

**Pacific High-level Policy Dialogue on
“The Role of Macroeconomic Policy and Energy Security in supporting
Sustainable Development in the Pacific”**

8-9 October 2012, Nadi, Fiji

**Jointly organized by
UN ESCAP and Sustainable Development Working Group of the Council of Regional
Organizations in the Pacific (CROP)**

Session 4 – Opportunities in Asia for the Pacific

Presentation

**Regional Solutions in support of Resilience and Security :
Adapting Lessons from the Malaysian Experience**

by

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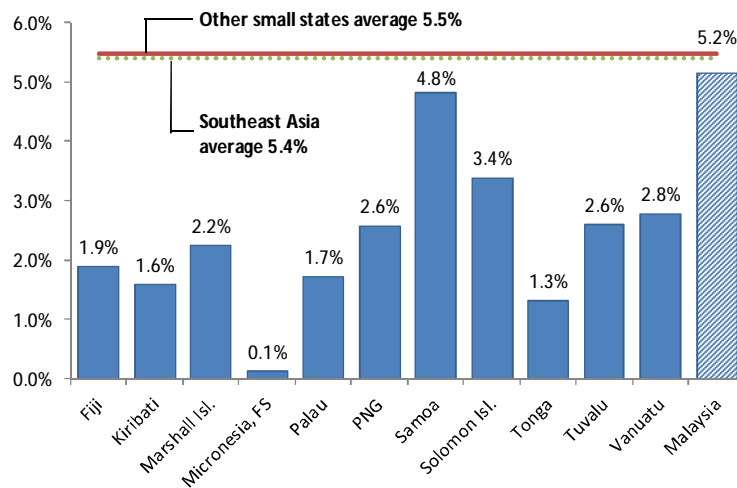
THE ROLE OF MACROECONOMIC POLICY AND ENERGY SECURITY IN SUPPORTING SUSTAINABLE DEVELOPMENT IN THE PACIFIC

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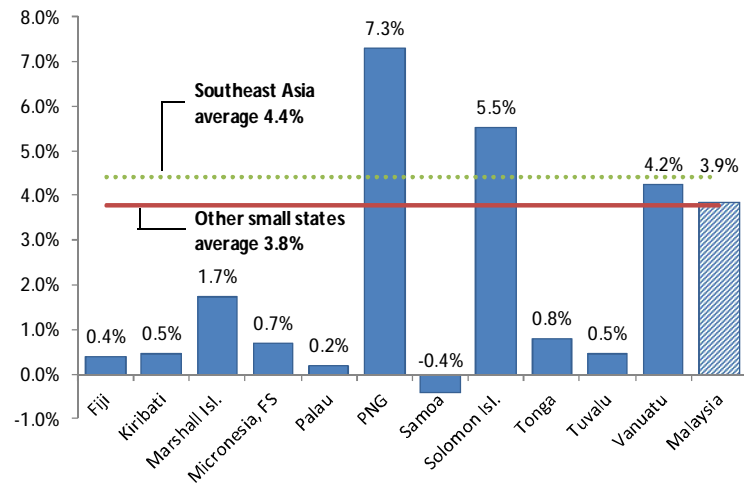
Latifah Merican Cheong,
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PIC GDP growth has been relatively slow even before the GFC (2001-2007 average)

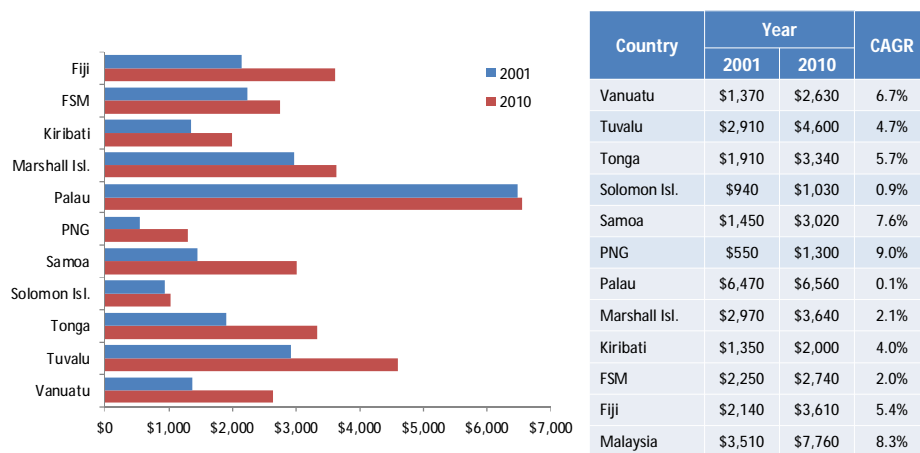


The gap vis-à-vis regional economies further widened after the GFC due to effect on tourism and remittances (2008-2011 average)



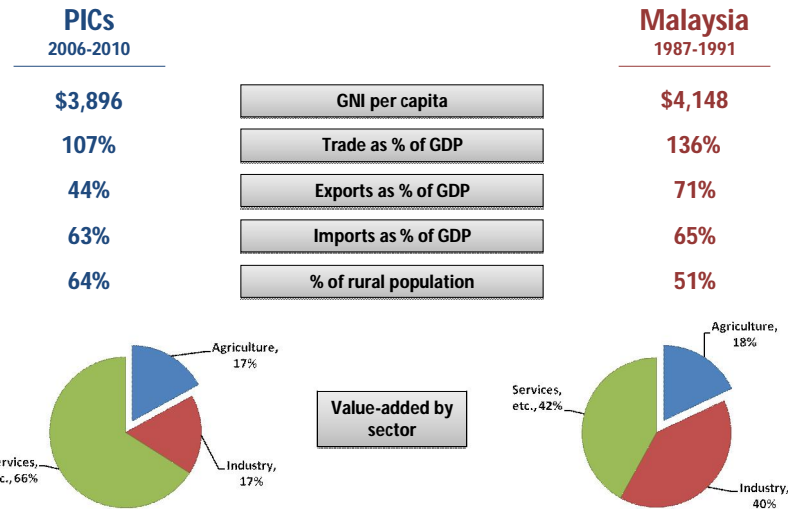
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Robust rate of increase in GNI per capita has been supported by inward remittances of PIC citizens residing abroad



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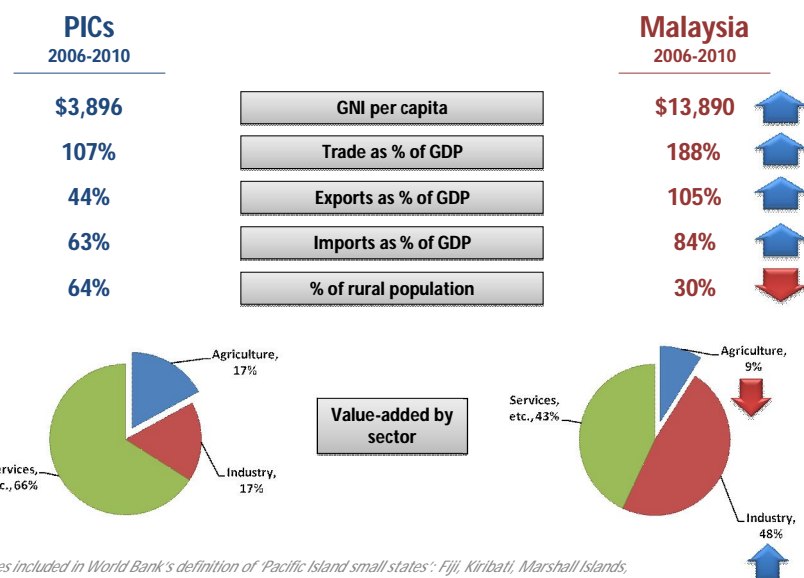
Current economic profile of Pacific Island countries (PICs) broadly similar to Malaysia in late 1980s - early 1990s



Countries included in World Bank's definition of 'Pacific Island small states': Fiji, Kiribati, Marshall Islands, Federated States of Micronesia (FSM), Palau, Samoa, Solomon Islands, Tonga, Tuvalu & Vanuatu

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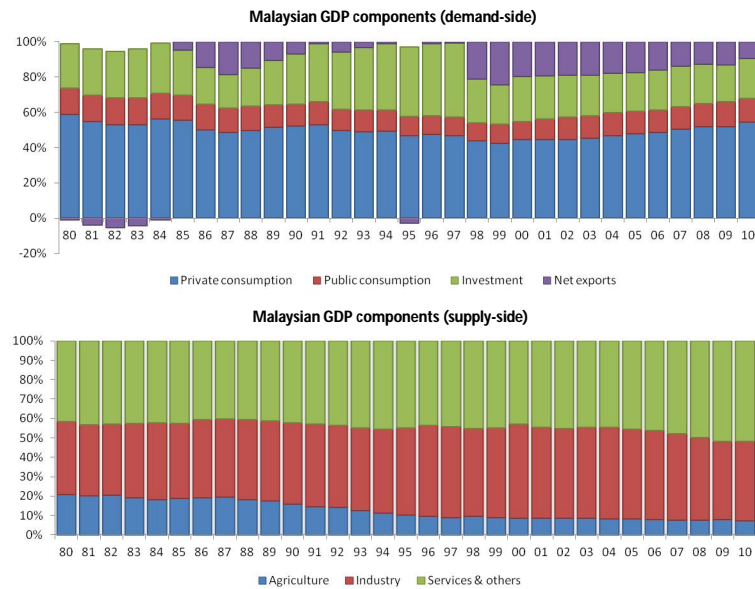
Malaysia diversified its sources of growth through institutional reforms, enabling it to emerge as an upper-middle income economy



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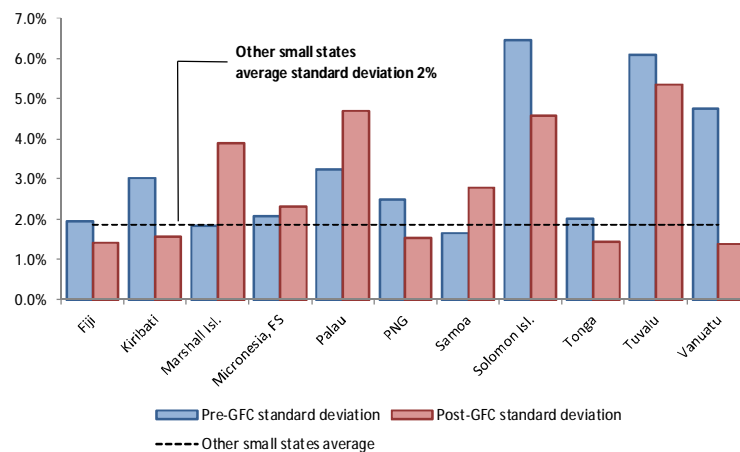
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Sources of growth are increasingly diversified, with higher contributions to GDP from exports as well as the manufacturing and services sectors



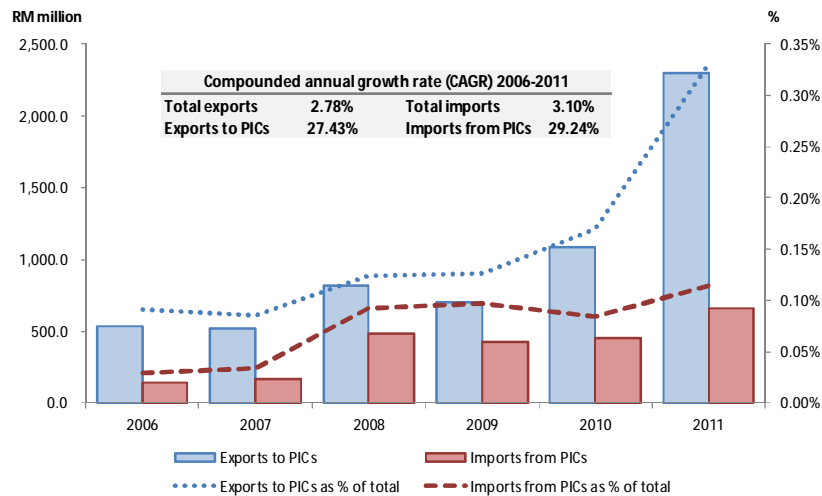
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Growth rates in PICs showed some volatility before and after the GFC



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Trade between Malaysia and PICs has grown rapidly but still accounts for a very small share of Malaysian imports and exports



9

More significant ties in capacity building and joint positions at global forums

- Low level trade and investment links
- Trade facilitation to support ease of trade with region
- Leverage on skills in region to raise productivity;
- Skills training support by Malaysian foreign affairs Ministry
- Evaluate benefits from MTA
- Stronger ties in financial sector issues;
- Fiji, PNG, are part of SEA Voting Group in Executive Boards of IMF and World Bank;
- Fiji, PNG are members of SEACEN, Samoa has observer status, Tonga invited to SEACEN events;
- Members and observers attend SEACEN courses on macro-economic management, bank supervision, undertake joint research
- In period 2006-April 2012, 49 participants from Fiji and 82 from PNG benefited from SEACEN's training programs

10

Options for Stronger Links Between PICs and East Asia

Explore the trade channel—ASEAN-PIC bilateral trade agreement to cover:

From Malaysia:

- MOU for Skills support—beyond current initiatives
- Liberalisation in tourism, education and healthcare
- Education in Malaysian institutions, internships in Malaysia under foreign affairs technical assistance

From PICs:

- Long-term sales agreement for sugar and selected commodities;

Joint-Ventures:

- Joint ventures in tourism products
- Joint ventures in investments—forestry, fishing, downstream seafood sector



**Thank You
Discussions**