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 37th 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 Tualaepa 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.

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