

# Executive Summary

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As the 21<sup>st</sup> century begins, Pacific Island countries are being confronted with new challenges and opportunities arising from changes in their physical, social, and economic environment. Pacific Island countries can actively engage in foreseeing and managing the process of adaptation to these changes, or they can have unplanned adaptation imposed on them by forces outside their control.

One of the major areas where managing change will be critical is the interaction between people and the Pacific ocean. Managing the use of this immense ocean and of the increasingly threatened coastal areas will be a key challenge for Pacific Island countries in the 21<sup>st</sup> century, requiring stronger collaboration among communities, governments and organizations throughout the region.

Three issues related to the use of the ocean offer both great opportunities as well as great challenges for Pacific Island people: the management of coastal areas and their resources, the management of tuna fisheries, and the regulatory framework for seabed mining.

This volume examines how Pacific Island countries could best address these challenges in face of current trends. The key outcome of the report is intended to be an improved understanding of the need for management interventions. The report also argues for a greater collaboration between traditional, national and regional organizations in ocean management, able to maximize their comparative strengths while minimizing the inefficiencies in their interaction.

This volume is divided into five chapters. Chapter 1 provides an overview of the importance of the ocean to Pacific Island people, and describes the key challenges and opportunities the ocean presents. Chapter 2 outlines a strategy for managing coastal areas in the Pacific. Chapter 3 focuses on the

management of shared tuna fisheries and on ways Pacific Island countries could optimize their benefits under a new regional management regime. Chapter 4 analyzes the policy and regulatory environment for seabed mining. A summary of key findings and recommendations is included in Chapter 5. Annexes A and B describe the methodology used to value subsistence fisheries and provide relevant statistics. Background studies to this report are cited in *References*.

This volume is the third of a four-volume report entitled “*Cities, Seas and Storms: Managing Change in the Pacific Island Economies*” produced by the World Bank as the Year 2000 Regional Economic Report for the Pacific Islands. In addition to this volume, the series includes a summary report (Volume I); a volume dedicated to the management of Pacific towns (Volume II) and a volume focusing on adaptation to climate change (Volume IV).

## The Coast

Coastal areas serve not only as an integral part of Pacific Islanders’ culture, but also represent vital sources of food and income. Without subsistence fisheries, countries such as Fiji, Samoa, the Solomon Islands and Vanuatu would have to import an additional US\$7-\$15 million a year in foods of equivalent protein content. Coastal areas also help support a US\$1 billion a year tourism industry, and are important sources of construction and housing materials. And the coral reefs and mangroves that surround the small islands play critical roles in protecting the coastal infrastructure against storms.

For long, the coastal areas and lagoons have been viewed as an infinite source of fish, and a receptacle for much of the waste generated by towns and villages.

This perception has to change. Coastal areas throughout the Pacific are being threatened by

overfishing, pollution, mining, and poor coastal planning, resulting in fisheries depletion and coastal degradation.

These problems are imposing significant economic and social costs on Pacific Island countries. As most communities and economic activities are located at or near the coast, the degradation of the coastal areas has a direct impact onto the livelihoods and well being of Pacific Island people. It is also in the coastal areas that much of the islands' vulnerability to extreme climate events can be found. And coastal degradation could have broader economic impacts: in an increasingly globalized world, the quality of the coastal environment and the management strategies adopted by Pacific Island governments to minimize coastal hazards will become critical factors in investors' decisions on whether or not to invest in a particular country.

Addressing these challenges will require close partnerships between coastal communities and governments. Neither governments nor communities can manage coastal areas on their own. Due to the distances between islands and the existence of customary marine tenure in many islands, government-only efforts cannot succeed in isolation. At the same time, communities need help in controlling threats to their coastal areas that cannot be easily handled at the site level (such as pollution). Collaborative, or co-management partnerships between coastal communities, governments, and nongovernmental organizations (NGOs) will be necessary to effectively manage coastal areas and restore their productivity and functions.

To be effective, co-management partnerships should meet three conditions:

- The roles of coastal communities and their external partners—governments or NGOs—need to be defined clearly, in a way that draws upon the comparative strengths of each partner.
- Effective communication forums—such as island councils—need to be established between communities and their external partners.

- Intersectoral planning among government agencies should be promoted to prevent conflicting or overlapping policies in coastal areas.

These activities do not require large budgets. Rather, they require a commitment from governments and donors to work closely with local level institutions to provide the kind of assistance communities need to manage their coastal areas.

## **Tuna Fisheries**

Pacific Island countries control an Exclusive Economic Zone (EEZ) with the richest tuna fishing grounds in the world: up to a third of the world's tuna catch is caught there, at a value of US\$1.3 billion in 1998. Most tuna is caught by distant water fishing fleets, who pay coastal states license fees for the right to fish in their EEZs. These fees represent some 30-60 percent of the total revenue generated by Micronesian countries.

The management of tuna fisheries poses particular challenges to Pacific Island countries. Because tuna are highly migratory, their management requires close regional collaboration. Pacific Island countries and distant water fishing nations have put considerable efforts in recent years in negotiating a new regional convention to manage and conserve the tuna resources of the Western and Central Pacific.

However, poor collaboration among Pacific countries and uncertainties on key aspects of the convention—namely, the financial contributions of member states and the allocation of the total allowable catch—may weaken the Pacific Island countries' ability to maximize future benefits from tuna exploitation in their Exclusive Economic Zones.

The new convention allows coastal states the right to continue to manage tuna resources in their EEZs. Yet the new management regime is likely to require a substantial financial contribution from coastal states, in the order of US\$2 million in additional investment costs and US\$3 million in annual operating costs. Currently, some 55 percent of the operating costs are funded by foreign aid. If

aid donors shifted their support from the existing vessel monitoring system (which is controlled by Pacific Island countries) to a new regional system supported by the commission (which is controlled also by distant water fishing nations), Pacific Island countries could lose their ability to independently monitor fishing operations on their EEZs. For this reason, coastal states should seek to retain and expand upon the existing vessel monitoring system, and in moving toward a user-pay approach where foreign fleets would shoulder most of the burden of tuna management.

Another issue where future decisions will be critical is the allocation of total allowable catch (TAC) between coastal states and distant water fishing nations. An allocation of the TAC to coastal states as a group (possibly reflecting tuna concentrations on their EEZs), would strengthen the Pacific Island countries' power to negotiate access fees. Any allocation to individual countries, on the other hand, would weaken their negotiating leverage and create incentives for the countries to discontinue regional cooperation.

At present, the only multilateral agreement in the region is the United States Treaty. All other agreements have been negotiated bilaterally. Pacific Island countries cite fears of losing bilateral aid and reluctance to subsidize less-endowed countries as common reasons for this preference. However, multilateral negotiations would give Pacific Island countries the best opportunity to derive optimal access fees, as the coastal states' position would change from that of a small seller of a modest, fluctuating resource to a single supplier of a large and stable resource. Negotiating as a group would also prevent distant water fishing nations from negotiating only with countries offering the most favorable conditions.

The key to success is regional collaboration. To maximize their benefits under the new management regime, Pacific Island countries should collaborate as a group to preserve independent monitoring in their EEZs, retain a fair share of the total allowable tuna catch, and negotiate optimal access fee agreements with distant water fishing nations.

## Seabed Mining

Although the exploitation of deep sea minerals is yet to commence, seabed mining could become a reality in the Pacific within the next 10-30 years. The potential for the industry is reportedly large.

Under the Law of the Sea Convention, Pacific Island countries who qualify have until 2004 to extend maritime claims from their 200-mile EEZ to the limits of the continental margin. Extending these claims would provide them with rights to additional seabed mineral deposits that may occur in these areas, and should therefore be completed as a matter of urgency.

Given the potential environmental impacts and the large scale of seabed mining operations, it is critical that Pacific Island countries adopt appropriate seabed mining policies. These policies and subsequent legislation should create a suitable climate for foreign investment, while at the same time establishing strict environment safeguards, independent environmental monitoring, and a forum for public participation in licensing decisions. Pacific Island governments may want to consider the following environmental safeguards in the development of these policies:

- Assess environmental impacts in actual field conditions prior to the issuance of exploitation licenses;
- Adopt a regional code of environmental practice;
- Establish a regional system for independent monitoring;
- Impose strict penalties for pollution;
- Require up front rehabilitation deposits and environmental bonds; and
- Ban seabed mining in areas of high biological value.

Regional collaboration among coastal states will be important not only in surveying areas of the continental shelf, but also in the development of future arrangements for environmental monitoring, and in the drafting and implementation of national offshore mineral policies.

These recommendations are meant not only to assist Pacific Island countries in meeting the challenges of managing the use of the ocean, but also to encourage them to utilize the opportunities it represents. By embracing these opportunities, Pacific Island stand a better chance to use wisely the resources and functions of the ocean, and ensure a continuation of these benefits for years to come.

