

Pacific Buzz (December 19): 2012 in review

by Development Policy Centre

19 December 2012



Elections | Geopolitics | Economics | Migration | Aid | Trade | Sustainability

The curtain is drawing to a close on 2012, a big year for the Pacific.

*In this final edition of the Pacific Buzz (our 25th for the year), the **Pacific Institute of Public Policy** and the **Development Policy Centre** bring you some of the main highlights. The **Pacific Buzz** will return on January 30, 2013. We wish all our readers a happy Christmas and New Year, and extend our thoughts to those in Samoa and Fiji affected by Cyclone Evan.*

Elections and politics

In 2012, six Pacific countries joined over one hundred others around the globe in holding parliamentary or presidential elections. There is a new **government elect** in **Palau** where former president Tommy Remengesau Jr. and Antonio Bells have been declared as president and vice president respectively. Voters in **Palau** rejected incumbent president, Johnson Toribiong, over **corruption** allegations. In **Vanuatu**, Sato Kilman returned as prime minister, leading a patchwork coalition. The Kilman government was formed amidst calls for **electoral reform**. The newly elected governor of **American Samoa**, Togiola Tulafono, also called for **reforms**. In **Guam**, a recount of the ballots confirmed the **preliminary results**. In **Timor Leste**, Xanana Gusmao's party was returned on a plurality of the vote, and there was a brief upsurge in **violence** after the Fretilin party was excluded from the governing coalition.

Results for women candidates throughout the region were discouraging. Trailblazers such as Dame Carol Kidu **retired** from **PNG** politics, and only 3 women (out of 115 female candidates) were elected. Women currently make up around **5 per cent** of parliamentarians across the Pacific. **PNG** parliamentarians **rejected a proposed bill** to set aside 22 seats for women.

Papua New Guinea's parliament was dissolved in late May in advance of a 23 June election, leading to hopes of a **resolution** following months of political and legal

wrangling. Belden Namah had suggested a **12-month delay**, but the Electoral Commissioner **proceeded** as planned. Parliamentary attempts to curtail the judiciary were met by public outcry, most notably from **UPNG students** whose 'Occupy Waigani' campaign culminated in **a boisterous but peaceful march**. In all, 46 parties fielded 3,435 candidates to contest 111 seats in an election marked by irregularities and large financial payouts.

Fiji's Constitutional Commission began consultations prior to presenting a draft constitution in January 2013, but was **warned** not to politicise the process after its chair called for **people** to be heard **directly**. It was confirmed that members of the military must **resign** in order to contest the elections and that race-based parties will be ineligible. The Great Council of Chiefs was also formally **abolished**.

In **Tonga**, a protracted motion of no confidence in the prime minister, Lord Tu'ivakano, took over three months to be **resolved** following the conclusion of parliamentary debate on the 2012-13 budget. Three ministers resigned amidst controversy over **cabinet reshuffles**, but the PM and his cabinet **survived the crisis**.

The **rise of social media** was the subject of widespread commentary, especially **in the run-up to the PNG elections**. Its impact was noticeable, but **decidedly mixed**. The O'Neill government also came under fire for '**monitoring**' text messages, emails and comments posted on Facebook. **Vanuatu's** new **national network** was used to present a **landmark public forum** that brought **Vanuatu's** prime minister and leader of the opposition face to face with the nation.



Geopolitics and security

2012 was the year when global powers signalled a re-found understanding of the strategic importance of Pacific island states after decades of neglect, and came courting.

The **US**, **China** and **Russia** all spoke of their deeper engagement with the Pacific. Beyond the rhetoric, some strong symbolism was on display: for the **first time** a **US** secretary of state attended the Pacific Islands Forum. The **USA** also committed the bulk of its warships into the Pacific theatre and has begun stationing a marine force in Darwin, **Australia**. This complements its military buildup in **Guam** in the north Pacific.

Russia used its hosting of the **APEC summit** in Vladivostok to declare that it too is a Pacific power, while **China** continued to exert strong influence through its large diplomatic presence and aid program.

Traditional powers like **Australia** and **New Zealand** continue to be influential, but their influence in the region is under challenge. In May, **Vanuatu expelled** the Australia Federal Police (AFP) and opened closer relations with **Indonesia**, **Russia** and **Fiji**. **Australia** recruited **PNG** and **Nauru** to implement its off-shore asylum seeker policy. The annual **Pacific Debate** demonstrated island allegiances can no longer be taken for granted and Pacific nations are taking a more flexible and assertive approach to their foreign policy.

The **PNG** constitutional crisis, which had everyone on edge for six months, and some small-scale disturbances in **Timor-Leste** and the **Solomon Islands** were blights on a largely benign Pacific security landscape. **Fiji** remains under a military government but progress was made towards a new constitution and planned elections in 2014. **West Papua continued** to be the most serious conflict zone in the Pacific region, with ongoing reports of killings, torture and abuse by Indonesian security forces.

The RAMSI mission in the **Solomon Islands** announced it was starting to withdraw, leaving its ten year peacekeeping mission in the hands of police, while in **Timor Leste**, international peacekeepers will also start to withdraw next year.



Economics: Melanesia booming and Pacific Futures

Melanesia led the way in economic growth in the Pacific, with **PNG**, **Timor**, **Solomon Islands** and **Vanuatu** all doing well in terms of expanding their GDP. **Fiji** and the Micronesian and Polynesian countries of the Pacific did not fare as well, with the **Tonga** Central Bank Governor **warning** of a bleak economic future.

Resource-rich **PNG**, **Timor Leste** and **Solomon Islands** continued to struggle to translate economic growth into substantial development gains. **Timor Leste** grappled with serious problems of **tax evasion**. Commentators in **PNG** spoke of a **lost decade**, and the head of the country's anti corruption body described **Australia** as the **Cayman Islands** for **PNG** suggesting Australian authorities weren't **doing enough** to stop the laundering of corrupt proceeds.

The World Bank's *Pacific Futures* report **spoke** what was once the unspeakable, with the Bank acknowledging for the first time that some Pacific island economies might simply never be viable without aid and remittances.



Treading water on labour mobility

Australia made its pilot seasonal worker programme permanent on July 1, 2012. Unfortunately, numbers have **remained low** with a cap of 2,600 Pacific island workers a year. The equivalent **New Zealand** scheme continues to do much better, taking about 7,000 workers a year. **Analysis** by Devpolicy pointed to conflicting government policies in **Australia**, which give **backpackers** an incentive to work on farms, and the prevalence of **illegal labour** as the underlying reasons for the poor performance of the Australian scheme. Unfortunately, the Australian government **has yet** to release its own evaluation of the pilot seasonal worker program. The bright spots for the year were the extension of the Australian scheme to new sectors (cotton, cane, seasonal tourism, aquaculture) – perhaps they will do better – and a new **endorsement** of the seasonal worker scheme by the Australian opposition, which opposed it earlier.



Delayed but increasing aid

Two of the Pacific's major donors, **Australia** and **New Zealand**, pushed back their targets for increasing aid this year. While these delays will impact the Pacific, both donors pledged that planned increases would take place. **Australia** has projected an expansion of aid spending to about AUD 1.6 billion by 2015-16, an increase of about AUD 400 million. 2012-13 increases showed only slight **changes** at the country level, with a notable exception of a **doubling** of aid to **Fiji**. **New Zealand** also plans to **increase** aid spending over the medium-term to NZD 600 million, up from NZD 535 million in 2012. Other considerable funding announcements were **Australia's AUD 330 million** gender equality package and commitment of **AUD 58 million** to climate finance over four years. **New Zealand committed** NZD

50 million to improving fisheries management and funding three years of **secondary schooling for all students** in Samoa.

China and the **US** also used aid to demonstrate their renewed interest in the region. The **US** committed USD 32 million in **programme** funding as a part of the Asia-Pacific Strategic Engagement Initiative, while **China** provided **PNG** with a **USD 5 billion** loan to upgrade the Highlands Highway and other infrastructure. And in a regional first, **New Zealand** **partnered** with **China** to deliver a water project in **Cook Islands**.



Trade and regional integration

Regional trade negotiations dragged on in 2012. Talks on the Pacific Agreement for Closer Economic Relations (PACER Plus) continued without any notable progress. Pacific countries **extended** the date for concluding the drawn out negotiations on the Economic Partnership Agreements (EPAs) with the European Union to 2016. Negotiations on the existing Pacific Islands Countries Trade Agreement (PICTA) between Pacific countries had more success, with PICTA expanding to include the liberalisation of the **service sector**. The Melanesian Spearhead Group (MSG) illustrated the relative strength of sub-regionalism, with **significant advancements** in the trade in goods, skills exchange and investment between **Fiji, Solomon Islands, PNG and Vanuatu**. Some Pacific countries also continued bilateral negotiations, including **Niue's** attempt to forge a **free trade agreement** with **China**.

2012 also brought about increased scrutiny on regionalism with the Pacific Islands Forum Secretariat again coming under the microscope following a **review** questioning its relevance and ownership. The criticisms come amidst calls to **reconfigure regionalism** to better reflect the Pacific. Based on these same sentiments, the Pacific Plan will also undergo its own **review** in 2013.



The Pacific remained focused on climate change policy making this year. The 2012 Doha climate change conference was merely a continuation of the existing impasse, with another weak agreement. Pacific countries **called for** more action and a heightened sense of urgency, and also called on other nations to break the **deadlock**. One notable outcome of Doha was an announcement of **loss and damage assistance** to compensate developing countries, but little progress was made on the **substantive task** of increasing funding to pay for all this.

2012 saw **fatal floods** in **Fiji** and 83 families from **PNG's Carteret Islands** displaced to Bougainville. In December, Cyclone Evan battered first **Samoa** and then **Fiji** to close out the year. **Kiribati** used 2012 to search for solutions to climate-driven migration, with **Timor Leste** making a **tentative offer** to relocate the country's refugees. **Kiribati** President Tong also raised the notion of **purchasing land** in **Fiji**, although played down the prospect of relocating the population under such a scenario.

The concept of a 'green economy in a blue world' was widely talked of this year, with the United Nations Conference on Sustainable Development (Rio+20) held in June. While the **outcome** of Rio+20 was unambitious and weak, Pacific countries did make a number of **voluntary commitments** – including pledges by Pacific countries to **increase** the provision of renewable energy uptake. **Analysis** by Devpolicy, however, questioned the plausibility and reasoning of these overly ambitious renewable energy targets in countries with limited resources. A further key pledge out of Rio+20 was the development of a regional framework for **ocean conservation**. Oceans were also on the agenda at the Pacific Islands Forum Leaders' Summit, with the announcement of massive new **marine parks** in the **Cook Islands** and **New Caledonia** and a rebranding of the Pacific countries as 'large ocean' rather than 'small island' states.

Amidst controversy over environmental impacts, **Nauru** became the first developing country to obtain a **license** to explore the international seabed. Seabed mining was also in the news in **PNG** where a dispute between the government and Nautilus Minerals stalled operations. 24,000 people **petitioned** the government in opposition to the Solwara 1 deep-sea mining project. And in July, Westpac Bank was **embroiled** in the continued but **unsustainable** deforestation of the **Solomon**

Islands.

Fishing nations agreed to reduce the **overfishing** of white-tip reef sharks and increased the **protection** of whale sharks, but failed to reduce overfishing in the world's largest tuna fishery. The Parties to the Nauru Agreement (PNA) continued to **negotiate** better financial returns from foreign fishing fleets. PNA members also **signalled** tougher enforcement of regional fishing rules, which are at times at odds with bilateral **deals**. **China** doubled its subsidised Pacific **tuna fleet**, **Palau** joined forces with **Greenpeace** to tackle illegal fishing and **Australia** considered **purchasing** unmanned spy drones for Pacific maritime surveillance.

*Editorial content is the responsibility of Derek Brien, **PiPP** Executive Director, and Stephen Howes, **Devpolicy** Director.*

Author/s:

Development Policy Centre

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