



## PRESS RELEASE

### **Fiji and PNG pushed into interim trade deal with EU**

**Fiji and Papua New Guinea have initialled a new interim trade deal with the EU in the face of a threat to increase tariffs on Pacific exports.**

The Pacific people's watchdog on trade issues, the Pacific Network on Globalisation (PANG) said PNG and Fiji initialled the interim deal last week in the face of grossly unfair pressure from the European Union. PANG coordinator Roshni Sami said final stages of negotiation for the interim trade agreement were completed "in a mad rush, under the threat of tariff increases".

"There has been no public scrutiny of the implications of signing this deal," said Ms Sami. "Even now that it is initialled, government officials and key stakeholders in the Pacific have very little understanding of what is in the agreement, let alone what the long-term implications are. "What kind of "good governance" is the EU fostering in the Pacific when it strong-arms governments to sign a binding agreement in these circumstances?"

PANG has contacted the European Commission's Delegation for the Pacific, representatives from PNG and Fiji governments, and the Pacific Islands Forum Secretariat, but has been unable to obtain a copy of the new trade deal.

Ms Sami said that without knowing the details of what is in the agreement, it would be difficult to respond to the EU's claims the deal would allow PNG and Fiji to benefit from improved market access and rules of origin in 2008. "The EU talks about opportunities for fishery products like tuna," said Ms Sami. "But we don't know yet what kind of improved rules of origin are being offered, and exports of tuna already have tariff free access to the EU. It seems the EU is really saying they won't hike tariffs on tuna exports, which is not a *new* development opportunity in any way."

"There is little for the Pacific to celebrate when key Pacific development objectives have been pushed off the table, delayed to 2008 while the EU gets what they need in 2007, fundamentally weakening our position on negotiating objectives such as adequate adjustment funding and meaningful temporary labour mobility access," said Ms Sami.

The EU claimed they would have to hike tariffs if the interim trade deal was not signed to meet World Trade Organisation requirements. This was a real threat to PNG and Fiji. If PNG did not sign, for example, the EU would charge a 20 per cent duty on canned tuna exports to the EU. This would put the PNG fishing industry and thousands of jobs at risk. Fiji faces a similar situation with sugar exports to the EU.

The EU has explicitly ignored its obligations under the existing Cotonou Agreement, which provides for market access to the EU at least as good as current access, whether Pacific nations sign a new trade deal or not.

Ms Sami said Pacific governments needed to be aware that Australia and NZ would, at a minimum, demand the same market access as granted to the EU. This would have much bigger consequences in terms of increased competition, loss of government revenue, business closures and job losses.

“The Pacific is being pushed to take a leap into the dark,” Ms Sami said. “Free trade is an irreversible experiment with Pacific economies. There has been very little public consultation about signing new trade liberalisation deals, let alone planning for the negative impacts that flow from those deals.” The EU has only made vague promises of additional aid to compensate for the losses due to liberalisation, after protests against their proposal that the Pacific pay for adjustments out of existing aid funding.

It is widely acknowledged that liberalisation has real costs, in terms of loss of government revenue and policy options, business closures and unemployment. Free trade economists argue that the benefits of opening Pacific markets will outweigh costs. But evidence from recent decades show open-market policies have failed to deliver economic growth for developing countries, and have instead increased existing inequalities.

“At the end of the day, Pacific countries have signed this deal because they cannot risk loss of preferential access or loss of EU aid,” said Ms Sami. “Both of which the EU has threatened to cut.” Over the past 18 months we have watched as Pacific-identified development objectives have been sidelined in the EPA ‘negotiations’, which have really been little more than the EU bullying the Pacific into line.”

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“Make Trade Fair in the Pacific”

**Pacific Network on Globalisation (PANG) is a Pacific Islands regional fair trade organisation based in Suva, Fiji.**