



MANUFACTURERS' ASSOCIATION OF TONGA

P.O. Box 1450, Nuku'alofa, Tonga.
Phone (676)24-272, E-Mail

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To : Joint Standing Committee on Foreign Affairs, Defense and Trade.

Subject : Role of Private Sector in Promoting Economic Growth and Reducing Poverty in Indo-Pacific Region

May I take the opportunity to contribute to this important national and regional issue, which I find it more important, and this is probably the right time in our coordinated effort to be recognized and realize how difficult it is, for us hard working private sector to push forward for a promising future and keep fighting for the economy to grow. My views on this statement is merely of my own, and on behalf of the Manufacturing Association of Tonga (President of MAT), and not necessary the views of the Government of Tonga.

After 10 years of Finance career and General Manager of the Friendly Islands Marketing Cooperative (FIMCO) exporting fresh produce, dried Vanilla beans, Deep ocean fish and handcrafts from Tonga (in 1986 – 1992) to New Zealand, Australia, U.S.A and U.K; nine (9) years of serving the Pacific Islands Forum Secretariat (PIFS) in Fiji as Trade/ Marketing / Product Development and Investment Adviser (1992-2000), and 5 years conducting scientific research on natural resources at the Northern Marianas (Saipan, Rota, Tinian, and Guam) for US Department of Agriculture (2001-2006), and then returned back to Tonga in 2006 to set up my own business, and later became CEO for the Government of Tonga until 2009; I find it extremely tough for us private sector to make impacts of any magnitude on growing the economy, and simultaneously become a successful entrepreneur, yet those who manage to stay-on, and face strong and volatile competition forces from abroad and domestic, do manage to survive up to now.

For the Manufacturing sector, we strongly believe that the economy of Tonga, and may be on other PICs as well, can grow on a much stronger trend if the national emphasis, is on **Manufacturing** and Processing– be it for semi or for final goods to be manufactured and be consumed domestically, or for export. In addition, the manufacturing of goods and components for providing of services locally : be it making of cement blocks for construction, or timber and accessories for furniture making, these initiatives should be fully supported by appropriate policies and regulatory frameworks.

Tonga is rich in agricultural produce such as mature and green coconuts, cassava – Tapioca; yam of different varieties; and taro – both tubers (one root) or many fingers (roots), and sweet potatoes. In addition, Tonga's ocean is rich in marine species and the potential to be a lucrative tourist destination is high.

Now the question is, Why can't we add value to our own resources and manufacture to replace imported goods and services and boost exports. We can easily replace all kinds of snacks, imported drinking water, imported coconut cream, imported carbonated drinks, imported bathing

and toilet soaps; imported meat; imported livestock feeds (pigs feed); imported cooking oil; imported starch; imported milk; imported shrimp; and imported beer. If Tonga is serious about economic growth, we can start small with one or two industries a year – get them grow and then 2 industries in the following year.

We can start with the ones that has high demand for : Timber and drinking water / and then carbonated drinks and soap making/ and then so on.

We can start small and built on. We will then reduce imports; balance the huge deficit on Trade imbalance; built new industries; increased employment opportunities; increased the Tongan people’s skills level and manufacturing capabilities; increase and encourage subsistence growers to plant more, and we will see the economic impacts becomes more vibrant and grow the economy.

In addition, we will need policy support to lower imports of goods and services that are readily available locally. This will be a stimuli to encourage local manufacturers to grow. There should also be incentives and awareness campaign to encourage local consumers to consume the locally produced goods and services.

The challenge for us is the policy support from the Government to private sector to diversify and expand. Most of us who has credible reputation and willing to expand and grow– but **do not** have access to strategic location in the busy area of down town – the landlords are either not in Tonga, or in Tonga, but demand excessive amount of money for a very small piece of land and a small lease year period. It brings doubt to us investors when working out the expected rate of return.

What can Australia do to private sector development in Tonga? I firmly believe that providing assistance on capital equipment alone is not sufficient to guarantee growth in the long term. Even if we have to borrow from financing institution in Tonga is fine, but what we really need is technology and the technical know-how. We can built a small cardboard / packaging manufacturing entity in Tonga – we can start with shrimp farming; or do a small soap making; or a small carbonated drinks processing – but we need the technical know-how; latest techniques and technology; and quality assurance training. We prefer partnership with technical and vocational training institutions in Australia to train us to know “ How to Fish”. That will ensure sustainable development; long term employment opportunity for poor and all people, and a huge reduction on imports. The economy will certainly grow.

In addition, I would like to see initiatives on livelihood development in local residential areas where poor people are vulnerable to climate change and its huge impacts on productivity and economic development. This is something to look at – and a similar development as the Pacific American Climate Fund initiative.

Yours sincerely

Edgar Cocker
**Managing Director of Cocker Enterprises Ltd ;
and President of Manufacturing Association of Tonga.**