

## FRENCH POLYNESIA

### Business Conditions Snapshot

- French Polynesia is a French overseas territory with significant political autonomy. Financial transfers from France (23% of GDP in 2018) and international tourism are its primary sources of income. The territory has limited natural resources and options for diversification.
- The French Polynesian economy has been strongly impacted by the COVID-19 crisis, due to its reliance of international tourism.
- French Polynesia was able to rebound strongly after being previously impacted by the Global Financial Crisis and had experienced a long period of continuous growth.
- Before the crisis, French Polynesia was looking to attract investors in the tourism sector (representing 17% of GDP) especially for the construction of new hotels, given existing stock was at capacity.
- French Polynesia welcomed 220,000 tourists in 2018 and had a target of 300,000 tourists by 2023. In addition, French Polynesia attracted 90,000 cruise passengers in 2018. It is expected it will take several years to rebound again to pre-crisis levels.
- Businesses affected by the crisis in French Polynesia have been able to access support from both the territorial government and French state to deal with its impact and keep staff employed.
- As in all French overseas territories, French and European Union (EU) businesses enjoy considerable advantages, including lower import duties and quotas, existing business relationships, a common language and legal system.
- Even before COVID there were no direct flights between Australia and French Polynesia.
- French Polynesia is entirely located on the far side of the International Date Line, its main island of Tahiti is -20hrs to AEST.
- Australian businesses face disadvantages in entering the market and should consider engaging a local partner to assist.

#### Key facts and figures

- Population (2018): 286,000
- GDP growth (2018): 1.8%
- GDP per capita (2018): US\$18,944
- Political system: Self-administered French Overseas Territory
- Two-way goods and services trade (2018): A\$57 million
- Key exports: cereals, fuels, coffee, cheese
- Key imports: pearls, shops, computers, telecoms equipment





## Trade and Investment Opportunities

- 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 QBE and Pacific Islands International based in Townsville.
  - Carnival Australia has expressed its desire to recommence cruise services to the islands once international border openings and safety considerations and demand allow.
- Australia will continue to promote its interests and expertise in the market.
  - This includes on infrastructure, with major projects planned to:
    - » Expand the port of Papeete.
    - » Construct a new floating dock.
    - » Increase hotel stocks as demand recommences.
  - Agribusiness and aquaculture, which are also a focus given the need for innovative solutions and technologies.
  - Education, given increasing French Polynesian interest in studying in Australia.
- Australia will advocate as appropriate to resume movement of people between Australia and French Polynesia when it is safe to do so.
- We intend to establish a new Consulate-General in Papeete in 2021, which, once open, will look to promote Australian expertise and business interests in French Polynesia.

## Trade Policy and Negotiations

- French Polynesia became a member of the Pacific Islands Forum in 2016, however it 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 highlighting the benefits of economic liberalisation for French Polynesia, and encourage it to consider the removal of tariff and non-tariff barriers, which discourage trade.
- As an overseas territory of France, French Polynesia will not participate directly in the Australia–EU–FTA negotiations, however we expect it will follow the negotiations and there be some on flow effect, given its own current favourable trading arrangements with the EU.

### *Disclaimer*



# MARKET INSIGHTS

CONNECTING AUSTRALIAN BUSINESS TO THE WORLD

*The Department of Foreign Affairs and Trade (DFAT) has taken great care to ensure the information contained in this publication is correct and accurate.*

*DFAT does not guarantee, and accepts no legal liability arising from or connected to the accuracy, reliability, currency or completeness of any material contained in this publication.*

*Readers should exercise their own skill and care in using the material contained in this publication and carefully evaluate the accuracy, currency, completeness and relevance of the material for their purposes.*

*Insight current as at December 2020.*



Australian Government

Department of Foreign Affairs and Trade