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Progress in the implementation of specific action
in favour of island developing countries

Report of the Secretary-General

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I. INTRODUCTION

1. The General Assembly, in its resolution 35/61 of 5 December 1980, appealed to all States, international organizations and financial institutions to take urgent and effective action to implement specific actions in favour of developing island countries, as envisaged in resolutions 98 (IV) and 111 (V) of the United Nations Conference on Trade and Development, as well as in other resolutions on this subject. In paragraph 4 of the resolution, the Assembly decided to undertake at its thirty-seventh session a comprehensive review of the implementation of the measures taken by the international community in favour of the specific needs of the developing island countries.

2. In pursuance of this resolution, Governments and international organizations were asked to provide relevant information. The present report, prepared by the UNCTAD secretariat, is based on the replies received. Replies were received from the following:

States: Austria, Belgium, Canada, Czechoslovakia, Denmark, Finland, Iraq, Japan, Liberia, Mexico, Netherlands, Norway, Philippines, Republic of Korea, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Union of Soviet Socialist Republics.

United Nations bodies and programmes: Department of Technical Co-operation for Development, Economic Commission for Europe, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America, United Nations Industrial Development Organization, United Nations Development Programme.

Specialized and related agencies: International Labour Organisation, Food and Agriculture Organization of the United Nations, United Nations Educational, Scientific and Cultural Organization, International Civil Aviation Organization, World Health Organization, World Bank, IBRD/IMF Joint Development Committee, Universal Postal Union, International Telecommunication Union.

Intergovernmental organizations: African Development Bank (ADB); Arab Bank for Economic Development in Africa (BADEA); Arab Industrial Development Organization (AIDO); Arab Organization for Agricultural Development (AOAD); European Economic Community (EEC); Customs Co-operation Council (CCC); Commonwealth Secretariat (CS); Inter-American Development Bank (IDB); Intergovernmental Committee for Migration (ICM); International Bank for Economic Co-operation (IBEC); International Cotton Advisory Committee (ICAC); International Tin Council (ITC); Mano River Union (MRU); Organisation for Economic Co-operation and Development (OECD); Organization of American States (OAS); Permanent Secretariat of the General Treaty on Central American Economic Integration (SIECA); South Pacific Bureau for Economic Co-operation (SPEC).

3. The General Assembly has adopted a number of resolutions relating to the special needs and problems of island developing countries. 1/

4. The time is ripe to take stock of these special needs and the specific actions taken in response to them, in order to consider what action is now called for.

5. In compliance with the requirement of the General Assembly that reports submitted to it be action-oriented and concise, the present report departs from the practice of earlier reports 2/ and seeks to synthesize the main conclusions of the replies received, particularly with respect to the priorities for the continued implementation of action responding to the specific needs of island developing countries.

6. In resolution 35/61, the Assembly invited the competent organs of the United Nations system to take further measures as necessary to enhance their capacity to respond positively to the specific needs of developing island countries during the Third United Nations Development Decade. It is hoped that the analytical approach adopted here will prove helpful in this context, and that it may likewise be helpful to States. 3/

II. GENERAL CONSIDERATIONS

7. There is no official list of island developing countries. Indeed, several States stressed in their replies to the note verbale from the Secretary-General of UNCTAD that they did not recognize island developing countries as a special category. Denmark, for instance, stated that it "does not favour the proliferation of special categories of developing countries demanding special and preferential treatment in the international development co-operation. The only major exception to this principle is the recognition of the special needs of the least developed countries. It is however recognized that [island developing] countries may suffer from special problems flowing from their island position". The United Kingdom reflected the views of other States by stating that "in so far as geographical categories group together countries facing common problems, joint study of those problems can be of use". One or two replies, however, express doubts as whether general statements about the entire subgroup of developing island countries can sensibly be made at all.

8. Resolution 35/61 refers to specific action to assist "developing island countries - in particular those which suffer handicaps due especially to smallness, remoteness, constraints in transport and communications, great distances from market centres, highly limited internal markets, lack of marketing expertise, low resource endowment, lack of natural resources, heavy dependence on a few commodities for their foreign exchange earnings, shortage of administration personnel and heavy financial burdens". 4/ Which countries meet this description is open to interpretation. Different replies referred to a variety of countries.

9. Several States, United Nations bodies and intergovernmental organizations did not distinguish any specific needs of island developing countries. Regarding them simply as a subset of developing countries in general, they described their general policies of development co-operation, or provided information on assistance provided to those developing countries which happen to be islands. Thus, for instance, the Secretary-General of the Customs Co-operation Council states in his reply: "I believe that from the Customs point of view the developing island countries share common problems with other developing countries. Such countries

derive their government revenue mainly from import duties and similar taxes on imported goods, and their export earnings are derived mainly from basic commodities".

10. In the same vein the Republic of Korea, pointing out in its reply that it had invested in joint ventures in eight island developing countries, states that "Korean firms have demonstrated their willingness to invest directly in any developing country, where a favourable investment atmosphere is guaranteed by the host country".

11. The statistics provided by OECD on financial flows to the territories and countries concerned are relevant in this general perspective. They are summarized in table 1.

TABLE 1
Net disbursements of ODA to individual island developing countries
 (\$US million)

Recipient	DAC bilateral			Multilateral a/			OPEC bilateral			Total		
	1978	1979	1980	1978	1979	1980	1978	1979	1980	1978	1979	1980
Anguilla	2.3	2.3	2.3	-	-	-	-	-	-	2.3	2.3	2.3
Antigua and Barbuda	2.7	3.1	2.6	0.9	0.2	3.0	-	-	-	3.6	3.3	5.6
Bahamas	0.1	0.3	0.2	1.2	1.1	2.0	-	-	-	1.3	1.4	2.1
Bahrain	0.9	0.8	0.7	7.8	6.0	8.1	109.0	96.3	147.4	117.7	103.1	156.2
Barbados	7.6	4.0	2.0	3.8	7.1	12.0	-	-	-	11.3	11.1	13.9
Bermuda	0.0	0.0	0.1	0.1	0.1	0.2	-	-	-	0.2	0.2	0.3
Brunei	0.1	0.1	0.0	0.0	0.0	0.0	-	-	-	0.1	0.1	0.0
Cape Verde	25.0	27.2	39.0	8.2	6.1	23.4	-	-	2.0	33.2	33.4	64.4
Cayman Islands	0.5	0.6	1.0	2.8	0.2	0.5	-	-	-	3.3	0.6	1.2
Comoros b/	1.8	6.3	13.4	7.0	7.5	12.5	4.0	2.9	14.5	12.9	16.7	40.5
Cook Islands	6.7	7.3	9.9	0.3	0.5	0.8	-	-	-	7.0	7.8	10.7
Cuba	17.4	23.9	11.1	31.3	14.9	20.9	-	10.0	-	48.7	48.8	32.0
Cyprus	24.3	16.5	30.9	24.4	12.3	20.9	-	1.0	0.8	48.7	29.8	52.6
Dominica	6.1	8.3	8.4	1.1	0.8	9.4	-	-	-	7.1	9.1	17.7
Dominican Republic	9.4	36.8	57.2	40.4	39.8	66.8	-	1.1	1.0	49.9	77.7	125.0
Falkland Islands (Malvinas) c/	4.1	1.9	2.3	-	-	-	-	-	-	4.1	1.9	2.3
Fiji	24.0	25.9	31.7	2.6	5.1	4.5	-	-	-	26.5	31.0	36.1
Grenada	0.7	0.4	0.4	1.9	2.5	2.7	-	-	-	2.6	2.9	3.2
Haiti	49.8	48.5	62.8	43.1	44.2	42.3	-	-	-	92.8	92.6	105.2
Indonesia	541.0	631.8	844.2	66.9	84.1	94.3	27.4	5.0	11.0	635.3	720.8	949.5
Jamaica	97.8	80.6	83.5	24.3	16.9	32.5	-	-	10.0	122.1	97.5	126.0
Kiribati	10.0	8.8	18.6	0.7	0.3	0.6	-	-	-	10.7	9.1	19.2
Madagascar	39.6	73.5	90.8	50.3	40.6	91.4	1.0	13.8	18.0	90.9	128.0	200.2
Maldives	3.7	0.9	1.9	1.3	2.0	4.4	3.1	3.5	15.1	8.2	6.5	21.4
Malta	27.2	3.3	2.8	0.4	11.7	9.6	0.1	11.5	5.9	27.6	26.5	18.3
Mauritius	18.1	24.3	25.2	25.7	7.9	7.8	-	-	-	43.8	32.2	33.0
Montserrat	1.2	1.3	3.1	0.2	0.1	0.5	-	-	-	1.4	1.4	3.7
Nauru	-	0.0	0.0	-	0.0	-	-	-	-	-	0.0	0.0
Netherlands Antilles	44.5	54.0	86.9	3.6	2.9	9.6	-	-	-	48.0	56.9	96.6
New Caledonia	114.3	148.1	197.7	0.8	0.5	0.3	-	-	-	115.0	148.7	198.0
Niue	4.1	4.8	3.4	0.1	0.2	0.3	-	-	-	4.2	5.0	3.7
Pacific Islands (Trust Terr.)	100.6	111.1	108.5	0.6	0.7	0.8	-	-	-	101.2	111.7	109.3
Papua New Guinea	270.9	269.4	286.8	25.3	12.8	38.6	-	2.2	0.4	296.2	284.3	325.9

TABLE 1 (continued)

Recipient	DAC bilateral			Multilateral a/			OPEC bilateral			Total		
	1978	1979	1980	1978	1979	1980	1978	1979	1980	1978	1979	1980
Philippines	164.7	170.4	205.4	84.7	94.0	91.0	-	3.0	3.6	249.3	267.4	300.0
Polynesia, French	90.6	143.9	159.5	0.0	0.0	-	-	-	-	90.6	143.9	159.5
St. Helena d/	7.1	8.4	8.8	-	-	-	-	-	-	7.1	8.4	8.8
St. Kitts-Nevis	1.6	1.6	2.7	0.5	0.2	3.5	-	-	-	2.1	1.8	6.2
Saint Lucia	1.3	1.8	2.7	2.4	0.4	-	-	-	-	3.7	2.2	8.6
Saint Vincent and the Grenadines	3.9	5.5	2.0	0.6	0.2	7.8	-	-	-	4.5	5.7	9.7
Samoa	11.3	20.7	13.7	8.9	9.2	12.0	-	-	-	20.2	29.9	25.7
Sao Tome and Principe	1.8	1.4	1.2	2.3	1.6	2.7	-	-	-	4.1	3.1	3.9
Seychelles	15.8	22.0	18.3	0.6	2.3	3.4	-	1.0	-	16.4	25.2	21.7
Singapore	5.2	3.8	9.4	1.5	1.7	4.0	-	-	0.5	6.7	5.5	14.0
Solomon Islands	24.1	23.1	31.0	2.5	3.4	13.5	-	-	-	26.6	26.5	44.5
Sri Lanka	216.3	232.0	296.1	104.0	86.2	87.6	3.6	4.5	58.9	323.9	322.7	442.6
Tokelau	0.9	1.8	1.8	0.0	0.0	0.1	-	-	-	1.0	1.8	1.9
Tonga	8.0	20.4	13.0	1.6	3.5	3.5	-	-	-	9.6	23.9	16.4
Trinidad and Tobago	0.7	0.5	1.4	3.8	3.7	3.2	-	-	-	4.5	4.1	4.7
Turks and Caicos Islands	2.7	2.2	2.9	0.1	0.2	0.4	-	-	-	2.8	2.3	3.4
Tuvalu	2.5	4.1	4.5	0.3	0.1	0.4	-	-	-	2.9	4.1	4.9
Vanuatu	18.4	37.7	43.3	0.4	0.7	0.7	-	-	-	18.8	38.4	44.0
Virgin Islands (Br.)	1.1	1.7	2.9	0.1	0.1	1.8	-	-	-	1.2	1.8	4.7
Wallis and Futuna Islands	2.5	7.7	8.3	-	-	-	-	-	-	2.5	7.7	8.3

Source: Data provided by the OECD secretariat.

Note: The list of countries is that provided by OECD (see para. 8 above). For the definition of concepts used see Geographical Distribution of Financial Flows to Developing Countries 1977/1980 (Paris; OECD, 1981), annex. DAC statistics do not cover American Samoa, Guam, Puerto Rico and the US Virgin Islands. The table above also does not include Christmas Island and Pitcairn Island, which in DAC statistics are not separately distinguished but are included in "Oceania Unallocated".

The statistics presented in this table do not necessarily correspond to estimates by the UNCTAD secretariat appearing in its documentation for UNCTAD bodies.

a/ Flows from multilateral agencies financed by DAC and by OPEC members.

b/ Excluding flows specifically to Mayotte, which consisted entirely of bilateral ODA from France and amounted to \$12.9 million in 1978, \$18.2 million in 1979, and \$22.7 million in 1980.

c/ A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas).

d/ Including Ascension and Tristan da Cunha.

Regional focus

12. The island countries of the world are located mainly in the Caribbean and the Pacific (a smaller number of such countries are situated in the Indian and Atlantic Oceans and in the Mediterranean). It is therefore natural that a number of replies to the note verbale focus on one or other of these two regions rather than on island developing countries as such. This is particularly significant with respect to the Caribbean, where a number of continental States share many characteristics with the island countries. Thus, for instance the Inter-American Development Bank replied that, "while the Bank has never distinguished between its member countries on the basis of geographical characteristics but rather on the basis of relative level of development, it recognizes the importance of assisting the countries of the Caribbean area".

13. The report Caribbean Group: current situation and prospects, annexed to the World Bank's reply, also does not draw a distinction between island and other developing countries of the region. 5/ It does, however, devote a section to the special problems of the less developed countries of the Caribbean Community in the Eastern Caribbean. 6/

14. A number of replies from Latin America stress the importance attached to increasing economic co-operation between the Caribbean and the rest of the region. ECLA reports:

"At its nineteenth session (Montevideo, 1981), ECLA adopted resolution 422 (XIX), by which the member countries of the Commission formally adopted the Regional Programme of Action for the Implementation of the International Development Strategy for the Third United Nations Decade.

"In paragraphs 138 to 140 of the Programme of Action, specific reference is made to countries in special situations including island countries. In that connexion, the Programme of Action emphasizes the importance of integration systems and multilateral machinery for regional co-operation. Attention is drawn in particular to the need to speed up the integration of the countries of the Caribbean into the rest of the region. On the specific subject of links between the Caribbean and the rest of the region, ECLA adopted resolution 440 (XIX) at its nineteenth session with the aim of promoting TCDC and ECDC between countries of the subregion and countries of the rest of the region."

15. Mexico's reply also states that "within the framework of economic co-operation between developing countries, Mexico considers co-operation with island developing countries of the Caribbean region to be a priority". Its reply goes on to name a number of regional organizations of which it is a member and which play this role.

16. The Permanent Secretariat of the General Treaty on Central American Integration states in the same vein that the Central American countries "intend to strengthen trade links with the island region of the Caribbean".

17. In the Pacific, SPEC 7/ reports on the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA), which entered into effect on 1 January 1981. Australia, the Cook Islands, Fiji, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga and Tuvalu are participating. The SPEC Director's report also refers to the dialogue under way "on meaningful and practical areas of co-operation between the ASEAN region and the Forum region".

18. Fiji points out that "since UNCTAD III (resolution 65 (III)) there has been a growing international recognition that the needs of developing island countries are different, not only in degree but also in quality. In resolutions adopted by UNCTAD, the Economic and Social Council and the General Assembly, the international community has exhorted those concerned to make special efforts to assist developing island countries. These efforts may have become diluted because of a tendency to group developing island countries together with the other particularly disadvantaged groups identified by the international community (the least developed countries and the land-locked countries) and to assume that the needs of the disadvantaged groups are similar". 8/

19. Some international organizations do formally recognize the need for specific action in favour of island developing countries. Thus the African Development Bank states that its policy is "to give special attention to land-locked and island countries". "In keeping with the spirit of UNCTAD resolutions", the Universal Postal Union "pays special attention to the postal needs of island countries". Accordingly, the UPU Congress which met in Rio de Janeiro in 1979 adopted resolution C 87, by which it decided to give priority to the needs of the postal administration of countries defined as disadvantaged by the United Nations 9/ and to newly independent countries.

20. The EEC states in its reply:

"The Lomé II Convention (1981/86) specifically recognizes that the island ACP countries are to be provided with special measures in order to enable them to overcome the specific difficulties and obstacles resulting from their geographical location.

"The island developing countries in receipt of Community development assistance are 22 ACP countries (of which 14 are also least developed in the sense of the Lomé Convention) 10/ as well as some non-ACP island countries.

"Because of their least developed status, most island countries receive on average and on a per capita basis twice as much assistance as the other ACP countries, mostly in grant form. In relative terms, the mini-island countries have been particularly favoured.

"An ACP/EEC sub-committee on the least developed, land-locked and island countries has been recently established in the framework of the Lomé Convention with a view to ensuring the full implementation of the provisions in favour of these three groupings of countries. In this context, a forthcoming study is to identify specific measures for attracting foreign investment."

III. MEASURES RESPONDING TO THE SPECIFIC NEEDS OF ISLAND
DEVELOPING COUNTRIES

21. By analysing the replies of States and organizations which provided details of the actions they were taking in favour of island developing countries, it is possible to ascertain which peculiar problems have been generally recognized.

A. Smallness

22. The first of these is also the first to be named in the paragraph of General Assembly resolution 35/61 which specifies the focus of specific action in favour of island developing countries: smallness (see para. 8). The Commonwealth Secretariat stated in its reply that "the Secretariat has devoted a good deal of attention to the special problems of 'smallness' which are qualitatively distinct. Our small member States are of course mostly islands and the emphasis is, as a result, largely on the 'small island' group. But there are others, such as Lesotho, which suffer similar problems. If there is a distinctive element within our programmes of assistance, therefore, it is the focus on small States as against island States". The World Bank also stated that it "pays special attention, in formulating its assistance strategies, to the problems of small countries, including developing island countries, whose economies are partly characterized by market constraints, limited resource endowments, remoteness from major commercial centers, and inadequate infrastructure". It has in particular recognized the special problems of the micro-States of the Eastern Caribbean. "The continued preoccupation with these problems ... finally culminated in the meeting in Antigua in April 1981, sponsored by the Government of Canada in collaboration with the World Bank to deal specifically with the special problems of the less developed member countries of the East Caribbean." 11/

23. The United Nations Development Programme designed its reply "to illustrate the type of assistance UNDP is providing to island developing countries, which are small in terms of population, area, gross national product or all three".

24. Several other respondents pointed out that within their programmes of assistance to island developing countries, they paid special attention to the problems of small countries. Thus SPEC reported that it was "concerned with the need to assist the small island countries and this year SPEC convened a meeting on the Special Problems of the Smaller Island Countries in Alofi, Niue, from 9 to 12 February 1982".

25. Some of the peculiar problems of smallness are well summarized in Fiji's statement to the Niue meeting 8/ which appears in the annex to the present report.

B. Intercountry approach

26. One of the most widely cited responses to the specific problem of smallness is the intercountry approach to assistance. 12/ The value of this approach is emphasized by the fact that the respondents tend not to mention it explicitly as a

matter of policy; rather it emerges - but again and again - as an aspect of the efficiency of the delivery of assistance in particular cases. Thus, for instance, WHO reports that "WHO/PAHO activities in the Caribbean are generally multi-island in nature, thus resulting in more efficient use of scarce and specialized resources, in cross-fertilization and standardization among islands and opportunities for technical co-operation among developing countries" and "six Inter-Country Programme teams based in Suva [Fiji, for the Pacific] provide wide scope for WHO co-operation in health development and are able to respond quickly to countries' urgent needs".

27. The ILO reports that "due to the small size of some island countries, efforts are made, wherever their geographical locations and level of development permit, to develop subregional or regional programmes to cater for their needs".

28. UNDP points out that, with other bilateral and multilateral donors, it finds "assistance to the Pacific Island countries on a regional basis both convenient and effective because of the existence in the Pacific of three well established regional institutions - the South Pacific Bureau for Economic Co-operation (SPEC), the South Pacific Commission and the University of the South Pacific. These institutions now possess the staff to co-ordinate and/or utilize external development assistance efficiently in support of national development within the region".

29. In the Caribbean, UNDP also reports, "another noteworthy feature is the pooling of resources from national IPFs to supplement multi-island activities in an attempt to realize economies of scale in project implementation".

30. With respect to the less developed countries of the Eastern Caribbean, ^{6/} the World Bank points out that in recognition of "the paucity of management resources in the public sectors of micro-States ... it was decided to create an Inter-Agency Resident Mission which would assist in the preparation and execution of investment programme and development policies, and in the identification of needs and sources of external technical and financial assistance for specific projects and other development activities. The Mission will establish close links with the OECS (Organisation of Eastern Caribbean States) Economic Affairs Secretariat, with the goal of eventually transferring a substantial part of its functions to that organization. The Mission will be supported by the World Bank, IMF, UNDP, CDB, OAS and three bilateral donors - the United States of America, United Kingdom of Great Britain and Northern Ireland and Canada. The Mission, which will be located in Antigua, is expected to become operational during the summer of 1982". ^{5/}

31. ESCAP stresses in its reply the contribution of the United Nations Development Advisory Team (UNDAT) for the Pacific, established in 1971. "It is aimed at meeting unforeseen needs which could not be covered within the framework of planned programmes and resources available to the country, and which called for quick action. UNDAT services are provided free of charge, on government request, to any country or territory (independent or otherwise) in the Pacific region. There is no restriction on the subject areas dealt with."

32. Both the World Bank and the Inter-American Development Bank emphasize their contribution to the Caribbean Development Bank. The World Bank states: "of particular significance to the Bank's activities in support of developing island countries is its financial assistance to the Caribbean Development Bank (CDB) which onlends to developing island countries in the region". The Inter-American Development Bank points out that it "is empowered to grant credits to the Caribbean Development Bank (CDB) for the benefit of countries and territories which are members of CDB but not of BID, thereby making it possible to provide development assistance to the islands of the eastern Caribbean. The Bank considers this to be an innovation in law and international economic relations which has enabled it to deliver assistance to the island developing countries which are not members of IDB".

C. Small business

33. A number of replies emphasize small business among the specific problems of island developing countries. 13/ The ILO states that "the structure of their economies depend heavily on the existence of vigorous small-scale enterprise sectors". UNIDO annexed to its reply a paper entitled Industrial Development Profile of the Island Developing Countries of the South Pacific Region 14/ which argues at length the case for the development of small enterprises in these countries. 15/ UNDP reports that "Fiji, Papua New Guinea and Vanuatu have requested UNDP assistance in strengthening governmental units in providing advisory assistance and training to local entrepreneurs establishing small businesses". The ILO reports its intention to collaborate with CARICOM in establishing an institute for small-scale enterprises "which will assist in resolving on a regional basis organizational, design, production, training, management and marketing problems affecting national small-scale enterprises".

34. Among the training courses open to participants from island developing countries, the Philippines mentions one conducted by the Philippines Institute for Small-Scale Industries.

D. Export orientation

35. At the Third Annual Meeting of the Caribbean Group for Co-operation in Economic Development (CGCED), 16/ the IDB presented an initiative for the creation of a credit guarantee mechanism for small-scale and medium-scale business enterprises in the less developed countries of the Eastern Caribbean. The Caribbean Project Development Facility (CPDF) was also established by CGCED at its Third Annual Meeting, and became operational on 1 November 1981. Technically, this is a UNDP project. Its underlying objectives include bringing about self-sustaining growth and development through the creation and expansion of strong medium-sized and smaller enterprises. 17/

36. The World Bank, 5/ like Fiji (see annex) and Kiribati (see para. 43), recognizes the importance of an export orientation for the industrial sector of small States, although Fiji and Kiribati place more emphasis on the difficulties in the way of achieving it.

E. Remoteness, transport and telecommunications

37. Specifying the type of island developing country particularly needing specific action, resolution 35/61 refers to "remoteness, constraints in transport and communications [and] great distances from market centres". A number of replies recognize the importance of these factors. It is also recognized that, many island countries being archipelagic, these constraints can apply within island developing countries, as well as between them and the rest of the world (see annex, items 1, 9 and 10).

38. Kiribati, in its country statement to the Niue meeting, 18/ states:

"Kiribati's geographical isolation is a great disadvantage. Furthermore the country's small size and dispersal across an enormous area of ocean accentuates this problem. All these factors are responsible for enormous costs of transport between Kiribati and its main trading partners, i.e. United Kingdom of Great Britain and Northern Ireland, Australia, New Zealand, Japan and Fiji. The great distances between the island groups make it difficult to co-ordinate economic activities, to interlink development efforts and to distribute any resulting benefits.

"Freight, handling and insurance charges were estimated at 30 per cent of the current domestic value (f.o.b. price) of imports in 1978. Duties and distribution charges for consumer goods added a further 17 per cent and 40 per cent each thereby putting retail prices at 210 when compared with an f.o.b. price of 100. In 1980, with substantial increase on import duties, retail price was about 225 when compared with an f.o.b. price at 100.

"The same goes for exports. That is, the proportion of freight, insurance and handling charges in relation to f.o.b. export prices is quite high. Freight and handling charges therefore are significant costs that need to be taken into account when production projects are planned. Sometimes these high costs rendered a production project uncompetitive and in most cases had to be abandoned".

39. The EEC states in its reply:

"for its part, in the execution of the financial and technical co-operation, the Community accords priority to studies, projects, and programmes submitted by its island partners related [inter alia] to sea and air transport, ... as well as for reducing the adverse effects due to their distant location from their overseas markets, [and their] internal fragmented physical character ...

"Of particular relevance for island countries is an ACP/EEC declaration on shipping annexed to the [Lomé] Convention whereby the Community shows readiness to assist the ACP countries that so request in the development of their shipping sector. This may include: studies aimed at improving shipping services; the setting up and extension of shipping companies and joint ventures; provision of technical assistance in various shipping disciplines; provision of feasibility studies and technical assistance for improving port efficiency".

40. The African Development Bank also points out that "the Bank Group plays an important role in the design, financing and implementation of projects aimed at promoting links between island countries and the rest of the world".
41. Replies concerning the Caribbean mention air transport specifically. Thus, UNDP reports "maintenance and airport management and traffic control are priorities in several islands due to their direct relevance for tourism purposes". With respect to CGCED, Landau reports: 17/ "a study on airport operations, undertaken by ICAO with financing from the CDC, IDB and UNDP, was submitted to an ad hoc committee meeting in March 1981; it recommended the expenditure of some \$US 90 million to upgrade airport facilities in the Caribbean subregion, plus the extension of the study to Suriname". UNDP reports that the Canadian Government has provided \$50 million to finance high priority capital and technical assistance needs identified in the study.
42. UPU draws attention in its reply to resolution No. 5 of the Conference on Mail Circulation in Africa, held at Yaoundé from 21 to 26 September 1981, which dealt with co-operation in the dispatch of the mails, in particular in exchanges with land-locked and island countries. This resolution starts from the consideration that, owing to their geographical situation, land-locked and island countries are dependent on other countries for surface routing of mail, and that land-locked and island countries experience great difficulties in their contacts with distant countries in the surface routing of the mails, numerous transshipments, theft of the mails, long delays in forwarding, various additional costs.
43. The problems of isolation and remoteness are reflected in a variety of other ways in different replies. EEC/ACP provisions regarding tendering recognize the requirements which the smallness and distance from market centres of island developing countries impose: "as for the tendering of contracts, it is, as a rule, open to EEC and ACP undertakings. However, in the case of island countries a third country contractor may be equally considered, in duly justified circumstances. Accelerated tendering procedures are also foreseen for island least developed countries".
44. WHO casts light on the internally fragmented character of archipelagic countries by noting that it has "co-operated with the Cook Islands in developing a telecommunication system to link up scattered outer islands for the purpose of health and medical referral. Similar systems are being encouraged for other countries".
45. The ILO mentions the establishment of ILO offices in "these developing but geographically isolated countries ... for the purpose of maintaining relations with Governments, workers' and employers' organizations ... It is the assessed view that this type of assistance and relationship contributes to the feeling of belonging to the international community from which the peoples of these island countries are otherwise cut off by the vast expanse of ocean that separates them".
46. In this context the offer by the Government of Australia to establish an office in New York to service the diplomatic functions of the smaller Pacific Island countries at the United Nations is also significant. 18/

F. Manpower

47. Resolution 35/61 recognizes the importance of manpower shortages to island developing countries by its reference to "lack of marketing expertise" and "shortage of administrative personnel". This issue is reflected in some replies. UNDP says "the shortage of skilled manpower is a major constraint in several [Caribbean] countries, particularly in the small islands". Landau 17/ is even more explicit: "in the course of the operations of the CGCED it has become abundantly clear, if indeed it had not already been before, that the critical bottle-neck in Caribbean development is not so much lack of capital but of well-prepared projects, and ultimately of human resources sufficiently trained and in sufficient numbers, to undertake the necessary chore of identifying, preparing and evaluating development projects".

48. Since one cause of this shortage is the emigration of professional and skilled workers it is probably due more to the limited size of the population than to educational inadequacies (see annex, items 2 and 24). An imaginative response to this type of shortage is to draw on what UNDP calls "national expatriates". Thus, it reports that "projects have been designed for the recruitment of national expatriates for multi-sector purposes in Dominica, Grenada, Saint Lucia, Saint Vincent and the Grenadines". In the Pacific, "UNDP participated in a Commonwealth Secretariat/Australia Mission to study the implementation of the proposed Pacific Regional Advisory Services (PRAS) which examined the general availability of qualified personnel in the Pacific island developing countries to undertake advisory services for development". In the same vein, the ESCAP reply contains the information that a Samoan undertook a six-month advisory assignment in Samoa under UNDAT auspices. The inter-country approach discussed above is also a response to shortages of managerial and administrative manpower.

G. Energy

49. Energy figures prominently in several replies, in particular those of UNDP and IDB. The EEC includes it among its priorities in responding to requests from island developing countries. ESCAP reports that a UNDP/ESCAP Pacific Energy Development Programme is at an advanced stage of preparation. Activities actually reported by different respondents tend to concern petroleum prospecting - especially offshore - and energy saving, without however ignoring renewable energy sources.

50. The Economic Commission for Europe states in its reply that "since 1976, the Committee on Electric Power, which is a Principal Subsidiary Body of the ECE, has been devoting attention to the subject of electric power supplies for island regions and for areas that are isolated or far from the national power system. The purpose of this project is to facilitate and accelerate technology transfers in this field from countries with the most experience to the European island countries and, in particular, to those which are developing from the economic point of view".

51. The United Nations Department of Technical Co-operation for Development contains a special unit on new and renewable sources of energy which is active in several island developing countries; the Department is also engaged in technical

co-operation projects in conventional energy in a number of such countries. It is, however, not possible to ascertain from the Department's reply whether it finds the type of request it receives from island developing countries distinct from that which it receives from other developing countries.

H. Agriculture

52. A number of replies report on assistance provided to the agriculture of island developing countries, but it is not possible to discern from these replies features of island agriculture systematically distinct from the agriculture of other developing countries. The Philippines, however, reports on assistance it has provided to the coconut sector of Samoa and the Maldives. This sector is certainly of particular importance to island countries of the Pacific and the Indian Oceans.

I. Marine resources

53. In its reply, FAO states:

"One of the major brakes on the development of island countries is their inability to exploit their sea wealth. Despite proximity to rich fishing areas, many islands cannot afford to improve their fishing fleets, compete with foreign fleets and exploit this resource to the maximum. 19/

"The establishment of Exclusive Economic Zones (EEZs) has created new opportunities for fisheries development in island countries, and under the EEZ programme and its components FAO is assisting many island countries to promote the greater exploitation and optimum utilization, based on rational management, of the fisheries resources within their extended jurisdiction with emphasis on the development of artisanal/small-scale fisheries".

54. Kiribati emphasizes the overriding importance of this issue in its own case: 18/ "following the exhaustion of phosphate at the end of 1979 it is essential that new sources of income and employment are developed and to this end Government is actively pursuing several projects in the fisheries sector to tap the undoubted potential of the sea. The declaration of a 200 mile fisheries zone in 1978 encompassed a sea area of more than 1 million sq. miles. However, it will be several years before these projects bear fruit". It adds even more simply "no major new resource other than that of the sea has been identified, nor is one likely to be".

55. FAO also notes that small islands face special problems with respect to fish: "in order to tailor the assistance provided to small islands to their specific requirements, FAO fishery bodies, and in particular the Western Central Atlantic Fishery Commission, have concentrated their attention on the identification of the special problems faced by small islands. One of these problems is the generally low and seasonal productivity of marine waters of many small island countries, and for those in highly populated areas, the risk of over-fishing of usually limited shelf resources".

56. A few States, including developing ones, single out their assistance to the fisheries sector for explicit mention.

57. Reference to the mineral resources of the sea are rare among replies received, apart from offshore prospecting for oil. ESCAP, however, reports on "the intergovernmental Committee for Co-ordination of Joint Prospecting for Mineral Resources in South Pacific Offshore Areas (CCOP/SOPAC) and its supportive UNDP regional project investigation of Mineral Potential of the South Pacific. The CCOP/SOPAC member Governments are: Cook Islands, Fiji, Kiribati, New Zealand, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu. The UNDP project, located at Suva, Fiji, is undertaking a systematic and co-ordinated search to determine the presence or absence of [marine] mineral and related natural resource potentials of the member countries".

J. Viability

58. A conference of representatives of the small islands of the Pacific and Indian Oceans held in Canberra in September 1979 recommended that studies should be commissioned on various issues. One of these was the viability of national economies of small island States. A study of this subject, but with respect to island developing countries in all regions of the globe, is now being executed under UNCTAD auspices.

59. Indeed, replies to the note verbale on which this report is based stress the problem of viability more often with respect to the Caribbean. UNDP refers to "the fragility of the economic structure" of Caribbean island countries. Landau says "it was obvious in 1977 that [a] rapidly deteriorating situation, which had worsened significantly since the energy crisis of 1973, in addition to the structural problems of the Caribbean economy, would necessitate a massive and sustained influx of external development assistance, including emergency balance-of-payments support. A special effort must ... be undertaken, within the frame of reference of the CGCED, to solve the subregion's critical balance-of-payments problem, lest it become uncreditworthy for conventional borrowing in the foreseeable future". 17/

60. The World Bank speaks of the "need for special and innovative approaches to move the less developed countries of the East Caribbean in the direction of financial, fiscal and economic viability". 5/

61. The statement of Kiribati, in the Pacific, is revealing in this respect: 18/

"Kiribati's option for trade and economic development are severely limited because of the factors which characterized small island States ... Kiribati's dependence on overseas aid for all development projects can be shown by the following:

Receipts in 1973	-	10 per cent of GDP
Receipts in 1978	-	16 per cent of GDP
Receipts in 1980	-	58 per cent of GDP

"At the time of political independence Kiribati had lost economic independence and is becoming increasingly more reliant on foreign goods, money, aid, jobs and technology than it has ever been in the past. However much our people hated being dependent on aid, Government realized it is our only way to achieve economic independence in the longer term".

K. Natural disasters

62. Exposure to natural disasters is not mentioned in the paragraph of resolution 35/61 in specifying peculiar problems of island developing countries. Natural disasters are, however, the subject of paragraph 2 (e) (i) of UNCTAD resolution 111 (V) on specific action related to the particular needs and problems of island developing countries. The subject is taken up in a number of replies from States and organizations.
63. FAO states that "one of the problems affecting several developing island countries is the high incidence of natural disasters such as volcanic eruptions, earthquakes, tidal waves and hurricanes. FAO assists countries affected by such events through its Office for Special Relief Operations (OSRO). This assistance is of an emergency or short-term nature ... In emergencies with longer-term consequences, like those caused by drought, relief measures may include recovery programmes and similar forms of assistance to facilitate rehabilitation and development. Emergency food aid is also provided in close co-operation with WFP".
64. WHO reports that in the Caribbean "a disaster preparedness team specifically for island countries has been established in collaboration with UNDR0, the Red Cross and USAID", while in the Pacific "Inter-Country Programme teams based in Suva are able to respond quickly to countries' urgent needs, including health relief for natural disasters".
65. Landau also refers in his paper on CGCED to the "high degree of vulnerability to natural calamities such as hurricanes (those of 1979 and 1980 had devastating effects on a number of Caribbean countries)". 17/
66. UNCTAD and UNDR0 are at present jointly undertaking a study of the vulnerability of island developing countries to natural disasters. WMO refers in its reply to its Tropical Cyclone Programme, the objective of which is to establish national and regionally co-ordinated systems to ensure that loss of life and damage caused by tropical cyclones are reduced to a minimum.
67. The SPEC Director's annual report for 1980/81 states that Forum countries are considering recommendations on natural disaster prevention, preparedness and rehabilitation. Meanwhile, "SPEC is consulting with the appropriate international organizations (League of Red Cross Societies, UNDR0, East-West Center) on issues such as the establishment of regional storage warehouses, the training of island personnel in disaster preparedness and relief, and the establishment of a regional tsunami network ... ASPA [Association of South Pacific Airlines] carriers are prepared to respond to requests for the provision of free or reduced cost transport for relief supplies and personnel to disaster areas in circumstances where a full emergency has been declared."

L. Environment

68. In his annual report, the SPEC Director's reports on the steady progress of the South Pacific Regional Environment Programme.

69. An interesting aspect of island remoteness is that it can constitute a defence - albeit precarious - against certain types of disease. This is clearly brought out in WHO's reply:

"Seychelles has been fortunate in that it is not exposed to many of the well-known tropical diseases, of which malaria is probably the most prevalent in other tropical areas. There has never been a case of yellow fever, trypanosomiasis or other diseases, nor has there been any case in recent years of smallpox, typhus or cholera. The absence of measles, diphtheria and polio in the last three years can be ascribed to the efforts of the health services and the preventive measures they have taken.

"In the Comoros, the anti-malaria campaign is one of the Government's priorities, as is, to a lesser extent, the anti-filariasis campaign on some of the islands. Owing to its remoteness, a programme to eradicate those diseases can be undertaken in the Comoros, as it has been on other islands in the Indian Ocean.

"Since the eradication of malaria [in Mauritius] in the late 1960s, there has been a rise in the number of reported cases which can be ascribed to the increased movements of individuals from malaria-affected countries. The vulnerability and receptivity of Mauritius were apparent following cyclone Gervaise [1975], when approximately 55 cases of malaria were recorded, including 39 involving indigenous inhabitants ... The number of indigenous cases reached a peak ... in 1977 and declined thereafter as a result of active anti-malaria measures. Imported cases, however, continued to increase in 1977-1978. Following the heavy rains in early December 1979, which were followed in January and February by three cyclones in succession, two active foci were discovered. ... In addition, sporadic cases of indigenous malaria have been found. ... A contributing factor is a change in the behaviour of the sector.

"[In Cape Verde], malaria was eradicated in 1969. However, from 1973 onwards, cases have occurred on the island of Santiago. In 1978 there were 250 recorded cases. An anti-malaria unit has been set up to combat this scourge".

IV. SUMMARY AND CONCLUSIONS

70. In pursuance of General Assembly 35/61, the UNCTAD secretariat asked Government and international organizations to provide information on measures taken by the international community in favour of the specific needs of island developing countries.

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71. A number of replies, especially from States, pointed out that the respondent did not classify island developing countries as a special group. Many replies gave figures for assistance to particular island developing countries, without providing details on the object of the assistance. Others described assistance to activities which, although coincidentally in the particular case located on islands, could have been located anywhere in the developing world.

72. Some replies focus on either the Caribbean or the Pacific, the regions with the greatest concentrations of island developing countries, but discuss issues which are specific rather to the region than to developing countries which are islands.

73. A large proportion of the replies, however, were either sufficiently detailed to enable conclusions to be drawn concerning measures which respond to the specific needs of island developing countries, or indeed explicitly commented on these needs and the action they called for.

74. The characteristic most generally emphasized is smallness. A response widely reported in the replies is an inter-country approach to assistance. Shortage of administrative and managerial manpower is often mentioned. Since, however, island developing countries are noticeable as a source of emigrant professional and skilled workers, the shortage seems to reflect more the smallness of the total population than educational inadequacies. If the total population is small, it is more difficult to sustain an adequate range of skills and professions, or simply to find the people to do all the jobs which need to be done. It also involves a shortage of career opportunities, since the career ladder is short. Small business is also frequently mentioned in the replies as a consequence of smallness calling for specific assistance. Some replies also bring out the desirability - and the difficulties - of an export orientation for industry.

75. Remoteness recurs as a specific problem of island developing countries. The remoteness of small island countries can be compounded by the remoteness of individual islands in archipelagic States. In any case, this raises specific problems, and not only in transport and communications.

76. It also involves isolation, including in particular the difficulty of adequate representation at United Nations meetings. Although the United Nations contributes towards the costs of participation in some of its major gatherings, such as the General Assembly, in most cases the cost falls entirely on the Governments concerned. This can constitute a sufficient burden on the budget to deter even a relatively advanced island developing country, if it is a small one, from participating. If finance is available, the shortage of administrators who can be spared from their responsibilities at home to attend the meeting can constitute a further obstacle. The smallest countries clearly cannot maintain and staff a full range of diplomatic posts. They may thus be unable to participate continuously in long-drawn-out international negotiations, although they may seriously affect the future of these countries.

77. Since General Assembly resolution 35/61 invites the competent organs of the United Nations system to take further measures as necessary to enhance their

capacity to respond positively to the specific needs of developing island countries during the Third United Nations Development Decade, the question of representation is an important one. It is necessary to determine how best the countries concerned can express the specific needs to which the United Nations system should respond. The question of where the focus of the action programme in favour of island developing countries should be located in the United Nations system arises in this context.

78. The economies of island developing countries, especially among the smallest of them, can be particularly fragile. Some lack the economic potential to maintain even minimally acceptable standards of living for their population without continuing external support, especially in the present worsening international economic climate. Some replies touch on this issue of economic viability.

79. Energy is a world-wide problem; none the less, it is frequently mentioned in the context of island developing countries where specific solutions may be appropriate. Apart from energy-saving measures, submarine prospecting and soft energy are among the issues raised.

80. Marine resources receive due attention in the replies, in view especially of the opportunities the declaration of Exclusive Economic Zones offers to island developing countries. These zones have greatly expanded many island developing countries' resource base. This includes resources of the sea itself, such as fish, or of the sea-bed and beneath, such as minerals or oil. These countries are now faced with the challenge of integrating these resources into their national development strategies.

81. Natural disasters such as tropical cyclones, drought, volcanic eruptions, earthquakes, tidal waves and tsunamis figure prominently in the replies.

82. There are few references to specific issues concerning the environment of island developing countries. UNCTAD resolutions 98 (IV), paragraph 61 and 111 (V), paragraph 5, refer to the environment in this context. This omission deserves to be mentioned, particularly since it seems to be at odds with the conclusions of research on islands. 20/

Notes

1/ Resolution 35/61 recalls resolutions 31/156 of 21 December 1976, 32/185 of 19 December 1977 and 34/205 of 19 December 1979.

2/ "Progress in the implementation of specific action in favour of developing island countries" (A/32/126) and "Action programme in favour of developing island countries" (A/34/544).

3/ The full texts of the replies are available in the UNCTAD secretariat.

4/ The same phrase first appears in resolution 111 (V) adopted by UNCTAD in June 1979.

5/ World Bank: Caribbean Group: current situation and prospects, Report No. 3937 - CRG, of 24 May 1982.

6/ The less developed countries of the Caribbean Community (CARICOM) are Antigua and Barbuda, Belize, Dominica, Grenada, Montserrat, St. Kitts-Nevis, Saint Lucia, Saint Vincent and the Grenadines.

7/ In the Director's Annual Report 1980/81, which was annexed to its reply.

8/ In a country statement by Fiji on the special problems of smaller island countries, reproduced in the Agreed Record of the Meeting on the Special Problems of the Smaller Island Countries and Proposals for a Pacific Islands Fund, Alofi, Niue, 9-12 February 1982 (SPEC/82/1; annexed to the reply from SPEC).

9/ The least developed countries, the countries most seriously affected by the economic crisis and natural disasters, island countries and land-locked countries (UPU note).

10/ Bahamas, Barbados, Cape Verde, Comoros, Dominica, Fiji, Grenada, Jamaica, Kiribati, Madagascar, Mauritius, Papua New Guinea, Sao Tome and Principe, Seychelles, Solomon Islands, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu. (The countries underlined are also classified as least developed by the EEC in the sense of the Lomé Convention.) There are 63 ACP countries in all.

11/ See foot-notes 5 and 6 above.

12/ The value of this approach for island developing countries had been stressed in UNCTAD resolution 111 (V), para. 2 (g) and (h).

13/ Aspects of the problem are described in the annex to that report. See, for example, items 2, 4, 11, 14, 18, 19, 20.

14/ UNIDO/ICIS/147 of 20 February 1980.

15/ Ibid., pp. 304-309.

16/ CGCED is jointly sponsored by the World Bank, IMF, IDB, CDB and UNDP.

17/ The Caribbean Group for Co-operation in Economic Development: A multilateral framework for subregional progress, by Georges D. Landau; annexed to the reply from IDB.

18/ Reported in the Agreed Record of the Meeting on the Special Problems of the Smaller Island Countries and Proposals for a Pacific Islands Fund (see foot-note 8 above).

19/ In this connexion, the UNDP reply states that "Tuna represents one of the last major under-exploited fishery resources of the world".

20/ See, for example, Population-environment relations in tropical islands: the case of Eastern Fiji, MAB Technical Notes 13, UNESCO, 1980.

ANNEX

Difficulties encountered by small island economies

Extract from a country statement by Fiji on the special problems
of smaller island countries a/

The following factors are a summary of only a few of the range of difficulties that are encountered by smaller economies:

1. Small populations in fairly large territories tend to have high costs per head in infrastructure, and internal distances hindering the labour market as well as markets for final goods and services and the distribution of collective goods; scattering of the territory over a number of islands that are not too closely grouped may be particularly pernicious.
2. In a small nation there is a scarcity of attractive location sites for industry, both through limited availability of land a too small recruiting area for labour.
3. There seems to be an unhealthy eagerness of many small Governments to offer tax and similar incentives to offset their obvious locational disadvantages, thus stimulating loss of revenue for themselves and "island hopping" for foreign investors.
4. Compared to world trade, in any commodity incoming or outgoing quantities are relatively small; depending on the case this makes for a humble position in the market place or opportunities to profit from price discrimination.
5. The smaller the economy, the bigger the chance that importers have virtual monopolies; this may lead to unnecessarily expensive imports, especially if the Government, attempting to keep prices low, dictates a fixed percentage mark-up for imported wage goods.
6. Small economies physically unable to produce certain "non-tradeables" may be forced to import such goods.
7. Small economies will be forced to import goods they could produce themselves if their demand for such goods is too small for efficient home production and export prospects for this product are not excessively good.
8. Generally non-tradeable building materials may, when imported in small societies, acquire an enhanced snob appeal because of their very expensiveness; this may mean an irrational boost of the need for foreign exchange.
9. As in a small country exports are limited to a small number of commodities often not of the finished-goods type, the shipping requirements for incoming and outgoing goods will be dissimilar; incoming and outgoing freight rates will therefore tend to differ and probably both be inflated by the costs of empty or partly empty holds at least one way.

/...

10. Unless there happens to be a suitable export commodity at hand, especially outgoing container rates may be low, but conversely incoming ones rather high.
11. Restriction to a small home market makes it hard to offset rising labour costs with improved production methods, if the sales level required for new techniques cannot be reached without exports.
12. In such cases protection of the home market will result in stagnating techniques and, through too high prices, the subsidizing of workers and entrepreneurs alike by the consumers.
13. Protection of employment in import substituting industries in a very small market is likely to set in motion a price-wages spiral calling for increased protection, etc.; it may in the end amount to economic suicide.
14. Small State Governments are prone to offer protection under the infant industry argument, whereas in fact they try to shield industry from the effects of small scale.
15. In times of rising real incomes the high import content of the consumption basket turns this beneficial effect in a boost of the demand for foreign exchange.
16. In a small economy export growth may meet with severe restrictions, e.g. the small base in the home market making exporters more vulnerable, the lack of national savings or unwillingness to invest them in risk-bearing ventures at home and the smallness of the labour market.
17. Foreign competitors or their Governments may hinder penetration of producers from small countries in their home markets.
18. Savers in a small economy are often well aware of the additional economic risks of being small and are likely to invest their money abroad or, if at home, in real estate only.
19. A small market is likely to tend to a monopolistic structure for a wide range of commodities.
20. Such developments towards monopoly are often speeded up by protection of local firms.
21. The less free trade is, and the more protection is offered to home producers, the more the Government is forced to supervise and dictate prices, qualities and quantities of consumption goods; with less and less reliable signals from the market place it is saddled with more and more economic decision making without the means to create adequate institutions for this task.
22. It is often impossible to differentiate between micro and macro levels in such an economy, if important sectors consist of one large firm only.

23. The close intermeshing of micro and macro levels makes it extremely difficult to formulate and execute general policies to steer a very small economy.

24. In very small nations even absolutely small migration movements may upset the demographical balance, especially in ethnically nonhomogenous societies.

Notes

a/ Reproduced in the Agreed Record of the Meeting on the special problems of the smaller island countries and proposals for a Pacific Islands Fund, Alofi, Niue, 9-12 February 1982. The Agreed Record was presented by the South Pacific Bureau for Economic co-operation (SPEC) as an annex to its reply.
