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

Report of the Secretary-General

Addendum

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I. INTRODUCTION

1. The present addendum supplements the information contained in the report of the Secretary-General of 28 June 1977 (A/32/126) and is based on the replies received subsequent to that date.

II. INFORMATION RELATING TO INDIVIDUAL INTERNATIONAL ORGANIZATIONS

A. United Nations bodies and programmes

1. Economic Commission for Europe

2. The programme of work of ECE includes projects relevant to island countries in three of its fields of activities, i.e., agriculture, electric power and water problems.

Agriculture

3. The ECE Committee on Agricultural Problems has in its programme of work a study of long-term perspectives for agriculture in southern Europe (including island countries) with particular reference to agrarian structures and employment. It has transmitted this project to the FAO/ECE Working Party on Agrarian Structure and Farm Rationalization to consider the possibility of undertaking studies of special interest to these countries, which, however, should not overlap with the work done by the Food and Agriculture Organization of the United Nations and the Organisation for Economic Co-operation and Development. Also under the auspices of the ECE Committee on Agricultural Problems, studies are under way on commodity problems of special interest to the member countries of ECE which are developing from the economic point of view (including island countries).

Electric power

4. Under the auspices of the ECE Committee on Electric Power, a study on the production of electric power in island countries is under way. The purpose of this project is to facilitate and accelerate the transfer of technology in this field from the more experienced countries to the island European countries, and in particular to those which are developing from the economic point of view.

Water problems

5. A seminar on selected water problems in islands and coastal areas with special regard to desalination and ground water will be held in Malta from 5 to 10 June 1978 under the auspices of the ECE Committee on Water Problems. The purpose of the seminar is to provide guidelines at a policy- and decision-making level for the rational and economic use of water resources in island and coastal areas. The main topics to be discussed at the seminar are: optimal management of ground-water resources and its relationship to surface water; ground-water quality control and protection areas; water demand policies under limited water resources conditions; desalination; and waste water reuse.

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2. Economic and Social Commission for Asia and the Pacific

Shipping

6. The ESCAP secretariat, through its Regional Advisers on Shipping, Ports and Ocean Freight Rates, has rendered since as early as 1965 advisory services on a number of occasions to the island countries of the region, including those in the South Pacific area. The fields of advisory services rendered are as follows:

- (a) Development of the national merchant marine's domestic and ocean-going fleets;
- (b) Choice of vessels and fleet composition;
- (c) Regional co-operation in the field of shipping, including pooling of shipping resources;
- (d) Fleet maintenance;
- (e) Establishment of a regional training centre for maritime personnel;
- (f) Organization and operation of national shippers' councils;
- (g) Implementation of the Uniform System for the Collection of Economic Statistics of Shipping;
- (h) Establishment of the Freight Booking and Chartering Centre;
- (i) Programming and running of training courses in the field of shipping management;
- (j) Port development and management problems, including dredging.

7. The ESCAP secretariat has also rendered advisory services to subregional groupings in developing jointly their merchant marines through the selection of suitable type of vessels, fleet composition and shipping services. Moreover the secretariat has to date organized several workshops, training courses and seminars on shippers' co-operation, advanced shipping management and chartering techniques, and the trade of liners, tramps, tankers, bulkcarriers and purpose-built vessels, inland navigation and harbour equipment and port planning which benefited island countries in particular.

Commodity export earnings

8. In co-operation with the International Trade Centre UNCTAD/GATT, ESCAP developed a project entitled "Mobile professional development programme in foreign trade sector management for government and business personnel in the selected developing island countries of the Pacific". Under this project, a fact-finding

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mission visited Fiji, the Cook Islands, Western Samoa, the Solomon Islands, Papua New Guinea and the Trust Territory of the Pacific Islands early in 1976, as well as Australia and New Zealand, with a view to identifying areas for assistance in the field of export promotion, to ascertaining training needs and to evolving a training programme for implementation under the project subsequently. It is likely that necessary funding will now be made available by the Governments of Australia and/or New Zealand to initiate the programme in Fiji, Western Samoa, the Cook Islands and Papua New Guinea during March and April 1978. At a later date, a similar programme is expected to be organized for the Solomon Islands and the Trust Territory of the Pacific Islands.

Other action

9. At its thirty-third session, held at Bangkok from 20 to 30 April 1977, ESCAP adopted resolution 173 (XXXIII) on "Increased participation by the developing island countries of the Pacific in the activities of the Economic and Social Commission for Asia and the Pacific", in which it requested the Executive Secretary, inter alia, to consult with the developing island countries of the Pacific as to how they could be assisted in playing a more active role in the affairs of the Commission and the development of the region as a whole, and to consult with other multilateral bodies such as the South Pacific Commission and the South Pacific Bureau for Economic Cooperation as well as the United Nations agencies working in the Pacific region, so as to ensure the fullest co-ordination between them. Accordingly, the Executive Secretary addressed a letter to all the developing island countries which are members and associate members of ESCAP inviting them to send their views on the subject so as to develop a comprehensive approach to the matter.

10. The secretariat co-operated with the secretariat of the United Nations Conference on Trade and Development to send a mission in July 1977 to the South Pacific in order to explore the assistance requirements within UNCTAD and ESCAP competences, bearing in mind recent prospects for financing UNCTAD/ESCAP regional co-operation and island technical assistance projects from 1978 onward.

B. Specialized agencies

United Nations Educational, Scientific and Cultural Organization 1/

Human geography and small islands

11. At present UNESCO is undertaking a study on the factors contributing to the development of minor island ecosystems (para. 3064 of the Approved Programme and Budget for 1977-1978 - 19 C/5 Approved). More specifically, this project aims, in a first phase, at collecting data on the social, economic and cultural consequences of tourism on minor island ecosystems. It is hoped that, once finalized, the practical results of this project will help delineate the optimum conditions for the development of these fragile systems and thus may usefully contribute to UNCTAD's programme in this area.

1/ See also A/32/126, paras. 108-110.

III. INFORMATION RELATING TO BILATERAL AID

A. New Zealand

Shipping

12. New Zealand is providing assistance to improve shipping facilities, including harbour development in the Cook Islands and wharf design in Fiji, and to improve access by clearing or establishing shipping channels through reefs in the Tokelau Islands, the Gilbert Islands and Tuvalu.

13. New Zealand also subsidizes shipping services to the Cook Islands, Niue and the Tokelau Islands which would not otherwise be economic.

14. The New Zealand Government has undertaken the responsibility for the provision of regular shipping services to the Cook Islands and to Niue for many years. In 1973 the service was reorganized as a joint intergovernmental venture. It is now operated by two vessels of the Shipping Corporation of New Zealand, which are chartered by the New Zealand Ministry of Foreign Affairs, and policy questions are decided by the Ministers of Transport or Shipping of the three territories. The service is to be extended to include New Zealand/Tahiti trade.

15. At the request of the South Pacific Forum, the Regional Shipping Council of Ministers has agreed on a framework for a regional line - to be known as the Pacific Forum Line - based on a pooling system whereby participating countries contribute ships on a charter basis and/or working capital. Three countries, including New Zealand, have indicated that they will contribute a vessel or vessels to the Pacific Forum Line. A further five Pacific countries will participate in the line as non-shipping members. An Interim Board of Directors has been formed comprising directors from the Cook Islands, Papua New Guinea, Western Samoa, Fiji, Tonga, New Zealand and Nauru. A detailed series of marketing surveys has been undertaken. It is anticipated that the line should have its first vessels in the water early in 1978 and will carry an initial 20 per cent of the trades, with up to four vessels.

Air services

16. In the South Pacific, New Zealand is providing capital and technical assistance to upgrade airports in the Cook Islands, Niue, Tonga and Western Samoa. Associated training in the use of the facilities, together with equipment requirements, is also being supplied. In an effort to assist island countries with transporting perishable produce to market, New Zealand also funded in 1976/1977 an air freight study, to investigate the feasibility of regular air freight connexions throughout the region.

Telecommunications

17. New Zealand is currently involved in upgrading telecommunications establishments in Western Samoa and in providing similar assistance to projects in Fiji and Tonga.

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Marine and submarine resources

18. In 1976/1977, \$835,000 was allocated to projects regarding the development of fish resources in nine countries. In addition, a commitment of \$360,000 was made to the Skipjack Tuna Programme, which is intended to provide countries of the region with detailed information on fisheries.

Commodity export earnings

19. To encourage island countries to develop new export markets in New Zealand, a number of trade missions were financed from individual countries to New Zealand in 1976/1977. Specialized assistance was also given to undertake market surveys for specific island produce. On a broader scale, projects intended to develop new markets for the recipients include a forestry project in Fiji and assistance to the revitalization of the banana industry in Tonga and the Cook Islands. Moreover new technology is being developed to benefit the region, e.g. with regard to the utilization of coconut stems, one of the prime resources in the Pacific.

Import co-operation

20. In 1976/1977 New Zealand provided training in customs administration and funded a regional meeting of customs officers designed to promote closer co-operation and rationalization among the various services in developing islands in the South Pacific.

Human geography

21. Upon request New Zealand has given assistance to a number of island countries to develop appropriate planning structures and to adapt technology to local circumstances, e.g. in Western Samoa (in particular development of an industrial free zone) and in the Cook Islands.

Tourism

22. A total of \$59,000 was allocated to three projects in Tonga, Fiji and the Cook Islands in 1976/1977.

Flow of resources

23. In 1976/1977 close to 60 per cent of New Zealand's total bilateral aid, all of it in grant form, went to the South Pacific region. This compared with approximately 50 per cent in 1975/1976. New Zealand's main island aid partners in the South Pacific are the Cook Islands, Fiji, Western Samoa, Niue, Papua New Guinea, Tonga and the Tokelau Islands. More modest assistance is extended to the Solomon Islands, the New Hebrides, the Gilbert Islands and Tuvalu. Limited assistance totalling approximately \$224,000 was also given in 1976/1977 to island countries in the Caribbean. A very small programme was also mounted in the Indian Ocean.

24. Agricultural forestry and fisheries together absorbed approximately 45 per cent

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of the total New Zealand aid flow to the South Pacific region in 1976/1977. Other aid is channelled into those infrastructural improvements - such as construction of development roads or jetties, provision of vessels for interisland and coastal transport, exploitation of hydroelectric potential - which are essential to the development of other forms of economic activity.

25. New Zealand has also for some years operated a South Pacific regional aid programme in addition to its bilateral aid. One quarter of the regional allocation, i.e. \$857,000, was allocated in 1976/1977 to transport and communications. Educational assistance has also been provided through the regional programme on a large scale, e.g. in the form of support to educational institutions, in Fiji, the Solomons, Western Samoa and Papua New Guinea.

26. The Pacific Islands Industrial Development Scheme (PIIDS), introduced on 30 November 1976, provides financial assistance and incentives for New Zealand companies developing approved manufacturing operations in Fiji, Tonga, Western Samoa, the Cook Islands and Niue with the objective of fostering economic development and employment opportunities in those countries. The scheme provides also for assistance to the Pacific Island countries to enable them to develop export markets for their products; and for special access to the New Zealand market in appropriate cases for ventures established under the scheme. The incentives comprise interest-free loans, assistance with costs incurred in feasibility studies, training of local employees, and the transfer of plant and key personnel to the island location. In addition to these direct incentives, commercial loan finance may also be made available from the Development Finance Corporation. Another indirect form of assistance that may be provided where insufficient local, private or Government capital exists, is financial assistance to promote local equity participation.

B. Poland

27. Poland's trade policy is aimed at the expansion of economic relations with developing island countries on a mutually advantageous basis. Poland has established economic relations with 24 developing island countries, including such main countries and territories as: Cuba, Cyprus, Hong Kong, Indonesia, Philippines, Singapore and Sri Lanka. These relations have been developed within the framework of bilateral agreements on the development of trade, economic, scientific and technical co-operation. Trade agreements with the said countries and territories are based on the principle of non-discrimination and wide application of the most-favoured-nation clause. During the period of 1974-1975 at the request of the aforementioned countries and territories with the exception of Cuba, Poland concluded new trade agreements based on convertible-currencies payments.

28. The share of developing island countries in the Polish trade turnover with developing countries is still relatively small (6.8 per cent in global turnover in 1975) because the economic potential of most of these countries is relatively limited and because most of them maintain close economic links with traditional markets. Nevertheless prospects for development of the trade between Poland and developing island countries are promising. Taking into account resolution 98 (IV)

of 31 May 1976 of the United Nations Conference on Trade and Development, 2/ Poland is ready to strengthen the commercial ties with these countries if they show an interest in developing direct economic co-operation with Poland. In particular, Poland is interested in co-operation in sea fishing with such countries as: Indonesia, Madagascar and Mauritius. Lately, talks aimed at defining the scope of co-operation on fishing were undertaken with the Philippines.

C. Union of Soviet Socialist Republics

29. The USSR has implemented several specific measures aimed at promoting economic assistance to the developing island countries.

30. In June 1976 five contracts were signed with the Malagasy Republic, providing for technical and economic assistance, including:

- (a) Building up of a power station;
- (b) Preparation of a feasibility study for building a cement plant;
- (c) Supply of equipment for the University of Madagascar;
- (d) Provision of professors for the nautical school;
- (e) Supply of equipment for geological prospecting.

The financial terms of these contracts involved credits up to 10 years at 3 per cent.

31. A trade agreement was signed with Sao Tome and Principe in October 1976 providing for the most-favoured-nation clause and payments in convertible currencies. According to an agreement signed in December 1976, a group of Soviet experts is to assist in developing marine and air transport as well as hydropower resources. A group of medical experts will also be sent.

32. In November 1976 an agreement on economic and technical co-operation was signed with Cape Verde. Medical assistance (14 doctors) will be provided.

33. According to an agreement signed in March 1977 with Sri Lanka, payments between the two countries will be effected in convertible currencies. Moreover, in 1976 the construction of a second part of the metallurgical plant was started with the technical and economic assistance of the USSR.

34. In Cuba four training centres built up with the technical assistance of the USSR were commissioned in 1976.

35. Negotiations on economic, trade and technical co-operation with Jamaica were started in May 1977.

2/ See Proceedings of the United Nations Conference on Trade and Development, Fourth Session, vol. I, Report and Annexes (United Nations publications, Sales No. E.76.II.D.10), part one, sect. A.

IV. INFORMATION RELATING TO DEVELOPING COUNTRIES

A. Malta

Shipping

36. Malta has its own national shipping line. The Maltese Government has advanced plans to turn Malta into a transshipment centre and for this purpose is developing an existing natural harbour which will provide ample and improved facilities for this transshipment trade.

37. The setting up of Sea Malta has introduced an effective measure of control over liner conferences serving Malta with the result that surcharges have been eliminated. Better relationships have also been established with most Conference Lines serving Malta from north European ports, thus encouraging expansion of the export trade.

38. The Maltese Government has also taken steps to establish closer co-operation with neighbouring Mediterranean countries in the field of shipping as well as in other fields.

Air services

39. Malta's infrastructure is being expanded to include a 4,000 metre runway.

Commodity export earnings

40. The possibility of including additional products of export interest to Malta in the various generalized system of preferences (GSP) schemes is being tackled within the framework of the UNCTAD questionnaire on the GSP; identification of additional products is thus being carried out for possible inclusion. Various countries are being approached to foster the creation of industries for the processing of imported raw materials.

Other action

41. Malta's efforts for attracting industrial projects take into consideration the new technologies which such industries will bring to the island; in this matter, however, Malta faces competition from other developing countries richer in natural resources. To overcome this, Malta is offering industrial peace, relatively low wages, access to European, African and Arab markets, a well-equipped harbour, ready factories, a skilled labour force and other investment incentives.

B. Mauritius

Shipping

42. A Marine Authority has been set up to take over the responsibility from the Marine Services for the administration and safe operation of the harbour. A

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Shipper's Council has been established to deal with shipping companies, in particular as regards freight charges, regularity of services and provision of space for Mauritian exports. The secretariat of the Common Afro-Mauritian Organisation (OCAM) has commissioned a study for setting up a regional shipping line, which would to a large extent be beneficial to Mauritius and improve its communications with other countries.

43. A master plan for the development of the main harbour (Port Louis Harbour) was completed some time ago. Works on the construction of three deep water general cargo berths, two transit sheds, a three-storey administrative building and a mechanical workshop have already started. The berths will be provided with mechanical cargo equipment to handle containers.

44. It is expected that the proposed development in port infrastructure will help to facilitate a faster rate of growth in traffic and will bring substantial economies in the cost of sea transport.

45. A sugar bulk terminal is being constructed and would be in operation by 1980.

Other action including commercial policy

46. In order to cope with the lack of local natural resources and with a limited internal market, Mauritius is transforming its economy into an export-oriented economy. The export Processing Zone relies on imports of raw materials and re-exports of finished products, mainly to developed countries.

47. In the field of industrialization, the Government is encouraging foreign investment together with Mauritian participation to create more employment. Up to December 1976, 87 export enterprises started production and gave employment to about 18,000 persons. Since the majority of these industries are textile-oriented, the Government is now promoting other types of industries.

48. Simultaneously the Government is giving assistance to the development of small-scale industry. A small-scale unit has been set up in the Ministry of Commerce and Industry to provide services to existing small-scale industry as well as prospective entrepreneurs.

49. The agricultural sector is also being diversified to achieve greater self-sufficiency in food supply.
