

20 percent be established within two years and that Pohnpeians constitute 80 percent of the work force within seven years. In the meantime, two foreign labor bills were introduced in the national congress by three Pohnpeian senators, accompanied by a Chuukese senator on one of the bills. These would have declared a moratorium on foreign labor in 1990 and set a quota of fifty workers from any one nation. The foreign partners then pulled out of the deal, citing a negative "political climate and business environment" in Pohnpei. Officials in Sokehs municipality were not happy with the decision, as the factory was to have been built in their new industrial park.

Pohnpei has opted to put its main development efforts into two mammoth fishery projects. On 19 April 1990 the state borrowed \$5.1 million under the medium-term note program toward a \$12-million project that includes the purchase of four fishing boats and a fish-processing complex. The loan, secured against future compact revenues, carries an interest rate of 9.57 percent, and will fall due in October 1995.

The second fishery project is a joint venture between Pohnpei state, the FSM's National Fisheries Corporation, and an Australian company, TDC, which is controlled by Theo Kailis, of Kailis and France. Critics noted that the deal involved the purchase of three five-hundred-ton, twenty-year-old purse seiners from the Australian partner, and that the price of nearly \$13 million seemed high. Nevertheless, the three parties signed the agreement papers on 25 May 1990, establishing the joint venture company, the Caroline Fishing Corporation.

During the year in review the FSM continued to shore up its international image. Australia, the Republic of the Philippines, and the Peoples Republic of China have all established embassies in Pohnpei, joining the existing US embassy. Australia has given the FSM its first patrol boat to patrol FSM waters for illegal fishing.

JOAN KING

KIRIBATI

I-Kiribati celebrated the tenth anniversary of independence on 12 July 1990 and took the opportunity to reflect on what had been achieved under the leadership of President Ieremia Tabai. It was a decade of relative political stability, negligible economic growth, increased foreign aid, and a rate of population increase of 2.3 percent per year. Outer island development remained the government's priority, and efforts to attract foreign investment met with mixed results. The powerful and resilient Kiribati culture was a source of strength and at times a problematic asset in national development.

With general elections due early in 1991, the three by-elections held during the first half of 1990 served to increase the political fever. The November 1989 resignation of Dr Harry Tong to return to the medical profession necessitated a by-election in South Tarawa in mid-February 1990. This was won with a clear majority by Roniti Teiwaki, a former minister in the Tabai government and ex-director of the University of the South Pacific Center in Tarawa. Ratin-tera Robata was elected MP for the island of Aranuka after the untimely

death of Minister of Works and Energy Ieruru Karotu, in mid-February. Then on 13 April 1990, the MP for Butaritari, Tamuera Taniera, was lost at sea. The impending by-election in that constituency will put yet another new face in the national legislature, the House of Assembly.

The House of Assembly appears to be divided into three main political groups: the ruling Kiribati National Progressive group (KNP), the Eriko group (previously called the Christian Democratic Party), and a group of independent members. The last two groups have not yet produced coherent policy platforms to counteract those of the governing KNP. The question of who might succeed Tabai, who is constitutionally barred from running again for president, will become clearer after the 1991 elections. The crucial question is whether the 1991 elections will be contested along party lines or on a personal basis as in the past.

The emphasis on outer island development culminated in a two-week national *maroro* (consultation) in early June between the Ministry of Home Affairs and Decentralization and representatives of all the island councils, including the council presidents, clerks, and the *unimane* (traditional leaders). The *maroro* turned out to be a replica of a typical parliamentary session, in which the ministry was bombarded by questions about copra prices, project identification and implementation, the role of the *unimane* in the local government system, appropriate representation for the indigenous Tarawa landowners in the national legislature, and the possible extension of the president's term of office. It was seen in some circles as another ploy by

the government to strengthen its relations with the outer island electors. New Zealand provided the necessary aid to convene the meeting.

The Eriko political faction intensified its attack on the government with allegations of serious mismanagement and corruption by senior individuals in certain statutory bodies and government ministries. The allegations were not substantiated, and two motions to condemn the government for corruption, introduced during the 1989 budget session and in the May session, were soundly defeated in subsequent parliamentary divisions. The 1989–90 parliamentary sessions were characterized more by personal vendettas between Eriko and government members, than by constructive debates on important national issues.

Toward the end of the period under review, the new member for South Tarawa, Roniti Teiwaki, expressed doubt about the viability of the Aloha project, which involves attempts by Air Tuarua to link Honolulu, Christmas Island, Tarawa, and Suva using a leased Aloha Airlines 737 aircraft. Different forms of the project had been tried unsuccessfully five times before, between 1971 and 1986, with catastrophic consequences for the Kiribati treasury. Meanwhile, domestic air travelers complain of unreliable domestic air services because of maintenance problems with local aircraft.

Copra prices remained a hot issue, particularly in light of continuing depressed world prices and a general election looming in 1991. The price had been handsomely subsidized by the Copra Society's reserve fund and the Stabex fund controlled by the government. The Tabai government resisted

strong pressure to transfer control of the Stabex fund to the Copra Society.

The government has been fairly successful in developing small business enterprises that make good use of cheap labor and local resources. The *kamaimai* project, which involves bottling and marketing boiled toddy, is an attempt to diversify coconut production away from copra. Handicraft sales received a major boost in late 1989 with the half-day visit to Tarawa of a ship carrying more than a thousand American tourists. The Bairiki-based cooperative society, the Nanotasi, has successfully run a small garment operation and shows potential for growth. A Small Business Center has been started on Betio under the auspices of the Ministry of Trade, Industry and Labor to provide sites and services for the establishment of small-scale industries.

Foreign investment has been slow to set up sole or joint-venture business operations, with notable exceptions in the banking and telecommunication sectors. The government has seen no reason to alter its existing shareholding arrangement with the Australian Westpac Banking Corporation in the ownership and management of the Bank of Kiribati. Overseas Telecommunications Corporation International of Australia seemed to have sealed its grip as a major partner in the joint-venture arrangement with the government in the Kiribati Telecommunications Company. The Kiribati Supply Company has been incorporated to take over the Supply Division of the Ministry of Finance, but the new company is still 100 percent government owned.

The People's Republic of China set up an office in Tarawa in mid-1990,

adding to the Australian, British, and New Zealand diplomatic presence in Kiribati. Australia continued to provide a major source of developmental assistance, and seven million dollars worth of Australian aid is earmarked for causeway construction in the outer islands. The Tabai government hoped to link all the islets of Tarawa Atoll by causeways before the end of its current term. The resettlement of Fanning and Washington islands in the Line Islands has been made possible by the provision of New Zealand aid. There has been some criticism of these resettlement schemes because of the lack of proper planning for essential services and infrastructure. A loan was negotiated from the People's Republic of China to build a new House of Parliament, although critics argued that local funds should have been committed instead.

There is growing public consciousness of political issues in Kiribati, with the majority of people listening to the evening broadcasts of the House of Assembly proceedings. The people look forward to the 1991 general elections with particular interest, because of the crucial issue of political leadership after the departure of President Ieremia Tabai.

RONITI TEIWAKI

NAURU

The defeat of the Hammer DeRoburt government and a continued decline in the republic's prosperity were the main developments in Nauru during the year.

DeRoburt, elected Nauru's first