

FAO, New Zealand Government, Italian Government, IFAD, Secretariat of the Pacific Community, Pacific Islands Trade and Investment Commission (Auckland), Pacific Islands Forum Secretariat, Pacific Islands Forum Fisheries Agency

NINTH ROUND TABLE MEETING FOR PACIFIC ISLAND COUNTRIES ON WTO AND REGIONAL TRADE AGREEMENTS AND PROVISIONS

Wellington, New Zealand, 3 – 7 July 2006

REPORT

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ACRONYMS

ACP Africa, Caribbean and Pacific

AFT Aid for Trade

AoA Agreement on Agriculture

CAC Codex Alimentarius Commission EPA Economic Partnership Agreement

EU European Union

EEZ Economic Exclusive Zone

FAO Food and Agriculture Organization of the United Nations

FAO SAPA FAO Sub-Regional Office for the Pacific Islands

FFA Pacific Islands Forum Fisheries Agency

FICs Forum Island Countries

FSA Food Safety Authority (New Zealand)
HACCP Hazard Analysis and Critical Control Point

HKMC Hong Kong Ministerial Conference

IFAD International Fund for Agricultural Development

INEA Italian Institute of Agricultural Economics
IPPC International Plant Protection Convention
IUU Illegal, Unreported and Unregulated (Fishing)

LDCs Least Developed Countries

MFAT Ministry of Foreign Affairs and Trade (New Zealand)
MAF Ministry of Agriculture and Forestry (New Zealand)

NAMA Non-Agricultural Market Access

NZAID New Zealand Agency for International Development PACER Pacific Agreement on Closer Economic Relations

PICs Pacific Island Countries

PICTA Pacific Island Countries Trade Agreement

PIFS Pacific Islands Forum Secretariat

PITIC Pacific Island Trade and Investment Commission

PPPO Pacific Plant Protection Organisation
RPFS Regional Programme for Food Security
RTFP Regional Trade Facilitation Programme

RTM Round Table Meeting

SDT Special and Differential Treatment SPC Secretariat of the Pacific Community

SPS Sanitary and Phyto-Sanitary
SSPs Special and Sensitive Products
SSM Special Safeguard Measures
STEs State Trading Enterprises
SVEs Small Vulnerable Economies
TBT Technical Barriers to Trade

UN United Nations

UNDESA United Nations Department of Economic and Social Affairs

WTO World Trade Organisation

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NINTH ROUND TABLE MEETING FOR PACIFIC ISLAND COUNTRIES ON WTO AND REGIONAL TRADE AGREEMENTS AND PROVISIONS

Portland Hotel, Wellington, New Zealand 3 - 7 July 2006

REPORT

1. The Ninth Round Table Meeting (9th RTM) for Pacific Island Countries (PICs) on the World Trade Organisation (WTO) and Regional Trade Agreements and Provisions was held at the Portland Hotel in Thorndon, Wellington, New Zealand from 3-7 July 2006. The meeting was attended by participants from the Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Tonga, Tuvalu and Vanuatu. Resource persons and speakers for the meeting were provided by the Food and Agriculture Organisation of the United Nations (FAO), the Government of New Zealand, the Pacific Islands Forum Secretariat (PIFS), the Pacific Islands Forum Fisheries Agency (FFA) and the Secretariat of the Pacific Community (SPC). Representatives of the Government of Italy, the European Commission and the International Fund for Agricultural Development (IFAD) also attended. The full list of participants and resource persons is attached as Annex 1.

OFFICIAL OPENING

A brief ceremony was held to mark the official opening of the 9th RTM. Mr Manase Felemi of FAO was master of ceremonies and the meeting began with a short devotion and prayer conducted by Mr Nga Mataio of the Cook Islands. The FAO Sub-Regional Representative for the Pacific Islands, Dr Vili Fuavao, delivered the welcome address. He extended a special welcome to the New Zealand Minister for Agriculture, Fisheries and Forestry and Minister for Biosecurity, the Hon. Jim Anderton and thanked him for finding time in his busy schedule to officially open the meeting. He expressed appreciation for the ongoing commitment of the New Zealand Government to assist PICs in improving trade through continued funding for the RTM. He also welcomed the First Secretary of the Italian Embassy in Wellington, Dr Massimo Carnelos, and expressed FAO's gratitude to the Italian Government for supporting this conference as well as FAO's global development initiatives, in particular, the Regional Programme for Food Security (RPFS) in the Pacific. Dr Fuavao then welcomed the participants, and expressed FAO's wish to broaden the knowledge base of PICs regarding multilateral and regional He acknowledged the continued support of a number of trade in agriculture. governments, regional and international organizations, and welcomed the participation of the Director of the Commodities and Trade Division, Dr Alexander Sarris, and other officials from the FAO Headquarters including the Fishery Industries Division. He highlighted the relevancy of the conference to the participants from PICs and its usefulness in learning more about issues being discussed at regional and multilateral levels. Finally, Dr Fuavao thanked individuals from the New Zealand Ministry of Agriculture and Forestry (MAF), the New Zealand Agency for International

Development (NZAID), the Auckland-based Pacific Island Trade and Investment Commission (PITIC) and the FAO Sub-Regional Office for the Pacific Islands (FAO SAPA) for their work in the organization of the conference. A copy of his welcome address is attached as Annex 2.

- 3. Dr Massimo Carnelos representing the Government of Italy highlighted Italy's commitment as a global player in international trade and its global responsibility to support, and engage in bringing prosperity and security. He acknowledged the issues and challenges for PICs, such as vulnerability, smallness, isolation, limited natural and human resources and recalled that Italy was engaging in the development of PICs to address these challenges through the FAO RPFS in the Pacific. Furthermore, he mentioned that the Italian Government also provided funding through the Regional Programme for "Reinventing Government in the Pacific Islands" and a programme for the Formulation of national sustainable development strategies, both realized through the United Nations Department of Economic and Social Affairs (UNDESA). Another engagement by the Italian Government was through the European Union (EU), where the latter provided assistance for the development of the PICs under the Cotonou Agreement and the preparations for an Economic Partnership Agreement (EPA). Dr Carnelos thanked the FAO for organising the meeting and wished everyone a successful meeting. A copy of his statement is attached as Annex 3.
- The special guest invited to officially open the 9th RTM was the Hon. Jim 4. Anderton, New Zealand Minister for Agriculture, Fisheries and Forestry and Minister for Biosecurity. Mr Anderton welcomed all participants of the 9th RTM to Wellington and acknowledged that his portfolio covered all areas to be discussed at the RTM. He stated that the RTMs on WTO Provisions had proven to be very useful, particularly this year as countries reach a 'crunch time' in the WTO multilateral trade negotiations, and with increased activities on regional and bilateral trade agreements. He also congratulated Dr Fuavao and his team from FAO SAPA for the enthusiasm and commitment with which they were continuing to organise this event. The Minister noted that although only three PICs were WTO members, it was necessary for all to be aware of WTO provisions and of developments in multilateral trade negotiations, as all regions were affected in one way or another by the global trading system. Mr Anderton then congratulated Tonga as a new member to the WTO and encouraged other countries to consider moving to become members of the WTO. The Minister acknowledged that a special session on fisheries was planned and he stressed the need to further discuss subsidy issues on fisheries. After wishing everyone a very lively meeting, the Minister officially declared the 9th RTM open. A copy of his opening address is attached as Annex 4.

MEETING AGENDA AND WORKING ARRANGEMENTS

5. In line with the RTM overall objective of enhancing understanding and awareness of the WTO agreements and provisions relating to Agriculture, the 9th RTM focused mainly on the post Hong Kong negotiation issues of the agreements on

Agriculture and Fisheries, as well as the Pacific ACP-EU EPA negotiations, with a focus on regional food security and trade facilitation, and the development dimension of multilateral and bilateral trade. The main objectives of the meeting were:

- to clarify various issues in the WTO and EPA negotiations based on facts and analyses, so that the PICs would have a sound basis for formulating policies related to trade and food security at national and regional level;
- to provide support to agricultural sector professionals in their responsibilities of both assisting the work of national and regional trade negotiators, and developing national and regional agricultural trade policy;
- to explore implications of current trade policy development for the future of agriculture in the countries and the region;
- 6. The Agenda, which was jointly developed through consultation with partners, included sessions covering the WTO Agreement on Agriculture (AoA) negotiations, WTO accession and membership updates, the status of negotiations in the Pacific ACP-EU EPA negotiations, the progress of the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER), and key issues and challenges in agriculture and fisheries in relation to trade. The plenary also discussed regional food security initiatives and the status of work on the FAO RPFS in the Pacific, as well as the regional trade development assistance packages. The meeting was split into parallel sessions, which focused on agriculture and fisheries separately. The adopted Agenda for the meeting is attached as Annex 5.

SESSION 1: INTRODUCTION

• Update on the work of FAO Trade and Commodities Division

- 7. This session was facilitated by Dr Vili Fuavao of FAO. The aims of the session were to give an update on the work of the FAO Head Office Commodities and Trade Division and to provide a historical snapshot of the progress of RTMs to date.
- 8. Dr Alexander Sarris of FAO started his introductory remarks with an update on the work by the Commodities and Trade Division in addressing market and trade related issues through thematic and cross country analyses. He then invited the participants to raise trade and development issues during the course of the week to assist the division in formulating a more focused programme for the region. He also acknowledged the efforts of the Dr Fuavao and his team in organising the 9th RTM.

• Historical Developments and Update of the Round Table

9. A historical overview of the RTM series was presented by Mr Manase Felemi of FAO, which showed the main focus of the RTMs as being capacity building for PICs in the area of agricultural trade and the sharing of information and experiences. He explained that whereas the RTM had initially targeted CEOs, it was gradually broadened

to include middle to senior management officials from agriculture, fisheries and trade ministries.

SESSION 2: WTO AGRICULTURAL NEGOTIATIONS

10. This session was facilitated by Mr Neil Fraser of New Zealand MAF. It provided an overview of the current negotiations on the WTO Agricultural negotiations and specific issues, as well as an outlook for the negotiations for the next six months.

• Overview of the Current Negotiations and Specific Issues and Outlook for the Next Six Months

- 11. Mr Brian Wilson of the New Zealand Ministry of Foreign Affairs and Trade (MFAT) provided a presentation on the status of the WTO negotiations and the outlook for the next six months. Mr Wilson pointed out that there were 150 members of the WTO and that some of the benefits of becoming a member of the organisation included trading without discrimination, removing barriers through negotiations and special and differential treatment (SDT) for developing countries. Furthermore, the dispute settlement mechanisms within the WTO were open for members to take cases against other members relating to trade disputes.
- 12. In regard to the Hong Kong Ministerial Conference (HKMC), Mr Wilson informed the meeting that the main outcome of the Conference was that all export subsidies would be eliminated by 2013. He also reported that there was no agreement on the full modalities on agricultural subsidies and industrial tariffs. On the issue of Fisheries subsidies there continued to be strong resistance from those members paying subsidies, however progress was made towards their reduction. The negotiations on non-agricultural market access (NAMA) recorded no progress where developed countries requested reductions in tariffs, while developing countries would make commitments in NAMA only if there were improvements made to modalities in the AoA. In the June 2006 Ministerial meeting, there was still no progress made and the matter was referred to the WTO Director to facilitate the negotiations.
- 13. Mr Daneswar Poonyth of FAO presented an update on the progress of the AoA negotiations in the WTO, where the main issue was the inability of members to meet deadlines set for the negotiations. In addition to the AoA negotiations, developing and least developed countries (LDCs) were calling for SDT under the Agreement. Regional groupings were also proposing their positions on the modalities, which made it difficult for the negotiations to reach any agreement.
- 14. Mr Poonyth reported that the modalities of the AoA negotiations had three main pillars: domestic support, market access and export competition. Negotiations on domestic support were striving to reduce distortions in the blue box, to agree on a formula to eliminate domestic support in the amber box and to ensure that measures of support under the green box were not trade distorting. On export competition, an

agreement was reached at the HKMC that export subsidies should be eliminated by 2013, while negotiations would continue on issues relating to the role of State Trading Enterprises (STEs), export credits and food aid. On market access, it was reported that no agreement had been reached in the reduction in tariffs, SDT and issues relating to the erosion of preferences. In addition to the negotiations, Mr Poonyth highlighted the importance of the current push for recognition in the WTO of the "Small and Vulnerable Economies (SVEs)". He noted that one of the ongoing debates in the WTO was regarding the types of groupings to be recognised by the organisation, which included SVEs.

- 15. After the presentations, the floor was opened for questions. Vanuatu raised the issue of the high legal costs required for WTO negotiations and, especially, the costs associated with dispute settlement cases. In response, the presenters clarified that there was some technical assistance available to cover legal costs and that a good strategy was to group with countries who had similar issues to share resources.
- 16. Tonga questioned how developing countries impacted by tariff reductions and supply side constraints could take advantage of aid for trade (AFT). Papua New Guinea and Fiji raised their concerns on the impact on PICs if the Doha Round negotiations failed. The presenters acknowledged that there were no immediate answers to these issues, but urged PICs to group together with other countries in promoting their common interests in these negotiations.
- 17. Samoa raised the concern that PICs had different issues based on their status within the WTO and that it was important for each country to fully understand their needs to be able to participate and gain from the WTO negotiations.

SESSION 3: WTO ACCESSION AND MEMBERSHIP

18. This session was facilitated by Dr Alexander Sarris of FAO. The session consisted of a presentation on the Accession Process by an official of New Zealand MFAT, and then presentations from Tonga, Vanuatu and Samoa regarding their accession experiences.

• The Accession Process: An Overview

19. The first presentation for this session was an overview of the WTO accession process given by Ms Maria Alcalde of New Zealand MFAT. Ms Alcalde explained that the accession process required a country to enter into bilateral negotiations with each WTO member to reach an agreement for accession. She also presented New Zealand's perspective for countries in accession, which includes conformity with WTO rules and she reiterated New Zealand's support for the accession of LDCs. A summary of information sources on the accession process was also provided.

• Tonga's Accession Experience – The Issues and the Challenges during the Accession Process

20. Mr Paulo Kautoke of Tonga gave a presentation on his country's accession process to the WTO. Tonga's main objective of becoming a member of the WTO was to improve living standards and to create employment opportunities for its population. Tonga's trade policy objectives were to expand and diversify export products and markets, to improve market access, to trade in a secure and predictable environment and to safeguard their trade interests. He reported that Tonga's accession process had been long and arduous given the lack of capacity and resources. Some of the lessons learned included the need to maintain coherence and coordination at the national level, checking and considering the interests of stakeholders and the maintenance of a balance between national development needs and WTO commitments. Mr Kautoke acknowledged the role played by New Zealand and Australia in the Working Party and also in facilitating Tonga's bilateral negotiation process. He finally urged the PICs to have a unified voice in the WTO.

• Update of Vanuatu Accession Process

21. Mr Tom Kalo Longitong of Vanuatu, gave a presentation on his country's accession process to the WTO and some of Vanuatu's interests in becoming a member. He mentioned the need to improve access to aid, trade facilitation support, promotion of investment, such as in the tourism industry, and simplification of export rules and labour market access. He reported that Vanuatu had already fulfilled some of the requirements for WTO and stressed the importance of acceding under terms that would benefit the country, especially towards achieving economic resilience. Mr Longiton said that Vanuatu was taking precautionary measures in acceding to the WTO as compared to its previous accession process.

• Update of Samoa Accession Process

22. Mrs Nella Levy of Samoa spoke of her country's accession process to the WTO and highlighted some of the issues facing Samoa. These included limited human resource capacities and high financial costs associated with the accession process. She indicated that coordination at the national level continued to be a difficult and time consuming task, however Samoa was at the stage of continuing bilateral negotiations, whilst developing national legislation to meet the WTO requirements. She also mentioned that Samoa's aim was to become a member of the WTO before losing its economic status as a LDC.

• Challenges/Issues Facing other Countries

23. A number of issues were raised by participants during the discussions. The Cook Islands sought further clarification on how ownership of the accession process was taken at the national level, given that there had been some protests against Tonga's membership to the WTO. Mr Kautoke in replying mentioned that Tonga's private sector

had been supportive of the process and the Government had carried out many workshops on the WTO accession. However he reported that there had been some politicisation of the process, which would require more public awareness on the WTO membership process.

- 24. Samoa, Tuvalu and Papua New Guinea applauded Tonga's progress and raised their concerns in relation to whether the Doha negotiations would benefit new members, considering the limited capacity of countries to follow the negotiations. Mr Kautoke replied that the most important lesson learned from Tonga's accession process was to fully understand the objectives of becoming a member of the WTO and how to profit from it.
- 25. The meeting noted Vanuatu's strategy towards a more cautious approach to trade negotiations to minimise any likely adverse implications on the country.
- 26. The meeting sought clarification from Samoa's presentation on costs required to undertake working party meetings and Mrs Levy clarified that Samoa had used other occasions to convene informal working party meetings in Geneva to save costs.
- 27. In summarising, the facilitator raised a question relating to whether there was asymmetry of information in relation to accession processes to the WTO. Some PICs indicated that the major issue for them was the 'information overload' where there was limited capacity to absorb and utilise such information for their benefit.

SESSION 4: REGIONAL AND OTHER TRADE AGREEMENTS

28. This session was facilitated by Mr Brian Smythe of New Zealand MFAT, and consisted of presentations on the Pacific ACP-EU EPA Negotiations and the progress on PICTA and PACER.

• Pacific ACP-EU Economic Partnership Agreement Negotiations

29. Mr Amena Yauvoli of Fiji, presented an update on the Pacific ACP (PACP)-EU EPA negotiations. He stated that the key PACP issues on EPA negotiations included the need for friendlier rules, as well as the availability of transitional periods towards implementation of the agreement. He elaborated that PACP were negotiating on measures and policies that would facilitate market access accompanied by bound financial commitment from the EU. The PACPs were also negotiating additional financial resources under EDF 10 and were calling for fine tuning of existing mechanisms (such as technical assistance from the EU) that would meet the needs and capacity of PACPs. Mr Yauvoli mentioned that ongoing preparatory work at national and regional levels was continuing and he highlighted the importance of engaging a political profile in the process to raise the awareness of EU leaders regarding the issues facing PACPs in relation to the negotiations under the EPA.

30. In the discussions following this presentation, Samoa raised a concern regarding the EU assistance mechanisms and how effective they had been in the PACP since Africa was seen to be benefiting more than the Pacific. The participants also raised a concern on why the European Investment Bank had set up its regional office in Australia, which was not a member of the ACP. Another question was raised on the reasons the PACP was focusing on the monetary aspects rather than detailed trade aspects. Mr Yauvoli clarified that given adjustment costs were very high there was a need to discuss financial and technical resources as part of the overall negotiations. A question was asked on the priority sectors that the PACP was negotiating in the EPA and in response Mr Yauvoli explained that those were goods, services, investment and fisheries.

• Progress on PICTA and PACER

- 31. The presentation on the progress of PICTA and PACER was presented by Dr Jim Gosselin from PIFS. He started with PICTA, which came into force in April 2003 with the aim to enhance intra-regional trade, strengthen trade capacity and to improve international competitiveness. He reported that PICTA covered goods only (except tobacco and alcohol) and that so far only nine Forum Island Countries (FICs) had ratified the agreement. He added that trading under PICTA had yet to start as countries were still developing national legislations. He said that Forum Trade Ministers in 2006 reiterated the importance of PICTA and had agreed that it should enter into force by January 2007. In terms of PACER, 11 countries had ratified the general agreement, which aimed at future economic relations between the FICs, Australia and New Zealand. The FICs had benefited from PACER under the Regional Trade Facilitation Programme (RTFP) and there were currently studies being undertaken to look at frameworks to further broaden economic and trade relations under the Agreement.
- 32. A question was raised regarding when Vanuatu would ratify PICTA and the response was that the Government was currently looking for markets from which it would benefit most with the least implications. There were also queries on the progress of COMPACT countries (Palau, Marshall Islands and the Federated States of Micronesia) regarding their stance with the US on the PICTA Agreement. Dr Gosselin replied that progress had been made in the Marshall Islands to adopt PICTA as well as work being done to incorporate the other American Territories into the regional agreement.

SESSION 5: TRADE AND DEVELOPMENT IN THE CONTEXT OF THE WTO

33. This session was facilitated by Mr Paulo Tautoke of Tonga. Presentations were given on AFT and other SDT issues, the determinants of appropriate agricultural trade policy, and SVE issues.

• Aid for Trade, and Other Special and Differential Treatment Issues

34. A joint presentation on AFT and other SDT issues was given by Ms Michelle Wanwimolruk from New Zealand MFAT and Ms Vicki Plater from NZAID.

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The presenters explained that AFT was an essential component of the Doha Round negotiations, aimed at helping countries to trade and take advantage of the WTO Agreements and address diverse constraints such as the lack of infrastructures or limited production facilities. Mechanisms to provide AFT included, at the multilateral level, the Integrated Framework and the Joint Integrated Technical Assistance Programme and, at the bilateral level, individual donor support for trade. NZAID, for instance, contributed approximately NZ\$22m towards AFT. The WTO HKMC highlighted the importance of AFT and paragraph 57 of the final declaration set up a taskforce to provide recommendations with a specific timeline for delivery on AFT by December 2006. It also stressed the need to support LDCs through the AFT mechanism.

- 35. The presentation on SDT explained that the Doha Round had two mandates on this topic. The first mandate was that the SDT be integrated into each and every strand of the negotiations such as agriculture, NAMA, services and trade facilitation. The second mandate was for the Committee on Trade and Development to review and strengthen SDT provisions in current agreements. The presentation indicated that SDT was critical in order to conclude the Doha Round and ensure that it achieved its development objective.
- 36. Samoa raised their concern that there was very little information on the kinds of assistance available and the processes required to access assistance. Particular reference was made towards the Integrated Framework and queries were raised as to whether there was consideration of national priorities in this process. Fiji acknowledged the existence of paragraph 57 of the HKMC and urged PICs to take advantage of this new initiative. The PIFS echoed the same sentiments and stressed that the Forum Trade Ministers had encouraged PICs to take advantage of the AFT initiative.

• Determinants of Appropriate Agricultural Trade Policy

37. Dr Alexander Sarris of FAO presented a paper on the determinants of appropriate agricultural trade policy. Dr Sarris outlined the importance of agriculture in the multilateral trade negotiations and the role that trade policy could play in the development of agriculture. He stressed that there had been various arguments on the role of trade policy in relation to the issues of food security, market access and the interlinkages of government reforms to agricultural trade. For instance, distortions in agricultural trade as a result of policies and reforms had been the subject of debate in the multilateral agriculture trade negotiations. Case studies were undertaken by FAO on appropriate agricultural trade policies and two key roles were identified from these studies that should be of interest to agricultural and development policy makers. Firstly, for countries at earlier levels of development, trade reform could be damaging to food security in the short to medium term if introduced without a policy package designed to offset the negative effects of liberalization. Secondly, the provision of a more stable and remunerative investment environment for import competing commodity sectors that could become competitive in the medium run is critical to agricultural and wider rural growth.

38. A question was raised by a representative from Fiji on the correlation between trade liberalisation and food security and whether any work was done on the impact of trade preference erosions on the countries heavily dependent on them. In response Dr. Sarris raised the issue of whether there had been any threat to food security from trade preferences and how the revenues from these were captured or spent by Governments. He concluded that it was important to develop policies to address the impact of preferences and to negotiate transitional periods to minimise this impact.

• Small Vulnerable Economy Issues

- 39. The presentation on SVE Issues in the WTO was presented by Mr Daneswar Poonyth of FAO. The main issue presented was the lack of formal recognition by the WTO of SVEs given the latter had been recognised in some United Nations (UN) bodies and agencies. Paragraph 35 of the Doha Ministerial Conference made reference to small economies, however there was no formal grouping of small economies recognised in the WTO. Mr Poonyth highlighted the various vulnerability indexes and the work undertaken to recognise SVEs. Within the context of the trade negotiations in the WTO, the rules did not make any special consideration for SVEs. Only the LDCs and Developing Countries were formally recognised by the WTO.
- 40. Fiji sought clarification on the differences between the UN system and that of the WTO regarding the use of definitions, since the WTO dealt solely with trade rules. Mr Poonyth in response clarified that issues on SVEs were gradually moving into the discussions in the WTO, through the great work of Barbados, however he acknowledged that this was still a battle to be continued.

AGRICULTURE SESSIONS

All five Agriculture Sessions were facilitated by Mr Neil Fraser of New Zealand MAF, and covered the topics of Emerging Issues and Trends in Global Agricultural and Food Products, Market Access in the WTO Agriculture Negotiations, Codex, Food Standards and Trade, Biosecurity and Trade, and Trade Facilitation Initiatives.

SESSION 6: EMERGING ISSUES AND TRENDS IN GLOBAL AGRICULTURAL AND FOOD PRODUCTS

World Tropical Commodity Markets: Outlook and Implication for Trade and Food Security

42. Dr Alexander Sarris presented a paper entitled World Tropical Commodity Markets: Outlook and Implications for Trade and Food Security, which outlined summaries of world production on major commodities compared to population growth and global demand for food. He also explained the trends in the Pacific on agricultural production and demand, and linked these to the current discussions on

agriculture in the context of the WTO. Dr Sarris stated that there was growing interdependence in food supplies and that developing countries and, in particular, LDCs were increasingly dependent on basic food imports. He forecasted that in the next 10 years, despite market liberalisation, there would be new trade concerns and an increase in the need for policy flexibility. He indicated that middle income countries would need to shift from tariff to more direct and targeted domestic support policies and stressed the need for policies to foster dynamic comparative advantage, in order to avoid being locked into low productivity primary products.

43. In the discussions following this presentation, Samoa, the Cook Islands and Fiji sought clarification on the correlation between crop and yields when calculating agriculture productivity in the Pacific. It was noted that in the case of PICs there was limited data or analysis on the importance of yield when measuring productivity hence it was difficult to make comparisons of agricultural productivity with other countries.

• Regional Market Outlook and Challenges to PICs

44. A regional market outlook and challenges for the agriculture sector was presented by Dr Jim Gosslein from PIFS. The presentation noted that FICs were already actively engaged in trade in agricultural and fishery products and that there was intraregional trade, however most trade was between FICs and the metropolitan countries, Australia, New Zealand and the United States. Dr Gosslein emphasized that PICTA could improve trade amongst PICs and prepare exporters for global markets.

Experiences in Trading in Fresh Produce between New Zealand and PICs

- The next presentation was on Experiences in Trading in Fresh Produce between New Zealand and PICs, and was made by Mr Kevin Nalder of the New Zealand Fresh Produce Importers Association. Mr Nalder highlighted the role of Bilateral Quarantine Agreements between New Zealand and PICs, which provided market access for PIC produce to the New Zealand market. He also presented a timeline of how New Zealand had addressed the potential risks brought about by increasing trade with the introduction of new legislations (such as the Biosecurity Act and the Hazardous Substance New Organisms Act) to minimize any risks to the country's agriculture sector. This had increased the number of technical barriers for PIC agricultural exports to New Zealand, which included a restriction on export of taro being discussed as an issue. Mr Nalder urged PICs to work together to improve quality in order to meet global competition from other markets. He suggested that this could be achieved through the development of a Pacific brand.
- 46. Following from this presentation, interest was shown amongst the countries on the development of a Pacific brand and how this could be realised. A common concern also raised was the increasing presence of global supermarkets and how the PICs could take advantage of these chains to minimise any negative impacts.

SESSION 7: MARKET ACCESS IN THE WTO AGRICULTURE NEGOTIATIONS

• Update of Current Positions of Market Access Negotiations and the Special Safeguard Mechanism

Ms Rebekah Mawson, of New Zealand MFAT began this session with an update of the Current Positions of Market Access Negotiations and the Special Safeguard Mechanism (SSM) in the WTO negotiations. Ms Mawson outlined the tariff formulas being negotiated in the WTO. She explained that there had been some substantial improvements since the Doha Round started, where agreements were reached to reduce agriculture tariffs, but that the thresholds and size of the tariff cuts were yet to be decided. An update on Sensitive Products negotiations was also presented where there was acknowledgement at the HKMC of an appropriate number of tariff lines to be regarded as special products guided by indicators based on the criteria of food security, livelihood security and rural development. She reported that the HKMC also recognised that developing country members would have the right to have recourse to a SSM based on import quantity and price triggers, with precise arrangements to be defined and that negotiation were still continuing on these matters.

• Special and Sensitive Products for PICs

- 48. Dr Alexander Sarris continued with a more detailed presentation of Special and Sensitive Products (SSPs) by giving an FAO Analysis of Sensitive Products, Proposals and Insight from FAO projects. He articulated the modalities and proposals made by various countries and groupings within the WTO with special criteria and indicators to identify tariff lines that should be regarded as SSPs where such indicators should be linked to national security, food security and rural development. The FAO analysis identified a number of commodities that could be considered sensitive, which had been included in some proposals made by Thailand, Malaysia and G33 tabled in WTO.
- 49. A Pacific perspective on SSPs for PICs was presented by Dr Jim Gosselin from PIFS. The main concern raised referred to the modalities for SSPs being a double-edged sword for PICs, where on the one edge the exclusion of SSPs from the tariff reduction provided opportunities for PICs to safeguard their domestic markets, but on the other edge it allowed developed countries to protect their markets, hence restricting exports from PICs of such products. Dr Gosselin stressed that it was important for all PICs to follow these negotiations in the WTO because of the possibility of using SSPs in the EPA negotiations and potentially in the PACER Plus arrangements with Australia and New Zealand. He concluded that there was a need for FICs to use all tools available to promote their interests in these areas.
- 50. Discussions on SSPs for Pacific WTO members revealed that Fiji was currently seeking technical assistance to identify which of their tariff lines would be

regarded as SSPs. The meeting noted that PICs should start to align themselves to the current WTO negotiations to be able to take up opportunities arising out of the Doha Round. In summing up the session the facilitator thanked the presenters and highlighted the importance of having a clearer understanding of the WTO negotiations and acknowledged the work of FAO in providing a more in-depth analysis of what was being negotiated in the interest of the RTM and PICs.

• Domestic Support and Export Competition

- 51. On day three, Ms Laurie Knight of New Zealand MAF continued Session 7 in agriculture with a presentation on Domestic Support and Export Competition in the WTO. Ms Knight introduced the domestic support on agriculture, which was classified into three boxes, the amber box, the blue box and the green box. The amber box comprised the most distorting domestic support, the blue box the less distorting and the green box non-distorting measures, such as general services, including technical support for agricultural development and marketing. The current update on negotiations on the boxes in Hong Kong showed that there was agreement that the highest allowances in the amber box should be cut the most, with developing countries making lower cuts. However the negotiations ended with a stall on a precise formula for reducing amber and blue box subsidies. On the issue of export subsidies, there was initial agreement on elimination, however the debate continued on how to achieve this with discussion including such topics as a schedule for elimination, the value and volume of each product, agreement on rules to govern food aid to prevent commercial displacement and the development of disciplines for STEs to ensure that they were not trade distorting.
- Discussions on the issue of food aid brought up some concerns regarding the impact on recipient countries of food related diseases from genetically modified products. The SPC also questioned whether food aid was demand driven or donor driven. Dr Sarris acknowledged that food aid was currently a contentious issue especially regarding when it should be allowed in the case of emergencies. Another issue related to the programme on food aid was the notification of food aid either for emergency or as a programme. FAO was supposed to monitor notification on food aid, however only about one third of food aid programmes were being notified. FAO was continuing to develop and submit proposals on how to address this issue.

• Implications of the Tariff Reduction Formulae

53. The next presentation was on the Implications of the Tariff Reduction Formulae in the WTO by Mr Daneswar Poonyth from FAO. Mr Poonyth presented a proposal submitted to the WTO negotiations on a formula to reduce agricultural tariffs. These proposals were from the ACP, the G20, EU and US where negotiations were currently underway as to the formula to be used. The presentation also outlined the tariff structures of major developed countries and compared these to the tariff structures of Papua New Guinea and Solomon Islands. Mr Poonyth stressed that given the wide variation of tariff structures it would be very difficult for members to agree on a single formula. In addition to tariff formulas, Mr Poonyth also provided a technical analysis of

the implications of tariff cuts on tariff escalations. The main issue with tariff escalation was that the level of tariffs along the production chain increased as the degree of processing expanded hence how tariff escalation impacted on trade became a matter for debate. No major convergence at the current negotiations had been made on the issue of tariff escalations.

• Preferences and Options beyond Preferences

- Mr Poonyth continued with a second presentation on Preference and Options in light of the current issues on preference erosions. He explained that preference erosion arose as a result of multilateral trading systems, where developed markets reduced their tariffs to allow for trade under customs unions and free trade agreements. A study of the impact of preferences undertaken by the OECD concluded that there was positive impact on preferential trade agreements although very small. There were increasing cases against preferential trade agreements and the most common one was the sugar case under the ACP-EU Lome being successfully challenged in the WTO. The current concern was on transitional periods provided to preference receiving countries and the need for preference giving countries to offer technical support to minimise any great impact on preference elimination.
- 55. Fiji expressed appreciation for the presentation and sought recommendations on how it should approach the current WTO waiver relating to sugar and also queried as to whether the waiver would be extended.

SESSION 8: CODEX, FOOD STANDARDS AND REGIONAL DEVELOPMENTS

• Update on Recent Global and Regional Developments

56. Mr Dirk Schulz of FAO opened the session with a presentation on Codex, Food Standards and Trade in the Pacific. He explained that increasing globalization of food trade was bringing with it new food safety and quality risks, affecting public health, trade and food security. These increased hazards in the global food system were the result of technological developments, an increase in size, economies and complexities of production, processing and marketing systems, changing consumer lifestyles and demands, as well as initiatives at various levels to liberalize trade. Focusing on issues in the Pacific region, Mr Schulz highlighted the growth in food and agricultural trade and increasing dependency on imported food in the region over the past decades, which brings an urgent need for PICs to review their food standards. He provided an insight into current food safety trade issues based on an analysis of import refusal statistics for food exports from PICs into the US during the past year. Processed snack food and fishery products accounted for approximately 80% of import refusals, with labeling issues and contamination as the main causes of rejection. Mr Schulz proceeded with an introduction to the Codex Alimentarius Commission (CAC), the international body mandated to develop international food standards. Designated by the WTO (under the Sanitary and Phyto-Sanitary (SPS) Agreement) as the authority for all matters related to

international food safety evaluation and harmonization, codex currently had a membership of 173 countries, representing 98% of the world's population. It provided ready-made benchmarks/standards for countries to develop national regulations and form an integral part of legal framework for facilitation of international trade through harmonization / settlement of trade disputes. Involvement in the work of codex offered an opportunity for PICs to influence the international standard setting process and to promote harmonization of national regulations and standards. To this end, countries were encouraged to continue to strengthen and maintain their national codex systems and to enhance their participation in the work of codex by utilizing opportunities offered by the codex trust fund. Mr Schulz concluded the presentation by reminding the meeting that food safety was not a destination but a never ending journey.

• Progress, Priorities and Challenges in the Pacific

- 57. Ms Cherie Flynn of the New Zealand Food Standards Authority continued the presentation on the progress of Codex Food Standards, priorities and challenges for the Pacific. Ms Flynn gave an update on the progress of the FAO/WHO Coordinating Committee for North America and the South West Pacific (CCNASWP) of which Samoa was currently the regional coordinator. Some of the priorities for CCNASWP included the improvement of coordination of activities and communication within the region, promotion of maximum participation in activities of the regional coordinating committee and development and enhancement of capacities of national Codex contact points and their supporting infrastructures in order to successfully carry out their core functions. Progress had been made on the CCNASWP with the regional coordinator now in the Codex Executive Committee, which helped to promote Pacific positions and submissions. Ms Flynn informed the meeting that a joint FAO/WHO Fund had been set up in 2004, namely the Codex Trust Fund, which had the objective of facilitating participation of PICs in important Codex meetings as well as helping to promote standards and guidelines of interest to the region. She stressed that although the Fund provides some assistance towards participation in Codex, it was not enough to cover all the work of Codex hence she encouraged countries to participate in only the meetings of most relevance rather than trying to cover all areas.
- Country representatives applauded the work of FAO on Codex and food safety and expressed appreciation for the assistance and benefits they were able to obtain from this work. Participants acknowledged that there was still more work needed to be done on Codex, especially in the areas of national strategies and regulations on food safety issues. Kiribati also raised the importance of exploring possibilities for the inclusion of Codex and Hazard Analysis and Critical Control Point (HACCP) into regional university courses.

• A Case Study (Cassava)

59. Ms Joanne Young from Fiji presented a case study on the current review of the Codex Cassava Standard by the CAC. Delegates from Fiji and Tonga had requested an amendment of the Codex Standard for Sweet Cassava to allow inclusion of

Pacific varieties with levels of hydrogen cyanide above the current cut-off set at 50 mg/kg. The CAC had agreed to initiate work in this area and an electronic working group was formed, which looked at incorporating scientific data from the region. This case study demonstrated the importance of attendance and active participation in the work of Codex to help facilitate fair trade practices and protect the health of consumers in the region.

SESSION 9: BIOSECURITY AND TRADE

• Issues and Challenges of the Regional Trade Facilitation Programme (Quarantine Component)

60. Mr Sidney Suma of SPC gave a presentation on Issues and Challenges of the RTFP (Quarantine Component). An update on SPC's work on the Quarantine Component of the RTFP was presented, which covered work under the Technical Advisory Unit for import-export biosecurity technology. Some of the challenges of the project included: Import Risk Analysis/Market Access Submission, the need to update biosecurity related legislation, supply chain constraints, supply (production) constraints, national biosecurity capacity such as producing pest lists and negotiating access and non-SPS issues, especially commercial issues.

• Update of the International Plant Protection Convention, Pacific Plant Protection Organisation

61. An update of the International Plant Protection Convention (IPPC) was presented by Dr Mat Purea of FAO. The work of IPPC was to secure common and effective action to prevent the spread and introduction of pests of plants and plant products, and to promote appropriate measures for their control. summarised the structures of the Convention and the linkages to the WTO, where the latter had recognised the role of IPPC as the international organization responsible for phyto-sanitary standard setting and harmonizing of phyto-sanitary measures affecting trade. He reported that the Pacific Plant Protection Organisation (PPPO) was the regional body for IPPC and an update of the Organisation was made by Mr Suma from SPC. Mr Suma outlined the structure and membership of the PPPO, which included activities such as facilitating participation in the standard setting process, technical capacity building for national biosecurity services, upgrading of skills of quarantine staff, biosecurity law update and harmonization and maintaining closer collaboration with border agencies. The presenters urged PICs who were not yet members of the PPPO to join to be able to benefit from the activities of the organisation.

• Biosecurity Requirements for Market Access in New Zealand

62. Biosecurity requirements for market access in New Zealand were presented by Mr Derek Belton of Biosecurity New Zealand MAF. Mr Belton said that the main goal of Biosecurity New Zealand was to protect New Zealand's biodiversity and

facilitate exports by managing risks to plant and animal health and animal welfare. He stressed the importance of disease freedom as a condition of market access for much of New Zealand's primary industry production, a major contributor to New Zealand's economic growth and development. Hence there was a need to prevent entry of diseases such as foot and mouth disease through the development of standards based on risk analysis. The Biosecurity Act and the Hazardous Substances and New Organism Act were the main pieces of legislation that supported New Zealand's biosecurity programme. The 2003 Biosecurity Strategy for New Zealand specifically recognised the value of investment in regional management of biosecurity throughout the Pacific. As part of the implementation of that strategy, Biosecurity New Zealand was putting together a specific programme to coordinate New Zealand investment in all aspects of Pacific biosecurity, including the development of standards that enabled safe market access for PIC export products to New Zealand.

SESSION 10: TRADE FACILITATION INITIATIVES

63. This session looked at the FAO Regional Food Security Project (RFSP) and Mr Bismark Crawley, Project Coordinator for the project provided a summary of the components and work done so far. He informed the meeting of the two main components of the RFSP, which were the national component involving projects at the country level to enhance food security and production, and the regional component focusing on trade facilitation and agricultural policies.

• FAO-INEA-SPC Commodity Chain Studies

- One of the activities under the regional component is the Commodity Chain Studies implemented under close collaboration between FAO, the Italian Institute of Agricultural Economics (INEA) and SPC. Mr Andrea Serpagli, FAO Consultant, gave a short presentation on this activity. The work under the regional component included a Training Course on Food Regulation in International Trade and a set of Commodity Chain Studies aimed at formulating recommendations to facilitate trade within and outside the Pacific region. The overall tasks of the horizontal component was to support PICs to have in place effective trade policies for their agricultural and food sectors, so as to meet emerging trade challenges and market opportunities, and to build regional and national capacity. The chain studies included selected fruits and vegetables in Fiji for import substitution purposes, the development of a sustainable breadfruit industry for food security in Kiribati and an export-oriented strategy for nangai nuts from Vanuatu. The results and methodology of the studies would be presented to PICs public and private institutions in a final workshop.
- 65. Questions were asked by Niue and other PICs on whether these value chain studies would be extended to other PICs and Mr Serpagli responded that further funding was being sought for an extension of this project to cover other PICs.

• Model Legislative Template on Food and Related Subjects

- 66. A Model legislative template on food and related subjects was presented by Mr Dirk Schulz of FAO and Mr Suma of SPC. Under the RTFP technical assistance was provided to develop model legislations. Issues that would be addressed in the legislative framework included food safety, food standards, food additives, meat and poultry, fish and fishery/seafood products, animals, plants, agricultural compounds, export and import control.
- Discussions on this topic highlighted the need for countries to request technical assistance towards developing laws on food legislation. It was generally accepted that such laws should be adapted to meet each country's situation and it was recognised as important for countries to ensure enforcement once implemented.

FISHERIES SESSIONS

68. Dr Vili Fuavao of FAO, chairing Session 6, opened the Fisheries Sessions with an overall introduction. Session 7 on Day 2 was facilitated by Mr Lindsay Chapman of SPC, and Mr William Emerson of FAO facilitated the remaining Fisheries Sessions on Day 3. Topics covered on both days were Fisheries Development and Fish Trade, an Update on WTO Negotiations Relating to Fisheries, Fisheries in the ACP-EU EPA, Quality and Safety Aspects for Fish Trade, and Trade Facilitation Initiatives in Fisheries.

SESSION 6: FISHERIES DEVELOPMENT AND FISH TRADE

• Overview of Global Trends and Issues in Fisheries Development and Fish Trade

- 69. Mr William Emerson presented an overview of global trends and issues in fisheries development and fish trade. He outlined the status of world fisheries and aquaculture based on 2004 statistical data and presented information on such areas as over-exploited fish stock, the increase in aquaculture production since 1950, how 50 percent of world fish exports were from developing countries, and trends in fish trade (e.g. export value, main exporters / importers, main export species). He also highlighted WTO related issues (e.g. tariffs, SPS/Technical Barriers to Trade (TBT) agreements, dispute settlement, regional / bi-lateral trade agreements) and discussed some issues from the Doha Development Round (e.g. fisheries subsidies and import duties).
- 70. Samoa commented that the existing ACP-EU regional trade agreement would be replaced by EPA, which was under negotiation. In response to a question by Mr Rodwell of FFA, Mr Emerson pointed out that fisheries subsidy issues (reducing tariffs in industrial countries) were progressing while WTO negotiation focused on agriculture. Mr MacFarlane of NZSIC commented that tariff negotiation on fisheries

(finfish, non-tuna species) was more complex and fishery products were treated as tariff preference.

• Regional Fisheries Trade: Overview

- 71. Mr Lindsay Chapman of SPC gave a power point presentation entitled 'Regional fisheries trade overview', which focused on tuna fisheries and processing, invertebrate and finfish fisheries and aquaculture production in the region. He reviewed the diverse scale of tuna fishing operations (purse seine fishery and longline fishery), and its processing sector and export values. He explained that it was difficult to gather fish trade statistics including tuna export data. Participants were briefed on export volume of sea cucumber, molluscs, crustaceans, ornamental fish, corals and finfish from the Pacific. Reef fish were not included in trade due to their classification as subsistence products (internal market). Mr Chapman also highlighted the export of aquaculture commodities (e.g. pearl oysters, *Kappaphycus* seaweed, *Mozuku* seaweed, prawn, giant clam) in the region.
- 72. In response to a query by Mr Emerson, Mr Chapman confirmed the domestication of the tuna industry and gave an explanation of the Western and Central Pacific Fisheries Commission's management role and geographical coverage. Mr Capelle of Nauru made a comment regarding coral export (live rock from Tonga, Fiji and Vanuatu, live soft coral from Tonga, Fiji and Solomon Islands). Samoa noted that while regional tuna catch data was available at FFA and regional trade data at PIFS, there was no national agency compiling fish trade data and statistics within the country. The importance of collection / compilation of fish trade data was noted by the meeting (fisheries session group), and it was recommended that a study on fish trade data be carried out in the region.

• Progress on the Western and Central Pacific Tuna Commission

- 73. Mr Len Rodwell of FFA gave a power point presentation entitled 'Western and Central Pacific Fisheries Commission's resolutions and decisions, and their implications'. He explained that decisions were legally-binding, resolutions were non-legally binding, and directives were recorded in the Commission's record of proceedings. He summarised FFA members' positions regarding record of fishing vessels and authorization to fish, vessel marking, reporting requirements. He also looked at members' positions regarding decisions on conservation and management of yellowfin and big-eye tuna (purse seine fishery and longline fishery), on southern albacore tuna, resolutions on non-target species, seabirds, turtles and reduction of overcapacity, catch documentation and charter schemes in the WCPFC Conventional area. He informed the participants that the 3rd Commission Meeting was scheduled to be held in Samoa in December 2006.
- 74. In response to a query by Samoa, Mr Rodwell briefed the participants on the existing sub-regional agreements (e.g. FSM agreement, Palau agreement, Niue agreement). Mr Time of Samoa made a comment regarding chartered vessels (catch history of albacore fishing, economic benefit of domestication). Mr Rodwell added that

technical assistance in strengthening the fishing industry would be provided under the FFA's DEVFISH Project.

• Market Potentials and Status of PIC Exports

- Mr Alistair MacFarlane of the New Zealand Seafood Industry Council gave a power point presentation on market potentials and the status of PIC exports. He gave an outline of the seafood market in New Zealand, which he explained was an export-focused industry, while the domestic market was dependant on imports (50%). In the fish import market, prepared fish and mollusks represent 50% of imports. In the chilled fish import market, Fiji showed a share of 89%. He briefed the meeting on the tuna trade (e.g. by species, export destinations) from New Zealand's Economic Exclusive Zone (EEZ) as well as export market opportunities (e.g. reef and deepwater species, high-valued chilled fish and Sydney Fish Market / Auckland Fish Market) and challenges (e.g. logistics, food safety expectations and market demand for exotic species). He concluded his presentation by mentioning that New Zealand-owned companies were in operation in the region and were interested in negotiating access on commercial terms.
- 76. Samoa commented that although good market opportunities for fresh tuna existed in Hawaii, exports were hampered by strong competition for air cargo space. Mr Emerson mentioned that New Zealand exported fish to Spain. In response to Tonga's query on shark fisheries in New Zealand, Mr MacFarlane explained that dogfish were for used by the New Zealand's domestic market as well as exported to the Australian market.

SESSION 7: UPDATE ON WTO NEGOTIATIONS RELATING TO FISHERIES

• The Fisheries Subsidies Negotiations

- 77. Mr Mark Talbot of New Zealand MFAT gave a power point presentation on 'WTO: Fisheries subsidies'. He explained that New Zealand was a key proponent of a broad prohibition on fisheries subsidies. Referring to an over-fishing status of the world's fisheries, he pointed out that poor fisheries management and 20 billion US\$ in fisheries subsidies contributed to over-capacity and over-fishing. He introduced major countries' positions on fisheries subsidies, and further expressed the need for disciplines beyond over-capacity to over-fishing. For the developing countries, it was agreed that there was need for exceptions for artisanal fisheries and access payments, and SDT. Mr Talbot informed the meeting that it was expected that the draft text of an agreement on fisheries subsidies would be completed by the Chair of the WTO's Rules Negotiating Group by the end of July 2006.
- 78. Tonga commented that the definition of artisanal fisheries was not clear, and understood that it referred to subsistence fishing for family consumption. Niue raised a query regarding the actual impact of subsidies to the WTO members and said that Niue had no fuel subsidies.

• WTO and Subsidy Rules

- 79. Following Mr Talbot's presentation, Mr Emerson of FAO gave a power point presentation entitled 'WTO and Subsidy Rules'. In reference to the Doha and the Hong Kong declaration, he expressed the importance of the disciplines on fisheries subsidies in the developing countries. Two approaches (bottom-up or top-down) were considered to strengthen the disciplines. He briefly touched on the scope of disciplines regarding wild capture fisheries (not inland fisheries) and aquaculture. He further explained the details on the exemptions (e.g. government programmes, small-scale and artisanal fisheries, international safety and sanitary standards, relief from natural disaster at sea, off-season, employment relief) and the SDT for developing countries. Mr Emerson concluded that much progress had been made but a lot of work was needed and that disciplines should also be focused on the environmental effects of subsidies.
- 80. Samoa commented on the relations between subsidies and Illegal, Unreported and Unregulated (IUU) fishing. It was noted that an International Plan of Action for IUU should be promoted. Tonga questioned how the WTO assessed exemptions for developing countries. In response to Papua New Guinea's query on Flag of Convenience, Mr Emerson explained that vessel construction or modification was considered part of subsidies.

• The Market Access Negotiations for Fish Products

- 81. Mr Damian Ryan of the New Zealand MFAT gave a power point presentation on 'Market access negotiations for fish products'. He outlined NAMA and its framework, which covered industrial / manufactured goods including fisheries. He stressed that harmonizing formula would reduce high tariffs and tariff peaks for all products including fish. Less stringent formula could be used by developing countries. Mr Ryan further explained the purpose and benefits of the fisheries sector's aim to eliminate tariffs for fish and fish products. Significant barriers to fisheries trade existed, especially in major markets (e.g. EU, US). Tariff escalation was an obstacle to development of processing industries. Tariff elimination would facilitate economic development in the sector. The key modalities of the fisheries sectoral proposal were product coverage, participation, implementation, SDT, and non-tariff barriers.
- 82. In response to a query from the Cook Islands on fish in NAMA, Mr Ryan further explained that NAMA covered industrial / manufactured goods, which included fish and fish products.

• Study on Fisheries Subsidies

83. Mr Len Rodwell of FFA began Day 3 of the meeting with a power point presentation on 'Fisheries subsidies', which highlighted origins of the debate, importance and options for PICs, and the current state of play. SDT would determine which subsidies and what amounts the Pacific would be able to offer to develop and support its own industry. Artisanal fishers were being defined, and allowable levels of support for

artisanal fishers were being contemplated. Access fees paid by the distant water fishing governments (i.e. US Treaty and EU agreements) were currently being scrutinized to determine if they were subsidies and if they would fall under WTO disciplines. Distant water fishing nations were likely to undergo some subsidy reform, potentially impacting their capacity to fish in the Pacific. Positive price effects could emerge from limits on fishing capacity. Mr Rodwell concluded his presentation by emphasizing PICs' priorities (clarification of policy objectives, identification of policy objectives in the context of the Chair's text, and engagement in the final stage of negotiations).

84. Mr Ryan commented that fisheries subsidies were still a secondary issue in respect to the outcomes of NAMA and AoA negotiations. It was noted that, in developing countries, access fees could be exempted from fisheries subsidies.

• Countries' Views on the Subsidy Issue

- 85. Samoa pointed out that the subsidies issue was still a new agenda in the country and more information on the issue was needed for policy making and trade negotiations. Samoa noted the importance of strengthening partnerships and informed the meeting that no foreign fishing vessels were in its EEZ. Subsidies were provided for fishing gear and fuel. Samoa also sought clarification regarding the relations between fisheries subsidies and environment.
- 86. Tuvalu commented that there was no fishing fleet in Tuvalu and that joint venture arrangements for the National Fisheries Corporation of Tuvalu were under consideration. It was noted that regional agreements implemented were to protect tuna resources. In response to Tuvalu, Mr Emerson commented that there was no particular impact on joint venture commercial arrangements, although subsidies on vessel construction could be looked at. Niue commented that joint venture commercial fishing was operating in the country and that there was concern regarding the capacity of fisheries resources. Niue supported a regional approach in the fisheries issue and reported that it had signed a Memorandum of Understanding with New Zealand.
- 87. Papua New Guinea commented that there was a limited capacity to manage and update information on WTO negotiations, in particular on SDT on subsidies. This situation was also echoed by Samoa and it was suggested that regional trade agreements be included in future workshop on fish trade in the Pacific. Dr Fuavao of FAO supported the adoption of a regional approach in trade negotiations and the reinforcement of a coordination mechanism. Mr Rodwell further commented that a mechanism existed at FFA regarding a regional approach to tuna management.

SESSION 8: FISHERIES IN THE ACP-EU ECONOMIC PARTNERSHIP AGREEMENT

• Main Issues of the Fisheries Partnership Agreement Negotiations

88. This session was cancelled due to the unavailability of the guest speaker, however in referring to Session 4 (Regional and other trade agreements) from the morning of Day 2, Dr Fuavao of FAO briefly recalled that the interesting areas for the Pacific ACP countries in EPA negotiations (in fisheries) were market access, trade facilitation and fisheries development.

SESSION 9: QUALITY AND SAFETY ASPECTS FOR FISH TRADE

Seafood Standards and Codex

- 89. Mr Dirk Schulz of FAO delivered a power point presentation entitled 'Seafood standards and Codex'. He outlined current fishery food safety trade issues, explaining that out of a total of 76 food import refusal cases into the US during the past 12 months, 38% were related to fishery products. "Filthy" (42%) and "insanitary" (30%) were identified as the main causes for rejecting PIC fishery exports. "Filthy" is defined by the US Food and Drug Administration (USFDA) as articles "appearing to consist in whole or in part of a filthy, putrid or decomposed substance or be otherwise unfit for food". Mr Schulz proceeded with an overview of rules and regulations governing fish and seafood safety and quality. He explained the role and functions of the Codex Alimentarius in the international regulatory framework for seafood safety and quality and introduced relevant Codex fish and seafood standards. He informed delegates about the ongoing work of FAO on food standards in the Pacific, including the establishment of national Codex structures, capacity building activities, participation in international food standards setting committees, and other technical assistance in support of food control. He also recalled that the 9th session of the FAO/WHO CCNASWP was going to be held in Samoa from 10-13 October 2006. He concluded his presentation by highlighting some safety and quality issues for consideration such as the need for food control and inspection procedures to progress towards the risk analysis approach; the relevance of codex committees on Fish and Fishery Products as well as Food Import Inspection and Certification Systems; and the need to share experiences and best practices to help harmonize procedures and promote equivalence schemes.
- Samoa queried whether the USFDA Import Refusal Statistics showed a rejection rate of frozen fish from Samoa to American Samoa and noted that a significant change on a rejection of fish exports was made after establishing national seafood safety systems in Samoa in 2000. Niue asked whether Codex member countries have different rules of refusals. Mr Emerson of FAO commented that national legislations vary. For instance, while the EU requires a Competent Authority to trace and determine where a problem occurred in the export chain, USA assigns the responsibility of complying with its food standards to the importer. Niue also asked which countries can use Codex standards. Mr Schulz of FAO replied that all countries could access and apply Codex standards, however in order to participate in and contribute to their development, a country needed to be a member of the CAC. Australia, the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, New Zealand, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu were Codex members from the Pacific.

- Following Mr Schulz's presentation, Mr Jim Sim of the New Zealand Food Safety Authority (FSA) gave a power point presentation concerning 'Codex Alimentarius', in particular on its purpose, standards, system, committees (Codex Committee on Fish and Fishery Products) and Codex Commission. For imports to New Zealand, the New Zealand standards (Food Act and Food Standards Code) had to be met with. In the New Zealand standards, a risk list had been set for shrimps and prawn, shellfish, smoked fish, large predatory fish etc. Options for risk-listed imports included a test at the border, a certification from the recognized competent authority in the country of origin (bi-lateral agreements) and multiple release permits (for products with a good history and issues managed by an importer). All importers in New Zealand had to comply with the New Zealand legislation, might be tested as part of the Total Diet Survey, and were monitored through the food complaint system.
- 92. In response to Niue who asked if there was any indirect cost for being a Codex member, Mr Sim replied that there was no Codex membership fee, but it was the country's own financial responsibility to participate in the meetings. Mr Schulz added that there were no reporting requirements for the member countries, but there was a need to assign a focal point to receive any assistance by the FAO/WHO Codex Trust Fund regarding participation in meetings.

• Inspections and Quality Assurance Systems: HACCP Programme and Export Market Requirements

- 93. Ms Sharon Wagener of the New Zealand FSA gave a power point presentation entitled 'Quality through HACCP from hook to cook'. She described a quality continuum from safety to commercial quality issues and discussed government concern (mainly safety-related) versus consumer concern (with total quality). She also explained about government requirements generally moving from prescriptive (process-based) to enabling (outcome-based). She briefed the delegates on hazards (biological, chemical and physical) and hazard specificity. Essentials (Good Operating Practice) for the New Zealand HACCP were introduced, in particular the eleven Elements of HAACP (scope, product description, product outcomes, process description etc.) and the seven HACCP Principles (hazard identification and analysis, critical control points, critical limits, monitoring, corrective actions, verification, and documentation and records). She concluded her presentation by emphasizing the importance of HACCP-based risk management programmes in the New Zealand situation
- 94. Niue noted the minimum requirement at the New Zealand border. Samoa noted that there were different negotiations required for general export (e.g. New Zealand standards) and overseas market access (e.g. US, EU).

SESSION 10: TRADE FACILITATION INITIATIVES IN FISHERIES

• FFA

- 95. Mr Len Rodwell of FFA gave a power point presentation concerning 'Trade facilitation', a key role of the agency according to its strategic plan. He briefed the participants on the agency's extensive study on trade-related issues concerning tuna industry and their potential impacts on PICs including fisheries subsidies, subsidies and access fees, preferential trade agreements, non-tariff barriers to trade and trade opportunities. Case studies were carried out in the WTO members (Fiji, Papua New Guinea), the acceding countries (Samoa, Tonga) and the non-WTO members (Niue, Marshall Islands), and additional consultations were made with Solomon Islands and American Samoa. A regional workshop has been planned in October 2006 to discuss the findings and policy options of the study and to develop an action plan for the members. Mr Rodwell further introduced the EU-funded DEVFISH Project and its objectives and expected outcomes. He concluded his presentation by informing participants of FFA's trade-related activities planned in 2005/2006 (e.g. assistance in meeting with the EU export requirements and in establishing markets for Pacific ACP private sector operators).
- 96. In response to a query by Mr Izumi of FAO, Mr Rodwell explained that a study on trade-related issues had been scheduled and would be carried out by a consultant. Samoa requested FFA for an early submission of the study report carried out in Samoa in early 2006. In response, Mr Rodwell noted that FFA kept relatively good relations with PIFS regarding EPA negotiations. Dr Fuavao reiterated the objectives of the annual RTM series and the outcomes of the 6th Meeting of the FAO South West Pacific Ministers for Agriculture held in the Cook Islands in June 2005. He informed the meeting that under FAO's regional TCP project the Laboratory of the Institute for Applied Science at the University of the South Pacific was upgraded to international standards. He continued to comment on such topics as the importance of EPA negotiations, SPS/TBT agreements and market access.

FAO

- 97. Mr Masa Izumi gave a short power point presentation on 'Fisheries subsidies and FAO relevant work'. He outlined the activities related to fish trade undertaken by the organisation's Fisheries Department. He informed the delegates of a series of FAO discussions on fisheries subsidies carried out since 1999 and emphasised the organisation's activities related to the impact of subsidies on fishing capacity, IUU fishing and fisheries management, and the role of subsidies in small-scale / artisanal fisheries. He also referred to the FAO Fisheries Technical Papers on fisheries subsidies. Mr Izumi further outlined the activities of the organization in the Pacific region including the annual RTMs on WTO Agreements and Provisions (1998-2006), a case study on fish trade and food security in Fiji and Samoa (2003), and the RPFS (2004-2006).
- 98. Mr Izumi continued with a second presentation entitled 'Seafood Standards: HACCP Programme and EU Requirements Capacity Building' based on FAO activities implemented in the Pacific region. He outlined the Regional TCP Project on 'Assistance to South Pacific to Meet New Fish Regulations' (1997-1998), the National

HACCP Training Workshop in Tonga (1998), the Regional TCP Project on 'National HACCP-based Fish Inspection Systems in the South Pacific (2002-2004) and the TCP Project on 'Strengthening National Capabilities in Seafood Trade Policy, including Risk Assessment and Traceability for Solomon Islands' (2004-2006). The Communiqué of the sixth Meeting of FAO South West Pacific Ministers for Agriculture held in the Cook Islands, 1-3 June 2005, and FAO Fisheries Technical Papers on seafood safety, quality and risk assessment were also referred to.

PLENARY SESSIONS

99. The Plenary Session on Day 4 was facilitated by Dr Vili Fuavao of FAO, and included a session on Regional Food Security Initiatives and a session which provided updates on the trade development assistance programmes provided by governments and organisations.

SESSION 11: REGIONAL FOOD SECURITY INITIATIVES

• IFAD Vision on Food Security in the Pacific and Update of the Organic Agriculture Programme

- 100. Ms Ariko Toda of IFAD, presented the Pacific Profile of the IFAD activities and Pacific projects. She outlined the ten projects being undertaken and noted that since 2003 IFAD had re-engaged its presence to support poverty reduction in the area. Two programmes were currently being undertaken, which included the Regional Programme with Civil Society Mainstreaming of Rural Development Innovations (December 2004) and the Regional Programme on the Certification of Organic Farming (October 2005). More activities were also in the pipeline for approval.
- 101. Questions raised from the floor included the Cook Islands and Fiji's concern regarding IFAD duplicating some of the work already being done by other organizations and the need also to work with Governments. Samoa acknowledged the work by IFAD in organic certification and expected that this project would bridge gaps from other projects to enable organic developments. Samoa also asked IFAD if they had any projects in the fisheries sector. Nauru inquired how to become a member of the Fund. Niue claimed that they had already run an organics project and asked how IFAD could compliment this. IFAD in response acknowledged that there were weaknesses in terms of aligning themselves with existing mechanisms and they were working on improving their communications network to address these concerns.

• FAO Regional Programme for Food Security and Extension Proposal

Mr Bismark Crawley of FAO presented an update on the implementation of the FAO RPFS and proposal for extension. He outlined the national component activities currently being delivered to the PICs with some 26 projects underway and up to 30 parallel activities. A review of the project was undertaken at a Tripartite meeting in

Tonga in May and the outcome of the meeting recognized the need for flexibility of project activities to meet the changing conditions of the countries. It also recognized the need for capacity building on FAO policies and procedures, as well as in agricultural policies development and planning, and the necessity to develop mechanisms to collect and maintain baseline data to facilitate monitoring and evaluation of projects impact and sustainability. Implementation measures being undertaken included a regional training for national project coordinators and managers on FAO procedures and operations, a reinforced networking amongst country project officers to share information on progress of the activities, the strengthening of the role of national steering committees and the organization of a regional workshop to present the findings of the commodity chain studies to public and private institutions.

- 103. Mr Crawley also presented a proposal being submitted to the Italian Government for the extension of the RPFS to provide more capacity building in the development of agricultural policies. The First Secretary of the Italian Embassy at the meeting indicated that the Government of Italy had agreed to provide funding for the extension given the good feedback so far. The 9th RTM strongly acknowledged the Government of Italy's commitment to this project especially in addressing food security issues in the Pacific. The Cook Islands called on FAO to assist in building awareness and capacity of CEOs of Agriculture in the Pacific to be fully involved in the extension phase and to enable effective implementation of the project at national levels.
- 104. A number of countries raised their concerns regarding the South-South Cooperation technical assistance on need for the extension of this programme. They also discussed some issues related to communication problems with the technical personnel assigned under the scheme, and agreed to foster cooperation amongst the counterparts.

SESSION 12: REGIONAL TRADE DEVELOPMENT ASSISTANCE PROGRAMMES

• Update by Development Partners (NZAID)

Ms Vicki Plater of NZAID presented a paper on technical assistance programmes available with the agency. She informed the meeting that NZAID worked to support the contribution trade could make to development through policy engagement on trade and development issues and programming at the bilateral, regional and multilateral level. NZAID's total trade-related assistance was NZ\$21.9m in 2004/05. In the Pacific assistance was provided through bilateral programmes, the RTFP under PACER, and in funding various regional organisations and agencies (such as PITIC, the Pacific Enterprise Development Facility, the Pacific Financial Technical Assistance Centre and the Foreign Investment Advisory Service).

• Update by Development Partners (FAO)

106. Dr Vili Fuavao presented an outline of FAO activities, which could also be accessed through the FAO SAPA website (www.faopacific.ws) and urged countries to officially submit their needs for assistance to FAO, which would then formulate projects to address them.

SESSION 13: WRAP UP AND CLOSING

Dr Fuavao made the final remarks to officially close the 9th RTM and 107. expressed his gratitude to all participants for accepting the invitation to attend. He said that FAO noticed that as more participants improved their understanding of the WTO process, the better the RTM discussions became. He also thanked the senior executives from PICs (the Cook Islands, Tonga and Vanuatu) for making time in their busy schedules to participate in the meeting. On behalf of FAO and the participants, he expressed gratitude to the Governments of Italy and New Zealand for their support to the organization of the meeting, and thanked the technical presenters and facilitators from New Zealand MFAT, MAF, Fisheries and NZAID. He also acknowledged the representatives from the CROP agencies, as well as IFAD and FAO staff, especially the Director of the Commodities and Trade Division, for their contribution. A special acknowledgement was made to Mr Felemi and Mr Massimo Diomedi for successfully organizing the 9th RTM. In closing, Dr Fuavao wished the participants a successful field trip in Auckland and wished everyone a safe trip home. The 9th RTM was then officially closed.

FIELD VISIT

108. The meeting ended with field visits to some of the agricultural and fisheries trade related businesses and operations in Auckland. The field visits were organized by PITIC, which also covered part of the costs involved. Separate programmes of visits were organized for the participants who wished to visit agricultural and fisheries trade facilities. A copy of the field visit programmes is attached as Annex 6.

Annex 1

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Annex 2

Welcome Address by Dr Vili Fuavao, FAO Sub-Regional Representative for the Pacific Islands

Honourable Jim Anderton, New Zealand's Minister of Agriculture, Fisheries and Forestry and Minister for Biosecurity;

Dr Massimo Carnelos, First Secretary and Chargé d' Affaires of the Italian Embassy; Representatives of Regional Inter-governmental organizations;

Distinguished Delegates from FAO member countries;

Professor Sarris and other Fellow Colleagues from FAO Headquarters in Rome; Ladies and Gentlemen

For the past eight years, it has always been an honour and pleasure for me to welcome everyone to the Round Table Meeting for Pacific Island Countries on WTO Agreements and Provisions. It is on the same note that I extend to you all a very warm welcome to this year's meeting; the Ninth in the series, and the fifth to be held here in Wellington.

I am particularly honoured to welcome Honourable Jim Anderton, New Zealand's Minister of Agriculture, Minister of Fisheries, Minister of Forestry and also Minister for Biosecurity. Thank you for accepting our invitation, and for making time to be here with us today despite your many commitments. Your presence today is not only a demonstration of your Government's ongoing commitment to assisting Pacific Island Countries in dealing with multilateral trade issues, but also your own personal conviction to the development of agriculture (including fisheries and forestry) and improving trade as a way to building sustainable livelihoods in our region. This is of course apart from the continuing commitment by your funding this annual meeting since it commenced nine years ago. Thus, I would like to take this opportunity to convey, through you Honourable Minister, our most sincere gratitude to the Government of New Zealand for its continued assistance and support to his annual event, which we at FAO feel is most important and relevant to the island countries of the region.

I am pleased to extend a very warm welcome to the Representative of the Italian Government, Dr Massimo Carnelos, First Secretary of the Italian Embassy here in Wellington. The Government of Italy has always been an important partner and great support of global development initiatives of FAO. Recently, it has supported the regional programme for enhancing food security in Pacific island countries, and this year, it has also contributed funding in support of this annual meeting. Please convey our gratitude and appreciation to your government.

I am also pleased to welcome the distinguished delegates and participants from the countries. While I am happy to see familiar faces, I am particularly pleased that we

continue to see new faces every year. This is in line with the overall objective of this meeting series, which is to deepen as well as broaden the knowledge base of our member countries and their understanding of multilateral trading systems and issues, and their possible impact on agricultural policies and on food trade.

As many of you are aware, this round table meeting series has been initiated following a decision made in 1997 by the South West Pacific Ministers for Agriculture. In response to this decision, the first round table meeting was held in 1998 and since then, FAO has been able to hold this meeting on an annual basis with the financial and technical contribution of a number of collaborating partners from both within and outside the region.

Honourable Minister, I am pleased to inform that since the first meeting in 1998, there has been continued support and endorsement for this annual event from a number of governments, regional and international agencies such as New Zealand, IFAD, the Pacific Islands Forum Secretariat (PIFS), the Secretariat of the Pacific Community (SPC) and the Auckland-based Pacific Islands Trade and Investment Commission (PITIC). Last year, the Forum Fisheries Agencies (FFA) became a collaborating partner for the first time and this year, we are pleased to get the support of the Government of Italy.

In addition to that, there has also been increasing support from the various Divisions and Services within FAO. Thus I would like to acknowledge with appreciation the support from our Fisheries and Commodities and Trade Divisions, and to extend a very warm welcome to my colleagues who have traveled all the way from Rome. In fact, we have the Director of our Commodities and Trade Division here with us.

There has also been increasing support and endorsement from the participating countries. Apart from the endorsement given by the Ministers of Agriculture through the past eight years, a number of participating countries have considered this annual meeting as most relevant and informative and accordingly, they have allocated their own funding resources to facilitate the participation of additional participants. The Sixth Meeting of the FAO South West Pacific Ministers for Agriculture convened and hosted by the Cook Islands Government last year evaluated and considered the future of the Round Table series and urged FAO to continue to convene this capacity building exercise.

Of course, there have been a few concerns raised over the past years regarding the usefulness of the meeting itself, and the issues and topics being covered every year. These seemed to stem from the fact that the agenda appears to be the same every year. While is generally true to some extent, the issues being discussed under each topic do differ every year and are becoming more complex as the WTO negotiations and those in other international and regional trade related forums continue to reach new height in terms of complexity and comprehensiveness.

Issues relating to fisheries trade are becoming more prominent in the international negotiations, as well as regional trade talks. Accordingly, the meeting agenda had been modified over the past few years with increasing emphasis and attention has been given

to fisheries. Under the leadership of the Pacific Island Forum Secretariat, a number of regional agreements relating to economic cooperation and trade are currently being negotiated. In response to this, the agenda for the annual meeting has been broadened to include discussions on these regional partnership agreements.

Furthermore, the target audience has continued to change in response to the needs of the participating countries. For the first four years, participants were mainly Chief Executive Officers of Agriculture, Trade and Fisheries. Then, there was focus on middle to senior level officials during the last four years. This was considered important in view of the relatively high turnover of staff in many of the Pacific island countries both at the executive and the mid-management levels.

Before I end these brief welcome remarks, I would like to take this opportunity to acknowledge with appreciation the invaluable assistance and support provided by a number of individuals who have worked hard to ensure that the meeting will run smoothly, that participants are able to arrive here on time and the agenda reflect current issues of relevance to the participating countries. In particular, I would like to acknowledge the assistance and support of Neil Fraser of New Zealand's MAF, Nigel Ewels of NZAID and Louisa Sifakula of the Auckland-based PITIC, who have been working closely with my staff in Apia, as early as April.

Finally, I would also like to thank those who have agreed to be resource persons for the meeting, and to share their knowledge and experience with the participants.

Once again, thank you Honourable Minister for gracing this meeting with your presence and for agreeing to deliver the opening address. And to all the participants, resource persons and representatives of the collaborating partners, I thank you once again for your presence and I sincerely hope that at the end of the meeting you will all agree that your time has been well spent.

Thank you.

Annex 3

Statement by Dr Massimo Carnelos, First Secretary, Italian Embassy in New Zealand

Hon. Minister Anderton, Dr Fuavao, members of the diplomatic corps, representatives of Pacific countries and of international and regional organizations.

It is a great honor to be here today in representation of the Government of Italy and of the Ambassador of Italy, conveying to you warmest greetings together with the sincere wish for a fruitful and productive 5-day working session.

To be a global player means to have global responsibilities. It implies sharing together with other countries the duty of erasing the infamy of poverty that still besets too many people around the world. Italy has eagerly taken on its duty in development assistance. With an economy that is among the largest in the world, Italy could not but act as a responsible member of the international community, and engage in bringing prosperity, security and peace to close and distant shores alike.

The region of the South Pacific needs more and more attention. The challenges these Island countries face are numerous. Internal challenges of vulnerability, poverty and weak governance. A natural environment characterized by smallness, distance, isolation, ecological fragility. An acute lack of natural and human resources and those few left constantly threatened by depletion. In brief, the importance of the area for global security is undeniable.

Italian foreign policy attention towards the Pacific area has grown remarkably over the past few years. I assure you that this is a positive evolution, as there is an urgent need to engage permanently for the development of the region. Italy, just like other industrialised countries, shares a common responsibility towards the people of the South Pacific. What we can bring to this part of the world is the experience in the formulation and implementation of development co-operation that we have acquired elsewhere. In our commitment, we must understand the peculiar needs of each single country, adapt with flexibility to local sensibilities and constraints, respect the will of the people on deciding their own priorities in the path towards prosperity.

This is the philosophy behind the engagement of Italy in the Pacific. And this is the philosophy behind the Regional Program for Food Security in the South Pacific. A project of 4.5 mil. US\$ financed by the Government of Italy and implemented by FAO aimed at all Small Islands Developing Countries of the Pacific to ensure to the economies of those countries sustainable rural development and decrease their dependence on food imports. A special session on Thursday will extensively cover it. Allow me only to underline that the horizontal component of the project deals specifically with the subjects

of this Round Table. That is to help individual countries to sharpen skills and competencies for the definition of trade policies in agriculture.

The Regional Program for Food Security is without doubt the main bilateral project Italy has in the area, but not the only one. Let me just briefly mention two initiatives that are strictly related to the issue of governance and capacity building, fundamental components for facilitating countries to cope with the challenges arising from globalization.

The Regional Programme for "Reinventing Government in the Pacific Islands", an initiative realized through the United Nations Department of Economic and Social Affairs (UNDESA) for strengthening public administration and governance to achieve Millennium Development goals, with a special focus on the ICT component (500.000 US\$). Still under UNDESA, a program for the Formulation of national sustainable development strategies, focused on capacity building in favor of the Small Islands Developing States of the South Pacific (409.000 US\$).

Last but not least, the EU development funds. Italy is the third major contributor to the EU budget and the 4th to the European Development Fund. The role of the European Union in development assistance to the Pacific islands economies is well know and does not need any further comments. The fact that the EU and the ACP of Pacific are engaged in negotiating European Partnership Agreements with a deadline of 31st December 2007, gives added value to this meeting.

The development of the Small Islands Developing States of the South Pacific depends both on an increasing and reliable commitment of funds by donors and on promoting regional co-operation and integration. But of paramount importance is also the smooth integration of this region in the global flow of goods and service; it is only by creating sustainable economies fully integrated in the global markets that a real lasting improvement in living conditions can be achieved by the people of the Pacific Islands.

However, this goal must be achieved progressively, taking into account the peculiarities and the fragility of each single country. That is why events like this have an enormous importance in bringing about this process and this is why the Italian Government welcomed the initiative, responding positively to the request for co-financing it.

Let me finish by expressing heartfelt thanks to the organizer and wish all participants a very successfully Round Table. Thank you

Annex 4

Opening Address by Hon Jim Anderton, Minister of Agriculture, Minister of Fisheries, Minister for Biosecurity

Ladies and gentlemen, I take great pleasure in welcoming you to Wellington for this meeting, the ninth in this series of Round Tables, and the fifth to be held in Wellington. My portfolio includes being Minister of Agriculture, Minister of Fisheries and Minister for Biosecurity, and I see that each of these areas is incorporated into your Round Table. These roles are relatively new to me, and I am pleased to have this opportunity to meet with you, albeit briefly as I must go from here to a Cabinet meeting.

I understand that these Round Tables on WTO Provisions have proven to be very useful, and is even more so this year as we reach a 'crunch time' in the WTO multilateral trade negotiations, and with increasing activity on regional and bilateral trade agreements. Vili Fuavao and his team in the FAO Sub-regional office in Apia are to be congratulated for the enthusiasm and commitment with which they are continuing to organise this event – Manase Felemi, I know you have been particularly busy on this recently.

My colleague, the Hon Damien O'Connor attended the biennial meeting of South West Pacific Ministers of Agriculture in Rarotonga last year, and he has reported that Ministers at that meeting expressed support for these Round Table meetings, acknowledging their usefulness in building awareness and the capacities of countries to deal with agricultural and fisheries trade policy issues.

Although only three Pacific Island Countries are WTO members it is necessary for all of us to be aware of WTO provisions and of developments in multilateral trade negotiations - all regions are affected in one way or another by the global trading system.

In the WTO Doha Development Round, things are coming down to the wire. Trade Ministers are forever setting, missing and then re-setting deadlines. But if they fail to conclude the Round by the end of this year, the world will have missed a major trade and development opportunity. It is widely acknowledged that addressing some of the existing trade distortions can make a significant contribution to the development of poorer countries. If agreement is not achieved this year it may not happen. Few commentators expect President Bush to be able to renew his Trade Promotion Authority in 2007 - and without it the US Administration is not able to engage in serious negotiation.

That's why many Trade Ministers, including my colleague Phil Goff, have been gathered in Geneva over the weekend. Rather than watching World Cup Football like normal people, they have been trying to break the deadlock over the triangle of issues holding up progress in the Doha Round: agricultural market access and subsidies, as well as industrial tariffs. Movement is needed from the US on agricultural subsidies, the EU on agricultural market access and big developing countries like Brazil and India on industrial tariffs.

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This meeting is a bit like the semi-finals we will be watching later this week: if Ministers can find a way through the triangle of issues, they will have cleared the way for the final phase of negotiations. Ministers have already gone into extra time, with further meetings scheduled tonight. But, what's not clear is what will happen if this Ministerial ends in a draw. There is the possibility of a re-match in July, but is this too late for preparations to be made for the final in December? I guess we will have a clearer idea of what is happening later on this week.

The important point for countries like ours is that, unlike the World Cup, there are 150 countries playing and by making trade rules fairer, we'll all be winners rather than just one nation taking the spoils. Because world trade has been skewed in favour of the rich for too long, the Doha Round must deliver a major dividend for developing countries by further lowering trade barriers, reducing unfair support to rich world farmers and fishermen, as well as stronger world economic growth.

The Round will not be concluded unless all countries can reap rewards from trade liberalisation. Powerful developing countries like Brazil, China and India, will be winners. But smaller countries' interests, including those of the Pacific Islands, must be addressed. That means further market opening in products of special interest to you, like tropical commodities, fish, textiles and services, like tourism. And the issue of preference erosion must be addressed in a satisfactory manner. But improved market access alone will not bring development if countries are not able to take advantage of trading opportunities, irrespective of whether your country is a WTO member. You can work to ensure the domestic environment in your country supports the development of production, such as through sound macroeconomic policies. And trade-related assistance can help support the development of productive sectors and their linkages to markets. New Zealand takes this into account in our assistance to small Pacific countries.

I understand that you will be discussing the WTO Accession process. I should like to congratulate Tonga on completing its accession process. We look forward to welcoming Tonga as a WTO member in due course, joining Australia, New Zealand, Fiji, Papua New Guinea and the Solomon Islands, from our region.

It is important to become part of the multilateral trade system. We all sign on to the same rules in WTO, rules which place trade on a surer footing. All members have the opportunity to influence their future development. Whether we are members or not, those rules affect the world we trade in and limit what we can do in bilateral or regional agreements with WTO members. For New Zealand and for the Pacific Islands, rules on agriculture and fisheries trade are of particular importance to our economies.

Accession is a rather demanding, labour-intensive process. I hope you will find it useful hearing from the Secretary of Labour, Commerce and Industry who successfully steered Tonga through the accession process - a process of engaging with other countries and the WTO secretariat, but involving also domestic consultations with civil society. I know that Samoa is still working at it, and Vanuatu is reflecting on its future options.

Within the region we already have in place a free trade agreement amongst Forum Island Countries (PICTA) which your countries are now beginning to implement. The Island countries are currently in negotiation with the EU on an Economic Partnership Agreement (EPA). And we have a framework (PACER) that provides for future negotiations on Forum-wide trade and economic integration, with the sustainable development of Pacific Island economies as its prime objective. It is important that whatever is done in this context encourages economic growth, investment and employment in the region.

Important decisions on PACER were taken at a meeting of Forum Trade Ministers held a couple of weeks ago (21 June) in Nadi, attended by our Minister of Trade Mr Goff. They agreed on terms of reference for a study of the potential social, economic, environmental and cultural impacts of moving towards a closer economic partnership in the region. These impacts will be discussed with the private sector and civil society before officials make recommendations to ministers on next steps. The study will also look at unmet needs in regard to capacity building, trade promotion and structural adjustment.

Under PACER, the Regional Trade Facilitation Programme is now getting properly underway to facilitate trade within the region. This is an area in which it should be possible to make early practical gains. The programme focuses on the three areas of quarantine, customs and standards and conformance – which are being managed by the Secretariat for the South Pacific Commission SPC, the Oceania Customs Organisation OCO, and the Forum Secretariat. New Zealand has put in \$1 million to date and is looking to further contribute as soon as the programme proves its effectiveness. The RTFP has got off to a slow start, and part of the effort at the Nadi ministers meeting was to put in place a steering sub-committee to encourage timely implementation of this important work.

To give things a kick start New Zealand appointed a dedicated Pacific officer in MAF Biosecurity, initially with NZAID funding, and this has led to the development of a number of Import Health Standards and the certification of heat treatment plants to open possibilities for the export of Pacific Island produce to New Zealand. These are the sorts of results that can be achieved through effective work on trade facilitation.

New Zealand also provides assistance to trade facilitation from other parts of NZAID's programme including support to the Pacific Islands Trade and Investment Commission (PITIC) in Auckland and support for PC Trade (customs automation software) throughout the region. Some Pacific Island Countries have also prioritised trade facilitation assistance in bilateral programmes. NZAID has funded the attendance of the Pacific representatives to this round table while the Ministry of Agriculture and Forestry and the Ministry of Fisheries have contributed their resources in terms of staff time and expertise.

I'm pleased to see that this year there is a full day and a half dedicated to the particular interests of the fisheries sector. The Pacific's tuna fisheries are the largest and most

valuable in the world. And as you will be aware, for most Pacific Island countries fisheries is the most, if not the only, significant economic resource offering real potential for sustainable economic development. We are at a critical point with respect to the management of the fisheries resources of the Pacific, and the need for strong regional cooperation amongst Pacific Island coastal states, New Zealand included, has never been greater.

Fisheries trade issues are inextricably linked with fisheries development in the Pacific – for example tighter WTO fisheries subsidies rules could benefit Pacific fisheries sectors by providing growth opportunities in the absence of highly subsidised products from developed countries. Developing fishing industries in the Pacific are currently competing with heavily subsidised foreign fishing fleets putting us at a serious disadvantage right here in our own backyards. If we are serious about addressing the problem of fisheries over-exploitation and serious about letting developing country fishers operate on a level playing field then we need to be addressing trade issues on a number of fronts all of which are being covered to some degree by this workshop.

Ladies and Gentlemen: I wish you all well in this meeting. I encourage you to take full part in all the deliberations -- lively discussion and sharing of experiences will maximise the value of this event.

Finally, I have the honour and pleasure to declare this Ninth Round Table meeting officially open.

Thank you.

Annex 5

MEETING AGENDA AND PROGRAMME

SESSION/TIME	TOPICS	SPEAKERS
	DAY 1	
8.30am - 9.00am	Registration	
9.00am - 9.30am	Welcome Address: Dr. Vili Fuavao, FAO Sub-regional Representative for the Pacific Statement by: Dr. Massimo Carnelos, First Secretary & Chargé d'Affaires, Italian Embassy in New Zealand Keynote & Opening Address: Hon. Jim Anderton, New Zealand's Minister of Agriculture, Fisheries and Forestry, and Minister for Biosecurity	
9.30am - 10.00am	Morning Tea	
Session 1 10.00am - 10.30am	 Introduction (Facilitator: Vili Fuavao) Update on the work of FAO Trade and Commodities Division Historical Developments and Update of the Round Table Adoption of the Agenda and Working Arrangements 	Sarris, FAO FelemiFAO
Session 2 10.30am - 12.30 12.30pm - 1.30pm	 WTO Agricultural Negotiations (Facilitator: Neil Fraser) Overview of the Current Negotiations and Specific Issues Outlook for the Next Six Months Lunch	Wilson, NZ MFAT
12.30pm - 1.30pm		
Session 3 1.30pm - 3.00pm	 WTO Accession and Membership (Facilitator: Vili Fuavao) The Accession Process: An Overview Tonga's Accession Experience The Issues and the Challenges during the Access Process The Necessary Adjustments Made 	Alcalde, NZ MFAT Kautoke, Tonga

	Potential Advantages and ChallengesNext Steps	
3.00pm - 3.30pm	Afternoon Tea	
Session 3 (Con't) 3.30pm - 5.00pm	 WTO Accession and Membership (Facilitator: Vili Fuavao) Update of Vanuatu Accession Process Update of Samoa Accession Process Challenges/Issues Facing Other Countries 	Country Reps
	DAY 2	
Session 4 8.30am - 10.00am	Regional and Other Trade Agreements (Facilitator: Brian Smythe) • Pacific ACP-EU Economic Partnership Agreement Negotiations - Key Issues in the Negotiations - The Pacific Position on Issues Being Negotiated	Yauvoli, Fiji MFAET
10.00am - 10.30am	 The Progress Made The Next Steps Progress on PICTA and PACER 	Gosselin, PIFS
10.00am - 10.30am	Morning Tea	
Session 5 10.30am - 12.30pm	 Trade and Development in the Context of the WTO (Facilitator: Vili Fuavao) Determinant of Appropriate Agricultural Trade Policy Aid for Trade, and Other Special and Differential Treatment (SDT) Issues 	Sarris, FAO Wanwimolruk, NZ MFAT/ Plater, NZAID
	Small Vulnerable Economy Issues	Poonyth, FAO
12.30pm - 1.30pm	Lunch	
PARALLE	L SUB-GROUP SESSIONS FOR AGRICULTURE AND FISH	ERIES BEGIN
1	DAY 2 SESSIONS FOR AGRICULTURE (Facilitator: Neil Fra	ser)

Emerging Issues and Trends in Global Agricultural and Food products Sarris, FAO World Tropical Commodity Markets: Outlook and Implication for Trade and Food Security Session 6 Gosselin, PIFS (For Agriculture) Regional Market Outlook and Challenges to PICs Sifakula, PITIC 1.30pm - 3.00pm Market Potentials and Status of PIC Exports to NZ Market Nalder, NZ Fresh **Produce Import. Ass.** Experiences in Trading in Fresh Produce between New Zealand and PICs 3.00pm - 3.30pm **Afternoon Tea Market Access in the WTO Agriculture Negotiations** Session 7 Update of Current Positions of Market Access Negotiations Mawson, NZ MFAT and the Special Safeguard Mechanism (For Agriculture) Poonyth, FAO 3.30pm - 5.00pm Implication of the Tariffs reduction formulae Special and Sensitive Products for PICs Gosselin, PIFS DAY 3 SESSIONS FOR AGRICULTURE (Facilitator: Neil Fraser) Market Access in the WTO Agriculture Negotiations (Con't) Session 7 (con't) • Preferences and Options beyond Preferences Poonyth. FAO (For Agriculture) **Knight, NZ MAF** • Domestic Support and Export Competition 8.30am - 10.00am • Special and Sensitive Products: FAO Analysis of Sensitive Poonyth, FAO Product Proposals and Insight from FAO Project 10.00am - 10.30am **Morning Tea** Codex, Food Standards and Trade Update on recent global and regional Developments Session 8 Flynne, NZ FSA (For Agriculture) 10.30am - 12.00 Progress, Priorities and Challenges in the Pacific Schulz FAO/NZ Some Case Studies (Kava, Cassava, etc) Fiji Rep/NZ 12.00 - 1.30 pm Lunch

	Biosecurity and Trade	
Session 9	Issues and Challenges of the Regional Trade Facilitation Programme (Quarantine Component)	Suma, SPC
(For Agriculture)	 Update of the International Plant Protection Convention, Pacific Plant Protection Organization 	Purea, FAO Suma, SPC
1.50 - 5.00pm	Biosecurity Requirements for Market Access in New Zealand	Suma, SPC/ Belton, NZ
3.00pm - 3.30pm	Afternoon Tea	
Session 10	Trade Facilitation Initiatives	g
(For Agriculture)	FAO-INEA-SPC Commodity Chain Studies	Serpagli, FAO
3.30pm - 5.00pm	Model Legislative Template on Food and Related Subject	Schulz, FAO
	DAY 2 SESSIONS FOR FISHERIES	
	Fisheries Development and Fish Trade	
	Overview of Global Trends and Issues in Fisheries Development and Fish Trends.	Emerson, FAO
Session 6 (For Fisheries) 1.30pm - 3.00pm	Development and Fish TradeRegional Fisheries Trade: Overview	Chapman, SPC
	Progress on the Western and Central Pacific Tuna Commission	Chapman, SPC Rodwell, FFA
	Market Potentials and Status of PIC Exports	NZ/Sifakula, PITIC
3.00pm - 3.30pm	Afternoon Tea	
Session 7	Update on WTO Negotiations Relating to Fisheries	Talbot, NZ -
(For Fisheries)	The Fisheries Subsidies Negotiations	Emerson, FAO
3.30pm - 5.00pm	The Market Access Negotiations for Fish Products	Riley, NZ MFAT
	DAY 3 – SESSIONS FOR FISHERIES	
Session 7 (con't)	Update on WTO Negotiations Relating to Fisheries (con't)	
(For Fisheries)	Study on Fisheries Subsidies	Rodwell FFA
8.30am - 10.00am	Countries' Views on the Subsidy Issue	Country Reps
10.00am - 10.30am	Morning Tea	
Session 8	Fisheries in the ACP-EU Economic Partnership Agreement	
(For Fisheries) 10.30pm - 12.30pm	Main Issues of the Fisheries Partnership Agreement Negotiations	Yauvoli, Fiji MFAET
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	Likely Implications for PICs	
12.30pm - 1.30pm	Lunch	
Session 9 (For Fisheries) 1.30am - 3.00pm	 Quality and Safety Aspects for Fish Trade Seafood Standards and Codex Inspections and Quality Assurance Systems: HACCP Programme and Export Market Requirements (e.g. EU, US, Japan) 	Schulz, FAO Lee, NZ FSA
3.00pm - 3.30pm	Afternoon Tea	
Session 10 (For Fisheries) 3.30pm - 5.00pm	 Trade Facilitation Initiatives in Fisheries NZ FFA SPC FAO 	
	DAY 4 - PLENARY	
Session 11 8.30am - 10.00am	 Regional Food Security Initiatives (Facilitator: Vili Fuavao) FAO RPFS Project and Extension Proposal IFAD Vision on Food Security in the Pacific and Update of the Organic Agriculture Programme SPC DSAP Programme 	Crawley, FAO Toda, IFAD Suma, SPC
10.00am - 10.30am	Morning Tea	,
Session 12 10.30am - 12.00pm	Regional Trade Development Assistance Programmes (5-10 Minutes each) (Facilitator: Vili Fuavao) • Update by Development Partners of Respective Programmes (PIFS, SPC, FFA, FAO, IFAD, NZAID, PITIC)	Plater, NZAID Toda, IFAD Sifakula, PITIC Suma, SPC Gosslin, PIFS Rodwell, FFA Fuavao, FAO
Session 13 12.00pm - 1.00pm	 Wrap Up and Closing (Facilitator: Vili Fuavao) Evaluation Closing Remarks 	
1.00pm - 2.00pm	Lunch	
3.00pm - 7.30pm	Participants start traveling to Auckland	
	DAY 5 - FIELD VISIT (IN AUCKLAND)	
	Programme to be organized by PITIC	

Annex 6

Programme for Field Visits

Agricultural Tour (7 July 2006)

8.45am	Depart City Central Hotel
9.00am	Arrive at Ports of Auckland, Wharf
10.30am	Visit to Pacific Island Produce Retail Stores: Otara and Mangere Town Centre
11.45am	Arrive at Hotel Grand Chancellor, Auckland Airport
12.00pm	Lunch: Introductory Remarks by Chris Cocker, PITIC Trade Commissioner; Presentation on Trends & Changes in the NZ Fresh Produce Industry and the Potential Impact upon Pacific Island Nations, by Dr Hans Maurer, Executive Director, AgriChain Centre
2.15pm	Depart Hotel Grand Chancellor
2.30pm	Arrive at Auckland Airport, Quarantine Inspection
4.00pm	Depart for return to City Central Hotel
Fisheries Tour	(7 July 2006)
5.45am	Depart City Central Hotel
6.00am	Arrive at Auckland Fish Market, Cnr Madden & Daldy Streets, Freemans Bay
6.00am 7.15am	Arrive at Auckland Fish Market, Cnr Madden & Daldy Streets, Freemans Bay Return to City Central Hotel for Breakfast
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7.15am	Return to City Central Hotel for Breakfast
7.15am 8.45am	Return to City Central Hotel for Breakfast Depart City Central Hotel
7.15am 8.45am 9.00am	Return to City Central Hotel for Breakfast Depart City Central Hotel Arrive at Ports of Auckland, Wharf
7.15am 8.45am 9.00am 10.30am	Return to City Central Hotel for Breakfast Depart City Central Hotel Arrive at Ports of Auckland, Wharf Visit to Pacific Island Produce Retail Stores: Otara and Mangere Town Centre