

# Pacific 2020

BACKGROUND PAPER:  
THE REGIONAL ECONOMIC AGENDA

August 2006

## **Pacific 2020 Background Paper: The regional economic agenda**

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## SUMMARY

Regional initiatives in the Pacific can help to address the challenges faced by Pacific island countries. They can encourage the pooling of scarce resources and provide further impetus for domestic reform through commitments made and the sharing of best practice. The key forum Pacific governments use to discuss economic issues at the regional level is the Pacific Islands Forum.

This paper sets out the current regional approaches adopted to improve economic outcomes in the Pacific. The large agenda, developed through a number of forums, will test the capacity of Pacific island countries to implement all that is involved.

The most recent initiative of the Pacific Islands Forum, the Pacific Plan, is intended to strengthen regional cooperation and integration. The plan provides a framework to take the broader regional economic agenda forward. Historically, the large number of commitments sought at the regional level, and the multiplicity of agreements, has raised questions about the capacity of Pacific island countries to implement them all. However, unlike some of the other regional initiatives, the Pacific Plan has clearly articulated objectives, timelines, and monitoring and evaluation frameworks.

Consolidating commitments in line with the priorities in the Pacific Plan, and adopting the clear timelines and monitoring and evaluation frameworks, could assist in taking forward the current agenda and provide a solid basis for continuing regional initiatives. National governments will also require sufficient capacity and strong domestic institutions to follow through on implementation. This will require coordination between regional and national initiatives, and among those providing assistance with implementation and capacity building.

## INTRODUCTION

Regional agreements in place across the Pacific reflect common goals, limited resources and the potential for expertise to be shared among the participating countries.

Regional agreements can take a variety of forms, including:

- > *regional cooperation* – governments working together to share information and take a regional stance on issues, which increases the need for coordination and dialogue between governments
- > *regional provision of services* – pooling national resources to overcome limitations in national capacities, particularly if individual countries are unable to provide certain services because of their large fixed costs (for example, regional airlines and universities), and
- > *regional integration* – lowering market barriers between Pacific island countries to improve access to goods and services and income earning opportunities, using such measures as regional trade agreements and harmonised regulatory systems.

The recent release of the Pacific Plan has drawn renewed attention to regionalism in the Pacific. The Asian Development Bank's report *Toward a new Pacific regionalism* concludes that for regional action to be effective it must be self-sustaining and generate sufficient gains to be of net benefit to each participant. Depending on the context, these gains can come from:

- > accessing a larger market, leading to a reduction in the per unit costs of production
- > avoiding costly duplication by sharing limited resources, and
- > harmonising standards to reduce transaction costs and limit the scope for non-cooperative behaviour.

Regionalism offers the potential for Pacific island countries to reap considerable economic benefits. Access to these benefits depends importantly on the effective implementation of regional initiatives.

This paper outlines economic initiatives developed at the regional level in the Pacific, mainly through the Pacific Islands Forum. It provides background to these initiatives, discusses the regional economic agenda and reviews the implementation of regional agreements.

Countries participating in a regional agreement are more likely to be more committed to the agreement if all parties gain from it and can observe each other's commitment. This highlights the importance of regular and transparent reviews of each country's progress against agreed actions. Our analysis suggests that regional agreements are most effective when they specify actions, timelines and mechanisms for monitoring progress. Participating countries also need the capacity to interpret and implement agreements if they are to yield material benefit.

## BACKGROUND TO REGIONAL INITIATIVES IN THE PACIFIC

### PACIFIC ISLANDS FORUM

Regional forums provide an opportunity to share information, discuss experiences and develop regional initiatives. The key forum Pacific governments use to discuss economic issues is the Pacific Islands Forum. The Forum brings together the heads of government of 16 countries, providing member nations with an opportunity to express their views and cooperate in areas of political and economic concern. The Forum member countries have dialogue partners, many of which are donors in the Pacific and interested in the Forum's activities. These partners engage in the region's initiatives through dialogues with Forum member countries after the heads of government have met.

Since the Forum's inception in 1971, its meetings have focused on regional trade and economic reform. Good governance and security have more recently become part of its agenda. The Pacific Islands Forum is supported by the Pacific Islands Forum Secretariat. Each year three key meetings are convened under the auspices of the Forum – the Forum Leaders' Meeting, the Forum Economic Ministers' Meeting and the Forum Trade Ministers' Meeting. Issues raised at these meetings contribute to the regional economic agenda and give focus to domestic and regional reforms.

Economic issues can be discussed at all of these forums. Accordingly, there is a risk of the economic agenda becoming fragmented and the number of actions signed up to being beyond the implementation capacity of national governments.

### PACIFIC ISLAND FORUM MEMBERS, PARTNERS AND DONORS

Forum member countries	Forum dialogue partners	Donors to the Forum Secretariat's programs
Australia	Canada	Australia
Cook Islands	People's Republic of China	Canada
Federated States of Micronesia	European Union	European Union
Fiji	France	France
Kiribati	India	French Polynesia
Nauru	Indonesia	Germany
New Zealand	Japan	Japan
Niue	Korea	Korea
Palau	Malaysia	Malaysia
Papua New Guinea	Philippines	New Zealand
Republic of the Marshall Islands	United Kingdom	People's Republic of China
Samoa	United States	Philippines
Solomon Islands		Taiwan
Tonga		United Kingdom
Tuvalu		United Nations Development Programme
Vanuatu		

## THE PACIFIC PLAN

In October 2005 the Forum Leaders' Meeting endorsed the Pacific Plan to:

... create stronger and deeper links between the sovereign countries of the region and identify the sectors where the region could gain the most from sharing resources of governance and aligning policies.<sup>1</sup>

The plan is intended to promote economic growth, sustainable development, good governance and security in the region within an implementation framework that covers 10 years. The plan identifies regional priorities for the first three years (see Appendix A) and further analysis of the remaining priorities to establish whether a regional approach is appropriate. Its objectives are those identified by Forum members and stakeholders in the course of the plan's consultation process. Forum Leaders asked that the plan be accompanied by an implementation plan with clear and realistic targets, and a monitoring and evaluation plan. Leaders are to receive quarterly reports on implementation and annual reviews of initiatives.

## FORUM ECONOMIC MINISTERS' MEETING

The Forum Economic Ministers' Meeting (FEMM) was established in 1997 to improve regional and subregional cooperation. FEMM's initial mandate included global economic change (World Trade Organization and Asia Pacific Economic Cooperation developments), trade liberalisation, tariff reforms, investment policy and domestic policies that facilitate the development of the private sector. Each year decisions made by Ministers on these issues are articulated in the FEMM Economic Action Plan, which sets out initiatives to be implemented by national governments.

For regional initiatives to achieve their intent they need to be supported by domestic capacity (both resources and expertise) sufficient for implementation. The large number of commitments sought at the regional level raises questions about the domestic capacity of Pacific island countries to successfully implement all of the initiatives they agree to. A list of the issues addressed in FEMM Economic Action Plans is provided at Appendix B.

A recent key initiative of FEMM was the adoption of the Forum Principles on Regional Transport Services in 2004. Ministers recognised that aviation and shipping services underpin the viability of economies in the Pacific. The principles address good governance in the transport sector and state that, wherever possible, transport services should be run on a commercial basis.

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<sup>1</sup> Leaders endorsed the Pacific Plan at the 36th Pacific Islands Forum in Papua New Guinea, 25–27 October 2005 <[http://www.forumsec.org/\\_resources/main/files/2005%20Communique-Madang,%2026%20Oct%2005.pdf](http://www.forumsec.org/_resources/main/files/2005%20Communique-Madang,%2026%20Oct%2005.pdf)>. At the Auckland Declaration, Pacific Islands Forum Special Leaders' Retreat, Auckland, 6 April 2004, leaders agreed to the development of the Pacific Plan, which would 'create stronger and deeper links between the sovereign countries of the region ...' <<http://www.pacificplan.org/tiki-page.php?pageName=The+Auckland+Declaration>>.

The major theme of FEMM 2005 was reducing the costs of doing business in the Pacific. The World Bank report *Doing business in 2005* was the platform for this discussion. The Economic Ministers recognised the importance of a business-friendly regulatory environment, and raised issues around collateral, access to credit and enforcement of contracts.

Efforts to take a regional stance on issues were also highlighted in the Ministers' endorsement of having regional economic integration as a standing FEMM agenda item from 2005 onwards. The Ministers identified stronger regional integration, starting with trade, 'as a key element for enhancing growth and building a relationship with the rest of the world'. They agreed that regional cooperation could lead to greater returns from natural resources.

#### FORUM TRADE MINISTERS' MEETING

In 1999 the first Forum Trade Ministers' Meeting (FTMM) was convened to consider trade-related issues beyond the scope of FEMM. FTMM's mandate is to assist Pacific island countries to further develop a framework for achieving a free trade agreement among Forum members. At the biennial meeting in 2005, Trade Ministers agreed that there was a continuing need to move beyond the 1981 South Pacific Regional Trade and Economic Co-operation Agreement (which offers qualifying imports from Pacific island countries duty-free access to Australia) towards a more comprehensive framework for trade and economic cooperation between Australia, New Zealand and the Pacific island countries, as provided for under the 2002 Pacific Agreement on Closer Economic Relations (PACER). PACER is complemented by the Pacific Island Countries Trade Agreement (PICTA), which came into force in April 2003. Appendix C outlines the key trade agreements in the Pacific.

At FTMM 2005, Ministers discussed implementing tariff reductions under PICTA. Parties to the agreement were urged to complete their domestic legislative requirements to give effect to tariff reductions. The Forum Secretariat was asked to assist Pacific island countries that requested support in implementing PICTA.

#### THE REGIONAL ECONOMIC AGENDA

The regional economic agenda, as reflected in initiatives undertaken under the auspices of the Pacific Islands Forum, covers a wide range of topics (Appendix B). There has been a particular focus on public sector governance, trade, infrastructure and broader development issues in the private sector. The range of topics covered reflects the issues of the day. That said, private sector development and land ownership issues have been consistent themes since 2000. In recent years, public sector governance has received greater attention. This reflects the importance of good policy and strong domestic institutions to economic development.



## PUBLIC SECTOR GOVERNANCE

Measures to improve public sector governance in the Pacific were addressed at the Forum Leaders' Meeting 2005 through the Pacific Plan, and at FEMM 2005. Good governance is one of the four priorities for the region put forward in the Pacific Plan. One measure being considered under the plan is establishing regional audit and ombudsman offices.

Ministers at FEMM 2005 adopted the Principles for the Governance and Management of Public Enterprises to 'improve the efficiency, effectiveness and sustainability of public enterprises in the region'. They also acknowledged that continued political support is needed to improve the overall management and performance of public enterprises.

### THE SEVEN PRINCIPLES FOR THE GOVERNANCE AND MANAGEMENT OF PUBLIC ENTERPRISES

- 1 Develop a coherent and holistic public enterprises policy.
- 2 Strengthen adherence to principles of good corporate governance.
- 3 A transparent approach to identifying and funding community service obligations (non-commercial functions) demanded of public enterprises should be developed to ensure public enterprises operate on a sustainable commercial basis.
- 4 There should be a clear separation of the ownership role of Government from its regulatory role.
- 5 Increase the contestability of the market to promote ownership systems suitable to the objectives of the public enterprise and to improve efficiency.
- 6 Competitive neutrality should be maintained between state owned companies and the private sector.
- 7 The monitoring of both financial performance and service quality should, wherever possible, be against appropriate national and international benchmarks.

Source: Pacific Islands Forum Secretariat <<http://www.forumsec.org.fj/news/2005/June/04.htm>>.

## TRADE

Regional trade agreements are intended to support Pacific island countries in their move toward freer trade. The main regional trade initiatives in the Pacific are PACER and PICTA. PACER was signed by Pacific leaders at the 2001 Forum Leaders' Meeting and came into force in October 2002. The objective of PACER is to set a framework for gradual trade and economic integration across Pacific island countries,

with a view to establishing a single regional market. PACER has been ratified by eleven countries – Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands and Tonga.

PICTA includes the same parties as PACER with the exception of Australia and New Zealand. The agreement is intended to increase trade among Pacific island countries through the gradual reduction of tariff and non-tariff barriers to trade.

The Pacific island countries are in the process of completing tasks that are required for PICTA to be operational. These include completing PICTA notification requirements, rules of origin awareness and training, and enacting legislation to give effect to PICTA. There is also a study to be conducted on the potential impacts under PACER of moving to a comprehensive trade and cooperation agreement between Australia, New Zealand and the Pacific island countries.

#### INFRASTRUCTURE

The economic growth agenda outlined in the Pacific Plan emphasises the importance of infrastructure in the region. In particular, it seeks implementation of the Forum Principles on Regional Transport Services, including the further development of the Pacific Aviation Safety Office by the end of 2008. It is envisaged that a regional approach to transport services issues would enhance regulatory harmonisation, reduce service costs, and pool relevant expertise in the region.

#### FORUM PRINCIPLES ON REGIONAL TRANSPORT SERVICES

- 1 Adherence to principles of good governance is crucial to the viability and sustainability of transport services.
- 2 Transport services should, wherever possible, be run on a sustainable commercial basis.
- 3 A central responsibility of government in the transport sector should be in establishing and administering regulatory systems.
- 4 Increased efforts should be made to implement regional or sub-regional solutions to problems in the transport sector.
- 5 Forum member countries need to comply with internationally accepted standards on aviation and maritime security.
- 6 Donor support should be provided to Forum Island Countries to assist the implementation of transport sector reforms, conditional on a demonstrated commitment to good governance and economically sustainable solutions.

Source: Pacific Islands Forum Secretariat <[http://www.forumsec.org.fj/docs/Pacific\\_RTS/PRTS%20Principles.pdf](http://www.forumsec.org.fj/docs/Pacific_RTS/PRTS%20Principles.pdf)>.

The Pacific Aviation Safety Office is the regional body responsible for flight operations, air worthiness, security, airports and personnel licensing in the Pacific. The office, which was opened in 2002 with eight founding members, is intended to eventually be financially self-sufficient.

#### PRIVATE SECTOR DEVELOPMENT

Private sector development has been of ongoing interest to FEMM. As mentioned earlier, the key item on the agenda for FEMM 2005 was the costs of doing business in the Pacific and the discussion drew on the World Bank report *Doing business in 2005*. Ministers reflected on several issues that increase business costs – poor infrastructure, the high cost of utilities, the lack of skilled labour, and the limited access to credit and land. More specifically, Ministers agreed to:

... work towards halving the 2004 regional indicators of the time taken to start a business, cost of registration, time to go through insolvency, and cost of enforcement of contracts, by the time of the FEMM 2007.<sup>2</sup>

There was also discussion on ways to reduce the burden on firms when starting new businesses. Measures to make the process easier included creating more specialised access points, single registration identification, electronic signatures and standard articles of incorporation. Ministers directed the Forum Secretariat to assist Pacific island countries in acquiring the technical capacity to introduce such measures.

#### IMPLEMENTATION OF REGIONAL AGREEMENTS

Improving economic outcomes is an ongoing process of:

- > setting directions and identifying objectives
- > identifying the best ways to achieve objectives, given the timeframe and capacity available
- > implementing activities to deliver planned outcomes, and
- > reviewing the impacts of interventions.

The process, when adopted effectively, can engender a continuous cycle of improvement as interventions are reviewed and the lessons learned are incorporated into future directions set.<sup>3</sup> In the Pacific context, directions are set at the regional level though the Pacific Islands Forum, but individual countries are responsible for developing and implementing policies.

Against this background, the way in which decisions are made and articulated through the Pacific Islands Forum can have a strong bearing on final outcomes. Clearly articulated objectives, complemented by timeframes for achieving those objectives,

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<sup>2</sup> See Pacific Islands Forum Secretariat <<http://www.forumsec.org.fj/news/2005/June/04.htm>>.

<sup>3</sup> New Zealand State Services Commission <<http://www.ssc.govt.nz/display/document.asp?navid=208>>.

can give structure to a country's planning and implementation of decisions taken at the regional level. Having processes for monitoring and reviewing agreed actions at the regional level encourages countries to assess their progress on implementation and adjust their approach where necessary.

Reflecting the importance of acting on agreed initiatives, the Pacific Plan is accompanied by an implementation strategy for 2006–08. Beyond this timeframe, milestones are set for agreement in principle to certain initiatives and for further analysis of other issues. The implementation strategy is complemented by a monitoring and evaluation framework, which outlines quantifiable indicators of progress against each objective. The overall implementation of plan initiatives is to be reviewed annually by Forum Leaders, who will also consider recommendations on the future direction of the plan on an ongoing basis. The clear articulation of objectives, timeframes and monitoring processes in the plan helps establish a mechanism for continuous progress toward improved outcomes in the Pacific.

An explicit timeframe was also used to support the FEMM 2005 decision to reduce the costs of doing business in the Pacific. As discussed earlier, Ministers committed to working towards halving the time taken to start a business, the cost of registration, the time to go through insolvency, and the cost of enforcing contracts by FEMM 2007. Consistent with the approach used in the plan, the implementation of this initiative would benefit from specificity around how regional indicators would be measured and how each country would contribute to reducing their costs of doing business.

The FEMM biennial stocktake is the mechanism through which progress against FEMM decisions is monitored. The most recent biennial stocktake was in 2004 and only seven of the 14 Pacific island countries met their reporting requirements. The stocktake focused on the Eight Principles of Accountability adopted by Ministers during FEMM 1997 and the progress of Pacific island countries on economic reforms. Through the stocktake it was found that implementation tends to be stronger where FEMM issues and domestic government priorities support each other, and when there is national consultation and sharing of information through the Forum Secretariat. The biennial stocktake in 2006 will look at the outcomes of the past nine FEMMs against the objectives set out in the Pacific Plan.

In addition to clearly articulated commitments, implementation of regional initiatives is contingent on participating countries having the capacity to act on commitments made. For example, the Forum Secretariat reports that progress on PICTA has been slower than expected because several parties face capacity constraints due to a lack of resources and/or expertise. The FEMM 2004 biennial stocktake of accountability principles also highlighted the need for adequate resourcing of independent monitoring agencies, better financial oversight and enforcement of financial regulations, and more effective accounting and budget execution systems.

## EIGHT PRINCIPLES OF ACCOUNTABILITY

- Principle 1** Budget processes, including multi-year frameworks, to ensure Parliament/Congress is sufficiently informed to understand the longer term implications of appropriation decisions.
- Principle 2** The accounts of governments, state-owned enterprises and statutory corporations to be promptly and fully audited, and the audit reports published where they can be read by the general public.
- Principle 3** Loan agreements or guarantees entered into by governments to be presented to Parliament/Congress, with sufficient information to enable Parliament/Congress to understand the longer term implications.
- Principle 4** All government and public sector contracts to be openly advertised, competitively awarded, administered and publicly reported.
- Principle 5** Contravention of financial regulations to be promptly disciplined.
- Principle 6** Public Accounts/Expenditure Committees of Parliament/Congress to be empowered to require disclosure.
- Principle 7** Auditor General and Ombudsman to be provided with adequate fiscal resources and independent reporting rights to Parliament/Congress.
- Principle 8** Central bank with statutory responsibility for non-partisan monitoring and advice, and regular and independent publication of informative reports.

Source: Pacific Islands Forum Secretariat <[http://www.forumsec.org.fj/division/DEPD/Economic\\_%20Issues/Forum%208%20principles.pdf](http://www.forumsec.org.fj/division/DEPD/Economic_%20Issues/Forum%208%20principles.pdf)>.

Regionalism is facilitated not only by dialogue between governments, but also by the involvement of the private sector. An example of this is the start-up of Polynesian Blue, a joint venture between the Samoan Government and Virgin Blue. After the endorsement of the Forum Principles on Regional Transport Services in 2004, the Samoan Government reviewed the viability of its national airline, Polynesian Airlines. This was part of a larger strategy to reform state-owned enterprises and reduce their dependence on public funds. The Samoan Government put 49 per cent of Polynesian Airlines to a bidding process that included Air New Zealand, Qantas and Virgin Blue. Virgin Blue was selected as the preferred partner to operate flights between Samoa, Australia and New Zealand. Its network now covers Australia, New Zealand, Fiji, Vanuatu, Cook Islands, Tonga and Samoa. This example shows that, in industries

with high fixed costs, service provision can be made more affordable by treating the Pacific as a single market.

For commitments made at the regional level to lead to better outcomes for Pacific island countries, individual countries need to be supported by guidance on implementation and review. The Pacific Plan has been developed with this in mind. It supports implementation and review with clearly articulated commitments accompanied by timelines and monitoring and evaluation frameworks. Beyond this, national governments need the resources, technical capacity and strong domestic institutions to act on regional initiatives. When it is profitable to do so, private firms can expedite regional cooperation.

## APPENDIX A: PACIFIC PLAN INITIATIVES FOR THE FIRST THREE YEARS

Regional priorities	Strategic objectives	Number of items to be actioned
Economic growth	Increased sustainable trade and investment (e.g. expand trade under SPARTECA, PICTA and PACER).	7
	Improved efficiency and effectiveness of infrastructure developments and associated service delivery (e.g. implement Principles on Regional Transport Services).	2
	Increased private sector participation in, and contribution to, development.	1
Sustainable development	Reduced poverty.	None specific
	Improved natural resource and environmental management (e.g. develop national sustainable development strategies).	5
	Improved health (harmonise approaches in the health sector).	1
	Improved education and training (e.g. expand regional technical and vocational training).	3
	Improved gender equality.	None specific
	Enhanced involvement of youth.	1
	Increased levels of participation and achievement in sports (e.g. create a regional sporting institute).	2
Recognised and protected cultural values, identities and traditional knowledge (e.g. intellectual property protection).	2	
Good governance	Improved transparency, accountability, equity and efficiency in the management and use of resources in the Pacific (e.g. regional consolidation of key institutions such as audit and ombudsman offices, and improved regional statistical information).	8
Security	Improved political and social conditions for stability and safety (e.g. develop and implement strategies for maritime and aviation security and surveillance, and strengthen law enforcement training).	5

## APPENDIX B: FEMM ECONOMIC ACTION PLAN TOPICS

Topics	2000	2001	2002	2003	2004	2005
<b>Business conditions</b>						
Cost of doing business/private sector development		X	X	X		X
Public-private sector partnerships			X			
Regional private sector organisation						X
Corporate governance				X		
Microcredit					X	
Finance for development			X			
Economic outlook			X			
International tax, banking and investment issues		X	X	X		
Intellectual property rights		X	X			
Commercial law and dispute resolution		X	X			
<b>Public sector management</b>						
Public enterprise governance and management					X	X
Public sector economic governance					X	
Donor policies and practices		X				
National planning frameworks					X	
International provision of information						X
Statistics		X		X		
Political and economic stability	X					
Forum eight accountability principles	X	X				
Institutional reform						X
<b>Infrastructure</b>						
Transport						X
Pacific regional transport study					X	
Shipping regulations		X				
<b>General</b>						
FEMM biennial stocktake			X		X	
Regional economic integration					X	X
Economic disparities	X			X		
Forum Economic Action Plan outcomes and implementation				X		
Kava exports			X			
Tourism		X				
<b>Resources and the environment</b>						
Land Issues	X	X	X	X		
Risk financing for disasters				X		
Country risk assessment				X		
Environmental vulnerability index				X		
Adaptation to climate change				X		
Catastrophe insurance		X	X			
Economic and social development and the environment			X			
<b>Social</b>						
Millennium Development Goals			X	X	X	
Education		X				



## APPENDIX C: KEY TRADE AGREEMENTS IN THE PACIFIC

Pacific trade agreements	Pacific island countries involved	Start date	End date
<b>Pacific Agreement on Closer Economic Relations</b>			
The agreement sets a framework for gradual trade and economic integration across Pacific island countries, with a view to establishing a single regional market.	Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga.	2002	
<b>Pacific Island Countries Trade Agreement</b>			
The agreement is intended to increase trade between Pacific island countries through the gradual reduction of tariff and non-tariff barriers to trade.	Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga.	2003	
<b>Cotonou Partnership Agreement</b>			
The agreement established a partnership between the African, Caribbean and Pacific (ACP) states and the European Union, focusing on trade liberalisation with a view to making ACP countries competitive in the world economy, enhancing their productive capacity and assisting their compliance with World Trade Organization provisions.	Cook Islands, Fiji, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.	2000	From 2008, ACP states will enter into economic partnership agreements with the European Union. Negotiations began in 2002.
<b>South Pacific Regional Trade and Economic Co-operation Agreement</b>			
This agreement is a non-reciprocal trade agreement under which Australia and New Zealand offer unrestricted or concessional access for products originating from other Pacific island countries.	Cook Islands, Fiji, Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Nauru, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu, Samoa.	1981	