



PACIFIC ISLANDS FORUM SECRETARIAT

Office of the Secretary General

PACIFIC ISLANDS FORUM SECRETARY GENERAL'S SUBMISSION TO AUSTRALIA'S FOREIGN POLICY WHITE PAPER

Overview

I write to contribute a short, high level submission to the development of Australia's Foreign Policy White Paper, drawing on my perspective as the Secretary General to the Pacific Islands Forum.

2. The Pacific Islands Forum is a political community of 18 independent states and self-governing countries in the Pacific, which focuses on deepening regional cooperation and integration to progress our Members' shared ambitions of sustainable development, economic growth, good governance and security in the Pacific region. Australia has been a member of the Forum since its inception in 1971.

3. In brief, I recommend that Australia's Foreign Policy White Paper should:

- Clearly identify the Pacific Islands region as a foreign policy priority of Australia, by reason of numerous shared interests spanning political, economic, security and development concerns;
- Recognise the next ten years as critical in addressing complex challenges facing the Pacific Islands region, including but not limited to the social, economic and environmental pressures arising from limited opportunities for economic growth, vulnerability to climate change and natural disasters, bulging youth populations, rising prevalence of non-communicable diseases and increasing urbanization; and
- Commit to *deeper regionalism* as a modality for Australia's political, economic and development engagement with the Pacific Islands region, consistent with the endorsement by Leaders of the Pacific Islands Forum in 2014 to the *Framework for Pacific Regionalism*.

The state of the Pacific region – a snapshot

4. The economic development prospects of many Pacific Island economies are bleak¹. Disadvantaged by remoteness from major markets, small market size, weak governance and rapidly growing populations, it is difficult for Pacific economies to follow conventional pathways for economic growth. The average annual income of people in Pacific Forum Island Countries in

¹ The Pacific Island economies that we focus on in this study are Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. They are members of the World Bank and do not already have some form of migration agreement with developed nations.

2015 was around \$3900 (PPP adjusted in current international dollars), just 8 per cent of the Australian average².

5. The challenges facing the Pacific Islands region are growing. Globalisation has not overcome the problems of remoteness and size as was hoped. Progress on governance remains stalled in many countries. Natural disasters and climate change will be major obstacles to future development. Compounding this, the region's population, already facing a significant youth bulge, is expected to grow by a further 49 per cent in the next quarter of a century. Administrative capacity to manage growing urbanisation is limited. The Pacific's mixed performance against the MDGs are likely to persist in the post-2015 development era.

6. Global geo-politics and the uncertain future resulting from Brexit, an America First approach and the rise of China underscore an uncertain future for our region's international relations. Within the Forum membership, differing country alliances as the new global order/coalitions play out can affect the focus and trade-offs of on the practice of regionalism. The Pacific risks being forgotten in global geo-politics without a more proactive and common voice on an international stage. Australia is well placed to work with the Pacific islands to ensure the region remains prominent in global affairs.

Committing to Pacific regionalism

7. The case for deepening regionalism in the Pacific was well made in the Report of the Review of the Pacific Plan, conducted by an independent team led by Sir Mekere Moruata, former Prime Minister of Papua New Guinea.³ These arguments need not be reiterated in detail in this submission. The key issue to note is the collective commitment made by Forum Leaders in 2014 to deepening regionalism through the Framework for Pacific Regionalism.

8. The Framework records Leaders' 'embrace' of Pacific regionalism as:

“The expression of a common sense of identity and purpose, leading progressively to the sharing of institutions, resources and markets, with the purpose of complementing national efforts, overcoming common constraints, and enhancing sustainable and inclusive development within Pacific countries and territories, and for the Pacific region as a whole”.

9. Australia endorsed this statement, and has been actively engaged in the development of the structures and processes established to support the Framework. However, there is much more to be done to realize the potential, as envisaged by Leaders when endorsing the Framework, to address common economic, development, governance and security problems in the Pacific through regional action.

² International Monetary Fund, *World Economic Outlook Database* (Washington, DC: IMF, 2015), <https://www.imf.org/external/pubs/ft/weo/2016/01/weodata/index.aspx>.

³ Report of the Review of the Pacific Plan, available at: <http://www.forumsec.org.fj/pages.cfm/strategic-partnerships-coordination/framework-for-pacific-regionalism/pacific-plan-3/pacific-plan-review-2013.html>.

10. As the Forum's biggest and wealthiest member, Australia has a unique ability to support and drive Pacific regionalism. For example:

- For example, Australia is currently chair of the Green Climate Fund which provides a great opportunity for supporting access to climate financing by Pacific Island Countries;
- Australia also plays a pivotal role in supporting the region's disaster management efforts, as we have witnessed in the wake of cyclones Pam and Winston in the past couple of years;
- With Australia sitting on a number of important boards in global financial institutions, it can play a critical role in helping Forum Island governments reduce their dependency on aid as well as developing the capacity of countries to implement the aid it receives.

11. This is not an exhaustive list. There are many other ways in which commitment by Australia to issues of common regional concern and regional action could contribute to the Pacific's collective stability and prosperity, including through enhancing labour mobility (Annex 1 provides further discussion on this issue). The intention of this submission is not to prescribe specific issues as warranting a regional commitment by Australia, as these are issues for political discussion and settlement amongst Forum Members. However, the development of the new White Paper offers the Australian Government the opportunity to:

- Recognise the mutual benefits of a stable, prosperous and developed Pacific;
- Reaffirm itself as an ally of choice for Forum Island Countries in the prosecution of shared political, economic, security and development interests; and,
- Invest in regionalism to demonstrate political commitment to the Pacific Islands Forum region.

12. My colleagues at the Pacific Islands Forum Secretariat and I stand ready to provide further assistance to the Australian Government as required on the issues raised in this submission.



Meg Taylor, DBE
Secretary General
Pacific Islands Forum Secretariat
28 February 2017

Annex 1

Opportunities for deeper regionalism – the example of labour mobility

1. Conventional thinking is not working in the Pacific so ‘game-changing’ models beyond those currently provided through circulatory seasonal worker and business mobility schemes are provided in the longer term for increasing their access to Australian labor market is needed so that development and therein transformational impacts are felt by its people.
2. Two models could be considered for increasing Pacific access to Australia’s labor market: the ‘uncapped model’ which would allow for unrestricted access through which a special visa category is created, similar to the subclass 444 visa provided to New Zealanders to stay and work in Australia with certain restrictions; or the ‘capped model’ where a lottery quota system is used to control the flow of Pacific Islanders entering Australia per year. According to Lowly Institute’s calculations, income increases of over 400 per cent by 2030 are possible. In total, incomes would increase by around \$25 billion (2005 PPP adjusted US\$)⁴. This is almost 40 times the amount of Australia’s current aid budget for Pacific Islands which is around \$600 million (2005 PPP adjusted US\$).
3. Under the ‘capped model’, enormous benefits could still accrue to Pacific Island citizens where visas are provided through a quota and lottery-based system. Excluding PNG and allowing just 3 per cent of the Pacific’s forecast population into Australia by 2040 could provide more benefit directly to individuals in the region than Australia’s current aid program (see table below).

⁴ The full Pacific labour data set is available at <https://www.lowlyinstitute.org/sites/default/files/pacific-labour-calculations.xlsx>

4. These models are not without risks though so these would have to be weighted carefully against the overall and overwhelming benefits accruing to individuals.

% of population that will migrate
20%

With or without PNG
Excluding Papua New Guinea

	Number of new migrants ('000's)	Average migrant intake per year ('000s)	Total Change In Income Constant 2005 USD ('000's)
Fiji	0	0.00	0
Kiribati	15	0.59	435,486
Samoa	0	0.00	0
Solomon Islands	82	3.29	2,385,508
Tonga	0	0.00	0
Tuvalu	1	0.03	18,914
Vanuatu	39	1.56	1,096,205
Total	137	5.46	3,936,112

Benefit as a multiple of Australian aid budget

7 % of total increase in Australian migrants 2016-2040

3%