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**Ambassador William P. McCormick,
Address to NZ Pacific Business Council:**

*Issues that Face the US, NZ, and their traditional friends in the Pacific Islands:
the role of commercial ties in addressing problems in the region.*

(As prepared)

Kia Ora Tatau, Talofa, Kia Orana and good evening distinguished guests, ladies and gentlemen.

I have been asked to talk today about the important issues, current and future, that face our countries in the Pacific. It is fitting, in speaking to an audience of New Zealand Pacific Business Council members here in the great Pacific city of Manukau, that I should concentrate on the commercial ties that bind us and the great potential those ties have to bring benefits to the wider Pacific region.

Before doing so, however, I would be remiss if I did not take a moment to tip my hat to the man who introduced me. After nearly forty years of service to the city of Manukau -- indeed building Manukau from farmland to the impressive, multicultural city it is today -- Sir Barry has announced that he wants to move on to new challenges. As one who took on a new challenge just a couple of years ago, I wish him all the best.

In New Zealand, in the United States, and in the Pacific there are tremendous opportunities from which the business community can benefit, and tremendous challenges that it can help the region overcome.

US SUPPORT OF THE PACIFIC REGION.

In May this year the Department of State hosted the "Pacific Island Conference of Leaders" in Washington, D.C. Twenty-three Pacific heads of government met to look at ways to combat regional problems. The May conference marked the first time the forum was held in the United States capital, giving the leaders a chance to discuss issues with U.S. Congressional leaders, State Department officials, and private-sector executives.

At the opening, Secretary of State Rice said the Pacific region faces growing political, environmental, and economic challenges that are often compounded by other more long-term transnational threats. In response to these

challenges, we are working together to chart a comprehensive approach, promoting good governance, the rule of law, security, and prosperity. US assistance and the desire to expand U.S. public diplomacy programs, especially educational and exchange programs, were on the agenda. The leaders agreed to strengthen the Joint Commercial Commission -- founded fourteen years ago to boost business ties in the region -- by securing additional funds for developing trade and investment and by revamping the JCC agreement to improve market access for Pacific Island countries' exports.

At the same time as the Conference of Leaders, a Core Partners Meeting was also held in Washington that provided a forum for countries and organizations from beyond the region, but with a strong interest in the Pacific, to discuss regional issues and improve policy coordination.

Senior officials from several European and Asian countries -- as well as the Pacific Islands Forum, the Secretariat of the Pacific Community, and the United Nations -- endorsed a set of principles calling for transparency, responsibility, and accountability in assistance programs to promote good governance and the rule of law.

The leaders also discussed coordinating policies and aid programs to support the development aspirations of the region and promote stability, economic reforms and growth, sustainable fisheries, and environmental protection.

FOCUS ON BUSINESS AND ECONOMIC DRIVERS IN THE PACIFIC REGION

As Foreign Minister Winston Peters has noted, New Zealand's efforts to promote democratization, good governance, and stability in the Pacific parallel the same efforts the United States is pursuing, both in the Pacific and around the world.

The commitment of both our countries to democracy and stability depends on the promotion of prosperity. Through the Conference of Leaders and the Core Partners Meeting, working with the Pacific Islands Forum and other groupings like APEC and ASEAN, the U.S. seeks to highlight that good governance and the rule of law are linked to economic growth and sustainable development. At all times we underline the need to provide assistance in a manner that supports these principles.

Many of the regional groupings that the United States works with, and through, highlight the important role that increased commerce has to play in the region's prosperity.

This month at the Pacific Islands Business Forum, ministers reaffirmed the importance of consulting with the private sector when formulating economic policy and development strategies in order to enhance the effectiveness of policy.

Very shortly President Bush will visit Sydney to attend APEC. We hope his trip will focus further attention on the Pacific and raise the profile of the U.S. role in the region. APEC has long worked to reduce tariffs and other trade barriers across the region, to create efficient domestic economies and increase exports.

The US has long cooperated with its Pacific friends in fisheries and marine resource conservation: through the South Pacific Tuna Treaty, through our participation in the South Pacific Regional Environmental Program and, more recently, the Western and Central Pacific Fisheries Commission. Last month the United States completed the official process of becoming a member of this Commission.

While the commission focuses mainly on tuna, it also works to reduce the inadvertent catch of sea birds and sea turtles and has adopted measures to improve compliance with, and enforcement of, fisheries regulations.

TRADE AND BUSINESS OPPORTUNITY

In 2006, \$57 million of U.S. imports from the Pacific -- nearly a quarter of all our imports from the region -- received duty-free benefits under the Generalized System of Preferences (GSP) program. At the same time, however, importers missed out on duty-free status for another \$2 million in imports that they could have claimed.

The Office of the U.S. Trade Representative (USTR) stands ready to explain to Pacific countries how they can increase the duty-free treatment of their exports to the United States under GSP, which will help expand their economies and create jobs.

USTR recently organized workshops in Port Moresby and Suva for governments, business leaders, and non-governmental organizations on how to take advantage of the GSP program. These workshops were open to participants from throughout the region.

The Compacts of Free Association also provide duty-free entry for U.S. imports from Micronesia, the Marshall Islands, and Palau. Later this year, USTR will hold a digital video conference (DVC) with Pacific Island officials to discuss trade and other economic issues. The Department of Commerce offers recommendations for actions the Pacific Islands can take to create a welcoming business climate to attract foreign direct investment, and highlights current capacity-building programs available to the Pacific Islands on intellectual property rights.

MUTUAL SOCIAL AND EDUCATIONAL ISSUES

The achievements of Pacific islanders in sports, cultural life, and the entertainment industries are a great source of pride for the Pacific communities of the United States and New Zealand.

Asian-Americans and Pacific Islanders are the fastest growing ethnic/racial group in the U.S. In May of this year, during a White House ceremony marking the start of Asian-Pacific Islander American month, President Bush pointed out that more than 15 million Americans can trace their lineage to Asia or the Pacific Islands. That number will reach 18.5 million by 2020. By 2050, ten per cent of all Americans will be of Asian-American or Pacific Islander heritage.

We see the influence of Pacific Islander Americans in particular in our nation's cultural life, art, and music. But all too often this rich contribution is offset by less than impressive statistics in terms of educational achievement, health, and economic activity.

In 2004, recognizing that minority entrepreneurship is vital to future economic growth in the United States, the President formed a presidential advisory commission to find ways to expand economic opportunities for Asian and Pacific Islander Americans.

The findings of that commission, which were published earlier this year, made for sober reading. Asian-Americans and Pacific Islanders had a poverty rate nearly double that of non-Hispanic White families; there were an estimated 2 million Asian-Americans and Pacific Islanders without health insurance; and they had levels of high school graduation well below the average.

The commission noted that many of these poor performance indicators are intimately linked with economic well-being. Entrepreneurship in general and the size of minority-owned businesses in particular within this group lag well behind the figures for white Americans.

Let me give you an example: one study found that for the Pacific Island community to catch up to the rest of America in terms of commercial achievement, business development measurements like numbers of companies started and staff employed would have to increase at least fivefold. We see the same problems in New Zealand, and they are reflected many-fold throughout the Pacific region.

In the larger region, as at home, we have to address the interconnected issues of economic advancement, increased educational opportunities, and improved access to quality healthcare.

US RENEWED COMMITMENT TO THE PACIFIC

The United States government is renewing its commitment in the Pacific in support of regional efforts to promote economic prosperity, regional stability, and good governance. The State Department has designated 2007 its "Year of the Pacific" and developed a whole-government approach to its efforts, bringing together the Department of Defense, Coast Guard, Peace Corps, and other agencies.

We are increasing our diplomatic presence in the region by creating two Pacific-wide diplomatic positions. One, with responsibility for environmental and health issues like climate change and HIV/AIDS, and the other a regional public diplomacy officer to share information about American policies, values, and economic opportunities throughout the South Pacific.

Our International Visitor Leadership Program brings specialists to the US to expand their contacts and knowledge. It has a specific focus on leaders who influence the Pacific, either from within their own countries or from New Zealand.

Distinguished alumni of this program have been Minister Hon. Winnie Laban, who studied "Economic Development for Women," and Dr. Moli, the head of the Public Service in Samoa, who studied "Public sector reform." Recent participants include Shawn Williams, the young weather forecaster and disaster-response specialist from Apia. Right now, Tina McNicholas from the Pacific Cooperation Foundation is studying how Americans participate in grassroots democracy.

We have announced a number of other initiatives to expand economic, political, and cultural ties with the Pacific. We will increase educational exchanges as we continue the South Pacific Scholarship Program that sends students each year from selected Pacific countries to the U.S. for undergraduate and graduate degrees.

We will also introduce new democracy grants in the region. These grants, which will build capacity of the local non-governmental sector, will seek project proposals focused on improving democratic processes and strengthening civil rights. We are dedicated to boosting of the rule of law. In this regard I am pleased to announce that our next International Visitor program participant from Apia is Police Commissioner Neru.

As much as any program or policy, a good indication of the value we place on our relations with the Pacific is the many visits Christopher Hill, Assistant Secretary of State for East Asia and the Pacific, has made to the region in the last year. With responsibility for the Six Party Talks in Korea and with China in his area of responsibility, Christopher Hill still makes sure he pays attention to our commitments in the Pacific.

POLICIES RE: PACIFIC ISLAND NATIONS

Let me lay out in more detail some of the policies towards particular Pacific Nations.

The U.S. and New Zealand are working closely together in response to the unlawful military coup in Fiji. While vigorous multi-lateral efforts involving Australia, New Zealand, the EU, the Pacific Islands Forum, and the UN failed to head off December's coup, we have worked hard since to persuade Fiji's military to restore power to the duly-elected civilian authorities.

As part of a series of measures targeting the coup leaders, we have cut off \$2.8 million (primarily in military assistance), restricted visas for military and interim government leaders, and suspended lethal military equipment sales.

However, assistance programs that help ordinary Fijians, such as those addressing environmental problems or women's rights, will continue.

Fiji's interim government has announced that, in principle, elections could be held in early 2009. This follows a report commissioned by the Pacific Islands Forum that made clear that all necessary preparations for new elections can be concluded by early 2009 and even as early as November 2008.

While the announcement by the interim government is a step in the right direction, we are looking for them to take concrete steps to organize free and fair elections as soon as possible. The United States urges the interim government to work toward the earliest possible elections to restore democratic rule.

In Samoa we are very pleased to have established remote visa processing to facilitate the travel of Samoans to the United States. Visa interviews are now carried out in Apia, saving many Samoan citizens the time and expense of a visit to Auckland for visa processing.

U.S. financial assistance to the South Pacific as a whole totaled almost US\$190 million last year. Separately, the Millennium Challenge Corporation (MCC) is working with Vanuatu on an individual assistance compact totaling over US\$65 million.

The United States greatly appreciates and admires the efforts of Australia, New Zealand, and other countries in the Regional Assistance Mission to the Solomon Islands (RAMSI) as they work to promote stability, the rule of law, and economic development. We appreciate the critical contribution to security in the Solomon Islands and East Timor that New Zealand makes.

Let me finish with a plug for my colleagues in the U.S. Department of the Interior. Perhaps you were present a few months ago when Deputy Assistant Secretary of Interior David Cohen traveled to Auckland to promote business opportunities in the Pacific. You will have a chance to see David again when the Interior Department holds its fourth conference on Business Opportunities in the Islands in Guam October 8th and 9th.

As well as covering the growth in military construction on Guam, this will be the world's best forum to explore investment, joint ventures, and other opportunities in U.S. territories and Freely Associated States close to the booming markets of Asia. There will be a chance to learn about opportunities in many diverse and growing sectors, including:

- Large-scale public infrastructure work of all types;
- Tourism of all kinds;
- Shipping and transportation.

Just put "Island Business Opportunities" into any search engine to get the website address for further information and registration. I understand that many New Zealand companies are already planning to attend the conference. I encourage you all to give serious consideration to going; the opportunities are terrific!

CONCLUSION

I believe a viable private sector in the Pacific Islands is the antidote to poverty, and thus to social instability and potential civil unrest. Aid packages, national government programs, and overseas remittances are all vital avenues of economic support for many thousands of people in the Pacific. But they will only go so far, and in my opinion will encourage a culture of dependency that is in no one's interest.

One of my great memories from this year is of Memorial Day when Prime Minister Helen Clark honored the United States by opening an exhibition at Old St. Paul's in Wellington about the friendship and hospitality New Zealanders extended to U.S. Marines during World War Two -- before they headed to the terrible battles of the Pacific.

In my address on Memorial Day I recalled the effect of that time on the peoples of the Pacific, and of our renewed commitment to the region now when I said:

"It would not have made any sense for the youth of America, and its allies in the 1940s, to have forced out one dictatorial power, then, for inattention on our part, to allow for the rise of failed Pacific states and suffering by their innocent citizens."

The commitment of the United States to the Pacific region is renewed and ongoing.

We are actively engaged with and appreciative of New Zealand's leadership in the region.

There is more we can and will be doing.

You know the challenges better than anyone.

Let us not be put off by the challenges but let us be inspired by the possibilities that economic development by business leaders in the region can generate.

This will be a lasting legacy we can all be proud of.