Introduction

The South Pacific is becoming a more strategically crowded and contested space. But, despite the strong aid and defence relations Australia maintains with the island states, there’s been little attention given to date to the role of Australia’s private sector in the Pacific islands region.¹

That’s in many ways surprising. Elements of Australian business have had longstanding connections in the Pacific, and the spread of business across borders is now a powerful international and regional political and economic force. Such business networks knit communities together.

Given the crowded and complex South Pacific, there’s now a critical need for the Australian Government and business to get their collective act together in stepping up engagement in the region.

Our trade and investment policies should be a tool of our foreign policy towards the Pacific. As Prime Minister Scott Morrison recently pointed out, Australia’s aim in the Pacific is to ‘build greater economic linkages and strengthen the integration of our economies’.²
The Pacific diaspora can help cement people-to-people links across the region, as can our sporting linkages. At the same time, the Australian Government should be using all its foreign policy levers, including financial and regulatory levers, to achieve our overlapping business and security goals in the region.

There’s no point in government upgrading our strategic profile without an accompanying emphasis on commercial cooperation. It doesn’t have to be under an explicit ‘Australia Inc.’ umbrella (let alone a ‘Belt and Road’-type label), but that sort of commitment is required if we’re to try to deliver on the Foreign Policy White Paper’s new, complicated and long-term ambition to ‘integrate Pacific countries into the Australian and New Zealand economies and our security institutions’. The paper says integration is ‘vital to the economic prospects of the Pacific’. As long-time Pacific analyst Graeme Dobell has pointed out, the ‘promise of integration with Australia and New Zealand is the offer of a stronger, richer region—because poor and weak states can’t be truly independent’.

As set out in this Strategic Insights, government holds many of those levers: visas, Austrade’s role, high-level exchanges, seeding knowledge to investors and actively encouraging with practical policy measures and incentives for Australian business participation in areas such as renewables, where we have a relative advantage.

It’s now time to go beyond the occasional sound bite on the important role of Australian business in the Pacific and to build a more deliberate and far-reaching partnership between Australian government and business in our approach to the Pacific islands region. Indeed, the success of Australia’s overall engagement in our near abroad depends on it.

### Australian aid and defence cooperation in the Pacific

Before turning to the role of business in the Pacific, some perspective is needed on two other key dimensions of our Pacific strategy.

Australia’s development assistance to the Pacific amounted to $1.3 billion in 2018–19, making us the largest single bilateral donor to the region. Official development assistance from Australia is distributed through a series of bilateral and regional agreements. Despite aid cuts elsewhere, the Pacific has been spared in our development assistance program (Table 1).

<table>
<thead>
<tr>
<th>Country</th>
<th>2018–19 estimate (A$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Papua New Guinea</td>
<td>541</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>187</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>69.8</td>
</tr>
<tr>
<td>Fiji</td>
<td>58.5</td>
</tr>
<tr>
<td>Samoa</td>
<td>35.5</td>
</tr>
<tr>
<td>Tonga</td>
<td>34.6</td>
</tr>
<tr>
<td>Kiribati</td>
<td>29.5</td>
</tr>
<tr>
<td>Nauru</td>
<td>25.9</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>9.7</td>
</tr>
<tr>
<td>North Pacific Program*</td>
<td>8</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,300</strong></td>
</tr>
</tbody>
</table>


Source: Department of Foreign Affairs and Trade (DFAT), ‘Aid: Where we give aid’, country factsheets, online.
The Australian Defence Cooperation Program (DCP) seeks to improve our international defence engagement by strengthening partners’ cooperation capacity and building strong interpersonal connections. This is achieved through activities relating to education, training and capacity building, including secondments and joint military exercises. Papua New Guinea (PNG) received $42.7 million in the 2018–19 DCP budget, while the broader South Pacific budget was $84.9 million (Table 2).

Table 2: Defence Cooperation Program, South Pacific region, 2018–19

<table>
<thead>
<tr>
<th>Country</th>
<th>2018–19 budget estimate (A$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific Patrol Boat Program</td>
<td>59.7</td>
</tr>
<tr>
<td>DCP scheduled support</td>
<td>7.8</td>
</tr>
<tr>
<td>Timor-Leste</td>
<td>6.9</td>
</tr>
<tr>
<td>Fiji</td>
<td>3.6</td>
</tr>
<tr>
<td>Tonga</td>
<td>2.9</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>0.82</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>0.80</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>0.35</td>
</tr>
<tr>
<td>Republic of the Marshall Islands</td>
<td>0.44</td>
</tr>
<tr>
<td>Palau</td>
<td>0.40</td>
</tr>
<tr>
<td>Samoa</td>
<td>0.24</td>
</tr>
<tr>
<td>Federated States of Micrones</td>
<td>0.23</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>0.20</td>
</tr>
<tr>
<td>Total</td>
<td>84.9</td>
</tr>
</tbody>
</table>

Source: Department of Defence, Defence Portfolio Budget Statements 2018–19, Appendix A, online.

The Pacific Maritime Security Program (PMSP) and its predecessor, the Pacific Patrol Boat Program, are an integral part of Australia’s defence cooperation in the Pacific region. Under the PMSP, 21 patrol boats will be donated to Pacific island nations to replace the original 22 boats that had been gifted.

Canberra and Port Moresby have agreed to establish a joint naval base at Manus Island in PNG. The US has announced that it will partner with PNG and Australia on the joint initiative at Lombrum Naval Base. Australia recently stationed and crewed commercial maritime aircraft in Samoa and Vanuatu to undertake surveillance prioritised by the South Pacific Forum Fisheries Agency.

At the 2018 Pacific Islands Forum meeting in Nauru, Foreign Minister Marise Payne announced the establishment of a fusion centre in the South Pacific to bring together information from multiple sources to ‘equip Pacific decision makers with the information they need to better identify and respond to security threats, such as illegal fishing, people smuggling and narcotics trafficking’.

Australia is also establishing the Australian Pacific Security College to provide senior-level training and enhance strategic policy development and senior networks throughout the region. In August this year, Australia committed to assisting Fiji in redeveloping its Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief facility.
Commercial connections

In contrast to our flourishing aid and defence relationships, the business relationship between Australia and the South Pacific is underdone: it’s the wobbliest ‘leg’ on our Pacific engagement ‘table’.

One important example is the retreat of Australian banks from the Pacific region over the past few years. The Commonwealth Bank exited the region nearly a decade ago. Westpac, which along with ANZ had been in the Pacific for over 100 years, decided in 2015 to sell five of its smaller country operations to Bank South Pacific, leaving it with only PNG and Fiji.

In 2018, ANZ sold its PNG retail network to Kina Bank—a new bank formed from a local financial organisation that had recently purchased the local operations of Maybank, the Malaysian bank. ANZ will retain a small presence to look after a few large corporate customers. Even though the Bank of Queensland opened a small operation in Nauru a couple of years ago, that appears to be the exception rather than the norm. In the future, China could be interested in buying or setting up banking operations in Pacific countries.

Unless something changes, it appears that Australian banks in the region aren’t interested in growing their presence. This will lead to adverse effects on Australian business interests in the Pacific.  

Australia is the major trading partner to all of Melanesia (PNG, Solomon Islands, Fiji and Vanuatu), but trade with the region equates to only 1.3% of Australia’s total trade, and PNG makes up more than half of that. Total trade with PNG amounts to $5 billion, which equates to 0.9% of Australia’s trade. Owing to scale, there remains a vast difference between merchandise trade with PNG and Fiji and with the rest of the Pacific islands (Table 3).
Table 3: Australia’s merchandise trade, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Total trade (A$m)</th>
<th>Total share (%)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Papua New Guinea</td>
<td>5,081</td>
<td>0.9</td>
<td>20</td>
</tr>
<tr>
<td>Fiji</td>
<td>600</td>
<td>0.1</td>
<td>49</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>130.96</td>
<td>0.0</td>
<td>75</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>76.81</td>
<td>0.0</td>
<td>87</td>
</tr>
<tr>
<td>Samoa</td>
<td>50.50</td>
<td>0.0</td>
<td>97</td>
</tr>
<tr>
<td>Nauru</td>
<td>49.26</td>
<td>0.0</td>
<td>99</td>
</tr>
<tr>
<td>Kiribati</td>
<td>24.67</td>
<td>0.0</td>
<td>120</td>
</tr>
<tr>
<td>Tonga</td>
<td>17.07</td>
<td>0.0</td>
<td>132</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>8.92</td>
<td>0.0</td>
<td>147</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>4.28</td>
<td>0.0</td>
<td>165</td>
</tr>
<tr>
<td>Republic of the Marshall Islands</td>
<td>3.34</td>
<td>0.0</td>
<td>170</td>
</tr>
<tr>
<td>Palau</td>
<td>2.18</td>
<td>0.0</td>
<td>183</td>
</tr>
</tbody>
</table>

Source: DFAT, ‘Trade and investment data, information and publications’, fact sheets for countries and regions, online.

Despite the relatively low numbers, trade to the Pacific is still very important to Australian business, as indicated by the number of companies exporting to the region (for example, 4,500 to PNG and 3,000 to Fiji). PNG ranks 7th, Fiji 10th and New Caledonia 23rd in the number of Australian exporters by country. But, as discussed below, there’s lots of potential to forge stronger business relationships.

Australia’s investment in the region is even smaller. PNG again accounts for the largest amount at 0.8% of Australia’s total overseas investment, while Fiji is a very distant second at 0.06%. Of course, these statistics miss a salient fact: Australia is a much larger economy and Australia still ranks with the top three investors in Fiji, PNG and Solomon Islands. According to the PNG Investment Promotion Authority, the top five foreign direct investment approvals in 2017 were China, Australia, Malaysia, Singapore and the Philippines—a change from previous years, which didn’t include China.

The private sector is particularly important, generating 90% of the jobs, funding 60% of all investments and providing more than 80% of government revenues. Australia is the major source of tourists for Fiji and Vanuatu, and tourism is the largest and fastest growing sector of their economies.

The World Bank estimates that nine out of 10 jobs in the developing world are in the private sector. Broadening the base economies of Pacific island states and their tax bases will assist sustainable growth in the South Pacific.
Some positive signs

In recent times, there’s been a gradual recognition of the important role that business can play in our Pacific policy.

In August this year, then foreign minister Julie Bishop announced Australia’s first ‘soft power’ review. ‘Soft power’ refers to the ability to ‘influence the behaviour or thinking of others through the power of ideas and attraction’ to advance our global reputation and prosperity.19

The Soft Power 30, a report by Portland Communications, ranks countries by their soft power influence, looking at digital, culture, enterprise, education, engagement and government. Australia is still in the top 10 in 2018, but we’ve fallen in ranking in recent years, largely due to a falling enterprise score, which is defined as ‘the attractiveness of a country’s economic model, business friendliness, and capacity for innovation.’20

New and effective partnerships between Australian businesses and the South Pacific private sector will strengthen our relationships and influence in the region at a time when there are growing investments by others, particularly China (see box) but also by states such as Malaysia, which has a growing business presence in PNG. It will be important that the current soft power review engages productively with Australian business and corporate peak bodies, such as the Australian Industry Group.

China’s growing Pacific interests

Beijing has been successfully upping its presence in the Pacific over the past decade, creating a ‘well-disposed toward China’ constituency.

Its aid program and commercial influence are part of the game, in which Chinese-owned businesses in some island states have displaced local entities.

In some parts of the Pacific, such as Micronesia, there have been large increases in the numbers of Chinese tourists, creating a pro-China constituency.

There have been stories of a Chinese effort to establish a military base in Vanuatu and mooted investment in the upgrade of a multi-use port for PNG’s Manus Island. For the APEC Summit in PNG this year, China provided funds for the convention centre for the summit and extensive road upgrading around Port Moresby.

According to the Lowy Institute’s work on China’s aid investments in the Pacific, China committed US$1.8 billion in aid to the region between 2006 and 2016.

Most Chinese assistance is in the form of loans that have to be repaid, often creating problems of unaffordable debt. The Tongan Prime Minister has long complained that his nation will struggle to repay the US$116 million it borrowed from China’s Export-Import Bank, but most island leaders don’t believe that they’ve signed up to debt traps.

Australia has long enjoyed being the partner of choice to the Pacific, but now the island states have options. China’s presence in the region is growing and it’s unlikely to exit anytime soon.

The joint ministerial statement in August this year from the Australia–Japan–US Trilateral Strategic Dialogue highlighted the role of business. It emphasised sustainable infrastructure development and the need to encourage private-sector development. The ministers noted the importance of enhancing ‘connectivity through the development of sustainable infrastructure … that unlocks the potential of the private sector to invest in the region and help close the infrastructure gap.’21

The ministers welcomed the announcement of a trilateral partnership between the Australian Government, through the Department of Foreign Affairs and Trade (DFAT), the US Overseas Private Investment Corporation and the Japanese Bank for International Cooperation for infrastructure investment in the Indo-Pacific.22 A memorandum of understanding signed in November states that infrastructure, energy and digital connectivity will be priority sectors for the partnership.23 Also in November, Prime Minister Scott Morrison and Japan’s Prime Minister Shinzo Abe signed a memorandum of understanding to support bilateral regional infrastructure.24
Australia has recently offered to lead an attempt to bring electricity to 70% of Papua New Guinea by 2030. This will require significant private-sector support.

The importance of business in our South Pacific policy has recently received bipartisan support. In November this year, Prime Minister Morrison announced an Australian infrastructure financing facility for the Pacific through grant funding and long-term loans to support essential infrastructure development. He also announced that his government will ask parliament to give our export financing agency, Efic, an extra $1 billion to support investments in the region.25

In July this year, shadow foreign minister Penny Wong argued that Australia should consider establishing an investment fund to help Pacific island states tackle their ‘acute’ infrastructure deficit.26 She urged the Australian Government to consider establishing a regional infrastructure body. In October, Labor leader Bill Shorten committed a future Labor government to establishing a government-backed infrastructure investment bank in the Pacific that would provide concessional loans for ‘vital nation-building projects’.27

Pacific business leaders are increasingly calling for greater private-sector investment in the region. At the Pacific Islands Forum Economic Ministers Meeting in April this year, a working group was established to develop a Pacific infrastructure investment framework.28 The working group’s first meeting was held in Fiji in August and examined the areas of telecommunications, energy, ports, fisheries, insurance, banking and finance.

The work of Pacific-focused Australian business councils is worth noting in this context. The relevant groups are the Australia Pacific Islands Business Council, the Australia Papua New Guinea Business Council and the Australia Fiji Business Council (see box). All of the councils are not-for-profit organisations consisting of Australian-based businesses with interests in the region or in a particular island country.29

The councils promote bilateral trade and investment and act as communication facilitators between government and business on Pacific policy issues. They also act as a networking and information hub for Australian businesses involved in or looking to be engaged in the region. They all participate in the annual Pacific Islands Forum.

**Australia–Pacific business councils**

**Australia Papua New Guinea Business Council, [online](#)**

The Australia PNG Business Council was formed in 1980 to assist Australian-based businesses that were specifically interested in PNG. It has a PNG-based counterpart, the Business Council of Papua New Guinea. The two councils regularly participate in the business dialogue at the annual Australia Papua New Guinea Ministerial Forum, where they have the opportunity to discuss how the private sector and government can cooperate in facilitating economic growth, and inform the forum working groups charged with implementing and developing business-enhancing policy. They also arrange the annual Australia Papua New Guinea Business Forum.

**Australia Fiji Business Council, [online](#)**

Formed in 1986, the Australia Fiji Business Council supports Australian businesses specifically interested in Fiji. It collaborates with its Fijian counterpart, the Fiji Australia Business Council, on business policy and the annual Australia Fiji Business Forum, which is the only bilateral business meeting. The council is seeking to re-establish the regular meetings between government and business mandated by the Australia Fiji Trade and Economic Relations Agreement, which have not occurred since the freeze in bilateral relations in 2006.

**Australia Pacific Islands Business Council, [online](#)**

The Australia Pacific Islands Business Council, established in 2000, assists Australian businesses involved in the Pacific island economies, except for Fiji and PNG. The council arranges annual bilateral business forums between Australia and Solomon Islands, Vanuatu and New Caledonia.
The business councils organise speeches and events on behalf of the Pacific island nations in their own states and in Australia. These events are seen by island business and political leaders as useful opportunities not only to connect to Australian companies but sometimes to send political messages back to Canberra. However, not all Australian companies trading in the region are necessarily aware of the business councils. The councils have an online presence, but largely rely on word of mouth for contacts for membership. They don’t advertise in the Australian media. See Recommendation 19.

Austrade does important work in assisting Australian businesses (including encouraging relevant Australian companies to join the business councils), but it could be more effective with improved resources and a clearer policy focus on enabling Australian–Pacific business partnerships and practical activities (see Recommendation 15 and the box below).

Other positive examples of Australian business engagement in the Pacific include annual investment forums, such as the PNG Mining and Petroleum conference, which is a PNG investment event held in Australia.

Charitable foundations and Rotary Clubs in Pacific island countries can sometimes be a good source of local business expertise and networking opportunities for Australian business (see Recommendation 18).

### Austrade in the Pacific

Austrade staff working in the Pacific support Australian business in the Pacific under serious resource constraints.

Austrade’s total appropriation has remained relatively unchanged for over a decade.

Austrade cooperates with Pacific Trade Invest (the only trade body representing Pacific island countries) and the Australia Pacific Islands Business Council.

Currently, the only two Austrade offices located in the Pacific region are in PNG, which also covers Solomon Islands, and Fiji.

In the past, Australia had trade commissioners in Port Moresby, Noumea and Suva. Other Pacific countries were covered by visits from those commissioners.

Austrade closed its office in New Caledonia several years ago, after the office had been progressively scaled back since 2005 as employees left and weren’t replaced.

At about the same time, Austrade withdrew its Australia-based representative from Fiji. The office is now managed by locally engaged staff supervised by the Pacific Trade Commissioner based in Brisbane. These closures were despite the fact that both Fiji and New Caledonia rank in the top 20 markets, as measured by Australian exporter numbers.

These decisions represented a further progressive withdrawal by Austrade from active participation in the Pacific markets. The result is that, despite having two offices, Austrade has only one representative in the Pacific (in PNG).

The Waifu Golpu mine in PNG is a prominent example of good industry engagement. If this project is developed, it will be the biggest Australian private investment in the Pacific islands (85.8 billion). It has the potential to last for decades and will be beneficial for local employment and revenues, community development and environmental sustainability. Other examples include Oil Search and Santos, which are both ASX-listed companies with interests in PNG’s major oil and gas resources.
Partners: Australia’s private sector engagement in the Pacific

Barriers

When it comes to Australian business engagement in the region, our firms can leverage established relationships in areas as diverse as sport and education.

For example, PNG already has an NRL team in the Queensland cup (the team won last year), and Fiji is likely to have a team in the NSW cup next year and is now part of Union NRC.\(^{30}\)

The New Colombo Plan has been well received,\(^{31}\) while Australian Institute of Company Directors and Certified Practising Accountant Australia courses are very popular in the Pacific islands. From a range of locations in the region, the Australia Pacific Training Coalition provides Pacific island citizens with skills and Australian qualifications for a wide range of vocational careers.

Non-government organisations, such Australian Business Volunteers, provide some capacity-building training, and some private-sector companies, particularly in the resources sector, provide onsite technical training and fund some courses at vocational institutions.

However, some significant barriers and challenges may play a role in preventing Australian business stepping up engagement in the Pacific.

There’s evidence that some Pacific leaders believe that the view from Canberra is that the region is excessively naive in business matters (as Australia has reacted to issues ranging from regional business scams to aid ‘debt traps’). At times, that results in a regional perception that Australia is talking down to island leaders when it comes to the role of business in our Pacific relations.

A lack of equivalent representation on the Australian side at many formal Pacific conferences and events also creates a perception that Australia flies over the Pacific on its way to other markets (see recommendations 1–3).

Aside from the important issue of messaging, there’s no doubt that, while the perceived level of risk is often higher than the real risk level, many leaders of Australian firms believe that investing in the Pacific islands is risky, as companies may be exposed to currency, credit and sovereign risk simultaneously. Business considers Pacific countries to not have regulatory and enabling environments conducive to the private sector (see Recommendation 2).

Today’s private-sector investors seeking risk-adjusted returns have almost unlimited global opportunities to invest their funds. For many, the risks (real or perceived) in investing in the Pacific are simply too great, primarily because markets fail to exist for risk mitigation of sovereign default and risk mitigation of liquid Pacific currencies.

Potential projects or investment opportunities in the Pacific are seen by private-sector investors as too few, too small, too far away, too complicated, and too unfamiliar. In short, they’re viewed as too risky and too difficult.

Limited local technical expertise and capacity results in a limited pipeline of tentative, relatively small-scale projects, reinforcing mainstream private-sector perceptions of the Pacific. On top of this, real or perceived risks result in either prohibitive costs of capital or in some cases scuttle the opportunity completely (see recommendations 14 and 17).

Many islands have weak official structures and lack officials experienced in business matters. Most Pacific island countries rank low on the World Bank’s Ease of Doing Business Index (which measures business-friendly regulations). For example, Samoa ranks 87th; by contrast, Australia ranks 14th and New Zealand 1st (Table 4).\(^{32}\)
The Pacific islands region is an emerging market, but Australian institutional investors don’t always receive much information from government about the opportunities. Investors may in fact be looking at the region through an ‘aid’ prism (even though, for example, our aid to PNG constitutes only 2% of the country’s GDP) rather than with a view to investment.

Many barriers can be attributed to a lack of experience and knowledge among Australian businesses in relation to the Pacific, combined with a lack of information-sharing between the public and private sectors about the business environment and opportunities in the region.

The private sector views the region as too hard due to a lack of information and experience, and the public sector doesn’t take full advantage of the regional expertise offered by business (see recommendations 4–9 and 20).

Some barriers are sector specific. For example, Pacific island nations often don’t have strong building codes or, if they do, the codes are poorly enforced. Australia has high building standards, which often means higher costs, making it less competitive when it comes to building island infrastructure. Increasing capacity in building standards and enforcement is also important to complement climate change projects and meet insurance requirements.

Travel regulations between the Pacific islands and Australia are also a barrier to increased business engagement. The process through which Pacific businesspeople receive Australian visas is lengthy and expensive and often requires travel to island capital cities for lodgement. Applicants in areas with low internet connectivity have difficulty navigating the Department of Home Affairs electronic lodgement platform (see Recommendation 10).
Where to focus?

Despite some of these barriers, there are significant opportunities for the Australian private sector to invest in the Pacific. They include infrastructure projects such as roads, water and energy, including renewables. The new gas-fired power plant for New Caledonia will offer opportunities for Australian companies in gas supply, technology and service. There’s potential for new digital business opportunities for Australian providers as bandwidth increases in Pacific countries.

There are opportunities, too, for Australian state and local governments to become involved in supporting private-sector activity in the Pacific; some state governments have bigger budgets than Pacific island countries, as do some of the larger Australian councils (see Recommendation 1).

Agriculture

Agriculture is the biggest sectoral employer in the region and is a large source of untapped potential for Australian commercial engagement. Agribusiness is a strong area for Australian companies to supply Pacific islands. This will mature as the island economies develop export capabilities. Australian technology and know-how can play an important part.

The agricultural sector provides produce needed locally and helps support the maintenance of public safety by increasing employment. It expands the islands’ economic base, which provides greater funding for governments to build infrastructure and provide services that all sectors of the economy need.

One of the challenges Pacific island countries face is meeting international quarantine standards, which has been a perennial issue for agricultural trade. This will be a key element in the effective implementation of the PACER Plus free trade deal. The best way to integrate Australian business into the Pacific is through labour mobility, which in the agriculture sector should be seen as an integral part of the business connection. There are already many Australian employers involved, and there’s now the new Pacific Labour Scheme (see Recommendation 11).

Asset recycling

Australian businesses could get involved in assisting island governments with advice on asset recycling of state-owned assets such as airports and seaports. Many enterprises in the Pacific region are government owned. State-owned enterprises carry and fund a lot of critical infrastructure, which has resulted in large debt levels in many cases. Privatisation can inject private capital to reduce government debt, increase private-sector management efficiency and generate large private-sector growth.

Privatisation is of course not always the best option; it can result in worries over losing control of an asset and jobs and creating privately owned monopolies. Instead, the government can retain the asset and lease the operation, run a joint venture or partially privatise through restructuring.

Another option is to place state-owned assets in a listed vehicle, which investors could acquire, while the returns to investors are underpinned by rent from the state-owned enterprise. This will deepen local capital markets and allow funding from the private sector.

This would bring local Pacific and Australian superannuation funds into valuable strategic assets, deepening local markets and increasing savings for citizens through their superannuation contributions, which are invested in working assets such as ports. Pacific superannuation funds have a net worth totalling $70 billion, making them one of the major mobilisers of savings in the Pacific. These funds are regarded as the top contenders as sources of domestic capital and co-investment proposals.
Australian business can work on building the islands’ financial systems. For long-term infrastructure planning, island states will, by necessity, want their financial institutions to expand and have long-term investment structures. There are opportunities for Australian business to help to build such structures.

Again, whatever form asset recycling takes, Australian business has great experience in implanting various models to achieve various forms of asset recycling and is well placed to advise island governments on how to structure such transactions.

**Disaster management response**

Australian business can become more involved in disaster management response alongside government.

The Australian Government should engage the private sector about disaster management needs in the Pacific to enable our businesses to explore innovative ways of responding to regional disasters by leveraging their own local operations for disaster relief and risk reduction activities.

Both businesses and governments have an interest in limiting the impact of natural disasters, and both can assist with readiness and response. For example, large resources projects have some of the best risk management tools, engineering, communication networks and heavy equipment at their disposal.

Other more retail-oriented Australian businesses have extensive warehousing and distribution networks, which are important for establishing supplies in case of emergency. Australian businesses could supply emergency kits and help improve coordination between government and business in disaster response.
Small and medium-sized enterprises

Small and medium-sized enterprises (SMEs) make up 90% of the Pacific labour market and present a large opportunity for Australian investors if approached properly. Simply expanding the list of activities reserved for local ownership, however, doesn’t necessarily result in a growth in SMEs.

The real issue is access to finance, because a properly funded SME sector can enter into joint ventures with foreign direct investors, who often have the expertise and capital that will allow SMEs to succeed. Implemented well, the investment chapter in the PACER Plus free trade agreement can lead to improvements in investment policy and overcome some of these obstacles.

Joint ventures are also a way to involve locals. Areas might include tourism, call centres, marine and aircraft maintenance, and health (in Fiji, for example, there’s a burgeoning private hospital system).

Larger projects are not in themselves major employers but do facilitate opportunities for SME activity through catering, maintenance and provision of local staff.

Clean energy and renewables

There’s a great demand for clean energy and renewables in the Pacific that Australian businesses can capitalise on.

The Pacific island nations are prioritising combating climate change due to its impacts on critical revenue sources such as reefs and tourism. For example, Fiji is chairing the UN climate change talks and aims to be 100% renewable by 2030. It’s already on the way to achieving this.

A large motivating factor behind the Pacific push for renewables is not just existential concerns about climate change but the excessive reliance on fossil fuels for powering small remote islands and the subsequent high financial costs (see box and recommendations 12 and 13).

Opportunities in clean energy and renewables

The Pacific island states commit 5%–15% or more of their GDP to diesel imports annually, meaning that their economic fortunes are inexorably linked to expensive and highly volatile global crude oil prices (see Appendix 1). Fuel is a real strain on their balance of payments.

For the private sector, the island states’ excessive oil dependence represents a significant market opportunity to transition them away from diesel generation to more reliable, more affordable, dispersed small-scale renewable energy generation.

Beyond the demonstrable price advantage of solar over diesel (which has high fuel transport costs, especially for remote islands), under a long-term (10+ year) power purchase agreement the price of renewable generation is highly predictable and stable.

In terms of investment returns, island renewable energy projects are highly attractive, representing a 10%–15% per annum rate of return (unlevered) versus around 5% per annum in Australia.

Of course, while the islands should be encouraged to move to renewables, they must manage their grids as a whole. Renewables need to be brought in in a way that doesn’t threaten the integrity of the grid, especially in main population centres.
Recommendations

Recommendations for government

We’re not suggesting that the Australian Government play a directing or coordinating role when it comes to assisting Australian companies to enter and thrive in the markets of Pacific island countries.

Nor are we proposing that our aid program subsidise Australian companies by giving preferments in the awarding of aid-funded contracts. If the goal is to get the best value for each dollar of our aid, then competitive bidding is a viable strategy. Australia should be upholding open markets and level playing fields.  

But the Australian Government can also certainly assist through regular high-level ministerial visits to the region (it’s extraordinarily rare for an Australian prime minister to make a bilateral visit to an island state, as distinct from attending a regional event), raising awareness of the Pacific’s business opportunities, helping Australian firms understand island markets and assisting them in finding the right Pacific business partners.  

The Australian Government can also support policy dialogues and cooperative work in areas such as business regulatory frameworks. The recommendations that follow aren’t listed in any particular priority order, as they’re essentially interlinked.

Recommendation 1: Australia should share specific state and local government expertise through increasing sister-state relationships.

As noted above, some state governments have bigger budgets than Pacific island countries. DFAT should support representatives from state governments to assist their Pacific island counterparts with the aim of developing in-country capabilities and confidence and a pipeline of investible projects. For example, Queensland state and local governments can provide expertise in mining, cyclone disaster relief and agriculture. The Australian Capital Territory can share its expertise in renewable energy. Developing relationships with Australia’s local councils is also important because they’re often on a similar scale to smaller Pacific island nations and, in some cases, may have comparable budgets.

Recommendation 2: Relationships between high-level senior economic officials in the Australian and Pacific island governments should be strengthened to create a more ‘business friendly’ environment in the region. There should be secondments of Austrade, economic and finance officials between the Australian and Pacific island governments to share relevant knowledge on commercial opportunities. Organisations such as the Reserve Bank could give representatives from Pacific central banks some exposure here, especially on exchange rate regimes.

Recommendation 3: The Australian Government should ensure high-level representation when Australian and Pacific island officials and ministers meet to discuss economic and commercial subjects. When ministers and officials from Pacific island countries attend forums, the Australian Government should ensure that Australian participants are at least as senior as those attending from the Pacific.

Recommendation 4: The Australian Government should ensure that it includes senior business leaders when officials meet to discuss relevant political and economic matters with Pacific decision-makers. The Australian Government as a whole seriously underestimates the knowledge held by the private sector about the economies of Pacific countries in which they operate. Too often, connecting with business is an afterthought. Of course, companies are pursuing business interests, but government can leverage useful information in a systematic way through tapping into the private sector’s understanding of Pacific business and trade issues. This will help government to more effectively advocate on trade and economic matters in the region.
Recommendation 5: Relevant private-sector leaders and institutional investors should be included at the annual Pacific Heads of Mission meeting.

This would give the Australian private sector a chance to provide input on Australia's business policy agenda in the region.

Recommendation 6: The tenure of political appointments of key Australian Pacific officials should be extended so that they are more in sync with the long-term focus that characterises business investments.

Extending the appointments of Australian officials in the region would allow them to develop deeper regional expertise and also deeper relationships with the private sector and to leverage those links to help increase Australian private-sector investment. One of the strengths of the Australian private sector in the region is the longevity of relationships with Pacific business counterparts.

Recommendation 7: The Australian Government should increase information and expertise sharing between business and government.

Currently, there’s little flow between the two sectors. The government can improve this by establishing secondments from DFAT to the private sector, especially into the institutional investment sector, and encouraging senior business leaders to spend some time in relevant economic and trade areas of the Australian Government.

Recommendation 8: DFAT, with its Pacific counterparts, should organise regular tours for Australian investors of the main infrastructure projects in the Pacific to create a robust flow of information to institutional investors.

Australian superannuation funds generally perceive the Pacific as a high-risk environment, and that risk and perception need to be addressed to encourage investment, as semi-government bodies have done.

Recommendation 9: Select private-sector executives should be endorsed by the government as ‘trade advisers’ to provide advice to government officials and represent the private sector at large ministerial conferences in the Pacific.

Such an arrangement can be adapted from the French model, in which Conseillers du Commerce extérieur de la France (French trade advisers) engage in concrete initiatives, in partnership with both public and private entities, to help promote and support the international development of French companies.

Recommendation 10: The flow of business leaders from the Pacific islands to Australia should be encouraged through changes to visa settings.

Australia’s former high commissioner to PNG, Ian Kemish, recently noted that those who visit Australia from PNG do so ‘after negotiating a visa regime they find difficult to understand’. The same applies for most other Pacific islanders visiting Australia.

In talks with Pacific leaders at the APEC meeting in Port Moresby in November, Prime Minister Morrison announced that a multi-year, multi-entry travel card for Pacific nation politicians, business travellers and sports people will be introduced by July 2019. That’s a positive move. But the Australian Government should consult with the private sector in Australia and the Pacific to ascertain what type of visa would be most conducive to encouraging private-sector trade and investment between Australian firms and Pacific island–based companies. For example, there’s a case for a PACER Plus travel card similar to the APEC business travel card to facilitate Pacific business travel into Australia.

Recommendation 11: The Australian Government should expand the Seasonal Worker Program, which is fundamentally a business foreign employment program.

The Pacific Labour Scheme (PLS), which commenced in July 2018 as a complement to the Seasonal Worker Program, permits up 2,000 workers from six countries (Kiribati, Nauru, Samoa, Solomon Islands, Tuvalu and Vanuatu) to access low-skilled and semi-skilled temporary work opportunities for two years, with the option of a third. On 15 November, the government announced that the PLS will be progressively rolled out across all Pacific island states and the current cap of 2,000 places will be lifted.
But, as the Australian National University’s Stephen Howes argues, now is the time to set a target of 20,000 workers by 2025 under the uncapped Seasonal Worker Program (around 6,000 participated in 2016–17) and to shift the scheme from the Department of Jobs and Small Business to the Department of Agriculture.

One area to build on in the PLS is the fisheries sector, which is often among the largest industries in the island countries. Several islands have major tuna canning operations that employ many people. The Australian fishing industry has struggled to place workers on longline fishing boats in locations such as Cairns and Ulladulla.

Getting fishers through the PLS opens up longer term opportunities for Australian industry to partner in the fishing business with the island states at the local level when those trained here in fishing operations, and possibly having acquired engineering ‘tickets’, return home.

In other words, Australia can help to create a fishing industry in the Pacific islands’ exclusive economic zones, rather than island countries just selling ‘fishing days’ to distant-water fishing nations.

**Recommendation 12:** DFAT should provide seed funding, such as redeemable grants or loans, to new and appropriately skilled funds management companies to support the development of new funds for renewable energy (and related) projects in the Pacific.

The Australian Government should be working closely with the World Bank and other supranational entities to support the seeding of infrastructure projects in the Pacific, in conjunction with Australian institutional investors and possibly other non-Australian institutional investors. However, not all Australian funding should be funnelled through multilateral organisations. As far as possible, Australia should retain Australian ‘branding’ and ensure agility in the use of funds for timely, practical outcomes.
Recommendation 13: The Australian Government should fund representatives from the Australian Capital Territory and Victorian governments responsible for renewable energy policy and strategy development to assist Pacific officials with relevant considerations and processes to develop in-country capabilities and a pipeline of investible projects.

Despite ambitious renewable energy targets, both the public and the private sectors in the Pacific have limited relevant technical expertise and capacity to develop a strong pipeline of bankable renewable energy projects.

Recommendation 14: The Australian Government should assist the institutional investment sector by issuing guarantees in order to overcome market failures in the insurance of sovereign risk and currency risk.

If Australia doesn’t become involved in funding infrastructure in the Pacific, we will allow others to gain strategic advantage. However, without some assistance in terms of risk sharing, large investors will continue to bypass the Pacific and invest in other markets.

Separately from Efic, which is focused on assisting exporters, we should overcome existing market failures by creating a new insurance institution. This might be called the ‘Development Finance Insurance Institution’ (DFII). The investment, and the need for insurance, would be gradually wound back as knowledge and expertise improve.

This proposal is different from the idea of an infrastructure fund for the Pacific that’s recently been endorsed by both major political parties, although neither the government nor the opposition has provided much detail. It’s not clear, for example, whether the lending area would be in Treasury or in DFAT.

We argue that, while the intention of such a fund is good, by not involving the private sector, and in particular by not including institutional investors, the infrastructure funds proposed by both major parties won’t build institutional investors’ knowledge about the costs and benefits of Pacific infrastructure investment.

Within the Australian institutional superannuation market, the pool of private-sector capital able to invest in infrastructure is very, very large, at around $2.5 trillion, but no large Australian superannuation institution is looking to the Pacific for infrastructure opportunities, because of market failures.

What’s needed is an approach that builds bridges with the private sector by providing knowledge for Australian business about Pacific infrastructure. Put plainly, we need to put Pacific infrastructure on the radar for Australian institutional investors.

Rather than focusing on public lending, a better approach would be to focus on risk sharing. By insuring itself against currency and sovereign default risk, and charging subsidised premiums to institutional investors, the Australian Government could provide a new, and much more significant, solution to the problem of lack of Pacific infrastructure funding.

The DFII would insure against currency illiquidity and sovereign risk; normal business risks would not be insured against. Hence, the DFII would not ‘pick winners’; rather, it would enable institutions to do so, whereas before they couldn’t consider projects because of these two risks.

Specifically, the DFII wouldn’t fund the projects; the institutions would fund the projects and take on the risks of the projects. The DFII would assume sovereign default and currency risk. In other words, risks would be shared not because the DFII would want to intervene, but because of market failures in the insurance of sovereign default in the Pacific and the insurance of local currency fluctuation.

The amount of funding the DFII covered would depend on the calculation of the insurance premium to insure against sovereign default and currency illiquidity, as well as the infrastructure needs in the Pacific. The determination of the premium would take detailed research to adequately calculate and verify.

Through the DFII, the Australian Government could vastly expand the amount available to fund Pacific infrastructure: it would build bridges between the Pacific and the large institutional superannuation sector. See Appendix 2 for more detail on the DFII.
Recommendation 15: The Australian Government should conduct a review of Austrade's Pacific operations to ensure that the organisation is operating to its best ability in helping Australian business in the region.

Australia once had trade commissioners in Port Moresby, Noumea and Suva. Other Pacific countries were covered by visits from those commissioners. Austrade closed its office in Noumea some years ago, and the Suva office is now managed by locally engaged staff supervised by the Pacific Trade Commissioner based in Brisbane.

There’s now no Pacific-based Australian Austrade representative in the area of the Pacific between Port Moresby and Auckland. Two markets across that area (Fiji and New Caledonia) rank in the top 20 markets, as measured by Australian exporter numbers.

Recommendations for business

Recommendation 16: Australian business should engage more with the Australian aid program.

When it comes to involving itself in co-financing programs and projects, Australian business has a very patchy record of engaging with our official aid program. There are some exceptions, of course, such as Newcrest’s co-funding of a midwifery training program with the Australian Awards Program. Business can be a force multiplier in our aid program.

Recommendation 17: Australian institutional investors should be able to participate in the DFII (see Recommendation 14) by paying subsidised premiums to the DFII to insure against Pacific nation sovereign default and Pacific nation currency risk.

As suggested in Recommendation 14, the government should reduce investment risks in the Pacific by issuing guarantees via a subsidised insurance premium through the DFII. But, in order to fulfil its mission, the DFII would need the support of those it’s designed to help: the Australian business and institutional investor community.

Recommendation 18: Australian business can exercise soft power through business groups such as Rotary International.

Rotary International is a service organisation whose stated purpose is to bring together business and professional leaders in order to provide humanitarian service and to advance goodwill and peace around the world.

There are Rotary Clubs in nearly all the island states, and they usually have an Australian foreign affairs officer in their membership because of the access that the clubs provide to local businesspeople and decision-makers. These bodies can be a valuable business network and a soft power asset because of the principles they promote.

Recommendation 19: Business organisations such as the Business Council of Australia, the Australian Industry Group and the Australian Chamber of Commerce and Industry should examine how they might support existing Australian Pacific business groups.

The current business councils do quite a lot with minimal resources, but to date there’s been little engagement between the main Australian business groups and the smaller business organisations that are focused on the Pacific. The latter have punched above their weight in terms of their brand recognition by the Australian Government and Pacific island governments.

But now is the time for the larger Australian business groups, such as those named in the recommendation, to examine how they might support Australia’s Pacific business architecture, even though only some of their members have Pacific interests. Such support will greatly assist the Australian business councils to become more strategic in their coordinated messaging, advocacy and in-depth analysis of business opportunities in the Pacific.

Recommendation 20: A new strategic economic dialogue should be established by Australian business leaders and Pacific business organisations with the Australian Government to engage Pacific economic ministers and CEOs.

The dialogue would bring together relevant Australian and Pacific economic ministers with business leaders to focus on the breadth of economic relations between Australia and the Pacific and the overall policy settings needed to strengthen trade and investment and economic relations. The dialogue would forge stronger business and institutional links between Australia and Pacific island countries.
Appendix 1: Energy data

Table 5: Energy statistics for Pacific island countries, 2016

<table>
<thead>
<tr>
<th>Country</th>
<th>Refined petroleum imports (US$m (% GDP))</th>
<th>Household access to electricity (%)</th>
<th>Annual electricity generation (megawatt hours)</th>
<th>Renewable energy generation with completion of current projects (%)</th>
<th>Population</th>
<th>GDP (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>17.9 (6.2)</td>
<td>99</td>
<td>31,750</td>
<td>15</td>
<td>18,100</td>
<td>288</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>44.4 (13.5)</td>
<td>65</td>
<td>72,000</td>
<td>5</td>
<td>111,000</td>
<td>329</td>
</tr>
<tr>
<td>Fiji</td>
<td>309 (6.6)</td>
<td>87</td>
<td>900,000</td>
<td>50</td>
<td>865,000</td>
<td>4,700</td>
</tr>
<tr>
<td>Kiribati</td>
<td>9.5 (5.2)</td>
<td>65</td>
<td>23,000</td>
<td>10</td>
<td>109,000</td>
<td>181</td>
</tr>
<tr>
<td>Nauru</td>
<td>n.a.</td>
<td>100</td>
<td>31,700</td>
<td>3</td>
<td>10,000</td>
<td>100</td>
</tr>
<tr>
<td>Niue</td>
<td>2 (n.a.)</td>
<td>99</td>
<td>3,300</td>
<td>13</td>
<td>1,600</td>
<td>n.a.</td>
</tr>
<tr>
<td>Palau</td>
<td>24.3 (7.8)</td>
<td>97</td>
<td>89,300</td>
<td>2</td>
<td>21,000</td>
<td>310</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>342 (1.7)</td>
<td>12</td>
<td>217,250</td>
<td>50</td>
<td>8,000,000</td>
<td>20,200</td>
</tr>
<tr>
<td>Samoa</td>
<td>41.3 (5.3)</td>
<td>100</td>
<td>140,000</td>
<td>50</td>
<td>190,000</td>
<td>786</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>77.3 (6.4)</td>
<td>14</td>
<td>78,000</td>
<td>5</td>
<td>640,000</td>
<td>1,200</td>
</tr>
<tr>
<td>Timor-Leste</td>
<td>17.7 (1)</td>
<td>50</td>
<td>385,000</td>
<td>20</td>
<td>1,170,000</td>
<td>1,780</td>
</tr>
<tr>
<td>Tokelau</td>
<td>0.4 (4.7)</td>
<td>100</td>
<td>1,230</td>
<td>80</td>
<td>1,500</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,200</strong></td>
<td><strong>–</strong></td>
<td><strong>1,972,530</strong></td>
<td><strong>–</strong></td>
<td><strong>11,137,200</strong></td>
<td><strong>–</strong></td>
</tr>
</tbody>
</table>

n.a. = not available.


Appendix 2: Development Finance Insurance Institution

While the funding requirement for the Pacific is large, this funding has only come from the public sector in the past; private sector and institutional investors will not invest in the Pacific because market failures exist.

More specifically, there are no adequate markets for either sovereign default insurance or currency risk insurance in the Pacific. These market failures are effectively blocking institutional investment in the region.

Institutional investors will not currently invest in the Pacific as they perceive the risks as too great, and their knowledge of opportunities is currently low or non-existent.

In order to remedy these market failures, the Australian government can help seed knowledge in the institutional investment sector by issuing subsidised guarantees for sovereign default and currency risk, thereby reducing investment risk. Importantly, these subsidies will nurture institutional investment experience in the region over time.

The subsidy would make infrastructure deals more economic for Australian institutional investors, as risk would no longer outweigh return, and allow them to gain experience over time so as to better understand current and future risks.

By levelling the playing field for infrastructure in the Pacific, the objective of the subsidy would broadly be to increase private-sector engagement in the region by lessening risk and seeding knowledge.

This guarantee institution might be called the ‘Development Finance Insurance Institution’ (DFII).
Institutional investors would pay a subsidised insurance premium to the DFII, which would insure return of capital and interest to the institutional investor, in Australian dollars at a certain date for a medium-term period, possibly 10 years or longer. The subsidy would be gradually wound back over time, as experience and knowledge gradually develop.

An independent actuary, employed by the Commonwealth, would determine the adequate insurance premium for the risk of default by the sovereign Pacific nation and the currency risk of the Pacific currency.

Essentially the subsidy would be the difference between what institutional investors actually pay and what the actuarial estimate is.

The sum of the investor payments, and the Commonwealth subsidies, would then be invested by DFII in a way that would be designed to insulate the Commonwealth from the possibility of a sovereign default or currency issue.

Moneys in excess of requirements would be paid back to the Commonwealth over time. In other words, the DFII would operate as an insurance company for the Commonwealth, insuring outcomes for specific Pacific infrastructure projects to primarily Australian institutional investors.

While the subsidy would be available to Australian institutional investors initially, some consideration might be given to non-Australian investors over time.
There are two schemes that could be used by Australian companies bidding for aid-funded projects. The old export credit scheme is still in operation, and the other major player is BRED Bank from France. It is in New Caledonia, Vanuatu and Fiji.

The other major player is BRED Bank from France. It is in New Caledonia, Vanuatu and Fiji.

It should be noted that PNG and Fiji haven’t joined PACER Plus at this stage, but it’s still important for those countries participating, even without PNG and Fiji.

Investment Fiji, ‘Health’, online.

There are two schemes that could be used by Australian companies bidding for aid-funded projects. The old export credit scheme is still in operation, and the other major player is BRED Bank from France. It is in New Caledonia, Vanuatu and Fiji.

The other major player is BRED Bank from France. It is in New Caledonia, Vanuatu and Fiji.

It should be noted that PNG and Fiji haven’t joined PACER Plus at this stage, but it’s still important for those countries participating, even without PNG and Fiji.

Investment Fiji, ‘Health’, online.
**Acronyms and abbreviations**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>DCP</td>
<td>Defence Cooperation Program</td>
</tr>
<tr>
<td>DFAT</td>
<td>Department of Foreign Affairs and Trade</td>
</tr>
<tr>
<td>DFII</td>
<td>Development Finance Insurance Institution (proposed)</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>PLS</td>
<td>Pacific Labour Scheme</td>
</tr>
<tr>
<td>PMSP</td>
<td>Pacific Maritime Security Program</td>
</tr>
<tr>
<td>PNG</td>
<td>Papua New Guinea</td>
</tr>
<tr>
<td>SMEs</td>
<td>small and medium-sized enterprises</td>
</tr>
</tbody>
</table>
Important disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

About the authors

Anthony Bergin is a senior analyst at ASPI and a senior research fellow at the National Security College, Australian National University.

Rebecca Moore is a research intern at ASPI.

Acknowledgements

The authors would like to acknowledge the guidance of Dr Stephen J. Nash on the proposal to establish a Development Finance Insurance Institution, and the advice of Lachlan James on renewable energy opportunities in the Pacific.

About Strategic Insights

Strategic Insights are short studies intended to provide expert perspectives on topical policy issues. They reflect the personal views of the author(s), and do not in any way express or reflect the views of the Australian Government or represent the formal position of ASPI on any particular issue.

ASPI

Tel +61 2 6270 5100
Fax +61 2 6273 9566
Email enquiries@aspi.org.au
www.aspi.org.au
www.aspistrategist.org.au
facebook.com/ASPI.org
@ASPI_org

ISSN 1449-3993

© The Australian Strategic Policy Institute Limited 2018

This publication is subject to copyright. Except as permitted under the Copyright Act 1968, no part of it may in any form or by any means (electronic, mechanical, microcopying, photocopying, recording or otherwise) be reproduced, stored in a retrieval system or transmitted without prior written permission. Enquiries should be addressed to the publishers.

Notwithstanding the above, educational institutions (including schools, independent colleges, universities and TAFEs) are granted permission to make copies of copyrighted works strictly for educational purposes without explicit permission from ASPI and free of charge.
Partners
Australia’s private sector engagement in the Pacific