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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION: TRADE AND DEVELOPMENT

Specific problems and special needs of island developing countries

Report of the Secretary-General

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I. INTRODUCTION

1. In its resolution 41/163 of 5 December 1986, the General Assembly reaffirmed its earlier resolutions as well as those of the United Nations Conference on Trade and Development (UNCTAD) on specific action related to the particular problems and needs of island developing countries. 1/ While expressing its appreciation to all States and organisations that had responded to the special needs of island developing countries, it noted with concern that the specific measures envisaged in the relevant resolutions of the United Nations had not yet been fully implemented, and called upon all States and international organisations and financial institutions to intensify efforts to implement specific actions in favour of these countries.

2. In paragraph 10 of the above-mentioned resolution, the General Assembly requested the Secretary-General "to prepare an analytical and comprehensive report, ... which should include specific recommendations to ensure that the General Assembly at its forty-third session is able to undertake a thorough review of the problems and special needs of island developing countries".

3. The present report has been prepared by the UNCTAD secretariat in accordance with paragraph 10 of the above-mentioned resolution. In order to assist in its preparation, the Secretary-General of UNCTAD sent a note on 15 January 1988 to United Nations bodies and agencies requesting their views on this subject. He also convened a Group of Experts on Island Developing Countries, which met at Malta on 24 and 25 May 1988. 2/ This meeting was also attended by representatives of the Commonwealth secretariat, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Department of Technical Co-operation for Development of the United Nations Secretariat and the United Nations Development Programme (UNDP).

4. The present report takes into account the views expressed by the Group of Experts and by the agencies. Section II deals with the problems and prospects of island developing countries and section III contains conclusions and recommendations.

II. PROBLEMS AND PROSPECTS OF ISLAND DEVELOPING COUNTRIES 3/

5. Many of the problems of island developing countries (IDCs) are those of development in general and are not exclusive to this category of countries. 4/ Nevertheless, it can be argued persuasively that many of them are more pronounced in their impact on island developing countries, particularly the small ones. 5/

6. When the question of IDCs was first raised within the United Nations - at the third session of UNCTAD in 1972 only their insular character was mentioned (see UNCTAD resolution 65 (III) of 19 May 1972). However, since that time, all the studies carried out in UNCTAD and elsewhere, as well as discussions that have taken place in various seminars and other forums have tended to focus on small size as a key characteristic. 6/ At the subsequent sessions of UNCTAD and the General

Assembly it was recognised that "the difficult problems faced by island developing countries, in particular those which suffer handicaps due especially to their smallness, remoteness, vulnerability to natural disasters, constraints in transport and communications, great distances from market centres, a highly limited internal market, lack of natural resources, the acute problem of obtaining fresh water supplies, heavy dependence on imports and a few commodities, depletion of non-renewable resources, shortage of administrative personnel and heavy financial burdens (General Assembly resolution 41/163). While the present report deals with the common problems of all IDCs as described above, it gives special attention to the problems of those IDCs which are small in terms of population, land area, and GNP, or all three.

A. Domestic resources

1. Natural and geographical factors

(a) Lack of natural resources

7. Lack of natural resources has been noted as one of the handicaps of IDCs in the General Assembly and UNCTAD resolutions. This is a characteristic which is mostly related to the smallness of the land area of a country. In fact, the developing countries with the smallest land areas happen to be islands. The non-island developing country with the smallest land area (Gambia: 11,295 km²) is more than 10 times larger than 35 of the IDCs listed in annex I, table 1, whereas only 12 IDCs (out of 55) have a larger surface area than the Gambia.

8. Although a number of IDCs have a favourable ratio of fertile land to population, the very small land area of many of them tends to limit their agricultural potential, and is associated with water supply constraints (see para. 14. below). Similarly, the small land area - as well as the geological formation - of most IDCs implies that they have limited mining potential. If one excludes the relatively larger island countries - some of which (for example, Indonesia, Papua New Guinea) are particularly well endowed - there are only few IDCs with economically significant mineral resources: Bahrain, Brunei Darussalam and Trinidad and Tobago for hydrocarbons; Nauru for phosphate; Fiji for gold; Bahamas and Turks and Caicos for aragonite. Among other small IDCs where mineral prospection is actively taking place, particularly for gold, only the Solomon Islands and Vanuatu deserve mention (in addition to Fiji), both having relatively large land areas and being located in "the rim of fire" belt. The lack of natural resources of IDCs should however be qualified by the potential provided by the vast Exclusive Economic Zones which many of them have acquired under the Convention on the Law of the Sea (see para. 52 below).

(b) Depletion of non-renewable resources

9. Depletion of non-renewable resources has already occurred in some IDCs including Kiribati (phosphate on the island of Banaba), Vanuatu (manganese on the island of Efate) and Haiti (bauxite). In addition, by the end of the century the resources responsible for the prosperity of three other island countries will

probably have been substantially depleted: oil in Bahrain and Trinidad and Tobago, and phosphate in Nauru. The mining resources of the Dominican Republic (gold and silver at the Rosario mine) are also reported to be near exhaustion.

(c) Environmental problems

10. The special environmental characteristics of islands have been well documented. 7/ A first aspect is the delicate ecological balance of islands, particularly small islands, whose isolation has permitted the evolution of endemic species and where the lack of diversity of flora, fauna and people reduces ecological resistance to outside aggressions. In the past this has led to catastrophic results. 8/ It is estimated that of the hundred species of birds that have become extinct over the past four centuries, only one tenth lived on continents, and the rest were endemic island species. 9/ Examples of this same type of vulnerability leading to economic repercussions include the havoc caused to coconut plantations by the introduction into several tropical islands of the large beetle oryctes rhinoceros, and the epidemic of swine fever which hit Sao Tome and Principe in 1978 and wiped out the totality of the pig population, causing meat imports to be multiplied nearly eleven-fold in three years. It is probable, however, that with the advent of widespread air travel, even to the most remote islands, the danger of human and economic catastrophes due to the introduction of exotic material has lessened, in so far as most islands, having been exposed to outside influences, may have been "vaccinated" in this regard.

11. Another instance of the environmental fragility of small islands is the ease with which eroded soil is carried into the sea, rather than being deposited in plains. In islands that are under cash crops, this erosion is compounded by the fact that the pesticides and agricultural chemicals used are swept into the sea and threaten the ecology of the coastal and marine systems, as has been found in the Caribbean Windward Islands. 10/. Similarly, the lack of construction aggregates for "modern" buildings, road works and jetties has led in a number of islands to intensive sand dredging and even to the use of reefs for road ballasts, with disastrous environmental consequences, including the destruction of reefs. The environmental problems of IDCs are usually more acute on the coastal zones, where activities, including tourism, are increasingly concentrated.

12. All development actions will necessarily involve some irreversible changes, but "nature allows very little margin for error for people living in small islands. Irreversible events are, at the very least, additive in their effects on small island economies". 11/ In this regard, a major oil tanker accident - an ever-present risk particularly for the islands in the eastern Caribbean and in the western Indian ocean, which are close to heavy tanker traffic - would be truly catastrophic.

Environmental advantages

13. While most of the environmental problems of islands noted above constitute handicaps to their development, it should be noted that islands also have some environmental advantages, which makes many of them so attractive as tourist destinations. These include a relative absence of certain types of air and sea pollution and noise associated with large-scale urbanization.

(d) Fresh water supplies

14. Water supply is another problem. Only the largest and wettest of high islands have ample sources of water. Even on some of these islands, there are seasonal and sometimes serious shortages. Most small islands, and in particular atolls, have few or no permanent streams or lakes, and beneath such islands their lenses of freshwater are often small and easily depleted. Wells and bores are readily invaded by saltwater and become permanently unusable for most purposes. Where surface drainage exists, deforestation (which in many islands took place on a massive scale in the early colonial period) has often led to the loss of "permanent" streams.

(e) Vulnerability to natural disasters

15. Proneness to natural disasters, owing to both meteorological and geological hazards, is another environmental condition which tropical and subtropical islands have to live with. This is due to several factors as follows:

"Tropical cyclones, including hurricanes and typhoons, are essentially a feature of warm oceans and coastal regions; over larger land masses and temperate seas their violence decreases rapidly. Volcanoes, earthquakes and high mountain ranges, of which islands are often only the highest tips, are mostly concentrated in quite narrow active zones. These active zones are associated with the boundaries between the 15 or so rigid lithosphere plates of which the earth's outer shell is composed. Along such active zones, stretching down the Pacific, Atlantic and Indian Oceans are found the island tips of submarine ranges which are particularly prone to seismic and volcanic activity." 12/

Only in the case of droughts would it seem that IDCs suffer rather less severely than continents in the same latitudes, but when they do occur they can be disastrous, as in Cape Verde, or expensive, as in the case of the 1984 drought in Antigua, where water supplies had to be brought from neighbouring islands by barge.

16. In particular, tropical cyclones have been the most frequent and damaging type of disaster in island countries. In some years, the Philippines archipelago is hit by 30 or more typhoons. In the Caribbean, the tropical storm which hit Saint Vincent and the Grenadines in early September 1986 wiped out more than half of the country's banana crop, the main export product. In the Pacific, many islands also receive painful blows every year. 13/

17. Finally, mention should be made of the likely effects on islands of the expected global climatic changes known as the "greenhouse effect". It is being predicted with increasing confidence that in the next 30 to 50 years the mean surface temperature of the globe will increase by 1.5°C to 4.5°C. One of the consequences of this will be a rise in the sea level, through thermal expansion, by 20-140 cm. This will affect all coastal areas, destroying human habitat and vital infrastructure, but would be particularly catastrophic for the small low-lying islands, some of which could disappear entirely. 14/ An increase in water temperature would also widen the cyclone belt and produce more violent cyclones.

(f) Transport and communications

18. Transport and communications are the most obvious area where islands are different from continental countries. Unless a man-made link can be established to the mainland (Bahrain, Singapore), there is no possibility of movement on land which is so prevalent across the borders of continental countries. The fact that islands cannot connect with the road or railway network or with the water and electricity distribution system of a neighbouring country makes delivery more expensive in islands than in most continental countries, however small.

Archipelagic countries

19. Archipelagoes, which almost all IDCs are, suffer from additional transport and communication constraints. This is particularly acute in the many scattered small IDCs (for example, Maldives, the Trust Territories of the Pacific, Kiribati) and is also a major handicap faced by Indonesia (about 3,000 small islands, apart from 5 large ones, spread over a distance of 5,700 kilometres) and the Philippines (more than 7,000 islands), which makes their national economic and social integration particularly difficult. An idea of the cost of territorial discontinuity of archipelagoes may be obtained from the cost of completion of the 3.4 km causeway between Betio (Kiribati's main commercial centre) and Bairiki (the main administrative centre), opened in June 1987, which was more than \$A 10 million (about \$US 6.7 million), a figure of the order of one fifth of the country's GNP.

International transport costs

20. Available data (see table 1 below) tend to confirm that international transportation costs are higher for IDCs than for developing countries as a whole, and substantially higher than for industrialized countries. Table 1 also shows a slight decline for all countries in the relative importance of transport costs since 1980.

Table 1Freight and insurance as a share of imports, FOB, 1980 and 1986

	(Percentage)	
	1980	1986
Industrialized countries	4.8	4.5
Developing countries	10.3	10.2
Island developing countries a/	13.0	12.8

Source: International Monetary Fund, International Financial Statistics, Yearbook 1987, pp. 125-127. Figures are often estimates based on partial data.

a/ Average of 26 countries.

21. For most of the smaller IDCs (for which comparable data is not available) the transport costs probably reach higher figures than for those indicated in table 1. For instance, in Comoros, 1986 balance of payments data show CIF imports of Comoro francs 12,849 million and FOB imports of CFAF 8,994 million, representing a CIF/FOB differential of 43 per cent. ^{15/} Evidence of comparatively higher freight rates in IDCs is also provided by an UNCTAD study on eastern Caribbean shipping in 1984, ^{16/} which indicated that liner freight rates from the United States east coast to the eastern Caribbean were about 40 per cent above those for the more or less equidistant Central American ports for general cargo (United States cents 21.38 and United States cents 15.26 per metric ton/mile, respectively), and more than double for building materials.

22. Some observed island freight rates would have been higher, and services less frequent, if shipping were not directly or indirectly subsidised, including by external resources.

23. The higher levels of transport-related costs for island destinations are due to the low volume of individual shipments from and to islands combined with the imbalance between the volume of merchandise imports and exports, as well as to the geographically remote situation of several of IDCs, and the distance from their main trading partners.

Impact of the modern transport revolution

24. Over the past 25 years, islands have been adversely affected by the advent of modern container/cellular vessels and bulk carriers. This type of technology, which has radically changed the nature of international sea traffic, was developed to suit the circumstances of bulk shipments, and connect with land-based transportation systems, and in very few small islands would the volume of trade justify the investment and reorganisation needed to operate or connect with this mode of transport. The impact of this development has been summed up as follows:

"The situation of islanders in the matter of transport has suffered a severe deterioration in relative, and even absolute terms. The modern transport revolution has reached them mainly through pushing down second- to fifth-hand coastal ships into the island trade, displacing more socially-useful smaller wooden craft ... As maintenance costs of such ships have soared, while their replacement cost has also become astronomic, services have deteriorated and the cost of moving goods and people has risen. Islanders now pay a triple penalty: they pay break-bulk as well as freight costs both on their imports and their exports, and in addition they find the main traffic terminals moving further and further away from their shores. Aircraft ease the situation, but at high cost and moreover the introduction of aircraft services is often accompanied by a further deterioration of shipping as passenger revenue is withdrawn from the latter ... It is the transport stranglehold which, operating without availability of land linkages, is the sharpest single distinguishing constraint of island development today." ^{17/}

25. As a result of the logistics of modern transportation/distribution networks, even inter-island trade within the same subregion is often transhipped through

external hub ports (for example, Auckland and Miami). It is true that many IDCs have had in recent years to build or improve deep water ports at very high costs expressed in GDP ratios or per capita, mostly with external assistance. But, even in IDCs where deep water ports suitable for direct unloading of container vessels have been built, the transportation problems from the main port to other islands of the archipelago remain acute.

Other costs of insularity

26. Apart from being subject to relatively high transport costs, islands must hold larger stocks of a wide range of goods, including such essential ones as foodstuffs, fuel and spare parts, than most areas with easier and more immediate access to supplies and must allow for longer delivery periods. These stocks, as well as time spent in transit, involve economic costs. In fact, small islands, being final destinations and irreversible markets from which goods, once delivered, cannot economically be shipped out, often suffer from shortages, since only minimum quantities for which there is an assured market are ordered from overseas.

Air transport and telecommunications

27. As in the case of deep water ports, IDCs have over the past 20 years devoted considerable investments - generally with external assistance - to upgrade or set up facilities as regards airports (to accommodate wide-bodied jets) and telecommunications. The telecommunication and airport facilities, in almost all the Caribbean islands but also in other IDCs such as Malta, Cyprus, Cape Verde, Seychelles, and such Pacific "cross-roads" as Guam and Fiji, must be now considered as meeting minimum standards. The Pacific Regional Telecommunications Programme aims at equipping every inhabited Pacific island with a telephone service by the mid-1990s. These improvements have substantially reduced the isolation of many island communities, although considerable isolation persists in the most peripheral of the IDCs, such as Sao Tome and Principe, Comoros, Kiribati, Tuvalu, Niue and Tokelau, as well as in many remote islands of archipelagic IDCs.

2. Economic activities

(a) Diseconomies of scale

28. The small economic size of most IDCs implies that they have reduced opportunities to take advantage of economies of scale given indivisibilities in certain sectors. This tends to lead to high unit costs. While economies of scale can be exploited through trade by specializing in some activities, this is not usually possible in such areas as infrastructure, including airports, roads, and harbours; energy; and services such as administration, health, education (including the production of teaching material in local languages), training, agricultural extension, research, storage and marketing. Small countries thus have to devote a greater share of their financial and human resources to providing basic infrastructure and services than do larger countries and thus suffer from an unavoidable cost disadvantage in international competition and in promoting their development. For instance, the cost of the overall port development scheme in Mahé, Seychelles was estimated in 1984 at SR 291 million, which is nearly 30 per cent of GDP. 18/

29. Archipelagic countries, as noted earlier, also suffer from particular diseconomies of scale, having to duplicate infrastructure on each inhabited island.

(b) Agriculture

30. Agriculture is one sector where small IDCs have not achieved significant successes. The perceived advantages, which attracted colonial plantation agriculture to small islands for production and export of crops, such as sugar, copra, bananas, coffee or cocoa, has been lost owing to social and technical evolution and, in most cases, IDCs cannot now compete internationally. In almost all small IDCs production of these types of commodities is stagnating or in decline and, without the specially favourable arrangements with developed market-economy countries, notably the European Economic Community, the survival of most of the traditional export-oriented agricultural activities would be in question.

31. At the same time, IDCs have tended to become increasingly dependent on food imports (see annex I, table 3 below). Although disadvantages of scale apply to important agricultural support services (research and extension, input delivery, transport and marketing of output) they do not operate to the same extent at the farm level. 19/ Consequently, apart from small IDCs that do not possess any significant agricultural potential (for example, atolls and others with acute water problems, such as Cape Verde), others, particularly those with favourable land/population ratios, may be in a position to diversify their agriculture and enhance its contribution to development by way of import substitution, including the meeting of tourist requirements. Apart from market access problems - discussed below - this requires devoting more resources to agriculture and addressing a number of issues such as price policy and land tenure constraints. 20/

(c) Trade policy issues (limited internal market and dependence on imports)

32. The statistically significant inverse relationship between the size of an economy and levels of international trade is well known. Thus, in IDCs, imports represented 36.1 per cent of GNP in 1985 (65.1 per cent for small IDCs), as compared to an average of 13.3 per cent for all developing countries (see annex I, table 3 below). A comparison with 1970 data shows that, in a number of cases, the ratio of imports to GNP has been somewhat reduced (for example, Barbados, Fiji and Samoa), whereas in some others there has been a substantial increase of this ratio (for example, Maldives and Cape Verde).

33. The openness of small economies is a consequence of their small domestic markets, combined with the narrow range of resources that they possess. The constraint of the small internal market has to be offset by opening up to international trade in order to fulfil the needs that cannot be economically met by import substitution. Consequently, this heavy import dependence must be financed by a correspondingly large export effort to the extent that other forms of foreign exchange transfers are insufficient. At the same time, the narrow natural resource base and the low domestic technological capability restricts the range of primary commodities and industrial products that can be produced for export purposes.

34. Another effect of smallness and of the critical minimum size for many economic activities is the specialization in just a few export lines. This is apparent in

the relatively high merchandise concentration indices in many IDCs (see annex I, table 3). Cases of near-100 per cent concentration on one product, such as Nauru (phosphate), the Netherlands Antilles (until recently, oil refining) or Sao Tome and Principe (cocoa) are extreme, but export specialisation on a very small number of items occurs in most small islands. Even in IDCs with a fairly low merchandise export concentration index, diversification is more apparent than real. Thus, Antigua and Barbuda (index 0.344) is in fact highly dependent on tourism, which earned over eight times more foreign exchange than merchandise exports in 1985.

35. Specialisation and extreme dependence on the external economic environment lead to the often-noted vulnerability or lack of resilience of small developing countries to external shocks over which they have no control. Apart from their vulnerability to natural or man-made disasters, particularly pronounced in small islands (as noted above), which creates wide fluctuations in production and export volumes, these countries are price takers and - in the absence of special international market arrangements - are fully exposed to world market price fluctuations and to market restrictions. There is very little scope for national counterbalancing or stabilising action and the national sector can often be regarded as a mere appendage to externally generated activities.

36. In many IDCs, there is an understandable and legitimate desire to lessen dependence on outside factors, but the objective conditions limit the policy choices available. A number of IDCs have been able to achieve relatively high levels of income and growth by stressing outward looking strategies. 21/ However, situations vary from country to country, and the larger islands have often been able to have a greater degree of self-reliance and to build up more integrated production bases.

Special trade arrangements

37. In view of the high degree of trade dependence of small island economies concentrated on a small number of products and markets, the availability of special market arrangements for their exports is probably of more importance than for any other group of developing countries. This importance is such that favourable market access conditions more than compensate the constraints in transportation over long distances faced by the islands. 22/ The main developed country partners of small IDCs have recognized the vital importance of trade for them, and various special arrangements (often within broader groupings) apply to several of them. In any case, their exports, even if they were to grow rapidly, would hardly reach such a level as to "disrupt" the markets of larger importing countries.

Lomé Convention

38. The third Lomé Convention of 1984 (as well as its predecessors) between the European Economic Community (EEC) and the African, Caribbean and Pacific developing countries (to which the majority of small IDCs are parties) makes special provisions for island countries, in the context of the overall provisions of the Conventions in favour of associated States for unrestricted duty-free market access for most products, stabilisation of export earnings (STABEX and SYSMIN) and investment promotion. In fact, on a per capita basis and as a percentage of GNP,

the principal beneficiaries of compensations from STABEX over the period 1975-1983 have been five small IDCs: Dominica, Kiribati, Tonga, Samoa and Vanuatu. 23/ In addition, the Lomé Convention has particularly favourable market arrangements for three products of special interest to IDCs: rum, sugar and bananas.

Arrangements for the Caribbean subregion

39. Other arrangements of particular importance for many Caribbean islands are the Caribbean Basin Initiative (CBI) of the United States of America and the new preferential import programme called CARIBCAN with Canada. 24/. The CBI (Caribbean Basin Economic Recovery Act), which came into effect in 1984, has as one of its major provisions duty-free entry into the United States for eligible articles from the 22 beneficiary Caribbean countries - 16 of which are islands. However, the CBI has yet to yield significant results. United States imports of non-petroleum products from CBI beneficiary countries grew by approximately 6 per cent during the three years 1984-1986, whereas duty-free imports which were \$577.7 million in 1984, fell to \$497.6 million in 1985, but rose to \$689.8 million in 1986. 25/ Sugar quotas from the Caribbean to the United States have also been cut substantially since 1983 (affecting Barbados, Jamaica, Saint Kitts and Nevis, and Trinidad and Tobago). In any case, it should be noted that many potential island exports to the United States, such as garments, oil, footwear, leather goods and canned tuna, are excluded from duty-free access under the CBI, while many of the smaller islands have great difficulty meeting the rules of origin requirements.

40. According to at least one well-placed observer, CBI, in spite of its good intentions, "has not been effective in achieving (its) objective", 26/ - or at least not yet. In early 1988, there was a proposal before the United States Congress (Gibbons-Pickle Bill), which, if adopted, would widen the scope of CBI and prolong its duration. This proposal would attempt to make CBI more effective in assisting the Caribbean developing countries. Of particular interest are its draft provisions to lower the value-added requirement for qualification for CBI treatment for the small Caribbean islands.

South Pacific Regional Trade and Economic Co-operation Agreement

41. In the Pacific, Australia and New Zealand signed the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA), with the Pacific IDCs, in 1980. By giving non-reciprocal preferential access to island products, SPARTECA aims at reducing the great imbalance in trade between Australia and New Zealand, on the one hand, and the Pacific islands on the other. Like CBI, a number of items of particular interest to islands were initially on the restricted or negative lists and the impact of SPARTECA over its first five years was disappointing. However, Australia and New Zealand have agreed, over the subsequent two years, to ease further the restrictions on market access, including those on sensitive products such as clothing, footwear and fruit juices. In spite of this, the rules of origin (50 per cent value-added of which 25 per cent may comprise imports from Australia and/or New Zealand) are difficult to comply with, particularly for the smallest and resource poor IDCs, leading to the criticism that "SPARTECA benefits the countries that are already better off". 27/

Trade promotion and investment promotion

42. These special market access arrangements have been complemented by practical support to allow IDCs to interact with developed countries institutions and marketing structures. This is provided for instance by the Developing Countries Liaison Unit in New Zealand and by the South Pacific Trade Commission in Sydney, Australia. Closely linked to these special market access arrangements is the support provided for investment promotion activities. This is already available to IDCs from the United States (CBI), Australia (Joint Venture Scheme), and New Zealand (Pacific Islands Investment Development Scheme), and under the Lomé Convention, (including, through the Centre for Development of Industry).

(d) Role of tourism and services

43. One of the features of IDCs, particularly striking in many of the small ones, is the important role of services in their economies generally, and in their export structure, in particular. The share of services in GDP is substantially higher in IDCs than in developing countries as a whole (see annex I, table 2, below). In fact, services credits are more important than merchandise exports in 15 IDCs out of 31 for which data are available (see annex I, table 3 below).

Tourism

44. Tourism is the main service activity associated with IDCs. It has developed rapidly and is now important in the economies of most IDCs, and dominant in a number of them. Thus in Antigua and Barbuda, Cyprus, Bahamas, Barbados, Grenada, Maldives, Seychelles and Vanuatu earnings from tourism exceeded those from merchandise exports in 1986 (*ibid.*). This is almost certainly also the case in a number of other islands such as Anguilla, British Virgin Islands, Bermuda, Cayman Islands, Montserrat, Turks and Caicos and United States Virgin Islands, for which these data are not available.

45. Tourism is a highly competitive industry, but on the whole it remains remarkably recession proof, and unlike goods, is not generally subject to protectionist measures on the part of tourist-sending countries. Thus, data from the Caribbean (see annex II) indicate that, although there have been fluctuations in individual islands, for all Caribbean islands taken together tourist expenditure rose steadily every single year from 1980 to 1986.

46. There is considerable ambivalence about tourism, with concerns ranging from its potentially volatile character, its uncertain net economic benefits and undesirable cultural and ecological effects, but even islands that were previously reserved about encouraging visitors (Maldives, Samoa, Tonga), have opened up to tourism. It is noticeable that those islands which are most dependent on tourism (for example, Antigua and Barbuda, Bahamas, Bermuda and Cyprus) are those which have the highest per capita incomes, whereas those where tourism is unimportant, such as Cape Verde, Comoros, Kiribati, Sao Tome and Principe and Tuvalu are among the poorest IDCs.

Financial services

47. Several IDCs have been successful in offering a variety of financial services sometimes in association with tourism. The most dramatic illustration of specialisation in this area is to be found in the Cayman Islands. In 1986, there were almost 18,000 registered companies - numbering more than the adult population - and some 7 per cent of all Euro-dollar trade was booked through this financial centre. Bermuda is the world leader in the captive insurance business. 28/ Apart from the Bahamas and the Netherlands Antilles, other Caribbean islands, such as Barbados, Anguilla (50 off-shore banks in 1986), Montserrat (30 off-shore banks in 1986), Turks and Caicos (4,300 registered companies, including 20 banks in 1984, have more recently become international finance centres. Although such arrangements are in the Caribbean area, Bahrain, Vanuatu, Nauru, Tonga and the Cook Islands have also established offshore banking centres, and Mauritius and Samoa have announced their decision to do so. Another related activity is the provision of open-registry (flags of convenience) facilities for shipping, which are offered by the Bahamas, Bermuda, Cyprus, the Netherlands Antilles and Vanuatu among the IDCs.

48. Offshore services of this type can more easily be established in small islands or other smaller countries because the fiscal incentives that are provided can be more easily designed so as not to affect the domestic tax base. However, the future expansion of offshore centres related to the United States market is in doubt. Several of them (Bahamas, Barbados, Cayman Islands) have had to enter into mutual assistance treaties with the United States which give United States authorities access to bank accounts under certain circumstances. Since 1981 the United States has established international banking facilities in the United States - separate units of United States banks - which in effect can offer much the same facilities as offshore banks. Similarly, since 1987, the tax advantages enjoyed by United States captive insurance companies overseas have been substantially eliminated. In the case of offshore services for the European Economic Community, IDCs have to compete with other well-established European offshore centres.

Other services

49. One of the new and fast growing service activities in a number of Caribbean IDCs (including the Bahamas, Barbados, Dominican Republic, Grenada, Jamaica, Montserrat and Saint Kitts and Nevis) is data processing, particularly data entry. This activity uses the good literacy skills available in many IDCs, an area where they have comparative advantage over many other developing countries.

50. A number of Caribbean islands, including Grenada, Saint Vincent and the Grenadines and Montserrat have attracted "offshore" medical schools. Another type of service activity important in a number of IDCs is philately (the main foreign exchange earner and a major employer in Tuvalu). Finally, in the category of services should be mentioned the income from logistic services earned by a number of small, strategically located islands from such facilities as satellite tracking or weather observation stations, fish and oil transshipment, and aircraft refuelling (for example, Cape Verde).

51. Engaging in such service activities does not correspond to the concepts of "self-sustained growth" or "integrated development", and may appear marginal by international standards, but in several small IDCs they often constitute an important part of the economy.

(e) Marine and submarine resources 29/

52. All islands have in common the possibility of taking advantage of the resources of the surrounding sea. Many IDCs have acquired vast Exclusive Economic Zones (EEZs) - often many thousand times the size of their land area - under the United Nations Convention on the Law of the Sea. This is particularly true in the Pacific and Indian Oceans, whereas in the eastern Caribbean and the Mediterranean - where islands are grouped more closely together and are nearer to coastal states - these zones are often much more restricted. However, these gains to IDCs are at present more theoretical than real. The exploitation of EEZ resources has mainly been confined to extensive fishery.

Fisheries

53. Contrary to widespread belief, the waters surrounding most IDCs belong to the least productive in terms of fish stocks in the world. Owing to the small size of the land area of most islands, nutrient-rich runoff is limited or, as in the case of low coralline islands, non-existent. The deep water off the coast of the majority of IDCs lacks a fish-benign natural environment such as extensive submarine banks favoured by non-migratory fish. Therefore, fishery is pegged to the exploitation of highly migratory species (mainly tuna) or of the resources harboured by the extensive coral reefs.

54. The potential of reef fisheries and of mariculture, as represented by the cultivation of high value species of sea weeds and of bait fish, in the world's main island regions has as yet to be fully realized. The Governments of a number of IDCs, with the help of international agencies, have embarked on programmes to harness the fish resources more efficiently by modernizing the traditional sector and trying to convert it into a commercial activity. 30/ However, (as in other developing countries) this has often proved very difficult and many efforts have proved costly failures. In fact, many IDCs are particularly high consumers of imported canned fish.

55. The capital intensive and energy intensive nature of modern deep water fishing, including the necessary on-shore facilities, as well as the sophistication of the technical skills required, have restricted the participation of most IDCs in this sector.

56. Given these difficulties, several IDCs have opted for the leasing of parts of their EEZ. To this end, IDCs have either individually or collectively concluded agreements with interested parties, providing for access to the respective EEZs for the fishing fleets of those countries. The most comprehensive fishing agreement so far concerning IDCs is the Tuna Fishing Agreement, signed in April 1987 between the United States and the member States of the South Pacific Forum Fishery Agency. Other instances of fishing agreements are in the Comoros, Sao Tome and Principe and

the Seychelles. However, the effective surveillance of EEZs is a problem in most small IDCs.

Non-living marine resources

57. As regards minerals and other non-living resources of the sea-bed and the subsoil within their EEZ, IDCs do not figure prominently as producers. Their exploitation in IDCs is generally restricted to the extraction of sand and gravel from inshore areas, salt extraction and coral mining. Sea-mining requires large investments, which obviously go beyond the means of most IDCs. Rather than developing national sea-mining industries, the granting of mining concessions, similar to the agreements on fishing rights, is likely to become the principal benefit that IDCs would derive from mineral resources in the EEZs. In practice, almost no IDC can expect direct economic returns from the extraction of marine minerals in the near future. Similarly, significant new offshore reserves of hydrocarbons have as yet to be found.

58. As regards renewable marine energy sources, such as tidal power, wave energy, salinity gradient energy conversion, marine biomass and ocean thermal energy conversion, research and development work is strongly oriented towards applications in the developed countries. It appears that the marine energy systems when operational will be large-scale, complex and very expensive. These are the opposite of the requirements of IDCs, particularly of the small ones.

3. Human and institutional problems

59. IDCs experience a number of human, administrative and institutional problems. This is mostly related to small populations and national income, but these problems are more acute in archipelagic states.^{31/} Even in the largest IDCs, such as Indonesia and the Philippines, there are special difficulties in administering over dispersed, culturally distinct and sparsely-populated islands.

(a) Shortages and gaps in manpower

60. A number of manpower and administrative problems are due to the small size of the population of most IDCs. Even if financial resources are available to cover the cost of providing the whole range of government services - a particularly heavy burden in the case of small independent States, shortages and gaps of manpower with the required skills are a pervasive problem in almost all small IDCs. Although the adult literacy rate compares favourably with that of other developing countries and the labour force tends to be adaptable, its skill content, including management and entrepreneurship, is often inadequate to upgrade the productive base and improve the value-added. It is particularly difficult to plan ahead in this respect, not only on account of migration, but also because the opportunities for development in small islands often take the form of a very narrow niche in a specialized or sophisticated international market in specific products or services which is constantly evolving. However, several IDCs have been able to attract outside entrepreneurship and technology to supplement domestic capabilities in achieving their national objectives.

61. In public or private organizations, the shortage of manpower, a consequence of a small population, shows up in the fragility of the manpower chain, which can often be disrupted by absence of staff owing to illness, training, emigration, or mere attendance at meetings outside the country. Similar events do occur in a small part of a larger economy, but, in that case, there are back-up resources which can be brought into play. It is mainly these shortages and gaps of manpower that explain the weakness of small IDCs in areas such as decision-making, technology and international relations, where they cannot reach the critical mass.

Decision-making

62. The shortage of high-level manpower slows down the process of plan and project formulation and implementation. Often this is undertaken in the absence of adequate data. In some small IDCs, even basic data on population are inadequate. Several of them are not able to prepare national accounts and their balance of payments. These deficiencies in data bases can seriously increase the risk of ill-informed decisions by either Governments or aid-donors. Yet, planning errors can be much more costly on a small economy since investible resources available are limited to a much smaller number of projects.

Technology

63. The technological base of IDCs is usually narrow in terms of numbers and often also weak in terms of skills and experience, thus lacking the critical mass for absorbing major technological advances and coping with rapid structural changes occurring worldwide. These countries are thus heavily dependent on the external international economic and technological environment in designing and implementing their development and trade policies - an area where their margins of manoeuvrability and options are relatively narrow. They lack the information and skills to monitor technological developments, assess the structural impact of technological changes, evaluate and set in motion the best methods and mechanisms of technology transfer to the productive sector. So far, most of the initiatives for the transfer of technology to small IDCs have emerged from the outside, and these countries themselves have not been able to play a significant role to set in motion desirable technology transfers and internal technological advancements.

International relations and negotiating capability

64. Finally, manpower shortages (often combined with financial constraints) also account for the difficulties of small IDCs in their external relations. Their overseas representation and effective participation in international meetings and negotiations are very limited, and they have problems in relating in an expeditious and efficient manner with the donor community. They are not well equipped to deal with multinational corporations on equal terms, and while they need to attract foreign entrepreneurs and investors, it is a real problem for them to ensure that foreign operators wishing to establish business do not use them as a cover for illicit activities. Problems of this nature are difficult to tackle in larger States, but they represent an even greater challenge for small islands.

(b) Other institutional constraints

65. Small islands also have special and serious problems as regards their policy making, administrative and management processes for reasons distinct from those arising out of the manpower shortages mentioned above.

66. Social and kinship ties are particularly strong and, while such ties are valuable in themselves, they make it more difficult to formulate and apply policies on purely technical grounds. These problems do exist in all countries, but whereas in larger ones they can be accommodated in ways which have a marginal economic impact, in very small countries accommodation may have direct institutional consequences and adversely affect important economic activities, which places them at a disadvantage in international competition.

"Natural monopolies"

67. Linked to the transport problem is the observed tendency towards monopoly and oligopoly in the economic structure of most IDCs, particularly the small ones. This is the case for instance in import and export trade where the time and cost for importers of finding suitable overseas suppliers and of providing specialized storage and after-sales service tends to discourage new entrants, while the existing businesses are in a favourable position to get further entrenched. Overseas suppliers or their local agents, knowing that they have a captive market, where the consumer cannot easily obtain alternative supplies by crossing over the border, have little incentive to give price discounts. Similarly, economies of scale in operations and international transport often permit the viability of not more than one processing unit (for example, brewery, or edible-oil refinery), and of only of a very few insurance companies or banks serving the local market (as distinct from offshore banks). Whether these "natural" monopolies/oligopolies are owned by the State or privately, this implies that many IDCs are disadvantaged by not being in a position to benefit from competition. 32/ These countries thus tend to be faced by higher costs and reduced effective consumer welfare.

(c) Regional institutions

68. Regional co-operation and integration have special significance for IDCs, as they are one of the ways of alleviating the constraints due to smallness. In the main island regions, several institutions have been created to further regional co-operation, and have received strong support from donors. Among the main institutions in the Caribbean involving IDCs are CARICOM (Caribbean Community), the Organization of Eastern Caribbean States (OECS), the Caribbean Development Bank and the Caribbean Development and Co-operation Committee (CDCC), and there are numerous others covering, for instance, agricultural research (Caribbean Agricultural Research and Development Institute), higher education (University of the West Indies), tourism (Caribbean Tourism Research and Development Centre) and the private sector (Caribbean Association of Industry and Commerce). In the South Pacific, there is no regional grouping exclusively of developing countries. For historical reasons, five metropolitan powers have equal status with both the independent and self-governing IDCs as well as the territories in the South Pacific Commission. When the South Pacific Forum was formed (1971), Australia and New

Zealand were invited to join the IDCs therein. The forum has created the South Pacific Bureau for Economic Co-operation (SPEC) and the Forum Fisheries Agency. Similarly, in the Indian Ocean, the French overseas department of Réunion has been included, alongside the independent island members, in the Indian Ocean Commission, founded in 1982. The geographical situation of other IDCs (for example, Malta, Cyprus, Sao Tome and Principe, Cape Verde) is such that regional co-operation in their case involves co-operation with adjacent continental countries, whether developed or developing.

69. A specific area of inter-island co-operation concerns overseas representation. There are, for example, OECS joint missions in London and Ottawa representing four of the seven OECS member States, and in Washington an Eastern Caribbean Investment Promotion service has been established. Another example is the Commonwealth scheme providing a joint New York office for the permanent United Nations missions for nine small developing States.

(d) Migration

70. Although many IDCs have acquired at least a substantial part of their population from overseas since the seventeenth century, emigration has played an important socio-economic role in IDCs over the past century. Population flows, both temporary and permanent, are now the major regulators of demographic change in most IDCs.

71. International migration is greatest from the smallest islands and the principal destinations are the English-speaking developing countries. In the Pacific, more islanders from Tokelau, Pitcairn, Cook and Niue and American Samoa live outside their country than at home. In fact, there are twice as many Niueans in Auckland as there are in Niue and more Cook Islanders than on any of the Cook Islands. In the Caribbean, islanders living abroad are more numerous than the resident population in Anguilla, Saba and Montserrat; this may even be true of relatively larger IDCs such as Saint Kitts and Nevis and Dominica. It is considered that in the Caribbean "international migration is relatively the highest anywhere in the world since World War II". 33/ Yet another example is Cape Verde, where there are almost as many Cape Verdians living abroad than in the country itself.

72. Migration, both permanent and temporary, has mainly been advantageous to the individuals and usually their families and has been both an advantage and a disadvantage to the IDCs as States. On the negative side it is invariably selective and nearly always results in the loss of the more energetic, skilled and innovative individuals and constitutes a handicap to the development of many IDCs. However, on the positive side, emigration is compensated by a flow of remittances (see paras. 90 and 91 below) and a reduction of unemployment pressures. In fact, none of the Governments of small IDCs is known to have policies to discourage emigration; on the contrary, many of them are seeking new migration possibilities.

73. However, the structure of migration is affected more by conditions in the receiving rather than the sending States. Continued links with developed countries enable a steady migration flow from small islands such as American Samoa, Guam,

Wallis and Futuna, Cook Islands, and from the French and Netherlands Antilles. But these circumstances do not apply to most IDCs. Some developed countries (for example, Canada for the Caribbean, New Zealand for Tonga) have seasonal workers schemes, and Australia is considering adopting a special migration policy for small Pacific islands as an adjunct to aid. 34/

(e) Cultural problems

74. Distances from continents have historically led to cultural isolation. The smallest cultural units in the world are probably in small islands. Some island languages and dialects have survived because of past isolation. Vanuatu, for instance, has about 100 languages - more on a per capita basis than any other country in the world. Many IDCs have their own type of creole. The survival of these culturally small societies places on them special costs in terms of educational, cultural and communication matters, ranging from the availability of text books for primary schools to the operation of a national broadcasting system.

75. On the other hand, these island cultural characteristics are beneficial, since they act as a shield against ill-adapted consumption patterns and too rapid change, and provide social cohesion and the rationale for the provision of remittances. In fact, with the advent of tourism and modern media - particularly satellite television and videos - many IDCs, through being exposed to foreign cultural influences, are in danger of extreme cultural dependence, which limits their room for manoeuvre. In particular, this is leading to rising and unrealistically high expectations (particularly in the Caribbean) which considerably restrict planning decisions.

B. Transfer of external resources

1. Aid

Levels

76. Data on external aid to IDCs appear in annex I to the present report, tables 5 and 6. In 1985, IDCs as a whole received slightly more concessional assistance per capita and as a per cent of GNP than the average for all developing countries, but these data are strongly influenced by the two largest IDCs: Indonesia and the Philippines. The smaller IDCs, on the other hand, received in 1985 much more aid on a per capita basis (\$US 112.1), which is almost 10 times the average for all developing countries and more than 5 times the average for least developed countries. This is partly due to the "small country effect". This effect arises out of the fact that multilateral agencies usually have the mandate to provide assistance to all developing countries, irrespective of their size, whereas many bilateral agencies also attempt to do so for as large a number of developing countries as possible. In this process, once a decision to provide assistance is taken, the practicalities of programming, delivery and monitoring, imply that minimum amounts must be earmarked even for the smallest country. Other factors that may explain those proportionally high concessional aid levels in small IDCs are the particularly close historical ties with specific donors, as well as to the

greater interest in IDCs owing to their perceived strategic position. These aid levels also support the conclusion that many donors do recognize the special needs of small IDCs.

77. Annex I, table 6 below, shows that between 1975 and 1982-1986, concessional aid in current dollars almost doubled for IDCs and more than doubled for small IDCs. However, in terms of dollars deflated by the corresponding import price index, 35/ the increase was considerably less. For IDCs, as a whole, it remained virtually the same between 1975 and 1982, and rose by slightly more than one tenth between 1982 and 1986. As for the small IDCs, concessional aid in constant prices increased by 10 per cent between 1975 and 1982 and by a further one third over the period 1982-1986.

78. As regards multilateral financial institutions, 17 IDCs are eligible to benefit from the concessional funds of the International Monetary Fund (IMF) and have access to the International Development Association (IDA), as shown in annex III. These facilities are applicable to low-income countries, but eight IDCs whose GNP per capita is higher - sometimes much higher (above \$US 1,000 for four eastern Caribbean countries) than the cut-off point applicable to other low-income countries continue to be eligible for the moment. 36/ Representatives of small IDCs have often complained about what one of them has termed the "tyranny of using per capita income as the prime indicator of development", 37/ and, particularly those in the eastern Caribbean, have fought hard against their "graduation" out of eligibility for IDA access. If such "graduation" should take place, it is generally felt that small IDCs would not be able to present projects that would be able to generate the necessary returns to allow for servicing and repayment under non-concessional terms.

Tuvalu Trust Fund

79. An innovation as regards concessional aid is the Tuvalu Trust Fund, which was proposed in 1985, and to which contributions had reached \$A 27 million by the end of 1987. This Fund, made up of grants from several donors, is to be invested abroad and the proceeds from the Fund will help Tuvalu meet the recurrent expenditures of Government, replacing budgetary aid from the United Kingdom, which is being gradually reduced. Tuvalu is admittedly an extreme case of a IDC with particularly few domestic resources which can be mobilized, but the principle behind the functioning of the Trust Fund (full concessionality, long-term security and multilateralism) may have application with respect to a number of other resource-poor small IDCs.

Retailing of external assistance

80. One problem of aid delivery to IDCs is the need to "retail" aid in sufficiently small components to adapt to the small size of these countries. Many donors have administrative difficulties with very small allocations, but several innovative procedures have been found in most cases. Retailing is thus done through the Caribbean Development Bank to the smaller Caribbean IDCs. Similarly, the Asian Development Bank (which has a sub-office for the Pacific) is assisting Pacific IDCs by multi-project loans consisting of a number of small components, but

even modalities of this kind do not by-pass the administratively heavy load to appraise and monitor each sub-project separately.

National priorities

81. Given the important role played by aid in many IDCs, it is perhaps inevitable that the wishes of donor agencies carry more weight than in other developing countries. Examples abound where bona fide assistance offered to IDCs later turned out to be counterproductive. This can lead to wastage of resources, as in one capital intensive project in Maldives, whose failure was attributed by the Minister for Foreign Affairs to the fact that "insufficient attention was paid to our views in the process of the evaluation". 38/ Island Governments are increasingly attuned to such problems and, in a number of cases, have turned down gifts of equipment because of the recurrent cost implications.

Disadvantages of dependence on certain types of aid

82. The difficulties and disadvantages associated with dependence on certain forms of aid should not be overlooked. High aid dependence typically forces the recipient to use foreign technologies and skills, often at an inflated cost, which serve to reduce local value added or increase the foreign exchange content of the investment, thus reducing the potential for domestic employment creation, the development of domestic technical and management skills and the use of domestic inputs.

83. The first President of the Republic of the Marshall Islands commented on the inappropriateness of certain forms of aid as follows: "They've given us handouts and destroyed our human spirit". 39/ Generally, in the South Pacific, it is considered that "the identification and design of appropriate projects is more difficult than finding donors to fund them". 40/

84. These considerations point to the need for careful identification and assessment of the type of external support that can be most productive, cost-effective, and development-oriented in these countries.

Protection against shocks

85. IDCs need to have protection against sudden shocks to which the small ones among them are so vulnerable. These may include natural disasters, but also loss of export earnings due to external factors (protectionism, changes in tax laws of developed countries, fall in private transfers). Even the change of aid policy of an important bilateral donor can be considered an external destabilizing event in this respect.

86. The arrangements of the EEC under the Lomé Convention (STABEX and SYSMIN) as well as COMPEX (applicable to Maldives) cover compensation for a fall in merchandise exports. Since 1979, the Compensatory Financing Facility of the IMF has been enlarged to cover also shortfalls in receipts from tourism and worker remittances. However, other sources of island income (earnings from financial services, philately, leasing of Exclusive Economic Zones, private transfers) are

not included. In practice, it has been almost impossible for most IDCs to benefit from the provisions of the Compensatory Financing Facility, as regards non-merchandise earnings shortfalls, owing in part to unavailability of sufficiently reliable data.

2. External debt

87. Data on the external debt profile of IDCs in 1985 appear in annex I, tables 4 (a) and 4 (b). The debt to GNP ratio of IDCs (47.6 per cent) is not significantly different from the average for all developing countries (46.2 per cent). For small IDCs it is somewhat less (31.8 per cent). However, some IDCs (Comoros, Jamaica, Madagascar, Maldives, Solomon Islands, Sao Tome and Principe and Vanuatu) had debts exceeding their GNP. The degree of concessionality of the external debt of IDCs is also not very different from that for developing countries as a whole (although it is much less than for the least developed countries) (see annex I, table 4 (a), column 3). Similarly, the proportion of multilateral debt in total debt is not remarkably different in the IDC case from that of other developing countries (see annex I, table 4 (b), column 10).

88. In 1985, the average debt service ratio - debt service as a percentage of exports of goods and services - of IDCs was below that for other groups of developing countries (see annex I, table 4 (b), column 13) but of the 49 developing countries which signed multilateral debt relief agreements between 1980 and September 1987, five have been IDCs; 41/ namely, Cuba, Dominican Republic, Jamaica, Madagascar and the Philippines. In 1988, three IDCs (Comoros, Madagascar and Sao Tome and Principe) were considered by the World Bank as low-income debt distressed.

89. Quite recent analyses of the smaller IDCs did not highlight debt problems as a major difficulty of these countries, 42/ and their limited access to international private capital markets was thought to protect them in a sense, from incurring commercial debts on non-concessional terms. Yet, many small IDCs have in recent years had increasing recourse to borrowing from private markets, and in 1985, IDCs debt to private creditors represented more than 40 per cent of the total (more than 50 per cent for small IDCs). Many of these loans have relatively short repayment periods, so that it can be expected that heavy debt servicing burdens will be recorded in the near future in a number of IDCs.

3. Remittances

90. Available data (see annex I, table 3) indicate that net private transfers are positive in most small IDCs. These private transfers are directly associated with the migration from islands. Data on remittances to IDCs are often not available or incompletely recorded, some of them taking place outside normal banking channels. Net private transfers exceed merchandise exports in Cape Verde, Samoa and Tonga, and represent more than half the value of exports in Antigua and Barbuda, and Vanuatu. On the other hand, a few (Bahamas, Bahrain, Netherlands Antilles) have themselves attracted foreign migrants, often from other islands, whose remittances are made abroad.

91. In many smaller islands, for which comparable data is not available, remittances have a great economic importance. This is the case in Kiribati and Tuvalu - particularly if incomes from seamen working on foreign vessels and earnings from migrant workers in Nauru are included - as well as in Anguilla, Cook Islands, Niue and Tokelau. 41/ Outside IDCs, in only few developing countries (such as Yemen and Lesotho) do migrant remittances play such an important role.

III. CONCLUSIONS AND RECOMMENDATIONS 44/

92. A large majority of IDCs are small in terms of population, area or GNP, or all three. Consequently, several of the problems discussed in section II above apply to a greater extent to small IDCs and the recommendations discussed below would be of special relevance to them. In addition, given the diversity among IDCs, few recommendations would apply indistinctly to all of them.

93. The specific problems of IDCs arise out of the interplay of a number of factors:

(a) Small size of the economy, as manifested by small population, GNP and natural resource base leading to diseconomies of scale (for example, high per capita cost of infrastructure, public administration and overseas representation);

(b) Geological characteristics often causing water and soil problems;

(c) Geographic location, remoteness and fragmentation leading to high unit costs of transportation and communication;

(d) Fragility of ecosystem and vulnerability to natural disasters affecting the whole or the major part of the island country;

(e) Very open and dependent economies, as evidenced by the high ratio of external transactions to GDP and the concentration on a few primary export commodities or services;

(f) Weak indigenous technological capacity;

(g) Migration, particularly of high level skills;

(h) Low negotiating capability.

94. Taken individually, the above factors apply to many developing countries, but it is the tendency of many or most of them to occur concurrently in small IDCs, which result in vulnerability and dependence.

95. On the other hand, certain characteristics common to many small IDCs provide opportunities for development, which need to be harnessed. These include in particular:

- (a) Natural beauty, rare flora and fauna, and agreeable climate;
- (b) Large Exclusive Economic Zones in relation to the land area.

96. Some small IDCs have been able to make use of their limited potentials and locational advantages to reach an adequate level of growth, notwithstanding the limitations inherent in these economies.

A. Measures at the national level 45/

97. Despite the different circumstances of each IDC, the commonalities among their problems and the thrust of the action they call for are such as to suggest certain critical areas of action by IDCs in general. Although these involve decisions at the national level, adequate technical and financial assistance will need to be provided for their implementation.

1. Development strategies

98. The objective circumstances of IDCs are such that trade will continue to play a significant role in their economies. Consequently, the development prospects of most of them may need to depend on outward-looking strategies, consistent with their national development objectives.

99. At the same time, IDCs should strive to create more integrated production structures and to promote backward and forward linkages. Even in the smallest IDCs, there is a case for enhancing national capabilities and being less dependent on imports in such critical areas as food and artisanal fisheries, so as to build up and maintain a nutritional "safety net", and increase the value-added component of tourist expenditure.

2. Institution building

100. In order for IDCs to exercise their responsibility for development, their decision-making capability needs to be strengthened. Efforts should therefore be made to develop adequate statistical data bases and institutional infrastructures.

101. The IDCs should prepare their own policy frameworks within which external assistance should be provided and strengthen their capacity to mobilize and channel external assistance and monitor its implementation in accordance with their priorities.

3. Human resource development

102. The development of human resources and of institutional infrastructure designed to provide professional, education and training programmes on an ongoing basis should receive a high priority. Trained specialists should be employed in

the task to which they have been trained, and an appropriate work environment should be maintained. IDCs should make efforts to attract skilled return migrants.

4. Entrepreneurship and foreign investment

103. IDCs need to be ready to seize opportunities offered by the external trading environment. For this purpose, they need to promote actively indigenous entrepreneurship and efficient small enterprises. In addition, IDCs should continue their efforts to attract outside entrepreneurship, technology and investment to supplement domestic capabilities in promoting national development objectives. The encouragement of returning migrants who are often well suited to provide entrepreneurship and capital could be appropriate and desirable in this context.

104. IDCs should formulate and implement suitable policies to deal with transnational corporations. Such policies should ensure that foreign operators do not use IDCs as a base for illicit activities. IDCs should promote appropriate regional co-operation arrangements in this regard.

5. Technological development, acquisition and use

105. The need for IDCs, particularly the small IDCs, to diversify their production, adapt to changing market conditions and compete effectively internationally makes the application of modern or improved technology an imperative. IDCs therefore need to give particular attention to developing or strengthening their institutional and technical capability to monitor and assess recent technological developments and their potential structural impact and activate the various technology transfer sources and processes. There is a need for external technical and financial assistance as well as a supportive international policy framework in this respect.

6. Food and agriculture

106. IDCs should, where practicable, invest more resources in diversified agricultural development. In this regard they should seek to provide improved extension services for food crops and animal husbandry, research capabilities (particularly for root crops), irrigation, appropriate marketing structure and decentralized credit facilities to small farmers. In several IDCs, removal of inappropriate land tenure systems need to be addressed, while avoiding the disruption of traditional structures. IDCs should seek to develop agro-industry and improve nutritional standards. Efforts should be placed not only on production for exports but also for domestic consumption.

7. Fisheries

107. There is a need for IDCs to derive more benefits from their fisheries resources. This calls for more investment to promote fisheries development. In

particular, these must be oriented towards the rational exploitation of their Exclusive Economic Zones. They need to improve the mechanisms for the surveillance of these zones. The development of artisanal fisheries should be addressed more vigorously. Mariculture also appears to be well suited to IDCs.

8. Services

108. IDCs need to further explore the opportunities provided by service-based development and elaborate national strategies for this purpose.

9. Infrastructural development

109. Development of IDCs rests critically on the quality and cost of their infrastructures, particularly those which link them with the rest of the world: transportation facilities (air and sea), telecommunications (local and international), utilities (power and water). Projects in these areas in IDCs, and more so in small IDCs, often cannot meet the financial criteria to attract commercial or even development funding. Given the importance of these infrastructural projects, the sub-economic scale of plants/facilities and the small user population, external assistance which reduces the initial and operating costs is crucial. International financial institutions, such as the World Bank and the regional development banks and international organisations, such as the International Civil Aviation Organisation (ICAO) and the International Maritime Organisation (IMO), as well as UNCTAD, have specific roles to play in this regard.

10. Environment

110. Given the fragile environment of islands, environmental management is an area to which they need to pay special attention, particularly on the coastal zones. In particular, urgent attention should be given to adequate sewage and waste disposal. In the many IDCs where massive loss of forests has already occurred, efforts should be made to reverse this situation. In densely populated IDCs with limited land areas, forests, including new forest planting, should be dedicated to watershed protection and erosion control. IDCs need assistance in the protection of unique species which are threatened with extinction. Environmental sustainability should be an objective for all development projects, and there is a critical need to sensitise decision-makers in the public and private sectors to the contribution of environmental management to economic development. Urgent planning should commence to adapt seashore utilisation to the prospect of a rising sea level in the next half century.

11. Disaster preparedness

111. IDCs should improve their disaster preparedness arrangements, at the national level as well as the regional level. In view of their vulnerability to extensive damage from natural and man-made phenomena, including the effects of the expected

rise in sea level, they should seek to develop and improve arrangements with the assistance of the international community and in particular with the Office of the United Nations Disaster Relief Co-ordinator (UNDRO).

12. Participation in international forums

112. IDCs should make suitable arrangements (including through joint representation) for participation in international forums, particularly those dealing with issues of particular interest to them. Appropriate international agencies should assist them in developing their capability to participate in bilateral and international negotiations.

B. Regional co-operation

113. Regional economic co-operation and integration involving IDCs can help them to overcome the constraints of smallness. By combining the manpower, financial and natural resources of the islands concerned, they can provide a wider operating environment for high-level skills and a larger market for tradeable commodities and services of the group of islands, and thereby increase the potential for scale economies and for joint production. They can also serve to reduce the vulnerability of the islands as a whole, reduce unit costs of providing certain essential infrastructural, economic and social services and increase the effectiveness of IDCs in international negotiations. Co-operation between small IDCs and larger developing or developed countries in the same region can also be beneficial, in particular by helping to reduce the isolation of small IDCs.

114. More regional co-operation among IDCs is clearly essential in several areas in which inter-island co-operation can be particularly beneficial: the surveillance and development of marine resources, data networks, sea and air transport arrangements, telecommunications, disaster preparedness and relief, higher education, maintenance of cultural identity, agricultural research, tourism, banking and insurance, external resource mobilization and management, overseas representation, investment and market promotion, export credit financing and pooling arrangements for the sharing of specialized skills and expertise. IDCs should thus be encouraged to pursue their efforts for co-operation and donor support continued in this regard. To this end international organizations such as UNESCO, ILO, FAO, ICAO, IMO, UNDP and UNCTAD should play a positive role by working with and through appropriate regional organizations and institutions in establishing and operating joint services and projects in the above areas.

C. International support measures

1. External financial and technical assistance

115. Most if not all IDCs benefit from or are eligible for general policy approaches or concessional schemes in the areas of finance and trade intended to provide international support for the development efforts of the developing

countries or for certain categories among them (for example, the least developed countries, sub-Saharan African countries and the African, Caribbean and the Pacific developing countries). Nevertheless, there is a valid case for the international community to recognize the special characteristics of IDCs, in particular of the small IDCs, and to target these countries for special support measures adapted to their objective conditions.

116. Given the limited prospects for resource-based development and domestic resource mobilization in many IDCs, it will be necessary in most cases to maintain at least the level of concessional assistance IDCs have been receiving. Such assistance needs, where possible, to be untied. These countries should not be "graduated" out of eligibility for access to concessional aid without alternative arrangements being put in place. The criteria for graduation should not be based only on per capita GNP, but should take account of total development needs.

117. The particular areas of support will vary as between islands, but there are some broad areas in which support will generally be required, in line with the measures at the national level outlined in section A above. Particular attention should be given to ensure that external assistance conforms to the national priorities of IDCs.

118. Because of the weak institutional infrastructures and low level of manpower capability which exist in many small IDCs, international support to such countries for institutional development should be provided over a longer-term time frame than would normally be expected in the case of other countries.

119. Schemes that provide compensatory financing for export earnings shortfalls should include adequate arrangements for small IDCs that compensate for external shocks affecting their earnings from all private transfers and service exports, including tourism, as well as for damage to export production by natural disasters. Such arrangements would require improvements in the collection of data on service exports and private transfers.

120. Donors should improve co-ordination among themselves in order to ensure that a concerted effort is made to assist IDCs with limited administrative capacity.

2. Trade

121. Given the export-orientation of IDCs, the availability of market access for their exports is of vital importance. Favourable trade conditions, as already provided to IDCs under such arrangements as the Lomé Conventions, the Caribbean Basin Initiative, the South Pacific Regional Trade and Economic Co-operation Agreement and CARIBCAN, should be improved to take into account the special needs of small IDCs. Other market access schemes with larger economies should be envisaged.

122. In general, small IDCs with a weak industrial base should be freed from all limitations under the generalized system of preferences, and given exemption from all organized marketing arrangements and voluntary export restraints. Given their

limited possibilities of generating local value-added, rules of origin criteria should be flexibly defined for the smallest and most poorly endowed countries among them to include a relatively higher proportion of third country inputs in the manufacture of their exports and by instituting a system of derogations from rules considered restrictive for sufficiently long periods of time to establish production and export markets.

123. Small IDCs need special support in their marketing and investment promotion efforts, and in taking advantage of the various concessional schemes available to them in developed countries.

3. Migration

124. Host countries should, on request, consider favourably the facilitation of temporary or permanent migration from IDCs with small populations and particularly limited development prospects. For those countries opening up migration may be an essential adjunct to aid.

125. National efforts made by IDCs to attract return migrants with both skills and capital should receive international support.

Notes

1/ Assembly resolutions 32/185 of 19 December 1977, 34/205 of 19 December 1979, 35/61 of 5 December 1980, 37/206 of 20 December 1982 and 39/212 of 18 December 1984, and resolutions III (V) of 3 June 1979 and 138 (VI) of 2 July 1983 of the United Nations Conference on Trade and Development.

2/ The report of the Group of Experts has been published as document UNCTAD/ST/LDC/9.

3/ The word "country", used here in its broadest sense, includes territorial entities whose constitutional status may differ widely from one to another.

4/ Poverty is not a distinguishing feature of island developing countries. In 1985, average gross national product (GNP) per capita for island developing countries (\$US 735) was slightly below the average for all developing countries (GNP: \$866), but about three times the level for least developed countries. For small island developing countries, average GNP per capita tended to be very significantly higher (average \$3,475) (see annex I, table 2). As regards socio-economic indicators on adult literacy, life expectancy at birth and infant mortality, island developing countries tend to have substantially more favourable figures than developing countries as a whole (see annex I, tables 1 and 2). However, these relatively good indicators hide considerable inter-country differences: nine island developing countries (Cape Verde, Comoros, Haiti, Kiribati, Maldives, Samoa, Sao Tome and Principe, Tuvalu and Vanuatu), are among the world's poorest countries and are classified among the least developed countries.

Notes (continued)

5/ There is no agreed definition of what is a small country. In accordance with past practice, in this report and in the statistical tables of annex I, small island developing countries are those with a population of less than 1 million.

6/ In fact, the co-incidence between small countries and island countries is such that it is often difficult to identify clearly whether a particular phenomenon is due to smallness or to insularity. For instance, of the 82 countries or areas with populations of less than 1 million identified in the United Nations Statistical Yearbook, 1983/1984, (United Nations publication, Sales No. E/F.85.XVII.1), 63 are islands.

7/ A recent survey of this question is available in the 20 papers presented to the Interoceanic Workshop on Sustainable Development and Environmental Management of Small Islands held in Puerto Rico from 3 to 7 November 1986 (publication forthcoming), henceforth referred to as the Interoceanic Workshop, Puerto Rico.

8/ For instance, the entry of malaria in Mauritius killed one fifth of the population of the capital in the 1860s.

9/ Gorman, M. L., Island Ecology, (London, Chapman and Hall, 1979).

10/ Archer, A. B., Report on Land-based Sources of Pollution in Coastal, Marine and Land Areas of CARICOM States (Pan American Health Organization, 1983).

11/ Interoceanic Workshop, Puerto Rico, 1986, Proceedings, US/Man and the Biosphere Program (Department of State, Washington, D.C.), p. 21.

12/ UNCTAD secretariat, in collaboration with the Office of the United Nations Disaster Relief Co-ordinator "The incidence of natural disasters in island developing countries", 1983, (TD/B/961), para. 5.

13/ For instance, in January 1988, New Caledonia, Vanuatu, Solomon Islands, the Marshall Islands and Guam were hit by cyclones. In the Banks and Torres islands of Vanuatu, with a combined population of about 5,000, every house was destroyed and people were living in caves (Islands Business (February 1988), p. 18).

14/ See Bell, A., "Prepare now for climate change, scientists warn", ECOS 53 (spring 1987), pp. 18-21; and Lewis, J., The Implications of Sea Level Rise for Island and Low-lying Countries (Commonwealth secretariat, March 1988).

15/ Banque Centrale des Comores, 1987, XI^e rapport annuel, 1986.

16/ UNCTAD/UNDP, "Small vessels: final report of the regional shipping development project" (RLA/79/051; CAR/80/004), 1984, p. 15.

17/ Brookfield, H. C., "An approach to islands", paper presented at the Interoceanic Workshop, Puerto Rico, 1986, p. 4.

Notes (continued)

18/ Ministry of Planning and External Relations, Seychelles, East Coast Project, Executive summary, March 1984.

19/ In fact, a number of IDCs, which historically have been organized under the plantation system, continue to have large-scale farms, even in the many instances (in the Caribbean, Sao Tome and Principe and Samoa) where plantations have been taken over by the State.

20/ In the Caribbean, it has been argued that "failure to adjust the plantation system into a family farm structure has laid behind the poor contribution that agriculture has made to economic development" (Persaud, B., "Agricultural problems of small States with special reference to Commonwealth Caribbean countries", Agricultural Administration and Extension, No. 29, 1988, p. 50). In other IDCs, such as those of the Pacific, land tenure constraints, although of a different nature, also exist.

21/ Thus, the Barbados Development Plan 1983-1987 states that "import-substitution is becoming increasingly suspect as the primary strategy for promoting economic development. As a general rule, countries which have adhered too closely to the policy have not achieved any significant economic progress. The success stories are associated with countries which have followed outward-looking policies stressing export-led growth".

22/ Thus, Fiji's main exports (sugar and fish) are exported to the United Kingdom of Great Britain and Northern Ireland, and by far the main export market for Vanuatu is the Netherlands (48 per cent of exports in 1985; 60 per cent in 1986) (Central Bank of Vanuatu, Quarterly Economic Review (December, 1986), p. 175). Conversely, limits to the expansion of garment exports from Maldives or Mauritius to the United States of America are set not by transport constraints but by import quotas.

23/ World Bank, World Development Report, 1986, p. 140.

24/ CARIBCAN (Bill C-111, an Act to amend the Customs Tariff) became effective in June 1986 and it is too early to assess its impact.

25/ See documents L/5996 of 6 June 1986 and L/6146 of 3 April 1987 of General Agreement on Tariffs and Trade.

26/ Shearer, H., (Foreign Minister of Jamaica), quoted in Latin American Weekly Report of 24 December 1987, p. 11.

27/ Tabai, I., (President of Kiribati), quoted in Islands Business (January 1988), p. 12.

28/ Wholly-owned subsidiaries of other companies set up to ensure their parents' risks.

Notes (continued)

29/ For reviews of this subject, see Dolman, A. J., "The potential contribution of marine resources to sustainable development in small island countries", paper prepared for the Interoceanic Workshop, Puerto Rico, 1986, and ibid., Island developing countries and the development potential of exclusive economic zones, 1985 (UNCTAD/ST/LDC/7).

30/ However, in some cases, it has been said that "the policy of most Governments on fisheries has appeared to be in token form" (Walters, H. D., "Fisheries Development in Saint Lucia and the Lesser Antilles", The Courier, No. 55, 1984, pp. 94-95).

31/ "Health expenditure per person in Saint Vincent, a multi-island State, is nearly three times the level of that in Saint Lucia" (Commonwealth secretariat, 1985, Vulnerability: Small States in the Global Society, report of a Commonwealth Consultative Group, para. 7.14).

32/ This applies less to the rare IDCs that have a common border with another country; thus, some entrenched monopolistic industries in Haiti (for example, sugar) were forced into closure or restructuring in 1987, owing to increased competition from cheaper imports, particularly from the Dominican Republic.

33/ Momsen, J. H., "Migration and rural development in the Caribbean", Tijdschrift v. Economische en Sociale Geografie, No. 77 (1986), pp. 50-58.

34/ A recent Australian aid review concludes that "especially for those countries with very poor prospects for self-sustaining development and poor standards of living, opening up of migration policy may be an essential adjunct to aid" (Australian International Development Assistance Bureau, Australia's Relations with the South Pacific, (International Development Issues, No. 2, Canberra, 1987), pp. 20-21).

35/ UNCTAD secretariat calculations, utilizing the import price deflators for the countries concerned.

36/ However, it is not certain that eligibility will lead to actual access. "The eligibility threshold for IDA credits is GNP per capita of \$835 (1986) as of 1 July 1987. (The threshold was \$790 before that date, but in actual practice, no country with a higher GNP per capita than \$550 received IDA credits in 1986)". Organisation for Economic Co-operation and Development, (Development Co-operation, 1987 Report (Paris, 1988), p. 124.

37/ Bune, P., (Ambassador of Fiji to the European Economic Community), "Vulnerability of small island States: the case of the South Pacific region and Fiji", The Courier, No. 104, (July-August, 1987), p. 86.

38/ Jameel, F., "Appropriate technical assistance to small island States", in Small Island States - Aid Problems and Practicalities, (VSO/Royal Commonwealth Society, London 1987), p. 49.

Notes (continued)

39/ International Herald Tribune of 25 April 1984, p. 22.

40/ Cole, R. V., "Financing development in the South Pacific", paper presented at the Symposium-cum-workshop on Country Development Strategies for South Pacific member Countries of the Asian Development Bank held at Auckland from 5 to 7 August 1987, p. 12.

41/ World Bank, World Debt Tables, 1988, table IV.3.

42/ See Lestrade, S., "Economic issues affecting the development of small island States: the case of the Caribbean", The Courier, No. 104, (July-August 1987), p. 80; and Siwatibau, S., "External debt in the South Pacific, The Courier, No. 97 (May-June, 1986), p. 76.

43/ In some small Pacific islands, the role of remittances is so important that they have been characterized as "MIRAB (Migration Remittances Aid and Bureaucracy) economies" (Bertram, I. G., and Watters, R. F., "The MIRAB economy in South Pacific microstates", Pacific Viewpoint, No. 27 (1985), pp. 47-59).

44/ These draw upon the conclusions and recommendations of the Group of Experts on Island Developing Countries, convened by the Secretary-General of UNCTAD at Malta on 24 and 25 May 1988.

45/ Many of the recommendations mentioned in paragraphs 97 to 112 of the present report address more than one of the problems and features discussed in section II, so that there is not always a direct correspondence in the respective headings.

ANNEXES

Annex ISelection of island developing countries included in
the statistical tables

1. The countries and territories listed in the statistical tables (tables 1-3, 4 (a) and 4 (b) of annex I are those that are entirely surrounded by water. In addition, the tables include the Dominican Republic, Haiti, Indonesia, Papua New Guinea, and Brunei which, although having a land border, are entirely situated on islands.

2. Apart from States Members of the United Nations, island countries and territories listed are those which, although not State members of the United Nations, are members or associate members of one of the United Nations regional commissions and/or have received assistance from the United Nations Development Programme (UNDP). Thus, the British Virgin Islands, the Netherlands Antilles/Aruba, and the Virgin Islands (United States) are associate members of the Caribbean Development and Co-operation Committee of the Economic Commission for Latin America and the Caribbean (ECLAC); Nauru, Tonga and Tuvalu are members of the Economic and Social Commission for Asia and the Pacific (ESCAP); Cook Islands, Guam, Kiribati, Niue, the Trust Territories of the Pacific Islands are associate members of ESCAP; and Anguilla, Bermuda, Cayman Islands, Montserrat, Tokelau, and Turks and Caicos Islands receive assistance through country projects of UNDP as indicated in the UNDP Compendium of Approved Projects, of 30 September 1986.

Table 1. Island developing countries: geographic and social data, 1985

Country or territory	Population (thousands)	Land area (km ²)	Density (inhabitants per km ²)	Exclusive Economic Zone (thousand km ²)	Adult literacy rate per cent	Life ex- pectancy at birth (years)	Infant mor- tality (per thousand live births)
A. States Members of the United Nations							
Population of 1 million and over							
Indonesia	162 393	1 904 569	86	--	67.7	55	125
Philippines	54 376	300 000	181	--	89.2	63	51
Sri Lanka	15 837	65 610	241	--	81.7	78	32
Cuba	10 090	110 861	91	--	91.1	75	16
Honduras	9 985	587 041	17	--	61.2	52	102
Bhiti	6 585	27 750	237	--	35.8 c/	54	128
Dominican Republic	6 243	48 734	128	--	68.6 b/	64	75
Papua New Guinea	3 511	461 690	7	--	32.1	52	74
Singapore	2 559	590	4 367	--	82.9	73	10
Jamaica	2 336	10 990	208	--	96.1	73	21
Trinidad and Tobago	1 185	5 130	228	77	92.2	69	24
Mauritius	1 050	1 860	539	1 183	79.0	66	28
Population of less than 1 million							
Fiji	691	18 270	37	1 135	79.0	69	21
Cyprus	669	9 250	72	99	89.0	74	17
Comoros	444	2 170	175	--	58.4	50	88
Bahrain	432	626	636	--	79.1	69	32
Malta	383	320	1 125	66	66.5	72	13
Cape Verde	326	4 030	79	--	36.9	59	75
Solomon Islands	270	28 450	9	1 116	--	67	30
Barbados	253	430	593	167	99.3	73	14
Brunei Darussalam	232	5 770	37	--	77.8	57	73
Bahamas	230	13 940	16	759	89.7	71	26
Maldives	183	300	576	959	82.4	53	115
Samoa	163	2 860	57	96	97.8	70	33
Vanuatu	142	14 760	9	857	(52.9)	67	10
Saint Lucia	130	620	216	68	81.7	69	30
Grenada	112	340	271	27	97.8	69	30
Saint Vincent and the Grenadines	104	340	321	68	95.6	69	30
Sao Tome and Principe	97	960	11	--	57.4	48	117
Antigua and Barbuda	80	440	180	--	80.7	71	26
Dominica	76	750	96	20	94.1	69	30
Seychelles	76	280	229	1 349	57.7	47	14
Saint Kitts and Nevis	53	360	128	68	97.6	71	26

Table 1 (continued)

Country or territory	Population (thousands)	Land area (km ²)	Density (inhabitants per km ²)	Exclusive Economic Zone (thousand km ²)	Adult literacy rate per cent	Life ex- pectancy at birth (years)	Infant mor- tality (per thousand live births)
a. Others							
Netherlands Antilles (excluding Aruba)	190	860	248	..	92.5	71	26
Trust Territory of the Pacific Islands	156	1 854	80	(6 288) ^{a/}	..	38	38
Federated States of Micronesia	88	700	125	..	..	..	..
Marshall Islands	35	181	193	..	..	..	..
Northern Marianas	20	471	42	..	..	..	..
Palau	13	497	26	..	..	..	..
Guam	130	541	240	..	(96.4)	..	7
Tonga	109	700	151	596	99.6	70	36
United States Virgin Islands	105	342	307	..	(90.0)	..	22
Bermuda	79	50	1 160	422	98.4	74	11
Aruba	64	193	331	..	..	..	..
Kiribati	64	710	86	3 558	90.1	68	38
Cook Islands	23	230	100	(1 830)	91.3	70	36
Cayman Islands	20	259	77	124	91.8	..	11
Montserrat	14	100	140	34	96.6	71	26
British Virgin Islands	13	153	85	288	(90.0)	..	12
Basuto	8	20	350	431	..	68	38
Turks and Caicos Islands	8	430	19	342	(90.1)	..	24
Trevala	8	168	50	857	..	..	38
Anguilla	7	96	73	17	..	..	34
Niue	3	259	11	(390)	..	..	..
Tokelau	2 ^{a/}	10	280	290	..	..	1
All island developing countries	283 457	3 638 831	77	..	82.9 ^{e/}	65 ^{e/}	42 ^{e/}
Small island developing countries ^{f/}	6 305	114 016	44	..	85.2 ^{e/}	65 ^{e/}	37 ^{e/}
Least developed countries	333 500	1 443 240 024	24	..	32.0	46	139
All developing countries	2 582 600	6 635 200 038	38	..	58.0	56	96

Source: UNCTAD secretariat based on: United Nations Demographic Yearbook, 1985; World Bank, World Bank Atlas 1987; World Bank, Social Indicators of Development, 1986; World Bank, World Development Report 1987; Commonwealth Secretariat, Basic Statistical Data on Selected Countries (with population of less than 1 million), 1987; UNCTAD, Handbook of International Trade and Development Statistics, 1986 Supplement; and other international and national sources.

^{a/} 1980 data.

^{b/} 1981 data.

^{c/} 1982 data.

^{d/} Including Guam.

^{e/} Unweighted average.

^{f/} Small island developing countries with population of less than 1 million.

Table 2. Island developing countries: economic indicators, 1985

Country or territory	GDP (at market prices)			Sectoral distribution of GDP (percentage)		
	Total (\$ millions)	Per capita (\$)	Per capita annual growth rate (1973-1985)	Agriculture	Industry	Services
A. States Members of the United Nations						
Population of 1 million and over						
Indonesia	86 590	530	4.0	24	36	41
Philippines	32 630	600	1.2	27	32	41
Sri Lanka	5 980	370	3.3	27	26	46
Cuba	20 200 ^{b/}	2 050 ^{b/}	--	10 ^{d/}	35 ^{d/}	46 ^{d/}
Madagascar	2 510	250	-3.5	42	16	42
Malawi	1 900	350	0.8	(32) ^{d/}	(17) ^{d/}	--
Dominican Republic	5 050	810	0.5	15	31	53
Papua New Guinea	2 470	710	-1.2	34 ^{d/}	27 ^{d/}	39 ^{d/}
Singapore	18 970	7 420	6.5	1	37	62
Jamaica	2 090	940	-3.5	6	36	58
Trinidad and Tobago	7 140	6 010	2.0	3	44	53
Mauritius	1 110	1 070	1.8	15	29	56
Population of less than 1 million						
Fiji	1 190	1 700	1.0	20 ^{d/}	19 ^{d/}	61 ^{d/}
Cyprus	2 650	3 790	--	9 ^{d/}	29 ^{d/}	62 ^{d/}
Comoros	110	200	1.3	50 ^{d/}	14 ^{d/}	36 ^{d/}
Bahrain	4 040	9 560	0.0	1 ^{c/}	41 ^{c/}	58 ^{c/}
Malta	1 190	3 300	6.7	4 ^{d/}	37 ^{d/}	59 ^{d/}
Cape Verde	140	430	4.9	23 ^{d/}	29 ^{d/}	48 ^{d/}
Solomon Islands	140	510	9.4	--	--	--
Barbados	1 180	4 600	1.5	6 ^{d/}	20 ^{d/}	72 ^{d/}
Brunei Darussalam	3 940	17 500	-1.2	1 ^{d/}	73 ^{d/}	26 ^{d/}
Bahamas	1 670	7 150	1.9	4	14	82
Maldives	50	290	3.3	29 ^{d/}	14 ^{d/}	57 ^{d/}
Samoa	110	660	2.7	45 ^{d/}	11 ^{d/}	44 ^{d/}
Vanuatu	(125) ^{i/}	800 ^{i/}	--	20 ^{b/}	15 ^{b/}	65 ^{b/}
Saint Lucia	160	1 210	2.9	12 ^{d/}	19 ^{d/}	69 ^{d/}
Grenada	90	970	1.5	29 ^{d/}	15 ^{d/}	56 ^{d/}
Saint Vincent and the Grenadines	100	840	2.3	4 ^{d/}	20 ^{d/}	66 ^{d/}
Sao Tome and Principe	30	310	1.0	28 ^{b/}	6 ^{b/}	66 ^{b/}
Antigua and Barbuda	160	2 030	2.9	6 ^{b/}	15 ^{b/}	79 ^{b/}
Dominica	90	790 ^{b/}	2.8	19 ^{d/}	17 ^{d/}	36 ^{d/}
Seychelles	140 ^{d/}	1 042	3.1	7 ^{d/}	16 ^{d/}	77 ^{d/}
Saint Kitts and Nevis	--	1 520	3.3	11 ^{d/}	21 ^{d/}	68 ^{d/}

Table 2 (continued)

Country or territory	GDP (at market prices)			Sectoral distribution of GDP (percentage)		
	Total (\$ millions)	Per capita (\$)	Per capita annual growth rate (1973-1985)			
				Agriculture	Industry	Services
B. Others						
Netherlands Antilles (excluding Aruba)	1 458 d/	6 228 d/	6.2 f/	1 a/ f/	32 a/ f/	67 a/ f/
Trust Territory of the Pacific Islands	160 d/	1 035 c/	..	..	..	..
Guam	678	5 470	-4.4	..	..	..
Tonga	70	730	6.4	42 d/	9 d/	49 d/
United States Virgin Islands	1 030 e/	9 200	0.3	..	..	..
Bermuda	1 030	13 070	0.7	..	..	..
Aruba	..	..	..	..	..	..
Kiribati	30 e/ d/	450 e/ d/	-12.0	37 d/	2 d/	..
Cook Islands	21 b/	1 170 b/	..	17 a/	10 a/	73 a/
Cayman Islands	86 e/ d/	5 760 e/ d/	..	..	..	..
Montserrat	30 d/	2 700 d/	5.1	4 b/	18 b/	78 d/
British Virgin Islands	..	..	..	..	..	..
Basora	(100)	(13 000)	..	..	..	..
Turks and Caicos Islands	..	..	..	..	..	..
Trevalle	5 a/	245	..	11	2	..
Anguilla	(7.0)	1 000 d/	..	..	..	..
Bine	(4)	(1 550)	..	..	..	..
Tobelman	..	..	..	..	..	..
All island developing countries k/	208 551	735	..	18 j/	23 j/	56 j/
Small island developing countries	21 911	3 475	..	17 j/	28 j/	59 j/
Least developed countries	71 728 e/	215 e/	0.1 e/	45	8	(47)
All developing countries	2 187 568	866	0.7 a/	(20) c/	32 c/	45 c/

Source: UNCTAD secretariat based on: World Bank, World Bank Atlas, 1987; World Bank, Social Indicators of Development, 1986; World Bank, World Development Report, 1987; UNCTAD, Handbook of International Trade and Development Statistics, 1986 Supplement; Commonwealth Secretariat, Basic Statistical Data on Selected Countries (with population of less than 1 million), 1987; and other international and national sources.

a/ 1981 data.

b/ 1982 data.

c/ 1983 data.

d/ 1984 data.

e/ Gross domestic product.

f/ Including Aruba.

g/ 1975-1984.

h/ Global social product, 1983 data, at constant 1981 prices.

i/ According to national sources, per capita GDP accruing to St-Vincent and the Grenadines is \$US 499 in 1985.

j/ Unweighted average.

k/ Small island developing countries with population of less than 1 million.

Table 3. Island developing countries: external trade data, 1986
(millions of dollars)

Country or territory	Total merchandise exports (1)	Service credit of which travel		Private transfers net (4)	(2) as percent- age of		(2)+(4) as per- centage of		Imports as per- centage of GNP (9)	Exports concen- tration index 1983 (10) £/	CIF/FOB factors 1986 (11)	Food as percentage of total imports (1985) (12)
		Total (2)	(3)		(1) (5)	(3) as percent- age of (1) (6)	(1) (7)					
A. States Members of the United Nations												
Population of 1 million and over												
Indonesia	14 450	1 564.0	644.1	70.4	10.8	4.4	11.3	11 960	13.9	0.583	1.120	6.5
Philippines	4 837	3 796.0	649.9	234.6	78.5	13.4	83.4	5 046	16.7	0.255	1.070	9.9
Sri Lanka	1 267	378.8	82.8	293.5	31.4	6.8	55.7	1 767	30.6	0.372	1.111	18.1
Cuba	6 415	--	100.0	--	--	1.5	--	9 119	45.1	0.733	--	11.6
Madagascar	31.2 c/	59.4 b/	1.0 b/	2.1 b/	17.8 b/	0.3 b/	18.4 b/	354 b/	12.9 b/	0.429	1.205	15.0
Bahiti	190	(105.8)	(83.4)	(53.8)	(55.5)	(43.7)	(83.7)	(512)	(26.9)	0.201	1.150	28.9
Dominican Republic	722	704.0	506.3	242.0	97.5	70.1	131.0	1 266	25.1	0.430	1.150	17.0
Papua New Guinea	1 032	114.5 b/	11.8 b/	-78.3 b/	12.8 b/	1.3 b/	4.0 b/	962 b/	43.6 b/	0.495	1.150	17.3
Singapore	21 300	8 360.0	1 042.0	-143.1	39.2	8.6	38.6	23 630	138.5	0.255	1.065	9.6
Jamaica	569 c/	697.6 c/	406.8 c/	153.2 c/	122.6 c/	71.5 c/	149.5 c/	1 004 c/	53.8 c/	0.462	1.139	21.2
Trinidad and Tobago	1 363	375.5	83.3	-30.9	27.5	6.1	25.3	1 209	22.2	0.565	1.127	24.6
Nicaragua	671	213.6	88.3	29.7	31.8	13.1	36.2	606	47.0	0.656	1.148	20.7
Population of less than 1 million												
Fiji	243	308.8	161.9	-5.9	127.1	66.6	24.6	368	37.0	0.702	1.136	20.4
Cyprus	451	1 116.0	493.4	24.2	247.4	109.4	252.8	1 142	47.2	0.183	1.111	15.0
Comoros	20	8.3	2.9	-2.0	41.5	14.5	31.5	26	23.6	0.708	--	11.0
Bahrain	2 344	899.7	139.8	-674.0	38.4	6.0	19.6	2 167	73.5	0.802	1.110	7.6
Malta	521	517.8	208.7	48.1	129.8	52.3	141.8	706	63.5	0.381	1.111	--
Cape Verde	(16)	(22.6)	(3.9)	(29.0)	141.2	(24.4)	(322.5)	(118)	(80.7)	0.590	1.150	21.0
Solomon Islands	70 c/	17.7 c/	2.5 c/	-1.3 c/	25.3 c/	3.6 c/	23.4 c/	69 c/	60.0	0.413	1.200	18.0
Barbados	300 c/	496.0 c/	310.8 c/	18.6 c/	165.3 c/	103.6 c/	171.5 c/	559 c/	51.4 c/	0.409	1.100	16.7
Brunei Darussalam	(2 584)	--	--	--	--	--	--	(749)	(19.0)	0.672	--	13.2
Bahamas	294	1 319.0	1 104.0	-14.0	448.6	375.5	443.9	1 018	119.0	0.855	1.064	4.0
Maldives	24 c/	66.9 c/	37.7 c/	-2.0 c/	278.7 c/	157.1 c/	270.4 c/	60 c/	142.0 c/	0.618	1.100	11.1
Samoa	11	14.0	8.6	28.4	127.3	78.2	305.4	43	48.2	0.4	1.099	23.5
Vanuatu	9	71.4	14.3	7.3	793.3	158.9	874.4	47	37.6	0.726	1.140	20.0
Saint Lucia	52 c/	69.5 c/	43.7 c/	14.8 c/	133.6 c/	84.0 c/	162.1 c/	114 c/	23.7 c/	0.650	--	22.3
Grenada	28	33.9	30.8	10.9	121.1	110.0	160.6	74	47.8	0.431	1.100	23.0
Saint Vincent and the Grenadines	68	19.7	18.1	10.2	29.0	26.6	44.0	78	31.0	0.508	--	30.8
Sao Tome and Principe	10	3.8	1.2	-0.8	38.0	12.0	30.0	23	43.3	0.698	--	36.1
Antigua and Barbuda	25	119.2	113.3	14.4	476.8	453.2	534.4	181	34.4	0.314	--	19.4
Dominica	39	10.9	10.4	6.8	27.9	26.7	45.4	51	60.0	0.598	--	24.4
Seychelles	5	126.1	55.4	-5.0	2 522.0	1 108.0	2 422.0	91	65.4	0.569	1.150	17.7
Saint Kitts and Nevis	22 c/	23.1 c/	20.1 c/	9.1 c/	105.0 c/	91.4 c/	146.4 c/	49 c/	35.7 c/	--	--	19.2

Table 3 (continued)

Country or territory	Total merchandise exports (1)	Service credit Total (2)	of which travel (3)	Private transfers net (4)	(2) as percent- age of (1) (5)	(3) as percent- age of (1) (6)	(2)+(4) as per- centage of (1) (7)	Total imports (8)	Imports as per- centage of GDP (9)	Exports conce- tration index 1983 (10) $\frac{E}{I}$	CIF/FOB factors 1986 (11)	Food as percentage of total imports (1985) (12)
B. Others												
Netherlands Antilles (excluding Aruba)	1 673 $\frac{C}{I}$	865.8 $\frac{C}{I}$	327.8 $\frac{C}{I}$	89.0 $\frac{C}{I}$	51.7 $\frac{C}{I}$	19.6 $\frac{C}{I}$	46.4 $\frac{C}{I}$	2 018	139.1 $\frac{C}{I}$	0.936 $\frac{d}{I}$	1.120 $\frac{d}{I}$	4.8
Trust Territory of the Pacific Islands	..	..	..	..	..	..	..	..	..	..	..	28.1
Federated States of Micronesia	..	..	(1.0)	..	..	..	..	..	..	..	..	..
Marshall Islands	2	..	..	..	..	..	..	29	..	..	..	..
Northern Marianas	..	..	(76.0)	..	..	..	..	95	..	..	..	..
Palau	0.5	..	..	..	..	..	..	27	..	..	..	..
Guam	39 $\frac{a}{I}$	..	200.0 $\frac{a}{I}$	..	..	512.8	..	611	..	0.728	..	14.3
Tonga	5	..	5.1	24.8	..	498.3	..	40	57.1	0.395	1.090	23.7
United States Virgin Islands	..	..	..	..	..	..	..	..	..	..	..	..
Bermuda	101 $\frac{a}{I}$	..	329.0 $\frac{a}{I}$	..	..	325.7 $\frac{a}{I}$	..	553	53.7	0.579	..	18.4
Aruba	..	..	118.0	..	..	..	..	..	..	..	..	..
Kiribati	2	..	..	..	..	..	..	16	53.3	0.912	..	36.9
Cook Islands	..	..	..	..	..	..	..	..	..	0.377	..	22.6
Cayman Islands	76	..	..	..	..	..	..	..	..	0.428	..	4.7
Montserrat	1	..	7.0	..	..	700.0	..	5	16.7	0.158	..	27.5
British Virgin Islands	..	..	82.0 $\frac{a}{I}$	..	..	..	..	..	..	0.599	..	6.1
Mauritius	72	..	..	..	..	..	..	33	(33.0)	0.978	..	16.7
Turks and Caicos Islands	..	..	..	..	..	..	..	..	..	..	..	..
Tuvalu	..	..	..	..	..	..	..	..	..	0.350	..	10.0
Anguilla	..	..	5.5	..	..	..	..	..	..	..	..	..
Bute	..	..	..	..	..	..	..	..	..	0.594	..	30.0
Tokelau	..	..	..	..	..	..	..	..	..	0.729	..	..
All island developing countries	70 164	22 514	8 515	334	87.3	30.3	104.1	75 238	36.1	0.546	1.121	
Small island developing countries $\frac{e}{I}$	10 495	6 131	3 933	-547	50.4	37.5	53.2	14 265	65.1	0.579	1.111	
Least developed countries	7 314	..	..	..	..	..	..	15 517	21.6	..	..
All developing countries	267 910	..	..	..	..	..	..	290 496	13.3	..	1.100	

Source: UNCTAD secretariat based on: International Monetary Fund, *International Financial Statistics*, Yearbook, 1987; UNCTAD, *Handbook of International Trade and Development Statistics*, Supplement 1986; World Bank, *World Development Report, 1987*; UNCTAD, *Commodity Yearbook, 1987*; and other international and national sources.

$\frac{a}{I}$ 1983 data.

$\frac{b}{I}$ 1984 data.

$\frac{c}{I}$ 1985 data.

$\frac{d}{I}$ Including Aruba.

$\frac{e}{I}$ Small island developing countries with population of less than 1 million.

$\frac{f}{I}$ For a definition of the index, see UNCTAD Handbook of International Trade and Development Statistics, Supplement 1986, table 4.5, footnote 4.

Table 4 (a). Island developing countries: debt indicators, 1985
(Millions of dollars)

Country or territory	Total external debt (1)	Concessional debt (2)	Col. (2) as per- centage of col. (1) (3)	Debt to official creditors (4)	Debt to private creditors		Col. (5) as percentage of col. (1) (6)
					Long and medium- term	Short- term (5)	
A. States members of the United Nations							
Population of 1 million and over							
Indonesia	36 663.8	9 666.1	26.4	17 995.9	8 591.8	4 934.0	36.9
Philippines	23 871.7	2 167.4	9.1	6 170.5	8 046.1	5 110.7	55.1
Sri Lanka	3 699.2	2 175.5	58.8	2 007.9	462.7	152.1	16.6
Cuba	7 027.4	4 769.6	67.9	5 768.0	369.9	880.8	17.7
Madagascar	2 529.1	974.2	38.5	1 659.5	165.6	62.0	9.0
Bhuti	784.1	459.4	58.6	197.6	115.3	70.4	23.7
Dominican Republic	3 463.5	893.3	25.8	1 477.5	812.7	309.0	32.4
Papua New Guinea	2 423.1	316.8	13.7	539.9	1 398.7	93.6	61.6
Singapore	4 003.8	85.7	2.1	1 297.3	2 147.3	420.0	64.1
Jamaica	4 228.6	1 019.0	24.1	1 952.7	624.7	221.4	20.0
Trinidad and Tobago	1 697.4	25.3	1.5	682.2	882.2	91.0	57.3
Mauritius	400.4	164.2	33.5	151.8	90.2	35.3	25.5
Population of less than 1 million							
Fiji	451.9	24.1	5.3	110.4	161.0	22.0	40.4
Cyprus	1 561.9	65.9	4.2	226.5	481.3	357.0	53.7
Comoros	134.4	121.5	90.4	62.2	2.0	2.0	3.0
Bahrain	1 115.6	376.3	33.7	546.5	340.6	200.0	48.4
Malta	253.8	134.6	53.0	175.5	0.6	71.5	28.4
Cape Verde	167.8	61.6	37.2	48.7	5.5	-	5.1
Solomon Islands	290.0	37.6	13.0	19.3	10.9	225.1	81.4
Barbados	466.2	82.9	17.8	166.4	102.3	40.0	30.5
Brunei Darussalan	236.2	-	-	6.3	1.0	229.0	97.3
Bahamas	620.4	3.5	0.6	84.5	330.0	190.0	83.0
Maldives	82.2	37.9	45.8	32.9	21.0	13.0	41.0
Samoa	75.4	55.7	73.9	7.8	3.1	-	4.2
Vanuatu	127.7	4.7	3.7	66.2	40.0	20.0	47.0
Saint Lucia	38.0	19.4	51.0	9.1	5.0	-	13.1
Grenada	64.0	28.7	44.9	30.7	1.8	7.6	14.7
Saint Vincent and the Grenadines	25.2	19.4	77.0	3.6	0.2	-	1.0
Sao Tome and Principe	68.2	22.9	33.6	42.9	2.8	1.0	5.6
Antigua and Barbuda	82.2	18.1	22.0	28.1	48.0	-	48.6
Dominica	61.3	43.1	70.4	11.8	1.0	1.0	3.3
Seychelles	110.9	32.8	29.6	51.7	21.7	18.4	36.2
Saint Kitts and Nevis	13.7	9.9	72.5	3.7	-	-	-

Table 4 (a) (continued)

Country or territory	Total external debt (1)	Provisional debt (%)	Col. (2) as percentage of col. (1) (3)	Debt to official creditors (4)	Debt to private creditors Long and medium-term (5)	Col. (5) as percentage of col. (1) (6)
B. Others						
Netherlands Antilles (excluding Aruba)	1 006.5	301.6	30.0	724.2	109.0	26.8
Trust Territory of the Pacific Islands	79.8	3.1	3.9	33.0	46.0	57.6
Federated States of Micronesia	--	--	--	--	--	--
Marshall Islands	--	--	--	--	--	--
Northern Marianas	--	--	--	--	--	--
Palau	--	--	--	--	--	--
Samoa	--	--	--	--	--	--
Tonga	24.7	23.7	95.8	16.0	--	--
United States Virgin Islands	--	--	--	--	--	--
Bermuda	511.0	0.1	0.0	226.1	65.0	55.8
Aruba	--	--	--	--	--	--
Kiribati	10.5	0.7	6.4	0.1	1.0	9.5
Cook Islands	2.2	2.2	90.3	0.0	--	--
Cayman Islands	166.7	5.1	3.1	75.1	60.0	48.0
Montserrat	4.1	3.3	81.0	0.1	--	--
British Virgin Islands	414.6	8.9	2.2	7.1	329.0	96.9
Montserrat	50.1	--	--	0.1	21.5	99.9
Turks and Caicos Islands	96.6	0.5	0.5	0.1	60.0	99.3
Tuvalu	0.1	0.1	100.0	--	--	--
Anguilla	0.1	0.1	71.4	0.0	--	--
Belize	--	--	--	--	--	--
Tokelau	--	--	--	--	--	--
All island developing countries	99 227	24 266.9	24.5	42 799.4	25 616.9	40 261.1
Small island developing countries a/	8 344	1 550.0	18.6	2 917.5	1 924.6	4 180.7
Least developed countries	42 000	26 000.0	61.9	--	--	50.2
Sub-Saharan Africa	90 000	27 000.0	30.0	--	--	23.8
All developing countries	1 009 989	161 000.0	15.9	--	--	52.2
						72.3

Source: UNCTAD secretariat based on data provided by OECD secretariat and: OECD Financing External Debt of Developing Countries, 1986 Survey, 1987.

a/ Small island developing countries with population of less than 1 million.

Table 4 (b). Island developing countries: debt indicators, 1985
(Millions of dollars)

Country or territory	Multilateral debt			Col. (9) as per- centage of (1)	Debt as percentage of GNP (11)	Debt service (12)	Debt service as percentage of exports of goods and services (13)
	Concessional (7)	Non- concessional (8)	Total (9)				
A. States Members of the United Nations							
Population of 1 million and over							
Indonesia	972.9	4 169.2	5 142.1	14.0	42.3	5 699.6	28.3
Philippines	312.1	4 238.3	4 550.4	19.6	73.1	2 582.4	32.5
Sri Lanka	699.4	376.9	1 076.4	29.1	61.0	353.9	21.5
Cuba	6.0	11.6	17.6	0.2	34.8	406.5	--
Madagascar	468.1	193.9	662.1	26.2	100.7	175.5	--
Bolivia	319.0	81.7	400.7	51.1	41.3	57.4	11.0
Dominican Republic	352.4	511.8	864.3	24.9	68.6	377.6	28.1
Papua New Guinea	262.9	128.0	390.9	16.1	98.1	246.4	23.9
Singapore	8.5	130.7	139.2	3.5	21.1	1 157.5	3.9
Jamaica	150.8	1 279.0	1 429.8	33.8	202.3	545.8	43.1
Trinidad and Tobago	17.5	24.6	42.1	2.5	23.8	299.8	11.6
Mauritius	55.3	157.9	213.4	43.5	44.1	119.3	20.6
Population of less than 1 million							
Fiji	19.3	139.2	158.5	35.1	38.0	61.9	11.9
Cyprus	18.3	378.9	397.1	25.4	58.9	212.5	15.9
Comoros	61.6	6.6	68.2	50.8	121.8	2.5	12.2
Bahrain	17.4	11.8	29.1	2.6	27.6	182.8	4.8
Malta	6.2	-	6.2	2.4	21.3	27.6	3.3
Cape Verde	48.3	13.2	53.6	49.7	77.0	5.3	14.0
Solomon Islands	29.2	5.5	34.7	12.0	207.1	5.6	6.4
Barbados	51.7	105.6	157.3	33.7	39.5	57.4	7.2
Brunei Darussalam	-	-	-	-	6.0	15.6	--
Bahamas	0.6	15.4	16.0	2.6	37.1	122.6	7.9
Maldives	10.1	5.7	15.9	19.2	164.4	12.7	14.0
Samoa	54.8	9.4	64.2	85.2	68.5	7.0	18.0
Vanuatu	1.5	-	1.5	1.1	102.1	11.0	13.2
Saint Lucia	18.5	5.4	23.9	62.8	23.7	3.3	2.7
Grenada	19.6	4.2	23.9	37.3	71.7	13.0	24.5
Saint Vincent and the Grenadines	17.7	3.6	21.3	84.7	25.2	3.8	4.6
Sao Tome and Principe	21.4	-	21.4	31.4	227.3	3.3	35.1
Antigua and Barbuda	11.0	3.1	14.2	17.2	51.4	6.4	4.8
Dominica	37.0	10.5	47.5	77.5	68.1	4.1	32.9
Seychelles	6.6	12.5	19.1	17.2	--	11.6	9.7
Saint Kitts and Nevis	8.4	1.6	10.0	73.1	19.6	0.5	1.1

Table 4 (b) (continued)

Country or territory	Multilateral debt		Col. (9) as per- centage of (1) (10)	Debt as percentage of GNP (11)	Debt service (12)	Debt service as percentage of exports of goods and services (13)
	Concessional (7)	Non- concessional (8)				
B. Others						
Netherlands Antilles (excluding Aruba)	12.4	-	12.4	69.4	160.4	6.3
Trust Territory of the Pacific Islands	-	-	-	49.9	33.6	-
Guam	-	-	-	-	-	-
Tonga	8.7	-	8.7	35.3	1.9	7.3
United States Virgin Islands	-	-	-	-	-	-
Bermuda	-	-	-	49.6	126.1	-
Aruba	-	-	-	-	-	-
Kiribati	0.7	8.7	9.4	25.0	0.5	-
Cook Islands	2.2	-	2.2	98.3	0.6	-
Cayman Islands	3.6	8.0	11.6	-	40.7	-
Montserrat	2.8	0.7	3.6	86.8	0.1	-
British Virgin Islands	5.4	0.3	5.7	-	0.3	-
Nauru	-	-	-	50.1	16.3	-
Turks and Caicos Islands	0.5	-	0.5	-	3.3	-
Tuvalu	0.1	-	0.1	-	0.1	-
Anguilla	0.1	-	0.1	-	2.5	-
Niue	-	-	-	-	-	-
Tokelau	-	-	-	-	-	-
All island developing countries	4 113.0	12 053.8	16 166.8	47.6	13 259.1	10.7 a/
Small island developing countries a/	487.8	750.0	1 237.8	30.1	1 156.4	8.5 b/
Least developed countries	11 000.0	5 000.0	13 000.0	58.6	2 789.0	27.0
Sub-Saharan Africa	11 000.0	6 000.0	17 000.0	-	12 000.0	31.9
All developing countries	41 996.0	66 377.0	108 373.0	46.2	140 668.0	29.8

Source: UNCTAD secretariat based on: OECD Financing External Debt of Developing Countries, 1986 Survey, 1987.

a/ Small island developing countries with population of less than 1 million.

b/ Unweighted average.

Table 5. Island developing countries: official development assistance per capita and as percentage of GNP, 1985

(Millions of dollars)

Country or territory	ODA from all sources a/ (net disbursements)		
	Total	Per capita (dollars)	Total as percentage of GNP
A. <u>States Members of the United Nations</u>			
<u>Population of 1 million and over</u>			
Indonesia	605.4	3.7	0.7
Philippines	486.4	8.9	1.5
Sri Lanka	486.8	30.8	8.1
Cuba b/	707.2	70.0	3.5
Madagascar b/	219.3	22.0	8.7
Haiti	152.9	23.2	8.0
Dominican Republic	271.8	35.8	4.4
Papua New Guinea	260.2	74.3	10.5
Singapore	23.9	9.3	0.1
Jamaica	165.3	70.9	7.9
Trinidad and Tobago	6.6	5.6	0.1
Mauritius	29.1	27.7	2.6
<u>Population of less than 1 million</u>			
Fiji	31.9	46.2	2.7
Cyprus	37.7	56.3	1.4
Comoros	47.1	106.1	42.8
Bahrain	82.7	191.4	2.0
Malta	17.9	46.7	1.5
Cape Verde	69.6	213.5	49.7
Solomon Islands	20.8	77.0	14.8
Barbados	8.2	32.4	0.7
Brunei Darussalam	1.4	6.0	0.0
Bahamas	0.9	3.9	0.0
Maldives	10.1	55.2	20.2
Samoa	19.1	117.2	17.4
Vanuatu	21.8	153.5	17.4
Saint Lucia	7.0	53.8	4.4
Grenada	34.7	309.8	38.5
Saint Vincent and the Grenadines	5.6	53.8	5.6
Sao Tome and Principe	12.1	124.7	40.3

Table 5 (continued)

Country or territory	ODA from all sources a/ (net disbursements)		
	Total	Per capita (dollars)	Total as percentage of GNP
Antigua and Barbuda	3.0	37.5	1.9
Dominica	16.8	221.0	18.7
Seychelles	23.5	309.2	16.8
Saint Kitts and Nevis	4.5	84.9	6.4
B. Others			
Netherlands Antilles (excluding Aruba)	64.8	341.0	4.5
Trust Territory of the Pacific Islands	159.3	1 021.1	99.6
Guam	..	..	..
Tonga	13.6	124.8	19.4
United States Virgin Islands	..	..	..
Bermuda	0.9	11.4	0.0
Aruba	12.0	187.5	..
Kiribati	12.0	187.5	40.0
Cook Islands	9.7	421.7	46.2
Cayman Islands	0.1	5.0	0.1
Montserrat	2.2	157.1	7.3
British Virgin Islands	2.1	161.5	..
Nauru	0.1	12.5	0.1
Turks and Caicos Islands	5.6	700.0	..
Tuvalu	3.3	412.5	165.0
Anguilla	2.7	387.5	38.6
Niue	3.5	1 166.7	87.5
Tokelau	1.8	900.0	..
All island developing countries	4 135.0	14.6	2.0
Small island developing countries g/	707.1	112.1	3.2
Least developing countries	7 557.0	22.7	10.5
All developing countries	30 298.0	13.9	1.4

Source: UNCTAD secretariat mainly based on: OECD Geographical Distribution of Financial Flows to Developing Countries, 1982/1985.

a/ Development Assistance Committee (DAC) and OPEC sources.

b/ Including gross disbursements from CMEA countries.

c/ Small island developing countries with population of less than 1 million.

Table 6. Island developing countries: official development assistance, 1975 and 1982-1986 a/

(Millions of dollars)

Country or territory	1975	1982	1983	1984	1985	1986 d/
A. States Members of the United Nations						
Population of 1 million and over						
Indonesia	668.7 c/	897.5	743.4	656.0	605.4	606.4
Philippines	179.9	333.5	429.8	397.0	486.4	955.3
Sri Lanka	171.7	419.0	474.7	466.8	486.8	549.4
Cuba	560.9	696.5	693.2	692.0	707.2	18.0
Madagascar	84.9	248.0	196.9	171.5	219.3	321.6
Maliti	71.8 c/	125.7	132.3	134.4	152.9	173.9
Dominican Republic	33.0 c/	135.8	100.0	138.4	221.8	92.6
Papua New Guinea	240.6 c/	310.6	333.1	320.7	260.2	263.4
Singapore	12.8	20.5	14.6	40.9	23.9	29.3
Jamaica	25.1	181.6	175.2	170.3	165.3	177.4
Trinidad and Tobago	5.4	5.7	5.6	4.6	6.6	19.1
Mauritius	29.1	47.7	40.6	35.0	29.1	55.5
Population of less than 1 million						
Fiji	19.4	35.4	32.8	31.3	31.9	42.5
Cyprus	30.7	31.2	18.9	17.4	37.7	34.6
Comoros	21.7	36.5	39.3	38.7	47.1	40.2
Bahrain	25.3	93.5	150.2	198.6	82.7	2.2
Malta	33.7	26.7	50.0	11.2	17.9	5.8
Cape Verde	8.8	54.0	61.7	65.2	69.6	105.2
Solomon Islands	22.3	28.4	27.5	19.4	20.8	27.7
Barbados	5.6	12.9	19.0	8.8	8.2	4.2
Brunei Darussalam	0.1 c/	0.3	0.4	0.8	1.4	2.5
Bahamas	0.7	1.9	0.9	10.9	0.9	5.8
Maldives	3.2	5.5	11.4	7.6	10.1	16.6
Samoa	13.4	22.9	27.1	20.0	19.1	23.1
Vanuatu	12.6	26.0	26.9	24.5	21.8	24.4
Saint Lucia	8.9	8.2	6.9	5.7	7.0	11.8
Grenada	3.2	6.2	7.5	27.5	34.7	25.0
Saint Vincent and the Grenadines	6.0	7.6	5.4	4.1	5.6	12.6
Sao Tome and Principe	0.9	9.9	12.1	12.2	12.1	12.4
Antigua and Barbuda	2.1	5.0	3.4	2.4	3.0	5.1

Table 6 (continued)

Country or territory	1975	1982	1983	1984	1985	1986 d/
Dominica	7.9	17.3	10.2	16.5	16.8	10.9
Seychelles	7.5	18.5	18.8	17.2	23.5	27.3
Saint Kitts and Nevis	1.6	3.2	2.8	3.6	4.5	5.5
B. Others						
Netherlands Antilles (excluding Aruba)	33.3	65.0	65.1	63.0	64.8	57.5
Trust Territory of the Pacific Islands	81.3	162.9	134.0	185.4	159.3	232.2
Guam	..	..	..	..	..	..
Tonga	3.4	17.4	18.0	15.8	13.6	15.2
United States Virgin Islands	..	..	..	..	..	..
Bermuda	0.0	0.1	0.1	0.1	0.9	0.1
Aruba	-	-	-	-	12.0	40.4
Kiribati	5.7	15.1	16.8	11.9	12.0	13.4
Cook Islands	5.6	10.4	9.3	8.0	9.7	26.4
Cayman Islands	1.6	0.6	0.4	0.4	0.1	2.0
Montserrat	4.5	4.0	2.2	1.8	2.2	3.8
British Virgin Islands	2.4	3.8	3.2	1.9	2.1	1.5
Mauri	0.0	0.0	0.0	0.0	0.1	0.0
Turks and Caicos Islands	3.2	10.3	6.7	6.9	5.6	8.9
Tuvalu	0.1	6.2	4.2	5.5	3.3	4.4
Anguilla	1.7	2.0	2.3	1.7	2.7	3.0
Niue	2.3	4.4	5.6	3.2	3.5	4.2
Tokelau	0.2	1.9	1.8	1.8	1.8	2.0
All island developing countries	2 464.8	4 176.4	4 148.3	4 128.5	4 135.0	4 201.7
Small island developing countries b/	380.8	754.3	802.9	849.9	707.1	859.8

Source: UNCTAD secretariat, mainly based on: OECD Geographical Distribution of Financial Flows to Developing Countries, 1982/1985.

- a/ Net disbursements of ODA from DAC and OPEC sources and gross disbursements from OMDA countries.
- b/ Small island developing countries with population of less than 1 million.
- c/ 1976 data.
- d/ Excluding net disbursements from OPEC sources and gross disbursement from OMDA countries.

Annex II

Caribbean countries: a/ estimates of visitor expenditure,
1980-1986

(Millions of United States dollars)

	1980	1981	1982	1983	1984	1985	1986
Anguilla	1.3	1.8	2.4	4.9	7.0	14.6	16.4
Antigua and Barbuda	42.0	43.7	43.8	50.5	65.1	83.6	93.9
Aruba b/	137.5	156.4	163.1	114.5	118.4	120.8	111.1
Bahamas	595.5	639.1	654.5	770.2	801.5	995.0	1 113.6
Barbados	251.0	261.9	251.1	251.6	284.2	309.0	323.7
Belize	7.0	7.5	7.5	8.0	10.0	11.1	11.7
Bermuda	280.0	287.9	301.6	335.5	340.0	356.7	407.2
Bonaire b/	3.8	5.1	6.8	5.5	3.0	4.4	6.3
British Virgin Islands	42.3	53.8	65.6	81.5	85.6	91.7	121.6
Cayman Islands	44.6	52.7	56.2	61.6	70.9	85.5	93.5
Cuba	47.5	52.4	61.2	74.3	95.5	116.4	136.5
Curacao b/	149.1	159.9	134.6	77.6	68.9	70.6	89.2
Dominica	2.1	3.0	4.0	7.3	8.6	8.7	10.6
Dominican Republic	167.9	223.2	272.7	282.3	315.0	368.2	463.9
Grenada	14.8	17.3	17.2	18.7	22.7	32.4	38.4
Guadeloupe	110.9	93.5	107.5	116.0	98.0	95.0	97.8
Haiti	46.3	55.5	55.5	61.0	66.0	69.2	57.6
Jamaica	241.7	284.3	337.8	399.2	406.6	406.8	512.0
Martinique	74.6	75.2	81.6	82.6	87.0	92.8	92.3
Montserrat	4.3	5.4	5.8	6.0	6.7	7.7	8.5
Puerto Rico c/	594.7	626.0	677.6	670.4	659.4	701.5	719.9
Saint Kitts and Nevis	13.4	16.1	17.3	18.6	24.2	31.0	34.1
Saint Lucia	32.9	29.4	32.4	39.7	42.4	55.7	71.4
Saint Maarten b/	106.7	115.2	117.3	121.9	128.0	150.0	160.2
Saint Vincent and the Grenadines	13.7	15.6	16.0	16.7	19.0	23.0	25.0
Suriname	18.2	20.0	20.0	20.0	20.0	20.0	20.0
Trinidad and Tobago	151.1	151.9	178.6	205.7	197.8	197.3	190.0
Turks and Caicos	4.2	4.8	5.2	5.5	6.9	12.2	15.4
United States Virgin Islands	304.3	317.5	312.5	356.3	434.0	507.4	509.8
TOTAL	3 503	3 776	4 007	4 264	4 492	5 038	5 552

Source: Caribbean Tourism Research and Development Centre (CTRC).

a/ Including island territories and non-island countries.

b/ Netherland Antilles Central Bank and CTCRC estimates for Saint Maarten and Aruba.

c/ Fiscal years.

Annex III

Eligibility of island developing countries under various
concessional financing arrangements

Country	IMF Structural Adjustment Facility (1)	IMF Enhanced Structural Facility (2)	IDA (3)	Low income debt distressed countries a/ (4)	1986 GNP per capita (\$US) (5)
Cape Verde	X	X	X		470
Comoros	X	X	X	X b/	320
Dominica	X	X	X		1 210
Grenada	X	X	X		1 240
Haiti	X	X	X		330
Kiribati	-	X	X		450 g/
Madagascar	X	X	X	X	230
Maldives	X	X	-		290 g/
Samoa	X	X	X		380
Saint Kitts and Nevis	X	X	X		1 590
Saint Lucia	X	X	X		1 320
Saint Vincent and the Grenadines	X	X	X		910
Sao Tome and Principe	X	X	X	X	340
Solomon Islands	X	X	X		540
Sri Lanka	X	X	X		400
Tonga	-	X	X		700
Vanuatu	X	X	X		880 g/

Source: Column (1) International Monetary Fund Survey, 31 March 1986, p. 109.

Column (2) International Monetary Fund Survey, 11 January 1988, p. 5.

Columns (3) and (5) communications from the World Bank,
5 November 1987. Column (3) refers to "IDA recipients during the
Seventh Replenishment Period (fiscal years 1985-1987) or countries
for which IDA credits are planned during the Eighth Replenishment
Period (fiscal years 1988-1990)".

a/ Low-income debt distressed countries with adjustment programmes eligible
for debt relief under the World Bank-sponsored special action programme, according
to the list agreed at the multidonors' meeting in March 1988.

b/ Eligibility under review.

g/ 1985; source: annex 1, table 2.