South Pacific Bureau for Economic Co-operation

DIRECTOR’S
ANNUAL REPORT
1974/75
Sketch of the New Headquarters
The Chairman,
SPEC Committee

Dear Sir,

DIRECTOR'S ANNUAL REPORT – 1974/75

I have pleasure in submitting my Annual Report to the SPEC Committee 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. Tupouniua)
Director

SUVA
30 April, 1975.
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INTRODUCTION

The period since the Rarotonga Forum in March, 1974, has seen worthwhile progress throughout most of the Bureau’s work programme. As noted in our Progress Report to the SPEC Committee Meeting in Wellington in December, 1974, many of the projects in which SPEC has been engaged have shifted from the stage of formulation to implementation.

2. Areas in which significant progress had been achieved at the work programme level during the period under review were:—

- SPEC’s co-ordinating role for the three Pacific associatives in the negotiations leading to the signing of the ACP/EEC Convention of Lome on 28 February, 1975
- the formation of the Regional Shipping Council and Regional Shipping Advisory Board
- the signing of the contract for the construction of the SPEC permanent headquarters in Suva
- the completion of the preparatory stages of the Regional Telecommunications projects
- the commencement of the Regional Pests and Diseases Survey with UNDP funding, FAO as executing agency and SPEC providing the co-ordinating role
- completion of the feasibility study on a Regional Copra Crushing Mill by the Tropical Products Institute (TPI)
- the completion of a report on future marketing activities by a Marketing Adviser supplied by New Zealand
- the establishment of trade in vegetables between the Cook Islands and Tahiti
- publication of the SPEC Directory of Aid Agencies
- the drawing up of a Taro (Dalo) Agreement among the three major exporters to the New Zealand market
- the continuation of the banana industry revitalization exercise.

3. Recent developments in respect of the activities mentioned in paragraph 2 are:—

- The signing of the ACP/EEC Convention which marked the completion of one phase of SPEC involvement, namely, that of providing secretarial and co-
ordination assistance to the three Pacific Associates - Fiji, Tonga and Western Samoa. The Three comprise the Pacific segment of the African, Caribbean and Pacific (ACP) group of countries which negotiated the agreement on trade and aid with the European Economic Community (EEC). A permanent ACP secretariat is to be established in Brussels to assist with the implementation of the Convention. SPEC's future role, if any, in this area had yet to be defined at the time this Report was written.

Developments in the field of regional shipping are continuing. SPEC has been appointed to provide secretarial services for both the Regional Shipping Council and the Regional Shipping Advisory Board.

The contract for the construction of the new permanent headquarters was signed on 3 April, 1973. Satisfactory progress is being maintained and completion is scheduled for March 1976.

The regional telecommunications training and maritime projects are now operational.

The copra mill study is currently being examined by member governments. A preliminary examination of the Institute's findings is to be made by Directors of Agriculture at their meeting in Apia in May 1975.

The marketing report set out guidelines for SPEC's future activities in this area. SPEC is in the process of recruiting a permanent appointee for the position of Marketing Officer.

At date of reporting one country had yet to initial the Taro Agreement. If accepted by all three the document will become the first commodity agreement of its kind to have been concluded in the region.

At the Fifth Forum in Rarotonga member governments stressed the need for better information on the availability of aid to the region. In accordance with this directive, SPEC completed a Directory of Aid Agencies in February, 1975, as a first step towards providing an aid co-ordination and advisory service. The Directory has been circulated to member governments.

Two meetings at Directors of Agriculture level have been held on the banana industry revitalisation project. A development strategy on a regional basis has been drawn up.
THE REGIONAL SETTING

4. Over the period under consideration the economies of member countries have continued to be plagued by alarming rates of inflation, compounded by steeply rising import costs. The copra industry in the region has been set back by falling coconut oil prices overseas and, in some cases, by violent hurricanes at home.

5. A number of political developments during the year contributed to the strengthening of South Pacific economic regionalism and co-operation. These included the achievement of self-government by Papua New Guinea and Niue, both of which are now members of SPEC, and the participation of the British Solomon Islands, the Gilbert and Ellice Islands, and the New Hebrides, in some SPEC meetings.

6. The decision taken at the Fourteenth South Pacific Conference in September/October, 1974, to merge the South Pacific Commission and the South Pacific Conference was a significant development. The renaming of the Economic Commission for Asia and the Far East (ECAFE) to the Economic and Social Commission for Asia and the Pacific (ESCAP) underlined the increasing interest of this previously Asian-orientated organisation in assisting the economic development of the South Pacific region.

7. In the administrative field SPEC's staffing structure has been expanded slightly to meet increasing work programme commitments. In a year when Governments experienced severe budgetary pressures as a result of world-wide inflation the Bureau was heartened by the SPEC Committee's complete approval of the budget request for the calendar year 1975. On 3 April, 1975, the contract for the construction of the SPEC Headquarters complex was let to the local firm of Narain Construction Company Limited.

8. During the period under review SPEC received considerable technical assistance from multilateral agencies and bilateral aid donors. The Netherlands Government became actively involved in the Bureau's work programme through the provision of two shipping experts from ESCAP. Advice has been received of the Netherlands Government's willingness to consider direct requests from SPEC for technical assistance. In addition, the Commonwealth Fund for Technical Co-operation extended worthwhile assistance during the year. This is in addition
to the regular programme of assistance received from SPEC’s two developed member governments — New Zealand and Australia.

9. The Report sets out, under a number of broad headings, the various activities in which SPEC has been engaged during the past twelve months.

WORK PROGRAMME

REGIONAL TRADE: TRADE PROMOTION AND MARKETING

10. In our last Annual Report it was noted that New Zealand had been asked to provide a short-term marketing expert to make a thorough assessment of the potential for improved regional trade. Mr A. J. Willett, a senior marketing executive of the New Zealand company of Alex Harvey Industries, spent approximately three months working at SPEC headquarters in late 1974. His recommendations are included in a comprehensive report shortly to be submitted to member governments.

11. As a result of the Marketing Adviser’s recommendations applications are currently being processed for the position of Marketing Officer on the Bureau’s permanent staff. Once this officer has been appointed it is expected that SPEC will be able to consolidate and expand upon the practical trade promotion and advisory services it has already been providing to Island member governments.

12. Another of Mr Willett’s recommendations concerns future studies of the scope offered for bulk purchasing. In this regard SPEC has been in contact with the West German Government about the possibility of an expert in this field being provided for a period of 12 months to examine the subject in detail.

MARKET SURVEYS

13. A study of Tahiti as a market for fresh fruits and vegetables from the Cook Islands was completed by the Marketing Adviser in late 1974. The study was submitted to the Cook Islands Government which subsequently acted on its recommendations.

14. A study of a taro trade between the Islands and New Zealand, also carried out by the Marketing Adviser, led to the formulation of a “Taro Agreement” between the major suppliers of taro, which aims at maximising export receipts by stabilising
the market for this crop. It is believed to be the first commodity agreement of its kind in the South Pacific.

15. A survey of the market in New Zealand for a wide range of processed agricultural produce (passionfruit, pawpaw juice, pineapple etc.) is being prepared by the Market Research Unit at Massey University, New Zealand, under New Zealand aid finance.

16. A number of preliminary assessments of the potential market in Australia for various tropical products in response to requests from local producers and exporters have been carried out for SPEC by the Australian Market Assistance Office of the Department of Overseas Trade in Canberra in co-operation with the Australian Trade Commissioner for the Pacific Islands located in Suva.

TRADE IN SPECIFIC COMMODITIES

Kava

17. Intra-regional trade in this commodity is now well established with supplies regularly airfreighted to Fiji from Tonga. Monthly shipments have also been coming from Western Samoa. Current shipments are running in excess of the monthly figure of 5 tons originally promoted and a three year supply contract is being negotiated by the importer.

18. Since the Kava trade commenced revenue derived from it has exceeded $100,000. One result of the regular substantial consignments being airfreighted through this trade has been to reduce the airfreight commodity rate between Tonga and Fiji to a commercially viable level.

Ginger

19. A proposal for the production of ginger for export on a regional basis, with the supply of planting material and other inputs required to be obtained under aid, was put forward by SPEC for consideration under the Australian Government's South Pacific Aid Programme.

20. At the Wellington SPEC Committee meeting in December, 1974, Australia confirmed that the venture would be undertaken on a bilateral basis and that the Australian Development Assistance Agency would finance an adviser from Australia on the production and marketing aspects of the crop.

Manioc

21. Preliminary studies are being carried out to evaluate the potential of processed manioc as a possible export commodity on a regional level. Investigations are being made of potential market outlets for the processed product and also of reputable manufacturers on relevant machinery most suitable for village level industry.

22. Manioc, or cassava, may also produce the lowest cost source of carbohydrates for animal feed. In South Pacific climates the crop can produce very high yields per acre.

PERMANENT HEADQUARTERS

23. The contract for the construction of the permanent headquarters was signed, in Suva, on 3 April, 1975. The construction contract was let to the local firm of Narain Construction Company Limited.

24. The construction of the complex, consisting of two office buildings, a regional conference centre and a number of staff residences, is being financed by the New Zealand Government. The Australian Government will provide all equipment, furnishing and fittings. In addition Australia has already supplied two vehicles. The decision to build the headquarters for SPEC was taken at the Fourth South Pacific Forum when Fiji offered the land. New Zealand committed itself to financing the building, and Australia to providing the furniture and equipment.

25. The buildings will be predominantly of local material. The architectural design objective has been to reflect the Pacific environment. The second and final stage of the roading and siteworks is being undertaken by the Fiji Public Works Department and is nearing completion.

26. The December 1974 SPEC Committee agreed that the Director and Miss Maris King should co-ordinate the development of an overall approach to the provision of suitable artifacts and works of art for the project.

ASSOCIATION WITH THE EEC

27. During the year SPEC completed one area of work which started in 1973 and was subsequently confirmed as part of its work programme at the Fifth Forum in Rarotonga. This task involved secretarial and co-ordinating assistance to the three Pacific countries — Fiji, Tonga and Western Samoa — which
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comprised the Pacific part of the African, Caribbean and Pacific (ACP) group of countries negotiating an agreement on trade and aid with the European Economic Community.

28. The signing of the ACP/EEC Convention of Lome on February 28, 1975, to operate for five years from that date, marked the conclusion of lengthy and, towards the end, exhaustive negotiations which began in July, 1973. While the detailed work was conducted mainly in Brussels, the negotiations involved Ministerial meetings in Dar-es-Salaam, Addis Ababa, Kingston, Dakar, in Brussels itself, in Accra and, finally, Lome for the signing conference.

29. As stated in our last year’s Annual Report, SPEC’s then Deputy Director set up the Pacific Group Secretariat in Brussels in February, 1974, following a reconnaissance visit in November, 1973, to assess likely requirements. In the following July SPEC’s Research Officer took over the position of co-ordinator for the Pacific Group in Brussels and was associated with the group throughout the remainder of the negotiations until the conclusion at the signing of the Lome Convention.

30. The Convention itself is a comprehensive agreement. While it contains several areas of importance to the three Pacific countries directly involved it is not without potential interest to the region generally. Most exports from the ACP States will enjoy free access into the EEC market. The system for stabilization of export earnings, while largely an experiment on the part of the EEC and yet to be proven effective, offers an opportunity to offset fluctuations in export earnings from several important commodities.

31. Various provisions for financial and technical co-operation, for which the EEC has allocated a total amount of more than US$4,000 million, will be of interest to the Pacific countries — e.g. special concessions for least developed ACP States (which include Tonga and Western Samoa), emergency aid for natural disasters, provision for regional projects involving other countries in the region including those outside the ACP group, and some untying of aid. For Fiji, the special provisions in the Convention for sugar offer guaranteed prices for sugar exported to the EEC. Provision is also made in the Convention for the accession of newly independent countries whose economic structure and production are comparable to the present ACP States. This provision will be of special interest to Papua New Guinea
which, on achieving full independence, may well wish to join the Three Pacific countries associated with the EEC under the Lome Convention.

32. The foregoing are only some of the main points in the Convention and a fuller outline of its contents was given in SPEC document SPEC(75)8, circulated on 16 April, 1975. It is appropriate here to state that several of the provisions of special, advantage to the Pacific owe their inclusion to the conscientious and painstaking efforts of the various representatives of the Pacific countries in the negotiations. At the Ministerial level, the Prime Minister of Fiji, Ratu Sir Kamisese Mara, played an important role in ensuring that the interests of the Pacific were adequately represented. In particular, the successful conclusion of the difficult sugar negotiations, which formed an integral part of the whole negotiations and involved the European Commission, the United Kingdom Government and the ACP sugar producers, owed much to the personal efforts of the Fiji Prime Minister.

33. The Pacific group was also ably supported at the plenipotentiary and expert level even though the manpower resources of these countries, and their long distance from Brussels, made their participation more difficult than for most of the other ACP States. The Pacific group operated effectively as a team and, in a small but important way, the exercise was a successful example of regional co-operation. As the co-ordinating body it is appropriate that SPEC records here its full appreciation of the considerable assistance it received from the Fiji Mission in Brussels and from other Fiji Government representatives.

34. The Pacific Group also received much needed assistance at various stages of the negotiations from Tonga and Western Samoa and it should be mentioned also that both New Zealand and Australia, through their Embassies in Brussels, gave valuable assistance in making their facilities available to the secretariat.

35. During the negotiations the Pacific group was also very pleased to welcome to its ranks a representative from Papua New Guinea who was attached to the Australian Embassy in Brussels and maintained Papua New Guinea's potential interest in formalising its trading relationship with the EEC. This officer attended many long hours of meetings and was able to give the Pacific group a wider representation in the various committees involved in the negotiations.

36. With the conclusion of the negotiations the Pacific Secretariat in Brussels was terminated and SPEC's role of
assisting the three Pacific countries in the negotiations came to an end.

37. The task of implementing the Lome Convention now becomes an important item for the associated Pacific countries together with the other ACP States and their European partners. SPEC will of course be ready, if called upon, to give advisory assistance within the limits of its resources to the three Pacific associates and to any other country in the region with an interest in the Convention.

REGIONAL SHIPPING

38. In response to a directive from the Fifth South Pacific Forum, Ministers and official representatives from all SPEC member countries, at a meeting held in Nuku’alofa from 27-29 August, 1974, decided to establish a South Pacific Regional Shipping Council on the basis of a Memorandum of Understanding setting out the functions and procedures of this ministerial policy-making body. His Excellency President Hammer DeRoburt of Nauru was elected as the first Chairman of the Council and it was decided that the next meeting of the Council should be held in April/May, 1975. SPEC is providing secretariat services for the Council. The date of the Council Meeting has been set for 6 June.

39. The Nuku’alofa meeting also agreed to form an Advisory Board of officials and shipping experts who would determine what further studies were necessary in order to present a firm proposal for a regional shipping venture to the Council and then, finally, to the Forum. The Advisory Board was further directed to complete a detailed investigation based on a pooling arrangement for consideration by the Council at its next meeting. This work will be co-ordinated by SPEC under the direction of the Advisory Board. The Board held its first meeting in Suva on 29-30 October, 1974, and is to meet again on 2-3 June, just before the Council Meeting referred to in paragraph 38.

40. The first Advisory Board meeting decided that an adviser with practical shipping experience should be appointed to develop, in consultation with Governments, shippers and shipping interests, a workable operational proposal for the establishment of a shipping pool. In the period before the appointment of this operational adviser it was agreed that Board members prepare up-to-date shipping statistics and projections where possible. The Board also agreed that consultants should be engaged to consider the most suitable long-term shipping arrangements for the region and to make practical proposals for
their implementation. The Adviser took up duty in April, 1975. He is at present in the process of discussing an outline of his project development programme with individual Board members.

REGIONAL TELECOMMUNICATIONS

41. As noted in our last Report, SPEC began work on co-ordinating telecommunications activities in the region in late 1973. During 1974 approval was received from UNDP for three regional projects funded from the UNDP regional allocation, with the International Telecommunication Union (ITU) as executing agency.

Training Project

42. This project involves the establishment of a regional telecommunications training centre by developing existing facilities offered by the Government of Fiji together with national basic centres in four other countries in the region. At present there are six South Pacific countries participating in this ITU project. The New Hebrides Administration is also likely to join the project in the near future. Telecommunications officials from these countries met in Suva from 13 to 15 March, 1975, to discuss details for the implementation and management of the project which became operational from 1 April. The resident ITU Training Project Manager has co-operated closely with SPEC as co-ordinating agency for the project.

Maritime Telecommunications

43. An expert has recently been recruited by ITU to co-ordinate maritime telecommunications in the region and to assist and advise participating governments. The ITU expert will take up his post in Suva in early May, 1975. UNDP has given financial approval for the project for an initial period of twelve months.

Regional Network Feasibility Study and Upgrading of Existing Network

44. The preparatory phase of this study involves the location of an ITU expert in the region for one year to collect traffic data and encourage co-operation on telecommunications networks. Statistical questionnaires were forwarded by SPEC to participating governments in March, 1974, and these were analysed by the ITU Regional Co-ordinator, Mr T. A. A. Marshall, after he took up his post at SPEC headquarters in July. We very much regret to report that Mr Marshall died suddenly in September, 1974. Special efforts by ITU to recruit a replacement have not yet been successful.
BANANA INDUSTRY REVITALISATION

45. The revitalisation of the banana industry continues to be one of the Bureau's major concerns. In August, 1974, SPEC convened a meeting in Apia of officials and technical advisers principally to determine a regional strategy for revitalising the industry. The opportunity was also taken to discuss matters relating to quarantine regulations and other agricultural commodities. The meeting confirmed the importance of the industry in the region and the need to find solutions to the problems which had caused its decline in the last few years. It agreed that the problem should be tackled on a regional basis. It then went on to discuss the outline for such a regional strategy and to establish the necessary machinery for implementing it.

46. To assist SPEC and the region in carrying the plan forward, assistance has been requested from the Commonwealth Fund for Technical Co-operation. The assistance takes the form of an expert on banana production and marketing to be assigned to SPEC from mid 1975, and to be available for a period of two years. The request has been approved.

47. SPEC has continued to gather information from individual member countries on developments in the industry. This will be provided as work data and background information for the proposed expert when he arrives.

48. The Apia meeting also requested SPEC to look into matters of more immediate concern to member countries such as the present inadequate monthly shipping service for bananas from Tonga and Samoa.

49. At the Fifth Forum in Rarotonga the then Prime Minister of New Zealand, the late Mr Kirk, announced a price increase of NZ$0.70 per case for Island bananas. The new price was to operate initially for only six months. Subsequently, SPEC was asked by the banana producing Island countries to arrange a coordinated request to the New Zealand Government for a further extension of six months at the new higher price. In addition, a request was made for some measure of compensation for growers in Tonga and Western Samoa as a result of the recent devaluation of the New Zealand dollar. Both requests were approved by the New Zealand Government.

50. SPEC has convened a further meeting of the Banana Revitalisation Committee to be held in May, 1974, to consider progress to date and to discuss New Zealand proposals for possible new price support arrangements.
SURVEY OF AGRICULTURAL PLANT PESTS AND DISEASES

51. The SPEC co-ordinated UNDP/FAO survey of agricultural plant pests and diseases in the region officially started in July, 1974, with the appointment to it of two entomologists who had previously been employed in the Rhinoceros Beetle Project. Phase I of the project, consisting of examinations of existing records and lists of pests and diseases in the area, the establishment of laboratory and other facilities, and preparations for the main surveys of the area, has been completed. In addition, the training programme is under way with the departure, in April, of quarantine officers from the region to attend courses in quarantine being organised by the United States Department of Agriculture.

52. With technical support from the South Pacific Commission and the Department of Scientific and Industrial Research in New Zealand, the survey team from the project has also undertaken surveys of a limited number of crops with obvious trade potential, requested by the Banana/Quarantine meeting in Apia last year. Results from this survey are now coming to hand.

53. Phase II of the project, which consists largely of the survey of individual countries, has commenced. Difficulties experienced in filling one of the positions on the project staff have not unduly hampered the work of the survey team. This has been due largely to technical support from the Department of Scientific and Industrial Research, New Zealand, and the South Pacific Commission. Problems of a co-ordination nature, which arose earlier in the project mainly because of the number of organisations involved, have now been generally resolved.

REGIONAL NATURAL DISASTER INSURANCE

54. At the December, 1974, meeting of Pacific Leaders in Apia, His Excellency President Hammer DeRoburt presented a cheque for $A250,000 to the Director for investment by SPEC, with the interest to be used to meet the cost of insurance policies against the effects of natural disasters in Island member countries.

55. SPEC has commenced an investigation of possible ways of establishing and operating a regional natural disaster relief scheme. Contact has been made with major insurance underwriting companies in Australia and the United Kingdom and efforts are being made to obtain a copy of a United Nations report regarding the feasibility of establishing a similar scheme in the West Indies. In the meantime, the donated funds have been invested in short term fixed deposits with commercial banks in Suva.
REGIONAL COPRA CRUSHING MILL

56. Reference was made last year to this important resource project. From 26 March to 8 May, 1974, the TPI team, comprising an agricultural scientist and an economist, visited the region to survey the copra industry and to carry out investigations for the feasibility study. The TPI team continued its analysis on returning to Britain. Its Report was completed and presented to SPEC in January, 1975. Copies of the report were subsequently distributed to SPEC member and observer governments.

57. On the basis of comparative costings the TPI team recommended that a series of local copra mills be established at Apia, Nuku’alofa, Tarawa and Taveuni. The idea of a single regional mill for the South Pacific was considered impracticable largely because of the high freight costs of shipping copra between the Islands. The TPI’s findings are to be discussed in detail at an agricultural officials’ meeting in Apia in May and, later, at the pre-Forum SPEC Committee Meeting in June.

58. During the year an international firm of manufacturers of copra processing equipment approached SPEC with a view to assisting member countries establish either a regional mill or separate local mills. The firm has been advised that their offer will be further considered after member governments have had an opportunity to examine the TPI Report.

AIRFREIGHT STUDY

59. At the December, 1974 SPEC Committee meeting in Wellington the New Zealand Government offered to finance a study, up to a total cost of NZS20,000 of the potential for use of airfreighting of commodity trade within the region. As a first step, SPEC has drafted possible terms of reference for the consultant/adviser who will undertake the study. A programme for the implementation of the survey has also been drafted. The next step will be the selection of appropriate consultants to carry out the first phase.

AID ADVISORY SERVICE

60. Following on the directive of the Fifth Forum, and in accordance with Article VIII paragraph 1(d) of the Agreement establishing SPEC, work has been initiated in providing information on the availability of aid to the region. In March, 1975, SPEC published a “Directory of Aid Agencies” containing brief descriptions of 66 governmental agencies and international organisations including details of their assistance to the South
Pacific and other parts of the world. Initially the distribution of the Directory has been restricted to SPEC member and observer governments.

**AID REVIEW EXERCISE**

61. An informal meeting of Forum Leaders in December, 1974, requested SPEC to set up a small task force, drawing on non-governmental expertise from throughout the region, to investigate and make recommendations on the effectiveness of bilateral and multilateral aid programmes in the region. The final details of this aid review group are still to be worked out with the New Zealand authorities who have offered to provide funds for the exercise.

**LAW OF THE SEA MEETING**

62. In response to a request from the Government of Western Samoa a meeting was held in Suva on 30 and 31 May, 1974, under SPEC auspices to discuss Law of the Sea questions prior to the United Nations Caracas Law of the Sea Conference. Australia, the Cook Islands, Fiji, Nauru, New Zealand, Papua New Guinea, Tonga and Western Samoa were represented at the Suva meeting.

63. The Government of Papua New Guinea convened a similar meeting in Port Moresby on 4 and 5 March, 1975, that is, immediately prior to the General Session of the United Nations Conference on the Law of the Sea. SPEC was represented at the Port Moresby meeting by the Deputy Director.

**GAS PRICE INVESTIGATION**

64. At the request of Island member governments SPEC began work, during the middle of 1974, on a case requesting the Australian Government to consider reducing the export price of Australian butane gas being supplied to South Pacific countries. According to information SPEC had received the price of liquefied butane gas from Westernport in Victoria was increased by 35 per cent in March, 1974. Import statistics showed that in the past approximately 99 per cent of the gas imports of four Island member countries come from Australia.

65. In early January, 1975, SPEC formally submitted the request for a price reduction to the Australian Government. At the time of writing this Report SPEC is still awaiting a reply from Canberra.
66. Professor E.P. Ellinger of the Faculty of Law at the Victoria University, Wellington, is undertaking a research study of trade law within the South Pacific. The project, which aims ultimately at suggesting ways in which harmonisation of trade law within the region could facilitate the expansion of intra-regional trade, is receiving financial support from the Government of New Zealand and is being undertaken with SPEC sponsorship. The initial stages of research commenced during 1974. Professor Ellinger is at present preparing a detailed proposal for the project in consultation with the New Zealand Ministry of Foreign Affairs.

**DISSEMINATION OF NEWS**

67. At the Rarotonga Forum in March, 1974, leaders discussed the need to improve the exchange of regional news as a means to increasing mutual knowledge and awareness about developments in member countries. The topic was referred to SPEC for further consideration.

68. Since then two positive developments have taken place that should improve news services in the South Pacific. The 1974 SPC Planning Committee adopted a long term project to establish a Regional Media Centre which includes the activities of PEACESAT. The Centre has since been set up in collaboration with the University of the South Pacific Extension Services.

69. In June, the Pacific Islands News Association (PINA) was formed by a conference of journalists from within the region. A representative of SPEC attended this conference as an observer. Although PINA’s main functions will be to offer basic training in journalism and to provide legal advice and technical assistance to all its professional members the Association hopes to eventually act as an agency for the exchange of regional news. Its headquarters have been set up in Suva and an Organising Director has been appointed.

70. In the light of these developments it is recommended that rather than establishing a separate news dissemination service SPEC should work in closely with PINA and the Regional Media Centre.

**PUBLIC RELATIONS ACTIVITIES**

71. Two revised editions of a brochure describing SPEC’s functions and objectives were produced during the period in response to increasing public demand for this type of general information on the organisation. The brochure proved to be popular and
about 500 copies have been distributed. In addition, copies of the Director's Annual Report for 1973/74 have been distributed on request.

72. To ensure that member governments, and others with a direct interest in SPEC activities, are kept up to date with developments in the Bureau's work programme the regular publication of SPEC Activities on a monthly basis has continued. The distribution list for this publication now totals about 140.

73. During the period under review twelve news releases on specific subjects were issued. A number of these received good coverage. While not adopting a policy of actively seeking publicity SPEC has responded positively to requests for briefing from the news media.

74. In September, 1974, the Director participated in a New Zealand Film Unit interview which may be incorporated in a film on regional co-operation in the South Pacific.

75. The third edition of the SPEC Bibliography listing books held in the office library was prepared and published in December, 1974, as part of the Bureau's undertaking to collect information on trade and economic development in the region and in areas outside the region which are of interest to member governments. A welcome gift of books on Australia and Papua New Guinea was received from the Australian Government.

RELATIONS WITH OTHER INTERNATIONAL AGENCIES

76. During the past twelve months there has been a distinct broadening in the number of organisations with which SPEC has established a working relationship. Apart from direct involvement with ITU, UNDP and FAO, the following developments are of interest.

South Pacific Commission (SPC)

77. Consultation has continued in an effort to avoid unnecessary duplication of effort. The Director and an Assistant Research Officer visited Noumea in late May, 1974, for consultations on the respective work programmes of the two organisations. A SPEC officer attended the SPC Planning Committee Meeting in early May, 1974. The SPEC Secretary-General visited SPEC headquarters while in Suva following the 1974 South Pacific Conference the greater part of which the Director attended. In early December, 1974, a SPEC officer attended a SPC meeting to discuss the utilisation of the region's research resources. In April, 1975, the SPC Programme Director (Economic) visited SPEC headquarters for consultations. In May,
the Deputy Director will be attending the SPC Planning and Evaluation Committee meeting in Noumea.

78. The two organisations have continued to exchange information on a regular basis at a working level. SPC involvement through the services of its Plant Protection Officer in the SPEC co-ordinated UNDP/FAO Regional Plant Diseases survey has been helpful and should ensure that there is no duplication of work in this area. SPEC considers that ways should be continually sought to promote direct and active co-operation between it and the SPC.

United Nations Development Programme (UNDP)

79. The re-location of UNDP regional headquarters in Manila placed a strain on communications and, in common with regional governments, SPEC experienced some administrative problems and delays in dealing with UNDP throughout the year.

80. The appointment in January, 1975, of a senior and experienced officer, Mr H. M. Schmid, as permanent regional representative is welcomed by SPEC. His initial visit to the region in February/March, 1975, helped to resolve many of the problems referred to above. His support for SPEC's co-ordinating role in respect of two regional projects funded by UNDP is appreciated.

United Nations Development Advisory Team (UNDAT)

81. While UNDAT has undertaken no specific activities on SPEC's behalf during the past year liaison has been maintained on a continuous basis and both organisations were able to assist each other by exchanging reports and information.

Economic and Social Commission for Asia and the Pacific (ESCAP)

82. The Commission provided SPEC with useful assistance during the year including much-needed technical assistance in the shipping field. The Director received an invitation to participate in the ESCAP Expert Advisory Group mid-Term Review and Appraisal of the International Development Strategy for the second United Nations Development Decade. This was held in November, 1974, in Bangkok and provided an opportunity to introduce a South Pacific perspective in what otherwise would have been a heavily Asian-orientated discussion.

83. The Director attended the ESCAP Commission Session held in New Delhi in February/March, 1975. Again this was a useful way to promote efforts by member countries to have increasing access to ESCAP's services.
2.184. At the time of writing this Report planning was under way for a visit to the region in May, 1975, by the Executive Secretary of ESCAP, His Excellency Mr J.B.P. Maramis.

United Nations Conference on Trade and Development (UNCTAD)
85. After careful assessment SPEC applied for an observer status with this organisation in 1974. UNCTAD was able to provide SPEC with some information relating to the availability of shipping consultants during the year and the Bureau contributed to an UNCTAD study of the special problems of less developed island economies.

Commonwealth Fund for Technical Co-operation (CFTC)
86. This organisation completely financed the attachment to SPEC of a West Indian shipping expert, Mr Pollard J. Moore, in July/August, 1974, and the publication of a report subsequently prepared by Mr Moore. The Fund has recently advised that it will finance the services of a technical expert in the fields of banana production and possibly marketing, who will be attached to SPEC to work on the banana revitalisation project for a period of up to two years. CFTC has also advised its readiness to favourably consider requests for technical assistance in the field of export promotion and marketing and other related areas.

Asian Development Bank (ADB)
87. The ADB now has a Pacific operations division. During a visit to Manila in February, 1975, the Director took the opportunity to discuss the Bank’s operations in the Pacific region with the Alternative Director for South Pacific members of the Bank.

World Bank (IBRD)
88. The World Bank provided some advisory assistance with regard to possible shipping consultants and providing the terms of reference for a proposed shipping consultants survey. In addition, the Bank has indicated its willingness to participate in the proposed Aid Review for the South Pacific.

Universal Postal Union (UPU)
89. The UPU has recently expressed interest in extending its training activities in the region and in particular to the possibility of doing so on a co-ordinated sub-regional or regional basis.
International Centre for Living Aquatic Resources Management (ICLARM)

90. At the Fifth South Pacific Forum in March, 1974, the offer of the Rockefeller Foundation to establish ICLARM as a centre for training and research into the marine resources of the South Pacific was referred to SPEC for examination and to make recommendations on future action. Immediately following the Rarotonga Forum meeting the Rockefeller Foundation was informed of SPEC’s role and its willingness to provide assistance in this project. Since then SPEC has received very little information from the Rockefeller Foundation on their proposals for ICLARM. Without prior consultation the Foundation established ICLARM’s headquarters in Hawaii in January, 1975. The Bureau’s first information on this came in the form of a brief press release received in February, 1975, from the Foundation.

91. In April, 1975, the newly appointed Director of ICLARM informed SPEC that “the decision has been made to incorporate ICLARM in Fiji in the near future”. No further information has been provided on how this decision was arrived at or whether member governments have been consulted. The Director of ICLARM intends to visit Fiji in early June and SPEC should be in a position then to clarify the Foundation’s proposals.

92. It is recommended that SPEC should maintain an interest in the development of ICLARM on behalf of Forum member governments and be prepared to assist the new organisation should it eventually decide to establish a separate centre in the South Pacific.

RELATIONS WITH GOVERNMENTS OUTSIDE THE REGION

93. SPEC’s policy has been to expand its relations with potential bilateral donors outside the region, particularly in view of potential European aid interest in the region following the conclusion of the ACP/EEC Convention in Lome. So far SPEC has received assistance in the form of two advisers in the shipping field from the Netherlands Government, through ESCAP. This assistance has been useful and, as a result of it, the Netherlands Ambassador in Wellington was recently able to indicate a willingness on the part of his Government to consider direct requests from SPEC for technical assistance. A proposal has been put forward for the provision of a transport economist for a period of two years, with all expenses for this expert to be met under the Netherlands Aid Programme. In addition, consultations have been proceeding with the German Embassy in Canberra about
the possibility of German technical assistance particularly in the field of bulk purchasing.

94. The Government of India has expressed interest in SPEC activities and offered to provide technical assistance towards the ginger project. Partly for practical reasons the SPEC Committee decided to accept Australian aid for this particular project under bilateral arrangements. India, however, has offered to help in other ways, particularly in the small-scale industrial field. The Director spent one week in India as a guest of the Indian Government following the 1975 ESCAP session in New Delhi in March. Follow-up activity in respect of a number of possible areas for Indian technical assistance has been set in train.

MEMBERSHIP

95. With the accession of Papua New Guinea to membership in July, 1974, and the unanimous acceptance by member governments of Niue's request for full membership status in December, 1974, SPEC's membership has increased to nine.

96. The year also saw a widening in the degree of non-member participation in SPEC co-ordinated projects. The Bureau was pleased to welcome observer participation by the Solomon Islands at the SPEC Committee meeting in December, 1974. Both the Solomons and the Gilbert and Ellice Islands have participated in shipping meetings during the year. The Solomon Islands is also a participant in the SPEC co-ordinated telecommunications training project and the Gilbert and Ellice Islands is a participating country in the SPEC co-ordinated Regional Pests and Diseases Survey. The possibility that the New Hebrides Condominium may participate in the regional telecommunications project is also a welcome development.

BUDGET AND FINANCE

97. In accordance with Article IX of the SPEC Agreement, the Budget for 1975 was presented to the December, 1974, meeting of the SPEC Committee. After examining the proposals in details the Committee recommended that the Budget be submitted to the Forum for formal approval.

98. Total expenditure agreed for the 1975 Budget amounts to $F373,998, made up of ordinary expenditure of $F254,038 and capital expenditure of $F119,960, representing a total increase of $F134,010 over the previous year's allocation. However, member countries have been asked to fund only $F277,464 of this sum as part of the Budget is to be financed by unexpended provision carried forward from the previous year's Budget. This means
that the actual contribution from each of our Island members to the 1975 Budget is of the order of $F13,212. Australia and New Zealand contribute $92,490 each.

99. The audit of the 1974 accounts has been completed by the Auditor-General of Fiji. The audited Statements of Account and the 1974 Budget Report are being tabled at the pre-Forum SPEC Committee meeting in June. Copies of these documents, together with the Auditor’s Report, have been sent to member governments.

100. Appreciation is recorded here for voluntary contribution of $F5,113.78 made in 1974 by the Government of Papua New Guinea. New Zealand, by funding travel costs for meetings and financing of a marketing expert, and Australia in providing furniture and equipment, have helped relieve budgetary pressures. We are grateful to both countries for their generous assistance. While the SPEC Budget is modest in size, by comparison with other regional and international organisations, the firm financial support received from all members has placed it in a position to effectively carry out its 1975 work programme.

SPEC COMMITTEE

101. The pre-Forum SPEC Committee Meeting in Nuku’alofa scheduled for 26 and 27 June, 1975, will be the Committee’s second meeting since the Fifth Forum meeting in Rarotonga last year. In December, 1974, the Committee met in Wellington to approve SPEC’s work programme and budget proposals for 1975. All member governments sent representatives to the three day meeting, including Niue whose delegate was warmly welcomed as a full member of the SPEC Committee. The Solomon Islands Government was represented by an observer.

102. The Wellington meeting was opened by the New Zealand Prime Minister, the Rt. Hon. Mr W.E. Rowling, who pledged his country’s continued support for regional economic co-operation. In accordance with the decision of the 1974 pre-Forum meeting of the Committee, Mr T. Pierre, the leader of the delegation from the Cook Islands, was confirmed as Chairman for 1974/75. The previous Chairman of the Committee was Miss Maris King, Deputy High Commissioner of the Australian High Commission, Suva.

PROPOSED SPEC FLAG

103. The March, 1974, SPEC Committee Meeting endorsed a proposal from the Cook Islands that SPEC should further identify itself as an International Organisation by having its own flag.
104. At its December, 1974, meeting the SPEC Committee considered holding a region-wide competition for the design of the SPEC flag but decided to adopt a design previously circulated to member governments for forwarding to the Forum for approval. The New Zealand Government is at present having samples of this design processed.

STAFFING

105. Mr. K.W. Piddington, Deputy Director of SPEC during the important period of its establishment, returned to the New Zealand Ministry of Foreign Affairs at the end of June 1974 on completion of his period of secondment. Mr Piddington was commended by the Fifth Forum for his significant and substantial contribution to SPEC. Mr Piddington, who is now in charge of the New Zealand Ministry of Foreign Affairs South Pacific Division, was replaced by Mr R. G. Irwin, on secondment from the Australian Department of Foreign Affairs.

106. The December, 1974, SPEC Committee Meeting approved an additional two professional positions for the Bureau’s permanent staff — a marketing officer and a further assistant research officer level position. Recruitment is proceeding for all vacancies.

107. During October, 1974, an official of the Australian Public Service Board spent over a week in Suva reviewing SPEC’s salary structure. The December 1974 SPEC Committee Meeting agreed to accept his recommendations.

CONCLUSION

108. This Report is the third since the SPEC office was established in November, 1972. In our last Annual Report reference was made to a “gradual approach” to regional development. It is this systematic step-by-step approach, coupled with selectivity as between urgent and immediate problems on the one hand and those of an essentially longer term nature on the other, that sets the pace for many of SPEC’s efforts. The Bureau looks constantly to its member governments to set its priorities, to evaluate continuously its objectives and to establish the direction of its development. SPEC is, first and foremost, a co-operative endeavour. Whatever modest achievements have been made are as much those of member governments as SPEC itself.

109. Events during the year under review have shown the extremely high degree of dependence and vulnerability of Pacific Island economies whenever major changes occur in the world economy at large. As Pacific Island economies grow, the demand for almost everything — for modern housing, better
education, sophisticated foodstuffs, improved facilities and higher standards of living — also grows. Fortunately, for some of these requirements, the Islands can turn to Australia and New Zealand, and other friendly countries and organisations, for financial and technical assistance. But, if South Pacific countries are ever to reduce this high degree of dependence and vulnerability they must somehow learn to tackle the problems of development together on a truly regional basis.

110. SPEC would like to pay tribute to the Rt. Hon. Norman Kirk who died in Wellington on 31 August, 1974. Mr Kirk had been a guiding force in SPEC’s establishment and a strong advocate for the concept of regional economic co-operation. The following is the message of condolence sent to the Government of New Zealand by the Director:

I learnt with very much regret of Mr Kirk’s sudden death. In his passing the Pacific has lost a real friend and a great leader. SPEC has always thought of Mr Kirk as a staunch supporter and champion of regional co-operation in the South Pacific.

In his relatively short term of office as your Prime Minister New Zealand’s ties with the Pacific strengthened. He set the foundation for a lasting understanding based on true co-operation and mutual goodwill. History will note the many tangible reminders of his policies.”

111. Finally, we would like to take this opportunity of expressing our appreciation for the support received from all Member Governments, other regional and international organisations, and Governments outside the region with whom we have worked.

SUVA,
April 30, 1975.