DIRECTOR'S ANNUAL REPORT
1978/79

SOUTH PACIFIC BUREAU FOR ECONOMIC COOPERATION
The Chairman
SPEC Committee

DIRECTOR'S ANNUAL REPORT - 1978/79

I have pleasure in submitting my Annual Report for 1978/79 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.

2. In accordance with normal practice, I am concurrently circulating the report to member governments.

M U Tupouniuva
Director

SUVA
15 May 1979
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INTRODUCTION

The latter half of 1978 and the first half of 1979 saw the South Pacific region involved in an unprecedentedly high level of activities which placed a heavy burden on member governments and SPEC alike. This occurred as the region moved progressively into the international spotlight as a cohesive body of principally small independent island states determined to make a contribution to international and regional affairs and to exercise full control over their economic and social development.

2. Progress across the broad spectrum of SPEC's mandate was in the main very satisfactory. Highlights of the year included the establishment of a number of new regional bodies and associations including a South Pacific Forum Fisheries Agency, a South Pacific Trade Commission in Australia, an Association of South Pacific Airlines, a Shipping Fund to promote shipping services to developing island countries and an Association of South Pacific Ports.

3. Agreement was also reached on an extension of the Long Term Regional Sugar Agreement, a system for certification of marine engineers, the construction of a regional Telecommunications Training Centre and a regional Telecommunications Network. Steady progress was made on all other fronts, including negotiations towards an improved regional Taro Agreement.

4. The year was not without its difficulties, disappointments and frustrations. The serious financial problems of the Pacific Forum Line continued to loom large on the regional agenda and
required substantial additional financial assistance from member countries. A sluggish world economy and complex international trade negotiations served to inhibit progress in liberalising regional trade. Political commitment by governments to eliminate quota restrictions and reduce tariffs was noticeably absent. Natural disasters devastated two member countries.

REGIONAL SETTING

5. The period under review witnessed significant developments globally as well as within the region. While inflation showed signs of being brought under control, recession and unemployment, particularly in the youth sector, continued to dog many countries in and outside the region. Internationally, the economic climate had a generally dampening effect on progress in the Tokyo round of multilateral trade negotiations aimed at achieving significant reductions in tariff levels and freeing world trade. Exchange rate variations and further increases in crude oil prices were also causes of concern to the region.

6. Political developments within the region, including the return of the Government in Western Samoa following general elections in that country in February 1979 and reshuffles of ministerial portfolios in Fiji, Papua New Guinea and the Solomon Islands, were the focus of considerable attention but had little overall effect on the direction or implementation of regional policies.
7. The independence of Solomon Islands and Tuvalu in 1978 and the scheduled independence of Kiribati in July 1979 together represent the most active period of decolonisation in the region in a score of years. The addition of these new Pacific members to the wider international scene has given weight to the "South Pacific voice" in world affairs. The region has already shown that it can make a positive contribution to discussions in the United Nations and other international bodies.

8. Expanded participation by the Pacific group in the Lome Convention between EEC and ACP States extended the benefits of STABEX to Fiji, Tonga, Western Samoa, Papua New Guinea, Solomon Islands and Tuvalu and contributed to a general strengthening of relations with the EEC. Kiribati is expected to join the ranks of ACP States when it becomes independent in July and special association provisions are being considered for other island members.

9. The flow of bilateral and multilateral development assistance into the region has continued to expand both from national and agency sources. Member governments have had some success in persuading donors to provide assistance to meet their individual priorities and capacities. Sympathy has been shown for a flexible approach to projects which meet members' perceptions of their needs, even if these present difficulties under donors' policies and regulations.
10. In the period under review SPEC involvement in trade policy matters increased in response to encouragement from member governments and international developments. International organisations involved in trade questions also showed increasing interest through visiting missions. Trade promotion and marketing activities were continued at a slightly lower level.

11. Assistance has been given by the Trade and Marketing Officer to individual island businessmen and organisations seeking advice on specific problems related to potential markets for products, pricing, packaging and promotional techniques. Advice on documentation and entry requirements was also given.

12. While the statement which I made in last year's Report that "there are distinct limits to what an officer based in Suva can achieve when the major thrust for trade expansion continues to be in the direction of Australia and New Zealand and other countries around the Pacific Basin" remains true, excellent progress was made towards overcoming this problem.
13. Following the generous offer made by Australia at the Niue Forum to finance the establishment of a Trade Commission for the South Pacific under the auspices of SPEC, the Commission was set up in Sydney in May 1979. The purpose of the Commission is to identify and develop markets in Australia for Pacific island exports. Mr Ronald Hegerhorst has been appointed as the Commission's first Trade Commissioner. Other staff will be appointed in the near future. The Australian Government has agreed to provide A$150,000 annually over an initial five-year period towards the cost of operating the Trade Commission.

14. Significant assistance was also received from both Australia and New Zealand through their resident Trade Commissioner services in providing basic market information on specific products both for the Australian and New Zealand markets as well as other countries in the Pacific basin. An Australian Trade Mission visited the region in November-December 1978 for the purpose of making recommendations to the Australian Government on specific areas where trade in island products could be increased. The offer of the New Zealand Export-Import Corporation to set up a Pacific Trade Centre in Auckland continues to be frustrated for lack of adequate funding. Markets in the West Coast of USA and Hawaii and the EEC also warrant closer attention.

15. In consultation with ESCAP and the International Trade Centre SPEC has been involved in arrangements to mount mobile seminars in the South Pacific on international trade procedures and practices. The Commonwealth Secretariat has also expressed its interest in this field of assistance.
Generalised System of Preferences (GSP)

16. Funding assistance referred to in last year's Report to meet the cost of printing additional copies of the UNCTAD/GATT Generalised System of Preferences Certificate of Origin Form A continues to be elusive. When these become available, copies of Form A will be distributed to island member countries for the use of exporters wishing to take advantage of the GSP. Details of the GSP extracted from the ITC publication "Forum" were circulated to governments during the year in an effort to stimulate public awareness of GSP benefits.

Trade Relations and Policy

17. At the direction of the Niue Forum SPEC convened a meeting of senior officials in January to follow up findings of the Commonwealth Secretariat/SPEC Study on Trade Relations and Industrial Development in the South Pacific and to make recommendations on, among other things, a possible preferential, non-reciprocal trade agreement or agreements between Australia and New Zealand on the one hand and Forum island countries on the other. The meeting was also invited to consider the promotion of greater market access for island countries and territories in Australia, New Zealand and countries outside the region, as well as the promotion of greater trade within the islands. The report of the meeting will be submitted for consideration to a meeting of Ministers of Trade or Economic Affairs scheduled to be held in Rarotonga, Cook Islands, 19-21 June 1979.
18. In view of the importance of international trade developments to the region SPEC continued to monitor closely and report to members on progress and developments in the Multilateral Trade Negotiations, UNCTAD discussions on the Integrated Programme for Commodities including the Common Fund and the CHOGRM Consultative Group on Trade.

19. Restrictions on intra-regional agricultural trade brought about by regional quarantine regulations continue to be a subject of concern to many members. Late responses from governments to proposed follow-up action by SPEC on the Niue Forum decision have limited progress. A meeting of officials will be held in Nuku'alofa, Tonga on 16-17 May to review the recently completed UNDP/FAO/SPEC Regional Agricultural Pests and Diseases Survey. Particular attention will be focused on quarantine and plant protection measures to facilitate rather than hinder intra-regional agricultural trade.

- Bulk Purchasing of Pharmaceutical Supplies

20. Despite early indications to the contrary, widespread interest in the region in the economic and medical benefits of bulk purchasing of pharmaceutical supplies resulted in the holding of a meeting on 4-8 December 1978 at SPEC Headquarters to discuss various aspects of the question of pharmaceutical supplies to the region's island countries. The meeting was jointly sponsored by SPEC and the World Health Organisation (WHO). Apart from Forum members the meeting was attended by delegates from American Samoa, Guam, New Hebrides and the Trust Territory of the Pacific Islands.
21. Topics covered at the meeting included finalising a list of essential drugs used in the region, the economic benefits to be derived from bulk purchasing pharmaceutical and other medical supplies, quality assurance and drug control and a review of current regional drug legislation. Pursuant to the meeting's recommendation that a Task Force be convened to examine in detail the possible establishment of a joint pharmaceutical service for various island countries in the Pacific region, a joint WHO/SPEC Task Force team commenced work in late February. It is anticipated that the Task Force's report and recommendations will be considered at a proposed meeting of Ministers of Health to be held in December 1979.

Regional Long Term Sugar Agreement

22. Agreement was reached to extend the 1976 Regional Long Term Sugar Agreement for a further three years at a meeting held at SPEC Headquarters on 27 March 1979. Participants to the agreement are Fiji, the Gilbert Islands, Nauru, Tonga, Tuvalu and Western Samoa. Solomon Islands which is also a party to the agreement was not able to be present at the meeting which agreed on sugar quota allocations and prices for the 1979/80 year.

23. The meeting conducted a frank exchange of views on the shipping, storage and marketing problems which faced some buyers. The role which Pacific Forum Line Ltd was playing in the shipment of sugar was welcomed as being consistent with the Forum's call for PFL to try to secure an increasing proportion of regional trade as a means of contributing to its revenue. Participants noted the financial benefits which flowed from the use of a single buying agent and agreed that tenders should be invited annually by SPEC for the contract.
24. Interest shown by the Cook Islands, New Hebrides and Tokelau in becoming parties to the agreement was also welcomed and will be examined further in the near future by SPEC and the Fiji Government.

   - Taro Marketing Agreement

25. Following consultations with member governments an informal meeting was held on 25 April at SPEC Headquarters to consider a proposal for a new Taro Marketing Agreement between Fiji, Tonga and Western Samoa to promote the orderly export of taro to New Zealand. The meeting noted that the 1975 Agreement had not operated effectively and discussed the main problems which had been encountered. In the absence of representatives from the Government of Western Samoa it was decided to defer a final decision on a new agreement until a future meeting. In the interim the meeting requested SPEC to prepare a detailed survey of the New Zealand taro market for consideration by the three exporting countries concerned.

   - Market Surveys

26. Discussions with the Commonwealth Secretariat on the possibility of conducting a series of market surveys on citrus fruits and products in the region were suspended in May when it became known that a number of member countries had already commissioned three similar studies. The findings of these surveys will be disseminated when they become available. Consultations have been initiated with the Commonwealth Secretariat on other possible surveys including one on the coconut industry in which some governments have
expressed interest. An attempt is also being made with assistance from Australia and New Zealand to update existing information on markets for passionfruit and passionfruit products.

- Tradesmen's Lot in the South Pacific

27. At the request of the SPEC Committee, the subject of the lot of tradesmen in the South Pacific was brought to the attention of Government representatives at a Seminar convened by SPEC in Rarotonga, Cook Islands on 20-23 February 1979. The Government of Australia and the International Labour Organisation provided financial assistance to enable representatives from most member countries to attend. The Deputy Director attended the Seminar on behalf of SPEC.

28. The Seminar emphasised the importance of mutual recognition of tradesmen's qualifications throughout the region to widen opportunities for intra-regional trades training and apprenticeship schemes and facilitate migration of tradesmen to areas of greatest need. A report outlining the recommendations and conclusions of the Seminar will be circulated to member governments for consideration by the SPEC Committee and South Pacific Forum in Honiara.

(b) REGIONAL TRANSPORT, TELECOMMUNICATIONS AND TOURISM

- Shipping

29. Shortly upon commencing trading operations in May 1978 the Pacific Forum Line experienced financial and operational difficulties. The Line's problems were brought to the
attention of the Regional Shipping Council in June and the Forum in September 1978. It was recognised that PFL's difficulties stemmed principally from serious initial under-capitalisation, inherent difficulties in establishing a new international shipping line in a highly competitive trade and the operation of vessels not best suited to regional trade requirements.

30. Both meetings noted that a substantially revised capital structure and an immediate injection of capital were required to save the Line from bankruptcy and urged members to consider means of providing additional capital to PFL by way of loans, grants or guarantees on bank overdrafts as well as giving tax and other concessions. There was recognition that in the longer term a revised capital structure in combination with direct government assistance by way of concessions and assurance of a greater volume of regional trade would be vital for the Line's existence.

31. On the recommendation of the November SPEC Committee Budget meeting a Special Session of the Regional Shipping Council was convened in Auckland on 14 February. The Special Session, which was preceded by a meeting of officials on 12-13 February, noted the extremely serious financial situation in which PFL found itself and considered whether to take steps to provide further capital to the Line or to liquidate it. The Council was unanimous that PFL should be kept afloat and adopted a number of financial strategies for the immediate and long term operation of PFL involving -

- the write-off of accumulated losses of WS$1.44 million to the end of February 1979;
. the provision of an additional WS$1 million to support PFL until end of 1979;

. the early replacement of unsuitable vessels currently in use;

. the continuation of essential services on selected routes.

32. Following the pledges made at the Council meeting in Auckland additional capital to write off accumulated debts as at the end of February 1979 and to keep PFL operational up to August 1979 was received. This included a NZ$400,000 contribution from New Zealand, a A$400,000 grant from Australia as well as contributions by island countries.

33. In an attempt to secure a sound capital base for PFL, SPEC approached a number of donor countries and international agencies during the year seeking support for an Indemnity Fund to provide security for further loans to PFL. In view of difficulties encountered by potential donors in providing direct financial support to a commercial operation it was decided that other avenues should be explored to secure additional finance for the Line. In response to a recommendation arising out of the Special Session to establish an effective mechanism for channelling international aid in support of regional shipping efforts, SPEC established a Shipping Fund to provide direct and indirect assistance towards the improvement of shipping services to developing island members. Draft terms of reference have been circulated to member countries for consideration and contributions to the Fund are being sought.
34. It was also agreed that a team of independent consultants should be appointed to assess the optimal route and fleet structure of the Line. The consultants, who were appointed in April, are expected to complete their study in June 1979. The Council agreed to meet again as soon as possible to consider recommendations of the PFL Board on a long term solution based on the report of the consultants.

35. The Special Session of the Council also welcomed admission of Tuvalu as a shareholder in PFL bringing the total number of shareholders to ten.

36. Progress towards the adoption of Uniform Maritime Standards within the region continues to be very satisfactory. The first meeting of the Advisory Committee on Uniform Maritime Standards held in Honiara in November 1978 adopted a Pacific Region certificate structure which is related to existing regional and international certificate structures. At a subsequent meeting in Madang, Papua New Guinea in February 1979, the Committee reached agreement on syllabuses for Deck Officers and on other maritime standards including tonnage, loadline regulations and manning scales for Deck Officers.

37. The Committee agreed that some rationalisation of training institutions in the region would be necessary. A proposal for a project to be coordinated by the Inter-Governmental Maritime Consultative Organisation (IMCO) to rationalise training institutions in the region to achieve uniformity in certification of officers will be considered at the next meeting of the Shipping Council.
38. In response to a request by SPEC the ESCAP Secretariat has agreed to incorporate the proposed study on inter-island feeder services arising out of the 1978 Shipping Council meeting into a study on shipping of coconut products. Two teams of consultants involved in the study visited a number of island countries in the region at the end of 1978 and their final report is expected to be available mid year.

39. At the request of the 4th South Pacific Ports Conference SPEC was invited to assist in the drafting of a Constitution establishing an Association of South Pacific Ports to promote cooperation and understanding between port associations and port users in the region. The draft Constitution was considered and adopted by the Conference at its meeting in Apia, Western Samoa on 27-28 November 1978.

- Civil Aviation

40. Following the decision of the Regional Civil Aviation Council Meeting in Apia in May 1978 to establish a regional Airlines Association, SPEC sought assistance from the International Civil Aviation Organisation (ICAO) in preparing draft Articles of Association for the proposed Association. SPEC also invited comments on the decision and the draft Articles from prospective members.

41. On 7-8 March 1979 a meeting of senior executives from eleven regional airlines was convened at SPEC Headquarters to discuss the Council recommendations. The meeting agreed to the formation of an Association of South Pacific Airlines (ASPA) and approved its Articles of Association. An interim Chairman, Vice-Chairman and Secretary/Treasurer were elected
for the Association and SPEC was requested to provide secretariat assistance to the Association until permanent arrangements are made. The inaugural meeting of ASPA scheduled for 30-31 May will consider the adoption of the proposed Articles. The objectives of ASPA include the rationalisation of schedules, pooling of resources, standardisation of equipment in the region and tariff recommendations.

42. A meeting of the Advisory Committee was held in Tarawa, Kiribati on 30 April - 1 May to consider and make recommendations to the Council on its future programme of work in the light of the decision to establish the Association and on how the Association might relate to other bodies concerned with Civil Aviation in the region.

43. The Feasibility Study for a Regional Telecommunications Network for the South Pacific project ended on 31 December 1978. The study concluded that communication by satellite which was thought to be impossible in the South Pacific a few years ago could be justified in social and economic terms. The findings of the study, which was funded by UNDP and executed by ITU, has led to the present upgrading of telecommunication systems in Fiji, Tonga, Solomon Islands and Western Samoa.

44. The United Nations Development Programme is currently processing a follow-up project which will have as its objective the provision of efficient and reliable telecommunications for the smaller island countries of the South Pacific. The project is designed to complement other regional projects such as the EEC-funded Telecommunications Network project for Fiji, Tonga and Western Samoa.
45. Following a request from the Cook Islands to assist in identifying aid sources to finance the upgrading of its internal and international telecommunications systems SPEC has invited Australia, West Germany, Japan, New Zealand and the United States of America to join in an aid consortium to provide an estimated US$3,300,000 required for the project. An informal meeting was held at SPEC Headquarters on 5-6 April 1979 to discuss the project and sources of finance. Various finance options were identified to assist the Cook Islands Government in deciding on an appropriate course of action.

- Tourism

46. Involvement in tourism activities was overshadowed to some extent by the heavy burden placed on staff resources in the field of civil aviation and in particular the establishment of the Association of South Pacific Airlines (ASPA). The establishment of ASPA, whose terms of reference specifically include the development of regional tourism, is expected to contribute significantly to increasing the flow of tourists to and within the region.

47. The forthcoming release of two SPEC publications should also contribute to tourism in the region. One publication is entitled "Peoples and Places of the South Pacific" and contains a map together with relevant tourist information while the other is basically a lexicon of travel terminology prepared at the recommendation of the Civil Aviation Council meeting in Apia, Western Samoa.
48. The modest start to implementing the recommendations of the 1977 Rarotonga Technical Conference on banana production and marketing referred to in last year's Annual Report was significantly stepped up during the year.

49. Extensive replanting has taken place in Tonga and more particularly in Western Samoa where 150 acres of a 250 acre block has been planted out. The Western Samoan plantation is the largest in the South Pacific. Action plans call for the use of large scale production methods and techniques involving the use of overhead rails for transporting fruit from the field to modern packing sheds geared to carton packing, and the use of aircraft for leaf-spot spraying. In both Tonga and Western Samoa plans for rationalising the industry have been drawn up with a view to concentrating production in integrated units for better pests and diseases control and higher yields per acre. In Western Samoa the supply of all export bananas is drawn from only 27 growers. The Cook Islands, with limited production capacity, has concentrated on high quality export fruit which it has consistently maintained since the Revitalisation Programme began.

50. Annual consultations on pricing and related aspects of the industry between the banana marketing boards of the Island exporting countries and New Zealand Fruit Distributors Limited, the sole importer of island fruit into the New Zealand market, on the one hand, and close contact between the Company and the
appropriate New Zealand Government departments on the other
have had a stabilising effect on the industry through greater
understanding and improved working relations.

51. The Banana Industry Revitalisation Programme will be
progressively phased out as individual country programmes are
firmly established and a role for SPEC no longer warranted.

- Regional Survey of Agricultural Pests and Diseases

52. During the period under review reports on plant viruses
in Tonga and pests in the Cook Islands have been produced.
Identification services are continuing to be provided by the
New Zealand Department of Scientific and Industrial Research
(DSIR). Participating countries and the SPC have been
informed of new pests which have been identified in some countries.

53. A report arising out of the joint Survey entitled
"Project Findings and Recommendations" has been produced by
FAO and will be distributed as soon as other parties have had
an opportunity to comment on it.

54. As a major follow-up exercise to the Survey SPEC
circulated a proposal to convene a meeting to review both
quarantine and plant protection measures with the emphasis
on facilitating a greater flow of trade in agricultural
produce. Approval has been received and meeting arrangements
are in train and it is hoped that recommendations of the
meeting will be presented at the meeting of Ministers of Trade
or Economic Affairs, scheduled for Rarotonga, 19-21 June 1979.
Coconut Products

55. In view of the interest expressed by a number of member countries in a regional project on the future of the coconut industry SPEC has commenced a preliminary exchange of information with member countries and international organisations to clarify those areas where further information or study is required.

56. Despite a slow response to SPEC's inquiries, a clear interest has emerged favouring a regional conference of interested parties to discuss and review trends in the coconut industry and recent research findings and to consider the impact of quarantine restrictions.

57. Follow up to the recommendation of the ESCAP Workshop on Shipping and Marketing of Coconut Products on ascertaining alternative and cheaper modes of shipment of coconuts and coconut products by the island producing countries has reached a point where clarification of the role of the organisations involved in the programme is required.

- Industrial Development

58. The Commonwealth Secretariat/SPEC Report on Trade Relations and Industrial Development stimulated wide-ranging discussion when it came before the SPEC Committee and the Forum at Niue in September 1978. At the instigation of the Forum, SPEC convened a meeting of Senior Trade Officials on 23-25 January 1979 to examine in detail the proposals contained in the report and to prepare recommendations to a meeting of Ministers of Trade or Economic Affairs scheduled to be held in Rarotonga on 19-21 June 1979.
59. Among the recommendations put forward by senior officials were calls for the harmonisation of industrial incentives policies as well as a programme for rationalisation of industrial development in island countries. In collaboration with UNIDO and UNDP, SPEC has engaged the services of a consultant to undertake an updated comparative study later this year of incentives policies in the region with a view to the harmonisation of policies.

60. After extensive discussions, general agreement has been reached on the proposed ESCAP/ADB/SPEC Industrialisation Survey in the South Pacific. It has been agreed that a SPEC nominee will lead the survey team. Further consultations on some aspects of the terms of reference are being held prior to the launching of the survey. SPEC's experience to date in preparatory arrangements for the survey brings into serious question regarding the motives of some aid donors pledged to providing effective aid for the region.

61. SPEC continues to act in a liaison capacity for the EEC's Centre for Industrial Development (CID). A mission from the Centre visited the region in September for discussions on potential EEC investment projects. In response to a circular from the Centre seeking an agent in the South Pacific to act on its behalf SPEC has written to member governments recommending that SPEC seek an agent. The appointment is initially for one year and will cease in February 1980 with the expiry of the Lome Convention.
With the assistance of the Office of Delegation of the Commission of the European Communities for the Pacific, proposals for the construction of a regional Telecommunications Training Centre at Suva and a regional Telecommunications Network to be funded by the EEC European Development Fund, have progressed steadily. Final approval has now been obtained. The two projects involve grants of 1.5 million UA and 4.3 million UA respectively.

Following the conclusion of tender arrangements a contract for the construction of the Telecommunications Training Centre was awarded in April to the Suva firm of J S Hill & Associates Ltd. Work on the F$2.3 million Centre is scheduled for completion mid 1980. In addition to EEC finance, the Government of New Zealand has pledged NZ$300,000 for the financial year 1979/1980 towards meeting a funding shortfall of approximately F$600,000. Discussions with other potential donor countries is continuing in an attempt to finalise funding arrangements. The firm of Firth Rounds and Partners has been awarded the contract for supervising the construction of the Centre.

Tenders have been invited for the supply and installation of equipment for the extension of the existing satellite earth station and a telex gateway exchange for Fiji, a gateway telephone exchange facility for Tonga and a satellite earth station and ancillary equipment for Western Samoa. It is
expected that the contract will be let shortly. The scheduled date for completion and installation of all equipment which will link the three countries to the Intelsat Pacific Satellite is 1980.

65. Approval procedures for the remaining three projects to be funded from the 10 million UA EEC allocation to the Pacific region are expected to be finalised before the end of 1979. These are a proposal to provide a suit of containers to Pacific Forum Line, a project to upgrade Tonga's Fua'amotu airport and a bracket of three projects which have been assigned to the University of the South Pacific for completion. The projects have been allocated the sums of 400,000 UA, 3.2 million UA and 400,000 UA respectively.

- Lome II Negotiations: ACP/EEC

66. A ministerial meeting of the Pacific members of the ACP group including those countries eligible for membership on attaining independence was held with SPEC officials in Vava'u, Tonga from 24-25 August 1978. The purpose of the meeting, which was preceded by an officials meeting on 21-23 August, was to agree on the attitude and negotiating strategy to be adopted by the Pacific group in the ACP/EEC negotiations for a new Convention to succeed the Lome Convention which expires on 28 February 1980. The meeting decided in favour of adopting a concerted approach with the African and Caribbean groups. A paper outlining the Pacific group's policies prepared by the Secretariat was subsequently distributed to members and the ACP Secretariat in Brussels for information.
67. In December 1978 I attended the 17th Session of the ACP Council, and the ACP/EEC Council of Ministers meetings in Brussels. The Deputy Director attended the 18th Session of the ACP Council and the ACP/EEC Council of Ministers meetings at Freeport, Bahamas in March 1979. The meetings were held to review progress in negotiations and to give directions to the team of ACP Ambassadors negotiating in Brussels. An Assistant Research Officer represented SPEC at a seminar of ACP regional economic organisations on Regional Cooperation and Intra-ACP Trade at Dakar, Senegal in December 1978.

68. With the strengthening of Pacific representation in Brussels, SPEC's role in the current round of negotiations has concentrated on providing assistance and information to prospective ACP members and the circulation of progress reports.

69. On attaining independence Solomon Islands and Tuvalu acceded to the Lome Convention bringing the number of Pacific members in the ACP group to six. Total membership of the ACP group currently stands at fifty-seven. Kiribati will be eligible to accede to the Convention when it becomes independent in July this year. At the request of the SPEC Committee a SPEC paper analysing the position of the Cook Islands, Nauru and Niue was circulated to member governments.

70. Training assistance provided through the Fellowship Scheme increased during the year. Since the introduction of the Scheme a total of fifteen (15) fellowships have been
awarded to nominees of island member countries. While the Scheme is also open to the commercial sector, nominations in the main cover officials from member governments or their statutory bodies. To date all fellowships have been taken up in Fiji, although fellowships are tenable throughout the region and in approved cases outside it.

71. The following fellowships were taken up during the year:

. An officer of the Western Samoa Development Bank spent two weeks in August 1978 on attachment training with Citibank in Suva.

. A Western Samoa Public Works Department (PWD) official commenced a training attachment with the Fiji PWD in November 1978 in association with attendance at the Fiji Institute of Technology.

. Two senior staff from the Papua New Guinea Banking Corporation completed a four-week training attachment in banking systems and operations with a Suva bank during November/December 1978.

. During January 1979 a senior officer from the Kiribati Ministry of Education spent two weeks studying examination techniques with the USP Institute of Education.

. Two Tonga Customs officers undertook training on tariff systems with the Fiji Customs and Excise Department in Suva during January/February 1979.
An officer from the Tuvalu Copra Board is scheduled to commence training with the Fiji Coconut Board in Suva in July 1979.

Two officers from the Fiji Ministry of Agriculture & Fisheries will undertake a training course on Cocoa and Coffee Estate Management in Papua New Guinea in June 1979.

An official from Western Samoa will begin training in Meteorology in Fiji later this year.

While the annual ceiling of two fellows per country has not yet been reached in some cases, consideration is being given to the desirability of either raising the ceiling or abolishing the country quota system. The continued financial support of the Governments of Australia, New Zealand and the Commonwealth Fund for Technical Cooperation has been warmly appreciated. The Trust Fund at 28 February stood at F$33,919.00.

Following the approval of the Special SPEC Committee meeting in April 1978 to extend the Scheme to non-SPEC member countries, the Secretariat has invited interested territories in the region to nominate candidates for consideration.

- Aid Review Task Force

Despite a disappointing response to the recommendations of the Task Force, SPEC continues to receive requests for copies of the Report of the Aid Review Task Force from aid organisations and interested individuals. At the request
of the organisers, fifty copies of the Report were made available for use by the New Zealand National Conference on Effective Aid for the 80s held in May 1979. SPEC intends to continue to follow up the Task Force recommendations with aid organisations.

- Natural Disaster Relief Fund

75. Two payments of F$10,000 were made from the Fund to Solomon Islands and Fiji, both of which sustained extensive damage as a result of Cyclones 'Kerry' and 'Meli' respectively. At 30 April 1979 the Fund stood at $414,470.00.

76. Against this background of recurrent tragedy SPEC has been considering the possibility of organising a workshop on Disaster Preparedness in the South Pacific in conjunction with the International League of the Red Cross Societies (LORCS) and the United Nations Disaster Relief Organisation (UNDRO).

- Aid Advisory Service

77. The Secretariat has begun compiling information for the third edition of its "Directory of Aid Agencies" to succeed the current edition containing descriptive information on 83 agencies which have provided assistance to the South Pacific region. All copies of the second edition have been distributed. It is anticipated that the third edition will be ready for distribution by mid 1979.

78. Responses to requests for information from aid organisations have been very favourable and most encouraging. The Secretariat takes this opportunity to record its appreciation to the various organisations for their assistance in this project.
79. All matters concerning the marine resources of member countries continued to command a very high priority in the Secretariat's programme of activities during the year.

- South Pacific Forum Fisheries Agency

80. At its meeting in Alofi, Niue in September 1978 the Forum rejected the draft Convention establishing the South Pacific Regional Fisheries Organisation (SPRFO) which had been put forward by officials and called for the establishment of a South Pacific Forum Fisheries Agency based on the Forum's Port Moresby Declaration. The Forum restricted membership of the Agency at this stage to Forum members, stressing the importance which members placed on the recognition of the right of a coastal state to conserve and manage the living resources, including highly migratory species, in its 200 mile zone. The Forum also directed officials to report within six months on the advisability and practicality of the draft SPRFO Convention and on the terms of reference for the Forum Agency.

81. In the absence of a written agreement giving the Agency a separate international legal personality, the Agency was set up under the framework of the SPEC Agreement. It was based at SPEC Headquarters until April when it formally moved to Honiara, Solomon Islands in accordance with the Port Moresby Declaration.

82. In consultation with a panel of government representatives I announced in January the appointment of Dr W E Razzell to the post of Director of the Forum Fisheries Agency (FFA).
Dr Razzell, who took up the two-year appointment on 26 January, was formerly Director of the Canadian Department of Fisheries and Oceans' Vancouver Technical Laboratories. In response to requests by governments Dr Razzell spent the first two months of his appointment visiting Forum countries to familiarise himself with the structures, problems and priorities of regional fishing industries. He will be presenting a report to the Forum in July on recommendations arising out of his tour.

83. In consultation with the SPC the Coordinator of the SPC skipjack tagging programme, Dr R E Kearney was appointed by SPEC to undertake on behalf of the Agency a three-month consultancy based in Cronulla, New South Wales on recent and future developments in tuna fisheries in the region. Dr Kearney's report will be circulated to member governments in the near future.

84. In accordance with the Niue Forum's directive, two meetings of government officials were held in January and May to consider respectively the terms of reference of the Forum Fisheries Agency and the question of wider membership. The first of these meetings held in Suva on 30 January - 1 February provided the Agency with a comprehensive set of terms of reference and priority guidelines on which to base its early operations. The second meeting, convened in Honiara on 7-8 May reached agreement on a draft Convention giving the Agency a separate international legal status. Officials also noted that there was a need for a more broadly based fisheries organisation with separate functions from the FFA to provide a means of cooperation between coastal states of the region and other states whose nationals fish for highly migratory species in the region. Such an organisation might be along the
lines envisaged in Article 64 of the ICNT of the Law of the Sea Conference. The Forum will be considering reports by officials emerging from these two meetings at its Tenth Session in Honiara in July.

85. In discussion with interested donor nations and agencies, SPEC confirmed that, in all but one case, donors were prepared to transfer their support from the proposed SPRFO to the Forum Agency. In a number of cases donors increased contributions or pledges and it is expected that budgetary financing for the first year's operations of the Agency will be adequate to meet the challenging programme of work and staff requirements. Generous contributions from Australia (A$100,000), New Zealand (NZ$50,000) and Solomon Islands (SI$50,000) have been bolstered by contributions from UK Government (A$40,000), UNDP/FAO (48 man-months financing) and CPTC (£36,000). The Solomon Islands authorities have provided temporary office and staff accommodation pending the construction of permanent headquarters and housing for the Agency and its staff. The British Government is also providing significant additional financial support directly to the Solomon Islands Government for the Agency building programme.

- Law of the Sea : Fisheries

86. In parallel with efforts to establish the Agency, SPEC continued to discharge its clearing house role concerning fisheries legislation and agreements relevant to member countries during the year under review. SPEC's Law of the Sea library on fisheries was substantially enhanced through the development of contacts with international fisheries organisations including the Inter-American Tropical Tuna
Commission, the Pacific Tuna Development Foundation and the International Centre for Living Aquatic Resources Management. Discussions with these bodies have led to proposals for the exchange of documentation, and in some cases the convening of joint seminars on matters of mutual interest. The Legal Officer represented SPEC at the UN Regional Workshop on Fisheries Joint Venture Agreements held in Manila in January.

87. In response to the Port Moresby Declaration calling on governments to extend their fisheries jurisdictions to the fullest extent permissible under international law, all Forum governments have now passed legislation enabling the proclamation of either 200 mile fisheries zones or Exclusive Economic Zones (EEZs). While only 6 governments had made the necessary proclamation to bring their 200 mile zone into force by 1 January 1979 it is anticipated that the remainder will do so in the near future. The majority of other island territories in the region have or are in the process of taking similar steps to control their maritime resources out to 200 miles.

- Law of the Sea: Seabed

88. A number of Forum governments have introduced Exclusive Economic Zone (EEZ) legislation extending their jurisdiction both to the living and non living resources within 200 miles of their shores. Such legislation, which is consistent with the EEZ principles emerging from the Third UN Law of the Sea Conference, enables coastal states to secure maximum control and benefit from their offshore areas, including the seabed.
89. The economic importance of EEZ jurisdiction has been given added dimension with the identification of potential mineral and petroleum rich geological formations in some areas. With these reasons in mind, SPEC continued during the year to participate in the ESCAP Committee for Coordination of Joint Prospecting for Mineral Resources in South Pacific Offshore Areas (CCOP/SOPAC). The Committee, which was established in 1972, is intended to assist developing island countries to investigate their potential offshore mineral resources and to develop their capabilities in this field. The Eighth Session of the Committee, which is scheduled to be held at SPEC Headquarters next August, will be held in conjunction with a CCOP/SOPAC Symposium on Petroleum and will review mineral survey findings to date.

(f) ENVIRONMENT AND ENERGY

- South Pacific Regional Environment Programme

90. Progress towards launching the proposed South Pacific Regional Environment Programme (SPREP) was given further impetus by the Forum in September which reaffirmed the Port Moresby recommendation calling on SPEC to develop further a plan of action for the implementation of the programme in consultation with the South Pacific Commission. In a spirit of regional cooperation SPEC and SPC concerted efforts to establish the programme and reached agreement on the SPREP project document. In discussion with the Secretary-General during the 18th South Pacific Conference in October 1978 agreement was reached to establish a Coordinating Group to be responsible for implementing the programme.
91. The SPREP project document was formally endorsed by the Secretary-General and myself in December. Discussions with ESCAP and UNEP on their roles in the programme were conducted by the Deputy Director in Bangkok in December. I held further discussions on the subject in Manila in March during the ESCAP session. The project document has now been signed by the four organisations involved. The first meeting of the Coordinating Group will be held in mid-1979.

- Energy

92. Further increases in the price of petroleum with their effects on balance of payments and development policy in the region prompted governments and SPEC alike to reassess possible projects to provide members with more information on the effects of price increases and possible alternative sources of energy. In consequence of the emphasis given by both the SPEC Committee in November and the joint UNDP/ESCAP/SPC/SPEC meeting in February to projects in the energy sector, SPEC has prepared a number of internal papers analysing priority areas to which SPEC could usefully contribute. Possible projects include a survey of prices paid by island countries for petroleum products, a study of alternative regional energy sources and appropriate conservation measures.
PART II : REGIONAL AND INTERNATIONAL RELATIONS

(a) REGIONAL

- SPEC/SPC Relations

93. Agreement on the SPREP project document and the appointment of an SPC officer as a consultant on fisheries matters represent tangible evidence of the close collaboration which characterised relations between the two regional organisations during the year under review. Differences of attitude and approach stemming from differences of membership and outlook took second place to effective liaison aimed at achieving progress on all common fronts.

94. The annual SPC/SPEC consultations which included the Secretary-General designate were held at Noumea on 8-10 February. The agreed record of the consultations has been circulated to member governments and reflects the broad spectrum of shared activities in which the two organisations cooperate.

95. Participation in each other's meetings at the working level continued to provide a practical means of exchanging views and ensuring that work programmes were complementary. In October I attended the 18th South Pacific Conference in Noumea and held discussions on matters of mutual interest with the Secretary-General. In accordance with the decision of the 1978 SPC Planning and Evaluation Committee meeting, the agenda of the 1979 meeting on 30 May - 1 June will include an item on SPEC/SPC relations. This is to be a permanent item on the Committee's agenda.
Following past practice, SPEC will be represented at the meeting. The Trade and Marketing Officer attended a regional SPC meeting on Tropical Timber in November 1978 which reviewed problems in timber marketing in the South Pacific. SPEC was also an observer at the Fourth Regional Conference of Statisticians in Honiara, Solomon Islands 11-15 September 1978 convened by the Commission to discuss statistical developments in the region.

96. Following discussions with SPC it was agreed that Dr R E Kearney, Coordinator of the SPC Skipjack Tagging Programme could be made available to take up an appointment with SPEC on a consultant basis to prepare a report on recent and future developments in tuna fisheries in the South West Pacific on behalf of the Forum Fisheries Agency. Dr Kearney’s report will be distributed to all SPEC members.

97. At the direction of the Niue Forum, SPEC has called a meeting of senior Forum officials on 5-6 June to consider a SPEC study on a programme of action aimed at reviewing regional institutional arrangements in the South Pacific. Officials are expected to report to the Honiara Forum on the possible rationalisation and reorganisation of the responsibilities of regional institutions, including SPEC and the SPC.

- University of the South Pacific (USP)

98. Relations between SPEC and the USP during the year under review centred on the coordinated implementation of three important EEC regional projects to be established at the University concerning applied agricultural research, rural development and marine resources. In consultation with the
EEC, SPEC worked closely with the USP to arrange EEC approval and funding of the projects. Approval of the projects remains to be finalised.

99. In their day to day work the two bodies continued to exchange information and views on regional matters. SPEC was represented during the year at meetings of the Advisory Committee of the Institute of Education and the Institute of Pacific Studies and SPEC's Legal Officer gave a lecture to the USP Tropical Fisheries course on international legal developments affecting the region. USP scholars have also made regular use of the SPEC library.

100. In accordance with established practice, the Vice-Chancellor's Report will be tabled at the Honiara Forum.

(b) UNITED NATIONS AND OTHER INTERNATIONAL AGENCIES

- United Nations Development Programme (UNDP)

101. SPEC maintains a close liaison with UNDP through its Regional Representative for the South Pacific. The UNDP Regional Office is responsible for administering extensive and growing regional programmes, mainly at country level. At the inter-country and regional level SPEC has been able to contribute to the development of projects. Financial assistance from UNDP towards regional projects continued to increase.

102. The increasing UNDP interest in regional affairs was highlighted by a number of visits of senior UN officials. A UNDP Inter-country Programming Mission led by Mr Adriano Garcia
visited South Pacific countries and SPEC in late 1978 to hold consultations with governments and international organisations in the region on possible inter-country programmes for the period 1979-1981. SPEC was honoured to host the meeting of Senior Planning Officials from UNDP/ESCAP/SPC/SPEC which was convened on 2-6 February to discuss allocation of UNDP resources to the region and to finalise the list of priority regional projects proposed by South Pacific countries. The meeting was attended by UNDP Administrator Mr Bradford Morse, the Executive Secretary for ESCAP Mr J B P Maramis, Mr Andrew Joseph Assistant UNDP Administrator and Regional Director for Asia and the Pacific and the SPC Director of Programmes Mr W T Brown.

- United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

103. In follow up to Resolution 188 of the 34th ESCAP Session, there was a strengthening of contacts between ESCAP and SPEC on regional activities. Several ESCAP officials visited SPEC in the course of visits to the region during the period including the Executive Secretary. I attended the 35th ESCAP Session in Manila, Philippines in March 1979 and the Deputy Director visited Bangkok in December 1978 to give impetus to proposals which had advanced as far as correspondence permitted.

104. ESCAP representatives attended the Advisory Committee on Uniform Maritime Standards in an observer capacity and have been able to contribute experience and expertise in this area of work. ESCAP has been involved in the Coconut Products Survey undertaken by the Asian Pacific Coconut Community and
SPEC. ESCAP will incorporate a survey on inter-island feeder services into its proposed Coconut Products Survey. ESCAP has also indicated its willingness to participate in the regional environment programme.

- United Nations Development Advisory Team (UNDAT)

105. Close links with UNDAT were maintained principally in the field of civil aviation where UNDAT provided financial assistance to SPEC to engage an ICAO adviser to undertake an assignment for SPEC on the proposed Association of South Pacific Airlines. Discussions have also been conducted on the possibility of obtaining UNDAT funding for 2 short-term consultants to carry out a survey in the area of regional shipping. Much of UNDAT's efforts during the year under review were concentrated in providing short-term consultancies to island countries in the region. The appointment in February of Mr A I McCutchan as UNDAT Team Leader in the Pacific was welcomed by SPEC.

- United Nations Environment Programme (UNEP)

106. UNEP contact with SPEC has naturally centred on the development of the proposed South Pacific Regional Environment Programme. UNEP has expressed its willingness to contribute up to US$312,000 towards the programme and has become a signatory of the project document to implement the programme.

- Asian Development Bank (ADB)

107. Consultation and correspondence were maintained with ADB during the year under review. I had discussions with the Bank during the 35th ESCAP session in Manila in March. The main
thrust of relations between the two organisations concerned the arrangements for the proposed ADB/ESCAP/SPEC Industrialisation Survey. In view of the important interests of members in the survey it has been agreed that a SPEC nominee, Mr Dennis Rose, will lead the survey team. The survey team is scheduled to commence investigations in May.

108. In response to suggestions that the Bank develop credit arrangements more suited to the needs of the South Pacific region, in December 1978 the Board of Directors approved the principle of "package" loans ranging from US$50,000-$200,000 and noted recommendations that ADB should seek greater cooperation with SPEC and SPC in identifying and undertaking technical assistance projects in the region. Discussions with the ADB South Pacific Agricultural Survey Team were held at SPEC Headquarters in March. Seven of the ten SPEC island countries are now members of the ADB.

- Other Agencies

109. SPEC maintains good working relations with the various United Nations Specialised Agencies and takes this opportunity to acknowledge with gratitude their cooperative attitude and valuable support. During the year SPEC received invaluable assistance in its work programme, notably from FAO as well as ITU, ILO, WHO and IMCO. The Action Programme for Economic Cooperation among Non-Aligned and Other Developing Countries (UNAPEC) showed interest in the activities of SPEC in the field of bulk purchasing of medical supplies.
(c) OTHER ORGANISATIONS

- Commonwealth Secretariat and Commonwealth Fund for Technical Cooperation (CFTC)

110. The traditionally close working relations between the two Secretariats culminated during the year in the appointment by the Secretary-General of Mr Rex Koelmeyer as the first Commonwealth regional liaison officer in the South Pacific. Mr Koelmeyer, a former Sri Lankan career diplomat, will be responsible for providing follow-up to initiatives arising out of the 1978 CHOGRM meeting on Trade, Terrorism, Illicit Drugs and Energy and for liaising with SPEC on Commonwealth Secretariat and CFTC programmes in the region. Mr Koelmeyer, who took up duty in May 1979, is based at SPEC Headquarters. Pacific island membership of the Commonwealth Secretariat now stands at eight, following the accession of Tuvalu after its independence in October 1978.

111. Visits to SPEC by the Director of the CFTC and other senior officials afforded an opportunity to finalise funding proposals for the region. Recognising fisheries as a key sector of development the Fund has allocated a total of £36,000 over two years towards the establishment of the Forum Fisheries Agency. A number of CFTC fisheries consultants also paid visits to SPEC Headquarters whilst on mission to individual member countries.

112. CFTC funding continued towards the SPEC Fellowship Scheme for training students from the region at the Telecommunications Training Centre. Discussions with the Commonwealth Secretariat on marketing matters, including handicrafts
and timber are progressing. An observer from the Commonwealth Secretariat attended the Senior Trade Officials Meeting in January which was convened to consider the CFTC/SPEC report "Industrial Development and Trade Relations in the South Pacific".

- Office of the Delegation of the Commission of the European Communities (EEC)

113. As has been indicated elsewhere in this Report the mutual spirit of cooperation and commitment to regional development shared by SPEC and the EEC Delegate produced tangible progress towards the finalisation of the EEC 10 million UA allocation to the Pacific region. Work on the regional Telecommunications Training Centre is scheduled to commence shortly and contracts for the provision of telecommunications equipment for the regional Telecommunications Network are expected to be let mid year. Final approvals for other EEC projects are in sight.

- Association of South East Asian Nations (ASEAN)

114. Encouraged by the Forum and SPEC Committee to continue contacts with ASEAN with a view to developing further Forum relations with this important South East Asian organisation, I held discussions with the new Secretary-General of ASEAN, Mr Datuk Ali Bin Abdullah in October to discuss follow-up to the proposal for a Forum/ASEAN dialogue. An informal and cordial exchange of views was held on recent trade and economic developments and possible areas of future cooperation between the two organisations including small scale industries were identified. It was agreed that the two organisations would continue correspondence aimed at defining more clearly
specific areas for mutual assistance. In May I was informed by the Secretary-General that the ASEAN Standing Committee in its third meeting this year has agreed that official contact between the ASEAN Secretariat and SPEC be established by the Secretary-General.

115. The potential importance of trade relations between the two regions was underlined in April with the visit of a senior Malaysian Trade Mission to the South Pacific. The possibility of inter-regional cooperation on highly migratory tunas was also touched on when Forum and ASEAN countries met at a UN workshop on Fisheries Joint Venture Agreements in January.

- East-West Center

116. The Secretariat's role as a regional clearing house for information on the activities of the Hawaii-based Center was scaled down during the year as member countries developed direct links with the Center. SPEC continued to monitor the Center's work on regionally-oriented programmes including energy and the environment. A senior officer from the Center visited SPEC during the year to discuss how the two organisations might develop working relations further.

(d) RELATIONS WITH NON-MEMBER COUNTRIES

117. The growing interest of other countries in the political and economic development of the region and SPEC's role was underscored by the marked increase in visits by national missions and representatives to SPEC during the year under review.
118. Within the region, the evolution of constitutional developments in the New Hebrides and the US Trust Territory focused greater attention on Forum and SPEC activities. The guidelines provided by the Niue Forum on membership of the Forum and SPEC were useful in responding to informal requests for clarification of membership criteria.

119. The establishment of the Forum Fisheries Agency generated significant interest in fisheries developments in the region, and resulted in visits from countries within and beyond the region. Links with the Federated States of Micronesia (FSM), Palau and the Marshall Islands which have declared 200 mile fishery zones were strengthened with a number of visits by Micronesian officials and the exchange of documentation on fisheries matters. SPEC also received visits from US and Soviet Union officials, and representatives of a number of manufacturers of maritime surveillance equipment.

120. The international political stature of the Forum was the origin of requests from the Kanak Liberation Front of New Caledonia and the Polynesian Parties for Independence of French Polynesia seeking the Forum's sympathetic support in the United Nations for their struggle towards independence. With the concurrence of member governments the issue will be brought before Heads of Government at the Forum in July.
PART III : SECRETARIAT AND ADMINISTRATIVE MATTERS

- Forum and Secretariat Activities

121. The 9th South Pacific Forum was held at Alofi, Niue from 16-20 September 1978. All member countries were represented. The Governments of Solomon Islands and Tuvalu were admitted as full Forum members, bringing Forum membership to twelve. The session, which was formally opened by His Excellency Sir Keith Holyoake, GCMG, CH, Governor-General of Niue on the occasion of the formal inauguration of the Niue Fale Fono and the Niue Constitution celebrations, was chaired by the Premier of Niue, the Honourable Robert R Rex, CMG, OBE. It was preceded by an informal consultation of Heads of Government and a meeting of the SPEC Committee.

122. The main items on the Forum agenda included Fisheries, Trade and Industrialisation, Regional Shipping and Civil Aviation, the Environment and Membership of the Forum and SPEC. The Forum decided to establish forthwith a South Pacific Forum Fisheries Agency and gave special emphasis to measures aimed at improving trade and industrial development in the region. With the consent of the Government of Tonga I was invited by the Forum to extend my tour as Director of SPEC for a further period of one year while arrangements are being made for the appointment of my successor.

123. In addition to providing stimulus, authority and guidance to the Bureau in its work programme, the Forum's political dimension as the paramount regional body was given emphasis during the year with requests from political groups
in New Caledonia and Tahiti for the Forum to support their cause in the United Nations. This question is scheduled for consideration at the Honiara Forum in July 1979.

124. As a consequence of increasing regional activity the number of conferences and meetings which SPEC is requested to service increases each year. Meetings sponsored jointly by SPEC and other international agencies have also become a feature. The high degree of professionalism of the Secretariat in organising such meetings has received favourable recognition. With the formation of ASPA and FFA, SPEC has also been called upon to provide administrative and secretariat services. During the period under review SPEC serviced 19 meetings. A list of meetings is attached as Appendix I.

- SPEC Committee

125. The 1978 pre-Forum meeting of the SPEC Committee was held at Alofi, Niue from 11-15 September. All member countries were represented. The meeting discussed and endorsed the Secretariat's work programme for 1978/79.

126. The annual SPEC Committee budget session was convened at SPEC Headquarters, Suva from 28-30 November 1978 to consider and approve the SPEC programme of work and budget proposals for 1979. In accordance with the accepted practice of annually rotating the Chair alphabetically, the Government of Niue succeeded the Government of New Zealand to the Chair for 1978/1979.
127. The Government of Tuvalu became the twelfth SPEC member when it acceded to the SPEC Agreement in November 1978. SPEC member countries, which are now all members of the Forum are Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Western Samoa.

128. As reported in last year's Annual Report, a number of Pacific islands in the process of seeking independence or fully self-governing status have informally indicated a desire to become more closely associated with SPEC and the Forum. The guidelines on membership provided by the Niue Forum were of assistance in responding to these approaches.

- Public Relations Activities

129. The monthly newsletter 'SPEC Activities' remains the main means of keeping the public informed of the Secretariat's activities and developments in its work programme. In response to demand distribution of the newsletter increased steadily over the period and now stands at approximately 250 copies per month.

130. The appearance of several major articles and even satirical cartoons on the Forum and SPEC in regional newspapers during the year attested the level of media interest in regional development activities. This has been achieved on the basis of routine press releases issued following major meetings and without a change in the Secretariat's policy on public relations mentioned in last year's Report.
The pamphlet 'Introducing SPEC' will be revised and reprinted in 1979 to meet continuing requests for general information on the role of the organisation and to reflect more accurately the Secretariat's current work programme.

- Permanent Headquarters

Work on internal structural alterations to accommodate the Commonwealth Secretariat Liaison Officer was completed in 1978. Office accommodation at SPEC Headquarters is now at a premium and any future increases in SPEC-based staff will need to be considered in conjunction with the need for a third office block. The accommodation situation was drawn to the attention of the SPEC Committee Budget Session in November 1978.

During the course of the year the SPEC Headquarters Complex was nominated for entry in the Hyatt Foundation competition for the International Architecture Prize. It is a matter of regional pride that SPEC received a nomination for the competition which is organised by the Chicago-based Foundation for architecture "which contributes significantly to humanity and the environment".

- Budget and Finance

The total budget for 1979 amounts to F$585,446. This figure, of which F$560,646 is for ordinary expenditure and F$24,800 for capital expenditure, represents a 17.6% nominal increase over the approved 1978 Budget. The 1979 Budget, which was approved by the SPEC Committee Budget Session in November 1978, will be presented to the 10th South Pacific Forum meeting in Honiara in July for formal approval in accordance with the terms of Article IX of the SPEC Agreement.
Staffing

During the period under review SPEC experienced a high natural turnover of staff which placed a heavy burden on Secretariat staff resources to meet the ongoing work programme. The following changes in the staff of the Secretariat took place:

- Mr Ron Morgan, Trade and Marketing Officer, left in December 1978. His tour formally ended in September but was extended to allow his children to complete the school year in Fiji.

- Mr Jim Tallen, Assistant Research Officer, completed his three-year appointment in September 1978.

- Mr Bob Osborne, Executive/Administrative Officer left in February 1979 after six years service with SPEC.

- Mr Rod Gates, Deputy Director since July 1977, left in April 1979 to take up the post of New Zealand High Commissioner in Tonga.

- Dr Eric Haywood, who joined the Secretariat in October 1978 as Research Officer, left in March 1979.

- Mr Tito Isala of Tuvalu took up his appointment as Administration Officer on 1 February 1979. Mr Isala, a Tuvalu political science graduate of the University of Canterbury, held administrative positions with the University of the South Pacific prior to his appointment.
Mr Sakiusa Rabuka of Fiji took up a three-year appointment as Assistant Research Officer in December 1978. Mr Rabuka, who holds a Master of Laws degree from Victoria University of Wellington, was formerly a Legal Officer with the Fiji Crown Law office.

Dr Bill Razzell took up a two-year appointment as Director of the South Pacific Forum Fisheries Agency on 26 January 1979. Dr Razzell was formerly the Director of the Canadian Department of Fisheries and Oceans Vancouver Technical Laboratory.

Mr John Franklin took up his appointment as Trade and Marketing Officer in April 1979. Mr Franklin from New Zealand holds a diploma in Horticulture from Massey University and has wide experience in the export and import of agricultural produce in the South Pacific.

Mr Ronald Hegerhorst from Australia has been appointed as Trade Commissioner to establish the South Pacific Trade Commission in Sydney, Australia. He is an Economics graduate of the Australian National University and has wide trade policy experience in the Pacific region.

Mr Paul Hohnen, SPEC Legal Officer since July 1978 was appointed acting Research Officer in April.

Mr Sale'imoa Va'ai, Assistant Research Officer, has been appointed acting Legal Officer.
Grateful thanks and best wishes are extended to all officers who left during the year particularly the Deputy Director, and we warmly welcome the new staff. The current SPEC staff establishment is shown at Appendix II.

- Staff Salary Structure Review

136. At the request of the SPEC Committee Budget Session Mr P S Bygate, an Assistant Commissioner with the New Zealand State Services Commission, returned to SPEC during April 1979 to undertake a further review of the SPEC professional staff salary structure. His report will be tabled for discussion by the SPEC Committee later this year. SPEC would like to take this opportunity to thank both the New Zealand Government for making Mr Bygate's services available once again and Mr Bygate for so kindly agreeing to undertake this task.

- Library

137. SPEC's library of reference material continued to expand during the year with contributions from member governments and international agencies. Apart from SPEC's own publications, the library houses publications by select international organisations, governments in the region, and material on various aspects of regional development pertinent to SPEC's work programme.

138. To facilitate reference to SPEC documents a select List of Publications produced by SPEC in 1978 was distributed to member governments. A select list of publications produced by SPEC between July 1978 and March 1979 is attached as Appendix III. A total of 18 publications were produced during the period.
The reorganisation of the SPEC Filing System reported last year was completed during the year under review and has greatly facilitated the dispatch of Secretariat work. The SPEC Committee approved the permanent creation of the position of Filing Clerk requested in November 1978.

With deep regret we report the death in Australia in January of Mr. Bruce Davidson who was SPEC's Research Officer from March 1973 to May 1978. His valued friendship and the significant contribution which he made to SPEC and regional development in the South Pacific will long be remembered. Those of us who were fortunate enough to have been associated with him will sadly miss him.

In last year's Report, I attempted in the closing paragraphs to draw together the various aspects of the history and development of SPEC to determine how and whether this organisation had responded to the varied challenges, needs and changing priorities of its members over the first five years. Inevitably, this was also an exercise in self-appraisal.
The five-year perspective recalled the broad mandate, high aspirations and deep commitment which characterised the establishment of SPEC. Against this it weighed our relative inexperience, limited resources and the complexities - even enormity - of some tasks with which SPEC was entrusted. I said that member countries and SPEC had grown together and had graduated from a period of apprenticeship to secure for themselves a recognised international stature. The "Pacific Way" which characterised our common aspirations, actions and attitudes and the guidance provided by the Forum were chiefly responsible for the progress and achievements of the period. In conclusion I claimed a measure of success for SPEC and its member countries.

In retrospect I stand by these conclusions, fortified by the events over the last year. In the six years since SPEC's creation our island member countries have emerged fully from the colonial cocoon and have moved decisively, individually and collectively, to assert their sovereign independence and cultural heritage.

We are all aware that the term "the Pacific Way" has been used by some in a pejorative sense, as an excuse for dilatoriness. Inevitably, the conflicting requirements of independence and interdependence have resulted in differences of views and even regional tensions which have impeded progress. Events amply testify however that in the main regional progress has been rapid, substantial and extensive.

Members are now in the position where they can control and regulate their maritime resources: the Forum Fisheries Agency will assist them in this task. Airline and shipping services have been coordinated and it is hoped that the Pacific
Forum Line will contribute to services particularly on the less economic but nonetheless important routes. Problems and prospects of agriculture, trade and industrialisation are better understood and improvements are being actively promoted. An international telecommunications network is being established which will change the face of the region. Training schemes have been given priority emphasis. By any yardstick, these achievements cannot easily be underrated.

146. The future of island countries' economies remain vulnerable. While the flow of development assistance has been encouraging and progress on international mechanisms such as the Lome STABEX Scheme and the Common Fund offer some hope, appropriate long term structural and trade policies must be identified and pursued. Countries need to remain vigilant that development assistance meets fully their own and not donors' priorities. The development problems created by smallness, remoteness and dependence on tropical products will continue to require imaginative and energetic solutions. The region's strength in this task will lie in the commitment to common goals, a unity of purpose and a conviction that solutions can and must be found. I believe SPEC's record is evidence of the fact that it can contribute substantially to this joint endeavour.

147. I am pleased to have shared in the pursuit of regional cooperation in the South Pacific and to have played a small part in the furtherance and realisation of that aspiration.

SUVA
15 May 1979
## MEETINGS SERVICED BY SPEC

1 August 1978 - 15 May 1979

<table>
<thead>
<tr>
<th>MEETING</th>
<th>DATE</th>
<th>VENUE</th>
</tr>
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<tbody>
<tr>
<td>SPEC Committee Meeting</td>
<td>Sept.11-15</td>
<td>Alofi</td>
</tr>
<tr>
<td>Ninth South Pacific Forum</td>
<td>Sept.16-20</td>
<td>Alofi</td>
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<tr>
<td>Advisory Committee on Uniform Maritime Standards</td>
<td>Nov. 7-8</td>
<td>Honiara</td>
</tr>
<tr>
<td>SPEC Committee Budget Session</td>
<td>Nov.28-30</td>
<td>SPEC HQ., Suva</td>
</tr>
<tr>
<td>Meeting of Senior Officials on Trade Relations and Industrial Development in the South Pacific</td>
<td>Jan.23-25</td>
<td>SPEC HQ., Suva</td>
</tr>
<tr>
<td>Meeting of Forum Government Officials on Regional Fisheries Policy</td>
<td>Jan.30-Feb.1</td>
<td>SPEC HQ., Suva</td>
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<tr>
<td>UNDP/ESCAP/SPC/SPEC Meeting of Senior Planning Officials to discuss UNDP Inter-Country Programme, 1979-81</td>
<td>Feb. 2-6</td>
<td>SPEC HQ., Suva</td>
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<tr>
<td>Officials Meeting on Pacific Forum Line</td>
<td>Feb.12-13</td>
<td>Auckland</td>
</tr>
<tr>
<td>South Pacific Regional Shipping Council: Special Session</td>
<td>Feb.14</td>
<td>Auckland</td>
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<tr>
<td>Tradesmen's Lot Seminar</td>
<td>Feb.20-23</td>
<td>Rarotonga</td>
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<tr>
<td>Regional Airlines Meeting</td>
<td>Mar.7-8</td>
<td>SPEC HQ., Suva</td>
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</tbody>
</table>

Appendix I
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<thead>
<tr>
<th>MEETING</th>
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<th>VENUE</th>
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<tr>
<td>Sub-Committee on Deck and Engineer Officers Syllabuses</td>
<td>Mar.19-21</td>
<td>Madang, PNG</td>
</tr>
<tr>
<td>Advisory Committee on Uniform Maritime Standards</td>
<td>Mar.22-23</td>
<td>Madang, PNG</td>
</tr>
<tr>
<td>Regional Long Term Sugar Agreement Review Meeting</td>
<td>Mar.27</td>
<td>SPEC HQ., Suva</td>
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<tr>
<td>Telecommunications Aid Consortium Meeting</td>
<td>Apr. 5-6</td>
<td>SPEC HQ., Suva</td>
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<tr>
<td>Taro Marketing Agreement Meeting</td>
<td>Apr.25</td>
<td>SPEC HQ., Suva</td>
</tr>
<tr>
<td>Regional Civil Aviation Advisory Committee</td>
<td>Apr.30-May 1</td>
<td>Tarawa</td>
</tr>
<tr>
<td>Meeting of Forum Government Officials on Regional Fisheries Policy</td>
<td>May 7-9</td>
<td>Honiara</td>
</tr>
<tr>
<td>Meeting of Senior Officials to Review Quarantine and Plant Protection Measures and Facilities to Facilitate Trade in Agricultural Produce</td>
<td>May 16-17</td>
<td>Nuku'alofa</td>
</tr>
</tbody>
</table>
SPEC STAFF LIST
APRIL 1979

DIRECTOR
DEPUTY DIRECTOR
ADMINISTRATION OFFICER
RESEARCH OFFICER (ACTING)
TRADE AND MARKETING OFFICER
LEGAL OFFICER (ACTING)
ASSISTANT RESEARCH OFFICER
" 
" 
" 
" 
JUNIOR ECONOMIST I
" II

ADMINISTRATIVE STAFF
ASSISTANT ADMINISTRATION OFFICER
CONFERENCE OFFICER
SECRETARY
PERSONAL ASSISTANT
PROPERTY MAINTENANCE OFFICER
CLERK
STENOGRAHER
TYPIST
TYPIST/TELEX OPERATOR
FILING CLERK
TYPIST/RECEPTIONIST
DRIVER
MACHINE OPERATOR

Hon Mahe U Tupouniua
Mr Rod J Gates (to 5 April 1979)
Mr Tito Isala
Mr Paul Hohnen
Mr John E C Franklin
Mr A Sale'imoa Va'ai
Mr Warren Paia
Mr Robert Igar
Mr Anote Tong
Mr Sakiusa Rabuka
Vacant
Mr Edward T Blakelock
No appointment made

Mr Aziz Akbar
Mrs Tangoi Tupou
Mrs Ann Sellars
Mrs Maureen Vatubua
Mr Filimone Boletawa
Mr Manoa Kaiyanuyanu
Mrs Amelia B Nivalama
Mrs M Talahiva Tupou
Mrs Melania Natuna
Mr Uday Prasad
Mrs Nirmala Nand
Mr Jeremaia Tuwai
Mrs Florrie Navari
SOUTH PACIFIC FORUM FISHERIES AGENCY, HONIARA

DIRECTOR
Dr Bill E Razzell

SOUTH PACIFIC TRADE COMMISSION, SYDNEY

TRADE COMMISSIONER
Mr Ronald Hegerhorst (To commence 17 May)
SELECT LIST OF SPEC PUBLICATIONS
1978 (JULY) - 1979 (APRIL)


Summary Record of the Fifth South Pacific Regional Telecommunications Meeting, 4-10 July 1978, Rarotonga, Cook Islands. SPEC(78)16 (Restricted)

Director's Annual Report 1977/78, 4 August 1978. SPEC(78)17

Officials Meeting to Establish Pacific Policies Regarding Successor Arrangements to the Lome Convention, Neiafu, Vava'u, Tonga, 21-23 August 1978 - Agreed Report. SPEC(78)18 (Restricted)

Report included as Annex C of SPEC(78)19.


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Regional Airlines Meeting,
SPEC Headquarters, Suva

Statement by the Director of
SPEC, Hon M U Tupouniu to
the Thirty-Fifth Session of
ESCAP. Manila, Philippines,

Uniform Maritime Standards Sub­
Committee on Deck and Engineer
Officers Syllabuses. Madang,
Papua New Guinea. 19-21 March
1979 - Report.
(included as an attachment to
SPEC(79)8).

Advisory Committee on Uniform
Maritime Standards. Second
Meeting. Madang, Papua New
Guinea. 22/23 March 1979 -
Report (in print).

Regional Long Term Sugar
Agreement Review Meeting.
SPEC Headquarters, Suva.
27 March 1979 - Summary
Record.

"The Problems of External
Finance for Small Islands -
The SPEC Experience". (A
paper presented to the Meeting
on Problems of External Finance
for Small Islands. Apia,
Western Samoa, 10-12 April
1979.

65
Informal Meeting to Discuss the Possibility of Forming an Aid Consortium to Finance the Upgrading of the Internal and External Telecommunications of the Cook Islands. SPEC Headquarters, Suva - Report. 5/6 April 1979.

Taro Marketing Agreement Meeting. SPEC Headquarters, Suva, 25 April 1979 - Summary Record.

Third Meeting of the South Pacific Regional Civil Aviation Advisory Committee. Tarawa, Gilbert Islands. 30 April - 1 May 1979 - Agreed Report (in print).

SPEC Activities (Monthly Newsletter).