



Japan
Fund for
Poverty
Reduction



Trade and Transport Facilitation in the Pacific Region

Mr. Paolo Spantigati
Country Director
Timor-Leste Resident Mission
Pacific Department

Background

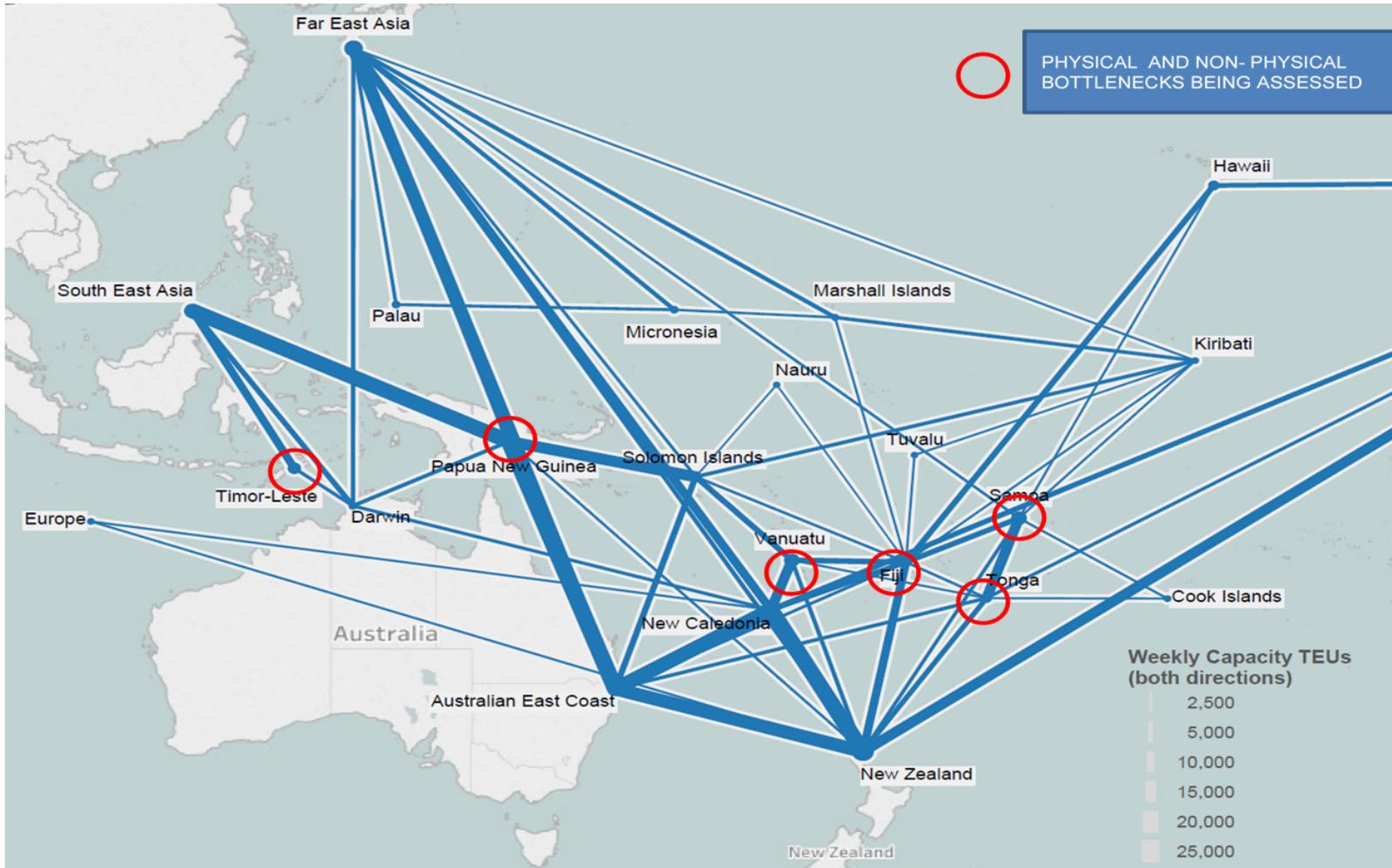
- Objective:
 - ✓ TA is conducting regional analysis examining trade and transport linkages to provide insight on where and how Pacific DMCs can benefit from the emerging opportunities that growth in Asia provides.
 - ✓ Development of future investment programs to promote regional trade
 - ✓ Identification of physical and non-physical investment needs to boost trade in the Pacific region
 - ✓ Investment prioritization and pre-feasibility studies for high priority projects
- Financing
 - ✓ \$2 million financed on a grant basis by the Japan Fund for Poverty Reduction
 - ✓ \$1.9 million financed on a grant basis by ADB TASF.
- Target completion: 31 December 2019



Regional Trade–Import Origins: Baseline and Forecasts

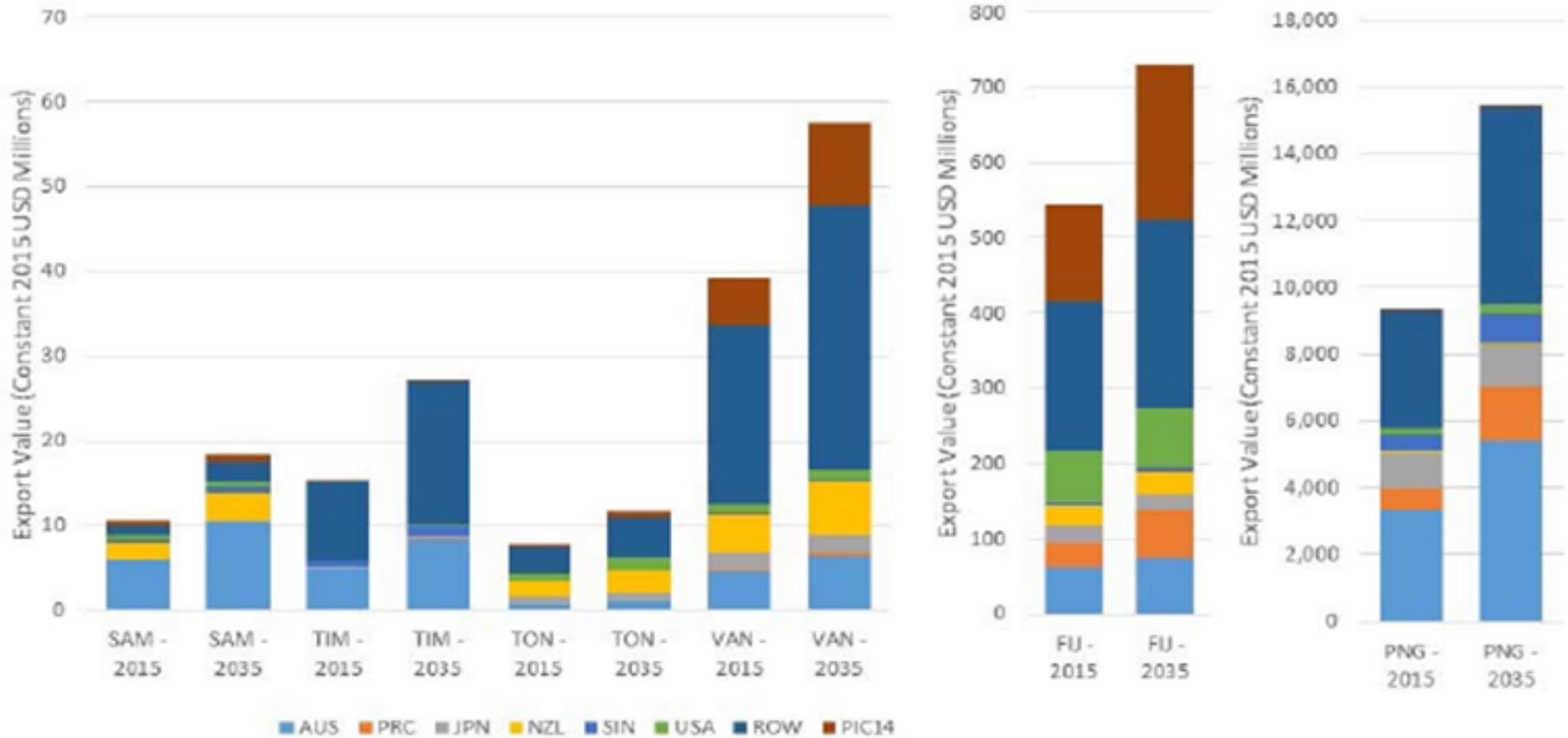
- Intra pacific regional trade is limited due to the small sizes of the nations and their similar agricultural exports
- Strengthening trade links and continued growth in trade with PRC and East Asia, routed both direct and via New Zealand and Australia
- Sea and air networks capacities will expand but the changes in trade patterns are unlikely to drive significant changes in the networks or increase vessel frequencies

Seaports–Regional Transport Connectivity



Regional Trade–Export Destinations: Baseline and Forecasts

Figure 4.16 Destinations of PIC6 Exports 2015 & 2035



PIC6 represents Pacific Island Countries that participated in the early study on trade analyses. These include Papua New Guinea, Timor-Leste, Fiji, Samoa, Vanuatu and Tonga.

Seaports – Outlook

Different pace of overall growth in container throughput across the 20 year period:

- Around 100% in countries with growing economies supported by natural resource exports and with high underlying population growth (PNG, Timor-Leste)
- Around 40%-60% for the countries with slower economic growth and stagnant populations, i.e. the small archipelago countries, Vanuatu, Samoa, Tonga, with Fiji being intermediate

KEY FACTORS

- ❑ **Import volumes are dominant** at the majority of PIC6 ports; the growth in imports will determine capacity constraints other than at specific smaller export-related ports such as Lautoka (Fiji) and Luganville (Vanuatu)
- ❑ **Import growth may be slowed by an unsustainable current account deficit.** Current deficits are mainly supported by international and bilateral development assistance and a high level of remittances. Both are unlikely to increase at the current rates and may fall; if so, import volumes are expected to be constrained and grow more slowly
- ❑ **Containerisation rate will saturate.** Containerisation of bulk cargo, such as construction materials and vehicles, in recent years have increased container growth rates above the underlying growth of total cargo. This level of growth is not foreseen in long term; the cargo percentage will continue to fall slowly and be mainly large construction items

Trade Facilitation Diagnostic Studies—Findings and Recommendations that are common to all countries

- Introduce the legal requirement to lodge advanced manifests
- Reduce the number of cargo examinations from 100%
- Implement the practical use of Risk Management and Intelligence
- Eliminate the need to provide manual documentation with IT systems
- Introduce the ability to pay duties and taxes electronically from banks
- Develop a strategy to deal with integrity issues in the clearance process
- Work towards a National Single Window
- Strengthen to operation of Bio/security/quarantine, including the use of IT systems and infrastructure

Follow-on support to countries to improve trade facilitation and transport connectivity

Apia (SAMOA)

- Restrictions on use of existing wharf at Apia due to swell
- Shortage of yard capacity for containers
- (Long term) possible requirement for a relocated container port at a later date depending on traffic growth
- TA assistance and separate Project Design Advance facility is ongoing to prepare new project comprising breakwater repair to mitigate swell, x-ray scanner and facilities as part of introducing risk-based customs management strategy to enhance trade facilitation and reconfiguration of on-shore port facilities to enhance efficiency.

Nuku'alofa (TONGA)

- Twin angled wharves at Queen Salote Terminal do not serve large modern vessels efficiently
- Limited yard space for container handling
- Lack of passenger facilities and piped vessel water supplies at the Vuna Cruise Liner Wharf and piped water supplies at Queen Salote Terminal
- TA assistance ongoing to prepare new project to rehabilitate the existing wharf, and reconfiguration of on-shore port facilities to enhance efficiency.



Follow-on support on trade facilitation and transport connectivity

Honiara Port (SOLOMON ISLANDS)

- The existing old international wharf is in poor condition. This has reduced the wharf's load capacity, which will in turn reduce its operating capacity.
- Existing port operations not fully optimized.
- TA assistance ongoing to prepare new project to rehabilitate the existing wharf, and reconfiguration of on-shore port facilities to enhance efficiency.

Noro Port (SOLOMON ISLANDS)

- Insufficient wharf capacity, and on-shore facilities to meet the immediate requirements of the port to cater to increased fishing exports.
- Existing port operations not fully optimized.
- TA assistance ongoing to prepare new project to increase berthing capacity of Noro port, streamlining of business processes to facilitate tuna exports, introduction of one-stop-shop to consolidate checks by customs, biosecurity, the competent health authority, fisheries authority and immigration.

TIMOR-LESTE

- Limited capacity of passenger and ferry terminals in the old port.
- Tibar Bay will enable larger ships and strengthen maritime connections
- TA contributed to development of pilot project on tourism or livestock which would include support for trade facilitation at land border for movement of goods and people (agreement on cross-border vehicles, visa reforms, move towards one-stop inspections).



Thank you