



# **The Development Dividend: Making Trade Negotiations Work For Pacific Communities**

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## **Executive Summary**

The process of negotiating a regional trade and development agreement, the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) will be initiated at the 40<sup>th</sup> Pacific Islands Forum Leaders' Meeting in Cairns in August 2009. For both the Australian Government and Pacific Island Governments, there are three fundamental challenges to be faced to secure a development dividend for peoples in the Pacific as a result of PACER Plus.

The first challenge is overcoming the 'democratic deficit' in trade negotiations. Evidence suggests that, in general, regional trade negotiations face democratic deficits, a lack of transparency, consultation and accountability towards the citizens of countries that are most affected by the agreement's outcomes over time. Efforts have been made by the Australian Government to hold discussions with Pacific Island Governments and set up a process for taking submissions within Australia. Some efforts have also been made in sounding out Pacific civil society about their views. However, there is little clear indication of whether, or how, the Pacific Islands Forum Governments will seek to work together to inform their citizens, disseminate research on potential economic and social impacts of sectoral reform and consult on potential impacts of sectoral liberalisation. There is an opportunity for Australian Government-funded research and other studies to be widely discussed in Pacific Island Countries – if the Pacific Islands Forum Governments choose to make it available.

The second challenge is the Global Financial Crisis (GFC). Opportunities for growth in the Pacific are limited in the current climate of declining global demand. The majority of Pacific Island countries are projected to experience slowed growth of their GDPs in 2009. The World Bank states that projected GDP growth for developing countries is at its lowest rate since the 1990s and that 'more fragile and low-growth economies', such as the Forum Island Countries economies, are 'especially at risk'.

Pacific Island countries need to maintain access to advanced markets for their exports so they can continue to experience economic growth and have a chance of achieving their development goals. PACER Plus may represent an opportunity to do this through the establishment of a strong, regional free trade area that maintains their access to Australian and New Zealand markets.

For example, while Pacific Island countries vary in their resource base, a major resource is their people. A long-term labour mobility agreement could counter any decline in remittances due to the GFC and contribute to the development of their workforces. Securing access to the Australian and New Zealand labour markets for unskilled workers is an important opportunity for the Pacific Island countries already recognised by Australia and New Zealand through the Australian Pacific Seasonal Worker Pilot Scheme and the earlier New Zealand Recognised Seasonal Employer (RSE) program.

The third challenge is around the development dividend of the PACER Plus agreement. This regional trade negotiation is different as the Australian Trade Minister, The Hon Simon Crean MP, has clearly linked the outcomes of the negotiations to improving development in the Pacific as highlighted in his 16 February 2009 ABC interview and others. Such a development dividend from PACER Plus would be very welcome and is greatly needed. In addition, the Australian Government has committed to development assistance in the Pacific through the Pacific Partnerships for Development (PPDs), which are negotiated agreements based on mutual priorities and responsibilities. For instance, the Partnerships between Australia and Papua New Guinea and that between Australia and Samoa have a clear link between trade liberalisation and development outcomes.

Significant challenges remain for negotiators from Australia and New Zealand to shift focus in order to reach a different sort of outcome which privileges Pacific Island development above securing a trade outcome focused on Australia and New Zealand's trading advantage. International evidence from authoritative bodies, such as United Nations Trade and Development (UNCTAD), suggests that there are significant power imbalances for developing countries in negotiating with developed countries in regional trade negotiations. This raises the prospect of the same occurring with Australia and New Zealand in regard to developing country Pacific Islands Forum (PIF) members.

While developing countries can gain from regional trade agreements, evidence shows that they are also likely to experience a loss of policy discretion and options in five areas. While sectors for negotiation are yet to be identified, these warnings from UNCTAD are clear:

- 1. Market Access:** The elimination of tariffs and other trade barriers in almost all categories of goods removes important and powerful instruments of industrial and agricultural policy which, in addition to protecting its infant industries, are often indispensable for improving the developing country's supply capacities in the long run. Additionally, this can lead to import surges from developed countries that weaken the terms of trade for developing countries.
- 2. Reciprocity:** In order to comply with the principle of reciprocity, developing countries are forced to cut tariffs from a significantly higher level, especially on industrial products. This makes it difficult for local firms and farmers to compete with imported products, especially when some of these imports remain heavily subsidised by their country of origin.
- 3. Procurement:** The scope for using government procurement as an instrument to support weaker or nascent domestic industries is considerable: public investment and other government spending on goods and services can amount to 10% of GDP or more. National treatment of foreign bidders can result in the loss of market share of local firms and of foreign exchange.

4. **Services:** Foreign participation in service activities may be useful as a complement to the domestic provision of services, but accelerated and excessive liberalisation of key sectors, or even across-the-board liberalisation under legally binding rules of a regional trade agreement, has the potential to disrupt or hinder the process of establishing a national strategy for services.
5. **Intellectual Property:** Copyright and patent provisions can lead to restrictions on the use of local products in the future.

## **RECOMMENDATIONS**

### **To the Australian Government:**

1. To adhere to the proposed gradual process of regional consultation and not lock in deadlines. Within the focus on capacity-building and gradual negotiation, ensure that human development outcomes are uppermost in mind, taking fully into account the diversity of Pacific Island Countries' economies and diversity of capacity.
2. The Australian Government should particularly emphasise, in a culturally sensitive manner, the importance of Pacific Island Governments creating opportunities for consultation and awareness-raising with their communities during trade negotiations.
3. The Pacific Seasonal Worker Pilot Scheme should be extended and developed in the long-term. ACFID calls on the Australian Government to continue to ensure that the Pacific Seasonal Worker Pilot Scheme is based on gender equality, whilst recognising cultural and social norms of recipient countries.

### **To the Pacific Islands Forum:**

4. The opportunity for research (provided through funding from the Australian Government) should include a strong emphasis on Social Impact Assessment. Particular effort should be directed to gendered analysis of the different sectors, recognising the significant role of women in key areas such as agriculture in some Pacific Island countries. Additionally, there needs to be assessment of whether PACER Plus will have a positive or negative potential effect in attainment of the Millennium Development Goals in each country.
5. The outcomes of any research under the Trade Research Initiative should be made widely available, in particular, to local civil society groups. Effort should be made by Pacific Islands Forum Governments to convene meetings of civil society groups to discuss more fully the outcomes of the Australian Government-funded research and any other studies undertaken.
6. In line with Recommendation 5, the Office of the Chief Trade Advisor should be encouraged to convene meetings (either nationally or regionally) in order to disseminate and discuss the outcomes of this research with communities and the media. ACFID recommends that Pacific Islands Forum countries approach the Australian Government as a potential funding source for these meetings.

## 1. INTRODUCTION

New negotiations for a Pacific Agreement on Closer Economic Relations Plus (PACER Plus) will be initiated at the 40<sup>th</sup> Pacific Islands Forum Leaders' Meeting in Cairns in August 2009.

PACER Plus is a 'trade-plus' (trade and development) agreement. Optimistic scenarios claim that the impact of PACER Plus in the region could be to increase trade volumes up to 30%.<sup>i</sup> The proposed PACER Plus is presented as a comprehensive agreement covering reciprocal trade in goods and services that will 'cover virtually every area of economic activity and regulation.'<sup>ii</sup> It grows out of the Pacific Agreement on Closer Economic Relations (PACER) that came into force in 2002. It will comprise provisions on both regional trade facilitation and the framework for economic integration and trade liberalisation between the Forum Island Countries (FICs).<sup>iii</sup>

The 'Plus' refers to the trade assistance and development component that would be part of a free trade agreement concluded under PACER. There are major disparities between the negotiating capacities of FICs when compared with Australia and New Zealand. FIC Governments are smaller and most have limited access to legal and economic resources to effectively engage in negotiations. Australia has been providing training and assistance in trade negotiating which has been reported as a successful venture thus far. Some Pacific ministers also want to establish an independent Chief Trade Advisor, a proposal that has been supported by the Australian Government.<sup>iv</sup>

### The context for discussion and negotiations

Negotiations come after some tensions within the region over trade negotiations with the European Union and general tension with the previous Australian Government. The attitude of the Australian Government has been criticised for a 'tendency, particularly during the Howard years, of seeing the Pacific as full of problem children needing parental discipline and scolding'.<sup>v</sup> Previous PACER talks have also been marred by accusations of bullying by Australian and New Zealand trade officials.

'The public behaviour of Australian officials at some of the meetings was appalling....The not-too-subtle implication was 'we've paid for all of this, why are you being so ungrateful in excluding us'....The whole experience was stressful and demoralising for me, let alone for the Pacific Islands negotiators. There were times that I felt ashamed to be a New Zealander; I was just pleased that I was not an Australian.'

Jane Kelsey, *Big Brothers Behaving Badly: The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)*, Pacific Network on Globalisation.

There are concerns that Australia and New Zealand are pushing ahead with PACER Plus at a time when the FICs are locked in negotiation on several fronts, particularly with the EU on the Economic Partnership Agreements (EPAs) which have been contentious for some countries in terms of EU negotiation styles; and with each other on Pacific Island Countries Trade Agreement (PICTA) while the global community is yet to successfully conclude the WTO Doha negotiations – the so called 'development round'.

Diplomatic relations between FICs have traditionally been conducted with an emphasis on ‘conversation and consensus, respect for sovereignty and non-interference in the internal affairs of neighbours’<sup>vi</sup> The ‘Pacific Way’ and the cultural tendency, particularly of Melanesian peoples,<sup>vii</sup> to remain silent or even assent to propositions to which they are in fact opposed casts doubt on the openness of communications in trade negotiations. PACER Plus negotiations have been criticised for being ‘closed door’.<sup>viii</sup> There is also the risk that FICs feel locked into the agreement for fear that ‘saying no’ will damage relations with Australia and New Zealand on whom the FICs rely for a significant portion of their development assistance.<sup>ix</sup>

Even before May 2009, some commentators had observed a decline in the ‘Pacific Way’ and an increased strain on inter-FIC relations, for example, due to the actions of PNG and Fiji in signing EPAs against PIF consensus and especially following the PIF threats to suspend Fiji from the Forum.<sup>x</sup> On 2 May 2009, Fiji was officially suspended from the Forum due to continued military rule. This adds a complicating factor to the intended negotiations as it is a large regional economy compared to some other FICs, but it will not be automatically included in negotiations at this stage.

The Rudd Government has made concerted efforts to repair the damaged relationship and has had some success, aided by an increase in direct diplomacy and ministerial visits to FICs.<sup>xi</sup> The Trade Minister, the Hon Simon Crean MP, and Parliamentary Secretary for International Development Assistance, the Hon Bob McMullan MP, have made visits to FIC countries to consult and re-assure both Governments and selected civil society groups of Australia’s good intentions with regard to PACER Plus.

While some sectors of civil society, including the vocal NGO Pacific Action Network on Globalisation (PANG), take a strong stance on challenging the proposed agreement and Australia’s presumed role, there are representatives of FICs who are more positive. Tonga’s Trade Minister, the Hon Lisete Akuola, for example, has supported the approach of Minister Crean who, he suggests, has attempted to take into account the individual circumstances of countries. Akuola suggests:

*“there are a lot of opportunities there and until we get into the nitty-gritty of negotiations I think there’s been a lot of speculations and pre-judgements that may not reflect, in all fairness, what PACER-Plus has to offer.” (April, 2009)<sup>xii</sup>*

## **2. THE DEVELOPMENT DIVIDEND?**

The Pacific Islands Forum defines ‘sustainable development’ as being one of its four goals, along with economic development, security and good governance and defines sustainable development as:

*“...the integration and mutual reinforcement between the three pillars of economic development, social development, and environment conservation (where conservation is defined as wise use, including protection, in some circumstances). Essential requirements for sustainable development include active stakeholder participation, poverty eradication, changing unsustainable patterns of production and consumption, and managing and conserving the natural resource base for economic and social development, while maintaining the underlying ecological processes.”<sup>xiii</sup>*

The Australian Government is promoting PACER Plus as providing a structure to ensure increased trade and economic integration between the countries of the Pacific as well as their gradual integration into the world economy. PACER Plus has also been presented as a trade agreement designed to incorporate trade capacity building and trade development assistance to strengthen the ability of Pacific Islands Forum countries to trade.

Minister Crean, has described the proposed PACER Plus agreement as a 'new approach' to Pacific relations and emphasised that it will mark a 'new era of cooperation with the Pacific, based on shared development aspirations'<sup>xiv</sup>. Moreover, he has made the connection to sustainable development:

*'What's in it for the region is greater stability, greater economic security and, I hope out of this process, a better accommodation of the different stages of development the different countries are in, a proper recognition of their capacity building, their infrastructure, their skills needs, and a proper understanding and better understanding of the cultural dimension to the challenges that confront.*

*'We want this to be a comprehensive approach. What Australia's enthusiastic about is not getting just another trade deal, but getting a basis for sustainability, long term, in the region.'*<sup>xv</sup>

Moreover, trade liberalisation is a commitment under the recently signed PNG-Australia Partnership for Development (see Clause 2.3). It is also a commitment as part of the Samoa-Australia Partnership for Development.

Given Minister Crean's positive rhetoric, and this positioning of trade liberalisation within what are essentially bilateral aid and development agreements, alignment and meaningful implementation between the goals of human development and concluding and implementing the PACER Plus negotiations becomes vitally important for people's livelihoods in the Pacific.

The international record of regional trade agreements benefitting developing countries is mixed. It shows that these agreements can either improve the livelihoods of people in developing countries or debilitate or remove important economic levers that developing country governments hold to help ensure the economic viability of certain sectors and Government-funded programs which affect the livelihoods of people.

There has also been discussion around a labour mobility scheme – a suggestion that has been very popular with FIC Governments. In November 2008, several FIC Governments signed on to the Pacific Seasonal Worker Pilot Scheme<sup>xvi</sup> the outcomes of which will be crucial in determining the viability of a more long-term labour mobility scheme.

## 2. Education, consultation and open information

ACFID is concerned about the so-called ‘democratic deficit’ potentially occurring within PACER Plus whereby both developed and developing country negotiators receive little input from the general public, still less information is shared with citizens, public debate is muted and Parliaments have minimal scrutiny.<sup>xvii</sup> The term underscores the fact that trade negotiations are often conducted without the transparency and scrutiny of media, civil society and Parliaments and yet their outcomes will most likely affect the lives of many communities.

Education and consultation of all levels of FIC society is necessary to ensure that PACER Plus is implemented in an open and democratic manner. Current reports on PACER Plus assert that, for the most part, consultations within the FICs civil society have thus far been inadequate.

### Box 1.<sup>xviii</sup>

Papali’i Grant Percival, President of the Samoa Association of Manufacturers and Exporters, described his experience from a Pacific Islands Forum Secretariat meeting in Apia. According to Mr Percival, several members of the forum, Civil Society (CSOs) and Community Based Organisations (CBOs) representatives, were dismissed from the meeting, on the request of the Forum Secretariat officials (including the regional Civil Society representative on the Pacific Islands negotiating team) on the basis that they needed to keep the Pacific Island positions a secret for unexplained or unjustified reasons. Members of FIC Governments that were present did not protest the dismissals, but rather supported the requests of the Forum officials, perhaps – as Mr Percival suggests – due to a lack of understanding.

**Interview with Papali’i Grant Percival, 1 May 2009**

### Box 2.<sup>xix</sup>

We’ve learnt from now almost 30 years of attempting reform that if you don’t really develop that ownership in the country and if you don’t develop that understanding then it’s just very hard... so much more can be done in terms of developing the material to give education, helping with education and understanding about these things.’

**Ron Duncan, *Economist*, May 2009**

Forum Island countries could be encouraged to ensure their citizens are aware of, and understand, the benefits and costs of PACER Plus in advance and invest in opportunities to engage their citizens. Private sector engagement is particularly important given the potential impacts on local industry under PACER Plus.

As stated many years ago by the Parliamentary Secretary for Pacific Island Affairs, the Hon Duncan Kerr, ‘Clearing the way for debate to take place before significant international agreements are finalised would help identify crucial sticking-points, contribute to reducing paranoia about innocuous proposals and help build a transnational constituency of citizens who would understand and be committed to any finally agreed measures.’<sup>xx</sup>

Such Government dialogue with citizens falls within the parameters of the Australian Government initiated Pacific Partnerships for Development which, for example, in the PNG-Australia Partnership Agreement, include priorities to 'build human and institutional capacity within government systems and non state Actors'.

For example, findings of the Australian Government-funded Trade Research Initiative, which will be undertaken by researchers chosen by each FIC Government on sectors nominated by them, could be made publicly available, in particular, to local business and civil society groups. The Pacific Islands Forum could lead in creating opportunities within countries and regionally to discuss more fully the outcomes of the Australian Government-funded and other research.

Social Impact Assessment is vital, once sectors have been identified for negotiation, to assess the degree of impact or dislocation that liberalisation might incur on the provision of services and livelihoods. Particular effort should be directed to undertaking a gendered analysis of the potential effects of liberalisation upon different sectors, recognising the significant role of women in key sectors such as agriculture in some PICs, as well as the overall effects of liberalisation on attainment of the Millennium Development Goals.

### **The Global Financial Crisis and PACER Plus**

The developing world is in a position of great vulnerability as it has fewer resources than developed nations to respond to the Global Financial Crisis. While advanced nations such as the United States and Australia inject large stimulus packages into their economies to mitigate the effects of the recession on their nation, developing countries simply do not have the fiscal capacity to initiate such measures.

The FICs face additional challenges due to their isolation from major markets, already limited foreign investment and smaller economies with reliance on narrow funding bases.

The World Bank has identified five key areas in which developing countries will feel the impacts of the crisis: declining commodity prices, collapsing global trade, disappearing private capital flows (including reduced foreign investment), falling workers' remittances and reduced aid flows.<sup>xxi</sup> The response of the FICs to these challenges will have important implications for their development.

In the face of the global financial crisis, opportunities for growth in the Pacific are limited in a climate of declining global demand. The majority of the FICs are projected to experience slowed growth of their GDPs in 2009 (see Table 1). The World Bank states that projected GDP growth for developing countries is at its lowest rate since the 1990s<sup>xxii</sup> and 'more fragile and low-growth economies' such as the FIC economies, are 'especially at risk'.<sup>xxiii</sup>

Growth prospects are declining in both goods and service industries. Some FICs are heavily dependent on international tourism for income. International tourism to the Asia and Pacific regions has contracted, with growth slowing from 11% in 2007 to 2% in 2008 and Oceania (the Pacific), in particular, experiencing negative growth of -1.5%.<sup>xxiv</sup>

The FICs will suffer from reduced export volumes owing to the slump in demand for both commodities and manufactured goods. Pacific economies are reliant on access to advanced markets for their exports and many of these key export markets have been heavily affected by the recession (see Table 2).

**Table 1<sup>xxv</sup> Slowed growth projected for FIC GDP in 2009**

Forum Island Country	Real GDP (% Change)				
	2007 % growth	2008 % growth	2007-2008 change in rate of growth	2009 % growth	2008-2009 change in rate of growth
Fiji *	-3.1	2.5	+5.6	2	-0.5
Kiribati	2	3.7	+1.7	2.5	-1.2
Papua New Guinea	6.21	5.751	-0.459	4.69	-1.061
Samoa	5.99	4.49	-1.5	4	-0.49
Solomon Islands	10.3	7.318	-2.982	4.006	-3.258
Tonga	-3.157	1.21	+4.367	2.629	+1.419
Vanuatu	6.5	6	-0.5	5.5	-0.5

\* Note: Fiji was suspended from the Forum in 2009

FICs need to maintain access to advanced markets for their exports so they can continue to experience a good rate of economic growth and stay on course towards achieving their development goals. PACER Plus may represent an opportunity to do this through the establishment of a strong, regional free trade area that maintains FIC access to Australian and New Zealand markets.<sup>xxvi</sup>

The challenge remains that Australian and New Zealand markets are also deeply affected by the global downturn. There is no clear indication of how long the global recession will last and FICs will not profit from access to Australian and New Zealand markets if demand remains low for their commodity exports.

## Declining commodity prices

Commodity prices experienced a sharp decline towards the end of 2008. Oil prices fell 69% and non-oil commodities including food, beverages, agricultural raw materials, metals and minerals, declined 38%.<sup>xxvii</sup> FICs are reliant on primary commodities as a significant percentage of their export market and are vulnerable to the volatility in the commodity market (see Table 2).<sup>xxviii</sup>

**Table 2 FICs are reliant on primary commodities for export**

FIC	Main exports <sup>xxix</sup>	Main Export Markets <sup>xxx</sup>
Fiji*	sugar, garments, gold, fish, mineral water	1 Singapore 18.6% 2 United States 14.7% 3 United Kingdom 14.2%
Kiribati	fish, seaweed, shark fins	1 Australia 22.8% 2 Fiji 15.5% 3 Hong Kong SAR (e) 9.5%
PNG	gold, copper ore, oil, timber, palm oil, coffee	1 Australia 25.9% 2 Japan 9.5% 3 China 5.8%
Solomon Islands	timber, fish, cocoa, copra, palm oil	1 China 50.8% 2 Republic of Korea 7.0% 3 Thailand 6.8%
Samoa	fish, coconut products, fruit products, processing of automotive components, beer, taro	1 Australia 48.1% 2 American Samoa 30.0% 3 United States 3.4%
Vanuatu	coconut oil, copra, kava, beef	1 Thailand 58.3% 2 India 18.5% 3 Japan 11.3%
Tonga	squash, fish, vanilla beans, root crops	1 New Zealand 33.3% 2 United States 30.7% 3 Japan 13.1%

\* Note: Fiji was suspended from the Forum in 2009.

## Disappearing private capital: fewer prospects for foreign direct investment

The global tightening of private capital flows and decreased availability of credit is projected to force the flow of foreign direct investment (FDI) to developing countries to contract considerably in 2009. This will be 'particularly pronounced in those sectors (for example, mining, oil) for which price declines have been particularly large'.<sup>xxxi</sup>

FDI is a significant opportunity for FIC development and plays a considerable role in the mineral and oil economy of PNG. FICs may face financing gaps if the flow of FDI to the Pacific – which is already lower than in other parts of the developing world – continues to languish. Of particular concern is the inevitable impact on infrastructure spending in the private sector, which is 'critical for long term growth'.<sup>xxxii</sup> Decreased private infrastructure combined with weakened governmental capacity for public infrastructure spending renders FICs ill-equipped to invest in the necessary adjustments for trade liberalisation.

## **Remittances and Labour Access**

Remittances to developing countries were estimated by the World Bank to fall in 2009 and were already decelerating in 2008.<sup>xxxiii</sup> This is of major concern to several FICs for whom remittances make up a significant proportion of GDP (excluding the Solomon Islands, PNG and Vanuatu). Fiji, for example, relies on remittances as the second largest earner of foreign exchange.<sup>xxxiv</sup>

While FICs have limited resources, a major resource is their people. A labour mobility agreement could counter the decline in remittances and contribute to the development of the FIC workforce. Securing access to the Australian and New Zealand labour markets for unskilled workers is an important opportunity for FICs, including countries such as PNG, which have not traditionally benefited from remittances.

### **3. How PACER PLUS can aid human development**

Trade is central to the development and well-being of PICs for the practical reason that PICs are isolated, have limited resources and rely heavily on imports. Given the connection between more open trade, economic growth and poverty reduction, trade is a tool worthy of consideration by PICs in their development plans.

The decision to trade is not – as some literature would suggest – between the extreme and opposing alternatives of protectionism and free trade.<sup>xxxv</sup> Rather, PICs face several decisions on how best to utilise trade to achieve their development goals - both human and economic, for example:

- the scale of trade liberalisation
- the scale, scope and model of economic integration
- the rate of trade liberalisation and integration.

Given the diverse histories and current conditions of so-called ‘developed’ nations, there are a number of measures that should be taken to help ensure good development outcomes.

#### **Vital Areas**

Many of the concerns surrounding the short-term disadvantages or ‘adjustment costs’ are associated with progressive opening to the world trading system. Challenges also arise from the geographical characteristics of PICs. Generally PICs have a small private sector and many lack the necessary technology, capital and skilled workers to compete in the global market place.<sup>xxxvi</sup> The devastating effects of poverty can and do reduce the size, effectiveness and life expectancy of a nation’s workforce. Thus, the theory of comparative advantage might have limited relevance in practice for PICs that have limited opportunities to develop a sustainable base for competition in trade.

Specialisation can compromise PICs as their economies lose diversity. Many PICs are already heavily reliant on one or two key industries. Independent factors, such as reduced demand for a particular product or service, can devastate an entire sector and have large repercussions for these specialised economies. PICs are particularly vulnerable to the impacts of climate change and some, historically, have experienced political instability.

Even the strongest supporters of free trade have arrived at the understanding ‘that trade liberalization is not a magic bullet guaranteed to bring about rapid growth in trade and higher incomes’.<sup>xxxvii</sup> It has also been recognised – most notably by the International Monetary Fund (IMF) – that there are necessary preconditions for successful implementation of liberal trade policy in developing countries – ‘reforms in the absence of which trade openness is a poor idea’.<sup>xxxviii</sup>

Developing countries should consider cautiously the challenges of trade liberalisation as well as seek to enhance its opportunities. Trade in a globalised world is complex and often unpredictable, especially for vulnerable, smaller economies that have had reduced capacity to maximise the benefits of trade while guarding against its negative impacts. PICs in particular are vulnerable to a wider range of consequences. The potential challenges and opportunities of PACER Plus – as expressed by various stakeholders – are presented in Table 3 – drawing attention to the unique circumstance of individual FICs. The table draws generally on a number of resources, unless specifically or otherwise indicated.<sup>xxxix</sup>

As trade necessitates the removal of ‘barriers’, one must recognise the unique obstacles faced by PICs. It is important that PICs are empowered to use trade as a sustainable, responsible tool for economic growth and the achievement of human development goals. In order for this to occur, the needs of individual nations need to be addressed rather than simply implementing a ‘one-size-fits-all’ model for integration into the global economy. To generalise the needs and desired development path for PICs is both ineffective and dangerous. As Professor Joseph Stiglitz points out:

*‘To date, not one successful developing country has pursued a purely free market approach to development...The current trend to force a narrow straitjacket of policy harmonization on developing countries is simply not justified by the available evidence. Economists have learned much about the process of economic development but there is still a lot that we do not know, and in these areas developing countries should be given the freedom to develop their own policy strategies tailored to their own idiosyncratic circumstances.’<sup>xl</sup>*

The UN Conference on Trade and Development (UNCTAD) is the pre-eminent body on analysis of the benefits of trade for developing countries. Its 2007 Trade and Development Report reviewed the evidence on Regional Trade Agreements and the risks and opportunities for developing countries. UNCTAD identified five vital organs that developing countries need to be careful to protect in trade negotiations.

These areas all need to be approached carefully in the PACER Plus negotiations.

## **FIVE VITAL ORGANS FOR PACIFIC ISLAND COUNTRIES TO PROTECT IN NEGOTIATIONS<sup>xli</sup>**

### **1. Market Access**

Under an FTA, a developing country is also expected to grant improved access to its own market for suppliers of the developed country partner through the reduction or elimination of tariffs and often also non-tariff barriers. This often results in a surge in imports, which frequently leads to a worsening of its trade balance with the developed country. The elimination of tariffs and other trade barriers in almost all categories of goods removes important and powerful instruments of industrial and agricultural policy, which, in addition to protecting its infant industries, are often indispensable for improving the developing country's supply capacities in the long run – a precondition for maximizing the potential gains from trade liberalization. Thus the gains for developing countries from improved market access are far from guaranteed; whereas they have to give up a large part of the policy space they might otherwise have used to promote the creation of new productive capacities, industrial upgrading and structural change in their economies.

### **2. Reciprocity**

Because they involve reciprocal commitments, FTAs between developed and developing countries eliminate the special and differential treatment that may be granted to developing countries in the context of other agreements. The reciprocity principle in North-South FTAs places developing countries at a disadvantage vis-à-vis their developed country partners, as they typically enter into the liberalized trade relationship at a less advanced stage of domestic industrial development, implying lower supply and marketing capacities and less potential for outward foreign investment. In order to comply with the principle of reciprocity, developing countries are forced to cut tariffs from a significantly higher level, especially on industrial products. This makes it difficult for local firms and farmers to compete with imported products, especially when some of these imports remain heavily subsidized by their country of origin, as in the case of agricultural products exported from the EU and the United States.

### **3. Government Procurement**

Many FTAs already include not only transparency of government procurement, but also of market access, and the FTA partners are given national treatment rights to compete for government procurement. This has serious developmental implications. Many developing countries apply guidelines that favour the granting of projects to local companies and people (for example by reserving some purchases or projects only for locals, or by allowing the acceptance of local bids that are higher by a certain margin than foreign ones). The scope for using government procurement as an instrument to support weaker or nascent domestic industries is considerable: public investment and other government spending on goods and services can amount to 10 per cent of GDP or more. National treatment of foreign bidders can result in the loss of market share of local firms and of foreign exchange.

### **4. Services**

Foreign participation in service activities may be useful as a complement to the domestic provision of services, but accelerated and excessive liberalization of key sectors, or even across-the-board liberalization, under legally binding rules of an FTA has the potential to disrupt or hinder the process of establishing a national strategy for services. Sizeable domestic market or strong growth in domestic industries, are as, if not more, important than fully liberalized trade and investment regimes.

### **5. Intellectual Property**

Some FTAs oblige developing countries to introduce stricter copyright legislation, which can have adverse effects on technology transfer or access to information and information technology (IT).

**Source: UNCTAD, Trade and Development Report 2007**

**Table 3: PACER Plus: The Development Dividend**

Opportunity	Challenge	Country Specific Example
<ul style="list-style-type: none"> <li>• Reduced tariffs promote freer trade and allow FICs to overcome ‘tyranny of distance’. This is the number one premise of free trade.</li> <li>• Government can introduce tax schemes and other mechanisms to offset revenue losses and broaden revenue base away from reliance on tariffs. (However, it is important to note that it is not practical to tax people who are dependent on informal, subsistence economies rather than on paid employment, as is the case in many PICs).</li> <li>• Taxes can be introduced in such a way that they do not affect the poor (eg: placing them on luxury goods). Also, most poor are in informal sector and rural areas and are harder to tax.</li> </ul>	<ul style="list-style-type: none"> <li>• Pacific governments rely on tariffs and import duties for a significant proportion of their government revenue.</li> <li>• Revenue loss reduces the capacity of governments to provide essential services and to invest in mitigating transition costs of trade liberalisation.</li> <li>• Pacific Island governments risk becoming more dependent on donors (Australian and New Zealand trade assistance) to provide basic public infrastructure.</li> <li>• There is a risk of foreign companies with factories in-country (to avoid import tariffs) relocating when tariffs are removed. This could result in loss of jobs from private sector where local people are employed with foreign companies.</li> <li>• An IMF study shows that, for low income countries, Value Added Taxes can only make up for 30 cents of each dollar lost in revenue from tariffs.<sup>xlii</sup></li> <li>• There are fundamental equity questions posed by the transposition of cost from importers (through tariffs) to the citizenry of FICs (through consumer taxes). Increased taxation ‘unfairly penalises the poor’<sup>xliii</sup> and limits access to basic</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of revenue is of greater concern for countries with heavier reliance on tariffs on Australian and New Zealand products, including (as percentage of budget): Kiribati (14.3%), Samoa (14.0%), Tonga (17.2%), and Vanuatu (17.2%).<sup>xliiv</sup></li> <li>• Countries with less reliance on tariff revenue from Australian and New Zealand products (as a percentage of their budget) include: Fiji (4.9%), PNG (1.4%), and Solomon Islands (3.7%).<sup>xliv</sup></li> <li>• Concerns were expressed in the Institute for International Trade (IIT) report consultations with Melanesian representatives that countries in EPAs with the EU (Fiji and PNG) would suffer too great a loss of revenue due to Most Favoured Nation (MFN) requirements.</li> </ul>

Opportunity	Challenge	Country Specific Example
	<p>goods.</p> <ul style="list-style-type: none"> <li>The possible deprivation of access to basic goods, such as food, poses a risk to human rights – UNDHR Article 25. Additionally, the PACER guidelines state that the Agreement is not in derogation of pre-existing obligations under international law – PACER Art3 s7(c).</li> </ul>	
<ul style="list-style-type: none"> <li>Increased flow of trade up to 30%.<sup>xlvi</sup></li> <li>Cheaper, wider range of imports from Australia and New Zealand.</li> <li>The potential for Australia and New Zealand exports edging out local products is minimal, as there is little production crossover.</li> </ul>	<ul style="list-style-type: none"> <li>The IIT report on PACER Plus concludes that PACER Plus could result in an increase in trade volumes of up to 30%.<sup>xlvii</sup> The report does not address in any detail in whose favour the 30% increase will be, but makes the assumption that the increase will be mutually beneficial.<sup>xlviii</sup> FICs continue to be concerned about Australian and New Zealand products ‘swamping’ local markets.</li> <li>There is no guarantee that consumer goods will be cheaper as economic ‘middlemen’ can increase duties; could create a reliance on imports and raises questions of food security.<sup>xlix</sup></li> </ul> <p><i>Note: Global trade is collapsing due to the global recession which will have significant implications for the growth of FIC economies.</i></p>	<ul style="list-style-type: none"> <li>PNG and Fiji may face complications of trade diversion due to their interim EPAs with the EU.</li> <li>Fiji and Tonga have already reported major health challenges due to imported fatty foods, such as mutton flaps, which have been cited as a major cause in the increase of non-communicable diseases such as diabetes.<sup>!</sup> The ability of FICs to impose public health bans on unhealthy products is limited as most FICs are not WTO members.</li> </ul>
<ul style="list-style-type: none"> <li>Increased foreign direct investment (FDI) can create more jobs in-country.</li> <li>FDI enhances competition between businesses; inefficient business forced out.</li> </ul>	<ul style="list-style-type: none"> <li>Under PACER Plus, foreign corporations will benefit from new laws that promote favourable conditions for doing business. FIC Governments will likely be restricted in their ability to regulate foreign business to promote local employment</li> </ul>	<ul style="list-style-type: none"> <li>Fiji is the economic hub of the Pacific islands and has advantages in technology and public infrastructure. With the implementation of PICTA and PACER Plus, investment and jobs</li> </ul>

Opportunity	Challenge	Country Specific Example
<ul style="list-style-type: none"> <li>Although the volume of FDI directed towards the Pacific region is not as great as in other areas of the developing world, FICs still view FDI as playing a significant role in their development.<sup>ii</sup></li> </ul>	<p>and protect the welfare of their citizens. FIC Governments will also be restricted in their ability to protect infant industry and to ensure goods and services are accessible.</p> <ul style="list-style-type: none"> <li>Pacific businesses have difficulty competing with foreign enterprise: there are few high value goods that FICs can produce more efficiently and FICs are limited by remoteness, high transport costs, lack of capital, lack of infrastructure and technology.</li> <li>Large numbers of local industries will likely go out of business; in fact Dr Wadan Narsey predicts loss of up to three-quarters of Pacific manufacturing businesses, resulting in the loss of thousands of jobs.<sup>iii</sup></li> <li>Governments have limited capacity for providing social safety nets for the unemployed.</li> </ul> <p><i>Note: FDI to developing countries is likely to contract considerably due to the global recession).</i></p>	<p>are likely to centre in Fiji (subject to developments post Fiji's suspension from PIF on 2 May 2009). This is clearly of benefit to Fiji, but not in the best interests of other island countries with smaller economies and less prospects for investment.<sup>iii</sup></p> <ul style="list-style-type: none"> <li>Increased tourism and investment in tourism will be important for smaller countries that have less capacity for trade in goods.</li> </ul>
<ul style="list-style-type: none"> <li>Privatisation improves provision of essential services (transport, education, health etc). This is a component of the 'market rules' premise.</li> <li>Investment in education and training.</li> <li>Privatisation could encourage public sector reform.</li> </ul>	<ul style="list-style-type: none"> <li>Privatisation of services leads to increased price of goods and essential services, raising questions of equity and human rights where such price rises restrict accessibility for the poor.</li> <li>The privatisation of social utilities poses equity and human rights questions, especially due to limited capacity of FIC Governments to regulate the provision of these services if they are privatised. Rural areas especially are at risk of neglect, which presents a dangerous prospect</li> </ul>	<ul style="list-style-type: none"> <li>Commentators on Fijian economic reform have expressed concern that 'remoulding of citizens into consumers sits uneasily in an economy where some 20 percent of the population are located in predominantly subsistence sectors'.<sup>iv</sup></li> <li>Fiji Water is currently undergoing corporatisation, a move which has angered human rights groups who believe that privatisation is the inevitable next step.<sup>vi</sup></li> <li>Many areas of the Pacific Islands are</li> </ul>

Opportunity	Challenge	Country Specific Example
	<p>for the Pacific as a large percentage of the population in FICs is in rural areas and living subsistence lifestyles.</p> <ul style="list-style-type: none"> <li>The loss of jobs and increase in prices of goods and services as a result of privatisation can be a catalyst for civil unrest, particularly in areas already experiencing high levels of political instability.<sup>liv</sup></li> </ul>	<p>vulnerable to external factors that make the environment for FDI less favourable. For example, the susceptibility of FICs to natural disasters such as the 2009 floods in Fiji and the impact of regular cyclones in the region.</p> <ul style="list-style-type: none"> <li>Political instability is also an issue, as evidenced by the Fijian coups and Tonga's Nuku'alofa riots.<sup>lvii</sup></li> <li>Kiribati has expressed concerns about their hard work for economic reform not being rewarded by increased FDI.<sup>lviii</sup></li> </ul>
<ul style="list-style-type: none"> <li>Labour mobility scheme increases job opportunities overseas and the inflow of remittances, which contribute to the availability of credit.<sup>lix</sup></li> <li>Remittances make up a large percentage of income for many FICs and are relatively wide in their disbursement among Pacific Island populations.<sup>lx</sup></li> <li>Families in receipt of remittances are better able to pay for basic necessities and services such as health and education.</li> <li>Remittances have 'raised living standards [and] contributed to employment'.<sup>lxi</sup> For example, a common occurrence in Samoa is for a family to use remittance money to purchase a car, which becomes a means of gainful employment, often for several members of the family or village, as it can be used as a taxi.</li> </ul>	<ul style="list-style-type: none"> <li>Some studies show that remittances do not necessarily represent an effective tool for national development as little remittance income is invested in nationally planned economic growth,<sup>lxiv</sup> and 'governments have not been able to control or to direct the use of remittances'.<sup>lxv</sup></li> <li>Remittances play a complex social role in many FICs.<sup>lxvi</sup> This influences the contribution of remittances to development and may have impacts on the effectiveness of a labour mobility scheme as part of PACER Plus.</li> <li>Emigration from FICs poses challenges through the loss of skilled workers and subsequent brain drain experienced by the home country. This can stall development as human resources, particularly young people, go abroad – often permanently. Impacts are felt hardest in the health and government sector. A temporary labour scheme and one that focuses on</li> </ul>	<ul style="list-style-type: none"> <li>PNG, Solomon Islands and Vanuatu do not have the same tradition of remittances as other FICs,<sup>lxvii</sup> especially the Polynesian countries which have a greater culture of remittances and remittance obligation.<sup>lxviii</sup> A labour mobility scheme would be an important opportunity for these countries. There would be an interesting opportunity for investigation into the different role of remittances in these communities that do not have as strong a culture of remittance obligation.</li> <li>Tongan representatives in PACER Plus consultation have expressed concern about translating the benefits of labour mobility back home.<sup>lxix</sup></li> </ul>

Opportunity	Challenge	Country Specific Example
<ul style="list-style-type: none"> <li>Remittances serve as a 'shock absorber' in times of natural disaster and other crises.<sup>lxii</sup> During such times families in the Pacific may actually receive more payments from their relatives working overseas in response to the urgent need.<sup>lxiii</sup></li> </ul>	<p>unskilled labour avoids many of the challenges posed by more permanent international migration.</p> <p><i>Note: remittances to developing countries could be dropping significantly as a result of the global recession.</i></p>	



- <sup>i</sup> University of Adelaide Institute for International Trade (IIT), *Research Study on the Benefits, Challenges and Ways forward for PACER Plus: Final Report*, The Institute, Adelaide, 2008, op. cit.
- <sup>ii</sup> See, for example: Kelsey, p. 50.
- <sup>iii</sup> Pacific Islands Forum countries include the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu
- <sup>iv</sup> ABC Radio Online: Pacific Beat, 'Australia's Crean happy with Pacific trade talks' (May, 2009), <http://www.radioaustralia.net.au/pacbeat/stories/200905/s2566963.htm>, retrieved 20 April 2009.
- <sup>v</sup> Jack Waterford, 'There goes the neighbourhood' (15 April 2009), <http://www.canberratimes.com.au/news/opinion/editorial/general/there-goes-the-neighbourhood/1486705.aspx>, retrieved 15 April 2009.
- <sup>vi</sup> Graham Dobell, 'The Pacific Way wanes' (August, 2008), <http://www.lowyinterpreter.org/post/2008/08/The-Pacific-Way-wanes.aspx>, retrieved 10 May 2009.
- <sup>vii</sup> Interview with Ron Duncan, 5 May 2009.
- <sup>viii</sup> Jane Kelsey, *Big Brothers Behaving Badly: The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)*, Pacific Network on Globalisation, Suva, Fiji, 2004, p. 7.
- <sup>ix</sup> *ibid.*, p. 16.
- <sup>x</sup> Dobell, op. cit.
- <sup>xi</sup> Edmund Roy 'Aust, Pacific working on damaged relationship' (February, 2008), <http://www.abc.net.au/news/stories/2008/02/10/2158829.htm>, retrieved 5 May 2009.
- <sup>xii</sup> Radio New Zealand International, 'Give PACER a chance, says Tonga Trade Minister' (April, 2009), <http://www.rnzi.com/pages/news.php?op=read&id=45749>, retrieved 19 May 2009.
- <sup>xiii</sup> Pacific Islands Forum Website: <http://www.forumsec.org.fj/pages.cfm/sustainable-development/>
- <sup>xiv</sup> Simon Crean & Bob McMullan, 'International engagement begins in own backyard' *Canberra Times* (August, 2008) <http://www.canberratimes.com.au/news/opinion/editorial/general/international-engagement-begins-in-own-backyard/1254194.aspx?storypage=0>, retrieved 1 May 2009.
- <sup>xv</sup> Interview, Pacific Beat, 16 February 2009, [http://www.trademinister.gov.au/transcripts/2009/090216\\_ra.html](http://www.trademinister.gov.au/transcripts/2009/090216_ra.html) [accessed 28.07.09]
- <sup>xvi</sup> The scheme will trial for three years and provide for 2500 people from participating nations to work for up to seven months per annum in the horticultural industry, as long as there is demand.
- <sup>xvii</sup> Capling, A, Can the Democratic Deficit in Treaty-Making be Overcome, In, *The Fluid State: International Law and National Legal Systems*, the Federations Press (p57-81).
- <sup>xviii</sup> Interview with Papali'i Grant Percival, 1 May 2009.
- <sup>xix</sup> Interview with Ron Duncan, 5 May 2009.
- <sup>xx</sup> Duncan Kerr, *Elect the Ambassador! Building Democracy in a Globalised World*, Pluto Press Australia (2001), p. 153.
- <sup>xxi</sup> World Bank, 'Swimming Against the Tide: How Developing Countries are Coping with the Global Crisis: Background Paper' prepared by World Bank staff for the G20 Finance Ministers and Central Bank Governors Meeting, Horsham, United Kingdom, 13-14 March 2009.
- <sup>xxii</sup> World Bank, *Global Monitoring Report*, p. 2.
- <sup>xxiii</sup> *ibid.*

<sup>xxiv</sup> World Tourism Organisation, 'UNWTO World Tourism Barometer', (7:1 January 2009) [http://www.unwto.org/facts/eng/pdf/barometer/UNWTO\\_Barom09\\_1\\_en\\_excerpt.pdf](http://www.unwto.org/facts/eng/pdf/barometer/UNWTO_Barom09_1_en_excerpt.pdf), retrieved 15 May 2009.

<sup>xxv</sup> Data compiled from IMF, World Economic Outlook Database (October, 2008).

<sup>xxvi</sup> The Hon Simon Crean MP, Australian Minister for Trade, 'Statement: Informal Forum Trade Ministers meeting, 8-9 May 2009, Auckland, New Zealand', [http://www.trademinister.gov.au/releases/2009/sc\\_090509\\_ifmm.html](http://www.trademinister.gov.au/releases/2009/sc_090509_ifmm.html), retrieved 19 May 2009.

<sup>xxvii</sup> World Bank, 'Swimming', p. 3.

<sup>xxviii</sup> Marin Yari. 'Export diversification in Pacific island countries', N. V. L. Linda Low, Thitapha Wattanaputtipaisan, Thelma Kay, Pradeep S. Mehta, Seok-Dong Wang, Marin Yari (ed.), *Bulletin on Asia-Pacific Perspectives 2002/03 Asia-Pacific Economies: Sustainable Growth amidst Uncertainties ST/ESCAP/2219*, UNESCAP, New York, 2003.

<sup>xxix</sup> Data compiled from *United States Department of State – Diplomacy in action*, <http://www.state.gov/>: Background notes on respective countries retrieved 4 May 2009. Available at:

Fiji: <http://www.state.gov/r/pa/ei/bgn/1834.htm> (updated May, 2009); Kiribati: <http://www.state.gov/r/pa/ei/bgn/1836.htm> (updated May, 2009); Papua New Guinea: <http://www.state.gov/r/pa/ei/bgn/2797.htm> (updated March, 2009); Samoa: <http://www.state.gov/r/pa/ei/bgn/1842.htm> (updated February, 2009); Solomon Islands: <http://www.state.gov/r/pa/ei/bgn/2799.htm> (updated March, 2009); Tonga: <http://www.state.gov/r/pa/ei/bgn/16092.htm> (updated May, 2009); Vanuatu: <http://www.state.gov/r/pa/ei/bgn/2815.htm> (updated March, 2009).

<sup>xxx</sup> Compiled from DFAT fact sheets on various PICs: <http://www.dfat.gov.au>.

<sup>xxxi</sup> World Bank, 'Swimming'.

<sup>xxxii</sup> *ibid.*

<sup>xxxiii</sup> World Bank, 'Swimming', p. 7.

<sup>xxxiv</sup> Republic of Fiji. Ministry of Finance and National Planning *Economic and fiscal update: supplement to the 2009 budget address – 'Raising economic growth and alleviating poverty'*, 2008, p. 95.

<sup>xxxv</sup> See, for example, Irwin, *op. cit.*, (esp. Chapter 3).

<sup>xxxvi</sup> PANG, 'Making Waves: Opportunities for Reclaiming Development in the Pacific: Informing Civil Society Responses to the Free Trade Agenda: A Report prepared by the Pacific Network on Globalisation (PANG) for the 2008 Annual Pacific Civil Society Organisation (CSO) Forum', Auckland, NZ, August 12-14, PANG, Suva, 2008.

<sup>xxxvii</sup> Irwin, *op. cit.*, p. 177.

<sup>xxxviii</sup> IMF, *op. cit.*

<sup>xxxix</sup> General sources for table:

- IIT, *op. cit.*
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<sup>xi</sup> Joseph Stiglitz & Andrew Charlton, *Fair Trade For All: How Trade Can Promote Development*, Oxford University Press, New York, 2005, p. 17.

<sup>xli</sup> “The ‘New Regionalism’ and North- South Regional Trade Agreement”, UNCTAD, Trade and Development Report, 2007, [http://www.unctad.org/en/docs/tdr2007\\_en.pdf](http://www.unctad.org/en/docs/tdr2007_en.pdf)

<sup>xlii</sup> Thomas Baunsgaard & Michael Keen, *Tax Revenue and (or?) Trade Liberalization: IMF Working Paper, Fiscal Affairs Department, 2005*, IMF, Washington DC, 2005.

<sup>xliii</sup> PANG (2009), op. cit.

<sup>xliv</sup> Nathan Associates, op. cit., pp. 51-52.

<sup>xlvi</sup> *ibid.*

<sup>xlvi</sup> IIT, op. cit.

<sup>xlvii</sup> *ibid.* p. 1.

<sup>xlviii</sup> *ibid.*, p. 109.

<sup>xlix</sup> Kelsey, *People’s Guide* (2004), op. cit.

<sup>l</sup> *ibid.*

<sup>li</sup> Nileshwan Prasad, ‘FDI data collection & analysis in the Forum Island Countries, Expert Meeting on Capacity Building in the Area of FDI: Data compilation and policy formulation in developing countries (12-14 December, 2005)’, [http://www.unctad.org/sections/wcmu/docs/C2em18p49\\_en.pdf](http://www.unctad.org/sections/wcmu/docs/C2em18p49_en.pdf), retrieved 17 May 2009.

<sup>lii</sup> IIT, op. cit., p. 85

<sup>liii</sup> PANG (2008), op. cit., p. 21.

<sup>liv</sup> Nic Maclellan, Pomp and privatisation: political and economic reform in the Kingdom of Tonga, The Australian Centre for Peace and Conflict Studies Occasional Papers Series, Number 13, March 2009.

<sup>lv</sup> S. Prasad, op. cit.

<sup>lvi</sup> Amnesty International, ‘Water crisis in Fiji’ (media release, March, 2009), [http://www.amnesty.org.nz/media\\_release/Water\\_crisis\\_in\\_Fiji](http://www.amnesty.org.nz/media_release/Water_crisis_in_Fiji), retrieved 9 May 2009.

<sup>lvii</sup> Maclellan, op. cit.

<sup>lviii</sup> Teewe, op. cit.

<sup>lix</sup> Christopher Browne & Aiko Mineshima, *Remittances in the Pacific Region (IMF Working Paper, Asia and Pacific Department, February 2007)*, IMF, Washington DC, 2007, pp. 4-5.

<sup>lx</sup> *ibid.*, p. 5.

<sup>lxi</sup> John Connell & Richard PC Brown, *Remittances in the Pacific: An Overview*, Asian Development Bank, Manila, 2005, p. 11.

<sup>lxii</sup> Browne & Mineshima, op. cit., p. 5.

<sup>lxiii</sup> Interview with Nic Maclellan. 29 April 2009.

<sup>lxiv</sup> Connell & Brown, op. cit., p. 11.

<sup>lxv</sup> *ibid.*, p. 13.

<sup>lxvi</sup> *ibid.*

<sup>lxvii</sup> Browne & Mineshima, op. cit., pp. 3, 13.

<sup>lxviii</sup> Connell & Brown, op. cit.

<sup>lxix</sup> IIT, op. cit., p. 79.