



Tackling lifestyle diseases?

Potential implications of PACER-Plus for alcohol, tobacco and high-fat content foods in the Pacific island countries

What is PACER-Plus?

At the 2009 Pacific Island Forum Leaders' Meeting, held in Cairns, Australia, Pacific leaders agreed to begin negotiations for a regional trade agreement between the Pacific island countries and Australia and New Zealand (PACER-Plus).

The PACER-Plus negotiations are likely to result in a binding international agreement that will affect Pacific economies and societies for decades to come. PACER-Plus will have wide-reaching implications for all Pacific islanders. A new agreement could affect ownership of land, employment, how much tax people pay, how much they pay for goods at the local store, the prices they get for their produce at the local market, and even their ability to access services (like local clinics and schools).

Both the Australian and New Zealand governments have shown they are interested in negotiating PACER-Plus as a free trade agreement that will allow their firms to export more goods and services to the Pacific and invest in new enterprises in the island countries¹. The Australian government explains that "Australia's primary motivation in supporting PACER Plus is to help the Forum Island Countries (FICs) to promote sustainable economic development. We nonetheless expect that improved market access may enhance some opportunities for Australian exporters, investors and service providers in Pacific markets"². The former Australian Trade Minister Simon Crean described PACER-Plus as a "trade-plus' free trade and economic integration agreement"³.

What are 'lifestyle diseases'?

Lifestyle diseases, also known as 'non-communicable diseases', are conditions associated with the way people live and behave (as opposed to infectious diseases – which have less to do with human behaviour).

It is widely recognised that the incidence of lifestyle diseases like diabetes, obesity and heart disease are on the increase in the Pacific, and recent studies suggest the island countries have among the highest rates of lifestyle diseases found anywhere on earth⁴.

The increase in lifestyle diseases is linked in part to the increased availability and decreased price of foods high in salt, fat and sugar – such as low quality meats and processed foods – and their gradual replacement of traditional foods like taro and fish.

Will PACER-Plus contribute to the prevalence of lifestyle diseases in the Pacific?

It depends on how PACER-Plus is designed. If PACER-Plus is designed as a free trade agreement, it has the potential to undermine public health services in the Pacific and increase the availability of cheaper high-fat content foods, alcohol, and cigarettes – all of which would add to the burden of lifestyle diseases in the Pacific islands. Alternatively, if PACER-Plus is designed as a unique trade agreement that helps Pacific islanders take advantage of international trade, it could improve the livelihoods of many Pacific islanders – with resulting positive health outcomes.

¹ A 'national interest' assessment undertaken regarding the Pacific Agreement on Closer Economic Relations (PACER), the precursor to PACER-Plus, found that "without ratification of PACER, Australia would be denied an enhanced opportunity to negotiate better market access to Pacific markets for Australian business and industry while any other country could enjoy duty free access to FIC's for their goods".

² 'Pacific trade negotiations commence', see: <http://www.aei.gov.au/AEI/MIP/Activities/09Activity24.htm>

³ Crean, S. McMullan, B. 2008. 'International engagement begins in own backyard'. *Canberra Times*. 26/8/08. Fairfax, Canberra

⁴ World Health Organisation Representative Office in the South Pacific. 2010. Non Communicable Diseases: South Pacific Situation Summary. World Health Organisation.

Will PACER-Plus make fatty foods cheaper in the Pacific?

Yes. If PACER-Plus liberalises tariffs on food items, there is likely to be a surge in imports that displace healthier local alternatives. The World Health Organisation analysed the effects of globalisation on diet in Tonga, and found that:

“One effect of globalisation has been to increase reliance on imported foods, rather than traditional foods. Imported high fat-content meats, especially corned beef, mutton flaps and chicken parts, are among the main causes of rising rates of non-communicable diseases.”⁵

PACER-Plus may also make it difficult for Pacific countries to use policy options like banning the import of ‘off-cut’ meats – including mutton flaps and turkey tails – which, due to their low prices, are increasingly attractive to the urban poor in the Pacific.

If PACER-Plus contains rules similar to those of the World Trade Organisation’s Agreement on Agriculture, the raising of tariffs on food items, or bans on fatty-food imports could both be ruled out as policy options. At the moment, around one third of New Zealand’s meat exports are a fatty waste product known as mutton flaps. Fiji, already a member of the WTO, has imposed a ban on mutton flaps, claiming there are proven links to obesity. The New Zealand government initially threatened retaliation at the WTO, but has since backed off from doing so.

Will PACER-Plus make cigarettes and alcohol cheaper in the Pacific?

Possibly. Most Pacific countries maintain high import tariffs for cigarettes and alcohol, and any liberalisation of these tariffs would make these products more accessible to people in the region⁶. The liberalisation of trade in alcohol could also see the closure of local alcohol manufacturing in the Pacific (beer is made in Samoa, and beer and rum are both made in Fiji).

It is not certain that these products will be included under PACER-Plus, but the cigarette company Phillip Morris has already made a submission to the Australian Department of Foreign Affairs and Trade,

⁵ Evans, M. Fusimalohi, C. Liava’a, V. Sinclair, R. 2001. “Globalisation, diet and health: An example from Tonga.” *Bulletin of the World Health Organisation*, 2001, 79(9). World Health Organisation.

⁶ For a detailed discussion on trade liberalization and alcohol and tobacco use see: New Zealand Drug Foundation. 2009. *PACER-Plus: Submission to the Ministry of Foreign Affairs and Trade*. Available at: <http://www.nzdf.org.nz/submission/pacific-agreement-on-closer-economic-relations-pacer-plus>

calling for a reduction of tariffs in the region to allow them to export more cigarettes to the islands⁷.

Australia, New Zealand and the Pacific island countries are all parties to the World Health Organisation’s Framework Convention on Tobacco Control. That treaty was developed in response to the ‘globalisation of the tobacco epidemic’ and specifies the need to reduce consumer demand for cigarettes. The Framework should guide the Australian and New Zealand government’s approach to dealing with tobacco and PACER-Plus.

Will PACER-Plus affect food security in the Island countries?

Yes. PACER-Plus is likely to see an increase in the dependence on imported foods in many Pacific island countries. These increases would (especially over time) undermine the livelihoods of village farmers who sell their produce at local markets.

PACER-Plus may also remove policy options which Pacific island countries are currently able to use to grow their local agricultural sectors (such as subsidies and seasonal tariffs).

Find out more

This fact sheet is produced by the People’s Health Movement (Australia) and the Public Health Association of Australia (Victorian Branch). For further information visit www.phmoz.org or email pacifictrade@gmail.com.

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- Improving access to medicine?
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- Supporting Pacific livelihoods?



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⁷ Phillip Morris Limited. 2009. *Phillip Morris Limited submission on a new Pacific trade and economic agreement*. Available at: www.dfat.gov.au/geo/spacific/pacer/index.html