© Copyrighted Material

Chapter 6
Regional Integration in the Pacific

Tiru K. Jayaraman

Despite efforts spanning over more than four decades under the banner of the intergovernmental organization, Pacific Island Forum (the Forum), since 1971,[1] regional integration has remained an elusive goal for the 14 independent Pacific island countries (PICs).[2] Progress has been slow, with successes in some areas and setbacks in some others. The emergence of the Eurozone with one common currency in 1999 in the European Union inspired the PICs to renew their resolve by making fresh initiatives, which culminated in the adoption of a Pacific Plan in the Forum Leaders meeting in Papua New Guinea (PNG) in 2005. One of the four pillars of the Pacific Plan is regional integration.

Efforts in terms of regional trade agreements (RTAs), including a PIC Trade Agreement (PICTA) for promoting freer trade amongst PICs in the first instance by 2011 as a stepping stone, and Pacific Agreement on Closer Economic Cooperation (PACER), both signed in 2001, between PICs and the two advanced countries Australia and New Zealand (ANZ), aiming at the creation of a free trade area (FTA) by 2015, came to be overlapped with a simultaneous move toward freer trade with PICs by the European Union (EU). The latter sought to replace the then expiring Cotonou Agreement with an Economic Partnership Agreement (EPA) with PICs on a regional basis by holding talks with the Forum, rather than on an individual country basis.[3] The apparent rivalry between EU and the region's two

1 In 1971, the Forum was established by seven founding nations, namely Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Western Samoa – now Samoa under the original name, South Pacific Bureau of Economic Cooperation (see below).

2 The Forum comprises 14 Pacific island countries: Cook Islands, Fiji, Kiribati, Republic of Marshall Islands, Federated States of Micronesia, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu and the region's two developed countries, namely Australia and New Zealand (ANZ). All of the 16 members are referred to as Forum countries. New Caledonia and French Polynesia, previously Forum Observers, were granted Associate Membership in 2006. Current Forum Observers include Tokelau (2005), Wallis and Futuna (2006), the Commonwealth (2006) and the Asia Development Bank (2006), with Timor Leste as Special Observer (2002).

3 The EU has been negotiating with 76 nations across Africa, the Caribbean and the Pacific (the ACP) all at once. Despite a deadline to complete negotiations before the end of 2007, most ACP nations resisted signing any kind of deal with the EU, while others have signed an interim-EPA because if they did not, Europe would have raised tariffs on their

© Copyrighted Material

© Copyrighted Material

metropolitan powers, who were keen to be the first to get preferential access to PIC markets, was affecting the progress of the negotiations.

The military take-over of an elected government in Fiji in December 2006 began to have a profound adverse effect on the progress of the regional integration process during the next six years. The military coup elicited a strong reaction from ANZ in terms of economic sanctions against Fiji, followed by Fiji's suspension by the Forum in May 2009 and by the Commonwealth in September 2009. All of them soured the relationships between Fiji and ANZ.

The atmosphere continues to be unfavourable for any fruitful negotiations. With the continued isolation of Fiji,[4] the Forum negotiations on EPA, PACER and PICTA have all been stalled. However, adversity brings forth new initiatives. In the Pacific context, it is the increasing recognition of the need for sub-regional cooperation amongst Melanesian Spearhead Group (MSG) Countries, namely Fiji, PNG, Solomon Islands (SI) and Vanuatu, which comprise 90 percent of the total population of about 8 million of 14 PICs. Similar to these developments, the Polynesian island countries (Cook Islands, Niue, Samoa, Tonga and Tuvalu), which are smaller in size and population and natural resources, have also been exploring avenues for sub-regional integration.[5] The remaining PICs, namely Kiribati, Marshall Islands, Federated States of Micronesia (FSM), Nauru and Palau, are categorized as Micronesia.

The PICs are at a crossroads again. Hurt by isolation for the past three years, Fiji has been drumming up support since 2009 by organizing rival meetings with other sympathetic PIC leaders under the banners of *Engaging with the Pacific (EWP*) and *Pacific Small Islands Developing States (PSIDS)* in August each year,[6] during which month the Forum usually holds its traditional annual Forum Leaders meetings. Further, Fiji has been looking North, West and East (China, North Korea, Indonesia, the United Arab Emirates, Russia and Cuba) and has been cultivating new trade and investment relationships (Okeefe 2012). Already,

exports to the EU. Fiji and PNG initialled interim-EPAs in late 2007 to avoid tariff hikes on tuna and sugar exports.

4 The week-long 43rd Forum Leaders Meeting in Cook Islands held in August 2012 decided to maintain Fiji's suspension from the group until 2015, by which time a new democratically elected government would be in place.

5 The Polynesian Leaders Group (PLG) who met in Cook Islands during the 43rd Forum Leaders Meeting held in August 2012 were reported to be considering adding three more members, Hawaii (50th state of USA), Rapa Nui and Aotearoa Māori, into its fold of eight members (Samoa, Tonga, Tuvalu, Cook Islands, Niue, American Samoa, French Polynesia and Tokelau). Prime Ministers of Cook Islands and Samoa explained to media at the conclusion of their closed PLG meeting that the group was not established to counter the influence of the MSG but to unite leaders of a geographical cluster of countries facing similar challenges and limitations.

6 The *Third Engaging with the Pacific* Meeting, held in Nadi, Fiji in the week of August 20, 2012 just a week before the 43rd Annual Summit of Forum Leaders on August 27-31, was also attended by representatives from Morocco, Kazakhstan and Kosovo.

© Copyrighted Material

© Copyrighted Material

China has become a leading donor in the region,[7] much to the discomfort of the traditional donors including ANZ and the United States of America (USA).

This chapter seeks to take a closer look at past developments, some of which have been seriously hurting regionalism, with new emphasis on the directions in which the major member countries in the Forum should now move to get back on track towards the original goal of integration. This chapter is organized along the following lines. The next section gives a brief background of the Pacific region. The third section reviews the efforts towards regional integration. The fourth section deals with the tasks ahead. The final section is a summary and presents some conclusions with policy recommendations.

Background

There are 22 Pacific island entities in all,[8] whose political status ranges from that of an independent sovereign state to that of a UN Trust Territory, or colonial possessions of the superpowers including Britain and France, which are administered as overseas territories. Only 14 independent states out of 22 entities are members of the Forum.

Hugely Diverse

The 14 PICs are spread over the Pacific Ocean about 10,000 kilometres (km) from east to west and 5,000 km from north to south, with a combined exclusive economic zone (EEZ) of ocean area of about 20 million sq. km. The total land area is just over 500,000 sq. km, of which PNG accounts for 88 percent. Population of the PICs is, as of 2011, almost 8 million, of which over 6 million are in PNG. At the other end of the scale is Niue, with a population of less than 2000. Table 6.1 presents the selected key indicators of PICs.

The 14 PICs display a high degree of diversity in natural and human resources. The Melanesian countries have been endowed with a relatively larger land area

7 China's aid and soft loans to PICs during 2007-2011 have been reported to be around US$ 600 million as against the US aid of US$ 20 million per annum during the corresponding period. Samoa's Prime Minister has expressed his appreciation of China's generous assistance to Samoa on a number of occasions, the latest being the 43rd Meeting of the Forum leaders in Cook Islands in August 2012. He praised the 'unique flexibility' of China in its assistance to develop the Pacific island state, apparently with reference to rigid positions taken by ANZ with reference to labour mobility and OCTA and the like (*Samoa Observer* 2012). Professor Bryce Edwards of Otago University told TV NZ: 'We are having a bit of power struggle here because these Pacific Islands do need resources and money quickly and it gives them some independence from ANZ.' (*Fiji Times*, 2012).

8 Populations in each of the 22 Pacific island entities, who are members of the Pacific Community, range from less than a hundred in Pitcairn Island, the last British outpost, to 7 million in PNG.

© Copyrighted Material

© Copyrighted Material

with greater arable land for agricultural activities and mineral resources. On the other hand, Kiribati and Tuvalu are atoll islands with limited agricultural activities. Since they have larger exclusive economic zones than other PICs, a major part of their gross national incomes is largely derived from exports of fish and license fees by granting fishing licenses to companies to exploit their marine resources. They also depend upon annual remittances from their seafaring labour employed in foreign ships. In the case of Polynesian countries, land area being small, agriculture is confined only to a few staples such as root crops and a few exports, such as banana and coconut products.

Table 6.1 Selected Key Indicators

	Population ('000)	**Per Capita GDP (Current Prices) in US$**	**HD Index Rank**	**Aid per capita US$**	**Aid as % of GDP**	**Average Growth Rate (%)**
	2009	2009	2010	2009	2009	2004-09
Cook Islands	23	7,549	NR	491	28.0	2.3
Fiji	834	3,326	86.0	84	2.5	0.7
Fed. States of Micronesia	108	2,476	103.0	1,093	42.0	-0.8
Kiribati	99	1,306	NR	277	15.6	-0.3
Nauru	10	3,500	NR	NA	NA	NA
Niue	2	NA	NR	NA	NA	NA
Palau	20	8,074	NR	1,733	27.9	NA
Papua New Guinea	6,348	1,172	137.0	61	5.3	4.6
Republic of Marshall Islands	54	2,504	NR	963	32.1	1.4
Samoa	183	2,776	NR	433	16.1	2.1
Solomon Islands	539	1,256	123.0	394	42.9	5.5
Tonga	103	2,991	86.0	380	12.4	0.2
Tuvalu	11	3,318	NR	254	45.0	2.2
Vanuatu	239	2,072	NR	431	16.5	5.6

Notes: NA= Not Available; NR= Not Ranked
Sources: World Bank (2011), ADB (2010), Commonwealth Secretariat (2010), UNDP (2010)

© Copyrighted Material

© Copyrighted Material

Manufacturing Capacity

Except Fiji and PNG, none of the 14 PICs have any significant manufacturing capacity worth mentioning. The manufactured products in Fiji and PNG include sugar and other processed foods, such as biscuits, cooking oil, cigarettes, beer and rum and a host of minor processed goods for domestic consumption, as well as export to other island countries. Other PICs' manufacturing activities are confined to coconut-based products, such as coconut oil, cream, soaps and detergents.

Almost all PICs, with their attractive beaches and tropical climate, are unique tourist destinations. However, only a few among them have been able to take advantage of these endowments for boosting the national income, such as Fiji and Vanuatu with their head start in physical infrastructure in terms of hotels and resort facilities. Due to the great diversity in endowments, skills and human resources, gross national income per capita varies widely among PICs. Palau and the Cook Islands belong to a group of upper middle income countries (UMIC), whereas Fiji, Samoa and Tonga belong to a group of lower middle income countries (LMIC). The group of low income countries includes PNG, Kiribati, SI and Tuvalu.[9]

Constraints to Growth

Constraints to growth and development of PICs stem from their geographical characteristics. One of the former Forum Secretary-Generals (Urwin 2004) succinctly categorized the constraints as below: (i) remoteness and insularity; (ii) susceptibility to natural disasters; (iii) small population size; (iv) limited diversification; and (v) high dependency on trade in goods and services. Economic development in PICs since their independence was characterized by the dominant role played by large public sectors, which were supported by substantial foreign aid. Despite plentiful aid per capita, weak growth in PICs during the 1980s and early 1990s came to be looked upon as a 'Pacific Paradox' (World Bank 1993), attributing it to the poor use of generous aid in comparison to similarly placed island countries in the Caribbean and Indian ocean regions. Critical views have been voiced from time to time.[10]

9 The income groups defined by the OECD for the purpose of disbursement of official development assistance are as follows: LIC per capita gross national income less than US$ 825; LMIC: between US$ 825 and US$ 3,255; and UMIC: between US$ 3,256 and US$ 10,065.

10 These include Senate Committee of Australian Parliament and Centre for Independent Studies, Sydney as well as by Professor Hughes (2003, 2004 and 2010).

© Copyrighted Material

© Copyrighted Material

Open Economies

The PICs are open economies. In several cases, this is not because they have low trade barriers,[11] but because they are small with substantially large imports. The PICs' trade volumes in commodities (exports and imports of goods) expressed as percentages of gross domestic product are fairly high (Table 6.2).

Table 6.2 Trade Share of GDP

Country	Trade share of GDP (2005-2009)
Cook Islands	74.0
Fiji	82.9
Kiribati	92.3
RMI	59.2
FSM	56.9
Nauru	166.9
Palau	115.7
PNG	79.9
Samoa	58.1
Solomon Islands	55.1
Tonga	53.7
Tuvalu	56.0
Vanuatu	62.0

Source: ADB (2011)

On an average during the last four years (2005-09), trade volume ranged from 167 percent of GDP in Nauru to 54 percent in Tonga. All PICs have to depend upon imports for all commodities, including staples such as rice and wheat. While PNG's major exports are both minerals (gold, petroleum, copper, natural gas) and tree crops (coffee, tea, timber), Fiji's chief exports have been sugar, mineral water, garments and gold. For smaller island countries, which have negligible manufacturing capacity, reliance on primary exports is much greater. Thus, PICs are more competitive than complementary to each other as they seek the same

11 In fact, the governments of PICs, which have limited capacities in domestic revenue, resource mobilization, taxed imports and exports to raise revenues for meeting the growth in public sector expenditures. In the case of Vanuatu, there is no direct taxation of any kind. Hence, the government has been relying on indirect taxation, including taxes on imports and exports.

© Copyrighted Material

© Copyrighted Material

markets (Browne 2006). With liberalization in ANZ, which are traditional export markets for PIC products, exports including coconut milk and cream and other copra-based products have been finding it difficult to compete with Thailand, Malaysia and other Asian countries.

Exchange Rate Arrangements

Out of 14 PICs, eight are dollarized. They have adopted the national currencies of Australia, New Zealand or the USA: Kiribati, Nauru and Tuvalu (the Australian dollar); the Cook Islands and Niue (the New Zealand dollar); and FSM, RMI and Palau (the US dollar). The other six PICs have independent currencies of their own. While PNG has a floating exchange rate regime, five PICs, namely Fiji, Samoa, SI, Tonga and Vanuatu, have fixed exchange rate regimes. All PICs have been sourcing their imports from ANZ and the USA, who have been targeting inflation, which explains the low inflation in PICs.

Trends in Regional Integration Efforts

Efforts for forging regional cooperation began when five island nations, Cook Islands, Fiji, Nauru, Tonga and Western Samoa (now Samoa), in the South Pacific soon after their decolonization in 1970 joined hands with ANZ to establish in 1971 the South Pacific Bureau of Economic Cooperation. The name change to Forum took place when the northern Pacific states which were US Trust territories became independent and joined the intergovernmental organization in the 1990s. The Forum establishment is largely funded by the two advanced Forum member countries.[12]

Pre-dating the Forum, there was one other organization known as South Pacific Commission, now called Pacific Community (PC) after being enlarged in the mid-1990s to include the northern Pacific island states, RMI, FSM and Palau. The PC was established in 1947 under the Canberra Agreement signed by Australia, France, New Zealand, the Netherlands, the United Kingdom and the USA. The Secretariat of the Pacific Community (SPC) located in Noumea, New Caledonia assists all 22 entities, including 14 PICs, by providing technical advice, training and dissemination of information in social, economic and cultural fields.

The functions of the Forum Secretariat are: servicing the PIC governments; coordinating regional approaches in areas of common economic interest;

12 As of 2011, the Forum Secretariat's budget is funded mostly by Australia and New Zealand (70 percent) with another 15 percent by the European Union and other donors from outside the region with periodical contributions. Thus, the erstwhile colonial masters of the Pacific region have taken the lead, unlike in the Caribbean where integration efforts are purely CARICOM driven (Fairbairn and Worrell 1996).

© Copyrighted Material

© Copyrighted Material

overseeing areas of functional cooperation and acting as the focal point for a range of associated institutions. Notably absent from the list of functions, as Fairbairn and Worrell (1996) observed in their comparative study on the South Pacific and the Caribbean island economies, are the issues of a single market and a common currency.

Appendix 6.1 presents, in brief, the milestones of the long journey towards economic integration. Fry (2005) divides the 34-year history on regional cooperation and integration into more or less five distinct phases, with some overlapping. They cover the following: (i) 1971-1975: comprehensive regional integration; (ii) 1975-1980: sectoral integration; (iii) 1981-1985: regional security; (iv) 1985-1990: collective diplomacy; (v) 1991-2000: harmonization of national policies; and (vi) 2001 and onwards to the present: new regionalism.

In the early period, comprehensive regional integration was the main focus, which could be justified on the grounds that small-sized economies, if they could not get it alone, cannot realize the economies of scale in manufacturing operations and in purchase of essential items such as fuel and medicines. Further, national shipping lines, a university and a development bank would not be viable.

Attention was turned to sectoral integration in the second half of the 1970s. The setting up of a regional University and creation of Air Pacific were some important achievements. However, there was some disillusionment with Air Pacific, on the grounds that it was Fiji that had gained more from the common airlines. Over a period, Nauru, Samoa, the SI, Tonga and Vanuatu, while retaining shares in Air Pacific, set up their own national airlines to promote tourist arrivals direct from major airports in ANZ and the USA. In regard to the regional University of the South Pacific (USP) located in Fiji, there were some rumblings as well. Fry (2005) refers to the writings of Crocombe and Ueantabo (1976), which reflected the concerns of other island nations that USP was partial to Fiji's interests.

Although USP responded to various concerns by setting up Extension Centres and special campuses in Samoa (Alafua) and Vanuatu (Emalus), the impression of yesteryears could not be easily erased. Samoa went ahead setting up its own National University of Samoa. During the 2000 coup in Fiji, students enrolled at USP had to return to respective island countries and their education was disrupted for a while. The dormant dissatisfaction surfaced again as some island nations such as SI indicated their desire to set up a university of their own.

Sectoral integration did not proceed beyond USP and Pacific Forum Lines, the shipping service. Fry (2005) notes that sectoral integration in other areas required substantial outlays. PICs were not prepared to sacrifice their autonomy and did not prefer them being located in well-off PICs such as Fiji. The differences between Fiji and other PICs quickly revealed a growing rift between PICs. So sectoral integration was replaced by a more practical approach of collective diplomacy in many soft areas of cooperation, where conflicts were less likely.

The Lome negotiations with the European Community in the 1980s, the Law of the Sea negotiations and environmental protection arguments at the Rio Conference were some outstanding examples of success. Along with these

© Copyrighted Material

© Copyrighted Material

achievements, the regional security concerns of ANZ for containing former Soviet influences in many PICs led to new initiatives to meet situations, such as Kiribati granting the Soviet Union access to fishing in Kiribati waters and similar overtures by Vanuatu. This gave rise to resentment in PICs against Australia that while ANZ had kept diplomatic relations with the Soviet Union, foreign policies of PICs were dictated by the metropolitan states. Fry (2005) observes that the late 1980s witnessed a shift in the approach of Australia. Its foreign policy pronouncements of 1988 indicated 'a constructive commitment', emphasizing partnership rather than an agency of western interests or Australian hegemonic aspirations, which represented past Australian diplomatic thrusts. In the 1990s, the MSG countries forged a trading bloc for free trade in selected goods (see below for details). Since there was no common secretariat to oversee implementation of MSG trade, progress was slow as MSG countries took time to prepare a list of agreed items, instead of drawing a negative list, which would have been simpler.

On a wider regional level, the period witnessed efforts towards harmonization of national policies in the 1990s. The emergence of 'neo liberalism' and wider acceptance of the Washington Consensus of fiscal and monetary restraints, financial sector liberalization and public sector reforms paved the way for ANZ to tie them into their bilateral assistance programmes. Disappointment with the poor progress of structural reform implementation led ANZ to reconsider past approaches. The 9/11 terror attack of 2001 in the USA imposed new responsibilities on Australia to make the Pacific safer from the newly emerging risks of terrorism as well as the already known risks of money laundering and gun-running. Additionally, ethnic rife and civil disorder in SI since the late 1990s and the overthrow of an elected government in 2000 in Fiji caused fresh worries to ANZ. Furthermore, a study by Hughes (2002) described some PICs, which could not effectively use the aid funds and undertake reforms with funds obtained from international and bilateral agencies, with possible diversion for personal use amounting to corruption and wastage as 'failed states'.

Taking the cue from Hughes (2003), an Australian Senate Committee (the Committee) held hearings on Australia's Relations with Pacific island States in 2002 and in their Report (Commonwealth of Australia 2003) concluded that a *Pacific Economic and Political Community,* similar to the EU, should be a consideration in the medium to long-term future of the region. The Committee also considered the region adopting a common currency, preferably the Australian dollar, for promoting fiscal and monetary discipline. Following the Senate Committee's observations in July 2003, Australia floated the idea of a single regional currency prior to the Forum Leaders Meeting in Auckland in August 2003. Since the subject was not included in the agenda, it was not formally discussed but it was decided to examine the idea of a single market, by appointing an Eminent Persons Group (EPG) to undertake a comprehensive review of the Forum with a view to exploring areas of regional cooperation.

Already, increased globalization since 2000 has thrown up some new challenges: The phased discontinuance of preferential treatment by EU for the

© Copyrighted Material

© Copyrighted Material

products of PICs and the end of Sugar Protocol for Fiji's sugar exports by 2007 under the Cotonou Agreement required PICs to re-structure their export industries for competing with the rest of the world for access to EU markets. The Cotonou Agreement was to be replaced by a new agreement, known as the Economic Partnership Agreement (EPA), on the condition that PICs should speed up and promote regional integration on the lines of at least MSG. Further, access to Australia under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) was also becoming less significant (see below for details).

In the face of stiff competition from competitor economies outside the region, PICs had to take quick action in restructuring their economies and increasing their bargaining position. Further, having found themselves unable to attract foreign direct investment (FDI) in the immediate past, they wanted to come together and offer an assured large regional market without custom barriers for products, if produced in any of the PICs through FDI. Necessitated by the EU offer of EPA to be signed only on a regional basis, PICs signed PICTA[13] for ushering in FTA among the 14 PICs by 2010.

However, PICs were nervous at the prospect of any immediate removal of barriers due to concern over the impact on local manufacturing as well as the impact on government finances due to loss of revenue from tariffs (Scollay 2005). Hence they decided to keep ANZ out of PICTA. Persuaded by the arguments of PICs that they looked upon PICTA as a stepping stone for an eventual closer relationship, including free trade in goods and services as well as mobility of labour with ANZ, the latter agreed and in 2001 signed the separate PACER with them. The PACER[14] required PICs to start negotiations with ANZ by April 2011. In case, any PIC in its negotiations with EU on EPA was to give a reciprocal access to EU, and PACER negotiations would have been deemed to be triggered earlier than 2011.[15]

While PICs were confronted with problems of bewildering complexities involved in trade agreements, the EPG submitted their draft Report. The PIC leaders met in Auckland in April 2004 to consider the Report by EPG, on the basis of which they agreed to evolve a Pacific Plan. The EPG reporting back to the Forum Leaders Meeting in April 2004 observed that although a Pacific economic

13 The PICTA aimed at ushering in free trade among developing PICs (Fiji, PNG, Palau, FSM, Samoa, Solomon Islands, Tonga, Vanuatu) by 2010 and amongst all PICs, including the remaining ones known as small and least developed PICs (Cook Islands, Kiribati, Niue, Nauru, RMI, Tuvalu) by 2012. After obtaining the legally required minimum number of ratifications by the respective legislatures, PICTA became effective on April 13, 2003.

14 After obtaining the legally required minimum number of ratifications by the respective legislatures, PACER entered into force on October 3, 2002.

15 PACER was expanded in late 2008 to include trade in services, capital flows and investment as well as capacity building and promoting labour mobility in identified areas. Appropriately renamed as PACER Plus, it was approved in 2009 by the Forum Leaders in their 40th Annual Meeting held in Cairns.

© Copyrighted Material

© Copyrighted Material

union was one of the earliest goals of the Forum, the vision 'remains incomplete, though still a relevant objective' (Pacific Islands Forum Secretariat 2004: 27). The EPG's vision was a community of states engaged in deeper integration and greater cooperation in areas such as transport, information technology, quarantine, customs, security, judicial and public administration and regional law enforcement.

Pacific Plan

A Draft Pacific Plan was prepared in 2004 and adopted by the Forum Leaders in their meeting in 2005 held in PNG. The Pacific Plan spells out in clear terms the goals termed as four pillars[16]: (i) economic growth; (ii) sustainable development; (iii) good governance; and (iv) security (Pacific Islands Forum Secretariat 2005). The integration efforts of the kind envisaged by the Pacific Plan did not go beyond trade in goods and services and capital and labour mobility. The goal of a single, common currency along the lines of the euro is not a specific part of the Pacific Plan. The EPG Report, endorsed by PICs, made it clear that the time was not ripe for a Pacific Union similar to the European Union.

However, the military coup in Fiji in 2006, the fourth in the series since 1987, halted the implementation of the Pacific Plan.[17] ANZ immediately imposed economic sanctions against Fiji, which was followed by suspension from the Forum and the Commonwealth in mid-2009. Australia excluded Fiji from the PACER Plus talks in late 2009, creating further tensions in late 2009. The PICs are now divided into three groups: one agreeing with two rich members of the Forum, Australia and New Zealand; the second supporting Fiji's road map to democracy with elections scheduled in 2014; and the third not sure where they should stand. The region is aware that in the past, three military coups in Fiji (two in 1987 and one in 2000) resulted in some setbacks, but the effects were only temporary. The PIC leaders believe the current uncertainties would also eventually pass, as Fiji has assured other PICs that its long-term vision of a well-integrated region remains the same.

16 Specifically in regard to economic growth, the Pacific Plan seeks to integrate trade in services including the temporary movement of labour in PICTA/PACER negotiations and create bulk purchasing capacity for essential items such as fuel and medicines. The second item of bulk purchase has been on the agenda since 1971 without any progress, whereas the inclusion of trade in services indicates the willingness of PICs to consider deeper integration, of course for 'a price': liberalized immigration laws. Thus, the ball has been thrown in the court of advanced Forum member countries to consider relaxation in immigration. The other three pillars are familiar ones. They are now part of heavy involvement of Australia and New Zealand in the region: (i) provision of experts in financial management, public sector reforms and strengthening legal machinery, all contributing to better governance and sustainable development; and (ii) provision of Regional Assistance Mission to Solomon Islands (RAMSI) to improve law and order in the ethnically divided nation.

17 The Pacific Plan is scheduled for a review in 2013.

© Copyrighted Material

© Copyrighted Material

Unfinished Tasks

Regional integration as a term has always been associated with trade in goods and services. Under RTAs, the fear of net welfare losses due to preferential trading arrangements is real.[18] In the Pacific context, preferential trading arrangement, even when nonreciprocal, has not been a great success. The earliest example is the nonreciprocal trade agreement SPARTECA.

SPARTECA

This nonreciprocal trade agreement signed between ANZ and PICs, subject to Rules of Origin (RoO), allows duty-free and unrestricted access for specified products originating from Pacific island countries. The RoO stipulate that the products should be manufactured goods in which *at least 50 percent* of the ex-factory or cost of goods (material/labour) originate from the PIC concerned or any other PIC or Australia/New Zealand; and the last process of manufacture must be performed in the PIC concerned. A *2 percent margin of tolerance* in certain unforeseen circumstances may be applied to the *50 percent* rule, resulting in a *48 percent* requirement, but this provision requires specific approval.

The SPARTECA was designed to address the unequal trade relationships between ANZ and PICs. However, PIC leaders were not happy with the stringent RoO, since the latter generally restricted the scope of exports and value addition. Critics argue that RoO failed to take into account PICS' dependence on imported inputs in their simple manufacturing activities. Furthermore, SPARTECA was criticized for failing to address the more restrictive non-tariff and technical barriers to trade, such as quarantine, sanitary and phytosanitary measures and standards. A study by the Pacific Islands Forum (2007) examining RoO concluded that 'SPARTECA did not promote significant export growth from PICs, both in terms of volume and composition (diversification)' (Pacific Islands Forum Secretariat 2007: 4).

However, there were two successful exceptions: the export of automobile parts from Samoa and clothing and textiles from Fiji, which were helped by policy

18 The welfare losses arise from trade diversion: that is, the losses from preferential concession to a partner, which result in replacing imports from the cheapest source with expensive imports from the partner country, are greater than gains from trade creation. RTAs amongst small-sized countries with similar products and less diverse in economic structures, thus being more competitive than being complementary in nature, would result in lower net welfare losses as trade diversion possibilities would be much less. Aside from the minimized welfare losses, there would be some gains: the small countries would be able to mobilize, nurture and exercise their collective market power; the countries, being ethnically and culturally similar, would be better placed to get together and harmonize various policies and hence trade diversion risks would be minimized; and if the number of countries is small, a cooperative solution is more likely.

© Copyrighted Material

© Copyrighted Material

interventions over and above SPARTECA and by *ad-hoc* derogations from RoO requirements. Since PICs with their high labour and public utility costs do not have any comparative advantage in manufacturing, the potential for new manufacturing export enterprises is limited. Morgan (2012) refers to the recently concluded *ASEAN-Australian-New Zealand FTA*, which mandates removal of tariffs across the board for imports from ASEAN states by 2020 and notes that PICs would lose out, as it would eliminate any margin of preference that Pacific exporters currently enjoy. For this reason, he argues that RoO should be amended as an 'early harvest' from the PACER Plus negotiations, which could be incorporated in the final PACER Plus Agreement (Morgan 2012).

Sub-regional Integration

The only formalized sub-regional cooperative arrangement, as of now, was originally between three Melanesian countries, namely PNG, SI and Vanuatu, which was founded in 1986 with a view to fostering political cooperation. Six years later, economic cooperation received attention in the 1992 Summit held in PNG. In 1993, the MSG Free Trade Agreement (FTA) was signed, covering three products: tea (a major export of PNG), canned tuna (a major export of manufactured products of the Solomon Islands) and beef (a major pastoral export of Vanuatu). The three PICs also committed themselves to grant each other 'most favoured nation' (MFN) status, meaning that any concessions granted by an MSG country to a non-MSG country would be made applicable to MSG members.

The MSG became a more formidable entity soon after Fiji joined MSG FTA in 1998. During the next three years, 180 products were covered for free trade. However, trade between MSG countries created more animosities than cordiality, as Fiji and PNG began to build up trade surpluses at the expense of the two less-endowed countries. Vanuatu restricted biscuit imports from Fiji and in a tit-for-tat reaction, Fiji restricted imports of *Kava*, a non-narcotic root-crop for making beverages, by re-imposing high tariffs. The kava and biscuit wars, as they are popularly referred to, were the symptoms of the fully entrenched 'domestic industries protection' sentiments.

Intra-MSG trade during 2003-05 was approximately US$30 million, which was only 6 percent of all trade into the sub-region (Pacific Institute of Public Policy 2008). In 2005, a revised agreement was adopted with the aim of further integrating the economies of member countries, which received a further boost following the 2006 military coup. Fiji, which was isolated by political and economic sanctions by ANZ, solicited support from other MSG countries. Negotiations led to the signing of an MSG Constitution in 2007 focusing on solidarity. A secretariat was established in Vanuatu in May 2008. There was renewed emphasis on greater economic integration, not only in trade but also in services. It was agreed that there would be gradual liberalization of the negative list goods, reducing to zero tariffs by January 2013. Members excluded sensitive goods from duty reductions by placing them on a 'negative list'. The MSG FTA also provided protection to

© Copyrighted Material

© Copyrighted Material

'infant industries' on the basis until such time they could grow and compete with goods from trading partners.

Amongst the RTAs, MSG FTA appears to have emerged in recent years to be more acceptable in Melanesia, mainly because of the dragging of PACER Plus negotiations and isolation of a fellow MSG country, Fiji. As a Pacific Institute of Public Policy study (2008) notes, support for the MSG FTA empowers Melanesian governments to shift towards trade liberalization and resistance to protectionist pressures at a time when discussion of other (non-regional) agreements tends to stimulate anti-trade sentiment.

In addition to trade in goods, MSG leaders have taken yet another initiative. This is in regard to greater mobility of skilled personnel between MSG countries. If the Skills Movement Scheme is implemented, as planned from September 2012, about 450 trained teachers and nurses from Fiji would move to work in Vanuatu, meeting the current shortages in these two critical areas. However, the reception has been hostile. The Vanuatu Chamber of Commerce disapproved the scheme on the grounds that it will be a disincentive for Vanuatu youth to specialize in these areas and will lead to greater unemployment.

The economic space offered by MSG countries is small for facilitating intra-island mobility of skilled and unskilled labour. The PICs with no manufacturing base would like to move around and work in farms of bigger countries which have real shortages of agricultural labour. It is obvious that integration beyond MSG countries, preferably with ANZ, would be more beneficial, if labour mobility is encouraged. This is true not only for MSG countries but also for smaller PICs like Kiribati and Tuvalu.

Labour Mobility

Since only a few PICs would stand to gain from free trade arrangements in goods, a normal FTA is not uniformly attractive to all PICs. In fact, that was one of the reasons behind the lukewarm reception on the part of smaller PICs including Kiribati and Tuvalu to sign PICTA and PACER. The only comparative advantage which PICs enjoy is the 'export of labour' to work on foreign ships and on horticulture farms for fruit picking and other unskilled employment. The idea of importing labour has remained an attractive incentive for ANZ employers to meet shortages in the farm sector. It was estimated that up to 50,000 seasonal workers across New Zealand would be required at harvest time. In April 2007, New Zealand introduced the Recognized Seasonal Employer (RSE) programme, under which New Zealand employers are allowed to recruit overseas workers from the Pacific and South East Asia for seasonal work in horticulture and viticulture.

The RSE programme began in April 2007. By April 2008, after a year of operation, 92 companies had been approved as RSE employers and 4,070 workers from the Pacific and South East Asia had RSE visa applications approved (Macllelan 2008). Data shows that mean gross seasonal earnings are around NZ$12,700 per worker, most of whom spend between three and seven months working in New

© Copyrighted Material

© Copyrighted Material

Zealand. A survey of RSE employers conducted in 2011 found that most have enjoyed better quality, more productive workers and a more stable workforce (Guy 2011) and that RSE workers have helped their businesses to expand. From PICs' point of view, the survey results indicated that it was providing valuable income, skills and experience that workers can take back to their home countries.[19]

Australia introduced a pilot scheme, known as Pacific Seasonal Worker Pilot Scheme (PSWPS), in 2009 and three countries were chosen: Kiribati, Tonga and Vanuatu, each one representing Micronesia, Polynesia and Melanesia. Later on, PNG was added. In 2010, Nauru, Samoa, SI and Tuvalu were added to the list. Under this pilot scheme, Pacific Islanders were allowed to work in Australia as fruit and vegetable-pickers for periods of up to six months. About 2,500 Pacific islanders were expected to benefit. However, the number was low. By March 2012, only 1,100 workers were taken, which was far below the 7,000 Pacific workers under New Zealand's RSE scheme (Howes and Hay 2012). Although the programme has been made permanent from 2012, problems relating to red tape and lack of information[20] would render the programme less attractive to employers themselves (Curtain 2012).

PACER Plus

PACER Plus is an extension of PACER, which came out of concerns felt by ANZ subsequent to its signing in 2001 in regard to poor progress recorded by PICs towards achieving the targeted Millennium Development Goals by 2015. It was also influenced by perceived poor governance in PICs, which manifested in the coup of 2006 in Fiji, continuing ethnic tensions in SI and anti-monarchy protests in Tonga. The new approach was towards developing durable partnerships with a view to (i) improving governance; (ii) increasing investment in infrastructure and employment for recording greater economic growth and (iii) achieving better outcomes in health. Further, it was visualized that similar to Doha Development Agenda's for generating development gains to the world's poor, a comprehensive trade pact not only in trade but also services would be necessary in the Pacific region (Crean 2009).

19 Vanuatu, which is one of the Melanesian countries with minimal migration experience to Australia and New Zealand, is now benefitting more from remittances received from migrant workers than ever before. In 2007, 36 workers from Vanuatu went to New Zealand. The number increased to 1,855 in 2008, 2,024 in 2009, 2,049 in 2010, 2,521 in 2011 and over 3,000 are expected be sent in 2012.

20 Curtain (2012) writes: 'The Australian seasonal worker program is heavily managed with four federal government departments or agencies involved in administering or monitoring it. This together with its range of requirements and compliance monitoring will discourage employers from taking on seasonal workers under this program, compared with the options of using backpackers or illegal workers. Although some reporting requirements have been reduced (monthly reporting is no longer required), some processes seem to have been made more complex.'

© Copyrighted Material

© Copyrighted Material

In the Meeting held in Niue in 2008, Forum Leaders agreed to establish genuine regional economic integration of the type already enjoyed bilaterally by Australia and New Zealand and decided to commence negotiations in 2009. The proposed PACER Plus was to comprise a package of trade capacity and trade development assistance by Australia with New Zealand, the Asian Development Bank and the World Bank, which were aimed at securing new opportunities for PICs and cushioning any short-term costs of adapting to the challenges of globalization.

PACER Plus is expected to address a number of issues common to the whole region, which would include (i) how to comply with the quarantine requirements into Australia and New Zealand; (ii) developing consistent rules of origin within the region; (iii) the importance of improving aviation links to encourage greater tourism;[21] and (iv) liberalization of the telecommunications industry (Crean 2009). PACER Plus is also to encompass: (i) Pacific Regional Infrastructure Fund for underwriting critically needed investment; (ii) labour mobility with introduction of a three-year Pacific Seasonal Worker Pilot Scheme, which would help Australian horticultural industry employers who are unable to source local labour, providing employment experience, remittances and training opportunities in the region; and (iii) training of public servants.

A research study indicates that there could be a significant increase up to 30 percent in trade volumes, from the elimination of regional trade barriers and improved efficiencies, although that effect will be due to the aggregate impact of PACER Plus and all the existing RTAs (Institute of International Trade 2008). In addition to benefits of free trade under PACER Plus, which would be complemented by other cooperation on trade facilitation and direct technical assistance to PICs, the aforementioned study highlights the liberalization of the temporary movement of skilled and unskilled labour within the region, as it would enjoy strong support from the Pacific community.

Challenges

There are challenges as well. Aside from the varying sizes and vulnerability of their economies to natural disasters, there is chronic inadequacy of capacity to fully realize the potential gains from trade. While Vanuatu in particular feared loss of revenue as a result of reduced import tariffs, since it depended only on indirect taxes in the absence of direct taxation, smaller PICs that do not have any significant manufacturing base, except for meeting local needs such as copra-based soap, detergents, and bread and biscuits, were worried that they would be swamped by ANZ goods and services to the detriment of local businesses and local employment (Institute of International Trade 2008).

21 The World Bank, which invested US $125 million in the aviation industry across six countries in the Pacific, looks to aviation to help expand economic development in the region.

© Copyrighted Material

© Copyrighted Material

It is therefore necessary to increase the supply side competitive capacity of PICs; for example, through training the Pacific workforce, assistance to meet Australia's stringent quarantine requirements, a more flexible application of rules of origin or the harmonization of regulatory requirements, that wherever possible are consistent with those required by other developed nations such as the EU or the US. They also raised the complex problem of 'fine tuning' the balance between attracting foreign investment while retaining or possibly introducing subsidies and other direct assistance to support local industries and sectors, particularly those with future export potential (Institute of International Trade 2008).

Considering the capacity limits of PICs to plan, negotiate and implement a fully fledged free trade agreement, Australia decided to provide technical and financial assistance to PICs for raising their ability to commission their own PACER Plus research and training for Forum Island trade officials to prepare for negotiations. Accordingly, an amount of Aus$500,000 a year, for three years, by Australia and Aus$650,000 by New Zealand, in all Aus$1.5 million, was set aside to fund the Office of the Chief Trade Advisor (OCTA), to provide independent support and advice to PICs Forum Countries over the course of negotiation.

OCTA, based in Port Vila, Vanuatu, started operation in March 2010. However, the first incumbent did not complete a three-year term. Due to differences between him and ANZ, he chose to resign from his position in September 2011. A replacement was made in February 2012. Being already engaged in negotiations with EU for EPA, PICs who do not have sufficient capabilities in their trade and law ministries wanted OCTA to assist them in their negotiations with the EU as well. It was a difficult compromise to accomplish, as ANZ felt that OCTA funded by them was primarily meant for PACER Plus.

The Way Ahead

There are increasing concerns about the future of PACER Plus negotiations. Further, there were confused signals since the change in government in Australia in 2011. A new international trade policy announced in April 2011 did not make any reference to PACER Plus. Furthermore, the Australian government's report to the World Trade Organization in March 2011, as part of its Sixth Trade Policy Review, failed to mention PACER Plus (Morgan 2012).

As of August 2012, the PICs' concerns are continuing. So far there is nothing beyond generalities, since meetings of the Ministers in October 2009 and April 2010 did not deal with details.[22] The objective, structure and contents of PACER

22 The negotiations are expected to be based on a few general statements made by Forum Trade Ministers during their meetings in 2009 and 2010. These statements recognized the capacity constraints faced by PICs when undertaking negotiations, and the need for national consultations with all stakeholders; the importance of deepening regional trade integration affirmed that PACER Plus provides the Pacific region with a significant

© Copyrighted Material

© Copyrighted Material

Plus are yet to be concretized for a negotiation text. As Noonan (2011) pointed out, absence of a document for negotiations is a serious deficiency. These suspicions and fears would be eliminated only if Australia places on the table some tangible proposals. The latter will have to include firmer schemes beyond *ad-hoc* measures. Only concrete proposals for greater intakes under seasonal employment would convince PICs of the intentions of the two advanced Forum member countries which go beyond 'unorthodox trade and development' (Morgan 2012).

Additionally, the decision of the Forum Leaders to keep Fiji away from PACER Plus talks seems to cast doubts on the future of the talks. Although Fiji was a signatory to the original PACER agreement signed in 2001, Australia's argument that PACER Plus of 2010 is different from PACER is based more on political grounds than on logical reasoning, when the thrusts of the two agreements are economic and not different.

To sum up, regional integration in the Pacific would continue to be an elusive goal. There are regional rivalries, not only among the sub-groups within the region but also among ANZ on one hand and the EU. The negotiations between the EU and PICs were initiated in 2004 and are still in limbo. It is understood that if countries do not close negotiations by the end of December 2013, those not classified as Least Developed Countries will lose duty-free and quota-free access to EU markets.

The PICs need OCTA's help in their negotiations with the EU, which is denied on the grounds that OCTA has been created primarily for PACER Plus talks. Further, the continuing isolation of Fiji,[23] which is the second most important country after PNG, and lack of progress towards concretizing the objectives of PACER Plus into a negotiating document are serious issues to be resolved, if PACER Plus, the mother of all RTAs in the Pacific, should take off.

opportunity to develop a truly innovative trade and economic agreement that takes account of the different stages of development of each nation.

23 There were high expectations that a week-long 43rd Pacific Island Forum Leaders Meeting in Cook Islands, held in late August 2012, a highlight of which was US Secretary Hillary Clinton's presence, would consider Fiji's re-admission to the Forum by considering ongoing efforts for enacting a new Constitution by 2013 and conducting elections in 2014. The Forum decided against re-admission and preferred to wait until the elections when the new democratically elected government would be in place.

© Copyrighted Material

© Copyrighted Material

Appendix 6.1 History of Regional Economic Integration in the Pacific

Years/Period	Events
1947	Establishment of South Pacific Commission (SPC) by six countries: Australia, France, New Zealand, Netherlands, the United Kingdom and the United States. SPC was providing technical, consultative and advisory assistance in social, cultural and economic activities. In 1998, with the inclusion of the Micronesian countries and northern Pacific States, which were former US Trust Territories, the name was changed to Pacific Community. The initialism SPC is still retained. However, it stands for Secretariat of Pacific Community. There are 27 members. The programmes of SPC consist of three sectors: land resources, marine resources and socio-economic sectors. The functions are provision of technical assistance, education and training and information/communication. SPC is located in Noumea, New Caledonia.
1968	The University of the South Pacific was established to provide higher education and training that reflects the aspirations and needs of PICs. The main campus is in Suva, Fiji, and there are two campuses, one in Samoa, which hosts the School of Tropical Agriculture and one in Vanuatu, which hosts the Law Unit and Language Unit. There are University Extension Centres in other island states.
1971	Establishment of South Pacific Islands Forum by seven founding members (Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga, and Samoa). Expanded later to include all 16 States, covering the northern Pacific region. The name was changed to Pacific Islands Forum (PIF). It is popularly referred to as the Forum, which serves as the premier regional policy-making body of the self-governing states. The Secretariat is known as the Forum Secretariat and its objective is to service the Heads of Government meetings; to foster and promote regional economic cooperation, particularly on political, economic and trade issues.
1972	Establishment of the South Pacific Applied Geo-Science Commission (SOPAC). Started as a UN Project for mineral prospecting in offshore areas, it assists member countries in identifying, assessing, and developing mineral and non-living resource potential of extensive marine resources.
1974	Establishment of South Pacific Regional Environment Programme (SPREP). SPREP aims to provide assistance to the member states in the areas of protecting and improving the environment and ensuring sustainable development for the present and future generations.
1977	The Pacific Forum Line was founded for regional cooperation in shipping. It is a private company wholly owned by nine members of the Forum. The share-holding members are: Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Papua New Guinea, Solomon Islands, Tonga and Samoa.

© Copyrighted Material

© Copyrighted Material

Years/Period	Events
1979	Establishment of the Forum Fisheries Agency (FFA). It provides technical assistance in the development of fisheries management policies and in negotiations on the issue of licenses. Collection of fees, and surveillance of zones; collecting and dissemination of information on prices; shipping, processing and marketing of fish and fish products; focusing on management procedures, legislation, and agreements within and outside the region. FFA is based in Honiara, the Solomon Islands.
1979	Establishment of South Pacific Trade Commission (SPTC) in Sydney to promote trade and development and encourage Australian investment in island countries, through joint ventures; the SPTC holds exhibitions.
1980	Establishment of Pacific Island Development Program (PIDP) in Honolulu under the East West Center. Membership covers all island countries regardless of political status. PIDP conducts research on topics identified by Pacific island leaders.
1980-1989	Period of Collective Diplomacy. Successful negotiations with European Community on Lome Conventions. Negotiations on Law of the Sea. Anti-nuclear dumping campaign against Japan's proposal to dump radioactive wastes in the Marianas Trench, demonstrating collective action. Anti-drift netting campaign against Japan and other environmental initiatives. Institutionalization of understandings: South Pacific Nuclear Free Zone Treaty (1985) The Convention for the Protection of the Natural Resources and Environment of the South Pacific Region (1986) The Convention for the Prohibition of Fishing with long driftnets in the South Pacific (1989).
1990-1999	Period of harmonization of policies. Structural reforms. Policy dialogues. Donor-led reform programmes funded by Asian Development Bank. Melanesia spearhead Group Trade Agreement between four Melanesian countries: Fiji, Papua New Guinea, Solomon Islands and Vanuatu for freer trade.
2001	Pacific Island Countries Trade Agreement (PICTA) for free trade among the Pacific Island Countries by 2010. PICTA was signed in 2001. Pacific Agreement on Closer Economic Cooperation (PACER) for forging greater cooperation and negotiations by Pacific island countries with Australia and New Zealand to start in 2011. PICTA was signed in 2001.
2003	Australian Senate Committee recommendation for a Pacific Political and Economic Community with a single currency.

© Copyrighted Material

© Copyrighted Material

Years/Period	Events
2004	Forum Leaders decided to have a Pacific Plan for integrating PICs Preparation of Working Draft on Pacific Plan by Task Force.
2005	Approval of Pacific Plan: Four pillars: of (i) economic growth; (ii) sustainable development; (iii) good governance and (iv) security.
2007	European Union's efforts to bring about regional integration: insistence on signing an Economic Partnership Agreement (EPA) with EU only on a collective basis with PICs. EPA is to replace Cotonou Agreement which is lapsing in 2020.
2008	Deadline for signing EPA with PICS: December 2009.
2009	No collective EPA. PICs were not ready. Fiji and PNG signed interim EPA on individual basis with EU. Australia and New Zealand announced PACER Plus for replacing PACER. PACER Plus is designed to cover beyond trade in goods. It is designed to cover services, investment, capacity enhancement, trade facilitation and mobility of labour.
2010	Provision of assistance to PICs for helping them in their negotiations with Aus/NZ for PACER Plus. Office of Chief Trade Advisor is opened in Vanuatu and is fully funded by Australia and New Zealand.
2011	PACER Plus negotiations are scheduled to commence in 2011.
2012	PICs request assistance of OCTA in their negotiations on EPA with EU Differences with Australia and New Zealand, which leads to resignation of Chief Trade Advisor. The position of Chief Trade Advisor is filled from Feb 2012. No decision on PICs' request for OCTA's assistance for EPA negotiations with EU. Continued isolation of Fiji from OCTA and Forum.

Source: Jayaraman (2007), Fry (2005), Fairbairn and Worrell (1995)

References

Asian Development Bank. 2011. *Key Indicators* of *Asia Pacific Developing Countries 2011*. Manila: Asian Development Bank.

Browne, C. 2006. Overview of Regional Economic Performance and Prospects, in *Pacific Island Economies,* edited by C. Browne. Washington D.C.: International Monetary Fund.

Commonwealth of Australia. 2003. *A Pacific Engaged: Australia's Relations with Papua New Guinea and the Island States of the Southwest Pacific, Senate Foreign Affairs, Defence and Trade References Committee.* Canberra: Commonwealth of Australia.

Crean, S. 2009. Our Pacific Agenda: The Opportunity of PACER Plus, *Address at the opening of the Lowy Institute's "Pacific Islands in the World" Conference,* 2 August 2009, Brisbane: Lowy Institute, Brisbane.

© Copyrighted Material

© Copyrighted Material

Crocombe, R. and Meleisea, M. 1988. Achievements, Problems and Prospects: The Future of University Education in the South Pacific, in *Pacific Universities, Achievements, Problems and Prospects*, edited by R. Crocombe and M. Meleisea Suva; Institute of Pacific Studies.

Crocombe R. and Ueantabo N. 1983. Options in University Education for the Pacific Islands, *Pacific Perspective*, 12(1), 5-17.

Curtain, R. 2012. What future for the seasonal worker program? A conference report on: Australian Government's Seasonal Worker Program: Sydney on 1-3 August, 2012, *Development Policy Blog*. [Online]. Available at: http://devpolicy.org/what-future-for-the-seasonal-worker-program-a-conference-report/?utm_source=Devpolicy&utm_campaign=42cb445c24-Devpolicy_Blog_Digest_June7_1_2012&utm_medium=email [Accessed on 3 September 2012].

Fairbairn T. I. J. and Worrell D. 1996. *South Pacific and Caribbean Island Economies: A Comparative Study*. Brisbane and Suva: Foundation for Development Corporation and South Pacific Forum Secretariat.

Fiji Times. 2012. Pacific Struggle. *Fiji Times*, 4 September 2012, 16.

Fry, G. 2005. *Pooled Regional Governance in the Island-Pacific: Lessons from History*. Paper presented at the Workshop on Regional Integration in the Pacific, Research School of Government and Pacific Studies, Australian National University, Canberra, June 2005.

Guy, N. 2011. *Research shows benefits of overseas worker scheme*, [Online]. Available at: http://www.beehive.govt.nz/release/research-shows-benefits-overseas-worker-scheme [Accessed on 24 August 2012].

Howes, S. and Hay, D. 2012. Australia's Pacific Seasonal Worker Pilot Scheme: why has take-up been so low? *Development Policy Blog.* [Online]. Available at: http://devpolicy.org/australia%E2%80%99s-pacific-seasonal-worker-pilot-scheme-why-has-take-up-been-so-low/ [Accessed on 18 August 2012].

Hughes, H. 2003. Aid has Failed in the Pacific, *Issue Analysis No. 33*. Sydney: The Centre for Independent Studies.

Hughes, H. 2004. *Pacific is Viable!*, Sydney: Centre for Independent Studies.

Hughes H. 2010. Aid has Failed the Pacific: Pacific 2010: Revisited. *Pacific Economic Bulletin*, 25(3), 232-234.

Institute of International Trade. 2008. *Research Study on the Benefits, Challenges, and Ways Forward for PACER Plus.* Adelaide: University of Adelaide.

Macllelan, N. 2008. *Workers for all Seasons: Issues of New Zealand's Recognized Seasonal Employer program.* Hawthorn, Australia: Institute for Social Research, Swinburne University of Technology.

Morgan, W. 2012. New rules to expand Pacific exports? Only if action is taken fast, [Online]. Available at: http://devpolicy.org/new-rules-to-expand-pacific-exports-only-if-action-is-taken-fast/ [Accessed on 22 August 2012].

Noonan, C. 2011. PACER Plus progress and promise: Regional integration challenges and opportunities in the Pacific, *Trade Negotiations Insights*, 10(9).

© Copyrighted Material

© Copyrighted Material

Pacific Institute of Public Policy (PIPP). 2008. MSG: Trading on Political Capital and Melanesian Solidarity, *Discussion Paper, No. 8.* Port Vila: PIPP.

Pacific Islands Forum Secretariat. 2004. *Working Draft: The Pacific Plan for Strengthening Regional Cooperation and Integration.* Suva: Forum Secretariat.

Pacific Islands Forum Secretariat. 2005. *Pacific Plan.* Suva: Forum Secretariat.

Pacific Islands Forum Secretariat. 2007. Pacific Regional Trade and Economic Cooperation Joint Baseline and Gap Analysis. *Report to the Pacific Islands Forum Secretariat.* Suva: Forum Secretariat.

Samoa Observer. 2012. PM praises China, *Sunday Samoan*, 1 September 2012.

Scollay R. 2005. *Deeper Integration with Australia and New Zealand? Potential Gains for Pacific Islands,* Paper presented at the International Workshop on Pacific Integration and Regional Governance, Asia Pacific School of Economics and Government, Australian National University, Canberra, June 2005.

United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). 2011. *Economic and Social Survey 2011.* UNESCAP, Bangkok.

Urwin G. 2004. *Economic Development of Pacific Island Economies and Regional Cooperation.* Suva: Pacific Islands Forum Secretariat.

World Bank. 1993. *Pacific Island Economies: Volume 1; Overview.* Washington, D.C.: World Bank.

© Copyrighted Material