

**Keynote Statement by the MSG High Representative, Ambassador  
Kaliopate Tavola at the Fiji Indigenous Business Council Symposium,  
Suva, Fiji Islands on 19-20 March, 2014.**

I acknowledge and recognize the Prime Minister of Fiji, all our dignitaries, distinguished guests and ladies and gentlemen.

I congratulate the Fiji Indigenous Business Council for organizing this event, which seeks to promote indigenous businesses, so that they can continue to grow and prosper as active players in economic development. I also take this opportunity to thank Mr Taoi and his hardworking team for inviting MSG to be part of the event, in particular to join our distinguished keynote speaker in setting the scene for the discussions that will ensue in the next two days. MSG welcomes this opportunity and wish to use it to share our thoughts on how indigenous businesses have and can contribute to advancing the aspirations of the Group.

For us at the MSG, indigenous businesses serve as important conduits for economically empowering our citizens, as well as for wealth creation and redistribution of wealth and national benefits. They are a living example of how our people can become economically active and contribute directly to creating opportunities for employment, income generation for both families and governments, and for foreign exchange earnings.

Being mostly locally-based, indigenous businesses have a very high rate of retention of earnings which circulate and trickle across extended families and communities; hence creating multiplier effects for development of village and community economies. This scenario, in the eyes of some commentators, may suggest that indigenous businesses are small and informal. In fact, while indeed many are small-to-medium family-based enterprises, a growing number are making business waves among large-scale businesses, often in the highly competitive formal sector, perhaps without sufficient support from Governments, but with their own initiatives, efforts and capital.

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

Having said that, we all know, that too often, the business environment can be unfair, especially when policies, their implementation and outcomes can be unpredictable; there is widespread market imperfection; and the external sector imposes predatory conditions particularly in creating unfavourable terms of trade for local products.

Purely because they may not be heavily capitalized, indigenous businesses are therefore somewhat vulnerable; they are unable to effectively cope under these circumstances.

Obviously, some support from Governments to give them space to reform and grow can ensure their survival and sustaining of their operations in order that they can stand with some measure of resilience on their own feet.

While classical 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; and direct interventions through sensible fiscal and monetary mechanisms can ensure private sector growth with inclusive benefits that can also benefit indigenous businesses.

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 volume, undifferentiated exports, and being at the margin of principal shipping routes.

But what exactly can indigenous businesses do, and have done to some extent, to advance the aspirations of the MSG?

Firstly, the MSG works like a club, serving its members' interests - both public and private. Our Governments, where it is economically-sensible and effective to do so through the MSG, create opportunities for economic development mainly through trade, private sector support, investment and economic cooperation. Through trade liberalization, indigenous businesses, and indeed 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. Through these activities, indigenous businesses can advance the aspirations of the Group to deepen intra-MSG integration; specifically intra-MSG economic integration.

This is a process that will take longer to realize. But the MSG is firmly resolved to go down this road. MSG may not necessarily tread the conventional linear model of economic integration. It may end up devising its own model that maximizes benefits and minimizes risks.

The removal of trade barriers is an important aspect and already under the current MSG Trade Agreement, three member Governments have removed all tariffs for virtually all goods, except for sin goods, and a few restricted products in the case of PNG.

Solomon Islands is progressively liberalizing its tariffs as following the economic effects of the ethnic tensions between 1998 and 2003, the SIG has sought an extension to fully liberalize by 2017. It is however expected that by 2015, Solomon Islands will have liberalise 80 percent of its tariffs.

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

It can be envisaged therefore that indigenous businesses are more able to accept and advance MSG aspirations for deeper integration.

Furthermore, more indigenous businesses are agents for success as they are more likely, out of loyalty, to participate in the implementation of MSG initiatives. For example, the current MSG skills movement scheme 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.

But above all, 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.

Therefore, despite their sometimes limited scale, indigenous businesses can and still play a critical role in promoting development at the national level and advancing sub-regional and regional cooperation through their participation in sub-regional initiatives such as the MSG Trade Agreement.

For their efforts, they should be supported by MSG Governments and the MSG itself, as an organization, so that these indigenous businesses can thrive and prosper. In recognition of the value that indigenous businesses offer to the advancement of broader MSG cooperation and sub-regional integration, the MSG is working on the establishment of a Private Sector Development and Investment Fund that will, hopefully, provide concessionary funding that will benefit indigenous businesses.

Finally, MSG will certainly support any moves toward establishing an MOU among indigenous business councils within our member countries; to promote them and strengthen their cooperation and collaboration.

To this end, I'm pleased to pledge MSG's full support to advancing this collaboration among indigenous business councils in Melanesia. This is why we are committed to participating at this important gathering: to show our support for the important work that the Fiji Indigenous Business Council has and is doing; but also to endorse the intention for the establishment of a possible MSG-wide indigenous business council.

MSG would be happy to facilitate the necessary processes for realizing this intention and ensure such a body is established within the Group.

I thank you all for your attention.

Vinaka vakalevu.