

Statement

**Delivered by the Chief Executive Officer for the
Ministry of Commerce, Industry and Labour, Auelua S.
Enari at The Pacific and China: Reactions to China's Rise
and Growing Role in Oceania Conference held at
National University of Samoa 26th February 2015 at
2.00pm.**

Trade and Investment, the Samoan Experience.

Madame Chairperson

Distinguished Participants,

Ladies and Gentlemen,

It's indeed a great honour that I am presented with this opportunity to share our Samoan experience on matters relating to Trade and Investment with our Chinese partners. Before I start, allow me first to extend my appreciation to the organizers of this important forum; the New Zealand Contemporary China Research Centre; the

National University of Samoa and the Sun Yat'sen University of Guangzhou for the excellent arrangements. Allow me also to extend our appreciation to our Chinese partners who have steadfastly contributed to and been actively making pragmatic contributions to the development of Samoa and other Forum Island Countries (FICs). Chinese migrants have been making the journey to the Pacific since the 1860s and have made a major contribution in almost all walks of life in the Pacific. The Chinese Diaspora is prominent in business, the professions and wider society. This contribution to the country and to the relationship with China is deeply valued.

China's opening to the world and its emergence as a major growing industrial power is one of the most significant – and *positive* – global developments of the past 30 years. A prosperous and outward-looking China is a vital component of international security and regional economic prosperity. The rise of China has been rightly described by many as the most important strategic trend • of our times in the Asia-Pacific region.

Samoa has consistently always recognized and enjoyed cordial diplomatic relations with the People's Republic of China since 1976. China continues to be instrumental in her support towards development of Samoa's infrastructure which in many ways supports our continuing efforts

towards creation of an enabling environment for investment in Samoa. To-date, with China's support, we have a modern Sport and Aquatic Centre, excellent conference facilities which were utilized in hosting the recent Small Islands Developing states Conference; an impressive hospital, an x-ray machine and several volunteer doctors, donation of €1,360,000 to Samoa to fund its education policies and other facilities.

At the regional level the relationship with China has been steadily progressing as well as shown by commitment from regional leaders. In this regard, on April 6th 2006 at the inaugural China-Pacific Island Countries Economic Development and Cooperation Forum, a **Guiding**

Framework was signed between China and several FICs in Nadi, Fiji. The Guiding Framework is an expression of the will of both the FICs and China to build an even stronger economic and trade relation by liberalizing trade and investment as well as strengthening development cooperation between the two sides. It also serves as a platform for nurturing China-Pacific Relations. The inclusion of Trade and Investment sectors in The Guiding Framework for the China-Pacific Forum is a testimony of a long term vision for greater integration and positive step. On November 8th 2013 at the second China-Pacific Island Countries Economic Development and Cooperation Forum in Guangzhou, China announced a new assistance package for the Pacific Islands, potentially worth more

than US\$2 billion. This package is made up of two loan facilities for use in infrastructure development, of up to US\$1 billion each. One is concessional (which is counted as 'foreign aid') and the other is a more commercial loan facility administered through the Chinese Development Bank (CDB). The Government of Samoa submitted projects for consideration under this package that include construction of a new wharf at Vaiusu Bay and Airport terminal.

Enhancing Trade, Investment and Tourism Relations

With respect to trade, developing exports to the large and rapidly growing Chinese market is both a priority and a challenge for Samoa. While our exports to China are at present minimal we are consistently working towards

cooperating with China to expand our export base through strategic partnerships aimed at developing exports in a range of products. Samoa has a very limited number of products that at present can be economically viable to trade with China. This situation is complicated by erosion of some preferences resulting from Samoa's graduation from LDC status. China for instance maintains non-reciprocal tariff preferences for groups of least developed countries (LDCs). Samoa previously as an LDC benefitted from the Zero Tariff Scheme of China which allowed 95% of export products from Samoa into China duty free. Upon Samoa's graduation from LDC status, the government of China has generously extended this benefit

for another 3 years. It is our sincere hope that Samoa continues to benefit from this going forward.

The Chinese market is intensely competitive. Samoa faces inherent handicaps imposed by the logistical difficulties associated with her small size and distance from the market, as well as the challenges involved in strengthening our supply capacities. It is vital that wherever possible, Samoa is supported in the process of reducing impediments to our exports posed by trade barriers and specifically associated with infrastructural challenges, such that we are not placed at an additional disadvantage by facing higher trade barriers than competitors from other exporting countries.

Currently, China has been increasing the volume and range of its exports to Samoa and other FICs and is now one of the *major* sources of FIC imports. This could be re-balanced in the interests of *both* sides by encouraging a balanced expansion of this trade flow.

With respect to investment, although Chinese investment in Samoa is starting from a low base, the potential for investment is very large. This includes both new ventures and taking equity stakes in existing ventures. The capital, the market and the skills that Chinese investors bring could be of benefit in strengthening the development of Samoa. The resource sector and the tourism sectors have held the most obvious potential, but other sectors

including fisheries aquaculture may offer opportunities as well.

Taking for example, existing Chinese investment ventures such as; Chinese-Samoan energy venture company Green Power Samoa Fuzhou Haohui Ltd, the benefits of such ventures in terms of creating employment for local engineers, potential reduction in power costs for household consumers and local businesses are enormous.

The Green power is investing an approximate US\$25 million (WST57.6 million) for establishment of the entire project that will include building a 3.5 megawatt solar field at Faleolo on a 25-acre property leased from the Samoa Airport Authority. This venture will also be great

for the investment outlook of Samoa with ^{efficient} cheaper energy rates available. With Green power project fully functional there will be a huge reduction on Samoa's dependence on imported fossil fuels. It will reduce our Electric Power Corporations (E.P.C) enormous imported fuel bill every year and eventually considering that solar is ^{an efficient} a cheap, sustainable and replenishable energy source, there will also be reduction in Samoa's reliance on hydro energy and more importantly a reduction in the % of foreign revenue used for the importation of oil for its diesel generators .

There are also other companies especially in the construction sector that have been rendering their services towards the development of Samoa. These include for example; Tianjin Construction which built the Ministry of

Justice and Courts Administration building and Tofilau Eti Alesana building at Mulinu'u; Shanghai Construction Company who will be building a brand new state-of-the-art 2 storey Faleolo international airport upgrade; New and bigger Port of Apia at Vaiusu and 15 storey Government Administration building in Savalalo.

Samoa places great importance on finding ways to stimulate increased investment in our economy and China is a major potential source of increased investment in the future. In addition to the wider goal of promoting sustainable growth and improved living standards, investment from China in export-oriented Samoan industries would be a potentially vital contribution to

achieving substantial increases in Samoan exports to China and the world. We would wish to see more and more of value addition processes undertaken in Samoa such that the volume and quality of Samoan made products in collaboration with Chinese technology is more visible. Government is also taking further legislative measures to stimulate investment in critical areas whilst offering credible incentives to prospective eligible investors through its various programmes and proposed Citizenship by Investment Bill.

Tourism is the largest and fastest growing sector in Samoa and in recent years there has been a significant growth in the number of Chinese visitors traveling to Samoa and other FICs. Although development of Chinese tourism to Samoa is in its early stages, good progress is being made in building a platform for sustainable development. This includes initiatives in the pipeline such as direct flights from China being lobbied. This would ease travel arrangements for Chinese tourists and investors without having to encounter the burden of transiting through different countries. Latest statistics from our Bureau of statistics indicate that there was an increase in visitor arrivals in Samoa by 10.3% compared to the previous year and totaling 15,997 visitors for the period ending 2014. The

majority of the visitors were from countries that do not have to encounter any transit burdens including visa-related ones to gain access to our pristine Islands. China's outbound tourism for 2014 is 107million. The recorded numbers for Australia and New Zealand respectively are 413,333 and 222,566. If Samoa could attract 1% of Chinese travelling to these markets, we are looking at 6000 plus additional tourists. This is an area of growth worth exploring.

Conclusion

In conclusion, I am pleased to have been given this opportunity to restate Samoa's commitment to growing the existing strong relationship with China. I am confident that this forum provides an excellent ^{opportunity} forum for all, including our development partners in strengthening relations that will result in a win-win situation for all and also lay out a road map for future cooperation and development. In this regard, I urge all participants to fully utilize this opportunity and take the next step in formulating a plan of action that will cement trade, investment and enhanced Co-operation in the long-run.