PACIFIC ISLANDS FORUM SECRETARIAT

LISTENING TO THE PACIFIC

FRAMEWORK FOR PACIFIC REGIONALISM

REGIONAL INITIATIVE SUBMISSION TEMPLATE 2016

The Framework for Pacific Regionalism

The Framework for Pacific Regionalism represents a high-level commitment to pursuing deeper regionalism and establishes a process for developing and prioritising regional public policy. It articulates the vision, values and objectives of an enhanced Pacific regionalism. It also sets out an inclusive process by which anyone can propose ideas for regional initiatives to address key challenges facing the Pacific. For more information, click here.

Regional Issues and Guidance

When preparing your submission, think carefully about why this is an issue of regional significance and why it should be placed before the Leaders of the Pacific Islands Forum. For further information on the process and types of submissions being sought, please refer to the guideline below.

To Submit a Regional Initiative

1. Complete the below regional initiative template below.
2. Submit initiative to the Forum Secretariat by deadline: **5pm, Fiji time, Sunday 10 April 2016.**
3. Initiatives should be submitted to the Forum Secretariat, through one of the following ways:

FRAMEWORK FOR PACIFIC REGIONALISM – REGIONAL INITIATIVE TEMPLATE

Please complete each section below.

1. Contact Details

Please provide the following contact details:

Name of individual or group submitting initiative	World Health Organization Other partners include: Framework Convention Alliance
Name and position of primary contact	Dr Wendy Snowdon Team leader, Pacific NCD and Health Through the Life Course
Email address	
Phone number	
Fax number	
Mailing address	

2. Name of Initiative

Preventing illicit trade of tobacco in the Pacific

3. What is the <u>common regional issue or challenge</u> that this regional initiative aims to address?

You may also want to address the following: What are the causes of this issue? Are there links to national, regional or international goals/policies?

Please limit your response to no more than 750 words.

Tobacco use is the leading preventable cause of death in the Pacific, through Noncommunicable diseases (NCDs). Noncommunicable diseases are a significant obstacle to Pacific island countries (PICs) achieving their development potential and in recognition of this, sustainable development goal (SDG) 3.a is specific to strengthening implementation of the WHO Framework Convention on Tobacco Control (FCTC), a global treaty to which all Pacific island countries are a Party. The FCTC entered into force in 2005 and is comprised of measures aimed at reducing both supply of and demand for tobacco products.

In 2013, the Pacific Health Ministers endorsed the Tobacco Free Pacific 2025 goal of less than 5% current tobacco use prevalence among adults by 2025. PICs have made significant strides towards achieving this goal through implementation of FCTC. However, the region faces common key issues that are undermining progress in tobacco control ranging from tobacco industry interference to illicit trade of tobacco products. The WHO FCTC includes measures to protect the environment, and general obligations including protection of public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry. Implementation of tobacco control measures can make a significant difference in improving health and development outcomes across the Pacific islands.

In recent years, there have been a growing number of observed incidents related to illicit trade of tobacco products in the Pacific. The most common form of illicit trade in the Pacific is the import of tobacco products not adherent to domestic tobacco control laws. Another form of illicit trade in the Pacific is the import of duty free tobacco products being sold at retail.

The tobacco industry (which includes people or entities representing the interests or working to further the interests of the tobacco industry such as manufacturers, importers, wholesale distributors) targets Pacific islands with weaker tobacco control legislation and enforcement. "Illicit trade" in tobacco products refers to any practice or conduct related to producing, shipping, receiving, being in possession of, distributing, selling or buying tobacco products and that is prohibited by law.

An example, which supports the need for a regional approach is when the tobacco industry has attempted to import tobacco products that do not meet local tobacco control laws at the border of one Pacific island and the products are rejected, in some instances these products have ended up in other Pacific islands' markets that have weaker tobacco control laws. Increased observations of these incidents of illicit trade are the result of strengthened customs and border control efforts by individual PICs. However, in order to further strengthen the ability of PICs to prevent illicit trade of tobacco products equally across the Pacific, a regional approach is necessary. Thus far there has not been any

united Pacific effort in eliminating illicit trade of tobacco products and if left unaddressed, there could be grave impacts on health and economic development in the region.

In 2012, the FCTC Conference of Parties (COP) of the FCTC approved the Protocol to Eliminate Illicit Trade of Tobacco Products (ITP). Article 8 of the ITP requires a tracking and tracing regime to be established. Such a system will include requirement that cigarettes and other tobacco packages bear unique identification markings such as codes or stamps (containing essential information regarding the products). A tracking and tracing system requires a multisectoral approach particularly among customs, finance and revenue, justice, health, police, trade, and foreign affairs. Since many Pacific island Countries (PICs) have made significant progress with increasing tobacco taxes, implementing a track and trace system will help customs authorities ensure that proper taxes have been paid on tobacco products; thereby strengthening revenue collection.

4. Briefly describe this regional initiative

Please limit your response to no more than 750 words.

How would this initiative contribute to a positive change to the region?
This initiative aims to identify options for Pacific islands to develop a cost effective and efficient regional tracking and tracing system to prevent the illicit trade of tobacco products. Tackling illicit trade by establishing a regional tracking and tracing system will help PICs save lives by strengthening and upholding existing tobacco control laws, and by protecting the impacts of those laws such as reduced consumption and increased revenue from increasing tobacco taxes.

The goal of building a regional tracking and tracing system is two-fold. First, it would allow authorities to determine where and by whom the tobacco shipment was produced, as well as the first purchaser and the market to which it was supposedly destined. In turn, this would allow investigators to determine the point at which legally produced product was diverted into illegal channels. Second, the identification markings will facilitate the differentiation between legal and illegal products and which have or have not paid required duties/taxes. Implementation of this track and trace system is one of the issues preventing PICs from fully implementing Article 15 of the FCTC and is a barrier to accession to the ITP.

Who are the main beneficiaries?
The main beneficiaries of this initiative are first and foremost the populations of the Pacific. If illicit trade is prevented, tobacco control measures will be maintained and as a result, supply of and demand for tobacco products will be reduced and subsequently lives will be saved. Pacific island countries will benefit from obtaining the full tobacco tax revenue that would be protected if PICs required all tobacco products be tracked and specially marked once duties are paid.

How would the initiative contribute to the vision, values and objectives of the Framework for Pacific Regionalism?

The tobacco industry is wide-reaching and illicit trade of tobacco products undermine health and economic development efforts. Therefore, in line with the vision and values of the Framework for Pacific Regionalism, this initiative seeks to strengthen Pacific health and security by supporting PICs to determine the most effective way forward to prevent illicit trade of tobacco products. Preventing illicit trade of tobacco products will save lives by reducing supply of tobacco while at the same time protect government tobacco tax revenue. Implementing a tracking and tracing system will help to secure safe human, environmental and economic conditions through regional cooperation.

Has the initiative been carried out previously?

No, this initiative has not been carried out previously.

What are the key risks in implementing this initiative?

The main risk for implementation remains interference from the tobacco industry. There are many competing tracking and tracing systems provided by companies unrelated to the tobacco industry that could be used on tobacco packaging that will be explored through this initiative.

Are there any complementary projects and programmes that are currently active?

At the global level, the FCTC Convention Secretariat has a memorandum of agreement with the World Customs Organization (WCO) to work together to prevent and eliminate illicit trade of tobacco products. This regional initiative would engage the Oceania Customs Organization (OCO), the regional branch of the WCO. Preliminary discussions have taken place to raise awareness among OCO leadership (based in Fiji). Information on the illicit trade protocol and track and trace systems was also shared at the annual OCO Conference held in Palau in June 2015, but regional leadership is needed to take up and support this initiative.

5. Why does this initiative require the attention of the Leaders of the Pacific Islands Forum?

Please consider whether this initiative requires the attention and consideration of the Leaders of the Pacific Islands Forum in order to be implemented and outline why this is the case. Could it not be overseen or implemented at the level of Ministers, officials or by a regional agency?

Please limit your response to no more than 750 words.

In reference to the tests for regionalism,

Market test
Although there is potential market involvement, this initiative will be contingent upon PIF leadership decision-making

and therefore is not a service that can be provided by the markets.

Sovereignty test
This initiative will present options for PIC consideration. Similar to FCTC ratification or accession where each country made its own decision, engagement in a regional tracking and tracing system is ultimately the decision of each PIC because the system would be implemented largely at a national level.

Regionalism test
Development and implementation of a regional tracking and tracing system potentially overcomes national capacity constraints with regards to the leg work required to develop such a system. Likewise, this initiative complements national government's capacity to ensure border and health security protection from illicit trade of tobacco products. Setting up such a regional system establishes a shared standard and will allow for engagement of, and furthermore considerations of, all PIC contexts.

Benefit test
Preliminary data from studies in Cook Islands and Palau reveal that there are millions of dollars in lost tobacco tax due to tobacco industry behaviours to avoid paying taxes on tobacco products such as forestalling. Such revenue losses could be prevented through the implementation of tax stamps or other markings which is a component of a tracking and tracing system proposed in the initiative.

A standardized regional tracking and tracing system will also likely enhance joint customs and finance/revenue work. This initiative aims to protect all PICs large and small by laying out the options for implementing a regional tracking and tracing system. Thus far, available studies have demonstrated that the amount of tobacco tax revenue protected when a tracking and tracing system is implemented outweighs the cost of enforcement and oversight.

Political Oversight test
Since the prevention of illicit trade of tobacco products is beyond the mandate of any one government sector, the scope of this initiative is beyond the purview of any individual government sector. It requires the collaboration of several sectors including, but not limited to health, customs, finance, trade, police and justice. The FCTC is a global treaty to which all PICs, Australia and New Zealand are a Party. The FCTC was ratified/acceded by the governments (not Ministries of Health or any one sector of government). Therefore, in order to implement FCTC, and this particular initiative, leaders need to be invested and involved. Likewise, regional agencies cannot implement such a treaty; only governments can ratify/accede to and implement FCTC.
A tracking and tracing system will obviously impact the work of customs, but in addition, the benefits of this initiative will have an impact on finance and revenue sectors. Enforcement of a tracking and tracing system will require the leadership of the justice and law enforcement sectors as well. Measuring the impacts of this initiative will involve the aforementioned sectors in addition to health which may be engaged to measure the health impacts resulting from implementing a tracking and tracing system in the longer-term.

Risk and sustainability test

If PICs individually develop tracking and tracing systems there is risk that the systems are not linked and information may not be easily shared with one another. Whereas, developing and implementing a regional system that takes into account aspects that allow for autonomy (e.g., different PIC tax rates on tobacco products), can reduce the cost of common PIC needs from such a system (e.g., coding, stamp printing, etc.). If the regional tracking and tracing system is adopted for the prevention of illicit trade of tobacco products, there is potential for the system to be applied to other products such as alcohol.

Duplication test

This initiative is not currently under progress in any of the PICs that are Parties to the FCTC.

There is much potential for this initiative to be successful, but concentrated effort is required to explore options for establishing a regional tracking and tracing system. Republic of the Marshall Islands' Tobacco Control Act 2006 requires regulations on tracking and tracing to be developed, but due to the complexity of establishing such a system, this has not yet been implemented. A FCTC needs assessment conducted in 2009 noted that PNG uses the "ASYCUDA6" system which is a computerized system that could potentially host a tracking and tracing regime, but exploration is required. A summary report of needs assessments conducted in 8 PICs (Palau, RMI, FSM, Solomon Islands, Samoa, Cook Islands, Fiji, PNG) notes that with respect to Article 15, none had a tracking and tracing system in place.

6. Attachments

Please attach additional information in support of this initiative.

Please attach no more than 3 pages.

7. Uploading initiatives to the Forum Secretariat website

In line with the process outlined in the Framework for Pacific Regionalism, all submitted initiatives, inclusive of all attachments, will be publicly available via the Forum Secretariat website.

8. Guidelines and Contact Details

For further information on completing this template, consult the submissions guideline below or contact Pacific Regionalism Adviser Joel Nilon at the Forum Secretariat:

Submission Guidelines

These guidelines are designed to assist those submitting regional initiatives through the Framework for Pacific Regionalism. For more information contact Pacific Regionalism Adviser Joel Nilon at the Forum Secretariat:

1. About the Framework for Pacific Regionalism

The Framework for Pacific Regionalism represents a high-level commitment to pursuing deeper regionalism and establishes a process for developing and prioritising regional public policy. It articulates the vision, values and objectives of an enhanced Pacific regionalism. It also sets out an inclusive process by which anyone can propose ideas for regional initiatives to address key challenges facing the Pacific. For more information, click here.

2. How do I submit a regional initiative?

To submit a regional initiative, complete all sections of the submission template and submit to the Forum Secretariat by no later **5pm, Fiji time, Sunday 10 April 2016.**

Submissions must be made on this template. Submissions made directly via email, letter or other format will not be considered.

3. Who can submit an initiative?

Any interested stakeholder can submit a regional initiative. This may include individuals, or groups of individuals or organisations, including government, civil society (including church or religious organisations), the private sector, community groups, multilateral agencies and CROP agencies.

4. What information is required?

In completing the regional initiative template, you should:

a. Identify and seek to respond to issues and challenges that are common to the Pacific region and that could be best addressed through a regional response.

b. Demonstrate that a high level political decision needs to be made.

This is not a process for seeking endorsement of existing projects or activities. No standing fund exists in which to allocate funds to initiatives that are endorsed. Submissions that consist of projects or initiatives that may be ordinarily carried out under the governance arrangements or work-plan of the submitting organisation are unlikely to be successful.

c. Demonstrate how the initiative would contribute to one or more of the objectives of the Framework for Pacific Regionalism.

5. What assistance will the Forum Secretariat provide through this process

The Forum Secretariat will provide general advice and suggestions to those making submissions. This advice will include clarifying the information set out in this guideline, such as how initiatives can be completed and submitted; the type and level of information sought; the assessment process; and clarification of the overall process.

6. Assessment process

Step 1   The Forum Secretariat will collate all submitted initiatives and check them for completeness.

Step 2   The Forum Secretariat will, in collaboration with CROP agency officials and other experts as required, conduct a first round of assessment of all submitted initiatives using the tests for regional action (see Table 1 below).

Step 3   The Forum Secretariat will provide all assessed initiatives to the Specialist Sub-Committee on Regionalism (SSCR), which will assess initiatives against the vision, values and objectives set out in the Framework (see Table 2 below). Reports on current regional initiatives under the Framework for Pacific Regionalism that are in progress will also be considered by the SSCR when they assess initiatives.

Step 4   Based on its assessment of all submissions, the SSCR may recommend a limited number of initiatives to Forum Leaders. Those initiatives recommended to Leaders will be first sent to the Forum Officials Committee for commentary and incorporation on the Leaders' annual meeting agenda. Forum Leaders

will then receive the final recommendations of the SSCR and make decisions on these at the annual Forum Leaders Meeting. In 2016 this meeting will take place in the Federated States of Micronesia

Proponents whose initiatives have been selected for Leaders' consideration will be informed of this selection within two weeks of the SSCR's decision. All proponents will be informed in due course of the outcome of their submissions.

7. Leaders' decisions on initiatives

Forum Leaders' decisions on initiatives will be publicly announced through the Forum Leaders' Communique that is issued at the conclusion of the Leaders' meeting. As directed by Leaders, the Forum Secretariat will initiate implementation of the decisions in consultation with the proponent, the proposed implementing agencies, funding partners, and other relevant organisations or stakeholders.

8. Further help and feedback

For further information or guidance or to provide feedback on the process, contact Pacific Regionalism Adviser Joel Nilon at the Forum Secretariat:

Table 1 – Tests for Regionalism

TEST	CRITERIA FOR REGIONAL IMPLEMENTATION
Market test	The initiative should not involve a service that markets can provide well.
Sovereignty test	The initiative should maintain the degree of effective sovereignty held by national governments (countries, not regional bodies, should decide priorities).
Regionalism test	The initiative should meet one of the following criteria at a sub-regional or regional level, in support of national priorities and objectives: ▪ establish a shared norm or standard ▪ establish a common position on an issue ▪ deliver a public or quasi-public good which is regional (or sub-regional) in its scope realise economies of scale ▪ overcome national capacity constraints ▪ complement national governments where they lack capacity to provide national public goods like security or the rule of law ▪ facilitate economic or political integration ▪ Where benefits accrue sub-regionally, the contribution to broader regionalism should be clear.
Benefit test	The initiative should bring substantial net benefits, as demonstrated by a cost-benefit analysis. The distribution of benefits across countries and across stakeholders within the region should also be considered—particularly with respect to: ▪ The relative costs and benefits for smaller island states (an "SIS test") ▪ How inclusive the proposal is of all stakeholders who might benefit from regionalism.
Political oversight test	The initiative should require the Leaders' attention and input (as opposed to being within the mandate of Ministers or other governing bodies).
Risk and sustainability test	The initiative should demonstrate a robust risk and sustainability evaluation, be based on a sound implementation plan, be supported by some identified funding, and demonstrate available capacity and experience for successful implementation.
Duplication test	The initiative should not be currently under progress by another organisation or process, and there should be no duplication of effort.

Table 2 – Vision, Values and Objectives of the Framework for Pacific Regionalism

Vision:

Our Pacific Vision is for a region of peace, harmony, security, social inclusion, and prosperity, so that all Pacific people can lead free, healthy, and productive lives

Values:

- We value and depend upon the integrity of our vast ocean and our island resources.
- We treasure the diversity and heritage of the Pacific and seek an inclusive future in which cultures, traditions and religious beliefs are valued, honoured and developed.
- We embrace good governance, the full observance of democratic values, the rule of law, the defence and promotion of all human rights, gender equality, and commitment to just societies.
- We seek peaceful, safe, and stable communities and countries, ensuring full security and wellbeing for the peoples of the Pacific.
- We support full inclusivity, equity and equality for all people of the Pacific.
- We strive for effective, open and honest relationships and inclusive and enduring partnerships—based on mutual accountability and respect—with each other, within our sub-regions, within our region, and beyond.

These Pacific regional values will guide all our policy-making and implementation.

Principal Objectives:

- Sustainable development that combines economic social, and cultural development in ways that improve livelihoods and well-being and use the environment sustainably;
- Economic growth that is inclusive and equitable;
- Strengthened governance, legal, financial, and administrative systems; and
- Security that ensures stable and safe human, environmental and political conditions for all.