

PART I: A BACKGROUND TO ISLAND ECONOMIES

Introduction

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This 2017 Annual Report brings together the state of knowledge on island economic change and development. It includes a review of the contributions from the 2017 21st Century Maritime Silk Road Islands Economic Cooperation Forum (see below), an update to the key statistical indicators of island states and subnational island jurisdictions (Chapter 1), and the thoughts by some of the leading international experts on island economies (Chapters 2–8). As participants in this research, we value the contributions of this publication to better understand island economies and the role that islanders play to make islands more sustainable and prosperous.

SUMMARY OF THE 2017 21ST CENTURY MARITIME SILK ROAD ISLANDS ECONOMIC COOPERATION FORUM

As an important part of the larger Boao Forum for Asia, the 2nd Annual 21st Century Maritime Silk Road Islands Economic Cooperation Forum took place on March 25, 2017, on Hainan Island, China. The overarching purpose of this forum was to bring island economies into prominence through the development of the Belt and Road Initiative proposed by Chinese President Xi Jinping in 2013. This second event builds on the accomplishments of the first forum held in March 2016, where prominent representatives from island governments, businesses, and academia agreed on a manifesto to achieve a global island community. It would do so through six imperatives related to improving island interconnectivity, island tourism, marine industry, agriculture, science and technology, and the humanities. The theme of the 2017 Forum was to develop a “New Future for the Marine Economy: Opening and Cooperation.” The goal of the Forum, organized by China’s State Oceanic Administration and the Hainan Provincial People’s Government, was to discuss important issues of island economic development and co-operation.

It was fitting that this event was held once again on the island province of Hainan. Although it may be one of the smallest provinces of China, Hainan is one of the most important islands in Asia and a key node in connecting island and mainland states and territories along the Maritime Silk Road. In this respect it shares a characteristic of many islands: an ability to make a difference in the world much greater than you might expect from its relative size. As a result of its leadership in events



Dongyu Islet, home to the permanent venue for Boao Forum for Asia; photo by Li Xiaogang

such as this, the many stakeholders and the people of Hainan showed the rest of China, Asia, and the world that this island is committed to building a platform for exchange and co-operation on issues related to island economies, not only along the Maritime Silk Road but throughout the “world of islands.”

Although this session was only two hours long, it was a very productive and intense meeting. Moderated by Mr. Chi Fulin, President of China Institute for Reform and Development, it consisted of two sections. First, there was a series of short keynote speeches by the following prominent representatives: 1) His Excellency Peter M. Christian, President of the Federated States of Micronesia; 2) Mr. Liu Zhenmin, Vice Minister of Foreign Affairs, China; 3) Mr. Wang Hong, Administrator of the State Oceanic Administration of China; 4) Mr. Liu Cigui, Governor of Hainan Province, China; 5) Mr. Sami Koroilavesau, Minister of Fisheries, Fiji; 6) Mr. Wade MacLauchlan, Premier of the Province of Prince Edward Island, Canada; and 7) Mr. Jose CH Alvarez, Governor of Palawan, Philippines. The second part of this session consisted of a panel discussion with the objective of obtaining experts’ responses to the question of how island economies could develop pragmatic strategies for co-operation and development within the context of building the 21st Century Maritime Silk Road. The panelists in this session were 1) Ms. Jenny Shipley (former Prime Minister of New Zealand); 2) Mr. Andy Fontaine (Deputy Secretary General of Pacific Islands Forum); 3) Dr. James Randall (UNESCO Chair in Island Studies and Sustainability from the University of Prince Edward Island, Canada); and 4) Chairman Peng Yinggang (China Shipping Company Limited in Taiwan, China). Rather than providing summaries of each of the representatives’ speeches, this review outlines the major themes from the session as a whole.

Keynote speakers and panelists at the 2017 21st Century Maritime Silk Road Islands Economic Cooperation Forum, at Boao, Hainan Province, China, on March 25, 2017



MAJOR THEMES OF THE SESSION

It is fitting that this review of the major themes of the session begins and ends with old Chinese sayings that were raised during the session. One of the speakers used a saying that translates into English roughly as “if you want to go fast, walk alone; and if you want to go far, walk together.” The implication of this saying was that collaboration and co-operation are the keys to development that is truly sustainable and in the best interests of all islands and islanders.

THEME 1: The value of the 21st Century Maritime Silk Road Initiative

Many of the speakers, and especially those representing island governments, praised China for having the foresight and vision to pursue the 21st Century Maritime Silk Road initiative. One of the sentiments expressed was that if we are not careful, globalization has the potential to make small islands a statistical footnote. In other words, they will be marginalized from the larger global economy. By investing in islands and implementing mechanisms to build networks of islands, the Chinese government is playing a role in allowing small island states and territories to play a more central role in the global economy. The role of the 21st Century Maritime Silk Road initiative in helping island governments fund capital infrastructure projects was seen as being especially significant to the future well-being of those islands. As one representative put it, “if you want to be rich, build the roads first.”



THEME 2: The importance of collaboration/co-operation

It may seem easy to value the importance of co-operation or collaboration, but it is more difficult to define what this means and to apply it in practical terms. Given the theme of this forum, it is not surprising that most of those present spoke to the importance of co-operation or collaboration. But what does this really mean? It means understanding the value systems and the heterogeneity or differences of the many islands and island peoples. It means incorporating input from local citizens in developing directions for sustainable development. It means recognizing that many island governments are still maturing as self-governing states or as subnational island jurisdictions and they need respect and patience as they grapple with the challenges of a modern world. Events such as these forums help to build trust, understanding, and appreciation of the positions of others, not only between China and island nations but between and among islands themselves. Initiatives like funding for exchanges of students, researchers, and government staff help build the knowledge, trust, and understanding that are so important for collaboration. A specific example where evidence-based co-operation is important was with the management of fish reserves. Fish do not recognize marine political boundaries and there needs to be collaboration among regional island governments to ensure a long-term sustainable resource for all concerned. This speaks to a broader issue of collaboration that will emerge later as a separate theme: islands and islanders need to share best strategies in balancing economic and environmental goals.

THEME 3: Large ocean states and the Blue Economy

The perception by many mainlanders is that most islands are tiny, distant specks of land in a vast ocean. Those present at this session consistently made the point that this stereotype is not a true reflection of their islands. In fact, many islanders prefer to use the term “large ocean state” as a more realistic description of their context and potential. This is because the Exclusive Economic Zones (EEZ) surrounding the marine areas of island archipelagos are often many times the size of the land area of those islands. For example, the land area of the Federated States of Micronesia is only 700 square kilometres while the EEZ is 2,780,000 square kilometres, an area about one-third the size of continental Australia. This is an important feature of islands because future prosperity and well-being for many islands will likely be based on what comes from the sea (i.e., the “blue economy”).

THEME 4: Balancing present and future needs; balancing the economy and the environment

There was a shared understanding of those present that for any form of proposed development to be truly sustainable it must take into consideration the long-term needs of future generations. Although this was a forum on economic co-operation, most of the participants recognized that island economies are linked very closely to the quality of their natural environments. In fact, many of the sectors that are critical to building strong island economies, such as tourism, fisheries, and agriculture, cannot be maintained in the long term without a healthy natural environment. The word “harmony” was used several times throughout the session. Because harmony conveys an Asian flavour, it is fitting to highlight the importance of keeping the environment and the economy in balance. The same sense of balance also extends to how success is defined. Although we often hear economic success defined by an increase in Gross Domestic Product (GDP) or GDP per capita, balancing present and future needs, or the economy and the environment, may require us to measure success in many other ways. This includes improvements in a jurisdiction’s Human Development Index (HDI) and the quality-of-life of its people.

THEME 5: Building intellectual capacity

Most conventional descriptions of island economies focus on the fisheries, the beautiful beaches and tourism, and agriculture. More recently, models of economic change on islands have recognized the significance of aid, remittances, and entrepreneurship, or strategic flexibility. Several of the delegates at the Forum spoke to the need to invest in and improve the human or intellectual capacity of island states and territories. This included a reference to building a “smart sea,” implying that there

needs to be more scientific research on issues specific to island and ocean contexts. China has invested in research centres and “think tanks” like the Island Research Centre at the State Oceanic Administration in order to contribute to this growth in intellectual capacity and build databases that can be used in effective decision-making. Improving the education of islanders accomplishes more than building economic opportunities; it also improves our ability to preserve the natural environment. One representative stated that to be a good steward of the environment you need to have more accurate and complete information. This translates to knowledge-building, a better understanding of the environment, and more effective decision-making. Building intellectual capacity also leads to a greater likelihood of openness and interconnections between places and trade. One representative noted that not only do we have to build capacity in business, science, and engineering, but also in interdisciplinary fields such as environmental studies, area studies, and island studies. Since so many issues require input from a variety of perspectives, you need people who are trained to make these connections and think broadly.

THEME 6: Importance of trade, openness, and connectivity

A theme of enhanced trade and the connectivity among islands should not be surprising given the larger context of jurisdictions along the Maritime Silk Road. After all, islands have always depended on trade to improve the quality-of-life of their citizens. Many of the speakers were quick to describe the comparative strengths of their economies and the importance of an expansion in trade and foreign investment in these areas. It was noted that we should look at building connections across many sectors and diverse geographies. For example, if there could be greater cooperation among the island states in granting visas that would apply to an entire region, it would break down the barriers to the mobility of people, including tourists who might want to visit a number of islands during one visit. Representatives of archipelagic states like Fiji and the Federated States of Micronesia noted that bridging the barriers to transportation and communication across the many islands within their countries was just as important as enhancing linkages among states. The representative from the shipping company reflected that Hainan could have a trading-based economy as successful as Singapore’s if it invested in people, financial services, infrastructure, and quality-of-life.

Fittingly, the session ended with the signing of a Memorandum of Understanding (MOU) to establish a Research Network on Island Economies. The purpose of this agreement is to link isolated academic and research institutes along the Maritime Silk Road, boost the quantity and quality of research on island economies, and encourage high-quality academic work to help island economies to achieve sustainable development.



Signatories to the Memorandum of Understanding to establish a Research Network on Island Economies, at Boao, Hainan Province, China, on March 25, 2017

The five signatories to the MOU were:

- The 21st Century Maritime Silk Road: Islands Economic Cooperation Forum;
- Island Research Center, State Oceanic Administration, PRC;
- Hainan University, PRC;
- China Institute for Reform and Development; and
- Institute of Island Studies, University of Prince Edward Island, Canada.

Another Chinese saying raised during the session reflects the accomplishments from the day and commitments for the future. Translated into English, it means, “Long distance separates no bosom friends.” Not only does this describe the hope for the 21st Century Maritime Silk Road initiative as it continues to bring islanders together, but it also describes the relationships that have been built during our short time together. Although we may all come from distant islands, we have come together, shared our thoughts, and started new friendships built on trust and a shared understanding.

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