

**EMBARGOED UNTIL 8.00 am PAPUA NEW GUINEA
(11.00 am NEW ZEALAND)**

MONDAY, 24 OCTOBER 2005



**Rt Hon Helen Clark
Prime Minister**

**Address to
Papua New Guinea
Chamber of Commerce**

at

**Crowne Plaza Hotel
Port Moresby**

**8.00am
Monday, 24 October 2005**

It's a pleasure for me to address the Papua New Guinea Chamber of Commerce on this, my first, visit to Papua New Guinea.

Papua New Guinea is an important partner for New Zealand. As the second largest nation in the Pacific Islands Forum, it's a major regional player too.

This year Papua New Guinea celebrates an important milestone : thirty years of independence. And in this anniversary year, you are also hosting a very significant meeting for the Pacific Islands Forum.

At this year's meeting, leaders will consider, and I hope adopt, a Pacific Plan for increased regional co-operation in the Pacific.

Part of that will involve looking at how trade and investment can be increased between Forum member countries, and with the rest of the world.

So this Chamber of Commerce has a keen interest, and a direct stake, in the outcomes of this year's meeting.

And so has Papua New Guinea as a whole. PNG's huge resource base and its geographic position mean that this country is uniquely placed to benefit from, and lead, a process of greater co-operation in trade and other areas within the Pacific Island region and beyond.

The Pacific Islands Forum has come a long way from its first meeting thirty-four years ago in Wellington. It is now recognised as the pre-eminent political organisation of the Pacific region. Its sixteen member countries range from Micronesia in the far north, to New Zealand in the South; from PNG and its fellow members of the Melanesian Spearhead Group, to the countries of Polynesia.

Now the Forum has formal dialogue relationships with friends and partners from across the globe. PNG will this week host ministerial and other senior level representation from the United States, the People's Republic of China, the European Union, France, the UK, Thailand, and India, among others. They will use this opportunity of the annual Forum meeting to hold diplomatic and trade discussions with Forum Leaders and Ministers.

Over the years the Forum has developed wide-ranging programmes for regional action.

We work together in fisheries, transport, economic development, social and cultural development, health, education, and police and customs co-operation.

We have been influential on the international stage in ending nuclear testing in the Pacific, and supporting the special needs of small island countries in such areas as climate change.

But no region can stand still, nor rest on the laurels of what it has achieved in the past.

Our region faces particular development challenges.

Our members face, each year, the risks of cyclones, earthquakes, and tsunamis – and for the low lying island countries of the Forum, climate change is a real and pressing threat to their viability. PNG itself has suffered a devastating tsunami. It knows first hand of the devastating impact of sudden natural disaster.

The region also faces pressing issues around sustainable resource use. Its populations are growing rapidly, putting pressure on fisheries, forests, and other natural resources.

And despite the geographic isolation of Forum nations, none is immune from the global health challenges which arise from avian flu, HIV/AIDS, and from the non-communicable diseases related to lifestyle.

The Pacific is also challenged by the changing international rules for trade and security.

We are all under pressure to comply with strict new rules around shipping, aviation, and banking. These are challenging for the largest nations of the region to meet, let alone for smaller nations with less capability.

Trans-national crime is also a growing challenge in the region. Drugs trafficking, illegal migration, and money laundering schemes are with us right now.

The challenge before us is actively to shape our future to meet these many challenges. We can do that best as a regional family, and that is what has inspired the development of the Pacific Plan which is before us at this year's Forum meeting.

Two years ago, in Auckland, I chaired the meeting of Forum leaders where we decided to undertake an ambitious stock-take and review of the Forum's values, activities, and objectives.

This became the first comprehensive review of the Forum since its inception.

The review was carried out by an Eminent Persons Group, led by former PNG Prime Minister, Sir Julius Chan.

The Group consulted widely in the region and brought back to us a report – entitled “Voices of the Pacific” – which proposed that we refocus the Forum around four objectives :

- economic growth,
- sustainable development,
- good governance, and
- security.

Leaders agreed that we should develop a Pacific Plan for strengthening regional co-operation and integration in these areas. That Plan has been in development since that time, and is being presented, on schedule, to Leaders this week.

The Plan is not about setting rigid targets. It’s an ongoing ‘living document’ which will identify and deliver to the Forum, each year, practical initiatives for building regional co-operation. There will be on-going consultation with key stakeholders, including business, as the plan evolves. And it will provide invaluable assistance to donors who wish to support the region’s agreed priorities.

The activities to be conducted under the Plan have been divided into three categories:

The top priorities, sometimes known as “Early Wins”, have been scheduled for immediate implementation in the first three years of the Plan, 2006-8.

The second category comprises activities which, once “Agreed in Principle” by Leaders, still need to be readied for implementation.

The third category of activities requires further analysis before decisions can be taken.

There are 22 early wins in the Plan. That is a lot, but no one expects every Forum member to address all of them simultaneously. It has been understood from the outset that each Forum member will continue to give precedence to their own national development plans and priorities, but the Pacific Plan may well help individual nations shape their own plans.

Forum members will target those Plan activities which sit mostly happily with their own vision for the future, and where they can best make their contribution towards their own and the region’s welfare.

The Immediate Implementation items focus on the region’s most pressing needs. They follow the four pillars of regional activity identified by Sir Julius

Chan to which I referred earlier: economic growth, governance, sustainable development, and security.

Under the 'Economic Growth' heading are steps which will expand trade in goods and services under both the existing SPARTECA and PICTA agreements, and which look forward to the negotiation of the PACER agreement in years to come.

PACER, the Pacific Agreement on Closer Economic Relations, aims to achieve integrated trade in goods and services between Pacific Island countries and Australia and New Zealand by 2011.

At their May meeting, Forum Trade Ministers agreed to commission work on the potential impacts of embarking down that path.

New Zealand sees PACER as the cornerstone of the region's future trading arrangements. Economic and technical assistance will be offered to support the process of opening up to greater trade, and a regional programme on trade facilitation has already begun. The aim is to minimise disruptive effects and adjustment costs to Forum Island countries.

At the invitation of the Forum Secretariat, the Asian Development Bank and Commonwealth Secretariat have carried out an independent economic analysis identifying initiatives which would have significant benefits for the region. Their report, 'Towards a New Pacific Region', highlights the challenges for a region facing small economies of scale and high diseconomies due to isolation. It discusses the importance of the Australian and New Zealand markets for generating larger economic benefits from regionalism. It also puts forward suggestions for strengthening economic management and accountability, achieving lower cost and more effective transport and communications markets, and creating regional employment opportunities.

Alongside initiatives to boost economic growth, strengthened governance is fundamental to increasing regional stability and prosperity. Heading the list of Pacific Plan initiatives in this area is regional support for key institutions like audit and ombudsmen's offices, judicial training, and support for the Forum Principles of Good Leadership and Accountability.

Most Pacific island states have few natural resources and the sustainable development of those they do have is vital issue. The sustainable utilisation of fisheries at the national and regional levels is prioritised in the Pacific Plan, notably the critically important tuna resource which underpins the economies of many small island states.

For the moment, this fishery is one of the very few globally which is not being over-fished, but there are concerns about the future of yellow-fin and big-eye

tuna. We in the Pacific must draw the obvious lessons from disasters like the wiping out of the Canadian cod fishery, and determine that our fisheries will be sustainably managed.

Other important items under the sustainable development heading include policies to address waste management and energy challenges, and the harmonisation of approaches to health under the Samoa Commitment, particularly with regard to the HIV/AIDS crisis.

HIV/AIDS is of course not the only health concern in the region. Non-communicable diseases are a major health issue in all our countries. But we know from the experience in Africa and elsewhere what devastating economic and social impacts HIV/AIDS brings with it once it takes hold. We must make every effort to prevent that happening in the Pacific. A strategy to do so is in place. The challenge of the Pacific Plan must now be to ensure that that strategy is implemented fully and effectively.

The final pillar of the plan is security. The Pacific region has not been the target of terrorist attacks, but nonetheless it is important to meet international standards for maritime and aviation security, and to have effective border control. As well, emerging patterns of regional crime suggest that the vulnerability of small states will be exploited. Every Pacific state has an interest in not being perceived by criminals or terrorists as a weak link. This is a priority area for New Zealand, and we are already providing Forum Island Countries with funding and technical expertise to support the strengthening of their security infrastructure.

The New Zealand Government is very supportive of the work done on the Pacific Plan, and on its direction and proposals. We believe that the region needs to take quantum leaps forward in enhancing our co-operation around the Plan's objectives for the region, and that the region's peoples can look forward to a healthier, more prosperous, and more secure future if we stick to the Plan and keep developing it year by year to meet the new challenges which will inevitably arise.

I said at the beginning of my speech that Papua New Guinea is an important partner for New Zealand and I wish to conclude on that note.

We have played a significant role in supporting resolution of the conflict in Bougainville, and we are presently doubling our development assistance contribution to PNG over a three year period.

As well, we have significant trade interests here. PNG is our second largest market in the Pacific region after Fiji, with exports to June 2005 valued at NZ\$92.5 million.

Last year a sizeable trade mission came here from New Zealand, and my delegation this week also contains a business group. Indeed they are so keen to promote trade between us that they have come during the Labour Day holiday weekend!

A New Zealand Pacific Business Council has been formed in the past year to promote trade with the Pacific generally. Its Chair, Gilbert Ullrich, a very committed Pacific trader, is with us today. He especially wants me to tell you of the Pacific Trade Expo to be held in Auckland on 13-14 March next year, and to invite your participation.

New Zealand knows that a sound trade relationship must be reciprocal. We are looking at how we can improve the trade balance between our two countries.

One area where we are making progress is in addressing the sanitary and phytosanitary issues which restrict PNG exports of fresh produce to New Zealand. The New Zealand Ministry of Agriculture and Forests is assessing the request for access for ginger from PNG, and hopes to complete an Import Health Standard for this product by early 2006.

We will then consider requests for the development of Import Health Standards for other PNG sourced fresh produce, including banana, pineapple, asparagus, and kumara.

Of course access to markets is only part of the trade story. The rest is about the energy and resourcefulness of the business sectors of both countries. They must put their weight behind the development of strong trade relationships if they are to thrive.

Thank you for the interest you have shown by coming this morning. I hope the Chamber will continue to put its weight behind the efforts of the regions' leaders and the objective of the Pacific Plan to grow trade links in the region and to the wider world.