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Fakaalofa lahi atu, Bula vinaka. Bonjour. Kia ora and Good Evening.

It's a great pleasure to be here today. I want to say vinaka vaka levu and thank Professor Steven Ratuva for inviting me to speak. I have been asked to cover one of the great challenges of our region: The Future of Pacific Regionalism. More specifically, I've been asked to speak on the challenges and prospects for regionalism.

Regionalism has always been a goal of Pacific leaders, yet somehow the benefits have been elusive. The regionalism theme in the Pacific is not new. In the 1970s one of my predecessors at the Pacific Community, Dr Macu Salato of Fiji, defined Pacific regionalism as “unity in diversity” – recognising the region's rich diversity of geography, cultures, and so on, and many common interests and challenges – not least the shared resource of the Pacific Ocean.

The Pacific Islands region is one of contrast – from Papua New Guinea with more than seven million people, to Niue and Tokelau, each with populations under two thousand. It is clear that development potential varies considerably, along with the capacity and capability of Pacific Island Countries and Territories (PICTs).

First, let me tell you a little about the Secretariat of the Pacific Community (SPC)—an organisation that I now have the honour of leading.

SPC is the principal scientific and technical organisation in the Pacific and has been proudly supporting development since 1947. We are currently involved in more than 25 different sectors, including public health, statistics, fisheries science, shipping and transport, renewable energy, geosciences, maritime boundaries, land resources, human rights, gender, youth and culture. We are the largest development organisation in the region with 26 members, including New Zealand, and more than 600 staff. Our current cross-cutting priorities include climate change and disaster risk reduction, and non-communicable diseases and food security.

We work closely with other organisations through the Council of Regional Organisations of the Pacific (CROP), including the Pacific Islands Forum Secretariat, the Forum Fisheries Agency and the Secretariat for the Regional Environmental Programme.

Convention means that SPC is not directly involved in the political issues of the region. Our sister agency, the Pacific Islands Forum Secretariat, has the lead on political issues. The political situation in the region is now more complex because of the establishment of the Pacific Islands Development Forum (PIDF) and the emergence of sub-regional groupings such as the Melanesian Spearhead Group (MSG), the Polynesian Leaders Group and so on. The region is at a crossroads and the future of regionalism remains unclear, despite the adoption of the

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Framework for Pacific Regionalism by Pacific Leaders following the Morauta Review of the Pacific Plan.

## **Our strategic partnership with New Zealand**

New Zealand is a founding member of the Pacific Community. We work closely with New Zealand's Ministry of Foreign Affairs and Trade. Almost a year ago, we signed a 10-year Partnership Arrangement (2014-2024) with MFAT, marking a new era in our collaboration. This agreement is significant as it brings more certainty and enables SPC to focus on assisting Pacific Island countries and territories to achieve their long-term key development outcomes, rather than working project-by-project.

We're grateful for New Zealand Aid Programme support, which makes possible vital work to support inclusive and sustainable development in the Pacific region. For example, SPC has been able to coordinate and strengthen services of the Pacific Public Health Surveillance Network in partnership with Pacific Island governments and other regional partners, like the WHO. New Zealand support has enabled us to introduce a "real time" web-based interactive map of epidemics and emerging diseases – like chikungunya, dengue and Zika – to keep health professionals better informed to protect Pacific Island populations.

Through the Pacific Fisheries Training Programme, funded by the New Zealand Aid Programme, SPC has been able to build the capacity of many local fishermen and women in Kiribati, to develop skills required for commercial fishing. Assisting Kiribati to raise its share of the tuna harvest is important because this country has some of the most productive tuna fishing grounds in the Pacific, yet a lack of local capacity means the majority of tuna in Kiribati waters is harvested by foreign vessels.

Data collection and data mining is essential for policy makers and practitioners to make right choices which impact on the wellbeing of the Pacific people. With vital data and statistics these choices may prove to be a challenge. In many Pacific Islands countries statistics are under resourced both financially and in human capacity. SPC is able not only to build the capacity of existing National Statistical Offices but is also able to supplement their capacity through the provision of this regional service, supported by funding from New Zealand.

So this is a vital part of SPC's work, in partnership with New Zealand, to increase inclusive economic and sustainable development in the region.

## **Pacific Community meets in Niue**

This time next week, the ninth biennial Pacific Community Conference will be convening in Niue. This is our peak governing body. It will be preceded by our annual officials' meeting, which begins on Saturday. It's paramount that our organisation connects with the people we serve in order to be effective, and that's why we're taking our Conference to Niue for the first time. We're expecting around 100 delegates from our member countries and territories, as well as observers, including key development partners like GIZ and the European Union.

On the agenda will be endorsement of our new Strategic Plan – essentially our navigation chart for the next five years – as well as a discussion based on our event theme of building resilient Pacific people, a High-level Dialogue on youth and the anticipated admission of a new member, Timor-Leste. We have the UN Secretary-General's Envoy on Youth coming to Niue to take part in our youth dialogue, which will centre on "Nurturing a Resilient Generation and Future Pacific Leaders".

More than half of the Pacific Island region's 10 million people are aged under 25, yet there's a lack of targeted investment to respond to the significance of youth issues and to meet the needs of all young people in the Pacific. The High-level Dialogue will provide an opportunity for Pacific ministers, other delegates, youth representatives and observers to discuss strategies for increasing investment related to issues affecting Pacific youth, including non-communicable diseases, climate change, sexual reproductive health and rights, employment and the empowerment of girls and young women.

Pacific regionalism will also feature on the agenda, and I'll talk more about that in a moment. The Conference is an important platform for us and I hope you'll follow the outcomes via our website.

### Defining regionalism

Allow me also to pause and establish some definitions. Regionalism means different things to different people. Review Note No.4 from the Morauta Review (Pacific Plan Review 2013) provides the best outline of regionalism, which I have used in the preparation of this talk.

At its most basic level, regionalism is the creation and operation of institutions and processes at the regional level to achieve better outcomes. Regionalism strengthens the ability of Pacific people, communities and governments to identify and tackle shared concerns, such as capacity constraints, to reduce vulnerability and improve development effectiveness. Regionalism presents opportunities for PICTs to:

- overcome problems related to their small size and remoteness
- create a bigger cooperative region or markets where Pacific people will have more opportunities for activities not viable at the national level
- provide Regional Public Goods (RPGs)
- improve transparency and accountability.

There are various dimensions of regionalism.

**Regional cooperation** – dialogue and agreements between governments, e.g. Ministerial meetings on sector priorities; but implementation, which can either be voluntary or binding, is left entirely to national governments.

**Regional provision of public services** – pooling of national services at the regional level, such as shipping and air transport services. The University of the South Pacific is often used as the most successful example of a regional body realising economies of scale, enabling residents of smaller PICTs to access tertiary education of a quality that their national government could not afford to provide.

**Regional integration** – lowering barriers for goods, services and movement of people between countries, like quarantine measures, import taxes and passport requirements. The difference between regional integration and regional cooperation is that with integration, implementation is done mostly through a regional body and not by national governments.

In reality, the differences are not clear or straightforward and it is often difficult to draw a distinction between regional bodies that are pursuing regional integration and those facilitating regional cooperation. The reality is that many are doing both. For example, SPC facilitates regional meetings (cooperation) and provides technical services through our staff expertise (overcoming national capacity constraints and/or realising economies of scale in service provision).

There are well-documented benefits of a collective approach – critical mass in selected areas, especially highly specialised fields such as tuna stock assessment, epidemiological surveillance and outbreak response, a collective approach to counter the power of the tobacco industry – in short, specialised, integrated scientific and technical services are best provided by one agency for its members. It is generally accepted that where regionalism works, the benefits outweigh the

costs: e.g., the Forum Fisheries Agency work on managing the tuna stock, the Biketawa Declaration (2000) that enabled RAMSI and the Pacific Regional Assistance to Nauru (PRAN). Regionalism, however, is not without its critics and there are significant challenges.

## Challenges to regionalism

Once a region of stability and political tolerance exemplified by consensus building and the “Pacific Way”, the Pacific is becoming increasingly fragmented and new alliances are being forged. The new order is yet to emerge and considerable uncertainty exists at the political level.

The role of traditional partners, such as Australia and NZ, is being challenged. Fiji is pushing ahead with its ‘look north’ policy and relationships are being strengthened with China, Korea, United Arab Emirates, Turkey and beyond. China is, of course, active in many PICTs. Fiji’s central role in the region is a critical factor in determining the new direction for regionalism. In recent times, Papua New Guinea has become a ‘development partner’ and investor in many PICTs.

These developments are inevitable as the needs of Small Island Developing states (SIDS) change and development resources are stretched. The challenges presented by climate change triggered a shift in attitude towards Australia and NZ by PICTs. It is also a natural part of the evolution of PICTs.

The establishment of the Pacific Islands Development Forum (PIDF) is the most significant example of the changing regional order, where new relationships are being forged and traditional alliances are being challenged. It is unclear how the PIDF will evolve but it is without a doubt gaining momentum from within the region and beyond. The inclusion of the private sector and civil society organisations are presented as major differentiating points between the PIDF and PIFS. The role of the PIDF vis-à-vis PIFS remains unclear.

We have also seen more visible expression of sub-regionalism in recent times, e.g. the Melanesian Spearhead Group (MSG) and the Polynesian Leaders Group (PLG). The MSG has been active in a number of areas, including trade and other policy options for the Melanesian sub-region. Most of you will be aware that the Pacific population is concentrated in Melanesia – in PNG, Fiji, Solomon Islands and Vanuatu. The potential for development is also most promising in these countries. I expect the MSG’s influence in the region will increase.

In recent weeks, we have seen major political crises in Vanuatu and the Solomon Islands, which have threatened their economic and broader development prospects. Political instability has in fact become the reality in many SIDS, not just Vanuatu and the Solomon Islands. Under these circumstances, development prospects are compromised and investment becomes uncertain. Political instability has been a feature of several PICTs in recent years.

Instability at the national level compromises regional agreements and prospects for regionalism. Lack of coherent regional leadership creates a climate of uncertainty and compromises our ability to speak effectively as one voice on global issues that affect the region, like climate change. Shared regional leadership is a major concern.

Other threats to regionalism include:

- Population health and wellbeing, including NCDs (diabetes and heart disease) and persisting communicable diseases, such as dengue
- Environmental degradation, pollution
- Low economic growth, loss of preferential market access, globalised markets, diseconomies of scale, high dependency on fossil fuel
- Poor governance, corruption and lack of transparency
- Globalisation, migration and loss of skills.

We can also expect climate change and disasters to undermine the progress of PICTs in achieving the new Sustainable Development Goals (SDGs).

Climate change has galvanised the region like never before. The Pacific region is extremely vulnerable to the impacts of climate change. SPC is assisting members in this process in view of

its extensive portfolio of projects in climate change adaptation and mitigation. Pacific leaders have been very active in pushing for a reduction in harmful Greenhouse Gases and a legally binding global agreement in Paris in December 2015. Climate change discussions at the regional and global levels have propelled a small group of Pacific leaders onto the world stage. Similarly, global interest in the health of the oceans and establishment of marine protected areas has also provided opportunities for Pacific leaders to raise our islands' concerns at the global level.

### **Prospects for enhanced regionalism**

Regionalism is a current priority for Pacific leaders, and SPC is actively engaged.

A critical item in our work is the implementation of the Pacific Framework for Regionalism. The Framework replaces the Pacific Plan and is the most important policy tool driving regionalism. Everyone is hopeful of its ability to drive integration, communication and a new solidarity.

There is consensus on the benefits of regional integration and cooperation, especially in SIDS, given their severe resource limitations and capacity constraints. Yet the 'devil is in the detail' when it comes to the implications and risks associated with implementing regionalism. Loss of sovereignty appears to be the main concern, especially for the smaller states – there's a fear of being dominated by the bigger players, of being drowned out in the decision-making process.

Yet it's difficult to see how integration can occur without some loss of sovereignty. Much has been made of the sovereignty concerns, but I believe that members retain the right to agree/disagree with all plans for integration or cooperation at all times.

Renewed global interests in the Pacific Islands' region have complicated matters somewhat in that some of the global players are actively pursuing their national interests here. The influence of global players on some small island states can seriously compromise the solidarity of PICTs when dealing with common issues such as management of the tuna resource, and getting better returns for small island states. The influence of global players cannot be under-estimated in view of the resource constraints of most PICTs. Regional agreements have failed in the past because of the influence of global players.

### **Regionalism – the promise, the potential and the reality**

It is fair to say that it is early days in the new scheme of things, promoted by the new Framework for Regional Integration, although the Pacific Plan and other previous endeavours have tried to promote integration with mixed success. I have no doubt that most of us who work in the region can see the potential benefits of regionalism, but it is challenging.

In this region, nine regional organisations work together as the Council of Regional Organisations in the Pacific – CROP – and we have agreed to collaborate even more in support of the Framework. Various reviews have confirmed the value that SPC adds and the advantages of working together on various development challenges at regional, sub-regional and national levels. We focus on building capability where possible, supplementing it where needed and substituting capacity in small states given their situation. I can foresee a continuing need for regional organisations such as SPC in supporting sustainable development in the Pacific. This means that regional cooperation will continue even if integration remains difficult.

There are many benefits from working together on technical challenges – we focus mainly on the provision of goods and services considered to be 'regional public goods'. Technical cooperation works well in many areas because members retain their sovereignty but are still able to benefit

from a collective approach. There are many challenges with regional cooperation, as nations often fail to act despite regional agreements with their peers.

My observation is that a shared approach through smaller sub-units such as the Polynesian leaders group, the Micronesian chiefs group and the more organised Melanesian Spearhead Group, works well. We have an MOU with the Spearhead Group to provide technical support to their members in our areas of competence (over and above what MSG members receive from SPC as independent members). The concern is that sub-regional groups may reproduce the technical capacity of well-established regional organisations such as SPC.

Clearly, decisions on the best approach for the region depend on the issue under discussion, as well as the availability of resources and members' interests. I am of the view that we are best served by a mix of approaches rather than one regional approach for all. Regional and sub-regional organisations do need to agree the 'division of labour' as resources are limited and there is a chronic shortage of skills in the region.

There are many areas of successful cooperation between SPC members, including tuna tagging and fisheries science, and – as I mentioned earlier – in public health surveillance through an established Pacific region network administered by SPC and supported by New Zealand.

The sharing between members of plant genetic material and seed stock for new, more hardy crop varieties, supported by our Centre for Pacific Crops and Trees, is another.

A recent successful example of a slightly different nature is the Central Pacific Shipping Commission. This is an inter-governmental agency for cooperation and regulation of international shipping in Kiribati, Tuvalu, Marshall Islands and Nauru – with the aim of making shipping services more affordable and reliable, and improving trade and connectivity. SPC provides technical assistance to facilitate this arrangement.

The response to Cyclone Pam in Vanuatu also demonstrates active collaboration between Pacific neighbours, most notably Fiji and New Caledonia, in addition to the traditional support from Australia, New Zealand and France.

The development challenges of this region are many and complex.

Some of the key capabilities considered essential for SPC to strengthen include mechanisms such as country programming, in-country presence and collaboration with other agencies to better understand members' priorities and context and to avoid duplication. Furthermore, as resources become increasingly constrained, effective cooperation with other agencies becomes even more important.

The European Development Fund 11's (EDF11) expectations and approach are an excellent incentive for regional agencies to focus collectively on the needs of members, rather than to pursue the single-agency focus of the past. CROP agencies are working hard to improve the coherence of advice to members but the fact is that funding arrangements can lead to a competition for resources.

Having said this, SPC has an excellent arrangement with the Forum Fisheries Agency and the Tuna Commission on fisheries, where we focus on providing the scientific data and information for their use. Under this scenario, the roles are clear and we remain loyal to agreements. There is no perceived loss of autonomy because it's purely a technical exchange.

Climate change doesn't work so well, given the number of players and the dollars involved.

The United Nations has a significant presence in the region and it is fair to say that cooperation varies. The rationale for who does what is not entirely clear to me and no doubt this is an area worthy of further discussion.

International NGOs or Civil Society Organisations (a new phrase) also make a contribution, and again, I am not aware of any agreed regional strategy on who does what.

Integration is challenging and there are many unknowns, but we are determined to assist and contribute to the implementation of the new Framework for Regionalism.

We need to recognise that membership varies between different Pacific regional organisations and that some of the members are not independent states. This can create confusion and uncertainty.

There is no doubt that funding arrangements influence what we do and how we do things. With a finite pot of donor financing being negotiated on an organisation-by-organisation basis, the incentives are there to compete rather than collaborate. This needs to change.

SPC is developing more flexible, long-term funding agreements with some of our development partners, and this is to be welcomed. We are pleased to have signed a partnership agreement with the European Commission in June, in addition to our strategic agreements with Australia and NZ.

As I mentioned, I see the EDF11 process as a wonderful opportunity for even closer cooperation, even if integration remains elusive and challenging.

The CROP family has autonomous, separately governed and financed agencies.

A key concept in Sir Mekere's argument is the need for the regional organisations to be able to respond to new and emerging issues that may be beyond their mandates.

Perhaps the area needing the most clarity in terms of roles is also one of our most urgent – namely climate change. Let's not lose sight of the positives. Our extensive collaboration brings many benefits to the Pacific.

For example, the Global Climate Change Alliance: Pacific Small Island States project – which is funded by the EU and implemented by SPC – is working with nine small Pacific Island countries to build resilience in the areas of food and water security, health and coastal protection. It is valued at 4.64 million Euros and benefitting 146,285 people (50.2 % of the combined populations of Cook Islands, FSM, Kiribati, Marshall Islands, Nauru, Niue, Palau, Tonga, and Tuvalu).

Forty-two enterprises in 13 Pacific Island countries are benefitting from improved export capacity through the Increasing Agricultural Commodity Trade project. In July, we partnered with Pacific Trade and Invest and chefs in Auckland to bring some of these companies and their products here, chasing new markets for Fiji ginger and Tongan vanilla.

In closing, I wish to reiterate that the Framework for Regionalism is our priority, opportunity and focus, and we need to do our best to make it work. We should note though that the Framework is the latest in a series of attempts by Pacific Leaders to foster better integration and regionalism. Experience from other parts of the world has shown us the necessity of working together more effectively. Given the small populations of most SIDS, the 'tyranny of distance'

and the cost of service delivery, regionalism and cooperation are essential in our region. The challenge is always about how best to achieve effective regionalism given the political, cultural, economic and social differences that exist in our region.

SPC will remain actively engaged in this process to meet the expectations of the Leaders and people of the Pacific for coordinated, effective implementation and monitoring. I look forward to the discussions on this very topic with the Pacific Community family coming up in Niue.

At SPC we have set our sights high, to match the development aspirations of the Pacific Island countries and territories we serve.

We look forward to continuing this journey with you as we navigate a peaceful, prosperous and resilient Pacific Community. Thank you.