FRENCH POLYNESIA

What’s happening in this economy

French Polynesia is a French overseas territory with significant political autonomy. Financial transfers from France (31% of GDP in 2017) and tourism are the primary sources of income. The territory has limited natural resources and options for diversification.

The French Polynesian economy was strongly impacted by the Global Financial Crisis and simultaneous political instability. It is on the rebound however, including because of a more favourable political environment.

French Polynesia is looking to attract investors in the tourism sector (representing 17% of GDP), especially to build new hotels, given existing stock is at capacity. French Polynesia welcomed 220,000 tourists in 2018 and has a target of 300,000 tourists by 2023. In addition, French Polynesia attracted 90,000 cruise passengers in 2018.

As in all the French territories, French/EU businesses enjoy considerable advantages, including lower or no import duties/quotas, existing relationships, and a common language and legal system.

Australian businesses are therefore at a considerable disadvantage.

There is potential for Australian companies in the tourism sector, including for our superyacht industry, building materials, and water and energy solutions, and in the agribusiness and education sectors.

Trade, investment and commercial opportunities and activities

- Australian companies active in French Polynesia are engaged mainly in the tourism, construction and food and beverage sectors. Key Australian companies active in French Polynesia include Carnival Australia, QBE, Pacific Islands International based in Townsville.

- We will continue to promote our interest and expertise in:
  - infrastructure (with major projects planned for the expansion of the port of Papeete and expanding hotel stock);
  - agribusiness (given the similar climate and need for innovative solutions and technologies);
  - education (given increasing French Polynesian interest in studying in Australia);

- We will advocate as appropriate, for the resumption of direct flights between Australian and French Polynesia.

- We will capitalise on our preparatory work for establishing a new Consulate-General in Papeete in 2021 (e.g. visits, increased contact with local stakeholders) to promote Australian expertise and obtain on opportunities for Australian businesses.

Key Facts and Figures

- Population: 286,000 (2018)
- Real GDP growth: 1.8% (2018)
- GDP per capita: USD 18,944 (2018)
- Political system: French territory with local representative government
- Two-way goods and services trade: AUD 57 million in 2018
Trade policy/negotiations

- French Polynesia became a member of the Pacific Islands Forum in 2016, but is not a party to the Pacific Agreement on Closer Economic Relations Plus (PACER Plus). Regional integration is seen by French Polynesia to be critical for economic growth, a sentiment we will encourage, including through advocacy on PACER Plus.

- Australia will continue to highlight the benefits of economic liberalisation for the French Polynesian population, and encourage the removal of tariff and non-tariff barriers, which disadvantage Australian and other regional businesses.

- French Polynesia will not participate directly in the Australia-EU FTA negotiations, but we expect will follow the negotiations given its own favourable trading arrangements with the EU.

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