DIRECTOR'S PRELIMINARY REPORT
1972/73

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(A Preliminary Report for the period November 1972 to March 1973)
Third South Pacific Forum
SUVA, 1972
The Chairman  
SPEC Committee

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I have pleasure in submitting this first report of the South Pacific Bureau for Economic Co-operation for approval and transmission to the South Pacific Forum as required under the terms of Article V of the Agreement Establishing the South Pacific Bureau for Economic Co-operation.

Yours sincerely,

M.U. Tupouniuua
Director

SUVA
16 March, 1973
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INTRODUCTION

Further to my letter to Prime Ministers and Ministers for Foreign Affairs of Member Governments dated 30 November, 1972, and my Progress Report placed before the Interim Committee on 16 February, 1973, I wish to submit this first Report of the South Pacific Bureau for Economic Co-operation. The Report covers the four month period 15 November, 1972, to 14 March, 1973. It was adopted by the South Pacific Committee for Economic Co-operation at its meeting at Nuku'alofa on 14 March, 1973. It is now submitted in accordance with Article V of the Agreement establishing the South Pacific Bureau for Economic Co-operation.

2. The Report is submitted under the headings of—

(a) work programme;
(b) office accommodation;
(c) permanent headquarters; and
(d) relations with other agencies.

WORK PROGRAMME

3. It is four months since I arrived in Suva, and SPEC has, within this period, completed the initial
phase of its existence. Inevitably, the first phase was mainly taken up with the practical and administrative process of making SPEC operational. A start has now been made on the various tasks set by the last Forum which will absorb the full attention of SPEC during the second phase. It is this next phase which should mark SPEC's first real impact on the key economic and trade problems confronting Member Governments.

4. The Forum, at its last meeting, set the Bureau three priority tasks—

(a) a survey of regional trade, to be carried out on a commodity-by-commodity and industry-by-industry basis, with recommendations for future action by Governments;

(b) a study of the factors which need to be taken into account in deciding whether and on what conditions Fiji, Tonga and Western Samoa should seek associate status with the EEC; and

(c) a study of the financial and operational structure of a regional shipping line.

5. It was apparent from the start that the three issues were inter-related to a degree that would make it impossible to deal with each in
isolation. The work programme was accordingly drawn up in such a way that all three projects could be attacked simultaneously.

6. Because of the limited resources at SPEC’s disposal, and in order to take advantage of the many offers of assistance SPEC had received, the programme envisaged outside assistance. The sources of assistance were to come, principally, from the Australian and New Zealand Governments (in the shape of short-term experts), the Commonwealth Secretariat (on the EEC issue), UNDAT/UNDP (on aspects of the regional trade survey) and ECAFE (on both trade and shipping). Specific requests were made to all the abovenamed agencies and, in almost every case, favourable replies and practical assistance have been received.

7. Long discussions were held with the UNDAT Team Leader, Dr. Hald, as a result of which it was agreed that his people would undertake the commodity study beginning with the following items:

- Coconut products
- Citrus fruit
- Bananas
- Handicrafts
- Root crops
- Cement
- Other building materials
- Clothing and footwear
- Vegetables
8. With the appointment of a Research Officer in early April, SPEC itself will be able to launch the industry study. A request has also gone forward to ECAFE for assistance with this study. It is aimed to compile an inventory of all existing enterprises in the Island Members and to evaluate where significant expansion might be feasible.

9. Good progress was made on the EEC exercise. With the assistance of an expert, Mr. G.F. Thompson, who was assigned to SPEC for six weeks by the New Zealand Government, the Bureau prepared for the Governments concerned a comprehensive report on the association issue. Mr. Thompson visited both Tonga and Western Samoa to pursue the study and had discussions with the Fiji authorities; all three Governments extended considerable assistance for which I am most grateful.

10. In view of the imminence of the Commonwealth meeting in Accra, (which was subsequently cancelled) SPEC submitted an interim 'position paper' on 21 February to the Governments of Fiji, Tonga and Western Samoa. The full report is now available and it should be possible for the three Governments concerned to see conveniently from one document how far the wider interests of the South Pacific countries are likely to be served through different forms of relationship with the enlarged EEC.
11. The study of regional shipping is the next important task to tackle. I am happy to report that an expert from the Australian Government (Mr. Fitzwarryne) has now been assigned to SPEC on a full-time basis for a period of four months. The state of shipping services in the region generally presents a rather confused picture at present. Several meetings have been held on the subject and a number of studies made at both national and regional levels prior to the establishment of SPEC. When Mr. Fitzwarryne joins SPEC in early April one of his first tasks will be to determine what measure of agreement has been reached on the various aspects of shipping so that SPEC can devote its energy and limited resources to those areas only that have not been previously touched upon.

12. To the extent that the fulfilment of SPEC's wider goals will be heavily dependent on a successful solution to the shipping problems which have be-devilled the Pacific Islands for so long it is hoped that, when this project has been completed, it will incorporate a formula for a regional shipping venture which will provide a rational and efficient service for all concerned.

13. As staff resources gradually build up it will be possible to start work on some of the secondary projects which have been entrusted to SPEC, and also to step up the momentum of work in the above areas.
OFFICE ACCOMMODATION

14. On 9 February, 1973, SPEC moved from the temporary premises in Government Buildings, Suva, which the Government of Fiji provided on my first arrival. I take this opportunity to record my gratitude to the Fiji Government for the assistance given SPEC in the initial establishment period. From this 'base camp' it was possible to organise and supervise the alterations which were necessary to enable SPEC to move into the University of the South Pacific old Library building, part of which SPEC is now renting.

15. When fully available, the office space would amount to some 2500 sq. ft. which should be adequate for SPEC's needs during the next two years pending the development of the permanent headquarters. At this temporary home at USP it is hoped to include reference facilities, statistical charts and other displays, so that visitors to SPEC will be able to acquire rapidly any relevant material on regional trade as well as background briefing on SPEC's main projects.

16. It is, I believe, particularly appropriate that SPEC should be located on the University site. Like the USP, SPEC is a regional institution, and its permanent site will, in any case, be adjacent to the campus. SPEC's new temporary home also happens to be the same building that was used to provide facilities during the Forum meeting in
September, 1972. For these reasons the general atmosphere is, undoubtedly, more congenial to the regional character of SPEC's role than a downtown office block. I would doubt that any visitor who has a worthwhile interest in SPEC's work will be deterred by the short detour to Laucala Bay.

PERMANENT HEADQUARTERS

17. In accordance with the Honourable Ratu Sir Kamisese Mara's offer at the last Forum negotiations are in progress with the Fiji authorities to make available a plot of Crown land for use by SPEC. An area of just over 5 acres of wooded hillside above the USP campus has been set aside which will be reached by driveway access from Sukuna Road. SPEC has been informed that formal approval will shortly be received from the Suva City Council for the use of the land for office purposes. When this has been obtained officially a detailed survey, as a basis for site planning, will then be carried out.

18. I have allowed in my estimates of capital expenditure for a reasonable amount of money for development — e.g. roading, water and electricity. I also suggest that this expenditure be separated from SPEC's other capital expenditure items because it may not be feasible for Island Governments to contribute on the same basis to the high initial cost of providing SPEC's permanent headquarters. It is envisaged that sources other than Forum contributions will be sought towards the cost of permanent headquarters office and housing complex.
19. It has always been envisaged that residential accommodation for senior staff should be constructed adjacent to the permanent office headquarters. Now that actual experience has proved the considerable difficulties involved in obtaining suitable rented houses in Suva I see the development of the permanent headquarters as a top priority exercise once the essential services have been made available on the site.

RELATIONS WITH OTHER AGENCIES

20. In addition to the organisation already referred to in paragraph 6 above, SPEC has actively sought contact with other regional agencies whose sphere of interest is related to its own. Discussions have been held in some detail with PIPA in view of the need to define somewhat more clearly SPEC's role in relation to work which has hitherto been done by PIPA. SPEC was also asked by the Fiji Government to give its views on this question. A reply had been forwarded accordingly, and the Government of Fiji has since relayed these views to Member Governments of PIPA.

21. A delegation of SPC officials comprising the Programme Director (Economic), the SPC Economist, and the Commission Statistician came to Suva in March for talks with SPEC. Discussions were held from 6-9 March as a result of which the meeting was able to define the working relations between the two organisations and thus to ensure that duplication of efforts is minimised.
22. In accordance with a resolution adopted by the last SPC Conference we spent a lot of time going over the recommendations of the UN/UNCTAD Regional Transport Survey in order to clarify the spheres in which SPEC and SPC respectively had the first responsibility.

23. An agreed memorandum on this topic will go forward to the SPC Planning Committee in May and I am in touch with the Secretary-General of the Commission about SPEC's attendance at that meeting.

24. In addition to communications with Member Governments, the Commonwealth Secretariat and the SPC referred to elsewhere, contacts have also been made with international agencies and others involved in regional development. As mentioned earlier, SPEC is in close touch with the Commonwealth Secretariat over the EEC question. SPEC has also been requested by the International Trade Centre in Geneva to assist in mounting a Regional Export Promotion course in Sydney later this year. SPEC's role, however, will be limited to assisting with the selection of participants and the provision of one or two lectures to be arranged later.

25. I have been invited by the Secretary-General, UNCTAD, to be a member of the panel, formed under Resolution 65(111) adopted at the Third Session, United Nations Conference on Trade and Development, which meets in Geneva from 19-27 March, 1973. All expenses are being met by UNCTAD. The panel is
being convened to "study particular problems of developing Island countries, to make recommendations and to prepare a report to the Trade and Development Board."

26. In SPEC's relations with the USP, preliminary talks have begun about ways in which SPEC might be able to contribute to the University's teaching programme, giving it a more pragmatic content, and vice-versa. I gave a talk on 9 March on 'The South Pacific as a Trade Area', to senior administration and management officers from the region who were attending a course at the University. I envisage that some of SPEC's more straightforward research projects might provide a useful assignment for a group of senior students working under supervision. This sort of collaboration should benefit both SPEC and the University.

27. Although it was my intention to visit as many of the Forum Member Countries as possible soon after the physical establishment of the office had been completed, I was able to visit only one country. I visited Nauru for 3 days from 28 February to 2 March.

SUVA
16 March 1973