



Pacific Horticultural & Agricultural Market Access Plus Program

Supported by Australia and New Zealand

Pacific Export Context Analysis - 2020

Pacific Export Context Analysis - 2020

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Acronym List

Acronym	Description
ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
DFAT	Australian Department of Foreign Affairs and Trade
DSR	Debt Service Ratio
EIU	Economist Intelligence Unit
ENSO	El Niño Southern Oscillation
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FFA	Forum Fisheries Agency
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MSG	Melanesian Spearhead Group
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PACER	Pacific Closer Economic Relations
PECA	Pacific Export Context Analysis
PHAMA Plus	Pacific Horticultural and Agricultural Market Access Plus Program
PICs	Pacific Island Countries
PICTA	Pacific Islands Trade Agreement
PIF	Pacific Island Fourm
PIF	Pacific Islands Forum
PNG	Papua New Guinea
PPP	Purchasing Power Parity
PPPO	Pacific Plant Protection Organisation
PTI	Pacific Trade Invest
RAMSI	Regional Assistance Mission to the Solomon Islands
RSE	Recognised Seasonal Employers
SOI	Southern Oscillation Index
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPC	Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
SPS	Sanitary and Phytosanitary
SPTO	South Pacific Tourism Organisation
UNDP	United Nations Development Programme
USD	United States Dollar

USP	University of the South Pacific
WHO	World Health Organisation
WTO	World Trade Organisation

Exchange Rates (April 2020)

Country	Currency		Units/USD	Units/AUD	Units/NZD
Fiji	Fiji Dollar	FJD	2.25	1.44	1.35
Kiribati	Australian Dollar	AUD	1.56	1.00	0.94
PNG	Kina	PGK	3.37	2.16	2.03
Samoa	Tala	WST	2.71	1.73	1.63
Tonga	Pa'anga	TOP	2.26	1.44	1.36
Solomon Islands	Solomon Islands Dollar	SBD	8.20	5.24	4.93
Vanuatu	Vatu	VUV	112	72	67

Source: Oanda Currency Converter <https://www1.oanda.com/currency/converter/>

Map of the Pacific Region



1 Executive Summary

The Pacific Export Context Analysis (PECA) is prepared annually by the Pacific Horticultural and Agricultural Market Access Plus (PHAMA Plus) program to provide a strategic summary of country progress, on-going constraints and opportunities in export, particularly in relation to the horticulture, agriculture, fisheries, forestry and tourism sectors.

This 2020 version of the PECA (the first was in 2019) has been prepared in a time of unprecedented disruption to domestic and international trade in the Pacific Region due to the COVID-19 crisis. This crisis coincides with several other shocks including a severe tropical cyclone affecting four countries and outbreaks of two serious pests and diseases – African Swine Fever (ASF) and Fall Army Worm (FAW). Whilst the Pacific has so far escaped the worst of the COVID-19 pandemic, prevention and control measures continue to disrupt marketing arrangements for crops, livestock, fisheries and forestry products with restrictions on travel and a sharp economic contraction across the region and its trading partners.

The 2020 PECA provides an update on the fundamental social and economic context for the operation of agricultural marketing pathways in the Pacific Islands. It also considers the likely impact of COVID-19 and concurrent natural disasters on PHAMA Plus stakeholders and how the Program might respond to these events. Information is included on the six original PHAMA Plus Countries (Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu) as well as Kiribati which joined the Program in 2020. Key findings include:

- **Regional Context:** The PHAMA Plus countries are located in a dynamic and economically powerful hemisphere. The Pacific Rim countries of USA, China, Japan, Australia and New Zealand comprise almost half of global GDP, with USA and China contributing 80% of this.
- **Policy Framework:** All of the PHAMA Plus countries have agricultural sector plans, policies or strategies which advocate increasing agricultural exports, recognising also the importance of food self-sufficiency, improved nutrition and import replacement.
- **Economic Output:** Total GDP of the seven countries reached USD 33 billion in 2018 of which 88% came from PNG and Fiji. The contribution of agriculture (including farming, fisheries and forestry) is mostly between 10% and 20% except in the Solomon Islands and Kiribati where it is much higher due to forestry income (in Solomon Islands) and fisheries in both countries.
- **Incomes and Human Development:** Gross National Income per capita (in 2011 US dollars) ranges from less than USD 2,000 in Solomon Islands to over USD 9,000 in Fiji. Using the broader Human Development Index, Fiji, Samoa and Tonga are classified as high human development countries, and others are medium, except PNG which is at the upper end of the low human development range.
- **External Debt:** In 2017 PNG and Fiji accounted for over 70% of the total of USD 3.7 billion owned (public and private debt) to external lenders. However, as a percentage of GNI, Samoa, Tonga and Vanuatu are much more heavily indebted than the other countries.
- **Foreign Direct Investment (FDI):** Fiji and Vanuatu have strong FDI flows, but FDI for the other countries is limited and volatile.
- **Remittances:** The importance of remittances is amongst the highest in the world in Tonga (38% of GDP) and Samoa (18% of GDP), and is also a key source of revenue in Fiji. However, remittance flows are vulnerable to economic shocks such as the COVID-19 crisis which is expected to trigger widespread job losses for Pacific Islanders in Australia, New Zealand and USA.
- **Aid Flows:** Official Development Assistance (ODA) is particularly important in Solomon Islands, Kiribati, Tonga and Vanuatu. Solomon Islands received very high levels of ODA support during the RAMSI period and has now reverted to levels similar to Samoa, Tonga and Vanuatu.
- **Trade:** The balance of trade in merchandise is consistently negative in all countries other than PNG, where growing exports of minerals, energy and agricultural commodities (palm oil, coffee, cocoa and coconut products) generate strong trade surpluses. Solomon Islands generates occasional trade surpluses.
- **Food Trade:** The PHAMA Plus countries import food worth around USD 1.2 billion per annum, with exports of around USD 2.6 billion. The positive balance is mainly due to PNG food exports, principally palm

oil, cocoa, coffee and coconut products, plus fish from Solomon Islands and Kiribati and sugar from Fiji. In per capita terms Samoa, Kiribati and Tonga have significant food trade deficits.

- **Export Destinations:** The major export destinations are Pacific Rim countries - Australia, Japan, China, New Zealand and USA. Intra-regional trade is limited compared to the larger Pacific Rim markets.
- **Commodity Prices:** Real prices of the major export commodities show an uptrend over the last 20 years, mostly strengthening during the first half of that period and softening in the second half, and with very large fluctuations either side of the trend line. The PHAMA Plus countries are very small exporters on a global scale which makes them largely “price takers” for un-differentiated bulk commodities.
- **Demography:** Total population of the seven countries is an estimated 11.3 million, of which around 96% live in the Melanesian countries. Population growth is also highest in most of the Melanesian countries (2.7% in Solomon Islands, 2.6% in Vanuatu, 2.0% in PNG but only 0.6% in Fiji).
- **Migration:** Fiji, Kiribati, Samoa and Tonga are experiencing high rates of out-migration with large diaspora communities. PNG, Solomon Islands and Vanuatu have small out-migration rates with net inward migration in some years.
- **Business Environment:** According to the Ease of Doing Business Index Fiji, Samoa, Tonga and Vanuatu are in the mid-range of countries. Solomon Islands and PNG are lower in the rankings, and Kiribati much lower.
- **Cost of Trade:** The cost of trading between countries is a key issue for Pacific Island Countries (PICs) and explains why intra-PIC trade flows are generally weak. Further efforts are needed to reduce costs through modernising ports, upgrading logistics, simplifying procedures and automated clearances.
- **Natural Disasters:** The Pacific is a highly vulnerable region to climate change, and natural disasters. Traditional coping mechanisms usually enable communities and countries to recover from these events quite quickly, even though there is room for improvement in preparedness and response strategies. However, the COVID-19 crisis is unprecedented in both extent and severity and coincides with several major pest and disease outbreaks and a severe tropical cyclone affecting a large part of the region.
- **COVID-19 response measures include:** border closures; internal movement restrictions; cessation or restriction of aircraft and ship movements; and lockdowns and closures; some of which are being eased at the time of writing. The situation changes daily, and consideration of potential impacts is highly speculative but may include some or all of the following:
 - A general reduction in economic activity, in the PICs and their trading partners, falling incomes and declining demand for a broad range of goods and services.
 - Some urban residents returning to their villages and reverting to a semi-subsistence lifestyle.
 - Restrictions on the movement of people and goods reducing the capacity of PICs to export agricultural products, particularly perishable produce.
 - Threats to the fragile food security status of most PICs.
 - Total cessation of tourist arrivals with widespread layoffs of staff and cancellation of supply arrangements including food and beverages.
 - Lower remittance flows and reduction in demand for Pacific Islands produce in diaspora communities.
 - Limited capacity of PIC Governments to adopt fiscal stimulus measures.
 - The possibility that the PICs will be affected by global pressure to close down or regulate wet markets because of their implications in the emergence of new zoonotic viral diseases.

The fundamental challenges and opportunities identified in the first (2019) version of the PECA have not changed in a way that suggests a different strategic direction for PHAMA Plus, however, some short-term strategic adjustments seem appropriate including: greater focus on domestic marketing and food security; damage prevention and control measures against African Swine Fever (ASF) and Fall Armyworm (FAW); measures to compensate for the suspension of tourism, reduced labour mobility and remittances; and support to kick-start agricultural production and re-open marketing pathways when the crisis passes.

2 Introduction

2.1 Purpose of the PECA

The Pacific Export Context Analysis (PECA) presents an overview of the social, economic and business conditions and trends in the Pacific Islands, including indicators that are relevant to export performance, investment, regulatory and business environment, compliance and biosecurity issues, demography, climate, commodity prices, development assistance and other issues that are critical for Pacific Island exporters. A section is also included on the COVID-19 crisis in the Pacific including an assessment of the likely impact of the pandemic on PHAMA Plus stakeholders. Information is included on the six original PHAMA Plus Countries (Fiji, Papua New Guinea (PNG), Samoa, Solomon Islands, Tonga and Vanuatu) as well as Kiribati which joined the Program in 2020 after ratifying the Pacific Agreement on Closer Economic Relations (PACER) Plus.

The PECA has been prepared for use by the Australian Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT) in their policy dialogue with partner governments and regional organisations and other stakeholders. It is also intended to inform the planning and implementation of interventions under PHAMA Plus, including special measures in response to the COVID-19 crisis. The analysis is based on monitoring and collation of existing information sources and research (see list of sources in Annex 1) as well as knowledge accumulated by PHAMA Plus and its predecessor projects since the first PHAMA phase commenced in 2011. This is the second edition of the PECA, the first having been completed in August 2019. PHAMA Plus will update the analysis annually to incorporate the latest available information. A special six-month COVID-19 update will be prepared in October 2020.

Effort is made to source sex and spatially disaggregated data that is comparable across the countries. Where available it has been included but due to the challenge in sourcing this type of data it is anticipated that future versions of the PECA will incorporate more data that is gathered from monitoring PHAMA Plus interventions.

2.2 Regional Organisations and Agreements

PHAMA Plus is a multi-country, rather than regional program, but the regional context in which these six countries exist is very relevant to export opportunities and performance. This includes the various regional organisations that receive development partner funding to provide technical and other advisory services to member countries, and represent member country interests in international forums. An overview of the six regional organisations that are most relevant to the export environment is provided in Annex 2. Membership of these organisations is fairly consistent across the seven PHAMA Plus countries.

Another key regional characteristic is the multiple regional and sub-regional agreements influencing trade within and from the Pacific region (see Annex 2) for example, the Melanesian Spearhead Group Trade Agreement, PACER Plus, Cotonou Partnership Agreement and European Union Economic Partnership Agreement. These agreements create opportunities (e.g. duty-free access) as well as challenges (e.g. rules of origin requirements), and in some cases also offer financial assistance mechanisms. PHAMA Plus is mandated to support the Small Island States that are signatories of the PACER Plus (Kiribati, Cook Islands, Nauru, Niue and Tuvalu) as they ratify the agreement and as it enters into force during the coming 12 months.

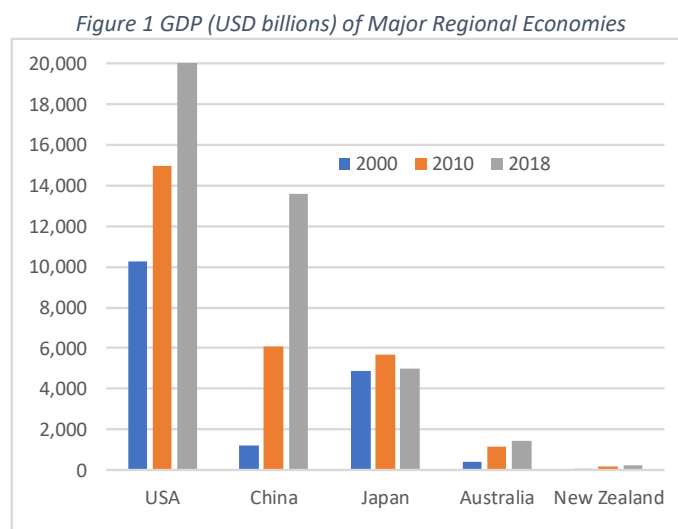
PHAMA Plus has developed a draft PACER Plus Engagement Strategy that aims to pursue opportunities for intra-regional trade, and has undertaken a scoping mission in Kiribati to identify priorities for support under the PACER Plus framework during the next 12-18 months. According to the PHAMA Plus design document the scope of support from PHAMA Plus may include:

- balancing adoption of SPS measures with the compliance capacity of exporters and other constraints on trade between all parties;
- reaffirming existing SPS Agreements for WTO members and support to adopt WTO SPS standards for non-members;
- negotiate improved SPS requirements for existing export commodities as well as negotiate access for new commodities;
- phased introduction of new SPS measures where appropriate levels of biosecurity protection exist;
- capacity building on developing and enforcing export certification systems;

- technical assistance to improve industry compliance with export certification systems; and
- assistance in establishing or strengthening management of SPS risks, including for food safety.

2.3 Regional Economic Context

The PHAMA Plus countries are located in a dynamic and economically powerful hemisphere. The Pacific Rim countries of USA, China, Japan, Australia and New Zealand comprise almost half of global GDP, with USA and China contributing 80% of this. As shown in Figure 1, the outstanding change over recent decades has been the expansion of China’s economic weighting in the region. China’s share of GDP among the five Pacific Rim trade partners grew from 7% in 2000 to 33% in 2018. Australia and New Zealand’s share has grown from 2.8% to 4.0% over the same period.



Source: World Bank World Development Indicators

The larger Pacific Rim countries have such a large appetite for imported food and agricultural commodities relative to the Pacific’s capacity to supply, that changes in economic conditions are likely to have a limited impact in the region, except for the globally traded commodities for which they are large consumers. However, in the smaller Australian and New Zealand markets economic conditions may affect demand for some items, e.g. through unemployment among diaspora communities during the COVID-19 crisis affecting their demand for imported produce from the Pacific.

Table 1 below shows the percentage of export and import from Pacific countries within and outside the Pacific region. Intra-Pacific trade is well under ten percent of the total in all cases, whilst trade with Asia represents half to two thirds of total two-way trade.

Table 1. Inter and Intra-regional Trade to/from the Pacific

	Year	Within Pacific	To/from Asia	To/from rest of the world
Percent of exports	2017	6.9	61.4	31.7
	2016	7.9	66.1	26.0
Percent of imports	2017	6.2	54.7	39.1
	2016	6.9	55.3	37.8

Source: Adapted from the Asia-Pacific Trade and Investment Report, 2018

There are cases of intra-regional trade, such as kava exports from Vanuatu to New Caledonia and Kiribati, but generally exports go to the much larger markets around the Pacific Rim. Given the commonality in commodities and export markets, there are areas of competition between the PICs, for example root crop exports from Fiji, Samoa and Tonga to New Zealand. Despite the efforts of several regional programs (including PHAMA Plus), regional organisations and the countries themselves, intra-regional trade remains relatively weak.

2.4 Policy and Strategic Framework

All of the PHAMA Plus countries have documented agricultural sector plans, policies or strategies although some of these have expired and some are in the process of being updated or revised. These plans, policies and strategies are directly relevant to PHAMA Plus in that they all advocate increasing agricultural exports to some extent, recognising also the importance of food self-sufficiency, improved nutrition and import replacement. Disruptions to both international and domestic marketing channels during the COVID-19 crisis has raised awareness about the fragile food security status of many PICs and there are early signs that most countries are now increasing focus on food security and self-sufficiency.

Fiji

The **Fiji 2020 Agricultural Sector Policy Agenda** was prepared in 2014. Its goal is to establish a diversified, economically and environmentally sustainable agriculture economy in Fiji. Its five objectives are: (i) to build modern agriculture in Fiji as an organised system of producing, processing, and marketing crops, livestock, and aquaculture products; (ii) to develop integrated production, processing, energy, and transport infrastructure support system for agriculture; (iii) to improve the delivery of agriculture support services; (iv) to enhance capabilities to generate, fund and secure investment through foreign investment, private-public partnership, and other innovative business arrangements; and (v) to improve project implementation and policy formulation capability within MoA and its partner institutions. The Policy Agenda makes numerous references to agricultural exports including:

- Since the 1970s sectoral policies have emphasised food self-sufficiency and the expansion of root crop and horticultural exports.
- Importance of agricultural exports and rehabilitation of traditional export industries.
- Focus on organised production and processing and balanced domestic and export market development.
- Quarantine-regulated exports sector is inadequate for the agricultural sector to move forward.
- Export trade restrictions have contributed to slower growth of the agricultural sector.
- Inability to produce consistent quantities and volumes constrains export market access.
- Improved agricultural export performance relies on a capable and service-oriented quarantine service.

Kiribati

The **Kiribati Agriculture Strategic Plan (2013-2016)** is currently being reviewed and updated. The plan acknowledges the major challenges associated with the natural environment including poor soils and water availability, narrow plant genetic base, pest and diseases and the high cost of farm inputs, all exacerbated by climate change. The goal of the plan is “households of Kiribati have food, income and nutrition security and the balance of the agricultural and forestry environment is sustained and maintained” The plan has four objectives: (i) sustainable atoll crop production systems developed and promoted; (ii) sustainable small animal livestock systems developed and promoted; (iii) improved biosecurity; and (iv) capacity building for stakeholders and agricultural staff. Whilst the Plan focuses mainly on domestic marketing and food security it also makes reference to export marketing opportunities as follows:

- Once commercially viable deposits of phosphate were exhausted, only copra and fish remained as sources of export earnings for the country.
- Copra was once a major export but a shift is taking place away from the traditional copra export in favour of the export of coconut oil.
- Improved biosecurity (Objective 3) is essential to increase domestic and export trade.
- Biosecurity staff will be supported by the Pacific Plant Protection Organisation (PPPO), SPC and FAO to comply with international standards through training in import risk assessment and import specifications, accessing markets, updating national pest lists, and issuing phytosanitary and animal health certificates for export commodities.

The **Kiribati National Fisheries Policy (2013-2025)** has five strategic objectives: (i) support economic growth and employment opportunities through sustainable fisheries, aquaculture and marine resources development;

(ii) protect and secure food security and sustainable livelihoods; (iii) ensure long-term conservation of fisheries and marine ecosystems; (iv) strengthen good governance with a particular focus on building capacity to implement and support fisheries management, control and surveillance; and (iv) build climate change resilience. These objectives are addressed through some 34 strategic actions. The Policy recognises the importance of the ocean tuna fishery to Kiribati's export revenue, economy and fiscal balance, and notes that:

- Despite generating substantial export revenue there are significant concerns about the sustainability of the catch.
- There is potential for export-oriented aquaculture but this will face strong competition from countries with low production costs and more efficient transport linkages.
- There is a need to enhance food security and safeguards in regard to export and live-fish trade.
- There is a need to develop new fishing methods and market niches for use by local people to support export earnings and employment opportunities.

PNG

The **PNG National Agriculture Development Programme - (2007-2016)** (NADP) aimed to stimulate economic growth in the agriculture sector by increasing income earning opportunities, focusing on increased private sector participation and on three priority sub-sectors, which include food and horticultural crops. Another key NADP objective was to improve the recognition of women's contributions to rural industries and to increase opportunities for women's decision-making in agriculture. Key priorities were: (i) agriculture research and extension; (ii) food and horticultural crops; (iii) tree and industrial crops; (iv) livestock, apiculture and aquaculture development; (v) spice and minor crops; (vi) gender, social and HIV/AIDS related issues; and (vii) regulatory and technical services. Although implementation of the Plan was limited in extent, the development of agricultural exports was recognised as an important element of the Programme:

- Priority (ii) – food and horticulture crops - aimed to promote economic production of food and horticultural crops, for domestic consumption and for exports in crops that PNG has competitive advantage.
- Priority (iii) – tree and industrial crops – aimed to increase production, productivity, and marketing systems, and generate export earning opportunities.
- Priority (v) – spices and minor crops – were to be promoted as alternative export crops.
- Priority (vii) – regulatory and technical services – aimed to facilitate international trade through export and import risk analysis and quality assurance systems. Proposed outcomes included; improved surveillance and intelligence systems on exotic pests and diseases, improved quality control and assurance on import and export products, and improved human resource capacities.

Samoa

The **Samoa Agriculture Sector Plan (2016-2020)** has the goal of increasing food, nutrition and income security through the delivery of four outcomes: (i) improved sector coordination and increased investment in food security and inclusive commercial agriculture/fisheries production systems; (ii) increased supply and consumption of competitively priced domestically produced food; (iii) a sustained increase in production, productivity, product quality, value adding and marketing of agriculture and fisheries products; and (iv) sustainable agricultural and fisheries resource management practices and strengthened climate resilience and disaster relief efforts. The Sector Plan includes a mix of domestic and export market development strategies including:

- Sustainable production of food and raw materials for the commerce, tourism and manufacturing industries and to increase exports.
- Protection of the natural environment which is central to food security, livelihoods and agriculture/fisheries export industries.
- Outcome indicators include the ratio of agricultural exports to food imports (by value) and the value of agriculture/fisheries-based exports.

- To be competitive in export markets there is a need to increase efficiencies in agriculture value chains to bring down production costs and increase product quality.
- Strategy 3.3 aims to improve agricultural export trade by focusing on products for which Samoa has a comparative advantage. Strategy 3.7 proposes providing credit for working capital for traders and exporters.
- The Sector Plan advocates contract farming schemes and nucleus estate arrangements that efficiently and effectively provide forward linkages between small farmers and domestic and export markets.

Solomon Islands

The **Solomon Islands Agriculture and Livestock Sector Policy (2015-2019)** has four specific goals: to improve food sovereignty and livelihoods, to promote agriculture for import substitution and to increase trade. There are six medium-term priority outcomes: (i) poverty alleviation, enhanced food security and rural livelihoods; (ii) sustainable management of natural resources and the environment; (iii) farm sector readjustment and restructuring; (iv) investment in agricultural research and development; (v) food safety and quality improvement; and (vi) reduced dependency of food imports and increased agricultural exports. The Sector Policy recognises the importance of the agricultural sector as a source of export earnings, particularly palm oil, copra, coconut oil and cocoa; and further development of agricultural exports is a key element of the Policy as follows:

- There is potential to increase exports from large scale oil palm and coconut plantations as well as development of outgrower schemes for oil palm, coconuts and cocoa.
- The Policy advocates a twin-track approach including: (i) to enhance and diversify the production of staple foods and climate resilient crops and livestock; and (ii) to expand exports through the development of existing and potential commodities.
- The Policy aims to strengthen farmer organisations as well as research capacity to boost production for both local consumption and export.
- Biosecurity will be improved to regulate imports and facilitate exports.
- Large scale commercial farming will be supported to increase production, export, export earnings, employment and encourage agricultural diversification.
- Market linkages will be developed for both domestic and export marketing channels.
- Specific measures to enhance export potential include infrastructure development, reduction in the cost of exporting, and improved export processing facilities.
- Improved food safety, quality control standards and certification to enable increased exports.

The **Solomon Islands National Fisheries Policy (2019-2029)** has three strategic objectives: (i) to safeguard inshore and inland fisheries and associated ecosystem services for good nutrition and increased socio-economic benefits; (ii) to increase, improve and diversify the benefits from offshore fisheries resources; and (iii) to develop and establish a well-managed aquaculture sector that supports rural livelihoods and food security.

The agriculture, livestock and fisheries policy frameworks are linked to the **National Food Security, Food Safety and Nutrition Policy (2019-2023)** which aims to achieve food and nutrition security by ensuring that sufficient safe and nutritious foods are readily available, accessible, affordable and acceptable to all Solomon Islanders and at all times. It incorporates ten policy areas relating to food production, food safety and quality, disincentives for production and marketing of unhealthy foods, and raising consumer awareness on safe and healthy food choices.

Tonga

The **Tonga Agricultural Sector Plan (TASP)** was prepared in 2015. This is Tonga's first agricultural sector plan which identifies a vision and priorities for maximising contributions from the agriculture sector to economic growth and sustained food security. The Plan: (i) articulates specific programmes and activities to achieve sector priorities; (ii) clarifies the roles and responsibilities of the different stakeholders; (iii) estimates investment needs; and (iv) provides a framework for measuring progress over the short and medium-terms. The TASP

focuses on four areas: (i) climate-resilient production systems, healthy soils, secure and sustainable water supplies, diverse farming systems, and adaptive communities; (ii) the enabling environment in terms of country systems and international relationships, human resource capacity, regulations and compliance, quarantine, etc.; (iii) subsistence-level staple food, cash crop and livestock production, associated with rural livelihoods, and including income from local sales; and (iv) export-orientated agriculture, with a strong focus on vegetables, plus import replacement. The TASP recognises the importance of export marketing, reflecting the small size of Tonga’s domestic market: but also promotes a balance between exports, import substitution and subsistence agriculture, noting that the performance of agricultural exports in recent years has been “lacklustre”. However, the TASP does propose specific measures to support export market development including:

- Exploiting seasonal market windows, particularly in New Zealand.
- Supporting the small group of committed and active horticultural exporters, along with potential exporters with mentoring, training and financial services.
- Diversifying agricultural exports to address vulnerability associated reliance on a very few export commodities.
- More attention needs to be given to import substitution and self-sufficiency in traditional root and other food crops and have a sound export economy based around niche products that can exploit seasonal market windows.
- Biosecurity, quarantine, food safety and quality assurance systems all need to be improved to enhance Tonga’s export capability. This calls for investment in post-harvest handling, treatment, packing and storage facilities.
- Providing price information for farmers growing for export (or considering growing for export).

Vanuatu

The **Vanuatu Agricultural Sector Policy (2015-2030)** recognises that Vanuatu is an agriculture-based economy in which 80% of the population depends on subsistence agriculture for their daily sustenance and well-being. The vision of the Policy is: “Agricultural food and cash crops of Vanuatu are sustainably and profitably managed, contributing to sustainable development for the wellbeing of all people in Vanuatu by 2030”. The goal is: “The nation’s agricultural resources are managed in an integrated and sustainable manner to provide food and improved incomes as well as contribute to environmental and social services to enhance wellbeing of all people in Vanuatu”. The Policy includes 13 thematic areas including: institutional setup and compliance; extension and training; finance; land use; agricultural investment; research and development; agricultural inputs; environmental protection; production and market access; food security; employment; climate change and disaster risk reduction and gender and vulnerable groups. There are also several sub-sectoral policy frameworks covering livestock (2015-2030), the coconut sub-sector (2016-2025), kava (2016-2025) and fruit and vegetables (2017-2027). The Sector Policy demarcates commodities into domestic and export categories and makes several recommendations regarding export market development:

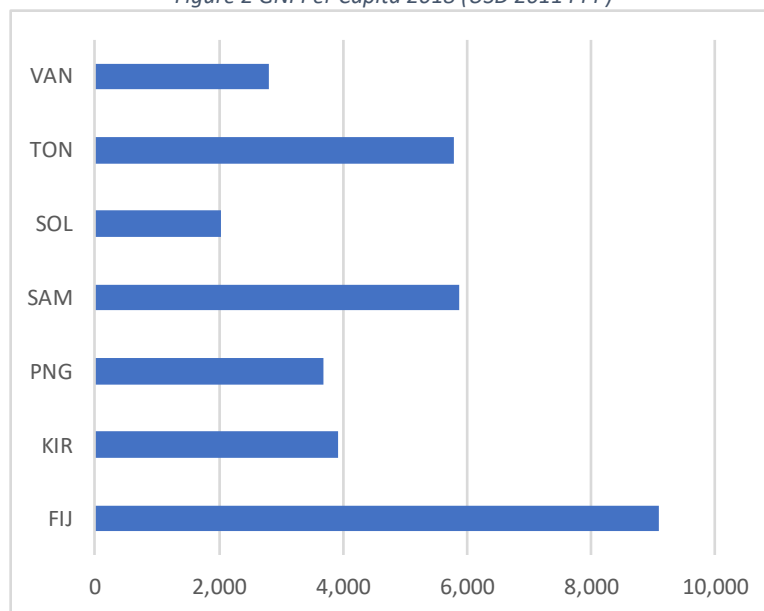
- Priority export commodities include cocoa, coffee, kava, coconut products, pepper, vanilla, ginger and Tahitian lime.
- The Policy notes that poor collaboration and coordination among relevant government stakeholders (on service provision, local infrastructure, domestic market opportunities like tourism) results in over-dependence on export markets.
- Weak coordination of farmer activities and farming specialties amongst farmer associations (combined with a lack of capacity for coordination from the responsible ministries/departments) results in an inability to meet the production demands of domestic and export markets.
- Monitoring and Evaluation indicators include the ratio of food imports/agricultural exports; export volumes of locally produced agricultural products; and percentage of agricultural products receiving above world parity prices.

3 Economic Overview

3.1 Economic growth and composition

Gross National Income (GNI) per capita¹ (in 2011 dollars) ranges from less than USD 2,000 in Solomon Islands to over USD 9,000 in Fiji – see Figure 2. Expressing GNI in purchasing power parity terms allows for differences in the purchasing power of income between countries. Using the broader Human Development Index (HDI), Fiji Samoa and Tonga are classified as high human development countries, and others are medium, except PNG which is at the upper end of the low human development range.

Figure 2 GNI Per Capita 2018 (USD 2011 PPP)

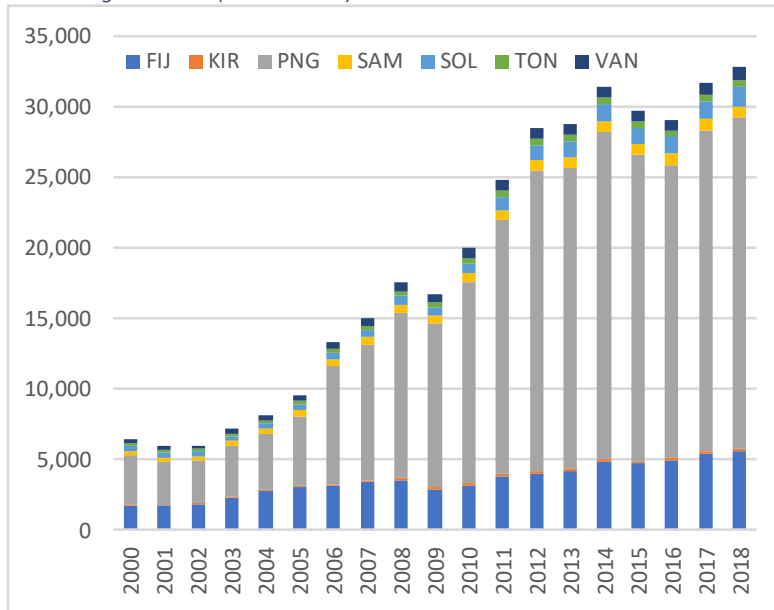


Source: UNDP 2019

The seven PHAMA Plus countries experienced strong economic growth from 2002 until 2012, except for a pause during the global financial crisis, as shown in Figure 3. However, growth has been volatile since 2012 due to multiple factors including natural disasters, commodity price fluctuations, fiscal constraints, trade agreements, demographic changes, exchange rate fluctuations, etc. There is no doubt that all countries will experience a sharp contraction of GDP during 2020.

¹ GNI measures the aggregate income of an economy generated by its production less the amount paid for the use of factors of production, expressed in constant USD at purchasing power parity (PPP).

Figure 3 GDP (USD millions) Across Seven PHAMA Plus Countries



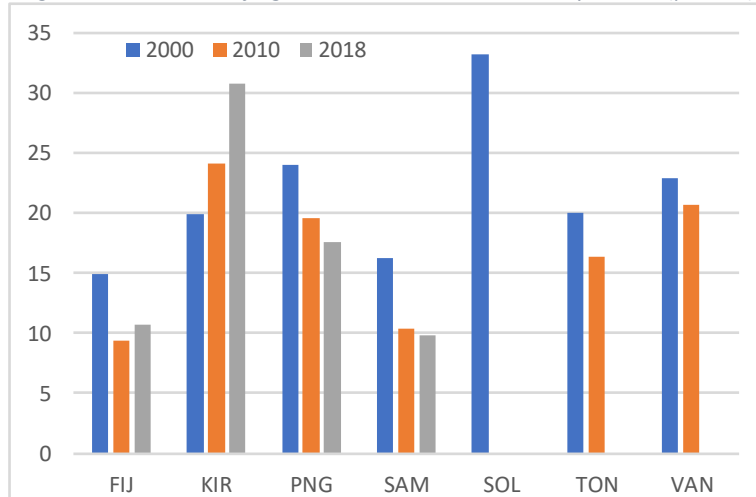
Source: World Bank world development indicators

Total Gross Domestic Product (GDP) of the six original PHAMA Plus countries reached USD 33 billion in 2018 of which 88% came from PNG and Fiji. Since 2010 GDP growth has been strongest in Solomon Islands (during recovery from civil unrest and substantial aid flows) averaging over 9% per annum in nominal terms. Fiji and PNG have also experienced robust economic growth of 6-7% per annum, whilst the other four economies have grown at 2-3% per annum in nominal terms.

The modest economic growth rates in Kiribati, Samoa, Tonga and Vanuatu are attributable, among other things, to declines in agriculture and fisheries and, in the case of Samoa closure of a key manufacturing enterprise contributed to a contraction of GDP by 1.4% 2018. Both Vanuatu and Tonga experienced economic setbacks as a result of natural shocks. Vanuatu experienced significant economic recovery in 2017 and 2018 through growth in services (particularly tourism) and investments in construction/infrastructure; but growth was lower than in 2017 as a result of Cyclone Hola in March 2018 and the volcanic eruption in Penama Province. Cyclone Harold in April 2020 caused severe damage in Fiji, Solomon Islands, Tonga and Vanuatu at the same time as these countries were struggling to deal with the COVID-19 crisis.

Figure 4 shows the contribution of agriculture, fishing and forestry to GDP. The contribution is mostly between 10% and 20% of GDP, reflecting subsistence farming, low productivity levels and exposure to volatile weather patterns and natural disasters, compared to industry and services. Whilst recent data are incomplete (e.g. for Solomon Islands) the general picture is of declining relative importance of these sectors as other parts of the economies expand, particularly the service sectors. Kiribati is a notable exception due to rapid expansion of the ocean tuna fishery. In Solomon Islands the contribution of agriculture, fishing and forestry has been relatively high due to income from logging and tuna fishing. However, timber production is now in decline due to unsustainable harvesting levels. In most of the economies the industry and services sectors are the key contributors to GDP. Much of the growth is driven by public expenditure, mineral extraction and the services sector (e.g. wholesale, retail and tourism). However, agriculture continues to be an important sector considering the need for economic diversification, food security and the involvement of a significant proportion of the population.

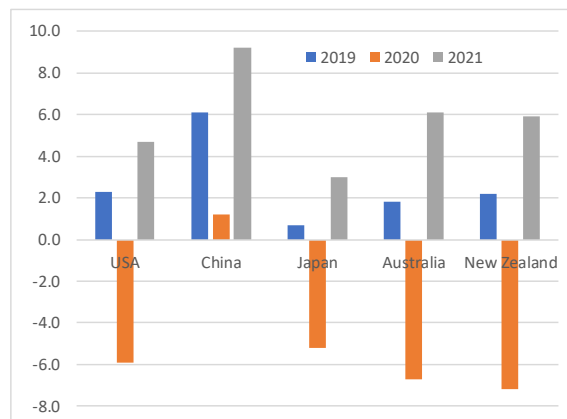
Figure 4 Contribution of Agriculture, Fisheries and Forestry to GDP (percent)



source: world bank World Development Indicators

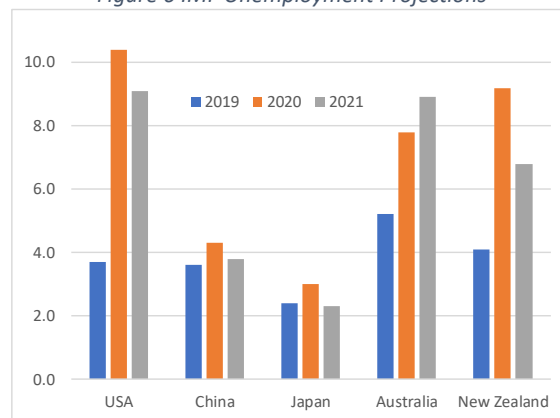
The IMF World Outlook for 2020 was generally positive for the Pacific Rim countries of USA, China, Japan, Australia, and New Zealand up until the onset of the COVID-19 crisis. However, the IMF has recently made major revisions to GDP growth and employment projections. Figures 5 and 6 indicate a sudden reversal in the long-term economic up-trend in the major trading partners of the PICs, but with GDP growth expected to rebound strongly in 2021. However, unemployment rates are expected to remain elevated for a longer period.

Figure 5 IMF Economic Growth Projections



Source: IMF World Economic Outlook: April 2020

Figure 6 IMF Unemployment Projections

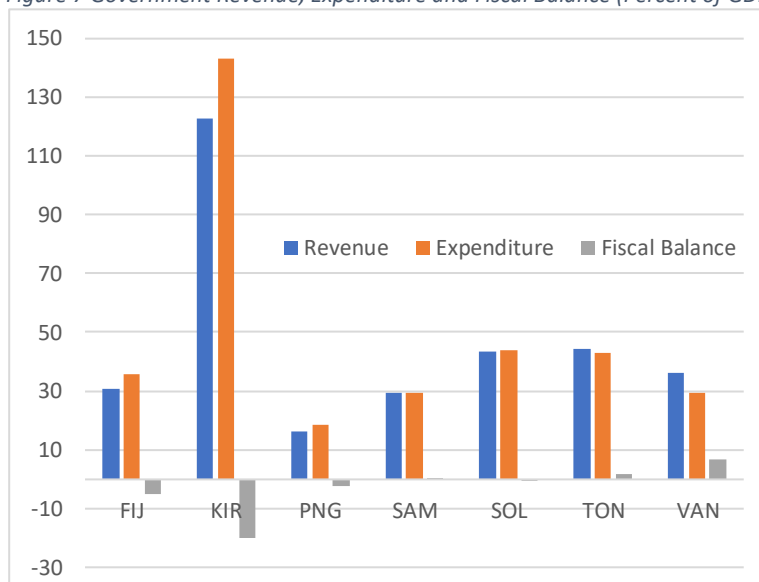


Source: IMF World Economic Outlook: April 2020

3.2 Fiscal Balance

Government revenues in the PHAMA Plus countries are mostly relatively high relative to the size of their economies, being between 31% and 44% of GDP in 2018. This compares to a range of 20% to 30% for most developed countries. However, there were two notable exceptions: PNG where revenues were only 16% of GDP due to the low level of tax collections; and Kiribati with Government revenues of over 100% of GDP due to fishing licence revenue from foreign fishing vessels. Figure 7 shows that despite very high revenue collection Kiribati still incurred a fiscal deficit of 20% due to even larger government outlays. Fiji incurred a fiscal deficit of 5.3% of GDP in 2018, and other countries incurred small deficits or surpluses. Vanuatu achieved a fiscal surplus of 6.7%.

Figure 7 Government Revenue, Expenditure and Fiscal Balance (Percent of GDP)



3.3 Debt and Exchange Rates

Figure 8 shows total external debt (public and private) for each of the PHAMA Plus countries in 2017. PNG and Fiji account for over 70% of the total of USD 3.7 billion owed to external lenders. However, as a percentage of GNI, Samoa, Tonga and Vanuatu are much more heavily indebted than the other countries.

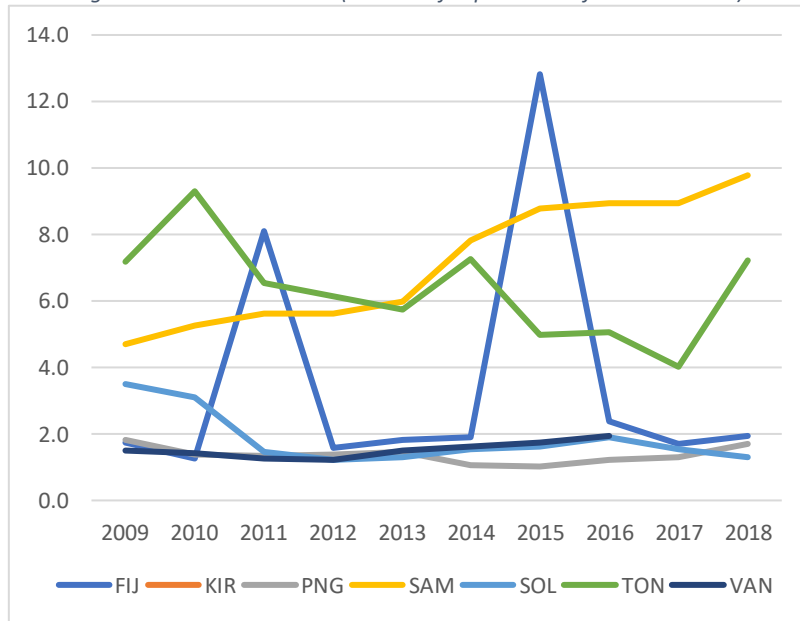
Figure 8 Total External Debt (USD millions) and Percent of GNI

	USD m	% of GNI
FIJ	662	14.7
KIR	43	12.3
PNG	2,001	10.3
SAM	416	51.8
SOL	96	8.2
TON	170	41.2
VAN	342	42.5
Total	3,730	

Source: ADB Basic Statistics

Some PHAMA Plus countries face debt servicing challenges (see Figure 9), mainly due to weak export revenues from which to finance principal and interest payments. Samoa experienced a steady up-trend in its debt service ratio (DSR) from around 4% in 2009 to almost 10% by 2018. Tonga's DSR has trended downwards over the same period, and Fiji's DSR has been highly volatile with spikes in 2011 and 2015 due to major repayments falling due. DSRs in the other economies are generally low (no data are available for Kiribati).

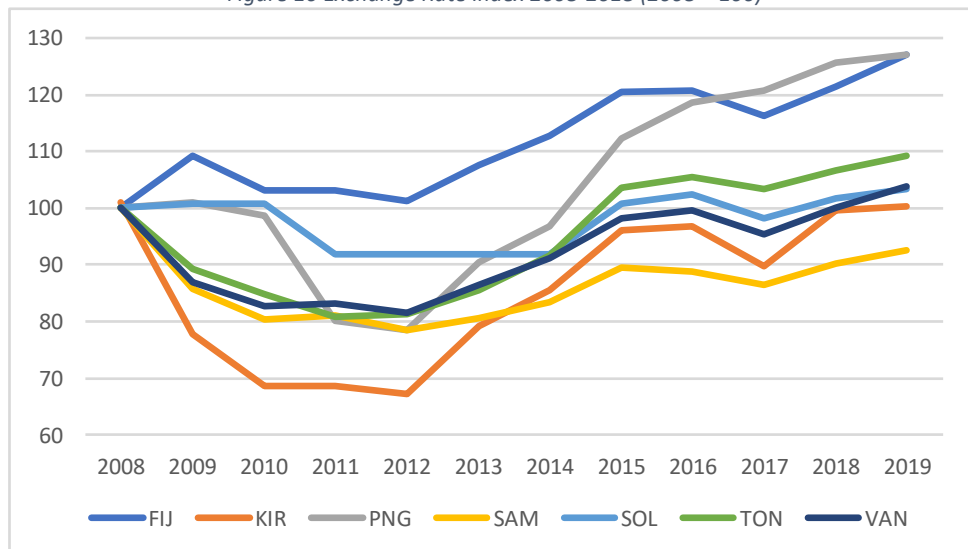
Figure 9 Debt Service Ratio (Percent of Exports Used for Debt Service)



Source: Source: World Bank World Development Indicators

Weaker national currencies make exporting more profitable but also increase the cost of imported goods, and usually the cost servicing foreign-denominated debt. However, most agricultural production in the PHAMA Plus countries use limited amounts of imported products so softer currencies are a net positive for agricultural exporters and their suppliers. Figure 10 shows that most PICs saw stronger currencies between 2008 and 2013, followed by weakening since then. The PNG Kina and Fiji Dollar are both significantly weaker than a decade ago relative to the US Dollar.

Figure 10 Exchange Rate Index 2008-2018 (2008 = 100)



Source: IMF

4 Revenue and Trade

The key sources of revenue for the Pacific Islands vary between countries and include agricultural commodity exports, mineral/energy resources, tourism, and remittances. Foreign direct investment (FDI) and official development assistance (ODA) also contribute to the current account balance.

4.1 Foreign Direct Investment

Table 2 shows that while Fiji and Vanuatu experienced strong FDI flows, inward investment in other countries has been limited and volatile. Fiji has attracted strong inward investment particularly in the areas of tourism, mining and construction. Investment in Fiji is also linked to its role as a regional hub including air transport and transshipment. Although Fiji's FDI flow has been strong relative to other countries in the region, it has fluctuated between 4% and 10% of GDP over the past decade.

Vanuatu also has relatively strong FDI flows. An accommodative tax system, limited exchange controls and a proactive FDI promotion agency are seen as key reasons for attracting investment. Australia is the major source of foreign investment in Vanuatu (USD 78 million in 2017, according to DFAT) with a focus on tourism, finance and construction, followed by Japan and New Zealand.

On the other hand, due to policy uncertainties, including foreign exchange controls, PNG struggles to sustain FDI flows, including a number of investments being put on hold (World Investment Report, 2018). In Solomon Islands the spike in FDI in 2010-11 may reflect the reconstruction investments during the post-tension recovery period. Kiribati and Tonga attract very limited amounts of FDI.

Table 2 Foreign Direct Investment, Net Inflows (% of GDP)

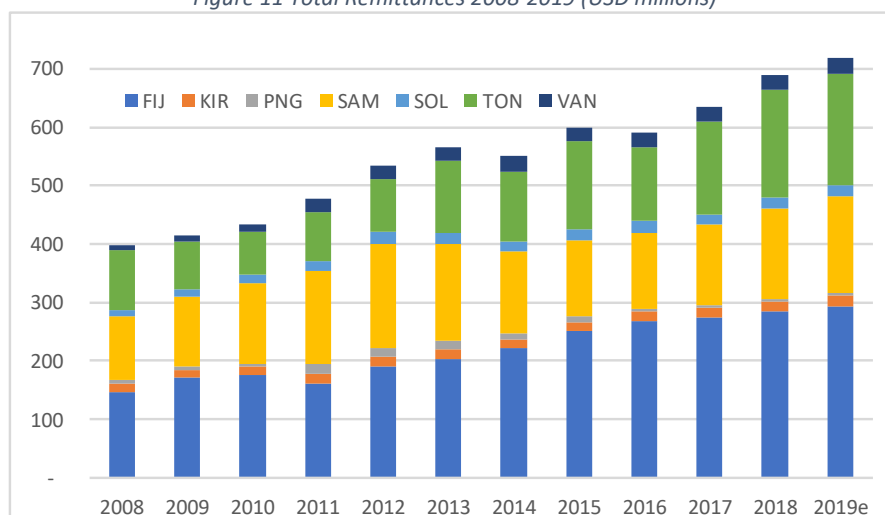
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
FIJ	9.6	5.6	5.7	5.7	7.0	5.8	7.8	4.1	7.9	7.4	6.2	6.6
KIR			-4.2	-0.2	-1.3	0.5	1.5	-0.5	1.0	0.4		-0.4
PNG	-0.3	3.6	0.2	-1.7	-0.3	0.1	-0.1	0.9	-0.2	-0.8		0.1
SAM	7.1	1.8	-0.2	1.2	1.7	1.7	2.8	3.3	0.3	1.1		2.1
SOL	12.4	8.1	24.4	12.9	2.2	4.7	1.8	2.8	3.0	2.8		7.5
TON	1.7	0.1	1.3	1.8	-0.2	1.4	3.0	2.9	1.4	-1.3	3.3	1.4
VAN	6.2	5.3	9.0	7.7	7.7	7.4	1.6	4.2	2.7	2.9		5.5

Source: UNDP 2019

4.2 Remittances

Remittances are a key source of revenue for some of the PHAMA Plus countries. Remittance flows (see Figure 11) are most important for Fiji, Samoa and Tonga. Total recorded remittances increased from USD 399 million in 2008 to USD 718 million in 2019. The economic importance of remittances is amongst the highest in the world in Tonga (38% of GDP) and Samoa (18% of GDP). True figures may be even higher due to un-recorded cash and goods transfers. Although remittances are a major source of revenue for some countries, they are correlated with high emigration rates, which can also inflate domestic labour costs. In addition, remittance flows are vulnerable to economic shocks such as the COVID-19 crisis which is expected to trigger widespread job losses for Pacific Islanders working in Australia, New Zealand and USA.

Figure 11 Total Remittances 2008-2019 (USD millions)



Source: Source: World Bank World Development Indicators

4.3 Official Development Assistance

ODA is a key source of resources to finance development expenditure. Table 3 shows that ODA is particularly important in Solomon Islands, Kiribati, Tonga and Vanuatu. Solomon Islands received very high levels of ODA support during the Regional Assistance Mission to the Solomon Islands (RAMSI) period and has now reverted to levels similar to Samoa, Tonga and Vanuatu.

Table 3 Net Official Development Assistance Received (percent of GNI)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Average
FIJ	1.3	2.3	2.5	2.1	2.8	2.2	2.0	2.3	2.5	3.0	2.3	2.3
KIR			10.2	25.7	22.8	21.0	23.6	18.5	17.5	21.2	20.7	20.1
PNG	2.7	3.7	3.9	3.6	3.4	3.5	2.6	2.8	2.6	2.5	3.5	3.2
SAM	6.8	14.1	23.8	13.7	15.1	14.5	12.1	11.9	11.5	15.9	14.5	14.0
SOL	43.6	47.3	68.6	50.5	32.8	27.6	18.2	17.0	15.1	15.3	14.6	31.9
TON	7.2	11.4	18.5	21.5	16.1	17.6	18.0	15.5	20.5	18.4	19.1	16.7
VAN	15.2	16.9	16.0	11.8	13.9	11.5	12.3	25.9	16.5	15.7	14.9	15.5

Source: UNDP 2019 and OECD/DAC database

As shown in Table 4, ODA to the seven PHAMA Plus countries² increased by 164% from USD 483 million in 2000 to USD 1,279 million in 2010; but has been relatively flat since then. The largest recipients have been PNG and Solomon Islands, the latter particularly during the RAMSI mission between 2005 and 2013. Total ODA flows to the PHAMA Plus countries declined from 7.5% of GDP in 2000 to 4.5% in 2018. ODA receipts as a percentage of GDP were low for Fiji and PNG, very high for Kiribati and in the 10-20% range for the other countries. In per capita terms the largest recipients of ODA in 2017 were Tonga, Kiribati and Samoa.

² Includes grants and loans provided by Members of the OECD Development Assistance Committee (DAC). Includes concessional loans from International Financial Institutions such as WB, ADB and IFAD (net of principal repayments). Excludes ODA provided by emerging donors such as China, India, Russia, etc.

Table 4 Official Development Assistance Receipts 2000 to 2017

	USD Millions			Percent of GDP			USD/Capita 2018
	2000	2010	2018	2000	2010	2018	
FIJ	29	76	111	2	2	2	126
KIR	18	23	74	27	15	39	638
PNG	275	512	786	8	4	3	91
SAM	28	148	115	10	22	14	587
SOL	68	340	193	16	50	14	296
TON	19	70	87	9	19	19	845
VAN	46	108	124	17	15	14	423
Total	483	1,279	1,490	7.5	6.4	4.5	118

Source: World Bank World Development Indicators and OECD/DAC database

A comprehensive analysis of development assistance to the Pacific³ in 2017 concluded that the region is one of the most aid-dependent in the world. The Pacific receives higher ODA per capita than any other region, and includes 10 of the 25 countries where ODA is highest as a proportion of national income. Based on Organisation for Economic Co-operation and Development (OECD) data, the analysis found that Australia was the major donor but with considerable variation between countries. The review also noted that funding to non-independent territories was not included, and that loan repayments were subtracted from the ODA receipts which impacted flows from agencies such as the Asian Development Bank (ADB) the World Bank and IFAD.

Another source of information is the Pacific Aid Map produced by the Lowy Institute⁴ which attempts to capture data on traditional and non-traditional (e.g. China and India) donors since 2011. Based on available data (considered accurate to 2016 but incomplete for 2017 and 2018) the analysis found that Australia is the leading donor to the region (around 45% of the total amount), followed by China, New Zealand, the USA and Japan (6%-9% each); with the ADB and the World Bank Group 4%-5% each; European Union (EU) institutions (i.e. European Development Fund, EDF) provide around 7% and smaller contributions from specialist agencies including the United Nations Development Program (UNDP), United Nations Children’s Fund (UNICEF), Food and Agriculture Organisation (FAO), and International Fund for Agricultural Development (IFAD).

When assessed by sectorial allocation (using OECD definitions), 24% of the funding was for governance, followed by transport (14%), health (13%) and education (11%) with the other eight sectors (including “agriculture, forestry and fishing”) between 2% and 7% each.

The implications for PHAMA Plus is that the region is significantly influenced by donor aid flows. Although the volume of aid is declining as a proportion of GDP, but remains critically important in some of the smaller lower income countries, notably Kiribati, Samoa and Tonga. In the more populous countries including PNG, Fiji and Solomon Islands, ODA receipts are much lower on a per capita and per GDP basis, but can play an important role in providing technical assistance and in supporting disadvantaged and vulnerable groups.

4.4 Trade

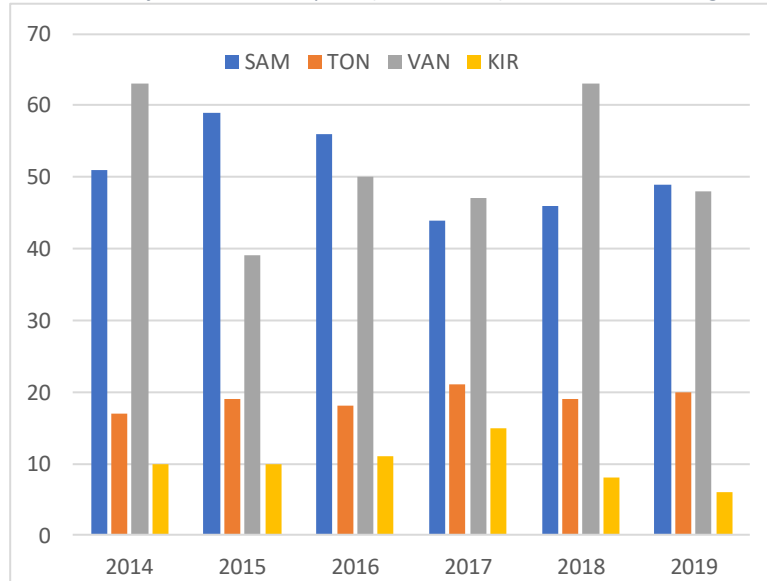
Trade Balance

The export performance of PICs varies greatly across the PHAMA Plus countries. As shown in Figure 12 the total value of merchandise exports in the smaller countries: Kiribati, Samoa, Tonga and Vanuatu is mostly in the range of USD 10-60 million. At the other end of the range are the more export-oriented economies of Fiji, Solomon Islands, and PNG; with the latter overshadowing all of the others PICs in terms of export performance (Figure 13). PNG is also the only country showing a significant up-trend in exports.

³ Matthew Dornan and Jonathan Pryke (2017). Foreign Aid to the Pacific: Trends and Developments in the Twenty-First Century. Asia & the Pacific Policy Studies 4(3) pp. 386–404. <https://onlinelibrary.wiley.com/doi/epdf/10.1002/app5.185>

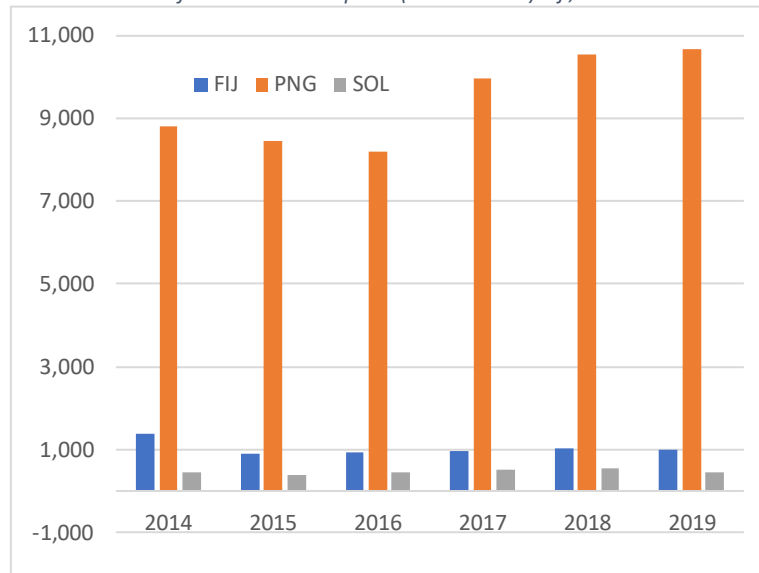
⁴ <https://pacificaidmap.lowyinstitute.org/>

Figure 12 Total Value of Merchandise Exports (USD millions) Kiribati, Samoa, Tonga and Vanuatu



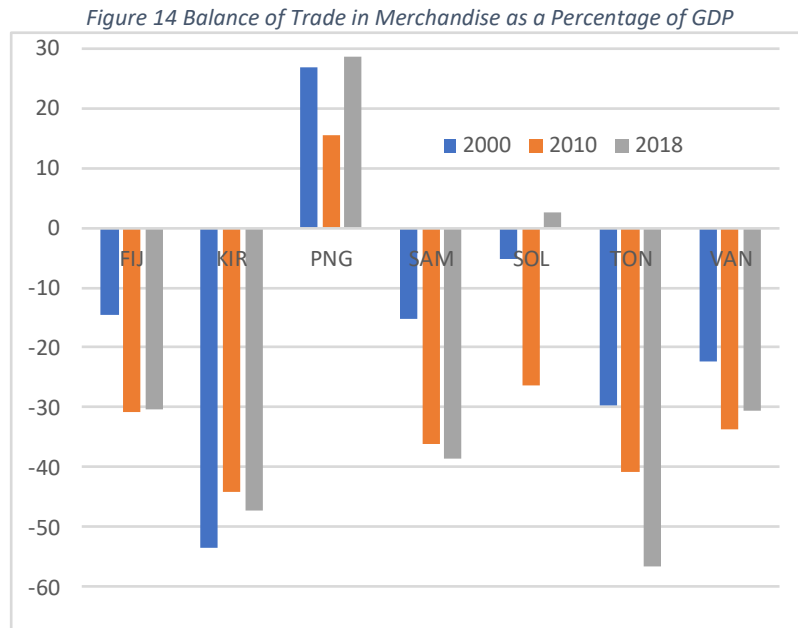
Source: WTO Data

Figure 13 Total Value of Merchandise Exports (USD millions) Fiji, PNG and Solomon Islands



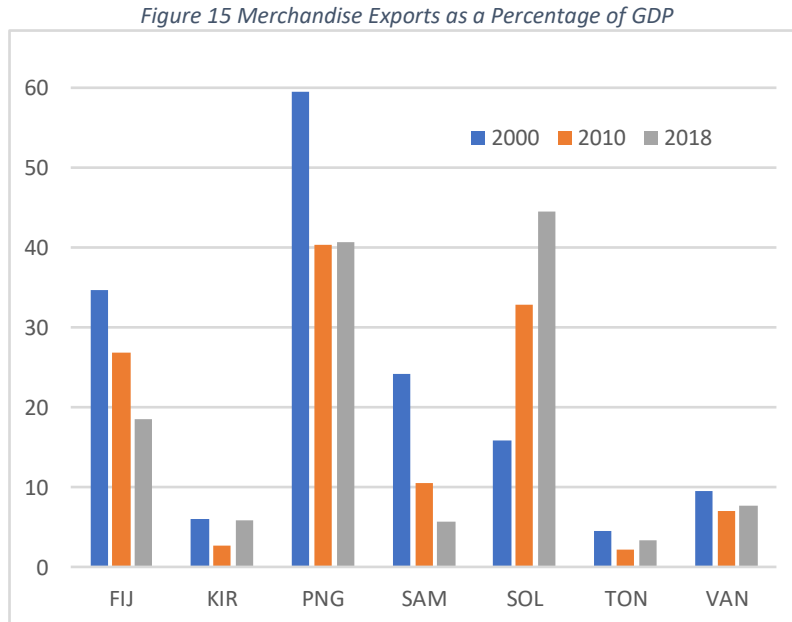
Source: WTO Data

As shown in Figure 14 and elaborated in Annex 3, the balance of trade in merchandise (goods but not services) relative to GDP is consistently negative in all countries other than PNG, where growing exports of minerals, energy and agricultural commodities (palm oil, coffee, cocoa and coconut products) generate strong trade surpluses. For Fiji the balance of merchandise trade has waned in line with falling sugar exports and the growth or tourism receipts which are not counted as part of merchandise trade. Timber and tuna exports have contributed to improving export performance in Solomon Islands, although the prospects for sustainability of the timber component are poor. All of the other PHAMA Plus countries experienced large, and in most cases worsening deficits in merchandise trade over the last two decades. However, the situation for Kiribati is not as bad as it appears in Figure 14 due to the revenue from the tuna fishery, where licence revenue accrues to the Government budget rather than being recorded as exports. If licence revenue was included in the trade figures, Kiribati would be showing strong trade surpluses from around 2012 onwards.



Source: World Bank, World Development Indicators

Figure 15 shows that the economies of PNG and Solomon Islands are highly export-oriented with exports mostly running at around 30%-40% of GDP. This compares with 18-20% of GDP for China, Australia and New Zealand and less than 10% for the USA. In Fiji exports have fallen from 35% of GDP in 2010 to 19% in 2018, and in all of the other countries have been well under 10% for most of the last two decades (noting however the anomaly in fishing licence revenue for Kiribati).



Source: World Bank, World Development Indicators

Trading Partners

As shown in Table 5 the **major export destinations** are the Pacific Rim countries including Australia, Japan, China, New Zealand and USA. Some of the commodities such as vegetable oils, coffee and cocoa eventually find their way to Europe and North America via intermediaries in Australia, Singapore, Malaysia, Philippines, etc.

Table 5 Major Export Destinations

Destination	FIJI	PNG	SAM	SOL	TON	VAN
Australia	✓	✓	✓		✓	✓
Japan		✓			✓	✓
China		✓		✓	✓	
New Zealand	✓		✓		✓	
USA	✓				✓	✓
UK	✓					
Singapore		✓				
American Samoa			✓			
Tokelau			✓			
Italy				✓		
Switzerland				✓		
India				✓		
Fiji						✓
New Caledonia						✓

Source: Economist Intelligence Unit

As shown in Table 6, **imports to the Pacific** Islands are also derived mainly from Pacific Rim countries. China and Singapore are the main sources of manufactured goods and fuel. Australia and New Zealand are the main sources of food and beverage imports, not surprising because they are among the world's largest exporters of cereals, meat and dairy products. Here again, intra-regional trade is much smaller.

Table 6 Major Sources of Imports

Source	FIJ	PNG	SAM	SOL	TON	VAN
China	✓	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	
Australia	✓	✓		✓	✓	✓
New Zealand	✓		✓		✓	✓
USA			✓		✓	✓
Malaysia		✓				
Vietnam				✓		
France						✓

Source: Economist Intelligence Unit

Trade in Food Items

Food imports and exports are both important parts of Pacific Island trading patterns. Table 7 shows that the PHAMA Plus countries import food worth around USD 1.2 billion per annum, with exports of around USD 2.6 billion. Food imports represent about 14% of total imports across the region, ranging from 8% in Vanuatu to 41% in Kiribati. Food exports are about 32% of total exports overall but are much higher in Fiji (sugar and bottled water), Kiribati (fish), Tonga (fresh produce) and Vanuatu (cocoa, coconut products and kava). The percentages are lower for PNG and Solomon Islands due to the predominance of minerals and energy exports from PNG and timber from Solomon Islands. The overall food trade balance for the region is positive, mainly due to the contribution of PNG food exports, principally palm oil, cocoa, coffee and coconut products. In per capita terms Kiribati and Tonga have significant food trade deficits – Samoa also, although the trade data are missing.

Table 7 Value of Food Imports and Exports (USD millions)

	Food Trade a/		Trade Balance	Pop'n ('000)	Balance/ Capita
	Imports	Exports			
FIJ	-441	656	215	883	244
KIR	-48	7	-40	116	-347
PNG	-523	1,715	1,192	8,606	138
SAM					
SOL	-129	125	-3	653	-5
TON	-60	16	-43	103	-420
VAN	-30	40	10	293	35
Total	-1,230	2,560	1,330	10,654	125

a/ Data from various years. No data for Samoa

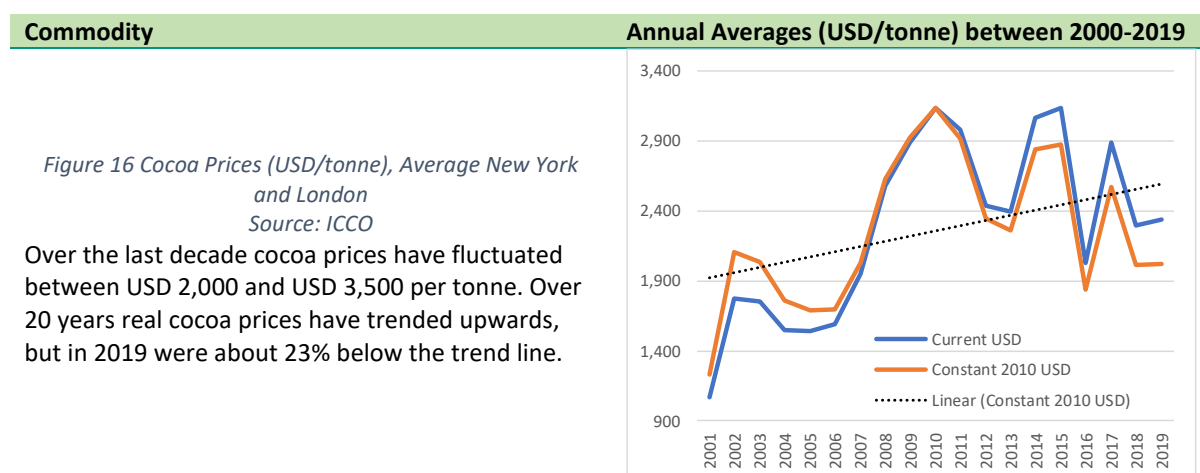
Source: World Bank World Development Indicators

Among imported food items, all of the PHAMA Plus countries import large amounts of cereal products including wheat, flour rice, noodles and pasta. All countries other than PNG and Fiji also import large amounts of sugar and sugary drinks. These are cheaper sources of carbohydrate than the traditional root crops. All countries are also importing increasing amounts of meat and dairy products, often of poor quality. These imported foods are displacing traditional foods such as vegetables and fish with serious health implications as seen in the rising prevalence of non-communicable diseases – including stunting in children and obesity, hypertension, diabetes and heart disease in adults.

4.5 Commodity Prices

In addition to climatic variation the key agricultural export commodities from the Pacific such as coffee, cocoa, copra, coconut oil, palm oil etc., are subject to price volatility common amongst internationally traded commodities. The PHAMA Plus countries are very small exporters in a global scale and the bulk or commodity nature of these exports make them largely “price takers”. However, this is less so for special and value-added products such as kava, VCO cosmetics and some fish products. This highlights the need for PICs to consider more specialised markets (i.e. other than bulk commodity) for these products while being realistic on whether the product specifications required by niche markets can be met, and if the returns adequately compensate for the additional effort, risk and high cost structures. For PHAMA Plus, the need to consider specialised markets is particularly relevant for involvement in the coffee (PNG), cocoa (PNG, Solomon Islands and Vanuatu) and coconut products (PNG, Solomon Islands and potentially others). This is reflected in the PHAMA Plus interventions focussing on expanding exports into differentiated and/or specialised markets, and addressing production and post-harvest issues to improve productivity and quality.

In real terms the USD prices of the major export commodities show an uptrend over the last 20 years, often with prices strengthening during the first half of that period and softening in the second half, and with very large fluctuations either side of the trend line as illustrated in the graphs below.



Commodity

Annual Averages (USD/tonne) between 2000-2019

Figure 17 Coffee Prices (USD/tonne) Mild Arabica New York
 Source: Index Mundi

Arabica coffee prices tripled between 2000 and 2011 but have declined since then. In real terms coffee prices in 2019 were about 33% below the long-term trend line.

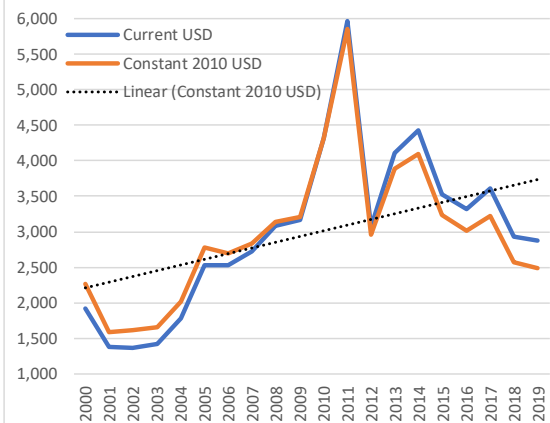


Figure 18 Coconut Oil (USD/tonne) Bulk CIF Rotterdam
 Source: Index Mundi

Copra and coconut oil prices move in tandem with copra prices averaging 67% of coconut oil. In the last decade coconut oil prices have fluctuated between about USD 750 and USD 1,500 per tonne. There has been a steep decline since 2016 and prices are now well below the long-term trend line.

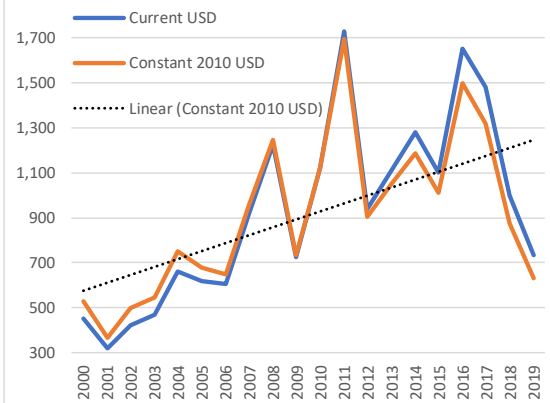
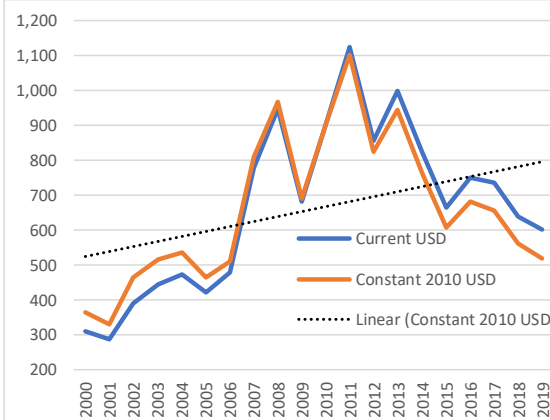


Figure 19 Palm Oil (USD/tonne) Bulk CIF Rotterdam
 Source: Index Mundi

Palm oil prices increased to over USD 1,200 per tonne in 2010 but have delined steadily since then.



4.6 Commodity Export Volumes

The volume of commodity exports from the PHAMA Plus countries is generally expanding at less than global trade growth, and in some cases volumes have actually declined. Table 8 shows trends in PIC agricultural commodity exports (coffee, cocoa, copra and palm oil) between 2000 and 2017. The PICs supply a significant portion of global trade only for copra where in 2017 the PICs exported 61% of total copra traded. Global copra trade is declining as the main copra producing countries process copra and consume more coconut oil in country. In the case of coffee, PNG’s exports declined by 16% between 2000 and 2016, whilst global trade increased by 35%. For cocoa, exports from Solomon Islands and Vanuatu expanded slightly faster than global trade, although from a very low base, and affected in the case of the Solomon Islands by civil unrest. Global palm oil trade expanded by over 200% between 2000 and 2017. PNG’s exports of palm oil also grew strongly, but at less than half the global rate, and Solomon Islands palm oil exports were almost flat.

Table 8 Pacific Island and World Trade Volumes for Key Commodities (tonnes'000)

Item	Country	tonnes exported ('000)			% Change 2000-17
		2000	2010	2017	
Coffee	PNG	66	59	55	-16
	World	5,499	6,582	7,413	35
Cocoa	PNG	38.0	57.8	37.7	-1
	SOL	2.6	5.3	4.2	63
	VAN	1.5	1.5	2.5	64
Copra	World	2,503.4	2,698.7	3,895.3	56
	PNG	67	19	75	12
	SOL	8	24	19	124
	VAN	30	12	20	-33
Palm Oil	World	280	125	186	-33
	PNG	336	486	620	84
	SOL	32	23	35	9
	World	14,162	35,271	47,621	236

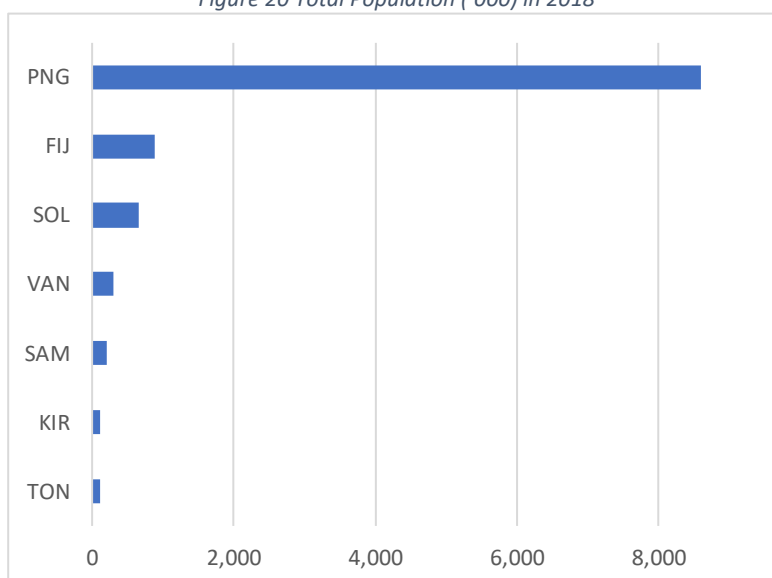
Source: FAO Statistics <http://www.fao.org/faostat/en/>

5 Demography

5.1 Population

The total population of the six original PHAMA Plus countries in 2018 was 10.8 million growing at 1.9% per annum and estimated to reach 11.3 million by the end of 2020. As shown in Figure 20, population is heavily skewed towards the Melanesian countries which comprise 96% of the total. Population densities are generally highest in the smaller countries such as Tonga and Samoa. Kiribati's population is growing at 1.5% but with high out-migration rates, Tonga and Samoa are growing at less than 1.0%.

Figure 20 Total Population ('000) in 2018

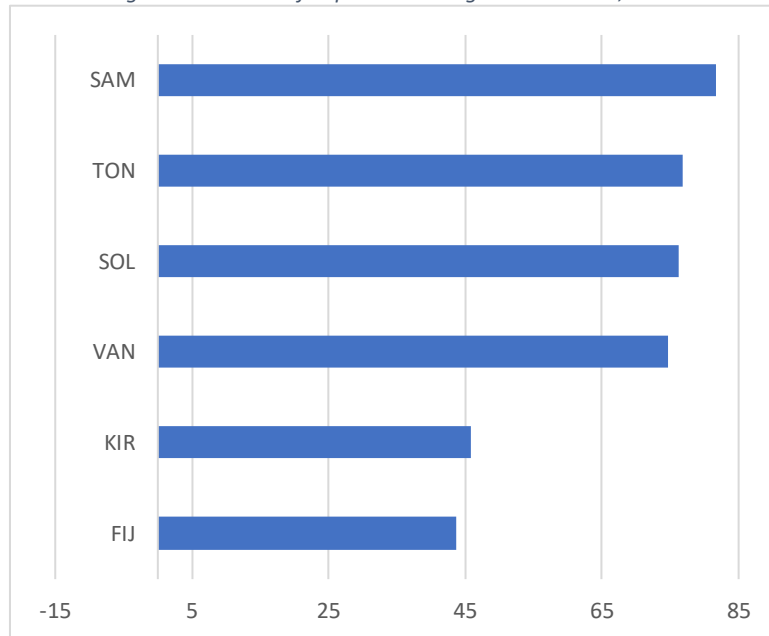


Source: World Bank World Development Indicators

The population growth rates are also reflected in the median age data. Fiji's higher median age (28 years) reflects its declining birth rate. The other countries all have median ages between 20 and 22 years which means that they face bigger challenges of youth unemployment, especially considering the large percentage of the population resident in rural areas where job opportunities are very limited.

All countries other than Fiji have over three quarters of their population living in rural areas as illustrated in Figure 21. The proportion of population living in the rural areas is highest in PNG while, Fiji has the highest rate of urbanisation. This is consistent with Fiji’s more advanced stage of development as shown by GNI/capita. With the exception of Fiji and Solomon Islands, the proportion of population in rural areas in all the other countries have been fairly consistent over the past years. The majority of the rural population is dependent on agriculture for their livelihood.

Figure 21 Percent of Population Living in Rural Areas, 2018

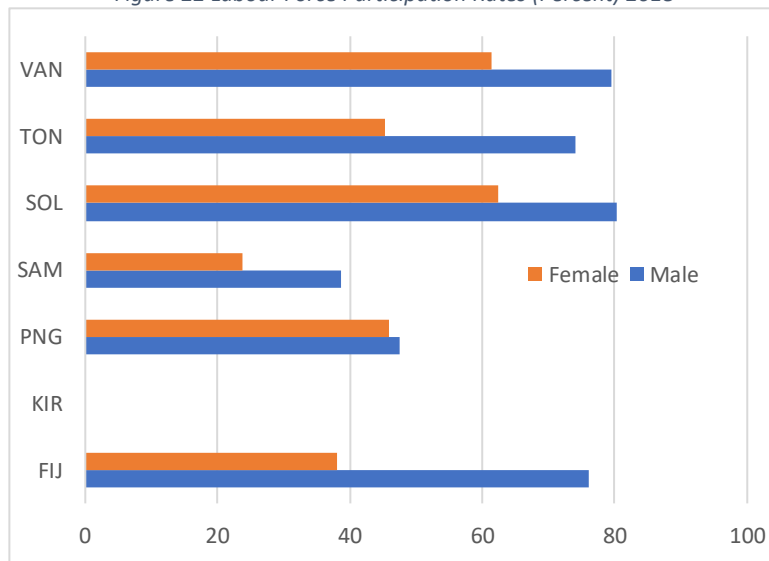


Source: UNDP 2019

5.2 Labour Force

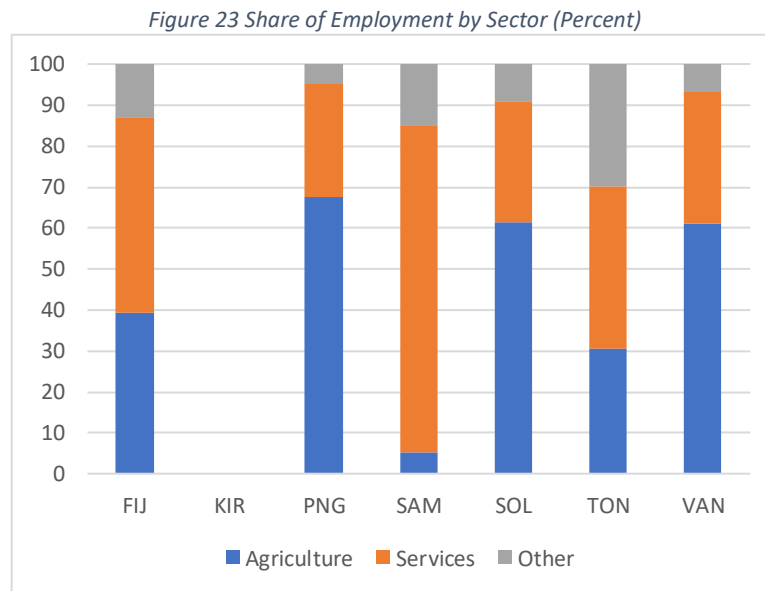
In 2018, labour force participation was the highest in Solomon Islands, Vanuatu and Fiji and much lower in PNG and Samoa. Across all countries, female participation in the labour force is lower than male as depicted by Figure 22. Only Solomon Islands and Vanuatu have female participation rates above 50%.

Figure 22 Labour Force Participation Rates (Percent) 2018



Source: UNDP 2019 (no data for Kiribati)

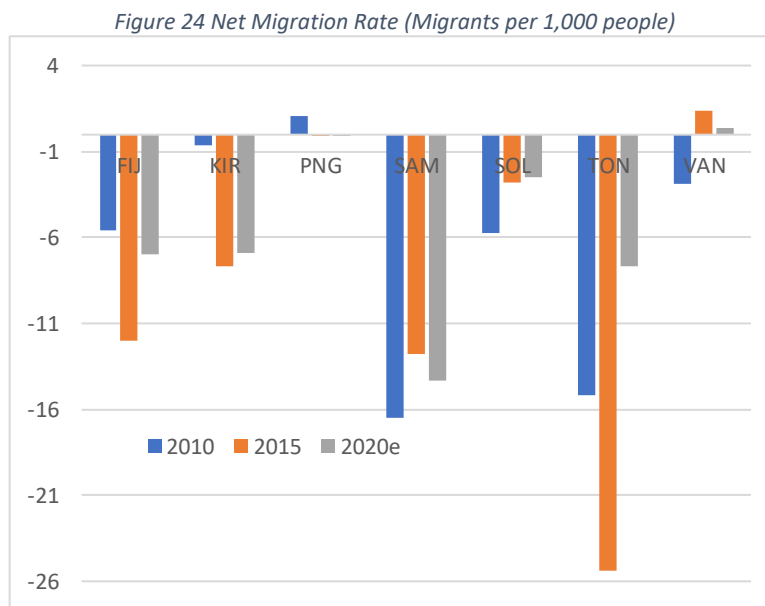
As shown in Figure 23 the agricultural sector accounts for 60% or more of jobs in PNG, Solomon Islands and Vanuatu, around 40% in Fiji but much lower amounts in Samoa and Tonga, despite the relatively high percentages of people living in rural areas. The services sector is also an important source of jobs in all countries, exceeding agriculture in several cases. However, the agricultural employment figures do not account for informal or unpaid family labour and subsistence production where women and youth are significantly involved.



Source: UNDP 2019 (no data for Kiribati)

5.3 Migration

Migration rates (see Figure 24) also have significant demographic implications. Fiji, Kiribati, Samoa and Tonga are experiencing high rates of out-migration with large diaspora communities. PNG, Solomon Islands and Vanuatu have small outmigration rates with net inward migration in some years.



Source UNDP 2019

High emigration rates create opportunities for export of traditional Pacific foods to diaspora communities. However, it also limits agricultural production potential in rural areas where large numbers of the most productive individuals are emigrating, putting pressure on labour availability and cost. A shrinking rural workforce and increasing agricultural wages suggest a need to look for labour/cost-saving options such as mechanisation to maintain competitiveness.

Seasonal migration schemes hosted by Australia and New Zealand are popular among younger people and therefore affect the availability of labour in rural areas of some PHAMA Plus countries. The New Zealand Recognised Seasonal Employers (RSE) Scheme was established in 2007 and has grown steadily to reach 11,078 arrivals in 2017-18. In 2017-18 86% of participants came from PHAMA Plus countries, predominantly from Vanuatu, Samoa and Tonga. The numbers are especially significant for Tonga and Vanuatu with participation rates of 18 and 16 persons per 1,000 respectively and Samoa with 10 persons per 1,000. Australia hosts two schemes for Pacific workers – a seasonal scheme (up to nine months per year) and a three-year scheme for Pacific Island workers which was launched in June 2018. The number of participants in these schemes is unclear, but general immigration statistics show that there are consistently high rates of immigration from Fiji and Samoa.

Based on analysis⁵ and anecdotal commentary, the seasonal migration schemes are significantly influencing the primary sectors (e.g. availability of labour and skills), incomes and investment, and social dynamics more broadly. The impact of these schemes is a consideration in the design and implementation of some PHAMA Plus interventions especially where the availability of labour and skills has been identified as an issue (e.g. productivity of root crops in Fiji, Samoa and Tonga; and all sectors in countries with relatively high levels of participation in the schemes such as Vanuatu). This is will be done through greater collaboration and information sharing with other programs (e.g. Pacific Labour Facility) and national stakeholders.

6 Business environment

6.1 Business processes

The World Bank's Ease of Doing Business Index ranks 190 countries in terms of a composite index assessing various attributes of the business enabling environment. As shown Table 9, New Zealand is ranked No 1 (best) in the world and Australia 14th. Fiji, Samoa, Tonga and Vanuatu are in the mid-range of countries. Solomon Islands and PNG are somewhat lower in the rankings, and Kiribati much lower. Countries above (i.e. worse than) the mid-range (95th) for different elements of the rankings include the following:

- Starting a business, dealing with construction permits and registering property: Fiji, Kiribati, PNG, Solomon Islands and Vanuatu.
- Getting Credit: Fiji, Kiribati, Samoa and Solomon Islands.
- Trading Across Borders: all countries other than Fiji and New Zealand.
- Enforcing contracts: all countries other than Samoa, Australia and New Zealand.

⁵ For example: World Bank. 2018. Maximizing the Development Impacts from Temporary Migration: Recommendations for Australia's Seasonal Worker Programme. Washington, DC: World Bank; The Pacific Labour Scheme and Transnational Family Life: Policy Brief (2018). https://www.sprc.unsw.edu.au/media/SPRCFile/PLS_Policy_Brief_FINAL_June_2018.pdf

Table 9 Ease of Doing Business Index: Ranking out of 190 Countries (lowest is best)

Criteria	FIJ	KIR	PNG	SAM	SOL	TON	VAN	AUS	NZE
Overall Ranking	102	164	120	98	136	103	107	14	1
Starting a business	163	149	142	46	110	62	137	7	1
Dealing with construction permits	102	169	122	94	172	69	163	11	7
Getting electricity	97	172	118	71	112	95	101	62	48
Registering property	57	150	127	68	155	166	84	42	2
Getting credit	165	173	48	119	104	48	37	4	1
Protecting minority investors	97	136	72	128	136	153	147	57	3
Paying taxes	101	98	118	82	41	102	67	28	9
Trading across borders	79	135	125	154	160	97	148	106	63
Enforcing contracts	101	121	173	86	157	98	138	6	23
Resolving insolvency	98	168	144	140	145	138	101	20	36

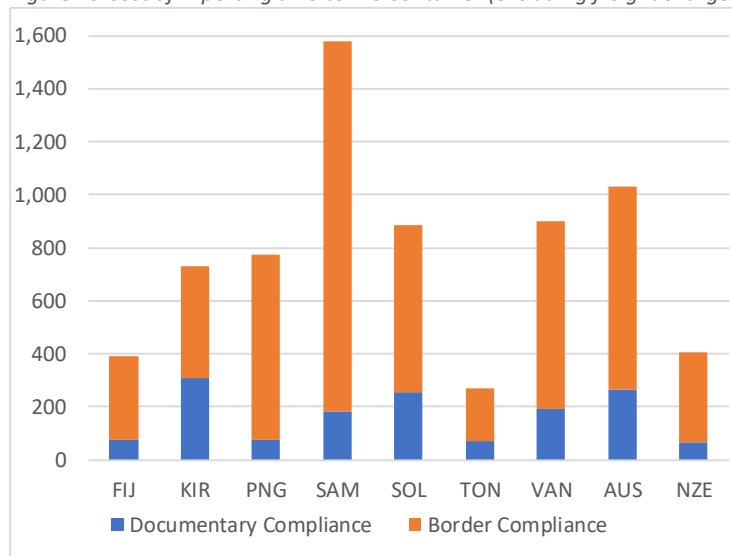
Source: World Bank Ease of Doing Business Index

Over the five years since 2016 the ease of doing business scores in the PHAMA Plus countries have improved on average by 2.1%. The largest improvements were seen in PNG (6.8%), Kiribati (3.3%), Samoa (3.2%) and Vanuatu (3.0%). Tonga's scores were roughly stable and Fiji actually declined by 2.1%.

6.2 Cost of trade

The cost of exporting shown in figure 25 reveals large differences between countries with Samoa being the worst and Tonga the best. In Samoa its documentation and border compliance costs for a 15-tonne shipping container amount to almost USD 1,600 (excluding land and sea freight). In Tonga the same costs USD 270. Australia and New Zealand also have high import costs (USD 639 and 447 per container respectively) compared to Singapore (USD 260).

Figure 25 Cost of Exporting a 15 tonne Container (excluding freight charges)



Source: World Bank Ease of Doing Business Index

Data on shipping costs (containerised or in other formats) within the Pacific region that allows comparison of different routes and formats (e.g. 20- or 40-foot container, refrigerated containers, bulk) over time is not readily available from public or user-pays sources. Various stand-alone surveys or other forms of manual data collation are done but significant further effort and cooperation would be required to more routinely capture and make available reliable data.

The cost of trading between countries is a key issue for PICs and particularly influences export competitiveness. Since 2011, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the World Bank has compiled a comprehensive database on international trade costs which includes data for most of the PHAMA Plus countries and provides estimates of the costs of trade within and outside the PHAMA Plus countries. It estimates all costs involved in trading goods internationally with another partner relative to those involved in trading goods domestically. It includes international shipping and logistics costs, tariff and non-tariff costs, including indirect and direct costs associated with trade procedures and regulations and costs from differences in language, culture and currencies.

It is expressed as a percentage of the value of the goods traded bilaterally between two countries and covers trade in both directions. For example, a score of 80% means that the average cost of trade between two countries incurs additional costs amounting to 80% of the value of the goods compared to trading the same goods domestically. Higher scores indicate higher costs of trading between countries and a lower incentive to trade internationally compared to domestically. Countries that are close to each other and have high volume/low cost logistics and low tariff rates can trade at lower cost and therefore have lower trade cost scores.

Table 10 shows the most recent trade cost scores for trade between PICs and other Pacific rim countries, in most cases using data from 2016. The upper left quadrant shows the scores for intra-PIC trade, the upper right for trade between PICs and the key Pacific rim countries (Australia, China, Japan, New Zealand and USA), and the lower right quadrant covers trade between the Pacific rim countries. Intra PIC trade has an average score of 280 indicating that trade between PICs is on average 280% more expensive than trade within these countries. Fiji has much lower scores than the other Pacific countries. Trade between the PICs and the Pacific rim countries is less expensive with a score of 201. However, this is far above the cost of trade between the Pacific rim countries which has a score of 88.

Table 10 Trade Cost Scores for PICs and Pacific Rim Countries

	KIR	PNG	SAM	SOL	TON	VAN	AUS	CHI	JAP	NZE	USA
FIJ	97	163	104		142	91	95	190	193	100	190
KIR			334					395	245		
PNG			250		550	132	58	143	144	141	172
SAM					194	647	154	280	251	113	238
SOL											
TON						638	202	440	238	126	225
VAN							150	268	221	130	316
AUS								82	92	57	93
CHI									74	104	73
JAP										113	78
NZ											114

Source: ESCAP-World Bank Trade Cost Database

The trade cost rankings provide an explanation of why intra PIC trade flows are generally weak. Although the rankings are generally improving over time, further efforts are needed to reduce costs through measures such as modernising ports, upgrading logistics systems, simplifying customs procedures and introducing automated clearances.

Another relevant reference for considering the trade context is the Export Dynamics in the Pacific Islands report prepared every two years by Pacific Trade Invest (see Annex 4 for extracts from the 2018 edition). These reports provide more detailed analysis within the Pacific region including perceptions on barriers to export (e.g. finance, transport and fuel costs, capacity and labour constraints), assistance needed to increase exports (e.g. more competitive transport, introductions to customers, marketing, grants and trade finance) and awareness of trade agreements (less than 60%).

6.3 Biosecurity

This overview of major developments or events relating to biosecurity and trade is based on information gathered by PHAMA Plus, reporting from the Pacific Plant Protection Organisation (PPPO) and the publicly accessible online interface of the OIE (World Organisation for Animal Health) World Animal Health Information System (WAHIS).

Across the Pacific, limited capacity to comply with biosecurity and sanitary and phytosanitary (SPS) protocols means that producers and traders are unable to take advantage of market access opportunities, resulting in reduced or lost export revenues. Many PICs continue to face major SPS capacity challenges across market access facilitation and all core services relating to import facilitation and management of risks to animal, plant and human health. These are outlined below together with how PHAMA Plus is responding.

Challenge	PHAMA Plus Response
<ul style="list-style-type: none"> Inadequate capacity to implement food safety systems based on international standards to ensure the safety and quality of exports – many PICs either do not have food quality standards or lack the resources to implement and monitor them. 	<ul style="list-style-type: none"> PHAMA Plus continues to investigate and trial cost effective options for developing more sustainable and efficient food safety management systems through local service providers and remote delivery from offshore service providers. A partnership agreement with HACCP Australia will be signed during June to reduce the cost of HACCP re-certification by using remote technologies. This innovation will reduce HACCP costs substantially.
<ul style="list-style-type: none"> Fresh produce exports to Australia and New Zealand are regularly found to be non-compliant due to detection of pests and diseases, despite having a phytosanitary certificate issued by the exporting authority to certify that the consignment has been inspected and found free from pests and diseases of quarantine concern. 	<ul style="list-style-type: none"> PHAMA Plus is collaborating with and providing funding for the ACIAR Pacific Plant Biosecurity Partnership program which is developing a regional collaborative platform for plant biosecurity officers to build upon existing skills, increase inter-country collaboration, improve export compliance and increase the ability to detect and respond to exotic pests and diseases. The collaboration is for the current phase of the Program and planning towards an expanded second phase. PHAMA Plus is collaborating with government and the private sector in Samoa to improve the compliance of fresh taro with New Zealand’s biosecurity requirements and develop feasible protocols and procedures to comply with Australia’s requirements.
<ul style="list-style-type: none"> The inability to detect and respond to the incursion of exotic pests and diseases – such as African Swine Fever, Fall Armyworm, Coffee Berry Borer and the continued spread of Coconut Rhinoceros Beetle - Guam variety which threatens food security and economic livelihoods, as well as the unique natural environment and ecosystems of the Pacific. 	<ul style="list-style-type: none"> PHAMA Plus has worked with Biosecurity Solomon Islands, SPC and consultants to assist with the response to CRB-G management within the Solomon Islands and will investigate methods to limit the spread to nearby countries. PHAMA Plus has also worked with Biosecurity Vanuatu and partners to support the response to the recently detected CRB (not Guam variety) incursion in Vanuatu, including facilitation of information transfer from Solomon Islands and leveraging on private sector support. PHAMA Plus is supporting the National Quarantine and Inspection Authority (NAQIA) in PNG in the detection and early responses to recent outbreaks of African Swine Fever and Fall Armyworm. PHAMA Plus is supporting the biosecurity and animal health agencies in all other PICs in preparedness to prevent entry of African Swine Fever and early detection; including through country-specific support and via SPC.

Challenge	PHAMA Plus Response
	<ul style="list-style-type: none"> PHAMA Plus is supporting the biosecurity agencies in all six original countries (plus Kiribati, Timor Leste and Tuvalu) in awareness and capacity to prepare for and respond to exotic plant pests (including Fall Armyworm) as part of the ACIAR Pacific Plant Biosecurity program.
<ul style="list-style-type: none"> Limited SPS negotiating capacity and scientific capacity, which results in long delays in the processing of market access requests for fresh agricultural products by importing countries. With bilateral negotiations between PICs and more developed country export destinations, there is limited capacity to better understand importing country requirements and negotiate improvements to existing pathways. 	<ul style="list-style-type: none"> PHAMA Plus is seeking opportunities to reinvigorate and strengthen regional bilateral discussions (with appropriate technical support) to facilitate increased trade. Dependent on finding relevant activities to incorporate this type of support (e.g. being incorporated into the support for Samoa's exports of taro).
<ul style="list-style-type: none"> Countries recognise the importance of managing biosecurity risks (e.g. soil, snails, insects) associated with the movement of sea containers within and from the region while also facilitating trade. 	<ul style="list-style-type: none"> PHAMA Plus is working to strengthen the use of the Sea Container Hygiene System and its principles across the Pacific region with initial workshops held in Fiji, Samoa and Solomon Islands in 2019. Focus is now on extending the SCHS to other ports (e.g. Lautoka – Fiji, potentially Kiribati) and covering more full (rather than empty) containers.
<ul style="list-style-type: none"> Not only do PICs have difficulty in accessing new markets but trade in a range of products has stagnated, and in some cases declined, driven by several factors including the imposition of more onerous protocols and standards. 	<ul style="list-style-type: none"> PHAMA Plus identified all current market access protocols for PHAMA Plus countries to Australia and NZ (first report of the Review of Existing Access for Horticultural Product, Fisheries and Sawn Timber completed in October 2019). A second stage including historical trade data is now under consultation with stakeholders. The Program will work with exporters and governments to identify which of the protocols are currently used, identify reasons why other protocols are being used or not, how successfully, and hopefully assist to better utilise the available protocols.

The blockages in progressing these key challenges at country level include systemic governance and enabling environment aspects as well as issues specific to SPS and biosecurity. For example:

- Lack of up to date legislation and procedures and/or the capacity or priority to strengthen them.
- Inadequate institutional arrangements, resourcing and prioritisation of biosecurity, and acknowledgement of its link to food security, food safety and rural economic growth.
- The need for biosecurity agencies to deliver services across import, export and domestic (e.g. pest management) issues and the conflicting priorities between these.
- Over reliance on government agencies to develop, implement and enforce biosecurity activities rather than recognition of shared responsibilities including delegation of certain activities.
- Lack of capacity to implement and/or enforce procedures due to both technical capacity and governance issues (within government services and by private sector or other third parties).
- Lack of standards and detailed operational procedures.

At regional level the Pacific Plant Protection Organisation (PPPO) is the key regional agency for biosecurity and trade protocols for plant-based products. PPPO is hosted by SPC and is overseen by the PPPO Council which meets every three years, and the Executive Committee whose members are Cook Islands, Tonga, New Caledonia, Solomon Islands, FSM and Nauru. The PPPO is particularly important for the smaller countries who have limited biosecurity and SPC capacity themselves. PHAMA Plus is very active in this area but the lack of resources and capacity within PPPO is a concern looking ahead to the post-PHAMA period.

7 Vulnerability to shocks

The PICs are particularly vulnerable to shocks of various types which disrupt agricultural production and marketing, often with serious short-term impacts on livelihoods, and with longer term implications in terms of risk avoidance and willingness to invest. Periodic but unpredictable shocks also stretch the capacity of PIC governments to provide social protection and support disaster response efforts for affected communities, often leading to diversion of resources from development to relief and recovery. The oceanic environment makes the region highly vulnerable to natural disasters including destructive climatic events (hurricanes, droughts etc.); and the current COVID-19 pandemic has exposed many vulnerabilities including the region's fragile food security situation. The agricultural sector is also vulnerable to pest and disease incursions as shown by recent outbreaks of African Swine Fever (ASF), Fall Armyworm (FAW) and the continuing spread of coconut rhinoceros beetle (CRB) Guam biotype.

7.1 Natural Disasters

The vulnerability of the PHAMA Plus countries to climate change is well understood and calls for purposeful adaptation and mitigation measures for the foreseeable future. The variability of climate around these medium/long-term climate trends also presents challenges, and there is the ever-present risk of natural disasters calling for stronger disaster preparation and recovery measures.

Climate variability in the Southern Pacific is strongly influenced by the El Niño Southern Oscillation (ENSO), a cyclical phenomenon which can be measured and forecast. El Niño events occur when the Southern Oscillation Index (SOI) is negative for three months or more. These events are usually (but not always) associated with dry years or droughts in the Southern Hemisphere. There have been two El Niño events, one prolonged, in the last decade which is around the long-term average. This included a period from mid-2009 to mid-2010 and an intense two-year El Niño from mid-2014 to mid-2016 which caused severe drought in many Pacific countries. The SOI is currently (April 2020) negative but within the ENSO neutral range. Regular ENSO updates as well as a more detailed analysis of the ENSO phenomenon are provided by the Australian Bureau of Meteorology.

Apart from droughts, which will continue to occur from time to time, the PICs are amongst the most vulnerable to other natural disasters including hurricanes/cyclones, floods, earthquakes, volcanic eruptions and tsunamis. There is evidence that the frequency and severity of such events is on the increase. Experience has shown that such disasters can disrupt production and exports of many agricultural commodities, sometimes taking years to recover. All the PHAMA Plus countries are vulnerable to natural disasters, especially Fiji, PNG and Vanuatu because of their location in relatively higher latitudes. Eight tropical cyclones formed in the 2018-19 cyclone season (1 November to 30 April) which is one below the long-term average; affecting Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu (as well as Australia, Nauru, New Caledonia, Tuvalu and Niue). Recovery efforts continue in PNG from the magnitude 7.5 earthquake that struck the Southern Highlands Province in February 2018. Parts of Vanuatu (e.g. Ambrym) continue to be affected by volcanic activity and associated displacement of people. In April 2020 Solomon Islands, Vanuatu, Fiji and Tonga were severely affected by Category 5 Tropical Cyclone Harold.

Median economic damage from natural disasters ranges from 1% to 20% of GDP but can be much higher as can be seen from Table 11 below. Storms (hurricanes, cyclones) are the most damaging in economic terms but droughts affect the most people (Table 12).

Table 11 Probability and Impact of Natural Disasters

	FIJ	PNG	SAM	SOL	TON	VAN
Likelihood a/	70.3	81.1	27.0	51.4	29.7	56.8
Median damage (% of GDP)	1.3	0.1	21.0	8.0	4.9	18.0
Maximum damage (% of GDP)	20.2	1.3	161.8	14.0	28.2	131.2
Median population affected (%)	0.8	0.4	1.6	1.1	3.4	5.3
Maximum population affected (%)	39.7	32.7	6.7	53.0	100.0	87.0

a/ Probability of at least one disaster in a given year

Source: Lee D, Zhang H, and Nguyen C. (2018)

Table 12 Impact of Pacific Islands Natural Disasters by Type (1980-2016)

	Estimated Damage (USD m)	Population Affected (000)
Storm	62.5	36.6
Drought	45.0	290.9
Flood	26.8	27.2
Earthquake	21.0	3.9
Others a/	70.8	10

a/ Includes volcanic eruptions, epidemics, landslides and wild fires

Source: Lee D, Zhang H and Nguyen C (2018)

7.2 COVID-19

7.2.1 Current Situation

As of 24 April 2020, the Pacific Islands are less affected by COVID-19 than any other part of the World. Table 13 shows that among the PHAMA Plus countries only Fiji and PNG have so far confirmed cases, with no deaths in either country. Elsewhere in the region there have been a total of 225 cases and seven deaths with Guam the most severely affected. In the affected countries the disease was first detected during March 2020, around two months after the outbreaks in Asia and Europe, 2-4 weeks after Australia and New Zealand and at about the same time as in the USA.

Table 13 Status of COVID-19 in the Pacific Islands

	Current Situation a/		First and Latest Case	
	Cases	Deaths	First	Latest
PHAMA Plus Countries				
Fiji	18	-	19 March	21 April
Kiribati	-	-		
PNG	8	-	20 March	23 April
Samoa	-	-		
Solomon Islands	-	-		
Tonga	-	-		
Vanuatu	-	-		
Total PHAMA Plus countries	26	-		
Other PICs and Territories				
American Samoa	-	-		
Cook Islands	-	-		
F.S. Micronesia	-	-		
French Polynesia	58	-	12 March	28 April
Guam	141	5	17 March	29 April
Marshall Islands	-	-		
Nauru	-	-		
New Caledonia	18	-	19 March	3 April
Niue	-	-		
Northern Marianas	14	2	29 March	18 April
Palau	-	-		
Tokelau	-	-		
Tuvalu	-	-		
Wallis and Futuna	-	-		
Total Other Pacific	231	7		
Australasia				
Australia	6,746	90	21 February	30 April
New Zealand	1,129	19	28 February	30 April

a/ As of 30th April 2020

Source: WHO Coronavirus Dashboard
<https://covid19.who.int/region/wpro/country/wf>

Only 18 countries worldwide have not yet reported the disease, although some of these are likely to have undetected cases. Nine of these 18 countries are in the Pacific. Remoteness and isolation have so far protected the PICs from the worst of the pandemic, and the delayed arrival of the virus has given them time to prepare. However, whilst the health impacts have been less than in other parts of the World, the impact of the necessary control measures in the PICs themselves, and in their trading partners, as well as the steep global economic downturn, will affect PHAMA Plus stakeholders in many ways, with mostly negative impacts. More so because

of concurrent events including Category 5 Tropical Cyclone Harold affecting Solomon Islands, Vanuatu, Fiji and Tonga in early April 2020, and outbreaks of African Swine Fever and Fall Army Worm in PNG, both with the potential to spread to other PICs.

7.2.2 Response Measures

All seven PHAMA Plus countries (includes Kiribati) mounted early and robust measures to prevent the entry of COVID-19, and to control its spread if or when an outbreak occurs. An overview of each country's preparedness and response measures is given in Table 14.

Table 14 Overview of COVID-19 Preparedness and Response Measures Employed by PHAMA Plus Countries

	FIJ	KIR	PNG	SAM	SOL	TON	VAN
Border Closures							
Arriving visitors quarantined or self-isolated	✓	✓	✓	✓	✓	✓	
Borders closed to travellers from China	✓	✓	✓	✓	✓	✓	✓
Borders closed to travellers from other affected countries	✓		✓	✓	✓	✓	✓
Borders closed to all foreign nationals	✓		✓	✓	✓	✓	✓
Borders closed to all travellers including citizens and residents	✓			✓	✓	✓	
Citizens and residents banned from overseas travel	✓			✓		✓	✓
Internal Movement Restrictions							
Domestic and inter-island travel prohibited or curtailed	✓		✓	✓	✓	✓	✓
Night-time curfews imposed	✓		✓	✓		✓	✓
Aircraft and Shipping Movements							
International airports closed	✓			✓	✓	✓	✓
Domestic air travel suspended or restricted	✓		✓	✓	✓	✓	
Inter-island shipping suspended or restricted	✓			✓		✓	
Cruise ships and yachts prevented from berthing	✓			✓		✓	
Fishing vessels prevented from berthing				✓		✓	
Lockdowns and Closures							
State of emergency declared	✓	✓	✓	✓	✓	✓	✓
Meetings and entertainment venues restricted or banned	✓			✓	✓	✓	✓
Non-essential businesses locked down	✓			✓		✓	
Schools closed	✓		✓	✓	✓	✓	

✓ Imposed and still in force ✓ Imposed but later removed or relaxed

Border Closures: All countries have instated border closures in various forms, in most cases beginning with excluding travellers from China, subsequently from other affected countries, all foreign nationals, and eventually all travellers including citizens and residents. In some cases, before the bans were imposed, arriving travellers were required to enter quarantine or self-isolate. Several countries have also prevented citizens and residents from travelling overseas. These border closure measures have been successful so far in preventing incursion of the disease in five of the seven PHAMA Plus countries.

Internal Movement Restrictions: Five countries have imposed bans or restrictions on domestic or inter-island travel as a precaution against spread of the disease if an outbreak occurs. Five countries have also imposed curfews requiring people to remain indoors at night unless performing essential services.

Aircraft and Shipping Movements: Fiji, Samoa, Solomon Islands and Tonga have closed their international airports to both passengers and air cargo, with some exceptions (e.g. Fiji) for air freight of perishable goods. In the other countries the restrictions on passenger movements has almost brought their international airports to a standstill. Fiji, PNG and Solomon Islands have also suspended or restricted internal air travel. Fiji has

suspended inter-island shipping movements as well. Cruise ships and yachts have been prevented from berthing in Fiji, Samoa and Tonga. The cruise industry has been devastated world-wide and it seems likely that cruise ships will be a rarity in the Pacific for the medium term. Samoa and Tonga have also banned landings by fishing vessels. Solomon Islands has declared Honiara a national emergency zone, requiring non-residents of the city to return to their home provinces. This resulted in 27 deaths in the lead up to Cyclone Harold when passengers were swept overboard in high seas when returning to their village.

Lockdowns and Closures: All countries have declared states of emergency to enable various lockdown and closure measures to be applied. Various other measures have been imposed to reduce the risk of community transmission including banning public (including church services) school closures. Some of these restrictions are beginning to be relaxed for example in Fiji where the Suva lock-down has been lifted, and in Tonga where domestic travel restrictions have been cancelled.

7.2.3 Potential Impacts

At the time of writing the global pandemic is just beginning to show signs of flattening out and there is great uncertainty about where it will go from here. Consideration of potential impacts is therefore highly speculative. Whilst the PICs have so far escaped the worst of the disease, the control measures described above are expected to have far-reaching impacts in a region that is highly vulnerable to natural disasters and epidemics in the context of a steep global recession of unknown duration or severity.

Impact of Control Measures: Most or all of the steps taken by PICs to prevent or mitigate COVID-19 will bring about a general reduction in economic activity, falling incomes and declining demand for a broad range of goods and services. Unemployment rates are rising, especially in urban areas, and this may induce some urban residents to return to their villages and revert to a semi-subsistence lifestyle. These effects will be most apparent in countries with larger urban populations, especially Fiji and Kiribati.

Restrictions on the movement of people and goods are impacting the **capacity of PIC's to export** agricultural products, particularly perishable produce. This is most critical for air-freighted fresh produce where the suspension of passenger flights has greatly reduced air cargo capacity as the peak winter season approaches. Fiji is the major fresh produce exporter, supplying markets in Australia, New Zealand, USA and East Asia and is the most severely impacted. Shipping services, important for root crop exports from Fiji, Samoa and Tonga are so far fairly normal, but restrictions on internal movement of goods may limit their ability to assemble shipments. Exports of non-perishable commodities such as palm oil, copra/coconut oil, cocoa, coffee and timber may also be delayed due to internal movement constraints.

The control measures also threaten the fragile **food security** status of most PICs, also because of restrictions on internal movement of goods and people, including for example night-time curfews which prevent overnight transport of fresh produce to urban markets, and social distancing measures applied in urban market places. Port and airport closures and enhanced quarantine measures may also threaten food security by reducing the availability and increasing the prices of imported foods, recognising that all PICs are reliant to some extent on imported foods, particularly cereal products, meat and dairy products. Internal distribution networks for both domestic and imported foods have also been curtailed with implications for food security in rural areas. Local shortages of food suggest that in some cases there may be supply-side opportunities for selected food products with short production cycles. Opportunities may also exist for filling gaps in supply of foods to diaspora communities in Australia, New Zealand and USA.

Countries with significant **tourism sectors** are additionally affected. Fiji, as the most-tourism dependent economy is worst off, followed by Vanuatu. The total cessation of tourist arrivals has paralysed the tourism sector with widespread layoffs of staff and cancellation of supply arrangements including food and beverages. This comes at a time when fresh food suppliers are already suffering from disruptions to domestic and export supply chains. The cruise ship industry, while less important in terms of employment and procurement, has also been suspended indefinitely. Given the disastrous role the cruise ships have played in the spread of COVID-19 it is difficult to see that this industry will recover in the medium term. Fiji, Vanuatu, Samoa and Tonga are all immediately affected by the demise of the cruise liners. The anticipated increase in cruise liner visits to PNG and Solomon Islands now seems unlikely. Non-cruise tourism is expected to recuperate when international travel normalises but the timing and pace of recovery is still unclear.

The impact is also felt through Australia and New Zealand seasonal employment schemes and **remittance flows**. Workers already engaged in these schemes may be able to extend their stay, but new participants will have to

wait until international travel restrictions are eased. Even then they may have to undergo quarantine or self-isolation on arrival, which is a significant disincentive. Moreover, diaspora communities that are heavily dependent on casual employment are likely to be experiencing sharply higher levels of unemployment, increasing the risk of social instability. The result will be declining remittance flows, imposing further downward pressure on national economies, most importantly in Tonga and Samoa which have high dependency on remittances. On the other hand, PNG, Solomon Islands and Vanuatu will experience much smaller impacts.

Fiscal Impacts: Declining economic activity is reducing government revenues everywhere, including in countries not yet touched by the disease. At the same time many governments, especially OECD members, are adopting aggressive spending programs to mitigate the economic downturn, resulting in expanding fiscal deficits and increased borrowing and money printing. Many PIC governments have very limited capacity to adopt fiscal stimulus measures such as these in view of their weak fiscal position before the crisis and limited borrowing capacity. This may force some countries to adopt fiscal austerity measures in order to provide relief to vulnerable groups, further increasing their aid dependency.

In the longer-term it is possible that the PICs will be affected by global pressure to close down or regulate **wet markets** because of their implications in the emergence of new zoonotic viral diseases including COVID-19 as well as Severe Acute Respiratory Syndrome (SARS) and avian influenza. The main concern is about viral pathogens jumping from domestic animals and wildlife (e.g. bats) to humans via wet markets in China. It is not suggested that markets in the Pacific are implicated in any of these epidemics. However, PICs could come under pressure to improve hygiene and food safety in fresh produce markets as part of global efforts to control the emergence of new viral pathogens. This may not be a bad thing given the overcrowded and unsanitary conditions that prevail in many urban markets, but it would require major investments in new market facilities and regulatory systems.

7.2.4 Regional Economic Impacts

At its 2020 Spring Meetings on 14th – 17th April 2020 the IMF predicted “the worst economic downturn since the great depression” with the global economy in 2020 expected to contract by three percent⁶. This is much worse than during the 2008-09 global financial crisis. The IMF forecasts for key economies in the Pacific region indicate a sudden reversal in the long term economic up-trend in the PIC’s key trading partners, but with a recovery in 2021, assuming that the pandemic fades during the second half of 2020 and containment measures can be gradually unwound.

The Lowy Institute (April 2020)⁷ has identified a number of ways that these regional trends will affect the PICs: through tourism, commodity prices, trade, migration, remittances and aid flows. The immediate effect on tourism comes from travel bans, but once these are relaxed the recovery is likely to be muted by weak economic conditions in the main tourism source countries and downward pressure on holiday prices. The two commodity dependent economies, PNG and Solomon Islands (both with merchandise exports accounting for over 40% of GDP) will be heavily impacted if commodity prices soften, as suggested by IMF projections.

The other PHAMA Plus countries are less trade dependent but will be affected by declining remittances and weaker demand among diaspora communities for imported island foods such as taro and cassava. The more aid-dependent countries including Kiribati, Samoa and Tonga may also be affected by lower flows of ODA from bilateral donors and/or the diversion of resources from development support to emergency response and relief measures. The diversion of ODA to emergency response measures would be massive in the event of an uncontrolled COVID-19 outbreak in one or more of the more populous PICs.

7.2.5 PHAMA Plus Response to COVID-19

A rapid review of responses to COVID-10 in May 2020 recommended that PHAMA Plus should focus on damage limitation, recovery and re-building; as well as improving the resilience of production systems and supply chains to mitigate the impact of future crises or disasters. These responses will be directed towards agricultural production for income generation and food/nutrition security; as well as continuing efforts to facilitate trade in food and agricultural commodities through improved biosecurity and sanitary/phytosanitary services.

⁶ <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>

⁷ <https://www.lowyinstitute.org/the-interpreter/covid-19-averting-economic-disaster-pacific>

The review concluded that the magnitude and likely duration of the COVID-19 crisis is such that “business as usual” is not a realistic option for PHAMA Plus. At the same time the Program should keep its sights firmly on the overall goal and end of program outcomes, identifying tactical adjustments that may be appropriate to achieve these targets, whilst avoiding (where possible) involvement in short-term emergency response and social protection initiatives that are beyond the Program’s mandate. PHAMA Plus should also advocate for maintaining clear distinction between emergency relief/humanitarian responses during the crisis; and the restoration of sustainable and profitable agricultural production and marketing systems in the post-crisis context.

The review recommended that no changes be made to the selection of priority sectors/commodities that was undertaken in 2019, or in the structure of the Intervention Plans that have subsequently been developed. However, some variations in approach should be considered within the existing architecture of the Program, including greater emphasis on food and nutrition security through support to domestic food marketing including import substitution, promotion of healthy local foods, and ensuring supply continuity for fresh produce with due consideration to improved hygiene and food safety.

7.3 Pests and Diseases

Several recent events have exposed the PIC’s vulnerability to pest and disease incursions that could have catastrophic impacts on the livelihoods of rural communities. PHAMA Plus recently completed an assessment of the potential social and economic impact of ASF following the detection of the disease in the PNG highlands in early 2020. ASF causes very high mortality rates in pigs and there is no treatment and no vaccine. It can only be contained by controlling the movement of pigs and by slaughtering affected or suspect herds. The disease has spread rapidly through Asia and there is a significant risk that it could reach other PICs in the coming years. Its social and economic impact reflects the importance of pigs in Pacific communities as a source of income, food and for ceremonial purposes. PHAMA Plus estimated the cost of ASF in PNG under three scenarios: (i) a single outbreak; (ii) sporadic outbreaks; and (iii) endemic disease. The range of possible outcomes is broad but could reach billions of Kina under the worst case scenarios. Preventative measures to contain the spread of the disease within PNG are also very costly.

The detection of FAW in Australia and PNG in February 2020 has also rung alarm bells. FAW has spread rapidly around the tropical regions of the World, and due to its strong dispersal capacity, it is very likely to appear in other PICs in the near future. FAW mostly affects cereal crops causing yield losses of 25% to 50%. Control is possible using integrated pest management approaches, but there have been no successful attempts to eradicate the pest or even to limit its spread. Its impact in the Pacific is not expected to be as great as ASF, since cereal crops are not of major importance in the region – with the exception of sugar cane in PNG and Fiji. Even so, the high probability of its spread, and the possibility of it attacking non-cereal crops poses a serious risk to rural livelihoods.

The Guam biotype of CRB is causing extensive damage to both coconut and oil palm plantations in several PICs. This pest is not susceptible to the biological control agent which has limited the impact of CRB in the region until now. Amongst the PHAMA Plus countries Solomon Islands is most affected so far, but all countries are vulnerable. Unless the spread of the Guam biotype can be contained, or a new biological control method is found, the impact on coconut production may be severe, with obvious implications for food security and income generation, especially in remote areas.

Pest and disease outbreaks like those mentioned above are usually most damaging when they first invade previously un-affected areas. The impacts usually moderate over time as the agro-ecosystem re-balances, natural enemies multiply, hosts develop resistance and farmers learn how to manage the pest. Cocoa pod borer in PNG is an example where production plummeted initially but has now recovered to above pre-outbreak levels. Even so, the impacts on rural livelihoods can be serious especially when outbreaks coincide with other events like the COVID-19 pandemic.

Annex 1: Data Sources

Sources	Website
ADB Basic Statistics	https://www.adb.org/sites/default/files/publication/499221/basic-statistics-2019.pdf
Australian Bureau of Meteorology	http://www.bom.gov.au/climate/influences/timeline/ https://www.pacificmet.net/products-and-services/climate-bulletin
Australian Net Migration by country of birth	http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3412.02016-17?OpenDocument
Australian Seasonal Worker Program	https://www.employment.gov.au/seasonal-worker-programme https://pacificlabourmobility.com.au/
Biosecurity narrative	http://www.oie.int/wahis_2/public/wahid.php/Countryinformation/countryhome
CIA World Factbook	https://www.cia.gov/library/publications/the-world-factbook/
DFAT: Trade Agreements	https://dfat.gov.au/trade/agreements/
Economist Intelligence Unit Quarterly Reports	https://www.eiu.com/home.aspx
ESCAP Asia-Pacific Trade and Investment Report	https://www.unescap.org/sites/default/files/publications/APTIR%202018_4Jan19_0.pdf
ESCAP/World Bank Cost of Trade Database	https://www.unescap.org/resources/escap-world-bank-trade-cost-database
Exchange rates	https://www1.oanda.com/currency/converter/
FAO Agrostat	http://www.fao.org/faostat/en/
IMF Database	https://data.imf.org/?sk=4C514D48-B6BA-49ED-8AB9-52B0C1A0179B
IMF Working Paper Climate and Oceans Support Program	Lee D, Zhang H and Nguyen C (2018) https://www.pacificmet.net/products-and-services/climate-bulletin https://reliefweb.int/
IMF: World Economic Outlook Database	https://www.imf.org/external/pubs/ft/weo/2019/02/weodata/index.aspx
Index Mundi	https://www.indexmundi.com/commodities
ITC: International Trade Centre Trade Map	https://www.trademap.org/Index.aspx
New Zealand RSE Arrivals	https://www.immigration.govt.nz/documents/statistics/statistics-rse-arrivals.pdf
OECD: Development Assistance Committee	http://www.oecd.org/dac/
PTI: Pacific Islands Export Survey 2018	https://www.pacifictradeinvest.com/media/1296/full-report-pti-australia-pacific-islands-export-survey-2018_web2.pdf
SPC: National Minimum Development Indicators	http://www.spc.int/nmdi/agriculture_households
UNCTAD: World Investment Report, 2018	https://unctad.org/en/PublicationsLibrary/wir2018_en.pdf
UNDP Human Development Index	http://hdr.undp.org/en/content/human-development-index-hdi
UNDP Human Development Report	http://hdr.undp.org/en/data#
UNDP Human Development Report Database	http://hdr.undp.org/en/data#
WHO COVID-19 information	https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports
World Bank: Country Statistics	http://wits.worldbank.org/countrystats.aspx?lang=en
World Bank: Doing Business	http://www.doingbusiness.org/en/data
World Bank: Remittances Database	http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data
World Bank: World Development Indicators	https://datacatalog.worldbank.org/dataset/world-development-indicators
WTO Database	https://data.wto.org/

Annex 2: Key Regional Trade Agreements and Organisations

Regional Trade Agreements

Melanesian Spearhead Group Trade Agreement (MSG TA)	Free trade agreement between Fiji, PNG, Vanuatu and Solomon Islands (New Caledonia is an observer). Established in 1993. Due to the size of these economies the majority of intra-regional trade is under MSG TA rather than PICTA.
Pacific Agreement on Closer Economic Relations Plus Agreement (PACER Plus)	Regional Free Trade Agreement covering goods, services and investment. Negotiations concluded in 2017. The Agreement will come into force when 8 signatories ratify the agreement.
Pacific Islands Trade Agreement (PICTA)	Establishes a free trade area (goods only) among the 14 Forum Island Countries. Came into force in 2003.
European Union Economic Partnership Agreement and Cotonou Partnership Agreement	Negotiations on economic partnership agreements between PICs and the EU commenced in 2018 in preparation for the expiry of the Cotonou Partnership Agreement in 2020. The Cotonou Partnership Agreement began in 2008 and outlines relations between countries in Africa, the Caribbean and the Pacific (including all seven countries where PHAMA Plus works) and the EU. Mainly financed by the European Development Fund which has contributed significant funds both nationally and regionally.
South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)	Nonreciprocal trade agreement under which Australia and New Zealand offer duty free or concessional access to most products originating in Forum Island Countries. SPARTECA came into effect in 1981

Regional Organisations

Pacific Islands Forum (PIF)	Headquarters: Secretariat Suva (Fiji)
Number of Member States: 18	www.forumsec.org
<ul style="list-style-type: none"> • Founded in 1971 as the region's overarching political and economic policy organisation. • The Forum's Vision is for a region of peace, harmony, security, social inclusion and prosperity, so that all Pacific people can lead free, healthy, and productive lives. • The Forum works to achieve this by fostering cooperation between governments, collaboration with international agencies, and by representing the interests of its members. • PIFS acts as Secretariat and permanent chair of the Council of Regional Organisations in the Pacific. 	

Pacific Community (SPC)	Headquarters: Noumea, (New Caledonia), Secretariat in Suva (Fiji)
Number of Member States: 27	www.spc.int
<ul style="list-style-type: none"> • SPC is a regional technical and development organisation. • SPC implements programs to develop the technical, professional, scientific, research, planning and management capability of Pacific island people. • The agency has three main divisions: land, marine and social. 	

Pacific Islands Forum Fisheries Agency (FFA)	Headquarters: Honiara (Solomon Islands)
Number of Member States: 17	www.ffa.int/
<ul style="list-style-type: none"> • FFA was established to help countries sustainably manage their fishery resources that fall within their 200-mile Exclusive Economic Zones. • FFA is an advisory body providing expertise, technical assistance and other support to its members who make sovereign decisions about their tuna resources and participate in regional decision making on tuna management through agencies such as the Western and Central Pacific Fisheries Commission. • Since 1979, FFA has facilitated regional cooperation so that all Pacific countries benefit from the sustainable use of tuna – worth over USD 3 billion a year and important for many Pacific people's livelihoods. 	

The South Pacific Regional Environment Programme (SPREP)	Headquarters: Apia (Samoa)
Number of Member States: 21	www.sprep.org
<ul style="list-style-type: none"> • SPREP's charter is to strengthen the capacity of Pacific island members to plan and manage their own national environmental programmes and to enhance regional cooperation to deal more effectively with issues that are transboundary in nature or which require interventions at the global level. • The work of the organisation covers nature conservation, pollution prevention, climate change and economic development. 	

South Pacific Tourism Organisation (SPTO)	Headquarters: Suva (Fiji)
Number of Member States: 14	www.soutpacificislands.travel
<ul style="list-style-type: none"> • SPTO is mandated to promote the Pacific Islands as a tourist destination. • Established in 1983 as the Tourism Council of the South Pacific, SPTO is the mandated organisation representing Tourism in the region. • SPTO's objectives, through tourism are: strengthening regional cooperation; contributing to sustainable development; promoting global awareness of the region; enhancing the resources of the region; and promoting the cultural diversity of the region. 	

University of the South Pacific (USP)	Headquarters: Suva (Fiji)
Number of Member States: 12	www.usp.ac.fj
<ul style="list-style-type: none"> • USP is the leading provider of tertiary education in the Pacific region and an international centre of excellence for teaching, research, consulting and training on all aspects of pacific culture, environment and human resource development needs. • Three faculties: Faculty of Arts, Law and Education; the Faculty of Business and Economics; and the Faculty of Science, Technology and Environment. • Each faculty comprises of a number of schools which offer a wide range of academic programmes and courses at the undergraduate and postgraduate levels. 	

Membership of Council of Regional Organisations of the Pacific (CROP) Agencies

Organisation →	SPC	SPREP	SPTO	PIF	FFA	USP	No of Orgs
PHAMA Plus Countries							
Fiji	✓	✓	✓	✓	✓	✓	6
Kiribati	✓	✓	✓	✓	✓	✓	6
PNG	✓	✓	✓	✓	✓		5
Samoa	✓	✓	✓	✓	✓	✓	6
Solomon Islands	✓	✓	✓	✓	✓	✓	6
Tonga	✓	✓	✓	✓	✓	✓	6
Vanuatu	✓	✓	✓	✓	✓	✓	6
Other PICs							
American Samoa	✓	✓	✓				3
Cook Islands	✓	✓	✓	✓	✓	✓	6
FSM	✓	✓	✓	✓	✓		5
French Polynesia	✓	✓	✓	✓			4
Guam	✓	✓					2
RMI	✓	✓	✓	✓	✓	✓	6
Nauru	✓	✓	✓	✓	✓	✓	6
New Caledonia	✓	✓	✓	✓			4
Niue	✓	✓	✓	✓	✓	✓	6
Northern Marianas	✓	✓					2
Palau	✓	✓		✓	✓		4
Pitcairn Islands	✓						1
Tokelau	✓	✓			✓	✓	4
Tuvalu	✓	✓	✓	✓	✓	✓	6
Wallis and Futuna	✓	✓	✓				3
Total PIC Members	22	21	17	16	15	12	
Non-PIC Members							
Australia	✓	✓		✓	✓		4
China			✓				1
France	✓	✓					2
New Zealand	✓	✓		✓	✓		4
Timor Leste			✓				1
UK		✓					1
USA	✓	✓					2
Total Non-PIC Members	4	5	2	2	2	-	
Total Members	26	26	19	18	17	12	

FFA	Forum Fisheries Agency
SPC	Secretariat of the Pacific Community
SPREP	South Pacific Regional Environmental Programme
SPTO	South Pacific Tourism Organisation
USP	University of the South Pacific
PIF	Pacific Islands Forum

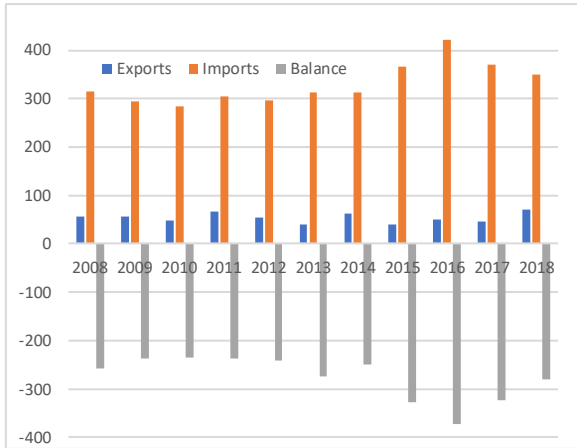
A number of other CROP agencies exist which are not as relevant to PHAMA Plus including: Fiji School of Medicine, Pacific Aviation Safety Office, Pacific Islands Development Programme, and Pacific Power Association.

Annex 3: Value of Merchandise Imports and Exports

Figure 26 Balance of Merchandise Trade (USD million), 2008-2018



Vanuatu



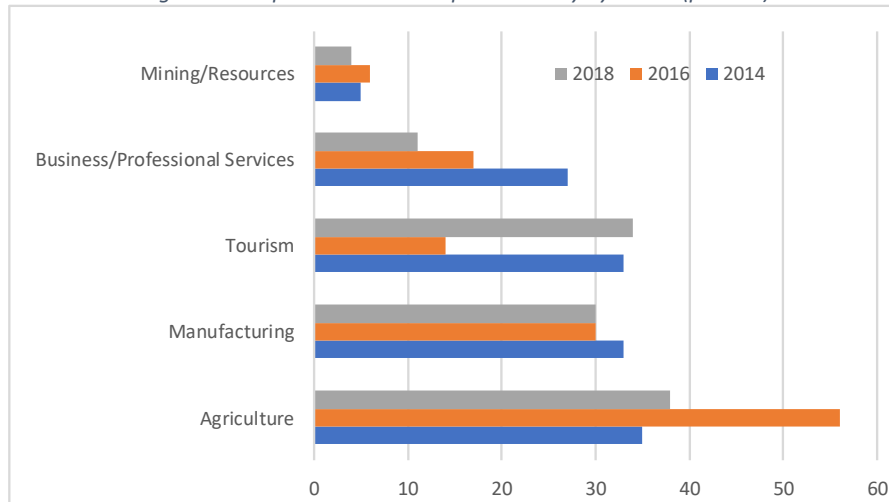
Source: World Bank, World Development Indicators

Annex 4: Pacific Islands Export Survey 2018

As sourced from: https://www.pacifictradeinvest.com/media/1296/full-report-pti-australia-pacific-islands-export-survey-2018_web2.pdf

Pacific Trade and Invest (PTI) Exporter Survey 2018

Figure 27 Respondents to PTI Exporter Survey by Sector (percent)



The number of PIC agricultural exporters exceeds those in any other sector. Most PIC exporters are small and medium enterprise scale with less than 20 employees.

Figure 28 Figure 27 Respondents to PTI Exporter Survey by Number of Employees

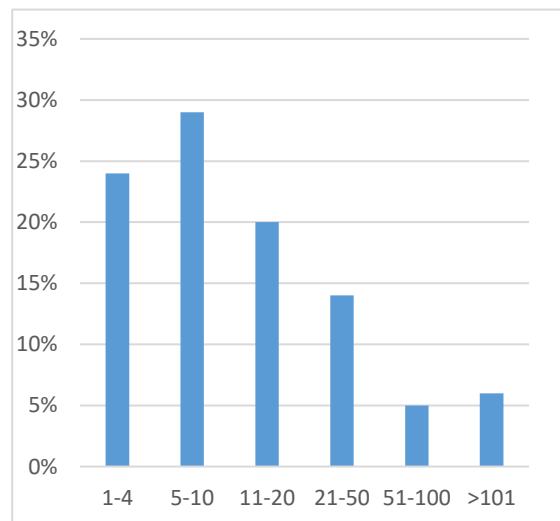
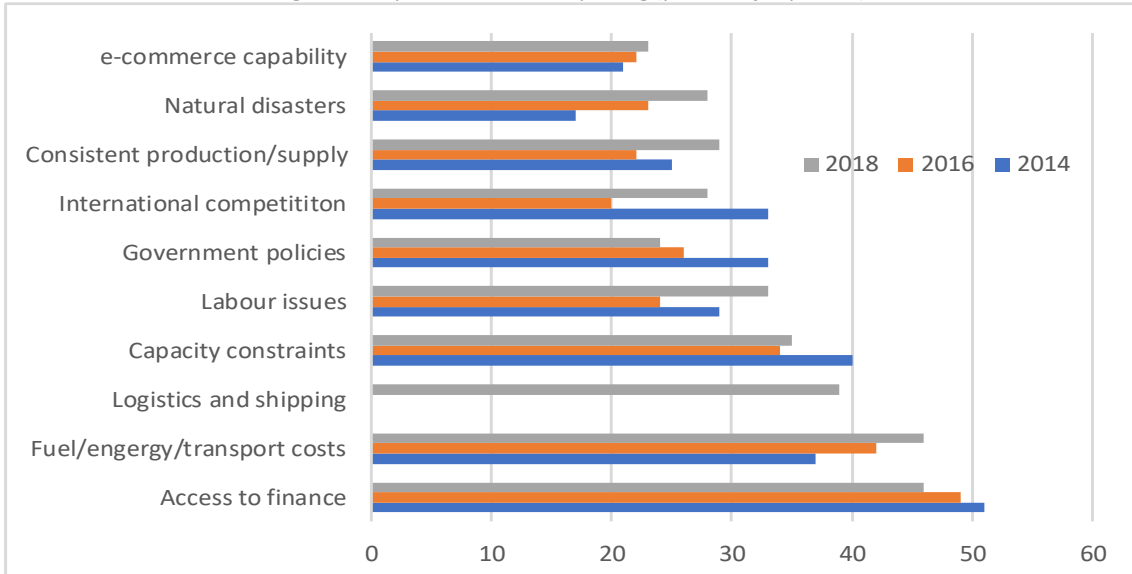
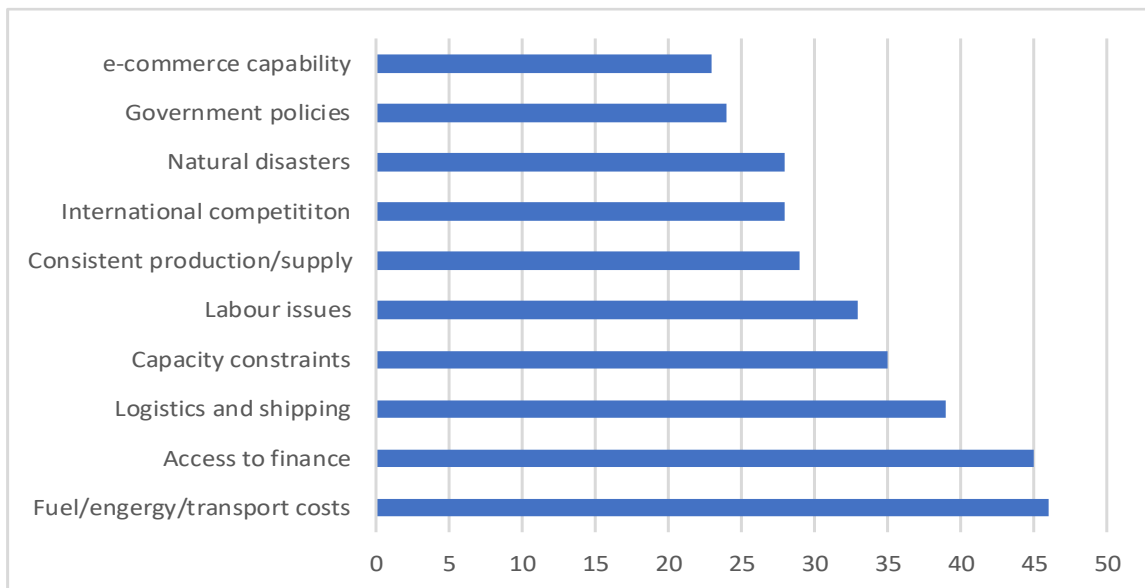


Figure 29 Top ten Barriers to Exporting (percent of exporters)



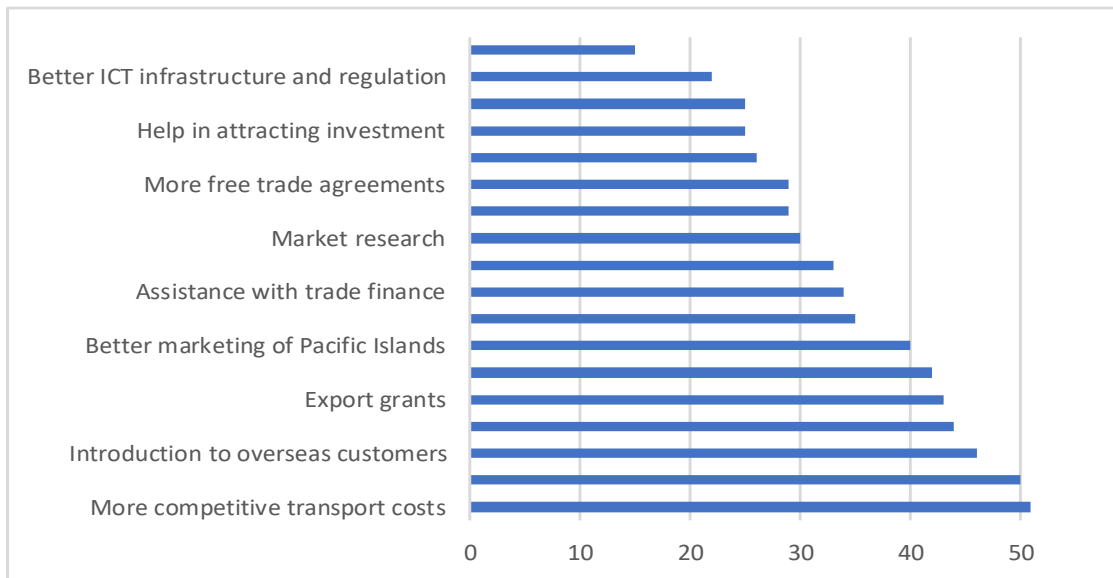
The leading barriers to exporting include access to finance, transport costs, logistics and capacity constraints.

Figure 30 Top ten Barriers to Exporting - Agricultural Exporters (percent of exporters)



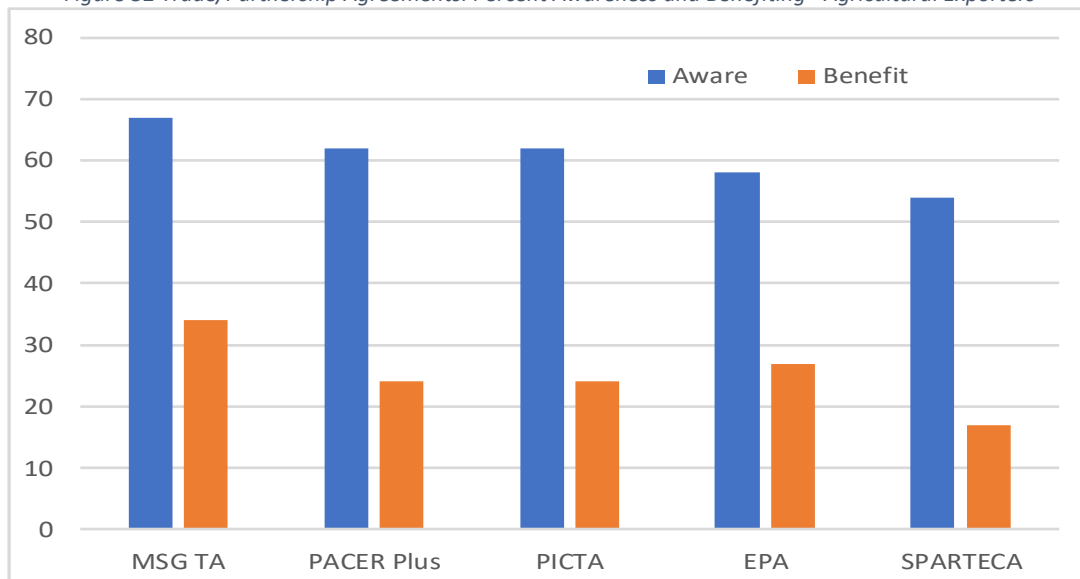
Among agricultural exporters the principal barriers are much the same as for exporters in general.

Figure 31 Assistance Needed to Increase Exports - Agricultural Exporters (percent of exporters)



The nature of assistance sought by exporters provides useful guidance for PHAMA Plus.

Figure 32 Trade/Partnership Agreements: Percent Awareness and Benefiting - Agricultural Exporters



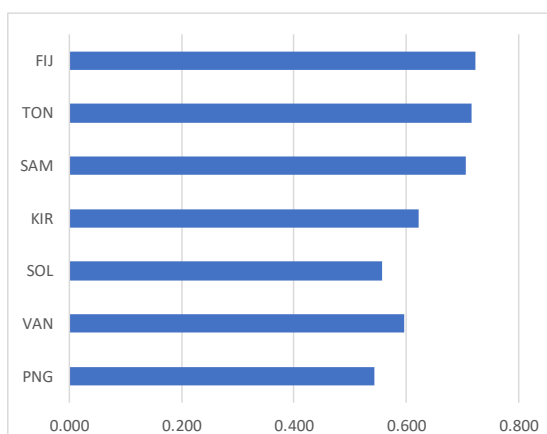
MSG TA	1994 Melanesian Spearhead Group Trade Agreement
PACER plus	2017 Pacific Agreement on Closer Economic Relations
PICTA	Pacific Islands Trade Agreement
EPA	European Union Economic Partnership Agreement
SPARTECA	1981 South Pacific Regional Trade and Economic Cooperation Agreement

Less than 60% of PIC exporters are aware of the major trade agreements and only 20-30% consider them to be beneficial.

Annex 5: Human Development Index (HDI)

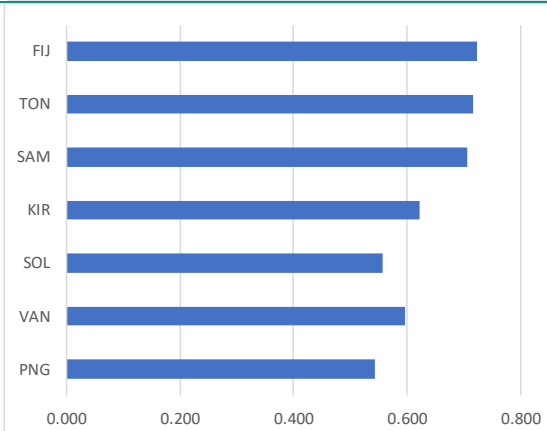
Human Development Index, 2018

- Fiji, Samoa and Tonga are classified as high human development countries.
- Vanuatu Solomon Islands and Kiribati are classified as medium human development countries
- PNG is at the top of the low human development range.



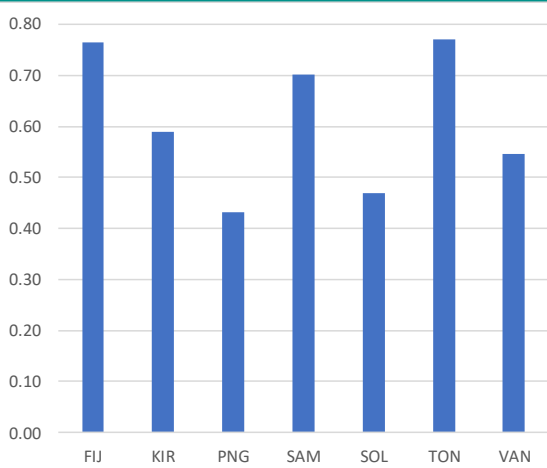
Life Expectancy at Birth, 2018 (years)

- Life expectancy in PNG is well below the other Pacific countries.
- All the countries other than Samoa have life expectancies at least ten years less than the most developed countries.
- In all Pacific countries, life expectancy has increased over the last decade.



Education Index, 2018 (based on average years of schooling)

- Fiji, Samoa and Tonga rank above the other countries in education.



Poverty Rates (Percent)

- Data on poverty rates are sparse and incomplete.
- Extreme poverty (income < \$1.90/day) is rare except in PNG and Solomon Islands.
- Somewhat higher poverty rates are estimated relative to national poverty lines.

	FIJ	PNG	SAM	SOL	TON	VAN
< USD 1.90/day (2011 PPP)	0.2	14.8	0.1	6.8	0.2	3.2
Year	2013	2009	2013	2013	2015	2010
National Poverty Line	9.9	15.7	No data	3.2	No data	No data
Year	2008	2009		2013		

