The Region in Review: International Issues and Events, 1998

The year 1998 was one of human-made and natural adversity in the Pacific Islands. The economic downturn in east Asia worsened, reducing export opportunities and economic growth throughout the region. For this and other reasons Papua New Guinea reduced public spending sharply, while Fiji responded by devaluing the Fiji dollar early in the year, in order to restore the competitiveness of its tourist and garment industries. The El Niño southern oscillation that began in 1997 continued. Warm waters fed heavy rains in the eastern Pacific and South America, while cool waters brought drought in the western Pacific. The worst droughts were in the Federated States of Micronesia, where dozens of atolls ran out of fresh water, and in Fiji, where the sugar crop was halved by a drought of unprecedented length and severity and farmers were reduced to accepting food from the government. A tsunami struck coastal villages west of Aitape in Papua New Guinea in July, sweeping more than two thousand people to their deaths in the lagoons and forest behind, and prompting a rescue operation so daunting that many bodies could not be recovered. Outside the region in diplomatic and legal terms, yet part of it in the minds of many, Irian Jaya was the scene of renewed independence protests against Indonesia and renewed military suppression.

Times were uncertain for island leaders. Island economies struggled, and answers were not obvious, though aid donors and international financial institutions preached one answer relentlessly. Progress on climate change and fisheries conservation was slow. Yet 1998 saw the beginnings of a resolution of two political issues that had preoccupied the region for years—the future status of New Caledonia and the conflict in Bougainville. A felicitous change of name for the old South Pacific Commission occurred when it became the Pacific Community in February.

Pacific Island states were caught up in the rhetoric, the ideology, and the economic policies of globalization in 1998, and seemed likely to remain so. In this they followed in the footsteps of larger countries—Australia, Japan, and New Zealand in particular—whose aid and investment confer influence over the regional agenda. The key phrases in the region in 1998, much bandied about by Pacific Island government officials, were almost all about economics. They included “improving the attractiveness of the foreign investment regime,” “right-sizing the civil service,” “focusing on the needs of the private sector,” “reducing public sector subsidies,” “meeting benchmarks in the reform process,” “promoting integration into the world economy,” “enabling public enterprises to operate on commercial principles,” “improving the business environment,” “achieving effective private-public sector partnerships,” and “adopting measures to reduce infrastructure, service, and energy costs for the business sector.”

Worldwide, states have been shifting foreign policy focus from security to economics since the end of the cold
POLITICAL REVIEWS • THE REGION

war, and the change has been happen­ing in the Pacific Islands as well. Economic ministers from the South Pacific Forum countries first met at Cairns in 1997, a meeting overshad­owed by the Australian Eyes Only (AUSTEO) scandal caused by the leak­ing of top-secret Australian docu­ments with blunt and offensive descriptions of island governments and politicians. Because it was free of sensation, the 1998 Forum Economic Ministers Meeting (FEMM) allowed a clearer view of how far the policy pendulum in the Pacific Islands is swinging toward what might be called the globalization agenda. In order to reap the benefits of an increasingly integrated and interdependent global economy, it is argued, Pacific Island states must become internationally competitive, and the way to do that is to deregulate economic life, minimize subsidies, privatize government enter­prises, assist foreign investment, improve public accountability, reduce tariffs, and move toward complete free trade. The first meeting of Forum economic ministers adopted a Forum Economic Action Plan along these lines, and the second agreed on fur­ther measures.

The key criteria against which the Forum economic ministers measured success were those enunciated by the three international economic institutions that now have the greatest influence on economies in the Asia-Pacific region—the World Trade Organiza­tion (WTO), the International Monetary Fund (IMF), and the Asia-Paciﬁc Economic Cooperation group (APEC). In the case of investment poli­cies, for example, the second Forum Economic Ministers Meeting (FEMM2) undertook to apply APEC principles, “focusing initially on those which reflect the priorities raised by the pri­vate sector.” On public accountability, it endorsed the IMF Code of Principles and Good Practices on Fiscal Trans­parency as “a model on which Forum countries can draw.” On domestic economic reform, it promised to report in 1999 on progress in implement­ing APEC and WTO principles and obligations. Even Forum Island states that are not APEC or WTO members—only Papua New Guinea is a member of the Asia-Pacific Economic Cooperation group, for example—undertook to embrace these principles as seemed appropriate. The Forum, as an APEC observer, sent ministers from island states to APEC ministerial meet­ings.

The issues addressed by the second Forum Economic Ministers Meeting were “open, liberal and transparent investment policies,” “strategies for enhancing competitiveness,” “rationalizing and progressively reducing tariffs,” multilateral trade liberaliza­tion, and almost as an afterthought, the “reform impact,” that is, the effect of policy changes on the people of Pacific Island countries (FS 1998b). Demystified, what did this mean for the governments of the fourteen Forum Island countries?

Those governments no longer doubt that foreign investment is a good thing—the more the better—and believe they should go out of their way to attract it. The governments with state-owned power and telecommunications companies want either to privatize them or permit them to operate in a commercial way in com­petition with private competitors.
They will reduce tariffs and move toward a South Pacific Forum Free Trade Area in the long run. They will work together on a joint policy position for the next round of WTO trade liberalization negotiations. The last was the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), which ended in 1994 with one major change of potential advantage to Forum Island states—the inclusion of agricultural trade under the terms of the agreement, which became the World Trade Organization in 1995. The further liberalization of trade in agriculture—in practice largely meaning the reduction of government subsidies to farmers in Europe and the United States—remains something that all Forum countries want and will press for.

Finally, Forum Island governments say they will build on “existing social safety net systems” and cushion the blows that many ordinary people might experience under these reforms. The difficulty is that the logic of welfare provision runs counter to that of the modern, privatized economy with a diminished public sector and a policy of cutting public spending.

The theme of the annual South Pacific Forum meeting, held this time in Pohnpei—“From Reform to Growth: The Private Sector and Investment as the Keys to Prosperity”—captured the spirit of the times and reflected the influence of the second Forum Economic Ministers Meeting on the Forum agenda as a whole. In the technical language of the Forum communiqué, the Forum “noted the importance of the private sector and investment as the keys to economic growth and agreed that efforts should be made to ensure macro economic stability by improving fiscal discipline, further progressing public sector reforms and broadening the tax base” (FS 1998a, para 3). Translated, this meant that Forum Island governments would give business open slather, spend less, cut the numbers of civil servants, and move more of the tax burden from companies to individuals. One critic of this triumph of market forces at the Forum was the director of the Pacific Islands Development Program at the East-West Center, Sitiveni Halapua, who pointed out that the “people who are telling us we must globalize are also the same people who made us write the Five Year Plans” (AFP, 25 Aug 1998). He was not against the idea of economic growth, but thought it one-dimensional and limiting. Harsher critics came from the Fourth Nongovernment Organization Parallel Forum held in Pohnpei before the official one. Aziz Choudry of GATT Watchdog argued that free trade and investment regimes of the kind being adopted by Forum Island governments were leading to “a new relationship of servitude to the economic powers—countries and companies—which have their eyes on the region. The Pacific deserves far better than to be locked into a permanent race to the bottom to provide cheap labor and natural resources and new frontiers for profit at the expense of its peoples and fragile environment” (PN 1998).

Forum Island governments in the late 1990s have no alternative but to welcome the globalization agenda and embrace policies of economic liberalization. The international pressures are too great to do otherwise.
the same time they rightly fear the full effects of open global competition. Take telecommunications, for example. New technologies and open competition are enabling companies in the advanced industrialized countries to offer drastic reductions in the price of international telephone calls, and the United States has reduced international settlement rates for telecommunications services. The 1998 Forum “strongly urged the United States to recognize the adverse consequences for all Forum Island Countries of that decision,” which is depriving them of revenue (FS 1998a, para 13).

A more far-reaching case is the Lomé Convention between the European Union and African, Caribbean, and Pacific (ACP) states. The Pacific ACP states (Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu) have for years benefited from the trade preferences that give their agricultural exports preferential access to the European market. Fiji in particular has depended heavily on the high price for its sugar paid under the Lomé arrangements, a price that has sustained an entire social system of small-farm sugar production by mostly Indo-Fijian tenant farmers. The fourth Lomé Convention, covering aid and trade to former European colonial dependencies in Africa, the Caribbean, and the Pacific, expires in 2000. It will be replaced by arrangements that are yet to be negotiated but will not offer trade protection of the old kind, for reasons that point to the globalizing revolution now beginning to sweep over the Pacific Islands. The convention could not be succeeded by something similar because its protective provisions run counter to WTO rules about international trade. And, in any case, the global movement toward free trade renders special concessions, such as access to markets at lower tariff levels, less special. A similar effect applies to the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA), whose value to Pacific Island countries falls as Australian tariffs fall.

Much is at stake in this transition from the fourth Lomé Convention to what is called the Successor Agreement. The Pacific ACP states met in Suva in April and fashioned a joint negotiating position, which ACP ministers then took to the ACP–European Union talks in Brussels in September and October, the start of a diplomatic process that, as Sir Geoffrey Henry said, would “no doubt prove long and arduous” (Henry 1998). Ministers emphasized the region’s economic reform credentials and hoped that, post-Lomé, their small and isolated countries would not be left to survive entirely without protection in an increasingly free-trade world. The negotiations continued in 1999.

Development classification has long been important for Pacific Island countries, because to be classified by international organizations as a Least Developed Country brings benefits and concessions even in a rapidly globalizing world. For this reason the Forum pushed again for the completion of a comprehensive vulnerability index—a measure of the exposure of economies to forces beyond government control such as natural disasters, smallness, and isolation—which could then be included among the criteria for determining Least-Developed-
Country status. Vulnerability is an issue that Pacific ACP ministers raised in their talks with the European Union, and it will be raised again at the 1999 United Nations special session on small-island developing states.

Finally, Pacific Island countries continued in 1998 to keep watch over their one considerable and generally shared resource, fisheries. Coastal states and distant-water fishing nations agreed in the 1997 Majuro Declaration to negotiate a multilateral agreement on managing the tuna resources of the central and western Pacific, and the parties met in Tokyo in June 1998 for the Third Session of the Multilateral High Level Conference on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific (now the Western and Central Pacific Fisheries Conference). On one side were the member states of the Forum Fisheries Agency; on the other were the Pacific rim states that take most of the fish—Japan, the United States, Taiwan, China, and the Republic of Korea. The purpose of the conference was to consider draft articles for a regional conservation and management regime that would be binding on all parties, whether those that hold the exclusive economic zones where the fish are or those that send boats to catch them. The key issues were: What is to be the total allowable catch within the exclusive economic zones and on the high seas, and who is to decide it? How will the regime be enforced? These issues pitted the Asian states against the Forum states, with the United States’ large delegation supporting the Forum position on questions of compliance and enforcement. Japan pressed for fishing allocations to be based on the previous catches made by distant-water fishing nations and opposed the idea that coastal states hold sovereign rights over total allowable catches within their exclusive economic zones, even though such rights are guaranteed by the UN Law of the Sea Convention. In other words, Japan wanted the fishing nations rather than the “fished nations” to have control, or at least a large say, over total allowable catches (Tarte 1998). The Forum later talked of the “positive strides” made in Tokyo, but it was hard to see what they were. The negotiations continued in 1999 (FS 1998a, para 24).

Regional security remained a second-order issue in 1998, except for Bougainville, but the annual Forum Regional Security Committee met in Suva and continued work on developing coordinated regional responses to security problems as defined in the 1997 Aitutaki Declaration. These included not only challenges to territorial integrity but—more importantly—drug trafficking, money laundering, fraud, and other crimes that have the potential to destabilize the affairs of very small states. With French testing long since finished, opposition to it was no longer the defining regional issue of a few years before. And since the International Atomic Energy Agency study of the Moruroa and Fangataufa test sites found “negligible residual contamination as a result of nuclear testing,” the Forum could do little but call on France to continue radiological monitoring and to address the health concerns of the people of French Polynesia. The
The regional nuclear issue in 1998 was not testing, although the Forum condemned the tests carried out by India and Pakistan, but rather the shipment of radioactive wastes through the Pacific. The Forum decided to negotiate with France, Japan, and the United Kingdom on the liability regime covering compensation in case of accident.

The other side of the faster economic growth promised by economic liberalization is damage to the environment, above all in the form of global warming and possible rises in sea levels. The climate-change issue proved highly divisive at the 1997 Forum meeting in Rarotonga, where Australia bullied its island neighbors into removing any mention in the communiqué of uniform and binding greenhouse-gas emission targets. At the Kyoto climate change conference later that year, Australia was one of just three countries permitted to increase emissions of greenhouse gases in the treaty period, by 8 percent over 1990 levels up to 2012. All other countries undertook to reduce emissions. As the Australian environmentalist Clive Hamilton has pointed out, Australia has “by far the highest emissions per person of any country in the world” (Australian, 17 Dec 1997). The 1998 Forum once again endorsed the deep concerns of its member states about the impact of greenhouse gases on sea levels and weather, and urged that the momentum of Kyoto be maintained. Yet everyone knew that the concerns of the Forum Island states were much deeper than those of Australia, the world's largest exporter of coal. National interest in these issues sharply divides the Forum Island states from the Forum's largest and richest member.

Representatives of Forum Island states attended a regional workshop on climate change organized by the Forum Secretariat and the South Pacific Regional Environment Programme (SPREP) before proceeding to the Fourth Conference of the Parties to the United Nations Framework Convention on Climate Change at Buenos Aires in November. SPREP organized a press conference in Buenos Aires, where Pacific delegates described the devastation of serious droughts in Fiji and the Federated States of Micronesia, the erosion of coastlines, and even the submergence of small islets—including one called Tabua Tarawa—under what they said were rising seas around Kiribati (PN, 5 Nov 1998).

Decolonization is always on the regional agenda. All fourteen island states of the South Pacific Forum are the products of decolonizing processes of one kind or another, after all, and political movements in at least some of the region's territories continue to call for national sovereignty and freedom from colonial control. At one end of the spectrum, the American Samoans are happy with their lot. Governor Tauese Sunia told a UN Pacific Regional Seminar on Non-Self Governing Territories held in Fiji in June that American Samoans did not consider themselves to be colonized by the United States; on the contrary, he said, “We still own our lands. We have our own constitution, elect our own public officials and are even represented in the United States Congress” (SN, 19 June 1998).Tauese
almost certainly spoke for the vast majority of his compatriots, who would regard the departure of the United States from their territory as a disaster.

At the other end of the spectrum stands New Caledonia, the French territory convulsed in the 1980s by a militant independence movement led by the Front de Libération Nationale Kanak et Socialiste (FLNKS). From the violence and deaths of the 1980s there emerged the Matignon Accord, agreed between the mainly Kanak FLNKS, the mainly French Rassemblement pour la Calédonie dans la République (RCPR), and the government of France in 1988. Matignon offered the territory a breathing space of ten years, during which the French authorities invested in infrastructure, education, and health across the territory, and devolved some powers to regional assemblies in the north of the Grande Terre and the Loyalties, as well as Noumea, giving Kanak politicians modern political responsibility for the first time. The idea was that a vote on New Caledonia's future political status would take place at the end of the ten-year period. As the year 1998 approached, however, French settler and Kanak politicians entered into negotiations over a new arrangement that would avert a return to violence by further deferring the final vote on independence.

The result of these negotiations was an agreement unique in the history of decolonization, the Noumea Accord, signed by the French government, the FLNKS, and the RCPR on 5 May 1998. The accord is best described as an ingenious piece of semidecolonization: ingenious because it seems to offer so much to the contending parties that 72 percent of New Caledonians voted in its favor in the referendum of November 1998, and semidecolonization because it provides for irreversible transfers of power from the French state to New Caledonia over the next fifteen to twenty years, with the promise of a referendum on national sovereignty for the territory sometime between 2013 and 2018. France, it is true, retains so-called royal powers over justice, public order, defense, foreign affairs, and currency, and to that extent nothing changes. But powers previously jealously guarded by Paris—such as control over the exploitation and management of the territory's exclusive economic zones—are among those transferred to the New Caledonian authorities during the first five years, with later transfer of powers over police, finances, and resources. Importantly, the accord recognizes for the first time a New Caledonian citizenship distinct from French citizenship, a major concession by the French state.

The Noumea Accord, moreover, is written in a tone unprecedented in the history of French colonization anywhere. It recognizes the destructive consequences of the French presence for the Kanak people:

The shock of colonization brought with it a lasting trauma for the original population. The clans were deprived of their name and even their land. A significant colonization of the land entailed considerable displacement of the local population, through which the Kanak clans saw their means of subsistence reduced and their sites of memory lost. This dispossession led to
a loss of reference points to define their identity. Kanak artistic heritage was denied or pillaged. To this negation of the fundamentals of Kanak identity were added limits on public liberties and an absence of political rights, even though the Kanaks had paid a heavy price in defending France, most notably in the First World War. The Kanaks were pushed back to the geographic, political and economic margins of their own country. The colonization so undermined the dignity of the Kanak people that they were deprived of their identity. Men and women lost their lives and their reasons for living in this confrontation. (PNA 1998)

As amends for this suffering, the accord promises land reform, a “custom status” for Kanaks under French law, recognition of custom authorities, the promotion of Kanak languages, the return of Kanak artifacts held in museums abroad, and the resurrection of Kanak place-names. The signing ceremony for the Noumea Accord symbolized the new acceptance by France that Kanak culture is central to the history and future of a territory that might yet become the independent republic of Kanaky. The ceremony coincided with the opening of the Jean-Marie Tjibaou Cultural Center outside Noumea, an architectural tour-de-force by Renzo Piano, the same man who designed the Pompidou Center in Paris and the Berlin Potsdamer Platz and who on this occasion was inspired by traditional Kanak building forms. The center consists of ten soaring pavilions in three villages linked by a Kanak pathway. A Forum delegation that attended the signing ceremony took the opportunity of lobbying French Prime Minister Lionel Jospin for France’s support over post-Lomé arrangements. The Forum welcomed the Noumea Accord and will admit New Caledonia as an observer from 1999.

Much will depend on the extent to which the numerous undertakings of the Noumea Accord are honored. Land reform, for example, will need to be more thoroughgoing than in the past in order to meet Kanak expectations, as the descendants of French settlers still own much of the territory’s land. At the extreme of possibilities, a future right-wing government in Paris could always court domestic popularity by ordering a change of direction in New Caledonia, as Jacques Chirac did as prime minister in 1986. Paris retains enough power, even under this accord, to do so.

The year 1998 was a turning point in Bougainville as much as in New Caledonia. The extraordinary events of the previous year had prepared the way. The Sandline affair, by dramatizing the threat of yet more armed conflict on Bougainville, made ordinary Bougainvilleans more war-weary than ever. The 1997 Papua New Guinea and Solomons elections brought conciliatory leaders to power. Joseph Kabui, vice president of the Bougainville Interim Government, and Sam Kauona, commander of the Bougainville Revolutionary Army (BRA), emerged as rebel leaders willing to talk peace and to negotiate a truce, leaving Francis Ona isolated and with a much-diminished following of rebels who still wanted war. New Zealand, trusted for its neutrality, brought all sides together and succeeded in negotiating the Burnham Truce. An unarmed regional truce-monitoring
group, consisting of military and aid personnel from New Zealand, Australia, Fiji, and Vanuatu, entered Bougainville, to be succeeded in early 1998 by a similar peace-monitoring group.

The parties agreed to extend the truce in January 1998 under the terms of the Lincoln Agreement on Peace, Security and Development on Bougainville, which promised "a permanent and irrevocable ceasefire" on the island from midnight on 30 April (LAA 1998, 3.1). On that day the parties—representatives of the PNG government, the pro-PNG Bougainville Transitional Government, the anti-BRA Bougainville Resistance Force, the pro-BRA Bougainville Interim Government, and the Bougainville Revolutionary Army itself—signed an annex which provided that "[a]s from that hour all parties will continue to refrain from all hostile acts or the carriage or possession and the use of arms, ammunition, explosives and other instruments of death, injury or destruction on Bougainville" (LAA 1, 1998, 2.1). The Solomons prime minister, the foreign ministers of Fiji, New Zealand, and Australia, and a representative of UN Secretary-General Kofi Annan were among those who signed as witnesses.

The transformation of Bougainvillean life that began with the 1997 truce continued in 1998. For the first time since the conflict began, people were able to move about, to leave their villages, to go from the mountains to the coast or from the coast to the mountains, and to replace their worn-out spades, knives, and cooking pots. Some had not been home for a decade. One member of the AusAID Truce Monitoring Team, Jan Gammage, said all that was left of Arawa were "the ribs of destroyed buildings" poking through the undergrowth (Francis 1998, 11). Of the aid donors committed to reconstructing and rehabilitating Bougainville, the most important is Australia, part of whose special five-year allocation of A$100 million was being spent, among other things, on building a hospital in Buka, reconstructing schools, upgrading airstrips that had not been used for years, and clearing roads.

The peace process moved slowly. From his mountain hideout, Francis Ona called for all peace monitors to be shot, declared no-fly zones for the PNG government and the Peace Monitoring Group, encouraged his men to shoot at passing helicopters, told people not to listen to his former ally Joseph Kabui, and claimed to be in charge of the "Mekamui Defence Force," Bougainville having been declared the independent republic of Mekamui in 1990 (PC, 25 Sept 1998). His followers refused to surrender their arms, fearing retribution, and sporadic violence—as much criminal as political—continued on the island. A meeting between the parties to the ceasefire was scheduled for June but failed to take place. Some PNG leaders—Special Minister of State Rabbie Namaliu, for example—saw the Noumea Accord as a model that Papua New Guinea might follow, raising the possibility of a large degree of autonomy for the North Solomons within the larger country, though no firm decision was made (SMH, 28 July 1998). Free elections for a Bougainvillean Reconciliation Government were supposed to have
been held by the end of 1998 under the terms of the Lincoln Agreement, but had not occurred, and meantime Bougainvillean leaders, including Joseph Kabui, vowed to establish their own Bougainville People’s Congress.

The collapse of the Indonesian economy and serious rioting in Jakarta forced the resignation in May of President Suharto, who once parachuted into Dutch New Guinea as part of a force sent to expel the Netherlands from the island of New Guinea. The Indonesian military forces were actively engaged against independence activists in Irian Jaya for the entire thirty-two years of Suharto’s presidency, and his resignation was the signal for renewed independence demonstrations. The anniversary of an abortive independence declaration on 1 July 1961 became the occasion for raising the independence flag in Sorong, Nabire, Wamena, and the capital, Jayapura, where the crowd was estimated at three thousand. Protesters also flew the flag atop a water tower at the jetty at Biak. The flag remained there for four days, until the military attacked at 5:30 AM on 6 July, opening fire from four sides on about 200 people sleeping near the tower. Soldiers took others out to sea. Church investigators later documented 70 bodies washed up on the Biak coast, and two Australians on the island described widespread atrocities (\textit{SMH}, 14 Nov 1998). The Indonesian government announced the end of special military operations in the province in October, following a ceasefire said to have been negotiated with rebel forces, but representatives of the Movement for Free Papua (OPM) denied that a ceasefire existed. The policy of the new Indonesian government under B J Habibie was to reduce the military presence while arresting separatists and entering into discussions with Irianese over demands for greater autonomy. When Habibie became president, Papua New Guinea reiterated its longstanding policy of opposing independence in Irian Jaya, and Pacific Islands regional organizations made no comment because the province is part of Indonesia under international law and does not participate in regional affairs. For all its problems, the Pacific Islands region proper was far better off than its sister territory in Indonesia.

\textbf{STEWART FIRTH}

\textbf{References}


