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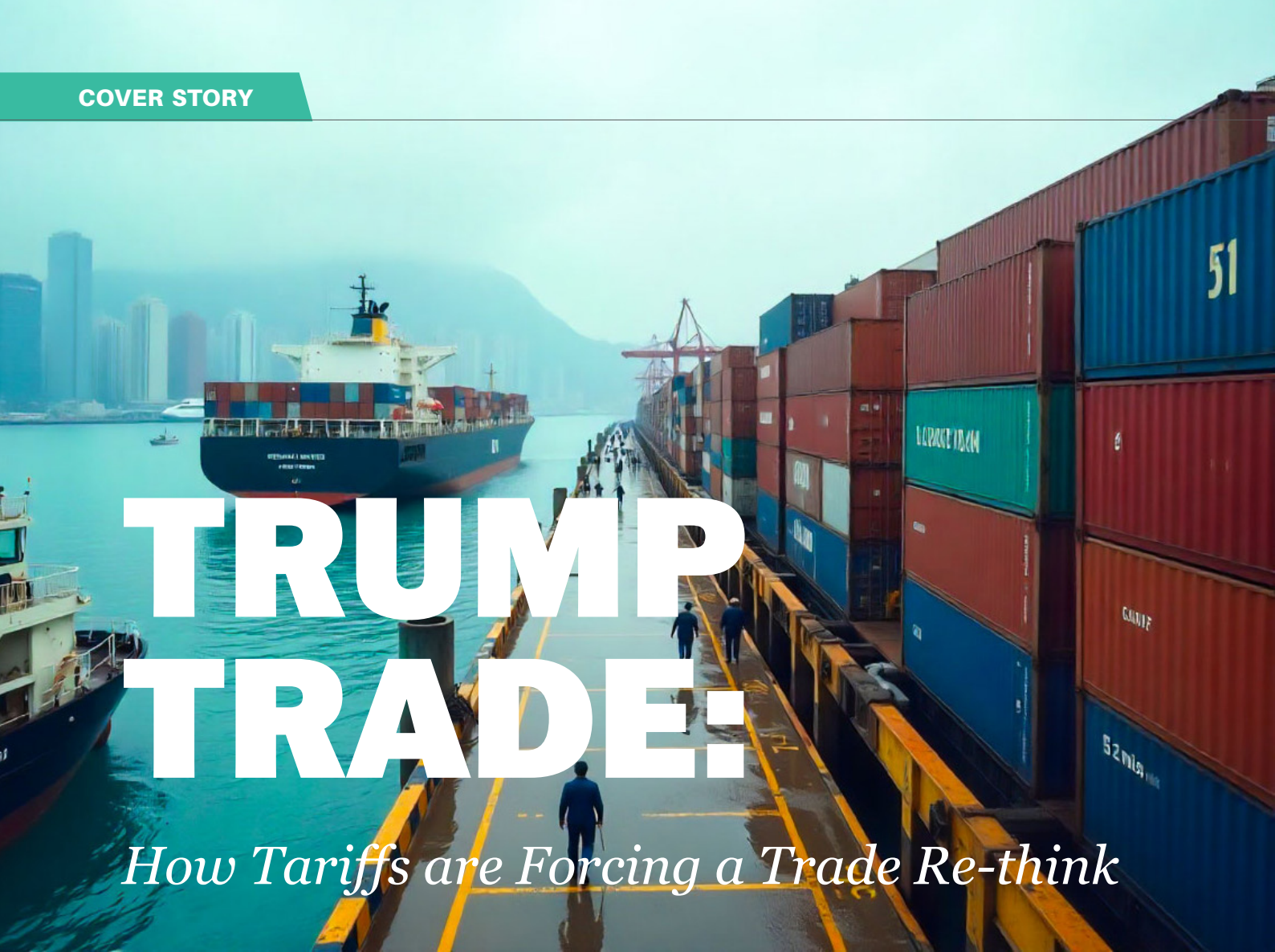
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TRUMP TRADE:

How Tariffs are Forcing a Trade Re-think



By **DAVID SPRING**
PT COLUMNIST
Sydney, Australia

DONALD TRUMP'S TARIFFS are forcing a re-think of trading markets. Buyers and suppliers are shocked by the scale, flightiness and fluctuations in US tariffs. As Asian exporters seek new customers outside of the US, commodity prices are volatile and uncertainty rules the boardroom. Readers in the Asia-Pacific, seeking to deliver projects, your source markets are changing in response to these forces. Read on to find out what's going on, early adaptations, unintended consequences and how to navigate the roiling seas.

Tariffic

Tariffs are a tax on imports, typically designed to protect a nation's manufacturing industry from being undercut by cheaper imported products. Protectionism, as it's known, has had historical periods of popularity and even usefulness. It was used to effect by countries that became known as the Asian Tigers from the 1960's until the 1997 Asian financial crisis – Cambodia, Vietnam, Thailand. They protected their home-grown industries from cheap foreign imports, spurning remarkable growth in their own industry. The free-trade era that arose from the Reagan-Thatcher liberalisation doctrine, which has been in ascendency for 50 years, is under threat. Donald

Trump's combination of regressive policies is bringing uncertainty and volatility to financial markets and business planning.

Under Trump's first administration (2016-2020), America increased tariffs variously on a range of Chinese imports, from an initial 30% on solar panels to 10% to 25% hikes across the board in 2019. This forced some clever re-routing strategies to be developed, such as passing exports through third party intermediary countries like Vietnam. Chinese companies were able to dodge the heavy direct tariff and yet continue to sell to the American market.

David Rashid, chairman of Plews and Edelmann, a US auto-parts maker, has described how they assumed the tariffs would bring relief. But he soon discovered that one of his main competitors, a Chinese firm called Qingdao Sunsong, was selling its wares for the same price in America as they were before the imposition of a 25% tariff. After a detailed investigation, Mr Rashid alleged that Sunsong was committing trade fraud by routing its shipments through Thailand and sticking made-in-Thailand labels on them. "We built an airtight case," says Mr Rashid. But Sunsong continued its business in America largely unimpeded.

Perhaps because of this kind of criticism, under Trump's second administration (2025-2029), the Americans have taken a more unilateral swipe at the international trading system. On 2 April, Trump's so-called "liberation day," tariffs were announced, from a minimum 10% for every country to 125% for China, by applying 3rd grade mathematics and a unique interpretation of trade deficits. These were then paused on 9 April and have since been blocked by the courts. In mid-May, China and the US made a trade deal that was

surprisingly obliging towards China, thus improving the short-term outlook. Unfortunately, instead of stabilising markets, this has only added to the confusion over what is being threatened and what can be done to avoid the ensuing economic pain. Trade volumes through the Port of Los Angeles remained steady in April, but the volume of empty containers increased 25% compared to the same time in 2024, representing an emerging trade imbalance.

Building trends

With Trump in power in the White House, the volatility is likely to continue. But is it all bad news? Foreign firms that set up in Vietnam as an alternative to China have done so with a large capital outlay and are unlikely to abandon that investment quickly. More attractive alternatives are hard to find right now, with the Trump-led trade instability. The Economist, a business magazine, says that another silver lining for countries affected by heavy and erratic tariffs is that the value of their currency will likely fall, making their exports more attractive to new markets. The value of currencies is affected by the perception of a country's future economic performance. As US tariffs come into effect, the Chinese Yuan and Vietnamese dong dropped about 2%, but rebounded soon after when markets realised the tariffs could be short-lived.

When the value of say, the dong drops, it makes it more expensive for the Vietnamese to purchase imports or US dollars, using dong. Raising interest rates would combat a falling currency, as it would demonstrate that the central bank is safeguarding a growing economy from inflation. But higher interest rates also deter investment, so no export-dependent country will be raising interest rates, when investment is in decline. Stable or declining interest rates are the upside to the tariff and currency downside.

Not surprisingly, Oxford Economics, a consultancy, reports that tariff news is affecting business and consumer confidence across the globe. US tariffs on the European Union (EU) were paused at 10% as negotiations continued, and retaliatory measures were yet to be announced. EU economic growth is forecast to drop by two-thirds. Despite Canada and Mexico being part of the United States-Mexico-Canada Agreement (USMCA), neither Canada nor Mexico have been spared tariff increases, at odds with the trade agreement.

The heaviest impact of the tariffs on the construction industry will be through reduced private sector investment. Increased uncertainty amplifies the risks considered in making investment decisions, thereby reducing financing of construction work. The US and Asia face the biggest downgrades, with the industrial building sector being the most exposed, due to the decision-making paralysis described above.

The World Bank and International Monetary Fund (IMF), two multilateral finance agencies, met in May to express concern about the global economy. Both have downgraded their annual growth forecasts. World Bank chief Ajay Banga warned that emerging economies are particularly at risk from rising borrowing costs, strained debt sustainability and potential capital outflows over the longer term. Debt servicing will become a major issue, according to Steve Beck, Director of Trade at the Asian Development Bank (ADB), another multilateral institution. Demand for trade finance loans and guarantees from ADB has increased by 20 per cent year on year in the first quarter of 2025. Not only does this highlight debt distress, it reduces the bank's capacity to provide loans and grants for productivity improvements, such as infrastructure investments.

The effect on building firms across Asia and the Pacific will be multi-faceted. Experience from the first round of Trump tariffs four years ago shows that firms tend to squeeze their margins to avoid passing through the tariff to consumers. Ironically, this both reduces the

effect of the tariff policy (as prices of imports don't actually rise to make them less attractive), and it puts downward pressure on expansionary business activity. Lower profits also result in lower income tax receipts, thereby stretching government budgets. As well as construction firms themselves, supplier and service businesses as disparate as cabinet makers, pipe producers and sawn timber will suffer from a lack of investment in building construction.

It is expected that the tariff policy of the US will have the most economically deleterious effect on the US itself. But what about an Indonesian builder buying steel from China? Or an exporter of round logs from Solomon Islands selling to Malaysia? While the costs of these are not directly affected by Trump tariffs or retaliatory tariffs, if the cost of trade barriers between the US and China returns to record levels (after the 90 day pause, and assuming US legal challenges are cleared), then global markets will once again be in turmoil. With restrictions on the US market, Chinese cement exporters for example, may "dump" their product by selling at a low cost, in selected Asian countries. Local producers in those countries will then find it difficult to sell cement to builders as they are being undercut on price. If this continues for a time, some local cement producers may go out of business. Then, when the Chinese cement finds alternative markets where they can sell at higher rates, the diminished local cement industry will no longer be able to meet the demand. Suppliers beware.

Trump's "pause" on tariffs led to a resumption of US-bound traffic after the initial collapse of transpacific volumes. BIMCO, an industry association, reports that average container freight rates for Chinese exports have dropped 28% since the start of 2025.

Adaptation

When uncertainty causes price fluctuations in traded commodities, shipping lines are some of the first to adjust to import/export volumes. As the demand for moving containers falls, so does the price. Drewry, a maritime research group, report their world container index (WCI) has fallen by two-thirds since July 2024. It rebounded 21% in late May, as Trump's "pause" on tariffs led to a resumption of US-bound traffic after the initial collapse of transpacific volumes. BIMCO, an industry association, reports that average container freight rates for Chinese exports have dropped 28% since the start of 2025.

These falls in shipping costs can somewhat offset the cost of tariffs, further reducing their overall policy effectiveness. Regardless, Beck, a financial services consultant, estimates that tariffs could add 1.5 to 2.5 percent to US construction costs in 2025 and further fuel inflation.

With long lead times on manufacturing investments, the sector's ability to react quickly to the impacts of tariffs is expected to be low. Profits on manufactured goods are typically tight and price sensitive. So even a small fluctuation will have a negative impact. Some manufacturers attempt to pass the increase in tariffs onto their customers. But others are beginning to rethink their value chains and increase their production in the US. One firm, Redex, an instrumentation maker, is based in France but has a small service

centre in the US, which could be leveraged and scaled up. After all, the purpose of the US tariffs is to increase manufacturing there – it is still the best way to avoid the trade barriers (although not the chaos and uncertainty).

Those pesky consequences

Aid dependent economies are uniquely vulnerable to fluctuations in global demand – debt, foreign currency and investment levers seize up as economic growth slows. Caritas, an Australian charity, echo Steve Beck's comments, that "indebted countries pay off their loans by earning foreign currency through exports... Tariffs are a major barrier to exports to the United States and have a deadening effect on economic activity around the world."

Making matters worse, the demolition of trade stability co-incides with Trump's withdrawal from foreign security and soft power engagement. The tariffs compound America's recent cuts to the United States Agency for International Development (USAID) programs and spending. While not ostensibly part of the American trade offensive, they are related to a broader US repositioning of itself in the global order, and a withdrawal of soft power. While the Americans may see aid funding cuts as a shrewd way of reducing spending (as have many European countries, largely to fund defense increases to ward off a US withdrawal from the North Atlantic Treaty Organisation (NATO)), the effect in aid-dependent recipient countries remains to be seen.

While aid cannot make poor countries rich, and the dual impact on economies from aid withdrawal and trade barriers may have unintended consequences. A Somaliland case study in the 25 years from 1991, showed that when foreign aid dries up, there can be many counterintuitive but positive outcomes. Following a secession from Somalia that was not recognised by the UN, a lack of international attention provided space for local elites to work out their differences and build a nation state without the distraction of courting donors. This independence gives a once-dependent nation power to decide who to deal with on all matters of foreign policy, including trade.

The immediate impact of the elimination of USAID is that the aid industry which has built up around the management and distribution of foreign aid in recipient countries, along with the economic distortions they produce, is about to get a shake up.

So, what to do?

While only a fool would pretend to know what Donald Trump is going to do next, some patterns are emerging, which could be used to sketch a possible future. Depending on where in the supply chain you are, consider these strategies.

Panic slowly is a good motto. Trump's basic model is: threaten painful tariffs, extract suitable fealty, backflip on tariffs. It happened with the 25% tariff on Canadian and Mexican imports in early March. It happened again with the "liberation day" tariffs, which were 'paused' for 90 days, only 7 days after being announced. Trump appears to be wielding trade as a weapon in broader negotiations with individual countries and the world at large, rather than as a lasting impost. So, while the US will attempt to leverage their economic advantage, to their own advantage, the best way out of new economic barriers is to be patient and offer an exchange of some sort.

That's great for the politicians, but most of us are trying to run day-to-day projects. So, consider your schedule. The impact of tariffs will vary depending on a project's timeline:

- Projects already under construction may only be slightly impacted, especially if materials were pre-purchased or pricing was locked in as a lump sum or fixed budget.

- Projects in early planning or preconstruction may experience delays or repricing as owners pause to reassess risk and wait for greater clarity.

A considered cost and time contingency will help mitigate the risks. To do this accurately, price projects as without tariff impacts and develop a contingency strategy either internally or with the client to manage the risk of future price hikes. This avoids contingency on top of contingency.

Materials selection always has a major effect on the cost of a project. It is a healthy part of a risk management strategy to have both alternative materials and alternative suppliers identified, not only to avoid tariffs, but for many other reasons besides. Alternatives could be supplies that don't originate or pass through the US, are not from a US subsidiary or are not otherwise affected by likely trade barriers. Added to this would be to lock in materials contracts early, to avoid future price volatility.

The extension of this into a long-term strategy is the diversification of supply chains. This is common wisdom, but is often ignored, in pursuit of bulk discounts and economies of scale. Don't ignore it – bulk discounts might save a few dollars, but having supply options when trade shocks, price fluctuations, conflicts or pandemics occur could save the business. While regional trade agreements are in the political sphere, politicians respond to lobbying and representations. Making the case for free trade, particularly through industry bodies, strengthens political will to deliver tariff reductions.

Review your contract protection to ensure that price escalation is nominated, to cover or offset the impact of tariffs. Escalation can usually only be applied on an annual fixed date, so its quantum must be sufficient to cover several months retrospectively, as well as future inflation. Some contracts' force majeure clauses may also cover tariffs hikes as a "material adverse change." However, most contracts will require a party to show that, as a result of the tariff event, performance of the contract has become physically or legally impossible, and not just more difficult or unprofitable.

Both of these criteria are high bars to clear, so it is best to review these clauses before contract signing and to include a particular threshold or type of tariffs as a qualifying event. A threshold could be "Tariffs greater than 10% on key building materials, such as steel and aluminum." And listing 'newly imposed import tariffs' as a qualifying event simply means adding it to the typical events listed in the particular conditions, such as natural disaster, civil unrest and acts of God.

To guard against the long term consequences of both volatility and higher trade barriers, apply several or all of the above strategies. Trump leaves office in 2029, but there is no guarantee that the chaos won't continue. US tariffs will have the effect of global trade edging away from America as protectionist policies soon become isolationist. The greatest effect on construction firms and building material suppliers will be the slowdown in private investment. Adjustment strategies take time to develop and implement and are not a tap to turn on and off. Tariffs usually aren't either.

About the Author

David is an experienced engineer, with over 20 years experience in construction, design and international development. David has been working in Solomon Islands and Vanuatu as a team leader for the past six years, specifically on road and bridgeworks. He worked on intra-Ministry roles at the Ministry of Infrastructure Development (MID, Solomon Islands) and led the Cyclone Pam road reconstruction project in Vanuatu, understanding donor requirements and how development projects are procured and delivered. Continuing as a Team leader for MID and with some corporate responsibilities for Cardno, David seeks to deliver equitable access for communities, which generate social and economic benefits.



SOLVING APAC TRANSPORTATION GRIDLOCK:

A Practical Guide for Procurement Professionals



By **LORNA BONDOC**
PT Marketing and Research Consultant
Manila, Philippines

THE ASIA-PACIFIC (APAC) region, a powerhouse of global manufacturing and consumption, is increasingly grappling with a significant challenge: transportation gridlock. From congested ports and sprawling urban centers to complex cross-border regulations and fragmented infrastructure, the efficient movement of goods is becoming a critical bottleneck for businesses operating in or sourcing from this vibrant region. For procurement professionals, supply chain managers, industry suppliers, and tendering service users, these logistical hurdles translate directly into higher costs, longer lead times, increased

risks, and ultimately, a dent in competitiveness. The question then becomes: In an age where increasing globalization and interconnected supply chains is the baseline, how can procurement and logistics strategies evolve to not just navigate, but actively overcome the persistent transportation gridlock in the APAC region?

This feature delves into the multifaceted nature of APAC logistics, offering a practical guide to understanding the challenges and implementing effective solutions.

Understanding the APAC Logistics Landscape

APAC is not a monolithic entity. Its logistics landscape is a patchwork of diverse economies, varying levels of infrastructure development, and distinct regulatory frameworks. What works in Singapore may not be applicable in Indonesia, and the challenges

Continued next page

of cross-border transportation between China and Vietnam differ significantly from those between Australia and New Zealand.

Key factors contributing to transportation gridlock in APAC include:

- **Rapid Urbanization and Infrastructure Strain:** Booming urban populations are putting immense pressure on existing road and rail networks, leading to chronic congestion. While infrastructure development is underway in many areas, it often struggles to keep pace with the rapid growth.
- **Port Congestion and Capacity Constraints:** Major ports across APAC are facing increasing volumes, leading to delays in loading, unloading, and onward transportation. Limited storage capacity and inefficient processes exacerbate these issues.
- **Cross-Border Regulatory Hurdles:** Navigating customs procedures, tariffs, and varying documentation requirements across different countries can be a time-consuming and complex process, adding significant delays and costs to cross-border shipments.
- **Fragmented Logistics Ecosystem:** The APAC logistics market comprises a mix of global players and numerous smaller, local providers. Integrating these diverse entities and achieving seamless end-to-end visibility can be challenging.

Insights from the Front Lines: Perspectives from Logistics Providers

To gain practical insights, we spoke with several logistics providers operating across the APAC region. They highlighted the importance of:

- **Leveraging Data and Technology.** Real-time tracking, predictive analytics, and digital platforms are crucial for optimizing routes, managing inventory, and improving overall efficiency.
- **Building Strong Partnerships.** Collaborating closely with reliable logistics partners who possess local expertise and strong networks is essential for navigating regional complexities.
- **Adopting Flexible and Agile Strategies.** Supply chains need to be adaptable to unexpected disruptions, whether they are natural disasters, regulatory changes, or geopolitical events.
- **Investing in Sustainable Solutions.** As environmental concerns grow, logistics providers are increasingly focusing on sustainable practices, which can also lead to long-term cost savings.

Optimization in Action: Case Studies of Success

Several companies have successfully implemented strategies to mitigate the impact of APAC transportation gridlock. Consider these examples:

1 Multi-modal and Regional Hub Strategy

- **Company: LG Electronics**
Strategy: To navigate the complexities of its global supply chain, including in APAC, LG Electronics has adopted a sophisticated logistics strategy. While their specific APAC operations are complex and multifaceted, the company's approach to supply chain management is well-documented. They leverage a network of over 30 manufacturing sites and have implemented a "Supply Chain Intelligence control tower" that uses AI and machine learning. This technology helps to synchronize various stages of the supply chain—from sourcing and manufacturing to delivery—improving inventory turnover and reducing lead times. This aligns with the strategy of using advanced technology and a robust, integrated network to overcome logistical challenges.
*Source: Supply Chain Digital article, "Top 10: Asia-Pacific Supply Chains."*¹ The article highlights LG's use of a

*supply chain control tower and its extensive network of manufacturing sites as key to its efficiency in the region.*²

2 E-commerce Last-Mile Delivery Network

- **Company: Lazada**
Strategy: A major e-commerce player in Southeast Asia, Lazada has directly addressed the region's fragmented logistics by building its own robust last-mile delivery network.³ The company's logistics arm, Cainiao, works with local service providers and invests in technology to tackle the challenges of a geographically diverse region (e.g., archipelagic nations). This investment in owned infrastructure and partnerships gives them greater control over the delivery process, ensuring timely and reliable service, which is critical for customer satisfaction.
Source: DRPress article, "Comparative Analysis of Lazada and Shopee E-commerce Firms in Southeast Asia: Alibaba Strategies for Competing in the Regional."

3 Demand Forecasting and Collaborative Planning

- **Company: Nestlé**⁴
Strategy: Facing challenges like demand variability and the perishability of goods, Nestlé has integrated AI and machine learning into its APAC supply chain. The company uses AI-driven tools for demand forecasting to process historical and real-time data, allowing for more accurate predictions. This not only reduces waste from overproduction but also optimizes production schedules and logistics, ensuring products are available when and where they're needed. This collaborative planning with technology is key to their success.
*Source: DigitalDefynd case study, "5 ways Nestle is using AI." This study details how Nestlé has implemented AI-powered demand forecasting to reduce forecasting errors, improve inventory management, and enhance overall supply chain resilience.*⁵ It specifically notes a 30% reduction in forecasting errors as a result of the AI implementation.⁶

The Technological Edge: Emerging Logistics Innovations

Emerging technologies are offering new avenues for tackling transportation gridlock in APAC:

- **Internet of Things (IoT) and Sensor Technology.** Real-time monitoring of shipment conditions, location, and even temperature can enhance visibility and enable proactive intervention.
- **Artificial Intelligence (AI) and Machine Learning (ML).** AI-powered route optimization, demand forecasting, and predictive maintenance can lead to significant efficiency gains.
- **Blockchain Technology.** Secure and transparent record-keeping through blockchain can streamline customs procedures and improve trust among stakeholders.
- **Autonomous Vehicles and Drones.** While still in their early stages, these technologies hold the potential to revolutionize last-mile delivery and potentially alleviate road congestion in the long term.

Embracing a Strategic Imperative

Addressing APAC transportation gridlock requires a multifaceted approach that involves collaboration, technological adoption, and strategic planning. Procurement professionals and their counterparts must:

- **Prioritize Supply Chain Resilience.** Build flexibility and redundancy into their logistics networks to mitigate the impact of disruptions.
- **Embrace Digital Transformation.** Invest in and leverage digital tools for enhanced visibility, optimization, and communication.
- **Foster Stronger Supplier and Logistics Partner Relationships.** Collaborative partnerships are key to navigating regional complexities and achieving shared goals.
- **Stay Informed about Regulatory Changes and Infrastructure Developments.** Proactive awareness allows for better planning and adaptation.

Ultimately, overcoming the transportation gridlock in APAC is not just a logistical challenge; it's a strategic imperative for businesses seeking to thrive in this dynamic and crucial region. By embracing innovation, fostering collaboration, and adopting a proactive approach, procurement and supply chain professionals can turn this challenge into an opportunity for enhanced efficiency, resilience, and competitive advantage.

About the Author

Lorna Bondoc, Founder and CXO at YOVEO Digital (www.yoveodigital.com), a marketing support firm dedicated to empowering agencies and marketers. She has over 30 years of experience providing clients with consulting and digital marketing solutions. Beyond YOVEO Digital, Lorna also serves as a Regional Correspondent at APAC Tenders, keeping a close pulse on business opportunities across the Asia-Pacific region. This dual role allows her to offer a unique perspective on the trends impacting regional businesses.



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BUILDING FOR THE FUTURE

New building law sets national standards to ensure safer, stronger, and climate-ready infrastructure.

By LORNA BONDOK

PT Marketing and Research Consultant
Manila, Philippines

THE AIR in Honiara hums with the promise of progress. Cranes dot the skyline, and the foundations of new homes, schools, and businesses are being laid across the islands. But for too long, this growth has been a double-edged sword, with a lack of modern standards leaving communities vulnerable. That era has now come to a definitive end.

In August, the Solomon Islands Parliament passed a landmark piece of legislation—the National Building Standard Act 2025—a move set to transform the very landscape of the nation and secure a safer, more resilient future for all Solomon Islanders.

For decades, the country has grappled with an outdated and fragmented system of building regulations. This has led to a market flooded with substandard, often unsafe, imported materials.

Opposition leader Matthew Wale recently highlighted the serious consequences of this lax oversight, noting that it has created a "great vulnerability for our construction sector." In a nation constantly on the front lines of climate change and seismic activity, the need for a robust, unified code was not just a matter of urban planning—it was a matter of survival. The new Act is the government's comprehensive response to this urgent call.

The Act is a governance document, setting out the powers of the Minister and advisory committees, as well as the penalties for various offences. The Act itself is light on details and requirements for new buildings, but instead enacts the implementation of the National Building Code (NBC). The NBC has been in draft since 2022 and will need to be signed by the Permanent Secretary of the Ministry of Infrastructure Development, to be in force.

At its core, the National Building Standard Act 2025 is designed to safeguard public welfare. As the Act says, "The National Building Code sets out the minimum standards and requirements for buildings and the carrying out of building construction work." The NBC also sets out the design criteria and minimum material specifications to be applied to buildings, specifically in Solomon Islands.

For the first time, there will be national uniformity, ensuring that a building in Gizo adheres to the same safety and quality standards as one in Honiara.

The NBC mandates a robust certification process for building

materials, aiming to eliminate the influx of cheap, shoddy products that compromise safety and durability. It also sets clear guidelines for fire safety, sanitation, and accessibility, ensuring that all public and private structures are built with the health and security of their occupants in mind. This is a monumental shift, creating a more predictable and reliable environment for both local builders and international investors.

Crucially, the new Act looks beyond immediate safety to address the long-term challenges of the climate crisis. It contains specific provisions to promote environmentally efficient buildings that are resilient to the impacts of climate change. As a small island developing state, the Solomon Islands understands that its buildings must be able to withstand more severe natural events, from stronger cyclones to coastal erosion.

The Act embeds this critical foresight into the very blueprint of every new construction.

The passage of this legislation has been met with widespread support. The Solomon Islands Chamber of Commerce and Industry (SICCI) hailed it as a "landmark achievement" and a progressive step for the nation's infrastructure development. The partnership between the government and the private sector is essential for the Act's success.

The Ministry of Infrastructure Development (MID) is now preparing for a one-year transition period to allow the industry to adapt and for MID to work with industry to demonstrate what compliance looks like. During this time, MID will enhance its construction materials laboratory.

Surprisingly, the NBC only requires 'evidence of suitability' for imported materials. This hollows the need for the MID laboratory, which remains several years away from being able to qualify as a 'Registered Testing Authority', as defined by the NBC.

Regardless of quality control of imports for compliant materials, compliance is best tracked at the project level, with building contractors being required to demonstrate materials compliance through a quality assurance system. MID will also deploy building inspectors to provincial centers to ensure nationwide compliance and build capacity. Enforcement of the NBC's requirements are the key to changing outcomes in the building industry - the Act gives MID this power.

The National Building Standard Act 2025 is more than just a set of rules; it's a foundational step towards building a stronger, safer, and more prosperous future for the Solomon Islands. It sends a clear message to the world: that this nation is committed to sustainable growth, to protecting its people, and to building a legacy that will stand strong for generations to come.



The National Building Standard Act 2025 looks beyond immediate safety to address the long-term challenges of the climate crisis. It contains specific provisions to promote environmentally efficient buildings that are resilient to the impacts of climate change.



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Retaining wall under construction at the Solomon Power site, part of the Auki Road Rehabilitation Project.

PROGRESS STEADY ON CHINA FUNDED AUKI ROAD REHABILITATION PROJECT

INITIAL CONSTRUCTION works on the 9.2 km China-Aid Auki Road Rehabilitation Project—spanning from Kwaibala Bridge to Kilu'ufi Hospital, including 16 feeder road networks—are progressing steadily, marking a significant step forward in improving transport infrastructure in Malaita Province.

The contractor, China Civil Engineering Construction Corporation (CCECC), has been actively mobilizing resources since receiving Development Consent two months ago. The company has engaged local labor and skilled workers, ensuring community involvement while accelerating construction.

Key construction activities underway include:

- River channel improvements (to mitigate flooding risks)
- Retaining walls and slope protection structures (to prevent erosion)
- Shoulder protection walls and drainage ditch works (critical for long-term road stability)

Several of these components have already been completed, while others are advancing at a steady pace. These upgrades are expected to significantly enhance Auki Town's drainage systems, reducing waterlogging and flood risks during heavy rains.

The Ministry of Infrastructure Development's (MID) Transport Infrastructure Management Services Division (TIMSD) has

acknowledged delays caused by unrelocated utility lines and pipes belonging to: Solomon Water, Solomon Power, Our Telekom and other Private Property Owners.

These utilities were supposed to be moved inward as per the road realignment plan, but coordination issues have slowed progress. To address this, MID and CCECC are working closely with the Malaita Provincial Government and utility providers to expedite relocations and minimize further disruptions.

A standout feature of this project is the use of high-quality construction materials, comparable to those used in Honiara's recently upgraded roads, including:

- 50mm-thick asphalt concrete pavement (ensuring durability)
- Reinforced drainage systems (to withstand heavy rainfall)

Once completed, the rehabilitated road is expected to serve Auki residents efficiently for 10–20 years, improving connectivity, reducing travel time, and boosting economic activity in the region. With utility relocation efforts now prioritized, CCECC aims to accelerate construction in the coming months, ensuring the project stays on track for its scheduled completion.

This initiative is part of China's broader infrastructure support to Solomon Islands, reinforcing bilateral ties while addressing critical transport needs in Malaita Province.

SOLOMON ISLANDS PREPARED TO WELCOME LEADERS FOR THE 54TH PACIFIC ISLANDS FORUM MEETING

PRIME MINISTER Hon. Jeremiah Manele has confirmed that preparations for the 54th Pacific Islands Forum Leaders Meeting (PIFLM) are progressing smoothly, with the event set to take place in Honiara this September. Speaking at a press conference on 8 August, the Prime Minister unveiled the official logo and theme for the historic gathering.

Under the theme “lumi Tugeda: Act Now for an Integrated Blue Pacific Continent”, the Forum marks 54 years of regional collaboration, reinforcing a shared commitment to a united, resilient, and sustainable Pacific. Prime Minister Manele emphasized that the theme is both a call to action and a reaffirmation of the Blue Pacific identity, urging collective efforts to translate strategy into tangible progress.

Prime Minister Manele highlighted the Forum’s role as the cornerstone of Pacific regionalism, stressing the importance of a united regional agenda free from external divisions. He noted that the Forum is undergoing a comprehensive review of its regional architecture to ensure alignment with the 2050 Strategy for the Blue Pacific Continent, adapting to a rapidly evolving global landscape.

In line with the 53rd Forum Leaders’ Communique (Tonga, 2024), the Prime Minister confirmed the decision to defer the Partners Dialogue until 2026, a move endorsed by the Pacific Islands Forum Troika Plus (comprising Tonga, Cook Islands, and Palau).

“This decision reflects our collective Pacific interest,” Prime Minister Manele stated. “It allows us to finalize crucial reforms to the Partnership

and Engagement Mechanism, ensuring future engagements are strategic, transparent, and aligned with regional priorities.”

He clarified that the deferral—mirroring a similar move under Fiji’s leadership in 2022—is not about exclusion but about strengthening cooperation under a more effective framework. The pause will give Forum members and partners time to adapt to the new process before its full implementation at the 55th Forum in Palau (2026).

The Honiara meeting will center on critical issues, including:

- High-Level Political Talanoa
- Ocean of Peace Declaration
- Pacific Resilience Facility

Prime Minister Manele reassured partners that their engagement remains valued and vital, with the deferral intended to enhance future collaboration through a more structured and sovereign-driven process.

“As host and incoming Chair, Solomon Islands remains committed to the Pacific Way—respectful, inclusive, and united,” the Prime Minister affirmed. “This is not a step back, but a necessary step forward for our shared future.”

With the stage set for a pivotal Forum, the Solomon Islands stands ready to welcome Pacific leaders in a spirit of solidarity and decisive action.



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Analysis:

FRIENDSHORING & NEARSHORING

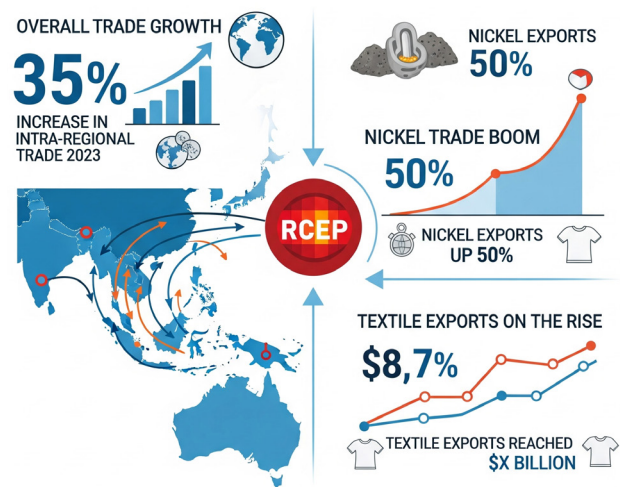
THE GLOBAL supply chain landscape is undergoing a significant transformation, with the Asia-Pacific (APAC) region at its epicenter. Fueled by geopolitical tensions, the imperative for greater resilience, and evolving economic priorities, friendshoring and nearshoring are emerging as key strategies that are fundamentally altering the geography of APAC supply chains. This article analyzes these trends, exploring their factual drivers, benefits, challenges, and long-term implications for procurement in the region.

The Concrete Drivers of Change

The shift towards friendshoring and nearshoring in APAC is not hypothetical; it is a direct response to a confluence of real-world pressures:

- Geopolitical Realignment:** A McKinsey Global Institute report from January 2024, "Geopolitics and the geometry of global trade," confirms a trend of trade reconfiguring toward "geopolitically closer partners." This is a direct result of rising tensions and a desire to mitigate the risk of trade barriers, tariffs, and sanctions. The report notes that China, the world's largest trading economy, trades more with geopolitically distant partners than any other major economy, making it a focal point for these diversification efforts.
- The "China Plus One" Strategy:** The U.S.-China trade war and the COVID-19 pandemic accelerated a pre-existing trend of companies adopting a "China Plus One" strategy. This involves diversifying production to other Asian nations to reduce over-reliance on China. Countries like Vietnam, Thailand, Malaysia, and India have emerged as key beneficiaries of this strategy. A QIMA report from late 2023 noted that U.S. imports from Vietnam rose significantly, and a survey found that 57% of companies reported nearshoring as a key part of their supply chain strategy.
- Regional Integration and Trade Pacts:** The implementation of regional trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) is a powerful driver of nearshoring. RCEP, which includes all ten ASEAN members plus Australia, China, Japan, New Zealand, and South Korea, is the world's largest free trade bloc. It is projected to eliminate about 90% of tariffs on imports between its signatories, making intra-regional sourcing more economically attractive. The PwC report, "Global Supply Chains: The Race to Rebalance," highlights how RCEP is expected to boost growth in the region, with countries like Indonesia and the Philippines seeing a predicted 200% growth in their consumer markets by 2030.
- ESG and Sustainability Goals:** Shorter supply chains, a direct result of nearshoring, inherently have a smaller environmental footprint due to reduced transportation emissions. This aligns with the increasing focus on ESG factors in business operations. A 2024 global survey cited by Procurement Magazine found that sustainability goals are now central to procurement decisions for 70% of companies.

RCEP INTRA-REGIONAL TRADE GROWTH



Source : RCEP Comprehensive Partnership Zone

Quantifiable Benefits and Data

The benefits of these shifts are supported by data and research:

- Enhanced Resilience.** A 2023 report from The Business Continuity Institute (BCI) noted that while the initial post-pandemic flurry of resilience activity was diminishing, supply chains were still in a significantly better place than they were pre-COVID, indicating that many of the changes made have stuck.
- Cost Management and Efficiency.** While it is often assumed nearshoring is more expensive, the reduction in total landed costs can be substantial. A 2024 report by the Asian Development Bank found that accelerating digital trade facilitation in the region could cut average trade costs by approximately 11%.
- Trade Volume Shifts.** QIMA's 2023 auditing data showed a noticeable uptick in the relative share of procurement for both U.S. and EU buyers from their respective nearshore regions. In 2023, Mexico surpassed China as the U.S.'s largest trading partner, a clear indication of a move toward nearshoring for the North American market.
- "The world is no longer just-in-time, it's becoming 'just-in-case.'"** This shift is driven by a deep-seated need for predictability and control over our supply chains, even if it comes at a slightly higher cost. Nearshoring in APAC, particularly to the vibrant economies of Southeast Asia, is a tangible way to build that buffer.

Key Challenges and Procurement Implications

The transition is not without its hurdles, and procurement leaders are

on the front lines of managing them.

- **Finding Viable Alternatives:** As highlighted in a PwC report, companies seeking to rebalance operations are unlikely to find a single location that can replace China. This necessitates a more complex, multi-faceted approach to sourcing.
- **Talent and Infrastructure Gaps:** Shifting production can create intense competition for skilled labor in new locations. The PwC report also notes that 65% of companies surveyed considered labor costs and availability to be a top concern when relocating supply chains.
- **Risk vs. Cost Trade-offs:** As Simon Geale, Executive Vice President at Proxima, points out, "There is risk in every relationship and a businesses 'risk appetite' will dictate just how much of that risk they are prepared to take for the price paid or relationship put in place." Procurement leaders must now make more complex, strategic decisions that balance these factors.

"While the economic gravity of the APAC region is undeniable, the

geopolitical landscape has made a diversified, multi-hub strategy non-negotiable for many global companies. We are seeing a concerted effort to build parallel supply chains in friendly, stable markets to mitigate risk."

Studies from the Asian Development Bank and the World Bank project significant long-term gains. A World Bank analysis estimates that RCEP could lead to a 12.3% increase in trade among its members by 2035, especially when considering productivity gains from reduced trade costs.

The trends of friendshoring and nearshoring are not just buzzwords; they are a demonstrable re-engineering of global and regional supply chains. In the APAC region, these strategies are a direct response to geopolitical tensions, pandemic-era vulnerabilities, and the growing influence of regional trade blocs. For procurement professionals, this means a fundamental shift in priorities: moving away from a singular focus on cost minimization to a more holistic approach that prioritizes resilience, risk management, and sustainability. The new geography of APAC supply chains is one that is more diverse, more regionalized, and ultimately, more robust in the face of an uncertain future.

Table 1: Key Data Points on APAC Supply Chain Shifts

Metric	Finding/Source
Companies Implementing Nearshoring	57% of companies reported nearshoring as a key part of their supply chain strategy in 2023 and beyond. (Source: QIMA, 2023)
Primary Driver for Nearshoring	Resilience and mitigating geopolitical risk.
Intra-Regional Trade Growth	Overall Intra-RCEP Trade Growth: In 2022, the overall growth rate of intra-RCEP trade was 8%, driven by both exports and imports. Intra-RCEP exports grew by an average of 11.5%, while intra-RCEP imports increased by 6.8%.
Top Concern for Supply Chain Relocation	65% of companies cited labor costs and availability as their top concern when relocating supply chains. (Source: PwC, 2023)
Trade Cost Reduction	Digital trade facilitation could cut average trade costs in APAC by approximately 11%. (Source: Asian Development Bank, 2024)

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Editorial

A STRATEGIC PAUSE FOR A STRONGER BLUE PACIFIC

As the Solomon Islands prepares to host the 54th Pacific Islands Forum (PIF) Leaders Meeting in September 2025, the region finds itself at a critical juncture. The theme, “lumi Tugeda: Act Now for an Integrated Blue Pacific Continent”, is more than a slogan—it is a rallying cry for unity, resilience, and decisive action in an era of geopolitical shifts and climate crises.

Prime Minister Jeremiah Manele’s announcement of the deferral of the Partners Dialogue until 2026 has sparked necessary conversations about the future of Pacific regionalism. Some may question the delay, but this decision—endorsed by the Forum Troika Plus (Tonga, Cook Islands, and Palau)—is a strategic recalibration, not a retreat.

Why This Pause Matters

The Pacific Islands Forum is more than a meeting—it is the bedrock of regional sovereignty. For too long, external agendas have risked diluting the collective voice of the Pacific. The deferral allows for the finalization of a reformed Partnership and Engagement Mechanism, ensuring that future dialogues with external partners are transparent, structured, and aligned with Pacific priorities.

This is not unprecedented. In 2022, Fiji led a similar pause to strengthen regional cohesion. The message then, as now, is clear: The Pacific must own its future.

Honiara’s Opportunity: From Words to Action

The upcoming Forum is a chance to move beyond rhetoric.

Key discussions on the Ocean of Peace Declaration, the Pacific Resilience Facility, and High-Level Political Talanoa must translate into concrete regional policies. Climate resilience, maritime security, and sustainable development cannot wait—the time to act is now.

A Test of True Regionalism

The deferral is a litmus test for the “Pacific Way”—consensus, respect, and collective decision-making. Prime Minister Manele has rightly emphasized that this is not about excluding partners, but about ensuring that when engagement resumes, it is on firmer, more equitable footing.

As the Solomon Islands assumes its leadership role, the region watches closely. Will this Forum mark the moment the Pacific truly steps into its power as the Blue Pacific Continent? The answer lies in whether leaders can prioritize unity over division, action over delay, and sovereignty over external pressures.

The world is changing. The Pacific must not just adapt—it must lead the change. The deferral is not an end, but a new beginning. The real work starts in Honiara.

- EDITOR APAC Tenders Magazine

Government Confirms Pacific Lime and Cement Project Investment

A Major Leap Toward Industrial Self-Sufficiency

IN A HISTORIC move set to transform Papua New Guinea's industrial landscape, the Government has officially approved the Final Investment Decision (FID) for the Pacific Lime and Cement (PLC) Project, marking a pivotal step toward reducing import dependency and boosting domestic manufacturing capabilities.

The 400 million-kina project, to be situated on an island between Kido and Laelae in Central Province, is poised to become a cornerstone of PNG's industrial growth. By establishing large-scale lime and cement production locally, the PLC Project will significantly curb the nation's reliance on expensive imported materials, ensuring cost stability and security for key sectors such as mining, construction, and infrastructure development.

Beyond its economic impact, the project is expected to generate hundreds of direct and indirect jobs, providing critical employment opportunities for local communities. The government has emphasized that skills development and training programs will be integrated into the project to maximize long-term benefits for Papua New Guineans.

With the FID now secured, full-scale development is set to begin

imminently, with site preparations expected to commence in August. Once operational, the PLC facility will produce high-quality lime and cement to meet domestic demand while also exploring export opportunities across the Pacific region.

The Ministry of Commerce and Industry has announced that further details—including project timelines, investor partnerships, and community benefit agreements—will be released later this month (August 2025). Stakeholders, including local landowners and industry players, will be closely involved to ensure sustainable and inclusive growth.

Prime Minister James Marape hailed the decision as a testament to PNG's commitment to economic diversification and self-reliance. "The Pacific Lime and Cement Project is more than just an industrial venture—it's a catalyst for national development, job creation, and long-term prosperity," he stated.

As Papua New Guinea moves closer to realizing this transformative initiative, the PLC Project stands as a beacon of progress, promising to reshape the nation's industrial future.



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Industry Insight:

RESHAPING SUPPLY CHAINS FOR THE NEXT DECADE

By LORNA BONDOC

PT Marketing and Research Consultant
Manila, Philippines

THE APAC PROCUREMENT landscape is undergoing a profound transformation, moving from a predictable, cost-driven model to a complex, risk-mitigated one. The old playbook of sourcing from a single, low-cost region is obsolete. Today, procurement leaders are playing a high-stakes game of chess, strategically positioning their pieces to navigate a turbulent environment defined by tariffs, trade policy shifts, and logistical hurdles.

Tariffs and the Great Diversification

Tariffs are no longer a periodic inconvenience; they're a persistent geopolitical tool. Recent moves by the U.S. and other nations have introduced sweeping new duties on goods from China, Hong Kong, and other key trading partners. This isn't just about a few percentage points on a bill—it's about a fundamental reassessment of the total cost of ownership (TCO). As one analyst put it, "Tariffs drive up input costs, compress margins and create cash flow pressures, which increases default risk."

In response, the "China-plus-one" strategy has become the new norm. Companies are actively diversifying their supply chains to countries like Vietnam, India, Malaysia, and Thailand. This isn't just a trend; it's a critical imperative for resilience.

However, this diversification isn't a simple plug-and-play solution. Each new hub comes with its own set of challenges, from less mature infrastructure and customs complexities to a new regulatory environment. Firms must navigate a patchwork of different trade agreements and rules of origin to maximize benefits and avoid new pitfalls.

The Logistical Maze

The ripple effects of trade policy changes are felt most acutely in logistics. As supply chains shift, so do shipping routes and customs requirements. The suspension of the de minimis rule for low-value shipments from some countries has added new costs and administrative burdens, particularly for the e-commerce sector.

Procurement and logistics teams are now under pressure to optimize and de-risk their transportation networks. While air freight remains resilient for high-value goods, ocean freight is

a different story, with newbuild deliveries and shifting demand creating rate volatility. To maintain control, savvy organizations are leveraging a blend of controlled freight, block space agreements, and strong partnerships with third-party logistics providers (3PLs). They're not just looking for the cheapest rate, but for a partner who can provide strategic access and network resilience in an unpredictable market.

The Digital Imperative

In this complex environment, visibility and agility are paramount. This is where digitalization becomes a non-negotiable part of the procurement playbook. Thought leaders and industry analysts consistently point to technology as the key enabler for navigating this new paradigm.

- **Real-time Visibility.** Companies are investing in control tower solutions and other digital tools to get a real-time, end-to-end view of their supply chain. This visibility is essential for proactive risk management, allowing teams to identify and address disruptions before they escalate.
- **AI and Automation.** AI-enabled platforms are being used for everything from demand forecasting to dynamic scenario planning. By running simulations on potential tariff impacts or logistical bottlenecks, organizations can build robust contingency plans and make more informed decisions.
- **Data-Driven Decisions.** The modern procurement team is data-first. They're leveraging analytics to refine supplier sourcing, optimize inventory, and ensure compliance. This data-centric approach is moving procurement from a reactive, transactional function to a proactive, strategic one.

The Way Forward

The challenges in APAC procurement are undeniable, but so are the opportunities. Businesses that move away from single-country dependence, embrace digitalization, and prioritize supply chain resilience are the ones that will win. It's a fundamental shift in mindset—from focusing on pure cost reduction to building a robust, agile, and transparent supply chain that can withstand any storm. The new normal for APAC procurement isn't about finding the easy route; it's about intelligently navigating the difficult one.



The Cultural Centre is well on its way to becoming a major solar-powered “hub” for the region.

Solar-Powered Hub Lights Up Remote Solomon Islands Community, Boosting Economy and Climate Resilience

A GROUNDBREAKING SOLAR energy project is transforming lives in one of the Solomon Islands’ most remote regions, bringing reliable electricity, economic opportunities, and climate resilience to over 4,000 residents.

The newly energized Takataka Cultural Centre in East Are’are now serves as a solar-powered hub, the heart of an innovative “hub-and-spoke” electrification model. Funded through a partnership between Superfly Limited, Mai-Ma’asina Green Belt (MMGB), Save the Children Solomon Islands, and the Australian Government, the project is part of the Pacific Climate Infrastructure Financing Partnership (PCIFP).

Powering Progress in an Off-Grid Community

With 87% of Solomon Islanders lacking reliable electricity, rural communities—especially women—face significant barriers to economic development. The Takataka hub changes this by providing:

- 24/7 solar electricity for the cultural center, local businesses, and households.
- Cold storage freezers to reduce food waste and boost incomes for fishers and farmers.
- An electric boat charging station, cutting fuel costs and carbon emissions.
- Affordable solar home kits sold through a community-led subscription model.

A Model for Sustainable Development

The project goes beyond just power—it’s a blueprint for scalable, off-grid electrification in the Pacific. Key strengths include:

Local Ownership – Managed by Mai-Ma’asina Green Belt, ensuring long-term sustainability.

Gender Inclusion – Training and opportunities for women in energy-based enterprises.

Climate Resilience – Replacing diesel with clean energy, reducing vulnerability to fuel shortages.

"This is more than just lights—it’s about unlocking opportunities," said a spokesperson from Save the Children Solomon Islands. "Women can now start businesses, students can study at night, and the whole community benefits from reliable power."

Next Steps: Scaling Across the Pacific

The Australian Government’s Renew Pacific program (\$75 million) aims to replicate this success in other off-grid communities across Solomon Islands, Timor-Leste, and the wider Pacific.

As the Takataka hub proves, decentralized solar energy isn’t just a stopgap—it’s a sustainable pathway out of poverty and toward a greener future.



Prime Minister Manele with Trade Fair Committee members, stakeholders, and partner representatives.

2025 National Trade Fair Drives Economic Growth and Innovation

THE 2025 ANNUAL National Trade Fair has been celebrated as a powerful platform for economic empowerment, innovation, and inclusive growth, with stakeholders urged to build on its momentum to strengthen the Solomon Islands' economy.

The week-long event, held under the theme "Trade for Transformation – Rebuilding Our Happy Isles," brought together over 250 exhibitors from 2nd–10th July at the Solomon Islands National University Village. It showcased a diverse range of local products and services, including cocoa, copra, handicrafts, food, fashion, technology, and creative industries, highlighting the nation's entrepreneurial spirit.

Daily attendance averaged 1,500 visitors, with organizers estimating an injection of over \$3.1 million into the local economy through direct sales, visitor spending, and new business linkages. The event created widespread economic benefits, supporting transport, accommodation, and small businesses across sectors.

A key feature of this year's fair was the strong participation of youth-led enterprises, rural producers, and women entrepreneurs, signaling a shift toward more inclusive and grassroots-driven economic activity. One notable example was a local producer who sold 60 bamboo pork units at \$100 each within just 15 minutes, using the proceeds to fund a community church project—demonstrating the real-world impact of such initiatives.

Alongside the Trade Fair, the National Business Forum 2025, co-

organized by the Ministry of Commerce, Industry, Labour and Immigration, the Solomon Islands Chamber of Commerce and Industry (SICCI), and the Solomon Islands National University, facilitated critical discussions under the theme:

"Partnership and Innovation for Resilience: Adapting to a Changing Economy."

The forum fostered public-private sector dialogue, paving the way for policies that support MSMEs, SMEs, and youth enterprises, while strengthening value chains from farm to market.

A key moment during the closing ceremony was the signing of a renewed Memorandum of Understanding (MOU) between the Solomon Islands Government and SICCI, reinforcing collaboration for private sector-led growth until 2027.

Organizers, including the Ministry of Commerce, business leaders, NGOs, and provincial producers, were commended for their efforts in making the event a success. The focus now shifts to sustaining this momentum through policy action, investment, and partnerships to ensure long-term economic benefits for all Solomon Islanders.

With its record-breaking engagement and economic impact, the 2025 National Trade Fair has set a strong foundation for a more resilient, innovative, and inclusive Solomon Islands economy.

- APAC Tenders

Solomon Islands Passes Special Economic Zones Bill, Unlocking Opportunities

PRIME MINISTER HON. Jeremiah Manele has hailed the passage of the Special Economic Zones (SEZ) Bill 2024 as a transformative step in positioning the Solomon Islands as a competitive investment hub in the Pacific. The Bill, now passed unamended by the National Parliament, marks a strategic shift in the nation's economic policy—one that capitalizes on untapped opportunities for trade, industrialization, and regional integration.

The legislation, steered through the Committee of the Whole House by the then Minister for Commerce, Industries, Labour and Immigration, Hon. Jamie Lency Vokia, underwent minor technical refinements under Standing Order 58(2) before securing final approval. With the Bill set for formal assent by the Governor-General, the government is now poised to implement a structured framework designed to attract high-impact investments and diversify the economy beyond traditional sectors.

Prime Minister Manele, who actively contributed to parliamentary debates, underscored the SEZ initiative as a cornerstone of the Government for National Unity and Transformation's long-term economic vision. "This is more than just a policy—it's a deliberate strategy to position the Solomon Islands as a gateway for commerce in the Pacific," he stated. "By offering targeted incentives, streamlining regulations, and boosting export-oriented production, we are creating an environment where businesses thrive, jobs are generated, and rural communities see real economic benefits."

Strategic Opportunities for Growth

The SEZ framework presents multiple opportunities for the Solomon Islands:

Foreign Direct Investment (FDI) Surge: With tax concessions, simplified

business permits, and infrastructure development, the SEZs are expected to attract manufacturing, agro-processing, and logistics investments, reducing reliance on imports.

Job Creation & Skills Transfer: Local employment opportunities will expand, particularly in sectors like fisheries, agriculture, and light manufacturing, while partnerships with international firms could facilitate skills and technology transfer.

Rural Development & Connectivity: SEZs will prioritize underdeveloped regions, linking them to global markets through upgraded ports, roads, and digital infrastructure—key for inclusive growth.

Export Competitiveness: By fostering industries that add value to local resources (such as timber, coconut, and marine products), the Solomon Islands can strengthen its trade position in the Asia-Pacific region.

A Win for Local Businesses & Communities

For Solomon Islanders, the SEZ Act translates into more jobs, better infrastructure, and stronger support for SMEs through supply chain linkages. The government has pledged to ensure that landowner rights, environmental safeguards, and community consultations remain central to SEZ implementation.

With the Bill now law, the next phase involves strategic partnerships with investors, provincial leaders, and development partners to activate SEZs that align with national priorities. As Prime Minister Manele emphasized, "This is our moment to build a resilient, modern economy—one that benefits all citizens and secures our place in the global marketplace."

Copra and Cocoa Exports Surge in First Quarter of 2025, Boosting Rural Economy

THE SOLOMON ISLANDS has recorded a significant surge in coconut and cocoa exports in the first quarter of 2025, signaling strong growth in the country's agricultural sector, according to the Commodities Export Marketing Authority (CEMA). The latest figures highlight a remarkable rebound in export volumes and revenues, driven by rising global demand and improved market access.

Strong Performance in Coconut Exports

Coconut products, a cornerstone of the Solomon Islands' agriculture, saw a 61.8% increase in total export value compared to the same period last year. Key figures include:

- **Copra exports:** 2,910.77 metric tons at an average price of USD 856 per ton, generating SBD 19.9 million.
- **Coconut oil exports:** 1,369 metric tons at USD 1,394 per ton, contributing SBD 16 million.
- **Copra meal exports:** 650 metric tons, valued at SBD 920,279.

The combined value of coconut product exports reached SBD 36.9 million, up from SBD 22.8 million in Q1 2024.

Record Growth in Cocoa Exports

The cocoa sector experienced an extraordinary surge, with exports skyrocketing from 188 metric tons (SBD 5.3 million) in Q1 2024 to 714.95 metric tons (SBD 47.8 million) in Q1 2025. The average price stood at GBP 6,326 per ton, reflecting strong international demand.

Major export destinations included:

- Malaysia (largest buyer)
- Indonesia
- New Zealand
- United Kingdom

CEMA's Commitment to Sustainable Growth

CEMA's Chief Executive emphasized the organization's dedication to enhancing value-added processing, expanding market opportunities, and ensuring fair returns for rural farmers.

"These results demonstrate the resilience and potential of the Solomon Islands' agricultural sector," he said. "Our focus remains on improving transparency, securing better prices, and strengthening partnerships with local producers and exporters."

CEMA also acknowledged the hard work of farmers, exporters, and industry stakeholders in driving this growth. The authority reaffirmed its commitment to sustaining this momentum through continued investment in infrastructure, quality improvement, and market diversification.

Looking Ahead

With global demand for organic and sustainably sourced commodities on the rise, the Solomon Islands is well-positioned to further expand its agricultural exports. CEMA's strategic initiatives aim to ensure long-term benefits for rural communities while boosting the nation's economic resilience.



Barges docked at the Kimbe Port.

MAJOR MILESTONE FOR KIMBE PORT REHAB

A SIGNIFICANT MILESTONE has been reached in the Kimbe Port Rehabilitation Project, with two barges carrying essential plant and equipment departing Townsville, Queensland, Australia earlier this month. The vessels, which are expected to arrive in approximately 12 days, will deliver critical machinery to kickstart construction at Kimbe Port, marking a major step forward in this transformative infrastructure initiative.

A Strategic Investment in PNG's Maritime Future

The marine works at Kimbe Port form a key component of the Ports Infrastructure Investment Program (PIIP), funded by the Australian Infrastructure Financing Facility for the Pacific (AIFFP). This ambitious program will modernize five key ports across Papua New Guinea—Kimbe, Oro Bay, Daru, Kavieng, and Lae—enhancing trade, connectivity, and economic growth for the nation.

Earlier this year, Pacific Marine Group Pty Ltd (PMG) was awarded a PGK260 million contract to undertake the complex marine works, a project set to deliver substantial benefits to the local economy. By prioritizing local employment, skills development, and partnerships with Papua New Guinean firms, the initiative will create lasting opportunities for the people of West New Britain.

Leadership Perspectives: Commitment to Excellence

Mr. Neil Papenfus, CEO of PNG Ports Corporation Ltd, expressed his enthusiasm for the project's progress:

"We are thrilled to see PMG's mobilisation underway, bringing us closer to the start of construction. This project is more than just infrastructure—it's about empowering communities, fostering economic growth, and delivering world-class facilities for Papua New

Guinea. Our commitment remains steadfast: to complete this project on time, within budget, and to the highest international standards."

Echoing this sentiment, Mr. Andrew Morris, Business Development Manager for PMG, highlighted the collaborative effort behind the redevelopment:

"With a skilled team and a clear roadmap, we've now entered the mobilisation phase of the Kimbe Port Redevelopment. This critical infrastructure will not only bolster maritime operations but also serve as a catalyst for regional development. We're proud to contribute to PNG's progress."

Project Scope and Next Steps

The rehabilitation works include:

- Demolition and construction of a new wharf structure
- Restoration of the existing wharf and revetment walls
- Shore-based upgrades, to be undertaken by local firm Global Constructions Ltd under a PGK79 million contract

Scheduled for completion in 2026, the project will significantly enhance Kimbe's port capacity, supporting increased trade and economic activity in the region.

A Golden Jubilee Milestone

The arrival of the equipment holds special significance as Papua New Guinea prepares to celebrate its 50th Independence Anniversary in September 2025. This progress underscores the strong and enduring partnership between PNG and Australia, demonstrating a shared commitment to sustainable development and prosperity.

As the Kimbe Port Rehabilitation Project moves forward, it stands as a testament to the power of collaboration, innovation, and strategic investment in shaping a brighter future for Papua New Guinea.

SICCI Calls for 95% Local Content in Infrastructure Development at Pacific Infrastructure Conference 2025



The SICCI team (L-R), Board Member Daniel Tucker, Vice Chair Gordon Denty and CEO James Dolarii

THE SOLOMON ISLANDS Chamber of Commerce and Industry (SICCI) has reinforced the critical role of the private sector in shaping the nation's infrastructure future, calling for 95% local content in all infrastructure projects.

Speaking at the Pacific Infrastructure Conference 2025 plenary session in Brisbane, SICCI Vice Chair Mr. Gordon Denty underscored the need for infrastructure development that drives economic transformation, strengthens local industries, and delivers lasting benefits for communities and ensuring greater support to high performing economy.

"Infrastructure is the backbone of economic progress for the Solomon Islands. To enable trade, improve connectivity, and unlock opportunities for our people, we must ensure critical infrastructure is delivered within a strong framework of Government policy and with the meaningful participation of local businesses," Mr. Denty said.

SICCI stressed that infrastructures are critical drivers of development and that projects must go beyond roads, ports, and bridges, and focus on long-term impact: Boosting trade and commerce by enabling reliable connectivity; Creating jobs and skills for Solomon Islanders in construction, engineering, and support industries; Enhancing resilience to climate change through sustainable and inclusive design.

"The presence of both Government and private sector at this conference demonstrates our joint commitment to infrastructure development in Solomon Islands," Mr. Denty remarked.

While acknowledging progress made through major donor-funded projects, SICCI emphasized the urgent need to remove barriers to local participation and strengthen the capacity of Solomon Islands firms to deliver and maintain infrastructure.

"I would like to call on donor partners and the Solomon Islands Government to prioritise 95% local content in infrastructure projects, backed by strong capacity-building, upskilling pathways, and closer alignment with local training providers to meet industry skill needs," Mr. Denty stated.

He added that strategic partnerships – between Government, local companies, and development partners – are the only way to ensure projects

are sustainable, inclusive, and economically transformative.

SICCI's Position further calls for: Financing for Impact - Projects should be financed in ways that create life-changing impacts at both community and national levels; Locally Led Development - Development must be driven by Solomon Islanders, with contracts and procurement processes open to local firms; Skills & Capacity: Capacity-building, apprenticeships, and partnerships with training providers such as SINU and TVET institutions must align with industry demands.

SICCI continues to champion a multi-stakeholder approach to infrastructure development. By working closely with Government, donor agencies, and local enterprises, the Chamber seeks to ensure that infrastructure investments translate into: Long-term private sector growth; Decent jobs for Solomon Islanders; and Greater resilience and self-reliance for communities.

"Our message is clear: Solomon Islands cannot afford to miss this opportunity. Infrastructure must not only be about concrete and steel – it must be about people, capacity, and our future," Mr. Denty concluded.

SICCI acknowledge the Australian High Commission Office in Solomon Islands to facilitate the participation of ten(10) companies from the building and construction sector ranging from small, medium and large businesses. Such an opportunity that helps businesses to engage, network and build beneficial partnerships. The Solomon Islands Chamber of Commerce and Industry is represented by the Board members: Mr. Gordon Denty – Vice Chair, Daniel Tucker and CEO James Dolarii.

About SICCI

The Solomon Islands Chamber of Commerce & Industry (SICCI) is the peak representative body of the private sector in Solomon Islands.

With over 250 members across all sectors, SICCI advocates for policies that enable business growth, creates platforms for dialogue, and champions private sector development as a driver of economic prosperity for the nation.

SUSTAINABLE INFRASTRUCTURE INVESTMENT:

InQuik Advances Fabrication of Modular Bridge Components for Solomon Islands

WORK ON FOUR critical bridges in Malaita Province is advancing steadily under the Second Solomon Islands Roads and Aviation Project (SIRAP2), a sustainable infrastructure initiative supported by the World Bank and implemented by the Ministry of Infrastructure Development (MID).

These projects represent a strategic investment in climate-resilient, long-lasting transport infrastructure, designed to enhance connectivity and support sustainable development across Malaita.

The new Su'u Harbour, Bira, Kolofe1, and Kolofe2 Bridges will utilize InQuik's innovative modular bridge system, an advanced engineering solution that prioritizes speed, durability, and environmental sustainability. The supplier has reported significant progress in fabricating all modular components, underscoring the Solomon Islands' commitment to strengthening infrastructure resilience against climate change and natural disasters.

Sustainable and Efficient Construction

The modular bridge system reduces on-site construction time, minimizes workforce risks, and extends design life—with key structural elements engineered to last 100 years. Manufactured in a quality-controlled facility in Australia, the prefabricated components will be shipped to the Solomon Islands for rapid assembly, reducing environmental disruption and accelerating project timelines.



Adaptability and Resilience

Demonstrating the system's versatility, the engineering team has customized components for the Su'u Harbour and Bira Bridges to integrate with locally constructed abutments, ensuring seamless adaptation to Malaita's unique conditions. Additionally, all components are being fabricated to meet strict seismic standards, enhancing disaster resilience in a region prone to climate-related challenges.

Commitment to Long-Term Impact

Richard Carson, General Manager of InQuik Australia, emphasized the project's sustainability goals: "We are proud to deliver safe, reliable, and resilient infrastructure that will support Solomon Islands' communities for generations. This project aligns with global best practices in sustainable construction and climate adaptation."

Strategic Infrastructure Development

The modular bridge components for Su'u Harbour and Bira Bridges (South Road) are scheduled to arrive in Honiara by September 24, 2025, while those for Kolofe1 and Kolofe2 Bridges (North Road) will arrive by mid-November 2025.

Allan Lilia, Permanent Secretary of MID, highlighted the broader impact of these investments: "These bridges are more than just infrastructure—they



Assembly stage of a InQuick-deck.

are a testament to sustainable development, fostering economic growth, improving access to essential services, and strengthening climate resilience. Our partnership with the World Bank and InQuik ensures that these projects deliver lasting benefits for Malaita and beyond.”

Expanding Sustainable Infrastructure Under SIRAP2

Beyond the Malaita bridges, SIRAP2 is driving multiple sustainable infrastructure initiatives, including equipment installations in Makira-Ulawa and Temotu Provinces

- Rehabilitation of 21 km of East Road (Baratolo to Atori)
- Sealing of 12 km of North Road (Auki Gwaunaru'u Airfield Junction to Kwaisuliniu Road Junction)
- Air navigation equipment installations in Makira-Ulawa and Temotu Provinces
- Rehabilitation of 21 km of East Road (Baratolo to Atori)
- Sealing of 12 km of North Road (Auki Gwaunaru'u Airfield Junction to Kwaisuliniu Road Junction)

These efforts collectively support the Solomon Islands' vision for climate-resilient, sustainable infrastructure, ensuring long-term economic and social benefits for its people.

By embracing innovative, modular construction and global sustainability standards, the Solomon Islands is setting a benchmark for resilient infrastructure development in the Pacific region.

- MID/SIRAP Press

PNG Power Grid Project Phase II: Enhancing Infrastructure and Unlocking Economic Opportunities

THE SUCCESSFUL COMPLETION of the Papua New Guinea Power Grid Project Second Phase (PPG II), connecting the 132kV Ramu System from Mt. Hagen to Yonki, marks a transformative milestone for the nation's energy infrastructure. With full line connection achieved, the project is now in the final stages before energization, promising far-reaching benefits for economic development, industrial growth, and regional connectivity.

Constructed by TBEA Co., Ltd. over 780 days, this strategic national project under the Ramu Grid System establishes a critical backbone for PNG's energy network. By linking the western provinces (Hela, Southern Highlands, Western Highlands) with the eastern provinces (Jiwaka, Chimbu, Eastern Highlands), the grid enables cross-regional power sharing, balancing supply deficits and surpluses to ensure greater grid stability and efficiency.

The upgraded infrastructure is set to increase regional power supply reliability by over 70%, providing a strong foundation for key industries, including:

Mining – Enhanced energy access supports large-scale operations and attracts investment.

Agriculture & Forestry – Reliable electricity enables agro-processing, cold storage, and value-added production.

Commerce & Industry – Businesses benefit from reduced outages, lowering operational costs and boosting productivity.

Millions in the Highlands region will gain access to more stable and affordable electricity, fostering:

- Job creation through industrial and commercial expansion.
- Improved public services, including healthcare and education.
- Greater economic integration between provinces, unlocking new trade and investment opportunities.

Prime Minister Hon. James Marape and the Pangu-led government have been pivotal in driving this project forward, reinforcing PNG's commitment to modern infrastructure development. The collaboration with international partners, including China's TBEA, highlights the importance of global expertise in advancing PNG's energy sector.

“This project is a testament to the government's dedication to delivering essential services that power progress for both people and businesses across PNG,” a spokesperson noted.

With energization on the horizon, the PPG II Project stands as a cornerstone for sustainable development, setting the stage for a more connected, productive, and prosperous Papua New Guinea.

Tenders:

APAC'S INFRASTRUCTURE SURGE : A GLIMPSE INTO THE FUTURE

By LORNA BONDOC

PT Marketing and Research Consultant
Manila, Philippines

THE ASIA-PACIFIC REGION is experiencing an unprecedented surge in infrastructure development, with a multi-trillion-dollar pipeline of projects set to reshape economies and societies from 2025 onwards. This wave of investment is driven by a combination of rapid urbanization, the imperative of sustainable development, and a push for greater regional connectivity. For procurement professionals, this presents a dynamic and opportunity-rich environment.

The Driving Forces Shaping the Region's Development

The sheer scale of infrastructure needs across APAC is immense. Projections from entities like the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) indicate that the region will require significant capital to close its infrastructure gap. The investment is being steered by several key priorities:

- **Decarbonisation and Green Energy:** A major push towards renewable energy is at the forefront. The AIIB has set a target of directing half of its total financing to climate-related projects by 2025, a clear signal of the financial direction.
- **Digital Connectivity:** The demand for high-speed internet, data centres, and advanced digital infrastructure is accelerating. This is fuelling investments aimed at future-proofing the region's digital backbone.
- **Regional Connectivity and Trade:** Initiatives like China's Belt and Road Initiative (BRI) and the ASEAN Economic Community (AEC) are focused on enhancing cross-border infrastructure to facilitate trade and strengthen supply chains.

Key Projects and Funding Announcements

International financial institutions and national governments are the primary funders of large-scale infrastructure projects. Here is a summary of some of the notable projects and funding announcements for 2025 and beyond, based on information from news reports and the websites of international organisations.

Australia & New Zealand

Both Australia and New Zealand are undertaking significant infrastructure overhauls, with a strong focus on renewable energy and major transport schemes.

The Australian Government's 2024-25 Budget has committed billions for new and existing projects, with a robust pipeline of work.

Project Name	Location (Country)	Funding Organisation	Amount of Funding
Australia-Asia PowerLink (AAPowerLink)	Australia	SunCable Holdings, Australian Government	A\$60 billion
Australian Renewable Energy Hub (AREH)	Australia	Australian Renewable Energy Hub Pty Ltd, bp Alternative Energy Australia Pty Ltd	A\$30 billion
Sydney Metro West	Australia	New South Wales Government, Australian Government	A\$10.8 billion over four years (NSW Govt)
Warkworth to Te Hana section of the Northland Expressway	New Zealand	New Zealand Government, Private consortia (via PPP)	Undisclosed

Pacific Islands

The Pacific Islands are a key focus for development assistance, with funding often directed toward climate resilience, connectivity, and essential services. Australia's Department of Foreign Affairs and Trade (DFAT) is a major contributor, with a record A\$2.05 billion in development assistance for the Pacific in 2024-25. The Australian Infrastructure Financing Facility for the Pacific (AIFFP) is another significant source of capital.



Project Name	Location (Country)	Funding Organisation	Amount of Funding
Papua New Guinea Ports Infrastructure	Papua New Guinea	Australian Infrastructure Financing Facility for the Pacific (AIFFP)	A\$621 million
Upgrades to coastal roads in Samoa and a wharf in Papua New Guinea	Samoa, Papua New Guinea	World Bank, ADB, CIF	A\$90 million over 13 years
Tina River Hydropower Project	Solomon Islands	World Bank, various partners	Undisclosed

India

India's National Infrastructure Pipeline (NIP) is a major multi-year initiative with a sanctioned amount of over US\$1.4 trillion for the 2020-2025 period. It prioritises energy, roads, and railways.

Project Name	Location (Country)	Funding Organisation	Amount of Funding
Haryana Orbital Rail Corridor Part B Project	India	AIIB (Proposed)	US\$322 million
Mumbai Metro Line 5	India	AIIB (Approved in 2024)	US\$200 million
Maharashtra Climate Resilient Distributed Renewable Energy Access Program	India	AIIB (Proposed)	US\$1.1 billion

Other APAC Nations

Across the wider region, projects are moving ahead in various sectors.

Project Name	Location (Country)	Funding Organisation	Amount of Funding
Metro Manila Flood Management Project	Philippines	AIIB (Approved)	US\$207.6 million
Climate Resilient Inclusive Development Program (Subprogram 2)	Bangladesh	AIIB (Approved in 2025)	US\$400 million
Uzbekistan Telecom	Uzbekistan	AIIB (Approved in 2025)	US\$100 million
Climate Adaptive Irrigation and Sustainable Agriculture for Resilience Project (CAISAR)	Cambodia	AIIB (Approved)	US\$100 million

The Path Forward for Procurement Professionals

For procurement experts, this substantial increase in infrastructure schemes offers a complex but rewarding terrain. To succeed in this arena, it's vital to:

- **Understand Funding Sources.** Projects are financed by a mix of national budgets, multilateral development banks (MDBs), and private capital. Procurement procedures and regulations can differ significantly depending on the funding body.
- **Embrace Sustainability.** With the growing emphasis on climate action, a strong track record in sustainable and green solutions is becoming a critical competitive advantage.
- **Focus on Digital Integration.** The trend toward smart infrastructure means that a combination of physical construction and digital technology expertise will be highly sought after.

As APAC's infrastructure build-out continues, staying informed about these projects and the changing priorities of governments and financiers will be essential for success.



Pacific Island reps at the forum under the theme “Navigational Global Transport in a Changing World: Opportunities and Partnerships.”

Solomon Islands Sets Infrastructure Priorities at Singapore-Pacific Forum

THE SOLOMON ISLANDS Government, represented by the Ministry of Infrastructure Development (MID), participated in the 4th Singapore-Pacific Islands Transport Ministers Forum 2025, held from 13th to 15th July at the Raffles City Convention Centre, Singapore.

The forum, themed “Navigating Global Transport in a Changing World: Opportunities and Partnerships,” brought together transport ministers, policymakers, and industry leaders from Pacific Island nations and Singapore to address critical challenges and opportunities in regional connectivity, sustainable infrastructure development, and transport sector resilience.

Deputy Secretary Corporate Andrew Houlia and Director of Transport Infrastructure Management Services Division Ishmael Alulu represented MID Minister Hon. Ricky Fuo’o at the forum. In key dialogue sessions, they outlined the Solomon Islands’ strategic infrastructure priorities, emphasizing the need for enhanced transport networks, climate-resilient infrastructure, and regional collaboration to drive economic growth.

Key Focus Areas Highlighted:

Rehabilitation and Maintenance of Road Networks

- The government is prioritizing the upgrading of critical road infrastructure to improve inter-island connectivity and support rural development.
- Emphasis on sustainable road maintenance programs to ensure long-term durability amid climate challenges.

Modernization of Ports and Airports

- Plans for constructing and upgrading wharves to enhance maritime trade efficiency and safety.
- Investments in airport infrastructure to boost tourism and regional air connectivity.

Public-Private Partnerships (PPPs) and Foreign Investment

- Strengthening collaboration with private sector partners and international investors to fund large-scale infrastructure projects.
- Exploring Singaporean expertise in port management, smart logistics, and green infrastructure to improve local capacity.

Technology and Innovation in Transport

- Adoption of digital solutions for transport management, including smart port systems and GPS-based road monitoring.
- Leveraging Singapore’s advancements in sustainable urban mobility to improve public transport systems.

Capacity Building and Regional Cooperation

- Expanding training programs for local engineers and transport professionals through partnerships with Singaporean institutions.
- Enhancing disaster-resilient infrastructure planning to mitigate risks from climate change and natural disasters.

Strengthening Regional Ties for Economic Growth

Mr. Houlia emphasized the importance of the forum in fostering Pacific-Asia collaboration, stating:

“Our participation underscores the Solomon Islands Government’s commitment to regional cooperation in infrastructure development. By engaging with Singapore—a global business and logistics hub—we aim to boost trade, attract investment, and implement best practices in transport infrastructure.”

He added that the discussions provided valuable insights into financing models, climate adaptation strategies, and innovative transport solutions that can be adapted to the Solomon Islands’ unique geographical and economic context.

Looking Ahead: A Path to Sustainable Development

The forum served as a platform for the Solomon Islands to align its national infrastructure goals with regional and global transport trends. Moving forward, the MID will focus on:

Securing international funding and technical support for priority projects.
Enhancing inter-island transport links to reduce logistics costs and improve accessibility.

Integrating green infrastructure practices to ensure long-term sustainability.

By leveraging partnerships with Singapore and other Pacific nations, the Solomon Islands aims to transform its transport sector into a catalyst for economic growth, job creation, and improved quality of life for its citizens.



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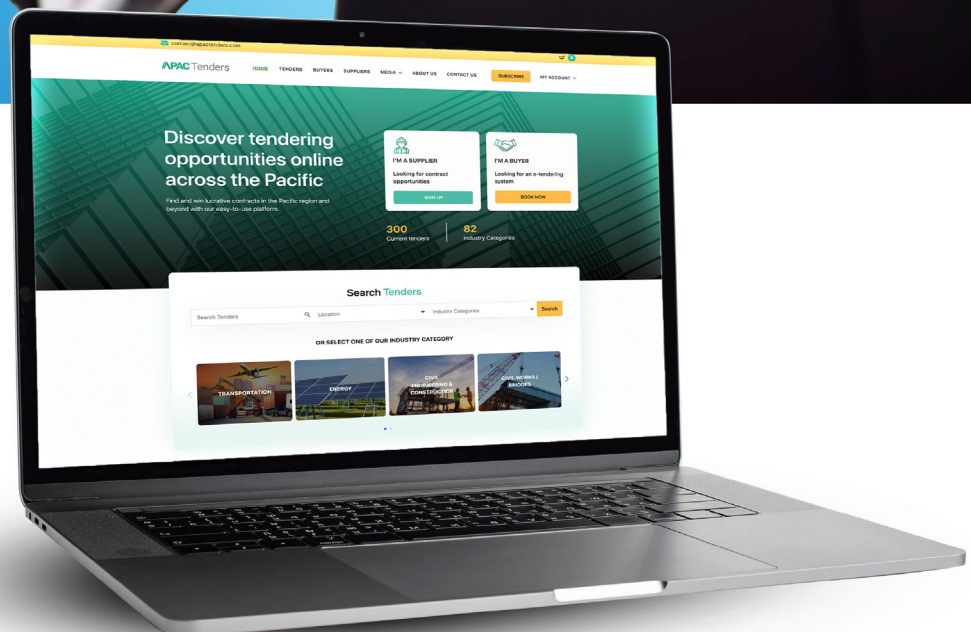
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