

## **Summary: Pacific ACP Trade Ministers Meeting (PACTMM)**

Port Vila, Vanuatu  
31 July-1 August 2007

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### **Overview**

This Ministerial (the first since May 2007) was dominated by discussions on the way forward on Economic Partnership Agreement (EPA) negotiations with the European Commission (EC). EPA issues discussed included funding, alternatives, rules of origin, and the gloomy outlook for conclusion of the deal by the 31 December 2007 deadline. Other pending trade deals were also discussed including the approach of the Pacific Islands Countries (PICs) on the Pacific Agreement on Closer Economic Relations (PACER) between the Pacific and Australia/New Zealand and progress toward implementing the Pacific Islands Countries Trade Agreement (PICTA). This update also includes info on civil society actions at the Ministerial, dates for the next meeting, and links to key stories and websites. A summary of the key issues from the 2-3 August Pacific Forum Ministers meeting (involving Australia and New Zealand) will follow separately.

### **Funding and the EPA**

The Ministerial was dominated by concern over a threat to cut EC development aid funds to the region if the Pacific does not conclude the EPA by the end of the year. Just before the meeting opened, an EC official sent the Pacific Islands Forum Secretariat (PIFS), which helps coordinate the negotiations, an email that stated the Pacific's allocation under the Regional Indicative Programme (RIP) of the European Development Fund (EDF) would be cut by 48% if it does not sign up to an EPA and by 26% if a goods-only agreement is concluded. The Ministers responded with a strongly worded letter to the EC Commissioner for Development, Louis Michel, that stated they would, "not accept the EC imposing this linkage on the RIP with respect to the EPA." The meeting's Outcomes Statement added that "confirmation from the EC of a conditional linkage between the RIP and EPA will effectively mean suspension of EPA negotiations until this issue is resolved." There was considerable media coverage on this issue - see story links at the end of this message.

### **Alternatives to the EPA**

There was considerable interest in a legal opinion circulated by Oxfam that states the EU is legally required to offer "GSP plus" as an alternative to an EPA for non-Least Developed Countries (LDCs). (Pacific LDCs--Kiribati, Samoa, Solomon Islands, Tuvalu, and Vanuatu--would have access to duty free, quota free access under another EU agreement called Everything but Arms.) GSP+ is an expanded version of the EU's "Enhanced Generalised System of Preferences," that would provide non-LDCs with at least as favourable EU market access as is currently available, no matter the outcome of the EPA negotiations. The Pacific Island Forum Secretariat (PIFS), which helps coordinate the negotiations, described GSP+ as a viable option for non-LDCs and the Outcome Statement, "expressed the need for the region to give serious consideration to alternatives to EPAs and incorporating them in the way forward in the EPA negotiations."

### **EPA Deadline**

The Outcomes statement expressed concern over the changing goal posts or shift in key EC positions eg. its position on rules of origin (RoOs) from one based on value addition to RoOs based on Cotonou Plus. There was concern that the EU had not agreed to the key priorities identified by the Pacific (RoO, a regional fisheries agreement, a developmentally friendly investment agreement, reform of investment institutions, temporary movement of people and additional funding for adjustment costs). It now seems likely that few, if any, Pacific governments will sign an EPA by the 31 December 2007 deadline and, if any do so, it is likely that it would only be a goods agreement. The EC has failed to respond in a timely manner to Pacific negotiating proposals, but in media coverage the EC's Vanuatu representative unfairly blamed the delay on the change in the position of the region's chief EPA negotiator, Fiji's Kaliopate Tavola, after the December 2006 military coup. Samoa's Minister of Trade, Hans Joachim Keil, formerly Tavola's alternate, is now leading the negotiating team.

### **PACER**

The way forward on PACER was another contentious issue discussed by the ministers and the subject of talks together with Australia and New Zealand's trade ministers on 2-3 August. On behalf of the Pacific, the Melanesian Spearhead Group intends to commission an independent legal opinion on PACER's Article 6 (3), a provision that would trigger consultations with Australia and New Zealand. The Pacific has called for options under the PACER opt-in and opt-out approach, including the opportunity to negotiate bilaterally and sub-regionally with Australia and New Zealand. The Pacific has agreed to establish a Chief Trade Negotiator position that would be independent of the PIFS (thus avoiding potential conflicts of interest that could arise from Australia and New Zealand's membership in the Forum).

### **PICTA**

On PICTA, the Outcomes Statement agreed that officials should develop a framework for monitoring the Social and Economic Impact of trade liberalisation related to PICTA. Trade officials will also engage in consultations and negotiations with a view to concluding a Trade in Services agreement as an extension of PICTA. The Ministerial deferred a decision on the inclusion of tobacco products in PICTA until 2009 and consultations will be held on possible trade liberalisation of alcohol products under PICTA.

### **Climate Change**

The Pacific will seek assistance from the EU in developing a Clean Development Mechanism-based Certified Emission Reduction approach. There is considerable concern that Pacific land will be taken up for biofuel plantations and that oil palm is unsuitable for Pacific production in part due to its vulnerability to cyclones.

### **Civil Society**

Henry Vira, Director of VANGO and the members of the Vanuatu Advocacy Coalition on Economics, convened a lively briefing on 1 August for Vanuatu civil society by participants to the trade meetings including a presentation by Barry Coates from Oxfam NZ, with responses and inputs from Roy Mickey Joy (Vanuatu Trade Ambassador), Vicki Plater (NZ AID Trade Adviser) Douveri Henao (University of Papua New Guinea and former PNG government trade adviser), and Nicolas Martinez (EC Vanuatu's Chargé d'affaires). There were few civil society representatives on

government delegations to the Ministerial and most of the Non-State Actors representatives were from business. However, as with the May 2007 Ministerial, the Outcomes Statement again showed strong support for the involvement of NSAs on government delegations and their engagement through consultations. Oxfam NZ prepared a briefing paper, *Weighing the Options*, for the Ministerial.

### **Next Meeting**

The next Trade Ministerial will take place in Samoa on 2-3 October 2007. Please check with your governments to request a debriefing on the Vanuatu Ministerial and to find out about the next meeting.

### **Key Links**

- Oxfam Briefing, *Weighing the Options* - <http://www.oxfam.org.nz/whatwedo.asp?s1=What%20we%20do&s2=Issues%20we%20work%20on&s3=Make%20Trade%20Fair&s4=Make%20Trade%20Fair%20in%20the%20Pacific>
- EC email ó [http://www.bilaterals.org/article.php3?id\\_article=9219](http://www.bilaterals.org/article.php3?id_article=9219)
- Pacific response letter - [http://www.bilaterals.org/article.php3?id\\_article=9220](http://www.bilaterals.org/article.php3?id_article=9220)
- *Associated Press* - <http://www.iht.com/articles/ap/2007/08/01/asia/AS-GEN-Pacific-European-Union.php>
- *PacNews* - [http://www.islandsbusiness.com/news/index\\_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=130/focusContentID=9547/tableName=mediaRelease/overrideSkinName=newsArticle-full.tpl](http://www.islandsbusiness.com/news/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=130/focusContentID=9547/tableName=mediaRelease/overrideSkinName=newsArticle-full.tpl)
- *Radio Australia* - <http://www.radioaustralia.net.au/news/stories/s1994290.htm>
- PIFS - <http://www.forumsec.org/pages.cfm/newsroom/press-statements/2007/pacp-trade-ministers-disappointed-with-eu.html>