

# Pacific Buzz (September 19): PNG update | Clinton wraps up Asia Pacific tour | Fiji update... and more



by Development Policy Centre

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*A fortnightly roundup of policy news in the Pacific by the [Pacific Institute of Public Policy](#) and the [Development Policy Centre](#).*



*Condolences on the passing of Fr. John Lamani, founder and publisher of the Solomon Star daily newspaper.*

## POLITICS

On the eve of PNG's 37<sup>th</sup> anniversary of independence, PM Peter O'Neill announced a broad range of [legislative reforms](#), including reviewing the constitutional provisions governing the election of the prime minister and term of government. With over 100 [election petitions](#), it is notable that O'Neill also plans to repeal the controversial *Judicial Conduct Act* that was enacted during his political standoff with Sir Michael Somare, and effectively gave the government the power to suspend senior judges.

Also in PNG, the Commission of Inquiry into the sinking of the MV Rabaul Queen released its [report](#), concluding that the vessel should never have departed on its fatal final voyage. The report was highly critical of the [National Maritime Safety Authority](#), and deputy PM Leo Dion accepted the commission's 34 recommendations to improve safety at sea.

PM Peter O'Neill was in Vladivostok for the **APEC** summit and met with Russian President Vladimir Putin. **Russia** is keen to strengthen the **bilateral** relationship as it seeks to extend its sphere of **influence** in the Pacific. A Papua New Guinea delegation also visited China last week to **strengthen cooperation** and to finalise arrangements for a **loan** to finance the rehabilitation of the Highlands Highway.

### Clinton wraps up Asia Pacific tour



After attending the Pacific Islands Forum in the **Cook Islands**, US Secretary of State Hilary Clinton urged **Indonesia** to **resolve** the simmering **West Papua** situation, following which the Indonesian House of Representatives established **working committees** to improve relations with indigenous Papuans. Clinton

also **visited Timor Leste** to bolster confidence in the government and take stock of Chinese aid and investment there. While at the Forum, Clinton declared the Pacific was big enough for both **China** and the **US**, but following her trip to Beijing the **Economist** reports how the rivalry between the two super powers has been recently played out in the region.

### Fiji update

As a senior **Chinese** delegation prepares to visit Suva, **Fiji** has informed its neighbours that it will **withdraw from the Pacific ACP** if the Pacific Islands Forum Secretariat continues to deny its participation in the regional grouping. Such a move may impact regional trade deals and integration initiatives. Sparks flew during a recent event in which Fijian media figures alternately **asserted** and **denied** that self-censorship continues in the nation's media outlets. The conflict in Afghanistan **claimed another Fijian**, the tenth Fijian soldier in the British Army to have lost his life in the war and the third this year, as a UK charity **slams** the treatment of **Fiji's** ex-soldiers.

### Questionable deals



Corrupt land deals in **Vanuatu** **continue** to be a cause for concern as the caretaker lands minister seems to have unilaterally given the go-ahead to sell public land at **50 per cent of the premium** to staff in the department.

In **Tonga**, the country's Attorney-General Neil Adsett remains defiant over the US\$50 million loan from the Exim Bank of China to rebuild Nuku'alofa after the 2006 riots labelling some of the conclusions of the parliamentary select committee's scathing **report** as more **political than factual**.

## ECONOMICS

**EU extends trade negotiations**

Pacific countries should now have until 2016 to conclude Economic Partnership Agreements (EPAs) with the European Union in what is being hailed as a **victory** for the African, Caribbean and Pacific group of countries. So far only **Fiji** and **PNG** have signed interim EPAs in order to protect market access for sugar and tuna. The deadline for the agreements to be concluded was previously 2014, after which duty-and-quota-free **access** to the EU would be lost.

**Enforcing regional fishing rules**

**Kiribati** has allowed the **Spanish tuna fleet** to continue fishing even though its Fisheries Partnership Agreement with the European Union has yet to be completed. The **Parties to the Nauru Agreement** (PNA), an eight member alliance (Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu) that controls the world's largest tuna fishery has **warned the European Union** that it will be fined if regional fishing rules are broken through bilateral deals. A key issue highlighted by an **evaluation** of the EU-Kiribati agreement is payments for access based on catch tonnage, whilst the Kiribati policy, in line with the PNA protocol is now to provide access based on vessel days.



Meanwhile, the Australian military is reportedly considering **purchasing** unmanned spy drones, which among other things could be used for maritime surveillance in a bid to combat illegal and unreported fishing throughout the Pacific. According to the **US Navy**, a 24-hour surveillance mission with a Triton drone could identify every vessel in an area almost twice the size of Kiribati's ocean territory. Analysts have separately called for Australia to increase aid spending on **maritime surveillance** to patrol Pacific island exclusive economic zones. Analysts have separately called for Australia to increase aid spending on **maritime surveillance** to patrol Pacific island exclusive economic zones.

**Reforming state owned enterprises**

A new **study** by the Asian Development Bank concludes that reforming state-owned enterprises in **PNG** will result in significant economic benefits. The study compared public enterprises in **PNG** to five other Pacific countries (**Fiji, Marshall Islands, Samoa, Solomon Islands, and Tonga**) and is the first benchmarking study of its kind in PNG. While SOEs have generally been profitable, the cost to society is often

high due to a range of subsidies, **for example** the cost of capital for SOEs over 2002-2009 was 4.5 per cent, compared with an average commercial rate of 11.4 per cent.

### In Brief

- **Nauru's** foreign minister, Kieren Keke, wants **asylum seekers** processed under Nauru Law.
- **New Zealand** denies **asylum** status to a **Kiribati** man who claims to be fleeing his sinking island because of global warming.
- The forthcoming presidential elections in **Palau** to be contested by **three big names** including former vice president Sandra Sumang Pierantozzi.
- Concerns that **Samoa's** PM Tuilaepa Sailele Malielegaoi has **too much power**.
- **Royal** visit to **Tuvalu** used to highlight concerns over climate change.
- **PNG** writing celebrated at the **Crocodile Prize** awards for 2012.
- **Australia** and **PNG** have signed an **MOU** in relation to the use of Manus as a processing centre for asylum seekers. The MOU promises **PNG** additional aid, and also promises to keep processing times short, **contrary** to the 'no advantage' rule espoused by the Houston Review.
- The Pacific Islands Forum has **advertised** for consultants to assist with its Pacific Plan Review.
- **PNG's** budgetary experience and prospects came under the spotlight in the 2012 **PNG** Budget Forum held on September 12 in Port Moresby and co-hosted by the National Research Institute and ANU's Development Policy Centre. Click **here** for details.

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