To : Forum Island Countries (FICs)
Date : 04 December 2018
From : Mere FALEMAKA, PIF Permanent Delegation to the United Nations, World Trade Organization, and Other International Organizations in Geneva
Subject: PIF-Geneva Update 5/2018

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 September-October 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.

On the 3 September 2018, Pacific ACP Leaders were updated on the PIF presence in Geneva, and direction was sought on options to enhance its impact. The Pacific ACP Leaders agreed to expand the Office’s mandate to cover all “relevant United Nations agencies, and other international organisations in Geneva, in addition to the current role to support FICs’ engagement with the World Trade Organisation”. The Leaders further directed to “progress work for the establishment of a multi-country presence in Geneva”. The outcome document of the Pacific ACP Leaders’ meeting is attached as Annex 1 - paragraphs 14 and 15.

2. TRADE NEGOTIATIONS & REPRESENTATION

During this period WTO Members intensified their discussions on Fisheries and Agriculture. A number of meetings were held on Dispute Settlement, noting the current impasse on the appointment of the Appellate Body Members. Informal discussion continued on the new topics, particularly e-Commerce, Micro Small and Medium Enterprises (MSMEs), Investment Facilitation, and Services (Domestic Regulation).

There was progress made on Fisheries Subsidies. The PIF Geneva Office prepared and co-ordinated Pacific positions with delegations of Papua New Guinea and Vanuatu, and provided input on fisheries stock assessment at the relevant ‘incubator groups’. Also, the Office actively supported Pacific positions in text-based negotiations, and circulated questionnaires which were used to produce a brief to support the November round of negotiations.

During this period, circulars to Pacific Members were sent on (i) Trade Negotiation Committee, (ii) General Council Meeting and, (iii) e-Commerce and MSMEs.


A Briefing paper on the WTO negotiations and reform as well as talking points were prepared and sent to Pacific ACP Officials and Ministers in preparation for the ACP Ministerial Trade Committee and Joint ACP-EU Ministerial Trade Committee meetings in Brussels in the week of 22-26 October.

3. AID-FOR-TRADE ACTIVITIES

3.1 Networking

As of 31 October 2018, the Office’s database included 159 Aid-for-Trade connections.

3.2 Representation

On the 9 October 2018, Ambassador FALEMAKA represented FICs at the policy debate ‘The role of Trade Regulations and Voluntary Standards for Sustainable Development’, which took place as part of the Non-Tariff Measures Week. On that occasion, Ambassador FALEMAKA emphasised the importance of the Pacific Quality Infrastructure initiative endorsed by Forum Trade Officials in July 2018 and invited partners to support the initiative – see Annex 2.

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1 An informal group of selected Members tasked to brainstorm ideas with the view of progressing negotiations
3.3 Projects

3.3.1 Implemented

The PIF-Geneva Office and the WTO hosted the Trade Policy Course in Apia, Samoa from 10 to 21 September 2018, which benefited 23 participants from the six Pacific WTO Members. Ambassador FALEMAKA and the Trade Policy Officer attended the course and presented on the Pacific Members’ obligations and interests in the different WTO Agreements, and on ongoing negotiations.

PIF-GVA coordinated assistance by the team of consultants engaged through the Trade Advocacy Fund (TAF) to support the WTO Pacific Group. As part of this assistance, the Pacific Group held its first quarterly strategy meeting on 4 September. The meeting covered a broad agenda, including discussion on fisheries subsidies, development, agriculture, services and e-commerce. During this period, the TAF team provided various written briefings, including on e-commerce, MSMEs and services. Advice on fisheries subsidies was provided on an ongoing basis, with the support of FFA, SPC and fisheries authorities in capitals, but included in particular a briefing for the September meetings on transparency and institutional arrangements and written briefing in late October covering on disciplines for overfished stocks.

In September and October 2018, the PIF Geneva Office undertook the procurement process for the provision of technical assistance to support Samoa’s WTO Trade Policy Review. International Economics Ltd was selected as the winning company, and a senior consultant commenced work on the 22 October 2018.

On the 11 October 2018 the PIF Geneva Office, the World Bank Group, and the WTO Trade Facilitation Agreement Facility organised a trade facilitation workshop to match Pacific needs with assistance available from relevant organisations. Ten FICs were supported to attend the workshop. The workshop’s agenda is attached at Annex 3. A summary document of the workshop is being compiled and will be circulated shortly.

3.3.2 Completed/Secured

The office supported FICs to leverage Aid-for-Trade resources worth USD 137,000. This period saw approval of (1) the Niue Project Preparation Grant (PPG) by the Standards Trade Development Facility (STDF) to support the country’s honey industry; (2) a grant agreement by the Australian Mission to the WTO to support the 2019 Trade Policy Review for Papua New Guinea; and (3) one TradeCom project for Tonga to support the iEPA accession process.

3.3.3 Ongoing

### PARTNER INITIATIVE IN SUPPORT OF STAGE*

| TradeComI | Trade Policy and sub-regional FTAs | FSM | Identification |
| TradeComII | SPS Framework | Niue | Identification |
| TradeComII | Export Strategy | Tuvalu | Identification |

* ‘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
PACIFIC ISLANDS FORUM SECRETARIAT

PIFS(18)PACPLM

PACIFIC ACP LEADERS MEETING

Aiwo District, Nauru
3 September 2018

SUMMARY DECISIONS

Pacific Members of the African, Caribbean and Pacific (PACP) group Leaders and their representatives from Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu met on 3 September 2018, in Aiwo District, Nauru. The Meeting was chaired by H.E. Baron Waqa, President of Nauru.

2. In her opening statement, the Secretary General of the Pacific Islands Forum, Dame Meg Taylor highlighted the importance of effective engagement by the region in the negotiations for a successor to the ACP-European Union (EU) Partnership Agreement (Cotonou Agreement). The Secretary General added that the collective priorities conveyed in these negotiations need to be aligned to the regionalism priorities determined through the Framework for Pacific Regionalism, and should build on the region’s effort for the common Blue Pacific identity, noting that Blue Pacific solidarity will be needed throughout the negotiations, and beyond.

3. The Chair thanked the Prime Minister of Samoa, Honourable Tuilaepa Aiono Sailele Malielegaoi, for his stewardship during his term as the PACP Chair. The Chair recalled the historical context of the ACP-EU relations, and encouraged the parties to reflect on the achievements and shortfalls in the existing relations, and ensure that the Pacific region maintain the ability to exercise its will over the Blue Pacific in any new arrangement, including the strengthening of engagement with the African, Caribbean and European regions.

POST COTONOU AGREEMENT

4. The ACP-EU Partnership Agreement signed in Cotonou in 2000 expires in 2020. Leaders noted the state of play of the preparations for the post-Cotonou negotiations, the Pacific-specific priorities, and the engagement strategy for the negotiations. The Leaders also noted that the ACP Negotiating Mandate and the EU Negotiating Directives have been published, with the post-Cotonou negotiations commencing in October 2018.

5. Leaders noted the ACP proposal for a Central Negotiating Group meeting at a Ministerial level on 23 September 2018 in New York and the associated agenda. Leaders agreed that any
meeting with the EU at this stage focus primarily on sharing of information on post-Cotonou negotiations.

6. Leaders **supported** the Pacific priorities for post-Cotonou negotiations specifically on ocean governance through the *Blue Pacific* identity; safeguarding the region’s resources and security; elevating the Blue and Green Economy; commitment to addressing climate change and disaster resilience; developing micro-small-medium enterprises; and supporting youth and vulnerable groups.

7. In terms of trade and development cooperation, Leaders **agreed** that the focus be on Aid for Trade and the need to develop Pacific-specific narratives on fisheries, trade in services, investment, industrialisation (through value addition and supply chains), e-commerce, digital economy, cultural industries, gender, youth, labour mobility, and rural development, including informal sector, given that these areas represent promising future for the PACP States’ (PACPS) engagement with the African, Caribbean and the European regions.

8. Leaders **directed** the Secretariat to further consult, coordinate and articulate the region’s negotiating priorities with the PACPS, Council of Regional Organisations in the Pacific (CROP) agencies, private sector and civil society.

9. Leaders also **directed** the Secretariat to provide regular updates to the PACPS on the post-Cotonou negotiations, and strengthen its PACP communication channels to ensure all relevant stakeholders receive information relating to all aspects of the post-Cotonou negotiation process in a timely and effective manner.

10. Leaders **urged** the EU to ensure requisite regional resources under the 11th European Development Fund is allocated toward effective PACP engagement in the post-Cotonou negotiations.

**PACIFIC ISLANDS FORUM SECRETARIAT PRESENCE IN EUROPE**

11. Leaders **welcomed** the appointment of a Pacific Islands Representative to support the PACPS in advancing the region’s collective agenda through the post-Cotonou negotiations, including support for PACPS’ engagement in relevant ACP-EU initiatives.

12. Leaders **thanked** the Government of Papua New Guinea for hosting the Secretariat Office in its Embassy in Brussels, and the EU for co-funding the Representative position, while noting the Secretariat’s efforts to negotiate a host agreement with the Government of Belgium for a Secretariat presence in Brussels as an international intergovernmental organisation.

13. Leaders **directed** the Secretariat to seek additional resources from the EU to support effective representation in Brussels and Geneva.

14. Leaders **agreed** that the Secretariat’s Geneva Office support Forum Island Countries’ (FICs) engagement in relevant United Nations agencies, and other international organisations in Geneva, in addition to the current role to support FICs’ engagement with the World Trade Organisation.
15. Leaders directed the Secretariat to progress work for the establishment of a multi-country presence in Geneva, including provision of detailed cost structures, subject to the confirmation of a sufficient number of expressions of interest by the FICs.

EUROPEAN DEVELOPMENT FUND (EDF) UPDATE

16. Leaders noted the update on the Pacific Regional Indicative Programme (PRIP), the ACP-EU Cooperation Framework for Private Sector Development, and the Intra-ACP Hubs and Spokes (H&S) Programme. Leaders noted that progress in implementing the 11th EDF remains slow, notwithstanding that financing agreements for most regional programmes have now been signed and good progress was being made in programming Priority Area 1 on Regional Economic Integration with EUR37 million earmarked for regional action.

Pacific Regional Indicative Programme

17. Leaders encouraged the Regional Economic Integration Working Group, under co-Chairs the Secretariat and Secretariat of the Pacific Community (SPC), to complete a final draft action document to progress the implementation of the Regional Economic Integration programme, acceptable to all stakeholders.

18. Leaders urged the EU to accelerate the programming and commitment of funds under the blending component of the PRIP for the regional initiatives, as well as for the national initiatives for Solomon Islands and Papua New Guinea with the funding earmarked from their National Indicative Programmes.

ACP-EU Cooperation Framework for Private Sector Development

19. Leaders urged the ACP Secretariat to expedite the selection and appraisal of regional project proposals submitted from the PACPS for immediate implementation, including support for technical assistance in building the capacity of private sector.

20. Leaders requested the ACP Secretariat to ensure that international agencies selected as the primary implementing partners work closely with regional organisations, as appropriate, in the planning and implementation of regional interventions.

21. Leaders urged the ACP Secretariat, in partnership with ACP Regional Focal Points, to enhance the visibility and awareness of the ACP Private Sector Development Strategy at the regional level, including through allocating financial resources to Regional Focal Points to support the implementation and promotion of the ACP Private Sector Development Strategy.

Hubs and Spokes Programme

22. Leaders acknowledged the importance of the H&S programme in supporting trade development work in the region and strongly commended its contribution to the PACPS.

23. Leaders urged the Commonwealth Secretariat, in partnership with development partners, to reshape and extend the H&S programme beyond November 2018, focusing on the implementation of trade agreements, including increased involvement of PACP nationals.
TRADE AGREEMENTS (PICTA, EPA, post BREXIT)

24. Leaders considered the deepening and broadening of the Pacific Island Countries Trade Agreement (PICTA); arrangements to access the EU market, in the absence of a Comprehensive Economic Partnership Agreement (C-EPA), and its impact on graduating Least Developed Countries (LDCs); and the uncertainty created by BREXIT.

25. Leaders **emphasised** the need to retain commitment at the multilateral level including alignment with regional efforts under the *Framework for Pacific Regionalism* and the *Blue Pacific* narrative, the Regional Roadmap on Sustainable Fisheries, and Leaders’ priorities.

26. Leaders **agreed** that all FICs need to fully engage in PICTA trade in goods and services, and make concerted efforts to remove barriers to intra-FIC trade.

27. Leaders **urged** the Secretariat to provide support to PACPS that intend to accede to the Interim EPA.

28. Leaders **noted** that the Secretariat is undertaking assessments to consider the status of and provide recommendations on: (a) contentious C-EPA issues; (b) transitional arrangements in the wake of BREXIT; and (c) alternative market access arrangements into EU and United Kingdom markets.

29. Leaders **directed** PACP Trade Ministers to explore a way forward on the C-EPA negotiations noting its expiry period and the relevant assessment undertaken, including the possibility of considering the unresolved issues as part of the post-Cotonou negotiations.

**EU LISTING OF NON-COOPERATIVE JURISDICTIONS ON TAX MATTERS**

30. Leaders **expressed** deep concerns that the EU has unilaterally compiled a list of non-cooperative jurisdictions for tax purposes, which includes countries in the Pacific region.

31. Leaders **urged** the EU to reexamine its criteria, and review the process through which they consult with the countries, and ensure that sufficient time is given to the countries to undertake necessary adjustments to their taxation regimes, including the possibility for the countries to retain sufficient policy space to incentivise development.

32. Leaders **agreed** that the Secretariat coordinate PACPS’ active participation in the ad hoc ACP Ministerial Contact Group on tax matters, including their engagement with the EU, with a view to securing better outcomes for the affected countries.

33. Leaders **noted** the interest by Cook Islands to be a part of the PACP representation in the ACP Ministerial Contact Group on tax matters.

34. The Chair thanked the Leaders for their contributions and decisions, and the Secretariat and CROP agencies for their support. The Chair also thanked the ACP Secretariat and the EU for their ongoing support to the Pacific region.

Aiwo District, Nauru
3 September 2018
Policy debate: The role of Trade Regulations and Voluntary Standards for Sustainable Development

Chair: Ms. Pamela Coke-Hamilton, Director, Division on International Trade and Commodities, UNCTAD

Short introduction by the Chair.

Chair will turn to the panelist and request them to make 8 minutes presentations. After their presentations the chair will open the floor for debate.

Without prejudice to what the panelist wishes to say on the topic, the following questions could be addressed with some suggestions:

1. Non-tariff measures are becoming a priority in the policy agenda of many developed and developing countries. In particular, there is rising concern that existing international trade rules, many of which relate to non-tariff measures, are insufficient to address the trade concerns of the 21st century including achieving the sustainable development goals. What is your view on improving international trade rules and more in general the situation around non-tariff measures to ensure they contribute to achieving the sustainable development goals?

PIFS Response: The Pacific Island Forum consists of 18 Members – 2 developed Members, 2 territories and 14 Small Island Developing States of which 4 are LDCs. (Presentation will focus on the 14). The PICS currently have market access through preferential trade arrangements with Australia and New Zealand, with the EU through the interim EPA and Everything But Arms Scheme and through the Generalised System of Preferences schemes. However, many PICs are unable to take advantage of these trade preferences due to NTMs. The PICs have long recognised NTMs as one of the greatest obstacles to market access. In the early 2000s when the ban on kava imports into some of the European markets was imposed the region lost an estimated US$200 million per annum in export earnings. Kava (a traditional Pacific drink) which was used in the pharmaceutical industry was alleged to have caused liver disease. Almost 15 years later in 2015, the German Administrative Court ruled that there was no conclusive evidence of the causal link - and while this was welcomed in the region it will take time and significant resources to re-establish the market in Europe.
Many PICs have little capacity to meet the standards requirements of international markets and major gaps exist nationally. Of the 14 only two PICs – Fiji and Papua New Guinea have national policies and laws and with laboratories and accreditation systems that can undertake basic tests but are limited in scope. This is understandable as PICs have limited range of exports and focus are usually to support the main exports such as fisheries products and processed agriculture products.

However times are changing and many PICs recognize the importance of NTMs as many of them are shifting away from export of primary products to value-added or processed products. In addition PICs are participating in sub-regional and regional trade integration initiatives (such as the Micronesian Trade Treaty, Melanesian Spearhead Group Trade Agreement, Pacific Island Countries Trade Agreement, PACER Plus and interim Economic Partnership Agreements) – which require compliance especially in trade agreements with developed partners such as PACER Plus (Australia & New Zealand) and the EPA with the (EU).

2. Addressing NTMs would require regulatory cooperation among countries at bilateral, regional and international levels. What practical initiatives can be taken to advance international cooperation on reducing the regulatory gaps between countries on NTMs?

**PIFS Response:** Regulatory co-operation would be welcome if PICs have adequate national Quality Infrastructure systems in place i.e laws, policies and accreditation and certification systems in place. But the PICs are far from this and TA and CB would be required. Regulatory Co-operation should not result in more restrictive measures on non-parties.

3. In many developing countries, especially LDCs, Small Island Developing States, and weak and vulnerable economies, the capacity to produce advanced products that meet TBT and SPS conditions, are often lacking. What can be done to help them resolve such capacity constraints?

**PIFS Response:** Apart from Fiji and PNG – the other PICS have very little national QI system. So the starting point for many PICS is to help them develop a national Quality Infrastructure system – i.e policies, laws, accreditation and certification systems – these must be tailored to their situation and their export.

In this regard PIFS is working with partners on a structured approach (from ad-hoc approach), through a regional QI project for PICs. The project will be funded partly by the EDF through TradeCom2 and will also draw on the experience of the CARICOM which has a more advanced system and also share similar characteristics as the PICs. This project
has been endorsed by the Pacific Trade Officials in July this year and we have received support from a few partners (SA and PTB). We still have room for those development partners that wish to support the project and welcome any assistance. In addition to this project, the region is also working on a regional project to establish a regional standard on kava based on the endorsement by Codex Committee in 2017.

4. Voluntary sustainability standards tend to be set by the private sector and often other parties than the producers in developing countries absorb a large share of the gains realized from higher prices for products that meet sustainability standards. What can be done to have more “equitable” sustainability standards in which the producers participate in setting the standards, they are supported in meeting the standards, and they also benefit from the gains in higher prices for the sustainable products?

PIFS Response – in recent years there has been an increase in voluntary sustainability standards. Very often it is the private sector in the developed countries that are imposing the standards and developing countries’ producers are powerless to influence the rules and do not have the capacity to comply. VSS seems to be unregulated and international mechanisms to govern VSS should be developed and this mechanism should provide for a collaborative approach to setting VSS by the private sector and the producers in developing countries. The mechanism should also provide TA and CB to producers of developing countries to help them with compliance.

Panelists:

- H.E. Mr. Didier Chambovey, Ambassador and Permanent Representative of Switzerland at the World Trade Organization
- H.E. Ms. Merewalesi Falemaka, Ambassador and Permanent Representative of the Pacific Islands Forum to the United Nations, the World Trade Organization and other International Organizations
- Mr. Paolo Garzotti, Deputy Permanent Representative of the European Union to the World Trade Organization
- Mr. Alejandro de la Peña Navarrete, Secretary-General, Latin American Integration Association
- Mr. Viwanou Gnassounou, Assistant Secretary-General, African, Caribbean and Pacific Group of States
- Ms. Nathalie Bernasconi-Osterwalder, Executive Director, International Institute of Sustainable Development (IISD) Europe
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| 14:30 – 15:00| Networking session: Coffee and cake will be available in the main entrance area.  
Moderator for the workshop: Bill Gain – World Bank Group |
| 15:00 – 15:10| Pacific Islands Countries – Trade Facilitation State of Play and Needs  
Pacific Islands Forum Secretariat (PIFS) to provide brief update on state of play of ratification, and ABC notifications for Forum Islands Countries that are WTO Members and (FICs) and challenges and emerging TF issues in the region.  
Mere Falemaka - Ambassador to the UN, WTO and other International Organizations |
| 15:10 – 16:00| FIC delegates will be asked to briefly present their trade facilitation situation and needs. WTO Members will also provide the state of play on TFA ratification and notifications and for those that have not ratified or notified provide an update on the situation.  
8 countries, 5 minutes per presentation |
| 16:00 - 16:45| Working group discussion  
Participants will be asked to further discuss and clarify the trade facilitation needs highlighted in their papers.  
1. Why are these identified as priorities?  
2. What are the key constraints?  
3. What must be in place first?  
Each group will report back to the group on their findings  
Officials from international organizations/donors will facilitate working groups. |
| 16:45 – 17:30| Donors and International Organizations - support to FICs  
Donors and International Organisations will be asked to respond to the needs highlighted in the first two sessions and to propose possible solutions, including possible regional options.  
Oliver Doraisamy - Australia  
Marlynne Hopper – WTO STDF  
Poul Hansen – UNCTAD  
Sandagdorj Erdenebileg – UN OHRLLS  
Alina Antoci – World Bank Group  
Milena Budimirovic – World Customs Organization  
[Cecile De Gardelle - EIF]  
[Dr Saeed – ITC]  
5 minutes each |
| 17:30-17:45 | Wrap-up  
Mere Falemaka - Ambassador to the UN, WTO and other International Organizations |