

**“EUphoria in the Pacific?”
Regional Economic Partnership Agreements
- Implications for the Pacific**

Steve Thomas
MA Graduate
National Centre for Research on Europe
University of Canterbury

Paper presented at the
New Zealand Asia Pacific European Studies Association Conference
“Outside Looking In”
The Arts Centre
Christchurch, 9-11 September 2004
National Centre for Research on Europe
University of Canterbury

ABSTRACT:

Regional integration has once again been placed squarely on the agenda of the Pacific island countries. The European Union, through the negotiation of regional Economic Partnership Agreements, is actively engaged in fostering sub regional integration processes. The release of the Eminent Persons' Group review of the Pacific Islands Forum in April 2004 has also placed regional solutions to the problems of development in the Pacific at the forefront of reform. These processes raise a number of questions about integration in the context of the Pacific. This paper will explore the potential for the EU's EPA framework to be applied to the Pacific. The core questions it seeks to deal with are to what extent the Pacific, as the EU defines it, constitutes a region, and likewise whether the Pacific can be said to be an economic region. Consequently, who the Pacific region exists for is a fundamental principle behind understanding how integration has and will be shaped in the region, by the EU and others.

I. INTRODUCTION

A renaissance took place within the study of regional integration in the field of international relations and in the literature of international political economy over the last decade. Of 250 Regional Trade Agreements (RTA) that have been notified to the GATT and the World Trade Organisation (WTO) throughout their combined history, 130 of these were registered after January 1995.¹ Interest therefore rose in the resurgence of regionalism, to explain the consolidation of various economic integration schemes among geographically proximate countries, including the North American Free Trade Agreement (NAFTA), Mercosur in South America, or the Association of South East Asian Nations (ASEAN). The revival of European integration in the 1980s was also an important component of the resurgence of regionalism when the Single Market Act (1986) initiated the sequence of events that led to Maastricht, Monetary Union, and now in 2004 a new Constitution for Europe and the acceptance of Eastern Europe into the European Union (EU).² Of interest is how these integration schemes challenge state sovereignty and whether the RTAs that exist among them are “stepping stones” or “stumbling blocks” towards global free trade, under the WTO. More generally, the study of this phenomenon has been dubbed the “new regionalism,” because regional integration is no longer introverted. Instead, regionalism today is extroverted, because of the interdependence between globalisation and domestic factors. At times regionalism may strengthen the nation-state, at other times it may weaken it.

Furthermore, because of its longevity as an integration enterprise, and its unique qualities as an international organisation, possessing its own independent institutional base, budget, policy creation and management mechanisms and visibility through extensive external relations and diplomacy, the EU is often regarded as the most sophisticated form of regional integration to date. Unfortunately, this raises the problem that the EU is often considered the paradigmatic case of regionalism, against which all other regional projects are judged. Comparison is rarely flipped on its head; mature regionalism is equated to the creation of regional organisation equivalent to the Common Market, the European Parliament, the Court of Justice or the Commission.³ Thus, in this context, the model of European development cooperation presented by the Cotonou

¹ World Trade Organisation, "Regional Trade Agreements: The Mandate," (Geneva: World Trade Organisation, 2004).

² Ben Rosamond, *Theories of European Integration, The European Union Series* (New York: St. Martin's Press, 2000). p. 179.

³ Cf. Philomena Murray, "Towards a Research Agenda on the European Union as a Model of Regional Integration," *Asia-Pacific Journal of EU Studies* 2, no. 1 (2004). p. 39, & Shaun Breslin, Christopher W. Hughes, Nicola Phillips and Ben Rosamond (eds.), *New Regionalisms in the Global Political Economy Theories and Cases* (London and New York: Routledge, 2002). p. 12.

Partnership Agreement between the African, Caribbean and Pacific states (ACP) and the EU poses a number of challenges to the developing countries which are signatories to the agreement, as regionalism has been made one of the defining principles of the partnership. Article I states that “regional and subregional integration processes which foster the integration of the ACP countries into the world economy...shall be encouraged and supported.” The particular challenges associated with the model of integration contained in the Cotonou Agreement and regionalism in the context of the Pacific are the focus of this analysis, as the Pacific group of ACP states are not obvious candidates for regional economic or political integration. However, the perceived failure of the post-colonial state in the Pacific, as well as recent publicity for a Pacific political and economic community, with the release Eminent Persons’ Group (EPG) review of the Pacific Islands Forum (PIF) in April 2004, have meant that regional solutions to problems of national governance and development have become more salient than ever.⁴ The solutions offered by regionalism are praised, possibly even with euphoria, in Europe; however the application of regionalism as a model of development in a context such as the Pacific is unlikely to generate a similar degree of enthusiasm. It will be argued that the needs of the Pacific island countries (PIC) will call upon the EU to employ flexibility in its region-to-region relationship with the Pacific ACP states (PACP).

Consequently, general questions in relation to understanding regional integration in the Pacific may include: what is regional integration? What are the preconditions for integration? Does the region possess the capacity and the will to conduct and sustain integration? Are there patterns of regional cooperation present, including the desire for and commitment to trade liberalisation, or a sense of region? What then are the boundaries of the region, and how is it defined and legitimated? Although it will implicitly touch on all of these questions, this analysis will primarily focus on a response to the latter two questions as the primary focus of investigation of the implications of the Cotonou Agreement for the Pacific ACP states (PACP). Firstly then, the rationale of regional integration as a principle of European development policy will be explored. Secondly, the definition of the Pacific region will be examined, in order to determine the depth of Pacific regionalism. As a result, this section will consider the recent proposals announced by the Forum Secretariat in the Auckland Declaration in April 2004, in relation to the recommendations produced by the EPG, which called for a “Pacific Plan” that has placed regional integration squarely on the agenda of the Forum. In the third section the issues with respect to free trade elements of the

⁴ See as examples: Helen Tunnah, "Pacific Plan Hints at Economic Union," *The New Zealand Herald* 2004. and Helen Tunnah and Angela Gregory, "Pacific Vision Sees Security in Sharing," *The New Zealand Herald*, 7 April 2004.

partnership are the focus, in order to illustrate the implications for future Pacific-EU relations. This will help to indicate the possible trajectory of Pacific-EU relations, with respect to the various constraints which surround integration in the Pacific.

II. THE RATIONALE FOR REGIONALISM UNDER COTONOU

1. Reform of the ACP-EU Partnership and WTO Article XXIV

In the first instance, it must be remembered that the EU is interested in regional integration as a development strategy because it has comparative advantage in regionalism. The EU, as an integrated regional entity, prefers to deal with other regions wherever possible.⁵ It is more efficient to deal with six sub groups within the ACP, for example, than to negotiate 78 bilateral partnership agreements. However, perhaps the most important reason why regionalism has been adopted as a principle of European development policy is because of the legal context in which the EU's relations with the developing world are governed: the WTO. While the Cotonou Agreement covers a broad range of objectives in terms of the development of democracy and civil society as well as the provision of aid through the European Development Fund (EDF) and the European Investment Bank (EIB), it is not a trade agreement. The agreement only makes provision for the negotiation of new trading arrangements, known as Economic Partnership Agreements (EPA). Hence, the Cotonou Agreement does not jettison the philosophy of development through trade, but firmly rejects the value of non-reciprocal trade preferences. This is because the value of trade preferences has been eroded. As a result, the EU has decided that the challenge of defending these privileges in the WTO is not worthwhile because of their negligible benefit to the ACP.⁶ Now then, the trade dimension of the ACP-EU partnership must be compatible with WTO rules on trade in goods. In the past, the EU was able to sidestep the legality of the earliest ACP-EU preferential trade deals under the Lomé Convention, even though they privileged some developing countries over others, because the arrangements were intended to have a development edge.⁷ This was because the ACP states were never intended to have to reciprocate duty free access to their markets, and therefore the Lomé Convention was not considered to constitute an FTA.

⁵ Pascal Lamy, "Stepping Stones or Stumbling Blocks? The Eu'S Approach Towards the Problem of Multilateralism Vs Regionalism in Trade Policy," *The World Economy* 25, no. 10 (2002).

⁶ Despite tariff-free access for as much as 99 per cent of export products and the agricultural commodity protocols, the share of ACP trade in EU imports declined from 7 per cent in 1975, to 4.3 per cent in 1980 and by 1998 to an astonishingly disappointing figure of 3 per cent, continuing the pattern from Yaoundé. Stefan Szepesi, "Preparing for the Inevitable? The African, Caribbean and Pacific Countries and Trade Negotiations with the European Union" (Masters Thesis, Maastricht University, 2003). p. 6; European Centre for Development Policy Management, "Cotonou Info Kit," (Maastricht: European Centre for Development Policy Management, 2001).

The key provision to consider here is the application of GATT 1994 Article XXIV. Article XXIV is a concern for the ACP-EU relationship, because it is intended to ensure that trade in goods between developed and developing countries is non-discriminatory so as not to impede multilateral free trade. Therefore, Article XXIV ensures that the RTAs, such as free trade areas (FTA) or customs unions which may be formed between developed countries and subsets of developing countries, like EPAs, do not discriminate against non-members, by requiring parties to such agreements to liberalise “substantially all trade” over most products to be traded, and to do so over a “reasonable period of time.”⁸ Hence RTAs are only meant to be ‘way-stations’ on the journey to global free trade. At present, the EU has a waiver for its preferential trade agreements with the ACP states as understood from the Lomé Convention until the end of 2007, to allow them time to transition to the new trading arrangements. This means the creation of an FTA or a CU with the ACP.

When reform of the EU-ACP partnership was considered in the 1996 Green Paper,⁹ both sides in the negotiations were unwilling to sacrifice the special associationist partnership that had endured for close to 40 years in some cases between the ACP states and Europe, based on mutual obligations and the heritage shared between the ex-colonies of the ACP group and the EU.¹⁰ However, this meant that the future model of the ACP-EU partnership which emerged was a compromise between preserving the integrity of the ACP and improving the effectiveness of the way in which development assistance was delivered. Hence, the partnership came to be characterised by differentiated reciprocal trade relations with various sub regions of the ACP collective, rejecting the model of association with the ACP collective. Differentiation meant that in order to improve the effectiveness of the political and economic relationship, the EU was prepared to treat particular ACP states in a manner consistent with their development status. More radical was how the Lomé Convention was split up into regional conventions to take advantage of local advances in regional cooperation, assisting initiatives to improve the competitiveness of ACP production, and to strengthen local institutions for enhanced political dialogue. In compliance with Article XXIV, trade would be conducted on a reciprocal basis, as

⁷ Theodore H. Cohn, *Global Political Economy, Theory and Practice* (New York: Longman, 2000). pp. 249-51.

⁸ Robert Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union," (ACP-EU Trade Relations, 2002)., pp. 7-8; Bonapas Onguglo and Taisuke Ito, "How to Make EPAs WTO Compatible? Reforming the Rules on Regional Trade Agreements," (Maastricht: European Centre for Development Policy Management (ECDPM), 2003). p. 64.

⁹ Commission of the European Communities, "Green Paper on Relations between the European Union and the ACP Countries, Challenges and Options for a New Partnership," (Brussels: European Community, 1996).

called for by the requirement to eliminate barriers on substantially all trade. The EU therefore considers the region as the primary political unit with which to negotiate free trade agreements, as well as in the other areas of cooperation and aid disbursement and management. As such, the EU has sought to negotiate region-to-region FTAs with sets of ACP states. Negotiations were launched in this manner with each of the ACP regions between October 2003 and September 2004. The PACP was the last ACP sub region to do so, however.

In Articles 34-37 of the Cotonou Agreement, containing the provisions on the new trade arrangements, the model of reciprocal free trade between the various subgroups of the ACP and the EU has been enshrined as the solution to the deficiencies of the Lomé preferences:

“Economic and trade cooperation shall build on regional initiatives of the ACP states, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy (Article 34).”

The EPAs constitute the specific template for regional economic integration within the ACP regions. Consequently, it is this framework for cooperation which must be evaluated against the Pacific case. The EPAs are intended to be *FTA-plus* WTO compatible regional free trade agreements, which means the trade agreements negotiated with the EU will not only seek to abolish trade barriers within the ACP sub regions and with the EU, but they will also have a clear development dimension, given the continuation of economic aid.¹¹ Therefore, Article 37 explicitly takes into account the observation of WTO rules by both parties, but EPAs are more generally meant to deepen the regional integration processes within the ACP, as the EU argues that regional integration is the best cooperation strategy for achieving the development objectives contained in the Maastricht Treaty, the smooth and gradual integration of the ACP states into the global economy and the eradication of poverty.¹²

¹⁰ Enzo R. Grilli, *The European Community and the Developing Countries* (London: Cambridge University Press, 1993). pp. 1-6; Majorie Lister, *The European Union and the South* (London & New York: Routledge, 1997).

¹¹ Szepesi, "Preparing for the Inevitable? The African, Caribbean and Pacific Countries and Trade Negotiations with the European Union". op cit., p. 7; European Centre for Development Policy Management, "Cotonou Info Kit." No. 14, op cit.

¹² Commission of the European Communities, "Pacific ACP European Community Regional Strategy Paper and Regional Indicative Programme for the Period 2002 – 2007," (Brussels: European Community, 2002). p. 6.

2. South-South-North Integration

The EPAs therefore constitute one of the key components of the Commission's development strategy,¹³ as trade related assistance will be executed at the regional level, "whenever appropriate," to complement and reinforce activities at the national level. Together, these EU activities introduce a "South-South-North" approach to integration. In the first instance, the EU defines South-South integration as the idea that RTAs formed among developing countries will allow them to reap the benefits of scale economies and efficiency, described by Vinerian Customs Union theory, as well as increasing their attractiveness to Foreign Direct Investment, that will stimulate competition among peers and will secure for them greater bargaining power. The EU sees this as a way to deal with the problems of small economies and the general vulnerability of developing states, as well as to provide an incentive to form, or perhaps to lock states into, regional solutions to common political and institutional problems, where convergence may save resources and enhance responses, in the areas mentioned above.¹⁴ South-South integration should more easily lead to deeper integration with the North, as developed and developing world economies mutually open. Additional benefits include the "locking in" of reforms, technology transfers and stability of market access. The South-South-North approach therefore considers that trade is a fundamental motor for growth and poverty reduction, and furthermore that RTAs among developing countries or between developed and developing countries can contribute to helping less developed countries to participate in the global economy, in a way which helps them to overcome limitations in small economic size and vulnerability. In general, regional integration, based in the first instance on economic integration, is perceived as a valuable normative strategy in its own right.

¹³ The Commission's philosophy of development, fostering sustainable, growth and poverty reduction, through regional integration and free trade, was addressed specifically in the its Communication to the Council and the European Parliament in September 2002, entitled *Trade and Development, Assisting Developing Countries to Benefit from Trade*. The Commission considers that although developing countries have increased their share of world trade, through such mechanisms as the Lomé preferences, they are lagging behind because their exports are concentrated in a limited number of products, they have unskilled labour forces, and most skilled labour is employed in the low-assembly stages of international production, where value-added benefits accrue offshore. Drawing on analysis from the World Bank, the Commission argues that higher levels of participation in international trade and investment, as well as a strong emphasis on education and institutional development will create stronger human capital and therefore country-owned strategies that will achieve the TEU objective of poverty reduction. World Bank, "Globalisation, Growth and Poverty," (Washington DC: The International Bank for Reconstruction and Development /The World Bank, 2002). and Dani Rodrik, "Trade Policy Reform as Institutional Reform," in *Development, Trade and the WTO - a Handbook*, ed. World Bank (Washington DC: The International Bank for Reconstruction and Development/The World Bank, 2002), cited in Commission of the European Communities, "Communication to the Council and the European Parliament: Assisting Countries to Benefit from Trade," (Brussels: European Community, 2002). p. 10.

¹⁴ Commission of the European Communities, "Communication to the Council and the European Parliament: Assisting Countries to Benefit from Trade.", p. 24.

To summarise, the EPAs represent a model of regional economic integration. By seeking to negotiate regional EPAs with the ACP, the EU is in effect seeking to apply a particular template of regional integration to developing countries. While it may be a reasonable strategy for the EU, questions remain over whether the model works in practice, as economic integration in fact calls for an intensification of political cooperation in developing countries to coordinate cooperation and to distribute the costs and benefits of integration.¹⁵ In Europe, economic cooperation has led to deeper integration and rising wealth because economic integration was a means, not the objective of cooperation, as is the case in the developing world.¹⁶ There is also the issue that the division of the ACP into six sub regions – four in Africa, the Caribbean and the Pacific – is an arbitrary way to define the regions in question. These questions will now be dealt with in relation to the Pacific ACP states.

III. THE NATURE OF THE PACIFIC REGION

1. Legitimacy

Before proceeding with an examination of the dimensions of the Pacific regional community, some conceptual issues must be addressed. Firstly, the encouragement of regional economic integration by the EU in the Pacific raises the question of whether this brand of regionalism is legitimate. This is because whichever model or approach to defining Pacific regionalism is adopted, whether from outside or inside the region, each one contains a particular vision of community. Region-building, like nation-building is an exercise in constructing a community.¹⁷ A regional community may have a variety of members, including states and sub regions as well as from non-governmental organisations and the private sector (certainly this is a vision of the Cotonou Agreement, in seeking to create a wider country-owned development strategy).¹⁸ The key point is that the members of a community share common interests or values, but the vision of what that community should look like may be hotly debated, as was vividly seen throughout the Constitutional Convention in Europe.

This illustrates the most critical questions to be asked of the EU-Pacific relationship, and indeed of other conceptualisations of the Pacific being debated at this time, which is who defines, or controls

¹⁵ See W. Andrew Axline, "Underdevelopment, Dependence, and Integration: The Politics of Regionalism in the Third World," *International Organisation* 31, no. 1 (1977). & W. Andrew Axline, *Caribbean Integration, the Politics of Regionalism* (London: Frances Pinter, 1979).

¹⁶ W. Andrew Axline, *The Political Economy of Regional Integration* (London: Pinter Publishers, 1994). p. 180.

¹⁷ Greg Fry, "Whose Oceania? Contending Visions of Community in Pacific Region-Building," *39th Otago Foreign Policy School* (Dunedin: Otago University Political Studies Department, 2004). p. 4.

¹⁸ Commission of the European Communities, "The Cotonou Partnership Agreement," in *The Courier* (Brussels: European Community, 2000). Article II.

what the Pacific is, and for what purpose. The answers to these questions in turn determine who may belong to and speak for the region.¹⁹ In the context of the Pacific, these questions are very relevant, because regionalism has hinged around the issue of the self-determination of Pacific states and the extent to which the ex-colonial powers and global imperatives determine what the Pacific should stand for. More poignantly, is the EU conceptualisation of the region compatible with how Pacific islanders view the nature and purpose of regionalism? By provoking a response to this question, the question of moral and political legitimacy can be extended from visions of community to include the processes by which it is built.

2. The Dimensions of Island Identity

(i) The EU Definition of the Pacific

The EU chooses to deal with the Pacific primarily in terms of the 14 island states that comprise the Pacific Islands Forum (PIF), as these states also form the basis of the PACP group of states. The EU recognises the Forum as the primary collective political and geographic expression of the region because it is the premiere regional intergovernmental organisation in the Pacific. Through eight regional agencies, under the oversight of the Council of Regional Organisations in the Pacific (CROP), it is engaged in technical and sectoral integration projects and its activities are managed by a Secretariat, located in Suva, Fiji. Consequently, it operates in a manner which is both familiar and convenient for the EU to deal with. Previously to the Cotonou Agreement, the Pacific ACP membership had been defined exclusively in terms of associationist rationale; almost as a kind of 'add-on' thrown in along side the core ex-colonies in Africa and the Caribbean. The original eight PACP states were Fiji, Kiribati, Papua New Guinea, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu. The expansion of the PACP to include the Federated States of Micronesia (FSM), the Marshall Islands, Palau, Nauru, the Cook Islands and Niue in 2000, however, means that the PACP now includes Pacific Islands Countries (PIC) which do not have a previous associationist relationship with Europe, broadening the geographic scope and range of interests in the PACP. Consistency of Forum membership and PACP membership at least means that EU efforts can build clearly on the work of the Forum. However, most of these states lack an established, or indeed the potential for, a significant trading relationship with the EU, and there are significant omissions and overlaps in membership of the Forum and the PACP that complicate the EU-Pacific relationship.

¹⁹ Cf. Fry, "Whose Oceania? Contending Visions of Community in Pacific Region-Building.", p. 5.

The countries which comprise the PACP are predominately South Pacific island states, which produces an artificial set of teleological boundaries for the Pacific different to those accepted in most other definitions of the region. Complicating the definition of the PACP however, was the accession of East Timor to the ACP in May 2003, which was classified as a PACP state.²⁰ This classification of East Timor as a “Pacific” state is unique compared to other foreign and donor definitions of the Pacific, except perhaps for the UN which deals with Asia and the Pacific as one entity. Possibly East Timor’s inclusion in the PACP illustrates that development status as much as geography determines the definition of the ACP. As a small newly independent territory, East Timor is not dissimilar in characteristics to the PICs, and can be treated similarly according to the provisions in Articles 2, 34 and 35 of Cotonou. However, with respect to constructing an FTA in the Pacific, it seems unlikely that a republic with no previous contact or affinity with the PICs, as well as possessing no capacity for trade can be a meaningful player in Pacific regional cooperation.²¹ There appears to be no paradox in the mind of the European Commission, as it believes East Timor will be able to be fully integrated into the PACP.²² The inclusion of East Timor in the PACP creates an anomaly in the regional architecture of the Pacific post-Cotonou process, raising the question of whether it is geographical contiguity or shared experience which is the most important delimiter of a region.

Furthermore, because of the patchwork of relationships that exist between Europe and the developing world, the two wealthiest island European Overseas Territories (OCT) in the Pacific, French Polynesia and New Caledonia, are treated separately from the Pacific development partnerships. Neither of these territories belongs to the Forum, although French Polynesia was just granted observer status in August 2004. However, Australia and New Zealand do, and their interests have a considerable effect on the direction of regional cooperation in the Forum, especially since together they contribute more financially to the Forum than the island states combined.²³ The EU has up to now failed to adequately acknowledge the numerous other islands, sub regional relations or regional dynamics in the Pacific, which will be discussed subsequently. Thus, the EU definition of the Pacific has certain logic to it, as it covers the most vulnerable states

²⁰ Commission of the European Communities., *Europa: DG Development Website* ([cited 26 January 2004]); available from <http://europa.eu.int/comm/development>.

²¹ “In late 1999, about 70% of the economic infrastructure of East Timor was laid waste by Indonesian troops and anti-independence militias.” Furthermore, East Timor’s imports were valued at US \$237 million, as opposed to only \$8 million of exports in complementary goods, such as coffee and sandalwood. National Foreign Assessment Centre (U.S.) United States Central Intelligence Agency, *CIA World Factbook* (Washington, D.C.: Supt. of Docs, 2003).

²² Koos Richelle, "Statement by Mr Koos Richelle Director-General for Development, European Commission," (Auckland, New Zealand: Commission of European Communities, 2003). p. 1.

²³ Pacific Island Forum Secretariat, "Pacific Islands Forum Secretariat Annual Report," (Suva: Pacific Islands Forum Secretariat, 2003). p. 27.

in the developing world, but its boundaries do not always complement existing Pacific regional groupings well. However, it also tends to be premised on the assumption that small is not beautiful; it is ridiculous, in relation to a working partnership, especially one with reciprocal trade at its heart, if former EU Development Commissioner, Poul Nielson, was to be believed in October 2002 during his visit to the Pacific.²⁴ It is in many ways a functional definition that reduces the Pacific islands to one unit.

(ii) Islander Identity: A Sea of Islands

In reality, the Pacific is a highly complex region of interaction, which perhaps makes it difficult to deal with the island states as a whole. As Epeli Hau'ofa (1993) has argued, there is a world of difference between thinking about the Pacific as "islands in a far sea" and as "a sea of islands." Hau'ofa notes that the Pacific was an oceanic world in which islanders made their home. They developed the skills in which to navigate and traverse the waters that separated their island groups, for reasons of trade, marriage or war. Among the islands of Remote Oceania, ethnographic evidence exists that demonstrates trade was entrenched within an intricate system of alliances, reflected primarily in the exchange of status items.²⁵ One locus of exchange was centred in Polynesia among the islands of Fiji, Samoa, Tonga, Niue, Rotuma, Tokelau, Tuvalu, Futuna and Uvea, where wealth and people with their skills and art circulated. The high chiefs of Fiji, Tonga and Samoa were bound by strong kinship connections; as well as through the less benign forces of conquest and local empire. For example, the Tongan world had become a mini-maritime empire, centred on the rule of the Tongan nobility before the nineteenth century.²⁶ Seafarers from Polynesia returned to Melanesia, and resettled there, while others pressed eastwards, to found similar settlements in the Cook Islands and French Polynesia. Under King Tupaia, this territory stretched from the Marquesas and Tuamotus to as far as Samoa, at the time of Cook's voyage in 1769. Others pressed into the north to the Hawaiian islands, the Carolines and Marianas, or to New Zealand in the south. Ties of blood, language and oral tradition show that although island communities were separated they were in no way isolated by the ocean. Even in the case of a multiplicity of localised communities in Melanesia, large regions of the Bismarck Archipelago were still integrated by sophisticated trading and cultural exchange systems. A highly documented case is the Kula Ring, in the Massim area of eastern Papua, where necklaces

²⁴ Fry, "Whose Oceania? Contending Visions of Community in Pacific Region-Building.", p. 14.

²⁵ Frank R. Thomas, "The Precontact Period," in *The Pacific Islands, Environment and Society*, ed. Moshe Rapaport (Honolulu: The Bess Press, 1999). p. 125.

²⁶ R. Gerard Ward, *Widening Worlds, Shrinking Worlds?: The Reshaping of Oceania* (Canberra: Centre for the Contemporary Pacific, Australian National University, 1999). p. 13.

and amulets were exchanged in opposite directions around a circuit of islands.²⁷ Hence, even if 'the world' was smaller to them, the ocean and the islands were apparently a hub of activity for the ocean people who lived and explored it.

(iii) Contact with the West and 'Invented Tradition'

Moreover, this evidence suggests that above the island community, or in the post-colonial era, the nation-state, the sub region may lay claim to possess greater saliency in the imagination of islanders than a sense of regionhood. Ironically, this is due in large part to European cultural mapping of the Pacific in the early 19th century. Dumont d'Urville was the first European explorer to classify the various island peoples that had been encountered into a hierarchy of ethnic groups, resulting in the construction of the three Pacific cultural sub regions of Melanesia, Micronesia and Polynesia. Polynesia and Micronesia consisted of the islands east of Fiji and New Zealand, up to Hawaii, and the islands from Palau, to the Marianas and across to Kiribati in the north, respectively. This classification is of course anachronistic in a number of ways, but the essential point to understand is that Pacific islanders have adopted the three sub regions for their own purposes, as they came into common use.

This has most significantly occurred in relation to decolonisation, and the articulation of an independent island voice. Keesing (1989) notes how Pacific islanders have engaged in inventing traditional identities, in reaction to European colonisation by accentuating and idealising features of their own past. In this way, the counter hegemonic discourse pervasively incorporates the structures, categories and premises of the hegemonic discourse, as the latter creates the institutional realities in which struggles must be fought.²⁸ An example of this is the Melanesian Way, popularised by Papua New Guinean lawyer Bernard Narokobi, which fused homage to traditional *kastom* with Christianity. Another is the more widely known Pacific Way. In 1970, the late Ratu Sir Kamisese Mara, the most influential Pacific island political leader in the age of self-determination, first advanced the Pacific Way as a building block for a common Pacific island identity because there is a particularly unique way in which islanders conduct themselves that is appropriate for them. In essence, the Pacific Way describes a set of common values and a process of decision-making based on tolerance, mutual respect, community, consensus and

²⁷ Ibid., pp. 9-13.

²⁸ Roger M. Keesing, "Creating the Past: Custom and Identity in the Contemporary Pacific," *The Contemporary Pacific* 1, no. 1-2, Spring & Fall (1989). p. 23.

incrementalism, in reaction against Western lifestyle and decision-making.²⁹ The Pacific Way was more localised, initially, to Polynesia, as this represented the independent Pacific in the early 1970s, but it has come to be articulated by the wider Pacific world due to the self-determination movement.

Hence, what should be emphasised the most is that regional identity in the Pacific is a phenomenon that was cultivated in response to Western involvement in the region. After all, the very first expression of indigenous regional cooperation in 1950 was through the South Pacific Conference and its secretariat, the Commission. However, its mandate was limited to discussion of programmes, not of political matters of interest to the islanders, as the colonial powers set the agenda. The South Pacific Forum, the forerunner to the present Forum, emerged in reaction to the limitations imposed by the Commission, as only autonomous Pacific states were permitted to become members. However, its efforts then, or now, could not have been maintained without the membership of New Zealand and Australia. Moreover, even the idea of the South Pacific is only as old as the Second World War, as the term was to be invented to describe the region by the Western Allies.³⁰ All this in turn adds support for the case that a sense of identity owned by Pacific islanders has reached its zenith in the past at the sub regional level, as one of the defining characteristics of Pacific regional cooperation has been its limited informal nature, as islanders have only been able to engage in region-wide cooperation, such as in fisheries management and shipping as two examples, when specific efforts have coincided with national interests.³¹

Perhaps as Hau'ofa has argued, the only concrete ground for an overarching identity that is not rooted in a Western discourse is to think of the Pacific as *Oceania*. All islanders share the ocean in common; therefore it may provide a soul, or give animation to an identity that will overcome diverse loyalties which institutionalised regionalism may fail to give depth to beyond the political elite.³² Nevertheless, the last decade has witnessed another shift in the nature of Pacific regional integration. If the previous era of the post-colonial vision of the founders of the Forum was characterised by voluntarism and limited functional cooperation, the current trend is towards more formal regional integration. This has been explained by the need for the Pacific states to adapt to

²⁹ Cf. G. Fry, "Regionalism and International Politics of the South Pacific," *Pacific Affairs* 54, no. 3 (1981)., Michael Haas, *The Pacific Way: Regional Cooperation in the South Pacific* (New York: Praeger, 1989). & Pacific Islands Forum Eminent Persons Group, "Pacific Cooperation, Voices of the Pacific, the Eminent Persons' Group Review of the Pacific Islands Forum, April 2004," (Wellington: New Zealand Ministry of Foreign Affairs & Trade, 2004)., p. 20.

³⁰ Epeli Hau'ofa, (ed.), "The Ocean in Us," *The Contemporary Pacific* 10, no. 2 (1998), pp. 396-99.

³¹ R. A. Herr, "Regionalism and Nationalism," in *Tides of History, the Pacific Islands in the Twentieth Century*, ed. K. Howe, Robert C. Kiste, and Brij V. Lal (Honolulu: University of Hawaii Press, 1994).

changes in the global economy and the security environment. With the end of the Cold War, the Pacific lost its strategic dividend, and the culture of aid conditionality meant that the money that was given to the region came under tighter scrutiny. Consequently, global imperatives from donors called for a stronger compliance-inducing regime of regional governance, which the Pacific Way, as has been understood, was unable to provide.³³

Three examples may be cited. The first is the institution of an annual Forum Economic Ministers Meeting (FEMM) that endeavours to bring agreed standards of accountability and transparency to Pacific economies. Another is the signing of the Tuna Convention in 2000 that establishes a legally enforceable rules-based regime for the management of Pacific fisheries.³⁴ Lastly, the Pacific Islands Countries Trade Agreement (PICTA), ratified in April 2003, is an island initiative to progressively liberalise goods trade over ten years with a view to establishing an FTA, representing a real step toward economic integration which had been firmly rejected as a possibility until the reform era. The provisions of PICTA, like the Tuna Convention, establish a legal regime complete with dispute resolution mechanisms and sanctions, which may be invoked if the Pacific Way fails to resolve any grievances. One could also go on to discuss the demands made by the post-September 11 security environment in the Pacific, where regional responses to national problems are advocated, such as the Regional Assistance Mission to the Solomon Islands (RAMSI) authorised under the Biketawa Declaration. However, the point is clear that global imperatives are causing a conjunction to emerge between Pacific islanders' various visions of community and the vision presented by the neoliberal reform partners to the Pacific – Australia, New Zealand and Europe.

(iv) The 2004 Eminent Persons' Group Review and the "Pacific Plan"

Hence, the Eminent Persons' Group Review of the PIF represents the presentation of the first clear articulation of a new Pacific vision of the region that reflects the imperatives of the reform era. The review emerged out of an Australian and New Zealand push for more effective regionalism at the Auckland Forum meeting in 2003. The review followed a similar process to the last Forum review in 1995, since, as suggested by its title, a group of distinguished former Pacific leaders, chaired by the former Prime Minister of Papua New Guinea, Sir Julius Chan, were tasked to consult widely in Pacific states at both government and civil society levels to

³² Hau'ofa, "The Ocean in Us."

³³ William Sutherland, "Regional Governance, Peace and Security in the Pacific: A Case for Give and Take," (Australia National University, Canberra: (unpublished), 2003). p. 6 & William Sutherland, "Global Imperatives and Economic Reform in the Pacific Island States," *Development and Change* 31, no. 2 (2000).

establish how the activities of the Forum and its Secretariat could be improved, in relation to the challenges facing their countries.³⁵ This is intended to ensure that the Forum remains a viable vehicle to deal with challenges of globalisation. The Australian push was motivated out of its revised interest to manage the Pacific in the war against terror. New Zealand was more concerned with the effectiveness of the Forum to confront issues of development, law and order and conflict. Nonetheless, Pacific island leaders endorsed the review, as they have endorsed its recommendations that will represent a new mandate and role for the Forum as they share the concern that main underlying cause of the region's development problems is the absence of strong governance.³⁶

Entitled *Pacific Cooperation, Voices of the Region*, the key recommendation that underpins the review is that intensified regional cooperation is the best solution for dealing with the four key challenges to the region: economic growth, sustainable development, good governance and security, in response to globalisation. It lays out a vision for the Pacific (Figure 1), and a "Pacific Plan," which sketches out the possibilities for creating stronger and deeper links between countries of the region, as the report argues that current levels of cooperation are insufficient to assist vulnerable island states to cope with the challenges listed above. The review urged Pacific leaders to consider options for future economic and political integration which may possibly lead to a model of deeper integration that is unique for the Pacific – but where 'deeper' means a higher level of integration than currently employed.

"The bottom line is that future inter-country relations will need to be closer and mutually supportive if the region is to avoid decline and marginalisation."

There is no doubt in our minds that the future prosperity of the region will depend on our acknowledging our inter-connectedness, and finding new...means of harnessing our collective capacities. New thinking on the relationships between sovereign states may be required. Where practical, the pooling of regional resources in a range of areas of governance would offer improved efficiencies in...economic development."

(Eminent Persons Group Review, 2004, p. 10 & p. 21)

³⁴ Sutherland, "Regional Governance, Peace and Security in the Pacific: A Case for Give and Take.", pp. 7-10.

³⁵ Pacific Islands Forum Secretariat, "Forum Communiqué, Thirty-Fourth Pacific Islands Forum, Auckland, New Zealand," (Auckland: Pacific Islands Forum Secretariat, 2003). p. 10.

³⁶ Andie Fong Toy, "The Pacific Islands Forum and Regional Cooperation," *Presentation at the 39th University of Otago Foreign Policy School* (Dunedin: 2004). pp. 1-2.

**Figure 1: The Pacific Way:
A Pacific “Vision”**

“Leaders believe the Pacific region can, should and will be a region of peace, harmony, security and economic prosperity, so that all its people can lead free and worthwhile lives.

- We treasure the diversity of the Pacific and seek a future in which its cultures, traditions and religious beliefs are valued, honoured and developed.
- We seek a Pacific region that is respected for the quality of its governance, the sustainable management of its resources, the full observance of democratic values, and for its defence and promotion of human rights.
- We seek partnerships with our neighbours and beyond to develop our knowledge, to improve our communications and to ensure a sustainable economic existence for all.”

– Adopted as a guide to Pacific Islands Forum actions and policies in The Auckland Declaration by the Pacific Islands Forum Special Leaders’ Retreat, Auckland, New Zealand, 6 April 2004.

Thus, the rationale of the Pacific Plan is that for the Pacific islands to survive and prosper they must learn to depend on each other. The review also recommended that the Forum should assess all existing regional cooperation arrangements, and establish a Pacific Plan Taskforce in 2004 to develop the Plan further. In particular, the Forum Secretary-General and the Chair would be given enhanced powers of initiative to act on behalf of the region, and the functions of the Secretariat and the CROP would also be streamlined to allow them to implement regional programmes more efficiently. Greater cooperation would occur in core sectoral areas, such as transport, information technology, quarantine, customs, security and law enforcement. Finally, the Plan seeks to incorporate dependent territories and civil society in the regional process, by introducing the notion of ‘peoples of the region,’ and to affirm the role of both the small island states and New Zealand and Australia within the Forum as equals to check any aspiration to hegemonic relations among its members.³⁷

The terms of reference for the taskforce were approved at the August Forum, signifying again the new momentum which is behind regionalism at the elite level at the moment in the Pacific.

³⁷ Pacific Islands Forum Eminent Persons Group, "Pacific Cooperation, Voices of the Pacific, the Eminent Persons' Group Review of the Pacific Islands Forum, April 2004.", p. 8.

Therefore, the Pacific Plan is a clear departure from the past practice of voluntaristic regionalism. However, while ambitious, it is unlikely it will be the harbinger of an EU-style “Pacific Union,” as island leaders have clearly indicated that they are not prepared to proceed with deep integration, as it is not appropriate to the island context.³⁸

(v) A New Pacific Way?

In a bold move, the review has also opened up the meaning of the Pacific Way for reinterpretation. The report affirms the values of the Pacific Way, that there is a Pacific way of doing things that is open to, but different from, the Western world. However, the review argues that this definition must be broadened to connect the region with local communities, and also to deal with a sensitive issue for Pacific leaders, failure of governance and corruption. Therefore, the Pacific Way has been imbued with several Western liberal democratic values. Consensus politics has been altered to “denote a style of governance that is respected for its inclusiveness, effectiveness and freedom from corruption,” and to “be people-centred and democratic in spirit.”³⁹ Similarly to how Mara originally popularised the Pacific Way to call upon an idealised traditional past that all islanders could share in, to help the region to articulate a sense of identity, it seems the EPG review also seeks to use the Pacific Way as a framework for marrying ‘traditional’ values with the values of the neoliberal reform era. Reformulation of the Pacific Way, with clearer extension of the political process to all of civil society, therefore legitimates the objectives of the Pacific Plan, which as it develops will call for greater pooling of resources and sovereignty and therefore the need for connection between the work of the Forum and those who it is meant to serve.

Thus, the Pacific Plan represents a compromise between neoliberal justifications for enhanced regional cooperation and the traditional Pacific Way. More significantly, the EPG Review, the Auckland Declaration and the launch of the Pacific Plan indicate that a real change in attitudes and thinking about what the region is and why regional solutions to national problems may be

³⁸ Note the comments of the President of Kiribati, Anote Tong, during the Forum Special Leaders’ Retreat, held at Auckland, 5-6 April 2004:

“Frankly, we don’t see ourselves being able to absorb that (deeper political union) at this time. And I don’t think that that is being proposed. And I don’t think that should be proposed for the next few years.”

And also the Fijian Prime Minister, Laisenia Qarase:

“I think we should leave it at that (an idea). We should not rule it out; it’s an option that can be considered some time in the future.” Australian Broadcasting Corporation, “Pacific Leaders Meet in Auckland to Discuss Pacific Plan,” *ABC Go Asia Pacific, Australia*, 6 April 2004; Tunnah and Gregory, “Pacific Vision Sees Security in Sharing.”

³⁹ Pacific Islands Forum Eminent Persons Group, “Pacific Cooperation, Voices of the Pacific, the Eminent Persons’ Group Review of the Pacific Islands Forum, April 2004.”, p. 20.

worthwhile pursuing is occurring in the Pacific. However, the Pacific Plan is still very much a dream at this point in time, and it must be stressed yet again that it in no way indicates that the Pacific will be a highly integrated supranational region in the way the EU is. While expressing a new vision of Pacific community, it more importantly denotes that the region has utility and legitimacy to promote interdependence among the islands. Thus, it does not exclude the sub region and the nation-state from being equally relevant units of articulating identity.

IV. A PACIFIC EPA OR FTA: IS THE PACIFIC AN ECONOMIC REGION?

Hence the Pacific Plan, if implemented along these lines, will help clarify the future lines of the EU-Pacific relationship, as an expanded and better equipped Forum will be a better vehicle to represent the Pacific to the EU. In this way, the Pacific Plan may also represent a response by the Forum to calls from the EU to strengthen the architecture of regional cooperation.⁴⁰ The language of Cotonou appears to be higher in the minds of Pacific leaders, in areas such as governance, security and the benefits of economies of scale.⁴¹ Even if there is a growing appreciation of regionhood it still remains to be shown, however, in what sense the Pacific may be considered an economic region, as free trade between the two regions still represents a cornerstone of the partnership arrangement.

1. Issues in Economic Debates over RTAs in the Pacific

The economic characteristics of the Pacific do not suggest immediately that an FTA will increase the welfare of the islands. The island countries have small populations, spread across the ocean, which has inevitably constrained the development of domestic markets. It was estimated by Scollay (2001) that in the mid-1990s the GDP of the region was approximately 13.5 per cent of that of New Zealand.⁴² Opportunities for manufacturing development have been limited, except for perhaps the garments industry in Fiji, but it was only made viable through trade preferences with New Zealand and Australia under SPARTECA. What is more, intra-FIC trade is only around two per cent of total trade and is concentrated in a few primary commodities. Hence, the PICs rely substantially on the revenue gained from tariffs and customs duties and from the duty free access granted through preferential trade agreements to sustain their economies. In general,

⁴⁰ See for example the expressions of such concerns from Europe in Richelle, "Statement by Mr Koos Richelle Director-General for Development, European Commission."

⁴¹ See Ibid. & Malakai Koloamatangi, "EU, Cotonou and EPAs: The View from the Pacific Islands," *The Courier*, no. 200 (2003).

tariffs in the Pacific are not uniform across the Forum, and are at moderate to high levels as a percentage of total imports.⁴³

Therefore the essential question to consider is whether welfare benefits can be generated for the PICs from economic integration in spite of their limited protected economies. According to Vinerian Customs Union theory, the most crucial issue is whether a Pacific FTA will be more trade creating than trade diverting. Translated, this means whether lowering barriers to trade increases the efficiency of production or causes partners to divert their trade away from more efficient producers from outside the agreement. In part, the relative size of trade creation and trade diversion relates to the design of the agreement and the economic characteristics of the members and the structure of their international trade. Laird (1999) reports that the prospects for maximising trade creation are better the larger the share of members in their partners' pre-existing trade; the more diversified the members' economies are; the closer domestic prices in the group match world prices and the greater the initial non-uniformity of partners' tariff structures. The elasticity, or the responsiveness to price changes of import demand and export supply in the partner countries, and the substitutability between products of the partner countries and those of existing suppliers, taking into account consumer preferences, product characteristics and factor costs will also influence the size of trade creation or diversion.⁴⁴ Scollay (2001) concludes that with exception of the last factor, none of these characteristics are found in the Pacific. The small scope of the regional market makes trade creation difficult, and high tariff levels among the islands may mean increased trade causes uncompetitive trade diversion. Trade diversion effects can be eliminated if the external barriers are reduced at the same time as internal barriers are. In this case, it makes sense to liberalise. However, the importance of tariff revenue effectively acts as a break on this proposal.

To limit the welfare losses of a Pacific FTA, PICs would also have to conduct intensive structural reform to their tax systems, to find alternative forms of revenue. A value-added tax (VAT), a tax levied on the difference between a commodity's price before taxes and its cost of production, or a consumption tax are the most likely options. These present an inverse relationship between the welfare gains that can be expected and the size of the cost. VATs would in the long term remove

⁴² Robert Scollay, "Regional Trade Agreements and Developing Countries: The Case of the Pacific Islands' Proposed Free Trade Agreement," in *Policy Issues in International Trade and Commodities Study Series* (New York and Geneva: United Nations Conference on Trade and Development (UNCTAD), 2001). p. 4.

⁴³ Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union.", op cit., p. 26.

⁴⁴ Ibid., p. 21.

the distortions caused by tariffs, but are not as convincing in the Forum Island Countries (FIC) where exports are negligible. A negative list approach, where trade is liberalised over all products except for a short list of exclusions would also limit administrative and negotiation costs.⁴⁵ Hence, while there may be minor economic benefits associated with increased competition, the value of an FTA is reducible to the size of trade creation against dependence on tariff revenue. In this sense, the economic effects of an FTA are likely to be very small.⁴⁶ The real concerns for the Pacific lie in how much and how quickly trade is liberalised.

2. PICTA and PACER

As mentioned before, the Forum Island Countries have ratified the PICTA, an FTA in goods whose membership is intentionally limited to Pacific Island Countries. This arrangement exists so that the PICTA may act as an initial preparatory step towards more extensive liberalisation in the future. PICTA's aim is to make the Pacific economies more efficient through specialisation, which will increase welfare and encourage foreign investment.⁴⁷ It will also help the FICs to gain experience in negotiating and operating an FTA, as there has never been an FTA in the Pacific prior to PICTA, while providing a common basis for the Forum countries' negotiations with other trading partners as well. As a South-South integration agreement, PICTA is exempt from the rigorous conditions of Article XXIV, as it may be notified to the WTO under the Enabling Clause.

Moreover, the provisions of PICTA indicate that the FTA has been designed to suit the particular challenges of the island environment. PICTA stipulates that tariffs will be progressively and automatically reduced on trade in goods, not services, according to graduated schedules, and a common external tariff will apply. MDC FICs must have zero tariffs by 2010, while the Pacific LDCs must comply by 2012. Non-tariff barriers and specific tariffs may be converted to *ad valorem* tariffs and reduced according to the relevant schedule to limit administration costs. Likewise, PICTA endorses a negative list, which lessens the pressure of liberalisation on industries which might suffer with the removal of protection. The products that are covered by the negative list, which include basic everyday necessities such as household items, sugar

⁴⁵ Robert Scollay, "New Developments in Trade and Economic Cooperation among Pacific Islands Forum Members," (Brisbane: The Foundation for Development Cooperation, 2001). p. 3.

⁴⁶ *Ibid.*, p. 2.

⁴⁷ Pacific Islands Forum Secretariat, "PACER & PICTA Frequently Asked Questions", (Suva: Pacific Islands Forum Secretariat, 2001).

products and some textiles, must have tariffs phased out by 2016.⁴⁸ PICTA also allows for infant industries to be protected, but only for certain products under strict timeframes. PICTA does not prohibit members from joining other RTAs. The possibilities for harmonisation and trade facilitation involved with a Pacific FTA augur potentially well, since the FTA can act as a “stepping stone” to prepare for wider liberalisation, with Australia and New Zealand. This is more logical, given the larger share of trade with these two countries, and their inclusion would limit the degree of trade diversion. However, since PICTA covers a wide range of products, the impact of liberalisation will likely result in some trade diversion.⁴⁹ To the Forum leaders, immediate losses were deemed tolerable to keep the costs of implementation and administration of the agreement under control. Trade diversion and adjustment costs caused by taxation reform will also negatively impact Pacific communities, where the consumer has to bear the burden. Consequently, the majority of the benefits are likely to accrue to Fiji, as the lead regional economy.⁵⁰ Overall, the stepping stone approach lessens the impact of unilateral reduction of tariff barriers which would otherwise have to occur. The rationale of PICTA is therefore highly consistent with the European Commission’s South-South-North model of integration, but it immediately raises the spectre of legal challenges and negotiation complications.

One caveat of economic integration in the Pacific must be made, however. A sister agreement to PICTA is the Pacific Agreement on Closer Economic Relations (PACER) which is intended to establish a framework for future trade integration between Australia, New Zealand and the PIF. It is an umbrella accord, rather than an FTA, that allows New Zealand and Australia to be able to maintain access to FIC markets while the Forum islands integrate. Consequently, PACER does not need to be notified to the WTO under Article XXIV. Nonetheless, it includes a provision to commence negotiations for a Forum-wide FTA no later than eight years after the Pacific FTA enters into force. PACER ensures that Australia and New Zealand must continue to provide individual FICs with existing levels of market access under SPARTECA, until such time that new arrangements are concluded providing equal or better access.⁵¹ As a result, PACER has clear implications for EU-PACP negotiations. Article 6, paragraph 3 of PACER specifically states that should the FICs commence formal negotiations with one or more developed non-Forum country,

⁴⁸ Scollay, "New Developments in Trade and Economic Cooperation among Pacific Islands Forum Members.", pp. 8-9; Pacific Island Forum Secretariat, "Pacific Island Countries Trade Agreement," (Nauru: Pacific Islands Forum, 2001)., Annex III, pp. 38f.

⁴⁹ Sam Laird, "Regional Trade Agreements: Dangerous Liaisons?," *World Economy* 22 (1999); Pacific Islands Forum Secretariat, "PACER & PICTA Frequently Asked Questions."

⁵⁰ Michael Moran, "Pacific Islands Free Trade Agreements: Briefing Paper for the Pacific Islands Forum Leaders Meeting," (Auckland: Oxfam International, 2003). pp. 5-6.

⁵¹ Pacific Islands Forum Secretariat, "PACER & PICTA Frequently Asked Questions".

they are likewise obligated “to undertake consultations as soon as practicable” to negotiate free trade agreements with Australia and New Zealand (Figure 2). The key implication for FICs is that once negotiations for an EU-Pacific trade agreement begin, a broader regional liberalisation process will be triggered, perhaps far too prematurely for the “stepping stone” strategy to have had time to take effect.

**Figure 2: Pacific Agreement on Closer Economic Relations (PACER) Article 6
Provisions relevant to EU-PACP EPA Negotiations**

Consultations between Forum Island Countries and Australia and New Zealand, relating to the negotiation of free trade agreements

Paragraph 3:

“... if any Forum Island Country which is party to this Agreement:
commences formal negotiations for free trade agreements which would include one or more developed non-Forum country, then that Forum Island Country shall offer to undertake consultations as soon as practicable with Australia and New Zealand, whether individually or jointly with a view to the commencement of negotiation of free trade arrangements; or
concludes free trade arrangements which would not include any developed non-Forum country, then that Forum Island Country shall offer to undertake consultations with Australia and New Zealand as soon as practicable after such arrangements are concluded...”

Paragraph 4:

“...if all the parties to the PICTA jointly commence negotiations for free trade arrangements which would include one or more non-forum country, they shall offer to undertake consultations, as soon as practicable, with Australia and New Zealand, whether individually or jointly, with a view to the commencement of negotiation of free trade arrangements.

Source: PACER Agreement, pp. 5-6.

In general, while there may be minor benefits for the Pacific from increased competition, the lack of diverse markets; complementarity in production and dependence on tariff revenue mean that a traditional FTA conceptualised in terms of trade in goods will only bring moderate benefits to the FICs, and could be disastrous if the pace and scope of liberalisation is not driven by the Pacific. All the preceding evidence leads to the conclusion that the Pacific is not a strong candidate for economic integration, of the kind that implies generating welfare from increases in competition and elimination of monopoly rents. With respect to the EU-Pacific partnership, this will require a

creative approach to EPA negotiations, to take into account these considerations as well as the concerns raised by the significant New Zealand and Australian interest in economic integration presented by PACER.

V. AN EPA OR AN "ALTERNATIVE TRADE AGREEMENT" FOR THE REGION?

1. The EU-PACP Trading Relationship

It may appear then that there is very little rational justification for an EU Pacific partnership, especially one premised so much on economic integration. FTAs are usually the result of a mature trading relationship between countries. Even out of the original eight PACP states, only three, Papua New Guinea, Fiji and Tonga, have a history of trade with the EU, extending beyond the twentieth century. Since the 1970s, PACP exports dominated bilateral trade with Europe, due to the stimulus of preferences, while PACP imports remained diverse, due to the greater distance between Europe and the Pacific.⁵² However, the small volume of imports from the EU and the volatile annual shifts in the composition of imports to Tonga, for example, are indicative of an immature trading relationship between Europe and the FICs. This is not a solid foundation upon which to build a North-South reciprocal free trade agreement.⁵³ The positive side of the immature EU-PACP trade relationship is that the direct trade effects of an EPA will be low and adjustment costs minimal, since European exporters to the region have only achieved low penetration of the market. It is debateable then whether the EU and the PACP will be able to liberalise enough trade to satisfy the substantially all trade conditions of Article XXIV, and, in the absence of a consistent range of EU exports, to establish a stable schedule of concessions that would meet legal obligations to the WTO.

There is also the issue of the French Pacific Territories (New Caledonia, French Polynesia and Wallis and Futuna). Article 28 of the Cotonou Agreement indicates that new trade agreements may be extended to OCTs.⁵⁴ In return, FICs would have to be granted access to OCT markets. Moreover, for consistency, the Forum will have to allow these non-Forum territories to assume a role in Forum politics beyond observer status to participate in regional liberalisation efforts before the North-South element of the partnership commences. Initial steps have been taken by the

⁵² Roman Grynberg, "Asymmetric Reciprocity in the Post-Lomé Framework, Implications for Trade Relations in the Pacific," (Suva: Pacific Islands Forum Secretariat, 2000). pp. 6-7.

⁵³ Roman Grynberg and Bonapas Onguglo, "A Development Agenda for the Economic Partnership Agreement between the EU and the Pacific ACP (PACP) a Concept Paper," (EU-Least Developed Countries Network, 2002). op cit., p. 3.

Forum to associate the French Territories more closely with the Forum architecture, looking ahead to the possibility of their future democratisation and independence.⁵⁵ However, any rationalisation of Pacific regional free trade initiatives may also have implications to allow a greater degree of autonomy or even quicken the pace of the independence for the Pacific OCTs.

2. Optimal Configuration for a Pacific EPA: A Multi-Agreement Approach

The economic profile of the Pacific and the technical feasibility of a South-South-North model of integration therefore raise the final question of ‘legitimate configuration’: how far can an EPA incorporate what the EU has so far defined as the Pacific, or is the sub-region or a sub-group of PACP states perhaps a better vehicle for integration? This is not an unusual phenomenon in the Pacific and may better serve considerations of reciprocity and flexibility. In some ways this parallels possibilities which may have been explored at the ACP level. Acting collectively as the PACP gives the group strength in numbers when dealing with the EU or to advance an exclusive focus for issues relevant to them. One option could have been to form groupings around common issues, such as a “Sugar Producers’ EPA” or a “Small Island States’ EPA.” But across the ACP there is insufficient common interest to sustain such a partnership. Dispute over the legal status of the Sugar Protocol also lessen the attractiveness of this architecture.⁵⁶ Consequently, the most attractive prospect is for a “Two Tier” approach, where matters of common application, such as the modalities for EU-ACP cooperation, safeguards and rules of origin matters, are applied to the whole, and arrangements for trade are left to region-to-region negotiations.⁵⁷ These represent some permutations which may be applied to the Pacific EPA.

For the PACP, the issue of prime concern is the opportunity cost of not joining the EPA. Conclusion of an EPA ensures continued market access to the EU. The question for the FICs is whether access to EU markets is worth more than the structural costs and the impact of increased competition from Australian, New Zealand and US goods in the Pacific market if they conclude a

⁵⁴ Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union.", *op cit.*, pp. 18-19.

⁵⁵ Pacific Islands Forum Secretariat, "Forum Communiqué, Thirty-Fourth Pacific Islands Forum, Auckland, New Zealand.", p. 11.

⁵⁶ A crucial component a Pacific EPA is the place of the Sugar Protocol. Although Fiji has begun to reform its sugar industry in response, a strategic issue is whether or not sugar should be included in the EPA. Commodity Protocols are still legally distinct from Cotonou trade provisions. Hence, if sugar is not included, then this might impinge on satisfaction of SAT, by excluding a sensitive industry. However, if sugar is included, then it would lead to unrestricted market access for competitive Pacific sugar, balancing out falling prices. A greater legal challenge would be to include quotas in the EPA framework, if substantially all trade could still be met. Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union.", *op cit.*, pp. 41-45.

⁵⁷ *Ibid.*, pp. 61-64.

reciprocal EPA with the EU.⁵⁸ For Fiji and PNG, the costs are greater; for the LDCs market access is a non-issue due to the EU's Everything But Arms initiative (EBA). Hence, as divergent economic profiles alter the cost-benefit calculus for PACP states it might make sense to limit the impact of liberalisation by concluding an EPA with a sub-regional group, such as the Melanesian Spearhead Group, which would more easily facilitate North-South reciprocal tariff reduction. Its members would also incorporate the mature Europe-Pacific trade partners in the region, Fiji and Papua New Guinea. The EU-PACP LDC partnership could more easily be dealt with through the EBA. However, such an approach while addressing flexibility and reciprocity concerns would create a policy patchwork in the Pacific, and complicate the web of regional agreements even further. However, since sub-regional economic integration has been advanced significantly by the PICTA/PACER process, splitting the group would be less advantageous, as the provisions for trade facilitation will benefit the small vulnerable island states.

As EU-Pacific EPA negotiations began in September 2004, the PACP states could take the opportunity to argue for an alternative trade agreement, based on the Forum initiatives, but with greater programming for sectoral assistance. This is possible, as Article 37.6 of the Cotonou Agreement provides some scope to work around the South-South-North template of integration, since it allows for alternative arrangements as long as they are WTO compliant (Figure 3). The trick for the Pacific group will be to remove the FTA as a point of contention. As presented by Grynberg and Onguglo (2002), this could be achieved if an *à la carte* model of integration were developed for the PACP states. Under this model, the EU-Pacific FTA would become one of several subsidiary agreements under a master umbrella agreement, which would establish the broad principles and parameters for MFN market access for the EU to Pacific markets, and for development. Other possible subsidiary agreements would exist in sectors in which PACP states enjoy comparative advantage, including a Fisheries Development Framework, linking technical assistance to concessions to fish in Pacific waters; an Investment Promotion and Protection Scheme, to subsidise the risk of investment; and of course a trade in services element, in the form of a Regional Integration Agreement in Services, which would give the EU, for example, strong access to the Pacific tourism industry, in return for support to improve infrastructure and human capital. However, such an initiative would require funding outside of the current EDF to be

⁵⁸ Cf. Grynberg, "Asymmetric Reciprocity in the Post-Lomé Framework, Implications for Trade Relations in the Pacific.", p. 10; Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union.", op cit., p. 64; Vincent Roza and Stefan Szepesi, "EPA Impact Studies Perspectives for the Pacific," in *InBrief, No. 2A* (Maastricht: European Centre for Development Policy Management (ECDPM), 2003), p. 2.

implemented.⁵⁹ Furthermore, the Pacific will have to bring trade in services onto the agenda of EPA negotiations.

**Figure 3: “Alternative Trade Agreements” for EPA Negotiations:
Cotonou Agreement, Article 37.6**

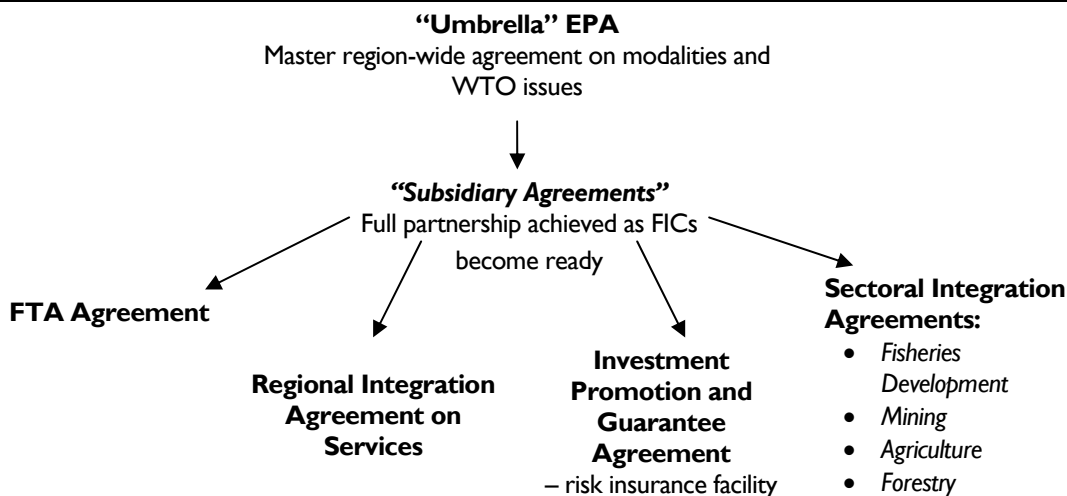
In 2004, the Community will assess the situation of the non-LDCs which, after consultations with the Community decide that they are not in a position to enter into economic partnership agreements and will examine all alternative possibilities, in order to provide these countries with a new framework for trade which is equivalent to their existing situation and in conformity with WTO rules.

Source: Commission, 2000, p. 26.

Nevertheless, the strength of an *à la carte* plan (Figure 4) is that it maintains the relative cohesion of the PACP group and a commitment to a WTO-compliant RTA, but without having to notify the master agreement to the WTO. Subsidiary agreements would allow the Pacific states to enter individually into deeper integration agreements as their economies are prepared. For example, those that do not wish to enter a reciprocal FTA may prefer to consider an agreement on trade in services. Utilisation of a subsidiary agreement approach to the Pacific EPA would also represent a way to solve the problem of sequencing with respect to PACER. If successful, the umbrella agreement would allow integration to occur more sensibly in the areas where there are more lucrative opportunities for the PACP states in trade in services, allowing the politically contentious and ambiguous issues relating to trade in goods to be left until the very end of EU-PACP negotiations. In this way PACER would not be triggered prematurely, as well as allowing the majority of WTO issues and the configuration of the FTA to be determined before that time, resulting in greater harmony between North-South and South-South integration.

⁵⁹ Scollay, "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union.", op cit., pp. 65-68.

Figure 4: An *à la carte* or Multi-Agreement Approach to a Pacific EPA



Source: After Grynberg and Onguglo, 2002.

VI. CONCLUSIONS

The response to the second question raised by the reform of the EU-Pacific partnership indicates that an FTA can bring some positive benefits to the PACP states, but the problem of sequencing may impose greater burdens on their fragile economies. In this sense, a model of regional integration based on the Forum initiatives is most sensible for achieving potential economies of scale, rather than generating fragmentation by integrating specific sectors or adopting a multi-speed approach to EU-PACP negotiations with sub regional elements of the PACP group.

Nevertheless, various inconsistencies need to be resolved to address the arbitrary definition of who is included or excluded in the economic region, so that natural trading partners such as Australia and New Zealand, and the French OCTs in Melanesia can contribute towards free trade in the Pacific. The model of economic development proposed in the Cotonou Agreement therefore is not entirely inappropriate, but it is clear that the trading relationship is currently immature, and consequently the focus of a Pacific EPA should be broadened to include trade in services and trade facilitation. It is hardly worth constructing an FTA if there are significant costs presented by trade in goods.⁶⁰ However, as free trade is no longer a hypothetical issue, the

⁶⁰ Note the comments of the President of Kiribati at the Pacific Islands Forum Special Leaders' Retreat, Auckland, 5-6 April 2004, who argues that for small island states it is not trade barriers, but transport costs which are the biggest problem trade facilitation issue:

“We talk about trade in the region. We're talking about transport. Because for us it is not trade barriers that matter. It's the cost of transportation. The freight costs.”

PACP/FICs need to enjoy the luxury of much longer timeframes and flexible options in order to be able to negotiate a region-to-region agreement with the EU, to lessen the impact of liberalisation. Nonetheless, both parties to the EPA negotiations appear willing to seek alternatives because they see value in continuing the relationship, despite the barriers which work against the model of development through trade and integration. Consequently, given the degree of special treatment which the Pacific group requires from the EU, a general conclusion which can be drawn about the EU-Pacific relationship is that the logic of economic integration as a prerequisite for cooperation is less important than the perpetuation of the partnership itself.

In consideration of these multiple challenges raised by the economic integration agenda, it may be surmised that Pacific regional cooperation is also undergoing its most challenging transformation since independence. This is causing a fundamental – if gradual – change in the philosophical vision of Pacific community. Where previously the sub region was most salient, or regional cooperation was pursued in specific functional areas in the national interest, Pacific islanders are beginning to engage in deeper forms of integration. However, the Pacific Plan only intends for the islands to focus on the areas in which early gains can be made, the “low-hanging fruit” of regionalism, as Pacific society appears to lack a strong indigenous regional identity, except for its connection with the Ocean. Therefore, “interdependence” may still be the best way to characterise the resurgence of regionalism in the Pacific. Consequently, the EU will have to adopt a proactive stance towards the predicament of the PACP/FICs, put aside its specific template of region-to-region reciprocal trade, and agree to work out an alternative agreement with the PACP as suggested perhaps under the Multi-Agreement approach to integration if it wishes to avoid a serious sub-optimal policy outcome for EPA negotiations in the Pacific.

Australian Broadcasting Corporation, "Pacific Leaders Meet in Auckland to Discuss Pacific Plan." Grynberg also notes on this point the non-linear characteristics of isolation and diseconomies for PICs, citing the example of the exporting cut flowers from Fiji to Honolulu and Tokyo. The distance between Tokyo and Suva is two times the distance between Suva and Honolulu, yet the air freight cost in 1994 was four times as high to ship to Tokyo. This was because there was only one carrier on the route with sufficient space to accommodate the cargo, most of which was dedicated to chilled fish (Grynberg, 1996, 5). Therefore rates can only fall with competition, and this may require intervention and financial support, as is provided under PICTA's infant industry provisions (Article 14) as well as the plans included to facilitate better cargo transport under the Pacific Island Air Services Agreement (PIASA) Pacific Islands Forum Secretariat, "Pacific Islands Air Services Agreement, Background Issues Paper," (Suva: Pacific Island Forum Secretariat, 2003). p. 2.

REFERENCES

- Australian Broadcasting Corporation. "Pacific Leaders Meet in Auckland to Discuss Pacific Plan." *ABC Go Asia Pacific, Australia*, 6 April 2004, accessed at: <http://www.abc.net.au/asiapacific/news>, 6 April 2004.
- Axline, W. Andrew. "Underdevelopment, Dependence, and Integration: The Politics of Regionalism in the Third World." *International Organisation* 31, no. 1 (1977): 83-105.
- . *Caribbean Integration, the Politics of Regionalism*. London: Frances Pinter, 1979.
- . *The Political Economy of Regional Integration*. London: Pinter Publishers, 1994.
- Breslin, Shaun, Christopher W. Hughes, Nicola Phillips and Ben Rosamond (eds.). *New Regionalisms in the Global Political Economy Theories and Cases*. London and New York: Routledge, 2002.
- Cohn, Theodore H. *Global Political Economy, Theory and Practice*. New York: Longman, 2000.
- Commission of the European Communities. "Communication to the Council and the European Parliament: Assisting Countries to Benefit from Trade." Brussels: European Community, 2002.
- . "The Cotonou Partnership Agreement." In *The Courier*. Brussels: European Community, 2000.
- . "Green Paper on Relations between the European Union and the ACP Countries, Challenges and Options for a New Partnership." Brussels: European Community, 1996.
- . "Pacific ACP European Community Regional Strategy Paper and Regional Indicative Programme for the Period 2002 – 2007." Brussels: European Community, 2002.
- Commission of the European Communities. *Europa: DG Development Website* [cited 26 January 2004]. Available from <http://europa.eu.int/comm/development>.
- European Centre for Development Policy Management. "Cotonou Info Kit." accessed at: <http://www.ecdpm.org>, 24 February 2003. Maastricht: European Centre for Development Policy Management, 2001.
- Fong Toy, Andie. "The Pacific Islands Forum and Regional Cooperation." *Presentation at the 39th University of Otago Foreign Policy School*. Dunedin, 2004.
- Fry, Greg. "Regionalism and International Politics of the South Pacific." *Pacific Affairs* 54, no. 3 (1981): 455-84.
- Fry, Greg. "Whose Oceania? Contending Visions of Community in Pacific Region-Building." *39th Otago Foreign Policy School*. Dunedin: Otago University Political Studies Department, 2004.
- Grilli, Enzo R. *The European Community and the Developing Countries*. London: Cambridge University Press, 1993.
- Grynberg, Roman. "The Pacific ACP States and the End of the Lomé Convention." accessed at http://www.euforic.org/fes/1gb_gry.htm, 30 June 2003. Bonn: Friedrich Ebert Stiftung, 1996.
- . "Asymmetric Reciprocity in the Post-Lomé Framework, Implications for Trade Relations in the Pacific." accessed at: http://www.acp-eu-trade.org/biblio_pacific.php, 14 July 2003. Suva: Pacific Islands Forum Secretariat, 2000.
- Grynberg, Roman, and Bonapas Onguglo. "A Development Agenda for the Economic Partnership Agreement between the EU and the Pacific ACP (PACP) a Concept Paper." accessed at <http://www.eu-ldc.org/downloads/PACP.doc>, April 2003: EU-Least Developed Countries Network, 2002.
- Haas, Michael. *The Pacific Way: Regional Cooperation in the South Pacific*. New York: Praeger, 1989.
- Hau'ofa, Epeli, (ed.). "The Ocean in Us." *The Contemporary Pacific* 10, no. 2 (1998): 391-410.
- Herr, R. A. "Regionalism and Nationalism." In *Tides of History, the Pacific Islands in the Twentieth Century*, edited by K. Howe, Robert C. Kiste and Brij V. Lal. Honolulu: University of Hawaii Press, 1994.

- Keesing, Roger M. "Creating the Past: Custom and Identity in the Contemporary Pacific." *The Contemporary Pacific* 1, no. 1-2, Spring & Fall (1989): 19-42.
- Koloamatangi, Malakai. "EU, Cotonou and EPA: The View from the Pacific Islands." *The Courier*, no. 200 (2003): 14-15.
- Laird, Sam. "Regional Trade Agreements: Dangerous Liaisons?" *World Economy* 22 (1999): 1179-200.
- Lamy, Pascal. "Stepping Stones or Stumbling Blocks? The EU's Approach Towards the Problem of Multilateralism Vs Regionalism in Trade Policy." *The World Economy* 25, no. 10 (2002): 1399-413.
- Lister, Majorie. *The European Union and the South*. London & New York: Routledge, 1997.
- Moran, Michael. "Pacific Islands Free Trade Agreements: Briefing Paper for the Pacific Islands Forum Leaders Meeting." Auckland: Oxfam International, 2003.
- Murray, Philomena. "Towards a Research Agenda on the European Union as a Model of Regional Integration." *Asia-Pacific Journal of EU Studies* 2, no. 1 (2004): 33-51.
- Onguglo, Bonapas, and Taisuke Ito. "How to Make EPAs WTO Compatible? Reforming the Rules on Regional Trade Agreements." accessed at: http://www.ecdpm.org/Web_ECDPM/Web/Content/Navigation.nsf/index?readform&http://www.ecdpm.org/Web_ECDPM/Web/Content/Content.nsf/0/97E94A704DC44ACDC1256DA3004A61A3?Opendocument, 29 October 2003. Maastricht: European Centre for Development Policy Management (ECDPM), 2003.
- Pacific Island Forum Secretariat. "Pacific Agreement on Closer Economic Relations." accessed at: <http://www.forumsec.org.fj/docs>, 25 March 2004. Nauru: Pacific Islands Forum, 2001.
- . "Pacific Island Countries Trade Agreement." Nauru: Pacific Islands Forum, 2001.
- . "Pacific Islands Forum Secretariat Annual Report." Suva: Pacific Islands Forum Secretariat, 2003.
- Pacific Islands Forum Eminent Persons Group. "Pacific Cooperation, Voices of the Pacific, the Eminent Persons' Group Review of the Pacific Islands Forum, April 2004." accessed at: <http://www.mfat.govt.nz/foreign/regions/pacific/pif03/pdf/PIF%20Report.pdf>, 8 April 2004. Wellington: New Zealand Ministry of Foreign Affairs & Trade, 2004.
- Pacific Islands Forum Secretariat. "Forum Communiqué, Thirty-Fourth Pacific Islands Forum, Auckland, New Zealand." Auckland: Pacific Islands Forum Secretariat, 2003.
- . "PACER & PICTA Frequently Asked Questions". available at <http://www.forumsec.org.fj/docs/docs.htm> accessed 4 August 2003. Suva: Pacific Islands Forum Secretariat, 2001.
- . "Pacific Islands Air Services Agreement, Background Issues Paper." Suva: Pacific Island Forum Secretariat, 2003.
- Richelle, Koos. "Statement by Mr Koos Richelle Director-General for Development, European Commission." Auckland, New Zealand: Commission of European Communities, 2003.
- Rodrik, Dani. "Trade Policy Reform as Institutional Reform." In *Development, Trade and the WTO - a Handbook*, edited by World Bank. Washington DC: The International Bank for Reconstruction and Development/The World Bank, 2002.
- Rosamond, Ben. *Theories of European Integration, The European Union Series*. New York: St. Martin's Press, 2000.
- Roza, Vincent, and Stefan Szepesi. "EPA Impact Studies Perspectives for the Pacific." In *InBrief, No. 24*, accessed at <http://www.ecdpm.org>, 12 December 2003. Maastricht: European Centre for Development Policy Management (ECDPM), 2003.
- Scollay, Robert. "Draft Impact Assessment of Possible Economic Partnership Agreements (EPAs) with the European Union." available at <http://www.acp-eu-trade.org/documents/Scollay%202002%20-%20Pacific%20EPA%20Impact%20study.pdf>, accessed August 2003: ACP-EU Trade Relations, 2002.

- . "New Developments in Trade and Economic Cooperation among Pacific Islands Forum Members." accessed at <http://www.fdc.org.au/files/scollayrevsd.pdf>, 23 February 2004. Brisbane: The Foundation for Development Cooperation, 2001.
- . "Regional Trade Agreements and Developing Countries: The Case of the Pacific Islands' Proposed Free Trade Agreement." In *Policy Issues in International Trade and Commodities Study Series*. New York and Geneva: United Nations Conference on Trade and Development (UNCTAD), 2001.
- Sutherland, William. "Global Imperatives and Economic Reform in the Pacific Island States." *Development and Change* 31, no. 2 (2000): 459-80.
- . "Regional Governance, Peace and Security in the Pacific: A Case for Give and Take." Australia National University, Canberra: (unpublished), 2003.
- Szepesi, Stefan. "Preparing for the Inevitable? The African, Caribbean and Pacific Countries and Trade Negotiations with the European Union." Masters Thesis, Maastricht University, 2003.
- Thomas, Frank R. "The Precontact Period." In *The Pacific Islands, Environment and Society*, edited by Moshe Rapaport, 121-33. Honolulu: The Bess Press, 1999.
- Tunnah, Helen. "Pacific Plan Hints at Economic Union." *The New Zealand Herald* 2004, accessed at: <http://www.nzherald.co.nz/>, 7 April 2004.
- Tunnah, Helen, and Angela Gregory. "Pacific Vision Sees Security in Sharing." *The New Zealand Herald*, 7 April 2004, accessed at: <http://www.nzherald.co.nz/>, 7 April 2004.
- United States Central Intelligence Agency, National Foreign Assessment Centre (U.S.). *CIA World Factbook*. Washington, D.C.: Supt. of Docs, 2003.
- Ward, R. Gerard. *Widening Worlds, Shrinking Worlds?: The Reshaping of Oceania*. Canberra: Centre for the Contemporary Pacific, Australian National University, 1999.
- World Bank. "Globalisation, Growth and Poverty." Washington DC: The International Bank for Reconstruction and Development /The World Bank, 2002.
- World Trade Organisation. "Regional Trade Agreements: The Mandate." accessed at: http://www.wto.org/english/tratop_e/region_e/region_e.htm, 20 May 2004. Geneva: World Trade Organisation, 2004.