

External Trade and Investment Law in the South Pacific

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In comparison with other trading blocks around the world such as the European Union or the North American Free Trade Area, the South Pacific is dwarfed in its trade and investment volume. Even in the African-Caribbean-Pacific (ACP) region, the South Pacific is a small player in trade and investment. This however does not suggest that trade and investment is of any less significance to the South Pacific. With globalisation and the internationalisation of finance, all countries of the South Pacific must be well versed with the global trading system and how it affects them. A basic understanding of the laws regarding trade and investment is therefore necessary. This is where Ahmadu's book, *External Trade and Investment Law in the South Pacific* makes an important contribution. The book is another publication in the *Laws of the South Pacific* series and makes a further contribution to research and scholarship in the South Pacific. The purpose of the book is stated in the beginning, to 'provide a starting point for anyone interested in trade and investment laws of the South Pacific.' (preface)

The book is divided into four parts. Part A appropriately describes in a precise manner the trading mechanisms under the GATT/WTO system. It also highlights the dispute resolution mechanisms under the GATT/WTO. Chapter 3 of Part A focuses on the Trade Related Aspects of Intellectual Property Rights (TRIPS) and demonstrates how this is related to world trade. Three other important trade agreements: the LOME Convention, SPARTECA and the Melanesian Spearhead Group (MSG) are also discussed as well as how Pacific island nation states could realise the benefits under these agreements. While the brevity of the book is a strength, it only touches lightly on the important issue of the preferential nature of the SPARTECA and MSG and the effects of this treatment to countries who wish to join the WTO. That point might not be sufficiently highlighted in Part A. Secondly, the use of some real life case examples might better illustrate how the principles apply to and affect the participants in the trade agreements. A further point to mention is that the LOME Convention is now superseded by the Cotonou Convention, (signed in Benin on the 23rd June 2000) which came into being after this book was published. Although the non-reciprocity of preference principle remains the cornerstone of trade, some changes have been in the Cotonou Convention which might affect the trade status of South Pacific member countries. One of such changes is the change in the rules of origin. Now with the new agreement, inputs from countries that are not part of the ACP but are part of the same geographical area can be used to a much greater degree without compromising its preferential access to the EU market. This opens the door for use of cheaper inputs from non-ACP countries, which eventually increases the competitiveness of exporting ACP countries and can result in the diversification of export products.

Part B describes the methods of financing trade. In a lucid manner, the traditional means of documentary credit and international financial leasing are covered. It also describes the two more recent means of

financing trade: international factorising and international forfeiting. The situations where these are most appropriate are highlighted as well as the problems they might raise. This part is also brief but diagrams help the explanations a great deal. A careful proof read might also detect the many typographical errors which appear throughout the book.

Part C, although consists of only one chapter very appropriately describes Incoterms, transportation and insurance. The various types of transportation arrangements are discussed as well as the main risks traders need to insure against.

The final part (Part D) focuses on foreign investment law. Chapter 12 briefly discusses selected investment schemes and the final chapter highlights some of the investment laws in the South Pacific. The basic factors to consider when deciding to invest have been highlighted as well as the laws regulating investment activities in the South Pacific. This part suffered most from brevity. Although this book is on trade and investment, only two chapters are devoted to investment. While this part highlights most of the aspects an investor needs to be aware of, other very important aspects of investments are left out. These include land and resource laws and labour markets. On the international scene mention could also be made of bilateral (PNG-Australia) and multilateral investment protection agreements.

Apart from the points raised the author succeeded in achieving what he has set out to achieve – providing a “basic and modest understanding of international trade and investment law.” (preface) The author has succeeded in reducing a vast area of law into a manageable book – which not only provides all the basics one needs to know but is also reader friendly. The book also highlights areas which call for further research. Perhaps graduates from the USP Law School should be encouraged to take up the challenge in the area of trade and investment. The book is undoubtedly a valuable addition to the body of knowledge on trade and investment law in the USP region. It is a useful guide for both students and practitioners interested in South Pacific trade and investment law.

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