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**TRADE 'MARGINALIZATION', CULTURE'S ROLE IN DEVELOPMENT, FUTURE CHALLENGES  
ADDRESSED, AS UN SMALL ISLAND CONFERENCE CONTINUES IN MAURITIUS**

The United Nations conference on small island developing States resumed today with three panel discussions, which addressed the growing risk island nations faced of being marginalized in the global economy, the role of culture in the development of these nations and the emerging trends and social challenges for their sustainable development, including the threat of HIV/AIDS.

Representatives from the islands, donor partners and others have gathered in Port Louis, Mauritius for the week-long International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, which began yesterday.

A morning panel discussion addressed the special challenges facing small islands in trade and development. Among the issues raised were the definition of small island developing States; their marginalization from the global economy; the issue of special treatment for such countries in the areas of trade and financing, which could help them overcome the serious problems they faced; the need for capacity-building to help them participate in the multilateral trading system; the need to examine the criteria for graduation from least developed country status in light of their vulnerabilities; and whether small island developing States should be treated as a separate group in the World Trade Organization (WTO).

Throughout the interactive discussion, panellists and delegates in the audience underscored the need to increase the negotiating capacity of small island developing States in the WTO, as well as to build strategic alliances to defend their interests. Other participants emphasized the role of global agricultural trade in small islands, and in particular the threats posed to the sugar, banana and fishing industries in many of these nations.

The purpose of the second panel discussion was to highlight the important and unique role which culture played in the life of island communities. Participants in the discussion agreed that culture was a fundamental component in society itself and was key to achieving sustainable development in small islands.

Among the issues addressed were: cultural heritage and diversity; improving management of cultural and heritage sites and developing partnerships between government and civil society; strengthening community capacity; and increased information exchange. Other priority areas highlighted were the teaching of local traditions in national education systems; building capacity for intellectual property; quantifying cultural heritages; and the preservation of indigenous cultures and languages. With regard to developing cultural industries, participants noted the need to protect the intellectual property of small island developing States in the areas of music and other cultural industries, as well as improving access to capital and credit for small and medium enterprises.

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The last of three panel discussions for the day focused on emerging needs and social challenges facing island communities. Among the key issues raised were the need for poverty reduction, which continued to be exacerbated by population density in small islands; the social impact of trade liberalization and globalization; and the need to combat HIV/AIDS, which had emerged as a grave challenge on small islands.

Other issues raised were the need to address terrorism, transnational crime and other security concerns, all of which affected small islands; an increased representation for women in all levels of society; enhanced employment opportunities and education of the poor and disenfranchised; and a strengthening of regional cooperation and long-term partnerships based on mutual respect.

The Programme of Action, approved by the 1994 United Nations Global Conference for the Sustainable Development of Small Island Developing States held in Barbados, addressed climate change, tourism, natural disasters, wastes, freshwater, land resources, energy, biodiversity and transport. The Mauritius meeting is also expected to address emerging issues that affected small islands such as trade, HIV/AIDS, information technology and the economic potential of island cultures.

The meeting will reconvene at 10 a.m. Wednesday, 12 January, with a panel discussion on "resilience building in small island developing States".

#### Background

The International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, adopted in Barbados in 1994, met today to hold three panel discussions. For background, see Press Release ENV/DEV/SIDS/1 issued on 10 January.

#### Panel Discussion I

The meeting began this morning with a panel discussion entitled "The special challenges of small island developing States in trade and development", which was co-chaired by the Minister of Foreign Affairs and International Trade of Mauritius, Jayn Cuttaree.

The panellists for the discussion, moderated by Habib Ouane, Director of the Special Programme on the Least Developed Countries, Landlocked Least Developed Countries and Small Island Developing States in the United Nations Conference on Trade and Development (UNCTAD), were: Anthony Severin, Ambassador of St. Lucia to the Caribbean Community (CARICOM); Sivaramen Palathan, Trade Adviser at the Permanent Mission of Mauritius to the World Trade Organization (WTO); Deep Forde, Senior Economist at the Food and Agricultural Organization (FAO); Hans-Peter Werner, Counsellor in the Development Division of the WTO; and Mohammed Latheef, Permanent Representative of Maldives to the United Nations.

Opening the discussion, Mr. JAYN CUTTAREE, Minister of Foreign Affairs and International Trade of Mauritius, in his capacity as co-chair, said it had been widely accepted that international trade could make an important contribution to development and poverty reduction in small islands. A large number of small and vulnerable economies had been marginalized by globalization. Small island developing states were highly open economies and trade was crucial to their development. Moreover, their economies were facing a decline in their share of global merchandise trade and the situation was expected to worsen in coming years. It was also becoming increasingly difficult for them to attract foreign direct investment. It was imperative for those nations to mobilize their

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internal resources in order to finance their development, although many of those island nations were faced with challenges that made it difficult for them to do so.

Small islands were committed to a rules-based economic development, Mr. Cuttaree said. Multilateral trade rules should protect the interest of all small islands and take into consideration their special needs. Capacity-building initiatives should also be advanced to improve access to markets. Other requirements included more support for the diversification of small island economies; preferential trade agreements for those nations; enhanced international support to improve their infrastructure to encourage trade; and developed negotiating capacity.

Mr. ANTHONY SEVERIN, Ambassador of Saint Lucia to the Caribbean Community (CARICOM), said the main concern of small island developing States was regarding their treatment by others in the international community, particularly by those that had the means to effect large changes in their conditions. Among such state's characteristics was their small size; they were by definition small in physical size and population. Other characteristics included openness and dependence, which was usually a consequence of openness. The economies of small island developing States were usually externally oriented and heavily reliant on official development assistance (ODA), remittances and tourism, as well as dependent on preferential treatment.

Those characteristics presented certain difficulties for small island States, which were usually structural or competitive, he continued. A structural disadvantage was the low level of economic diversification. Some of the consequences of small size included low levels of human resources and small domestic markets. A critical issue was scale. Very often production activity remained trapped in the primary or tertiary sectors. Small island developing States experienced high capital costs for investments in the industrial sector. High per capita costs of such investments proved significant when it came to the financial burden they imposed on the final consumer, who was required to pay the full economic costs of services. The high degree of openness that characterized those countries left them vulnerable to the uncertainties facing the international environment.

The contribution of exports to the gross domestic product (GDP) of small island developing States was usually high, he said. They usually specialized in a narrow range of products and as a result, their economies were exposed to export price and demand uncertainties. They were often unable to influence the price of their products. Some of the competitive disadvantages included the scale issue and rigidities in production, which translated into high unit costs and uncompetitive prices. High international transport cost was also an issue. Many small island developing States were located at great distances from major international trade centres. Because of their "small islandness", the delivery of goods and key services could only be done by sea or air transport. High transport costs made exports uncompetitive and imports often prohibitive.

Small island developing States, he noted, also found themselves unable to attract major private capital inflows. Those in the Caribbean, in particular, had great difficulty in attracting resources, due to relatively high gross national product (GNP) levels, and were forced to depend on grant aid. In addition, the size of domestic markets posed a constraint on the development of a strong private sector in small island developing States. The high price of capital created a level of risk aversion that was not conducive to innovation or growth. The public sector often had to lead the way by getting involved in

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commercial ventures. That involvement often became permanent, leading to problems.

Globalization and trade liberalization also created problems for small island developing States, he said. The lack of global economic influence left them marginalized in the global environment. All of the above pointed to the need for special treatment for such States, particularly in the areas of trade and finance. Among his recommendations was the maintenance of preferential access for small island developing States imports, and the allowance of realistic adjustment periods when preferences were to be phased out. In the area of finance, he noted the need for the extension of concessionary financing, particularly by the international financial institutions, as well as the review and reform of criteria for graduation of small island developing States. There was widespread recognition of the small island developing States problems; but there was a lack of will to address it.

On the definition of small island developing States, he noted that the acronym "SIDS" was supposed to stand for islands that were small, developing and sovereign States. The United Nations list of such States did more harm than good and seriously hampered the argument for special and preferential treatment. It also allowed for the proliferation of categories, making it difficult for a solution of the problems. There was an urgent need for the United Nations and its agencies to redefine small island developing States in order to allow for more effective advocacy.

Mr. MOHAMMED LATHEEF, Permanent Representative of Maldives to the United Nations, said the issue of least developed country status has been exclusively relevant to small island developing States. Since most developing countries, including small islands, often experienced dramatic changes, developing partners needed to adjust their support according to those changes. Mr. Latheef paid a special tribute to the World Bank for its 20-year old policy of providing an exceptional measure calling for concessionary treatment for small islands. Progress in per-capita income was the fundamental question at stake.

Mr. Latheef highlighted the phenomenon referred to as the "island paradox", whereby the international community often overlooked the vulnerability and disadvantages facing small islands given their status as developed tourist locations. Small island nations were unique among developing countries as they were prone to dramatic setbacks, as a result of shocks beyond their domestic control, which these included such natural disasters as the hurricanes that struck the Caribbean last year and the tsunami which struck the Indian Ocean region. Special aid flows and long-term resilience building were urgently needed as a result of natural disasters. Moreover, the capacity to strengthen economies through viable economic diversification was essential. He added that extreme remoteness added to the economic vulnerability of small islands. Their economic viability could only be realized if there was increased support from the international community.

The Maldives had roughly 1,200 archipelagic islands, which had always been exposed to seasonal monsoons. Its human capital had demonstrated progress over the years. Just less than a week before the destructive tsunami last month, the General Assembly of the United Nations passed a resolution endorsing a recommendation made by the Economic and Social Council to graduate Maldives from least developed country status. Highly concessionary treatment from international partners contributed to that decision. The tsunami resulted in serious damage to more than 40 islands in Maldives; 40 had to be evacuated and another 19 were now uninhabitable. The impact on tourism was also very severe.

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The criteria for graduation from a least developed country status was based on per capita income, human capital and economic vulnerability, he said. The aim was to ensure that those countries had reached a certain stage in development, which allowed them to be able to self-sustain their development. The per capita income of Maldives at the time of the ECOSOC decision was just over \$2,000. Costs resulting from transportation needs and production was a particularly relevant factor in the case of Maldives. He added that the cost of training people overseas was unaffordable. Addressing the subject of economic vulnerability, he said tourism and fisheries were the basis of the island nation's vitality.

Mr. HABIB OUANE of UNCTAD, pointed out that the organization had been for many years active in supporting relevant United Nations bodies and member States in dealing with the issue of vulnerability and graduation. Going back to the early 1990s, it had pioneered the idea of making economic vulnerability a concrete criterion not only for the periodic review of the list of least developed countries, but also in analyzing the particular problems of small island developing States, be they least developed countries or not.

Responding to a question on ensuring a coordinated approach to the problems of small island developing States in a given region, Mr. SEVERIN said that, based on his experience on what was happening in the Caribbean, there were difficulties regarding the different levels of development among the countries in the region. Caribbean small island developing States were determined to move forward and progress by pooling experiences and resources. The CARICOM was seeking to intensify the integration process, which might be what was needed. In spite of their difficulties, they were determined to move forward as a group.

Mr. CUTTAREE added that the Indian Ocean Commission had also tried to pool the resources of the countries in that region in order to build capacity.

On the effects of the tsunami on agriculture, on which many small island developing States depended, Mr. LATHEEF noted that the Maldives had 1,200 islands, 200 of which were occupied and 900 of which were used for agriculture. It had only been able to survey 200 islands so far. In a few islands, the freshwater tables had been depleted and crops were damaged. His country feared that natural vegetation might die in some islands.

Mr. SEVERIN noted the situation of Grenada, whose economy was totally devastated by last year's hurricane and whose agriculture sector depended on tree crops, such as spices, which had long gestation periods. After such devastation, the question was whether the country went back to the production of those crops and waited 10 to 12 years before they began to produce.

Asked for examples of success stories, so that one did not assume that small island developing States were doomed, Mr. LATHEEF said that the Maldives was an ambitious country, and was the last country to believe that it was doomed. While it had made strides in development, its vulnerabilities in a number of areas were inherent. It still had a ways to go before claiming that it had reached certain standards in development.

Mr. OUANE added that as a result of the progress achieved by Cape Verde and Maldives, they had been eligible for graduation from the list of least developed countries. There were many small island developing States that had achieved socio-economic progress in the last ten years. He hoped more success stories could be highlighted in the future.

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Mr. SEVERIN said that countries in the Caribbean were told to diversify their economy, and move out of bananas and move into services. The minute they began to move in that direction and begin to be competitive, pressures were imposed on them by the Organization for Economic Cooperation and Development (OECD). Rather than despairing, those countries had to be resourceful and find the means to survive. It was about being resilient.

Mr. HANS-PETER WERNER, Counsellor in the Development Division of the WTO, said the discussions and debates being realized at this week's Conference were integral to the work of the WTO, whose work in the area of small islands had been dictated by the Doha Declaration which was developed after trade negotiations among 148 governments. The Declaration touches upon the sectors of agriculture, dispute settlement, regional trade agreements and technical assistance to developing countries, among other things. The aspect of integrating small economies into the multilateral trading system was agreed to by all WTO members, more than two-thirds of whom were developing countries. The ongoing negotiations taking place under the auspices of the WTO were looking at proposals to find the necessary flexibility to allow developing countries to participate in the multilateral trade system.

The issues raised at Doha focused on several aspects concerning small islands, he said. Those included the establishment of mechanisms for regional dispute settlement actions, anti-dumping regulations and trade preferences for small economies. The use of subsidy incentives to attract foreign investments and training programmes to enhance trading capacities in small economies was also being raised.

Mr. Werner referred to the decision taken on 1 August 2004, which was designed to revamp the Doha process in order to set it on track. The decision taken took into account the several aspects related to small islands, such as agriculture and technical assistance. The decision resulted in 88 separate proposals and addressed several cross-cutting issues of relevance to small islands. He drew attention to the ministerial conference taking place in Hong Kong later this year and added that many countries had expressed their willingness to assist small island developing countries, but there had been problems in identifying the particular issues. Those issues needed to be presented on paper first; then they had to be negotiated.

SIVARAMEN PALAYATHAN, Trade Adviser at the Permanent Mission of Mauritius to the World Trade Organization, noted that the Barbados Programme of Action had been adopted as a blueprint for sustainable development even before the establishment of the WTO. The coherence mandate came only in Marrakech, which was after the adoption of the Barbados Programme. In the wake of the conclusions of the Uruguay round of negotiations, most small island developing States had joined the WTO, thus contributing to making the WTO a more universal organization.

The WTO principles of fairness, equity, full participation and shared prosperity had motivated small island developing States to join the organization, as well as the need for coordinated and coherent policies among international organizations, he said. Small island developing States needed a disciplined trading system because they, more than any other group of countries, needed a multilateral trading system. All empirical evidence indicated that small island developing States were the most open economies and therefore, fair trade was crucial.

As for whether special and preferential treatment was incompatible with the rules of the WTO, he said that there was a need for liberalization and open

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economies. The most useful model was the European model, which allowed for differentiation among its various constituencies. That allowed for economies to grow and prosper. There was no policy conflict between rules and differential treatment, which provided for, among other things, an enhanced concept of development that was not only related to trade. Ten years after the adoption of the Barbados Programme of Action and the establishment of the WTO, small island developing States were still not fully integrated into the global economy.

On the way forward, he said that there was a need to look at the European Union practice of the co-existence of rules and differential treatment. Small island developing States were not potentially damaging; their trade did not represent even 0.03 per cent of world trade. He noted the need for technical assistance, negotiating capacity and financing, among other things.

Mr. SEVERIN noted within the WTO a convenience of hiding behind the notion of equality of member States, in order to promote equality of treatment. So, within the WTO, special and differential treatment was seen as the exception, rather than as the basis for fairness, which had to do with the observance of specific circumstances. In the case of small island developing States, that circumstance was that the playing field was not level. The WTO had to take that into account.

DEEP FORDE, Senior Economist at FAO, echoed the expressions made by several other conference participants suggesting that the meeting was taking place at an important time at the close of a year when natural disasters affected several small island developing States. This year, it was expected that there would be many changes in the agricultural environment, which could be as devastating as some of these natural disaster. Those included changes within the framework of the Doha round and other international meetings, which addressed trade and agriculture.

While small island developing States were not as important to global agricultural trade, global agricultural trade was very important to those States. Developing countries as a whole had been increasing their share of global agricultural trade, although that had not been the case for small island developing States. In the Caribbean region there had been a decline in agricultural production during the past decade. As a result, the States in the region moved from being major net exporters to importers.

Among the dominant commodities in small islands were sugar, bananas and fish. These products were under threat by a variety of actions under the international trading arena and by changes in the global trading rules and agreements. Mr. Forde noted that sugar exported from small island States accounted for 15 per cent of global sugar exported. Among the policy issues being discussed was how sugar would be treated within the economic partnership agreements on trade. That included the European Union Commission's plan for the sugar regime. He added that many small islands were forced to shut down factories and bankable assurances were being threatened. There was a need to mobilize negotiating capital, and supporting the Least Developed Countries Everything But Arms (EBA) proposal for access to markets was essential. Moreover, compensation mechanisms should be linked to adjustment programmes within small islands.

Another commodity affected over the years has been bananas, Mr. Forde said. Much of the reform of the banana industry started in 1994 when opportunities for many small countries were taken away. Changes in the European Union banana regime resulted in a decline in exports from \$37 million between

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the years 1990 to 1994, to \$21 million between 2000 to 2002. There was also considerable disagreement over what the tariff rates should be in that sector. Several countries and companies were putting together proposals to be discussed at a meeting of the leaders of Latin American countries later this month. . The interests of small island developing States would be given consideration at that gathering.

Regarding the fishing industry, he said there were a number of rules that continued to inhibit the expansion of that sector in small islands nations. The importance of increasing negotiating capacity should be emphasized. The challenge was to increase the domestic support of small island developing States. All agricultural strategies must be linked with food security to reflect the needs of small islands. The challenges facing those island nations included export market opportunities, a continued rise in food exports and improved development through trade.

The representative of Cape Verde said that although her country was considered a success story, it was necessary to realize that the indicators used to determine that were volatile, as they were based on factors such as official development assistance and migration, which fluctuated. She noted the current trend towards reducing ODA. So, the success was not solid and the country still faced challenges, such as low financing capacity and unemployment. The country was going to take its destiny in its own hands, trying to develop a new economic policy based on its own capacities and the opportunities provided by globalization.

Cape Verde had a vision and a strategy, she said, and what it needed was resources. Its efforts must be supported by the international community. The country's partners needed to see how they could assist it, so that it could better meet its enormous challenges. Also, the criteria for graduation should be examined, as it did not take into account the real situation in countries and the level of vulnerability to which they were exposed.

The European Union, said its representative, saw the need to make exceptions taking into account the different levels of prosperity of its member States. Exceptions were not always necessary. Rules could be designed with built-in flexibility. When that was not possible, exceptions had to be made. It was important not to lose sight of the final goal -- full integration into the global system.

France's representative noted that poverty alleviation was dependent on good governance and the setting up of a financial, legal and economic environment to foster growth. At the regional level, countries must attach importance to regional entities, which would help them join forces and pool resources to overcome obstacles. From the international viewpoint, it was necessary to find innovative financing mechanisms. He highlighted the need to set up and identify innovative financing mechanisms, as well as the need for differentiated treatment for vulnerable economies and assistance under the aegis of international trade negotiations.

Cuba's representative said it was long overdue that small island nations received the aid they required to ensure their development. Cubans were facing the largest drought in the past 15 years and that was affecting agricultural production. Recent hurricanes in the region had also resulted in agricultural losses, and extensive damage to houses and other properties. While bearing in mind that globalization had resulted in imbalances among all nations, it was imperative to fulfill the commitments made in different international

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agreements. He added that there was a need to increase south-south cooperation, to which Cuba was ready to support.

A CARICOM representative said that over the last 20 years the international community had seen the unit value of exports from small island developing States fall by half. He asked what could be done to prevent the marginalization of small island developing States becoming permanent, and how the conference could contribute to avoidance of further marginalization.

A representative of Mauritius said most, if not all, small island developing States were single commodity exporters, with that export contributing a major source of foreign exchange earnings and a means of investment. Without the preferential access and favorable pricing mechanisms, it would be difficult for small island developing States to compete on an equal footing with larger exporters. She added that the reform of the European Union sugar regime would have far reaching impact on the sugar industry of Mauritius, and might even lead to its demise.

A trade union representative said natural disasters had the capacity to destroy the economies of several small islands and trade unions played an important role in restructuring the economies of many of the countries hit by those disasters. He added that technology was an important asset, which would help nations move forward.

A business representative said all trade arrangements should be done within the framework of a social development pact.

Mr. SEVERIN once again stressed the need to address the definition of small island developing States. He was not sure much would be achieved in the WTO if that was not done.

Mr. PALAYATHAN emphasized the need to translate the agenda of small island developing States as faithfully as possible in order to avoid marginalization.

Mr. FORDE also stressed the need to address the definition of small island developing States, and whether it referred to countries or situations.

Mr. WERNER said the issues raised here must be relayed to the WTO negotiations in Geneva. The definition of small island developing States could be reassessed in time for the ministerial meeting in Hong Kong.

Summing up, Mr. CUTTAREE said that among the issues raised in the discussion were the definition of small island developing States; their marginalization from the global economy; the issue of their special treatment in trade and financing, which could help them overcome the serious problems they faced; the need for capacity-building relating to the multilateral trading system; the need to examine the criteria for graduation in light of their vulnerabilities; and whether small island developing States should be treated as a separate group in the WTO. Also there was considerable potential in modern information and communication technologies for small island developing States. He also stressed the need to increase the negotiating capacity of small island developing States in the WTO, as well as to build strategic alliances to defend their interests.

#### Panel Discussion III

Panel Discussion III, moderated by Pearlette Louisy, Governor-General of Saint Lucia, will address the role of culture in the sustainable development of

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small island developing States. Rachmat Witoelar, Minister of State for the Environment of Indonesia, will chair the meeting and panellists include Philippe de la Hausse Louviere, Mauritius Chair of the National Heritage Trust; Ralph Regenvanu, Director of Vanuatu Cultural Centre; Mere Ratunabuabua, Ministry of Culture of Fiji; Keith Nurse, University of West Indies; and Sydney Bartley, Director of Culture, Jamaica.

PEARLETTE LOUISY, Governor-General of Saint Lucia, said that the areas to be covered included how culture played a role in fostering sustainable development; how to safeguard and promote the cultural heritage of small island developing States; how to turn creativity into commercially viable activities; what the roles of major groups were in protecting cultural heritage; what steps small island developing States could take to follow up on the international meeting; and what supportive role could the international community play.

The development and economic crises of the 1990s had influenced the debate on sustainable development, she said. The debate then shifted from an early concern over human and social capital to that of conserving or managing ecological capital. The question today was the role of culture in the sustainable development of small island developing States. There was growing recognition of the nexus between culture and economics, education and other areas, which was beginning to inform development policies of island communities. Small island developing States must make the transition from policy to concrete action.

The role of indigenous language in supporting the culture of islands must not be forgotten, she emphasized. They needed to be strengthened, to retain a strong sense of indigenous language and self. Such languages needed to be recorded and incorporated in school curriculum, and publishing in indigenous languages should be supported. The central challenge was to provide an integrated policy framework which recognized culture as a critical component of nation building. How to do that was the subject of today's discussion.

PHILIPPE DE LA HAUSSE LOUVIERE, Mauritius Chair of the National Heritage Trust, said culture, although underutilized as a factor for sustainable development, provided exciting opportunities for development in small islands. While welcoming the fact that culture had been included as a fifth pillar to be discussed at the Conference, he said science, education, handicrafts, music, festivals and leisure tourism, among other things, were all positive aspects in developing cultural heritage in island nations.

He emphasized the fact that a majority of small island developing States had been positioned at the crossroads of various cultures, where new languages were often born. It was imperative to preserve that cultural heritage to further generations as a nation-building exercise. Moreover, the effort to build communities could benefit from having a well-defined cultural vision. "No island was an island", he said. Islands were territories, where bonds of shared heritages provided a web for development opportunities.

Drawing attention to the United Nations Educational, Scientific and Cultural Organization (UNESCO), World Heritage Convention, he noted that Mauritius was the only small island developing State to have ratified the Convention thus far. He urged other island States to do so, as well as ratify UNESCO's Convention on underwater archeology. The balance of cultural heritage resource and its use, as well as the impact of tourism on cultural identity, was of great concern. The World Heritage Convention was a great success; there were 788 heritage sites in 134 countries. Only 2 per cent of these sites were found

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in small island developing States. He appealed for more prominence for small island developing States in that regard.

MERE RATUNABUABUA, Ministry of Culture of Fiji, said that the Pacific Island region covered roughly a third of the planet and had about 1,200 languages. The small island developing States there were diverse in their cultures. How to safeguard and promote the cultural heritage of small island developing States was the question to be tackled. Indigenous people took a holistic view of culture. The foundation for such safeguarding must be raising community awareness. For many small island developing States, the focus was to keep up and stay ahead of development pressures, particularly from international demands and influences.

Development, she noted, usually took priority and culture had to take a backseat. Without cultural development, a nation limited its potential. It was imperative that island communities were involved, in a participatory manner, in identifying what should be protected. People were at the center of culture; they were the custodians and the carriers of culture. Among other things, it was necessary to encourage custodians to pass on their cultures in their own vernacular.

Turning to tourism, she said that indigenous communities could participate in, and gain economic opportunities in, tourism, which should be conducted in a sustainable way. At the national level, policies were needed to record cultural knowledge, uphold the rights of indigenous people, increase community awareness for cultural heritage management, and foster human resource development. In addition, people should be encouraged to use their mother tongues in instruction. Furthermore, legislative frameworks for tangible and intangible cultural heritage should be supported.

RALPH REGENVANU, Director of the Vanuatu Cultural Centre, emphasized that the Pacific island region had the highest proportion of indigenous people of any region in the world. The region also had the highest proportion of land ownership and embodied the highest level of cultural identity than anywhere else on the planet.

He said Vanuatu had over 100 languages and had been recognized as a model for cultural development. Vanuatu had a tremendous social capacity for developing culture in local communities. Those communities, he added, could be empowered to shape development by national policies, which could assist them in identifying and strengthening their capacities to further those cultural identities.

Small island developing States were all culturally diverse, he said. The most effective way to safeguard culture in those island States was to encourage communities to define for themselves the most important aspects they considered worth safeguarding. In Vanuatu, for example, a programme had been developed to record cultural information as a means of developing cultural heritage. Different communities shared information on how to preserve their cultures. Cultural centres had also been set up to display cultural artifacts and handicrafts, he added.

While emphasizing the importance of tradition-based systems, Mr. Regenvanu called on governments to create frameworks to allow communities to safeguard their own cultures. Research on traditional values in Vanuatu had been undertaken as a means of exchanging knowledge to enhance community management facilities and, in turn, advocacy tools had been developed for use at the community level. As a result, it was now possible for community leaders to

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manage their own health care facilities, fisheries and justice systems. Governments needed to recognize the capacity of communities to uphold their own cultural values. Moreover, government education policies should allow for teaching and preserving local cultures. Sustainable development could only be realized fully if culture itself was truly developed.

KEITH NURSE, University of West Indies, focused on the role of cultural industries in development and how small island developing States could benefit from increased commercialization of the arts and culture. From an economic standpoint, cultural industries were one of the fastest growing sectors. It was the sector most affected by the growth of the Internet and e-commerce. As for why small island developing States should invest in cultural industries, such industries generated new exports and employment and aided in the diversification of economies. They represented a new arena for investment for small countries.

He said that what happened in that sector in small island developing States was mostly undocumented, but it did have a large impact. Turning to the economic impact of cultural industries in the Caribbean, he noted that in Jamaica, the cultural industries generated foreign exchange earnings in the range of \$80 to \$100 million. It was necessary to establish a means to document that sector. Turning to festival tourism, he noted that in Trinidad and Tobago in 2004 as many as 40,000 visitors generated \$22 million during Trinidad's Carnival, which was the most globalized festival, replicated in numerous countries.

The challenges for small island developing States included under-developed trade, industrial and intellectual property policies and a shortage of human resource development in the artistic sector. Emerging opportunities included a rising demand for domestic content in many small island developing States. What was needed were support and development for financing; export marketing and sales; human resource development; institutional capacity building for key stakeholders; aligning trade, industrial and cultural policies; copyright protection and administration; anti-piracy campaigns; access to development financing; and harmonizing government policies and investment.

SYDNEY BARTLEY, Director of Culture, Jamaica, said Bob Marley, who answered to a call for a need for ancestral identity, epitomized what was essential for the sustainable development of small islands. Much of what was created in culture was about establishing a platform for survival and building a culture of resilience through resistance. Small island developing States, where many inhabitants spoke several languages and shared traditional knowledge, had a shared destiny. Those island nations needed to recognize culture as a means of preserving identity.

He said the challenges for small island States was to recognize their creativity and then to create a product that could be placed anywhere in the world. Market access was not possible without capacity-building. Bob Marley reminded people of the importance of memory, he said, and children needed to be taught their cultural identity. Small islands supported a convention being processed through UNESCO on culture that recognized the rights of States to develop cultural policies that would allow small islanders to create their own domestic livelihood. Moreover, cultural policies must be in line with other policies, such as trade policy, education and tourism. Small island developing States should also be able to control the content of the mass media. The only way to sustain development was to recognize that the human being was at the centre of development, he said.

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When the floor was opened for comments and questions, the representative of the Cook Islands stressed that culture and heritage must be considered an important pillar of sustainable development.

A representative of women, one of the major groups, added that while culture had been emphasized in discussions of the Barbados Programme of Action, it was still excluded from the pillars of sustainable development -- economic, social and environmental. Culture must be the fourth pillar of sustainable development and integrated into sustainable development planning. In addition, the role of civil society must be integrated into the Barbados Programme of Action.

The development of human potential stemmed from continuous cultural development, in addition to economic and social development, noted France's representative. The history of the majority of small island developing States was marked by massacres of indigenous people, illustrated by the black slave trade. Uniform mass production was strangling creative thinking. Culture was the very heart of the creative process.

Noting that the culture and heritage of small island developing States could be eroded by new ways of living and new technology, the representative of Fiji hoped that cultural heritage and traditional ways of living would be retained. With the number of people visiting Pacific islands increasing, he called for a balance between social, economic and environmental concerns

A representative of youth said that youth in small island developing States were watching cultural traditions and practices being swept away as their lands, families and resources continued to be under the trauma of displacement, resulting from unsustainable development, unsustainable economic policies and, more tragically, natural disasters. Opening the doors to the tantalizing breezes of new cultures did not mean being blown away by them. Culture must be seen as a critical aspect of any small island developing States drive towards self-sufficiency. She urged the meeting to take seriously the implementation of the Barbados Programme of Action and trusted that the necessary skills, programmes and policies would be put into effect to ensure the right nurturing and transmission of the cultures of small island developing States.

A representative of Mauritius said the real progress of a country cannot be conceived without the preservation of culture. The promotion of cultural diversity promoted sustainable development, as well as peace, and was an indispensable tool for education. She added that the cultural vulnerability of small island States was demonstrated by what happened in the tsunami. Cultural promotion was also needed, in order to generate jobs and to create substantial revenues for small islands.

A representative of Jamaica called for a convention on cultural diversity to provide for a framework for capacity-building in the area of cultural heritage.

A representative of Barbados emphasized the importance of being clear about the various impacts of culture on economies. Culture set the platform for development and was the last source of protection for governments in terms of absorbing the shocks experienced from globalization. Culture nurtured creativity, which drew on a vast reservoir of knowledge and provided great advantages for islanders. Barbados supported the call for the special treatment of culture within trade agreements. Moreover, small island developing States must ensure that relevant lobbying at all levels was done to ensure that that was achieved.

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A representative of Morocco said the topic of culture and its contribution to the development of small islands was crucial, but culture was also the cornerstone of development in other countries as well. He said there was a need for the international community to develop cultural exchanges to combat misunderstanding, to promote knowledge of other cultures and to prevent extremism.

In closing, Mr. DE LA HAUSSE LOUVIERE noted the points made concerning cultural exchange and supporting cultural diversity, which were of extreme importance. There was no doubt that culture was a pillar of development in small island developing States and the comments this afternoon supported that view.

Mr. REGENVANU said that the support given by culture to a society was not quantifiable in monetary terms. The reason why small island developing States had not progressed that quickly in the last 10 years was that culture had been avoided. There was growing food insecurity and less offered to young people today than 10 years ago.

Responding to a question, Mr. NURSE said that many of the costs associated with festival tourism were intangible. The earnings from festivals proliferated beyond festival organizers. On cultural industries, he said it was correct that there could be no cultural diversity without cultural exchange. It was necessary to protect and promote cultural industries and sectors.

Mr. BARTLEY said that sustainable development was not only about economics, but about people. Culture was the soil in which development took place and everything else was fertilizer. When fertilizer became the soil, the plant died.

Ms. LOUISY said she would do her best to ensure that culture be included as a pillar in the Programme of Action.

The Moderator, Mr. WITOELAR noted several priority areas, including the protection of cultural heritage and diversity. Possible action in that area was involving communities in protecting cultural heritage; improvement in the management of cultural sites; supporting and strengthening community capacity for resource management; and enhancing technical capacity. Another priority area was the preservation of indigenous cultures and languages. Possible action in that area was elaborating programmes to preserve traditional cultures and values; recording indigenous languages and incorporating them in schools and publishing; and building capacity through education and training in the arts.

With regard to developing cultural industries, he noted the need to protect the intellectual property of small island developing States in the areas of music and other cultural industries, as well as improving access to capital and credit for small and medium enterprises. He also noted the call for a convention on cultural diversity.

#### Panel Discussion IV

Panel Discussion IV addressed emerging issues and social challenges for the sustainable development of small island developing States. The discussion was moderated by Len Ishmael, Director General, Organization of Eastern Caribbean States, and chaired by Marcus Bethel, Minister of Health and the Environment, Bahamas, and Bruce Billson, Parliamentary Secretary of Foreign Affairs and Trade, Australia.

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The panellists included Greg Urwin, Secretary General of the Pacific Island Forum Secretariat; Rex Nettleford, Professor Emeritus, University of West Indies; Sonia Elliott, Liaison Officer, New York Office of the Joint United Nations Programme on HIV/AIDS; and Curtis Ward, Advisor to the United Nations Security Council Counter-Terrorism Committee.

LEN ISHMAEL, Director General of the Organization of Eastern Caribbean States, said the date 25 April 1994 was a benchmark in the history of small island developing States, worldwide. It signaled the day on which, for the first time, issues particular to small islands took centre stage, focusing the world's attention on their unique and special circumstances. A little over ten years later some things have changed, but much remained the same. The concept "Small Islands Big Issues" was today more relevant than ever before. On the social front, small islands of the world were being challenged like never before to identify, promote, project and protect their own space and their own interests, to hold onto their way of life, their land and their culture, and to leave behind a legacy worth leaving to future generations of islanders.

Small island developing States the world over faced an array of circumstances, which together conspired to make them vulnerable, ecologically, socially, politically and economically. On the global front, there was an array of issues relating to the process of globalization and trade liberalization, which had resulted in fundamental changes in the manner in which small island developing States had been inserted into the world trading apparatus.

The 1990s heralded a period of intense pressure, as a result of changes in arrangements for world trade, to reduce or remove preferences which allowed Windward island bananas to enter the European Union under a mix of special and differential preferences. Regional governments invested heavily in the purchase of former plantations, sub-divided them into small holdings, and introduced agricultural infrastructure to facilitate the creation of a class of peasant farmers with the potential to generate income and wealth and stabilize rural populations. The inability to make complete adjustment to new price regimes for bananas had led to serious dislocation and trauma for several islands. In addition, it was simply impossible to compete in a global trading environment for agriculture with those who were far more powerful.

Globalization had been accompanied by other deleterious effects, as well, he said. In many small islands, governments derived a significant portion of their operating revenues from taxes on trade. With less revenues coming in, many small islands had little choice but to borrow on the commercial market to continue to make vital investments in human capital and social services and infrastructure. Globalization and trade liberalization had also resulted in increasing pressure on small island developing States to dismantle safeguards which have been important protectors of the national best interests and heritage. For the majority of small islands, the steady removal of land from local to foreign ownership was resulting in several social challenges.

One of the inherent structural weakness of the paradigm within which small island developing States of the world operated, and one of their defining characteristics, was the openness of their economies which made them vulnerable to external shocks. The events of "9/11" were no exception, the aftermath of which continued to resonate around the world and which were especially severe in small islands.

Increasingly, small island developing States were forming alliances among themselves to reduce vulnerabilities and increase resilience over time, and as a means of protecting their strategic interests versus third parties. The

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development of partnerships based on mutual respect for the dignity of all people will make the future a better place, he said.

GREG URWIN, Secretary General of the Pacific Island Forum Secretariat, said that in the Pacific region, the Barbados Programme of Action remained as relevant as ever. The issues contained in the Programme of Action remained key issues for the countries of that region. As in other regions, new issues had emerged in addition to those mentioned in the Programme of Action. In the Pacific, the context of many issues was provided by the historical moment in which they found themselves. The Pacific might be said to have reached its immediate post-colonial period. The region was now having to examine a range of inherited institutions for their durability and efficacy.

That was made necessary because of the pressing material changes in the circumstances of those countries, he continued. Populations in the region were low by world standards, but high related to resource endowment. Also, youth populations were increasing rapidly as percentages of the whole. The region was traditionally known for a rural and laid back lifestyle. That had always been a bit of a myth. The population growth rate was higher in urban areas than in rural areas. The pace of urbanization was such in Melanesian countries, for example, that it was overwhelming the capacity of some of the urban services. Unequivocally, the incidence of real quantifiable poverty was increasing.

Added to that was the high and growing threat of HIV/AIDS, he went on. Papua New Guinea had a high growing incidence of the disease. That threat was being compounded by high levels of movement, by persisting unequal gender relations, and persistent social and cultural taboos. In general, such developments highlighted the increasing difficulties of governments in delivering basic services to their people.

Security concerns were also changing, he added. Pacific nations were increasingly targets of transnational organized crime, including drug trafficking and money laundering. The scarcity of resources was making it difficult to meet all the requirements of the international community. All of which, coupled with other issues, led leaders to seek solutions in strengthened regionalism. Thus, his organization had been mandated to develop a plan for broader regional cooperation, leading to increased regional integration. The issue was how strong and effective that regionalism could work, and whether it could ultimately be the best way for the countries of the region to get what they wanted.

SONIA ELLIOT, Liaison Officer in UNAIDS, said the attention given to HIV/AIDS at the Conference was a welcome development, especially since the 1994 Conference failed to identify HIV/AIDS as a key issue. Small island developing States had not been immune from the ravaging trends of the epidemic. Today, the Caribbean was the second-worst-affected region worldwide. For example, the disease was the leading cause of death among adults aged 15 to 44 years in Trinidad and Tobago. Moreover, the national HIV prevalence rate had exceeded 2 per cent in several Caribbean countries whereas the average infection rates in the Pacific were 0.7 per cent. Small islands in the African region had also been affected by the epidemic.

Strong leadership was key for the fight against AIDS, Ms. Elliot said. Greater attention needed to be paid to prevention as well, which included the provision of services and raising awareness especially among young populations. A real challenge in the tourism industry was the denial of HIV/AIDS as a problem. The close link between poverty and HIV/AIDS was also a factor, she added.

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Since 2002, the number of women living with HIV had risen in every region in the world. That was fuelled by a lack of access to economic opportunities and to education. Girls in the Caribbean, for example, were more likely to become infected than boys in the same region. The impact of the epidemic would be more severe in smaller communities, Ms. Elliot affirmed. The pandemic depletes the capacity of States faster than they can be replenished. It was expected that, in 2005, 6 per cent of the Gross Domestic Product would be invested in combating the pandemic in small island regions. A total of \$10 billion was expected to be spent worldwide this year for the same cause. Agreed national frameworks, a national AIDS coordinating authority and an evaluating system, were needed, among other things. She highlighted that in June this year the declaration of commitment on combating the pandemic set forth in 2001 would be reviewed.

CURTIS WARD, Advisor to the United Nations Security Council Counter-Terrorism Committee, said he wanted to underscore the significant developmental benefits that could accrue to small island developing States and other developing countries over the long term from mandated measures to make the world safer and more secure from terrorism and other transnational organized crime. Most States lacked the requisite capacity for an effective level of prevention and suppression of terrorism. The means to cooperate with others in global anti-terrorism efforts were lacking. That gap existed practically everywhere, but, not surprisingly, was more evident throughout the developing world.

In the absence of an international framework for counter-terrorism action and cooperation, the Security Council took a global approach to the problem by mandating certain counter-terrorism measures, elaborated in resolution 1373 (2001), which contemplated permanent long-term global prevention measures by all States. Effective State action against terrorism and other transnational crimes required two essential ingredients -- political will and resources, both human and financial. Those two prerequisites for effective action, while present in some countries, were lacking in a significant number of others, and in particular were lacking in a disproportionately large number of small island developing States.

Understandably, those mandatory obligations created significant burdens on many States, particularly for those with limited resources, lack of expertise and pressing domestic needs. There were many small island developing States falling within that category. It should be recognized that there would continue to be great difficulty throughout the developing world to prioritize counter-terrorism measures over development. He pointed out the important nexus between counter-terrorism, security and development. There was a strong and demanding case for an assistance funding facility -- a trust fund -- for financing counter-terrorism measures. Perhaps it was time to give serious consideration to establishing a "Global Security Trust Fund".

REX NETTLEFORD, Professor Emeritus at the University of West Indies, said social transformation had long been a priority item on the agenda of concerns among small islands. He added that placing social transformation within the context of sustainable development, understood as the continuance of human well-being into the long-term, had now become paramount. The tsunami tragedy of the past few weeks had several lessons for all humankind, not only those in small islands. The message of the devastation of large parts of the physical environment brought to all the realization that the international community must invest in long-term development, not short-term handouts. The southern Asian tragedy, he added, was a "wake-up call" for small islanders. The alleviation of poverty depended on the ecological integrity of the environment tenanted by the poor, he said.

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A representative of women, a major group, said that women, make up 50 per cent of the population of small island developing States, but had not been treated with the priority needed in the review of the Barbados Programme of Action. She drew the attention of governments to their agreed commitments to conduct a gender assessment within the context of the Programme. Women still did not make up 30 per cent of parliaments, nor were they represented adequately in political decision-making. Also, the global trading system was hostile to women, to workers and to small island developing States. She asked governments to recommit themselves in the review process to what they agreed to in the context of the Beijing Platform for Action, the Women's Anti-Discrimination Convention and the outcome of the International Conference on Population and Development.

A representative of children and youth said that youth were the future managers of the earth. It was necessary to adequately arm them to take up the challenges of sustainable development. The Barbados Programme of Action called for the meaningful participation of youth at all levels of decision-making. The youth of the Caribbean had identified environmental management as a key pillar of sustainable development. Also, social issues to be addressed included HIV/AIDS, sexual abuse, the high number of youth in prisons, and the high levels of poverty. In addition, she stressed that basic education must be a fundamental right for all youth, and equitable employment opportunities for youth were needed.

A representative of non-governmental organizations said that most of the issues raised boiled down to the impact on the end users of goods and services. Regarding HIV/AIDS, it was necessary to look at the availability of affordable drugs. Should multinational companies have the right to bar access to those drugs to patients in developing countries? In terms of security, he wondered whether the United States tsunami center should not have warned the countries of Asia. That was also an issue of security, not just what happened on "9/11" and its aftermath. He proposed that the United Nations guidelines on consumer protection be taken on board by all small island developing States governments. Also, he called for the international community to deliver on their commitments under the Barbados Programme of Action, particularly their financial commitments.

A representative of trade unions said even though economies were growing in some small islands, insecurity, unemployment and poverty was on the rise. There was an urgent need for governments to implement a system of decent wages in order to ensure the livelihood of families. Moreover, the basic rights of all islanders should be guaranteed, as well as the well-being of workers. Combating poverty should be seen as a priority for all small island governments. Moreover, small islands were encouraged to ratify all International Labour Organization Conventions as a further demonstration of their commitment in the area of labour issues. The AIDS pandemic should also be combated and retroviral drugs should be made available to those who need it.

A business and industry representative said individuals could make growth possible in island States, and it was imperative to empower them to make decisions for themselves. Foreign direct investment would never be able to match the will, capacity and energy of the people. Those personal commitments should be recognized in national policies and programmes. The cost of energy, she added, must be lowered and more vocational training was needed. Small island development States were not able to survive unless governments and the private sector were able to work together towards common goals.

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A representative of the scientific and technical community said health and communicable diseases were still major factors in determining the sustainable development of small island States. Resources must be diverted into national health sectors, especially in small island developing States. The dissemination of technology and scientific know-how was also crucial in small islands.

A representative of farmers said the distribution of land on small islands was a main concern for small farmers. He highlighted the importance of examining the trends of global agriculture. Moreover, the competition resulting from imported food was also an issue of concern for small farmers.

The representative of Mauritius noted that approximately half of small island developing States were making progress towards the Millennium Development Goal to reduce by half the number of people living on less than one dollar a day. Women were the poorest of the world's poor and represented 70 per cent of those living in absolute poverty.

The objective of Mauritius, she added, was geared towards developing strategies to help women overcome poverty in the context of sustainable development, including through the provision of access to credit. Investment in women's education and health could have major benefits and her country had heavily invested in both sectors. The major resource in small island developing States was human resources. However, HIV/AIDS had emerged as a major challenge. In that context, Mauritius was suffering from its own economic success. The Global Fund to Fight HIV/AIDS, Malaria and Tuberculosis had not considered her country's application for funding, based on its economic success. She appealed to the Fund to consider the situation of small island developing States, as they remained vulnerable at all times.

Also on the issue of HIV/AIDS, Cuba's representative noted that his country had an inter-sectoral national programme on the issue, and found itself in an excellent position to help other small island developing States. Turning to terrorism, he said that terrorism did not commence on 11 September 2001 in New York, and it could not be countered with more violence. He emphasized the need to counter hunger and poverty, as well as strengthen South-South cooperation.

Picking up that thread, France's representative also stressed the need for cooperation, noting that while achieving the Millennium Development Goals was first of all the responsibility of States themselves, national efforts must be matched by international solidarity. Also, combating HIV/AIDS in small island developing States was of particular importance. The rate of HIV/AIDS in small island developing States, apart from the Caribbean, was not high. However, they were not safe from the spread of the pandemic. Regional and international cooperation was essential for small island developing States to address the emerging issues facing them.

Puerto Rico, as a small developing country, was also grappling with environmental problems, its representative stated. Among the geopolitical realities it faced was high and growing population density and a dependent economy. Despite those challenges, the country had been embarking on various initiatives, including the establishment of a sustainable development bank to make it possible to ensure development, without destroying Puerto Rico's resources. It was also involved in ensuring that environment was included in decision-making processes.

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A representative of Samoa said the issues of HIV/AIDS and terrorism should be seen as integral to the future of small island developing States. He asked how these issues could be factored into the national policies to allow for improved livelihood of islanders.

Haiti's representative said his country had been going through a very desperate situation. Despite the clear will expressed by the international community, major problems still faced many small island developing States. Those problems stemmed from natural disasters, expanding poverty and unemployment, among other things.

BRUCE BILLSON, Parliamentary Secretary for Foreign Affairs and Trade of Australia, in his capacity as co-chair for the panel, provided an overview of the subjects discussed. The panel focused on a number of emerging trends and social challenges facing small island developing States. Among them were the need for poverty reduction, which continued to be exacerbated by population density in small islands; the social impact of trade liberalization and globalization; and foreign ownership of lands;

The need to combat HIV/AIDS, which had emerged as a grave challenge on small islands, was also highlighted. Participants, he said, underlined the vulnerability of young populations on small islands who were especially hard hit by the epidemic. In order to combat the epidemic, participants all agreed that strong leadership was needed.

Other issues raised were the need to address terrorism, transnational crime and other security concerns, all of which affected small islands; an increased representation for women in all levels of society; enhanced employment opportunities and education of the poor and disenfranchised; and a strengthening of regional cooperation and long-term partnerships based on mutual respect.

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