



Trade Facilitation in the Pacific Region

Presentation at the Regional Workshop on Promoting Connectivity
through Trade Facilitation and Aid for Trade

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Today's Presentation

1. Regional Context
2. ADB Support
3. Looking Ahead

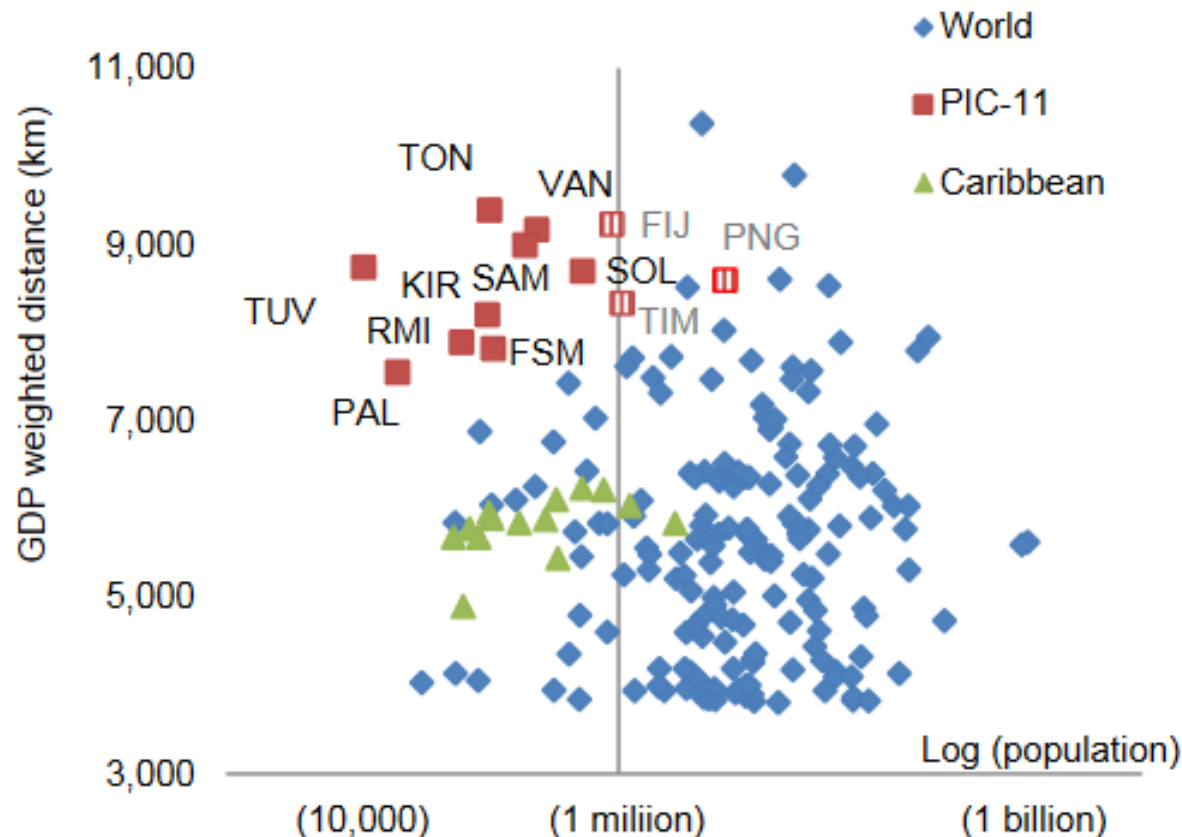
This map illustrates the Pacific Islands, highlighting several key island groups and countries. The map is oriented with North at the top, indicated by a compass rose. A scale bar at the top left shows distances up to 1000 Kilometers. The surrounding oceans are labeled: North Pacific Ocean to the north and South Pacific Ocean to the south. Landmasses visible include Australia to the south, Indonesia to the west, and Hawaii to the northeast. The island groups shown are:

- Marshall Islands:** Located in the northern Pacific, with major islands like Enewetak, Bikini, and Rongerik.
- Federated States of Micronesia:** A chain of islands including Yap, Chuuk, Pohnpei, and Kosrae.
- Republic of Palau:** Located south of the Federated States of Micronesia, with the capital Melekeok.
- Papua New Guinea:** A large island in the southwest, with the capital Port Moresby circled.
- Solomon Islands:** Located east of Papua New Guinea, with the capital Honiara circled.
- Vanuatu:** Located south of the Solomon Islands, with the capital Port Vila circled.
- Fiji:** Located in the south-central Pacific, with the capital Suva circled.
- Tonga:** Located south of Fiji, with the capital Nuku'alofa circled.
- Samoa:** Located east of Tonga, with the capital Apia circled.
- Cook Islands:** Located east of Samoa.
- Kiribati:** A chain of islands extending from the equator to the south, with the capital Tarawa.
- Tokelau:** A small group of islands east of Kiribati.
- American Samoa:** Located further east, near the Hawaiian Islands.

Other labels on the map include "GUAM", "NORTHERN MARIANA ISLANDS", "INDONESIA", "TIMOR-LESTE", "AUSTRALIA", and "HAWAII".

Asian Development Bank. 2016. Pacific Approach, 2016-2020.

Small and remote populations contribute to high trade costs..



FIJ = Fiji, FSM = Federated States of Micronesia, GDP = gross domestic product, KIR = Kiribati, km = kilometer, PAL = Palau, PIC-11 = 11 smaller Pacific island countries, PNG = Papua New Guinea, RMI = Marshall Islands, SAM = Samoa, TIM = Timor-Leste, TON = Tonga, TUV = Tuvalu, VAN = Vanuatu. Note: GDP weighted distance measures relative distance of a particular economy from all potential trade partners, adjusting for each partner's market size.

Source: Asian Development Bank. 2016. Pacific Approach, 2016-2020

And while Pacific Islands perform reasonably well on time and cost indicators...

Cost for Border Compliance

	Import (\$)	Export (\$)
Pacific	535	509
Low Income	662	521
Lower Middle Income	498	413
Upper Middle Income	567	496

Cost for Documentary Compliance

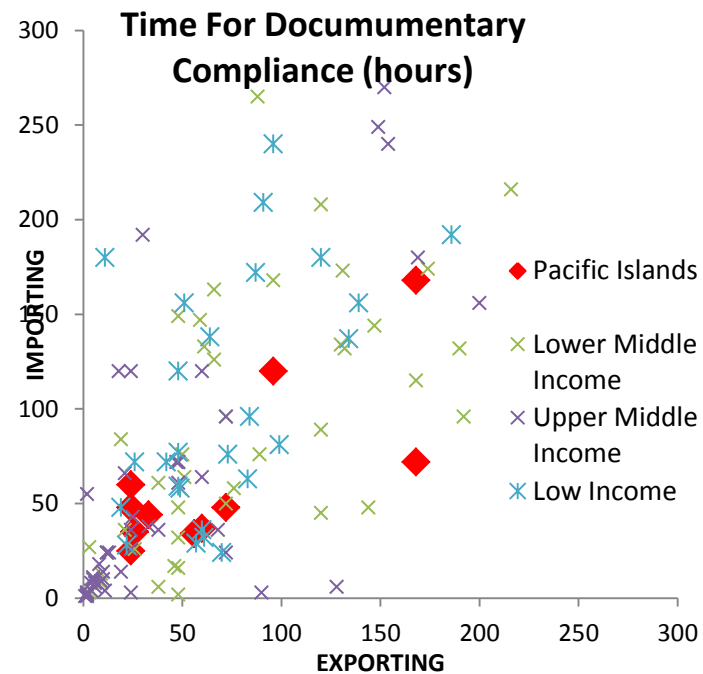
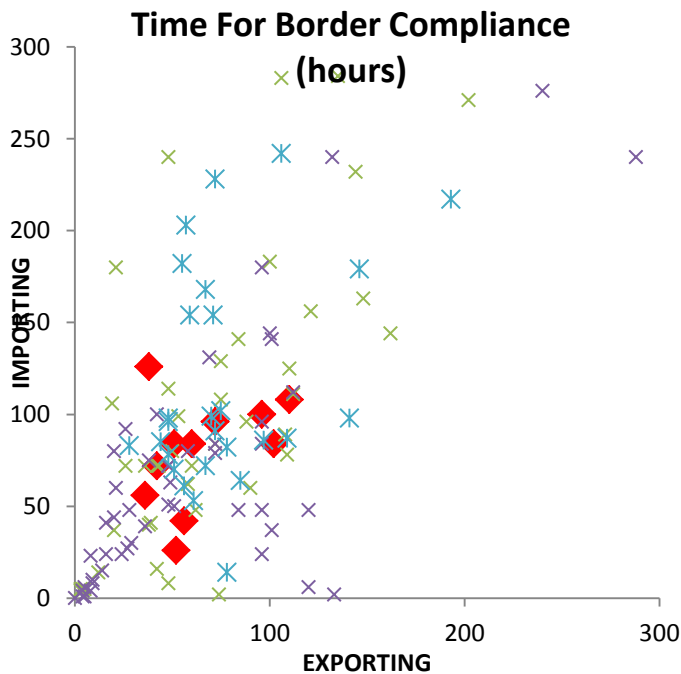
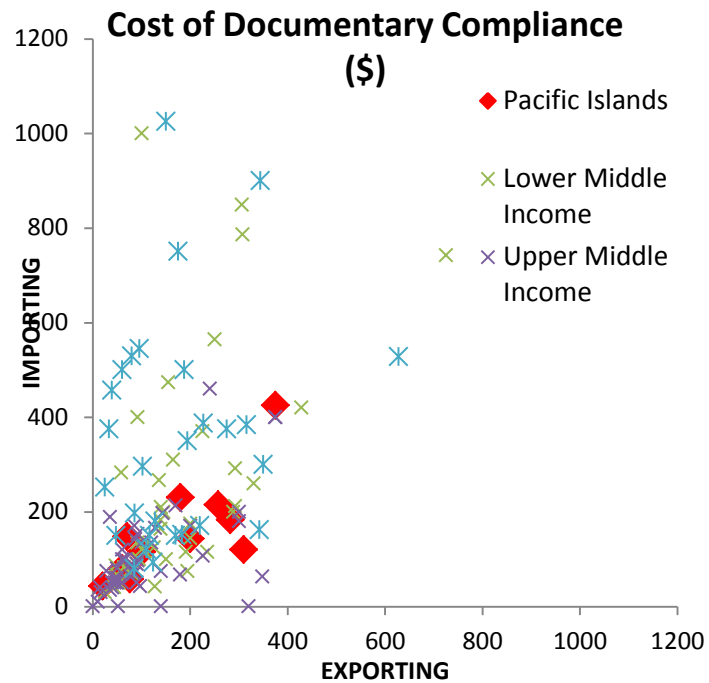
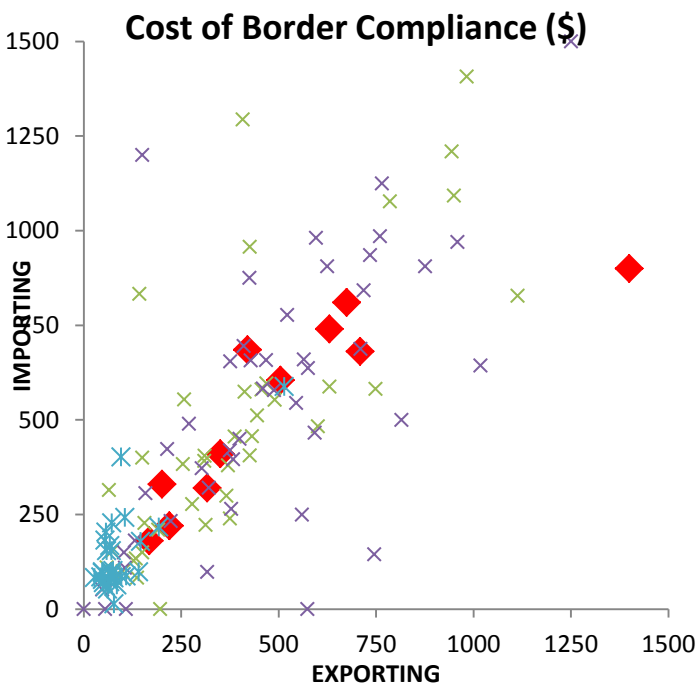
	Import	Export
Pacific	160	175
Low Income	377	255
Lower Middle Income	240	168
Upper Middle Income	125	151

Time for Border Compliance (hours)

	Import	Export
Pacific	80	65
Low Income	143	93
Lower Middle Income	107	74
Upper Middle Income	71	62

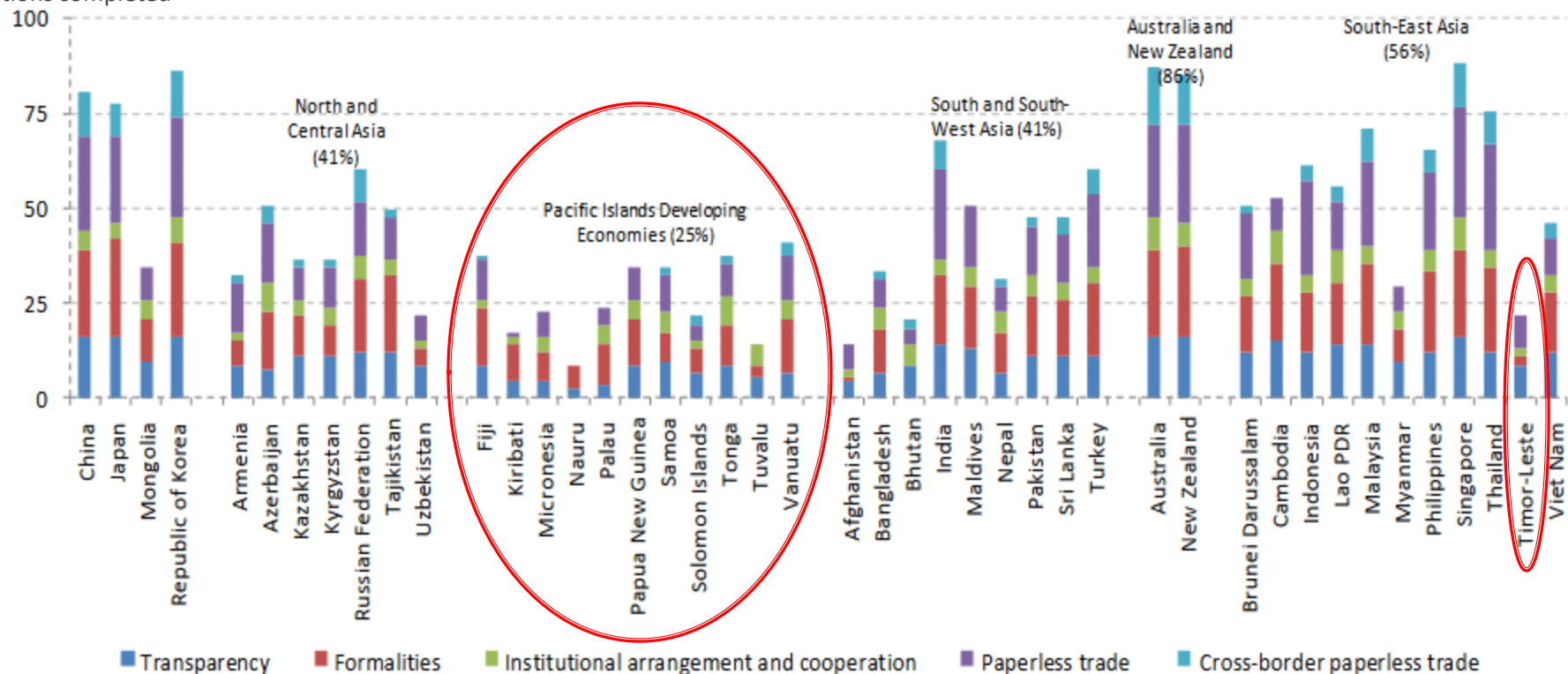
Time for Documentary Compliance (hours)

	Import	Export
Pacific	63	68
Low Income	125	103
Lower Middle Income	87	78
Upper Middle Income	80	61



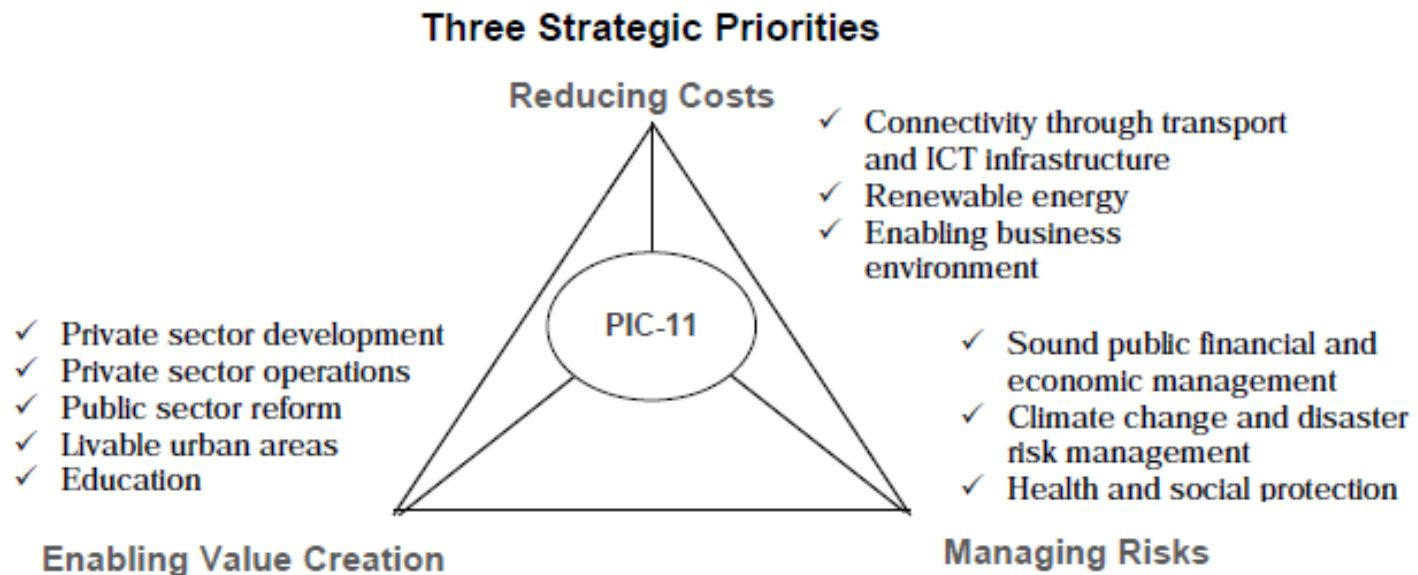
..They lag behind the rest of Asia-Pacific on implementation of trade facilitation reforms

% of trade facilitation actions completed



Source: ESCAP, UNRC TF Survey 2015.

Improving Connectivity is a Key Part of ADB's Pacific Approach, 2016-2020..



..and ADB is supporting trade facilitation through regional and country projects:

- TA: 8674 - Trade and Transport Facilitation in the Pacific. JFPR supported project with 4 components:
 - 1) Trade forecasts – volume, category, mode
 - 2) Identification of investment needs – hardware and software
 - 3) Investment prioritization
 - 4) Pre-feasibility studies
- TA: 9070 – Capacity for Regional Integration. RCIF co-financed project helping Timor-Leste prepare for ASEAN accession.

Trade patterns—today and in the future

Figure 4.14 Origins of PIC6 Imports 2015 & 2035

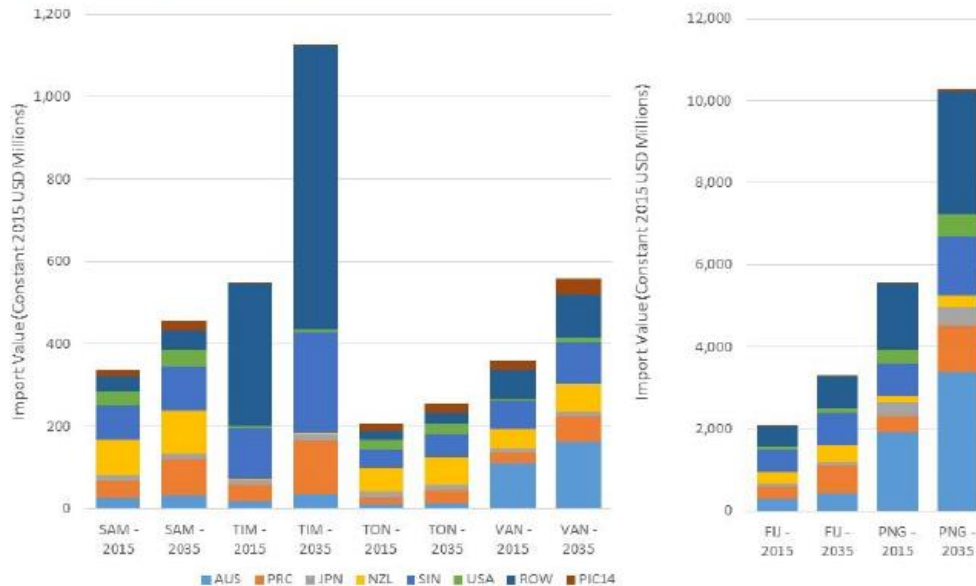
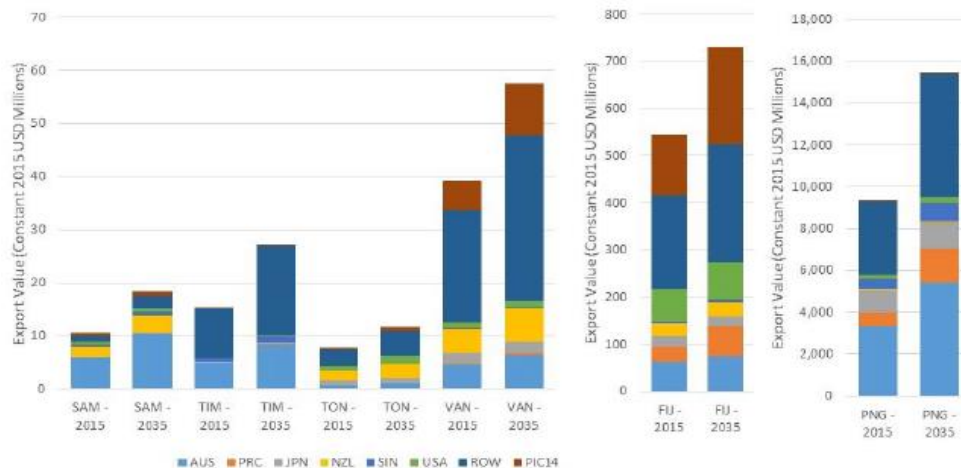
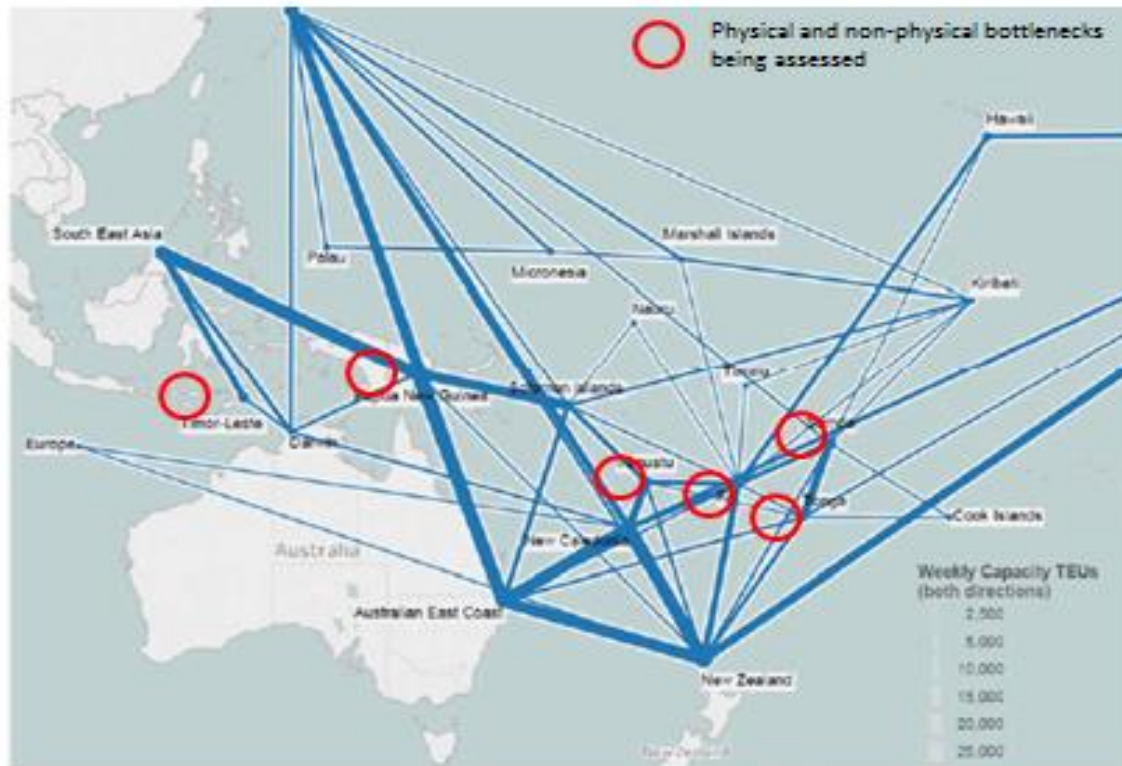


Figure 4.16 Destinations of PIC6 Exports 2015 & 2035



- Intra pacific regional trade is very limited.
- Strong trade links and continued growth with PRC and East Asia, through New Zealand and Australia.
- Sea and air networks will need to expand their capacities, changes in patterns of trade are unlikely to drive significant changes in the networks.

Regional transport connectivity—maritime



- Pacific countries served by 2 main types of services.
- First are shuttle services to larger economies (NZ-FIJ)
- Second are “string” services stopping at more than 1 country.
- Concentration of shipping capacity around western Pacific rim, lower concentration in northern Pacific rim.
- High port tariff charges in small and isolated ports
- Shipping lines likely to improve efficiency and cost effectiveness. Container vessel size may increase, but likely less than 2500teus.
- Except perhaps Fiji, many ports will still have throughputs that would not justify provision of expensive quay cranes, ships continue to use their own gear cranes.

Table ES2 Forecast Total TEU Throughput at PIC6 Ports

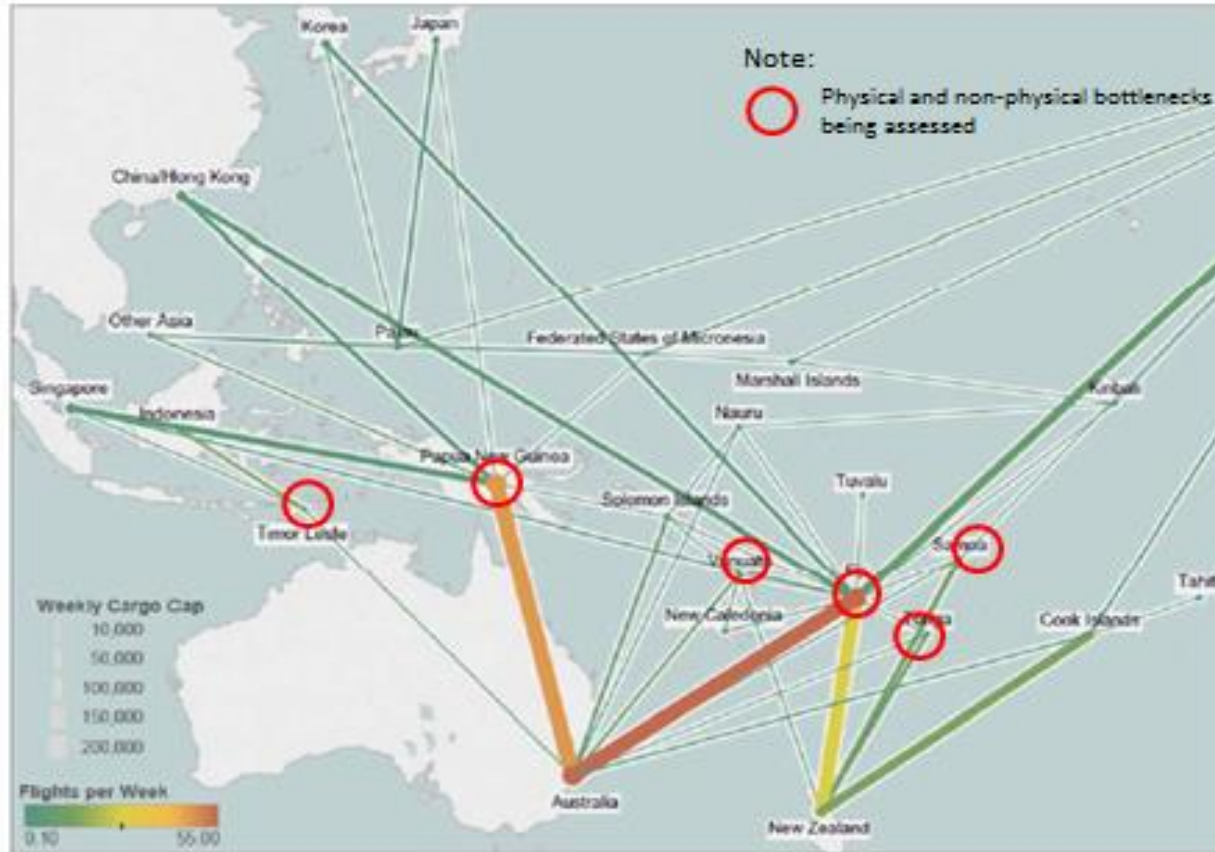
	2015	2035 - Base	2035 - TEU/Capita Scenario	2035 - Low Scenario
Suva Port - Fiji	41,842	66,731	63,508	47,559
Lautoka Port - Fiji	18,827	30,026	29,222	21,400
Port Moresby - PNG	44,603	83,504	109,370	66,013
Port Lae - PNG	98,434	209,587	243,690	162,122
Port Kimbe - PNG	5,819	10,701	15,058	8,423
Apia Port - Samoa	14,551	20,951	19,025	17,114
Dili Port - Timor-Leste	25,317	63,052	53,446	45,602
Nuku'alofa Port - Tonga	9,600	13,492	11,511	10,874
Port Vila - Vanuatu	7,894	11,590	15,334	9,994

Table ES4 Comparison of Container Charges at PIC6 Ports

Port	20 ft. Import unit*	40 ft. export unit*
Apia	166	357
Dili	90	177
Nuku'alofa	224	454
Port Moresby	368	663
Port Vila	498	938
Suva	148	218
Mean across ports	249	468

* Total Charge FCL plus empty return, including wharfage & handling

Regional transport connectivity—aviation



- Air freight capacity is dependent on underbelly cargo space in passenger aircraft.
- Long distance aircrafts have higher capacity cargo capacity. Such aircrafts used from Pacific rim hubs (HK, SIN, KOR, INO, AUS, NZL), and regional passenger hubs (PNG, FIJ).
- Smaller ATR aircrafts, which have far lower cargo carrying capacity, is used to complete travel to other Pacific countries.
- Hence air passenger hubs do not serve as air freight hubs.
- Air freight capacity is dependent on growth in tourism leading to introduction of larger wide-bodied aircraft – which requires suitable runway and ground handling.

Table E53 Forecast total Air Cargo tonnes at PIRL Airports

Country	2015	2035 - Base	2035 - Air Cargo/ Capita Scenario	2035 - Low Scenario
Nadi International Airport	25,603	40,832	89,283	29,101
Jacksons International Airport Port Moresby	~ 15,000	N/A	N/A	N/A
Faleolo International Airport	1,461	1,988	2,852	1,687
Presidente Nicolau Lobato International Airport Dili	162	371	575	277
Fua'amotu International Airport	1,374	2,382	3,252	1,618
Bauerfield International Airport	1,245	2,416	3,134	1,972

Table E55 Underbelly cargo capacity by type of aircraft

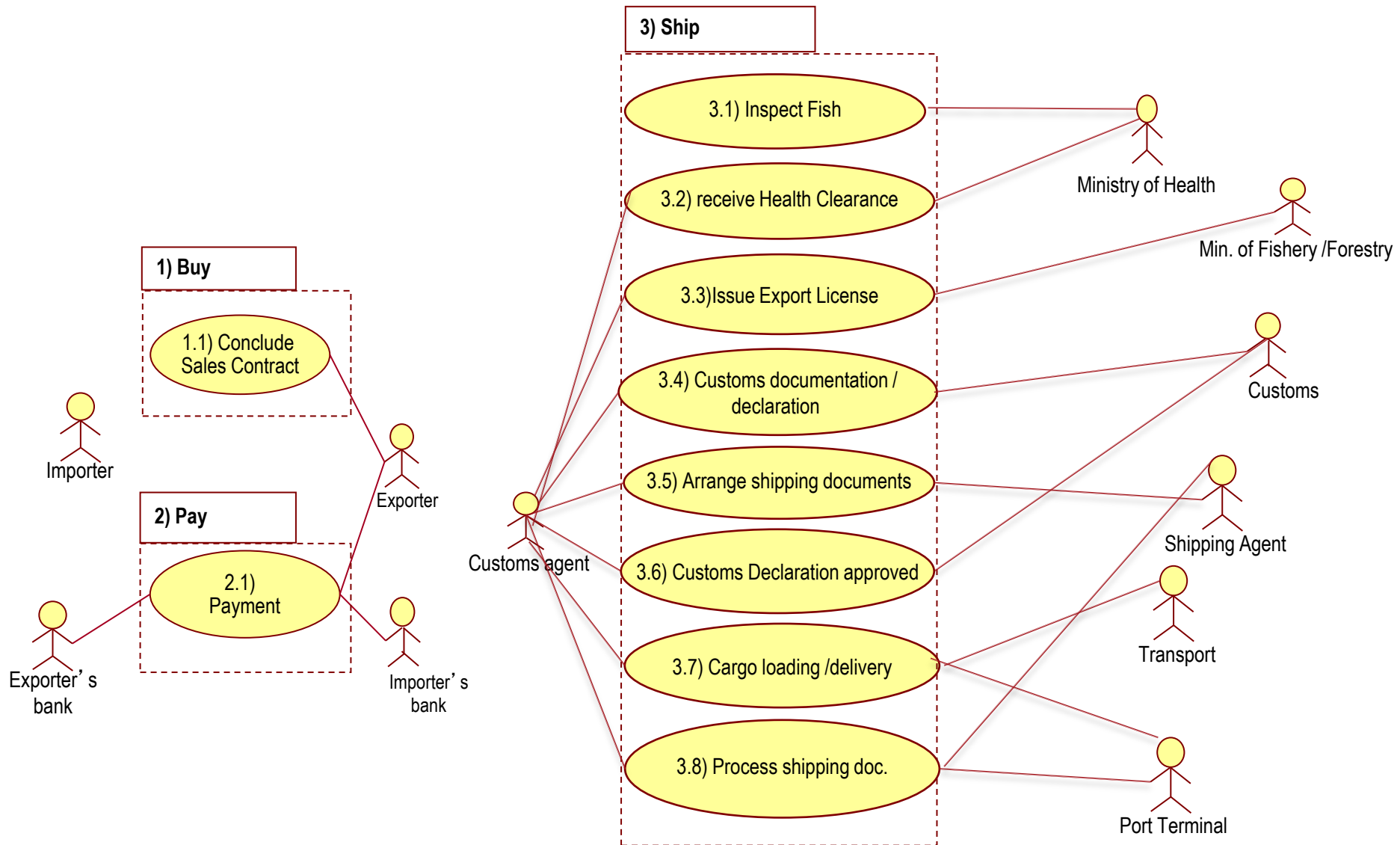
Aircraft Group	Aircraft Type	Runway Length Laden (metres) required	Underbelly cargo capacity
Short haul single aisle	ATR 72	1400	Parcel & post only
Short haul single aisle	Boeing 737-700	1600	Very limited
Medium haul single aisle	Airbus 329	2000	Moderate
Medium haul wide bodied	Boeing 767	2700	High
Medium haul wide bodied	Boeing 787	2500	Very high
Long haul wide bodied	Boeing 777	2700	Highest

Trade Facilitation Assessments

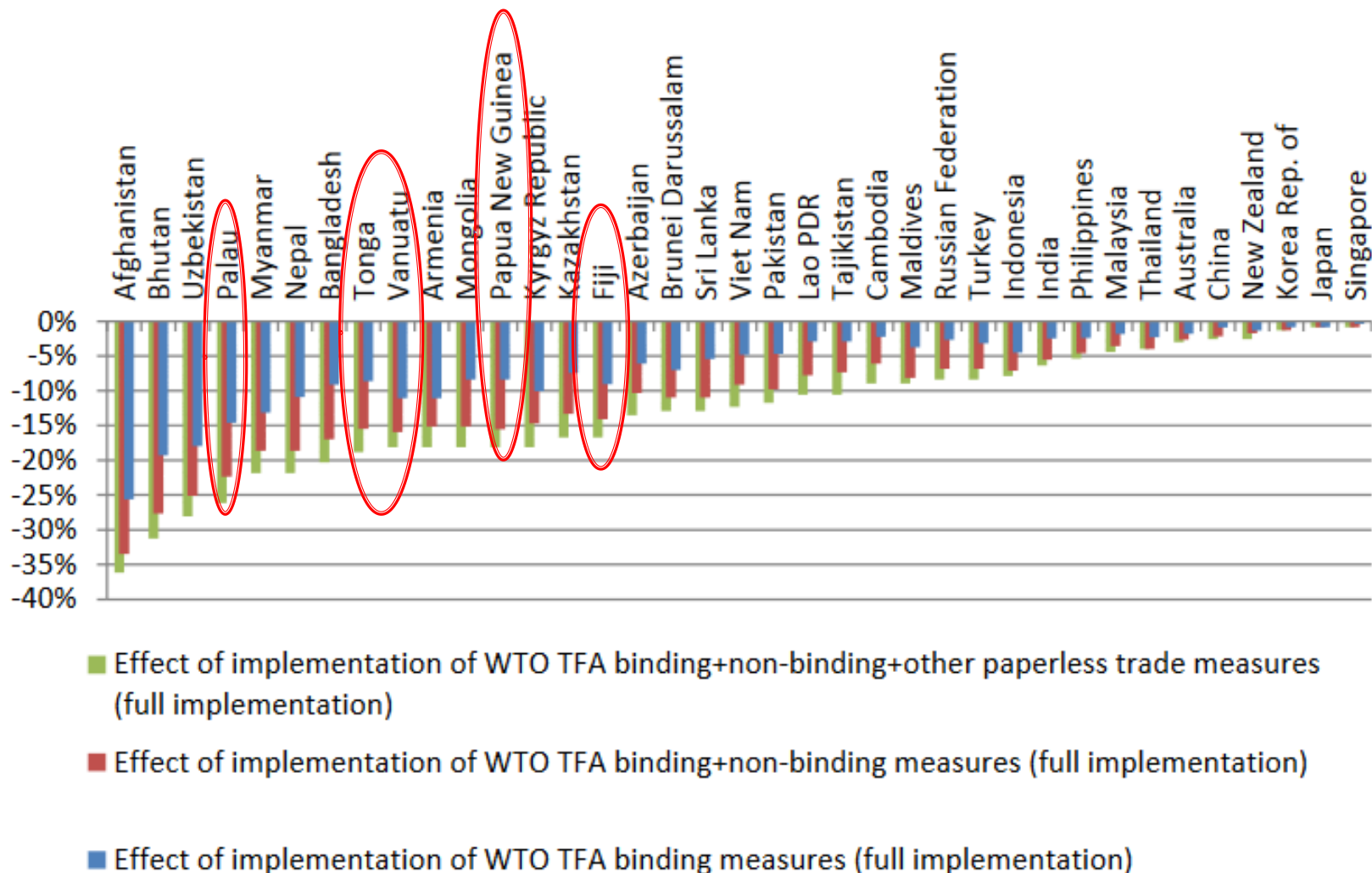
- Apply Trade and Transport Facilitation Monitoring Mechanism (TTFMM):
 - ▶ Business Process Analysis
 - ▶ Time Cost Distance
 - ▶ Time Release Study
- Strong emphasis on capacity development and local ownership.
- Initial data collection completed for Fiji, Samoa, and Timor-Leste – Ports, airports, and land borders (Timor)



Example of Business Process Analysis – Fiji Fish Exports



Initial estimates show that improved trade facilitation can yield large reductions in trade costs for Pacific Islands..



Looking ahead..

- Short term:
 - ▶ Completion of TTFMM assessments;
 - ▶ Prioritization of trade related 'hardware' and 'software' investments;
 - ▶ Pre-feasibility for selected projects
- Medium term:
 - ▶ Challenge of closing the gap with the rest of Asia by leveraging additional technical expertise and financing.
 - ▶ Development of robust national trade facilitation mechanisms
 - ▶ Increased focus on 'software' and 'systems' as cost drivers in Pacific
 - ▶ Potential to integrate trade facilitation reforms into ADB's policy based lending operations;

Thank You!

