



FORUM ECONOMIC MINISTERS MEETING

Alofi, Niue
25 – 26 July 2000

RECORD OF MEETING DECISIONS

The fourth Meeting of the Forum Economic Ministers was held at the Fale Fono, Alofi, Niue on 25 – 26 July 2000. The following countries were represented: Australia, the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Observers comprised representatives from New Caledonia, the Asian Development Bank (ADB), Foreign Investment Advisory Service (FIAS), Pacific Financial and Technical Advisory Centre (PFTAC), the World Bank, United Nations Development Programme (UNDP), South Pacific Applied Geoscience Commission (SOPAC) and UNIFEM.

2. Ministers noted the challenges facing the region, particularly the need to stay focused on the Forum Economic Action Plan as a medium term guide to sustainable development. Regional cooperation has become increasingly important and the FEMM process is an avenue for cooperative efforts on critical issues of economic reform and governance, progress on which will strengthen countries' ability to manage social, economic, and political issues.

3. Ministers acknowledged the steady progress made by countries on implementing the FEMM Action Plan. Ministers discussed specific issues including the economic impact of unrest in the region, security and finance, governance and accountability, commercial legal environment, catastrophe insurance, statistics, consumer protection, and intellectual property rights.

4. We commend for consideration by Leaders the outcomes of our deliberations, as set out below.

FORUM ECONOMIC ACTION PLAN: REVIEW AND OUTLOOK

5. Against the background of statements by Forum governments expressing grave concern at unlawful armed actions in Fiji and Solomon Islands and in reviewing the economic outlook for the region, we expressed concern over the adverse economic impact of the political crises within those countries, which would be discussed by the Forum, aiming to support an early resolution to the problem in Fiji within a constitutional framework, and to support the efforts of the Solomon Islands Government to restore law and order and revive its economy. We agreed to recommit to the FEMM principles of good governance and to pursue the reforms endorsed by previous FEMMs that are intended to improve the environment for

sustained growth. We recommitted to implementing the following measures in recognition of the important role they play in ensuring political and economic stability:

- (i) the process of economic reform, within the capacity of each country, in an effort to provide a sound economic basis upon which social development can be based.
- (ii) consulting widely with all stakeholder groups, including religious and traditional authorities, to improve transparency and promote ownership.
- (iii) assessing and addressing the full range of economic and social impacts of policy proposals to minimise socio-economic disparities.
- (iv) the progressive implementation of measures to promote good governance, including the Forum Eight Principles of Accountability.
- (v) addressing land issues that remain unresolved.

6. Ministers required the Forum Secretariat to provide an in-depth analysis for Leaders of the economic impacts on the region of unrest in Fiji and the Solomon Islands.

Security and Finance

7. A number of security and finance issues currently face the region. Those discussed included money laundering and harmful tax competition. Ministers welcomed Australia's willingness to share its experience and expertise in developing anti-money laundering regimes.

8. Ministers recognised the threat to the region posed by money laundering and other illegal financial activities. The response of the Commonwealth Secretariat to the OECD Initiative on Harmful Tax Competition and the FATF List of Non-Cooperative countries was noted. The Forum Secretariat was directed to work closely with the Commonwealth Secretariat on these two issues with a view to:

- (i) seeking a workable balance in the regulation of offshore banking that represents the interests of both developing and developed countries; and
- (ii) encouraging the different international bodies involved to avoid duplication in their work and to use the same standards for assessing compliance with international norms.

9. We agreed that the region further strengthen its commitment to implement the legislative priorities of the Honiara Declaration and the relevant Financial Action Task Force's (FATF) recommendations, and to develop modalities for financial intelligence sharing.

10. Ministers requested the Secretariat to examine in more detail to finalise the proposal for a Regional Financial Intelligence Project Office for consideration at the 2000 Forum. Ministers acknowledged the offer from New Zealand to host a working group to address the practical aspects of setting up Financial Intelligence Units (FIUs) in individual countries.

11. We recognised the challenges and opportunities presented to Forum island countries through the rapid integration of financial markets and development of new financial instruments and agreed to examine:

- (i) the recently established Pacific Islands Prudential Regulation and Supervision Initiative (PIPRSI) with a view to joining, as applicable to national circumstance.
- (ii) the scope for cooperation and coordination among themselves and with third countries on matters of financial sector reform and regulatory supervision as well as the exchange of information needed to control financial crime.

Governance and Accountability

12. We noted the importance of good governance processes such as transparency and accountability in obtaining widespread support for government decisions and actions; including the vital role of community and business consultation, and their involvement in policy-making.

13. Ministers welcomed the outcomes of the First Pacific Regional Conference on Governance for Parliamentarians and commended them to the Forum. The Forum Secretariat was requested to work with UNDP in the development of key principles of widely accepted best practices for legislatures.

Transport, Communications, Urbanisation and Education

14. We recognised the geographic isolation experienced by Forum island countries and the unique constraints they faced in addressing issues in the areas of transport, communications, urbanisation and education. Papers in the areas of transport (shipping and aviation), urbanisation and education were noted by Ministers.

15. Ministers noted the concerns of some members on Internet governance issues, and in particular Niue's proposals, and directed the Forum Secretariat to place this on the agenda for the 2001 meeting of Forum Communications Policy Ministers.

Commercial Legal Environment and Insurance

16. At FEMM 1999 Ministers recognised the importance of a sound commercial legal environment in attracting investment. Further work to be undertaken in this area was endorsed by Ministers at FEMM 2000.

17. In taking steps to enhance the investment environment the meeting agreed to:

- (i) consider the net benefits of becoming signatories to the Washington Convention (1965) and the New York Convention (1958).
- (ii) direct the Secretariat to commence the first stage of a work programme to bring the commercial legal environment in FICs into line with modern international practices.
- (iii) direct the Secretariat to further examine the merits of implementing improved dispute resolution laws, such as those prepared by UNCITRAL and initiate the provision of dispute resolution training on a regional basis.

18. Ministers requested SOPAC, the World Bank and Australia to progress work on catastrophe insurance through:

- (i) Examining the effects that factors such as the non-homogeneity, cultural differences and variations in asset ownership of Pacific islands will have on a proposal for regional catastrophe insurance, within the broader context of disaster mitigation.
- (ii) Considering the appropriateness of a pilot study of one Pacific Island country for which hazard data is readily available, with a view to developing a regional proposal should the study findings warrant it.
- (iii) Report on progress to the next FEMM in 2001.

SHARING AND PROTECTING THE GAINS FROM ECONOMIC REFORM

19. We recognised the importance of analysing the impacts of economic reform with a view to ensuring the benefits of gains are shared and that the inclusion of civil society in the reform process.

20. We agreed on the need for substantial improvements in statistical collection, analysis and dissemination to strengthen policy development and monitoring, increase transparency and foster private sector development in Forum island countries through:

- (i) institutional strengthening of national statistical offices, where appropriate, with improved capacity through staff training and other forms of technical and financial assistance; and
- (ii) greater efforts to establish a core set of priority data compatible with the international formats and standards established by the IMF's General Data Dissemination System (GDSS) and the UN's Minimum National Social Dataset (MNSDS). This would also include mechanisms for the regular registration of vital events, including births, deaths and marriages, as well as timely analysis of records of central and local government agencies as a basis for improving social data quality.

21. Australia noted its willingness to consider further support for the priority statistical strengthening needs of Forum island countries.

22. Ministers also noted that regional coordination is essential to improve statistical operations and should build on existing work, both within the region and internationally, with assistance from regional agencies and other appropriate international organisations. The Secretariat was directed to work with other appropriate organisations in the region towards:

- (i) establishing a coherent reform strategy for statistical operations in the region based on a systematic assessment of country needs and priorities and taking the IMF's GDSS and UN's MNSDS as the starting point.
- (ii) exploring the scope for establishing a regional capacity to coordinate and conduct and/or provide enhanced technical assistance for national censuses, and large-scale social and economic surveys.
- (iii) encouraging the use of twinning arrangements between national statistics offices in FICs to aid in the development of greater capacity.
- (iv) improving quality and coordination of the variety of regional databases already in existence.

23. We recognised the sound economic, social and political reasons for governments to consult with private sector representatives during the development of policy and noted that the success of such consultation could be improved by:

- (i) Ensuring that consultative processes include a balanced representation of all private sector interests, including businesswomen, micro-enterprises and rural enterprises.
- (ii) Providing terms of reference for all consultative processes that clearly define the issues on which government will act, the purpose of the process, and who participants are accountable to and how that accountability is to be maintained.
- (iii) A government commitment to deepening their relationship with the private sector over the medium to long term by establishing a full and meaningful partnership that incorporates a variety of participation methods including formal, institutionalised mechanisms for on-going dialogue and, when appropriate, joint decision-making.

24. To assist members develop full and meaningful partnerships with the private sector, the Forum Secretariat was requested to:

- (i) prepare a report summarising good practices of consultation and collaboration between the public and private sectors, from within the region and other parts of the world, and identify potential areas for public-private sector partnership in the Pacific;
- (ii) convene a regional workshop to share experiences and identify steps to enhance public-private sector partnership; and
- (iii) prepare a policy paper identifying practical steps that both the public and private sectors can take to deepen their relationship into a full and meaningful partnership.

25. Ministers noted that a strategic policy framework is being developed by the Secretariat to engage business and community sector NGOs at the national and regional levels in order to enhance Forum understanding of economic, social and political issues, as well as regional development and coordination.

Gender Issues

26. Ministers noted the conclusions of the Pacific Roundtable on Gender and Economic Reform held in Nadi on 1-2 March, 2000 and requested the Secretariat to develop a work programme in consultation with members.

Consumer Protection

27. Ministers agreed that a consumer protection protocol consistent with the proposed PARTA be developed.

Intellectual Property Rights

28. Ministers agreed that an effective system of intellectual property rights is one element which contributes to a confident and secure business environment and can lead to increased investment. To promote this Ministers:

- (i) Supported the Forum Secretariat in its work with SPREP and SPC in developing an integrated regional policy framework and model legislation for the protection of traditional knowledge related to biodiversity, agriculture, ecological, medicinal and fragrances uses, and folklore.
- (ii) Encouraged the early adoption by members of the policy framework, guidelines and model legislation.
- (iii) Supported the improvement in the intellectual property systems of FICs through the Forum Secretariat's collaboration with IP Australia and the World Intellectual Property Office.

Arrangements for Future Meetings

29. Ministers re-affirmed the importance they attach to the FEMM process as a means of sharing experiences and identifying best practices on core issues of economic reform. We identified the need to strengthen this process further, tasking the Forum Secretariat to convene a working group of Suva-based Forum representatives to review arrangements and prepare the agenda for FEMM 2001, with the objective of enhancing the strategic focus of Ministerial discussions.

26 July 2000