

Summary of Resolutions and Discussion Points made by the PACP Private Sector at the Workshop on Pacific - EU EPA Opportunities and Challenges for the Private Sector of new trading arrangements

**Sponsored by the Trinnex Program of CDE - Pro Invest
Held on 27th and 28th November, 2006
Port Vila, Vanuatu**

Objective:

The workshop was conceived to assist the private sector in assessing progress to date in Economic Partnership Agreement (EPA) negotiations. Emerging opportunities and challenges for business in the region - and resulting technical assistance needs - will be identified. How can the private sector maximise the benefits and minimise the costs of the EPA process?

Background:

In 2000, the European Union and the countries of the Africa, Caribbean and Pacific (ACP) Group agreed to overhaul their trade arrangements with the negotiation of Economic Partnership Agreements (EP A). Economic Partnership Agreements will introduce reciprocity in trade in goods with the establishment of Free Trade Agreements between the EC and the ACP regions, including the ACP Pacific. However, the aim of the EPA is to go beyond a Free Trade Agreement in goods and to act as a tool for development - encouraging regional integration and integration in the world economy. The EPA process is to be supported by Trade Related Technical Assistance.

Formal negotiations for EPAs at the level of all ACP countries started in September 2002. Negotiations between the EU and the ACP Pacific were launched in Nadi, Fiji on 10 September 2004. In terms of substance, discussions have focused on: status of regional integration; fisheries; trade in services; investment; and the possible architecture of an EP A with the Pacific.

EPAs are scheduled to enter into force by 1 January 2008 at the latest.

Approach:

The workshop brought together private sector representatives and officials from regional organisations and the EC, drawing on trade experts and the experience of businesses in the region. While the Pacific Private Sector has been involved in establishing Pacific negotiations on some key issues, the workshop enabled private sector representatives to take stock of the EP A process to date. The workshop addressed what still needs to be achieved both in terms of trade negotiations and in trade related technical assistance.

Discussion was clustered around the following themes:

- Trade in goods: Tariffs
- Services and the cost of doing business
 - o Tourism
 - o Transport

- Trade in goods: Non Tariff Barriers
 - o Fisheries
 - o Agricultural products
 - o Regulatory barriers
- Support to the Private Sector

SUMMARY OF RESOLUTIONS AND DISCUSSION POINTS BY THE PACP PRIVATE SECTOR

INTRODUCTION BY CDE-PROINVEST

1. Several presentations were made by EU representatives elaborating on the avenues for assistance in respect to EPA negotiations, trade facilitation, capacity building and standards.
2. Private sector participants resolved that the procedures and the technical aspects in applying for assistance are cumbersome and unduly bureaucratic.
3. The CDE/PROINVEST representatives noted that they were willing to receive draft proposals to be treated as draft project proposals in the preparation for finalisation of a submission.
4. Representatives of CDE/PROINVEST advised that currently their procedures were in the process of being reviewed, with the possibility of setting up a system of contact points in the Pacific to assist with the lodgement and processing of applications from the Pacific. There are currently in existence two Technical Intervention Offices already established in the region. There is a plan for an additional TIO for the Micronesian region.

A. TRADE IN GOODS

5. The general consensus of the private sector participants noted that there was a need for greater awareness and understanding of the process in regard to Trade in Goods.
6. There was a recommendation that there be a regional harmonisation of tariff offers by the PACP. This would facilitate the process of negotiations and help to avoid the marginalisation of certain PACP sectors.
7. The issue of triggering PACER (i.e. Article 6) was highlighted. However, it was noted that the PACER Article agreed that an FT A between Pacific Forum Island countries and Australia and New Zealand would be investigated by signatory parties, and the formation of an FT A was not a binding obligation.

Trade in Goods - Specific Sectors

(a) Fisheries

8. The following commercial challenges were noted:
 - o The erosion of preferences

- o The potential of an EU - ASEAN FTA
- o The dominance of economies of scale competitiveness as a core aspect of international competitiveness
- o The management of our resources collectively for PACP private and public benefit
- o EU fisheries rules of origin were noted as being a key barrier for P ACP market access to the EU

9. It was resolved to seek assistance for a private sector led study to assess the following:

- o Improved product-specific value addition (i.e. multi-species cuts offish)
- o Linking access to fisheries development
- o Development of non tuna marine resources

10. It was resolved to seek EC assistance for the retooling and upgrading of PACP vessels, as required by EC regulations and sustainability principles.

(b) Regulatory Barriers

11. On kava there was a discussion about the possibility of using the WTO consultation and dispute settlement process to address the kava and noni juice issues.

12. It was recommended to explore the possibility of using WTO mechanisms to address the issues in 11, in addition to the efforts currently being undertaken to resolve the matter.

(c) Sanitary and Phyto-Sanitary Issues

13. The issue and complexity of SPS was noted. We the private sector need to address the problem at its source (i.e. often the standards are "voluntary" and imposed by the importer, such as full traceability and social accounting).

14. Some of the mechanisms to address this are recognised as being:

- o Developing the institutional structure for cooperation both domestically, intra-regionally and internationally.
- o The opportunity for identifying priority products/product processes and/or sectors for reaching equivalence agreements with the EU and related capacity building commitments. The first step is the identification of national or regional priorities - these would be included in the text of an EPA (an example of how this could be treated is in the EU-Chile FTA Annex IV, Article 24, 2(g)).
- o A specific role for the private sector originates from the introduction of EU regulation 882-04 (on Feed and Food). This calls for closer public-private cooperation and allows for the delegation of this function to a private sector body.

B. TRADE IN SERVICES

15. It was acknowledged that the PACP business regime has a high cost structure and the need to provide efficient and cost effective services to the private sector was essential to enable them to compete globally. The private sector urgently seeks the assistance of regional States to address

inefficiencies in services infrastructure, otherwise PACPs will be increasingly economically marginalised.

16. Brief discussions were held in regard to Mode 4 and there appears to be a need for clarification between P ACP demands and the EC, particularly on the temporary movement of people.

(a) Transport

17. It was noted that sea transport is critical in facilitating trade both within the region and with international markets. It was acknowledged that shipping companies will not reduce their commercial interest to benefit the Pacific Island countries and that the public and private sectors would need to work together, to address trade facilitation as a means of making shipping more competitive. It was agreed that a draft paper be prepared by the PNG representatives seeking assistance to address the concerns of cabotage, cross-subsidisation and competition within the shipping industry .

18. It was therefore recommended that the private sector should seek funding for a study on trade facilitation opportunities in maritime and transport services. This would present an opportunity for improved commercial development in the region.

19. An evaluation proposal for a 'hub and spoke' type network on shipping was recommended.

(b) Tourism

20. There is a need to further promote and market the region. It is already seen as a strong product, but currently does not have the resources (e.g. compared to competitors) to be effectively marketed. It was acknowledged that all Pacific Island countries have interests in tourism even though there is no separate agreement for this sector in the EP A.

21. It was therefore resolved to seek assistance to promote the Pacific brand internationally.

C. PRIVATE SECTOR PARTICIPATION IN POLICY FORMULATION

22. Strongly recommend strengthening the capacity of national private sector organisations to better service the needs of their members.

23. It is recommended that national private and public sector dialogue needs to be strengthened and formalized.

24. It is recommended that at the *regional* level the private and public sector dialogue needs to be strengthened and formalized.

25. At the national and regional level, it was recognised that PIPSO would play the leading role in support of private sector advocacy. It was recommended that assistance be sourced to support PIPSO to achieve institutional sustainability.

26. It was recognised that PIPSO's representation at recent regional meetings has proved valuable. It is therefore recommended that private sector participation and representation at all relevant high-level meetings is essential.

27. It is recommended that the national private sector organisations needs to more pro-active in engaging in dialogue and making submissions on trade policy to governments.

28. We recognise the challenge of emerging sectors (e.g. E-commerce) and raise the issue of how to better identify competitive advantage and support these sectors.

29. We commit as representatives of the private sector to work with the EC Delegations and Representatives to fully explore and fully understand the assistance currently available both for our own capacity building and for the assistance of our members. As such, we note the following programs:

- PROINVEST [<http://www.proinvest-eu.org/>]
- CDE (Center for Development of Enterprise) [<http://www.cde.int/>]
- SFP (Strengthening of Fisheries Products Project) [<http://www.sfp-acp.org/>]
- PIP (Pesticides Initiative Programme) [http://www.coleacp.org/FO_Internet/Pip/]
- TradeCom [<http://www.tradecom-acpeu.org/>]
- BizClim (ACP Business Climate Facility) [<http://www.acpbusinessclimate.org/>]
- Trinnex (Trade and Investment Nexus) [<http://www.tradecom-acpeu.org/>]
- EU Export Help Desk [<http://export-help.cec.eu.int/>]

30. We commit to draw on each other and the State as resources, and coordinate and cooperate to assist each other to further the opportunities to benefit from international assistance. We also seek a cooperative approach with other donors to achieve the necessary results for private sector growth.

31. The private sector participants endorse the role of the Pacific Island Private Sector Organisation (PIPSO) as the representative of the private sector at the regional level. The members of the meeting endorse PIPSO to take forward these resolutions and findings to a high level within the regional framework and to the European Union.

32. It was agreed that members present these resolutions and findings to their national authorities and ministries.

33. We request the support of our Leaders to put into place enabling policies to address the needs of the private sector.

Adopted in Port Vila, Vanuatu, by the undersigned private sector participants on 29th November 2006.