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## **Trade: FIJI, PNG 'TURNCOAT' SPELLS DOOM FOR REGION EPA a sellout**

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After all that have been said and written about securing a fair and decent trade agreement with the European Union (EU), the two largest islands economies in the Pacific threw caution into the wind and signed up with the Europeans.

Papua New Guinea and Fiji—despite clear advice from trade negotiators at the Pacific Islands Forum Secretariat—broke ranks and signed their economic partnership agreements (EPA) with the EU on November 23.

In abandoning their much smaller neighbours, the two biggest countries of the Pacific ACP bloc have also thrown into disarray and chaos the Pacific position on EPA.

What exactly the two countries signed was not immediately clear when this edition went to press as the two trade ministers had not commented publicly on this dramatic development since their return.

It could be established however that the EPA signed is temporary with the final agreement to be thrashed out over 2008, and that the two countries were merely acting out of their desire to protect their exports to Europe; tuna and coffee for PNG and sugar for Fiji.

Officials who were with the ministers last month in Brussels said the two countries had signed a text they themselves had not seen.

“The ministers gave in on virtually every issue to whatever the EU wanted and the EPA negotiations are in effect over,” says an email sent to the Pacific Islands Forum Secretariat from Brussels but forwarded by a third party anonymously to ISLANDS BUSINESS.

“The only issue that remains square bracketed is the non-execution clause which would allow trade sanctions for political violations—unheard of at the WTO and possibly illegal.

“In effect, we have abandoned almost all forms of traditional trade policy. In return, we got nothing. They did not get any commitment on aid-for-trade and Mandelson said he would expand the rule of origin for fish to chilled fish only at the end of the negotiations.”

The magazine has discovered that the author of the email was Dr Roman Grynberg, the director of trade and governance at the Forum Secretariat.

He was unwilling to comment when contacted, saying the email in question was a private communication and wondered how it was obtained by the magazine.

Pacific officials in Brussels said Peter Mandelson, the Commissioner for Trade at the EU, personally threatened to impose duty on Pacific exports if no transitory agreement was signed by December 31.

Mandelson was also accused of insulting and appalling behaviour. When Papua New Guinea's foreign and trade minister Samuel Aba called on him in his Brussels office, Mandelson was reported to have pulled out an atlas, saying he wanted to see where exactly PNG was.

"This is not only the height of arrogance, but I think with this type of people running things for the EU, we are never going to get anywhere," Misa Telefoni, chair in office of the ACP Council of Ministers and Samoa's deputy prime minister, told a gathering of Pacific business leaders in Sydney recently.

"All it takes is a little bit of dignity from both sides because I've always made the point that aid is a privilege, not a right."

The appalling treatment of Pacific ministers was also described in the Grynberg email dated November 14. It says officials and ambassadors were insulted and disgusted, adding: "I had never seen ministers looking so dejected as they left. They knew what they had done."

The Pacific members of the ACP were hopelessly divided on the EPA question, obviously brought about the split.

Some officials also questioned the behaviour of Minister Aba who made it very clear to his Pacific colleagues that PNG would sign the EPA with or without the Pacific support.

There were even speculations that he was conducting secret bilateral talks with Mandelson, who seemed well versed with the differences within the Pacific camp.

The Grynberg email also suggested that Pacific trade ministers who were in Brussels last month defied clear advice against holding any negotiations with Mandelson.

"The day before at the PACPTMM (Pacific ACP Trade Ministers Meeting), the secretariat had advised ministers it would be unwise for ministers to meet Mandelson as he would seek to negotiate the text with them and we were too far apart. They indicated they would not enter into negotiations but that there would be discussions only.

"There was substantial pressure from PNG, Tonga and Fiji to have the meetings. Samoa, Cooks and Vanuatu were very reluctant.

“In the end, they felt they had to see him because they were in Brussels.”

The most disturbing implications of PNG and Fiji’s decision will be on the region’s negotiations over PACER, the Pacific Area Closer Economic Relations with Australia and New Zealand.

Since the EPA signing will trigger negotiations on PACER, the concessions the two bigger countries have signed off with Europe will automatically be extended to the two Trans-Tasman neighbours.

Fiji which has been a victim of four coups over the last two decades will particularly be horrified about the non-exclusion clause it has signed with the EU as it would mean that it would cop severe trade sanctions from the EU, Australia and New Zealand in the event of another coup.

Some critics say the Pacific have only themselves to blame for the disastrous blunder.

Despite the serious implications of having a good EPA, the islands seemingly approached the negotiations with an almost knee jerk and lethargic attitude. Both these countries that wilted under strong, EU tactics and threats had a complete makeover in their trade negotiation teams in recent times. Both ministers, Aba for PNG and Nailatikau for Fiji for instance may be seasoned politicians but are deemed trade novices.

While PNG and Fiji might argue that what they have signed is merely “temporary,” the Grynberg email seems to suggest otherwise.

“The EPA negotiations are in effect over. It will take some time to clean the text.

“We are the first region to close and it will take some time for the international ramifications and blame to be attributed to use for setting the precedent.”