

Draft National Investment Policy for the Cook Islands - key issues paper for initial consultation

What is foreign investment and why does it matter?

1. For an economy to grow, create more jobs and deliver sustainable improvements in community well-being, it needs:
 - a. investment in new businesses
 - b. extra capital to do things in more efficient ways
 - c. new ideas and technology.
2. This investment can come from the government or by using the pool of domestic savings. Or it can be injected into the Cook Islands from overseas individuals and businesses – known as **foreign investment** or foreign direct investment (FDI).

Attracting foreign investment is an important option for promoting Cook Islands' long-term wellbeing...

3. Several Cook Islands Government economic planning documents recognise the potential economic and community benefits from attracting more high quality foreign investment (see Figure 1 overleaf).
4. The Cook Islands is also a Party to the PACER Plus trade and development agreement. PACER Plus aims to create “a stable and predictable environment to attract and promote the flow of investment between the Parties”, whilst recognising Parties’ rights to manage investment to suit its communities’ needs.

...but foreign investment is a sensitive topic and communities may be cautious about its costs, benefits and risks

5. Foreign investment is not always supported by communities. Concerns include:
 - a. Some parts of the economy are too important – socially, culturally and environmentally – to be completely opened up to investment by non-residents who may not understand the Cook Islands way of life.
 - b. The shared resources of the Cook Islands should generate returns that are delivered to Cook Islands communities, not sent overseas to foreign investors.
 - c. Foreign investment can squeeze out local investment and reduce opportunities for local firms to grow.
6. Foreign investment into the Cook Islands has historically been quite low compared to many other Pacific economies.

The Cook Islands Government is drafting a National Investment Policy

7. The legislation covering foreign investment has not changed since 2003. It has been assessed by international development organisations as being outdated and unwelcoming to foreign investment.
8. The Cook Islands Government wants to create a National Investment Policy to capture in one place its future priorities for foreign investment.

FIGURE 1 FOREIGN INVESTMENT IS RECOGNISED BY THE GOVERNMENT AS A VITAL PART OF THE COOK ISLANDS' ECONOMIC FUTURE



The Government wants your views on what the National Investment Policy should contain

9. Currently, there is no clear sense of direction in terms of what the Government expects from foreign investment.
10. The National Investment Policy aims to articulate the Government’s position on foreign investment and how it intends to use it to meet development and economic objectives.
11. The Policy could include the matters shown in Figure 2.

FIGURE 2 WHAT MIGHT THE NATIONAL INVESTMENT POLICY COVER?



Key issues to discuss in consultations

12. Before the National Investment Policy is drafted in mid-December, the Cook Islands Government wants to hear the views of communities, businesses, investors and other stakeholders.
13. Initial consultations will be held from 25 November to 13 December 2024. They will be led by John Ballingall of economic development consultancy Sense Partners and the Business Trade and Investment Board (BTIB).
14. Key questions to discuss include those in Figure 3 below.

FIGURE 3 DISCUSSION TOPICS FOR CONSULTATION

