

**SOUTH PACIFIC ISLANDS WANT OWN DEVELOPMENT BANK.**By **Chaitanya Kalbag**

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MANILA, April 28, Reuter - South Pacific island nations want to form a new regional development bank to increase their access to financial resources, a Western Samoan official said on Thursday.

The idea was put to the management of the Asian Development Bank on the first day of its annual meeting here, said Tuilaepa Malielegaoi in a statement released to Reuters.

Tuilaepa, Western Samoa's finance minister and current chairman of the board of governors of the ADB, did not disclose the outcome of the discussions.

"The idea of a regional development bank is gaining support among Pacific island countries," the statement said. "The formation of such a bank could be an effective way to channel investment funds to the private sector and especially attract financial resources from new sources."

An ADB official told Reuters the move reflected growing frustration among the island nations about the quantity and nature of aid they were receiving.

ADB figures show its net transfers to the South Pacific nations, mainly in the form of soft loans, rose to 11.38 million dollars in 1987 from 5.02 million in 1986.

But the ADB's annual report said the islands' performance last year was not encouraging.

The Cook Islands and Vanuatu were hit by damaging cyclones.

In Fiji there were two coups and also a drop in tourist arrivals and two devaluations. The country's real gross domestic product shrank by 11.2 per cent after growing 9.2 per cent in 1986.

The South Pacific region's trade deficit ballooned to 617 million dollars from 443 million in 1986.

ADB President Masao Fujioka told the annual meeting that the bank last year introduced a new rehabilitation facility to help South Pacific countries quickly restore vital economic assets such as roads and bridges damaged by natural disasters.

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