

Chapter 9

The International Response

9.1 In our interpretation of the mandate for this study at the beginning of our Report, we drew attention to the emphasis Commonwealth leaders had placed on the obligation of the international community to, at the very least, provide for the territorial integrity of its smaller member states. As we said there, we see this obligation as essentially stemming from the fact that small states have been welcomed into the world organisation by all member states including the major powers. However, in view of the need for a comprehensive approach to security issues we feel that the international community's obligation should extend beyond safeguarding small states' territorial integrity to include action to strengthen their overall capacity to deter and/or resist the many different types of security threat to which they may be subjected. Such an approach would only in fact be consistent with acknowledging that the community itself has a vested interest in protecting small states, since general international order can be undermined by their instability or loss of security.

9.2 This broader obligation should ideally be effected through measures adopted by all the major intergovernmental agencies through which the world community is represented. As a survey of the kinds of international measures which could be initiated by the entire range of agencies would be far too extensive a task for a report of this nature, we have limited our discussion to three areas: political measures to enhance the security of small states which might be introduced specifically at the United Nations; measures to strengthen their economic security, which could be implemented by a variety of relevant international bodies; and supportive or supplementary measures to promote the security of small states in various spheres which the Commonwealth itself could collectively undertake.

A. POLITICAL MEASURES AT THE UNITED NATIONS

9.3 In offering suggestions for action by the world body, we have naturally been aware of the need to keep its complex political and institutional realities constantly in mind. In particular we appreciate that there would be little point in suggesting measures that would necessitate any amendment of the United Nations Charter, since on past practice it is only rarely possible to obtain the required consent from all five permanent members of the Security Council. Secondly, and perhaps equally important at this period when all the developed member countries are becoming ever more resistant to expanding the United Nations budget, we have consciously avoided recommending action involving substantial expenditure. But within these parameters we nevertheless see room for certain innovative and potentially fruitful initiatives.

Safeguarding small states' territorial integrity

9.4 The adverse consequences for the entire international community of the absence of an effective United Nations collective security system to safeguard the territorial integrity of all states have long been widely recognised. For over three decades, many member countries have engaged in intermittent efforts to find ways of strengthening the United Nations' security role. With the continuing proliferation of major conflicts in recent years, these efforts have taken on a new urgency. In 1982 Mr Perez de Cuellar created a deep impression by devoting his first annual report as United Nations Secretary-General to an in-depth and frank analysis of the inadequacy of the United Nations' current security posture. It was, indeed, with his comments in mind that Commonwealth leaders pledged themselves in the Goa Declaration to play their part in helping the international community to make a positive response to his call for "a strengthening of collective security in keeping with the Charter".

9.5 Following Mr de Cuellar's report, which elicited widespread support in the General Assembly, the Security Council itself embarked on private consultations on how to strengthen its role as principal guardian of world peace. These consultations have now been in progress for nearly two years and it is hoped that the Council will be able to issue some kind of statement of agreed policy in time for the celebration of the United Nations' fortieth anniversary at the forthcoming 1985 session of the General Assembly.

9.6 We accept the Secretary-General's own analysis, in his 1982 report, that the prospect of realising the "stern" collective security enforcement measures prescribed in Chapter VII of the Charter is "almost impossible

in our divided international world.” Nor do we think it realistic to suggest that the Security Council should consider launching a special security system applicable only to small states. In any case we questioned whether the whole idea of introducing a collective security system specially for small states, even if politically feasible, would be fully in keeping with our determination to eschew any proposal that could have the effect of downgrading their status of sovereign equality with other member countries.

9.7 We also considered the feasibility of recommending some kind of informal procedure such as a political concordat between the permanent members of the Council along lines similar to the proposal put forward by the Palme Commission as a way of enabling the Security Council to invoke Chapter VII measures in order to tackle conflicts arising out of border disputes among Third World states.¹ We felt though, that in the prevailing environment of mistrust and rivalry between the super powers themselves, the political and moral value of a Security Council guarantee limited to certain types of disputes or particular groups of states would be questionable. However, we do not reject the idea out of hand, particularly if some means could be found of applying it as between “consenting” states, that is states which have signified in advance their acceptance of a collective security regime.

9.8 In the light of these overriding political and moral considerations, the Group decided against including recommendations relating to the implementation of any aspect of Chapter VII of the Charter, though we wish to place clearly on record our conviction that the most appropriate method of securing the territorial integrity of small states would be through a United Nations collective security system which would be applicable to all member states.

Role of the United Nations Secretary-General

9.9 We consider that there are good grounds for urging—and Commonwealth countries could perhaps give a lead in this—that the office of the United Nations Secretary-General should play an expanded preventive role within the compass of Article 99 of the Charter, empowering him to bring to the Security Council’s attention any matter

¹ COMMON SECURITY, Report of the Independent Commission on Disarmament and Security Issues, June 1982, pp. 162-7. The essence of the Commission’s proposal for implementing this modified version of the Charter collective security system is for a political partnership between the permanent members of the Security Council and Third World countries in order to prevent conflicts from being settled by armed force. To this end the permanent members would also enter into an understanding, or concordat, among themselves that at the moment of crisis they would “support collective security action, at least to the extent possible, of not voting against it” and the Council would moreover at that time refrain from pronouncing on the substantive issues in dispute.

which in his opinion may threaten international peace and security. In his 1982 report Mr Perez de Cuellar announced his intention of developing "a more systematic capacity for fact-finding in potential conflict areas". The efforts he has already made to endow his office with an effective early warning system of impending conflicts are much to be commended. But though essential, fact-finding is necessarily only a first step towards prevention. We believe that despite the various pressures which inevitably circumscribe the diplomatic and political freedom of the Secretary-General, his office in fact occupies a key position of influence in the Security Council's proceedings.

9.10 On the basis of the political strengths inherent in his office, it should be possible for the Secretary-General, in cases of what might be termed incipient low-level security threats, to send a mission to a country that feels itself under threat of attack from another country if it so requests. Such a mission would in itself serve as a form of deterrence against a potential aggressor, and could also serve as an incentive to disputing countries to engage in negotiations for a peaceful settlement. In our view it would be constitutionally permissible for the Secretary-General to send missions of this nature without formal resort to the Security Council, though there would presumably have to be informal soundings or, preferably, a general understanding in advance.

9.11 A suitable opportunity for launching the mission proposal might be to apply it initially to an area like Southern Africa where the existence of a long-established and pervasive security threat to a number of states is universally recognised. In situations where the security threat may not be so readily discernible, the dispatch of an actual mission may not be politically feasible or, for that matter, always necessary. But even in these instances we would suggest that the Secretary-General could at least send a personal representative if the state feeling itself threatened so desires.

9.12 Once the dispatch of the Secretary-General's missions or representatives to areas of potential conflict becomes established as an available and accepted practice, an increasing number of Third World countries, and the small states in particular, would be encouraged to look initially to the United Nations for support in helping to prevent aggression, instead of dismissing the United Nations option at the outset as so many of them do at present and waiting until after a conflict has erupted before seeking its assistance.

9.13 In those situations where a mission might not be necessary or feasible, as an alternative to a personal representative, the Secretary-General could send an official from the Secretariat in order to obtain first hand information and provide him with an assessment. In any case, we feel that the Secretary-General's information gathering capacity, specifi-

cally in respect of the security of small states, should be generally enhanced and facilities provided for this purpose.

Recognition of neutrality status

9.14 In Chapter 5 we referred to the possibility of the Security Council giving recognition to declarations of neutrality status by small states. Although there would be difficulties, especially where the state concerned may be regarded as being within the immediate area of influence of a permanent member, we consider that the idea calls for serious consideration at the United Nations. Security Council recognition would not provide an actual guarantee of neutrality status, nor carry any protective weight in a military sense. But it would have the effect of making the small state, as it were a nominal “ward of the Council” and as such could, in certain circumstances, act as a useful additional political deterrent against aggression.

Assisting small states within the United Nations structure

9.15 Besides introducing measures to assist small states in safeguarding their territorial integrity, the United Nations should also consider other forms of assistance. For example, it could be helpful to establish a special unit within the Secretariat which could provide small states with information and guidance on relevant United Nations developments. While current budgetary realities could delay agreement on setting up a separate unit, it might be possible to make an immediate start by appointing a single official with responsibility for monitoring the special needs of small states, and a full-fledged unit might then gradually be developed over time. Additionally, individual departments and divisions within the Secretariat should be asked to pay particular attention to, and where appropriate develop special programmes for, small states. It should be noted that this was precisely the manner in which the Commonwealth Secretariat itself approached the first task of providing small states with the assistance they required in different spheres of activity.

9.16 We would urge Commonwealth governments to give serious attention to ways in which the problems of small states can be most effectively brought to the attention of the world body with a view to ensuring that mechanisms are fully utilised in order to meet their overall security needs.

Reducing costs of United Nations membership for small states

9.17 Some small states, including the four Commonwealth members which have so far not sought admission to the United Nations, have

indicated that they find the expense of United Nations membership too burdensome, including both the obligatory contributions and the costs of representation.

9.18 In considering the problem of obligatory contributions to the United Nations budget, we took into account the fact that recent efforts to formulate an agreed new system of assessments as a basis for reducing the present level of contributions by developing countries have not as yet proved successful. Moreover there seems little prospect of agreement being reached in the immediate future. A part of the difficulty is attributable to resistance from several of the developed members, including most notably the United States under its current Administration, to any new assessment scale that would effectively entail an increase in their own obligatory contributions to the budget.

9.19 Given these circumstances it hardly seemed realistic to consider recommending a special reduced assessment rate applicable exclusively to states with a population of one million or under. A proposal for a total financial exemption for these states would obviously be even more out of the question, and besides we feel that an exemption from all financial obligations might not in any case be desirable when applied to membership of a political body. Another option which we discussed was the possibility of recommending an associate-membership status similar to that already established at the World Health Organisation (WHO) and UNESCO. This too seemed to us an inappropriate solution for a political organisation and would moreover require an amendment of the United Nations Charter.

9.20 In our view a much more fruitful approach would be to find ways of cutting the costs incurred by small states in maintaining their representation at United Nations Headquarters. Our discussion focused on Australia's initiative of providing funds, administered through the Commonwealth Secretariat, for the establishment of a joint New York office to house the permanent missions of four small member countries, which is described below under the Commonwealth section of the present Chapter. Our assessment there is that this proved to be a successful scheme that could with advantage be taken up as a pan-Commonwealth obligation and extended to other small member countries if there is a demand.

B. INTERNATIONAL ECONOMIC MEASURES

9.21 In the light of the economic weakness and vulnerability of small states, we believe that the international community has a special obligation to provide an international environment which could

assist them in promoting self-reliant and stable development and in strengthening their economic independence. That environment does not now exist and the need for it is very inadequately recognised. We discuss below policies at the national and Commonwealth levels which could help in its evolution.

The status of small states

9.22 We consider in this section the policies of governments and international institutions which influence international trade and financial flows and are concerned with providing assistance directly to small states or their regional agencies or programmes.

9.23 A basic question which arises is whether, in the light of the special problems facing small states, it is advisable to consider the creation of a formal category of such states in the international economic system as a way of officially recognising these problems and ensuring adequate attention to them.

9.24 While it is true that most of the economic problems identified are not peculiar to small states, in many cases they apply more sharply to them. We believe that small states' economic features and problems have sufficiently identifiable characteristics to justify categorisation. However, in the current international situation, the process of categorisation would face political difficulties. One category of disadvantaged states already recognised by the United Nations system—the Least Developed Countries—has so far received little practical benefits, notwithstanding the special conference organised on their behalf in 1981 at which a Special New Programme of Action was agreed. Also, under present circumstances, categorisation could be seen as encouraging fragmentation of the international system and diverting attention from the wider problems of economic development.

9.25 For these reasons we do not advocate a formal economic grouping of small states at the present time. Instead we recommend a pragmatic approach involving two strands: securing better recognition of the problems facing small states and of the need for remedial action; and identifying formally or informally, a special category in specific economic fields where a clear need is established for such categorisation.

9.26 In relation to the latter recommendation the beginnings of such an approach are already discernible. Under the Lomé Convention, for instance, a category of island states is recognised for favourable treatment in some areas of co-operation, while within CARICOM the smaller states form a separate grouping of Less Developed Countries.

9.27 In some international arrangements the Least Developed Countries, or other categories of disadvantaged developing countries, are delineated for special treatment. We recommend similar treatment for small states on a selective basis in regard to arrangements where they have a clear interest. Some areas of international policy where delineation might assist are: trade access conditions, access to multilateral development banks, stabilisation of export earnings and disaster relief. The definition of a category of small states for these purposes should pose no serious problem since the definition could vary in order to reflect the particular interests of small states in each of the different areas concerned.

9.28 Another way of approaching the issue would be to give the poorer small states easier entry to the Least Developed Country category. In fact, some of these small states have already been seeking this classification and it is worth noting that the three applications for such categorisation made in 1985 were all from small states. Unfortunately, the eligibility criteria presently used do not capture the special problems of small states; for instance, they do not take into account in any adequate way the structural constraints which make it inherently difficult for them to achieve economic transformation. Also no adjustment is usually made to the per capita income criterion to take into account artificial elements. We therefore recommend that the ECOSOC review as early as possible the eligibility criteria for Least Developed Country categorisation with a view to accommodating particular development difficulties faced by small states. The United Nations Committee for Development Planning has repeatedly called for this.

Development assistance

9.29 As we pointed out earlier, small states have not so far been disadvantaged in relation to access to bilateral aid resources. However, policy trends do not look favourable. Increasingly, aid is being used to further the trade and strategic interests of donors, a trend which is likely to favour the larger developing countries. At the same time there is growing pressure for a redistribution of aid in favour of the poorest countries. While their strategic location may help some small states, the interest of small states could suffer from both of these pressures and their relative position in aid distribution has indeed already worsened. We would remind donors of the special need of these states for concessional resource flows and urge them to continue to recognise this need in their aid allocation.

9.30 Small states will continue to rely largely on official sources for external capital. Official lending, while offering better terms, carries the disadvantage that it is not usually free from political strings even when it emanates from multilateral sources. However, political influences are

stronger in bilateral provision and it is particularly strong *vis-à-vis* small and weak states. In view of this and the difficulties these states have in tapping capital markets, multilateral institutions have an important role in meeting the capital needs of small states.

9.31 But the prospect for increased flows from multilateral institutions looks poor. IDA has been provided with substantially reduced resources, even in nominal terms, in its current replenishment period and there are strong political currents against increased resource provision for the IBRD and the IMF. These developments are of special concern to small states.

9.32 Small states require favourable conditions of access to multilateral development banks and bilateral aid agencies. In the case of the IBRD and IDA, we drew attention earlier to the premature graduation of small states which results from the strict application by both these bodies of the per capita income eligibility criterion.

9.33 We believe that IDA's virtually exclusive reliance on per capita income as its graduation criterion (at a level presently around US\$800) has given rise to anomalous situations when applied to small states. The current graduation of a number of OECS states—Dominica, Grenada, St. Christopher-Nevis, St. Lucia, St. Vincent and the Grenadines—demonstrates this, since in no sense can these tiny countries be deemed to have achieved a level of development which enables them to rely mainly on borrowing on commercial or near-commercial terms. In such cases relatively high per capita income levels give a distorted view of actual development achievement. We regard it as extremely important that graduation should not be applied to small states until there is assurance of adequate availability of capital from other sources.

9.34 Per capita income is likewise used as the main criterion for graduating countries from IBRD lending and for determining, albeit on an informal basis, the lending ceilings of both the IBRD and IDA for individual countries. In these cases the criterion has the same disadvantage in that it is not also closely related in them to the real ability of small states to tap alternative sources of capital, though the problem is made less severe by a degree of flexibility in its actual application to IBRD graduation.

9.35 At present, prompted by the shortage of funds, new proposals are emerging on eligibility criteria for IDA lending. We recommend that in any review of the eligibility criteria the special importance to small states of access to multilateral concessional finance must be given due recognition. In the meantime, we urge that the graduation process for small states be made more flexible, and that no small state should be

made to graduate from both IDA and the IBRD unless there is assurance of adequate access to alternative sources of finance. In the case of IDA one approach might be to put in place transitional arrangements to prevent adverse effects from an abrupt ending of access to its funds.

9.36 It is not only in connection with loan capital but also in equity investment that international policies are insensitive to the needs of small states. At the International Finance Corporation (IFC), as at IDA and the IBRD, small projects are not favoured, partly because of the high overhead costs these involve.

9.37 Although the IFC has recently become more accessible, it needs to consider ways of significantly increasing its relevance to small states. In addition it should assist regional and national development banks to do more to help small states. In the case of loan capital, regional, sub-regional and national development banks do provide assistance for smaller projects, but the gap in venture capital is not filled to the same extent. These banks need to become generally more involved in supporting equity investment in small states.

Coping with foreign enterprises

9.38 Regarding the operation of foreign enterprises in small states, the key issue is rather the weakness of the latter's capacity to negotiate and bargain. In relation to international policies, an issue of importance to small states is the need for codes of conduct. The international community has been negotiating for some time to set up codes, both on general relations between transnational corporations and host countries and specifically on technology transfer arrangements. These codes have considerable relevance to the inadequacies of small states in dealing with transnational corporations and their early establishment could substantially contribute to creating a more secure international environment for the development and independence of small states in the international system.

9.39 There is a crucial need for technical assistance from international agencies to bolster skills, first in vetting business propositions from foreign concerns and then in negotiating the contractual arrangements where proposals are deemed to be acceptable. Negotiations with transnational corporations are particularly demanding of skills and information. Proposals from foreign adventurers with predatory or criminal intent need to be weeded out, yet the necessary investigatory skills are not normally available in, or affordable by, small states; and reputations that have been slowly built up and are extremely important for off-shore banking and other financial activities can be destroyed by even only an occasional failure in vetting procedures. International

organisations such as the United Nations Centre for Transnational Corporations, the UNDP and the Commonwealth Secretariat provide technical support for vetting and negotiations. These resources are, however, inadequate to meet demands and we strongly recommend that they be increased, in recognition of the urgent requirements of small states in this area.

Export earnings stabilisation

9.40 The establishment of effective export earnings stabilisation arrangements could be of considerable advantage to small states because of their erratic foreign exchange earnings. The major international arrangement currently in operation to moderate fluctuations in foreign exchange earnings is the IMF's Compensatory Financing Facility (CFF). A recent improvement in the CFF, which has increased its relevance to small states, is the option given in 1979 to member countries to include earnings from tourism in the calculation of shortfalls in export earnings. However, the mechanism of the CFF has an inherent bias against members with wide fluctuations in foreign exchange earnings, since the ceiling on compensation is related to their subscription quotas rather than to the extent of their export shortfalls. Moreover, in recent times both the ceilings and the general operation of the CFF have tended to become more restrictive.

9.41 We believe that the CFF offers yet another example of an international arrangement which has been unresponsive to the needs of small states. We join with others in calling on the IMF to re-examine the functioning of the CFF with a view to improving its effectiveness in relation to its objective of stabilising foreign exchange earnings, and in so doing to give special attention to the problems of states subject to erratic foreign exchange earnings. At present the system of quota allocation has a small bias in favour of small states. But this makes little impact on the much larger opposite bias inherent in the ceiling on compensation.

9.42 Apart from the CFF, the only other international export stabilisation arrangement is the Stabex scheme under the Lomé Convention, which covers exports from the African/Caribbean/Pacific (ACP) countries to the European Economic Community (EEC). But this is a very modest arrangement covering only agricultural products and not even all of these. Nonetheless, island states, like other disadvantaged member states, enjoy special privileges under Stabex and they therefore have a strong interest in its continuing improvement.

9.43 Besides the CFF and Stabex, export earnings stabilisation is pursued indirectly through price stabilisation arrangements like the international commodity agreements. But these tend to require financial support, e.g. to purchase surpluses during periods of low prices. Under the United

Nations Conference on Trade and Development (UNCTAD) auspices, agreement has recently been reached to establish a Common Fund to finance price stabilisation arrangements. Small states would stand to benefit from the operations of the Fund, and we urge its early establishment with modalities which would facilitate the full participation of commodity exporting small states.

Trading arrangements

9.44 The removal of protectionist barriers to trade is of special importance to small states, in view of the limited opportunities their national and regional markets offer. Small states must be encouraged to adopt and promote outward-looking trade policies. But wide exposure to the international economic system can lead to stable and durable growth only if improved market access is not confined to particular products and markets and if other supportive domestic policies are adopted to increase capacity to tap available markets.

9.45 The crucial importance of external market opportunities for the development of small states is inadequately recognised in the international system. The case for favourable treatment for the Least Developed Countries has recently won recognition and, under the Generalised System of Preferences (GSP), such treatment has now been extended to them by some of the preference-giving countries. We believe that small states have a case for similar treatment which is no less pressing, and greater efforts must be made to secure its acceptance. Further, since these states have special difficulties in penetrating foreign markets, and possess a very limited capacity to disrupt such markets, we recommend that they should be freed from all limitations that apply to access under the GSP, as well as being given exemption from all organised marketing arrangements (OMAs) and voluntary export restraints (VERs). The current Multi-Fibre Arrangement (MFA) expires in mid-1986. We recommend that, if the MFA is renewed, states of the size we are concerned with in this Report should be excluded from its provisions.

9.46 In the current context of restrictive international trading arrangements and restricted access to international capital, it is understandable that small states should want to ensure market access and financial assistance through economic co-operation arrangements with major industrial countries. Where many industrial countries are involved in such arrangements, as in the case of the Lomé Convention, potential hegemonic designs are diluted or avoided. However, where only one major state enters into an arrangement with small states, as in the Caribbean Basin Initiative (CBI), the possibility exists that it can eventually overwhelm its captive partners by political influence and leverage, while simultaneously reducing economic benefits.

9.47 In the final analysis it is for the small states contemplating involvement in such arrangements to make their own choice in full awareness of their potential dangers and benefits. But equally the international community has an obligation to create, through support for small states' regional co-operation efforts and liberal and equitable policies on trade and finance, an international environment which reduces the attractiveness of bilateral arrangements with such long-term costs and risks.

Disaster relief

9.48 As with international economic arrangements, international schemes for disaster preparedness and relief to protect the weak and vulnerable are very inadequate. Many small states have a strong interest in seeking improved arrangements because of their vulnerability to extensive damage resulting from windstorms and other natural causes. The Office of the United Nations Disaster Relief Co-ordinator (UNDRO) is the main international agency responsible for disaster preparedness and relief. It also supports related regional programmes like the Pan-Caribbean Disaster Preparedness and Prevention Project and the SPEC National Disaster Relief Fund in the South Pacific. Assistance is provided by other agencies such as the FAO, the World Meteorological Organisation (WMO) and the WHO in their own specific area of activity.

9.49 States and regions prone to disasters must of course make their own efforts; but where states are small and poor, adequate arrangements require encouragement and support by the international community. Technological advances in the monitoring of weather and crops by satellites is giving greater scope to international efforts. However, technology can provide only the means. The will to assist must be present. We consider there is a need for much greater international assistance in this area, in order to ensure that adequate safety-net arrangements are provided for the weak and vulnerable. Bilateral assistance must also play its part, particularly in providing support for regional disaster relief arrangements. Non-governmental organisations, particularly voluntary charitable organisations, can play a unique and catalytic part in arousing the world's attention to human suffering and cutting across political and national barriers in answering people's needs.

C. THE COMMONWEALTH'S PART

9.50 In the course of this study our confidence in the potential of the Commonwealth for collaboration between peoples and states has been amply confirmed. It possesses decided operational advantages over many

other international agencies, largely because the flexibility and ease of communications that inform its consultative processes greatly enhance its capacity for effective functional co-operation. These attributes are particularly useful in dealing with matters related to security. We are therefore convinced that the Commonwealth has a pre-eminent contribution to make in assisting small states to cope with their special security problems. Indeed the association has already shown it has recognised this by taking the lead in accepting an obligation to the small nations of the world community through the extensive programme it initiated in 1979 for the benefit of its own small and other specially disadvantaged member countries.

9.51 Against the background of the Commonwealth's present work to help small member states, we examined the possibilities for extending its scope in order to ensure that it is more closely related to specific security needs.

Technical co-operation

9.52 We focused here on the activities of the CFTC, since this is the Commonwealth's most important mechanism for distributing technical assistance to developing countries. The percentage of the Fund's expenditure that was allocated in 1983/84 to the Secretariat's programme for small and other specially disadvantaged countries represents a sizeable commitment, which should of course be sustained. We believe the CFTC could substantially contribute to the various training and other technical assistance requirements indicated earlier in our Report. However we would particularly urge it to widen its activities so as to include projects that have a more direct relevance to political and military security problems, in respect both of training and of providing a special consultancy service similar to that offered by the Technical Assistance Group (TAG) which already operates within the CFTC. It should also continue to support small states in dealing with maritime problems through studies and action groups along the lines of the pioneering project for Commonwealth maritime co-operation recently introduced in the Asia and Pacific region under the auspices of the Commonwealth Heads of Government Regional Meeting (CHOGRM).

Action to reduce costs of United Nations representation

9.53 Australia's imaginative initiative of providing funds, administered through the Commonwealth Secretariat, for a joint New York Office with common support services, which was established in 1983 to house the permanent United Nations missions of three Pacific island states² and the

² Solomon Islands, Vanuatu, Western Samoa.

Republic of Maldives, has been much appreciated by these countries. The scheme is also widely admired among other small member nations. The four participating countries are required to meet only the expenses involved in maintaining their representatives in New York—that is, the costs of travel, accommodation, salary and allowances, cars and drivers—and any additional secretarial personnel they may wish to employ. The basic savings to each government are estimated to amount to well over \$100,000 a year, thus affording them the option of expending this sum on equipping themselves—for example by increasing the size of their delegations—for a more effective representation at the United Nations.

9.54 Officially launched at the 1981 Melbourne summit, this scheme was originally inspired by the recognition of a regional need expressed at a preceding Meeting of Heads of Government from the Asia and Pacific region (CHOGRM 1982). In our judgement it has proved a highly successful venture which should be formally acknowledged as having passed the experimental stage. However, while we consider that the use of the Secretariat as the medium for administering the finances and hiring of office staff constitutes an adequate safeguard against possible infringement on the participating states' sovereignty by the funding country, we feel it would be more appropriate for the scheme to be undertaken as a pan-Commonwealth obligation and funded accordingly. Moreover we believe that it would be desirable, in any case, for the scheme to incorporate a minimal element of cost-sharing by the beneficiary states. We would also commend the idea of establishing similar arrangements in New York for any other regionally linked group of small states which may seek such assistance.

The consultation process

9.55 In the course of the three colloquia convened by the Group respectively in the South Pacific, Africa, the Indian Ocean and the Caribbean, it became clear that officials from the constituent member countries within the different regions do not necessarily consult in a routine manner about security matters; although they do, of course, consult on an occasional ad hoc basis. We believe that there is a need for regular regional consultations on broad concerns relating to security and that the Commonwealth Secretariat is well placed to facilitate these. It might also be advantageous if such consultations were of a fully regional character and not necessarily restricted to member states of the Commonwealth.

9.56 In view of the large number of small states in the Commonwealth, which moreover represents a high proportion of the world's total number of small nations, we recognise an important role for the association, not only in helping them to achieve stable growth and development directly,

but also in promoting their interests internationally. Throughout our work we have been conscious of the inadequate representation of small states' interests in the international system. The Commonwealth has served as one of a few significant forums giving expression to these interests. Consideration might be given to better use of this Commonwealth facility by arranging special meetings of the small states, which could take place for instance before major Commonwealth meetings that deal with issues of special concern to them. The opportunity could be taken at such small states' meetings to introduce, when necessary, a broader agenda to permit discussion of all related problems. They could also provide a forum for inviting participation by non-Commonwealth small states, where a wider involvement is considered useful.

Role of the Commonwealth Secretary-General

9.57 The Secretary-General plays a key role in the Commonwealth by responding to the expressed wishes of member governments and by facilitating constructive dialogue and consultation. His regular contacts with Heads of Commonwealth and other governments, as well as with highly placed officials in international and regional organisations, and his familiarity with the problems of individual Commonwealth countries gives him the opportunity for uniquely contributing to the promotion of small states' security, particularly through the means of 'quiet diplomacy'.

9.58 In the event of a particular security crisis arising for a small member state, we would urge that the Secretary-General should immediately initiate consultations with that government and with the member states in the region, in order to ascertain whether there is a general wish for some kind of pan-Commonwealth action and to enable him to formulate appropriate proposals. We would also recommend that he consider responding favourably to any request for his intervention by a small state feeling itself under an external threat; in certain circumstances he might consider it helpful to despatch an advisory team to the state concerned.

Special security arrangements

9.59 There was unanimous support within the Group for the idea that the Commonwealth should maintain the practice of responding to requests for ad hoc peacekeeping forces that was initiated in 1979 in order to meet the needs of the Zimbabwe situation at that time, and which might well have been utilised in the case of Grenada as envisaged in the New Delhi Communique. We also note that in moments of urgent crisis the fraternal links of the Commonwealth have facilitated the provision of direct bilateral military aid. For example, Tanzania gave support to Seychelles in 1977 and Papua New Guinea to Vanuatu in 1980, and we feel this is a worthwhile practice that should continue when the occasion demands.

9.60 The possibility of creating a collective stand-by force drawn from national contingents of Commonwealth countries for the purpose of making an immediate response to crisis situations, was also thoroughly discussed. Although this is a conception that has backing from some quarters, our own view is that the political and technical difficulties involved in establishing and maintaining a stand-by force of this nature are overwhelming and that we would therefore be unrealistic in recommending it at this juncture. We would, however, strongly urge that Commonwealth resources, on both a bilateral and multilateral basis, should be made available to support the establishment and maintenance of any multi-purpose regional security forces that might be created by the constituent small member states themselves.

9.61 At present within the Commonwealth, agreements exist for bilateral and multilateral support for military training. Special arrangements are also made for the secondment of skilled personnel to serve in the military and police establishments of needy member countries. At the multilateral level there is an admirable openness to evolving needs, as was most recently demonstrated by the despatch of a Commonwealth military team to Uganda between 1982-84. Nevertheless there is scope for more of this routine intra-Commonwealth co-operation, not only for providing training and expertise, but also, where necessary, for supplying the relevant hardware.

Economic co-operation

9.62 Much of the Commonwealth's activities are in the area of technical co-operation and over time they have become more responsive to the problems of small states. Most of its major activities—export market promotion, assistance with negotiations on access to raw materials, surveillance and development of marine resources, improving financial management, borrower/lender consultations, disseminating economic data and information on international development policies, training, vetting foreign commercial proposals, protection against commercial crime, industrial development, food production, technology transfer and development—are highly relevant to the problems of small states.

9.63 Some of these activities, however, have crucial relevance to current problems of development and security and we emphasise their importance in order to ensure adequate resources to meet current and future needs.

9.64 It is extremely important that small states are able to have adequate access to external capital. While the Commonwealth does not at the moment operate a capital fund, it plays a significant role assisting its small member states in improving their access to official and private capital.

9.65 We are pleased to note that the Commonwealth Secretariat has responded positively to requests for assistance from Caribbean states to deal with their graduation problems with the World Bank. We note also that the Secretariat has begun to give assistance to countries in their negotiations with the IMF and that the capital markets programme is facilitating contacts and consultations between commercial banks and small states. We believe that these capital market activities should be given increased support and should include, where necessary, assistance to small states to deal with discussions and negotiations with financial institutions—official as well as private—including the preparation of projects and structural adjustment programmes for financing by these institutions.

9.66 In relation to the difficulties small states face in tapping international financial institutions, we found the intermediary role played by the CDB particularly helpful to the Commonwealth Caribbean States. In the light of this experience, Commonwealth South Pacific states might find it useful to examine whether they might not derive similar benefits from a sub-regional development banking institution. The Commonwealth could provide technical assistance if such a study is deemed to be necessary.

9.67 Sub-regional development banks do not usually provide support for equity investment and the very small projects in small states are not of great interest to the IFC. We understand that a Commonwealth group of specialists identified a gap in the availability of venture capital for small projects and recommended the establishment of a Commonwealth risk capital facility. If such a facility is established, it would be of particular benefit to small states where gaps in this type of finance are likely to be more marked. We recommend that the follow-up work on this proposal, which is being carried out by the Secretariat, should pay special attention to the needs of small states for equity finance and should be completed as early as possible.

9.68 Of great importance also is the assistance being provided by way of disinterested outside experts under the aegis of CFTC, in negotiations with transnational corporations for raw material ventures and other major projects. We see a continuing need for assistance in this area as well as in finding joint venture partners, in vetting foreign commercial proposals and in the prevention of commercial crime and fraud. The work of the Commercial Crime Unit of the Legal Division and the growing demand for its services are illustrative of the expanding needs in these areas and of the urgent need for additional resources. Since the establishment of the Unit in 1981, it has provided assistance in over 700 cases, the majority of which involved small states. Another new area with expanding needs is the exploitation of marine resources within national economic jurisdiction. Assistance is required in such aspects as

delimiting areas within national jurisdiction, mounting and controlling surveillance over such areas, national legislation, institutional infrastructure, regional co-operation, training and negotiating with foreign governments and enterprises for the development of the marine resources.

9.69 In all these areas—tapping capital markets, negotiating with and vetting of foreign enterprises, commercial crime prevention and managing marine resources—we urge the Secretariat to become increasingly sensitive in identifying needs, and Commonwealth governments to be responsive to changing needs in their resource provision.

9.70 There is considerable need to improve the representation of small states' interests in international economic fora. Through its quarterly publication, 'International Development Policies', which was largely designed with a view to meeting the needs of small states, the Secretariat keeps governments regularly informed of developments on economic matters at the United Nations system and other major international fora. And in one major international negotiation—the Tokyo Round of the Multilateral Trade Negotiations—it provided assistance directly by locating a Trade Adviser in Geneva during the long period of the negotiations.

9.71 The proposal for a new round of multilateral trade negotiations is now being actively considered. In view of the strong interest of small states in open markets, we urge that in any such round the General Agreement on Tariffs and Trade (GATT) should seek to ensure that small states' interests are adequately represented, and that the Commonwealth Secretariat should give early attention to appropriate arrangements for supporting the interests of Commonwealth small states. In this connection we would advise that, if the new round is held, the Secretariat should arrange at a convenient time, an intergovernmental meeting of Commonwealth small states to discuss their special interests in the negotiations and how they could be most effectively pursued.

9.72 We believe that similar meetings concerned with financial issues should be held occasionally and particularly before major international negotiations on such issues. For convenience, and in order to reduce costs, such meetings could be arranged from time to time in conjunction with meetings of Commonwealth Finance Ministers.