



Australian Government

Department of Agriculture, Water and the Environment

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
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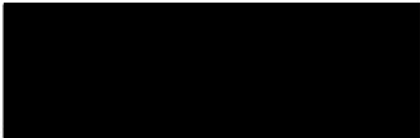
Dear Chair

The Department of Agriculture, Water and the Environment welcomes the opportunity to provide the attached submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade: Trade Sub-committee - Inquiry into *Australia activating greater trade and investment with Pacific island countries*.

I trust that the information in this submission will assist the committee with its inquiry into activating greater trade and investment with Pacific island countries.

For further information regarding this submission, please contact the department's Trade and Market Access Division [REDACTED]

Yours sincerely



Malcolm Thompson
Deputy Secretary
Department of Agriculture, Water and the Environment

14 February 2020



Australian Government
Department of Agriculture, Water and the Environment

The Department of Agriculture, Water and the Environment submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade

Inquiry into Australia Activating Greater Trade and Investment with Pacific Island Countries

February 2020



Introduction

The Department of Agriculture, Water and the Environment (the department) welcomes the opportunity to make a submission to the Joint Standing Committee for the inquiry into Australia activating greater trade and investment with Pacific island countries. This submission provides a snapshot of the department's broad range of relevant activities undertaken over many decades.

Agricultural production is essential to Pacific island countries' economies including supporting key services industries (including tourism, transport and logistics) their cultures and peoples wellbeing. The department and the Australian agriculture sector have a longstanding and diverse footprint in the supporting Pacific agriculture.

The department works in close collaboration with the Department of Foreign Affairs and Trade (DFAT) and other Australian government agencies, multilateral fora, Pacific regional bodies and other significant trading partners and donors in this region. This includes support in multilateral forums and international standard setting bodies, working alongside officials to address the challenges of developing and managing a sustainable forestry industry, working regionally and bilaterally to address biosecurity threats and working to enhance trade and facilitate market access.

A strong history of cooperation

Along with key partners DFAT and Australian Centre for International Agricultural Research (ACIAR), the department has been deeply engaged in the Pacific for a number of decades. This history of cooperation has led to the development of crucial people-to-people links between the department and counterparts in the Pacific. Long-term commitment in the region has made Australia a partner of choice in the management of the shared biosecurity challenges we face.

A primary example of the department's cooperation history is the Pre-border Programs, which identify and evaluate biosecurity risks before they arrive in Australia. As a trusted cooperation partner, Australia was well-placed to use this program to run the 2019 Awareness and Surveillance Activity Survey in Papua New Guinea to combat African swine fever (ASF). Timely and appropriate sharing of Australia's expertise is appreciated by Papua New Guinea officials and local communities and also serves to protect Australia's own agricultural systems.

1 The nature of Australia's existing trade and investment relationships with Pacific island countries and the potential that is presented by the Pacific Agreement on Closer Economic Relations Plus (PACER Plus) for enhancing those relationships.

Existing Trade

The nature of Australia's existing agricultural trade with Pacific island countries is small in comparison to Australia's other markets. In 2017-18, Australia exported \$591.1 million of agricultural products to the Pacific, while imports from Pacific island countries totalled \$95.4 million. Despite the relatively small overall size of trade, some key products are significantly traded in both directions. Australian wheat exports in 2017-18 to Pacific island countries were \$124.4 million and Australian coffee imports from Pacific island countries were \$34.5 million.

PACER Plus provides opportunities for increased agricultural trade through trade liberalisation, whilst maintaining protection for human, animal and plant life and health. It achieves this through incorporating key features of the World Trade Organization (WTO) international framework of rules and standards in relation to measures that protect against sanitary and phytosanitary (SPS) risks as well as the application of technical regulations.

The department also works with DFAT on programs that improve market access for Pacific agricultural and horticultural exports to Australia. The Pacific Horticultural and Agricultural Market Access program (PHAMA) has been a practical collaborative tool which helps establish new markets for agricultural commodities and assist in regional harmonisation of trade across Pacific island countries. PHAMA has supported a dedicated officer in the department who facilitates access to Australia from Pacific island countries such as ginger, taro, Tahitian limes, leafy vegetables, baked breadfruit, dried spices and handicrafts.

Multilateral engagement

The department leads the Australian Government's engagement with the United Nations Food and Agriculture Organization (FAO) with a core annual membership contribution of approximately \$15.9 million in 2018-19. Australia is an active member of the FAO South West Pacific region and ensures the FAO's assistance is well targeted and adequately resourced to meet the needs and priorities of Pacific island countries.

The Pacific island countries rely heavily on their fisheries industries and exports for economic security. The department leads Australian Government engagement in Regional Fisheries Management Organisations (RFMOs), which are the recognised vehicle under international law to facilitate cooperation in the management of shared fish stocks.

Australia's engagement in the Western and Central Pacific Fisheries Commission (WCPFC) is interlinked to the Pacific Islands Forum Fisheries Agency (FFA), which operates as a regional bloc to ensure Pacific island countries maintain effective representation. The department's involvement and leadership in both forums is critical to helping Pacific island countries maximise economic gains while ensuring a sustainable catch. The WCPFC manages the world's largest tuna fishery, accounting for 55% of the total tropical tuna catch and providing up to 98% of government revenue for some Pacific Island nations.

2 The opportunities to strengthen trade, investment, aid for trade and employment links between Australia and Pacific island countries and how they can be captured.

Enhancing biosecurity capacity and strengthening trade across the region

The department has a number of capacity building programs in place with the Pacific which provide the opportunity to strengthen trade through an increased ability to meet international biosecurity and technical standards. The department's strong technical support is well regarded and valued across the Pacific. This ongoing engagement has nurtured strong and productive relationships between institutions and officials and is a critical element to promoting trade and unlocking opportunities.

The Sea Container Hygiene System (SCHS) is a long-term strategy developed by industry in collaboration with the department and the New Zealand Ministry for Primary Industries (NZMPI) to manage biosecurity risks associated with sea containers at the port of loading. This system rewards compliant parties with reduced intervention and delay on arrival, and effectively screens for approaching risks. Losing time on arrival in Australia is a major irritant for Pacific exporters. The offshore management of biosecurity risks under the SCHS offers both economic and biosecurity benefits to Australia, New Zealand and participating Pacific island countries. SCHS is operational in Fiji, Papua New Guinea, Solomon Islands, Tonga and Samoa with future expansion plans to include the recognition of additional facilities in Papua New Guinea, Vanuatu, and Samoa.

The Australian Fumigation Accreditation Scheme (AFAS) improves offshore biosecurity treatments by working directly with overseas governments and methyl bromide fumigators to

improve technical skills, and biosecurity treatment regulatory systems. AFAS is voluntary, with interested National Plant Protection Organisations (NPPOs) participating through bilateral agreements with the department. AFAS is established in Fiji as a regional centre for providing ongoing training to Pacific island countries on biosecurity treatment measures. However, other Pacific island countries lack national funding and human resources limiting its delivery across the region.

The department coordinates the delivery of animal health surveys and capacity building activities with Pacific island country biosecurity counterparts. The department provides training and mentoring to Pacific island animal health officials in a number of areas such as data collection and analysis, veterinary epidemiology, animal disease investigation, public awareness and survey design. Most recently this work has focused on the threat of ASF. In Papua New Guinea alone, the National Agriculture and Quarantine Inspection Authority (NAQIA) estimates that there are 360,000 village pig farmers, 2.4 million pigs, and hundreds of thousands of families depending on their pigs for economic and cultural wellbeing. Controlling ASF in the Pacific is critical in managing Australia's capacity to prevent ASF from reaching Australia.

3 The barriers and impediments to trade and investment between Australia and Pacific island countries and how they can be mitigated.

Biosecurity risks

Greater trade and investment and subsequent increases in the transit of goods, passengers and mail intensifies biosecurity challenges for both Australia and Pacific island countries. Addressing these challenges can be supported by investment in systems, training and infrastructure. Technical capacity building and training programs under the current range of regional support mechanisms identified in this submission will contribute to addressing increased challenges.

Veterinary capacity of Pacific island countries

A shortage of veterinary services in Pacific island countries is a significant impediment to trade and investment. This has resulted in insufficient government oversight or control programs and constrained capacity to implement guidelines for international animal health reporting obligations. For example, a lack of resources and surveillance systems has prevented Pacific island countries from achieving 'negligible risk status' for bovine spongiform encephalopathy (BSE – mad cow disease) despite a history of zero BSE detections in the Pacific.

Australia could help further strengthen government veterinary services in the Pacific (including laboratory capacity), through additional scholarships to Australian universities, secondments, twinning or other training programs. This has the potential to increase the ability of Pacific island countries to engage in international trade and at the same time reduce biosecurity risks to Australia.

Support to combat illegal, unreported and unregulated fishing

Australian fisheries authorities have invested heavily for many years in both building our own national capabilities and bolstering regional monitoring, control and surveillance (MCS) capabilities to combat illegal, unreported and unregulated fishing (IUU). Australia provides a range of activities aimed at building Pacific island countries' capacity to combat IUU. This includes training and cooperative activities involving Australian Fisheries Management Authority (AFMA) fisheries officers and legal and operational support for the implementation of the Niue Treaty Subsidiary Agreement to strengthen regional cooperation on MCS.

Australia is a key regional surveillance and enforcement partner in the Pacific region and our fisheries engagement directly supports the implementation of the Department of Defence's Pacific Maritime Security Programme, critical for both Australia's and Pacific island countries' maritime domains awareness.

Support for the trade in legal timber products

The department's forestry engagement in the Pacific focuses on addressing illegal logging and associated trade in the Pacific. Some larger forestry players in the Pacific are facing emerging risks related to forest management, timber supply and processing, and legality. The department has been negotiating Country Specific Guidelines (CSG) with several Pacific island countries for several years to provide a forestry management framework to mitigate these emerging risks. These are recognised under Australia's logging laws, and will facilitate the trade of legal timber products from Pacific Island countries to Australia.

Electronic Certification

Modern agricultural trade is moving towards increased use of electronic certification to provide a streamlined government to government document transfer which is safer, cheaper and more efficient. The technological capacity of Pacific island countries is mixed and is a potential barrier to participation in modern agricultural trading systems. The department is working directly with Samoa as a pilot country to implement the new electronic phytosanitary certification system with plans to soon introduce Fiji, PNG, Cook Islands and the Marshall Islands to this new trade documentation system.

4 The role and effectiveness of support structures and networks, including government, business, sport, Pacific diaspora communities in Australia, and areas of civil society, and how they can assist with identifying and capturing trade and investment opportunities for Australia and Pacific island countries.

The department supports trade and investment opportunities for Australia and Pacific island countries by advocating for Pacific island countries within multilateral forums including agricultural and food standard setting bodies. Australia's representation on these forums provides an opportunity for Pacific island countries to have access to evolving international standards and provide feedback on a regional basis.

Within the International Plant Protection Convention (IPPC), the department engages in the Asia Pacific Plant Protection Commission (APPPC), and the Pacific Plant Protection Organisation (PPPO). The PPPO is the coordination point for plant protection issues and development of regional plant health standards. This process directly contributes to supporting greater trade and investment with Pacific island countries.

Australia is a member of the Codex Coordinating Committee for North America and the South West Pacific (CCNASWP). The role of CCNASWP includes defining problems and needs of the region concerning food standards and food control, developing regional standards for food products and exercising a general coordination role for the region in the context of Codex activities.

The department recognises that the Seasonal Worker Programme (SWP) and the Pacific Labour Scheme (PLS) are important to Australian agricultural industries and make a strong contribution to the economies of both Australia and Pacific island countries. The department has no direct engagement with the Pacific labour programs as these are administered by the Department of Education, Skills and Employment and Department of Foreign Affairs and Trade respectively.

5 The views, norms and cultural practices relating to trade and investment in Australia and Pacific island countries and how differences can be accommodated.

Kava – respecting cultural practice through market access

The department works closely with counterparts in the Pacific to ensure that cultural practices are supported by trade while ensuring that biosecurity is maintained, viable trade is supported and cultural diversity respected.

As part of the evolving relationship with Pacific island countries, the Australian Government recognises the importance of kava to family and social life in Pacific Islander communities living in Australia. The department is working with other agencies including Health, Home Affairs, and Foreign Affairs and Trade to facilitate the Prime Minister's initiative to increase the amount of kava that can be imported into Australia. This acknowledges that kava is vital to the livelihood of Pacific farmers and a potentially important export for Pacific island economies.

As of 17 December 2019, the amount of kava that can be imported by a traveller for personal use has increased from 2kg to 4kg. A pilot program for a commercial model for importation is being developed. This pilot program will require a review of the import conditions for kava entering Australia in its various forms.

Opportunities to enhance engagement in the Pacific for better trade outcomes

The department, DFAT and the ACIAR work together to promote and maintain key regional biosecurity and trade promotion messages and coordinate programs across key Pacific island countries. There are a number of opportunities to enhance and build on Australia's long-term engagement in the Pacific to create positive trade outcomes.

For example in forestry, opportunities exist for the department to support the mutual interests of Australia and the Pacific through developing and maintaining legal and sustainable forestry systems. This work is complementary to ACIAR's work on value chains focussed on legal forestry markets, which includes engagement with the private sector where possible.

The department continues to work with DFAT on development programs that aim to improve market access for Pacific agricultural exports to Australia. The department and DFAT are also currently working to establish a new twinning program with Papua New Guinea that aims to further strengthen biosecurity, phytosanitary and sanitary systems, leveraging off decades of close collaboration. These programs have the potential to be used as models for further work in other Pacific island countries.

Noting the recent merger of the Department of Agriculture and the Department of Environment, there will be an expanded focus on working with Pacific island countries to include work on the multifaceted issue of waste and its management. This work will provide further opportunities to build people-to-people links, and enhance the trust and goodwill developed across decades of co-operation between Australia and Pacific island countries.