

Indigenous Businesses are supporters of the work of the MSG

The Melanesian Spearhead Group High Level Representative, Ambassador Kaliopate Tavola said indigenous business in Melanesia serve as important conduits in economically empowering its citizens as well as creating wealth and redistributing wealth and national benefits.

Ambassador Tavola was a key note speaker at the inaugural Fiji Indigenous Business Council Symposium recently held at Holiday Inn, Suva, Fiji from 19 to 20 March 2014.

The MSG High Level Representative said indigenous businesses are a living example of how our people can become active and contribute to creating opportunities for employment, income generation for not just Governments and foreign exchange earnings but importantly for families. He said indigenous businesses have a higher rate of retention of earnings that circulate and trickle down to extended families and communities.

He told participants at the Fiji Indigenous Business Council Symposium that even though some commentators may see indigenous businesses as small-to-medium family-based enterprises, a growing number are making business waves among large-scale businesses in the region often in the highly competitive formal sector, perhaps without sufficient support from Governments, but with their own initiatives, efforts and capital.

Ambassador Tavola said MSG congratulates these businesses for demonstrating that indigenous companies can compete and can do as well as any other types of businesses.

He said although classic economic theory proposes that Governments should not directly assist businesses, the extensive, unprecedented provision of stimulus packages by Western Governments to save private firms from bankruptcy, and nurture them back to profitability, demonstrates clearly that there is a role for Governments.

Ambassador Tavola said direct interventions by Governments through fiscal and monetary mechanisms can ensure private sector growth with inclusive benefits that can also benefit indigenous businesses in Melanesia. He said this is particularly so in economies of small island states or small vulnerable economies, remote from their markets, with scarcity of appropriate resources, and confronted with a host of economic problems related to low trade volumes, undifferentiated exports, and being at the margin of principal shipping routes.

Ambassador Tavola said at the moment, MSG Governments do create opportunities for economic development through trade, private sector support, investment and economic cooperation.

“Through trade liberalization, indigenous businesses and other types of businesses are able to access markets, earn foreign exchange, attract investments that are capitalizing on trade preferences under trade agreements, generate income, contribute to employment and expand the range of products that are made and sold in Melanesia,” said Ambassador Tavola.

He said through these activities, indigenous businesses can advance the aspirations of the MSG and deepen intra-MSG integration specifically intra-MSG economic integration.

Ambassador Tavola further revealed that as part of maximizing trade benefits within the membership of the MSG, three Governments have removed all tariffs for virtually all goods, except for sin goods, and a few restricted products in the case of PNG.

He said Solomon Islands is progressively liberalizing its’ tariff and the Solomon Islands Government is sorting an extension to fully liberalize by 2017 but is expecting to liberalize 80 percent of its tariffs by 2015.

The MSG High Level Representative also said that the private sector as a whole has directly assisted in ensuring that the opportunities for increased market access are taken advantage of. He said it is however the indigenous businesses that silently comply with the terms and conditions of the MSG Trade Agreement, out of respect for the decisions taken by respective Leaders, while others continue to complain about the hardships that market liberalization has imposed on their profit margins.

He said it can be envisaged that indigenous businesses are more able to accept and advance MSG aspirations for deeper integration. Ambassador Tavola referred to the current MSG skills movement scheme that is likely to be more successful with the participation of indigenous businesses as they are likely to be more amenable to recruiting skills available in the region than seeking those from outside the region.

He concluded that indigenous businesses are supporters of the work of the MSG. “They create demand for MSG services and participate in business opportunities that utilize MSG initiatives, thus implementing MSG trade development initiatives as a whole. In this way they are agents for implementing MSG policies and initiatives.”

The MSG High Level Representatives said indigenous business play a critical role in promoting development at the national level and must be supported by MSG Governments and the MSG so that indigenous businesses can thrive and prosper.

In recognition of the value that indigenous offer to the advancement of broader MSG cooperation and sub-regional integration, Ambassador Tavola revealed that the MSG is working on establishing a Private Sector Development and Investment Fund to provide concessionary funding that will benefit indigenous businesses.

***MSG Secretariat
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