

Connectivity can create islands of opportunity in the Pacific

Author : Natasha Beschorner

Date : January 21, 2016



Pacific island countries are known for their remoteness and, as a diverse group of nations with picturesque beaches and friendly cultures, they are popular among holidaymakers. But while this remoteness can be an advantage for the tourism industry, it can also be perceived as an obstacle for investors and companies working across major international markets.

Today, though, global connectivity through broadband Internet by submarine cables and satellite services means these once isolated islands offer unique opportunities to the growing global outsourcing industry.

In 2014, Fiji received the [European Outsourcing Association's Offshoring Destination of the Year Award](#), acknowledging the island state's successful service to the United Kingdom and other European outsourcing markets.

Two companies – Mindpearl and ANZ Pacific Operations – have already set up offshore operations in Fiji, with offices in the [Kalabu Tax Free Zone](#) operated and administered by the Fiji Trade and Investment Bureau (Investment Fiji).

Now a new World Bank report offers guidance for Pacific island governments and businesses to mimic the outsourcing success of Mauritius, the Indian Ocean island nation that saw its online and offshore service industries contribute almost seven per cent of GDP and hire 18,000 direct employees in 2013.

So how can Pacific governments mimic this success? Our study for the World Bank – [Information and Communication Technologies \(ICT\) for Jobs in the Pacific](#) – looked at Fiji, Tonga and Samoa to see if those countries could develop as internationally-competitive services destinations for companies to outsource their information technology (IT) and business processes such as customer services, data entry and website design.

What we found highlights the potential for Pacific island countries to participate in the global outsourcing services market, in areas such as accounting, content development, programming, data processing and 24/7 call centres.

In particular, we found several advantages offered by countries of the region. Firstly, the region has a young and qualified labour pool. More than half of all Pacific islanders are under the age of 24, meaning the number of working-age people is set to increase significantly. Overall, Pacific islanders from Fiji, Tonga and Samoa are relatively well educated, have a high level of English fluency, are reasonably computer literate and can undertake business process outsourcing (BPO) tasks.

Secondly, all three countries are progressing with their internet infrastructure through submarine cables, satellite services and government reforms that improve connectivity in terms of speed, quality and cost. Fiji stands out due to its undersea fiber optic cable connection to Australia, with landing hubs going to Samoa and Vanuatu to make it an ICT hub for the region.

On top of this, there are increasing levels of political support. The [Fiji Trade and Investment Bureau](#) (Investment Fiji) has already implemented a number of favourable policies and incentives, including duty concessions, investment allowances, tax exemption, and tax free zones.

Finally, our research highlighted the ease of doing business in the region. The three countries rank higher than leading global outsourcing services players such as India and the Philippines in the World Bank Group's [Doing Business survey](#).

Pacific island countries represent a potentially attractive option for Australian and New Zealand companies looking to outsource business and online tasks because they are located nearby and have similar social and business cultures.

To fully realise such market opportunities, though, requires Pacific island governments and businesses to increase investments and encourage skills training, industry promotion and further improvements to an enabling institutional, policy and regulatory environment.

Already, the government of Fiji established the Kalabu Tax Free Zone and plans to create ICT parks. In Tonga, Internet prices have gone down significantly with the arrival in 2013 of its submarine cable.

Due to their relatively smaller population sizes, Fiji, Samoa and Tonga are better suited to service small (less than \$10 million revenue) or emerging (\$10 million to \$100 million revenue) clients.

Developing the region's outsourcing industry will require a phased approach that starts with pilot programs in Fiji. Operated on a trial-and-error basis, these pilot programs on nearshoring and offshoring activities would provide a practical analytical foundation for longer term industry development efforts in the country and region.

The world's technological advances mean that Pacific island countries, long connected to global commerce only by trade winds, now offer development and growth opportunities that can benefit their people. Now governments, policymakers and business need to pull together to help make that happen.

Natasha Beschorner is Senior ICT Policy Specialist at the World Bank and co-author of [Information and Communication Technologies \(ICT\) for Jobs in the Pacific](#). This blog post is a collaboration between Devpolicy and [Policy Forum](#), Asia and the Pacific's platform for public policy analysis, debate and discussion.