



Report on the Pacific Regional Economic Integration Programme (PACREIP)

Background

Pacific Regional Economic Integration Programme (PACREIP) aims to enhance stronger regional economic integration which is a key element for engendering economic growth and building a relationship with the rest of the world. PACREIP has been of significant importance in supporting the PACPS in their trade capacity building process, particularly the EPA negotiations which have been extended to 2009 and their regional trade development under the Pacific Islands Trade Agreements (PICTA), providing for free trade in goods and as the first step towards a more comprehensive integration that is intended in future to embrace also trade in services and possibly investment.

PACREIP is contributing significantly towards advancing the regional economic integration of PACPS/FICs as outlined in the Pacific Plan. Without PACREIP, much of the momentum towards regional economic integration and trade development would not have progressed to where it is at present. Similarly, without the funding under the PACREIP, the PIFS will not be a position to effectively deliver on the mandate of PACP Leaders on regional economic integration.

Financial/Technical Aspects

Some of the financial and technical assistance provided by PACREIP to PACPS/FICs include the following:

- Provide ongoing technical support to PACPS as they begin to implement reforms and develop new policy framework, legislative and regulatory reforms to support their respective initiatives to implement PICTA and EPA;
- Assist PACPS with developing national trade policies, capacity building and institutional strengthening of government agencies responsible for trade, customs and trade facilitation including standards and conformance. Technical assistance will also focus on finance sector and fiscal reforms in the PACPS to develop new tax regimes in preparations for liberalisation under PICTA, EPA and WTO;
- Provide financial support to private sector development in the PACPS through Pacific Islands Private Sector Organisations (PIPSO), as the private sector is viewed as the engine of economic growth to sustain economic and social livelihoods. Also provide assistance to regional and national private sector organisations in their role to promote and represent the interests of SMEs in national development;
- Provide technical assistance on trade facilitation and biosecurity measures through the Secretariat of the Pacific Community (SPC);

- Provide technical assistance on trade facilitation and Customs related work through the Oceania Customs Organisation (OCO);
- Provide ongoing financial support to the Forum WTO office in Geneva, including the funding of the operational costs, the position of the permanent representative and the cost of rotational representation by FICs at the WTO as part of their capacity building on WTO issues; and
- Provide financial support towards the cost of return economy air tickets and daily subsistence allowances for Trade Ministers and trade officials in attending regional Pacific ACP trade meetings, technical working group meetings, joint PACP-EC technical and Ministerial meetings and other related meetings.

Funding

PACREIP is funded under the European Development Fund (EDF) 9, under its Regional Indicative Programme (RIP) funding for the Pacific. The total funding is €11.2 million and runs for 5 years, from June 2004 to June 2009. The EC has just approved in May 2009 to extend the implementation phase of PACREIP for another twelve (12) months to June 30, 2010.

Successful Activities of PACREIP

PACREIP has been successful in the following activities as per the Financing Agreement Logical Framework:

- The Facilitation of PICTA Implementation
- The negotiating capacity of the PACP region in the context of the new trade agreements notably with the EU is increased.
- The capacity in PACP countries to represent and promote WTO related issues including effective promotion and defense of the PACP trade interests is improved.
- The PACP capacity is developed to manage the process of regional economic integration in the areas of private sector development, trade facilitation-biosecurity, customs, standards and conformance, fiscal and financial sector reforms, as well as environmental impact assessment. The capacity of the region to integrate international standards, and to promote and facilitate environmentally and socially sustainable tourism development (including SME-based tourism) is enhanced; and
- The co-ordination and management of regional economic integration and development of appropriate policy framework are assured.

PACREIP Activities

Component 1-Support to Pacific Island Countries Trade Agreement (PICTA) Implementation

- June 2009-Implementation of PICTA by supporting members efforts towards announcing readiness to trade under PICTA, ratification of PICTA, extension of PICTA to include Alcohol and tobacco, inclusion of government procurement in PICTA, review of PICTA, increasing trade under PICTA.
- On-going-Extension of PICTA to French and U.S Pacific Territories

- On-going-Broadening of PICTA to include trade in services, and assist with preparatory and implementation activities
- PICTA context-Intra FICs TMNP scheme
- Development of a standalone PICTA/ROO/RTFP Website and publication and reporting of results
- PICTA parties meeting
- PICTA trade in services negotiations (3 rounds)
- Support for Private Sector Development Unit for PICTA/Symposium/Exhibition/Trade Fair
- Technical Training and Capacity Building on PICTA implementation issues (DSM,Private Sector Information, trade in services etc)
- On-going-Provide technical assistance and advice to PACPS as requested on Labour market Reform and Policy
- On-going-Provide information on various programs, marketing opportunities through identification of potential labour markets, analysis of market opportunities for members including promoting incentives schemes for training and upgrading qualification, recognition and accreditation of training institutes in the region and with other institutions
- Undertake national Social Impact Assessments
- Prepare negotiated Trade in Services Agreement and revisions to PICTA(possibly Protocol on Government Procurement)
- Implementation of the recommendations of the Pacific Single Market Economy Study Organise TMNP initiatives/programmes in collaboration with SPC/PATVET/SPBEA/TVET
- Establish rules on PICTA Government procurement
- Develop PICTA trade promotion scheme
- Design a standalone interactive PICTA website
- PICTA TMNP Study

Component 2-Capacity Building for Economic Partnership Agreement (EPA) Negotiations with European Union (EU)

- 15-16 June 2009 (Samoa)-PACP Trade Ministers Meeting
- 8-10 June 2009 (Samoa)- PACP Trade Officials Meeting (PACTOM)
- 17-18 August 2009 (Nadi)- TWG Meeting
- 19 June 2009 (Nadi)-Round Table Meeting for Aid-for Trade (Aft)
- On-going-Provide legal advice to the PACPs on EPA text and negotiations
- On-going-Support PIFS to backstop PACP-EU EPA negotiations
- On-going-Aft and Project Formulation study
- On-going-Assist PACPs formulate their Trade Policy Framework

Component 3-Support to Participation in World Trade Organisation (WTO)

- On-going-Manage and operate the Forum WTO office in Geneva
- On-going-Provide assistance and represent the interests of the FICs at the WTO
- On-going-Coordinate FIC participation in the WTO process and enhance capacity on WTO issues through the rotating representation programme
- On-going-Establish an effective network and alliances in the EU to pursue, promote and defend PACP interests.

Component 4-Capacity Building for Regional Economic Integration (REI)

- Business Development Programme
- Product Development

Component 4.2-Capacity Building for Regional Economic Integration in Trade Facilitation, Biosecurity (TFB)

- 5-9 October 2009 – PNG based BIF technician visits Fiji to work on Fiji BIF
- 12 October 2009 – Biosecurity and Trade Facilitation Officer and PNG based BIF technician met with CBIT to discuss the current status and future of the BIF, UQ, Brisbane, Australia
- Ongoing – SPC Pohnpei Manager to continue to engage Governments of FSM, Palau and RMI to advance the enactment of their Biosecurity bill
- Ongoing – BATS Adviser to continue to engage with the P-ACP countries to encourage and facilitate the enactment of the national Biosecurity bill
- Ongoing – BIF support to Cook Islands, Fiji, Tuvalu, Vanuatu and PNG
- Planned (no dates set) – Samoa national workshop on the biosecurity related laws (could be postponed to next year)
- Planned – Review of the BIF and next steps (to be undertaken by CBIT)

Component 4.3-Trade Facilitation, Customs and Standards & Conformance

- Implement the PICTA Rules of Origin (RoO) including the management of PICTA RoO Committee (ROC) and review of PICTA RoO
- Provide technical support to FIC Customs officials of PICTA parties and those FICs that have ratified the PICTA on application and certification of PICTA ROO.
- Convene meetings of PICTA ROC
- Commission study on reviews of PICTA ROO.
- Organise, convene and facilitate national meetings and regional meetings/workshops on trade facilitation, National Trade Facilitation Committees, PICTA RoO, Implications for Customs on EPA Trade in Goods.
- Provide in-country training, on request, for FIC customs and trade officials and private sector on PICTA ROO.

- Convene meetings of customs/trade standards officials to consider follow up work on the studies on Standards and conformance in relation to PICTA and EU markets, Customs Automation
- For customs and trade officials to follow up work on the studies on standards & conformance in relation to PICTA and EU markets
- Customs Automation
- Compile and prepare national application of Harmonised Commodity Description and Coding System (HS)
- National customs legislative review updates and follow up.
- Customs Electronics Scoping study
- Feasibility studies, conduct studies to assess the financial feasibility of implementing recommendations of S&C
- Compile and prepare national application of fisheries processing Standards and meeting compliance requirements.

Component 4.4 Capacity Building in Financial Sector and Fiscal Reforms

- On-going-Provide technical assistance and advice on appropriate financial sector and fiscal initiatives, key to implementation of PICA, PACER and EPA
- Assist Government of Niue in the execution of a public awareness campaign to support the implementation of the new Niue Consumption Tax (**Offer extended by PIFS to assist, but Niue didn't need any assistance and therefore declined the offer**).
- Assist Government of Kiribati in the execution of a public awareness campaign to support the implementation of the PAYE Tax (**The assistance took place in August, but the Executive not satisfied with the outcome of the implementation**).
- Implement the recommendations of the study 'Regional Options for Financial Sector Supervision' as appropriate (**The initial contract from the previous consultant was terminated on the 17 of August 2009 as the study did not reflect the key objectives, and therefore contracted to another consultant which is on-going at the moment**).
- Assist Government of Palau to draft and implement new tax and customs legislation in collaboration with PFTAC and other relevant organizations (**The officials were contacted in Palau regarding the project, unfortunately there was no response**).
- On-going-Assist Nauru to carry out an assessment of current tax and revenue instruments and provide recommendations on ways to ameliorate the revenue impact of trade liberalization
- On-going-Support the Pacific Island Tax Administrators Association through support and coordination with PFTAC on the ongoing work of the Association.
- On-going-Organise regional meeting of PACP officials to discuss the main findings and recommendations of a feasibility study to determine the viability of targeted Customs services at sub-regional levels.

- On-going-Assist FICs to implement the recommendations of the study on ‘Offshore Finance Centres in Forum Island Countries: Assessing the Impact of the Proposed US ‘Stop Tax Haven Abuse’ Act as appropriate.
- On-going-Investigate regional approaches to regulatory reform, particularly in the areas of competition policy, fair trading, consumer protection and pricing.

Component 6-Programme Management and Coordination (On-going activities)

- Coordinate arrangements and servicing of three programme steering Committee meetings, agendas, reports.
- Facilitate implementation and compliance of components with the programme common framework and working procedures. This will include the Conduct monthly follow meetings with component leaders to review activities and reports.
- Coordination, review and consolidate annual Work Plan and budget with inputs from all implementing agencies. This will be undertaken as and when required during 2009 through meetings/consultations and emails with component leaders.
- Monitor and review Work plan performance of components implemented by PIFS and SPC. This will be undertaken quarterly during 2009 through meetings/consultations and emails with component leaders. Coordinate and prepare the six monthly and annual technical and financial reports of PACREIP.
- Coordinate and consolidate performance and financial reports quarterly, six monthly and annually, in collaboration with component leaders.
- Coordinate the compilation of accounts and annual/specific audits in collaboration with PIFS and SPC respective finance sections in the first quarter of 2009.
- Manage and coordinate the disbursement of funds to the various programme components.
- Conduct consultations with PACPS and ACP-EU as required and attend programming and technical meetings to support implementation of PACREIP components.
- Liaison with office of the Regional Authorising Officer to assist with implantation of PACREIP components activities
- Facilitate the development and submission of project proposals to support implementation of new regional integration initiatives.