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**FOURTH POST-FORUM DIALOGUE
PARTNERS MEETING**

Honiara, Solomon Islands
10 - 11 July 1992

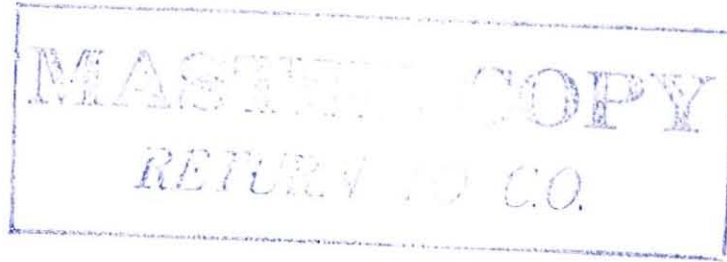
SUMMARY RECORD



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SUMMARY RECORD

PLENARY SESSION

The Fourth Post-Forum Dialogue was held in Honiara on 10-11 July 1992, directly after the 23rd South Pacific Forum meeting. Representatives of the Dialogue Partners were: Hon Flora McDonald, former Secretary of State for External Affairs, Canada; H E Mr Liu Huaqiu, Vice-Minister for Foreign Affairs of the People's Republic of China; Mr Philippe Soubestre, Deputy Director-General for Development, European Community; H E Mr Jacques Le Blanc, Permanent Secretary for the South Pacific of the Government of France; Hon Koji Kakizawa, Parliamentary Vice-Minister for Foreign Affairs of Japan; Lord Glenarthur, United Kingdom; Mr Richard English, Deputy Assistant Secretary of State for East Asia and the Pacific of the United States of America. The Forum Panel consisted of representatives of Solomon Islands, Federated States of Micronesia, and Nauru. A list of participants is attached as Annex 1.

Presentation by Forum

2. The Minister for Foreign Affairs and Trade Relations of Solomon Islands, on behalf of the Chairman, welcomed the Dialogue Partners. He expressed the belief that the Dialogue had become the most important annual opportunity for the region to exchange views with its main extra-regional partners. He outlined the discussions at the 23rd South Pacific Forum, noting that it had been a very successful meeting, reconfirming the Forum Governments' commitment to advancing the process of regionalism even further. The most important single issue had been sustainable development. The Minister sought the support of Dialogue Partners for the region's interests in the follow-up to UNCED. He outlined the development priorities of the region, and noted the need for the region to adapt its international links in line with changes in the international situation, particularly by strengthening relations within the Asia Pacific region. He drew attention to the Forum's discussion of the international and regional security environment, welcoming France's suspension of nuclear testing and

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seeking support for the objectives of the Forum's Declaration on Law Enforcement Cooperation. The text of the Minister's opening statement is attached as Annex 2.

Response by Canada

3. The representative of Canada pointed out that Canada, as a Pacific country, shared a natural community of interest with the region. She emphasised Canada's commitment to dealing urgently and comprehensively with environmental issues by promoting sustainable development. UNCED had been an important start to this process. She welcomed UNCED's decision that the UN should hold a conference on high seas fisheries and hoped that Forum countries would participate actively in that. She applauded the suggestion of a regional convention on hazardous wastes.

4. The representative of Canada expressed the view that economic policies aimed at reducing the role of government and encouraging foreign investment were as appropriate in the Pacific as in Canada. She assured the Forum that the North America Free Trade Agreement would be trade-creating, and not diminish the region's trade with North America. She noted that Canada's annual economic assistance to the region totalled CAN\$20 million, in particular to fisheries, education and women's issues, and gave assurances that ICOD's previous programmes would continue without reduction in spending.

5. The representative of Canada said that the South Pacific was an integral part of the global security system and noted the need for dialogue on such issues. Canada supported the region's law enforcement objectives. The text of the Canadian response is attached as Annex 3.

Response by the People's Republic of China

6. The representative of the People's Republic of China (PRC) said that the PRC supported the role of the Forum in maintaining peace and stability, and promoting the development of the region. He outlined the continued development of the PRC's links with the region since the previous Dialogue. He noted that, while the PRC's economic assistance to the region was necessarily limited by its developing country status, it was sincere in providing assistance and intended to continue to promote relations with the region in this and other areas. The PRC and the South Pacific faced similar challenges in development, and took similar positions on environmental issues. The representative

of the PRC reaffirmed the PRC's determined opposition to any form of two China or one China one Taiwan policy. The text of the PRC's response is attached as Annex 4.

Response by the European Community

7. The representative of the European Community (EC) noted the value of the Dialogue in enhancing relations between the EC and the region. He outlined the EC's assistance to Forum Island Countries, which totalled \$1.1 billion to the Pacific ACP countries under Lomé, and \$1.4 billion to the Pacific overall. The EC was also the main export destination for the Pacific ACP countries.

8. The representative of the EC outlined developments within the EC since the previous Dialogue: the Treaty on European Union which had implications for the coordination for the EC countries' policies; significant progress towards implementation of the Single European Market by the end of 1992; and creation of the European Economic Area. He referred to the decision to reform the Common Agricultural Policy as a significant contribution to concluding the Uruguay Round.

9. The representative of the EC went on to say that the EC supported the UNCED outcomes. The EC was in the vanguard of efforts to reduce greenhouse gas emissions and its targets for stabilising CO² emissions were more restrictive than called for in the Climate Change Convention. The EC would continue to take the lead in environmental protection, development cooperation, and its determination to create a peaceful world. The European Community's response is attached as Annex 5.

Response by France

10. The representative of France congratulated the new Secretary General, who was taking office at an important time when the confrontation between the East and West had ended. Dialogue between the Forum and France had improved in recent years and France hoped that this constructive relationship would continue. France was financing four development projects in the Forum context and the Government had recently made a commitment to a 0.7% GNP target for ODA before the end of the century. It would continue to contribute to the region's development through Lomé as well.

11. The representative of France highly appreciated the Forum's moves to invite representatives of the French territories to certain of its meetings. France supported the Forum's views on the necessary integration of the French territories into the region.

New Caledonia continued to make progress towards rapprochement under the Matignon Accords.

12. The representative of France said that France was committed to protection of the environment and cooperation with SPREP. He recalled France's leading role in negotiating the Climate Change Convention, and applauded the Pacific Island countries concerted and active participation in the negotiations. France's nuclear testing suspension according to the representative of France was a unilateral and temporary measure. He called for significant steps by other countries on arms reduction and nuclear non-proliferation to put France in a position to consider what to do next year in regard to the suspension. The text of France's response is attached as Annex 6.

Response by Japan

13. The representative of Japan recalled the outstanding recent development of Japan/South Pacific relations, particularly in fisheries, trade and economic cooperation. There had been an 85% increase in the region's exports to Japan over the past six years and Japan's bilateral aid to the region had grown 470% over five years (in contrast to a 240% increase in Japan's overall bilateral aid). He commented on the central role of the Forum in promoting political stability and economic development in the region. Intensifying support for the Forum was an integral part of Japan's foreign policy. He invited the Chairman of the Forum to visit Japan in 1993, and announced an increase in Japan's financial contribution to the Secretariat to US\$500,000. He also referred to Japan's intention to inaugurate a new programme to invite ten students from USP and UPNG to Japan annually.

14. The representative of Japan referred to new approaches in Japanese economic management to encourage links with foreign countries, and its desire to contribute to conflict resolution in Cambodia and elsewhere. This was a necessary reaction to the change in the international environment. Japan would continue to expand its ODA and had represented the viewpoint of the Asia/Pacific region at the Munich G7 Summit.

15. The representative of Japan noted the importance of UNCED in launching a truly global programme on the environment. Japan appreciated FICs' concerns on global warming, welcomed the framework Convention on Climate Change, and would stabilise its own CO² emissions at 1990 levels by the year 2000. He noted that, although Japan's GNP was 14% of the world total, its CO² emissions were less than 5% of the world total. Japan would continue to expand its environment-related ODA, and consider

programmes for assisting FICs within this. The text of Japan's response is attached as Annex 7.

Response by the United Kingdom

16. The representative of the United Kingdom (UK) understood that global warming, sea level rise and dumping of dangerous waste were of particular concern to the region. In the UK view, the outcomes of UNCED in this regard were substantial, with key agreements and mechanisms set in place for channelling new finance to developing countries. There would be a need to translate the agreements into practical action. The UK was proposing a plan in the EC context for this and all governments, including Forum members, needed to press on with national plans to implement the UNCED agreements.

17. Turning to aid, the UK representative appreciated the value of the aid coordination meetings organised by the Secretariat and encouraged the development of more effective guidelines on issues like HRD through this mechanism. The development of the private sector was very important. The role of the Secretariat was crucial and the UK would be glad to assist it. He referred to the linkage of trade to economic development and the UK's efforts to facilitate the success of the GATT Round.

18. One point in the Communique concerned the UK representative. That was on nuclear testing which continued to cause the UK some difficulty. But on almost all other issues the UK shared the views set out in the Communique. He commended the holding of the Dialogue directly after the Forum as facilitating a range of bilateral contacts. The text of the United Kingdom's response is attached as Annex 8.

Response by the United States of America

19. The representative of the United States (US) referred to the importance of the Dialogue as a mechanism for the exchange of views with the region's premier political organisation. He reiterated the US' continuing commitment to its traditional role as a force for stability in the Asia/Pacific, and drew attention to its arms reduction initiatives as assisting the Forum's anti-nuclear concerns.

20. The representative of the US reaffirmed US interest in fostering economic links with FICs including through the JCC. He welcomed the proposal for a Joint Declaration on Cooperation, although it would need further study in Washington and dialogue with

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FICs to ensure the Declaration best met the needs of all parties. He was pleased with the successful re-negotiation of the Multilateral Fisheries Agreement, the progress of the MARC project, and the prospect of increasing investment links through the proposed OPIC mission.

21. The representative of the US noted that the US had traditionally supported the Forum's environmental interests in issues like driftnetting, JACADS, and the activities of SPREP. He referred to the considerable US research spending on Climate Change. His view was that the 1990 Summit between President Bush and Island Leaders had been a watershed. The US remained committed to implementing the initiatives flowing from that Summit. The text of the United States' response is attached as Annex 9.

DIALOGUE WITH THE PEOPLE'S REPUBLIC OF CHINA

WELCOME

22. The Chairman welcomed the delegation from the People's Republic of China. He noted that the PRC Statement at the Plenary had provided a comprehensive introduction to the major strands of the region's relations with the PRC and the PRC's involvement in the region. He drew the PRC's attention to the Communique as setting out the Forum's position on issues of concern.

RELATIONS WITH TAIWAN

23. The Chairman introduced the issue by noting that some countries of the Forum had diplomatic relations with the PRC and others with the ROC. The Forum was fully aware of the PRC's position on its one China policy, and on Taiwan being a province of China. He asked whether conduct of relations with Taiwan at the provincial level would fall within the compass of that policy.

24. The representative of the PRC replied that there was only one China of which Taiwan was a province. The United Nations recognised only the PRC as did almost all other international organisations. The PRC had diplomatic relations with over 160 countries. The PRC was not opposed to unofficial contacts with Taiwan by countries having diplomatic relations with the PRC, but it firmly opposed any official contact.

25. The representative of the PRC noted that PRC's aim was reunification of the country under "one country two systems". Contacts between Taiwan and the mainland

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were increasing, as was investment from Taiwan in the mainland as the Taiwanese realised that the only future for Taiwan lay on the mainland. Taiwan had nothing like the economic and other strength of the mainland, which on the UN's assessment was the eighth strongest economy in the world. Over 180 countries traded with the PRC. Reunification was inevitable.

26. Turning to the Forum Communique, the representative of the PRC said that his Government was very dissatisfied with the wording. As a first point, the phrase "Republic of China" appeared, which was unacceptable in implying the existence of two Chinas. He realised that four Forum countries maintained diplomatic relations with Taiwan, but the majority recognised the PRC.

27. The representative of the PRC objected secondly to the proposal that a dialogue with Taiwan take place at the same venue as the Forum and the Post-Forum Dialogue. This would mean two delegations claiming to be representatives of China present in the same place at the same time. The Vice-Minister would have to consider seriously whether it was possible or not for him to attend the 1993 Dialogue on that basis.

28. The representative of the PRC also sought clarification of which countries would participate in a meeting with Taiwan. It would be totally unacceptable to the PRC if those having diplomatic relations with the PRC were amongst the participants. He went on to say that unless the Communique reference to the ROC was removed, the PRC would oppose the Communique's usual circulation in the UN. If the UN did circulate it the PRC reserved the right to take further action.

29. The representative of the PRC noted that this was the third time he had participated in the Dialogue. That was an indication of the PRC's desire to strengthen its relations with the Pacific countries. The PRC had already extended assistance totalling over Yuan320 million to FICs and would be making further funds available in 1992. The PRC's participation at UNCED had shown its common concern on environmental issues with Pacific nations. There was every reason to develop even closer cooperation with Forum countries. He hoped those Forum countries which recognised the PRC would abide strictly by the principles enshrined in the respective communiqués establishing diplomatic relations.

30. The representative of the PRC added that he understood the positions of the four countries having diplomatic relations with Taiwan. He knew that they also had goodwill towards the people of the PRC. The PRC was ready when the time was right to build

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cooperation with those countries as well. The representative of the PRC concluded by saying that his country highly valued its relations in the region. He sincerely hoped that Forum country governments would consider their own long term interests and take a prudent attitude on the question of Taiwan, so that no difficulties were put in the way of the PRC's future participation in the Dialogue.

31. The Chairman said that Forum countries certainly intended to continue their good relations with the PRC. He wanted to put in perspective the phraseology of the Communique and clarify the Forum position. He said that the Forum had recognised that Taiwan was a real and increasingly important economic presence in the region, and that some form of regular consultative arrangement between Taiwan and the countries of the region was required. It had noted that two years had already been spent in exploring options which would take the PRC's concerns into account.

32. The Chairman said that the Forum's decision, set out in the Communique, was that a "Taiwan/Republic of China - Forum Countries Dialogue" should be proposed to Taiwan. This would take place annually, after the existing Post-Forum Dialogue and separate from it. The aim, if the proposal was acceptable to Taiwan, would be to have a first meeting in 1993 in Nauru. He added that participation in the meeting would be open to any Forum country which wished to take part. Equally, the formula recognised in the use of the phrase "Forum countries", rather than "Forum", that certain Forum countries would not wish to take part. The important point was that there was no implication that Forum country participants in the meeting would be representing the Forum as a whole. Participation would be by individual countries.

33. The Forum, in taking this decision, the Chairman said, was fully aware of the PRC's concern that there be no official contact between Taiwan and the Forum as an international inter-governmental organisation. The Forum believed the proposal took full account of that concern. As the PRC knew, four Forum countries had diplomatic relations with the Republic of China. The Forum respected their position. Taiwan had reiterated in discussions about a possible meeting over the past 12 months its desire to become a full Dialogue Partner. So the formula as agreed at the Forum was in fact a considerable concession on the part of those four countries. It recognised the importance attached by many Forum countries to their relations with the PRC.

34. The Chairman added that the Panel had no idea how many, or which, Forum countries would wish to participate in the meeting with Taiwan. The decision rested

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entirely with individual countries. If the PRC had any concerns about participation, these should be taken up through bilateral channels.

35. The representative of the PRC reiterated that for countries having diplomatic relations with the PRC to have any dialogue with Taiwan in the Forum context would constitute official contact contrary to their obligations in establishing relations with the PRC. Even if participants in the dialogue did not represent the Forum, merely their own governments, the Forum would have created a channel for such contact. The problem could not be divorced from the Forum context. Opportunities would be created for official contact with Taiwan in a way authorised by the Forum. There would effectively be two delegations claiming to represent China at the same venue. The PRC could not attend in those circumstances. That would be a loss to the PRC but also a loss to the Forum.

36. The Chairman reiterated that countries attending a meeting with Taiwan would not be representing the Forum. Thus there would be no change to the current situation. The PRC representative replied that he fully understood this point but for officials of countries having diplomatic relations with the PRC to have official discussions with Taiwan would be unacceptable.

37. To the Chairman's comment that that was a bilateral matter between the PRC and the countries concerned, the representative of the PRC said that nonetheless the reference in the Communique was to "Forum countries". If the meeting were restricted to the four countries recognising Taiwan, there would be no objection, but if the same officials talked to both the PRC and Taiwan, that amounted to a two China policy. If a different venue was used, the situation would be different, although of course the PRC continued to oppose official contact with Taiwan by those countries recognising the PRC. He added that the lack of prior consultation with the PRC on the specifics of the formula set out in the Communique added to the PRC's dissatisfaction.

38. The Chairman concluded by saying that the Panel had noted the points made by the representative of the PRC and would ensure that they were communicated to all Forum countries. He was personally optimistic that it would be possible to develop a framework acceptable both to the PRC and to the Forum.

ECONOMIC ISSUES

Development Assistance Policy

39. The Chairman introduced the issue by saying that the FICs understood that, as a relatively poor country itself, the PRC could not be a major donor. In those circumstances, the assistance which the PRC did provide was all the more appreciated, particularly its strengths, as a developing country itself, in supplying appropriate technology and the provision of technical assistance in the areas of rural/agricultural industry development. The PRC's increasing involvement in the region was very encouraging, and the Forum would like to explore the possibilities of enhanced cooperation.

40. The Chairman went on to say that the Forum was concerned that, due to the economic recession currently experienced worldwide, economic assistance to the region from its main donors would be adversely affected. The PRC, as a recipient of aid itself, no doubt had similar concerns. The Forum hoped that the PRC, in its own discussions with donors, could help make the case for continuation and expansion of resource flows to regions like the Pacific, despite the distractions of recent events elsewhere. It was hoped, of course, that the PRC's own assistance would likewise be unaffected.

41. The Chairman also drew attention to the fact that the Forum had recognised the special development problems faced by the Smaller Island States of the Forum. It had urged all the region's major development partners, including the Dialogue Partners, to give prominence to the requirements of the Smaller Island States with assistance which would promote their efforts towards self-reliance and sustainability.

42. The representative of the PRC replied that his country always gave great attention to development assistance. It was trying within its abilities to provide assistance to the region, and it was also calling for other countries to increase their assistance. If the PRC's relations with Forum countries remained on a smooth path, the PRC's assistance would increase. Assistance had already been provided to Papua New Guinea, Fiji, Vanuatu, Kiribati, Marshall Islands and others totalling over Yuan320 million.

43. The representative of the PRC said that he had noted the Forum's concerns with the problems of the Smaller Island States. The PRC would continue to give increased

attention to the Smaller Island States, and would call on other donors in the international community to do the same.

Transfer of Technology

44. The Chairman noted that the PRC's experience in developing rural industry in remote areas had parallels with problems faced by FICs, and some such technologies might be transferrable. The Forum would welcome suggestions on how cooperation in these areas could be initiated. The representative of the PRC responded that the PRC had no hesitation in making available appropriate technology, and could also assist countries to develop technology independently. The PRC could also provide training in association with such projects. The PRC placed great emphasis on economic and technical cooperation with FICs, always without strings.

Asia Pacific Regional Cooperation

45. The Chairman referred to the Forum's endorsement of the region's interest in greater involvement in APEC and PECC. The Forum would like to encourage the PRC's support for that. The region recognised the need to participate more effectively in these processes. The representative of the PRC noted in response that the PRC, along with Taiwan and Hong Kong, had joined APEC the previous year. It had been a member of PECC for some time. The PRC had always strongly supported the efforts of the South Pacific countries to become involved in these processes and would continue to do so.

Market Access

46. The Chairman said that the PRC was potentially a huge market, but no FIC had yet developed a significant trading relationship with it. Vice-Minister Liu's words at last year's Dialogue that the PRC would work to increase access for FICs had been very welcome. A major constraint on the FIC side was lack of knowledge of market opportunities. He asked what sort of assistance the PRC could provide, in line with the Vice-Minister's statement, to help identify opportunities for FICs.

47. The representative of the PRC replied that the PRC's market was always open to South Pacific countries. Exports from Australia and New Zealand, especially of wool, had continued to increase despite surplus stocks of wool in the PRC. Similarly, the PRC had a domestic surplus of sugar, but still imported sugar from Fiji. It was also buying

timber from Papua New Guinea, to an annual value in excess of US20 million, and was trying to work out channels for importation of timber from Solomon Islands as well. If FICs could compete on price and quality, the PRC would give priority to their products.

ENVIRONMENTAL ISSUES

48. The representative of Solomon Islands said that the greenhouse effect and sea-level rise were critical issues to FICs, some of which faced the prospect of virtually complete inundation. The Forum had welcomed the signing of the Climate Change Convention by the PRC and its commitment to emission targets. The representative of Solomon Islands urged the PRC to support the calls made by many countries for protocols to strengthen the Convention in establishing specific commitments on target dates, financial support and technology transfer for developing countries.

49. The representative of Solomon Islands added that the Forum countries were committed to the goal of sustainable development, and believed that it had a chance of being achieved. But it also appreciated that the achievement of this goal would require close cooperation with other regions of the world and the continued assistance of the international community. The Forum would welcome the support and cooperation of the PRC in working towards the achievement of this goal.

50. In particular, the Forum was keen to see the implementation of Agenda 21, the Biodiversity Convention, the Climate Change Convention and the Forest principles, which had been agreed at UNCED said the representative of Solomon Islands. The region was particularly interested in the Sustainable Development Commission which the UN would establish. It would have a key role in determining how Agenda 21 develops. The region had a particular interest in being included in the work and discussions of the Commission. The Forum would also welcome the PRC's support and assistance to the region's environmental programme for which SPREP had drawn up a detailed action plan.

51. The representative of Solomon Islands added that the Forum had continued to voice concern over the potential use of the South Pacific as a dumping ground for hazardous wastes, including radioactive materials. The PRC delegation would recall that last year support had been sought for Forum efforts to have the London Dumping Convention amended to ban such dumping. Since then, the LDC had agreed to consider holding an amendment conference. The Forum welcomed this, and hoped for the PRC's

support for the amendment language that would be put forward by Forum country representatives.

52. The representative of Solomon Islands also alluded to the Forum's agreement to look into the possibility of a regional convention on the movement of hazardous wastes. It would hope extra-regional countries - the waste producers - would support such a convention. The Forum had been somewhat concerned that the focus in this regard of UNCED's Agenda 21 had been on waste management and disposal, not waste reduction at source.

53. The representative of the PRC said that the PRC shared the objectives of Pacific countries in regard to the environment. Sea level rise, for example, would submerge the Pearl River delta and the Yangtse River delta. Similarly, the PRC took the same position as the Forum on the dumping of nuclear waste.

54. The representative of the PRC added that the PRC had been the first of the five major world powers to sign the conventions and other documents of UNCED. During the two years of UNCED's preparation, and at the UNCED itself, the PRC had taken the same position as other developing countries, to safeguard the development prospects of the third world and of South Pacific countries. He noted that the PRC was ready to make available technology in the field of environmental protection without seeking recompense. The PRC wished to continue to cooperate with the Forum countries on environmental issues.

POLITICAL AND SECURITY ISSUES

55. The representative of Nauru referred to the recent influx of PRC immigrants into the Pacific. He noted the Forum's concern about the increase in criminal activities in the region, such as drug trafficking, which was threatening the vulnerable societies of the South Pacific. The Pacific countries did not themselves have the technology or the information to detect criminals entering the region. In this regard it was necessary to clarify the status of immigrants from the PRC. He asked how the PRC could assist with that.

56. The representative of the PRC replied that immigrants from the PRC to the region comprised three categories. The first was a small number of businessmen with a normal business background. The second was overseas Chinese, resident in the region. The PRC did not allow dual nationality, and encouraged such immigrants to take up

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local citizenship. The third category was that of illegal immigrants. The PRC strongly opposed illegal immigration. It had its own exit regulations and only permitted the departure of those persons with proper documentation including visas issued by the destination country. If any person was wanted in the PRC for criminal activities, the PRC would request arrest and extradition through INTERPOL.

57. The representative of the PRC noted that the cooperation of the countries of the region was also required. They should advise the PRC of the presence of any such persons engaging in criminal activities. He added that the activities of countries which sold passports, or failed to clamp down on the forging of passports, did not have a positive effect on the immigration problems referred to by the Panel. He stressed that the PRC shared the objectives of the Forum countries for security of the region.

58. The representative of Nauru referred to the Forum's concerns on French nuclear testing, and the need for the PRC to respond positively to the French suspension of testing in the region. The Forum Chairman's letter to the Prime Minister of the PRC was passed over.

DIALOGUE WITH JAPAN

WELCOME

59. The Chairman welcomed the delegation from Japan. He noted that the high level of the delegation was a good indication from the Japanese Government of the priority it attached to the Dialogue. He noted the recent discussions by the Chairman of the Forum and the Secretary General of the Forum Secretariat that had been held in Japan and said that the Communique set out fully the Forum's position on most issues on the agenda.

ISSUES ARISING FROM THE 23RD SOUTH PACIFIC FORUM

60. The representative of Japan thanked the Chairman and the Secretary General for the opportunity to address the Panel. The Plenary Session in the morning had allowed him already to address a number of issues. He expressed his gratitude to the Forum for supporting Japan in its candidacy for temporary membership of the United Nations Security Council. He said that Japan supported the policies of the Forum and had decided to increase its funding of Secretariat programmes to US\$500,000. He also noted the Small Scale Grant Assistance Scheme, providing assistance for "grass-roots" development projects, which was available to the Forum countries.

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61. The representative of Japan noted that Japan's interest in participating in the United Nations Peace-keeping Force in Cambodia stemmed from Japan's desire to take a more active role in resolution of conflict in the Asia/Pacific region. This participation was within the framework of the United Nations Peace-keeping Force.

62. Turning to economic issues, the representative of Japan said that the Japanese Government expected an improvement in the national economy later in the year. With this improvement exports to Japan from the South Pacific countries should increase. These exports had risen 85% over the past five years, which Japan believed was a satisfactory increase. Japan also supported the Forum Secretariat and had co-sponsored through JETRO the South Pacific Exhibition in Tokyo. The Japanese Government also expected investment from Japan in the region to increase with the prospective expansion of economic activity.

63. The representative from Japan noted that Japanese tourism to the area had increased from a level of 12,000 people in 1988 to 40,000 in 1990. It was still increasing. Direct assistance for tourism infrastructure could however only be provided with some difficulty. It was easier to provide assistance to normal infrastructure, for example, roads or water supply, which would indirectly assist the tourist industry.

64. The representative of Japan said that the FICs' concerns in regard to the shipment of plutonium through the Pacific, as expressed in the Communique, were fully recognised by Japan. He noted that the Communique requested observance of the "highest international safety and security standards". The shipments would in fact be conducted to a standard in excess of the International Maritime Organisation's requirements, the IAEA standards and the various physical protection treaties. He made four points in regard to the shipment:

- (1) In respect of prevention of accidents, several measures for collision protection would apply to the shipment. These included specialised radar, satellite navigation and the accompaniment of escort ships.
- (2) The shipment would be carried in a purpose-built ship specially designed to be resilient in a collision. It would be double-hulled and difficult to sink even if a collision did occur.
- (3) The fire-fighting capability on board the vessel would comply with international standards. There would be an alarm system, a fire-fighting

system, and a carbon dioxide suppression system, and very few flammable materials would be carried on board. This would prevent any scenario in excess of the IAEA requirements, i.e. a fire that could generate heat in excess of 800°C for more than 30 minutes.

- (4) The container in which the shipment would be shipped was extremely pressure resistant. It had been tested at a pressure equivalent to that produced by immersion in water at a depth of 10,000 metres. Thus the chances of detrimental environmental effects even if the vessel sank were minimal.

ECONOMIC ISSUES

Development Assistance Policy

65. The Chairman noted with appreciation the increase in Japanese aid being provided to the region, especially in bilateral assistance. The Forum welcomed the inclusion of the Forum countries in the Small Scale Grant Assistance Scheme. He asked what possibility there was of Japan providing more aid of a regional nature. The representative from Japan replied that Japan already provided regional assistance to the Forum. He noted that assistance through the Small Scale Grant Assistance Scheme was essentially bilateral.

66. The Chairman noted that the brochure about the scheme suggested that some Forum members were excluded. The Director of Oceania Division responded that all Forum member countries were eligible in principle for the Scheme but needed to conclude a framework agreement with Japan. The countries mentioned in the Scheme's brochure were those that already had such a framework. Regional organisations were also eligible.

67. The Chairman asked whether it would be possible for a Pacific Island Trade Office to be set up in Tokyo with the assistance of the Japanese Government. The representative of Japan replied that he was aware of the Forum's desire for such a Trade Office. He noted that ASEAN had such a trade office, but the volume of ASEAN/Japan trade was very much greater than the volume of South Pacific/Japan trade. He wondered in those circumstances if such a trade office would be feasible. He agreed however that Japan should study this further.

68. The representative of Nauru referred to Japan's statement at the Plenary Session and requested clarification as to whether the educational programme to operate through USP and UPNG would provide ten places for each institution or a total of ten places for the region. The representative of Japan replied that the Scheme provided for a total of ten but this would increase if demand increased.

69. The representative of Nauru believed that the demand would increase. He went on to ask whether Japan would provide assistance in work-place training programmes, in addition to training in Japan. The Director of Oceania Division responded that the educational programme was for training in Tokyo through JICA. There was a growing capacity to accept trainees into this scheme and, therefore, if there were more requests there was a good chance that the number of places provided would be increased.

Asia/Pacific Regional Cooperation (APEC and PECC)

70. The Chairman noted the need for regional cooperation in the Asia/Pacific region and for the South Pacific region to have substantive input into such cooperation. He requested Japan's support for the region's interests in APEC and PECC.

Fisheries Issues

71. The Chairman sought Japan's support of the Forum's position in regard to driftnetting and multilateral fishing agreements. The representative of Japan replied that Japan had some difficulty in participating in a multilateral fishing agreement because it already had bilateral fishing agreements with each of the countries concerned. Japan wished to maintain a bilateral basis for fisheries agreements. In regard to driftnetting the Japanese position remained unaltered. It had accepted the United Nations Resolution of December 1991. But it had not accepted the Protocols to the Wellington Convention because it believed there was a need for further information on the scientific basis for the Convention's provisions.

ENVIRONMENTAL ISSUES

72. The Chairman noted the assurances already given by Japan in regard to the region's concerns on plutonium shipments. He referred however to paragraph 27 of the Communique in regard to safety standards for the shipment of plutonium. The Chairman said that the Communique was specific on this issue, and it was equally important that Japan should consult with each of the Forum countries because they had shown a very

FORUM EYES ONLY

high interest in receiving timely information on the matter. The Chairman then handed over the Chairman of the Forum's letter to the Prime Minister of Japan.

73. The representative of Japan replied that Japan was always ready to consult closely with South Pacific countries on such matters, and would provide as much information as possible, as accurately as possible. He noted that the matter had been discussed with the Chairman of the Forum and the Secretary General on their recent visit to Japan, and that a lot of technical information had been provided. He believed that the Dialogue session was another good form of consultation. Japan would take further opportunities to consult if it was felt necessary.

74. The Chairman asked whether Japan would support the South Pacific Forum Communique's strong statement against the dumping of even low level nuclear waste in the region. The representative of Japan replied that the Japanese Government had made a commitment in 1985, by then Prime Minister Nakasone, that Japan would not undertake such dumping. Japan had no intention of dumping in the future. The previous commitment remained in force.

75. The representative of Nauru said that he wished to pick up a particular issue in respect of the environment. That was whether Japan intended to assist FICs in disposal of munitions left behind from previous wars. The representative of Japan replied that Japan was not aware of any cases of residual munitions in the FICs, resulting from its previous activities. If there was a specific situation, then the country concerned should provide information through diplomatic channels and Japan would examine it.

POLITICAL AND SECURITY ISSUES

76. The representative of Nauru asked whether Japan could provide assistance in education in regard to the prevention of criminal activity and drug trafficking. He was aware that some assistance was available through JICA but wanted to know if any other assistance was available. The Director of Oceania Division, replied that JICA did provide assistance in this area and was currently conducting seminars. It could accept trainees in crime prevention and police administration. Such assistance would be considered on a bilateral basis. In regard to the exchange of information aspects of law enforcement cooperation, the Director believed that the annual meeting under the auspices of the United Nations was the appropriate forum to address such matters.

FORUM EYES ONLY

77. The representative of Nauru noted that Japan was closely involved in dialogue on Asia/Pacific security arrangements. It would assist FICs if they could be kept informed of the progress of such dialogue. Referring to the passage of the Bill through the Diet that provided for an expanded peace-keeping role for Japanese military forces, he welcomed the more active role Japan was assuming in conflict resolution. It was important that such a role was within the United Nations Peace-keeping framework.

78. The representative of Japan replied that Japan's security arrangements were based on the bilateral Japan/US Security Treaty. He noted the importance of the ASEAN Ministerial Conference, which provided an annual multilateral dialogue on political, economic and security affairs. The ASEAN Conference was followed by the Post-Ministerial Conference in which countries external to ASEAN could be involved in dialogue. Japan and the USA were involved in these Post-Ministerial Conferences, the next of which was on 25-26 July 1992. This process had extended the range of security consultations in the Asia/Pacific Region. He suggested that consultations between the Forum and ASEAN would help in extending the multilateral security dialogue even further. He noted that Japan was in a delicate position in regard to security issues, because of its role in World War II. Japan considered that it should not take strong initiatives in security affairs. It was easier for Japan to participate if there was a broad multilateral consultative arrangement. He invited the countries of the region to enter into consultation with other countries in Asia-Pacific and noted that if this occurred Japan would like to take part.

DIALOGUE WITH CANADA

WELCOME

79. The Chairman welcomed the Canadian delegation noting with appreciation that Senator Pat Carney had sent a personal expression of regret at being unable to attend. He referred to the Forum Communique and noted that the Forum's discussion had focussed on developmental and environmental issues, stressing the concept of sustainable development for the region. The representative of Canada replied, expressing the delegation's condolences to the Solomon Islands Government for the unexpected death of Mr Francis Bugotu. She asked that these be passed to the Prime Minister of the Solomon Islands.

ECONOMIC ISSUES

Development Assistance Policy

80. The representative of Canada stressed Canada's continuing commitment to assisting the region with ocean development and deep sea fisheries, including fisheries conservation. Despite serious political ramifications, the Canadian Government had recently announced the closure of Newfoundland's northern cod fishing grounds for two years, which demonstrated Canada's commitment to fisheries conservation. She reiterated that the closing of ICOD would not affect Canada's commitment to assist the region in the area of ocean development and deep sea fisheries. Alternative administrative arrangements to replace ICOD were being developed. The representative of Canada also confirmed that their office in Suva would remain open.

81. The Chairman, in noting Canada's commitment to the region in the area of ocean development sought clarification as to whether Canadian assistance could be broadened to cover other sectors of growing concern. The representative of Canada indicated that Canada's annual programme of assistance to the region totalled CAN\$20m and, while the emphasis was on ocean development, other programmes which in particular focussed on areas that affected people's daily lives were also being funded bilaterally. She also referred to the Commonwealth of Learning, for which Canada provided 40% of the funding, which, through links between the University of Vancouver and USP, was seeking to strengthen distance education. This programme also demonstrated the prospects for utilising telecommunications developments to foster higher education standards. The representative of Canada noted that opportunities also existed for further discussion on how Canada might be able to support programmes in human resource development, telecommunications and tourism. However, fiscal constraints were likely to prevent any real increase in Canada's total assistance.

82. In response to a question from the Chairman, the representative of Canada indicated that its aid was provided with minimum conditionality. It did, however, seek to ensure that aid was provided taking into account human rights and good government issues. Canada also strongly supported a greater role for women and actively sought to include this aspect in aid programmes. She stressed Canada's view that programmes should be directed equally to women and men.

Ocean Development

83. The representative of Canada noted that, as a follow up to UNCED and the proposal for the establishment of a multilateral treaty to control fishing on the high seas, a conference would be held in St. John, Newfoundland in October 1992. Canada was willing to provide assistance to countries of the region to ensure their participation at this conference. Canada was also appreciative of the support given to the Canadian proposal by the AOSIS during UNCED.

Asia/Pacific Regional Cooperation

84. The Chairman noted that Forum Island Countries had a vital interest in the development of APEC which contained their main trading partners and main sources of economic assistance. However, given the limitation of observer status, and of size and of resources, the Forum often could not participate as actively as it would like. He sought Canada's support for FICs' interests in APEC, and its views on how APEC would develop.

85. The representative of Canada indicated that it was Canada's belief that APEC should now seek to consolidate and firmly establish itself as a forum for exchange of views on Asia/Pacific affairs. It therefore did not believe APEC should increase its membership for the moment. However, Canada would do everything it could to forward to APEC the views of the region. It was happy to act as the region's advocate for its interests in Asia/Pacific cooperation.

International Trade Outlook

86. The representative of Canada was not optimistic about an early and successful conclusion to the Uruguay Round. Canada was concerned because it believed that the future of world trade hinged on a successful outcome to the round. She noted that Canada's trade was affected by the continuing difficulties between the US and EC over price subsidies. The representative of Canada also felt that there was a need in the region to improve entrepreneurial skills before trade could be expanded. A group of Quebec MBA students would be visiting Papua New Guinea, Solomon Islands, Vanuatu and Fiji in the near future to collect information in preparation for the publication of a booklet on trade and investment prospects.

World Economic Prospects and Implications for the South Pacific

87. The Chairman noted that the health of the global economy clearly affected the region profoundly, determining as it did the environment within which investment, economic assistance, and trade policy decisions were taken. The Chairman asked for Canada's views on likely developments, referring in particular to concerns that increasing international competition for capital could divert resource flows from the region. The representative of Canada agreed that there had been a great deal of concern by many countries about the possibility of aid presently available to them being directed towards the former Soviet Union. She assured the Panel that this was not the case for Canada.

88. The representative of Canada stressed the need in relation to attracting resource flows for the region to establish an appropriate environment to encourage investment from the private sector. Political stability was an essential element in this. The reputation of the region as a whole as a destination for investment was dependent on political stability being assured in all countries in the region.

Fisheries Issues (Driftnet Fishing)

89. The representative of Canada indicated that she would have to seek further advice on a question from the Panel on whether Canada would be in a position to sign and ratify Protocol 1 of the Wellington Convention on Driftnetting. She undertook to advise the Secretariat when this information was received.

ENVIRONMENTAL ISSUES

Climate Change and Sea Level Rise

90. The Panel noted that Canada's level of CO² emission per capita was among the highest in the world and sought clarification from the delegation on what steps were being taken to redress this situation. The representative of Canada replied that, under Canada's Green Plan, these emission levels would be restricted to those recorded in 1990 by 1996. This target was in excess of those set by almost all other industrialised countries. This was despite high demand for energy in Canada because of its very cold climate, large mining industry, and long transport distances.

UNCED

91. The representative of Canada indicated that Canada had a strong commitment to follow up decisions taken at UNCED, with the International Development Research Center (IDRC) to be heavily involved in the implementation of the Agenda 21 programme.

Other Environmental Issues

92. The representative of Canada assured the Panel that Canada shared many of the concerns of the South Pacific over environmental issues. It had been at the forefront of many of the developments leading up to UNCED.

POLITICAL AND SECURITY ISSUES

Law Enforcement Cooperation

93. The representative of Canada noted that the Forum Declaration on Law Enforcement Cooperation was a positive move by the region to express its concern at the potential for transnational criminal activities to grow in the region. Canada provided support to the United Nations Drug Control programme. It was also willing to consider requests for police training on a case-by-case basis. She noted that Canada had participated in every UN Peace-keeping Force.

Global and Regional Security Outlook

94. The representative of Canada confirmed Canada's commitment to the security of the Asia/Pacific region. Canada recognised that, despite the ending of the Cold War, the world's security outlook remained somewhat volatile and uncertain. Canada was willing to support efforts to increase contact and dialogue with the region to assist in defusing potential difficulties in the region's security situation.

95. In response to the Panel's concerns about French nuclear testing, the representative of Canada gave assurances of Canada's support in endeavouring to persuade France to extend its testing moratorium permanently. Canada had consistently been at the forefront of moves throughout the world to seek the non-proliferation of nuclear weapons. Canada strongly supported the UN resolution which had commended the Treaty of Rarotonga.

DIALOGUE WITH THE UNITED KINGDOM

WELCOME

96. The Chairman welcomed Lord Glenarthur and the United Kingdom delegation, noting that the UK would have seen the Forum Communique and that the presentation at the Plenary had been intended to expand on the Forum's consideration of a number of major issues. Particular attention had been given to the concept of sustainable development.

ECONOMIC ISSUES

Development Assistance Policy

97. The Chairman expressed the Forum's concern that, due to the current recession and increase in demands elsewhere, particularly with the strengthening of EC integration, there might be a reduction in the level of development assistance provided to the region. The Forum was also aware of the changes being made to the management of UK aid in the region which it hoped would have a positive effect on aid delivery. The Forum welcomed the active participation by UK in the annual PICs/Development Partners meeting and hoped that the UK would support the region's efforts to develop a regional strategy. The Forum was also seeking to increase recognition by the region's development partners of the special development problems faced by the Smaller Island States of the Forum.

98. The representative of the United Kingdom indicated that his Government expected to maintain its substantial aid programme to the Pacific. Developments in the EC would have no effect. UK assistance was primarily provided to the Solomon Islands, Vanuatu, Fiji, Kiribati, Tuvalu and Tonga with support also given to a number of regional organisations. The UK placed particular emphasis on the quality of aid, recognising that aid was more effective if it supported sound macro-economic policies and the strategic plans developed by individual island countries. There had also been specific attention placed on technical assistance and training. The changes in the management of UK aid were also expected to enhance aid delivery to the region. The decentralisation of the activities of the former Suva office would benefit countries receiving assistance from the UK, which would have more direct and consistent contact with the appropriate technical advisers.

FORUM EYES ONLY

99. In response to a question from the Panel, the representative of the United Kingdom noted that it was very unlikely that assistance from the UK could be extended to other FICs.

International Trade Outlook, including EC Developments

100. The representative of the United Kingdom underlined his view that the implementation of the Single European Market would have positive benefits for trade and investment. It was difficult however to predict developments in the world economy and the final results of the Uruguay Round. The UK believed that an EC/US deal on agriculture was achievable at the technical level, but there remained some important political questions to resolve. The representative of the UK took note of the message sent by the Chairman of the Forum to the G7 Heads of Government urging the pressing need to use the opportunity of the Munich Summit to break the impasse on the Round. The delegation had, however, no report on the course of the G7 discussions.

World Economic Prospects and Implications for the South Pacific

101. The representative of the United Kingdom reiterated the difficulty of predicting the future of the world economy. However, he believed that it was important for Pacific Island Countries to continue to make changes within their own economies so that they would be in a better position to respond to an eventual improved world economy. Particular emphasis should be given to ensuring a conducive environment for development of the private sector and the establishment of mechanisms to increase privatisation and corporatisation of many of the activities traditionally undertaken by governments around the region. The Pacific Island governments, like others throughout the world, also needed to ensure strict management of their budgets. It was necessary furthermore that Pacific Island Countries diversified their economies away from traditional commodity trade into new areas providing growth opportunities.

ENVIRONMENTAL ISSUES

Climate Change and Sea Level Rise

102. The Panel introduced the discussion on this item by noting the particular concern of the region about sea level rise and the greenhouse effect, as some of the islands faced the prospect of virtually complete inundation. Their continued existence depended mostly on the major industrialised countries which were the biggest emitters of

greenhouse gases. The representative of the United Kingdom agreed that it was important for those industrialised countries who were major emitters of greenhouse gases to move towards the early ratification of the Climate Change Convention. The UK had made a substantial commitment to reducing CO² emissions to 1990 levels by the year 2000. However, if global efforts were to be successful there was a need for other industrialised countries to make similar decisions.

UNCED

103. The Forum Panel reiterated the critical importance of the environment and sustainable development issues in general to the region and encouraged the UK to cooperate in the follow-up to UNCED. In particular it sought the UK's assistance in the various programmes being identified under Agenda 21. The representative of UK reiterated his Government's commitment to follow-up on the Summit held in Rio de Janeiro which the UK regarded as having been a considerable success. The UK had sent a message to the G7 on 17 June proposing that its members commit themselves to an action plan to follow-up the key elements agreed in Rio de Janeiro. The representative of the UK referred to the statement he had made during the Plenary Session where specific mention was made of actions to be taken by the end of 1993. These were:

- publishing the national plans called for on climate change, biodiversity, forests and Agenda 21/Rio Declaration;
- ratification of the climate convention and preparations for ratification of the biodiversity convention;
- implementation of the Rio commitments on financial support to developing countries; and work to complete restructuring the Global Environment Facility as the permanent financial mechanism for the conventions;
- work at the UN General Assembly later in the year to establish an effective Sustainable Development Commission; and
- the establishment of an international review process for forest principles.

104. The representative of the United Kingdom also reiterated his Government's commitment to contribute up to 100 million pounds sterling of new money for replenishing the Global Environment Fund. He indicated that there were also plans to

make available substantial financial resources over two years for forest conservation, biodiversity, energy efficiency, population planning and sustainable agriculture. The representative of the United Kingdom also commended the work of the Alliance of Smaller Island States which had been an influential group in the G77 during the climate change negotiations.

Other Environmental Issues

105. The Panel sought the UK's support for the region's environmental programmes, particularly activities being pursued by SPREP. It also sought the support of UK for the amendment language being proposed by the Forum to the London Dumping Convention should moves for an amendment conference prove successful. The representative of the United Kingdom underlined his Government's commitment to the development of SPREP. The UK had significantly increased funding for SPREP projects. However, while it was willing to participate in discussions over a new SPREP treaty, it needed to be clearer about the practical benefits of the development of a new treaty.

POLITICAL AND SECURITY ISSUES

South Pacific Nuclear Free Zone Treaty

106. The Forum Panel urged the UK to reconsider its attitude towards the SPNFZ Protocols. It noted that some other nuclear powers had found it possible to sign the Protocols. Given that the strategic threat to the UK had lessened further since last year, the Forum found it increasingly difficult to understand why the UK continued to apply cold war reasoning towards SPNFZ. The representative of the United Kingdom replied that his Government had given careful consideration to the Protocols of the Rarotonga Treaty but believed that, despite changes in the world security situation, it would not serve national interests to become a party to SPNFZ. In coming to this conclusion, the UK had had in mind the continuing uncertainties of the new international climate, the extent of nuclear proliferation, and the views of its allies.

107. The representative of UK said, however, that it remained true that the UK had no intention of testing, stationing or manufacturing nuclear weapons in the region. It did not intend to use nuclear warfare unless attacked by a nuclear power. In relation to the Panel's request for a forthcoming UK response to France's suspension of its testing programme, the representative of the UK said that the UK believed that, despite the significant changes in the world security climate, it was still necessary for the UK to

have a minimum programme of nuclear tests to back-up its nuclear deterrence policy. The UK Government did, however, wish to see in the longer term a comprehensive test ban treaty.

108. The representative of the UK understood, however, the concerns of the Forum about nuclear issues. He noted the recent announcement that Royal Navy vessels no longer carried nuclear weapons.

Law Enforcement Cooperation

109. The Forum Panel sought the UK's cooperation in the Forum's endeavours to develop a programme of law enforcement cooperation. The representative of the United Kingdom recognised the concerns expressed by the Forum over the potential for transnational criminal activities. The UK provided financial support to individual countries for police training and legal assistance. Its view was that, in general terms, assistance on a country-by-country basis was most appropriate, but it could consider the possibilities for regional cooperation programmes in this area if detailed proposals were provided. The representative of the United Kingdom also thought it would be helpful for the region to establish direct links with Interpol and the UK Customs and Excise.

DIALOGUE WITH FRANCE

WELCOME

110. The Chairman welcomed the French delegation and introduced the Panel.

ITEMS ARISING FROM 23RD SOUTH PACIFIC FORUM

111. The Chairman said that the objective of this item was to draw attention to any specific issues discussed at the Forum of particular relevance to France. He noted that the French delegation would have seen the Forum Communique, and the Chairman's presentation at the Plenary had expanded on the Communique in areas of the Forum's discussions which were thought of interest to the Dialogue Partners as a group. The Forum's discussions had focussed on developmental and environmental issues - the concept of sustainable development for the region. But, while there were areas of the Forum's discussion of special relevance for France - for example, on nuclear testing and New Caledonia - it seemed to the Panel that these could be adequately dealt with under the appropriate items on the proposed agenda. In responding, the representative of

France said that he had nothing to add in respect of the Communiqué to what had been raised in the Plenary Session.

ECONOMIC ISSUES

Development Assistance Policy

112. The Chairman said the Forum sought to encourage France to continue and expand development assistance to the region, both through its Lomé contribution and through an increased range of bilateral and regional projects. The diversification of France's bilateral assistance to a greater number of countries in the region was highly valued. France's recent favourable consideration of regional projects executed through the Secretariat was also very welcome. This had flow on benefits of increasing contacts between FICs and the French territories, besides direct benefits. Concern had been expressed however that increasing demands on aid budgets of major donors to the region from elsewhere might affect assistance to the South Pacific. The Forum would welcome renewed assurances that France's assistance to the region would not be affected by such developments elsewhere.

113. The Chairman asked if the French delegation could elaborate on plans for the Caisse Centrale de Co-operation Economique to establish a regional office in Suva. He noted that France participated in the annual Forum Secretariat meeting between PICs and their development partners, and stressed the value of aid policy discussions involving the donor community. He hoped France would also actively support the region's efforts to develop a strategy for all regional programme activity in the South Pacific. He went on to refer to the fact that many major aid donors were now linking the provision of aid to the recipient's own policies, and asked what implications there were for the Pacific in this development. The Chairman also drew the French delegation's attention to the Forum's urging of all the region's major development partners to give prominence to the special requirements of the smaller island states.

114. The representative of France responded that France had an important and ongoing relationship with the Pacific. In spite of other priorities the Pacific was a major focus of French foreign policy. The French Territories were physically present in the area and France had major interests at stake, not the least of which was national defence. France was therefore vitally interested in the future of the Pacific and would continue to contribute to it. Part of this contribution was through bilateral and regional assistance, which France had maintained at the same level for a number of years (US\$12 million).

France was eager to maintain this level despite France's involvement in Eastern Europe and Cambodia. The representative of France added that France was concerned that the Pacific Countries were not taking full advantage of the opportunities offered by the European Community in terms of regional assistance and cooperation. He believed that the Pacific Island Countries had utilised bilateral assistance well, but regional projects were not absorbing the available funds. It was difficult to provide additional assistance if available funds were under-utilised. He noted that France was the only European country with territories in the Pacific and that it was eager to take the role of advocate for the South Pacific at the EC.

115. The Chairman asked whether France's development assistance level had been maintained in real terms or in dollar terms. The representative of France explained that France's assistance in the region emphasised bilateral rather than regional assistance. The level of assistance had been maintained in dollar terms. He noted that France needed to become active in development assistance in other countries of the region.

116. The representative of France outlined the general direction of French assistance which had an emphasis on bilateral assistance in training and technical assistance. Assistance was oriented toward the agricultural, health and natural resource areas. In regard to regional assistance, France had a policy of cooperation with regional organisations. It provided assistance to SOPAC, USP, and the Forum Secretariat. France however had some difficulties funding regional projects. It was easier to fund bilateral projects. He noted that the Caisse Centrale de Co-operation Economique would be establishing an office in Suva. It was the major French development organisation, having the function of a "public banker". The establishment of this office would provide efficient support to French development assistance.

Economic Contacts between FICS and the French Pacific Territories

117. The Chairman said that the Forum sought to encourage the strengthening of economic links between FICs and French Pacific Territories. He welcomed France's willingness to encourage contacts between its territories and FICs. The establishment of a Noumea-based Trade Commissioner responsible for trade between the French territories and FICs was very helpful, and the Forum's trade offices in Sydney and Auckland were also increasingly involved in facilitating trade between FICs and the territories. He asked for the French view of areas where there were best prospects of increasing trade.

FORUM EYES ONLY

118. The Chairman also noted that the Forum was issuing invitations to the territories to be represented at an increasing number of economic workshops and committee meetings. This would continue. French funding of projects, executed through the Secretariat, which also involved the French territories, would also strengthen economic links, as would the Caisse Centrale's office in Suva.

119. The representative of France responded that France, too, was concerned to strengthen economic links between FICs and the French Pacific Territories. He noted that the number of visits by Forum country leaders to Noumea had increased tremendously in recent times and that the French High Commissioner from Noumea and other New Caledonians had been invited to many Forum countries. This was a very encouraging development, but must be seen as a framework and a start to a process. There was a need to develop a much deeper relationship.

120. The representative of France believed that such development would be best pursued through trade. The French Territories had difficulty, however, with the high cost of production in New Caledonia and French Polynesia. The French Territories saw their main markets in the Forum as Australia and New Zealand, and the Territories in turn provided interesting markets for Australia and New Zealand. France had been conducting talks with Australia and New Zealand about removing barriers to trade. In regard to trade with FICs the difference in standard of living presented problems for French Territory exports. There were some possibilities of trade with Fiji. But regulations in many FICs on imports of agricultural products were a barrier. He suggested that FICs needed to identify specific fields for trade with the territories, such as clothing. The prospects for trade were increasing but the French Territories were limited by the fact that their revenue base came from tariffs.

121. The representative of France suggested that a way to facilitate trade between the French Territories and FICs might be to establish a regional chamber of commerce. Such a chamber could utilise trade specialists to look at legislation and regulations in order to develop Pacific trade relationships.

122. The Chairman felt this was an encouraging response from the French delegation. He noted that the decision to keep SPC in Noumea had been made, at least in part, in order to help maintain and develop the relationship between the Forum countries and the French Territories.

International Trade Outlook, including EC Developments

123. The Chairman said that the Forum sought French support for the special needs and concerns of FICs in its approach to international trade policy issues. He recalled that, at the previous Dialogue, the importance of an early and successful conclusion to the GATT Uruguay Round had been stressed. It was most disappointing that the Round still dragged on; global commitment to a fair and open multilateral trading system was vital to FICs, as to other developing countries, in ensuring markets for growing export industries. The key to the Round was held by the US and the EC, in resolving especially their differences over agriculture, but it seemed that more political will on both sides might be required. He asked how France saw prospects for progress.

124. The Chairman added that it would be particularly interesting to have an account of the discussion at the G7 Summit earlier in the week on the Round, although he appreciated that there had not been much time for the delegation to obtain briefing. He recalled that the Chairman of the Forum had sent a message on behalf of the Forum to the G7 Heads of Government urging the pressing need to use the opportunity of the Summit to break the impasse. He noted that FICs were severely limited by their resources, and lack of formal contracting party status with the GATT, in making an input to the negotiations. A commitment by Dialogue Partners to facilitate FIC interests where necessary would be welcome. While FICs were committed to liberalisation of international trade, one result could be erosion of trade preferences currently enjoyed. FICs looked to their major trading partners to take this in particular into account when examining liberalisation measures.

125. The representative of France responded that France understood the concerns of the Forum countries in regard to the lack of results from the Uruguay Round. He noted that since the previous Dialogue there had been major progress by the EC in moves to amend the Common Agricultural Policy. This shifted the EC's policies away from a guaranteed selling price to farmers and would result in commodity prices approaching closer to world market prices. This policy shift had been politically very difficult for the European countries and especially for France. But France had decided to take this approach because there was no other way if world trade was to develop. What was needed now was for others in the negotiations to take a step in the direction of the EC's position.

126. The representative of France added that the elimination of borders within the European Community that would occur on 1 January 1993 would be a major step in

assisting international trade with Europe. Exporters to Europe would need to trade into only one country to have access to the entire Single Market.

World Economic Prospects & Implications for the South Pacific

127. The Chairman said that the objective of this part of the Dialogue was to seek France's support for the region's interest in international economic fora, and elicit its views on the way recent world economic developments might affect the region. He noted that, at the time of the previous Dialogue, the view had been expressed that the world economy was on the verge of an upturn. The recovery, however, had been late and weak, including in France, and some major economies - notably Japan - which had been doing well until recently were now suffering sharp decelerations. The IMF's latest forecast was considerably more pessimistic than six months previously, though it did predict a real economic upturn in 1993. He sought the French view of prospects.

128. The representative of France said that the views expressed by France at last year's Dialogue in respect of world economic prospects had been far too optimistic. The economic mood today was one of uncertainty. This had resulted from a number of factors including the unexpected delay in the USA economic recovery, the unexpectedly low level of economic activity in Japan, the strong inflationary pressures occurring in Germany as a result of unification, the recession in the United Kingdom which had been much deeper than expected, and the major unemployment levels in France. He said that as a result of these factors, companies and consumers were very cautious. France, and also the OECD, believed however that the trend was encouraging. Even though recovery was slow the movement was there. France was not pessimistic.

Fisheries Issues

129. The Chairman said that the Forum sought France's continued support for the Forum position on driftnetting, and the active participation of its Pacific territories where necessary in fisheries conservation and management efforts in the region. One aspect was the acceptance as widely as possible of the Wellington Convention on Driftnetting and its protocols. This was still important to the Forum in giving some international legal status in the region to the UN's driftnetting ban. He asked if there had been any advance on France's ratification, which the Panel had been told last year was being delayed merely by the length of the necessary Parliamentary process.

130. The representative of France responded that France had played a leading role in the development of the Wellington Convention and was fully committed to it. The process of ratification of the Convention was a complicated and long one, but this should not prevent effective operation of the Convention since there were enough signatures already to bring it into force. France still intended to ratify the Convention.

131. The Chairman raised effective surveillance provisions as an essential element of fisheries management. France had provided on an ad hoc and bilateral basis some surveillance flights for particular Forum Island Countries, which had been much appreciated. It would be even more useful if such flights could be regularised, on a regional basis, with coordination with other surveillance flights by Australia and New Zealand, perhaps through the FFA.

132. The representative of France welcomed these comments on surveillance. France had been very cautious in this area because it did not wish to appear to be interfering. To regularise and coordinate surveillance flights it would be necessary to have the agreement of Australia, New Zealand and all Pacific Island Countries involved. However, France was very open to the idea of expansion and coordination, and had already started discussions in Canberra and Wellington. He believed Australia and New Zealand were willing to cooperate in such coordination. A meeting of French representatives in the region would be held in Noumea later in the month, which would further discuss the matter, after which discussions with other parties could proceed.

133. The Chairman in welcoming this explanation said that expanded French assistance in this area would be greatly appreciated by many FICs, especially those having very large EEZs which were beyond their capabilities to monitor.

ENVIRONMENTAL ISSUES

134. The representative of Solomon Islands said he wished to make clear the critical importance of climate change issues to FICs, and encourage France to cooperate in global efforts to address the problems. He welcomed the signing of the Climate Change Convention by France and its commitment to emission targets, and urged France to support calls for protocols to strengthen the Convention in establishing specific commitments on target dates, financial support and technology transfer for developing countries. The Forum particularly looked to France for support on this issue, because its own Pacific territories faced the same problems as FICs. He added that the scientific work France was doing on climate change in the South Pacific was appreciated.

FORUM EYES ONLY

135. The representative of Solomon Islands went on to say that the Forum was keen to see the implementation of Agenda 21, the Biodiversity Convention, the Climate Change Convention and the Forest principles, and their related programme areas and activities, and looked to Dialogue Partners to support its interests in these areas. The region was particularly interested in the Sustainable Development Commission which the UN would establish. It would have a key role in determining how Agenda 21 developed and the region had a particular interest in being included in the work of the Commission.

136. The representative of Solomon Islands appreciated the existing assistance of France to regional environmental programmes. The Forum hoped this would continue and expand, especially since France was a party to the SPREP Convention. The Forum had also reiterated concern about the potential for the region to become a dumping ground for hazardous waste, including radioactive materials. He recalled that the previous year support had been sought for Forum efforts to have the London Dumping Convention amended to ban such dumping. Since then, the LDC had agreed to consider holding an amendment conference. The Forum hoped for France's support for the amendment language that would be put forward by Forum country representatives.

137. The representative of Solomon Islands referred also to the Forum's agreement to look into the possibility of a regional convention on the movement of hazardous wastes. It would hope extra-regional countries - the waste producers - would support such a convention. The Forum had been somewhat concerned that the focus in this regard of UNCED's Agenda 21 was on waste management and disposal, not waste reduction at source.

138. The representative of France replied that France shared the Forum countries' concerns on environment in the Pacific. He noted the achievements of the Rio de Janeiro Meeting. France had played a leading role in the adoption of the two Conventions. France had also financed a workshop by SPREP held in Noumea prior to UNCED on climate change. France would support FICs on these matters.

139. The representative of France added that France was a member and major contributor to SPREP and would be funding a legal expert to be employed at SPREP. France was eager, as he had noted in his Plenary address, to set up an environmental observatory along similar lines to those it had set up in Africa. This would start operating at the beginning of 1993. France would seek the involvement of FICs in the operation of the observatory. In regard to other environmental matters, France was involved in Antarctica, and had a number of research institutes within both French

Territories. These research institutes possessed considerable expertise on environmental matters and France was willing to operate these to benefit the interests of the whole Pacific area. France was also involved in the protection of fisheries resources. It had held a fisheries workshop in Noumea for ASEAN, South Pacific and Latin American countries.

POLITICAL AND SECURITY ISSUES

New Caledonia

140. The representative of Nauru wished to encourage French support for Forum views on New Caledonia, which had been intensively discussed by the Forum again in 1992. The Forum appreciated France's commitment to implementation of the Matignon and Oudinot Accords, and the positive measures being undertaken to promote political economic and social development in the territory, in order to provide a framework for peaceful evolution to self-determination. There remained some concern however, that there were differing interpretations in New Caledonia as to what the Accords were meant to achieve, which needed to be addressed in order to avoid conflict in 1998. The differences between the communities might not be being bridged fast enough.

141. The representative of Nauru said that the Forum had agreed, therefore, that there was still a useful role to be played by its Ministerial Committee on New Caledonia in obtaining information and reporting to the full Forum. The Committee was looking at the possibility of making another visit to New Caledonia in the first half of 1993, after the mid-term review of the Accords. France's cooperation would be appreciated. The Forum continued to feel that a constructive contribution on its part would be to foster stronger links by Forum countries with New Caledonia and the other Pacific territories. Over the past 12 months, a greatly increased number of invitations to the territories to participate in various Forum technical workshops and committees had been issued, and this would continue.

142. The representative of Nauru added that, as part of this effort to foster links, and contribute towards advancement of the Kanak community, Forum Officials had approved guidelines for a Kanak Fellowship Fund to be administered by the Secretariat. It was hoped that assistance from the territorial administration would be forthcoming in the process of obtaining nominations. The conclusions of the 1991 Forum Ministerial Committee which visited New Caledonia had been fully discussed at the 1991 Dialogue. Since then, however, copies of the Ministers' final report had been passed to the French

Government and, if the delegation had any comment on the report, the Panel would be happy to hear it.

143. The representative of France agreed that there were differing interpretations of what the Matignon Accords would ultimately achieve. That was natural. Each party wished its interpretation of the agreement to prevail. However, the agreement existed, it still held and discussions among the parties would continue. France was fully committed to the Matignon process. What was needed was support for the agreement by all New Caledonians, and their support also for the decision that would be made in 1998.

144. The representative of France added that the Ministerial visit had presented no difficulties for the French, though it had been disappointing that only two countries had been represented on the visit. Such contact was essential for understanding. France had considered this to be a very good step. France was completely open to further visits and the suggested timing, after the mid-term review, was sensible. The representative of France added that the Ministerial Report that emanated from the previous Ministerial visit had not provided any problems to France.

145. The representative of France noted that he had made a recent tour of the South Pacific with representatives of the RPCR and the FLNKS. This was the first time such representatives had been able to visit the independent countries of the region and he felt this had provided a great deal of benefit in establishing a realistic perception of the region. He also noted that visits to New Caledonia by others from the region were a step forward.

146. The Ambassador of France in Suva added that up until recently there had been no contact between the French territories and other Pacific nations in respect of trade development. Fiji had recently organised trade missions to French Polynesia and New Caledonia. Likewise New Caledonia had sent a trade mission to Fiji. The effect of these visits was very positive and there were already some results at the grassroots level. There had been a mission of veterinarians to Fiji from New Caledonia to consider a new agreement which would provide for import of beef cattle and artificial insemination products to Fiji. This visit had also resulted in great interest by New Caledonia in a breed of goats occurring in Fiji.

147. The Ambassador noted that the President of the Agency of Development of Kanak Culture was also expected to visit Fiji soon to talk to cultural leaders and the Fiji museum, in order to establish cultural links. The President of the Loyalty Islands had

FORUM EYES ONLY

made a recent visit to Fiji to establish a twinning relationship with Lomaiviti. Recently relations between Tuvalu and Wallis and Futuna had been re-established. This was the first contact between the islands for 150 years and would result in exchange of students and teachers.

Nuclear Testing and SPNFZ

148. The representative of Nauru urged France to extend its 1992 suspension of nuclear testing, and consider accepting the SPNFZ Treaty protocols. France was well aware of the deep concerns expressed by the Forum over many years about the French nuclear testing programme in the region. The Forum had been therefore most appreciative of the announcement in April that the programme would be suspended for the remainder of 1992. It had not necessarily been an easy decision for France to take, but it was certainly in accord with the new international climate and would have a very positive effect on the region's relations with France.

149. The Forum urged in the strongest possible terms the continuation, on a permanent basis, of the suspension after 1992 said the representative of Nauru. A resumption of the programme, after the region's expectations had been raised by the suspension, would be doubly disappointing for Forum members. The Forum had asked its Chairman to write to President Mitterand formally expressing this view.

150. The representative of Nauru went on to say that the Forum was aware that France had emphasised that responses by the other nuclear powers still testing would be a major factor in its decision on an extension of the suspension of testing. The Forum was urging in the strongest terms the other nuclear powers to follow France's lead. The Forum also, of course, hoped that France could ultimately accept the protocols to the South Pacific Nuclear Free Zone Treaty. It believed that the permanent continuation of the 1992 suspension of the testing programme should remove the obstacles to this.

151. Finally, said the representative of Nauru, Forum countries were grateful for the material supplied by France earlier in the year about scientific measurements of radioactivity off-shore from the test sites. It did not, however, allay the Forum's grave doubts about the environmental impact of the process, since the data said nothing about levels of radioactivity closer to the test sites. SPREP had sought a range of other environmental data from the French Government, and cooperation in providing this was sought.

FORUM EYES ONLY

152. The representative of France replied that this was a touchy area. France had two major concerns. The first was the relationship with the Pacific states. The second was national defence. These were not always compatible. The decision to suspend nuclear testing had been a national defence decision. Testing was a necessary part of the deterrence policy, since there could be no deterrent unless the weapon was effective, and in order to ensure that the weapon was effective it was necessary to test it.

153. The representative of France noted that despite recent international developments there were still two extremely powerful nuclear powers. France could not stop testing if other nuclear powers continued to do so. France had decided that it would try to signal to the other nuclear powers that there could be a halt in the stockpiling of nuclear arms. It also wished to alleviate the danger of proliferation of nuclear weapons. France however did not want to be left behind if the other countries continued to test and, thus, it needed a return signal from the other nuclear powers that they were willing to undertake negotiations. The signals that had to date been received had not been encouraging. The United Kingdom was not favourable towards a cessation in testing, the USA had conducted four tests since the French suspension, Russia was considering resuming testing, China had just exploded its most powerful nuclear device ever, and there had been no response received from the USA or Russia. At the present time France was feeling quite embarrassed.

154. The call upon the nuclear powers to cease testing made in the Forum Communique was therefore welcomed very much by France, said the representative of France. France hoped that the Forum did not stop at the Communique. France needed help to convince the nuclear powers to follow France's lead. He said that there was no certainty about what would occur at the end of the suspension period which was still six months away. France in no way underestimated the feelings of its Pacific partners, which would form part of France's consideration. He noted that if the Secretary General was travelling overseas it would be useful for him to contact the nuclear powers and express the Forum's concerns.

155. The Chairman noted that the Forum had started the process of communicating with the nuclear powers. He pointed out however that this was not just a political matter. People had to live in the region where nuclear testing had been conducted. He handed over the letter from the Chairman of the Forum to the President of France.

Law Enforcement Cooperation

156. The representative of Nauru sought France's cooperation as the Forum pursued the programme of law enforcement cooperation set out in the Declaration adopted at the 23rd Forum. He added that the French agreement to host a workshop in Noumea later in the year to look at legal issues relating to drug trafficking and money laundering would be a significant contribution to achieving the objectives set out in the Declaration. It was much appreciated.

157. The representative of France noted France's involvement in the preparation of the workshop. He believed there was a major law enforcement problem looming in the region. Australia and New Zealand had already done a lot of work in respect of these matters but he felt that France's experience in the Caribbean could also assist.

Global and Regional Security Outlook

158. The representative of Nauru encouraged France's support for the Forum's security concerns, especially in taking into account the region's interests in evolving dialogues on Asia/Pacific security arrangements. The representative of France replied that regional security had already been a matter of discussion, but an additional aspect was the degree of unpreparedness of PICs in regard to cyclones. The vulnerability of these nations had been observed in the recent past and he believed it was necessary to develop a pragmatic, effective process to assist PICs in this area, in conjunction with Australia and New Zealand. Such a process would involve preparing for cyclones, assistance when cyclones threatened and assistance once cyclones had struck, through a meteorological and response network. This would enable evaluation of the direction, location and development of cyclones. Such a process involved considerable resources. The logistics were difficult but a process to respond to this threat to the security of the Pacific Island nations needed to be developed before the next rainy season. The meeting of French representatives in the region in Noumea later in the month would be further discussing this matter.

DIALOGUE WITH THE UNITED STATES OF AMERICA

WELCOME

159. The Chairman welcomed the US delegation and introduced the members of the Panel. He outlined the agenda.

FORUM EYES ONLY

US Pacific Island Nations Relations including JCC

160. The Chairman noted that Forum Island Country Leaders, meeting earlier in the year to discuss the JCC, agreed that there was a case for developing a broader framework for cooperation with the US, to supplement the proposed JCC. They proposed a Joint Declaration of Cooperation, setting out a commitment for the PICs and the US to cooperate across the full range of the region's political, economic and cultural relationships with the US. They felt that currently aspects of the relationship were diffuse and ad hoc, and that there was a need to pull the strands together. He understood that the US had been informally apprised of this decision at the time.

161. The Forum had endorsed this concept, the Chairman said. The Secretariat would initiate discussions at the working level, after some further work by officials on the possible form and content of a declaration. Issues such as the status of the document would also have to be addressed. But any preliminary reaction to the concept from the US would be welcome.

162. The Chairman stressed that the proposal for this declaration was in no way intended to conflict with the JCC, which the Forum continued to feel was a potentially valuable initiative. The declaration was intended to provide a broader and perhaps more political framework for cooperation than the JCC alone. The JCC might be regarded as one element of the cooperative relationship the declaration would set out.

163. The Chairman added in relation to the JCC a question as to whether the US was prepared to go ahead with the proposed November meeting informally on the basis of the procedures outlined in the draft MOU. It did not seem to him that formal conclusion of the MOU should be required when one stipulation of the MOU was that nothing in it was legally binding. He asked what procedures the US Government still required in order to launch the JCC.

164. The representative of the US said that he had reviewed the proposed Joint Declaration. He understood that it was a draft not necessarily representing the final thoughts of the Pacific Island side. It was a good draft in the sense of being comprehensive and he was personally positive about it. The US took the point that the Joint Declaration was in no way a substitute for the JCC but a definition of a much broader relationship. The United States also aimed at a broader relationship with the region. The delegation would take the proposal back to Washington for discussion with a full range of agencies after which a meaningful response would be possible.

FORUM EYES ONLY

165. The Director of the Office of Pacific Islands Affairs addressed the JCC. He understood that the JCC had been well received in principle by Island Leaders and that there were no particular substantive problems with the proposed MOU. The US Government remained anxious to institute an arrangement whereby it was possible to review periodically its relations with the region with a full range of agencies from the US side. The JCC would assure that. The Post-Forum Dialogue was useful but did not get deeply into the commercial area.

166. The Director added that anything up to \$400,000 could be spent to arrange the proposed JCC meeting. There was a US Government requirement to have a document justifying such expenditure. It had been hoped to sign the MOU in Honiara but it was appreciated that several governments had received it rather late. The Director hoped that within the next two months governments could complete their review of the MOU and give their comments on it to put the US in a position to go ahead.

167. The Chairman thanked the US for the comments and asked the Secretariat to follow-up on the procedures for the JCC meeting with the US. The JCC was a potentially valuable institution and it was necessary to get something off the ground soon.

ECONOMIC ISSUES

Development Assistance Policy

168. The Chairman said the Forum encouraged the US to continue and expand development assistance to the region. The Forum had a particular concern that increasing demands on aid budgets from elsewhere might affect funds available for assistance to the South Pacific. The Forum would welcome renewed assurances that events elsewhere would not cause the US to reduce in any way its assistance to the region.

169. The Chairman added that the US had participated in the annual Forum Secretariat's meeting between PICs and their development partners. The Forum saw particular value in aid policy discussions involving the donor community. It hoped the US would also actively support efforts the region was making to develop a strategy for all regional programme activity in the South Pacific.

FORUM EYES ONLY

170. The representative of the US responded that he could not guarantee that US assistance would continue to increase at the same rate as in the past 5 years which had been remarkably high. Assistance was always subject to Congressional approval and the fiscal situation. But he was confident that there would be no significant decrease in assistance. The US had an obligation to implement four major projects, totalling \$30 million over 5 years, stemming from President Bush's initiatives at the 1990 Summit with South Pacific Leaders. These projects had already begun so the US was committed by a number of agreements and contracts already.

171. The Chairman referred to the MARC project. There had been some expressions of interest in having its coverage extended to more FICs. He asked if that a possibility. The USAID representative responded that, if the suggestion was of extension to the former US territories, this was a perennial problem. The Congressional mandate to USAID in the Pacific was limited to ten countries, all of which participated in the MARC project. That was unfortunate but there were other federal agencies which could act in the Federated States of Micronesia or the Republic of Marshall Islands. Per capita income levels also precluded USAID assistance in some instances.

172. The Chairman noted that the JCC and MARC were both aimed at private sector development. Could the MARC project underwrite some JCC costs, for instance in attendance at JCC meetings? The USAID representative replied that the MARC project could complement the JCC but MARC was a hands-on, technical assistance project for enhancing ways to approach the US market. Using it to fund attendance at the JCC would be somewhat beyond its scope.

Asia Pacific Regional Cooperation (APEC and PECC)

173. The Chairman said that FICs had a vital interest in the development of APEC, which contained their main trading partners and main sources of economic assistance. However, given the limitations of observer status, and of size and resources, the Forum often could not participate as actively as it would like. Continuing American support for FIC interests in APEC would be very much appreciated. The Chairman added that the US would be aware that one or two countries of the Forum had expressed interest in eventually becoming APEC participants in their own right. He hoped for US support when decisions on future participation were made.

174. The representative of the US responded that the US would continue to support the interests of the region in both APEC and PECC. The US regarded APEC, which

was based on the underlying economic realities of the Asia/Pacific region, as a particularly useful institution. It was still in its formative stages and would require continued efforts by the participants to develop it. Nonetheless the US would certainly support FIC interests in the process. He encouraged the participation of the Forum countries particularly in the working groups of APEC.

International Trade Outlook, including North America Free Trade Agreement

175. The Chairman said both sides had agreed at the previous year's Dialogue on the importance of an early and successful conclusion to the GATT Uruguay Round. It was most disappointing that the Round still dragged on; global commitment to a fair and open multilateral trading system was vital to FICs, as to other developing countries, in ensuring markets for growing export industries. The key to the Round was held by the US and the EC, in resolving especially their differences over agriculture, but it seemed that more political will on both sides might be required. He asked how the US saw prospects for progress, especially in view of the effect of its own approaching Presidential election.

176. The Chairman added that it would be particularly interesting to have an account of the discussion at the G7 Summit earlier in the week on the Round, although there had not been much time for the delegation to obtain briefing. The Chairman of the Forum had sent a message on behalf of the Forum to the G7 Heads of Government urging the pressing need to use the opportunity of the Summit to break the impasse.

177. The representative of the US said that the Uruguay Round remained the highest priority of US trade policy. He welcomed the Forum's message to the G7. A successful outcome to the Round would be the surest way to open global markets and foster prosperity. Agriculture remained a key issue and, although high level discussions had made progress, there were still problems. In particular, the EC proposal on CAP reforms was an internal document of the Community which did not necessarily translate into a changed EC negotiating position on the Round.

178. The representative of the US added that this was not simply an issue between the EC and the US. Progress on agriculture was crucial also to obtain movement by others in areas like market access and services. The US could not accept a deal based on the market access offers currently on the table. He added assurances that every effort was

being made by the US to push for a successful conclusion to the Round. The President was personally involved on a daily basis.

179. The Chairman said that FICs had similar concerns about the possible trade diverting effect of the proposed North America Free Trade Agreement. Assurances at last year's Dialogue that this would not affect the region's exports had been welcome. He enquired about progress in negotiations. An account of how the "Enterprise for the Americas" initiative might affect US trade arrangements with other Latin American countries - many of which produced goods which competed with FIC exports - would also be useful, he said.

180. The representative of the US said that he appreciated concerns that NAFTA might divert trade, but gave assurances that the agreement would be fully consistent with the GATT. While NAFTA would lower barriers within North America it would not raise barriers to the rest of the world. It was not a Customs Union, nor a vehicle to coordinate trade policies vis-a-vis third countries. It would complement and extend trade liberalisation stemming from the Uruguay Round. Despite NAFTA, the Round remained US trade negotiators' highest priority. FICs would derive benefits from the open and growing North American market which NAFTA would create. The US representative compared NAFTA with the Single European Market which now seemed likely to provide new opportunities for the US and other trading countries by reduction of internal European barriers.

181. Turning to the Enterprise for the Americas initiative the representative of the US said that this was part of a growing trend towards trade liberalisation in the Western Hemisphere. The US had already concluded framework agreements with all Latin American countries except Cuba, Haiti and Surinam. Councils had already been established under those agreements for regular discussion of trade and investment issues. The eventual aim was hemisphere-wide free trade but a lot more work was required and progress would depend upon movement towards more liberal economies and open markets in the Latin American countries.

182. The representative of the US added that historically there had been continuity in US trade policy in spite of internal political events like presidential elections. He was confident that whoever won the 1992 election the US would continue to pursue free trade.

World Economic Prospects and Implications for the South Pacific

183. The Chairman said that, at the time of last year's Dialogue, the view had been expressed that the world economy was on the verge of an upturn. The recovery, however, had been late and weak, not least in the US, and some major economies - notably Japan - which had been doing well until recently were now suffering sharp decelerations. The IMF's latest forecast was considerably more pessimistic than six months previously, though it did predict a real economic upturn in 1993. He sought the US view of prospects.

184. The representative of the US responded that the world economic situation had improved somewhat in the past 12 months, particularly in some sectors like tourism which had been hard hit by the Gulf War. US economic indicators were turning up and this would help other economies through increased trade. The performance of the Pacific area, including FICs, would improve with the revitalisation of the world economy. In addition many FICs were pursuing policies leading to more open economies and encouragement of investment which would also assist their economic prospects.

185. The Chairman said the region remained concerned, as was discussed at last year's Dialogue, about increasing international competition for capital. For example, since the 1991 Dialogue, the G7 had agreed to huge packages of financial assistance to Russia and other ex-Soviet republics; the US budget deficit had hit another record high; and the problems of the Japanese financial system were sharply curtailing Japan's role as a supplier of capital to the world. All this could affect the supply of funds available for investment and economic assistance in developing countries, including FICs.

186. The representative of the US agreed that access to capital was crucial for development. Many countries were concerned by the US budget deficit which the government was struggling to control. There were domestic political aspects to this. The US did need to increase its savings rate, but balance sheets were improving which would perhaps lead to an improvement in the capital formation capacity of the US. He added that the US had also noted the problems in Japan which in an increasingly inter-dependent world also affected other countries.

Fisheries Issues

187. The Chairman sought the US' continued support for the Forum position for driftnet fishing and its continued cooperation over the activities of its fishing fleet in the region. He said the Forum was very pleased with the successful renegotiation in May of the Multilateral Fisheries Treaty. This treaty had worked well in the past. US vessel operators had been cooperative in their dealings with the Pacific Islands parties, and more investment was now being made in shore-based facilities in the Western Pacific. Forum countries looked forward to a continuation of this mutually beneficial fisheries relationship under the renegotiated Treaty. The Forum had urged members to complete internal procedures expeditiously in order that the extension could become operational from 15 June 1993.

188. There was, however, one point in the renegotiated Treaty which caused FICs some concern said the Chairman. While the Treaty provided for an average annual payment of US\$14 million, it had been said that Congress was likely to allocate only US\$10 million for the first licensing period June 1993 - June 1994, with the balance made up over subsequent licensing periods. The US Government had undertaken to make its best efforts to make up the \$4 million short-fall in that first licensing period. He urged the US delegation to exert its influence to ensure that payment in the first licensing period did total \$14 million.

189. The representative of the US said that the US was extremely pleased with the operation of the Fisheries Treaty and its extension for 10 years. It had been a model Treaty producing mutual benefits and had been an important component of the US relationship with the region over the past 4 years. The delegation would do what it could to solve the shortfall problem. The US was committed to the success of the renegotiated Treaty. He added that the delegation had had consultations with the FFA during its time in Honiara and had been impressed with the FFA's work.

190. The representative of the US added that there was however one concern on the US side over the Treaty. Papua New Guinea had raised the possibility of closing its waters to foreign vessels including the US. The US certainly understood Papua New Guinea's desire to develop its own off-shore fishery, and in fact assisted in that through USAID. But the US was very concerned that the change in Papua New Guinea policy, if implemented, would affect the re-negotiated Treaty.

191. The representative of the US added that representations had been made to Papua New Guinea which had provided assurances that no final decision would be made until early 1993. But the Treaty was a multilateral one so the US would like all Forum members to consider carefully the implications of Papua New Guinea policies for the future of the Treaty. If the assumptions on which the US had entered into the negotiation had been changed, the US would be put in a very difficult situation. The Chairman undertook to convey this to other members of the Forum and to the FFA.

ENVIRONMENTAL ISSUES

Climate Change and Sea Level Rise and UNCED

192. The representative of Solomon Islands said that he wished to make clear the critical importance of Climate Change issues, and the follow-up to UNCED, to FICs and encouraged the US to cooperate in global efforts to address environmental problems. The greenhouse effect faced some of the islands with the prospect of virtually complete inundation. The continued survival of these island countries depended mostly on the major industrialised countries which were the biggest emitters of greenhouse gases.

193. The representative of Solomon Islands said that the Forum urged the US to support the calls being made by many countries for protocols to strengthen the Convention in establishing specific commitments in target dates, financial support and technology transfer to developing countries. The Forum had been disappointed at the US attitudes which resulted in the Convention signed at UNCED having insufficient strength to address the problem as fully as its seriousness required. He added that FICs had participated actively in the UNCED process. The Forum countries were committed to the goal of sustainable development, but they appreciated that the achievement of this goal would require close cooperation with other regions of the world and the continued assistance of the international community. The Forum would welcome the support and cooperation of the US.

194. The representative of Solomon Islands referred to the importance of the implementation of Agenda 21, the Biodiversity Convention, the Climate Change Convention and the Forest principles, and their related programme areas and activities. The Forum looked to Dialogue Partners to support its interests in these areas, including the particular financial and technical requirements of the region. The region was particularly interested in the Sustainable Development Commission which the UN would

establish. It would have a key role in determining how Agenda 21 developed. The region had a particular interest in being included in the work of the Commission.

195. The representative of the US appreciated the concerns of FICs about climate change and their vulnerability to sea level rise. He expressed the view that UNCED had been a great step forward. Despite the criticism that the US sometimes sustained, no other country had done more to address environmental issues. It had led the way on some of the UNCED agreements such as the Forests Principles, Technical Cooperation, Ocean Protection, and improving UN institutions. The US had been the original proponent of the Convention on Biodiversity, but could not accept some later additions on intellectual property, finance and bio-technology. The US had pioneered endangered species protection and would support the objectives of the Biodiversity Convention. It remained concerned however in particular about intellectual property rights. It was trying to protect these in the Uruguay Round and could not yield the principle at UNCED.

196. The US representative said that the Climate Change Convention enabled the international community to address the issue on the basis of the fullest possible consideration of scientific, technical and economic concerns, and relevant national circumstances. The US had opposed the setting of specific targets and timetables because of the scientific uncertainties and the costs. There would be an opportunity to re-address the issue in the follow-up to UNCED.

Johnston Atoll

197. The representative of Solomon Islands said that the Forum was very appreciative of the assistance given to the team of Forum scientists which visited Johnston Atoll. The visit had been useful in giving Forum countries a closer understanding of the technical aspects of the JACADS process, and, it was hoped, US officials a clearer appreciation of the technical basis of Forum concerns. The body of the scientists' report to the Forum had been provided some time ago to the US Government.

198. The representative of Solomon Islands added that the Forum scientific team had been generally impressed with the standards and procedures at the plant. However, it did make recommendations to the Forum, a number of which were endorsed, about ways in which consultation with the US authorities might continue, to enable the region to continue to satisfy itself about the environmental impact of the process. These recommendations had not been presented to the United States prior to their consideration

FORUM EYES ONLY

by the Forum, though they had since been provided. The Forum hoped for United States cooperation when the Secretariat pursued them.

199. The representative of Solomon Islands went on to say that the most important point for the Forum remained the assurances it had received from the highest levels in the United States that JACADS would be closed down after currently scheduled operations were completed, with no further shipments of weapons from outside the Pacific to Johnston Atoll. The 1992 Forum reiterated the utmost importance it placed on these assurances. It had noted with appreciation that the Secretary of State had recently repeated them in a letter to the Governor of Hawaii.

200. The Director of the Office of Pacific Island Affairs said that the Forum Communique had rightly pointed to the continuing need to destroy chemical weapons and conclude Conventions to ban them. The US was committed to destroying such weapons. It had been happy to welcome the Forum Scientific Mission to Johnston Atoll and to cooperate generally with the Forum over JACADS. He understood that the Scientific Mission had had positive impressions. The US would take note of the scientists' recommendations.

201. The Director added that President Bush's assurances that JACADS would be terminated after destruction of weapons currently on the island together with any other weapons found in the region were still in force. At this stage the completion of the current programme at JACADS was likely to be in 1996.

Other Environmental Issues

202. The representative of Solomon Islands said that environmental issues were increasingly important to the region because of its high degree of economic and cultural dependence on the natural environment and its vulnerability to a wide range of both natural and man-induced disasters. The existing assistance of the US to regional environmental programmes was highly valued. The Forum hoped this would continue and expand, especially since US was a party to the SPREP Convention.

203. The Forum had reiterated concern about the potential for the region to become a dumping ground for hazardous waste, including radioactive materials according to the representative of Solomon Islands. He recalled that the previous year support had been sought for Forum efforts to have the London Dumping Convention amended to ban such dumping. Since then, the LDC had agreed to consider holding an amendment

FORUM EYES ONLY

conference [which would begin work soon]. The Forum welcomed this, and hoped for United States' support for the amendment language put forward by Forum country representatives. He added that a related issue was the Forum's agreement to look into the possibility of a regional convention on the movement of hazardous wastes. It was hoped that extra-regional countries - the waste producers - would support such a convention. The Forum had been somewhat concerned that the focus in this regard of UNCED's Agenda 21 was on waste management and disposal, not waste reduction at source.

204. The Director of the Office of Pacific Islands Affairs noted that the US had implemented its commitments under the LDC by a variety of regulatory and legislative means. It had very stringent restrictions particularly on the disposal of radioactive waste, and would be supportive of Forum efforts to strengthen the relevant international instruments.

POLITICAL AND SECURITY ISSUES

South Pacific Nuclear Free Zone

205. The representative of Nauru expressed disappointment at the US assertion, reiterated again at the 1991 Dialogue, that it still could not sign the protocols to SPNFZ. The Forum found it increasingly difficult why the US continued to apply Cold War reasoning to SPNFZ. Reconsideration was strongly urged. The US position on nuclear issues was a key one in setting an example for other nuclear powers. The Chairman handed across the letter from the Chairman of the Forum to the President of the United States of America.

206. The representative of the US referred to the agreement between the Presidents of the US and Russia to cut two thirds of their nuclear arsenals and to the US announcement that nuclear arms had been removed from all surface vessels, naval aircraft and attack submarines. These were important steps in addressing the level of nuclear armaments but there still remained a number of countries possessing nuclear weapons. So the US had to approach nuclear arms reduction carefully.

207. The representative of the US said that the US had decided not to sign the SPNFZ Protocols on the basis of its global security interests and responsibilities. It could have undermined the US deterrence policy by encouraging nuclear free zones in other regions which would disturb existing security arrangements. But the US had

assured the Forum that its activities in the region were not inconsistent with the Treaty or its Protocols. That remained the case. The US had recently reviewed its position on SPNFZ and concluded that its global approach to nuclear free zones was still valid. Its policy on SPNFZ had therefore not changed.

Law Enforcement Cooperation

208. The representative of Nauru said that this item had been placed on the agenda to enable attention to be drawn to the Declaration on Law Enforcement adopted by the Forum. For some years, the Forum had been expressing concern at the potential for transnational criminal activities - drug trafficking, the operations of international conmen, etc., - to grow in the region. Officials had been looking at ways to strengthen regional law enforcement cooperation in response. The Declaration set out a framework and priorities for developing this cooperation in the medium term.

209. The representative of Nauru added that much of the work envisaged in the Declaration involved getting the legal and institutional framework within the region right. Nonetheless, there were ways in which extra-regional partners could help, through for example provision of assistance, especially in training, to FICs to develop their law enforcement capacities, and timely sharing of information on potential criminal threats through the appropriate police, customs, and other networks. In addition it was recognised that regional cooperation in law enforcement must to be properly effective take into account the American territories. These already participated in some networks, such as the South Pacific Chiefs of Police Conference and it was proposed to invite their participation also as observers in the Forum Regional Security Committee.

210. The Director of the Office of Pacific Islands Affairs said that the US welcomed the Forum's Declaration on Law Enforcement and supported its objectives. The US had highlighted the need for this sort of cooperation in its own region particularly in relation to drug trafficking. It was prepared in principle to assist in areas such as drugs or ship tracking. The US would note and look into the possibility of its territories participating in the FRSC.

Global and Regional Security Outlook

211. The representative of Nauru wished to encourage America's support for the Forum's security concerns particularly in taking into account the region's interests in evolving dialogues on Asia/Pacific security arrangements. The Forum had specifically

FORUM EYES ONLY

noted the benefits of a greater emphasis on security issues in the Dialogue with the US. It hoped the US, the key voice in any discussion on security in the Asia/Pacific, could assist in ensuring that Forum's concerns were registered in regional security dialogues.

212. The representative of the US said that his country was a Pacific power with legitimate interests in the region. It viewed security broadly as including political stability and economic development. The US military forces performed a stabilising role in the wider region which assisted the island countries. The US forces also helped in areas like disaster relief to complement the Forum countries' own efforts. He added that the US hoped to increase the number of naval visits to FICs, particularly in connection with forthcoming World War II 50th Anniversary activities.

DIALOGUE WITH THE EUROPEAN COMMUNITY

WELCOME

213. The Chairman welcomed the delegation from the European Community and indicated that during the Forum the discussions had focussed on sustainable development for the region. The major issues addressed by the Forum were contained in its Communique which had been made available to the EC.

ECONOMIC ISSUES

Maastricht Treaty on European Union

214. The Chairman noted that the region had been following the development of the Treaty and was aware that, following a referendum rejecting the Treaty, Denmark was now unable to ratify. The obvious first question was what were the prospects for adoption of the Treaty and whether any changes might have to be made. The Chairman noted also the enormous amount of change occurring in Europe with the Single European Market to come into effect at the end of the year, the agreement with the European Free Trade Association, prospects of enlargement and the developments on the Maastricht Treaty. The region was concerned that this should not affect the flow of funds for economic assistance or investment to the region.

215. The representative of the European Community noted that the economic union of Europe had begun 34 years ago and had progressively evolved since. The Single Market had been conceived in 1985 resulting in the free circulation within Europe of

goods, services, people and capital. The Maastricht Treaty was leading to the development of a single currency for Europe from 1 January 1997 at the earliest and by 1 January 1999 at the latest. It would also see the further development of a common foreign policy including security. The failure of the referendum in Denmark to reach agreement on ratification of the Treaty would mean that that country would have to make a choice over whether it stayed in the EC or not. It was expected that the other 11 members would ratify the Treaty by the end of the year. The difficulty in Denmark was that all major political parties had been in favour of ratification. The major reason for rejection by the public had been general concern over being separated from the other Nordic countries and confusion about the Treaty itself. Much of the debate had seemed to relate to the concept of a single market with little related to the actual Treaty provisions.

216. The representative of the EC also pointed out that Denmark would need to address the question of future membership of the EC against the very real prospect that four of the EFTA countries, namely Sweden, Finland, Switzerland and Austria, had sought membership and expected to become EC members by 1995. Norway was also expected to seek membership before the end of the year.

217. The representative of the EC went on to say that the impact of an expanded EC on the Pacific ACP Group expected to be a positive one. An expanded EC was likely to foster further economic development within the community allowing for greater levels of cooperation. Negotiations over the second financial protocol under Lomé IV would take place in 1994 when the prospects for an enlarged community would be known. The EC did have a commitment to assist both Eastern Europe and Russia, but, this was not expected to affect the level of assistance currently made available to the third world. Using OECD figures as a basis, the EC currently provided close to 50% of annual global commitments.

218. The representative of the EC also noted that sustainable development was a focus of the Lomé Convention and stressed that the EC shared the region's concern over population issues. It was felt that insufficient time had been available at UNCED to address this issue but it would become a matter for attention in the near future.

Development Assistance Policy

219. The representative of the European Community noted that there were difficulties in the commitment rate and implementation of projects under Lomé in the region.

However, he stressed that the procedures for distributing aid under Lomé had been the subject of negotiations between the EC and ACP. A major review was underway with the conclusions of this work expected to be available in about 12 months. This would ensure consideration prior to the negotiation of the second financial protocol under Lomé IV. He also expressed concern that countries of the Pacific ACP Group appeared to have more difficulties with the procedures than some others. One major problem was that many countries did not have a pipeline of projects ready to be considered for financing once decisions had been made on the programme focus. He encouraged Pacific ACP countries to preserve funds under Lomé IV Protocol 1 to enable the engagement of technical assistance to prepare detailed project documentation for projects to be funded under Protocol 2.

220. The representative of the EC also noted that under Lomé III, 25% of the funds had yet to be committed. The EC strongly endorsed the development of a regional strategy statement which would assist in the programming process. The basis of Lomé cooperation was that ACP countries developed a policy framework against which EC assistance was provided.

ACP/EC Lomé IV Issues

221. In response to a question from the Panel with regard to the possibility of the EC considering the funding of a new headquarters building for SPREP under the Lomé IV Regional Programme, the representative of the EC expressed strong reservations about providing funding for the construction of new buildings to house regional organisations. It was important that such institution building be undertaken by the member countries themselves. The EC would prefer to concentrate on development projects which might involve the provision of some equipment but would not involve buildings.

Economic Assistance to non-ACP Countries

222. The Chairman sought clarification on whether EC could provide assistance to FICs outside the Pacific ACP Group. The representative of the EC replied that the EC assisted a wide range of countries in the region separately from the ACP provisions under the Lomé Convention. There was scope for other countries in the region to approach the EC for assistance. This could be provided after an assessment of the request received. The representative of the EC, however expressed reservations about the possibility of the ACP membership being expanded beyond the current 69 countries.

International Trade Outlook, Including EC Developments

223. The Chairman noted the region's concern over the slow progress in the Uruguay Round. The Forum was also concerned that international developments leading to the establishment of major trading blocks might affect potential for expanding the region's exports. With regard to the Uruguay Round, the representative of the EC commented that, on the EC side, a recent achievement had been the agreement on amendments to the Common Agriculture Policy which it was hoped could be supported by the US. The Uruguay Round negotiations now revolved around two areas - agriculture and services. The representative of the EC reiterated that the Single European Market should in fact expand not reduce prospects for FIC trade.

World Economic Prospects and Implications for the South Pacific

224. The representative of the EC noted that the world economy was still sluggish although prospects appeared to be improving in a number of major industrialised countries. Economic unity within Europe and decisions on a single currency could bring greater stability and allow for more sustained economic growth in the future. It was true that with developments in Eastern Europe there was greater demand for private sector investment. It was therefore important that countries seeking to attract foreign investment developed sound economic policies and an appropriate environment to attract investment. He noted that the pace of private investment in Eastern Europe and Russia was being affected by a lack of sound policies and measures for encouraging investment.

Fisheries

225. The representative of the EC indicated that the Community shared fully the concerns of the region over driftnet fishing.

ENVIRONMENTAL ISSUES

Climate Change and Sea Level Rise and UNCED

226. The representative of the EC believed that the agreements reached in Rio de Janeiro were the beginning of a long term process aimed at bringing about major changes in the world to ensure sustainable development. The EC strongly believed in the UNCED process and intended to publish a plan of action on Europe's response to the initiatives outlined at UNCED by the end of the year. He indicated that the EC would

have preferred to see even stronger wording in some of the agreements reached in Rio. For example, the EC would have liked to see more strict targets for stabilising emissions by the year 2000, and it was seeking more stringent conditions for biodiversity and forestry management. The representative of the EC noted that sustainable development had been the centre of the Lomé IV development policy, with much of what was contained in the convention concluded three years ago close to what was agreed in Rio. He indicated that successive Lomé Conventions had directed increasing levels of assistance towards environmental projects. The representative of the EC confirmed the EC's commitment to work with the region to develop effective responses to follow up on UNCED.

POLITICAL AND SECURITY ISSUES

Law Enforcement Cooperation

227. The Panel noted that the Forum had for some years expressed concern at the potential for transnational criminal activities to grow in the region. The Declaration on Law Enforcement Cooperation which had been adopted by the Forum was aimed at getting the legal and institutional framework within the region right. But some assistance from outside the region was also required. The representative of the EC supported the importance attached to this issue by the Forum. International cooperation was required to combat the growth in transnational criminal activity. However at this stage law enforcement responsibilities were not within the competence of the Commission but rested with individual member countries. The Commission was willing to assist with specific training and education, and with awareness campaigns, for example against drugs. This would be done through cooperation in the health sector.

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FORUM EYES ONLY

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**OPENING ADDRESS BY THE HON JOB DUDDLEY TAUSIGA,
MINISTER FOR FOREIGN AFFAIRS AND TRADE RELATIONS OF SOLOMON
ISLANDS AND CHAIRMAN OF THE FORUM PANEL**

Distinguished Representatives

Dialogue Participants

It is my privilege and pleasure to welcome you today, on behalf of the Forum, to Honiara and the Fourth Post-Forum Dialogue. We much appreciate the effort all the Dialogue Partners make each year to be with us, many of you coming from the other side of the globe.

The Forum believes that the Dialogue has made remarkable progress in the short time since its inception in 1989. It is now the most important annual opportunity to exchange views on a regional basis, and at the highest level, with the Forum's major extra-regional partners. As we have built up experience of the process, the exchanges have become more substantial, although there is always room for further improvement; we must ensure that the Dialogue always focuses on real policy issues of common concern, and that genuine two-way exchanges take place.

The Dialogue also provides useful opportunities for informal contact between Forum Leaders and senior officials, and Dialogue Partners. This year we have tried to enhance these opportunities with some changes in arrangements, in particular by running the Dialogue straight on from the Forum, without the intervening day of previous years. Several Partners requested this; we hope the experiment proves successful.

A most important objective of the Dialogue, of course, is to acquaint the Partners with the main issues emerging as of regional concern at the preceding Forum Heads of Government meeting. You will have seen the Communique, which I hope shows in itself that this was another successful and productive meeting, reaffirming the Forum's commitment to strengthening even further the process of regionalism which has benefited all the Forum countries. But it may be useful for me to highlight some areas of the Communique of particular interest in the Dialogue context. Other issues from the discussions of concern to specific Dialogue Partners, such as New Caledonia and the region's relations with Taiwan, will be brought up as appropriate in the individual sessions.

The single major issue for the Forum was the concept of sustainable development. The Forum believes that environmentally sound practices and economic development are not incompatible objectives, provided that all nations and regions work in cooperation towards the end of striking the right balance. A particular focus for discussion, of course, was the recent UN Conference on the Environment and Development, in which Forum countries participated actively.

FORUM EYES ONLY

The Forum believed that the outcomes of UNCED in themselves were inadequate in a number of instances to address the problems, especially in the Framework Convention on Climate Change. At every Post-Forum Dialogue, we have stressed that the greenhouse effect and sea level rise put the cultural, economic, and even physical survival of some island states at great risk, and the responsibility of the larger nations - including the Dialogue Partners - which are the biggest emitters of greenhouse gases to take urgent steps to curb emissions. The Convention on Climate Change is an important first step in this, but it is not enough.

The Forum recognised, however, that in this and other areas UNCED represented only one stage in an on-going process, the ultimate success of which we will only be able to assess in several years time. Forum countries wish to be actively and substantively involved in this follow-up process, which includes the implementation of Agenda 21, the Biodiversity Convention, the Climate Change Convention and the Forest principles, as well as the need to strengthen, through negotiation of protocols, setting out specific targets for emissions, the Climate Change Convention. The Forum looks to Dialogue Partners for support for the region's interests in these areas, including assistance with the particular financial and technical requirements of the region.

Two specific aspects of this, which partners will have noticed from the Communique are, firstly, that the Forum is very interested in the Sustainable Development Commission which the UN is establishing. This will have a key role in determining how Agenda 21 develops, and the region is concerned to be included in its on-going work and discussions. Secondly, the Forum supports UNCED's call for a series of meetings on the sustainable development of small island countries. It would like to see the first such meeting held in the South Pacific region in 1993.

I should also note, in connection with environmental issues, the Forum's satisfaction with the UN resolution passed last year to end high seas driftnet fishing globally. This is a landmark in achieving the objectives of the Forum set out in the 1989 Tarawa Declaration, and the Forum appreciates the support of Dialogue Partners in reaching this result. But the acceptance as widely as possible of the Wellington Convention on Driftnetting, and its protocols, is still important to the region, in giving some international legal status to the ban in our region. We urge all Dialogue Partners which have not already done so to give renewed consideration to ratification, or accession, to the Convention and its protocols, as appropriate.

In addressing the links between the environment and development, the Forum had a detailed, in-depth discussion of developmental priorities, from which it drew a number of conclusions. These included the need to develop a regional strategy directly linked to national priorities; the need for Governments to establish policy environments which facilitate the development of the private sector; and the requirement to strengthen education and training opportunities. An important focus was on the special problems faced by the small island countries of the Forum, particularly the resource-poor states, and the development of effective measures to assist. The Forum hopes that its extra-regional partners will give prominence to the needs of these. The Forum also noted the importance of enhanced policy dialogue with and between the main donors to the region.

FORUM EYES ONLY

The international economic context is, of course, very important to the development prospects of the region. The Forum discussed the rapid and far-reaching changes in the global scene of recent years, which have continued to impact on the region in the past 12 months. It recognised the continuing potential for diversion of economic assistance and investment from the region, exacerbated by the generally recessionary world climate. We hope that these changes will not distract the attention of our major international partners from our region. There is a continuing need to maintain substantial resource flows to the region, not least through the putting in place of macro-economic policies in Forum countries which will encourage inflows of investment from overseas.

At the same time, the Forum agreed that the major trading nations of the world have a responsibility to adopt fair and open trade policies which will allow developing countries, including FICs, to make economic progress through expanded trade. You will have seen the Forum's call for an urgent solution to the impasse in the Uruguay Round; a substantive and trade enhancing outcome to the Round would be a major boost for sustainable economic development in this region, and world wide.

The Forum recognised that this changing international environment required Forum countries to adapt and consolidate appropriately their international links. It noted the need to look particularly to the dynamic economies of East Asia and the Pacific in this. The Pacific Island Nations are an integral part of the wider Asia/Pacific region, with which they do three quarters of their trade. Strengthened links with the Pacific Rim countries, through for example the APEC and PECC processes, are vital to their developmental prospects. Several Dialogue Partners participate in APEC and PECC. Their continuing support for the island countries interests in these fora would be appreciated.

The Forum also discussed the implications for regional security of the changing international environment. In the interests of time I will not go into the detail of this discussion - we can take it up in the individual sessions as appropriate - but would flag two points. One is the Forum's appreciative welcome of the French Government's decision to suspend its nuclear testing programme in our region in 1992, and its earnest hope that this suspension becomes permanent. The Forum calls upon other nuclear powers still testing - of whom there are several amongst the Dialogue Partners - to recognise the reality of the post-Cold War situation and respond to the French lead.

The second point is to draw your attention to the Declaration on Law Enforcement Cooperation adopted by the Forum, as a significant step forward in responding to regional concerns that the criminal threat to the region, both from within it and outside it, is increasingly sophisticated and serious. Much of the programme of work set out in the Declaration involves getting the legal and institutional arrangements within the region right. But there are areas where Dialogue Partners can help, by providing assistance for training and other programmes, or by sharing through the appropriate networks information on criminal activities. We hope you will respond.

FORUM EYES ONLY

I have outlined of course only a small part of the Forum's intensive discussions. We will elaborate on particular issues in the individual sessions, in which the panel will be only too pleased to respond to any queries on any aspects of the Forum meeting of interest to delegations.

Thank you for your attention.

**STATEMENT BY THE HON FLORA MACDONALD
HEAD OF THE CANADIAN DELEGATION**

Mr Chairman
Secretary General
Distinguished Forum Delegates and
Dialogue Partners

I am delighted to represent Barbara MacDougall, Secretary of State for External Affairs of Canada on the occasion of the 23rd South Pacific Forum.

On behalf of the Canadian Delegation, I would like to express our collective thanks to Prime Minister Mamaloni and the people of the Solomon Islands for the warmth of their hospitality and the opportunity to share in the celebration of their 14th Independence Day. Let me also commend the excellent arrangements made for this meeting.

Since the inception of the Dialogue, Senator Pat Carney has represented Canada at these gatherings. The demands of the political agenda have required her presence in Canada this time. She sends her regrets and her best wishes. Pat Carney's knowledge of this beautiful region of the world and her love for it made her an effective spokesperson back home in Canada for the interests of this region. My own experience in Honiara over the past five days, visiting development projects, meeting people and enjoying island hospitality leads me to share her sentiments.

Canada, as a Pacific country, shares a natural community of interest with the nation states of the South Pacific. The Pacific ocean links rather than divides us. On so many international issues we have the same interests.

The Forum permits us to meet with Leaders from across the entire region. It enables us to hear their views and to understand the concerns and hopes of the islands states. Similarly, I trust we will be able to communicate Canada's continuing commitment to the economic, environmental and social progress of the member countries.

Environmental Issues

Beginning with the G-7 Summit in Toronto in 1987, Prime Minister Mulroney has emphasized the significance to Canada and the World of Environmental issues and the need to deal with them urgently and comprehensively. This was reflected in our very active role at the Earth Summit in Rio.

We were pleased to assist members of the Forum to participate in the Earth Summit and in the process leading to it. Among the Canadian priorities in Rio were:

FORUM EYES ONLY

- An Effective Convention on Climate Change;
- An Instrument on the Sustainable use of Forests; and
- A Convention on Biological Diversity.

Throughout, Canada's goal was the promotion of Sustainable Development: The use of resources in a manner to ensure their continued availability for future generations.

In some cases the Earth Summit did not make as much progress as we would have liked. However an important start was made. In particular we are very pleased that Prime Minister Mulroney's initiative for a UN Conference on High Seas Fisheries met with success. We very much hope for the participation of representatives of the countries of the South Pacific in a preparatory meeting this coming October. This preparatory meeting will be held in St John's Newfoundland and will begin to deal with the grave problem of over-fishing on the high seas. Canada is ready to help Forum member countries to attend.

The support and cooperation of the alliance of Small Island States at the Earth Summit was greatly appreciated, particularly in the push for a Climate Change Convention. Now the alliance should play an equally important role in controlling over-fishing on the high seas.

An important political process was initiated at UNCED. It is a process that, with hard work, will achieve the results that we and, more importantly, our electorates so earnestly desire. In that spirit, Canada is gratified that so many Pacific Island nations have already signed the instruments that UNCED produced. I urge the others to do likewise.

Similarly, I would urge early ratification by member countries of the Basle Convention on the transportation of hazardous wastes. We also applaud the suggestion of a regional convention to the same end.

Economic Issues

A harsher and more competitive international economic climate has come to prevail. Policies aimed at self-reliance and fostering domestic enterprise can over time reduce the role of government in the economy. These should be buttressed by a climate conducive to foreign investment for both the technology and the jobs it brings. To compete internationally, we must all identify our comparative advantages and develop strategies to exploit them.

This conviction has led Canada to negotiate a free trade agreement with the United States and to be part of widening that agreement to include Mexico. But in no way are we turning our back on the rest of the world. We see these North American free trade arrangements as trade-creating. In particular, the priority that Canada attaches to trade with the Pacific region continues undiminished. Though the most recent news about the MTN negotiations has been disappointing, Canada will continue to work

FORUM EYES ONLY

toward a strengthening of GATT through a transparent and predictable global trading regime, all of our economies will prosper.

Canada remains a committed development partner for the region. The closure of the International Centre for Ocean Development (ICOD) has occasioned some concern. I want to assure you, on behalf of the Canadian Government, that the programs developed by ICOD will continue under the administrative auspices of the Canada-South Pacific Ocean Development Program (C-SPOD). There will be no reduction in program spending.

In 1991, the total of Canadian development assistance to the region through bilateral, regional and multilateral channels was some 20 million Canadian dollars. Canada is the largest contributor to the Forum Fisheries Agency, a most impressive institution which I had the pleasure of visiting this week. We are taking a real interest in promoting education including through distance learning, and in ensuring the fullest role for women in society. Our Canada fund programs, worth 3 million Canadian dollars, will continue to finance local projects that make a difference to people's day-to-day lives. As the new chairperson of the International Development Research Centre in Ottawa, I will take a personal interest in regional development issues.

Political and Security Issues

Security, as they say, is indivisible. This means the South Pacific is an essential building block of the Asia-Pacific and indeed global security system. Furthermore, as island states know better than most of us, security means more than just the assurance we can live in peace. It also requires confidence that our societies can continue to prosper economically, that our people can enjoy human rights, that our environment can be safeguarded, and that the corruption of drugs and crime will not be allowed to spread.

Continuing US commitment and bilateral arrangements remain a cornerstone, but increasingly the stability of the Asia Pacific region must be underpinned by frank dialogue and practical cooperation. Canada has been a strong supporter of the APEC process because it provides for exactly that. Canada encourages the Forum to exploit to the full its observer status in APEC, and will be happy to discuss regional economic issues with Forum member states.

In the South Pacific, there have been some heartening developments in building confidence. We welcome the moratorium on nuclear testing in the region. Progress on implementing the Matignon Accords augurs well for the future of New Caledonia. We welcome the agreement at this Forum on a cooperative approach to law enforcement. The announcement by the USA that it will phase out the incineration of hazardous wastes has contributed to the region's collective environmental security.

But in an increasingly volatile world we need to maintain our efforts. The South Pacific Forum is the instrument to ensure that the new challenges which will certainly arise in this region are met and overcome.

FORUM EYES ONLY

The South Pacific Forum is also the essential bridge which its member states can use to greater involvement in the wider region, and with global issues and institutions. If there is one message on which I would like to end, it is that this region, unique and precious as it is, must increasingly be drawn into the wider world in order to meet the needs of its people. This is already happening - I learned the other day of a distance education hook-up involving Vancouver, Suva, Honiara, Dunedin and Brunei. Canada looks forward to the greater partnership with Forum countries which these contacts will bring.

Finally, I would like personally and officially to thank Secretary General Ieremia Tabai for his dedication to the Forum and his goodwill towards Canada. The course he has charted for the Forum in the first year of his tenure has been a wise one. I offer him Canada's continued support.

**STATEMENT BY H E MR LIU HUAQIU
REPRESENTATIVE OF THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF CHINA**

Mr Chairman

The 23rd South Pacific Forum ended successfully yesterday. Please allow me to convey to the meeting the warm congratulations of the Government of the People's Republic of China on its positive results. This year marks the beginning of the third decade of vigorous development of the Forum. Over the past two decades, the Forum has played an ever more important role in maintaining peace and stability of this region, strengthening solidarity and mutual assistance among member states and promoting friendly relations and cooperation with other countries and regions, thus winning wider attention and appreciation in the international community. We sincerely wish the Forum new and greater success on its road of advancement.

The Chinese Government highly values its friendly relations with the Forum and actively develops its friendship and cooperation with the South Pacific countries. The past year has witnessed major new progress in such relations. Among those important guests from the South Pacific who have visited or will visit my country this year are: Presidents of the Marshall Islands, Kiribati and Micronesia, the Secretary General of the Forum, the Foreign Ministers of Australia and New Zealand and Ministers of many other countries of the region. The Chinese Premier, Vice Premier and Foreign Minister have visited some South Pacific countries successively. Last year, the speakers of parliaments of Micronesia, the Marshall Islands and Vanuatu visited China; Vice-Chairman Peng Chong of China's National People's Congress will lead a delegation to five island nations of this region for a visit. These important visits work very well for deeper mutual understanding, closer bilateral ties and strengthened friendship and cooperation. The opening of the Embassy of the Republic of Marshall Islands in Beijing, New Zealand Consulate-General in Shanghai and the Chinese Consulate-General in Auckland respectively has provided new bridges for more exchanges and cooperation. The cooperation between China and the South Pacific in economic relations, trade, science and technology is further expanded and enriched. China has signed agreements on economic and technical cooperation with seven island countries in the South Pacific having diplomatic relations with us. We have provided them with interest-free loans and grants to help them build government office buildings, conference centres, parliament houses, airports, sports facilities, schools, power stations, drinking water projects, and some urgently needed industrial and agricultural projects. In addition, we have offered scholarships and sent medical personnel to some island countries. This year the Chinese Government will provide new loans and grants to some countries concerned. The amount of assistance China has provided is not very large, but we are sincere and earnest, and will take a responsible attitude on the question of assistance. As soon as quality problems occur, we promptly take measures to resolve them so as to avert difficulties or losses for the recipient countries. China has resolutely supported some

island countries in their application for membership in the United Nations and other international organisations and has taken an active part in the multilateral assistance to the South Pacific countries. On their part, the South Pacific countries and peoples have also given us much help and support. Particularly, what we shall never forget is that when parts of China were hit by extraordinary floods last year, many South Pacific countries expressed their sincere sympathy towards the Chinese people, some donated money to help us. I would like to take this opportunity to express once again our heartfelt thanks to them for such friendly gestures. Facts fully show that development of sustained, stable and friendly relations and cooperation between China and the South Pacific countries is the shared aspiration of all our peoples. It serves their fundamental interests and contributes to peace, stability and development of the Asia-Pacific region. Therefore, it has a solid foundation and broad prospects.

Since the last session of the Forum, the international situation has undergone tremendous changes, among which, the disintegration of the Soviet Union has the most far-reaching impact. The bi-polar structure characterised by the confrontation between the United States and the Soviet Union has come to an end. The new structure is yet to take shape. Various forces are again undergoing division and realignment, and the world has reached a turning point towards multi-polarity. The international situation has relaxed somewhat and the military confrontation has eased but those factors that endanger peace and cause tensions in the world have not been eliminated. The world economic situation is still very grim. The gap between the North and the South is further widening. Most developing countries find themselves in a difficult situation. The stark reality tells us that the two long-standing major tasks of peace and development facing the people of the world are yet to be fulfilled. At this historical turning point, the Asia-Pacific countries are faced with difficulties and challenges, and at the same time, hopes and opportunities.

We are happy to note that under the turbulent and fast-changing world situation, the Asia-Pacific region has maintained a relatively stable situation and encouraging momentum of development. First, the hot spots in this region are being gradually removed. The 13-year old bloody conflicts in Cambodia have come to an end and got on the track of a political settlement. Although the implementation of the Paris Agreements will encounter difficulties and setbacks, political settlement is an irreversible general trend. The North and South of Korea have made positive efforts for national reconciliation and relaxation of the situation on the Korean Peninsula, and their efforts have scored substantive progress. The Afghan question has also reached the crucial stage towards the final settlement. The settlement and easing of these hot-spot issues have facilitated peace and stability of this region. Secondly, although their social systems are not entirely the same, the Asia-Pacific countries all stand for handling their state-to-state relations on the basis of the Five Principles of Peaceful Coexistence, thus continuously improving and strengthening their relations with one another. Besides, they all seek peace and development in the region from various perspectives. Thirdly, most countries in the region are devoting themselves to economic construction while actively promoting regional economic cooperation. Regional organisations, such as APEC, the South Pacific Forum and ASEAN, are playing an increasingly active and important role in Asia-Pacific economic cooperation. With its economy steadily growing at a rate higher

than the world's average, the Asia-Pacific is economically the most dynamic region in the world. Fourthly, China, the biggest developing country in the region, enjoys political stability and sustained economic growth at home, and pursues an independent foreign policy of peace. It has improved and strengthened its relations with all its surrounding countries. This makes China an important factor making for peace and stability in the region. Over the past year, China has established relations with all the 15 republics of the former Soviet Union, normalized its relations with Viet Nam, improved and developed its ties with India, thus opening a new chapter in the Sino-Indian relations and made fresh headways in its relations with Mongolia and Laos following the normalisation of relations with them. China's friendship and cooperation with the DPRK has been consolidated and deepened and its exchanges with the Republic of Korea steadily expanded. China's traditional friendship with Pakistan, Bangladesh and Myanmar has also been growing continuously. 1992 marks the twentieth anniversary of normalisation of Sino-Japanese diplomatic relations, which have entered a new stage of in-depth development. Following the establishment of diplomatic relations between China and all the six ASEAN nations, an all-round and in-depth development of the relations is under way. Sino-Australian and Sino-New Zealand relations have both shown a new momentum of vigorous development. China's relations with the South Pacific island nations have become even more intimate, with strengthened and expanded cooperation in all fields. Good-neighbourly relations and national stability work for the common interests of the Chinese people and the peoples of its surrounding countries, and also represent a strong impetus to peace and development in the Asia-Pacific region which is a vast region with rich natural resources and industrious and talented peoples. To maintain and strengthen the favourable situation of relative political stability and sustained economic growth not only benefits the peoples of the Asia-Pacific countries, but will contribute even more to the progress of the world and civilization of mankind.

China and the South Pacific countries have the same or similar historical experiences and are faced today with the common task of developing national economy and improving the people's living standards. Therefore, we fully understand and sympathise with the circumstances and demands of the South Pacific countries. With regard to resolving the world's environmental and development questions, China and the South Pacific countries share interests and positions on a wide range of issues. At the 48th ESCAP Session held in Beijing last April, participants from various countries expressed their firm determination and strong desire to further strengthen solidarity and cooperation. At the Session, China advanced the principles of "mutual respect, equality and mutual benefit, openness to each other, common prosperity and seeking agreement through consultations". These principles are also fundamental policies of China in developing friendly relations and cooperation with the South Pacific countries. We are ready, in a spirit of mutual help between people in the same boat, to carry out cooperation with the South Pacific countries. Let us take active actions and work jointly to promote peace and development in Asia and the Pacific and make the earth a beautiful homeland of mankind.

China has entered the 13th year in implementing the policy of reform and opening-up initiated by Mr Deng Xiaoping. In this period tremendous changes have taken place in China. Between 1980 and 1990, China's GNP grew at an average annual rate of 9%, and more than doubled within the decade. The people's living standards

improved markedly, with an annual increase of 8.4% in the real per-capita income for the rural population and 5.3% for urban residents. At present, China enjoys political, social and economic stability and has a thriving market.

The Chinese people live and work in peace and contentment. Experience has shown that our basic line as well as the road we have chosen are definitely correct. We shall follow this line and road unswervingly for as long as a hundred years.

The 1990s is a crucial period for the Chinese people. In response to the call made by Mr Deng Xiaoping during his inspection tour of South China earlier this year, we are trying to seize the favourable opportunities both at home and abroad to speed up the reform and open wider to the outside world. By expanding our economic, scientific, technological and cultural exchanges with other countries and boldly assimilating and learning all the intellectual achievements of humankind, we are striving to bring our economic development to a new level at every interval of a few years and to redouble the GNP of 1980 by the end of this century. Hong Kong and Macao will return to the motherland in 1997 and 1999 respectively and we have a strong determination and full confidence in continued maintenance of the stability and prosperity of both regions. We will unswervingly seek an early reunification of Taiwan with the mainland in accordance with the policy of "peaceful reunification, and one country, two systems". It is a strong aspiration of all the Chinese people, including our Taiwan compatriots, to fulfill the great cause of the reunification of the motherland. It is a historical trend that no force can obstruct, despite the present attempt by the Taiwan authorities to create "two Chinas" or "one China, one Taiwan" in the international community by pushing the so-called "elastic diplomacy" through various means. We are firmly opposed to any attempt to create "two Chinas", "one China, one Taiwan", and "one country, two governments", and seek "dual recognition" or "independence of Taiwan". We are against exchanges of an official nature between Taiwan and countries that have diplomatic relations with China. More and more people share the consensus that the future of Taiwan lies in the mainland of China. We are convinced that all statesmen with a vision will see clearly this situation and, proceeding from the long-term interests, stick to a "one China" policy and handle their relations with Taiwan province of China with prudence.

The 21st century is only a few years away. We are ready to work together with the South Pacific countries for closer friendly relations and increased exchanges and cooperation so as to make Asia and the Pacific a region of peace, stability, development and prosperity. With this achievement we shall usher in the 21st century --- a better century for all.

Thank you, Mr Chairman.

**STATEMENT BY MR ROLF BRENNER
REPRESENTATIVE OF THE COMMISSION OF THE EUROPEAN
COMMUNITIES**

Mr Chairman
Excellencies
Mr Secretary General
Ladies and Gentlemen

First of all I would like, on behalf of the Commission of the European Communities, to thank you very much for your kind invitation to attend the Post-Forum Dialogue here in the Solomon Islands. Vice-President Marin has asked me to convey his best wishes to the Post-Forum Dialogue. Mr Philippe Soubestre, Deputy Director General, who had last minute commitments in Brussels - will be representing the Commission of the EC at the Dialogue meeting tomorrow.

Let me say how much we appreciate the opportunity to participate for the second time in this important event, and to have an open dialogue with our friends and cooperation partners in the South Pacific Region.

Let me first turn to a basic aspect of our relationship. Cooperation between the South Pacific Region and the EC (as such) in the framework of the Lomé Convention has been highlighted in February 1992 by the signature of the Pacific Regional Programme for Lomé IV. This programme covering a five year period includes in particular actions in the fields of Natural Resources and Environment, Transport and Services, and Human Resource Development.

Further to regional cooperation the European Community continues to deploy the wide panoply of instruments available within the Lomé Convention, especially in the fields of financial and technical cooperation, Trade and Stabex - and with specific provisions for island and landlocked countries.

Since the first Lomé Convention, between 1975 and 1990 the overall aid of the European Community (as such) to the Pacific ACP countries totalled ECU 850 mn (US dollars 1.02 bn). If we include Lomé IV allocations and EC cooperation with the French Overseas Territories, overall EC aid to the Pacific since 1975 amounts to about ECU 1.2 bn (US dollars 1.4 bn).

As regards trade, the EC continues to be the largest export destination for the South Pacific ACP countries. Exports to the EC are approximately five times more than Pacific ACP imports from Europe. There is certainly still further potential for more exports to Europe.

Let me now turn to the more political and international issues:

FORUM EYES ONLY

Since last August, when we met in Pohnpei, a number of important events have taken place both within the European Community and in the world.

Important qualitative changes have occurred within the EC. Two intergovernmental conferences have led in February of this year to the Treaty on the European Union, the so called Maastricht Treaty. The Treaty is in the process of ratification by the Parliaments of some of our member countries - in some other countries it is necessary to hold a referendum before ratification, as for example, in France. After Danish voters rejected the Treaty it is not yet clear what repercussions on the whole process this will have. The UK, who holds the Presidency during the second half of this year, has underlined that much attention is likely to focus on the internal debate.

If ratified, this Treaty will lead, on the one hand, to an Economic and Monetary Union, with the establishment of a single European currency, and on the other hand to a common foreign and security policy. There will also be a strengthened coordination of European development cooperation policies.

As regards the achievements towards the 1992 Single Market, significant progress has been made: the Commission has presented all 282 proposals necessary for the completion of the Internal Market, and the Council has adopted until now more than 80% of these measures, aiming to eliminate the barriers to the free movement of persons, goods, services and capital in the EC.

Another important development within Europe has been the creation of a European Economic Area which includes the EC and the countries of the former European Free Trade Association (Austria, Finland, Norway, Sweden and Switzerland). These countries have in the meantime applied or will shortly apply (Norway) for full membership of the European Community.

One of the big questions in this context is how to broaden and deepen the European Community without unwelcome side effects, and the speed at which this operation might best take place.

At the same time, for reasons well known to all of you, progress in the trade talks of the GATT Uruguay Round has been rather discouraging. The EC has recently taken a very important initiative, in an effort to unblock the situation. It has taken a decision on the reform of the Community's Agricultural Policy, involving production controls, combined with price reductions, while at the same time guaranteeing the maintenance of farmers' income through direct compensation. The Council's decision on reform should now provide the necessary impetus to conclude the Uruguay Round in the near future.

Let me finally turn to international events: The Rio Conference on Environment and Development has been at the centre of international coverage and interest.

FORUM EYES ONLY

The European Community has played an active role at Rio, and is committed to ensuring an effective implementation of its conclusions, by for example:

- helping to launch Agenda 21: by mobilising ECU 3.0 bn (US dollars 3.6 bn) over a 5 year period;
- by helping to reach new agreements on forestry principles;
- by signing the Global Conventions on Biological Diversity and Climate Change, and in the latter case urging prompt action to establish operational Protocols;
- by signing the Rio Declaration.

We are all aware - and you Mr Chairman and your Forum Communique have highlighted the deep concern of the South Pacific countries, especially on the potentially catastrophic effects of climate change and sea level rise to their fragile islands environment. The European Community has been in the vanguard of international efforts to reduce the emission of greenhouse gases, that provoke climate change and global warming. In relation to carbon dioxide, the principle greenhouse gas, the Community has already taken the decision to stabilise its emissions at the 1990 level by the year 2000. In this and many other respects, the Community provisions are much more restrictive than those of the Convention on Climate Change signed in Rio.

Let me close this short statement with the assurance that the European Community will continue to take the lead in a number of issues which we consider very important, namely environment protection, our policy for development, cooperation and our contribution to create a peaceful world.

Thank you.

STATEMENT BY H E MR JACQUES LE BLANC
HEAD OF THE FRENCH DELEGATION

Mr Chairman
Mr Prime Ministers, Geoffrey Henry and Sitiveni Rabuka
Excellencies
Mr Secretary General
Dear Colleagues
Ladies and Gentlemen

It's a great honour for me, as well as for the other members of my delegation, to participate, on behalf of France and for the second time in a row, to the "Post-Forum Dialogue" this important gathering for Pacific Island States as well as for their partners.

And it is not without a certain emotion that thinking back to the meaning of what happened in Guadalcanal, fifty years ago, for the future of freedom in this world, we are joining you to work together for the future of Pacific. I would like to take advantage of this opportunity to convey to the Solomon Island Government and people the friendly salute of my own country and fellow citizens.

May I also take this opportunity to re-state the best wishes of my Government for the success of the mission of the new head of the Forum Secretariat, His Excellency Mr Tabai, whose new position is taking place at a very important time, when confrontation between East and West is over, leaving room for peaceful development and for our extensive cooperation with all goodwill partners. France personally hopes that it will be possible to establish with Mr Tabai the same kind of constructive relationship we had with his predecessor during the last year of his mandate.

As a matter of fact, the past year has been made of many events, achievements and meetings which have contributed to increase and to improve the dialogue between the Forum and my country.

I could mention, for instance, the convention signed on last April between the Secretary General of the Forum and France for the financing of four development projects in fields as important as energy, trade, training and technical assistance. These programmes are the first which are binding the Forum organisation and my country to each other, and we hope that it's just a beginning.

Moreover, we have appreciated very much the highly commendable Forum moves which have consisted in several invitations, during the past year, to representatives of French overseas territories to attend workshops and technical meetings covering matters like energy, security, economics, tourism, and so on ... My country cannot but encourage this trend and thank the Forum Secretariat for such an approach of

FORUM EYES ONLY

cooperation among all Pacific partners, which match exactly our own views about the necessary integration of the French territories within their regional environment.

This is why I am glad to recall the French project of an important workshop scheduled for later this year with the help of the Forum Secretariat and devoted to the fight against drug-trafficking and money laundering in the Pacific.

French cooperation with the Forum, and with its member states and territories, remains among the major centers of interest of the French foreign policy which, as you know, don't spare any effort in favour of aid to developing countries.

In Rio de Janeiro, last month - and I shall go back later to the importance of this gathering -, the French President, Mr Mitterrand, committed France to an increase of her public aid to development up to 0.7% of its GNP before the end of this century, that is to say within the coming seven and a half years. At the same time, and within EEC, through the Lomé agreements process, France, whose participation to the total European cooperation budget amounts to one quarter of this budget, has worked in order to get a significant increase of the appropriations incorporated in the new Convention called Lomé IV (20% increase compared to Lomé III).

Undoubtedly, new challenges - and not minor ones - have compelled my country to include additional priorities in his foreign aid policy:

- I mean Eastern Europe, that we would like to protect from an evolution of the kind which is plaguing Yugoslavia;
- I mean the former Soviet Republics, now independent;
- I mean Kampuchea where France, together with Australia is trying to bring back peace;
- I mean protection of our environment, which is a deeper and deeper concern we share with you.

Concerning this last concern, France is working in order to have South Pacific concerns included in the thinking under process at the world level. Two months before the recent United Nations conference on environment and development, we have made possible the convening in Noumea of the second conference on climate changes and on the sea-level rising with the support of SPREP.

Since the 1989 Hague declaration, the French government has shown its deep concern for the threat caused by the increase of the greenhouse effect on all island countries.

I am glad of the triggering role played by France in the setting up of this conference as well as of the leading action in the world negotiations on climate changes. I also take advantage of this opportunity to praise the role played by the South Pacific

FORUM EYES ONLY

states in this difficult negotiation, the outcome of which, as you know, having been the signing of a convention in Rio, on last month. I have been in a position to witness, during this conference hosted by Brazil, how construction has been the action of the Pacific Island Countries. They have appeared in this framework, as a respected and reliable force of proposals to coordinating role of SPREP at this occasion must be praised too.

So, in Rio, France has emphasised the double necessity of development and of protecting the environment. If she has been among the most active countries supporting the idea of a necessary increase of aid to development, she has also made new proposals concerning the monitoring of environment. Through her President, Mr Mitterrand, she has proposed the creation of environment observations in the most vulnerable parts of the world. This is within this approach that France is presently working on a project of an observatory in the South Pacific which will be financed by her and which will be set up at the beginning of next year.

In Rio, a new awareness has emerged for protecting the rights of the next generations, and for building a new alliance between North and South. France will not spare her efforts to work in accordance with these goals.

May I take the liberty, now, Mr Chairman, to deal with two questions which are interesting directly the South Pacific States and France.

First, I would like to say a few things about New Caledonia, which is among the items of your proposed agenda for our dialogue.

Last year, a few weeks before your 1991 Forum gathering, two ministers of two country members of your organisation (Solomon Islands and Fiji) came to New Caledonia and were put in a position to witness the achievements of the local policy under process in favour of a rapprochement between the various communities living on the island.

Later in Paris, last October, at the occasion of the periodic gathering of the special committee in charge of the follow up of the Matignon Agreements, the French Government and all the Caledonian delegations together restated their common wish to keep going ahead with the considerable work already undertaken.

More recently, during a workshop organised in Paris with political leaders of New Caledonia, and of various Pacific countries, the Minister in charge of overseas territories in the French cabinet underlined the visible results of the undertaken actions within the framework of the development contracts between the French state and the Caledonian provinces in a number of matters like infrastructures, training, promotion of KANAK culture. Concerning this last point, a better mutual knowledge - I should say a better mutual recognition of the different Caledonian communities will contribute to prepare the 1998 deadline (self-determination referendum).

FORUM EYES ONLY

Second, I would like to come to the nuclear testing question.

As you know, the French Prime Minister has announced on 8 April the suspension of your nuclear tests for 1992, with the hope that the example will be followed by others. Through this move, France has shown that she was aware of the evolution of the world strategic requirements. This suspension is a temporary and unilateral measure. France hopes that before the end of the present year, significant and concrete steps will be made in the direction of world nuclear disarmament and of non proliferation of nuclear weapons.

If such is the case, she will be in a position, depending on the moves of the other nuclear countries, to consider what she will do next year.

So are, Mr Chairman, the few remarks I wanted to convey through that kind of monologue before starting the dialogue scheduled for tomorrow.

We are here at your disposal, my delegation as well as myself, to make this meeting as constructive as possible and, of course, to answer all your questions.

Thank you, Mr Chairman.

**STATEMENT BY H E MR KOJI KAKIZAWA
PARLIAMENTARY VICE-MINISTER FOR FOREIGN AFFAIRS OF JAPAN**

Mr Chairman
Excellencies
Distinguished Delegates

It is indeed an honor to attend this fourth Post-Forum Dialogue today, as the head of the delegates of the Government of Japan. On behalf of my delegation, I deeply thank the Government of the Solomon Islands and the Forum Secretariat for receiving us so warmly.

Given the outstanding development of recent Japan-South Pacific relations in numerous fields, there are so many things that could be discussed.

However, keeping within the time limits of this plenary session, I would like to focus on just three topics: namely, Japan's policy toward the South Pacific, its contribution to the international community, and issues that concern the global environment.

Japan's Policy toward South Pacific

Let me begin with our policy toward the South Pacific. The South Pacific region is Japan's geographical neighbour and its historical connection with Japan is deep. Further, the relationship between Japan and South Pacific is rapidly drawing even closer in such thriving activities as fishery, trade, and economic cooperation. To cite some examples, approximately a third of Japan's tuna fishing depends on South Pacific waters, and amount of both-way trade between us has increased forty-two percent in the past six years. In this latter regard, the South Pacific region's exports to Japan has increased eighty-five percent during this same period.

Through this close relationship with the South Pacific island countries, Japan has come to admire the Island Countries' nation-building efforts under difficult conditions such as small populations, limited land areas, and monocultural economies.

Development aid is Japan's main vehicle for supporting the efforts of the Island nations of the South Pacific. In this regard, although our total bilateral official aid grew only 2.4 times in the past five years, our bilateral aid to the South Pacific region grew 4.7 times during this same period, which means the aid to this region grew about twice as fast as our total bilateral aid.

Japan also realizes that regional cooperation is crucially important in the South Pacific area. Indeed, the importance of such regional cooperation is readily apparent to each of us here, based on the central role that the Forum now plays in fostering the

political stability and economic development of this region. Intensifying our support for this Forum is an integral part of our policy toward the South Pacific.

Here, let me briefly mention some ways through which support for this Forum has been extended.

Yearly since 1987, we have invited each respective Forum Chairman to our country, in order to enhance our dialogue with the Forum. Last month I received former Chairman Olter, Secretary General Tabai, and other distinguished guests, and had an extraordinary meaningful exchange of views with them. And with the inauguration of Prime Minister Marnaloni as Chairman at this Forum meeting, we extend a cordial invitation to Mr Marnaloni and hope that he will honor us with a visit next year.

Further, Japan has participated in all the Post-Forum Dialogues from their start in 1989; by doing so dialogue between Japan and the Forum is also enhanced. I am attending this dialogue as Parliamentary Vice Minister for Foreign Affairs, following in the footsteps of former Parliamentary Vice Minister Suzuki, who attended last year.

Turning to more concrete examples, as I told former Chairman Olter and Secretary General Tabai in Tokyo, Japan has decided to raise its annual financial contribution to the Forum from 400 thousand US dollars to 500 thousand US dollars. I anticipate that effective use of our contribution will help in the further development of this region.

Finally, as a further extension of our long record of cooperation in developing the human resources of this region, we have decided to inaugurate a new programme this fiscal year to invite a total of ten students from the University of South Pacific and the University of Papua New Guinea to our country. We wish to assist youths of this region who are expected to become future leaders to cultivate their skills and expand their outlook so as to prepare them for their future roles.

Japan's desire is to assist the Forum island countries, through our support for the Forum, including the four policies above, for their achievement of peace and prosperity while maintaining their spontaneity and independence.

Japan's International Contribution

Let me move on to Japan's international contribution endeavours. Contributing to the international community is one of the main themes of Japan's diplomatic efforts, and many of our foreign policies are implemented keeping this viewpoint in mind. As examples of contributions we have thus far accomplished. I can cite new approaches in our economic management, such as the expansion of domestic demand and structural reform, the economic cooperation we have extended to the developing countries, and our cooperation towards achieving peace and recovery in regional conflicts such as Cambodia.

Looking at the greater picture, we are now in the midst of a historical change. With the end of the Cold War, the international community has entered an age in which new partnerships are being formed, and many things must be done to improve our world. In this endeavour, Japan is willing to play an even more active role, pooling our economic, technological and human resources, together with the rest of the world, to achieve solutions.

Among our contributory endeavours, I would like to touch upon two specific examples. One is the expansion of our official development assistance. The amount of Japan's ODA already exceeds 10 billion US dollars annually, and Japan is now ranked as one of the top donor countries. However, our efforts to expand our ODA to an even greater degree is one of the major pillars of our foreign policy. This year is the last year of our Fourth Medium-Term Target, which stipulates the goal of providing over 50 billion US dollars in aid over a five-year period that started from 1988, and strenuous efforts are still being made to meet this goal.

Further, in the 1993 budget, now being formulated, our aid budget that was approved allows for a maximum 9.4% increase over this year's budget, even though we are facing economic rough times.

Another major effort of our policy of contributing to the world is our commitment to make a human contribution. Last month, the Japanese Diet enacted the United Nations Peace Keeping Operation Cooperation Law. This law was passed because the Japanese people have recognized that we must participate more actively in international endeavour not only in material and financial ways but also by providing the necessary personnel.

We will prove our resolution in this regard by participating in UN Peace Keeping Operations and in humanitarian disaster relief activities, in addition to our economic cooperation and our cooperation in other ways that we are already doing.

As I have said previously, whatever form our contribution takes, it will be done in cooperation with the rest of the world. Therefore, we have no intention whatsoever to embark on a path to military power.

Global Environmental Issues

Finally, I would like to talk about the global environment. As world opinion has made abundantly clear, neglect of the environment affects the very basis of our survival, and to safeguard our world must be a global endeavour.

In this regard, United Nations Conference on Environment and Development at Rio de Janeiro last month was significant event, because it was a truly global endeavour, where measures to protect our environment and ensure orderly development were formed with the participation of approximately one hundred and seventy nations, including both the industrialised and the developing countries.

FORUM EYES ONLY

Global warming remains a serious concern, and we fully appreciate the concern of the Island Countries, which are threatened by the possible rise in the sea level. This is one of the reasons why we especially welcomed the Framework Convention on Climate Change which was opened for signing at the UNCED. I am pleased to report you a good news from Munich G7 Summit. Prime Minister Miyazawa and his entourage told me that, in their Economic Declaration, G7 countries to carry forward the momentum of the Rio Conference, urged other countries to join them in seeking to ratify the Climate Change Convention by the end of 1993.

Japan is actively pursuing measures to prevent global warming, such as stabilizing emissions of carbon dioxide after the year 2000 at about the 1990 level, following the Action Programme to Arrest Global Warming, which we formulated two years ago. The carbon dioxide emissions of Japan, to cite the progress we have made, is less than 5% of the world's total emissions, whereas Japan's GNP accounts for about 14% of the world's total production. This is the result of our strict pollution regulations, which were introduced because of the lesson learned from our own pollution problems in the 1960s.

Further, environmental matters are among the top priority issues of Japan's ODA. We have over-achieved our goal to provide 400 billion yen in aid in this area during the past three years. At UNCED, we have announced our plan to expand our ODA in the field of environment to the level between 900 billion yen and one trillion yen for the period of five years starting from this fiscal year. For the Forum Island Countries, we are willing to consider programmes of active assistance, such as grant aid and technical cooperation, in projects that may be needed in this area.

Conclusion

Japan and the South Pacific region are geopolitically interdependent and this interdependency is certain to further deepen. I am convinced that nothing is more important for us than to make this interdependency serve our mutual benefit through cooperation. I cannot stress this point too much.

In a broader perspective, the stability and prosperity of the entire Asia-Pacific region is indispensable for the South Pacific. Japan considers it important that the Asia Pacific region receive the attention it deserves in the global community. Bearing this in mind, Japan endeavoured to make the view points of the Asia-Pacific region reflected in the discussion of Munich G7 Summit. We did it successfully, in the atmosphere where the center of gravity tended to be Europe, and we will continue our efforts towards G7 Summit, scheduled to be held Tokyo in July next year.

Before closing, I would again like to thank Chairman Mamaloni and Secretary General Tabai, who made the preparations for this Post Forum Dialogue, and to all the parties concerned, particularly the Government of the Solomon Islands and the Forum Secretariat. Thank you.

STATEMENT BY LORD GLENARTHUR
LEADER OF UK DELEGATION

Mr Chairman
Secretary General
Members of the Forum
Fellow Dialogue Partners

My colleague Alistair Goodlad, the new Minister of State at the Foreign Office, had been hoping to be here this morning. He very much regrets that pressure of parliamentary business obliged him, at the last moment, to remain in London.

One man's loss is another man's gain. I have come from London in Mr Goodlad's place, and I must say I am very pleased to have this opportunity to visit Solomon Islands for the second time. I have fond memories of my visit in 1989. I am also happy to be joining in another Forum Dialogue - this will be my third.

The United Kingdom values the Dialogue, and welcomes the chance to participate. We are grateful to those who have made this possible again this year:

- to the members of the Forum for extending the invitation,
- to you Mr Chairman, and to the Solomon Islands Government, for being our hosts and for your generous hospitality, and
- to you Mr Secretary General and the Forum Secretariat for all the organisational arrangements.

I would like in this statement to address three broad subjects which are topical at the moment but are also of enduring interest both to Forum members, and Dialogue Partners. First, as we all know, global warming, sea level rise, and dumping of dangerous waste are subjects of particular concern in the South Pacific. I would therefore like to comment, from the point of view of the British Government, on the recent UNCED Conference otherwise known as the Rio Summit.

A number of you attended or sent representatives. I trust you came away feeling that at last the world was facing the reality of its own development, and was beginning to look for ways to tackle the problems that have been identified.

The British Government believes that the Rio meeting was a major success.

It resulted in the signature of key agreements on Climate Change and Biodiversity.

FORUM EYES ONLY

It adopted a concise set of principles on sustainable development - the Rio Declaration. This should guide international action for some time to come.

It produced a Statement of Forest Principles, and it created mechanisms for channelling new finance to developing countries to tackle environmental problems.

In our view this was a substantial result for an event which many had written off in advance as a talking shop. Not everybody got what they wanted. But that was never likely.

We believe the need now is to translate the agreements reached at Rio into practical action.

The British Prime Minister sent a message to EC and G7 colleagues on 17 June proposing that they all commit themselves to an action plan to follow up the key elements agreed in Rio.

Under this plan, states would undertake to do the following by the end of 1993:

To Publish the national plans called for on climate change, biodiversity, forests and Agenda 21/Rio Declaration.

To Ratify the climate convention and prepare for ratification of the biodiversity convention.

To Implement the Rio commitments on financial support to developing countries; and work to complete restructuring the Global Environment Facility as the permanent financial mechanism for the conventions.

To Work at the UN General Assembly later this year to establish an effective Sustainable Development Commission.

To Promote the establishment of an international review process for forest principles.

The British Government has also committed itself to contribute up to 100 million pounds new money for replenishing the Global Environment Fund. We also plan to make available substantial financial resources over the next two years for key sectors: forest conservation, biodiversity, energy efficiency, population planning, and sustainable agriculture.

But the success of Rio will depend on all countries, both developing and developed.

The Alliance of Small Island States, chaired by Vanuatu was an influential group in the G77 during the climate change negotiations. It pushed hard for a substantial

FORUM EYES ONLY

convention that would commit all states to take measures to arrest greenhouse gas emissions. This constructive approach was very welcome.

It is important that all Governments now press on with early publication of national plans to implement the Rio agreements. We hope Forum members will join the UK and others in the vanguard of states putting the UNCED agreements into action.

Secondly, Mr Chairman, a subject which lies at the heart of the relationship between most Forum members and the Dialogue Partners: aid.

We are all aware that if aid is to be effective it must promote sustainable development and self-reliance. That should be its objective.

We are much encouraged by the readiness of the Pacific Island countries to look hard at making aid more effective.

I wish to highlight the two aid co-ordination meetings which the Forum Secretariat has organised in Suva. They were first-class opportunities for constructive policy dialogue. We strongly support moves for the Secretariat to undertake further work to draw up guidelines for more effective aid, particularly in the area of human resource development.

The aid meeting in February concluded that, for a variety of reasons, the considerable volume of aid provided for training and staffing assistance in the region has not succeeded in making the Pacific Island countries more self-reliant. The number of expatriate staff needed seems if anything to be rising rather than falling. We all share responsibility to ensure that this unwelcome trend is reversed.

This will require a fresh approach and flexibility, from the Pacific Island countries and their partners.

In the context of Economic Development and self reliance may I draw attention to the importance of developing the private sector, as recommended for example by the World Bank.

Many of your island countries are small, with limited capacity of your own. But all of you have made clear that you, not the donors, must drive the process of improving aid coordination and managements.

The role of the Forum and Secretariat is therefore crucial. We shall be glad to do what we can to assist the Secretariat to continue their good work.

Thirdly, while we are thinking about aid and self-reliance we should not overlook trade. The links are obvious. The more that countries can trade and the better their conditions of trade, the less they need to rely on aid.

FORUM EYES ONLY

In SPARTECA the South Pacific has arrangements designed to promote and facilitate trade within the region.

As you know, for the past six years the members of the GATT have been engaged in negotiations to liberalise world trade and improve the regulatory framework. Only two Forum members are GATT contracting parties, and only six Pacific Island countries have the GATT applied to them. Nevertheless, if we can get a satisfactory settlement to the GATT Uruguay Round it should help the South Pacific too.

A GATT Settlement would result in an improved world trading environment, less protectionism, less trade distortion and more effective arrangements for the resolution of trade disputes. This will have knock on effects for the region, bringing benefits.

Failure to reach a settlement by the same token will have negative effects worldwide. All of us would be the loser.

So Britain attaches the utmost importance to a satisfactory outcome to the GATT Round and is sparing no effort to that end.

But I realise the most immediate trade concern of Forum members is world commodity prices. I understand the prognosis here is mixed. At least there is comfort in the fact that the forecasts point to the decline in copra prices since 1989 being reversed this year, with a partial recovery evident by the end of the year.

I expect to discuss these topics and the specific issues raised in the Forum Communique as the Dialogue unfolds. It will not surprise you that one part of the Communique relating to nuclear testing raises difficulties for the UK and I shall have to reserve the UK position on this, on familiar lines. But on almost all the issues I am glad to say that UK and Forum views generally coincide. In any case we are ready to discuss them all in our Dialogue.

Before closing, I would like to refer to the organisation of the Dialogue.

This year the Dialogue meeting has followed immediately on the Forum itself. This has meant that there has been a useful overlap, and that Heads of Government and Ministers of many Forum members have been able to stay on for the opening of the Dialogue.

The UK very much welcomes this arrangement, which facilitates a whole range of bilateral high level contacts between the representatives of Dialogue Partners and South Pacific leaders. It would be good if it could be repeated on future occasions.

Mr Chairman, the UK Delegation looks forward to interesting and useful discussions as the Dialogue progresses.

Thank you.

**STATEMENT BY MR RICHARD ENGLISH
HEAD OF THE UNITED STATES DELEGATION**

Mr Chairman
Prime Ministers
Members of the Forum
Mr Secretary General
Fellow Dialogue Partners

It is a distinct honour to represent the United States at this Fourth Post-Forum Dialogue. I and my delegation greatly appreciate the opportunity to take part in this important meeting and to exchange views with the South Pacific Forum, the regions' premier political organization.

The hospitality shown by our Solomon Islands hosts has been a true expression of the South Pacific spirit for which this region is justly famous. Visiting these historic surroundings, where an earlier generation of Americans fought in World War II, is an added pleasure. Guadalcanal holds a place of singular honour in American hearts as an enduring symbol of shared sacrifice in defense of common values. And it is perhaps only fitting that this meeting, whose South Pacific participants continue to pursue these same democratic goals, takes place almost exactly 50 years after the onset of that great struggle.

With an appreciation of the need for brevity this morning, Mr Chairman, I will summarize my prepared remarks, but at the same time make available to all delegations the full text of our statement.

Since the Forum and its Dialogue Partners last met in the Federated States of Micronesia, Mr Chairman, we have witnessed changes on the global scene of unprecedented proportions. The Soviet Union has ceased to exist, along with its ideological underpinnings. We regard this event as a victory not for ourselves but rather for the peoples of the former Soviet Union, so that they will now enjoy the "blessings of Liberty". As if to underscore the finality of these developments, President Yeltsin travelled to Washington last month, where his statements to the Congress pledging his people's commitment to democracy and human rights prompted repeated standing ovations. Elsewhere in Eastern Europe, former Soviet satellites continue to grapple with the challenge of transforming themselves into viable democratic societies and market economies following decades of oppressive rule. In Western Europe, the countries of the European Community are moving toward greater economic and political unity. Tragically, these sweeping developments have allowed old conflicts to re-emerge. We note in particular the agony of the former citizens of Yugoslavia, and the inhabitants of some of the new republics of the former Soviet Union, where revived ethnic animosities are producing untold suffering.

FORUM EYES ONLY

It is because of this change of climate that Presidents Bush and Yeltsin were able to agree on a two-thirds reduction in major nuclear weapons earlier this year. It is also because of this change that on July 2nd - only eight days ago - President Bush was able to announce the completion of the removal of nuclear weapons from surface vessels, attack submarines, and naval aircraft, first announced last September 27th.

With so much of the world's attention focused on the aftermath of the collapse of the Soviet Union and other developments on the European continent, there are some who are questioning the longer term commitment of the United States to its traditional role as a major force for stability and development in Asia and the Pacific. A closer look at continuing realities should put such concerns to rest.

The United States is fundamentally a Pacific nation. We not only have a Pacific shore, but American territories - the State of Hawaii, American Samoa, the Commonwealth of the Northern Marianas, and Guam - spread across the very heart of this great ocean. Moreover, the United States and its culture have been enriched by a continuing stream of Asian and Pacific immigration, contributing to the increasing share of our population with ancestral and cultural ties to this part of the world and reinforcing our awareness as a Pacific nation.

The U.S. economic stake in the countries of East Asia and the Pacific now far outstrips our commercial links with any other region of the world. U.S. trans-Pacific trade exceeds \$300 billion annually - about one-third larger than our trans-Atlantic trade. While trade problems with certain Asian countries sometime dominate headlines, it is important to recall that the United States exports more to the small nation of Singapore than to Spain or Italy.

The United States is also committed to expanding economic and commercial relations with South Pacific countries. With the support of the State Department, the Department of Commerce is taking the lead with the Overseas Private Investment Corporation in fostering increased trade, investment, and tourism links between the island countries and ourselves, including the proposal for a Joint Commercial Commission.

We welcome the proposal by the leaders of the Pacific Island nations for a Joint Declaration on Cooperation. In particular, we note that such a declaration would be an opportunity to express in a formal manner the elements of the relationship between the Pacific Island nations and the United States. We recognise that the programs of the Overseas Private Investment Corporation, the U.S. Agency for International Development, and the U.S. Information Agency are making important contributions to the growth and development of the South Pacific region. In addition, once a Memorandum of Understanding for the Joint Commercial Commission is signed, that agreement can lay the foundation for ensuring the most favourable trade and commercial relationship between the Pacific Island nations and the United States. We also agree that the important issue of the environment should be included in such a joint declaration. Such a declaration could recognize the need for cooperation between the U.S. and the

FORUM EYES ONLY

South Pacific Forum Island Nations on a wide range of political, security, economic and environmental issues.

We will of course need to take this concept back to Washington for further study and review by the full range of U.S. Government agencies involved in such a proposal. Such consultations would ensure that the U.S. Government would be prepared to implement all commitments involved in such a declaration. At the same time, we would need to engage in a dialogue with the Pacific Island nations to ensure that such a declaration best suits the interests and needs of all parties. Then we would be prepared to discuss an appropriate text of such an agreement.

The signing of a Memorandum of Understanding (MOU) for a Joint Commercial Commission would be an important step forward in a larger effort to promote a closer and more advantageous trade and commercial relationship with the United States. It was never the intention of the United States that the JCC should be the sole instrument of our much broader relationship. However, the JCC will ensure that the Pacific Island nations receive significantly greater attention from the trade and commercial agencies of the U.S. Government, particularly the Department of Commerce, and it will put the Pacific Island Nations in one of the more advantageous positions, in that regard, among all our trading partners around the world. Signing the MOU would signal to all parts of the U.S. Government that the Pacific Island nations are seriously interested in a closer and more effective trading relationship with the United States.

The best way in which the U.S. Government and the Pacific Island nations could prepare to discuss the possibilities for an expanded trade and commercial relationship would be to proceed as rapidly as possible to the signing of an MOU for the JCC. If we should decide to pursue such a relationship, the JCC would serve as its foundation. At the same time, the Declaration proposed by the South Pacific Forum Island leaders would serve as a framework for the broader relationship. Thus, the signing of the JCC would serve as a first step toward a broader and deeper relationship to the mutual advantage of the Pacific Island nations and the United States.

In practical terms, we consider it crucially important to conclude arrangements governing a JCC as soon as possible. The Commerce Department's Renewable Energy Conference in November in Hawaii has been designed specifically as a JCC initiative. Were the JCC not operating by November, it would be difficult to mount such a conference along the lines currently envisaged.

In another area of considerable commercial importance, I am pleased to report that the United States and the Forum Nations successfully concluded negotiations in May to extend the South Pacific Regional Fisheries Treaty for an additional ten years. Under the terms of the new agreement, which will take effect in June 1993, up to 55 US vessels may purchase licenses to fish under new terms and conditions. The US fishing industry will pay fees of \$4 million annually, nearly double the amount paid under the current treaty. In addition, the United States has committed to providing \$14 million annually in

FORUM EYES ONLY

economic assistance in conjunction with the treaty. Thus, total annual payments to the region pursuant to the new fishing arrangements will be \$18 million.

US economic assistance to the South Pacific also emphasizes efforts by your nations to enhance their export markets, for example, our assistance for Market Access and Regional Competitiveness (MARC). The competitiveness MARC project is one of four development assistance programs established by the United States Agency for International Development to increase exports of high value products from the South Pacific region. MARC is designed to identify export market niches, especially in the United States, and to improve the business climates in South Pacific markets. MARC is complemented by other AID projects designed to help important economic sectors develop in an environmentally sound and commercially sustainable manner. These include the Pacific Islands Marine Resources (PIMAR) project which helps develop strategies for marine resource development. The new Profitable Environmental Protection (PEP) project is designed to help develop ecoproduct businesses, and the Commercial Agriculture Development (CAD) project concentrates on the technology and marketing of high-value agricultural products such as ginger, papaya, and spices.

The Overseas Private Investment Corporation is sending an investment mission to the South Pacific in September of this year. This mission, like its counterpart of last year to the Marshall Islands, Federated States of Micronesia, and Guam will be designed to enhance US private sector interest in the trade and investment opportunities in this region.

The United States has also played a leading role, Mr Chairman, on other issues of direct concern to the island countries.

On the environment, for example, the United States has supported island efforts to ban high seas driftnet fishing in the region, joined with island nations in backing the creation of a separate South Pacific Regional Environmental Program Organization (SPREP), and invited a Forum Scientific Mission to visit the Johnston Atoll Chemical Weapons Destruction Facility. In addition, no nation has expended more funding on whether global climate change represents a real risk to this region or has taken more steps to further the preservation of biodiversity for future generations. Equally important, President Bush launched an important new program during his January 4 visit to Singapore, the US-Asia Environmental Partnership. Through its four components, the Environmental Partnership links US technical expertise with the Asia and Pacific Region's development and environmental protection needs.

In concluding, Mr Chairman, let me emphasize that the United States intends to follow a distinct set of principles as we approach the twenty-first century. Several of these themes for the 1990's have been outlined over the past year in policy statements by President Bush and other senior US officials and have particular relevance to the South Pacific region. Let me list them briefly now.

FORUM EYES ONLY

- Promotion of democratic values, including support for the consolidation of democracy through the rule of law, free and fair elections, fair and effective administration of justice, and respect for human rights;
- Stimulation of economic progress, by fostering market forces through deregulation, privatization, development assistance, and expansion of trade and investment; and
- Countering transnational dangers, such as environmental degradation, narcotics trafficking, and terrorism.

In numerous ways, President Bush's October 1990 meeting with Pacific Island leaders remains a watershed event in our relationship. Many of the achievements outlined above flowed from that meeting and demonstrate that we are serious about following through on the commitments made then. You may be assured that we will continue to implement the various initiatives announced at the 1990 summit to demonstrate not only our concern for the region but also our abiding links with the countries you so ably represent.

Thank you, Mr Chairman.

