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**Diplomatic Strategies: The Pacific Islands
and Japan**



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AUSTRALIA-JAPAN RESEARCH CENTRE







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DIPLOMATIC STRATEGIES: THE PACIFIC ISLANDS AND JAPAN

Japan is a leading distant water fishing nation, aid donor and trading partner in the Pacific island region. The question that this paper addresses is how do, or how might, Pacific island countries maximise their interests in dealing with Japan. The paper explores various regional strategies that Pacific island countries have utilised, especially in the area of fisheries diplomacy. The purpose of the analysis is to identify where regional cooperation has worked or could work, and to thus establish a clearer basis for regional or collective diplomacy. It argues that extreme disparities between Japan and the Pacific island states may be balanced to some extent by regional strategies. States may enhance their leverage through a combination of collective diplomacy, building 'alliances' with other external powers and exploiting opportunities provided by new international regimes. They may even gain advantage from bureaucratic divisions and rivalry within Japan's foreign policy and fisheries administrations.

Introduction

The theme of the 1996 South Pacific Forum meeting was 'Regional Solidarity for the Common Good?'. The question mark, which was accidentally left off the final communiqué of the meeting, was crucial to the Forum's theme. Essentially, the Pacific island leaders were responding to a call to rethink regional cooperation: to identify where it has worked and where it has not worked. As the host of the meeting, the Marshall Islands government suggested that there should be 'all the freedom and latitude necessary to ponder...which issues require solidarity at the regional level and which should be left to the sub-regions or to individual nations' (South Pacific Forum 1996). This reflects a more pragmatic approach to regional cooperation than was perhaps evident in the past; an emphasis on results, or on what Papua New Guinea's then Prime Minister, Sir Julius Chan (1996), termed in his Forum statement on the theme: 'dispassionate calculation'.

This paper engages in some 'dispassionate calculation' of the benefits and value of regional cooperation in Pacific island diplomacy. The emphasis here is the broad issue of how Pacific island countries may maximise their interests in dealing with extra-regional powers. The focus is Japan, a leading distant water fishing nation, aid donor and trading partner in the region. Based on this empirical study of the various strategies that Pacific island countries have utilised



in their dealings with Japan, the paper considers what strategies have worked and what could work. It aims to make a case for coordinating Pacific island diplomacy, alongside other diplomatic strategies.

Some dimensions of the Japan–Pacific islands relationship

Fisheries

Japan's principal interest and concern in the region is fisheries. The central and western Pacific produces almost one-half of the global catch of primary market species of tuna and about 60 per cent of global demand of canning tuna. In 1995, the estimated value of the regional fishery was about \$1.7 billion.¹ Of the estimated one million tonnes taken annually from the 200-mile Exclusive Economic Zones (EEZs) of the Pacific island countries, about 95 per cent is taken by distant water fishing nations. In 1995 these included purse seine fleets from the USA (46 vessels), Taiwan (43 vessels), Japan (32 vessels), South Korea (29 vessels) and the Philippines (11 vessels). Purse seiners accounted for 780,000 tonnes of tuna in 1995, worth about \$750 million. Longliners (from Japan, Taiwan and South Korea) accounted for about 110,000 tonnes of tuna in 1995, worth an estimated \$590 million (Aiavao 1996). The longline vessels mainly target the higher-value big eye and yellowfin tuna for the *sashimi* market in Japan. The fresh longline fishery is dominated by vessels from Taiwan and China, which are mainly based in the region. The frozen longline fishery is dominated by Japan, with about 400 vessels operating in the region under bilateral access agreements. Japanese vessels also dominate the pole and line fishery in the region, which accounted for about 80,000 tonnes in 1995.

Total access fees paid by distant water fishing nations are estimated to be \$50–\$60 million a year. This includes about \$18 million from the US under a multilateral access agreement and about \$19 million paid by Japanese vessels under bilateral access arrangements. For Japan this is equivalent to between 4.5 and 5.5 per cent of the catch value, while the US agreement, which is subsidised by the US government, pays close to 10 per cent rate of return.² Japan currently has access agreements with Kiribati, the Federated States of Micronesia, the Marshall Islands, Palau, Nauru, the Solomon Islands and Tuvalu. In the early 1990s, the region accounted for about 82 per cent of Japan's total purse seine catch, about 33 per cent of total pole and line catch, and about 20 per cent of longline catch (FFA 1992; MAFF 1991). The Japanese market consumed 340,000 tonnes of tuna in 1995, more than 50 per cent of which was supplied by



imports mainly from other distant water fishing nations. The region accounted for 25 per cent of Japan's fresh tuna imports.

Major issues for the region in its dealings with Japan on fisheries matters include the question of future management regimes in the central and western Pacific. Under the recently ratified Law of the Sea Convention and the Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks concluded in 1995, there is a clear obligation for coastal states to cooperate with distant water fishing nations in order to effectively manage the tuna stocks across their entire range. This may require cooperation in a broad-based fisheries management body which, in the past, the Pacific island states have strongly opposed, fearing that such organisations would lead to a loss of control over the tuna resource within their EEZs. At present, Pacific island countries mainly coordinate their fisheries management policies through the South Pacific Forum Fisheries Agency (FFA), which comprises independent and self-governing Pacific island states, Australia and New Zealand.

Other priorities include improvement in the terms and conditions of bilateral access agreements with Japan's fishing industry, in order to increase the benefits to Pacific island states of foreign licensing arrangements. Pacific island countries, through a sub-regional group known as the Parties to the Nauru Agreement, have established minimum terms and conditions of access (MTCs) that apply to all access agreements.³ In recent years, the emphasis has been on securing greater commitment by Japan and other distant water fishing nations to the development of domestic fishing industry capacity in the islands. Measures that have been adopted include the Palau Arrangement for the Management of the Western Pacific Purse Seine Fishery⁴ and the Federated States of Micronesia Agreement for Regional Fisheries Access.⁵ These agreements, both of which came into force in 1995, provide incentives to fishing enterprises that are locally based or otherwise making a significant contribution to the economic development of the region.

Japan has a better reputation than some other distant water fishing nations with regard to compliance with the various MTCs, but it is still reluctant to cooperate fully with regional management arrangements. This stems from its long-held position that the management of tuna in the region should be subject to regimes comprising both coastal states and distant water fishing nations. In particular, it is opposed to measures where coastal states extend controls over fishing activity on the high seas, beyond their EEZs.⁶ It has sought to make such cooperation with the region conditional on its participation in management frameworks.



Japan's main concerns are the security and stability of access agreements. It is mainly worried about competition for access from other distant water fishing nations (especially Taiwan and China, the latter with longline fleets based in the region). It is strongly interested in participating in regional management frameworks where it has some control over the issuing of licences and quotas and control over the proliferating number of foreign fleets operating in the region. It declares a concern about the potential for depletion of the region's tuna stocks and doubts the accuracy of the South Pacific Commission's tuna research and data. In this context it should be noted that Japan's record, once within management frameworks (such as the Southern Bluefin Tuna Conservation Treaty, which includes Australia, New Zealand and Japan), is to be more rather than less sanguine about the state of the tuna stock, and to advocate larger rather than smaller quotas (*FFA News Digest* 1996).

The Japanese tuna fishing fleets are also facing acute economic problems: fighting for survival against cheaper imports into the Japanese market and more efficient competitors. The Japanese government is reluctant to subsidise directly the access fees paid by the industry (as the US government does), preferring to use aid as an indirect subsidy. Aid is also used to support Japanese industry involvement in joint venture fisheries in the region. These include a fish cannery in the Solomon Islands (Solomon Taiyo), a fishermen's training school in Kiribati, and a fresh tuna airfreight operation in the Federated States of Micronesia. These ventures have also relied, for their capitalisation, on soft loans provided by the semi-official Overseas Fisheries Cooperation Foundation (OFCF). In general, Japanese industry is cautious about participation in overseas joint ventures as these are not deemed profitable.

There is an absence of strong political support in Japan for the industry, due to various factors, and a tendency to approach structural adjustment in an ad hoc way and in response to overwhelming pressure, such as the international campaign against large-scale driftnets which led to the phasing-out of the driftnet industry in Japan. That issue sparked a more general concern in Japan that environmental lobby groups would provoke an 'emotional reaction' in the West against fishing and lead to more broad-based moratoria or restrictions on commercial fishing on the high seas. Such restrictions would threaten Japan's supplies of tuna and other fish species. It has thus worked hard in recent years to demonstrate its concern for conservation issues, and one strategy has been to designate a new category of fisheries aid as environmental aid. Pacific island states have been among the beneficiaries of this aid (Tarte 1995, pp. 141–59).



Aid

Fisheries access was the original motivation for Japan's aid to the South Pacific and it continues to be a major rationale underpinning its South Pacific aid policies. Some countries in the region (which have bilateral access agreements with Japan) receive fisheries grant aid and technical cooperation as an inducement to continuing their agreements. This aid serves as an indirect subsidy to individual operators who are unwilling or unable to pay higher access fees. The region is also a lucrative market for Japanese suppliers of fisheries-related goods and services and this is one reason why Japan prefers to give aid 'in kind' rather than as cash grants.

Japan is the region's leading aid donor besides Australia. In 1993, for example, the region received about \$689.2 million as Official Development Assistance (ODA) (ESCAP 1996, p. 42). Of this, approximately \$555.5 million was provided as bilateral aid, via country-to-country programs, by Development Assistance Committee member countries. Australia and Japan were the largest bilateral donors by far, contributing \$279.2 million and \$137.8 million, respectively. Within Australia's aid program, the largest share (about \$221.8 million) was provided to Papua New Guinea (PNG), leaving \$57.4 million to be shared by the other island countries. PNG, while the largest recipient of Japan's South Pacific aid, consumed a far smaller share (\$27.4 million). This left \$110.4 million that was distributed among the other Pacific island countries, far more than Australia's share. According to the latest comparative figures, in 1994 Japan's bilateral aid to the region totalled \$124.8 million while Australia's was \$293.4 million. PNG received \$21.8 million from Japan and \$234.6 million from Australia (Gaimusho 1996).

Major issues for South Pacific states in their aid relations with Japan include modifying Japan's aid policies so that they are more responsive to the needs and priorities of the Pacific island states. Japan's aid policies (probably more so than those of other donors) are heavily dictated by its interests and by its decision-making structures. Problems that arise are a lack of flexibility in the disbursement of aid (in this context there is a tendency to provide mainly large-scale infrastructure projects, with aid disbursed in a one-year cycle); the project cycle is extremely cumbersome and unwieldy, and policy actors tend to be constrained by rigid procedures and bureaucratic hierarchies. Policy is also against ongoing aid to support the running of projects, thus leading to heavy maintenance costs or a recurrent cost burden for the recipient. In addition, due to the tendency to provide large projects, aid flows may fluctuate significantly from year to year, depending on whether a project is being implemented.



Other problems stem from the sometimes-cynical use of aid as a bargaining lever in fisheries access negotiations or as a punitive instrument against countries that criticise Japan. Almost all of Japan's aid to the region is bilateral, which means there is much scope for pressuring countries on a bilateral basis. Despite overtures from South Pacific states, Japan has not been persuaded, so far, to allocate significant amounts of aid to regional organisations or programs. Unlike Australia, which is a leading donor to almost all South Pacific regional organisations, Japan provides only limited support to the South Pacific Forum secretariat. This support, in the form of an annual cash grant, began in 1989. Originally \$400,000, it has gradually increased to \$600,000 per annum. Japan's policy, in general, is not to provide aid to organisations of which it is not a member; the Forum secretariat is an exception to this rule. Japan will provide a grant to a regional organisation (for example, the University of the South Pacific) if the Exchange of Notes agreement is signed on a bilateral basis (for example, with Fiji, which hosts the main university campus). In addition, Japan does not provide budget support or non-project tied aid.⁷

There are no indications that Japan will follow the direction of some other donors (the USA and Britain) and reduce its aid presence. The region consumes less than 2 per cent of Japan's total ODA and is thus marginal to its overall aid flows. But with pressures in Japan to reduce the budget for ODA, there may be added incentive to define new rationales for aid to the South Pacific and to demonstrate more effective use of aid.⁸

It may also be increasingly difficult to secure additional aid resources for the region. One regional initiative, which was resisted for many years by the Japanese government, was the establishment of a Pacific Islands Economic Centre in Tokyo, funded mainly by the Japanese government. Opened in October 1996, it was originally conceived as a trade promotion office but has taken on the appearance of an all-purpose public relations centre (under the jurisdiction of the Ministry of Foreign Affairs, rather than the more commercially oriented Ministry for International Trade and Industry). The idea of a regional trade promotion office in Japan had been on the South Pacific Forum agenda since the late 1980s. Japan finally agreed to the idea after concerted lobbying by the Forum secretariat and member country embassies in Tokyo. The centre will cover trade, investment and tourism linkages.

Trade

Japan is the largest market for Pacific island exports, accounting for 30 per cent of total exports from the Forum island countries.⁹ The total two-way trade between the Forum island countries



and Japan is valued at \$1.4 billion. The export trade consists mainly of commodities such as wood, oil, non-ferrous ores, fish, vegetables and coconut products. Japan dominates the export trade of Papua New Guinea (23.8 per cent), Solomon Islands (42.7 per cent), Tonga (47.1 per cent) and Vanuatu (19.8 per cent).¹⁰ It is a minor, though still important, export market for Fiji (5.7 per cent) and Western Samoa (2.9 per cent).

Key issues in the trade relationship include the need to secure a larger market share in Japan for Pacific island exports; to improve processing and increase value-added exports; and to secure more joint ventures. There is a recognised need for greater information about the Japanese market and for assistance in establishing contacts in Japan for Pacific island exporters. Potential exists for expanding the range of exports to Japan, especially through the identification of niche markets.¹¹

At a broader level, a major issue for the region is how to prepare for the move towards free trade in the global economy. In this context, Pacific island countries are being urged to develop their links with the APEC forum. Papua New Guinea, the only Pacific island state to be admitted as a full member of APEC, has mooted the idea that APEC provide a framework for trade and economic cooperation between the Pacific island states and advanced industrialised APEC members, on as wide a basis as the Lome Convention with Europe (Chan 1996).

The South Pacific Forum has declared its support for strengthening links with APEC.¹² This may provide Japan with an additional rationale for its economic assistance to the region. Aid officials in Japan see APEC as providing an important basis for its future South Pacific diplomacy, including a form of 'South South cooperation'. This refers to cooperation between developed (for example, Japan) and more advanced developing countries (for example, some ASEAN members) in providing assistance to less developed countries. Other challenges for Japan may include assisting the Pacific island countries to participate in the APEC process and to undertake the kind of economic adjustments and reforms that the free trade regime will require.

Trade, investment and tourism are areas that depend significantly on private sector links in Japan: on private sector interest and the presence of private sector or business partnerships with Pacific island countries. The newly opened Pacific Islands Centre in Tokyo aims to play a role in gathering information about the Japanese market and developing more Japanese private sector interest in the region. It is of course too soon to tell how effective it will be in this role. Despite high expectations, it may be assumed that the current trading pattern will persist for some time.



Diplomacy

Pacific island countries with embassies in Tokyo are Fiji, Papua New Guinea, the Federated States of Micronesia and the Marshall Islands. Others are represented by honorary consuls (often Japanese business people with links to the island country they represent). Japan has an embassy in Fiji (which also covers Tonga, Tuvalu, Kiribati, Nauru and Vanuatu) and in Papua New Guinea. It has smaller consular offices in the Solomon Islands, the Federated States of Micronesia and, from 1997, the Marshall Islands.

Japan is a dialogue partner in the Post Forum Dialogue (the annual meeting between South Pacific Forum representatives and major extra-regional powers that follows the South Pacific Forum leaders summit). It has also participated in all the Pacific Island Countries/Development Partners meetings, hosted by the Forum secretariat, that have taken place periodically since 1991. These discuss a range of economic issues, including aid, private sector development, public sector reform, and donor coordination. A Japanese representative has also attended South Pacific Conference meetings as an observer. There have been extensive contacts between Japanese Fisheries Agency representatives and Pacific island countries at various bilateral, sub-regional and regional fisheries fora.

Delegations from Japan's Ministry of Foreign Affairs also visit the Forum Secretariat from time to time, especially in the lead-up to the United Nations General Assembly sessions, when it is seeking membership of the UN Security Council. Such visits are aimed at securing Forum members' support for Japan's candidature. The Pacific island countries account for eight seats in the UN General Assembly (Fiji, Papua New Guinea, Western Samoa, Vanuatu, Solomon Islands, Federated States of Micronesia, Marshall Islands and Palau) and their combined votes are definitely of consequence to Japan. The Japanese government is also sensitive to regional criticism of its policies (such as driftnet fishing or plutonium shipments) and generally seeks to counter such criticism at South Pacific Forum meetings.

Major issues for the Pacific island states as a group in their diplomatic relations with Japan include securing Japan's support on issues of regional concern (for example, the 1986 vote at the UN on reinscription of New Caledonia on the UN list of countries awaiting decolonisation, the 1994 Conference on Sustainable Development of Small Island States in Barbados and, in 1995, opposition to the resumption of French nuclear testing). In addition, Pacific island states have sought to put international pressure on Japan to modify its policy where conflicts between Japan and the region exist. In the past such issues included driftnet fishing, Japanese shipments of plutonium through the region and Law of the Sea negotiations regarding highly migratory fish



stocks. With respect to bilateral relations, major issues tend to fall into the fisheries, aid and trade categories discussed above.

Diplomatic strategies: regional, sub-regional and bilateral

The following analysis will proceed from the premise that Pacific island interests are best pursued through a combination of regional, sub-regional and bilateral channels. This reflects the fact that some interests are jointly held and may be regarded as common regional interests; others are unique to particular countries. Some interests are quite broad; others are more specific. To restate an earlier point, the purpose of this analysis is to identify where regional cooperation has worked and/or could work and thus establish a clearer basis for regional or collective diplomacy. The main focus will be on fisheries diplomacy.

Fisheries diplomacy

In examining the history of Pacific island states' relations with Japan in the fisheries area, it is apparent that there has gradually been a shift in the relative balance of power between the region and Japan, in favour of the island states. This has led to the gradual rise in access fees, more innovative types of fisheries aid and greater compliance with regional management and conservation measures. There are still major problems and differences. Bilateral access agreements still get suspended because of disagreement over access fees and Japan still insists that it will not provide detailed catch and effort data to the FFA or engage in more substantial cooperation on management efforts unless it is a full member of a regional fisheries regime. Nevertheless Japan is highly vulnerable to pressure on the question of fisheries access and this has been effectively exploited by the island states.

Key factors that have led to changes in the fisheries relationship are:

1. *The US–Pacific islands multilateral fisheries access treaty.* This was first concluded in 1986 and renewed in 1992. The importance of this treaty, an unprecedented arrangement for both the South Pacific and the USA, was that it yielded a far higher rate of return than existing bilateral agreements. Because of the US government's contribution to the agreement, the region received about 10 per cent rate of return in royalties, compared with the 2–3 per cent rate of return received under bilateral agreements. This raised regional expectations for substantial improvement in existing bilateral agreements with Japan. The most significant casualty of this US treaty was the Japan–Papua New Guinea bilateral agreement. PNG was one of Japan's most



important fishing partners in the region but, following the conclusion of the US multilateral treaty, PNG made claims for a rate of return that Japan was unwilling to provide and the agreement was terminated after protracted negotiations.

Papua New Guinea was in a stronger bargaining position than other Pacific island states, being far less dependent on revenue from Japan's access agreement or fisheries aid, and thus it could afford to do without the Japanese agreement. Nevertheless, other Pacific island states also made claims for improvement of their access agreements.¹³ While they were more willing than PNG to compromise, the outcome was that Japan, reluctantly, has had to accommodate these claims. The access fees paid by Japan are now on average 5 per cent. Japan has also introduced new types of fisheries cooperation with the Pacific island states to make bilateral access agreements more attractive. These include small-scale fisheries grant aid and various projects provided under the OFCF.

The other important outcome of the US multilateral fisheries treaty was that US vessels provided the FFA with the most accurate and detailed catch and effort data to date, which gave the FFA the means to verify data provided by other distant water fishing nations and thus establish the extent to which they were cheating by under-reporting or non-reporting. This put pressure on Japan, as well as the other distant water fishing nations, to comply with the MTCs adopted by regional states.

2. *US support/leverage on the driftnet issue.* Much was made of the region's success in securing an end to large-scale driftnetting in the high seas of the South Pacific. The targets of the campaign against driftnetting were Japan, South Korea and Taiwan. Although the efforts of the South Pacific Forum were the focus of attention in the region (the Tarawa Declaration of 1989 and the subsequent Wellington Convention), Japan was actually not moved by these initiatives (at least initially) and it continues to refuse to sign the Wellington Convention. It was opposed to efforts by coastal states to control fishing activity on the high seas (which is where most driftnet activity was being carried out). It also claimed that there was not sufficient scientific evidence to support the claims that driftnetting was putting excessive pressure on fish stocks.

What was of most consequence, ultimately, was US pressure on Japan due to its own campaign against North Pacific driftnetting, and the threat of trade sanctions invoked by US legislation. Japan's diplomatic isolation over this issue was also a significant factor. This led to a compromise resolution being adopted at the UN which mandated an end to all large-scale driftnetting in the South Pacific by mid-1991.¹⁴ The USA has also put pressure on Japan (and



other distant water fishing nations) to curtail tuna fishing where there is a high level of interaction with dolphin. This has led to bans on tuna purse seining in the eastern Pacific.

3. *International coalitions of like-minded states* in the UN Law of the Sea conference convened in 1993 to elaborate on Law of the Sea relating to highly migratory and straddling fish stocks. This conference was an outcome of the 1992 UNCED conference in Rio and was at the instigation of coastal states concerned about the collapse of some major commercial fisheries due to overfishing. This conference, chaired by Fiji diplomat Satya Nandan, witnessed major battle lines being drawn between coastal states (led by Canada) and distant water fishing nations (led by Japan). On the one hand, coastal states sought to legitimise efforts to extend controls over high seas areas in order to properly manage in-zone stocks. On the other hand, fishing nations were intent on preserving the principle of freedom on the high seas.

Pacific island states (through the FFA) were active in the preparatory sessions of this conference, teaming up with 'like-minded' coastal states. Their common objectives included the codification in international law of the 'precautionary approach'¹⁵ and the elaboration of greater flag state responsibility on the high seas. In both these areas they were successful, and the agreement, which opened for signature at the UN in December 1995, has provided for some significant departures from traditional Law of the Sea. For example, it allows for enforcement action to be taken by non-flag states in the event that flag states do not take action to discipline their vessels if they violate regional conservation measures. The agreement also called for special assistance to be provided to developing countries in order that they may carry out management and conservation measures more effectively.

But the agreement also called on coastal states to cooperate more meaningfully with distant water fishing nations in regional fisheries management regimes. In other words, coastal states are obliged to join with fishing nations in more formal organisations or arrangements for fisheries management and conservation. As the chairman of the conference stated: 'The challenge is not whether but how to proceed to establish a mechanism for cooperation between coastal states of the region and distant water fishing nations'.¹⁶ This is viewed by Japan as legitimating its longstanding claims to a broad-based fisheries organisation in the South Pacific.

4. *Rivalry between Japan and other fishing nations for access to the region's tuna*. It is clear that one very important change in the relationship between the Pacific island states and distant water fishing nations is increasing demand and shrinking supply, a trend in fisheries that has been observed worldwide. This has shifted the balance of power in favour of the sellers (Pacific island states) and away from the buyers (distant water fishing nations). This trend has



led to a weakening of Japan's leverage in negotiating with Pacific island states. In 1983, for example, there were 94 purse seiners operating in the South Pacific: from Japan (41), the USA (39), Korea (11) and Taiwan (3). By 1995 there were 161 foreign purse seiners licensed to fish in the region: from the USA (46), Taiwan (43), Japan (32), Korea (29) and the Philippines (11). One factor that has spurred this rise in purse seine activity in the region is the restrictions on fishing in the eastern Pacific, due to US legislation regarding 'dolphin-safe' tuna.

Japanese fleets are also under pressure from the rising number of Taiwanese and Chinese longline vessels that are based in the region and transship their catch directly to Japan. Competition for access has led to open conflict between foreign fishing vessels operating in the region. For example, Japan has alleged that Chinese longline vessels are cutting the fishing lines of Japanese vessels (*FFA News Digest* 1994). There is also intense rivalry (if not hostility) between fishing fleets of the same nationality using different gear types (purse seine versus longline).

Access fees paid by other distant water fishing nations are generally higher than those paid by Japan, due to lower cost structures in those countries or, in the case of the USA, to direct government subsidy. This has put pressure on the Japanese fishing fleets to agree to incremental increases in the access fees paid to the island states. For example, in 1993 the industry maintained that 4 per cent rate of return was their 'break-even point'. By 1995, the industry has shifted this point to 5 per cent. According to the FFA's own assessment, depending on the vessel size and type, Japanese industry could probably afford to pay between 6 and 8 per cent rate of return (Bergin and Howard 1992; *FFA News Digest* 1995b).

While Japan has not agreed to a multilateral access agreement, it has had to address the fact that its own bilateral arrangements are not secure. This contrasts with the security enjoyed by US vessels under the multilateral access treaty. In the period following the conclusion of that treaty, there was increased instability in the access agreements between Japan and the Pacific island states, with more frequent and longer suspensions of agreements.

The region has been able to strengthen its bargaining position, and capitalise on the changed balance of power with fishing nations, by implementing various limited licensing arrangements. These have not only meant greater potential returns from the resource but have also strengthened the conservation efforts of the region. They include the Palau Arrangement, which came into force in November 1995, and the Federated States of Micronesia Arrangement introduced in September 1995. Japan has been forced to accommodate these arrangements and other management measures, despite strong reservations.¹⁷



5. *Bureaucratic divisions and differences within Japan.* There have been conflicts between Japan's foreign policy and fisheries policy agendas in the South Pacific. This is a result of the decentralised and poorly coordinated bureaucracy in Tokyo, but also of the competing priorities of the various policy actors in Japan. Such conflict may work in favour of the Pacific island states.

Evidence of this was the Kuranari Doctrine of 1987 which Pacific island states took as a signal that Japan would cooperate more fully on fisheries matters. The Kuranari Doctrine, named after the foreign minister who delivered the policy speech in Suva in January of that year, was a foreign ministry initiative that pledged, among other things, a doubling of aid to the region. It was designed to demonstrate Japan's commitment to playing a security role in the South Pacific (which was perceived at that time to be attracting undue attention from the Soviet Union). The Kuranari Doctrine was also aimed at elevating Japan's diplomatic status, vis à vis the USA and other Western powers. It had the unintended and, from the viewpoint of fisheries policymakers in Japan, unwelcome effect of fuelling regional calls for a multilateral fisheries access agreement (following the example set by the USA) and for enhanced terms and conditions for bilateral access agreements. The effect was thus to undermine the fisheries policymakers' own diplomacy.

Policymakers in Japan have also differed in their approach to fisheries aid policy and this may also work to the advantage of the Pacific island states. For example, fisheries policymakers' attempts to use fisheries aid to induce countries to comply with their terms and conditions of access have been thwarted at times by their Ministry of Foreign Affairs. This was evident in negotiations between Japan and PNG in the late 1980s, which ultimately ended in deadlock in 1990. One of the most contentious issues was whether fisheries aid could be integrated into the access fee (a 4 per cent fee/2 per cent aid formula). This was rejected by the Ministry of Foreign Affairs as contrary to the aid system. The ministry also criticised the Fisheries Agency officials for their attempts to subvert established policy procedures as well as for their threats to withdraw aid from PNG if the latter did not comply with Japanese demands (Tarte 1995).¹⁸

Although the PNG–Japan agreement was not revived and PNG did not receive fisheries aid as a result, there were important lessons for the region. For instance, there were differences between industry and government, which could be exploited. Japanese fishing industry groups were anxious to resume operations in PNG's EEZ and it was industry that devised various ways of accommodating PNG's demands. Government policymakers were more intent on making an example of PNG. Industry in Japan has also been supportive in principle of a multilateral access



agreement (because of the security of access it would provide, as well as the government subsidy), but was not able to persuade the government along those lines.

Another lesson was that differences between sections of government could also be exploited, especially as a counterweight to pressure tactics used by one arm of government (in this case, the Fisheries Agency). PNG's 'ally' here was the Ministry of Foreign Affairs, although the decision-making power still lay with the Fisheries Agency ultimately.

Assessing regional fisheries diplomacy

Pacific island states have utilised regional, sub-regional and bilateral channels in conducting their fisheries diplomacy with Japan. The FFA is the principal channel for regional diplomacy. It is assisted by the South Pacific Commission's Oceanic Fisheries Program. Membership of both these bodies encompasses the entire region (although the SPC's membership is much broader, including non-self-governing territories as well as former and continuing metropolitan powers). The main sub-regional channel for fisheries diplomacy is the Parties to the Nauru Agreement. Its membership comprises those Pacific island states with the largest and most productive EEZs in the region.¹⁹ It is this group of states which has taken the lead in implementing most of the management and conservation measures in the region (such as the MTCs and Regional Register). The FFA has served as secretariat for the Parties to the Nauru Agreement and administered its various agreements, but often acted very proactively in this role.

How effective has regional diplomacy been? Negotiating a regional multilateral access agreement with the USA was a significant achievement, which indirectly put pressure on Japan (and other distant water fishing nations) to improve the terms and conditions of their bilateral arrangements.²⁰ The USA was responding to its own political/strategic agenda when it negotiated the multilateral agreement with the region in 1986, rather than the Pacific island agenda. However, the treaty did send an important signal to Japan and was perceived as a grave threat to its fishing interests in the region. It also had significant economic advantages for the member countries of the treaty (as noted above) and included those countries which did not normally benefit from foreign fishing activity.²¹ Japan was thus forced to improve its existing bilateral agreements: enhancing access fees, aid and joint ventures. While this may have contributed to a weakening of support among some countries for a multilateral agreement with Japan, it is nevertheless apparent that those countries' own bilateral agreements are more beneficial to them as a result of the US agreement.



The USA put direct pressure on Japan on the issue of driftnet fishing and on environmental issues more generally. This was crucial to securing Japanese compliance with the South Pacific Forum moves to end driftnet fishing in the region. On this issue, formulating a regional position and seeking worldwide diplomatic support (for example, the Commonwealth Heads of Government and the United Nations) was crucial to achieving the collective goal of banning driftnetting. This was an example of coalition building with like-minded states (that had their own interests for ending driftnet fishing). This coalition building was also crucial to ensuring the region's interests were reflected in the recent Law of the Sea Conference on Straddling Fish Stocks and Highly Migratory Fish Stocks. A regional position was formulated, through the FFA, which greatly assisted individual states in their representation at the negotiations.

The USA has also been useful in enhancing the surveillance and enforcement capabilities of the Forum island countries. This was first evident with the multilateral access agreement, which provided for a regional observer program. Furthermore, in 1994 the USA and the FFA (on behalf of member countries) signed a Minute of Agreement relating to fisheries monitoring and surveillance in the central and western Pacific. This covers the exchange of intelligence regarding fishing vessel activities in the region and suspected violations. It also provides for the USA to take action, according to its laws, against vessels that are found to violate regional conservation and management arrangements. At the recent Law of the Sea conference, the USA also pushed for a change in traditional law on non-flag state enforcement. The USA has coastal state interests in the region, unlike Japan, through its various Pacific island territories. It thus takes a stronger interest in the monitoring, surveillance and control of foreign fishing activity in the region.

The above examples point to the value of regional or collective diplomacy in utilising the influence of the USA (and coalitions of states) to put pressure, directly and indirectly, on Japan. The USA is a principal source of influence and pressure on Japan and this influence has served to assist the Pacific island states in dealing with Japan.

The USA and Japan are also competing fishing powers in the region. This leads to another tactic that has worked effectively for the region: exploiting the competition for access between the various distant water fishing nations. The FFA and the Parties to the Nauru Agreement have had an important role in playing off the competing interests of the various distant water fishing nations in the region and reducing the leverage of countries such as Japan. Limited licensing arrangements have been imposed on Japan, which has had to, reluctantly, adapt and modify its policies in line with these initiatives. This has seen a gradual increase in licence fees paid by



Japanese vessels, as well as implementation of minimum terms and conditions of access. This reflects a ‘turning of the tables’ in that it was distant water fishing nations (particularly Japan) who in the past sought to maximise their leverage by playing off the competing interests of the Pacific island states. Regional bodies have been crucial in building alliances of Pacific island states and promoting arrangements that harmonise regional fisheries policy towards distant water fishing nations.

In this context, the role of Australia in the FFA and in assisting in regional maritime surveillance has been notable. Since the late 1980s, it has provided 20 patrol boats to the Forum island countries (A\$4 million each) under its regional defence cooperation program. Australia is also providing initial funding for the FFA’s regional vessel monitoring scheme, which will place beacons on all distant water fishing vessels in the region. This aims to assist in the detection of infringements by foreign vessels and also provide data on fishing effort trends. Australia’s contribution in these areas has been significant. It has also endeavoured to take regional fisheries concerns to the highest political levels in Japan. For example, then Prime Minister Paul Keating raised issues relating to access fees and conservation and management arrangements with the Japanese Prime Minister during a visit to Tokyo in 1994 (Bergin and Michaelis 1996).

Not surprisingly, Australia’s role in the FFA has not been welcomed by Japan’s fisheries policymakers. The Australian-supplied patrol boats have been a particular irritant, since they have been used in the arrest of some Japanese fishing vessels. Moreover, Australia’s motives are viewed with some suspicion. It has been suggested that its role in the FFA promotes its own fisheries and regional security agendas, including maximising benefits from its bilateral fisheries relationship with Japan.²² In general, Australia is seen to exercise undue influence over the FFA. These tensions have undermined Japan’s cooperation in the past with the FFA.

One issue that Australia has pushed on behalf of the South Pacific Forum is a multilateral access agreement with Japan. This has proved ultimately unsuccessful and the indications are that the Forum is no longer pursuing such an arrangement.²³ The FFA and the Forum endorsed a multilateral approach to the question of access arrangements with Japan in 1987, after successfully concluding the US treaty. The main benefits of a multilateral access agreement with Japan were seen at the time to include the stabilising and improving of earnings from access agreements; providing for longer-term licences; enhancing surveillance through a regional observer program; and providing for centralised reporting and data monitoring, thus enhancing management of the stock.²⁴ Overall, a multilateral access agreement would provide the island



states with more leverage, since Japan would not have the freedom to move to other fishing grounds if a dispute with one country arose.

Within the South Pacific Forum, the strongest advocate for a multilateral arrangement with Japan was PNG. But there were some misgivings amongst other countries, particularly Kiribati and the Federated States of Micronesia, who indicated their preference for existing bilateral arrangements.

One key concern of these states was that a multilateral agreement would open up more EEZs to the fishing fleets of Japan and thus lead to a redistribution of fishing effort. As Kiribati and the Federated States of Micronesia are Japan's two main fishing partners in the region, it is possible that these two countries would lose out on Japanese access fees if fewer vessels were licensed to fish their waters because they had moved, for example, to PNG waters. Kiribati has claimed that it has been disadvantaged in this way by the US multilateral treaty. This lack of solidarity or unanimity within the region on the issue of a multilateral approach to Japan served to bolster the Japanese government's strong opposition to the proposal. Essentially, fisheries policymakers refused to entertain the notion of a multilateral access agreement because their primary goal was to acquire influence within regional fisheries management and conservation regimes.²⁵

This leaves unresolved the question of how to enhance the rate of return on bilateral agreements. It was noted earlier that some fishing industry groups in Japan were in favour of a multilateral arrangement in order to secure and stabilise access to the region. Their failure to influence government policy on this issue reflected several factors: the lack of political influence of the fisheries industry, its declining economic clout, opposition or ambivalence in the powerful Ministry of Finance to directly subsidising the fisheries industry, and no prominent interest group (government or private sector) pushing this proposal.

In order to secure government support for the subsidisation of access fees, it would be necessary to elevate fisheries issues to a more prominent place in Japan's foreign and trade policies. For example, the driftnet issue, because of its international prominence, attracted high-level political interest in Japan. This saw the Japanese government agree to a compensation package of 20 billion yen to the driftnet industry in order to compensate workers and facilitate the transfer to other fishing methods.

The region is currently pursuing a 'two strand' approach to the question of management: promoting 'in-zone' management arrangements between Forum island countries as well as a broad multilateral approach, involving both coastal states and distant water fishing nations, in



order to properly manage the resource across its entire range, including on the high seas, in accordance with the Law of the Sea Convention.²⁶ As part of this second strand, a Multilateral High-Level Conference on South Pacific Fisheries was held in December 1994, and, in July 1996, a Technical Consultation on the Collection and Exchange of Fisheries Data, Tuna Research and Stock Assessment on South Pacific Tuna Fisheries, both of which Japan participated in. A second high-level consultation was held in June 1997. This is regarded as the beginning of the process of establishing a broad-based 'regional mechanism' for cooperation between island states and the distant water fishing nations, and as part of a 'confidence-building process' between the two sides.²⁷

Such a process is necessarily a long-term one. The Pacific island states have a collective interest in ensuring that any future management frameworks pertaining to the high seas do not compromise their control over the tuna resource within their EEZs. There is therefore a need for regional solidarity on the type of approach to promote and on the region's priorities. These priorities will need to be reconciled, to some extent, with those of Japan and other distant water fishing nations. Common ground exists between all states in ensuring the sustainable utilisation of the resource. But there are very real differences between regional states and fishing nations over the perceived economic costs and benefits of the various management and conservation arrangements being promoted. Forum island countries, assisted by the FFA, will need to work together to ensure that any regional differences or competing interests are not exploited by the distant water fishing nations.

Pacific island states may strengthen their position in this consultation process through gaining and sharing information about the policies and tactics of the distant water fishing nations, and the strengths and weaknesses of their respective negotiators. What may also be crucial to the outcome is building alliances within Japan and exploiting competing political interests and agendas. Although fisheries policy is predominantly within the jurisdiction of the Japan Fisheries Agency, there are overlapping policy domains with the Ministry of Foreign Affairs. Pacific island countries may exploit the different priorities of the two bureaucracies in order to promote their interests and weaken the power and influence of the Fisheries Agency negotiators.

Some island countries with long-established links with Japan and the means to have an embassy in Tokyo have the advantage of gaining first-hand knowledge and identifying possible allies in promoting their interests. These include sections of industry as well as the government bureaucracy. At present most states have succeeded in these efforts on their own (that is,



bilaterally). Regional efforts appear to be only loosely coordinated in Tokyo. There is probably scope for building on the informal linkages that do exist in order to share information and intelligence. This may well assist individual countries in such tasks as dealing with Japanese fisheries negotiators (and deflecting possible pressure tactics, such as PNG did). It may also be crucial in the dialogue process aimed at creating new mechanisms of cooperation between the Pacific island states and Japan.

Aid diplomacy

Unlike the fisheries area, where a shift in the balance of power between outside states and Pacific island countries has occurred (in favour of the region), it appears that in respect to aid the shift has been in favour of the donor community. In other words, there is less inclination among donors to continue providing aid at existing levels. This shift has much to do with the end of the Cold War. During the 1980s Pacific island countries very successfully exploited Cold War concerns in the West to attract high levels of aid and support for regional initiatives. One example was the conclusion of the US multilateral access agreement, which was largely a response by the US government to concerns about Soviet fishing agreements concluded with two Pacific island states. The Kuranari Doctrine, which heralded a doubling of Japan's aid to the region, was also a response to these Soviet 'advances'.

Japan's aid to the South Pacific in the 1990s has been sustained at relatively high levels, motivated by a combination of commercial, resources and political interests. In the latter category are Japan's interests in securing the support of the Pacific island states in international fora, where the region constitutes a significant voting bloc. The region has generally complied by supporting Japan's candidates (including its seat on the UN Security Council). This has established a mutually beneficial relationship, but one which may only be maximised by Pacific island countries acting as a group.

In the post-Cold War era, regional solidarity is necessary in order to promote the overall significance of the island countries to Japan. In the past, Japan has responded to the collective diplomatic clout of the South Pacific Forum by directing additional resources to the Forum secretariat. For example, increases in budget support to the secretariat have been in response to certain high-profile issues raised at the regional level: driftnet fishing in 1989 and plutonium shipments in 1992. The decision to fund the South Pacific Economic Centre in Tokyo was also a result of collective lobbying by Forum member countries, backed up by their secretariat.



Japan's aid policies are also driven by global development agendas (reflecting a need to demonstrate its responsibility as an aid donor and as a member of the international community). One such agenda is the environment and the region may well benefit by collectively targetting this as a rationale for future aid to the region. In addition, within Japan's government bureaucracy, there are different agencies and ministries with access to development funds and their own political agendas for giving aid. Identifying these agencies and targetting their agendas may help ensure ongoing assistance from Japan.

The current emphasis of the donor community is on promoting structural adjustments in Pacific island states in order to improve the efficiency of their economies. Donors have linked the provision of aid to island states undertaking domestic economic and political reforms. This has seen greater prominence being given to regional frameworks: the Forum's Regional Strategy and Pacific Island Countries/ Development Partners Dialogue.²⁸ Australia has been a leading advocate of this new aid agenda and of institutional reforms within the various South Pacific regional fora (see, for example, Downer 1996). Its view is that regional frameworks ensure the rational utilisation of aid resources as well as helping to implement (if not enforce) domestic reforms.

While the new emphasis on regional frameworks may appear to undermine the leverage of individual countries vis à vis aid donors (the question arises: who controls the development process?),²⁹ this approach may provide the island countries with various opportunities for influencing Japan's aid policies and addressing problems in bilateral aid relations. There is a greater rationale for providing aid on a regional basis (for example, in the environment area) and scope for greater oversight of Japan's aid policies. Regional frameworks may be a way of diffusing or diluting pressure from Japan on individual countries.

Similarly, regional frameworks may serve to deflect pressures put on some island states by other donors, Australia in particular. Tensions have arisen between Australia and some island states. These include PNG, as a result of Australia's shift to program aid, and the Solomon Islands, because of concerns over that country's logging policy.³⁰

In this context, it is useful to note some of the limits of collusion between Australia and Japan in respect to regional development issues. Japan and Australia are clearly the two giants in the region in terms of bilateral ODA. But efforts to improve coordination between the two countries have been marred by problems in accommodating two very different aid systems, with very different approaches to implementing and disbursing aid. More importantly, perhaps, Japan has been reluctant to impose policy conditionality, unlike Australia, in order to promote



domestic reforms in Pacific island countries. Its view is that such policy conditionality amounts to interference in the domestic affairs of those states. These differences have been compounded by tensions between Australia and Japan that have arisen as a result of Australia's criticisms (both implicit and explicit) of Japan's fisheries policies in the region. Australia has promoted efforts, through its aid program, to secure higher access fees for the island states and stronger conservation measures (Australia 1995).

Trade diplomacy

It is important to note that those Pacific islands countries which have extensive trade relations with Japan have generally not utilised or needed regional cooperation. Trade and investment have been carried out on a bilateral basis, with the Forum secretariat playing, at best, a supportive role (for example, through trade fairs in Tokyo and tourism promotion campaigns). Tonga, for example, has established a lucrative niche market in Japan for squash, without even a resident diplomatic mission. This is not to suggest that other Pacific island countries would succeed on their own. The establishment of the Pacific Islands Centre in Tokyo reflects the need for a combined effort to further tap the Japanese market. Awareness of and interest in the region in Japan is at best shallow or superficial (at the political, private sector and popular levels). Regional efforts are needed to address this, and the Centre could perhaps be a focus for a greater public relations effort (a Pacific island leaders summit is one possibility).³¹

Another role for the Centre relates to Japan's APEC diplomacy. Since most Forum island countries will not be able to secure membership of the APEC forum, it is imperative that they find other means of ensuring their interests are reflected in APEC policies. There are two possible strategies for the region to pursue. One is to identify those like-minded countries within APEC whose interests are similar to those of the Forum island countries and who could form coalitions to push a position in APEC that corresponds to that of the Forum.³² A second strategy is to seek to influence those countries whose policies are likely to have a major impact on the APEC process. Two such countries are Japan and the USA. The Pacific Islands Centre in Tokyo may well play a valuable role in this regard.

The small island economies face extreme pressures in the face of current trade liberalisation trends. This is not to deny the major differences in their economic capabilities: between the larger countries of Melanesia with their significant land-based resources, and the small atoll states of Micronesia and parts of Polynesia. To reflect these differences, sub-regional



arrangements have been promoted, in part to facilitate intra-regional trade. These include the Melanesian Spearhead Group which is promoting a limited free trade agreement among its members³³ and a grouping made up of the Micronesian states of Kiribati, Nauru and the Marshall Islands, plus Tuvalu.³⁴

These sub-regional groupings are tentative moves towards closer economic relations between the various island states involved. There have also been moves between some states (for example, PNG and Fiji) to promote special bilateral trade arrangements. These moves are seen to reflect the failure of the South Pacific Forum to promote a region-wide free trade agreement, as set out in its original mandate (Grynberg and Kabutaulaka 1995). Ultimately, they may prove to be important building blocks in the region's trade liberalisation process and integration within the APEC framework. Japan should perhaps consider supporting these efforts (politically and economically). Sub-regional organisations may also play a useful role as lobby groups for the region in Japan, supplementing bilateral and region-wide diplomacy.

Conclusion

In the introduction it was suggested that there has lately been a rethinking going on among Pacific island governments about the role of regional cooperation in their diplomacy. There has been an effort to weigh up the merits and demerits of regionalism, as reflected in the 1996 South Pacific Forum theme. This is in recognition of the fact that 'Pacific solidarity, or certain aspects of it, may not be perceived by some Forum countries as necessarily productive' (South Pacific Forum 1996).

This rethinking about regional cooperation is important, not only from a rationalist perspective that emphasises more efficient utilisation of resources; it is also important given the broader regional movement in Asia and the Pacific, and the emphasis on multilateralism (through APEC and the World Trade Organisation, for example). Such regionalism, which is being driven by numerous external agendas over which the Pacific island states have little control or influence, will have enormous consequences for them. For this reason, it is necessary for Pacific island leaders to consider how regionalism may be made to work for them in a changing world.

A number of regional strategies have been examined in this paper. It is apparent that Pacific island regional diplomacy has tended to succeed where its interests and those of a major external power have coincided in opposition to another significant player. For example, in the area of fisheries diplomacy, the USA has (at times unwittingly) proved an invaluable ally for



the Pacific island states against Japan. To a lesser extent, conflicts between Australia and Japan over aid and fisheries issues have served a similar function: to augment the influence of the region and weaken that of Japan. A related tactic is to exploit the competing interests of outside powers. In the fisheries domain, this is possible due to the growing demand among fishing nations for access to the region's tuna resource (most of which is caught within 200-mile EEZs). Pacific island states have implemented various measures aimed at increasing the value of the licensing arrangements, and fishing nations have had reduced leverage in negotiating these arrangements.

Another strategy that has served the interests of the island states is to exploit the competing policy interests and agendas of the key ministries in foreign capitals. It is apparent, for example, that in Tokyo both the Ministry of Foreign Affairs and the Fisheries Agency have a key role in making policy towards the Pacific islands. To some extent, there is overlap in the areas of policy jurisdiction. Fisheries Agency officials usually take the initiative on fisheries aid matters; but Pacific island states see Foreign Affairs as the arbiter of Japan's foreign policies and, in the event of disputes emerging, for example over fisheries aid policy, usually channel their grievances to the Ministry of Foreign Affairs. It is then up to Foreign Affairs to resolve the differences and 'smooth over' relations.

Foreign Affairs does not usually take an active interest in fisheries policy. However, when it does, the result is often more favourable to the Pacific island states since more effort is made by Japan to cooperate with the region. This was evident with the driftnet issue, which attracted widespread political attention in Japan due to the efforts of environmental lobby groups and their extensive media campaigns against driftnetting. These painted an extremely unfavourable view of Japanese fishing activities, that threatened to discredit not only the driftnetters but all commercial fisheries. Also important was the role of domestic lobby groups (especially fishing groups) in a number of Western countries, including New Zealand and the USA. They succeeded in pressuring their respective governments to take a strong stand against the practice of driftnetting. This in turn was the source of concerted diplomatic pressure on the Japanese government. Pacific island countries formed part of the broad diplomatic push to end driftnetting, through the South Pacific Forum and the UN.

The case of Pacific island diplomacy in dealing with Japan, especially on fisheries issues, highlights the way extreme disparities between Japan and small island states may be balanced to some extent by diplomatic and also bureaucratic factors. Small island states may significantly enhance their negotiating power through a combination of collective diplomacy, alliance



building and exploiting opportunities provided by international regimes. They may even gain advantage from bureaucratic divisions and rivalry in Japan's aid and fisheries administrations.

Island governments tend to assess regionalism from the perspective of how far it promotes their national interests, and how far they receive 'value for money' from the various regional organisations and programs they and donors help to fund. In the fisheries area, national interests and regional policies have not always been viewed as compatible, as the case of the proposed multilateral access agreement with Japan demonstrated. To the extent that economic returns are greater from bilateral fisheries agreements, it should also be recognised that what has helped make bilateral arrangements more profitable and worthwhile is the combined political clout of the region, acting collectively. In other words, national self interests and regional interests are two sides of the same coin.





Notes

- * An earlier version of this paper was presented at the 5th Pacific Islands Political Studies Association Conference, Palau, December 1996. I am grateful to the conference participants for their comments.
- 1 All amounts are in US dollars unless otherwise indicated (South Pacific Commission Tuna and Billfish Assessment Program, pers. comm. September 1996).
 - 2 Because of a reduction in the number of US vessels operating in the region, the US agreement in 1997 paid close to 16 per cent rate of return.
 - 3 Among other things these require foreign vessels to transship catch in port rather than at sea; to provide detailed catch and effort data; and to carry observers from the licensing state to monitor fishing activity.
 - 4 Under the Palau Arrangement, starting in 1997 there will be a 10 per cent reduction in the number of foreign purse seine licences issued. These licences may be transferred to domestic-based vessels. In licensing foreign-based fleets, priority will be given to those that demonstrate compliance with the MTCs and cooperation with South Pacific states. In addition to promoting local industry development, this measure is designed to enhance stock conservation and to support tuna prices.
 - 5 The FSM Arrangement aims to promote the development of the domestic purse seine fishery in the region. Vessels that satisfy the agreed licensing criteria (which include local equity, employment of Pacific islanders, local purchases and onshore investment) can, with a single licence, gain access to the EEZs of all parties to the arrangement at a lower price than under separate bilateral agreements. They also receive priority in the allocation of licences (*FFA News Digest* 1995a).
 - 6 For example, the Japanese government refuses to supply logbook data for fishing in high seas areas adjacent to island states' EEZs.
 - 7 An exception to this are yen loans provided to Papua New Guinea to support structural adjustment programs. The annual grant to the Forum secretariat is also in the form of budget support.
 - 8 The fiscal 1997 budget revealed a record low growth in the ODA budget of 2.1 per cent. This was higher than the Ministry of Finance preferred growth rate of 1 per cent, but less than the Ministry of Foreign Affairs target of 2.5 per cent (*The Daily Yomiuri*, 1 December 1996 and 26 December 1996).
 - 9 Based on a study commissioned to assess the feasibility of a Pacific Islands Centre in Tokyo (*Forum News*, October 1996, p. 6).



- 10 Figures are for the period 1990–92, according to ESCAP 1995 documents (Siwatibau 1997). The latest estimate for Tonga is that Japan now absorbs 70 per cent of its exports (primarily squash or pumpkin).
- 11 According to the Forum report, ‘there are a further 320 products which have the potential to be developed as export industries’ (*Forum News*, October 1996, p. 6).
- 12 See, for example, the communiqué of the 27th South Pacific Forum, Majuro, Republic of Marshall Islands, 3–5 September 1996.
- 13 They included Kiribati, Tuvalu, the Solomon Islands, the Marshall Islands and the French Territories (*South Seas Digest* 1988).
- 14 Japan’s policy was formulated in the interests of ‘international cooperation’ and the fisheries industry as a whole. In this context, the driftnet industry in Japan, which was relatively small, was regarded as expendable (Japan Fisheries Agency, Tokyo, pers. comm. May–June 1993).
- 15 According to this approach, the burden of proof that fishing activity is not adversely affecting the resource rests with the fishing nation, not the coastal state. Lack of full scientific certainty should not be used as a reason for postponing measures to prevent depletion of the resource.
- 16 Ambassador Satya Nandan, statement to the Fourth Symposium on Central Western Pacific Tuna Fisheries, Tokyo, June 1996.
- 17 They include the various MTCs and the Regional Register, which is an information data base on foreign vessels. Vessels must have ‘good standing’ on the register before being issued with a licence to fish in the EEZ of any member country. In the past the Japanese government refused to submit applications for registration directly with the FFA, because it did not recognise it as a legitimate ‘Article 64 type’ organisation, under the Law of the Sea Convention. In 1994 Japan and the FFA negotiated a formal memorandum of understanding regarding the Regional Register.
- 18 Although PNG subsequently did not receive any more fisheries aid since no access agreement was concluded, PNG negotiators did score important points against Japan’s blunt and uncompromising negotiator (Norio Fujinami) and it is arguable that the bigger loser in this contest was Japan’s fisheries industry.
- 19 The Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, Palau, Papua New Guinea, the Solomon Islands and Tuvalu.
- 20 There is no evidence to suggest that the USA has put direct pressure on Japan to conclude a multilateral agreement and it is not clear that such pressure would have worked, for reasons suggested below.



- 21 Under the multilateral access agreement, 85 per cent of the 'fee' is allocated to countries according to fishing effort. The remaining 15 per cent is distributed equally to all parties as aid and technical cooperation, irrespective of fishing effort in their zones.
- 22 These views were expressed to the author by fisheries policymakers in Japan, in 1993.
- 23 The South Pacific Forum is still considering multilateral access arrangements with Korea and Taiwan. In the latter case, there is a proposal for a sub-regional multilateral agreement. This would include the Cook Islands, Fiji, Niue, the Solomon Islands, Tonga, Vanuatu, Western Samoa and Tokelau. The aim is to introduce a regional licensing arrangement for the Taiwanese albacore fleet, which may also be targeting yellowfin and big eye tuna.
- 24 These arguments for a multilateral access agreement are less compelling today as Japan has agreed to comply with a number of regional management arrangements that enhance reporting and surveillance. These include the MTCs, Regional Register and proposed Vessel Monitoring System.
- 25 A multilateral agreement with Japan (of the type entered into with the USA) was in fact not the goal of the Pacific island states or the FFA. It has long been intended that, with Japan, there be a 'head agreement' made up of general principles of cooperation and that bilateral agreements continue (with individual states able to negotiate fees, vessel numbers, etc).
- 26 One future priority for the region will be establishing management arrangements for the longline fishery in the central western Pacific. Past efforts have focused on controlling purse seine operations and there is currently no mechanism in place to control longline fishing effort. This will require consultation with non-FFA member countries as well as cooperation between FFA member countries.
- 27 Ambassador Satya Nandan, statement to the Fourth Symposium on Central Western Pacific Tuna Fisheries, Tokyo, June 1996.
- 28 The Regional Strategy, adopted at the 26th South Pacific Forum in Madang, PNG, is designed to improve coordination of development assistance to the region.
- 29 Some Pacific island states have viewed the new Regional Strategy and aid agenda with suspicion, concerned that it undermines their sovereignty while strengthening collusion between donors.
- 30 In 1996, the PNG Foreign Minister announced a review of Australia's aid program, stating that 'aspects of this program were not in PNG's best interests and gave Australia a continuing advantage over PNG' (Callick 1996). In the Solomon Islands, Australia withdrew funding for the Timber Control Unit, which meant a decline in aid to the country of about A\$2.2 million in 1996. In response, the Solomon Islands Forest Industries Association accused Australia of having a 'one-sided picture of the forest industries sector'. Britain also terminated funding to the Solomon Islands national



forestry action plan because of differences with the Solomon Islands government. It had been providing about \$1.5 million annually (*Trends and Development* 7, Nov. 1995–Feb. 1996, p. 12).

- 31 The Japanese government will host a Pacific island leaders summit in Tokyo on 13–14 October 1997.
- 32 PNG, as the only Forum island country member of APEC, has offered to establish an APEC liaison office and has proposed that APEC set up a regional office in the South Pacific.
- 33 The group comprises PNG, the Solomon Islands, Vanuatu, Fiji and the FLNKS, a coalition of pro-independence political parties in New Caledonia (Grynberg and Kabutaulaka 1995).
- 34 France and Taiwan committed funds in 1996–97 to promote their economic activities, as well as those of the Melanesian Spearhead Group (*Trends and Development* 9, July–October 1996, p. 9).



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