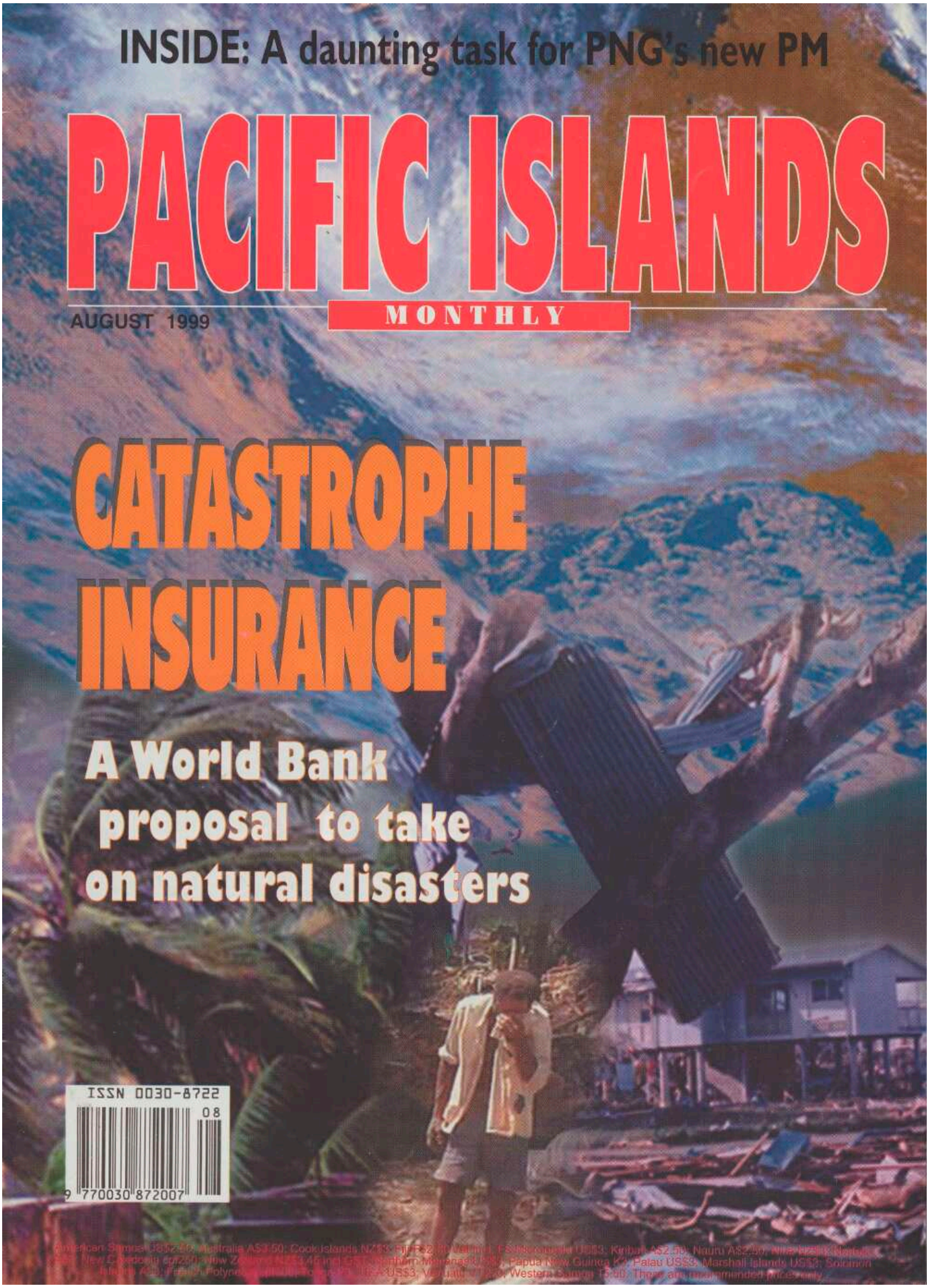
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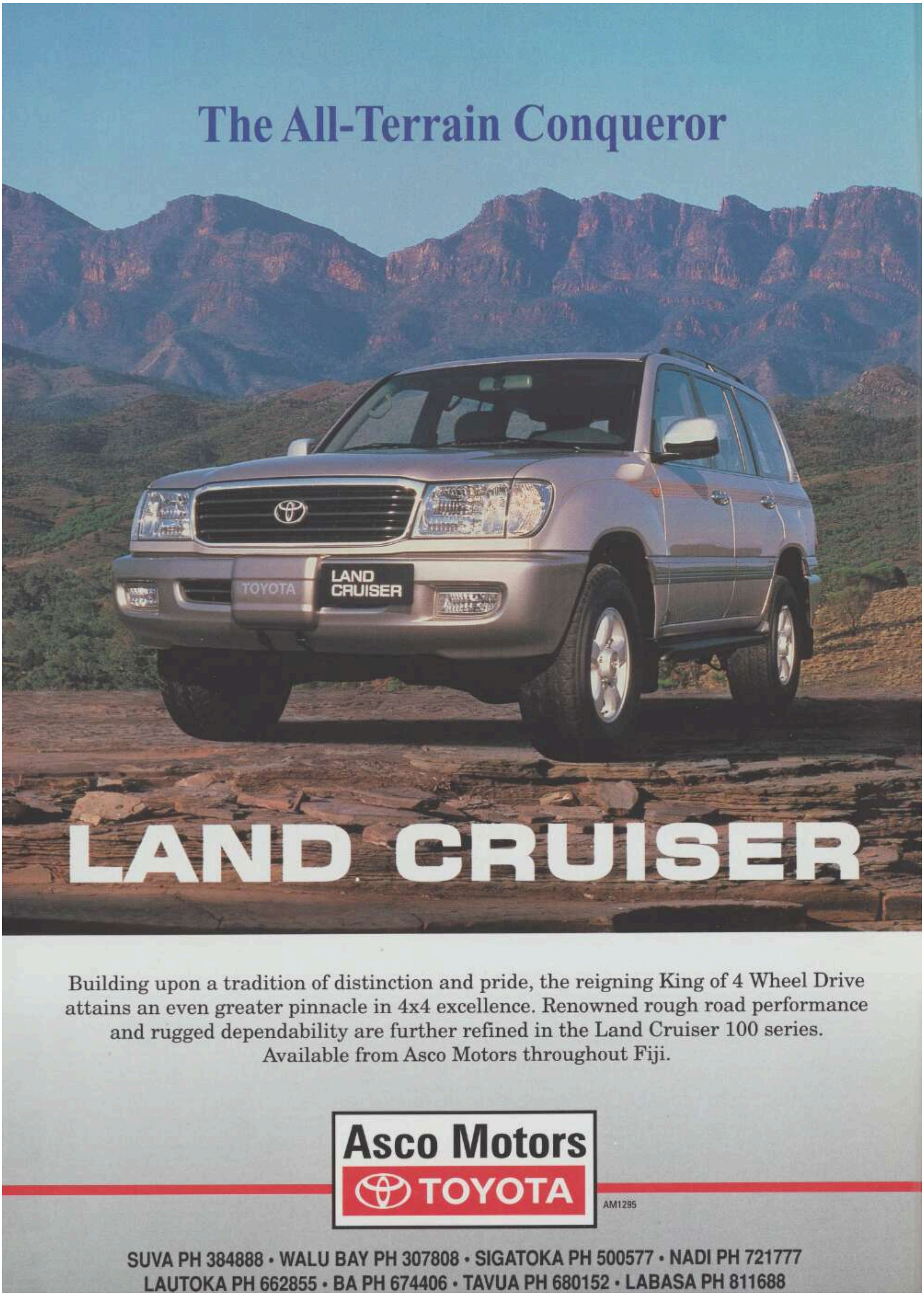
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EDITORIAL

Harness the power of catastrophes

SMALL Island States, including the Pacific, have been pushing for the development of a Vulnerability Index for as long as can be remembered.

Their smallness, it is argued, means that they are vulnerable to changes in ways that other countries are not. For this reason, they argue they should not be treated the same as other developing countries when it comes to aid and international obligations. Now, the World Bank has recognised this vulnerability.

Small states, it agrees, are more vulnerable to the impact of a single natural disaster because of their smallness and lack of economic diversification.

But instead, of providing a hand-out, the Bank has proposed a hand-up - a scheme that would see the Pacific helping itself, rather than being helped from outside.

This Small States Regional Catastrophe Insurance Programme seems so logical, it is absurd that it hasn't been proposed before.

In the simplest of terms, governments, insurance companies, and multi-lateral financial institutions set up a fund - which could apply between a few countries or all Pacific countries - which is used to provide reinsurance for island insurers.

Because it is subsidised by governments and funded on low interest by the multi-laterals, this would allow insurance companies to reduce their premiums, thus allowing more people to get insured.The combination of increased markets and better reinsurance costs would mean that the insurance companies will not be arguing.

The wider coverage and lower costs mean that catastrophes may not be as catastrophic in the islands.

Insurance is an essential element of business anywhere in the world, and one most often taken for granted. But in the Pacific, as it is in the Caribbean, insurance is often the prerogative of the rich and well-to-do, while anyone else, small business included, is left grabbing at straws during a catastrophe.

With such a scheme in place, governments would not have to worry about natural disasters interfering with an investor's decision to stay or not. Indeed, it would not have to worry about spending too much money or getting unplanned loans when a catastrophe strikes.

There is no doubt that the Catastrophe Insurance scheme will have to be carefully investigated and planned, but, perhaps, on this one, the region may be on to something. ■

LETTERS

Information needed on MSG Summit

We are a company currently exporting fresh fruit, vegetables, dairy products, small goods, into the Pacific region - predominantly - Nauru, Solomon Islands, Vanuatu and Guam.

I am interested in receiving information concerning the Micronesian Spearhead Group and was wondering if someone could provide the appropriate source.

Additionally, I believe that there is a group conference to be held shortly. Can you please advise dates and the location. Any information that you can provide would be appreciated.

Debra MacLeod
Partner
Aerial Fresh Foods
info@aerialfreshfoods.com.au

(Editor's Note: Try contacting the Foreign Affairs departments of any Melanesian country. The group conference that you refer to was held in Vanuatu last month, around the same time as the Forum Economic Ministers Meeting.)

Solomon pre-history source

I'm researching for a book I'm working on and wondered if perhaps anyone knew of a source for early and pre-history of the Solomon islands/Melanesia, specifically on early English entanglements and any supernatural and demonology via religious or cultural practices.

Any help would be thoroughly appreciated and noted at publication.

Susan R. Acevedo
acevedo@austintx.net

Toxic baby food

Canada - Nurses Unions blast soy protein baby foods for "Gender Bender" effects, altering sexual development of children.

United States - Food and Drug Administration poisons experts attack health claims for soy products, citing evidence of brain atrophy, reproductive malformations, thyroid disease and more. See www.soyonline.service.co.nz for more details. The NZ. government has known of these dangers since 1994 and has chosen not to inform other Pacific nations.

Dick James and Valerie James
valjames@soyonlineservice.co.nz

Painting a city blue for the millennium

I know that every once in a while, strange, funny or interesting messages are being sent from news agencies throughout the world. This message will be another one.

Because, to celebrate the new millennium, the city of Sortland, Norway, will be painted blue!

Various shades of blue will be applied with a touch of contrasting colours. The blue will constitute a "motif", a movement, a form that changes from space to space. Each facade will be given its own identity, creating a unity which rests on a foundation of coloured concrete.

The aim is to, among other things, organise a somewhat confusing image into an exciting blue townscape, to generate positive energy to inhabitants and visitors and to prove the force of an idea: The Art of the Impossible.

Sverre Bjørstad Graff
7030 Trondheim
Norway

Status of women

I am a graduate student at the University of Canterbury in New Zealand. I am currently researching a paper on the status of women in both Tonga and Vanuatu. I was wondering if someone could help me at all with information and how I may obtain them. Any other information on relevant websites for these subjects would also be much appreciated. Thank you very much and keep up the good work on a great magazine!

Clare Allison
cma33@student.canterbury.ac.nz

Pacific Island stews

I have been doing research on finding recipes for soup (or stew type dish) from the Pacific Islands: Nauru, Kiribati, Micronesia, Vanuatu, Tuvalu. I have not been able to locate any such recipes.

Can anyone tell me how to find such recipes?

Carolyn Hatt
chatt@ngs.org ■

Send Letters to the Editor to:
pim@fijitimes.com.fj

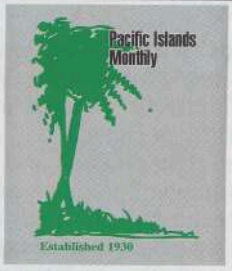
Queensland Cattle Ticks

Havoc among N. Caledonian herds

AN epizootic tick, of which this country has hitherto been free, is playing havoc with New Caledonian cattle on both sides of the island.

The chief of the Veterinary Service attributes the outbreak to the waiving of quarantine restrictions "when the Japanese were at our gates".

He believes that, undoubtedly, the tick was introduced by horses imported from Queensland. It will be recalled that prior to Guadalcanal, a regiment of US cavalry, mostly Texans, were mounted with horses imported from Australia. Incidentally, one of the transports bringing horses here was sunk by enemy action, and several hundred horses were lost. The US remount



depot was situated on the Ducos Peninsula, close to Noumea, and it was from this area that the tick outbreak began to spread among cattle. In a recent lengthy statement, the chief veterinarian discusses symptoms caused by tick bites, and ways and means of destroying the ticks, which do most damage during the hot season.

The Irrepressible Parers

FRESH laurels are coming the way of Damien Parer, who has been filming the recent fighting on Guam for Paramount News. Until he resigned last year, he was ace cameraman for the Australian Department of Information in the Middle East and New Guinea. A recent despatch from Guam by the Melbourne "Herald" war correspondent, Denis Warner, says:

"The Marines think of him as a sort of legendary figure the bullets cannot touch. Four of their own corps' cameramen have been killed in the fighting here, but none took the same risks as Parer to get what he calls "the best action pictures I have taken this war".

"In the final fight for Orote airstrip, where Japanese resistance was easily the fiercest of the campaign, Parer preceded the infantry, following the tanks on foot. He was not injured, but many infantrymen, sheltering in fox-holes behind him, were killed and wounded by machine-gun bullets and mortars. Parer came back to press headquarters that night exhausted, but the happy possessor of remarkably close action pictures." ■

BRIEFS

Cost of electricity to decrease in Fiji

SUVA, Fiji - Electricity rates in Fiji will drop one and a half cents per unit this month.

A statement by the Fiji Electricity Authority (FEA) said there would be another similar reduction in August of next year.

FEA Chairman Lionel Yee said the reduction in rates would apply to commercial, industrial, domestic and institutional customers.

Yee said the reduction was made possible by the continuing decrease in FEA's total debt, which fell from FJD$344 million (US$176 million) in 1987 to FJD$123 million (US$62.9 million) this year.

He said the reduction was made possible by localizing offshore loans and the prepayment of debts.

Reacting to the announcement, the Fiji Chamber of Commerce welcomed the rate drop, saying it was time the FEA implemented the cuts.

"The reduction is welcome because we have been hearing this for years and nothing has been done," said Chamber Chairman Himmat Lodhia.

Vanuatu's GDP grows marginally

PORT Vila, Vanuatu - Vanuatu's gross domestic product (GDP) has grown by 0.2 percent so far this year despite an earlier forecast of a decline.

Finance Minister Sela Molissa said the GDP improved despite the negative impact of riots, the devaluation of the Vanuatu currency and the Asian economic crisis. The Ministry of Finance earlier had forecast negative growth this year due to a fall in tourist numbers resulting from damage to an Air Vanuatu plane. The aircraft was put out of service for a time after hitting a hailstorm near Sydney, Australia.

The country's economic growth results primarily from improvements in the agriculture sector, particularly a boom in kava exports.

Last year, kava exports increased tenfold compared with 1997, resulting in revenue worth $11 million. (Radio Australia)

Air Niugini wins international tender for Vietnam Airlines deal

PORT Moresby, PNG - Air Niugini won a contract to wet lease its second Airbus to Vietnam Airlines, its managing director Andrew Ogil announced.

He confirmed that the Airbus had been leased to provide scheduled services for Vietnam Airlines, operating from Ho Chi Minh City to Sydney, Melbourne, Osaka and Hanoi.

The lease existed for two weeks last month, beginning July 5 and ended July 17.

Included in the agreement was the provision of an Air Niugini flight crew, which consisted of two pilots, two engineers and six flight attendants.

Mr. Ogil said Air Niugini was proud to have won the lucrative contract against stiff competition from other major regional airlines, adding the contract generated a significant amount of commercial revenue towards the airline's cash flow situation.

Air Niugini maintained its normal international scheduled services during the wet lease arrangement. (The National)

JAL boosts flights to Saipan

SAIPAN, Northern Marianas - Buoyed by the positive results of its additional flights,

Japan Airlines has decided to operate 10 charter flights in July and August from the cities of Osaka, Nagoya and Fukuoka in a move to boost visitor arrivals in the CNMI.

Despite the absence of charter flights last month, JAL ferried a total of 16,692 Japanese tourists, which resulted in a 113 percent jump in the number of travelers over the same period last year.

The June 1999 total included 10,824 passengers from Tokyo and 5,868 from Osaka.

JAL's share of the total number of tourists arriving in the CNMI from Japan during January-May 1999 was over 50 percent.

From June 21-22, 1999, Yukiharu Enomoto, JAL District Manager, and Kaishun Nishigaya, Sales Manager, visited JAL's sales office in Osaka, Nagoya and Fukuoka where they discussed the operation of more charter flights.

They were joined by MVA Managing Director Perry Tenorio, Board Chairman Dave M. Sablan, Marketing Director Norman Berg and Lt. Gov. Jesus R. Sablan.

During the trip, MVA presented its promotional plans to the airline's sales personnel in those cities.

Since last year, JAL has been continuing to assist the Commonwealth in its promotional campaign in order to recapture its lost market share in Japan.

Worried about the fate of its huge investment on the island, JAL had been offering charter flights and discounted rates to lure more visitors to the islands. The airline invested more than $150 million during the past 15 years for such projects as La Fiesta San Roque Shopping Plaza, Hotel Nikko Saipan and Tropical Laundry & Linen Services. (Saipan Tribune).

Japan assists Tonga's vanilla and watermelon exports

NUKU'ALOFA, Tonga - A Japanese company has donated testing equipment for use in improving and expanding Tonga's vanilla and watermelon export businesses.

The vanilla testing equipment also will be able to be used to test the quality of kava and other crops that are dried before export.

The other testing kit, for watermelon, can be used on squash pumpkins, papaya (paw paw) and a variety of other fruits.

Two representatives from the Nittsu Shoji Company presented the equipment, worth US$2,000, to Tonga's Commerce Minister, Dr. Massaso Paunga.

The equipment will be used initially to test vanilla and watermelons selected for shipment to Japan. The machines will help Tongan exporters meet the exact product quality standards required by Japan traders.

Tonga's Trade Division will be in charge of operating the two machines. (PACNEWS/Radio Tonga) ■

SPECIAL REPORT

A daunting task ahead for new PNG PM

FOREIGN investors give Papua New Guinea's newly elected prime minister a better chance than his predecessors of salvaging his country's economy. Sir Mekere Morauta, 53, was elected by an overwhelming majority of 99 votes to East New Britain Governor Francis Koimanrea's five votes mid-July.

But the task facing PNG's seventh prime minister is daunting.

The former central banker won overwhelming parliamentary backing mid-July and said he would seek World Bank help in ordering the chaotic finances of the Pacific island nation.

"The sad truth is that the reality is even worse than it seems," Morauta said after being sworn in.

The Bank's response will be critical to his efforts to restore confidence in the resource-based economy, rebuild foreign exchange reserves and tackle poverty and rampant crime.

Perhaps the most pressing issue was whether to extract the Pacific island nation from a deal to recognise wealthy Taiwan. Morauta has since withdrawn diplomatic recognition.

Morauta's predecessor Bill Skate took a US$2.35 billion (A$3.57 billion) shopping list with him when he went to Taiwan to broker a diplomatic recognition deal last month.

Taiwan denies it bought the ties of its 29th ally.

But there is no doubt PNG needs help to boost reserves that have dwindled to an all-time low of US$89.2 million (A$135.48 million).

It also needs the US$100 million (A$151.88 million) it makes annually from exporting timber logs to China, infuriated by the Taiwan deal.

The handful of international companies still operating in PNG have cautious hopes for Morauta, educated by missionaries and at PNG universities. In 1970, he graduated with a Bachelor of Economics degree from the University of Papua New Guinea. The University of Technology in Lae awarded him an honorary doctorate of Technology in 1987.

Aged 53, he has been an economist, a banker and businessman, and he retains a reputation for probity

In 1990, he was bestowed the title of Knight Bachelor by the Queen and he was elected to Parliament as the member for Moresby North-West during the 1997 national general elections.

He was fisheries' minister from April 1998 to June 1999, until dumped in an unprecedented move by then prime minister Bill Skate.

"We have a prime minister who understands business and financial management," said Greg Anderson, head of PNG's Chamber of Mines

Sir Mekere was the Managing Director of the Papua New Guinea Banking Corporation from 1983 to 1992. From 1993 to 1994, he was the Governor of the Bank of Papua New Guinea. From 1994 to 1997, he was executive chair of Morauta Investments, Ltd. (Delta Seafoods and Morauta and Associates). Aged 53, he has been an economist, a banker and businessman, and he retains a reputation for probity.

"We have a prime minister who understands business and financial management," said Greg Anderson, head of PNG's Chamber of Mines.

Oil company Chevron is hoping some political stability will convince enough Australian industrial companies to commit to natural gas supplies from its giant PNG gas fields to justify building an undersea pipeline to Queensland.

"Our relationship with overseas customers can only be enhanced by the new government," Chevron's PNG country manager Keli Taureka said.

Morauta spent a year as governor of the Bank of Papua New Guinea in the early 1990s before being sacked by a previous prime minister. Since then, the value of PNG's kina has tumbled from more than 90 US cents to around 38 cents.

Morauta has adjourned parliament until the middle of this month while he reviewed the Taiwan deal and sought to gorge a strategy to draw the World Bank and International Monetary Fund back into talks they abandoned under Skate.

During Skate's two-year rule, inflation rose from around four per cent to more than 13 per cent. No one knows how high the unemployment rate really is this country of 4.6 million. Even those with jobs often fall below the poverty line. Per capita income averages less than US$350 (A$532) a year.

Rather than take low-paying jobs, young people from squatter camps around Port Moresby are regularly recruited into "raskol" gangs blamed for much of PNG's street crime and burglaries. Unchecked public spending has done little to

Continued on page 34

'Wonderful two years' - Skate

THIS is the full transcript of the announcement by the now former Papua New Guinea prime minister Bill Skate that he was resigning.

"I want to announce my resignation as the prime minister of this great nation. It has been a wonderful two years working as the Prime Minister of this country. I want to thank all the Christians around the country who have prayed for me and my government and all my 41 members who are still solid behind me. I am now calling all my members who have left to return to this Government and support it because this is the government they have formed and this is the government they must see that it serves its five years.

"I thank my family and all the people in NCD who have supported me. This is not a vote of no-confidence, it is a vote of confidence and trust.

"I have been betrayed by my friends. I have been betrayed by those with ulterior motives, I intend to tender my letter of resignation to the Governor General by 10 o'clock tomorrow morning.

"In the meantime, I will obtain legal opinion to be acting Prime Minister until July 13 when Parliament will decide. I am calling on the Opposition to support the government because this is the government that made radical changes under my leadership, this is the government that the people want.

"I am proud to be the first Papuan Prime Minister. I would also like to thank the New Guinea Island leaders, Momase and the Highlands leaders who have supported my government.

"It has not been an easy decision for me. It is not that I am running away from my responsibilities but to show the people of Papua New Guinea that Bill Skate is a different leader altogether, a leader who is not hungry for power, a leader who wants to put people's interest first. This is why I've made the decision to resign.

"Secondly, I want this government to continue by implementing the decisions that I have introduced. I think I have learnt from my mistakes and I hope to return in year 2002 a better person and a stronger Prime Minister.

"I have also returned from Taiwan, it's not a new thing, all the leaders have been talking about it but have no guts to make the decision. I think the decision made on behalf of the people of Papua New Guinea is to look north, friends to all and enemies to none. I am waiting for Roy Yaki to return from Taiwan and make a press statement on behalf of the government on what transpired in Taiwan.

I call upon all law abiding citizens of Papua New Guinea, I ask all my supporters right throughout the National Capital District to cooperate with the police and the investors and support the police to make sure that there are no law and order problems.

"I am sad to say that Australia thinks that PNG is their state. Australians think that they can continue dictating to us.

"They must now understand that Papua New Guinea is more matured and sovereign state, they must respect us. Australians are equally trading with Taiwan and why shouldn't we go further and strengthen our relationship in that friendship. I thank the media, one way or the other you have crucified me but at the same time you have taught me something, you have made me a better person, I say thank you and god bless Papua New Guinea and support my government.

"The Opposition and those that have left me, after betraying me, I forgive you, I want you back, come back and support your government. We will now be camping out, all my boys will start moving to our camp where we will consolidate, and we'll return and form the government on July 13. My resignation is very simple, politics has been very volatile and fluid, I cannot afford to lose any of my members.

Bill Skate faces the press, announcing his resignation as prime minister of PNG after a turbulent two years

I have to keep them with me, it's got nothing to do with Australian influence in me. It is said that Australians are putting up Sir Mekere Morauta, but Papua New Guineans should decide who should be Prime Minister.

"I am resigning basically to stabilise politics. I have to give the investors the confidence that the government does not need to be changed because if there has to be change, it has to be change within the government caucus.

"If it has been found that I am the obstacle, it is better to remove that obstacle to get the government moving, and I choose that, for the good of investors and Papua New Guinea.

"It has nothing to do with the Australian influence here.

"I would still have the number, but it won't be good for Papua New Guinea by going to the floor of Parliament. There is no motion on the floor (of Parliament). We are consolidating to move forward." ■

SPECIAL REPORT

Diplomatic tug-of-war reveals Australia's neo-colonialist tendencies

NOT many people may have liked former Papua New Guinea prime minister Bill Skate, but he did have one good trait - he called a spade a spade.

When he decided to take on PNG's former colonial ruler, Australia, over it dictating foreign policy to the island nation, he probably touched a nerve amongst many island nations.

He said PNG was not another Australian state to be dictated to by Australia.

"I'm sad to say that Australia thinks Papua New Guinea is their state," he said. "Australians think they have to continue dictating to us. They must now understand that Papua New Guinea is more mature. It's a sovereign state. They must respect our views."

"Australians are equally trading with Taiwan and why shouldn't we go further to strengthen our relations with that region?"

His resignation, Skate said, had "nothing to do with Australians influencing me."

But he added that it was "sad that Australians are putting up Mekere Morauta. Papua New Guineans should decide who should be the prime minister."

Diplomatic tensions between Taiwan, China, Australia and Papua New Guinea were high during early July after Skate was reported to have flown secretly to Taipei.

Referring to the Taiwan controversy in which he is believed to have negotiated for a US$2.3 billion (K6 billion) deal for PNG, Mr. Skate said: "I have also returned from Taiwan. It's not a new thing. All the leaders have been talking about it but had no guts to make the decision."

He said it was a decision he made on behalf of the people of PNG in line with the Look North policy and the policy to

Papua New Guinea Foreign Minister Roy Yaki, left, shakes hands with Taiwan Foreign Minister Jason Hu after signing documents promoting a "partnership" between the two countries at the Foreign Ministry Building, July 5, 1999, in Taipei, Taiwan (AP Photo)

be "friends to all, enemies to none." Why Australia became involved in the process raises questions over its faith in island nations to control their destiny. China asked Australia to intervene, and it did, extremely vocally.

Needless to say, Australia was promptly told to mind its own business.

After that fuss, Taiwan threatened to impose trade sanctions against Australia because Canberra tried to stop PNG from switching diplomatic recognition from Beijing to Taipei.

Taiwan's United Evening news reported the country's foreign ministry was drafting trade sanction measures mid-July, under which Taiwan may switch its iron ore sourcing from Australia to PNG. Taiwan imported more than $1.5 billion worth of goods from Australia during the first five months of this year.

Taiwanese foreign ministry acting spokesman Henry Chen said PNG is rich in natural resources and stepping up purchase from allies is one of the directions that could be considered.

How the Taiwanese government handles the withdrawal of dilpomatic recognition remains to be seen.

PNG PM Morauta said he had reviewed the documents linked to a del made with Taiwan and found they were invalid.

"Normal procedures for opening diplomatic relations with other countries, which have applied since independence, were not followed in the case of Taiwan," he said.

He said his government would return to its previous "one-China" policy.

Chinese Ambassador to PNG Zhang Penxiang told reporters that PNG had completely breached the 1976 commitment to abide by the "One China" policy.

Zhang reminded the government that China, as one of the permanent member states of the United Nations Security Council, had actively supported PNG in its effort to safeguard its national sovereignty and territorial integrity over the question of Bougainville.

On the matter of trade relations, Ambassador Zhang said trade between PNG and China had risen to about US$150 million in favor of PNG. This, he said, constituted two thirds of China's trade with South Pacific countries.

PNG exports to China include oil, gold and timber while China's exports to PNG are mainly light industrial and textile goods, hand tools, food and electronic appliances.

China built the Sir John Guise Sports Stadium, an agricultural experimental station in Kandep, Enga, village houses in Henganofi, Eastern Highlands and the Markham Valley High School in Morobe.

China has also given US$30 million in "soft" loans for the Papa-Lealea salt project. It seems that all's fair in a diplomatic tug-of-war, and a bargaining chip is only a bargaining chip if the competition says it is. ■

Fiji, Vanuatu could be next diplomatic battleground

FIJI and Vanuatu could be the next states targeted by Taiwan after it persuaded Papua New Guinea to switch diplomatic recognition to Taipei from Beijing, Taipei local media said early July. PNG has reversed the recognition but encouraged by its victory over China, Taiwan may also keep an eye on the two tiny Pacific states, the cable television TVBS said.

As PNG had previously done, the pair have signed agreements with Taipei to recognise its statehood, while stopping short of full recognition.

Both countries have growing trade links with Taiwan and receive large amounts of aid from the Asian country. Taiwanese fishermen has also been fishing in Fiji for a number of years.

Asked to comment on the report, acting foreign ministry spokesman Henry Chen said: "For consideration of diplomatic interests, we would like to conduct engagement with any country."

"Just as (foreign) minister (Jason) Hu said, in our efforts to promote diplomacy, we'll never be reluctant to knock on any door that could be tapped, and nor will we be reluctant to shake hands that could be shook."

PNG was, for a short time, the 29th country to recognise Taiwan, which Beijing has regarded as a breakaway province ever since a civil war in 1949 led to the island state splitting from the mainland.

In January, Taipei made its first diplomatic win over rival China this year when Macedonia switched diplomatic recognition from Beijing to Taipei. (AFP) ■

Bougainville Copper tries to stop scrap being stolen

BOUGAINVILLE Copper Ltd has launched court action to stop scrap metal being taken illegally from its moth-balled operations on the strife-torn Papua New Guinea island.

The company said it appeared buildings and equipment at the towns of Loloho, Arawa and the Panguna mine were being destroyed for the sourcing of scrap metal.

"The company has taken court action to have this illegal industry stopped," the company said in its half-year report.

"The cost of start-up of operations will increase as a result and adds to the economic uncertainty of resuming production."

The mine was the trigger for the secessionist crisis on the island that escalated in 1989 after disgruntled land owners demanded billions of dollars in compensation and complained of environmental damage caused by the mine.

Bougainville Copper, majority-owned by Rio Tinto Ltd, posted a net profit of $2.7 million for the six months to June 30, 1999, a 12 per cent gain on the $2.4 million posted in the previous corresponding half. "The primary reason for the profit is due to the interest on funds invested in Papua New guinea," the company said.

The company emphasised, even with the resumption of operations, a major write-down of assets will be required.

"The value of the kina against the Australian and United States dollars continues to be of concern, as does the economic situation within Papua New Guinea. (AAP)

■ BUSINESS

Niue National Airline to get off the ground this month

By SOPHIE FOSTER HILDEBRAND

WHY would a country with about 1800 people, dubbed the smallest self governing state in the world, want an airline?

Tourism, says recently appointed Niuean premier, Sani Lakatani.

"It's the number one industry in Niue. For the last 10 years we made that our main economic development," he says. "Over the last 10 years we invested almost NZ$20 million in the industry and I think we would be foolish if we let it go. Now we'll establish an airline to hopefully bring tourists to Niue."

Niue National Airline will be run by newly formed company, Coral Air. It is headed by former Polynesian chief executive officer, Garth Percival.

Lakatani says the two 19-seater beachcraft, valued at NZ$700,000 (US$360,000), should be up and running this month.

Niue has already deposited US$100,000 with an airline company in the United States that is "working on a plane to suit the flight from Niue to Apia, Pago Pago, Tonga, the Cooks."

The inaugural flight for Niue National Airline was scheduled to be a 9PM one on August 10 from Pago Pago to Vava'u. However, the route had to be changed because Vava'u did not have facilities for night landings, Lakatani says. The flight will now travel Pago Pago to Niue, where it will be overnighting before making it out to Vava'u.

Lakatani is keen to get things moving in Niue.

"I want to move things hundred miles an hour. We would like to move with the rest of the world.

We have been neglected for a long time by previous leaders not doing anything, so I want to move things double-quick time," he says.

While every other Pacific island nation is still trying to come to terms with population increases, Niue is facing a major under-population crisis.

Niuean Premier Sani Lakatani holds an artist's impression of the 19-seater beachcraft that is due to begin servicing the island nation this month

The country itself has about 1800 people, but the government would now like to tempt back some of the over 18,000 second- and third-generation Niueans living overseas.

Because Niueans are New Zealand citizens, the island nation has trouble keeping young people and trained professionals in Niue.

"We would like to give incentives to our young people who are going away to live in New Zealand, to return to build our economy," Lakatani says.

The target is for a doubling of the population to reach a "very comfortable" 4,000.

The biggest challenge, Lakatani says, is to increase the population and to eventually have a budget of $50 million a year.

"If we increase our population to 4,000 people, then hopefully we can achieve that in three to four years time," he says.

In his 1999/2000 Budget Policy statement, Lakatani says "Niue is under increasing financial pressure from both the expanding costs of public service activities and the gradual reductions in NZODA recurrent budgetary support."

"After 25 years of development, Niue has been unable to create significant economic growth at a level necessary to reverse the migration trend," Lakatani said.

Because of this, private sector projects "best suited to overcome Niue's traditional impediments to growth" were being "fast-tracked" for implementation.

Niue is located 2,400 kilometres north-east of New Zealand in a triangle between Tonga, Samoa and the Cook Islands.

The island itself is 260 square kilometers and said to be one of the largest raised coral atolls in the world. ■

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■ BUSINESS

Asian fishermen return in force to Marshall Islands

by Giff Johnson

OPROVING that last year's fishing boom in the Marshall Islands was not a one-off affair, Asian purse seiners and fish carriers returned in force to Majuro in June. But, say Marshall Islands Marine Resources Authority (MIMRA) officials, the seven carrier transshipment vessels and more than 20 purse seiners that have anchored in Majuro's lagoon is only a fraction of the tuna transshipment activity that the capital will see in the next several months.

The return of tuna schools to the vicinity of the Marshall Islands and neighboring Kiribati, coupled with the fisheries department's new pro-business attitude is luring tuna boats and carriers to Majuro. Last year, the Marshalls saw a near tripling of revenues - from $3 million to more than $8 million - as a result of a dramatic rise in the number of foreign fishing vessels buying licenses, as well as the transshipment fees and spin-off business the vessels and fishermen bring for local companies.

"We're able to provide what they want, so the vessels are coming back," said MIMRA Director Danny Wase. Competitive rates for fuel and supplies, good services and a drastic reduction in government red tape is making Majuro an attractive transshipment center for the Asian fishing fleet compared to other Pacific islands, Wase said. Majuro can expect to see as many as 30 carriers in the lagoon at one time, with dozens more purse seiners as the fishing season hits its peak in August and September, said MIMRA licensing officer Glenn Joseph. The larger cargo ships used to transship tuna from a dozen fishing boats to canneries in American Samoa and Asia. He pointed out that by transshipping in centrally located Majuro, the purse seiners cut weeks off their travel time to and from the fishing grounds - increasing the number of fishing trips each vessel can make in a year.

Millions of pounds of yellowfin tuna are being transshipped from purse seiners to carrier ships in Majuro's lagoon.

This is good news on the business front, but not all business people in Majuro are applauding the fishing visitors. At the monthly Majuro Chamber of Commerce meeting in July, several business people reported the concern that the large carrier vessels are illegally fueling the seiners in the lagoon, while some boats are dumping bycatch overboard, polluting the lagoon. One government official indicated that government agencies involved are beginning to "wake up" to the need to take enforcement action against vessels violating local laws. For its part, MIMRA places observers on the carrier vessels during all transshipment operations, recording and monitoring the tuna that were caught. It also makes unannounced visits to the ships. But the Marshall Islands has a reputation for lax enforcement and with five agencies - MIMRA, the Environmental Protection Authority, Customs, Sea Patrol and the Port Authority - all theoretically involved in monitoring and enforcement, there hasn't been much in the way of enforcement activity.

MIMRA charges minimal fees for the entry of transshipment vessels and purse seiners to increase the number of ship visits because of the spin-off economic benefits that the ships bring to the local economy.

"Last year, we got started at the end of the fishing season," Joseph said of Majuro's entry into the transshipment business beginning last September. "This year, we're starting from the very beginning."

Most of the seiners coming into port are Taiwanese, while a handful have been Korean. Wase said that with diplomatic ties in place, Taiwanese fishing companies are seriously considering Majuro more than just a port for transshipping fish. "The Taiwanese are very sincere about wanting to establish fishing-related activities here," he said. Their interest extends to such fishing boat-related areas as the dry dock and net repair. "It's just a matter of time for it to happen," he said. ■

Pafco makes a break-through in the US

THE Pacific Fishing Company (Pafco) has negotiated a five-year agreement for supplying tuna to Bumble Bee Seafood Inc, a major American firm.

Pafco general manager Mitieli Baleivanualala said it was an exciting breakthrough for the company.

"We have made an important advance in the world's largest single tuna market. This will help us to secure the jobs of our workers and concentrate on long-term development."

An immediate priority is for Pafco to invest about $7 million for expansion and improvement to its factory at Levuka, Ovalau. The upgrade will lift factory standards to comply fully with international production and hygiene requirements, particularly those of the US Food And Drug Administration and the European Union (EU).

Pafco, majority-owned by the government, operates Ovalau's main industry - canning and processing high quality tuna for international customers. It provides employment for up to 600 local people.

Baleivanualala signed the Bumble Bee agreement at the US firm's head office in San Diego, California.

Douglas Hines, Bumble Bee's vice president resourcing and business development, was the other signatory. Also present was Pafco's chair Kalivati Bakani.

Pafco receives a processing fee for supplying the American company with a minimum of 15,000 tonnes of tuna annually to be packed as loins for canning in California. Price details are confidential, in line with the terms of the agreement.

"Although we are not permitted to divulge the price as a matter of commercial confidentiality, I can say that we have negotiated a very fair deal that provides a win-win situation for all parties concerned," Baleivanualala said.

"More importantly, this deal has provided a platform for Pafco to gradually move away from its reliance on preferential trade arrangements into free trade."

Sales to Bumble Bee will now account for most of Pafco's business. Pafco tuna is also exported to Europe.

"EU market arrangements will remain important to our business in the next 10 to 15 years. They will provide the grace period for Pafco to fully move into the global free trade environment."

Baleivanualala said: "We're proud our products are highly regarded and in demand by some of the most discerning consumers."

"We place great emphasis on quality and environmental factors. Our tuna comes from unpolluted waters and is caught by vessels using dolphin-friendly fishing methods."

Pafco, Baleivanualala said, is also committed to conservation and sustainability. It has access to the world's richest tuna fishery which contributes 50 per cent of the world's global catch. The fishery is being managed as a lasting resource for the Pacific region.

Planned renovations and refurbishment form part of a five-year business plan to ensure Pafco meets its obligations under the bumble Bee contract. Improvements will include:

- New cookers and baskets for the pre-cooked product, new boiler and conveyors, a new fish conditioning system and fish meal dryer, new butchering and thawing system and an upgraded laboratory facility;
- Better ventilation, new canteen, staff change room and launderette and possibly a day care centre;
- Reorganised production flow and reconstruction of certain areas of the factory.

Baleivanualala said Pafco must constantly enhance efficiency to remain competitive and get the maximum return from tuna processing. "We have to be ready for a world trade environment which demands high productivity and an ability to compete without preferential trade arrangements." ■

"Illegal" competitors' 100 per cent interest rate hurting PNG's banks

DOES your bank offer you 100 per cent interest on your savings? If it is like most other banks in the world, it probably does not.

But for the people of Papua New Guinea, 100 per cent interest is proving to be a lure that is driving them away from commercial banks, towards "get-rich-quick" financial schemes.

The schemes, known as pyramid or ponzi schemes, have taken the country by storm, resulting in a mass exodus of customers from commercial banks.

This has the commercial bankers, who offer six per cent interest, worried.

But what is probably more worrying for the bankers is that, until last month, these schemes were considered illegal. All this changed July 1 when then deputy prime minister and minister for treasury and planning, Iairo Lasaro, gave the government's blessing to three of the financial schemes.

Lasaro broke the government's long silence on the schemes, using his powers under the Banks and Financial Institutions Act (Chapter 137) to exempt U-Vistract Finance Corporation Limited, Millennium Corporation Limited and Nekong International Investment Corporation.

The exemption, contained in a special, one-page issue of the National Gazette published July 1, is for up to three years allowing these three schemes to operate without any attached conditions.

The Commercial Bankers Association was the first to express concerns over the minister's actions.

ANZ Bank's Frank Gamble, speaking on behalf of the PNG CBA president Noel Smith, said they were surprised that the minister had gazetted three of the schemes.

The schemes target grassroot and low-income earners, but some have since moved on to higher circles

Gamble said their association remained concerned about the unregulated growth of so-called financial institutions that gave high interest in an uncontrolled environment.

The irony is that the Bank of PNG, which is the regulating body responsible for such operations, had already publicly vowed to prosecute those responsible for such schemes - under section four of the Banks and Financial Institutions Act.

The Bank and the Investment Promotion Authority said, in a series of newspaper advertisements, that although the companies were registered with the Registrar of Companies, they were not licensed to operate as banks or financial institutions. They said they would not sanction any such unlicensed organisations nor accept responsibility for any loss of deposits if the schemes could not repay their depositors.

One of the first schemes to go under its microscope is U-Vistract, which conceded that it was operating illegally.

U-Vistract's principal director Noah Musingku wrote to the central bank saying: "We are not allowed under the Banks and Financial Institutions Act to take in deposits or give out loans until we get a formal lending licence from the BPNG."

Musingku said, at the time, that the company was gradually making progress towards becoming a recognised financial institution and until that happened "we are only acting as finders and brokers for a number of offshore investors."

The problem was that the Bank of PNG's investigations were slow to get off the ground. Central bank sources say a letter and file on U-Vistract was handed over to the Attorney General's office in February to proceed with investigations and eventually prosecution.

Because of a poor working relationship, the file was not passed on to the Criminal Investigation department of police.

After the July 1 announcement, however, the whole investigation will probably not be necessary - well, for the next three years anyway.

If U-Vistract had been successfully prosecuted, it would have been liable for a fine of up to K10,000 for each of the 394 days that it had been operating.

In an attempt to discourage more people from using the schemes, commercial bank executives, in a meeting with the Governor of the BPNG, warned that pyramid schemes were destined to collapse.

In a statement released after the meeting (before the July 1 shock announcement), the executives said: "The conmen who establish these schemes are playing on the gullibility and naivety of people who don't understand the enormous risks of investing in these schemes."

"The prosper(s) of each scheme and the early investors, who put their money in when the scheme still has momentum, will receive their interest and most will probably get their money back. However, when the scheme begins to falter, then people will lose their money. These conmen are greedy, they operate out of self-interest and they don't care whether you lose your money or not."

The fact of the matter is that the commercial banks just cannot match the 100 per cent interest of the schemes. Also, unlike the banks, interest is immediate on deposits in the schemes - the least being a month - while banks offer longer periods of maturity (at six per cent interest).

For their part, the commercial bankers admitted that 100 per cent is the driving force."It is true that some individuals at attracted by 100 per cent rates of interest and are prepared to take the enormous risk of investing their hard-earned savings," they said.

"However," their statement added, "you shouldn't complain when the cookie jar is empty and it becomes evident that you have lost your money; and you can bet your life on the fact that the 'greedy ones' will have eaten all the cookies and will have disappeared with the cookie jar."

In retaliation, the commercial banks resolved to not allow accounts to be operated by the schemes unless a licence could be produced which showed that they could legally act as financial institutions.

But if the scheme operators had been silent until then, they certainly lashed out after the CBA statement.

Supporters of the schemes argued that commercial bankers were bitter because the organisations had entered a business that, at one time, was exclusive to them.

They claim the schemes came about as a direct result of the frustration of the small people who were not able to meet the lending criteria of the established banks - which was described as onerous, burdensome and, at times, unnecessary. Because of the criteria, ordinary Papua New Guineans were alienated from meaningful participation in the economy or from improving their way of life, the supporters claim. The bank's biggest concern was the mass withdrawal of depositor's funds from cheque books, supersaver accounts, passbooks and IBDs, they said.

The directors of Coral Pacific International argued that the company was offering a service that banks and financial institutions were not able to provide to ordinary people.

"The grassroots, ordinary people, including unemployed youth, are benefitting immensely from the service. They all appreciate the service which has directly led to the decrease in criminal activities in Port Moresby.

"The people involved live among the people. They know and understand the problems of the people in a country faced with difficult economic times.

We are working to secure the investments of our customers."

The directors lashed out at banks and their executives, whom, they claimed "live in ivory towers, drive expensive cars - all at the expense of the small people who deposit their funds with them."

The directors alleged that the banks "double, triple, quadruple the money the simple ordinary people deposit with them and they do not pass the benefit to the people.

The banks in the country need to be seriously regulated and over-hauled and to be made accountable to the needs of Papua New Guineans.

We need to have a banking ombudsman appointed to review and sanction the arbitrary behaviour of banks.

"We are paying some of the highest interest rates charges and penalty rates in the world while the banks are enjoying some of the highest profit margins in the world against a backdrop of falling economy and failing national business."

The scheme supporters claimed the government had to move quickly to set up a banking ombudsman to "prevent revolt by the small people on the streets". ■

Emperor denies claims about lost royalties

FIJI'S Emperor Gold Mining Co. (EGM), Ltd denied claims made in the country's Senate that the Fiji Government lost F$ 3 million (US$ 1.6 million) dollars in gold royalties resulting from the mine's operations.

Senator Atu Bain claimed in the Upper House early July that both the Government and landowners have become "victims of this dubious tax deal between EGM and the previous Government of Sitiveni Rabuka."

EGM's General Manager, Martin Jacobsen, said Senator Bain failed to recognise that during the same year (1992 -1997), the company invested almost F$ 50 million (US$ 26 million) in capital expenditures on projects designed to improve and modernise the mine.

"In the last five years, it is pertinent to point out that Emperor has not paid out any dividend to its shareholders. All surplus income was reinvested into the company", Jacobsen said.

Senator Bain said between 1992 - 1997, gold sales from EGM totaled FJD$365.1 million (US$186.2 million). Of that amount, the Fiji Government only received F$ 874, 000 (US$ 445, 000) in gold royalties.

Emperor denied the Senator's allegation that the State and landowners are victims of the royalty system.

Jacobsen said Senator Bain also failed to recognise that Emperor paid out in excess of F$ 10.5 million (US$ 5.46 million) in gold export taxes.

"Emperor holds freehold title over a major portion of the mining title, therefore Emperor would be victims of its own action! How Senator Bain can claim the tax deal negotiated between Emperor and the previous Government was 'dubious' is beyond me," Jacobsen said.

He said Fiji's mining regulation empowers the Director of Mineral Resources, with the approval of the Minister responsible, to reduce the royalty rate of five percent. The Tax agreement allows EGM a royalty rate of 2.5 percent of adjusted chargeable income.

"I wish to assure Senator Bain that all royalty payments are done legally, in accordance with the conditions of the agreement and the mining leases," EGM's General Manager said.

A miner at the Emperor Gold Mine, located in the hills of Vatukoula, in the north of Fiji's main island, Viti Levu. The company has faced criticism in the country's Senate recently

In another development, the mine has announced that 2,000 people employed by EGM will not be immediately affected by another drop in the price of gold on the world market. The Bank of England announced that it had sold 25 tons of gold reserves, which caused the price of gold to drop to its lowest amount in 20 years.

The price of gold fell by 30 cents an ounce to F$ 257 (US$ 133.60) an ounce after the Bank of England announcement.

Jacobsen said gold prices have been on the decline since 1997 and EGM had earlier been forced to reduce its workforce by 500.

EGM is owned by Australian Emperor Mines, Ltd. (PACNEWS) ■

Vailima waits out the bidding process

IT is no secret that Carlton Brewery (Fiji) Limited is interested in buying shares in one of Samoa's success stories, the producers of Vailima, Samoa Breweries.

And the Samoans know it.

Samoan prime minister Tuilaepa Sailele Ṁalielegaoi was not giving anything away at the recent Forum Economic Ministers' Meeting in Apia, saying the government knew that the Fiji brewer was interested but that it would wait to see what bids it received for company shares.

Samoa Breweries Limited began operation in 1978, as a joint venture between the government of Samoa and a German company Haase Braurei.

For their part, the success of the business is not the only deciding factor in CBL's interest in Samoa.

CBL general manager, Hugh Ragg says Samoa's "decision to reduce tax on dividend has made it an attractive proposition for us to invest in Samoa."

Apart from reducing tax on dividend, the Samoans have also reduced income tax rates, and reduced company taxation.

Vailima, known as "Samoa's Very Own Beer", is produced and bottled on the outskirts of Apia, and was Gold Medal winner at the World Monde Selection Beer Awards in 1990, 1992, 1995, and 1998.

Initially Samoa Breweries produced only Vailima Beer and a range of in-house soft drinks. In 1982, it acquired the franchise for bottling San Miguel Beer, but this association ceased in 1990.

In 1984, it acquired the franchise to bottle Coca Cola and allied brands like Fanta Orange, Sprite and Mello Yello. In 1991, it began bottling EKU Bavaria beer under licence to Erste Kulmbacher Actienbrauerei AG.

Carlton Brewery (Fiji) Limited produces Fiji Bitter, Fiji Gold, Fiji Export and has recently begun, in conjunction with its subsidiary, South Pacific Distilleries, producing ready-mixed alcoholic beverages such as Bounty Rum and Coke in a can.

Vailima is the name of a small mountain village in Samoa where Robert Louis Stevenson lived out the last years of his life. The Samoans named him 'Tusitala' - The teller of Tales. His residence still stands there as a monument to these buccaneer days. According to Samoa Breweries, the word Vailima literally translated means, 'Water in the hand'.

"The origins of the word goes back to a legend about a couple crossing the island of Upolu over the mountain range which runs nearly the length of the island. When they reached where Vailima village is now, the man was nearly dying of thirst. Having no other means at all of fetching water, the woman used the palms of her hands to fetch water from a nearby stream from which her husband drank, thus restoring his strength," it says. ■

Innovative campaign hopes to put Madang back on the tourism map

By FRANCIS TEKEI

CALLED "the prettiest town in the Pacific" (Lonely Planet Travel Survival Kit), Madang town has been the envy of both foreign and domestic travellers.

Papua New Guineans know this harbourside town with its picturesque setting as simply "Beautiful Madang".

But Madang, in recent years, has lost its beauty, its pride and its fame.

Like every growing PNG town, Madang is experiencing an unprecedented influx of people, influenced by large investments that are, in turn, attracted by the town's peaceful and safe investment climate. These include a meat cannery, cocoa research establishment, cigarette manufacturer WH Wills (PNG) Ltd., and RD Tuna Canners - PNG's first tuna processing plant. The largest of these investments is the K838 million Ramu-Nickel project that is expected to begin construction early next year.

Thus, the sudden increase in population has naturally led to more lawlessness and urban problems.

With these factors and the worsening national economic situation, a breakdown in attitude resulting in lawlessness and carelessness has crept deep into the heart of Madang town where beauty matters most.

Rubbish, of all sizes, shapes and substances are abundant. Outside the town's supermarkets, urban bus stops, under its shady rain trees and along the concrete pavements, man-made mountains of rubbish re decomposing with their nauseating smells polluting the clean air.

Betelnut spittle has stained the town an ugly red. But the most sickening sight of them all is the countless plastic bags - thrown everywhere.

What is most unacceptable and quite unbelievable is that the Madang people, commonly regarded as peaceful and law abiding, have taken an 'I-don't-care' attitude.

The health and environment pollution caused by plastic bags and other refuse is a direct result of that attitude.

In recent times, Madang has suffered from 'I-don't-care' attitude on the part of residents and visitors, which has left piles of trash in the streets

However, to outsiders and concerned citizens, the pride of Madang is and will always be in its beauty. Keeping it beautiful, clean and peaceful is seen as the top priority and is everyone's responsibility.

In line with this realisation and thinking, the current town management has launched an innovative campaign to make Madang the Pacific model for beauty.

The campaign is spearheaded by the Madang Urban Local Level Government (MULLG) and is appropriately effected under the slogan - 'Striving for Beauty'.

The first phase of Striving for Beauty was launched in mid-June this year. This was the "Madang Plastic-Free" concept, aimed at weeding Madang completely clean and free of all forms of plastics.

Seeing the sense in it, local business houses, headed by Andersons Foodland and Rabtrad Cash & Carry, have backed the idea with financial sponsorship. They have offered to issue shopping vouchers to plastics gathered at selected collection points.

Other businesses have been involved in other areas such as providing overalls for litter patrol officers and setting up urban bus stops.

Acting town manager Anton Yagama said the idea was first to get the communi-

Kalibobo Drive - where Kalibobo Light, erected in memory of the bravery of allied Coast watchers during World War Two, is located - is being re-built to encourage civic pride

ty involved and then ensuring that the campaign was successful and ongoing.

"It is a community oriented thing. We want the community to be involved. We want the community to feel responsible."

He said the Madang Plastic-Free concept was working well, with other urban centres throughout the country expressing interest in it.

"We are getting rid of plastics. This is to make an awareness that plastics are not wanted ... Eventually within the next 12 to 24 months, Madang will be plastic-free."

"We hope everyone in the country and the Pacific follows our example."

With the Madang Plastic-Free campaign implemented, town authorities are now looking at other initiatives they have outlined. These include a ban on betelnut sales and chewing in public areas and within the town boundaries, registration of dogs and removal of stray dogs. Kalibobo Drive - where Kalibobo Light, erected in memory of the bravery of allied Coast watchers during World War Two, is located - is also being built. There are fencing regulations to see the end of barbed wire and razor wire fences in residential areas. Trees would also be planted along the main roads and overgrown ones pruned or eliminated. The long-term aim, according to Yagama is not only to ensure Madang retained its beautiful image but much more so, to make it the Pacific heart and soul for tourism, hospitality, peace and natural beauty.

"We want to be the model for the Pacific in terms of natural beauty and peace. We want other centres (in PNG) to clean our towns and cities clean and beautiful. We want our friends in the Pacific to keep their towns and cities clean, beautiful and peaceful as well."

According to Yagama, all the initiatives of the campaign would be implemented step-by-step, smoothly and effectively until Beautiful Madang was no longer Striving for Beauty but continuing its environmentally friendly campaign to become once again "the prettiest town in the Pacific" - with the hope that other PNG urban centres and those in the Pacific imitate their concept. ■

World trade growth slower in 1998

THE rate of growth in the volume of world merchandise exports slowed to 3.5 per cent in 1998, from over 10 per cent in 1997, due largely to continuing economic contraction in much of Asia.

World output growth slipped to 2 per cent in 1998, compared to 3 per cent in 1997. Although trade growth still exceeded output growth in 1998, it was by a smaller margin than the average for the 1990s.

Export growth in 1999 is expected to match that of 1998, but for this projection to be realiised, trade growth will have to accelerate during the course of 1999.

This projection also assumes that slowing output growth in the United States and Western Europe will be offset somewhat by recovery in Asia. A faster than expected slowdown in the United States or Western Europe, or slower recovery in Asia, would clearly imply export volume growth below 3.5 per cent in 1999.

These are among the findings of the WTO's first report on trade developments last year and the outlook for this year.

The report found that, in 1998, an increase in the supply of many primary commodities coincided with a slowdown in economic activity, leading to a sharp drop in commodity prices.

Prices of non-fuel commodities and crude oil fell by 15 per cent and more than 30 per cent, respectively.

Although prices of manufactures decreased as well, prices of primary commodities decreased much faster (for the second year in a row).

As the oil price decline accelerated during the course of the year, the year-over-year change in December 1998 exceeded 40 per cent.

For non-fuel primary commodities, the period of weaker prices started earlier and moderated in the second half, with the result that the decline at the end of the year (about 10 per cent) was smaller than the annual average for 1998.

Oil exporters have yet to feel the full impact of lower spot oil prices on their export earnings.

Investment and government expenditure is likely to be curtailed in 1999. Import levels will contract further, as such a steep price decline cannot be fully absorbed by a reduction in foreign exchange reserves.

As noted earlier, the steep fall in fuel prices affects in particular the export earnings of the Middle East and Africa. Besides the 11 member countries of OPEC, in about another eight countries fuel exports account for more than one half of export earnings.

It is important to note that in the first quarter of 1999, the spot oil price recovered from its low level in December 1998 following the announcement of production cuts by oil producers. It remains to be seen whether this upward trend will continue or the present price gains will prove sustainable.

While these trends will lead to downward adjustments in the imports of oil-exporting countries in 1999, related income gains in oil-importing countries will at least partially offset this contractionary tendency in world trade.

Exporters of agricultural products are a larger group than oil exporters. The decline in agricultural prices therefore affected a larger number of countries, but generally less dramatically than the oil exporters. This is for two reasons.

First, the decline in agricultural product prices was less steep than for oil. Second, the exporters of agricultural products generally depend less on a single commodity than do the fuel exporters. ■

■ BUSINESS

Fiji sugar to start multi-million dollar research centre

FIJI'S biggest commercial enterprise, sugar, will be taking a step in a new direction if it can obtain funding for an independent research centre to help modernise sugar cane farming and sugar production.

Preliminary estimates on funding envisage approximately FJD$5.3 million for construction and about FJD$700,000 for equipment for the centre.

The sugar cane research advisory committee is preparing a detailed scheme for acquiring land, constructing laboratories and other technical infrastructure and staffing.

Committee chair and deputy chief executive of the Fiji Sugar Marketing Company, Kaliopate Tavola, says they have not completed analysis of funding options but foreign aid would be sought for establishment costs.

He says research is a crucial part of a strategic plan for sugar industry reform.

To be introduced over 20 years, the plan proposes major change in all aspects of Fiji's biggest commercial enterprise.

Growing, processing and exporting sugar provides a livelihood for more than 22,000 farmers and 3000 mill workers.

In total, it is estimated that about one third of Fiji's population is dependent in some way on sugar revenue, with industry earnings one of the biggest contributors to the economy.

However, unless milling and farming standards are improved, Fiji will not be able to compete internationally.

The Sugar Commission of Fiji believes that a strategic plan adopted in 1997 was the key to the industry's survival, pointing the way to better milling, transport, harvesting and farming.

Six industry sub-committees are implementing the first stages of the plan.

"Research has always been important and this is recognised as we map out the future development of sugar production," says Tavola. "Excellent work has been done in the past on creating new cane varieties and providing farm advice."

But Tavola said the current research centre - run by the Fiji Sugar Corporation - had suffered from loss of skills and shortage of funds.

In addition, he said, cane growers had no direct involvement or voice in FSC research although they contributed to its costs.

"We want the new centre to highlight excellence, to act as a showcase for what our industry can become. At the same time, it will provide valuable practical and scientific support for the millers and growers to help them increase efficiency and output."

"A continuing commitment to research will pay good dividends for everyone in the industry. The return on the money invested will be very high."

The next step in the process is the commissioning of initial design and architectural drawings.

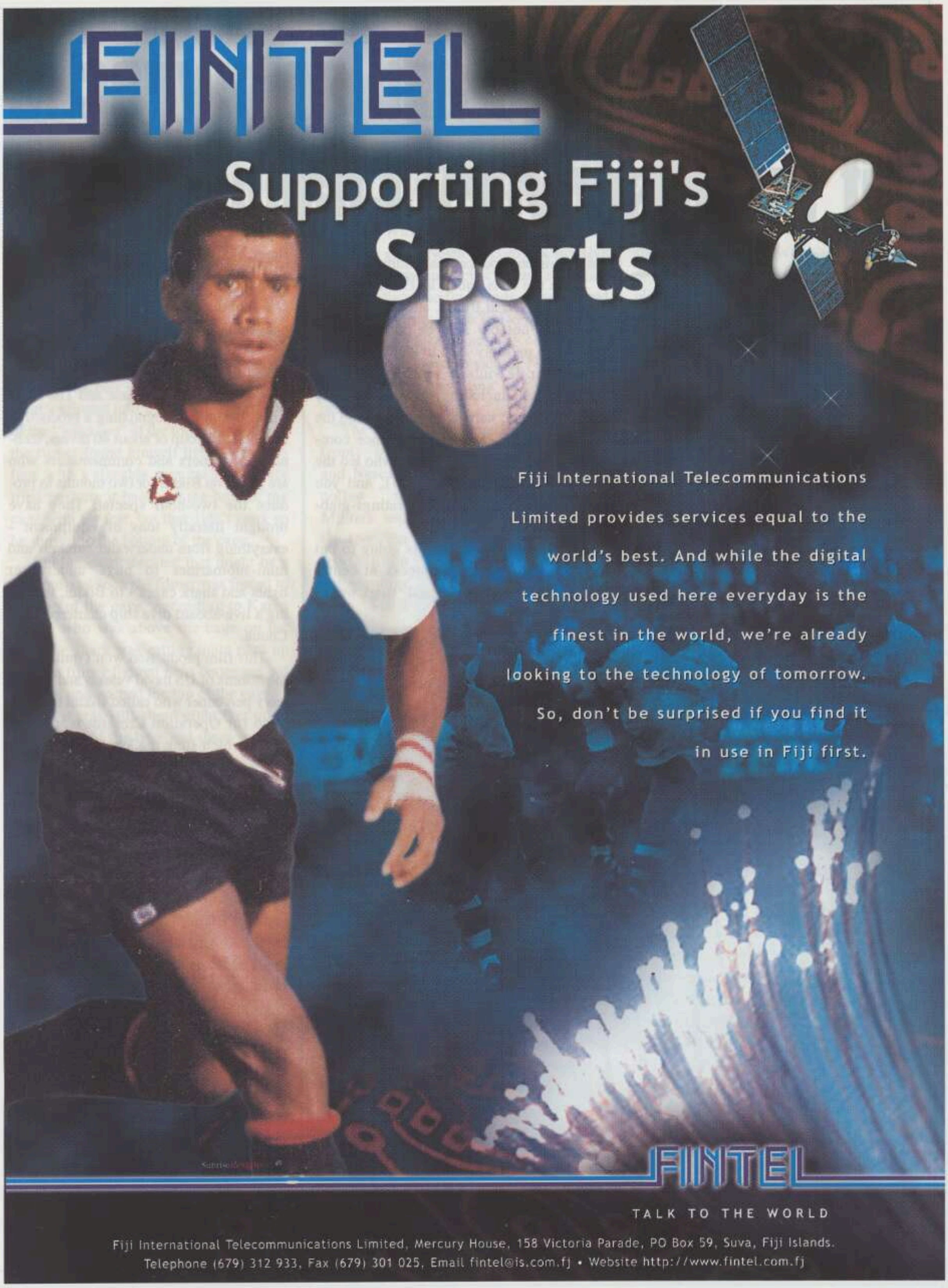
Meanwhile, committee members have progressed with draft legislation for the establishment of the centre.

Locomotive drivers take cane to the mill. If the new research centre goes ahead, overhauling the rail system will come under their mandate

Tavola says the centre's broad objectives, as outlined in the proposed legislation, will be to boost the productivity of the sugar industry. It will work to improve the quantity and quality of sugar cane and identify ways of producing additional products from cane.

The centre will have a wide mandate for technical and scientific research and investigation. This will cover production, harvesting, transport or processing of sugar. There will be concentration on preventing pest infestation, enhancing the ability of land to sustain sugar crops and protection of the environment.

A Board of Directors will represent all sectors of the industry and an advisory committee will make recommendations to the Board on research programmes and technical matters. ■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Bikini's sharks and shipwrecks hit the Discovery Channel

By GIFF JOHNSON

SINCE hundreds of cameramen, technicians and producers covered every angle of the first American nuclear tests at Bikini Atoll after World War II, there's never been a production like what's going on at this former ground zero in the Marshall Islands. "It's the biggest thing to hit Bikini since the nuclear tests," said Bikini liaison agent Jack Niedenthal.

Twenty-three nuclear tests at Bikini have, ironically, turned this cluster of coral islands into an environment untouched by humans for more than 40 years - one that has television producers salivating.

Since the tests ended in 1958, virtually no on has lived at Bikini, allowing marine life - and notably a huge population of sharks - to multiply. Add to that the fleet of World War II vintage warships sunk by nuclear tests, including the world's only diveable aircraft carrier, submarines and the flag ship of the Japanese navy once commanded by Admiral Yamamoto who led the attack on Pearl Harbor in 1941, and you have all the ingredients for a ratings-grabbing film production.

The Discovery Channel is going to put Bikini's sharks and shipwrecks at center stage in its highly rated annual "shark week" in early August. The Discovery Channel is spending more than US$2.5 million and two months to put together a show that opens Shark Week on August 8 in the US.

Al Giddings, who filmed underwater scenes in Titanic and The Deep, is producing a two hour special on Bikini

Noted underwater filmer Al Giddings - famed for his underwater filming in Hollywood's mega-hits Titanic and The Deep - is at Bikini choreographing a production involving a group of about 40 divers, technicians, filmers and commentators who are living on Bikini for two months to produce the two-hour special. They have brought literally tons of equipment - everything from underwater cameras and mini-submarines to huge underwater lights and shark cages - to Bikini, including a live-aboard dive ship chartered from Chuuk.

This film production won't quite equal the dozens of US naval vessels and 40,000 navy personnel who called Bikini home in 1946 for Operation Crossroads, the test series which sunk the World War II fleet that is starring in the film Giddings is producing for Discovery. But it's the biggest thing to hit Bikini since.

A unique feature of Giddings' production for Discovery is it will feature a satellite live broadcast from Bikini during the premier August 8. "We've had a lot of film crews at Bikini," said Brazilian dive-master Fabio Amaral who has escorted hundreds of divers and filmers into the depths of Bikini's lagoon to see the wrecks since Bikini first opened its lagoon to divers in 1996. "But they were low budget by comparison."

Giddings and Discovery are anything but low budget. Technicians have established a fully outfitted TV studio on Bikini to produce the film on site. The live-aboard dive ship "Aggressor", which normally operates in Chuuk and the Solomon Islands, is on charter for two months of duty at Bikini. Then there are the shark cages and shark suits. The shark suit resembles medieval armor and, Amara hopes, will insure that he stays in the limelight for a few years following the Discovery production. But one of Giddings' underwater photographers found out during late June that a shark cage didn't offer him much protection while working in the shark pass. The filmer was located about 15 feet underwater in the cage as technicians above "chummed" the water with bait to drive the sharks into a feeding frenzy. The problem was the current kept pushing the bait toward the cage. A shark chasing the bait - large hunks of bloody meat - slipped into the cage through one of the "windows" at the top, and suddenly the filmer found himself literally face to face with a sizeable grey reef shark. He tried pushing it back out the hole of the cage with his feet, but that didn't work so he moved to the bottom of the cage.

But the shark decided that might be a way out and soon the filmer was forced to the top of the cage. According to Karen Sauer, who was above the cage on the ship, the shark was getting quite riled up and the filmer figured he'd better get out of there and opened the top of the cage.

But it was still about eight feet up to the bottom of the boat and there were so many sharks roaming the space that there was no way for him to evacuate the cage. Finally, technicians on board the ship managed to haul the cage back on board with both filmer and diver inside.

The filmer was unharmed and the shark dumped back over the side. This event was filmed and, no doubt, will be part of the Discovery production, raising ratings when it goes on air in August.

With more than 40 people at Bikini for two months, Amaral said his dive company cancelled all but two of the dive groups that were previously scheduled to visit Bikini while the Discovery production is in progress.

But, he said, the cancellations won't hurt the dive business at Bikini.

"The exposure that we'll get from this is way bigger than anything else we've had," he said. "Nothing keeps the story (of Bikini) alive more than going live on Discovery." ■

Nestle's Pacific sales surged 46 per cent last year

SWISS-owned food and drinks giant, Nestle, recorded a massive surge in Pacific Island sales last year. Nestle's Pacific Islands sales jumped 46 per cent in the year to December 31 to reach AUD$124 million.

This was added to sale of Nestle Australia products, resulting in a tripling of profit for the company.

The Sydney group, maker of everything from Milo and Nescafe coffee to Minties and Go-Cat cat food, lifted net earnings from $10.2 million to $36.4 million in the year to December 31.

All but $6.4 million of the latest profit was returned as a dividend to Nestle Australia's parent company.

According to its company information, Nestle has four factories in the Pacific, two of which are in Fiji, one in New Caledonia, and one in Papua New Guinea.

The company also has an office in French Polynesia. In Australia, Nestle has 15 factories and there are four in New Zealand.

In its accounts lodged with the Australian Securities and Investments Commission, Nestle described the sharp profit improvement as simply "satisfactory".

But it was an impressive result, given that overall sales (including the Pacific Islands result), grew just 6.7 per cent to $1.92 billion.

The results show pre-term earnings jumped from $72.1 million from $29.7 million, with lower interest and depreciation charges playing a part in the improvement.

Nestle did not dissect the result. Its short, six-sentence review made mention of the major expansion of its ice cream plant at Mulgrave in Melbourne, a project that has reportedly underpinned big market gains by the company's ice cream business over the Australian summer.

It also referred to the commissioning of new plant at Dennington, in south-west Victoria and noted a logistics restructuring which consolidated a number of warehouses into two national distribution centres in Melbourne and Sydney.

Based on 1997 results, Nestle's foods and beverages business, which covers Nescafe and International Roast coffee, Nesquik milk drinks, Milo, Sunshine milk powder, Maggi culinary products and Lean Cuisine frozen foods, accounts for about 44 per cent of the group's sales. Nestle confectionary, makers of Minties, Kit Kat, Smarties and Life Savers, accounts for 22.5 per cent. Nestle Dairy Products, which includes yoghurts, desserts, and Peters ice cream brands, such as Drumstick and Billabong, the Friskies Pet Care division and the food services and industrial supplies business account for the balance. The highest paid director, presumably Em Pope, who resigned as managing director on March 1, 1998, or his successor Bradley Alford, took home between AUD$940,000 to $950,000. It seems that food and bevereages may be the industry to get into. Nestle Pacific Islands manager Raymond Chan, based in Sydney, was on leave and not available for comment when this issue went to press. ■

COVER STORY

Catastrophe Insurance

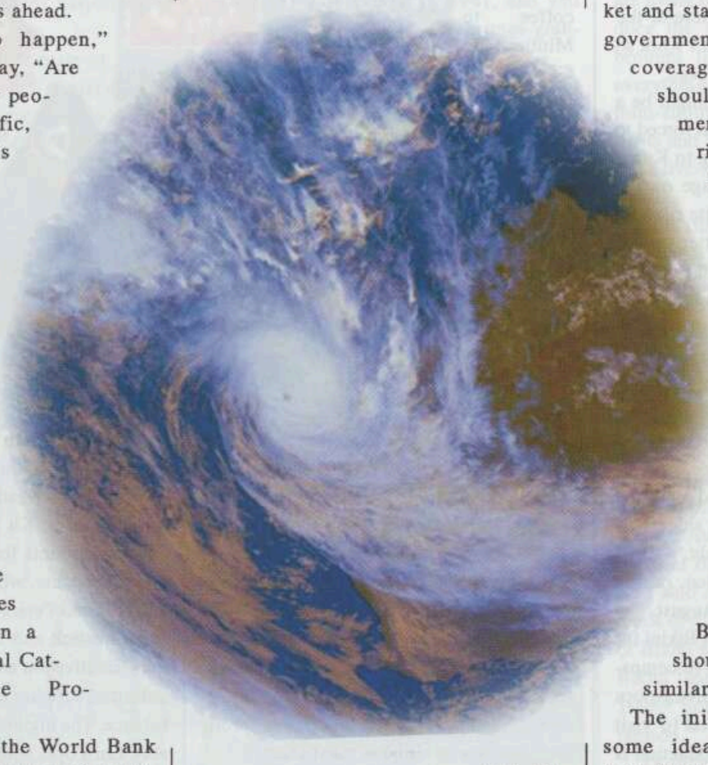
A World Bank proposal to take on natural disasters

By SOPHIE FOSTER HILDEBRAND

IF you never thought you'd see the day the World Bank helped lower your insurance premiums for disaster coverage, think again. That day may not be too far off, if a recent proposal for a Small States Regional Catastrophe Insurance Programme goes ahead.

"DISASTERS do happen," the advertisements say, "Are you prepared?". For people in the South Pacific, this message is relayed often just before the cyclone season of November to April, but no matter how much preparation is conducted, these small island economies continue to be vulnerable to natural catastrophes.

Now, the World Bank has decided to step in to even the odds for such countries with its proposal on a Small States Regional Catastrophe Insurance Programme.



Investigations by the World Bank found that natural disasters of a catastrophic nature were a "significant source of economic instability" for countries such as those of the Pacific.

A paper summarising the World Bank proposal, for a scheme that provides coverage for catastrophe insurance, was put before the Forum Economic Ministers Meeting (FEMM) in Apia, Samoa last month.

'Catastrophe Insurance: A Proposal' said that further investigation by the World Bank "revealed that the high cost of re-establishing infrastructure further hindered economic performance after a natural disaster, while a pattern of sharp increases in insurance premiums after catastrophic disasters limited the ability of the private sector to maintain commercial insurance cover."

FEMM decided that an analysis of the proposal would be worthwhile and has called for appropriate strategies to be developed in that area following the Caribbean example.

The incentives for setting up such a scheme, the paper says, is that there will be benefits all round. For insurers, it would mean an expanded market and stable reinsurance costs. For government, there would be wider coverage of property at risk that should be offset by arrangements to cover non-insurable risk to low income households and small business.

The World Bank established a pilot programme in the Caribbean, with representatives from governments, insurance companies and the private sector. Their work in progress was reported to the Conference on Small States, held in St Lucia in February this year, where Forum representatives and the World Bank agreed that work should begin on developing a similar scheme for the Pacific.

The initial strategy was to get some idea of the situation first including the nature and magnitude of natural catastrophes in the Caribbean, the insurance market and its shortcomings in dealing with catastrophes.

Since then, the Caribbean scheme has gone to explore how the risk can be dealt with through a regional underwriting pool. This, they say, can be financed through catastrophic bonds sold in capital markets, low interest borrowing from the World Bank and a World Bank stop-loss underwriting on multi-million dollar amounts.

The World Bank proposes that the scheme operate through the normal insurance market, with insurers using the pool for reinsurance rather than commercial markets.

"The pool would initially be the responsibility of regional governments, though it could be privatised once it became financially self-sufficient and sustainable. The advantage of such a structure is that extreme risk would be readily insurable at a stable and lower cost," the paper says.

Studies in the Caribbean have shown that where there isn't sufficient risk transfer and insurance mechanisms, there is a severe limitation on financing for reconstruction after a disaster.

"Disasters not only result in economic volatility, with severe declines in growth rates being associated with natural disasters, but also in financial volatility in terms of: increased premiums for, or withdrawal of, insurance cover; the additional borrowing requirement by governments to re-establish infrastructure and support private sector recovery," the paper says.

Research found that although the Caribbean has higher than average exposure to catastrophes, including hurricanes, earthquakes, floods and volcanic eruptions, penetration of the insurance industry is estimated at only eight per cent of Gross National Product. This, the paper said, was low compared to developed countries, though higher than in many Least Developed Countries.

The estimates showed that some 30 per cent of homes in the Caribbean region were not covered by property insurance, compared with less than five per cent in the United States and Europe.

"This," the paper says, "reflects low incomes in the region, despite the need to insure where mortgage finance is used to finance construction."

It added that while insurance was available, there was an underlying fear that it could be withdrawn following a series of major losses.

For Fiji, this rang true for business owners in the Nadi town area where insurance companies have refused to cover property in the flood-prone Nadi streets. Lying on the banks of the Nadi river, these businesses have been subject to flooding over a period of years and thus their premiums have rocketed, and in some cases, they can get no coverage.

For the Caribbean, studies showed that the property insurance system was volatile. Over the first eight years of the 1990s, the cost of property insurance was said to have varied from 0.4 per cent to 1.3 per cent of the value insured. This, it said, reflected periods of tight supply and high prices alternating with periods of easy availability and lower prices.

One of the problems faced is that property insurance in that region was under-capitalised therefore heavily dependent on foreign reinsurers. Eighty per cent of premium income, the studies found, was ceded to reinsurers in the United States and Europe. Because of the system, the primary insurers in the region bore little underwriting risk. This, in turn, leads to little incentive to engage in disaster mitigation and hazard analysis.

As a consequence, the paper said,

there was minimal activity in critical areas such as hazards mapping, implementation of building codes and standards and rectofitting of existing structures to mitigate loss.

Catastrophic risk, and a number of other financial instruments had emerged in recent years to manage risk, the paper said. It said such instruments could be used within a wider strategy to better protect economies at risk, reducing economic volatility in countries subject to natural disaster risks.

It could also improve the efficiency and operation of insurance markets, provide liquidity for more rapid reconstruction after disasters, and reduce vulnerability to disaster through the improvement and enforcement of building code standards and land use/construction planning.

Cyclone Tracy devastated Darwin and brought home the destructive capacity of natural disasters to many Australians. The widespread coverage received after that particular cyclone has helped increase general cyclone awareness in that country

The paper says the strategies drew on catastrophic risk transfer schemes developed over recent years in Florida, California, Tokyo and New Zealand.

The World Bank's role in all this, the paper says, is to support the credit quality of any scheme, and organising or financing appropriate technical assistance.

Ultimately, it says, there are two possible schemes - the Liquidity/Credit Enhancement Facility, and the Securitisation of Catastrophe Risk scheme.

The first scheme would see commercial catastrophic risk coverage transferred to a central pool sponsored by government and the insurance industry.

Multilateral financial institutions, such as the World Bank, provide contingent coverage above the upper limit of the pool, which will be repaid over a long term if used.

This scheme assumes that because of the lower premiums, it would be feasible to have cover made compulsory for higher income households and larger businesses.

The objectives of scheme one are "to increase the capacity of insurers to absorb and spread risk, to augment coverage for property and business losses, and to reduce the volatility impact of changes in international reinsurance pricing."

Under the second scheme, multilateral financial institutions and the insurance industry sponsor the issuing of catastrophic bonds. These would pay a higher than average yield, but would drop significantly if there is a catastrophe. The extent of the drop would depend on the "trigger conditions" which gauge the intensity of the catastrophe. The sponsorship of the bonds would be through guarantees in association with government. Under this second scheme, the

A villager in the Aitape area overcome with grief after the loss of lives and property, following a freak tidal wave, one year ago, last month

trigger conditions (wind speed or earthquake intensity) would have to be reported through an objective mechanism that does not involve the beneficiaries (including government). It would also be necessary to have sufficient data to assess risk based on historical experience.

The objectives of the second scheme are to "establish easily measurable weather indexed insurance/bond contracts, and to spread catastrophic risks to broader capital markets."

The paper says that the two schemes are complementary and can be applied in "some combined form".

The implications of such a scheme, in as far as public policy goes, will need careful consideration.

This is because it could possibly involve the compulsory participation of insurers, compulsory insurance for a significant segment of the economy and enforcement of stricter building codes and insurance standards.

While this may augur well for the future of the region, it will mean that there would need to be greater regulation and control in certain sectors.

This may well grate the nerves of some people, such as building inspectors, city councils and construction companies.

However, if the Pacific follows the Caribbean's lead, businesses, insurers and the ordinary person on the street may well see the World Bank shaving dollars off insurance premiums.

How soon can you expect this to happen? Only the politicians can tell you that! ■

Tsunami victims rebuilding their lives: aid worker

VICTIMS of a deadly tsunami that hit a Papua New Guinea fishing village a year ago were still rebuilding their lives, an Australian aid worker said.

The tsunami, or tidal wave, hit a 30 kilometre stretch of PNG's West Sepik region on July 17 last year, devastating the Aitape community.

Community Aid Abroad (CAA) information officer Nicole Haslam said the tsunami killed more than 2,000 people and left 10,000 displaced after it swept through the town, destroying houses, medical clinics and schools.

CAA's aid work is based around Aitape, which is on PNG's north-west coast, close to its border with Indonesia.

Ms Haslam, who has just returned from a two-week assessment mission to the affected area, told AAP the area had always been disadvantaged by poverty.

"The infrastructure there was nearly non-existent because the place was so poor," she said.

"There was a very strong community life in this fishing village, and the tsunami affected everyone in some way. However, I saw signs of recovery and rehabilitation. I was amazed at how people had recovered and how they were managing to rebuild their lives."

Ms Haslam said after the tsunami, most of the people moved inland to resettlements. "Since then, some people have moved back to their traditional lives," she said.

Facing the brunt of the tidal wave, traditional thatched village huts in Aitape did not stand much of a chance of survival, let alone the survival of their occupants. Many villagers are still trying to rebuild their lives

"Only in the last couple of months are people starting to go back to the coast."

She said the community was superstitious and had a number of explanations for the tsunami - including retribution.

"It is a very strong religious area and a lot of them thought they were being punished for something," she said.

CAA would continue rehabilitation work in the region as long as it is necessary, she said.

In the aftermath of the disaster, the organisation provided aid to relieve water and sanitation problems.

Working with other aid agencies, it also helped build water tanks and wells for villagers who had to resettle.

CAA's PNG appeal has raised AUD$520,000 so far. (AAP) ■

FEMM fatale

The Pacific's unhappy affair with reform

by SOPHIE FOSTER HILDEBRAND

FOR several years now, the Pacific has been harping on about reform, reform, reform.

But while some island delegates are still pro-reform, there are rumblings in the Pacific that all is not well with the reform process.

Indeed, some delegates at the Forum Economic Minister's Meeting (FEMM) have expressed reservations about the type of reforms that are being pushed and the pace at which it is being done.

For one, Fiji's representative at the meeting, Ganeshwar Chand, who is the country's housing minister and an economist, said the new Labour government would not be pressured into implementing the Forum Economic Action Plan.

He said there were areas of the reforms that the country would not push regardless of whether FEMM called for it or not. Fiji's Labour government was elected on a platform of halting the corporatisation of public enterprises and preventing public service redundancies.

Their target is to find ways around the reforms so that they can keep people employed.

When asked about the implementation of the FEMM reform package, Marshalls economic minister Tony deBrum said "not at this speed and not with this blind 'let's go forward'."

"We have found that the (reform) programme seems to have been put together too quickly without really thinking about the consequences. Everybody picks up on the key word "reform" without really trying to figure out what happens when you lay people off, what happens when the biggest employer in town says no more work, sometimes it is the only employer."

"What happens when you put people out to pasture when there are no pastures to graze, when there are no economic foundations upon which the private sector is developed," he said.

He specifically said that the objectives of FEMM overlapped with those of other ministries such as communication, transportation, and trade ministries.

"They are trying to propose that we endorse education and health and I say 'well I'm a minister of finance. I really think the leaders ought to be discussing that, and this should be restricted to FEMM and FEMM issues'.

"Then they say, 'well we don't want an endorsement, we want a statement of support'. So I say 'wait a minute, I'm not sure about this'," deBrum said.

Based on discussions with other colleagues from the smaller countries, he said he thought they held the same views of FEMM.

"It's amazing how the observations are all practically the same but so little has been said previously," he said.

DeBrum said the Forum had to be reviewed to stick with the original plan under which it was set up. "On our part, the smaller countries, we think the Palau

Flags fly high outside the venue of the FEMM meeting in Apia, Samoa. The majority of Forum countries managed to send representatives to the meeting, despite economic problems in the region

Forum should be different. The idea is that all the homework has been done so here it is, sign off. But it's not, I don't think, the original concept," he said.

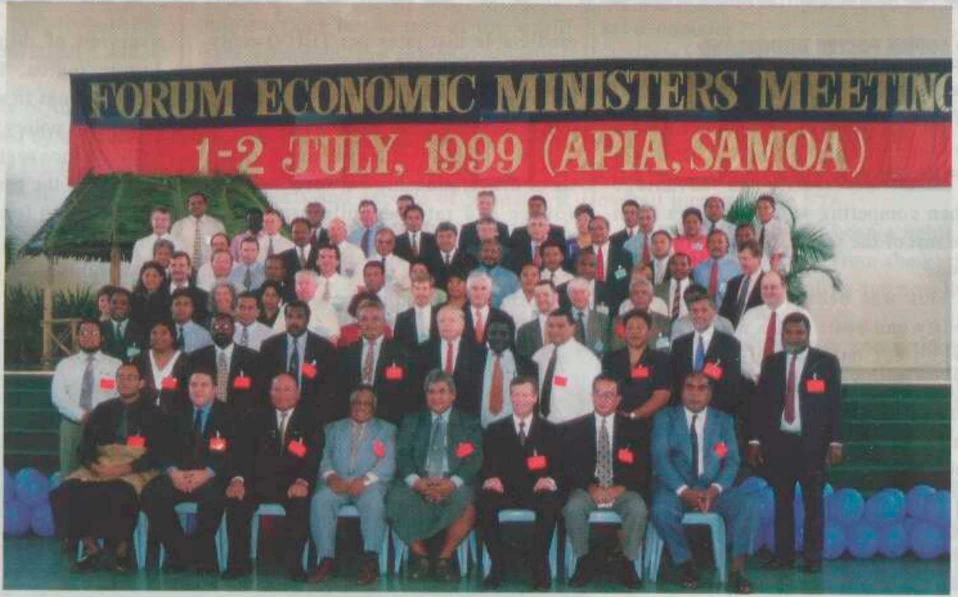
The Solomons finance minister, Alpha Kimata, also thought that FEMM should be overhauled.

"I think there is a need for a review of the objectives since we are forming into further small groups like the MSG and the other groups. We should look at reviewing the FEMM as our umbrella body for small groups within FEMM," he said.

Kimata agreed that the MSG was a lot more advanced than FEMM in a lot of its economic reform dealings. As far as FEMM targets for tariff reduction, he said the Solomons had already introduced reform in the area under its MSG obligations.

He said that the Solomons reform programme had been a bit advanced but there were other internal factors which could now slow the process. The Guadalcanal civil unrest, he said, had cost the government about S$10,000. But he said there had been no assessment of the damage that had been done to the economy or the repercussions, and that cost would be significantly higher.

He said when the layoff of people occurred in the Marshalls, all their loans and other accounts with the banks there became delinquent. This, he said, had the effect of making the banks hold back on new loans or issuing loans with higher interest.



Ministers and their support staff get cozy for a group shot. Along the first two rows are the heads of delegations, with their officials at the back. Tony deBrum is seated second from right, Ganeshwar Chand is standing third from left in the second row, with Alpha Kimata seventh from left in the same row

DeBrum warned that ministers would have to carefully weigh up the pros and cons of laying off large numbers of civil servants.

The experience of having large numbers of suddenly unemployed people meant that others held back on their savings and investments.

"It affects a lot more than meets the eye. And then they (lenders/banks) go off and write reports that there is no confidence in investment in the Marshalls. If you lay off a thousand people and you're the biggest employer in town, where's that going to leave you?"

DeBrum thinks that there should be a review of the FEMM Action Plan. Chand said even if there was no review, Fiji would just not implement the aspects it did not like.

For FEMM, this could be a warning that all is not well as far as mass attraction to reform goes.

Indeed, the same reform that seemed so irresistible a couple of years ago, now leaves a bitter taste in many mouths, and may even come to an abrupt end. ■

Members of the Australian delegation settle in to listen to opening speeches at the 1999 FEMM meeting hosted by the Samoan government

Fragmented regional shipping could hinder Free Trade Area

by SOPHIE FOSTER HILDEBRAND

BEING closer to other Forum Island countries was not necessarily an advantage when competing with producers from the rest of the world, a recent study has found.

This was because shipping availability and costs had a negative effect on Forum Island exporters - a problem which foreign suppliers of products imported into the region did not share.

Because of this, Island exporters face a significant disadvantage when competing with foreign companies, a paper titled "Shipping in the Forum Region" found.

The report was presented at the Forum Economic Ministers' Meeting in Apia, Samoa last month.

It found that inter-Forum Island Country (FIC) shipping rates tend to be appreciably higher than long-haul rates from the rest of the world. This, it said, was because costs per tonne-mile got smaller as distances increased.

For this reason, it was cheaper per mile for an importer to send goods from the United States, than it was to send goods between FICs.

"It does seem that rates paid by FIC shippers do fall very sharply as length of voyage increases. Given that voyages within the Region are shorter and traffic densities than is the case on international services, it is entirely predictable that rates per TEU (twenty-foot container equivalent unit) mile will be higher for Regional than for international services," the paper said.

But it added that a systematic analysis of the relationship between length of voyage and rate per mile using 1999 data indicated that the negative relationship was stronger for FIC traffic than had been suggested by earlier studies.

The paper said that TEU per mile rates fell by as much as 90 per cent from the shorter-haul to the long-haul services.

The paper, prepared for the Forum Secretariat by Professor David Forsyth and Dr Nicholas Sisto, provided an overview of shipping services in the Forum region. It also assessed the shortcomings in maritime services and suggested policy measures that would help enhance regional trade and development of the private sector.

The report found that FIC exporters competitiveness was affected by the availability of shipping services.

"Even in a decade when tariff rates have fallen sharply, if shipping services to and from a particular location are very infrequent, irregular or unreliable then the ultimate impact of transport-related costs on total costs may be heavy," the paper said.

It said producers could incur sig-

It is cheaper per container per mile to send goods from the rest of the world to the Pacific, than it is to send goods over shorter distances within the islands. In fact, one study found the rates drop by as much as 90 per cent per TEU from shorter-haul to longer-haul services

nificant costs through delays in availability of transportation and orders may be lost because of inability to deliver on schedule.

It said that while shipping costs per container may have fallen, the need to use lengthy routings in some cases because of a lack of port-to-port services could also significantly add to costs.

It gave the example of the increase in shipping costs caused by the absence of direct services from Fiji to the three MSG countries to the West.

The study found that one effect of the formation of an FTA would be to increase the demand for intra-FIC freight transportation, almost all of which would be in the form of shipping. A simulation exercise found that an FTA would increase the amount of trade between FICs, increase FIC exports, and marginally reduce imports from the rest of the world.

The increase in trade between FICs is expected to be about US$12.6 million.

But the study found that while shipping services to the rest of the world were adequate, the regional shipping map was fragmented.

"Given that much of the increase in trade expected to result from the formation of a FTA involves PNG imports, and imports and exports of Vanuatu, it appears that a problem of adequacy of shipping services may arise," the paper said.

It added that is this was the case, some of the benefits expected from the FTA might be lost.

The report said that it was possible that the potential increase in the import trade of PNG and Vanuatu from other FICs "may be sufficient to render a viable direct service from the three Western MSG countries to the rest of the FICs - a case of demand induced supply of a kind fairly common in market economies."

But it said that the projected increase in the trade of FSM, Nauru, Marshall Islands and Palau was so small that the lack of good shipping links to other FICs would have little bearing on the overall impact of the FTA.

Shipping has always been a vehicle for trade in the region, from the early islanders to the colonialists and now the neo-colonialists.

Now, though, the very competitiveness of businesses in the region could hinge on it. ■

PNG issues new polymer bank note

PAPUA New Guinea last month issued a new look 50 Kina bank note, which became legal tender from Monday 28 June.

The new polymer - or plastic - K50 note and the old K50 paper note will be allowed to circulate concurrently for six months before the outdated paper note is withdrawn from circulation.

Bank of Papua New Guinea Governor, Mr. Morea Vele, said the main security features of the new note included:

- The note was made from polymer substrate;
- A see-through window with a printed Bank of PNG logo, 50 PNG microlettering and an embossed 50;
- A shadow image of the Bank of PNG logo, which is visible when held to the light; and
- Raised printing of designs on the front and back of the note.

PNG made history in 1991 by becoming the first country outside Australia to issue a 2 Kina polymer bank note, to commemorate that year's South Pacific Games.

"The K2 note is our high circulation bank note and in the polymer substrate, its lifespan has increased to two years compared to a four to six month lifespan of the K2 paper note," Mr. Vele said.

"The notes circulate much longer because of the physical strengths and properties of the polymer substrate."

"Our experience shows that the frequency of our stock replenishments and related costs of printing K2 notes have been markedly reduced," he said.

Mr. Vele said the plastic notes were advantageous in countries like PNG, where the climate includes high humidity and high average rainfall.

Polymer notes would also reduce the incidence of counterfeiting legal tender, Mr. Vele said, adding that it was becoming a problem with paper notes.

He said many people would have seen a counterfeit K50 paper note, while a number of advertisements have been placed in newspapers by the BPNG explaining the difference between genuine bank notes and counterfeit notes.

With the introduction of digital printing and technology, counterfeiters could reproduce paper bank notes more easily and quickly, forcing the BPNG to consider more secure alternatives.

Opposition leader Bernard Narokobi welcomed the new note, saying the initiative would help curtail the circulation of counterfeit bank notes in the country.

"At this juncture of the currency crisis in the country, the new K50 bank note issue is a sign of confidence by the central bank in its efforts towards returning normalcy within the currency market," Mr. Narokobi said.

The new 50 Kina note was produced jointly by Bank of Papua New Guinea, and Note Printing Australia. ■

A daunting task for PNG PM

Continued from page 8

improve social services, but has doubled the balance of payments deficit to 264 million kina (A$152 million) last year from 123 million in 1997.

Mining and petroleum account for some 25 per cent of PNG's gross domestic product and up to 80 per cent of export revenues.

The government owns minority stakes in most mine projects, but leaves daily operations up to foreign partners.

Most of the commodities plucked from PNG are sold in US dollars overseas.

Mining companies such as Australia's Broken Hill Pty Co Ltd and Placer Dome Inc of Canada, had been pleading with Skate for tax reform to encourage more exploration with little success.

"Morauta has a difficult task ahead of him," said Paul Coleman of Anglo-Australian miner Rio Tinto Ltd.

Ron Senior, chief financial officer of PNG's largest single employer, New Britain Palm Oil Ltd, said the country's politics had little impact on its operations.

However, just before Morauta's election New Britain indefinitely postponed a planned float on the Australian Stock Exchange without explanation.

Newspapers speculated this was related to the Taiwan deal, which New Britain's 80 per cent owner Kulim Berhad of Malaysia feared could hurt exports to China. (REUTERS) ■

How to prepare for the 21st Century technology explosion

WITH the year 2000 almost upon us, and the dreaded Millennium Bug about to follow the Dodo into extinction, perhaps now is the ideal time to consider the huge advances made in Information Technology and how these advances can benefit your business in the 21st century.

Not all managers, even those at the top, can view the future through the eyes of an oracle. The words of Thomas Watson (Chairman of IBM, 1943) - "I think there is a world market for maybe five computers. " Is a far cry from today's claims of "All businesses use, or will use computers" - predictions echoed constantly by IT Specialists, Government Ministers and futurologists everywhere.

Are you taking these predictions seriously? You should! In whatever form they evolve, computers are the way of the foreseeable future; they are coming anyway so you should welcome them. Businesses that do so and willingly embrace the power of today's technology will enjoy enormous advantage over their more 'traditional' contemporaries.

Your first step in joining the 'age of technology' should begin with a question: How can I make technology work for me - accounting, marketing, administration, production, development? The answers are manifest and lead swiftly to step two, which is of course, buy your computer. Although swamped by variety, managers will experience few pains when buying the actual 'box'. Today's market leaders offer reliable, easy-to-use and staggeringly powerful machines at prices no one could have envisaged only a few short years ago. The final step is the procurement of software and computer services. These are the dangerous fields that buyers must tread carefully: here today and gone tomorrow outfits; pirates that sell everything but expertise and support, and of course the friend that 'knows computers' - they are all there, veiling the real skills that success demands. Locating the software package or computer service that is 'right' for your business can be a nightmare and many managers, exhausted or unhappy at the cost of such searches, succumb to the pressure of time and accept products that... 'will do'.

> 'Today's market leaders offer reliable, easy-to-use and staggeringly powerful machines at prices no one could have envisaged only a few short years ago'

Yet there is no need for anyone to settle for second best; there is a truly amazing array of solutions available. Off-the-shelf products, modular packages (easily adapted to client requirements), bespoke solutions, Consultants, Internet developers, systems designers, IT training, disaster recovery, authoring - literally thousands of proven products and services - and there are a number of ways open for companies to find them:

Consultants - IT Consultants offer expertise. From location and testing of products or services to design, provision, installation and support of complex company specific applications they provide comprehensive and accurate advice and information. The downside to engaging such expertise is of course the cost. Charges, usually daily rate per consultant, can run from £400 to £2000 and above - and one must bear in mind that the consultant's role is very often that of the 'middle man', and the 'provider's' costs must also be taken into account. Added to that, is the problem of locating the consultant that can actually offer the expertise you require - in many cases this exercise can prove every bit as difficult as locating the product or service you require in the first place.

Internet Search Engines - Wonderful tools without which the WWW (World Wide Web) would be rendered practically useless. All of them, 'Alta Vista™', 'Yahoo', 'Infoseek' and the rest do a great job... unless your ISP is handling large volumes of traffic - at such times the WWW is best referred to as the 'World Wide Wait'.

That said, the information you want is probably there waiting to be found and search engines are more then capable of finding it. The task can be daunting though... for example, ask 'Infoseek' for a listing of 'software' sites - at the time of writing this article, the response was a discouraging 17,353,519 sites. Of course, with practice, and more specific requests, one can whittle this figure down to more manageable proportions.

However, the searcher can still find him/herself faced with hundreds, if not thousands, of sites to browse through in search of the required product or service. Perhaps the most annoying factor one has to contend with when using search engines is the overuse of 'forms' in place of detailed contact information.

It is infuriating when, after spending hours (sometimes many) locating the ideal product and completing the obligatory form, one receives a reply informing you that, that particular provider is located in some obscure part of the world and that the product you so painstakingly selected is not available at your location. Search engines, although relatively inex-

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More work needed to improve human development in the region

HUMAN Development Index (HDI) values show a large range of development conditions in the Pacific, but this, according to the Pacific Development Report 1999, is not surprising.

Small island states - Cook Islands, Palau, Niue, Samoa, Tonga, Tuvalu - and Fiji Islands ranked highest in the Pacific. The Micronesian states of Kiribati, Marshall Islands and Federated States of Micronesia ranked in the middle. And the large Melanesian countries of Vanuatu, Solomon Islands and Papua New Guinea ranked further down the HDI scale, the report found.

It said gender differences in the islands showed that where HDI was high, women were better off or equal to men in some basic respects. But it also found that in countries with lower HDI, conditions for women were usually considerably worse than for men.

This was because of women's poorer access to education and health facilities and their more restricted range of lifetime choices and livelihood opportunities.

The report said that the Human Poverty Index (HPI), introduced by UNDP's 1995 Human Development Report, did not reflect well the particular conditions of island life.

"Heavy weighting is given to access to services, but when this is defined in a geographic way it can appear that the whole population of small islands enjoy full access to education and health services. The real situation can be quite different," an overview of the report said.

It said that while one health worker on a small island could make it appear that the people were well served, in practice the people often had to depend on one individual and his or her skills.

"If they are away or the clinic is not well provisioned, then this 'access' accounts for very little," the report said. One of the particular conditions of island life, it said, was the high level of vulnerability of island populations to sudden economic or environmental changes.

Country	Human Development Index (HDI)	Global HDI rank or equivalent	Human Poverty Index	Global HPI rank or equivalent
Palau	0.861	46	10.76	11
Cook Is	0.822	62	6.15	5
Niue	0.774	70	4.77	3
Fiji	0.667	101	8.50	8
Nauru	0.663	103	12.13	12
Tonga	0.647	107	5.86	4
Samoa	0.590	117	8.60	9
Tuvalu	0.583	118	7.31	6
Fed. State of Micronesia	0.569	120	26.70	32
Marshall Is	0.563	121	19.53	20
Kiribati	0.515	129	12.62	13
Vanuatu	0.425	140	46.36	63
Solmon Is	0.371	147	49.05	70
Papua New Guinea	0.314	164	52.17	72
Tokelau	n.a.	n.a.	7.57	7

Remoteness, geographical dispersion, vulnerability to natural disasters, a high degree of economic openness, small internal markets and limited natural resources were factors that caused the vulnerability.

It said work towards demonstrating this vulnerability to the world community had been underway for the past decade, in the quest to develop a Vulnerability Index.

The South Pacific Applied Geoscience Commission (SOPAC) was developing an environmental component for the Vulnerability Index that could be used regionally and internationally.

With regard to poverty, the report found that many more people are denied basic human opportunities than are denied a minimum standard of living.

"A more encompassing image of poverty in the Pacific, therefore, is poverty of opportunity. This is where people's talents, skills and aspirations are frustrated and wasted, so denying them the opportunity to lead productive and satisfying lives," it said.

An urgent concern across the region, it said, was how to better meet the needs and aspirations of the upcoming generation of Pacific island people.

"The previous generation mostly came to adulthood at a time of widening opportunities, brought about through newly expanded school systems, public sector growth and the localisation of jobs. The present generation faces less optimistic prospects as school systems fail to secure them employment, public sector jobs contract, and private sector growth is slow and uncertain," it said.

The report found that little attention had been given to the many livelihood opportunities that a more active informal sector could create.

It said that the attention most governments gave to developing formal sector jobs was sometimes used to justify quite unsustainable enterprises or ones that detracted from other people's livelihoods.

The main difficulty in monitoring the social impacts of reform, it said, was poor information that most countries had about national policies and their outcomes, and even the most basic social data.

"This leaves policy makers without critical indicators of development," the report said. ■

Pacific islands monthly : PIM.

■ DEVELOPMENT

Donors unite for multi-million dollar SPREP Centre

IT is not often that multiple donors work hand-in-hand on a project, but the construction of the new headquarters for the South Pacific Regional Environment Programme has managed to pool the resources of six donor nations.

Australia, New Zealand, the United States, France, China, and Papua New Guinea have all contributed to the $4.7 million tala construction of the new SPREP Centre, which began at the end of June.

In addition, the Samoan government has put aside $300,000 tala in its 1999/2000 budget for the upgrading of services to the construction site, including road, electricity, water and telecommunications.

Samoa donated the 10-acre site for the SPREP Centre, and since 1992, has provided temporary accommodation at Vaitele.

SPREP is the Samoa-based intergovernmental agency charged with supporting 22 Pacific island member countries in safeguarding and sustainably developing the Pacific environment. It has been based in temporary accommodation in Vaitele since its move to Samoa from Noumea in 1992.

The construction contract was awarded to C.A.R.E. Construction Company Ltd., a newly formed Samoan company. Construction began late June and is due to be completed by May next year.

The six buildings to be constructed by C.A.R.E. will provide the bulk of SPREP's office requirements.

However, negotiations are continuing with two potential donors for the proposed construction of two special-purpose buildings to house SPREP's proposed Education and Training Centre and SPREP's Information Centre.

SPREP moved to Samoa in 1992 following an invitation from the Government of Samoa. Formerly it operated within the South Pacific Commission - now called the Secretariat of the Pacific Community - in Noumea, New Caledonia.

Australia, New Zealand, the United States, France, China, and Papua New Guinea all contributed to the $4.7 million tala construction of the new SPREP Centre

The number of SPREP's programme staff has swelled since then, when there were 15 programme officers. Today, there are 37, and formerly adequate premises have become increasingly cramped.

Australia and New Zealand together contributed more than three-quarters of the funding for the new Centre.

The balance of contributions came from other SPREP member Governments, including in particular France, Papua New Guinea and the United States. The People's Republic of China made a US$100,000 contribution.

Construction of the Centre is likely to take a year to complete. ■

Samoan prime minister Tuilaepa Malielegaoi turns the soil for the foundation of the multi-million dollar South Pacific Regional Environment Programme (SPREP) headquarters, at Vailima outside Apia, Samoa

Fragile peace for Solomons

By Michael Field

THE night a peace deal was signed in the Solomon Islands the pipe-smoking Prime Minister Bartholomew Ulufa'alu was home packing his bags.

It seemed a joke but was off to the Melanesian Spearhead Summit in Vanuatu next morning.

Melanesian solidarity as his country fragmented into Melanesian tribal groups; the victorious Guadalcanal Islanders were driving out the settlers and Ulufa'alu's fellow Malaitans were surrendering. It was all stitched together in Peace Accord (see separate summary) negotiated in Honiara over two days by Commonwealth mediator Sitiveni Rabuka, who until two months ago was Fiji's prime minister.

A day later and 40 minutes to the East, in militant territory, the guerrillas, rejoicing in a variety of names, signed onto the deal on the condition it be acknowledged that it was the Malaitans who started it all.

Even now it is not clear whether Malaitans really accept their fate and Commonwealth deputy director Ade Adefuye of Nigeria called it all a "fragile peace".

With the help of the United Nations and the International Committee of the Red Cross tens of thousands of them, many who had been born on Guadalcanal, were shipped off to Malaita with little thought given to the fate of the Solomon Islands itself in the face of fierce racism and terrorism.One time bank clerk George Grey, now promoted to the secretary of the Isatabu Freedom Fighters (also known as the Isiantabu, or the Guadalcanal Liberation Army or Guadalcanal Revolutionary Army — and by shorthand "the militants"), who summed up the nobility of the cause.

"Do you know what we call Malaitans," he said, smiling, behind his sunglasses and dreadlocks made of bamboo curtain rings, "dog's sperm."

A short time later he shook Rabuka's hand and told him there was peace in the Guadalcanal countryside because the Malaitans had gone.

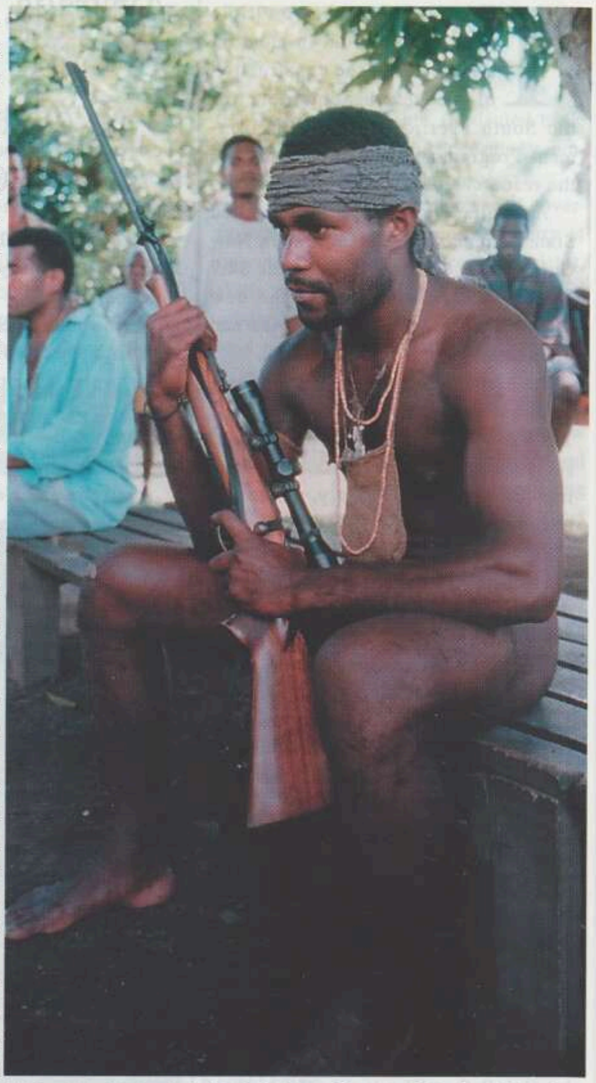
"They are all in town. They are living behind a fence. It is very easy to wipe them out," he said, saying it would only take three hours.

"We are fighting a holy war. The trees are fighting, the stones are fighting, and women and the children are fighting."

The militants were an untested power. They had hundreds of men under a variety of arms.

While people like Grey had left Honiara with a closet of camouflage gear, most of the fighters wore just their kabilato, the traditional loin cloth that quickly became a badge.

Although the militants had the reputation of being well armed and organised Rabuka and others recognised that had a fire fight with the Police Field Force (PFF), the Malaitan dominated para-military arm of the police, the militants would have been slaughtered.



A 'Freedom Fighter' sits in isolation with one of the few rifles that were not home-made

They bunched up, but worse was the array of weapons; shotguns and .22s. They had many home-made rifles utilising the World War II ammunition, mainly .303, they had. An older member of the militants said they had a large supply.

"My father told me where the Americans hid them," he said, using the pidgin word for the quantity, "stakas" or stacks.

He said the ammunition had been in the river and was still in good condition. The bullets might have been okay; only the suicidal would want to be around some of the "rifles" as they were fired.

Grey claimed they had a magic formula to protect them from PFF bullets; one suspected he read too many Wilbur Smith novels in the bank.

Rabuka had a more professional eye.

"The weapons they have are shotguns, they are short-range weapons.

If there was to be a real hammer and pin type of operation they would have to surrender.

"But that is not the solution; you might be able to kill a few of them, but you will not be able to kill the ideology that they have."

The peace accord is little more than a surrender.

Malaitan Premier David Oeta signed on after a lamentation in which he used the word "victim" many times.

"Malaita province becomes a victim between national government and Malaita province," he said.

"Our people will always abide by the laws of this country. As you will witness there has been no retaliation."

Guadalcanal Premier Ezekiel Alebua said he had never contemplated having his signature on a peace accord.

His people did not want the conflict and desired to return to their villages.

"It is sad that many of our friends, many of our people and many of our leaders, regard the people of Guadalcanal as criminals.

"I appeal to you all to understand that my people are not criminals, that it is most unfortunate that what has happened has happened."

So now the Solomons has a kind of peace, but is in economic ruin.

Warning travel advisories from Wellington, Canberra and Washington have put an end to tourism.

During the worst of the troubles the government published For Sale notices on its shares in Solomon Islands Plantations Limited that had been closed.

The British Commonwealth Development Corporation owns 68 per cent of the shares, the government 30 percent and landowners two percent. It operated on 6300 hectares of Guadalcanal property, employing 1800 workers in oil palm processing.

They are now mostly in Malaita, or in Honiara refugee camps.

The militants also want to close down Australia's Gold Ridge Mining Ltd that has only just begun production.

A Japanese investor last month visited the area before a planned commitment to a 35 million dollar mining investment. They pulled out given the tensions.

Bigotry, personal ambition and politics have all served to deliver a savage blow to the Solomons. ■

The Honiara Peace Accord

Extracts from the Honiara peace accord, signed after talks on June 28 at the Forum Fisheries Agency in Honiara. Commonwealth Special Envoy Sitiveni Rabuka presided over the deal.

We, the participants, hereby:

1). Resolve to eschew violence as a means of resolving the crisis and cooperate with the Commonwealth Special Envoy in his efforts to find a lasting solution.

2). Observe that since 1978 the issues which repeatedly appeared in the demands of Guadalcanal and which has been at the root of the current crisis are:

(i) Demand for a return of alienate lands belonging to the people of Guadalcanal in the process of developing Honiara as the National Capital and those alleged to have been acquired illegally by migrating Malaitans who form the largest group of workers employed by the government and private sectors in Honiara.

(ii) Demand for Compensation for the murders of Guadalcanal people by individual Malaitans and a desire to put an end to this.

(iii) The demand that a state government be established in Guadalcanal and other provinces in order to achieve in Guadalcanal; control over sale and use of land; control over distribution of wealth derived from Guadalcanal province and control over migration of people form other provinces to Guadalcanal.

(iv) Failure of successive Governments to respond satisfactorily to these demands led to the formation of a militant Guadalcanal group to press these demands by harassing Malaitans living and working in the National Capital, Honiara and the surroundings.

This has in recent times led to the enforced return of Malaitans; some of whom have spent all their lives in Guadalcanal, to their territory and has involved the loss of property and tremendous amount of discomfort.

(3) Recognize that Bartholomew Ulufa'alu's government has attempted to deal with the crisis.

(4) Recognize that the above attempts could have constituted the starting point for a lasting solution.

The implementation of aspects of the memorandum of understanding in particular the payment of 2.5 million into a Reconciliation Trust Account to be held by the Guadalcanal province in recognition of the social costs being borne by the indigenous people of Guadalcanal as a result of the capital being located in Honiara is a step in the right direction.

It is however observed that this action has not been sufficiently well communicated to all sections of the Guadalcanal community in particular the militants.

Effective steps to ensure that this is done should be taken immediately.

* It was suggested that further action be taken to alleviate the handicap suffered by the Guadalcanal people as a result of the capital being located in the territory. ■

Media under fire for coverage of Guadalcanal crisis

By MICHAEL FIELD

AS far as one senior figure in the Royal Australian Navy was concerned, the whole Solomons drama was a media invention.

"In my office the articles have become an object of ridicule and amusement," Lieutenant Commander Peter Briers said from his seconded office in the Forum Fisheries Agency on the hill overlooking Honiara.

Briers and other expatriates in Honiara made if plain they did not like the small band of international media in town.

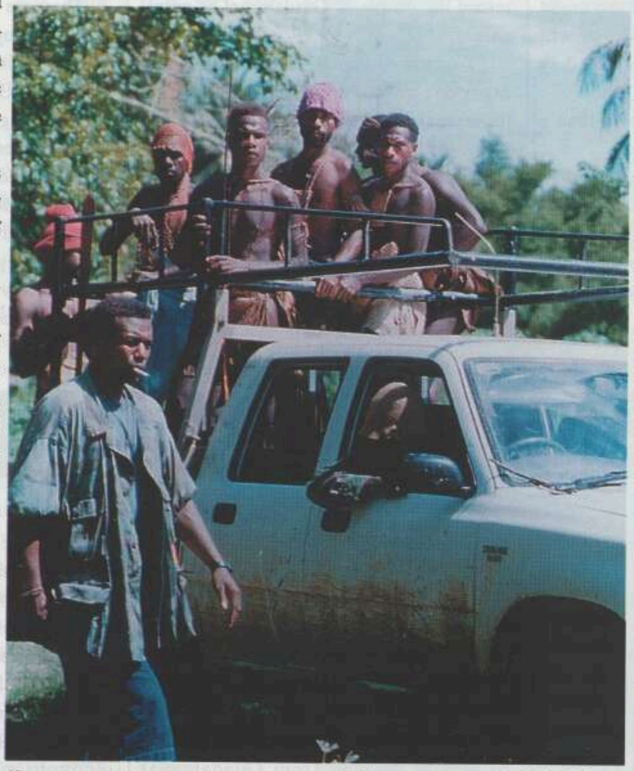
While they vented themselves at the Yacht Club, the government, led by Minister of State Alfred Sasako and Police Commissioner Frank Short, used press conferences to blame the foreign press for what happened.

Short, an Englishman who served in apartheid South Africa, was given to carrying a stick around with him. With his closely clipped moustache, carefully ironed white uniform and headmaster manner it was little wonder that most decided early on in the crisis that he had to go.

He managed to get a gagging writ against the weekly Solomon Voice that had a letter from a former British training adviser to the Solomon's police, named as C M Hosking. It is believed to outline criticism and background of Short, an Englishman who served in the South African police force during the apartheid era.

Short also attacked Rabuka at one stage and then accused the media of not doing their job - and then had reporters thrown out of a court room when they were doing just that.

It was unconvincing, however, given that the government itself had declared the State of Emergency - and later draconian media-control powers. For the state owned Solomon Islands Broadcasting Corporation (SIBC) and the privately owned Solomons Star the crisis was difficult to cover. For safety reasons neither wanted to send their staff into the countryside where the militants operated.



Young men from Guadalcanal, many of them unemployed, joined in the 'freedom' fight against Malaitans

There was, also, a severe personality clash; SIBC general manager Johnson Honimae used to work for former Prime Minister Solomon Mamaloni while Sasako, a former journalist too, takes a dictatorial attitude.

Sasako and Short went out of their way to claim all was calm and orderly - with Short even denying what everybody else could see; that Honiara had thousands of refugees.

Short attacked the international press for coverage of an incident in which, it was reported, a young child was killed by militants. The story as reported said the child's father tried to protect him, but the bush knife went through the man's body.

The child, Short said, was not dead at all, just "seriously injured" and this was an example of media carelessness. Just four days before Sasako had announced the death, saying it was a Malaitan child and a Malaitan old man. Sasako is from Malaita.

Sasako one day claimed publicly that Guadalcanal Provincial Premier Ezekiel Alebua had disappeared and when that was reported - and Alebua attacked him for it - Sasako, author of the statement, than proceeded to beat up SIBC for reporting his original statement.

For a brief period even the media wondered at the real extent of the guerrillas; no one independent had seen them.

At about the same time Short was hosting a media conference saying the guerrillas were fragmenting and becoming weaker, the Commonwealth team of Sitiveni Rabuka and Ade Adefuye had gone across the Mbalasuna Bridge - and into the arms of a large guerrilla group. Adefuye of Nigeria admitted later he was shaking and Rabuka wondered whether he might be taken prisoner. The till then non-existent group, Rabuka believed, might have as many as 20,000 people in it.

"We were told there was no command structure, they were disorganised, every man for himself sort of thing.... But the group we met ... was very well organised," Rabuka said. "There was a commander, his 2-I-C, there were 215 young men, most of them armed with shot guns and point two two weapons. Telescopic sights, binoculars, compasses. They are aware of how to use these things."

Sean Dorney of Radio Australia - the closest thing to a media star in the Solomons - had a brief encounter with the "Zero Zero Brigade" and then Paul Daley of the Melbourne Age and I met them, again at the Mbalasuna Bridge.

The one big impression they left, other than the fear that their dangerous weapons might fire accidentally at any time, was of their fierce hatred for Malaitans and their desire to fight.

Rabuka's negotiations with the guerrillas opened under a spreading mango tree on the banks of the Mbalasuna River. For a brief period he explained to the guerrillas why he lost the Fiji elections and how the new Labour Government would wreck the economy — but his audience did not seem interested. So he went into an emotionally laden prayer that included an acknowledgement of the handful of journalists who had made the trip into militant country."We thank you Lord for their courage in carrying out their duty," Rabuka said.

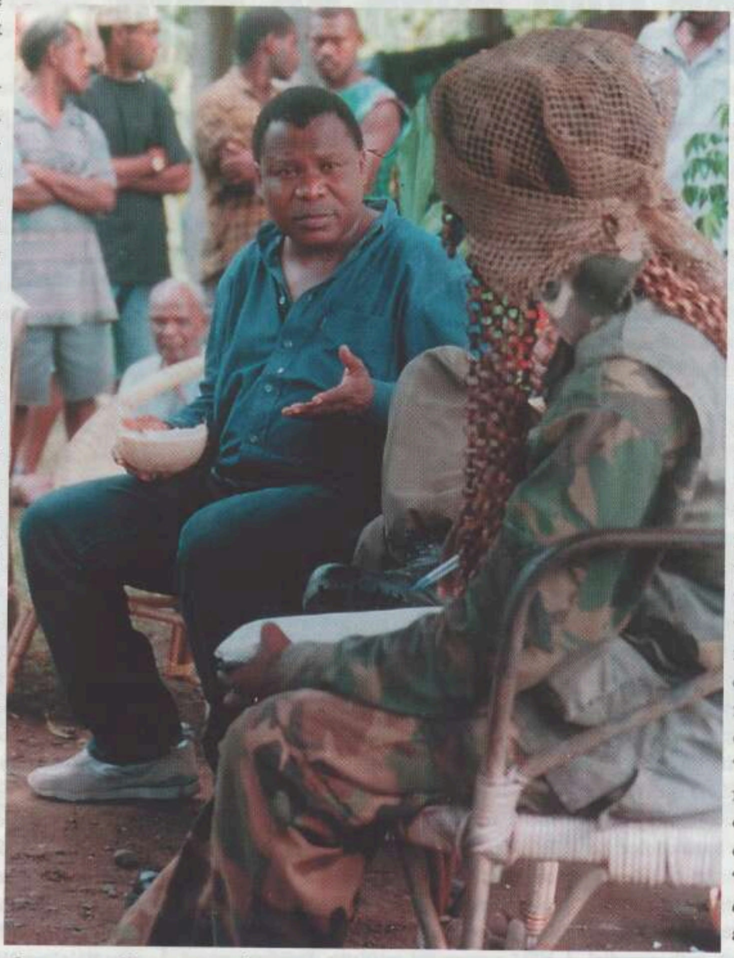
George Grey, self-described secretary of the guerrilla movement, had prepared his position on notepaper from the "Australian Maritime College".

The meeting went on with an obvious tension when a man wearing a sagging felt hat, a large pair of binoculars and precious little else kept walking into the gathering. Grey would stop and heavy words would be exchanged. The man, Bakadi (from the drink Bacardi), kept saying his men would not come into the village. They wanted Rabuka in the jungle.

As the gathering ended four of the journalists who had filing commitments left first up the single road only to run straight into a much larger and very angry arm of the militant movement led by ex-St Joseph's College boy Andrew Tee. The journalists were stopped by the hundreds of near naked men, all armed.Tee was furious, not only with the journalists but also with Grey. He snatched my notebook and another of his men tried for my cameras.

I was obliged to get out and discuss the merits of journalism while they tried to take my notebook (Tee realised he could not read it so gave it back) and then tapes.

As life was getting tense Rabuka arrived on the scene. You don't win the Legion of Honor, stage two coups and lose a general election by being flustered. Tee seemed bewildered by his presence and Rabuka was puzzled as to why he was suddenly given all my tapes by the guerrillas.



Commonwealth representative, Ade Adefuye of Nigeria, talks to a member of the Guadalcanal guerrilla group. Adefuye admitted that when he and Sitiveni Rabuka ran into a large guerilla group he wondered whether he might be taken prisoner

As it was all going on the force led by Tee kept growing; there seemed around 500.

In the end we were all freed and the makings of a myth began: within hours the world believed Rabuka had been kidnapped and, later, that he had saved the lives of journalists. We had not been in that much danger.

He did, though, save a Malaitan Islander.

He had been seized from a car and was trussed up in the jungle when Rabuka arrived with Tee. Rabuka took in the scene and had no doubt the man was to be murdered, within seconds.

"Shooting a man with a rifle from a long way off is impersonal," the one time soldier said, "but when they pulled out a knife, that was another matter."

Adefuye said Rabuka had quickly "earned the confidence of the militants" and when he asked to released the man into his car, they handed him over to Rabuka.Back at the Honiara Yacht Club they were having Happy Hour - and wondering what all the fuss was about.But the government imposed strict media controls soon after when reports of foreign journalists began appearing on the local media. SIBC was forced to give up live broadcasts of Radio Australia and BBC news - for fear they might accidentally broadcast something they did not want the people to know. ■

Questions linger over whether Rongelap will ever be safe

By GIFF JOHNSON

ON March 1, 1954 the sun rose in the West for Rongelap islanders, bringing hydrogen bomb fallout, radiation sickness and, ultimately, forcing the people to evacuate their home islands. The blast at Bikini was 45 years ago, but Rongelap Islander Mwenadrik Kebinli - and the small group still alive who were on Rongelap that fateful day - remember the day of the Bravo hydrogen bomb test as if it happened yesterday.

Rongelap islanders, with US funding, embarked late last year on the first phase of cleanup and rehabilitation of Rongelap Island, the main island in an atoll that has more than 60 islands. The initial work of the US$8 million resettlement project (establishing a base camp, required infrastructure including a power plant, reverse osmosis water making units, a dock and runway renovation, and starting remedial radiation-reduction measures) is expected to finish early next year, confronting Rongelap islanders with the hard choice: to return or not to return.

Many questions linger about the future safety of this atoll, despite conclusions by a number of scientists that, with remedial work, it can be made safe for habitation. A primary reason for the questions is the outright distrust of and hostility toward US government scientists by Rongelap islanders. The scientists and doctors who had studied and treated Rongelap islanders since 1954 came from US laboratories whose primary functions were development of nuclear weapons and energy.

Decisions by these US government scientists and doctors resulted in Rongelap islanders being exposed to unsafe levels of radiation over decades, while all the time the doctors reassured the islanders that everything was fine and they shouldn't worry. Finally, earlier this year, the US government's Brookhaven National Laboratory, which had operated a medical program for Rongelap and Utrik, another fallout-affected atoll, since 1954 - without any outside supervision or peer review - was replaced by a Hawaii-based health organisation that won the contract through a competitive bid - which has restored a measure of confidence in the medical treatment islanders are now receiving.

But that's just one of the concerns. When Rongelap and US officials agreed to the cleanup and resettlement plan in 1994, they approved an agreement which calls for reducing the exposure to man-made radiation on Rongelap to 100 millirems per year. Late last year, however, the Nuclear Claims Tribunal in Majuro adopted - over strenuous objections from scientists from US laboratories - a much more stringent US Environmental Protection Agency guideline for cleanup situations of 15 millirem. There is a move to have this standard adopted by the Nitijela (parliament) as the national requirement for all cleanups in the Marshall Islands. The realisation that the earlier 100 millirem agreement is out-of-step with the more health-conscious EPA-standard has Rongelap leaders taking a hard look at the 1994 agreement with the Department of Energy and Department of Interior.

The Marshall Islands' Chernobyl began in the early morning hours of March 1, 1954, when the Bravo test was exploded on Bikini, about 100 miles to the west of Rongelap Atoll. Kebinli was up in the pre-dawn hours, preparing breakfast for her family when suddenly the sun appeared to rise in the west. It was the fireball of the Bravo test, at 15

megatons the largest nuclear bomb exploded by the US. But Kebinli and the other 81 Rongelap islanders wouldn't learn that until they were evacuated two days later.

"A bright light came out of the west and a short time later I heard a sound like thunder," she said. "The ground began to shake and the pots and pans fell off the table." Within a few hours, a snow-like ash began falling on Rongelap. Not warned to take precautions, children played in the radioactive powder which fell in the drinking water and contaminated the food. Soon after their evacuation, 48 hours after the Bravo test, Rongelap islanders experienced radiation skin burns, nausea and hair loss - symptoms similar to victims of the atomic bombing of Hiroshima.

US Atomic Energy Commission doctors allowed the people to return home in 1957 to a heavily contaminated environment, but one the US officials claimed was safe for resettlement. Brookhaven National Laboratory reports at the time even refer to Rongelap as one of the most radioactive spots on the Earth. For many years Rongelap leaders questioned the safety of the environment. The health concerns reached a peak in the mid-1980s and, in 1985, Rongelap Senator Jeton Anjain led the entire community of about 400 people as they picked up and moved - with the aid of the ill-fated Greenpeace ship Rainbow Warrior - to Mejatto Island in nearby Kwajalein Atoll, where they remain today.

While US scientists dismissed Rongelap islanders' concerns at the time, subsequent scientific studies have shown that Rongelap Atoll has levels of radiation that require cleanup. The US Congress voted a US$45 million resettlement trust fund in the mid-1990s and the first phase of the rehabilitation effort is now seriously underway at Rongelap.

"We want to return home," Kebinli said. "But because of the radiation people had no choice but to evacuate." She said that she's been saddened for many years by the plight of her fellow islanders who have suffered many health problems as a result of the US nuclear testing program. "But now," she said, "with our return this week and the raising of the American flag on Rongelap, it's a sign of working together to resolve our problems."

The day of the fallout and all of the subsequent health problems are so interwoven in the fabric of Rongelap islanders' lives that there is no removing that shadow from any discussion about a possible future return home.

US officials from the Interior Department, however, state forcefully that this first phase work is aimed at creating an opportunity for any of the islanders who want to return home. "We will work together to make the vision of a return to Rongelap a reality," said Allen P. Stayman, the former director of the Office of Insular Affairs in the Interior Department, and now the US chief negotiator for the Compact with the Marshalls and Federated States of Micronesia. Stayman assured Rongelap leaders of ongoing "US government support for continuing the resettlement project until every member of the Rongelap community who wants to return has that opportunity." But, he added, the US is not pushing people to return home. That decision is up to islanders to make next year when the US$8 million first phase work is completed.

Now under construction is a base camp at Rongelap which includes a power plant, equipment that can produce 10,000 gallons of fresh water daily, catchment tanks, housing for workers and visitors, a new dock and a refurbished airstrip. Top soil in the planned new village area will be scrapped and replaced by crushed coral to reduce radiation exposure, while potassium fertilizer will be spread throughout the island to prevent root crops, such as coconut and

The last photograph taken on Rongelap before the people evacuated in 1985 with the Protestant Church in the background.

pandanus trees, from picking up cesium 137 that is embedded in the soil. Experiments at Bikini Atoll by US government scientists have demonstrated that potassium-based fertilizer acts as a prophylactic, blocking the uptake of as much as 95 per cent of the cesium.

But many Rongelap Islanders are taking a wait and see attitude, wanting to go home but skeptical of scientific predictions that Rongelap can be made safe. Howard Hills, Rongelap's Washington-based attorney, said that phase one - which will include monitoring and testing of both the environment and resettlement workers for radiation levels - when it finishes next year will provide the basis for the people to make a decision about whether they want to return.

Among the issues that islanders are concerned with is that the US$40 million trust fund so far provided by the US will barely be adequate to rehabilitate Rongelap Island, leaving a question mark over the dozens of other islands, many of which are significantly more contaminated than the main island and were traditionally used for food gathering and copra production.

In addition, the issue of 100 millirem exposure versus 15 millirem exposure will loom large as Rongelapese begin looking at a possible future resettlement. Health concerns aside, cleaning up the island to the 15 millirem standard will be much more costly than originally planned. The limited US funding, Matayoshi said, is not enough by their estimate to complete rehabilitation of the main island, let alone any other islands. Matayoshi said that no decisions will be made until the first phase is completed and scientific monitoring data becomes available so that Rongelap islanders can see if the remediation efforts are, in fact, reducing radiation levels on the island.

Still, there is a powerful pull for the people to return home, despite the lingering radiation. Marshall Islands President Imata Kabua, who flew out from Majuro to attend the brief return to Rongelap, summed up the feelings expressed by many Rongelap elders. "Even if you have money," he said referring to compensation that Rongelap has received from the US for nuclear test damages, "if you're not able to live on your home islands, the money means nothing." ■

■ INDUSTRY

Excitement builds over K8 billion gas pipeline project

By SAM VULUM

Excitement is building in Papua New Guinea after positive developments in the quest for the country's biggest ever resource venture - the K8 billion PNG/Queensland gas pipeline project.

Petroleum and Energy minister Sir Rabbie Namaliu announced on July 4 that agreements with potential customers of the project were "very close" to being finalised.

"Not only am I confident the necessary customer agreements will be concluded, I believe the actual market the project will service will be even greater than we had originally expected."

He made the comments on return from discussions with project partners and the Queensland government in Brisbane, Australia.

Sir Rabbie said long-term agreements with customers in Queensland - the electricity authorities and industrial users - would give the green light for the K8 billion project.

"The market survey has confirmed the potential demand is significantly greater than original expectations, and that will lead to even greater revenue flows to the PNG government, and greater benefits for landowners and provincial governments, over the expected lifetime of the project and beyond," he said.

Sir Rabbie said the discussions he and the secretary of Petroleum and Gas Joe Gabut held in Brisbane were the most productive and positive to date.

"We also met with the Deputy Premier of Queensland Jim Elder, who confirmed his government's strong commitment to the project.

The same commitment has been given by the Australian government.

"The co-operation between the three governments - PNG, Australia and Queensland - has been a most positive contributor to the project, and the stage that has now been reached."

Sir Rabbie said Oil Search, as the leading partner in the marketing survey with AGL, which has been engaged to secure long-term customers, deserved every credit for the stage that had now been reached. Oil Search and Oregon are meeting most of the costs at present and should be commended for their efforts, he said.

> "Not only am I confident the necessary customer agreements will be concluded, I believe the actual market the project will service will be even greater than we had originally expected"
> - Sir Rabbie Namalui, PNG's Energy and Petroleum minister

The minister said he wanted to again stress the tremendous benefits the project would bring the whole nation in the medium to long term.

"This project will do more than any other to secure our economic future. It will become the largest single revenue source for the national government. It will give export income a much needed boost, and it will provide real jobs and training as well as business opportunities for our people.

"It will provide landowners, the South Highlands and Gulf provincial government, and all provinces through the National Gas Corporation, with substantial, long-term royalty, revenue sharing and dividend benefits.

"It will provide a real boost to the communities of the gas producing area at a time when oil production in these areas is declining very rapidly," Sir Rabbie said.

The minister said the project will enable major development of the PNG gas industry.

"It will facilitate the development of our own LNG industry, the use of our gas to expand electricity supply, and to do so more cheaply than at present, and, it will give the stimulus to downstream industries such as fertilisers, petro-chemicals, bottling and steel coating manufacturing to be developed onshore in PNG.

"There can be no question that the project will spearhead the development of a wide range of industries, through the availability of a reliable, cheaper energy source," Sir Rabbie said.

He said that long-term agreements with customers were close to being concluded was a significant vote of confidence in PNG, as well as the nation's resource sector.

Discussions on the financing requirements of local equity in the project were well advanced, he added, with very positive discussions with the Asian Development bank and with Japanese lenders, including the OECF, for commercial and concessional finance.

Sir Rabbie said that once customer agreements were in place, work on the project would proceed very rapidly.

"When that happens, it will unquestionably be the best news Papua New guinea has had since independence," he said.

The government has already approved a draft environmental plan for the project, with conditions and recommendations for further study before a final plan is submitted for approval by the minister.

The project's external affairs manager Cliff Leggoe said detailed engineering for the project was set to start this month.

He told journalists on a tour of the Southern Highlands oil fields last month that the US$60 million engi-

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Australia criticised for greenhouse gas emissions

AUSTRALIA has been criticised for its lack of action in reducing greenhouse emissions and refusal to back emission targets.

David Adeang, the delegation head of the tiny central Pacific republic of Nauru, bluntly criticised Australia for not backing greenhouse gas emission targets that the Alliance of Small Island States (AOSIS) has unanimously endorsed.

Adeang, an advisor to Nauru's president, said Australia should do more to reduce emissions.

Adeang was speaking outside an international climate change meeting hosted in the Marshalls by AOSIS, which included every Pacific island nation.

Other island officials said efforts by Australia and New Zealand to have forestry and land use issues included in the clean development programme were just to "off-load all their reduction requirements onto planting trees" instead of having to reduce pollution.Inside the meeting, island officials called on all western nations to take more aggressive action to reverse climate change.

Tuiloma Neroni Slade, Samoa's ambassador to the United Nations and chair of AOSIS, said AOSIS must continue to persuade industrialised nations to reduce greenhouse gas emissions.

But, Slade said, it was also critical to engage large developing countries such as China, Brazil and India that were also increasing emissions.

Philippines foreign ministry official Bernarditas Castro-Muller called the commitment to reduce emissions on the part of the industrialised world "inadequate".

Castro-Muller said the "primary responsibility for greenhouse gas emissions is in the hands of industrialised nations who have achieved their development since the industrial revolution without concern for the environment.

"We must find a way to get the industrialised nations to modify their long-term emissions that are growing."

Phillip Weech, the chair of the Bahamas national climate change committee, said developed nations "must recognise that emissions are growing and their standard of living is rising at the expense of the environment."

Castro-Muller said most of the predictions about sea level rise and other climate changes were for 50 to 100 years in the future but "the adverse effects are being felt now."

"All developing countries are experiencing climate change," she said.

Marshall Islands president Imata Kabua talked of the increased frequency of storm surges which have caused ocean waves on occasion to flood into the islands of the Marshalls, most of which are barely a metre above sea level. It is a growing problem for the small islands.(AFP) ■

ACP nations told to include gender in new Lome pact

By DEBBIE SINGH & NICCOLO' SARNO

THE 71 African, Caribbean and Pacific (ACP) governments and the European Union (EU) have been challenged to stop treating women as passive members of society and begin to focus trade and development policies on women, youth and the poor to ensure that development and growth head in a common direction.

"The rules of the game of trade still do not include gender. The fact that 70 percent of the world's women are poor is not new. And the rhetoric will not change ... but what more must be done in order to make partnership become operational?" asked Pat Made, Director of Inter Press Service, Africa.

The issue of gender, in the context of a successor agreement to Lome IV, the huge trade and aid pact between the EU and the ACP states was among issues addressed at a hearing on civil society held in Brussels July 8-10.

The current Lome convention expires on February 1, 2000 and it is envisaged that the successor pact will include a chapter on civil society and its role in the implementation of the follow-up agreement.

The successor agreement between the EU and the ACP will be based on the overarching objective of poverty eradication.

The EU negotiating directives set out three guiding principles "for systematic application in all areas of cooperation", including "gender mainstreaming and gender equality".

Both the EU and the ACP also recognise that "social and economic development cannot be secured in a sustainable way without the participation of women. Negotiators continue to speak the language and progress continues to seem far away. We are constantly treating the symptoms and not being reactive."

Made said there was a need to mainstream and stop compartmentalisation of issues. She said there was a need for harmonisation of policies which had emanated from major United Nations international fora such as the human rights, environment, population, women's and social development conferences to ensure consistency and progress.

Jagjit Plahe of Kenya stressed the need for existing human rights agreements to be used as a threshold when discussing trade agreements in terms of determining whether trade is assisting with the eradication of poverty.

"Let us not romanticise about words like poverty eradication and good governance. There have been claims that half the world's poverty will be eliminated by the year 2015. But which half are we talking about?" asks Plahe.

"The EU and other international organisations need to invest in awareness raising to build capacity and inform poor people about Lome to enable them to make informed choices," she added.

Kena'e Ka'au of the South Pacific-based Melanesian Solidarity for an Independent and Nuclear Free Pacific supports the inclusion of gender as a development concern in the successor Lome pact but says the meaning of gender is still not widely understood in the Pacific.

"Many in the Pacific think that gender is about women but it is a much broader issue," Ka'au says.

"In the Papua New Guinea and Melanesian context the issue of gender balance or equality from the EU level is important. At this level, it must be equality and not just a notion of equality. If this is not done, women will be left out."

Ka'au said an additional challenge for the Pacific concerned how the whole concept of gender in the successor Lome pact would be translated and made effective on the ground.

Ka'au suggested the need for awareness raising before the gender issue could become any part of the successor agreement but also pointed out that this would need to be done in the context of national capacity and availability of resources.

'It must be equality and not just a notion of equality. If this is not done, women will be left out' say supporters of moves to include gender in developmental issues and documents

"The first time I heard about Lome was in April this year but some work has begun on awareness raising in PNG (Papua New Guinea) through the Pacific Concerns Resource Centre and a few European NGOs," Ka'au said.

"To be honest, we need to look at home first before looking elsewhere," he said, adding that in the Pacific there existed a need also to consider governments that were not responding to people's needs. "How can we get the EU to assist us to bring about good governance using our own definitions of development?"

Ramesh Jaura, Chair of the Global Cooperation Council in Bonn, Germany said there is a need to look beyond the successor Lome pact in terms of the democratisation of international relations.

He said there is a need for treaties and mechanisms for monitoring these treaties, and said it is civil society's role to demand more transparent measures of democratisation in terms of trade, aid and investment.

Brita Bastogi, of the Brussels-based Eurostep Network of European NGOs said: "'They (negotiators) have said gender is a cross-cutting issue.'"

"But there are no mechanisms in the ACP mandate (for negotiations) to implement measures related to gender."

Calls for the engendering of development policies from their evolutionary stages have also been heard in Brussels but Hellen Felter, Vice-President of the European Women's Lobby agreed with Ka'au in that, even among negotiators: "People don't know what gender is."

The ACP negotiating directive brings together gender and youth issues under the same chapter.

Felter said that out of 20 appointements on July 9 as European Commissioners at the executive branch of the European Union, the European Commission, only five were women.

"And gender has to do also with changing the structure that has been put up by men," she said, pointing out that at the conference "there was not one female chair. And that is Europe," she added, suggesting that the situation is worse in most ACP nations. ■

Carpenters build a modern-day empire

WHEN Morris Hedstrom's Suva main store burnt down during the week before Christmas last year, the news came as a shock to many people.

In the space of a few hours, one of the capital's landmarks had been razed to the ground. What was left was only a shell of what had become the hub of Suva city.

For the Carpenters group, owners of Morris Hedstrom, rebuilding the store became a matter of priority. But it was also important that the new building retain its familiar structure but be modern enough to cater for the shopper in the 21st century. It was an ideal opportunity to start afresh.

The history and origins of Carpenters Fiji Limited date back to as early as 1921, and since then the Carpenters group of companies have established itself as the largest private sector enterprise in the Fiji Islands.

But more than that, the group is one of the few large international companies committed solely to investment in the Pacific, with just three employees based outside the region - one in London and two in Sydney. Carpenters Group chief executive, Kenneth Clemens says "overall Carpenters employ some 6,500 people of whom approximately 1,800 are in Fiji, 4,500 in Papua New Guinea and some 200 in Tonga and Samoa."

Far from hiding in the shadows of its Morris Hedstrom operation, the company is involved in a range of commercial activities involving most sectors of the economy. Apart from the wholesale and retail trade with MHs, the company is also into automotive and heavy equipment trade, ship repair services, manufacturing, ship agency and allied services, property development and large scale agricultural undertakings.

"Carpenters aim to be the market leader or one of the market leaders in each and every business in which it is involved," Clemens says.

In Papua New Guinea, as well as operating motor vehicle and builders hardware distribution businesses, the company has the largest copra crushing mill in the Pacific, crushing up to 70,000 tonnes of copra annually, he says.

The company also owns and operates copra and cocoa plantations on the coast and tea and coffee estates in the highlands of PNG. Clemens says Carpenters "are far and above the largest tea producer in Papua New guinea and one of the leading coffee producers.

Every month 50 or 60 containers of Carpenters agricultural exports leave Papua New Guinea ports for overseas markets as well as bulk tank ships loaded with coconut oil." One of the areas that Carpenters has advanced in over the years is air freight forwarding. Earlier this year, the company invested a further FJD$1 million to expand its premises at Nadi International Airport in Fiji.

The expansion means that they now have a greater capacity to chill, store, de-consolidate and load export cargo, says Carpenters Shipping and Transport general manager, Shiri Ram.

"The growth of export industry means there is a great demand for, and limited airline cargo space available. In turn, facilities such as Carpenters Airfreight's warehouse are in high demand. We have addressed that need by doubling our capacity to accommodate the increasing volume of airline cargo," he said.

Carpenters Airfreight Forwarding is an approved IATA agent. ■

Internet banking - it's friendlier than the real world

AUSTRALIAN banks are finding cyberspace a more friendly place to service and acquire customers as the ongoing public furore over bank branch closures and fees dent their collective image in the physical world.

Certainly their efforts on the Web are proving a lot more popular, and potentially more profitable, then even the most optimistic of early forecasts.

There are already more than 300,000 customers using various bank Internet services and that number is likely to break through one million in total by 2001.

And within five years banks are confident they will have a million Internet customers each.

By that time, visiting a bank's website will be as familiar as visiting a branch or withdrawing money from an ATM or EFT-POS machine.

Each of the four major Australiasian banks and St George Ltd, which pioneered Internet banking in Australia through Advance Bank, now has a presence on the Web that matches most of their non-cash branch services and in some areas, such as on-line stockbroking, exceed them.

Neither Westpac Banking Corp nor Commonwealth Bank of Australia Ltd are shy about projecting usage rates to total millions each within the next five years.

Commonwealth said potentially 100 per cent of its customer base could be serviced on-line in around five years, even though many of those customers still will do more of their banking face to face than on-line.

"Internet technologies and Internet protocols will become the core customer interface," Commonwealth's head of on-line services Stephen Coulter said.

Westpac's head of on-line services Jonathan Poole said the bank's Internet customer usage was growing so fast that setting a growth target could be counter productive.

"It's hard to say, to the point where setting a figure might be a bit limiting," Poole said.

Who's using it?

At this stage the banks agree their Internet customers mirror, and in some cases exceed, the demographic of the typical Internet user.

> There are already more than 300,000 customers using various bank Internet services and that number is likely to break through one million in total by 2001

That is, someone who is tertiary educated, has a high income and is more responsive to new technology than the population average.

It is not coincidental that person is exactly the kind of customer that all the banks want to have because they are potentially much more profitable than average customers.

Internet users are more skewed to higher incomes, more likely to have a loan, have a credit card, and have higher transaction values and balances.

Commonwealth's Coulter said such customers are ten times as profitable as the average customer.

And they are also proving to be very loyal.

St George's Internet channel manager Rupert Blatch said the bank's Internet customers had proven themselves incredibly loyal since Advance began the service in 1995.

Westpac and Commonwealth agree.

And Wizard Financial Service's Andrew Inwood noted that its research also showed that Web customers were some of the "stickiest" customers in financial services.

"They are incredibly sticky, and the more services you offer them the stickier they get - just like they had got caught in a real web," Inwood said.

Westpac's Poole said also that the bank's Internet customers were ten times as profitable as average customers.

Their higher net worth was one of the main reasons Westpac's Internet operations were already profitable on cost-versus-revenue basis.

Other banks were more coy in their revenue predictions but Poole said Westpac's Internet operations would be profitable on that basis by next year.

A key component in Commonwealth's quick ascent to profitability has undoubtedly been its Internet and phone based discount stock broking service, ComSec.

The service, which is the second most visited Internet site in Australia, has been a huge success for the bank and has prompted a raft of copy cat actions by the other majors.

Both St George and ANZ Banking Corp have already unveiled their intention to offer broking but each of those has teamed up with another player to provide the stockbroking services.

St George has teamed up with HSBC and ANZ is in bed with etrade.

Westpac said it will follow the ComSec model and have a wholly owned on-line stockbroking service by next year.

National Australia Bank Ltd has had discussions with several brokers about establishing some form of share trading facility for its customers but it said it was a long way from deciding on the nature of the facility or on a broking firm with whom to form an alliance.

Who's best?

Ranking the bank's Internet sites is extraordinarily difficult as each site to a degree reflects the time it was introduced and the different customer profile of each bank.

The first sites tend to have been designed with less features initially but as each is scaled up with new services or upgraded it tends to overtake the earlier ones.

Recent research from NewMedia, a Melbourne based research house, found National Australia's site was the most fully featured.

NewMedia was hardest on St George - which it described as having "limited function and design" but St George's site was pro rata the most popular of all the banks' Internet sites and its proportion of customer usage at three per cent outstripped the others.

St George's Blatch added that the banks customers were happy with the site's services.

The low functionality could have been explained by the fact that St George had pioneered most of the services that the other banks' had since copied.

That could also explain why National Australia's site was seen as being the most polished - it also being the youngest of the sites.

But whatever NewMedia's rankings, all the banks' internally generated research indicates almost all of their customers are more than satisfied with the services each bank provides.

What might stop it?

Security remains the biggest concern but with the advent of 128 encryption all the banks are confident that issue has been solved.

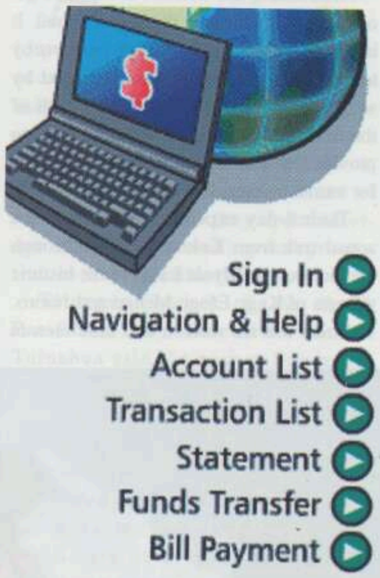
Potential customers are still concerned but it is now a matter of education more than anything else, the banks believe.

Professor Mark Sneddon, a member of the federal government's committee on electronic commerce, said the high level of encryption made it extremely difficult to hack into banks' computers and they were basically secure. The biggest weakness in the system in fact was the customers' own personal computers.

Sneddon said "ethical hackers" employed by overseas banks had managed to hack into customer accounts through customer computers but so far there had been little evidence of fraud.

The other barrier potentially limiting growth is the computer itself.

While computer use is increasingly widespread their mainstream presence is still limited by the keyboard and the speed of line connections to the Web.



When you access the Westpac Banking Corporation website, this is what will great you if you ask for the online banking service. There are a wide range of other services that can be performed while you're online (Pic: Westpac Banking Corporation)

But as cable delivery of on-line services becomes more widespread so will the Internet's access speed and the deliverability of non-keyboard based Internet services such as web TV.

When transferring money or paying a bill is as easy as turning on the TV - or dialling on the mobile (as Commonwealth will offer later this year) the boom will really start. Whatever it there going to be next? (AAP) ■

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neering work would be carried out by a joint venture between Kvaerner, Egis and Bechtel. Market concerns over long-term supply issues were removed after an agreement between Oil Search and Exxon in May to allow Hides gas to be used for the project.

This let the way open for proponents of the project to finalise deals with gas buyers and consumers, which was due for completion mid-last month.

Hides 4, which was drilled last year, substantially increased the reserves at the Hides field and extended the height of the proven vertical gas column to 1238 metres from the previous 890 metres from Hides 1 and 2.

There are now adequate reserves in the Hides field to underpin the project, as well as consider a Liquefied Natural Gas project.

Last month also, interim authorisation was given to leading marketer, Allgas Energy, to negotiate gas sales agreements for the project in Queensland, allowing Chevron, the developer, to concentrate on other pressing issues.

Allgas will continue negotiations with Comalco, which is yet to commit to the project as a buyer, even though it signed a memorandum of understanding with Chevron to negotiate for gas purchases.

Comalco is undecided on whether to build its planned alumina refinery at Gladstone, Queensland or in Malaysia. Building it in Queensland will allow it to buy gas from the project. Leggoe said Chevron and partners in the project were confident that the signing up buyers would be complete by the end of July.

But even if Comalco does not sign up, the developers believe there is enough demand to meet the required levels for project development. Good news for the struggling economy of Papua New Guinea. ■

Kokoda Trail: PNG's biggest attraction

By SAM VULUM

THE infamous Kokoda Trail remains a significant tourist attraction for Papua New Guinea because of its strong links with World War II and the vast diversity it holds in animal and plant life.

It remains close to the heart of many foreign visitors, mainly Australians who have lost more than 600 loved ones who died fighting the Japanese along the Kokoda Trail.

Japan also lost an estimated 12,000 soldiers in five months of bloody hand-to-hand fighting with the Australians along the trail that runs 240 kilometres from Sogeri Plateau near PNG's capital Port Moresby over the rugged Owen Stanley Range to Kokoda in the Northern Province.

The trail has recently been targetted by the PNG Tourism Promotion Authority after establishing that it is one of the most sought-after destinations in the country.

TPA has planned to undertake a familiarisation tour of the trail by its staff to ensure that factual information is provided to visitors. Staffers Daphne Ibia and Raka Morea were selected to be part of the trail with some Australian trekkers. The trip was still in the planning stage at the time of writing.

"The aim of the exercise is for us to get ourselves familiar with the Kokoda Trail. It is one of the most sought after products by tourists who inquire at the office and by actually trekking the width and length of the trail, our experience will enable us to provide first hand accounts of what it holds for tourist trekkers," Ibia said.

Their 8-day expedition will cover the actual trek from Kokoda Station through the picturesque Myola Lake, to the historic villages of Kagi, Efogi, Menari and Naoro.

There are six women and nine men in the team.

The inclusion of the women is nothing new, according to team leader Narai Billy who has been trek leaders in the Koiari mountain ranges for many years.

"I have led many teams where a good number of the trekkers were women. This is also indicative of how safe and bearable the Kokoda trail is as a tourist destination," Billy said.

Some of the highlights of the expedition include the Golden Stairways, built during World War II, Mount Bellamy where mass graves of war casualties were laid, Imita Ridge where the final showdown took place between the Japanese and the Allied Forces, and Kokoda Plateau.

During the expedition, the group will be given a taste of true Kolarian hospitality and "bush tucker" - food traditionally prepared by the guide and team leader Narai Billy.

Many Australians died on the Kokoda Trail, and their families and friends provide consistent numbers for tourism in the area today

He says the Kokoda Trail is simply a unique and unifying experience that will cut through the thick of any person and change him or her for the better upon completion.

Many tourists prefer to trek the Kokoda Trail for its wide range of activities in one package.

You stop over to fish in unspoiled ponds, visit historic sites from W.W.II, check out the wide variety of orchid species or even laze around for one whole day in one of six main villages along the trail.

The TPA, together with the Papua New Guinea Sports Federation and other relevant government agencies are also preparing to market the trail to the world after it was included as a route for the Sydney Olympic torch relay, a 16-

day sweep through the South Pacific in 2000.

After being lit at a special ceremony in Greece, the Olympic torch will travel to Guam, the Federated States of Micronesia, Nauru and Solomon Islands before arriving in PNG.

The relay will then visit Vanuatu, Samoa, American Samoa the cook Islands, Tonga, Fiji and New Zealand before travelling to Australia.

By extending the run through the Pacific, the 2000 Olympics will mark the biggest relay in the history of the games.

By the end of the Australian leg, the torch will have been carried by almost 12000 runners across 60,000 kilometres and through 14 countries.

Australian prime minister John Howard said apart from the Olympic rings, the Olympic torch was the most memorable and evocative Olympic symbol.

"Just as we want the torch relay in Australia to touch the broadest cross-section of the Australian community and Australian experience, so too do we want to showcase the lives of our near neighbours of the region and help reveal to the world a little more of the rich history and culture of the Oceania region and its people," Howard said.

In preparation for the event, about 15 volunteers from the Kokoda Memorial Foundation Pty Limited of Australia were in the country in July upgrading roads in the area.

The foundation is an Australian non-profit organisation whose goals are to bring improvements for the Kokoda Trail villages and monuments to the fallen World War II heroes in the area.

The trail is a significant World War II landmark. After Japanese plans for a sea invasion of Port Moresby were checked by the Battle of the Coral sea and Battle of Midway, the Japanese switched to a land assault via the remote mountain trail through jungle and across rivers.

They were repelled by the Australian troops in the five month battle. The Australians were supported by Papuans, whom they referred to as the "fuzzy wuzzy angels". ■

EU aid halt to hurt Pacific tourism

A EUROPEAN Union decision to stop granting foreign aid to promote tourism would damage South Pacific economies that rely heavily on the industry, officials warned mid-July.

The main tourism body for a dozen Pacific countries fears the EU decision will strip its member nations of almost all the funds they spend internationally on advertising and promotion as travel destinations.

Tourism Council of the South Pacific chief executive Levani Tuinabua said the new policy might work in the Caribbean and Africa, but failed to take into account the isolation and smaller size of Pacific nations.

"The European prescription will not work because the needs of the Pacific are quite different from the Caribbean and Africa," he said.

In a new policy published last November, the EU announced that tourism marketing and promotion would not qualify for foreign aid under the Lome Convention.

Funds formerly marked for tourism would instead be switched to "humane resource development," private sector assistance and environmental preservation projects.

Tuinabua said the change will cost the member states most of the US$1.5 million (A$2.28 million) it spends annually on promotion and advertising and will strike at the heart of many Pacific economies.

The South Pacific should be treated as a special case because the region is far more isolated, smaller and poorer than African, Indian Ocean and Caribbean beneficiaries of European aid, he said.

A delegation of Pacific tourism ministers was considering visiting EU headquarters in Brussels to argue the case, he said.

The council represents 13 national tourist offices ranging from Tuvalu, whose nine atolls and 10,000 Polynesian people get some 300 tourists a year, to Fiji, which receives nearly 400,000 tourists.

The loss would impact badly on such small countries as Tuvalu, Kiribati, Niue, Tonga, the Solomon Islands and Vanuatu.

This is because these countries haven't the funds to make a marketing impact in North America and Europe, where more prosperous nations spend millions on promotion.

Fiji and Tahiti, the South Pacific's two main destinations, each spend about US$6 million (A$9.11 million) annually on promotion, but also rely heavily on the council for participation in major world tourism fairs in Europe and America.

Nearly all Pacific Island countries rate tourism as their main foreign exchange earner and in some cases, main economic hope for the future.

The council expects that visitors to the region in 1999 will reach one million for the first time. Now, the search will be on to find a new donor or lobby the EU to stay. (AP) ■

Australians' Olympic "whinging" leaves sour after-taste

SNIPING about Sydney's Olympics is starting to make Australians look like a pack of whingers.

The grizzling - "we don't want Americans marching in our opening ceremony! We can't have Olympic volleyball on our Bondi Beach! The tickets cost way too much!" - is enough to induce a severe case of cultural cringe.

Sydney became the envy of hundreds of cities across the world in 1993 when it won the chance to host the biggest show in history - the Millennium Olympic Games.

Ten thousand of the fastest, fittest and most talented athletes from 198 nations - flanked by 15,000 members of the international media - will make Australia the centre of attention at the start of a new century.

The 2000 Games will bring a record television audience of 25 billion people worldwide, a stream of big-spending tourists and priceless publicity.

Australia can shake off its ocker Down Under image and showcase its cosmopolitan and egalitarian society, its technological edge and its corporate sophistication.

Yet, as the spotlight moves towards Sydney, what does it highlight? Parochial bleating about marching bands and complaints about Olympic venues - a fine example of NIMBY (not in my back yard) syndrome in practice.

And how is this being viewed abroad? Well, a Californian newspaper columnist called Australians a "bunch of low-down back-stabbing rats", obnoxious drunks and former convicts.

London's Daily Telegraph described Sydney's Games as "listing badly in a remarkably wide sea of sleaze", in a recent feature article that began with an unflattering description of a residents' protest at Bondi Beach.

In Switzerland, where the International Olympic Committee has its headquarters, officials are puzzled as to why Sydney's Games seem to be triggering such a hostile response from the locals.

"Why do Australians hate the Olympics?" one member growled at journalists after a recent meeting.

"Do you want them to fail?"

The IOC has only itself to blame for its soiled image since the lid was blown on corruption and vote-buying among some of its members this year. The star performance by Australian IOC delegate Phil Coles in the scandal has done nothing to lift the Games' image at home.

But this does not mean the Games themselves, and the athletes who are fulfilling a lifelong dream, should be denigrated.

The IOC official responsible for checking that Sydney's Games go to plan, Jacques Rogge, is trying to look on the bright side of the uproar over the use of foreign marching bands at Sydney's opening ceremony.

"If you look at it with some distance, if people are discussing which bands will march, it's a sign that all the rest is going well," he said. "They're not worried about venues, the organising committee or the Australian team - they're worried about bands."

In perspective, given the scandals afflicting the Olympic "family" this year, Sydney's Games planners have managed to do their work without any real dramas to date.

The sports facilities are being built on time and largely to budget. None of the sponsors have pulled out. The Games look set to break even - even to make a tidy profit. Sure, many Sydney residents must feel as if they're living in a giant construction zone.

The inner-city traffic seems constantly gridlocked, the CBD is a clamour of jackhammers and the airport is a mess.

But at least it's temporary - in other world capitals, like New York and London, transport chaos is just a part of life.

And when the work is finished, a year from now, Sydney will boast new roads, a pedestrian-friendly CBD, spacious new airport terminals and the world's most modern sporting venues.

A study by Arthur Anderson estimates the Games could add 1.2 per cent to Australia's gross domestic product, generating up to A$6.5 million in direct economic activity.

The Tourism Forecasting Council estimates the Games will lure 1.6 million extra visitors.

The Olympics will do more to lift Australia's international profile than the taxpayer-funded trade and tourist commissions could ever dream of achieving.

Australia is among only six countries in the world given a chance to host the Olympics twice.

Sydney came perilously close to losing the Games to Beijing - winning by just 45 votes to 43.

The point that Sydney's bid team promised sports funding to African delegates on the eve of the crucial vote has not been lost on international observers.

Sydney is lucky to be hosting the 2000 Olympics. The Games will only last 17 days.

So it's about time the knockers stop harping on about the potential problems and appreciate the opportunities that the Olympics will bring. ■

Marshalls sprinter gets international recognition

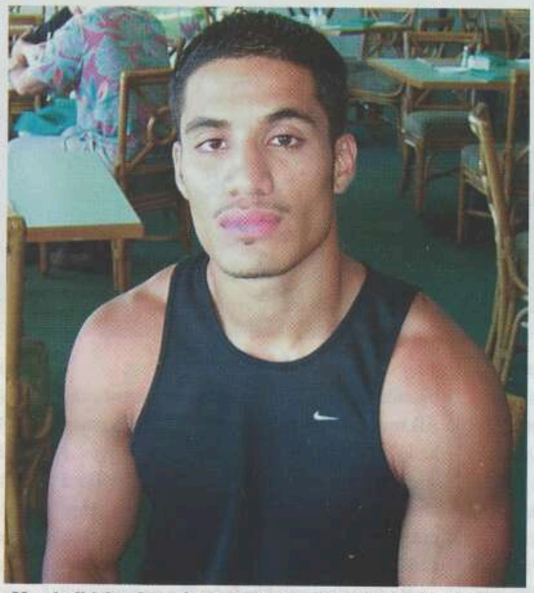
By GIFF JOHNSON

THE fastest man in the world? Not yet, but Marshall Islands sprint star Roman Cress is starting to burn up tracks from the US to Micronesia in his quest to win gold in the 100 meter dash in the Olympics.

Cress is from the tiny island of Kaben in Maloelap Atoll though he now makes his home in the United States. Kaben isn't exactly known for producing world class runners, but that's exactly what Cress is.

During the recent South Pacific Games in Guam his time of 10.64 seconds in a preliminary heat in the 100 metre dash beat the time that ultimately won gold in the competition. An injury relegated him to fourth in the final sprint, but proving he's a sprinter to contend with, he picked up a silver medal in the 200 metre dash. At home, he says, "I'd get my butt kicked in the 200".

Yet for the Cress, the SPG was just a tune up for competing in the track and field World Championships to be held in Spain this month. He has the distinction of being the only runner from the Micronesian area to qualify for the international competition in Spain."I want to run in the Olympics," he said recently. "I won't settle for less. I think that I'm better than everyone else. I can be the fastest man in the world. But the timing has to be there. There are a lot of fast sprinters out there with desire. But you have to have the right coach, the right running weather, the right facilities. It's all timing."Living in the US in the very chilly state of Minnesota, Cress' first love was American football. But while he was one of the fastest players on his team, his 140 pound frame was small for football so he didn't get to play much. So he turned to running several years ago, beginning serious sprinting about three years ago. He quickly burst into the winning column. By 1998 he was among the top five sprinters in Minnesota, and earlier this year "I dominated the 100 metre dash. There was no competition," he said. Turning to a wider field of competition, he headed to Iowa to compete with runners from the midwest states in the US and quickly moved into the top five. His best time of 10.3 in the 100 metres brought him world attention and an invitation to Spain. But Cress is on a long term mission. "My goal for 1999 was 10.3 seconds in the hundred," he said. "Next year, I want to get it down to 10.1. Each year I want to bring it down. It just takes patience and discipline."



Marshall Islands sprint star Roman Cress is starting to burn up tracks from the US to Micronesia in his quest to win gold in the 100 metre dash in the Olympics

The son of an American father who was a Peace Corps Volunteer in the Marshalls in the late 1970s and a Marshallese mother, Cress observed: "I basically had no coaching and I ran 10.3 (seconds) in the 100 (metre dash). I want to know how good I can be. To be a world class runner takes 12 years; this is only my third year."

While he was in the Marshall Islands visiting relatives after the SPG on Guam, Cress encouraged many aspiring young runners. To be a runner in the Marshall Islands isn't easy: not only is there no track field, there isn't even a decent park for running, there's little coaching and, until recently, few competitions. One of Cress' messages to Marshallese youth was about discipline and desire. He added, "You have to live a healthy lifestyle if you want to be successful."

He follows a strict, low fat high fibre diet and works out three times daily when he's training. In the Marshalls, "diet is the toughest thing," he said. "I slack off when I'm here."

Marshall Islanders, who consume rice by the bucket, can get by on that kind of a diet at the Micronesian Games level, but it won't take them higher, he said. Pointing to Marshallese wrestlers, Cress said "look at the wrestlers. They're top of the line in the South Pacific. But if they kept to a good diet and had proper coaching, they'd be top in the world. These guys are rough and tenacious. Look at the medals they win (in regional competition)." A disciplined diet will take an athlete up one notch above natural ability, Cress said. "Quit smoking and drinking alcohol, you go up another notch." Cress hopes to encourage a few local athletes by helping them go to school in the US where they can get good coaching and training. People say I have no life," Cress observed of his rigorous training program.

"But I don't care. I'm doing this for myself, my family and my country. When I used to tell people that I'm going to be one of the fastest runners in the world, they'd laugh. I won't say I told you so because I'm doing this for myself." ■

Molokai or bust

Story and pictures by SALLY ANDREWS

OUR last duty before leaving Honolulu was to purchase a large scale chart of Kaneohe Bay. That done, we sailed, then motor-sailed, eastbound and around the coast of Oahu. Four hours later, the wind shifted on the nose and increased!!

Afraid we might not make it safely inside Kaneohe Bay before nightfall (and because of the many reefs we weren't interested in finding an anchorage after sunset) we considered all the alternatives - then dismissed them. Returning to Honolulu and arriving after dark would be disappointing. Spending the night at sea didn't appeal at all. Last option: to keep going and hope for the best.

Rainbows arched optimistically across a wet sky. Straining our eyeballs, we peered through the tropical downpours and finally found our landmark, the Chinaman's Hat. We found a suitable spot to anchor moments before darkness completely enveloped us.

That evening, the Coast Guard weather channel reported winds blowing 30 knots from the northwest with 18 foot seas! Forecasts were for several more days of intermittent rain and unsettled weather. Looking around us, though, I couldn't complain. The bay, backed by high cliffs, was beautiful, the temperature perfect, and the stars suddenly appeared, one by one, to brighten up the night sky.

No, we couldn't complain. Our first month of winter cruising in Hawaii had been blessed by pleasant weather and fair winds. All our crossings of the Hawaiian channels had been great - even the treacherous Alenuihaha (Laughing) Channel. We'd cruised the islands from east to west, stopping at the Big Island, Maui, Lanai, Oahu and Kauai - loved them all!

Whales!

Recovering quickly from the passage, we spoiled ourselves with some R & R at Kaneohe's celebrated sandbar. The activities were most taxing: we watched the tide go out, built sandcastles, held Kona and Samoan crabs hostage, and watched the tide come back in. Then we'd start the process all over again. Seven days drifted away in that fashion.

Desirous of being a bit more social, we sailed into Kaneohe Yacht Club and tied to the seawall. Several old and new friends appeared, and we slipped easily into the comfort of daily hot showers and a swimming pool, as well as cold beer and popcorn during happy hour. By the end of the week, we were ready to try a channel crossing. We headed back to Kaneohe sandbar, expecting to depart for Molokai the following morning.

Well, it blew 35 knots in the channel with 22 foot seas for the next seven days and seven nights. Fellowship danced on her anchor. Foster protested: Gentlemen don't cruise to windward. I echoed: I ain't going nowhere if the wind is higher than our boat is long. Twenty-three days later, we were still waiting to cross the channel to Molokai. During the interim, a wind shear, a storm system, squalls, gales and rain galore kept us rocking. Coast Guard got repetitive and boring: "Extremely high winds will continue to pester the Aloha State".

Public transportation was cheap, though, so when we needed a change of pace we'd bus 'round the island. Clockwise brought us to the fleshpots of Honolulu. Heading anti-clockwise, we discovered the surf at Waimea Beach.

Kaneohe Yacht Club

Haleolono, Molokai

I got proficient at making musubis, a sushi-like delicacy incorporating tinned Spam, rice and generous amounts of wasabi, wrapped in sheets of nori. Spam is a Hawaiian favourite: Spam Chowder, Spam Fu Young, Spam Slaw, Spam Quiche, Kahlua Spam ... endless variations.

If there's one thing a cruiser can't stand, it's watching water go to waste. But once you've filled all the tanks, buckets, pots, tea kettle, and dinghy, what do you do? With all the rain, we shifted into cleaning mode and while Foster attacked rust and dirt on deck, I mounted an onslaught against must and mold in the galley and laundered everything in sight. When we tired of being industrious, we weighed anchor and shifted half a mile ... back to the sandbar where, marooned on the temporary islet, we once again made monuments of coral and constructed immense sandcastles. Before the tide rose and fell again ...

It wasn't long before we thought we might be going off our rockers ... Remember the Sixties hit by the animals - "We gotta get out of this place, if it's the last thing we ever do". Well, the rhythm and refrain pounded continuously through our heads. We began to wonder if we'd ever get to Molokai.

But every cloud has a silver lining. Fellowship has a good ship's library - and now we had the luxury of time to rediscover our favourites and to unearth books we'd overlooked. Joshua Slocum, Farley Mowatt and James Michener kept us company that month.

The weather moderated eventually, and we left Kaneohe Bay via the Sampan Channel. Southwesterly winds made for a fast crossing to Molokai, although the seas were quite steep and confused off Lau'u Pt. With Fellowship safely anchored inside the old harbour of Haleolono, we hiked along the beach - swimming, shell collecting, investigating, the flotsam and jetsam washed up along the shore. Afterwards, we cooled off in an abandoned outdoor camp shower at Halena.

Molokai's barefoot and sunny south coast attracts humpback whales during the winter. Not surprisingly, we saw several blow in the distance offshore. We reprovisioned in Molokai's main town Kaunakakai, and tried to rent a car.

There were no cars available - due to a funeral! We mollified ourselves with donuts, then sailed eastward. Finding the narrow opening in the reef at Kamalo Harbour, we carefully made our way in, anchored, then dinghied ashore for explorations. Molokai was once a leper colony, and we found an old church built by local hero Father Damien and a fruit stand with divine tangelos.

We hitchhiked to Halawa to view the spectacular waterfalls and resplendent forest. Back on board that evening, I endeavoured to learn the hula via lessons broadcast on the local radio station. What a scream! Giving up, we switched over to short-wave radio. As we listened to the World News, a Blue Moon rose behind the eastern headland. The soft light moondanced across calm waters towards us, beckoning like a twinkling road. ■

OPINION

New Zealand looks for "quality" migrants

David Barber

WELLINGTON

IMMIGRATION is an issue never long out of the headlines in New Zealand as the Pacific Island community well knows.

Getting the right mix of policies to maintain population growth and therefore ensure expansion of the economy, while not opening the borders to unmanageable numbers of newcomers, has vexed successive governments for years.

There have been countless reviews and policy changes and still the government is struggling to get it right. Latest figures show that population growth has virtually stopped, with an overall increase of only 19,300 in the 12 months to March 31, or just 0.5 per cent.

The main reason is that New Zealanders are leaving the country in record numbers at the same time as the government's drive to attract more skilled, so-called "quality" migrants is flagging.

In the last March year, New Zealand experienced its first net annual migration loss in nine years - 10,200 more people left the country, saying they were going permanently, than newcomers arrived. Over the same period, the natural population increase of births over deaths fell slightly from 30,100 to 29,500.

The figures showed little chance of the government reaching its target of 38,000 immigrants a year announced in June 1998 when it launched yet another revamped policy.

The aim, then Immigration Minister Max Bradford said, was to achieve a net migration gain of 10,000 more permanent arrivals over departures annually.

The accent has always been on "quality" migrants, a focus that naturally puts New Zealand in direct competition with countries like Australia, Canada and the United States, who also welcome immigrants but like to pick and choose those with qualifications and skills that can make a positive contribution to the national economy.

As far as New Zealand is concerned, that focus does not always work. Once here, many migrants find their degrees and qualifications are not recognised by professional bodies so they cannot practice and end up unemployed or doing menial jobs.

Former Prime Minister David Lange highlighted this situation in a television documentary earlier this year. (See PIM, June 1999).

But there is no shortage of other people who want to come to New Zealand and will pay a lot of money to illegal migrant traffickers and risk their lives to get here.

This situation was highlighted in June when the government was galvanised into action by reports that one or more shiploads of so-called Chinese boat people were heading for New Zealand.

One ship with 102 Chinese on board was reported to have left Honiara in the Solomons with the express intention of trying to reach New Zealand and two others were said to be on the way.

While Chinese have landed in Australia after reportedly paying thousands of dollars to traffickers who made false promises of jobs and opportunities on arrival, none were known to have reached New Zealand.

The news confirmed government fears that New Zealand, long spared by distance from the pressures other countries faced from immigrants masquerading as refugees, was now being targeted by traffickers who preyed on people's hopes and dreams of a better life in another land. This spurred the government into holding an urgent session of Parliament to bring forward a new law specifically designed to combat such immigration scams.

The law was passed in April but was not due to come into effect until October. It followed a fourfold increase to 2670 a year in the number of people arriving here - mostly by air - and claiming refugee status.

An over-generous legislation allowed them to request asylum, often after destroying their passports on route, and to be released after 28 days. They were then given work permits, welfare benefits and health care and allowed to live and work here while their applications went through a lengthy process of investigation.

A complex system of appeals enabled them to drag out their stays for as long as six years before their claims were proved to be false - as was the case with 84 per cent of them. In one year, they cost the country at least $67 million - money that would have been better spent on New Zealanders and bona fide immigrants.

The new law allows for indefinite detention - a former prison was reactivated to house the Chinese boat people if they landed - a streamlined investigation process and quick deportation to their homeland for those whose claims of refugee status were found to be false.

New Zealand would honour its obligations under the 1951 United Nations Convention on the Status of Refugees and genuine seekers of asylum from political, racial and religious persecution would treated accordingly, the government said.

It had already agreed to accept 600 refugees from Kosovo, on top of the 750 places set aside annually in a quota for genuine refugees referred to it by the United Nations.

But the new law would ensure the borders would be closed to illegal migrants, the government said. As with all immigration issues, this was not done without controversy.

The opposition dubbed the government's haste in advancing the implementation date of the new law a panic move and accused it of judging the boat people illegal immigrants and not genuine refugees before they had even arrived here.

But most New Zealanders agreed it was time to end exploitation of a system that had been too loose for too long, remove any suspicion that New Zealand was an easy target for unscrupulous migrant traffickers and allow the government to concentrate on attracting the sort of immigrants the country needs. ■

OPINION

Alarming new greenhouse research

Jemima Garrett

SYDNEY

NEW research by one of Australia's leading marine biologists predicts coral reefs will be one of the first casualties of global warming and that their demise may be a matter of decades away.

For the Pacific, such an outcome would, obviously, be disastrous. Not only do coral reefs provide livelihood and export income for the hundreds of thousands of people involved in tourism and fishing but they also provide the main protection for coastal communities against fierce waves thrown up by the increasing number of cyclones lashing the region.

The cause of the problem, it seems, is rising temperatures in tropical sea water. Coral is sensitive to sea temperature.

Over the past 100 years sea temperature has risen by one degree Celsius pushing coral to the very top in its thermal range.

Now sea temperature is rising even faster. Eight of the hottest years on record have occurred in the last decade and in 1998, the hottest year, we saw an unprecedented world-wide mass coral bleaching.

It is this sort of event that Professor Ove Hoegh-Guldberg, Director of the Coral Reef Research Institute, at the University of Sydney, believes is threatening the future of the world's reefs.

Bleaching occurs when microscopic plants, called zooxanthellae, which live inside the cells of the coral (providing it with food), become damaged by heat and light. The coral expels the damaged zooxanthellae and usually dies a short time later from starvation.

While the fossil record suggests reefs can recover from bleaching, it can take hundreds or even thousands of years to recover from one severe bleaching incident.

Recent mass bleaching events were first recorded in 1979. Since then entire reef systems have been killed by bleaching. During 1998 every region of the world experienced some severe coral bleaching.

In his recently release research, which was commissioned by Greenpeace, Professor Hoegh-Guldberg set out to discover what sort of bleaching we might see in the next hundred years, if heat-trapping greenhouse gas emissions, are not reduced.

His results were tested against four of the world's leading climate change computer models and even conservative scientists are saying we should ignore them at our peril.

Hoegh-Guldberg found bleaching events are set to increase in frequency and intensity and that events like that of 1998 could become commonplace in 30 years. Every coral reef examined in Southeast Asia, the Pacific, Australia and the Caribbean showed the same trend. In summary, he said: "the rapidity and extent of these projected changes, if realised, spells catastrophe for tropical marine ecosystems everywhere and suggests that unrestrained warming cannot occur without the complete loss of coral reefs on a global scale."

Under current conditions, the southern and central portions of Australia's Great Barrier Reef are likely to be severely affected by sea temperature rise in the next 20-40 years.

Greenpeace is using this evidence as its steps up its campaign to put a stop to a huge shale oil development that is in its pilot stages at Gladstone in Queensland, an area that suffered some of the worst coral bleaching in 1998.

Global warming, which causes coral bleaching and a host of other problems that threaten the very existence of island nations, is mainly caused by industrial pollutants, particularly those (greenhouse) gases put off during the burning of fossil fuels.

Shale oil is notorious for being the dirtiest form of fossil fuel. Over the next six years the Stuart shale oil development will receive around AUD$240 million in subsidies from the Howard government, without which many analysts suggest it would not be viable. This project is so big that Greenpeace estimates that by 2010, it could on its own, increase Australia's greenhouse gas emissions by up to 1.5 per cent on 1990 levels.

This does not seem to bother prime minister John Howard who bases his support for the project on the jobs it is likely to create.

What he ignores is the potential of the renewable energy industry. Companies such as photovoltaic solar panel manufacturer, Pacific Solar, estimate that for $580 million (a fraction of the investment involved in the Stuart shale oil project) Australia could lead the world in rooftop solar power, producing annual revenue of $1.16 billion by 2010 and creating 3,100 jobs.

The Pacific Islands, like the rest of the world, are relying on the Kyoto Protocol on climate change to begin the process of reducing greenhouse gas emissions.

Under that protocol the industrialised nations have pledged to reduce their emissions to 5.2 per cent below their 1990 levels by 2010, not nearly enough to stabilise concentrations of greenhouse gases in the atmosphere but, at least, a step in the right direction.

Now, it seems, even that small gain might be at risk.

Greenpeace's latest analysis suggests that the so-called 'loopholes' in the Kyoto Protocol are so big that they will allow the industrialised nations to meet their commitments without taking any significant action to curb emissions.

This is being achieved by the failure to put adequate limits on emission credits (credits being given for some countervailing action, such as tree planting in another country) and on emissions trading (buying a quota of emissions from another country that is not going to use all its allocation).

The scale of possible emissions trading is only now being coming clear. ■

How to prepare for the 21st Century technology explosion

Continued from page 35

pensive to use, can take a large lump of time out of a manager's working week!

CD-ROM - The Computer Software & Services 2000 CD-ROM, available from Learned Information is a comprehensive guide to the UK IT industry.

Listing over 5,000 companies and 12,000 products it is an extremely useful reference tool for the industry's heavy user, that is, Solution Providers, Resellers and Consultants.

However, at £470.00 including online updating services for one year, this excellent tool is probably too expensive for occasional use by companies seeking a single software product or a particular computer service. Product and service profiles are somewhat heavily weighted in favour of technical information.

Computer Megastores - In today's marketplace Computer Megastores are to be found in most major towns and cities - doing to the local computer shop what the supermarket chains have done to the local grocer.

It is the way of today's world, and when one looks at what these giants, such as 'PC World' and 'Time', have to offer it is difficult to argue against them.

With pre-configured machines, shelves piled high with peripherals and add-ons, thousands of 'shrink-wrapped' software packages, plus networking and support services the Megastores seem to offer everything the SoHo (small office/home office) and leisure market could ask for.

Companies seeking industry specific software, technical applications or specialist services will probably not find what they want in the Megastore.

Also, quality of support services and technical advice depends on the availability and ability of staff at a particular location and can vary. Too often the customer is faced with hours of waiting whilst the instore 'experts' wander around in apparent bewilderment.

Direct Sales - Like the Computer Megastores, Direct Sales outlets such as 'DIRECT focus', 'SMC direct', 'Insight', and 'Software Warehouse', supply both a huge variety of hardware and peripheral products, and the full range of 'shrink-wrapped' software. Pricing is very competitive and next day delivery is fast becoming the norm. Sales and management are usually helpful and for the most part offer good advice on the products that they sell.

The advent of the 'open all hours' Internet and the rapid growth in online buying will allow more and more businesses to select their suppliers from an ever-widening global marketplace

The disadvantages of buying from a direct sales company can be, insufficient technical support (buyers may find themselves 'referred to the manufacturer' when problems occur), lengthy phone calls when seeking support (one rarely has the problem with sales, but when asking for support it seems that the caller is always placed in a queue), and the inevitable delays incurred when faulty goods have to be repaired or replaced.

Provider's Solution - An increasing number of software product and computer service providers are adding their expertise to a new online service: the 'Virtual Community of Software Providers' (VcSP).

A growing community, with members around the world, the VcSP provides a unique link to today's IT solutions by offering detailed profiles of all member's products and services at one address on the Internet. A specially written, in house facility helps the user to search the database and all product/service profiles give access to full provider details.

A powerful back-up service is also provided for users who cannot locate the product/service that matches their requirements. In such instances 'VcSP User Services' will carry out an advanced search on the users behalf - to take advantage of this service one has to complete the 'Requirements' form on the VcSP web site (or alternatively, supply details of requirement via email or fax).

Optional registration is an additional feature for users, but it is worth consideration.

Responding to managers and owners, who have stated that "it is good practice to stay 'up-to-date' and maintain an awareness of what the marketplace has to offer", VcSP will 'e-mail' details of new software products that have a particular relevance to all registered businesses. Perhaps the most unusual aspect of 'VcSP User Services' (found at www.vcsp.com) is that they are provided without charge!

As we depart the 20th Century one thing is certain; the business arena will become even more competitive.

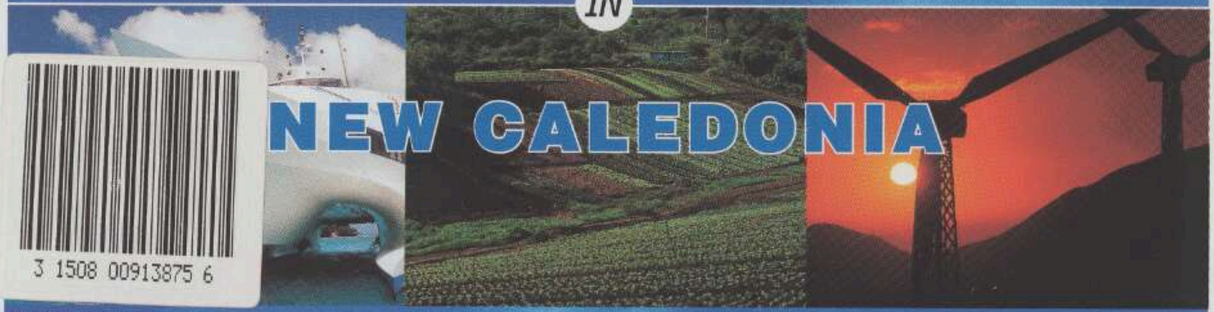
The advent of the 'open all hours' Internet and the rapid growth in online buying will allow more and more businesses to select their suppliers from an ever-widening global marketplace.

Staying on top of your market, or even just keeping up, will be vital and information will play a major role in every business.

Selection of software that meets the needs of your business, every day, could be the key that opens the door to future success! ■

invest

IN



Photos : Marit - Pantz - Trompas

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As your free-of-charge partner, we shall assist you in identifying opportunities and putting together your project successfully.

Should you like to receive further information, please do not hesitate to contact either
Yann PITOLLET or
Benoît RENGADE.
E-mail: adecal@offratel.nc

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New Caledonia Economic Development Bureau

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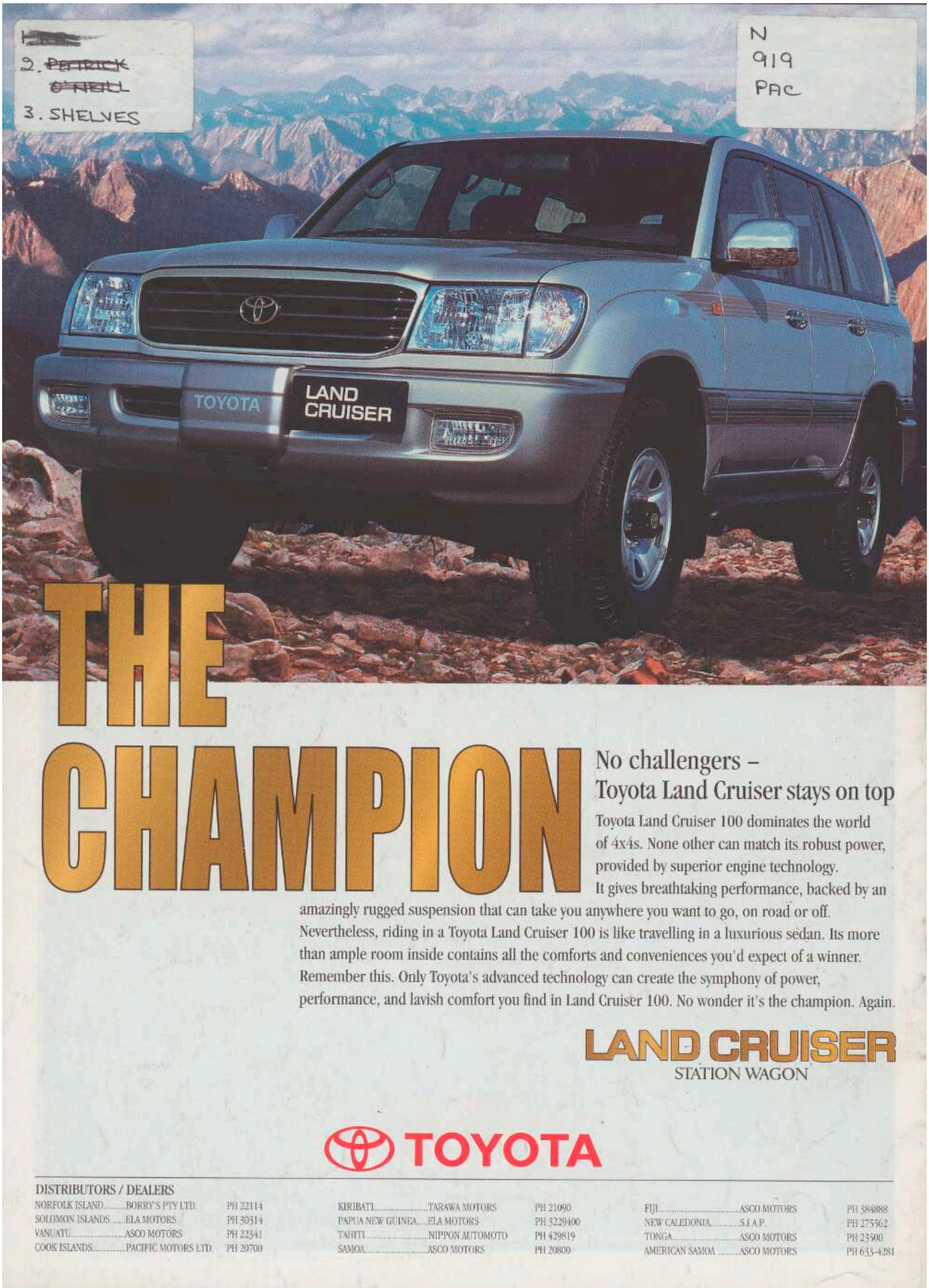
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