SOUTH PACIFIC BUREAU FOR ECONOMIC CO-OPERATION

DIRECTOR'S ANNUAL REPORT

1979/80
I have pleasure in submitting my Annual Report for 1979/80 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.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTRODUCTION</strong></td>
<td>1-6</td>
</tr>
<tr>
<td><strong>REGIONAL SETTING</strong></td>
<td>7-12</td>
</tr>
<tr>
<td><strong>PART I : WORK PROGRAMME</strong></td>
<td>13-100</td>
</tr>
<tr>
<td><strong>(a) TRADE</strong></td>
<td></td>
</tr>
<tr>
<td>- General</td>
<td></td>
</tr>
<tr>
<td>- Trade Policy/SPARTECA Negotiations</td>
<td>13-14</td>
</tr>
<tr>
<td>- Trade Development and Research</td>
<td>15-17</td>
</tr>
<tr>
<td>- Regional Trade and Marketing</td>
<td>18-20</td>
</tr>
<tr>
<td>- Problems in Trade of the Smaller Island Countries</td>
<td>21-24</td>
</tr>
<tr>
<td>- Study on the Feasibility of Regional Prices Stabilisation for Export Commodities</td>
<td>25</td>
</tr>
<tr>
<td>- UNCTAD/ITC-UNDP and SPEC Project on Trade Expansion and Diversification in the South Pacific</td>
<td>26-28</td>
</tr>
<tr>
<td>- Generalised System of Preferences (GSP)</td>
<td>29</td>
</tr>
<tr>
<td>- Regional and International Trade Initiatives</td>
<td>30</td>
</tr>
<tr>
<td>- New Zealand Pacific Trade Centre</td>
<td>31</td>
</tr>
<tr>
<td>- Bulk Purchasing:</td>
<td>32-35</td>
</tr>
<tr>
<td>(i) Pharmaceuticals</td>
<td>32-34</td>
</tr>
<tr>
<td>(ii) Others</td>
<td>35</td>
</tr>
<tr>
<td><strong>(b) REGIONAL TRANSPORT</strong></td>
<td>36-46</td>
</tr>
<tr>
<td>- Shipping</td>
<td>36-41</td>
</tr>
<tr>
<td>- Uniform Maritime Standards</td>
<td>42-44</td>
</tr>
<tr>
<td>- Civil Aviation</td>
<td>45-46</td>
</tr>
<tr>
<td>Paragraph</td>
<td>Topic</td>
</tr>
<tr>
<td>-----------</td>
<td>-------</td>
</tr>
<tr>
<td>47-51</td>
<td>(c) TELECOMMUNICATIONS</td>
</tr>
<tr>
<td>47</td>
<td>Regional Telecommunications Meeting</td>
</tr>
<tr>
<td>48-49</td>
<td>Projects</td>
</tr>
<tr>
<td>50</td>
<td>Pacific Telecommunications Council</td>
</tr>
<tr>
<td>51</td>
<td>Australian Satellite Project</td>
</tr>
<tr>
<td>52-55</td>
<td>(d) ENERGY</td>
</tr>
<tr>
<td>52</td>
<td>OPEC Mission</td>
</tr>
<tr>
<td>53</td>
<td>Alternative Sources of Energy Seminar</td>
</tr>
<tr>
<td>54-55</td>
<td>Price Review Mechanism</td>
</tr>
<tr>
<td>56-76</td>
<td>(e) AGRICULTURE AND INDUSTRY</td>
</tr>
<tr>
<td>56-57</td>
<td>Regional Long Term Sugar Agreement</td>
</tr>
<tr>
<td>58</td>
<td>Ginger</td>
</tr>
<tr>
<td>59</td>
<td>Tomatoes</td>
</tr>
<tr>
<td>60</td>
<td>Coconut Products</td>
</tr>
<tr>
<td>61-62</td>
<td>Regional Survey of Agricultural Pests and Diseases</td>
</tr>
<tr>
<td>63</td>
<td>Vegetable Oils and Fats Survey in the Pacific Region</td>
</tr>
<tr>
<td>64</td>
<td>FAO Representative in the South Pacific</td>
</tr>
<tr>
<td>65-66</td>
<td>ESCAP/ADB/SPEC Industrial Survey of the South Pacific</td>
</tr>
<tr>
<td>67</td>
<td>Harmonisation of Incentives Study</td>
</tr>
<tr>
<td>68</td>
<td>Business Workshop/Study Tour for Product Planning, Design and Marketing Promotion Methods</td>
</tr>
<tr>
<td>69-70</td>
<td>Centre for Industrial Development</td>
</tr>
<tr>
<td>71</td>
<td>Bicycle Assembly Plant</td>
</tr>
<tr>
<td>72</td>
<td>Regional Development Bank</td>
</tr>
<tr>
<td>73-74</td>
<td>Transnational Corporations</td>
</tr>
<tr>
<td>75</td>
<td>Tradesmen's Lot in the South Pacific</td>
</tr>
<tr>
<td>76</td>
<td>Tourism Brochure</td>
</tr>
</tbody>
</table>
(f) ENVIRONMENT
   - South Pacific Regional Environment Programme (SPREP) 77-79
   - Natural Disaster Fund 80
   - Natural Disaster Prevention, Preparedness and Rehabilitation Meeting 81-82

(g) AID AND AID CO-ORDINATION
   - EEC, Pacific Regional Projects 83-88
   - SPEC Fellowship Scheme 89-92
   - Technical Co-operation for Developing Countries (TCDC): Regional Information System to Promote ECDC/TCDC 93-94
   - Advisory Services for Development in the Pacific 95

(h) FISHERIES, LAW OF THE SEA AND SEABED RESOURCES
   - Fisheries 96-98
   - Law of the Sea - Seabed 99-100

PART II : REGIONAL AND INTERNATIONAL RELATIONS
   (a) REGIONAL
      - Regional Institutional Arrangements 101-103
      - SPEC/SPC Relations 104-106
      - USP 107-108
   (b) UNITED NATIONS AND OTHER INTERNATIONAL AGENCIES 109-121
      - UNDP 109-110
      - ESCAP 111-113
      - UNDAT 114-115
      - UNEP 116
      - ADB 117-118
      - ITU 119
      - WHO 120
      - Other Agencies 121
(c) OTHER ORGANISATIONS
   - CFTC
   - EEC
   - ASEAN
   - EWC

(d) RELATIONS WITH NON-MEMBER COUNTRIES

PART III : SECRETARIAT AND ADMINISTRATIVE MATTERS
   - Forum
   - SPEC Committee
   - Other Meetings
   - Membership
   - Budget and Finance
   - Library
   - Samoan Fale
   - Staffing
   - Changes in Designation
   - Appreciation

CONCLUSION

ANNEX 1 : MEETINGS SERVICED BY SPEC 1979/80

ANNEX 2 : SPEC STAFF LIST MAY 1980

ANNEX 3 : SELECT LIST OF SPEC PUBLICATIONS 1979/80
INTRODUCTION

It is my privilege to submit my first Annual Report through the SPEC Committee to the South Pacific Forum. In doing so, I should like to point out that for much of the period covered my predecessor, the Hon Mahe Tupouniua, was Director of SPEC, and I wish to acknowledge the valuable role he has played in the activities outlined in this Report.

2. It is also relevant to note that there has been an overall high turnover in SPEC professional staff during the past twelve months. Despite this, the Bureau has maintained a heavy work programme, reflecting the growing importance of the multinational co-operation in approaching regional issues and, I believe, the confidence of member states in the capacity of SPEC to implement such an approach in a wide field of developmental endeavours.

3. Highlights of the past year include the significant steps undertaken by the Regional Shipping Council to re-organise on a sound commercial footing the Pacific Forum Line, and to inject into this venture the necessary capital holdings. A further important initiative connected with the PFL was approval of the terms of reference for a Regional Shipping Fund, and despatch of a financing mission for this Fund.
4. The conduct of a series of trade negotiations towards an agreement in favour of Forum Island countries with the objective of achieving, progressively, duty free and unrestricted access to the markets of Australia and New Zealand over as wide a range of products as possible has been a major item in our work programme. The conclusion of the South Pacific Regional Trade and Economic Co-operation Agreement will be a significant step in the removal of barriers to trade between states within the region, one of the basic objectives behind the creation of SPEC.

5. I should also single out one other area of growing importance in the SPEC work programme. This is energy supply, conservation and diversification. In accordance with SPEC Committee directives and Forum decisions, SPEC has become more involved in this field, and I foresee that this will be a continuing trend. Priority over the last year has been given to preparations for a Forum delegation to visit OPEC States to seek concessional treatment in the field of the pricing and supply of petroleum products; while attention has also been given to the objective of developing a regional energy programme.

6. Other important activities in the period under review include the implementation of the South Pacific Regional Environment Programme, consideration of measures on Disaster Prevention, Preparedness and Rehabilitation, the preparation of regional projects for the Pacific Group countries under Lome II, the satisfactory progress on regional telecommunications projects, the extension of the Regional Sugar Agreement and the work of the Joint

2.
Committee to Review Regional Institutional Arrangements. SPEC has also been active in developing contacts with other multinational agencies with a view to furthering their activities in the region and/or acquainting them with South Pacific needs and views.

REGIONAL SETTING

7. The international economic climate over the past twelve months can perhaps best be described as uncertain, with fluctuating gold prices and currency values providing a difficult backdrop to trade and development planning. Oil prices have continued to rise steeply creating a multitude of problems, especially for developing nations, and seriously retarding growth rates in all oil-importing countries. The North-South dialogue has not progressed noticeably and despite encouraging expressions at the Manila UNCTAD meeting, where the special problems of Island developing nations were recognised, disagreements between developed and developing nations continued and were highlighted at the UNIDO III Meeting in New Delhi earlier this year. Negotiation of the Lome II Agreement provided a welcome contrast, with favourable trade and aid measures being agreed upon between the Lome associates and the EEC - a probable reflection of the growing strength of the EEC as a monetary block.

8. Against this background, the South Pacific as a region can be said to have fared relatively well. There is a growing international awareness of the future potential of the Pacific area in the wider sense, notably reflected in the Japanese concern to develop their Pacific Community
concept, and in increased United States interest in the Pacific basin. An increased Australian commitment to the South Pacific has also been apparent; while France too has developed its posture towards the independent Island countries.

9. Concurrent with the growing awareness of Pacific basin potential is a discernible increase in interest of both national and multinational agencies to provide assistance to the Pacific Island developing States. This in itself creates a problem in the co-ordination, adaption and application of available assistance. With judicious management, however, the South Pacific Island countries have much to gain from the situation.


11. On the international scene the independent South Pacific countries continued to play a modest though increasingly active role. Fiji has made a valuable contribution to UN peacekeeping efforts in the Lebanon and in Zimbabwe/Rhodesia. Papua New Guinea has demonstrated its interest through replacing Fiji as a member of the UN Committee on Decolonisation. The
Pacific Group countries were active in the negotiation of the Lome II Agreement; while Papua New Guinea was recently elected President of the ACP Council of Ministers. Such developments have served to heighten international interest in the Forum itself.

12. These developments, I believe, presage and indeed reflect the growing stature of the South Pacific region on the world stage. Though overshadowed by the larger Pacific rim countries, the island States of the South Pacific are well placed to share in the future prosperity of the Pacific region, and to help shape that future.
PART I : WORK PROGRAMME

(a) TRADE

- General

13. SPEC's activity in the area of trade during the period under review has concentrated largely on the South Pacific Regional Trade and Economic Co-operation Agreement negotiations. The negotiation of the SPARTECA represents an important step towards the fulfilment of a major part of the SPEC mandate, as well as a significant advance in regional co-operation and economic development.

14. SPEC would anticipate that, while considerable effort remains to ensure the success of the SPARTECA, other issues associated with intra-regional trade will be accorded increased attention in the months ahead.

- Trade Policy/SPARTECA Negotiations

15. Pursuant to the recommendations of the Meeting of Ministers of Trade or Economic Affairs in Nuku'alofa, Tonga in June 1979, endorsed by the Tenth South Pacific Forum in Honiara, SPEC has accorded priority to the negotiation of a "comprehensive non-reciprocal Trade Agreement in favour of the Forum Island countries with the objective of achieving progressively duty free and unrestricted access to the markets of Australia and New Zealand over as wide a range of products as possible".
16. SPEC was directed by the Nuku'alofa Resolution to "provide the secretariat and other services required to facilitate the conduct of the negotiations, including assistance and advice to enable the smaller Island countries to participate effectively," and to convene the Committee of Senior Officials established to conduct the negotiations. The Committee of Senior Officials was to carry out the negotiations as expeditiously as possible and report to the Eleventh Forum on the state of negotiations.

17. The first session of the Senior Officials Committee was held at SPEC Headquarters in Suva on 11-13 September 1979. The second session was also held at SPEC Headquarters on 7-11 February 1980, and the third session in Canberra on 28 April - 2 May 1980. These sessions resulted in a text of an agreement, to be known as the South Pacific Region Trade and Economic Co-operation Agreement, which is to be conveyed to the Eleventh Forum for consideration, and signature: subject to the finalisation of satisfactory product schedules, and the adoption by the Forum of a statement registering certain understandings in respect of the text.

- Trade Development and Research

18. The conclusion of the SPARTECA will present SPEC with a new role in monitoring and co-ordination of the terms of the Agreement. I am presently conducting a study of the structural implications of this role on the Bureau.
19. It is anticipated that other areas affecting the trade of Forum Island countries will now be open for closer examination and research, including not least the issue of a South Pacific free trade area. SPEC would wish also to consider more closely areas such as exchange rates, balance of payments, price stabilization and freight rates, which affect trading patterns.

20. Activities relating to investigations into the scope for better conditions of access into other markets including the USA, Japan and high income territories in the South Pacific have also been limited by the concentrated attention given to the SPARTECA negotiations. More attention could be given to these areas, as well as to examining the difficulties which the Pacific Group States encounter in taking advantage of the access arrangements and Trade Promotion provisions of Lome II.

- Regional Trade and Marketing

21. SPEC's Trade and Marketing Officer continued to provide assistance to member countries on a wide range of commodities and on a varied range of marketing problems. Such assistance will continue to be provided, in conjunction with the South Pacific Trade Commission in Sydney. (It should be noted that the Trade Commissioner will submit his own separate report to the SPEC Committee).

22. Trade in traditional exports between Island member countries and New Zealand continued on a satisfactory basis in respect of bananas, taro and other commodities for which there is a strong demand. Despite increasing
shipping freight rates, the prices received for taro were high. The renewal of the Taro Marketing Agreement was postponed, and further discussions on this subject will be resumed after further market investigations.

23. The year under review was notable for the steady increase in banana shipments from Island members to New Zealand. Difficulties with the changeover to containerised shipment for bananas continue, but with the advent of new vessels and equipment, combined with trials and experiment, some improved outturns can be expected.

24. Plant quarantine restrictions are still hampering intra-regional trade to an extent greater than that appreciated previously. The constraints have been highlighted by the UNDP/FAO/SPEC Pests and Diseases Survey. A new Plant Protection Project, proposed by FAO in conjunction with SPC, will place priority on the problems which have been found to exist in this field.

Problems in Trade of the Smaller Island Countries

25. Following a request made by some countries at the Trade or Economic Affairs Ministers' meeting in June 1979 in Nuku'alofa, a special study has been undertaken into the problems which exist for the smaller Island countries in regard to intra-regional Island trade. SPEC's Trade and Marketing Officer visited nearly all Island member countries in March, April and May of this year. His report has drawn attention to the many problems related to shipping services, freight costs, lack of opportunity
to purchase in bulk for discounted prices, shortage of market intelligence, lack of preferential tariffs for regional manufacturers and other matters. SPEC anticipates that further steps could be taken with a view to overcoming existing barriers to intra-regional trade through co-ordination and co-operation. The Report of the Trade and Marketing Officer has been submitted to Member Governments for consideration.

- Study on the Feasibility of Regional Price Stabilisation for Export Commodities

26. As a result of a request made by some SPEC Member Governments at the 1979 South Pacific Conference a member of the SPEC staff was provided for the team organised by the SPC for the purpose of the above feasibility study. A number of countries have been visited by the team, and a report to the 1980 South Pacific Conference is being finalised.

- UNCTAD/ITC-UNDP and SPEC Project on Trade Expansion and Diversification in the South Pacific

27. At the UNDP/ESCAP/SPC/SPEC Meeting of Senior Planning Officials at SPEC Headquarters on 2–6 February 1979, high priority was given to a project to assist regional as well as national efforts in trade. Consequently, SPEC has been closely involved in finalising a project document with UNCTAD/ITC and UNDP for a 2 year 3 months project to be based in Suva which will undertake activities on trade information services, market and
supply surveys, advisory missions and training. It is anticipated that the project will be launched about August 1980.

28. The implementation of this project could have significant effects not only on the trade capabilities of Island members, but on the facilities and structure of SPEC. In particular, it is anticipated that assistance will be forthcoming to further SPEC's trade information dissemination capacity, and its co-ordinating role in the field of trade related training courses.

- Generalised System of Preferences (GSP)

29. The Government of Western Samoa hosted a well-attended regional seminar on GSP in Apia in March this year. The GSP Scheme, which is to some extent similar to the incentives offered ACP countries under Lome II, provides excellent opportunities for Pacific Islands exports to countries such as Canada, the USA and Japan. Member Governments are already utilising the advantages of the GSP Schemes provided by Australia and New Zealand, but there are further areas in which preferential assistance can be given. The Government of Austria has kindly consented to continue to supply at no cost the mandatory GSP Form A Certificates.

- Regional and International Trade Initiatives

30. SPEC has participated with most Member Governments in the work of the CHOGRM Consultative Group on Trade.
The ESCAP Committee on Trade is also followed with interest, as is the progress on the Integrated Programme of Commodities including the Common Fund, the now concluded Multilateral Trade Negotiations (MTNs) and the proposed GSTP.

- New Zealand Pacific Trade Centre

31. Following discussion on the subject of a Pacific Trade Centre in New Zealand at the SPEC Committee Meeting in Honiara, July 1979 and following a meeting in Wellington in September 1979 between a SPEC representative and the New Zealand Foreign Affairs Department, the New Zealand Government was approached with the request that serious consideration be given to the establishment of a Trade Centre representing Forum Island countries in Auckland. It is understood that following the conclusion of the Canberra Trade negotiations session a full assessment of the proposal will be made by the New Zealand Government.

- Bulk Purchasing

(i) Pharmaceuticals

32. As indicated in the 1978/79 Director's Annual Report, a joint WHO/SPEC Task Force was commissioned to examine the feasibility of regional bulk purchasing and quality control of pharmaceuticals for South Pacific countries through a South Pacific Joint Pharmaceuticals Service; and the necessary facilities to perform these tasks, including a central purchasing office, control warehouses and a central quality control laboratory. SPEC was represented on the Task Force by Mr Sam Kaleopa, seconded through courtesy of the Western Samoan Government.
33. SPEC also participated in the subsequent Working Group of officials which considered the Task Force's report in Auckland, New Zealand, in August 1979. Recommendations of the Working Group were received by the Conference of Ministers of Health from the South Pacific region, at WHO Headquarters in Manila, Philippines, in November 1979. The former Director represented SPEC at this Conference, which resulted in 12 countries and territories declaring their intent to establish the South Pacific Pharmaceuticals Service (SPPS) as an international agency and to operate the following:

(a) a joint purchasing service;
(b) a warehouse;
(c) a quality assurance programme; and
(d) an information service.

A draft Memorandum of Understanding establishing the SPPS is presently being examined by countries and territories concerned.

34. While substantive progress has been made, major questions are still to be resolved, including the location of the SPPS. SPEC's role in this area has been a supporting one, leaving primary responsibility with WHO.

(ii) Others

35. Other areas for possible bulk purchasing, and action taken pursuant to a 1976 Nauru SPEC Committee decision, are as follows:
(a) Cement - further investigations on cement including responses from cement manufacturers showed that there were no real possibilities of achieving a favourable price or conditions for collective or bulk purchasing of cement;

(b) Tinned Fish - a programme of action is now being considered and member Governments will be consulted before further investigations are launched.

(b) REGIONAL TRANSPORT

- Shipping

36. The South Pacific Regional Shipping Council held its Seventh Meeting in Mt Hagen, Papua New Guinea on 1-3 August 1979. At this meeting the Council considered an Officials' Report on the study "A Future Plan for Pacific Forum Line" undertaken by independent consultants, and gave more thorough consideration to the future of PFL, in particular its financial position.

37. The Council agreed to take urgent action to provide further capital to meet the financial requirements of the PFL to the end of 1980.
38. The Council also agreed that it was fundamental to the future success of PFL that it operate on commercial lines. To this end, Council agreed to introduce certain changes involving the Board of Directors and the Management of the Line.

39. The Council examined alternative route patterns, the provision of vessels, ship-types, co-operation with other shipping lines, and the cash-flow implications for the period 1980 onwards. Steps were undertaken in these areas to further ensure the success of the PFL. Draft terms of a SPEC Regional Shipping Fund, to act as a mechanism for channelling international aid in support of regional shipping efforts, were approved.

40. The Council again met in Apia, Western Samoa on 30 October 1979 to examine the question of the location of the PFL head office and to review the Board of Directors' management decisions. Whilst agreeing to retain the head office in Apia, the Council noted that the scope and breadth of the Line's management activities were expanding, including the opening of branch offices in other ports serviced by the Line, and confirmed that the Board had authority to carry out further expansion and arrange the commercial operations of the Line on an efficient and competitive basis.

41. The Council also agreed to despatching a mission to draw the attention of potential donors to the purpose and objectives of the SPEC Regional Shipping Fund. The mission, led by the former Director of SPEC, Hon Mahe U Tupouniua, has begun its tour and is expected back in Suva in June 1980.
Further progress has been made towards the adoption of Uniform Maritime Standards within the region. The Seventh South Pacific Regional Shipping Council Meeting in Mt Hagen accepted a series of recommendations from the second meeting of the Advisory Committee on Uniform Maritime Standards on a "Pacific Region" Certificate structure and the procedures outlined for the adoption of these standards. At the third meeting of the Advisory Committee on Uniform Maritime Standards held in Auckland, New Zealand in February 1980, agreement was reached on Marine Engineer Officers Syllabuses and Requirements for Marine Engineer Officers and Life Saving Appliances Regulations.

The Advisory Committee has also agreed to appoint Captain M W Drew to the post of Regional Maritime Training Co-ordinator. The post is to be located in Solomon Islands as decided by the Seventh Regional Shipping Council Meeting.

The Committee further discussed the SPEC/ITF Minimum Wage Rates for Pacific Island Seamen. In discussing the 1979 recommendations prepared by Mr Fitzgibbon the Committee supported the principle of raising wage rates, but it expressed concern that the parameters used in the 1979 recommendations had not been truly representative of the economic situation of the Island countries. It was felt that while some Island countries may be paying rates higher than those recommended by Mr Fitzgibbon, the smaller and poorer countries would be adversely affected as their economic structures could not support the recommended rates.
The Regional Civil Aviation Council held its Fourth Meeting at Mt Hagen, Papua New Guinea on 1 August 1979. The Council noted and welcomed the establishment of the Association of South Pacific Airlines (ASPA). After considering the Regional Civil Aviation Advisory Committee's recommendations relating to resolving the problems associated with aircraft interchange between and amongst Forum member countries, and the question of representation of the Council at ICAO meetings, the Council agreed for SPEC to take appropriate action on these matters. Greater co-ordination of airport security arrangements throughout the Region was also recommended by the Council. SPEC recently communicated to Member Governments the ICAO's views on Council representation.

Following discussions on the problems of AVGAS and the wider issues of fuel supplies and prices, the Council recommended that an approach be made to OPEC countries with a view to obtaining favourable consideration in the pricing and supply of petroleum products. See also section on Energy.

(c) TELECOMMUNICATIONS

Regional Telecommunications Meeting

The Sixth Regional Telecommunications Meeting was held in Wellington, New Zealand from 1-7 November, 1979.
The meeting reviewed progress on the Regional Telecommunications Training Project and the Development of Telecommunications in the South Pacific Project. Considerable progress had been made during the period under review, and member countries requested extensions of both projects up to the end of 1980. Australia, New Zealand, the United Nations Development Programme (UNDP), the International Telecommunications Union (ITU) and the Commonwealth Fund for Technical Co-operation (CFTC) have been requested to extend their assistance to cover the extension period.

Projects

48. The implementation of the Regional Telecommunications Network Project funded by the European Communities (EC) is well under way and contracts have been signed with companies from Australia, Japan, United Kingdom and West Germany to supply and install equipment in Tonga, Fiji and Western Samoa. Cutover dates for the new equipment will start in August this year with the completion of the Satellite Earth Station in Western Samoa. The Gateway Exchanges for Tonga and Western Samoa are due to be completed in March and late 1981 respectively. The cutover date for the Electronic Time Division Multiplex Telex Exchange for Fiji is 1 December 1980.

49. The construction of the Telecommunication Training Centre in Fiji funded by the European Communities, Australia and New Zealand is progressing fairly close to schedule. Progressive occupancy was scheduled to commence in June with full occupancy in about September 1980.
Pacific Telecommunications Council

50. In keeping with SPEC's mandate on telecommunications development, the Deputy Director attended a meeting in September at San Diego, USA of the steering committee of the Pacific Telecommunications Council at the invitation of the organisers, and subsequently attended a further session in Hawaii in January which coincided with the Second Pacific Telecommunications Conference. The Hawaii meeting resulted in the finalisation of a Charter and the election of an executive for the Pacific Telecommunications Council, the objectives of which include the exchange of information and views on telecommunications development and the consideration of problems affecting the field of telecommunications in the Pacific area.

Australian Satellite Project

51. A team from the Australian Satellite Project Office held discussions at SPEC Headquarters in April with representatives of the Fiji Government, Fintel, ITU, USP and SPEC on the proposal by Australia to launch a domestic satellite. It was agreed that the Project Office would assist the ITU in preparing a paper to be submitted to the Forum on possible South Pacific participation in a national satellite communication system.
52. The growing importance of the need to conserve and diversify energy resources has led to a corresponding increase in the attention SPEC has accorded to energy matters in the work programme over the past year. Priority has been given to the initiative, launched by the Mt Hagen Regional Civil Aviation Council Meeting and subsequently endorsed by the Forum leaders, to despatch a Forum delegation to approach OPEC States seeking sympathetic treatment and/or concessions for Forum members in the field of the supply and pricing of petroleum products. SPEC, with the co-operation of member Governments, has prepared a detailed brief for the mission. There have been delays in co-ordinating membership of the mission and arranging the timing, but it is hoped that the mission will take place before the end of the year.

53. In accordance with the direction given by the 1979 Honiara SPEC Committee Meeting, SPEC co-operated closely with ESCAP and the UNDP in planning for the regional meeting on alternative sources of energy aimed at developing a regional energy programme, held in Apia in late June. SPEC further contributed to this meeting a paper on 'A Regional Approach to Energy Problems in the South Pacific'.
54. Steps have been taken in consultation with the Government of New Zealand to establish a mechanism to review the terms under which member countries are supplied with petroleum products. A considerable organisational effort is required to set up such a mechanism, and the New Zealand Government has not yet finalised the proposed arrangement.

55. Consultations have also been held with the New Zealand authorities on various energy related activities, such as a source book on South Pacific energy or the appointment of a regional energy adviser. Final decisions have been left to await the outcome of the Apia meeting on a regional energy programme.

(e) AGRICULTURE AND INDUSTRY

Regional Long Term Sugar Agreement

56. Parties to the Regional Sugar Agreement conferred at SPEC Headquarters in Suva on 6 March 1980 to review the 1979/80 quota utilisations under the Agreement and to establish prices and quota allocations and the choice of sole purchasing agent for the 1980/81 year. Countries represented were Fiji, Kiribati, Tonga, Tuvalu and Western Samoa. Nauru and Solomon Islands, also parties to the Agreement, were not represented. Papua New Guinea attended in an observer capacity.
57. Agreement was reached on price and quota allocations for the 1980/81 sugar year. Noting the benefits to be accrued in having an agent on a biannual basis, the meeting appointed Yatulau Sundartex Limited as agent for the period 1 June 1980 - 31 May 1982.

- Ginger

58. SPEC has continued its activities in obtaining planting materials for the Tongan Department of Agriculture from the Australian and Indian Governments. These planting materials have been sent to the New Zealand Department of Scientific and Industrial Research (DSIR) for intermediate quarantine.

- Tomatoes

59. The period saw an increase in the export of Tongan tomatoes to Fiji. This followed an informal meeting of officials from Fiji and Tonga convened by SPEC in Nuku'alofa, Tonga on 22 June 1979. SPEC has since been closely working together with the Fiji National Marketing Authority (NMA) and the Tonga Commodities Board (Produce Division) in ascertaining the quality and quantity of tomatoes required by Fiji consumers.

- Coconut Products

60. As foreshadowed in last year's Director's Report, SPEC has made enquiries with member Governments as to the possibility of convening a meeting to formulate a regional programme on the state of the coconut industry. A number of responses have been received to date, but no final decision has been made as to when a meeting might be held.
Regional Survey of Agricultural Pests and Diseases

61. In June 1979 the Food and Agricultural Organisation of the United Nations (FAO) made available the report of the UNDP/FAO/SPEC Regional Agricultural Pests and Diseases Survey (AG:DP/RAD/71/427) entitled "Plant Quarantine Treatment Manual, Parts I and II and Procedural Manual". Copies have been distributed by SPEC to the seven member countries which participated in the Survey, as well as to other interested member Governments and closely involved organisations and individuals.

62. Copies of the "Draft Quarantine Schedules" which were made available by FAO in late March 1980 have been distributed only to the seven countries which took part in the Survey. The Governments concerned have been invited to comment on the format and content of the Schedules before the final printing at the end of the current year. The executing agency, FAO, has indicated that the Technical Report on Plant Diseases of Bacterial and Fungal Origin (volume 2) has been completed by the New Zealand Department of Scientific and Industrial Research (DSIR) and will be printed shortly. The Technical Report on Plant Parasitic Nematodes (volume 8) is now being printed in the United Kingdom, under the auspices of the Commonwealth Institute of Helminthology. The South Pacific Commission Third Regional Meeting on Plant Protection held in April 1980, briefly considered certain aspects of the Draft Quarantine Schedules.
- Vegetable Oils and Fats Survey in the Pacific Region

63. The Vegetable Oils and Fats Survey in the Pacific Region (RAS/79/031) project document, involving UNIDO/UNCTAD-International Trade Centre/SPEC, has been endorsed and signed by all parties to the survey. Presently, the executing agencies, UNIDO/UNCTAD/ITC are in the process of recruiting and selecting consultants to implement the survey.

- FAO Representative in the South Pacific

64. As a result of approaches by the Fiji Government, SPEC sought the views of member Governments as to whether there was a need for a FAO Country Representative to be based in one of the Forum Island countries, and on the possibility of a concerted approach to the Food and Agricultural Organisation. Responses to SPEC inquiries established a clear consensus favouring a concerted approach to FAO supporting a FAO Country Representative in the region. Accordingly SPEC wrote to FAO seeking their views and comments, and in response SPEC has been informed that a senior FAO official will visit the South Pacific to explore the possibility of re-establishing FAO representation in the region.

- ESCAP/ADB/SPEC Industrial Survey of the South Pacific

65. Forum Ministers of Trade or Economic Affairs, meeting in Tonga in June, 1979, attached particular importance to the proposed study on rationalisation of
industrial development in the region to be undertaken by ESCAP/ADB/SPEC. In view of the Ministers' concern, SPEC has made strenuous efforts to launch this project during the period under review in co-operation with ESCAP and ADB.

66. Discussions on an acceptable team leader were held with ADB officials in Suva and with ESCAP in Bangkok. SPEC has had considerable difficulty, however, in identifying a suitable and available candidate.

- Harmonisation of Incentives Study

67. This study was also accorded importance when considered by the Nuku'alofa Meeting of Trade or Economic Affairs Ministers in June 1979. It has, however, been delayed because of the unavailability of the original consultant identified to undertake the assignment. An alternative consultant recommended by SPEC is presently being considered by UNIDO.

- Business Workshop/Study Tour for Product Planning, Design and Marketing Promotion Methods

68. In line with the recommendation made by the Ministers of Trade or Economic Affairs meeting in Nuku'alofa for "the encouragement of exposure visits to provide the opportunity for Forum Island countries to study small scale industries in other countries", SPEC participated in the above UNIDO financed project. This involved a tour of various small scale industries in the Philippines and Indonesia preceded by a workshop conducted at SPEC

25.
Headquarters in Suva for business people from SPEC Island member countries. The object of this project was to expose Island entrepreneurs to potential industries which they might be able to develop in their own countries, and to acquaint them with the various aspects of production, planning, design, packaging, marketing requirements etc. A follow-up study of how the participants benefitted from the tour will be carried out in a year's time.

- Centre for Industrial Development

69. After consultations with member Governments, SPEC signed a Protocol of Agreement with the EEC Centre for Industrial Development in November 1979 to act as correspondent for the Centre in the Pacific area.

70. A CID Seminar for the Pacific ACP countries is tentatively scheduled to be held in Suva in October 1980 so that the types of assistance available from the CID can be explained to member countries, and to provide an opportunity for CID representatives and European industrialists to meet with those involved in industrial development in the Pacific.

- Bicycle Assembly Plant

71. Following a proposal to establish a bicycle plant in the South Pacific, SPEC member countries agreed that a detailed independent feasibility study was needed before an investment decision could be taken. Terms of reference have been drawn up and UNIDO has been requested to fund the study.
- Regional Development Bank

72. At the Tenth South Pacific Forum it was agreed "that SPEC initiate a study into the feasibility of a Regional Development Bank taking into account changes in circumstances and needs of the Island countries". As the SPC has been actively considering the question of a South Pacific Regional Development Bank since 1970, SPEC has initiated its investigation by contacting SPC concerning the present status of the matter. As the Asian Development Bank was involved in the earlier study, SPEC has also contacted the ADB. Terms of reference for the new study will be drawn up in accordance with advice received from the two bodies.

- Transnational Corporations

73. At the invitation of ESCAP and the United Nations Centre for Transnational Corporations (UNCTC), the Research Officer attended a High-level Consultative Group Meeting on Increasing the Negotiating Capacity of Host Governments of Pacific Island Countries in their Dealings with Transnational Corporations, held in Bangkok in November 1979. The meeting, which was attended by delegates from six member countries, focused attention on the ways and means of improving the ability of the Pacific Island developing countries to negotiate fair agreements with foreign companies involving the development of their often very scarce natural resources. SPEC was asked to act as a regional "clearing-house" to assist its members in obtaining relevant documentation published about transnational corporations.
74. SPEC also attended the Nuku'alofa Meeting of Senior Officials to discuss the results of the Multilateral Trade Negotiations in November 1979, at which the market sharing agreements between head office and local subsidiaries of multinationals was identified as one of the barriers to the expansion of regional trade.

- Tradesmen's Lot in the South Pacific

75. The report of the February 1979 Seminar on Tradesmen in the South Pacific was considered by the 1979 Honiara SPEC Committee, which further recommended that a study on the Standardisation of Regional Qualifications be conducted. There has, however, been difficulty in securing funds for this study. During recent consultations between ILO and SPEC it has been agreed that on the formulation by SPEC of the Terms of Reference, the ILO would then proceed to seek funds for the study. Draft Terms of Reference are being completed and will be sent to the ILO.

- Tourism Brochure

76. The publication of the tourism brochure entitled "Peoples and Places of the South Pacific" has been completed and the Secretariat is currently in the process of distributing these to member Governments, airlines, national tourism authorities and other interested organisations. The brochure has both promotional and educational value. It is hoped that it will provide a potential traveller to the region with information regarding the size and location of the various countries of the South Pacific as well as some brief verbal and pictorial information about the region.
77. Following the approval by UNEP of the SPREP project document and the subsequent endorsement of the document by SPEC, SPC, ESCAP and UNEP in September 1979, the first meeting of the SPREP Co-ordinating Group was convened in January 1980. The meeting comprised representatives of SPEC, SPC, ESCAP and UNEP: with SPEC in the chair and the South Pacific Commission providing the Secretary and rapporteur.

78. The first Co-ordinating Group Meeting discussed, inter alia, the preparation of country reports, the planned Technical Meeting and the Regional Conference on the Human Environment. It also revised the SPREP budget and expenditure guidelines and considered the recruitment of project staff and consultants. The Group discussed the format for country reports and offered consultant assistance to countries and territories requiring them in the formulation of the country reports. Consultations have since taken place between SPC and SPEC over the recruitment of consultants.

79. The next Co-ordinating Group meeting will be held, following the completion of country papers, in August 1980. The Technical Meeting of Experts to review the country papers is scheduled for January 1981 at Noumea.
- Natural Disaster Fund

80. Payments of F$10,000 each from the Fund were made to the Federated States of Micronesia and to Fiji due to extensive damage from Cyclones Tia and Wally respectively. Contributions from island member Governments and interest from investments have increased the Fund during the year to a level of $434,421.06.

- Natural Disaster Prevention, Preparedness and Rehabilitation Meeting

81. A meeting of officials organised by SPEC jointly with the League of Red Cross Societies and the United Nations Disaster Relief Office was held at SPEC Headquarters from 28 October - 3 November 1979. The objectives of the meeting were: to assess the effectiveness of existing disaster prevention, preparedness and rehabilitation measures; to give consideration to reliance on national and regional resources; and, to consider the best ways of establishing and improving arrangements for the coordination of disaster preparedness and rehabilitation.

82. The meeting conducted a frank exchange of views and a sharing of experiences on disaster warning systems, the importance of traditional knowledge, technologies and agricultural diversity, the need to improve regional information gathering and warning networks, and the need to give accurate information on requirements of disaster-stricken countries to aid donors. The meeting decided on a number of recommendations to be forwarded to the 11th South Pacific Forum.
(g) AID AND AID CO-ORDINATION

- EEC, Pacific Regional Projects

83. All the Regional Projects funded by the Regional Allocation of 10 million European Units of Account (EUA) under the Lome I Convention have been approved by the Commission of the European Communities. Progress in the Regional Telecommunications Network and the Telecommunication Training Centre Projects is covered under the heading of Telecommunications.

84. The Agricultural and Marine Resources Programme projects being implemented by the University of the South Pacific have commenced their first year of operation. Work has commenced toward constructing buildings and obtaining equipment and international tenders for the supply of vehicles have been invited.

85. The contract to supply containers for the Pacific Forum Line has been awarded to a West German company. The 400,000 EUA allocated to this project was only sufficient to purchase 65 containers. The containers are scheduled to be delivered to the Pacific Forum Line at the end of July 1980.

86. The final project, to upgrade navigational aids and telecommunication facilities at Fua'amotu airport in Tonga, was approved by the Commission of the European Communities in February and tender documents to supply and install the equipment are being prepared.
87. Following the signing of the Lome II Convention on 31 October 1979, SPEC convened in January 1980 the first meeting of Pacific members of the Africa Caribbean and Pacific (ACP) Group to start the procedure of formulating projects for funding under the Lome II Regional allocation. The Pacific countries which are now members of the ACP Group are Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu and Western Samoa.

88. At the first meeting countries indicated general areas where they would like Regional Projects undertaken. A second meeting was held at SPEC Headquarters on 12-14 May, and an agreed priority list of projects was drawn up.

- SPEC Fellowship Scheme

89. The SPEC Fellowship Scheme, generously funded by the Governments of Australia and New Zealand and by the Commonwealth Fund for Technical Co-operation (CFTC), continued to play a very useful role through training nominees from Pacific Island countries. Since the introduction of the Scheme in 1977 a total of twenty (20) fellowships have been awarded. Nominations for awards are open to individuals from both private and government sectors. To date most fellowships have been taken in Fiji, although fellowships are tenable elsewhere in the region and in approved cases, outside the region.
90. The following fellowships were taken up during the year:

- A meteorological officer of the Government of Western Samoa is presently undergoing a 3 months training course with Fiji's Meteorological Department.

- A Niuean Field Officer with the Division of Fisheries recently completed a 6 months course on diesel marine engines with the Papua New Guinea Shipping Corporation on board the "Forum Niugini".

- A Statistics Officer of the Cook Islands Government completed a three weeks training course with Fiji's Bureau of Statistics on Trade Statistical Procedures.

- An officer from the Tuvalu Copra Board is scheduled to commence training with Fiji's Coconut Board in Suva in May, 1980.

- An officer of the Solomon Islands Department of Agriculture will be undergoing training for two months with Fiji's Ministry of Agriculture and Fisheries in July 1980.
91. The Scheme continues to make awards under a quota system of two fellows per country per year. It is encouraging to note applications from other than SPEC member countries for awards under the above scheme: requests have been forthcoming from the Pacific Forum Line and from Tokelau.

92. The trust fund at 30 April 1980 stood at F$48,857.

93. SPEC was invited by ESCAP to play a more active and comprehensive role in the Pacific segment of the Buenos Aires Plan of Action adopted by the United Nations Conference on Technical Co-operation among Developing Countries. Whilst SPEC sees some merit in the proposed TCDC Scheme for disadvantaged ESCAP countries, there are still some points that require clarification. Accordingly SPEC has sought the views of member Governments. It is envisaged that SPEC would essentially act as a "post office" for information on the capabilities and capacities of the TCDC source countries and on the particular needs of member countries.

94. As regards the Regional Information System also suggested by ESCAP, SPEC sees any role it might play as one of scrutinising any input of information and transmitting the relevant information to member Governments.
Advisory Services for Development in the Pacific

95. The February 1979 meeting of UNDP/ESCAP/SPEC/SPC Senior Planning Officials accorded high priority to the proposal put forward by the UNDP/ESCAP Inter-Country Programming Mission for a project on short-term consultant services for developing Island countries. A project document formulated by Island countries was subsequently submitted to UNDP/ESCAP for endorsement. As a result, SPEC will receive funds of up to $50,000 annually for 3 years for the recruitment of specialists to meet short-term advisory requests from Island countries. Funds provided under the above project for the year 1979 are almost fully expended towards the cost of the Regional Shipping Fund Mission. It is expected that there will be little difficulty in utilising the 1980 allocation.

(h) FISHERIES, LAW OF THE SEA AND SEABED RESOURCES

- Fisheries

96. The South Pacific Forum Fisheries Agency became a separate legal identity, in accordance with the Convention signed at the Honiara Forum, on 8 August 1979, and has now assumed full responsibility for fisheries matters in the region. SPEC's participation has been limited to attending the Forum Fisheries Committee meetings in an observer capacity. SPEC was so represented at the Committee meetings on 24-26 October 1979 at Honiara, on 26-27 February 1980 in Suva and on 26-29 May in Honiara.
97. As laid down in its charter, the Director of the FFA will report separately to the Forum on FFA activities.

98. Following the directive by the 10th South Pacific Forum, the Directors of SPEC and the FFA jointly convened a meeting of officials in Suva on 27-28 February 1980 "to consider in detail the general principles involved in establishing a broadly-based (fisheries) organisation". In recognition of the need for a programme of research and development on highly migratory species, this meeting agreed to recommend to the Forum that the Forum Fisheries Agency in consultation with member Governments and in close co-operation with the South Pacific Commission convene a meeting of technical experts to discuss, identify and plan an appropriate research and development programme. The meeting considered that, as the programme develops, Forum members would be better placed to determine appropriate follow-up action including the need, if any, for a broadly-based fisheries organisation

- Law of the Sea - Seabed

99. Following the SPEC Committee meeting in Honiara, the role of SPEC in matters concerning Law of the Sea was confirmed as the dissemination of information which may be of interest to member countries and in particular the issue of seabed resources. In this regard SPEC has circulated reports received on the recent session of the United Nations Conference on Law of the Sea to members who were not represented.
100. SPEC participated as an observer at the Eighth Annual CCOP/SOPAC Session held at SPEC Headquarters on 24 September to 1 October 1979, and the Research Officer presented a paper to a symposium on petroleum potential in the South Pacific held in Suva on 18-21 September 1979.
PART II : REGIONAL AND INTERNATIONAL RELATIONS

(a) REGIONAL

- Regional Institutional Arrangements

101. Following a directive of the 1979 South Pacific Forum in Honiara, which was endorsed by the 1979 South Pacific Conference, a Joint Committee, comprising three representatives each from the Forum and from the Conference and headed by an independent Chairman, was convened to:

(i) examine the SPEC Agreement and Canberra Agreement in the light of past and present work programmes with a view to ensuring that overlapping of responsibilities was minimised;

(ii) examine other ways in which the operation of both SPEC and SPC could be modified to ensure more effective use of total human and financial resources available to the region. This examination might take into account considerations such as efficiency of administration, budgetary costs and savings and accommodation requirements. It might also include a study of the specific functions of all relevant international agencies whose programmes currently or potentially affect the region; and

38.
present appropriate recommendations to the 11th South Pacific Forum through the SPEC Committee and the 20th South Pacific Conference.

102. The Forum members selected for the Joint Committee are Australia, the Cook Islands, and the Solomon Islands; and the Conference members are American Samoa, France, represented by French Polynesia, and the New Hebrides. The independent Chairman, chosen by the former Director of SPEC and the SPC Secretary-General is Tuala Karanita Enari of Western Samoa.

103. The Joint Committee met in January in Apia and in Suva in April. A third meeting will be held at the end of May in Noumea.

SPEC/SPC Relations

104. Relations between SPEC and SPC have continued to reflect close co-operation. Progress has been made on the South Pacific Regional Environment Programme, and the SPEC Trade and Marketing Officer (TMO) participated in a SPC-initiated Price Stabilisation Feasibility Study. The SPEC TMO also attended the SPC biennial meeting of Heads of Department of Agriculture, and a SPEC Project Officer attended the Third Regional Meeting on Plant Protection in Port Moresby in April.

105. There has been a series of consultations and discussions between the Director and Deputy Director of SPEC and the SPC Secretary-General covering areas of mutual interest and co-operation.
106. The former Director of SPEC attended the Nineteenth South Pacific Conference in Tahiti. SPEC will be represented at the Planning and Evaluation meeting scheduled to take place between May 19-23, 1980; and it has been suggested by SPEC that the SPC be invited to send a representative to attend future SPEC Budget Committee sessions.

- University of the South Pacific (USP)

107. Relations between SPEC and the USP remain cordial, and there have been useful exchanges of information and views on regional matters. There is close co-operation on the three EEC regional projects established at USP relating to Applied Agricultural Research, Rural Development and Marine Resources.

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

(b) UNITED NATIONS AND OTHER INTERNATIONAL AGENCIES

- United Nations Development Programme (UNDP)

109. SPEC continues to maintain close working relations with the UNDP through the latter's Regional Office in Suva. Considerable effort has been put into the finalisation and launching of the projects agreed upon by last year's UNDP/ESCAP/SPC/SPEC Senior Planning Officials Meeting. The projects approved include Advisory Services for Development in the Pacific, the Industrial Survey of the
South Pacific, Trade Promotion Advisory Services and Training, Regional Advisory Services on Alternative Sources of Energy, etc.

110. In November, 1979 the Regional Representative, Mr Garth ap Rees departed from Suva on completion of his assignment. SPEC was pleased to have been associated with Mr ap Rees during his appointment in the South Pacific and wishes him well in the future.

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

111. Relations and contact between SPEC and ESCAP have been strengthened through various visits. In particular, the Deputy Director attended the 36th Session of ESCAP in Bangkok in March, 1980 and held discussions with ESCAP officials on subjects of common interest to both organisations.

112. ESCAP is participating in a number of important regional programmes, in particular the Trade Advisory Services project, the South Pacific Regional Environment Programme, Shipping notably the Uniform Maritime Standards project and the Shipping Coconut Products Study, Industrial Survey Project, Mineral Exploration and Alternative Sources of Energy. The ESCAP Executive Secretary has recently taken positive steps to appoint a Pacific Liaison Officer to be located in the South Pacific region.

113. At the 36th ESCAP Session, I was elected on the nomination of the Government of Kiribati, to the Management Board of the Asian Pacific Development Centre.
114. SPEC's relations with UNDAT continued to be very meaningful and result oriented. This is clearly seen in the provision by UNDAT of short-term consultancies through SPEC to Island countries in the region.

115. SPEC is grateful to UNDAT for financing the services of Mr Perera who assisted SPEC with drawing up a draft text and in providing the Forum Island countries with comments related to the negotiation of the South Pacific Regional Trade and Economic Co-operation Agreement.

116. SPEC's contact with UNEP continued to be centred on the South Pacific Regional Environment Programme. UNEP's approval of the project document and its willingness to contribute up to US$312,000 has made possible the implementation of this project.

117. Consultations and correspondence continue between ADB and SPEC, particularly over arrangements concerning the ADB/ESCAP/SPEC Industrialisation Survey. In February 1980, Mr Mazhar A Khan visited SPEC to discuss this matter.

118. SPEC was invited to the Thirteenth Annual Meeting of the ADB Board of Directors in April/May 1980, but was not able to attend due to other commitments and shortage
of travel funds. It is hoped that attendance next year would promote the development of a more substantial relationship with the ADB.

- International Telecommunication Union (ITU)

119. Relations between SPEC and ITU continue to be characterized by consultation and co-operation, particularly in the Regional Telecommunication Network Project which is funded under Lome I. ITU's contribution in providing expertise, advice and technical assistance has proved invaluable.

- World Health Organisation (WHO)

120. SPEC's relations with WHO have increased with the expansion of SPEC's work programme. Of particular interest to SPEC is the joint WHO/SPEC Bulk Purchasing of Pharmaceutical Products project. [See separate item].

- Other Agencies

121. SPEC takes this opportunity to express its gratitude to various United Nations Specialized Agencies whose continued co-operation and support to SPEC greatly assisted its work programme. The support from agencies such as Food and Agriculture Organisation (FAO), International Labour Organisation (ILO), United Nations Conference on Trade and Development (UNCTAD) and Inter-Governmental Maritime Consultative Organisation (IMCO) is greatly appreciated.
(c) OTHER ORGANISATIONS

- Commonwealth Secretariat and Commonwealth Fund for Technical Co-operation (CFTC)

122. SPEC maintains close relations with the Commonwealth Secretariat and with the CFTC. Of notable significance was the recent visit of a CFTC Project Officer to discuss, amongst other things, marketing and trade promotion. CFTC continued to show interest in other work aspects of SPEC, including the funding of the SPEC Fellowship Scheme. CFTC assistance in general has, however, been affected by serious budgetary restraints in the current financial year. The Director received from the Commonwealth Secretary-General an invitation to attend a meeting of Heads of Commonwealth Regional Organisations in Guyana in late June, but could not attend due to Forum commitments.

- European Economic Community (EEC)

123. The EEC and its Regional Office in Suva have provided considerable assistance to SPEC especially in the planning and implementation of regional projects under the Lome Convention. SPEC has been informed that the funding for Pacific regional projects under Lome II has increased to 20-25 million EUA (as compared to 10 million EUA under Lome I) with additional support for the trade promotion area.
124. Following the decision of the 1979 Honiara Forum, the former Director of SPEC accepted an invitation from the ASEAN Secretary-General to visit the ASEAN Secretariat in Jakarta in December. The objectives of the visit were to discuss specific areas of possible co-operation such as trade, industry, transport, tourism and small scale industries.

125. Discussions between the two Secretariats were cordial and useful. Both the former Director of SPEC and the ASEAN Secretary-General believed that for co-operation to be meaningful reciprocal representation at Forum and ASEAN meetings might be useful.

126. In March I attended a Conference on 'Development the Pacific Way' hosted by the East-West Center to celebrate its 25th Anniversary. I provided a background paper to the Conference entitled 'The Role of SPEC in Regional Co-operation'; and SPEC will continue to co-operate in follow-up activities.

(d) RELATIONS WITH NON-MEMBER COUNTRIES

127. SPEC's active role in the region has continued to draw widespread attention from non-member countries. In particular, close contact has been maintained with the New Hebrides. Good relations also exist with countries such as Japan, the United States and the EEC member States.
Many expressions of interest and requests for information have also been received from individuals ranging from businessmen to academics.

128. Much of this interest can be discerned to derive from SPEC’s relationship with the Forum, its ability to accurately reflect the regional outlook and its increasing activities and role in multilateral affairs. Such factors must also be coupled with a general increasing awareness of the potential of the South Pacific and a consequent desire to improve links with the region, which I have mentioned earlier in this Report. I believe SPEC has an important part to play in this process.
PART III : SECRETARIAT AND ADMINISTRATIVE MATTERS

- Forum

129. The Tenth South Pacific Forum was held in Honiara, Solomon Islands, 9-10 July 1979. The Forum was officially opened by H E Mr Baddeley Devesi, Governor General of Solomon Islands, and was chaired by the Rt Hon Peter Kenilorea, Prime Minister of Solomon Islands. All member countries were represented; while the New Hebrides attended for the first time as an observer. The Forum was preceded by informal consultations amongst delegation leaders on 8 July. Several Forum leaders also attended on 7 July the First Anniversary Celebrations of Solomon Islands Independence.

130. Major issues considered by the Forum included the question of French territories in the South Pacific, the Environment (notably nuclear waste disposal in the South Pacific), Trade Relations and Forum Membership. The Forum also considered, adopted and opened for signature the Convention formally establishing a South Pacific Forum Fisheries Agency. The Forum agreed to my appointment as Director of SPEC, succeeding the Hon Mahe Tupouniua.

- SPEC Committee

131. The 1979 pre-Forum SPEC Committee Meeting took place in Honiara 5-6 July 1979. The Committee, chaired by Niue, reviewed and endorsed the Secretariat's 1979/80 Work Programme.
132. The 1979 Budget Session of the SPEC Committee was held at SPEC Headquarters, Suva on 3-5 December 1979. The meeting, chaired by Papua New Guinea, considered and approved the SPEC Budget and Work Programme for 1980. It also made a number of decisions on SPEC staff salaries and conditions based on reviews presented by Mr P S Bygate, of the New Zealand State Services Commission.

133. The number of meetings serviced by SPEC and arising out of the Work Programme continued at a high level. During the period under review these numbered 19 - the same number as last year. Additionally, the SPEC Director and professional staff are required to attend and participate in, to varying degrees, a large number of international and regional meetings connected with the SPEC Work Programme. These meetings constitute a major component of SPEC's activities. Annex 1 lists meetings serviced by SPEC during the period under review.

134. The Federated States of Micronesia formally became the 13th member of SPEC by acceding to the SPEC Agreement on 25 September 1979. The New Hebrides attended the 1979 pre-Forum SPEC Committee meeting as an observer.

135. Total expenditure agreed for the 1980 Budget amounts to $671,779, consisting of $642,859 for Ordinary Expenditure and $28,920 for Capital Expenditure. This represents an
increase of 14.74% vis-a-vis an increase of 17.6% in the 1979 Budget. The increase in the 1980 Budget also takes into account F$18,365 for implementation of the decisions taken by the Budget Committee on Mr Bygate's recommendations in his 1977 and 1979 Reports.

136. The 1980 Budget which was approved by the SPEC Committee Budget Session in December, 1979 will be presented to the 11th South Pacific Forum meeting for formal approval in accordance with the terms of Article IX of the SPEC Agreement.

- Library

137. Reference material in SPEC's small library includes SPEC's own publications plus publications of international organisations, institutions and Governments in the region. It also houses general and specific material on various aspects of development pertinent to SPEC's Work Programme.

138. A list of publications produced by SPEC in 1979 and 1980 has been distributed to member Governments and to selected international organisations. A library accession list is also produced periodically. A list of publications produced by SPEC between May 1979 and May 1980 is attached as Annex 3.

- Samoan Fale

139. Consultations between the Secretariat and the Western Samoan Government are continuing for the erection of a fale at the SPEC Headquarters in 1980. The amount of $3,000 has been provided in the Budget for this purpose.
During the period under review there was a high turnover of staff, three of which were due to resignations for personal reasons. This placed a heavy burden on Secretariat staff resources to meet the ongoing programme. The following changes took place:

- The Hon Mahe U Tupouniua, the first Director of SPEC, left on 1 March 1980.

- I formally took up my appointment with effect from 16 February 1980. Prior to my appointment, I was Secretary of the Papua New Guinea Department of Decentralisation and a former Vice-Chancellor of the University of Papua New Guinea.

- Mr Jon Sheppard was appointed Deputy Director on 4 June 1979. Mr Sheppard was Head of the South Pacific Section in the Foreign Affairs Department, Canberra, Australia prior to his appointment.

- Ms Fiu Williame was appointed as an Assistant Research Officer on 16 July 1979. She has a BA Degree from the University of the South Pacific and a Certificate of Industrial Relations and Industrial Economics from Rewley House, Oxford.
Mr Rajendra Swamy, a graduate in Economics from the University of Queensland, was appointed to the post of Junior Economist on 24 August 1979. Mr Swamy joined SPEC with prior experience as a Managerial Trainee at the ANZ Bank, Suva, and Tutor in Economics at the University of the South Pacific.

Mr Steven Vete was appointed to SPEC in September 1979. He was formerly the Assistant Secretary in the Tonga Ministry of Labour, Commerce and Industry. He graduated with a Bachelor of Economics degree from Sydney University.

Mr Gyan Singh, OBE, took up appointment as Administration Officer on 1 October 1979. Mr Singh was formerly Permanent Secretary for Commerce and Industry and for a few months in the Ministry for Urban Development.

Mr Koloa Talake took up appointment in November 1979 as Trade Development Officer with the Trade Commission for the South Pacific in Sydney.

Mr Warren Paia, Assistant Research Officer, left in June 1979 to join the Institute of Social and Administrative Studies, USP, as a Fellow.
Mr Tito Isala who was appointed Administration Officer in July 1979, resigned with effect from 1 October and joined the USP as an Assistant Registrar.

Mr Paul Hohnen, Research Officer, returned to Australia on 1 March 1980.

Mr Sakiusa Rabuka, Assistant Research Officer resigned with effect from 8 May 1980 to take up an appointment with the Housing Authority of Fiji.

Mrs Tangoi Tupou who was appointed Conference Officer in 1977 resigned with effect from 1 June 1980 to return to Tonga.

Changes in Designation

141. In April 1980 the designation of "Assistant Research Officer" was changed to "Project Officer" and that of "Junior Economist" to "Assistant Research Officer". There were no associated changes so far as responsibilities and conditions of service are concerned.

Appreciation

142. Grateful thanks and best wishes are extended to all officers who left during the year and we warmly welcome the new staff. The current SPEC staff establishment is at Annex 2.
CONCLUSION

143. The Work Programme outlined above amply demonstrates that SPEC's limited resources have been fully employed throughout the period under review. This work has been both diverse and complex. That SPEC has been entrusted with regional responsibilities in so many areas of vital concern to the development of the South Pacific indicates, I believe, the confidence of member Governments in the Bureau's performance. It is my hope that I will be able to maintain this trust and the high standards set by my predecessor.

144. At the same time it will be my objective to inject where possible a new light on the operations of SPEC. SPEC is an evolving organisation and must maintain flexibility in its responses to the changing circumstances and demands of the present day milieu. Some of the problems and priorities facing the South Pacific today are familiar, but others are new or comprise alterations to basic areas so complete as to necessitate a reassessment of the earlier picture.

145. Some of the factors affecting these changes are described in the section of this Report on the 'Regional Setting'. Essentially, the fact is that in the realignment of international economic forces taking place, the South Pacific faces the likelihood of no longer being located in a world 'backwater', but of being situated centrally in what could become the globe's most important growth area. It is inevitable that the forces producing this change will increasingly touch upon and affect the South Pacific nations which are members of SPEC.
146. Accordingly, it is my objective to ensure that SPEC is responsive to the changing circumstances. I intend that the Bureau will utilise its human resources to actively participate in the changes in our region; and that drawing on our unique regional character we will be especially well placed to see that our member countries draw maximum benefit from their situation. In practical terms, I believe SPEC can develop its role as an analytic and research body, truly reflecting islander views, while at the same time continuing its implementation of measures in accordance with its specified mandate.

147. These few thoughts are not intended to comprise a policy statement. Indeed, I am still very much a novice in the field of regional co-operation and have much to learn. I am sure that my outlook will develop and will be shaped through my association with the SPEC Committee and the Forum. I have, however, put down here some initial impressions, which I hope will form the basis of dialogue and discussion. The guidance of member countries will be invaluable to me in facing the challenging task ahead in a period which I foresee will be particularly stimulating to the South Pacific region and those concerned with its development.

SUVA
<table>
<thead>
<tr>
<th>MEETING</th>
<th>DATE</th>
<th>VENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inaugural Meeting of Association of South Pacific Airlines (ASPA)</td>
<td>30-31 May</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>Meeting of Senior Forum Government Officials on Regional Institutional Arrangements</td>
<td>5-6 June</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>Meeting of Ministers of Trade or Economic Affairs from Forum Countries</td>
<td>19-21 June</td>
<td>Nuku'alofa</td>
</tr>
<tr>
<td>SPEC Committee Meeting</td>
<td>5-6 July</td>
<td>Honiara</td>
</tr>
<tr>
<td>Tenth South Pacific Forum</td>
<td>9-10 July</td>
<td>Honiara</td>
</tr>
<tr>
<td>South Pacific Regional Civil Aviation Council Fourth Meeting</td>
<td>1 August</td>
<td>Mt Hagen, PNG</td>
</tr>
<tr>
<td>South Pacific Regional Shipping Council Seventh Meeting</td>
<td>2-3 August</td>
<td>Mt Hagen, PNG</td>
</tr>
<tr>
<td>South Pacific Forum Trade Agreement Negotiations - First Meeting of Senior Officials Committee</td>
<td>11-13 September</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>Event</td>
<td>Date</td>
<td>Location</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>---------------</td>
<td>----------------</td>
</tr>
<tr>
<td>South Pacific Regional Shipping Council - Special Session</td>
<td>31 October</td>
<td>Apia</td>
</tr>
<tr>
<td>Sixth South Pacific Regional Telecommunications Meeting</td>
<td>1-7 November</td>
<td>Wellington</td>
</tr>
<tr>
<td>Natural Disaster Prevention, Preparedness and Rehabilitation Meeting</td>
<td>26-30 November</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>SPEC Committee Budget Session</td>
<td>3-5 December</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>ACP/EEC Pacific Group Meeting to Decide on Regional Projects to be Financed under the Lome II Convention</td>
<td>28-29 January</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>South Pacific Forum Trade Agreement Negotiations - Second Meeting of Senior Officials Committee</td>
<td>7-11 February</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>Advisory Committee on Uniform Maritime Standards - Third Meeting</td>
<td>28-29 February</td>
<td>Auckland</td>
</tr>
<tr>
<td>Regional Long Term Sugar Agreement Review Meeting</td>
<td>6 March</td>
<td>SPEC HQ, Suva</td>
</tr>
<tr>
<td>Joint Committee to Review Regional Institutional Arrangements</td>
<td>1-3 April</td>
<td>Suva</td>
</tr>
</tbody>
</table>
South Pacific Forum Trade Agreement Negotiations - Third Meeting of Senior Officials Committee 28 April-2 May Canberra

ACP/EEC Pacific Group Meeting to Decide on Regional Projects to be Financed under the Lome II Convention - Second Meeting 12-14 May SPEC HQ, Suva
PROFESSIONAL STAFF

DIRECTOR
DEPUTY DIRECTOR
ADMINISTRATION OFFICER
RESEARCH OFFICER
TRADE AND MARKETING OFFICER
LEGAL OFFICER
PROJECT OFFICER
ASSISTANT RESEARCH OFFICER

Dr Gabriel B Gris
Mr Jon P Sheppard
Mr Gyan Singh, OBE
Vacant
Mr John E C Franklin
Mr A Sale'imoa Va'ai
Mr Robert Igara
Mr Anote Tong
Mr Steven Vete
Ms Fiu Williams
Vacant
Mr Rajendra Swamy
Vacant

ADMINISTRATIVE STAFF

ASSISTANT ADMINISTRATION OFFICER
CONFERENCE OFFICER
SECRETARY
PERSONAL ASSISTANT
PROPERTY MAINTENANCE OFFICER
CLERK
STENOGRAPHER
TYPIST

Mr Aziz Akbar
Vacant
Mrs Ann Sellars
Miss Laisa Baravilala
Mr Filimone Boletawa
Mr Manoa Kaiyanuyanu
Mrs Amelia Naivalu
Mrs M Talahiva Tupou
SOUTH PACIFIC TRADE COMMISSION, SYDNEY

TRADE COMMISSIONER
Mr Ronald Hegerhorst

TRADE DEVELOPMENT OFFICER
Mr Koloa Talake
SELECT LIST OF SPEC PUBLICATIONS
1979 (MAY) - 1980 (MAY)

Meeting of Forum Government Officials on Regional Fisheries Policies - Summary Record and Report. Honiara, Solomon Islands, 7-8 May, 1979. SPEC(79)13 (Restricted)


Meeting to Review Quarantine and Plant Protection Measures and Facilities to Facilitate Trade in Agricultural Produce - Summary Record, Nuku'alofa, Tonga, 16-17 May, 1979. SPEC(79)15

Inaugural Meeting of Association of South Pacific Airlines (ASPA) - Report. SPEC Headquarters, Suva, 30-31 May, 1979. Unnumbered

Meeting of Senior Forum Government Officials on Regional Institutional Arrangements - Summary Record. SPEC Headquarters, Suva. 5-6 June, 1979. SPEC(79)16 (Restricted)


60.

Meeting of Ministers of Trade or Economic Affairs from Forum Countries - Summary Record.

SPEC Committee Meeting, Honiara, Solomon Islands - Agreed Report.
5-6 July, 1979.


South Pacific Regional Civil Aviation Council, Fourth Meeting.
Mt Hagen, Papua New Guinea - Record. 1 August, 1979.

South Pacific Regional Shipping Council, Seventh Meeting.
Mt Hagen, Papua New Guinea - Record. 2-3 August, 1979.


South Pacific Bureau for Economic Co-operation - Details of Proposed Budget for Year Ending 31 December, 1980.

South Pacific Bureau for Economic Co-operation - Budget Outturn Report for the Year Ended 31 December, 1979

Financial Statements as at December 1978

South Pacific Regional Shipping Council, Special Session. Apia, Western Samoa - Record. 31 October, 1979.

Sixth South Pacific Regional Telecommunications Meeting. Wellington, New Zealand. 1-7 November, 1979. Summary Record


SPEC Committee Budget Session. SPEC Headquarters, Suva. 3-5 December, 1979 - Director's Progress Report

SPEC Committee Budget Session. SPEC Headquarters, Suva. 3-5 December, 1979. Summary Record

SPEC Activities (Monthly Newsletter)


ACP/EEC Pacific Group Meeting to Decide on Regional Projects to be Financed under the Lome II Convention - Agreed Report. SPEC Headquarters, 28-29 January, 1980

SPEC(79)SCH-3
SPEC(79)SCH-4
SPEC(79)23
SPEC(79)24
SPEC(79)25
SPEC(79)26
SPEC(79)27 (Restricted)
SPEC(80)1
SPEC(80)2
South Pacific Forum Trade Agreement Negotiations:
Second Meeting of Senior Officials Committee - Record. SPEC Headquarters, Suva. 7-11 February, 1980.

Advisory Committee on Uniform Maritime Standards - Third Meeting. Auckland, New Zealand. 28-29 February, 1980

Regional Long Term Sugar Agreement Review Meeting - Agreed Record. SPEC Headquarters, Suva. 6 March, 1980

South Pacific Forum Trade Agreement Negotiations - Third Meeting of Senior Officials Committee - Record. Canberra, Australia. 28 April-2 May, 1980

ACP/EEC Pacific Group Second Meeting to Decide on Regional Projects to be Financed under the Lome II Convention - Report. SPEC Headquarters, Suva. 12-14 May, 1980

SPEC Activities (Monthly Newsletter)

SPEC(80)3 (Restricted)
SPEC(80)4
SPEC(80)5
SPEC(80)6 (Restricted)
SPEC(80)7 (Restricted)

From No. 80 (January) to No. 85 (May)