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**DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION
DIRECTORATE B
- POLICY DEPARTMENT -**

NOTE

THE SITUATION IN FIJI

Abstract:

Fiji's history is marked by social instability mostly due to the conflicting cohabitation between native Fijians and Fijians of Indian origin settled in the Pacific during British colonisation. From this difficult situation derives a continuous political instability. The last coup occurred in December 2006, merely a semester after general elections. Fiji is linked to the EU by the Cotonou Agreement but is since the coup under EU sanctions. These sanctions also apply to the accompanying measures that this member of the Cotonou Sugar Protocol could receive.

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Main sources:

European Commission
UNDP
Foreign and Commonwealth Office
Economist Intelligence Unit

BASIC INFORMATION



Country name: Republic of the Fiji Islands

Area: 18,270 km²

Population: 0.9 million

Capital: Suva

Ethnic groups: Fijian 54% (predominantly Melanesian with a Polynesian admixture); Indian 40%; European, other Pacific Islanders, overseas Chinese, and other 6%

Religion: Christian 52% (Methodist 37%, Roman Catholic 9%), Hindu 38%, Muslim 8%, other 2%. Fijians are mainly Christian, Indians are Hindu, and there is a Muslim minority.

Languages: English (official), Fijian, Hindi

Currency: Fijian dollar (FJD)

HISTORICAL BACKGROUND

Fiji is a group of 322 islands in the South Pacific, of which about 110 are inhabited. The British annexed Fiji in 1874, planning to grow sugar on the islands. In the period up to 1920, they brought in thousands of labourers from India to work on the newly established sugar plantations. The influx of Indians resulted in a certain marginalisation of indigenous Fijians, even though colonial regulations secured their political control. Besides, the colonial authorities had blocked all sales of land in 1909 to secure a pattern of land ownership favourable to the indigenous community. Thus Indians dominate in trade and the liberal professions, whereas Fijians own most of the arable land, which they often lease to Indians. Inter-ethnic co-existence proved successful, despite the clashes that occurred in 1959 and 1968.

In April 1970, a constitutional conference held in London agreed that Fiji should become a sovereign and independent nation within the British Commonwealth. The formal transition to independence took place on 10 October 1970. From independence until 1987, the Alliance Party of Ratu Sir Kamisese Mara governed Fiji. It lost the general elections in April 1987 and was replaced by a coalition government consisting of the National Federation Party (NFP) and the Fijian Labour Party (FLP). Even though Timoci Bavadra, an ethnic Fijian, headed the new government, its main support came from ethnic Indians. It has to be noted in this context that the Indo-Fijian population decreased due to emigration, reaching about 50% of the total population in 1987. The trend is continuing and currently, they constitute approximately 40%.

In order to reassert fully the political dominance of ethnic Fijians, Lt. Col. Sitiveni Rabuka, Chief of Operations of the Royal Fiji Military Forces, staged a first military coup on 14 May 1987 and a second on 25 September 1987, after a failed attempt to form a government of transition. He established a military government, which declared Fiji a republic. This action, and protests by the Indian government, led to the expulsion of Fiji from the Commonwealth.

The military government proved unable to govern Fiji effectively. Therefore, on 6 December 1987, Rabuka handed over power to civilians. Ganilau became president and Kamisese Mara

was re-installed as Prime Minister. He formed a mostly civilian government, which included Rabuka and three other military officers.

In January 1990, Ganilau announced a second interim government, which passed a new constitution in July 1990, based on a form of apartheid, guaranteeing 37 of 70 seats to indigenous representatives as well as 24 of 34 seats in the Senate. For a short period, Rabuka returned to the military as commander of the Fiji Military Forces. In July 1991, however, he quit the military and became co-deputy Prime Minister and Minister for Home Affairs. In 1992, a general election finally returned Fiji to elected government and President Ganilau named Rabuka Prime Minister. When Mara became President in January 1994, Rabuka's government was dissolved because it had been unable to pass a budget. In the following general elections, Rabuka's Fijian Political Party almost won a majority and Rabuka was reappointed Prime Minister. Because of internal and external pressure, Rabuka's government began to revise the constitution.

DEMOCRACY AND MILITARY COUPS...ALTERNATELY

Constitution: 1997, the multiracial constitution amended the 1990 text

State: Parliamentary Republic - currently military regime

Head of State: President, an indigenous Fijian according to the Constitution, appointed for 5 years by the Great Council of Chiefs, and a Vice President - post currently unfilled - also appointed by the Chiefs. Ratu Josefa Iloilovatu Uluivuda is the current President (since 2000)

Prime Minister: really holds the executive power, designated by a political party/alliance with the majority in Parliament

Government: Ministers officially appointed by President, under recommendation of the Prime Minister

Parliament: 71-member House of Representatives (including 23 Melanesians and 19 Indians), directly elected for 5 years; a Senate composed of 34 appointed members

Right to vote: all citizens over 21, compulsory vote

Tensions between indigenous Fijians and Indians are real in politics, although they are not really problematic in everyday life as communities live in "separate worlds". Race-based discrimination is common and affirmative action programmes for indigenous Fijians (such as in education, housing, employment...) are not open to other ethnic groups. Political, economic, and social debates are frequently divided along ethnic lines. The Fijians dominate in government and the army while the Indians control much of the economy, including agriculture and business.

The May 2000 coup and the September 2001 elections

Main Political parties

Fiji Labour Party (FLP): Mr Mahendra Chaudhry was in 1999 the first ethnic Indian Prime Minister. He was deposed by the 2000 military coup. The FLP mainly represents Fiji Indians (80% of its electoral basis).

United Fijian Party (SDL): Mr Laisenia Qarase became Prime Minister after the 2001 elections, at the head of a pro-indigenous-rights coalition. SDL represents ethnic Fijians' interests.

United People's Party (UPP): Mr Millis Mick Beddoes

National Federation Party (NFP): Mr Pramond Rae, part of the Qarase coalition of 2001.

National Alliance Party of Fiji (NAPF)

Matanitu Vanua/Conservative Alliance (CAMV): Mr Ratu Rakuita Vakalalabure

Party of National Unity (PANU): Mr Meli Bogileka

Nationalist Vanua Tako Lavo Party (NVTLP): Mr Saula Telawa

In May 1999, Fijians elected their first ethnic Indian Prime Minister, Mahendra Chaudhry, heading a coalition government of his own Fiji Labour Party (FLP) and the Fiji Association Party. However, considerable dissatisfaction developed among indigenous Fijians concerning Indian status in the government. Hence, on 19 May 2000, failed businessman George Speight and a faction of the military, led by retired Col. Ilisoni Ligairi, launched a coup, aimed at abolishing the multi-racial constitution and returning power to native Fijians. They captured the parliament and took hostage most of the country's MPs for 56 days, including PM Chaudhry. In the aftermath of the coup, President Mara resigned and the Great Council of Chiefs (GCC) appointed Ratu Josefa Iloilo in his place. When the coup leaders seemed determined to acquire more influence on the political scene, the military intervened and arrested Speight and hundreds of his supporters.

Elections were organised in August and September 2001. Laisenia Qarase became interim Prime Minister at the head of a pro-indigenous-rights coalition led by his SDL party. Chaudhry's FLP was not asked to join the government although the constitution states that any party that won in 10% or more of the seats in the House would be included in the government. After some discussions to give some portfolios to the FLP, Mr Chaudhry accepted the post of Opposition leader in December 2004¹. Tensions were growing between Prime Minister Qarase and the Chief of the armed forces, Commodore Voreqe (Frank) Bainimarama. The latter was due to retire in February 2004, but managed to be reappointed. He wanted to bring to justice the people involved in the 2000 coup while Prime Minister Qarase did not want to revive the past.

The May 2006 elections and the December 2006 coup

May 2006 elections were monitored by an EU EOM led by István Szent-Iványi. The EU EOM had noted that the Chief Commander of the army “*became inappropriately involved in the political campaign through a series of public statements before and during the elections*”.

Total of 71 seats	SDL	FLP	UPP	Other Parties	Independent Candidates
2006	36 seats	31 seats	2 seats	0	2 seats
2001	31 seats	27 seats	0	10 seats	1 seats

Source: EU EUOM Final Report - September 2006

Qarase was reappointed as Prime Minister. On 5 December 2006, Bainimarama ousted the Qarase government in a non violent coup, which was largely expected. The conflict between Bainimarama and Qarase was old and deep. The Chief of the army accused the Prime Minister of conducting divisive nationalist policies.

On 6 December 2006 the Parliament was dissolved and there has been no legislature since then. A conflict with the Great Council of Chiefs occurred when the GCC refused to appoint Mr Nailatikau as Vice President. This traditional institution has had an important influence in the sidelines of political power. The Interim Prime Minister suspended the GCC and modified its composition.

The FLP participated in the Interim Government until August 2008 (*cf. below*).

¹ The Leader of the Opposition, an official post in Fiji, is appointed by the President.

Towards the next elections

The Interim Prime Minister assured that he would render power to civilians. He promised elections by March 2009, this was part of the commitments required by the EU. Yet in July 2008 Bainimarama announced that there should be no election in 2009 but rather in 2010.

The Interim Government refuses to organise elections until the electoral system has been changed. The problem is that any change in the electoral system requires parliamentary approval, but Fiji is currently without a functioning Parliament. Instead the Interim Government has installed a “National Council for Building a Better Fiji” co-chaired by the Interim Prime Minister and the Archbishop of Fiji’s Roman Catholic Church, Petero Mataka. A third of the seats are reserved for the army forces and the Interim Government. The Council was asked to draft a People’s Charter by October 2008. A first draft was published in August but the consultation process has been extended to December.

The draft Charter plans to adopt a party-list proportional representation system, to reduce the voting age from 21 to 18, to end communal constituencies, in which ethnic Fijians and Indians voted separately for candidates from their own ethnic group².

The current electoral system, a combination of two different types of constituency and the Alternative Vote system creates a complex electoral structure. Voters have to rank preferences either for candidates or parties. Each voter casts two separate ballots, one for a “communal” constituency whose boundaries are defined based on the ethnicity of the residents, and the other for an “open” constituency which is based solely on geographical rather than ethnic considerations³.

Key Interim Ministers:

Prime Minister (Finance and Foreign Affairs, *i.a*): Voreqe (Frank) **Bainimarama**

Attorney-general, justice, electoral reform, industry and tourism (*i.a.*): Aiyaz **Sayed-Khaiyum**

Defence: Ratu Epeli **Ganilau**

Primary industries and sugar: Joketani **Cokanasiga**

Provincial development, indigenous affairs: Ratu Epeli **Nailatikau**

Education, national heritage, youth & sports: Filipe **Bole**

In August 2008 the Interim Government was reshuffled after the FLP ministers resigned. The FLP leader, Mr Chaudhry was until then the Finance Minister. The Interim Prime Minister took his portfolio as well as foreign affairs from Mr Nailatikau.

The origin of Mr Chaudhry’s resignation lies in a conflict with the Military Council which accused him of tax evasion and requested his resignation. He decided to resign before being dismissed, after one of his decisions as Finance Minister was reversed. He opted for a global resignation of his fellow party members.

² EIU – Country Report October 2008.

³ EU EOM Preliminary Statement – 18 May 2006.

HUMAN RIGHTS⁴

The 1997 Constitution states that it is unlawful to discriminate on the grounds of colour, race or ethnic origin and that it is an offence to incite racial disharmony. However race-based discrimination is common.

The Fiji Human Rights Commission was established under the 1997 Constitution. It is the only body of that kind in the Pacific region. Its mandate is to protect and promote human rights in Fiji. Its functioning was often criticised though because of the statements of his director, Ms Shaista Shameen. In August 2007 she issued a report expressing support for the military coup and the interim government. Her statements are not shared by many other members of the Commission.

The situation of human rights in Fiji deteriorated after the 2006 coup. Many people were arrested and questioned after the take-over and allegations of abuses were made by some trade union leaders during the public sector strikes of summer 2007. Freedom of the media is limited. Journalists imposed self-censorship after having been detained and intimidated. After the coup, military interference in the judiciary compromised its effectiveness and independence. The Chief Justice was dismissed after the coup and replaced by an Acting Chief Justice, outside the scope of the Constitution.

ECONOMIC AND SOCIAL SITUATION

Economic sector	GDP/sector	Active population
Agriculture	15%	62%
Industry	26%	16%
Services	59%	22%

Source: Atlaseco 2009, *Le Nouvel Observateur*.

Fiji has the largest and most developed economy among the Pacific island nations, but is very vulnerable to external shock. The unstable political situation also affects the economy, especially in the tourism sector which provides most of the country's wealth. Textiles is another important economic sector. Tuna Fisheries are another traditional activity, but the industry claimed to be almost bankrupted.

Most of the Fijians work in agriculture. By law ethnic Fijian clans own around 90% of lands. Nonetheless lands are leased for 20 or 30 year, mostly to Indians who actually run the agricultural sector, and the whole economy.

Sugar

Sugar has been the backbone of the Fiji's economy over the past century. Fiji is an ACP country signatory of the Sugar Protocol which allowed it to sell its production up to two or three times the world market price. After being successfully challenged in the WTO the EU had to change its Common Market Organisation for sugar. By 2009 the price paid to the farmers will drop from 63 FJD/t to an estimated 46 FJD/t of sugar cane. The price should further be reduced to 39.3 FJD/t by 2015 reflecting then the world market price⁵. The EU planned some support measures to help transition in partner countries⁶. The amount, €40 million for 2006, was reported insufficient by the concerned ACP countries. In Fiji, as in most other ACP sugar

⁴ Foreign and Commonwealth Office – Country Profile: Fiji.

⁵ 2008 Annual Action Programme AMSP Fiji, AIDCO/2008/15627.

⁶ See below - "EU relations with Fiji".

producing countries, sugar production has a much higher employment rate than GDP share. Besides economic problems, the change in the regime could create a social disaster.

Indeed about 200,000 people (90,000 Indo-Fijian and 104,000 native Fijians) derive their income from the sugar industry directly or indirectly. An average farmer's total income from sugar is often below the poverty line. Farmers survive by substituting family labour for hired labor and by engaging in off-farm employment. Cane farming survives because it is extended family-based. The sugar industry has a very low productivity and was facing major challenges even before the change in the sugar regime.

The main stakeholders recognised the need for modernisation that is vital for the survival of the industry. The EU's sugar sector review is also the main trigger for a major restructuring operation called the "Sugar Industry Strategic Plan" which aims to make the industry more efficient by introducing best practices and more advanced farming methods. The plan was endorsed in 1997 and it is based over a 20 year period. It sets out several costly measures to be implemented. Though it is supported by the Fiji Sugar Corporation, several other stakeholders and farmers resist change, and the reform issue is highly politicised. As a result, implementation suffered delays.

The land issue and the "division" between ethnic Fijians and ethnic Indians are one part of the sugar problem in Fiji. More than a century ago, cane farmers arrived from India. Under the Agricultural Landlord and Tenant Act they got long and cheap leases. 65% of all lands are under lease (the rest is state owned or freehold) and over 80% of leases are held by Indo-Fijians. Most of the leases expired recently or will soon expire and indigenous owners want their land back, which also triggers ethnic and social tensions. Fijian land and sugar issues became very politicised, especially after the coup in 2000 when the Indian government was taken hostage over land-lease issues. After generations Indians are leaving and many indigenous Fijians are not keen on growing sugar, threatening the future of the industry and creating new squatter settlements of rural people around the urban areas. Forcing the Indian farmers off the cane farms and sugar mills also means driving expertise and experience away (many of them are highly skilled managers and technical workers)⁷.

Fiji's social development

GNP per capita: US\$ 3.300

Human Development Rank: 92/177 (UNDP 2007-2008), compared to 61/177 in 1999

Life expectancy at birth: 68 years

Human development index declined over the past years due to political instability. There are indeed different views on Fiji's ability to achieve the Millennium Development Goals (MDGs). The country is on track for the Asian Development Bank, while UNDP is not that convinced. UNDP notes that information is difficult to gather in the Pacific region. According to the Asian Development Bank however, literacy rates are over 90% and close to 100% for young people. Universal primary education seems to be achieved but the quality of education and retention rates remain a problem.

Life expectancy is relatively high in Fiji thanks to local health standards, higher to those in most developing countries. Most medical facilities are provided by the Government. An important health issue in Fiji, and in most Pacific islands, is the impact of the shift from traditional diet of fish and fruit to imported processed food. Indeed obesity levels have risen dramatically in the

⁷ ExPo/B/POLDEP/Note/2005_036, *The possible impact of the EU Sugar Common Market Organisation reform on Fiji's sugar industry*, L. Csaszi.

Pacific islands in recent decades. As a consequence diabetes is one of the main causes of death in many island states of the region.

Emigration is a real social problem for Fiji as the country is affected by a skills drain. Most of migrants are Indian Fijians. They represented up to 80% of the migrants after the 2006 coup.

Achievement of Millennium Development Goals (UNDP)

Countries	Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6	Goal 7	Goal 8
Fiji								

Achieved;
 Very likely to be achieved, on track;
 Possible to achieve if some changes are made;
 Off track;
 Insufficient information

The eight MDGs are: end poverty and hunger; universal education; gender equality; child health; maternal health; combat HIV/AIDS; environmental sustainability; global partnership for development.

EU RELATIONS WITH FIJI

Fiji is an ACP member, and held the ACP Presidency in 2002. The ACP met in Fiji in May 2007. Development assistance from the European Union was suspended because of the events of 2000, but was fully unblocked in November 2003.

Following the military coup in December 2006 consultations with Fiji were held under Article 96 of the Cotonou Agreement, and article 37 of the DCI. Fiji gave the EU commitments concerning essential elements of the revised ACP-EU Partnership Agreement: human rights, democratic principles and the rule of law following which the Council decided on 1 October 2007 on the appropriate measures for Fiji⁸. In this context the Council decided on an enhanced political dialogue with Fiji and established the framework for future development cooperation in the light of the commitments given by Fiji⁹. The key to this is that the Interim Government must commit to the holding of a democratic election by 28 February 2009, which is now highly improbable.

No Country Strategy Paper (CSP) has been signed so far under the 10th EDF and sugar subsidies will not be granted unless Fiji adheres to the planned election timetable.

The Accompanying Measures for Sugar Protocol countries (AMSP) – 2006-2013

As one of the 18 signatories of the Sugar Protocol of the Cotonou Agreement, Fiji is entitled to benefit from the accompanying measures from the DCI (Development Cooperation Instrument). Due to the 2006 coup, the programming of the AMSP was interrupted in 2007. A Multi-annual Indicative Programme (MIP) is currently under approval for 2008-2010. Nevertheless the progressive release of funding will be conditional upon the strict implementation of the road map as defined by the Council Decision of 1 October 2007. The commitments that the Fijian authorities have to fulfil before they can receive the allocations are linked to the organisation of the elections, which will be delayed.

⁸ Council Decision of 1 October 2007, 2007/641/EC, OJ L 260/15.

⁹ European Commission

The planned AMSP aims at supporting the National Adaptation Strategy (NAS) adopted in 2006 by the Qarase Government before it was deposed. The NAS is organised around three axes: restoring the competitiveness of the sugar cane cluster; diversifying the economy of the sugar belt; and addressing social needs. The EU AMSP foresees the allocation of € 60 million over three years to support: productivity improvement and cost reduction in the sugar sector; services and supply capacities in agriculture; local development strategies for socio-economic needs; and coordination and monitoring. The 2008 Annual Action Plan programmes the allocation of € 8 million through project approach whose delivery will depend on progress made in implementing the road map.

Economic Partnership Agreement (EPA)

On 23 November 2007 Fiji and PNG signed an Interim EPA. Both countries are not Least Developed Countries and would not have benefited from “Everything but Arms” trade preferences under which their goods would freely enter the EU market. They would have been submitted to a traditional GSP regime. Thanks to the signature of the interim EPA both countries have secured their exports to the EU, especially with regard to sugar and fisheries.

On market access, the offer of Fiji foresees to liberalise 24 % of value of imports from the EU corresponding to 9 % of tariff lines on 1 January 2008. Fiji will eliminate another 13% of value and 13 % tariff lines after 5 years, by the end of 10 years 41 % of value and 40 % of tariff lines and by the end of 15 years 4 % of value and 18 % of tariff lines. The coverage of the offer is 81.5 % as regards the value of imports from the EU and 80 % as regards tariff lines. All sectors are covered.

The agreement covers all major provisions of a trade in goods agreement such as provisions on customs duties, export taxes, a standstill clause, a non discrimination clause, trade defence instruments (anti-dumping and countervailing measures, multilateral and bilateral safeguards), special provisions on administrative cooperation in customs matters, a chapter on customs and trade facilitation, a chapter on technical barriers to trade and sanitary and phytosanitary measures as well as exception clauses. The respective offers of the parties as well as the applicable rules of origin are set out in annexes attached to the agreement. The agreement also contains an annex on mutual administrative assistance in customs matters.

The Agreement also emphasises the need to cooperate closely at national level to maximise the synergies between development cooperation and the objectives of this Agreement.

In September the Pacific Region has started negotiations on a full EPA. Negotiations will also have to deal with the “lacking parts” of the interim EPA, in particular development and aid for trade. Trade Ministers of the region also agreed that a comprehensive EPA might include provisions relating to intellectual property rights with obligations not going beyond those contained in the Cotonou Agreement. The political deadline for the signature of the interim EPA is the end of 2009¹⁰.

Fiji is also a member of Commonwealth from which it was suspended in 2006. A Commonwealth envoy, Sir Paul Reeves, tries to broker talks between the Interim Government and the ousted Prime Minister Qarase but his role is largely contested by the government. The Pacific Islands Forum is also involved in looking for a solution. But relations are even more difficult since the Interim Prime Minister want back on his commitment to organise elections in 2009.

¹⁰ ECDPM, *EPA negotiations - Where do we stand?*, November 2008.

WHO'S WHO IN THE INTERIM GOVERNMENT



Commodore Voreqe BAINIMARAMA, Prime Minister and Minister for Finance and National Planning, Public Service, People's Charter for Change, Information, Foreign Affairs, International Co-operation and Civil Aviation



Aiyaz SAYED-KHAIYUM, Attorney-General, Minister for Justice, Electoral Reform, Public Enterprises and Anti-Corruption, Commerce, Industry and Tourism



Ratu Epeli GANILAU, Minister for Defence, National Security and Immigration



Joketani COKANASIGA, Minister for Primary Industries and Sugar



Ratu Epeli NAILATIKAU, Minister for Provincial Development and Multi-Ethnic Affairs



Filipe BOLE, Minister for Education, National Heritage, Culture and Arts, Youth and Sports, Local Government and Employment Relations