The Pacific Islands and the multilateral trading system: finding a free trade agreement for the French overseas territories in the Pacific

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1 November 2014

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Résumé :

Quand a été mise en place la structure des Accords généraux sur les tarifs douaniers et le commerce (GATT) en 1947, le but était de construire un cadre de négociation afin de réguler la libéralisation du commerce et de remédier aux mesures protectionnistes. Cinquante ans après sa création, l'Organisation mondiale du commerce (OMC) regroupe 159 pays. Elle a su accompagner les évolutions du libre-échange et reste l'instance de référence pour le règlement des différends commerciaux. Cependant, l'échec du cycle de Doha en 2008 a mis en lumière les défaillances du mécanisme de prise de décision, ainsi que son incapacité à couvrir tous les domaines de l'échange. Le Système commercial multilatéral (SMC) connaît une mutation profonde et semble engagé dans un morcellement régional de ses sphères d'influence. Dans ce contexte, l'initiative des accords PICTA et PACER apparaît comme la première étape pour la construction d'un marché régional unique dans le Pacifique. L'Océanie représente un marché de sept millions de consommateurs répartis sur un tiers de la surface du globe. Dans une logique d'émancipation progressive, la Nouvelle-Calédonie et la Polynésie française sont amenées à conduire une réflexion sur les perspectives de coopération régionale. Cependant, la création d'une zone de libre-échange via l'adoption des accords PICTA et PACER questionne les fondements économiques des territoires français. L'éloignement, le faible degré d'ouverture et l'hétérogénéité des économies influent directement sur les politiques commerciales des économies insulaires. Au regard de la nature des échanges entre les îles, il apparaît que le commerce de biens ne semble pas pouvoir être réellement stimulé. Les enjeux de l'intégration régionale se tournent vers les échanges de services et la libre circulation des travailleurs. Si plus de 40 % du commerce mondial est encadré par 170 accords bilatéraux et régionaux, seule l'adoption d'une union régionale sur mesure semble compatible avec le développement des économies du Pacifique insulaire.

Mots-clés : zone de libre-échange, intégration régionale, territoires français du Pacifique, PICTA, PACER.

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Abstract:

When the framework of the General Agreement on Tariffs and Trade (GATT) was created in 1947, the aim was to build a negotiation structure to regulate the liberalisation of trade and remedy protectionist measures. Fifty years on from its creation, the World Trade Organisation (WTO) includes 159 countries, has accompanied developments in free trade and remains the reference forum for settling trade disputes. However, the failure of the Doha Round in 2008 highlighted the failings of the decision-making mechanism and its inability to span all the different areas of trade. The Multilateral Trading System (MTS) is undergoing profound change and seems to be seeing a regional fragmentation of its spheres of influence. In this context, the initiative of the PICTA and PACER agreements would appear to be the first step towards the construction of a regional single market in the Pacific. Oceania represents a market of seven million consumers scattered over one-third of the surface area of the globe. Against a backdrop of gradual political emancipation, New Caledonia and French Polynesia must now re-examine the prospects for regional cooperation. However, the institution of a free trade zone via adoption of the PICTA and PACER agreements raises questions as to the very economic foundations of the French territories. Geographical isolation, lack of commercial openings and the heterogeneous nature of the Pacific Island economies have a direct influence on commercial policies. Given the nature of trade between the Pacific islands, any genuine stimulation would appear to be out of the question. The real stakes in trade integration in the Pacific would seem to lie in trade in services and the free movement of workers. While more than 40% of global trade is governed by around 170 bilateral and regional trade agreements, the development of the Pacific Island economies seems to be fundamentally compatible only with the establishment of a bespoke regional union.

Keywords: free-trade zone, regional integration, French Pacific territories, PICTA, PACER.

Contents

Introduction

Since the beginning of the 2000s, many regional cooperation projects have emerged in Oceania with the aim of introducing the rule of free trade. With the additional notion of bringing together most of the States that make up the Pacific Islands Forum (PIF), the PACER agreement (Pacific Agreement on Closer Economic Relations) (2001), and the PICTA agreement (Pacific Island Countries Trade Agreement) (2002) were signed, along with the Pacific Plan (2005), thus demonstrating a desire to gradually adopt the Multilateral Trading System (MLS).

In the longer term, the PICTA and PACER agreements should provide the framework for a single market in Oceania. They have grown out of this desire to modernise the island economies while at the same time moving closer to international markets. Initially, PACER was intended to establish a legal and institutional basis for the liberalisation of trade to gradually take place. PICTA aims to escalate the liberalisation of trade in goods over a period of 8 to 10 years: eventually, Australia and New Zealand will negotiate conditions for joining this free trade zone. However, neither the liberalisation proposed by the PICTA Trade in Services (TIS) protocol, nor the right to free movement are included in the framework structure for multilateral trade. Concerning the World Trade Organisation (WTO), the PICTA free trade agreement falls outside the General Agreement on Trade in Services (GATS). Nor does it include any measures relating to conditions for the entry, residence and treatment of non-national workers.

However, because of their status as Overseas Countries and Territories (OCT) and the advantages this provides in terms of links with France and the European Union (EU), the French territories are not much involved in the main trade flows in Oceania.

New Caledonia, Wallis and Futuna, and French Polynesia have very different economic situations and their aspirations to regional integration also vary. As their status has gradually evolved, New Caledonia[1] and French Polynesia[2] have acquired a progressively higher level of autonomy in decisions regarding regional cooperation. However, the vitality of their domestic market, combined with financial support from the State and from the European Union (EU), have done nothing to promote the development of economic policy integration at regional and certainly not at international level. This article describes the prospects for regional integration in the Pacific islands, and more particularly the issues surrounding the PICTA and PACER framework agreements. We first consider the process of regionalisation of the world economy, then stress the need for multilateral standards to converge. Finally, while it is widely agreed that opening up trade will provide benefits in the long term, we emphasise that the development of French territories seems to have been distanced from economic reality and they are unable to develop a structure with the capacity to integrate international trade flows.

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[1] Jurisdiction for external relations is shared between the French State and New Caledonia in accordance with point 3.2.1 of the Noumea Accord of 5 May 1998 and articles 28 *et seq.* of the amended organic law no. 99-209 of 19 March 1999.

[2] French Polynesia was added to the United Nations (UN) decolonisation list at the General Assembly on 17 May 2013.

1. The Multilateral Trading System (MTS)

1.1 The World Trade Organisation (WTO) and regionalism

With the redefinition of political and economic contours within the World Trade Organisation (WTO), there is a trend towards regionalisation in the negotiation framework for trade agreements. Difficulties encountered in implementing multilateral agreements and successive failures in negotiations (Doha Round) have resulted in the emergence of many more bilateral agreements. Using this alternative, it becomes possible to address key subjects (government procurement, investment) that lie outside the scope of the World Trade Organisation (WTO) negotiations (Crawford, Fiorentino, 2005).

Free-trade agreements are defined in article XXIV of the GATT agreement of 1947:

"The contracting parties recognise the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of the countries party to such agreements".

World trade has grown constantly since the end of the Second World War, and the volume of trade in 2000 was 22 times greater than that of 1950. The multilateral trade framework created by the World Trade Organisation (WTO) seems to have promoted growth to some extent, although other factors (post-war economic reconstruction, technological revolution) can also account for an increase in trade.

The World Trade Organisation (WTO) is organised into rounds of negotiations where the heart of the discussion is always the removal of quantitative restrictions on trade and the lowering of customs duties. There were eight rounds of talks (Geneva, Annecy, Torquay, Geneva, Dillon, Kennedy, Nixon, Uruguay) before the Doha round.

The Uruguay round was the most difficult, the most unpredictable, and lasted almost 9 years. This was a key/founding round of talks, as it resulted in the frame of negotiation being enlarged beyond trade in goods. The multilateral framework of world trade was now extended to services, and to intellectual property.

There are approximately 170 free trade zones in existence throughout the world, with two of the major ones being NAFTA (North American Free Trade Agreement) and ASEAN (Association of Southeast Asian Nations). Recently, we have seen a change in the multipolar structure of the international trade framework with the creation of transcontinental units such as the Trans-Pacific Partnership (TPP) or the Transatlantic Trade and Investment Partnership (TTIP).

1.2 Challenging the Multilateral Trading System (MTS)

The prospects for free trade agreements between members of the Pacific Islands Forum (PIF) (PICTA agreement), between the United States and the European Union (EU) (TTIP agreement), and between the European Union (EU) and Japan give a clear indication of the extent of the erosion of the multilateral trade framework.

More generally, since the failure of the latest round of Doha negotiations we have seen a loss of confidence in the structure provided by the World Trade Organisation (WTO). On the one hand, the developed countries are hopeful that the developing countries will reduce their customs duties on industrial products, while on the other hand the emerging countries expect a drop in agricultural subsidies in the developed countries so that they can sell their output. It was a clash between China, India and the United States over agricultural imports that caused the failure of the 2008 round of talks.

This disillusion with the Doha round has shown up deep cracks in the Multilateral Trading System (MTS). This round of negotiations has demonstrated the inability of the World Trade Organisation (WTO) to cover all areas of trade, and also the failures of its decision-making mechanism. It has served to highlight the split between the developed countries in the west and the emerging countries (Hoekman, 2011).

Major trading powers like the United States and the European Union (EU) have distanced themselves from these negotiations, a stance justified by their wish to circumvent multilateral regulations. Negotiations on a bilateral basis are apparently more profitable, they offer a greater power of dissuasion, as well as a better level of protection for national benefits.

In addition, the scale and commercial influence of new groups like the Trans-Pacific Partnership (TPP), and the Transatlantic Trade and Investment Partnership (TTIP) will tend to marginalise the World Trade Organisation (WTO) in its function as a forum for negotiation.

The Trans-Pacific Partnership (TPP) includes Australia, New Zealand, Brunei, Canada, Chile, the United States, Japan, Malaysia, Mexico, Peru, Singapore and Vietnam. This represents a market of 792 million people, and a GDP of $27.5 billion, or 40% of the world economy.

The Transatlantic Trade and Investment Partnership (TTIP) on the other hand, which has been under negotiation since 2012, is a bilateral agreement between the European Union (EU) and the United States. It will eventually cover 46% of world GDP, 25% of exports and 32% of imports.

The Multilateral Trading System (MTS), which was created around the historic stronghold of GATT, has undergone some profound changes. The western States are now hoping, through the regionalisation process, to reach the markets of the emerging countries and impose trade norms and standards. Meanwhile, the developing countries aspire to greater autonomy as they adopt this international discipline.

1.3 What structure for a regional Union?

The regional free trade zones proposed by the PICTA and PACER agreements must ultimately respect the structure of the World Trade Organisation (WTO) agreements, but will be used alongside them.

Regional agreements allow for a consensus to be found in areas such as investment, tourism and the environment. These agreements make improvements to, but do not entirely replace the wholesale adoption of the principles of the World Trade Organisation (WTO). These preferential agreements often have more impact, because they include very specific clauses, specially adapted to local sectors.

We should remember that regional integration can take various forms, depending on the degree of union agreed on, which may be a free trade zone, a customs union, a common market, or an economic and monetary union (Balassa, 1961). Regional agreements allow countries that are close geographically to promote trade in various fields, while upgrading their own economies.

Let us consider the example of the European Union (EU) which has gone through these stages step by step and which is now close to being a political and federal union. The share of intra-zone trade has doubled in 50 years: from less than 30% in 1957, it is now just over 60%.[3] Thus regional agreements represent an initial step towards free trade and the adoption of the World Trade Organisation (WTO) framework. While the regionalisation of trade in fact means an increase in trade within the zone, it can represent an obstacle to trade with countries outside the geographic range. In the case of the French territories in the Pacific, it would be necessary to measure what losses would be incurred if there was a change to their status of Overseas Countries and Territories (OCT) which gives privileged access to the European Union (EU).

It should be stressed that the key issues of the PACER regional agreements and the PICTA agreement in particular concern services and labour mobility, as the trade in goods is firmly fixed by the island economic structure specific to French territories. When applying a traditional approach, services are negotiated by a "descending list", where sectors that are not open compete according to a pre-defined calendar in the different member States. Concerning the free movement of workers, regional agreements do not define standards, and each country defines terms for the movement of different categories of people.

We have therefore focused on the very many possible structures when setting up free trade zones at regional level. As a result, regional agreements can be applied to countries that are not members of the WTO.

[3] In his article *Measuring the costs of protection in Europe: European commercial policy in the 2000s*, Messerlin (2001) uses partial equilibrium methods to show the benefit for EU consumers of reducing trade protection measures.

1.4 Free trade zone: opportunity or threat for a multilateral trade framework?

The trend towards the regionalisation of trade has given rise to a freedom of choice in the area of negotiations which has created convergences and divergences leading to a multilateral standard.

Regional agreements that merely draw upon or reproduce the WTO schedules result in a harmonised framework for multilateral trade. Preferential regional agreements are generally in line with the general aims of the MTS through cooperation and technical assistance/harmonisation. Given this, regional agreements tend to promote a convergence towards a single multilateral trade standard (Venables, 2000).

Nevertheless, the increasing number of regional agreements to have been completed since the end of the 1990s has given rise to some systemic frictions linked with the different content of the various agreements. [4] Harmonisation of the exchange framework proposed by the World Trade Organisation (WTO) appears to have been set aside.

This great variety in the content of free trade agreements signed across nations has resulted in a phenomenon known as the "spaghetti bowl" effect (Bhagwati, 1995). This notion refers to the complication that arises when different domestic rules of origin are applied.[5]

This effect can lead to a discriminatory trade policy because the same product may be subject to distinct tariffs and tariff reductions in line with national preferences. With the increased number of free trade agreements emerging in the international economy, the phenomenon has resulted in contradictory policies between bilateral and multilateral trading partners (Scollay, 2009).

To conclude, regional trade agreements only complement the trade structures offered in the context of the World Trade Organisation (WTO). The numerous regional agreements that have now been signed merely serve to highlight the need to strengthen the multilateral trade framework. Nevertheless, it is reasonable to question the relevance of a standardised trading system, one that does not take into account specific features of geography, history, commercial policy, etc.

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[4] In 2013, 575 regional trade agreements (RTA) were notified to the World Trade Organisation (WTO), distinguishing between goods and services. 408 were in accordance with article XXIV of GATT, 38 according to the Enabling Clause, and 129 according to article V of the General Agreement on Trade in Services (GATS).

[5] According to the World Trade Organisation (WTO), rules of origin are defined as: "*criteria used to define the place of production of a good or a service. They are an essential element of trade rules as the applicable jurisdiction may result in discrimination between exporting countries: quotas, preferential customs tariffs, antidumping measures, countervailing duty*".

1.5 Long-term benefits of a free trade zone

Member-countries of a free trade zone remove customs duties and import restrictions between one another, but retain their own independent commercial policy. Regional agreements are mainly preferential agreements that give the right to take advantage of reciprocal arrangements and to waive the "most favoured nation" clause. As a consequence, countries that adhere to the World Trade Organisation (WTO) principles are automatically associated with preferential agreements. The standardised regional agreement framework has an important place in negotiations (intellectual property, labour standards). Assistance with trade and the adoption of common standards have tended to become the key issue for structuring free trade zones (Siroën, 2004).

Preferential agreements therefore support trade in open economies that have already adopted the basic tenets of free trade. The impact in terms of value is therefore relative, but is more significant in terms of volume.[6] While it is difficult to measure short-term gains, the loss of income from customs duties and exchange rate adjustments can often cause difficulties. Indeed, the costs associated with the transition to free trade are very visible, and can include outsourcing and redundancies. Public opinion is usually reluctant to open up to new markets, as benefits can be sporadic and have an impact only in the very long term. However, in promoting free trade the economy will automatically become more competitive and the population's purchasing power will be on a level with international standards. Lastly, we can be sure that trade flows within a free trade zone are stimulated.[7] Nevertheless, because of transport costs, the distance factor will always determine the success of an integrated economic zone (Frankel, Romer, 1999).

2. The framework of trade in the Pacific Islands

2.1 The role of institutions and the Pacific Islands Forum (PIF)

Members of a free trade zone are required to share certain responsibilities with a neutral body that will be in a better position to arbitrate: this is the role of the Pacific Islands Forum (PIF).

The Pacific Islands Forum (PIF) was created in 1971 with the purpose of harmonising political and economic orientations: it is the main cooperation body in the Pacific region. It includes 16 Oceanian states, with New Caledonia and French Polynesia becoming associate members in 2006.

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[6] For Grossman and Helpman (1993), however, the link between openness and growth is not incontrovertible, especially in the case of North-South trade. Technological progress at global level is likely to be influenced by specialisation in activities that produce little growth in the long term (primary sector).

[7] See Viner's work (1950), *The Customs Union Issue*, which analyses the distinction between the effects of developing trade and the effects of a trade diversion outside the trade zone.

The role of supranational institutions is growing, partly because they are bodies that are independent from the authorities of member countries, and also because they are involved in trade negotiations. Indeed, negotiations at the annual summit of the Pacific Islands Forum (PIF) have often been strongly criticised for the overt influence of Australia and New Zealand in the outcomes of debates. Immediately after this summit, a meeting is held to examine the directives that have been adopted: these are the "Post Forum Dialogues".[8] Since 1994 the Forum has been granted the status of observer at the United Nations General Assembly.

A five-year Memorandum of Understanding was also signed in 2012 between the Pacific Islands Forum (PIF) and the World Trade Organisation (WTO) to provide trade-related technical assistance in the wake of the establishment of free trade for the island countries that are members of the Forum.[9]

In terms of economic theories, an institution is considered to produce a balance in the context of strategic interaction (North, 1990). Thus the creation of an institution is one of many possible balance factors to result from negotiations and it was chosen by the different members, as it can provide benefits which they would not be able to obtain on their own, and in addition it gives members a higher level of well-being (Schotter, 1981).

2.2 Trade agreements in Oceania

Cooperation in the Pacific has recently received a boost with the adoption in 2005 of the Pacific Plan. The general objectives of the plan are economic growth, sustainable development, good governance and security for the Pacific countries.

Regional integration in Oceania is also encouraged by the European Union (EU) via Economic Partnership Agreements (EPA). These promote free trade between the EU and African, Caribbean and Pacific countries (ACP) and since 2002 has supported regional integration in the Pacific by introducing a group negotiation with the European Commission. For various reasons Economic Partnership Agreements (EPA) have proved disappointing.

Indeed there is relatively little trade with the EU, and five countries in this zone already enjoy favourable terms as a result of the Lomé 6 agreements via their status of Least Developed Countries (LDC). Thus the Smaller Island States (SIS) in the Pacific are apprehensive of the indirect effects of Economic Partnership Agreements (EPA) on their trading relations with Australia and New Zealand.

The study to consider a regional union of South Pacific countries dates back to the creation of the Forum in 1971, however it was in 1999 that leaders of the member

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[8] The Post Forum partners are: Canada, China, Republic of Korea, United States, France, India, Indonesia, Italy, Japan, Malaysia, Philippines, United Kingdom, European Union.

[9] The Pacific Islands Forum (PIF) has provided technical assistance since 2010 to help cope with reforms resulting from the PICTA and PACER Plus agreements via the Office of the Chief Trade Adviser (OCTA) at Port-Vila (Vanuatu).

countries approved the drafting of an agreement. The aim was to devise a future Oceanian free trade zone which would incorporate the economies into world trade flows.[10] As their economies have opened up relatively late to the world, the States and territories in the region have often remained isolated and reliant on the former colonial powers (Gilbert, Pillon, 1995).

The PICTA and PACER agreements are the result of this desire to modernise the island economies while moving closer to international markets. PICTA is a free trade agreement that includes 14 of the 16 member countries of the Pacific Islands Forum (PIF). Its aim is to liberalise the trade in goods between the signatory countries over a period of 8 to 10 years. PACER is another regional agreement which also includes Australia and New Zealand; it came into force in 2002. We should remember that integration of the French overseas territories into the PICTA free trade agreement is still under study. Nor are the French territories included in the advantageous Melanesian Spearhead Group (MSG) agreement or in the SPARTECA agreement (South Pacific Regional Trade and Economic Cooperation Agreement) with Australia and New Zealand (see Graph 1).

New Caledonia and French Polynesia have always traditionally had more links with the European Union (EU) than with the small island economies of the Pacific. Thus, via their status as Overseas Countries and Territories (OCT), they are an integral part of the Euro zone.[11] Finally, they have adopted nummerous preferential trade agreements with the European Union (EU) and they receive public funding through the European Development Fund (ISEE 2012).

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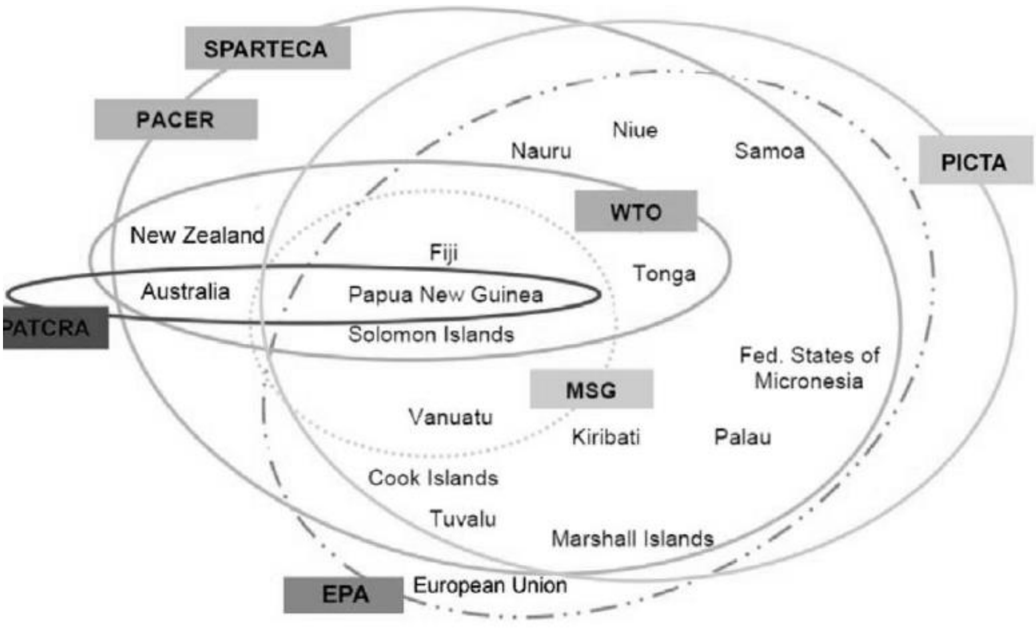
[10] Member countries of the World Trade Organisation (WTO) in Oceania are: Australia (1995), Fiji (1996), New Zealand (1995), Papua New Guinea (1996), Solomon Islands (1996), Tonga (2007), Samoa (2011) and Vanuatu (2012).

[11] The legal tender currency in New Caledonia, French Polynesia and also in Wallis and Futuna is the CFP Franc. Since 1949, the CFP Franc exchange rate has been fixed according to the French Franc (parity with the US Dollar was halted). One Euro is equal to 119 CFP Francs.

Graph 1: Main preferential agreements including members of the Pacific Islands Forum (PIF).



Source: Oxfam Australia 2009.

EPA: Economic Partnership Agreement (under negotiation)
MSG: Melanesian Spearhead Group (1994)
PACER: Pacific Agreement on Closer Economic Relations (in place since 2002)
PATCRA: Papua New Guinea-Australia Trade and Commercial Relations Agreement (1992)
PICTA: Pacific Island Countries Trade Agreement (in place since 2002)
SPARTECA: South Pacific Regional Trade and Economic Cooperation Agreement (1981)
WTO: World Trade Organisation (Australia 1995, New Zealand 1995, Fiji 1996, Papua New Guinea 1996, Solomon Islands 1996, Tonga 2007, Samoa 2011, Vanuatu 2012.)

2.3 Issues surrounding the PACER agreement

PACER was approved by the majority of the members of the Pacific Islands Forum (PIF) in 2001.[12] According to the terms of Article 2(2)(a), the agreement states that the aim of PACER is *"to provide a framework for cooperation leading over time to the development of a single regional market."*

Little progress has been made in terms of setting up a formal legal and institutional basis for a single regional market since the South Pacific trade and economic cooperation agreement in 1980.

The purpose of PACER was to see free trade developed gradually between members of the Pacific Islands Forum (PIF) with members preferring a "stepping stone" approach, or moving forward at an appropriate rhythm. Although the agreement did not include a formal commitment to trade liberalisation, Articles 5 and 6 state that the Forum island countries will enter into negotiations with Australia and New Zealand with a view to establishing reciprocal free trade arrangements as defined in Article XXIV of GATT.

PACER also contains many provisions relating to the calendar for negotiations towards free trade between Australia and New Zealand. For this reason, negotiations that are currently underway are being watched particularly carefully by the major Oceanian countries. The aim of these provisions is to reassure Australia and New Zealand that they will not be disadvantaged in relation to other trading partners in their trading relations with the Pacific Islands.

However, although it deals only with matters of trade, PACER is not in itself a free trade agreement: it does not require any reduction in customs duties between parties. That is the role of PICTA, the Pacific Island Countries Trade Agreement.

The legal relationship between the PACER and PICTA agreements is described in PACER. It states that members of the Pacific Islands Forum (PIF) should be able to liberalise trade between one another and integrate their economies before concluding reciprocal free trade agreements with Australia and New Zealand. This provision is more or less the same as the guidance given by the World Trade Organisation (WTO) on the content of regional trade agreements.

PACER requires that all parties should keep one another informed of the implementation of trade agreements between them. Thus Forum members must keep each other informed of the implementation of the PICTA, while Australia and New Zealand must keep the Smaller Island States (SIS) informed of developments within the Closer Economic Relations (CER).[13]

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[12] The Pacific Agreement on Closer Economic Relations (PACER) was signed on 18 August 2001 at Nauru by 10 Members of the Pacific Islands Forum (PIF) and came into force on 3 October 2002.

[13] Closer Economic Relations (CER) is a free trade agreement between Australia and New Zealand which has led to the total removal of customs duties and quantitative restrictions on the majority of goods since 1st July1990.

In addition, PACER expressly states that Forum members' obligations made in the context of other regional and international organisations under the World Trade Organisation (WTO) agreements should not be affected, i.e. South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), Melanesian Spearhead Group (MSG), Cotonou Agreement. PACER does not affect the rights and duties resulting from existing agreements.

However, World Trade Organisation (WTO) member countries do have an obligation to respect international regulations concerning health and plant health questions. What this means is that PACER will force all Pacific Island Forum (PIF) members to harmonise/modernise their standards.[14] If this were to be ratified, it would mean that the French territories would be required to move closer to Australian and New Zealand standards.

Lastly, the PACER Plus agreement, which has been under consideration since 2010, enables Australia and New Zealand to deal with members of the Pacific Islands Forum (PIF) and liberalise some sensitive areas such as the temporary migration of workers. French territories that favour multilateral regional cooperation and whose socio-economic reality is somewhat similar to that of the larger Oceanic States should observe, or participate in establishing, this framework agreement.

2.4 Issues surrounding the PICTA agreement

PICTA is a free trade agreement established in 2002, with the declared aim of liberalising the trade in goods between the signatory countries over a period of 8 to 10 years.

The expansion of the PICTA agreement to include trade in services and also the Temporary Movement of Natural Persons (TMNP) scheme to deal with migrant workers has been agreed since March 2008. After seven rounds of negotiations, the PICTA Trade In Services (PICTA-TIS) Protocol was put forward for signature on 28 August 2012 for an initial one-year period. At present, nine countries (Cook Islands, Federated States of Micronesia, Kiribati, Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) have signed the protocol. However, the "trade in services" section does not take into consideration the wide range of economic situations in the islands. This is not part of the multilateral trade framework of the General Agreement on Trade in Services (GATS). It would therefore seem essential to bring in technical expertise from outside to support Pacific Island Forum (PIF) members in their transition to free trade.

[14] A study is currently underway between AFNOR (French Standards Association) and Standards Australia to bring European and Australian standards closer together and to find equivalent and compatible ISO standards for French territories in the Pacific.

PICTA also makes provision for the opening of negotiations with Australia and New Zealand with a view to expanding the free trade zone. This should then provide better protection for consumers in the island economies and should ultimately lead to the creation of jobs. The purpose behind the creation of this regional market is to encourage more Foreign Direct Investment (FDI) into the more isolated Pacific islands. Trade is limited today because of the restricted internal market (Anderson, Wincoop, 2003). The possibility of reaching a harmonised regional market of seven million people could encourage investment.

However, the level of trade between PIF members remains low, mainly because of the constraints of their geographic location and poor transport links. This is a problem that will always be difficult to overcome.

The PICTA agreement should therefore be considered as a “springboard” towards fuller integration into the international economy, a preparatory stage prior to a wider liberalisation in the future. PICTA will be a first step towards a more complete integration. Companies will have to become accustomed to the idea of external competition and some governments will have to start implementing the necessary reforms for trade to be liberalised.

Nor does it affect the commitments by PIF members with respect to other regional and international trade agreements such as: the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), the Melanesian Spearhead Group (MSG), the Cotonou agreement, a free association agreement. It does not affect the rights and obligations of existing agreements which remain in force.

The key issue in PICTA is the gradual removal of customs tariffs on trade by 2015/2017 for the Smaller Island States (SIS) and the Least Developed Countries (LDC). Apart from customs duties, other obstacles to trade, such as quotas, should be eliminated immediately from trade between members of the Pacific Islands Forum (PIF).

Theoretically, the provisions of the agreement allow for Australia and New Zealand to join PICTA, but only if there is unanimous agreement by members, something that is not very likely to happen. If Australia or New Zealand join, then this would mean that PICTA would have to report to the World Trade Organisation (WTO) in accordance with Article XXIV of GATT.[15] The main argument for the Pacific Islands to refuse admission would still be the commercial strength and the high value added of Australian products, which would naturally tend to destabilise the fragile and isolated economies of the islands in Oceania.
The real challenge emerges with the negative social impacts that can arise from “adjustment costs” associated with the removal of tariff barriers. Empirical studies

[15] In terms of the of the World Trade Organisation (WTO) standards, the PICTA agreement is not required to be notified according to Article XXIV of GATT. For the moment it falls under the “*decision on differential and more favourable treatment*”, i.e. the “*Enabling clause*”. Thus “*these specific provisions provide longer time periods for implementing agreements and support to help build the infrastructure essential for WTO work, handle disputes and implement technical standards.*”

have shown that in free trade zones, these impacts are smaller than the impact of other aspects of economic and technological change.[16]

Thus the PICTA agreement was devised with the Pacific Islands Forum (PIF) in mind, with the aim of including Australia and New Zealand at a later stage. We can clearly see that the wide diversity in the economies within the Forum is an obstacle to drawing up a framework agreement in the Pacific.

It would be more suitable to seek a bespoke agreement devised directly through the more rigorous expertise of the World Trade Organisation (WTO). The structure of this agreement could be adapted to meet the varied needs of the 16 members and could deal directly with the most important issues in the Pacific such as the free movement of workers.

[16] The report, entitled *The Potential Impact of PICTA on Smaller Forum Island Nations*, points out that there are few direct benefits from joining the free trade zone. However, the Pacific Island States have to integrate international trade flows if they are not to suffer a gradual decline as a result of economic isolation.

3. A single-export model poorly adapted to its regional environment

3.1 Economies not geared to export and with little trade openness

The French territories in the Pacific have a very low level of trade openness. In New Caledonia, this rate stands at 25%, it is 15% in French Polynesia, and around 35% on average in the other Smaller Island States (SIS) of the Pacific (IEOM 2011).[17] The justification for this protectionism lies in the fragile nature of the industrial fabric and trade structure which cannot compete with the trade flows of the world economy. The export capacity of New Caledonia and French Polynesia is virtually non-existent, however, and concerns very few products.

In New Caledonia, the reason for the low openness rate is an insufficient ability to export services (7% in 2007), while in French Polynesia the ability to export goods is extremely low (3%).[18] The average openness rate in the French territories concerning services is also lower than that of the other Smaller Island Sates (SIS) in the Pacific (15% against 22%) (IEOM, 2011).

Thus the protectionism applied by the French territories has meant that they have been able to avoid productivity standards and has contributed to slowing their integration into the international division of labour (Poirine, 2007). The main adverse effect in the long term remains the absence of new international specialisations which could lead to a diversification of exports.

As a result, in many of the SIS we see dependence on a single product or natural resource, even though mass tourism would seem to be a viable natural specialisation.

Exports of nickel, with a small proportion of revenue from tourism, account for more than 95% of export income for New Caledonia. However, the nickel sector is relatively unimportant for the Caledonian economy (about 10% of GDP). French Polynesia is fairly similar: tourism and pearl-based products represent 65% of export income. With exports limited to a single sector, this is a further source of vulnerability given the volatility of nickel and pearl prices (ISEE, 2012).

Historically, the economy of the French Pacific territories has developed around the internal market with solid protectionist measures in place, and it does not seem to be well adapted to coping with international competition. New Caledonia has the highest density of artisanal workers in France: we must remember that 80% of GDP is produced by the network of SME/SMI.

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[17] Trade openness measures an economy's external trade. It is calculated from the ratio of imports and exports to twice the GDP [(Exports + Imports)/2]/PIB) x 100)].

[18] Data taken from the IEOM annual report for 2012 and the short-term economic report for January 2011 for New Caledonia.

3.2 Integrating French territories into world and regional trade flows

New Caledonia and French Polynesia do not form an integral part of world trade flows. It should nevertheless be pointed out that neither the Smaller Island States (SIS) nor Australia and New Zealand are integrated into the major international trade flows and we can see that there is a general “peripheralisation” of Oceania. Economic and financial exchanges between the French territories and the Smaller Island States (SIS) are virtually non-existent, but there is real potential for this to develop with Australia and even more so with New Zealand (see Maps 1 and 1 bis).

The Smaller Island States (SIS) are not industrialised, their population density is extremely low and GDP is very much smaller than that of the French territories. For the moment they are not suitable trading partners. Flows of current transactions with the island economies represented 0.3% of the total in 2011. It should be noted that 70% of trade in services from New Caledonia to the Smaller Island States (SIS) was directed at Vanuatu (services to businesses, transport and travel). Fiji represents 40% of trade in goods between French Polynesia and the Smaller Island States (SIS) in the Pacific (IEOM, 2011, 2012).

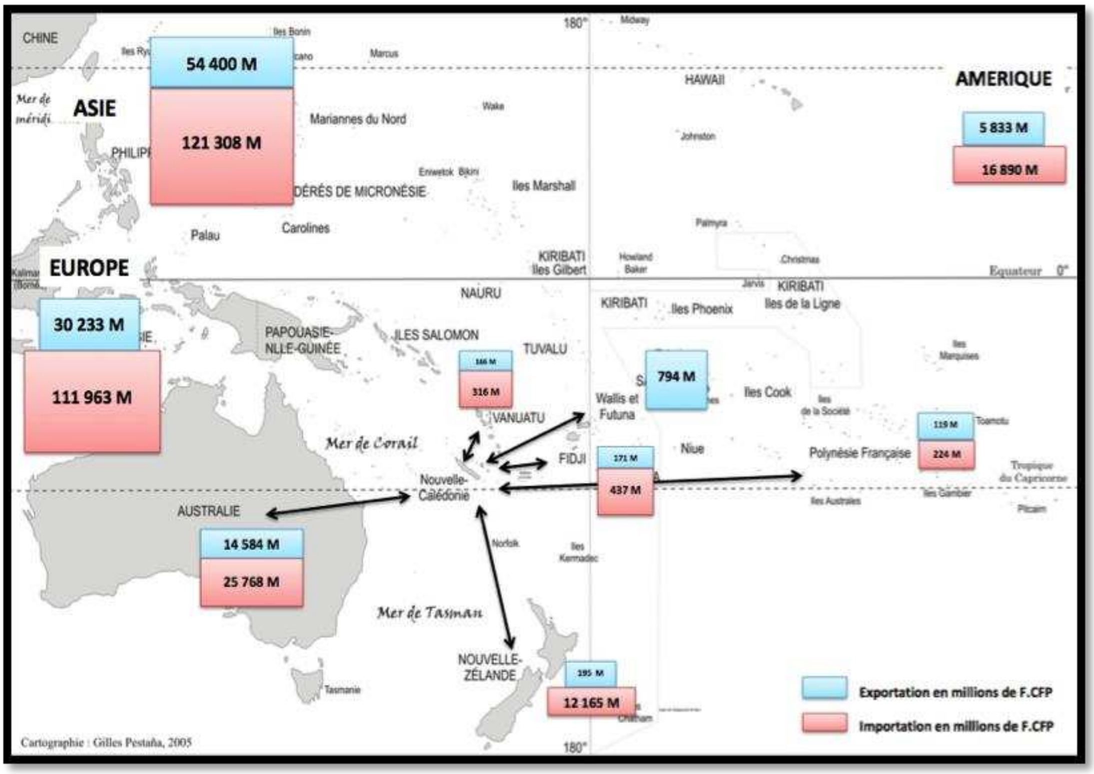
We are, however, witnessing a noticeable trend towards stronger trade with the Asia-Pacific region. Asia has become the primary destination for export products from New Caledonia (46.1% of exports in 2007). This is still a relatively weak trend, however, insofar as these exports are based almost exclusively on nickel and very little on the products of shrimp farming (New Caledonia 2025, 2009, Atelier 4 Mondialisation, 112-134).

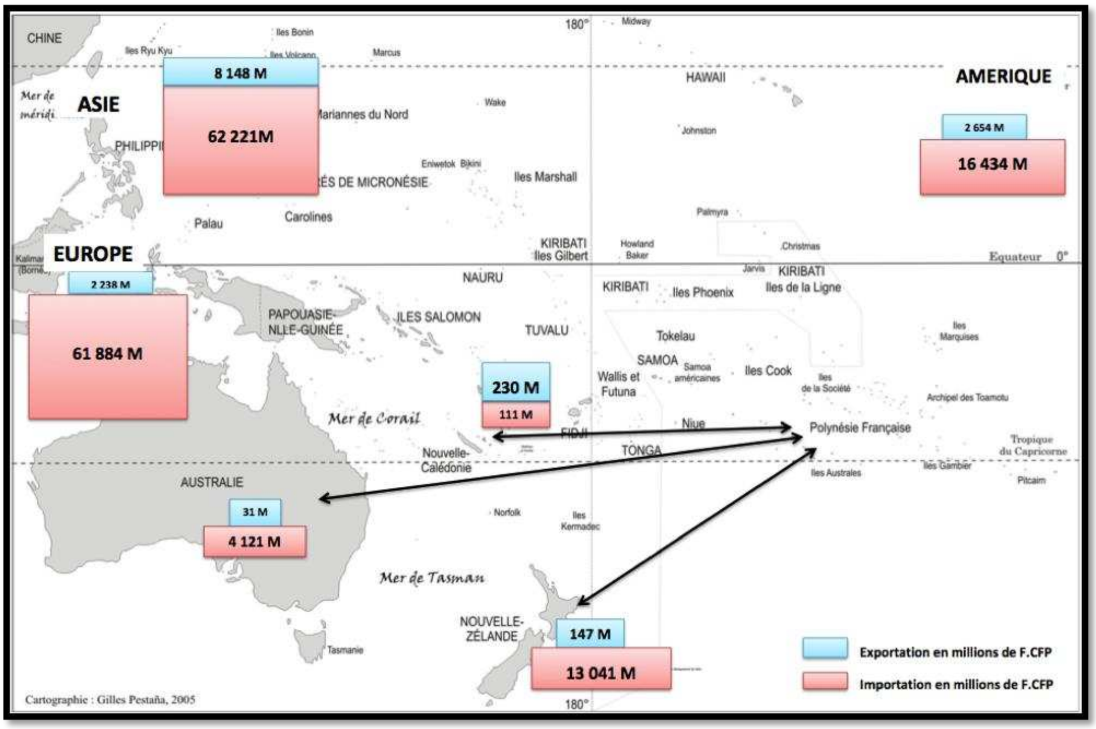
For the period 2006-2008, the European Union (EU) and France remained the foremost trading partners of New Caledonia (58%) and French Polynesia (72%) in terms of trade flows[19] (IEOM, 2011).

With the economic rise in power of the Asian economies, this could stimulate the potential for trade with French territories, both in terms of imports of goods and exports of nickel. However, current volumes of trade with member countries of the Pacific Islands Forum (PIF) illustrate the extent to which there is a mismatch between the supply of goods from the French territories compared with demand from their regional environment.

[19] According to the non-reciprocity principle, products originating in Overseas Countries and Territories (OCT) which are imported into the European Union (EU) are not subject to customs duties nor to quantitative restrictions.

Maps 1 and 1 bis: Average investment flows from New Caledonia and French Polynesia, between 2010 and 2013.





Sources: Institut de la statistique et des études économiques (*Statistics and Economic Studies Office*), Institut de la statistique de la Polynésie française (*French Polynesia Statistics Office*).

3.3 French territories among the Smaller Island States (SIS), Australia and New Zealand

The size of the neighbouring islands and their level of GDP should have an effect on the volume of economic and financial trade in the two French territories.[20]

Logically, a large market corresponds to the production of tradable goods and a substantial level of consumption. The volume of Foreign Direct Investment (FDI) flows is particularly sensitive to the level of GDP per capita. Institutional stability, infrastructure, and a qualified labour force all inspire confidence and can have a direct influence on the volume of trade.

Although the French territories have virtually the same level of GDP as their close neighbours in Australia and New Zealand, trade volumes are marginal. Australia represents 10% of current transactions for New Caledonia and New Zealand 2%. However, Australia is the second service provider for New Caledonia, through mining projects and tourism. We should stress that trade between French Polynesia and Australia (5%) and New Zealand (3%) are on a downward trend (IEOM, 2011).

As a result, the poor level of development and the restricted markets of the Smaller Island States (SIS) are hindering any increase in trade with the French territories.[21] The GDP in Australia and New Zealand combined with the stability of their economies suggests a potential for trade both for New Caledonia and French Polynesia.[22] However, the high value added of Australian and New Zealand goods is likely to have a destabilising effect on the markets of the French territories. Better to focus prospects for consolidating trade on services, and especially on tourism, and also professional and financial services.

[20] The work by Taglioni (2004), *La coopération régionale dans l'océanie insulaire: des processus polymorphes*, describes the challenges involved in regional cooperation processes throughout all the island States. We should bear in mind that cooperation mechanisms used by Members of the Pacific Islands Forum (PIF) do not all relate to the same realities, and may be implemented differently.

[21] Both in terms of income and expenditure, as current transactions with the SIS represent less than 1% of these flows for the period 2006-2008.

[22] See studies on commercial flows by the Statistics Department of the Secretariat of the Pacific Community (SPC). Using the new information system, PRISM (Pacific Regional Information System), studies can be carried out on recent statistics that are uniform for all three French Oceanian territories. This system groups together the regional databases of the New Caledonia Institute of Statistics and Economic Studies (ISEE), the Institute of Statistics of French Polynesia (ISPF), the Territorial Department of Statistics and Economic Studies (STSEE) of the Wallis and Futuna Islands.

3.4 Types of investment flow from New Caledonia and French Polynesia

We have highlighted the total absence of trade between the Smaller Island States (SIS) in the Pacific and the French territories. Thus the introduction of PICTA and PACER, trade agreements specific to the islands of Oceania, would seem to be able to provide new outlets for the export of goods from New Caledonia and French Polynesia.[23]

Indeed, flows of current transactions from French Polynesia to New Caledonia and Wallis and Futuna represent more than two thirds of trade with island economies in Oceania (See appendices 1 and 1 bis). For New Caledonia, the other two French territories represent over 40% of exports of goods in the Pacific from 2006 to 2008 (IEOM, 2011).

In addition, trade between the Smaller Island States (SIS) and the large developed countries within the Oceania market economy, Australia and New Zealand, is much more developed: these two countries supply more than 40% of imports of goods by the Smaller Island States (SIS) of the Pacific (15% for the two French territories) and obtain about 25% of their exports (5% for New Caledonia and French Polynesia) (IEOM, 2011).

This stimulation of exports of goods from Polynesia and New Caledonia seems to be in line with a natural logic of economic integration within their regional environment. However, the historical isolation of these former French colonies has resulted in discrepancies with the realities of the other islands of Oceania. The single-export economic model has resulted in the natural resources sector being developed and also other sectors not subject to competition (construction and public sector), while this is at the expense of the production and agricultural sector, where productivity is deteriorating (see Appendices 5 and 5 bis).

Meanwhile, agricultural exports from French Polynesia (copra, vanilla) and New Caledonia (coffee, aquaculture) have been abandoned because of low profitability: the continuous and generalised increase in prices locally is not reflected in the prices paid to the producers (Poirine, 2007).

The French territories have many of the characteristics of the Dutch disease,[24] which accounts for their low capacity for exporting goods and more especially the major significance of the service sector in the economy. Yet tourism, the only service not naturally protected from international competition, is tending to decline.

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[23] A study by Jérôme Trotignon (2010), *L'intégration régionale et la multilatéralisation des flux commerciaux? Un modèle de gravité utilisant des données de panel,* simulates the progression of exports of goods inside a free trade zone.

[24] The "Dutch disease" consists of the adverse consequences for income resulting from the difference between the selling price of natural resources and the cost of exploiting them. The increase in exports pulls the exchange rate up, thus reducing the international competitiveness of local products, and consequently leads to a process of deindustrialisation.

3.5 What external trade for sustainable growth?

First of all, we should remember that with the slowdown in world trade, the rate of growth in the trade of goods was 2% in 2012, and still remains well below the average pre-crisis rate of 6%. In this deteriorating environment, the coverage rate[25] of external trade is 37% in New Caledonia and only 8% in French Polynesia (see Appendices 2 and 2 bis). Thus the trade balance[26] shows a chronic imbalance which means that considerable thought must be given to future prospects for self-regulation by the French territories.

In New Caledonia, the trade deficit widened in 2013 to reach 181,745 million Pacific Francs. The considerable drop in imports (-4%) was partly due to a stabilisation in household consumption, and in fuel and power needs by major mining projects (see Appendix 3). At the same time, exports were down (-14%) as they were very much reliant on the nickel industry, which represents 92% of export value (IEOM 2014).

After a peak in 2011 (316,708 million Pacific Francs) imports stagnated in 2013 (290,989 million Pacific Francs), mainly due to the rise in the cost of energy, and the start-up of major mining projects in the North and the South, which did not now require as many resources and materials as in the construction phase. In addition, imports of food products and consumer goods remained stable at a historically high level (around 40,000 million Pacific Francs in 2012 and 2013), which demonstrates the vitality of household consumption (see Appendix 3).

In 2013, exports of metal by volume, linked mainly with the nickel sector, were around 81,000 tonnes (estimate). In a context where world demand was stagnant, the slowdown in the recovery of the price of nickel at the London Metal Exchange (LME) resulted in a wait-and-see attitude on the part of the main world producers, who therefore accumulated stocks. Exports of “Ores, Slag and Ash”, associated with production in the mining industry, dropped 24% in value. In addition, the strengthening of production in the plants in the North and the South helped to balance the drop in exports of mattes (nickel sulphides) leading to a gradual increase in the production of Nickel Hydroxide Cake (NHC) (see Appendices 5 and 6). In 2013, export volumes reached 81,000 tonnes (estimate) of nickel ore (ferronickel 66,000 tonnes, nickel matte 10,000 tonnes, NHC 3,000 tonnes, NiO 2,000 tonnes). In addition, two new nickel refineries started production, using different types of technology, a pyrometallurgical facility (SMSP-Xstrata) in the north and a hydrometallurgical plant (Vale NC) in the south. These plants have an annual capacity of 60,000 tonnes of nickel oxide and 5,000 tonnes of cobalt carbonate. The proportion of ore exports will therefore increase proportionately, mainly to Asia

[25] The coverage rate enables us to compare exports and imports for a particular economy or sector, measured by value or by volume. It is expressed as a percentage. Coverage rate = Exports/Imports x 100. Where external trade is balanced, this rate is in equilibrium, the coverage rate is 100%, since exports and imports are equal.

[26] The trade balance represents the difference between exports (sale of national products abroad) and imports (purchase of foreign products) of goods. The balance is calculated as a value, i.e. in current Pacific francs.

Pacific (Australia, South Korea, Japan and China), however, this represents only 8% of the total volume of nickel transactions worldwide today. Finally, products from shrimp farming, which were marginal in total exports, were down slightly from 2012 (-1%), confirming the fragility of the sector (ISEE, 2013).

In French Polynesia, the trade deficit increased in 2013, reaching 147,930 million Pacific Francs. We see a slight increase in the volume of trade overall, due to a considerable increase in the value of imports (161,523 million Pacific Francs) and a more moderate rise in exports (13,593 million Pacific Francs) (See Appendix 2 bis).

The decline in the volume of trade with Oceania shows that internal demand was falling back (see Appendix 4 bis), between 2012 and 2013 the share of imports fell by 12%. Intermediate goods and manufactured goods remained the primary imports. More generally, the value of most imported products decreased, apart from products for the automobile industry where local imports increased by 1.6% between 2012 and 2013 (ISPF, 2013).

The value of regional exports, on the other hand, has decreased considerably, from 631 million Pacific Francs in 2012 to 534 million in 2013 (see Appendix 5 bis). Orders for Tahitian pearls, which account for over 80% of local exports, have not developed and we have seen a drop of 1% in volume (ISPF, 2013). In addition, sales of coconut oil, vanilla and monoi decreased considerably and this contributed to the decline in Polynesian exports in Oceania and in the world.

Over the last decade, the drop in import volumes reflects a slowdown in domestic demand. Moreover, the coverage rate of French Polynesia's external trade is insufficient compared with that of its regional partners. As in New Caledonia, the trade balance is structurally in deficit: exports of local products, made up essentially of products related to pearls, fish and noni, do not cover imports. As consumption has stagnated and investment has tightened, only foreign trade can contribute to growth.

4. Prospects for regional integration for French Pacific territories

4.1 The question of liberalising services

The World Trade Organisation (WTO) and the Office of the Chief Trade Adviser (OCTA) of the Pacific Islands Forum (PIF) set up the first regional working group on trade in services for the Pacific at Port-Vila in August 2013. Toara Daniel, Minister of Trade for Vanuatu, opened the workshop by presenting the issues relating to the free trade zone in Oceania:

"*Trade in services has become the main engine of economic growth for many countries in the world, especially small and vulnerable developing countries with little export capacity, such as the Pacific island countries*".

Indeed, since the beginning of the 2000s we have witnessed a transformation in the island economic model, which is turning gradually towards the tertiary sector. The proportion of services in the export total increased by 26.5% between 2000 and 2004 for members of the Pacific Islands Forum (UNCTADstat, 2005).[27] In 2010, the tertiary sector represented 56% of GDP in Tonga and 75% in Kiribati, Vanuatu and French Polynesia (CESAP, 2012).[28]

However, the PICTA (TIS) protocol on services has only been open for signatures since 28 August 2012. Despite nine countries having signed the protocol, only Samoa and Nauru had ratified it by August 2013. Even after seven rounds of negotiation, no calendar has been set for opening up key sectors to competition, such as tourism, transport, communications, and also financial services.

The economic issues are indeed real and opening up long-standing monopolies is a delicate process. Liberalising services will therefore extend over a long period of time because of the many existing institutional, technical and regulatory obstacles to overcome.

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[27] UNCTADstat is the data distribution platform launched in October 2010 by UNCTAD (United Nations Conference on Trade and Development). It provides series of statistics covering several decades, so that existing or potential policies can be analysed over the long term. UNCTAD harmonises and disseminates statistics derived from various national or international databases.

[28] The *Economic and Social report for Asia and the Pacific* by ESCAP is a macroeconomic document published annually. It compares performances of member countries of the Pacific Islands Forum in their regional environment. The Economic and Social Commission for Asia and the Pacific (ESCAP) is one of the UN's five regional commissions for Asia and Oceania. It was created in 1947 in Bangkok (Thailand), and currently includes 53 Member states and 9 Associate states.

According to the standards of the Multilateral Trading System (MTS) the notion of exporting services is divided into four “modes”: cross-border services (mode 1), consumption abroad (mode 2), commercial presence abroad (mode 3) and commercial presence of representatives of the country of origin (mode 4).[29] Thus the liberalisation of services to individuals and to companies is based on the country of production and consumption.

The gradual opening up of sectors that had always been subjected to restrictions, such as financial services or professional services, provides new prospects for trade for French territories in the Pacific.

Australia already provides more than 30% of services to New Caledonia. It is involved in providing construction services for the major mining projects. Australia has also become the foremost destination for Caledonian residents, ahead of France. The tourism sector represents more than 50% of exports from French Polynesia in 2000-2009 (IEOM, 2011). There is therefore a very real potential to stimulate trade.

We should stress that the tourism industry is very closely linked with the liberalisation of services: 542 million dollars were spent in 2009 by visitors from Australia and New Zealand in the Pacific island countries (Oxfam, 2009).

However, the opening up of the tertiary sector to competition has not been greeted with unanimous agreement in the Pacific Islands Forum (PIF). According to the World Trade Organisation (WTO), the PICTA protocol on trade in services (TIS) is a zone that is “outside GATS”. It includes a “favourable treatment” clause which imposes no delay for the application of obligations according to the multilateral framework.

[29] At the Uruguay round in 1994, the World Trade Organisation (WTO) adopted the General Agreement on trade in services (GATS). Appendix 1B defines services according to four categories:

- Mode 1: cross-border services: only the service crosses the border (e.g. e-commerce)
- Mode 2: consumption abroad (e.g. tourism)
- Mode 3: commercial presence or investment abroad (e.g. the opening of a subsidiary outside the borders)
- Mode 4: commercial presence of representatives of the country of origin (e.g. an expatriate).

4.2 A migration scheme for the Pacific Islands?

The Smaller Island States (SIS) have many challenges to face in terms of managing inequalities, geographic isolation, access to health and education services. The pressure of the population on internal resources is a real threat and a reason for international migration.

The wide differences between the economies of the Pacific naturally encourage populations from the Smaller Island States (SIS) to migrate towards the developed countries of Oceania, such as Australia and New Zealand (CESAP, 2007).

According to the General Agreement on Trade in Services (GATS), the temporary admission of foreign natural persons as suppliers of services in their territory corresponds to mode 4.[30] Managing the flow of temporary workers (TMNP) according to the PICTA agreement is an issue that is being studied by the Pacific Islands Forum (PIF). There are currently no measures at regional level concerning conditions of entry, residence and treatment of non-national workers.[31]

Migration policy remains under national jurisdiction, adapted to local requirements. However, under recent pressure from Australia and New Zealand, new framework agreements seek to regulate migration flows in Oceania, especially in seasonal agricultural work.

The Pacific islands are characterised by their young population who have had relatively little training, and are therefore keen to offer their labour for various kinds of seasonal work.

The Australian government introduced the Pacific Seasonal Worker Pilot Scheme (PSWPS) in 2008 to cope with the lack of labour in the horticulture sector. For the moment, this pilot agreement has not had the success that was hoped for, as only 1,100 seasonal workers from the Pacific Islands have participated in the programme since its creation (see Table 2). The lack of information and fear of the unknown have meant that Australian farmers have bypassed this migration scheme.[32] Competition

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30 According to the World Trade Organisation (WTO), Mode 4 "*does not apply to people wishing to obtain citizenship, seeking permanent employment or permanent residence in a country",* it includes, for example, accountants, doctors, teachers, construction workers, agricultural workers. For comparison, in community law, this was approved by the European Union (EU) in the directive of 12 December 2006 concerning services in the internal market, referred to as the "Bolkestein directive".

31 The Pacific Islands Forum (PIF) analyses the possibilities of including a migration scheme in the PICTA agreement, so that the Temporary Movement of Natural Persons (TMNP) should over time respect the commitments of mode 4 of the General Agreement on Trade in Services (GATS).

32 A study by the Australian National University College of Asia and the Pacific of a panel of 183 agricultural producers concluded that more than 50% of farmers were not aware of the Pacific Seasonal Worker Pilot Scheme (PSWPS), 4% considered using it and 70% were satisfied with the temporary workforce available.

from the Working Holiday Visa (WHV) temporary migration programme which supplied an illegal workforce of about 37,000 workers in 2008 should be reviewed (Hay, Howes, 2012).

In contrast, the migration programme used since 2007 by New Zealand, the Recognised Seasonal Employer (RSE) scheme, has enabled 7,000 seasonal workers from the Pacific Islands to meet the needs of the agricultural industry. Studies have been carried out on this scheme (Gibson, McKenzie, 2010) and all have highlighted its positive impact on the improvement in general well-being in the Pacific communities.[33] We see a higher rate of schooling, and a 30% annual increase in household income for participants from Vanuatu and Tonga.

Table 2: Number of seasonal workers annually in Australia and New Zealand, from 2007 to 2011.

	2007-08	2008-09	2009-10	2010-11
New Zealand (RSE)	4,451	7,695	6,895	7,052
Australia (PSWPS)	-	56	67	392

Sources: Australian Department of Education, Employment and Workplace Relations; Immigration New Zealand, 2011.

However, because of their status as Overseas Countries and Territories (OCT) the French territories are not included in the main migration flows in Oceania. Mainland France is still the source of 80% of arrivals and departures in New Caledonia. There is a sizeable movement of people (497 in 2008) towards Australia, according to the “12 consecutive months” criterion, but this mainly concerns Caledonians with high levels of qualifications (ISEE, 2011). In Polynesia, the majority of migration is also concentrated towards France. However, the fragmented island environment of Polynesia encourages movements of population towards Tahiti. We can see that the islands of the archipelago are being abandoned as people move to Papeete and the urban area surrounding it (Hauteserre, 2004).

On the one hand, international migrations are seen as a structural element of the economic and social system in the Smaller Island States (SIS) in Oceania. They represent a source of income which was equivalent to 12% of GDP in 2005 (Connell, Brown, 2008). On the other hand, the developed countries in the Pacific have a real

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33 This analysis was part of a research group project on development by the World Bank which was looking at the reasons and consequences of migrations and of sending money home and studied the impacts of seasonal worker migration programmes. Using a multiannual forecast, it was possible to measure the impact of participating in this programme in Tonga and Vanuatu. Results showed that the Recognised Seasonal Employer (RSE) programme increased household income and consumption and had beneficial effects on the development of the community and on children’s education in Tonga. It was considered to be the most effective seasonal worker programme to date.

need for workers, especially in the agricultural industry. Yet attempts to control migration are only recent: Recognised Seasonal Employer (RSE) programme in New Zealand, Local Employment in New Caledonia, and there is no general consensus about these schemes at regional level. So for the moment migration policies remain a national responsibility and are not dealt with at the Pacific Islands Forum (PIF).

4.3 An external trade structure to be incorporated into a regional Pacific union?

We see a total lack of any overview in sectors requiring support for export and for achieving the balance to be hoped for between what can be imported and what can be produced locally.
The French territories that are seeking a place as associate autonomous States in the Pacific must be in a position to carry out for themselves an in-depth analysis of the economic policy that will be able to serve the general well-being of the region.

First, the structure of the industrial and commercial fabric of the French territories is not sufficiently well organised into a network. The different sectors lack visibility which considerably hampers trade at international level. The creation of the *Etablissement de régulation des prix agricoles* (ERPA - Agricultural Price Regulation Establishment) in New Caledonia remains an isolated case, but it is an example that should be copied by other sectors of activity. By grouping together SME/SMI from the same sector, they would be able to pool their technical resources and knowhow and be better able to reach new markets. At present, the Federation of Industries of New Caledonia (FINC) does not have a specific structure dedicated to studying and providing support for industries wishing to export. In addition, the ability to export production also depends on the willingness of firms to expand to other countries. The only Caledonian company to have taken on an international dimension is the Mining Company of the South Pacific (SMSP) which has shares in the POSCO steel factory in South Korea (New Caledonia 2025, Atelier Mondialisation, 2009).

Polynesia is experiencing a real industrial decline; its poor productive fabric, based on the construction sector and ship-building, is still turned towards the domestic market. The industrial sector contributed around 9% to GDP in 2011 (IEOM 2012). Exports are concentrated solely on the pearl cultivation industry (see Appendix 5 bis). The Chamber of Commerce and Industry provides support for companies, meeting their needs in terms of export strategy.

The regional integration proposed by the PICTA and PACER agreements will obviously require some in-depth debate on the economic orientations of the French territories in the Pacific. The self-sustained economy combined with tariff protection supported by France and the European Union (EU) have resulted in a total lack of attention paid to the viability of the economic system (Descombels, Lagadec, 2009). Although the Caledonian and Polynesian governments hope to demonstrate their willingness to integrate into Oceania, the structure of the island economies does not appear to lend itself to the adoption of a regional economic union. The Pacific islands have no exporting skills, intra-Oceania trade is virtually non-existent or merely symbolic and there is no genuine means of stimulating it.

Nevertheless, adoption of the PICTA and PACER agreements is still a first step towards free trade in Oceania as the islands are committed to a calendar for modernising their economies and to becoming part of globalisation. Thus the question of the structure of overseas trade will naturally have to be brought up, as will the issue of openness to competition in goods and services.

4.4 Political will supported by France and the European Union (EU)

The status of New Caledonia is defined first and foremost by the Noumea accord, which rules the territory. Pending deadlines that fall between 2014 and 2018, and more especially the outcome of new consultations on self-determination, constitutional law no. 98-160 of 20 July 1998 and organic law no. 99-209 of 19 March 1999 have given New Caledonia its own single legislative and institutional framework. To accompany the emancipation process, the Government, Congress, the Customary Senate, the Economic and Social Council and three provinces have been created or strengthened.

On 1st January 2000, executive power was transferred to the Government of New Caledonia and the territory became the competent authority in several areas which had previously been the responsibility of the State. These transfers of competency are irreversible (Chauchat, 2011).

Concerning external relations and regional cooperation, which are shared between the French State and the territory, the Government of New Caledonia has created a regional cooperation and external relations unit. Other structures have been established more recently to provide support for companies with their export projects: the New Caledonia Economic Development Agency (ADECAL) and the European programme for the Competitiveness of Enterprises and SMEs (COSME).

The introduction of the status of associate member of the Pacific Islands Forum (PIF) in 2006 marks a first step towards regional cooperation. For the first time, the Forum Island countries considered opening discussions on a formal process to enable New Caledonia to become a fully-fledged member. In September 2013, at the 44th summit of the Pacific Islands Forum in the Marshall Islands, Caledonia took the next step in attaining Full Member status. The concluding remarks made by the President of the government, Harold Martin, at the closure of the summit describe perfectly the period of transition that is currently taking place in New Caledonia:

"This decision marks an unprecedented step forward for New Caledonia. The conclusions of the report are very ambitious, they show that the secretariat of the Pacific Islands Forum (PIF) and New Caledonia are wholeheartedly committed to a collaborative process which will determine precisely the institutional and legal conditions of this change in status. A number of the sectors in which the Forum intervenes currently come under the responsibility of France, which will be fully involved in this process".

Finally, French Polynesia too has been an associate member of the Pacific Islands Forum (PIF) since 2006 but has never asked for this status to be revised. Debate on regional integration seems to have been brought clearly into focus by the United Nations (UN) General Assembly decision to add French Polynesia to the decolonisation list at their plenary session on 17 May 2013.

Conclusion

The creation of a free trade zone shared by the countries of Oceania via the PICTA, PACER and PACER Plus agreements comes up against the very heterogeneous nature of their levels of economic development and a lack of vision for regional economic integration.

The majority of the members of the Pacific Islands Forum (PIF) challenge the very structure of agreements that do not respect, for the time being at least, the trade framework of Article XXIV of GATT. Today, the real issues at stake in regional integration in the Pacific have not been dealt with. No consensus has been reached, either on openness to competition in the tourism, professional and financial services sectors, or on the free movement of temporary workers, so that these aspects can be integrated into the architecture of the World Trade Organisation (WTO) (Hay, Howes, 2012).

In addition, the economic structure of the French territories seems to be imperfectly adapted to the free trade zone proposed by the PICTA and PACER agreements. In New Caledonia, out of 23,170 companies in 2008, 97.6% had fewer than 10 employees. As in most of the Pacific islands, the economic model is turned only towards the internal market and shows no aptitude for export (Scollay, 2001).

A first step towards regional integration would be to strengthen the institutional framework (Pacific Islands Forum) and harmonise technical norms and standards.

For a framework for trade in Oceania, with its inevitable problem of distance and the very wide variety of different economies, the situation seems to call for a bespoke and consensual regionalisation process. However, there is a risk that by redefining the Multilateral Trade System (MTS) according to local areas of influence this will reinforce the “peripheralisation” of the Pacific Islands. To avoid becoming embroiled in ostracism in the long term, the French territories must move towards opening up trade towards Australia and particularly New Zealand, which is compatible with the rules of the World Trade Organisation (WTO).

Acronyms and abbreviations

ACP: African, Caribbean, Pacific countries
ADECAL: New Caledonia Economic Development Agency
GATS: General Agreement on Trade in Services
NAFTA: North American Free Trade Agreement
EPA: Economic Partnership Agreement
ASEAN: Association of Southeast Asian Nations
CEROM: Early Economic Accounts for Overseas France
ESCAP: Economic and Social Commission for Asia and the Pacific
UNCTAD: United Nations Conference on Trade and Development
CPF: Classification of French products
SPC: Pacific Community
COSME: EU Programme for the Competitiveness of Enterprises and SMEs
DIMENC: New Caledonia Department of Industry, Mines and Energy
ERPA: Agricultural price regulation establishment
EDF: European Development Fund
PIF: Pacific Islands Forum
GATT: General Agreement on Tariffs and Trade
MSG: Melanesian Spearhead Group
BCI: Business Climate Indicator
FDI: Foreign Direct Investment
IEDOM: Overseas Departments Issuing Institution
IEOM: Overseas Issuing Institution
INSEE: French Institute of Statistics and Economic Studies
ISPF: French Polynesia Statistics Office
NES: French economic synthesis nomenclature
OCTA: Office of the Chief Trade Adviser
WTO: World Trade Organisation
UN: United Nations
PACER: Pacific Agreement on Closer Economic Relations
PATCRA: Papua New Guinea-Australia Trade and Commercial Relations Agreement
SIS: Smaller Island States
PICTA: Pacific Island Countries Trade Agreement
PICTA TIS: Pacific Island Countries Trade Agreement Trade in Services
LDC: Least Developed Countries
PRISM: Pacific Regional Information System
PSWPS: Pacific Seasonal Worker Pilot Scheme
OCT: Overseas Countries and Territories
RSE: Recognised Seasonal Employer

MTS: Multilateral Trade System
SPARTECA: South Pacific Regional Trade and Economic Cooperation Agreement
STSEE: Territorial Service for Statistics and Economic Studies
TMNP: Temporary Movement of Natural Persons Scheme
TTIP: Transatlantic Trade Investment Partnership
TPP: Trans-Pacific Partnership
EU: European Union
WHV: Working Holiday Visa

Appendices

Appendix 1: New Caledonia external trade in 2013.

In millions of F.CFP	Imports		Exports	
Germany	10 936,58	3,76%	79,59	0,07%
Belgium	3 525,39	1,21%	6 145,83	5,63%
Spain	4 166,31	1,43%	4 009,19	3,67%
France	68 094,97	23,40%	17 402,62	15,93%
United Kingdom	3 765,67	1,29%	340,14	0,31%
Italy	7 024,16	2,41%	1 190,63	1,09%
Netherlands	2 170,81	0,75%	131,86	0,12%
Total EU (27)	108 737,64	37,37%	30 165,36	27,61%
Europe Misc.	3 165,84	1,09%	0,88	0,00%
TOTAL EUROPE	**111 903,48**	**38,46%**	**30 166,24**	**27,61%**
South Africa	632,45	0,22%	2 700,61	2,47%
Africa Misc.	1 099,25	0,38%	117,16	0,11%
TOTAL AFRICA	**1 731,70**	**0,60%**	**2 817,77**	**2,58%**
United States	12 687,26	4,36%	5 650,43	5,17%
Americas Misc.	4 202,18	1,44%	142,32	0,13%
TOTAL AMERICA	**16 889,44**	**5,80%**	**5 792,75**	**5,30%**
China	23 675,56	8,14%	11 165,97	10,22%
South Korea	11 685,34	4,02%	12 664,30	11,59%
India	1 201,01	0,41%	2 525,62	2,31%
Indonesia	1 814,80	0,62%	24,35	0,02%
Japan	5 721,25	1,97%	16 198,85	14,83%
Philippines	504,93	0,17%	0,05	0,00%
Singapore	56 718,66	19,49%	250,18	0,23%
Taiwan	1 423,29	0,49%	9 652,31	8,84%
Thailand	7 569,94	2,60%	7,72	0,01%
Vietnam	1 309,60	0,45%	1 143,27	1,05%
Asia Misc.	9 677,30	3,33%	691,05	0,63%
TOTAL ASIA	**121 301,69**	**41,69%**	**54 323,66**	**49,73%**
Australia	25 768,26	8,86%	14 584,49	13,35%
New Zealand	12 164,59	4,18%	195,50	0,18%
Fiji	437,34	0,15%	170,70	0,16%
French Polynesia	224,28	0,08%	119,04	0,11%
Wallis and Futuna	5,55	0,00%	793,78	0,73%
Vanuatu	316,33	0,11%	166,23	0,15%
Oceania Misc.	171,03	0,06%	102,90	0,09%
TOTAL OCEANIA	**39 087,39**	**13,43%**	**16 132,63**	**14,77%**
Other countries	**75,57**	**0,03%**	**10,81**	**0,01%**
TOTAL	**290 989,28**	**100,00%**	**109 243,86**	**100,00%**

Source: institut d'émission d'outre mer de Nouvelle-Calédonie (*New Caledonia overseas issuing institution*).

Note: To analyse trade balance data, the *Institut d'émission d'outre-mer* (IEOM) produces a composite indicator of the business climate indicator (BCI) specifically for French territories. This indicator is produced from several sets of quantitative economic data from several administrative sources (INSEE, ISEE, Customs, etc.) using a principal component analysis on a quarterly basis.

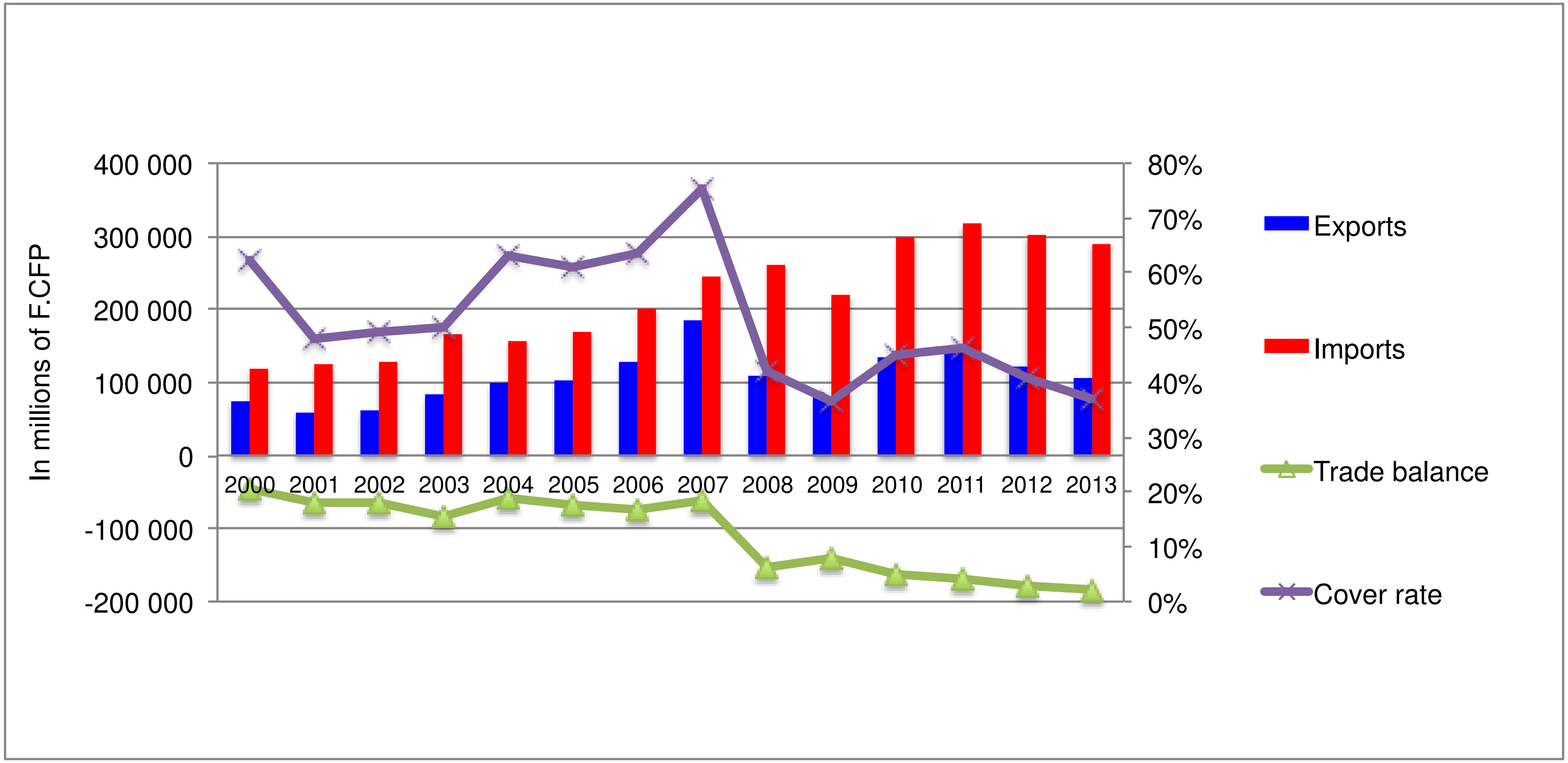
Appendix 1 bis: French Polynesia external trade in 2013.

In millions of F.CFP	Imports		Exports	
Germany	5,163.24	3.20%	122.98	0.90%
Belgium	2,803.85	1.74%	12.67	0.09%
Spain	2,187.64	1.35%	1.41	0.01%
France	38,964.06	24.12%	1,900.06	13.98%
United Kingdom	1,630.52	1.01%	12.59	0.09%
Italy	3,860.46	2.39%	34.25	0.25%
Netherlands	1,738.32	1.08%	16.27	0.12%
Europe Misc.	5,536.32	3.43%	137.46	1.01%
TOTAL EUROPE	**61,884.41**	**38.31%**	**2,237.69**	**16.46%**
Africa Misc.	655.84	0.41%	19.38	0.14%
TOTAL AFRICA	**655.84**	**0.41%**	**19.38**	**0.14%**
United States	15,588.40	9.65%	1,981.64	14.58%
America Misc.	2,845.65	1.76%	672.73	4.95%
TOTAL AMERICA	**18,434.05**	**11.41%**	**2,654.37**	**19.53%**
China	15,969.30	9.89%	211.61	1.56%
South Korea	17,732.90	10.98%	18.50	0.14%
India	489.35	0.30%	5.80	0.04%
Indonesia	1,185.84	0.73%	12.31	0.09%
Japan	2,517.51	1.56%	3,989.40	29.35%
Philippines	4,224.88	2.62%	2.81	0.02%
Singapore	11,327.66	7.01%	4.80	0.04%
Taiwan	910.66	0.56%	19.62	0.14%
Thailand	4,140.06	2.56%	20.11	0.15%
Vietnam	759.98	0.47%	114.08	0.84%
Asia Misc.	2,962.65	1.83%	3,748.99	27.58%
TOTAL ASIA	**62,220.79**	**38.52%**	**8,148.03**	**59.94%**
Australia	4,721.49	2.92%	31.00	0.23%
New zealand	13,040.98	8.07%	147.22	1.08%
Cook Islands	0.54	0.00%	16.74	0.12%
New Caledonia	110.66	0.07%	229.58	1.69%
Wallis and Futuna	-	0.00%	57.49	0.42%
Vanuatu	2.93	0.00%	0.94	0.01%
Oceania Misc.	449.38	0.28%	50.55	0.37%
TOTAL OCEANIA	**18,325.98**	**11.35%**	**533.52**	**3.92%**
Other countries	**1.44**	**0.00%**	**-**	**0.00%**
TOTAL	**161,522.51**	**100.00%**	**13,592.99**	**100.00%**

Sources: institut de la statistique de la Polynésie française (*French Polynesia Statistics Office*), institut d'émission d'outre mer de la Polynésie française (*French Polynesia overseas issuing institution*).

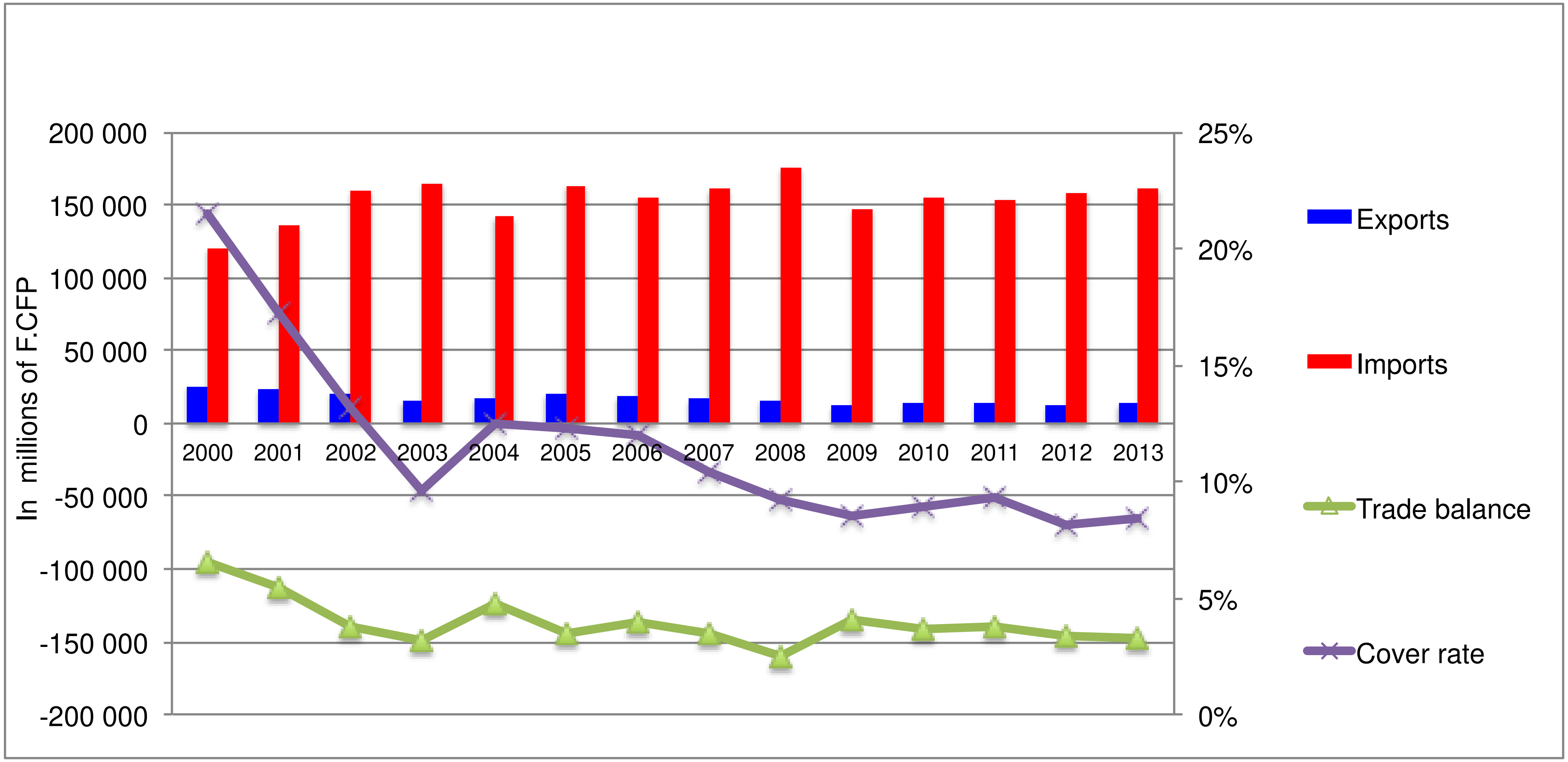
Note: The data presented in this study are adjusted for seasonal variations. Data were processed at the *Institut d'émission des départements d'outre-mer* (IEDOM) (ARIMAX-12 method); the series is presented as raw data and in its seasonally adjusted form in the quarterly economic bulletin of the IEDOM/IEOM.

Appendix 2: Trade balance and capacity rate in New Caledonia, from 2000 to 2013.



Source: institut de la statistique et des études économiques de Nouvelle-Calédonie (*New Caledonia Statistics and Economic Studies Office*).

Appendix 2 bis: Trade balance and capacity rate in French Polynesia, from 2000 to 2013.



Sources: institut de la statistique de la Polynésie française, (*French Polynesia Statistics Office*), institut d'émission d'outre mer de la Polynésie française (*French Polynesia overseas issuing institution*).

Appendix 3: Imports into New Caledonia by product category, from 2000 to 2013.

In millions of F.CFP	2000		2001		2002		2003		2004		2005		2006	
Supply goods	167,47	0,14%	219,61	0,18%	245,10	0,19%	288,44	0,17%	188,51	0,12%	-	0,00%	-	0,00%
Food Products	18 559,97	15,60%	19 557,66	15,72%	19 873,20	15,63%	20 494,47	12,41%	21 803,77	13,93%	22 944,36	13,44%	24 684,25	12,29%
Mineral products	17 844,63	14,99%	18 143,89	14,58%	16 996,73	13,36%	18 041,28	10,92%	19 626,48	12,54%	27 989,49	16,40%	31 372,36	15,62%
Chemical products	9 472,37	7,96%	9 654,71	7,76%	10 678,35	8,40%	11 444,45	6,93%	12 260,27	7,83%	13 144,79	7,70%	14 029,93	6,99%
Plastic products	5 034,45	4,23%	5 112,44	4,11%	5 175,52	4,07%	5 267,49	3,19%	5 929,92	3,79%	7 401,79	4,34%	8 270,64	4,12%
Wood	1 450,57	1,22%	1 538,20	1,24%	1 432,98	1,13%	1 680,48	1,02%	1 742,51	1,11%	1 887,87	1,11%	2 114,99	1,05%
Paper	3 468,18	2,91%	3 727,94	3,00%	3 590,55	2,82%	3 742,25	2,27%	3 752,07	2,40%	3 849,92	2,26%	4 256,90	2,12%
Textiles	3 961,17	3,33%	4 239,34	3,41%	4 355,41	3,42%	4 465,29	2,70%	4 604,02	2,94%	4 911,29	2,88%	5 650,18	2,81%
Metals	7 736,06	6,50%	7 611,59	6,12%	8 145,84	6,41%	8 758,64	5,30%	11 074,53	7,07%	12 536,85	7,34%	15 590,41	7,76%
Electrical equipment	22 331,16	18,76%	23 530,85	18,91%	23 139,61	18,20%	26 786,16	16,21%	32 827,94	20,97%	34 871,44	20,43%	42 868,20	21,34%
Transport equipment	17 519,22	14,72%	19 556,83	1,00%	19 381,98	15,24%	46 985,10	28,44%	27 435,94	17,53%	25 323,81	14,84%	32 776,45	16,32%
Other products	11 461,32	9,63%	11 526,72	9,26%	14 158,84	11,13%	17 242,07	10,44%	15 299,01	9,77%	15 830,71	9,27%	19 226,42	9,57%
TOTAL	**119 006,57**		**124 419,78**		**127 174,08**		**165 196,10**		**156 544,98**		**170 692,32**		**200 840,74**	

In millions of F.CFP	2007		2008		2009		2010		2011		2012		2013	
Supply goods	-	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%	90,40	0,03%
Food Products	26 504,18	10,86%	30 117,95	11,49%	30 209,64	13,72%	33 652,53	11,27%	37 624,94	11,88%	40 265,76	13,36%	40 083,57	13,77%
Mineral products	35 749,56	14,65%	50 744,35	19,35%	33 578,66	15,25%	50 175,66	16,81%	60 881,06	19,22%	71 968,33	23,88%	80 171,12	27,55%
Chemical products	14 971,84	6,13%	16 127,81	6,15%	17 221,37	7,82%	19 735,43	6,61%	19 549,51	6,17%	21 344,28	7,08%	22 008,18	7,56%
Plastic products	7 788,27	3,19%	8 580,56	3,27%	8 299,31	3,77%	10 811,80	3,62%	11 248,08	3,55%	11 682,35	3,88%	11 408,09	3,92%
Wood	2 010,60	0,82%	2 178,53	0,83%	2 358,60	1,07%	2 854,97	0,96%	2 658,61	0,84%	3 514,07	1,17%	3 011,18	1,03%
Paper	4 496,76	1,84%	4 606,58	1,76%	4 605,00	2,09%	4 555,58	1,53%	4 749,42	1,50%	4 902,64	1,63%	4 645,13	1,60%
Textiles	5 554,58	2,28%	6 017,93	2,30%	5 815,29	2,64%	6 460,32	2,16%	6 902,16	2,18%	7 043,08	2,34%	6 755,45	2,32%
Metals	15 380,58	6,30%	16 267,63	6,20%	15 335,15	6,96%	21 982,94	7,36%	16 131,84	5,09%	17 384,71	5,77%	15 882,81	5,46%
Electrical equipment	47 783,79	19,58%	48 673,63	18,56%	40 347,00	18,32%	49 001,25	16,42%	45 560,19	14,39%	47 809,81	15,87%	46 410,97	15,95%
Transport equipment	35 501,52	14,54%	38 874,86	14,83%	36 289,05	16,48%	34 861,43	11,68%	35 139,03	11,10%	35 857,99	11,90%	30 246,13	10,39%
Other products	48 354,68	19,81%	39 997,59	15,26%	26 164,32	11,88%	64 406,96	21,58%	76 263,34	24,08%	39 559,44	13,13%	30 276,24	10,40%
TOTAL	**244 096,37**		**262 187,54**		**220 223,39**		**298 498,94**		**316 708,18**		**301 332,47**		**290 989,27**	

Sources: institut de la statistique et des études économiques de Nouvelle-Calédonie (*New Caledonia Statistics and Economic Studies Office*), direction régionale des douanes de Nouvelle-Calédonie (*New Caledonia Regional Customs Office*).

Note: As New Caledonia alone is associated to the European Union (EU), rules concerning the free movement of goods, services, people and capital do not apply. It is regulated by the statutory principle of tax and customs Autonomy that controls imports in each sector of activity in order to protect the local economy. However, New Caledonia has subscribed to the international classification of the harmonised system (SH) in accordance with deliberation no. 268 of 22/12/1987 (JONC of 29/12/87).

Appendix 3 bis: Imports into French Polynesia by product category, from 2000 to 2013.

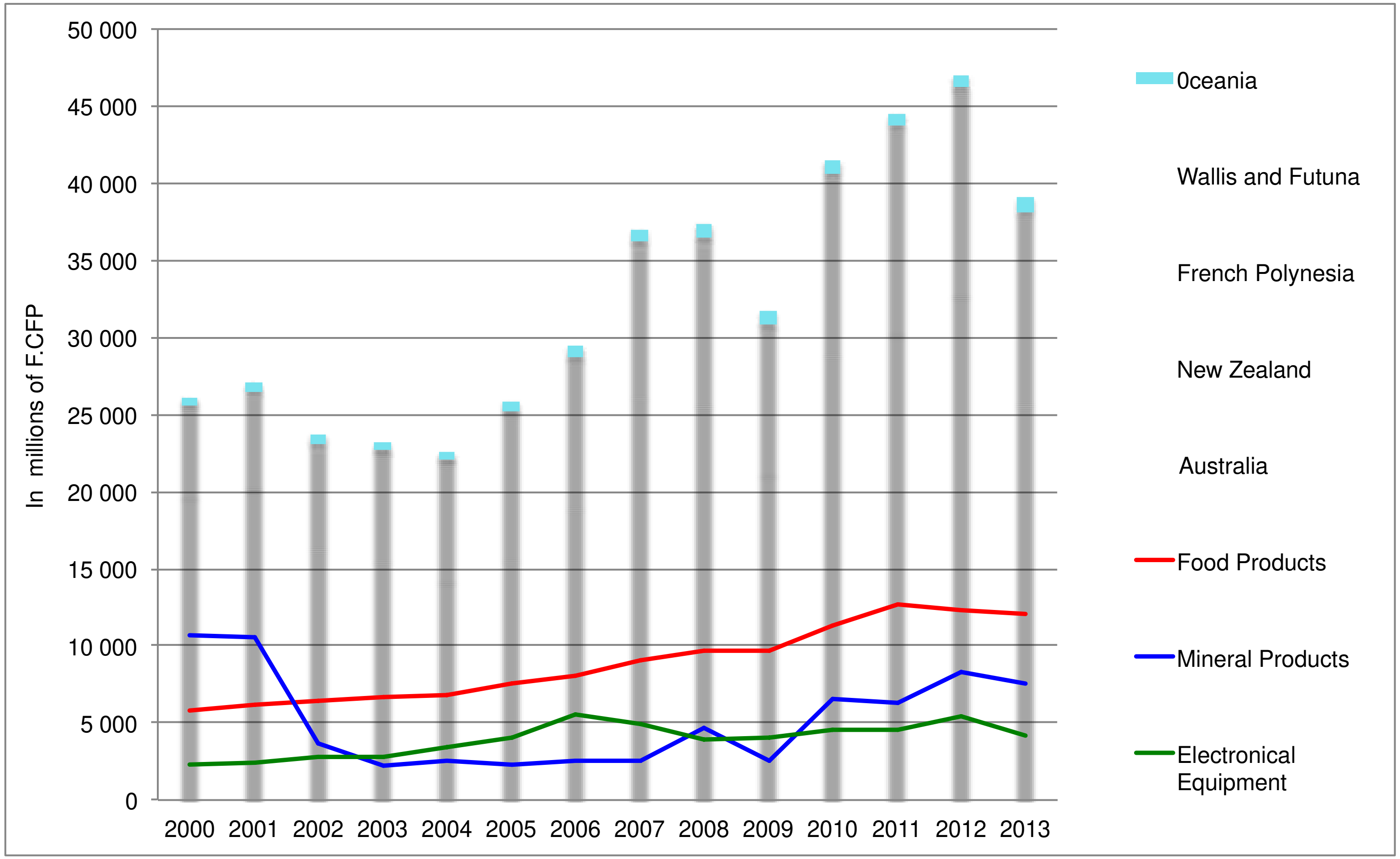
In millions of F.CFP	2000		2001		2002		2003		2004		2005		2006	
Supply goods	2 398,68	1,99%	274,00	0,20%	263,16	0,16%	12 313,21	7,46%	246,99	0,17%	292,53	0,18%	288,00	0,19%
Food Products	20 057,12	16,61%	25 544,53	18,84%	26 432,21	16,50%	26 701,35	16,19%	27 283,39	19,24%	28 832,06	17,62%	28 379,41	18,25%
Mineral products	6 375,98	5,28%	13 139,76	9,69%	11 475,00	7,16%	12,49	0,01%	12 817,25	9,04%	17 337,19	10,60%	21 451,63	13,80%
Chemical products	7 733,56	6,40%	9 823,92	7,25%	10 383,17	6,48%	10 677,43	6,47%	10 940,57	7,72%	11 769,75	7,19%	12 729,02	8,19%
Plastic products	4 310,19	3,57%	5 217,87	3,85%	5 085,37	3,18%	5 430,59	3,29%	5 363,78	3,78%	5 716,88	3,49%	5 935,75	3,82%
Wood	2 999,71	2,48%	3 387,90	2,50%	3 361,78	2,10%	3 124,45	1,89%	3 144,14	2,22%	3 139,61	1,92%	3 587,34	2,31%
Paper	3 567,79	2,95%	4 248,52	3,13%	4 360,66	2,72%	4 257,52	2,58%	4 291,19	3,03%	4 414,77	2,70%	4 633,61	2,98%
Textiles	4 636,01	3,84%	5 321,19	3,92%	5 550,70	3,47%	5 435,18	3,29%	5 204,80	3,67%	5 892,89	3,60%	5 669,48	3,65%
Metals	7 672,83	6,35%	9 188,54	6,78%	9 925,45	6,20%	9 992,31	6,06%	10 332,01	7,29%	10 850,33	6,63%	10 041,25	6,46%
Electrical equipment	18 680,11	15,47%	26 723,00	19,71%	27 203,65	16,99%	34 540,22	20,94%	28 642,92	20,20%	30 241,57	18,49%	27 324,19	17,58%
Transport equipment	17 488,66	14,48%	22 908,97	16,90%	42 577,43	26,58%	46 601,94	28,25%	21 706,70	15,31%	31 624,94	19,33%	19 448,61	12,51%
Other products	24 836,72	20,57%	9 803,13	7,23%	13 539,05	8,45%	5 872,62	3,56%	11 814,63	8,33%	13 481,70	8,24%	15 973,44	10,27%
TOTAL	**120 757,36**		**135 581,33**		**160 157,63**		**164 959,31**		**141 788,37**		**163 594,22**		**155 461,73**	

In millions of F.CFP	2007		2008		2009		2010		2011		2012		2013	
Supply goods	273,88	0,17%	240,94	0,14%	265,88	0,18%	255,00	0,16%	248,67	0,16%	251,02	0,16%	255,67	0,16%
Food Products	31 072,59	19,34%	31 916,02	18,15%	33 913,02	23,05%	35 447,41	22,82%	37 260,04	24,20%	36 372,13	22,94%	26 701,35	16,53%
Mineral products	20 664,67	12,86%	18 153,62	10,32%	21 573,75	14,66%	25 948,02	16,70%	29 039,13	18,86%	29 526,33	18,62%	12 070,02	7,47%
Chemical products	13 230,81	8,24%	14 146,56	8,04%	13 682,01	9,30%	14 095,20	9,07%	13 695,06	8,89%	13 911,86	8,78%	10 677,43	6,61%
Plastic products	6 134,20	3,82%	5 287,78	3,01%	5 710,77	3,88%	5 715,72	3,68%	6 065,97	3,94%	5 835,75	3,68%	5 430,59	3,36%
Wood	3 401,46	2,12%	2 104,57	1,20%	2 575,88	1,75%	2 261,95	1,46%	2 207,31	1,43%	2 221,74	1,40%	3 124,45	1,93%
Paper	4 486,15	2,79%	4 125,74	2,35%	4 269,02	2,90%	4 099,63	2,64%	3 320,16	2,16%	3 236,55	2,04%	4 257,52	2,64%
Textiles	5 802,87	3,61%	5 006,40	2,85%	5 066,46	3,44%	5 010,80	3,23%	5 123,52	3,33%	5 134,19	3,24%	5 435,18	3,36%
Metals	11 496,22	7,16%	8 541,58	4,86%	9 123,88	6,20%	8 972,40	5,78%	8 659,87	5,62%	8 393,50	5,29%	9 992,29	6,19%
Electrical equipment	29 063,20	18,09%	26 086,90	14,83%	31 461,07	21,38%	27 242,54	17,54%	27 495,63	17,85%	30 312,59	19,12%	34 540,22	21,38%
Transport equipment	20 209,31	12,58%	15 309,06	8,70%	16 339,13	11,11%	11 537,01	7,43%	13 028,23	8,46%	16 330,20	10,30%	46 601,94	28,85%
Other products	14 802,62	9,21%	44 951,69	25,56%	3 144,80	2,14%	14 747,45	9,49%	7 850,56	5,10%	7 011,65	4,42%	2 435,81	1,51%
TOTAL	**160 637,98**		**175 870,86**		**147 125,67**		**155 333,13**		**153 994,15**		**158 537,52**		**161 522,51**	

Sources: Institut de la statistique de la Polynésie française (*French Polynesia Statistics Office*), direction régionale des douanes de Polynésie (*French Polynesia Regional Customes Office*).

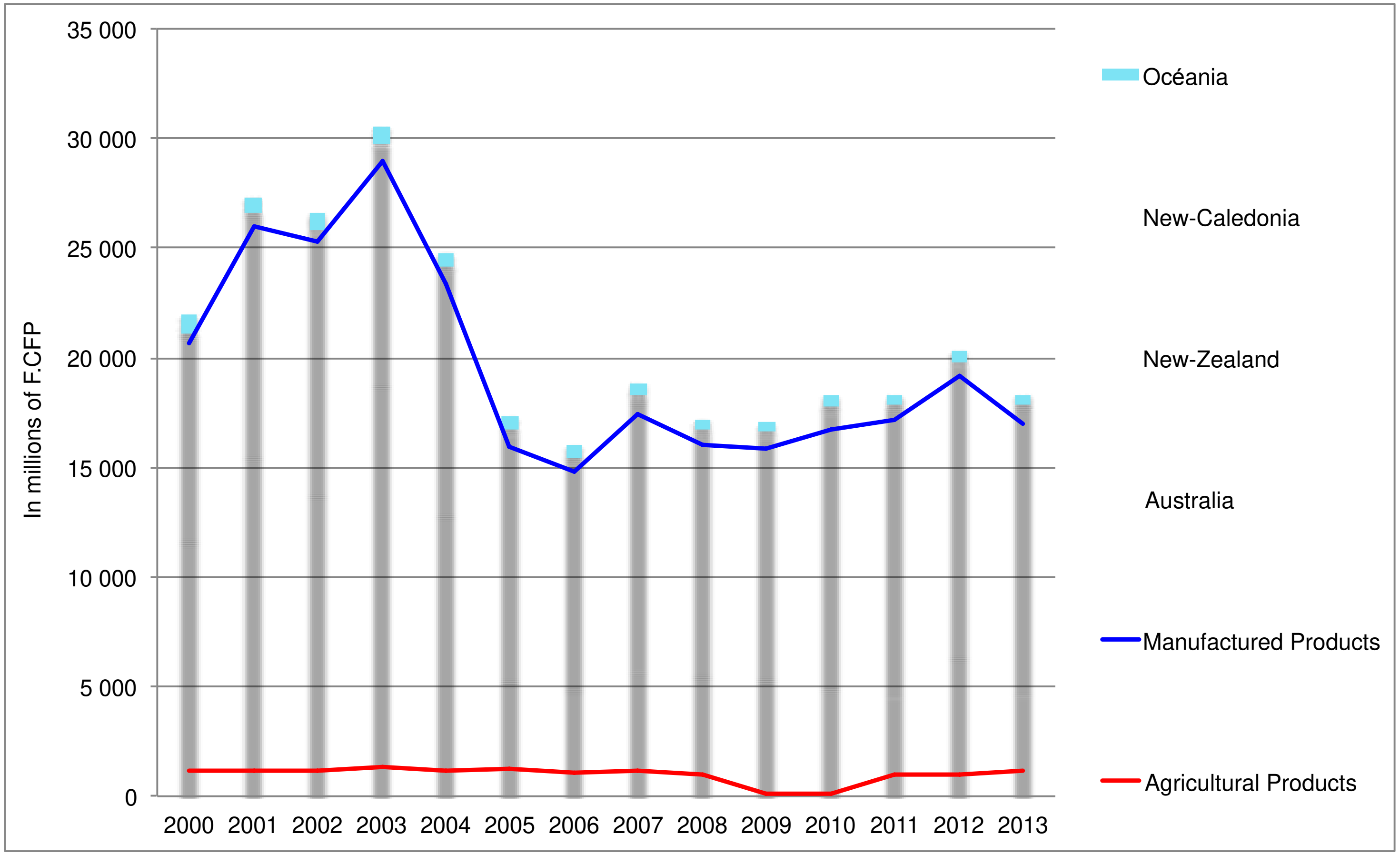
Note: in accordance with deliberation no. 88-136 AT of 13 October 1988, French Polynesia adopted the harmonised system for the designation and coding of goods, called the “S.H. tariff” At the same time, products are defined according to two more economic nomenclatures, the NES (synthetic economic nomenclature) and the CPF (classification of French products).

Appendix 4: Regional imports into New Caledonia by product category, from 2000 to 2013.



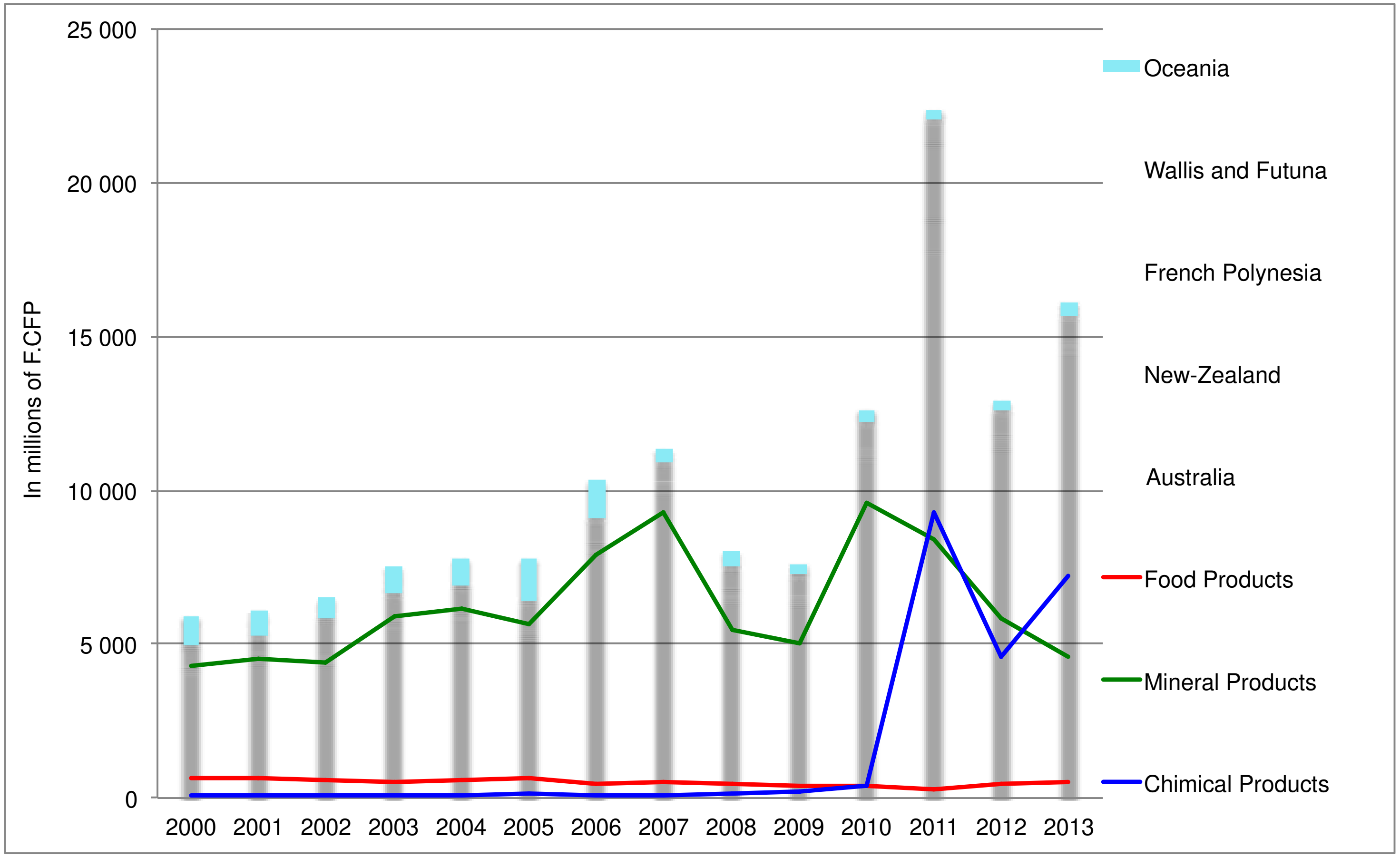
Sources: Institut de la statistique et des études économiques de Nouvelle-Calédonie (*New Caledonia Statistics and Economic Studies Office*), direction régionale des douanes de Nouvelle-Calédonie (*New Caledonia Regional Customs Office*).

Appendix 4 bis: Regional imports into French Polynesia by product category, from 2000 to 2013.



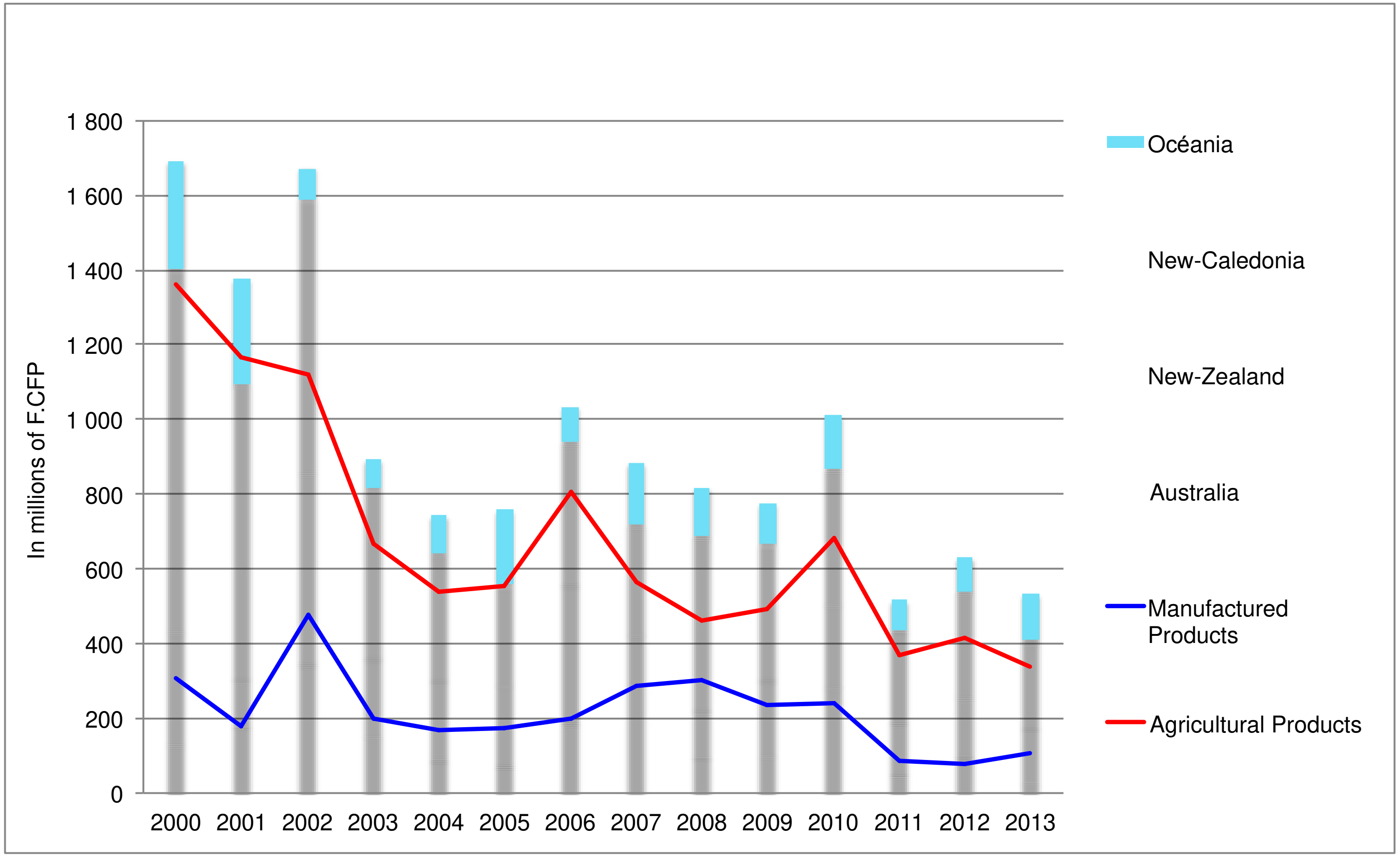
Sources: Institut de la statistique de la Polynésie française (*French Polynesia Statistics Office*), Institut d'émission d'outre mer de la Polynésie française (*French Polynesia overseas issuing institution*).

Appendix 5: Regional exports from New Caledonia, by product category, from 2000 to 2013.



Sources: Institut de la statistique et des études économiques de Nouvelle-Calédonie (*New Caledonia Statistics and Economic Studies Office*), Direction de l'industrie, des mines et de l'énergie de la Nouvelle-Calédonie (*New Caledonia Department of Industry, Mines and Energy*).

Appendix 5 bis: Regional exports from French Polynesia, by product category, from 2000 to 2013.



Sources: Institut de la statistique de la Polynésie française (*French Polynesia Statistics Office*), Institut d'émission d'outre mer de la Polynésie française (*French Polynesia overseas issuing institution*)

Appendix 6: Exports of mineral products from New Caledonia, from 2008 to 2013.

	In millions of	2008		2009		2010		2011		2012		2013	
Salt, Sulphurs, Plaster, Lime, Cements	Europe	0,07	0,00%	0,07	0,00%	0,13	0,00%	0,28	0,00%	0,91	0,00%	1,26	0,01%
	Afrique	-	0,00%	-	0,00%	0,02	0,00%	-	0,00%	0,01	0,00%	-	0,00%
	Amérique	0,03	0,00%	0,00	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%
	Asie	0,08	0,00%	0,01	0,00%	-	0,00%	-	0,00%	-	0,00%	0,08	0,00%
	Océanie	12,71	0,08%	2,51	0,02%	0,62	0,00%	1,03	0,00%	159,30	0,70%	513,72	2,84%
	Total	12,88	**0,09%**	2,58	**0,02%**	0,77	**0,00%**	1,31	**0,01%**	160,22	**0,71%**	515,06	**2,85%**
Ores, Slag, Ash	Europe	4,63	0,03%	0,61	0,00%	11,72	0,05%	10,03	0,04%	0,03	0,00%	0,16	0,00%
	Amérique	-	0,00%	0,00	0,00%	0,00	0,00%	0,10	0,00%	-	0,00%	0,00	0,00%
	Asie	9 608,63	63,60%	9 275,24	64,84%	15 937,62	62,42%	16 389,48	66,00%	16 898,00	74,40%	13 540,24	74,88%
	Océanie	5 467,46	36,19%	5 018,55	35,08%	9 496,87	37,19%	8 418,56	33,90%	5 643,53	24,85%	4 010,58	22,18%
	Total	15 080,72	**99,82%**	14 294,40	**99,93%**	25 446,21	**99,66%**	24 818,18	**99,94%**	22 532,57	**99,21%**	17 550,99	**97,06%**
Fuels, Mineral Oils, Products of distillations, Bituminous, Materials, Mineral wax	Europe	0,59	0,00%	0,62	0,00%	1,24	0,00%	1,54	0,01%	2,59	0,01%	1,93	0,01%
	Afrique	-	0,00%	-	0,00%	-	0,00%	0,05	0,00%	0,66	0,00%	-	0,00%
	Amérique	-	0,00%	-	0,00%	3,26	0,01%	-	0,00%	-	0,00%	-	0,00%
	Asie	0,10	0,00%	0,01	0,00%	-	0,00%	-	0,00%	-	0,00%	-	0,00%
	Océanie	13,51	0,09%	6,47	0,05%	82,36	0,32%	12,90	0,05%	16,56	0,07%	13,71	0,08%
	Total	14,20	**0,09%**	7,10	**0,05%**	86,85	**0,34%**	14,50	**0,06%**	19,81	**0,09%**	15,64	**0,09%**
	TOTAL	**15 107,81**		**14 304,08**		**25 533,83**		**24 833,98**		**22 712,59**		**18 081,69**	

Europe	5,29	0,04%	1,30	0,01%	13,08	0,05%	11,85	0,05%	3,54	0,02%	3,36	0,02%
Afrique	-	0,00%	-	0,00%	0,02	0,00%	0,05	0,00%	0,66	0,00%	-	0,00%
Amérique	0,03	0,00%	0,01	0,00%	3,26	0,01%	0,10	0,00%	-	0,00%	0,00	0,00%
Asie	9 608,81	63,60%	9 275,25	64,84%	15 937,62	62,42%	16 389,48	66,00%	16 889,00	74,36%	13 591,65	75,17%
Océanie	5 493,68	36,36%	5 027,52	35,15%	9 579,85	37,52%	8 432,49	33,96%	5 819,39	25,62%	4 620,08	25,55%

Sources: Direction de l'industrie, des mines et de l'énergie de la Nouvelle-Calédonie (*New Caledonia Department of Industry, Mines and Energy, New Caledonia Directorate of Customs*).

Note: for an in-depth study of the exact proportions of nickel and cobalt carbonate in the volumes of ferronickel, nickel matte, NHC, NiO and CoCO3 exports, the New Caledonia Department of Industry, Mines and Energy provides monthly data and statistics on the types of mining production (saprolites and laterites).

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