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27 MAY 2021

Address to the New Zealand-Fiji Business Council

Trade and Export Growth

Tēnā koutou katoa

Ni sa Bula vinaka

Namaste

Thank you Council President Mr Chandar Sen for the introduction, and thank you, members of the executive committee, for the opportunity to be here with you today.

COVID-19

I would like to begin by acknowledging the challenges our Fiji vuvale are facing at this time in dealing with the current COVID-19 outbreak. As all of us in this room know, an outbreak of COVID-19 is challenging, frightening and unsettling.

On behalf of the New Zealand Government I would like to pass on my thoughts to the friends and whānau of those who have lost loved ones, and those whose loved ones are battling the effects of this awful virus.

And although it is important to acknowledge the challenges facing Fiji at this very moment, I think it is also important to recognise the incredible success that Fiji has had in its fight against COVID-19. To be COVID free for 365 days is a testament to the strength of the Fijian people, and also to Fiji's world class public health response. It is a feat that few countries have achieved, and it deserves to be acknowledged.

New Zealand is providing support to Fiji in its time of need. Funding support of NZ\$40 million has recently been announced and will contribute to the Fiji Government's social protection initiatives, providing support to those who have been directly affected by the economic impact of the pandemic.

New Zealand will also be donating 500,000 doses of our domestic Astra Zeneca portfolio to Fiji alongside NZ\$2 million to support vaccine preparedness and rollout. The Astra Zeneca is likely to be available in Quarter 3 of this year. Moreover, we have redistributed 1.6 million Astra Zeneca doses through COVAX – the mechanism for ensuring equitable international distribution of vaccines – for the Pacific – a portion of which will also make it to Fiji.

In the last few weeks New Zealand has also provided emergency assistance – over NZ\$500,000 worth – to support Fiji to contain and deal with the immediate effects of the outbreak. This includes the procurement of personal protective equipment (PPE), psycho-social counselling support, food rations and sanitation supplies.

A further NZ\$140,000 of PPE equipment has been deployed from New Zealand suppliers. And we've worked with Fisher & Paykel Healthcare to ensure Fiji has sufficient consumables to operate oxygen humidifiers donated by New Zealand in early 2020.

An additional PCR COVID-19 testing machine and supplies to expand Fiji's testing capacity were delivered last week.

And New Zealand has shared our Managed Isolation and Quarantine operating protocols and policies to support Fiji's management of its isolation facilities.

Bilateral relationship

The reason I am here today is to, first and foremost, listen to what you all have to say.

I'm proud of the support the New Zealand Government has provided to Fiji during the pandemic. These are worthy initiatives which tackle the immediate impact of COVID-19. But I also want to start the conversation about how New Zealand can play its part, through trade and development, in ensuring Fiji can position its economy as strongly as possible to deliver for its people heading into the future.

While this portfolio is new to me, I have a soft spot for Fiji and a long connection with the place through my working life including during my time with Oxfam.

When it comes to trade and economic development, I'm relying on Fijians and those who know the country and its economy inside out to give me the deep understanding of the opportunities and obstacles that exist.

And while I'm here in my capacity as the Minister responsible for the PACER Plus agreement, I recognise the conversation needs to be broader than that.

As a small state, New Zealand has benefitted from the rules and norms of the global trade system, and been at the forefront of the use of bilateral free trade agreements, to level the playing field and develop meaningful, mutually beneficial, and highly effective trade relationships with countries with economies far larger than our own.

We also have a strong, longstanding record of partnering with Pacific states to grow their economies and deliver better living standards for their people.

The Pacific is a region which is now attracting a much greater amount of strategic interest than it is used to. While some of this has had welcome benefits, it is a phenomenon not without its risks.

All countries of the Pacific need to be assertive and creative to harness this new environment in a way which benefits our people.

I'm convinced then that New Zealand has experience which can place Fiji strongly to grow its economy and help its people prosper in an a world where both risk and opportunity are abundant. But in a world where we see economic nationalism and narrow self-interest prevailing, the onus is on us to show we continue to view Fiji as a partner and not just another export market to liberalise.

Of course New Zealand already has a strong and successful partnership with Fiji, across a wide range of areas.

I don't need to tell you all here today that our people-to-people links remain exceptionally strong, even in the face of the current challenges. Trade, tourism, education and labour mobility have been important elements of the partnership that underpin a trading relationship worth NZ\$1 billion and which, I am confident, will again be in future. I must acknowledge this success is in no small part due to this Council's tireless work.

But there is more than that – the Fijian and New Zealand people share a unique relationship. Our friendship is based on a common Pacific identity. We have all manner of historical, cultural, educational, business and sporting links.

New Zealand's commitment to economic recovery

This relationship is why New Zealand is invested in a successful economic recovery for Fiji. I am under no illusion that the economic and wider impacts on Fiji and our Pacific neighbours will be more severe than in other parts of the world.

As you know, Fiji experienced a GDP decline of around 19 percent in 2020, its largest on record. Recent forecasts show a small return to growth in 2021, but I fear this may be optimistic in the context of the current outbreak. While I mentioned earlier New Zealand's provision of NZ\$40 million in budget support, we are well aware that more must be done to support Fiji.

My colleague, the Minister for Trade and Export Growth, the Honourable Damien O'Connor spoke recently to this Council about New Zealand's Trade Recovery Strategy and you may remember that at Waitangi earlier this year the Honourable Nanaia Mahuta, emphasised New Zealand's commitment to the Pacific's prosperity.

Tourism is undoubtedly one part of this, and we are committed to supporting Fiji in its health response and vaccine rollout, so we can return to a space in which discussions around the resumption of travel are possible. New Zealand's quarantine-free travel arrangements with Australia and the Cook Islands have

commenced. These were complex negotiations and, as you will have noticed, implementation has required active management as small numbers of cases have been discovered.

As Prime Minister Ardern has indicated, when the time is right, we will be in a position to begin conversations with other Pacific neighbours, including Fiji, on quarantine-free travel arrangements. Whatever the timeframe for reopening, our priority will always remain keeping the New Zealand and Pacific people safe.

While we who are here today, of course, know there is much more to Fiji and New Zealand's trading relationship than simply tourism, many do not. When many New Zealanders think of Fiji they find it difficult to see beyond the tourism industry. But there are wider opportunities.

PACER Plus – region wide recovery

COVID-19 has lent the topic of economic development in the Pacific a sense of urgency, and will no doubt be prompting many, as it has in New Zealand, to consider what changes can be made to ensure to maximise economic resilience in a world which is unpredictable and, at times, volatile.

Given this, it's even more important for New Zealand to be open to new ideas and knowledge on the ground. This is a time for fresh thinking and building back better.

Minister O'Connor's recent announcement that New Zealand is re-establishing a resident Trade Commission in Suva demonstrates our willingness to engage to this effect.

This role will support New Zealand companies to grow their trade, investment and partnerships in Fiji, and in the Pacific region more broadly. We want to give New Zealand businesses visibility to the opportunities that Fiji presents. We want to showcase the broader Pacific as a major market for New Zealand exporters, and we want to work with Fiji to improve the business environment. Above all, this appointment demonstrates our confidence in Fiji's economic resilience, as well as Fiji's role in the broader Pacific region's economic recovery.

You will be aware that the PACER Plus trade and development agreement entered into force in December last year. The Agreement has a long history. Negotiations began in 2011, it was signed by eleven countries in 2017 and has now entered into force for the eight countries who have ratified.

I understand the misgivings that led Fiji to ultimately decide against joining PACER Plus. New Zealand is a strong believer in the agreement, and more broadly in trade and the economic benefits can bring, but we accept that in the short term it can cause some disruption for both governments and businesses, as agreements are implemented and the trading environment changes accordingly. This is why it is important to see PACER Plus as part of a long-term solution to regional trade and development, working alongside other initiatives New Zealand partners with the Pacific on, rather than through any short term impacts.

And while the trade component of PACER Plus is important, and in New Zealand's view of potentially great benefit for Fiji and the rest of the Pacific, it is the development aspect I would like to focus on briefly.

This aspect is not an afterthought but a fundamental component of the agreement. New Zealand and Australia have funded AU\$25 million worth of Development and Economic Cooperation activities which will help shape the trading environment in the Pacific, while New Zealand has also committed to invest at least 20 percent of its total Official Development Assistance (ODA) in aid for trade activities in the Pacific.

Parties to the Agreement have the opportunity to develop a work programme of trade capacity building activities. These activities will strengthen the enabling environment to further drive trade and investment flows in the Pacific. PACER Plus is then not only about reducing tariffs, but taking a broader approach and addressing the wide range of factors that impact the ability of nations to trade and develop effectively – and that’s where I see some of its greatest value.

Beyond this, I note the agreement also commits participating states to improve the broader trade and investment-related programme of assistance through their existing development and economic cooperation relationships.

Conclusion:

I’m sure you have all already heard many speeches and read many glossy brochures stressing the merits of PACER Plus, so I’m not going to give you any more of a sales pitch than I already have, other than to reinforce that New Zealand remains strongly in favour of Fiji joining the agreement, and resolute in its view that doing so would be highly beneficial for both Fiji and the wider region.

We also remain resolute about continuing to work with Fiji across the wide range of areas of cooperation that exist currently, and place a high value on this relationship.

What I do want to do now is hand the floor over to you. On how you believe sustainable economic development can be achieved in Fiji, what role Pacer PLUS, trade, and development assistance can play in this, and how both I and my ministerial colleagues with an interest in the Pacific – Ministers Mahuta, Sio, O’Connor – can advance the cause of Fiji’s economic interests.

I am firmly of the view that gaining a shared understanding on those points places our two countries well to build on the partnership that serves our people so well.

I look forward to an informative discussion.

Please note: Speech as delivered will differ slightly from prepared remarks.



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