

TRADE AGREEMENT AMONG THE MELANESIAN SPEARHEAD GROUP COUNTRIES

PREAMBLE

The Government of the Republic of the Fiji Islands, the Government of the Independent State of Papua New Guinea, the Government of Solomon Islands and the Government of the Republic of Vanuatu (hereafter referred to as "the Parties");

CONSCIOUS of the overriding need to foster, accelerate and encourage the economic and social development of their States in order to improve the living standards of their peoples;

CONVINCED that the promotion of harmonious economic development of their States calls for effective economic cooperation largely through a determined and concerted policy of greater self-reliance;

RECALLING the Agreed Principles of Co-operation among the States and Governments of Melanesia signed by the Parties in Port Vila on 14 March 1988, wherein the Parties undertake inter alia to promote economic co-operation between their respective States and governments;

MINDFUL of the close historical, political, economic, geographic and cultural links that binds them;

DESIRING to expand trade and economic relations between their countries on the basis of the principles of sovereignty, equality, mutual benefit and most favoured nation for the purpose of enhancing their respective economic development, taking into account environment and trade considerations; and

DETERMINED to foster closer trade and economic relationships among the Melanesian States and governments to contribute to the progress and development of their respective countries, and territories as well as the South Pacific Islands region.

HAVE AGREED AS FOLLOWS:

ARTICLE 1

Definition and Interpretation

1. In this Agreement unless the context otherwise requires:-

"Agreement" means the "Trade Agreement and Annexes to this Agreement among the Melanesian Spearhead Group Countries and parties" established by Article 2 of this Agreement.

"Harmonised System" means the International Harmonised Coding and Description System administered by the World Customs Organisation (WCO).

"New trade activity" means production of a product or service not previously manufactured or provided by a Party under Article 11.

"Party" means a State, territory or self-governing entity that has signed on to this Agreement under Article 2 or under Article 16.

"Persons" means a natural person and includes a corporate legal entity.

"Providers" means a producer or service supplier.

"Rules of Origin" means Rules of Origin under Annex III.

"Secretariat" means the MSG Permanent Secretariat located in Vanuatu as endorsed by the MSG leaders.

"Tariff and customs duties" means import duties and other charges of equivalent effect levied on goods by reason of their importation and includes suspended duties and fiscal duties or taxes where such duties or taxes affect the importation of goods but does not include internal duties and taxes such as sales, turnover, consumption of service taxes nor import levies and export tax.

"Third Country" means any country or territory or self-governing entity other than a Party.

"Trade" means goods and services traded under this Agreement and shall include such other goods and services as agreed to by the Parties.

2. In this Agreement, unless the context otherwise require:

- (a) the headings are inserted for convenience only and do not affect the interpretation or construction of this Agreement; and
- (b) words importing the singular include the plural and vice versa.

ARTICLE 2

Membership to the Trade Agreement

1. Membership to the Agreement shall be opened to the Republic of the Fiji Islands, the Independent State of Papua New Guinea, Solomon Islands and the Republic of Vanuatu.
2. The Parties may agree to extend the Membership to include any other third country subject to the terms consistent with this Agreement, which shall be negotiated between the Parties.
3. By agreement, the Parties may extend membership to any State, Territory or Self-Governing Entity not listed in Paragraph 1 of Article 2 of this Agreement to become a party to this Agreement. The Terms of such membership is subject to the terms and conditions of this Agreement and shall be negotiated between the Parties and the State, Territory or Self-Governing Entity desiring to become a member, pursuant to Article 2, Paragraph 1.

ARTICLE 3

Observer status

Permanent observer status is accorded to Front de Liberation National de Kanak Socialist (FLNKS), until such time New Caledonia becomes a Party to this Agreement.

ARTICLE 4

Objectives

The Objectives of the Parties in concluding this Agreement are:

- (a) to promote and facilitate the free flow of goods and services by means of gradual and progressive removal of tariff and non-tariff barriers to trade between Parties;

- (b) to ensure as far as possible that trade between the Parties takes place under conditions of fair competition;
- (c) to take appropriate measures to facilitate, strengthened, consolidate and diversify the trade between Parties on a long-term and stable basis; and
- (d) to contribute to the harmonious development and expansion of world trade and to progressive removal of barriers thereto.

ARTICLE 5

General Undertakings

1. The Parties shall make every effort to plan and direct their development policies with a view to creating conditions favourable for the achievement of the objectives of the Agreement and the implementation of the provisions of this Agreement and shall abstain from taking any measures likely to jeopardize the achievement of its objectives and the implementation of its provisions.
2. The Parties shall extend the product coverage in this Agreement in order to ensure that the duties and other restrictive regulation of commerce are eliminated on substantially all the trade between the Parties.

Requests for such extension shall be presented by interested Parties in accordance with the procedure laid down in Article 20.

ARTICLE 6

Most-Favoured-Nation Treatment (MFN)

1. Each Party shall, in accordance with its existing laws and regulations accord treatment no less favourable than those accorded to any Third Country.
2. The provisions of paragraph 1 of this article shall not apply to:
 - (a) tariff preferences or other advantages granted by either Party consequent on the membership of the Party in other free trade agreements or customs unions or on interim agreement leading to the formation of another free trade area or custom union; and

- (b) such measures as either Party may take pursuant to a multilateral international commodity agreement or arrangement.

ARTICLE 7

Quantitative Import Restriction

1. The Parties shall neither maintain nor introduce quantitative import restrictions on trade in goods agreed to by the parties in Schedule I.
2. Notwithstanding the provisions of paragraph 1 of this Article, a Party may, after consultations with the other parties re-impose quantitative import restrictions or introduce new quantitative import restrictions on trade in goods provided that such restrictions are imposed to prevent prejudice to balance of payment in accordance with such Party's international obligations.
3. At the request of any of the Parties consultation shall be held regarding the application and effect of the restrictions referred to in paragraph 1 and 2 of this Article. In the event that such restrictions are interfering unduly with conditions of fair competition the Parties shall in those consultations consider appropriate measures to remedy the situation.
4. A Party which is maintaining quantitative import restrictions on imports from the other Parties shall ensure, to the extent permitted by its balance of payments that the administration of such restrictions is in conformity with the objective of the gradual elimination of barriers to trade between the Parties to this Agreement.

ARTICLE 8

Quantitative Export Restrictions

1. Subject to the provisions of paragraph 2 of this Article, a Party shall not impose new prohibitions or restrictions, or intensify existing prohibitions or restrictions on exports to the other Parties.
2. A Party may take such measures as may be necessary to prevent evasion, by means of re-export, of restrictions, which it applies in respect of export to third countries.

ARTICLE 9

Excepted Imports

The excepted import basis for trade between the Parties, under this Article will replace obligations under Article 7 in a manner compatible to Article xxiv of the GATT, unless otherwise agreed to by the Parties.

1. Each Party may list goods covered by this Agreement as excepted imports giving due regard to the objectives of this Agreement, in particular for developing fair competition between parties with the view to reducing and eliminating the proposed lists of excepted imports.
2. Excepted imports shall not include goods:
 - (a) exported from that Party in the usual course of its trade;
 - (b) ordinarily produced or obtained in that Party;
 - (c) ordinarily produced or obtained in any other Party; or
 - (d) currently in Article 7, as specified in Schedule I shall not be on the excepted imports list in Schedule II, other than items attracting duty in Schedule I, unless otherwise agreed to by the Parties in respect to Article 10, 12 and 15.
3. The Parties' lists of excepted imports and the tariff applicable to such imports shall be attached to this Agreement as Schedule II.
4. Each Party shall remove its excepted imports from Schedule II to this Agreement and eliminate tariffs as agreed to by Parties or in accordance with the timetable of tariff reductions as set out in Schedule III of this Agreement.
5. Products excluded from this Agreement are as follows:
 - (a) Chapter 22 - Beverages, Spirits and Vinegar. All products except items described in HS Tariff code 2201, 2202 and 2209;
 - (b) Chapter 24 - Tobacco and manufactured tobacco substitutes;
 - (c) Chapter 27 - Mineral fuels, mineral oils and products of their distillation; bituminous mineral waxes; and

(d) Cane sugar HS Code 1701 1100.

ARTICLE 10

Deflection of Trade (Safeguards)

1. If in the opinion of a Party (hereinafter referred to as "the first Party") the import of goods and services specified in this Agreement from the other Party causes or threatens to cause serious injury to its providers of goods and services of like or directly competitive goods and services and the other Parties are deriving advantage because-

- (i) the duties or taxes by the other Parties on raw materials, intermediate products or machinery, imported from a third country and used in the production of those goods and services, are significantly lower than the duties or taxes levied by the first party on import of similar raw materials, intermediate products or machinery, imported from third countries, or
- (ii) the prices of raw materials, intermediate products or machinery, used in the production of those goods and services, are unduly low by reason of dumping or subsidization by third countries, or
- (iii) drawback, exemption or remission of import duties is allowed by the other Parties on raw materials, intermediate products or machinery, imported from third countries and used in the production of those goods and services;

then the first Party if it considers that action may be necessary to offset the advantage, shall in writing request consultation with the other Parties on the situation, which has developed. Such consultation shall be as full as circumstances permit, and the first Party shall consider any measures taken or proposed to be taken by the other Parties to offset the advantage

2. Unless, in the consultation referred to in paragraph 1 of this Article, some alternative solution acceptable to the first Party is found, the first Party may, in respect of the goods and services referred to in paragraph 1 of this Article, suspend the application of provisions of Articles 8 and 9 of this Agreement to those goods to such extent and for such time, as it considers necessary to offset the advantage, provided that during any such suspension the first Party shall not levy on those goods and services revenue duties or taxes higher than those which could have been levied prior to the entry into force of this Agreement, or import duties at rates

higher than the lowest rate applicable to imports of similar goods and services from any third country.

3. Parties wishing to exercise safeguard provisions in Article 10 would declare those products in Annex I.

ARTICLE 11

Development of Industry

1. A Party after consultation with the other Parties may for the purpose of encouraging new trade activity by the establishment of a new industry which contribute to economic development, may seek to suspend service obligations and impose tariffs for a period of 5 years;

(a) for Least Developed Countries duty reductions to commence after 36 months from the date of acceptance by the Members with equal 12 months instalment over the following 24 months;

(b) for Parties other than least developed countries duty reduction to commence after 24 months from the date of acceptance by the Members with equal 12 months instalment over the following 36 months;

by applying provisions of this Article on goods and services which are imported from the other party, and which are like, or competing with goods produced by the new activity.

2. Duties shall not be levied under the provisions of paragraph 1 of this Article at a rate higher than the lowest rate applicable to import of similar goods from any third country.
3. After consultation and renegotiations with other Parties a Party may, for the purpose of establishing new industries, declare products under Annex II for the period of the suspension requested under this Article.

ARTICLE 12

Temporary Suspension of Obligations

1. As a result of the application of any of the provisions of Articles 8 and 9 of this agreement, if goods being imported are in the opinion of the importing

Party, are in such increased quantity and under such conditions as to cause or threaten serious injury to its providers of like or directly competitive products, that Party may in writing request consultations with the other parties on measures to prevent future injury and shall consider any measures taken or proposed by the other Parties. For the purpose of this Article, consultations shall be deemed to have commenced on the day on which the request was made.

2. If the Parties do not reach a satisfactory solution on the matter within sixty days from the commencement of the consultations referred to in paragraph 1 of this Article, the Party in whose territory the goods are being imported may after giving notice in writing to the other Parties suspend, to such extent and for such time as it considers necessary to prevent future injury to its providers of like or directly competitive products, the application to those goods and services of all or any of the provisions of Articles 8 and 9 of this Agreement.
3. In that event, the Party whose exports are affected may after giving notice in writing to the other Parties suspend, for an equivalent period the application of all or any of the provisions of Articles 8 and 9 of this Agreement to goods and services imported from the territory of the first Party the value of which is equal to the value goods affected by the measures taken by the first Party pursuant to the provisions of this article.
4. A Party taking action in accordance with the provisions of paragraph 2 of this Article shall not levy on the goods and services referred to in that paragraph revenue duties or taxes at rates higher than the lowest rate applicable to imports of similar goods from any third country.

ARTICLE 13

Preferential Treatment

1. For the purposes of this Agreement, goods and services shall be accepted as eligible for preferential treatment if such trade: -
 - (a) originate in the Parties in accordance with the rules of origin applicable to this Agreement as set forth in Annex III; or
 - (b) as specified in Schedule II to this Agreement.

ARTICLE 14

Suspension of Obligations - Dumped or Subsidized Imports

1. If in the opinion of a Party goods and services being imported into it from the other Parties are being Dumped or are being Subsidized by the other Parties so as to cause or threaten material injury to an industry producing like or directly competitive goods or to materially retard the establishment of an industry to produce like or directly competitive goods, it may request the other Parties to consult with it on measures to reduce or prevent such injury or retardation.
2. If a mutually acceptable solution is not reached within sixty days of the date of the request referred to in paragraph 1 of this Article, the importing Party may, after giving notice to the other Parties, suspend the application of Article 9 of this Agreement to the extent necessary to enable it to levy dumping or countervailing duties on the goods concerned.

ARTICLE 15

Exceptions

Provided that such measures are not used as a means of arbitrary or unjustifiable discrimination or as a disguised restriction on trade between the Parties nothing in this Agreement shall prevent the adoption or enforcement by a Party of measures -

- (i) necessary for the protection of its essential security interest;
- (ii) necessary to protect public morals;
- (iii) necessary for the prevention of public disorder or crime;
- (iv) imposed for the protection of its national treasures of artistic, historical, anthropological, geological, paleontological or archaeological value necessary for their preservation and protection;
- (v) provincial coats of arms, flags and seals;
- (vi) necessary to protect human, animal or plant life or health;
- (vii) necessary to protect its indigenous flora and fauna;

- (viii) undertaken in pursuance of obligations in international commodity agreements;
- (ix) necessary to prevent or relieve critical shortages of foodstuffs or other essential goods;
- (x) relating to the conservation of limited natural resources;
- (xi) necessary to protect industrial property or copyrights or prevent deceptive practices;
- (xii) necessary for the application of standards or of regulations for the classifications, grading or making of goods; or
- (xiii) relating to the products of prison labour.

ARTICLE 16

Administrative Co-operation

The Parties shall, having regard to the desirability of reducing as far as practicable the formalities required in connection with trade between them take appropriate measures, including arrangements relating to administrative co-operation, to promote the effective and harmonious application of the provisions of this Agreement.

ARTICLE 17

Dispute Resolution

1. Parties shall endeavour, as far as possible, settle any differences concerning the interpretation or operation of this Agreement through amicable consultations in accordance with Article 18 of this Agreement. Such consultations shall be undertaken with appropriate regard to relevant cultural values and customary procedures for resolving conflict in the region.
2. Where the consultations referred to in paragraph 1 of this Article have failed to resolve the dispute between the Parties, any Party to the dispute may notify the other parties to the dispute of its wish to resolve the dispute by mediation. The Parties may appoint by mutual consent a

mediator within 30 days of such notice. Any cost relating to such mediation shall be borne by the Parties to the dispute on equal shares.

3. (a) Where the mediation process referred to in paragraph 2 of this Article has failed to resolve the dispute between the Parties, any Party to the dispute may notify the other Party to the dispute of its decision to submit the dispute to arbitration.
- (b) Subject to any agreement by the Parties to the dispute, arbitration may be conducted in accordance with the procedures set out in Annex V to this Agreement. The arbitration award shall be final and binding on members to the dispute.
- (c) Where a Party fails to comply with the arbitrator's award, any Party affected by the failure may enter into consultations with the other Parties with the view to persuading the defaulting Party to comply. Where such consultations are unsuccessful, the other Parties may agree to suspend or restrict the operation of this Agreement in relation to trade with defaulting Party, until such time as the defaulting Party complies with the arbitrator's award.

ARTICLE 18

Consultations

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall ensure that the objectives set out in this Agreement are attained.

If a Party considers that:

- (a) an obligation under this Agreement has not been or is not being fulfilled;
- (b) any benefit conferred upon it by this Agreement is being or may be denied;
- (c) the achievement of any of this Agreement is being or may be frustrated;
- (d) a case of difficulty has risen or may arise; or

(e) a change in circumstances necessitates or might necessitate a variation in terms of this Agreement;

It may notify any other Party of its wish to enter into consultations. The Party so requested shall enter into consultations in good faith and as soon as possible, with a view to seeking a mutually satisfactory solution.

2. For the purpose of this Agreement, consultations between the Parties shall be considered to have commenced on the day on which notice requesting the consultations is given.

ARTICLE 19

Institutional Framework

1. The Parties shall utilize the existing Melanesian Spearhead Group Institutional framework for the purposes of overseeing the implementation of this Agreement.
2. In accordance with paragraph 1 of this Article the Summit of Heads of Governments of the Melanesian Spearhead Group shall provide policy directions with respect to the implementation of this Agreement.
3. Trade officials of the Parties shall meet annually prior to the Summit of Heads of Governments to jointly review trade among parties.
4. The Summit of the Heads of Governments may decide from time to time to establish technical committees to oversee the implementation of specific fields of activity of this Agreement such as quarantine, customs and trade.
5. A Secretariat shall be established to assist in providing administrative support to the implementation of this Agreement.
6. The provisions of paragraph 5 may be implemented considering;
 - (a) the terms of reference of the Secretariat
 - (b) the appointment of appropriate personnel to the Secretariat the conditions which is provided for in paragraph (a).

ARTICLE 20***Review***

1. In addition to the provisions for consultation elsewhere in this Agreement, consultation shall take place between the Parties if a Party is of the opinion that any benefits conferred on it by this Agreement are not being achieved and if it requests such consultation in writing. In such consultations, which shall take place as soon as practicable, the Parties shall consider appropriate measures to remedy the situation, which has prompted the request.
2. The consultations provided for in this Article shall take place through the institutional framework established under Article 19 of this Agreement.

ARTICLE 21***Notices***

1. The Parties agree in addition to the provisions of Article 20 of this Agreement that any notice or request required or permitted to be given or made under this Agreement and any Agreement between the parties contemplated by this Agreement shall be in writing.
2. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail or facsimile email to the Party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses are specified in Annex VI.

ARTICLE 22***Entry Into Force and Duration***

1. This Agreement shall not be subject to ratification by the Parties and shall enter into force on the thirtieth day following the day on which the Parties exchange letters accordingly.
2. The Agreement shall remain in force unless terminated in accordance with the provisions of paragraph 3 of this Article.

3. A Party which intends to terminate its membership of this Agreement shall give three months notice in writing of its intention to terminate its membership to this Agreement.

ARTICLE 23

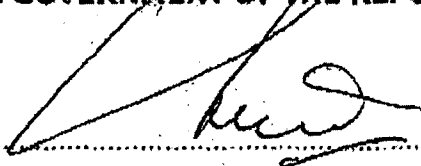
Amendments

Any amendment to this Agreement will not be subject to a ratification process. At the request of the political leaders the Agreement may be amended accordingly and will come into force by Exchange of Letters.

WITNESS WHEREOF the undersigned, duly authorised by their respective Governments, have signed this Agreement.

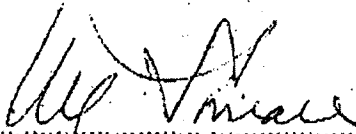
DONE at PORT MORESBY this 27th day October of 2005.

FOR THE GOVERNMENT OF THE REPUBLIC OF THE FIJI ISLANDS



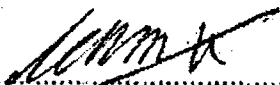
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FOR THE GOVERNMENT OF THE INDEPENDENT STATE OF PAPUA NEW GUINEA



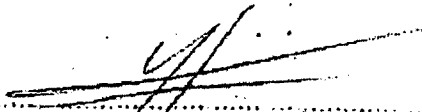
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FOR THE GOVERNMENT OF SOLOMON ISLANDS



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FOR THE GOVERNMENT OF THE REPUBLIC OF VANUATU



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SCHEDULE I

QUANTATIVE IMPORT RESTRICTION UNDER ARTICLE 7 (REFER ATTACHED)

SCHEDULE II**EXCEPTED IMPORTS (NEGATIVE LIST) UNDER ARTICLE 9**

The following products are excepted products for each Party

The Republic of the Fiji Islands

No excepted products.

The Independent State Of Papua New Guinea

<i>Description of Product</i>	<i>HS Code</i>	<i>Rate of Duty</i>
Potato chips or slices	0712.1010	25%
Potatoes whether or not cut or sliced but not further prepared	0712.1090	25%
Wheat or maslin flour	1101.0000	10%
Cereal flours other of wheat or maslin	1102.0000	10%
Flour, meal, powder, flakes, granules and pellets of potatoes	1105.0000	10%
Flour, meal and powder of leguminous vegetables (except coconut milk powder)	1106.0000	10%
Cane or beet sugar and chemically pure sucrose, in solid form (Subject to Agreement with the State)	1701.0000	70%
Prepared food obtained by the swelling or roasting of cereals or cereal products in grain form or other worked grain	1904.1000	15%
Other prepared food obtained by the swelling or roasting of cereals or cereal products in grain form or other worked grain	1904.9000	15%
Potatoes chips or French fries, prepared or preserved, frozen	2004.2000	25%
Potatoes, prepared or preserved, not frozen	2005.2000	25%
Vegetables, fruits, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glace, crystallized)	2006.0000	25%
Jams	2007.1020	25%
Marmalades	2007.1040	25%
Ground-nuts (peanuts)	2008.1110	10%
Peanut butter	2008.1120	10%
Pineapples - Prepared or preserved	2008.2000	10%
Citrus fruits - Prepared or preserved	2008.3000	10%
Preparations of a kind used in animal feeding	2309.9090	10%
Other paper and paperboard	4823.0000	10%

Embroidery in the piece, in strips or in motifs	5810.0000	10%
Men's or boy's Trousers, bid and brace overalls, breeches and shorts, knitted or crocheted	6103.4000	25%
Dresses	6104.4000	25%
Skirts and divided skirts	6104.5000	25%
Men's or boy's Shirts, knitted or crocheted	6105.0000	20%
Women's or girl's blouses, shirts or silk blouses knitted or crocheted	6106.0000	20%
T-shirts, singlets and other vests knitted and crocheted	6109.0000	20%
Jerseys	6110.0000	25%
Other garments knitted or crocheted of cotton	6114.0000	25%
Other similar garments of cotton	6115.0000	25%
Trousers, bid and brace overalls, breeches, and shorts (other than swimwear)	6203.40.00	20%
Dresses	6204.40.00	20%
Skirts and divided Skirts	6204.50.00	20%
Trousers, bib and brace overalls, breeches and shorts (other than swimwear)	6204.60.00	20%
Men's or boy's shirts	6205.0000	20%
Women's or girl's blouses, shirts or silk blouses	6206.0000	20%
Other men's or boy's garments	6210.4000	25%
Other women's or girl's garments	6210.5010	25%
Other men's or boy's garments	6211.3000	25%
Other women's or girl's garments	6211.4000	25%
Bed Linen, table linen, toilet linen and kitchen linen	6302.0000	20%
Bed Spreads, and other furnishing articles, excluding those of heading 9404.0000	6304.0000	20%
Sails	6306.3000	20%
Other made up articles including dress patterns	6307.0000	25%
Articles of Jewellery	7113.0000	25%
Goldsmiths' or silversmiths' wares	7114.0000	25%
Other articles of precious metal	7115.0000	25%
Imitation jewellery	7117.0000	25%
Canned Mackerel (Subject to Agreement with the State)	1604.1500	30%
Salt (Subject to Agreement with the State)	2501.0000	30%

Solomon Islands

TARIFF ITEM NUMBER	COMMODITY DESCRIPTION	DUTY RATE
7301.0000	Roofing Iron	10%
7317.0000	Nails	8%
7314.1000	Chain Link	8%
7309.0010	Water tank (Galvanizes)	12%
3925.1000	Water tank (Plastic)	8%
7611.0010	Water tank (Aluminum)	20%
4418.1000	Joinery of wood	12%
9403.2000	Wooden furniture used in offices	12%
9403.6000	Other wooden furniture	12%

4415.1000	Coffins	12%
4417.0000	Timer turned balustrade and dowling, broom handles	12%
4415.2000	Bee hives	12%
4421.0000	Timber step ladder	12%
2105.0011	Ice cream	12%
2105.0090	Ice block	12%
2201.0000	Water (purified)	20%
3923.0000	Plastic bottles	12%
3401.1100	Toilet soap	20%
2202.0000	Carbonated soft drinks	12%
2009.9000	Fruit juice in UHT retail packets	12%
2202.9000	Fruit juice	12%
2106.9090	Cordia	12%
1902.1190	Noodles	8%
3402.0000	Detergent (House-hold)	8%
3401.1900	Bar washing soap	8%
6103.0000	Males uniform	20%
6104.0000	Female uniform	20%
6109.9090	T-shirts - Polo shirts	20%
3210.0000	House hold paint	12%
3209.0000	Industrial paint	12%
3208.0000	Marine paint	12%
8903.9110	Canoes & boat (Aluminium & fiberglass)	12%
1513.1900	Coconut oil	12%
3305.0000	Coconut hair oil	12%
1101.0001	Wheat flour	8%
1101.0090	Other	8%
0207.1010	Chicken (Frozen or chilled)	20%
1905.9010	Stips biscuits or cabin biscuits	8%
1905.9090	Other biscuits	8%
1904.1090	Snacks (Twisties)	8%
1604.1410	Canned tuna	12%
1604.1510	Canned fish	12%
0407.0090	Table egg	20%
9404.2000	Mattresses	20%
1507.1000	Soya bean crude oil	20%
1507.9000	Other	20%
1508.1000	Ground-nut crude oil	20%
1508.9000	Other	20%
1509.0000	Olive oil and its fractions, whether or not refined, but chemically modified	20%
1510.0000	Other oils	20%
1511.1000	Palm crude oil	20%
1511.9000	Other	20%
1512.1100	Sunflower-seed or Safflower crude oil.	20%
1512.1900	Other	20%
1512.2100	Cotton-seed crude oil, whether or not gossypol has been removed.	20%
1512.2900	Other	20%
1513.1100	Coconut (Copra) crude oil.	12%
1513.1900	Other	12%

1513.2100	Palm kernel or babassu crude oil.	12%
1513.2900	Other	12%
1514.1000	Rape, colza or mustard crude oil.	20%
1514.9000	Other	20%
1515.1100	Other fixed vegetable fats and oil (Unseed) crude oil.	12%
1515.1900	Other	12%
1515.2100	Maize (Corn) crude oil	12%
1515.2900	Other	12%
4418.2000	Doors and their frames and threshold.	12%
4418.5000	Roofing tiles, shingles and shakes.	12%
2804.0000	Hydrogen, rare gases and non-metals	20%
2849.0000	Carbides, whether or not chemically defined.	20%
9406.0000	Pre-fabricated Houses.	12%

Republic of Vanuatu

Tariff Code	Description	Tariff Rate
0207.11	Fresh or chilled whole chickens	30%
0207.12	Frozen whole chickens	
04.03.10	Yoghurt	30%
04.07.0090	Birds eggs, in shell, fresh, preserved or cooked	30%
09.01	Coffee not roasted	
0901.11	Not decaffeinated	25%
0901.21	Coffee roasted Not decaffeinated	25%
1602.5000	Canned beef	30%
1905.9000	Breakfast crackers	20%
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or sweetening matter.	30%
2009.11	Frozen orange juice	
2009.40	Pineapple juice	
2009.60	Juice of any other single fruit	
2009.90	Mixture of juices	
2105.00	Ice - cream	30%

2201.10	Mineral water (unsweetened)	30%
3208.10	Paint Based on polyester	30%
3208.20	Paint Based on acrylic or Vinyl polymers	
3208.90	Other paints	
3209.10	Paints based on acrylic or vinyl polymers	
3209.90	Other paints	
3210.00	Other paints and varnishes	
3401.11	Soap for toilet use	10%
3401.20	Soap in other forms	30%
3401.19	(Coconut Soap products) Soap and organic surface-active products in bars, etc, nes	30%
3402.10	Anionic-Organic Surface-active agents	30%
3402.12	Cationic	30%
3402.13	Non-ionic	30%
3402.19	Other	30%
3925.10	Poly tanks, Fiberglass water tanks and eskies	30%
44.07	Sawn timber	30%
4407.10	Coniferous	
4407.24	Other of tropical wood specified in subheading Note 1 to this chapter...Viola, Mahogany (<i>swietenia spp</i>), <i>Imbuia and Balsa</i>	
4407.25	Dark red Meranti, Light Red Meranti and Meranti bakau	
4407.26	White Lauan, White Meranti, White Seraya, Yellow Meranti and Alain	
4407.29	Other	30%
4407.91	Of oak (<i>Quercus spp</i>)	30%
4407.92	Of beech (<i>Fagus spp</i>)	30%
4407.99	Other	
4818.1000	Toilet paper	30%
6204	Dresses - (Island Dresses/MARI BROUSES)	
6204.42	Of cotton	15%
6204.43	Of Synthetic Fibers	15%
6204.44	Of artificial Fibers	15%
6204.49	Of other textile material	15%
7210.4100	Corrugated	15%
7210.4900	Other corrugated	15%
7210.70	Painted, varnished or coated with plastics	15%
7210.90	Other plated or coated with aluminum	15%
7308.30	Doors windows and their frames and thresholds	15%
7309.00	Reservoirs, tanks and similar containers of iron or steel	30%
7310.10	Tanks, and similar containers of iron or steel, of a capacity not exceeding 300 litres	
7310.29	Tanks of iron or steel exceeding 300 litres	
7610.10	Doors, windows and their frames and thresholds for	30%
7610.90	Aluminum structures and parts of structures	
7611.00	Aluminum reservoirs and tanks	
8903.91	Aluminum & Fiberglass boats	25%
8903.99	Aluminum & Fiberglass boats (4 - 8 meters inclusive)	30%

9401.80	Fiberglass furniture	30%
9403.30	Wooden furniture of a kind used in offices	30%
9403.40	Wooden furniture of a kind used in the kitchen	
9403.50	Wooden furniture of a kind used in the bedroom	
9403.60	Other wooden furniture	
9406.00	Prefabricated building of steel	30%

SCHEDULE III**SCHEDULE OF IMPORT DUTY REDUCTIONS FOR PURPOSES OF ARTICLE 9**

Year 1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9
30	25	20	15	12	10	8	6	0
25	20	15	12	10	8	6	0	
20	15	12	10	8	6	0		
15	12	10	8	6	0			
12	10	8	6	0				
10	8	6	0					
8	6	0						
6	0							
0								

Notes:

- (i) Where the negative rate rest between the two rates the higher of the range will be taken as the point of entry for reduction in import duty rates.
- (ii) Based on the excepted import duty rates for each respective Party disclosed in Schedule II, the rate declared for each product will be reduced according to the above Schedule III.

ANNEX I

SAFEGUARDS UNDER ARTICLE 10

ANNEX II

NEW INDUSTRY PRODUCTS UNDER ARTICLE 11

ANNEX III

RULES OF ORIGIN UNDER ARTICLE 13 (1) (a)

1. For the purpose of this Agreement goods shall be accepted as originating in a Party if it has been either wholly obtained or sufficiently worked or processed in a Party territory.
2. The following shall be considered as wholly obtained in the Parties territories:
 - (a) mineral products extracted from Party soil or from their seabed;
 - (b) vegetable products harvested there;
 - (c) live animals born and raised there;
 - (d) products from live animals raised there;
 - (e) products obtained by hunting or fishing conducted there;
 - (f) products made aboard their factory ships exclusively from products referred to in subparagraph (g);
 - (g) products of sea fishing and other products taken from the waters under the national jurisdiction of the Parties by the Parties' vessels registered in their jurisdictions including those foreign flagged vessels licensed under the respective Parties' jurisdiction;
 - (h) used articles collected there fit only for the recovery of raw materials;
 - (i) waste and scrap resulting from manufacturing operations conducted there;
 - (j) goods produce there exclusively from products specified in subparagraph (a) to (i).
3. The following shall be considered as sufficient working and processing. When the product obtained is classified in a heading, which is different from those in which all the non-originating materials used in its manufacture are classified, subject to paragraph 4.

The expression "heading" shall mean the 6 digit headings used in the Harmonized Commodity Description and Coding System.

4. The following shall be considered as insufficient working or processing to confer the status of originating products whether or not there is a change of heading:
- (a) operations to ensure the preservation of merchandise in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
 - (b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making up of sets of articles), washing, painting, cutting up;
 - (c) (i) changes of packing and breaking up and assembly of consignments;
(ii) simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packaging operations;
 - (d) affixing marks, labels or other like distinguishing signs on products or their packaging;
 - (e) simple mixing of products, whether or not of different kinds, where one or more components of the mixtures do not meet the conditions laid down in this Annex to enable them to be considered as originating products;
 - (f) simple assembly of parts of articles to constitute a complete article;
 - (g) a combination of two or more operations specified in subparagraphs (a) to (f)
 - (h) slaughter of animals.
5. The preferential treatment provided for under this Agreement applies to products or materials, which are transported directly between the territories of the Parties.

However, goods originating in the parties and constituting one single shipment which is not split up may be transported through territory other than that of the Parties with, should the occasion arise, transshipment or temporary warehousing in such territory, provided that the crossing of the latter territory is justified for geographical reasons, that the goods have remained under the surveillance of the customs authorities in the country of transit or of warehousing, that they have not entered into the commerce of such countries nor been delivered for home use there and have not undergone operations other than unloading, reloading or any operation designed to preserve them in good condition.

6. (a) Originating products within the meaning of this Annex shall, on import into the Parties benefit from the Agreement upon submission of a certificate of origin, Form A, a specimen of which appears in Annex II, signed by the exporter and certified by the Parties respective Customs Authorities.
- (b) The exporter shall be prepared to submit a declaration setting forth all pertinent details concerning the production or manufacture of the articles covered by the certificates of origin upon request by a Party. A declaration should only be requested when a Party has reason to question the accuracy of the statement on a certificate of origin or when a Party randomly verifies certificates of origin.
- (c) The Parties agree to assist each other in obtaining information for the purpose of reviewing transactions made under this Agreement in order to verify compliance with the conditions set forth in this Agreement.

ANNEX IV

CERTIFICATE OF ORIGIN UNDER ARTICLE 13 (1) (a) - SAMPLE ONLY

(Country Logo)

**MELANESIAN SPEARHEAD GROUP
CERTIFICATE OF ORIGIN**

No.

1. <u>Exporters name and address</u>			
2. <u>(Consignee's name and address)</u>			
3. <u>Means of Transport</u>	4. <u>Country of Origin</u>	5. <u>Country of Destination</u>	
6. <u>Marks & No's</u>	7. <u>No. & Kind of packages</u>	8. <u>Weight/Quantity</u>	9. <u>Invoice No. & Date</u>
10. <u>Description of Goods</u>			
11. <u>Declaration by the Exporter</u> I, the undersigned, hereby declare that the above details and statements are correct that all goods are produced in: (Country) and that they comply with the origin requirements specified for those goods in the Melanesian Spearhead Group Trade Agreement for the goods exported to: (Importing Country) Place and Date: Signature: Status:		12. <u>Certification</u> It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct. Export Form: Customs Port: Issuing Country: Date: Signature: Designation:	

Official Stamp

**For issue to importer-2 Originals, 1 copy
For retention by exporter-3 copies**

ANNEX V

ARBITRATION PROCEDURES UNDER ARTICLE 17

1. Unless the Parties to the dispute referred to arbitration in accordance with Article 17 of this Agreement otherwise agree, the arbitration procedures shall be conducted in accordance with the provisions of this Annex.
2. The claimant Party shall notify the other Parties to the dispute of its decision to submit the dispute to arbitration and shall include in its notice a brief statement of claim setting out the subject matter and issues in dispute.
3. The Parties shall appoint an appropriate arbitrator by mutual consent within 30 days of receiving the claimant Party's notice. The arbitrator shall not be a citizen of, or be ordinarily resident in, any of the Parties to the dispute, nor be employed by any of them, nor have dealt with the dispute in any other capacity.
4. The arbitrator shall decide his or her own rules of procedure and shall render his or her decision in accordance with international law and the provisions of this Agreement.
5. The arbitrator may take all appropriate measures in order to establish the facts. The arbitrator may, at the request of one of the Parties, recommend essential interim measures of protection. The Parties to the dispute shall provide all facilities necessary for the effective conduct of the proceedings. The absence or default of a Party to the dispute shall not constitute an impediment to the proceedings.
6. The arbitrator may hear and determine counter-claims arising directly out of the subject matter of the dispute.
7. Unless the arbitrator determines otherwise because of the peculiar circumstances of the case, the costs of the arbitration process, including the arbitrator's remuneration, shall be borne by the Parties to the dispute in equal shares. The arbitrator shall keep a record of all costs and shall furnish a final statement thereof to the Parties.
8. Any Party that has an interest of a legal nature in the subject matter of the dispute, which may be affected by the arbitrator's decision, may intervene in the proceedings with the arbitrator's consent.

9. The arbitrator shall render his or her award within 180 days from the date of his or her appointment, unless it is necessary to extend this time limit for a further period, which shall not exceed 180 days.
10. The arbitrator's award shall be accompanied by a statement of reasons.
11. Any dispute which may arise between the Parties concerning the interpretation or execution of the award may be submitted by a Party to the dispute to the arbitrator who made the award or, if the arbitrator cannot be seised thereof, to another arbitrator appointed for his purpose in the same manner as the first.

ANNEX VI

ADDRESSES UNDER ARTICLE 21**For the Republic of the Fiji Islands**

The Chief Executive Officer for Foreign Affairs and External Trade
P. O. Box 2220
Government Building
Suva, Fiji

Telephone : (679) 330 9662
Facsimile : (679) 330 1741
E-mail : foreignaffairs@govnet.gov.fj

For Papua New Guinea

Secretary
Department of Trade & Industry
P O BOX 375
WAIGANI 131
National Capital District
Papua New Guinea

Telephone : (675) 325 3225
Facsimile : (675) 325 6108

For Solomon Islands

Permanent Secretary
Ministry of Foreign Affairs
P O Box G10
HONIARA
Solomon Islands

Telephone : (677) 23051/22856/21918
Facsimile : (677) 23051/25084

For the Republic of Vanuatu

The Director General
Ministry of Foreign Affairs
Private Mail Bag 051
PORT VILA
Republic of Vanuatu

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