



## PRESS RELEASE

### **Watch out for circling sharks – Pacific urged to consider implications for trade with Australia and NZ**

**Pacific trade negotiators have been warned to be wary of devastating implications for trade with Australia and New Zealand – in negotiations for a new trade agreement with the European Union.**

Trade watchdog, Pacific Network on Globalisation (PANG), says an interim trading arrangement proposed by Pacific and EU Ministers in Brussels this week could trigger free trade negotiations with the Pacific's biggest neighbours. The interim trading arrangement would cover some issues in trade negotiations for a new Economic Partnership Agreement between Pacific countries and the EU, including goods, and leave other matters to be negotiated by the end of 2008.

PANG coordinator Roshni Sami said the proposed interim trading arrangement was a face-saving exercise by the EU, who is desperate to have 'something' signed by the end of the year. She urged Pacific negotiators to "stay strong" and stick by their minimum negotiating positions. In May this year, Pacific Ministers agreed on 'non-negotiable' terms for the EPA negotiations. "Pacific leaders need to remember there are alternatives to the EPA, and it's better to have no deal than a bad deal," Ms Sami said. "This is especially true because a deal with the EU could trigger free trade negotiations with Australia and New Zealand under the Pacific Agreement on Closer Economic Relations (PACER)."

Australia and New Zealand are watching the negotiations between the Pacific and the EU very closely – not wanting to miss out on any trade benefits in what they see as 'their backyard'. In June this year, Australian Trade Minister Warren Truss indicated that Australia would fight to gain equal access to Pacific markets. "It's obviously in Australia and New Zealand's interest that any new deal that the South Pacific countries may do with the EU doesn't disadvantage Australian exporters into those same countries," said Mr Truss. Meanwhile New Zealand's minister of Trade Phil Goff has said a free trade agreement between Australia, NZ and the Pacific was necessary to ensure NZ "is not disadvantaged by preferential access to Pacific markets being given to European countries".

The EU accounts for a moderate proportion of Pacific trade, but Australia and NZ are far and away the Pacific's biggest trading partners.

Lowering tariffs with the EU could have devastating consequences if the same tariffs are lowered with Australia and NZ as well.

Sweeping trade liberalisation would result in major losses of government revenue, cuts to public services, likely business closures and job losses, and a flood of imports undermining local producers.

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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.**