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Towards a New Regional Diplomacy Architecture¹

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Introduction

This paper makes the case for a new regional diplomacy architecture centred on a reformed Pacific Islands Forum (PIF). It does so on the strength of two existing developments that are clearly pointing in this direction. The first is the new evolving Pacific diplomacy and its overwhelming demand to create a Pacific voice for the Pacific Small Island Developing States (PSIDS) to best address the issues that genuinely matter to them. Such a voice will render legitimacy to the utterances of the PSIDS on global issues in the global arena; it will be conducive to creating and fostering genuine partnerships with development partners that have an interest in the Pacific; and it will ensure that PSIDS' own interests are not compromised by the national, international and geopolitical interests of Australia and New Zealand. This voice is already being expressed in real

1 Some of the ideas developed here were first developed in a series of seminar presentations: 'What We Have Learned About the Factors that Shape the Regional Institutional Structure and How Might this Structure be Optimised for the Benefits of Pacific Island Countries', What Can We Learn Symposium, 6–8 November 2012; 'PIDF and the Future of Regionalism', School of Government, Development and International Affairs, the University of the South Pacific, 5 September 2013; and 'Pacific Diplomacy and the Future Regional Architecture', Workshop on the New Pacific Diplomacy, University of the South Pacific, 4–5 December 2014.

developments in PSIDS at New York, and in the revitalisation of the Melanesian Spearhead Group (MSG) and the creation of the Pacific Islands Development Forum (PIDF).²

The second discourse is associated with Fiji's response to the invitation to return to the PIF after suspension: that as a condition of re-entry, Australia's and New Zealand's membership status in the forum should be reconsidered in the light of their development partner status, and the significance of other development partners in the region. This Fiji position is prominent and relevant in driving the need for a debate over a suitable architecture to meet future needs of the Pacific Island states. The Fiji case is a political imperative in the region. If it is not addressed with wisdom and foresight, the implications for Pacific regionalism — its unity, solidarity and utility — could be serious indeed. Regional PSIDS leaders have their work cut out. Australia and New Zealand in particular should be forward-looking.³ There is little to gain from trying to retain the status quo when it has proven not to be delivering the goods. There is everything to gain, however, by looking through a fresh lens to a reconfigured regional architecture that promises better outcomes for all concerned, even to the extent of losing membership in an existing forum that has become outdated.

These two developments point to the need for a dialogue about reconfiguring the regional political architecture, and in particular to the membership and governance of the PIF. In this chapter, I develop a rationale for undertaking such a reconfiguration based on an assessment of the achievements of Pacific regionalism since 1971. I argue that Pacific regionalism has been disappointing: it has under-delivered in many areas. The assessment points to the constraining nature of the regional architecture. The membership of Australia and New Zealand in the current regional architecture creates a dichotomy and an over-diversity of membership that has not supported the optimisation of benefits from regional initiatives. This points to the need to move to a PIF without Australia and New Zealand, in order to bring about the optimisation of benefits that have long evaded the PSIDS. Increased benefits need to accrue to the PSIDS for Pacific regionalism to be worthwhile, useful, and meaningful, to bring about economic and social development to the PSIDS and to facilitate their integration into the global economy.

2 These institutional developments are detailed in Tarte (2014).

3 Greg Fry has just released a paper, 'Recapturing the Spirit of 1971: Towards a new regional political settlement in the Pacific' (2015a) which is intended to inform the proposed meeting in Sydney. He raised five areas of discussion in the paper. His third point is directed at Australia and New Zealand: 'recognising the need for Australia and New Zealand to return to a 1971 interpretation of equality and partnership within the PIF with possible consideration of a reintroduction of the island caucus system of the first PIF'. This chapter goes further, not only in recreating an island caucus, but formalising it into a forum which is formally and contractually linked to Australia and New Zealand.

However, given the continued significance of Australia and New Zealand to the PSIDS, and given our shared regionality, this chapter argues that Australia and New Zealand should still attract a special place in the new regional architecture. Furthermore, the need to reflect on the role of other development partners vis-à-vis the new regional architecture is not only an acknowledgement of global reality, but also a firm statement of PSIDS' own strategy in wanting to create its own Pacific vision in response to the increasing global focus on the region.

The Rationale for an All-PSIDS Forum

New Pacific diplomacy, whatever field it is conducted in, inevitably points to the need for a PSIDS-only forum. Utterances from an all-PSIDS forum will be seen as more legitimate, and consequently increases the audience and adherents of the PSIDS globally. An all-PSIDS forum will protect the integrity, coherence and sustainability of its critical issues. This avoids the current situation where these issues can come under pressure from Australia and New Zealand, with their often contradictory views, risking compromise of these issues and/or lowered prioritisation. An all-PSIDS forum will be most conducive for the growing south-south partnerships and is likely to benefit maximally from such partnerships. Such a forum can also benefit appropriately from north-south partnerships, especially if it repositions itself strategically in the global arena, driven by transformative leadership and backed by committed interlocutors who can bring energy and dynamism into their work. The partnerships for cooperation, rather than for dominance, are essential for the PSIDS.

An all-PSIDS forum is likely to effectively advance the evolving new Pacific diplomacy in all areas of significance to the PSIDS — climate change, environment, seabed mining, oceans and fisheries — and it may reclaim its place, which it seemed to have lost due to an increased focus on regional integration in recent times. An all-PSIDS forum will be a natural source of regional mandates for the PSIDS in the UN. This is critical, given the increasing impact of the PSIDS in the UN. The PSIDS group in the UN will play an important role in identifying and securing future partners and resources for the PSIDS, especially given the naturally high budgets that would be required to operate the new forum.

Regional Cooperation Lessons

Successful regionalism from the perspective of group (or club) membership is addressed in 'Toward a New Pacific Regionalism' (Asian Development Bank-Commonwealth Secretariat 2005, p. xv). It promotes having to draw lessons

from the economic theory of clubs, and it draws two lessons: (i) a club must be self-sustaining; and, (ii) a club must provide a large pool of net benefits for each of its members. Understandably, the success or failure of a club depends on its benefits exceeding its costs. The Pacific Plan, which was developed to take the region 'toward a new Pacific regionalism', lost its way in the process. Political economy aspects — dominance of donors and development partners over the aspirations of the final beneficiaries, for instance — contributed to the malaise that drove the plan off course.

The existing regional architecture has under-delivered on regional cooperation. It is logical, therefore, to revisit the regional architecture for better delivery of critical regional issues. The need to increase benefits to members points to the need to reform the membership of PIF to bring about commonality, similarity of developmental status, interests, expectations, and aspirations. Such commonality will decrease the over-diversity of the group, especially the dichotomy of membership between the island states and their large, developed neighbours. This naturally leads to the reform to establish a PSIDS-only forum, without the participation of developed Organisation for Economic Cooperation and Development (OECD) countries. Such a reform is logical, given similar regional groupings around the world and their respective membership composition — for example, the Caribbean Community and Common Market (CARICOM) and a host of African regional economic communities (RECs). The current PIF stands out due to its mixed membership. If such mixed membership were the *modus operandi* in RECs, what has prevented Australia and New Zealand from inviting the PSIDS to be parties to the Australia–New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)?

Reducing the costs of regional cooperation is problematic for PSIDS. In the first place, conducting regional cooperation in the Pacific is costly for a host of reasons, including long distances, high costs of travel, poor infrastructure, and diseconomies of isolation. There is still scope, however, for cost reduction through more effective and creative economies of scale, and creative application of IT in the conduct of meetings. Increased costs from diseconomies of isolation give rise to the prospect of a sub-regional approach within Pacific regionalism, with the aim of cost-effectiveness through more focused selectivity of issues of interests, economy and complementarity — a trend already evident, although each sub-region may need to be more strategic in terms of its operations and *raison d'être*.

Costs subsidisation of regional cooperation in the region will abate with increased contributions from PSIDS members over time. Increased contributions are a factor of national and regional development, economic growth, and meaningful and productive integration into the global economy for the PSIDS.

Increased ownership of funding/costs of regional cooperation by the PSIDS will remove the price distortion currently experienced where Australia and New Zealand subsidise regional meetings, and where beneficiaries or participants of regional meetings are not the financiers but are usually incentivised to attend meetings, even if outcomes of the meetings are not immediately relevant. There is, however, a time lag before such ownership can be established. In the meantime, cost-subsidisation is a development cost for the region that needs to be met. This is best promoted in the context of PSIDS being treated as a 'special case'. The UN is united on this matter.⁴ As such, it can be envisaged that more flexibility, reduced conditionality and greater creativity in design will be factored into the determination of development funds for the PSIDS.

In promoting the primacy of PSIDS interests in the context of Pacific regionalism, it is imperative therefore to reform Australia's and New Zealand's funding obligations. The reform does not necessarily entail having to sever the funding relationship. The funds are needed. What it entails, however, is the creation of a mechanism that allows Australia and New Zealand to be at arm's length regarding the use of their own funds. This would logically have an impact on the configuration of Pacific regionalism and of the membership of PIF.⁵

Market Integration Lessons

The dichotomy of existing PIF membership, with the developed OECD members (Australia and New Zealand) at one end of the spectrum and the 14 small island developing states at the other end, has not encouraged joint efforts to optimise their economic integration. The preferential and non-reciprocal South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), for instance, would have been welcomed for its generous concessions; and the Fijian textile, clothing and footwear industry took full advantage of these concessions to grow the industry. However, the trade agreement failed to address the supply factors of the other PSIDS' principal industries.

4 See, for example, A/RES/66/288, Resolution 66/288, 'The Future We Want', adopted by the UNGA, 27 July 2012, paragraphs 178–180 establish the special case for small island developing states. See also UN Economic and Social Commission for Asia and the Pacific (ESCAP) Resolution 68/1, adopted after a strong submission by Pacific leaders at the ESCAP Commission in 2012. See UN ESCAP (2012, p. 6).

5 Consideration of the treatment of Australia and New Zealand differently in the context of Pacific regionalism and as regards PIF's membership is not a totally new subject. A number of regional commentators have given their sides of the story recently. See, for example, O'Keefe (2012), Grynberg (2012), and Tavola (2012). 'Toward a New Pacific Regionalism' (Asian Development Bank–Commonwealth Secretariat 2005, p. 80) had floated a similar sentiment in 2005.

Fast forward to 2015, the reciprocal Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations are struggling to conclude. Two issues of development resources and labour mobility, critical to the PSIDS, are likely to scupper these negotiations, due to the inflexibility of Australia and New Zealand on these issues. An all-PSIDS forum will remove such dichotomy of membership. Members of the new PIF will have the same interests, in that they are all developing countries, notwithstanding their geographical diversity, and are all trying to integrate successfully into the global economy while trying to manage the overwhelming onslaught of globalisation. Market access and other concessions offered by developed economies will still be available and welcome under the proposed new regional architecture. However, their conduct will be guided by the provisions of the overarching agreement that will be negotiated in good faith.

A major constraint to regional cooperation and the delivery of outcomes under market integration is the lack of national capacity. This remains a challenge notwithstanding the efforts that have been directed at human resources development. This problem will not disappear by reconfiguring relations with Australia and New Zealand. What can happen, however, is that a modality for resolving the problem could be found in the context of an all-PSIDS forum. It is envisaged that much benefit will come through deepened regional integration, but in an unconventional way — through regional integration on the basis of non-trade issues, for example, on capacity building, climate change, and environment. It is further envisaged that since the modality is unconventional, it may not be of interest to Australia and New Zealand. Developed countries like Australia and New Zealand would tend to see more gains and value in conventional regional integration, modelled on the European Union, for instance.

Regional Delivery of Services (Pooling)

Voluntary regionalism is a constraint to regional pooling of resources. The choice to shift away to involuntary regionalism (to introduce degrees of binding into collective decisions), is not going to come automatically to the new PIF, as suggested in this chapter. It is envisaged, however, that the new scenario created in having an all-PSIDS forum will be conducive to redressing the problem vis-à-vis the current PIF. In the first place, the diversity of membership will be reduced. Commonality of interests will therefore tend to be a driving force in decision-making. Secondly, an all-PSIDS forum is likely to learn and adopt lessons from the sub-region that shares the same membership. This is especially so if, for example, a sub-region is to recommend binding decisions after it has been trialled in that sub-region. This is based on the precept that, once trialled in a smaller, more homogenous group, champions from that group can then advocate to the larger group.

Trialling binding of decisions at the sub-regional level can even be part of a larger exploratory intervention on the political economy of the group. It is postulated by a number of commentators of RECs that poor management of the political economy aspects of regionalism has contributed to the poor state of these RECs. For the new regional architecture, supported by a number of existing sub-regions, it is considered best strategy to trial issues of this nature in the smaller group before introduction into the larger group. In any case, studies on the political economy of Pacific regionalism are critical.

Conclusion on Lessons Drawn

If the lessons drawn are taken seriously and implemented effectively, we can anticipate improved results from Pacific regionalism in all its phases. To date, Pacific regionalism seems to be proceeding conventionally — linearly, though in its early stages. Pacific regionalism has to proceed in the collective interests of the PSIDS. Its approach and phases of development, however, will become evident under the new architecture. The prospect of an unconventional approach regarding regional integration on the basis of non-trade issues is flagged in this chapter. It is also relevant to underline that efforts at regional integration should not necessarily displace PSIDS' collective efforts at diplomacy at the regional and global levels, especially diplomacy relating to global issues critical to PSIDS. Since 2002, PIF and PSIDS have devoted a lot of time and effort to negotiating trade agreements such as economic partnership agreements, the Pacific Island Countries Trade Agreement (PICTA), PICTA trade in services, and PACER Plus. This work is still continuing.

The Proposed Regional Architecture

The first step in establishing this new architecture is to declare an all-PSIDS forum without Australia and New Zealand. The designation of PSIDS is the preferred designation under the new architecture for the prospect of strategic linkage to the UN. The 14 PSIDS will immediately constitute the membership of the new PIF. The PIF Secretariat (PIFS) would continue as the secretariat of the new PIF but be subjected to reform in the near future. The question of PIFS being substituted by PIDF has been raised in some circles. This however is not being implied here. The recommended role of PIDF as a Council of Regional Organisations in the Pacific (CROP) agency, providing technical advice to the new PIF, is flagged below.

The second step is to recognise and acknowledge the existing sub-regional bodies as the constituent building blocks of the new PIF. These sub-regional bodies are the MSG, Polynesian Leaders Group (PLG), Micronesian Chief Executives' Summit (MCES), Pacific–African, Caribbean and Pacific (PACP), Smaller Island States (SIS), and PSIDS themselves: members of the Alliance of Small Island States (AOSIS). Sub-regions are to determine the issues that are best handled at that level and those that are best treated at the new PIF level. Criteria of allocation of these issues should be based on value-adding prospects, complementarity, relative efficiency and efficacy, and best trialling prospects of certain issues (binding commitment to decisions made, political economy, and cost benefit analysis of regional initiatives) in the interests of the larger collective. The new PIF should formalise its links to the PSIDS in the UN.

Thirdly, membership of the new PIF is to grow organically to incorporate all 23 Pacific Island countries and territories that are currently members of the Secretariat of the Pacific Regional Environment Programme (SPREP) and Secretariat of the Pacific Community (SPC) — ‘organically’ being the operative word, implying care, vision, strategy, and utilitarianism. Membership is to also incorporate NGOs and eventually the private sector. This is an important point for Fiji, which has been particularly vocal on this matter. Modality of incorporation of their membership, however, can be informed and prescribed by the lessons from PIDF (an inclusive approach) and from MSG (described as Inter-Governmental Body (IGB) plus, given that its membership comprises governments and a political party). This can also be informed by future conversations on the merit and demerit of the concept of an IGB in the context of being inclusive in the name of sustainable development. Strategically, therefore, we should remain open to all prospects of representation and engagement, including preparatory parallel conferences of different constituencies leading to joint summits.

Fourthly, the establishment of the new PIF should also signal the start of essential reforms in the region. Given the duplication of issues amongst some of the CROP agencies, including PIFS, and the resultant inefficiency and inefficacy in implementation, monitoring and evaluation of these regional issues, there should be a follow-up study to the 2005 Regional Institutional Framework (RIF) study.⁶ This is particularly pertinent, since the recommendations of the 2005 study were not fully implemented; some were subsequently misdirected. Politicisation of issues was partially to blame. This follow-up RIF could have an expanded terms of reference to address and rationalise the duplication of issues that exist in the region amongst the CROP agencies, with the aim of bringing

6 See Hughes (2005).

efficiency and efficacy in the delivery of services in the region; to review the duties and structure of the secretariat in the context of the new PIF; and to review the optimisation of benefits in all regional initiatives.

Fifthly, the prospect of exploring PIDF as a CROP agency should also be pursued. PIDF has special significance for Fiji, given its conception during the period of Fiji's suspension from PIF. Its significance is also built around the inclusivity of its membership. It is imperative, therefore, that lessons drawn from this inclusive approach, especially the inclusivity applied, should inform future work on membership of the new PIF, as proposed above. The question of PIDF becoming the secretariat for the new PIF does not arise in this reconfiguration of the regional architecture. This chapter presents PIDF as a possible CROP agency. Its competence lies in the proliferation of green growth policies in the Pacific, and here it stands unchallenged as the sole purveyor of green growth technical advice to the new PIF.

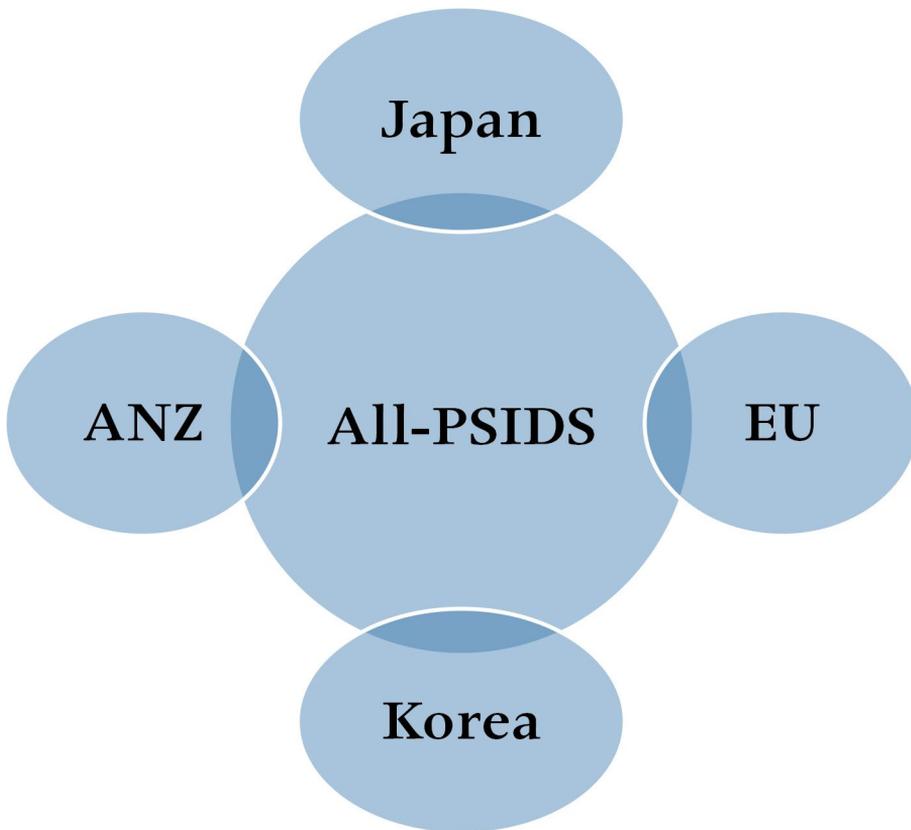


Figure 3.1: Proposed inter-regional structure of new Pacific Islands Forum

Source: Author's research.

The New Pacific Islands Forum and Australia and New Zealand

Any regionalism project is costly. This is particularly true for Pacific regionalism, given the regional geography, the tyranny of distance, and the diseconomies of isolation. Even though the reform calls for a membership reconfiguration without Australia and New Zealand, it is still critical to retain their goodwill and generosity by way of a formally negotiated inter-regional agreement. This is only logical given, *inter alia*, our shared regionality and history with these two developed countries. The justification of continuing relations and partnerships with Australia and New Zealand goes beyond funding and financial considerations. What is being envisaged is a win-win situation for both parties of the existing PIF. Such an agreement will bind the two parties together in future. The provisions of the agreement will be negotiated in good faith and to focus on areas of need for both sides. The inter-regional agreement would not in any way undermine bilateral relations and could enhance bilateral commitments, by providing a focus on development and funding gaps that can be filled or on areas that can augment or supplement bilateral initiatives. For Fiji, coming out of suspension and sanctions, this bilateral scenario offers exciting prospects.

It is thus proposed that a special agreement be negotiated and established between the new PIF and Australia and New Zealand. Such an agreement would represent an overarching agreement between the two parties and could be modelled on the European Union–Africa Caribbean Pacific Cotonou Agreement. The overarching agreement would include political, economic and development aspects of the new relations. PACER and PACER Plus could be appropriately situated in the agreement. The labour mobility schemes could also be specifically reflected in the agreement. The prospect of an Inter-PIF–ANZCER agreement could also be pursued should it prove imperative for Australia and New Zealand particularly.

The New PIF and Other Development Partners

It is also logical, reasonable and strategic to negotiate and establish similar agreements with other development partners who seek genuine and forward-looking partnerships with PSIDS. It is imperative for PSIDS therefore to identify the relative strengths of prospective development partners and seek, through negotiated treaty provisions, ways and means to take full advantage of these strengths in the resourcing of their development plans.

The overarching agreement between the new PIF and Australia and New Zealand provides a possible template for use in negotiating agreements between the new PIF and other development partners. Agreements are to be negotiated with all current development partners as a starting point. New development partners can be added subsequently. For some partners — Japan, Korea, and the UN — new multilateral/plurilateral agreements can be formulated and built upon on the basis of ongoing unilateral programmes/conferences/summits. Others are to be selected on the basis of their respective benefits (for example, benefits that accrue from pooled services funded from development resources), and their strategic and geopolitical significance (south–south relations, strategic and innovative north–south relations). In all cases, the new PIF is to recognise the strength that each development partner offers and negotiate to take full advantage of that specific strength.

Conclusion

In his Devpolicy Blog, Professor Greg Fry provided four scenarios for the future configuration of regional architecture (Fry 2015b). His third scenario was that of doing nothing and maintaining the status quo. From his analysis of that scenario, he drew the following conclusions: (i) Fiji will not resume PIF membership; (ii) Fiji will continue promotion of PIDE, PSIDS and the MSG; (iii) the region will see the entrenchment of two competing Pacific regional systems with overlapping membership; and, (iv) regional unity will be hampered and scarce human and financial resources will be spread thinly and inefficiently.

I agree with this assessment. To do nothing and simply maintain the status quo will drastically set Pacific regionalism backward and all forum island countries will be worse off. This is the logical conclusion from the analysis of past lessons developed here. Moreover, in Fiji's absence from PIF, the region will also lack a maverick to prick our collective consciences on occasions when we lose sight of our regional diplomatic aspirations.

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