

**FORUM PRINCIPLES ON
REGIONAL TRANSPORT SERVICES**

**APIA, SAMOA
6 AUGUST 2004**

Recognising that:

- the provision and maintenance of regular, reliable and competitive air and shipping services is crucial to Forum Island Countries;
- changes in the transport sector, including an increasingly competitive market and new international safety and security requirements, have significant implications for aviation and shipping in the Pacific region; and
- Forum Island Countries have limited technical capacity;

Pacific Island Forum Leaders declare the following principles as central to improving the efficiency, effectiveness and sustainability of air and shipping services:

- (1) Adherence to principles of good governance is crucial to the viability and sustainability of transport services. This includes, but is not limited to:
 - (a) accountability and transparency in financial management, strategic planning, investment decisions, awarding contracts, and board appointments;
 - (b) clear lines of responsibility for shareholders, boards and management; and
 - (c) accessing and acting upon professional advice, including in relation to decisions on infrastructure.
- (2) Transport services should, wherever possible, be run on a sustainable commercial basis.
 - (a) Where appropriate, this should include corporatisation and/or privatisation of government-owned services;
 - (b) Where transport entities remain in government ownership and are required to perform commercial activities, such entities should be adequately capitalised;
 - (c) Service levels should reflect demand and price should reflect the cost of delivery;

- (d) Where subsidies are judged to be necessary to fulfil declared social obligations, these should be open and transparent;
 - (e) Where appropriate, legislated monopolies should be removed with a view to increasing competition.
- (3) A central responsibility of government in the transport sector should be in establishing and administering regulatory systems.
- (4) Increased efforts should be made to implement regional or sub-regional solutions to problems in the transport sector through, for example:
- (a) strategic alliances;
 - (b) liberalisation of the economic regulatory environment;
 - (c) agreement by FICs to regional cabotage, where FICs could benefit from more services and greater competition;
 - (d) coordinated approaches to safety and security issues;
 - (e) better coordinated airline schedules; and
 - (f) training and capacity building.
- (5) Forum member countries need to comply with internationally accepted standards on aviation and maritime security.
- (6) Donor support should be provided to Forum Island Countries to assist the implementation of transport sector reforms, conditional on a demonstrated commitment to good governance and economically sustainable solutions.