

REGIONAL INITIATIVE TEMPLATE

Please complete each section below.

1. Contact Details

Please provide the following contact details:

Name of individual or group submitting initiative	International Trade Centre (ITC)
Name and position of primary contact	<i>Rajesh Aggarwal, Chief, Trade Facilitation and Policy for Business (TFPB)</i> <i>Ben Czapnik, Adviser, TFPB</i>
Email address	<i>aggarwal@intracen.org</i>
Alternate email address	<i>czapnik@intracen.org</i>
Phone number	<i>+41-22-730 0306 (Mr Aggarwal) or +41-22-730 0513 (Mr Czapnik)</i>
Fax number	
Mailing address	International Trade Centre Palais des Nations 1211 Geneva 10 Switzerland

2. Name of Initiative

Private Sector Advocacy and Participation as a Driver of Regional Integration in the Pacific

3. Background and Rationale

You may consider: What is the issue being addressed by this initiative? What are the causes of this issue? Are there relevant studies that have been carried out to support the issue? Are there links to national, regional or international goals/policies?

Please limit your response to no more than 750 words.

ITC contributes to private sector engagement in regional integration by (i) supporting the private sector's capacity to understand policy issues and engage in evidence-based dialogue; (ii) by creating a constituency for reform and facilitating the politics of reform and (iii) by supporting the development of a regional private sector voice.

Supporting policy enhancement

Many developing countries have benefitted tremendously from export-led economic growth strategies in the last decades, grasping new opportunities in the evolving context of the fragmentation of manufacturing into global production networks and the rise of services trade. This required rapid and innovative responses of the private sector, facilitated by multilateral trade policy reforms and simultaneous liberalisation of domestic trade and investment environment. Experience of successful countries revealed one common theme: the government and the private sector working together towards an enabling environment for maximising export competitiveness, as well as economic and social development. Therefore, public-private dialogue is increasingly recognized as an essential ingredient in improving government policies in developing countries. Yet in the majority of least developed, developing and transition economies, such dialogues may be poorly organised or ill-informed. Effective dialogue at the regional level can be particularly difficult.

The objective of ITC's work in providing policy support is to equip the private sector in developing countries and regions to effectively engage in a fruitful dialogue with their governments and to facilitate the creation of multi-stakeholder platforms for this dialogue to happen. In implementing these programmes, ITC emphasises inclusiveness by targeting its assistance to associations representing the interests of small and medium enterprises (SMEs), including women owned enterprises, and including wider groups of stakeholders such as civil society organisations.

Building stakeholder confidence in trade policy reform

ITC's programme interventions are aimed at supporting a structured and well-informed policy dialogue by improving the capacity of both the public and private sectors to meaningfully engage.

On the public sector side, ITC interventions include: convening and moderating public private dialogues and informing them with technical knowledge and experience of reforms undertaken in other countries and regions. These interventions contribute to enlarging the scope for private sector participation in policy formulation and implementation and improving the quality of decisions by developing better understanding of the business implications of policy options.

On the private sector side, ITC builds the technical capacity of organisations representing the private sector, especially SME interests through specialised training courses, trade intelligence, targeted research and analysis of policies, thereby helping them to engage in evidence-based advocacy. ITC interventions are therefore intended to move away from non-constructive and confrontational interactions between the private sector and governments which can lead to mutual mistrust and poor policy outcomes.

The above mentioned strategy has been implemented through structured public-private dialogues on selected themes in workshops, experience sharing using case studies, advisory services and trainings to build the capacity of apex private sector associations to engage in a constructive dialogue with policy makers. ITC publications and trade intelligence tools are extensively used to build technical capacity of clients.

Regional integration

The formulation and implementation of any regional integration plan, be it at the early phase of a free trade area to the more advanced stages of a common market or economic union, brings about major challenges for both business and government. In order for businesses to fully seize the new trading opportunities offered by regional integration such challenges need to be overcome - typically through government and the private sector working in unison. For it to succeed, regional integration needs strong regional business advocacy to move in the right direction.

Increased awareness on the part of the private sector of the business implications that arise from the implementation of a regional integration will stimulate more fruitful and constructive dialogue and cooperation with policymakers who have been tasked with implementing regional integration initiatives. It can also generate broad-based private sector support policy reform – often much needed when regional integration processes becomes stalled. The more information the private sector has available, the more it will be able to adapt its strategies to the new market (and political) realities and to benefit from the opportunities created – after all the private sector is the first to be affected by the outcomes of this process. It is also hoped that an increased understanding will enable the private sector to mobilize itself more effectively and become more pro-active agents of change within the regional integration process.

ITC's involvement in regional integration assists businesses to identify core issues that inhibit regional trade and mount well-informed and structured advocacy campaign at the regional level to address these issues. Through various programme, ITC strives to build stakeholders confidence in dealing with the changes that will come in the wake of regional integration processes such as PICTA and PACER Plus. This is achieved mainly through the strengthening of the private sector's capacity to understand business implications of regional integration processes and accompanying domestic trade policy reforms. On the side of regional governing bodies and national governments, efforts are made to ensure that they develop understanding of the business interests especially of SMEs while formulating their regulations/positions in selected sectors/issues in the integration process. A main way of achieving this has been support for regular public-private dialogues at regional level, with discussions focusing on cross-cutting or sector specific on policy and regulatory issues.

4. Description

Please provide a brief overview of this initiative. Try to address the following: Does this initiative contribute to a positive change to the region? What makes this initiative of importance to the Pacific region as a whole? Who would implement this initiative? Who are the main beneficiaries? Are regulatory or legislative changes required at the national level to implement this initiative? How would the initiative be funded? Has this initiative been carried out previously? What are the key risks in implementing this initiative? Are there any complementary projects and programmes currently active? What is the proposed timeframe for this initiative? How would the initiative be sustained over the proposed timeframe?

Please limit your response to no more than 750 words.

Support for regional integration within the Pacific Forum Island Countries and private sector involvement in regional negotiations (Pacific Agreement on Closer Economic Relations (PACER) Plus). There exists great potential for intra-regional trade among Forum Island Countries. Whilst an agreement has existed on paper to integrate since 2002, such integration can be described as only shallow at best- the tougher decisions of deeper integration have not been tackled. Whilst regional integration can offer immense benefits in terms of increased trade and development, stakeholders within the Pacific – particularly those from the private sector - are reluctant to ‘think and act regionally’. There is need to raise awareness of stakeholders on the implications of regional economic integration, as well as build the capacity of the private sector to contribute on policy issues. Implementation of trade facilitation reforms in the region, not solely by those Pacific Island countries which are WTO Members, will reduce trade costs, improve the competitiveness of business and provide momentum for greater regional integration.

Similarly in the context of the Pacific Island countries negotiations of a Free Trade Agreement with Australia and New Zealand in the form of PACER Plus there is a need for the private sector to understand the business implications stemming from this process and to better articulate their interests. Occurring in parallel, public private dialogue at the regional level needs to be strengthened so as to lead to well informed negotiation positions.

Broadly put, the programme would aim to:

- Build stakeholder confidence especially in the private sector in national trade policy reforms and their positions in trade negotiations. This helps to: (i) improve the ownership and quality of policy making as the private sector has an important role to play in providing monitoring and feedback to the government; (ii) engenders them more implementable by better addressing SME needs; and (iii) make them politically credible and sustainable by securing buy-in from key stakeholders.
- Facilitate development of coherent needs-driven national, regional and sector-specific strategies for export development. It entails identifying priority areas for reform and establishing a roadmap for their proper sequencing to foster export competitiveness and sustainable inclusive development.

The implementation of this initiative would not require any regulatory or legislative changes at the national level as we have undertaken similar initiatives in other regions. From our previous experiences and given the recent stability in the region, we do not envisage any significant risks for implementation. The initiative could be completed within one year and will be the basis for more in depth capacity building programme designed by ITC in the future.

The proposed initiative would require the mobilization of US\$500,000 per year over 5 years.

5. Alignment to Regional Vision, Values and Objectives

Briefly describe how your initiative supports the vision, values and objectives set out in the Framework for Pacific Regionalism. These can be found in the Framework for Pacific Regionalism document or in the submissions guideline document.

Please limit your response to no more than 500 words

Pacific Forum Island Countries (FICs) are currently in a process of forming themselves into a free trade area and proceeding with a series of free trade agreements. An umbrella framework agreement, the Pacific Agreement on Closer Economic Relations (PACER) was formalized in August 2001 in Nauru and came into force in October 2002. It pilots the road for new trade relations and economic cooperation by providing guidelines for the future development of trade relations and development between Pacific Islands Forum member countries, which includes Australia and New Zealand as well as PICs. The Pacific Island Countries Trade Agreement (PICTA) is the first FTA established under PACER, coming into force in 2003 after ratification by six countries.

The objectives of the Parties to PICTA are to strengthen, expand and diversify trade between the FICs through the elimination of tariff and non-tariff barriers to trade between the Parties in a gradual and progressive manner, under an agreed timetable, and with a minimum of disruption. The overall objective is to promote and facilitate commercial, industrial, agricultural and technical co-operation between the Parties and further the development and use of the resources of the Pacific region with a view to the eventual creation of a single regional market among the Pacific Island economies in accordance with the respective social and economic objectives of the Parties.

In addition, through the PACER Plus, FICs are engaged in negotiations to achieve a Free Trade Agreement with Australia and New Zealand.

In order to complement the regional integration and the PACER Plus negotiations, there is a need for greater private sector involvement. For the private sector, to be able to participate they must be organized to channel the views of the business community to regional bodies / negotiators. The private sector representation at the regional level should have strong links with the national associations, which helps in aligning the regional and national positions. They must have a say in the design of policies/negotiating positions that are aimed at addressing critical issues which prevent greater trade and investment between countries in the region. These include the regulatory reforms undertaken as part of regional commitments aimed at promoting improved business competitiveness. The private sector should be especially engaged in this process as they have the biggest stake in this process. There is also a need for the private sector to acquire the technical capacity to understand, analyse and articulate the business interests to the negotiators so that these interests can be pursued in negotiations. Finally, they should be assisted in reaching out to the small and medium enterprises in the participant countries using various communication channels to secure a 'buy in' of stakeholders.

From the side of regional governing bodies and Governments there is a need to develop understanding of the business interests especially of SMEs while formulating their regulations/positions in selected sectors/issues in the integration process and PACER Plus negotiations. A main way to achieve this is through strengthening public-private dialogues at regional level. In this regard further support for PIPSO is foreseen, given its apex regional business association status and the fact that it has been given the responsibility by the Pacific Islands Forum Secretariat for promoting private sector involvement in regional integration.

Proposed support for regional integration within the Pacific Forum Island Countries would be achieved mainly through the following outcomes and outputs:

Proposed Outcomes / Outputs

Outcome 1: Enhanced capacity of the Pacific Islands Private Sector Organization (PIPSO) as well as national business associations in the region.

- a. **Output 1:** Raising awareness of the private sector on the business implications of regional integration / PACER Plus through workshops at regional / national level
- b. **Output 2:** Thematic trainings on specific trade policy issues to the private sector, including with respect to trade facilitation reforms, based upon ITC's Modular Learning Programme at the regional/national level
- c. **Output 3:** Development of customized modules on trade policy / regional integration by PIPSO through international mentoring and assistance

Outcome 2: A platform for structured public – private dialogue at the regional level is strengthened

- a. **Output 1:** A series of PPDs aimed at identifying and quantifying the challenges related to Regional Integration and PACER Plus as well as identifying broad based support for policy options
- b. **Output 2:** Evidence based studies and position papers produced so as to better inform debates
- c. **Output 3:** Support PIPSO in carrying out business advocacy campaigns

6. Additional Information

Please provide or attach additional information in support of this initiative.

Please limit your response to no more than 5 pages.

For more information on ITC's work, please visit ITC's website and the organisation's Global experience in enhancing Trade for developing countries: www.intracen.org

7. Uploading initiatives to the Forum Secretariat website

In line with the process outlined in the Framework for Pacific Regionalism, please note that all initiatives will be uploaded to the Forum Secretariat website at the close of the call for initiatives, i.e. 12 June 2015.

8. Contact Details

For further information on completing this template, consult the submissions guideline or contact:

Email: FPR@forumsec.org

Phone: +679 322 0322 or +679 322 0324