

# INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH PAPUA NEW GUINEA AND THE ISLAND STATES OF THE SOUTH WEST PACIFIC.

## Introduction

The Senate has referred the following terms of reference to its Foreign Affairs, Defence and Trade Reference Committee:

*Australia's relationship with Papua New Guinea and the island states of the south-west Pacific (known as Oceania or the South Pacific), with particular reference to:*

- (a) the current state of the political relationship between regional states and Australia and New Zealand;*
- (b) economic relations including trade, tourism and investment;*
- (c) development cooperation relations with the various states of the region, including the future direction of the overall development cooperation program; and*
- (d) the implications for Australia of political; economic and security developments in the region.*

## Outline of AFFA submission

The Department of Agriculture, Fisheries and Forestry – Australia (AFFA) submission is intended to cover the key areas of its trade interests and development cooperation relations with Papua New Guinea and the island states of the south-west Pacific. The primary areas of focus are:

- Bilateral Agriculture Trade and Biosecurity activities in the region
- Fisheries and Forestry activities
- International Organisations operating in the region

## Bilateral Agricultural Trade and Biosecurity

### ***Bilateral Agricultural Trade***

Australia continues to have close economic & trade relations with Papua New Guinea and the island states of the south-west Pacific. Australian agricultural exporters have continued to avail themselves of the many opportunities offered by trade with Papua New Guinea and the island states of the south-west Pacific.

### *Agricultural Exports*

A viable export trade in food and animal products has continued with this region. Dairy products (approx \$20 million, of which \$8 million goes to PNG), meat and poultry (approx \$50 million, of which \$40 million is exported to PNG) and canned

meat (approx \$8 million to countries other than PNG) are exported to a range of countries in the region. In particular, the south-west Pacific (SWP) region accounts for a substantial proportion of total poultry meat exports. A small number of domestic livestock and pets are also shipped to Papua New Guinea and the island states of the south-west Pacific.

Australia exports approximately \$16 million of fruit, vegetables and other plant products to SWP countries.

Australia's *Export Control Act 1982* provides legislative controls on the export of specified commodities such as meat, dairy and fish from Australia and provides stringent requirements that apply to these exports. Many states in the SWP region have indicated their acceptance of Australian domestic standards and in some cases no certification is required.

### *Agricultural Imports*

Australia imports a lower level of agricultural products from the SWP region, primarily coffee (approx \$17 million from PNG), tea (\$3.6 million), fresh vegetables (approx \$4 million), preserved fruits and preparations (\$3.7 million) and seafood (\$1.3 million).

### **Biosecurity activities**

The primary purpose of biosecurity is to protect Australia from the entry, establishment and spread of unwanted pests and diseases that may cause social, economic or environmental damage, while minimising the restrictions on the entry of agricultural commodities.

Due to Australia's unique and diverse flora and fauna and the value of its agricultural industries, successive Australian Governments have maintained a highly conservative but not a zero-risk approach to the management of biosecurity risks. This approach is evident in the strictness of all biosecurity-related activities, including policies on imported commodities, procedures at the border and operations against incursions of pests and diseases.

Australian quarantine provisions regarding the importation of all products from all destinations are very conservative and consequently all persons entering Australia are made aware that personal consignments of fresh fruit and vegetables from any country represents a significant quarantine threat and require adequate inspection upon arrival, including the issuance of an Import Permit. This can be an issue for visitors from Papua New Guinea and the island states of the south-west Pacific given their cultural practice of bringing gifts in the form of food and other quarantine-able matter.

Against this policy background, Australia undertakes a range of biosecurity activities in this Region, including:

*(i) Market Access and Biosecurity*

In accordance with our international obligations under the WTO's SPS Agreement, AFFA is actively considering market access requests for Fijian pawpaw, Tahitian lime from New Caledonia and mango from Samoa. Fiji also has requested access for mango, eggplant, jack fruit, bitter gourd, duruku and breadfruit. In consultation with Fijian quarantine authorities Plant Biosecurity has indicated eggplant will be progressed when the pawpaw IRA is completed.

The Cook Islands and Tonga have requested access for pawpaw into Australia. Plant Biosecurity has indicated the Cook Islands and Tongan pawpaw requests will be considered when the Fijian pawpaw request is complete. Access for these two countries may be granted under existing import policy provided quarantine pest and diseases do not vary significantly from those of Fijian pawpaw.

A major impediment to the completion of any Import Risk Analyses (IRAs) is the provision of pest and disease lists from the country of origin for the commodities for which access has been sought. This also applies to Papua New Guinea and the island states of the south-west Pacific. As with other countries, AFFA has attempted to assist where information and resources allow, and has undertaken the following biosecurity activities in the region:

*(ii) Northern Australia Quarantine Strategy activities in Papua New Guinea*

The Northern Australia Quarantine Strategy (NAQS) of the Australian Quarantine and Inspection Service (AQIS) works with Papua New Guinea in order to protect Australian agricultural industries, the environment and human health from incursion of exotic pests, weeds and diseases. The activities are undertaken in collaboration with Papua New Guinea Government authorities and are conducted under a Memorandum of Understanding and specific contracts. Most collaboration is with Papua New Guinea's National Agricultural Quarantine and Inspection Authority (NAQIA).

The work comprises monitoring for changes in agricultural health status through a program of joint surveys and an animal health sentinel herd program.

Australia also funds a limited amount of capacity building focussing on training NAQIA staff in survey methods. While benefiting Australia through early warning of changes in health status, the work clearly benefits Papua New Guinea also by gathering information which enables Papua New Guinea to demonstrate freedom of specific conditions for trade purposes, meet international reporting obligations and implement control measures where warranted.

*(iii) Memorandum of Understanding on Collaborative Animal & Plant Health & Quarantine Activities*

In March 2000 Australia and Papua New Guinea renewed its Memorandum of Understanding between the Independent State of Papua New Guinea and the Government of Australia on Collaborative Animal and Plant Health and Quarantine Activities to continue cooperative efforts to improve plant and animal health in the

region through collaborative strategies, including extension and joint research activities and scientific surveys. The MOU signed by NAQIA and AQIS will remain effective for a period of five years.

The following activities are identified in the MOU:

- Joint responsibility for the planning and coordination of the program with a view to facilitating wider regional arrangements aimed at the prevention of exotic animal and plant pests to Australia and Papua New Guinea;
- Conduct of joint surveillance and monitoring activities in the Torres Strait, Papua New Guinea and northern Australia;
- Exchange of information on quarantine procedures to facilitate the traditional movements of people within the Torres Strait Protected Zone (TSPZ) while providing effective quarantine safeguards;
- Exchange of scientific and technical information on animal and plant pest and disease distribution, and on means of reducing quarantine risks;
- Promotion of quarantine awareness in the Torres Strait and bordering areas of Papua New Guinea.

*(iv) Joint Advisory Council on Implementation of the Torres Strait Treaty*

NAQS liaises with NAQIA counterparts on a formal basis through the Joint Advisory Council. On an operational level, NAQS Operations officers in the Torres Strait liaise with Quarantine officers in Western Province of Papua New Guinea through Treaty Liaison Meetings. The Treaty permits traditional family visits and trade in traditional, permitted goods between various villages in Western Province and islands within the Torres Strait Protect Zone without normal quarantine, customs and immigration controls. NAQS inspectors have a program of border surveillance to ensure that prohibited goods are not moved. Currently, there are no major quarantine concerns within the Torres Strait Protected Zone or Papua New Guinea areas adjacent to the TSPZ.

*(v) Tripartite Committee on Agricultural Health and Quarantine*

Australia, Indonesia and Papua New Guinea are members of a Tripartite Committee on Agricultural Health and Quarantine (TCAHQ). The committee's objectives include:

- Notification to member countries of exotic pest/disease outbreaks;
- Provision of assistance with training of quarantine personnel;
- Provision of technical assistance in the event of a pest outbreak.

Australia's contribution to the TCAHQ is provided through NAQS. The TCAHQ was intended to meet every two years but has met less frequently, the most recent meeting was held in Jakarta in April 2001.

*(vi) Surveys*

Australia, Indonesia and PNG conduct animal and plant pest and disease surveys in the critical Indonesian border area and the area close to the Torres Strait islands to monitor for an agreed target list of biosecurity hazards that are present in Indonesia.

Testing and identification is, in most cases, done at Australian laboratories or by NAQS scientists. Results are recorded in the NAQS database and are published following clearance by Indonesia or PNG. The agricultural health status of Papua New Guinea remains good, but to date the surveys have identified potential threats such as Siam weed, Japanese encephalitis and confirmed the presence of screwworm fly and the fungus that causes panama disease of bananas.

*(vii) Capacity building program*

Capacity building by Australia includes training of NAQIA officers on AQIS technical courses and NAQS on-shore animal and plant, pest and disease surveys. A limited amount of technical and communications equipment is also provided to facilitate the sentinel herd program in PNG.

In April 2002 AFFA conducted training courses in Papua New Guinea (Port Moresby, Lae and Rabaul) on the recognition of bee species, their diseases and parasites for NAQIA staff. The course helped build the capacity of Papua New Guinea quarantine staff to manage foreign bees entering their country and the capacity for early recognition of bee diseases and parasites.

AFFA/Office of Chief Plant Protection Officer (OCPPO) will be hosting and assisting a Papua New Guinea Quarantine Entomologist to come to Australia in July 2002, to write up data on red banded mango caterpillar for a publication that has been compiled in New Guinea. This will make the data available for incursion management of this pest. The trip has been funded by ACIAR.

*(viii) Animal health sentinel herd program*

Sentinel animals are tested quarterly by Papua New Guinea officers in five areas chosen for their strategic importance or density of livestock. Cattle, pigs and chickens are sampled and the sera sent to the Australian Animal Health Laboratory via the National Veterinary Laboratory in Papua New Guinea. The program results indicate that Newcastle disease and virulent infectious bursal disease of poultry have not crossed the border from Papua, and that classical swine fever has not entered the island of New Guinea from further west in Indonesia. The program does not support maintenance of the sentinel animals except for a small payment at the time of sampling. Access to herds in border areas is a limitation of the program and public awareness work and limited support for individual enterprises may be needed.

*(ix) Other animal and plant health initiatives*

In addition to supporting Papua New Guinea scientists to attend regional workshops on plant health, AFFA is negotiating with Papua New Guinea scientists to undertake work on the biology of the Red Banded Mango Caterpillar (RBMC) with funding through ACIAR.

Further collaboration with Papua New Guinea and the island states of the south-west Pacific would be of substantial mutual benefit, both in terms of enhancing the understanding of the pest and disease situation in the region as well as building capacity in the region to identify and take action against specific pests and diseases.

To date Australia, through AFFA, has hosted three meetings under the aegis of APEC's Agricultural Technical Cooperation Working Group that have included scientists from Papua New Guinea. We supported a scientist from the South Pacific Commission to attend one of these meetings. These workshops were:

- APEC Workshop to contain Transborder Movement of Plant Pests: Diagnostics. Brisbane July 2001.
- Second APEC Workshop on Phytosanitary Risk Assessment. Cairns June 1999.
- APEC Workshop on Animal Health Risk Assessment. Brisbane 2000.

The level of quarantine competency varies greatly throughout Pacific Island Countries (PICs). The Secretariat of the Pacific Community is funded by the Food and Agriculture Organisation, which has been working in the Pacific Region for many years to assist with development of PIC quarantine and plant health infrastructure.

## **Fisheries and Forestry**

### *Fisheries*

Australia interacts with Papua New Guinea on fisheries matters both in the context of tuna management in the Central Western Pacific and the Torres Strait Treaty. The current Papua New Guinea Prime Minister (as of May 2002), Sir Mekere Morauta is himself a former fisheries minister and owner of a seafood export business.

The Torres Strait Treaty sets the border and provides for protection of the way of life and livelihood of traditional inhabitants and protection of the marine environment. Internationally the treaty is viewed as pioneering in its treatment of the protection of the way of life of the traditional inhabitants. Continuation of cooperation between the two countries in managing the treaty area is an important interest for Australia. One of the Treaty's key aims is cooperation in the conservation and management and sharing of fisheries resources. It also specifically gives priority to traditional fishing.

As far as commercial fishing is concerned, Australia and Papua New Guinea share a number of high value fish stocks in the area including a sizeable prawn, cray and mackerel fishery. The combined value of the region's fisheries is placed at approximately \$35 million and requires the fisheries authorities of the two countries to consult on the issue and endorsement of licenses. It mandates consultation to ensure consistency between the two countries' laws and regulations on inspection and enforcement in protected zone commercial fisheries.

To monitor illegal fishing in the waters between the two countries, bilateral cooperation in fishing patrols and enforcement actions continues to be necessary. A number of vessels have been arrested by both parties (some as a result of joint enforcement operations between the two countries) in efforts to ensure that the area's fisheries are managed sustainably.

Australia maintains a fisheries relationship with a number of island states of the south-west Pacific through participation in a number of regional bodies or treaties.

These include:

- The Forum Fisheries Agency (FFA)

The FFA was established in 1979 in response to the Member Countries' desire to promote regional cooperation and coordination in respect of fisheries issues and their concern to secure maximum benefits from the living marine resources of the region, in particular the highly migratory species. Its mission is "To enable Member Countries to manage, conserve and use the tuna resources in their Exclusive Economic Zones and beyond, through enhancing national capacity and strengthening regional solidarity". There are 16 member countries (Australia, Cook Islands, Federated States of Micronesia, Fiji, Marshall Islands, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu).

- The Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean

The Convention has been adopted by a number of FFA and distant water fishing nations and work is now progressing towards its establishment through a "Preparatory Conference" process. Through a Commission and subsidiary scientific and technical bodies, the Convention will manage the regional tuna fishery through catch allocations, scientific and financial arrangements, coastal and flag state enforcement, and mandatory dispute resolution. The Convention contains strong principles for sustainable long-term management of the world's largest tuna fishery and provides a good framework within which FFA members and distant water fishing nations can cooperate.

- The Treaty on Fisheries Between the Governments of Certain Pacific Island States and the Government of the United States of America (US Treaty)

The Treaty gives access to US vessels to be licensed and to fish in the exclusive economic Zones (EEZs) of the 16 FFA member countries. Within these zones, Pacific Island parties are able to exclude areas of their EEZs (Closed areas) and provide for particular restrictions to apply in other areas (Limited areas). As the US purse seine fleet does not fish in the Australian EEZ, the value to Australia in being a party to the US Treaty is not related to the payments it may receive for being a party, but the engagement it allows Australia to have in the region. In all negotiations on the US Treaty, Australia has supported Pacific Island Countries in managing their fisheries affairs and has ensured that an appropriately equitable outcome is achieved. US Treaty came into force on 15 June 1988 for a five year period. It was extended for a further 10 years from 15 June 1993. Negotiations to extend the treaty for another 10 years from 15 June 2003 were completed in March 2002.

## *Forestry*

AFFA continues to interact with Papua New Guinea and other PICs in the area of sustainable forest management through a range of international policy processes and project activities, including the United Nations Forum on Forests (UNFF), the International Tropical Timber Organization (ITTO) and the Asia-Pacific Forestry Commission (APFC) of the Food and Agriculture Organization of the United Nations. Through the APFC, for example, AFFA has co-sponsored and facilitated the development of a Code of Practice for Forest Harvesting in the Asia-Pacific, including the funding of a regional coordinator to oversee its implementation in the region. This Code forms a basis for improved harvesting practices in countries such as Papua New Guinea in order to meet sustainable production and environmental management goals.

The UNFF was established in 2000 by the UN Economic and Social Council and represents the peak international forum for promoting the management, conservation and sustainable development of the world's forests. In support of the UNFF multi-year program of work, AFFA has co-funded two workshops for Pacific Island Countries including Papua New Guinea. These workshops aim to raise awareness of the UNFF process and facilitate national assessments against the proposals for action developed through the international forest processes preceding the UNFF, namely the Intergovernmental Panel on Forests (IPF) and the Intergovernmental Forum on Forests (IFF). These workshops were convened in Fiji in 1999 and 2002. The 1999 workshop familiarised PICs with the IPF/IFF proposals for action which together represent a framework of actions in support of sustainable forest management. The 2002 workshop updated Papua New Guinea and other PICs on the work of the UNFF and assisted countries in prioritising and implementing the IPF/IFF proposals for action taking into account national level priorities and circumstances.

The ITTO, as an international commodity based organisation, promotes the expansion of international trade and utilisation of tropical timber from sustainably managed sources. The ITTO works towards these objectives on a consensus basis through policy development and direct funding of on the ground projects. AFFA, as lead agency for Australia's input and representation on the ITTO, promotes these goals through policy input and funding of selected projects in ITTO producer member countries. Australia's funding of ITTO projects is managed by AFFA on behalf of AusAID through a Record of Understanding. Through the ITTO, Australia is co-funding a Model Forest Management Area (MFMA) project in Papua New Guinea. The project aims firstly to identify a suitable area as an MFMA from an ecological and commercial standpoint, and secondly to design, plan and initiate the commercial management of the MFMA for multiple products and services.

AFFA, through the Bureau of Rural Sciences (BRS), is also providing direct scientific and technical support to the Papua New Guinea Forest Authority through a project managed under the Australian Centre for International Agricultural Research (ACIAR). The support provided by BRS includes specialist technical advice on forest inventory methods and training for Forest Authority staff in forest growth modelling and forest planning processes. The intent of the program is to enhance the Forest Authority's capacity to undertake sustainable management and use of the nation's valuable forest resources.



Illegal logging and forest law enforcement are important issues in relation to international sustainable forest management. AFFA is active in international fora addressing these issues, most notably through the UNFF and ITTO. From a whole of government perspective, Australia is working to build institutional and technical capacity in the Pacific region as the principal means of addressing illegal logging and related trade. Australia's aid program contributed \$16 million to the forests sector in 2000-01 through both projects under country and regional programs, and contributions to multilateral agencies and organisations.

AusAID is supporting the efforts of the Papua New Guinea government and the World Bank to strengthen governance in the forestry sector and improve the management of Papua New Guinea's forests. These objectives are being achieved through the provision of technical assistance to support reform efforts including financial support for the review of forestry taxation and co-funding of a conservation trust fund under the newly established Forestry and Conservation Project (FCP). The FCP aims to promote good governance, transparency and accountability in the Papua New Guinea forest sector and generate better conditions and sustainable forestry outcomes for landowners.

## **International Organisations**

AFFA recognises the importance of participating in a range of international organisations such as the Organisation for Economic Cooperation and Development and the World Trade Organization. In the context of the terms of reference, AFFA is involved with Papua New Guinea and the island states of the south-west Pacific in a number of international organisations, where it provides technical and administrative advice and support as well as hosting specific Committees.

### **UN Food and Agriculture Organisation (FAO)**

Australia is currently the elected FAO South West Pacific region representative on the 11 member FAO Programme Committee and the 49 member FAO Council. The leadership role we play in the South-West Pacific region in FAO matters enhances our relationship with the 14 other countries in the region. Relations with developing countries in our region are also enhanced through the implementation by FAO of projects funded from Australia's aid program.

The 14 FAO members of the South West Pacific are: Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.

AFFA has actively participated in the biennial FAO meetings for South West Pacific Ministers for Agriculture. The meetings have focussed on relevant regional agricultural issues including food security, fisheries and forestry management, biosecurity and food standards.

Australia recognises that PICs face a number of challenges due to, amongst other things, their smallness, remoteness from markets, reliance on imports to supply many basic commodities and reliance on a narrow base of exports. Australia also appreciates that PICs are vulnerable to forces outside their control, due to their economic exposure, remoteness and susceptibility to natural disasters. Consequently, Australia actively supports and promotes FAO activities that address nutrition, standards of living, improving agricultural productivity and vulnerability of Small Island Developing States, especially the geographically isolated states of the Pacific.

## **International Standards Setting Bodies**

The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) is one of the key Agreements of World Trade Organisation that are of importance for AFFA portfolio industries. It came into force on 1 January 1995 and sets out the rules underpinning quarantine and technical market access. Australia has benefited from the SPS Agreement through greater access or better access conditions for Australian agricultural exports as a result of the disciplines this Agreement has placed on governments in some of our export markets. The SPS agreement provides scope to protect our animal, plant and human health status and for protection against disease emergencies. Unlike tariff agreements, SPS measures being based on science, cannot be used as bargaining tools or otherwise compromised during trade negotiations.

The SPS Agreement also specifically indicates that Members *shall play a full part, within the limits of their resources, in the relevant international organisations and their subsidiary bodies, in particular the Codex Alimentarius Commission, the International Office of Epizootics, and the international and regional organizations operating within the framework of the International Plant Protection Convention, to promote within these organisations the development and periodic review of standards, guidelines and recommendations with respect to all aspects of sanitary and phytosanitary measures.* (Article 3.4)

Australia continues to be very active in these three international organisations and their subsidiary bodies. AFFA participated in a capacity building seminar in Wellington in March 2002 on the SPS Agreement.

### *Codex Alimentarius Commission*

As the agency responsible for the Australian Codex Contact Point, AFFA has taken responsibility for Australia's participation in the key policy decision-making bodies in Codex – Codex Committee on General Principles, Codex Alimentarius Commission and the Executive Committee.

AFFA has responsibility for meeting Australia's obligations as a member of the South-West Pacific Region, which includes contact with counterpart Codex areas in the region, as well as providing advice on administering Codex activities within a country. AFFA currently holds the representational role for this region. This involves sharing with other countries in the region leadership of the South West Pacific delegation to the Codex Executive Committee and sharing with US, Canada and NZ

responsibility for acting as regional coordinator for the North America and South-West Pacific.

Every eight years, AFFA hosts meetings of the Coordinating Committee for North America and South West Pacific (CCNASWP). Australia relinquished to Canada, the Chair of CCNASWP at the July 2001 session of the Commission. The agenda for the next meeting of CCNASWP in October 2002 contains a number of key items for the future of this Committee. They include: Updates on Country Issues related to Food Safety; Identification of training needs of Developing Countries of the Region; traceability; review of the FAO/WHO Food Standards Programme and development of a Strategic Plan for CCNASWP.

On behalf of Australia, AFFA hosts and provides the chair for the Codex Committee on Food Import and Export Inspection and Certification Systems, a key Committee whose function integrates well with AFFA's substantial interests in agri-food exports and imports. Invitations are sent by the Secretariat in Rome as well as by AFFA as a means of ensuring that countries in the region are aware of this meeting and the important issues under consideration by this Committee.

AFFA continues to work closely with other agencies in encouraging capacity building activities in this region. It is currently exploring with AusAID further possibilities for capacity building on Codex activities.

#### *Office International des Epizooties*

The OIE was established in 1924 to develop international standards for animal health and facilitate the safe trade in animals and animal products. Originally there were 28 member countries which has now grown to 162. The OIE is recognised by the World Trade Organisation as the key international reference organisation for animal health and aquatic animal health matters including developing guidelines for trading standards for these commodities.

Australia has maintained a strong influence and input into OIE matters especially within the region. Regional priorities are managed through 5 regional commissions including the Regional Commission for Asia, the Far East and Oceania of which Australia currently holds the presidency for the next two years. Regional representatives coordinate regional activities such as epidemiological surveillance and reporting systems.

#### *International Plant Protection Convention*

AFFA is a significant contributor to activities of the International Plant Protection Convention. As well as fostering regional activities in the parent organisation, AFFA currently attends bi-annual Pacific Plant Protection Organisation meetings, South Pacific Commission regional development planning meetings and a Plant Biosecurity officer recently travelled to Fiji to conduct a market access forum for PICs seeking access to Australian markets for their horticultural produce.

## **Conclusion**

Australia has a productive agricultural trade relationship with Papua New Guinea and the island states of the south-west Pacific, covering bilateral trade, biosecurity, fisheries and forestry and work in international bodies. Of these the most important are bilateral trade and biosecurity, in particular the Northern Australia Quarantine Strategy.