29 October 2018

To: Forum Island Countries (FICs)
From: Mere FALEMAKA, PIF Permanent Delegation to the United Nations, World Trade Organization, and Other International Organizations in Geneva
Subject: PIF-Geneva Update 4/2018

Please find attached, for your records, an update on Trade Negotiations and Aid-for-Trade activities undertaken by the Pacific Islands Forum – Geneva Office (PIF-Geneva) in July-August 2018.

2. For further clarifications or follow-up on Trade Negotiations, please contact Mr. Alex Kerangpuna, Trade Policy Officer, on alex.kerangpuna@pifs-geneva.ch

3. For further clarifications or follow-up on Aid-for-Trade, please contact Mr. Andrea Giacomelli, Trade Policy and Aid-for-Trade Adviser on andrea.giacomelli@pifs-geneva.ch

Mere FALEMAKA
Ambassador
PIF Permanent Delegation to the United Nations, World Trade Organization, and Other International Organizations in Geneva
1. BACKGROUND

The Pacific Islands Forum Geneva Office (PIF-GVA) comprises two sections: Trade Negotiations and Aid-for-Trade (AfT). The Trade Negotiations Section provides strategic policy and technical advice on multilateral trade issues to Forum Islands Countries (FICs) which are members of the World Trade Organization (WTO), and coordinates their participation in multilateral negotiations. The AfT Section assists FICs to make a better use of AfT opportunities provided by Geneva and Europe-based organisations and promotes their trade-related interests and needs.

2. TRADE NEGOTIATIONS & REPRESENTATION

There was modest work done in the month of July and August 2018 on all areas of the WTO Negotiations. In August no WTO meetings were held due to the summer break. There was no discussion on key areas such as Trade in Services and the non-Agriculture Market Access (NAMA) negotiations. However, WTO Members work on the Fisheries Subsidies had been intensified in the month of July and they had clusters of meetings in the Negotiating Group on Rules (Fisheries Subsidies) from 23-24 July 2018. Similarly, proponents of the new initiatives such as e-commerce and micro, medium and small enterprise (MSMEs) expanded their discussion on these issues.

PIFS-Geneva Office sent three four (4) Circulars to the Pacific WTO Members on the key meetings (General Council) and negotiations. It also shared technical papers relevant to the ongoing discussions on the fisheries subsidies, agriculture and other important areas for the Member's information. The office continues to provide technical support (advice), including one technical Briefing to the Geneva-Week participants on 16 July 2018.

Further, it supported the WTO Secretariat in organising the Short WTO Trade Policy course for the Pacific WTO Members that was planned to be held from 10-21 September 2018 in Apia, Samoa. The office reminded a number of countries that did not submit names after the deadline to submit names of officials from the economic agencies. These countries were able to submit applications of officials to attend the training. A total of 21 government officials from the six Pacific WTO Members attended the Short trade policy course. The report on the official opening of the Workshop can be read from the WTO Secretariat website.


3. AID-FOR-TRADE ACTIVITIES

3.1 Networking

As of 31 August 2018, the Office's database included 146 Aid-for-Trade connections.

3.2 Representation

On the 11 July 2018, Forum Trade Officials were introduced to the regional Aid-for-Trade initiatives on Quality Infrastructure and e-Commerce initiated by PIF-GVA. The Forum Trade Officials Meeting (FTOM) “endorsed the regional initiatives on Quality Infrastructure, […] and E-Commerce”. Summaries on the Quality Infrastructure and e-Commerce initiatives are included at Annex 1 and 2.

3.3 Projects

3.3.1 Implemented

As part of its engagement with the Trade Advocacy Fund (TAF), PIFS-Geneva Office continues to work closely with the Adam Smith International (ASI) consultancy firm, which is providing advice to the Pacific WTO Members on the current issues that are being discussed. PIFS-Geneva Office had
circulated Briefings by ASI the current issues to the Members, and both provided technical briefings to the Geneva week participants. ASI planned to hold its next Strategy meeting on 4 September 2018, and it was anticipated to fund the participation of representatives from the non-Geneva-based Mission, particularly Papua New Guinea and Tonga to attend future meetings.

In July 2018, the Office and the Melanesian Spearhead Group (MSG) Secretariat continued working with the TradeCom Project Management Unit to implement the e-Commerce initiative. The first stage of the tender process was finalised and companies were shortlisted.

3.3.2 Completed/Secured

In July 2018 the Office supported Vanuatu to secure assistance from the Global Alliance for Trade Facilitation (GATF). The Alliance’s staff will undertake a first mission to Vanuatu in September 2018 to identify trade facilitation bottlenecks.

In the same month PIF-GVA, the World Bank Group and the Trade Facilitation Agreement Facility (TFAF) agreed to pilot a Pacific Aid-for-Trade matchmaking workshop in the margins of the WTO Trade Facilitation Committee - October 2018, Geneva. The World Bank Group agreed to support participation of four non-WTO members to the workshop.

3.3.3 Ongoing

The Office continued its work to facilitate access to Aid-for-Trade opportunities for its members. This period saw the Office initiating dialogue with the Emerging Enterprises Pro Bono Program by SIDLEY, a multinational law firm.

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* 'Stage’ refers to the type of action within the project cycle that the Geneva Office is currently supporting, with: (1) Collection/Dissemination = initial engagement with partners and members to scope interest and feasibility; (2) Identification = High-level conceptualisation of possible project; (3) Formulation = detailed work on project proposals

3.4. Apply! Demand-driven Aid-for-Trade facilities accepting applications

(1) TradeCom II (2) Trade Advocacy Fund II (3) Standards Trade and Development Facility (4) Global Alliance for Trade Facilitation (5) Fit for Market (6) SIDLEY Emerging Enterprises
Annex 1 – Summary of the e-Commerce initiative

The distance of Forum Island Countries (FICs) from the main origin and destination markets, and their small size, makes it difficult for their businesses to successfully engage in international trade. E-Commerce offers a partial relief to the structural constraints experienced by FICs as it reduces the amount of face-to-face interaction which is necessary to successfully engage in international trade.

The importance of e-Commerce and the need to facilitate its development are acknowledged by FICs. In 2015 Forum Leaders declared ICT as one of the five political priorities for the Pacific region. In doing so, Leaders “noted the unprecedented economic and educational opportunities that ICT offers, including access to world markets and global knowledge”.

In June 2017 the PIFS, the United Nations Conference for Trade and Development (UNCTAD) and the World Trade Organisation (WTO) co-hosted a regional workshop on e-Commerce, which was also attended by the Melanesian Spearhead Group (MSG) Secretariat. The workshop concluded that:

- UNCTAD E-Trade Readiness Assessments (e-T.Ready) can be an important first step in initiating a coherent and co-ordinated e-Commerce policy development in the Pacific. In 2017 UNCTAD undertook an e.T-Ready in Samoa. Assessments for Vanuatu and Solomon Islands are nearing completion. Funds have recently been secured to undertake e.T.Ready in Tuvalu and Kiribati.

- PIFS should explore the development of a Regional E-Commerce Roadmap in consultation with Development Partners to guide FICs in the development of e-Commerce at the national level.

Guided by the region’s determinations, the MSG Secretariat and the PIFS have worked on a joint proposal on e-Commerce. The proposal was submitted to and approved by TradeCom II, an EU facility. It is expected to result in the following outputs:

1. **Pacific e-Commerce Assessment** identifying constraints to the establishment of an enabling e-Commerce environment and reforms to enable e-Commerce. This will draw upon the national assessments undertaken by UNCTAD for Pacific Least Developed Countries (LDCs), plus additional national assessment supported by TradeCom II

2. **Pacific e-Commerce Strategy**, setting the high-level directions for regional action to e-Commerce. This will include an Implementation Roadmap for sequencing reform.

The project will also support a MSG e-Commerce Assessment and Strategy, noting MSG’s commitment to deepen cooperation in this area as required by the Melanesian FTA.

In order to inform the Pacific e-Commerce Assessment, TradeCom II will support national e-Commerce Assessments in 4 FICs. These, together with the UNCTAD’s e-T.Ready for Kiribati, Samoa, Solomon Islands, Tuvalu, and Vanuatu, will provide a comprehensive evidence base for the regional exercise. For countries which are neither covered by TradeCom II’s e-Commerce Assessments nor by UNCTAD’s e-T.Ready, remote questionnaires will be administered and/or online meetings undertaken.

The full Terms of Reference (TOR) for the TradeCom II project on e-Commerce are available upon request.

In addition to the TradeCom II project, PIFS is currently collaborating with the International Centre for Trade and Sustainable Development (ICTSD), a Geneva-based think-thank, on a regional project to develop *model e-Commerce legislation*, which is expected to enhance the enabling environment for e-commerce in the Pacific.

Resources mobilised to implement the e-Commerce initiative are in the range of EUR 300,000-350,000. EUR 250,000 will take the form of Technical and Logistical Assistance mobilised through TradeCom. EUR 50,000-100,000 will take the form of Technical and Logistical Assistance mobilised through ICTSD.
Annex 2 – Summary of the Quality Infrastructure initiative

Pacific policy-makers and private sector stakeholders are often faced with quality-related issues. These include meeting quality requirements demanded by overseas buyers and ensuring that fit-for-purpose quality requirements are adopted and enforced in the domestic market. Failure to meet quality requirements undermines FICs’ export competitiveness, as well all the ability of Pacific people to enjoy a healthy and safe life, protect the environment and its resources, withstand natural disasters, and protect consumers.

Quality Infrastructure (QI) is the totality of the institutional framework (public and private) needed to provide acceptable evidence that products and services meet defined requirements. Quality Infrastructure Systems include (1) quality-related policy, legislation and regulations (2) metrology systems (3) standardization systems (4) accreditation systems; and (5) conformity assessment systems (testing, inspection, and certification).

Quality Infrastructure is not new to the Pacific. In 2005, with development assistance provided under the Pacific Agreement on Closer Economic Relations (PACER) under the Regional Trade Facilitation Program (RTFP), the PIFS sponsored a major Quality Infrastructure study. The 2005 study assessed the status of the QI components in Forum Island Countries (FICs), noted very significant gaps in all the assessed dimensions, and recommended options to enhance the system, including through priority national and regional activities. On the latter, the 2005 study identified an ambitious agenda of Regional Economic Cooperation (REC) and Integration (REI), including by indicating national entities suitable to assume regional mandates, proposing the establishment of new regional bodies, identifying areas for harmonization of national practices, and for sharing and pooling of strategic national resources.

Whilst recommendations of the 2005 QI study were noted by Forum Trade Ministers, no substantial follow-up took place. Major trends have been observed during past 13 years that justify PIFS’ re-engagement on Quality Infrastructure. These include:

- Shift in FICs’ trade policies away from import substitution and towards export-led growth
- Emergence of FIC entrepreneurs who are successfully exporting or targeting high-quality goods
- Trade in “quality-dependent” services, including tourism services, is now significant
- Overseas buyers of FIC products are now very sensitive to quality considerations across many dimensions (sustainability, fairness, organic production, etc.)
- Quality considerations are increasingly felt as important by FIC consumers
- New Free Trade Agreements in the Pacific incentivize harmonization of quality regimes
- QI Systems show potential to tackle new challenges such as climate change and natural disasters

The need to establish stronger Quality Infrastructure Systems in the Pacific, and the important role played by REC and REI to achieve this objective justify the decision of PIFS to re-engage in this area. A concept Note for a QI initiative has been developed by the PIFS, which includes the following activities:

- **Update of the 2005 Quality Infrastructure Study.** An Update of the 2005 study is proposed which will address the 5 QI components, namely (1) Policy, Legal, and Regulatory systems; (2) Standards; (3) Metrology; (4) Conformity Assessment; (5) Accreditation
• Prepare Quality Infrastructure Capacity-Building Material. Simple capacity-building material would be produced to sensitize participants in advance of a Quality Infrastructure Workshop

• Quality Infrastructure Workshop. A QI Workshop is proposed to build awareness and capacity on Quality Infrastructure Systems, validate the Update of the 2005 study, and produce a submission to Forum Trade Ministers seeking endorsement of priority regional actions to strengthen Pacific Quality Infrastructure Systems

The PIFS has already secured resources from the EU TradeCom II program to implement some of the activities envisaged in the QI Concept Note. Partnerships have already been established with the CARICOM Regional Organization for Standards and Quality (CROSQ) to support implementation. Other partners, including Standards Australia (SA) and the German Institute of Metrology (PTB) are also very keen to support the initiative if clear willingness to move ahead emerges from the FTOM.

The full Concept Note for the QI initiative is available upon request.

Resources mobilised to implement the QI initiative should be about USD 600,000. USD 170,000 will take the form of Technical and Logistical Assistance mobilised through TradeCom. These will support preparation of QI capacity-building material and the QI capacity-building workshop. USD 180,000 will take the form of Logistical Assistance mobilised through the Australian Grant to the PIF-Geneva Office. These will support the validation workshop for the QI Study Update. USD 250,000 are expected from the German Government in the form of Technical Assistance to support the QI Study Update. In-kind Technical Assistance is also expected from a number of QI Institutions, including CROSQ, SA, and PTB.