

# REDUCING BARRIERS TO COMPETITION AND BUSINESS

Regulations make it harder for new businesses to get a start in the Cook Islands, resulting in higher prices and less diversification. Reducing and removing these regulations will help encourage more activity and opportunity.

One of the challenges faced in a small economy such as the Cook Islands is creating and promoting competition in the marketplace. With many industries already being monopolies (such as electricity generation on each island), this leads to inefficient outcomes, higher prices for consumers and economic rents being collected by the monopolists (which is in some cases government).

To reduce the instances where this is the case (and in some industries it will remain a natural monopoly), the Cook Islands government has already set up an independent Competition and Regulatory Authority (CRA) to promote competition and prevent anti-competitive practices. This will reduce barriers to the private sector growing and help push the economy along through activity and innovation, increas-

ing incomes and providing employment. The CRA is also developing a Universal Access Plan to support equity for consumers in the Pa Enua in terms of access to services.

The overall regulatory environment in the Cook Islands is not currently conducive to business and international investment, with burdensome and unclear regulations around how to start a business in a particular industry. This red tape stymies competition through protectionism for existing businesses, leading to poorer outcomes for consumers and inefficiencies in several key areas of the economy. Reducing these barriers and streamlining processes will allow for potential new entrants to the market, creating greater competition and more economic activity in both the short and long term.

## Economic Development Strategy Actions related to this focus area:

No.	Action	Lead Agency	Details	Indicative timing
1.11	Universal Access Plan	Competition & Regulatory Authority (CRA)	As part of the Revenue Strategy, assess the merits for further incentivising tourism operators to build long-term housing for their staff	2021
2.4	Extend remit of CRA	MFEM	Regulation policy and legislation to extend the CRA's remit to the electricity, water and sewerage utility sectors	2021
2.6	Review of banking sector competition	FSC	Competition review and recommendations to Government	2021
4.10	Cook Islands Business Registry	MFEM/ MOJ	Scope, develop policy and legislation and implement a new business registry	2024
4.11	Online 'One-stop Business Info Shop'	BTIB	Develop and publish guides that identify and describe requirements to comply with key business regulatory processes	2021
4.12	Business start-up support	Chamber of Commerce	Establish a mentoring and assistance mechanism for business start-ups	2021

