



**FAO, FFA, IFAD, Italian Government, New Zealand Government,  
PIFS, PITIC, SPC**

**TWELFTH FAO ROUND TABLE MEETING FOR  
PACIFIC ISLAND COUNTRIES ON WTO AND REGIONAL  
TRADE AGREEMENTS AND PROVISIONS  
Wellington, New Zealand, 22-24 September 2009**

**REPORT**



**FAO Subregional Office for the Pacific Islands (SAP)  
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## LIST OF ACRONYMS

AAACP	All ACP Agriculture Commodities Programme
ACP	African, Caribbean and Pacific
AFT	Aid for Trade
AMS	Aggregate Measure of Supply
AoA	Agreement on Agriculture
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
BATNA	Better Alternative to No Agreement
BQA	Bilateral Quarantine Agreements
BNZ	Biosecurity New Zealand
CBOs	Community Based Organisations
CCNASWP	Coordinating Committee for North American & South West Pacific
CFA	Comprehensive Framework for Action
CITES	Convention on International Trade of Endangered Species
CROP	Council of Regional Organisations of the Pacific
CTA	Chief Trade Advisor
DDR	Doha Development Round
DSAP	Development of Sustainable Agriculture in the Pacific
DSB	Dispute Settlement Body
DWFNs	Distant Water Fishing Nations
EBA	Everything But Arms
EC	European Commission
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
EEZ	Exclusive Economic Zone
FAO	Food and Agriculture Organisation of the United Nations
FAS	Freely Associated States
FEMM	Forum Economic Ministers' Meeting
FFA	Forum Fisheries Agency
FIA	Foreign Investment Agency
FICs	Forum Island Countries
FLEGT	Forest Law Enforcement Governance and Trade
FPA	Fisheries Partnership Agreement
FSC	Forest Stewardship Council
FSM	Federated States of Micronesia
FSSLP	Food Security and Sustainable Livelihood Programme in the Pacific Island Countries
FTAANZ	Fair Trade Association of Australia/New Zealand
FTMM	Foreign Trade Ministers Meeting
FT	Fair Trade
FTAs	Fair Trade Agreements
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GEF	Global Environment Facility
GSP	Generalized System of Preferences
HACCP	Hazard Analysis and Critical Control Point
ICTSD	International Centre for Trade & Sustainable Development
IUCN	International Union for Conservation of Nature and Natural Resources
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IFOAM	International Federation of Organic Agriculture Movement
IHS	Import Health Standards
IPPC	International Plant Protection Convention

ISFP	FAO Initiative on Soaring Food Prices
ISO	International Standard Organization
IUU	Illegal, Unreported and Unregulated
JTWG	Joint Trade Working Group
LDCs	Least Developed Countries
MAC	Marine Aquarium Council
MDGs	Millennium Development Goals
MFN	Most Favoured Nation
MORDI	Mainstreaming of Rural Development Innovations
MSC	Marine Stewardship Council
MSG	Melanesian Spearhead Group
NAMA	Non-Agriculture Market Access
NZTE	New Zealand Trade Enterprise
NFA	National Fisheries Authority
NGO	Non-Governmental Organization
NIOFA	Niue Island Organic Farmers Association
NMTPF	National Medium Term Priority Framework
NPPO	National Plant Protection Organization
NSAs	Non State Actors
NTB	Non Tariff Barriers
NZ FSA	New Zealand Food Safety Authority
NZ MFAT	New Zealand Ministry of Foreign Affairs and Trade
NZ MAF	New Zealand Ministry of Agriculture and Forestry
OA	Organic Agriculture
OCO	Oceania Customs Organisation
OCTA	Office of the Chief Trade Advisor
OIE	World Organisation for Animal Health
PACER	Pacific Agreement on Closer Economic Relations
PACP	Pacific ACP
PACPTMM	Pacific ACP Trade Ministers Meeting
PCPA	Pest Control Products Act
PEFC	Programme for the Endorsement of Forest Certification
PFSQLE	Pacific Food Safety & Quality Legislation Expert Group
PIAS Pacific	Invasive Ant Surveillance
PICs	Pacific Island Countries
PICTA	Pacific Island Countries' Trade Agreement
PII	Programme Integrated Information
PIFS	Pacific Islands Forum Secretariat
PIOCMP	Pacific Island Offshore Container Management Programme
PILN	Pacific Invasive Learning Network
PIPSO	Pacific Islands Private Sector Organisation
PITIC	Pacific Islands Trade and Investment Commission
PMU	Programme Management Unit
PNG	Papua New Guinea
PPPO	Pacific Plant Protection Organisation
PRA	Pest Risk Analysis
PTA	Preferential Trading Arrangement
REI	Regional Economic Integration
RMI	Republic of the Marshall Islands
ROO	Rules of Origin
RPFS	Regional Programme on Food Security in the Pacific Island Countries
RPPOs	Regional Plant Protection Organizations
RSE	Recognised Seasonal Employer
RTFP	Regional Trade Facilitation Programme
RTAs	Regional Trade Agreements

SAME	Samoa Association of Manufacturers and Enterprises
SAP	FAO Sub-Regional Office for the Pacific Islands
SBEC	Small Business Enterprise Centre
SDT	Special and Differential Treatment
SIDS	Small Island Developing States
SIS	Small Island States
SLF	Sustainable Livelihood Framework
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPC	Secretariat of the Pacific Community
SPC-LRD	SPC Land Resources Division
SPS	Sanitary and Phytosanitary
SPs	Special Products
SPREP	Secretariat for the Pacific Regional Environment Programme
SRR	FAO Subregional Representative for the Pacific
SSM	Special Safeguard Mechanism
SVEs	Small and Vulnerable Economies
SWPM	South West Pacific Ministers
TBT	Technical Barriers to Trade
TCP	Technical Cooperation Programme
TNC	The Nature Conservancy
UN	United Nations
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
USA	United States of America
USP	University of the South Pacific
VPA	Voluntary Partnership Agreement
VSM	Vessel Monitoring System
WCPFC	Western and Central Pacific Fisheries Commission
WHO	World Health Organization
WP	Working Party
WTO	World Trade Organization

## **TWELFTH FAO ROUND TABLE MEETING FOR THE PACIFIC ISLAND COUNTRIES ON WTO AND REGIONAL TRADE AGREEMENTS AND PROVISIONS**

**Wellington, New Zealand, 22-24 September 2009**

### **BACKGROUND**

1. The overall objective of the Round Table Meeting (RTM) series is to promote awareness and deepen the understanding of the implications of the WTO multilateral trading system on the agriculture and fisheries sector and, in particular on agricultural and food trade in the region. This was the twelfth in a series of meetings organized by FAO on this subject since 1998. For this year, the focus was on briefing decision and policy makers in Agriculture and Fisheries on the WTO related issues with more emphasis on PICTA, PACER Plus and similar regional trade agreements and the importance of these issues to the Pacific and how decisions taken may affect the overall development of agriculture and fisheries in the region.

2. The meeting was held at the Kingsgate Hotel in Wellington, New Zealand and was attended by participants from the Cook Islands, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Resource persons were provided by the Food and Agriculture Organization of the United Nations (FAO), the Government of New Zealand, IFAD, PIFS, SPC, FFA and PITIC Auckland. The full list of participants and resource persons is attached as Annex I.

### **DAY 1: MONDAY, 21 SEPTEMBER 2009**

#### **OFFICIAL OPENING**

3. The Official Opening began with Dr Vili A. Fuavao, FAO Sub-regional Representative for the Pacific Islands delivering the welcome remarks. In his welcome remarks, Dr Fuavao acknowledged the Government of New Zealand for their unfaltering support over the past twelve years, which shows their continued commitment in assisting the Pacific Islands Nations to better integrate into regional and global economy. He also thanked the Italian Government and IFAD for their continued financial assistance towards the meeting. He acknowledged the presence of the Italian Ambassador in New Zealand, His Excellency Gioacchino Carlo Trizzino and expressed his gratitude for the continuing commitment of the Italian Government to promote a regular, affordable access to safe and quality food for all the Pacific Islands' peoples and communities. Dr Fuavao's full speech is included as Annex I.

4. The Italian Ambassador in New Zealand, His Excellency Gioacchino Carlo Trizzino, followed with a statement expressing his government's support to the Pacific Islands through various projects to improve food safety in the region. Much of the projects are on the premise that if the peoples of the Pacific are provided with skills to enhance their quality of life, it would lead to long term and sustainable benefits.

5. The keynote address was delivered by the Acting Executive Director for NZAID, Ms Jackie Frizelle. In her address, Ms Frizelle spoke of the support that NZAID has provided to the RTM for a number of years. She highlighted some of the developments within New Zealand, which emphasise sustainable economic development, including trade, within the Pacific. Ms Frizelle added that New Zealand is focused on how they can best support the development of the PICs through both trade and its ODA. She touched on the PACER Plus saying that New Zealand is thinking very carefully about how it can assist the PICs to capitalise on the potential for trade.

6. Ms Frizelle further commented on the important role of the private sector in trade and was pleased to see its inclusion in the RTM, emphasising that "Governments do not trade, businesses do." Ms

Frizelle then declared the meeting officially open. A copy of Ms Frizelle's full speech is included as Annex II.

## PLENARY SESSIONS

### SESSION 1 – Adoption of the Agenda

6. The Agenda of the meeting was adopted and is attached as Annex II.

### SESSION 2 - Trade, Food Security and Market Opportunities

*Facilitator: Dr Vili A. Fuavao*

7. Mr Chris Cocker, Trade Commissioner of the PITIC New Zealand office presented an **Overview of Trends in Agricultural, Fisheries and Forestry Exports and Imports from/to the PICs**. In Agriculture and specifically trading in Fruits and Vegetables, Mr Cocker noted that New Zealand imports NZD\$354 million per annum with the PICs making up 5 percent of total imports at a value of NZD\$18 million. New Zealand meanwhile exports NZD\$1.9 billion per annum with 2.5 percent of it destined for the PICs at a value of NZD\$47 million. In the seafood industry New Zealand imports NZD\$80 million per annum with the PICs contributing 3 percent of total imports at a value of NZD\$2.5 million. New Zealand exports NZD\$1.2 billion with 1 percent destined for the PICs at a value of NZD\$13 million. In forestry New Zealand imports NZD\$182 million per annum with 4 percent contributed by the PICs at a value of NZD\$7 million. New Zealand exports NZD\$2.2 billion with 2 percent destined for the PICs at a value of NZD\$40 million.

8. The main challenges identified include the smallness in size of the PICs, remoteness, high transportation costs, small economies of scale and limited skills base, which affect their position as players in the global trading arena. To improve trade facilitation and marketing efforts, the PICs need to look at a number of areas. These include skills transfer, using the temporary labour schemes to provide benefits to villages and communities as the workers develop and learn new skills. The PICs need to increase their understanding of post harvest handling, product quality and standards as well as applying commercial mentality to their work habits. Where small economies of scale are serious issues, PICs should focus on servicing niche markets. Examples of success stories in niche markets & products include the Women in Business Samoa virgin coconut oil (contract with the Body Shop), Heilala Vanilla from Tonga, timber imports from the Solomon Islands and Rum from Tahiti (contract with 42 Below).

9. From an industry perspective, some of the key issues are that (i) the market exists for various products and services from the PICs; (ii) despite the challenges that the PICs are faced with, these should not be viewed as deterrents, but rather a reality check; and (iii) for the PICs to realistically assess their strengths and weaknesses and build a niche position in export markets that will provide a competitive advantage that can be sustained.

10. Mr Rob Grant of Pacific Networks Limited, a guest speaker of PITIC Auckland provided a review on **Trends in Fish Marketing**. An overview of Pacific Tuna Fishery showed that in 2007 the industry was worth USD\$4 billion and 55 percent of the world's supply, yet less than 10 percent stays in the PICs. Western consumers are losing faith and fish catches are expected to decrease with potential for less revenue – not more. According to Waitrose ([www.waitrose.com](http://www.waitrose.com)), an international online supermarket, for fish to be termed 'sustainable' it must be a species that is not regarded as threatened or endangered, caught from a well managed fishery with scientifically based quota, caught using responsible fishing practices and fully traceable from catch to consumer. According to Mr Grant the barriers that exist in the New Zealand market are that (i) New Zealand buyers believe they receive 2<sup>nd</sup> or 3<sup>rd</sup> grade fish and that the best are exported to Japan and the USA; (ii) supply from the PICs is unreliable and there is a lot of price under cutting; (iii) there is no confidence in the quality or supply to promote to end users; (iv) PICs suppliers are fragmented, commodity oriented and discount



to move; (v) handling practices questioned; (vi) temperature fluctuations impact on the products' shelf life causing surprises to the buyers; (vii) local supply in season is cheaper, easier and shorter in lead time; and (viii) there are exceptions, but few, to the above.

11. Some lessons to be learned are for the producers to unite the biggest players for reliable and regular supply; understand the consumer and what they want; link fisher rewards and fishing activity directly to the consumer needs; be committed to a market that is honest as they will depend on you for their own growth; be proactive and certified on 'green' issues; and build relationships with consumers.

12. Dr Viliami Fakava of MAF New Zealand provided an **Update on Pacific-New Zealand Trade in Fresh Agricultural Produce**. The current approved fresh produce commodities from the PICs listed Fiji as the number one producer with 49 commodities, Tonga 39, Samoa 36, Vanuatu 23, New Caledonia 21, Niue 10, Cook Islands 9, PNG 7, Solomon Islands 2 and Kiribati, Tokelau and Tuvalu each producing 1. In the import of fresh produce to New Zealand, trade with the PICs is predominantly in plant-based commodities, and two major categories: Non-fruit fly host commodities and Fruit-fly host commodities. With the Non fruit fly commodities the main requirement is inspection and certification by the PICs quarantine service prior to export, whereas with the Fruit fly host commodities, there is a need for BQA with specific measures required for pre-export treatment, e.g. HTFA, dimethoate dip and fumigation. Detailed tables of the above commodities are available on request.

13. Of interest was the update on specific imported fresh fruits from the PICs over the last five years. New Zealand imported 35,342 tonnes of which 93.3 percent were from Fiji and 4.8 percent were from Tonga, a total increase of 17 percent increase from 6770 to 7815 tonnes from 2003 to 2007. 1885 tonnes of fresh eggplants were imported to New Zealand with 99 percent from Fiji and 0.7 percent from New Caledonia reflecting a 78 percent increase from 262 tonnes in 2003 to 467 tonnes in 2007 and potential to increase. In 2003 95 percent of imported fresh papaya came from the Pacific while 5 percent were from Asia. The PICs suppliers were the Cook Islands (65 percent) and Fiji (30 percent). A remarkable change in the papaya imports took place in 2007 with a reduction to 30 percent from the PICs, 69 percent from Asia and 1 percent from Australia. Contributing countries were Thailand 10 percent, Australia 1 percent, Cook Islands 8 percent, Fiji 22 percent and the Philippines as the major producer with 59 percent. In 2007 New Zealand imported 197 metric tonnes of fresh limes, 61 percent from the USA, 20 percent from New Caledonia, 13 percent from Australia and 6 percent from Vanuatu. There is expressed interest from Samoa and the Cook Islands to develop this export produce. In 2008 New Zealand imported 2160 metric tonnes of watermelon, with 98 percent coming from Australia and 2 percent from New Caledonia whereas in 2003 Australia produced 96 percent while Tonga produced 4 percent. There is a definite potential to increase in this commodity. Locally grown chillies are available from January to March but quantities are limited. 5 metric tonnes were imported in 2000 and this increased to 68 metric tonnes in 2007. Fiji was the main producer at 98 percent while the Cook Islands provided 2 percent. Similar to the papaya, ginger showed a decline from the PICs. In 2000 430 tonnes were imported with 48 percent from Fiji and 51 percent from Australia. In 2007 total imports were 674 tonnes with 93 percent from Thailand and only 6 percent from Fiji.

14. A useful Produce Calendar was provided to show when the various fruits and vegetables were available locally in New Zealand highlighting the times of the year when these could be imported. Some of the new market access requests in the pipeline include Habanero Chilli (Cook Islands), Bitter gourds (Fiji), Beans (Tonga), Plantain (Niue), Pineapple (Samoa and Tonga), Rambutan (Samoa), Cooking Bananas (PNG), Cut Flowers (Fiji), Sweet corn and baby corn (Tonga) and Sweet potato (PNG). Other new requests include cooked breadfruit, semi processed fruit and vegetables from Fiji, green organic coffee beans from Samoa and Utano from Tuvalu. Dr Fakava listed the main issues as pest risk analysis and import health standards, quarantine treatments and risk management measures and non-conformance. He indicated that limited human and financial resources at MAF BNZ constrain addressing of priority requests for Pest Risk Analysis and Import Health Standards. These

could be actioned through FAO technical assistance and other sources and need critical reassessment of market access priorities.

15. Highlights of future outlook for Pacific-New Zealand trade in agriculture include new commodities access to the New Zealand market including organic producers, improve on existing commodities quality and consistent supply in diversified forms and look at opportunities for semi processed and fully processed cooked food (value adding).

16. The main issues that were raised in the discussions were that it was imperative to ensure that the trade imbalance (deficit) is addressed with benchmarks set. The standards in all divisions of Agriculture, Fisheries and Forestry are of great importance in order for the PICs to engage in trade effectively, and the PICs should look at PICTA as a catalyst for developing and strengthening International Trade. The inclusion of the private sector in discussions is a step in the right direction to enable trade facilitation to be a real exercise for countries. Governments DO NOT trade, the private sector does and networks and partnerships between governments and the private sector need to be established and strengthened. Trade in niche products with high end users is the key for the Pacific Island countries because they cannot compete with other regions like Asia in terms of volume. Key initiatives such as the RSE (Temporary Labour Schemes) build the capacity of those countries involved in the scheme to understand the operations of farms involved in trade.

### **SESSION 3 – WTO Doha Round Negotiations**

*Facilitator: Mr Neil Fraser*

17. Mr John Young of MAF NZ presented on the **WTO Doha Round: Current Situation and Outlook for 2010**. The multiple roles and benefits included existing agreements where a range of existing agreements guard against protectionism and facilitate trade. Another is where the WTO provides a dispute settlement mechanism to resolve trade disputes, and the successful conclusion of the Doha Development Round will deliver significant further benefits to the world economy.

On WTO and Protectionism, for small countries a rules-based system is vital for ensuring that interests are protected. While there were fears that the global economic crisis could lead to protectionist measures being taken which would disadvantage smaller members, the WTO has played a key role in urging countries to resist protectionist measures as a response to the global economic crisis. As part of this process it has increased transparency and monitoring.

Mr Young discussed a brief history of the Doha Negotiations and the commitment to conclude the Round. There is now widespread political commitment to conclude the Doha Round, and Ministers have called for urgent reengagement in the Doha Round negotiations, with a view to completion in 2010. Recent Ministerial meetings including – a “mini ministerial” meeting in New Delhi, and Cairns Group meeting in Bali have reinforced this commitment. Upcoming meetings before the end of the year include the Pittsburgh G20 Summit and WTO Ministerial meeting.

18. The WTO Agriculture Modalities were discussed referring to the “three pillars”: Market Access looked at tariffs and quotas, Domestic Support and Export Competition, which address export subsidies and export credits. Other topics discussed were Sensitive products, the different bands and lesser cuts for developing countries, special and differential treatment for developing countries. The LCDs are not required to make reductions in bound duties. However developed countries are required to provide duty-free and quota-free access on at least 97 percent of products. There is also special and differential treatment to address the needs of SVEs. On export competition, export subsidies to be eliminated by the end of 2013 and tighter disciplines on the provision of food and on State Trading Enterprises. So what is the Doha outlook for the remainder of 2010? According to Mr Young the process ahead is expected to focus on (i) **Horizontal process**- Addressing all the different areas of the negotiations at the same time (e.g. agriculture, NAMA, services, trade facilitation etc), (ii) **Bilateral negotiations** – Discussions aimed at getting greater transparency about outcomes in specific areas of

the negotiations, and (iii) “**No surprises**” – Ensuring that there are no surprises for members at the scheduling stage.

19. With regards to the outlook for the agriculture negotiations, there are now few unresolved issues in the agricultural modalities. There is significant political commitment to conclude the Round by 2010. However, important questions remain about the ability of some key players to engage in negotiations to resolve the remaining outstanding issues. The presenters discussed a possible “Plan B” – WTO reform and alternatives: (i) **RTAs/FTAs** (the “spaghetti bowl”) but this is hard for small countries to participate in – and can’t tackle domestic support; (ii) **Pursue plurilaterals/sectorals** within the WTO – but this would not deliver systemic reform and is unlikely to achieve much in agriculture (single undertaking necessary for some developed countries to be seen to gain from agricultural trade liberalisation); (iii) **WTO reform?** – Currently consensus-based. Could move to “voting” like the UN – but very controversial; and (iv) **Do nothing** – preserve the current agreements and the DSB and wait for the world to realise the importance of a stable trading system again.

20. In conclusion a **rules based multilateral system** is vital for ensuring the world trading system is fair. There is widespread recognition that the successful conclusion of the Doha Round will deliver a significant boost to the world economy (estimations of over USD\$150 billion per year). New Zealand looks at issues from New Zealand’s perspective and look to FAO to address the issues at the regional level. Of the four PICs who have joined WTO (PNG, Fiji, Solomon Islands and Tonga) who would qualify for SVE status? All would, except maybe PNG but even that is not a sure assumption. There is still a great lack of understanding of the rules of WTO, which most of the time is left to the Ministries of Foreign Affairs. There are advantages and disadvantages of joining WTO and the PICs need to look at their own specific situations and decide.

#### **SESSION 4 – Trade Policy and Trade Facilitation**

*Facilitator: Mr Neil Fraser*

21. Mr Peter Ferguson, Deputy Director, Policy Coordination, Trade Negotiations Division, MFAT NZ began with the background to New Zealand’s Trade Policy stating that the underlying objective of New Zealand’s trade policy is to “promote New Zealand’s economic growth through trade, and improve the living standards of New Zealanders on a sustainable basis.” The four trade policy tracks are (i) Unilateral liberalisation where New Zealand looks at its position domestically to make industries more competitive, e.g. the film industry; (ii) Multilateral (WTO), which is good for smaller countries that don’t have the capacity to trade bilaterally, to ensure access to particular markets; (iii) Regional where it looks to APEC, ASEAN and TPP as a way of reaching the APEC goals, starting with a number of key partners and build up from there; and (iv) Bilateral that looks at FTAs with individual partners.

22. New Zealand’s coordination of trade policy formulation involves working closely with other government agencies to collaborate with and establish mechanisms to work on strategies and outcomes on how to maximise benefits at negotiations. Open and transparent engagement and dialogue with domestic stakeholders is important as they provide briefings to public and business associations on negotiations, particularly agriculture stakeholders, Oxfam or individual firms (agriculture services) with a view to maximise benefits for companies. These engagements and dialogue create more awareness in the business community of important issues so that they could be able to develop a position on and their views are fed into the overall process.

23. Mr Ferguson explained what a FTA is – an “Agreement between two or more countries to reduce and remove barriers to the movement of goods, services, business people, money, and ideas.” In negotiating FTAs it’s important to have an economic rationale for it and have political and strategic reasons for doing so (e.g. ASEAN) and choice of negotiating partner. Clarify own objectives for the negotiation. Consultations with a full range of stakeholders (business community and other agencies) are key to exploring where there may be problems, opportunities and also to gauge the level of public support. Scope and prepare for negotiation with other partner e.g. joint studies between New Zealand

and Korea to show benefits to them (independent studies), preparatory rounds, sharing information on regulatory environment and the political position of each partner. Once negotiations have been launched agree to the scope of the negotiation such as areas to cover – services, positive and negative lists, etc. The next step is to define and refine negotiating mandates to analyse the interests and how to expect the other parties to approach. Continuing consultations with stakeholders is important in managing their expectations. To conduct negotiations one needs to get a sense of how long it will take, who will host, formal round to identify issues hard to move and exchange more information.

24. At the conclusion of negotiations the agreement is initialled and the lawyers on both sides verify the language and agreement so that it is consistent and there are no loopholes. Domestic approval processes is the next step with cabinet approval and conducting national impact assessments for benefits and to note areas where they may need to make changes to the laws to ensure transparency. Once the FTA is signed it is implemented and “harvested.” The business sector would benefit from and take advantage of the FTA therefore it is important to involve them and keep them informed of the process. NZTE plays a key role at this point in informing the business community of the FTA and markets, and important to establish institutional process with partners to continue to discuss trade issues after the FTA is signed. In response to a query on an example of failed FTAs, Mr Ferguson felt that the key to success of FTAs is being able to manage expectations and interests. Furthermore FTAs involve capacity building provision needs, e.g. New Zealand FTAs with China and ASEAN. Mr Ferguson reiterated that the key to effective trade is to have an open and transparent engagement and dialogue with domestic stakeholders

### **Climate Change and Economic Crisis: their Impact on Food and Agriculture**

*Facilitator: Mr Neil Fraser*

25. Mr Rup Singh of the USP presented **A Framework for Assessing of the Impact of Trade and Related Reforms on Rural Livelihoods**; an FAO study. The study is a work in progress and aims to develop a framework for understanding the relationship between trade policy and rural livelihood, looking at trade and related policy reforms and trade price swings on selected indicators of rural livelihoods. The study seeks to evaluate the effects of IFAD-MORDI programmes in Fiji, Kiribati and Tonga using the framework. For the meeting only the analysis of Fiji was discussed.

26. Mr Singh explained the SLF that had been developed during the study, saying that the key components of the SLF are capital/assets, vulnerability context and structures/institutions and livelihood responses. The SLF places people (rural poor) at the centre of inter-related influences that affect how they create their livelihood. The closest to the poor are their assets such as natural resources, social networks, human capital, physical infrastructure and financial assets. Access to these assets is strongly influenced by their vulnerability context, which takes into account trends, shocks and seasonality and prevailing social, institutional and political environment. These affect the way in which people use their assets to achieve their livelihood. Livelihood indicators include household incomes, other assets, debts, savings, food availability, access and quality, shelter, health security and access, education, gender status and role of women, community participation and access to institution and dialogue. However, a constraint to the study is the difficulty in measuring and quantifying livelihood, because people do not reveal exact information and some indicators are highly sensitive such as food intake and the status of women.

27. The two MORDI projects in Fiji were water sanitation and income generation through fishing. Focus of the presentation was on the fishing project where a boat was provided by MORDI for community income generation. The boat was owned by 28 households and is used for commercial fishing and transporting their goods to the markets. To date income has doubled for the community and the “community savings chest” has increased with plans for long term projects. The effects of the project have been positive enabling the community access to education, higher income, ability to invest in a local school and self employment in commercial fishing. The role and status of women and access to medical facilities have improved.

28. The project has improved market access and therefore enhanced trade potential emphasising that in this instance the bottoms-up approach can be successful. Various approaches and thoughts on policy development were presented. In the context of this meeting the idea that “while trade agreements are useful, small developing countries must negotiate collectively in order to increase their bargaining power,” was consistent with the current trade agreements (PICTA and PACER Plus) that are being negotiated and implemented. Mr Singh stated that trade policy alone may not be able to significantly alleviate poverty and generate sustained rural livelihoods, but, if structured appropriately may contribute to a broader poverty reduction strategy.

29. Dr Willy Morrell and Ms Nadia Scialabba of FAO presented on the **FAO Food Summits (2008 and 2009) with specific emphasis on food security and climate change in Pacific island countries.** The factors behind the food price crisis were outlined noting that food prices in 2008 were the highest in 30 years, and that 100 million people were pushed into poverty in 2 years. Supply scarcity was 4 percent less in 2005 and 7 percent less in 2006 and contributing factors to this is adverse weather in cereal exporting countries. Food stocks decline is the lowest since the 1970s with utilization becoming higher than supply. High energy prices (fuel price tripled since 2000) due to higher inputs (fertilizers + 160%) and transport cost. Biofuel demand is 23 percent USA maize and 54 percent Brazil sugarcane for bioethanol; 47 percent of EU vegetable oil for biodiesel. Other contributing factors are exchange rate swings (USD\$) and speculations. Other areas are climate change and variability with disasters (droughts, floods, landslides, fires) doubling – 195 a year between 1987-1998, to 365 a year between 2000-2006, affecting 230 million people annually. Shifting pests, diseases and invasive species and with 2-3°C increase lead to extinction of 20-30 percent of wild species. Changing precipitation patterns and water scarcity and agriculture emits 1/3 of GHG.

30. (Agro) energy and food prices are affected by higher energy prices resulting in higher agricultural production costs. Also output prices follow fossil fuel prices and biofuel driven by supportive policies in developed countries. Depending on the place, technology and production, Biofuel production can increase income or threaten the environment, social wellbeing and food security. At the high-level conference declaration agriculture especially for smallholders was re-launched. Food emergency was addressed, looking at safety nets, humanitarian and development assistance continuum and balance of payments. Support for agricultural production and trade addressed access to inputs, food stocks, Doha Round and minimize restrictive trade measures. Increasing resilience of food systems to climate change: looking at ecological balance, biodiversity, financial flows for adaptation and mitigation. International dialogue was established on sustainable biofuels in accordance with the 3 pillars of sustainability.

31. Implications for the PICs: these would require the re-launching of smallholder agriculture and increasing resilience of food systems to climate change and bioenergy demand; addressing food security, climate change and the bioenergy nexus and social, economic and environmental trade-offs; adapting agro-ecosystems to climate change by promoting diversification and infrastructure development; and substituting fossil fuel imports (at least in part) with sustainable bioenergy (local produce/waste for local use).

32. The presenters discussed the Food Summit that is scheduled for November 2009 and asked the question “Why a Food Summit In 2009?” The two main reasons for the Summit are the global financial and economic crisis and long-standing under-investment in food and agriculture jeopardizing progress to MDGS causing concern with the increasing number of hungry; and the increasing concern with global and local governance for food security, including factors potentially affecting commodity price volatility (e.g. speculation), rising new barriers to trade and investments and other governance issues (e.g. land grabbing).

33. The challenges to be addressed at the Summit include the eradication of hunger in the world, which poses to grow to 9.2 billion in 2050; putting in place a more coherent and effective governance system; ensuring fair competition of development countries on markets; improving farmers’ incomes in developing and developed countries; mobilizing additional public and private investments in

agriculture; agreeing on effective mechanisms for early reaction to food crisis; and preparing countries to climate change adaptation and mitigation. Measures are now needed to put commitments in action.

34. Looking at Food Security and Climate Change in the PICs, there needs to be coordinated regional actions, and these are being addressed at various forums and meetings amongst CROP agencies, expert groups and independent advisory services agencies. Food Security and Climate Change has to work both ways where Food Security is addressed within Climate policies and Climate Change addressed within Food policies.

35. Ramifications for Food Security are evident in impacts on the 3 sectors, which are the focus of this RTM: Fisheries impacts include changing migratory patterns (tuna), reef destruction – coral bleaching, acidification and storm damage and mangrove destruction. In Agriculture, impacts include soil degradation – erosion, carbon depletion, salt incursion, nutrient leaching, water scarcity and salt-water contamination, crop diseases, pests and invasive species and extreme weather impacts. In Forestry, impacts include increased risk of forest fires, invasive species and habitat destruction and species extinction.

36. There is a strong call from the PICs for action-oriented policies and programmes to improve food security. These would provide ‘triple wins’ in terms of (i) providing immediate economic benefits to communities; (ii) reducing reliance on international commodity markets; and (iii) building longer term resilience to climate change.

37. Due to the differing physical, socio-economic and cultural characteristics of the PICs they are on a variety of food security trajectories. User friendly “Pacific Specific” tools must be developed on the basis of PIC commonalities but with a national focus. The countries need to address specific food security issues and other adaptation initiatives. The key elements would include a high level of stakeholder consultation and ownership; strong regional coordination; linkages with existing policy frameworks; build on existing regional initiatives such as PACC; and focus on community needs and concrete adaptation measures.

## **DAY 2: TUESDAY, 22 SEPTEMBER 2009**

### **Trade Agreements for Regional Economic Integration**

*Facilitator: Mr Kaliopate Tavola*

#### **SESSION 5 – PACER Plus**

38. Mr Kaliopate Tavola discussed the PACER Plus and the state of preparation to date. PACER Plus is to be the ‘stepping stone’ to allow the FICs to gradually become part of a single regional market and integrate into the international economy. Tavola explained that PACER Plus is more than just a Free Trade Agreement (FTA) with the Plus expanding the scope of PACER in form and nature of the agreement that is to be negotiated. Expectations are that PACER Plus is to be a development tool and apart from national benefits, there is commitment to direct many benefits to the collective development needs of the FICs in the interest of Regional Economic Integration and regionalism as a whole. It would also craft a unique and visionary development trade agreement between developed Australia and New Zealand and the developing FICs.

39. The interests from the FICs are that there would be adequate resources to cover adjustment costs, there would be attention to supply-side constraints to take advantage of market access, attention to ‘behind the border’ activities, attention to industrialization measures, simplified and facilitative ROO that will encourage industrialization and diversification and broad-based economic growth to generate lost tax revenue, and more. Other areas of interest include the elimination of NTBs, tariff peaks, tariff escalation, promoting and safeguarding ‘special products’ to the FICs, labour mobility schemes,

optimizing new opportunities, e.g. economies of scale, concessionary 'SAT,' concessionary 'reasonable length of time,' and differentiated market access offers.

40. The role of the private sector has been highlighted at several meetings and many consultations. The Tongan Informal Consultation agreed with the engagement of the NSAs, and the report is pending from the NZAID study on capacity building and how best to engage the NSAs. PIPSO held its first workshop on PACER Plus on 25 June 2009, which was attended by a large number of private sector representatives from the 14 FICs. Mr Tavola emphasised the gains that can be realised by the private sector through the increase in market opportunities and ease of moving goods and services, however the private sector must be proactive in establishing dialogue with governments and policy makers to ensure that their concerns are raised before any agreements are signed.

41. Mr Tavola outlined the PACER Plus process to date, which includes:

- the Chief Trade Adviser (CTA) that has been advertised;
- next Forum Trade Ministers Meeting (FTMM) scheduled for November in FSM (but brought forward to late October 2009 to be held in Brisbane);
- the agenda will include a framework of PACER Plus negotiations, timelines, identification of issues and issues for the CTA to negotiate;
- leaders noted the need for FICs to undertake national consultations and capacity building; and
- Fiji will not participate but will be kept informed at the officials' level.

42. Mr Tavola concluded with a list of challenges for the negotiators. These include the commitment to take the negotiations beyond conventional reach, commitment to be creative in formulating SDT, asymmetry, differentiation, etc., commitment to go beyond the WTO conventions, commitment for the bigger picture (regional economic integration), and commitment to notifying to the WTO an unprecedented developmental FTA.

43. Mr Matthew Aileone, Regional Trade policy Officer, Pacific Division of MFAT New Zealand followed with discussions on New Zealand's special relationship with the Pacific and its motivation for pursuing PACER Plus. New Zealand views public consultations as essential to the successful promotion and implementation of PACER Plus; a view that was shared in an earlier presentation by Mr John Young of MAF New Zealand on WTO and how public consultations helped New Zealand's business community gained better understanding of the benefits and constraints of WTO.

44. Discussions that followed reiterated that regional economic integration is rudimentary to the success of PACER Plus and recommendations for the Pacific to engage in 'new thinking' in the trade area. Furthermore there is a need to promote sustainable economic development that would build a stable foundation for trade in the future. Challenges for the region include resource constraints, revenue implications on imposing levy exemptions. The three key areas of New Zealand Assistance are for Trade Policy and negotiations, Trade Facilitation and Trade Promotion and New Zealand has also provided incentives such as the Pacific mentoring programme.

## **SESSION 6 – Pacific Island Countries Trade Agreement (PICTA)**

*Facilitator: Mr Kaliopate Tavola*

45. Dr Dale Hamilton of PIFS talked about the **PICTA Status and Implementation**. He first discussed the basis for PICTA, which was established as a free trade agreement for the FICs to gradually reduce and eliminate barriers to trade amongst themselves, while maintaining protection against imports from outside the region. The objective of PICTA is to encourage specialization and efficiencies in production and trade amongst the FICs, and the intended benefits include improved trade amongst the FICs, leading to opportunities for improved consumer welfare, investment and employment.

46. PICTA is intended to be a 'stepping stone' for preparation by the FICs towards possible involvement in other FTAs such as PACER with Australia and New Zealand, and further integration

into the global economy. The potential negatives of PICTA are recognised to be the high implementation and adjustment costs, potential adverse effects on some industries and employment, and reduced government revenues through tariff reductions such as import duties. While PICTA was originally established to cover trade in goods, negotiations are currently ongoing to expand to include services. Some of the key issues include the defining of the rules for the determining of “originating” goods, or ROO, and the need to set timetables for members to reduce and eliminate tariffs. The timetables will vary depending on the FIC’s status (LDC, SIS) and the type of product, and excepted imports (negative lists) as defined by members to protect sensitive domestic industries.

47. **Status** - PICTA was opened for signing in 2001 and since then, it has been ratified by 11 out of 14 FICs. It was originally intended to be in operation by 2003 but was delayed until 2007 due to implementation issues; however some limited trade has begun. Six countries have announced readiness to trade (Cook Islands, Fiji, Niue, Samoa, Solomon Islands and Vanuatu); four countries have completed notification requirements (Kiribati, Nauru, PNG and Tonga) and Tuvalu has ratified and is close to completion prior to announcing readiness to trade. Tuvalu and PNG have announced expectation to be ready to trade by the end of 2009 and FSM has signed PICTA but yet to ratify. Palau and Marshall Islands are yet to become parties to PICTA. The PIFS, through assistance programmes such as the RTFP and the PACREIP, has been coordinating the assistance for the FICs in the implementation process of PICTA.

48. The delays in the implementation of PICTA have been due to the slow progress by the FICs in getting ratification by parliaments and developing relevant legislation and procedures necessary for implementation. Some countries have been slow to commit to the process, possibly due to perception of lack of benefits and likely high adjustment costs, and the overall process of necessary engagement and consultation with all parties has also proven to be cumbersome and has stretched the PIFS’ ability to provide technical assistance.

49. The PACPTMM has mandated the officials to negotiate the expansion of PICTA to include trade in services by the end of 2009, and the third round of negotiations amongst the PICTA parties was held in April 2009. They agreed to meet again in October 2009 when it is hoped an agreement can be reached and recommendations made ready for the Ministers. Obtaining a regional agreement is considered a useful precursor to any future engagement with ANZ over trade in services under PACER.

50. In 2008 the PACPTMM tasked the PIFS to assess a two-tier approach; a quota free movement of professionals, and an agreed quota movement of semiskilled trade. A draft study was discussed at the April 2009 PICTA Parties meeting and the final form of the scheme is intended to form, along with trade in services agreement, part of a larger and more comprehensive PICTA.

51. Dr Hamilton discussed the various key articles of PICTA, which include the Alcohol and Tobacco, government procurement, dispute settlement procedures and the Rules of Origin (RoO). Also discussed is the extension of PICTA to French and USA Territories, an issue that is still being discussed as no decisions have been reached. Transportation issues were discussed where the 2008 Ministerial meeting highlighted the need to deal with high costs and low servicing of shipping routes in the region, particularly to the Small Islands States (SIS<sup>7</sup>). Some regional arrangements have been proposed to provide feeder shipping services out of Suva for Tuvalu, Nauru, Kiribati, Marshall Islands and Wallis. A PICTA Symposium is scheduled to be held during the Pasifiki Trade Fair in Tonga from 22-24 October 2009 and should provide greater awareness to the private sector that is expected to be heavily represented.

52. PIFS has commissioned a study to investigate the effect of the reduction of tariffs under PICTA on the canned tuna industry in the region. The study concluded that potential benefits would not be realised by regional producers due to high intraregional shipping costs and competition from cheaper overseas products. A recommendation was made to consider higher import tariffs for tuna imports from outside the region.



53. In conclusion, Dr Hamilton talked about the way forward for PICTA. The 2009 PACPTMM has reaffirmed commitment of the FICs to expedite the implementation of PICTA, and the FICs must maintain commitment to the process and participate in further development and expansion of the scope of PICTA. PIFS continues to work with the FICs to facilitate implementation and appropriate expansion of PICTA, and will need to look at available funding sources in order to maintain technical assistance required by the FICs. He emphasised that the region needs to take responsibility for its own state of trade via PICTA if it is to participate successfully in other FTAs in the future.

## **SESSION 7 – Pacific ACP-EU Economic Partnership Agreement (EPA)**

*Facilitator: Mr Kaliopate Tavola*

54. Dr Hamilton discussed the Status of the EPA Negotiations, issues involved, and the way forward. The EPA is based on the Cotonou Agreement that was signed in 2000, which established a 20 year framework for cooperation between the EU and the ACP countries on political and development issues. EPA defined the shift from existing preferential trade access arrangements for ACP countries to WTO conforming reciprocal trade agreements via EPAs. The trade in goods only area must be included to comply with WTO rules, but other areas discussed in EPA negotiations are trade in services and trade-related issues (investment, public procurement, standards, intellectual properties, sanitary and phytosanitary standards).

55. The objectives of EPA under the Cotonou Agreement include reciprocity where free trade is established in line with Article XXIV of GATT through gradual elimination of trade restrictions between the ACP and EC countries (Art. 37). It is also development-orientated to promote sustainable development and poverty reduction through integration of ACP countries into the world trading system (Art. 34). It is regionally-based, with regional groupings intended to strengthen regional integration and act as a first step towards integration into the world economy (Art. 35), and is to allow sufficient flexibility to provide special and differential treatment to take the different levels of development of the contracting parties into account (Art. 35).

56. **Status of negotiations.** Negotiations with the Pacific ACPS began in 2004 and large differences between the EU and many ACP countries were developed during the negotiations. The EU was clear that there were no alternatives to EPAs, in other words, no “Plan B.” The deadline of December 2007 passed without conclusion of all EPAs, however 15 Caribbean ACPS in Cariforum was the only region that signed a full EPA. Eleven other ACPS including Fiji and PNG signed interim EPAs to retain market access to the EU markets following the expiration of the preferential arrangements under the Cotonou Agreement. Negotiations are ongoing but it is proposed that there is a need to conclude them by early 2010.

57. **Status of Pacific ACPS.** Fiji and PNG signed interim EPAs to avoid losing market access for fish and sugar exports to the EU, and the agreements include market access schedules for liberalisation, and agreements of trade in goods. The Pacific ACP’s LDCs (Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu) can continue to trade quota and duty free under EBA, but include more restrictive rules of origin requirements than previously. The Non-LDCs in the Pacific ACPS (Cook Islands, Tonga, Marshall Islands, FSM, Nauru, Niue and Palau) have been relegated to trading under GSP, but include higher import duties than previously.

58. Dr Hamilton discussed the following issues where progress has been made, but substantial differences remain that require resolutions:

(i) *Trade liberalisation* – the proposed transition is too short and risks adverse impact on the PACPS small economies and industries, and limits timeframe for negotiating PACER, etc. The PACPS want flexibility and have proposed a 20 year period with 25 for the SIS and LDCs, which will allow for sufficient adjustment and development of the supply side capacity.

(ii) *Export taxes* – the PACPS are concerned that the proposed structures will limit

their ability to promote value adding industries, and there is no requirement in WTO to eliminate export taxes.

(iii) *Most Favoured Nation Clause (MFN)* – this requires future trade preferences granted by PACPS and automatically apply to the EU. The MFN exceeds the WTO needs for trade in goods agreement and constrains the PACPS’ ability to pursue other trade agreements. It also undermines an “enabling clause” in facilitating greater integration amongst developing countries.

(iv) *Infant Industry Clause* – it is highly restrictive in terms of use and is limited to the first 20 years. The PACPS want a standalone clause allowing protection of new industries and to be able to apply beyond 20 years in order to help promote long term growth.

(v) *Standstill Clause* – it legally binds the PACPS to not increase or reintroduce tariffs, and PACPS are concerned as it limits their ability to manage or adjust to the process of liberalisation. This reneges the understanding that was reached in 2006 that no standstill clause will be in the EPA.

(vi) *Non-execution Clause* – this enables the withdrawal of EU trade access and related benefits due to non-trade related issues that are open to interpretation, such as the violation of human rights, democracy and good governance.

(vii) *Trade in Services* – this is a priority area for the PACPS, which involves the movement of PACP citizens to the EU for work. The PACPS seek reasonable quota ceiling, recognition of skills, training programmes and reasonable time access. The EU on the other hand offers limited quota access under Mode 4 of Supply in Services, and the PACPS’ acceptance would compromise potential future negotiations on services with Australia and New Zealand. The PACPS suspended negotiations and proposed a rendezvous clause allowing the issue to be revisited after the development of trade in services intra-regionally with Australia and New Zealand. However, the EU considers that trade in services must be included in the EPA.

(viii) *Development co-operation* – there are high costs for PACPS associated with implementation and adjustment of EPA and the EU committed to the EDF initiative to build capacity. The PACPS consider that assistance must be extended beyond implementation to increase the supply side capacity, and they want commitment from the EU for additional assistance to avoid compromising existing aid. Furthermore, they want clarification of the PACPS’ proportion of the ACP aid for Trade initiative assistance.

59. The PACPS are willing to enter into full EPAs covering trade in goods, development cooperation, fisheries and trade related rules if the terms of comprehensive EPA agreement and the negotiating process involved recognise:

- the unique characteristics of the Pacific region – geography, small size of PACPS’ land and human resources, very limited scale of their economies and industries, particularly the SIS’;
- the limited experience of PACPS in trade and even more limited capacity to negotiate with the EU;
- the scale of additional assistance required in the region to develop trade capacity;
- the commitment of the Pacific region to maintain a regional approach to trade; and
- the interests of the region as it looks to developing trade agreements with large regional trading partners.

60. As a way forward, the EU Trade Commissioner in January 2009 expressed her willingness to show flexibility and consider the issues raised by the PACPS. However, they will not sacrifice ambition for a perceived need by the PACPS for regional consensus on all aspects. At the ACP-EU Officials and Ministerial Trade committee Meeting in May 2009, there was a possibility of concession by the EU on export taxes and infant industry clauses, however, the PACPS’ EPA stance was confirmed at the PACPTMM in June 2009. The latest ACP-EU JTWG met in Brussels in September and the trade in goods offers were tabled by the Cook Islands, Samoa, FSM and Niue. The PIFS is further developing the projects, and funding facility is proposed out of the EU Aid for Trade study.

61. In conclusion, Dr Hamilton stated that EPA does offer significant trade opportunities for the PACPS. However, significant issues require resolutions prior to the completion of the EPA process.

He added that the EU should engage with the PACPS with regards to their objectives to promote development under the Cotonou Agreement, and the PACPS must continue to protect their interests and seek appropriate recognition of their concerns regarding EPA trade terms. Furthermore, the PACPS must continue to seek expansion of EU assistance to develop trade capacity and adjust to the effects of liberalisation.

## **SESSION 8 – Summary of the Sessions on Trade Agreements for Regional Economic Integration**

*Facilitator: Mr Kaliopate Tavola*

62. Mr Tavola presented the following summary to the meeting:

(i) Need to still consolidate REI -

- Need to address shortfalls of REI
- Need to address shortfalls of PICTA
- Follow-up on effective execution of commitments and obligations under PICTA
- All need to take ownership and responsibility of REI and the processes relating to trade agreements for the advancement of REI

(ii) There is a disconnect between trade policy level and the effective implementation of trade policy measures –

- Re-look at the processes – e.g. signing, ratification, implementation of trade agreements, implementation of trade policies, and engagement of all stakeholders in the process
- Need for more practical issue-oriented meetings
- FICs to consult each other for better understanding of each others' interests and priorities
- Trade Facilitation – Art 9, Annex 1 PACER – much catch-up work is needed
- National Trade Facilitation Committees – only a few have been established. This is a poor reflection on FICs
- Much work needed to speed up implementation of obligations

(iii) There is a disconnect between trade policy level and the effective implementation of trade policy measures –

- Plan under PACER Plus and the Pacific Plan to redress the REI problems of the past, both as short and long term strategies, in order to make good these problems and to benefit from hindsight.

(iv) Trade in Services Agreement in PICTA

- Critical since services are more important than goods for some FICs
- Labour mobility schemes to respond to the labour requirements for, e.g. Niue, and PNG, is a practical example of the potential benefits that can arise from a Trade in Services Agreement under PICTA

(v) PACER Plus is not a typical FTA

- Negotiators have to be committed to achieve this end
- PACER Plus to address shortfalls of REI and of PICTA
- Importance of agricultural exports
- PACER Plus to address supply constraints
- PACER Plus to address trade and trade-related regulatory mechanisms
- Broad-based economic growth under PACER Plus to address initial revenue loss
- Need for tax reform now in preparation for expected loss of government revenue. Great caution is needed, however, in such reforms to avoid adverse unintended consequences

(vi) National consultations

- PACER Plus hopes to make a change to avoid mistakes and weaknesses of the past
- National authorities play a critical role
- Sectors to talk to each other within a FIC
- Funding is needed to carry out national consultations

(vii) Capacity building

- Needs are recognized, especially for Small Island States (SIS)

- Simplified trade manuals/handbooks are needed to educate trade stakeholders at all levels
  - Funding is needed to carry out capacity building
- (viii) Shipping
- Non-economic routes have to be seriously addressed. These routes tend to be south-north in direction affecting principally the freely associated states (FAS)
  - The issue rests with FEMM and PIF Leaders and they need to be constantly appraised of the problem
- (ix) Land issue
- Availability of suitably-titled land is a major constraint for national development, especially for the facilitation of foreign investment enquiries. Whilst it is an issue for concern under trade agreement negotiations, it may be unwise to try to resolve the matter under any Free Trade Area (FTA) agreement.
- (x) EPA issues
- Need to conclude EPA from a strategic standpoint for the following reasons:
    - Advantage in market access to the EU is lost by not concluding EPA for PACPS apart from Fiji and PNG
    - Logistically, it is better to conclude EPA before starting PACER Plus negotiations
  - Additionality of resources is essential. Aid for Trade, under the proposed Regional Development Facility, would provide another source of development resources for the FICs

### **DAY 3: WEDNESDAY, 23 SEPTEMBER 2009**

#### **Breakout Sectoral Sessions: 9-12**

#### **Agriculture:**

#### **Development of Sector Strategy: Value Chain Approaches**

#### **Value Chain Analysis: concept and potential use in the PICs**

63. Dr Jamie Morrison presented on the Value Chain approaches to sub-sector development: concepts and applications. He outlined the constraints to sector development as being sub-optimal in performance as seen in production (low marketable yields and poor agricultural practices, marketing (low volumes), inconsistent quality and high price spreads and trade (high reliance on imported food, limited range/volume of exports in increasingly competitive markets). There are also multiple constraints and in particular limited market intelligence, expensive financing, small scale and weak coordination. The PICs need to identify critical constraints to improve performance and to prioritize interventions.

64. Dr Morrison discussed the Value Chain at length, which he defined as “a set of interlinked activities and agents connected by flows of resources, materials and information that go towards the production and trade of particular products.” The sequence of activities and impact of the agents/stakeholders’ activities and their decision can influence the content, quality and price of the end product. Using the concept of a value chain can provide a framework for showing how the linked activities are performed. It provides opportunities to evaluate the chain performance and identify barriers to development and assist in identifying prioritized interventions. Mapping the chain is a critical first step and using the map depends on the objectives of the study but can force a more holistic analysis.

65. Dr Morrison presented 3 case studies. First was the rationale for the Tonga HTFA study, which were mainly the concern that the facility may not be used to its full capacity, and it can be an initiative to boost local production of priority crops to ensure consistent supply carry significant risks for

stakeholders, e.g. “boom or bust” reaction of the producers and their reluctance to invest in production of target crops resulting in the plant running at less than capacity. Applying the Value Chain approach in this instance would help identify and provide better understanding of the role of the different enterprises in the chain and their relationships with each other. It would also provide information to allow strategies to be put in place to encourage appropriate levels of investment in production, harvest, delivery of product to treatment plant and in the establishment of distribution chains.

66. The approach taken was split into 3 components – the Grower registration to harvest, the Export related activities (including treatment), and the New Zealand distribution channels. The chain was examined against the requirements of the BQA to identify key constraints to the chain performance and provide a series of recommendations at each level. Possible limitations to the approach are the lack of consideration of the effects on the domestic market, becoming too focussed on the export pathway, insufficient analysis of alternative phase planting models, and limited analysis of appropriate management model (constrained by the lack of data on costs).

67. Recommendations were made at the production level to improve the understanding of the BQA, decrease input costs and the need for phase planting. Dr Morrison presented the recommendations for export activities, which include the evaluation of trial export, the need of a decision on the management structure, evaluate payment options for growers and analyze freight options – air versus sea freight.

68. The second case study was the rationale for a Tonga Frozen Root Crops Study, which is ongoing. A workshop in Tonga suggested that value could be added to current exports of fresh and frozen root crops by packing primary processed frozen products into retail size bags for export to New Zealand. Some issues identified include Production level – limited coordination between the growers and buyers, pests, drought, harvest practice and post-harvest handling; Processing level – limited knowledge of the NZ market demands, capacity to process at required standards and regulations and capacity for mixed processing for mixed shipments; and Domestic market impact – tentative supply and demand estimation as in roadside market sales and home consumption.

69. The third case study was Fruit and Vegetable (F & V) sector studies in Fiji and Samoa. In Fiji the study looked at the rationale for the Fiji F & V Collection Centre Feasibility. The producer survey revealed that there are difficulties in accessing markets and in acquiring market information; they rarely operate as farmer groups; the production costs are high due to the lack of scale economies; transportation is expensive; and there is high volume of wastage in post-harvest production. In spite of these issues, existing facilities on farm premises that could be used for grading and packing are not used; cooling chambers are not deemed necessary as producers sell the products as soon as the crops are ready for harvest; and financial analysis show that Collection Centres are not viable if only 50percent of the produce grown is sourced through them. The buyer survey showed that only 35percent would use the Collection Centres, and would use them if they provided grading of the produce, delivery to their premises, cool storage, packaging catering to consumer demands and if the centres were easily accessible with good access roads. Of the 65percent that prefer to use their existing systems do so because of their good relations with the farmers, their investment in the farms (finance, infrastructure, fertiliser, pesticides, etc.), preference to search for price competitive sources and their thinking that Collection Centres would not be viable in the long run.

70. Dr Morrison concluded that with the Collection Centres, many areas are unsuitable because of the lack of support from the producers and buyers. Where the infrastructure is weak and/or the buyers (farmers supplementing their incomes and market vendors) are more prevalent, Collection Centres are unlikely to get support. Financial analysis suggest that contributions to operating costs would be approximately FJD\$410 per farmer, however the farmer would rarely be willing to pay FJD\$100. The surveys suggest that the centres would only serve as a second-best solution as a provider of agro-inputs, information and technical advice. Furthermore, it would be more beneficial to adapt the existing infrastructure and network to cater to the needs of the sector, with greater emphasis on

information dissemination and training especially in marketing and business management, and to improve the road conditions in rural areas to improve accessibility.

71. The rationale for an analytical study of the selected Samoan F & V chains was discussed next. The diagnosis and strategy development for the F & V sector was limited to the identification of areas requiring interventions. This required an improved understanding of the structure, functionality and performance of the individual crop value chains. The F&V that were selected for the study were papaya, breadfruit, tomatoes and head cabbage. The focus areas of the study were (i) key market intelligence requirements and strategies; (ii) assess the feasibility/design of commercially driven service centres; (iii) support the assessment of financing requirements of chain stakeholders and the determination of appropriate solutions; and (iv) identify other critical constraints to the improved functioning of these chains.

72. In concluding the session, Dr Morrison stated that it was possible to identify generic issues, such as HTFA, export pathways, models and solutions. However, the differences need to be recognised to allow the identification of *critical* constraints such as the Volumes, infrastructure, middlemen (Samoa vs. Fiji); the different conclusions on market impact of increased export volumes; and the different access to distribution channels.

### **Fruit and Vegetable Sector Strategy in Samoa**

73. Mr Asuao Kirifi Pouono presented the Fruit and Vegetable Strategy (FVS) plan for Samoa. The plan was initiated at the AAACP meeting in February 2008. Funding was provided by the ITC and FAO and coordination of the plan was done by a committee comprising of the private sector, Ministry of Agriculture and Forestry and other relevant ministries. Mr Pouono explained that the objectives of the FVS plan were to improve the coordination, market intelligence and promotion. The plan also addressed the consistency of quality and supply, ensure the sustainability of resources and support from the SAME association and to improve the financial status of farmers. The priority target market was domestic such as the hotels, supermarkets and restaurants. The Plan also addressed the need to encourage import substitution. The secondary target market was export and in particular niche products (organic farming) and value adding.

74. Mr Pouono highlighted some critical issues and strategies such as the low success rate of the coconut hybridisation and the taro breeding programmes. Issues such as the inbreds of coconuts in the fields and the breeding versus cloning of taro, multiplication/bulking up of potential varieties were some of the constraints faced. In cattle farming, the supply could not meet the demand. In conclusion Mr Pouono reported that the main constraining issues include inefficient trade facilitation, alignment of policies with priorities and business objectives, lack of access to finance and land, and the lack of appropriate technologies at all levels.

### **International market assessment for organic and fair trade cocoa, coffee and vanilla: Opportunities for PICs**

75. The presentation discussed the potential and opportunities for the PICs for organic cocoa, coffee and vanilla. The current certified organic production and exports exist for cocoa in PNG and Vanuatu and is being trialled in Samoa. PNG is currently exporting organic coffee, with Samoa in a trial phase and Solomon Islands exploring. Organic vanilla is currently exported by Fiji and Vanuatu with Niue and Samoa trialling it. The presenter noted that at present, PNG is the only PIC who is exporting fair trade cocoa and coffee.

76. Research has been conducted on the various markets in particular the European and North American markets, looking at current supply sources and the possible potential for the FICs as players. Buyers' requirements and product quality were researched as they are key areas that the PICs would need to look at if they were to compete successfully. Some issues that the PICs need to consider are forming growers' organisations especially the small growers, who are not organised, and

forming long-term partnerships and securing long-term contracts with the buyers. Long-term contracts would offer lower prices but guarantee sales over a number of years, and reduce business risks since they would be protected from price volatilities and irregular supplies.

77. Recommendations to the PICs are to ensure high quality; work with large traders and processors to allow quick access to the EU and USA without long-term commitment, and note that some coffee companies (e.g. Matthew Algie and Starbucks) are prepared to invest in new growers by helping with certification and improving product quality but need long-term commitment. The PICs are also recommended to work with organic and fair trade companies who import relatively low volumes; look for prospective customers who are seeking to diversify their source base (working with small growers in the PICs was not cited as a problem); the length of contracts and volumes are not as important as the high quality ingredients and reliability of suppliers; and finally the fair trade market is growing rapidly, which would favour PIC grower groups. A word of caution to the PICs with regards to coffee as being a highly volatile product with recurrent patterns of oversupply, therefore growers should look at inter-cropping in primary forests or cropping systems. On organic cocoa the demand is growing fast and the market is currently undersupplied, however beware of the reactions that can result in oversupply. For vanilla the prices are highly unstable but its production is suited to smallholders and to look at integrated in farming systems.

### **Biosecurity and Trade Facilitation – the current situation in New Zealand**

78. Dr Viliami Fakava outlined the importance of Biosecurity to New Zealand, the MAF BNZ engagement in the Pacific, the key Biosecurity issues and potential agro processing initiatives. Around NZD\$500 million is spent annually on Biosecurity in New Zealand with activities undertaken by central government, regional councils, industry and private landowners. NZD\$180 million is allocated directly to MAF Biosecurity New Zealand division, which employs about 1,000 full and part time staff. There is a Pacific Forum within MAFBNZ to coordinate engagement in the Pacific and provide assistance to decrease Biosecurity risks to NZ and to enhance trade opportunities of the PICs.

79. Dr Fakava outlined some of the MAFBNZ Pacific projects from 2005 to date. These include the EQ2 Sea container training programme in PNG and Solomon Islands and the EQ3 Sea container training programme in American Samoa, Samoa, Tonga and Vanuatu. The MAFBNZ conducted a baseline study on PIAS across all major ports in the region, and trained the local Pacific Quarantine Services on best practice on ant surveillance systems. More than 70 quarantine officers from 11 PICS were trained, and surveillance was completed at 18 high risk sites throughout the Pacific. He stated that the major constraints are the non-conformance and pest infestation, which incur high costs for treatment, inspection and pest identification.

80. The potential market opportunities for the PICs identified by Dr Fakava are semi processing for root crops such as taro, kape and yam. Further opportunities lie in the commercial export of fully processed food products and delicacies, targeting the Polynesian communities in New Zealand. The advantages include low Biosecurity risk as there is no need for import health standard, longer shelf life and improved quality, added value to the products and offers diversification to the markets. At present the approved processed commodities from the PICs include banana, mango and pineapple (peeled and chopped) from Samoa; pickled mangoes from Fiji and taro, blanched breadfruit, chestnuts, sun dried bananas, pawpaw and papaya puree, salad, fruit drink, peeled and concentrate from the Cook Islands. Requests for new processed products have been received from Fiji for semi processed fruits and vegetables, green organic coffee beans and coir erosion mat from Samoa.

### **Biosecurity and Trade Facilitation**

81. Mr Sidney Suma presented an overview of Biosecurity services in the PICs. Mr Suma described the traditional approach to national Biosecurity as being managed on a sector basis through development and implementation of separate policy and legislative frameworks for animal, plant,

food safety and environment. These were independently organised and fragmented with gaps and unclear boundaries of mandates.

82. The modern approach differed in that competent authorities were established for managing different sectors. The components worked together for a common goal, and appropriate policies, laws and regulations were harmonized. Resources were shared and there were synergies for implementation. Integrated systems for implementation were established and included ongoing monitoring and review. The requirements for the modern approach to Biosecurity were appropriate policy frame, legal framework, institutional framework, communication and information exchange, risk analysis, operations and competent authorities.

83. Mr Suma updated the meeting on the legislative harmonization. Harmonization of Biosecurity laws in the Pacific has been established, however Cook Islands and Fiji are the only PICs to date who have enacted their bills into national law while Palau's bill has passed the second reading in the House of Delegates. Risk identification, assessment and mitigation are undertaken routinely. Risk management and communication measures are taken at pre-border, border and post border phases of Biosecurity control, and ongoing training is done on import risk analysis. Mr Suma said that the PACER-RTFP project has supported this training for the past 4 years but will end in December 2009.

84. Mr Suma informed the meeting that communication and information exchange among the stakeholders have improved dramatically over the recent years. There has been an increase in networks and associations such as PPPO, PHOVAPS, OCO, PIMA, PWMA, PIMLA, PCPA, etc. The regional institutional and infrastructure support is provided by a number of organisations with the SPC-LRD, PPPO, FAO-SAPA and the NPPOs supporting plant Biosecurity. Animal Biosecurity is supported by SPC-LRD, PHOVAPS and the OIE regional office. FAO-SAPA supports Food Safety and Codex Alimentarius, and a new collaborative initiative has been undertaken by SPC for Aquatic Biosecurity. Invasive species are supported by SPREP, SPC, PILN, PII and partners (CI, TNC, ICUN, etc.)

85. Support for border operations are provided by OCO, RTFP, PIFS for Customs; SPC-LRD and NPPO for Quarantine; Pacific Immigration Directors' Conference for Immigration, PCMA and SPC-RMP for Port Authority, Pacific Islands Civil Aviation Association for Civil Aviation, Police and Pacific Transnational Crime Units for Security, and WHO and National Health Departments for Health Quarantine. In conclusion Mr Suma presented the potential benefits of an Integrated Approach as including Improved Public Health, Increased Market Access, Healthy Environment, Improved Border Protection, Enhanced Food Security and Improved Agricultural Production.

86. Dr Mat Porea presented a case study on exploring market opportunities for Bele (Abelmoschus), Vi (Spondia) and Uto (Coconut Pearl). By way of background Dr Porea explained that several PICs have identified **Commodity Market Access** as priority under their NMTPF for (i) improvement of their economy in terms of income earned from exports; and (ii) livelihood and income generation for rural farmers. Furthermore, the Agriculture Ministers Meeting in the Cook Islands in 2005 and Marshall Islands in 2007 requested for FAO and partner SPC to assist the PICs in identifying potential commodities for export and market access to New Zealand and Australia. Following this the PICs submitted lists of potential commodities for access to the New Zealand markets and for the past 3 years the list has continued to pile up because NZ only has the capacity to service 2 Import Risk Analysis for commodity requests from the PICs – citrus fruit (lime) from Samoa and coconut and coconut pearl from Tuvalu, both of which have been approved. The PICs have raised concern on the slow progress in the assessment of the commodities and developing IHS for market access to NZ.

87. Dr Porea explained that the difficulties faced by MAF NZ in processing commodity requests were due to (i) insufficient commodity data, i.e. PICs have limited technical capacities in providing durable data, e.g. PICs' pest lists are often incomplete and lack detailed supporting documents; (ii) PICs' lack of trained staff to carry out technical investigation and information gathering; and (iii) lack of



resources such as export treatment facilities and detailed descriptive manual for the selected commodities.

88. A case study was presented by Dr Porea on the assistance provided to the PICs by BNZ, FAO, SPC and partners for the export of Bele and Vi to New Zealand from the Cook Islands, Fiji, Samoa, Tonga and Vanuatu. The aims of the study were to collect and provide relevant information that will form the basis for risk analysis, and to develop a detailed commodity document revealing all pests associated with the commodities. The expected results were (i) 2 detailed commodity manuals developed for Bele and Vi; (ii) BNZ to endorse the commodity manuals; (iii) BNZ Risk Assessment to test the manual; and (iv) identify safe export pathways and process to the New Zealand markets. The study is ongoing and expected to be completed later in September.

89. Dr Porea updated the meeting on the progress of the coconut pearls from Tuvalu. MAF BNZ completed the manual on coconuts and coconut pearls (uto, o'o), that addresses Pest Risk Assessments and identify safe pathways for importing to New Zealand. From Tuvalu trial work on safer/low risk pathway is underway and a vacuum machine for vacuum pack trials has been purchased along with other processing and packaging material. In conclusion Dr Porea emphasized the need for PICs to be aware of IHS as a way forward, and in this respect training is needed in (i) detailed data collection and information confirmation with authorities (technical reference); and (ii) capacity strengthening of technical national staff in the preparation of commodity documents, complete pest list and management, and quarantine treatments, pest surveillance, etc.

### **Codex, Food Standards and Food Safety**

90. This session was on **Agriculture for Growth: learning from experience in the Pacific**. It outlined a study that aimed at improving the understanding of agricultural commercialisation in the Pacific. The main aims of the study were (i) to gain a deeper and more quantitative understanding of smallholder commercialisation and its strengths and weaknesses in contributing to broad-based economic growth; (ii) to strengthen the understanding of the context in which policy choices have to be made; (iii) to help find innovative ways to link public funding with private sector resources; and (iv) to provide specific advice to governments on the most appropriate interventions that they could make.

91. The study will focus on what pathways to which types of commercialisation are open to smallholder producers; what market and institutional innovation in supply chains might help smallholder producers; how the "successful" enterprises dealt with structural and institutional challenges; what measures encourage value chain participation by smallholder farmers; and what is the potential for scaling up and multiplying successful pathways within the country and across the region. The importance of ownership and implementation of the study is encouraging broad participation amongst the stakeholders, partnerships and collaboration. It also encourages the involvement of relevant participation from governments in the study teams and added that the study should offer opportunities for 'hands on' capacity building. The studies are currently being implemented in Fiji (fresh horticultural products), Samoa (nonu), Solomon Islands (floriculture), Tonga (roots and tubers) and Vanuatu (organic cocoa). The studies began in May 2009 and are expected to be completed by December 2009.

### **Codex issues of interest to the Pacific region**

92. Mr. Raj Rajasekar from NZFSA spoke on this topic and highlighted the Codex issues of major interest to the region. He noted the increasing involvement of PIC countries in the work of Codex as reflected in their representation at various Codex meetings. The Codex Trust Fund has been instrumental in facilitating the participation of PICs at Codex meetings and urged them to continue to avail of the assistance provided under the Fund.

93. The major focus of Mr. Rajasekar's presentation was on the CCNASWP Regional Strategic Plan and its objectives. At its last meeting in 2008 the region agreed on a new strategic plan covering the 2008-2013 periods. The main objectives of the Plan are to:

- Maximise participation in Codex;
- Strengthen capacities of Codex Contact Points;
- Strengthen scientific expertise;
- Promote procedures for review of standards at the national level;
- Improve regional coordination and communication;
- Promote development of standards for products of interest to the region.

94. The presentation noted the good progress that has been made on many of the objectives. The Codex Trust Fund has enabled many Pacific Island countries to participate in Codex meetings of particular interest the region such as those dealing with Food Hygiene, Fisheries and Fruit and Vegetables. The region has also had a significant involvement in the development of the Codex standard for bitter Cassava which will be submitted to the next session of the Codex Alimentarius Commission for adoption.

95. Significant progress has also been made in regional networking with the Regional Coordinator now playing a more active role in regional contact and communication. Mr Rajasekar noted the various actions that New Zealand and the other developed members of the NASWP region (US, Canada and Australia) have taken to provide mentoring support to PICs. These include sharing of briefing and involvement of PICs in pre-meeting consultations.

96. Mr Rajasekar concluded with a short description of the current debate in Codex on growth of private standards and its impact on international food trade and the work of Codex. Many developing countries are clearly concerned that private standards are imposing an additional layer of requirements with some of these requirements being more restrictive than those provided for in international standards. As these requirements are market driven there is very little that countries can do. He also noted that the status of private standards in terms of the WTO Agreements is now the subject of discussion in the WTO. This development has also focussed attention on how Codex can improved its standards setting processes to better meet the needs of its members and thereby ensuring its position as the pre-eminent international body for food standards.

97. Mr Dirk Schulz ended the session on **Codex and Food Safety issues of interest to the Pacific** highlighting the review of Food Safety problems affecting Pacific Island Food Exporters, the FAO/WHO Regional Coordinating Committee and the Pacific Food Safety & Quality Legislation Expert Group. Mr Schulz presented a case study on Food Import Refusals issued by the US Food & Drug Administration for Food Exports from the PICs during the past 12 months. The main causes of import refusal were related to Labeling (56%), Adulteration (microbial, chemical and other forms) (37%) and Regulatory issues (6%). Fish (45%) and processed snack foods (31%) were the main foods affected.

98. Mr Schulz discussed the issues involved in Adulteration, which included unsafe colouring, pesticide residues, salmonella, histamine and "filthy" (filthy, putrid, decomposed, and unfit). In regards to labeling problems included misbranding, food fabricated from two or more ingredients and the label does not list the common or usual name of each ingredient, lack of required nutrition information. Further labeling issues were failure to declare artificial coloring and/or the common or usual name of the food as well as the name and place of business, manufacturer, packer, or distributor. The regulatory issues were related to food safety requirements of the manufacturer, including failure to provide verification of HACCP compliance.

99. Mr Schulz also briefed the meeting on the Tenth Session of the FAO/WHO Coordinating Committee for North America and the South West Pacific (CCNASWP) held in Tonga in October 2008 with 39 delegates and 11 observers from the member countries and 4 international organisations

in attendance. The meeting adopted the Strategic Plan for 2008-2013 and requested the Coordinator (Tonga) to monitor and report on the status. In recognizing capacity building activities of FAO/WHO, the meeting agreed that lists of specialists/institutions be developed to respond to identified needs in the PICs (FAO/WHO to report at the next session). On the standardization of Kava products, the meeting agreed on the need for further scientific research to clarify safety issues and for the Coordinator (Tonga) in consultation with the PICs, to prepare a paper for consideration at the 11<sup>th</sup> Session. On the standardization of Nonu products, the meeting agreed that it was premature to consider the development of nonu standards and that wider consultation be carried out with the producing countries and industry. The Committee unanimously recommended appointing Tonga for a second term as the Regional Coordinator.

100. Mr Schulz informed the meeting that FAO together with WHO had established the Pacific Food Safety and Quality Legislation Expert Group (PFSQLE) in 2008, with membership comprising senior officials who are responsible for food standards development from the Ministries of Health, Agriculture, Commerce, Trade and the Attorney General. The TOR for the PFSQLE tasks them to (i) share information and expertise on food safety and quality, as well as food law, regulations and standards development and enforcement; (ii) share concerns, resources and research findings in food safety and quality and its regulation; (iii) provide technical advice to the PICs on how best to harmonise food laws, regulations and standards; and (iv) provide guidance on how to more effectively participate in the work of Codex. The PFSQLE held its first meeting in Sydney, Australia on 3-4 November 2008 and the 2<sup>nd</sup> meeting is scheduled for 27-28 November 2009 in Wellington, New Zealand.

### **Fisheries:**

#### **Emerging Issues in Fisheries Development and Fish Trade; Market & Preferential Access and Fisheries Subsidies; Quality, Safety and Certification Aspects for Fish Trade**

101. The fisheries session covered a wide range of key issues within the agenda, and in particular the development of fisheries in the region over a period of time and the major markets that exist for the region's fish in Asia, U.S.A. and Europe. There has been some improvement in advanced technology and methods of fishing to maximize catch. The markets opening up for the region have been good for fish products, e.g. live aquarium fish, coral and other fish products that are exported overseas.

102. Changes in market trends for fish products from the region specifically the trading of other products such as 'beche de mer' for Tonga and Kiribati were discussed. These products are highly priced, however in most cases there are not enough products to meet with the demands of the markets, e.g. Tonga had to impose a moratorium on the beche de mer harvest season for fear of wiping out the entire stock population. This helped re-grow the population and they are now able to reopen for harvesting beche de mer and its export, especially to the Asian markets.

103. The increased importance of aquaculture to complement the existing fishing industry was highlighted and many of the countries agreed that aquaculture defines for them the importance of 'food security' for their countries. In the Cook Islands, the private sector has taken risks in developing a small aquaculture farm for fish and now trialing oysters. In Palau, large clam stocks are proving very promising, while in Tonga, there is an opportunity for aquaculture development of sea cucumber, however more research is still needed for this to eventuate.

104. The challenges faced within fisheries especially with regard to depleting the stock of specific fish species (e.g. bigeye tuna, yellowfin tuna), with the Tuna industry being threatened due to overfishing as well as the increase of Illegal Unreported and Unregulated (IUU) fishing within the region. The legislative instruments to support countries are still being developed and need to be updated regularly with the change in laws as agreed to by all regional countries. Furthermore, the complexities of bilateral fishing agreements were also highlighted with some countries seeking clarification on Economic Partnership Agreements (EPAs)

105. Support from key organizations has been instrumental in the fish trade for the countries who export fish and fish products. The SPC provides technical support, which is very much appreciated by countries as they seek to strengthen and build technical capacity in the sector. SPC highlighted key instruments needed by countries to make the fisheries sector marketable. CITES was highlighted for key development of the sector in safeguarding particular species that may be traded illegally. Furthermore, SPC offers support and help for further developments in the industry.

106. Other key issues raised by countries: Samoa raised the closure of the Pago Pago fish factories/canneries, which will cause some problems for fisheries as they cannot find an alternative for processing fish and will be too costly for Samoa to ship directly. Fish is the second highest income earner for Samoa after Tourism with over \$20million per annum in revenue generated, and while there is good Government support for the industry it needs to be prioritized. While zero tariffs for fuel for fishing vessels are under discussion, the Government also supported initiatives to provide ice machines in the rural areas for the fishermen. Kiribati/Tonga – the EPAs for bilateral fishing may cause some concerns especially on the issue of ‘Spanish fleets’ wiping out fisheries resources. Solomon Islands informed the meeting that more Government support for fisheries infrastructure is being carried out and this is creating an enabling environment for the people in the industry. In Palau more support is needed for niche marketing of fishery products as there are fishermen who need help in establishing and maintaining their livelihood. Aquaculture activities are on the increase and more research and technical capacity is required. All the countries agreed that more technical support and capacity building for the fisheries sector are needed if they are expected to play an active role in trade. Support is needed in terms of training, understanding standards set for the export market, understanding the markets and its complexities as well as how to filter that information down to the fishermen and grassroots level of the industry. Furthermore, participants agreed that there is still a need for the regional and international organizations with Governments to grow the markets for the industry.

### **Forestry:**

#### **Forestry and Trade Issues; Sustainable Forest Management; Illegal Logging; Forest Law Enforcement, Governance and Trade**

##### **Summary Report of Forestry Presentations**

107. Forestry was first included in the WTO Round Table Meetings (RTM) in 2007. This year 2008 is the first time that forestry participants from member countries of FAO are invited together with resource persons and experts to participate in the RTM meeting. The meeting is important given its focus on trade related issues in the agriculture, food, fisheries and forestry related sectors. The forestry session covered global trade in forestry products, forestry trade related issues and trade barriers, FLEGT, illegal logging and sustainable forest management. Presentations were made by FAO, New Zealand Ministry of Agriculture and Fisheries and Office of Delegation of European Commission to New Zealand. Overall the presentations and discussions were contributing and interesting and there is strong desire and interest from the forestry group to see similar session conducted in future RTM meetings. The following are briefs from the presentations and discussions.

108. The FAO resource persons introduced the agenda of the meeting and welcomed the participants to the session. The role of trees and forests and their importance in supporting livelihoods of the PICs and the protection of their island environment was emphasized during the presentation. Trade in wood and non-wood forest products particularly the development of marketable and value-added products needs more attention in terms of investment in capital, skills improvement and technology by member countries. Too often countries focus more on growing trees and their sustainable harvesting but pay little attention to establishing proper trade and marketing framework of their wood and non-wood products produced. Trade and marketing issues such as illegal logging and lack of fair trade can contribute to social, environment and economic losses, and could impact negatively on local resource

owners, government and the business sector. The steady and annual increase in the global trade of wood and non-wood products calls for stringent bio-security measures. These measures, if without proper scientific backing and research, can often become unnecessary barriers to trade. Forestry malpractices in the form of illegal logging for example, lead to poor governance of the forests and the forestry sector. Member countries are encouraged to improve understanding and technical knowledge in the area of trade and marketing as well as actively participate in FAO and donor funded initiatives and activities to ensure fair trade, good governance of the sector and sustainable forest management.

109. The policy section from the Ministry of Agriculture and Forestry presented on forest certification and sustainable forest management with specific experiences and case from New Zealand. With global awareness of environmental issues increasing, countries are challenged to find balance in forest use and forest conservation. The debate on definition of sustainability is on-going and yet to be fully agreed by all. New Zealand uses two forest certification schemes namely the FSC scheme and the PEFC. The PEFC scheme recognizes use of local forest certification standards and mix of other best management practices that work towards endorsement of forest certification. New Zealand has 55percent of its plantation forests certified under the FSC. Other forest product producing countries like Australia, Indonesia and Malaysia have their own national standards. In 2001 New Zealand established its own standard which is compatible with FSC standard but is not yet in full use due to outstanding issues. Choice of which scheme to use must be considered carefully. Too often a monopoly situation creates too much power around one player. This can be counter-productive. For New Zealand with FSC: (i) FSC's perception of planted forests, and (ii) northern hemisphere ideas is not applicable to the New Zealand situation in some circumstances. The country does not explicitly have a national forest plan or programme. To ensure sustainable forest management, New Zealand has an extensive statutory framework consisting of management and regulatory instruments such as the Forests Act, the Resources Management Act and the Forest Accord (1991). Along with this are a wide range of strategies, projects and programmes supporting sustainable forest management.

110. The international policy section of the Ministry of Agriculture and Forestry presented on illegal logging and trade. Interestingly, there is no agreed definition of illegal logging internationally. With many combined operations such as timber harvesting, processing, transport, and cross border trading leading up to local and export market outlets, it is often difficult to pinpoint exactly where the illegal practices occur, and often the causes of such illegal activities originate from a cocktail of elements and issues, which together are complex and not easy to clearly analyse, map-out and record. New Zealand's definition of illegal logging, which is consistent with other countries' definition, is "when timber is harvested, transported, bought and sold in violation of national laws." Illegal logging takes place because it is significantly more profitable than legal logging and the risks of apprehension are low. Illegal logging impacts on the environment, climate, financial revenue, development, market and trade and social security and wellbeing of local communities. Illegal logging is widespread, complex and a trans-boundary problem involving third party processors. Illegal logging can be addressed through a range of initiatives such as improved law enforcement, improved standard of governance, reducing demand for timber, utilize licensing and permit systems and controlling trade – through monitoring of international trade in wood and non-wood products. At the policy level, a few actions can be applied to ensure commonalities in government procurement policies and measures, private sector actions, consumer awareness and international actions such as reducing emissions from deforestation and degrade forests to minimize impacts of climate change, and at the same time conserve and manage forests on a sustainable basis.

111. The Delegation of the European Commission presented on EU initiatives on combating illegal logging and trade. The EU FLEGT Action Plan (2003) aims to address illegal logging and related trade. The Action Plan combines supply and demand measures with attempts to promote development cooperation, encourage countries to sign up with the FLEGT VPA, support private sector initiatives on best management practices and help development of legislative measures to address illegal logging issues. VPA is a legally binding agreement between EU partners and countries with the overall aim to stop illegal logging. The objectives of VPA are to: (i) promote good

governance; (ii) carry out policy and legal reform; (iii) build capacity; (iv) better capture revenues and rent; and (v) develop measures to mitigate negative impacts on poor people. I

112. In 2008, a Proposal for a Regulation was formulated. The aim is to require EU operators to source known and legal timber and to prevent illegal timber entering the EU market. The basic principle is to practice due diligence using business systems that are sound and effective, and which minimize advancements or growth in illegal logging and related trade, and adopt practices that involve risk management. Overall with the different EU initiatives, it is expected that operators are responsible for knowing what they buy: where it comes from, from whom and is clear on the legality of the product. The expected benefits of the new Proposed Regulation are a level playing field for responsible businesses, prevention of illegal harvest and related trade, and provision of positive incentives for FLEGT and VPAs. Tackling illegality contributes to sustainable forest management and promotes good governance.

113. Forestry trade is a little more complicated and needs to be handled carefully as there are key local issues that are needed before trade can happen. It is encouraged for those businesses involved in forestry to understand and respect the local situation before advancing on this matter.

#### **DAY 4: THURSDAY, 24 SEPTEMBER 2009**

<b>PLENARY SESSIONS</b>
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#### **SESSION 13 – The Art of Negotiating**

*Facilitator: Ms Alana Billingham*

114. The three areas of negotiating that Ms Billingham covered included (i) *What to do when you think you are powerless in the negotiation;* (ii) *How to negotiate as a team;* and (ii) *Things to do before you sign the contract.* One of the points that were highlighted was the importance of having a BATNA or a ‘Better Alternative to No Agreement’ **before** entering into negotiations. The BATNA is an option so that one can enter negotiations with confidence knowing that there is another choice should the negotiations fail. Sometimes a BATNA could be a “No Agreement” if the agreement is such that it would have worse affect on the negotiator.

115. This session was very relevant given the emphasis of this RTM on the various trade agreements that are currently being negotiated in the region, such as PICTA, PACER Plus, EPA and WTO. Negotiating skills are not taught in schools, which makes this training very useful for both the private sector and governments, in particular those who deal with trade agreements both at the national and regional levels. However, for this session to have more impact, full day training is required and can be considered for future RTMs.

#### **SESSION 14 – Regional Food Security Programme and Initiatives**

#### **Food Security & Sustainable Livelihood Programme in the PICs (FSSLP) and the FAO Initiative on Soaring Food Prices (ISFP)**

*Facilitator: Mr ‘Aleki Sisifa*

116. Dr Vili Fuavao presented an update on the FSSLP, outlined the recent activities and outcomes, developing partnerships, lessons learned, programme design, ongoing processes and next steps. The programme was ambitious in its initial concept and faced limited funding. However, IFAD has joined and there is strong possibility of accessing funding from the Italian Trust Fund to add to FAO’s own resources.

117. The lessons learned from the in-depth and independent evaluation of the RFSP and extensive discussions with countries, regional agencies, civil society and partners helped formulate the programme design, which is aligned with the NMTPF process and priorities. The programme design was established after 3 joint design missions with IFAD with methodologies built on the RMI food security assessment process.

118. Dr Fuavao updated the meeting on the programme design, stating that the objective of the FSSLP is “to contribute to the improvement of food security of poor and vulnerable populations, especially for women and youth, in the Programme countries.” The four components of the programme are:

- (i) Support to Community and Household Investments;
- (ii) Development of Service Provision Capacity and Facilities;
- (iii) Multi-country Support and food Security Initiatives; and
- (iv) Programme Management.

119. The institutional structure of the programme comprises a regional PMU to be based in Apia with a link in Suva; National Programme Coordinating Units based in country and pooled resources to support countries, which can be operated sub-regionally where it is logistically practical. The overall cost of the programme is \$41 million for the period 2009-2015 with funding from the FAO (TCPs and TCPF), IFAD (grants and loans) and in partnership with the Italian Trust fund (to be confirmed).

120. Dr Fuavao concluded with a brief on the ongoing processes and next steps. These will include putting in place implementation stages for the first two years, which will involve programme design document, detailed TCP proposals for supporting start-up and specific design for IFAD regional grant for submission to their Board in December. He emphasised that the countries need to start preparing national programme steering committees and identify candidates for the National Programme Coordinators. He added that FAO encourages all countries to look into the FSSLP as a strategic approach for development in agriculture, fisheries and forestry.

121. Dr Fuavao next updated the meeting on the FAO Initiative on Soaring Food Prices (ISFP). The initiative came about as a unified response to the global food price crisis. With major inputs from FAO, the UN High-Level Task Force on Food Security produced a Comprehensive Framework for Action (CFA), a global strategy and action in July 2008. The CFA has two main objectives:

- (i) Improve access to food by taking immediate steps to increase food availability; and
- (ii) Strengthen food and nutrition security in the long-run by addressing underlying factors driving food crisis.

122. As of June 2009, 72 countries are targeted by the ISFP with its objectives to:

- Increase food production and availability;
- Boost smallholder productivity; and
- Contribute to longer-term food security by addressing underlying drivers of the crisis.

USD\$2 million in emergency assistance has been allocated to 14 PICs to boost agricultural and livestock production through enhanced supply of inputs, while ensuring timeliness, full transparency and quality of inputs to the most vulnerable. To date there are 7 National TCP projects and one regional TCP project. These include rice production in Fiji, PNG and Vanuatu and necessary agro-inputs to small vulnerable farmers to enhance vegetables production, taro crop, pig production, poultry and other main staple crops in Samoa, Tonga, Cook Islands, Niue, Tuvalu, Nauru, Kiribati, Palau, FSM, Marshall Islands and Vanuatu. Dr Fuavao reminded the meeting that the ISFP Projects, which were supposed to be completed in September 2009, have now been extended to November 2009.

123. In conclusion Dr Fuavao reiterated the main features of the ISFP, which include partnerships (NGOs), catalytic (the FSSLP), diversified (staple crops, vegetables and livestock), and it targets

vulnerable smallholders. He emphasised that all ISFP projects for the PICs are integral parts of the FSSLP.

### **IFAD Mainstreaming Rural Development Innovations Programme in the Pacific (MORDI)**

*Facilitator: Aleki Sisifa*

124. Mr Ron Hartman provided an overview and update on the MORDI programme in the Pacific. He explained that the overall goal of MORDI is to support sustainable livelihood opportunities of poor, vulnerable rural communities in the participating countries particularly focussing on more vulnerable sections of society – youth and women. MORDI has four objectives:

- (i) Institutional strengthening of existing community and village Community Based Organisations (CBOs) as well as other established community institutions;
- (ii) Increase of employment and sustainable livelihood opportunities, especially for youth and women;
- (iii) Documentation and sharing of the learning, the best practices and innovations across the region; and
- (iv) Establishment of sustainable processes that enable remote rural communities to link with national policy and planning processes.

125. Mr Hartman explained that the four components of MORDI include Community Empowerment – strengthen the institutional capacity of target communities; Economic Empowerment – addresses rural communities’ lack of access to employment opportunities, financial services, markets and related technologies and information; Learning, Sharing and Up-scaling – addresses information and policy constraints faced by communities; and Programme Management – to reflect essential features of the programme.

126. Lessons learned after the first phase of the programme were discussed. While the MORDI design is still considered valid and remains relevant there is thought to look at redesigning it. Some of the lessons indicate that due to the high costs involved in planning, implementing and evaluating the programme in the Pacific these should be adequately provided for in the programme design budgets. The need for more effective cost control and financial management at the regional and national levels is another lesson learned. There is a realisation of the importance of an active Project Advisory Committees for independent oversight. Adequate training and “investment in the process” is a pre-requisite for planning and implementation at the community level is needed and even more critical is the quality of social mobilisation. More attention to gender is needed in the planning process and effective monitoring and evaluation systems must be developed and embedded within the planning and implementation processes.

127. Mr Hartman outlined some initial results of the programme, which covers 66 communities in 9 remote districts/islands and directly involves 1,954 households with a population of 9,625 of which 40percent are women, 21percent youth and 39percent men. There were 53 projects submitted with 31 in category I and 22 in category II. The category I projects were mainly small scale infrastructure projects such as water supply and sanitation, solar lighting, jetties, village roads and community halls. Category II projects included agriculture, fishing, sewing, carpentry and village shops. Mr Hartman reported that most of the projects appear well implemented and managed by community groups and subcommittees with a high level of community/group ownership. There is evidence that communities are developing a mindset and the capacity to identify and manage the resolution of key development priorities in a far more inclusive manner than before, with particular emphasis on the needs of women and youth. There is progress in linking communities with policy and planning processes at all levels, and the programme is actively involving government-appointed Town Officers (Tonga), District Officers (Fiji) and Island Councils (Kiribati) in the planning and implementation process.

128. According to Mr Hartman, challenges and future opportunities include the refinement of the MORDI development model, withdrawal from Fiji and Tonga to enter new countries, provision of enhanced technical support, inputs and information and focus on the sustainability of the programme.



## **Country presentation on Rural Development Innovations: Lutu Cooperative, Fiji**

*Facilitator: 'Aleki Sisifa*

129. Mr Eroni Sauvakacolo, Advisor to the Lutu Cooperative in Fiji shared with the meeting the experience of the Lutu Cooperative in a presentation entitled “Harnessing Communal Enterprise.” Established in 1937, the Lutu Cooperative comprises 3 villages that collaborate in a number of activities, including their successful taro export enterprise. Besides the export of taro the cooperative generates income through dairy farming and hire of their vehicles (trucks and caterpillar). Their objectives are to improve the quality of life for members of the Lutu tikina at the individual, household and community levels, and to expand and seek new markets for their agricultural products.

130. The cooperative has secured a contract with Turners & Growers of New Zealand to which they export 1 container a month, netting them NZD\$12,000 a month. To date, the cooperative has secured a 358 acre freehold land with a present value of FJD\$0.5million. With money earned through their various activities, the cooperative has investments in the Unit Trust, term deposits and life insurance. They have established a scholarship fund for their youth to further their studies both within Fiji and overseas. Many of the students have returned to work for the cooperative. The Lutu Cooperative uses a basic and simple model whereby everybody works within a weekly programme beginning with prayer meetings, scheduled planting and ending with supervised study periods for the children and family prayers. Future plans for the cooperative include expansion into the exporting of cassava, fruits and vegetables, logging, eco-tourism, real estate, handicraft and youth group development.

## **SESSION 15 – Update by Development Partners on Regional Trade Development Assistance Programmes**

### **IFAD**

131. Mr Ron Hartman updated the meeting on IFAD’s work in the nine member countries that include the Cook Islands, Fiji, Kiribati, Marshall Islands, Niue, PNG, Samoa, Solomon Islands and Tonga. Currently, their grant programmes provides assistance to its members through various agencies. FSPI is the lead agency for mainstreaming of MORDI. SPC assists with the development of regional certification standard and strategy for organic agriculture in the PICs and Territories. Further assistance is provided through SPC with the establishment of the Centre of Excellence for Atoll Agriculture Research and Development in the Pacific, and work in Biofuels to identify opportunities and implications for sustainable livelihoods of the rural poor in the Pacific. IFOAM assists with building capacities on certification of organic agriculture, and UNIFEM works with women in market management and improvement in PNG. IFAD has been a partner with FAO from the outset in providing assistance for the annual RTM.

### **NZAID**

132. Ms Vicki Plater reported on NZAID’s planned activities in the region, highlighting New Zealand’s position of ‘enhancing sustainable economic development through trade.’ In trade policy and negotiating capacity, current support include the FAO RTM and bilateral support to Vanuatu department of trade. Support will be given for the Office of the Chief Trade Advisor (OCTA) in the amount of NZD\$1.95m over three years. NZAID provides assistance to build the capacity of the private sector and other Non-State Actors (NSAs) to engage with national governments. It is looking at case studies in Kiribati, Fiji and Samoa to see what are in place and identify how to support them. Under trade facilitation, NZAID plans to boost its support for trade facilitation activities such as regional trade facilitation programmes in biosecurity, customs, standards and conformance. NZAID has been funding the PITIC Auckland office and plans on looking at how they can strengthen the efforts to promote outward trade from the Pacific and improving networks into the NZ market. NZAID is looking at supporting economic environment and the development of the private sector through bilateral support e.g. Small Business Enterprise Centres (SBECs), business mentoring

schemes in the Cook Islands, Samoa and the Solomon Islands and increased support for infrastructure, mainly core infrastructure needs and in cross-cutting areas.

## **FAO**

133. Dr Vili A. Fuavao reported that FAO assists the PICs through its regular programme activities, the Technical Cooperation Program, trust funds activities mainly supported by Italy, Japan, New Zealand and GEF, and Telefood interventions. Countries can request up to USD\$ 200 000 per biennium under the FAO TCP Facility, which is easily accessible with a fast track approval process. Some projects that have been funded under the TCP Facility include a biofuel feasibility study for Samoa; agriculture policy frameworks for Cook Islands and Vanuatu; agriculture census for the Marshall Islands and Fiji; and forestry legislation for Niue. The Subregional office for the Pacific Islands is supported by a multi-disciplinary team, which enables FAO to respond quickly to requests for technical assistance from its members.

## **PIFS**

134. Dr Dale Hamilton highlighted some of the issues raised in his earlier presentations on PICTA and EPA. He reported that PIFS provides support for trade facilitation to all the PICs through the EU-funded PACREIP programme. Activities under trade facilitation include country consultations, awareness and training workshops, e.g. the PICTA Symposium scheduled for October in Tonga in conjunction with the Pasifiki Trade Fair and PIPSO PACER Plus workshop in June 2009. The Aid for Trade will provide further assistance to the PICs in identified country-specific projects that are currently being refined. PIFS continues to assist the PICs in the RTFP in the areas of customs, quarantine and standards under the PACER agreement.

## **SPC**

135. Mr 'Aleki Sisifa briefed the meeting on SPC's ongoing work in the PICs, reiterating some of the areas and issues that were discussed earlier in previous sessions. SPC continues to work with the PICs in all areas in developing their capacity to enjoy healthy and sustainable livelihoods and increased exports through enhanced agricultural products. Further ongoing assistance has been provided in the area of trade facilitation, standards, health and quarantine and works in partnership with FAO and MAF NZ towards this end. SPC has been a partner in providing resource personnel for the RTMs and will continue to do so because it believes in the importance of information sharing and networking with the PICs and other development partners.

## **CLOSING**

136. At the end of the updates from the development partners Dr Fuavao thanked all the delegates for a very productive meeting. There was a brief discussion on the Field visits that the PITIC Auckland had organised for the delegates in Auckland on the following day. Dr Fuavao then officially closed the meeting at 3.00pm.

## **DAY 5: FRIDAY, 25 SEPTEMBER 2008**

### **FIELD VISITS IN AUCKLAND**

137. The PITIC Auckland office organised three field visits for the Fisheries, Agriculture and Forestry sectors and were open to all the delegates.

**Fisheries** - The visit began with an early inspection of the Auckland Fish Market where the delegates viewed seafood products available for sale and experienced the Dutch Auction system utilised for auctioning seafood. This was followed by a visit to the Auckland Seafood School in Freemans Bay where the delegates participated in post-harvest/value added fisheries practice of filleting and smoking and later were able to taste their products.

**Agriculture** – The delegates for this sector visited the MAF Operations at the Auckland Wharf where they observed biosecurity processes involved for products from the Pacific that are imported into NZ by sea. Next was a visit to Fresh Direct in Mt Wellington; a NZ Importer of fresh produce who supply large supermarkets, green grocers as well as small boutique health food shops and food service industry.

**Forestry** – The forestry delegates visited the South Pacific Timber Processing Plant where they observed the processing of timber in preparation for retail trade. This was followed by a visit to the South Pacific Timber Retail Yard to look at the finished products and meet with the sales staff and discussed, amongst other matters, the top sellers in the NZ market.

138. There was an overwhelming positive response from the delegates of the usefulness of this exercise because they were able to see firsthand what happens to products from the PICs and also some of the processes that are being undertaken in NZ both at the government side (MAF) and the private sector in both wholesale and retail. Many thanks to the PITIC Auckland office for this valuable exercise and one that has been done for previous RTM and should continue for future ones.

## **MEETING EVALUATION**

139. About 70percent of the delegates were first attendees of the RTM. All the delegates agreed that the sessions were sufficient in terms of contents and coverage, and also felt that the presentations adequately reflected the contents of the sessions. On the question of the duration of the meeting 97percent felt that it was just right while 3percent felt that it was too long. All agreed that the meeting covered pertinent topics. When asked which topics they would like to see in future RTMs some delegates felt that more case studies of what is happening in the PICs would demonstrate some of the issues better. Others suggested sessions on practical examples and applications of PICTA and further updates on PACER Plus would help create better understanding of the implications of the trade agreements. Some suggestions were for more sessions on new fish products and aquaculture, less on Tuna and more industry presentations on experiences, CITES and other International Agreements on Fish Trade. Other suggestions include advantages of **not** joining WTO, especially on agricultural trade; individual PICs performance on exports and imports; food security; strategies to assist the PICs improve their forestry trade programmes; regulation enforcement regarding illegal logging; and assistance available to implement recommendations. Some suggested that the “right” participants should be invited and should be more widely representative of both government and private sector. On the overall meeting and logistics, the delegates agreed that it was effective, efficient and well organised.

## ANNEX I

Welcome Address by Dr Vili A. Fuavao,  
FAO Subregional Representative for the Pacific Islands  
12th FAO Roundtable Meeting for Pacific Islands Country on WTO  
and Regional Trade Agreements and Provisions  
Kingsgate Hotel, Wellington  
21– 24 September 2009

His Excellency Gioacchino Carlo Trizzino, Italian Ambassador in New Zealand;  
Representatives from our host country, New Zealand;  
Representatives of Regional Inter-governmental organizations;  
Distinguished Delegates from FAO member countries;  
Representatives of the private for profit and non-profit community;  
Fellow Colleagues from FAO Headquarters in Rome;  
Ladies and Gentlemen,

It is my privilege and honour to extend a very warm welcome to you all to the twelfth Round-Table Meeting on WTO and Regional Trade Agreements and Provisions. This is indeed a very special year as it marks the tenth annual consecutive time that FAO, in close collaboration of an increasing number of partners from both within and outside the region, is able to organize this meeting.

I am particularly honoured to thank our host country, New Zealand for their unfaltering support over the past twelve years, which shows the continued commitment in assisting the Pacific Islands Nations to better integrate into regional and global economy. Equally, I wish to thank the Italian Government and the International Fund for Agricultural Development (IFAD) for their continued financial assistance towards this meeting.

It is my great privilege to welcome to this year's Roundtable Meeting His Excellency Gioacchino Carlo Trizzino, Italian Ambassador in New Zealand. Thank you for accepting our invitation and make your time available to be with us here today. The Italian contribution to the Regional Programme for Food Security in the Pacific Islands Countries, in addition to the regular contribution to the organization, made your Government one of the most important supporters of FAO in the region. It is an honour for me to acknowledge with sincere gratitude once again the continuation of the Italian commitment to promote a regular, affordable access to safe and quality food for all the Pacific Islands' peoples and communities. As part of these efforts, this is the fifth (?) consecutive year that Italy is generously contributing towards the Roundtable Meetings series; thus, I would like to take the opportunity, His Excellency the Ambassador, to convey our great appreciation to your country.

Furthermore, I also wish to acknowledge technical assistance by our colleagues from the CROP agencies, in particular the Pacific Islands Trade & Investment Commission (PITIC) New Zealand, Forum Fisheries Agency (FFA), Pacific Islands Forum Secretariat (PIFS), and the Secretariat of the Pacific Community (SPC).

I am also very pleased to welcome the distinguished delegates and participants of the Pacific Island member countries. It is your presence that is central to the continued success of the Roundtable Meeting series, as this meeting is designed to assist your nations in deepening knowledge and capacities, and sharing experiences, in dealing with multilateral and regional trade dynamics and provisions for the betterment of the people of the Pacific Islands.

Now in its twelfth year, the RTM has steadily evolved since its inception in 1997. While initially focused on raising awareness of technical staff and policy makers from the Agriculture sector on the rules, requirements and obligations of the World Trade Organization, the agenda has progressively developed to include regional trade agreements such as PICTA and PACER, bilateral agreements such as EPA and covered emerging issues such as soaring food prices and climate change.

As a reflection of this evolution, this year we have dedicated a full day to discuss PACER Plus, a topic currently of great interest to many PICs.

Aside from the agenda, the participation of delegates has also evolved substantially, to include fisheries and forestry, as well as the private profit and non profit community, enriching the discussions and providing more diversified sharing of experiences and information.

Before concluding my brief welcoming address, I would like to take the opportunity to also welcome my FAO colleagues from FAO HQ, who have travelled all the way from Rome to share their knowledge and experience with us.

Finally, I would like to once again thank his Excellency the Italian Ambassador for agreeing to deliver the opening address and a statement. And to all the participants, resource persons and representatives of the collaborating partners, I thank you for your presence and I sincerely hope that at the end of the meeting you will all agree that your time has been well spent.

Thank you

## ANNEX II

### **12<sup>th</sup> FAO Roundtable for Pacific Islands Countries on WTO and Regional Trade Agreements and Provisions**

**Keynote Address by Jackie Frizelle  
Acting Executive Director NZAID  
21 September 2009**

I would like to warmly welcome you all to Wellington. It is a pleasure to see people here from across the Pacific, representing Pacific Island governments and private sector, along with visitors from international organisations.

As you know, NZAID has provided support to this FAO workshop for a number of years. I wanted to take the opportunity of opening the workshop this year to talk about developments within New Zealand which are placing a greater emphasis on sustainable economic development – including trade – within the Pacific.

In November 2008 New Zealand had a change in government. The new Government made clear from the very start it's intention to place a very strong emphasis on the Pacific in its foreign policy. It is notable that the Minister of Foreign Affairs, Murray McCully, has visited nine Pacific Island Countries in the past nine months (and Prime Minister John Key has visited six Pacific Island Countries).

Within the Pacific New Zealand's focus is squarely on sustainable economic development. And the Government has made some changes to NZAID's mandate to reflect this.

A greater share of New Zealand's Official Development Assistance will be directed towards the Pacific, with a sharpened focus on sustainable economic development.

We want to be more effective in helping the Pacific to lift its economic performance, increase jobs and incomes, and ultimately help the region better withstand external shocks.

Trade is one of the indicators that we look to as a benchmark of economic performance in the Pacific. Furthermore, trade is strongly linked to a country's economic growth and development, with the ability for countries to trade being particularly important in the current economic downturn.

Two-way trade between New Zealand and the Pacific is worth over a billion dollars. But it is almost all one way; New Zealand imports only \$200m worth of goods from the Pacific. The New Zealand Government sees addressing this goods trade imbalance as a priority.

The issues that you will be discussing during this Roundtable Meeting are all highly relevant to this.

You will be talking about the framework within which trade takes place – the rules of the trade game if you like - including developments in the WTO, where there is a fresh push to achieve progress in the Doha Round, and in PACER Plus.

As well as other standards that Pacific products need to meet to enter different export markets, such as biosecurity and food standards.

If producers in the Pacific are not able to meet these standards then they will not be able to take full advantage of trade access. Supporting the capability of producers to participate in trade – and to add more value so that they are able to access more lucrative markets – is critical. These are also items on your agenda.

This has benefits not just for international trade but also domestic trade. As you know there are substantial unrealised opportunities to expand domestic trade and the two have potential to feed off each other.

New Zealand is clearly focused on how we can best support the development of Pacific Island Countries, both through trade policy as well as our ODA.

Forum Leaders in Cairns in August decided to commence PACER Plus negotiations and New Zealand's key objective in pursuing PACER Plus is to ensure that the agreement promotes sustainable economic growth in the Pacific.

We are thinking very carefully about how PACER Plus can assist Pacific countries to capitalise on the potential for trade to fuel their economies.

The trade agenda is busy and complex. Strengthening or unleashing the capability of Pacific officials and private sectors to engage on trade policy, to implement commitments, and to take advantage of opportunities is clearly critical. New Zealand will focus our assistance on three key areas – trade policy and negotiating capacity; trade facilitation; and trade promotion.

New Zealand is supporting the establishment of the Office of the Chief Trade Advisor to assist Forum countries to prepare for, and engage in, PACER Plus negotiations through a \$1.95 million funding package.

We are also looking at ways to support business groups and non government organisations to engage with their governments in a meaningful way as they develop trade policy.

New Zealand will strengthen our support for efforts to facilitate trade, such as regional biosecurity, customs, and standards and conformance work.

And we are working with Australia, to look at ways to promote outward trade from the Pacific with the key emphasis on private sector development and improving networks.

I am pleased to see the emphasis given in this Roundtable to involving the private sector. Governments do not trade, businesses do. Trade policy cannot be made in a vacuum – it requires input from outside government, especially from the private sector who must operate within the rules established by governments domestically and internationally.

It is the private sector that is most acutely aware of the challenges they face to grow their business through trade, and the opportunities that might exist.

Furthermore you cannot trade what you do not have - so achieving value from resources you do have is essential.

Setting labour and services such as tourism aside, in the Pacific this is predominantly agriculture, fisheries, and other natural resources.

I notice from the Agenda that Wednesday is to be split into three groups, agriculture, fisheries and this year for the first time, forestry. This presents a very good opportunity for detailed examination of the particular interests and concerns in each of these three sectors.

You have a wide range of organisations involved in this meeting - FAO, IFAD, FFA, PITIC, USP, SPC and PIFS. This is a good indication of the co-operative and coherent approach that is so necessary for coordinated and effective development initiatives in the Pacific. It is also gratifying to

see the effective collaboration of NZ government departments - MAF (Policy and Biosecurity NZ), MFAT (PAC and TND), NZAID, NZFSA, and MFish.

I hope that you are able to take advantage of the depth of knowledge present in the room – not just from these organisations but from your own experience - to learn and share with each other, so that the whole Pacific may benefit from a more prosperous future.

Finally, it is with great pleasure that I have the honour to declare this Twelfth Round Table meeting officially open.

Thank you.



**ANNEX III:**

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**12th FAO Roundtable Meeting for  
Pacific Islands Countries on WTO and  
Regional Trade Agreements  
and Provisions  
Kingsgate Hotel, Wellington  
21– 24 September 2009**

**Programme**

This meeting was made possible through financial and technical assistance from the Food and Agriculture Organisation (FAO), the New Zealand Government, the Italian Government and the International Fund for Agricultural Development (IFAD). Technical assistance was provided by the Pacific Islands Trade & Investment Commission (PITIC) New Zealand, Forum Fisheries Agency (FFA), Pacific Islands Forum Secretariat (PIFS), and the Secretariat of the Pacific Community (SPC).

SESSION/TIME	TOPICS	SPEAKERS
<b>DAY 1, MONDAY, 21 SEPTEMBER</b>		
8:30am-9:00am	<b>Registration</b>	
9:00am-9:30am	<b>Official Opening</b>	
9:30am-9:45am	<b>Group Photo</b>	
9:45am-10:15am	<b>Morning Tea</b>	
Session 1 10:15am-10:45am	<b>Introduction</b> <b>Facilitator: Vili Fuavao</b> Adoption of the Agenda, Working and Administrative Arrangements and Introduction of Participants	<i>Dirk Schulz</i> <i>Alise Stunnenberg</i> <b>FAO</b>
Session 2 10:45am-11.30am  11.30am-12.00pm	<b>Trade, Food Security and Market Opportunities</b> <b>Facilitator: Vili Fuavao</b> Overview of trends in Agricultural, Fisheries and Forestry Exports and Imports from/to PICs Update on Pacific - New Zealand Trade in Fresh Agricultural Produce.	<i>Chris Cocker</i> <i>Trade Commissioner</i> <b>PITIC, NZ</b>  <i>Viliani Fakava MAF,</i> <b>NZ</b>
12:00pm-1.00pm	<b>Lunch</b>	
Session 3 1:00pm-1.45pm  1.45pm-2.00pm	<b>WTO Doha Round Negotiations</b> <b>Facilitator: Neil Fraser</b> Update on the current Status of WTO Agricultural Trade Negotiations and Outlook for the future	<i>John Young, MAF, NZ</i> <i>Catherine Graham,</i> <b>MFAT, NZ</b>
Session 4 2.00PM-3.00PM	<b>Trade Policy and Trade facilitation</b> <b>Facilitator: Neil Fraser</b> <ul style="list-style-type: none"><li>• Case studies on how national Government coordinates trade policy formulation and preparation for trade negotiations. What is the role of MAF, private sector, etc?</li></ul>	<i>Peter Ferguson</i> <i>Deputy Director of</i> <i>Trade Negotiations</i> <b>MFAT, NZ</b>
3:00pm-3:30pm	<b>Afternoon Tea</b>	
Session 4 (cont'd) 3:30pm-5.00pm	<b>Climate Change &amp; Economic Crisis: their Impact on Food and Agriculture</b> <b>Facilitator: Neil Fraser</b> <ul style="list-style-type: none"><li>• Case Studies: Assessing the impact of food price swings on rural livelihoods</li></ul>	<i>Rup Singh, USP</i>



	<b>AGRICULTURE</b>	<b>FISHERIES</b>	<b>FORESTRY</b>
<b>Session 9</b> <b>8:30am-10:00am</b>	<p><b>Development of Sector Strategy: Value chain approaches</b></p> <p><i>Facilitator:</i></p> <ul style="list-style-type: none"> <li>Value Chain Analysis: concept and potential use in the PICs</li> <li>Case study applications: <ul style="list-style-type: none"> <li>Utilisation of the HFTA in Tonga</li> <li>Promoting frozen root crops exports from Tonga</li> <li>Fruit &amp; Vegetable Sector Strategy Development in Fiji &amp; Samoa (All ACP Agricultural Commodity Programme)</li> </ul> </li> </ul> <p><i>Jamie Morrison</i></p> <p>Facilitation of partnerships in value chain to support smallholder commercialisation</p> <p><i>Asuao Kirifi Pouono, Samoa</i></p>	<p><b>Emerging Issues in Fisheries Development and Fish Trade</b></p> <p><i>Facilitator:</i></p> <ul style="list-style-type: none"> <li>Overview of Global Trends and Issues in Fisheries Development and Fish Trade</li> </ul> <p><i>Masa Izumi, FAO</i></p> <ul style="list-style-type: none"> <li>Tuna Fisheries Development and Management in the Pacific: Forum Fisheries Agency &amp; the Western and Central Pacific Fisheries Commission</li> </ul> <p><i>Robert Stone, FFA</i></p>	<p><b>Forestry &amp; Trade Issues</b></p> <p><i>Facilitator:</i></p> <ul style="list-style-type: none"> <li>Introduction</li> <li>Overview on forestry and trade</li> </ul> <p><i>Aru Mathias FAO</i></p> <p><i>Daneswar Poonyth FAO</i></p>
<b>10.00am-10.30am</b>	<b>Morning Tea</b>		
<b>Session 10</b> <b>10.30am-12:00pm</b>	<p><b>Potential and Challenges for Agricultural Exports in the Pacific</b></p> <ul style="list-style-type: none"> <li>Agriculture for Growth</li> </ul> <p><i>Vili Fuavao, FAO</i></p> <ul style="list-style-type: none"> <li>Organic Agriculture: International assessment of organic and fair trade cocoa, coffee and vanilla</li> </ul> <p><i>Nadia Scialabba, FAO</i></p>	<p><b>Market &amp; Preferential Access and Fisheries Subsidies</b></p> <ul style="list-style-type: none"> <li>Market Potentials and Status of Pacific Tuna Exports and EPA (update)</li> </ul> <p><i>Robert Stone, FFA</i></p> <p><i>(Masa Izumi, FAO)</i></p>	<p><b>Sustainable Forest Management</b></p> <ul style="list-style-type: none"> <li>Forest Certification</li> <li>Best Management Practices</li> </ul> <p><i>Aru Mathias FAO</i></p> <p><i>John Eyre, Senior Policy Analyst, MAF Policy, NZ</i></p> <ul style="list-style-type: none"> <li>Forest Fire Guidelines</li> </ul> <p><i>Gary Lockyer</i></p> <p><i>Rural Fire Authority</i></p>

<b>12.00pm-1.00pm</b>	<b>Lunch</b>		
<b>Session 11</b> <b>1:00pm – 3:00pm</b>	<b>Biosecurity and Trade Facilitation</b> <ul style="list-style-type: none"> <li>• Current Situation in the Pacific</li> </ul> <i>Viliami Fakava, MAF NZ</i> <ul style="list-style-type: none"> <li>• Capacities of Biosecurity Services in PICs</li> </ul> <i>Sidney Suma, SPC</i> <ul style="list-style-type: none"> <li>• Exploring Market Opportunities – case studies on bele, wi and coconut pearls</li> </ul> <i>Mat Porea, FAO</i>	<b>Market &amp; Preferential Access and Fisheries Subsidies (Cont.)</b> <ul style="list-style-type: none"> <li>• Fish Export to EU (Fiji perspective - update)</li> </ul> <i>Paulini Tokaduadua, Ministry of Fisheries &amp; Forests, Fiji</i> <b>Quality, Safety and Certification Aspects for Fish Trade</b> <ul style="list-style-type: none"> <li>• Certification and Eco-labeling in Fisheries</li> </ul> <i>NZ Ministry of Fisheries Representative</i>	<b>Illegal Logging</b> <ul style="list-style-type: none"> <li>• Illegal logging and its impacts on trade</li> <li>• Practices and tools for addressing illegal logging</li> </ul> <i>Aru Mathias FAO</i>  <i>Meredith Stokdijk</i> <i>Manager, International Policy</i> <i>MAF</i>
<b>3.00pm-3.30pm</b>	<b>Afternoon Tea</b>		
<b>Session 12</b> <b>3:30pm-5:00pm</b>	<b>Codex, Food Standards and Food Safety</b> <ul style="list-style-type: none"> <li>• Update on current developments</li> </ul> <i>Raj Rajasekar, NZFSA</i> <ul style="list-style-type: none"> <li>• Codex and food safety related issues of interest to the region</li> </ul> <i>Dirk Schulz, FAO</i>	<b>Quality, Safety and Certification Aspects for Fish Trade (Cont.)</b> <ul style="list-style-type: none"> <li>• MSC Certification in WCPFC</li> </ul> <i>Robert Stone, FFA</i> <ul style="list-style-type: none"> <li>• CITES and Risk Assessment in Aquaculture</li> </ul> <i>Ben Ponia, SPC</i> <i>(Masa Izumi, FAO)</i>	<b>Forest Law Enforcement Governance and Trade</b> <ul style="list-style-type: none"> <li>• FLEGT</li> <li>• ACP-FLEGT Support Programme</li> </ul> <i>George Cunningham, Chargé d'Affaires a.i. Delegation of the European Commission to New Zealand</i> <i>Aru Mathias FAO</i>
<b>DAY 4, THURSDAY, 24 SEPTEMBER</b>			
<b>Session 13</b> <b>8:30am-10:00am</b>	<b>The Art of Negotiating</b> <b>Facilitator:</b>		<i>Alana Billingham</i> <i>Media Associates</i> <i>Wellington, NZ</i>
<b>10:00a-10:30am</b>	<b>Morning Tea</b>		

<p><b>Session 14</b> <b>10:30am-11.30am</b></p> <p><b>11.30am-12.00pm</b></p>	<p align="center"><b>Regional Food Security Programme and Initiatives</b></p> <p align="center"><b>Facilitator:</b></p> <ul style="list-style-type: none"> <li>• Food Security and Sustainable Livelihood Programme in the Pacific Island Countries (FSSLP), and the FAO Initiative on Food Prices (ISFP)</li> <li>• IFAD Mainstreaming Rural Development Innovations Programme in the Pacific (MORDI)</li> <li>• Pacific Food Summit</li> </ul> <p>Country presentation on Rural Development Innovations</p>	<p align="center"><i>Vili Fuavao</i> <i>FAO</i></p> <p align="center"><i>Ron Hartman</i> <i>IFAD</i></p> <p align="center"><i>Dirk Schulz, FAO</i></p> <p align="center"><i>Eroni Sauvakacolo,</i> <i>Lutu Cooperative, Fiji</i></p>
<p><b>12:00pm-1:00pm</b></p>	<p align="center"><b>Lunch</b></p>	
<p><b>Session 15</b> <b>1:00pm-2:00pm</b></p>	<p align="center"><b>Update by Development Partners on Regional Trade Development Assistance Programmes</b></p>	<p><i>FAO – Vili Fuavao</i> <i>IFAD – Ron Hartman</i> <i>NZAID – Vicki Plater</i> <i>PIFS – Dale Hamilton</i> <i>SPC – Aleki Sisifa</i></p>
<p><b>Session 16</b> <b>2:00pm-3:00pm</b></p>	<p align="center"><b>Evaluation, Wrap Up and Closing</b></p> <p align="center"><b>Facilitator:</b></p> <ul style="list-style-type: none"> <li>• Programme for field trip in Auckland</li> <li>• Evaluation</li> <li>• Closing Remarks</li> </ul>	<p align="center"><i>FAO</i></p>
<p><b>3:00pm-3:30pm</b></p>	<p align="center"><b>Afternoon Tea</b></p>	
<p align="center"><b>Departure for Auckland</b></p>		
<p align="center"><b>DAY 5, FRIDAY, 25 SEPTEMBER 2009</b> <b>FIELD VISIT IN AUCKLAND</b></p>		
<p align="center"><b>Programme organized by PITIC</b></p>		