationship with or interests in Pacific Trade and Invest.

Opinion

In our opinion the financial statements on pages 2 to 10 present fairly, in all material respects the financial position of Pacific Trade and Invest as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice in New Zealand.

JSA Audit
August 2015
Parnell
Auckland

BALANCE SHEET - AUCKLAND

Currency:
NZ \$

| | 2014 | 2013 |
|---|----------------|------------------|
| CURRENT ASSETS | | |
| Cash | 33,832 | 403,164 |
| Term Deposits | 367,537 | 500,000 |
| Receivables | 56,166 | 47,014 |
| Prepayments | 4,121 | - |
| Accrued Income | 11,605 | 7,799 |
| TOTAL CURRENT ASSETS | 473,261 | 957,977 |
| NON-CURRENT ASSETS | | |
| Property Plant & Equipment | 78,406 | 109,719 |
| Other Assets | - | - |
| TOTAL NON-CURRENT ASSETS | 78,406 | 109,719 |
| TOTAL ASSETS | 551,667 | 1,067,696 |
| CURRENT LIABILITIES | | |
| Creditors and Accruals | 27,312 | 539,031 |
| Deposits Received | - | - |
| Deferred Income | - | - |
| Employee Benefits - Accruals & Provisions | 35,464 | 26,126 |
| Other Provisions | - | - |
| TOTAL CURRENT LIABILITIES | 62,776 | 565,157 |
| TOTAL LIABILITIES | 62,776 | 565,157 |
| NET ASSETS | 488,891 | 502,539 |
| ACCUMULATED FUNDS | | |
| Opening Retained Profits/Surplus | 502,539 | 420,979 |
| Current Retained Profits/Surplus | -13,648 | 81,560 |
| Other Movements in Accumulated Funds | - | - |
| TOTAL ACCUMULATED FUNDS | 488,891 | 502,539 |

STATEMENT OF INCOME AND EXPENDITURE - AUCKLAND

| Currency: | OPERATING REVENUE | Approved 2014 budget | Over/(Under) Expenditure | 2014 Actual | 2013 Actual |
|-----------|---|---------------------------------|-------------------------------------|--------------------|--------------------|
| NZ \$ | Government Grants & Funding | - | - | 890,000 | 914,000 |
| | Interest | - | - | 17,834 | 12,263 |
| | Other Grants | - | - | - | 52,208 |
| | Other Income | - | - | - | 86,636 |
| | TOTAL OPERATING REVENUE | - | - | 907,834 | 1,065,107 |
| | PERSONNEL EMOLUMENTS | | | | |
| | Personnel Emoluments | - | - | 341,771 | 321,866 |
| | Subtotal | - | - | 341,771 | 321,866 |
| | ADMINISTRATION | | | | |
| | Computer Expenses | - | - | 20,190 | 15,601 |
| | Consulting | - | - | - | 580 |
| | Depreciation & Loss on Disposal of Assets | - | - | 34,292 | 36,700 |
| | Insurances | - | - | 3,769 | - |
| | Legal Costs | - | - | - | 2,013 |
| | Motor Vehicle Expenses | - | - | 16,895 | 16,063 |
| | Office Expenses | - | - | 6,510 | 14,939 |
| | Postage & Freight | - | - | 2,261 | 1,111 |
| | Printing & Stationary | - | - | 10,158 | 10,011 |
| | Promotion Expenses | - | - | - | - |
| | Rent | - | - | 101,877 | 95,857 |
| | Staff Training & Education | - | - | 2,184 | 11,260 |
| | Telecommunications | - | - | 27,736 | 23,643 |
| | Travel, Workshops & Conferences | - | - | 23,764 | 55,572 |
| | Utilities | - | - | 3,081 | 3,424 |
| | Miscellaneous | - | - | 10,656 | 20,010 |
| | Subtotal | - | - | 263,373 | 306,784 |
| | AUDITING & FINANCIAL CHARGES | | | | |
| | Audit & Accounting | - | - | 27,906 | 27,347 |
| | Bank Charges | - | - | 798 | 981 |
| | Subtotal | - | - | 28,704 | 28,328 |
| | WORK PROGRAMME | | | | |
| | Investment Promotion | - | - | 114,529 | 88,526 |
| | Tourism Promotion | - | - | 5,318 | 16,150 |
| | Trade Promotion | - | - | 154,350 | 164,129 |
| | Special Projects | - | - | - | 55,067 |
| | Others | - | - | 13,437 | 2,697 |
| | Subtotal | - | - | 287,634 | 326,569 |
| | TOTAL OPERATING EXPENDITURE | - | - | 921,482 | 983,547 |
| | OPERATING PROFIT | - | - | -13,648 | 81,560 |

AUDITOR'S REPORT - BEIJING

Audit Report No. SMCSZ [2015]0124

To Pacific Islands Trade
and Invest:

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

I. The management's responsibility to financial statements preparation

The Office's management is responsible for preparation of the financial statements according to "Accounting Standards for Business Enterprises" and "Accounting System for Business Enterprises", which includes:

- (1) to design, implement and maintain the internal control relevant to the financial statements, so that the financial statements are free from material misstatement due to frauds or mistakes;
- (2) to choose and adopt suitable accounting policies;
- (3) to make reasonable accounting estimates.

II. The CPAs' responsibilities

Our responsibility is to express audit opinion about the financial statements on the 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 reasonability of accounting estimate made by the management, and assessing the financial statements' general display.

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

III. Office profile

The office was established by the South Pacific Forum Secretariat (the Forum) and the People's Republic of China government in accordance with the agreement between the two parties signed in Tarawa Island on October 31, 2000 for the purpose of strengthening and developing the friendly cooperative relationship between the Forum and China. In July 2012 the office was upgraded and re-branded from the "Pacific Islands Forum Trade Office in China" to "Pacific Islands Trade and Investment, Beijing".

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, 2014 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 1,543,737.30.

- (1) Operating fund income:
Received in 2014 amounting to RMB 1,532,046.78 received

from headquarters.

- (2) The interest income from Cash in Bank in 2014 is RMB 3,474.58.
- (3) The tax refund income is RMB 8,215.94.

2. Expenditures

The total expenditure incurred by the Office in 2014 is RMB 1,550,966.71, which including -RMB 57,504.39 of financial expenses, RMB 103,839.78 incurred as prepayments for Trade Commissioner's allowance and RMB 1,504,631.32 of operating expenses incurred by the Office.

- (1) Financial expenses
The financial expenses incurred by the Office in the current year is -RMB 57,504.39 which is composed of -RMB 74,444.38 of exchange gain and RMB 16,939.99 of bank service charge.
- (2) Allowance remuneration incurred by Trade commissioner. The allowance remuneration by Trade Commissioner in the current year is RMB 103,839.78, including prepayment of RMB 34,839.78 education allowance, prepayment of RMB 69,000.00 housing allowance.
- (3) The office expenditure incurred by the Office in the current year is RMB 1,504,631.32, including:
 - a. RMB 7,560.00 of furnitures, incurred for purchasing four sets of tables and chairs RMB 7,560.00.
 - b. RMB 237,000.00 of office rental, mainly incurred for paying the rent of the Office.
 - c. RMB 458,992.64 for work programmes expenses, RMB 124,789.93 for Investment department; RMB 139,783.57 for Tourism department; RMB 99,741.36 for Trade department;

RMB 94,677.78 for Special projects—RMB 0 for other expenses.

d. RMB 629,554.00 of payroll, incurred for the payment of wages to Office employees.

e. RMB 171,524.68 remaining please check the breakdown from “Statement of Income and expenditure” as below

3. Balance of income and expenditure

(1) Opening balance
The opening balance is RMB 94,914.23, including RMB 21,743.73 of cash on hand, RMB 116,670.50 of cash in bank, RMB 56,500.00 of loans receivable (including: RMB 24,000.00 of housing deposit for Trade Commissioner, RMB 10,000.00 of education deposit for Trade Commissioner, RMB 21,500.00 of housing deposit for Deputy Trade Commissioner, RMB 1,000.00 of deposit for DHL); RMB 100,000.00 of payable to client.

(2) Balance of current year
The balance of the current year is RMB 1,543,737.30, which derived by subtracting current year expenditure RMB 1,550,966.71 from current year income -RMB 7,229.41.

(3) Ending balance
The ending balance is RMB 87,684.82, including RMB 21,619.95 of cash on hand, RMB 1,070,777.31 of cash in bank, RMB 55,500.00 of loans receivable (including: RMB 23,000.00 of housing deposit for Trade Commissioner, RMB 10,000.00 of education deposit for Trade Commissioner, RMB 21,500.00 of housing deposit for Deputy Trade Commissioner, RMB 1,000.00 of deposit for DHL); RMB 1,000,000.00 of payable to client; RMB 60,212.44 of prepayments; The ending balance is RMB 87,684.82.

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. Same as the above, we believe this report reflects in all material respects the financial position of the Office on December 31, 2014 and the condition of its fund income and expenditures of 2014.

Appendices:

1. Balance Sheet as of December 31, 2014
2. Statement of Income and Expenditure for 2014

*Certified Public Accountant:
Beijing Shengmingcheng Certified
Public Accountants Co., Ltd. Beijing
China
March 23, 2015*

BALANCE SHEET - BEIJING

Currency:
RMB ¥

| | 2014 | 2013 |
|---|------------------|----------------|
| CURRENT ASSETS | | |
| Cash | 1,092,397 | 138,414 |
| Term Deposits | - | - |
| Receivables | 91,778 | 92,778 |
| Prepayments | - | - |
| Accrued Income | - | - |
| TOTAL CURRENT ASSETS | 1,184,175 | 231,192 |
| NON-CURRENT ASSETS | | |
| Property Plant & Equipment | 131,965 | 194,735 |
| Other Assets | - | - |
| TOTAL NON-CURRENT ASSETS | 131,965 | 194,735 |
| TOTAL ASSETS | 1,316,140 | 425,927 |
| CURRENT LIABILITIES | | |
| Creditors and Accruals | 1,060,212 | 100,000 |
| Deposits Received | - | - |
| Deferred Income | - | - |
| Employee Benefits - Accruals & Provisions | - | - |
| Other Provisions | - | - |
| TOTAL CURRENT LIABILITIES | 1,060,212 | 100,000 |
| TOTAL LIABILITIES | 1,060,212 | 100,000 |
| NET ASSETS | 255,928 | 325,927 |
| ACCUMULATED FUNDS | | |
| Opening Retained Profits/Surplus | 94,914 | 101,320 |
| Current Retained Profits/Surplus | -7,229 | -6,406 |
| Other Movements in Accumulated Funds | 168,242 | 231,013 |
| TOTAL ACCUMULATED FUNDS | 255,927 | 325,927 |

STATEMENT OF INCOME AND EXPENDITURE - BEIJING

| Currency: | OPERATING REVENUE | Approved 2014 budget | Over/(Under) Expenditure | 2014 Actual | 2013 Actual |
|-----------|---|---------------------------------|-------------------------------------|--------------------|--------------------|
| RMB ¥ | Government Grants & Funding | - | - | 1,532,047 | 1,636,114 |
| | Interest | - | - | 3,475 | 2,967 |
| | Other Grants | - | - | - | - |
| | Other Income | - | - | 8,216 | 26,964 |
| | TOTAL OPERATING REVENUE | - | - | 1,543,738 | 1,666,045 |
| | PERSONNEL EMOLUMENTS | | | | |
| | Personnel Emoluments | - | - | 733,394 | 604,564 |
| | Subtotal | - | - | 733,394 | 604,564 |
| | ADMINISTRATION | | | | |
| | Computer Expenses | - | - | - | - |
| | Consulting | - | - | - | - |
| | Depreciation & Loss on Disposal of Assets | - | - | - | - |
| | Insurances | - | - | - | - |
| | Legal Costs | - | - | - | - |
| | Motor Vehicle Expenses | - | - | 33,508 | 31,080 |
| | Office Expenses | - | - | 15,970 | 67,778 |
| | Postage & Freight | - | - | 2,604 | 3,109 |
| | Printing & Stationary | - | - | - | - |
| | Promotion Expenses | - | - | 15,283 | 47,760 |
| | Rent | - | - | 237,000 | 225,000 |
| | Staff Training & Education | - | - | - | - |
| | Telecommunications | - | - | 79,452 | 73,305 |
| | Travel, Workshops & Conferences | - | - | 22,397 | 43,405 |
| | Utilities | - | - | 2,310 | 3,528 |
| | Miscellaneous | - | - | 7,560 | 23,041 |
| | Subtotal | - | - | 416,084 | 518,006 |
| | AUDITING & FINANCIAL CHARGES | | | | |
| | Audit & Accounting | - | - | - | - |
| | Bank Charges | - | - | -57,504 | 20,152 |
| | Subtotal | - | - | -57,504 | 20,152 |
| | WORK PROGRAMME | | | | |
| | Investment Promotion | - | - | 124,790 | 185,288 |
| | Tourism Promotion | - | - | 139,784 | 107,475 |
| | Trade Promotion | - | - | 99,741 | 98,779 |
| | Special Projects | - | - | 94,678 | 103,600 |
| | Others | - | - | - | 34,588 |
| | Subtotal | - | - | 458,993 | 529,729 |
| | TOTAL OPERATING EXPENDITURE | - | - | 1,550,967 | 1,672,451 |
| | OPERATING PROFIT | - | - | -7,229 | -6,406 |

AUDITOR'S REPORT - SYDNEY

Independent auditor's report to the Secretary General, Pacific Islands Forum Secretariat.

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 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes and the Commissioner's and Secretary General's Statement, set out on pages 3 to 12.

The Commission's management is responsible for the preparation and fair presentation of the financial report and also designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error: selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances. The Forum Secretariat and the Government of Australia have determined that the accounting policies used and described in Note 1 (a) to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the needs of the Secretary General. We have conducted an independent audit of the financial statements in order to express an opinion on them to the Secretary General of the Pacific 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the

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

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

Audit opinion

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

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

MNSA PTY. LIMITED
Chartered Accountants

BALANCE SHEET - SYDNEY

| | 2014 | 2013 |
|---|------------------|------------------|
| Currency: | | |
| AUD \$ | | |
| CURRENT ASSETS | | |
| Cash | 1,206,381 | 1,097,987 |
| Term Deposits | - | - |
| Receivables | 250 | 250 |
| Prepayments | 5,025 | 11,986 |
| Accrued Income | - | - |
| TOTAL CURRENT ASSETS | 1,211,656 | 1,110,223 |
| NON-CURRENT ASSETS | | |
| Property Plant & Equipment | 15,615 | 53,459 |
| Other Assets | 58,297 | 57,637 |
| TOTAL NON-CURRENT ASSETS | 73,912 | 111,096 |
| TOTAL ASSETS | 1,285,568 | 1,221,319 |
| CURRENT LIABILITIES | | |
| Creditors and Accruals | 31,764 | 32,901 |
| Deposits Received | - | - |
| Deferred Income | 1,000,000 | 1,000,000 |
| Employee Benefits - Accruals & Provisions | 19,822 | 71,412 |
| Other Provisions | - | - |
| TOTAL CURRENT LIABILITIES | 1,051,586 | 1,104,313 |
| TOTAL LIABILITIES | 1,051,586 | 1,104,313 |
| NET ASSETS | 233,982 | 117,006 |
| ACCUMULATED FUNDS | | |
| Opening Retained Profits/Surplus | 117,006 | 69,424 |
| Current Retained Profits/Surplus | 116,976 | 47,582 |
| Other Movements in Accumulated Funds | - | - |
| TOTAL ACCUMULATED FUNDS | 233,982 | 117,006 |

STATEMENT OF INCOME AND EXPENDITURE - SYDNEY

| Currency: | OPERATING REVENUE | Approved 2014 budget | Over/(Under) Expenditure | 2014 Actual | 2013 Actual |
|---|---|---------------------------------|-------------------------------------|--------------------|--------------------|
| AUD \$ | Government Grants & Funding | - | - | 1,452,000 | 1,499,975 |
| | Interest | - | - | 17,505 | 12,867 |
| | Other Grants | - | - | - | - |
| | Other Income | - | - | 3,154 | - |
| | TOTAL OPERATING REVENUE | - | - | 1,472,659 | 1,512,842 |
| PERSONNEL EMOLUMENTS | | | | | |
| | Personnel Emoluments | 883,000 | -164,131 | 718,869 | 822,375 |
| | Subtotal | 883,000 | -164,131 | 718,869 | 822,375 |
| ADMINISTRATION | | | | | |
| | Computer Expenses | 13,000 | 2,823 | 15,823 | 15,735 |
| | Consulting | 4,000 | 851 | 4,851 | 6,365 |
| | Depreciation & Loss on Disposal of Assets | - | 17,762 | 17,762 | 23,378 |
| | Insurances | 9,000.00 | 2,650 | 11,650 | 8,666 |
| | Legal Costs | 1,500.00 | -1,500 | - | - |
| | Motor Vehicle Expenses | 18,000.00 | 2,305 | 20,305 | 17,718 |
| | Office Expenses | 14,500 | 2,406 | 16,906 | 19,823 |
| | Postage & Freight | 4,000 | 1,935 | 5,935 | 7,619 |
| | Printing & Stationary | 11,500 | 594 | 12,094 | 6,597 |
| | Promotion Expenses | - | - | - | - |
| | Rent | 195,000 | 6,592 | 201,592 | 178,144 |
| | Staff Training & Education | - | - | - | - |
| | Telecommunications | 20,000 | 615 | 20,615 | 23,427 |
| | Travel, Workshops & Conferences | 104,000 | 5,411 | 109,411 | 106,038 |
| | Utilities | 6,000 | 1,276 | 7,276 | 6,040 |
| | Miscellaneous | 9,500 | 2,174 | 11,674 | 37,074 |
| | Subtotal | 410,000 | 45,894 | 455,894 | 456,624 |
| AUDITING & FINANCIAL CHARGES | | | | | |
| | Audit & Accounting | 13,000 | 1,908 | 14,908 | 13,936 |
| | Bank Charges | 3,000 | 1,075 | 4,075 | 4,282 |
| | Subtotal | 16,000 | 2,983 | 18,983 | 18,218 |
| WORK PROGRAMME | | | | | |
| | Investment Promotion | 40,000 | 629 | 40,629 | 27,586 |
| | Tourism Promotion | 40,000 | -2,474 | 37,526 | 35,921 |
| | Trade Promotion | 40,000 | -505 | 39,495 | 23,751 |
| | Special Projects | - | - | - | - |
| | Others | 43,000 | 1,287 | 44,287 | 80,785 |
| | Subtotal | 163,000 | -1,063 | 161,937 | 168,043 |
| | TOTAL OPERATING EXPENDITURE | 1,472,000 | -116,317 | 1,355,683 | 1,465,260 |
| | OPERATING PROFIT | - | - | 116,976 | 47,582 |

AUDITOR'S REPORT - TOKYO

We have verified the accompanying balance sheets of The South Pacific Economic Exchange Support Centre (the "Centre") as of March 31, 2014 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 Article 9 of the Financial Rules of the Centre.

We conducted our verifications in accordance with auditing standards

generally accepted in Japan and the Auditing and Assurance Practice Committee Statement No.20 "Research Report on the Assurance Engagement provided by CPAs and others" (published by the JICPA 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 presentation of the balance sheets and the statements of changes in fund balances.

We believe that our verification provide a reasonable basis for reporting

our conclusion.

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

June 13, 2014

*Certified by the
Seiwa Audit Corporation*

BALANCE SHEET - TOKYO

Currency:
Yen (¥)

| | 2014 | 2013 |
|---|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | 27,247 | 126,313 |
| Term Deposits | 14,744,724 | 13,376,890 |
| Receivables | - | - |
| Prepayments | 764,000 | 764,000 |
| Accrued Income | - | - |
| TOTAL CURRENT ASSETS | 15,535,971 | 14,267,203 |
| NON-CURRENT ASSETS | | |
| Property Plant & Equipment | - | - |
| Other Assets | - | - |
| TOTAL NON-CURRENT ASSETS | - | - |
| TOTAL ASSETS | 15,535,971 | 14,267,203 |
| CURRENT LIABILITIES | | |
| Creditors and Accruals | 813,309 | 1,516,847 |
| Deposits Received | 528,576 | 479,763 |
| Deferred Income | - | - |
| Employee Benefits - Accruals & Provisions | 3,876,070 | 1,957,518 |
| Other Provisions | - | - |
| TOTAL CURRENT LIABILITIES | 5,217,955 | 3,954,128 |
| TOTAL LIABILITIES | 5,217,955 | 3,954,128 |
| NET ASSETS | 10,318,016 | 10,313,075 |
| ACCUMULATED FUNDS | | |
| Opening Retained Profits/Surplus | 10,313,075 | 10,307,409 |
| Current Retained Profits/Surplus | 4,941 | 5,666 |
| Other Movements in Accumulated Funds | - | - |
| TOTAL ACCUMULATED FUNDS | 10,318,016 | 10,313,075 |

STATEMENT OF INCOME AND EXPENDITURE - TOKYO

| Currency: | OPERATING REVENUE | Approved 2014 budget | Over/(Under) Expenditure | 2014 Actual | 2013 Actual |
|-----------|---|---------------------------------|-------------------------------------|--------------------|--------------------|
| Yen (¥) | Government Grants & Funding | - | - | 54,015,000 | 55,799,000 |
| | Interest | - | - | 4,941 | 5,666 |
| | Other Grants | - | - | 4,218,000 | 4,218,000 |
| | Other Income | - | - | - | - |
| | TOTAL OPERATING REVENUE | - | - | 58,237,941 | 60,022,666 |
| | PERSONNEL EMOLUMENTS | | | | |
| | Personnel Emoluments | 27,272,000 | 391,371 | 27,663,371 | 27,269,583 |
| | Subtotal | 27,272,000 | 391,371 | 27,663,371 | 27,269,583 |
| | ADMINISTRATION | | | | |
| | Computer Expenses | - | - | - | - |
| | Consulting | - | - | - | - |
| | Depreciation & Loss on Disposal of Assets | - | - | - | - |
| | Insurances | - | - | - | - |
| | Legal Costs | - | - | - | - |
| | Motor Vehicle Expenses | - | - | - | - |
| | Office Expenses | 589,000 | 108,079 | 697,079 | 725,511 |
| | Postage & Freight | - | - | - | - |
| | Printing & Stationary | 120,000 | -65,357 | 54,643 | 149,193 |
| | Promotion Expenses | - | - | - | - |
| | Rent | 9,348,000 | -180,000 | 9,168,000 | 9,168,000 |
| | Staff Training & Education | - | - | - | - |
| | Telecommunications | 720,000 | -303,710 | 416,290 | 308,406 |
| | Travel, Workshops & Conferences | 2,040,000 | 291,489 | 2,331,489 | 2,472,618 |
| | Utilities | - | - | - | - |
| | Miscellaneous | 1,041,000 | -42,372 | 998,628 | 1,246,689 |
| | Subtotal | 13,858,000 | -191,871 | 13,666,129 | 14,070,417 |
| | AUDITING & FINANCIAL CHARGES | | | | |
| | Audit & Accounting | 1,050,000 | -199,500 | 850,500 | 840,000 |
| | Bank Charges | - | - | - | - |
| | Subtotal | 1,050,000 | -199,500 | 850,500 | 840,000 |
| | WORK PROGRAMME | | | | |
| | Investment Promotion | 5,886,000 | -511,560 | 5,374,440 | 8,690,643 |
| | Tourism Promotion | - | - | - | - |
| | Trade Promotion | 4,510,000 | -2,785,546 | 1,724,454 | 3,490,644 |
| | Special Projects | - | - | - | - |
| | Others | 5,657,000 | 3,297,106 | 8,954,106 | 5,655,713 |
| | Subtotal | 16,053,000 | - | 16,053,000 | 17,837,000 |
| | TOTAL OPERATING EXPENDITURE | 58,233,000 | - | 58,233,000 | 60,017,000 |
| | OPERATING PROFIT | - | - | 4,941 | 5,666 |



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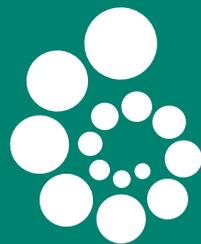


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Pacific Islands
Trade & Invest

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