



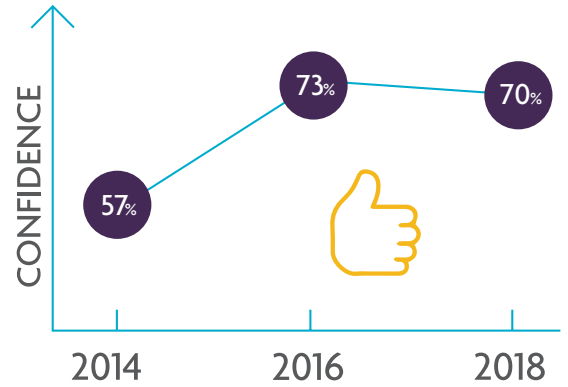
HIGHLIGHTS

The 2018 survey provides a valuable snapshot into export dynamics in the Pacific Islands as well as insight into changes and trends in Pacific exports over the past four years.

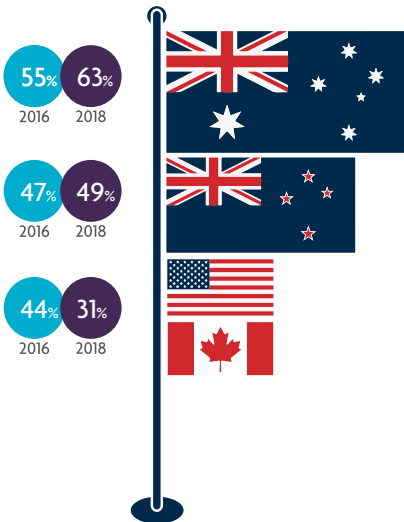
The full survey report can be found at www.pacifictradeinvest.com

EXPORT CONFIDENCE REMAINS STEADY

Over the next 12 months, 70 per cent of exporters expected an increase in orders, which was slightly down on 2016 (at 73 per cent) but well up on 2014 (57 per cent).



MAJOR MARKETS



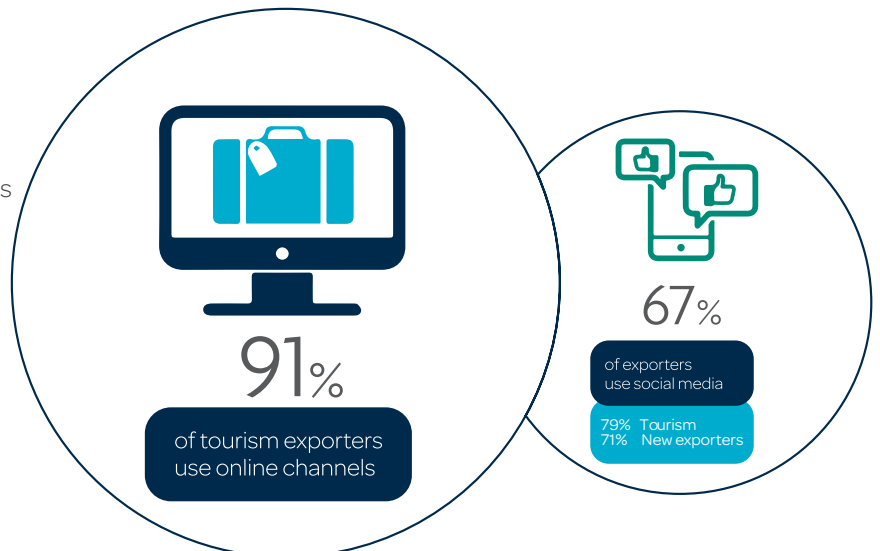
THE POWER OF PROXIMITY – TRANS-TASMAN RULES

Australia and New Zealand remain the two major markets outside the Pacific Islands with 63 per cent of exporters recording export revenue from Australia (up from 55 per cent in 2016) and 49 per cent from New Zealand (up from 47 per cent in 2016). USA and Canada recorded 31 per cent (down from 44 per cent in 2016) then Europe, "Other Asia", Japan, China and Latin America.

In an encouraging sign for intra-regional trade, two out of three exporters are generating orders from within the Pacific with Fiji topping the list followed by Vanuatu, New Caledonia, Solomon Islands, Papua New Guinea and Samoa.

ONLINE COMMERCE AND THE DIGITAL REVOLUTION

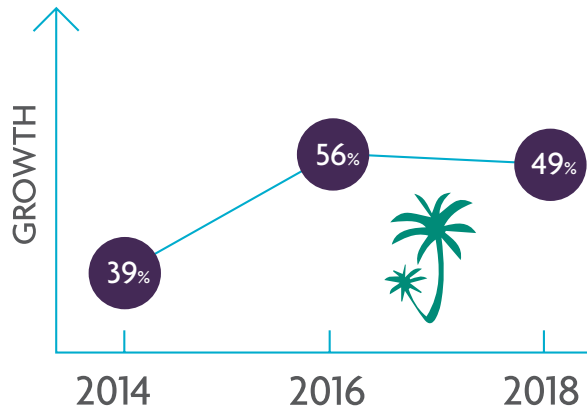
Given the unique geography of the Pacific, exporters are continuing to embrace social media with 67 per cent of exporters using social media channels to attract export orders including 71 per cent of New Exporters and 79 per cent of Tourism businesses. Online channels are used by 91 per cent of tourism exporters. Mature exporters and agricultural exporters were less likely to use social media channels and other forms of e-commerce.



GROWTH

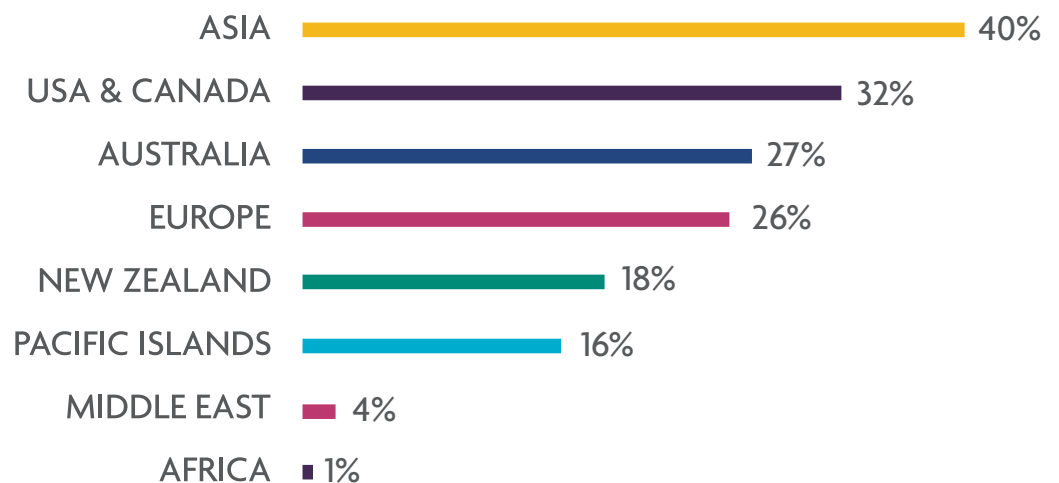
Looking in the rear-view mirror, nearly half of all exporters (49 per cent) reported a growth in orders during 2018. This was up on 2014 (39 per cent) but down on 2016 (56 per cent). Only one in five registered a decrease in orders.

In terms of industry sectors, 51 per cent of agricultural and manufacturing exporters saw an increase in orders, followed by 45 per cent of tourism and 32 per cent of services.



NEW MARKETS

In terms of new markets for the future, most exporters are looking to Asia (40 per cent) followed by the USA and Canada (32 per cent) and Europe (26 per cent).



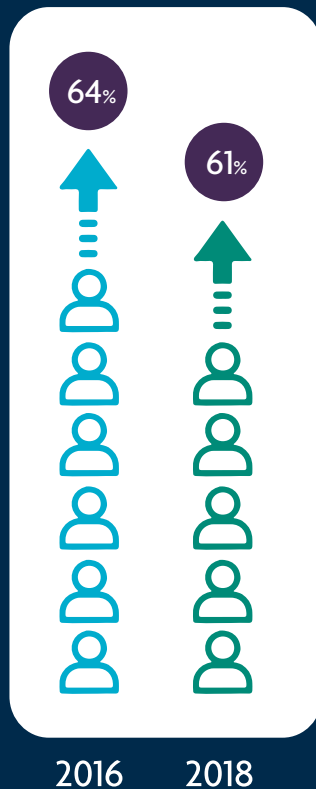


BARRIERS AND ASSISTANCE

The survey revealed that that access to finance is still the greatest barrier to export, despite falling over the past two years. High fuel and energy prices and transport costs are on the rise and this is closely associated with challenging shipping and logistics that exporters in the Pacific must tackle. There have also been capacity constraints and the ongoing impact of natural disasters. Government policies are seen as less of an obstacle and no one mentioned US – China trade wars or any fears of 'being Trumped'. There were very few cultural or linguistic barriers to overcome in the Pacific compared to other parts of the global economy. Free trade agreements weren't seen as necessary compared to policies, to overcome logistics like lack of sea routes and to reduce overall costs of doing business and capacity constraints in the Pacific.



RECRUITMENT OUTLOOK



EMPLOYMENT OPPORTUNITIES

Exporters, on average, provide better jobs at better wages than non-exporters and the survey has more good news for workers, with 61 per cent of exporters anticipating an employment expansion over the next 12 months, just a shade down on 64 per cent in 2016.

This is mainly due to new exporters (70 per cent expecting to hire more workers) although the overreliance on tourism for employment opportunities will level off.



EXPORT CONFIDENCE GROWS WITH OPPORTUNITIES THROUGH E-COMMERCE

Just as the Pacific continues to play its key role as a 'nursery' for Australian and New Zealand exporters, Pacific exporters are also finding the trans-Tasman economies to be their happy hunting ground. Pacific-based exporters, in general, use intra-regional trade to get their sea legs as an international exporter before expanding to Australasia, Asia and beyond. The proportion of new exporters (those who started exporting in the past three years) is at 41 per cent, up from 31 per cent in 2014 and 38 per cent in 2016. They are generally mature businesses, though new to export.

The new exporters are boosting exporter confidence. The growing proportion of new exporters is driving confidence in the 22 countries that make up the Pacific, with new exporters, particularly in tourism and manufacturing, being more bullish than agriculture while services are more cautious.

Australia and New Zealand are the key export markets for Pacific Island exporters with 92 per cent of exporters regarding them as main destinations, but intra-regional trade is growing too, with two out of three businesses trading within the region.

With small populations but vast distances and complicated logistics, the Pacific has a lot to gain from online commerce. And exporters are taking it up, with 79 per cent surveyed using online channels for business purposes. Tourism exporters (91 per cent) are the most active online, with social media the most

popular channel for two out of three businesses and 71 per cent of new exporters.

As other economic studies have shown, exporters are innovative and proactive in finding new ways to boost sales. According to the survey 43 per cent of exporters developed new products and services for export markets, enhanced marketing through online channels and improved efficiency through improved business processes. Government assistance also makes a difference in the Pacific, with 28 per cent of exporters using Pacific Trade Invest Australia for assistance.

What are the barriers to export in the Pacific? Naturally, given the unique geography, shipping routes, and transport and energy costs are a barrier. Pacific exporters would also like to see more direct flights. But access to finance is also a barrier with the majority of exporters (59 per cent) and 70 per cent of new exporters finding it difficult to obtain finance for their exporting activities. Exporters are also looking for agents, Joint Venture (JV) partners and access to grants, and a majority (56 per cent) would welcome foreign investment in their business. Most need assistance with marketing their business (50 per cent), 40 per cent suggested better marketing of the Pacific was needed and 46 per cent wanted help with introductions to overseas customers.

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