



**Australian Government**  
**Department of Agriculture, Fisheries and Forestry**

**SECRETARY**

15 October 2008

Dr Kathleen Dermody  
Committee Secretary  
Senate Foreign Affairs, Defence and Trade Committee  
Parliament House  
CANBERRA ACT 2600

Dear Dr Dermody

Thank you for your letter of 26 June 2008 inviting the Department of Agriculture, Fisheries and Forestry (DAFF) to contribute to the Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry into the economic and security challenges facing Papua New Guinea and the island states of the southwest Pacific. I enclose DAFF's submission.

The contact in DAFF for the inquiry is Mr Paul Ross, General Manager, Bilateral Trade (Americas, South East Asia, New Zealand, Sub-continent and Pacific), Trade and Market Access Division. Mr Ross can be contacted on 02 6272 2306 or [paul.ross@daff.gov.au](mailto:paul.ross@daff.gov.au).

I trust the enclosed submission is of assistance.

Yours sincerely

A handwritten signature in black ink that reads "Conall O'Connell".

Conall O'Connell

Enc.



# **Australian Government**

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## **Department of Agriculture, Fisheries and Forestry**

**Department of Agriculture, Fisheries and Forestry  
submission to the Senate Standing Committee on  
Foreign Affairs, Defence and Trade Inquiry into the  
economic and security challenges facing Papua New  
Guinea and the island states of the southwest Pacific**

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## **1. Introduction**

Australia shares an important relationship with the Pacific, based on geographical proximity, historical ties and special responsibilities in the region. Australia's engagement with the Pacific region is primarily geared to improving economic prosperity and stability through strengthened governance and broad based growth. The strength of this commitment is reflected in the fact that Australia is the leading aid donor to the Pacific, supporting sustainable economic and social development through bilateral and regional programs.

## **2. DAFF's role in the Pacific**

The Department of Agriculture, Fisheries and Forestry's (DAFF) major focus in the Pacific relates to the sustainable management of fisheries and forestry resources, and the biosecurity and quarantine capacity of Pacific Island countries. Pacific Island countries in this submission includes Papua New Guinea (PNG) and the island states of the southwest Pacific. A strengthening of biosecurity and quarantine capability in Pacific Island countries is important for Australia as these countries can pose a risk as a pathway for the entry of plant and animal pests and disease into Australia. For a number of years DAFF has been involved in a range of capacity building activities in Pacific Island countries to manage biosecurity risks. DAFF engages in capacity building activities that aim to maintain Australia's animal and plant health status, strengthen institutions and invest in people, support regional and international organisations, develop sustainable agriculture, fisheries and forestry industries, and facilitate trade.

Sustainable management of fisheries and forestry resources is important for Australia because of the contribution these resources make to Pacific Island economies and linkages to regional stability and security. Support for the sustainable development of fisheries resources and preventing the overfishing of stocks in the western and central Pacific Ocean is crucial for the viability of Pacific Island countries as sovereign states. The sustainable management of highly migratory species (i.e. tuna and billfish) in the western and central Pacific Ocean is important for Australia because the same species are also present in Australian waters and support important fisheries.

Unsustainable rates of forest harvesting in many Pacific Island countries have led to a significant reduction in the forest resource and a decline in its productive capacity with potentially major impacts on forest biodiversity and the forest environment. Increasing sustainable forest management is important to address these issues, and to mitigate the impacts of climate change.

## **3. Agricultural trade with the Pacific**

### **3.1 Exports**

Australia's agricultural exports to the Pacific have historically been low when compared with total exports to the region and agriculture exports to other regions of the world. Total Australian agriculture and forestry exports to the Pacific in 2007 totalled nearly A\$260 million. This represents approximately 11% of total Australian exports to the region, and approximately 0.9% of Australia's total agriculture and forestry exports to the world. Australia's most significant agricultural trading partner in the Pacific is PNG. In 2007 approximately 55% (A\$130 million) of Australia's

total agricultural exports to the Pacific went to PNG. Meat, and food and live animals are the largest Australian agricultural export items to the Pacific as shown in Table 1.

<b>Table 1: Australia's major agricultural and forestry exports to Pacific Island countries*</b>					
<b>A\$'000</b>	<b>Yr 2003</b>	<b>Yr 2004</b>	<b>Yr 2005</b>	<b>Yr 2006</b>	<b>Yr 2007</b>
Meat (excl bovine)	34,192	36,960	38,517	39,489	45,908
Meat prepared or pres.	6,878	5,268	4,898	3,721	5,243
Milk & cream	10,898	13,109	14,552	14,087	11,528
Wheat	3,571	9,474	14,866	24,859	25,401
Wheat Flour	5,361	5,898	4,600	2,780	3,971
Cereals	6,301	8,930	7,799	11,303	11,017
Cereal prep	6,918	5,201	5,201	4,917	6,008
Vegetables & fruit	5,559	5,407	5,218	4,845	4,424
Sugar, molasses, honey	6,636	6,672	5,700	7,226	6,030
Coffee, tea, cocoa, spices	3,334	4,669	4,572	4,545	3,708
Other food products	22,027	25,061	15,015	16,248	15,540
Food and live animals	40,151	41,571	40,486	46,251	42,950
Beverages & tobacco	21,001	24,647	27,506	31,274	36,223
Animal feed	18,839	15,077	15,974	14,004	16,158
Animals & vegetable oils	2,326	2,627	1,370	4,781	3,381
Roundwood**	650	758	613	455	352
Wood based panels**	970	1,297	1,286	864	1,189
Sawnwood**	633	652	1,613	1,953	1,372
Paper and Paper Board**	23,403	18,320	18,436	19,176	19,618
<b>TOTAL</b>	<b>219,648</b>	<b>231,598</b>	<b>228,222</b>	<b>252,778</b>	<b>260,021</b>

*\*Combines Australia's trade with PNG and Forum Island Countries (excluding New Zealand) Source: Department of Foreign Affairs and Trade, Composition of Trade Australia 2007.*  
*\*\* ABS International Trade, Australia, cat. no. 5465.0*

### 3.2 Imports

Agriculture, forestry and seafood products account for approximately 4% of Australia's total imports from Pacific Island countries in 2007. Coffee and substitutes account for almost 30% of total agriculture, forestry and seafood imports from Pacific Island countries for the period 2003-2007. Other major imports from the region include food and live animals, cereal preparations, sawnwood, and fruit and vegetables as shown in Table 2.

<b>Table 2: Australia's major agricultural, forestry and seafood imports from Pacific Island countries*</b>					
<b>A\$'000</b>	<b>Yr 2003</b>	<b>Yr 2004</b>	<b>Yr 2005</b>	<b>Yr 2006</b>	<b>Yr 2007</b>
Coffee and substitutes	16,467	16,791	29,435	30,271	30,642
Food and live animals	20,228	22,257	16,490	16,751	15,871
Seafood	3,420	1,654	1,674	2,744	1,499
Cereal prep	218	4,614	14,185	13,362	15,498
Vegetables and fruit	7,417	8,132	7,087	9,688	8,215
Other food products	2,625	5,106	748	277	325
Beverages	991	1,533	2,081	1,326	1,815
Crude fertilizer	0	0	0	0	3,803
Vegetable fats and oils	2,542	1,663	1,348	1,895	1,725
Roundwood**	191	188	17	324	589
Wood based panels**	4,128	4,087	4,159	4,439	4,590
Sawnwood**	16,298	18,213	14,302	12,252	12,610
Paper and Paper Board**	745	570	380	206	350
<b>TOTAL</b>	<b>75,270</b>	<b>84,808</b>	<b>91,906</b>	<b>93,535</b>	<b>97,532</b>

*\*Combines Australia's trade with PNG and Forum Island Countries (excluding New Zealand) Source: Department of Foreign Affairs and Trade, Composition of Trade Australia 2007.*  
*\*\* ABS International Trade, Australia, cat. no. 5465.0*

## 4. Economic opportunities and challenges

Agriculture, fisheries and forestry based industries support up to 85% of the Pacific region's population and provide an important contribution to Pacific island economic activity. The economic development opportunities for many Pacific Island countries rest on the natural resources at their disposal. For many of the Pacific Island countries,

particularly the small islands and atolls, the majority of their resources are found in their vast maritime zones and few other opportunities for sustainable economic development exist.

Expanding trade opportunities for agriculture, fisheries and forestry products has the potential to drive economic growth and poverty reduction in the region. For some larger countries with better agricultural conditions higher food prices present opportunities for farmers to remain in, and return to, agriculture. However, expanding trade in agriculture, fisheries and forestry products from Pacific Island countries faces a number of constraints. Impediments (even for products which have market access) include product quality, consistency of supply, value chain impediments, lack of infrastructure, transport and storage impediments, climate change impacts on agricultural yields and production levels, increased risk of pest and disease incursion, and high fuel and transport costs. The situation is compounded by a lack of capacity to manage and progress market access requests.

A pilot seasonal worker scheme announced by the Australian Government in August 2008 will help Australia's horticulture industry and could also meet the development needs of our Pacific island neighbours. The scheme will provide up to 2,500 visas over three years for workers from Kiribati, PNG, Tonga and Vanuatu. Provision of additional and optional "add-on" modules of relevant training is also being actively investigated by AusAID.

## **5. Cooperation and capacity building in the Pacific**

DAFF undertakes international cooperation activities in the Pacific in the following areas:

- support for market access or free trade objectives
- protection of Australia and the regions' quarantine status
- sustainable resource management.

DAFF expertise in these areas can assist in providing capacity building in:

- biosecurity and quarantine systems
- international standard setting
- plant and animal genetic resources
- fisheries
- forestry.

DAFF works closely with other Government agencies including AusAID, the Department of Foreign Affairs and Trade, and the Australian Centre for International Agricultural Research. Capacity building has been identified as a key issue for the Pacer Plus process which is aimed at providing a mutually beneficial free trade agreement between Australia, NZ and Pacific Island Forum countries. Pacer Plus will include capacity building, trade facilitation and trade promotion programs in addition to traditional free trade agreement objectives of tariff elimination.

### **5.1 Biosecurity and quarantine**

The relative proximity of some Pacific Island countries to Australia presents a risk of incursion of exotic pests and diseases. Many Pacific Island country agencies responsible for managing biosecurity and quarantine have major capacity constraints impeding delivery of their core functions with regard to animal and plant health and quarantine. A

strengthening of biosecurity and quarantine capability in Pacific Island countries improves their ability to manage biosecurity risks and assists them to gain market access and increase trade in agriculture, fisheries and forestry products.

DAFF undertakes a range of quarantine and biosecurity capacity building activities in the Pacific.

### **The Australian Quarantine and Inspection (AQIS)**

AQIS collaborates with its counterpart agency the PNG National Agriculture Quarantine and Inspection Authority (NAQIA). Collaborative animal and plant health and quarantine activities are undertaken as part of a long term strategy of raising the capacity of NAQIA. AusAID assists AQIS to undertake specific quarantine and animal and plant health capacity building activities. AQIS, with AusAID funding, has supported NAQIA to implement control programs for several pest and diseases identified during surveillance operations including:

- **Newcastle's disease** - In December 2007, an outbreak of virulent Newcastle disease was reported in East New Britain Province. AQIS assisted NAQIA to implement a successful eradication plan for this incursion.
- **Varroa Bee Mite** - A pathogenic form of the Varroa bee mite was detected in PNG on European honeybees on 30 May 2008 during surveillance activity conducted under the NAQS program. AQIS, with AusAID funding, has supported NAQIA to implement a surveillance and control program in the Eastern Highlands of PNG.

### **PNG-Australia Quarantine Twinning Scheme (PAQTS)**

PAQTS is a three year arrangement funded by AusAID to the value of \$1.5m, and establishes a formal cooperative partnership between AQIS and NAQIA. Key outcomes to be achieved through PAQTS include strengthened institutional capacity of NAQIA, improvement of PNG's ability to prevent incursions and to detect, monitor and control exotic pests and diseases of quarantine concern, and improved PNG quarantine capacity to support international market access and trade.

PAQTS activities conducted to date include a capacity review of NAQIA, veterinary case development addressing PNG's need for more veterinarians, training in plant and animal pest and disease surveillance, a quarantine risk analysis of PNG and an import risk analysis workshop incorporating the outcomes of the quarantine risk analysis. Future PAQTS activities include the documentation of the PNG import permit issuing and import risk analysis process, and training in plant and animal surveillance sample handling.

### **Australian Fumigation Accreditation Scheme (AFAS)**

AFAS was developed under the PAQTS. The program aims to address the high quarantine risk posed by ineffective fumigation treatments performed offshore. AFAS is an important program in controlling the spread of serious quarantine pests within and from the Pacific region.

The scheme includes a training and accreditation system for fumigators and regulatory officers and a registration system for fumigation companies. Additionally, the scheme involves a management system run by the overseas agency to ensure continued training, accreditation and compliance of fumigators. The scheme facilitates trade by assisting

overseas fumigators to comply with Australian quarantine requirements, builds capacity for overseas quarantine agencies and enhances the technical expertise of overseas fumigation providers. Participating countries within the Pacific region are PNG and Fiji.

## **5.2 International standard setting**

There remain limits on the capacity of Pacific Island countries to effectively engage in international food, animal and plant health standards setting work of

- the Codex Alimentarius Commission (Codex) – (food)
- the International Plant Protection Convention (IPPC) – (plant)
- the World Organisation for Animal Health (OIE) – (animal)

These organisations are identified under the World Trade Organisation Sanitary and Phytosanitary (SPS) Agreement as the appropriate international organisations to develop relevant international standards and recommendations and guidelines to help ensure that sanitary and phytosanitary measures implemented to protect human, animal and plant health from harmful pests and diseases are harmonised and not used as unjustified barriers to trade.

The constraints facing Pacific Island countries in participating in the standards setting work of these organisations may include a lack of financial and human resources, expertise or senior level understanding and advocacy of the importance of food safety and protection of animal and plant health.

The United Nations Food and Agriculture Organisation (FAO) Subregional Office for the Pacific provides a range of measures to assist Pacific Island countries to effectively engage in the standards setting work of Codex, IPPC and OIE including training and capacity building, provision of information, guidance and other normative information, specific technical advice and in some instances provision of technology.

### **Codex Alimentarius Commission (Codex)**

Enhanced participation in international food standards/safety setting work of Codex by Pacific Island countries has been a high priority for Australia in the past ten years.

Codex is part of the Joint FAO/World Health Organisation (WHO) Food Standards Program and is the international organisation responsible for setting food standards with the objectives of protecting the health of consumers and promoting fair practices in food trade.

Through participating in Codex, members are able to ensure that standards, guidelines and related texts adopted by Codex are based on sound science and are not more trade restrictive than necessary. Developing country members can also benefit by adopting Codex standards into their own food legislation, to ensure their consumers have access to safe, wholesome food and which may also enhance their ability to trade internationally.

FAO and WHO together with numerous Codex members provide technical assistance to developing countries, through capacity building programs aimed at improving members' ability to participate in the standards setting processes and to enhance their ability to develop national food regulatory frameworks. This ensures that international



standards are developed which take into account the special and differential needs of developing countries.

The FAO/WHO Regional Coordinating Committee for North America and the southwest Pacific of which Australia is a member has a regional strategic plan which is aimed at helping Pacific Island countries participate fully in Codex.

The Strategic Plan identifies six strategic objectives for the region for the period 2004-2008:

- To improve the coordination and communication of the Region's activities in Codex.
- To promote maximum participation of all member countries of the region in the activities of the regional coordinating committee.
- To promote the development and enhancement of the capacities of national Codex Contact Points and their supporting infrastructures of the Pacific Island country members to carry out their core functions.
- To strengthen the exchange of scientific and technical expertise amongst the developed and developing member countries in the region.
- To promote procedures to review Codex codes, standards, guidelines and recommendations to facilitate their use as the basis for national standards.
- To promote the development of standards for food products produced in the Pacific Island countries.

DAFF has funded a series of capacity building seminars and workshops for Pacific Island countries to:

- improve their understanding of Codex processes
- enhance their ability to participate in Codex standard setting processes
- build their capacity to develop national food regulatory frameworks
- enhance market access opportunities.

For example, DAFF has funded Pacific Island participants to attend seminars on food import and export inspection and certification systems in Australia and Argentina and workshops on food standards.

### **International Plant Protection Convention (IPPC)**

The IPPC is a multilateral treaty under the auspices of the FAO. Its objectives are to facilitate international cooperation in controlling pests and diseases of plant and plant products as well as pest plants (weeds) and in preventing their introduction and spread across national boundaries. The IPPC is the international organisation responsible for setting plant standards with the objectives of protecting the health of plants.

Australia actively engages in IPPC activities, including standard setting. In considering draft standards, Australia takes into account the appropriateness of the draft standards for use by developing countries and works to ensure that the level of detail is sufficient for use by these countries.

Australia through DAFF assists Pacific Island IPPC members (**Attachment 1**) as the representative of the southwest Pacific region on the IPPC Bureau (from 2008-2010) and the IPPC Standards Committee (along with New Zealand and Tonga). The Australian IPPC contact point within DAFF has also represented the southwest Pacific region at

various IPPC meetings, including the 2007 regional technical meeting and a standards setting focus group meeting.

DAFF has provided a range of capacity building assistance to support Pacific Island IPPC activities, for example:

- Funding for Pacific Island country participation in the 2008 southwest Pacific Workshop on Draft International Standards for Phytosanitary Measures. The workshop encouraged Pacific Island IPPC members to consider the draft standards that have been developed by the IPPC and to provide comments on their concerns on these drafts.
- A DAFF officer attended, and assisted in facilitating a Standards and Trade Development Facility workshop in 2007 for Pacific Island IPPC member countries to evaluate phytosanitary capacity using the IPPC's Phytosanitary Capacity Evaluation (PCE) tool. Pacific Island countries, in consultation with the Secretariat of the Pacific Community (SPC) will be able to use the PCE results to better understand and improve their phytosanitary capacity. The results may also add weight to proposals developed by Pacific Island countries seeking technical assistance from Australia and other countries.

DAFF also engages with the region through its active participation in two regional plant protection organisations: the Asia and Pacific Plant Protection Commission (APPPC) and the Pacific Plant Protection Organisation (PPPO). Both regional organisations are broader in scope than the IPPC as they also cover other plant protection issues, such as pesticide use and integrated pest management.

The PPPO was established in 1994 and is an auxiliary body of the SPC. Pacific Island countries are more actively engaged with the PPPO than with the APPPC as it is more central to the region and its concerns. The level of expertise in Pacific Island countries means that PPPO activities are largely capacity building. Members of the PPPO would like to engage in developing regional standards however most Pacific Island country members have limited capacity and expertise, so rely on the IPPC standards.

In 2007, Australia hosted and funded Pacific Island country attendance at the PPPO Executive Committee meeting in Sydney which was attended by seven Pacific Island countries. Following the meeting, participants were provided with the opportunity to visit AQIS operations in Sydney, thereby gaining knowledge of Australia quarantine and inspection operations and contacts.

### **World Organisation for Animal Health (OIE)**

The OIE was established in 1924 to develop international standards for animal health and facilitate the safe trade in animals and animal products. The WTO recognises the OIE as the key international reference organisation for animal health and aquatic animal health matters including its role in developing international standards for trade in animals and animal products.

Australia has maintained a strong influence and input into OIE matters especially within the region. Regional priorities are managed through the Regional Commission for Asia, the Far East and Oceania of which Australia currently holds the presidency.

The majority of Pacific Island countries are not OIE members (**Attachment 1**) however several Pacific Island countries have recently joined, or expressed interest in joining the OIE. Most Pacific Island countries face significant constraints to effectively engaging in OIE standard setting activities and membership obligations including a lack of personnel, expertise, senior level commitment and advocacy of the importance of veterinary services to animal health, public health and trade.

Plant and plant products are of greater importance to agricultural activity in the Pacific than livestock production. This has resulted in a greater participation in IPPC membership and activities and consequently higher levels of Australian contribution to capacity building on plant issues.

### **5.3 Plant and animal genetic resources**

Australia through DAFF assists Pacific Island countries to manage the conservation, development and sustainable use of their plant and livestock genetic resources for food and agriculture. This has been carried out through practical on-ground project assistance and representing the interests of the region in international fora. Pacific Island countries have identified attaining membership of the International Treaty for Plant Genetic Resources for Food and Agriculture (ITPGRFA) as a priority (see **Attachment 1**). The ITPGRFA provides a legal framework for the conservation, sustainable use and international exchange of plant genetic resources for food and agriculture for global food security and sustainable agriculture. The benefits to treaty member countries include facilitated access to plant genetic resources for their agricultural and food production and sharing of research and development.

During 2006 and 2007, Australia provided approximately AU\$500,000 for capacity building work, through high levels of cooperation and collaboration with the SPC. In 2007, this work included:

- workshops on both plant and animal genetic resources for food and agriculture. One of the key outcomes from both workshops was a strong recognition of the need for Pacific Island countries and Territories to conserve and sustainably use rare and endangered species and breeds, particularly given the current and future threats to their production bases, including from climate change and increased pest and disease threats
- ongoing funding for an animal genetic resources inventory and categorisation project to assess what resources exist in the region as a precursor to developing conservation and sustainable use projects
- the development of a regional information-sharing network on animal genetic resources
- assistance with travel costs for a small Pacific Island country delegation to participate in the International Technical Conference on Animal Genetic Resources held in September 2007, at which the Interlaken Declaration was agreed, the State of the World's Animal Genetic Resources for Food and Agriculture was released and the strategic priorities for action finalised.

This work represents an important contribution to maintaining and improving agricultural productivity and food security in the region.

## 5.4 Fisheries

Opportunities for economic development and the fulfilment of food security needs for many Pacific Island countries are dependent on the long-term sustainable management of fisheries resources in the region. For many Pacific Island countries, the development of domestic tuna fisheries provides the only potential for long-term economic development. Fisheries are also a crucial component of the island culture with subsistence fishing being a critical source of nutrition and to food security for the local communities.

The overfishing of key tuna stocks and fishing overcapacity, largely from distant water fishing nations, are threatening the sustainability of the region's fish stocks and pose a significant challenge to the ability of the Pacific Island countries to develop domestic fishing industries.

Tuna fisheries in the western and central Pacific Ocean are among the world's most valuable. Almost half of the catch of tuna in the western and central Pacific Ocean is caught within the waters of the Pacific Island countries. In 2006, the value of tuna fisheries in the western and central Pacific Ocean was approximately USD \$3.2 billion. From this amount, the value of tuna stocks caught within the waters of Pacific Islands Countries was USD \$1.3 billion (or 41 percent). Only USD \$410 million (or 13 percent) resulted from catch by the domestic fleets of the Pacific Island countries.

Currently many Pacific Island countries provide access to distant water fishing nations to fish within their waters. Access and licence fees for tuna fisheries are a major source of revenue for some Pacific island governments, and contribute between 40 to 60 percent of government revenues in Kiribati and Tuvalu. Development of sustainable domestic fisheries operations offers a key opportunity for Pacific Island countries to increase the benefits and returns from sustainable fisheries in comparison to revenue raised from granting access and license fees for the use of fisheries resources.

Australia, through AusAID and in conjunction with other donors in the region, works to assist Pacific Island countries to address some of the key issues and challenges compromising the Pacific Island countries' ability to develop their domestic fishing opportunities. Some of the challenges identified include:

- reducing fishing effort by distant water fishing nations to ensure that additional effort from developing Pacific Island countries' domestic fleets does not result in an overall increase in fishing effort that would impact upon the sustainability of tuna resources;
- the need for improved governance arrangements for domestic fisheries;
- identifying opportunities for greater regional cooperation in fisheries development;
- competition from distant water fishing nations with heavily subsidised fishing fleets; and
- meeting market access requirements and seeking improved access to various markets.

The distant water fishing nations often tie their access arrangements with contributions to other activities such as building and road infrastructure and are proactive about protecting their interests in their continued access to the waters of Pacific Island countries. As a result, efforts to adopt effective conservation and management measures to provide for the long-term sustainability of highly migratory fish stocks is a key challenge for the Pacific Island countries. The Pacific Islands Forum Fisheries Agency (FFA) and the Western and Central Pacific Fisheries Commission (WCPFC) facilitate greater

cooperation among the Pacific Island countries and with distant water fishing nations to address these challenges.

The FFA has a pivotal role in promoting regional cooperation and coordination in respect of fisheries issues and to secure maximum benefits from the living marine resources of the region, in particular the highly migratory fish stocks.

The WCPFC was established to manage highly migratory fish stocks within the western and central Pacific Ocean. The strength of WCPFC is that it was initiated by members of the FFA, and developed in association with distant water fishing nations. The WCPFC provides a forum where conservation and management measures can be taken for the sustainable management of these stocks throughout their distribution. The WCPFC also provides for the establishment of monitoring, control and surveillance measures that enforce the application of conservation and management measures for fisheries in the region. Such measures would normally be beyond the reach of Pacific Island countries as they extend to international waters and WCPFC's cooperation serves to contribute the required resources to implement them.

The FFA is increasingly engaged in coordination and consolidation of FFA member positions at the WCPFC to exert maximum influence on conservation and management measures adopted by the WCPFC. This is an important function as it permits FFA members, which represent the majority of the coastal States (Pacific Island countries are considered coastal states) in the region, to take an active unified role in the Commission. The FFA facilitates strong participation by FFA members in WCPFC deliberations and registrations giving the WCFPC a unique character in comparison to other Regional Fisheries Management Organisations (RFMOs), which do not benefit from strong engagement by developing coastal states. In particular, strong engagement by the FFA members has largely driven the adoption of monitoring, control and surveillance measures to ensure that illegal, unreported and unregulated fishing does not threaten the region's fisheries resources.

Several Pacific Island countries, along with Australia and New Zealand and other countries fishing for non-highly migratory species in the region are participating in negotiations for the establishment of a regional fisheries management organisation in the South Pacific Ocean (SPRFMO) to manage currently unmanaged non-highly migratory fish stocks on the high seas. The Pacific Island countries, Australia and New Zealand are pursuing the timely establishment of the SPRFMO for the sustainable fisheries management of fish stocks in the South Pacific. Negotiations to establish the SPRFMO have been underway since 2006.

Greater opportunities for Pacific Island countries to increase regional prosperity and security are in Australia's interest to reduce their dependence on Australian financial assistance. Therefore Australia through DAFF works closely with the Pacific Island countries in RFMOs to ensure that effective measures are taken to provide for the sustainable management of tuna resources in the region. DAFF is the lead Australian government agency responsible for Australia's engagement with the FFA and the WCPFC and also leads Australia's negotiations at the SPRFMO. In doing so, DAFF engages extensively with other relevant government agencies.

The Torres Strait Treaty was entered into by Australia and PNG on 15 February 1985. It is concerned with sovereignty and maritime boundaries in the area between the two countries, the protection of the marine environment and the optimum utilisation of commercial resources in the region.

The Treaty establishes the Torres Strait Protected Zone (TSPZ) in which each country exercises sovereign jurisdiction for swimming fish and sedentary species on their respective sides of the agreed jurisdiction lines. The principal purpose in establishing the TSPZ is to acknowledge and protect the traditional way of life and livelihood of the indigenous inhabitants of the area. This includes the protection of traditional fishing methods and right of free movement.

Under the Treaty, Australia and PNG are required to cooperate in the conservation and management of the commercial fisheries of the TSPZ. Continuation of this cooperation is an important interest for Australia and regular bilateral discussions are undertaken between the two countries either as specific fisheries discussions or as part of the broader Torres Strait Treaty Joint Advisory Council.

The most tangible aspects of this cooperation are the catch-sharing provisions (set out under Article 23 of the Treaty). This requires Australia and PNG to negotiate an agreed share of the catch in selected Torres Strait fisheries. Catch sharing also includes the development of subsidiary conservation and management arrangements under Article 22 of the Treaty.

## **5.5 Forestry**

Forestry is an important source of revenue for a number of Pacific Island nations, their governments and local communities but the rate of degradation of forest and forest related environmental factors is threatening the long-term viability of the resource.

Forest resources are extremely important to the subsistence economies of many of the smaller states (for example, Federated States of Micronesia, Kiribati and East Timor) which are also vulnerable to climate change. The larger island countries of the Solomon Islands, PNG and Fiji gain considerable benefits mainly from whole log exports. Vanuatu, on the other hand, maximises these benefits by processing timber for export. PNG has announced it will phase out raw timber exports by 2010 and focus on value added production and exports. Many commentators have predicted that the larger forested countries (Solomon Islands and PNG) are exploiting resources at such a rate that their foreign exchange benefits will either disappear or be significantly reduced during the period to 2020.

Illegal logging in the Pacific region has compounded this problem which now has the potential to threaten the social stability and economic viability of local communities and governments through loss of the forest resource and loss of revenue. Corruption and criminal activities are also strongly associated with illegal logging, creating social justice and law enforcement problems.

### **Asia-Pacific Forestry Commission (APFC)**

Despite some challenges due to diversity of requirements, the APFC presents a forum for Australian engagement on forestry issues with Pacific Island countries. Australia is a member of the APFC.

APFC is one of six regional forestry commissions of the FAO. Established in 1950 as a statutory body of the FAO Conference, APFC is a forum in which member countries can share experiences in dealing with forestry challenges, advise FAO on regional forestry priorities and initiate joint action on key forestry issues. APFC focuses on three main areas of work:

- promoting improvement in forest management for multiple benefits
- forest policy, economics and institutions
- fostering greater involvement of people in forestry.

The APFC also has strong links with a number of other forestry agencies and programs, including: the International Tropical Timber Organization; the United Nations Forum on Forests; the World Bank; the Convention on Biological Diversity; the Convention on International Trade in Endangered Species of Wild Fauna and Flora; the Asia Forest Partnership; the East Asia and Pacific Forest Law Enforcement, Governance and Trade process; and, the Pacific Islands Regional Forestry Program.

### **Illegal logging**

As part of its 2007 election commitments, the Rudd Labor Government committed to work with industry to reduce illegal logging and to encourage the sourcing of forest products from sustainable forest practices. The government, through DAFF, is developing an illegal logging policy which will require legal certification of imported timber and wood products through independently accredited certification schemes to enable timber and wood products to be traced along the supply chain from the forest to its point of sale in Australia.

Where this is not possible, agreement on the certification requirements of participating nations will be sought, including mutual recognition, where these meet the government's policy objective. Such requirements will extend to domestic supplies of specified timber and wood products.

Australia, through DAFF as the lead agency, actively supports the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) process in the region both bilaterally and through multilateral fora. FLEGT has the potential to significantly impact on the forest industries in the Pacific region. Australia could be criticised for pursuing action and dialogue on FLEGT issues if adequate support for these countries to adopt and adapt to new practices is not granted.

Community and farm forestry are an important component of sustainable forest management in the region. Through AusAID, Australia currently supports a range of community forestry initiatives in Pacific Island countries.

Through the government's Anti-Money Laundering Assistance Team (AMLAT) the Attorney-General's Department and other agencies including the Australian Federal Police and AusAID assist in implementing anti-money laundering systems in the Pacific region. As these anti-money laundering systems mature, they are being more effectively targeted to counter specific types of crime, including illegal harvesting and trafficking of timber and wood products. For example, AMLAT is promoting closer cooperation between the Financial Intelligence Units of Melanesian countries and Indonesia to understand and disrupt illegal logging activities affecting these countries. DAFF is

seeking to ensure better coordination of initiatives and stakeholders working on forest initiatives in the Asia-Pacific region.

Australia has funded a number of projects in Pacific Island countries aimed at increasing sustainable forest management through improved strategic forest planning, development and implementation of harvest codes of practice, provision of technical advice on forest assessment and inventory tools, reforestation projects, fuels and fire impact research, and engagement at regional forestry organisation meetings. Examples of projects funded include:

- A multipurpose forest inventory tool as a tool for sustainable forest management.
- National training to promote the adoption of reduced impact logging in PNG.
- Future directions for forest resource assessment in Asia-Pacific.

### **The Asia-Pacific Forestry Skills and Capacity Building Program**

The Asia-Pacific Forestry Skills and Capacity Building Program managed by DAFF will assist countries in the Asia-Pacific region to manage forests sustainably. The Program aims to reduce deforestation and forest degradation, by providing practical support for sustainable forest management and improving forest governance, law enforcement and regulatory frameworks. This program is an element of the International Forest Carbon Initiative, which is a key part of Australia's efforts to help shape a global solution on climate change by showing international leadership on reducing emissions from deforestation and forest degradation, which is of vital importance to the region.

Under the Program, funding is being provided to research, conservation, intergovernmental, industry and non-government groups to support sustainable forest management and improve forest law enforcement and governance. Examples of projects funded include:

- Skills training and capacity building in certification.
- Capacity building on restoration, management and rehabilitation of degraded, logged-out secondary forests in the Pacific - a regional seminar for improved practices enhancing forest functions.
- Verification of legality of tropical timber imports to Australia - development of guidelines and the implementation of training packages.
- Developing a chain of custody system for forest products in PNG.



## **6. Conclusions**

- Australia has a key role to play in securing the long-term sustainability of Pacific Island countries natural resources to ensure they continue to be a source of long-term economic benefit and food security for the region.
- Increasing trade in agriculture, fisheries and forestry products from Pacific Island countries presents a key opportunity to catalyse economic development, poverty reduction and security in the Pacific. Australia plays a key role in addressing the challenges impeding the expansion of trade in agriculture, fisheries and forestry derived products through:
  - capacity building support in the standard setting work of Codex, OIE and IPPC
  - the conservation, sustainable use and international exchange of plant and animal genetic resources, and
  - sustainable management of fisheries and forestry resources.
- Mutually beneficial cooperation and capacity building assistance delivered by DAFF reduces the biosecurity risks posed to Australia, contributes to improving long-term sustainability of natural resources and improves food security, and improves Pacific Island countries ability to maintain existing and gain additional market access for agriculture, fisheries and forestry products.

## ATTACHMENT 1

### PACIFIC ISLAND COUNTRY MEMBERSHIP OF INTERNATIONAL AND REGIONAL AGRICULTURE RELATED BODIES

COUNTRY	IPPC	PPPO	CODEX	OIE	ITPGRFA
Australia	✓	✓	✓	✓	✓
East Timor				E	
PNG	✓	✓	✓	E	
Cook Islands	✓	✓	✓		✓
Federated States of Micronesia	✓	✓	✓		
Fiji Islands	✓	✓	✓	✓	✓
French Polynesia		✓			
Kiribati		✓	✓	E	✓
Marshall Islands		✓			✓
Nauru		✓			
New Caledonia		✓		✓	
Niue	✓	✓			
Palau	✓	✓			✓
Samoa	✓	✓	✓		✓
Solomon Islands	✓	✓	✓		
Tokelau		✓			
Tonga	✓	✓	✓	E	
Tuvalu	✓	✓			
Vanuatu		✓	✓	✓	
Wallis and Fortuna		✓			
New Zealand	✓	✓	✓	✓	

E Country has expressed interest in joining