



**CFTC, FAO, New Zealand Government**

**FOURTH FAO ROUND TABLE MEETING  
FOR PACIFIC ISLAND COUNTRIES ON  
WTO AGREEMENT PROVISIONS**

**Wellington, New Zealand, 2 –6 April 2001**

**REPORT**

**Sub-Regional Office for the Pacific Islands  
Food and Agriculture Organization of the United Nations (FAO)  
Apia, Samoa  
May, 2001**

## **Fourth FAO Round Table Meeting for Pacific Island Countries on WTO Agreement Provisions**

*(Sponsored by: FAO, New Zealand Government, TIAF)*

Wellington, New Zealand, 2 – 6 April, 2001

### **REPORT**

#### **Introduction**

1. The fourth FAO Round Table Meeting for Pacific Island Countries on WTO Agreement Provisions was held in Wellington on 2-6 April 2001. The meeting was jointly sponsored by FAO, New Zealand and the Trade and Investment Access Facility of the Commonwealth Secretariat (TIAF) as the follow-up to three earlier meetings held in Auckland in September 1998, March 1999 and April 2000 respectively.
2. The Round Table meeting was opened by Honourable Jim Sutton, Minister of Agriculture of New Zealand, Minister for Trade Negotiations, Minister for Rural Affairs and Minister of Biosecurity. Mr. Kosi Latu, Deputy Director of Legal and Constitutional Affairs Division, Commonwealth Secretariat and Mr. Vili A. Fuavao, FAO Sub-regional Representative for the Pacific Islands welcomed the participants. Copies of the opening remarks are attached. (Annex 1a, 1b, 1c.)
3. Similarly to the previous three meetings, the main objectives of the Round Table were to:
  - Build sustainable capacity in Pacific Island countries to meet WTO obligations;
  - Accrue benefits to Pacific Island countries from the existing Agreements;
  - Provide tools to Pacific Island countries to act as “equal partners” in the continuation of the reform process;
  - Debate and discuss outstanding international issues of interest to the Pacific Island Countries related to WTO and the international trade of agriculture and fishery products.
4. The five day meeting involved more than 50 people (lecturers, participants, observers and organisers). Participants<sup>1</sup> represented Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu (Annex 2 - list of participants). Observers included Forum Secretariat, South Pacific Trade Commission (SPTC), Secretariat of the Pacific Community (SPC), Forum Fisheries Agency (FFA), University of Auckland and Horth-Research Institute. The programme of the Round Table (Annex 3) consisted of presentations followed by discussion. Working documents and papers were distributed to the participants during the meeting. A full set of papers presented is available at FAO Sub-regional office for the Pacific Islands.

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#### ***SESSION 1 – Facilitator Mr. Reg Sanday***

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5. Mr. Reg Sanday, Resource Economist of the Secretariat of the Pacific Community, opened the session by emphasizing the importance of a discussion on policy issues and policy reform for Pacific Island Countries (PICs) in view of the challenges faced by Pacific Island countries, imposed by the establishment of the World Trade Organization and the need for countries to clarify and declare their positions in the next negotiation on the Agreement on Agriculture (AoA).

#### **Status of Agricultural Export Marketing in the Pacific**

6. Mr. Parmesh Chand, Trade Commissioner, South Pacific Trade Commission, Forum Secretariat presented an overview of the status of agriculture export marketing in the PICs with a particular focus on the New Zealand market. He categorized PICs into three groups: i) the relatively large countries (mainly the Melanesian countries); ii) the middle level countries (Samoa and Tonga); and iii) the small States (predominately the atolls of Cook Islands, FSM, Kiribati, Nauru, Niue, Palau, Republic of Marshall Islands and Tuvalu).

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<sup>1</sup> Three participants from Federated States of Micronesia, Marshall Islands and Palau and the second delegate from Nauru were not able to attend the meeting.

7. PICs have several advantages in exporting their agriculture produce, among the others: i) their developing countries status (some are LDCs) and consequent duty free access to several developed countries; ii) 'winter-window opportunities' for exporting various tropical products; iii) relative freedom from pests and diseases; iv) linkage with tourism; v) the sizeable Pacific Island communities living overseas in key markets.

8. Among the disadvantages, which inhibit sustainable production and export marketing, Mr. Chand mentioned the following: i) political instability; ii) land availability and tenure; iii) lack of knowledge of appropriate technologies and export markets; iv) shipping; v) poor interdepartmental coordination; vi) poor information flow; vii) difficulties in complying with the new requirements.

9. Although New Zealand is itself a highly advanced horticultural nation and major exporter of fruits and vegetables, it imports close to \$NZ 200 million of fruit and vegetables annually and is the major importer of PICs produce (approximately \$ NZ 15 million worth of fruit, vegetable and root crops imported in 2000). PICs exports have been stagnant in the last 10 years and are increasingly facing the danger of losing some of the 'windows of opportunity' that they have had, to other more consistent and aggressive suppliers such as Mexico for mangoes and Thailand and Queensland for papayas.

10. Among the issues and challenges that PICs should address in order to venture into sustainable production and export marketing of agriculture produce, Mr. Chand mentioned:

- Lack of investment due to land tenure problems and political instability which deters investors
- Lack of promotion of production
- Poor dissemination of information;
- Inconsistency in supply quality and quantity;
- Declining preferences due to globalization of trade and change in distribution patterns (disappearance of small importers).

11. Mr. Chand then replied to questions concerning export of processed products and competition stating that as well fresh produce, the PICs export of processed products has been stagnant due to the better production capacity of other countries (e.g. Thailand) and the country economy scale.

#### **Agricultural Policy Reform: What we have done?**

12. Mr. Francis Mangila, FAO Policy Officer and Mr. Aleki Sisifa, FAO Consultant gave a joint presentation on progress in the region in the area of agriculture policy reform. Their presentation was divided in two parts: i) an update on agricultural policy reforms at the global level and on PICs experiences in implementing the Agreement on Agriculture (AoA); and ii) an overview of the current status of agriculture policy in the Pacific.

13. In his presentation, Mr. Mangila said that at the global level, debates are proceeding in the Special Negotiation Sessions (SNSs) of the WTO Committee on Agriculture (CoA) as mandated in the AoA. The first phase of these negotiations will cover the period to March 2001. It comprises the presentation and motivation of negotiating proposals as well as the tabling of background papers prepared by the WTO Secretariat upon request from member countries (a stocktaking meeting was held in March 2001). The second phase will start thereafter and focus on detailed negotiations of the submitted proposals. The details of the second phase (such as issues to be tackled, time frame and procedural matters) have not been agreed yet. However, informally, there are two forms of modus operandi which seem to be emerging. The first is the creation of working groups that will have different chairpersons and may meet parallel with each other and the second is holding plenary sessions chaired by the Chairman of the CoA.

14. With respect to conforming to WTO/AoA agreement, Mr. Mangila mentioned that some progress has been made by PICs WTO members in reducing level of support, direct payments and price support to agricultural commodities, and state ownership of commodity industry as well as service industry ownership is declining. Government's policies in the region are now directed to encouraging greater private sector participation in agricultural activities.

15. The main problems related to WTO/AoA are: i) loss of preferential access to markets; ii) inadequately trained personnel in WTO/AoA and general policy formulation; and, iii) inadequate institutional capacity, as well as monitoring and evaluation. Mr. Mangila said that these problems have slowed the process of further liberalisation and created frustration regarding the possibilities of achieving greater market access.
16. He briefly reported on various Structural Adjustment Programs and comprehensive reforms undertaken by PICs. The overall economic policy reforms of each country's recovery package, physical and geographical constraints also influences their agriculture policy reforms. He concluded by stating that there is a need for technical assistance to PICs to fully participate in the WTO/AOA negotiation rounds, developing the necessary skills and institutional capacity in each country.
17. Mr. Aleki Sisifa, in his presentation said that policies guiding agricultural development in PICs have not done justice to the importance of the sector to their economies. Most country policies have been no more than statements made at the macro- level but not elaborated upon at the micro- level. The pace of policy changes to incorporate considerations of sustainability and of the changing global economic environment, has been altogether slow. The underlying causes for the slow pace of policy change have to do not only with resource and other limitations, but also with shortcomings in the existing policy processes.
18. Most PICs have not effectively planned nor implemented reforms necessary to address existing macro-economic limitations. Agricultural development has thus continued to be undermined by distorting taxes, policies and regulations. Policy and planning agencies predominantly have inadequate capacity. Co-ordination has been lacking and linkages poor, between the various institutions carrying out policy related functions. In addition, countries have not developed appropriate information strategies and their information systems lack the hardware, software and qualified personnel required to adequately support the various stages of their policy processes. Some broad questions of resource use continue to remain unanswered for which data is absent. Infrastructure is basic in the majority of PICs and telecommunication poorly developed, unreliable and expensive.
19. Of significance to the region overall, is the lack of effective consultation by governments – and regional organisations - and more specifically, policy / planning units, of civil society groups. The need, albeit with sensitivity to local and regional politics, for improved handling of advocacy for policy reform, relevant lobbies and an increasingly strengthened media, with a view to producing policies more likely to be implemented successfully and sustainably, is one that is of mounting importance in the region.
20. Political support is behind the current effort to improve the co-ordination of initiatives of Pacific regional agencies that assist development of the land-resources sector including agriculture. With the leadership of FORSEC, CROP and its working groups meet regularly to promote co-ordination and work at preventing a duplication of effort of member and non-member organisations. However, it is considered there is as yet no clear understanding as to how the co-ordination role can be elaborated to create / strengthen the linkages between the policy functions of the regional agencies and those of their member countries.
21. The SPC agriculture programme, through its regular technical meetings, has been spear-heading networking activities with national agencies primarily by regularly bringing together national experts in various fields (plant protection, animal health etc.) and following up with country visits. However, SPC, perhaps on account of FORSEC's mandate on policy matters, has not included policy related work in any of its activities. Consequently, with FORSEC not initiating networking activities with national agencies, there are at present no networking activities at the regional level that involve national policy / planning personnel.
22. SPC, however, plays an important role in regional co-ordination through the responsibility of its PHALPS, a bi-annual meeting of heads of agricultural ministries, for prioritising regional initiatives in agriculture. Nevertheless, it is the considered opinion of the author that the process can be improved by facilitating more country level inputs into the process.
23. USP / IRETA with CTA assistance has been helping countries with its information support services. The ARDIN center has been maintaining relevant international and regional databases as well as a question and answer service. At the present time, the information available at ARDIN center is useful for researchers and extensionists but is not so useful to policy / planning personnel. The QAS has not been

extensively used by staff of national agencies, other than Samoa's and the USP staff and students. CTA now assists PNG DAL to provide an alternative QAS, but again mainly to support research and extension. In terms of information useful for policy analysis etc. the information systems of other regional organisations, SPC or FORSEC need to be strengthened to support country policy / planning units.

24. Upon request, FAO SAPA provides direct policy assistance to its member countries. At the policy level, country inputs into FAO SAPA's work are obtained when Ministers of Agriculture meet bi-annually to oversee its work programmes.

25. Ministries of agriculture and regional organisations need to formulate information strategies that set out the why, what, how, when and where aspects of information to be gathered and managed. At the present time there are significant gaps in the types of information – required by policy makers – that are available in the information systems of ministries of agriculture and regional organisations.

## **Discussion**

26. During the discussion, some of the participants highlighted the need to have clearer links between policies at national and regional level, to provide assistance in improving the capacity of countries to monitor, review, formulate and implement policies and to direct more resources to strengthen national and regional policy institutional capacity.

27. Participants discussed the possible inclusion of a 'food security box' in the next round of WTO negotiation. The need for PICs to examine with some attention this proposal that has important implications for the economy of small island countries was stressed due to the forecasted increase in the price of many staple products with the removal of protective measures and agricultural subsidies of the major food producers.

28. With regard to the export market, participants noted the implications on the environment of promoting high external agriculture inputs and intensive mono cropping. The need to explore alternatives such as organic production and traditional farming was discussed. Some countries noted the difficulties and limited capacity to obtain international organic certification. The meeting also raised issues related to production and marketing of kava and 'noni' and the related issue of intellectual property rights.

29. Concerning the next AoA negotiation, the three WTO members (Fiji, Papua New Guinea and Solomon Islands) are among 15 countries that did not submit their positions on the AoA to the WTO by the March 2000 deadline. It is crucial that these countries submit their positions in the second phase that is currently underway or, alternatively work through various country groupings.

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## ***SESSION 2 – Facilitator: Mr. David Gamble***

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30. Mr. David Gamble introduced Ms Lisa McGowan Policy Officer for the New Zealand Ministry of Foreign Affairs and Trade as the first presenter of the afternoon..

## **WTO Accession Process, SDT for Developing Countries**

31. Ms. Lisa McGowan, began by outlining the objectives of her paper as follows:

- to provide participants with a sense of how the process of WTO accession operates, the role played by New Zealand in bilateral negotiations and key issues such as agriculture

32. Ms McGowan reported that WTO is comprised of 140 members, and over 30 countries are in the process of acceding to WTO which include: China, Russia, Saudi Arabia, Vanuatu, Samoa and Tonga. The New Zealand Government is involved in many of those accession processes.

33. Ms McGowan then posed the question "Why join the WTO?" Three points were emphasized:

- i) to be part of the legal and institutional foundation of the multilateral trading system;
- ii) to enjoy the benefits of international trade negotiations; e.g. lower tariffs, prior to 1947, tariffs were at 40%, however after joining WTO it was reduced to 3.7%;
- iii) to support their countries own economic development goals.

34. Accession: Ms McGowan briefly explained the situation faced by countries before accession and after accession, in-particular the benefits as follows:

- Before Accession - current members benefited from lower barriers, free trade, etc while New Members received higher barriers and restricted trade.
- After Accession - current members, received lower barriers, free trade, etc, while New Members also received lower barriers and free trade, i.e. they received the same or equal treatment.

35. Ms McGowan provided details on the process for accession under Art XII of the WTO Agreement. This required that acceding Governments provide WTO with details of trade and economic policies related to WTO agreements. These details provided under the Memorandum of Foreign Trade Regime would then be examined by a Working Party to ensure that the nature of a Government's rules and regulations relating to trade were fully understood by the members of the Working Party. The Working Party members would also examine whether existing rules and regulations were consistent with the WTO Agreements and acceding members may be required to make changes to their laws or if necessary develop new laws. Bilateral negotiations on the acceding members schedule of concessions for goods and services would also take place. A draft report and draft protocol of accession would be prepared by the Working Party and the schedules of concessions included and would then be submitted to the General Council for their consideration. A 2/3 majority of WTO members is required for a member to accede to the WTO.

36. Information gathering: Ms McGowan indicated the importance of information gathering and emphasized the following points;

- The need for a comprehensive memorandum;
- Detailed answers to questions i.e. checking whether these fit under WTO foreign trade policies;
- Need for WTO members to ensure that an acceding countries regime is fully consistent with the WTO obligations.

37. Ms McGowan also noted the assistance to developing Countries including technical assistance available from the WTO including seminars and training sessions or other international organizations such as UNCTAD, and the World Bank. Export assistance is also available through ITC. Joint action may also be available through other trading partner groups (i.e.: ASEAN)

#### **Progress on Accession, focus for PICs: Reports from Samoa, Tonga and Vanuatu**

##### **Samoa**

38. Ms Margaret Malua, Deputy Secretary of Trade, Commerce and Industry presented the Samoa country paper. Samoa applied to become a member of the WTO in April 1998 and was accepted by the WTO General Council in July of the same year as an Observer Member and allowed to proceed with its accession process. The first process for accession was the preparation of the Memorandum on Foreign Trade Regime based on the WTO Questionnaire that was submitted. A working committee was setup to assist with the accession process. Assistance was sought from the Forum Secretariat for a consultant to draft answers to questions posed.

39. Some of the benefits in becoming a WTO member include:

- no trade discrimination from any WTO members;
- improved market access;
- protection of Intellectual Property Rights;
- transparency and consistency;
- provision of more technical assistance;
- long term benefits of increased foreign investment.

40. Samoa still requires technical assistance in the following areas:

- Customs Legislation update;

- Review of Plant and Animal Quarantine Legislation;
- Awareness workshops;
- Technical support in the work of WTO.

41. The Pacific Free Trade Agreement that is currently being negotiated provides a stepping stone towards multilateral liberalization and globalization. Samoa has drastically reduced its tariffs and potential revenue loss has been compensated by the imposition and collection of VAGST.

### **Tonga**

42. Mr. Haniteli Faanunu, Director of Agriculture, presented the Tonga country paper. Tonga applied for membership in 1996 and received 183 questions from WTO members (USA, Japan, European Union, New Zealand and Australia) regarding its memorandum. Answers to the questions were submitted to WTO Secretariat in Geneva for circulation to member countries. A six-member team from the Government of Tonga will be travelling to Geneva on 26<sup>th</sup> April 2001 for the first Working Party meeting discussing issues on accession to WTO.

43. Tonga has requested WTO technical assistance in the area of tariffs, services, tables on agricultural support, subsidies and also assistance on multilateral process. In the past bilateral assistance have been received from New Zealand and Australia.

44. Tonga's experience in dealing with accession to WTO is very time consuming and expensive. Tonga needs technical assistance for capacity building and training of staff in WTO trade related issues.

45. Tonga is optimistic about being a member of WTO. Tonga would trade more effectively in an open market and with an increased market access. The dispute settlement mechanism of WTO will allow protection of its producers interests if they are unfairly treated by other parties. The pathway to full membership appears to be long and financially exhausting and a lot of assistance in training people about the WTO issue is required.

### **Vanuatu**

46. Mr. John Licht, Trade Officer, presented Vanuatu country paper on behalf of Mr. Joy Mickey Joy, Director of Trade. Vanuatu Government applied for accession to WTO in June 1995. During the follow-up meeting in July in 1995 the General Council established a Working Party to examine the Vanuatu application.

47. The Working party meeting was held on 3<sup>rd</sup> July 1996 under the Chairmanship of H.E. Mrs. SBA Syahrudin of Indonesia. After several meetings, a revised Accession Package consisting of a Draft Report containing updated list of laws and regulations, tariff offers, agricultural commitments and services was submitted to the WTO accession Secretariat in Geneva on the 3<sup>rd</sup> September 1999. Included in this package were copies of letters of bilateral requests to Australia, USA, European Community and Switzerland. In September 2000, another consultation review was carried out, with technical assistance from the Forum Secretariat in Fiji.

48. In January 2001, after an informal Working Party meeting, an improved package was submitted to meet the request of WTO members. Vanuatu settled a few minor matters on bilateral negotiation with New Zealand, the European Union and Australia. Negotiations are in progress and a final Working Party meeting is expected by end of April 2001 at the WTO Secretariat in Geneva

49. Mr. Licht highlighted the following four main points for Vanuatu's accession:

- i) The USA are tough players in the WTO accession. The USA has requested Vanuatu for a larger cut in the tariff, to reduce from 70% to 20%.
- ii) Telecom monopoly contract between Vanuatu and France for 12 years. The USA continues to pressure for this monopoly to be liberalized.
- iii) Tariff brings 35% revenue into Vanuatu. The USA continues to pressure the Government for further reduction. According to Mr. Licht the USA is the main obstacle, if Vanuatu can overcome the USA, they may be able to accede to WTO.

- iv) There is favorable support from Forum Secretariat, New Zealand, and Australia and from the Director General of WTO, Mr. Mick Moores.

### **Discussion**

50. Mr Gosselin from the Cook Islands, queried the issue of land sales, as it has been prohibited in some member countries. Ms McGowan replied that under WTO, land sale is fundamental to investments. This may give an impact on their causes. The second question was, "Have there been any applications in relation to Offshore Financing"? Ms McGowan replied that she was not quite certain on this issue, however it may be possible in the Caribbean. Mr. Abel Nako from Vanuatu, asked, "How can we get support from the region to facilitate our accession?" Ms McGowan stated that Vanuatu should talk directly to Washington. The US has a single wish list in accession to WTO. Mr. J Kumar of FORSEC said "Vanuatu has been trying to accede to WTO for the last 5 years, and many supporting letters have been lodged to members of WTO, including USA. However during the last 3 years, three countries acceded to WTO, i.e. Jordan, Slavia and Soviet Republic. Cook Islands suggested using the example of Jordan case to support the Vanuatu case. Ms McGowan mentioned that New Zealand was thankful to be part of WTO. New Zealand realized the benefit of joining WTO in relation to Trade, etc. She has the opportunity of developing an impact on Trade. She also supported Vanuatu to become WTO member and indicated that it should be a priority. Ms McGowan expressed her interest with Samoa, the way they involve the private sector and public in the awareness WTO campaign. SPC posed the question on importing Kava planting materials from Vanuatu? Vanuatu replied, that as long as it was not prohibited under any legislation, then it was OK, otherwise it is prohibited. There was also some discussion on the Pacific Rose Apple that was once grown in Chile, Kiwi Gold Kiwifruit in relation to Intellectual Property Rights, protection of New Plants – Article 23 under TRIPS.

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### ***SESSION 3 – Facilitator: Ms. Margaret Malua***

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51. Ms. Margaret Malua, Principal Policy and Research Officer for the Samoa Department of Trade, Commerce and Industry chaired this session and introduced the speakers.

### **Progress in MTN since Seattle meeting ("From Seattle to Doha")**

52. Ms. Alison Mann, MFAT (NZ) and Mr. Chris Carson, MAF (NZ) jointly presented an overview of progress in the World Trade Organisation (WTO) since the 3<sup>rd</sup> WTO Ministerial Conference in Seattle, United States. Ms. Mann highlighted the main issues on the trade agenda since Seattle as being the commencement of the mandated negotiations (mainly in the agriculture and services areas), implementation issues, transparency and preparations for the 4<sup>th</sup> WTO Ministerial Conference scheduled to be held in Doha, Qatar on 9-13 November, 2001. She said that given that the discussions on the commencement of a new broad round of negotiations in the Seattle were a failure, members have to work out what they want from the WTO and the major issues they believe should be discussed in future. With respect to the mandated negotiations, those under the Agreement on Agriculture have resulted in 47 proposals being tabled representing 125 countries out of the 140 WTO Members. In the services sector there has also been a substantial number of proposals tabled.

53. As regards to the implementation issues, Ms. Mann noted that the Members, especially developing country Members, have submitted a large number of issues for discussion. They have generally been categorized into those that can be addressed immediately, those that could be addressed through a decision by members in Doha, and those that could only be addressed as part of a broad round of negotiations. Ms. Mann mentioned that the following issues, among others, had been raised as the main implementation issues for future discussions: subsidies, anti-dumping, SPS/TBT. On progress in the implementation discussions, Ms. Mann stated that the developed countries generally believed that a lot of progress had been made while the developing countries believed very little progress had been made towards the resolution of implementation problems.

54. Ms. Mann highlighted the fact that the WTO Secretariat is currently reviewing its operations to facilitate greater participation from all member countries – especially the developing countries with limited resources – and civil society. She said that members have often established small groups to allow more active participation by those with fewer resources through the pooling of efforts. External transparency and



civil society participation is also very important. Some countries, for example New Zealand, also undertake extensive domestic outreach programs.

55. The preparations for the 4<sup>th</sup> WTO Ministerial Conference are still at an early stage. New Zealand's objective for the Conference is to get Ministers to agree to initiate a broader round of negotiations, but not all Members have the same objective. Ms. Mann concluded by giving an overview of the individual subjects which have been proposed by some members as being important elements of a broader round of negotiations: non-agricultural goods, rules (including anti-dumping), investment, competition, trade and environment, trade and labour. The last four subjects on the list are likely to be the most controversial for Members to reach agreement on.

56. Mr. Chris Carson presented an overview of progress under the Agreement on Agriculture (AoA). He explained the work of the Committee on Agriculture (CoA) is to examine the progress in the implementation of the Uruguay Round reform commitments – this had proceeded successfully to date. Mr. Carson said that over the last 12 months the CoA – operating in Special Session – has also been the forum for the negotiations mandated under Article 20 of the AoA. That Article calls for a continuation of the reform process with the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform.

57. With respect to the negotiations in Special Sessions of the CoA, Mr. Carson mentioned that to date, they have been divided into two phases. During Phase 1 (from March 2000 to March 2001) a total of 47 proposals and submissions from 125 WTO Members have been tabled and discussed. The major themes of the proposals reflect the objectives of various (overlapping) groups such as the Cairns Group (calling for rapid further trade liberalisation), the “friends of multi-functionality” (calling for restraint in further liberalisation in order to protect non-trade concerns) and developing countries (calling for further reform by developed countries, but flexibility for developing countries).

58. With respect to the core areas of the AoA, Mr. Carson said that most market access proposals recognised the need to reduce tariffs further and also to address tariff peaks and tariff escalation. Many Members had also called for improvements in tariff quota administration. With respect to domestic support there was generally a recognition that the major users of domestic support measures (the major developed countries) had to reduce trade-distorting support further. At the same time, almost all Members recognised the need for governments to be able to address non-trade concerns through non-trade distorting “green box” measures. The large majority of Members had called for the elimination of all forms of export subsidies. This included almost all developing countries along with the Cairns Group and the United States. The need for operational special and differential treatment for developing countries was recognised in the vast majority of proposals tabled. Many also referred to the specific problems of small island economies.

59. Mr. Carson further stated that WTO Members were now commencing Phase 2 of the negotiations. This would involve in-depth discussions on the issues raised in the proposals so far and a discussion of options for addressing them. During this period Members would also elaborate the proposals in more detail. Phase 2 was without prejudice to any decisions Ministers may take in Doha in November. He said the work program for Phase 2 involved informal special sessions in May, July, September and December 2001 and further meetings in February and March 2002. The March 2002 meeting would review the progress (a “stocktake”). The initial subjects for discussion (in the first 2 or 3 meetings) would be: tariff quota administration, tariffs, amber box, export subsidies, export credits, state trading enterprises, export restrictions, food security, food safety and rural development.

## **Discussion/Roundup**

60. Out of the three PIC WTO Members only Fiji is a member of the Cairns Group. PNG and the Solomon Islands are not members of any small grouping, but may decide to join one of the groups such as the Cairns Group, SIDS or developing country groups.

61. It was noted that although Phase 1 ended in March 2001 and Phase 2 has already started, Members who have not submitted proposals can still do so during Phase 2. Concerns were raised on the importance of sending a Pacific joint proposal for the negotiations on the AoA

62. Tropical products, which received special consideration in the Uruguay Round, are still an issue but the main issue now is tariff escalation (processed products) while raw products often enter markets duty

free. With regard to the question of tariff preferences, it was noted that the maintenance of the preferences during MFN tariff reductions (where possible) was being discussed. In addition, the concept of funding for Net Food Importing Countries and the replacement of tariff preferences with additional technical assistance had already been raised in the negotiations.

63. With respect to transparency, it was noted that the “green room” concept still exists, but there is also a strong recognition of the need for broader consultation with small groups and larger groups. Many countries, including developing countries, had also formed allegiances with countries with similar interests. These groups often submitted their proposals and positions collectively. In this way it was normally the case that at least one member of the groups would be in the “green room” and could consult with others.

### **The Caribbean experience**

64. Ms. Angela Strachan, presented a paper focusing on the Caribbean’s experiences with WTO. She said the Caribbean countries are small developing countries with open economies, many reliant on trade taxes for government funding, limited product categories, few export sectors and high transportation costs. In total there are 15 countries making up the Caricom Community (CARICOM) with a population of 6 million from the Commonwealth Caribbean. She pointed out that CARICOM is currently pursuing a Single Market and Economy (CSME). One of the main aims of the Community is to strengthen relations with other countries in the region through the development of trade and economic agreements and deepening the integration process through the CSME. CARICOM’s main partners in trade are USA, Canada and United Kingdom. Intra-Caricom trade is increasingly playing an important role. Many of the CARICOM countries are founding members of WTO and were initial members of GATT.

65. Ms. Strachan further added the main exports in agriculture are banana sugar, rice, coffee and cocoa while nontraditional exports are horticulture, fresh produce spices, aquaculture and processed food. Other economic areas of activity are manufactured goods and tourism, information technology and financial services she mentioned. She highlighted the fact that CARICOM countries are making the most of their comparative advantage in service sectors such as Tourism, focussing on niches areas such as adventure tourism, eco-tourism and heritage tourism.

66. In regard to the impacts of the WTO on CARICOM, Ms. Strachan presented some opportunities and challenges. These were highlighted in a paper on the special constraints of SIDS presented to the WTO by several CARICOM countries along with Mauritius. It pointed out that the movement towards a more liberalized trading environment globally, has been of significance to the CARICOM region (and to SIDS) from a number of standpoints. Firstly, it has raised issues related to market access for the region's traditional export commodities in relation to the preferential markets, which it had previously enjoyed. Secondly, emerging regional trade blocs globally have the potential to affect CARICOM's relative competitiveness in those foreign markets. All of these dimensions require continued analysis as economic liberalization proceeds and CARICOM participates in trade liberalization negotiations.

67. In conclusion, Ms Strachan mentioned that the region has received a fairly good level of technical assistance from the WTO, in addition to support from bi-laterals such as the Canadian International Development Agency (CIDA), Inter American Development Bank (IADB), United States Department of Agriculture (USDA) and CFTC.

### **Discussion**

68. The need for close liaison between the CARICOM and the FORUMSEC was raised. It was highlighted the two regional organizations are already working closely on a number of proposals, such as the proposal on Vulnerability. They will continue to collaborate and work together in the future.

69. The idea of having regional working groups on various sectors was noted especially in trying to achieve a coordinated approach to addressing specific issues as in the case of CARICOM

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### ***SESSION 4 – Facilitator: Mr. Jaindra Kumar***

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70. Mr. Jaindra Kumar, Director of Forum Trade and Investment Division, opened the session highlighting the importance of the fishery resource for Pacific Island Countries and the issue of subsidies that is currently being discussed.

## Status of Fisheries in the Pacific

71. Akau'ola, Secretary of Fishery of Tonga, presented the above paper on behalf of the Forum Fishery Agency (FFA), which is responsible for tuna fishery in the Pacific. He stressed the importance of fishery in the region and said that in his view in the next 5-10 years most of the discussion on trade will focus on this sector. He explained that the FFA paper provides a brief overview of the tuna fishery in the western and central Pacific for the year 2000 and describes all gear types and market conditions for the major products. Akau'ola presentation emphasized the following:

72. The Purse Seine Fishery. A preliminary estimate of the 2000 purse seine catch is 876,300 tonnes. This was a marginal increase of 2 per cent on the 1999 catch, but it remains below the record catch of 1998. In keeping with previous years, the fleet of vessels flagged to Pacific island countries and vessels based in these countries recorded an increase in catch of approximately 10,800 tonnes or 9 per cent. Catches of bigeye in the purse seine fishery in the western and central Pacific in 1999 were at a record of almost 35,000 tonnes. Given the continued extensive use of FADs in 2000, catches are anticipated to be high again

73. The Longline Fishery. The total tuna catch in the longline fishery in 1999 was approximately 185,100 tonnes. A decrease of 4 per cent on the 1998 catches. Bigeye and yellowfin comprised approximately two thirds of the catch, while albacore comprised around 18 per cent. The largest drop was in the catch for bigeye, which declined by 6 per cent.

74. The majority of the PICs longline fisheries are producing fresh tuna for the sashimi market. The exception is the fleet in Samoa where almost three quarters of the catch is sent to the canneries in American Samoa. With respect to the fresh tuna market, airfreight arrangements have often been cited as a major obstacle to the development of the industry.

75. The Pole and Line Fishery. The Japanese distant water pole and line fishery was adversely affected by falling prices due to increased landings in the fishery and increasing competition from purse seine caught skipjack.

76. Canning Fish Market

- Average Bangkok prices for skipjack (4-7.5lbs c.i.f.) have been on a downward trend since the third quarter of 1998 reaching lows of around US\$380/mt in November 1999. Price movements in early 2001 indicate that the reductions in fishing activity has had some impact on the market with prices of US\$750/mt being reported in late February, albeit involving small volumes.
- Average yellowfin prices in Bangkok (20lbs and up c.i.f.) followed the same trend as for skipjack in yaer 2000, rising from a low in late 1999 to early 2000 before further declining rapidly in April/May and then stabilising at around US\$600/mt for the remainder of the year.
- The average price for Albacore in American Samoa during 2000 was marginally up on the 1999 price of US\$2,200 per metric tonne with prices being around US\$2,400 per metric tonne in December 2000.

77. Sashimi Market - The Japanese market remains the major world market for sashimi grade tuna and conditions in this market are therefore crucial to economic conditions in the western and central Pacific longline fishery. Prices in the Japanese sashimi market deteriorated in 2000 and were down for both fresh and frozen product. The US remains a minor sashimi market for Pacific Island countries, however there was a substantial increase in fresh yellowfin imports from the region in 2000.

78. Fresh Tuna Market -The volume of imported fresh yellowfin in 2000 increased by just under 7 per cent compared with 1999 to 35,605mt, however prices fell by just over 12 per cent to 715 yen per kilogram, resulting in a fall of around 6 per cent in the value of the imports. For fresh bigeye, there was a decline in both import volumes and prices in 2000 with volumes down by just over 9per cent to 21, 730mt and prices down by just over 8 per cent to 799 yen per kilogram.

79. Frozen Tuna Market - The volume of imports of frozen yellowfin in 2000 rose by 40per cent to 100,651mt compared with 1999. However, as a result of a decline in prices of around 27 per cent to 268 yen per kilogram, the total value of frozen yellowfin imports increased by only 2 per cent. The value of

frozen bigeye imports declined significantly (down 13 per cent) as a result of the large fall in prices (17 per cent to 694yen/kg) with only a small commensurate increase in volumes (up 4 per cent to 112,779mt).

80. Akau'ola provided some brief information on the first round of negotiations, held in Apia (Samoa), to discuss a 10 year renewal of the US Tuna Treaty which will run out in 2003 after 15 years. The negotiating positions are quite estranged as there is a difference of about 10-15 million US\$ between PIC's request and US offer. US position is to tie the offer to the value of tuna fish while PICs claim that has seriously eroded the overall value of the treaty and that this had now raise the issue of opportunity costs. In the negotiation PICs should also maintain regional solidarity within its ranks which is more likely to maximise the return to the region.

81. In addition Akau'ola provided some information on the status of MHLC negotiations were completed in Honolulu last August. The convention has been opened for signature and the majority of the negotiating states have signed with one notable exception. The Convention will come into force within two years. The first PreCom to be held in Christchurch (New Zealand) in April will focus on management requirements and administrative structure of the Commission.

82. Mr. Tim Adams, Director of Marine Resources, Secretariat of the Pacific Community (SPC) made a presentation on other aspects of fishery sector than tuna. Pacific Islanders are more dependent on the sea and its resources than most other regions of the world, as land represents only 2% of the area in which Pacific Islanders exercise sovereign rights. It is generally recognised that the sector contributes to over 10% of GDP.

83. There is not a good regional overview fishery trade in the region. FFA/SPC/ADB/WB are currently preparing a study to better assess the contribution of fisheries to Pacific Islands GDP. Some indicative figures are

- Landed Value of WTP tuna fisheries is around US\$2 billion, of which around 10% is traded by Pacific Islands, the rest by DWFN
- Value reef fisheries overall catch is around US\$1-200 million, of which about 10-20% is externally traded. Although relatively small, it is significant because most is injected directly into the rural economies of small islands.
- Trade in aquaculture products (mainly black pearls) is actually very significant and topped US\$100 million (most from French Polynesia with the Cook Islands coming up rapidly).

84. In terms of ecological or biological sustainability: Tuna, as target fisheries are pretty much under control. By-catch from tuna are starting to make a clear blip on radar though and it is necessary to collect information to see if in this part of world there is a real problem and if so, to focus on mitigation and management. Reef export fisheries are where the main sustainability questions occur but, perhaps because of their lower overall value and potential, or perhaps because they are domestic issues, less direct attention is being paid to these. Reef artisanal and subsistence fisheries are in comparatively good shape, and are not significant as a trade issue currently. The problems here are mainly around urban areas, and are usually due to land-based downstream problems than overfishing. Aquaculture is not a sustainability issue, but lessons from other parts of the world help to guide development and sidestep problems.

85. As with agriculture Pacific Island fisheries trade mainly high-value or imperishable products. Because of high freight costs, there is no advantage in high-volume or low-value products except for products that are exclusive to the Pacific. One increasingly important comparative advantage may be the relatively unpolluted marine environment, especially as aquaculture trade grows, but some pollutant impacts are global.

86. General issues affecting fishery trade include:

- Quality standards – domestic tuna export Japan & USA. Potential embargoes due to concerns in importing countries about sustainability, particularly by-catch.
- Subsidies are not a big issue, except in distant-water fisheries.
- As aquaculture develops, minimising disease transmission through trade in seedstock and broodstock.

- Intellectual Property Rights (IPR) is not a crucial issue in fisheries yet.

87. Technical assistance is needed to strengthen the capacity of PICs to effectively take part in trade negotiation; improve information and management of resources; developing quality standards and certification procedures and, in aquaculture, to develop preventive/quarantine measures.

#### **Fisheries subsidy under WTO**

88. Mr. Kosi Latu, Deputy Director of the Legal and Constitutional Affairs Division - CFTC, introduced the above subject which is of paramount importance as it links with:

- over-capacity and consequent over-exploitation of fishery resources;
- trade distortion and consequent depressed seafood trade prices;
- effect on sustainable development efforts of developing countries aggravated by ineffective conservation and management measures

89. Fishery subsidies are covered by the Agreement on Subsidies and Countervailing Measures (SCM) as there is not a specific WTO Agreement dealing with this issue and the Agreement on Agriculture (AoA) specifically excludes fish and fish products. The SCM Agreement does not prohibit all subsidies as it recognises that they can be important instruments of policy. The Agreement identifies two types of subsidies:

- i) Prohibited subsidies (Red) - export subsidies, which are contingent upon export performance, exemption from or remission of indirect taxes. Subsidies that are contingent on the use of domestic goods over imported goods
- ii) Permissible Subsidies - SCM uses the concept of specificity to categorise between actionable (i.e. specific) and non-actionable subsidies (i.e. not specific as they do not favour any particular or certain enterprises over others). Actionable subsidies are maintainable in principle unless they cause “adverse effects” on the interests of other countries causing serious prejudicial injury to the domestic industry of the importing country and nullifying and impairing benefits accruing under the WTO to other members.

90. SCM provides that an industry is deemed to have received a subsidy where a benefit is conferred as a result of:

- Direct transfer of government funds;
- Government foregoing revenue that it would otherwise have collected
- Government providing goods and services, or purchasing goods

91. Under the SCM Agreement Developing countries have a transitional period of 8 years until (1 Jan 2003) and during this period they cannot increase the level of export subsidies. Rules against the use of export subsidies do not apply to least developing countries and low income countries with GNP of less than US\$1,000.

92. Remedies against prohibited subsidies. An importing country may trigger the dispute settlement process, if no mutually agreed solution is obtained after consultation. (Accelerated dispute settlement process). Alternatively, the importing country may wish to impose countervailing duties but only after duly conducted investigations have been carried out and Authorities are satisfied that there is a link between the material injury to the industry and the subsidy in question.

93. Actionable subsidies are subject to the dispute settlement process, and will apply if bilateral consultations have failed. An importing country may also impose duties when investigations have been carried out establishing the link between the subsidy and the injury caused to the domestic industry. Non-actionable subsidies are not subject to the dispute settlement process or countervailing measures. However, if a country has reason to believe that the subsidy has a detrimental effect on its domestic industry it may request consultations. If consultations fail, then the matter is referred to the Committee on SCM

94. Mr. William Emerson, Senior Policy Analyst of Ministry of Fisheries of New Zealand, complemented the presentation on fishery subsidies and provided some information on the New Zealand

experience. The aspect of fisheries subsidies has developed a profile since the mid 1990s when it started to receive attention from a number of international organizations. In 1992, FAO estimated subsidies to be in the region of \$ 54.5 billion. Subsequent work by the World Bank, OECD, APEC and FAO has tended to suggest that an estimate in the region of around \$ 15-20 billion is more likely. In a New Zealand study submitted to the WTO Committee on Trade and Environment (CTE) on expenditures of Japan, the EC and the US (the three major fishing nations) it was estimated that financial support provided to the marine fishing industry in 1996 amounted to:

- US\$ 4 billion (Japan)
- US\$ 1.8 billion (European Union)
- US\$ 1 billion (United States).

These figures represent 32%, 21% and 27% of the landed catch value respectively.

95. Ranges of studies have demonstrated that fish subsidies are an important contributor to over-fishing. An equally important question, particularly if fish subsidies are to be addressed through further work and negotiations in WTO, is the impact that such measures have on trade. A large share of fish production enters in international trade, with about 40% exported in 1998, amounting to around \$ 51 billion in export value. Developed countries accounted for more than 80% of the total imports of fishery products in 1998 in value terms, with Japan, the EU and the US being leading importers.

96. Ms. Lisa McGowan, highlighted the effects of fisheries subsidies on conservation and trade and providing information on activities and initiatives taken by New Zealand. The effects of fisheries related subsidies in trade and sustainable development will differ depending on the nature of the subsidy nature. However, New Zealand's opinion is that it is the billions of dollars that is continually directed at the sector which make the costs of fishing cheaper for fishing industries, but will have negative trade and economic effects on fish exporting countries, particularly developing countries. Among the effects identified:

On Conservation:

- Lower operating costs and/or higher revenues can lead to higher than optimal effort levels.
- Results in higher catch rates in the short run.
- Resource depletion and lower catch rates if appropriate conservation measures are not introduced.
- Excessive investment also makes regulatory reform difficult.

On Trade:

- Short run surge in catch levels distorts trade and can cause injury to importing countries' domestic industry.
- Creates uneven playing field in high seas fisheries.
- In the aquaculture sector subsidies that increase production can likewise cause injury to importing countries' domestic industry.
- Difficult for resource rich developing countries to compete with fleets subsidised by wealthier developed nations.

97. Moreover, subsidies can make it more difficult for developing countries to take full advantage of the fish resources in their own EEZs as subsidised operations take resources that would otherwise be taken by other unsubsidised fleet, often of developing countries, operating in their own EEZs. Although trade laws and WTO SCM Agreement are aimed at liberalising trade, the provisions of the SCM Agreement have never been used in any case of fishery subsidies.

98. With the increasing recognition that the trade-conservation relationship needs to be clarified, the WTO Committee on Trade and Environment (CTE) was established in 1995. Its mandate includes the examination of the "environmental benefits of removing trade restrictions and distortions". The CTE work focuses on tariffs and non-tariff import restrictions, tariff escalation, internal taxes, subsidies and export restrictions pertaining to seven specific sectors which include fisheries. Subsidies in the fisheries sector has

probably been the richest source of discussion for the CTE since its inception, largely because the arguments advanced in support the positive trade and environmental benefits of removing subsidies in the fisheries are seen as very compelling.

99. The association “Friends of Fish” has produced many documents that have been brought to the attention of CTE. Unfortunately, the failure of the Seattle negotiations prevented the approval of further work on this area and its hoped that it will be approved in the November meeting in Qatar.

100. OECD, APEC and FAO are among the organizations involved in the discussion on fisheries subsidies. Achievements/work completed include/s:

- FAO Fishing Capacity IPAO which calls for the (voluntary) reduction and progressive elimination of all factors, including subsidies, that contribute to over-capacity.
- FAO will host a consultation (during 2001) on economic incentives and responsible fisheries.
- APEC is undertaking study clarifying how the WTO SCN applies to subsidies in the fisheries sector.

101. Ms. McGowan’s conclusions were that there is an urgent need to strengthen rules in fishery trade that will lead to the reduction and elimination of subsidies. These rules can play a positive role being consistent with environmental concern, promoting sustainable use of resources and reducing/eliminating trade distortion that disadvantage developing countries.

#### **Discussion**

102. Mr. Latu introduced a case study on Multilateral Fishery Treaty between USA and PICs and asked participants to analyse the payments under the treaty. In particular participants were asked to analyse if they constitute subsidies and whether they are prohibited or actionable subsidies. The discussion that followed the working group reports emphasized the need for PICs to develop a position on the issue of fishery subsidies. The meeting discussed the possible effects (positive and negative) that may derive by the development of new rules in these area and how it may affect their bargaining position in negotiating multilateral fishery treaty.

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### ***SESSION 5 – Facilitator: Mr. Neil Fraser***

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#### **WTO Instruments Designed to Support Member’s Right, in Particular Developing Countries**

103. Mr. David Gamble, Consultant to the New Zealand Ministry of Foreign Affairs and Trade, presented first a paper on WTO Instruments Designed to Support Members’ Rights, in Particular Developing Countries. WTO represents a balance of rights and obligations, stemming from the contractual nature of GATT/WTO Agreements. Some of the basic rights are, for example: i) Certainty of trading conditions; ii) Consultation; iii) Exceptions, in terms of national security and the national interest; iv) Resort to dispute settlement (in defense of other rights where these may be infringed).

104. Moreover the individual agreements under WTO set forth specific rights. These can either be sectoral – such Agriculture, Services, Textiles, etc or they may be cross-cutting issues such as Technical Barriers To Trade, Safeguards, Import Licensing, etc.

105. The WTO agreements are backed by a Dispute Settlement system. WTO parties have equal status as to rights (and obligations) but the special position of developing countries is recognized in the WTO. They enjoy a body of general and specific rights. These are incorporated in the concept of Special and Differential Treatment (S & D), which recognizes the situation of developing countries in terms of their structural needs i.e. their need to improve their terms of trade, to reduce their dependence on primary exports, to help correct their BOP vulnerability and also to assist their industrialization processes.

106. Special and Differential Treatment Measures incorporated in the GATT UR agreements include:

- Transition periods or “grace” periods, allowing countries time to make necessary changes to their systems in order to meet new WTO obligations. These have been available in agreements such as

Customs Valuation, TBT, SPS and TRIPS but have now mostly expired. The exception is TRIPS where Least Developed Countries have until the end of 2005 to conform with some provisions.

- Different threshold levels have been set for developing countries in some of the agreements, allowing more time for tariff adjustments, lesser reduction levels and easier conditions in some cases. In the Agriculture Agreement for example, developed countries agreed tariff cuts are deeper than developing countries, plus they take place over 6 years as compared to 10 years for developing countries (from 1 January 1995). Further, developing countries cut domestic support measures by a lesser amount and the same applies to reductions in export subsidies. Least Developed Countries were not asked to take commitments at all in these areas

107. Some other S & D concessions to developing countries are the following:

- Agreement on Subsidies and Countervailing Duties. Certain time-bound exemptions on export subsidies, with Least Developed Countries exempt. De-minimis provisions also apply.
- Safeguards Agreement. De minimis conditions apply.
- Services Agreement. Some preferential treatment, including permission to limit commercial presence (foreign investment) according to their needs.
- Dispute Settlement. Some priority treatment on procedures and some technical assistance (e.g. legal advice) available.

108. Developing countries are at a crossroads vis-à-vis the next round of WTO negotiations. The future of S & D should be considered as a major issue in the next round of multilateral Trade negotiation.

#### **Harmonization of domestic policy, legislation, regulations with WTO**

109. Mr. David Gamble presented a second paper on “Harmonization of Domestic Policy, Legislation, Regulations with WTO Requirements”. WTO contains a whole system of principles, guidelines and legally binding obligations, which the governmental authorities of members must incorporate in their domestic trade policies, legislation, regulations and procedures. This subject may be considered under the following three sets of issues:

110. (a) Implementations of Concession - The eight GATT rounds of negotiation between 1947 and 1993, the last of which was the GATT Uruguay Round, produced a large body of trade concessions agreed by GATT (now WTO) members. These were principally, though not exclusively, tariff reductions and tariff bindings. Each member was (and is) obliged to implement the schedule of concessions agreed upon.

111. Contracting parties (now WTO members) are thus obliged to translate their concession into the appropriate legal instrument domestically. Tariff reductions, tariff bindings, etc must therefore be applied by whatever means are suitable e.g. by legislation, regulation or administrative order.

112. (b) Compliance with Rules - Since the GATT UR and inception of WTO, the balance of the agreements has shifted more towards rule making. While earlier rounds concentrated more on tariff reductions the GATT UR took a much broader approach. It produced 60 or more agreements, understandings, Ministerial Decisions and Declarations.

113. The WTO agreements have deepened the rules basis of multilateral trade policy. For example, by the mid 1980s the proliferation of non-tariff measures had become a source of major distortion in international trade. The GATT UR represented a major effort to introduce greater discipline, fairer procedures and greater transparency in these measures across the board. This resulted in a number of important new agreements, i.e. i) in the goods area; ii) in the Service area; and iii) in the area of intellectual property. These agreements have all placed new burdens on members in terms of compliance, involving in some cases new legislation, new administrative institutions having to be built up, increased monitoring, reporting and notification procedures.

114. Costs of compliance can be very high, in terms of activities, such as drafting legislation, preparing notification and institutional building. The resources needed for enforcement procedures in say TRIPS can be particularly extensive, particularly where litigation and pursuit of offenders may be required.



115. Recognizing that compliance can be burdensome for developing countries and in particular Least Developed Countries, the WTO Secretariat can assist by providing model legislation and also by its programme of workshops and seminars. Customs valuation and SPS are particular areas where considerable assistance has already been given, both by the WTO Secretariat and bilateral donors. New Zealand has been active in both of these areas.

116. (c) Policy Reform: Mr. Gamble stated that WTO membership is not just about rule-making and compliance with rules but can be of assistance in terms of domestic policy reform. Tariff negotiations for example, can be used as a means to support an extensive programme of tariff reforms at home. The contractual implications of the WTO agreements can be a powerful tool in anchoring trade policy moves in the direction of trade liberalization.

## **Discussion**

117. A question from the floor was brought forward as follows; “Is there a sunset clause under WTO?” The answer given was no. Another participant posed a question on fisheries: “How does Fisheries fit into WTO? What is the likelihood of fisheries fitting in the WTO?”. Answer: Fisheries does not come under Agriculture. It normally comes under Industrial products in the WTO system. It is not yet clear how fisheries will be dealt with in the next WTO round. Some aspects of it may be dealt with under Trade and the Environment

## **Experience of Pacific Island Countries member of WTO: Fiji, Papua New Guinea, and Solomon Islands**

### **Fiji**

118. Mr. Sakiusa Tubuna, Ministry of Agriculture, presented the Fiji country paper. Fiji formally became a signatory to the GATT on 16 November 1993. After ratifying the WTO Agreements on 14 January 1996, it became an original member of the WTO. As part of its WTO obligation, Fiji bound its tariffs at a maximum rate of 40%, with the exception of a few specified products. The tariff structure has been simplified over the years with the maximum ad-valorem tariff rates reduced from 50% in 1991 to 27 percent in 1999. The tariff bands have also been simplified and reduced from seven in 1998 to four tariff bands in 1999 (0%, 10%, 15% and 27%), which according to the 2001 Budget, would be further simplified and reduced to 0%, 3%, 10% and 27%. While Fiji’s general level of tariffs is 27% since 1999, most of its agricultural products are either 15% or duty-free.

119. Market Access - Fiji crops such as mangoes and eggplants face market access barriers to the USA and those on transit through the USA to Canada. Fiji exports these products after High Temperature Forced Air (HTFA) treatment to New Zealand using USDA approved equipment. It has been more than 10 years now since Fiji began negotiating with USDA. But despite the fact that Fiji has been using the HTFA technology to treat fresh fruits and vegetables exported to NZ with no fruit fly outbreak in the importing country, USDA is still preventing us access to our fruits and vegetables. Similarly, the Fiji Quarantine Department provided the Australian Quarantine and Inspection Service (AQIS) with the same data on the HTFA treatment of papaya in 1996, as of to date, the AQIS is yet to offer a formal reply. Moreover, AQIS also disallow entry of Fijian ginger, despite the fact that the Fiji ginger industry has the same disease status as that of the Australian industry. Interestingly, Fiji currently exports ginger to Hawaii, which is itself, a large ginger producer.

120. Technical Assistance Required - Mr Tubuna indicated area of interest for technical assistance i.e. the field of science, dealing with scientific issues, especially risk assessment, pest identification and to improve laboratory facilities, including the financing of the technology needed to comply with SPS requirements in accordance with Article 9.

### **Papua New Guinea**

121. Mr Kino Wenge, Deputy Secretary of Agriculture and Livestock, presented PNG’s country paper. Papua New Guinea became a de facto GATT contracting party in 1960 under its ‘UN trust’ status with Australia. However, on 16 December 1994 Papua New Guinea acceded to the GATT and joined the World Trade Organization (WTO) under Article XII of GATT. Following the set up of special procedures for countries that joined GATT in 1994, PNG became a fully fledged member on 09 June 1996.

122. Papua New Guinea was then faced with the enormous and burdensome responsibility to conform with WTO requirements. Among the factors that have hindered the immediate implementation of the WTO agreements are:

- Low manpower capacity (understaffing situation);
- Lack of appropriately qualified and technically skilled manpower;
- Lack of adequate working knowledge on the Multilateral Trading System;
- Lack of office equipment and information sources for sourcing required information; and
- Lack of funds to effectively participate in the WTO foras and for subsequent implementation of the negotiated decisions.

123. Internally, tariffs have been cut across the board on 01 July 1999 from an average (un-weighted) applied MFN rate of 20% to 9%. The tariff structure was also simplified and rationalized with the number of tariff rates reduced from six to four; that is: zero, 30%; 40%, and 55%. This has resulted from the removal of the 5% and 11% duties on basic and intermediate inputs and the reduction of duties ranging previously between 75% and 125% to 55% with some exceptions. Under the Tariff Reform Program, MFN rates will be further phased down to 15%, 25% and 40% without any exceptions in 2006.

124. Due to the complexity of the WTO Agreements, PNG look forward to further assistance from the WTO Secretariat, particularly in the area of human resource development and capacity building to enable the country to effectively administer the implementation of the WTO commitments and obligations.

125. Mr. Wenge reported that the establishment of a free trade area for the Pacific Island countries is a step in the right direction, as it will set the pace for the Pacific Island countries to get started and involved in the global trade liberalization process and enhance PNGs cohesion into the Multilateral Trading System. Papua New Guinea supports the PARTA in principle because it complements PNG membership and commitments in the APEC and WTO process.

#### **Solomon Islands**

126. Mr. Daniel Buto, Deputy Director of Trade, Ministry of Commerce, presented Solomon's country paper. The Solomon Islands is probably not a good example of a WTO member for countries in the region. WTO membership has been an expensive experience for the Solomons and the lack of human and financial resources has greatly affected the country's active participation in WTO.

127. Government tariffs have been reduced from 70% to 40% and there are plans to further reduce tariff to 16%. The Solomon Islands is experiencing increased trade with PNG which, however has had some negative effects on local industry because of as the lower price of imports, such as canned tuna.

#### **Discussion**

128. Question was posed as follows: "Will the WTO impose any penalty on a country that changes it policy without informing WTO?" Answer from the presenter; Don't know, about that aspect of WTO, it could fit under non-compliance for non-reporting of the changes in policies. Don't know whether sanctions are imposed or not. This can really be viewed on the basis of common sense and also honesty.

129. Fiji – Question: What is your experience in Servicing WTO? What is your representation in Geneva? Answer: Fiji currently does not have any permanent representation in Geneva. Because Fiji is a small developing island state, attending meetings in Geneva is a very expensive exercise for the Government. However, Fiji has a WTO Representative in Brussels who is also the Fiji Ambassador to the EU. Due to enormous workload and limited resources, the Representative only attends meetings selectively. He decides on which WTO meeting he attends, basing his decision on priority, cost factor and relevance. At the Headquarters in the Ministry of Foreign Affairs and External Trade, a WTO Unit was established in 1998 to oversee and co-ordinate trade policy matters relating to WTO through an inter-ministerial working committee, the WTO Implementation Committee (WIC). There are other Sub-committees established under the WIC, which meet on an ad-hoc basis to discuss issues relating to WTO matters. The major constraints for servicing WTO are the lack of expertise and limited local human resources in this field.

**Presentations of: Cook Islands, Kiribati, Niue and Nauru - non WTO-members**

**Cook Islands**

130. Mr. Sabati Solomona, Senior Policy Officer (Ministry of Agriculture) presented a paper on the Cook Islands and WTO. A series of structural adjustment programs embarked on the early 1980's shifted the policy focus from an emphasis on import substitution and domestic agriculture protection to one that emphasized export led growth. The main exports are: black pearls, marine products and agricultural products (pawpaw and noni). Tourism is an important economic activity for Cook Islands accounting for over 60,000 tourists per year.

131. The policy framework shifted further in the late 1980's: the agricultural sector was re-structured in 1990 and food security was given a higher priority. The private sector was encouraged to participate in investment and in agriculture and service industries.

132. Regarding the Accession into WTO, Mr. Sabati said there is no formal application to accede into WTO. However, the Cook Islands needs further technical assistance to understand the complex WTO modalities and deal with trade-related issues.

**Kiribati**

133. Mr. Bweitu Tion, Senior Assistant Secretary (Ministry of Commerce, Industry and Tourism) presented a paper regarding Kiribati's possible accession into WTO. Kiribati has not made any formal announcement to join WTO but the intention has been drafted into Kiribati's National Development Strategy (NDS). However, no review has been undertaken on the benefits and cost of Kiribati WTO membership. There are no studies and the best position for Kiribati is to review its possible intention to join the PFTA.

**Niue**

134. Mr. Tom Misikea, Project Coordinator (Ministry of Agriculture, Forestry and Fisheries) presented a position paper on behalf of the Niue team. He indicated that Niue is a small country with a population about 1800. There is limited potential for trade at this time with the ban of exports of lime, passion fruit and mangoes to New Zealand because of the fruit fly problem. At present, Niue's main export commodities are vanilla, noni, kava and honey. Tourism has potential but the country is not well linked by air routes.

135. In regard to Niue's Accession into WTO, Mr. Misikea said that Niue as not yet decided and is learning from experiences of other countries in the Pacific. Niue must review the pros and cons in regard to its accession to WTO. However, he emphasised that the bilateral trade relations with neighbouring countries are currently more beneficial to Niue.

**Nauru**

136. Ms. Elizabeth Jacobs, Assistant Director (Department of Foreign Affairs) presented Nauru's position paper in regard to a possible accession to WTO. Nauru does not have studies and knowledge about WTO Agreement and little understanding of WTO modalities. At this stage it appears to be of little direct benefit for Nauru to accede to WTO, since there is little export potential.

137. In the short and medium term, Nauru will require more technical and economic assistance in the area of trade facilitation and capacity building to enrich technical skills and facilitate the assessment of the pros and cons of accession by Nauru to WTO. To date, Nauru is not in a position to make a decision to join WTO or not.

**Tuvalu**

138. Mr. Bill Teo, Assistant Secretary (Ministry of Tourism, Trade and Commerce) presented the position of Tuvalu in regard to its accession to WTO. Tuvalu has limited export products and at this stage there is growing evidence of the government's intention to become a member of WTO. However, no formal assessment has been undertaken regarding benefits for the country in joining the WTO.

## **Discussions**

139. These countries are small and are poor in human capacity and capital. There is no representation in Geneva, no national working committees, lack of funds for office equipment and capacity building. In this regard, these countries need more support among other things, information, knowledge and the need for training to generate internal negotiating skills.

## **Progress on Pacific Free Trade Area –**

140. Mr Jaindra Kumar, Director of Trade and Investment Division of the Forum Secretariat briefed the meeting on the progress towards the implementation of the Free Trade Area for the region as mandated by the Forum Leaders in their meeting in Palau in 1999. Highlighting the mandates he said that whilst the Leaders tasked the Forum Secretariat to negotiate the legal text of FIC-FTA, it also called for arrangement to include Australia and New Zealand in the Forum FTA.

141. Mr Kumar said that since the Leaders' mandate was given, a number of meetings, studies and consultations had been undertaken towards fulfillment of the mandate and these included: PARTA Pre-Negotiations Workshop (March 2000), Provision of Technical Assistance to FICs, Study on Option for Application of ANZ on PARTA, First Negotiating Meeting (August 2000) and Study on the Umbrella Agreement and PARTA Working Party meeting (February 2001).

142. He further indicated that the Working Party reached a significant decision to adopt the Umbrella Model Architecture, which allows FICs integration with ANZ at a future date. This model allows FICs to integrate among themselves first, based on a stepping stone approach. Once FICs have integrated among themselves, UA allows FICs to have separate arrangements with Australia and New Zealand. Mr Kumar briefed the meeting on the concept of UA. He highlighted that UA was not a trade agreement but an economic cooperation agreement which apart from allowing Forum wide integration in future provides measures by which ANZ can provide financial and technical assistance at the commencement of FIC only PARTA, which will improve FIC trade facilitation measures.

143. On future work, Mr Kumar stated that the draft legal texts of FIC-FTA and the Umbrella Agreement will be negotiated at the Second PARTA Negotiating Meeting scheduled for 30 April – 3 May 2001. The finalised draft texts will be put to the Forum Trade Ministers Meeting scheduled for 27-29 June and the Forum Leaders Meeting in August in Nauru.

## **Discussions**

144. The FORUMSEC is also undertaking studies on the impact of alcohol or Tobacco and questionnaires have been sent to the FICs for their response.

145. Australia and New Zealand partnership includes goods and services and other broad areas of mutual undertakings and economic development except investment. The CER may not provide a direct model to be adopted for the PARTA.

146. It was also emphasised that countries must work hard and be committed in putting in place their respective legislation and economic reforms to enable them to join the PARTA FTA

## **Progress on EU-ACP Partnership Agreement**

147. Mr Jaindra Kumar, Director, Trade and Investment Division, Forum Secretariat also briefed the meeting on Trade Provisions of the Cotonou Agreement and what the Secretariat was doing to assist the PACP countries in preparation for negotiation with the EU scheduled to start in September 2002.

148. Ms. Mia Mikic from the University of Auckland, New Zealand presented a paper on the ACP-EU Cotonou Agreement. She pointed out the Cotonou Agreement was signed in 2000 to replace "aid and trade" agreements of Lomé Convention nature. Six new members from the Pacific have changed a regional balance within the ACP and it is hoped that this will help in airing the issues and concerns of small island states more forcefully with the EU and in international organizations. The central objective of the partnership remains intact: reduction and eradication of poverty with support to sustainable development and integration of the ACP countries into the world economy. While Cotonou agreement, similar to Lomé conventions, remain supported by two pillars, trade and aid, both of these are or will be substantially changed.

149. On the financial and technical cooperation (aid) front, Ms. Mikic stated that grants will be used to finance development programmes in individual countries (through National indicative programme) or in the seven ACP regions (through Regional indicative programmes). Instruments to be used are simplified and contain Grants facility for development financing and Investment facility to be used in connection with private sector support.

150. In regard to the economic and trade cooperation front, Ms. Mikic said non-reciprocal preferences (which are infringing WTO non-discrimination principle and require waiver from the WTO members) of Lomé type will remain in force until end of 2007. From 2008 until the end of Agreement in 2020, a new trade regime based on reciprocal trade concessions will be put in place. ACP countries will have to negotiate a new format trade regime with the EU. Suggested formats now include EPA, REPA or an alternative form of FTA (to be more detailed in 2004).

151. Ms. Mikic concluded by stating that these negotiations are planned to start in 2002 and there are a number of challenges faced by the ACP and particularly its Pacific members. These include the lack of capacity and knowledge in handling new policies and issues and parallel negotiations on different levels. However the opportunities that the new Partnership agreement is opening should not be ignored, particularly the support for gradual liberalization and restructuring of ACP economies and development of private sectors while protecting environment and growing civil societies further.

#### **Discussion/Round Up**

152. As regards to resource availability, the European Investment Bank (EIB) can provide funds to the private and civil service sectors with Government assistance. The private sector may apply for the funds directly with the support of the Government for capacity building and providing facilities.

153. The EU can work closely with the FICs in a number of areas including capacity building and training at the national and regional level.

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### ***SESSION 7 – Facilitator: Mr. Haniteli Fa'anunu***

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#### **The Status of Food Industry in Selected Pacific Countries**

154. Ms. Annamaria Bruno, FAO Food and Nutrition Officer, presented the above paper which summarises the findings of four surveys carried out in Cook Islands, Fiji, Samoa and Vanuatu during the second half of 2000. The food industry sector in the four countries has been growing in the recent years to meet the increased demand of both domestic and export markets. The sector helps balance each country's deficit in trade and create employment, especially in the urban area. With the exception of fishery and a few other sub-sectors, these countries heavily depend on imported ingredients, materials and equipment. The inconsistent supply of agriculture raw products both in terms of quality and quantity, affect the production capacity of the sector and its ability to supply local and export markets.

155. There is significant scope for expansion, both in terms of the proportion of local raw material used in manufacture but also in the exploitation of the tourist industry. Quality remains an important issue that influences the growth of the sector. The fishery sub-sector has made important investment to upgrade their facilities and train their personnel to meet the requirements both in terms of quality and safety of importing countries. However, Good Manufacturing and Good Hygienic Practices (GMP/GHP) are still little applied in other sub-sectors that need to upgrade their premises and equipment. Within the region, there the number of technicians and skilled personnel is very small and inadequate to meet the demand of the industry.

156. The sector would greatly benefit from:

- A strengthened food inspection and certification systems and a legislative framework (update food legislation, regulations and standards);
- Training in basic food hygiene, in Hazard Analysis and Critical Control Point (HACCP) and other quality assurance systems;
- Regular supply of quality agriculture produce and diversification of agriculture production;
- Research product development;

- Development of protocols for exports (strengthened trade office and Codex Contact Point).

#### **Compliance with SPS and TBT Requirements in the Pacific – The Codex Dimension**

157. Mr. Rajasekar, Manager WTO/SPS and Codex Co-ordinator and Contact Point for New Zealand, spoke about the challenges posed by the Agreements on Sanitary and Phytosanitary Measure (SPS) and on Technical Barriers to Trade (TBT) to Codex Alimentarius Commission and National Governments. They are challenged by the growing concern related to a perceived emergence /increase in food borne diseases; consumers' concern about food safety issues; the emergence of genetically modified food, emergence of new pathogens, development of novel food. These factors along with the growth in world food trade, advances in modern communication and increasing mobility of populations, are all contributing to elevating the profile and significance of food safety and regulations.

158. Given the importance that the WTO attaches to international harmonization, there is now an even greater imperative for CAC and its members to ensure that the Organization maintains its pre-eminent status as the internationally recognized body for food standards and its norms are applied to the widest extent possible by all members as a basis for domestic regulation and international trade. The Strategic Framework and Draft Medium-Term Plan for 2003-2007, to be considered at the 24<sup>th</sup> Session of CAC, takes into account these new challenges and includes the following six main objectives:

159. Objective 1: Promoting a Sound Regulatory Framework – In many countries, effective food control is undermined by the existence of fragmented legislation, multiple jurisdictions and inadequate inspection/certification/testing facilities. An effective food control is critical in enabling all countries to assure the safety of their food entering in international trade and ensure that imported foods conform to national requirements.

160. Objective 2: Promoting the widest application of Scientific Principles and Risk Analysis – Risk analysis as it applies to food, is an emerging discipline and will require ongoing and sustained inputs from the Commission, its parents organization and national government to promote conceptual development and application at the international and national level.

161. Objective 3: Linkages between Codex and other bodies - Codex needs to work with other relevant bodies to achieve common objectives. Co-operation essential to achieve consistent international framework and minimise duplication and to build international consensus.

162. Objective 4: Enhanced capacity to respond effectively – A major issue for Codex is the length of time it takes to establish standards. Codex needs to reform its existing structure and processes to better assist Governments around the world to grapple with significant regulatory challenges. More funding is also critical to improve its responsibilities.

163. Objective 5: Promoting membership and participation - Codex needs to involve/facilitate participation of all members and observer groups to ensure involvement of all interested parties in decision making. The achievement of this objective will require specific and ongoing action to address the resource constraints and capacity building needs.

164. Objective 6: Maximum acceptance/use of Codex standards – International harmonization based on Codex standards, guidelines and recommendations is essential to promoting a global approach to consumer health protection and minimising the negative effects on international trade. This will require continued efforts in the following areas: i) Promoting science based decision making consistent with the Statements of Principle; ii) Involvement of all interested parties; iii) Addressing the needs of developing countries; iv) Promoting consensus - based decision making.

165. The SPS confers a special status to Codex Alimentarius Commission (along with OIE and IPPC) by recognizing its food safety standards as international benchmarks. The Agreement contains provisions requesting member countries to base national measures on international standards where these exist. The TBT Agreement is also of great relevance given the significance of the provisions pertaining to product description, labeling, packaging and quality descriptors for consumer information and fair practices in trade.

## Discussion

166. The meeting discussed the level of technology of the food industry, which varies in the countries surveyed and sub-sector such as the fishery one, which has made important investments to meet international requirements.

167. PICs need to review their national food control systems to deliver effective food safety and market assurance, in particular to develop national standards harmonized with Codex ones and improve the networking in the Pacific. A strengthened food control system may help countries to prevent problems related to the dumping of low quality products, labelling and distribution of expired/out-of-date products.

## Status of Member Countries in Complying with Importing Country's Requirements

168. Mr. Mat Porea, FAO/SAPA Plant Protection Officer, reported on progress made by most of the Pacific Island FAO member countries in trying to meet the WTO SPS requirements, regarding fresh agricultural exports. Many of the PICs have managed to take advantage of the technical assistance provided by developed countries, such as New Zealand, Australia, Japan and FAO, UNDP, ACIAR, etc to improve their capacity in the area of Agricultural Trade (import & export) in-particular the following:

- harmonizing plant and animal quarantine legislation;
- pre-export requirements;
- effective treatments;
- bilateral agreements;
- export standard manuals;
- development of pest list, etc in meeting Importing Country's SPS quarantine requirements..

169. Status of member countries in the following:

- Bi-lateral Agreements - Some Pacific Island member countries have selected agricultural products agreed upon by the importing country (e.g. NZ) for trade. Countries such as Cook Islands, Fiji, Tonga, Niue and New Caledonia have a Bilateral Quarantine Agreement with New Zealand.

170. Quarantine protocols for selected products. These protocols are a set of procedures specifically filed by the importing country for the exporting country to follow. In other words, the protocols are ***Quarantine Exporting Standards*** for selected products for the purpose of export.

171. Effective Treatment: (3 main ones)

- i) High Temperature Forced Air (HTFA) - Currently this is the most accepted, effective and environmentally safe Quarantine treatment for the control of Fruit Flies. New Zealand accepts it as a Fruit Fly Quarantine treatment for papaya, mangoes, eggplant, tomatoes and breadfruit.
- ii) Non Host (Fruit Fly) produce - These are fresh produce proven not to be infested by fruit flies at - mature green, or at pre-ripening stage. They are normally free from any fruit fly attacks. The exporting country is required to carry out confirmation tests.
- iii) Fumigation - Previously most Pacific Islands member countries used Methyl Bromide for quarantine treatment of general goods and agricultural products; however, globally this fumigant is being phased out due to its negative effects on the ozone layer in the atmosphere. An effective alternative is required.

172. Status of Fresh Exports. Fiji, Cook Islands, Tonga, New Caledonia, export papaya, mangoes, eggplant, breadfruit, tomato, pineapples, taro, ginger, green mature bananas, chili, okra, yam, watermelon and coconuts. The Marshall Islands, Kiribati, Tuvalu and Nauru - have limited potential for export of fresh produce to New Zealand, but could initiate inter-island export markets among themselves, e.g. export of bananas from Butaritari in Kiribati to Marshall.

173. Component requiring strengthening in PICs in order to meet importing country's SPS Quarantine requirements.

- i) Quarantine Legislation - Member countries are required to bring their legislation in line with WTO requirements. It is an obligation for member countries, under the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) of the WTO, to meet these requirements to promote trade.
- ii) Effective treatment of products - Currently HTFA treatment is the most effective and environmentally safe for selected fresh fruit and vegetables for export. Although it is an expensive investment, it facilitates trading between partners to proceed.
- iii) Register to become a contracting party in the International Plant Protection Convention (IPPC). Member countries can voice their concerns with regards to Standard setting if they are a contracting party under IPPC.
- iv) Scientific training in all aspects of Agriculture and other Sciences

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**SESSION 8 – Facilitator: Mr. Kosi Latu**

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**Compliance with Importing Country's Quarantine Requirements**

174. Mr. Justin Downs, National Adviser International Operation – Imports, Plant-Bio-security, Ministry of Agriculture and Forestry, New Zealand, opened his with an apology on behalf of Mr. Richard Ives who was away attending an SIPM meeting in Rome.

175. Mr. Downs began his presentation on Compliance Procedure (for a consignment). He defined the meaning of the subject matter as follows: “Official procedure used to verify that a consignment complies with stated phytosanitary requirements [CEPM, 1999].

Components of New Zealand MAF Bio-security Authority (Plants) Bio-security System

176. Mr. Downs explained the three components of entry pathways of pests as follows: (i) Commercial pathway, (ii) Pax/Mail pathway, (iii) Illegal pathway. These are the pathways, (commercial, passenger accompanied baggage, smuggling, air borne fungal spores, etc) by which pests enter New Zealand. Not all components are under MAF's directly control, and as a result resources have to be directed at a specific component (e.g. pest surveys, incursion response for smuggling). Unfortunately regulatory officials in a number of supply countries fail to realize, that compliance with the quarantine requirements of the importing country not only encompasses pre-export inspection of consignments and certification, but moreover it requires an integrated approach to quarantine and bio-security which involves a series of components.

International Agreements/Standards for Phytosanitary Measures

177. Mr. Downs indicated that under these agreements, it is required that phytosanitary measures be:

- Technically justified – based on pest risk analysis;
- Transparent – readily available to supply countries/affected parties;
- Sufficient only to protect plant health.

178. New Zealand is a contracting party to the International Plant Protection Convention (IPPC). This convention applies mainly to regulated pests in international Trade. Because most of the World have land borders, there could be a tendency for international standards to be developed with this in mind. It is very much in NZ's interest to be able to input into the development of international phytosanitary standards to ensure that it not disadvantaged by requirements that may not accommodate an island situation. New Zealand often participates in such standard setting body meetings.

Interim Commission on Phytosanitary Measures (ICPM)

179. New Zealand MAF bases its Phytosanitary Measures and her own import quarantine standards on International Standards for Phytosanitary Measures (ISPM) as follows:

- Principles of plant quarantine as related to international trade;



- Guidelines for Pest Risk Analysis;
- Requirements for the establishment of pest free areas;
- Guidelines for surveillance;
- Export Certification systems;
- Determination of pest status in an area;
- Guidelines for pest eradication programmes;
- Requirement for establishment of Pest free places and production and pest free production sites.

180. Mr. Downs also reported New Zealand activities in the following areas:

- New Zealand Pest Status Information
- Supply Countries' Export Certification Systems
- Compliance Checking (Border Inspection, Quarantine Testing)
- Bio-security Clearance
- Bio-security direction

181. Feedback - New Zealand MAF implements a phytosanitary feedback database. This is important to the supply country to gain information so that modification to their export certification systems is carried out for further improvement on the next consignment.

182. Specific Pest Surveys - According to Mr. Downs, pest survey in New Zealand is an expensive exercise. However it is required, as entry pathways for pests cannot be totally controlled (e.g. smuggling). MAF is concerned that certain serious pest species (bacteria, fungi and viruses) may enter New Zealand undetected. Target surveys are required for serious quarantine pests to ensure sufficient information available in the likelihood of an eradication campaign.

183. Incursion Response - Mr. Downs reported that MAF was developing a series of incursion responses covering various scenarios. Currently they are working on specific industrial groups.

184. Pacific Island Country Fresh Exports – In his discussion of the Pacific Island Countries fresh produce exports, Mr. Downs reported that 4,700 commercial consignments of fresh produce were imported into New Zealand from the Pacific Island Countries. These were mainly tropical fruits, vegetables, leafy materials, nuts and ranges of root crops from Fiji, 48 commodities, Tonga, 36 commodities, Samoa, 32 commodities, Vanuatu, 14 commodities, etc.

185. Common Phytosanitary Non-conformances - For Pacific Island Countries, most prohibited items were found among passengers accompanied baggage. Often there was the occasion incorrect phytosanitary certification and infested packaging from fungal pathogen on wooden crates. There was also regular interceptions of risk group one quarantine pests on specific commodities such as Taro, with *Rhizoglyphus minutus* (mite), *Paraputo kukumi* (mealybug) and *Dysmicoccus brevipes* (pineapple mealybug).

186. Possible Solutions to ensure Compliance with New Zealand Phytosanitary Requirements - The Pacific Island Countries need to develop a Quarantine Awareness Strategy,

- For member countries to familiarized with specific New Zealand Phytosanitary requirements,
- Visit the MAF website at <http://www.maf.govt.nz/plants/import/fruitvegetables/152-02pdf> ,
- Pre-export inspections targeted at commonly intercepted pests,
- Use of specific field control measures for targeted pests to reduce prevalence.

## **Discussion**

187. The discussion focussed on the minimum units required during inspection of produce on arrival from the Pacific Islands. Six hundred units per consignments especially for produce such as Bananas or Grapes. Sampling may be replicated, depending on the type of produce.

## **Update on Discussion on Genetically Modified (GM) Food and Issues related to GM Food Trade in the Pacific Region**

188. Mr. Graeme King, presented a paper on the work done by the Codex Ad Hoc Task Force on Foods Derived from Biotechnology. In 1999 the Codex Alimentarius Commission established this Task Force to develop standards, guidelines or recommendations for foods derived from biotechnology on the basis of scientific evidence, risk analysis and having regard, where appropriate to other legitimate factors relevant to the health of consumers and promotion of fair trade practices. The Task Force is to complete its work by June 2003.

189. The Task Force met for the first time in March 2000 and agreed to draft two major documents on risk analysis of foods derived from modern biotechnology:

- Principles for risk analysis
- Guideline for safety assessment of foods derived from GM plants.

190. Rapid progress has been made on these documents by the use of intersessional working groups and scientific support from independent expert consultations on relevant issues established by the FAO/WHO. The major unresolved issue is the role of traceability in risk management. At this stage there is not a clear understanding of what the concept is or how it should be appropriately applied to genetically modified foods.

191. The March 2001 meeting of the Task Force established two inter-sessional working groups that will meet in September to:

- Tidy allergenicity and toxicity sections of the existing guideline document
- Develop draft guidelines for safety of foods derived from genetically modified microorganisms

192. The Task Force also noted that guidelines for genetically modified fish need to be considered shortly. The FAO/WHO is looking at establishing two further expert consultations in genetically modified microorganisms and genetically modified fish to support the work of the Task Force.

193. The working groups are open to all members and observer organisations and interested members can also contribute to preliminary drafting groups using email through their Codex Contact point.

## **Montreal Protocol on Biosafety**

194. Mr. Kosi Latu, presented a paper on the Cartagena Protocol on Biosafety, which was adopted at the extraordinary meeting of Conference of the Parties (COP) to the Convention on Biological Diversity in Montreal in January 2000. The Protocol refers to the safe handling and use of genetically modified organisms which are produced using modern technology techniques whereby genetic material from one species is inserted into another species in order to introduce specific desired characteristics (traits).

195. He indicated that biotechnology has its advantages and disadvantages. Examples of advantages include the utilisation of biotechnology by the pharmaceutical and chemical industries and in agriculture to produce vaccine, biodegradable plastics, increase pest resistance of certain products. However its application also presented potential risks to the environment (e.g. genetic pollution), human (allergenicity) and society (e.g. loss of livelihood for farmers).

196. The Protocol is the result of long negotiations among five main groups of countries with very distant positions and interests. Compromises among the groups often resulted in a poor and unclear text and provisions. Mr Latu noted that the protocol used the term Living Modified Organisms (LMOs) instead of Genetically Modified Organisms (GMOs).

197. The Protocol pursuant to Article 4 covers the transboundary movement, transit, handling and use of all living modified organisms that may have adverse effects in conservation and sustainable use of

biological diversity, taking into account risks to human health. However, it does not apply to products derived by LMOs (i.e. processed products), LMOs used in the pharmaceutical industry, in research laboratories and in transit.

198. It contains provisions related to notification and information of the importing countries through the Advanced Informed Agreement (AIA) and the decision by the party of import, in particular the possibility to take into account the precautionary principle (Art. 10-8) and certain socio-economic considerations (Art. 26). AIA procedures do not apply to LMOs intended for direct use for food, feed or for processing (LMO-FFPs). However, the country of import could still subject LMO-FFPs to national biosafety regulations consistent with the Protocol.

199. As the WTO Agreements on SPS, TBT, AoA and TRIPS all have implications on biotechnology products. On the issue of the relationship between the Protocol and the WTO, the Preamble contains ambiguous language, reflecting the distant positions of the negotiating groups; and a collection of mixed intentions of the groups.

200. The inadequacy of WTO instruments to address the issue of GMOs, led to a proposal at the Seattle Ministerial meeting in 1999, to set up a Working Group on Biotechnology in the WTO that did not eventuate as a result of the failure of the Seattle meeting.

201. The issue of GMOs is currently the focus of intense debate around the world. In the European countries, a de facto moratorium, supported by 6 EU countries, prevents the release of new GMOs into the environment. The revised European Directive 90/220 (accepted in 2001) does not contain effective provisions concerning traceability and labelling and does not contain any provision on liability for damage derived by the use of GMOs. It is expected that the de facto moratorium will be maintained by the countries supporting it. In the USA, which is the major producer of GMOs, there is a slow change in public attitude and increasingly the introduction of labelling provisions is demanded/requested. PICs should consider with attention to the issue of GMOs and the limited capacity to carry out risk assessment. As PICs are net-food importing countries, they should consider the need to develop national legislation on biosafety to address the trade of GMOs destined to food, feed and processing and strengthen their quarantine and food control system.

## **Discussion**

202. The meeting discussed the compatibility of the Protocol on Biosafety with the WTO SPS Agreement and the implication that may derive from signing the protocol, especially for those countries such as Vanuatu, which are in the accession process to WTO. The discussion found that the conflict between the two documents was not a real problem (New Zealand, Fiji are not signatory of the Protocol and WTO member) as WTO provisions are dealing with issues related to trade discrimination and not specifically with biosafety. At present among PICs only Samoa and Fiji have signed the Protocol. Samoa has also carried out a series of awareness workshops to inform the public about genetically modified organisms.

203. The question of banning LMO on the basis of socio-economic concerns (livelihood of farmers, multifunctional approach) was also debated as well as the opportunity for the Pacific Islands to promote non-GMO production/market and the issues of the traceability of GMOs.

204. As to the significance of the Protocol on Biosafety for countries in the region, the meeting recognised the importance of raising the awareness and the need for all PICs to sign the Protocol.

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## ***SESSION 9 – Facilitator: Mr. Vili A. Fuavao***

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### **Brief on BSE - ‘Mad Cow Disease’**

205. Ms. Annamaria Bruno, presented a brief on Bovine Spongiform Encephalopathy – BSE, jointly prepared by the Food and Nutrition Division (ESN) and Animal Health Division (AGA) of FAO. BSE is a transmissible, neuro-degenerative, fatal brain disease of cattle. It is characterised by a long incubation period of four to five years. The disease first appeared in Europe (United Kingdom) in the 1970s. Epidemiological studies suggest that the source was cattle, which had been fed with feed prepared from carcasses of ruminants. BSE is associated a transmissible agent that affects the brain and spinal cord of

cattle. However, the nature of the agent is not known as it is suspected to be either a 'prion' (modified protein able to self-replicating) or a virus-like agent. The disease is transmitted through feed, however vertical and horizontal transmission is not excluded. Meat and bone meal (MBM) are regarded as the most important means of spread of the disease.

206. Approximately 180,000 cases of BSE were confirmed in UK between 1986 and 2000 and approximately 1,300 cases have been reported in other European countries since 1989. Recently, the disease has appeared for the first time in a number of European countries (e.g. Spain and Italy) that were supposedly free of the disease. Free trade in the EU has facilitated the spread of BSE at a time, when the disease had not even been recognised.

207. BSE is associated with the appearance of a newly recognized form of Creutzfeldt-Jakob disease (CJD), called variant CJD, which first appeared in the UK in 1996. It is 'strongly linked' to exposure, probably through consumption of infective material of bovine origin, to BSE. Since then, 87 cases have been reported in UK, three in France and one in Ireland.

208. Countries at risk of BSE are those that have: i) imported live cattle originating from affected countries; or imported meat meal containing infective tissue; and recycled ruminant by-products in ruminants. Data from FAO Statistics show that the Oceania region imports of live cattle and MBM from UK and Western Europe have been negligible/minimal in the last 15 years (since 1988).

209. To prevent / reduce the risk of BSE, FAO recommends countries to take the following actions:

- National Risk Analysis to determine own risk status
- Surveillance for BSE in cattle at risk of having been exposed to infective material
- Restriction of MBM in ruminant feed
- Banning of Specified Risk Materials and fallen stock from MBM
- Stricter Feed and Meat industry regulation and enforcement thereof

## **Discussion**

210. It was highlighted that eating habits in Europe are changing due to the foot and mouth disease. The consumption of beef has dropped as more opt for white meat (fish and chicken). It was mentioned that in any case, beef is now under intense tests and under high scrutiny to ensure the disease is prevented. Furthermore, it was noted that the EU is devising all its policies on subsidies because of the disease.

211. The incidence of the disease in the UK does not mean quarantine screening and scrutiny is weak in the UK. But there is a clear indication that the spread of the disease is compounded due to the globalization in trade. It is easier for the UK to control its borders but the improved transportation method and general movement of people as well as livestock of EU countries contributes to the rapid spread of diseases.

## **Pacific Regional Fruit Industry Development Project HortResearch/CIRAD**

212. Mr. Bob Macfarlane, International Business Manager, Hort Research, presented a report regarding the identification of technical constraints to trade in horticulture produce from Pacific Island Countries (PICs) and to potentially develop a regional project to address them. He said that a needs assessment study, supported by French and New Zealand was undertaken in 1999. A team of four technical experts (2 from HortResearch, New Zealand and 2 from CIRAD, FRANCE) who visited Tonga and Samoa undertook it. The team will next visit Vanuatu in April 2001.

213. In regard to the findings of the study thus far, Mr. Macfarlane said the study looked at the existing horticulture industry constraints relating to: the current production systems, technical support, infrastructure, post-harvest systems, current and anticipated markets, and the social, economic, gender and environmental implications. In April this year, the team will also consult regional organizations to identify their priorities and plans so that any proposal identified as a result of this study can be integrated with these.

214. The study is only half-completed but already four issues are clearly indicated said Mr. Macfarlane. The first two identified many times before, are related to consistency of supply and consistency of quality

of horticulture produces. These refer to the well-known tendency of Pacific suppliers to irregular supply and poor quality. Primary amongst the constraints in this area are exporters of the standards required by consumers and supermarkets in importing countries. The remaining two constraints identified are related but have not previously been directly addressed. These are Market Capacity and Market Access added.

215. Mr. Macfarlane further highlighted that most Pacific Produce goes to New Zealand, yet the market for tropical produce in that country is finite and relatively small. PICs need access to the Australia market for their fresh fruit if real gains in foreign exchange earnings are to be made. However, the heat treatment efficacy data for papaya from Fiji and the Cook Islands has been in the hands of AQIS for more than three years with no sign of an imminent decision. Unless PICs can gain access to the Australian market for fresh fruit and vegetables, they are unlikely to ever expand beyond being a niche market supplier to the small New Zealand market, he added.

## **Discussion**

216. The problems highlighted by the report continue to be the obstacle for horticulture produce trade to New Zealand and Australia. A break through must be found regarding horticulture produce markets. Niche market assessment undertaken in relation to Australian markets shows that there continues to be a problem for exports of papaya from Fiji and the Cook Islands. A joint proposal of the final document will be submitted to the French and New Zealand Governments and also to the PICs this year. Then, a step will be taken on how these identified problems can be minimized.

217. It was highlighted that the Caribbean Islands are also facing problems regarding papaya exports to the United Kingdom. It is basically a problem of short shelf life of papaya marketed from the Caribbean. The problem is attributed to the prolonged transportation (43 days) period from the Caribbean to the UK. This example is worth noting.

218. On the papaya export from the PICs to New Zealand market, the majority of the papaya is mainly consumed in Auckland. So there is a need for consumer awareness for papaya in other parts of New Zealand market and the prices of papaya are relatively high. However, the relatively high prices does not necessarily reflect consumers preferences relative to papaya consumption or other horticulture produce. The trial shipment of Rambutan from Samoa to the New Zealand market (Auckland) has been successful. Rambutan from Samoa is of high quality and tasty. The product has a shelf life of 4-5 days.

## **Assistance Available to the Pacific Island Countries**

### **NZODA**

219. Mr. Peter Adams, Director of the Development Cooperation Division, New Zealand Ministry of Foreign Affairs and Trade, provided information on NZODA assistance to PICs.

220. In regard to trade-related assistance, Mr. Adams said it is relevant to support countries in pursuing their development objectives of growth, poverty alleviation and general economic and socio-economic development. New Zealand is actively involved in providing duty free market access to the developing countries. At the multilateral level, direct assistance is provided by NZODA via New Zealand's WTO Technical Assistance Fund to Asia and the Pacific. For example, the first trade training course jointly run by the WTO and FORUMSEC, was recently held in Nadi, in support of countries in the process of seeking membership of the WTO. The FAO Round Table meetings on WTO implications for the Pacific, of which the present meeting was the fourth in the series, was supported both financially and organizationally by NZODA.

221. As regards specific assistance to the PICs, Mr. Adams indicated a number of workshop training sessions had been held in the Pacific with NZODA support, some examples having been the Statistical training workshop held in Fiji and FAO Codex training workshops at country levels.

222. On bilateral assistance provided, Mr. Adams identified the Hot Forced Air plants for Tonga and Cook Islands, assistance to the Solomon Islands and Vanuatu and to Samoa in setting their national standards on sea food.

### **CFTC Assistance**

223. Ms. Angela Strachan outlined the technical assistance provided by CFTC as; General Technical Assistance and sector specific in the trade and investment areas. The total funds available are 3 million pounds. However, these funds are targeted funding for AoA, trade and agreement, future negotiation and assess capacity on SPS and TBT.

224. She said that the PICs could be supported if requests for support were made through the FORUMSEC or FAO. At present, the CFTC is collaborating with the FORUMSEC to identify priority areas on the types of assistance needed by group of countries. Multi-country and regional requests will therefore receive a stronger position compared to individual country requests.

225. Ms. Strachan concluded that all requests for assistance must be made through the Deputy Secretary, Technical co-operation for trade. She continued that in the past, support was given for legal area, government procurement, trade and services, customs valuation, trade advice and trade and agricultural manuals.

#### **FAO Assistance**

226. Mr. Vili Fuavao presented the areas that FAO is mandated to provide assistance and support to its member countries in agriculture, fisheries, forestry, food security, nutrition and quarantine. In summary, Mr. Fuavao said that FAO has the capacity to provide technical expert support in policy, trade, SPS/TBT and Quarantine as well as legal matters. If experts are not available from SAPA or Bangkok office, experts could be drawn from FAO Headquarters in Rome.

227. He added that FAO has a Liaison office with the UN in Geneva, which enables member countries to request technical assistance regarding information on food security assessment trade and others. In July, FAO will conduct a training course for Pacific Islands on the Uruguay Round Agreement and future multilateral trade negotiations on agriculture that will be in Tonga.

#### **Discussion and Recommendations**

228. The meeting discussed the draft recommendations prepared by the ad-hoc working group appointed by the meeting on Monday 2<sup>nd</sup> April 2001. The discussions noted the recommendations and made amendments to be friendly with the Southwest Pacific Minister's meeting to be held in Vanuatu in June/July 2001.

229. The recommendations were drafted and improved taking into account the increased globalization and regional trade, the demand for analytical capacity, information and knowledge of markets and trade-related legal issues. It was emphasized that the PICs could not respond to the increasing global and regional trade because they are disadvantaged by the weaker institutional capability and other problems. The same applies to improvements in physical infrastructure to expand trade, as well as upgrading SPS/TBT and quarantine standards. The recommendations also emphasized the need for further technical assistance to the PICs in the various UR/WTO Agreements.

230. During the discussions on the draft recommendations it was noted that some of the recommendations were specific while others were more general. Both types are important to the Ministers to start thinking of the global and regional trade and what position they should take. In fact, the recommendations are not restricted to FAO's adherence but for the wider regional and national organizations / agencies to take note and implement, such as Forum Secretariat. The meeting also stressed in the recommendations the importance for PICs of the fisheries sector.

#### **Adoption of report/recommendation for 4<sup>th</sup> Meeting of Ministers of Agriculture from FAO members in the South West Pacific Region**

231. The meeting endorsed the following recommendations that will be tabled as part of subject specific papers that will be presented to the Southwest Pacific Ministers meeting in Vanuatu by the FAO Sub-Regional Office for the Pacific (SAPA).

##### **Multilateral trade**

- i. Their solidarity in regard to membership of the WTO; the importance of further capacity building for the present WTO member countries (Fiji, Papua New Guinea and Solomon Islands); the need to urgently secure the successful conclusion of Vanuatu's accession process and the importance of

- progressing the applications of Samoa and Tonga; also the importance of evaluating the eventual membership for the remaining countries in the region.
- ii. The implication of trade globalization and food security in the region, in particular the high dependence on food imports of certain countries in the region.
- iii. The need to identify/define the priority issues of the region for the WTO Ministerial meeting in Qatar (modalities: through the Forum ? pre-meeting in Qatar?)
- iv. The importance of retaining and enhancing Special and Differential Treatment provisions in upcoming WTO negotiations.
- v. The significance of the Biosafety Protocol for countries in the region and the importance of raising awareness and the need for all Forum countries to sign the Protocol.

#### Regional Trade Issues

- vi. The importance of a successful conclusion to the negotiation of the proposed Pacific Regional Trade Agreement (PARTA).
- vii. The implications for the region of the Cotonou Agreement - that the eventual outcome of negotiations will result in the continuation of favourable development assistance provisions and positive trade arrangements for Island countries under the EU-ACP Partnership Agreement.
- viii. The importance of protecting important indigenous products in the region in the context of Intellectual Property Rights
- ix. The need to address market access issues for horticultural products in the region.

#### Fisheries

- x. The need to observe more closely the growing importance of Fisheries in the context of global trade.
- xi. The importance of including Fisheries in the WTO Ministerial Meeting in Qatar, in particular to cover conservation of stock, subsidies and environmental issues.

#### Sanitary and Phytosanitary Measures

- xii. The urgency of developing national food standards in line with those of Codex Alimentarius to ensure the safety and quality of domestic, imported and exported food; the role of National Codex Committees as advisory body to the Governments on this matter is recognised.
- xiii. The need of Member countries to commit themselves to maintain and update the pest list and to harmonise quarantine legislation. To actively pursue coordination of quarantine measures within the context of the Pacific Free Trade Area agreement.

#### Coordination

- xiv. The need for improved coordination among Agencies, to enhance cooperation among national agencies, regional institutions and their links with international organizations.
- xv. The importance of alliances with other regional and trade groupings such as SIDS, CARICOM, APEC, Cairns Group.
- xvi. The issue of representation at WTO in Geneva, in particular the need for effective representation of PICs in WTO negotiations beyond observership at the WTO Trade and Development Committee; the key role of the Forum Secretariat in this context was emphasized.

#### Food production

- xvii. Need to revise/update food production policy and legislation at the national level.
- xviii. The concern due to increased imports of low quality and nutritionally inadequate food into the region and the importance of increasing local food production.

#### Capacity Building

- xix. The importance of ongoing capacity building to strengthen the policy and negotiating expertise within the agriculture/fisheries and trade ministries.

Others

- xx. Request FAO to continue to update countries in the region on status of the WTO negotiations.
- xxi. Recognise the usefulness of the annual Round table meeting to discuss current issues related to multilateral and regional trade in agriculture and fisheries product.
- xxii. The meeting noted with appreciation the contribution by the New Zealand government, Commonwealth Secretariat and FAO for convening these Round Table meetings.

**Conclusion**

232. In his closing remarks, Mr. Vili Fuavao, FAO Sub-regional Representative for the Pacific Islands, extended many thanks on behalf of the participants, the Government of New Zealand and CFTC for the continued financial and technical support since the beginning of the Round Table Meetings in 1998. The partnership between the New Zealand Government, CFTC and FAO have proved to be fruitful and will continue to be of benefit to the member countries. He further thanked the staff of the Forum Secretariat, SPC and, in particular all the participants, in contributing to make the meeting a success.

233. Mr. Neil Fraser on behalf of the NZ Government thanked the FAO and staff present in the well co-ordinated meeting. Mr. Malaki of Samoa, spoke on behalf of the participants, thanked the FAO, CFTC and New Zealand for making it possible for the participants to attend the meeting, which he stated was a success.





**Speech Notes of**

**Hon Jim Sutton**

**Minister of Agriculture, Minister for Trade Negotiations, Minister for Rural Affairs, Minister of Biosecurity**

**Fourth FAO Round table Meeting for Pacific Island Countries on WTO Agreement Provisions**

**Wellington, 2-6 April 2001**

Ladies and Gentlemen: Welcome to Wellington. I extend an especially warm welcome to our Pacific Island friends. I am delighted that New Zealand is hosting this meeting, and that Wellington is hosting it for the first time.

I'm from Aoraki (or Mt Cook) electorate, in the South Island, myself, but I concede that Wellington has its charms. With any luck, you'll be able to see some of this city while you're here.

The Roundtable for Pacific Agreements has proven to be very useful, and is even more so this year as the multilateral trade negotiations on Agriculture gather momentum in the WTO. Vili Fuavao and his team in the FAO Sub-Regional office in Apia are to be congratulated for the enthusiasm with which they are continuing to organise this event.

New Zealand is very pleased to provide financial support to this event, and does so in the knowledge of the potential gains to be made from liberalisation of the world trading system. We are pleased to share our trade policy expertise and experience.

There is a lot happening in international trade. Last week, the WTO's agricultural negotiating group agreed to a work programme to reduce barriers to agricultural trade. The discussions will support efforts to launch a new round of world trade negotiations at the end of this year.

The work programme agreed in Geneva calls for at least six sets of officials' talks in the next twelve months. Those talks will cover all aspects of agricultural trade, but will start on issues such as export subsidies, tariffs and food security.

While New Zealand is satisfied with the progress made since the beginning of negotiations one year ago, there remains a lot of work to be done to examine ways to achieve concrete results for our farmers and exporters.

World agricultural trade is still highly distorted.

Export subsidies amount to more than US\$ 6.5 billion per year. Moreover, while New Zealand does not subsidise its farmers, a massive US\$ 350 billion is paid to farmers by consumers and taxpayers annually in OECD member countries. There are tariffs of 300% or more applying to our agricultural exports in some markets. Some tariffs on staple food items reach 1000%. This is ludicrous.

The WTO negotiations give us a chance to redress this situation. Reductions in these transfers of wealth to farmers in OECD countries will also help developing countries. With most of their workforce engaged in food production, the opportunity to specialise and thereby become more productive is the key to economic growth in many developing countries.

Countries in the Pacific are not immune from the devastating effect of rich countries' subsidies.

One of the negatives of globalisation is the effect policies in the rest of the world can have on us here. It is important for Pacific governments to work together to help mitigate the adverse effects on our people and to promote the positive effects.

This meeting is an important part of that process. We all need to be informed and to undertake the necessary analysis. We must strengthen our capacity to take advantage of the benefits that trade can bring.

Capacity building is something New Zealand takes seriously. We are pleased, through our Overseas Development Aid programme, to have been able to help several countries in the Pacific to improve their ability to participate in the international trading system.

This is also in our interest - we want to be able to trade with others, and we want them to be able to trade with us. So New Zealand believes an effort should be put into trade facilitation, as a spur to economic development.

Ladies and Gentlemen: I believe trade liberalisation can be a force for good and can significantly improve living standards for all our citizens. I wish you well for your discussions.

I have great pleasure in declaring this meeting open.

**Fourth Round Table Meeting on Implications of WTO Agreements for the Pacific region  
2-6 April 2001, Weellington, New Zealand**

**Opening Speech**

**Mr. Kosi Latu**

**Deputy-Director**

**Legal and Constitutional Affairs Division - Commonwealth Secretariat**

The Hon Minister of Agriculture, and Trade Negotiations, Mr. Jim Sutton, Mr. Vili Fuavao, Resident representative of the FAO, participants, colleagues, ladies and gentlemen,

May I on behalf of the Commonwealth Secretariat extend a warm welcome to you all, to this Fourth Round Table on implications of the WTO Agreements for the Pacific region.

This is the third time that I have attended these roundtable meetings. On each of those occasions, I have come away asking myself, whether government officials namely trade, agricultural officers, Ministry of Foreign Affairs officials, and government legal advisers from Pacific island countries have really benefitted from these meetings.

I must say that the response/ feed back that I have personally received from participants from the past meetings has been positive and encouraging. I still get e-mail messages from some of the participants on certain trade-related issues.

The Commonwealth Secretariat has been more than a willing partner together with the New Zealand government, FAO and the WTO to ensure that these meetings continue. This being the (3<sup>rd</sup> or fourth time that it has assisted in funding this meeting.)

In this meeting we will be discussing various issues ranging from agricultural policy reform, accession to the WTO, fisheries subsidies, the experience of member countries,

WTO legislation and regulations, the Pacific Free Trade Area, the EU-ACP Partnership agreement GM food, BSE (Mad Cow disease) capacity building and assistance to countries.

All of these issues have significant implications for Pacific island countries. This meeting, I hope will try to look at some of these implications.

WTO related issues need to be addressed not only in a national way but also regionally. There are many trade related issues which are peculiar to small island states which require special attention. While some attempt has been made within the WTO to address some of these issues much more is desired to ensure a level playing field, transparency, and a speedy accession.

For instance, the question of accession to the WTO for small island developing states has been a challenging one for PICs. There is a feeling amongst PICs now that accession to the WTO, is a complex process, and even after huge amount of resources are brought to bear for accession, there is still no guarantee for WTO membership.

The accession process must be made easier for PICs. Some time ago, some members had suggested to the WTO, the need for a fast track process, which would ensure that those small island developing countries which are seeking accession would be able to meet all of the criteria for accession, without draining their resources.

Many PICs are also disadvantaged by the lack of representation at the WTO. Any PICs that is seriously thinking of becoming a member of the WTO must ensure that it has some representation at the WTO. This poses a real challenge for PICs, as this has major resource implications. Various options have been

suggested at the past. A regional representation – for PICs has been suggested in the, including a regional office. I myself would be interested to hear from participants what the best option would be for PICs to this challenging question.

While on a number of fronts there have been some developments within the WTO since the last Roundtable. However, there are still a lot of issues that remain unfinished. PICs must stay engaged in the ongoing WTO negotiations to ensure that they are a part of WTO policy, but also be able to have an influence in the decision-making of the WTO agreements.

As Small island countries, faced with similar but unique issues, this workshop provides an excellent opportunity to share our experiences, impart information, strengthen existing networks amongst govt officials within PICs, but also explore possible solutions that will enable PICs to adjust to the international trading under the WTO.

To the FAO, and the government of New Zealand, who have been willing partners with the Commonwealth for the past 4 Roundtables we wish to thank you for your support.

To you the participants, I hope you will find this workshop a useful opportunity to engage in useful discussion of WTO issues.

Thank you

**WELCOME ADDRESS**  
**BY**  
**DR. VILI A. FUAVAO**  
**FAO SUB-REGIONAL REPRESENTATIVE FOR THE PACIFIC,**  
**Fourth FAO Round Table Meeting for the Pacific Island Countries on WTO Agreement Provisions**  
**2-6 April 2001**  
**Wellington, New Zealand**

Hon Jim Sutton, NZ Minister of Agriculture and Minister of Trade Negotiations

Distinguished participants, Resource People, Friends, Ladies and Gentlemen

On behalf of the Director General of FAO, I welcome you all to the Fourth Round Table Meeting for Pacific Island Countries on WTO Agreement Provisions and special welcome, on your behalf is extended to Hon Jim Sutton, Minister of Agriculture and Minister of Trade Negotiations for accepting our invitation to open the meeting and honouring us by his presence this morning. It is also pleasing to see a number of friends and familiar faces as well as those who are participating for the first time. I am certain the weeklong meeting will be a fruitful one, where open discussions and sharing is paramount.

This meeting is the fourth in the annual series first started in 1997, sponsored by NZ Government, CFTC and FAO. The objectives of the Round Table Meetings include building capacity, keeping the PICs, in particular the Directors of Agriculture and Fisheries and officials from the trade departments on the evolvement of WTO agendas and how to meet the challenges and take advantages of opportunities created by the new trade environment. FAO with its global network and mandate in the development of agriculture sector is in good position to continue to inform PICs on recent developments which affect and influenced the global agenda.

For those of you who have attended the previous RT you will note that while the agenda emphasis remain with WTO Agreement provisions, new topics to reflect the current issues of the day have been included such as mad cow disease, GMO and there will be information provided on the foot and mouth disease. There will also be a presentation on the experience of the Caribbean in dealing with WTO. The evolvement of agenda to reflect the ever changing landscape of WTO related issues, fill a gap in the information dissemination thereby keeping the PICs abreast of issues otherwise they read daily on the newspaper and watch on television.

FAO has been encouraged by the request from PICs to continue this annual RT meeting in their quest to keep up with further developments on WTO Agreement on Agriculture and related agreements. In this regards I am happy that the Forum Secretariat, in its role as Coordinator of WTO matters for the PICs have been active in the annual series. With PFTA being negotiated I believe that the series would contribute positively to this noble exercise.

This being fourth meeting in the annual series, it is timely to take stock of what we have done and where we are. The dilemma of the PICs in dealing with WTO have been documented and articulated in many fora. Our economies are based largely on traditional subsistence or semi-commercial agriculture and exports continued to be dominated by primary commodities, which in many of our small countries are declining. Notwithstanding this, I believe that it is imperative that we learn from each other experience and understand the new trading system of which we may identify means of benefiting from it.

In conclusion, Honorable Minister, ladies and gentlemen, we have before us an agenda I believe is interesting and challenging. They include topics of real concerns to the PICs which are members of WTO, those that are aspiring to accede to the WTO and the majority which have yet to decide on their membership in the WTO.

Finally, I would convey FAO greatest appreciation to the partnership formed with CFTC and New Zealand Government which allow this series of information sharing and capacity building to continue on annual basis.

I wish you well in your deliberation throughout the week.

Thank you.

**Fourth FAO Round Table Meeting for Pacific Island Countries on WTO Agreement Provisions**

Wellington, New Zealand, 2 – 6 April, 2001

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***Fourth FAO Round Table Meeting for Pacific Island Countries on WTO Agreement Provisions***

***(Sponsored: CFTC, FAO, New Zealand Government)***

**Portland Hotel, Wellington, New Zealand  
2<sup>nd</sup> – 6<sup>th</sup> April 2001**

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**Agenda**

*Convener/Chairperson: Mr. Vili A. Fuavao*

**Monday, 2 April<sup>2</sup>**

**8:00 a.m.**

- **Opening**
- **Morning Tea**

**Session 1**

***Facilitator: Reg Sanday, SPC***

***Rapporteur: Annamaria Bruno, FAO***

- Status of agricultural export marketing in the Pacific  
*Presenter: Parmesh Chand, SPTC, New Zealand*
- Agricultural Policy Reform: What we have done ?  
*Presenter: Francis Mangila, FAO/Aleki Sisifa, Consultant*

**Round-up-Discussion**

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**12:00 –1:00 p.m.**

- **Lunch**

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**Session 2**

**1.00-5.00 p.m.**

***Facilitator: David Gamble, MFA, New Zealand***

***Rapporteur: Mat Porea, FAO***

- WTO Accession Process, SDT for Developing Countries  
*Presenter: Lisa McGowan, MFAT (NZ)*
- Pacific Islands membership of WTO: Pros & Cons  
*Presenter: Lisa McGowan, MFAT (NZ)*
- Progress on Accession, focus for PICs: Reports from Samoa, Tonga and Vanuatu  
*Presenters: Samoa, Tonga and Vanuatu*

**Round-up-Discussion**

**Tuesday, 3<sup>rd</sup> April**

**Session 3**

**8.30 a.m.**

***Facilitator: Margaret Malua, DTCL, Samoa***

***Rapporteur: Francis Mangila, FAO***

- Progress in MTN since Seattle meeting  
*Presenter: Alison Mann, MFAT & Chris Carson, MAF (NZ)*

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<sup>2</sup> Coffee/tea breaks will be served each day at 10.00 am and 3.00 pm. The time allocated to each presentation also includes 10-15 minutes for questions/answers and discussion.

- The Caribbean experience  
*Presenter: Angela Strachan, CFTC*

#### Round-up Discussion

12:00 –1:00 p.m.

- **Lunch**

#### Session 4

1.00 – 5.00 p.m.

**Facilitator: Jaindra Kumar, Forum Secretariat**

**Rapporteur: Annamaria Bruno, FAO**

- Status of Fishery in the Pacific  
*Presenter: Akau'ola and Tim Adams, SPC*
- Fisheries subsidy under WTO  
*Presenters: Kosi Latu, CFTC, MFAT, Ministry of Fisheries (NZ)*

#### Round-up Discussion

**Wednesday, 4<sup>th</sup> April**

#### Session 5

8.30 a.m.

**Facilitator: Neil Fraser, MAF, New Zealand**

**Rapporteur: Mat Purea, FAO**

- WTO instruments designed to support member's right, in particular developing countries  
*Presenter: David Gamble, MFAT (NZ)*
- Harmonization of domestic policy, legislation, regulations with WTO requirements  
*Presenter: David Gamble, MFAT (NZ)*
- Experience of Pacific Island Countries member of WTO: Fiji, Papua New Guinea, Solomon Islands  
*Presenters: Fiji, Papua New Guinea, Solomon Islands*

#### Round-up Discussion

12:00 –1:00 p.m.

- **Lunch**

#### Session 6

1.00 – 5.00 p.m.

**Facilitator: James Gossellin, MAF, Cook Islands**

**Rapporteur: Francis Mangila, FAO**

- Presentation of Pacific Island Countries non WTO-Member: Cook Islands, Kiribati, Niue, Nauru, Tuvalu  
*Presenters: Cook Islands, Kiribati, Niue, Nauru, Tuvalu*
- Progress on Pacific Free Trade Area – PFTA  
*Presenter: Forum Secretariat*
- Progress on EU-ACP Partnership Agreement  
*Presenters: Forum Secretariat/University of Auckland*

#### Round-up Discussion

**Thursday, 5<sup>th</sup> April**

#### Session 7

8.30 a.m.

**Facilitator: Haniteli Fa'anunu, MAF, Tonga**

**Rapporteur: Mat Purea, FAO**

- Compliance with SPS and TBT requirements in the Pacific – the Codex dimension  
*Presenter: MAF (NZ)*

- The Status of Food industries in selected Pacific Countries  
*Presenter: Annamaria Bruno, FAO*
- Status of member countries in complying with importing country's requirements  
*Presenter: Mat Pura, FAO*

#### Round-up Discussion

12:00 – 1:00 p.m.

- **Lunch**

#### Session 8

1.00 – 5.00 p.m.

**Facilitator: Kosi Latu, CFTC**

**Rapporteur: Annamaria Bruno, FAO**

- Compliance with importing country's quarantine requirements  
*Presenters: Justin Downs, MAF (NZ)*
- Update on discussion on Genetically Modified (GM) Food and Issues related to GM food trade in the Pacific region  
*Presenters: Graeme King, MAF (NZ), CFTC*
- Montreal Protocol on Biosafety.  
*Presenter: Kosi Latu, CFTC*

#### Round-up Discussion

### Friday, 6<sup>th</sup> April

#### Session 9

8.30 a.m.

**Facilitator: Vili A. Fuavao, FAO**

**Rapporteur: Francis Mangila, FAO**

- Brief on BSE - 'Mad Cow Disease'  
*Presenter: Annamaria Bruno, FAO*
- Pacific Regional Fruit Industry Development Project  
*Presenter: Bob MacFarlane, Horticulture and Food Research Institute*
- Assistance available to the Pacific Island Countries  
*Presenters: Forsec  
NZODA  
CFTC  
FAO*

#### Round-up and Discussion

11:00 – 1:00 p.m.

- **Facilitator: Vili A. Fuavao, FAO**
- Discussion, Recommendation
- Adoption of report/recommendation for 4<sup>th</sup> Meeting of Ministers of Agriculture from FAO members in the South West Pacific Region.
- Closing