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1. Background and key issues

There are 15 members of the Pacific ACP (PACP) group: the eight original Lomé signatories (Fiji, Kiribati, Samoa, Tonga, Tuvalu, Papua New Guinea – PNG, Solomon Islands and Vanuatu), the six new members which acceded in 2000 (Cook Islands, Federated States of Micronesia, Republic of the Marshall Islands, Nauru, Niue and Palau) and Timor-Leste, which joined the ACP group in May 2003.

Agriculture remains the economic foundation of most PACP countries (between 12 and 39% of GDP). There are serious physical and logistical constraints on competitive agricultural production and trade. These range from limited land area, distance from markets, poor international transportation links and internal road infrastructure to deficient supply chain

"Agriculture remains the economic foundation of most PACP countries"

and value-added chain management. While there are some big cash crop estates in a few countries, agriculture is largely smallholder-based, with only a limited range of commercially produced food and agricultural crops. Increasing

emphasis is being placed on strengthening producer groups and strengthening the functioning of commercial supply arrangements, to lay the basis for greater investment in agricultural productivity.

There is a heavy regional dependence on food imports: most come from Australia (26%), New Zealand (18%) and the USA (10%), with the EU accounting for only 1.67%. The EU, however, provides a market for 40% of PACP agricultural exports

"There is a heavy regional dependence on food imports"

by value (mainly palm oil from PNG and sugar from Fiji). Increasing efforts are being made to target quality-differentiated markets for high-value, low-volume food and agricultural products, as a means of overcoming geographical and logistical constraints.

Growing importance is attached to the production of basic foodstuffs, although only poor growth in agricultural production has been achieved in the past decade. Increasingly, emphasis is placed on working in partnership with a strengthened private sector.

At the policy level in the larger economies, high bound tariffs and non-transparent levies exist, with trends towards trade liberalisation halted in response to the food price crisis. Smaller island economies tend to have lower import duties, with a focus on promoting niche market exports and greater food self-sufficiency.

Intra-regional trade agreements include:

- the Pacific Island Countries Trade Agreement (PICTA);
- the Melanesian Spearhead Group Trade Agreement (MSGTA);
- the current PACER Plus negotiations with Australia and New Zealand.

In PACP countries, a number of challenges are faced along supply chains which inhibit the exploitation of intra-regional trade potential. These hard realities overshadow the processes of trade negotiations.

2. Latest developments

The agricultural sector and regional integration

Agricultural constraints and intra-regional trade agreements

In October 2011 a meeting financed under the 'All ACP Agricultural Commodities Programme' highlighted the constraints facing agricultural production in many Pacific island countries (PICs). It is noted that in most of the Pacific region, agricultural production takes place within smallholder-based farming systems. This creates constraints that compound the underlying geographical realities of the region.

Two major constraints identified at the workshop were:

- a lack of access to financing for investment in inputs to improve agricultural practices and enhance competitiveness;
- a lack of effective access to formal sector markets.

Against this background, considerable importance was attached to building up farmer organisations to facilitate input procurement, reduce input costs, improve marketing and facilitate the attainment of uniform standards required to access the growing tourism market for fresh food products. The importance of developing formal contractual arrangements between agricultural producers and traders/retailers was also stressed. Addressing these issues, it was argued, would provide a stronger basis for the development of high-value, low-volume exports.

During 2011–12, it became apparent that serious constraints continued to be faced in promoting greater intra-regional trade and closer market integration across the Pacific region. At a meeting of the Melanesian Spearhead Group (MSG) Trade and Economic Officials in June 2011, the experience under the MSG trade agreement was reviewed. The low level of intra-regional trade (only 2% of total trade, despite recent growth) was highlighted, with this being attributed to 'inconsistencies in the application of tariff levels, the rules of origin and quarantine procedures' (although similarities in production structures are also a factor). More work on standards and conformance issues and a review of the basic architecture of the MSGTA were thought to be necessary.

Similar concerns were expressed at the Pacific Forum Trade Ministers' meet-

ing in May 2012. President Loeak of the Marshall Islands argued that a 'lack of commitment and the hesitations in intensive engagement on trade matters [were] depriving the region from deriving the real benefits of regional trade.'

This being noted, in 2011 the Australian agro-food group Goodman Fielder expanded its investment in integrated commercial poultry production in Fiji, not only with a view to attaining self-sufficiency in poultry supplies for the Fijian market, but also to initiating an ambitious regional marketing operation. This would target the PNG market and other trading opportunities available under the provisions of the MSGTA and the PICTA.

This suggests that investment in agricultural production may now be taking place in certain PICs to exploit opportunities under intra-regional trade agreements such as MSGTA and PICTA.

The policy challenges arising from efforts to promote foreign investment in developing agricultural potential in PACP countries were highlighted at the end of 2011, when an Indonesian company sought to link investment in rice sector development to exclusive import rights for rice. This promoted a fierce discussion on the role of trade policy in stimulating investment in agricultural development (see *Agritrade* article '[Application of trade policy at heart of PNG rice sector controversy](#)', 19 February 2012).

Underlying realities and the PACER Plus negotiations

The trade capacity constraints of PACP countries overhang the PACER Plus negotiations. A paper from the Secretariat of the Pacific Community in September 2010 concluded that the lack of competitiveness of PACP products is the result of problems spanning the

entire supply chain, requiring an integrated response. These inherent difficulties regularly reassert themselves, while non-tariff measures can also constitute serious barriers. Difficult

“The trade capacity constraints of PACP countries overhang the PACER Plus negotiations”

non-tariff measures include, among other things, meeting the technical requirements for market access, SPS standards, and understanding the changing consumer preferences in target export markets.

Illustrative of the challenges was the decision of Air Pacific to reconfigure its aircraft fleet in the face of increased competition from low-cost airlines. This move will reduce the cargo space available for Fijian horticultural exports to Australia, undermining efforts to expand these exports (see *Agritrade* article ‘[New airline schedules pose challenge to expanding Fijian papaya exports](#)’, 4 December 2011). A further example relates to the application of food safety and sanitary and phytosanitary (SPS) standards by Australia, including annual limits on approvals of new products and long approval time frames (up to 8 years), which are seen as generating unnecessary costs (see *Agritrade* article ‘[Fijian horticulture exports expanding, but facing market access barriers](#)’, 9 August 2011).

This is indicative of the more general situation faced in the Pacific, where duty-free, quota-free access is undermined by the application of non-tariff measures, notably SPS, food safety and quarantine measures. While the primary onus for ensuring compliance with SPS requirements falls on producers, processors, traders and the competent authority in the exporting countries, the final approval for exports to commence lies with the authorities of

the importing country. The procedures used by importing countries for the granting of final approval is often seen as overly bureaucratic and implicitly protectionist.

While ‘aid for trade’ programmes – such as the Australian Agency for International Development (AusAID)-funded Pacific Horticultural and Agricultural Market Access (PHAMA) Programme and the EU-supported FACT programme, extended through the Improving Agricultural Commodity for Trade (IACT) programme – will begin to address this problem from the exporter side, initiatives are also required from the importing side, with this constituting an important area for elaboration in the PACER Plus negotiations. In this context it should be noted that at the May 2012 Forum Trade Ministers’ meeting, Australia undertook to ‘provide a response on its restriction on kava imports prior to the next PACER Plus meeting in November 2012’.

It has repeatedly been acknowledged that ‘PACER Plus should not result in a conventional free-trade agreement and that it should contain provisions that would ensure sustainable growth and development’ in Pacific Island countries. In May 2012 six priority areas for work were agreed upon:

- SPS measures;
- technical regulations;
- standards and conformity assessment procedures;
- development assistance;
- rules of origin;
- customs procedures.

These priority areas complement the long-standing focus on addressing physi-

cal infrastructure constraints on trade, and supporting trade development.

Within the PACER Plus process there is a consensus on the need for a new type of trade agreement, creating a development instrument capable of addressing the serious constraints on economic development in PICs. However, analysts have highlighted the problems faced in operationalising this commitment in practice.

As developments in 2011–12 highlight, specific breakthroughs are periodically made for individual products (e.g. the initiation of Tongan exports of water-melons to New Zealand), but systemic problems remain that need to be addressed either within the process of negotiations or as part of broad-ranging flanking measures.

In March 2012, private sector representatives also stressed ‘the importance of ensuring consultations were linked to progress in the negotiations’ and pointed out that such consultations need to be undertaken in a timely manner in order to be effective.

‘Aid for trade’ issues and the ‘development dimension’ in trade negotiations

In August 2011 Pacific ministers called for increased assistance in support of the Pacific Aid for Trade Strategy, established in 2009 to assist PICs in:

- a. expanding their supply capacity;
- b. addressing the ‘structural, institutional and capacity challenges that stop Pacific businesses from trading more successfully with other Pacific island countries and with the world’; and
- c. building a strong and capable private sector that can take advantage of new market access opportunities.

While the creation of the Office of the Chief Trade Advisor was intended to assist in addressing the capacity constraints faced within PICs when negotiating trade agreements with developed economies, a presentation in March 2012 by the regional private sector organisation PIPSO highlighted the scale of the challenges still faced. PIPSO identified the need for:

- a clear identification of areas where improved market access can bring real gains, including through the elimination of non-conductive rules of origin requirements;
- the elimination of non-facilitative quarantine facilities;
- the reduction of costly certification requirements;
- a clear identification of tariff lines where continued protection is needed (i.e. tariff line exclusions) and tariff reduction commitments need to be deferred ('back-loaded');
- a clear and rational classification of tariff lines within tariff bands that are subject to specific tariff reduction/elimination commitments; and
- an identification of sensitive products to be subject to special safeguard arrangements and the elaboration of appropriate safeguard arrangements;
- improved and more timely private sector/public sector consultations on the conduct of trade negotiations.

These challenges provide important background to the discussions in the Economic Partnership Agreement (EPA) context on the so-called 'development dimension' of a trade agreement, which needs to provide a framework for addressing all issues

constraining the export potential of Pacific island countries.

For example, while kava represents one of the few agricultural products where PACP countries have the potential to develop non-traditional exports to the EU, access is currently blocked on SPS grounds, following claims from the German health authority regarding the liver toxicity of certain kava ingredients. This has led to the launch of the 'Kava initiative' by the 'Friends of Kava', which aims to ensure that the current ban on imports of kava into the EU is addressed as part of the comprehensive EPA process. This initiative affects provisions of the proposed agreement dealing with agriculture and SPS issues, as well as possible 'aid for trade' flanking measures.

It is felt that the 'Kava Initiative' potentially offers an opportunity to address the wider structural issues related to the establishment of an objective basis for determining the appropriateness of health-related trade restrictions adopted

"The Kava initiative potentially offers an opportunity to help establish an objective basis for determining how appropriate health-related trade restrictions are"

through the application of the precautionary principle. This is seen as adding real substance to the EPA in addressing what is now a critical constraint on export development by providing a framework for addressing non-tariff barriers to market access in areas where PACP states have an export potential (see [Agritrade article 'Pacific ministers move EPA process forward, but focus on red-line contentious issues'](#), 6 September 2011).

The agricultural sector and developments in the EPA negotiations

The EC market access regulation and Generalised System of Preferences (GSP) reform

On 30 September 2011 the European Commission adopted a proposal 'to amend the Market Access Regulation ... 1528/2007', which provides transitional duty-free access to ACP countries whose governments have initialled an interim EPA. This proposal calls for the European Commission (EC) to be empowered to 'amend the list of countries that benefit from the preferences' by removing those that have not taken the necessary steps towards ratification of an EPA. The EC would be empowered to reinstate countries on the list where the governments concerned have completed ratification and begun implementation. This proposal *de facto* establishes a deadline of 1 January 2014 for the signing and ratification of initialled interim EPAs, if duty-free, quota-free access is not to be lost.

The Commission acknowledged that 'the loss of preferential market access may hit several countries hard', but believed there is sufficient time to complete the EPA process before 1 January 2014. The EC proposal nevertheless caused concern in countries whose governments had not yet signed and ratified their initialled IEPAs, including Fiji, where concerns arise over, *inter alia*, the future of sugar preferences.

In the absence of a signed and ratified EPA, from 1 January 2014 Fiji would face the imposition of very high tariffs on imports of sugar into the EU (between €339.1 and €419.1/tonne), affecting three-quarters of total exports to the EU. This would require a major reorientation of Fiji's sugar trade.

While in the course of 2011 it became apparent that high global sugar prices and shifting patterns of global sugar demand to the Asia-Pacific region were opening up other export opportunities for sugar, it was also apparent that substantial obstacles need to be overcome before the Fijian sugar sector can bring about such a reorientation of its trade (see *Agritrade* article '[Trade negotiations process in Pacific up in the air](#)', 3 April 2011).

The EC September 2011 proposal, therefore, increases pressure on the government of Fiji to bring the EPA process to a close before 1 January 2014, either regionally or bilaterally. This was given added impetus by the EC May 2011 proposals for GSP reform, which proposes to 'graduate' upper middle income countries out of the EU's GSP scheme. This would affect Fiji and Palau.

Regional negotiations on a comprehensive EPA

Throughout 2011 and into 2012, PACP governments reiterated their commitment to concluding the EPA negotiations. In July 2011 eight PACP governments submitted revised market access offers while following extensive national consultations; revised legal texts on contentious issues were also submitted to the EC for discussion and comment.

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In September 2011, while it was acknowledged that some PACP states still needed to finalise their market access offers, the Secretary General of the Pacific Islands Forum Secretariat reported substantial progress in the EPA negotiations, maintaining that the

negotiations 'were entering their concluding phase'.

However, in May 2012 following the Forum Trade Ministers' meeting, a statement was issued urging the EU to 'provide its written comments on the draft legal text, the development cooperation chapter and the market access offers that were submitted by the Pacific ACP region in July 2011'. The PACP ministerial spokesperson maintained that 'the onus is now firmly on the European Commission to increase the level of engagement with the Pacific to conclude negotiations by 2012'. The press release noted that 'the last formal, face-to-face negotiation session between the Pacific ACP bloc and the EC was in 2009', although 'numerous meetings with the EC at various levels' have taken

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place since then. The statement reiterated the commitment of PACP governments to 'conclude a development friendly EPA that will contribute towards addressing the unique trade needs and challenges of the Pacific' (see *Agritrade* article '[PACP governments reiterate concerns over progress in EPA negotiations while trade policy reforms proceed](#)', 16 May 2012).

However, the conclusion of a comprehensive Pacific EPA as a single region is seen as conditional on the EU responding with flexibility on the remaining contentious issues (e.g. export taxes, global sourcing for fresh and frozen fish, development cooperation, non-execution, infant industry, and standstill clauses). PACP governments have made their revised market access offers contingent on EC acceptance of the proposed draft texts on contentious issues (see

Agritrade article '[Pacific EPA negotiations on track but issues remain unresolved](#)', 25 October 2011).

In January 2012 a retired Pacific trade negotiator was cited in the press as setting out a range of issues that remained to be resolved in the negotiations. These included:

- the absence of 'development measures';
- the absence of progress on bilateral market access offers tabled by Pacific governments;
- the absence of progress on proposed texts related to 'contentious issues';
- the EC response to the Pacific request for further improvement in rules of origin for a wider range of fisheries products;
- shifting positions and lack of agreement on the basis for agreements on fisheries access for EU vessels (see *Agritrade* article '[Pacific EPA to be concluded by 2012](#)', 25 February 2012).

Implementation of bilateral interim EPAs

On 15 April 2011 the first meeting took place of the Papua New Guinea-EU Trade Committee established under the bilateral EPA. At this meeting the EC committed the EU to supporting the implementation of the agreement and deepening its coverage to include provisions on development, services, investments and sustainable management of fisheries. The EC favoured undertaking this process in a regional context by widening the 'membership to other Pacific Island States'. The government of PNG had yet to decide whether to pursue this deepening of the agreement in a regional context or bilaterally.

A second meeting of the Papua New Guinea–EU Trade Committee was held in February 2012. At this meeting the government of PNG highlighted progress made in establishing duty-free trade with the EU, with implementation of its tariff elimination commitments scheduled for completion by mid 2012.

At this meeting the government of PNG also raised concerns about processes of preference erosion in the palm oil and fisheries products sectors. The EC recognised these concerns but pointed out it would be a slow process with the affected sectors in PNG having ‘time to adapt to the changes’.

At the February 2012 Trade Committee meeting, the interest of various PACP governments (Tonga, Marshall Islands and Solomon Islands) in acceding to the interim EPA was noted. However, by February 2012, no country had made any formal request to accede to the bilateral PNG–EC IEPA, in accordance with Article 80 of the agreement. The meeting highlighted the practical difficulties faced in seeking to negotiate simultaneously at both the bilateral and regional levels.

Despite its commitment to a regional approach, under which Fiji proposes to address some of the restrictions contained in the IEPA, and given the slow progress of regional level negotiations, Fiji is actively considering completing the IEPA ratification process. This needs to be seen in a context where some other PACP governments have questioned the additional benefits to be gained from an EPA, given the alternative trade arrangements on offer (e.g. the ‘Everything but Arms’ initiative). Still others such as Tuvalu, while facing the prospect of falling back on standard GSP market access arrangements, are not significant exporters to the EU.

Wider trade developments and the agricultural sector

Trade trends with third countries

Across a wide range of sectors, PACP countries are exploring possibilities for the diversification of trade, in order to take advantage of shifting patterns of global economic growth. Thus in terms of traditional trade relations with the EU, we find Fiji exploring possibilities for renewing sugar exports to Japan, Singapore and, following serious floods in 2011, Australia. This forms part of

wider aspirations to shift Fijian sugar production up the value chain towards

“PACP countries are exploring possibilities for the diversification of trade in order to take advantage of shifting patterns of global economic growth”

the packaged white sugar market. An evaluation of the technical and economic feasibility of such a development is under preparation. However, production difficulties mean that priority continues to be accorded to fulfilling contractual obligations to Tate & Lyle Sugar.

Targeting quality-differentiated markets

The case of Vanuatu cocoa

Certified organic cocoa has been exported from Vanuatu since 2006, and organic cocoa now makes up about a third of all cocoa exported from the country. The Vanuatu Organic Cocoa Growers Association (VOCGA) brings together 1,200 cocoa farmers and assists in drying beans in strictly monitored conditions to ensure consistently high quality. A 10% price premium above conventional market prices is obtained through a marketing arrangement with the French chocolate company Kaoka. The French company also provides technical support and equipment to growers, while VOCGA ensures that its members adhere to the agreed standards, which are set by the Europe-based organic certifying agency Ecocert.

The case of Nature’s Way Cooperative

The Nature’s Way Cooperative in Fiji provides an example of successful public–private partnership in developing production and exports. Initially, aid for trade funds was mobilised to establish a private sector-based body to manage quarantine and other export requirements for small-scale farmers. The private producers, however, are now fully responsible for managing the day-to-day operation of the business, with no public sector interference. The public sector focuses on negotiating the reduction of barriers to market access in third countries. The experience of the Nature’s Way Cooperative demonstrates the importance of ‘careful design and planning of public–private collaboration and good management over time’.

Sources: All ACP Agricultural Commodities Programme, ‘Certification: Opportunities and challenges for Pacific producers’, Pacific Brief No. 3, September 2011 and ‘Public policy support for smallholder agriculture’, Pacific Brief, no. 2 August 2011

Efforts continue to develop low-volume, high-value, quality-differentiated exports as a means of overcoming the inherent transportation and logistical disadvantages faced in the region. These range from Samoan dried organic banana exports (see *Agritrade* article '[Organic export markets under development for Samoan producers](#)', 20 November 2011), through certified organic cocoa

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exports from Vanuatu, to the high-value horticultural products exported from Fiji by the Nature's Way Cooperative (see [Box: Targeting quality-differentiated markets](#)). These often involve the development of close relationships with importing partners to ensure, on the one hand, a deeper understanding of end user requirements, and on the other, the payment of premium prices for the achievement of compliance with these requirements.

A number of questions arise: How can the success of individual initiatives in particular agro-food supply chains be generalised across more products and more Pacific island countries? What type of public policy framework is required to promote such initiatives? What types of public policy support tools are required? And what types of public-private partnership (PPP) arrangements are required?

Third-country trade negotiations

The state of discussions with the USA on a possible trade and development agreement was reviewed at the May 2012 Forum Trade Ministers' meeting. Significantly the Pacific island countries are seeking a 'preferential, non-reciprocal development orientated broader trade and economic agreement with

the USA'. The USA thus joins China and Japan on the list of countries with which PACP states are proposing to explore trade agreements.

While it was felt that 'engagement in trade negotiations with the USA should be undertaken', the capacity constraints faced in PICs in engaging in 'multiple trade negotiations' were highlighted. In this context the importance of ensuring that new trade negotiations did not compromise 'current regional integration initiatives' was stressed, with the Forum Secretariat being directed to formulate a strategy for the conduct of negotiations for approval at ministerial level.

PACP states and the World Trade Organization (WTO)

On 10 May 2012 the government of Samoa formally completed the internal ratification process related to its accession to the WTO. While the government of Vanuatu's application has been accepted by the WTO memberships, it still has to undergo the final stages of approval under domestic legislative procedures. This will bring to six the number of PACP governments which have formally acceded to the WTO (Fiji, Papua New Guinea, the Solomon Islands, Tonga, Samoa and Vanuatu). These countries are jointly represented in Geneva by the Permanent Delegation of the Pacific Islands Forum to the WTO.

However, the process of PACP countries' accession to the WTO is not without its critics. Criticisms hinge on the extent to which WTO rules accommodate the particular problems facing small island developing countries and the capacity constraints faced in managing processes of structural reform. Particular concerns have been raised over the process of fiscal adjustment in countries such as Tonga. While the link to WTO accession may be disputed,

the scale of the fiscal and economic difficulties facing Tonga is a hard reality. In March 2012, the Australian government announced US\$6 million in support to the health and education sector, with the aim of assisting the Tongan government in delivering 'critical health and education services in a challenging fiscal environment'.

New WTO rules on the accession of LDCs have been agreed which could assist the accession of PICs to the WTO. According to Reuters reports, 'under the new rules, LDCs hoping to join will not be asked to cut the average "bound tariff" for agricultural goods – the legal ceiling once they join the WTO – below 50%'. For 'non-agricultural goods, [LDCs] will be allowed to keep 95% of tariffs at an average bound rate of 35%'. Longer transition periods will also be allowed, subject to case-by-case review.

3. Current policy debates and issues

Competition issues arising from investments in exploiting regional trade agreements

While PIC governments may establish high levels of tariff protection to nurture selected national industries, e.g. poultry industries, this can carry important regional trade implications. High levels of tariff protection, by supporting high domestic prices, can generate sufficient revenues for exports to take place on the basis of marginal cost pricing. This can enhance the competitiveness of products imported under intra-regional free-trade area arrangements to the detriment of companies in the importing

country. This in turn could undermine the financial viability of national producers in the importing country to such an extent that in a context of increased globalisation and liberalisation these companies are then taken over by companies in the exporting country.

In the food and agricultural sector, intra-regional trade liberalisation can give rise to a need for harmonisation of both

"Intra-regional trade liberalisation can give rise to a need for harmonisation of both agricultural policy and agricultural trade policy"

agricultural policy and agricultural trade policy. This is a challenge which PICs may face over the coming years if investment in exploiting intra-regional trade preferences takes off.

The challenge of PACER Plus

While it is recognised that the PACER Plus agreement needs to be a new type of trade agreement, major difficulties are faced in operationalising this concept. It has been suggested that the PACER Plus negotiations should focus more on a 'relationship under

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development' rather than a discrete and comprehensive trade agreement. This would require 'a phased approach to economic integration', with new rules being matched by equally firm commitments on resources and flanking measures designed to overcome underlying constraints, and facilitate

the greater integration of PICs production and exports into the regional trading system.

If this is not achieved, a danger exists that the implementation and adjustment costs will outweigh the benefits of any traditional type trade agreement.

An integrated approach to 'aid for trade'

A future challenge to be faced is how to replicate best practices in strengthening the physical and commercial functioning of supply chains across a broader range of agricultural and value-added products in a larger number of PACP countries. Clearly, stronger farmer organisations are required alongside the development of private sector bodies capable of carrying forward dialogue processes aimed at eliminating excessively bureaucratic import requirements in targeted markets. Establishing effective dialogue on this issue constitutes one of the new dimensions that need to be addressed in any development focused trade agreements.

Short-term implications of the EC's September 2011 market access regulation proposal

Uncertainty over the future basis for access for Fijian sugar to the EU market after 1 January 2014 may be complicating efforts to secure support from a strategic partner for the restructuring and modernisation of the sugar sector. The identification of such a strategic partner is seen as critical to moving the Fijian sugar sector in the direction of restructuring similar to that undertaken by Mauritius, which was designed to reposition the Mauritian sugar sector with reference to the shifting patterns of global demand for sugar.

However, this needs to be seen in the context of a wide range of fundamental domestic sugar sector-related issues in Fiji that need to be addressed (e.g. land tenure issues, which are undermining field level investments, and the waning interest in sugarcane farming among families that have traditionally been the backbone of the sugar industry).

There would, nevertheless, appear to be a need to establish a clear and binding timetable for completion of the IEPA process in Fiji, in order to remove this area of uncertainty.

Prospects for a comprehensive Pacific EPA

The reported questioning of the additional substantive benefits to be derived from an EPA by some PACP governments, beyond Fiji and PNG, needs to be seen in the context of the rapidly shifting focus of global economic growth to the Asia-Pacific region. In addition, the linkage between provisions agreed to in the EPA context and PACER Plus process explains why many PACP governments are reluctant to accede to EC requests which, although innocuous enough in an EU-PACP context, could carry important implications where they are extended to the PACER Plus process.

In this context there remains the possibility that some PACP governments may end up opting for unilateral preferential arrangements such as the EBA initiative and even standard GSP treatment, rather than signing on to a comprehensive EPA.

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About this update

This brief was updated in September 2012 to reflect developments since July 2011. The 2011 publication was based on a fuller briefing published in February 2009, and is available on request from agritrade-mail@cta.int. Other publications in this series and additional resources on ACP–EU agriculture and fisheries trade issues can be found online at <http://agritrade.cta.int/>



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It does this by providing access to information and knowledge, facilitating policy dialogue and strengthening the capacity of agricultural and rural development institutions and communities in ACP countries.

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