



**WELCOMING REMARKS BY
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PRIME MINISTER OF VANUATU
ON THE OCCASION OF THE HIGH LEVEL CONFERENCE ON PACIFIC
ISLANDS COUNTRIES LIFTING POTENTIAL GROWTH IN THE PACIFIC
ISLANDS: THE ROLE OF POLICIES
*WARWICK LE LAGON RESORT, PORT VILA NOVEMBER 22, 2013***

IMF Deputy Managing Director

Honorable Government Ministers from Vanuatu and around the Pacific

Permanent Secretaries

Directors

Development Partners

Panelists

Distinguished guests

Ladies and gentlemen

It gives me great pleasure to warmly welcome you to the second High-Level Conference on Pacific Island Countries and particularly to our shores.

The Government of Vanuatu is honored to be co-hosting this important conference. We wish to acknowledge in particular the leadership of Deputy Managing Director, Dr Min Zhu, and his team for the work they are doing in raising the awareness of the island countries in the Fund-making sure that their challenges are noted in the international community.

We also understand that Mr. Anoop Singh is leaving the Fund shortly and indeed his departure will be a great loss not only to the Fund but to the region. We thank him for his contributions and wish him all the best in his future endeavors.

I would also like to extend sincere thanks to the authorities of the Pacific island countries, and to development partners and representatives from international financial institutions, academia and the private sector who have accepted our invitation to participate. We greatly appreciate the time and effort you have made to attend this important event. And do hope that you find time to enjoy Vanuatu's hospitality.

The focus of last year's inaugural conference in Samoa was on *Fostering Inclusive Growth and Building Resilience*. At that time, the outlook for global growth was highly uncertain, with many developed countries still in recession. Building buffers and limiting the adverse spillovers from the global economy was an appropriate focus for last year's conference.

Now, more than 12 months on, there are encouraging signs that advanced economies are gradually recovering from the crisis. The theme for this year's conference, *Lifting Potential Growth*, allows us to examine the foundations for growth against the backdrop of an improved global outlook.

Lifting potential growth is critical for the prosperity and sustainability of our region. It is important as a means to generate employment, to create wealth and to improve living standards for all our people.

There is enormous untapped potential in the Pacific region – physical environment (ocean, land), natural resources, unique culture and history.

To usher the Pacific Island Countries into a period of stronger and more inclusive growth, we must confront long standing challenges and commit to accelerate structural reforms.

- We must act decisively, be willing to take calculated risks, be open to ideas.
- Reduce inefficiencies, modernize our economies, strengthen regional cooperation and integration, invest in our people, in education and health, develop our financial sectors, and create a dynamic private sector.

While there are important economic, political and cultural differences among our countries, there are significant underlying commonalities.

Our countries share many natural economic disadvantages (small size, distance from markets, remoteness/isolation, geographical dispersion, vulnerability to natural disasters, limited productive base), and we also share similar challenges (reduce political uncertainties, improve law and order, promote good governance and trade liberalization).

We must share policy experience, exchange views/ideas that can be adapted to country circumstances, and draw lessons from successful and unsuccessful development policies.

Allow me at this juncture to share with you some developments here in my country.

Vanuatu has registered steady growth over the last 5 years and maintains a positive growth at 1.8% in 2012. Growth is expected to increase to 3.6% in 2013 according to our forecast estimates, and is expected to maintain a positive trend in the medium term supported with public infrastructure projects, and a further increase in tourism activities, though the sector performance hinges on external development.

Trade balance remains in deficits due to strong domestic demand and high demand on project construction materials. To sustain this growth momentum in the medium term, public infrastructure projects are to be implemented smoothly and the need to raise productivity in key economic sectors such as tourism and agriculture.

Government policy priority over the medium term is to maintain focus on key productive areas and increase tax revenue in order to maintain a balance budget. Few challenges remain upfront including, the lack of private sector contribution to growth, structural reform and subdued commodity prices and delayed in public infrastructure projects implementation.

Today's conference will address some of the challenges faced by PICs, and explore policies to raise potential growth, including how we can leverage growth through regional and global integration.

In this afternoon's sessions, we will focus on policies to mitigate the impact of climate change and natural disasters, and on strengthening fiscal frameworks and improving the quality of public spending.

I look forward to lively and thought-provoking discussions.

Thank you for giving me the opportunity to deliver the welcoming remarks. I now have the pleasure to declare open this high level conference.

Thank you for your attention, Merci beaucoup

Ends.