

## Pacific Islands Trade: A year's worth of bad outcomes

posted 28-July-2010

28 July 2010

### **Pacific Islands Trade: A year's worth of bad outcomes**

Adam Wolfenden

Campaigner, Pacific Network on Globalisation (PANG)

Despite being launched only a year ago by Pacific leaders, the negotiations on the Pacific trade agreement known as PACER-Plus are slipping away from the Islands. The bureaucratic forces and power politics of the region's bigger neighbours are already shaping the agenda and outcomes of negotiations in a direction different to the developmental aspirations of the Pacific.

At the Cairns Pacific Island Forum Leaders Meeting last year negotiations for PACER-Plus were launched "forthwith". For Kevin Rudd, as (then) Chair of the Forum, this was both an important public relations coup to deliver to the media and also a key strategic outcome, for Australia, as chair could push forward with negotiations and use the machinery of the Forum Secretariat to that end.

Before entering into negotiations a key requirement for the Pacific was the establishment of The Office of Chief Trade Advisor (OCTA), a body that would support the Pacific in their negotiations. Australia and New Zealand already agreed to provide funding, but it was only enough to keep the doors open, not enough to satisfy the full gamut of support the Pacific needed. Whilst the OCTA can receive funding from other governments and bodies, the onus is on the OCTA to seek this funding out whilst negotiations are already underway making the task of the CTA challenging if not impossible.

The appointment of Dr. Chris Noonan as the Chief Trade Advisor was a welcome move in starting to provide support to the Pacific, however it was marred in controversy. Attempts by the Forum Secretariat to have the Chief Trade Advisor (CTA) directly report to the Pacific Islands Forum Secretariat Director of Economic Governance, former AusAID Trade Official, Dr. Chakirya Bowman, were met by a refusal by Dr. Noonan to sign the contract. It was felt by both Dr. Noonan and the Island Countries that the independence of the OCTA would be jeopardised by reporting to the Forum Secretariat, undermining the ability of the Pacific countries to strategise and prepare for negotiations. Ultimately, it was resolved and the independence of the OCTA was restored, but it was a shot across the bow for the Pacific, a warning of the way these negotiations would go.

The Forum Secretariat was mandated to provide "Secretariat functions" in the PACER-Plus negotiations which is coincidentally still a powerful position because the Secretariat sets the agenda, provides logistic support from travel and is the medium to through which information flows. In addition to the debacle surrounding the appointment of the Chief Trade advisor it has emerged that the Forum Secretariat has made it impossible for island countries to meet on their own to prepare for negotiations. A request from the CTA and the island countries was made to the Forum Secretariat to hold a preparatory meeting in the lead up to the Forum Trade Ministers Meeting in FSM. Not an unusual request considering the financial resource

constraints of the islands and the lack of preparatory time to meet before negotiations. The Forum Secretariat made it extremely difficult for the island countries to meet ahead of the Forum Trade Ministers meeting. In any case the island countries were forced to organise a separate Forum Islands Trade Ministers meeting much earlier in the month to provide the necessary technical guidance to the island officials.

The controversy and delay in establishing the OCTA resulted in one Forum Ministerial Meeting being cancelled and leaving the Pacific under-prepared for the next one. As the April Forum Trade Ministers and Officials Meetings approached, the CTA was only just starting (17 days into the job) yet already Australia and New Zealand were circulating papers on PACER-Plus looking at a range of issues including development assistance, rules of origin, quarantine assessment, and technical barriers to trade. Whilst both Australia and New Zealand were adamant that these papers didn't reflect the positions they were taking, the papers will undoubtedly have the effect of setting the parameters within which negotiations will most likely take place. From the start it appears that the regions bigger neighbours are using their extra departmental capacity to steer the negotiations in their desired direction with a little bit of help from the Forum Secretariat.

That desired direction was then supported by the outcomes of the April Forum Trade Ministers Meeting. Prior to the meeting the Pacific Countries had been resolute on their insistence that national consultations happen prior to any negotiations. After the meeting however, ministers had agreed that consultations happen in parallel to negotiations, the outcome Australia and New Zealand had been arguing for. This represents a major concession on behalf of the Pacific countries as they will now be in the position of having to negotiate without full knowledge of what they want or need to protect. This is yet another demonstration of the way in which these negotiations are slipping away from the Pacific. Key demands are already being lost and things are only just getting warmed up.

Indeed the current 'priority areas' that are being discussed are primarily those areas of greater significance to the Pacific. Issues like Rules of Origin, developmental assistance, technical barriers to trade, and quarantine services are amongst the first to be discussed by trade officials and ministers and offer many benefits to Pacific exporters. However as already stated, Australia and New Zealand have begun using their departmental capacity to stake out the parameters with which these issues will be discussed, as well as taking advantage of the Pacific Islands not having yet had the time to consult with the private and non-government sectors about how these issues could compliment developmental interests. Whilst some might argue that the actions of Australia and New Zealand are simply aimed at raising points of discussion, it remains unanswered as to why only certain trade-rules based options are being explored and why there is such pressure to hastily complete PACER-Plus.

Another impact of discussing those areas of importance to the Pacific first is that it not only ensures the Pacific comes to the table, but keeps them there. With Australia and New Zealand dominating the way in which the 'priority areas' are being discussed, any outcomes won't represent the full wishes of the Pacific, as well as ensure that such outcomes, and whatever benefit they may provide, will now be bundled up in the completion of the agreement. Whilst it is uncertain just what mechanism will be used within PACER-Plus for the negotiation of 'development assistance', which should be driven by Pacific islanders themselves, many of the commitments on funding and support will now be discussed not only as a separate bilateral aid strategy, but bound up in future commitments on trade liberalisation. This leaves the Pacific in the position of having to negotiate permanent commitments on liberalisation in

exchange for temporary commitments on assistance. The Australian and New Zealand concessions on assistance that would normally have come through aid budgets are now the leverage for future negotiations on the liberalisation of areas that are of interest to them.

Within one year we have clearly seen the negotiations on PACER-Plus slip out of the grasp of the Pacific. Not only are the bureaucrats from Australia and New Zealand determining the pace and agenda of negotiations with help from an increasingly compromised Forum Secretariat, but the power politics of the region are as apparent and influential as ever. This is exposing differences between the Pacific Island Countries to their own disadvantage. Come August there will be a new Chair of the Forum which represents an opportunity for a new approach to PACER-Plus, an approach that is in the interests of the Islands.

A moratorium on PACER-Plus is sorely needed for the Pacific to regroup, explore what alternatives are available and consider whether or not it is in their interests to continue down the path of a reciprocal free trade agreement.

Source: Bilaterals.org:

<http://www.bilaterals.org/spip.php?article17772>