

HGM (79) 6th Session

**COMMONWEALTH HEADS OF GOVERNMENT MEETING
LUSAKA, 1-7 AUGUST, 1979**

*RECORD of the Sixth Session held at Mulungushi Hall, Lusaka,
on Friday, 3 August, 1979, at 4.30 p.m.*

Present:

His Excellency Dr. K. D. Kaunda, President of Zambia
(in the Chair)

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| The Right Hon. Malcolm Fraser, MP, Prime Minister of Australia | The Right Hon. Lynden O. Pindling, MP, Prime Minister of The Bahamas |
| HE Mr. Ziaur Rahman, President of Bangladesh | The Right Hon. J. M. G. M. Adams, MP, Prime Minister of Barbados |
| HE Sir Seretse Khama, President of Botswana | The Right Hon. Mrs. Margaret Thatcher, MP, Prime Minister of Britain |
| The Right Hon. Joe Clark, Prime Minister of Canada | HE Mr. Spyros Kyprianou, President of Cyprus |
| The Hon. M. A. Douglas, Minister for Finance, Trade and Industry, Dominica | The Right Hon. Ratu Sir Kamisese Mara, Prime Minister of Fiji |
| The Hon. L. K. Jabang, Minister of External Affairs, The Gambia | HE Mrs. Gloria Nikoi, Commissioner for Foreign Affairs, Ghana |
| The Hon. M. Bishop, Prime Minister of Grenada | The Hon. R. E. Jackson, Minister of Foreign Affairs, Guyana |
| The Hon. Shyam Nandan Mishra, Foreign Minister, India | The Hon. Michael Manley, Prime Minister of Jamaica |
| HE Mr. Daniel T. Arap Moi, MP, President of Kenya | HE Mr. I. T. Tabai, President of Kiribati |
| The Hon. C. D. Molapo, Minister for Foreign Affairs, Lesotho | The Hon. D. T. Matenje, MP, Minister of Education, Malawi |
| The Hon. Tengku Ahmad Rithauddeen bin Tengku Ismail, Minister of Foreign Affairs, Malaysia | The Hon. Dr. Philip Muscat, MP, Minister of Education, Malta |
| The Hon. Sir Harold Walter, Minister of External Affairs, Tourism and Emigration, Mauritius | The Right Hon. R. D. Muldoon, Prime Minister of New Zealand |
| HE Major-General H. E. O. Adefope, Commissioner for External Affairs, Nigeria | The Right Hon. Michael T. Somare, CH, MP, Prime Minister of Papua New Guinea |
| The Hon. George Odlum, Deputy Prime Minister, St. Lucia | HE Mr. F. A. Rene, President of Seychelles |
| The Hon. Dr. Abdulai Conteh, Minister of Foreign Affairs, Sierra Leone | The Hon. Lee Kuan Yew, Prime Minister of Singapore |
| The Right Hon. Peter Kenilorea, Prime Minister of Solomon Islands | The Hon. R. Premadasa, Prime Minister of Sri Lanka |

The Hon. Prince Nqaba, Minister for
Commerce, Industry, Mines and
Tourism, Swaziland

H R H Prince Tuipelehake, Prime
Minister of Tonga

The Hon. Otema Allimadi, Minister of
Foreign Affairs, Uganda

H E Mr. Shridath S. Ramphal, *Secretary-General*

H E Mwalimu Julius Nyerere, President
of Tanzania

H E Mr. Eustace Seignoret, High Com-
missioner to the United Kingdom,
Trinidad and Tobago

The Hon. Vaovasamanaia Filipo,
Minister for Finance, Western Samoa

Also present :

AUSTRALIA

The Hon. Andrew Peacock
Mr. A. T. Griffith

BANGLADESH

The Hon. Prof. Shamsul Huq
Mr. Farooq Sobhan

BOTSWANA

The Hon. A. M. Mogwe
Mr. L. J. M. J. Legwaila

CANADA

The Hon. Flora MacDonald
Mr. L. A. H. Smith

DOMINICA

Mr. Julian N. Johnson

THE GAMBIA

Mr. F. A. J. M'Boge

GRENADA

Mr. G. Louison
Mr. George E. R. Bullen

INDIA

Mr. J. S. Mehta
Dr. I. P. Singh

KENYA

The Hon. Charles Njonjo
The Hon. Dr. M. Waiyaki

THE BAHAMAS

The Hon. Perry Christie
H E Mr. R. F. Anthony Roberts

BARBADOS

The Hon. H. de B. Forde
Mr. A. W. Symmonds
Mr. S. E. Emtage

BRITAIN

Sir John Hunt
Sir Michael Palliser

CYPRUS

H E Mr. Nicos Rolandis
H E Mr. Filios Grammenopoulos

FIJI

Mr. R. T. Sanders
H E Mr. J. D. Gibson

GHANA

H E Mr. E. M. Debrah
Dr. John Nabillah

GUYANA

The Hon. Dr. M. Shahabuddeen
Mr. C. B. Greenidge

JAMAICA

Mr. D. C. Brice
Dr. R. B. Manderson-Jones

KIRIBATI

Mr. A. Baiteki

LESOTHO

Mr. T. T. Thahane

MALAYSIA

Mr. P. A. Hamid
Mr. A. Singh

MAURITIUS

The Hon. R. Ghurburrun

NIGERIA

H E Ambassador S. U. Yoloh
Mr. A. Adegoroye

ST. LUCIA

Mr. Earl Huntley
Mr. Charles Cadet

SIERRA LEONE

H E Mrs. F. Joka-Bangura

SOLOMON ISLANDS

Mr. Francis Bugotu
Mr. Frank Saemala

SWAZILAND

Dr. E. V. Dlamini
H E Mr. A. V. Mamba

TONGA

H R H Prince Tupouto'a
Mr. T. Tufui

MALAWI

Mr. J. B. Mkandawire

MALTA

Dr. A. S. Trigona
Mr. E. A. Causon

NEW ZEALAND

Mr. F. H. Corner
Mr. A. M. Bisley

PAPUA NEW GUINEA

Mr. Mekere Marauta
Miss Jean Kekedo

SEYCHELLES

Mr. D. Thomas
Mrs. E. Etienne

SINGAPORE

The Hon. C. T. Goh
Mr. S. Dhanabalan

SRI LANKA

The Hon. Ranil Wickremasinghe
Mr. Bradman Weerakoon

TANZANIA

The Hon. B. W. Mkapa
The Hon. Edwin Mtei

WESTERN SAMOA

H E Mr. M. I. Toma
Mr. A. L. Hutchison

ZAMBIA

His Honour M. M. Chona
The Hon. W. M. Chakulya

Secretariat :

Mr. D. A. Anderson
Mr. M. Malhoutra
Mr. H. M. Lynch-Shyllon
Mr. C. W. Sanger
Dr. A. C. Bundu
Mrs. P. Robertson

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ISLAND DEVELOPING AND OTHER SPECIALLY DISADVANTAGED MEMBERS

Dr. Kaunda drew attention to a memorandum by the Secretary-General, HGM (79) 6, and one by the Government of Tonga, HGM (79) 19. He had referred the previous day to the economic problems affecting all mankind and all states, whether big or small. They would now be turning their attention to the special problems facing an increasing number of Commonwealth members. He invited the Prime Minister of Fiji to introduce the discussion.

Ratu Sir Kamisese Mara, Fiji, remarked that there were 16 present in the room who came from small islands and six from land-locked lands. Since many of them were vitally concerned with the subject and might wish to speak, he would be brief.

The excellent paper by the Secretariat provided a valuable reference. As was stated in the opening paragraph, the memorandum represented the culmination of an extensive exchange of views within the Commonwealth as to the character of the special disadvantages faced by a growing proportion of its developing member countries, and the ways in which a Commonwealth effort could be brought to bear to assist in their alleviation. The paper had its genesis in a study directed particularly towards small islands but its scope had subsequently been expanded to include "other specially disadvantaged countries of the Commonwealth". He doubted whether there was a single country which was not disadvantaged in one special way or another but he hoped that the extended scope of the paper would not detract attention from the very special problems of small island states.

He would confine his remarks to just a few points in the memorandum. The section on financial flows made it quite clear that it was easier to get five million dollars from an international organisation than five thousand dollars. Nevertheless, he advised caution in establishing additional intermediary institutions. Indeed, he had faced unpopularity in his own region for not supporting the establishment of the South Pacific Development Bank. He did not wish to see aid money spent on large offices and staffs. He supported the idea of special sectors of existing lending institutions with different terms of reference for dealing in much smaller sums for smaller countries. A better solution than any other, perhaps, was to study a country's own lending institutions and, if they were found satisfactory, to capitalise them. The administration of such institutions, and decisions on the application of the funds, should be left to the institutions, as was the case with the I.D.A. and the I.B.R.D.

He wished to refer to two suggestions made at a very useful and practical meeting in Western Samoa. The first concerned the possibility of using aid grants, particularly if committed over a period, as seed capital for large projects when approaching funding institutions for more loans. The second related to the provision of a price guarantee support at the outset of, for example, a mineral project, if the prices happened to be low.

Public Administration in small countries was a favourite hobby horse of his. He was convinced that adequate use was not made of existing institutions. Development efforts demanded a degree of devolution of authority and decision-making to local leaders and local institutions that central authorities had not been ready to accept. Too often, development planners and, perhaps, aid donors ignored or were unaware of the potential of local institutions which had served people well for generations. They contained in-built provisions for consultation, persuasion and decision-making, all of which were traditionally part of the social, economic and cultural life of the people and aids to its enrichment. Moreover they contributed to the process of self-realisation amongst the people of the developing island countries; self-realisation was the essence of development.

Local communities knew better than any other their own needs. They were ready to do what they could within their own capabilities and only applied for assistance to central government or to the local authorities in order to supplement their own efforts.

Communications were of vital importance to small island countries, both for internal and for export purposes. There must be a case for taking into account the high freight rates paid by distant island groups and for devising a formula which would ensure that they received a return commensurate with that of other countries selling the same product to the same buyer.

Regional co-operation had many advantages but he wished to sound a word of warning. Some donor countries probably preferred to aid regional projects because of the apparently wider geographical spread achieved. But regional projects were often plagued by problems of rising recurrent costs and uncertain administrative control and co-ordination. Pacific countries had some experience of that and felt that projects that served regional needs were better placed on a national basis, with adequate provision being made for meeting the needs of neighbouring states. That arrangement had the advantage of pin-pointing responsibility and of ensuring that countries in the region could avail themselves of the services provided. Different projects could be located in different countries. The Fiji School of Medicine, for example, had enjoyed notable success over the years, and many island leaders, included ministers and even Prime Ministers, had been trained there.

Regional airlines and shipping lines had not had a happy history in the Pacific and he was sure that that was the experience in other regions.

His views on meetings were well known. While welcoming the section of the memorandum concerning the provision of reports, which would obviate attendance by many, the most important aim must be to have fewer meetings altogether. He had noted that the Secretary-General's Report showed that in 1977 there were 36 Commonwealth meetings; in 1978 there were 58 meetings and in only 6 months of 1979 there had already been 41 meetings. That represented a growth of 125 per cent in three years. He wished that growth rate could be achieved in other spheres. There was an African saying that "Infinite boiling will soften the stone". He hoped that too many meetings would not melt the substance of the subject they were discussing.

He congratulated the Secretariat on the summary of recommendations which showed what could be done by the Secretariat and what could be done by Commonwealth Governments. The problems were well identified: the provision of capital infrastructure, transport subsidies, incentives to encourage investment in isolated and depressed areas, the need for expertise especially on a short term basis, etc. The paper rightly pointed out there was much that the Commonwealth countries could do to help small states without any additional expenditure. Additional aid, of course, was never unwelcome. Even a small amount of aid directed into the right channels by means of procedures which suited the recipients was much enhanced and valued. The proposals suggested for Secretarial action would be helpful to Commonwealth countries but he wished to underline the importance of the Secretariat acting only in response to requests from governments. There was always a tremendous temptation, especially, perhaps, for those who were well-meaning, to tell the people what they needed or even to engineer requests. With this caveat, he supported the proposals for action both by member governments and by the Secretariat, and commended them to the meeting.

He wished to refer to one extraneous point. That concerned the law of the sea, which was a matter of great interest because it gave great potential to small island states. In an otherwise daunting prospect for the development of small states, especially oceanic island states, new rays of hope could be seen as a result

of the development of the international law of the sea which had enabled them to establish 200 mile exclusive economic zones. That gave them sovereign rights over vast areas of the sea's resources. Responsibilities went with rights, and the island states would ask for aid from the Commonwealth in the exercise of those rights and responsibilities. If those new resources were to make a contribution to future development in line with their potential, a concerted effort would be needed to help in their exploitation. The Commonwealth was uniquely qualified to lead the way in this field. Special efforts must be made in the establishment and development of fisheries industries, but if countries were to derive maximum benefit from their fish resources, the problem of surveillance and protection from abuse by unauthorised exploiters had to be solved. To achieve that over huge areas of ocean was beyond the resources of most island states. Once again, Commonwealth co-operation had a role to play. He was pleased to welcome the Australian initiative in offering to make a Pacific regional survey on surveillance capabilities. When completed it would be possible to assess how much surveillance could be effected.

Finally, there was need to survey the ocean bed within the jurisdiction of island states and to ascertain the extent of the resources lying there. That task would also be beyond the capabilities of individual states. Pacific island states looked to the Commonwealth for assistance both in the initial exploratory stage and later in attracting and negotiating with commercial concerns.

Dr. Kaunda asked if he was proposing that assistance should be provided by a Commonwealth organisation or bilaterally.

Ratu Sir Kamisese Mara replied that if requests went to the Commonwealth Secretariat it would soon gain experience in the field and could provide valuable advice as it was already doing in the mineral field.

Mr. Moi, Kenya, intervened to ask whether a country such as Lesotho which was surrounded by a country whose policies were diametrically opposed to her own, should not be regarded as facing the same difficulties as a small island state.

Dr. Kaunda asked the Secretary-General to contribute.

The Secretary-General said that such considerations had been very much in mind during the preparation of the memorandum, hence the rather ponderous title. In the list of disadvantaged countries, Lesotho, Botswana, Swaziland, The Gambia and Belize were specifically mentioned, because it was recognised that some countries, although quite large, shared some of those problems.

Mr. Bishop, Grenada, commended the Secretariat for the paper which it had produced and expressed his appreciation of the working paper which had been circulated by the Government of Tonga. The Governments of Grenada, St. Lucia and Dominica had also prepared a joint paper which would shortly be circulated. Since none of the Governments was more than four and a half months old, the paper might reflect a limited perspective. He did not propose to read from it, but would summarise a few of its points.

The small island developing states, and the small developing states in general, were doubly beset by the problems, as *Mr. Manley* had so lucidly expounded the previous day, that the Third World in general faced in trying to rectify some of the injustices and some of the exploitation which the international system forced upon it.

The problems of small island states took many forms. Some of the larger states, for instance, considered themselves to be small and poor, and made efforts to achieve a better balance in terms of trade. The smaller states, by way

of contrast were concerned with the basic problem of trying to establish trade. Various restrictions which had been set up often made it difficult to crash through that initial barrier. To take a second example, some of the larger states that were themselves poor looked at the question of deep sea resources from the point of view of ensuring that an international body was set up to exploit the resources of the sea for the benefit of all of mankind, and not just for the benefit of one or two multinational corporations. He and his colleagues shared that interest, but also had to be concerned initially with fighting off the foreigners who came into their waters to fish at leisure because they knew that there were no resources to repel them. There was the further problem of trying to get their neighbours to settle with them the question of the 200 mile limit. Sometimes years could pass by before even a dialogue was established. The former Prime Minister of Grenada had claimed to have had a particularly interesting experience some years before on the 200 mile question. He went to America and arranged for a company to explore for oil. Later the company claimed to have found oil and the former Prime Minister then alleged that Venezuela turned round and claimed the find on the grounds that it fell within its 200 mile zone.

The difficulties experienced by small island states were due to a variety of causes: limited resources, dependence on external markets, the lack of trained personnel such as statisticians, planners, technicians, project evaluers and accountants, and the high import content of their economies. Account should also be taken of the lack of a basic infrastructure—one of the heritages of colonialism—and a complete lack of manoeuvrability in finding sufficient money at the end of any year that could be put aside for investment purposes. Indeed, in many countries, it was a monthly struggle simply to meet the salaries of public servants. When assistance was sought from overseas, whether through the international lending institutions or bilaterally, real problems were encountered. On the one hand, mini-states had to compete with slightly larger states or with equally small states with larger populations, greater natural resources, or a better industrial base. Other competitors were larger countries which had a greater potential for development, or were strategically important or militarily significant to the lending agencies. If aid negotiations began, future difficulties were encountered in the form of project formulation and the provision of statistical details which were frequently not available. Very often the potential funder would require counterpart funding to meet local labour costs which, given the chronic financial embarrassment of the government, often made it impossible to continue discussions. The provision of pre-financing costs was also a usual requirement of most lending agencies which most countries were unable to meet.

Finally there was the traditional problem of priorities for development. Governments had their own priorities based on their assessment of their problems, which might include the need to reduce social tension and to curb social unrest, but such priorities might not be those of the funding countries. The latter's were frequently aimed at ensuring the production of goods for their own markets. Companies were formed for the express purpose of making a profit, and not in order to meet the needs and problems of the host country. Companies analysed what might best sell on the international market and therefore the particular industry they might wish to establish might not be in accord with the country's developmental priorities or one that the country would want to accept. Foreign investment should not be regarded as a magic formula, and proposals for investment required very careful scrutiny. There had been instances in Grenada when so-called foreign investors had gone to the local banks to get money to finance a project, but had still been welcomed and given a 15-year tax concession, paying neither tax nor import duties during that period. That concept of foreign investment must be rejected.

Many aspects of economic and social development were neglected during the colonial period. As a result housing was now a serious problem; the vast majority

of the people were unhooused. Inadequate health facilities, poor water storage and distribution systems, insufficient roads and a shortage of schools were part of the colonial inheritance.

In the productive sectors, such as the fishing industry, little had changed in the past 200 years. Many countries were still simply producers of raw materials for export to the metropolitan countries, while the fishermen today were fishing in exactly the same way as in biblical times. If they happened to get a good catch, there were no cold storage facilities, so they had either to give the fish away or to sell it for next to nothing.

Faced with those problems, there were only a very few areas in which governments themselves could hope to do something for their people. There were possibilities in the area of health, moving to a system of primary health care, where the community could be mobilised. Likewise with illiteracy, because again the possibility was there of mobilising voluntary assistance among the thousands of unemployed young people who came out of the secondary school system with no prospect of a job but with a willingness to make a contribution to building their country. A national service type of organisation was possible such as Grenada's "Youth for Reconstruction". Something could also be done about corruption and waste, such as cutting back on gross and scandalous salaries for Ministers. In such small ways it was possible to achieve savings, and for certain kinds of benefits to flow to the people, but in real terms, and particularly in terms of getting the productive sectors moving and the basic infrastructure, little could be achieved without some form of overseas assistance.

It had already been acknowledged that it was in the interests and to the mutual benefit of the developed world to give such assistance, not only because of the possibilities of wider markets for their own products, but also because they would be assisting to curb social unrest in critical regions of the world.

He wished quickly to refer to some of the key points that had been made in the paper that was to be circulated, while avoiding repetition of the suggestions that had been made in the Secretariat memorandum. One recommendation was that small economies should be assisted to process locally a greater proportion of their agricultural production, thereby fostering the necessary link between production and manufacturing, broadening the economic base, and providing greater employment opportunities, while at the same time adding a higher degree of local value added. That was one of the key proposals.

Secondly, the paper recommended a deliberate policy of industrial redeployment and restructuring by offering special incentives to labour-intensive industries to relocate in small developing economies with competitive labour costs.

A third recommendation concerned the provision of financial and other assistance to help those small economies that wished to acquire industrial plants, and the transfer, free of charge, of technological processes that were not subject to licence to those countries.

Scholarships were a valuable form of assistance and the small countries appreciated the awards they received from the Commonwealth Secretariat. The Commonwealth Scholarship and Fellowship Plan, however, was relevant only to post-graduate students. One of the major needs was in the area of under-graduate training, and, therefore, the possibility of expanding the C.S.F.P. to include under-graduate training was a number one priority. If other Commonwealth countries could provide an increased number of places in their institutions of higher learning to students from small states they would certainly be of the greatest value, particularly as many students were qualified but were not able to use the facilities of the University of the West Indies because their governments had been unable to pay their contributions.

The paper further proposed that serious consideration should be given to providing budgetary assistance. The difficulty was that deficits which in a larger

country, in a different context, would often be regarded as balance of payments deficits, were shown in the small states as budgetary deficits. Therefore, small states frequently could not qualify for balance of payments support and were disqualified from any form of assistance.

As regards the heavy debt burden that many small states had to face, one way of dealing with the question was for larger countries to cancel some of those debts or if that was too radical, to work out new, longer term repayment schedules. Another proposal was a basic needs fund for small island states to meet counterpart financing as well as the pre-financing costs, so that the small states would not have the additional burden of having to meet those requirements.

The question of diplomatic representation which had been examined at length in the Secretariat document, was a very important matter. He wished to recommend that all Commonwealth countries ratify the 1975 Vienna Convention on the Representation of States in their Relations with International Organisations so that countries could group together to find one person to represent them, thus saving on very heavy costs overseas.

He had two final suggestions. The first, relating to energy, was that countries which had begun to develop alternative sources of energy should assist small states to develop such sources, particularly solar, wind and geothermal energy.

His second proposal was that a select committee be appointed from the Meeting, to come up within a few months with proposals for a programme of action aimed at assisting small states in solving the problems that had been identified. In his view, follow-up mechanisms were often not agreed upon and some countries, even though they had an appreciation of the problems, did not have any mechanism to translate their sympathy into something more meaningful. The select committee would aim to establish guidelines for the developed countries in their dealings with smaller states which, if accepted and passed for implementation by the senior officials of those countries, would give a better chance that the various problems could be solved and a step forward taken to achieve some improvement in the quality of the lives of the people of the small states.

Mr. Clark, Canada, pointed out that the memorandum also directed its attention to donor countries and his country had had the opportunity to play a role in that regard, particularly in relation to some of its neighbours in the Caribbean. He commended the Secretariat on its paper which was very valuable. He had also found the discussion so far very useful. There were two matters that he wished to mention. The first was to sound a note of caution with regard to the principle of transport subsidisation. It had been the Canadian experience that that was an approach which did not encourage the kind of self-reliance in the development of transport structures within recipient countries that Canada would prefer. Rather than subsidising transport activities Canada had concentrated on providing the necessary capital and technical assistance to bring about fundamental improvements in transport infrastructure.

The other matter was really a modest proposal relating to training programmes for the public servants of island and other small countries. Canada was in the very early stages of establishing a special mechanism that would help meet the staff needs of developing countries and it would welcome the comments of developing Commonwealth members on that mechanism. The essential purpose was to set up a central administrative point in the Canadian Government through which public servants from island developing countries or from other developing countries could be placed in an existing Canadian transfer programme at the Federal and provincial levels in Canada as well as in the universities and other academic institutions that specialised in public administration. The programme would also include sending Canadians into other countries to help in public service training. It would be very much a nuts and bolts orientation to government,

aimed at being practical and focusing on such questions as the general machinery of government, financial administration, auditing, personnel management and foreign operations. On the assumption that his colleagues considered the proposal a valuable one, Canada would be prepared to organise the provision of that type of assistance on a more systematic basis. He would therefore welcome suggestions and comments.

Mr. Somare, Papua New Guinea, noting that Jamaica and Papua New Guinea had not been included among the small island countries said that his friend from Fiji had already outlined the problems faced in the Pacific and, as Papua New Guinea would not benefit from the programme, he did not wish to deny his affected colleagues the opportunity to express their views. All he wished to do was to lend his support to his colleagues and, in particular, to the paper that the Secretariat had produced. He hoped that small differences between the nations involved would not impair the implementation of the suggested measures. Papua New Guinea would be distributing a paper on the subject in the following week.

Mr. Rene, Seychelles, said that Mr. Bishop had spelled out everything that he had intended to say and he thanked all members of the Commonwealth for being prepared to listen, for those were serious problems to small islands. The kind of problem faced could be exemplified by the case of a small country's single qualified surgeon who might go to Britain for his final training and never come back. That was a problem to which the Commonwealth should collectively try and find a solution. It was almost a case of poaching, perhaps not deliberate, when people who had been trained and who were capable of assisting in the development of a country left to work elsewhere. Similarly, efforts to produce fruit, for instance, were thwarted by a lack of ships to transport the fruit and it would simply rot.

Those were all very real problems that islands faced. Most of them had been spelled out by Mr. Bishop and he was grateful to him for his very clear analysis of the situation. He hoped that in the search for solutions, matters would not be complicated any further. He felt that the only way to help the small islands was by making use of the Commonwealth Secretariat rather than setting up any other machinery. It was now only a matter of putting flesh to the skeleton and he suggested the establishment of some sort of special development fund in the hands of the Commonwealth Secretariat to enable the specific problems to be dealt with. It could be transport in some islands, or infrastructural development in others. Those could be dealt with by the Commonwealth Secretariat itself and in that connection he thought it was important to support the CFTC. He supported Mr. Bishop in asking those Commonwealth countries who could afford to help small islands to seriously consider whether they should continue to impose a debt burden on them. He noted that recently certain debts of the least developed countries had been cancelled and he wondered whether that could not also be considered for small island economies.

Mr. Fraser, Australia, said that he thought that the Secretariat memorandum was a very useful one indeed, and also drew attention to the fact that the request for the memorandum arose from the Commonwealth Heads of Government Regional Meeting in Sydney in 1978. That Meeting had shown the benefits of a number of Commonwealth countries considering a variety of problems that there was often insufficient time to consider at full Heads of Government Meetings. It was intended that the second Regional Meeting of basically the same group of countries should be held in India some time in 1980 as the participants had felt that the first meeting had been a useful one. The very fact that the Secretariat paper was receiving the general approval of the Commonwealth as a whole was justification alone for the Regional Meeting. Many of the recommendations by the Secretariat were ones that Australia had already put into action. It was a good report, and he commended it to the Commonwealth.

Mr. Vaovasamania, Western Samoa, said that the Secretariat's memorandum was an excellent one. As the Prime Minister of Australia had pointed out, it had largely emanated from initiatives taken by the Pacific countries, both in Sydney and in Barbados at the 1977 Finance Ministers' meeting. There had also been a Finance Officials' meeting in Apia, Western Samoa, earlier in the year to further identify the problems and to make recommendations and they appeared in Section V of the memorandum. He requested that both the recommendations for action by Commonwealth countries as well as those for action by the Secretariat be implemented and suggested that a permanent desk at the Secretariat might be established.

His country suffered from the same constraints as Grenada. He had intended to give a thumbnail sketch of the anatomy of a small island state, but Mr. Bishop had already done so admirably. As a Minister of Finance he had always found difficulty with the criteria set by the international lending institutions, particularly the GNP per capita criterion. To a large extent the cost of any item of infrastructure was more expensive the smaller the state. Costs could not be reduced beyond a certain point, yet it had proved difficult to convince some institutions that the size of the loan should not be judged on a GNP per capita basis but on the need of the specific project for that country.

Another particular concern to the small countries in the Pacific was the cost of transporting products to markets overseas. Western Samoa's main market for its coconut-based exports was Europe, but it had been faced with the problem of freight costs escalating three or four times a year within the past three or four years. One way of getting around the problem, as the Prime Minister of Grenada had said, was to expand the productive base in order to process the product to a finished state and that, of course, required large capital inputs. It would not be easy to obtain that capital, particularly with the rise in the price of oil, but it was a problem that had to be faced. He was sure that all developing island states were doing so. There was also the question of the length of time it took to secure concessionary loans. Requests for appraisal teams, the appointment of consultants, the loan negotiations, the tendering for the offshore inputs to the project and the final implementation of the project took, on average, about two years, whereas the country needed the project at the time it was requested. There must be a method of streamlining that process so that the benefit of the project was realised much earlier and that was an area that the report had identified. He hoped that it would be looked at.

Sir Harold Walter, Mauritius, said that the paper by the Secretariat looked as if it would be the Bible of the future; but he felt that it was perhaps an Old Testament which needed a New Testament added to it because there were certain items that had not seemed to be considered important. One field in which the Commonwealth could usefully assist was that of family planning even though several other agencies had programmes of assistance. The problem was one which needed attention in all island states. According to the 1976 census, Mauritius had 894,000 people and by 1979 its population was over 982,000. It would probably reach the million mark by the end of the year. Mauritius had however worked very hard on the family planning problem and had managed to reduce its population growth rate from 4.7 per cent to 1.3 per cent. It appeared that it was being taken as a model by other countries and by the UNFPA and it was an item which the Commonwealth should interest itself in, especially for the islands because there were many other factors which discouraged family planning among island dwellers.

He then turned to a question which had been mentioned earlier: the surveillance of the 200 miles Exclusive Economic Zone. As an example of the problem he mentioned that the Soviet Union was exploiting an island within his country's economic zone by fishing nine tons of lobster per hour. He had

summoned the Ambassador to the Foreign Ministry and told him that that could not go on. The Ambassador had proposed to reduce the catch to three tons. France had offered to help Mauritius which would not hesitate to call on the US as well. After the British had withdrawn from the area the American and Soviet fleets had become predominant.

The Commonwealth would mean nothing without tangible acts of co-operation. Mauritius which relied heavily on Britain for educational and training opportunities, had learned recently that Britain had stopped all grants to foreign students and increased university fees by 300 per cent. Perhaps that was necessary but he felt that at least for the island member countries of the Commonwealth, if not for all members, there should be an exception. He therefore appealed to the British Government to reconsider the question of fees for Commonwealth students.

Turning to the question of the brain drain he claimed that it was not a major one for Mauritius. As people left others would come and take their place. It was not possible to keep somebody who did not want to stay. There were many skilled Mauritians in a variety of other countries who were very happy in their new homes.

He felt that countries like Canada, Australia, New Zealand and Britain, should, as mentioned in the paper, give special priority to small islands. That would be of great help to the concept of the Commonwealth of Nations which was no longer a club of the old boy variety. The Commonwealth was moving into a new age in which countries had to understand one another and in which interdependence was something on which to build as the Prime Minister of Australia had said. He recalled Edward Dommen's description of the special characteristics of small island economies, particularly their fragile nature, extreme dependence on exports and imports, high dependence on capital inflows and, in many cases, the lack of natural resources. It had been stressed that per capita income was not necessarily a reliable criterion for the quantity and quality of assistance required. The international community had been urged to adopt a more flexible and realistic approach to the requirements of the small island countries and to devise special measures to assist them. Such measures should be at least parallel to policies now being considered in favour of less developed and land-locked countries. That was a serious statement, which should attract the attention of all those willing to help. It was important, as the Prime Minister of Singapore had said, that there be a sense of participation shared by all.

The Prime Minister of Canada had described the creation of a school of administration. The idea was very welcome, but he hoped that there would be no increase of fees, that there would be no abolition of grants to foreign students and that it would contribute to Commonwealth unity.

Turning to the question of shipping Sir Harold Walter explained that the European Development Fund had recently commissioned a team of consultants to write a report on the shipping possibilities on a regional basis embracing Madagascar, Seychelles, the Comoros and Mauritius. A report had been produced and he hoped that subsequent action would ensure that the islands concerned, which suffered from dangerously rising freight rates, would be given assistance in containing the inflation that caused. He wondered whether the Commonwealth could help in that area, perhaps by the establishment of a Commonwealth shipping federation.

Dr. Kaunda then referred to section 6 of the Secretary-General's letter to Heads of Government of 13 June in which he had raised the question of special membership. Dr. Kaunda suggested that, as it was a sensitive issue, Heads of

Government might proceed to discuss it in Restricted Session before adjourning for the day.

The Meeting agreed and went into Restricted Session at 6.10 p.m.

NOTE. Written statements relating to Sub-item 4b—Island developing and other specially disadvantaged members—were submitted for circulation by the Prime Minister of Solomon Islands, the Head of Delegation of Western Samoa, the Prime Minister of Papua New Guinea and jointly by the Heads of Delegation of Dominica, Grenada and St. Lucia. These statements are reproduced in the subsequent section of this Record.