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The Director
Fiji Trade Investment Board
att. Mr. Ratu Isoa Gavidi
Box 2422 Govt Blgs
Suva

8 April 1994

Proposal: Image and promotion campaign in Switzerland

Dear Sir,

When we presented our company to the Fiji Trade & Investment Board in May last year we already mentioned that the export/import and investment market in Switzerland seems to be rather "unexplored".

This draft proposal is submitted as a first suggestion why and how the Swiss market should and can be targeted.

Although we have limited manpower and financial resources, we are slowly trying to promote Fiji as a country and its products and services in Switzerland. An example is our upcoming seminar/workshop "Switzerland - a trading partner for Fiji?". This seminar wants to give a greater awareness of Switzerland as a potential for export/import.

FTIB has its own experience with trade missions and promotion campaigns. However, if Swiss-Fiji Connection can assist you in paving the way for decreasing the current trade balance deficit between the two countries - we might help you with initial consulting, the preparation, our contacts in Switzerland, translations etc.

Since we have done this proposal free-of-charge, we are expecting your feedback (i.e. general feasibility, priority in your plans, promotion budget restrictions etc.). The worst than can happen is: no money or no interest (maybe you still can use some ideas or parts of the proposal for other promotional trips).

From the current budget talks we are aware of the limited funds granted to FTIB. Therefore we don't want to push a promotion campaign too much. On the other side, a country has always to look out for new markets: year 2000 is coming soon.

If you need further information, please feel free to contact us. We are also ready to discuss the proposal personally and in detail.

Yours faithfully - moce mada

SWISS-FIJI CONNECTION

Dani Zender, Director

Enclosure: Proposal "Promoting Fiji in Switzerland"

cc: Swiss Embassy, Wellington, New Zealand

Proposal "Promoting Fiji in Switzerland"

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1. Management Summary

Switzerland, a non-EC member and a country with a population of about 7 million, exports directly or indirectly a wide range of products and services to Fiji. On the other side, one can hardly buy 'Made in Fiji' products in Switzerland. The trade balance between the two countries is negative for Fiji.

The majority of Swiss companies are not aware that Fiji can offer attractive investment incentives, that Fiji could supply a number of products for the Swiss market.

This proposal suggests a promotion and image campaign in Fiji sponsored by the Fiji Trade & Investment Board. The proposal will provide some basic background, highlight various opportunities and will close with possible approach options for a promotion campaign.

It does, however, not recommend a particular option. These approaches range from a low-profile, low-budget promotion tour to a more expensive full-fledged trade mission (also referred as "Fiji Week").

Summarized, the submitting company believes that in the medium term the average Swiss - but specially potential investors and joint-venture partners - should be aware of the variety of Fijian products and services.

Among the ultimate goals of a promotion campaign (followed by a marketing strategy) are:

- create awareness of Fiji as the undiscovered opportunity country in the South Pacific
- to decrease the trade deficit
- increase exports to Switzerland
- attract Swiss investors

Further discussions and a detailed feasibility study are required. This proposal only wants to initiate the idea to slowly expand into a country which market has never been (fully) targeted. Fiji has to go to Switzerland - not vice versa.

Swiss-Fiji Connection apologizes for any grammatical or semantic errors but hopes the message comes through.

2. Trade Balance between Fiji and Switzerland

2.1 Import/Export

In April 1993 we received the following information from the Bureau of Statistics (BoS):

Export/Import to/from Switzerland (in F\$)

	1990	1991	1992	1993	1994 (per 1.8.95)
Export	-	25'000	-	27'123	16'066
Re-export	3'020	36'020	1'762	38'387	223'316
Import	2'571'736	2'400'460	2'442'416	2'437'416	1'565'933

It is important to know that BoS is supplied with figures from Customs & Excise. The latter trace the country of origin of a product to the last call of port. For there is no direct flight nor a direct shipping link between the two countries the actual statistics look falsified in reality.

The reality is that Fiji is importing a lot of Swiss goods and services directly or indirectly (i.e. the holding company is registered in Switzerland).

Among Swiss companies or Swiss-owned holding companies which are exporting to Fiji you will find:

Company	products/services
Nestlé	food Nestlé is also the parent holding company of several companies that are selling products in Fiji - Maggi - Perrier (mineral water) - Rowntree (e.g. Smarties)
SMH	Swatch
Rolex, Tissot, Omega etc.	watches
Victorinox	Swiss army knives
ABB (merger between Sweden's ASEA and Switzerland's Brown-Boveri)	wide range of consulting services and products used in power plants
Landis & Gyr	electric & electronic equipment (eg. household meters installed by FEA)
Wander	Ovaltine, Isostar, pharmaceutical products
Tobler	Toblerone (chocolate)
Swiss Cheese Union	cheese
SGS	quality control consulting and products (ISO 9000)
Ciba-Geigy (inc. Cilag)	pharmaceutics, fertilizer
Roche	pharmaceutics
Sandoz	pharmaceutics
Ascom	communication equipment
Union Bank of Switzerland	investment and banking services (through the affiliate broker in USA)
CS First Boston	Investment company of Credit Suisse
Schweizer Rück	reinsurance

Swiss products or services one will also find in the industry (e.g. packaging systems, high-precision machinery etc.)

FTIB would know better which companies are exporting products or services to Switzerland. As far we are concerned we only know of one Swiss company which is exporting surf gear.

2.2 Tourism

We are not aware of how many Swiss are visiting Fiji per year. We estimate the number at less than 3'000. Possible answers why the number is so low:

- Fiji does not actively promote itself as a tourist destination in the Swiss media (compared to other countries like Philippines, Indonesia, Australia, New Zealand, Hawaii)
- The air fares are among the highest (approx. F\$2'500 for the cheapest ticket)
- The hotels (e.g. Sheraton, Treasury Island, Regent) available through Swiss travel agencies are expensive compared to other countries

2.3 Trade balance deficit

While we could not be supplied with exact figures we estimate annually:

- | | |
|--|----------------|
| - Export from Fiji to Switzerland (inc. tourism): | < \$3'000'000 |
| - Import from Switzerland to Fiji (inc. trade with Swiss-owned holding companies): | > \$30'000'000 |

3. Switzerland - an undiscovered trading partner

With a population of about 7 million people, Switzerland is - although facing political, social and economic challenges - one of the wealthiest nations in the world.

Switzerland has no natural resources and can not feed its population without imported agricultural products. While in the 19th century the Swiss exporting industry was contributing the most to the GNP the service industry (e.g. banking, consulting, insurance) is currently achieving higher growth rates.

Export-oriented companies are constantly looking for new markets in order to survive the current domestic economic stagnation. Fiji could prove to be an interesting place for Swiss companies selling in the Pacific and South East Asia region. The slogan "Swiss quality - made in Fiji" could once be reality.

We are sure that 50% of the population of Switzerland does not know where Fiji is located on the world map - although they might know that it is somewhere in the South Pacific. We estimate that 95% do not know available products from Fiji. Furthermore, we believe that 98% of Swiss chief executives have no idea of the several incentives offered by Fiji, in particular through FTIB.

It is up to Fiji to make the initial step for attracting potential investors and for promoting Fiji products and services in Switzerland.

Quite a few overseas countries have always estimated the Swiss market as their testing base for further development of the other European market.

This, because Switzerland can offer unique features:

- multi-lingual nation (inc. German, French, Italian)
- multi-racial society
- limited country size (41'293 km²)
- non-EC member
- GATT member
- borders with Germany, France, Austria, Italy and Liechtenstein (total population of these countries > 200 million!)
- political stability
- educated work-force
- money-spending consumers
- excellent infrastructure

Although maybe not of prime interest, a promotion campaign might also boost the direct import of Swiss products or services to Fiji.

4. Promoting Fiji in Switzerland

As far as we know there has never been a promotion campaign in Switzerland. On the other hand there is neither a Swiss embassy nor a trade mission here in Fiji (everything is handled by the embassy in New Zealand).

Without a proper research (which we could not conduct on our own expenses) one might only guess why hardly anybody has targeted the Swiss market for Fiji products and services.

Some reasons may be:

- wrong ideas of Switzerland (e.g. how many people in Fiji couldn't locate the country on a map)
- language barrier (English not a national language, although widely spoken)
- missing ideas of what to trade
- disbelief that Fijian products are good enough for a quality-sensitive country
- high transportation costs (but then, why can New Zealand supply a substantial amount of all Granny Smith apples imported by Switzerland?)

Swiss-Fiji Connection believes that Switzerland is a potential market for Fiji products and services once Fiji starts to promote itself as an attractive opportunity country. If active promotion has been done followed by - rather aggressive - marketing activities we forecast direct and indirect benefits.

Since an initial promotion campaign - although it does not exclude it - will promote Fiji as a country and not specific companies or products, it should be funded by the Government of Fiji, i.e. FTIB. Only if an entire trade mission results in follow-up activities the costs could be split between participating local companies. We were not in a position to check if Swiss authorities would provide administrative or financial assistance for a trade and investment promotion project.

Goals of a promotion strategy should be:

- create awareness about Fiji as the biggest country in the South Pacific
- create awareness about Fiji as a country with attractive incentives for investors
main target groups: export-oriented manufacturing, export-oriented services, tourism joint-venture)
- (- create awareness about Fiji as a possible tourist destination)
- (- present local companies and display possible Fijian products ready for export)

The Tourism Council of the South Pacific declared 1995 as the "Year of the South Pacific". Their promotion campaign might also give some credit to Fiji. The same may apply to the planned activities of the Fiji Visitors Bureau in Europe.

5. Disadvantages/Advantages of Fiji

Many other industrialized nations (e.g. Latin America, South East Asia) and developing countries (e.g. from Africa) have already sent trade missions to Switzerland.

Among the disadvantages Fiji has compared to its competition you may find:

- unclear political situation
- cost of transportation (half around the world)
- availability of flights to Switzerland
- exposed to natural disasters (e.g. hurricanes)
- strong trade unions (higher wages than in countries like Vietnam, India etc.)
- good educated work-force but rather lack of productivity
- quality control (ISO 9xxx standards) awareness just started
- rather oversized and bureaucratic government (at least from Swiss side)
- unfavorable profit taxation

On the other hand - and we are talking for some of our own experience - Fiji can offer advantages such as:

- exotic (erotic?) South Pacific image ---> one of the main advantages!
- hub of the South Pacific
- best transportation infrastructure of all South Pacific countries
- one-stop-shop facilities from FTIB and several incentives (eg. tax free zone) from the government
- good educated work-force
- unique agricultural products
- rich culture (e.g. music, art/handicraft)
- similarities to Switzerland (multiethnic, multilingual, multi-cultural)
- (- point out current trade balance deficit to Swiss authorities)

The list of both advantages and disadvantages is not complete. However, for certain Fijian products or services we estimate that the advantages are in favouring Fiji.

6. Future opportunities for Fiji

After a promotion campaign has been conducted, we can see a limited but serious potential. The underneath list is just a small brain-storming. More ideas for export or joint-venture will be presented or derive at our upcoming seminar/workshop "Switzerland - a trading partner for Fiji?":

- semi-promotional products (music, video, books): Specially the available variety of Fiji music (e.g. reggae, jazz, gospels, ethnic Fijian and Indian music) is an indirect promotion of our country in Switzerland and can create both country awareness and small revenue (initial contacts have already been made). Moreover, professional videos (e.g. "Bula Fiji" from Fiji Visitors Bureau) and good picture books (e.g. from James Siers) are not to be underestimated.
- Tourism: A major revenue creator in Switzerland. Fiji could not only get more Swiss tourist but also profit from institutions and their experience.
- Chocolate production and export: Switzerland is famous for its chocolate products. Fiji would have all the resources and ingredients (e.g. sugar, cocoa, butter) for becoming an exporting nation. A joint-venture with a Swiss chocolate company could be possible.
- Fashion and up-market clothing: While Fiji may not be able to compete with low-wages garment industries in other countries, some fashion clothes with that specific "South Pacific touch" may attract boutiques and distributors.
- Fiji-specific agricultural, fish and seafood products: All products which are unique for Fiji can be exported provided quality, packaging and prices are right: e.g. canned palusami, duruka, coconut milk, coconut oil, spices, seafood, tropical (pre-processed?) fruits, tropical jam,etc.
- Other Fiji-specific products: e.g. sandalwood soap, Fiji Bitter beer, Bounty rum, etc.
- Arts & handicraft: Not to be underestimated. A lot of small Swiss companies or business people from other countries are selling this kind of products (e.g. at various flea markets, shopping malls or in small boutiques). Tapa, masi, mats, pottery are among potential export items.
- Coconut and hard timber furniture: Rather up-market products made from high-class timber and manufactured to certain design requirements.
- light-metal and high-precision industry: A technology and knowledge transfer of joint-venture projects would certainly have a certain impact on our local industry (e.g. security key locks).

For all these opportunities we have limited the target markets to the following groups:

- eco-tourists
- ecological- and environmental-sensitive buyers
- third-world-country supporters
- young and middle-age buying generation
- up-market and luxury buyers
- Swiss export-oriented companies
- Swiss investment companies

We also had to make the following assumptions:

- Import duty/tax in Switzerland is competitive for Fijian products
- Import restrictions or regulations are kept to a minimum (maybe Fiji could negotiate a special preferential trade agreement?)
- Packaging (descriptions should include German, French and Italian) is done either in a creative/original way or conforms to Swiss standards
- Prices are competitive
- (Export-)Financing is guaranteed
- Investment incentives are offered to joint-venture partners

7. Possible promotion approach options

With some concern we have noticed that the promotion allocation to FTIB in 1994 is only 1 million Fiji dollars. We have to agree that this does not provide the funds to target new markets apart from further penetrating the existing, traditional ones.

It has also to be understood that this is a draft proposal. There are always different options how a promotion campaign can be launched. We herewith only submit some ideas. Please note that estimated figures do not include the local salaries. Furthermore they only take into account the advertising of events, i.e. image advertising for FTIB services is not included.

7.1 Low-cost, low-budget approach

7.1.1 Music tour of Fiji Band(s) in Switzerland

Plan: One or several musicians/music groups/bands will tour Switzerland. Possible organizations are Swiss music agencies, Swiss banks and organizations sponsoring social-cultural events (only if registered in Switzerland). Previous to playing videos about Fiji can shown. Before, during break and after the concerts various information and products about Fiji are displayed. Emphasis will be on music tapes, CDs, videos, books, Fiji-Bitter T-shirts and other merchandising products promoting Fiji.

Cost: approx. \$30'000 for a 5-member music group

7.1.2 Sports tour of Fiji in Switzerland

Plan: The national or any other qualified team tours Switzerland. Rugby, however, is not a national sport in Switzerland. But for interested people and considering that Fiji is one of the top teams in the world, it might attract numerous spectators and have a certain impact in the Swiss media.

Cost: approx. \$60'000 for a 10-member rugby team

7.2 Medium-cost, medium-budget approach

7.2.1 Medium-size promotion (with shopping-mall follow-up)

Plan: FTIB approaches the Swiss authorities and the media officially and personally. After all media events an exhibition promoting Fiji and its products and services is launched in major shopping malls in Switzerland.

Cost: <. \$100'000 for a 5-member "special promotion team"

7.2.2 Medium-size promotion (with active marketing)

Plan: FTIB approaches the Swiss Authorities and media officially and personally. Later, Fiji will establish some kind of a temporary information, contact and marketing body in Switzerland.

Cost: > \$100'000 for a 5-member "special promotion team" plus 3 temporary promotion/marketing staff.

7.3 Full-fledged approach

7.3.1 Exhibition/fair (temporary, single location)

Plan: After completing a media-awareness mission, Fiji attends for a limited time a specific exhibition, a trade fair at a major city or organizes its own trade and investment show..

Needs: We suggest to redesign the current FTIB multimedia system so that changes and additions can be made prior to a promotion campaign.

Costs: >\$150'000

7.3.2 Fiji Week(s)

Plan: After completing a media-awareness tour, Fiji tours Switzerland in a special wagon by rail (possible slogan: Fiji Sugar Train) or by a special van as mobile options; alternatively trade and investment shows held in conference rooms. This option should include a company and product display. Possible major cities are Zurich, Berne, Basle and Geneva. If the Swiss-Italian market has to be attracted the Fiji Week show may be extended to include Lugano.

Needs: We suggest to redesign the current FTIB multimedia system so that changes and additions can be made prior to a promotion campaign.

Cost: > \$200'000

8. Sample of a medium to full-fledged approach option:

Find below a draft example of the necessary steps for a promotion campaign in Switzerland:

- a) Draft budget plus "mini goals" and project outline (Cabinet approval needed?)
- b) Form project team; possible members
 - . FTIB
 - . trade and tourist organizations
 - . Swiss-Fiji Connection
- c) Local brain-storming and idea-gathering
a first step is the announced seminar/workshop "Switzerland - a trading partner for Fiji?"
- d) Define mission targets, time-table and marketing/promotion strategy
- e) Check with Swiss authorities
 - . assistance administrative/financially
 - . current duties, tariffs, import conditions/restrictions
 - . date and arrangements for first official visit of Fiji's trade mission
- e1) Prior to the next step we suggest a 2-member fact-finding mission (approx. 2 weeks) for achieving greater media penetration
A briefing seminar for companies in Fiji should be organized after the first mission
- f) Find promotion (advertising) company in Switzerland for
 - . dates of trade fairs and exhibitions
 - . addresses for possible mailing
 - . contacts to media (newspapers, business magazines, TV, radio)
 - . arrange date for first press conference
 - . define date(s) for "Fiji Week(s)"
- g) Define promotional trade mission inc. participating members

- h) Prepare presentation for Fiji products and services
- . FTIB directory
 - . product samples
- Suggestion: redesign existing FTIB touch-screen multimedia application and make it (digitally) available for updates (changes and additions)
- i) Official trade mission to Switzerland with focus on the respective promotion option
Additionally further events can be added:
- . media events
 - . forum/seminar "Why to invest in Fiji?"
 - . video about Fiji for broadcast in Swiss television
 - . music and/or dance band
 - . small promotion exhibitions in shopping centers or shopping malls (e.g. handicraft, music, books, video)
- k) Examine results, follow-up activities

9. Summary of options

Which option would be appropriate for a promotion mission to Switzerland depends on several factors:

- Does Fiji want to target the Swiss market at all?
- Research in Fiji: Which companies are interested in the Swiss market?
- Yearly promotion budget of FTIB (and FVB?)
- Available human resources at FTIB
- Image

Since the steps of each promotion option are time-consuming and a project will take several months to initiate, starting should begin in 1994 - otherwise Fiji will miss 1995, the "Year of the South Pacific".