



Book reviews

The oil markets of the Pacific Rim: into the 1990s
Paul McDonald, Financial Times Business Information,
London, 1990, 101pp, overseas price US\$333.00

This timely review of the petroleum and gas markets in East Asia and the Pacific notes that the growth of energy use in this region (at some 15 percent per annum) is the fastest in the world.

The study concludes that there are serious imbalances in supply and demand in the region, with the rapidly growing countries, in particular, becoming increasingly dependent on Middle Eastern resources. The study suggests greater attention to technological innovation to improve the utilization of natural gas which is in relatively ample supply in the region. McDonald suggests that, instead of having consumers in East Asia contribute their capital to petroleum producers in Middle Eastern countries, they should invest in natural gas in the region. In large, densely populated countries, such as China and Indonesia, other fuels and nuclear energy could grow in importance, despite opposition from some of these countries' neighbours.

The author argues that there are still too many implicit and explicit subsidies to petroleum use in the region. These result from long entrenched regulatory systems. The subsidies need to be eliminated to reduce the

growth of petroleum usage. Unless the Middle East political crisis is settled quickly, higher petroleum prices will have this effect. Both petroleum usage and dependence on the Middle East will be reduced quickly, albeit with some very unpleasant side effects.

The study does not include useful demand or supply data for the islands of the South Pacific. They are not put together on the same basis as for East Asian countries. The island demand for petroleum and gas is too small to affect global supply, but monitoring domestic consumption trends closely would be useful for policy makers.

Papua New Guinea's reserves are put at 200 million barrels a day. There is no indication of how rapidly the Papua New Guinea deposits are likely to be developed.

For those interested in the outlook for demand and supply of fuels in the region, this is an excellent starting point.

Its price is typical of the charges now being set by economic and business advisory groups.

Helen Hughes

Towards a Pacific Island Community
Report of the South Pacific Policy Review Group, Wellington,
New Zealand, 1990, 300pp, ISBN 0 477 01547 6

and

Problems in paradise: United States interests in the South Pacific
Report of a Congressional Delegation to the South Pacific, 5–16 August 1989,
US Government Printing Office, Washington, 1990, 151pp

Aid has become an integral part of the national economies in the South Pacific. Few of today's administrators will be able to recall the times when aid was only a minor consideration in the decision making process. As Tony Hughes noted in a recent PEB article 'their (governments) dependence on aid will tend to be self-perpetuating through the deficiencies in the other policies that aid permits'.¹

As far as one can judge in today's circumstances, aid in the Pacific will be part of the foreseeable future: perhaps the systems of delivery, the focus, or the basic principles will change; but, the transfer of resources from one group of countries (the donors) to another group (the recipients) will continue. Under such circumstances it is sensible that donors consider, in hearings and studies, their policies and motives.

New Zealand, with a long history of involvement in Polynesia and to a lesser extent Fiji, extended its interests as an aid donor to the Melanesian and Micronesian countries of the Pacific as they achieved independence. Spreading their aid net throughout the region must be regarded very much as an act of faith by a country whose population is less than the combined total of the countries it seeks to help and whose economy is facing its own problems. Indeed, the gradual decline in New Zealand aid to the region in dollar terms is clearly reflected in the report of the Policy Review Group (p.112).

However, aid can be more importantly reflected in attitudes than in pure dollar terms. *Towards a Pacific Islands Community*, although not yet accepted by government as a policy blue print, takes a long, hard and

interesting look at New Zealand's future in the region. An important theme of the report is regionalism and the role that New Zealand can and inevitably must play in the future of what the report refers to as the 'Pacific Island region'. This area incorporates not only the traditional South Pacific region but also those island countries north of the equator which were originally both British and United States colonies or trust territories.

Having set out to establish the role of New Zealand as a major player in the Pacific island region, the report then makes sixty-two recommendations which indicate how this might be achieved. While to the committed 'Pacific watcher' most of the recommendations seem sensible, there are others which perhaps explain the government's reluctance to endorse the report as it stands. For example, the initial recommendation that the South Pacific Forum be renamed the Pacific Forum and become the 'paramount regional organization' may be somewhat premature given debate on this issue in recent years. Recommendations relating to the development of trade are both practical and timely as are those on education and the environment.

While recognizing this is not an official pronouncement of New Zealand's attitude towards the island states of the Pacific, it does present a range of views and judgements that must go a long way towards shaping policy in the future. The report is a valuable document for those concerned with the changing relationships between the industrial and developing island countries of the Pacific. It must be considered by political leaders of both factions in a country whose population is becoming increasingly tied to its island neighbours.

1 PEB, 5(1) June 1990:20.

The report of the United States Congressional Delegation (CODEL), *Problems in Paradise: United States interests in the South Pacific* is a very different presentation from that of the New Zealand Committee and is no doubt aimed at a very special audience. It begins by recalling the United States' involvement in the South Pacific during World War II and notes that the 'reservoir of goodwill towards the United States in the South Pacific region is rapidly being drawn down'. The interests of the United States in the region are then assessed and the rather modest role it has played in the region in the post-war period examined. The CODEL then reviews what it considers to be the major issues affecting the region, viz., driftnet fishing and the South Pacific Nuclear Free Zone.

Following a summary of their impressions and main points of discussion in the seven countries visited, the CODEL goes on to make a series of regional and country specific recommendations for US policy. The report refers rather grandly to the need for a 'new, comprehensive US strategy towards the South Pacific that demonstrates our commitment to the region' (p.73). There is very little of a material nature in the proposals. This may be considered just as well, given the already

substantial flows of aid to the region. On the other hand some of the proposals, such as improved access to the radio program Voice of America and a greater diplomatic presence, may be regarded as a mite too bland. To be fair, there are some useful proposals such as ratification of the Treaty of Rarotonga (nuclear free zone in the region) and the South Pacific Regional Environmental Protection Convention. It is, however, early days, and the outcome of the CODEL paper is yet to be judged - perhaps the most significant issue is that the visit took place at all.

The difference between the New Zealand and United States reports serves to highlight the real difference in understanding of and concern for the region by the two groups of reviewers. Both are clearly sympathetic and are seeking to improve the lot of the citizens of the South Pacific. What might be achieved as a result of the reports will be awaited with interest in the islands. It would be fair to suggest that no one is 'holding their breath'—after all, the final say is with the governments of the two countries and, at least for now, they appear to have other priorities.

Rodney V. Cole