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**WORLD MARITIME UNIVERSITY
MALMÖ, SWEDEN**

A dissertation entitled:

**REGIONAL CO-OPERATION AND MARITIME TRANSPORTATION IN THE
SOUTH PACIFIC**

by:

**JOSEPH CAFFERY
COOK ISLANDS**

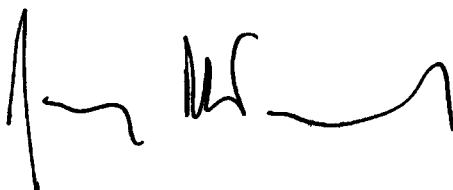
This dissertation is submitted to the University faculty in fulfilment of the partial requirement for the award of the degree

**MASTER OF SCIENCE
in
GENERAL MARITIME ADMINISTRATION**

The contents thereof reflect my own views and opinions together with those of other authorities that I support. They are not necessarily endorsed by the University faculty.

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FOREWORD

Never before has the topic "Regional Cooperation and Maritime Transportation in the South Pacific" been produced as a project by a WMU student.

Everyone knows the location of the Pacific region and the continental rim states bordering on the Pacific - the two super powers, Russia and America, China, Japan, Korea, the Asian countries, Canada, the eastern seaboarder of Latin America, Australia and New Zealand. But not everyone knows the micro states which are situated in this vast region - the scattered island nations and territories of the South Pacific.

This work introduces readers to the islands of the South Pacific, the homes of three distinct ethnic races of people - the Polynesian, the Melanesian and the Micronesian. While some of these island countries are still under foreign rule, most are independent nations. In their isolated and vulnerable setting, they are working out their own destinies. They believe in cooperative endeavours in which they can speak more effectively with one voice and the benefits that can be yielded to them collectively or in terms of their national interest.

In this dissertation the author focussed strongly on two separate areas - regional co-operation and maritime transportation, both are discussed in a lucid manner. The simplicity of style of this work will be welcomed by the general reader as well as being a valuable addition in the study of regional co-operation and maritime transport.

ACKNOWLEDGEMENTS

Sincere gratitude is extended to World Maritime University for the award of a post-graduate scholarship to the Government of the Cook Islands, and also to the European Economic Community for providing the necessary financial assistance, without which, undertaking such a study course would not have been possible.

As recipient of the award, I extend profound gratitude and appreciation to Hon. Vaine Tairea, Minister of Trade, Harbour and Transport and to all his colleagues in the Cabinet of the Cook Islands Government for their support and help in my pursuit of a higher academic goal. I am indebted to many people for the generous help they accorded me in many ways throughout the course of my two years studentship at World Maritime University. To the rector, visiting and resident professors and all the staff of the University, thank you sincerely for counselling and guiding me along the right path towards the successful accomplishment of my goal. To my course professor Jerzy Mlynarczyk, I extend heartfelt thanks and appreciation for his untiring efforts and patience in steering the course of my academic voyage towards a successful discharge, and to Professor Alistair D. Couper of the University of Wales for his inspirations and guidance in the compilation of this project.

I am also indebted to all those people and institutions who have assisted me in the course of my research in the preparation of this project; and to them I extend my sincere appreciation - Mr. Paul MacDonnell formerly of the Forum Secretariate, Professor Ron Crocombe (retired) and Dr. Rybowski of the University of the South Pacific; Mr. James Gosseline of the Ministry of Foreign Affairs and staff of the Department of Trade, Labour and Transport, Cook Islands; the New Zealand High Commission, London; the Australian Embassy, Stockholm; the Transport Secretariate, Commission of the European Communities, Brussels.

It would be remiss of me if I did not extend my heartfelt thanks to my own family for their encouragement - my father, brothers and sisters and others close to me; Fr. Paul Farmer, and our Lady who brought forth Him who is the "light of the world".

I especially extend profound gratitude to my wife Ingrid and son Mario for all their encouragement and for bearing the domestic burden of my two years absence; and to them I dedicate this work.

DEDICATION

**"Many women have performed valiantly,
but you have performed them all"**

(Proverbs 31.29)

To my wife Ingrid and son Mario.

**REGIONAL CO-OPERATION AND MARITIME TRANSPORTATION
IN THE SOUTH PACIFIC**

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CHAPTER ONE

THE PACIFIC REGION

1.1 Introduction

The states and territories of the Pacific Basin fall into two distinct groups; the continental rim states which border on the Pacific and the scattered groups of small island communities with few resources located in the south and central Pacific. The latter are of primary concern since most of the micro states are situated in this area. The continental rim states bordering on the Pacific are mainly prosperous and influential states and include not only the two super powers, (Russia and America) but also China, Japan, Korea, the Asean states, Australia, New Zealand, Canada and the eastern seaboarder states of Latin America. The Antarctic lies beyond the southern rim of the Pacific basin.

1.2 Historical Background

Historians believe that the main islands of the Central and South Pacific were populated over many centuries by waves of migration from East and South-East Asia. European explorers did not arrive on the scene until the 16th century; first the Spanish and Portuguese, followed by the Dutch, the British and the French. From then on, the islands of the Pacific became pawns in the international rivalries. By the beginning of the 20th century, most of the archipelagos of the central and south Pacific have come under some form of "protection" or annexation. The British (having successfully colonised Australia and New Zealand) had also assumed control over Fiji, the Gilbert and Ellice Islands, the Solomon Islands and Tonga. The United States took over Guam from the Spanish after the Spanish-American war of 1898. // They were awarded Eastern Samoa (American) under the "Three Powers Convention" of 1899, although they only formally took over the territory in 1926.

The Germans (who arrived late in the scramble for the Pacific) set up protectorate of the Marshall Islands in the 1880s, and subsequently bought Spain's remaining Micronesian possessions. They also acquired Nauru, part of New Guinea and Western Samoa.

The islands of the South Pacific were comparatively unaffected by the fighting in the First World War. After the defeat of Germany, however, its Pacific territories changed hands becoming mandated territories of the League of Nations administered by one or other of the victorious allies. During the Second World War, on the other hand, the South Pacific was a major arena of war. The Japanese attack on Pearl Harbour was launched from bases in the Japanese mandated Pacific Islands Territory (Rabaul) and thereafter these islands, as well as many other small islands in the Pacific, suffered heavy civilian casualties, and sometimes almost total destruction of their resources as their homelands became the battle fields of Western and Japanese combatants in the all-out war.

1.3 Move Towards Self-Determination and Present Political Status

Since the Second World War the wind of change has blown through the small island dependencies of the Pacific.

Even the most diverse forms of governmental organisations today have much in common. They are based on bureaucracies of control, laws, procedures, etc. But it is easy to emphasise the similarities. There are also substantial differences.

In the 1950s, the idea of eventual self-government came to be cautiously accepted, and in the 1960s complete independence became almost universally adopted as a goal. The former British territories of Fiji became an independent-state in 1970 and a republic in 1987, the Gilbert and Ellice islands (now Kiribati (1979) and Tuvalu (1978)), the Solomon islands (1978) and Tonga (1970) have all become independent and members of the United

Nations. Of the former Trust Territories, Nauru, the world's smallest state, opted for independence (1968) and associated membership for the commonwealth (but not of the United Nations). New Guinea, administered by Australia, opted to merge with the adjoining Australian dependent territory of Papua as the independent state of Papua New-Guinea (1975) and is a member of both the United Nations and the Commonwealth; Western Samoa (administered by New Zealand) opted for independence (1962) and has become a member of the United Nations and the Commonwealth; and the New Hebrides (now Vanuatu) became independent in 1980. So are the Cook Islands (1965) and Niue (1974) for all practical purposes, although this was not by declaration but by defacto evolution from the time of self-government; they are associate members of the Commonwealth. The Marshall Islands and the Federated States of Micronesia have adopted self-independence in association with USA. American Samoa and Guam are unincorporated territories of the United States. Hawaii became a state of USA which also retains control of Johnson Island, Howland, Baker, Jarvis, Palmyra, Midway, etc. The remaining French dependencies, French Polynesia, New Caledonia and Wallis and Futuna have the status of Overseas Territories of France. Clipperton is a French territory. Easter Island (Rapanui) remains a territory of Chile; Norfolk Island and Lord Howe of Australia; Pitcairn of the United Kingdom and Ogasawara (Bonin Island) of Japan. (1)

1.4 The Regional Concept

The Pacific region is vast. It consist of approximately 12 percent of the surface area of the globe. Within the area lives less than one tenth of one percent of the world's population; the ratio of water to land area is approximately 100:1, and over 80 percent of land lies in one country, Papua New Guinea. The region contains some of the world's most isolated communities. The distance between the eastern and western extremities of the Republic of Kiribati is approximately 3000 kilometres.

The region is a group of three ethnic communities, Polynesian, Melanesian and Micronesian. The justification for regarding the communities as a region rests largely upon an appreciation that isolated and vulnerable communities can speak more effectively with one voice than with many and the benefits are to be gained from regional co-operation. A series of regional bodies have been established to this end.

The movement towards regional co-operation has been growing within the south Pacific countries. American influence in Micronesia and French influence in New Caledonia and French Polynesia have however constrained further moves towards cohesion. These influences are on the wane, and the pressure for more effective regionalism is increasing. These trends are important for maritime transport.

Trends in Micronesia

The process of self-independence in the Trust Territories is well established. There is evidence to suggest that one of the consequences of this act will be to encourage the newly independent countries to look increasingly to the "established" South Pacific region. These countries have shown a wish to become more closely associated with regional transport and shipping services. The Marshall Islands have recently joined, as one of the joint-shareholders, in the Pacific Forum Line.

Trends in the French Polynesia

The trends in Micronesia reflect a positive approach to the issue of self-determination, the position in New Caledonia and French Polynesia are less well defined. Change in New Caledonia is a more immediate likelihood than in French Polynesia in the lead-up to the act of self-determination in 1998.

The strength of the ties with France in both countries is strong. Those ties have a significant influence on the current direction of trade.

1.5 Characteristics of the Region

The South Pacific is a region of small island countries with a very distinctive set of problems and characteristics. Such characteristics differentiate it from the world regions to such an extent that its problems do not lend themselves to ready made solutions imported from outside.

Key characteristics are described as follows:

- The countries are numerous and scattered over very large oceanic distances. Shipping distances, whether domestic, intra-regional or international are great; in Kiribati, for example, the distance between its major port and Christmas Island is about 3000 kilometres;
- Populations are small. The total population of the region in 1985 was 4.9 million, hardly that of a large city in the industrialised world. Of the total, not less than 68% live in Papua-New Guinea and another 14% in Fiji. If the third most populous country, Solomon Islands, is included we find that 87% of the region's population live in three countries and the remaining 13% (about 815000 people) live in the other 10 countries;
- The configuration of the island states has been determined by geography and their colonial backgrounds. Independence came late to many Pacific countries;
- All the countries have government administrations which are as yet developing and rely, in varying degrees, on expatriates. In the maritime context, this means all the governments are short of expert advice on some aspects of shipping, and some are frankly unsophisticated;
- The countries are all in the tropical climatic belt. As

such, they have much the same natural products so that the scope for mutual trade is limited;

- With the notable exception of Papua-New Guinea, the prospect for whose economic development is bright, and the exception also of Fiji and the Solomon Islands which have economic potential, most of the countries have poor natural endowments. Mineral resources and even agricultural production are limited, and there is little potential for industry. Taken together with small populations, the prospects for significant economic development of the region as a whole is not great;
- A significant problem of the region, which makes it different from any other regions of the world, is posed by the very small countries; five had population less than 40,000 in 1982 and eight had 100,000 inhabitants. Taking the low population base together with their poor endowment, the point about the small countries is that they do not at present have sophisticated administrations and developed economies (but that they may never have them). These countries have to rely extensively on aid not only for developing their economies but also for maintaining their social and administrative infrastructure at some basic level which their societies and economies will regress.
- Generally, trade dependence and vulnerability appear to be the dominant characteristics of these newly small independent nations.

1.6 Problems and Pressures of Small Island World

The colonial curtain in the Pacific has virtually drawn to a close and some of the world's smallest island countries, both in terms of land area and population size, are found within the Pacific region.

In spite of their remoteness from world markets, foreign trade forms the heart of their cash economies.

In the wake of colonialism the desires and aspirations of even the most remote island of the communities have moved towards cash-based materialism which only foreign trade can bring and away from the "closed" subsistence way of life. Their small land area narrows the range of potential production conditions and so tends to promote dependence on only a few primary commodities with little scope for diversification.

The small archipelagos of Tuvalu and Kiribati, for example, earn virtually all their export income from coconut production (copra) and fishing (maily tuna). Inevitably such enforced specialisation renders a nation vulnerable to natural disasters and adverse fluctuations in world markets over which, as a price taker, it has no control. More significantly, perhaps, total output tends to be small, thereby precluding any economies of scale and high unit transport cost.

With the growth of cash crop production, areas of land which once supported subsistence cultivation are increasingly being absorbed into the commercial export system. Thus, there is a growing dependence on the import of even basic (predominantly "western style") foodstuffs. Indeed, with the depending penetration of the cash economy, imported goods which were once considered luxuries are more perceived as "necessities" and have been knitted into the fabric of daily island life.

With the domestic markets still too small to support the development of manufacturing industries aimed at import substitution, the islands are therefore committed to reliance on a steady flow of imports, even if as at present, their mounting trade deficits have to be met by foreign aid grants.

Imports dominate trade flows in the South Pacific. Nearly all

island countries import considerably large volumes than they export. It is the volume of general imports which tends to determine the level of shipping services.

Often problems and pressures of a number of small island states facing themselves are their incapability of defending themselves from military threat, on the smallest scale, and the protection of their fisheries and other marine resources from poachers. What-else is the nature of the threats facing these small Pacific states is yet to come.

Where-else can they turn for aid and protection to safeguard their newly won independence, protecting their resources and their territorial and exclusive economic zones and ensuring minimum living standards for their people? Regional cooperation could be the answer to a certain extent. ((2) page 81)

1.7 Australia and New Zealand in the Pacific

Cited in this paper's preamble included Australia and New Zealand in the continental rim states bordering the Pacific. The categories of an outer rim state in many ways are no longer applicable to Australia and New Zealand. Although their populations are predominantly of European stock and may still retain political and cultural ties with Britain, first the Pacific War and with Britain's entry into the European Community brought home to both countries the geographical facts of life and encouraged them to seek close links with the countries of the Pacific Basin who shared many of their concerns (notably the nuclear and driftnet issues), and whose security and stability are vital to their own security.

That the micro-states themselves accepted Australia and New Zealand as full members of the South Pacific Commission, it is clear from the fact that they were invited to become members of the South Pacific Forum (the political body set up on the

initiative of the South Pacific micro states themselves), whereas Britain, France and the United States which are fellow members of the South Pacific Commission, were not invited. Both countries play active and constructive part in these two regional bodies.

Both Australia and New Zealand provide development aid, technical assistance and defence cooperation to countries in the South Pacific.

In the case of Australia, 38 percent of its 1984-85 Development Aid Programme and 46 percent of its Defence Cooperation Programme for the same year went to territories in the south west Pacific, including Papua New Guinea which, as a former Australian dependency, received the lion's share.

Almost all New Zealand's aid is concentrated in the South Pacific. The region (not including Australia) is of growing importance to New Zealand, with exports of \$382 million in 1986-87. Fiji and Papua New-Guinea are the most important markets. Imports amounting to \$94 million came principally from these two countries and Nauru. New Zealand has taken special measures to foster Pacific islands exports to these countries and its investment in the region.

A regional trade agreement, SPARTECA, provides unrestricted duty-free access to New Zealand (and Australia) on a non-reciprocal basis for most of the products exported by island countries. The Pacific Islands Industrial Development Scheme (PIIDS) provides financial assistance and incentives for New Zealand companies developing approved manufacturing operations in selected Pacific countries. Its objective is to foster economic development and employment opportunities there.

There is close co-operation with the Pacific on defence matters. New Zealand has mutual assistance programmes with a

number of South Pacific countries which have armed forces and the New Zealand armed forces undertake joint exercises in various parts of the region. They also assist with maritime surveillance (a task of great importance to countries with vast exclusive economic zones), provide immediate help after natural disasters such as cyclones, and undertake civil development projects in isolated areas.

New Zealand has diplomatic missions in most of the countries in the South Pacific and regular contacts with those countries on a range of bilateral (country-to-country) and regional issues.

The South Pacific countries received 79% of New Zealand's bilateral expenditure in 1986-87. The main recipients were:

Cooks Islands	\$14.3 million
Western Samoa	\$ 7.2 million
Fiji	\$ 6.5 million
Tokelau	\$ 3.6 million
Papua New Guinea	\$ 3.4 million
Solomon Islands	\$ 3.0 million
Niue	\$ 7.5 million
Tuvalu	\$ 6.8 million
Tonga	\$ 5.2 million
Vanuatu	\$ 2.4 million
Kiribati	\$ 3.1 million

The Federated States of Micronesia, New Caledonia, Palau and the Marshall Islands received smallest amounts from \$5,000 to \$66,000. Countries in southeast Asia received 12% of the bilateral expenditure. ((3) page 113)

The official development assistance programme involves the skills and experience of hundreds of New Zealanders, as well as capital and technical support. Through the bilateral programmes, New Zealand responds to the development priorities

established by developing countries. Development projects are the main form of assistance.

New Zealand supports hundreds of projects, and often commits expertise and/or material and capital resources for several years ahead. The main reason of the bilateral assistance is to promote the economic and social development of the partner countries and to raise living standards. Emphasis is placed on increasing productivity through livestock and pasture improvement programmes, assistance with crops, and the development of forestry, fisheries and energy resources. Education and training are a vital feature of New Zealand's development programme in the Pacific. On-the-job training is an essential part of most projects supported by New Zealand. In addition study and training opportunities are provided for students from about 40 developing countries. New Zealand Government sponsors (about 670 in 1986-87) students and trainees from overseas to attend secondary schools, tertiary institutions and special practical courses in New Zealand. (Only students from some Pacific States are eligible for sponsored secondary schooling).

New Zealand supplies 4% of the University of the South Pacific's annual budget. It promotes development of the South Pacific region as a whole with contributions to the Forum Secretariate, the Forum Fisheries Agency and the South Pacific Commission.

The New Zealand Ministry of Foreign Affairs (now known as Ministry of External Relation and Trade) is the agency through which other governments and their representatives in New Zealand communicate with the Government. It also undertakes foreign affairs and defence functions for the Cook Islands and Niue after consultation with their respective heads of governments. It administers the Tokelau Islands.

The Pacific Basin is increasingly becoming to be seen as an

area of dynamic growth, and New Zealand, in a sense, provides a window for Europe on the Pacific. European association with the developments within the Pacific will be important as the world moves towards the 21st century.

1.8 The South Pacific Economies

The countries of the South Pacific are groups of high islands or atolls scattered over a vast area of ocean. There are 700 km between the most northerly and the most southerly islands of Vanuatu, and the Solomon Islands chain stretches for nearly 1500 km. They are a long way from each other and from any industrial centre. Papua New-Guinea is some 4600 km from the Cook Islands, and New Zealand 8000 km. With the exception of Papua New-Guinea, land areas range from modest to minuscule. All are thinly populated. Even Papua New-Guinea which contains roughly two thirds of the region's total population, only has some 3.254 million inhabitants (see country profiles pages 15-46).

The South Pacific Islands lie between the equator and the tropic of capricorn, and their climate, vegetation and products are tropical. Some of the islands are volcanic in origin, and the interiors of the bigger islands - New Guinea and Bongai^vuille (PNG), Viti Levu (Fiji), Upolu and Savaii (W. Samoa), Rarotonga (Cook Islands) are mountainous. Fiji, Tonga, Western Samoa and the Cook Islands lie in the path of frequent and destructive cyclones. Kiribati and Tuvalu are essentially constellations of atolls, so are also the northern islands of the Cook Islands, being so low that erosion and the greenhouse effect are real threats.

Subsistence farming and fishing is the mainstay of the region's economy. The whole region practically produces and exports copra. Cocoa, bananas, timber, sugar (Fiji) and tuna fish (Solomon Islands, Kiribati) are also exported. Papua New-Guinea

derives the bulk of its income from palm oil, coffee, cocoa, timber, copper and gold. New Caledonia (nickle and iron) is the other important minerals exporter.

After primary products, tourism is the most important source of revenue, particularly for the Cook Islands and it is second only to sugar for Fiji.

(1) Development Constraints

Distance and isolation are perhaps the greatest barriers to the economic development of the region. They mean high transport costs which inhibited inter island trade between countries; they increase the cost of providing administrative services and facilities such as schools and health centres; and they are an obstacle to the expansion of the tourist industry.

The importance of air and sea links and telecommunications is consequently a natural priority for national and regional authorities in the South Pacific.

Another constraint is the low level of local food production compared to modern levels of consumption, leading to a relatively high level of food imports (20% for the region as a whole, and as much as 50% for Tuvalu and 80% for French Palynesia). Scarcity of fertile land, combined with subsistence farming and fishing methods and difficulty of access to markets, compounds the problem. Overall, the South Pacific countries are determined to increase agricultural production. Pacific ACP countries are now devoting a substantial share of available funds to agriculture and rural development, including rural roads. The region suffers from a shortage of skilled labour and increasing urban immigration which has led all Pacific countries to give importance to manpower training in their

development strategies.

(2) Future Prospects

Land is limited, but the vast expanse of ocean surrounding the Pacific Islands are rich in fish and, it is believed, in seabed minerals. All the Pacific countries have declared exclusive economic zones (EEZ) - their combined EEZs cover over 20 million square kilometres of ocean - the world biggest (Cook Islands 1,830,000 square km; F.S. Micronesia 2,978,000; Fiji 1,290,000; Kiribati 3,550,000; Nauru 320,000; Niue 390,000; Papua New-Guinea 3,120,000; Marshall Islands 2,131,000; Solomon Islands 1,340,000, Tonga 700,000; Vanuatu 680,000; Western Samoa 120,000; New Caledonia 2,100,000) but they will need external help to identify and exploit their marine resources.

In their natural beauty, serenity and strong cultural individuality, the Pacific Islands possess solid tourist attractions, and tourism is an area which is often seen as a potential growth industry, despite the "tyranny of distance".

Generally, the economies of the South Pacific are carefully managed - there is no major debt problem - and it is generally accepted that properly directed development programme coupled with external aid could lead to self-sustaining economies, albeit at different levels everywhere except perhaps in Kiribati and Tuvalu. These countries will continue to require external assistance, unless and until their vast marine resources can be more fully exploited. ((4) pages 8-9)

1.9 Profiles of the South Pacific Islands Countries (5)

COOK ISLANDS

Land area: 240 square km.
Population (1986): 17455
Capital: Avarua, Rarotonga
Languages: Cook Is. Maori, English
Exports: Pearshell, pearls, vegetables, bananas, clothing
Imports: Foodstuffs, manufactured goods, machineries, petroleum products, building materials
Economy: Tourism, aid, remittances, stamps
GDP (1986) \$NZ 74.8 million, \$4285 per capita
NZ budgetary aid 1985/86: \$10,350,000
Foreign aid (1986): \$17,405,300
EEZone: 1,830,000 square km.
Status: Self governing state in free association with the New Zealand.

Over 17,000 people inhabit this group of 15 islands of Polynesia, sharing a total of 240 square km. of land scattered over 1.8 million square km. of ocean between 9° South and 23° latitude in the South Pacific.

New Zealand annexed the islands in 1901 on the request of some of the island ariki or chiefs and with the assent of Britain, which had made them one of its protectorates in 1888, to prevent French influence spreading in the eastern Pacific. Self-government came in 1965 and from then on New Zealand progressively transferred more responsibility to the elected government. The relationship between the Cook Islands and New Zealand is "one of partnership, freely entered into and freely maintained". The Cook Islands can end the "free association" status in favour of complete independence at any time. It can conduct its own external relations and enter into international agreements. Its capacity is limited only by the extent to which the governments of other states will deal with it.

Though the country is full member of the South Pacific Forum it

continues to share with New Zealand, of which it was once a dependency, its policies in matters of defence and foreign affairs. Cook Islanders are able to enter, to reside and to work in New Zealand without restriction as they have New Zealand nationality.

Following the completion of the international airport on Rarotonga in 1974, the relationship with New Zealand has brought an outward drain of Cook Islanders that has caused problems of depopulation in some of the smallest and remotest of the islands. Now, for every Cook Islander present in his own country there are two or three living in New Zealand.

The nine islands of the Southern Cooks are volcanic and are far more fertile and productive than the atolls of the Northern Group. Depopulation and the heavy input of aid from New Zealand have militated against intensive local development, although this is changing to some extent. In the Northern Cooks the traditional source of income is copra making and diving for pearl shell. Other islands in the south engage in growing bananas, pine apples, citrus fruit and vegetables, while Rarotonga, the centre of government, a dramatically mountain-peaked island 32 km in circumference, is the centre of tourism and the production of fruit and vegetable for air freight to market in Auckland, New Zealand.

Of long term interest is the presence on the seabed to the north and south of the Cook Islands of thousands of square kilometres of nodules which contain manganese, cobalt, nickel, copper and iron. Their mineral content is estimated to be millions of tons and, in the case of cobalt, is of high strategic importance to the world. The difficulty is that the nodules lie at a depth of 5000 to 6000 metres and it is not yet possible to economically recover them. When this can be done, perhaps sometime in the next century, the Cook Islands could prosper.

For the present the growing concern is with the impact of tourism. With more than 25,000 visitors a year flowing into Rarotonga and the nearby island of Aitutaki, the local inhabitants are feeling outnumbered and a little threatened.

They wonder whether the environment can cope with mass travel and they fear that it may not be able to. Presently, problems with roads, water and electricity supply and sewage disposal are apparent in Rarotonga.

In common with other widely scattered island countries, the distances between the Cook Islands pose severe problems of transport cost, time and logistics and development is concentrated on Rarotonga with its population of 9000 people.

FEDERATED STATES OF MICRONESIA

Land area: 701 square km.
Populatoin (1986): 92,000
Capital: Kolonia (Pohnpei)
Languages: Micronesian Languages, English
Exports: Copra
Imports: Foodstuffs, manufactured goods, petroleum products,
building materials
Economy: Aid, tourism
GNP (1983) US\$1245 per capita
Aid: (1988) US\$1110 per capita
EEZone: 2,978,000 square km.
Status: Self governing state in free association with the
United States.

Four states form the Federated States of Micronesia, lying a few degrees north of the Equator. Yap in the west and, moving eastwards, Chuuk, Pohnpei and the island of Kosrae, 2500 km. from the westernmost part of FSM. Of the 607 islands in the Federation there are only about 65 which are inhabited by the country's Micronesian people.

The islands of the Federation are also known as the Caroline archipelago, a name that is a legacy of a brief period of Spanish rule. Nearly every form of island structure can be found in this group - atolls, lagoons, high volcanic islands, sedimentary rocks and, at Pohnpei, one of the wettest places on earth, as attested by its rainfall figures.

While the Federation is in the class of countries having a very small area of land, 701 square km., and a huge sea area, 2.9 million square km., some islands are extremely fertile and capable of producing substantial quantities of food and export crops. At 334 square km., Pohnpei, of exceptional fertility, is one of the biggest islands of the Micronesian region. It is also the location of Nan Madol, one of the great archaeological mysteries of the Pacific, a fantastic deserted city of stone buildings, dating from the 13th century.

Many of the Federation's islands survive as intricate Micronesian societies that practise the customs observed before European influence began to spread into the region in the 16th century. During the 19th century a rag-tag collection of whalers, traders, beachcombers and missionaries were drawn to the islands. Spain sold the islands to Germany in 1899 and Japan took them over when the First World War began.

Japanese administration led to the intensive agricultural development of parts of the Federation and the Second World War brought it under United States Pacific Islands. Late in 1986 the country became self-governing under an arrangement that permits the United States to retain military control in return for aid that will amount to about US\$1,000 million for 50 years.

As with other parts of the trust territory, the post-war administration marked a period in which the indigenous inhabitants became increasingly dependent on their ruling power and also on imported food and products. Copra is the cash crop, but the development of commercial fishing in the Pacific Ocean has shown the FSM's Economic Zone to be one of the world's great tuna grounds.

The government intends to use US funds to develop infrastructure, agriculture and tourism progressively according to a plan. The scenery of the Federated States offers exceptional opportunities for tourism, but the government is intent on preserving local culture in its planning of economic development for the future.

FIJI

Land area: 18,272 square km.

Population (1985): 715,000

Capital: Suva

Languages: Fijian, Hindi, English

Exports: Sugar, tourism, gold, timber, fish, coconut oil

Imports: Foodstuffs, manufactured goods, machineries,
vehicles, petroleum products

Economy: Sugar, tourism, gold, timber, fish, copra

GDP (1985) US\$ 1660 per capita

Foreign aid (1985): US\$ 47 per capita

EEZone: 1,290,000 square km.

Status: Republic (1987)

Although some of its regional neighbours may challenge the assertion, Fiji's claim to be the hub of the South Pacific is a justifiable one.

A combination of geography and history have made it a natural meeting place for the people of Melanesia, Polynesia and Micronesia, the location of such key regional institutions as the University of the South Pacific and the South Pacific Bureau for Economic Co-operation, and a regional headquarters for international agencies, banks and multinational corporations.

This collection of about 320 volcanic, limestone and coral islands straddles the line between Melanesia and Polynesia, and the indigenous Fijians, who are usually classed as being ethnically Melanesian, have culture and tribal system strongly influenced by Polynesia.

The international airport at Nadi put Fiji way ahead in equipping itself with the South Pacific's biggest tourism business of about 250,000 visitors a year, and its economy is the most diversified in the region. Up to 500,000 tonnes of sugar a year, gold, pine and hardwood timber, canned tuna, coconut oil,

ginger and tropical fruit, garments, engineering and manufacturing, all these activities have brought Fiji a degree of business and technological sophistication no other country in the region can match.

Much of Fiji's success is due to the Indians, who began arriving as sugar plantation workers in the 1870s and now form 48% of the 715,000 population. Their energy and business acumen keep the wheels of commerce and industry turning. Fiji's ethnically complex society, which includes small Chinese, European, Polynesian and Micronesian communities, lives in a greater degree of harmony than the country's political tensions might suggest. After 96 years of British rule Fiji obtained its independence in 1970. The preoccupation of the first decade and a half of independence was to prepare the ground to break a perilous overdependence on sugar.

At the time of a military coup in May 1987 Fiji appeared to be poised for economic takeoff. The coup by the Fijian-dominated army was inspired by Fijian concern about the growing economic and political influence of the Indian community. The political complications caused by the coup demonstrated one fact; that the Fiji economy is remarkably resilient. With a final political solution still to be worked out, the economy by the end of 1988 was showing signs of fast recovery and the resumption of growth. Gold mining, forestry, manufacturing, agriculture and fishing were showing promising results. Firm plans for investment by one Japanese company of F\$400 million in a resort project indicate that Fiji is destined to remain the regional leader for the foreseeable future.

KIRIBATI

Land area: 719 square km.

Population (1983): 65,000 .

Capital: BETIO

Languages: Kiribati, English

Exports: Fish, copra

Imports: Foodstuffs, manufactures, petroleum products, building materials

Economy: Fishing, subsistence agriculture, remittance, copra

GNP (1984) US\$460 per capita

Aid: (1985) US\$197 per capita

EEZone: 3,550,000 square km.

Status: Sovereign Democratic Republic

Kiribati is a republic in the central Pacific with some remarkable geographical features. Kiribati's islands are spread over 3.5 million square km. of ocean along the Equator, which give it an Exclusive Economic Zone of a size exceeded only by French Polynesia's in the Pacific islands region. The islands are atolls, rarely more than a few metres above sea level. Their soil is poor, rainfall is uncertain and the population too big in relation to Kiribati's slender resources.

The 65,000 people of Kiribati are Micronesians. Most live in the Gilberts group; a chain of 17 atolls that includes Tarawa, the centre of administration, with one-third of the country's total population. A few hundred people live in the Northern Line Islands. these lie 3000 kilometres to the east of the Gilberts and include Christmas Island, a former British nuclear test base, which comprises more than half of Kiribati's total land area of 719 square km. The Southern Line Islands are similarly distant and are virtually uninhabited.

The islands became the British Gilbert Islands protectorate in 1892 and in 1915 they merged with Tuvalu to become what was known for the next 60 years as the British Colony of the Gilbert and Ellice Islands. The Ellice islands separated in 1976 to become Tuvalu, and in 1979 the Gilberts emerged as the Republic of Kiribati, with an elected parliament of 36 members.

Fortunately for Kiribati, the communities on its islands are hardy, self-sufficient and have been able to preserve the traditional heritage of fending for themselves in their difficult atoll environment. The country's heaviest social pressures are felt at Tarawa, a horse shoe-shaped atoll where, at one end, one-third of the whole population is crammed into the administrative centres of Betio and Bairiki.

Despite the seemingly overwhelming economic and social problems before it, Kiribati is now claiming to have achieved the feat of being able to dispense with foreign budgetary support. Fees paid by foreign fishing fleets for the right to catch tuna in its EEZ have become an additional source of revenue that helps to balance the budget.

Extreme isolation, barrenness, the lack of resources and population pressure combine to present Kiribati with one of the region's most difficult development challenges. But while outsiders may suggest that the republic is fated to be perpetually dependent on aid, the government insists that the country can become viable by a policy of frugality and the exercise of ingenuity.

Until independence Kiribati subsisted on British aid, revenue derived from Banaba Island's phosphate exports, and the sale of postage stamps and handcraft. Phosphate mining ended in the year of independence and the country was left reliant on dwindling British aid and the interest from a fund of more than A\$70 million derived from phosphate earnings.

Since independence, Kiribati has striven to reduce its dependency on external support. It is developing a small national tuna fishing fleet and hundreds of young men have been trained at a marine school at Tarawa for work aboard foreign ocean-going ships and their remittances are now a significant source of national revenue.

Salt evaporation ponds on Christmas Island could potentially produce tens of thousands of tons of salt but transportation and finding markets are difficult. Christmas Island has a small resort for game fishermen and naturalists who study its abundant bird life. But this is a minor business. Except for fishing, copra and the export of its seamen, Kiribati has yet to secure other feasible sources of significant revenue. The maintenance of an airline to link its scattered islands is a crippling burden for the country. Other international air and sea services are inadequate for its needs and are likely to remain so for the foreseeable future, since the volume of travellers and cargo does not warrant a greater frequency.

NAURU

Land area: 21 square km.
Population (1984): 3,000
Languages: Nauruan, English
Exports: Phosphate
Imports: Foodstuffs, petroleum products, building materials,
vehicles
Economy: Mining
GDP (1980) US\$9,091 per capita
NZ budgetary aid 1985/86: \$10,350,000
EEZone: 320,000 square km.
Status: Independent Republic

Nauruans, with a national income of well over US\$20,000 per head, are reputedly the wealthiest people in the world. This may be true, but the source of their wealth, phosphate, has been a curse as well as a blessing. Until it was discovered that phosphate covered much of the surface of their country only the lonely Micronesian inhabitants cared for the extremely isolated 21 square km. island, lying just south of the Equator in the central Pacific.

In 1888 Imperial Germany took possession of the island, considered then as of little value. In 1914 the Australians displaced the Germans and in 1919 Nauru became a League of Nations C-class mandated territory. Phosphate mining began in 1907 and from then until 1913 the Nauruans were paid a mere halfpenny a ton for their only significant resource. In 1921 the royalty was increased to threepence out of the 30 shillings that the British Phosphate Commission - a joint British/Australian/New Zealand institution - was earning from each ton. During the Second World War Nauru was occupied by Japan.

The British Phosphate Commission resumed mining in 1947 and the Republic of Nauru was proclaimed in 1968, when Nauruans took over the ownership and management of the phosphate mining enterprise.

Tens of millions of dollars have been invested abroad in bonds and securities, in property in Australia, Hawaii, North America, Western Samoa, Micronesia and the Philippines. The republic has its own airline, Air Nauru; it operates the Nauru Shipping Corporation and owns two large purse-seine fishing boats. It also owns shares in large phosphate factories in India and the Philippines.

Nauru's population of about 3000 includes several thousands guest workers employed in the phosphate mine and by the government. The republic's 18-member parliament is a lively institution responsible for the direction of national affairs, while the Nauru Local Government Council, consisting of nine elected members, deals with local matters of a municipal nature.

The government has become aware of the challenges that have arisen from the wealth generated by phosphate revenues and is adopting policies intended to preserve the well-being of its people. Financially, the people of Nauru are secure, but what concerns them is the tenability of their island once mining ceases. The extraction of more than 75,000,000 tons of phosphate has reduced nearly four-fifths of their island to a rubble of coral pinnacles. The people are confined to villages on the coast. The damage to the low-lying island is so great that the government has attempted to buy an island elsewhere, as an alternative home for its people.

The search for a suitable country has not been successful, so the thought now is for the rehabilitation of Nauru's devastated areas. Since, by the year 2010, the indigenous population is likely to have doubled to about 10,000 people, there is not much time left in which to create a satisfactory environment for the population of the future.

NIUE

Land area: 259 square km.
Population (1986): 2600
Capital: Alofi
Languages: Niuean, English
Exports: Vegetables, fruit, handicrafts
Imports: Foodstuffs, manufactured goods, building materials
Economy: Remittances, aid
GNP (1980) US\$ 1,080 per capita
Foreign aid (1985): \$1,167 per capita
EEZone: 390,000 square km.
Status: Self governing state in free association with New Zealand

The isle of Niue emerges as a pancake-shaped piece of coral and limestone, 500 km. east of Tonga. Stumbling on the island in 1774 Captain James Cook made three landings but received such an unfriendly reception from the Polynesian inhabitants that he recorded Niue on his map as "Savage Island". It was not until 1900 that the British were persuaded by the Niueans to add the island to their colonial collection. In the following year, control of Niue's affairs was transferred to New Zealand, and the two countries have a cordially close association ever since.

Niue's physical structure is curious and a cause of difficulty for its modern inhabitants, although a form of insurance for past ones. The entire coast is a cliff 30 metres high, so making the island a natural fortress and a very hard place to disembark at from the sea. The only reasonably safe landing is a small patch of beach at Alofi, which has a few basic port facilities. However, passengers and cargo now move easily in and out of Niue by B737 jet from a runway built by New Zealand in the 1970s.

Since 1975 Niue has been self-governing, its local affairs run by a 20-man parliament. Its leader is the Pacific's longest-serving head of government, Sir Robert Rex, who became leader of government in 1966 and premier when self-government arrived

nine years later. Although New Zealand is responsible for defence and some aspects of Niue's external relations, the island is accepted by its neighbours as independent enough to be a full member of the South Pacific Forum.

New Zealand supplies about NZ\$6 million a year in aid to Niue. This stands as a guarantee of the island's economy; but the close links with New Zealand are also a possible threat to the island's future as a viable entity. Niueans are able to move to New Zealand and live and work there without restriction. By the early 1980s there were far more Niueans in New Zealand, about 10,000, including those born there, than there were at home.

In the last few years, however, the descending curve has flattened and predictions are being made that the population will have recovered from its present level of 2,500 to 4,000, by the year 2000. The belief is that a number of the Niueans who had gone to New Zealand will have the urge to return eventually to their homeland to retire or to use their savings to salvage neglected plantations and gardens.

Niue has a balmy climate and is missed by most hurricanes. Nowadays it is evolving as a market garden for Auckland, despatching fruit and vegetables there by air. There is a good potential for the production of citrus, pawpaw, passionfruit and all-year-round vegetables. Eighty percent of employment on Niue is provided by the government.

Tourists are only just discovering the island, with its spectacular limestone caves, gorges and its charm of a south seas backwater and visitors have increased from about 10 people a month to 100. That is about the number Niueans want to cope with at present. Their main concern is to get their airport improved so that larger shipments of agricultural production can be carried from it and to ensure the maintenance of regular shipping services to New Zealand.

PAPUA NEW GUINEA

Land area: 462,840 square km.

Population (1984): 3,253,000

Capital: Port Moresby

Languages: Numerous local languages, English, Pidgin

Exports: Gold, Copper, coffee, timber, cocoa, fish

Imports: Foodstuffs, manufactured goods, machinery and vehicles
building materials, petroleum products

Economy: Mining, forest products, plantations

GNP (1985) US\$ 700 per capita

Foreign aid (1985): US\$80 per capita

EEZone: 3,120,000 square km.

Status: Sovereign Independent State

Papua New Guinea is the giant of the Pacific Island community of nations. Comprising the eastern half of the island of New Guinea and 600 offshore islands, the country has a land area of 462,840 square km. and a population estimated at 3.5 million. On today's 3,000 living languages, nearly 800 of them are Papua New Guinea's.

An exceptionally rugged terrain, with mountain peaks reaching 5000 metres, vast swamps, great river systems and volcanoes, has for centuries kept Papua New Guinea's peoples split into scores of isolated communities, each one with language, customs and technologies of its own. Such obstacles of terrain kept some parts of Papua New Guinea unexplored and beyond the reach of the former Australian administration until as late as the early 1960s.

Petroleum and natural gas have been discovered in large quantities since the beginning of the 1980s and the country's Exclusive Economic Zone is one of the world's richest tuna fisheries. Its coastal area, including huge mangrove forests, teem with prawns, shrimp and oysters. Coconuts, oil palms, cocoa, rubber, coffee, tea and hardwood timbers also contribute significantly to PNG's national wealth. In recent years, enormous gold discoveries will, in all probability, make the country the world's largest gold producer by the end of this century.

Papua New Guinea is populated by Melanesian peoples, with more than 40 percent of the population concentrated in highland regions that remained untouched by European influences until the 1930s and 1940s. Archaeologists have recently found evidence of settlements 30,000 years old, but the present population probably began moving in from the west 4000 years ago. European contact began in the 16th century but remained peripheral until the early 1900's. The country was a major theatre of the Second World War and became independent of Australian rule in 1975.

Its forests and swamps, highland plains and valleys and its mountain chains make Papua New Guinea a paradise for naturalists and anthropologists and a target for intense mineral prospecting and mining by some of the world's largest mineral development companies. The difficulty of road-building gives domestic air services and coastal sea transport dominance over road services.

While Papua New Guinea possesses half a dozen large towns, the divisions created by the country's difficult geography have presented problems to the central government in the capital, Port Moresby, in fostering the concept of a single national identity and sense of purpose. However, Papua New Guinea's system of Government, with an administration elected from a 109-member, Westminster-style parliament, is among the most dynamic and democratic of its kind in the Pacific Islands region.

Telecommunications links through satellites and terrestrial micro-wave radio are breaking down many of the obstacles that nature placed in the way of national development. However, despite the growing sophistication of towns, administration, transport and industry, many of Papua New Guinea's peoples still remain close to their tribal cultures, unaffected by outside influence except for the way they have taken to travel by internal airline rather than by river canoe or a hard trek through their own forests.

Most indigenous industry is on a small scale, oriented to supplying the local markets. Forestry at present concentrates on the export of logs rather than processing of timber but this is expected to change. It was not until the mid 1980s that the government began giving encouragement to tourism, but the flow of visitors to the country, despite its unparalleled range of scene, cultural and other attractions, still numbers under 40,000 a year.

Papua New Guinea's exports now exceed A\$1,000 million annually and they will jump by hundreds of millions more when several large new gold mines commence production in the 1990s. The considerable volume of exports of commodities and of imports for the large domestic markets has equipped Papua New Guinea with first class sea links with Asia, Australia and New Zealand and international air links with Australia and Asia, operated mainly by the national airline, Air Niugini.

Papua New Guinea's location, as the westernmost member of the Pacific Islands community, gives it the region's only border with Asia. This takes the form of the frontier which divides the island (the largest in the world after Greenland) between Papua New Guinea and Indonesia. Papua New Guinea's leaders have aspirations that point to such Asian groupings as ASEAN, as well as the development of links with Australia, its major source of foreign aid, and other Pacific Island states.

The great challenge before the country's leaders is to manage successfully the development of Papua New Guinea's immense latent natural wealth in a manner that will bring maximum benefit to the country, while preserving its unique cultures and habitants.

REPUBLIC OF THE MARSHALL ISLANDS

Land area: 171 square km.
Population (1987): 40600
Capital: Majuro
Languages: Micronesian dialects, English
Exports: Copra
Imports: Foodstuffs, manufactured goods, building materials
Economy: Aid, military spending
GNP (1984) US\$ 1,284 per capita
EEZone: 2,131,000 square km.
Status: Self governing state in association with the
United States

Of the 2000 islands, islets and reefs of the Marshall Islands it was at Bikini that tests of nuclear weapons were begun in 1946, with a later series at the neighbouring atoll of Eniwetok. In March, 1954 the first hydrogen bomb was detonated above Bikini's lagoon.

The legacy of those tests, a total of more than 60, remains a problem for the Republic of the Marshall Islands. The difficult task of erasing radioactive pollution from the soil of the test sites has yet to be solved satisfactorily. Meanwhile the Marshalls remain a focus of military interest. Kwajalein, another atoll, is used by the United States as a base for the study of the impact of long-range rockets fired from California into its lagoon or the surrounding ocean.

The Marshallese are a Micronesian people who settled the islands about 2000 years ago. Today about 40,000 of them occupy a total of only 170 square km. of land. However, the wide distribution of their islands means that the republic has an Exclusive Economic Zone of more than 2.1 million square km. in latitudes teeming with tuna.

Colonialism for the Marshalls began with their occupation by Germany in 1886. Japan succeeded Germany in 1914 and acquired a League of Nations mandate over the islands in 1921. The United States occupied the islands in 1944, establishing a

United Nations trusteeship. Some forty three years later, in 1986, after more than 20 years of negotiation with Marshallese leaders, the US gave up all control of the country except for military bases and some influence in foreign affairs.

In return for allowing the United States to have a continuing say in its concerns the Marshall Islands are to receive aid totalling more than US\$1 billion, paid in instalments, during the 15 years period of treaty between the two countries.

All the islands of the Marshalls are too small to support anything but subsistence atoll agriculture, and copra has been the only export. The exploitation of fishing appears to be the best economic hope for the future. In the long term, the Marshalls may be able to benefit from deposits of minerals, in particular cobalt, which has recently been found to lie as accumulations on the upper slopes and summits of the hundreds of seamounts detected in its Economic Zone. The tops of many of these submerged mountains are within reach of current mining technology.

The association with the United States gives Marshall Islanders access to the US and a number of other benefits in addition to money. Income from the US should equip the government with all the financial resources necessary to improve local telecommunications, air and sea transport services and other infrastructure and social needs. The islands are too remote to attract significant tourist traffic, although their exceptional coral reefs offer spectacular diving.

SOLOMON ISLANDS

Land area: 28,530 square km.

Population (1985): 297,000

Capital: Honiara

Languages: Numerous local languages, English, Pidgin

Exports: Fish, timber, copra, palm oil, cocoa

Imports: Foodstuffs, manufactured goods, building materials
petroleum products

Economy: Fishing, forest products, plantations

GNP (1985) US\$470 per capita

Foreign aid: US\$80 per capita

EEZone: 1,340,000 square km.

Status: Sovereign Democratic State

There are about 900 Solomon Islands running in a double chain for about 1400 kilometres from the north-west to south-east, between 07°S and 12°S latitudes. The Solomon Islands were first encountered by Spanish explorers 400 years ago, who hoped they might prove to be the legendary source of King Solomon's biblical hoard.

On the capital island, Guadalcanal, alluvial gold does exist and new theories about the mining of gold in Melanesia could lead one day to the extraction of far more precious metal from the Solomons than the old king was ever able to count. But minerals are not the top priority for the 297,000 people of the islands, as their leaders grapple with the problems of development. There are more obvious immediate sources of wealth.

The size of the Solomons, 28,530 square kilometres, and their location close to the Equator gives them one of the world's richest tuna fishing resources. More than 40,000 tonnes of tuna a year are caught at present. Together with copra, timber, palm oil and cocoa exports, the Solomons have potentially one of the strongest and agriculturally best diversified Pacific Island economies.

However, the country also has one of the world's highest rates of increase in population, 3.5 percent per year, and the

incidence of malaria, with more than 70,000 cases a year recorded, extracts a terrible toll in draining energy from an infected people.

Apart from visits from missionaries and traders, the fierce people of the Solomons were left alone to their islands until 1893, when Britain took them under its wing as a protectorate. They remained a colonial backwater, with investment interest limited to only a few international plantation companies, for many years. The Solomons made their first impact on international consciousness in World War II when the Japanese invaded them in 1942, to be driven out by the United States marines in 1943, in one of the bitterest campaigns of the entire war.

The archipelago became an independent member of the Commonwealth in 1978, with a parliament of 38 members sitting in the capital Honiara, on the island of Guadalcanal. Divided by more than 80 distinct languages and separated by great distances between islands, Solomon Islanders are labouring hard to achieve a common national identity. The coalition-style politics of the country reflect this, with leaders of the main political parties engaged in perpetual struggle to preserve the unity of their own organisations and to block challenges from splinter groups.

The Solomon Islanders have made significant strides forward since independence in developing their economy. A modest degree of industrialisation is occurring in and around Honiara, and at Noro on New Georgia a large tuna canning base is being developed. Situated in the South Pacific's cyclone belt, the Solomon Islands is one of the several countries in the region that are periodically devastated by a hurricane. Every few years development efforts suffer a massive setback, with millions of dollars having to be diverted to salvage ruined villages, infrastructure and crops.

In 1986 Hurricane Namu affected 118,000 people, 40 percent of the population, and caused havoc from which it took seven to ten years to fully recover. But out of the fire, so to speak, is being forged a tough new breed of people driven by necessity to plan, organise and execute relief and recovery efforts on a scale never attempted by them before.

The Solomons population explosion - an increase of 86,000 people in the ten years to 1988 - is presenting the government and people with new varieties of social problems. Birth control is an obvious answer, but for cultural reasons it is not one that many Solomon Islanders are prepared to accept. Although the bulk of Solomon Islanders still live in the rural confines of their home islands, improved shipping and inter-island air transport is giving them a mobility that was not previously possible.

Town is the place to visit, and such visits bring acquired tastes which can cause restlessness as people return to their villages. The need to accelerate the development of the latent natural wealth of the islands at a rate appropriate to the needs and aspirations of their people becomes steadily more pressing.

TONGA

Land area: 699 square km.
Population (1987): 101,100
Capital: Nuku'alofa
Languages: Tongan, English
Exports: Coconut oil, bananas, vanilla, clothing, light manufactures
Imports: Foodstuffs, petroleum products, manufactured goods, vehicles, building materials
Economy: Remittances, aid, coconut oil, manufactured goods tourism
GNP (1983) US\$ 780 per capita
Foreign aid (1985): \$128 per capita
EEZone: 700,000 square km.
Status: Kingdom

The 101,000 subjects of the King of Tonga are proud of the fact that their country is not just the only monarchy in the Pacific Islands, but also one of the oldest monarchies in the world.

Tonga's ruler, King Taufa'ahau Tupou, is descended from a line that can be traced back for nearly a thousand years. He governs with the help of a legislative assembly in which seven of the 21 members are elected by popular vote. Seven are appointed by the King as his cabinet ministers and seven by the country's 33 peers.

Tonga's land mass totals a mere 699 square km., divided into four groups of islands. The islands range from minute atolls to active volcanoes. The soil of some parts of Tonga is quite exceptionally fertile, conducive to the prolific production of high quality fruit and vegetables that have a ready market in New Zealand. However, like several other countries of the Pacific, Tonga's small amount of territory and growing pressure on it presents the prospect of economic constraint that must be relieved by farsighted planning. According to the constitution every male Tongan is entitled to the allocation of 3.34 hectares of agricultural land and at least .08 hectares of urban land on reaching the age of 16 but population pressure has brought the continuing viability of this custom into question.

Historically, the Tongans, a Polynesian people, have been energetic and adventurous as sailors and explorers and these characteristics aid them in coping with the problems of modern development. The King himself is a notably development and diversification-minded man who is no mere figurehead. Tonga remains dependent on aid, however, and the problem that its often highly-educated people encounter in finding jobs have generated a steady drain of graduates, technicians and craftsmen to New Zealand, Australia and the United States.

Since becoming fully independent in 1970 the Tongans have been notable in their efforts to make the best of their local resources and to attract industry and investment. A great success has been the introduction of vanilla as a smallholder crop. This is now one of the chief agricultural exports, and of by far the highest unit value.

Tourism was initially treated with caution but is now being energetically promoted. The government has upgraded its main airport to B767 standard and is looking for investors to equip Tonga with first class hotels. The Vava'u islands, 270 km. to the north of Tongatapu, where the capital, Nuku'alofa, is situated, are one of the most spectacular scenic settings in the region and are designated as the centre for future tourism development. One resort hotel is located in these islands and a large yacht charter business is thriving among them.

The Tongans were the first Pacific Islanders to successfully operate Asian-built longline fishing vessels on their own account. They have ventured into shipping and aviation and have created one of the region's most successful small industrial estates, in which factories manufacture for local and export markets.

Although they are active fishermen Tongans are limited in harvesting their country's Exclusive Economic Zone for tuna since the fairly southerly situation of the kingdom means that

its seas are cooler than tuna prefer. The sea-bed geography around Tonga is, however, attracting increasing interest from oil explorers who have already, although without success so far, drilled some exploratory onshore wells in search of the source of the petroleum which seeps to the surface in small amounts. Seismic research indicates that offshore Tonga may find large oil reserves, which, if proven would be a solid insurance for its future.

TUVALU

Land area: 26 square km.
Population (1987): 8,000
Capital: Funafuti
Languages: Tuvaluan, English
Exports: Copra, handcrafts
Imports: Foodstuffs, manufactured goods, building materials
Economy: Remittances, copra
GNP (1980) US\$ 570 per capita
Foreign aid (1985): \$413 per capita
EEZone: 900,000 square km.
Status: Sovereign Democratic State

Centuries of isolation have made the Polynesian inhabitants of Tuvalu's nine small atolls experts in extracting a modest living from their central Pacific environment of coral reef and lagoon. Population pressure on a land, whose surface totals only 26 square km., has inevitably produced quandaries for the 8000 people, whose earning power is so heavily dependent on slender sales of copra, postage stamps, handcrafts and fish. In 1975 Tuvalu, then known as the Ellice Islands, voted to sever from the British colony of the Gilbert and Ellice Islands and it achieved full independence on October 1, 1978.

Lying between five and ten degrees south of the Equator, Tuvalu's latitude is high enough to ensure that it normally escapes hurricanes. Its location has few other blessings. One thousand kilometres north of Fiji and 4,000 kilometres north east of Australia, Tuvalu's exceptionally fragile economy remains heavily aid-dependent, despite revenue from its trust fund.

In 1987 an inspired initiative from Tuvalu's leadership achieved dramatic success with the inception of the Tuvalu Trust Fund. Tuvalu persuaded Australia, Britain and New Zealand each to contribute about A\$8 million to a perpetual fund. This trust earns interest used to finance the country's recurrent deficit in its budget. The fund is an aid-giving precedent that has excited the interest of other very small countries.

While pragmatic management of the fund by a board of Tuvaluans and donors' representatives has alleviated budget worries, the task of improving Tuvalu's standard of living remains difficult.

Tuvalu's islands range in size from 0.2 square km. to 5.6 square km., and have little or no soil, no surface water and sparse vegetation. Rainfall is frequent however, but only the largest island, Vaitupu, supports significant agriculture. On eight of the islands the small communities are largely self-reliant but with a population of 2700 the atoll of Funafuti, the centre of government, suffers urban pressure not yet known on the other islands.

Tourists trickle in at no more than one or two hundred visitors a year. Scores of young men trained in the Funafuti marine school send home money earned by them as crew aboard foreign ships. Imports are delivered by sea from Fiji and Australia and travellers reach Funafuti by Heron and HS748 flights from Fiji and Kiribati.

The Law of the Sea Convention has conferred a 900,000 square km. Exclusive Economic Zone on Tuvalu as some compensation for its absence of land. The zone has enabled the government to coax foreign fishing nations to pay licence fees.

It also gives Tuvalu control of the eventual exploitation of manganese and the other mineral known to occur on the seabed and on the slopes of sea-mounts in the zone.

Two government ships and the radio hold Tuvalu's atolls together as one of the world's smallest nations, governed from Funafuti by a prime minister and four cabinet ministers drawn from a 12-member parliament. A frugally-minded administration runs the country on a \$4 million budget and plans for a future based, as it puts it, on "fisheries, agriculture, the wind, the sun and the waves". Having subsisted in the middle of the

Pacific Ocean for centuries most Tuvaluans have no doubt that their future will continue to rest on their success in exploiting the sea.

VANUATU

Land area: 11,880 square km.

Population (1987): 145,000

Capital: Port Vila

Languages: Numerous local languages, English, French, Bislama

Exports: Copra, cocoa, beef, fish

Imports: Foodstuffs, petroleum products, vehicles, manufactured goods, building materials

Economy: Plantations, tourism, fishing

GNP (1982) US\$ 530 per capita

Foreign aid (1985): \$166 per capita

EEZone: 680,000 square km.

Status: Sovereign Democratic Republic

Vanuatu's 145,000 Melanesian people have three official languages, English, French and Bislama. Quite a lot of people can manage all three, many are fluent in at least two and nearly all know Bislama, a definite language now, which has evolved from what was once known as Pidgin English. The trilingual arrangement is a necessity. Among Vanuatu's 90 islands about 100 indigenous languages are spoken, but the locality of most of them is so restricted that, without Bislama, the people of one village would often be unable to communicate with the people of another only a small distance away.

Vanuatu's emergence as an independent nation in 1980 was unusually difficult, judged by the history of the South Pacific. Until then it had, since 1906, been ruled jointly by Britain and France as the Condominium of the New Hebrides, with totally separate British and French administrations.

Independence was marked by an attempted secession of the largest island, Espiritu Santo, engineered by disgruntled settlers. The young government overcame that problem with help from troops sent by Papua New Guinea. Since 1980 the problem of Anglo-French divisions still partly remains. However, the bout of independence troubles did imbue its diverse peoples with a sense of national identity and purpose.

Vanuatu's curious colonial era left it with a very under-developed economy. There were some copra plantations and cattle ranches but hardly anything else of note, except of the financial centre set up in the early 1970s in the capital, Port Vila. This business, carefully nurtured by the government, earns Vanuatu several million dollars a year, a substantial amount for a country run on a budget averaging not much more than about \$30 million.

A speciality Vanuatu offers is ideal cattle country since it is free of most livestock diseases and can produce a quality of meat suitable for the most discerning markets. Japanese and Australian companies are therefore making large investments on cattle raising, while a British development agency is involved with coffee and cocoa.

The country's single-chamber parliament has 43 elected members. The Vanua'aku Party, led by Father Walter Lini, has been in power since independence. Vanuatu is a relatively under-populated country. More than 90 percent of its people live pretty well as did their ancestors as simple subsistence level villagers. Copra is the main export, the export of chilled beef to Japan is developing, and the government is laying down its future based on diversification into cocoa, coffee, spices, forestry and tourism.

Although Vanuatu has a fairly large Exclusive Economic Zone, tuna are not a major resource. However, inshore fishing for snapper has good prospects for local and export markets.

The legacy of British and French rules is not entirely rejected. The two influences have combined to make Port Vila one of the most charming of South Seas capitals, with a shy sophistication and some fine restaurants matched by few other parts of the region. In common with some other Pacific Island countries, it has been cautious about developing tourism. Vanuatu's government is demonstrably anxious to preserve and

foster local culture and to shield it as far as possible from the corrosion of imported influences.

WESTERN SAMOA

Land area: 2,935 square km.
Population (1984): 160,000
Capital: Apia
Languages: Samoan, English
Exports: Coconut oil, cocoa, vegetables
Imports: Foodstuffs, petroleum products, manufactured goods,
vehicles, building materials
Economy: Remittances, aid, plantations
GNP (1985) US\$570 per capita
Foreign aid (1985): US\$119 per capita
EEZone: 120,000 square km.
Status: Independent State

On January 1, 1962, Western Samoa became the first of the modern Pacific Island states to become fully independent. Samoa's Islands have been settled for about 3000 years and apart from some temporary incursions by Tongan invaders 500 years ago the indigenous people had a long tradition of aloof independence until European colonialists moved in.

Samoa was one of the last South Pacific countries to become a victim of the 19th century European colonial rivalries. From the 1850s German traders and planters arrived as settlers and 30 years later dominated the commercial life of the country. By a treaty of 1899 Germany acquired the islands of the present-day state of Western Samoa while the United States took over the island of Tutuila and the small islands of Tau'u Ofu and Olosega. New Zealand occupied Western Samoa in 1914 when the First World War broke out and remained in control until independence in 1962.

The colonial period made remarkably little impact on the intricate organisation of Samoan society and custom. Christianity won Samoans over completely but a culture in which the matai, the head of a family unit of usually about a dozen people, directs the daily lives of the people is still entirely intact.

Independence brought a parliamentary system of government to

the country, but except for two seats reserved for people of part-European descent, representation in the 47-member single chamber is limited to 45 matai, who can be elected only by other matai. Parliament elects the Prime Minister and a hereditary high chief, His Highness Malietaoa Tanumafili II, functions as the ultimate guardian of the constitution and as Head of State.

Although Western Samoa's two largest islands, Upolu and Savai, with a total area of 2,935 square km., appear to be lushly fertile, their volcanic origin offers only limited opportunities for forestry and intensive commercial agriculture. The country's 160,000 Polynesian people are still mostly subsistence framers, growing most of their own food needs and as smallholders producing some copra, coconut oil, cocoa, and vegetables for the large Polynesian community in New Zealand.

Economic growth has been related by a combination of factors, the daily self-sufficiency of most Samoans, limited market outlets for the small range of tropical crops produced, and a disincentive arising from the fact that for many years Samoans had free access to New Zealand. The economy is heavily subsidised by foreign aid and the millions of dollars of remittances sent home each year by the tens of thousands of Samoans who have moved to New Zealand, Hawaii or the United States mainland.

Population pressure, restrictions on the number of Samoans now able to enter New Zealand and a deterioration of the country's economic situation are changing Samoan attitudes. Governments which previously discouraged tourism with the motive of preserving Samoan culture from being eroded by it are now promoting the industry. Polynesian Airlines, the national airline, managed in association with the Australian airline ANSETT has become a key element in delivering of visitors from New Zealand and Australia.

Unlike most of its neighbours, Western Samoa has a small exclusive economic zone, only about 120,000 square km. Offshore fishing therefore offers no great potential nor have any minerals yet been discovered and opportunities for industrialisation appear at this stage to be limited.

The future points to an intensification of efforts to produce cocoa, passionfruit, pawpaw and perhaps the revival of the now defunct banana export industry, together with the cautious expansion of tourism. However, the number of Samoans living abroad is now so large, at least as many as there are in Western Samoa, that the foreign exchange value of present remittances underwrites the whole economy and receipts far exceed annual foreign aid.

CHAPTER TWO

REGIONAL CO-OPERATION

2.1 Introduction (For What Purpose)

Where countries have linked interests and such interests promoted vigorously to yield benefits to them collectively or in terms of their own national interest as they see them, regional cooperation is in play.

It is sometimes suggested that regional cooperation ought to be undertaken for its own sake. Even if it requires sacrifice to maintain it, regional cooperation is of value in itself. It has substantial symbolic value, and it helps to bind nations together. The Pacific Forum Shipping Line, regularly operated at a loss, might be explained in these terms. (see paragraph 2-4(4) page 64)

There is some merit to the argument for regional cooperation for its own sake, and certainly in terms of national sovereignty. Isolated and vulnerable communities can speak more effectively with one voice than with many; the South Pacific Forum might also be explained in these terms. (see paragraph 2.4(2) page 60)

The attainment of self-government and independence by island nations in the Pacific loosened ties with former colonial powers. They are too small to carry out effectively a whole range of functions which would be normal in larger nations. Functions which would require a large population base were formally undertaken by the metropolitan powers. Now, the advantages by joint action by Pacific Governments, training institutions, churches, unions and other organizations are being explored and used increasingly in the Pacific.

By world standard regional cooperation among the Pacific

countries and territories has achieved a great deal in a short time.

It is a general conception that regionalism is only in terms of inter-governmental activity. That is only a part of it. Inter-governmental linkages are indeed important, but they are also brittle; a dispute in one field may directly influence or threaten other supposedly unrelated organisations. The region's strength lies in the multiplicity of the fibers making up the web, and the fact that each serves a different interest group, and involves a different set of people. This "collective dynamic" in Pacific regionalism is difficult to quantify, but its existence is evident and its significance substantial. In addition to the vital role of governments, regional religious bodies, business and worker associations, learned and professional societies, and cultural, sporting and other organizations constitute the network of cooperation and interaction on which a significant degree of Pacific unity has already been built.

Regional co-operation in the Pacific is facilitated by water boundaries, by the absence of major ideological differences, and by the fact that extensive close contact is recent (and thus there are a few hangovers of historical conflict), also the fact that governments are generally stable and fully elected (except for West New Guinea and recently Fiji) results in mutual respect; there is some feeling of common ethnic heritage vis-a-vis surrounding populations, there is relatively frequent and harmonious contact between leaders, and relations are characterized by flexibility, informality and pragmatism. It is also greatly enhanced by the fact that regionalism is in the interest of the Pacific rim powers which pay for most of it in the islands.

The Pacific is not aiming for integration in the sense of moving towards a single island state or federation, but towards functional and pragmatic cooperation in specific fields for

specific purposes. In total it constitutes a small fraction of the activity at national level.

2.2 The Constraints

(1) **In the Pacific, Caribbean and East Africa**

Apart from the general desire of nations to preserve their national autonomy, there are always some constraints to regional co-operation in any concrete context. Ron Crompton, a Professor for twenty years with the University of South Pacific in Fiji, wrote in the fifth edition of "The South Pacific" expressing a personal view of some major trends in the past, present and possible future of the Pacific region. The contents of pages 175-177 are reproduced here to elaborate some constraints to regional cooperation in the South Pacific, Caribbean and East Africa.

"Last century the centre of gravity in the islands was located in Polynesia, where effective centralised governments were established in 1800s. It then moved to Fiji after that became the center of the British empire in the islands, with a consequent centralisation of trade, higher education and the creation of an administrative/political elite. This gave Fiji a great advantage in regional politics after independence because its leaders, having been educated earlier and further, had little competition in becoming leaders of the Pacific. In the early stages this leadership seems to have been used altruistically for the benefit of all islands, and was widely appreciated. But by the late 1970s it was becoming clear to the other countries that Fiji's role in regional co-operation was being used in such a way that, while the main costs of most forms of regional co-operation were being paid by external donors, and intended to be for the

equitable benefit of all islands countries, Fiji was the main beneficiary.

A process of offering attractive terms for the initial establishment of regional facilities in Suva and then slowly manipulating the factors in its own favour, has given Fiji considerable short-term advantage, but probably greater long-term disadvantage. **Jamaica**, once the centre of the British empire in the **Caribbean**, likewise became the centre for Caribbean regionalism. But having used its advantage to its own benefit in relation to its neighbours, within twenty years Jamaica was no longer the centre of regional co-operation.

In the same way, if Fiji continues to allow the accidents of colonial history to disadvantage its neighbours, it is likely to be left isolated by the end of this century. The Central Medical School, built by external donors to serve the whole English-speaking Pacific, was highly successful. But after thirty years it became the Fiji School of Medicine and its service to the region became a token, only large enough to ensure that it qualified for regional aid. The Derrick Technical Institute, set up by the United Kingdom to serve all United Kingdom territories in the Pacific, became absorbed into the Fiji Institute of Technology within 20 years; Air Pacific, set up by colonial powers, aimed to transfer its assets to a consortium of Pacific nations, but became Fiji's national airline within a decade; the South Pacific Telecommunications College, financed by the European Community for all Pacific countries, was taken over by Fiji as a nationally-operated college serving national interests mainly even before the concrete had set. There is some apprehension about the fate of other regional facilities located in Fiji.

There is no need here to go into details of the process. Fiji generally claims that it is because some others object to meeting their share of the costs. But the most common reply of the others is that they are happy to pay an equitable share, but that Fiji insists on disproportionate benefits for its economy and its people. The Fiji government's practices guarantee big advantages for Fiji citizens over those of other member countries. Immigration practices discriminate heavily against islanders from outside Fiji, and those who do enter face a range of official and unofficial discrimination against them and their families in relation to employment, housing and other loans, scholarships, finance, civil rights and otherwise.

To take a few examples, the 66 jobs for Pacific Islanders in the **regional** programme of the United Nations Development Programme (in 1982) were all held by Fiji citizens; when a member government asked if it could have just one or two of its nationals employed as hostesses in Air Pacific the airline of which it was then supposed to be an equal partner this was refused by Fiji; and in twenty years at the University of the South Pacific most islanders appointed from outside Fiji have been unnecessarily delayed or harassed and in some cases frustrated to the point of withdrawal.

Once the concrete is poured, any regional institution is to some extent a hostage of the host nation, and the more regional facilities that are concentrated in one country, the greater that country's leverage. This realisation is leading to growing pressure for a spread in locations of headquarters of regional institutions as is done in ASEAN and CARICOM. Telecommunications, improved air links, and the rapid spread of computing and other services make this feasible.

If co-operative regional activity is too centralised the central nation becomes the main beneficiary, usually playing down its benefits and over-rating its costs, until the peripheral smaller countries turn elsewhere - at which state the central nation is likely to be the main loser. A major reason for the collapse of the Caribbean Federation was the disproportionate benefits derived by Jamaica. Likewise Kenya's taking of the lion's share was a major issue in the collapse of the **East African Community**. Unless the benefits of Pacific regional co-operation are more realistically shared, not only will the Pacific nations be worse off, but the leverage of the super powers will be so much greater."

(2) **In Southeast Asia**

In order to further demonstrate that there are always some constraints to regional cooperation anywhere in the world, the situation in Southeast Asia is cited in the writing on *Regional Approaches to Meeting National Marine Interests* (pgs 87-89) by George Kent, Research Associate at the East-West Environment Institute, East-West Centre, University of Hawaii.

"The political characters of the entities of Southeast Asia are so different that cooperation under present political conditions may appear to be beyond contemplation.

The political entity surrounding the South China Sea, include the capitalist, western-oriented ASEAN bloc comprising the eastern and southern rim - the Philippines, Indonesia, Singapore, Malaysia and Thailand; the socialist states comprising the northwestern and northern rim - Kampuchea, Laos, Vietnam and China; politically isolated Taiwan; the British dependencies of Brunei and Hong Kong; and the Portuguese colony of Macao."

There are other constraints as well: many of these states are still struggling with the basic problem of nationhood such as the creation of a sense of national identity among the populous, territorial integrity, or establishment of a viable economic and social system.

Within ASEAN itself, politico-economic relations are cordial but competitive...

In the wake of the successful Indochina revolution, the United States, the Soviet Union, and China are crying for spheres of influence within the region...

Coastal states will have to develop policies and efficient management designs for the environment, resources and the increasing variety of the activity within these zones. However, in many nations, the administrative, scientific and technical infrastructure is presently inadequate for efficient management...

Settlement of jurisdictional boundaries is a prerequisite for cooperation...

Further, China's historical claim to much of the South China Sea poses a major constraint for regional marine activities which exclude China. ((9) page 88)

A full analysis of the particulars of the current political situation would be required in assessing any specific proposals for cooperation.

Political constraints can and do change over time. But the underlying economic potential of the marine resources of the region remains as a more or less constant part of the background, part of the very geography of the region. Under changed political conditions, an increasing share of this potential

might become available to be tapped. Clear analysis of those possibilities may help to motivate and to accelerate the improvement of the political relationships throughout the Southeast Asian region. As one observer notes "...if no one looks at "politically infeasible" alternatives now, we may never know the real costs of the purely "political decisions" we take". ((9) page 89)

2.3 Other Different Approaches

For advocates of cooperation, one major task is to undertake serious analyses of where cooperation is most likely to be fruitful, and to show just how fruitful is likely to be.

Another avenue is to show that the costs and risks of cooperation can be limited. So long as regional cooperation is taken to mean entanglement in some large-scale regional organisation, then it will be assumed that regional cooperation is going to be costly and risky. However, it is possible to calculate other means of cooperation which are less onerous. Several different approaches to regional cooperation can be distinguished, and these are:

- **joint activities**
- **regional organisations**
- **treaty arrangements**
- **harmonization of laws and policies**
- **informal contacts**

The most demanding of these approaches is **joint activities**, involving sustained close interaction in specific enterprises or projects such as joint scientific research programmes, joint ventures in fisheries and joint development of hydrocarbons.

Participation in **regional organizations** can vary from symbolic to substantial. Where the organisation undertakes extensive

activities, possibly including management functions, participation can become a costly matter, particularly for developing countries.

Treaty arrangements generally are the result of hard negotiations relating to specific problems. They result in firm obligations which are not readily adapted to managing circumstances.

Harmonization may be defined as the deliberate alignment of the **laws** or **policies** of different nations for the purpose of fulfilling their national interests. In fishing, shipping and most other sectors, there are likely to be modest adjustments in national laws and policies which would yield significant benefits to all concerned. Harmonization is likely to be less demanding than the other more obvious instruments of international cooperation.

Informal contact is the least-costly and least risky method of undertaking regional cooperation. However, it does not get the recognition it deserves. With informal communication it may, from time to time, be possible to find fruitful areas for cooperation on a modest scale.

2.4 Regional Organizations in the South Pacific

As mentioned elsewhere, regional cooperation among the Pacific countries and territories has achieved a great deal in a short time. About 300 regional organisations now operate in the Pacific (A Directory of Pacific Regional Institutions prepared by the Institute of Pacific Studies of the University of the South Pacific, was published by ESCAP in 1982; another is in preparation), and further mentioned also that, some people think of regionalism only in terms of inter-governmental activity. This is not the case. Many regional organizations fit under one or other of the five umbrella organizations:

- the South Pacific Commission (SPC);
- the South Pacific Forum (SPF);
- the Pacific Conference of Churches (PCC);
- the United Nations; and
- the University of the South Pacific (was intended to be an umbrella organization for higher education for the former UK and New Zealand colonies.)

(1) The South Pacific Commission (SPC)

This institution was founded in 1947. It is a technical organization which provides training and assistance in social, economic and cultural fields to countries of the region it serves. The SPC members meet annually to consider and approve the Commission's work programme and budget for the coming year. The Commission provides a forum for the discussion of regional issues and gives assistance to Pacific Island Countries in economic, social and cultural development.

Members of SPC are:

American Samoa, Australia, Cook Islands, Federated State of Micronesia, Fiji, France, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New-Guinea, Pitcairn Island, Solomon Islands, Tokelau, Tuvalu, United Kingdom, United States of America, Vanuatu, Wallis and Futuna and Western Samoa.

The Commission provides assistance through its integrated work programme which includes projects in food and materials; marine resources; rural management and technology; community services; socio-economic statistical services; education services; information services; regional consultation; awards and grants; and cultural

observation exchange.

a. Assistance to Trade and Industry

The Commission provides assistance that promotes the development of trade and industry mainly through its programmes.

b. Agriculture

The objectives of the programme are the promotion of subsistence, commercial and economic agriculture in order to reduce dependence on imports and increase exports.

c. Marine Resources

The programme has three fold objectives:

- to increase fisheries production in line with national planning objectives;
- to upgrade the technical expertise of national fisheries administrations; and
- to provide fisheries expertises in SPC multi-disciplinary activities.

d. Rural Management and Technology

Activities under this programme include resource surveys, environmental assessment and monitoring, preparation of associated management plans and standards, appropriate technology as in the fields of energy and rural development, health and sanitation, employment and water supplies.

In-country training courses in foodhygiene aimed at foodhandlers in the retailing, catering and manufacturing sectors are of particular relevance together with courses in meat inspection, health inspections and veterinary.

The overall objective of the programme is the improvement of the quality of life in rural areas and in the outer islands of the region.

e. Socio-Economic Statistical Services

Three related programmes of activity are implemented under this part of the Commission's work programme involving the statistics section, the economics section, and population data services.

The statistics section administers a generalised statistical training programme and specialised training project, and coordinates regional conference of statisticians. The economics section provides information, research, training and advisory services on economic aspects of the Commission's work programme in association with SPEC, this section coordinates the regional conference of development planners and training courses in project analysis and inform management and economics.

(2) The South Pacific Forum (SPF)

The South Pacific Forum is an annual meeting of Pacific Prime Ministers, Presidents and Premiers of the independent and self-governing countries of the Pacific set up in 1971 on the initiative of the South Pacific states themselves. It has no written constitution, or treaty arrangement or other instrument which bind themselves together; nor has its objectives defined. It is within the Pacific spirit of regional solidarity, mutual respect and confidence which brought them together. They are bound together by geography, democratic traditions and common experience.

SPF is a political organisation and has operated at the

highest level of integrity, by world standard, totally committed to the survival and integrity of its members.

Its secretariate the **South Pacific Bureau for Economic Cooperation (SPEC)** and permanent seat is headquartered in Suva, Fiji (now known as the Forum Secretariat). SPEC is an intergovernmental organization set up in 1972 by the Forum. Additional to its forum functions, its basic objective is to encourage, promote and facilitate continuing cooperation and consultation between member countries on trade, economic development, telecommunication, transport, tourism and other relative aspects.

SPEC membership comprises the governments of Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Papua New-Guinea, Republic of the Marshall Islands, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa.

SPEC acts either in response to a collective decision by its members or on the request of an individual government. It also acts as the regional authorising office for regional programmes under the Lome Agreement. Funds administered include the \$7.34 million allocated to the region by EEC (Lome II) for the five year period of the agreement. Funds from the Global Trade Promotion Fund accounted for the establishment of the Pacific Islands Association of Chamber of Commerce (PIAAC), and the Tourism Council of the South Pacific (TCSP).

(3) The Forum's Specialised Agencies

The fact that the Forum is totally committed for the developmental interest of the region, several agencies have been established to facilitate those developments:

a. **The South Pacific Forum Fisheries Agency (FFA)**

FFA was set up in 1971 by the Forum Island countries with its headquarter in Honiara, Solomon Islands.

FFA's main objectives are:

- Securing the maximum benefits from the marine living resources of the region for its peoples;
- Promoting regional cooperation and harmonization of fisheries policies; and
- Collection, analyses, evaluation and determination of statistical, scientific and economic information about the living marine resources of the region.

Assistance to trade and industry are covered within the following programmes of FFA:

Information Dissemination is facilitated through the distribution of weekly news telex, newsletters and statistical reports to member governments on market trends, industry development, fishing activity in the region and important developments in relevant government policies.

Tuna Fishing Development has been carried out by FFA which involved in the planning of a purse seine test fishing arrangement to assess the commercial potential of purse-seine fishing operation in the areas where this type of fishing is yet undeveloped.

Economic Analysis have increasingly become the major form of technical assistance provided by FFA.

The emphasis is on the overall advice on strategies for developing national tuna fishing and processing

operations and for evaluating specific large scale project proposals.

A major study has been undertaken on export markets for products such as beche-de-mer, sharkfins, shells and precious corals. From such studies proposals to increase regional exports will be evaluated.

b. Tourism Council of the South Pacific (TCSP)

Aim of this forum agency is concerned with the development of a regional approach to tourism. Its programmes have been funded under the LOME II Convention, supervised by the Tourist Management Board Headquartered at SPEC (upto 1989), Suva Fiji. Speculation is rife over the continued existence of this agency, though it is hoped that such is to the contrary.

c. The Pacific Islands Association of Chambers of Commerce (PIACC)

The aim of this forum agency is to coordinate and assist with the development of national chambers of commerce; the encouragement of regional trade through the provision of trade information. Establishment of this agency was financed under LOME II Convention.

d. Committee for Coordination of Joint Prospecting for Mineral Resources in the South Pacific Offshore Areas (CCOP/SOPAC)

The Pacific states have adopted a regional approach to maritime resources research and management. Lack of qualified manpower and funds, combined with time, size of nearly all the countries concerned, necessitated the formation of CCOP/SOPAC as a regional organization. The EDF fund under the LOME Convention covers consulting services, technical assistance, training, supply of equipment.

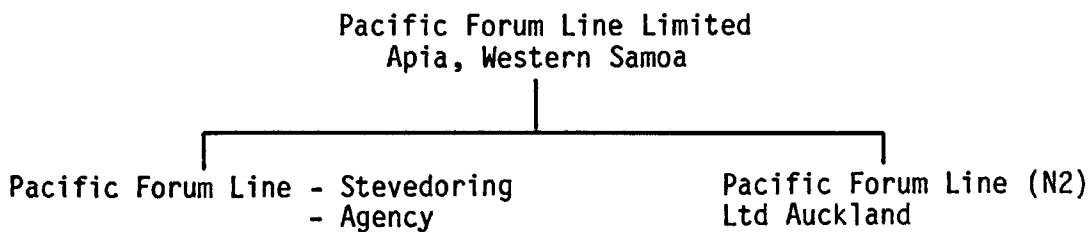
Data collection on mineral resources ranging from hydrocarbons to manganese, cobalt crust and nearshore building material, together with offshore coastal and seabed mapping and geological, seismic, gravity and magnetic studies are some of the principal functions of CCOP/SOPAC as a regional organisation.

(4) Pacific Forum Line (PFL)

The South Pacific Forum has been the pioneering force for the establishment of the **Pacific Forum Line**, the result of a successful regional cooperation arrangement.

The Forum Line is structured as a limited liability private company, the shareholders being the Governments of the Cook Islands, Fiji, Kiribati, New Zealand, Nauru, Papua New-Guinea, Solomon Islands, Tonga, Tuvalu, Western Samoa and recently the Marshall Islands. Each country has a varying financial share in the form of "A" and "B" shares. "A" shares carry voting powers; all shareholders have equal shares and therefore equal right.

The company is registered in Apia, Western Samoa but the operating arm of the company, PFL (NZ) Limited is located in Auckland, NZ. The company has other associated subsidiary companies and operating divisions:



Forum Shipping Agencies International: Auckland, Apia, Christchurch and Suva.

The line operates four ships, "Forum Samoa" runs from Auckland, through Lautoka, Suva, Apia, Pagopago and Nukualofa. "Forum New Zealand II" runs from three New Zealand ports - Lyttleton, Napier and Auckland - on a round trip which includes Brisbane, Port Moresby, Lae and Honiara. "Fua Kanengas" operations connects the Australian ports of Sydney and Brisbane with Lautoka, Suva, Apia, Pagopago and Nukualofa. The routes which include Apia offers transshipment to Rarotonga in the Cook Islands per the Hawaiian Pacific Line "Mv URTE".

The Forum Line is doing what is intended; it offers services which are tailored to the needs of the Forum countries, provides reliability in shipping to the smaller ports and keeps its freight rates as low as feasible - which in turn has stopped other shipping lines from inflating their own rates too often (although, in turn, the line is vulnerable to private operators slashing their own rates to win business away from the Forum Ships). Most importantly, the line is providing a much needed service and not loosing money.

In 1989, Forum took a bold step by extending its operations to Majuro in the Marshall Islands. Previously, a chartered conventional vessel had provided a four weekly feeder service out of Suva to Tuvalu and Kiribati, an operation financed as aid by the Australian and New Zealand Governments. To take advantage of the growing trade links between Micronesia and the South Pacific PFL time-chartered the ship known as "Forum Micronesia". Initially it plied from Auckland to Suva, then to Funafuti, Tarawa and Majuro.

The run is still not profitable, with Australia and New Zealand covering the shortfall. One of the drawbacks to the service is the inadequate business for the ship on its

southward voyage back to Suva. But the intention is to stick with the service, and the support from the Australian and New Zealand Governments mean that Forum can persevere - and as it has shown in the past, patience is an essential quality when trying to commercialise development in the Pacific Islands.

The line's early history was marred by a succession of operating losses due to initial under-capitalisation, high cost of leasing containers, high world charter rates and other associated costs most of which were paid in US dollars and other foreign currencies. There was a crippling drain on the line's cash flow. However, subsequent recapitalisation to realistic levels has enabled the company to purchase equipment and to renegotiate charter and leases. Some rationalisation of services and agency agreements were successfully accomplished. Since then it has pulled itself together and turned things around. By 1985 PFL was able to declare a maiden voyage profit, and has since been voyaging in the black; and it is hoped that this trend will continue for the years ahead.

2.5 The European Community and Pacific Cooperation

In 1975 the European Community (EC) signed an overall co-operation agreement - the Lome Convention - with a group of African, Caribbean and Pacific (ACP) countries which include Fiji, Tonga and Western Samoa. Over the next five years Papua New Guinea, Solomon Islands, Tuvalu, Kiribati and Vanuatu signed the convention on becoming independent, and joined the ACP group in their turn.

As signatories to the Lome Convention and its successors these eight Pacific states, along with overseas territories countries (OTCs), New Caledonia, French Polynesia and Wallis and Futuna (associated, as French Overseas Territories, with the Community since 1958), are entitled to a number of trade and aid advantages.

The importance of the EC-Pacific relations is underlined by the permanent presence in Brussels of three Pacific Ambassadors, representing Papua New Guinea, Fiji and Western Samoa. The commission of the European Communities maintains three delegations and three sub-offices in the Pacific to implement its aid programme.

(1) Instruments of Cooperation

Trade

The South Pacific region exports agricultural commodities, fish and minerals, and imports manufactured goods (vehicle machinery) fuel and food. Most Pacific countries export copra, cocoa and timber; some export palm oil, coffee, bananas or vanilla; and Fiji exports sugar. Tuna fish is a valuable product, particularly for the Solomon Islands. Papua New Guinea is a major source of copper and gold; New Caledonia is a leading nickel producer while Nauru is renowned for its phosphate supply.

Despite the distance separating them, the European Community remains the biggest outlet for the South Pacific countries. The value of their exports to the EC is four or five times greater than the cost of their imports from Europe. Within the EEC, the British, French and Dutch markets are particularly important for Pacific export.

a. Trade Arrangement

The trade provisions for the Lome Convention allow the vast majority enter the EEC duty-free and in unlimited quantities, while the Pacific countries may charge customs duties on any EEC products which they import.

Under the Sugar Protocol attached to the Convention, the EC agrees to buy a fixed quantity of sugar from ACP sugar producers at an attractively high guaranteed price. Under this arrangement Fiji can sell over 165,000 tonnes annually and guaranteed a sure outlet at a good price for between a third and one half of its annual sugar crop.

The Stabex Scheme (cash transfer to compensate for serious losses sustained on export earnings as a result of price falls, crop failures or damage to crops) has also proved helpful for the region. Over the period 1975 to 1987, transfers have been made for export losses on each of the region's key agricultural products (copra, cocoa, timber, coffee, bananas, palm oil). Every Pacific ACP country and one OCT has benefitted from the scheme, which has lent security to primary producers in the area.

b. Trade Promotion and Tourism

Funds are provided under the convention to promote sales of ACP products in the community and in other markets outside the EEC, through, for example, participation in trade fairs and technical assistance with market research and product development. A particular effort has been made to promote trade and tourism in the Pacific on a regional level.

(2) Financial and Technical Assistance

In addition to their trade provisions, the Lome Conventions offer assistance in a variety of forms to ACP countries. Economic Development Fund (EDF) is available for development projects chosen by the ACP countries and approved by the Community. Works, supplies, studies, technical assistance and training can be financed. In

addition, funds are available for regional projects implemented by regional organisations.

In the Pacific, EDF aid for national and regional programmes amounted to some 55 million ECU (European Currency Unit) under Lome I (1975-1980), 98 million ECU under Lome II (1981-85), under Lome III some 160 million ECU for the period 1986-90 is expected when the programmes are completed. Over the period 1975-90, the OCTs would have received some 48 million ECU in territorial and regional projects.

(3) Regional Cooperation Support

To encourage and support regional cooperation, the Lome Conventions have provided 34 MECU under Lome III (for 8 ACP states) and over 50 MECU for the duration of the Third Lome Convention.

Regional programmes financed under these two conventions covered three broad sectors: communications, natural resources, trade and the promotion of tourism. The communications sector, including air and maritime transport took the lion's share of the region's funds.

A regional telecommunication network involving Fiji, Tonga and Western Samoa (4.3 MECU) was financed under Lome I; backed up by the construction of a telecommunication training centre (1.7 MECU) in Fiji. This project was further extended to include Papua New-Guinea and Kiribati (860,000 ECU).

For maritime transport, the EDF financed the supply of over 200 reefer containers for the Pacific Forum Line.

In air transport 4.6 MECU of Lome II regional funds were

used to upgrade airports in Kiribati and Tuvalu (runways), Tonga and Fiji (navigational aids) and Vanuatu (control tower and building).

In the field of training and research, the University of the South Pacific was allocated 3.2 MECU under Lome I. Programmes covered the Institute of Marine Resources (IMR) in Fiji, the Rural Development Centre (RDC) in Tonga and IRETA in Western Samoa. The EDF allocated an additional 1,191,500 ECU to finance the second phase of the project which was carried out under Lome III. Other specific projects such as the Regional Energy Programms (6.19 MECU) on renewable energy and the Pacific Regional Tourism Development Programme (3.1 MECU) were financed under Lome II regional funds.

Table 2.8.2
Pacific Regional Programmes, by Sector (MECU)

Sector	Lome I	Lome II	Lome III
Communications			
Telecommunications	6.0	8.86	5.55
Maritime Transport (PFL)	0.4	8.78	-
Air Transport	0.69	4.87	-
Natural Resources			
Agriculture	1.15	0.41	6.85
Marine Resources	1.27	0.82	10.7
Rural Development	1.08	0.38	-
Energy ACP	-	6.31	-
OCT		3.2	
Trade and Tourism			
Tourism	-	3.27	7.4
Trade Promotion (ACP & OCT)	-	0.31	1.0
Structural Support	-	-	0.7
Stabex Seminar	-	-	0.05
OCT Regional (Balance)	-	energy	3.9
Unallocated Balance			15.15
T O T A L	10.59	37.21	51.3

Source: The South Pacific and European Community (pg. 9, 30)

MECU = Million ECU

ECU = European Currency Unit (the EEC Accounting Unit, worth approximately 1.145 USD, June 1989).

2.6 Call for Cooperation under Port State Control

Port State Control which operates at national level is a country's medium of control over foreign ships to ensure that they comply with the relevant international conventions. It is a means of curbing substandard ships in order to enhance marine safety and pollution prevention. It protects national ships from unfair competition from substandard ships which economise by adhering to lower standard.

Several reasons make it worthwhile to consider regional cooperation in this field. The regional approach is embodied in Article 211(3) of UNCLOS thus:

"States which establish particular requirements for the prevention, reduction and control of pollution of the marine environment as a condition for the entry of foreign vessels into their ports or internal waters or for a call at their offshore terminals shall give due publicity to such requirements and shall communicate them to the competent international organizations. Whenever such requirements are established in identical form by two or more coastal states in an endeavour to harmonize policy, the communication shall indicate which state are participating in such cooperative arrangements. Every state shall require the master of a vessel flying its flag or of its registry, when navigating within the territorial sea of a state participating in such cooperative arrangements, to furnish, upon the request of that state, information as to whether it is proceeding to a state of the same region participating in such cooperative arrangements and, if so, to indicate whether it complies with the port entry requirements of that state. This article is without prejudice to the continued exercise by a vessel of its right of innocent passage on to the application of Article 25, paragraph 2."

Regional cooperation will enable the participating states to make more efficient use of their surveyors. Furthermore, it will ensure regional harmonization of safety inspections, and will avoid distortion of competition between regional ports.

A model for regional approach towards port state control is to be found in the European Community region where, in 1982, a Memorandum of Understanding (MoU) was entered into to effect such control between the maritime authorities of the fourteen European States. The MoU stipulates that each participating administration shall ensure that at least 25% of all ships calling in its port in a particular year is inspected. The data system which has a daily input from the inspection authorities of the fourteen states ensures that duplications are avoided.

The aim of the MoU between the maritime authorities of the fourteen European countries is the establishment of a harmonized and efficient system of port state control. The objectives are to coordinate and harmonize the efforts of the maritime authorities in relation to port state control activities to assist in securing the compliance by foreign ships with international standard laid down in the following conventions:

- International Convention on Load Lines 1966;
- International Convention on Prevention of Pollution from Ships 1973, modified by the Protocol of 1978 relating thereto;
- International Convention on STCW 1978;
- The Convention on International Regulations for Preventing Collisions at Sea 1972;

- The ILO Convention No. 147 (minimum standards)
"no more favourable treatment".

The basis underlying the inspection of vessels calling at ports in the MoU region is to ensure compliance with the aforementioned conventions.

In the exercise of control functions the surveyor will have to use his professional judgement to determine whether to detain the ship until the deficiencies are corrected or to allow it to sail with certain deficiencies which are not vital to the safety of the ship, its crew or passengers, having regard to the particular circumstances of the intended voyage. But he must always ensure that all vital remedial measures are taken before permitting a ship to sail.

2.7 Call for Cooperation under Maritime Services

Maritime services are essential elements of ocean management including scientific research and protection of the marine environment. Ports shipping safety and regulation of navigation and the surveillance of maritime areas for law enforcement and management of resources all require careful consideration in developing a balanced administrative regime.

Most services are best provided at a national level. Which services can be of higher quality, or lower cost, and/or greater efficiency or satisfaction, if provided jointly by more than one nation? For some purposes, the best combination might involve only a few (like the Cook Islands/ Niue/New Zealand Joint Shipping Service which functioned until 1987); for other purposes it is the independent Pacific plus selected neighbours, as with the South Pacific Forum; for some it is all the South Pacific countries and territories with a wide range of others, viz, the South Pacific Commission; for a few others it is part of a world body, as with various South Pacific regional services of the United Nations.

Among the easiest and most effective regional organizations are those for the sharing of experiences and accommodation of mutual needs, such as the South Pacific Ports Association and those providing specific services which require specific skills and a base larger than a single nation, like the Committee for Coordination of Joint Prospecting for Mineral Resources in South Pacific Offshore Areas - known as CCOP/SOPAC. ((1) pages 174-175)

(1) Maritime Surveillance

Maritime surveillance provides the necessary information for enforcement of national law and effective control of a variety of activities. It also provides an important element of maritime search and rescue capability. Countries in the Pacific region have widely differing financial and technical resources available to support maritime surveillance. A member may have both the expertise and the resources to carry out surveillance at levels which meet their perceived needs. This is certainly not the case among the small island nations. In some cases, even the maintenance and operation of individual small ships or aircraft would require a disproportionate share of the national budget, and perhaps even of available expertise or trained manpower. It is frequently those countries which must rely most heavily on controlling their maritime resources to maximise revenue, particularly for their fisheries.

There are a wide variety of views on the organisation on maritime surveillance and law enforcement. These range from fully integrated bodies under the control of the organisation to specialised individual activity by each government agency having operational maritime responsibilities.

Similarly the powers for personnel involved, whether

civilian or military, may range from enforcement of all relevant laws and requirements to enforcement of only one specific element such as fisheries law.

Constitutional and national legal considerations will generally influence the preferred approach. In economic terms a well integrated system is likely to provide the best value for the total resources used.

A useful distinction can be drawn between the activities of fishing vessels and certain other types of marine activity - when considering how best to carry out surveillance and enforcement requirements.

The licensing of foreign fishing vessels provide one avenue for placing considerable onus on the licensee to cooperate in the required details in order to retain the economic advantages of the licence. This is also an inducement to the flag state to cooperate in ensuring good behaviour to its ships.

With this information as base authorities - can concentrate on more limited checks to keep licensees impressed with the need for honest reporting and reports can be verified on a simple basis. More of the available effort can be devoted to control licenced fishing vessels and other activities.

The Pacific Forum island countries have given support to the concept of exchanging surveillance data among the island nations with particular reference to the role of the Forum Fisheries Agency (FFA) in developing the exchange of information on fisheries activities by licenced and unlicenced foreign fishing vessels. A register has been established to provide data for assessing the cooperation and degree of compliance by

foreign fishing vessels when considering licence applications. For relicencing it is necessary for ships to be on the register and to be in good standing ((18) pages 119-121)

(2) Safety and Regulation of Navigation

There is considerable scope for cooperation in the region in seeking to meet the safety and pollution prevention standards laid down in the IMO Conventions and thus enabling all regional countries to accede to those important instruments.

A number of regional institutions and programmes have achieved very significant progress in meeting these aims.

SPEC has established an advisory committee on Uniform Maritime Standards. This Committee has met regularly since 1978, and advices have been provided to the Regional Shipping Council on a number of issues including training and certification of officers and ratings, rationalising regional training facilities and safety standard for ships and their equipment. Some further standards are required to complete this work and there is a need for continuing review and updating the national regulations. The work has a practical base for the South Pacific region to achieve uniformity in maritime standards. ESCAP's Committee on Shipping, Transport and Communications has examined the issues connected with training and certification of seafarers in the region and has fostered the concept of regional coordination of training. IMO/UNDP funded regional maritime advisers have operated in conjunction with the work of SPEC Advisory Committee and also with individual governments of the whole region on particular tasks within the maritime standards framework from time to time in recent years.

IMO has been instrumental in the establishment of World Maritime University in Malmö, Sweden. This was achieved in cooperation with UNDP and with substantial assistance from the Swedish Government. While not, of course, a regional facility it is available to all developing countries in the region, and complements but does not replace the need for regional cooperation.

2.8 Call for Institutional Regional Co-operation Formation

The United Nations patterns of setting up institutions in Asia covering the "Asia-Pacific" region has led to an increasing link with Asia in some activities. Owing to radical differences in size and needs, and the vast distances between them, however, Pacific Islands Governments prefer separate facilities for the Pacific. But Papua New-Guinea now attends ASEAN (the Association of Southeast Asia Nations) and the South Pacific Forum Secretariat has co-operative relations with ASEAN. Nevertheless much the greatest cooperation is still between Commonwealth Pacific Countries ((1) page 180)

In the present era of extensive jurisdiction of states an institutional cooperation at regional level plays an increasingly important role. In 1984, a Report by a Commonwealth Expert Study Group on Maritime Issues, which was set up by the Commonwealth Heads of Government of the Asia/Pacific Region with a view to assess the implications of the LOS Convention for regional cooperation, emphasized that:

"The nature and distribution of the resources, the high cost of their management and the technological capability that is required, all strongly suggest that regional cooperation is the most viable vehicle for realising the long-term potential benefits of the oceans." ((12) page 9)

The emphasis on regional cooperation can also be found in

documents of the four UN principal and other organizations dealing with ocean affairs, as well as in many documents of various organizations of developing states which are concerned with economic co-operation in general. ((11) page 11) However, there exists a whole variety of features which make the operation of marine-oriented organizations in the developing country region - despite undoubtful advantages - a complex and difficult process. First of all:

"These international organizations, like any bureaucracy, have their own internal dynamics, while their modes of operation are also shaped by external forces which have nothing - or very little - to do with the... Convention. This implies that any analysis of the effects of the new law of the sea on international organizations must reflect an awareness that this regime is only one of the forces shaping the future of international marine-oriented organizations (emphasis added). ((13) page 11)

There exist also several other disintegrative factors in any regional organizations such as unequal costs and benefits to member states, or non-membership of one or more states within the region.

One of the most difficult aspects is perhaps that of the quality of governmental representatives. Since the rotation of governmental officials cannot be prevented, it is essential that the regional organization's meetings are at least attended by the home-based officials involved in marine affairs and not only by staff members of embassies or politicians, and that the officials joining for the first time given organization are well prepared in advance to the meeting. This relates as much to the developing as to the developed states, and it seems that the investment in travel expenses for the competent representatives would in many cases importantly speed up the process of collaboration and prevent the loss of funds for inadequate programmes. ((13) page 11)

**(1) Model of Cooperation - The Pacific Way
(for integrated ocean management)**

The regional trans-sectoral organizations of developing states, such as the South Pacific Forum, provide moreover the most adequate model for co-operation in that such organizations can play a particularly pronounced role in activating, facilitating and assisting its member states in their efforts to translate a perception of an integrated (trans-sectoral) concept of ocean development which is embodied in the 1982 Law of the Sea Convention into practical measures for ocean-policy making, planning and management.

The building and strengthening of national marine affairs capabilities of the developing states is the principal aim of regional cooperation for integrated ocean management whether within or outside the united nations' system. A regional institution becomes, therefore, a means of necessary, coordinated and joint efforts of states aimed at the establishment, implementation and consolidation of required national marine affairs policies. Such process, while responding to expressed needs of the Least Developed Countries (LDCs), has to be substantially supported by industrialized states and the competent international organizations. ((13) page 13)

(2) Call for Cooperation Under LOS Convention

The new convention on the Law of the Sea adopted on 30th April and signed in Jamaica on 10 December 1982 calls for cooperation on a broad variety of issues. It specifically calls for cooperation among nations bordering semi-enclosed seas such as the South China Sea. Article 123 says that:

"States bordering an enclosed or semi-enclosed sea should cooperate with such other in the exercise of their rights and in the performance of their duties under the Convention. To this end they shall endeavour directly or through an appropriate regional organization:

- a. to coordinate the management, conservation, exploration and exploitation of the living resources of the sea;
- b. to coordinate the implementation of their rights and duties with respect to the protection and preservation of the marine environment;
- c. to coordinate their scientific research policies and undertake where appropriate joint programme of scientific research in the area;
- d. to invite, as appropriate, other interested states or international organizations to cooperate with them in the furtherance of the provisions of this article."

The article focussed on three principal areas, namely, fisheries, environmental protection and scientific research. It may be useful to examine each of these areas to briefly review past experiences and to assess prospects for future regional cooperation relative to marine affairs in Southeast Asia.

a. **Fisheries**

Cooperation in fisheries has been undertaken in Southeast Asia by the formation of the Indo-Pacific Fisheries Council (IPFC) in 1948. An advisory body concerned with the development and proper utilization

of fisheries resources for both Southeast Asia and Indo China region; the first regional undertaking of FAO.

The South China Sea Fisheries Development and Coordinating Programme (SCSP) was conceived by IPFC in 1968 devoted to encouraging national stock management policies through the sponsorship of research. This programme was concluded in 1983.

The IPFC established a Committee for the Development and Management of Fisheries in the South China Sea (CDMFSCS) in 1980 as a response to the new jurisdiction acquired by the littoral states over fisheries in the South China Sea. The general objective of the Committee is "to promote the full and proper use of living aquatic resources... of the South China Sea region.

The International Centre for Living Aquatic Resources Management (ICLARM), headquartered in Manila, is devoted to carrying out research and to stimulate discussions and the flow of information on fisheries in order to help meet nutritive, economic and social needs in developing countries.

The most recent regional effort in fisheries is the establishment of INFO FISH (Marketing Information and Advisory Services for Fish Product in the Asia Pacific Region) in 1981. Headquartered in Kuala Lumpur, the project provides marketing information and technical advice to the fishing industries in the Asia-Pacific region.

The work of these organizations has been of considerable value which has been focussed on undertaking and coordinating research and disseminating information.

Cooperation has been extended in relation to information exchange, research and advisory services. There has been attempt at positive fisheries management at the regional level. Regional fisheries management is most commonly proposed in connection with shared stocks (stocks which span the maritime jurisdiction of two or more countries) on migratory stocks, primarily tuna, which travel through the jurisdiction of several countries. Regional co-operation with respect to tuna in the Southeast Asia region is a more likely prospect, but it is not likely that there will be significant regional activity in tuna management because tuna fishing has not yet become a serious international problem in the area. But anticipatory planning for its management would be in order. ((14) pages 81-83)

b. Environmental Protection

The first response to problems of marine pollution in Southeast Asia came from UNEP (United Nations Environmental Programme), FAO and UNESCO (United Nations Educational, Scientific, and Cultural Organization) by organizing the International Workshop on Marine Pollution in East Asian Waters in 1976. Soon afterwards, the ASEAN Experts Group on Marine Pollution produced a contingency plan for control and mitigating of oil pollution.

Planning for the management of oil spills has progressed rapidly under ASEAN's auspices. ASEAN contingency planning is focussed on pollution from tankers, and work through the national governments.

Cooperation among Indonesia, Malaysia, and Singapore for the protection of the marine environment in Southeast Asia is quite advanced in connection with

the Straits of Malacca. Traffic separation scheme enforced in 1981, provides for separation between east bound and west bound traffic, it sets speed of twelve knots to prevent in-line collisions; it specifies a minimum under-keel clearance to reduce the risk of grounding.

These three countries together with Japanese shipping interests have established a revolving fund to cover the cost of cleaning up and preventing oil spills from tankers. ((14) page 84)

c. **Marine Scientific Research**

The Committee for Coordination Of Joint Prospecting for Marine Resources in Asia Offshore Areas (CCOP) is one major organization concerned with marine scientific research in Southeast Asia, together with WESTPAC, the Intergovernmental Oceanographic Commission's (IOCs) Working Group for the Western Pacific.

CCOP, established in 1966 as one of the regional bodies of the UN Economic and Social Commission for Asia and the Pacific (ESCAP), promotes and coordinates surveys, prospecting projects and investigations in waters of its member countries in connection with mineral and hydrocarbon prospects.

The ASEAN Committee on Science and Technology (COST) has a sub-committee on Marine Science which has explored the possibilities for cooperation in formulating terms of access for marine scientific research. It has spawned an informal committee on pollution control and a proposal for an ASEAN Sub-regional Environmental Programme. In 1979, the first meeting of the ASEAN Working Group on Marine Sciences, held in Jakarta, agreed on two project

proposals: ASEAN Cooperative Studies on Tides and Tidal Phenomena, and the ASEAN Co-operative Programme on Oceanography.

CHAPTER THREE

MARITIME TRANSPORTATION IN THE SOUTH PACIFIC

3.1 The Region's Maritime Background

The history of the South Pacific people has always been intimately linked with the sea and ships. At first the ships took the form of ocean-going canoes bringing people and their relatively meagre belongings to the Pacific region, the place they call home. Historians claim that almost all the people in the Pacific originated from Asia in the distant past.

In more recent times, sailing schooners and later, steamships provided the main means for moving people and goods from one island to another and between island groups and more distant shores. Now, of course, although the airplane has largely supplanted the ship for the transportation of people and selected freight, ships continue to move the bulk of island cargoes.

It was the great English metaphysical poet, John Donne, who wrote that "no man is an island, complete unto oneself". The same applies to shipping and aviation. Ships and airplanes not only go from somewhere; they go to somewhere else.

Geographical

Countries of the Pacific region are composed of islands with the land area being very small in relation to that of the sea. Only Papua New-Guinea has a land boundary (with Iriana Jaya). Both countries within the region, and islands within the countries, are scattered with long distances between the country's main port or ports and the most distant islands which require shipping services.

Many of the islands are coral, surrounded by lagoons and coral

seas. Waters within the lagoons are sheltered, and canoes and small boats may trade safely, but they impose their own constraints on navigation. Vessel operating restrict navigation to daylight in which the sun is at a particular angle, for navigation rely on the colour differences between deep and shallow water to pick their way between the corals.

Once out of port, a ship is quickly exposed to oceanic wind and wave conditions. As the Pacific region lies between the tropical zone, weather conditions are good for most of the time although winds may be quite strong for small boats, but devastating cyclones strike, in the season, somewhere every year.

Traffic density is so low that there is not usually another vessel at hand to give assistance. Ships and boats may drift for great distances and as communications are so poor, marine search and rescue operations are a problem for governments.

Economic

Economic policy within the region is strongly free trade market, but with practical limitations arising from the needs to encourage or in some cases, sustain industrial activity and to plan in underdeveloped countries, which have, in most cases, only recently become independent.

The most important international shipping demand generated by the region's exports and imports is for liner services. The regional shipping company, Pacific Forum Line (PFL), was set up by the high quality direct services between Australia and New Zealand on the one hand and as many of the forum member countries as possible on the other (The Pacific Forum Line is comprehensively discussed in section 2.4(4) page 64).

Apart from PFL, the region relies on international liner companies to serve its ports, sometimes in the course of a

voyage transitting the region's trading routes. The region is relatively well served by liner shipping and there is little dissatisfaction with the quality of the service received.

Apart from liners, the region requires services from timber carriers, dry bulk carriers for sugar, special tankers for vegetable oils and oil product tankers for petroleum distribution. These are all supplied by international free market mechanisms.

Intra regional trade is practically non-existent; the countries have very little to trade with each other. Intra regional shipping services, apart from that offered by PFL in the course of its international voyages and its feeder service north-bound from Fiji, exist but not on a regionally significant scale. They are however important to smaller countries in the region.

Domestic shipping, which is mainly inter island (only Papua New-Guinea has coastal trade) is more important to most of the countries than intra regional services. In many countries the route network is complex with many small ships serving it, but apart from a few trunk routes traffic volumes are low. The provision of reliable and regular services to outlying islands with low populations is a problem for governments of nearly every country in the region. National solutions vary from keeping all domestic shipping within the public sector to complete reliance on private shipowners. Most countries pay some sort of subsidy to some or all of their domestic ship-owners in respect of some or all of their operations. No country is completely satisfied with its domestic shipping arrangements (except Nauru and Niue which have none).

Institutions

The SPF has a Regional Shipping Council at ministerial level and the South Pacific Maritime Development Plan (SPMDP)

Management Group at official level. The SPEC Secretariat include a Maritime Controller (SPEC's role and functions are described in section 2-4(2) page 60).

Pacific island countries, through SPF, perceive maritime matters to be one of their greatest concerned areas in regional activity on the subject dates from the 1970s.

Within the countries of the region a Ministry of Transport or its equivalent is responsible for the maritime sector; and in the larger countries a Marine Department exists within the Ministry. Every government has a regulatory function to perform in relation to national ships and seafarers, and countries which accede to IMO Conventions take on duties in relation to non national internationally trading vessels which use their ports and waters. The regulatory and fleet management functions are largely technical and are the tasks of the Marine Department.

The practice has grown up among certain island countries of expecting Marine Departments to advise ministers on all aspects of shipping: technical, economic, legal, and political. This is unfortunate, for the Marine Departments, although they are typically manned by people with high professional and technical qualifications, do not have staff with economic, legal and political qualifications. Many of the island countries' shipping problems are exacerbated by the lack in the ministries of suitably qualified personnel to advise on the policy and economical aspects of the shipping industry. In certain cases such problems are compounded at political level where consultant expert advice is so tendered only to be found the decision taken at such level was in the reverse and without vision in the long term interest of national benefit. The worst that can also be expected is indecision, if not, decision postponement at the political level. The right decision taken at the right moment is a fundamentally important base for a

successful shipping venture.

From the point of view of achieving the long term benefit, the smaller countries, in particular the very small ones, may never be able fully to provide specialist shipping policy advice to their ministers.

Transport Ministries should therefore contain a small shipping policy section with access to a statistical database to analyse shipping costs and to determine subsidy questions, and a wealth of knowledge on both international and domestic shippings. But, for these countries the inhibiting factor is the scarcity of qualified personnel to man the section. Nevertheless, those countries should give priority attention in the training of maritime administrators. The IMO World Maritime University in Malmö, Sweden offer a wide variety of degree courses at the highest level and available to all developing countries. On completion of such training officers should be placed in appropriate government maritime posts to strengthen present capabilities.

Ports are divisible into two categories: the larger international ports, usually controlled by Ports Authorities, and the smaller ports for international or domestic trade. The larger international ports, due to the effect of deep sea containerisation, usually have ample capacity and relatively few problems. The smaller ports which may be administered by the Ministry or by local government, tend to be neglected.

Shipping industries show a different mix of public and private sector elements. In some cases public sector shipping dominates; and may be operated either directly by Marine Department ships or by state controlled companies. The private sector typically has many individual operators ranging from one company and companies owning three or four ships to village cooperatives on single owners of small wooden boats. Often

domestic shipowners are undercapitalised, operate old, frequently substandard vessels which have usually been purchased second-hand. Complaints about scheduling, the level of service, cargo pilferage and non-documentation are common.

3.2 The Region's Maritime Needs

In identifying the maritime needs of the region the maritime sector is divided into headings which are discussed individually as below.

(1) **Human Resources**

Mention is made in Chapter 1.8(1) that the region suffers from a shortage of skilled manpower and increasing urban migration which has led all Pacific countries to give importance to training in their development strategies.

A country's economic development is dependent upon the quality of its population as influenced by national or regional systems of education and industrial training. In discussing the human resources development in the South Pacific Maritime Sector, education and training for the maritime field are considered in two aspects:

- **the training of seafarers:**

Because shipping is so important to island countries, the need for training of seafarers is well understood in the region, and

- **the training of shore personnel:**

Managers of shipping companies, government administrations of shipping and ports, and employees of the port authorities. This aspect is less well understood, and scarcely provided for, in the region.

There are a number of general points that need to be mentioned:

- Senior seafarers, masters and chief engineers, are often regarded as candidates for promotion to shipping company or government management posts. Some of them undoubtedly are, and posts exist inside large shipping operations which can only be filled by qualified seafarers, but in many such case, further training will improve the individual's chance of being a success in his new post;

- Because of the lack of an industrial base in most of the South Pacific countries the training of engineers is more difficult than that of deck and navigating officers. There is a cultural bias in the region which allows young people to perceive the merits of a career leading to seagoing master's appointment, but many fewer candidates came forward for seagoing engineer posts;

- There is a pronounced tendency in the region for shipping to be seen as posing technical problems which call for technical solutions produced by technical people. Technical problems certainly exist and must not be minimised, but shipping is an industry like any other commercial, management, economic, financial and legal aspects exist which are at present insufficiently appreciated in the region;

- Leakage of trained personnel from the sector for which they had been destined is a problem in any developing country. However, except in the special case of emigration from the region about which little can be done to curb it, except in the long term, a loss of a qualified man from the maritime sector may be a benefit elsewhere in the economy.

- Arising from the previous point, it can be the fact

that training for the maritime sector may be the source of considerable spin-off benefits to the rest of the economy. The very small countries will find it difficult, but it is suggested that governments should adopt a pipeline approach to training and accept some leakage from their own maritime sector. This approach would be particularly relevant to skills which are generally scarce in the national economies such as engineers and electricians.

In general terms, the region should pay greater attention to:

- the training of shore based management and administrators for the maritime sector;
- the training of sea going engineers, particularly when government shipping or other facilities are involved; and
- beneficial spillover effects arising from maritime training at the national level such effects may at least partially compensate for leakage at the sectoral level.

For the smaller countries of the region, it would be quite impractical to attempt to provide nationally for the full range of the training requirements of the shipping industry.

The professional qualification for regional seafarers have been established under the South Pacific Maritime Code (SPMC) and IMO's STCW 1978 Convention standards where grade 1 is approximately equivalent to UK Class 1 Master or Engineer Certificate. It is not considered that there are sufficient Class 1 candidates in the region to develop

any one college for such a course at the present time. An alternative is to provide scholarships for the few existing candidates to attend maritime colleges in Australia or New Zealand.

The region understands the need for technical training, but under-emphasises the need for qualified people in the administrative and management aspects of shipping. The general level of understanding of the wider aspects of the shipping industry in the region is low. Short courses on the shipping industry is an ideal activity of SPEC's South Pacific Maritime Development Plan (SPMDP), and a full time training officer to organise them should be provided.

(2) Institutions

a. Governments

All governments of the region have to discharge a wide range of responsibilities in relation to shipping. Such responsibilities relate:

- to legislate for the regulation of shipping in the interests of the safety of life at sea and of seaworthiness of ships. In relation to ships which trade internationally, regulation is governed by international conventions; while in domestic shipping, governments devise their regulatory requirements, usually take their standards from appropriate international conventions;
- to determine policy of the domestic shipping industry. Shipping is an industry like any other which governments must ensure that national education and training provision is appropriate to the shipping's needs. The shipping industry's complexity role in the ordinary industrial policy of

the country necessitates it to ensuring that the sector is competitive and providing a satisfactory level of service to other sectors of the economy.

- to determine policy of international shipping which is vital to the nation's trading positions. Many International Conventions exists on the commercial, economic and operational aspects of a complex industry. Countries whose international trade is heavily dependent on shipping need to ensure that shipping costs are not unnecessarily harming their balance of payments and that shipping services are at least adequate for the national exporters and importers; and
- to ensure that the necessary infrastructure to support shipping and international trade is in place and efficient, viz ports, navigational aids, radio communications and search and rescue are essential for shipping.

b. Regional Institutions

Collectively, the forum island countries have designated SPEC as their agency for controlling and coordinating a regional approach to the maritime sector. SPEC's SPMDP which originates from the 1984/85 Regional Transport Survey was endorsed by the Regional Shipping Council Meeting in 1986 on the basis that it would be "..... to assist forum member governments to plan, fund and implement on a coordinated regional basis, maritime development in the Pacific."

The projects included in the Plan have been divided into three categories of urgency:

- projects which should be implemented immediately;

- projects for implementation in the near future, and for which planning should start soon;
- likely future projects, to be examined later to determine their suitability for eventual inclusion in the SPMDP.

The SPMDP establishes a bench mark level for potential projects and identifies some of the needs of the region in the maritime sector. The "APPENDIX A" provides the various projects outlined in the Plan and that could be identified as being essential for development.

(3) Regulatory

The countries of the region are at different stages in tidying up their shipping legislation. They are also at different stages in acceding to and ratifying the IMO Conventions relating to the safety of life at sea and similar matters. The purpose for the establishment of the South Pacific Maritime Code is no other than to provide a set of rules common to the region to govern such fundamentals of maritime safety as the certification of deck and engineer officers.

In order to regulate satisfactorily, their own and other countries' international shipping, and to provide a basis for the eventual development of their own domestic legislation beyond the SPMC and towards compatibility with general international standards, the region needs to make concerted progress in acceding to IMO Conventions.

Because of their relationship with the SPMC, the following are the Conventions which should be given first attention by the Pacific Region States.

a. STCW Convention

The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978. Until entry into force of this Convention for a state the Certificate of Competency issued by that state are not recognised by member states (who currently number 56).

Under the implementation of Port State Control ships of a non-convention state may experience delays when calling at a port of a country that is party to the Convention by way of officers not being considered adequately qualified.

b. SOLAS 1974

The International Convention for the Safety of Life at Sea, 1974. This Convention deals with the safety of ships, including the carrying out of surveys and issues of safety certificates, with technical provisions covering construction, equipment, radio, carriage of hazardous and dangerous goods. The Protocol of 1978 relating to SOLAS 1974, deals with gas, liquid and chemical bulk carriers. The 1983 amendments to SOLAS 1974 deal with further safety measures including "safe manning certificates" requirements which relate with the STCW Convention.

c. The Load Line Convention

The International Convention on Loadlines, 1966. This Convention covers the method of freeboards, the Conditions of Assignment of Loadlines, loadline survey procedures, marking of loadlines and issuing International Loadline Certificates.

d. The Collision Convention

The International Convention on Preventing Collisions

at Sea, 1972. This Convention contains the steering and sailing rules for vessels, the lights, shapes, sound signals to be used to assist collision avoidance, and the International Distress Signals.

e. **The Tonnage Measurement Convention**

The International Convention on Tonnage Measurement of Ships, 1969. This Convention prescribes the system of measurement to be used to determine the gross and net tonnages of vessels.

The above Conventions are referred to in the SPMC and are very much part and parcel of it. They all affect safety of life at sea in one respect or another.

Where a ship is not a convention ship, either due to being not internationally trading, or being below a certain tonnage, as the case may be, the Code provides for other, more basic standards, which should be incorporated in national legislation. Other important Conventions not referred to in the SPMC, but also important and to be given next priority, should include:-

- The Prevention of Pollution from Ships and the Protocol of 1978; and
- The Maritime Search and Rescue, 1979.

Other Conventions which would appear essential for high priority in one state may not carry the same priority in another state. It would be the function of national maritime lawyer to advise of such whether to include or exclude from national legislation. (10)

3.6 The Regional Shipping Network

The countries of the South Pacific generate only 1/2 of 1% of the world trade, Papua New-Guinea and Fiji accounting for 75% of the Pacific Island trade.

The conditions and numbers of the regional fleet, owned largely outside the region, has improved considerably since the UNCTAD 1972 survey.

Containerisation has increased dramatically and ports have had to be upgraded considerably to cope with this. Shipping movements generally depends on a number of ports and the cargo and services offered at these ports. Shipping services are generally adequate except for the disadvantaged small island countries in the Central Pacific, viz Cook Islands, Kiribati, Tuvalu and Niue still has an unsatisfactory level of services.

The key to the regional network is the combination of the shipping services in the region with the region's ports. This network is made up of routes operated by international shipping lines based in countries external to the region, and of additional routes provided by the regional shipping lines.

Most services in the network start and end at one of the region's major trading partners, with calls at a series of South Pacific ports.

The Network (Source: Pacific Islands Monthly)

Pace Line (ACTA) - from Australia to New Caledonia - Fiji -
Hawaii - North America.

Warner Pacific - from Australia to Samoas - Tonga with
transhipment to Ranotonga.

Pacific Forum Line (PFL):

New Zealand - South Pacific Trade
Calling - Fiji - W. Samoa - Tonga -
Cook Islands (transshipment)

Fiji - Feeder Service
Calling - New Zealand - Fiji - Tuvalu - Kiribati -
Marshall Islands

Australia - South Pacific Trade
Calling - Fiji - Samoas - Tonga -
Cook Islands (transshipment)

New Zealand - Central Pacific Trade
Calling - Papua New-Guinea - Solomans - Australia

Sofrana Unilines - from Australia to New Caledonia - Fiji - as
PAD Line to US West Coast

- from Australia to New Caledonia - Fiji - to
Samoas by transshipment

- from Northern Europe to Papeete from Noumea

- from Australia to Norfolk Island - Lord
Howe Island

Rarotonga Line - From New Zealand to Tonga - Samoas - Cook
Islands - Niue

Hawaii Pacific Maritime - from Hawaii to Samoas - Tonga -
(Fiji) - Cook Islands

Cook Islands Line - from New Zealand - (Fiji) - Niue - Cook
Islands

Campagne General Maritime - from Australia to New Caledonia -
Vanuatu

Nauru Pacific Line - from Australia to Nauru

Nedeloyd (NGAL/PNGL) - from Australia to Solomons - Vanuatu

P & O Line - from Australia to New Zealand - Tonga - Vanuatu -
New Caledonia - Solomons - Samoas - Tahiti

NGA/PNG and COMPAC - from Australia to Papua New-Guinea -
Solomons - Vanuatu

Chief Container Services (CCS) - from Australia to Kiribati -
Tuvalu

- from Australia to New
Caledonia - Vanuatu

- from Australia to Solomons -
Vanuatu

Bank Line & Columbus Line - from Europe - Tahiti - New
Caledonia - Vanuatu

- from Europe - Papua New-Guinea -
Solomons

- from Europe - Solomons - Tonga -
Fiji

New Zealand Unit Express (NZUE) - from Far East to Fiji - New
Zealand

China Navigation New Guinea Pacific Line - from Far East to Mid
South Pacific with
transshipment to
Rorotonga.

Kyowa Line - from Japan to Guam - Saipan - Solomons - New Caledonia - Fiji - Samoas - Tahiti - Tonga - transshipment to Rorotonga - Vanuatu

Saipan Shipping Co. - from Guam to Northern Marianas

NYK Shipping Line - from Japan to Micronesia.

While cargo generated by the region may be of marginal importance to international shipping lines, the additional costs of making direct calls at ports in the region are generally small. A call is therefore worth making providing cargo volumes are sufficient and costs in ports are minimized.

The ability of international ships to maintain services is related not only to the trade and cost performance of individual ports but also to that of a group of ports. Small volume of imports and exports can be aggregated together to form a worthwhile load providing the total costs of the additional calls are not prohibitive.

The pivots of the regional network are:

- Fiji and Papua New-Guinea - because of their relatively high volume of trade;
- the French territories - because of their good links with France;
- Micronesian territories, especially Guam - because of their

strategic importance to USA. American Samoa is in a similar position.

The remaining are a group of countries in the Central South Pacific area; Cook Islands, Niue, Kiribati and Tuvalu which are disadvantaged through small populations and limited economic prospects.

Benefits of the Maritime Network:

The benefits of the existing network are that:

- there is a limited need for governments to invest in shipping;
- a relatively high level of shipping services is provided in relation to the available cargo volumes;
- almost all countries in the region have direct services from their main trading partners;
- although import and export trade between countries within the region are generally small, the network does not provide links between a considerable number of countries within the region.

Direct services to and from trading partners have a number of advantages. Both imports and exports will be cheaper if transshipment is avoided. Primary exports with a relatively low value of weight ratio are especially vulnerable to double handling costs. Direct services give shippers greater control over their cargo.

CONCLUSIONS AND RECOMMENDATIONS

The outset of this work discussed the historical background of the scattered group of small island communities with few resources and small populations located in the Central and South Pacific, and their endeavour to cooperate in order to safeguard their newly won independence.

1. Regional Security

There is the assumption among island nations that Australia and New Zealand possess special responsibilities to help preserve the region's well-being and its security in an economic and political sense.

Leaders of the South Pacific are displaying a clear interest in the whole business of security and stability of the region. Their desire to see the Forum meetings discuss and exchange views on political and security matters is testimony to their interest and concern. The welcome they extend to Australia's and New Zealand's defence assistance programmes and the close interest they take in their domestic defence debates and dialogue also testify to this.

The main nuclear powers have all used the Pacific to test and deploy elements of nuclear weapon systems. The Pacific nations are united in their opposition to nuclear exploitation, and despite vigorous opposition by the South Pacific Forum, the United States and France both continue to test, deploy and store nuclear weapons in the South Pacific. The South Pacific Nuclear Free Zone Treaty did go some way towards creating the conditions for a nuclear freeze in the region, but has not been signed by the western nuclear powers. It is time for a regional security conference which could discuss regional efforts to strengthen and extend existing co-operative arrangements and applying them rigidly.

2. Global Warming

Environmental threat in the region arise not only from the arm race activities. The greenhouse effect poses a threat of such a catastrophic proportions. Some island groups - the Tokelans, Kiribati, Tuvalu, the northern Cook Islands and the Marshall Islands - could disappear completely within 50 years if the 1.5 metre sea level rise predicted happen in 2050. If these were to occur as predicted, any meaningful development in the future of the islands would taper off in the next few decades. Whole countries will have to be relocated to other communities; the social disruption would be extreme. The economic activity and quality of life in higher South Pacific islands is also likely to be impaired.

The South Pacific community has taken collective approach with SPREP examining options and advising governments. This matter is recommended for permanent placement on the Forum agenda.

3. Ozone Depletion

This is another global environmental issue with alarming consequences for the South Pacific region. This has most seriously manifested itself as a growing gap in the ozone layer above Antarctica and in that part of the world adjoining it.

Again, the South Pacific countries have taken action to promote a progressive viewpoint at international forums.

The greenhouse effect and ozone depletion highlights "institutional gap" problem recognised in the 1987 report of the World Commission on Environment and Development, known as the "Brundtland Report".

The point is that too often governments have failed to make those bodies whose actions impact on the environment responsible for assuring protection of that environment. The impact

of the twentieth century industrial society in the developed countries of the northern hemisphere, coupled with population pressure and resource restraints in the developing world, have combined to create environmental hazards of huge dimensions. While the South Pacific has so far had a comparatively low level environmental dégradation, the potential effects of these processes on the fragile ecosystems of the island countries poses an extreme threat to the lives of the Pacific people. The adopted collective approaches of the Forum to matters of such potential devastating hazard should be continually pursued.

4. Maritime Surveillance

All the Pacific countries have declared exclusive economic zones. Their combined EEZ cover over 20 million square kilometres of ocean rich in fish and other marine resources. Fisheries, whether coastal or oceanic, are fundamental to the diets of these island countries; and for all these countries, fishing is a key economic sector. Protection of their fisheries from illegal fishing is a common problem they are facing. They have widely differing financial and technical resources available to support maritime surveillance. A member may have both the expertise and the resources to carry out surveillance at a level which meet their perceived needs. This is certainly a burdensome financial load among the smaller island countries. Even the maintenance and operation of individual small ships or aircraft would require a disproportionate share of their national budget.

Development of maritime surveillance capability against poachers at regional level would be unrealistic to expect too high a degree of cooperation where interests are too diverse and the financial outlays too large.

A closed Pacific island region would be a club of the weak, one

does not get strength from joining only the weak.

Each island nation will need to look at attaching itself to one larger industrialised power for its maritime surveillance against illegal fishing.

5. Maritime Transport

The region's maritime transport background and future needs have been discussed at length in the final chapter of this paper.

International shipping in the region is relatively satisfactory and well served by liner services. There is little dissatisfaction with the quality of the service received. But no country is completely satisfied with its domestic shipping arrangements.

"Medium Term Planning for Inter-Island Shipping" is a regional project under the SPMDP for immediate implementation. Intent of this programme is to facilitate continuing upgrading of the domestic trading fleet of the developing Forum countries. Prioritisation of this project is recommended.

The purpose for the establishment of the SPMDP is to provide a set of common rules to govern the fundamental elements of maritime safety.

Countries of the region are at different stages in acceding to or ratifying IMO Conventions, and in reviewing their maritime legislation. In order to regulate satisfactorily and to reflect uniformity common to the region, the followings are the Conventions which should be given first attention by the Pacific region states:

- STCW 1978
- SOLAS 1974

- Load Line Convention 1966
- The Collision Prevention Convention 1972
- The Tonnage Measurement Convention 1969
- Pollution Prevention from Ships and Protocol of 1978
- Maritime Search and Rescue 1979

Human resources development is a very important element in the South Pacific Maritime Sector. The both aspects of training of seafarers and shore personnel are equally important. While the need for training of seafarers are well understood in the region and training institutions are available, training of shore based management and administrators are not readily provided, a full time training officer to organise them under the SPMDP should be provided.

For very advanced training in any maritime discipline courses are available at World Maritime University in Malmö, Sweden.

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"APPENDIX A"

THE SOUTH PACIFIC MARITIME DEVELOPMENT PLAN (SPMDP) PROJECTS

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PROJECTS FOR IMMEDIATE IMPLEMENTATION

1. TASK FORCE APPROACH

This item is scarcely a project for it requires little more than a policy decision by the SPMDP Management Group, for the obtaining of aid for expert team members is the subject of separate projects. Yet the concept of a task force approach is so fundamental to the SPMDP that it is included as item one.

A policy decision by SPEC, and practical implementation measures, are needed to adopt the task force approach to SPMDP which was advocated in section 11.6.3(b) of the Main Report of the 1988 South Pacific Maritime Needs Assignment Survey. The duties of four experts are noted as separate projects in this Plan. Apart from the administrative staff, the task force should include at least the following:

- a maritime lawyer with industry experience (see 4);
- a regional ship surveyor (7);
- a shipping economist (10);
- a training officer (11).

All the experts would contribute to capability building in social infrastructure rather than economic growth.

2. PFL FEEDER SERVICE, FIJI KIRIBATI-TUVALU-MARSHALL ISLANDS

The existing feeder service between Fiji and Kiribati and Tuvalu requires a subsidy, which is provided by Australia and New Zealand. The need to replace the vessel presently being used created the opportunity for a new attempt at cost-minimisation, for the introduction of cargo handling concepts new to the route, and for the possible extension of the service to Marshall Islands which has recently become a Forum member. The

European Community has designated funds under the Lome Convention for the acquisition of a ship for this route, so that the project can be implemented quite quickly. A consultant's report on the feeder service was completed in September of this year.

SPEC and the Forum members are considering the report. If they agree with it, its recommendations should be implemented. If not, further work will have to be undertaken, but in view of the age and condition of the vessel currently providing the feeder service the matter should be progressed urgently, particularly any interim solution, pending implementation of a permanent service.

It seems likely that the feeder service will require subsidy for the foreseeable future. It has two objectives: providing basic shipping links for shipping services to two small communities without which their economics would regress, which is in the Consultants' terminology a social objective; and of creating the circumstances in which intra-regional trade and economic growth may occur. We class it as serving mainly social objectives.

3. MEDIUM TERM PLANNING OF INTER-ISLAND SHIPPING

As background to this project it should be borne in mind that the region's governments all recognise that inter-island shipping is a problem. It is mainly a domestic industry, but some intra-regional services are provided by small ships and shipowners which share some at least of the problems of domestic inter-island shipping. These intra-regional services are regarded as forming a part of this project.

In the recent past a number of national or international agency donors have supplied or been interested in supplying new inter-island ships to the region, and at present at least one national donor is interested in supplying replacement vessels to a number of countries in the region. Such aid should

continue to take care of some at least of the immediate need to replace older ships with new tonnage.

Such ad hoc measures do not tackle, or even help to tackle, the underlying problems of the inter-island shipping industry. To facilitate discussion we state here the core of the problem as experienced in a number of Forum countries. Ease of entry to undercapitalised shipowners combined with a lack of import controls on cheap, old, secondhand ships leads to too many operators and excess capacity. This in turn leads to rock bottom freight rates. In an endeavour to secure a living, shipowners concentrate on the volume routes, with an increasing neglect of small, distant islands. The industry is unable to afford proper technical management, and standards of safety fall. In seeking a solution, a key question which arises is: should governments regulate or not? Treatment of the problem is hindered by its apparent technical nature, but the underlying causes are commercial, economic and sometimes political. Governments may drift into a situation of continuing, open-ended subsidies.

Within the context of this SPMDP, a three stage approach to a solution of the problem is envisaged, each stage being treated as a separate project within the Plan:

- this project, 3, is for a study to lead to the planning of the inter-island shipping industry in the medium term;
- on completion of the study, a major seminar of interested parties should review its findings, and perhaps those of other studies relevant to inter-island shipping, and contribute to the specification of follow up work. The seminar is project 21 of the SPMDP;
- the follow-up study, which should go deeper into the commercial, economic and political reasons underlying the present

inter-island shipping industry. This study is provided for in project 22 of this SPMDP.

In drawing up a Project Specification the immediate need is for a study which will take the question of vessel replacement and the upgrading of inter-island shipping services beyond the "first aid" stage of mainly bilateral provision of new ships to allow a planned, regional approach to the medium term, say five to ten years ahead.

Such a study would:

- facilitate the continuing upgrading of the domestic and, where appropriate, the intra-regional trading fleets of the developing Forum countries;
- perhaps allow negotiations with donors with the aim of attracting the necessary finance from a single source;
- perhaps allow a given quantity of aid to go further by enabling the series ordering of standard ships if such ships should emerge as a feasible option;
- provide estimates of the region's shipping requirement in the medium term;
- provide updated information on domestic fleets for the SPEC data-base (project 7);
- provide essential inputs to a later study on ship-building and ship-repair in the region (project 19);
- provide essential inputs to a later, more fundamental study on the underlying problems of domestic inter-island shipping (project 22).

The work would consist of:

- a. Assessing the existing domestic fleets in relation to:
 - number/type/size/capacity;
 - condition/reliability/maintainability;
 - suitability in relation to the cargo (passengers) and the route
 - operations/performance/management.
- b. Estimating the trade and passenger flows for periods of five and ten years ahead.
- c. Evaluating future fleet capacity in relation to the demand for its services, taking account of:
 - that portion of the existing fleet which, for reasons of age, condition or manifest unsuitability will be written off in the next five to ten years; and
 - a continuation of present operational and management practices compared with such improved practices as appear to be attainable without major structural changes in the industry.
- d. Indicative fleet replacement/rehabilitation requirements for the periods five and ten years hence.
- e. Cost estimates of the fleet improvement programme, i.e. costs of new vessels plus rehabilitation costs.
- f. Transferring data obtained during the study into SPEC's maritime data-base (project 7 below).

Improvements to inter-island shipping should contribute to economic development.

4. CONTINUED ASSISTANCE TO REGIONAL MARITIME TRAINING

A Memorandum of Understanding drafted in 1985, but not formally agreed, expressed the intentions of member countries that the maritime colleges situated in Fiji, Papua New Guinea and Solomon Islands should be regarded as serving the maritime training needs of the region at the more advanced levels of Grade 4 master/engineer (SPMC) and above.

These three colleges have subsequently developed their facilities and accept, where requested, students from other regional countries. There are additionally a number of national maritime schools dedicated to training ratings and lower level masters/engineers for mainly national purposes.

Of the Regional Colleges, the Fiji School of Maritime Studies runs courses to Grade 2 master/engineer and also ship trades courses and rating training. Papua New Guinea currently trains to Grade 3 level and expects to commence Grade 2 training by 1990. Solomon Islands currently trains mostly at Grade 4 level, but there is some demand for higher level training.

The professional qualifications for regional seafarers have been established under the South Pacific Maritime Code to STCW 1978 Convention standards where Grade 1 is approximately equivalent to the UK Class 1 master or engineer certificate. It is not considered that there are sufficient Class 1 candidates in the region to develop any one college for such a course at the present time. The alternative is to provide scholarships for the few existing candidates to attend maritime colleges in Australia or New Zealand.

The main assistance required by the Regional Maritime Training Colleges involves the continuing provision of:

- sufficient expatriate, fully qualified staff (on aid supplementation);

- equipment;
- training courses to upgrade existing local staff;
- scholarships for Class 1 certificate candidates to study outside the region.

Some similar requests have been received from two national schools.

We regard the provision of training for seafarers as mainly serving a social purpose: an increase in the number of qualified seafarers will not of itself lead to increased shipping economic activity.

5. UPDATING SHIPPING LEGISLATION

The services of a maritime lawyer with a practical knowledge of merchant shipping are needed for two or three years to advance the updating of basic shipping legislation. This would be an expansion and continuation of existing SPEC work in this area, and is clearly a social project. We envisage that the maritime lawyer should be the first expert appointed to the task force team, see Project 1 above.

The highest priority is to provide regulations in respect of safety, seamen's contractual conditions and ship survey requirements at a level that the surveyor, shipowner and master can understand. This, however, cannot be achieved in isolation. The maritime lawyer would first have to establish the suitability of the existing primary legislation and/or draft a new Bill to the requirements of each country.

Because the end product of drafting is mainly maritime/technical in content it is considered essential that the maritime lawyer is a qualified mariner as well as lawyer.

The amount of draft law each country's Parliamentary law office

can absorb and approve at any one time is limited according to its staffing and other workload. It is envisaged that the maritime lawyer will find it necessary to submit drafts to a number of countries concurrently at a gradual pace, rather than complete one country at a time.

6. SOFTWARE FOR MARITIME DATA-BASE

The major 1984/85 Regional Transport Survey produced a useful data-base but:

- the original data has never been systematically updated;
- it is available within the region only in hard copy.

In order to facilitate updating, and to increase its availability and utility, a software package should be created for SPEC's Regional Maritime Data-base. The framework should be fully tested by inputting the 1984/85 data, and a satisfactory Instruction Manual should be provided.

A social project.

7. UPDATING THE MARITIME DATA-BASE

The need to update the Maritime Data-base is urgent. The original data is now four years old. Current data is needed to facilitate regional and national planning, and not least to provide a central source of information for the consultants and experts who undertake work in the region for aid supported projects. At present, each visiting expert has to visit countries to obtain data for particular purposes.

Updating should be by SPEC itself once the Programme Controller's activities have been strengthened by extra administrative support and by the appointment of a number of experts on contract, see Project 1. We see two ways in which updated information should be obtained:

- by inputting data which had been gathered in connection with particular SPMDP projects. Item 3 of this Plan, on inter-island shipping, contains a provision for the data to be provided to SPEC on diskettes;
- by country visits by the administrators of the SPMDP task force.

A social project.

8. REGIONAL MARITIME DIRECTORY

As an offshoot of the data-base, SPEC should compile and issue a regional maritime directory or handbook. As a minimum requirement, officials, ship operators, ship agents, repair yards, maritime colleges, etc. should be aware of each other's existence and how to communicate with each other. Fleet lists and relevant statistics should be included when possible.

The project would serve both social and economic development aims.

9. SHIP SURVEYOR-INSTRUCTOR FOR THE REGION

A senior expatriate should be engaged in order to train nationals from the region as ship and safety surveyors, primarily to survey domestic shipping fleets. For a proportion of his time, he could be detached from training duties to undertake technical duties for the very smallest countries. He should be based at the port of the region which has the heaviest survey workload, but his contract should be with SPEC to preserve his regional status.

The preferred location for the instructor should be decided by the SPMDP Management Group. Fiji has about 300 surveys per year of which half are slippings. The Fiji work is concentrated in Suva. PNG has about 210 surveys per year, but spread amongst six locations.

The philosophy underlying our recommendation that a surveyor-instructor be appointed to the region is that:

- a good expatriate surveyor is not necessarily an expert in education or vocational training;
- an expatriate is not appointed to a post unless there is sufficient work for him to do, and the way to make time for training is make a specific training appointment.

A social project.

10. COMPUTERISED PORT MANAGEMENT INFORMATION SYSTEMS

The international ports of PNG and Fiji have already made considerable progress with introducing port computer systems, which may be concerned with either or both of container operations or general port management. Assistance in developing computer applications in ports is already available from ESCAP, which provides expert help in adapting the basic concepts to the specific needs of individual ports, under its PORTMIS project. Other ports of the region may wish to avail themselves of this programme under which, we understand, services are quickly available.

11. MUTUAL EXCHANGE OF INFORMATION ON PORT COMPUTER APPLICATIONS

This is another currently available scheme operated by ESCAP. Within the South Pacific region it may prove to be of particular value in transferring relevant computer system knowledge from the larger port authorities to the smaller port.

PROJECTS FOR IMPLEMENTATION IN THE NEAR FUTURE

The projects or activities which we list below are urgently needed in the region, and should be implemented as quickly as possible. Detailed planning, securing funding and commencing implementation will, however, take time. Planning these projects should begin soon, the target being to implement them within the next three years.

12. MARITIME ECONOMIST FOR THE REGION

There is ample work to be done in the region to justify the appointment of a maritime economist for a two or three year period. The necessity for subsequent appointments should be reviewed after 18 months. The smaller countries should have first call on his services.

Among the work awaiting the services of maritime economist are:

- work for SPEC itself, including country visits, on aspects of the Data Base which require an economic and/or statistical approach;
- estimating as necessary volumes and directions of the domestic inter-island trade of the member countries. Until national statistics on the subject are improved (see task 30), the work is typically on sample data or by imaginatively combining, and making deductions from, estimates in consultancy reports undertaken for particular purposes;
- undertaking preliminary project appraisals and the first estimation of net benefits of projects for which the region seeks aid funds. Apart from assisting the region in the difficult matter of allocating priorities, this approach will be attractive to donor countries and organisations and may facilitate the attraction of aid funds to the region;

- undertaking short ad hoc shipping or other maritime economic studies as may be requested by member countries. The smaller countries should have first call on his services.

The maritime economist will contribute in many ways to the administrative infrastructure of the region; this project is classed as social.

13. TRAINING OFFICER FOR THE REGION

The level of background of general knowledge of maritime matters in the region is, in general, inadequate: national governments are often unaware of the overall nature of a very complex industry and have difficulties in formulating their own policy on shipping and ports and in effectively communicating their desiderata to SPEC; shipowners are frequently on a very small scale and often have an unsophisticated management; users of shipping are frequently uninformd on shipping.

We see a strong need for short courses, in-region or in-country, over a period of a few years designed to build up the region's level of knowledge of the maritime industries. After a few years rather more advanced short courses should be given on particular aspects of the sector. A training officer, with a shipping and ports background, should be appointed to the task force. He should personally organise not less than four short courses per year on the non-vocational and non-professional aspects of the world and regional shipping industry on the lines of the 1987 CIDA/SPEC maritime seminar at Rarotonga. It should be noted however that the subject matter of the seminar was considered too advanced by a number of the participants. The recommended courses should be at an elementary level for a few years. They would contribute both to human resource development in non-technical matters, and also to the institutional strengthening of ministries, government bodies and agencies and the private sector. This project is a clearly social project.

14. INSTITUTIONAL STRENGTHENING: MINISTRIES

Under this heading we include a number of activities which would build up the capabilities of the shipping and port divisions of Ministries of Transport, with particular emphasis on the smaller countries. We have in mind: seminars on the organisation and running of shipping offices and survey departments; the provision of overseas experience for selected individuals; meetings and seminars for national ship surveyors, heads of maritime colleges, operators of government fleets, etc. Projects to strengthen institutions are clearly social.

15. PORT AUTHORITIES FOR THE SMALLER COUNTRIES

A number of the smaller countries are independently considering detaching their international ports from their Ministries and establishing autonomous port authorities. A study directed to their needs is required. It should examine the advantages and disadvantages, personnel implications, financial viability, stevedoring and other port services, and legislation and by-laws which might be needed. Alternatives to establishing port authorities should be examined. The project would be concerned with the administrative infrastructure of the region and is therefore social in nature.

16. MICRO-COMPUTER SYSTEM FOR MINISTRIES AND SHIPPING OFFICES

The three larger countries of the region (Papua New Guinea, Fiji and Solomon Islands) need a micro computer system for keeping records of: registered seafarers; and records to assist, for example, in the advance planning of government surveyors' work. There are obvious economies in developing such a system as a regional project. Once developed, the possibility of it, or modification of it, being useful to the smaller countries should be investigated. A properly designed system could introduce extra expertise in a form in which it

could be used by personnel lacking professional qualifications.
A social infrastructure project.

17. PORT SAFETY TRAINING

We understand that the Ports Authority of Fiji has a current need to send a man overseas for training in all aspects of port safety. For the other countries arrangements should be made to bring an expert in port safety into the region to advise on and undertake safety and related training and organisation. He would have to visit individual countries, and should give particular attention to those smaller countries in which stevedoring arrangements and labour are best described as informal. Three or four visits per year over a three year period would be the minimum requirements. A social project.

The wider implications of industrial safety in relation to national legislation is the subject of a possible project currently being considered by ESCAP.

18. TRAINING AND CERTIFICATION OF FISHERMEN

There is common ground between the merchant shipping and fishing industries within the Pacific region, particularly in respect of nautical/seamanship training, safety equipment and hull and engine surveys.

In respect of deck department certificates of competency there is a general consensus that, whereas the SPMC grade 5 Master/Mate certificate can be considered common to the manning of small coastal fishing vessels and merchant ships, the higher grade certificate should not be common.

Firstly, a grade 4 mate may be a watchkeeper anywhere in the Pacific region on any size of vessel. If his sea experience was confined to a small coastal fishing vessel this would not give him adequate experience for such merchant ships.

Secondly, the fishing industry is concerned that a common certificate structure would lead to a "brain drain" from the fishing industry to the merchant navy.

In some Pacific countries the maritime authority registers, licences and surveys fishing and merchant ships. In other countries there is virtually no regulation of fishing vessel safety or manning by any authority. Similarly the administration of training of fishermen and merchant seamen is conducted in different ways in different countries, depending partly on legislation or the lack of it and partly on the present size and importance of the national fishing vessel in comparison with the merchant fleet.

While the training in actual fishing skills is a matter specifically for the fishing industry, the nautical/navigational/seamanship training, and the safety surveys for vessels could well be common to both industries. This aspect should become the concern of the SPMDP Management Group.

Studies and meetings concerning this subject have recently been held in a number of Pacific region countries. In particular, a recent review of training in Kiribati by the New Zealand Government has resulted in a recommendation to mount a seminar, funded by UNDP.

A seminar is needed on Pacific region fisheries industry, covering at least the following topics:

1. structure of certification for fishermen;
2. syllabus for these certificates;
3. registration of fishing vessels as opposed to merchant ships;
4. surveys of fishing vessels;
5. legislative matters appertaining to items 1-4.

Representatives of marine administrations, and maritime training schools of at least the three regional maritime schools (Fiji, Papua New Guinea and the Solomon Islands) and other schools which are or may be involved in fisheries/merchant navy training should be invited to attend, possibly with observer status.

Ideas emerging from the seminar should be considered by the Management Group and where appropriate the action called for should be pursued as part of the SPMDP.

This is classified as a social project.

19. SHIPBUILDING, BOATBUILDING AND REPAIR FACILITIES

A fundamental regional planning study is called for on the following subjects:

- a. Regional experience suggests that the building of steel ships is an economic activity for which the regional demand, taken together with the need to import most of the materials, may not provide a viable base. If there is a case for a shipbuilding activity, it seems certain that it is sustainable only in the case of one or two larger countries. There is, however, no consensus of opinion on this in the region and the subject is worth further study if only to discourage unjustified investment.
- b. Wooden boat-building at the village or artisan level is superficially attractive: local fishermen should be encouraged to have their own boats. Cooperatives or localities should perhaps be encouraged, as part of a national transport plan, to operate their own vessels. However it has been the experience that once villagers have boats it is difficult to discourage them from operating on

inter-island routes. Issues arise of seaworthy construction, operational safety and excess capacity on particular routes. The incursion of a number of large wooden boats, for example of 40-50 feet in length, may disrupt the commercial viability of a ship operator. The indications are that the provision of boats to island communities requires more careful planning than it has yet received.

- c. Repair facilities, chiefly but not exclusively for steel ships, are undoubtedly needed by all the island countries, but call for careful planning:
 - i. each country needs local slipping and repair facilities for those of its vessels which are too small to make a voyage to facilities available elsewhere;
 - ii. sufficient repair facilities are needed in the region as a whole to cater for the needs of the larger vessels without their having to make long, uneconomic voyages for their annual slipping for survey;
 - iii. there should not be an over-provision of facilities, otherwise particular enterprises become loss making;
 - iv. management capability and certain key tradesmen are in short supply;
 - v. the relationship between the size of a slipway and the largest regional vessel likely to use it should be carefully considered. In one country consultants encountered the circular situation that a repair facility was denied funds for expansion on grounds that no local ships were big enough to use it, whilst local shipowners felt constrained to using ships smaller than the optimum because of the size of the local slipway.

As a planning study, this is classified as a social project, although it has longer-term development implications.

20. SHIPPING COSTS AND THE BALANCE OF PAYMENTS

PNG and the Solomon Islands are concerned about the effect of international shipping costs on their international trading position and balance of payments. The subject lends itself to a quantified treatment, and may be of common concern to the region. A short overview study of about four man-months is needed to examine the problem, to determine whether it is a genuine cause for concern, and if so to recommend the way in which a major follow-up study should be undertaken as part of the SPMDP. The study is aimed at economic development.

21. DOMESTIC INTER-ISLAND SHIPPING: REVIEW SEMINAR

Project 3 stated the background to work on inter-island shipping which is included in the SPMDP.

This project is for a seminar which should:

- review the findings of project 3 on the medium term planning of inter-island shipping;
- review any other SPMDP projects relevant to inter-island shipping which had been completed. Projects 5, 9, 12, 13, 14, 16, 18 and 19 all have implications for domestic and intra-regional shipping;
- contribute to the specific of follow up work;
- involve the smaller countries and more generally encourage a regional approach to inter-island shipping.

The seminar should be attended not only by officials of the Ministries of Transport, but also by representatives of

Ministries of Trade and a wide range of interested agencies such as Export Marketing Boards, producers' organisations, and shipowners' associations insofar as they have been brought into effective existence.

This is classed as a development project.

LIKELY FUTURE PROJECTS

The projects listed in this sub-section should be examined periodically to determine their suitability for inclusion in the "action now" or "action soon" categories of the SPMDP. They are listed here in order to ensure that they are not overlooked and to facilitate their future treatment in the plan.

22. INTER-ISLAND SHIPPING: STUDY OF FUNDAMENTALS

The study of inter-island shipping in the medium term (3) will have gathered data and prepared the way for a study on the underlying, structural problems of the industry which are, it is believed, responsible for its frequently poor current performance. It will have postulated a degree of optimisation but largely within the current system. This follow up project, to the specification of which the seminar of (21) will have contributed, will continue to study the physical aspects of the industry, but should pay particular attention to the commercial, economic, institutional and political factors which lie behind its current problems. Major changes to the structure of inter-island shipping may have political implications which may make them unacceptable, but governments should be aware of what the problems are, and make whatever progress towards increased efficiency is practicable.

A development project.

23. INSTITUTIONAL STRENGTHENING: SHIPPING INDUSTRY

In order to build up the capability of the region's shipping industry, the activities of the task force's training officer should, after a few years of elementary, general courses, be extended to include:

- more advanced short courses designed to raise the level of

knowledge of shipping and maritime matters. They should be developed to cover specialised topics, such as chartering practice, shipping company accounts, shipping company technical management, the applications of micro computers and topics of chief concern to the regulatory sections of the Ministries of Transport. As regional shipping becomes more sophisticated, consideration should be given to extending such courses to senior seagoing personnel;

- regional seminars for, for example, national surveyors, domestic shipowners, directors of marine departments.

A social project.

24. MARITIME LAW: EXTENSION OF WORK BEYOND SHIPPING ACTS

As the updating of national shipping legislation nears completion, a seminar for representatives of Attorneys-General, and of the Ministries of Trade, Environment and Transport should consider the need for regional action on maritime law other than the fundamental tier of shipping legislation. Possible extension of the work on maritime law might, for example, cover the law affecting shipowners in relation to shippers, and the more recently developed body of international law on environmental and economic aspects.

A social project.

25. SHIPPING COSTS AND THE BALANCE OF PAYMENTS: EXTENSION OF 20

Depending on the results of project 20, the following tasks should be considered:

- detailed follow-up study on international shipping costs;
- detailed work on the incidence of domestic shipping costs on international trade;

- standardisation within the region of government procedures for estimating international shipping costs and including them in national balance of payments statistics.

A project aimed at economic development.

26. INSTITUTIONAL STRENGTHENING: SHIPOWNERS ASSOCIATIONS

The region's shipowners might benefit from a project to encourage the formation of national shipowners' associations where they do not already exist, and of building up their capability where they do. The ways in which this might be done should be assessed during seminars conducted under project 23.

27. ALTERNATIVES TO SHIPPERS COUNCILS

If work under projects 20 and 25 should justify it, those countries which have not, like PNG, adopted a national approach to Shippers' councils should consider the alternatives such as an inter-governmental standing committee on shipping, based on the East African "ISCUS" model. Insofar as this study might lead to a reduction in sea transport costs, it serves the aim of economic development.

28. LOCALISATION OF MARINE APPOINTMENTS

In Section 4 of the Main Report of the Regional Maritime Needs Study, it was argued that cautious but steady progress should be made in the replacement of expatriates by nationals in the maritime sector. After a few years' experience of the regional surveyor-instructor's programme, its progress should be reviewed. The occasion should also serve to review progress in other marine areas.

If the approach is found to have worked satisfactorily in the case of ship surveyors, consideration should be given to extending it to the maritime discipline.

29. P F L

Every four or five years, independent accountants of international repute should be commissioned to report on PFL operations. In particular they should address the question whether the financial and contractual arrangements under which PFL acquires the use of its ships are working to the benefit of the countries of the region.

Increased profitability of PFL will work towards further economic development.

30. DATA-BASE SEABORNE TRADE STATISTICS

As part of the ongoing work on the maritime data-base, consideration should be given by the task force's maritime economist to the possibilities of setting up a system common to the region for gathering and analysing international and domestic inter-island seaborne trade statistics by volume as well as value. Discussion of international statistics might be based on the ESCAP L2 scheme, which may however require modification for the region.

The use of micro-computers should be considered and the constraints applying to the administrations of the smaller countries should be borne in mind.

A social project.

31. INTERNATIONAL SHIPPING POLICY

Because of its geography, the most pressing maritime problems of the South Pacific are associated with international shipping. On international shipping, practical matters such as ports have been addressed, but policy issues have been largely neglected. Such issues of shipping policy should eventually be addressed by the task force and/or consultants expert in the subjects.

Examples of such issues are:

- liner conference members and the position of outsiders;
- the region and the UNCTAD Liner Code;
- open registries;
- shipper/ship-owners relations;
- ship acquisition, financing and ship mortgages, and so on.

The grounds on which particular courses of action on these matters should be adopted or not should be whether they contribute to the region's economic development. The main purpose of studying them, however, is to improve the capability of governments to take decision on questions of international maritime policy. The project is therefore classed as primarily social.

32. PORTS FOR DOMESTIC, INTER-ISLAND TRADE

The international ports of the region are relatively well served by aid donors, but there is a relative neglect of the locations, not all of which have formal port facilities, at which domestic shipping calls. As trade volumes increase and as more advanced ship and cargo handling technology penetrates inter-island trading, more attention should be given to the lesser ports. We have in mind a study on:

- domestic shipping and cargo technology;
- port facilities for domestic shipping;
- civil engineering and management implications.

33. SUBSTITUTABILITY OF AIR FOR SEA TRANSPORT

A study should determine the conditions, criteria and parameters where air transport would become an economically feasible substitute for sea transport. If a small aircraft suited for a particular combination of trades were selected,

for example one with interchangeability between cargo and passenger carriage, many small communities in the Pacific might be better served, and with greater flexibility, by air rather than sea transport.

A social project.

34. LIABILITY

In many countries government is the sole or most important transport operator, by air or sea. In addition, government entities often operate as stevedoring contractors, terminal operators and so on. Yet the liabilities of public and private operators in cases of mishaps or disaster are ill defined while capabilities to meet claims lodged appear seriously inadequate. In many localities there is no opportunity for the public to take its own insurance. A study might assess the actual situation and consider ways and means to provide a first layer of insurance coverage in the transport service industry.

A social project.

IMPLEMENTATION

GENERAL

The SPMDP classifies its projects into three categories: for immediate implementation, for implementation in the near future, and likely future projects.

SPEC, international agencies and donor countries are all anxious to make progress on regional maritime matters, and the SPMDP is envisaged as a flexible planning tool. There is no reason why projects, at least those in the first two classes, should not be implemented as soon as funds are available.

Five projects, shown by an asterisk in Table 1, have been recommended by the South Pacific Maritime Needs Assessment Survey as suitable for UNDP funding. The money is available, and if UNDP accepts the recommendation the projects could start quite quickly, say in early 1989.

A complete list of the projects contained in the SPMDP is at Table 1.

For each project the table also shows:

- whether it is primarily a social project or one aimed at economic development;
- an indicative estimate of the external funding, in 1988 values, which might be needed to implement it.

Both points call for explanation.

SOCIAL OR DEVELOPMENT PROJECTS

The purpose of roughly classifying the projects as social or

developmental is to demonstrate a point made in the Main Report of the 1988 Maritime Needs Assessment Survey, namely that much of the aid funding required for the South Pacific Maritime Sector is required for capability building, or maintaining the social structure at some minimum level below which national economies would not grow and might even regress. The significance of this type of aid in the South Pacific is attributable to the number of countries with small populations and a very limited endowment of natural resources. This is a characteristic and differentiating factor of the region.

Some projects are clearly social, others are clearly aimed at economic growth. Most have elements of both, and an academic treatise would be necessary fully to determine to which category they truly belong. No such exhaustive treatment has been attempted: the classification shown is a rough and ready one.

INDICATIVE COSTS

The costs shown in Table B.1 against the "do now" and "do soon" projects are mainly very crude estimates for indicative or budgetary purposes. The exceptions are the five projects which have been recommended for UNDP funding: their skeleton costs, in UNDP terminology, have been calculated fairly accurately, and they have served as a guide to the estimates for the other projects. Rules of thumb which have been used are:

- basic cost of an expatriate expert, US\$8,000 per month;
- cost of expert inclusive of travel, per diems and so on is taken as US\$11,000 per month; and
- cost of an expert on a long term appointment is taken as US\$100,000 per year.

TABLE 1 - SOUTH PACIFIC MARITIME DEVELOPMENT PLAN

Project	Social/ Development Classification	Indicative Cost (US\$'000)
Projects for Immediate Implementation		
1. Task Force Approach	Social	300
2. PFL Feeder Service, Fiji- Kiribati-Tuvalu-Marshall Islands	Social/ Development	0
3. Medium Term Planning of Inter- Island Shipping	Development	362
4. Continued Assistance to Regional Maritime Training	Social	Perhaps 600
5. Updating Shipping Legislation	Social	300
6. Software for Maritime Data-Base	Social	25
7. Updating the Maritime Data-Base	Social	Allow 60
8. Regional Maritime Directory	Social/ Development	Allow 25
9. Ship Surveyor-Instructor for the Region	Social	300
10. Computerised Port Management Systems	Development	75

Project	Social/ Development Classification	Indicative Cost (US\$'000)
11. Mutual Exchange of Information on Port Computer Applications	Development	40
12. Maritime Economist for the Region	Social	300
13. Training Officer for the Region	Social	300
14. Institutional Strengthening: Ministries	Social	100
15. Port Authorities for the Smaller Countries	Social	43
16. Microcomputer System for Ministries and Shipping Offices	Social	50
17. Port Safety Training	Social	150
18. Training and Certification of Fishermen	Social	50
19. Shipbuilding, Boatbuilding and Repair Facilities	Social/ Development	250
20. Shipping Costs and the Balance of Payments	Development	62
21. Domestic Inter-Island Shipping: Review Seminar	Development	58

Project	Social/ Development Classification	Indicative Cost (US\$'000)
Likely Future Projects		
22. Inter-Island Shipping: Study of Fundamentals	Development	400
23. Institutional Strengthening: Shipping Industry	Social	75
24. Maritime Law: Extension of Work Beyond Shipping Acts	Social	40
25. Shipping Costs and the Balance of Payments	Social	200
26. Institutional Strengthening: Shipowners' Associations	Social	50
27. Alternatives to Shippers' Councils	Development	50
28. Localisation of Marine Appointments	Social	not estimated
29. PFL	Development	75
30. Data-base: Seaborne Trade Statistics	Social	250
31. International Shipping Policy	Social	250

Project	Social/ Development Classification	Indicative Cost (US\$'000)
32. Ports for Domestic, Inter-Island Trade	Development	150
33. Substitutability of Air for Sea Transport	Social	75
34. Liability	Social	60

- NOTES:
1. Projects 1, 5, 9 are based on the appointment of one expatriate administrator or expert for three years.
 2. For projects 5 and 9 regional travel would be a significant extra cost.
 3. Projects 12 and 13 are based on the appointment of one expatriate administrator or expert for three years.
 4. For project 17 one expert to visit each year for three years.
 5. For projects 12, 13 and 27, travel in the region would be a significant extra cost.

Source: Draft SPMDP and Consultants' Estimates.

INDICATIVE COSTS SUMMARISED

Tables 2 and 3 summarise the projects and the costs of the SPMDP.

TABLE 2 PROJECTS OF THE SPMDP BY SOCIAL/DEVELOPMENT CATEGORIES

SPMDP Urgency	Number of Projects		Development	Total
	Social	Social/ Development		
"Do Now"	7	1	3	11
"Do Soon"	7	1	2	10
Likely Future	9	0	4	13
TOTAL	23	2	9	34

TABLE 3 - INDICATIVE COSTS OF SPMDP BY SOCIAL/DEVELOPMENT CATEGORIES

SPMDP Urgency	US \$'000		Development	Total
	Social	Social/ Development		
"Do Now"	1,610	0	477	2,087
"Do Soon"	993	250	120	1,363
Likely Future	1,000(a)	0	675	1,675
TOTAL	3,603	250	1,272	5,125

(a) Includes one project for which cost not estimated.

The above tables show that:

- the SPMDP as drafted contains 34 projects, the indicative cost of which is about US\$5.1 million in 1988 values;
- the 11 "do now" projects have an indicative cost of about US \$2.1 million;
- the 10 "do soon" projects have an indicative cost of about US \$1.4 million;
- the 13 "likely future" projects, which require further study, have a possible cost of about US \$1.7 million; and
- 11 of the 34 projects, about one third, appear to be wholly or in part development projects. The indicative cost of the 11 development and mixed projects is US \$1.5 million, again about one third of the total indicative cost.

IMPLEMENTATION OF SCHEDULE

It is difficult to make recommendations on an implementation schedule, for the SPEC secretariat is actively seeking aid funds, the existence of this SPMDP should facilitate the search, and individual projects from the "do now" and "do soon" categories may start as soon as funds are available. Nevertheless, ideas on timing are helpful, and the bar chart of Figure B.1 incorporates the following ideas:

- the projects which have been recommended for UNDP funding are assumed to start in April 1989, and to be complete within 12 months. Except for the inter-island shipping seminar, project 21, which must await completion of the medium term inter-island shipping study, they may be concurrent. The actual timing shown on the bar chart is for guidance only;
- for the "do now" projects, except for those recommended for UNDP funding, it is recommended that SPEC should aim to complete them within three years of April 1989;
- for the "do soon" projects, except for those recommended for UNDP funding, it is recommended that planning should start in 1989 and that the target should be to complete them by the end of 1993; and
- for the "likely future" projects, it is recommended that they should be kept underreview, and that a programme should be devised from them to be implemented from 1993 onwards.
- implementation of all projects will only be carried out in consultation with the member countries of the Forum Secretariat and with donors. A rolling Work Plan will be developed by the SPMDP to implement projects in the Plan and such others as may be identified by the countries from time to time.

**FIGURE 1 - RECOMMENDED SOUTH PACIFIC MARITIME DEVELOPMENT PLAN
FIRST IMPLEMENTATION BAR CHART**

Project/Plan	Year							
	1988	1989	1990	1991	1992	1993	1994	1995
(1) Projects received for UNDP								
-(3) II shipping, medium term								
-(8) Software for U-Base								
-(15) Small Country Port Authorities								
-(20) Shipping and B or G Payments								
-(25) II Shipping Seminar								
(2) Other "Do Now" Projects								
(3) Other "Do Soon" Projects								
(4) Likely Future Projects								