



DEVELOPMENT

The Pacific

and the European Union



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FOREWORD

Historically and culturally, the Pacific Islands and Europe have enjoyed close links ever since the XVIth century. Today, the Pacific islands and the European Union share many of their fundamental values. For the newly independent states of the Pacific, this has meant wide ranging and substantial programmes of co-operation and humanitarian assistance ever since 1975, when the first countries joined the Lomé Convention. Indeed, it is my belief that these last 27 years of sustained effort, have to a large extent set the scene for us to respond together to the political, economic and social challenges of the 21st century.



Poul Nielson
Commissioner for Development

First of all, at the political level, I am pleased that after many years of strife, peace is returning to Bougainville. It is disturbing that ethnic conflicts have arisen in Solomon Islands, and that there has been another coup in Fiji. As part of the increased importance of EU-ACP political dialogue in the framework of the Cotonou Agreement, the Commission is supporting local peace building and reconciliation initiatives, notably through its *Democracy and Human Rights* budget-line.

At the economic level, the European Union remains strongly committed to sustainable and equitable development in the Pacific. We in the European Union believe that economic growth is the key to poverty eradication, and that trade and economic integration is one of the most effective drivers of economic growth. We are therefore ready to assist the Pacific Islands in their efforts to integrate among themselves and progressively into the world economy.

At the social level, access to education and health services for all, be they in the remote highlands of Papua New Guinea or the outer islands of Kiribati, underpins the objective of sustainable economic growth. It is therefore no surprise that human resource development is a recurring theme in both the regional and country strategy papers, which will govern the use of the indicative programmes of the ninth European Development Fund.

To benefit from these new opportunities, the Pacific islands need to focus on the sustainable and environmentally sensitive exploitation of their land and oceanic resources, whether they be agriculture, minerals, forestry or fisheries.

Again, there is scope for partnership. Let's take fisheries. The European Union is involved in fisheries in the Pacific, not only through its past and ongoing support to development and research projects carried out by the Secretariat of the Pacific Community and the Forum Fisheries Agency, but more recently, through the presence in the region of a number of EU fishing boats. In May 2001, the EU adopted a mandate for negotiations to take place with Pacific ACP countries for the conclusion of tuna fishing agreements and the first such agreement was initialled with Kiribati on the 9th July 2002. The EU has also expressed a strong interest in becoming a full member of the *Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean*.

It is my firm conviction that the Cotonou partnership will enable us to intensify and enrich our dialogue. By involving all sections of Pacific society, including the private sector and civil society, it should strengthen our political, economic and social co-operation and cohesion.

At this crucial point in time, with the economic partnership negotiations about to begin and with the new finance from the ninth EDF about to flow, I look forward to even more exchanges and contacts with the people of this most beautiful and friendly part of the world.

P. Nielson

CONTENTS



3 Introduction

4 The European Union

- 4 United in peace and prosperity
- 4 The institutions
- 4 The single currency
- 5 The EU's Common Foreign and Security Policy
- 5 Enlargement
- 5 The European Commission
- 6 The three pillars

7 The European Union on the international stage

- 7 EU external relations

8 The EU-ACP partnership agreement – Cotonou

- 8 Reducing and eventually eradicating poverty
- 8 Political dialogue and reinforced participation
- 8 Conflict prevention and peace building
- 8 Provisions for island States
- 8 A new spirit of development co-operation
- 9 The instruments
- 9 Economic and trade co-operation

11 A diverse region builds a foundation for co-operation

- 11 The 'tyranny of distance'
- 11 Vulnerable island states
- 12 Uneven levels of social and economic development
- 12 Critical environmental issues
- 13 A world first
- 13 Forests under threat
- 13 New members bring the region closer together
- 14 A young but strong regional structure
- 17 Ongoing dialogue with other regions
- 17 Strengthening trade linkages
- 18 Domestic policy challenges

19 The European Union and the Pacific – a strong regional partnership

- 19 A history of productive co-operation
- 19 The EU supports regional integration and co-operation
- 22 Widening co-operation – OCTs

23 Instruments of co-operation

- 23 Trade relations
- 23 Financial and technical assistance
- 24 A strategy for private sector development
- 24 The role of the European Investment Bank
- 25 CDE – a positive impact on SMEs
- 25 Humanitarian assistance and disaster mitigation

27 Co-operation with ACP States

- 28 Cook Islands
- 29 Fiji
- 31 Kiribati
- 32 Marshall Islands
- 33 The Federated States of Micronesia
- 34 Nauru
- 35 Niue
- 36 Palau
- 37 Papua New Guinea
- 40 Samoa
- 41 Solomon Islands
- 42 Tonga
- 43 Tuvalu
- 44 Vanuatu

45 Co-operation with Overseas Countries and Territories (OCTs)

- 45 New Caledonia, French Polynesia, Wallis and Futuna, Pitcairn

47 Abbreviations

48 Useful sites

INTRODUCTION



Europe's historical footprints in the Pacific are constant reminders of its long association with the region. Citizens of Spain, France, Germany and the UK have made indelible marks on the civilisations of the Pacific peoples. Although the end of the Second World War saw a reduction in Europe's influence, the emergence of the European Community in the early 1960s marked a new era of partnership and co-operation.

The Pacific region covers a vast area comprising very different countries: developed countries such as Japan, Australia and New Zealand; ASEAN countries such as the Philippines and Indonesia on the Pacific Rim; independent Pacific Island Countries (PICs), some of which still maintain special relations with the United States or New Zealand, and French and British Overseas Countries and Territories (OCTs).

In 1975 the European Community signed a co-operation agreement - the Lomé Convention - with a group of independent African, Caribbean and Pacific (ACP) countries that included Fiji, Tonga and Samoa. In the next five years, Papua New Guinea, Solomon Islands, Tuvalu, Kiribati and Vanuatu joined the ACP group on gaining independence.

The signing of the ACP-EU Partnership Agreement in Cotonou in June 2000 (the Cotonou Agreement) has brought the number of the Pacific ACP (PACP) countries from eight to 14 to include four Central Pacific Micronesian countries - the Republic of the Marshall Islands, the Federated States of Micronesia, the Republic of Nauru and the Republic of Palau - and two South Pacific Polynesian countries - Cook Islands and Niue.

As signatories to the Cotonou Agreement these 14 Pacific ACP states are entitled to a number of trade and aid advantages in their EU relations, together with the Overseas Countries and Territories (OCTs) of France (New Caledonia, French Polynesia, Wallis and Futuna) and the United Kingdom (Pitcairn).

European Union

Pacific ACP States

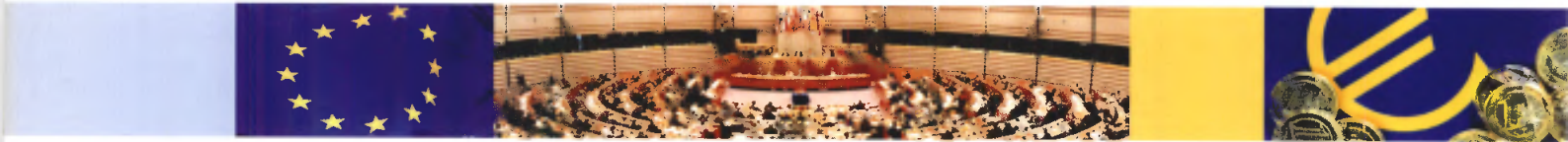
Countries	15	14
Population	369,000,000	7,090,000
Land area	3,243,000 km ²	527,900 km ²
Exclusive Economic Zone	5,000,000 km ²	20,000,000 km ²
Average GDP per capita	€23,000	€1,000
Main exports	Steel, vehicles, machinery, chemicals, foodstuffs	Sugar, palm oil, coffee, gold, copper, logs, petroleum, fish, copra

On the trade side, the EU continues to offer preferential access to the PACP under the Everything But Arms Initiative (EBA) and the Cotonou Agreement and represents an important market for exports. Overall, the trade balance is very much in the PACP's favour. Special arrangements for sugar (through the Sugar Protocol) and compensation for losses on exports of other commodities (through the former Stabex scheme) have significantly helped Pacific foreign exchange receipts over the years.

The EU has provided a substantial programme of financial and technical co-operation: some €1,330 million has already been transferred to the PACP countries and OCTs over the last 20 years, amounting to one quarter of all assistance. Another €400 million is planned over the next five years.

The importance of EU-Pacific relations is confirmed by the permanent presence in Brussels of Pacific ambassadors, representing Fiji, Papua New Guinea, Samoa, Solomon Islands, Cook Islands and Niue. Representatives of Vanuatu, Marshall Islands and Palau are also based in Brussels. The EU maintains two Delegations, in Fiji and Papua New Guinea, three Offices in the PACP countries (Solomon Islands, Vanuatu and Samoa) and one Office to the OCTs (New Caledonia).

THE EUROPEAN UNION



European Union Member States

Belgium
Denmark
Germany
Greece
Spain
France
Ireland
Italy
Luxembourg
Netherlands
Austria
Portugal
Finland
Sweden
United Kingdom

Applicant countries

Bulgaria
Cyprus
The Czech Republic
Estonia
Hungary
Latvia
Lithuania
Malta
Poland
Romania
Slovakia
Slovenia
Turkey

United in peace and prosperity

The process of European integration has been marked by constant progress and change ever since the European Coal and Steel Community (ECSC) was founded in 1952. The ECSC was designed to be the foundation for lasting peace and prosperity in a continent divided by its diversity as well as different political and economic systems.

A foundation for peace

The founders of the European Union, Robert Schuman and Jean Monnet, were determined to build a strong, regional union out of the ashes of two world wars.

'World peace cannot be safeguarded without the making of creative efforts . . . A united Europe was not achieved and we had war.'
The Schuman Declaration, May 1950.

'To build Europe is to build peace. Our nations today must learn to live together under common rules and institutions freely arrived at.'
Jean Monnet, August 1952.

The EU is the result of a process of deep regional co-operation and integration that began in 1951 between Benelux (Belgium, the Netherlands and Luxembourg) and grew to include Germany, France and Italy. After nearly 50 years of political, economic and social co-operation, the EU expanded to include 15 Member States. Today, the EU is still expanding to include countries from central and eastern Europe as well as the Mediterranean. Twelve countries are currently negotiating accession to the EU.

The European Single Market is based on four freedoms - the free movement of people, goods, services and capital. This is the foundation for building economic strength, political coherence and social cohesion across the region. Today, foreign trade, agriculture, fisheries transport and other sectors of the economy are governed by common policies. The main objectives are to:

- promote economic and social progress within a regional context;
- assert the identity of the EU on the international scene (through European humanitarian aid to non-EU countries, the common foreign and security policy, action in international crises, common positions within international organisations);
- introduce European citizenship (which does not replace national citizenship but complements it by civil and political rights for European citizens);
- develop an area of freedom, security and justice (linked to the internal market and more particularly the freedom of movement of persons);
- maintain and build on established EU law (all the legislation adopted by the European institutions, together with the founding treaties).

The institutions

The EU is governed by five main institutions that reinforce the four freedoms and build upon the founding principles. The institutions are the expression of the will to create an ever-closer union of the peoples of Europe based on shared political responsibilities. The Commission proposes, the Parliament advises, the Council of Ministers decides, the Court of Justice rules and the Court of Auditors ensures transparency.

As the EU responsibilities have broadened, the institutions have grown larger and more numerous. They work closely together in constructive co-operation for the benefit of all citizens and are supported by: The Economic and Social Committee, The Committee of the Regions, The European Central Bank, The European Ombudsman and The European Investment Bank (EIB).

The single currency

The Euro is the official currency of European Union Member States, with the exception of the UK, Denmark and Sweden. On 1 January 2002, Euro coins and notes came into circulation. The Euro is the anchor of the Economic Union and completes the Single Market.

Through agreeing to a single currency Member States have put aside national concerns to enter into a Stability Pact, a commitment to adhere to conditions that ensure price stability across the Union and a level playing field for both EU and non-EU businesses. These conditions include control of excessive budget deficits.

The advantages of a single currency include:

- increased transparency;
- no costly exchange rate fluctuations;
- lower transaction costs;
- simplified accounting procedures;
- simplified cost-price comparisons;
- reduced multiple currency cost management;
- more intra-EU competition, which creates a more favourable business environment.

The EU single market, unified by a single currency, brings with it reduced trade barriers, reduced risk and a more competitive market environment.



The EU's Common Foreign and Security Policy

Global and regional crises and challenges, coupled with developments within the EU, have made new demands on the region's external activities. As a result, in 1993, the EU laid the groundwork for a Common Foreign and Security Policy (CFSP), further building upon Europe's solidarity.

A Common Security and Defence policy has been added to the CFSP framework. Its objectives are: preserving peace and strengthening international security in accordance with the principles of the UN Charter, promoting international co-operation and developing democracy and the rule of law as well as respect for human rights and fundamental freedoms.

Enlargement

The Treaty of Nice (2000) set the stage for the preparations for enlargement of the EU to include the countries of central and Eastern Europe, the Mediterranean and the Baltic. The basic principle of the negotiations is that the applicant countries must accept existing EU *acquis* and democratic principles including rule of law, a market based economy, respect for human rights and good governance.

These emerging market economies are characterised by an entrepreneurial culture, representing hope, prosperity and the opportunity to build a healthy and educated society as the EU continues to strengthen its tradition of strong regional partnership bringing these nations into the European family.

Candidate countries include Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

The European Commission

As the EU's executive body, the European Commission works in close partnership with the other European institutions and with Member State governments. Although the Commission has the right of initiative, all the major decisions on important legislation are taken by the Ministers of the Member States in the Council of the European Union, in co-decision or consultation with the democratically elected European Parliament.

The Commission's task is to ensure the EU is attaining its goal of an ever-closer union of its members. It must also ensure that the benefits of integration are balanced between countries and regions, business and consumers and among European citizens. It works closely with the EU's two consultative bodies, the Economic and Social Committee and the Committee of the Regions.

It proposes legislation, acts as the guardian of the EU treaties to ensure legislation is correctly applied and functions as the executive body responsible for implementing and managing policy. It also manages the Union's annual budget, which amounted to some €96.2 billion in 2001, and provides Regional and Structural Funds, whose main purpose is to even out economic disparities between the richer and poorer Member States or regions. It also negotiates and implements trade and co-operation agreements with third countries and groups of countries.

The European Commission consists of a President chosen by the EU Heads of State and 19 Commissioners nominated by the Governments of the EU Member States with the approval of the Commission President and subject to a collective vote of approval by the European Parliament. There are 36 Directorates-General (DGs) and Specialised Services with specific portfolios. The Commissioners are responsible for the DGs, which report to them, with each Commissioner having the responsibility for one or more.

The Commission's scope and responsibilities have broadened to include flanking policies to the Single Market, such as environment, education, health, consumer affairs, external affairs, the development of trans-European networks in transport and communications, R&D policy, culture and economic and monetary union. It also has important responsibilities for aid and development programmes in third countries.

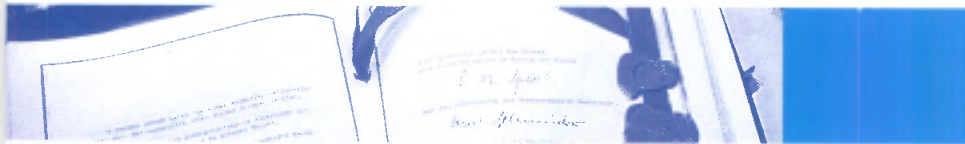
Largest trading block in the world

The EU's single market, comprised of 370 million consumers with more purchasing power than the US, makes it the largest trading block in the world.

The Euro has made this trading block more competitive and stronger both economically and politically on the global stage.

The EU determines the legal framework for international trade

- Domestic and international trade laws
- Tariffs
- Competition law, acquisitions and mergers
- Product standardisation
- Environmental regulations
- Intellectual property rights – patent, trademark
- Bookkeeping, accounting rules, financial disclosure



The three pillars

The EU is made up of 'three pillars' set up under the 1992 Maastricht Treaty – the European Community, the Common Foreign and Security Policy (CFSP) and Justice and Home Affairs.

Pillar One

The European Community incorporates the three existing European Community Treaties (the European Coal and Steel Community or ECSC of 1951, the European Economic Community or EEC and Euratom, the European Atomic Energy Community, both from 1957. The legal document establishing the EEC is known as the Treaty of Rome and it was signed by the Community's founding members: Belgium, France, West Germany, Italy, Luxembourg and the Netherlands.

Pillar One also includes the Single European Act of 1986, completing the Community's internal market, enshrining the principle of freedom of movement of people, goods and services. It encompasses the institutions (Commission, European Parliament, Council) and the legislative procedures, agricultural policy (including the Common Agriculture Policy), environment, citizens' rights, economic and monetary union and regional policy.

Pillar Two

The Common Foreign and Security Policy represents a major step towards achieving a political union.

Pillar Three

Justice and Home Affairs provides for co-operation between member states in areas such as asylum policy, immigration, the fight against drugs and police co-operation.

EU countries	Area Km2	Population 1999	Gross Domestic Product (GDP) 1999		Human Development Index (HDI) 1999		Technology Achievement Index (TAI) 1999
			Total US \$ billion	Per capita PPP	Value	Rank	
Belgium	30,520	10,190,000	248.4	25,443	0.935	5	0.553
Denmark	43,090	5,284,000	174.3	25,869	0.921	15	..
Germany	356,910	82,071,000	2,119.9	23,742	0.921	17	0.583
Greece	131,957	10,522,000	125.1	15,514	0.881	23	0.437
Spain	504,782	39,323,000	595.9	18,079	0.908	21	0.481
France	551,602	58,607,072	1,432.3	22,897	0.924	13	0.535
Ireland	70,283	3,661,000	93.4	25,918	0.916	18	0.566
Italy	301,270	57,523,000	1,171.0	22,172	0.909	20	0.471
Luxembourg	2,586	421,500	19.3	42,769	0.924	12	..
Netherlands	41,526	15,607,000	393.7	24,215	0.931	8	0.630
Austria	83,849	8,072,180	208.2	25,089	0.921	16	0.544
Portugal	92,082	9,945,000	113.7	16,074	0.874	28	0.419
Finland	338,130	5,139,840	129.7	23,069	0.925	10	0.744
Sweden	449,964	8,849,440	238.7	22,636	0.936	4	0.703
United Kingdom	244,101	59,009,000	1,441.8	22,093	0.923	14	0.606
Total EU	3,242,652	374,225,032	8,505.4				

(..) data not available
Sources: HD Report 2001;
Atlasco 2000, N.O.

THE EU ON THE INTERNATIONAL STAGE



EU external relations

The EU has demonstrated that regional integration promotes equitable distribution of prosperity and regional stability. It is perhaps the most powerful tool countries can use to meet the economic and social challenges of globalisation. In its relations with other countries, the EU seeks to encourage sustainable world trade and equitable economic development.

The EU is focusing on the objective to reduce – and eventually eradicate – poverty. Aid and development assistance is a powerful catalyst for change and is helping to create conditions in which the poor are able to raise their incomes and to live longer, healthier and more productive lives. At the heart of this process is the beneficial integration of the developing countries into the world economy.

The past 50 years have been marked by some remarkable successes as well as failures in development assistance. The EU is determined to build upon these successes and recognises that assistance is most effective when recipient countries are the drivers of their own reform and institutional development.

A powerful global voice for change

Europe has reached a turning point in the way it relates to the rest of the world and as a result, is determined to achieve its potential to be a meaningful force for positive global change. To this end, the EU is also determined to create an environment in which civil society can flourish. This involves collaborating with civil society and social and economic actors in all areas of external co-operation to realise development objectives.

Ownership, partnership and accountability are at the core of its development programme. It is supporting governments in developing poverty reduction strategies and is strengthening the voice of developing countries in international institutions.

The European Commission plays a key role in implementing the EU's foreign and other policies, working through its 128 Delegations and Offices around the world. They are gradually being strengthened so that EU external assistance can be delivered more effectively.

EU national governments are powerful stakeholders in the G8, the World Trade Organisation (WTO), the International Monetary Fund (IMF), the World Bank and the United Nations.

Working in partnership

The EU provides about 60% of global aid, taking together the European Commission-managed multilateral programmes and the bilateral programmes of Member States. The European Community spends €6.8 billion annually in assistance and is also the largest donor of humanitarian aid in the world.

In many instances, the EU is the developing countries' main trading partner. It represents the single biggest market for imports and exports, more than twice the trade between developing countries and the US, Japan and Canada put together.

Within the Commission's external relations architecture, Directorate-General Development closely co-operates with other Commission services, in particular the External Relations Directorate-General, the Common Service for External Relations (EuropeAid) and the European Community Humanitarian Aid Office (ECHO). It has also very close links with the Directorate-General for Trade. Community development co-operation is co-ordinated with Member States' policies and, as far as possible, with major international donors, such as the World Bank.

The ACP-EU Conventions are an innovative model of international co-operation based on equal partnership and a contractual relationship, aid and trade, mutual obligations and joint institutions to ensure a permanent dialogue.

Trade relations

Together with development policies, economic co-operation and trade policy form the main pillar of the EU's relations with the rest of the world, providing for a comprehensive approach to enable developing countries to integrate into the world economy.

Humanitarian aid

The Humanitarian Aid Office of the European Commission (ECHO) was created in 1992 with the mandate to provide emergency assistance and relief to victims of natural disasters or armed conflict outside the EU. Working through national and regional partners, the initial response involves providing essential relief such as food aid, emergency non-food packages, medical care, temporary shelters, rehabilitation of water and sanitation systems, as well as epidemiological surveillance.

Food security

The European Commission is redoubling its efforts to tackle hunger as part of its overall development policy. Previously, policy focused on increasing food supply through providing food aid and support to local production. Today, it is recognised that food insecurity is caused by unavailability as well as by lack of economic and physical access to food, due to the weak purchasing power of poor and rural households.

Strategies to fight poverty and food insecurity focus on supporting poor and vulnerable groups. The EC overhauled its food security policy to integrate it with the objectives of sustainable development and the fight against poverty. An annual amount of €500 million is allocated to the EC food security budget line.

Everything But Arms – a world first

The Everything But Arms (EBA) initiative launched in February 2001 allows the world's 48 poorest countries full duty-free, quota free access to the EU for all products except arms. This initiative makes the EU the world's first major trading power to commit itself to opening its market fully to the world's poorest countries and sends a signal to the rest of the world that Europe believes the most disadvantaged should share the fruits of trade liberalisation.

Duty and quota elimination for essentially all products took effect in March 2001.



EUROPEAID
CO-OPERATION OFFICE

THE EU-ACP PARTNERSHIP AGREEMENT – COTONOU



The ACP group

Founded in 1975 with the signing of the Georgetown Agreement, the ACP group is made up of 77 African, Caribbean and Pacific countries.

Institutions

The Council of Ministers:

the supreme body with decision-making power. Member States are represented at ministerial level. The Council defines the broad outlines of the Group's policies and examines ACP-EU co-operation as well as intra-ACP matters.

The Committee of Ambassadors:

composed of the ACP Ambassadors to the EU or their representatives, it assists the Council of Ministers and supervises the implementation of the Cotonou Agreement.

The ACP General Secretariat:

co-ordinates the activities of the ACP institutions. Located in Brussels.

Following 25 years of four successive Lomé Conventions (the fourth with two financial protocols), the 20-year Cotonou Agreement, signed June 2000, is an innovative framework for a deeper partnership with a view to facilitating economic development and addressing – together – the major challenges of poverty, conflict and war, environmental degradation and risks of economic and technological marginalisation.

Cotonou represents a milestone in the objectives, the ways and means to achieve them and the nature of the partnership. It makes a clear association between the political dimension, trade and development and partnership, based on clearly defined performance criteria. In this framework, from the European Development Fund (EDF), the EU provides assistance to 77 African, Caribbean and Pacific (ACP) countries, and to Overseas Countries and Territories (OCTs).

ACP-EU development co-operation shall be pursued through integrated strategies that incorporate economic, social, cultural, environmental and institutional elements that should be locally owned. It shall thus provide a coherent enabling framework of support to the ACP's own development strategies, ensuring complementarity and interaction between the various elements.

The new trade regime envisaged by the Cotonou Agreement represents a radically different perspective for ACP partners. To promote sustainable development and the eradication of poverty, ACP and the EU have agreed to conclude WTD-compatible trade agreements that will progressively remove barriers to trade between them and enhance co-operation in all areas relevant to trade. This commitment will take the form of negotiations on Economic Partnership Agreements (EPAs) started in September 2002 and to be concluded by December 2007.

Reducing and eventually eradicating poverty

The ACP-EU Partnership is centred on the objective of reducing and eventually eradicating poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.

Political dialogue and reinforced participation

Dialogue is a key element in the success of development co-operation activities and is at the heart of the ACP-EU relationship. It is conducted within and outside the institutional framework at national, regional or ACP level, in order to encourage the introduction of all sections of society, including the private sector and the civil society organisations, into the mainstream of political, economic and social life.

Respect for all human rights and fundamental freedoms, democratic principles, good governance and the rule of law are essential elements of the partnership and transparent and accountable governance is an integral part of sustainable development. A participatory approach, by including civil society and economic and social actors in the ACP-EU partnership, will help define strategies and priorities that were previously the exclusive jurisdiction of governments.

Conflict prevention and peace building

An active, comprehensive and integrated policy of peace-building and conflict prevention remains a major element of a sustainable development strategy.

The EU was the first major donor to debate the role of conflict prevention in development policy. The Cotonou Agreement provides for a strategic approach to tackle root causes of conflicts. The provisions include measures aimed at balancing political, economic, social and cultural opportunities within society to help prevent conflict and support peace-building efforts.

Provisions for island States

Specific provisions and measures have been foreseen to support Least-Developed Countries, Landlocked and Island ACP States (LDLICs). In regard to the latter, they are directed at supporting Island ACP States in their efforts to overcome the natural and geographic difficulties hampering their development.

A new spirit of development co-operation

The Cotonou Agreement defines a general strategic framework reflecting international commitments and simultaneously taking into account the political, economic, social, cultural and environmental components of development. Co-operation strategies will reflect international commitments. Priorities are established on a country-by-country basis and focus on poverty reduction. Development strategies promote local ownership of economic and social reforms.

Under past Lomé Conventions trade co-operation was based on generous preferential tariffs. The Cotonou Agreement aims to support the mutually reinforcing effects of economic and trade co-operation and development aid. The objective of integrating the ACP countries into the global economy involves enhancing production, supply and trading capacity as well as increasing ACP capacity to attract investment, to formulate strong trade and investment policies, and to handle all issues related to trade.

Economic Partnership Agreements (EPAs), integrated with development assistance including Trade Related Technical Assistance, will progressively remove barriers to trade between the ACP and the EU and enhance co-operation in a wide range of trade-related areas.

The EU's development co-operation gives great importance to regional integration and co-operation. It is based on the principle that this approach fosters economic and social development, raises and locks-in improved governance as well as promotes stable and peaceful relations among nations. It also enables countries to meet cross-border challenges, particularly in the area of the environment and the management of natural resources.



The EU's political and financial weight enables it to participate in improving the macroeconomic framework of ACP partner countries. This involves policies and institutional framework for fiscal balance, debt sustainability and external economic and trade balance as well as for encouraging competition and private sector development.

Efficient transport systems are essential to economic and social development and to access to basic social services. The involvement of partner countries is a condition of the sustainability of these efforts.

Eliminating hunger and malnutrition is a cornerstone of sustainable development. Poverty remains the principal challenge for feeding the world's population in a sustainable manner. Food security and sustainable rural development are fundamental to the EU's anti-poverty strategies.

Co-operation shall pay systematic attention to institutional aspects and will support the efforts of the ACP States to develop and strengthen structures, institutions and procedures. The objective is to help to promote and sustain democracy, human dignity and social justice and pluralism, the full respect of human rights and fundamental freedoms, to develop and strengthen the rule of law and the professionalism and independence of the judiciary and to ensure transparent and accountable governance and administration in all public institutions.

The instruments

The Cotonou Agreement has rationalised the wide range of instruments that existed under previous Lomé Conventions. Available grant resources to support long-term development are channelled through National and Regional Indicative Programmes (NIPs and RIPs). The Investment Facility, a revolving fund aimed at stimulating investment and strengthening the capacity of local financial institutions, is managed by the European Investment Bank.

Development finance co-operation is implemented on the basis of objectives, strategies and priorities established by the ACP partners at national and regional levels. This co-operation will promote local ownership and a partnership based on mutual rights and obligations. It recognises the importance of predictability and security in funding and is flexible enough to address individual situations.

Each ACP country and region receives an indication from the European Community of the volume of resources available over a five-year period to finance activities included in the National or Regional Indicative Programmes. The access of non-state actors to these funds has improved with Cotonou. The resources available to non-state actors form part of the allocation granted to each ACP State or region.

Once a Country (or Regional) Support Strategy has been agreed, in consultation with the stakeholders, the EU Member States and bilateral and multilateral donors, it is implemented through a work programme. This programme serves as a blueprint for all ongoing and intended EC activities in the country or region, broken down by sector and by instrument and following a defined timeline.

To help alleviate the debt burden of ACP countries and their balance-of-payment difficulties, resources are provided to contribute to debt relief initiatives agreed to at international level. Support is provided for macroeconomic and sectoral reforms. Within this framework, the parties ensure that adjustment is economically viable as well as socially and politically feasible.

The agreement on additional support in case of fluctuations in export earnings recognises a partner's vulnerability resulting from high dependence on export earnings from the sectors of agriculture and/or mining. Eligibility is linked to whether the loss jeopardises overall macroeconomic stability and in principle will be used to finance the national budget.

Co-operation focuses on:

- social and economic sectoral policies and reforms;
- measures to enhance productive sector activity and export competitiveness;
- measures to expand social sector services;
- thematic and cross cutting issues.

Support is provided through sectoral programmes, budgetary support, investments, rehabilitation, training, technical assistance and institutional support.

A redefined policy framework on decentralised co-operation places the actors at the heart of development co-operation and supports programmes initiated by non-state actors. This approach funds programmes that support decentralisation to foster the emergence of efficient systems of local governance, local development initiatives and political and social dialogue.

Recognising the important role of markets and of the private sector as engines of economic growth, the Cotonou Agreement provides for an integrated approach that involves the private sector in most areas of ACP-EU co-operation. Emphasis is placed on building the capacities of representative private sector organisations to engage in this dialogue. Domestic and foreign investment is promoted through a support package in linked forms of investment: promotion at national and regional levels, finance and support, guarantees and protection.

Technical co-operation assists ACP partners in developing national and regional manpower resources and the sustained development of institutions critical for development success.

Economic and trade co-operation

Economic and trade co-operation builds on regional integration initiatives of ACP countries and takes into account their different needs and levels of development. The Cotonou Agreement aims at smoothly integrating the ACP States into the world economy by strengthening their production, supply and trading capacity. This involves increasing capacity to attract investment, formulating strong trade and investment policies and handling all issues related to trade.

Preparation for EPAs

A €20 million EU facility ensures that as from September 2002 ACP countries will be ready to open EPA negotiations. Capacity building activities include:

- specific study work aimed at developing negotiating positions;
- training in negotiating techniques for ACP officials leading negotiating teams;
- technical assistance support to regional economic groups in the area of trade policy;
- targeted technical assistance to regional groupings aimed at consolidating economic integration initiatives.

Dealing with WTO issues

The EU is also providing funds to help ACP States deal with WTO issues (€10 million).

Even more substantial support is forthcoming through the national and regional support programmes.



Boosting ACP's WTO presence

The funding in January 2002 (€1.45 million) of a Geneva-based office to help Pacific and Caribbean ACP countries boost their WTO presence is an important step towards fulfilling the EU's commitment to put development issues at the heart of multilateral trade negotiations.

The Pacific Islands Forum will have its own Office, co-located with the Organisation of Eastern Caribbean States (OECS), to more effectively advocate the perspective of the small island developing states. In the context of the WTO's Doha Development Agenda Global Trust Fund, the EU and its Member States account for 63% (almost €14 million) of the money recently pledged by WTO members for 2002 for assistance on WTO negotiations.

Economic Partnership Agreements (EPAs)

As part of the drive to achieve these objectives, non-reciprocal trade preferences will be replaced by WTO-compatible trading arrangements. EPAs are based on three principles: trade liberalisation (ACP partners will gradually open their markets to European products in a flexible way), regional integration (EPAs will build on and deepen ACP regional integration initiatives) and differentiation in accordance with the level of development (with special attention for Least Developed Countries).

EPAs have built in objectives such as integrating development assistance (including Trade Related Technical Assistance) and market access, but also pay attention to important global issues such as services, intellectual property, standardisation, sanitary and phytosanitary measures, labour standards and the environment.

Co-operation in international fora

The EU assists ACP countries in their efforts to become active members of international organisations. This involves co-operating closely in identifying and furthering their common interests in international economic and trade co-operation, particularly the WTO, and participation in setting and conducting the agenda in future multilateral trade negotiations.

Trade in services

The EU and its ACP partners recognise the growing importance of services in international trade. Both parties observe their respective commitments under the General Agreement on Trade in Services (GATS) and underline the need for special and differential treatment to ACP suppliers of services. Particular attention is paid to services related to labour, business, distribution, finance, tourism, culture, construction and related engineering services with a view to enhancing competitiveness and increasing both the value and volume of trade in goods and services.

Highlights of the new ACP-EU Agreement

The major innovations aim to:

- enhance the political dimension;
- explicitly address corruption;
- promote participatory approaches;
- involve civil society in the reforms and policies to be supported by EU;
- refocus development policies on poverty reduction strategies;
- base the allocation of funds not only on an assessment of each country's needs but also of its policy performance;
- create an Investment Facility to support the development of the private sector;
- rationalise instruments and introduce a new system of rolling programming; allowing the Community and the beneficiary country to adjust regularly their co-operation programme;
- decentralise administrative, and in some cases financial, responsibilities to local level with the aim of making co-operation more effective;
- improve the policy framework for trade and investment development;
- enhance co-operation in all areas important to trade, including new issues such as labour standards and the linkages between environment and trade.

Performance criteria:

- Progress in implementing institutional reforms.
- Country and regional performance in the use of resources.
- Effective implementation of current operations.
- Poverty alleviation or reduction.
- Sustainable development measures.
- Macroeconomic and sectoral policy performance.

Financial resources of the ACP-EU Partnership Agreement

The European Development Fund (EDF), to which all EU Member States contribute, finances projects and programmes in the ACP States and the Overseas Countries and Territories (OCTs).

It is administered by the European Commission, with the exception of risk capital, administered by the European Investment Bank (EIB). Each EDF is supplemented by EIB loans.

Through the €13.5 billion 9th European Development Fund (EDF) covering the Cotonou Agreement's first five years, the EU is supporting ACP governments:

- Long-term allocation: €10 billion
- Regional allocation: €1.3 billion
- Investment Facility: €2.2 billion
- Remaining balances from previous EDF: €9.9 billion
- EIB own resources: €1.7 billion

The 'tyranny of distance'

Scattered over a vast area of ocean, the countries and territories of the Pacific are victims of the 'tyranny of distance', which has been mitigated to some extent over the last quarter century by the increasing frequency of air connections and vastly improved telecommunications facilities. However, the Pacific islands are a long way from each other and from the rest of the world. Papua New Guinea is 4,500 km from Samoa and 8,000 km from French Polynesia. The Fijian capital Suva is 3,200 km from Sydney, Australia.

Similarly the distances within each country are often considerable. With the exception of Papua New Guinea, which is almost as large as Spain, land areas range from small to minuscule – the land area of the other PACP countries put together represents an area smaller than Ireland. The ocean area controlled through exclusive economic zones (EEZs) exceeds the land area of the US.

The total population of the region is about seven million with about two-thirds living in Papua New Guinea and population growth rates are high (close to 3% per annum in Papua New Guinea and Solomon Islands).

The region's climate, vegetation and produce are tropical. Subsistence farming and fishing are the mainstays of the majority of the economies. Sago, taro (a starchy edible root), coconut and fish form the staple diet and are the main sources of income in the rural areas. The coconut palm – the 'Tree of Life' – is omnipresent. Almost every country in the region produces and exports copra (though far less today), cocoa, coffee, bananas, timber, sugar, palm oil and tuna.

Papua New Guinea derives the bulk of its income from copper, gold and crude oil. New Caledonia also exports minerals. Tourism is another important source of revenue, especially for countries like Fiji where it is the principal foreign-exchange earner.

Most of the islands are vulnerable to natural disaster: Fiji, Tonga, Samoa and Vanuatu lie in the path of powerful cyclones. Tsunamis and volcanic eruptions occur regularly in Papua New Guinea. Others, such as the low-lying atolls of Kiribati, the Marshall Islands and Tuvalu, are threatened by the rising sea level due to climate change.

Vulnerable island states

Remoteness, small markets and natural disasters are the greatest barriers to the region's economic development. These barriers create high transport costs that inhibit inter-island trade, increase the cost of providing administrative services and facilities such as schools and health centres, as well as restrain the expansion of the tourism industry.

As a result, the improvement of transport links and telecommunications is a priority for national and regional authorities. Another constraint, particularly in the atoll countries, is the low level of food production compared with modern levels of consumption, leading to a relatively high level of food imports. A scarcity of fertile land, combined with subsistence farming, artisanal fishing methods and difficult market access compounds the problem.

The region also suffers from a shortage of skilled labour and increasing urban migration, which has induced the majority of Pacific countries to emphasise human resource development in their development strategies.

Globalisation necessitates stronger regional co-operation

The overarching issue facing the region is globalisation. To address this, PACP countries recently agreed on a regional trade agreement (PICTA) that will progressively establish a free trade area among them. This is a stepping-stone to wider liberalisation in adjusting to globalisation and facilitating integration into the global economy. It could also provide a framework for negotiating further trading arrangements with developed countries or regions, such as an EPA with the EU.

To ensure that the benefits of these steps are fully realised, the Pacific ACP have also agreed to address human resource development, thereby underpinning private sector development and improving the foundations of good governance and management of capital, natural resources and the environment. The sector where these benefits are most expected to impact and which has the most potential for revenue generation and economic growth is fisheries, which is why the sustainable development of this sector is critical.

The integration of Pacific economies amongst themselves and with the global economy through either regional arrangements or through the multilateral process requires assistance in a number of areas:

- implementing the reform measures necessary to accompany regional trade integration, especially to find alternative taxation systems to address revenue erosion resulting from integration;
- developing supply side capacities through the development of the private sector and strengthening government dialogue with it;
- harmonising trade facilitation policies and measures amongst Pacific ACP countries to support trade in the larger regional market.





Conflict – an obstacle to sustainable development

PACP countries are democracies with relatively good human rights records. Ratings for political rights and civil liberties have generally been high and governments, with some exceptions, are relatively stable. Freedom of the press is a notable characteristic. However, in recent years conflicts have become an obstacle to sustainable development in some countries.

Development requires peace and peace requires development. In recognition of this continuum, development policy and co-operation have recently emphasised conflict management and crisis prevention as they can make a lasting contribution by promoting civil conflict management, projects on democracy and human rights, peace education and reconciliation.

Sustainable peace building is needed in post-conflict Bougainville/Papua New Guinea where a workable cease-fire has held for several years and all parties have declared their intent to achieve a peaceful settlement. The EU is assisting the peace process with support to local communities for cocoa rehabilitation and road improvements.

Civil conflict management is critically needed in the Solomon Islands, but very difficult to implement because armed groups still control parts of the country. The EU is assisting peace building with a €10.5 million post-conflict rehabilitation programme signed in September 2001.

In Fiji, internal conflicts escalated during 2000 and culminated in a coup. Today, democracy and the rule of law are being re-established with a view to consolidating peace and preventing further crises.

Uneven levels of social and economic development

Social indicators vary widely throughout the region, from impressive at their best and dismal at their worst. Secondary school attendance and adult literacy rates approach 100% in some countries while in others they plummet to 15%. Life expectancy is generally high – 60 years in Papua New Guinea and 72 years in Fiji.

Health facilities in the smaller, more fragmented island States are poor, however, and infant mortality rates are at their highest. The public sector tends to be disproportionately large compared to the tiny populations it serves. As a result, reform and capacity building are an important components of most Pacific countries' development objectives.

Fiji, the most developed of the region's economies, has a GNP per capita of €2,000. A number of other countries (Tonga, Samoa, Vanuatu) have either graduated or are close to graduating from the UN list of Least Developed Countries. Others are significantly poorer. Their size and disadvantageous location make many among the most vulnerable in an increasingly globalised world.

Critical environmental issues

The region is characterised by great natural beauty that is seriously threatened by global warming, pollution and the impact of human activities. The very existence of certain atoll countries is threatened by rising sea levels. Increased volumes of non-biodegradable waste plague countries with limited land resources. All major developments require thorough environmental assessment. A spoiled environment in the Pacific would be both a national loss and a loss to the world.

Protecting the ocean – an invaluable living resource

Effective management of ocean resources and the threat confronting coastal areas are major challenges. To meet them will require greater regional collaboration at all levels. Related to these challenges are the management of the tuna fisheries and the establishment of an effective regulatory framework for seabed mining, for the vast expanse of ocean surrounding the Pacific Islands is rich in fish as well as in seabed minerals.

PACP countries' declared Exclusive Economic Zones (EEZ) cover 20 million km² and harbour the richest tuna fishing grounds in the world. A third of the world's tuna catch is caught here, valued at €2.0 billion in 2001. Most tuna are caught by distant water fishing fleets that pay coastal states licence fees for the right to fish in the EEZ. Although they represent just 3-4% of the total value of the catch, the fees are a significant source of revenue.

Licence fees contribute significantly to the public revenue of Kiribati, Tuvalu, the Federated States of Micronesia and the Marshall Islands. In the Micronesian countries licence fees generate 30-60% of the total revenue; in Kiribati this figure has reached as high as 81% in recent years. To benefit from added value and to create employment, Papua New Guinea, Fiji, Solomon Islands, Samoa, French Polynesia and to a lesser extent Kiribati, are developing local processing and national fleets.

Where foreign fishing vessels regularly call at local harbours additional benefits spin-off in the local delivery of goods and services. However, only about one-fifth of the tuna catch is processed within the Pacific island countries. Poaching is estimated to be as high as 40% of the total annual catch of one million metric tonnes.

Management of the tuna fisheries poses particular challenges. They are as yet unexploited and offer substantial long-term economic opportunities. However, the resource can only be sustained if it is effectively managed to avoid over-fishing and stock collapse. Short-term benefits include food, employment and income generating activities. Direct and indirect tuna-related employment is estimated at between 21,000 and 31,000 people (6-8% of all wage employment). The current value of tuna caught annually represents about 10% of the combined GDP of all the nations and a third of all regional exports.



A world first

Because tuna are highly migratory, management requires close regional collaboration. Pacific Island countries and distant water fishing nations (DWFN) have in recent years negotiated a new regional convention to manage and conserve the tuna resources of the Western and Central Pacific.

The Convention for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean was signed September 2000. A world first for the management and conservation of the tuna fishery, the Convention is an agreement between the region and DWFN concerning tuna fishing on the high seas and in EEZs with a view to achieving a long-term sustainable harvest. It took five years of long and difficult negotiations, but the Convention is viewed as a balanced compromise among stakeholders' interests.

Forests under threat

Tropical hardwood forests abound on the main island of Papua New Guinea and its island provinces. Botanically similar forests occur in Solomon Islands and Vanuatu on a smaller scale. Since independence governments in all three countries have attempted to implement effective resource management regimes, but in recent years logging has proceeded at rates well above the natural regeneration rate of the forests.

Deforestation and degradation in some countries serve as a stark reminder of the effect of ignoring the environmental and social costs of logging. Current methods make it unlikely that much of the forest will ever regenerate to valuable timber stands, while soil degradation is reducing the productive potential of the land and nearby reefs. Natural capital is being consumed with most of its value lost to overseas interests.

Logging for export began in the sixties and has accelerated over recent years. At current rates, harvesting cannot be sustained for much longer, however, the cessation of logging is likely to produce a significant drop in national income and output. Reforestation or regeneration of the forests will take 30 to 40 years in areas that have been carefully logged. In others there has been widespread damage with the result that reforestation or regeneration may take 45 to 200 years.

Significant under-reporting of volumes and values has reduced the returns in the form of royalties and export tax. No significant environmental analysis has been used to inform decisions on logging, despite available evidence from other parts of the world that indicates the costs can be substantial.

Although some countries have increasingly effective systems of forestry reserves, conservation areas and/or national parks to protect their forests, few have legislation or institutionalised programmes prohibiting the cutting or promoting the replanting, on a significant scale, of endangered tree species. This threatens both local and regional biodiversity, which is the economic and cultural backbone of many Pacific peoples.

New members bring the region closer together

The signing of the Cotonou Agreement has led to an increase in the number of PACP countries from eight to 14. Newcomers include three Central Pacific Micronesian countries – Palau, the Federated States of Micronesia (FSM) and the Marshall Islands – former Spanish possessions later 'sold' to Germany. They passed over to Japan after the First World War and became American territories after the Second World War, after which they opted for independence and have a Compact arrangement with the US.

The other three newcomers have a history with EU member states. Nauru, which is also a central Pacific Micronesian country, was a German colony before the First World War. It was then administered by the UK, Australia and New Zealand during which time the country's extensive phosphate deposits were mined. For a short period, the Cook Islands and Niue, South Pacific Polynesian countries, were administered as a British colony. They were then transferred to New Zealand in a voluntary association arrangement. This has enabled internal self-government, with progressive autonomy in international relations leading towards eventual independence.

Their membership closes a gap in the EU's economic and political co-operation with the region. The Pacific Island peoples have seen their region divided by the metropolitan powers. The inclusion of the six countries in the ACP Group helps to bring the region together again. Their participation in a future Pacific Economic Partnership Agreement broadens the scope of the EU's regional co-operation endeavour.

Newcomers under Cotonou

The Republic of Palau
The Federated States of Micronesia (FSM)
The Republic of the Marshall Islands (RMI)
The Republic of Nauru
The Cook Islands
Niue





A young but strong regional structure

In terms of statehood the Pacific ACP are relatively young – regional linkages and co-operation were revitalised in 1995 when leaders of the Pacific Islands Forum (PIF) adopted a 25-year Forum Vision Statement for enhancing regional co-operation. This was followed by the Biketawa Declaration, which lays a foundation for regional political co-operation and creates a mechanism for regional conflict prevention and resolution.

The Vision Statement also served to strengthen the region's capacity to adapt to a rapidly changing international and regional economic and social environment. A number of national policy measures and regionally based activities were adopted, including endorsement of the preparation of a regional strategy designed to improve aid management and co-operation.

In 1996, leaders focused on the theme of Pacific Solidarity for the Common Good and delegated Forum Economic Ministers the responsibility of elaborating on and implementing the region's goals. The Forum Economic Ministers Meeting (FEMM) held annually since July 1997, reports to Forum by way of a consolidated Forum Economic Action Plan.

In 1997, after receiving the results of the first FEMM, leaders agreed that the implementation of the Action Plan would require a strong commitment by all members to create a policy environment to encourage private sector development and enhance the competitiveness of their economies.

The Forum Economic Action Plan has also initiated or supported a range of other activities including economic governance, gender equality, environment and economics, economic and social statistics, developing an investor friendly legal and institutional environment, and land access policies for development.

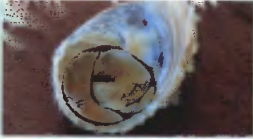
Today, the region has a strong structure of eight organisations providing technical assistance and policy advice, led by the PIF and its Secretary General, who is also the Regional Authorising Officer.

Good governance – the Biketawa Declaration

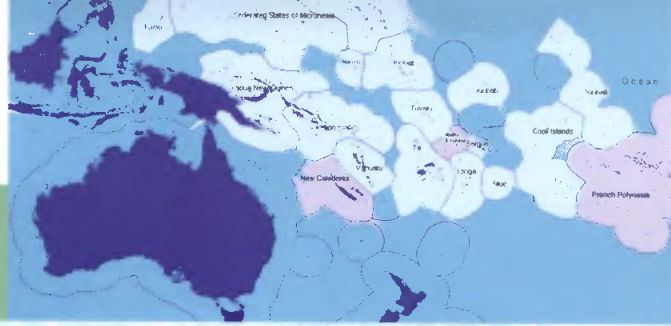
Following on the Pacific Islands Forum Leaders' 1995 Vision Statement and the 1997 Aitutaki Declaration, the Biketawa Declaration was adopted 28 October 2000 as a framework to deal with future instances of political and socio-economic instability.

With the aim of elaborating upon these earlier statements and in the interests of regional co-operation, Forum Leaders - while respecting the principle of non-interference in the domestic affairs of another Member State - committed themselves and their countries to a number of guiding principles and courses of actions:

- Commitment to good governance, which is the exercise of authority (leadership) and interactions in a manner that is open, transparent, accountable, participatory, consultative and decisive but fair and equitable.
- Belief in the liberty of the individual under the law, in equal rights for all citizens regardless of gender, race, colour, creed or political belief and in the individual's inalienable right to participate by means of free and democratic political process in framing the society in which he or she lives.
- Upholding democratic processes and institutions that reflect national and local circumstances, including the peaceful transfer of power, the rule of law and the independence of the judiciary, just and honest government.
- Recognising the importance and urgency of equitable economic, social and cultural development to satisfy the basic needs and aspirations of the peoples of the Forum.
- Recognising the importance of respecting and protecting indigenous rights and cultural values, traditions and customs.
- Recognising the vulnerability of member countries to threats to their security, broadly defined, and the importance of co-operation among members in dealing with such threats when they arise.
- Recognising the importance of averting the causes of conflict and of reducing, containing and resolving all conflicts by peaceful means including by customary practices.



**Pacific ACP
Exclusive Economic Zones**
© SOPAC



Council of Regional Organisations in the Pacific (CROP)

The Pacific region consists of eight regional organisations whose core activities are funded by assessed contributions from member governments and are governed by bodies that reflect varying memberships. The Fiji School of Medicine and the South Pacific Board for Educational Assessment also operate regionally.

To facilitate the cost effective use of regional resources, the Pacific Islands Forum in 1988 established CROP, comprising heads of the regional organisations. The PIF Secretary General is the permanent Chair and reports annually to the Pacific Islands Forum.

CROP has a mandate to reduce duplication and harmonise activities so as to optimise benefits for members. It has taken a proactive role focusing on managing policy advice, co-ordinating regional meeting arrangements, international representation and donor relations.

The Pacific Islands Forum (PIF)

The Pacific Islands Forum is the premier regional policy-making body of the self-governing states in the Pacific. Heads of government meet annually to develop collective responses to regional issues, including economic development. Established in 1971 as the South Pacific Forum until a name change in October 2000, it resulted from the desire to tackle common issues from a regional perspective and to enhance their collective regional voice so as to wield greater weight in the international community.

The Forum's membership has increased steadily since 1971 from the seven founding members (Australia, Cook Islands, Fiji, Nauru, New Zealand, Tonga and Samoa) to include the Federated States of Micronesia, Kiribati, Niue, Marshall Islands, Palau, Papua New Guinea, Solomon Islands, Tuvalu and Vanuatu. New Caledonia was admitted to the Forum in 1999 as an observer.

The Forum has no formal rules governing its operations or the conduct of its meetings. The agenda is based on reports from the Secretariat and related regional organisations and committees, as well as issues members choose to raise. Decisions are reached by consensus and are outlined in a Forum Communiqué, which sets regional policies from which the Secretariat work programme is developed. Annual meetings are chaired by the Head of Government of the Host Country, who acts as Forum Chairman until the next Forum meeting.

In recent years, the Forum's stature as the principal channel by which Pacific countries express their collective views on international issues and maintain contact with countries and organisations outside the region has been increasingly recognised. In 1994, the Forum obtained observer status at the UN. The growing recognition of the Forum's international role is reflected in the development since 1989 of an annual post-Forum dialogue with selected non-regional actors. By 2001, with the admission of Malaysia, this had grown to ten parties (Canada, People's Republic of China, the EU, France, Japan, Korea, Malaysia, Philippines, the UK and the US).

The Forum Secretariat

The Forum's administrative arm - the Pacific Islands Forum Secretariat - is based in Suva, Fiji. The Secretariat originated in 1973 as the South Pacific Bureau for Economic Co-operation (SPEC), changing to the Forum Secretariat in 1988. It acts as the Secretariat for the Forum and is headed by the Secretary General who is responsible to the Forum and to the Forum Officials Committee, the governing body of the Forum Secretariat.

The Secretariat is funded by contributions from member governments and donors. Its objective is to service the annual Heads of Government meeting, to foster and promote Pacific regional co-operation, particularly on political, economic and trade issues as directed by the Forum, implement its decisions and respond to members' needs.

The technical functions (in the fields of energy, telecommunications, and maritime issues among others) previously performed by the programme divisions of the Forum Secretariat have been phased out, while the present service divisions have been strengthened to meet increased responsibilities in areas such as economics, trade, international relations and law.

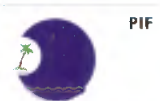
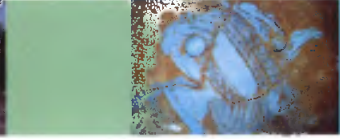
Since 1990, the Secretary General has represented the Forum island countries at meetings of the Asia-Pacific Economic Co-operation (APEC) process, in which he/she has been granted observer status.

Forum Fisheries Agency (FFA)

The FFA, created in 1979, reflects members' common interest to derive maximum economic benefit from their extensive marine resources. Its functions include providing technical assistance in the development of fisheries management policies and in negotiations on the issue of licences, collection of fees, and surveillance of zones; collecting and disseminating relevant information on prices, shipping, processing and marketing of fish and fish products; focusing on management procedures, legislation and agreements adopted by other countries within and outside the region.

The FFA, based in Honiara in the Solomon Islands, plays a leading role in the region's efforts to develop strategies for the sustainable management of its tuna stocks, in accordance with the decisions of the UN conference. Other FFA goals include to:

- enable members to play an effective role in preparing for and participating in the Commission for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (the Tuna Commission) and discharging their obligations under the Convention for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean (the Tuna Convention);
- help members develop their tuna industry by making available policy, technical, financial and legal advice, assisting in human resource development, and raising public understanding of the industry;
- maintain the quality, substantially increase the amount, improve the accessibility and increase the use of technical information and reports produced by FFA;



PIF



FFA



PIDP



SPC



SPREP



SPTO



USP

- strengthen regional solidarity as the foundation for effective management of highly migratory fish stocks and participation in the Tuna Commission;
- enhance member country capacity to manage national tuna resources, develop and participate in domestic tuna industry, and play an effective role in regional tuna management.

Pacific Islands Development Programme (PIDP)

The objective of PIDP is to contribute to sustainable development through research, education and dialogue as well as advance co-operation and understanding between Pacific islands and Pacific Rim nations. It is based in Honolulu and has 22 members.

South Pacific Applied Geo-science Commission (SOPAC)

SOPAC, based in Suva, Fiji, was established in 1972 as a UN project for mineral prospecting in the South Pacific offshore areas. It aims to assist member countries in identifying, assessing and developing the mineral and non-living resource potential of the extensive marine resource jurisdiction as declared under the 1982 UN Convention on the Law of the Sea (UNCLOS).

It provides assistance to members in the key areas of: mineral and energy resource identification, promotion and development; environmental geo-science, including coastal zone and water resources management; human resource development in the geo-science field. SOPAC maintains an information technology unit, provides publication and library access and offers technical and field services for specific project work.

Secretariat of the Pacific Community (SPC)

The SPC, formerly known as the South Pacific Commission, was established in 1947 under the Canberra Agreement by the six then colonial powers in the region: Australia, France, the US, New Zealand, the Netherlands (since withdrawn) and the UK, as a contribution to the reconstruction of the region after the Second World War. Total membership is 27. SPC is the oldest and the largest organisation in the region, integrating countries and territories not considered independent states.

In 1998, the former South Pacific Commission was renamed the Pacific Community to reflect that some of its Micronesian members are not in the South Pacific region. However, the old acronym SPC is still used. It is a technical, non-political organisation that provides advisory and consultative service to its members and facilitates co-operation with other regional and international organisations with the aim of improving economic, social and environmental qualities of the region with an emphasis on activities in rural areas and at the grass roots level.

The change of name brought with it some reorganisation. The SPC's work programme today consists of three main sectors: land resources (including agriculture and forestry), marine resources (coastal fisheries, oceanic fisheries) and socio-economic resources (community health programme, socio-economic programme, education and training programme and information/communication programme).

South Pacific Regional Environment Programme (SPREP)

SPREP was initiated within the South Pacific Commission in 1974 and was formally launched in 1980 by the Port Moresby Forum Declaration on Environment Management. In 1991, it was agreed to give the SPREP full organisational autonomy separate from both the SPC and the Forum. Based in Apia, Samoa, its members include the 14 PACP countries and American Samoa, Australia, Commonwealth of Northern Marianas, France, French Polynesia, Guam, New Caledonia, New Zealand, Tokelau, US and Wallis and Futuna.

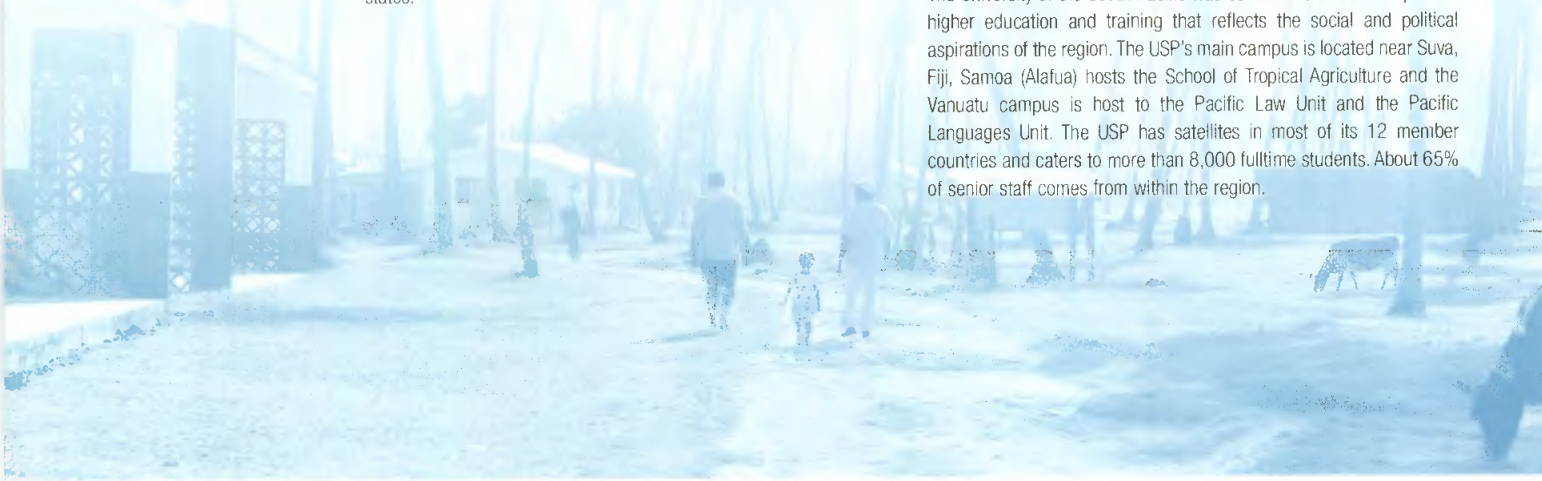
SPREP aims to promote co-operation in the South Pacific region and to provide assistance to its countries to protect and improve their environment and ensure sustainable development for present and future generations.

South Pacific Tourism Organisation (SPTO)

SPTO's aim is to provide services to its member countries and strengthen co-operation among regional organisations in the promotion and marketing of tourism.

University of the South Pacific (USP)

The University of the South Pacific was established in 1968 to provide higher education and training that reflects the social and political aspirations of the region. The USP's main campus is located near Suva, Fiji, Samoa (Alafua) hosts the School of Tropical Agriculture and the Vanuatu campus is host to the Pacific Law Unit and the Pacific Languages Unit. The USP has satellites in most of its 12 member countries and caters to more than 8,000 fulltime students. About 65% of senior staff comes from within the region.





Ongoing dialogue with other regions

Within the Forum structure there are strong elements of common policy co-ordination and mutual support in international forums with Australia and New Zealand. In addition, some other developed countries – notably France, the UK and the US – are members of some of the regional organisations.

The Forum's annual meetings are followed by policy dialogues (the Post-Forum Dialogue) with development partners and others with common interests, involving Canada, the People's Republic of China, the European Union, France, Indonesia, Japan, Republic of Korea, Malaysia, Republic of the Philippines, the UK and the US. A Taiwan-Forum Island Countries Dialogue is convened at the same time.

Many Pacific ACP countries are members of the Commonwealth and the UN. UN members maintain global links with Small Island Developing States (SIDS) through the Alliance of Small Island States (AOSIS). In addition, the Forum Secretariat maintains close links with CARICOM (Caribbean Community and Common Market) and the Indian Ocean Commission. Biennial meetings take place among the Heads of these organisations as well as caucusing at the fringes of international forums, such as WTO meetings.

The Doha Development Round launched in November 2001 will involve Pacific ACP who are WTO members or observers, and will indirectly affect other Pacific ACP through the need of WTO members to ensure that the obligations they enter into are compatible with their obligations. Pacific ACP countries face challenging capacity-building requirements if they are to promote and defend their interests in the current WTO Round.

The Forum has endorsed the Pacific Area Closer Economic Relations Agreement (PACER), which covers economic relations between the Forum Island countries and Australia and New Zealand. Provisions include the continuation of the South Pacific Area Regional Trade and Economic Co-operation Agreement (SPARTECA).

Strengthening trade linkages

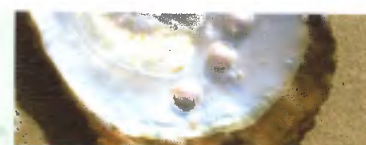
Statistics reveal that intra-regional trade among the 14 PACP represents 2% of total trade, although it has been rising very gradually in recent years from a very low base of 1% in 1995. This is due primarily to the fact that most of the goods produced duplicate goods produced in other PACP countries. Compared with other ACP regions, this has less to do with tariff and non-tariff barriers and more to do with relatively weak cultural links and individual states' isolation in an ocean environment.

There have been significant shifts in trade patterns over recent decades, including a wider range of exports being distributed globally and increased imports (either direct or as re-exports) from the larger and more diversified economies, such as Fiji.

The value of developing inter-regional trade has been recognised in recent years and is reflected in the sub-regional trading relations established in July 1993 among the Melanesian countries of Fiji, Papua New Guinea, Solomon Islands and Vanuatu known as the Melanesian Spearhead Group (MSG), which also includes an OCT, New Caledonia. The tariff liberalisation schedule in the MSG Agreement is 2003 for PNG and Fiji and 2008 for Solomon Islands and Vanuatu. By 2008, there should be a free trade area established amongst the MSG Group. Moreover, in 2000, the MSG agreed to begin moves towards a customs union.

Main economic activities of PACP countries

Country	Industries
Cook Islands	Fruit-processing, tourism, finance, copra, citrus fruit, clothing, coffee, fish, pearls and pearl shells, mining, handicrafts
Federated States of Micronesia	Tourism, construction, fish processing, craft items (shell, wood, pearls), garments, bananas, black pepper
Fiji	Sugar, tourism, copra, gold, silver, clothing, timber, fish processing, cottage industries
Kiribati	Fishing, handicrafts, copra
Marshall Islands	Copra, fish, tourism, craft items (shell, wood, pearls), coconut oil, trochus shells, offshore banking (in its infancy)
Nauru	Phosphate mining, financial services, coconut products
Niue	Tourism, handicrafts, food processing, finance, coconut cream
Palau	Tourism, craft items (shell, wood, pearl), commercial fishing, agriculture
Papua New Guinea	Copra crushing, palm oil processing, plywood production, wood chip production, mining (gold, silver and copper), crude oil production, construction, tourism, timber, coffee, cocoa, seafood
Samoa	Timber, tourism, food processing, fishing, coconut oil and cream, copra, beer
Solomon Islands	Timber, fish, palm oil, cocoa, copra
Tonga	Tourism, fishing, squash, fish, vanilla, root crops, coconut oil
Tuvalu	Fishing, tourism, copra, stamps/coins
Vanuatu	Fishing, tourism, food and fish freezing, wood processing, meat canning, copra, cocoa, coffee, offshore financial services





The regional trade agreement, PICTA, is expected to come into force in 2002, when the ten signatory countries will start to open up to free trade. In addition, the Marshall Islands, the Federated States of Micronesia and Palau maintain Compact agreements, covering trade, development assistance, economic and migration relations with the US.

As far as relations with the EU are concerned, the implementation of the Everything But Arms Initiative (EBA) already grants unrestricted market access for all products from the region's five LDCs (Kiribati, Samoa, Solomon Islands, Tuvalu and Vanuatu) with the only temporary exceptions being bananas, rice and sugar. Fiji is currently a major beneficiary under the preferential Cotonou Sugar Protocol (an average of €50 million annually) but will need to restructure the sector to maintain its competitive market position in response to possible changes to the Common Agricultural Policy, the Sugar Protocol and the wider market opening resulting from the EBA initiative.

Domestic policy challenges

Pacific ACP small island developing states will need considerable assistance to pursue their priorities. However, it will also be necessary to address the structural problems specific to small states, such as income volatility, difficulties in attracting the attention of investors and weak domestic capacity, both in the public sector and in commercial activities. To facilitate transition and attract private investment, specific domestic policy areas merit attention:

- countries must send clear signals that changes will occur in the direction of their trade policies and regulation and will not be postponed;
- the drop in import tariff revenues resulting from tariff reduction as part of import liberalisation;
- flexibility in domestic markets should be encouraged to facilitate transformation of the productive structure;
- the unfinished structural reform agenda is large and must be tackled immediately.

	LAND AREA (Km ²)	NUMBER OF ISLANDS	EEZ (Km ²)	POPULATION 2000 est.	DENSITY (Km ²)	Human Development Index	Human Poverty Index
COOK ISLANDS	240	15	1,830,000	19,449	81.0	0.822	6.1
FUJI ISLANDS	18,272	332	1,260,000	799,265	43.7	0.758	8.5
KIRIBATI	690	28	3,600,000	84,422	122.4	0.515	12.7
MARSHALL ISLANDS	170	34	2,131,000	51,665	303.9	0.563	18.7
FEDERATED STATES of MICRONESIA	700	607	2,978,000	117,644	168.1	0.569	26.7
NAURU	24	1	320,000	12,514	521.4	0.663	12.1
NIUE	259	1	390,000	1,800	6.9	0.774	4.8
PALAU	487	200	600,900	19,485	40.0	0.861	10.8
PAPUA NEW GUINEA	462,840		3,120,000	5,099,200	11.0	0.535	16.2
SAMOA	2,857	2	120,000	169,889	59.5	0.715	8.6
SOLOMON ISLANDS	28,446	6 Main islands	1,630,000	416,195	14.6	0.622	49.1
TONGA	699	169	700,000	98,840	141.4	0.647	5.9
TUVALU	26	9	757,000	9,900	380.8	0.583	7.3
VANUATU	12,189	80	680,000	189,712	15.6	0.542	46.4

Sources:
Secretariat of the Pacific
Community UNDP
Pacific Human Development
Report (2002)

THE EU AND THE PACIFIC – A STRONG REGIONAL PARTNERSHIP



The Pacific region has a number of characteristics that distinguish it from its African and Caribbean partners and defines a special co-operation with the EU. The most obvious is the great physical distance between the 14 PACP themselves and with Europe.

What distinguishes their remoteness from that of parts of Africa or the Caribbean is the huge expanse of ocean that separates and isolates the islands. The whole of the Caribbean Sea, for example, would fit into the EEZ of Kiribati. The Pacific Ocean is the most important influence on the social and economic activity of the islands and in its role as the home of the world's largest tuna fishery. The region has been the setting for the island countries' most successful efforts in co-operation, now extended to new negotiations over management of the EEZs and high seas.

Papua New Guinea is the geographical exception. As one half of the second largest island in the world and of the PACP countries, it shares a land border with Indonesia and is just across the Torres Strait from Australia. At the same time, it suffers from internal remoteness due to its extreme topography.

A further distinction is the considerably varied pattern of colonial and self-government that preceded independence. The great majority of the African and Caribbean ACP countries were formerly French or British colonies that gained independence in the 1950s or 1960s. The PACP countries (with the exception of Samoa, which gained independence in 1962) attained full independence in the 1970s and 1980s. Nor were the former colonial powers exclusively or primarily European nations.

Papua New Guinea and Nauru were governed by Australia; Samoa, Cook Islands and Niue by New Zealand, and the Micronesian countries by the US. Others, such as the Kingdom of Tonga, had been self-governing for decades. The transition to full independence was smooth and Pacific governments, with a few exceptions, remain stable.

This background has influenced the spirit of co-operation between Europe and the Pacific since the first Lomé Convention was signed in 1975. This mixture of histories has also affected patterns of migration and trade. Population growth rates in some PACP have generated considerable emigration, especially from the Polynesian and Micronesian countries to Anglophone countries of the Pacific Rim such as Australia, New Zealand and the US.

EU-Pacific co-operation continues, seeking to prevent conflicts, build autonomous government capacity, stimulate trade, improve health and educational facilities, as well as develop land and sea resources in a sustainable manner. PACP countries aim to achieve a universal development objective: the maximum possible degree of self-reliance.

A history of productive co-operation

Co-operation began in 1975 with Fiji, Tonga and Samoa signing the first Lomé Convention. In the period 1975-2002 EDF resources allocated to Pacific ACP regional projects totalled some €165 million. Regional financial instruments have consisted of Regional Indicative Programme funds (RIP), Lomé IV Trade Promotion grants, and one EIB loan amounting to €2.7 million made under Lomé III.

During 1975-1980, EU assistance supported regional initiatives in telecommunications and human resource development (HRD). Lomé II (1980-1985) focused on developing regional transport, energy and telecommunication infrastructure and training, and support for areas of comparative advantage, notably tourism. Lomé III (1985-1990) extended infrastructure support in transport, energy and telecommunications, increased tourism development support and provided funds for the productive sectors of agriculture and fisheries.

Under the first financial protocol of Lomé IV (1990-95) the double strategy of alleviating natural resource constraints and of supporting sectors of comparative advantage continued, while new areas of intervention, mainly HRD and the environment, also received support. Lomé IV (bis) continued support to HRD and the sustainable development of natural resources.

Since 1975, the regional framework has strengthened significantly to the point where CROP agencies, given their proven capacity to deliver, are now the preferred delivery mechanism for EU regional assistance.

The EU supports regional integration and co-operation

Economically PACP countries are diverse in their resource endowment and stages of development. While policy approaches need to be tailored to specific national circumstances, at regional level the focus must be on shared or common resources. The main objective of the EU's Regional Support Strategy is to support the creation of a regional free-trade area (the PICTA) as a stepping stone to wider global trade integration including the negotiation of an EPA with the EU and to foster regional economic integration and to develop the region's human and fisheries resources. Together, these sectors represent 75% of the available funding of €29 million. The balance is allocated to extend already approved Lomé IV regional projects to the new Pacific ACP members.

Regional economic integration is the best means to move towards successful integration into the global economy. Based on its own history, the EU has an advantage over other donors because of its experience with political, social and economic regional integration issues. Increased intra-regional trade and investment as well as higher growth will be the main measures for success; €9 million of the 9th EDF Regional Programme has been earmarked for this sector.

HRD has been selected because it is a key element in all sectors and because it complements the fact that education and training has been selected by many countries as the principal area of concentration within their Country Strategy Papers. Improved export performance, higher HRD indices and improved economic growth will be the main measures of success; €8 million of the 9th EDF Regional Programme has been earmarked for this sector.



Artisanal fisheries

Coastal fisheries sustain current livelihoods and food security in many of the smaller islands and are the main source of cash and subsistence for many rural communities.

Coral reef fisheries also exert a strong influence on the everyday lives of islanders yet there is a remarkable lack of hard information about the resources and communities find it increasingly difficult to maintain reef and lagoon fisheries at sustainable levels.

Seabed mineral resources

The region is rich in both near shore and offshore seabed mineral resources. The EU has provided technical assistance and equipment to SOPAC. Research has yielded interesting results for the fisheries and minerals sectors through a seabed mapping programme covering selected areas of the sea floor in the EEZ of the Solomon Islands, Vanuatu, Fiji and Tuvalu.

The fisheries sector has been selected because, managed sustainably, it is the most important shared natural resource for long-term income generation. The EU intends to contribute to the steps being taken by the region to ensure the conservation, exploitation and sustainable management of this resource: €5 million of the 9th EDF Regional Programme have been earmarked for this sector.

Marine resources

Fish and minerals are the region's most important physical asset for economic development. All Pacific Forum countries have declared 200-mile EEZs: a marine environment that plays a fundamental role in the economies of these island nations. Sustainable management of marine resources is therefore at the top of the region's political agenda.

Oceanic fisheries

Geography, the migratory nature of tuna and the need for strength in numbers when negotiating with DWFN have been the drivers of a regional approach to marine resource research and management. Pacific Island countries have management responsibility for the fisheries resources within their 200-mile zones, however, highly migratory fish species such as tuna move freely between these zones and the high seas areas outside the 200-mile zones. Uncontrolled fishing in these high sea pockets undermines national management measures.

The region's long-term objective is to develop compatible management regimes over the various national zones and the high seas in line with UN agreements. The EU supports this approach and has given €21 million since 1975 (12% of total regional aid) to the FFA and the SPC in pursuit of their goals.

In 2001, the European Commission funded the Oceanic and Reef Fisheries Monitoring and Assessment Project (€10.5 million) being implemented by SPC. The aim is to conduct a comprehensive scientific survey of all coastal and oceanic fish stocks. The oceanic component will extend the work begun under the South Pacific Regional Tuna Assessment and Monitoring Programme.

Progress in agriculture and rural development

A four-year Development of Sustainable Agriculture Programme (DSAP) was launched in 2002 to increase sustainable agricultural production of families engaged in farming. This will be accomplished by taking a participatory approach with farmers and rural communities for the identification and adoption or adaptation of technologies to solve the agricultural problems of farm families. The project will work with the National Agricultural Research and Extension Services (NARES), non-government organisations, farmer groups and the private sector in the use of participatory methods for the identification and adoption of sustainable agricultural technologies.

Education and HRD

A number of students are refused enrolment at tertiary institutes because of poor basic education and the region offers few alternatives in the area of formal or non-formal Technical Vocational Education and Training (TVET). Failures at these levels often become disenchanting dropouts who lack the skills to contribute effectively to their societies. Many school leavers find they have inadequate or inappropriate skills for the few salaried jobs that exist. Most lack opportunities to upgrade their skills because too few non-formal training programmes are available.

The Forum Education Ministers meeting in Auckland in May 2001 developed a Forum Basic Education Action Plan, which the EU is about to support under the 9th EDF regional support strategy. Through the teaching of health, culture, governance and other subjects, it is expected that basic education will engender the broader life skills that lead to good governance and social cohesion and which, when combined with an enhancing of employment opportunities, creates a higher level of personal and societal security.





The Pacific Islands-EU consensus is that the regional strategy should take a two-pronged approach, involving both basic education and regional formal and non-formal TVET providers. TVET initiatives will accompany improvements to basic education and pick up where the latter leaves off, ensuring that the number of courses increases and that they are relevant in the present socio-economic context in terms of access to employment or self-employment.

Transport and communications

The 'tyranny of distance' implies prohibitive transport costs and is a barrier to global trade. Tourism, trade, safety in the air and at sea and the flow of information of all kinds depend on measures to overcome or to mitigate the impact of distance. Transport and telecommunications are therefore particular concerns of regional co-operation.

In this area, telecommunications has been the main focus of EU corporation, including the provision of telephone/telex/telegraphic

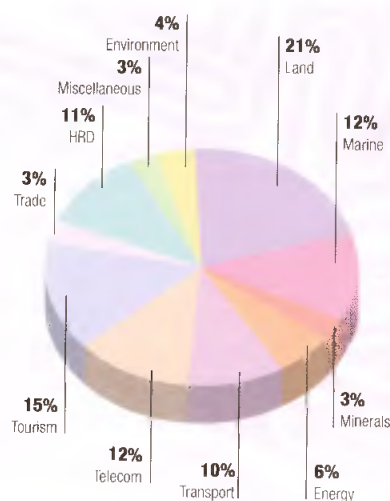
services, earth satellite stations and high-frequency radio services as well as upgrading the international airports of Fiji, Tonga, Kiribati, Tuvalu and Vanuatu.

Tourism

Tourism is a potential engine of economic activity, employment and foreign exchange for the region. An increasing number of tourists from around the world are attracted by the special appeal of the South Seas' climate, beautiful surroundings and rich cultural diversity. However, because the preservation of cultural identity and environmental protection are considered fundamental in Pacific society, the islands have adopted a fairly cautious approach to expanding the industry.

Since 1980, the EU has supported the tourism sector in the region through an integrated programme that has included the establishment of the South Pacific Tourism Organisation (SPTO), formerly known as the Tourism Council of the South Pacific (TCSP).

Distribution of regional EDF resources, by sector, 1975-2002



EDF regional resource allocation to Pacific ACP 1975-2002

€ million	Lomé I 1975-80	Lomé II 1980-85	Lomé III 1985-90	Lomé IV 1990-95	Lomé IVbis 1995-2000	Total 1975-2000	Cotonou 2000-2005
Marine Resources	0.36	0.44	5.90	5.3	8.1	20.08	5
Land Resources	0.00	3.50	10.56	10.8	8.9	33.80	1
Mineral Resources	0.00	0.00	5.00	0.0	0.0	5.00	1
Energy	0.00	6.30	4.40	0.0	0.0	10.70	
Environment	0.00	0.00	0.05	1.8	4.1	5.97	1
Transport (Sea)	0.40	4.18	0.07	0.0	0.0	4.65	
Transport (Air)	0.69	4.80	5.38	1.2	0.0	12.04	
Telecommunications	5.81	8.15	5.83	0.0	0.0	19.79	
Tourism	0.00	3.52	7.42	12.9	0.6	24.42	
Trade	0.00	0.36	1.67	1.5	0.8	4.30	9
HRD	3.25	1.16	0.00	2.1	12.5	18.99	8
Miscellaneous	0.00	1.90	0.92	2.8	0.0	5.62	4
Total	10.50	34.30	47.20	38.4	35.0	165.36	29 (=194.36)

The resources earmarked for Pacific Regional Indicative Programmes (PRIPs) above include allocations from separate funds for the support of regional trade and tourism.




Widening co-operation – OCTs

The Cotonou Agreement provides for regional co-operation and integration to involve Overseas Countries and Territories (OCTs) and outermost regions. In the Pacific there are three OCTs under French administration (New Caledonia, French Polynesia and Wallis and Futuna) as well as one (Pitcairn – population less than 100), which is under British administration.

The three French territories have small populations and their economies are heavily dependent on transfers from metropolitan France. Wallis and Futuna is still essentially a subsistence economy, with very little modern economic activity and dependent on French funding for infrastructure and recurrent expenditure.

For more than 30 years French Polynesia's economy has been transformed by transfers linked to French nuclear and military activities in the territory. With the cessation of these activities and the associated transfers combined with a huge trade imbalance, the territory is restructuring and is developing its economic potential.

Like the ACP States, the OCTs receive individual and regional allocations from the European Development Fund and are also entitled to non-programmable aid.



The Overseas Decision - a renewed EU-OCTs partnership

Part Four of the European Economic Community (EEC) Treaty created 'the association of the overseas countries and territories'. The purpose of this association is 'to promote the social and economic development of the countries and territories and to establish close economic relations between them and the community as a whole'.

The association is governed by Council decisions adopted periodically in parallel to the ACP/EU Agreements. It covers numerous sectors including environment and health, industry, agriculture and food security, fisheries and trade, transport and communications, mining commodities, energy, tourism and regional integration.

Institutional innovations: The partnership procedure introduced in 1991 has been widened, clarified and strengthened, responding to the OCTs request for improved dialogue with the Community. An annual forum will bring together the main actors of the co-operation, including, if need be, Member States that are not responsible for an OCT, while ad hoc partnership meetings may be held on specific issues.

EDF and other financial supports: Aid funds under the 9th EDF have been allocated to eligible OCTs following criteria that are uniform, transparent, objective and fully consistent with the recently agreed guidelines on EU development policy. These guidelines favour the least developed and lower-income countries and focus, inter-alia, on good governance, the environment and the social sectors. Procedures will in future be strongly decentralised, following the model of the European Structural Funds.

The OCTs also become eligible for additional funding from other Community budget lines covering a wide range of sectors, as well as support of the EIB, via a new Investment Facility for the private sector as set out in the Cotonou Agreement.

The trade regime: The new association arrangement contains rules of origin and sets new quotas, which are intended to strike a balance between the legitimate interests of the OCTs and Community operators as well as being in the interest of real economic development in the OCTs.

INSTRUMENTS OF CO-OPERATION



Trade relations

ACP countries benefit under the Cotonou Agreement from preferential market access, previously enshrined and developed under the successive Lomé Conventions. These preferences permit free market access for all industrial products, certain agricultural products and foresee a range of preferential access conditions for those agricultural products where access has not been fully liberalised.

In addition, least developed countries benefit from the Everything but Arms (EBA) scheme (see page 7). On Economic Partnership Agreements envisaged under the Cotonou Agreement, see page 9.

Trade volumes between the EU and the Pacific ACP are not very high, typically amounting to less than 5% of total imports into the Pacific. Export of products to the EU is low for most countries and virtually nil for the very small island states. However, a particularly relevant exception is Fiji, for which the Sugar Protocol has delivered major benefits. Under this protocol the EU agrees to buy a fixed quantity of sugar every year from certain ACP sugar producers at an attractively high guaranteed price. As a result, Fiji can sell more than 165,000 tonnes annually and is guaranteed an assured outlet for some 35-40% of its crop at a price, which has for many years has been two to three times the world market price.

The Pacific region exports agricultural commodities, minerals and fish, and imports manufactured goods (notably vehicles and machinery), fuel and food. With low prices for copra throughout the 1990s few Pacific countries now export much in the way of coconut products (copra or copra oil), which for many years formed the cornerstone of the islands' economies.

Other agricultural commodities that continue to be exported include palm oil, coffee and cocoa (Papua New Guinea, Solomon Islands), logs (Papua New Guinea, Vanuatu, Solomon Islands), squash and vanilla. Canned tuna is a valuable export product, particularly for Papua New Guinea, the Solomon Islands and Fiji. Papua New Guinea is a major exporter of copper and gold, while New Caledonia is a leading nickel producer.

In addition, Fiji and Papua New Guinea have benefited from derogation from the rules of origin for canned tuna, while Fiji also enjoys derogation for textiles. For these products, as well as others, the Pacific ACP enjoys preferential margins in the EU market over other non-ACP exporters.

Until 1990, the EU was the largest export market for PACP products. Since then, Pacific Rim countries (notably Australia and Japan) have taken a greater market share, although the traditional PACP-EU trade surplus remains. PACP trading partners consistently export to the EU three to four times more than they import from the EU, with the British, German, and Dutch markets remaining particularly important.

Financial and technical assistance

The Cotonou Agreement, backed up by five-year European Development Funds and separate EIB funding, provides assistance to Pacific ACP States using a variety of instruments. The EU has spent or committed some €1,800 million in the region and has built up significant development aid programmes, particularly in the field of regional co-operation.

The bulk of EDF is for development projects chosen by ACP countries and approved by the EU. Works, supplies and technical co-operation (studies, technical assistance, training) may be financed by the EDF. Each country receives a financial allocation (envelope) to support for long-term development through a National Indicative Programme (NIP) as provided for under Cotonou.

RIP funds are available for projects benefiting two or more countries, often implemented by regional organisations. The EIB does not allocate amounts per country. Countries with a favourable investment climate and the ability to generate bankable investments are likely to benefit most from EIB funding.

Since Lomé IV, nearly all EDF aid has taken the form of grants. The risk capital component managed by EIB is made available for bankable projects in the form of loans, equity or quasi-equity.

Since 1975, EDF allocations for NIPs and RIPs total €810 million. An additional €990 million has been provided by other EC instruments. The EIB has financed projects through loans in all key sectors of Pacific economies, including mining and energy distribution in Papua New Guinea as well as hydroelectricity, forestry and telecommunications in Fiji. The Bank has granted some €34 million in the form of loans. Since 1975, New Caledonia, French Polynesia and Wallis and Futuna have been allocated €130 million in territorial and regional project aid and €47 million in EIB loans.

The EU's trade and aid arrangements for the Pacific OCTs in the Pacific (French Polynesia, New Caledonia, Wallis & Futuna, and Pitcairn) are similar to those under the Lomé Convention and the Cotonou Agreement.

PERCENT SHARE OF EXPORTS	Other Asia-Pacific		DC JAPAN		USA		EUROPEAN UNION		AUSTRALIA / NZ		OTHER		Trade profiles
	1985	1999	1985	1999	1985	1999	1985	1999	1985	1999	1985	1999	
COOK ISLANDS	--	--	--	--	--	--	--	--	--	--	--	--	--
FUJI ISLANDS	22.5	10.9	3.0	4.5	4.9	14.8	31.0	--	18.2	37.5	20.4	32.3	
KIRIBATI	7.1	13.4	4.3	40.0	--	15.0	--	--	0.4	2.3	88.2	29.3	
MARSHALL ISLANDS	--	--	--	--	--	--	--	--	--	--	--	--	
FED. STATES MICRONESIA	--	--	--	--	--	--	--	--	--	--	--	--	
NAURU	--	--	--	--	--	--	--	--	--	--	--	--	
NIUE	--	--	--	--	--	--	--	--	--	--	--	--	
PALAU	--	--	--	--	--	--	--	--	--	--	--	--	
PAPUA NEW GUINEA	9.9	15.0	22.1	11.7	4.0	4.6	46.5	--	12.0	26.5	5.6	42.2	
SAMOA	0.3	2.2	0.9	0.9	59.4	12.0	5.8	--	29.7	69.4	3.9	15.5	
SOLOMON ISLANDS	11.1	43.4	52.1	35.4	2.4	0.8	26.3	--	3.2	2.0	5.0	18.4	
TONGA	5.9	2.0	0.2	59.0	3.2	19.0	0.5	--	83.1	11.5	7.1	8.5	
TUVALU	63.7	5.9	--	--	--	--	--	--	8.1	2.0	28.21	92.1	
VANUATU	1.4	5.5	6.7	11.2	0.0	25.3	25.4	--	1.6	1.2	65.0	56.8	

Source:
Asian Development Bank
-- = not available



A strategy for private sector development

Private sector firms are typically small in the Pacific ACP; small domestic markets and poor endowments of physical resources limit entrepreneurial opportunities. This puts the private sector at a disadvantage as it cannot realise economies of scale or attract business partners. Nor can it spend significant funds on marketing, market intelligence and R&D.

A weak private sector also tends to limit absorptive capacity for aid and investment because participants lack the necessary skills to generate innovative project proposals and to demonstrate their investment worthiness. Without transitional assistance, a weak private sector may also lack the capacity to adjust to lower tariff protection and foster greater competition.

The EC supports private sector development on the premise that it is a critical engine for development. It focuses on co-operating with the governments of developing countries to help them improve their business environment for large corporations and SMEs. Other aims include helping private sector organisations enhance their effectiveness, stimulate productivity and strengthen international competitiveness.

EU-ACP Business Assistance Scheme (EBAS)

This facility aims to increase the competitiveness of ACP enterprises and to strengthen the capacities of the private financial and non-financial intermediaries. It uses a matching grant scheme that encourages enterprises and intermediaries to use short-term consultancy services to improve their competitiveness. Grants up to €70,000 are available and there is no limit to the size of grants to intermediaries. The total budget is €20 million. €1 million have been invested under this scheme in the first year of operation.

PROINVEST - Promotion of foreign direct investments

The programme, open to all ACP countries, promotes on a regional basis, sustainable and environmentally friendly investment and inter-enterprise co-operation agreements in key sectors aimed to increase competitiveness. This includes strengthening the role of Investment Promotion Agencies, intermediary private organisations and providers of investment-related business services (INTERPOWER).

It focuses on those sectors and EU-ACP investments and partnerships that will contribute to the attainment of wider social objectives of ACP countries (INVEST@TECH). Operational since the beginning of 2001, it has a budget of €110 million available over seven years.

The Investment Facility

The Investment Facility, managed by the EIB, will stimulate regional and international investment, reinforce the capacity of local financial institutions, strengthen local and financial and capital markets, encourage foreign investment and aid the development of the private sector by financing projects and commercially viable enterprises and companies.

It will achieve these objectives by providing risk capital in the form of conditional and subordinated loans, equity participations, quasi-capital assistance or guarantees and other credit enhancements both for foreign and local investors or lenders. Beneficiaries will be small businesses, local financial institutions and enterprises being privatised.

The Investment Facility, with initial funding of €2,200 million from the 9th EDF, will operate as a revolving fund and aims to be financially sustainable. It offers ACP countries security regarding the amount of funding available for private sector development over the short, medium and long term.

The role of the European Investment Bank

The EIB works in more than 120 countries and has been a development partner with most ACP countries for 25 years. It manages part of the EDF funds destined mainly for the private sector in ACP States and OCTs by providing medium- and long-term loans or by taking direct or indirect equity participations in local companies or financial institutions.

The Bank also uses funds raised on international capital markets to finance larger operations, both in the private and public sectors. A first class international credit rating (AAA) enables it to raise funds long term on the best market conditions available at any given time. This benefit is passed on to borrowers because the Bank operates on a non-profit making basis. In both cases, the conditions for loans or finance granted to the private or public sector are given on very competitive terms.

The Cotonou Agreement takes an innovative approach to financing EIB managed investments. One of the main features of the Agreement is the recognition by the EU and the ACP States of the complementary role played by the private sector and civil society in all its forms and of the contribution of market economy principles to achieving development objectives.

The Bank will play a major role in achieving these objectives and will have considerably more resources at its disposal and a broader range of financial instruments, including the Investment Facility. The EIB will also be able to make loans from its own resources for up to €1.7 billion during the first five years of the Cotonou Agreement, which means it will be managing resources totalling €3.9 billion.



EIB



CDE – a positive impact on SMEs

The Centre for Development of Enterprise (CDE) – previously named CDI (Centre for the Development of Industry) – was set up in 1977 with a view to assist the ACP private sector. During the past few years, the Centre has helped the Pacific ACP private sector stay in-step with the rest of the world.

Until the end of 2001, CDE assisted more than 90 companies in the region. By the end of 1999, the growth of CDI activities in the original eight Pacific ACP countries peaked at some 12% of all the Centre's activities for all ACP regions. This figure has been steadily growing from 6% in 1994. For the years 2000 to 2001, the Centre's activities in the region were reduced to an average 8% mainly due to the political events in the Fiji Islands and the Solomon Islands.

An evaluation of assisted projects shows that the majority of assisted projects have reported an increase in activities and revenue of 20-40%. This implies a relevant employment increase of a minimum of 10% for most assisted projects, access to new markets and especially to the EU, new skills and know-how and supplementary foreign exchange earnings.

The type of assistance includes preliminary studies by country or sector to assess the viability of the particular sector, identification of potential technical/joint venture partners, assistance in first contact, diagnoses, feasibility studies, market surveys, assistance in assembling an appropriate financial and legal package, search for financing, help in setting up the project, technical and start up assistance, assistance in training, management, marketing and capacity building.

The majority of projects are linked to wood processing, agro-food, fisheries and food processing, with a view to create value-added products. In the case of Fiji, the garment industry is also an important beneficiary. Under CDE's new sectoral approach, multi-annual programmes for assistance to the wood, marine resources (including seaweed and black pearls), organic produce and tourism sectors are underway.

The CDE assists in opening all markets, including EU, ACP and regional. With regards to the EU market it also assists companies in harmonising health and sanitary standards.

Humanitarian assistance and disaster mitigation

A proportion of the EDF is reserved for emergency aid operations in the wake of natural disasters. The cyclone-prone countries of the Pacific have on several occasions had to call on emergency aid funds available from the EDF for emergency aid operations in the wake of natural disasters.

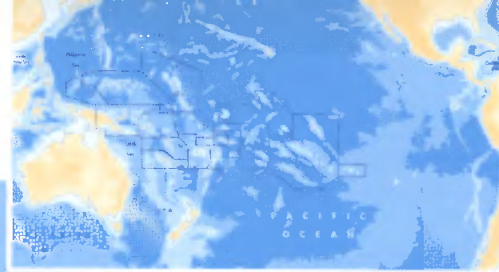
Since 1999, the European Community Humanitarian Office (ECHO) has funded emergency relief activities involving two projects in Vanuatu with Médecins du Monde for the earthquake on Pentecote Island (€150,000) and the volcanic eruption on Paama Island (€160,000). Operations focused on the rehabilitation of the water systems in the villages and primary health care.



Total EU assistance 1975 - 2005

Allocations in € million	Lomé I EDF 4	Lomé II EDF 5	Lomé III EDF 6	Lomé IV EDF 7	Lomé IVbis EDF 8	Colonou EDF 9*	Total*
National indicative programmes (NIPs)	45.0	67.8	102.2	109.8	133.0	172.6	630.4
Structural adjustment				20.5			20.5
Regional programmes	10.5	30.4	39.0	35.0	35.0	29.0	178.9
Regional trade&tourism		3.9	8.2	3.4			15.5
EIB loans	31.0	75.9	57.5	67.7	7.0		239.1
Risk capital	2.0	29.3	11.3	42.2	10.5		95.3
Interest rate subsidies	5.0	6.6	9.4	5.6	6.8		33.4
Stabex	12.2	79.2	178.9	98.4	124.0		492.7
Sysmin			30.0		50.0		80.0
Emergency aid	3.8	6.4	1.7	1.4			13.3
Aid to refugees			0.7				0.7
Food aid			0.2				0.2
AIDS			1.0				1.0
Aid via NGOs	0.4	0.7	2.0	0.9			4.0
Total PACPs	109.9	300.2	442.1	384.9	366.3	201.6	1,805.0
						+ 115	+ 115

* Amounts indicated refer to envelopes A and B.



ACP States

Overseas Countries and Territories (OCTs) –
Pacific Region

Co-operation with ACP States

Cook Islands | Fiji | Kiribati | Marshall Islands |
The Federated States of Micronesia | Nauru | Niue | Palau |
Papua New Guinea | Samoa | Solomon Islands | Tonga |
Tuvalu | Vanuatu

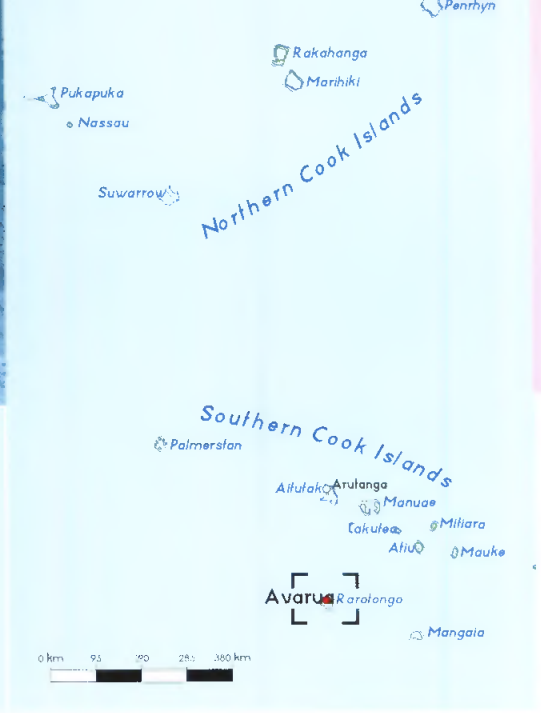
Co-operation with Overseas Countries and Territories (OCTs) – Pacific Region

New Caledonia | French Polynesia | Wallis and Futuna | Pitcairn



COOK ISLANDS

Date of independence	4 August 1965
Total land area	240 km ²
Total EEZ area	1,830,000 km ²
Capital	Avarua, Rarotonga
Population	19,449 (2000 est)
Languages	Maori dialects, English
Main exports	Black pearls
GDP per capita	€3,282 (1999)
Currency	New Zealand Dollar (NZD)
Exchange rate	€1 = NZD 2.13 (January 2002)



Background

The Cook Islands, a new member of the Pacific ACP group, is located 3,500 km northeast of New Zealand. The country consists of two groups of islands – 13 inhabited and two uninhabited – extending over 2 million km² of ocean. North Cook Islands are atolls, while South Cook Islands are volcanic and comparatively fertile. More than 1,400 km separate the most distant islands of the country. The Cook Islands is a self-governing country in a 'free association' agreement with New Zealand, similar to Niue. Under this arrangement, Cook Islanders retain New Zealand citizenship.

More than half the population live on the main island of Rarotonga in the southern group. Over the years, a large number of islanders have migrated to New Zealand and Australia. More ethnic Cook Islanders live in New Zealand than in the home islands.

Similar to many other Pacific island nations, Cook Islands' economic development is hindered by its isolation from foreign markets, the dispersion of small population centres amongst numerous islands, lack of natural resources, inadequate infrastructure and periodic devastation from natural disasters.

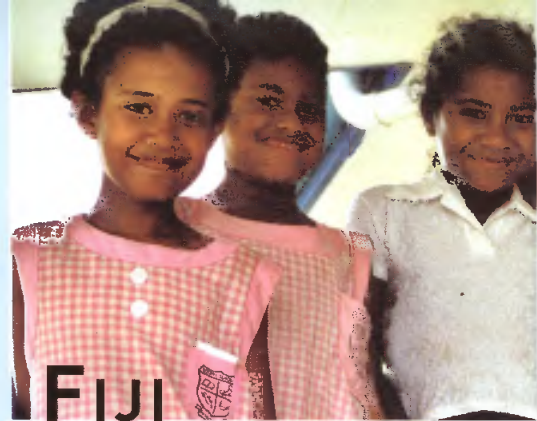
The Cook Islands has undergone important reforms in the areas of good governance and transparency of public expenditure, with the aim of enhancing economic recovery. The tourist industry is the main driver of economic growth and accounts for almost half of GDP. Cook Islands' major exploitable resources are associated with the nation's ocean, reef and lagoon areas.

The main development in the marine resources sector has been the rapid expansion of black pearl production. Today, pearl exports exceed 90% of total exports, with Japan, Australia and Europe being the main markets. New Zealand is the major donor and the country's major trading partner, buying 96% of exports and supplying about 75% of imports.

Emigration of skilled workers to New Zealand and Australia as well as government deficits are ongoing challenges. The relatively high income per capita reflects the impact of expatriate residents and the tourist-based economy of Rarotonga, but masks the subsistence lifestyle of the outer islands' population. Although the main islands are relatively prosperous, the development of the outer islands is lagging behind.

Development co-operation

Under the Cotonou Agreement, the Cook Islands has been allocated, for the period 2002-2007 (the 9th EDF), an amount of €2.0 million under the A-envelope for financial and technical co-operation and €0.6 million under the B-envelope to cover unforeseen needs such as emergency assistance. The programme aims to improve social services delivery on the outer islands and to support the activities of non-state actors at the village level.



Background

The Republic of the Fiji Islands is an archipelago of more 300 islands of varying sizes, of which 100 are permanently inhabited. Than more than 80% of the land area is formed by the two largest islands, Viti Levu (10,389 km²) and Vanua Levu (5,534 km²). Of the total population, 44% are Indo-Fijians and 51% are indigenous Fijians with the balance being Europeans, Chinese and other Pacific Islanders.

With a per capita GDP of €1,769 (2000), Fiji is among the more developed of the PACP countries and ranks as a lower middle-income developing country. Its economic performance traditionally relies on the sugar industry and tourism. Raw sugar production accounts for about 10% of GDP, employs about one fifth of the total labour force and creates significant multiplier effects.

Tourism has become Fiji's most important industry and largest foreign exchange earner, providing employment – directly or indirectly – to some 40,000 Fijians (15% of the labour force). Over the past ten years, export-oriented manufacturing of garments, wood products and tuna canning has become a significant activity, accounting for 16% of GDP (2000) and 25% of total jobs. Main exports are sugar, garments and footwear, gold and fish products, which benefit significantly from trade preferences on export markets.

Fiji traditionally runs a deficit on its merchandise trade account that is offset by net receipts from tourism and capital inflows. Its external debt is relatively low compared with other ACP countries and has generally been linked to the financing needs of major public sector projects. External debt to GDP is 10.4%, but domestic debt is high.

Political events, notably the coups of 1987 and May 2000, have seriously hindered what has been a very promising economic development dynamic, leading to important losses in GDP growth, employment, investment and exports, as well as negative impacts on international development co-operation.

Development co-operation

Since the first Lomé Convention in 1975 until now (Cotonou included), Fiji has been allocated €230 million in EC development co-operation funds, including various EDFs, budget funds and EIB contributions. Beginning with an allocation from the 4th EDF of €9.9 million under Lomé I – mainly spent for rural development activities and transport infrastructure – the National Indicative Programme of the 5th EDF rose to €13 million under Lomé II. Co-operation was focused on agriculture, rural development and trade promotion.

Trade and rural development support was extended under Lomé III (6th EDF, €20 million, of which €5 million consisted of special loans) and the first financial protocol of Lomé IV (7th EDF, €22 million in grant aid). Support was directed towards social infrastructure, but funding had to be shifted to the rebuilding of bridges, either severely damaged or completely destroyed by cyclone Kina that hit the country in January 1993.

In May 1997, the Indicative Programme for the second financial protocol of Lomé IV was signed (8th EDF, €25.5 million in grant aid), focusing on human resource development and the environment. Due to the political events of May 2000, the implementation of the NIP has been delayed and the 8th EDF allocation has been reduced to €17.85 million. With the normalisation of the political situation, projects are about to start.

The allocation under the 9th EDF totals €21 million (A-envelope) and €2.1 million (B-envelope). Programming is focusing on rural education involving civil society and other non-state actors.

Non-programmable aid for Fiji has been considerable over the years, including Stabex transfers, emergency aid and budget funding. Another significant component of EU-Fiji co-operation has been through the activities of the European Investment Bank, extending loans from its own resources for a total of €89.5 million and €6.4 million in risk capital.

Taking into consideration EDF, budget funds and the Sugar Protocol, plus EU Member States' bilateral co-operation with Fiji (UK, France, Germany), the EU is Fiji's most important development partner.

Date of independence	10 October 1970
Total land area	18,272 km ² , 332 islands (100 inhabited)
Total EEZ area	1,260,000 km ²
Capital	Suva
Population	799,265 (2000 est)
Languages	English (official), Bau, Hindi
Main exports	Sugar, garments, gold, fish and timber
GDP per capita	€1,769 (2000)
Currency	Fiji Dollar (FJD)
Exchange rate	€1 = FJD 2.06 (January 2002)





FIJI

Trade co-operation

Fiji benefits from preferential trade provisions on the European market. It enjoys the second largest quota under the Sugar Protocol (165,348 tonnes per year), which covers about 45% of the country's total sugar exports. It also exports some sugar under the Special Preferential System, but the quantities are relatively minor and vary annually. The total yearly benefit is an estimated €55 million or more, most of which reaches small farmers and their families. (Based on the guaranteed price, the Protocol alone is worth approximately €62 million.)

Industrial development and external trade have been supported by the derogation from the rules of origin for exports to the EU of canned tuna and textiles. However, this last provision is partially used as Fiji exports the bulk of its garment production to Australia and the US.

In the services sector, particularly tourism, the EU supports the Tourism Council of the South Pacific, which has significantly contributed to the promotion of the Pacific as an attractive tourist destination for Europeans. As a result, one in six tourists arriving in Fiji comes from an EU Member State. European tourists alone account for about €30 million in foreign exchange earnings per year.

Fiji

EC assistance (1975-2002)

(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV/1	Lomé IVbis	Cotonou	Total
National Indicative Programme	9.90	13.00	20.00	22.00	17.85	21.00 (A) + 2.1 (B)	105.85
Stabex	2.12	3.00	0.26	0.00	0.00		5.38
Emergency aid	3.59	4.57	0.30	1.00	0.00		9.46
Aid via NGOs	0.30	0.13	0.41	0.75	0.00		1.59
EB loans (own resour.)	24.00	28.00	22.50	13.00	2.00		89.50
Risk capital	0.12	4.95	1.23	0.06	0.00		6.36
Interest rate subsidies	3.86	5.27	1.97	1.20	0.00		12.30
TOTAL	43.89	58.92	46.67	38.01	19.85	23.10	230.44



Background

The Republic of Kiribati occupies more of the earth's surface than the land area of the European Union. Although its total landmass is only 690 km², the Exclusive Economic Zone represents about 3.6 million km² of sea. The country comprises 28 atoll islands, spanning the equator and stretching over a distance of some 3,000 km and grouped into three main groups, the Gilberts proper, where most of the population live, the Phoenix and the Line Islands. Until independence it was known as the Gilbert Islands.

Kiribati has few land resources. A limited range of food crops are grown locally and other food and consumer goods, as well as fuel and capital goods, are imported. Copra is the main export, but given current low prices, the industry may be marginalised as an export earner. This is partially compensated by the development of seaweed production, still relatively small scale but with proven potential. The country relies heavily on remittances of citizens living abroad, fishing licenses and donor support.

The fisheries sector holds considerable untapped potential. Foreign vessels bring in a catch worth an estimated €500 million annually, more than ten times the country's GDP. To take advantage of this, Kiribati is developing a local fish processing industry.

There is a marked difference between urban South Tarawa (where most development has taken place) and the other islands, where many people still maintain a subsistence lifestyle. In heavily populated South Tarawa, increasing youth unemployment is causing social and environmental problems, a challenge that must be tackled.

Development co-operation

Since 1975, Kiribati has been allocated €32 million in programmable resources under successive Lomé Conventions. Projects during 1975-1980 (Lomé I) included the financing of infrastructure, activities in the fisheries sector, training and microprojects. A significant amount of financial support for 1980-1985 (Lomé II) was used to construct two 26-metre pole and line fishing vessels.

Under Lomé III (1985-1990) telecommunications projects included the rehabilitation of the South Tarawa telephone exchange and the purchase of equipment to control the country's vast marine and air space. Microprojects included building copra storage sheds, improving the water supply and sanitation, seaweed cultivation and building fishponds.

During 1990-1995 most of the €6.0 million was dedicated to the seaweed development programme (€1.3 million); a national training programme (€1.5 million); and an airport development programme to upgrade to international standards (€1.4 million).

During 1995-2000 Kiribati was allocated €12 million. A €4.0 million rural electrification programme for the outer islands using solar photovoltaic energy provided energy to households and community centres. The project aims to support the establishment of the Solar Energy Company Ltd., a rural utility that owns the systems. A small user fee is paid to support the financial sustainability of the company and pay for maintenance. An ambitious second phase intends to extend access to solar energy systems to more than 1,500 additional households and up to 133 community centres.

Financing decisions of €1.5 million and €6.4 million will ensure the successful continuation of the seaweed programme and the Kiribati Training Programme Phase II. The EIB has supported the Development Bank of Kiribati, while the CDE has funded several private sector initiatives.

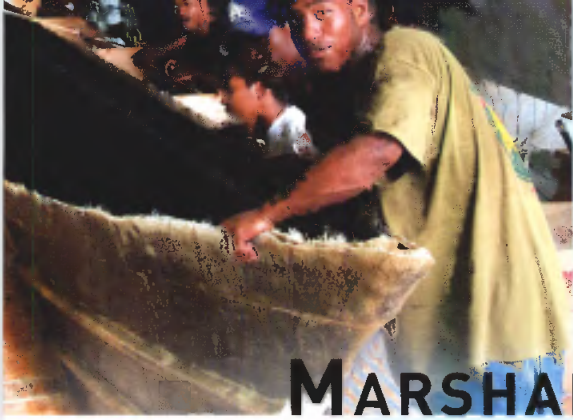
Under the 9th EDF, there is €8.8 million under the A-envelope and €2.2 million under the B-envelope, mainly targeted at outer island social development involving non-state actors in capacity building.

Date of independence	2 July 1979
Total land area	690 km ² , 28 islands (17 inhabited)
Total EEZ area	3,600,000 km ²
Capital	Tarawa
Population	84,442 (2000 est)
Languages	Gilbertese and English
Main exports	Copra, fish
GDP per capita	€515 (1999)
Currency	Australian Dollar (AUD)
Exchange rate	€1 = AUD 1.74 (January 2002)



Kiribati
EC assistance 1975 to 2002
(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou 2002-2007	Total
NIP:							
- Grants	3.50	4.00	6.50	6.00	12.00	11.00	43.00
- Risk capital		0.20			2.00	(A+B-envelope)	2.20
Stabex	2.30	1.60	2.40	0.06	0.0		6.36
TOTAL	5.80	5.80	8.90	6.06	14.00	11.00	51.56



MARSHALL ISLANDS



Date of independence	21 October 1986
Total land area	170 km ²
Total EEZ area	2,131,000 km ²
Capital	Majuro atoll
Population	51,665 (2000 est)
Languages	Marshallese, English, several dialects
Main exports	Copra, chilled fish
GDP per capita	€2,010 (2000)
Currency	US dollar
Exchange rate	€1 = USD 0.88 (January 2002)



Background

The Republic of the Marshall Islands (RMI), a newcomer to the Pacific ACP group, comprises five coral islands and 29 major atolls, aligned in two parallel groups, the Ratak (sunrise) chain and the Ralik (sunset) chain. The nation also includes some 1,200 atoll-type islets, mostly uninhabited, spread across hundreds of miles of the Central Pacific, approximately midway between Hawaii and Papua New Guinea.

The population of about 52,000 is concentrated in two main urban centres: Majuro, the capital and business centre, and Ebeye. More than half of the population is under 15 years of age. Unemployment is high and increasing numbers of young adults are unskilled. The growing population is putting strain on existing infrastructure.

In 1986 the RMI entered into a Compact of Free Association with the United States, establishing the Republic as an independent state with the right to make its own foreign policy decisions, but reserving to the US responsibility for defence. A major agreement of the Compact allows the US continued use on Kwajalein atoll of the US Army missile test range. It also provides for settlement of all claims arising out of the US nuclear testing conducted on some of the islands during 1946 to 1958.

The US assistance provided under the Compact of Free Association is the mainstay of the economy. Negotiations are underway for an extended agreement.

The Marshall Islands remains a primarily copra-based subsistence economy. Agriculture production is concentrated on small farms. Copra and coconut constitute 90% of exports. The country's 200-mile Exclusive Economic Zone covers an area of more than 2 million km² and contains an abundance of fish and other valuable marine resources. The Marshall Islands has a Multilateral Fishery Treaty with the US and bilateral fisheries agreements with Japan, Korea and Taiwan. There is a chronic trade imbalance in favour of the US and Japan.

Development co-operation

In the context of the Cotonou Agreement, the RMI has been allocated, for the period 2002-2007 (the 9th EDF), an amount of €3.5 million under the A-envelope for financial and technical co-operation and €1.1 million under the B-envelope. The programme aims to contribute to the economic and social development of the country.





FEDERATED STATES OF MICRONESIA



Date of independence 3 November 1986

Total land area 700 km²

Total EEZ area 2,978,000 km²

Capital Palikir, Pohnpei

Population 117,644 (2000 est)

Languages English (official language) and eight major indigenous languages (among others Chuukese, Pohnpeian, Yapese, Kosraean)

Main exports Fish, tourism, copra

GDP per capita €2,079 (2000)

Currency US dollar

Exchange rate €1 = USD 0.88 (January 2002)



Background

The Federated States of Micronesia (FSM) a new member of the Pacific ACP group, was formed in 1979 with the amalgamation of four island groups that at the time were administered as a United States Trust Territory. It became an independent nation in 1986 under a Compact of Free Association agreement with the US, which defined the economic and political ties between the two countries. Under the Cotonou Agreement, it joined the Pacific ACP countries.

The FSM consists of about 607 mountainous volcanic islands and low-lying coral atolls in the Central western Pacific scattered over almost 3 million km² of ocean. About 40 islands are of significant size, several of which are uninhabited.

The four states that make up the FSM – Yap, Chuuk, Pohnpei and Kosrae – are separated by large expanses of water. Prior to western contact, the isolation led to the development of unique traditions, customs and languages on the islands, each of which maintains a high degree of autonomy and a constitution. The FSM has an extensive and complex system of government comprised of three layers, with the legislative, executive and judicial branches replicated at national and state level.

Most of the population relies on subsistence farming and fishing. Growing urbanisation and a decline in subsistence production have increased the population density in the four state capitals where a money economy with modern communications, transport and utilities has developed. Emigration to the United States is significant and 16% of the population live abroad.

The economy, which has been dominated by the public sector, is heavily dependent on foreign aid, mainly from the US. With the progressive reduction of US assistance under the Compact of Free Association, the government has begun to implement a comprehensive reform programme that focuses on public expenditure reductions and structural measures aimed to develop and diversify the productive capacity of the economy and promote private sector activities in view of employment creation.

The nation has limited land-based resources, but is endowed with abundant and varied marine resources. The country has an Exclusive Economic Zone of almost 3 million km², containing large stocks of commercially valuable tuna species, the country's largest natural resource. Fish exports, mainly to Japan, make up about 80% of total exports. Other key sectors for economic development are agriculture and tourism.

Development co-operation

In the context of the Cotonou Agreement, the FSM has been allocated, for the period 2002-2007 (the 9th EDF), €4.8 million under the A-envelope for financial and technical co-operation and €1.4 million under the B-envelope. The programme aims to contribute to outer island development through the identification and use of new and renewable sources of energy, and support to the work of non-state actors in the areas of conservation and environmental protection.



NAURU



Date of independence 31 January 1968

Total land area 24 km²

Total EEZ area 320,000 km²

Capital Yaren

Population 12,514 (2000 est)

Languages Nauruan, English, Yaren

Main exports phosphates, coconuts

GDP per capita €3,910 (1998)

Currency Australian dollar (AUD)

Exchange rate €1 = AUD 1.74
(January 2002)

Background

The Republic of Nauru, a new Pacific ACP member state, is a raised 24-km² coral island in the Central Pacific, some 1,200 miles northeast of Papua New Guinea. The total population is approximately 12,500 people of whom 80% are indigenous Nauruans of Micronesian descent. The remainder are migrant workers employed by the Nauru Phosphate Corporation or the government.

From 1919 to 1968, Nauru was one of the world's richest nations because of its extensive phosphate resources. The reserves are now almost exhausted and the country faces many challenges to economic development. Almost 50 years of intense mining activity has devastated the central part of the island and transformed the interior into a wasteland. The rehabilitation of mined land and the replacement of income from phosphate resources are serious long-term problems.

The development challenge facing the government is the diversification of the economic base, with a specific focus on private sector development. This is made more difficult by unreliable rainfall and poor soil, which restrict primary production to small subsistence plots of fruit and vegetables. The only fertile area is the narrow coastal strip. Most consumer items must be imported. Before the recent construction of a desalination plant, the island's drinking water was imported.

There are substantial fish resources in the waters surrounding the island, which has an Exclusive Economic Zone of 320,000 km². The challenge to Nauru is to increase its earnings from the sale of fishing licences to distant water fishing fleets and to develop possible onshore fish related industries.

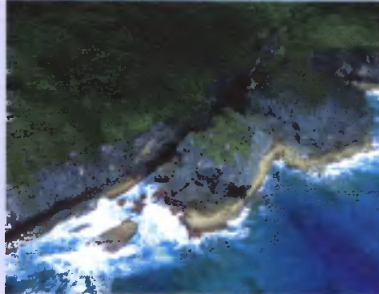
Development co-operation

In the context of the Cotonou Agreement, Nauru has been allocated, for the period 2002-2007 (the 9th EDF), an amount of €1.8 million under the A-envelope for financial and technical co-operation and €0.5 million under the B-envelope. The programme aims to reduce the country's reliance on imported fuels for the generation of energy by using new and renewable sources of energy as well as to support activities by non-state actors.





NIUE



Date of independence 19 October 1974

Total land area 259 km²

Total EEZ area 390,000 km²

Capital Alofi

Population 1,800 (2000 est)

Languages Niuean, English

Main exports Vegetables, fruits, copra, craft

GDP per capita €4,650 (2000)

Currency New Zealand dollar

Exchange rate €1 = NZD 2.13
(January 2002)

Background

Niue, a new member of the Pacific ACP group, is a single uplifted coral atoll with steep limestone cliffs and a central plateau. It is located 2,400 kilometres northeast of New Zealand and its Exclusive Economic Zone extends to 390,000 km².

Niue is a small, insular and isolated society with a population of about 1,800. There are 14 villages on the island and village life remains the focus for cultural and political organisation. The administrative centre is Alofi. It is a self-governing country in a free association agreement with New Zealand, similar to the Cook Islands. Under this arrangement, Niueans retain New Zealand citizenship. The standard of living is generally better than in many developing countries with a relatively high life expectancy and low infant mortality. However, Niue faces considerable development constraints due to isolation, limited natural resources, poor communications and an unpredictable climate that brings with it droughts and occasional hurricanes.

This situation is exacerbated by a shortage of skilled labour and migration, principally to New Zealand. Because of limited employment prospects at home, many Niueans have migrated and about 15,000 are now living and working in New Zealand. As a result, the population has fallen dramatically, from the estimated 6,000 in the 1960s to about 1,800 at present. The government is attempting to stop the flow of young, skilled workers from the country and to encourage migrated Niueans to return home.

Niue's economy is heavily dependent on foreign aid, especially from New Zealand. However, the government is committed to strengthening the country's financial and economic self-reliance and cutting the size of the public sector. Although the number of public servants declined in the early 1990s, government remains the major employer and public service jobs are an important means of retaining the population.

The gap between domestic production and demands for goods and services remains very wide. Agriculture is at subsistence level and manufacturing is limited. Tourism offers the best prospects for economic development but is dependent on improved air transport communications.

Development co-operation

In the context of the Cotonou Agreement, Niue has been allocated, for the period 2002-2007 (the 9th EDF), an amount of €2 million under the A-envelope for financial and technical co-operation and €0.6 million under the B-envelope. The programme aims to alleviate the reliance of the country on imported fuels for the generation of energy by the use of new and renewable sources of energy, and to support activities of non-state actors at the village level.



PALAU

Date of independence 1 October 1994

Total land area 487 km²

Total EEZ area 600,900 km²

Capital Koror

Population 19,485 (2000 est)

Languages Palauan, English

Main exports Fish products, tourism, copra

GDP per capita €8,110 (2000)

Currency US dollar

Exchange rate €1 = USD 0.88
(January 2002)



Background

The Republic of Palau, a newcomer to the Pacific ACP group, is a tightly clustered 200-island archipelago of coral atoll and volcanic origin stretching over 650 km in the western Pacific, southeast of the Philippines. Eight of the islands are permanently inhabited, the largest of which is Babeldaob.

The total land area is 487 km² with an Exclusive Economic Zone of 600,900 km². The largest urban area is the state and island of Koror, which is also the seat of the national government and the civic and commercial centre. A new capital is being built at the island of Babeldaob. The population was estimated at 19,485 in 2000, the majority of which are of Micronesian descent.

In 1994, Palau signed a Compact of Free Association with the US, marking its accession to independence. The Compact will provide Palau with up to \$700 million in US assistance over 15 years in return for furnishing military facilities. This assistance has worked to the economic advantage of Palau – the country has one of the highest living standards in the Pacific.

Besides a large public sector, the economy has a narrow production base consisting primarily of subsistence agriculture and fishing. The country's rich marine resources as well as its unspoiled scenic beauty offer many opportunities for development. The tourism sector presents the greatest potential for growth and is the main private sector activity. A fledgling commercial fishing industry also holds promise for growth. Agriculture is limited because of the small market, which cannot take advantage of economies of scale that make commercial ventures financially successful.

The impending phase-out of US grants presents an incentive for the government to foster private sector growth and expand the base of the economy. The key challenge facing the government is to develop the productive capacity of the economy and to make a successful transition from subsistence to a market-based economy. The government is already committed to take the necessary measures, including fiscal consolidation and structural reform, to develop a sustainable independent economy.

Development co-operation

In the context of the Cotonou Agreement, Palau has been allocated, for the period 2002-2007 (the 9th EDF), an amount of €2 million under the A-envelope for financial and technical co-operation and €0.6 million under the B-envelope. The programme aims to reduce the country's reliance on imported fuels for the generation of energy by using new and renewable sources of energy as well as to support activities by non-state actors.



PAPUA NEW GUINEA

Date of independence 15 September 1975

Total land area 462,840 km²

Total EEZ area 3,120,000 km²

Capital Port Moresby

Population 5,099,200 (2000 est)

Languages Pidgin, English and over 850 others

Main exports Gold, copper, oil, coffee and timber

GDP per capita €830 (2000)

Currency Kina (PGK)

Exchange rate €1 = PGK 3.46 (January 2002)

Background

The Independent State of Papua New Guinea, the largest Pacific ACP country both in land area and population, is one of the most diverse countries in the world. Located in an area with active seismic and volcanic events, its terrain is rugged with a central chain of mountains interspersed by wide valleys and rivers. Its population of about 5.1 million is comprised of ethnic groups who speak more than 850 distinctive languages. With a variety of mineral deposits and a large forest cover rich in bio-diversity, Papua New Guinea (PNG) is also one of the most naturally endowed countries in the world.

The country's topography is a development nightmare. The rugged terrain renders transport and communications both difficult and expensive. Few road networks exist along the coast and virtually none inland. The 20 provinces are not accessible by land. The commonest means of transportation is by air. These physical and social fragmentations have resulted in enclave isolated economies and ineffectual delivery of government services.

At the same time, Papua New Guinea's economic potential is enormous. Its major export earnings are derived not from agriculture where 85% of the active population is employed in subsistence farming, but from minerals (gold and copper) and oil, which together account for two-thirds of total exports. Large deposits of natural gas offer huge commercial possibilities.

Although agricultural expansion is constrained by the communal land tenure system, PNG produces and exports significant amounts of coffee, cocoa, palm and coconut oil, as well as timber.

There is considerable potential for the development of fisheries. The country's Exclusive Economic Zone is proving to be one of the richest fishing grounds in the Pacific Ocean with a sustainable catch of skipjack and surface tuna estimated at around 300,000 tons a year. This amounts to 10% of the current world catch of tuna and about 25% of the total catch in the Western Pacific.

Development co-operation

The EU - one of the most important development partners

Papua New Guinea has been linked to the EU since May 1977 when the trade provisions of Lomé I were applied through a special arrangement. It became a full partner in co-operation following its accession to Lomé I in November 1978.

Through successive Lomé Conventions, the relationship has been significantly strengthened to the extent that the EU is now one of its most important development partners.

Overall EU financial contributions to development efforts up to the end of 2001 have amounted to €655 million. The programmable financial allocations projects have risen significantly from €10 million (under Lomé I) to €23 million and €34 million under Lomé II and III respectively and €44.2 million and €50 million under Lomé IV and IVbis.

Under the Cotonou Agreement, Papua New Guinea has been allocated, over the period 2002-2007, an A-financial envelope worth €81 million and a B-envelope of €35 million, plus €50 million in a SYSMIN allocation from the 8th EDF for the restructuring of the mining sector.



PAPUA NEW GUINEA



Co-operation to overcome obstacles to development

Under Lomé I, the National Indicative Programme (NIP) was principally geared to rural development, which included road infrastructure, storage facilities, rural electrification, technical assistance, microprojects, education and training. The main project involved the reconstruction of a section of the Hiritano highway to the west of the capital Port Moresby. Another project involved the construction of two fisheries vessels.

Lomé II concentrated on economic infrastructure, such as roads, bridges and mini-hydro projects, while Lomé III focused mainly on rural development. Emphasis under Lomé IV and IV bis was on human resource development and the rural environment.

Under the Cotonou Agreement, the focal sectors identified in the Country Strategy Paper for the period 2002-2007 are education, training and human resource development, as well as rural water supplies and sanitation, with a crosscutting non-focal sector for institutional capacity building and governance.

Other instruments benefit development

A number of other EU aid instruments have been used to foster co-operation, the most important of which is Stabex, a key instrument in balance-of-payments support that has accounted for approximately half of all EU aid disbursed. Papua New Guinea is one of the largest beneficiaries of this programme, with transfers amounting to more than €245 million since Lomé I to compensate for the shortfalls in foreign-exchange earnings from coffee, cocoa, palm oil and coconut products.

These transfers have been used for crop improvement through research and extension, agricultural diversification and to support producer prices of the four main crops.

In addition, the country has benefited significantly from the former Sysmin, a special financing facility for countries where mining is important. Under Lomé III, €30 million was provided to mitigating the negative effects from the closure of the Bougainville copper mine. This amount was used to support a road upgrading and rehabilitation programme in the interest of economic diversification and for the construction of the Ramu highway.

Papua New Guinea has been allocated an additional €50 million Sysmin under the B-envelope of the 9th EDF. This amount, which resulted from its entitlements under Lomé IV (8th EDF), will be used to carry out a programme aimed at strengthening the mining sector.

The EU has also given support under its structural adjustment programmes agreed with the Bretton Woods Institutions - €5.8 million was provided to finance import programmes with the counterpart funds generated to support the education budget. The EU also contributed €10.5 million to the reform programme launched by the World Bank and the IMF in 1999. This amount was used to reduce the stock of the country's domestic debts and assist the education and health sectors.

The European Investment Bank has made a significant contribution to co-operation. As there is no national development bank in the country, the Bank of Papua New Guinea (BPNG) was used to organise a two-tier facility with selected financial institutions to on-lend to SMEs in the manufacturing, agro-industry and tourism sectors.

Papua New Guinea

EC assistance (1975-2002)

(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV (¹)	Lomé IVbis (²)	Cotonou Agreement 2002-2007	Total
National Indicative Programme	10.0	23.0	34.5	44.2	50.0	116.0	277.7
Structural adjustment				20.5	10.0	--	30.5
Stabex		50.6	110.0	84.6	-	--	245.2
Sysmin			30.0	-	-	50.0	80.0
European Investment Bank	8.9	61.7	36.5	64.0	35.0	--	206.1
Other (³)			0.8	6.0	0.6	--	7.4
TOTAL	18.9	135.3	211.8	219.3	95.6	166.00	846.9

(1) First Financial protocol, Lomé IV

(2) Second Financial protocol, Lomé IV

(3) Emergency aid, rehabilitation, forestry, NGO and budget lines. The Pacific and the European Union



A major project in 1995 supported the Lihir gold mine. Under Lomé III, EIB risk capital was provided for the Yonki hydroelectric project, the construction of a storage dam and the installation of two new 15 MW generating units at the Ramu power station in the Eastern province.

A pilot environmental and community development programme was funded from the EU Tropical Forestry budget line for the Islands region of Papua New Guinea. The programme assisted local communities in using their forest resources for income-earning opportunities in a sustainable way, particularly through the promotion of eco-forestry. The success of the programme resulted in another being launched in March 2001 funded from the 8th EDF.

The path to peace in Bougainville

The island of Bougainville is situated about 1,000 km from the capital of Port Moresby and is geographically closer to the Solomon Islands. When a permanent cease-fire came into effect in April 1998, it marked the end of a bitter conflict that had raged since 1990.

The conflict had its origins in the islanders' dissatisfaction with the compensation they received from the exploitation of the Panguna copper mine, which was owned by an Australian company. Huge deposits of copper were discovered in Panguna in the centre of the province in 1960. Most of the profits went to the PNG central government and foreign shareholders.

Some Bougainvilleans believed that they were not benefiting from the rich deposits, but were faced with severe environmental problems caused by the mining activities. These grievances triggered a separatist movement seeking independence. For almost nine years, war raged between the central government of Papua New Guinea and the Bougainville Revolutionary Army.

A truce was signed in October 1997 and in April 1998 almost all the parties involved signed a permanent and irrevocable cease-fire agreement. In August 2001 a comprehensive peace settlement agreement was signed between the PNG government and Bougainville leaders. The agreement provides, among other things, for weapons disposal, autonomy for the province and a referendum in ten to 15 years with independence as an option. In March 2002, the parliament passed the bill endorsing the agreement.

The island is faced with a huge reconstruction task. Nine years of war and the economic blockade imposed by the Port Moresby authorities

resulted in the collapse of the economy. The transport and communications infrastructure has suffered serious damage and services are non-existent. Basic healthcare and education provision need to be restored. There is no longer a mining industry on the island and the agricultural sector is functioning well below its production capacity.

The EU is implementing a comprehensive package of aid. Stabex funds have been used to benefit the agriculture sector and projects under the 7th EDF, including rural water supply and eco-forestry projects, were extended to cover Bougainville. Under the eco-forestry programme, there are five operating projects aimed at reconstructing local communities' housing, generating income and creating work for young people, thus improving their skills.

An additional allocation of €5,087,000 is being used for restoring the island, particularly in the agriculture, infrastructure and education sectors. Projects include feeder road improvements, agricultural rehabilitation and the development of vocational and technical schools. The Country Strategy Paper (2002-2007) provides for a fair share of the 9th EDF to be used for projects in the province, paving the way for the consolidation of peace.



Date of independence	1 June 1962
Total land area	2,857 km ²
Total EEZ area	120,000 km ²
Capital	Apia, Upolu
Population	169,889 (2000 est)
Languages	Samoan and English
Main exports	Fresh fish, coconut, copra, beer, kava
GDP per capita	€1,582 (2000)
Currency	Tala
Exchange rate	€1 = WST 3.19 (January 2002)

Background

The Independent State of Samoa (known until 1996 as Western Samoa) comprises two main islands, Upolu and Savai'i, and seven small islands. The country's total area is 2,857 km² and the Exclusive Economic Zone (EEZ) totals 120,000 km². Its population is estimated at about 170,000, with an additional 100,000 Samoans living overseas in New Zealand, Australia and the US. As with many Pacific island countries, emigrants' remittances are an important source of income and ongoing emigration keeps the natural population growth rate within reasonable limits.

Though its EEZ is relatively small and there are no known mineral resources, the country is well endowed with land suitable for agricultural and livestock production. Agriculture is the dominant sector of the economy, characterised by a substantial subsistence base that provides a livelihood for two-thirds of the population. Tourism holds considerable potential for expansion, given the country's natural beauty, its fascinating Polynesian culture and the leisure activities on offer.

Development co-operation

As the first Pacific island state to become independent in 1962, Samoa's co-operation with the EU began in 1975 with its accession to the Lomé Convention. Total financial and technical co-operation over the last 25 years amounts to more than €85 million, including EDF, Stabex, emergency aid and EIB resources, not including the Cotonou allocation.

From the beginning, the energy sector has benefited the most from programmable funds with €4.6 million under Lomé I and €6 million under Lomé II, notably with the Samasoni Hydroelectric Scheme in the late 1970s and the Sauniatu Hydropower Scheme in the early 1980s.

A programme of 260 microprojects was funded involving the development of poultry and pig farming and fisheries, covering 96 villages on the main islands of Upolu and Savai'i. A further €890,000 was allocated to the Western Samoa Development Bank in the form of a credit line to increase the Bank's lending capacity. In addition to programmable aid, from 1975 to 1984 Samoa received 12 Stabex transfers totalling €9.3 million for export losses on copra, wood, bananas and cocoa.

Under Lomé III, the development of hydroelectric power potential continued. In 1980 about 78% of the electricity generated came from diesel plants, but by 1986 it dropped to 26%. The volume of petroleum imports for electricity generation fell considerably in the period 1982 to 1986. With the construction of the Afulilo Hydropower Plant (Lomé III and Lomé IV), these volumes have decreased further bringing positive benefits from foreign exchange savings.

Under the 7th EDF, the EIB loaned €1.5 million to the Development Bank of Samoa for on-lending to SMEs in agro-industry, fisheries, tourism and transport. The Bank provided a further €2 million loan under the 8th EDF. Under Lomé IV a major rural water supply programme (€15.6 million) is being funded. A €1.0 million microprojects programme is underway involving renovation of infrastructure or purchase of equipment for rural communities in the areas of water supply, health, education, tourism, agriculture and fisheries.

Stabex payments under Lomé III amounted to €11.12 million (1985 to 1989) and €5.77 million under Lomé IV (1990 to 1994). Payments compensated losses in export earnings of coconut oil and copra, cocoa beans and wood in the rough. A further sum of €660,896 was allocated in emergency aid to Samoa in 1983 after a serious fire on Savai'i and in 1990 and 1991 after the disastrous cyclones Dfa and Val.

Under Cotonou, the Country Strategy Paper proposes to use the funds of the A-envelope (€20 million) to improve public health by water supply and sanitation projects together with micro-project programmes at village level. The B-envelope amounts to €7.1 million.



Samoa
EC assistance (1975-2002)
(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou	Total
National Indicative Programme	4.60	6.20	9.00	9.00	14.20	20.00	70.10
						+7.10	
EIB loans + risk capital	-	3.32	4.20	6.50	2.00		16.02
Stabex	2.84	6.49	11.12	5.77	-		26.22
Emergency aid	-	0.14	0.22	0.30	-		0.66
TOTAL	7.44	16.15	24.54	21.57	16.20	27.10	113.00



Date of independence	7 July 1978
Total land area	28,446 km ²
Total EEZ area	1,630,000 km ²
Capital	Honiara, Guadalcanal
Population	416,195 (2000 est)
Languages	English and Pidgin (official) and about 90 indigenous languages
Main exports	Logs, fish, palm oil, cocoa beans, copra
GDP per capita	€440 (2001)
Currency	Solomon Islands dollar (SBD)
Exchange rate	€1 = SBD 4.91 (January 2002)



Background

Solomon Islands, formerly known as the Happy Isles or the Islands Lost in Time, is made up of six large islands, 20 smaller ones and hundreds of small islets and coral reefs. The country is renowned because of the Battle of Guadalcanal in 1942, one of the bloodiest of the Second World War, in which tens of thousands of Japanese and American soldiers died.

The most heavily populated islands are Malaita and Guadalcanal. The main urban centre, Honiara, in the northwest of Guadalcanal, which became the Solomon Islands capital after World War II, has a population of some 45,000. The main islands are rugged and mountainous, covered with tropical rainforest and with limited arable land. However, agriculture remains the main activity for about 85% of the population. The population growth rate is one of the highest in the world (2.8%); about 94% is Melanesian, the remaining are Polynesian and Micronesian.

The country is richly endowed with natural resources, particularly forests, which are under constant threat of over-exploitation. There are considerable marine resources whose exploitation has been sustainable, but which need to be carefully guarded. In addition to industrial fishing, marine resources are important as a source of dietary protein.

Following independence, Solomon Islands remained a member of the Commonwealth as a constitutional monarchy represented by a Governor-General. The prime minister heads the Government and the legislature is the unicameral 50-seat National Parliament formed by multiparty members elected for a four-year term.

Ethnic conflicts between inhabitants of Malaita and Guadalcanal in 1999 and 2000 had very negative impacts on the social and economic development of the country. The government elected in December 2001 is trying to restore peace and economic growth, with the support of the international community.

Development co-operation

Under the first and second Lomé Conventions, support focused on transport, communications, conservation of natural resources and rural development. The quality of telephone communications was vastly improved and six airstrips were equipped with navigational aids. Reforestation projects made significant progress under Lomé I and II, and microproject programmes contributed to rural development.

The Lomé III and IV National Indicative Programmes emphasised rural development by strengthening the smallholder sector directly in terms of its capacity to produce and earn income from exports (cocoa, copra, chillies, fisheries, clams) and indirectly by improved access to markets by investments in rural infrastructure.

At the same time, efforts were made to improve the quality of rural health services and to train young people for skills applicable in village life. The most important rural project is the Malaita Rural Infrastructure Project (€7.2 million), opening up isolated agricultural areas.

Special emphasis is given to rural youth who have no access to secondary schooling or who fail to meet the selection criteria. This involves assistance to a network of 42 rural training centres, involving about 3,000 students.

Island life is always linked to fishing, which provides protein and cash incomes for a growing part of the rural population. Rural fishing enterprise projects aim to create or revive village co-operative fishing by providing basic equipment, teaching improved techniques and organising marketing facilities in Honiara.

The substantial Stabex allocations under the 8th EDF (€71 million in total) are mainly allocated to education (37%) and inter island transport (35%).

Under the allocation in the framework of the Cotonou Agreement (9th EDF), Solomon Islands will receive €14.5 million. Of the A-envelope (€6.7 million), 85% will support continuation of the microprojects programme. The B-envelope amounts to €7.8 million.

Solomon Islands

EC assistance (1975-2002)
(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou	Total
NIP:							
-Grant	9.90	12.00	15.00	20.90	19.00	14.50	91.30
-Risk capital			2.00	2.00		(A+B-envelope)	4.00
Stabex	2.20	4.20	31.30	6.80	71.00	-	115.50
Emergency aid			0.43	0.02	-		0.45
Structural Adjust. support					4.30	-	4.30
Budget lines				0.45	0.90		1.35
TOTAL	12.10	16.20	48.73	30.17	95.20	14.50	216.90



TONGA



Date of independence 4 June 1970

Total land area 699 km²
(some 169 islands, 45 inhabited)

Total EEZ area 700.000 km²

Capital Nuku'alofa, Tongatapu

Population 98,840 (2000 est)

Languages Tongan and English

Main exports Squash pumpkin, fish, vanilla

GDP per capita €1,720 (2000)

Currency Pa'anga (Tonga \$ - TOP)

Exchange rate €1 = TOP 1.95



Background

The people of the Polynesian Kingdom of Tonga, just west of the international dateline, are the first in the world to see each new day. The Kingdom covers nearly a thousand times more sea than land. Comprising 169 islands, of which only 45 are inhabited, with a total land area of 699 km², Tonga is formed of four main island groups – Tongatapu, Ha'apai, Vava'u and Niua.

Agriculture is the principal economic sector. It provides a livelihood for two-thirds of the population and accounts for about one-third of GDP. The copra and banana sectors, which dominated exports in the 1970s and 1980s, have been replaced by squash-pumpkin exports to Japan as well as by exports of vanilla and various root crops (cassava, taro and yams). The high reliance on squash pumpkins and their somewhat volatile export performance has led to a precarious balancing of the economy and efforts to diversify.

The potential of fisheries is significant, but at present accounts for just 5% of GDP. A small manufacturing sector is concentrated mainly at the Small Industries Centre located outside Nuku'alofa.

Tonga's physical beauty and highly traditional society make it a popular tourist destination, attracting tens of thousands of visitors each year. Tourism provides full-time employment for around 1,500 people and earns about €10 million annually.

Development co-operation

Since 1975, grant aid and loans total more than €50 million (Lomé I-Lomé IV), NIP funds amount to €26.8 million and Stabex funds to €12.0 million; interest subsidies, risk capital, EIB loans and emergency aid comprise the remainder.

Under Lomé I funds were directed principally towards the construction of the wharf at Neiafu/Vava'u and funding for the Ministry of Works to procure road maintenance equipment, build schools, rural health centres and small wharves at Ha'apai and Vava'u. Remaining funds were used to finance studies involving dredging, trade promotion and designs for Vava'u and Fuaa fisheries harbours.

Lomé II funds focused on the fisheries sector, and on initiating works relating to the upgrading of the Vava'u airport. Projects in the fisheries sector aimed at encouraging fishermen to undertake commercial fishing to meet local demand. To this end, the Fuaa Fisheries Harbour for small boats was built and marketing and cold storage facilities provided.

Located in the north of the Kingdom, Vava'u is the second group of islands both in terms of population (16,000) and land area. With an abundance of natural resources, the agricultural and tourism potential of Vava'u was perceived to be greater than that of other island groups, but was largely untapped. Under Lomé III and IV the airport was upgraded (€24 million), and the €5 million Vava'u Development Programme provided photo-voltaic equipment for household energy needs, supplied equipment for vocational training colleges and built a health clinic, new market and an agricultural quarantine station.

Subsequent projects developed the Neiafu urban area, including upgrading the town centre, improving roads and harbour facilities as well as water distribution. Agriculture, fisheries and tourism have been the focus of 8th EDF funding (Lomé IVbis).

Tonga has received €12.0 million in Stabex transfers for losses in export earnings of coconut products, bananas and vanilla. It also received emergency aid in 1977 following an earthquake and in 1982 following Hurricane Isaac. EIB financing has increased the Tonga Central Bank's lending capacity to small and medium-sized enterprises.

The programming of the 9th EDF allocation (A-envelope €3.7 million) is focusing on an education sector support programme, mainly for the Vava'u island group. The B-envelope amounts to €2.0 million.

Tonga

EC assistance (1975-2002)

(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou	Total
National Indicative Programme	3.20	4.10	6.50	6.00	7.00	3.70 (A) +2.00 (B envelop)	32.50
EIB loans + risk capital	-	2.30	3.80	3.70	1.50		11.30
Stabex	1.20	4.00	4.33	2.02	0.45		12.00
Other (emergency aid, NGO projects)							
AIDS control, environment	0.10	1.40	-	-	0.14		1.64
TOTAL	4.50	11.80	14.63	11.72	9.09	5.70	57.44



Date of independence 1 October 1978

Total land area 26 km²
(a group of atolls, eight inhabited islands)

Total EEZ area 757,000 km²

Capital Funafuti

Population 9,900 (2000 est)

Languages Tuvaluan and English

Main exports Stamps and copra

GDP per capita €920 (2000)

Currency Australian dollar (AUD)

Exchange rate €1 = AUD 1.74
(January 2002)



Background

Tuvalu is one of the smallest and most remote of the Pacific ACP countries. Its nine coral atolls extend over 560 km and at no point is the land more than five metres above sea level. Because of this atoll terrain, there are no rivers and the land is infertile. There are a few local products, such as coconuts, bananas and breadfruits, however, the country is heavily dependent on imports to cover its basic needs. Its exports are extremely limited, consisting of copra and stamps, however, the country earns significant income from the sale of internet domain.tv.

With a huge Exclusive Economic Zone - 30,000 times as large as its land area - the fisheries sector holds considerable potential. At present the country has neither the financial nor the human resources to develop the sector independently, but it obtains revenue from the licences granted to foreign fishing vessels. Additional sources of revenue include remittances from the numerous Tuvaluans working abroad.

The islanders of Tuvalu are Polynesians and until independence in 1978 their islands were combined with Micronesian neighbours in the north to form the Gilbert and Ellice Islands. Of the 9,900-strong population of Tuvalu, some 4,000 live in or around the capital Funafuti.

Development co-operation

Since Tuvalu's independence in 1978 it has been allocated €6.8 million in grant aid under Lomé I to Lomé IV and €4.4 million in assistance from the European Investment Bank. Under Lomé I, the allocation (€600,000) was used to provide equipment in the energy sector and for microproject programmes aimed at improving copra storage facilities and improving access to drinking water.

The Funafuti power plant and the microproject programmes were continued under Lomé II together with a project to upgrade the electrical system and a coastal protection programme to prevent erosion by constructing of coastal defences on all the islands. Coral-based seawalls have proved inadequate in the past. Such protection is critical because the population is concentrated on the rural coastal area and grows its main staple crops (taro and pulaka) on land that is vulnerable to flooding by seawater.

Lomé III projects focused on economic infrastructure with 70% of resources being allocated to extending the coastal protection programme and 30% to electricity generation. In the energy sector, funds were used to provide solar power for domestic lighting to households on the outer islands and to upgrade the electricity supply system on the main island.

The greater part of the Lomé IV allocation went to a fuel import programme aimed at providing balance-of-payments and budgetary support to the government, which uses the funds to finance health and education. Primary schools on two outer islands were also rehabilitated. The Lomé IVbis allocation focuses on projects in the education and environment sectors.

Tuvalu has received Stabex transfers totalling €485,256 for losses of earnings on copra. Under the 9th EDF, it has been allocated €4.0 million of which €3.3 million comes within the A-envelope (to be used for social sector development) and €0.3 million from the B-envelope.

Tuvalu

EC assistance (1975-2002)

(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou	Total
NIP	0.60	1.00	2.00	1.30	1.90	4.00	10.80
Stabex	0.17	0.14	0.14	0.03	0.00		0.48
Emergency aid				0.02	0.00		0.02
TOTAL	0.77	1.14	2.14	1.35	1.90	4.00	11.30

VANUATU

Date of independence 30 July 1980

Total land area 12,189 km²
(12 main and over 70 small islands)

Total EEZ area 680,000 km²

Capital Port Vila, Efate

Population 197,000 (2000 est)

Languages English, French and Bislama,
and about 100 indigenous
languages

Main exports Copra, beef, sawn timber

GDP per capita €1,100 (2000)

Currency Vatu (VUV)

Exchange rate €1 = VUV 129.67



Background

The Republic of Vanuatu, an archipelago of 80 islands, has a land surface of just over 12,000 km² and an Exclusive Economic Zone of about 680,000 km². The majority of the population is Melanesian and 25% live in the two largest towns: the capital Port Vila on Efate, and Luganville on Espiritu Santo. Because of migration to the capital, Efate has the fastest-growing population.

More than 100 languages exist on the islands, however Bislama is popularly spoken and the official languages – French and English – are used in schools, the civil service and in business. Before independence, Vanuatu since 1906 had been administered as the Anglo-French condominium, the New Hebrides.

Agriculture is the most important sector of the economy. Like other Pacific island countries, the traditional cash crop, copra, has suffered from the collapse of world market prices in recent years. The livestock sector is important for both the domestic and export markets. Cocoa, sawn timber and vanilla are also exported. Fisheries provide income in the form of licence fees and from small-scale fishing operations. Most of the country is covered by natural forests, a potential benefit where exploitation is sustainable.

The formal economy is dominated by services, including government, tourism (a growth sector) and an offshore financial centre. The country also has a small manufacturing sector (involved principally in the processing of imported products).

Development co-operation

Vanuatu was allocated €2.8 million and €4.5 million under Lomé I and II, with programmable aid destined mainly to finance development projects in rural areas. A coconut development project (€2.1 million) encouraged smallholders to rejuvenate stands by planting new varieties and replacing non-productive trees. In the fisheries sector, numerous small-scale village projects were started. Further assistance supported a livestock programme and microprojects.

Rural development was the priority under Lomé III. A cultural co-operation project funded the establishment of a cultural and historical site survey, recording Vanuatu's rich cultural and archaeological heritage. Under Lomé IV, the emphasis shifted to infrastructure involving building or upgrading main roads on six islands and improving 46 primary schools. An 8th EDF project aims to increase the number and quality of junior secondary schools in rural areas and to build a library for the Teachers' College.

The EIB has provided finance for the Vanuatu Development Bank – in risk capital and for on-lending to smallholders – in the amount of €2 million. Stabex payments have totalled €32.15 million, primarily for copra losses. Emergency aid of €834,000 was granted in the wake of six cyclones between 1985 and 1993 and the volcanic eruption in 2001.

Funding was provided in 1998-1999 for technical assistance for the Vanuatu Ombudsman's Office. The forestry sector has benefited from projects to encourage small-scale, sustainable forestry industry (saw milling) and a study to identify investment opportunities for private forestry development. The three-year Landowner Awareness and the Reforestation project started in March 2001.

Under the 9th EDF, Vanuatu has been granted €15.3 million of which €12 million comes within the A-envelope and €3.3 million is inside the B-envelope. Projects will focus on human resource development.

Vanuatu

EC assistance (1975-2002)

(Allocations in € million)

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IVbis	Cotonou	Total
National Indicative Programme	2.80	4.50	6.70	7.60	10.50	11.00	43.10
EIB loans - risk capital		2.00			5.00		7.00
Stabex	0.70	8.90	19.30	2.60	0.65		32.15
Structural Adjust. Support					1.60		1.60
Emergency aid		0.10	0.60		0.14		0.84
Co-financing with NGOs				0.29			0.29
Budget line for:							
— tropical forestry					0.27		0.27
— human rights					0.55		0.55
TOTAL	3.50	15.50	26.60	10.49	18.71	11.00	85.80



New Caledonia



French Polynesia

OVERSEAS COUNTRIES AND TERRITORIES (OCTs) – PACIFIC REGION

Since its foundation, the EU has provided assistance to its Overseas Countries and Territories (OCTs). In the Pacific, the Territories of New Caledonia, French Polynesia and Wallis and Futuna are under French administration, while Pitcairn is under British administration.

The three French Territories have small populations – New Caledonia has 205,000 inhabitants, Wallis and Futuna 14,000 and French Polynesia 225,000. Their economies are heavily dependent on transfers from metropolitan France. Wallis and Futuna is still a subsistence economy and is dependent on French funding of infrastructure and ongoing expenditures.

French Polynesia's economy has been transformed by French transfers for more than 30 years, linked to nuclear and military activities in the territory. With the ending of these activities and the associated transfers – exacerbated by a huge trade imbalance – the Territory is restructuring its economy and developing its potential, with French aid.

The population of Pitcairn, the only Pacific British OCT, is around 50. OCTs receive individual and regional allocations from the European Development Fund, including non-programmable aid, such as cyclone recovery aid.

New Caledonia

In the past, the EU's co-operation programme has contributed to sectors such as agriculture, transport, energy and training. With an allocation of €12.5 million for the period 1990-1995, assistance was given to the development of economic and social infrastructure, the development of human resources and to economic diversification.

In addition, a number of other activities benefiting the development of human resources are being carried out, including support to the business school run by the Chamber of Commerce and to vocational training. New Caledonia also benefited from Sysmin, the special mining facility set up for those OCTs (and ACP countries) whose mining sectors occupy an important place in their economies.

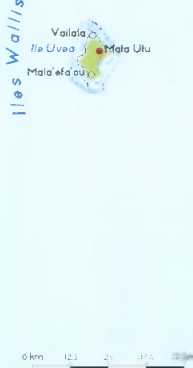
New Caledonia's allocation for the period 1995-2000 was €15.8 million, used for infrastructure development, partial urban environment improvement, the construction of fisheries facilities and a cold chain for products in Nouméa. The Authorities presented a request for a 8th EDF Sysmin intervention, which has been considered eligible during the diagnostic study. The allocation of €2.5 million may be used to support the mining sector in the areas of training, environmental and prospecting activities.

French Polynesia

Assistance from the €13.1 million allocation in the period 1990-1995 concentrated primarily on marine biological resources with continued support to the black pearl industry, the country's major export earner. It also focused on the development of a tuna fishing fleet and the environment, the preservation of which is essential for the maintenance and development of tourism, from which the Territory also derives significant earnings. A large urban sewerage project was implemented on the island of Tahiti.

French Polynesia's allocation for the period 1995-2000 was €14.1 million, which supported an environmental improvement programme for Bora-Bora, the development of the pearl sector and a general study fund.





Wallis and Futuna



Pitcairn



Wallis and Futuna

Infrastructure projects have absorbed the greater part of the assistance provided. Past projects have included a wharf extension in Wallis, the electrification of Futuna and road works. The 1990-1995 allocation of €4.6 million concentrated on the development of economic infrastructure, in particular on road construction and/or improvements.

Wallis and Futuna's allocation for the period 1995-2000 of €6.4 million covered the development of maritime infrastructure and environmental preservation.



Pitcairn

The 1995-2000 allocation of €0.35 million received for the first time is being spent on road construction.

OCTs - Pacific Region

EC assistance (1975-2002)

(Allocations in € million)

	EDF 4	EDF 5	EDF 6	EDF 7	EDF 8	Total
New Caledonia	3.30	7.30	7.85	12.50	15.80	46.75
French Polynesia	3.10	6.40	8.25	13.10	14.10	44.95
Wallis and Futuna	2.40	2.50	3.75	4.6	6.40	19.65
Pitcairn					0.35	0.35
Regional programmes		1.10	4.10	5.40		10.60
Stabex (French Polynesia)			3.917	0.933		4.85
Sysmin (New Caledonia)			0.80	0.023		0.82
Emergency aid						
— New Caledonia			0.085	0.25		0.335
— Wallis and Futuna				0.10		0.10
EIB loans						
New Caledonia					2.00	
— risk capital		1.00	3.00	6.00		10.00
— own resources	7.00			4.00	5.00	13.00
French Polynesia						
— risk capital	0.85	1.50	3.00	5.00		15.35
— own resources		4.00	7.00	5.00	5.00	21.00
Interest rate subsidies (total for French Pacific OCTs)		2.02	0.87	2.18	0.57	5.64
TOTAL	16.65	25.82	42.62	59.08	49.22	193.39

Abbreviations

ACP

African, Caribbean and Pacific countries

AOSIS

Alliance of Small Island States

APEC

Asia-Pacific Economic Co-operation

CDE

Centre for the Development of Enterprise

CFSP

Common Foreign and Security Policy

CROP

Council of Regional Organisations in the Pacific

CSP

Country Strategy Paper

DOM

French Overseas Departments

DSAP

Development of Sustainable Agriculture Programme

DWFN

Distant Water Fishing Nations

EBA

Everything But Arms trade initiative

EBAS

EU-ACP Business Assistance Scheme

EC

European Commission

ECHD

European Community Humanitarian Office

ECSC

European Coal and Steel Community

EDF

European Development Fund

EEZ

Exclusive Economic Zones

EIB

European Investment Bank

EPA

Economic Partnership Agreement

EU

European Union

FFA

Forum Fisheries Agency

FEMM

Forum Economic Ministers Meeting

FSM

Federated States of Micronesia

GATS

General Agreement on Trade in Services

HRD

Human Resource Development

IMF

International Monetary Fund

INTERREG

The EU's Inter-Regional Co-operation programme

LDC

Least Developed Countries

LDLICs

Landlocked and Island ACP States

MS

Member States (EU)

MSG

Melanesian Spearhead Group

NARES

National Agricultural Research and Extension Services

NGD

Non-governmental organisation

NIP

National Indicative Programme

DCT

Overseas countries and territories associated with the EU

OECS

Organisation of Eastern Caribbean States

OFF

Oceanic Fisheries Programme

PACER

Pacific Area Closer Economic Relations Agreement

PACP

Pacific ACP countries

PICTA

Pacific Island Countries Trade Agreement

PIDP

Pacific Islands Development Programme

PIFS

Pacific Islands Forum Secretariat

PNG

Papua New Guinea

PRD€INVEST

Promotion of foreign direct investments (EU-driven)

RIP

Regional Indicative Programme

RMI

Republic of the Marshall Islands

SIDS

Small Island Developing States

SMEs

Small-to-medium sized enterprises

SOPAC

South Pacific Applied Geo-science Commission

SP

Sugar Protocol

SPARTECA

South Pacific Area Regional Trade and Economic Co-operation Agreement

SPC

Secretariat of the Pacific Community

SPREP

South Pacific Regional Environment Programme

SPTO

South Pacific Tourism Organisation

STABEX

Scheme for Stabilisation of Export Earnings

SYSMIN

Special financing facility for mining products

TVET

Technical Vocational Education and Training

UN

United Nations

UNCLOS

UN Convention on the Law of the Sea

USP

University of the South Pacific

WTO

World Trade Organisation

Useful sites

African, Caribbean and Pacific Group of States (ACP Group) – General Secretariat:
<http://www.acpsec.org>

Alliance of Small Islands States (AOSIS):
<http://www.sidsnet.org/aosis>

Caribbean Community and Common Market (CARICOM):
<http://www.caricom.org>

Center for the Development of Enterprise (CDE):
<http://www.cde.int>

EU-ACP Business Assistance Scheme (EBAS):
<http://www.ebas.org>

Fiji School of Medicine
<http://www.fsm.ac.fj>

Forum Fisheries Agency (FFA):
<http://www.ffa.int>

Pacific Islands Development Programme (PIDP):
<http://www.eastwestcenter.org/pidp-ab.asp>

Pacific Islands Forum Secretariat (PIFS):
<http://www.forumsec.org.fj>

Secretariat of the Pacific Community (SPC):
<http://www.spc.org.nc>

Small Islands Developing States Network (SIDS)
<http://www.sidsnet.org>

South Pacific Applied Geo-science Commission (SOPAC):
<http://www.sopac.org.fj>

South Pacific Regional Environment Programme (SPREP):
<http://www.sprep.org.ws>

South Pacific Tourism Organisation (SPTO):
<http://www.tcsop.com>

University of the South Pacific (USP):
<http://www.usp.ac.fj>

European Commission:
<http://europa.eu.int/comm>

DG Development:
<http://europa.eu.int/comm/development>

DG Fisheries:
<http://europa.eu.int/comm/fisheries>

DG RELEX:
http://europa.eu.int/comm/external_relations

DG TRADE:
<http://europa.eu.int/comm/trade>

ECHO:
<http://www.europa.eu.int/comm/echo>

EuropeAid:
<http://www.europa.eu.int/comm/europeaid>

European Investment Bank:
<http://www.eib.org>

Information Society (INFOS):
http://europa.eu.int/information_society

Press:
http://europa.eu.int/comm/press_room

Publications Office:
http://publications.eu.int/general/en/index_en.htm

International Monetary Fund (IMF):
<http://www.imf.org>

Organisation for Economic Co-operation and Development (OECD):
<http://www.oecd.org>

United Nations (UN):
<http://www.un.org>

World Bank:
<http://www.worldbank.org>

World Trade Organisation (WTO):
<http://www.wto.org>

Development agencies in Member States

Austria:
Austrian Development Co-operation (ADC)
<http://www.bmaa.gv.at>

Belgium:
Directorate-General for International Co-operation (DGIC)
<http://www.dgic.be>

Denmark:
Danish International Development Assistance (DANIDA)
<http://www.um.dk/danida>

Finland:
Finnish Department of International Development Co-operation (FINNIDA)
<http://global.finland.fi>

France:
Agence française de Développement (AFD)
<http://www.afd.fr>

Haut Conseil de la Coopération internationale (HCCI)
<http://www.hcci.gouv.fr>

Germany:
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
<http://www.bmz.de>

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)
<http://www.gtz.de>

Greece:
Ministry of Foreign Affairs
<http://www.mfa.gr/english/index.html>

Ireland:
Irish Aid – Department of Foreign Affairs
<http://www.irlgov.ie/iveagh/irishaid>

Italy:
Ministry of Foreign Affairs
<http://www.esteri.it>

Luxembourg:
Agence luxembourgeoise pour la Coopération au Développement (Lux-Development)
<http://www.lux-development.lu>

Netherlands:
Ministerie van Buitenlandse Zaken
<http://www.minbuza.nl>

Portugal:
Instituto da Cooperação Portuguesa (ICP)
<http://min-nestrangeiros.pt/mne/portugal/icoop/>

Spain:
Agencia Española de Cooperación Internacional (AECI)
<http://www.aeci.es>

Sweden:
Swedish International Development Co-operation Agency (SIDA)
<http://www.sida.se>

United Kingdom:
Department for International Development (DFID)
<http://www.dfid.gov.uk>

Further information may be obtained from the Delegations and Offices of the European Commission in the following countries:

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- Pitcairn
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Port-Vila
Tel: (678) 22.501
Fax: (678) 23.282
E-mail: mailto:delvut.cec.eu.int

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