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Shaping New Regionalism in the Pacific Islands: Back to the Future?

Satish Chand

No. 61 | October 2010

Asian Development Bank

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This is a background paper prepared for the ADB flagship study, "Institutions for Regionalism: Enhancing Cooperation and Integration in Asia and the Pacific," under technical assistance project no. 7284.

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Abstract

The many small sovereign states and multiple shades of sovereignty that exist across the present-day Pacific Island region are largely the product of the region's colonial history. Yet, the story of regionalism among the Pacific Islands began in pre-colonial times. This history, in turn, has been shaped by the region's geography and natural resource endowments. The region was colonized after other parts of the world because of its physical isolation and the difficulties of access from Western Europe. Post-colonization, the region was partitioned through contests for space among powers from inside and outside the region, and in response to competition among Protestant and Catholic churches seeking to expand their respective congregations. The security concerns and strategic interests of the major powers have shaped regionalism and are likely to remain important factors for the foreseeable future. Trade integration, however, is not a significant factor contributing to regionalism today. Thus, Pacific Island countries may want to pursue trade liberalization unilaterally.

Keywords: Pacific Islands, Pacific Island region, regionalism, trade liberalization

JEL Classification: F13, F15, F59

1. Introduction

The story of regionalism in the Pacific Islands has been, and continues to be, shaped by geography and natural resource endowments. These endowments, in turn, have provided the economic incentives for trade and integration. Prior to colonization, this "sea of islands" was deeply integrated and the inhabitants of these islands regularly criss-crossed the "boundless and borderless" ocean in order to trade, wage war, and settle new lands (Hau'ofa, 1993). Colonization by western powers introduced borders: some artificial, and most via imaginary lines drawn on water. These partitions, however, confined islanders to their terrestrial boundaries, created dependent territories of competing colonial powers, and consequently impeded trade and commerce among them. Decolonization over the half-century to 2009 has left the region with 16 sovereign island nations and a further 10 dependent territories, entrenching domestic (as opposed to regional) political and economic interests. Recently, however, a push has been made to rekindle the kind of integration and cooperation experienced before colonialism. Regionalism, as it is known, attempts to create more fluid borders with a view to establishing closer political and economic ties. It is akin to charting a course back to the future; a future comprising the sea of islands that existed prior to colonization. And importantly for the discussion in this paper, regionalism prior to colonization prevailed without supporting institutions, or at least not in the form that exist today. Could the region return to its original notion of a sea of islands? Could regionalism chart a course back to the future?

The central thesis of this paper is that geography and economics, the latter underscored by natural endowments, determined the history of colonization within the Pacific Island region.[1] This history in turn gave rise to nation states following their independence. The above explains both the creation of the Pacific Islands and the evolution of regionalism therein. The South Pacific Commission, the predecessor to the Secretariat of the Pacific Community (SPC), was created out of the colonial past, while the Pacific Island Forum (PIF) is a product of decolonization. Both of these organizations presently co-exist. They continue to shape, and are themselves being shaped by, regionalism. The past continues to impact on the future with many of the challenges, such as those of economic development and security, continuing to drive regionalism. These same forces are likely to continue to shape regionalism in the 21st century as well. Modernity, however, has introduced issues of climate change and management of oceanic and atmospheric resources sustainably.

This study has the potential to inform the motivations for and challenges of regionalism beyond the Pacific. This is due to three reasons: (i) a large number of (small) countries and territories are involved, (ii) the relatively recent colonization offers sufficient data for analysis, and (iii) there is considerable diversity across the region relating to several attributes that are important for the formation and fragmentation of clubs of nations. These features make the Pacific Islands a convenient laboratory for the study of

[1] Politics and security concerns have also mattered, but these in turn have been shaped by the geography and history (of colonization) of the region.

regionalism. In addition, the effects of climate change on the Pacific Ocean and island residents make regionalism of relevance to the international community.

The rest of this paper is structured as follows. Section 2 provides the context for this analysis. Section 3 summarizes the historical forces that led to the creation of nation states, and self-governing and dependent territories. Section 4 provides the reasons for regionalism within the island Pacific. Included in this section is an inventory of organizations (hard institutions) and agreements (soft institutions) for regionalism. Section 5 presents a summary of the governance and funding mechanisms used and the prospects for regionalism. Conclusions and a summary of the major findings bring the paper to a close.

2. The Context

Oceania encompasses a third of the planet's surface. Pre-colonization, its rich and diverse marine resources, such as whales and seals, and its labor which served as sailors on ships and slaves on plantations, attracted traders from the West.[2] The initial carving up of the Pacific was motivated by contests for these resources, strategic ports, and in pursuit of congregations for the churches of the colonizers. The security considerations of colonies in Australia and New Zealand also featured prominently in the final carve-up. The two world wars led to a rehashing of colonial claims to the islands, but not the territorial boundaries of the islands. Decolonization since the mid-20th century has left the region with 26 self-governing states. These now comprise the membership of the Pacific Community (PC), the first of two supra-structure organizations. A subset of 14 independent states, plus Australia and New Zealand, comprise the membership of the PIF, the other major supra-structure organization.

The present-day Pacific Islands comprise a diverse group of states (Table 1). Figures from 2007, the most recent year available, show that national populations range from 1,398 in Niue to 6.3 million in Papua New Guinea. Total land area ranges from 21 square kilometers (Nauru) to 452,380 square kilometers (Papua New Guinea). Cultural and linguistic differences, many founded on traditional boundaries, within the larger Melanesian societies impede communications and exchanges. The large exclusive economic zones (EEZs) that span the southern Pacific Ocean are a common feature of the islands; a common colonial history and shared geography is another. Understanding the origins of these states and territories is a pre-requisite to understanding groupings and sub-groupings amongst them.

The narrative of a sea of islands conjures up images of a deeply-integrated island Pacific. This romanticizing of pre-colonization regionalism is misleading given the limitations of communication and transportation at that time. This narrative is, however, a lot more realistic now. National and territorial borders created after colonization impeded trade. A decolonizing Pacific had aspirations of becoming a deeply integrated region.

[2] The region continues to provide sea fearers for international shipping. Remittances comprise a large proportion of export earnings in several Pacific Island nations (Connell and Brown, 2005).

Such aspirations were first aired at the inaugural meeting of the PIF in 1972. Regionalism was more recently raised on the PIF-leaders' agenda in 1999 (Strokirch, 2002). Leaders expressed their collective desire for greater regional cooperation and integration at their Auckland meeting of April 2004. The Pacific Plan, which aimed to "enhance and stimulate economic growth, sustainable development, good governance, and security for Pacific countries through regionalism," was endorsed a year later (Strokirch, 2002). The Pacific Plan includes a timeframe of 10 years to realize this goal.

Economic integration is being pursued through several preferential trading agreements.[3] The motivations for such arrangements are complex. Several Pacific Island nations have flirted with protectionism as a means to raise growth. A few, however, have retained an open stance towards international trade, while several others, including the Fiji Islands, have embarked upon a mission of liberalizing the goods trade over the past decade. Small states, according to international trade theory, have a vested interest in pursuing free trade policies. Why then do small states of the island Pacific need institutions to induce adoption of policies in support of free trade? The theory is unambiguous in terms of the gains that accrue to a small economy from free trade regardless of the policy stance of the trading partner. Furthermore, why do the members of the PIF need agreements such as the Pacific Agreement on Closure Economic Relations (PACER) and Pacific Island Countries Trade Agreement (PICTA) to ensure compliance with trade liberalization, given that such a commitment "is incentive compatible for a small country?"[4] One could turn to history and path dependence as possible explanations, but these are not a sufficient explanation for the absence of free trade policies within PIF countries. Article 8 of PACER, for example, allows for a unilateral shift to free trade by any member. This paper attempts to shed some light on these questions.

Geography, history, and economics together have influenced the course of regionalism within the Pacific Islands. As the most isolated and difficult region to reach from Western Europe, the Pacific Islands were colonized in the middle of the 19th century, some 300 hundred years after the colonization of Africa, the Americas, Asia, and the Caribbean. Economic incentives for the utilization of the abundant natural resources played a central role in establishing contacts between the islands and the islanders on the one hand, and the western explorers and traders on the other. Geography, commerce, and strategic interests continue to influence regionalism within the island Pacific. These same forces are likely to shape future regionalism.

3. Partitioning of the Pacific Islands

This section provides a summary of colonization and the process of the partitioning of the Pacific Islands, which led to the creation of a large number of states and territories.

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[3] Independent of policy-induced motivations for integration, growth of private commerce including those in aviation, shipping, and telecommunications are all helping with regional integration.

[4] Eichengreen (2009).

Colonial history, as explained later, also determined the boundaries of the Pacific Islands.

3.1 Why Several Small Sovereign States?

Geography is the reason why the Pacific was colonized by Europeans last. European trading routes to Asia and the Americas were well-established by the time the first British settlers set foot in Australia on 11 December 1792 (Grattan, 1963). Reaching the Pacific Ocean required sailing around South America's hazardous Cape Horn, since the route via Asia required a detour around Australia or passage through the Torres Straight, the thin strip of ocean between the northern tip of Australia and the island of New Guinea, which had yet to be discovered by Europeans. The explorations into the region by Europeans, however, were persistent and driven by the search for *Terra Australis Incognita*, a large southern continent believed to exist to balance the landmass north of the equator. Captain Cook, by circumnavigating the southern Pacific Ocean, demolished this myth in 1773.

European settlement and trade with the Pacific Islands began in the early 19th century. While Magellan first crossed the Pacific Ocean in the early 16th century, landing in Guam in 1521, European commerce with the Pacific Islands, which were located far to the southwest of Guam, was delayed for an additional 300 years. Englishman Samuel Wallis reached Tahiti in 1776 and Frenchman Louis Antoine de Bougainville, who followed Wallis to Tahiti, made several landfalls in Melanesia subsequently (Kiste, 1994). It was English explorer Captain Cook, however, who finally sailed (ploughed) through much of the unexplored Pacific, and in the process met his death in Hawaii in 1779. While Dutch, Spanish, and Portuguese explorers had made isolated visits to the Pacific Islands, settlement in and commerce with the region was delayed until Australian settlement. By then, European trading routes with Asia and the Americas were well-established. The first Portuguese had reached Asia in the early 16th century. They held Goa (India) from 1510 to 1961, Timor from 1613 to 1974, and Macao (People's Republic of China [PRC]) from 1557 to 1974 (Maddison, 2006). Trading posts at Jaffna (Ceylon), Nagasaki (Japan), and Timor were well established by the mid-16th century.

The Pacific Island region, up until the mid-19th century was, in legal parlance, the high seas. Pre-colonization, pillage was a practice that pervaded the Pacific Islands. The first expeditions into the Pacific Islands were via the north and driven largely by hunters, gatherers, and traders. The initial commercial contact began in the 1790s, between sealers and fur traders from America seeking markets for their harvests in China. Sandalwood, *b'eche-de-mer*, and coconut oil collectors followed soon after. As trade grew, sailors disembarked on the islands to replenish food supplies, rest, seek shelter from occasional bad weather, and for recreation—mostly alcohol and sex. Whalers, while in the islands, traded, recruited, and dropped off "hands," sometimes deliberately to avoid paying wages. Charles Darwin—the famous gatherer—sailed the Pacific in 1835, via Tahiti and the Bay of Islands to Sydney on the Beagle, collecting specimens along the way. At the peak of the whaling industry in 1850, there were more than 700 American whaling vessels plying the Pacific Ocean (Grattan, 1963; Kiste, 1994). The commerce that accompanied Western ships also introduced the islanders to Western

goods and influences. In addition, guns and hitherto unknown diseases had a significant impact on island life (Grattan, 1963).

Beachcombers—those who had jumped ship or survived shipwrecks—were amongst the first to settle in the islands. Escapees from British and French penal colonies in Australia, the Norfolk Islands, and New Caledonia later joined them. Consequently, the early settlers, as a group, were described as "rogues…overly fond of alcohol and generally of unsavory character" (Grattan, 1963). They, nonetheless, played an important role in island history by marrying locally, producing offspring, and acting as traders, advisers, and intermediaries between the local chiefs as well as with Europeans (Kiste, 1994). They supported local chiefs in warfare, thus helping those with their blessings to expand influence. In return, they earned protection and privileges equivalent to that of an aristocracy (Grattan, 1963).

Religious missionaries followed closely on the heels of the traders, whalers, and other early settlers. These pioneering folk were responsible for the establishment of indigenous governments in many of the islands. The first missionaries reached the islands from the London Missionary Society, established in 1795, at the dawn of the 19th century. The first religious pioneers arrived in Tahiti on 5 March 1797. They then moved south to Tonga and slowly fanned out into the rest of the region. Their mission was to bring an end to cannibalism, which was being widely practiced amongst the Maoris in New Zealand and in many of the islands.[5] The missionaries used the strategy of anointing a King (nearly always a male), converting him to Christianity, promulgating laws in the name of the anointed King, and then using these new institutions for the introduction of western civilization. This entailed abandonment of cannibalism, adoption of western clothing, and a transition to western norms of housing and work ethic. The Protestants missionaries, in particular, took an active interest in local politics, driven largely by pressures from the home office to become self-sufficient. Consequently, Protestant missionaries had an influential role in shaping the monarchies of Hawaii, Tahiti, and Tonga (Kiste, 1994).

Colonial history also explains demarcations of boundaries of what now is referred to as the Pacific Islands. Initially, European anthropologists divided the people of the Pacific Islands into three cultural groups: Melanesia, Micronesia, and Polynesia. Melanesia, translated from Greek as "islands of black-skinned people," encompasses the larger volcanic islands where language and cultural affinities are the most diverse. Polynesia ("many islands") covers the vast expanse of the Pacific Ocean, spanning north to south from Hawaii to New Zealand, and east to west from Easter Island to Tokelau. Micronesia ("tiny islands") comprises mostly coral atolls northwest of the Fiji Islands. These divisions provided a convenient reference point for outsiders, and initially were abstractions for the islanders themselves. The boundaries drawn between the groups, moreover, were arbitrary. The cultural groupings created by Europeans, however, have stuck. A century of use has now led Pacific Islanders to readily identify themselves as belonging to one of the three groupings. Indeed, they constitute a major force for

[5] Fiji Islands then was known as the Cannibal Islands.

regional sub-groupings. The Melanesian Spearhead Group (MSG) and the Micronesian Leaders Summit are cases in point.

Geography and endowments, once again, explain many of the differences between the peoples of the islands. The linguistic diversity and dominance of subsistence agriculture within Melanesia, for example, is explained by their topology, size, and land fertility—all functions of the predominantly volcanic origins of these islands. The relatively recent migration of people to Polynesia from Southeast Asia, as argued in Diamond (1997), and the easy access to these islands by seafarers explains their cultural homogeneity. The small size of coral atolls together with their limited natural endowments explains the Micronesian tendencies towards dispersed clans as a form of survival insurance. The dispersion is ensured via matrilineal inheritances and exogamous practices (Kiste, 1994). It would, however, be naïve to assume that every practice within the islands is explained by geography and endowments; however, those salient for this paper are.

3.2 Security Fears as a Cohering Force for Regionalization

The security fears of British colonies in Australia and New Zealand had a central role in the annexation of many islands by the British Crown. These pressures intensified following the expansionary pursuits of Germany and France into Africa, and forays by the United States (US) into the Pacific region. Australian colonialists believed in geography as a being major determinant of their security, thus they consistently argued for British annexation of the islands in the surrounding southwest Pacific. They pointed out to the Colonial Office in London that the security of the colonies would be compromised if neighboring islands fell into non-British hands. This was best demonstrated by a resolution passed on 5 December 1883 in Sydney collectively by the Australian and New Zealand colonies, which stated that the presence of any foreign power south of the equator would be “injurious to the interests of the Empire” (Grattan, 1963). This resolution followed a refusal by the United Kingdom (UK) to support Queensland in its annexation of New Guinea.

In general, annexation of the Pacific Islands was incoherent (and regionalism, as shown later, no better). New Zealand was annexed by the UK in 1840, following initial settlement from Australia (Grattan, 1963). Competition between the Protestant (British) and Catholic (French) branches of Christianity triggered annexation of the remaining islands—first by France of Marquesas Island in September 1842, then Tahiti in April 1843, and finally New Caledonia in 1853. It was the last that upset the Australian and New Zealand colonies the most and led to a concerted push for the UK to annex islands in their vicinity. As a result, the Fiji Islands was annexed by the UK in 1874. Germany annexed the eastern portion of New Guinea a decade later, declared protectorates over the Marshall Islands and Eastern Micronesia in 1885, and added Nauru to its empire in 1886. Australian concerns of being flanked by two non-English powers (Germany to the north in New Guinea and France to the east in New Caledonia) led the UK to annex the southeastern half of New Guinea Island and by 1892 to declare protectorates over Cook Islands, Phoenix Islands, Tokelau, Gilbert and Ellice Islands, and Solomon Islands.

The defeat of Spain in 1898 by the US in the Spanish–American War led to the American acquisition of the Philippines and Guam, and the transfer of Spanish Micronesia to

Germany (Kiste, 1994). The partitioning of Samoa, Tonga, and Niue between Germany, the UK, and the US was completed as part of a pact in 1899.[6] Niue was made a British protectorate in 1900, and, together with Cook Islands, annexed to New Zealand in 1901. New Hebrides (Vanuatu) was brought under a joint British and French naval commission as a condominium in 1906. Australia assumed administration of Papua (British New Guinea) in 1906. Thus, by the beginning of the 20th century, the Pacific Islands were occupied by seven colonial powers: Australia, France, Germany, the Netherlands, New Zealand, the UK, and the US (through its victory over Spain). At the outbreak of World War I, Australia and New Zealand took over German territories in New Guinea and Samoa, respectively, while Japan took control of Micronesia, which was later lost to the US in World War II.

The annexation of the Fiji Islands highlights the key considerations that factored in the colonization of the Pacific Islands. The British, while initially loathe to take on another colony, agreed to annex the Fiji Islands for three principal reasons. The first was the availability of abundant alluvial land that was considered suitable for growing cotton, the supplies of which to the UK had been curtailed due to the US Civil War. The second was to halt the practice of "black-birding," the pejorative term used to describe the labor trade from the islands for sugarcane plantations in the Fiji Islands and Queensland (Australia) (Bromilow, 1929). The Queensland parliament, following widespread media reports of abuses both in recruitment and repatriation of workers supposedly hired on contract, passed the Pacific Islander Protection Act in June 1872 to curtail the reported abuses (Docker, 1970).[7] Finally, fears of a major breakout of inter-tribal warfare in the Fiji Islands led the Australian colonies to press for annexation by the UK. These fears were well-founded given that a rebellion in 1873 was quelled by a naval ship from Australia that was called in at the request of John Thurston, the Secretary in the indigenous (Cakobau) government. Australian parliamentarians had pressed for annexation. Sir Hercules Robinson, then the Governor of New South Wales, went to the Fiji Islands on behalf of the Colonial Office in London to negotiate the conditions for cessation. He assumed governorship after the conditions for annexation were accepted.

The Fiji Islands' experience is equally informative of the problems faced by pioneering indigenous governments. Missionaries first reached the Fiji Islands in 1829, but significant progress was only achieved in 1854 when Cakobau, the anointed *Tui Viti* (King of the Fiji Islands) who was previously a warlord and a feared cannibal by his rivals, was converted to Christianity. The first European settlement was established in 1804 when several convicts escaped from Botany Bay in New South Wales and found their way to the Fiji Islands (Burton, 1910). Charles Savage, a ship wrecked sailor, joined them about 5 years later. The westerners, with their large stock of ammunition, helped Cakobau expand his military prowess. The Bible was subsequently translated into Bauan, the language used on Bau, the (small) island kingdom of Cakobau. Bauan later became the official language with Cakobau proclaiming his rule over the Fiji Islands in 1867 (Burton, 1910; Grattan, 1963). By 1874, mounting fiscal problems, deteriorating

[6] The deal took into account the geopolitical interests of the powers both within the region and in Africa.

[7] This Act was commonly referred to as the Anti-Kidnapping Act.

law and order, and an eminent challenge to his authority led Cakobau, on advice of his British advisors, to request cessation to Queen Victoria. The concept of indigenous government, until then hailed by the British, had failed.

3.3 Decolonization to Multiple Sovereigns

The process of decolonization began in 1962 with the independence of Western Samoa.[8] Cook Islands chose self-government in a free association with New Zealand in 1965. Nauru gained independence in 1968. Tonga withdrew from being a British protectorate in 1970. The Fiji Islands was granted independence in 1970, Papua New Guinea in 1975, Solomon Islands and Tuvalu (formerly Ellice Islands) in 1978, Kiribati (formerly Gilbert Islands) in 1979, and Vanuatu (formerly New Hebrides) in 1980.[9] The Federated States of Micronesia (FSM) and Marshall Islands were granted independence in 1986, and Palau in 1994. The last three chose to remain separate sovereigns, but entered into a Compact of Free Association (CFA) with the US at independence.[10] The CFA gives US veto powers on foreign policies, provides for aid, and allows the islanders unrestricted access to the US labor market. At the beginning of the 20th century, American Samoa, Guam, and Hawaii remained dependent territories of the US; New Caledonia and French Polynesia of France; while, Dutch New Guinea became the Indonesian province of Irian Jaya.[11]

Thus, the forces that led to the creation of nation states within the island Pacific evolved through religious and territorial contests between the major powers of the era. This process was shaped by contests for congregations between the Protestants (English) and Catholics (French), the geopolitical considerations of France and the UK, and security concerns of British colonies in Australia and New Zealand. Resources such as land, labor, and mineral deposits (e.g., nickel in the case of New Caledonia) also played a role. The continuing security fears of Australia and New Zealand, and the more recent aspirations of the islanders to extend and better exploit their maritime resources have played a significant role in regionalization in the early 21st century.

4. Institutions for Regionalism

There are a multitude of organizations and agreements for regional integration and cooperation amongst the 26 self-governing states and territories of the Pacific. A comprehensive discussion of each is impractical. The discussion that follows considers the main supra-structure and infrastructure organizations, and preferential trading

8 Samoa dropped Western from its name in 1997.

9 There were no serious demands for independence, though murmurs were being made in some quarters.

10 Reasons why these nations chose not to form a “Federated States of Micronesia” from the US Trust Territories are complex, but the process can be summed up as nationalism having prevailed over regionalism for this group of islands. Analogous arguments hold for the division of Tuvalu and Kiribati from the former UK Trust Territory of Gilbert and Ellice Islands.

11 Dutch New Guinea became Irian Jaya, a province of Indonesia on 1 May 1963.

agreements. An inventory, albeit incomplete as of July 2009, of each of the above-mentioned is presented in Tables 2, 3, and 4. Similarly, there are eight preferential trading agreements (Table 4), plus an overarching Pacific Plan that amongst other things includes regionalism as its goal.

The underlying motivations for the creation of regional organizations were to pool capacity so as to give the region a collective voice in international forums, draw benefits from economies of scale, and provide for regional public goods such as management of oceanic resources. The organizations discussed below have similarities in mandate, membership, and sponsors. Efforts at rationalization of regional organizations were underway at the time of writing.

4.1 Supra-Structure Organizations

The major supra-structure organizations and their respective memberships are listed in Table 2, and organized in the chronological order of their establishment to help with the discussion of the evolution of regionalism. This list, given the current state of flux of regional organizations, is not exhaustive, however. The 26 self-governing territories comprise the membership of the Pacific Community and are served by the Secretariat of the Pacific Community (SPC). Australia, France, New Zealand, and the US are members of the SPC, given their respective locations and territorial claims within the region. However, they are different from the rest of the independent states in terms of their income and size. A subset of the region's 16 independent states, excluding France and the US, make up the membership of the Pacific Island Forum (PIF). PIF is served by its own secretariat, the Pacific Island Forum Secretariat (PIFS). While SPC and PIFS are the two major supra-structure institutions encompassing the region, four other sub-regional groupings exist. These groupings were formed around a common colonial history, shared interest, and notions of cultural affinity. The Pacific Island Council of Leaders (PICL) constitutes the governing council of the Hawaii-based and US-sponsored Pacific Island Development Program (PIDP). The Melanesian Spearhead Group comprises just the Melanesian states. The FSM has its own Leaders' Summit. Interest in a shared ocean and the resources therein has been another cohering force, both for regionalism and sub-regionalism. The eight Parties to the Nauru Agreement (PNA) are drawn together by their common and collective interest in managing tuna that swim their respective EEZs.

Sub-groupings of supra-structure organizations can be better comprehended by considering the four gradations of sovereignty within the region:

(i) The 16 independent states with full sovereignty, including complete jurisdiction over their foreign policy.

(ii) Republic of the Marshall Islands (RMI), the FSM, and Palau have a CFA with the US, which gives the latter "full authority and responsibility for security and

defense matters," including the option to "foreclose access to or use of" the members' territories by a third country.[12]

(iii) Cook Islands, Tokelau, and Niue are Governed in Free Association with New Zealand (GFANZ), which means that their external relations are managed by New Zealand. Furthermore, the residents of these islands carry New Zealand passports.

(iv) The French territories of Polynesia and New Caledonia, and that of American Samoa, are still under colonial rule.

The reasons for the creation of the South Pacific Commission (henceforth the Commission) and PIF are instructive in understanding the forces supporting regionalism. The former was a product of the aspirations for a "new world order," created in the immediate aftermath of World War II.[13] Decolonization led to the establishment of the SPC in 1998. The Commission was created in February 1947 at a meeting in Canberra between the six colonial powers of the region—Australia, France, the Netherlands, New Zealand, the UK, and the US—to coordinate research on economic, health, and social development (Herr, 1994; Doran 2004). This colonial construct defined the Pacific Island region, from the Northern Marianas to Minerva Reef, and from Palau to Pitcairn Island. Funding and governance arrangements were also put in place at inception. An advisory body in the form of the South Pacific Conference, comprising delegates from the individual island states and territories, was set up. Political considerations, however, were placed outside the mandate of the Commission. This constraint, in the era of decolonization when island leaders agitated for self-determination, led to the creation of a second regional organization, the PIF. Opposition to French nuclear tests in the Pacific, attempts by Japan to dump nuclear waste close to the FSM, and drift net fishing by distant-water nations, all of which are politically sensitive issues, consolidated PIF's contributions to regionalism.

The South Pacific Island Forum (SPIF) was established in 1971 and its origins lay in the Pacific Island Planters Association (PIPA) formed by the Fiji Islands, Tonga, and Western Samoa—the independent states at the time—to pursue better prices for banana exports to New Zealand. The need for a second supra-structure organization became evident following France's objections in the Commission to discussions on the environmental hazards of nuclear testing. This led to a meeting in Wellington amongst the independent states and the birth of SPIF (Doran, 2004). The subsequent independence of northern Pacific states and their joining SPIF led the organization to change its name to PIF in 2000. The fact that PIF allows for unfettered political debate means that its membership is constrained to sovereign states only.[14]

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12 Public Law 108-188; 17 December 2003 accessed online on 29 July 2009 at: http://www.rmiembassyus.org/Compact/Compact%20Public%20Law%20108-188.pdf.

13 The Pacific theater remains a vivid part of World War II memorials in Australia, New Zealand, and the USA.

14 The espoused purpose of PIF is to "strengthen regional cooperation and integration, including the pooling of regional resources of governance and the alignment of policies, in order to further Forum

The capacity and freedom to participate in political debates distinguishes the SPC from the PIF. This difference provides each of the above-mentioned a slightly different constituency. The SPC's membership comprises all independent and self-governing states of the Pacific region, and that of four metropolitan powers: Australia, France, New Zealand, and the US.[15] This gives the SPC comprehensive geographic coverage of the Pacific Island region. PIF, in contrast, has a restricted membership but is unconstrained in terms of issues it can cover. Both supra-structure organizations owe their existence to similar motivations. Thus, there is significant overlap in their mandates.

PIFS and SPC share a common mandate to help their memberships promote economic and social development (Fry, 1981). However, over time they have differentiated their offerings whilst attempting to cooperate in areas of overlap. PIFS has specialized in policy advice and, as the custodian of the Pacific Plan, in coordinating efforts across regional organizations. SPC is specializing in providing technical advice, including the provision of data on economic and social development, and the management of natural resource. PIF has redefined itself as the pre-eminent political supra-structure organization while PIFS, as the gatekeeper to PIF, retains a monopoly on access to the leaders as a group. Consequently, decisions impinging on national sovereignty have fallen within the remit of PIF. For example, the Regional Assistance Mission to Solomon Islands, which involved the posting of peacekeepers in 2003 to end the conflict, was undertaken via the PIF. Similarly, cajoling the Fiji Islands towards democratic rule following the last coup has also been on the PIF agenda. The limited geographic coverage of the PIF handicaps it from providing regional public goods, however.[16] SPC fills this void.[17] Thus, SPC has gravitated towards being the premier technical organization for the region.

Regionalism, it has been claimed, is an inevitable process in the Pacific Islands.[18] Regionalism is seen by some as providing a common political platform for the leaders of

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members' shared goals of economic growth, sustainable development, good governance, and security" (PIF, 2005; Article II).

15 The UK withdrew its membership from the SPC in 1996 as part of its overall withdrawal from the region in the aftermath of the Cold War.

16 This has been partly ameliorated through associate membership of New Caledonia and French Polynesia, which was allowed only in 2006.

17 Another noteworthy difference is that the PIF, unlike the SPC, lacks a legal personality as it is not constituted under a formal treaty between the members.

18 The Secretary General of PIFS, in his address to the 40th PIF leaders meeting held in Cairns, Australia on 5 August 2009 noted: "The experience of the Forum in your past 39 meetings, points to the inevitability of togetherness. The Pacific is at its best when it acts as a region. In times of crisis it is the natural way. It is the very essence of the Pacific Way. This spirit of the region which informs the Pacific Plan adopted by Leaders at your 34th meeting in 2005, and this remains a guiding force in the work of the Secretariat and other regional agencies. The work of the Secretariat now encompasses the full range of political governance and security, trade and economic, and development coordination issues. In the face of the global economic crisis there is a declared determination on the part of the Council of Regional Organisations of the Pacific (CROP) to strengthen the coordination of our institutional activities in every way possible." Available at http://www.forumsec.org/pages.cfm/newsroom/speeches/2009-1/statement-by-sg-slade-opening-of-40th-pif.html.

small island states; others see it as an instrument for economic integration. The espoused benefits include economies of scale in the delivery of public goods and services, as well as the collective management of regional commons such as security and oceanic resources. Integration was sought during the colonial era so as to reduce the cost of providing administrative services across the region. The UK created the position of a High Commissioner for Western Pacific, based in Suva, in 1875 to oversee the conduct of British subjects resident in the region. The desire to bring about more rapid development in the region as a whole was another unifying force. Shared geography and cultural space, it was argued, offered both lessons and opportunities for interventions to induce faster rates of economic growth.

There are at least six other supra-structure organizations. Their memberships differ on the basis of their colonial histories, with the CFA and GFANZ being cases in point; on cultural affinities such as the MSG and Micronesian Chief Executives Summit; and, on common shared resources such as deep sea fisheries (PNA). The overlapping mandates of these organizations and intertwined governance mechanisms complicate an assessment of the effectiveness of these institutions. Moreover, a comprehensive review of the effectiveness of six Council of Regional Organisations in the Pacific (CROP) agencies was recently undertaken, making another similar assessment redundant.[19] Furthermore, two detailed studies have been completed with the goal of rationalizing regional institutions.[20] The recommendations were in the process of being implemented as of July 2009, which is an issue elaborated upon later in the text.

4.2 Infrastructure Organizations

Pacific Island regional institutions have been founded on specific themes on the basis of need. Thus, they lack a coherent design. The major infrastructure institutions that existed as of July 2009 included the Forum Fisheries Agency (FFA), Pacific Forum Line (PFL), Pacific Island Finance and Technical Assistance Centre (PFTAC), South Pacific Island Applied Geo-science Commission (SOPAC), South Pacific Board for Educational Assessment (SPBEA), South Pacific Regional Environmental Program (SPREP), and the University of the South Pacific (USP) (Table 3).[21] The largest six of the infrastructure organizations are covered in this discussion. They are divided into those established with the motivation of jointly managing regional commons, pooling regional resources, and harmonizing standards and information sharing:

[19] This review was commissioned jointly by the Australian and New Zealand aid agencies and referenced as Hewitt and Constantine (2008). The author was given access to the draft report dated 31 October 2008, but in confidence only. This paper thus refrains from making specific observations from the draft report.

[20] This work is referred to as the Regional Institutional Framework (RIF) and are referenced here as Hughes (2005) and Tavola et al. (2006).

[21] Others include Pacific Aviation Safety Office (PASO), Pacific Regional Infrastructure Facility (PRIF), and the South Pacific Tourism Organization.

(i) Organizations created to manage regional commons

Amongst the offshoots of the supra-structure institutions, FFA, SOPAC, and SPREP are the most significant.[22] FFA, established in 1979, was conceived at the PIF Leaders' Summit in 1978. Its creation followed the third United Nations Conference on the Law of the Sea, with PIF membership recognizing the importance of their control of offshore resources.[23] The perceived need to regulate the distant-water fishing activities of the Soviet Union; US; Japan; Republic of Korea (Korea); and Taipei,China was the cohering force.[24] PNA curtails membership to nations with jurisdiction over the most fertile tuna grounds. A similar motivation led to the formation of the Committee for Coordination of Joint Prospecting for Mineral Resources in the South Pacific, the predecessor to SOPAC. SPREP had a more complicated parentage, being a product of partnerships between member governments, the SPC, the Forum Secretariat, and the United Nations Environment Programme. The ongoing Regional Institutional Framework (RIF) exercise acknowledges duplication and opportunities for rationalization amongst the above listed. At the time of writing, negotiations were underway to absorb SPBEA into SPC, and to split SOPAC such that one component would be absorbed into SPREP and the remainder into SPC.

(ii) Organizations created to pool services

Amongst the early infrastructure organizations created were the Fiji School of Medicine (established in 1885), USP (1968), Pacific Forum Shipping Line (1977), SPBEA (1980), and PFTAC (1993). The first of these became a national institution at decolonization. USP was created following a recommendation by a study commissioned by the governments of Australia, New Zealand, and the UK for the establishment of an autonomous regional university to serve the needs of the English-speaking countries of the South Pacific. The Royal New Zealand Air Force, which then owned a large base in Suva, Fiji Islands, donated the land and buildings for this purpose. The British government provided £1.25 million as seed capital.

USP's experience is illustrative of the challenges facing regional institutions. As of 2009, it had a total recurrent budget of approximately F$135 million. Of the total, F$50 million was made up of member contributions and determined by the share of full-time equivalent student enrollment from the respective country in the previous 2 years. The Fiji Islands, one of a dozen members, contributed F$38 million to this sum. Another F$25 million was collected as fee income from students.[25] The remainder was made up

[22] This is far from an exhaustive list. PASO has already been established and other organizations designed to provide regional services for audit, public finance, and economic management are at various stages of formation.

[23] This law defines an island as "a naturally formed area of land, surrounded by water, which is above water at high tide." (Park, 2004).

[24] There was considerable debate on the inclusion of the US. Leaders finally agreed to restrict membership in FFA to the island members plus Australia and New Zealand (Fry, 1981).

[25] Data provided by the Vice Chancellor Professor Rajesh Chandra and corroborated with information from http://www.usp.ac.fj/fileadmin/files/academic/bursary/finance/Government_Grant_-_2009.pdf.

of donor contributions and other income. At the onset, USP's membership was comprised of states considered too small to justify establishment of their own universities. This position has changed over the past 40 years, however, and now Samoa and the Fiji Islands have established their own national universities. It remains to be seen as to how USP will evolve given the emergence of national universities. However, the two broader lessons from USP's experience with regionalism are (i) donor funds are critical to their establishment and sustenance, and (ii) tensions between regional and national provisions continue to shape these institutions and their offerings.[26]

The PFL was created with a view to having regular regional shipping services and to contain freight rates.[27] Unlike USP, however, PFL was designed to be run as a private company with equity from a dozen PIF members. The perceived benefits from economies of scale were considered sufficient to defray costs of operation such that, once established, it was envisaged that PFL would deliver profits to its shareholders. However, judging the effectiveness of PFL, as with other regional organizations, is extremely problematic. PFL has run at a loss most of its life, having only delivered its first dividend 20 years after incorporation (Nightingale, 1998). But then, it has met its mandate of providing the service for which it was created. Questions remain as to whether this service would have existed in PFL's absence, and if so, at what cost.[28]

(iii) Organizations created to harmonize standards and for information sharing

SPBEA was created in 1980 to harmonize school curricula and educational assessment. It has expanded its remit since then to house the Pacific Regional Qualifications Register with a view to facilitating the portability of qualifications across the region. PFTAC and the statistical division within the SPC were created with a view to sharing policy lessons and data. The technical expertise housed within these organizations and their links with other similarly endowed institutions outside of the region ensures that timely and quality services are rendered on demand.[29]

4.3 Facilitating and Other Regional Organizations

In additional to the plethora of international regional organizations sponsored by governments, there are facilitating, civic/non-government, and commercial organizations. The Asian Development Bank (ADB) has standalone offices in the Fiji Islands and Papua New Guinea, and shares offices with the World Bank in Samoa, Tonga, and Solomon Islands. The International Monetary Fund (IMF) has a regional presence via PFTAC in Suva, Fiji Islands. And as of July 2009, 14 United Nations agencies had offices in Suva

[26] Disruptions to classes following the 2000 military coup in the Fiji Islands led to a renewed push to spread services of USP to other centers, and potentially to establish national universities.

[27] A proposal for a regional airline failed due to a push by some nations to have national airlines.

[28] Many island governments run their own shipping lines or subsidize private operators to service some routes.

[29] Information provided by Peter Forau and Feleti Teo, the two deputy secretary generals of PIFS, at an interview conducted for this paper.

alone.[30] The World Bank has an office in Port Moresby, Papua New Guinea. In addition to the above, governors of the central banks meet annually. The Fiji Islands and Papua New Guinea have active business councils that provide links with their Australian and New Zealand counterparts. An active Pacific Conference of Churches integrates the activities of the churches in the region. Finally, the Pacific Island Non-Governmental Organisation (PIANGO) headquartered in Suva acts as the umbrella organization for its national affiliates. The picture of regional organizations is that of cascading umbrellas, all constituted to coordinate and integrate services within the many Pacific Island nations and territories. Many of the region's non-governmental organizations (NGOs) also depend on donor funds for their sustenance.

History explains the formation of the many states and territories of the Pacific Islands, and the several institutions for regionalism. What hope is there for a single regional organization? A Pacific Commission was once suggested to tackle this issue (Hughes, 2005). (Its prospects will be taken up in some detail later in the paper.) Three recent reviews have pointed to the duplication of services and wasteful inter-organizational competition. The Council of Regional Organizations in the Pacific (CROP), an umbrella body created to coordinate activities across the six largest regional organizations, was created specifically for this purpose.[31] This is not enough, however. An exercise in developing an RIF, with the objective of reviewing "the relevance and effectiveness of existing regional institutional mechanisms" and recommending "new or alternative institutional arrangements that best suit the region's needs and emerging priorities" was underway at the time of writing (Hughes, 2005). RIF, moreover, is an offshoot of the Pacific Plan and has been a standing agenda item in PIF since 2006.

4.4 Mechanisms for Integration—Preferential Trading Agreements and the Pacific Plan

The efforts at deepening trade integration commenced in 1999 and have since picked up in pace. The former chairperson of PIF, Australian Prime Minister Kevin Rudd, announced at the organization's 40th annual gathering on 5 August 2009 the commencement of a renewed push for an agreement to "drive closer economic integration and advance progress towards the Millennium Development Goals."[32]

An inventory of the Pacific Islands major trading agreements in operation and their dates of creation is provided in Table 4.[33] A total of 14 Pacific Island nations are signatories to

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30 These include the Department of Safety and Security (DSS), ESCAP, FAO, ILO, UNAIDS, UNCTAD, UNDP, UNDP-Pacific Centre, UNESCO, UNFPA, UNHCR, UNICEF, UNIFEM, and WHO.

31 Members of CROP include PIFS, SPC, FFA, SOPAC, SPREP, and USP.

32 He also reiterated Australia's commitment to helping its island neighbors protect fisheries, strengthen maritime security, and combat transnational crime. Speech available at: http://www.forumsec.org.fj/pages.cfm/newsroom/speeches/2009-1/remarks-by-new-forum-chair-pm-kevin-rudd-opening-of-40th-pif.html.

33 South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) has existed since 1981, but this is a non-reciprocal preferential trading agreement between PIF nations on the one hand and Australia and New Zealand on the other.

the *Cotonou Agreement*, while four are members of the World Trade Organization (WTO). Furthermore, sub-regional agreements in the form of the MSG, CFA, and Closer Economic Relations (CER) are also in existence. Texts of the agreements for PACER and PICTA were finalized for signature at the heads of government meeting in Nauru in August 2001 (Appendix—Tables A2 and A3). Both of these agreements seek to deepen trade integration.

PICTA has the objective of progressively eliminating regulatory barriers to international trade "with a view to the eventual creation of a single regional market among the Pacific Island economies." (PICTA Agreement; Article 1, Clause [e]). PACER, in contrast, has, as its objective the "gradual and progressive integration [of PIF nations] into the international economy" (PIFS, 2001; Article 2, paragraph 1) whilst providing economic and technical assistance to achieving the above (Article 2, paragraph 2, clause [d]). While PACER allows PIF nations to liberalize trade amongst themselves first, it gives a maximum of 8 years from inception before Australia and New Zealand are afforded the same liberalized trade privileges. PACER, therefore, allows the PIF group of nations to integrate with the rest of the world, but with the proviso that Australia and New Zealand receive most-favored nation (MFN) treatment in this process and by 2011 at the latest.

PICTA is envisaged as a stepping stone to deepened economic integration with Australia and New Zealand, and eventually the rest of the world. PICTA and PACER both have timetables for trade liberalization and elaborate mechanisms in place for the resolution of disputes amongst the parties. The Pacific Island Forum Secretariat (PIFS) provides secretariat services for both of these agreements. The Pacific Plan is a more ambitious project as it is an overarching agreement that seeks to unite the trade integration and developmental aspirations of the Pacific Island region as a whole. PIF leaders endorsed it at their 2005 summit. While extremely detailed in terms of policy interventions and actions by the PIFS, the effectiveness of the Plan is being questioned.

A recent assessment is highly critical of the Plan's progress in all four of its pillars: economic growth, sustainable development, good governance, and security. Baaro (2009) argues that too much attention has been placed on regional frameworks and processes, with insufficient attention being given to translating designs into actions. It has been pointed out that the Plan is not adequately resourced, and that there is a disconnect between regional and national priorities. The architects of the Plan, it appears, omitted to argue the reasons for regional cooperation.[34] Thus, the Plan spells out detailed interventions, but without explanations provided as to why particular actors would want to cooperate in the first place. In summary, the planners have paid little attention to incentives for cooperation.

4.5 The Political Economy of Regionalism

The island Pacific started off with a single (supra-structure) organization, the SPC. In the 60 years since the SPC's inception, the region has spawned another five supra-structure organizations (Table 2); at least another six infra-structure organizations

[34] See Haggard (2009) on these incentives.

(Table 3); and nine additional regional agreements, all with the aim of deepening integration (the eight listed in Table 4 plus the Pacific Plan). Several more facilitating organizations have emerged and more arise as time progresses. While a comprehensive inventory is difficult to compile, there is little evidence of the amalgamation of existing institutions or their abolition. Thus, the evolutionary process of regionalism has been more characteristic of "snow-balling," rather than in the form of a "conveyor belt."

A consistent feature of regionalism within the Pacific has been the tension between regionalism and nationalism. This is particularly problematic for trade integration. Is regional integration a substitute of or complement to globalization? Is the duplication of services offered by regional organizations helpful or harmful to their respective causes? Why has there been a proliferation of regional institutions in the post-colonial Pacific Islands? And why is it so difficult to dismantle regional organizations? These are some of the questions addressed next.

It is instructive to explore reasons why regional organizations, once created, are difficult to dismantle. The Pacific Island region and the ongoing RIF exercise, in particular, serve as a laboratory experiment for this notion. Each regional organization, following its establishment, creates three sets of stakeholders: the employees of the organization, the host government, and the major sponsors and donors.

The cannibalization of SOPAC by SPC and SPREP is particularly instructive on the political economy of this process. While SOPAC was highly successful in attracting donor funds and expanding its remit, these ultimately lead to its demise. Hughes (2005) noted that "SOPAC is producing valuable work, but it is a less happy story in terms of Pacific regional cooperation." The problem, Hughes argues, is that SOPAC's expansion of its role and functions was achieved at the cost of the effectiveness of regionalism as a whole. He recommended that SOPAC be absorbed into the Environment, Climate, and Earth Science Directorate of the newly proposed Pacific Commission by 2007. A second and subsequent review by Tavola et al. (2006), while broadly in agreement with the analysis in Hughes (2005), argued instead for a three-pillared regional organizational structure: political, technical, and academic. These pillars were to comprise (i) PIFS, (ii) SPC, and (iii) the three regional tertiary institutions as the last pillar.[35] Their roles were also clarified: PIFS was to remain the interlocutor with the leaders, SPC was to provide technical services, and the tertiary institutions were to remain as they were. It was recommended that these changes be put into effect by January 2009.

The outputs of RIF have been different from what was originally recommended. The timelines for the changes to be put into effect have also slipped. Understanding the reasons for these slippages requires an appreciation of the stakeholder dynamics in these negotiations. At its 2007 meeting, PIF accepted the recommendations of the Tavola et al. review, but with the following changes: (i) FFA remain in pillar 1, ostensibly to provide fisheries a political profile; (ii) that functions of SOPAC are absorbed into SPC

[35] Hughes (2005) had left the educational institutions outside of the proposed Pacific Commission.

and SPREP; and (iii) SPBEA merge into SPC.[36] At its 2008 meeting, PIF instructed the chief executive officers (CEOs) of SOPAC, SPBEA, SPC, and SPREP to work together under the chairmanship of the Secretary General of the PIFS to present PIF a plan and implementation schedule at their 2009 meeting. They also agreed to instruct their representatives on the governing councils of the four agencies to be merged to "take all the final decisions on the new institutional arrangements and implementation plans, with implementation to commence immediately after the Governing Council meetings and no later than 1 January 2010."[37] The decision of the CEOs made in July 2009, and included as Annex 1 in this paper, was endorsed by PIF at its 40th annual meeting.

SOPAC was extremely successful in expanding its niche and in attracting donor funding. Typically, this would be the hallmark of a successful enterprise. This instead was the reason for its demise. According to stakeholders interviewed, regional politics played a major role in precipitating this outcome. Allegedly, FFA was saved because of the strong support of the host government. The case was helped by the fact that FFA is one of the very few regional organizations based in Solomon Islands. Similarly, SPREP is one of a handful of regional organizations headquartered in Samoa. The Samoan government is alleged to have argued likewise – that is, SPREP should not be dismantled as it is one of the few resident regional organizations in Apia. SOPAC, in contrast, is headquartered in Suva, home to several regional organizations. Compounding the problems for SOPAC was the failure of the military government in the Fiji Islands to attend PIF meetings beginning in 2007. This fact left SOPAC without a major stakeholder to argue against its dismantling. Could SOPAC have been a casualty of the Fiji Islands coup of 2006?

Meanwhile, new regional institutions continue to emerge. A new Pacific Regional Infrastructure Facility (PRIF) was set up in August 2008 by the governments of Australia and New Zealand, ADB, and the World Bank.[38] A total of A$200 million has been committed over a 4-year period to PRIF, which has the goal of developing and maintaining critical economic infrastructure, including roads, ports, and transport systems; energy and communications infrastructure; and water, sanitation, and waste management systems. Access to PRIF is restricted to Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

The institutions for regionalism in the Pacific Islands are in a state of flux. Some institutions are being dismantled, others are being created, and several are redefining their niche for survival. Island leaders, together with those from Australia and New Zealand, are demanding better value for the resources expended on the many institutions created for regionalism. This demand for reform, restructure, and rationalization of the many regional arrangements is likely to gain momentum. And these very forces will shape institutions for regionalism over the foreseeable future. Given the political nature of this process, the pace of reforms is likely to be slow. The

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[36] See Forum Communiqué of 2007, Regional Institutional Framework, Paragraph 19.

[37] Forum Communiqué of 2008, paragraph 20(c).

[38] The position of the Deputy Manager for PRIF was advertised on page 18 of *The Economist* (15–21 August 2009).

logic of the regional provision of public goods and a regional platform for the airing of common concerns to the international community will remain. The case for a regional approach to trade integration, however, is weak. The economic case for preferential trading agreements amongst the islands themselves (e.g., PICTA) is weaker still. One implication is that regionalism will gravitate towards providing regional public goods and act as a forum for the leaders, while trade integration will slowly devolve to the individual nation states. Australia and New Zealand may play a role, particularly if they incorporate the islands within their CER arrangement. This would create a common market for Oceania as a whole.

5. Governance, Funding, and the Future

The governing council of each of the regional organizations comprises representatives of the member states. In the case of the supra-structure organizations, these comprise the island leaders themselves. And for multilateral infrastructure organizations, it is the nominees of the leaders and the stakeholders who constitute the governing body. For example, the USP Council, the governing body for USP, comprises representatives from each member state, the staff, and students. An analogous arrangement exists for NGOs. PIANGO, as an example, has representatives on its board from the national NGO umbrella, which in turn have representatives from their own national constituents.

The funding and accountability mechanisms are more complex and opaque. What is clear, however, is the fact that island membership contributions constitute a minority share in the total budget of most regional organizations. Taking the total 2005 budget for five regional organizations as an illustration, contributions from island membership amounted to 28% for FFA, 25% for PIFS, 30% for SOPAC, 10% for SPC, and 36% for SPREP (Hughes, 2005). Similar imbalances prevail for many of the NGOs. The implications of such heavy reliance on donor funding include the following: (i) regional organizations beholden to the agendas, perceived or otherwise, of their major sponsors; (ii) competition amongst organizations for the same sources of funds; and, (iii) accountability for deliverables being shifted from the clients to the funders, noting the fact that these are now very different stakeholders. Donors may place value on being able to demand accountability from the organizations for support rendered, but it is at the cost of credibility of the institution in the eyes of the remaining stakeholders. Furthermore, a heavy dependence on external funding, particularly from a single source, raises the organization's vulnerability to cutbacks by the donor.[39] And for a given bundle of donor dollars, the success of one organization implies a loss to another (from ii). SOPAC's success, as an example, was seen as a cost to other regional organizations.

Why do donors provide the bulk of funding to regional organizations? This is a harder question to answer and one that deserves close scrutiny. Some of the reasons include (i) to exert influence in decision-making at the operational level (Hughes, 2005); (ii) to

[39] Pacific Islands Aids Foundation (PIAF), headquartered in Cook Islands, was facing serious funding challenges due to the decision by NZAID to terminate its support on the expiry of their 6-year partnership agreement at the end of January 2010.

provide regional public goods, such as maritime security, that serve the national interest (Rudd, 2009); and (iii) to hasten progress on the Millennium Development Goals (MDGs) within the region.[40] These reasons may explain why donors provide the majority of funding to Pacific Island regional organizations, but it does not explain the large variability in funding across organizations and over time for any given organization. Interviews with some of the recipients have suggested that history and personal relationships, particularly the image of an organization's CEO, have significant influence. One senior regional bureaucrat claimed that their major sponsors trusted them and their systems, and thus were happy to channel the majority of their funds through his organization.

5.1 Accountability and Effectiveness

The processes of accountability have many common traits across all regional organizations. Governing bodies meet regularly, often annually but in a few cases bi-annually. Senior officials of regional organizations will meet more often and with a view to improved coordination and deeper integration of the services provided. A few have activities and programs in place to engender greater cooperation and integration of deliverables. Most of the larger regional organizations provide information, including financial accounts, on their website. The SPC opens its meeting of the governing council to the public. All of the practices outlined above are geared towards improving accountability.

Evidence on the effectiveness of individual organizations is more difficult to find. This is due to inherent problems of measurement and the paucity of analysis. The Australian and New Zealand aid agencies did, however, commission a study with the preliminary findings released last year. This study, while yet to be released to the public, is critical of the "value-for-money" being realized by several regional organizations that receive taxpayer funds from the two above-named nations. New Zealand raised concerns over this issue during the 40th PIF in Australia in 2009.

The assessment of the effectiveness of the Pacific Plan, a soft institution for regionalism, is even less sanguine. A consultant hired to assess the effectiveness of the Pacific Plan after 3 years of operation reported:

> In visits to member countries, in almost all of these visits, there was nearly always other delegations from one CROP agency or another doing work in the member countries: a workshop to assist farmers in looking after livestock, a workshop to develop a national waste management strategy, a Ministerial meeting on information and communication technology, consultations with the private sector by Pacific Island Private Sector Organisation (PIPSO), a regional delegation working with members in the development of a Joint Country Strategy, a fisheries related meeting, a workshop on freedom of information, a team to assist with the

[40] See AusAID's focus on the Millennium Development Goals (MDGs) at http://www.ausaid.gov.au/keyaid/mdg.cfm.

> development of a national public health strategy, an environment related meeting, a team working on the development of an implementation strategy for the national population policy, a regional civil servant assisting in the development of library services, assistance with the development of a private sector development strategy, etc. Yet in some of the consultation meetings with 'official contacts' and principal policy makers in these countries visited, there is usually no appreciation of these useful activities taking place on the ground as we met, with no clear indication of how the country has benefited from the various regional organizations.[41]

Capacity building has been repeatedly cited as an objective in many regional initiatives. A constant criticism of regional organizations, however, has been that they draw away the best talent from member nations. This problem is exacerbated by demands from the member states that senior management positions are filled by Pacific Islanders. The mandatory country rotation of senior positions across an organization's membership, with some of the countries having a very small pool of skilled personnel, makes recruitment of appropriate talent extremely difficult. And the large differences in emoluments between national and international bureaucracies ensure that migration is from the former to the latter.

Demands for better services from the regional organizations are subdued as a result of the subsidized subscription for the majority of the members. Political appointments, when made, compound this problem further. Membership is cheap for Pacific Island countries, thus they have had little need to scrutinize the value they get from their multiple memberships in regional institutions. A way around this problem would be to introduce a user-fee system, in which membership contributions are mandated to meet the majority share of the operational budget. Donors could provide the funds to the members on a bilateral basis, which then may be channeled to the regional organization. Such circumvention, particularly if channeled via the national budget, is likely to raise debate in-country on the value of membership in regional organizations. It would also reduce the influence, perceived or real, of donors in the operational decisions of regional organizations. As to whether donors will be willing to take this option remains to be tested, however.

5.2 Prospects for Regionalism

On current trends, regional institutions within the Pacific Islands will undergo closer scrutiny of their effectiveness. Their future, however, is likely to be determined as much by national and regional politics as the need for their services and the value-for-money that these organizations generate. Similarly, the soft institutions for regionalism, such as the Pacific Plan and multiple preferential trading agreements, will also be put under the microscope. The future of regionalism within the Pacific Islands, however, is likely to be influenced mostly by geography, geopolitics, and economics. Distance from major markets will continue to affect patterns of integration, as it did a century and half ago. Security concerns and strategic considerations will continue to attract major powers to

[41] Baaro (2009). p.26.

the region, as they also did in the 19th century. And endowments, particularly of large oceanic resources, will underscore commerce between the region and the rest of the world, as was the case pre-colonization. On these counts, the regionalism of the future for the Pacific Islands can be seen as mirroring events going back 150 years.

Modernity however has introduced two fresh concerns. First, the Pacific Ocean is neither borderless nor boundless anymore, and the resources therein are finite. Managing these sustainably demands a regional approach. And the size of the Pacific Ocean itself makes it a global asset, particularly when its ecological value is imputed. Second, the risks to Pacific Islanders of the potentially adverse effects of climate change loom large.[42] Mitigating these risks necessitates a global response. And given their size, no individual Pacific Island nation is likely to be heard in the global forums on climate change, thus the case for a collective voice. Regional institutions are likely to assist with this.[43] These same challenges are faced by the Caribbean region, a model examined next, as the impact of climate change is of concern to island nations as a whole.

5.3 Could Caribbean Single Market and Economy Serve as a Model?

The Caribbean Community (CARICOM) could serve as an aspiration for Pacific Island regionalism. But the Caribbean has a number of crucial differences with the Pacific Islands. Three such differences that matter the most for regionalism are (i) its better developed institutions, including the absence of customary tenure to land, which is a product of the different timing of colonial contact in the Caribbean; (ii) membership in regional organizations that is more homogenous in terms of economic attributes (e.g., CARICOM would be similar to PIF if Canada and the USA were members); and, (iii) closer proximity to major markets.

Nonetheless, the proposed transition from a common market to a single market and single economy provides guiding principles for the creation of a common market within the Pacific Islands. Non-discrimination, as noted below, is a key principle. On this, the CARICOM membership had the following to say:[44]

> [CARICOM] resolve[s] to establish conditions which would facilitate access by their nationals to the collective resources of the Region on a non-discriminatory basis (Preamble to Revised Treaty of Chaguaramas establishing the Caribbean

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42 Tuvalu is believed to become uninhabitable by 2050 (Island States Unite on Climate Change. *Fiji Live*. 23 September 2009).

43 Leaders of the Alliance of Small Islands States (AOSIS) raised this as an issue at the Leaders' Summit at the UN in New York on 21 September 2009 and were expected to do the same at the December 2009 summit in Copenhagen (Island States Warn of Benign Genocide. www.abc.gov.au. 23 September 2009).

44 The 15 full members of CARICOM include Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Haiti became a full member of CARICOM on 3 July 2002. CARICOM has 5 associate members: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands.

Community, including the CARICOM single market and economy, signed at Chaguaramas on 4 July 1973).

Other principles worthy of emulation include the following:

(i) The formation of a single common market (Article 78), including a coordinated external trade policy (Article 80) and common external tariff (Article 82).

(ii) Use of common standards and accreditation (and/or mutual recognition) of qualifications (Article 33).

(iii) Free movement within the Community of nationals classified as (a) university graduates, (b) media workers, (c) sportspersons, (d) artistes, and (e) musicians (Articles 45 and 46). Article 46 further obliges members to establish legislative and procedural arrangements to eliminate the need for passports and visas to allow nationals to work in the community and to allow for the transportability of pensions.

In terms of trade integration, the Pacific Islands have a long way to go to catch up with the Caribbean, which may still serve as an aspiration, however. A pragmatic approach for the Pacific Islands would be one of unilateral liberalization, which does not require institutions for regionalism. Interviews conducted with several diplomats from the Pacific Islands revealed that the blockage to such a shift stemmed from an ingrained belief in mercantilism. One diplomat argued that Pacific Island countries would have nothing to export if they did not provide domestic protection. Another argued that there was not a level playing field in international trade and thus questioned why his small island nation should open up its markets. The rebuttals to these arguments come easily to students and professors of economics, but continue to escape those in charge of making policies.[45]

6. Conclusion

This paper's narrative on regionalism began with a discussion on the creation of several small states within the Pacific Island region as a result of its colonial history, which was shaped by geography, particularly isolation from Europe. A shared ocean and colonial past have been prominent aspects of regionalism in the Pacific Islands, as has the desire to exploit the benefits of economies of scale. The last is particularly pertinent, given the small size of many of the nations in this region.

Security, however, has always lurked in the background as another important reason for regionalism. The British colonies in Australia and New Zealand feared encroachment by

[45] The discussant to an earlier draft of this paper, an economics professor from the University of the South Pacific, echoed these very same sentiments. He went on to argue that Australia and New Zealand must pay island governments to compensate them for the adoption of liberal trade policies.

unfriendly powers prior to colonization of the islands, and thus pressed for the annexation of neighboring Pacific Islands by London. The security concerns of Australia and New Zealand, while present since pre-colonization, have taken on greater prominence within the 21st century regionalism of the Pacific Islands. Security as a concept has changed over time: pre-colonization and during colonization, it was predominantly about mitigating a military threat; post-decolonization, it broadened to include human security, including progress towards the espoused MDGs. In the late 19th century, it was unfriendly Germany and France that were feared, and in the mid-20th century this unease shifted to Japan and the Soviet Union. The identity of the source of the threat has changed, as has the breadth of what is defined as security, but the security fears of Australia and New Zealand remain. In sum, the cast of characters might change in the future (e.g., the PRC or India), but the (security) plot remains.

Geography has left the Pacific Islands isolated, but not immune, from the shocks emanating from a distant metropolis. The US Civil War sent the UK searching for alternative supplies of cotton, which is one of the reasons why the Fiji Islands was annexed. Territorial claims in Africa by the major powers in the mid-20th century were resolved together with the partitioning of territories in the Pacific Island region. The shockwaves from the terrorist attacks in New York City and Washington DC in 2001, and Bali a year later, are still shaping regionalism within the Pacific Islands. The perennials of political instability, civil unrest, and developmental failures remain forces that continue to shape regionalism within the Pacific.[46] On these counts, the future of regionalism can be seen in the history of the Pacific Islands.

A number of agreements are in place to induce cooperation with respect to trade liberalization, regarding the pursuit of the development and security aspirations of the islanders, and to raise the collective profile of island issues in international forums. On the first issue, a number of preferential trading agreements are in place, and a new agreement (PACER+) is being negotiated. It remains a puzzle why there is a need for such agreements given that free trade is incentive-compatible for small states.[47] Mercantilist biases is one, albeit unfortunate, explanation. The political economy of protection, particularly the capacity to deregulate trade unilaterally in the face of strong domestic lobbies, could also be part of the explanation. If so, then it still remains to be explained why domestic lobbies heed to constraints imposed from outside the nation. In any case, the success of these agreements with respect to freeing up international trade remains to be determined. Second, an ambitious Pacific Plan has been announced by PIF to strengthen regional cooperation and integration as a means to raise national income. It has been in operation less than 4 years, but an assessment of its effectiveness, even if premature, is less than sanguine. On the third, the Pacific Plan was amended in 2007 to allow for member nations to take collective positions in international forums for advocating the special case of small island developing states, and for “maintaining regional solidarity” among members in the management of tuna

[46] See Duncan and Chand (2002), and Hawskley (2009).

[47] Tariffs comprised less than 2% of total government revenues and could be “easily covered from other revenue sources.” (Duncan, 2008). Their continued use, in any case, is an argument for protection and not one for formation of regional institutions for trade liberalization.

stocks and the promotion of "national tuna industries."[48] It may be too early to judge their effectiveness given that these changes were instituted only very recently.

The economic case for the pooling of sovereignty, given diseconomies of scale with respect to provision of security and environmental services – these being regional public goods – within the Pacific Islands, is strong. Similarly, regionalism lends leaders of small Pacific Island nations a platform to project their concerns to the rest of the world; for example, concerns regarding climate change and its impact on the welfare of the islanders being a clear case in point. Regional institutions, however, lack economic justification to achieve deeper trade integration. Each of the above-mentioned raises costs of overcoming problems of collective action, including the political costs of cooperation. Crucially, pooling necessitates some degree of the trading off of sovereignty. This raises two challenges for regionalism: (i) striking a balance between the benefits from pooling with the cost in terms of lost sovereignty, and (ii) mitigating the incentives to renege on agreements when circumstances change. The case of the Fiji Islands abiding by the collective decision at the 2004 PIF "to the full observance of democratic values and for its defence and promotion of human rights" following the last *coup d'etat* is a clear case in point. While the benefits of a regional approach in providing public goods and projecting regional concerns within the global forum might justify their costs, those for trade integration might not. Consequently, trade integration may be dropped from the agenda of regionalism. That is, individual Pacific Island nations may consider pursuing trade liberalization on a unilateral basis.[49] Such a goal can be achieved via lowering the costs of private enterprise within the domestic economy. The metrics for the above are compiled by the World Bank's Cost of Doing Business Surveys, obviating the need for having this data generated locally or regionally. Furthermore, the state will continue to have responsibility for investments in public infrastructure, basic education, and primary healthcare, which collectively would provide the conditions for growth of private enterprise (Growth Commission, 2008).

Many of the forces that have shaped regionalism in the Pacific Islands—geography, geopolitics, and security—remain unaffected by the passage of time. These forces have not diminished in importance in the past century and a half. Rather, security concerns have become more important. Similarly, Australia and New Zealand, the largest and richest members of PIF, played a significant role in supporting and sustaining institutions for regionalism in the Pacific Islands in the past. Their role in future regionalism initiatives is likely to remain just as important. What has changed, however, is the emergence of fresh issues such as the management of regional commons and the impact of climate change. The combination of all of these factors will shape the future of regionalism in the Pacific Islands.

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48 Va'vau decision on the Pacific Plan reported in PIFS. 2007b. pp. 42–52.

49 Duncan (2008) makes a similar argument, noting that unilateral liberalization would save the countries the large administrative costs of WTO membership.

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Table 1: Basic Economic and Physical Indicators, and Country Classification

Country	Population ('000)	GDP (US$)	GDP per capita (PPP, US 2005 $)	Trade (% of GDP)	Land Area (km^2)	EEZ (km^2)[b]	Country Classification[c]
Australia	21,015	5.03E11	32,735	42	7,682,300	6,384,731	OECD
Cook Islands[d]	20		n.a	85[e]	237[g]	1,957,430	LMIE
Fiji Islands	834	1.84E09	4,064	113	18,270	1,282,978	UMIE
Kiribati	95	4.6E07	1,223	113[e]	810	3,441,810	LMIE
Marshall Islands	58	1.33E08	2,282[a]	58[e]	180	1,990,530	LMIE
Federated States of Micronesia	111	2.05E08	2,646	62[e]	700	2,996,419	LMIE
Nauru[d]	9		2,818[e]	114[e,f]	21[g]	308,480	
Niue	1		5,800[g]	n.a	260[g]	321,876	
New Caledonia	242			n.a	18,280	1,422,319	
New Zealand	4,228	6.42E10	25,281	n.a	267,710	3,468,998	OECD
Northern Mariana Islands	84			n.a	460	758,121	
Palau	20	1.35E08	6,701[a]	132	460	603,978	
Papua New Guinea	6,324	4.15E09	1,968	157	452,860	2,402,288	LIE
Samoa	181	3.10E08	4,218	41	2,830	127,950	LMIE
Solomon Islands	495	3.78E08	1,628	21[e]	27,990	1,589,477	LIE
Timor-Leste	1,061	3.19E08	677	49[e]	14,870	70,326	
Tonga	102	1.70E08	3,539	91[e]	720	659,558	LMIE
Tuvalu[d]	10		2,441[e]	58[e,f]	26[g]	749,790	
Vanuatu	226	2.88E08	3,461	48[e]	12,190	663,251	LMIE
World	6.61E09	3.95E13	9,435		1.3E08		

EEZ = exclusive economic zone.

Notes: GDP is in 2000 US$; GDP per capita is PPP at 2005 prices with the exception for Republic of Marshall Islands (RMI) and Palau where US$ at 2000 prices are used; [a] GDP per capita is in constant US dollars at 2000 prices because PPP figures are not reported; [b] EEZ data was accessed from Fisheries Centre at The University of British Columbia, accessed on 25 May 2009 at: http://www.seaaroundus.org/eez/eez.aspx; [c] country classification as provided by the World Bank – LIE denotes Low Income Economy, LMIE denotes lower-middle-income-economy, UMIE denotes upper-middle-income-economy; [d] data accessed from ADB (2008); [e] data is on GNI per capita for 2006, the latest year available, in current US$ from ADB(2008), table 2.3 on page 140 and table 4.12 on page 198; [f] data is for 2003, the most recent available; and, [g] data extracted from CIA Factbook at: https://www.cia.gov/library/publications/the-world-factbook/geos/cw.html . All Forum Island States are listed as 'Small Island Developing States (SIDS)' by the Food and Agricultural Organisation (FAO).

Data unless otherwise stated is for 2007.

Source: World Development Indicators, accessed 24 May 2009.

Table 2: Supra-structure Organizations (Year Created)

Country	SPC (1947)[b]	GFANZ (1965)	PIF (1971)	PNA (1983)	CFA (1986)	PICL[c] (1991)	MSG (1993)
American Samoa	✔					✔	
Australia	✔		✔				
Cook Islands	✔	✔	✔			✔	
Fiji Islands	✔		✔			✔	✔
France	✔						
French Polynesia	✔		a			✔	
Guam	✔					✔	
Kiribati	✔		✔	✔		✔	
Marshall Islands	✔		✔	✔	✔	✔	
Federated States of Micronesia	✔		✔	✔	✔	✔	
Nauru	✔		✔	✔		✔	
New Caledonia	✔		a			✔	
New Zealand	✔	✔	✔				
Niue	✔	✔	✔			✔	
Northern Mariana Islands	✔					✔	
Palau	✔		✔	✔	✔	✔	
Pitcairn Islands	✔						
Papua New Guinea	✔		✔	✔		✔	✔
Samoa	✔		✔			✔	
Solomon Islands	✔		✔	✔		✔	✔
Tokelau	✔	✔	a				
Tonga	✔		✔			✔	
Tuvalu	✔		✔	✔		✔	
USA	✔				✔	✔[d]	
Vanuatu	✔		✔			✔	✔
Wallis & Futuna	✔		a				
Total members	26	4	16	8	4	20	4

CFA = Compact of Free Association, GFANZ = Governed in Free Association with New Zealand, MSG = Melanesian Spearhead Group, PICL = Pacific Island Conference of Leaders, PIF = Pacific Island Forum, PNA = Parties to the Nauru Agreement, SPC = Secretariat of the Pacific Community.

Notes: [a] New Caledonia and French Polynesia have 'Associate Membership' to PIF, Tokelau and Wallis & Futuna plus the ADB and Timor-Leste have 'Observer' status to the PIF; [b] The United Kingdom withdrew its membership from the SPC in 1996, then rejoined in 1998, and then withdrew again in 2006; [c] PICL includes head of government of 20 Pacific states; [d] governors of Guam and Hawaii are included in PICL. Associate members of the PICL include heads of the following regional organisations: Forum Fisheries Agency; Pacific Island Forum Secretariat; Pacific Basin Development Council; South Pacific Island Applied Geoscience Commission; Secretariat of the Pacific Community; South Pacific Regional Environment Program; Tourism Council of the South Pacific; and University of the South Pacific.

Source: Official website of the respective organisation, accessed in the last week of May 2009.

Table 3: Infra-structure Organizations (and Year Established)

Country	USP (1968)	SOPAC (1972)	PFL (1977)	FFA (1979)	SPBEA (1980)	SPREP (1993)	PFTAC (1993)	WCPFC
American Samoa		✓				✓		✓
Australia		✓		✓	✓	✓		✓
Cook Islands	✓	✓	✓	✓		✓	✓	✓
Fiji Islands	✓	✓	✓	✓	✓	✓	✓	✓
France						✓		✓
French Polynesia		✓				✓		✓
Guam		✓				✓		✓
Kiribati	✓	✓	✓	✓	✓	✓	✓	✓
Marshall Islands	✓	✓	✓	✓		✓	✓	✓
Federated States of Micronesia		✓		✓		✓	✓	✓
Nauru	✓	✓	✓	✓	✓	✓	✓	✓
New Caledonia		✓				✓		✓
New Zealand		✓	✓	✓	✓	✓		✓
Niue	✓	✓	✓	✓		✓	✓	✓
Northern Mariana Islands						✓		✓
Palau		✓		✓		✓	✓	✓
Pitcairn Islands								
Papua New Guinea		✓	✓	✓		✓	✓	✓
Samoa	✓	✓	✓	✓	✓	✓	✓	✓
Solomon Islands	✓	✓	✓	✓	✓	✓	✓	✓
Tokelau	✓	✓		✓	✓	✓	✓	✓
Tonga	✓	✓	✓	✓	✓	✓	✓	✓
Tuvalu	✓	✓	✓	✓	✓	✓	✓	✓
USA						✓		✓
Vanuatu	✓	✓		✓	✓	✓	✓	✓
Wallis & Futuna						✓		✓
Total members	12	21	12	17	11	25	15	27[c]

FFA = Forum Fisheries Agency, PFTAC = Pacific Financial Technical Assistance Centre, PFL = Pacific Forum shipping Line, SOPAC = South Pacific Island Applied Geoscience Commission, SPBEA = South Pacific Board for Educational Assessment, SPREP = South Pacific Regional Environment Program, USP = University of the South Pacific, WCPFC = Western and Central Pacific Fisheries Commission.

Notes: [a] New Caledonia and French Polynesia have 'Associate Membership' to PIF, Tokelau and Wallis & Futuna plus the ADB and Timor-Leste have 'Observer' status to the PIF; [b] The United Kingdom withdrew its membership from the SPC in 1996, then rejoined in 1998, and then withdrew again in 2006; [c] Members not listed above include Canada, European Community, Japan, Korea, Philippines, and Taipei,China; while, cooperating non-members include Belize, Indonesia, Senegal, Mexico, and El Salvador.

Data Source: Official website of the respective organization, accessed in the last week of May 2009.

Table 4: Pacific Regional Trade Agreements

Country	SPARTECA (1981)	PACER (2001)	PICTA (2001)	Cotonou (2000)	CER (1983)	CFA (1986)[a]	MSG (1993)[b]	WTO[c]
Pacific Island Forum Country								
Cook Islands	✔	✔	✔	✔				
Fiji Islands	✔	✔	✔	✔			✔	✔
Kiribati	✔	✔	✔	✔				
Marshall Islands	✔	✔	✔	✔		✔		
Federated States of Micronesia	✔	✔	✔	✔		✔		
Nauru	✔	✔	✔	✔				
Niue	✔	✔	✔	✔				
Palau	✔	✔	✔	✔		✔		
Papua New Guinea	✔	✔	✔	✔			✔	✔
Samoa	✔	✔	✔	✔				
Solomon Islands	✔	✔	✔	✔			✔	✔
Tonga	✔	✔	✔	✔				✔
Tuvalu	✔	✔	✔	✔				
Vanuatu	✔	✔	✔	✔			✔	
OECD								
Australia	✔	✔			✔			✔
New Zealand	✔	✔			✔			✔
European Community				✔				✔
USA						✔		✔
TOTAL	16	16	14	15		4	4	8

CER = Closer Economic Relations (Australia–New Zealand FTA), CFA = Compact of Free Association, MSG = Melanesian Spearhead Group, PACER = Pacific Agreement on Closer Economic Relations, PICTA = Pacific Island Countries Trade Agreement, SPARTECA = South Pacific Agreement on Regional, Technical, and Economic Cooperation Agreement.

Notes: [a] Palau signed the CFA as of 1995; [b] The Fiji Islands signed MSG Agreement in 1998; [c] Samoa and Tonga had observer status to the WTO as of 27 May 2009.

Sources: Pacific Island Forum Secretariat (2007); Table B-1 and www.wto.org.

Appendixes

Table A1: Member Contributions to Pacific Island Forum Secretariat, 2006-07

Pacific Island Forum Secretariat
Notes to and Forming Part of the Financial Statements
For the Year Ended 31 December 2007

Contributions from Member Countries – General Fund	2007 $	2006 $
Australia	1,302,809	1,302,809
Cook Islands	35,403	35,403
Federated States of Micronesia	69,536	69,536
Fiji Islands	78,519	78,519
French Polynesia	15,500	-
Kiribati	35,403	35,403
Nauru	35,403	35,403
New Caledonia (Associate)	15,500	-
New Zealand	1,302,809	1,302,809
Niue	35,403	35,403
Papua New Guinea	192,341	192,341
Palau	35,403	35,403
Republic of Marshall Islands	35,403	35,403
Samoa	69,536	69,536
Solomon Islands	69.536	69,536
Tonga	69,536	69,536
Tuvalu	35,403	35,403
Vanuatu	69,536	69,534
	3,502,979	3,471,977

Pacific Island Forum Secretariat
Notes to and Forming Part of the Financial Statements
For the Year Ended 31 December 2007

Contributions Income	2007 $	2006 $
Australia	4,798,770	7,004,453
New Zealand	3,139,088	3,288,287
Japan	287,485	335,458
EU	6,679,963	2,656,992
United States of America	1,867,995	-
UNDP/ESCAP	244,672	338,592
Great Britain	10,000	4,000
Taipei,China	873,365	973,804
Commonwealth Secretariat	551,969	1,093,130
Korea	163,239	-
People's Republic of China	1,682,277	436,455
World Trade Organization	174,215	184,721
Others	511,982	520,107
Transfer from General Fund	658,318	
	21,643,338	16,835,999

Source: http://www.forumsec.org/resources/uploads/embeds/file/pifs_audited_report_2007.pdf

Table A2: Pacific Island Countries Trade Agreement (PICTA): Status Report

Done at Nauru	**:**	18 August 2001
Entered into Force	**:**	13 April 2003
Status:	**:**	12 December 2008
Depositary:	**:**	Secretary General of the Pacific Islands Forum Secretariat
Secretariat:	**:**	Pacific Islands Forum Secretariat

Party	Signed		Ratified/ Acceded		In Force	
Cook Islands	18 August	2001	28 August	2001	13 April	2003
Federated States of Micronesia	5 April	2006				
Fiji Islands	18 August	2001	16 October	2001	13 April	2003
Kiribati	18 August	2001	4 June	2003	4 July	2003
Nauru	18 August	2001	14 March	2003	13 April	2003
Niue	18 August	2001	26 February	2003	13 April	2003
Palau	-					
Papua New Guinea	5 March	2002	5 August	2003	4 September	2003
Marshall Islands	-					
Samoa	18 August	2001	10 October	2001	13 April	2003
Solomon Islands	6 August	2002	2 June	2003	2 July	2003
Tonga	18 August	2001	27 December	2001	13 April	2003
Tuvalu	18 August	2001	16 April	2008	16 May	2008
Vanuatu	18 August	2001	21 June	2005	21 July	2005

Table A3: Pacific Agreement on Closer Economic Relations (PACER): Status Report

Done at Nauru	:	18 August 2001
Entered into Force	:	3 October 2002
Status:	:	12 December 2008
Depositary:	:	Secretary General of the Pacific Islands Forum Secretariat
Secretariat:	:	Pacific Islands Forum Secretariat

Party	Signed		Ratified		In Force	
Australia	18 August	2001	3 July	2002	3 October	2002
Cook Islands	18 August	2001	28 August	2001	3 October	2002
Federated States of Micronesia	-					
Fiji Islands	18 August	2001	16 October	2001	3 October	2002
Kiribati	18 August	2001	4 June	2003	4 July	2003
Nauru	18 August	2001	14 March	2003	13 April	2003
New Zealand	18 August	2001	21 November	2001	3 October	2002
Niue	18 August	2001	3 September	2002	3 October	2002
Palau	18 August	2001				
Papua New Guinea	5 March	2002	5 August	2003	4 September	2003
Marshall Islands	18 August	2001				
Samoa	18 August	2001	10 October	2001	3 October	2002
Solomon Islands	6 August	2002	2 June	2003	2 July	2003
Tonga	18 August	2001	27 December	2001	3 October	2002
Tuvalu	18 August	2001				
Vanuatu	18 August	2001				

Table A4: Acronyms

ADB	Asian Development Bank
CARICOM	Caribbean Community and Common Market
CER	Closer Economic Relations (Australia-NZ FTA)
CFA	Compact of Free Association
CROP	Council of Regional Organisations in the Pacific
EEZ	Exclusive Economic Zone
FFA	Pacific Islands Forum Fisheries Agency
FSM	the Federated States of Micronesia
GFANZ	Governed in Free Association with New Zealand
MSG	Melanesian Spearhead Group
PACER	Pacific Agreement on Closer Economic Relations
PASO	Pacific Aviation Safety Office
PC	Pacific Community (c.f. SPC)
PICL	Pacific Island Conference of Leaders
PICTA	Pacific Island Countries Trade Agreement
PIDP	Pacific Island Development Program
PIF	Pacific Island Forum (c.f. PIFS)
PFTAC	Pacific Financial Technical Assistance Centre
PIFS	Pacific Island Forum Secretariat
PIPA	Pacific Island Producers Association
PIPSO	Pacific Island Private Sector Organisation
PNA	Parties to the Nauru Agreement
RMI	the Republic of Marshall Islands
PRIF	Pacific Regional Infrastructure Facility
SOPAC	South Pacific Island Applied Geoscience Commission
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPBEA	South Pacific Board for Educational Assessment
SPC	Secretariat of the Pacific Community
SPIF	South Pacific Island Forum (c.f. PIF)
SPREP	South Pacific Regional Environment Program
USP	University of the South Pacific
WCPFC	Western and Central Pacific Fisheries Commission
WTO	World Trade Organization

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