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**Special Body on Least Developed, Landlocked
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Executive summary of the Asia-Pacific Countries with Special Needs Development Report 2020: Leveraging Ocean Resources for the Sustainable Development of Small Island Developing States

Note by the secretariat

Summary

The *Asia-Pacific Countries with Special Needs Development Report 2020: Leveraging Ocean Resources for the Sustainable Development of Small Island Developing States* shows that these economies are not on track to reach most of the Sustainable Development Goals. The likely impact of the coronavirus disease (COVID-19) pandemic on these economies is to put the achievement of the Sustainable Development Goals even farther out of their reach, making the need for accelerated action to achieve all Goals by 2030 even more urgent.

The *Report* contains a discussion on how small island developing States should take full advantage of their blue economy to foster their development, focusing on two sectors, fisheries and tourism, which are important in small island developing States and which both rely on ocean resources, and the present document contains pertinent policy recommendations to strengthen the development role of fisheries and tourism. Scaling up action is required for small island developing States to make progress towards implementing the 2030 Agenda for Sustainable Development. While enforcing international frameworks, norms and standards is one element that will contribute to such progress, ensuring greater regional cooperation is a further one. Regional cooperation can help to protect fisheries and enable a recovery of coastal fisheries. It can also be linked to tourism, by a common branding for the Pacific subregion and leveraging tourism to foster sustainable development further.

The Economic and Social Commission for Asia and the Pacific may wish to discuss aspects of the suggested policies and provide guidance to the secretariat on identifying the kind of targeted interventions that could be provided to support the implementation of these policies.

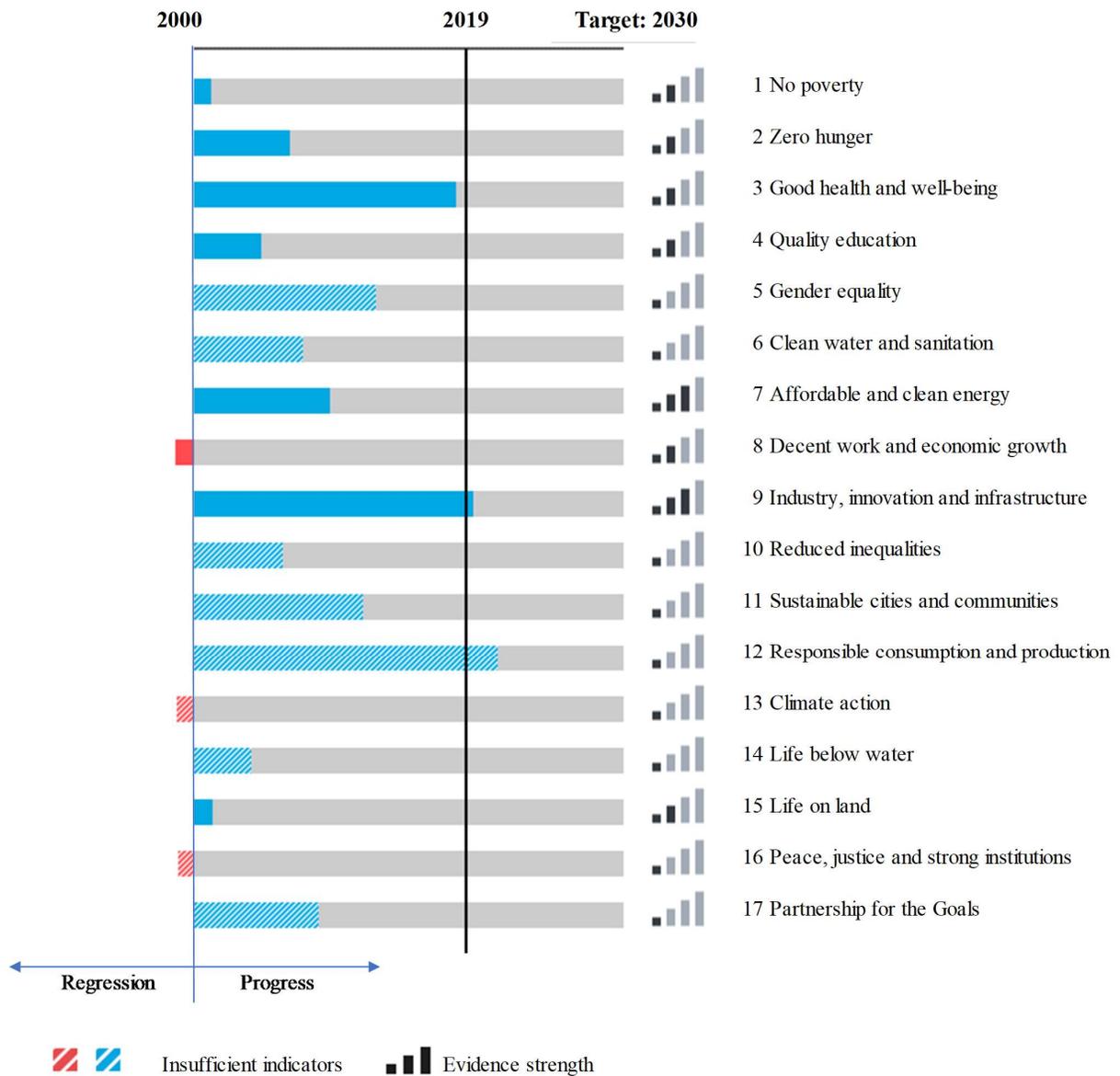
* ESCAP/76/L.1/Rev.1.

I. Introduction

1. Small island developing States in the Asia-Pacific region include fifteen member States of the Economic and Social Commission for Asia and the Pacific (ESCAP): Fiji; Kiribati; Maldives; Marshall Islands; Micronesia (Federated States of); Nauru; Palau; Papua New Guinea; Samoa; Singapore; Solomon Islands; Timor-Leste; Tonga; Tuvalu; and Vanuatu; as well as seven associate members: American Samoa; Cook Islands; French Polynesia; Guam; New Caledonia; Niue; and Northern Mariana Islands. Despite sharing a common classification, these States are a very diverse group of countries and areas that differ in, among other factors, the size of their national economies, their land mass and populations and their level of development.

2. While the coronavirus disease (COVID-19) pandemic has led to a temporary shutdown of many activities, and its economic and social impact on the people of the Asia-Pacific region will be great, its extent is not yet fully known. However, available data measuring progress towards the Sustainable Development Goals reveal that small island developing States in Asia and the Pacific are on track to reach Goal 9 and Goal 12 (see figure). Significant progress has also been made towards reaching Goal 3. This is encouraging. However, these economies are making insufficient progress towards all other Goals. Of concern is the small amount of progress that has been made towards eradicating poverty (Goal 1). While for many Goals, insufficient data availability makes it difficult to clearly gauge the progress, the available data suggest that greater efforts are required for Goal 13 on climate action and Goal 14 on life below water, which are both very important for small island developing States. Clearly, accelerated action is required to achieve most Goals by 2030. This is particularly important considering the negative impact that the COVID-19 pandemic will have on economies in 2020 and beyond. In particular, it is likely that the pandemic, through its economic and social impacts, may reverse years of development gains.

Snapshot of Sustainable Development Goal progress for small island developing States, 2000–2019



3. Worryingly, Asia-Pacific small island developing States are grappling with providing productive employment to their people. While the average growth rate of small island developing States in the region decreased from 4.3 per cent for the period 2000–2009, to 3.6 per cent for the period 2010–2019 (compared to 7.7 per cent and 6.0 per cent, respectively, for all developing countries in Asia and the Pacific), these economies have in fact regressed with regard to Goal 8, which aims to promote inclusive and sustainable economic growth, employment and decent work for all. And while the COVID-19 pandemic is still under way, it already is becoming evident that many of these economies will regress further from reaching Goal 8. Progress on this Goal is important, as without sustained growth and the availability of decent work, countries will not be able to reach many of the other Goals, such as eradicating poverty.

4. There are several reasons for this trend. For instance, small island developing States face specific and increasing challenges due to their geographic characteristics, which include remoteness, small land mass, small population and small size of the economy. Thus, their small, dispersed populations preclude them from reaching significant economies of scale. They also make the provision of public services such as education or health care expensive. At the same time, small island developing States face a narrow land-based resource base and small domestic markets. They are far from export markets, which in turn are also few in number, and import resources, and face low and irregular international traffic volumes. Some Pacific ports, such as Port Vila in Vanuatu, receive approximately one container ship every three days; in Kiribati only one operator offers regular liner shipping services, with one ship arriving every 10 days. These characteristics translate into high costs for energy, infrastructure, transportation and communication.

5. Small island developing States are also among the countries most vulnerable to climate change. They often suffer from devastating effects of natural disasters such as cyclones, which often necessitate considerable reconstruction and/or rehabilitation efforts. For instance, the damage and losses caused by Tropical Cyclone Winston were estimated at 31 per cent of total gross domestic product (GDP) in Fiji in 2016, while Cyclone Pam caused damages equivalent to 64 per cent of total GDP in Vanuatu in 2015.

6. Such specific features of small island developing States translate into high fiscal volatility and high current-to-capital expenditure ratios, which entail very limited fiscal space for the large medium- and long-term investments needed to implement the 2030 Agenda for Sustainable Development. All these conditions make attracting the investments required to achieve the Sustainable Development Goals a major challenge. Additionally, in the Pacific, the estimated climate-adjusted investment needs to achieve the Goals by 2030 are at 9.1 per cent of GDP, considerably higher than the average of 5 per cent for the developing Asia-Pacific countries. The combination of these factors makes these economies highly disadvantaged with regard to improving their development prospects. This is especially true for the five small island developing States that are also classified as least developed countries: Kiribati, Solomon Islands, Timor-Leste, Tuvalu and Vanuatu.

7. Given their specific circumstances and myriad challenges, what can these States do to alleviate some constraints and improve prospects for achieving the Sustainable Development Goals? In this regard, it is worth highlighting that while small island developing States face a narrow resource base on land, they do have vast ocean resources available to them. Although their land areas may be small and often dispersed across several, sometimes hundreds, of islands, they have large exclusive economic zones. Rooted in the United Nations Convention on the Law of the Sea, the concept of exclusive economic zones gives countries exclusive rights to the exploration and use of marine resources up to 200 nautical miles from their shores. For several small island developing States, these zones exceed the land area by many thousand times. For instance, for Tuvalu, which has a population of less than 12,000 people, this zone exceeds its land area by more than 25,000 times and covers an area that is greater than continental France. For Kiribati, which is home to fewer than 120,000 people, it covers an area that exceeds the land area of India. The abundance of these ocean resources should be leveraged more effectively to support accelerated action to implement the 2030 Agenda for small island developing States.

8. As a companion report to the theme study *Changing Sails: Accelerating Action for Sustainable Oceans in Asia and the Pacific*, in which the authors examine the importance of marine debris and plastic pollution, sustainable maritime connectivity and sustainable fisheries for the Asia-Pacific region, the *Asia-Pacific Countries with Special Needs Development Report 2020: Leveraging Ocean Resources for the Sustainable Development of Small Island Developing States* focuses explicitly on Asia-Pacific small island developing States. In particular, it contains an examination of how small island developing States can take better advantage of the blue economy, in particular those sectors that are closely linked to their vast ocean resources and that bear the potential to accelerate their progress towards the Sustainable Development Goals: fisheries and tourism. These two sectors are already among the most important for many small island developing States.

9. For instance, in 2018, tourism earnings exceeded 50 per cent of GDP in Maldives and Palau and equalled approximately 30 per cent of GDP in Samoa and Vanuatu. And while the collapse of tourism resulting from measures to contain the COVID-19 pandemic, including restricting entrance to countries and halting international travel, will have a profound impact on the development of these economies in 2020 and beyond, tourism remains a sector that can be oriented towards local communities, that is at the forefront of environmental preservation in many countries, and that can be linked to the whole local economy in small island developing States. In 2018, in Kiribati, fish and fish products contributed as much as 16 per cent of output. Moreover, these sectors can help States to overcome the barriers that their geographic isolation and the small size of their economies pose in terms of being largely unable to significantly integrate into regional and global value chains and production networks. In the *Asia-Pacific Countries with Special Needs Development Report 2020*, the secretariat does not explore the potential of deep-sea mining in fostering the sustainable development of small island developing States due to the uncertainty about the environmental impacts of deep-sea mining and the lack of knowledge of the deep-sea environment.

10. While focusing on small island developing States, the lessons and experiences emanating from the *Report* are relevant to other countries in Asia and the Pacific as well. For instance, greater regional cooperation to make fisheries more sustainable is also important for the coastal least developed countries. Indeed, in its resolution 72/9, the Commission highlights the need for regional cooperation to promote the conservation and sustainable use of oceans, seas and marine resources for sustainable development in Asia and the Pacific. Greater regional cooperation to foster tourism through, for instance, common regional branding, is also important for the landlocked developing countries of Central Asia, where a unique geography of high passes and mountains, vast deserts, grassy steppes and rich cultures appeal to visitors.

II. Fisheries as a driver of sustainable development in Asia-Pacific small island developing States

11. Fisheries are extremely valuable for small island developing States. This sector is a main source of their marine wealth, which varies considerably across countries. For Governments, fisheries bring much-needed public revenues. Government income from the fisheries sector expanded greatly with the establishment of the 200-nautical mile exclusive economic zones in 1982 and their associated opportunity for negotiating and collecting fishing access fees. License access fees charged to distant-water fishing nations in the exclusive economic zones of small island developing States are by far the main source of public revenue for those Governments, comprising, for example, as

much as 75 per cent of government revenue in Kiribati. However, the COVID-19 pandemic crisis may jeopardize these income streams as a result of a slowdown in fisheries.

12. For households, fisheries are vital sources of food and employment, as they provide food and income to more than 200 million people in the Asia-Pacific region. The importance of this sector for small island developing States becomes pronounced considering that their average per capita fish consumption is two to three times higher than the global average. Also, fisheries-related employment in Asia and the Pacific accounts for 84 per cent of the global population engaged in the fisheries and aquaculture sector. Beyond Governments and households, the importance of fisheries is reflected in the share of fish and fish-related products in these economies. For instance, in the Marshall Islands these amount to 14 per cent of GDP.

13. Broadly, fisheries in small island developing States can be broken down into offshore (foreign-based and locally based), coastal (commercial and subsistence), aquaculture and freshwater. The catch from offshore fisheries in the Pacific is by far the largest and focuses mostly on tuna (the subregion provides approximately 55 per cent of the world's tuna supply, most of which is caught by fleets of distant-water fishing nations and exported from the region). On the other hand, coastal fisheries are mostly domestic, producing most of the food and employment for islanders. Approximately 90 per cent of fishers and fish farmers in Asia and the Pacific are small scale, which translates into a high share of subsistence fishing and shows the importance of coastal fisheries to the nutrition of coastal communities. The production from aquaculture is very small in small island developing States, with some exceptions such as giant clams in Tonga or seaweed in the Solomon Islands. Similarly, the amount of freshwater fisheries is negligible in most countries, with the exception of Papua New Guinea.

14. The differences between fishery subsectors also extend to the health of their fish stocks. Offshore, the focus is on tuna. In the Pacific, while all key commercial stocks of tuna – bigeye, skipjack, albacore, and yellowfin – are assessed to have still been managed and maintained at sustainable levels, the biomass of most stocks continues to decline. In the Indian Ocean, the stock of yellowfin tuna is estimated to be close to or has possibly entered an overfished state. In South-East Asia, overfishing is considered an overall threat to the marine ecosystem: 64 per cent of the fisheries resource base is at a medium to high risk from overfishing. Coastal fishery resources often also show signs of overexploitation, especially in areas close to highly populated centres and for fishery products (for example, *bêche-de-mer*) that are in demand in rapidly growing Asian economies. Coastal fisheries are also negatively affected by habitat degradation as a result of destructive fishing practices, urbanization, siltation from mining/logging and competing uses of the coastal zones. As the degree of exploitation of coastal finfish depends on the distance to urban markets, its perishable nature has a limiting effect on fishing pressure in rural areas. In contrast, as the products of commercial invertebrate fishing (for example, crustaceans) are mostly non-perishable, resources are seriously depleted even in remote locations. Indeed, the overexploitation of important coastal resources is one of the greatest fishery-related problems of the region. However, the COVID-19 pandemic may create a small window for stocks to recover if it leads to a global slowdown of the commercial fishing industry. Finally, in the high seas where there are fewer controls and no fishing license fees, the overall health of the stocks is worse than that in exclusive economic zones, although the true extent of the exploitation is largely unknown due to low observer coverage.

15. The challenges of sustainably managing fisheries are intricately linked to the sustainable conservation of oceans. The very nature of fisheries as a common property resource that is depletable constitutes a tragedy of the commons – which explains the overexploitation of coastal fisheries and the high seas. Climate change is being felt; one of its expected results is the main tuna stocks moving eastward towards the high seas, highlighting that the impact of climate change on fisheries is asymmetrical between those who suffer its effects and those who caused it. Other remarkable challenges include marine pollution, especially associated with habitat loss and plastic litter; illegal, unreported and unregulated fishing that contributes to overfishing; institutional deficiencies that, for instance, prolong subsidies to fisheries; and the lack of data and systems that could have helped to increase understanding of the value of ecosystems. Approximately 3 and 5.3 million tonnes of micro- and macropastics, respectively, are annually lost to the environment. An ever-increasing threat is posed by microplastics – nano and microparticles of less than 5 mm, which are ingested by marine fauna and accumulate in the bodies of animals, which consequently leads to the deterioration of their health and may cause harm to humans at the end of the food chain. Given that coastal fisheries are responsible for most of the sector's contribution to food and employment in small island developing States, it is of paramount importance to implement measures that help to restore the environmental balance towards a more sustainable ecological equilibrium.

16. Components that can contribute to ensuring that fisheries can act as a driver of sustainable development for small island developing States can be structured as follows: (a) better data and efficiency; (b) fishery conservation; (c) adequate legal framework and multi-stakeholder engagement; and (d) enhanced regional cooperation.

A. Data and efficiency

17. Countries can take advantage of technological improvements to conserve their marine resources and to increase fishing efficiency. In addition to technology, countries are pursuing the creation of employment for citizens of small island developing States, and already-existing assets can be leveraged to do so. For instance, there are initiatives to promote employment aboard tuna vessels, either by requiring a minimum number of local crew or by facilitating their employment, for example, through the provision of training. While it may not always be easy due to the structural obstacles small island developing States face, they may also consider pursuing activities with higher added value to their fisheries. Valuable lessons can be learned from the region and beyond. For instance, Iceland is well known for extracting very high value from its fish. Potentially, research to replicate these successful lessons and find additional uses for fish products could be feasible, while regional cooperation could make the financing of replicating that research less burdensome. However, a lack of factual, transparent and harmonized data and information is an obstacle to the effective management of fisheries. Data for coastal fisheries are particularly scarce, resulting in the lack of management measures. Monitoring coastal fisheries is typically expensive in countries with extensive coastlines and has historically been unaffordable for many countries in the region beyond rudimentary statistics. The application of remote sensing technology, e-reporting and e-monitoring, for example, could potentially provide new sources of data for improved monitoring. Data for offshore fisheries also suffer from the lack of transparency as data from the transboundary industrial-scale fisheries often restrict access to third parties by confidentiality rules.

B. Fishery conservation

18. Conservation projects are needed in order to prevent the depletion of stocks and to preserve natural environments. Conservation requires resources. While small island developing States may consider raising taxes (such as increasing trans-shipment fees, for example) to expand their fiscal space, there is little room for additional taxes without large-scale reforms of tax systems. In this context, innovative instruments to mobilize resources may seem more appropriate, such as blue bonds and debt-for-conservation swaps, which have already been used in some countries, such as Seychelles. Another way to find fiscal space is to reallocate spending. The most conservation-friendly measure would be to eliminate fishing subsidies, but not all subsidies are negative and not all countries use them equally. Small island developing States in the Pacific have already implemented very high reductions, which means that eliminating subsidies further will not increase their fiscal space to a significant degree. Conversely, many distant-water fishing nations have significant subsidies, which induce overexploitation. Hence, efforts should be made to reach international consensus for actionable and timed-framed subsidy-reduction plans.

C. Legal frameworks and multi-stakeholder engagement

19. In line with Sustainable Development Goal 14, target 14.10, the international community should support the effective, full implementation of the 1982 United Nations Convention on the Law of the Sea which, together with its implementing agreements (the 1994 Agreement relating to the implementation of Part XI of the Convention and the 1995 Fish Stocks Agreement), sets out the legal framework within which all activities in the oceans and seas must be carried out. Despite its importance, it has not been fully implemented.

20. Beyond that, there is an ongoing discussion in the international community about measures that would help small island developing States accelerate towards implementation of the 2030 Agenda, such as by increasing the 200 nautical-mile limit that currently constitutes exclusive economic zones, which represent the source of natural resource wealth that these countries are able to benefit from. Doing so would contribute to ensuring more sustainable fish stocks in these zones. Indeed, the international community is working towards developing an international legally binding instrument under the United Nations Convention on the Law of Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.¹

21. To successfully implement the legal frameworks, one needs to engage all oceans stakeholders. Doing so will turn them into allies and countries will benefit from their presence since local stakeholders often are the first ones to spot illegal, unreported and unregulated fishing. Multi-stakeholder engagement will also foster a sense of ownership, leading to an awareness of the consequences of marine resource depletion. Yet, to formally implement these formulas, countries need the necessary institutional framework, such as relevant legislation, definitions of locally managed areas and sufficient capacity to formalize such arrangements with clearly defined communities. At

¹ In its resolution 72/249, the General Assembly decided to convene an intergovernmental conference to consider the recommendations of the Preparatory Committee established by Assembly resolution 69/292 on the elements and to elaborate the text of such an international legally binding instrument.

present, most small island developing States have significant gaps in these areas.

D. Regional cooperation

22. Regional cooperation is especially important given the nature of fisheries as a common property resource. It can greatly improve the effectiveness of some policies, such as ongoing agreements between countries to monitor illegal, unreported and unregulated fishing, explicitly recognized in the United Nations Convention on the Law of the Sea and reflected in several regional fishery bodies. Two initiatives resulting from regional cooperation have been particularly effective for fisheries: the “Harmonized Minimum Terms and Conditions for Foreign Fishing Vessel Access” which specify consistent conditions across the region, and the Nauru Agreement Concerning Cooperation in the Management of Fisheries of Common Interest, which introduced in 2011 the Vessel Day Scheme. The Vessel Day Scheme redesigned the negotiation process to sell fishing licenses to distant-water fishing nations in the Pacific’s tuna fisheries to coordinate as one block and make tuna fishing more sustainable. Parties to the Nauru Agreement decide in advance, based on scientific data about the status of the tuna stocks, on a limited number of fishing days for the year, which are allocated by country and sold to the highest bidder. As a result, small island developing States in the Pacific have been able to dramatically increase their government revenues, with fishing license fees increasing from \$220 million in 2012 to \$470 million in 2017, reaching as much as 75 per cent of government revenue in countries such as Kiribati. Looking forward, Governments may build on such experiences and replicate those successful agreements in additional market segments (for example, tuna long-liners) or products (such as *bêche-de-mer*). Some efforts to explore these options are already ongoing. For instance, the Longline Vessel Day Scheme (an arrangement similar to the successful Vessel Day Scheme) is being implemented, and initiatives towards eco-certification and eco-labelling are being designed.

23. Fisheries have been, are and will continue to be vital for Asia and the Pacific, especially for small island developing States. Policymakers are aware of this, as proven by repeated efforts to increase the benefits of fisheries. Conceptually, that can be done by catching more fish, by a more equitable sharing of its rents, or by adding higher value to the fish caught. All three avenues have been pursued in the past, with different degrees of success. At this stage, given the current health of fish stocks, it has become critical that some of the benefits of fisheries be preserved, especially in the coastal fisheries where they are under threat in many countries. Making fisheries more sustainable will require several actions, including those listed above. Importantly, a healthy fisheries sector, particularly a coastal fisheries sector, can have positive spillover effects such as attracting more tourists, which would allow many people in small island developing States to move from subsistence fishing to a more integrated economy where more job opportunities are available.

III. Tourism as a driver of sustainable development in Asia-Pacific small island developing States

24. Due to their geographic isolation and the small size of their economies, small island developing States are often unable to integrate into regional and global value chains and production networks. Consequently, one potential solution to their development challenges and, in some cases, persistent poverty, may lie in structural transformation, targeting niche products and high-end and

environmentally sustainable tourism services. Fortunately, despite the recent outbreak of COVID-19, the long-term global context is generally supportive of the development of tourism in Asia-Pacific small island developing States, due to an increasing demand from the emerging middle class of developing Asia and the ageing society in the developed countries on the Pacific rim. Furthermore, among new travellers there is a strong sense of environmental and cultural responsibility and a growing desire to give back to the destination and local communities. If pursued in a sustainable manner, tourism development can potentially raise significant revenue, which in turn may accelerate progress towards the achievement of the Sustainable Development Goals.

25. Tourism is generally found to be a good driver of economic growth; it can increase economic activity, create and sustain jobs, attract investment, contribute to the balance of payments, help to keep local businesses viable, regenerate and restructure economies where industries are in decline, and reduce poverty. Tourism can be one of the enablers of achieving the Sustainable Development Goals if it brings resources to host communities and does not compromise the ability of future generations to meet their own needs, that is if tourism is pursued in a sustainable manner. Tourism is referred to in Goal 8, target 8.9, on promoting sustainable tourism that creates jobs and promotes local culture and products; Goal 12, target 12.b, on monitoring development impacts on sustainable tourism; and Goal 14, target 14.7, on increasing the economic benefits to small island developing States from the sustainable use of marine resources, including through tourism.

26. For Asia-Pacific small island developing States, tourism is one of the most economically viable sectors. It has already become the largest economic sector in the Cook Islands, Fiji, Maldives, Palau and Vanuatu. International arrivals to Asia-Pacific small island developing States (excluding associate members of ESCAP) reached 3.6 million in 2018, 1.6 million more than in 2008. This marked an 82 per cent increase, which is significantly higher than for small island developing States in Latin America and the Caribbean (40 per cent increase) and the world average of a 25 per cent increase between 2008 and 2018. The total value of international tourist receipts in 2018 across the 14 small island developing States in Asia and the Pacific was \$5.4 billion, which is equivalent to 13 per cent of the aggregated GDP. Maldives ranks first in this indicator, accounting for approximately half of the revenues, followed by Fiji.

27. The impact of the COVID-19 pandemic, the extent of which is not yet known, could result in a significant continued contraction of tourism activities if the current pandemic situation is prolonged and if fiscal and monetary policy measures fail to support affected local businesses within the tourism sector and local populations employed therein. In the medium term, however, Asia-Pacific small island developing States have several opportunities to further develop the tourism sector, particularly with regard to the increasing disposable income of the growing middle class in Asia and the Pacific. For instance, the volume of Chinese outbound tourists increased from 4.5 million in 2000 to 150 million in 2018. However, Chinese tourists to the Asia-Pacific small island developing States comprised merely 0.28 per cent of total Chinese outbound tourists; however, considering the long-term trends, that the number is likely to increase. Another opportunity is the ageing population in the Asia-Pacific developed countries which could boost demand for warm weather outdoor activities and indoor cultural events and attractions, such as marine-based tourism, cruise tourism and culture-based tourism. These types of tourism are of relatively high added value, with the exception of cruise tours. The Asia-Pacific small island developing States also have strong advantages

over other potential competitors due to their rich natural environments, indigenous cultures and existing cruise infrastructure.

28. However, Asia-Pacific small island developing States face worldwide and regional competition. Pristine natural environments are not exclusive to them as other island destinations, such as Caribbean islands, are also well endowed and can be direct competitors. Islands in the region can also be direct competitors with each other. The competitive nature of tourism in the region is visible, with clear gaps in terms of tourism market size, with very competitive countries such as Fiji, Maldives, New Caledonia and Vanuatu attracting most of the arrivals in the region; and countries such as Kiribati, Marshall Islands and Tuvalu attracting fewer tourists.

29. Additionally, there are several challenges related to the sustainability of the tourism sector of Asia-Pacific small island developing States. First, in terms of economic sustainability, one of the most pertinent structural issues are weak linkages between tourism and local economies. The tourism sector in small island developing States tends to have an enclave nature, with large foreign ownership of tourist businesses and a lack of local capacity to meet tourists' demand for goods and services. This limits job creation and promotion of local culture and products, thereby threatening the long-term sustainability of tourism. Moreover, there is a shortage of financial resources for major new tourist infrastructure development and refurbishment and upgrading facilities.

30. The economic benefits to Asia-Pacific small island developing States depend on the degree of economic leakages out of the economy (namely, what proportion of tourists' expenditures leaves the economy) and the strength of intersectoral linkages between tourism-oriented sectors and other sectors. The linkages between the tourism sector and the local economy can be viewed through the prism of a particular sectoral role played by local businesses and populations or through the development of entire tourist sectors with a significant local content. The latter should be seen as the more effective way to secure ownership of tourism by local populations and their equitable share in the industry.

31. The second challenge is increasing concerns about environmental sustainability. Overexploitation by the tourism sector is a serious threat to the fragile ecosystems of Asia-Pacific small island developing States. In addition, climate change and extreme weather events have detrimental impacts on the tourism sector as it heavily relies on coastal areas, which are particularly threatened by sea level rise, cyclones and typhoons.

32. To address these concerns, several small island developing States have resorted to green tax initiatives to increase the receipts per tourist. For instance, the Government of Palau charges each incoming tourist an environmental promotion fee of \$100, while the Government of Maldives collects a green tax of \$6 per day per person at resorts and hotels and \$3 from tourists staying at guesthouses. The Government of Fiji charges an environmental and climate adaptation levy, which is a consortium of taxes on certain services, items and income, with the goal of funding projects to protect the natural environment, reduce the carbon footprint and develop infrastructure to reduce the impact of climate change on communities. While Asia-Pacific small island developing States are already collecting tourism-related taxes in the form of hotel, departure and services taxes, green tax initiatives could generate additional financial resources to promote environmental sustainability, as well as to manage the flow of tourists, particularly to areas with fragile ecosystems and inhabited by endangered species. This may also be effective in targeting high-end tourism markets.

33. The third challenge is sociocultural sustainability, particularly for Pacific small island developing States where the diversity of unique, indigenous cultures of small populations is under threat. As globalization and homogenization of cultures progress, tourism, and particularly over-tourism, can potentially have negative impact on cultures.

34. Promotion of marine-based tourism, cruise tourism (under rigid standards and conditions) and culture-based tourism could address the challenges related to the sustainability of the tourism sector of Asia-Pacific small island developing States. Marine-based tourism represents an important area for creating effective linkages to local economies and is where some Asia-Pacific small island developing States have a key comparative advantage. Types of marine-based tourism that already exist in some countries and could be further developed in Asia-Pacific small island developing States are, for example, whale watching, dolphin watching, game fishing, scuba diving, including shark diving, and parasailing, surfing, windsurfing or kitesurfing. Shark diving can have important consequences for wildlife preservation. For instance, in Palau the economic value of reef sharks for the tourist industry is many times greater than it would be for the fishery sector. Moreover, diving, whale watching and shark tourism can be developed with a significant and leading role for local communities.

35. Cruise tourism is an expanding market in Asia-Pacific small island developing States. Indeed, cruise arrivals to 11 Pacific island countries reached 1 million in 2018. However, while cruise ships create significant economic revenue in some Pacific countries, very little of the generated resources goes to the grassroots, with the result that few long-term legacies from cruise tourism are evident. The COVID-19 pandemic, which has particularly affected cruise ships, has also posed an additional significant risk and underlines its high exposure to sudden demand shocks. Nevertheless, the sector has the potential to be expanded further in a sustainable manner to produce better development impact. It can bring business opportunities to local economies if backward linkages are strengthened. This will require that local communities build, in the long term, capacity to provide a stable supply of goods and services of international standards to mitigate the unmet spending opportunities. Significant expansion of infrastructure and the prevention of negative impact on the environment will also be required.

36. Promoting culture-based tourism is an effective way to address concerns over sociocultural sustainability while also being instrumental in generating particular links to the local economies. The Asia-Pacific small island developing States possess unique cultures. This could be leveraged further through event-based cultural festivals that might attract general international tourists as well as diaspora peoples to return to their ethnic homelands to attend these cultural events. One example of this is the Festival of Pacific Arts and Culture. It is the world's largest celebration of indigenous Pacific islanders. Indeed, some Asia-Pacific small island developing States focus their tourism development on cultural links to local communities. For example, the tourism development strategy in Samoa is centred on sustainability concepts, such as promoting community-based cultural heritage tourism, intangible cultural heritage (for example, dances, craft production and performances) and tangible cultural heritage (for example, monuments and archaeological sites). Community-based cultural heritage tourism can protect and preserve communities' cultures, benefiting local populations directly and helping to address challenges related to employment, schooling and medical needs. It is also the way for Pacific islands to help to raise a common brand for Pacific cultures with their similarities and diversities across countries.

37. Sustainability concerns could also be addressed through sports tourism. Fiji, Samoa and Tonga already have good brand associations with rugby. Sports centres for excellence, starting with Pacific-dominated sports, could be established to attract sports teams. Large-scale events such as sporting competitions and festivals raise the profiles of the destinations, thereby changing their image. For example, in 2019, the Pacific Games contributed to a 28.1 per cent increase of tourist volumes in Samoa compared to the previous year.

38. In sum, to leverage tourism to promote sustainable development in Asia-Pacific small island developing States, the positive development impact of tourism must be increased by using the opportunities related to contemporary trends and addressing existing barriers, bottlenecks and challenges.

39. First, it is necessary to strengthen the links between local populations and the tourism sector, so that local communities benefit more from the rich marine resources of Asia-Pacific small island developing States. This can be done, for example, by offering more green and blue tourism and more community-based tourism activities. Another alternative is providing training programmes to increase the employability of local workers in the tourism sector as well as in agriculture and other services from which forward linkages with tourism can be strengthened. This community-based approach will not only contribute to enhancing sociocultural sustainability but also to strengthening production linkages between the tourism sector and the rest of the economy and offering more decent, stable job opportunities, thereby enhancing economic sustainability.

40. Second, Asia-Pacific small island States could consider generating additional revenues by introducing green taxes, fees and other special mechanisms, with the explicit objective of supporting environmental conservation as well as the sustainable livelihood of local populations. These taxes and fees could be useful for countries and territories seeking to increase revenues from tourism or to address the risk of overexploitation of the tourism sector. Those that are already collecting enough fees from tourism through a departure tax or service tax could consider greening their tax systems by reallocating funds towards projects and activities to enhance environmental sustainability or to correct for externalities caused by tourism. This requires a process of transparent and inclusive stakeholder engagement in designing and implementing such initiatives and a robust conservation fund and associated management rules and systems.

41. Finally, in the case of Pacific small island developing States, regional cooperation could be enhanced to promote a common Pacific brand to raise the global profile. Tourists coming from far away are inclined to visit several destinations as part of one visit to the Pacific. This is also partly because various countries offer different tourist attractions, for example, shark diving in Fiji, whale watching in Tonga, wreck-diving in the Solomon Islands, volcano trekking in Vanuatu, and cultural and nature trekking in Papua New Guinea. A common branding, such as the Pacific Tourism Organization's "Ours is Yours" branding, with a clear marketing strategy promoting Pacific cultures as a whole, could increase the attractiveness of the Pacific as a place with a variety of attractions. Marketing and promotion of a single Pacific brand could also be used to gain bargaining power and share best practices and market research among the Pacific small island developing States. Countries could, for example, collectively negotiate with transit countries to provide visa exemptions to transit passengers travelling from and to the Pacific small island developing States. They could also explore the possibility and feasibility of

introducing a Pacific-wide common sustainable development fee on inbound tourists, particularly cruise visitors, whose positive impact on local economies has been limited. This could lessen the fear of tax competition. Given the remote location of Pacific small island developing States and the distances between them, connectivity issues must be effectively addressed, and close regional cooperation could contribute to enhancing the prospects for sustainable tourism development.

42. Regional cooperation should go beyond the Pacific subregion and be underpinned by more intense cooperation of the entire Asia-Pacific region. Asia-Pacific emerging economies possess all the ingredients to facilitate further development of the tourism sector in Asia-Pacific small island developing States: large populations and increasingly wealthy citizens interested in international travel. Asia-Pacific small island developing States can utilize the existing trends and benefit from the new waves of potential tourists.

43. Policies must be tailored to the specific conditions of each country and contain a wide range of options, such as those discussed above, including new fees and mechanisms to generate revenue, diversifying types of tourism that ensure effective links to local economies to generate new employment, and enhancing regional cooperation to combine resources and address challenges. Most importantly, to make tourism an effective driver of sustainable development, the development of new tourist sectors, in which the leading role is played by the inhabitants of Asia-Pacific small island developing States, is of utmost importance.

IV. Conclusions

44. Asia-Pacific small island developing States need to accelerate action to implement the 2030 Agenda. To do so, they can take full advantage of their blue economy in a sustainable manner. This will entail ensuring the sustainability of existing ocean resources that are currently overexploited or at the risk of being overfished and to develop other sectors that provide productive employment and close links to the local economy and local populations (such as marine-based and culture-based tourism). Addressing these elements has the potential to create valuable synergies with other sectors, notably between coastal fisheries and marine-based tourism, with great possibilities ahead.

A. Data and the sustainable management of fisheries

45. One of the challenges that these Governments face in managing fisheries more sustainably is the lack of factual, transparent and harmonized data. Despite the importance of fisheries to the economy and the social well-being of communities of small island developing States, substantial data gaps remain. Official, harmonized and widely shared data are necessary to fully understand the status of fish stocks and fishery practices and to effectively manage this sector. A stronger push for investments in producing relevant data, especially in the limited statistical capacity contexts of small island developing States, is therefore required to monitor emerging trends, devise timely responses and evaluate their effectiveness.

46. Moreover, although some sources of data relating to oceans do exist, they are usually fragmented, unharmonized and/or siloed. Data sharing among data holders, including both private and public, therefore remains a challenge. Without significant changes to national laws and incentives, it is unlikely that

open access to current confidential data will materialize in the immediate future. However, harmonized national statistical systems would assist with ensuring that fisheries data are consistent and robust. National statistical systems such as those in the Pacific have the compounded challenge of increasing the range of data to be collected and limited existing capacity.

B. Enforcing international frameworks, norms and standards for accelerated action

47. Many of the challenges for Asia-Pacific small island developing States related to oceans are not contained within individual countries; the overexploitation of fish stocks, especially, spreads beyond national borders. As a result, separate standards and uncoordinated actions are insufficient to cope with the transboundary nature and interconnectedness of the oceans. Numerous international instruments have been put in place to create ambitious targets and gather critical mass for the protection and sustainable use of ocean resources, including, for instance, the Code of Conduct for Responsible Fisheries and the subsequent Port State Measures Agreement, with binding principles and standards to tackle illegal, unreported and unregulated fishing, as well as the United Nations Convention on the Law of the Sea. Turning these into tangible results depends, however, on Governments' abilities to translate them into effective actions, enforceable rules and time-bound targets anchored in national regulatory frameworks. There are important gaps in the existing capacities of small island developing States to devise and implement national actions that are aligned with international norms and standards, particularly for some States and territories which face severe challenges related to institutional limitations. To address these issues, support among countries will be fundamental to make sure there are no loopholes in the cross-border protection of the oceans and marine resources.

48. An indispensable approach to address weak institutional capacity is to involve all stakeholders, from international organizations to local communities and individuals. This is a reflection of the growing attention to the oceans and amplifies the effects of partnerships protecting them. For instance, when local communities are involved in a partnership approach, individuals are less likely to conduct illegal, unreported and unregulated activities and are actually more likely to report them to public authorities, thereby effectively increasing the capacity of the State. Engaging local communities is equally important in the development of the tourism sector. If tourism is to continue to be a driver of sustainable development, then links between the sector and local communities must be strengthened. This policy cannot be limited to enhancing backward and forward linkages and allowing for employment creation in certain sectors to cater to the tourism industry (for example, the production of souvenirs and restaurants), but must explicitly target the development of new types of tourism with extensive local content. Such tourism embraces the concepts of blue and green economy; examples include marine-based tourism, culture-based tourism and sports tourism. Needless to say, some of that tourism may be effectively linked to coastal fisheries.

C. Scaling up actions for oceans

49. There are already a number of ongoing initiatives, including multi-country partnerships such as the Coral Triangle Initiative on coral reefs, fisheries and food security to monitor the protection of marine ecosystems, fishery activities and fish stocks and to promote tourism. Building meaningful partnerships starts with ambitious, inclusive and action-oriented dialogues. Valuable regional platforms already exist, including the Asia-Pacific Day for

the Ocean, which have the potential to raise the bar for regional and collaborative actions. Such platforms can not only leverage the existing partnerships on oceans data, such as the Global Ocean Accounts Partnership, to jointly support the production of harmonized data relating to Sustainable Development Goal 14; they can also provide a venue for the public and private sectors to engage, exchange lessons learned and devise new ways forward to tackle common concerns. For instance, tourism sectors can devise common branding schemes and work collectively to overcome challenges. Again, if tourism is to succeed as a driver for long-term sustainable development, then regional cooperation is of paramount importance. Considering their remote location and diversity of tourist attractions, Asia-Pacific small island developing States can act together to attract visitors, leverage their natural assets and gain collective bargaining power and other benefits through economies of size and improved air and sea connectivity. For that purpose, these regional platforms should be reinvigorated to enable small island developing States to use them to better their sustainable development.

D. Addressing the coronavirus disease pandemic

50. In the short term, addressing the consequences of the COVID-19 pandemic must take priority. Most Asia-Pacific small island developing States have already introduced countermeasures consisting of, for instance, implementing travel restrictions and isolating individuals with suspected cases of COVID-19. These actions have been needed due to the relatively rapid transmission of the virus responsible for COVID-19, as well as the limited capacity of the health-care systems of many Asia-Pacific small island developing States.

51. Targeted fiscal and monetary support measures will be necessary in the short term to support affected businesses, such as in tourism-related services and in fisheries, particularly micro-, small and medium-sized enterprises providing employment to local populations. Some tourism-dependent States are estimated to need a fiscal stimulus of at least 10 per cent of GDP. While typical stimulus programmes include direct cash transfers, wage subsidies to businesses and cheap financing to micro-, small and medium-sized enterprises, providing a compensation package for employees in the large informal sector, including many farmers and fishers who provide supplies to the tourism sector, should also be considered. Many Governments of small island developing States do not have the fiscal space to respond to this economic downturn, as their budgets are overstretched or largely in deficit, with limited access to foreign debt markets. While such States could consider approaching multilateral development banks for concessional budget support loans or for emergency financing facilities, development partners, including bilateral donors, are encouraged to reverse the decline in official development assistance, particularly to least developed countries. Also, creditors should consider immediate suspension of debt payments for those requesting forbearance.

52. The COVID-19 pandemic provides a stark reminder of the price of weaknesses in health systems, social protections and public services. It has underscored and exacerbated inequalities, above all gender inequality, laying bare the way in which the formal economy has been sustained on the back of invisible and unpaid care labour. However, it also provides a historic opportunity to advocate for change, for macroeconomic choices that are pro-poor and place peoples' rights at the centre, for greater investment in public services, and for fiscal policies and other measures that curb inequalities. If it spurs progress on the global road map for a more inclusive

and sustainable future, it may provide the opportunity to better respond to future crises.

V. Issues for consideration by the Commission

53. The issues and policies outlined above are examined in greater detail in the *Asia-Pacific Countries with Special Needs Development Report 2020*. The Commission may wish to deliberate on the findings and suggested policies contained in the report. It may also wish to provide guidance to the secretariat on identifying the kind of targeted interventions that could support the implementation of such policies, keeping in view the different circumstances and experiences of Asia-Pacific small island developing States.
