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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Letter dated 13 April 1978 from the Permanent Representative of Fiji
to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the text of the statement presented by Fiji at the joint African, Caribbean and Pacific and European Economic Community Ministerial Meeting held at Brussels on 13 and 14 March 1978.

In view of its relevance to General Assembly resolution 32/185, entitled "Action programme in favour of developing island countries", I should be grateful if the text of the statement could be circulated as a document of the Assembly under item 59 of the preliminary list.

(Signed) B. VUNIBOBO
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ANNEX

Statement presented by Fiji on developing island countries

1. The special problems and needs of developing island countries have been the subject of specific studies by the United Nations and, in particular, the United Nations Conference on Trade and Development (UNCTAD), since 1972. At its fourth session, held at Nairobi in May 1976, UNCTAD adopted resolution 98 (IV) which, inter alia, summarized the particular problems of developing island countries as follows:

"Many developing island countries face major difficulties in respect of transport and communications and their distance from market centres and are therefore seriously hampered in their economic development. Frequently, the smallness of their economies and markets, low resource endowment and heavy dependence on a few commodities for their foreign-exchange earnings are further and particularly important impediments." a/

2. Smallness in physical size and resources are a constraint to the development of developing island countries. To supplement their meagre national resources there is a heavy dependence on foreign trade and on overseas aid.
3. Developing island countries very often are made up of a number of small islands. This poses the whole problem of viability and dependence of each island. There is also the difficult problem of providing regular transportation and communication within the island group.
4. The isolation of a developing island country from the rest of the world creates uncertainty to potential investors because of lack of knowledge of the country. It also limits the developing island country's ability to compete with other similar economies not only for markets but also for attraction of foreign capital.
5. There is heavy dependence on regular and efficient international sea and air transportation. But distance from major markets exposes a developing island country to high external transport costs and international inflation. Regular increases in freight rates, coupled with global inflation, have led to serious balance-of-payment problems and high unemployment.
6. Heavy dependence for export income on one or two agricultural products makes a developing island country very vulnerable to international price fluctuations and to serious production problems where there is regular exposure to natural disasters.

a/ See Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, resolution 98 (IV), para. 38.

7. UNCTAD resolution 98 (IV) of 31 May 1976 called on the United Nations system and on developed countries to implement special measures and specific action, respectively, in favour of the least developed countries and the land-locked and developing island countries as supplementary action to the general measures applicable to all developing countries in the spirit of the Declaration and the Programme of Action on the Establishment of a New International Economic Order (General Assembly resolutions 3201 (S-VI) and 3202 (S-VI)).

8. In developing island countries, the potential to generate export-oriented economic activity must be limited - hence the widening trade gap. But there is unused capacity - particularly in processing agricultural products. Developing countries claim the inhibiting factor for progress is the lack of assured access. Developed countries claim it is a production and marketing problem. Both are probably right. But developing countries have more to lose from unmarketed commodities than developed countries from unsatisfied access and perhaps the latter should make the first step. This cannot be solved at commercial level and will require positive high-level political action. It is the sort of problem the African, Caribbean and Pacific and European Economic Community Joint Council of Ministers is uniquely capable of solving. There would also have to be recognition that each arrangement should be non-reciprocal and preferential. But even preferential and non-reciprocal access can, in developing island countries, be nullified or at least seriously impaired by heavy freight rates and this is an area where developed countries could realistically channel aid. While there is a ready recognition of countries' own responsibilities to maximize their own efforts and resources, there is little gain in doubling production if prices are halved.

9. For some countries, the economic activity generated by aid inputs is disappointing. Capital grants engender high recurrent costs; ministers and senior officials spend a disproportionate time on aid application and processing. A few variants in present philosophy and procedures such as the following, would make a striking difference:

(a) Donors should recognize that requests arise from carefully integrated plans; Governments can be relied on to implement them without continued checking and supervision;

(b) Maximum authority to commit donor Governments on the spot should be given to visiting aid missions;

(c) Documentation should be reduced to a minimum;

(d) Donors should be ready to supply professional and technical experts for line positions at the request of States which, by their very smallness, find these posts hard to fill;

(e) The transfer of intermediate technology should be increased.

10. The extent to which small island countries are prone to natural disasters is

hard to exaggerate. An effort has been made to hold this paper to wide general application but perhaps one small example may be permitted from the Pacific. Since 1875 Fiji (which comprises 320 islands) has experienced some 125 hurricanes and cyclones. Of these, two thirds have hit one particular group of islands. Coconut trees - almost the sole cash crops - have been devastated and houses laid low. Freight subsidies and price subsidies are of little benefit to those who have nothing to sell or send to market centres. Still less have they the means of rehabilitating themselves in their plantations and their homes. It should also be remembered that, although some small developing island States have an impressively high per capita income averaged over-all, the per capita income in their rural areas is very low. It is necessary, therefore, to be more discriminating in identifying the actual areas of countries which are seeking help. In this connexion, the appendix to this paper gives some indication of this problem in Fiji, since this is the only country where we have the detailed information; however, other countries can also doubtless give examples. For instance, it is understood that when the Bahamas excluded expatriate earnings etc., the country was shown to have a GNP similar to that of Barbados rather than rank fourth in the World Bank ratings.

11. These are some of the special problems of small developing island States - based, admittedly, on Pacific experience - but it is believed that in other areas similar problems exist.

12. The United Nations has called on all Governments, in particular those of the developed countries, to implement specific action envisaged in favour of developing island countries, as well as of the least developed and land-locked developing countries. At its thirty-second regular session, the General Assembly adopted by consensus resolution 32/185 which, inter alia, called on Governments, in particular those of the developed countries, to take fully into account the special problems of developing island countries. The resolution also urged all United Nations organizations to identify and implement appropriate specific action in favour of developing island countries, particularly in the fields of transport and communications, trade and commercial policies, industrialization, tourism, the transfer of technology, marine and submarine resources development, the flow of external resources, environment protection and response to natural disasters.

13. It is hoped that, in promoting programmes of economic co-operation and development assistance to developing countries, the United Nations system and developed countries will recognize the special problems and needs of developing island countries by extending to them the same treatment that is being granted to the least developed and land-locked developing countries.

Appendix

Table 1

Distribution of 1976 GDP (in current prices) by industrial origin and by geographical area

Field	All Fiji	Suva-Nausori	Rest of Viti Levu	Vanua Levu	Islands
	(millions of Fijian dollars) <u>a/</u>				
Agriculture . . .	91.4	2.5	66.3	16.7	5.9
Mining	6.7	0.6	6.1	-	-
Manufacturing . .	66.8	30.6	28.9	7.3	-
Utilities	9.3	4.2	4.4	0.7	-
Construction . .	27.7	16.9	9.3	1.5	-
Commerce	85.2	43.0	36.5	3.1	2.6
Transport	44.6	29.7	13.9	0.9	0.1
Services	<u>114.2</u>	<u>66.3</u>	<u>37.7</u>	<u>9.4</u>	<u>0.8</u>
Total	<u>445.9</u>	<u>193.8</u>	<u>203.1</u>	<u>39.6</u>	<u>9.4</u>
Indirect taxes (millions of Fijian dollars)	50.0	26.0	19.2	4.2	0.6
GDP (millions of Fijian dollars)	495.9	219.8	222.3	43.8	10.0
Population (thousands) . .	588	130	308	103	47
Per capita GDP .	\$F 843	\$F 1 691	\$F 722	\$F 425	\$F 213

a/ \$F 1 = approximately \$US 1.1554.

Table 2

Distribution of 1976 GDP in current prices by
 industrial origin and by three main regions

Field	Viti Levu	Vanua Levu	Outer islands
	(millions of Fijian dollars) <u>a/</u>		
Agriculture	68.8	16.7	5.9
Mining	6.7	-	-
Manufacturing	59.5	7.3	-
Utilities	8.6	0.7	-
Construction	26.2	1.5	-
Commerce	79.5	3.1	2.6
Transport	43.6	0.9	0.1
Services	104.0	9.4	0.8
Total	<u>396.9</u>	<u>39.6</u>	<u>9.4</u>
Indirect taxes (millions of Fijian dollars)	45.2	4.2	0.6
GDP (millions of Fijian dollars)	442.1	43.8	10.0
Population (thousands)	438	103	47
<u>Per capita GDP</u>	\$F 1 009	\$F 425	\$F 213

a/ \$F 1 = approximately \$US 1.1554.
