

THE SOUTH PACIFIC ISLANDS: NEW FOCUS NEEDED FOR U.S. POLICY

INTRODUCTION

For many Americans, mention of the South Pacific still evokes images only of World War II battles or idyllic tropical vacation retreats. Today, however, the South Pacific is becoming increasingly important to the U.S. for strategic, political, and economic reasons. And for these same reasons the region also is attracting Moscow's attention. As such, Washington no longer can afford a policy of benign neglect toward the 4.7 million inhabitants of the nations and territories formed by the South Pacific's more than 1,300 islands and atolls.

The current generation of Pacific Islands leaders generally favors the U.S.; they are, moreover, solid pragmatists not likely to be swayed by leftist ideologies that could imperil their citizens' national interests. Yet this leadership generation is aging. Its successors will have no recollection of being protected or liberated by the U.S. during and after World War II. Subjected to different influences, the new leaders could be wooed by Moscow or might be tempted to join the Third World political bloc.

Washington thus must devise policies to encourage the Pacific nations to support the U.S. in Pacific region matters and at such international bodies as the United Nations. In the face of Third World radical propaganda, more effort should be made to present the U.S. viewpoint. The island nations should be discouraged from going the way of New Zealand, which is jeopardizing its security and alliance with the U.S. by barring U.S. nuclear-powered or armed naval vessels from New Zealand ports.

In fact, Pacific islanders are far more concerned with the issues of fishing, nuclear testing, and dumping than with global geopolitical matters. And for this reason, Washington must move

geopolitical matters. And for this reason, Washington must move quickly to address such island concerns. By law, the U.S. does not recognize any national jurisdiction over tuna beyond territorial waters. This angers the islanders, who claim jurisdiction over tuna up to 200 miles from their shores. Quick completion of the regional fisheries agreement that the U.S. and the island states have been negotiating since 1983 will go far to meet islanders' concerns that they are not benefiting from resources they perceive as their own. However, additional fishing fees resulting from the agreement will not meet their economic needs. The U.S. thus should be prepared to offer assistance that will enable the islanders to establish a regional fishing capability and the necessary infrastructure to better sustain their economies. More frequent visits by U.S. officials and possibly more diplomatic posts would be helpful. In addition, the U.S. should accord greater recognition to island leaders sympathetic to U.S. concerns.

THE SOUTH PACIFIC ISLANDS--OVERVIEW

When World War II ended, six colonial powers--Australia, France, New Zealand, the Netherlands, the United Kingdom, and the U.S.--were administering the Pacific island dependencies. Today, all the islands are independent with the exception of: American Samoa, which is self-governing but supervised by the U.S.; the French territories of French Polynesia, New Caledonia, and Wallis and Futuna; the Pitcairn dependency, whose 63 inhabitants are governed by Britain; Tokelau, a New Zealand territory; and Niue and the Cook Islands, which are self-governing but associated with New Zealand.

The independent South Pacific states range from Papua New Guinea with three million inhabitants and Fiji with 588,000 inhabitants to Nauru and Tuvalu each with fewer than 8,000 inhabitants on a territory of about 10 square miles. In total, the Pacific states, islands, and atolls cover roughly 5.6 million square miles, of which 70 percent is ocean. Papua New Guinea (PNG) comprises 70 percent of the total population and Fiji 14 percent (see Appendix).

Unemployment on the islands is high and subsistence agriculture is a major source of employment. Nauru, however, has grown rich on phosphates, while PNG possesses huge copper deposits. On the other hand, many small islands possess nothing beyond meager copra production to sustain them. With burgeoning populations, most of the islands face the problem of unemployed urban youth.

The Cook Islands, Niue, Tonga, Tuvalu (formerly the Ellice Islands), and the Samoas are ethnically Polynesian. In small, remote Nauru, the Micronesian, Melanesian, and Polynesian strains are mixed, with Polynesian predominating. New Caledonia, PNG, the Solomon Islands, and Vanuatu (formerly the New Hebrides) are

Melanesian. Fiji lies in the Melanesian area, but indigenous Fijians are a mixture of Polynesian and Melanesian. Fiji's Indian population, descendants of indentured sugar cane laborers, now outnumbers the indigenous Fijians. Kiribati (formerly the Gilbert Islands) is part of Micronesia.

The Pacific Islands' leaders often provide religious as well as political leadership. Fundamentally they are pro-Western, but mounting economic problems may prompt them to accept Soviet aid offers. The younger island generation, largely ignorant of Soviet actions in distant Poland and Afghanistan and uninformed about the growing Soviet military force in the Pacific, has little hesitation about dealing with Moscow. The U.S., on the other hand, being much more visible in the Pacific, is blamed for many problems and castigated for an allegedly poor record in American Samoa and for intervention in Grenada.

Their small, sometimes miniscule, size plus their distance from each other and from important centers make the independent island nations economically vulnerable. Low foreign exchange reserves and unfavorable balances of payment are common. The smallest states are dependent on outside aid to reach minimum standards of health, housing, and water supply. Such natural disasters as cyclones periodically devastate parts of the region.

Fiji

The most developed South Pacific nation is Fiji. It has a fairly high living standard, a life expectancy of 70 years, an educated, skilled workforce, and a good infrastructure. It is building an excellent road system and rural electrification network. Modern development depends on imported oil, and this accounts for the increasing trade deficit. Agricultural diversification is being encouraged to reduce dependency on sugar and ginger exports. Agriculture and tourism are beginning to attract foreign investment, while fishing, aquaculture, shipbuilding and repair are being developed.

The visit to Washington last November of Prime Minister Ratu Sir Kamisese K.T. Mara demonstrated Fiji's importance. He spoke of U.S. aid as an effective guarantee of peace and stability. He shares U.S. concerns about the European Common Market's subsidized sugar exports that are undercutting the world market. Fiji wields influence because it is an active member of the United Nations. Some U.N. regional agency headquarters are situated in Suva, Fiji's capital. Suva is also the site of the University of the South Pacific, where the youth of the islands come together.

President Reagan expressed his appreciation to Ratu Mara for Fiji's responsible role in world affairs--in contributions to U.N. peacekeeping forces in Sinai and Lebanon, leadership in condemning the Soviet invasion of Afghanistan, support for U.S. actions in Grenada, and permitting the visits of U.S. Navy ships. For this reason, the U.S. has implemented a military aid program with Fiji that includes money for training assistance and funds

to be applied to the purchase of a new Fijian Army standard rifle--the U.S. M-16A2. Total FY 1985 military assistance was \$400,000, and the same is being proposed for FY 1986. While Fiji remains nonaligned, well-equipped Fijian forces would contribute greatly to regional stability.

Papua New Guinea

Papua New Guinea has great development potential. It boasts one of the Pacific Islands' most heterogeneous populations, autonomous communities who speak discrete languages and are separated by difficult terrain. Market sectors, based on mineral exploitation and tropical crops, exist alongside a subsistence economy.

Though susceptible to commodity price fluctuations, Papua New Guinea's economy has performed well in recent years, posting 4.9 percent GNP growth in 1984. Fishing and industries that require small initial investment, such as clothing, furniture, jewelry, food, and beer, are being developed. But all forms of development--social, political, and economic--are hindered by transportation problems.

THE SOUTH PACIFIC FORUM

The South Pacific Forum was established in 1971 as a vehicle for political discussions among Pacific leaders, including those from Australia and New Zealand. The Forum has supported the creation of various regional organizations such as the Pacific Forum Line, the South Pacific Bureau of Economic Cooperation, and the South Pacific Fisheries Agency.

The Forum has been increasingly successful in finding solutions to regional problems and has become a powerful regional voice. In response to Forum protests, for example, Japan postponed its plan to dump low-level nuclear waste in an ocean trough 550 miles southeast of Tokyo. Despite the many nationalities of the South Pacific, the Forum has avoided racial friction. Its activities are characterized by discussion and consensus.

The Sixteenth South Pacific Forum, which convened early this month in Raratonga, the Cook Islands, produced a treaty declaring the South Pacific a nuclear free zone. It prohibits the acquisition, manufacturing, testing, or stationing of nuclear weapons in the region. However, the treaty allows for the transit of nuclear-armed and nuclear-powered warships and allows individual states to determine port access policies for such vessels. The treaty has been signed by eight Pacific nations, including Australia and New Zealand. There are three protocols. The first invites the U.S., France, and Great Britain to "apply provisions of the treaty" to their South Pacific territories. The second and third invite the five nuclear powers (Britain, The People's Republic of China, France, the USSR, and the U.S.) to pledge not

to use or threaten to use nuclear weapons against parties to the treaty, and not to test nuclear weapons within the zone.

The island states intensely oppose French nuclear testing at Mururoa, but are divided on the issue of banning nuclear-armed or nuclear-powered ships. Fiji and Papua New Guinea understand the U.S. requirement for nuclear-powered and armed ships and welcome a U.S. naval presence. New Zealand, on the other hand, though nominally allied with the U.S., bans U.S. Navy nuclear ships.¹ Vanuatu and New Zealand both favor a nuclear free zone that would ban the presence of nuclear-armed or powered ships. Australia insists, however, that nuclear-armed or powered ships must have the right of passage through the area.

REGIONAL ECONOMIC ASSISTANCE

Historical and regional interests have made Australia, New Zealand, Britain, and France the main outside economic forces in the South Pacific. Multilateral donors such as the Asian Development Bank, European Economic Community, and U.N. Development Program account for a smaller proportion of economic assistance. The U.S. contribution is very small; this year it comprises only one percent of total aid to the region.

A U.S. development assistance effort has been active in the South Pacific since 1978. The Agency for International Development (AID) has active programs in the Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu, and Western Samoa. Total U.S. economic assistance to the island states thus far has been about \$65 million. AID's FY 1986 request is for \$5 million, a 15 percent decrease from FY 1985. About 70 percent of the AID money budgeted for the South Pacific is administered through private voluntary organizations (PVOs) and the Peace Corps. Major PVOs include the Foundation for the People of the South Pacific, YMCA, and Red Cross. Currently, there are about 290 Peace Corps volunteers in the island states.

Starting with FY 1986, Fiji will be the recipient of the region's first direct U.S. bilateral assistance program. The initial request for \$1.5 million in Economic Support Funds is a result of Reagan's offer to Fijian President Ratu Mara during his November 1984 visit. This offer was made in recognition of Fiji's strong pro-Western stance on several regional and global issues, its contributions to U.N. peacekeeping forces, and its allowing the visits of U.S. Navy ships.

The U.S. program concentrates on rural self-help development projects with the major focus on improved agriculture and health services. Managerial training is a major component of U.S. aid. Except for Fiji, there is a serious shortage of nationals with

¹ See Dora Alves, "The U.S. and New Zealand: Trouble Down Under," Heritage Foundation Asian Studies Center Background No. 18, November 14, 1984.

managerial skills. The largest AID program is a \$7.7 million FY 1980 to 1986 agricultural development grant for upgrading facilities at the University of the South Pacific (USP) and training educators in the U.S. USP has also received \$1.1 million for FY 1978 to 1986 to install a satellite communication system allowing the simultaneous teaching of classes in eight island nations. PVOs are planning to receive and implement the use of \$20 million between FY 1984 and 1986. Their programs include Agricultural Cooperative Development International, which has received U.S. support to encourage marketing and a vanilla bean industry in Tonga. International Human Assistance Programs have installed solar-powered lighting equipment in the Cook Islands, Solomon Islands, and Papua New Guinea. The YMCA and Catholic Relief Services conduct craft training and primary education classes on Fiji and Western Samoa. The Foundation for the Peoples of the South Pacific conducts AID-assisted fishing and marketing programs in Fiji, Solomon Islands, Papua New Guinea, Kiribati, and Tonga.

The South Pacific is extremely dependent on aid. In 1980, total aid per capita was \$970 in Niue, \$573 in Tuvalu, \$520 in the Cook Islands and \$325 in Vanuatu (see Appendix for total GDP per capita), compared with \$16 per capita for the Sudan and \$4 for Zaire in 1983. In Papua New Guinea, direct Australian aid accounts for 30 percent of the total PNG government budget. Large amounts of aid are needed because of low levels of development, high transportation costs, and salaries for foreign assistance personnel.

FISHING AND MARITIME CONCERNS

Areas of the South Pacific are very rich in fish. It is a key cash crop as well as a food staple. The Pacific nations complain, however, that the U.S. does not appreciate their reliance on fishing. Most nations, including the U.S., declare maritime Economic Exclusion Zones (EEZ) in which they reserve the exclusive right to all economic resources. The U.S. takes the position, as stipulated in the 1976 Magnuson Act, that EEZ rules do not apply to migratory fish species, such as tuna. The South Pacific nations disagree; they assert that they should have exclusive fishing rights to fish, including migratory species, within their EEZs. This entitles them, they claim, to charge fees for tuna fishing within their EEZs. U.S. and Japanese tuna boat owners balk at this and hitherto have been reluctant to cooperate with the South Pacific Forum Fisheries Agency. Paying fees to various states for migrating fish would take the profit out of their operations. Avoiding the fees is not difficult, for tuna boats are often faster than the island boats patrolling their EEZs.

The island nations feel that the U.S. Congress has taken a position supporting the fishing industry against the Pacific islands. Specifically, the islanders point to the 1967 Fisheries Protection Act, which penalizes countries that confiscate U.S.

fishing vessels by imposing an embargo on all fish products from these countries. In addition, U.S. fishermen are compensated by the U.S. government for the loss of fishing time and the seizure of their fishing boats.

In June 1984 the Solomons seized the U.S. tuna boat Jeanette Diana. The U.S. was forced to invoke the Fisheries Protection Act and embargo all Solomon Island fish products from U.S. markets. The Solomons government attempted to sell the boat on the open market, but after long negotiations agreed to "sell" the boat back to its owner--who will be reimbursed by the U.S. as stipulated in the Fisheries Protection Act. This will cost U.S. taxpayers about \$3.5 million. Even more costly will be the political damage to the U.S., compounded by hostile propaganda.

Hostility over the fish issue soon may ease. Since 1983 the U.S. has been trying to negotiate a Regional Fisheries Agreement. This would impose a single fee on U.S. tuna boats entering the region, which the island states would split according to the amount of fish caught in their individual zones. If the fees were sufficient, this treaty could satisfy islanders who have felt that they are not benefiting from their own resources. Eliminating the multiple fees, on the other hand, should please U.S. tuna boat owners.

The islands are very vulnerable because they lack adequate communications and vessels for coastal surveillance. To help remedy this, Papua New Guinea, the Solomons, Tonga, Vanuatu, and Western Samoa are taking part in Australia's Pacific Patrol Boat Project. The project resulted from Australian Prime Minister Bob Hawke's offer to build a simple and economical EEZ zone patrol boat to assist the islanders and to demonstrate Australia's determination to give practical support in the South Pacific.

The islanders also lack adequate inter-island transport. Many states would like to establish national shipping lines, but this would be impractical. This is a field where aid from Western nations could play an extremely helpful role and keep Soviet initiatives at bay.

THE ISLANDS' STRATEGIC ROLE

The South Pacific island states play an important strategic role in Australian and New Zealand security. Largely because of Australian and New Zealand commitments and their economic assistance to the islands, the Forum has backed the Australian-New Zealand-U.S. policy of refusing Soviet offers of assistance in improving fishing methods or developing oceanographic studies. Acceptance of the offers would give Moscow a foothold in the South Pacific.

The U.S. also has important security interests in the South Pacific. The sea routes from the U.S. West Coast to U.S. trading partners in the Asian Pacific region are affected by the situa-

