

shipping industry, Governor Ada charged that carriers were bilking customers on the Guam route so that they could be competitive with non-American carriers on foreign routes. Ada suggested that US carriers have been charging Guam shippers far above industry standards.—

LELAND BETTIS

NAURU

The island's declining prosperity remained the most significant problem in 1990–91. The government hoped to arrest the slide by creating "a viable post-phosphate economy," and sought membership of the Asian Development Bank to gain access to the bank's information flows, technical assistance, and borrowing facilities.

The economic squeeze was considered serious enough for the government to submit to pressure from Nauruan landowners for a payout from the earnings of the Nauruan Landowners' Royalty Trust. The fund has been built up from royalties since 1927 to provide Nauruans with an income when the phosphate is worked out and was expected to remain untouched until 1995. The value of the fund at 30 June 1989 was more than A\$362 million. The disbursement was A\$20 million, and although all Nauruans are not landowners, most would have shared in it in some way.

In its membership application to the Asian Development Bank, Nauru said the republic faced a period of "enormous economic, financial and sociological challenges." Its once relatively high GNP was declining, while its popu-

lation was increasing; the phosphate deposits that had accounted for the island's prosperity were approaching exhaustion, and the only realistic options for generating future employment for the Nauruan people appeared to lie in the rehabilitation of the island's land and the creation of a fishing industry.

The application said Nauru needed assistance to undertake surveys on land use and resources that might identify other new industries. Further possibilities might follow as a result of the rehabilitation of the land. A survey should indicate what the fishing alternatives were; whether it should be a small industry aimed at supplying only local demand; a larger one that would supply fish to canning plants elsewhere in the Pacific; or a Nauru-based fishing and canning industry. The application noted that Nauru's exclusive economic zone covers an area of 431,000 square kilometers and, according to a 1980 South Pacific Commission survey, skipjack tuna are likely to be very abundant in Nauruan waters.

Papers accompanying Nauru's application showed that the estimated population of the island was 8500, of whom about 5500 were Nauruans. The non-Nauruans were mainly other Pacific Islanders, Chinese, Filipinos, Indians, Australians, and New Zealanders. The population had increased by only 0.1 percent between 1980 and 1988, but this reflected a decline in the non-Nauruan population that was offsetting increases in the Nauruan population. Nauru had a particularly high population density of 381 persons per square kilometer, compared with 58 for small island developing coun-

tries, and 83 for all island developing countries. However, with much of the island worked out or uninhabitable, the population density of the non-phosphate occupied land, mainly around the perimeter of the island, was 1700 persons per square kilometer.

As of 30 June 1990, the total workforce was 3303, of whom 2165 were Nauruans. The government-owned Nauru Phosphate Corporation was the largest employer, with 1393 employees (including 640 Nauruans); the government of Nauru next with 1210 (1013 Nauruans); the Nauru Local Government Council 420 (362 Nauruans); and the private sector 280 (150 Nauruans).

Shipments of phosphate fell from about 1.4 million tonnes in 1987 to around 0.8 million tonnes in the 1990–91 financial year. In the same period there was only a small increase in the price received. All identified phosphate deposits are likely to be exhausted by about 1995, and although there is some scope for the residual mining of phosphate left in crevices and the bases of the coral pinnacles, extraction would be difficult and expensive, and the phosphate of lesser quality.

The republic told the bank that earnings from long-term investments of the Nauru Phosphate Royalties Trust would “very largely” meet government expenditures when the phosphate ran out, but they would not meet the capital cost of rehabilitating mined land, or the cost of identifying and establishing new industries. The only way that Nauruans could continue to live on Nauru was if the mined land was rehabilitated and put to both residential and non-residential use. The applica-

tion said that the government had accepted responsibility for rehabilitating land mined since independence in 1968, although the precise cost was unknown. The financial problems facing the government would be “even worse” if Nauru failed in its current court action seeking compensation from Australia for the rehabilitation of the lands mined before independence, amounting to about one third of the island.

At the end of June 1991, Nauru’s application for Asian Development Bank membership was still being processed, but approval was expected.

Meanwhile, the republic continued to marshal facts in support of its application for rehabilitation damages, which has been lodged with the International Court of Justice at The Hague. Nauru seeks A\$72 million. Australia was required to lodge its counter-memorial by January 1991, but instead it raised preliminary objections to Nauru’s application on a number of counts. One was that the matter had been settled before Nauru’s independence, and that this fact was before the United Nations at the time it terminated the Trusteeship Agreement for Nauru. Australia argued that the termination had settled any claim that Australia was in breach of the agreement, and thus the court lacked jurisdiction to determine the question.

Australia also submitted that Nauru’s application was not a claim against Australia, but against the administering authority of Nauru at the time. The administering authority comprised three partner governments—the United Kingdom, New Zealand, and Australia—yet Nauru had only

brought its claim against Australia. Australia argued that as the question also involved the responsibility of other states, the claim was inadmissible because the others had not consented to the court's jurisdiction. For these and other reasons, Australia sought dismissal of the Nauruan application. The court had not ruled on Australia's objections by the end of the review period.

President Bernard Dowiyogo, who was elected to office in December 1989

following the inability of his predecessor, Kenas Aroi, to accept renomination following a stroke, has remained in office without any of the challenges from the floor of the house that have destabilized Nauruan politics in recent years. Aroi, who was a former finance minister, chairman of the Nauru Phosphate Corporation, and highly regarded for his many solid abilities, died in January 1991 without having recovered his health.

STUART INDER