

Reviews of West Papua and Solomon Islands are not included in this issue.

## FIJI

The political and economic highlights in Fiji in 2002 have again brought into sharp focus a lesson painfully learned after the 1987 military coups: it takes years to recover from the negative ramifications of any national political upheaval. The economic and sociopolitical fallout of the May 2000 civilian coup in Fiji continued to impact major events in both the politico-legal and economic domains of the nation during the year. The path to economic recovery and sociopolitical normalcy was generally shaky and fraught with difficulties. The local tabloids regularly featured major scams within the civil service, exacerbated by gross fiscal mismanagement by the state and a general lack of political goodwill between the major political parties—the ruling Soqosoqo Duavata ni Lewenivanua (SDL) and the opposition Fiji Labour Party (FLP).

In an editorial comment on 19 May 2002, the *Fiji Times* noted a predictable trend of court decisions followed by appeals, “scams of ludicrous proportions,” and botched investigations into corruption cases since the 2000 coup. The editorial also questioned whether all Fiji citizens were equal before the law, arguing that the law was increasingly being regarded as an “optional extra for those who want to use it.” Following the May 2000 upheaval, the editors observed, “the law has been subverted, under-

mined, circumvented and ignored by the highest in the land including those who were sworn in to uphold it” (*Times*, 19 May, 10). During the final months of 2002, the Fiji Labour Party and some quasi-political civil society movements like the Citizens Constitutional Forum (CCF) questioned why some members of Parliament had been permitted to continue serving in Prime Minister Qarase’s cabinet despite videotaped evidence of their close involvement in the May 2000 civilian uprising. The extensive video footage of siege activities at the Veiuto Parliamentary Complex emerged during the first treason trial of Josefa Nata and Timoci Silatolu, which commenced on 26 November and featured deposed Prime Minister Mahendra Chaudhry as a key state witness (*Post*, 27 Nov, 2; *Times*, 29 Nov, 1). Following the 14 November conviction of fifteen former Counter Revolutionary Warfare Unit soldiers who had been found guilty of the November 2000 mutiny charges, CCF Director Reverend Akuila Yabaki called for the prosecution of “all others,” including some chiefs and prominent civil servants who were behind the May 2000 takeover (*Post*, 7 Nov, 3). Police investigations into the civilian coup remained sluggish despite repeated calls throughout the year for a speedier roundup of all those involved. A progress report issued in September claimed that checks were being drawn on the bank accounts of those allegedly paid to execute the overthrow (*Times*, 28 Sept, 4). However,

the year ended without any apparent progress in police investigations into the traumatic events of May 2000.

Not all major developments that transpired during 2002 were negative. There were some positive developments in terms of Fiji's inter-regional and international relations as well as local economic recovery. For instance, Fiji's relations with Australia, New Zealand, and the member countries of the African, Caribbean and Pacific (ACP) Summit, as well as with the European Union, greatly improved after Fiji hosted the third ACP Summit in July, the Pacific Islands Forum meeting that commenced in Suva on 15 August, and a subsequent Conference for Pacific Islands Trade Ministers. Signs of improved relations between Fiji and Australia and New Zealand could be gleaned from the opening up of dialogues between Prime Ministers Qarase, Helen Clark, and John Howard during the Pacific Islands Forum in August (*Times*, 16–19 July; 16 Aug, 1). Relations between Fiji and these two nations had tended to sour following each coup. After the 1987 military coup, Australia imposed trade sanctions, and New Zealand aid was withdrawn in 1987 and again in May 2000. The restoration of cordial relations with Australia and New Zealand in 2002 represents a significant move towards recovery from the May 2000 crisis. The lifting of sanctions by the European Union through a full restoration of its official development assistance program for Fiji in the final week of January was another encouraging event (*Times*, 29 Jan).

Some positive gains were also made in the economic domain. Figures pro-

vided by the government's Accounts and Finance Annual Report for 2001 recorded a 3.8 percent growth rate for Fiji's economy in that year. This increase was attributed mainly to expansions in the clothing, footwear, and food industries. With the Reserve Bank of Fiji (RBF) predicting a growth rate of 4.4 percent in 2002, economic recovery, albeit at a sluggish rate, has begun (*Times*, 8 June, 5; 9 Dec, 2; *PM*, June 2002, 22). According to figures provided by the Fiji Bureau of Statistics, the building industry recorded no major decline in 2002, as it generally remained constant in the first quarter and recorded a slight growth during the second quarter. Moreover, a boom in the industry is expected next year, if and when major building projects in the pipeline are carried out, such as the proposed multimillion dollar Hilton Denarau project, the Air Pacific hotel, and the twenty-story Motibhai/Colonial complex in Suva (*Times*, 5 Oct, 3; 14 Nov, 8; *Review*, Dec 2002, 17). Fiji's ratio of investment to gross domestic product (GDP) rose to 10 percent, a slight increase from the 2001 figure. However, this ratio is still well below the 20 to 25 percent levels of other developing countries. Furthermore, at the Fiji Update 2002 conference, jointly convened by the Centres for Development Studies of the Australian National University and the University of the South Pacific in June, the former RBF governor, Savenaca Siwatibau, stressed that the investment to GDP ratio needed to be 20 percent for the nation to achieve a sustainable growth rate of 4 to 5 percent in the medium term (*PM*, June 2002, 20; *Times*, 13 June, 1). Notwithstanding the negligible

rates of economic growth achieved in 2001 and 2002, the fact that at least some growth has been achieved promises further progress from 2003 onward, provided the political climate improves and the state exercises prudence in its fiscal management.

In the political arena, persistent bickering imbued with racial overtones between members of the Soqosoqo Duavata ni Leweinua and the Fiji Labour Party within the House of Representatives foreshadowed, and to some extent sabotaged, efforts to foster the post-May 2000 spirit of national reconciliation. For example, the third in a series of Talanoa sessions scheduled for August was called off. Coordinated by Dr Sitiveni Halapua of Hawai'i's East-West Center, the first Talanoa session focusing on land issues and the economy had convened in Nadi on 8 June. The second session followed a month later on 8 July and also ended on a positive note (*Times*, 8 June, 5; 9 July, 1). However, the third session was aborted as the SDL and FLP leaders (Laisenia Qarase and Mahendra Chaudhry, respectively) failed to reach agreement on the demands of the latter for detailed consultations on the Native Lands Trust Board (NLTB) proposals on native land leases. Hence, what had started off as a promising avenue for fostering cooperation and goodwill between the two parties ended prematurely due to the reluctance of both leaders to compromise.

Chaudhry had refused to continue with the Talanoa sessions unless the SDL side provided full details of the NLTB proposals on land leases (*Times*, 9 Aug, 1). Chaudhry was also upset at the failure of the SDL side to

apologize for comments by the Minister for Women and Culture, which had been perceived by many as grossly racist. In a late July sitting of Parliament, she compared Indo-Fijians to "wild weeds," just one of the several racially loaded comments made in the House by ethnic Fijian parliamentarians in 2002. A subtly anti-Indian statement by former Education Minister Jioji Banuve on 11 April was also condemned by various student bodies and other civil society organizations (*Times*, 13 April, 3; 15 April, 2). Such tensions within the House of Representatives reflect the inability of the state to reconcile two diametrically opposed political demands: the pro-indigenous resolve for entrenchment of ethnic Fijian political supremacy, and a demand for full restoration of constitutional democracy featuring power sharing between the two major ethnic groups in Fiji.

The year opened with revelations of an alleged plot to kidnap Prime Minister Qarase, his cabinet members, and the Fiji Military Forces commander, Frank Bainimarama, during the first week of January. Police investigations disclosed the involvement of disgruntled former soldiers who had served as peacekeepers in the Middle East in the alleged conspiracy (*Times*, 4 Jan; *Post*, 5 Jan, 1). On 12 April the Fiji Peacekeepers Association (FPA) had filed a \$255 million writ against the state in the High Court on behalf of Fiji soldiers who had served in the Middle East between 1978 and 2002 and claimed nonpayment of allowances. The writ named the Fiji Military Forces, the Minister for Home Affairs, and the government as defendants (*Times*, 13 April, 1). A former

soldier and FPA member was taken in for questioning by the police in the second week of July in connection with the discovery of weapons and an alleged plot to stage a protest during the ACP Summit (*Sun* 12 July, 1). Again, in December, the police arrested a soldier and conducted raids after allegations of another plan by FPA members to disrupt celebrations marking the end of Fiji's participation in the United Nations peacekeeping mission (*Times*, 20 Dec, 1).

Another alleged conspiracy followed closely on the heels of the kidnap plot, this one to kill semi-retired Sitiveni Rabuka, the former Soqosoqo ni Vakavulewa prime minister and leader of the 1987 coup. The plan was revealed in the Suva High Court during a case against a former Middle East peacekeeper (*Times*, 8 Jan, 1). Amidst these concerns, backbencher Mick Beddoes called for an investigation into claims by the FLP leader, Mahendra Chaudhry, that another coup would take place in February 2002 (*Times*, 5 Jan, 3).

These alleged conspiracies were quickly upstaged by a scam involving a Ministry of Agriculture farming assistance program established for the benefit of indigenous Fijians and Rotumans (*Times*, 11 Jan, 6). This was part of a blueprint for affirmative action extensively promoted by Qarase and his SDL team during the 2001 pre-elections campaign. Disclosures of grossly unethical procedures used to implement the scheme led to the suspension of high-ranking Ministry of Agriculture officials and the deployment of the entire Finance Unit of the Ministry of Agriculture to other ministries in mid-January (*Post*,

8 Jan; *Times*, 9 Jan; 11 Jan, 1, 6; 12 Jan; 19 Jan). A report by a special investigation team highlighted unethical practices including the expenditure of \$194,000 on nonfarm implements; the purchase of farm implements at greatly inflated prices from the major supplier, Suncourt Hardware Limited; the restriction of supplier options to only two hardware outlets, Suncourt Hardware and Repina Wholesalers; the nonissue of tenders to the Government Supplies Department, which could have supplied the materials at a much cheaper price; and the failure to obtain three competitive quotations before purchases were made. The largest supplier, Suncourt, netted \$4 million worth of purchases by government local purchase orders (*Post*, 15 Feb, 1; *Times*, 19 Jan). On 11 January, Prime Minister Qarase accepted responsibility for the \$25 million scam but denied that funds had been abused and refused to step down (*Times*, 12 Jan; 19 Jan).

In mid-January, Qarase's re-establishment of the Fiji Intelligence Service (FIS) was questioned by Chaudhry, who had disbanded the unit during his tenure as prime minister. A plan for a new Great Council of Chiefs complex costing around \$2 million was revealed on 25 January (*Times*, 25 Jan, 3). By November the estimated cost had soared to \$22 million, \$10 million of which would be covered by a government grant (*Times*, 12 Nov, 9). In the final week of January, the Fiji Labour Party questioned why the SDL government spent around \$200,000 for renovations to Prime Minister Qarase's home (*Times*, 25 Jan, 1).

A landmark High Court ruling

issued on 8 February declared Krishna Prasad of the Fiji Labour Party the elected member of Parliament for the Nadi Open Constituency. Justice Anthony Gates validated votes that had been nullified in the 2001 elections (*Sun*, 9 Feb, 1). On 15 February, the unseated candidate, Prem Singh, was granted a stay against the High Court ruling to permit him time to file an appeal (*Times*, 16 Feb, 1). Nine months later, the Supreme Court again ruled in favor of Krishna Prasad. SDL members of Parliament boycotted Prasad's swearing-in ceremony on 23 September, indicating an alignment of NFP and SDL party interests against the Fiji Labour Party (*Times*, 24 Sept, 1–2).

The refusal of the Fiji Military Forces to accept Colonel Filipo Tarakinikini's resignation caused controversy in March. Tarakinikini had played a pivotal role as the official army spokesman during the May 2000 crisis, and there were allegations that he had colluded with the perpetrators of the coup. Also in the same month, a former manager with the collapsed National Bank of Fiji and ex-colleague of Qarase at the Fiji Development Bank, Mr Kalivati Bakani, was appointed as the new NLTB general manager (*Times*, 26 March, 1). This appointment may augur a new direction for the custodial body for native lands in Fiji. Former NLTB boss Qarikau had been embroiled in a spate of controversial cases involving nonrenewal of native leases and forced evictions of tenant Indo-Fijian farmers during and following the May 2000 coup. Mr Bakani's appointment was perceived by some as a "house-cleaning" exercise for the Native Lands Trust Board

and by others as "cronyism." More than six hundred leases in the Seaqaqa cane belt were renewed on 4 August (*PM*, July 2002, 27–28; *Review*, Sept 2002, 10).

In March, the state raised more than \$64 million through the public sale of 20.1 million of its shares in the Amalgamated Telecom Holdings. Similar revenue-seeking exercises mooted by the Government during the year included a 12.5 percent increase in the value-added tax (VAT). The Fiji Trade Unions Congress, the National Farmers Union, and various other non-government organizations held rallies in Suva, Lautoka, and Labasa to protest against the proposed tax increases (*Post*, 9 Nov, 3; *Times*, 9 Nov, 1, 3; 12 Nov, 7; 24 Nov, 1, 3; *Post*, 24 Nov, 5). The government defended the proposed VAT increases with a full-page advertisement citing the urgent need to finance its blueprint for affirmative action during 2003 (*Times*, 9 Nov, 3; 23 Nov; 8 Dec, 5; *Review*, Dec 2002, 17). According to Qarase, the 2003 budget constituted a comprehensive and ambitious program of rural development aimed at "bridging the gap between the rural and urban areas" and bringing the livelihoods of rural indigenes up to par with other ethnic groups (*Times*, 8 Dec, 5). Critics charged that this was an attempt by the government to divert attention away from its amassed deficits and debts. The government also imposed a "temporary freeze" on the filling of all civil service vacancies effective from 1 January 2003. Prime Minister Qarase claimed that this would help curb increases in government operating costs (*Times*, 22 Oct, 1). Needless to say, the proposed downsizing of

the civil service could raise levels of unemployment further. Unemployment levels for 2002 ranged from 7 to 12 percent (conservative estimates) or 30 to 35 percent. The job market remained contracted, with an average of only 2,000 new jobs for the usual annual figure of 17,000 school leavers (*PM*, June 2002, 20).

In the first week of October, the auditor general echoed an earlier Asian Development Bank warning on government debt levels when he reported a deficit of \$100 million and an increase in government loans to over \$200 million by the end of 2001. His report also pinpointed serious weaknesses in the cash management systems of the state bureaucracy, and noted that these shortcomings exposed state resources to abuse, fraud, waste, and mismanagement (*Post*, 5 Oct, 1). The opposition's budget reply stressed concern over current and projected government debts to the Fiji National Provident Fund. It pointed out that the current government debt to the fund totaled \$1.5 billion and that if heavy government borrowings continued, there was a strong possibility that debts to the fund could rise to \$2.6 billion by 2005 (Beddoes 2002, 30). Meanwhile, Fiji's foreign deficit increased from \$110.6 million in the second quarter of 2001 to \$171 million in the second quarter of 2002 (*Post*, 7 Nov, 8).

On the political front, a major standoff between the Soqosoqo Duavata ni Lewenivanua and the Fiji Labour Party over the composition of the cabinet took root in April and remained unresolved to the end of the year. The political impasse stemmed from another landmark Supreme Court ruling issued on 24 April

demanding the inclusion of FLP members in the cabinet (*Times*, 25 April, 1). This followed an earlier ruling by a five-member panel of judges in the Court of Appeal that Prime Minister Qarase had breached his constitutional duty by failing to advise President Ratu Josefa Iloilo to appoint FLP members in the cabinet (*Times*, 16 Feb, 1). In the Supreme Court ruling, Justice Anthony Gates ordered the state to pay over \$38,000 as legal fees for the plaintiff, Mahendra Chaudhry. Mr Chaudhry decried this required expenditure by the state as a waste of taxpayers' money (*Times*, 25 April, 1). Five days after the delivery of the High Court ruling, the state filed an appeal (*Times*, 30 April). A full-page advertisement in the *Fiji Times* by the minister for national reconciliation on 3 May outlined reasons why the SDL government had reservations about including FLP members in the cabinet. The paradox in this standoff is illustrated by Qarase's repeated attempts to re-engage the Fiji Labour Party in dialogue on land issues, despite his publicized reservations about including FLP members in his cabinet. On 10 May Qarase told the press that his government would "exhaust all avenues of the law against including Labour in Cabinet because there was too much at stake" (*Times*, 11 May, 1). His own preference was for a multiethnic rather than multiparty cabinet. Until the Supreme Court delivers its verdict on the SDL appeal, the restoration of constitutional democracy in Fiji remains a contentious and potentially volatile issue.

Bills reverting Schedule A and B lands to the Native Lands Trust Board were passed by the Lower House on

12 April and by the Senate on 25 April (*Times*, 15 April, 5; *Sun*, 27 April, 1). Calls for these transfers date back to 1954, and further attempts in 1996, 1999, and 2000 to legislate for the transfer failed for various reasons. The passing of these bills served to further increase the land under indigenous control, already at more than 83 percent of all land, and marked a political milestone in line with government's affirmative action efforts.

Demands from mahogany landowners for increased shares in the harvest profit (among other considerations) gathered momentum in May. Mahogany landowners voiced their resentment after the Great Council of Chiefs (GCC) endorsed a report estimating that the harvested mahogany would earn \$100 million and recommending that 50 percent of the revenue go to the state (*Sun* 10 May, 3; *Times*, 18 May, 2). Out of a total 40,000 hectares of mahogany forests, 18,000 hectares were ready for harvesting in the latter half of 2002. Stakeholders in the industry include the state, the Fiji Hardwood Corporation Limited as the "middleman," the Native Lands Trust Board as trustee for indigenous landowners, as well as the mahogany landowners. The Vanua Mahogany Landowners Association dismissed the GCC position that the state owned the mahogany forests, and continued to pressure the government for an increased share of the profits. By November, close to 97 percent of landowners seemed satisfied with the arrangements, but a group of landowners from the Tailevu province remained disgruntled (*Post*, 14 Nov, 5).

A new political party was launched

in June. The Fiji Democratic Party was formed out of a merger of three parties: the Fijian Association Party, the Soqosoqo Vakavulewa ni Taukei, and the New Labour Unity Party. Its leaders emphasized the urgency of non-racist power sharing to help facilitate the full restoration of constitutional democracy in Fiji (*Times*, 15 July, 7). Trade unionism in Fiji entered a new phase with the August launching of a breakaway umbrella union, the Fiji Islands Council of Trade Unions, by dissenting trade union leaders. Its key objective was to "depoliticize trade unionism in Fiji" (*Times*, 25 Aug, 3).

Negotiations between the state and the Methodist Church over land for the construction of a new Rewa Bridge were finalized in September when the Church finally agreed to sell its land to the government for \$325,000. The European Union had agreed to provide funding for the new bridge linking Suva and Nausori. The Methodist Church had initially demanded \$6 million for its land at Davuilevu (*Sun*, 13 May, 1; *Times*, 28 Sept, 1). The land purchase agreement was welcomed in view of reports in August of a possibility that the European Union could withdraw its funding if settlement was not reached quickly.

The auditor general's report highlighting rampant abuse and mismanagement of funds by the state and within the civil service in 2001 was released in the first week of October. The report found that \$79,000 had been used by the prime minister to publish his speeches in 2001 and that twenty government accounts were overspent over the same period (*Times*, 5–8 Oct). It also revealed that

a total of \$2.7 million had been paid to the Fijian Affairs Board over a period of thirteen years for a non-existent Fijian Court system (*Times*, 5 Oct, 5).

In November, fifteen soldiers were convicted on charges of mutiny in November 2002. Captain Shane Stevens was jailed for life, while the other fourteen soldiers were given custodial sentences ranging from eighteen months to eight years. During the mutiny court-martial, the police had been accused of tampering with evidence for the trial after audiotapes of interrogations, including a taped recording of Shane Steven's interview, went missing (*Times*, 8 Sept, 10; 6 Nov, 4; 15 Nov, 1, 3, 6).

The year closed with a clear and firm resolve by the state to implement its sugar industry restructuring program. The abrupt ending of the Talanoa sessions contributed to the further deterioration of the sugar industry, which, by the end of 2002, sat on the brink of total collapse. The sugar industry has been the mainstay of Fiji's economy for a long time. On average, sugar exports earn close to 40 percent of total domestic export, accounting for 16 percent of the nation's foreign exchange and more than 30 percent of Fiji's gross domestic product. Furthermore, the industry employs approximately 200,000 people (*Times*, 5 Nov, 3; *PM*, Jan 2002, 18; July 2002, 31). Among the factors contributing to its decline were the nonrenewal of expired native leases for tenant cane farmers; the politicization of the National Farmers Union and the Fiji Sugar and General Workers Union; and the lack of progress on efforts to revise the Agricultural Land-

lord and Tenant Act. The proposed sugar industry restructuring package aimed to make the industry more commercially viable but was opposed by the unions. Protests against the rescue plan zeroed in on the proposed reduction of sugar output by 100,000 tonnes or about 25 percent of the usual production level, as well as the planned revision of the sugar export tax structure and the resulting displacement of cane farmers (*Times*, 28 Sept, 5; 29 Sept, 1; 5 Nov, 1; *PM*, July 2002, 31; *Review*, June 2002, 10-17). The problems facing the sugar industry will be difficult to solve unless the land problem and its attendant political issues are settled to the satisfaction of all stakeholders. Furthermore, until relevant changes are made to the Agriculture Landlord and Tenant Act to enhance security of tenure for the predominantly Indo-Fijian cane farmers, efforts to revive the sugar industry may prove futile.

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