SHAPING NEW REGIONALISM IN THE PACIFIC ISLANDS: BACK TO THE FUTURE?

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Abstract
The many small sovereign states and the multiple shades of sovereignty that exist in present day Pacific islands are largely the product of its colonial history, although the story of regionalism in the Pacific Islands began in pre-colonial times. This history, in turn, has been shaped by the region's geography and endowments. The region was colonised last because of its physical isolation, and the difficulties of access, from Western Europe. Post colonisation, the region was partitioned through colonial contests for space, both within and beyond the region, and congregations for their churches. Security concerns and strategic interests of the major powers have shaped regionalism and are likely to remain important for the foreseeable future. Trade integration as a reason for regionalism however is weak. Thus, Pacific Island nations may want to pursue trade liberalisation unilaterally.

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ACRONYMS

ACP	African, Caribbean, and Pacific (Group of States)
ADB	Asian Development Bank
AUD	Australian dollar
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
EPA	Economic Partnership Agreement
FFA	Pacific Islands Forum Fisheries Agency
FJD	Fiji dollar
FSM	the Federated States of Micronesia
GFANZ	Governed in Free Association with New Zealand
MSG	Melanesian Spearhead Group
NSDS	National Sustainable Development Strategies
PACER	Pacific Agreement on Closer Economic Relations
PASO	Pacific Aviation Safety Office
PC	Pacific Community (c.f. SPC)
PDMC	Pacific developing member country (of the ADB)
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
PNG	Papua New Guinea
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)
SPEC	South Pacific Bureau for Economic Cooperation
SPREP	Secretariat pf the Pacific Regional Environment Program
SPTO	South Pacific Tourism organisation
USP	University of the South Pacific
WCPFC	Western and Central Pacific Fisheries Commission
WTO	World Trade Organization

1. Introduction

The story of regionalism in the Pacific Islands has been, and continues to be, shaped by its geography and natural endowments. The natural endowments, in turn, have provided the economic incentives for trade and integration. Pre-colonisation, this 'sea of islands' was deeply integrated. 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). Colonisation by western powers introduced borders: some artificial and most via imaginary lines drawn on water (shown in figure 1). These partitions, however, confined islanders to their terrestrial boundaries, created dependent territories of competing colonial powers, and consequently impeded trade and commerce between them. Decolonisation over the half a century to 2009 has left the region with 16 sovereign island nations, and a further 10 dependent territories, entrenching a domestic (as opposed to regional) political and economic interest. Recently, however, a push has been made to rekindle the kind of integration and cooperation experienced pre-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' pre-colonisation. And importantly for this paper, regionalism pre-colonisation prevailed without supporting institutions – or at least not in the form that we now have. 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 colonisation within the Pacific islands. This history in turn gave rise to nation states following their independence. The above explains both the creation of the Island Pacific and the evolution of regionalism therein. The South Pacific Commission, the predecessor to the Secretariat of the Pacific Community (SPC), for example, was created out of the colonial past while the Pacific Island Forum (PIF) is a product of decolonisation. Both these organisations 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 within 21st Century Pacific Islands. Modernity, however, has introduced issues of climate change and those of managing the oceanic resources sustainably as fresh concerns.

This study has the potential to inform the motivations for and challenges of regionalism beyond the Pacific. This is so three reasons: (i) a large number of (small) nations and territories are involved; (ii) the relatively recent colonisation offers sufficient data for analysis; and, (iii) there is considerable diversity across the players on several attributes that are important for formation and fragmentation of clubs of nations. These features make the Pacific a convenient laboratory for the study of regionalism. And effects of climate change on the islanders and that of the Pacific Ocean on the planet 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 summarises 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 (that is, 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-colonisation, its rich and diverse marine resources such as whales and seals, and labour to serve as sailors on ships and slaves on plantations attracted traders from the West.[1] 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 colonisers. Security considerations of colonies in Australia and New Zealand also featured prominently in the final carve-up. The two World Wars led to rehashing of colonial claims to the islands, but not the territorial boundaries of the islands. Decolonisation since the mid-twentieth 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. The subset of 14 independent states, plus Australia and New Zealand, comprise the membership of the Pacific Island Forum (PIF); the other major supra-structure organization.

The present Pacific islands comprise a diverse group of States (see Table 1). National populations range from 1,398 for Niue to 6.3 million for Papua New Guinea (figures for 2007, the most recent available). Total land area ranges from 21 square kilometres (for Nauru) to 452,380 square kilometres for Papua New Guinea. The large Exclusive Economic Zones (EEZs) that span the South Pacific Ocean are a common feature of the islands (see Figure 1). 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 romanticisation of regionalism pre-colonisation is misleading given difficulties of communication and transportation then. It is, however, a lot more realistic now. National and territorial borders created after colonisation would have impeded trade. A decolonising Pacific had aspirations of a deeply integrated region. Such an aspiration was first aired at the inaugural meeting of the PIF in 1972. Regionalism was raised on the PIF-leaders' agenda in 1999 (Strokirch, 2002). And the leaders expressed their collective desire for greater regional cooperation and integration at their Auckland meeting of April 2004. A '*Pacific Plan'* with the goal to: "enhance and stimulate economic growth, sustainable development, good governance and security for Pacific countries through regionalism" was endorsed a year later (ibid, page 2; emphasis added). The Plan is given a timeframe of a decade for realising this goal.

Economic integration is being pursued through several preferential trading agreements. The motivations for such arrangements are complex. 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 PICTA and PACER to ensure compliance with trade

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

liberalisation, given that such a commitment "is incentive compatible for a small country" (Eichengreen, 2009: 3)? 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 throw 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 colonised mid-19th Century, some three hundred years after the colonisation of Africa, the Americas, Asia, and the Caribbean. Economic incentives for the utilisation 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 colonisation and the process of the partitioning of the Pacific islands, which led to the creation of the large number of States and Territories. Colonial history, as explained later, also determined the boundaries of the Pacific Island region.

Why several small sovereign states?
Geography is the reason why the Pacific was colonised last. European trading routes to Asia and the Americas were well established by the time the first British settlers set foot on 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. 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 South 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 (located far South West of Guam) was delayed by a further 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, trading routes with Asia and the Americas with Europe 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 (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 Islands to the mid-nineteenth century was, in legal parlance, the high seas. Pre-colonisation, pillage was the 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 for 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, to rest (and for shelter from occasional bad weather), and for recreation – mostly, for 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, Bay of Islands, and to Sydney on the 'Beagle', collecting specimen. At its peak in 1850, there were more than seven hundred American whaling vessels plying the Pacific Ocean (Grattan, 1963; Kiste, 1994). The commerce introduced the islanders to Western goods and influences. Amongst these, guns, and hitherto unknown diseases had a significant impact on island life (Grattan, 1963).

Beachcombers (that is, 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, 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 unsavoury character" (Grattan, 1963: 188). They, nonetheless, played an important role in island history – 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 helped those with their blessings to expand influence. In return, they earned protection and privileges equivalent to that of the 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 pioneers arrived in Tahiti on 5th March 1797. They then moved south to Tonga and slowly fanned out to the rest of the region. Their mission was to bring an end to cannibalism; then widely practiced amongst the Maoris (in New Zealand) and in many of the islands.[2] 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 civilisation. The last-mentioned entailed abandonment of cannibalism, adoption of western clothing, and transition to western norms of housing and work ethics. These were part of mission enterprise. The missionaries, the Protestants in particular, took an active interest in local politics – driven largely by pressures from 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; namely, Melanesia, Micronesia, and, Polynesia (shown in Map 2). 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

[2] Fiji then was known as 'The Cannibal Islands'.

(meaning many islands) covers the vast expense of the Pacific Ocean, spanning north to south from Hawaii to New Zealand from, and east to west from Easter Islands to Tokelau. Micronesia (meaning tiny islands) comprises mostly coral atolls north west of Fiji. 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 identifying themselves as belonging to one of the three groupings. Indeed, they constitute a major force for 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. Recent migration throughout Polynesia from South East 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 (for 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; those salient for this paper, however, are.

Security fears as a cohering force for regionalisation

Security fears of colonies in Australia and New Zealand had a central role in the annexation of the islands by the British Crown. These pressures intensified following expansionary pursuits of Germany and France into Africa and forays of the USA 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 surrounding southwest Pacific. They pointed out to the Colonial Office in London that the security of the colonies would be compromised if the islands in the neighbourhood fell into non-British hands. This was best demonstrated by a resolution passed on 5 December 1883 in Sydney collectively by the Australian colonies and New Zealand which stated that any foreign power in the south of the equator would be 'injurious to the interests of the Empire' (Grattan, 1963: 495). This resolution followed a refusal by Britain 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 Britain 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 Australian and New Zealand colonies most and led to a concerted push for Britain to annex islands in their neighbourhood. Fiji was annexed by Britain in 1874. Germany annexed the eastern portion of New Guinea a decade later, declared protectorates over 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 Britain to annex the south-eastern half of New Guinea Island and declare protectorates over Cook Islands, the Phoenix Islands, Tokelau, the Gilbert and Ellice Islands, and Solomon Islands – all of which was completed by 1892.

The defeat of Spain in 1898 by the U.S. in the Spanish-American War led to American acquisition of Philippines and Guam and the transfer of Spanish Micronesia to Germany (Kiste, 1994). The partitioning of Samoa, Tonga, and Niue between Britain, Germany, and the U.S. was all completed as part of a pact in 1899.[3] Niue was made a British protectorate in 1900, and, together with Cook Islands, annexed to New Zealand in 1901. New Hebrides (former Vanuatu) was brought under a joint British and French naval commission as a condominium from 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, Britain, France, Germany, the Netherlands, New Zealand, and the U.S. (through 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. The last was lost to the U.S. in World War II.

The annexation of Fiji highlights the key considerations for colonisation of the islands. The British, while first loathe to taking on another colony, agreed to annex Fiji for three principal reasons. The first was availability of abundant alluvial land that was considered suitable for growing cotton, the supplies of which had been cut to Britain due to the American Civil War. The second was to halt the practice of 'black-birding', the pejorative term used to describe the practice of labour trade from the islands for sugarcane plantations in Fiji 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 its *Pacific Islander Protection Act* in June 1872 to curtail the reported abuses (Docker, 1970).[4] Last, fears of a major breakout of inter-tribal warfare in Fiji led the Australian colonies to press for annexation by Britain. These fears were well founded since a rebellion in 1873 was quelled by a naval ship from NSW (Australia), called in at the request of John Thurston, the Secretary in the indigenous (Cakobau) Government. Australian parliamentarians had pressed for annexation. Sir Hercules Robinson, the then Governor of NSW, went to Fiji on behalf of the Colonial Office in London to negotiate the conditions for cessation. He assumed governorship after the conditions for annexation were accepted.

Fiji's experience is equally informative on the problems faced by pioneering indigenous governments. Missionaries first reached Fiji in 1829 but significant progress was only achieved in 1854 when Cakobau, the anointed *Tui Viti* (King of Fiji) but until then a warlord and a feared cannibal by his rivals, was converted to Christianity. The first European settlement took place in 1804 when several convicts escaped from Botany Bay in New South Wales and found their way to Fiji (Burton, 1910). Charles Savage, a ship wrecked sailor, joined them some 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 Fiji in 1867 (Burton, 1910; Grattan, 1963). Mounting fiscal problems by 1874, deteriorating 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.

Decolonisation to multiple sovereigns

[3] The deal struck took into account the geopolitical interests of the powers both within the region and in Africa
[4] This Act was commonly referred to as the 'Anti-Kidnapping Act',

Decolonisation began in 1962 with the independence of Western Samoa[5]. Cook Islands chose self-government in free association with New Zealand in 1965. Nauru gained independence in 1968. Tonga withdrew from being a British protectorate in 1970. Fiji was gifted 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.[6] The Federated States of Micronesia and Marshall Islands were gifted independence in 1986 and Palau in 1994. The last three chose to remain separate sovereigns, but entered into a 'Compact of Free Association' (Compact henceforth) with the USA at independence.[7] The Compact gives US veto powers on foreign policies, provides for aid, and allows the islanders unrestricted access to the US labour market. As of the beginning of the 21st Century, American Samoa, Guam and Hawaii remained as dependent territories of the US; New Caledonia and French Polynesia of France; while, Dutch New Guinea became the Indonesian province of Irian Jaya.[8]

Thus, the forces that lead 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 Britain and France, and security concerns of British colonies in Australia and New Zealand. Resources such as land, labour and mineral deposits (Nickel in the case of New Caledonia) also had a role. 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 regionalisation of 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 agreements. An inventory, albeit incomplete and as of as of July 2009, of each of the above-mentioned is presented in tables 2, 3, and 4. Similarly, there are 8 preferential trading agreements (listed in 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, to draw benefits from economies of scale, and to provide for regional public goods such as management of oceanic resources. The organizations covered have overlaps in mandate, membership, and sponsors. Efforts at rationalisation of regional organizations were underway at the time of writing.

Supra-structure organizations

The major supra-structure organizations and their membership are listed in table 2. They are organised in the chronological order of their establishment. This is done to help with the

[5] Samoa dropped Western from its name in 1997.

[6] 'Gifted' only because there were no serious demands for independence, though murmurs were being made in some quarters.

[7] Reasons why these nations chose not to form a 'Federated States of Micronesia' from the US Trust Territories are complex, but 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.

[8] Dutch New Guinea became Irian Jaya, a province of Indonesia on 1st May, 1963.

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 compose the membership of the Pacific Community and are served by the Secretariat of the Pacific Community (SPC). Australia, France, New Zealand, and the USA are members of the SPC given their location and territorial claims within the region. They are different from the rest of the independent states in terms of their income and size. The subset of the 16 independent states, excluding France and the USA, make up the membership of the Pacific Island Forum (PIF). PIF is served by its own secretariat, the PIFS. While SPC and PIFS are the two major supra-structure institutions encompassing the region, four other sub-regional groupings exist. These groupings are 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. Micronesia 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 8 Parties to the Nauru Agreement (PNA) are drawn together by their common and collective interest in managing tuna that swim their EEZs.

Sub-groupings of supra-structure organizations can be better comprehended by considering the four gradations of sovereignty in existence in the region. (1) The 16 independent states have full sovereignty, meaning that they have complete jurisdiction over their foreign policy. (2) RMI, FSM, and Palau have a Compact of Free Association (CFA) with the United States of America, which gives the latter "full authority and responsibility for security and defence matters", including the option to "foreclose access to or use of" the members territories by third country.[9] (3) 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. (4) 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 (referred to as the 'Commission' henceforth) and PIF are instructive in understanding the forces for regionalism. The former was a product of the aspirations for a 'new world order', created in the immediate aftermath of World War II.[10] Decolonisation led to the establishment of the Secretariat of the Pacific Community (SPC) in 1998. The Commission was created in February 1947 at a meeting in Canberra between the six colonial powers of the region; namely, Australia, Great Britain, France, the Netherlands, New Zealand, and the USA 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 decolonisation when island leaders agitated for self-determination, led to the creation of a second regional organization, the Pacific Island Forum (PIF). French nuclear tests in the Pacific, attempts by Japan to dump

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

[10] The Pacific theatre remains vivid in war memorials in Australia, New Zealand, and the USA.

nuclear waste close to Micronesia, and opposition to drift net fishing by distant water nations – all politically sensitive issues – consolidated PIF's place in regionalism.

The South Pacific Island Forum (SPIF) was established in 1971. Its origins lay in the Pacific Island Planters Association (PIPA); formed by Fiji, Tonga, and Western Samoa – the independent states then - to pursue better prices for bananas exports into New Zealand. The need for a second supra-structure organization became evident following France's objections to discussions on the environmental hazards of nuclear testing in the Commission. This led to a meeting in Wellington amongst the independent states and to the birth of SPIF (Doran, 2004). Independence of northern Pacific states and them joining SPIF led to the name change to PIF in 2000. The fact that PIF allows for unfettered political debate means that its membership is constrained to sovereign states only.[11]

The capacity for 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 has membership of all independent and self-governing states of the Pacific region, and that of four metropolitan powers; namely, Australia, France, New Zealand, and the USA.[12] This gives the SPC a 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 specialised in policy advice and, as the custodian of the Pacific Plan, to coordinating efforts across regional organizations. SPC is specialising in providing technical advice, including the provision of data on economic and social development, the management of natural resource, etc. 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 posting of peacekeepers in 2003 to end conflict, was undertaken via the PIF. Similarly, cajoling Fiji to democratic rule following the last coup has been a PIF agenda. The limited geographic coverage of the PIF handicaps it from providing regional public good, however.[13] SPC fills this void.[14] Thus, SPC has gravitated towards being the premier technical organization for the region.

[11] 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 members' shared goals of economic growth, sustainable development, good governance, and security" (PIF, 2005; Article II).
[12] 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.
[13] This is partly ameliorated through associate membership of New Caledonia and French Polynesia which was allowed only in 2006.
[14] 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.

Regionalism is claimed to be inevitable. [15] Regionalism is seen by some as providing a common political platform for the leaders of small island states; others see it as an instrument for economic integration. The espoused benefits include those from economies of scale in the delivery of public goods and services and in the collective management of regional commons such as security and oceanic resources. Integration was sought during the colonial era so as to reduce costs of providing administrative services across the region. Britain 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 another six supra-structure organisations. Their memberships differ on the basis of their colonial histories – the CFA and GFANZ – being cases in point; on cultural affinities such as the MSG and Micronesian Chief Executives Summit; and, on a common shared resource, deep sea fisheries (PNA) as an example. The overlapping mandates of these organisations and intertwined governance mechanisms complicate the assessment of the effectiveness of these institutions. Moreover, a comprehensive review of the effectiveness of six CROP agencies was recently undertaken, making another similar assessment redundant.[16] Furthermore, two detailed studies have been completed with the goal of rationalising regional institutions.[17] The recommendations were in the process of being implemented as of July 2009; an issue elaborated upon later in the text.

Infrastructure organizations

Regional institutions founded on specific themes have sprung up on the basis of need. They, thus, 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), 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) (see table 3 for an inventory of these institutions and their dates of establishment). Given resource constraints, the largest six of the infrastructure organizations are covered next. They are divided into those established with the motivation of jointly managing regional commons, pooling regional resources, and harmonising of standards and information sharing.

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[15] Secretary General of PIFS, in his address to the 40th PIF leaders meeting held in Cairns, Australia on 5 August 2009 noted that: "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" (http://www.forumsec.org/pages.cfm/newsroom/speeches/2009-1/statement-by-sg-slade-opening-of-40th-pif.html)

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

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

(i) Organizations created to manage regional commons

Amongst the offshoots of the supra-structure institutions, FFA, SOPAC, and SPREP are the most significant.[18] FFA, established in 1979, was conceived at the PIF leaders' summit of 1978. Its creation followed the third *United Nations Conference on the Law of the Sea* with PIF membership realising the importance of their control of offshore resources.[19] The perceived need for regulation of activities of distant water fishing nations; namely, the Soviet Union, the USA, Japan, Korea, and Taiwan, was the cohering force.[20] 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 RIF exercise acknowledges duplication and opportunities for rationalisation amongst the above listed. At the time of writing, negotiations were underway to absorb SPBEA into SPC, and to a split of 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 organisations created were the Fiji School of Medicine (established in 1885), USP (in 1968), Pacific Forum Shipping Line (PFL, in 1977), SPBEA (in 1980), and PFTAC (in 1993). The first of these became a national institution at decolonisation. USP was created following a recommendation by a study commissioned by the governments of Australia, New Zealand, and the United Kingdom 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, who then owned a large base in Suva, Fiji, donated the land and buildings for the purpose. The British government provided £1,250,000 as seed capital.

USP's experience is illustrative of the challenges of regional institutions. As of 2009, it had a total recurrent budget of approximately FJD135 million. Of the total, FJD50 million was made up of member contributions and determined by fulltime equivalent student enrolments in the previous two years. Fiji, one of a dozen members, contributed FJD38 million to this sum. Another FJD25m was collected as fee income from students.[21] The remainder was made up 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 Fiji 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

[18] This is far from an exhaustive list. Pacific Aviation Safety Organization (PASO) has been established, and organizations to provide regional services for audit, public finance, and economic management are at various stages of formation.

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

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

[21] 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

between regional and national provisions continue to shape these institutions and their offerings.[22]

The PFL was created with a view to having regular regional shipping services and to contain freight rates.[23] Unlike USP, however, PFL was to be run as a private company with equity from a dozen PIF members. 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 the shareholders. Judging the effectiveness of PIF, as for the rest of the regional organisations, is extremely problematic, however. PFL has run at a loss most of its life, having delivered its first dividend twenty 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.[24]

(ii) Organizations created to harmonise standards and for information sharing

SPBEA was created in 1980 to harmonise school curricula and educational assessment. It has expanded its remit since 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 organisations and their links with other similarly endowed institutions outside of the region ensures timely and quality services are rendered on demand.[25]

Facilitating and other regional organizations

In additional to the plethora of international regional organisations sponsored by governments, there are facilitating, civic/non-government, and commercial organisations. The Asian Development Bank has standalone offices in Fiji and PNG, and shares offices with the World Bank in Samoa, Tonga and Solomon Islands. The International Monetary Fund has regional presence via PFTAC in Suva, Fiji. And as of July 2009, 14 UN agencies had offices in Suva alone.[26] The World Bank has an office in Port Moresby, PNG. In addition to the above, governors of the central banks meet annually. Fiji 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-Government Organisation (PIANGO) headquartered in Suva acts as the umbrella organisation for its national affiliates. The picture of regional organisations is that of cascading umbrellas, all constituted to coordinate and integrate services within the many Pacific island nations and territories. Many of the NGOs also depend on donor funds for their sustenance.

History explains the many States and Territories and the several institutions for regionalism. What hope is there for a single regional organization? A 'Pacific Commission' was suggested (Hughes, 2005). Its prospects are taken up in some detail later. Three recent reviews have pointed to the duplication of services and wasteful inter-organisational competition. The

[22] Disruptions to classes following the 2000 military coup in Fiji led to a renewed push to spread services of USP to other centres, and potentially for national universities.
[23] A proposal for a regional airline failed due to a push by some nations to have national airlines.
[24] Many island governments run their own shipping lines or subsidise private operators to service some routes.
[25] Information provided by Peter Forau and Feleti Teo, the two deputy secretary generals of PIFS at an interview conducted as part of fieldwork for this paper.
[26] These included DSS (Department of Safety and Security), ESCAP, FAO, ILO, UNAIDS, UNCTAD, UNDP, UNDP-Pacific Centre, UNESCO, UNFPA, UNHCR, UNICEF, UNIFEM, and WHO.

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.[27] This is not enough however. An exercise in developing a 'Regional Institutional Framework' (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 (TOR for Hughes, 2005). RIF, moreover, is an offshoot of the Pacific Plan and has been a standing agenda item in PIF since 2006.

Mechanisms for integration - Preferential trading agreements and the Pacific Plan

The efforts at deepening trade integration commenced in 1999, but have since picked up in pace. The current chairperson of PIF, Australian Prime Minister Kevin Rudd, announced at their 40th annual gathering on 5th August 2009 a renewed push for a new agreement to: "drive closer economic integration and advance progress towards the Millennium Development Goals".[28]

An inventory of the major trading agreements in operation and their dates of creation are given in Table 4.[29] A total of 14 Pacific island nations are signatories to the *Cotonou Agreement*, and four are members of the World Trade Organisation. Furthermore, sub-regional agreements in the form of the Melanesian Spearhead Group (MSG), Compact of Free Association (CFA), and Closer Economic Relations (CER) are in existence. Texts of a Pacific Agreement on Closure Economic Relations (PACER) and a Pacific Island Countries Trade Agreement (PICTA) were finalised for signature at the heads of government meeting in Nauru in August 2001 (see Appendix tables A2 and A3 for a status report on these two agreements). 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); emphasis added). 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 liberalise trade amongst themselves first, it gives a maximum of 8 years from inception before Australia and New Zealand are afforded the same 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 Favoured 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 then the rest of the world. PICTA and PACER both have timetables for trade liberalisation and elaborate mechanisms in place for resolution of disputes amongst the parties. The Pacific Island Forum Secretariat (PIFS) provides secretariat services for both these agreements. The Pacific Plan is more ambitious project: an over-arching agreement that seeks

[27] Members of CROP include PIFS, SPC, FFA, SOPAC, SPREP, and USP.

[28] He also reiterated Australia's commitment to helping its island neighbours 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

[29] 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.

to unite the trade-integration and developmental aspirations of the Pacific island region as a whole. PIF leaders at their 2005 summit endorsed it. 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 success on all of the four pillars; namely, 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 translation 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 Planners, it appears, omitted to argue the reasons for regional cooperation.[30] 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.

The political economy of regionalism

The island-Pacific started off with a single (supra-structure) organisation – the SPC. In the sixty years since, it has spawned another five supra-structure organisations (listed in table 2), at least another six infra-structure organisations (see table 3), and a further nine agreements, all with the aim of deepening integration (the eight listed in table 4 plus the Pacific Plan). Several more 'facilitating' organisations have emerged and more arise as time progresses. While a comprehensive inventory is difficult to compile, there is little evidence of amalgamation of existing institutions or abolition of any. Thus the evolutionary process of regionalism has been one 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 regionalisation (ie regional integration) a substitute of or complement to globalisation? Is the duplication of services offered by regional organisations helpful or harmful to their causes? Why has there been a proliferation of regional institutions in the post-colonial Pacific? 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. Pacific Island region and the ongoing RIF exercise in particular, serves as a laboratory experiment of the above. 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 cannibalisation 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" (page 20). The problem, Hughes argues, is that SOPAC's expansion of its role and functions is to 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. This was to be put into effect by 2007. A second and subsequent review, Tavola *et al*, 2006, while broadly in agreement with the analysis in Hughes (2005), argued instead for a three-

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

pillared regional organisational structure; the pillars being 'political', 'technical', and 'academic'. These pillars were to comprise PIFS, SPC, and the three regional tertiary institutions as one pillar.[31] Their roles were also clarified. PIFS was to reman the interlocutor with the leaders; SPC was to provide technical services; and, the tertiary institutions were to remain as is. It was recommended that these changes be put to effect by January 2009.

The outcome of RIF as of August 2009 is different to what was 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. The RIF provides many lessons on the stakeholder dynamics. 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 be absorbed into SPC and SPREP; and, (iii) that SPBEA merge into SPC.[32] At its 2008 meeting, PIF instructed the CEOs of SOPAC, SPBEA, SPC, and SPREP to work together under the chairmanship of the Secretary General of the PIFS to present them (that is, 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".[33] The decision of the CEOs made in July 2009, and included as Annex 1 here, was endorsed by PIF at their 40th 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. SOPAC, in contrast, is headquartered in Suva, home to several regional organizations. Compounding the problems for SOPAC was the inability of the military government in office in Fiji to attend PIF meetings since 2007. This fact left SOPAC without a major stakeholder to argue against its dismantling. Could SOPAC have been a casualty of the Fiji coup of 2006?

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.[34] A total of AUD200 million has been committed over a four-year period to PRIF, which has the goal of developing and maintaining 'critical economic and other infrastructure' including: roads, ports, and transport systems; energy and communications infrastructure; and water, sanitation and waste management systems. Access to PRIF is, in the first instance, restricted to Kiribati, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

[31] Hughes (2005) had left the educational institutions outside of the proposed Pacific Commission.
[32] See Forum Communiqué of 2007, Regional Institutional Framework, Paragraph 19.
[33] Forum Communiqué of 2008, paragraph 20(c).
[34] The position of the Deputy Manager for PRIF was advertised on page 18 of the *Economist* magazine of 15-21 August, 2009.

The institutions for regionalism are in a state of flux. Some institutions are being dismantled, more are being created, and several are redefining their niche for survival. Island leaders, together with those from Australia and New Zealand, as elaborated upon later, are demanding better value from 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 logic of regional provision of public goods and a regional platform for 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 (re PICTA) is weaker still. An implication from the above 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 have a role in the above, particularly if they incorporate the islands within their Closer Economic Relations (CER) arrangement. This will create a common market for Oceania as a whole.

5. Governance, Funding, and the Future

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

The funding and accountability mechanisms are more complex and opaque. 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 organisations as an illustration, contributions from island membership amounted to 28 percent for FFA, 25 percent for PIFS, 30 percent for SOPAC, 10 percent for SPC, and 36 percent for SPREP (Hughes, 2005). Similar imbalances prevail for many of the NGOs. The implications of such heavy reliance on donor funding are many including: (i) the regional organisation being 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 value from the organisations for support rendered, but it is to a 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 organisation's vulnerability to cutbacks by the donor.[35] 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 organisations.

[35] 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 six-year partnership agreement at the end of January 2010.

Why do donors provide the bulk of funding to regional organisations? This is a harder question to answer and one that deserves close scrutiny. Some of the reasons provided include: (i) to exert influence in decision making at the operational level (Hughes, 2005: 10); (ii) to provide regional public goods such as maritime security that serves the national interest (Rudd, 2009); and, (iii) to hasten progress on the Millennium Development Goals within the neighbourhood.[36] These reasons may explain why donors provide the majority of funding to the regional organisations within the Pacific, but it does not explain the large variability in funding across organisations and over time for any given organisation. Interviews with some of the recipients suggested that history and personal relationships, particularly the image of the 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 organisation.

Accountability and effectiveness

The processes of accountability have much in common across all regional organisations. The governing body meets regularly, often annually but in a few cases bi-annually. Senior officials of the organisations 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 organisations provide information, including financial accounts, on their website. One (SPC) has its meeting of the governing council open to the public. All of the above are geared towards improving accountability.

Evidence on the effectiveness of the individual organisations is more difficult to find. This is due to inherent problems of measurement and the paucity of analysis. Australian and New Zealand aid agencies, however, commissioned a study with preliminary findings released last year. This study, while yet to be released to the public, has been critical on the 'value for money' provided by several regional organisations funded by taxpayers of the two above-named nations. New Zealand raised concerns regarding the above 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 three years of operation reported that:

> "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 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 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

[36] See AusAID's focus on MDGs at: http://www.ausaid.gov.au/keyaid/mdg.cfm

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." (Baaro, 2009; page 26, paragraph 104)

Capacity building has been repeatedly recited 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 (ibid; page 25). This issue 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 the 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 organisations are subdued due to the subsidised subscription for the majority of the members. Political appointments, when made, compound this problem further. Membership is cheap for Island members, thus they have had little need to scrutinise the value they get from their multiple memberships to regional institutions. A way around this problem would be to introduce 'user pays'; a system whereby 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 channelled to the regional organisation. Such circumvention, particularly if channelled via the national budget, is likely to raise debate in-country on the value of membership to the regional organizations. It would also reduce the influence, perceived or real, of donors in the operational decisions of regional organisations. As to whether donors will be willing to take this option remains to be tested, however.

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 organisations generate. Similarly, the soft institutions for regionalism such as the Pacific Plan and the 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 most by their geography, geopolitics, and economics. Distance from the 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 the region, as they did a century and a half back. And endowments, particularly of the large oceanic resources, will underscore commerce between the region and the rest of the world, as was the case pre-colonisation. On these counts, regionalism of the future for the Pacific islands can be seen in the rear vision mirror extending one hundred and fifty years back.

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 on Pacific Islanders of the potentially adverse effects of climate change loom large.[37] Mitigating these

[37] Tuvalu is believed to become uninhabitable by 2050 (see article titled 'Island States Unite on Climate Change' on Fiji Live, September 23 2009).

risks necessitates a global response. And given their size, no individual Pacific Island nation is likely to be heard in the global forum on climate change; thus the case for a collective voice. Regional institutions are likely to assist with the above.[38] These same challenges are faced by the Caribbean region, a model we turn to next. And the impact of climate change is of concern to island nations as a whole.

Could Caribbean Single Market and Economy serve as a model?

CARICOM could serve as an aspiration for Pacific Island regionalism. But the Caribbean has a number of crucial differences to the Pacific Islands. Three that matter most for regionalism are: (i) it has better developed institutions, including the absence of customary tenure to land – a product of the difference in timing of colonial contact; (ii) its membership is more homogenous in terms of economic attributes – CARICOM would be similar to PIF if Canada and the USA were part of it; and, (iii) isolation from the major markets is less of an issue for the Caribbean States.

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 [39]:

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

Other principles worthy of emulation include the following three.

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 of nationals classified as (a) University graduates; (b) media workers; (c) sportspersons; (d) artistes; and (e) musicians in the community (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 allow for transportability of pensions.

On the count of trade integration, the Pacific Islands have a long way to go to catch up with the Caribbean. It may still serve as an aspiration, however. A pragmatic approach for the Pacific Islands in terms of the trade integration would be one of unilateral liberalisation, 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 'no level playing field',

[38] Leaders of the Alliance of Small Islands States (AOSIS) raised this as an issue at the Leaders' Summit at UN in New York on 21st September and will be doing the same at the December 2009 summit in Copenhagen (see 'Island States warn of benign genocide', www.abc.gov.au; September 23, 2009).

[39] The 15 full members of CARICOM include: (a) Antigua and Barbuda; (b) The Bahamas; (c) Barbados; (d) Belize; (e) Dominica; (f) Grenada; (g) Guyana; (h) Haiti, (i) Jamaica; (j) Montserrat; (kj) St. Kitts and Nevis; (l) Saint Lucia; (m) St. Vincent and the Grenadines; (n) Suriname; and (o) Trinidad and Tobago. Haiti became a full member of CARICOM on 3rd July 2002. CARICOM has 5 associate members; namely, Anguilla, Bermuda, British Virgin Islands, Cayman Islands, and Turks and Caicos Islands

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.[40]

6. Conclusions

The narrative on regionalism began with a discussion on reasons for the creation of several small states within the Pacific region. The answer: colonial history, which was shaped by geography, particularly the Pacific's isolation from Europe. A shared ocean and colonial past have been prominent, but so has the desire to exploit the benefits of economies of scale. The last is particularly pertinent given the smallness of many of the nations in this region.

Security, however, has always lurked in the background as another important reason for regionalism. British colonies in Australia and New Zealand feared encroachment by unfriendly powers prior to colonisation of the islands, and thus pressed for the annexation of the Pacific islands by London. The security concerns of Australia and New Zealand, while present since pre-colonisation, have taken greater prominence within the 21st century regionalism of the Pacific Islands. Security as a concept has changed over time: pre-colonisation and during colonisation, it was predominantly about mitigating a military threat; post-decolonisation, it broadened to include human security, including progress towards the espoused Millennium Development Goals. 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 threat changes, as does the breadth of what is defined as security, but security fears of Australia and New Zealand remain. In sum, the cast of characters could change – may be China and India next – but the (security) plot remains.

Geography has left the Pacific Islands isolated, but not immune, from the shocks emanating from distant metropolis. The American Civil War sent Britain searching for alternative supplies of cotton, a reason why Fiji was annexed. Territorial claims in Africa by the major powers of the mid-20th century were resolved together with partitioning of territories within the Pacific Islands. The shockwaves from the terrorist attacks in New York 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.[41] 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 liberalisation, regarding the pursuance of the development and security aspirations of the islanders, and to raise the collective profile of island issues in international forums. On the first, 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.[42] Mercantilist biases is one, albeit unfortunate,

[40] I should qualify this remark as 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 adoption of liberal trade policies.
[41] See Duncan and Chand (2002) and Hawskley (2009).
[42] Tariffs contributed less than 2 percent of total government revenues and could be "easily covered from other revenue sources" (Duncan, 2008; page 9). Their continued use, in any case, is an argument for protection and not one for formation of regional institutions for trade liberalization.

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 answered. On the second, an ambitious Pacific Plan has been announced by PIF. The Plan is to strengthen regional cooperation and integration as a means to raising national income. It has been in operation less than four years, but assessment of its effectiveness, even if premature, is less than sanguine. On the third, the Pacific Plan was amended in 2007 to allow for the member nations to take "collective positions" in international forums for advocating the 'special case' of small island developing states, and "maintaining regional solidarity" among members in the management of tuna stocks and promotion of "national tuna industries" (Va'vau decision on the Pacific Plan reported in PIFS, 2007b; pages 42-52). It may be too early to judge their effectiveness given that these changes were instituted only very recently.

The economic case for '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; concerns regarding climate change and their impact on the welfare of the islanders being a clear case in point. Regional institutions to achieve deeper trade integration, however, lack economic justification. 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 trading off of sovereignty. The last raises two challenges for regionalism, specifically: (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 made when circumstances change. The case of Fiji 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 to providing public goods and projecting regional concerns within the global forum could justify their costs; that for trade integration may not. Consequently, trade integration could be dropped from the agenda of regionalism. That is, individual Pacific Island nations may consider pursuing trade liberalisation on a unilateral basis.[43] And such a goal could be achieved via lowering the costs of private enterprise within the domestic economy. The metric for the above are compiled by the World Bank, alleviating the need for having this data being 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 (see summary in Growth Commission, 2008).

Many of the forces that have shaped regionalism in the Pacific remain unaffected by the passage of time. Geography, geopolitics, and security have prevailed as forces that have shaped regionalism within the Pacific islands for the past century and a half. These forces have not diminished in importance; 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 over the past. Their role in future regionalism is likely to remain just as important. What has changed,

[43] Duncan (2008) makes a similar argument, noting that unilateral liberalization will save the countries the large administrative costs of being a WTO member (page 17).

however, is the emergence of fresh issues such as the management of regional commons and the impact on the islanders of climate change. The combination of the above-mentioned will shape the future of regionalism in the Pacific islands.

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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 Is[d]	20		n.a	85[e]	237[g]	1,957,430	LMIE
Fiji	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
RMI	58	1.33E08	2,282a	58[e]	180	1,990,530	LMIE
FSM	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 Is	84			n.a	460	758,121	
Palau	20	1.35E08	6,701a	132	460	603,978	
PNG	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 Is	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		

Notes: GDP is in 2000 US$; GDP per capita is PPP at 2005 prices with the exception for RMI and Palau where US$ 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; [e] data from ADB (2008) 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 24th May, 2009.

Figure 1: EEZs of Pacific Island States

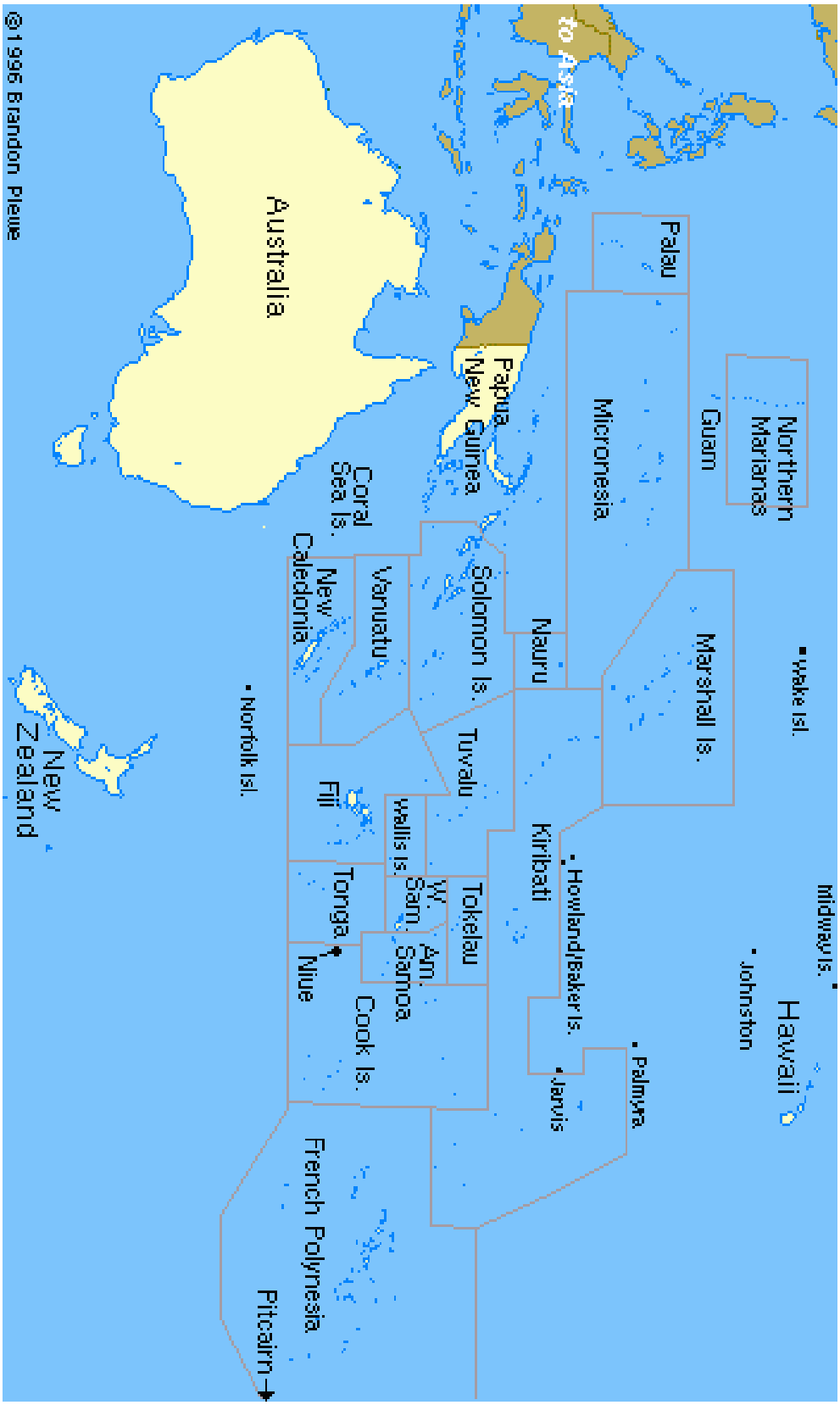
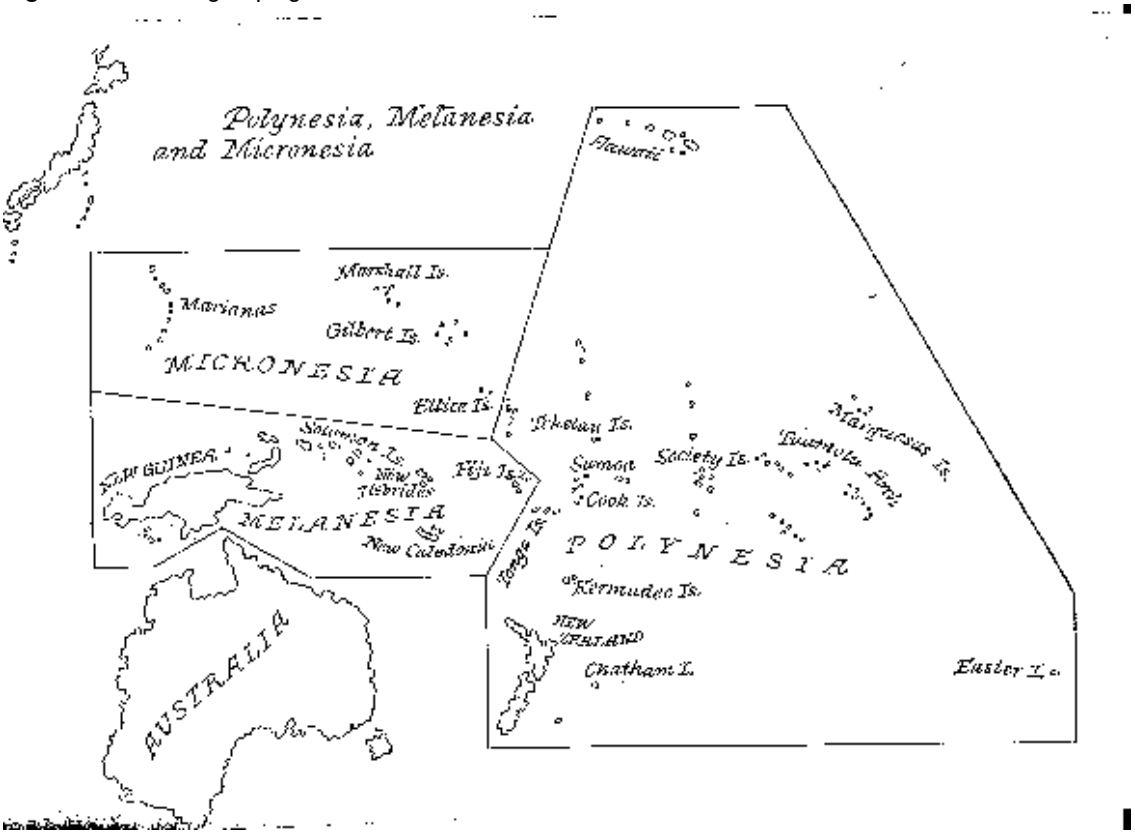


Figure 2: Cultural groupings with the Pacific Islands



Source: Gratton, 1963; page 182.

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 Is	✔	✔	✔			✔	
Fiji	✔		✔			✔	✔
France	✔						
French Polynesia	✔		[a]			✔	
Guam	✔					✔	
Kiribati	✔		✔	✔		✔	
RMI	✔		✔	✔	✔	✔	
FSM	✔		✔	✔	✔	✔	
Nauru	✔		✔	✔		✔	
New Caledonia	✔		[a]			✔	
New Zealand	✔	✔	✔				
Niue	✔	✔	✔			✔	
Northern Mariana is	✔					✔	
Palau	✔		✔	✔	✔	✔	
Pitcairn Is	✔						
PNG	✔		✔	✔		✔	✔
Samoa	✔		✔			✔	
Solomon Is	✔		✔	✔		✔	✔
Tokelau	✔	✔	[o]				
Tonga	✔		✔			✔	
Tuvalu	✔		✔	✔		✔	
USA	✔				✔	✔ [d]	
Vanuatu	✔		✔			✔	✔
Wallis & Futuna	✔		[o]				
Total members	26	4	16	8	4	20	4

Notes: [a] New Caledonia and French Polynesia have 'Associate Membership' to PIF; [o] 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: FFA; PIFS; Pacific Basin Development Council; SOPAC, SPC, SPREP, Tourism Council of the South Pacific; and, USP. Data 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)*	**PIFL** *(1977)*	**FFA** *(1979)*	**SPBEA** *(1980)*	**SPREP** *(1993)*	**PFTAC** *(1993)*	**WCPFC**
American Samoa		✔				✔		✔
Australia		✔		✔	✔	✔		✔
Cook Is	✔	✔	✔	✔		✔	✔	✔
Fiji	✔	✔	✔	✔	✔	✔	✔	✔
France						✔		✔
French Polynesia		✔				✔		✔
Guam		✔				✔		✔
Kiribati	✔	✔	✔	✔	✔	✔	✔	✔
RMI	✔	✔	✔	✔		✔	✔	✔
FSM		✔		✔		✔	✔	✔
Nauru	✔	✔	✔	✔	✔	✔	✔	✔
New Caledonia		✔				✔		✔
New Zealand		✔	✔	✔	✔	✔		✔
Niue	✔	✔	✔	✔		✔	✔	✔
Northern Mariana is						✔		✔
Palau		✔		✔		✔	✔	✔
Pitcairn Is								
PNG		✔	✔	✔		✔	✔	✔
Samoa	✔	✔	✔	✔	✔	✔	✔	✔
Solomon Is	✔	✔	✔	✔	✔	✔	✔	✔
Tokelau	✔	✔		✔	✔	✔	✔	✔
Tonga	✔	✔	✔	✔	✔	✔	✔	✔
Tuvalu	✔	✔	✔	✔	✔	✔	✔	✔
USA						✔		✔
Vanuatu	✔	✔		✔	✔	✔	✔	✔
Wallis & Futuna						✔		✔
Total members	12	21	12	17	11	25	15	27[d]

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; [d] Members not listed above include Canada, European Community, Japan, Korea, Philippines, and Chinese Taipei; while, cooperating non-members include Belize, Indonesia, Senegal, Mexico, and El Salvador.
Data Source: Official website of the respective organisation, 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 Is	✔	✔	✔	✔				
Fiji	✔	✔	✔	✔			✔	✔
Kiribati	✔	✔	✔	✔				
RMI	✔	✔	✔	✔		✔		
FSM	✔	✔	✔	✔		✔		
Nauru	✔	✔	✔	✔				
Niue	✔	✔	✔	✔				
Palau	✔	✔	✔	✔		✔		
PNG	✔	✔	✔	✔			✔	✔
Samoa	✔	✔	✔	✔				
Solomon Is	✔	✔	✔	✔			✔	✔
Tonga	✔	✔	✔	✔				✔
Tuvalu	✔	✔	✔	✔				
Vanuatu	✔	✔	✔	✔			✔	
OECD								
Australia	✔	✔			✔			✔
New Zealand	✔	✔			✔			✔
European Community				✔				✔
USA						✔		✔
TOTAL	16	16	14	15		4	4	8

Notes: RMI denotes the Republic of Marshall islands; FSM denotes the Federated States of Micronesia; PNG denotes Papua New Guinea; SPARTECA denotes the South Pacific Agreement on Regional, Technical, and Economic Cooperation Agreement; [a] Palau signed the CFA as of 1995; [b] Fiji signed MSG Agreement in 1998; [c] Samoa and Tonga had observer status to the WTO as of 27th May, 2009. Sources: PIFS (2007); Table B-1 and www.wto.org.

Appendix

Table A1: Member contributions to PIFS, 2006-07.

Pacific Islands Forum Secretariat

Notes to and Forming Part of the Financial Statements
For the Year Ended 31 December 2007

		2007 $	2006 $
2.	**Contributions from Member Countries – General Fund**		
	Australia	1,302,809	1,302,809
	Cook Islands	35,403	35,403
	Federated States of Micronesia	69,536	69,536
	Fiji	78,519	78,519
	French Polynesia	15,500	-
	Kiribati	35,403	35,403
	Nauru	35,403	35,403
	New Calendonia (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 Islands Forum Secretariat

Notes to and Forming Part of the Financial Statements
For the year ended 31 December 2007

		2007 $	2006 $
5.	**Contributions Income**		
	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
	Taiwan	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 Organisation	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.fj/UserFiles/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
Fed St of Micronesia	5 April	2006				
Fiji	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
Rep of the Marshall Is	-					
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
Fed St of Micronesia	-					
Fiji	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
Rep of the Marshall Is	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				

ANNEX I

SPC-SOPAC-SPREP/RIF (01) Summary of decisions
ORIGINAL: ENGLISH
JOINT MEETING OF SOPAC, SPC AND SPREP GOVERNING BODIES
ON THE REGIONAL INSTITUTIONAL FRAMEWORK (RIF)
(Tradewinds Convention Centre, Suva, Fiji, 7-8 July 2009)

SUMMARY OF DECISIONS

1. The governing bodies of the Pacific Islands Applied Geoscience Commission (SOPAC), the Pacific Community (SPC), and the Pacific Regional Environment Programme (SPREP) met together under the chairmanship of the Secretary General of the Pacific Islands Forum Secretariat to consider options for new institutional arrangements for their organisations. The meeting was an historic occasion, being the first time that such a joint meeting has been held. Work on the reform of the current Regional Institutional Framework (RIF) has been carried out in response to the decision of Pacific Islands Forum Leaders and the previous decisions of the three governing bodies that SOPAC programmes and services should be rationalised into SPC and SPREP. As a result, the CEOs of SOPAC, SPC and SPREP, with the support of their staff, have undertaken extensive consultation to develop options for such a rationalisation and have commissioned reports from independent consultants on the financial, legal and operational implications of various options. An overriding consideration of these consultations has been the need to avoid fragmentation or diminution of SOPAC's core services, which are highly valued by its members, and to ensure that the region benefits from enhanced synergies and efficiencies as a result of the rationalisation, in accordance with the objectives of the RIF process and the wishes of Forum leaders. After extensive deliberation of the options and associated implementation plans presented, the joint meeting of the governing bodies of SOPAC, SPC and SPREP agreed on the following decisions. These decisions will be provided to Forum Leaders through the Pacific Plan Action Committee.

DECISIONS
a) With respect to the ICT Outreach Programme of SOPAC, the joint meeting of the governing bodies:
(i) endorsed the integration of the ICT Outreach Programme of SOPAC into the Digital Strategy component of the proposed, new division of Economic Development, Energy, Transport, Infrastructure and Communication of SPC from January 2010;
(ii) noted that the final implementation plan will be presented to the meetings of the respective governing bodies of SPC and SOPAC in October 2009; and
(iii) noted further that the GIS and remote sensing functions constitute an integral part of the core scientific work of SOPAC and will transfer to SPC from January 2010.

b) With respect to the Energy Programme of SOPAC, the joint meeting of the governing bodies:
(i) endorsed the decision taken by Pacific Energy Ministers in Tonga in April 2009 in which Energy Ministers:
a. agreed that regional and donor coordination and delivery of energy services to Pacific Island countries be strengthened and delivered through one energy agency and through one programme contributing to the development of a stronger energy sector and improved service to member countries; and

b. in this context, noted that there was a need to ensure that energy policy and climate change policy remained separate, where environmental aspects are managed by SPREP and energy sector activities by SPC so as to ensure that the socio-economic aspects of energy were adequately addressed;
(ii) recognised the interrelationship and links between energy and climate change and the need to address energy policy in relation to climate change as an integral part of the final implementation plan for rationalisation of the energy programme of SOPAC;
(iii) noted that this plan will be presented for consideration to the meetings of the governing body of SPREP in September and of SOPAC and SPC in October 2009 to enable implementation from January 2010.

c) With respect to the balance of the SOPAC core work programme, the joint meeting of the governing bodies:
(i) welcomed the commitment by members to strengthen SPREP as the region's lead environmental agency, including through support for the implementation of the approved decisions relating to the independent corporate review of SPREP;
(ii) agreed that the following specific SOPAC functions be transferred to SPREP from January 2010: the Pacific Islands Global Ocean Observing System, the Islands Climate Update, the Climate and Meteorological Database, and the component of the energy sector relating to monitoring and evaluation of greenhouse gases and the clean development mechanism (CDM);
(iii) agreed that the remaining functions of SOPAC be transferred to SPC as a new geoscience division from January 2010 based on the final implementation plan to be presented to and considered by the governing bodies of SOPAC and SPC in October 2009;
(iv) encouraged SPREP and SPC to optimise linkages between their work programmes and activities in the area of environment to strengthen service delivery and coordination; and
(v) agreed that progress with the transfer of SOPAC functions be reported to the annual meetings of the governing bodies and Pacific Plan Action Committee.